

Capital Debt Affordability Committee

Treasurer Nancy K. Kopp, Chair
Treasury Building Assembly Room
80 Calvert St.
Annapolis, MD

Agenda

July 31, 2013

1:30 PM

Treasurer's Opening Comments

2013 Legislative Session General Assembly Actions

Patrick Frank, Manager - Debt Policy, Department of Legislative Services

Review of the Size and Condition of Tax Supported Debt:

- Amount issued in prior five fiscal years
- Amount outstanding
- Amount authorized but unissued
- Debt service projections for the next 10 fiscal years
- Status of refunding potential
- Current projections for new issuances

General Obligation Bonds

Amber Teitt, Director of Debt Management, State Treasurer's Office

Capital Leases

Camille Dawson, Financial Analyst, State Treasurer's Office

Consolidated Transportation Bonds

Linda Williams, Assistant Director - Financial Planning, Maryland Department of Transportation

Garvee Bonds

Alison Williams, Debt Management Director, Maryland Transportation Authority

Maryland Stadium Authority

David Raith, Chief Financial Officer, Maryland Stadium Authority

Bay Restoration Bonds

Jag Khuman, Director, Maryland Water Quality Financing Administration

2013 Legislative Session
General Assembly Actions

2013 Legislative Session General Assembly Highlights

Setting Debt Limits

- **Limited New General Obligation (GO) Bond Debt to \$1,075 Million:** In 2012, the Capital Debt Affordability Committee (CDAC) and Spending Affordability Committee (SAC) recommended that net GO bond debt authorized at the 2013 legislative session be limited to \$1,075 million. Consistent with recommendations, the capital budget bill (Senate Bill 101/Chapter 424) authorizes \$1,075 million in net GO debt, \$1,109 million in new GO debt offset by deauthorizing \$34 million in previously authorized GO debt.
- **New Academic Revenue Debt Limited to \$32 Million:** CDAC and SAC recommended that academic revenue bond debt issued in fiscal 2014 be limited to \$32 million, which was authorized in Senate Bill 616 (Chapter 123). This includes \$17 million for facilities renewal projects, \$10 million for a new Science and Technology Center at Coppin State University, and \$5 million to match \$5 million in GO bonds supporting facilities renewal projects.

Additional Bond Authorizations

- **Qualified Zone Academy Bonds (QZABs):** The General Assembly also authorizes \$4.5 million in QZABs in House Bill 115 (Chapter 426). This is the federal allocation that must be issued by the end of calendar 2013. QZABs support the Aging Schools Program.
- **GO Bonds Preauthorized:** The General Assembly authorizes \$431 million in GO bonds that take effect in fiscal 2015, \$197 million in fiscal 2016, \$120 million in fiscal 2017, \$72 million in fiscal 2018, \$75 million in fiscal 2019, and \$38 million in fiscal 2020. **Appendix 1** identifies the preauthorized projects.
- **Maryland Department of Transportation Revenues:** House Bill 1515 (Chapter 429) increases Transportation Trust Fund (TTF) revenues, which includes increasing motor fuel taxes and registration fees to support a larger transportation capital program. Additional revenues, totaling \$632 million when the revenues are fully implemented in fiscal 2017, increase State debt capacity. The legislation also requires the Administration to fund the Watershed Implementation Plan in the State operating or capital budgets. This begins in fiscal 2015 with \$45 million and increases to \$100 million in fiscal 2018. Given the State's general fund forecast, GO bonds are the most likely revenue source.
- **Public-private Partnerships (P3):** House Bill 560 (Chapter 560) establishes a State policy on P3s and authorizes specific agencies, such as the Maryland Department of Transportation (MDOT), to enter into P3s. Some of these agreements may be State debt;

CDAC will need to evaluate P3s to determine to what extent, if any, the agreements are State debt. Currently, MDOT is preparing a presolicitation bid for the Purple Line transit project in Montgomery and Prince George’s counties.

- **GO Bonds to Replace Transfer Tax Diversions to the General Fund:** The property transfer tax is the primary funding source for State land conservation programs. To reduce the State’s structural deficit, House Bill 101, the Budget Reconciliation and Financing Act (Chapter 425) transfers \$411 million of transfer tax revenue to the general fund over five years, beginning with fiscal 2014. To maintain conservation program funding, GO bonds are authorized. **Exhibit 1** shows the transfers from program and GO bond replacement through fiscal 2020.

Exhibit 1
Transfer Tax Diversions and
Multi-year General Obligation Bond Replacement Plan
Fiscal 2014-2020

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>Total</u>
Special Funds Transferred to the General Fund	\$89.2	\$75.1	\$77.7	\$82.8	\$86.0	\$0.0	\$0.0	\$410.7
Special Funds to Programs	37.4	75.1	77.7	82.8	86.0			
GO Bond Replacement	9.0	37.3	74.8	76.4	80.2	84.4	43.0	405.1
Prior GO Bond Replacement	51.3	29.8						
Total Funding to Programs	\$97.8	\$142.1	\$152.4	\$159.1	\$166.2			

GO: general obligation

Note: Transfer tax revenue estimates for fiscal 2019 and 2020 program funding are unavailable.

Source: *The 90 Day Report*, Department of Legislative Services, April 2013

- **Public School Construction:** House Bill 860 (Chapter 647) authorizes up to \$1.1 billion in debt to be issued by the Maryland Stadium Authority (MSA) for the purpose of constructing and improving public school facilities in Baltimore City. The legislation specifies \$20 million in State lottery proceeds, in combination with \$40 million in Baltimore City and school system funding, annually to support the debt until no further debt is outstanding. The debt is not considered tax-supported State debt. MSA is also responsible for building new and replacement schools. The legislation retains Interagency Committee on School Construction project approval and monitoring of project procurement and quality.

Appendix 1
Pre-authorizations Included in the MCCBL of 2013

<u>Project/Program Title</u>	<u>2014 Session</u>	<u>2015 Session</u>	<u>2016 Session</u>	<u>2017 Session</u>	<u>2018 Session</u>	<u>2019 Session</u>	<u>Total</u>
DNR: Program Open Space	\$41,635,000	\$43,718,000	\$42,558,000	\$44,928,000	\$47,505,000	\$24,251,000	\$244,595,000
DNR: Rural Legacy Program	10,231,000	9,718,000	8,785,000	9,017,000	9,268,000	4,683,000	51,702,000
MDA: Maryland Agricultural Land Preservation Program	15,188,000	16,967,000	16,093,000	16,877,000	17,727,000	9,029,000	91,881,000
DHMH: Henryton Center	3,600,000						3,600,000
DPSCS: Dorsey Run Minimum Security Compound	18,850,000						18,850,000
UMB: Health Sciences Research Facility III and Surge Building	49,000,000	80,000,000	53,000,000	1,000,000			183,000,000
UMES: New Engineering and Aviation Science Building	56,850,000	350,000					57,200,000
TU: Softball Facility	1,500,000						1,500,000
CSU: New Science and Technology Center	6,016,000						6,016,000
SU: New Academic Commons	59,250,000	37,750,000					97,000,000
UMBC: Campus Traffic Safety and Circulation Improvements	10,000,000						10,000,000
SMCM: Anne Arundel Hall	17,700,000	8,900,000					26,600,000
MSD: New Fire Alarm	1,700,000						1,700,000
MHEC: Community College Facilities Grant Program	66,854,000						66,854,000
MSU: New School of Business Complex	3,000,000						3,000,000
MSU: Soper Library Demolition	2,100,000						2,100,000
MES: Infrastructure Improvement Fund	5,430,000						5,430,000
DJS: Cheltenham Youth Facility	31,000,000						31,000,000
DSP: Helicopter Replacement	12,900,000						12,900,000
MISC: Green Branch Athletic Complex	3,000,000						3,000,000

<u>Project/Program Title</u>	<u>2014 Session</u>	<u>2015 Session</u>	<u>2016 Session</u>	<u>2017 Session</u>	<u>2018 Session</u>	<u>2019 Session</u>	<u>Total</u>
MISC: High Performance Computing Data Center	15,000,000						15,000,000
Total	\$430,804,000	\$197,403,000	\$120,436,000	\$71,822,000	\$74,500,000	\$37,963,000	\$932,928,000

CSU: Coppin State University
 DJS: Department of Juvenile Services
 DNR: Department of Natural Resources
 DHMH: Department of Health and Mental Hygiene
 DPSCS: Department of Public Safety and Correctional Services
 DSP: Department of State Police
 MCCBL: Maryland Consolidated Capital Bond Loan
 MDA: Maryland Department of Agriculture
 MES: Maryland Environmental Service
 MHEC: Maryland Higher Education Commission
 MISC: miscellaneous

MSD: Maryland School for the Deaf
 MSU: Morgan State University
 SMCM: St. Mary's College
 SU: Salisbury University
 TU: Towson University
 UMB: University of Maryland, Baltimore
 UMBC: University of Maryland Baltimore County
 UMES: University of Maryland Eastern Shore

Note: The proposed pre-authorization for the MHEC Community College Grant Program would allow for the split-funding of community college projects started last session by the legislature. This year's list includes \$13.5 million for the Community College of Baltimore County, (Catonsville) F Building Renovation and Expansion; \$17.3 million for Chesapeake College Center for Allied Health and Athletics; \$2.9 million for College of Southern Maryland Center for Regional Programs; \$20.9 million for Howard Community College New Science, Engineering, and Technology Building; and \$12.2 million for Montgomery College Rockville Science West Building Renovation.

Source: *The 90 Day Report*, Department of Legislative Services, April 2013

General Obligation Bonds

An Update of the Condition of
Maryland GO Bonds
for the
2013 Capital Debt Affordability
Committee

Topics of Discussion

- Fiscal Year 2013 Bond Issuance
- Amount of Bonds Issued in Prior Five Fiscal Years
- Amounts Outstanding and Amounts Authorized but Unissued
- Current Projections for New Issuances
- Summary of Projected Debt Activity
- Status of Refunding Potential
- Use of Variable Rate Debt, Derivatives, GICS

Fiscal Year 2013 Bond Issuance

Bond Sales Totaling \$1.4 Billion

Series	Dates of Sales	Tax-Exempt Competitive	Tax-Exempt Negotiated	Taxable Direct Subsidy	Tax-Exempt Refunding	Taxable	Overall Tax-Exempt TIC
(\$ in millions)							
2012 Second Series A	7/27/12 & 7/30/12		\$26.3				2.19%
2012 Second Series B	8/1/12	\$478.7					
2012 Second Series C	8/1/12					\$23.0	0.45%
2012 Second Series D QZAB	8/1/12			\$15.2			0.03% ^(a)
2012 Second Series E	8/1/12				\$183.8		1.25%
2013 First Series A	3/6/13	\$500.0					2.33%
2013 First Series B	3/6/13				\$165.1		1.09%

(a) The 2012 Qualified Zone Academy Bonds (QZABs) are special, federally-authorized taxable direct subsidy bonds where the subsidy payment is equal to the lesser of the tax credit rate as determined by the U.S. Treasury or the taxable interest rate on the bonds as established at the time of the sale. The State will receive 100% of the interest as a direct subsidy for the 2012 Second Series D QZAB.

Amount of Bonds Issued in Prior Five Fiscal Years

- In FY 2009 through FY 2013, Maryland has issued \$6.7 billion in General Obligation Bonds consisting of:
 - \$4,361.8 million in tax-exempt bonds
 - \$583.2 million in taxable, direct subsidy Build America Bonds
 - \$1,606.1 million in tax-exempt refunding bonds
 - \$95.5 million in Qualified School Construction Bonds (QSCBs)
 - \$46.8 million in taxable, direct subsidy Qualified Zone Academy Bonds (QZABs)
 - \$23.0 million in taxable bonds
 - \$6.5 million in taxable, direct subsidy Qualified Energy Conservation Bonds (QECBs)

Amounts Outstanding and Amounts Authorized but Unissued

- The total General Obligation Debt Outstanding as of June 30, 2013 is \$8.0 billion.
- The total amount of debt authorized but unissued as of June 30, 2013 is \$2.4 billion.

Current Projections for New Issuances

- The following authorizations and issuances of General Obligation Bonds are projected (\$ in millions):

Fiscal Year	Authorizations	Issuances
2014	\$1,075	\$977
2015	\$1,085	\$995
2016	\$1,095	\$1,014
2017	\$1,105	\$1,068
2018	\$1,200	\$1,125

- There are multiple authorization levels and patterns that would result in adherence to the affordability benchmarks.
- A preliminary affordability analysis will be presented at the next meeting.

Summary of Projected Debt Activity

- The following debt outstanding and debt service was projected for General Obligation Bonds prior to last week's sale:

Summary of Projected Debt Activity General Obligation Bonds (\$ in millions)					
Fiscal Year	Debt Outstanding at Beginning of Year	New Issues	Redeemed	Debt Outstanding at End of Year	Required Debt Service
2014	\$8,006	\$977	\$614	\$8,369	\$983
2015	\$8,369	\$995	\$658	\$8,706	\$1,048
2016	\$8,706	\$1,014	\$753	\$8,967	\$1,143
2017	\$8,967	\$1,068	\$782	\$9,253	\$1,203
2018	\$9,253	\$1,125	\$832	\$9,546	\$1,269
2019	\$9,546	\$1,164	\$850	\$9,860	\$1,305
2020	\$9,860	\$1,211	\$897	\$10,164	\$1,369
2021	\$10,164	\$1,256	\$922	\$10,498	\$1,414
2022	\$10,498	\$1,300	\$961	\$10,833	\$1,473

- Updated debt projections will be presented at the next meeting.
- Future Issuances assume a 5.0% interest rate.
- All debt matures within 15 years and principal payments begin in year 3.

Status of Refunding Potential

- An analysis is done by the State's financial advisor before each bond sale to determine the financial feasibility of a refunding.
- Benchmarks are 3% net present value savings and an Opportunity Cost Index which is greater than 70%.
- Two fiscal year 2013 refundings generated \$24.1 million in debt service savings on a net present value basis.
- There are currently no refunding opportunities that meet the savings criteria outlined in the State's debt management policy.

Use of Variable Rate Debt, Bond Insurance, Derivatives and Guaranteed Investment Contracts (GICS)

- The State is authorized to issue variable interest rate bonds in an amount no more than 15% of the outstanding general obligation indebtedness. The State has not issued any variable rate debt as of June 30, 2013 and has not executed any derivatives.
- Because the State is a “natural” AAA credit, there has been no need for bond insurance.

Capital Leases

An Update of Tax-Supported Leases for the 2013 Capital Debt Affordability Committee

Topics of Discussion

Status of

- Tax-Supported Leases and COPS in the CDAC Analysis
- Tax-Supported Energy Leases that are not included in the CDAC Analysis
- Tax-Supported Energy Leases that are included in the CDAC Analysis
- Capital Equipment and Energy Lease Activity in Fiscal Year 2013
- Projections of Future Equipment and Energy Lease Financings

Tax-Supported Leases and COPS in the CDAC Analysis

The following table summarizes the current tax-supported leases and tax-supported Conditional Purchase Financings for FY 2014 included in the 2013 CDAC Affordability Analysis.

<i>FY 2014 Tax-Supported Lease and Conditional Purchase Financings Outstanding</i>			
State Agency	Facilities Financed	Principal Amount Outstanding for FY 2014	Debt Service for FY 2014
State Treasurer's Office	Capital Equipment Leases Various communications, computers and other equipment	\$25,091,756*	\$10,893,685*
State Treasurer's Office	Energy Performance Projects	4,997,514*	1,710,425*
Department of Transportation	Headquarters Office Building	18,720,000	2,790,175
	MAA Shuttle Buses - BWI	3,800,000	1,454,350
Department of General Services	Hilton Street Facility	875,000	243,674
	Prince George's County Justice Center	17,662,458	1,515,793
Transportation Authority	State office parking facility	18,585,000	1,535,005
Lottery	Ocean Downs and Perryville	16,880,000	8,677,081
Department of Health and Mental Hygiene	Public Health Lab	164,710,000	6,200,000
Total Tax-Supported Leases and COPS		\$271,321,728	\$35,020,187

*Maryland Stadium Authority reports the Stadium Authority Capital leases in their debt.

Tax-Supported Energy Leases that are not included in the CDAC Analysis

The following table summarizes the current tax-supported Energy leases not included in the 2013 CDAC Analysis for FY 2014.

<u>Energy lease project *</u>	<u>Debt Service for FY 2014</u>	<u>Debt Outstanding for FY 2014</u>
UMS – Baltimore Campus (UMBC)	\$543,600	\$1,196,909
DGS – District Court & Multi – Service Centers	388,320	809,720
Maryland School for the Deaf	291,257	669,324
DHMH – Springfield Hospital	637,912	909,361
DPSCS – Hagerstown Prison	488,395	2,395,407
DHMH- Deer's Head Hospital	255,946	1,135,895
Spring Grove Hospital	1,896,641	13,928,792
Spring Grove Hospital (Modification)	138,649	1,117,147
Department of Agriculture	194,960	1,572,591
DGS - Multi-Service Centers	1,588,714	13,761,201
University of Baltimore	649,125	5,876,357
UMCP	1,836,990	16,266,311
UMCES (Horn Point Lab)	148,783	1,307,287
State Police	483,258	4,246,272
Workforce Technology	169,101	1,454,357
DPSCS – Jessup	1,715,658	10,182,864
Maryland Aviation Administration	1,600,404	15,736,064
State Highway Administration	1,828,852	18,255,201
Maryland Transit Administration	493,823	4,929,230
Maryland Port Administration	1,006,742	10,464,570
Total	\$16,357,130	\$126,214,860

* The listing does not include the Maryland Stadium Authority projects.

Tax-Supported Energy Leases included in the CDAC Analysis

The following table summarizes the current tax-supported Energy leases in the 2013 CDAC Analysis for FY 2014.

<u>Energy lease project</u>	<u>Debt Service for FY 2014</u>	<u>Debt Outstanding for FY 2014</u>
DGS - State Office Complex	\$908,233	\$2,082,395
DHMH -Rosewood Center	383,326	887,748
DHMH -Rosewood Center	156,934	431,267
St. Mary's College of Maryland	205,295	1,093,578
Veterans Affairs	56,638	502,526
Total	\$1,710,426	\$4,997,514

Capital Equipment and Energy Lease Activity in Fiscal Year 2013

Equipment

- Provides financing of capital equipment to state agencies.
- Capital Equipment lease contracts financed \$3.2 million during Fiscal Year 2013.

Summary of the Lease Terms for Equipment Financed in Fiscal Year 2013

3 yr leases	\$1,609,503
5 yr leases	<u>1,574,212</u>
Total	<u>\$3,183,715</u>

Energy

- Provides financing for energy conservation projects for State agencies.
- Lease payments are made from the participating agencies' annual utility appropriations using savings achieved through the implementation of energy performance contracts.
- No Energy lease financings were closed in Fiscal Year 2013.

Summary of the Lease Terms for Energy Projects Financed in Fiscal Year 2013

Energy lease	<u>\$0</u>
Total	<u>\$0</u>

Projections of Future Equipment and Energy Lease Financings in the CDAC Analysis

<u>Types of Financing</u>	<u>Period*</u>	<u>CDAC projections as of June 2013*</u>
Equipment Leases (1)	Fiscal Years 2014 – 2023	(1) \$15 million for FY 2014, \$19 million for FY 2015, \$36 million in FY 2016, and \$5 million in FY 2017 - 2023
Energy Leases (2)	Fiscal Year 2014	\$7.5 million

- (1) Based on agency survey's received April, 2013 and previous 2 year history of equipment leases. Estimates include financings for lab equipment for the DHMH public health lab and voting machines in Fiscal Years 2015 and 2016, respectively.
- (2) DGS estimates that approximately \$7.5 million of energy projects will be financed in FY 2014. All of the projected Energy Lease financings include projects that will have surety bond guarantees that equal or exceed the debt service payments through out the term of the lease; therefore, these projects are not included in the CDAC Affordability Analysis.

* Preliminary, subject to change.

Consolidated Transportation Bonds

The logo consists of three overlapping squares: a yellow one at the top left, a red one at the bottom left, and a blue one at the bottom right. A black crosshair is centered over the intersection of the squares.

Maryland Department of Transportation

Presented by

Linda Williams

Assistant Director – Financial Planning
Office of Finance

July 31, 2013



Maryland Department of Transportation Consolidated Transportation Bonds

- Structure:
 - Fixed rate
 - Interest only first 2 years
 - As required by statute
 - Maximum maturity of 15 years
 - Level debt service payments

- Additional Bonds Test:
 - Pledged taxes at least 2.0x maximum annual debt service
 - Net revenue at least 2.0x maximum annual debt service



Maryland Department of Transportation Consolidated Transportation Bonds

Management Practice:

- Pledged Taxes at least 2.5x maximum annual Debt Service
- Net Revenue at least 2.5x maximum annual Debt Service

Fiscal Year 2012 Actual:

- Pledged taxes coverage 5.8x
- Net revenue coverage 3.3x

Fiscal Year 2013 Estimated :

- Pledged taxes coverage 5.7x
- Net revenue coverage 3.4x



Maryland Department of Transportation Consolidated Transportation Bonds

- Amount issued in prior 5 fiscal years:
 - \$810 million new construction
 - \$161 million refunding

- Amount outstanding:
 - FY13 - \$1.618 billion
 - Legislative debt ceiling increased to \$ 4.5 billion effective June 1, 2013

- Amount authorized but unissued:
 - FY13 - \$1,913 million authorized
 - FY13 - \$295 million unissued



Maryland Department of Transportation Consolidated Transportation Bonds

- Status of refunding potential
 - Analysis is periodically completed by the department's financial advisor
 - No refunding opportunities exist at this time.

- Variable rate debt, swaps and bond insurance
 - None

Maryland Department of Transportation Consolidated Transportation Bonds

Preliminary projections for new issuances

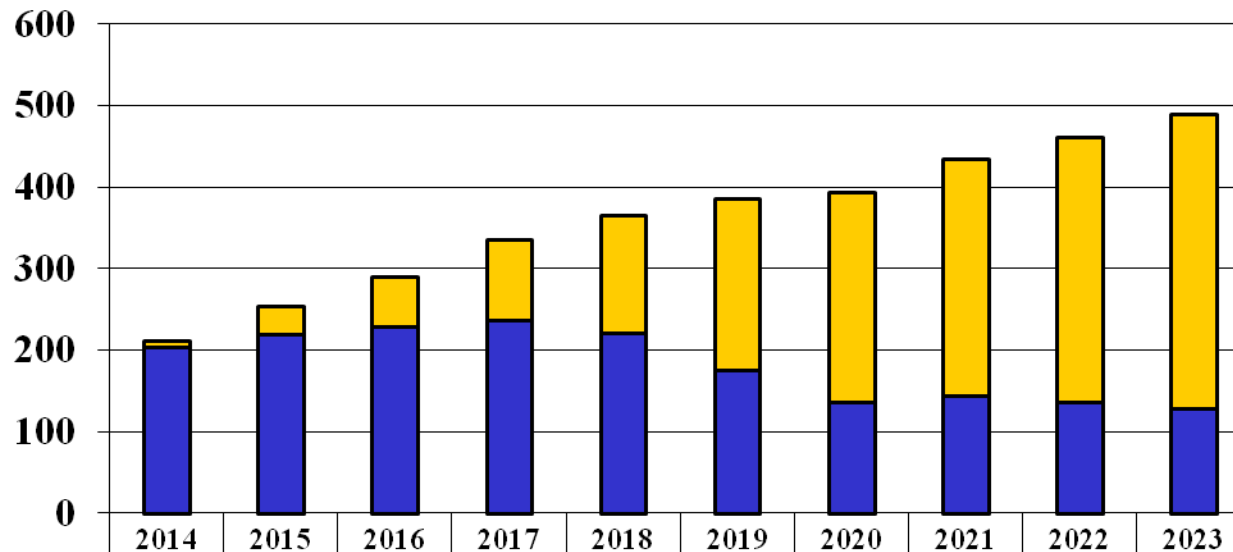
Fiscal Year	Debt Outstanding at Beginning of Year	New Issues	Redeemed	Debt Outstanding at End of Year
2014E	\$1,618	\$620	\$130	\$2,108
2015E	\$2,108	\$705	\$153	\$2,660
2016E	\$2,660	\$570	\$170	\$3,060
2017E	\$3,060	\$490	\$199	\$3,351
2018E	\$3,351	\$790	\$205	\$3,936
2019E	\$3,936	\$435	\$203	\$4,168
2020E	\$4,168	\$540	\$208	\$4,500
2021E	\$4,500	\$260	\$260	\$4,500
2022E	\$4,500	\$295	\$298	\$4,497
2023E	\$4,497	\$355	\$352	\$4,500

(E = based on July 2013 Estimate)

Maryland Department of Transportation Consolidated Transportation Bonds

Debt service preliminary projections for the next 10 years

(\$ in millions)



	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
DS Projected New Issues	8	35	61	99	144	210	257	291	325	362
DS Current Outstanding	203	219	229	237	221	175	136	144	136	128
Total Debt Service	211	254	290	336	365	385	393	435	461	490



Maryland Department of Transportation Consolidated Transportation Bonds

- Rating Agency Updates: As of February 2013
 - Standard & Poor's – AAA
 - Moody's – Aa1
 - Fitch – AA+

GARVEE Bonds



MARYLAND TRANSPORTATION AUTHORITY Grant Anticipation Revenue Vehicles “GARVEE” Bonds

Purpose

Grant Anticipation Revenue Vehicles (“GARVEE”) Bonds have been part of the funding plan for the Intercounty Connector (“ICC”) project. In addition, other funding sources have included Maryland Transportation Authority (MDTA) funds, MDTA revenue bonds, including a federal loan under the Transportation Infrastructure Finance and Innovation Act (TIFIA) Program, Maryland Transportation Trust Funds (TTF), State General Funds, and State General Obligation Bonds. The use of GARVEEs for the ICC was intended to allow the project to be completed sooner than otherwise possible and with less reliance on the State’s available funds in the short term.

Limitations

The Statute limits the total amount that can be issued for GARVEEs at \$750 million, with a maximum maturity of 12 years. Under State law, the proceeds could only be used for the ICC. Legislation enacted by the 2005 General Assembly specified that GARVEE bonds should be considered tax-supported debt in the Capital Debt Affordability analysis.

Security

GARVEEs are bonds for which debt service is paid using a portion of federal transportation funds received by the State. In addition, there is a subordinate pledge of certain TTF tax revenues. There are also debt service reserve funds for additional security.

Current Status

GARVEE bonds issued: \$750,000,000

Debt Outstanding as of June 30, 2013: \$479,035,000

Ratings: Standard & Poor’s AAA, Stable Outlook

Moody’s Investor’s Service Aa1, Stable Outlook

Fitch Ratings AA, Stable Outlook

Annual Debt Service Payments: Approximately \$87.5 million per year
for FY 2013-2019 and \$51.4 million for FY 2020

Final Maturity: March 1, 2020

Pledged Revenue: \$467.2 million per year in federal aid

Issuances

In May 2007, the Maryland Transportation Authority sold \$325 million of GARVEE bonds at a true interest cost of 3.99%. In December 2008, the Authority sold the remaining \$425 million of GARVEE bonds at a true interest cost of 4.31%. No further GARVEE bond sales are planned, and refunding opportunities are not likely.

Use of Variable Rate debt, Bond Insurance, Derivatives and Guaranteed Investment

Contracts

The GARVEE bonds are fixed rate bonds, and were issued without bond insurance due to the TTF back up pledge and the availability of debt service reserve funds. The Authority has not used derivatives or guaranteed investment contracts.

Maryland Stadium Authority



Maryland Stadium Authority Briefing

Capital Debt Affordability Committee

July 31, 2013

Maryland Stadium Authority

- Debt Issued over the past five years

Fiscal Year	Amount	Purpose
2009	\$0	
2010	\$10,000,000	Revenue Bond for Oriole Park Improvements
2011	\$6,630,000	Refunding of the Ocean City Bonds
2012	\$105,450,000	\$11.1 million - Revenue Bond for Warehouse and Oriole Park Improvements \$94.35 million - Series 2011 Refunding Bonds (Terminate Swap with AIG for Series 1998A and 1999)
2013	\$26,990,000	\$14.1 million – Series 2012 Hippodrome Performing Arts Center Refunding Bonds \$12.9 million - Series 2012 Montgomery County Conference Center Refunding Bonds

Maryland Stadium Authority

- Amount of Outstanding Debt and Revenues

Fiscal Year	Amount Outstanding	Tax Supported Bonds and Equipment	Revenue Bond	Energy (not tax supported debt)	Debt Service for Tax Supported and Equipment	Revenues (Lottery/ Camden Yards Operating Revenue and \$2 ticket charge)
2011	\$243,995,885	\$225,743,298	\$10,000,000	\$8,252,587	\$32,463,816	\$23,651,522
2012	\$247,253,027	\$219,186,433	\$20,345,000	\$7,721,594	\$34,488,483	\$24,442,775
2013	\$219,601,249	\$193,005,129	\$19,435,000	\$7,161,120	\$34,488,483	\$24,602,696
2014	\$185,442,082	\$168,862,603	\$10,010,000	\$6,569,479	\$32,760,702	\$23,440,000
2015	\$150,966,865	\$145,021,979	\$0	\$5,944,886	\$31,447,251	\$23,290,000
2016	\$130,466,738	\$125,181,285	\$0	\$5,285,453	\$26,394,035	\$23,257,279
2017	\$110,472,623	\$105,883,444	\$0	\$4,589,179	\$25,034,455	\$23,313,637
2018	\$89,660,220	\$85,806,273	\$0	\$3,853,947	\$24,956,432	\$23,237,079
2019	\$68,359,063	\$65,281,548	\$0	\$3,077,515	\$24,496,590	\$22,779,467
2020	\$46,167,509	\$43,910,000	\$0	\$2,257,509	\$24,396,585	\$22,677,807
2021	\$37,311,417	\$35,920,000	\$0	\$1,391,417	\$10,328,763	\$8,613,434
2022	\$27,996,576	\$27,520,000	\$0	\$476,576	\$10,342,102	\$8,621,141
2023	\$20,275,000	\$20,275,000	\$0	\$0	\$8,766,383	\$7,701,466

Maryland Stadium Authority

- Fixed Rate Debt Ratings

Series	S&P	Moody's	Fitch
2002	AA+	Aa2	AA
2004	AA+	Aa2	AA
2011	AA+	Aa2	AA
2012 HPAC	AA+	Aa2	AA
2012 MCCC	AA+	Aa2	AA

Maryland Stadium Authority
Summary of Swaps and Variable Rate Demand Bonds
as of 7/05/2012

Series Name	Sports Facilities Lease Revenue Refunding Bonds Football Stadium Issue Series 2007	Baltimore Convention Center Lease Revenue Refunding Bonds Series 2006
Tax Status	Tax-Exempt	Tax-Exempt
Dated Date	2/8/2007	12/14/2006
Original Issue Par	73,500,000	31,600,000
Current Outstanding	60,755,000	13,555,000
Maturity	3/1/2008-2026	12/15/2007-2014
Remarketing Agent	Goldman Sachs & Co	Goldman Sachs & Co
Current Remarketing Fee	5 Basis Points	5 Basis Points
Liquidity/LOC Provider	SBPA: Sumitomo	SBPA: Sumitomo
LOC Expiration	12/15/2014	12/15/2014
Current LOC Fee	45 Basis Points	45 Basis Points
Current Reset Frequency	7-day	7-day
Date of Last Reset	7/5/2012	7/5/2012
Reset Rate	0.140%	0.140%
Hedges	Synthetic Fixed Rate (MSA pays Fixed Amounts = 5.69%-5.8%, Receives SIFMA)	Synthetic Fixed Rate (MSA pays fixed amounts = 5.625% to 5.875%, Receives SIFMA)
Counterparty	BARCLAYS	BARCLAYS

Maryland Stadium Authority

- Variable Rate Debt Ratings

Series	S&P	Moody's	Fitch
2006 Short Term	A-1+	VMIG 1	F1+
2006 Long Term	AA+	Aa2	AA
2007 Short Term	A-1+	VMIG 1	F1+
2007 Long Term	AA+	Aa2	AA

Maryland Stadium Authority

- Interest Rate Swaps Status
 - Replaced Liquidity Provider for the Series 2006 and 2007, increase rate of 8.25-10 basis point to 45 basis points
 - Replacement of the Liquidity Provider has stabilized the Series 2007 which was Dexia Credit Local. Current contract expires December 2014.
 - Interest Reset on 7/17/2013 for the variable rate debt
 - Series 2006 0.05%
 - Series 2007 0.08%

Maryland Stadium Authority

- Refunding

- Refunded of Series 2002 “Hippodrome” with an outstanding amount of \$13.8 million
 - Net PV savings was \$2.9 million or 21%
 - Average annual debt service savings is \$290,000
- Refunding of Series 2003 “Montgomery County Conference Center” with an outstanding amount of \$14.9 million
 - Net PV savings was \$2.5 million or 17%
 - Reduce principal by \$2.0 million from premium
 - Average annual savings is \$250,000

Maryland Stadium Authority

- In 2013, the General Assembly approved HB860
 - Authorized MSA to issue up to \$1.1 billion in bonds to fund phase I of the Baltimore City Public School 10-year plan
 - 30-year bonds
 - Revenue bond
 - Annual debt service can not exceed \$60 million
 - Lottery - \$20 million
 - City - \$20 million with \$10 million from the bottle tax, table games and 10% of Casino lease payment and \$10 from the recurring Retiree Health Costs Shifted from the City to City Board of School Commissioners
 - Intercept in place if funds from bottle tax, table games and rent less than \$10 million
 - City Schools - \$20 million from the General State School Fund
 - Memorandum of Understanding to be negotiated between:
 - MSA
 - IAC
 - Baltimore City
 - Baltimore City Schools

Maryland Stadium Authority

- Current projections for new issuances
 - FY 2014
 - Issue \$31 million in Camden Yards Revenue Bonds
 - Proceeds will be used to:
 - Refund Series 2010 - \$9.4 million
 - Refund Series 2011 - \$10.0 million
 - Phase III of Camden Yards Improvements - \$11.6
 - To be issued as a revenue bond with the pledge of lottery proceeds
 - To continue to deferred maintenance projects at Camden Yards
 - FY 2015
 - Issue \$250 - \$300 million in Baltimore City Public School Revenue Bonds
 - Proceeds to be used for Year 1 projects
 - 2-3 new schools
 - 5-7 renovated schools

Bay Restoration Bonds



Department of the Environment

Bay Restoration Fund (BRF) Capital Debt Affordability Committee Briefing July 31, 2013

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Bay Restoration Fund

Debt Issued Past Five Fiscal Years

<u>FY</u>	<u>Amount (\$ Million)</u>	<u>Primary Purpose</u>
<u>2008</u>	<u>50.00</u>	Provide grants for the Enhanced Nutrient Removal (ENR) upgrades at the major Waste Water Treatment Plants (Estimated Total ENR Capital Cost \$1.3 billion)
2009	-	
2010	-	
2011	-	
2012	-	
2013	-	



Bay Restoration Fund

Existing Bonds/Refunding Potential

Debt Issued:	\$50,000,000 (Series 2008)
Issue Date:	4/29/2008
Rating (Moody's):	Aa2
True Interest Cost:	4.03%
Interest:	Fixed Rate
Final Bond Maturity:	3/1/2023
Security:	BRF (WWTP) Fee Revenue
Debt Service Reserve:	None
Optional Redemption:	After 3/1/2018
Refunding Potential:	Low Savings



Bay Restoration Fund

Current Outstanding Debt and Annual Debt Service

<u>Fiscal</u> <u>Year (FY)</u>	<u>Debt Outstanding</u> <u>End of FY (\$ Million)</u>	<u>Annual FY</u> <u>Debt Service (\$ Million)</u>
2008	50.00	0.00
2009	46.83	4.65
2010	44.19	4.71
2011	41.56	4.62
2012	38.82	4.61
2013	36.00	4.62
2014	33.06	4.61
2015	29.98	4.62
2016	26.78	4.61
2017	23.46	4.58
2018	20.02	4.54
2019	16.45	4.50
2020	12.63	4.61
2021	8.62	4.62
2023	0.00	4.61



Bay Restoration Fund

Total Debt Authorized and Amount Unissued

Debt Authorized through FY 2014:	\$530,000,000
Debt Issued through FY 2013:	\$ 50,000,000
Future Debt Issuance:	\$480,000,000

Assumptions

- Wt. Avg. Interest Rate of 5.00% per Year
- Annual Level Debt Service
- Maximum 15-Year Bond Term
- Final Debt Service Payment by FY 2030



Bay Restoration Fund

Projected Debt Issuance, Debt Service Payments & Annual Revenue

Fiscal Year	New Issues	Debt Outstanding at 6/30	Debt Service for FY	Revenue (Cash) *
2008	50.000	50.000	0.000	55.068
2009	0.000	46.825	4.655	53.356
2010	0.000	44.185	4.710	54.818
2011	0.000	41.560	4.616	54.598
2012	0.000	38.820	4.614	54.552
2013 **	0.000	35.995	4.617	98.000
2014	90.000	123.055	4.614	98.980
2015	140.000	259.980	9.116	99.970
2016	140.000	392.183	20.706	100.970
2017	80.000	456.903	34.820	101.980
2018	30.000	462.996	46.683	103.000
2019	0.000	432.910	53.167	104.030

* Actuals through FY 2012

** BRF fee increase FY 2013





Bay Restoration Fund

Projected Debt Issuance, Debt Service Payments & Annual Revenue

Continued....

Fiscal Year	New Issues	Debt Outstanding at 6/30	Debt Service for FY	Revenue (Cash)
2020	0.000	399.131	55.391	105.070
2021	0.000	363.669	55.392	106.121
2022	0.000	326.441	55.389	107.182
2023	0.000	287.356	55.389	108.254
2024	0.000	250.946	50.777	109.337
2025	0.000	212.717	50.777	110.430
2026	0.000	172.576	50.777	111.534
2027	0.000	130.427	50.777	112.649
2028	0.000	86.171	50.777	113.775
2029	0.000	39.702	50.777	114.913
2030	0.000	0.000	41.685	116.062
2031	0.000	0.000	0.000	58.611

Bay Restoration Fund

Projected New Debt Issuance & Debt Outstanding

