

# **Capital Debt Affordability Committee**

**Treasurer Dereck E. Davis, Chair**

## **Agenda**

**September 16, 2024**

**1:30 p.m. to 3 p.m.**

- 1) Treasurer's Opening Comments**
- 2) Introduction of Affordability Benchmarks**  
Rebecca Ruff, Director of Debt Management, State Treasurer's Office
- 3) 2024 Legislative Session General Assembly Actions**  
Patrick Frank, Lead Principal Analyst, Department of Legislative Services
- 4) Review of Size and Condition of State Tax-Supported Debt:**
  - a. General Obligation Bonds**  
Rebecca Ruff, Director of Debt Management, State Treasurer's Office
  - b. Capital Leases**  
Tanya Mekeal, Debt Manager, State Treasurer's Office
  - c. Consolidated Transportation Bonds**  
Octavia Robinson, Chief Financial Officer, Maryland Department of Transportation
  - d. Maryland Stadium Authority Bonds**  
Dawn Abshire, Chief Financial Officer, Maryland Stadium Authority  
Oluwafemi Ogundolie, Accounting Manager, Maryland Stadium Authority
  - e. Bay Restoration Bonds**  
Jeff Fretwell, Director, Maryland Water Infrastructure Financing Administration
- 5) Review of Size and Condition of Debt of Higher Education Institutions:**
  - a. University System of Maryland**  
Ellen Herbst, Senior Vice Chancellor for Administration & Finance  
Samantha Norris, Director of Financial Planning & Analysis
  - b. Morgan State University**  
David LaChina, Executive Vice President for Finance and Administration
  - c. St. Mary's College**  
Dr. Amir Mohammadi, Interim Vice President for Business/CFO  
Mary Grube, Assistance Vice President of Finance
  - d. Baltimore City Community College**  
Dr. Debra L. McCurdy, President  
Aubrey Bascombe, Vice President, Finance and Administration  
Becky L. Burrell, Vice President for Institutional Effectiveness  
Michael D. Thomas, Vice President for Workforce Development and Continuing Education

*The next CDAC meeting will be Monday, September 30<sup>th</sup>, 2024 at 3pm. The presentations on the agenda will review general fund revenue and property tax base estimates, the State's capital construction needs, and an update on the State credit ratings.*



MARYLAND  
STATE  
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# Capital Debt Affordability Committee

## Introduction

Presented by

Rebecca Ruff, Director of Debt Management

Maryland State Treasurer's Office

September 16, 2024

# CDAC Responsibilities

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- CDAC's primary charge is to submit to the Governor and the General Assembly its estimate of the total amount of new State debt that may be prudently authorized for the upcoming fiscal year (State Finance and Procurement Article, §8-112). For planning purposes only, it also provides estimates for the out years.
- CDAC also recommends an authorization for Academic Facilities Bonds for the University System of Maryland, Morgan State University, St. Mary's College of Maryland, and Baltimore City Community College.

# CDAC Responsibilities

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By law, CDAC must consider the following factors when making its recommendation:

- The amount of State tax-supported debt that will be outstanding in the next fiscal year as well as the amount authorized but unissued
- The State's Capital Improvement Program and school construction needs for the next five years
- Projected debt service requirements for the next ten years
- Criteria that recognized bond rating agencies use to judge the quality of issues of State bonds
- Other factors relevant to the ability of the State to meet its projected debt service requirements for the next five years and the marketability of the State's general obligation bonds
- Aggregate impact of public-private partnership agreements
- The effect of new authorizations on each factor enumerated above
- Amounts and effects of other types of State debt

# Types of Debt Included

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- All State tax-supported debt is included in the CDAC analysis, defined as:
  - State general obligation debt
  - Capital leases supported in whole or part by State tax revenues
  - Department of Transportation debt
  - Maryland Stadium Authority debt
  - Debt of other units of State government which, in the opinion of CDAC, are supported directly or indirectly by State tax revenues
- CDAC also reviews issues pertaining to State debt as needed

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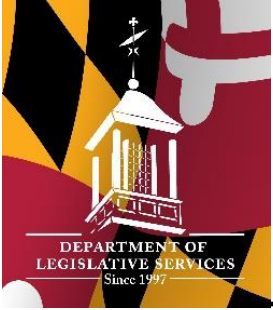
# 2024 General Assembly Debt Affordability Highlights

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Presentation to the  
Capital Debt Affordability Committee



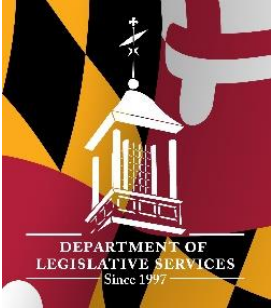
September 16, 2024



# Capital Budget Authorization

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- Chapter 720 (Senate Bill 361) authorizes \$1,845 million in general obligation (GO) bonds, specifically
  - \$1,750 million in net new debt
  - \$95 million is deauthorized and reauthorized to support different projects
  - The budget does not assume any bond premium

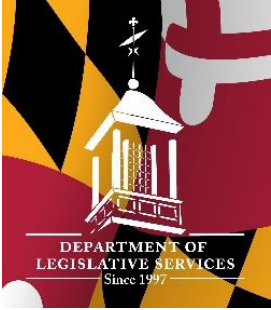


# General Fund Appropriations

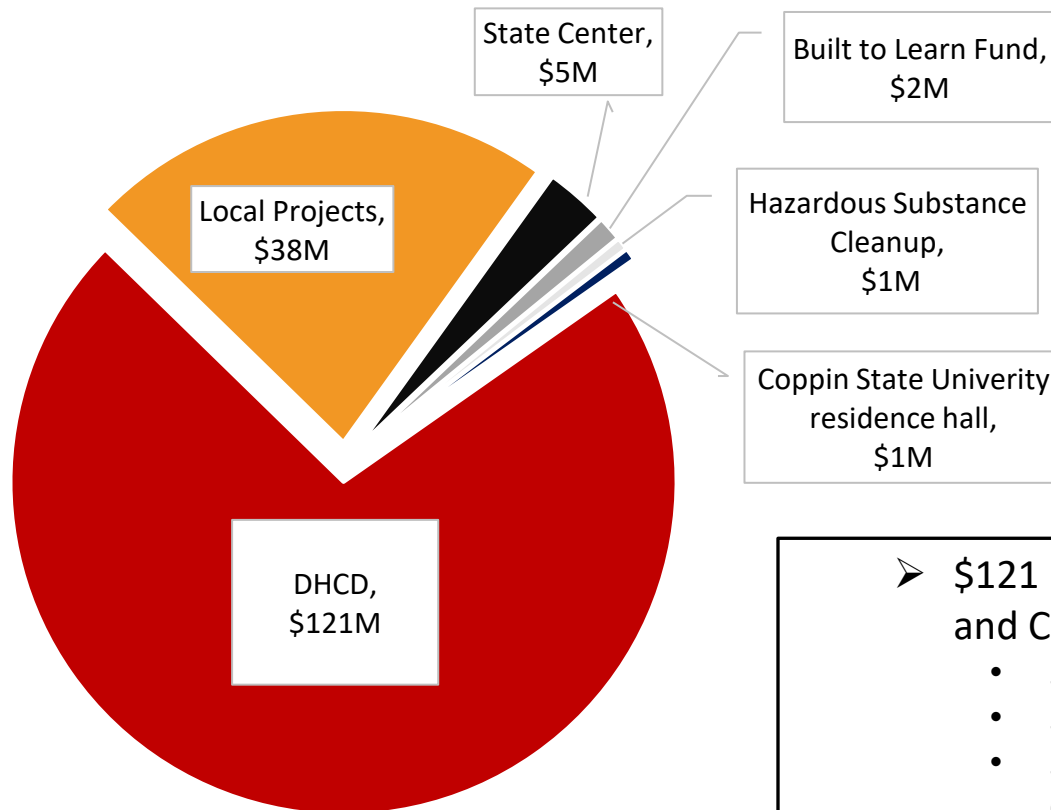
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- When general funds are available, the State appropriates general funds for capital programs and projects to
  - Support programs and projects that do not qualify for less expensive tax-exempt debt, thus avoiding more expensive taxable debt issuances
  - Use one-time revenues to support one-time capital costs
- \$168 million in general funds were appropriated for capital programs and projects in fiscal 2025

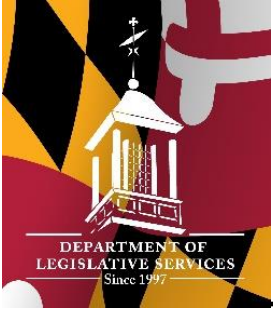




# General Fund Appropriations



- \$121 million for the Department of Housing and Community Development (DHCD)
  - \$43 million for rental housing
  - \$30 million for Strategic Demolition Fund
  - \$23 million for Historic Revitalization Tax Credit
  - \$16 million for Homeownership programs
  - \$9 million for Downtown Partnership of Maryland



# University Authorization

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- Chapter 721 (Senate Bill 1120) authorizes \$30 million in academic revenue bonds for the University System of Maryland
- This is the level that was recommended by CDAC



Capital Debt Affordability Committee:  
2024 Update on  
Maryland General Obligation Bonds

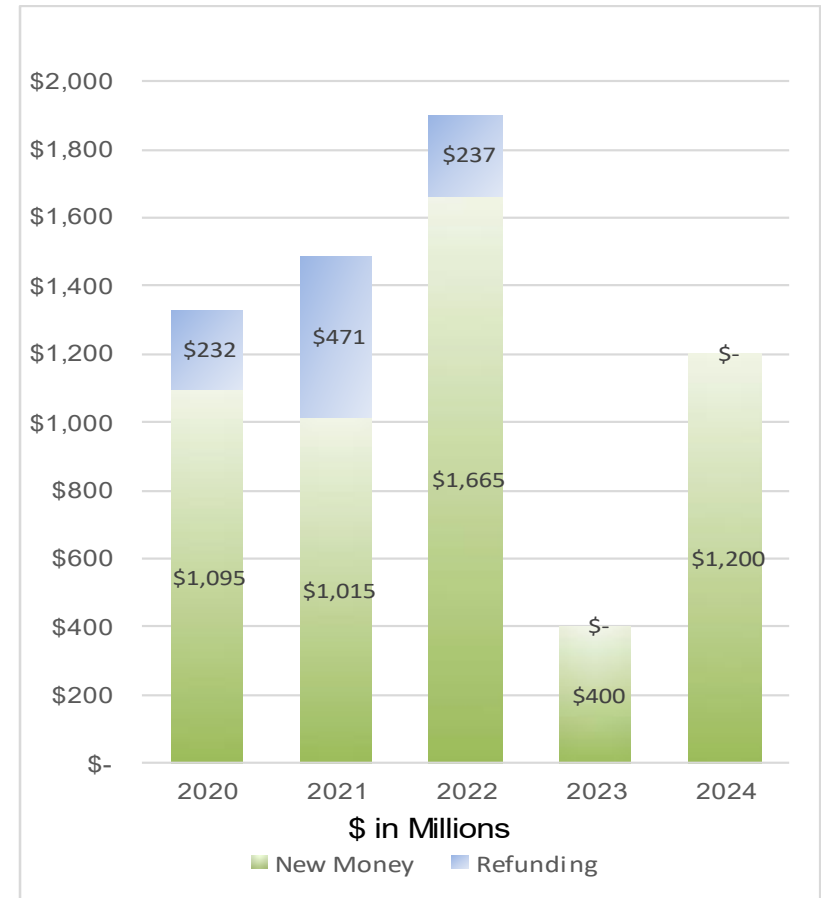
Presented by  
Rebecca Ruff, Director of Debt Management  
Maryland State Treasurer's Office

September 16, 2024

# GO Bonds Issuance History

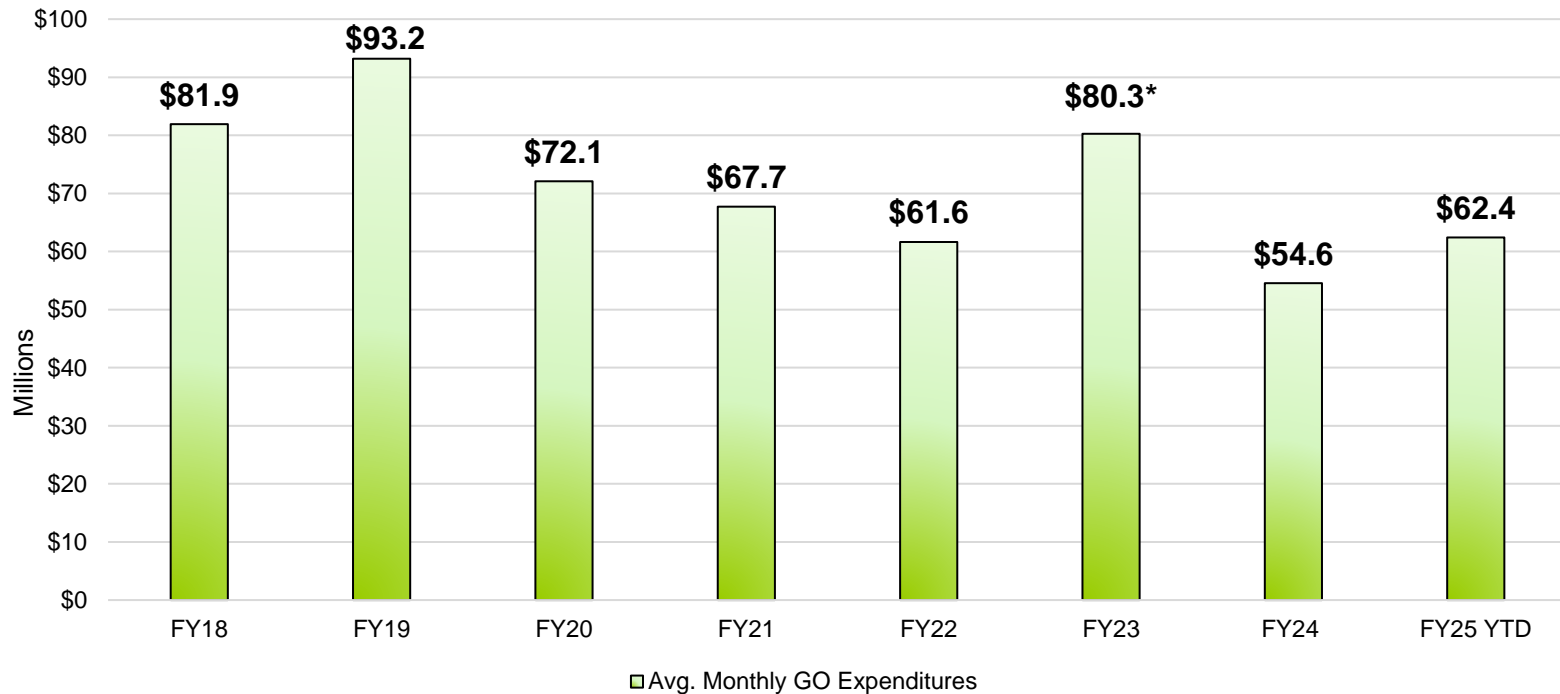
## Fiscal 2020 - 2024

- \$6.32 billion in General Obligation Bonds issued since July 1, 2019:
  - \$5.34 billion in tax-exempt bonds (same as previous 5 years)
    - Includes \$585.1 million in refundings
  - \$980.6 million in taxable bonds (an increase of \$200M from previous 5 years)
    - Includes \$355.6 million in refundings



\*Amounts reflected above include new money issuances and refundings.

# Tax-Exempt GO Spending Remains Below Pre-Pandemic Levels



\* FY23 average monthly spending includes the one-time allocation of \$237M in block



# GO Bond Issuances

## Fiscal 2024 – 2025

### Fiscal Year 2024 General Obligation Bond Issues Totaled \$1.2 Billion

Series	Date of Sale(s)	(\$ in millions)		All-In True Interest Cost (TIC)	Premium Earned on Tax-Exempt Bonds
		Tax-Exempt: New Money Competitive	Taxable: New Money Competitive		
2024 1 <sup>st</sup> Series	6/5/24	\$1,000.0	\$200.0	3.369%	\$153.9M

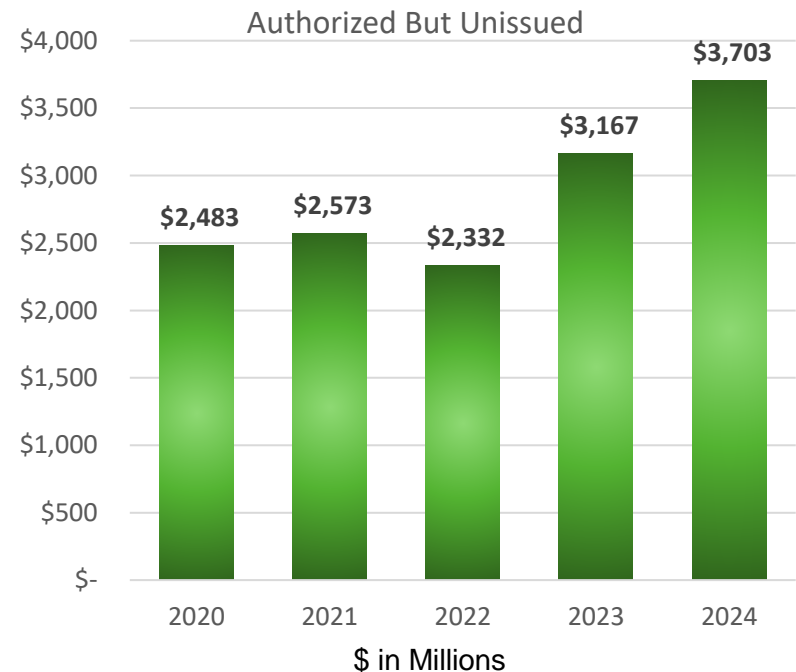
### Allocation of 2024 1<sup>st</sup> Series Premium

- Transaction Costs (COI/UW Discount) \$1,229,682.51
  
- Funds Transferred to ABF for Capitalized Interest on 2024 First Series Bonds
 

<b>Cumulative Total</b>	<b>\$147,638,888.89</b>
Fiscal 2025	47,638,888.89
Fiscal 2026	50,000,000.00
Fiscal 2027	50,000,000.00
  
- Premium available for projects **\$5,046,664.60**

# Outstanding GO Debt and Amounts Authorized but Unissued

- General obligation debt outstanding:
  - \$10.3 billion was outstanding as of June 30, 2024
    - \$677.9 million retired since June 30, 2024
    - **\$9.6 billion outstanding as of October 17, 2024**
- \$3.7 billion of general obligation debt was authorized but unissued as of June 30, 2024.





## Capital Budget Authorization History

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In October 2023, the CDAC voted 4-0 to recommend an authorization of \$1.75 billion for fiscal 2025. The committee recommended a projection of level funding through fiscal year 2029.

In December 2023, the Spending Affordability Committee recommended an authorization of \$1.75 million for fiscal 2025 with 2% annual growth in subsequent years.

In January 2023, the Governor proposed a capital budget authorizing \$1.75 billion in fiscal 2025.

The net final authorization amount approved for the fiscal 2025 capital budget during the 2024 Legislative Session was \$1.75 billion.



## Current Projections for Future Issuances

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The following figures are based on the 2023 Capital Debt Affordability Committee authorization recommendation. There have been no General Obligation Bonds issued in FY2025 YTD.

<u>Fiscal Year</u>	<u>Authorizations</u>	<u>Issuances</u>
2025	\$1,750	\$1,390
2026	\$1,750	\$1,535
2027	\$1,750	\$1,640
2028	\$1,750	\$1,700
2029	\$1,750	\$1,750
2030	\$1,750	\$1,750

*All \$ figures in millions. Preliminary and subject to change. Issuances calculated using historical CDAC model assumptions on the drawdown of project authorizations – assumes 31% of an authorization is used in Year 1, 25% in Year 2, 20% in Year 3, 15% in Year 4, and 9% in Year 5.*



## Status of Refunding Potential

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An analysis is prepared by the State's financial advisor before each bond sale to determine the financial feasibility of a refunding.

The State has been aggressive in pursuing refunding savings while interest rates were at historically low levels, resulting in a debt service savings of \$63.8 million over the past five fiscal years to date.

The State will continue to evaluate refunding potential in advance of the 2025 First Series sale.



## Use of Variable Rate Debt, Bond Insurance, Derivatives, and Guaranteed Investment Contracts

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The State is authorized to issue variable interest rate bonds in an amount no more than 15% of the outstanding general obligation indebtedness. As of today, the State has not issued any variable rate debt and has not executed any derivatives. The State did not enter into any new Guaranteed Investment Contracts related to the issuance of general obligation bonds in FY 2024.

Because of the State's strong credit profile, perception in the market and maintenance of its triple-A credit rating, there has been no need for bond insurance.

# Capital Debt Affordability Committee: 2024 Update on Capital Leases

Presented by

Tanya M. Mekeal, Debt Manager

Maryland State Treasurer's Office

September 16, 2024

## Topics of Discussion

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- Capital Lease Overview
- Tax-Supported Equipment Leases included in the CDAC Analysis
- Tax-Supported Energy Leases included in the CDAC Analysis
- Capital Equipment and Energy Lease Activity for Fiscal Year 2024
- Projections of Future Tax-Supported Lease Financings

# Capital Lease Overview

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- The Treasurer's Office, on behalf of the Board of Public Works, determines the size, timing, and method to finance capital assets for State agencies and manages the lease procurement and payment of debt service.
- **Capital Facility Leases** allow facilities to be purchased through a lease with terms ranging from 15 – 25 years. Facility leases are included in the CDAC analysis.
- **Equipment Leases** allow State agencies to finance capital equipment over a period of time. Terms are typically 3 and 5 years, although equipment may be leased for up to 15 years if the useful life of the equipment can sustain the term of the lease. These leases are included in the CDAC analysis.
  - Financed equipment is required to:
    - Have a useful life at least as long as the financing term and the cost should be a material amount;
    - Be repossessable and easily identifiable.
- **Energy Leases** are for energy performance projects at State facilities and are now limited to a 30-year term based on recent legislation. If utility savings offset the debt service costs, energy leases are not included in the CDAC analysis.



# Tax-Supported Capital Leases included in the CDAC Analysis

The following table summarizes the current tax-supported capital leases included in the 2024 CDAC Affordability Analysis.

<i>FY 2024 Tax-Supported Lease Financings Outstanding</i>			
<b>State Agency</b>	<b>Equipment and Facilities Financed</b>	<b>Principal Amount Outstanding as of 6/30/2024</b>	<b>Debt Service for FY 2024</b>
State Treasurer's Office on behalf of State Agencies	Capital Equipment - Various communications, computers and other equipment	\$ 12,922,859	\$ 4,401,417
State Treasurer's Office on behalf of State Agencies	Energy Performance Project	7,803,545	4,796,785
Department of Transportation	Shuttles	17,275,000	2,058,150
Department of General Services	Prince George's County Justice Center	7,945,979	1,515,793
Transportation Authority	State Office Parking Facility	11,187,000	1,473,361
Department of Health	Public Health Lab	83,095,000	13,989,963
<b>Total Tax-Supported Leases*</b>		<b>\$ 140,229,383</b>	<b>\$ 28,235,469</b>

\*Totals may not add due to rounding

# Tax-Supported Energy Leases included in the CDAC Analysis

The following table summarizes the current energy leases included in the 2024 CDAC analysis. An energy lease is included in the CDAC analysis if it lacks a surety guaranty, meaning debt service **may not** be offset by utility savings.

<i>FY 2024 Tax-Supported Energy Lease Financings Outstanding</i>		
<b>State Agency</b>	<b>Principal Amount Outstanding as of 6/30/2024</b>	<b>Debt Service for FY 2024</b>
University of Baltimore	\$ -	\$ 649,125
Maryland Aviation Administration	2,337,348	1,600,404
<i>State Highway Administration</i>	3,522,069	1,828,852
MVA Centers	1,107,105	173,103
Veteran's Affairs	27,877	56,638
MD Port Administration	809,147	488,664
<b>Total *</b>	<b>\$ 7,803,545</b>	<b>\$ 4,796,785</b>

\*Totals may not add due to rounding





# Capital Equipment and Energy Lease Activity in Fiscal Year 2024

## Equipment:

Summary of the Lease Terms for Equipment Financed Fiscal Year 2024	
3 year leases	\$ 4,435,761
5 year leases	\$ 633,740
<b>Total</b>	<b>\$ 5,069,501</b>

## Energy:

No energy leases were financed during fiscal year 2024.



# Projections of Future Tax-Supported Lease Financings in the CDAC Analysis

Types of Financing	Period	CDAC projections as of June 2024*
Equipment Leases (1)	Fiscal Years 2025 – 2027	\$11.5 million for FY 2025 \$7.9 million in FY 2026 \$6.8 million in FY 2027
Energy Leases (2)	Fiscal Years 2025 – 2027	\$25.0 million for FY 2025 (3) \$25.0 million in FY 2026 \$40 million in FY 2027

(1) Fiscal Year 2025 - 2027 estimates are based on agency surveys.

(2) 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.

(3) \*DGS estimates lease financing of potential energy projects at \$25M in FY 2025 based on continuing evaluation of state properties, \$25M in 2026 and potentially another \$40M in 2027 pending on availability/issuance of MEA grant funding.

\* Preliminary, subject to change.



# **MDOT's Tax-Supported Debt**

## **Presentation to the Capital Debt Affordability Committee**

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Octavia Robinson  
Chief Financial Officer  
September 16, 2024



# Consolidated Transportation Bonds

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## Structure:

- Fixed rate
- Interest only first 2 years
- Maximum maturity of 15 years
- Level debt service payments
- Repayment – pledged tax revenue from vehicle excise, motor fuel, corporate income, and sales tax on rental vehicles

## Variable rate debt and swaps:

- None

## Bond Insurance:

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- Not needed because of MDOT's stable credit profile



# Credit Ratings

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Standard & Poor's – AAA (affirmed 3/08/2024)

Moody's – Aa1 (watch status possible upgrade, 7/24/24)

Fitch – AA+ (affirmed 7/31/24)



# Bond Coverage

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## Additional Bonds Tests:

- Pledged taxes – ratio of prior year pledged taxes to maximum annual debt service
  - Requirement of at least 2.0 times coverage, management practice of at least 2.5 times coverage
  - FY 2024 estimated coverage of 6.2
- Net income – ratio of prior year income less operating expenses to maximum annual debt service
  - Requirement at least 2.0 times coverage, management practice of at least 2.5 times coverage
  - FY 2024 estimated coverage of 4.2, declining to 2.1 in FY2030



# Outstanding Debt

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## Debt Outstanding Limits:

- Statutory debt limit – \$4.5 billion
- Annual debt limit – \$3.1 billion (FY 2024)
- Annual debt limit – \$2.9 billion (FY 2025)\*

## Amount of Debt Outstanding:

- FY 2024 – \$3.0 billion
- FY2025 – \$3.0 billion (Anticipated bond sale of \$270 million offset by redemptions)

## Amount authorized but unissued:

- Authorized – \$3.1 billion (as of June 30, 2024)
- Authorized but not issued – \$110 million

\* MDOT may increase the annual debt limit after review and comment by the legislative budget committees.



# Debt Issued in Previous Five Fiscal Years

Series	Sale Date	New Money (\$ In millions)	Refunding (\$ In millions)	True Interest Cost (TIC)
Series 2022B	9/30/2021		\$143.6	1.358%
Series 2022A	9/30/2021		\$52.4	.909%
Series 2021B	9/29/2021		\$139.2	.657%
Series 2021A	9/29/2021	\$295.0		1.731%
Series 2020	10/07/2020	\$300.0		1.58%
Series 2019	10/02/2019	\$490.0		2.08%
Total		\$1,085	\$335.2	





# Planned Issuances

(\$ in millions)

Fiscal Year	Debt Outstanding at Beginning of Year	New Issues	Redeemed	Debt Outstanding at End of Year
2025E	\$3,005	\$270	\$310	\$2,965
2026E	\$2,965	\$455	\$306	\$3,114
2027E	\$3,114	\$550	\$322	\$3,342
2028E	\$3,342	\$580	\$341	\$3,581
2029E	\$3,581	\$525	\$370	\$3,736
2030E	\$3,736	\$630	\$386	\$3,980
2031E	\$3,980	\$690	\$399	\$4,271
2032E*	\$4,271	\$855	\$415	\$4,711
2033E*	\$4,711	\$815	\$402	\$5,124
2034E*	\$5,124	\$875	\$403	\$5,596

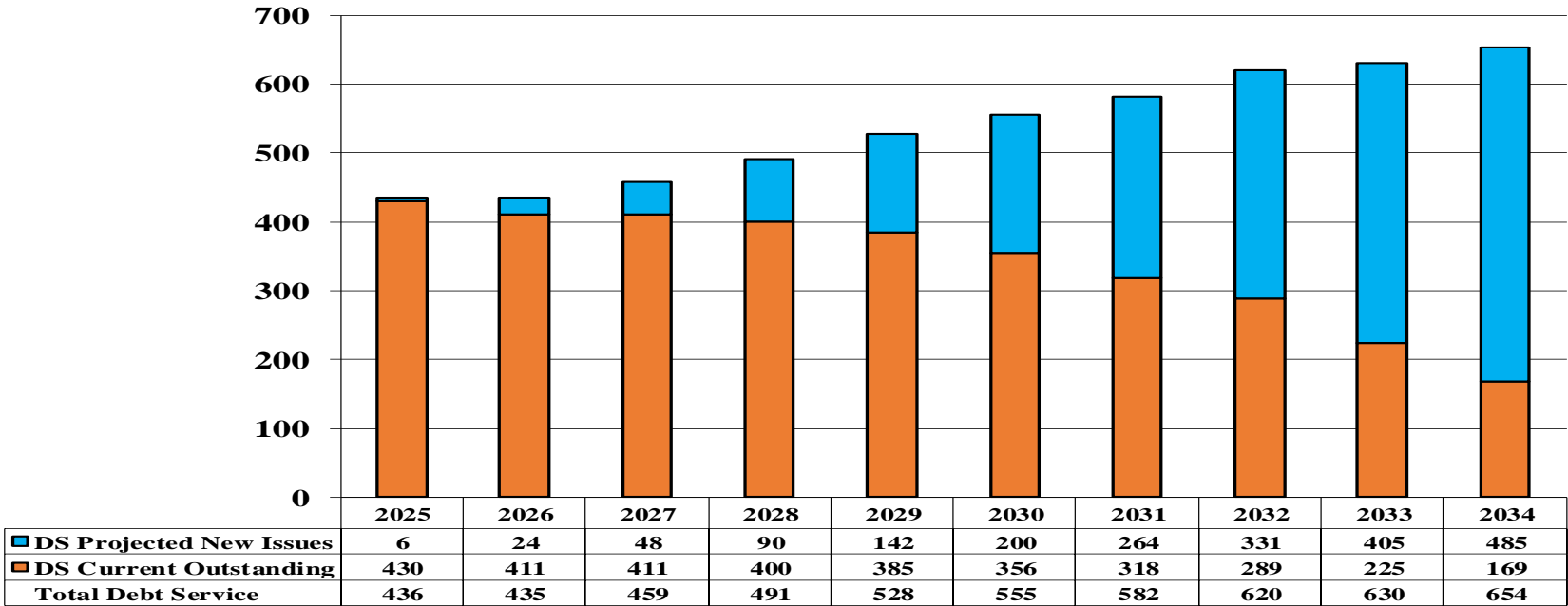
(E = based on FY 2025 - 2030 Draft Consolidated Transportation Program)

\* Forecasted debt outstanding exceeds statutory debt limit. Issuances will need to be reduced to stay within statutory debt limit.



# Debt Service Projections

(\$ in millions)





# Maryland Stadium Authority Briefing

## Capital Debt Affordability Committee

September 16, 2024



# Prior Debt Issuances

Fiscal Year	Amount	Purpose
2020	\$20,915,000	Series 2019C for the expansion of the Ocean City Convention Center. Par amount was \$20,915,000. General Funds will be required for debt service.
2021	\$524,295,000	<p>Series 2020A was the third issuance for the Baltimore City Public Schools Program. Par amount was \$194,035,000.</p> <p>Series 2020B was the “Green Bond” for Northwood Elementary school under the Baltimore City Public Schools program. Par amount was \$33,995,000.</p> <p>Series 2020C was a federally taxable refunding of certain maturities from the Series 2016 and Series 2018A bonds for the Baltimore City Public Schools. The par amount was \$296,265,000 and generated about \$60 million of additional proceeds for the Baltimore City Public Schools program.</p>
2022	\$687,580,000	<p>Series 2021 was the first series of bonds issued for the Built to Learn Program. Par amount was \$256,955,000.00.</p> <p><b>Series 2022A for the Hagerstown Multi-Use Sports and Event Facility. Par amount was \$57,555,000.00. This series is included in the capital debt affordability calculations since a Master Lease is security pledge.</b></p> <p>Series 2022A was the second series of bonds issued for the Built to Learn Program. Par amount was \$373,070,000.00.</p>





# Prior Debt Issuances (cont.)

Fiscal Year	Amount	Purpose
2023	\$66,050,400	<p>Series 2022C was the fourth and final issuance for the Baltimore City Schools program. These were Capital Appreciation Bonds to finance a portion of the costs of the Frederick Douglas Building under the program. Par amount was \$66,050,400.</p>
2024	\$516,725,000	<p>Series 2023A &amp; Series 2023B were issued to finance certain renovations and improvements at M&amp;T Bank Stadium. The maximum aggregate principal amount of the issuance is \$418,230,000. The par amount of Series 2023A was \$225,730,000. Series 2023B consists of \$115,000,000 in 4-year taxable draw down facility, after which the remaining principal amount of up to \$77,500,000 converts to a tax-exempt fixed rates in July 2027.</p> <p>Series 2023A for the Hagerstown Multi-Use Sports and Events Facility under the Sports Entertainment Facilities Act. Par amount was \$20,125,000.</p> <p>Series 2023B for certain Minor League Ballpark projects under the Sports Entertainment Facilities Act. Par amount was \$78,370,000.</p>





# Debt Issued During FY24

## M&T Bank Stadium Improvements (HB 896)

- **Series 2023A Revenue Bonds (Football Stadium Issue)**
  - Par Amount - \$225,730,000
  - Premium - \$26,417,074
  - Cost of Issuance - \$1,087,039
  - Project Funds - \$259,495,563
  - Capitalized Interest - \$7,367,576
  - Term – 15 years
  - Maturity Date – September 1, 2037
  - True Interest Cost – 3.425574%
  - Tax-Exempt
  - Non-Tax-Supported Debt – financing fund pledge as the security





# Debt Issued During FY24

## M&T Bank Stadium Improvements (HB 896) – cont.

- **Series 2023B Revenue Bonds (Football Stadium Issue)**
  - Par amount - \$187,336,750
    - » Series 2023B-1 (Taxable LOC) - \$11,336,750
    - » Series 2026B-2A (Tax-Exempt Conversion) - \$115,000,000
    - » Series 2027B-2B (Tax-Exempt Conversion) - \$61,000,000
  - Premium – n/a
  - Cost of Issuance – \$290,500
  - Term – 15 years
  - Maturity Date - September 1, 2037
  - True interest cost – 4.327209%
  - 2023B-1 Federally Taxable, 2023B-2 tax-exempt with conversions in 2026 & 2027





# Debt Issued During FY24

## Sports Entertainment Facilities (HB 897)

### Series 2023A Revenue Bonds (Hagerstown Project)

- Par Amount - \$20,125,000
- Premium - \$635,171
- Cost of Issuance - \$57,322
- Project Funds - \$20,000,000\*
- Capitalized Interest - \$642,429
- Term – 29 years
- Maturity Date – June 15, 2052
- True Interest Cost – 4.909419%
- Tax-Exempt

*\*To finance a portion of the Hagerstown Multi-Use Sports and Events Facility*

### Series 2023B Revenue Bonds (Minor League Ballpark Projects)

- Par Amount - \$78,370,000
- Premium - \$4,468,128
- Cost of Issuance - \$213,608
- Project Funds - \$80,000,000\*
- Capitalized Interest - \$2,438,178
- Term – 10 years
- Maturity Date – June 15, 2033
- True Interest Cost – 3.938495%
- Tax-Exempt

*\*To finance renovations to the Arthur Perdue Stadium, Harry Grove Stadium, Prince George's Stadium, and Regency Furniture Stadium at \$20 million each.*







# Outstanding Debt & Revenues

Fiscal Year	Amount Outstanding	Tax Supported Bonds and Equipment	Revenue Bond	Energy (tax supported debt)	Debt Service for Tax Supported and Energy	Revenues (Lottery/ Camden Yards Operating Revenue and \$2 ticket charge)
2024	\$2,476,550,400	\$129,470,000	\$2,347,080,400	\$0	\$19,029,598	\$19,029,598
2025	\$2,407,405,400	\$117,795,000	\$2,289,610,400	\$0	\$17,693,320	\$17,693,320
2026	\$2,341,945,400	\$106,320,000	\$2,235,625,400	\$0	\$16,688,402	\$16,688,402
2027	\$2,269,875,400	\$102,155,000	\$2,167,720,400	\$0	\$8,755,149	\$8,755,149
2028	\$2,194,055,400	\$97,820,000	\$2,096,235,400	\$0	\$8,758,395	\$8,758,395
2029	\$2,115,875,400	\$93,310,000	\$2,022,565,400	\$0	\$8,757,203	\$8,757,203
2030	\$2,034,050,400	\$88,615,000	\$1,945,435,400	\$0	\$8,757,199	\$8,757,199
2031	\$1,948,380,400	\$83,725,000	\$1,864,655,400	\$0	\$8,756,814	\$8,756,814
2032	\$1,858,645,400	\$78,625,000	\$1,780,020,400	\$0	\$8,761,621	\$8,762,621
2033	\$1,764,685,400	\$73,310,000	\$1,691,375,400	\$0	\$8,761,082	\$8,761,082
2034	\$1,666,310,400	\$67,785,000	\$1,598,525,400	\$0	\$8,758,061	\$8,758,061
2035	\$1,563,610,400	\$62,055,000	\$1,501,555,400	\$0	\$8,753,200	\$8,753,200
2036	\$1,468,735,400	\$56,110,000	\$1,412,625,400	\$0	\$8,752,909	\$8,752,909
2037	\$1,356,805,400	\$49,925,000	\$1,306,880,400	\$0	\$8,762,348	\$8,762,348
2038	\$1,237,875,400	\$43,505,000	\$1,194,370,400	\$0	\$8,757,607	\$8,757,607





# Fixed Rate Debt Ratings

Series	S&P	Moody's	Fitch
Series 2004	AA+	Aa2	AA
Series 2012 HPAC	AA+	Aa2	AA
Series 2012 MCCC	AA+	Aa2	AA
Series 2016 BCPS	AA-	Aa3	AA
Series 2018A BCPS	AA-	Aa3	AA
Series 2019A	AA+	Aa2	AA+
Series 2019B	AA+	Aa2	AA+
Series 2019C OCCC	AA+	Aa2	AA+
Series 2020A,B,&C BCPS	AA-	Aa3	AA
Series 2021 BTL	AA	A1	A+
Series 2022A Hagerstown	N/A	Aa2	AA+
Series 2022A BTL	AA	A1	A+
Series 2022C BCPS	AA-	Aa3	AA
Series 2023A&B Football	A+	Aa2	AA
Series 2023A&B Sports Ent Facilities	AA	N/A	AA





# Variable Rate Debt & Swaps

Maryland Stadium Authority Summary of Swaps and Variable Rate Demand Bonds as of June 30, 2024	
	<b>Sports Facilities Lease Revenue Refunding Bonds</b>  <b>Football Stadium Issue</b> <b>Series 2007</b>
<b>Series Name</b>	<b>Football Stadium Issue Series 2007</b>
<b>Tax Status</b>	<b>Tax-Exempt</b>
<b>Dated Date</b>	<b>2/8/2007</b>
<b>Original Issue Par</b>	<b>\$73,500,000</b>
<b>Current Outstanding</b>	<b>\$17,265,000</b>
<b>Maturity</b>	<b>3/1/2008 – 2026</b>
<b>Remarketing Agent</b>	<b>Goldman Sachs &amp; Co.</b>
<b>Current Remarketing Rate</b>	<b>5 Basis Points</b>
<b>Liquidity/LOC Provider</b>	<b>SBPA: Sumitomo</b>
<b>LOC Expiration</b>	<b>3/1/2026</b>
<b>Current LOC Fee</b>	<b>45 Basis Points</b>
<b>Current Reset Frequency</b>	<b>7-Day</b>
<b>Date of Last Reset</b>	<b>10/5/2022</b>
<b>Reset Rate</b>	<b>2.44%</b>
<b>Hedges</b>	<b>Synthetic Fixed Rate (MSA paid Fixed Amounts = 5.69% - 5.8%, receives SIFMA)</b>
<b>Counterparty</b>	<b>Barclays</b>





# Variable Rate Debt Ratings

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





# Future Debt Projections

- Series 2024 Built to Learn
  - Third issuance for the program
  - Tax-Exempt - 30 year
  - Par Amount \$421,875,000
  - Premium \$24,243,787
  - Closing Costs \$1,690,646
  - Construction Fund Deposit \$432,357,841
  - True Interest Cost – 4.568%
  - Annual Debt Service (through 2052) - \$26,700,000
  - Annual Debt Services (2053-2054) - \$63,200,000
  - Maturity Date – June 1, 2026
  - Estimate Closing Date – October 30, 2024





# Future Debt Projections

- **Series 2024 Baseball Bonds (HB 896)**
  - Initial bond issuance to fund certain capital improvements projects at Oriole Park at Camden Yards, including scoreboard, control room, and chiller plant replacements.
  - Not to exceed principal amount of \$125 million (debt capacity remaining up to \$475 million)
  - Bonds / Secured by Lottery
  - Revenue Bonds, will not constitute tax-supported debt
  - Estimate Closing Date – January 2025
- **Prince George's County Blue Line Corridor**
  - Design, development, and construction of proposed sports and entertainment facilities in Central Prince George's County along the Blue Line Corridor. The proposed facilities Civic Plaza, Central Library, Cultural Center and Magnet Charter School, Basketball / Volleyball Fieldhouse, Central Avenue Market Hall
  - TBD – Phased project
  - Revenue Bonds / Secured by Lottery
  - June 2025





# Future Debt Projections

- **Racing Facilities**
  - To finance planning, design, and construction and related expenses for construction management, professional fees, and contingencies in connection with racing facilities. The financing plan or plans must provide for at least \$180.0 million in anticipated project costs at the Pimlico site and \$155.0 million in anticipated project costs at the Laurel Park site
  - \$400.0 million
  - Bonds / Secured by Lottery
  - May 2025
- **Minor League Ballpark Projects**
  - To address improvements to minor league ballparks and teams to meet Professional Development League (PDL). This new fund also may be utilized by other sports entertainment venues such as equestrian centers, multi-use sports complexes, venues for youth and amateur sports tournaments. City of Aberdeen, Home of the Ironbirds will be part of next bond issue.
  - \$25 million (Up to 80M in bond capacity remaining)
  - Bonds / Secured by Lottery
  - June 2025





**Maryland**  
Department of  
the Environment

**Bay Restoration Fund (BRF)  
Capital Debt Affordability Committee Briefing  
September 16, 2024**

Jeffrey Fretwell, Director  
Maryland Water Infrastructure Financing Administration  
1800 Washington Boulevard  
Baltimore, MD 21230  
410-537-4481

[jeffrey.fretwell@maryland.gov](mailto:jeffrey.fretwell@maryland.gov)

[www.mde.maryland.gov/WQFA/Pages/index.aspx](http://www.mde.maryland.gov/WQFA/Pages/index.aspx)



# Bay Restoration Fund

## Debt Issued in Prior Fiscal Years

---

FY	Amount (\$ Million)	Primary Purpose
2008	\$ 50.00	Provide grants for the Enhanced Nutrient Removal (ENR) upgrades at the 67 major Waste Water Treatment Plants (Estimated Total ENR Capital Cost \$1.2 billion)
2009	-	
2010	-	
2011	-	
2012	-	
2013	-	
2014	\$100.00	
2015	-	
2016	\$180.00	
2017	-	
2018	-	
2019	-	
Total	\$330.00	



**Maryland**  
Department of  
the Environment

# Bay Restoration Fund

## Existing Bonds/Refunding Potential

---

	<u>Series 2014</u>	<u>Series 2015</u>
Debt Issued:	\$100,000,000	\$180,000,000
Issue Date:	5/14/2014	12/03/2015
Ratings:	Aa3 (Moody's) AA (S&P)	Aa3 (Moody's) AA (S&P)
True Interest Cost:	2.55%	2.59%
Interest:	Fixed Rate	Fixed Rate
Final Bond Maturity:	3/1/2029	3/1/2030
Security:	BRF (WWTP) Fee	BRF (WWTP) Fee
Debt Service Reserve:	None	None
Optional Redemption After:	3/1/2024	3/1/2024
Refunding Potential:	No Savings	No Savings



# BRF Current Outstanding Debt & Annual Debt Service (\$ Million)

<u>Fiscal Year Ending</u>	<u>Outstanding Debt</u>	<u>Annual Debt Service</u>
2008	50.000	0.000
2009	46.825	4.655
2010	44.185	4.710
2011	41.560	4.616
2012	38.820	4.614
2013	35.995	4.617
2014	133.055	4.614
2015	129.980	8.248
2016	301.615	14.330
2017	292.880	23.431
2018	273.590	31.756
2019	253.375	31.717
2020	232.075	31.827
2021	209.715	31.829
2022	186.245	31.823
2023	161.605	31.824
2024	140.360	27.216
2025	118.055	27.214
2026	94.715	27.134
2027	70.375	27.297
2028	44.905	27.697
2029	18.250	28.048
2030	0.000	18.798
2031	0.000	0.000



# Bay Restoration Fund

## Total Debt Authorized and Amount Unissued

---

Debt Authorized through FY 2024 budget:	\$590,000,000
Debt Issued through end of FY 2024:	<u>\$330,000,000</u>
Future Authorized Debt Issuance:	\$260,000,000
Projected Future Debt Issuance:	N/A – not at this time

### *Assumptions for future debt issuance*

- Wt. Avg. Coupon Rate of 2.50% per year
- Annual Level Debt Service
- Maximum 2-Year Bond Term
- Final Debt Service Payment by FY 2030



**Maryland**  
Department of  
the Environment

# Projected Debt Issuance, Debt Service Payments & Annual Revenue (\$ Millions)

Fiscal Year	New Issues	Debt Outstanding as on 6/30/Yr	Debt Service Payment for FY	Revenue (Cash)	
2008	50.000	50.000	0.000	55.068	Actual
2009	0.000	46.825	4.655	53.356	Actual
2010	0.000	44.185	4.710	54.818	Actual
2011	0.000	41.560	4.616	54.598	Actual
2012	0.000	38.820	4.614	54.552	Actual
2013	0.000	35.995	4.617	92.767	<< Fee Increase
2014	100.000	133.055	4.614	108.466	Actual
2015	0.000	129.980	8.248	111.785	Actual
2016	180.000	301.615	14.330	123.708	Actual
2017	0.000	292.880	23.431	112.678	actual
2018	0.000	273.590	31.756	113.530	actual
2019	0.000	253.375	31.717	114.201	actual
2020	0.000	232.075	31.827	107.609	actual
2021	0.000	209.715	31.829	109.311	Actual
2022	0.000	186.245	31.823	115.380	Actual
2023	0.000	161.605	31.824	115.679	Actual
2024	0.000	140.360	27.216	108.381	Actual
2025	0.000	118.055	27.214	115.000	Projected
2026	0.000	94.715	27.134	115.000	"
2027	0.000	70.375	27.297	115.000	"
2028	0.000	44.905	27.697	115.000	"
2029	0.000	18.250	28.048	115.000	"
2030	0.000	0.000	18.798	115.000	"
2031	0.000	0.000	0.000	58.000	<< Fee Decrease



# Capital Debt Affordability Committee

September 16, 2024

**Samantha Norris**  
Director of Financial Planning and Analysis



# Moving forward with purpose

## Our Mission

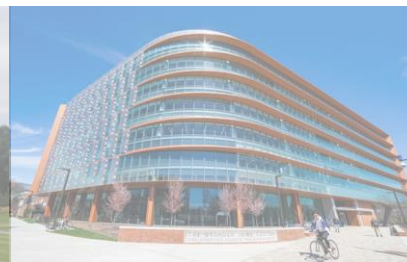
*To educate and serve the people of Maryland; advance equity, justice and opportunity; and produce the research and scholarship that improves lives.*

## Our Vision

*To be a preeminent system of public higher education, respected around the world for our leadership in developing learner-centered postsecondary education for all levels and life stages; creating knowledge that solves problems, strengthens communities, and makes meaningful change; and relentlessly pursuing equity, opportunity, and justice for all.*

# Agenda

- Vision 2030 Strategic Plan
- Contributions to Maryland
- Financing Principles
- Future Capital Needs





# Background of USM



## Founded

1988



## Components

12 Institutions

3 RHECs



## Purpose

Educate

Innovate

Elevate



## Buildings

Academic: 25.2M GSF

Auxiliary: 18.9M GSF



## Auxiliary

Student Unions

Dining Halls

Athletic Facilities

Parking Structures



## Beds

Over 24,000 on  
campus beds for  
students

# USM's Vision 2030: From Excellence to Preeminence

## USM Strategic Plan Implementation



Shifting from  
institution-  
focused to  
student-centric



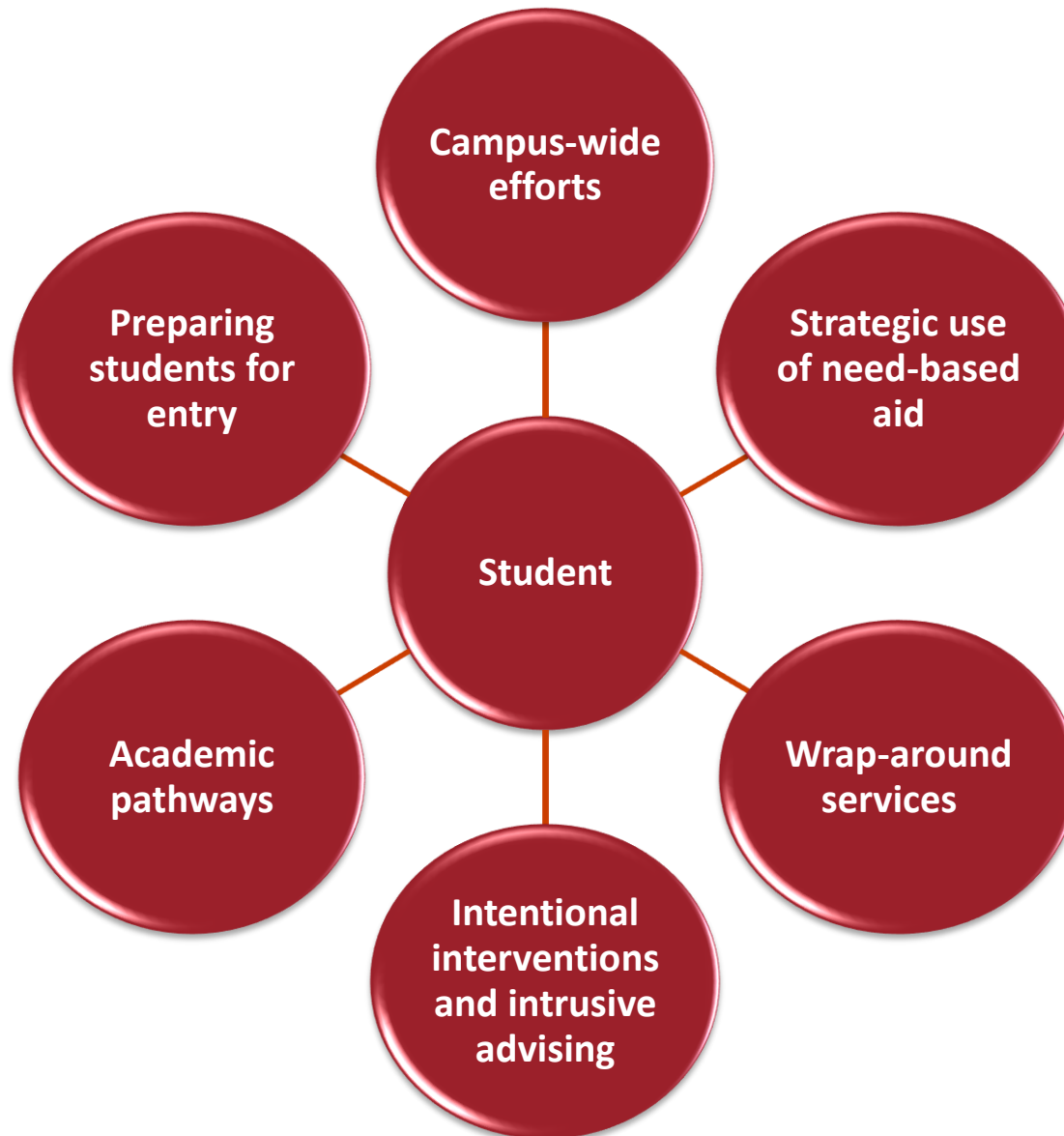
Priorities  
concentrate on  
learner outcomes



Connecting to  
Maryland's needs  
as identified in  
the State Plan



# Student-Centric Model



# USM Contributions to Maryland



## Access, Affordability & Achievement

- 167,000 students enrolled
- Low cost allows half of undergraduates to avoid loans
- 43,000 degrees awarded annually
- First-time undergraduates
  - 83% average 2-year retention rate
  - 70% average 6-year graduation rate

## Diversity, Equity and Inclusion

- Raise the profile of HBCUs by activating enrollment management and strategizing for student success
- Improving excellence through increased diversity and inclusion
  - Half of the student population identifies as a racial/ethnic minority



# USM Contributions to Maryland

## Workforce and Economic Development

Annually, USM produces more than:

- 12,000 STEM degrees
- 4,000 healthcare degrees
- 1,500 teachers
- 300 invention disclosures
- 200 patents

Over 600 new companies have been created/facilitated by USM students/staff (since 2011)



## Research and Impact

- \$1.4B in R&D attracted annually
- Over 20 joint academic collaborations and student enrichment programs
- UMD-UMB maintain top 10 NSF research ranking among publics
- Enhanced national and international reputation

# USM Financing Principles

## Fixed Rate Debt

- Would consider variable if advantageous

## Varying term

- 10-, 20-, and 30-year bonds

## Level debt service

- Interest only first year

## Secured by tuition and auxiliary revenue

- Can use P3 deals for auxiliary projects if advantageous

# USM Debt Covenants and Practices

## Maximum Annual Debt Service:

- Tuition revenues and auxiliary facility fees must not be less than 2x maximum annual debt service (MADS) on the bonds.
  - As of FY23 14.4x MADS

## Projected New Authorizations and Debt Service:

- Up to \$115 million of project spending authorized annually
- Expected Bond Debt Service, assuming standard annual issuance
  - FY 2025 \$128.5 M
  - FY 2029 \$147.0 M

## Authorized Projects

- Primarily self-support auxiliary projects, as approved by BOR
- State-Support academic projects as included in the Governor's CIP

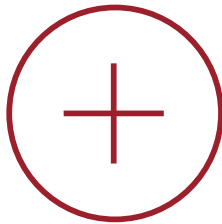
# Rating Agency Review

## Bond Ratings\* – Outlook Stable

S&P AA+

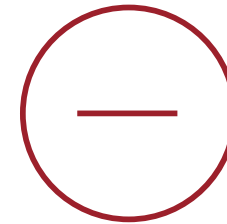
Fitch AA+

Moody's Aa1



## Strengths

- Size
- Coverage
- Research
- State support
- Conservative debt structure



## Challenges

- Growth restrictions
- Funding competition
- Large unfunded pension liability

\*as reported in January/February 2024 rating reports



# Recent Debt Issuances

<b>Fiscal Year</b>	<b>New</b>	<b>Refinancing</b>	<b>Total</b>
<b>2020</b>	--	107,965,000	107,965,000
<b>2021</b>	192,610,000	153,205,000	345,815,000
<b>2022</b>	120,895,000	23,525,000	144,420,000
<b>2023*</b>	--	--	--
<b>2024</b>	(a)75,890,000	28,975,000	104,865,000
<b>Total</b>	\$313,505,000	(b)\$313,670,000	\$703,065,000

\* USM did not issue debt in FY2023

(a) TIC of 3.38%

(b) Total present value savings - \$32,049,682 over past five years' refinancings (10.22%)

# Legislative Debt Cap Considerations

## Policies Impacting USM:

- Legislative debt cap of \$1.7B
- Maximum debt term of 33 years
- GASB and Legislative Policy Changes

# USM Debt and Legislative Authority

Legislative Debt Cap \$ 1,700,000,000

Debt Outstanding, June 30, 2024\*

Comprised of:

Revenue Bonds (at par) \$ 1,061,860,000

Other (EPCs, MEAs) 1,393,000

Leases\*\* 32,682,000

Total outstanding (at par), June 30, 2024 1,095,935,000

**Additional Debt Possible Within Debt Cap \$ 604,065,000**

Other Considerations

NextGen Energy Project (est.) \$ 350,000,000

As of June 30, 2024, authorized projects beyond current available bond proceeds totals **\$111,418,000**

\*Preliminary and unaudited

\*\* This figure includes only leases previously categorized as “capital leases” prior to GASB87 implementation

# Why Invest in USM?

## USM Contributions to Maryland

- Workforce development
- Economic development
- R & D

## Financing Principles

- USM is a good steward of the investment

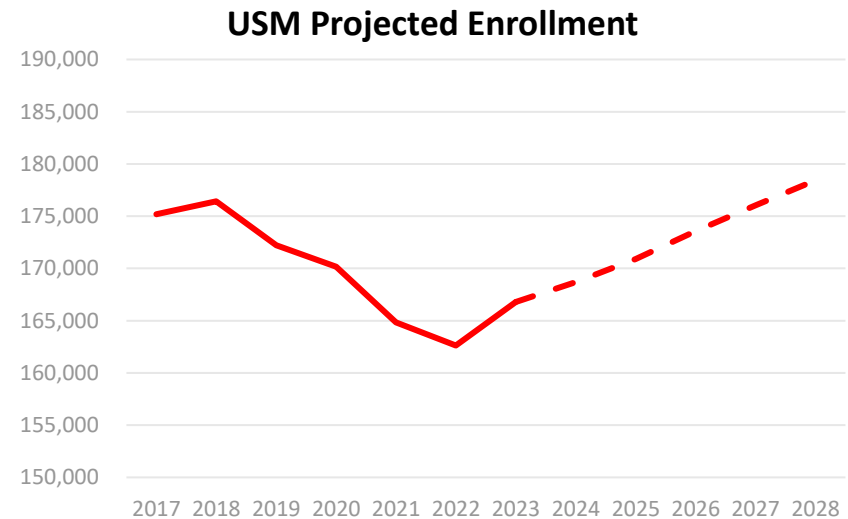
## Future Needs:

- USM is continuing to evolve

# Evolving Higher Education Capital Needs

## The USM enrollment

- Increase of nearly 10k students over the past 10 years despite pandemic-related declines
- Increased for the first time in 5 years.
- Project to increase to over 178k students by 2028 (Fig.1).



## Self-support facilities

Receive no state capital funding and rely on revenue bonds, P3s, and cash accumulations to meet capital needs:

- Student housing
- Dining
- Student Unions
- Parking

## Deferred Maintenance

State-supported capital facilities with a replacement value of more than \$16.8B have a backlog of approximately \$2.5B upkeep needed

## Research facilities

1% growth per year in research expected

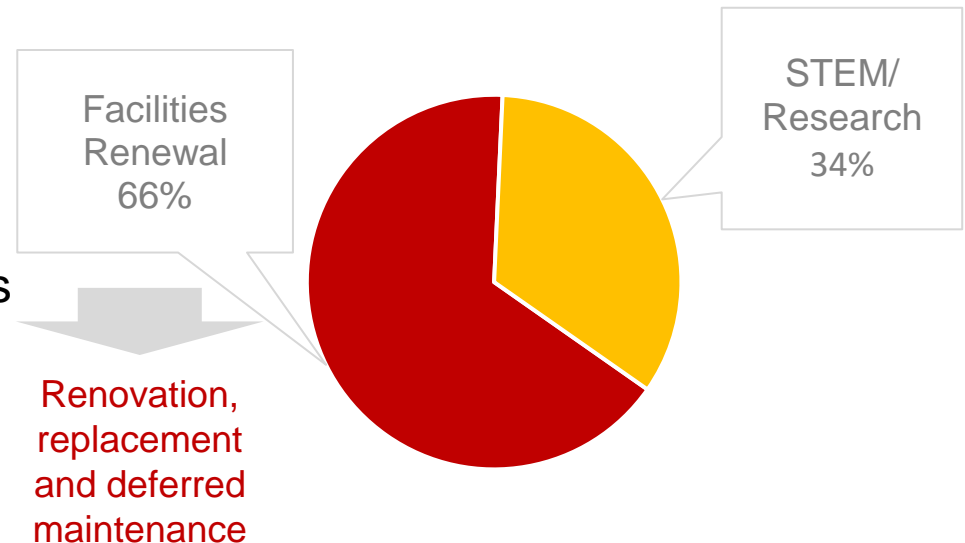
# Capital Improvement Program

## Five Year Capital Requests (FY 2025-2029)

- \$945 M included in CIP
- USM Bonds for Academic Facilities
  - \$25 million per year
  - \$5 million academic project spending
- Funding for 23 projects plus facilities renewal



## Capital Improvement Program

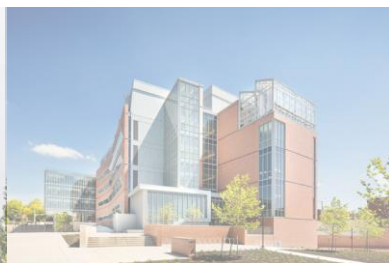


## System Funded Construction (FY 2025-2029)

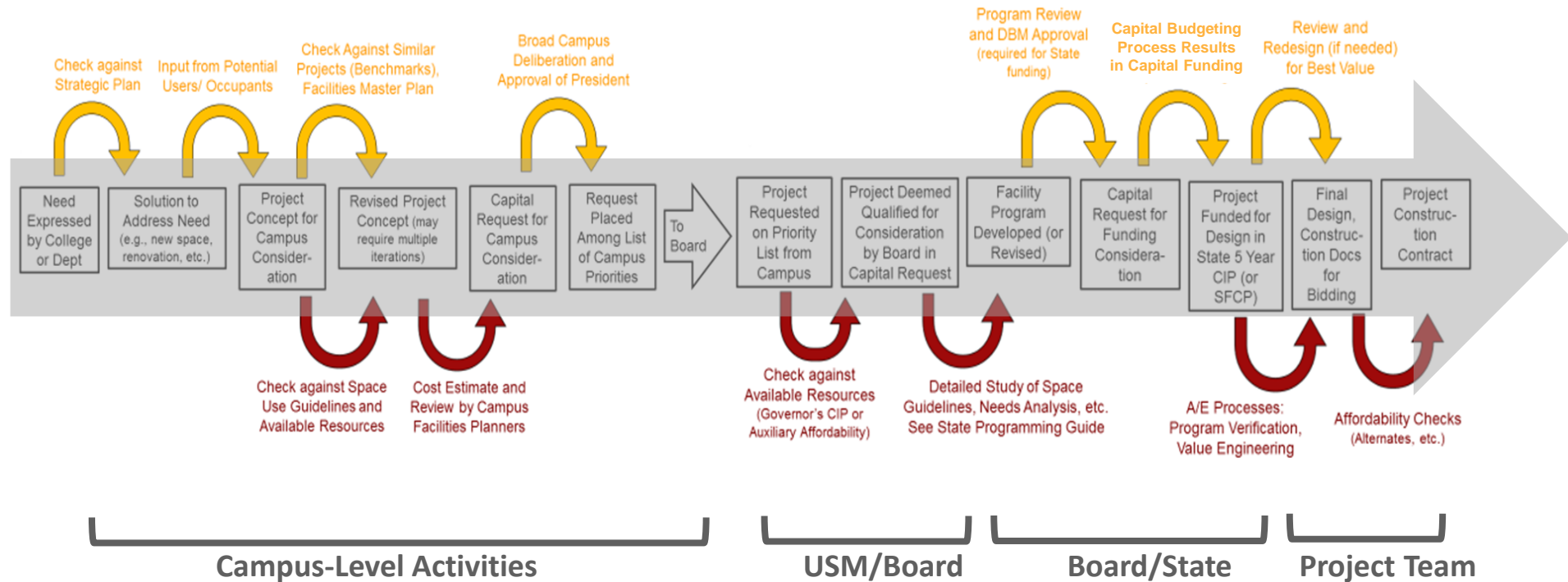
- \$314 million
- Funding 17 projects
  - \$245 million USM Bonds
  - \$69 million Cash-funding

# ARB Request

- Based on the Governor's CIP
- ARB Legislation Requests \$30 Million
  - \$25 Facilities Renewal Funds
  - \$5 Academic Project Spending
    - UMCP Campuswide Utilities and Infrastructure Improvements
  - This does not contribute to auxiliary (self-support) projects



# Capital Project Due Diligence Process







**Thank you**

# MORGAN STATE UNIVERSITY



**PRESENTATION TO THE CAPITAL DEBT AFFORDABILITY COMMITTEE**  
**Review of Size and Condition of Debt**

David LaChina | Executive Vice President for Finance & Administration

September 16, 2024



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# Morgan State University

## Internal Debt Guidelines & Objectives

### GUIDING PRINCIPLES

1. **Strategic Debt Allocation**
2. **Debt Affordability and Capacity**
  - State Authorization Level
  - Debt Burden Ratio
  - Coverage Ratio
  - Viability Ratio
  - Primary Reserve Ratio
3. **Portfolio Management of Debt**
  - Tax-Exempt
  - Taxable
  - Variable vs. Fixed
  - Capital Leases
  - Information and Consultation
4. **Regular Dialogue with Rating Agencies**
  - Annual Credit Review
  - Information and Consultation

### DEBT MANAGEMENT OBJECTIVES

1. Access to capital in a timely and efficient manner.
2. Establish debt guidelines to:
  - a) Optimize the debt mix;
  - b) Manage the structure and maturity profile of debt portfolio to meet liquidity objectives and assist in cash optimization; and
  - c) Allow growth in net assets.
3. To manage the University balance sheet while maximizing the credit worthiness of the University at the most favorable cost of capital.
4. To manage the risk portfolio of the debt structure by minimizing the exposure to market volatility. Debt will be managed on a portfolio, rather than a transactional or project-specific basis.
5. Coordinate debt management decisions with asset and cash management (liquidity) decisions and portfolio strategies.

# Debt Issued in Prior Five Fiscal Years

Description/Series	Fiscal Year	Amount	Project
<b>Bonds</b>			
2018 Series Bonds	2019	\$24.7M	HBCU Bond Debt
2020 Series Bonds	2021	\$69.8M	HBCU Bond Debt
2022 Series Bonds	2023	\$65.0M	HBCU Bond Debt
Prior Five Years		<u>0</u>	
<b>Total Bonds</b>		<b>\$159.5M</b>	
<b>Capital Lease – Building</b>		\$0	
<b>Equipment – Leases/Purchases (2016)</b>		\$19.3M	Lease purchase agreement, equipment for the School of Business and WEAA Radio
<b>Total Capital Leases</b>		<b>\$19.3M</b>	
<b>Total Bonds &amp; Capital Leases</b>		<b><u>\$178.8M</u></b>	

# Outstanding and Unissued Debt

Principal Outstanding as of 6/30/24	Amount
<b>Bonds</b>	
2018 Series (HBCU)	\$ 0.0M
2020 Series (HBCU)	41.5M
2022 Series (HBCU)	<u>24.6M</u>
	<b>\$66.1M</b>
<b>Capital Leases</b>	<u>\$3.1M</u>
<b>Grand Total</b>	<b><u>\$69.2M</u></b>
Debt Authorized but Unissued	Amount
Debt and Legislative Authority	\$140.0M
Principal Outstanding	<u>69.2M</u>
<b>Total Unissued</b>	<b><u>\$70.8M</u></b>

- 2018 Series HBCU Bonds were forgiven and satisfied by the U.S. Department of Education pursuant to the Consolidated Appropriations Act of 2021.
- 2020 Series HBCU Bonds disbursed prior to 12/27/20 were forgiven and satisfied by the U.S. Department of Education pursuant to the Consolidated Appropriations Act of 2021.
- HBCU Loan Bonds are a general obligation of the University and not secured by auxiliary revenue. Interest rate on the last installment was 4.6% and average 3.4% over the various disbursements.

# Prospective Outstanding and Unissued Debt

Principal Outstanding as of 6/30/24 (proforma)	Amount
<b>Bonds</b>	
2020 Series (HBCU)	\$ 41.5M
2022 Series (HBCU)	<u>65.0M</u>
	<b>\$106.5M</b>
<b>Capital Leases</b>	<u>\$3.1M</u>
<b>Grand Total</b>	<b><u>\$109.6M</u></b>

Debt Authorized but Unissued	Amount
Debt and Legislative Authority	\$140.0M
Principal Outstanding	<u>109.6M</u>
<b>Total Unissued</b>	<b><u>\$ 30.4M</u></b>

- The 2020 HBCU Loan Bonds funded:
  - 2012 Defeasance for \$21.25M (subsequently forgiven)
  - New Public Safety Building (PSB) for \$16.5M
  - Dining facility for \$32M
- The 2020 HBCU Loan Bonds are closed and fully disbursed as of 1 Aug 2023.
- The 2022 HBCU Loan Bonds fund:
  - Student Housing renovations for \$30M
  - Academic building renovations for \$19M
  - Various deferred maintenance projects for \$11M
  - Cost of issuance and pooled escrow for \$5M.
- All of MSU Bond debt is financed through the HBCU Loan program and are a general obligation of the University and not secured by auxiliary revenue.
- GASB 95 Capital Lease obligations are estimated to be approximately \$22.5M effective for FY24.

# Current Debt Service Projections – Next Ten Years

Description	Amount
<b>Bonds</b>	
Revenue Bond Series	
Principal	\$0.0M
Interest	<u>0.0M</u>
<b>Total Bonds</b>	<b><u>\$0.0M</u></b>
2020 & 2022 HBCU Loan	
Principal	\$28.3M
Interest	<u>27.6M</u>
<b>Total Loans</b>	<b><u>\$ 55.9M</u></b>
<b>Capital Leases</b>	
Principal	\$3.1M
Interest	<u>0.1M</u>
<b>Total Leases</b>	<b><u>\$ 3.2M</u></b>
<b>Total Debt Service</b>	<b><u>\$59.1M</u></b>

- The 2020 HBCU Loan is closed and fully disbursed as of 1 Aug 2023.
- It is expected that the balance of the 2022 HBCU loan debt of \$65 million will be fully disbursed by 12/31/24.
- Maximum annual debt service for the fully disbursed HBCU loans is projected to be approximately \$5.6 million.



# 2022 HBCU Loan Bond Issuance

- **2022 HBCU Capital Project Financing Loan - \$65M**
  - **Loan closed on 1 December 2022**
  - The New HBCU Loan provides funding for.
    - Student Housing Renovations - \$30M
    - Academic building renovations - \$19M
    - Deferred Maintenance - \$11M
    - COI & Pooled escrow - \$5M
  - Maximum Annual Debt Service is estimated at \$3.5M
  - The Loan is expected to be fully disbursed by December 31, 2024.
  - As with the current HBCU Loan, the New HBCU Loan is not included in Revenue bonds outstanding.

# Rating Agency Updates

- **Rating Agency Updates**
  - **Standard and Poor's**
    - ✓ Affirmed A+ rating in July 2024
    - ✓ Stable Outlook (affirmed)
  - **Moody's**
    - ✓ Affirmed A1 rating December 2023
    - ✓ Stable Outlook (affirmed)
  - **Public Bonds:**
    - ✓ No public revenue bonds are current outstanding.

# Rating Agency Updates (Cont.)

## ➤ Credit Rating Strengths

- Niche as one of the oldest HBCUs in the country
- Very good strategic positioning as a moderately large comprehensive research university and public HBCU located in Baltimore with growing enrollment.
- History of rising financial operating and capital support from Maryland
- Modest 1% maximum annual debt service (MADS) burden to expense

## ➤ Credit Rating Challenges

- Strong competition in our market niche and from other public universities
- Limited net tuition revenue growth due to its price-sensitive student demographic, with rising expenses to meet enrollment growth needs
- Very large unfunded pension liability adds significant long-term debt-like liabilities and inflexible costs

# Comprehensive Deferred Maintenance Plan

- FY 2017 – Sightlines hired to conduct study – return on physical assets (ROPA)
- 90% of capital spending went to new space – not sustainable for a research university
- Identified over \$200M in DM
  - Plan to attack and reduce DM
- Total partnership with state (DBM)
  - University borrowed \$8M to fund plan
  - State put \$39M in CIP plus an additional \$29 M in the future CIP.
- Since FY19, the University has spent \$80M in DM capital expenditures (\$25M academic buildings, \$34M resident halls/student life, and \$21M infrastructure/other)
- Adopted DM policy – 2% of facility condition index per year
- Energy Management Strategy – MCEC/Siemens – EPC another source of funding

# Overview of the Thurgood Marshall Housing and Dining Project

- To address its current housing needs, Morgan State University (“MSU” or the “University”) developed a **Student Housing Master Plan** in 2017 (the “Student Housing Master Plan”), creating a long-term strategy to improve the amount and quality of its on-campus student housing inventory.
- Consistent with the Student Housing Master Plan, the proposed project includes the development of **670 beds of replacement housing** (the "Student Housing Facility") to be owned by Maryland Economic Development Corporation (“MEDCO”) and an approximately **30,000 square foot replacement dining and retail facility** to be owned by the University (the "Dining Facility" and, collectively with the Student Housing Facility, the "Thurgood Marshall Project”) on the main campus of the University.
- A second tower with an additional 604 beds came online in July 2024.



# Thurgood Marshall Housing and Dining Project

- Brailsford & Dunlavey (“B&D”) conducted a student housing market analysis (the “Market Study”) which noted that many MSU students currently choose to live off-campus and commute in part because **MSU lacks the housing capacity** to adequately serve its residential population.
  - Additionally, the Market Study notes that residence halls face **backlogged deferred maintenance issues, resulting in dated facilities** that do not align with that of peer institutions or market demand.
- B&D notes that the new on-campus, suite-style project as proposed would bring a completely new and differentiated product to Morgan State students.
- The mixed-use Thurgood Marshall Project will create a vibrant community that will address the existing demand for housing while supporting **MSU’s desire to eliminate its reliance on leases of off-campus facilities.**
- The Market Study noted that students showed a strong preference for living on campus when presented the option. More than **95% of freshmen and 85% of sophomores** and above indicated that they would rather live in an on-campus housing option than move off campus.
  - Further, Morgan is considering a mandated housing policy for Freshman based on a study that indicates students tend to **graduate faster and be more successful** when they live on campus.
- The Student Housing Facility will foster student interaction through its living-learning environment, providing real opportunities for engagement on many levels.

# Thurgood Marshall Housing and Dining Project (cont'd)

- The Market Study notes a **substantial increase in projected enrollment over the next seven years**, with the COVID-19 pandemic potentially encouraging more Maryland high school students to remain in-state.
- The Project is located on the main campus of MSU and will be seamlessly integrated as part of the University's on-campus housing stock.
- As evidenced by the University's demand for over 1500 beds in the off-campus market, MSU clearly is in need of additional housing facilities to satisfy current demand.
- MSU is in the first phase of a plan to address the current housing needs to improve the amount, quality and utilization of its on-campus student housing inventory.
- The University expects to implement a four semester on-campus residency requirement that will include the Student Housing Facility, but not Morgan View (which primarily serves upperclassmen not subject to such a requirement).

# Five-Year Capital Improvement Plan (CIP)

## ➤ Five-Year Capital Improvement Program

- University appreciates the State's support for campus refurbishment and development

- Current CIP provides for:

▪ New Health & Human Services, Phase II	175.5M
▪ New Science Building, Phase I	16.0M
▪ New Science Building, Phase II	249.7M
▪ Campus Expansion, Lake Clifton Demolition	18.5M
▪ Carter-Grant Wilson Renovation	38.3M
▪ Jenkins Demolition	15.1M
▪ PEARL Oyster Lab	7.3M
▪ CBEIS Concrete Lab	9.7M
▪ Campus Wide Electric Upgrades	80.7M
▪ Deferred Maintenance	30.0M

**TOTAL**

**\$ 640.8M**



# St. Mary's College of Maryland



Review of Size and Condition of Debt  
September 16, 2024

*The*  
**NATIONAL  
PUBLIC  
HONORS**  
*College*

# Five-Year Issuance History



2021 Series A Subordinate Lien Note: \$20M

# Total Outstanding



\$35.12M in Revenue Bonds as of June 30, 2024.

St. Mary's College of Maryland has a statutory debt limit of \$60M. The College's Board of Trustees authorizes issuances. Currently, there are no authorized unissued amounts.

# 10-Year Debt Service



2024: \$3.78M

2025–2034: Varies from \$3.07M to \$3.43M

# Refunding, New Issuances, and Ratings Updates

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Moody's underlying rating the College is A2 with a negative outlook. (Updated June 2024)

There are no current refunding opportunities or considerations.

# Five-Year Capital Improvement Plan

(as appears in the Governor's FY25 - FY29 CIP)



## Campus Infrastructure Improvements

FY25+ Design and Construction \$10.1M

## Montgomery Hall Renovation

FY24+ Design and Construction \$41.3M

## Calvert Hall Improvements

FY28+ \$2.09M

# Variable Rate Debt, Swaps



2018 Issue: Insured by Build America Mutual

2012 Issue: Uninsured

Current variable rate debt: None



**CAPITAL DEBT  
AFFORDABILITY COMMITTEE**

**Wes Moore, Governor**  
State of Maryland

## **Capital Debt Affordability Committee**

**Dr. Debra L. McCurdy**  
President

**Mr. Aubrey Bascombe**  
Vice President, Finance & Administration

**MONDAY | SEPTEMBER 16, 2024**



# Table of Contents

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- Economic Impact
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- Capital Debt Profile
- Five-Year Capital Program
  - Learning Commons (Library)
  - Nursing Building
  - North Pavilion
  - Wellness Center
  - Facilities Building
  - Center for Innovation
  - Deferred Maintenance



# “Students First”

## BCCC Mission

Baltimore City Community College provides quality, affordable and accessible education, meeting the professional and personal goals of a diverse population, changing lives and building communities.

## BCCC Vision

Baltimore City Community College is an innovator in providing quality career pathways and educational opportunities for a diverse population of learners to exceed the challenges of an ever-changing competitive workforce and environment.

## Core Values

Integrity

Teaching

Respect

Learning

Diversity

Excellence

Leadership

Professionalism

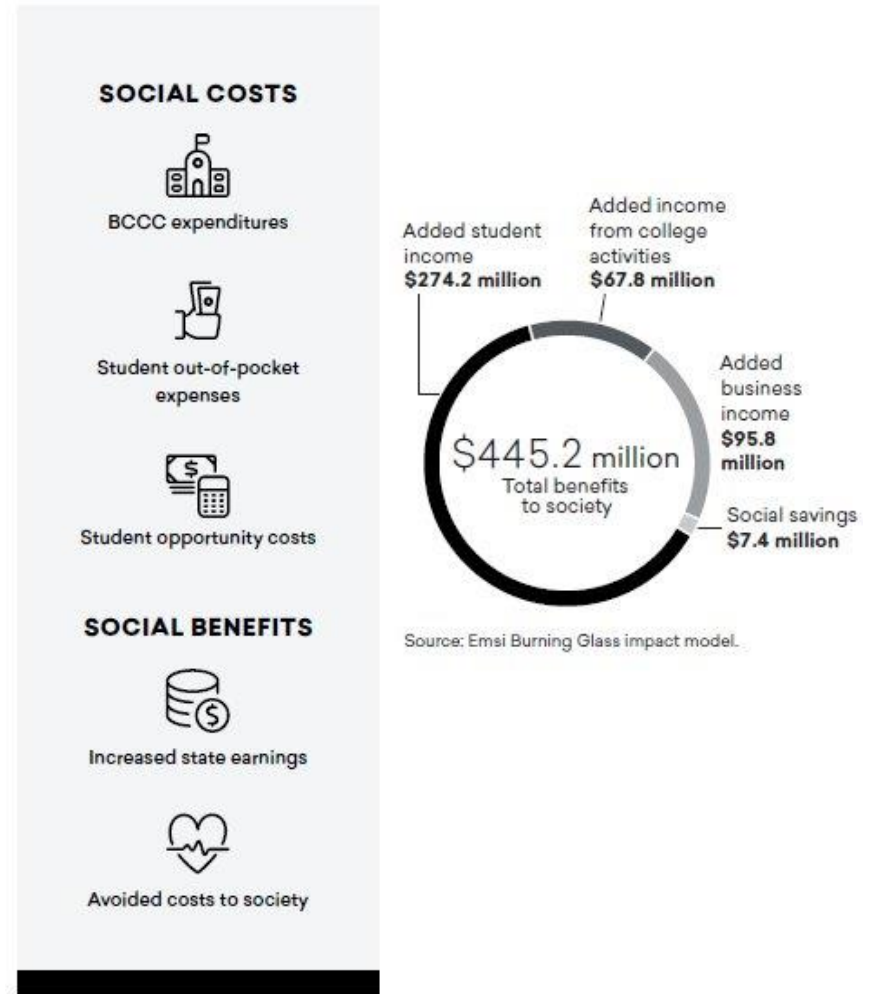


# “Economic Impact”



Society as a whole in Maryland benefits from the presence of BCCC in two major ways. Primarily, society benefits from an increased economic base in the state. This is attributed to the added income from students’ increased lifetime earnings (added student income) and increased business output (added business income), which raise economic prosperity in Maryland.

Altogether, the social benefits of BCCC equal a present value of \$445.2 million. These benefits include \$274.2 million in added student income, \$95.8 million in added business income, \$67.8 million in added income from college activities, as well as \$7.4 million in social savings related to health, crime, and income assistance in Maryland. People in Maryland invested a present value total of \$113.1 million in BCCC in FY 2019. The cost includes all the college and student costs.



# “Economic Impact”

BCCC added \$342.4 million in income to Baltimore City's economy and supported 4,407 jobs.







**For every \$1...**

-  **Students** gain in lifetime earnings **\$3.40**
-  **Society** gains in added income and social savings **\$3.90**

**In total...**

-  **Taxpayers** gained in added tax revenue and public sector savings **\$42 million**

**TOTAL IMPACTS CREATED BY BCCC IN FY 2019**

-  **Operations spending impact** **\$60.8 million**
- +**
-  **Construction spending impact** **\$716.5 thousand**
- +**
-  **Student spending impact** **\$8 million**
- +**
-  **Alumni impact** **\$272.9 million**

---

**TOTAL ECONOMIC IMPACT**  
**\$342.4 million**  
 OR  
**Jobs supported**  
**4,047**

Source: Performance Accountability Report submitted to MHEC and BCCC Student Information System



## “Economic Impact”

- ❖ BCCC added \$342.4 million in income to Baltimore City's economy and supported 4,407 jobs.
  - ❖ Operations
  - ❖ Construction
  - ❖ Student Spending
  - ❖ Alumni Impact
- ❖ Students will receive \$152.9 million in increased earnings over their working lives – an 18.3% average rate of return on their investment.
- ❖ Baltimore City's income increased by \$8 million from the expenditures of students.
- ❖ Maryland citizens receive a \$3.90 return for every dollar invested in BCCC for as long as students remain active in the State workforce.



# Credit Enrollment Projections: Fall 2024 – Fall 2033



## Baltimore City Community College

Fiscal Year/ Fall Term	Actual	Projections										% Change
	FY 2024 Fall 2023	FY 2025 Fall 2024	FY 2026 Fall 2025	FY 2027 Fall 2026	FY 2028 Fall 2027	FY 2029 Fall 2028	FY 2030 Fall 2029	FY 2031 Fall 2030	FY 2032 Fall 2031	FY 2033 Fall 2032	FY 2034 Fall 2033	FY 2024 to FY 2033
Full-time	985	1,301	1,329	1,331	1,333	1,335	1,336	1,338	1,330	1,322	1,314	33.4%
Part-time	2,954	3,348	3,408	3,421	3,433	3,445	3,457	3,470	3,464	3,458	3,452	16.9%
<b>Total</b>	<b>3,939</b>	<b>4,649</b>	<b>4,737</b>	<b>4,752</b>	<b>4,766</b>	<b>4,780</b>	<b>4,793</b>	<b>4,808</b>	<b>4,794</b>	<b>4,780</b>	<b>4,766</b>	<b>21.0%</b>
% Change from Prior Year	11.3%	18.0%	1.9%	0.3%	0.3%	0.3%	0.3%	0.3%	-0.3%	-0.3%	-0.3%	

## All Maryland Community Colleges

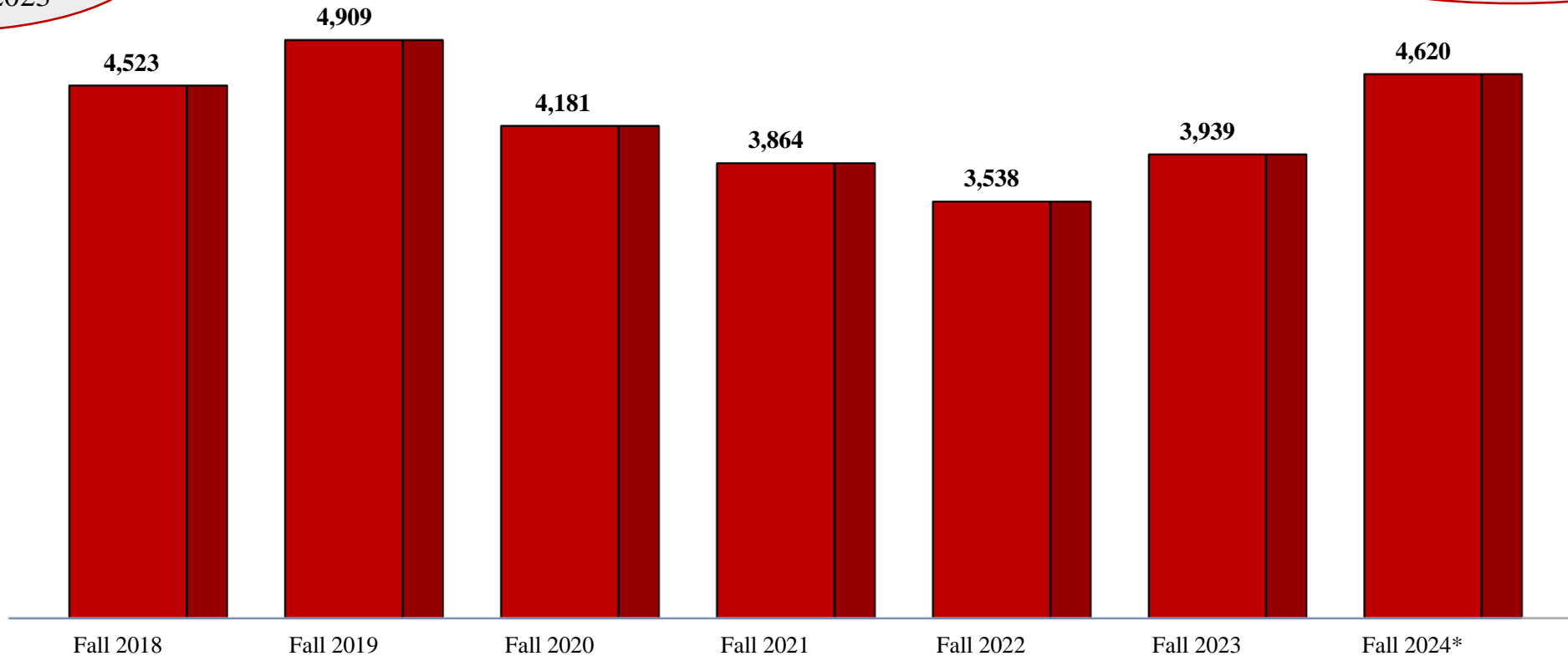
Fiscal Year/ Fall Term	Actual	Projections										% Change
	FY 2024 Fall 2023	FY 2025 Fall 2024	FY 2026 Fall 2025	FY 2027 Fall 2026	FY 2028 Fall 2027	FY 2029 Fall 2028	FY 2030 Fall 2029	FY 2031 Fall 2030	FY 2032 Fall 2031	FY 2033 Fall 2032	FY 2034 Fall 2033	FY 2024 to FY 2033
Full-time	29,798	39,346	40,210	40,260	40,317	40,370	40,418	40,468	40,225	39,974	39,731	33.3%
Part-time	72,864	83,227	84,740	85,046	85,346	85,653	85,954	86,262	86,114	85,967	85,824	17.8%
<b>Total</b>	<b>102,662</b>	<b>122,573</b>	<b>124,950</b>	<b>125,306</b>	<b>125,663</b>	<b>126,023</b>	<b>126,372</b>	<b>126,730</b>	<b>126,339</b>	<b>125,941</b>	<b>125,555</b>	<b>22.3%</b>
% Change from Prior Year	8.3%	19.4%	1.9%	0.3%	0.3%	0.3%	0.3%	0.3%	-0.3%	-0.3%	-0.3%	



# Trends in Credit Enrollment Fall 2018 – 2024\*

\*Fall 2024 is 22.4% ahead of the same point in Fall 2023

\*Fall 2024 as of September 11, 2024



Source: BCCC Enrollment Information System (EIS) files (Fall 2020 - Fall 2023) and Student Information System (Fall 2024). | Office of Institutional Research



# 2018 Realignment Tasks

1. **Review and strategically align core course offerings of BCCC, consistent with accreditation requirements, and focused on the needs of students at BCCC and the workforce in Baltimore City. (VP Academic Affairs)**
2. **Make workforce development and job placement top educational priorities of BCCC. (VP Workforce Development & Continuing Education)**
3. **Improve student pathways to success, including remedial education, attainment of a degree or a postsecondary certificate, and transfer to four-year institutions of higher education. (VP Academic Affairs)**
4. **Enter into memoranda of understanding in order to establish student pathways to success with the Baltimore City Public School System (BCPSS), institutions of higher education, and employers. (VP Academic Affairs)**
5. **Align the budget of BCCC with realistic enrollment projections. (VP Finance & Administration, VP Institutional Effectiveness, Research & Planning, VP Student Affairs)**
6. **Engage in a comprehensive review of all positions, faculty, and staff at BCCC. (VP Finance & Administration)**
7. **Establish strong relationships with key stakeholders, including those specified. (VP Advancement)**
8. **Develop and market a brand for BCCC. (VP Advancement)**
9. **Address the information technology (IT) and infrastructure needs of BCCC, including whether oversight by the Department of Information Technology is advisable. (Chief Information Officer)**
10. **Develop or sell all unused or underutilized real estate, including the Inner Harbor site. (President & VP Finance & Administration)**
11. **Identify any barriers in State or local laws or regulations that impede the ability of BCCC to operate efficiently and effectively, including procurement and capital construction projects. (President & Director for Government Relations)**
12. **The Board of Trustees shall review and, if necessary, revise the strategic plan. (President & Cabinet)**





## FY 2026 Projected Positions & Programs

### Number of Positions (Budgeted FY 2026)

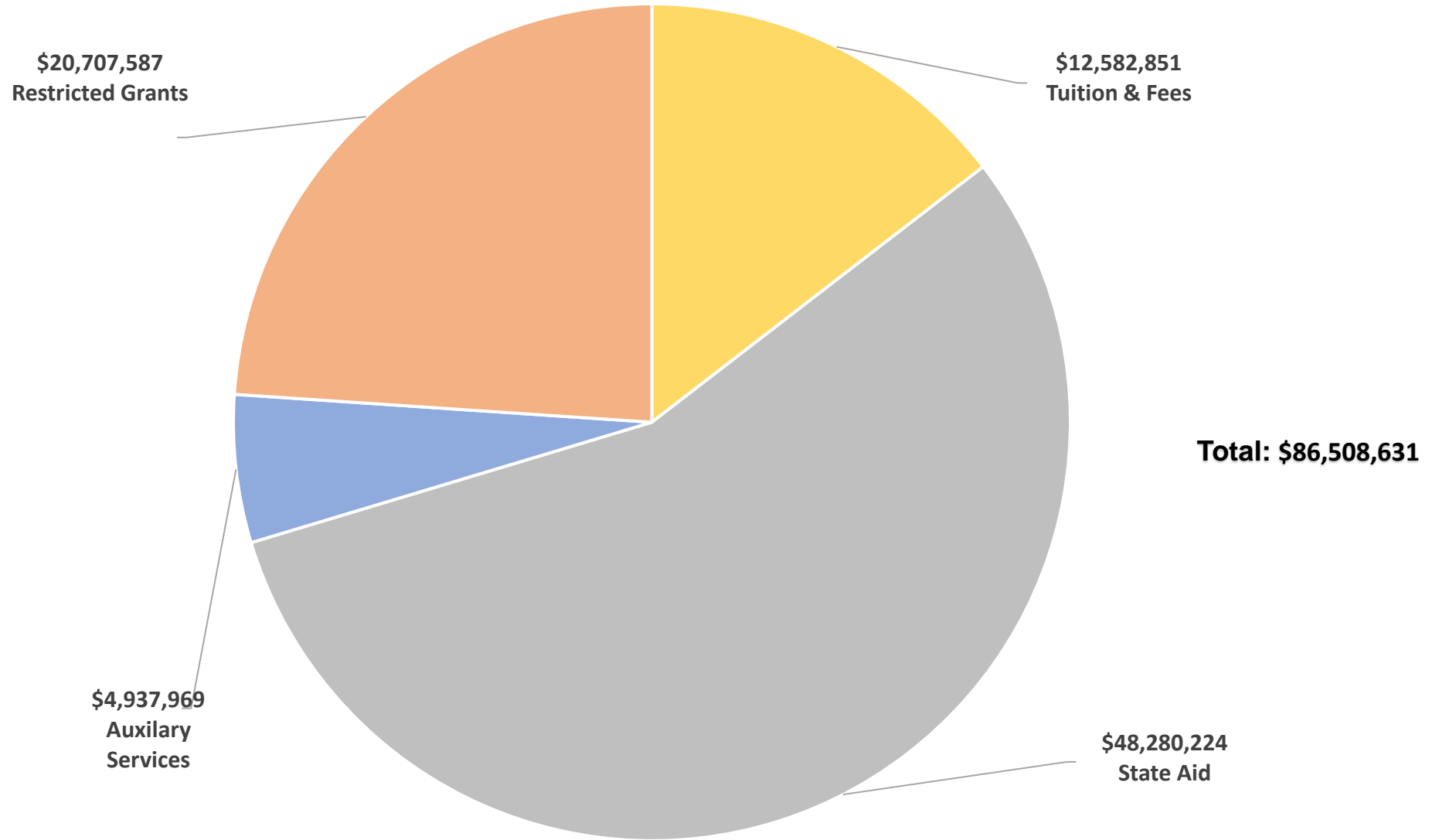
- **Faculty = 115**
- **Non-faculty Staff = 322**

Number  
of  
Academic  
Programs

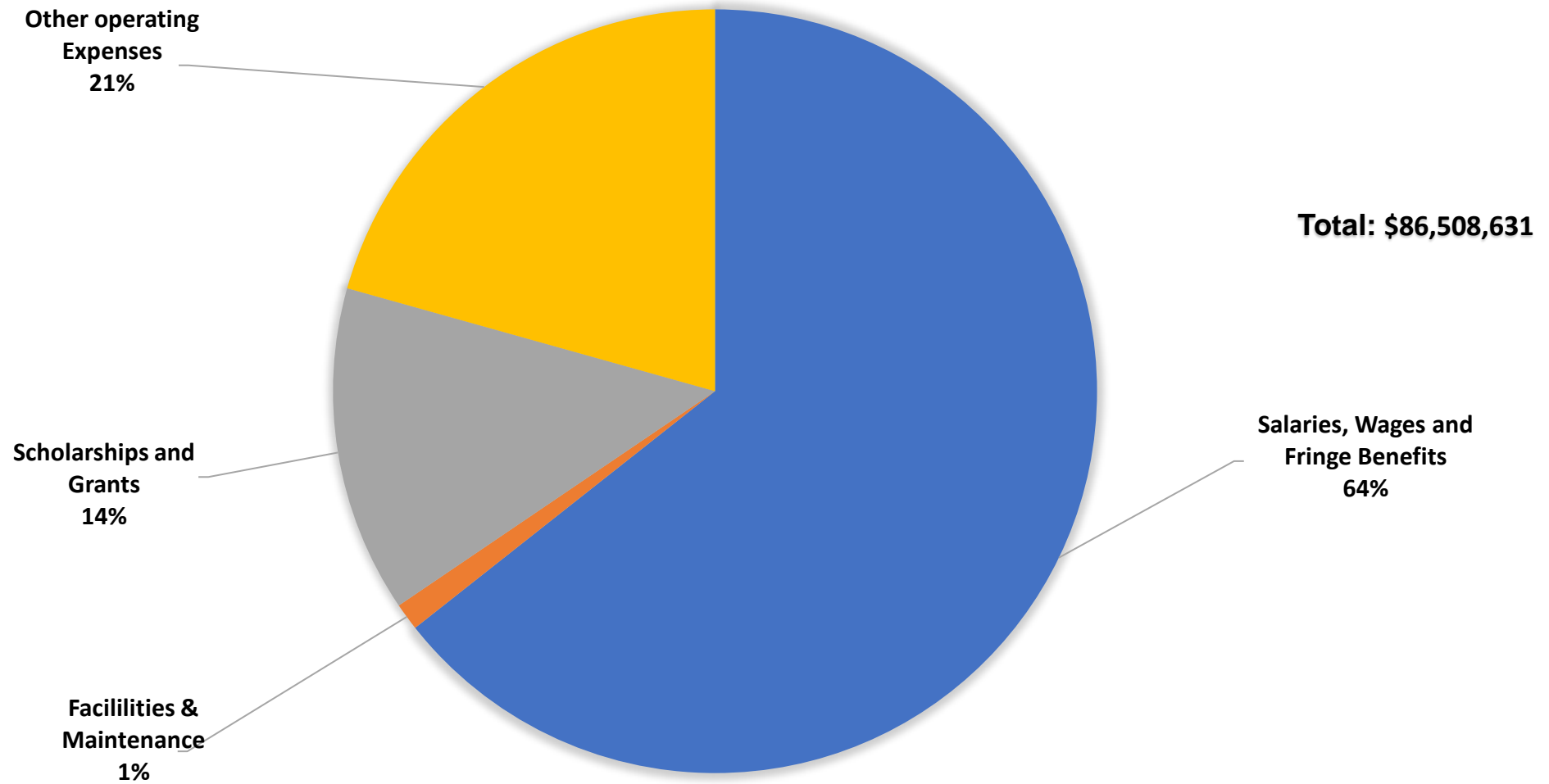
- **Undergraduate:**
  - 34 degrees
  - 19 certificates
- Master's = n/a
- Doctorate = n/a



# Operating Budget Fiscal Year 2026 – Revenues



# Operating Budget Fiscal Year 2026 – Expenditures



## BCCC Capital Debt Profile

- Debt Issued in Prior Five Fiscal Years & Amount Authorized but Unissued:
  - BCCC has not issued debt in the prior five fiscal years.
  - Bonding authority is \$65 million for auxiliary and academic facilities.
  - BCCC has no bond debt outstanding - the entire authorization remains unissued as of June 30, 2024.
  
- Current Projections for New Issuances & Rating Agency Update:
  - BCCC is currently assessing its position to issue debt.
  
- Ten-Year Projection:
  - Any projected bond issuance has not yet been determined.



## Five-Year Capital Program

- The College's Capital Budget request for **fiscal years 2026-2030**

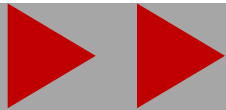
### Learning Commons Renovation and Addition (Library)



#### **Project Description:**

Renovate and expand the existing Bard Library to create a new Learning Commons building that will contain flexible space for study, group work, reference, socialization, and an information center. When complete, the facility will function as the core common space on the main campus where students can prepare for classes, work on assignments, and access electronic media and means of digital expression. The Bard Library is 58 years old and functionally obsolete. It retains an attractive location and is structurally suitable for renovation and expansion; however, its systems and envelope are significantly beyond their useful lives and require replacement. The building's function as a library to hold physical reference materials does not meet the modern needs of libraries, which require less stack space and more flexible space for technology, study, and collaboration.

**Projected Total Cost: \$39,312,000**



## Five-Year Capital Program

➤ The College's Capital Budget request for **fiscal years 2026-2030**

- **Nursing Building Renovation and Addition**



**Project Description:**

Renovate and construct an addition to the Nursing Building at the BCCC Liberty Heights campus. The current facility was built in 1977. All of the significant building systems will be replaced, including HVAC, electrical, lighting, plumbing, building envelope, and fire alarm. The facility has insufficient space to meet enrollment demand and is not configured for a modern nursing education curriculum. The building systems are original to the facility. They are beyond their useful lives and show signs of failure. The new facility will provide nursing simulation suites that meet current hospital and accreditation standards and classroom, laboratory, office, and other support spaces. This project will incorporate dedicated and specialized facilities to accommodate the programs that will occupy the new facility, including Nursing, Dental Hygiene, Respiratory Care, Surgical Technology, Physical Therapist Assistant, Radiology Technician, and Occupational Therapy.

**Projected Total Cost:** \$42,609,000



# Five-Year Capital Program

The College's Capital Budget request for **fiscal years 2026-2030**

## North Pavilion Demolition



### **Project Description:**

Demolish the vacant North Pavilion located on the North Campus. The facility was constructed in 1996 as a mental health and drug treatment center, and its layout is specialized for this usage. It is not usable as an academic space without a significant renovation. The building is in poor condition and has been deemed unsafe for occupants. It has been closed since 2015. Following demolition, the site will be converted into a student parking lot.

Projected Total Cost: \$1,681,000

## Five-Year Capital Program

- The College's Capital Budget request for **fiscal years 2026-2030**

### Wellness Center



#### **Project Description:**

Construct a Wellness Center as an adjacent addition to the Physical Education Center to expand the recreation, health, and physical therapy spaces for students, staff, and community partners, including basketball, racquetball, physical therapy space, fitness space, and a running track. The current Physical Education Center is insufficient to support all health and wellness programs, extracurriculars, a sufficient fitness gym for the physical therapy program, and the recreational needs of the students, staff, and community partners. The project will include a full renovation of the current building, pending a building assessment during the Programming phase of the new Wellness Center. BCCC is requesting design funding in FY2026 and construction funds beginning in FY2027.

**Projected Total Cost:** \$50,785,000



## Five-Year Capital Program

➤ The College's Capital Budget request for **fiscal years 2026-2030**

- **Facilities Replacement Building**



**Project Description:**

Construct a new facility to house office, shop, garage, and storage areas for BCCC's Facilities Planning and Operations Department. The existing office space is in a trailer that has exceeded its useful life. It is experiencing failures of the roof, exterior walls, interior finishes, and building systems. The existing storage spaces consist of several sheds dispersed across campus and in poor condition due to age. The project will result in a new permanent facility providing centralized office and storage space for the Department.

**Projected Total Cost: \$7,600,000**

# Bard Building Center for Innovation

## Summary of Scope

Design of the deconstruction and removal of the Bard Building located in downtown Baltimore, including site restoration. Special requirements include permitting through the city and State (MDE) and coordination with other agencies (MTA and USPS). The site is located within the Chesapeake Bay Critical Area. The project includes hazardous material abatement, the removal of the grade beams and pile caps, with foundation piles remaining, and the installation of greenspace bordered by trees. Throughout construction, the Holocaust Memorial Park will be protected and there will be a visual screen around the site.

## Project Schedule

### Design: 8 months

- **April 27, 2022** BPW Awards Design Contract to RK&K
- **December 2022** 100% Construction Document Review
- **February 2023** Bids Due

### Construction: 8 months from Notice to Proceed

- **July 19, 2023** BPW Construction Contract Award to The Berg Corporation, LLC
- **August 2, 2023** Kick Off Meeting/ Notice to Proceed
- **July 2024** Substantial Completion
- **August 2024** Final Completion



## Deferred Maintenance - Five-Year Capital Program FY2026 Request Project List

**Replace LSB Air Handling Units and Controls**

• \$13,000,000

**Replace Air Handlers and hot water boilers at the West Pavilion**

• \$1,650,000

**Replace Hot Water Boilers and Water Heaters at Fine Arts**

• \$1,100,000

**Replace Air Handler and Controls at the South Pavilion**

• \$2,600,000

**Electrical Grid Upgrade – Phase 1**

• \$2,500,000

**Emergency Generator Upgrade**

• \$4,872,000

**Campus Sub-Metering and Lighting Upgrades**

• \$5,740,000

**Replace Windows at the Main Building**

• \$1,000,000

**Campus Wayfinding Signage**

• \$550,000

**Total \$33,012,000**





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