

Capital Debt Affordability Committee

Treasurer Dereck E. Davis, Chair

Agenda

September 22, 2026

2:00 p.m. to 4:00 p.m.

- 1) **Treasurer's Opening Comments**
- 2) **Overview of Capital Debt Affordability Committee Responsibilities**
Rebecca Ruff, Director of Debt Management, State Treasurer's Office
- 3) **2026 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, Capital Lease Manager, State Treasurer's Office
 - c. **Maryland Economic Development Corporation State Supported Debt**
Wyatt Shiflett, Vice President, Project Financing, Maryland Economic Development Corporation
 - d. **Consolidated Transportation Bonds**
Octavia Robinson, Chief Financial Officer, Maryland Department of Transportation
 - e. **Maryland Stadium Authority Bonds**
Daniel Brann, Chief Financial Officer, Maryland Stadium Authority
 - f. **Bay Restoration Bonds**
Manith Hang, Financial Program Manager, Maryland Water Infrastructure Financing Administration
- 5) **Review of Size and Condition of Debt of Higher Education Institutions:**
 - a. **University System of Maryland**
Samantha Norris, Director of Financial Management and Planning
 - b. **Morgan State University**
David LaChina, Executive Vice President for Finance and Administration
 - c. **St. Mary's College**
Mary Grube, Assistant Vice President of Business/Controller
Eileen Petula, Vice President for Business and Chief Financial Officer
Brandon Engle, Director of Government Affairs
 - d. **Baltimore City Community College**
Dr. Debra L. McCurdy, President
Dr. Janet E. Wormack, Vice President for Finance and Administration/Chief Financial Officer
Eileen S. Waitsman, Controller
Becky Burrell, Vice President of Academic Affairs
Michael Thomas, Vice President for Workforce Development & Continuing Education
Brandon L. Cohen, Director of Budgets

The next CDAC meeting will be Friday, October 2nd, 2026 at 10:30am.

Capital Debt Affordability Committee

Introduction

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

September 22, 2026

CDAC Responsibilities

- 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

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

- 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

2026 General Assembly Debt Affordability Highlights

**Presentation to the
Capital Debt Affordability Committee**



September 22, 2026



Capital Budget Authorization

- Chapter 5 (Senate Bill 283) authorizes \$1,852 million in general obligation (GO) bonds, specifically
 - \$1,750 million in net new debt, which is the amount recommended by CDAC
 - \$97 million is deauthorized and reauthorized to support different projects
 - \$5 million in bond premiums



General Fund Appropriations

- 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
- \$107.7 million in general funds were appropriated for capital programs and projects in fiscal 2027
- \$55.4 million in general funds were appropriated for capital programs and projects in fiscal 2026



University Authorization

- Chapter 601 (Senate Bill 769) authorizes \$50 million in academic revenue bonds for the University System of Maryland
- This is the level that was recommended by the Spending Affordability Committee and the Administration
- CDAC recommended \$30 million and did not opine on the \$50 million authorization



Capital Debt Affordability Committee: 2026 Update on Maryland General Obligation Bonds

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

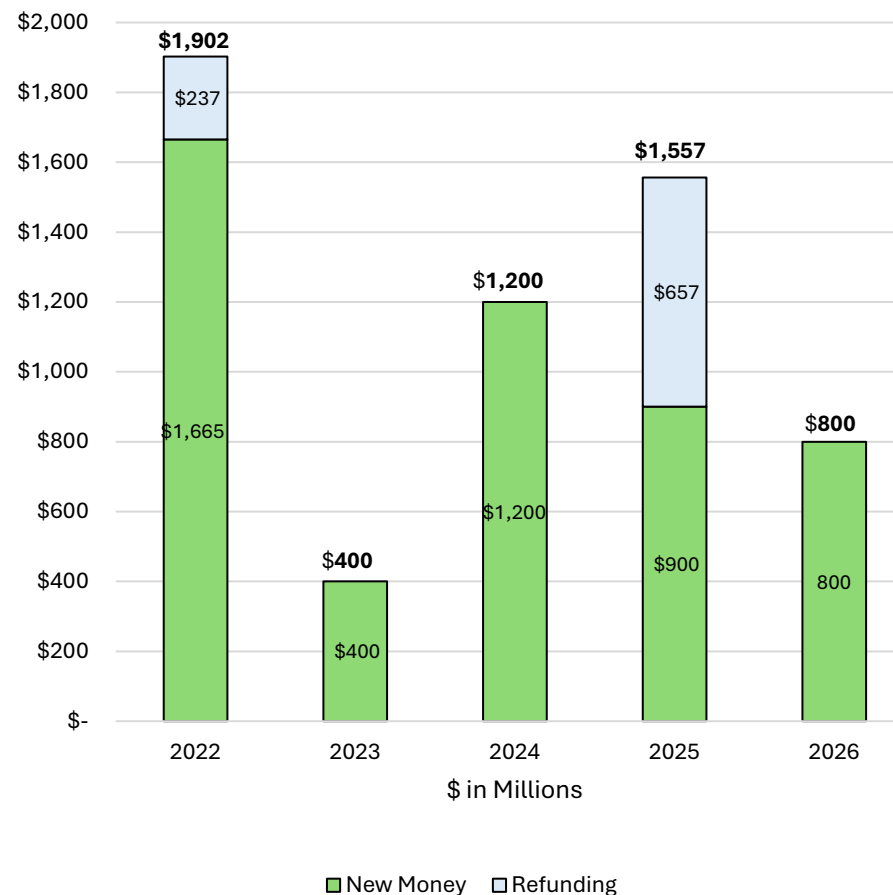
September 22, 2026



GO Bonds Issuance History

FY 2022 - 2026

- \$5.9 billion in General Obligation Bonds issued since July 1, 2021:
 - \$5.4 billion in tax-exempt bonds
 - Includes \$894 million in refundings
 - \$475 million in taxable bonds
- \$6.8 billion in General Obligation Bonds were issued in the preceding 5-year period (FY 2018-2021)



GO Bond Spending Increased in FY 2026

- Average monthly GO Bond spending is returning to pre-COVID expenditure levels
 - FY 2015-2019 spending averaged \$91.6 million compared to \$82.9 million for FY 2022-2026
 - FY 2024 average spending was the lowest in more than a decade
- FY 2026 spending increase reflects funding WMATA grant allocations with GO Bonds and return to traditional amounts of PAYGO funding





GO Bond Issuances

FY 2026 – 2027

Fiscal Year 2026 General Obligation Bond Issues

Series	Date of Sale(s)	(\$ in millions)	All-In True Interest Cost (TIC)
		Tax-Exempt: New Money Competitive	
2026 1 st Series	6/3/26	\$800.0	3.313%

Fiscal Year 2027 General Obligation Bond Issues

Series	Date of Sale(s)	(\$ in millions)	All-In True Interest Cost (TIC)
		Tax-Exempt: New Money Competitive	
2026 2 nd Series	9/2/26	\$600.0	3.817%
2027 1 st Series	Q1 CY2027 (est.)	TBD	TBD

Credit Ratings (August 2026)

Fitch Ratings – AAA, stable

Moody's Rating – Aa1, stable

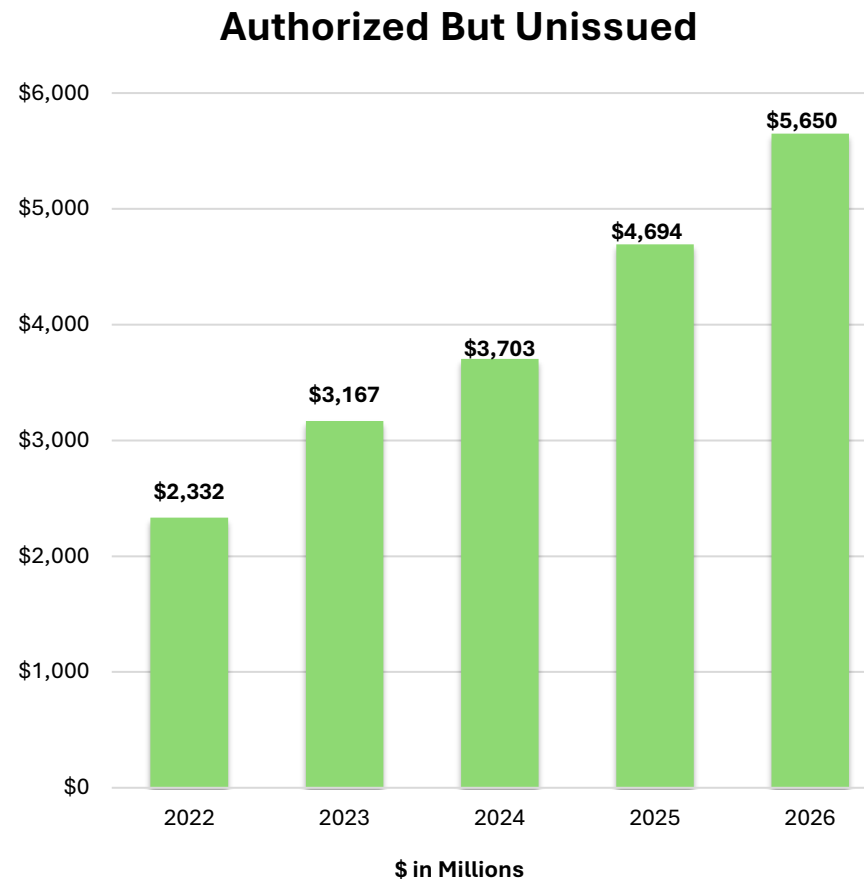
KBRA – AAA, stable

S&P Global Ratings – AAA, negative

Note: Moody's Ratings did not rate the 2026 1st or 2026 2nd Series issuances, but did affirm the State's Aa1, stable rating in July 2026 as part of required annual credit surveillance.

Outstanding GO Bond Debt and Amounts Authorized but Unissued

- General obligation debt outstanding:
 - \$9.95 billion was outstanding as of June 30, 2026
 - \$1.02 billion retired since June 30, 2025
 - **\$9.65 billion outstanding as of October 9, 2026**
- \$5.7 billion of general obligation debt was authorized but unissued as of June 30, 2026
 - **\$5.05 billion authorized but unissued as of October 9, 2026**





Current Projections for Future Issuances

The following figures are based on the 2025 Capital Debt Affordability Committee authorization recommendation.

<u>Fiscal Year</u>	<u>Authorizations</u>	<u>Issuances</u>
2026	\$1,750	\$800
2027	\$1,750	\$1,200
2028	\$1,750	\$1,200
2029	\$1,750	\$1,236
2030	\$1,750	\$1,273
2031	\$1,750	\$1,311

All \$ figures in millions. Preliminary and subject to change. The 2025 Committee's recommendation for issuance assumptions reflect 3% annual growth to better align with recent expenditure trends.

Issuance assumptions and future debt projections will be revisited and updated as part of the 2026 debt affordability analysis process.



Status of Refunding Potential

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

Benchmarks are 3% net present value (NPV) savings of the aggregate refunded par amount and positive NPV savings for each candidate being currently refunded on a maturity-by-maturity bases. In addition, there should be no dissavings in any year unless there is an overriding policy objective for the refunding.

The State has been considerate in pursuing refunding savings where opportunities exist. However, market conditions have not supported a refunding within the debt policy guidelines since the June 2025 refunding transaction.

The State will continue to evaluate refunding potential in advance of the 2027 First Series sale.



MARYLAND
STATE
TREASURER

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

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 2026.

Bond insurance is not needed because of the State's strong credit profile.

Capital Debt Affordability Committee:
2026 Update on Capital Leases

Presented by
Tanya M. Mekeal, Capital Lease Manager
Maryland State Treasurer's Office

September 22, 2026

- Capital Lease Overview
- Capital Equipment and Energy Lease Activity for Fiscal Year 2026
- Tax-Supported Equipment Leases included in the CDAC Analysis
- Tax-Supported Energy Leases included in the CDAC Analysis
- Projections of Future Tax-Supported Lease Financings

Financing Terms

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 finance procurement and payment of debt service.

Capital Lease Programs

Program	Financing Term	Tax Supported
Capital Facility Leases	15 to 25 years	yes
Equipment Leases	Up to 15 years	Yes
Energy Leases	Up to 30 years	No



Capital Equipment and Energy Lease Activity in Fiscal Year 2026

The following table summarizes the current energy leases included in the 2026 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.

Summary of the Capital Lease Terms for Equipment financed in Fiscal Year 2026

Equipment Lease Term	Amount
3-year leases	\$974,020
5-year leases	\$5,471,498
Total	\$6,445,518

There were no energy lease projects financed in fiscal year 2026.



Tax-Supported Capital Leases included in the CDAC Analysis

The following table summarizes the current tax-supported capital leases included in the 2026 CDAC Affordability Analysis.

Fiscal Year 2026 Tax Supported Leases Outstanding

State Agency	Equipment and Facilities Financed	Principal Amount Outstanding as of June 30, 2026	Debt Service for Fiscal year 2026
State Treasurer's Office on behalf of State Agencies	Capital Equipment-Various	\$12,019,429	\$5,642,938
State Treasurer's Office on behalf of State Agencies	Energy Performance Projects	165,786	1,135,826
Department of Transportation	Shuttles	14,365.000	2,059,650
Department of General Services	Prince George's County Justice Center	5,502,153	1,515,793
Transportation Authority	State Office Parking Facility	8,769,000	1,468,769
Department of Health	Public Health Lab	58,660,000	12,170,976
Department of Health	Headquarters	213,260,000	9,300,506
Total Tax Supported Leases		\$ 298,390,733	\$33,294,458



Tax-Supported Energy Leases included in the CDAC Analysis

The following table summarizes the current energy leases included in the 2026 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.

Fiscal Year 2026 Tax Supported Energy Leases Outstanding

State Agency	Principal Amount Outstanding as of June 30, 2026	Debt Service for Fiscal year 2026
Maryland Aviation Administration	\$0	\$800,202
Maryland Port Administration	165,785	335,924
Total	\$165,785	\$1,135,826



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

Projections

Program	Period	Projection as of June 2026
Equipment Leases¹	Fiscal Years	\$15.6 million - FY 2027
	2027 – 2029	\$17.0 million - FY 2028
		\$9.2 million - FY 2029
Energy Leases²	Fiscal Years	\$25.0 million - FY 2027
	2027 – 2029	\$25.0 million - FY 2028
		\$40.0 million - FY 2029

1. Fiscal Year 2027 - 2029 estimates are based on agency surveys.

2. DGS estimates based on continuing evaluation of state properties.



Questions

Contacts

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Maryland State Lease Project Overview

September 22, 2026

Presentation by:

Wyatt Shiflett

Vice President, Project Finance



MEDCO
MARYLAND ECONOMIC
DEVELOPMENT CORPORATION

MEDCO-corp.com

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(410) 625-0051

MEDCO Overview

- The Maryland Economic Development Corporation (MEDCO) was created as an instrumentality of the State by the Maryland General Assembly in 1984
- Over \$9.3 billion in revenue bond bonds issuance since inception
- MEDCO bond financings are structured as nonrecourse revenue bonds, meaning repayment of MEDCO-issued bonds relies solely on the revenues and resources of the underlying project, not MEDCO, the State of Maryland or its agencies
- MEDCO's mission is to help foster the growth and retention of current businesses; attract new business to the State; assist in the creation of new enterprise ventures; and generate employment opportunities throughout the State of Maryland
- Partners with public/private entities to provide innovative revenue bond financing, real estate and infrastructure development solutions
- In many cases, MEDCO operates and manages completed projects through the life of the financing agreement. MEDCO ensures that its projects comply with financial agreements by monitoring project and ensuring that operational benchmarks, insurance requirements and financial reporting and annual financial audits requirements are met



Bond Summary

State Lease Facilities

	Maryland State Health Lab Series 2021 (Series 2011 refunding)	Maryland Department of Health Headquarters Project, Series 2025
Initial Par Amount	\$170,910,000	\$213,260,000
Refunding Par Amount	\$123,437,000	n/a
Issuance	April 2021 / Dec 2011	July 2025
Maturity	Aug 2031	June 2052
Rating	AA+ / Aa1	AA+ / AA+
Principal Outstanding as of June 30, 2026	\$58,660,000	\$213,260,000
FY 2026 Annual Debt Service	\$12,170,976	\$9,300,506 (Capitalized Interest)

Maryland State Health Laboratory

The State Health Laboratory enhances the State of Maryland's ability to identify and respond to current and emerging public health crises as its employees conduct over 10 million tests annually and works in tandem with the surrounding facilities to maintain the health of the residents of Baltimore and Maryland as a whole.

The State Health Laboratory is responsible for providing laboratory testing, consulting and regulatory support of infectious diseases, epidemiology environmental and regulatory public health programs, and enhances participation in the National Laboratory Response Network.

The approximately 235,000 sq ft, eight-story public health laboratory meets Bio-safety Level 2 (BSL-2) and Bio-safety Level 3 (BSL-3) laboratory requirements and consists of open-bay laboratories, laboratory support areas and administration. Six scientific laboratory divisions of the Maryland Department of Health and Mental Hygiene occupy the building.

The state-of-the-art laboratory has cutting-edge technologies and the flexibility to incorporate future technologies to meet the changing needs and laboratory science of the future. This facility enables lab scientists to efficiently and rapidly identify disease outbreaks and respond to acts of chemical and bio-terrorism.



Maryland Department of Health Headquarters

MEDCO will deliver a new state-of-the-art headquarters for the Maryland Department of Health (MDH) designed to the department's specific needs with office space conducive for collaborative work. The current MDH facilities are aging and include operational inefficiency compared to more modern facilities. Currently MDH staff is spread throughout several buildings and not consolidated in one location as they would be upon delivery of the Project.

The new headquarters will provide 3,000 MDH employees with a modern, safe and efficient workspace. The building to be occupied by MDH was a former federally owned Social Security Administration facility. The building was designed to house almost 5,000 employees and peaked at an occupancy of approximately 3,500 employees. The impact of the larger employer leaving the area was detrimental to many local businesses, especially Lexington Market.

The Project comprises renovations, improvements and equipping by MEDCO of an existing five-story office building located at 300 N. Greene Street and a portion of the multi-story building located at 400 N Greene Street and a new multi-story parking garage to be located on the land comprising 2.323 acres at 660 West Saratoga Street.



Potential Future MEDCO – State Lease Project

Advanced Technology Manufacturing Facility Project

Facility Owner: MEDCO

Lessee: Maryland Department of Commerce

Sublessee: Private Commercial Business

Project Description: Acquisition of an existing 121,000 sq ft building and industrial site in Jessup, MD and the development, renovation, equipping and start up of the manufacturing facility.

To secure funding from the capital markets through a revenue bond sale, it is essential that the intergovernmental lease term aligns with the bond term. The term of the bonds is informed by the useful life of the assets and the desire to spread the annual repayment of the project costs over twenty-five years period.

Project Rational: Maryland Department of Commerce business attraction initiative





MDOT's Tax-Supported Debt

Presentation to the Capital Debt
Affordability Committee

Octavia Robinson
Chief Financial Officer
September 22, 2026



Consolidated Transportation Bonds

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:

- Not needed because of MDOT's stable credit profile

Credit Ratings

- Rating meetings were held September 17, 2026
- Ratings are expected by September 28th

Standard and Poor's – AAA (affirmed 09/29/2025)

Moody's – Aa1 (affirmed, 09/29/2025)

Fitch – AA+ (affirmed 09/29/2025)

Bond Coverage

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 2026 coverage of 6.8
 - Projected to maintain coverage above 5.4 through FY2032
- 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 2026 coverage of 3.2
 - Projected to maintain coverage above 2.4 through FY2032



Outstanding Debt

Debt Outstanding Limits:

- Statutory debt limit - \$5.0 billion
- Annual debt limit
 - \$2.93 billion (FY 2026)
 - \$3.37 billion (FY 2027)

Amount of Debt Outstanding:

- FY 2026 - \$2.90 billion
- FY 2027 - \$3.30 billion (Anticipated bond sale of \$710 million* offset by redemptions)

Amount authorized but unissued:

- Authorized - \$2.93 billion (as of June 30, 2026)
- Authorized but not issued - \$32.8 million

FY2027 Bond Sales:

- New money sale of \$710 million*
 - Anticipated \$410 million* will be tax exempt and \$300 million* will be taxable
- Anticipated refunding sale of approximately \$400* million

* Preliminary amount, subject to change



Debt Issued in Previous Five Fiscal Years

Series	Sale Date	New Money (\$ In Millions)	Refunding (\$ In Millions)	True Interest Cost (TIC)
Series 2025C RF	10/08/2025		\$499.0	2.470%
Series 2025B	10/08/2025	\$345.0		3.424%
Series 2025A	06/04/2025	\$200.0		3. 809%
Series 2022B FWD RF	09/30/2021		\$143.6	1.358%
Series 2022A FWD RF	09/30/2021		\$52.4	.909%
Series 2021B RF	09/29/2021		\$139.2	.657%
Series 2021A	09/29/2021	\$295.0		1.731%
Total		\$840.0	\$834.2	



Planned Issuances

(\$ in millions)

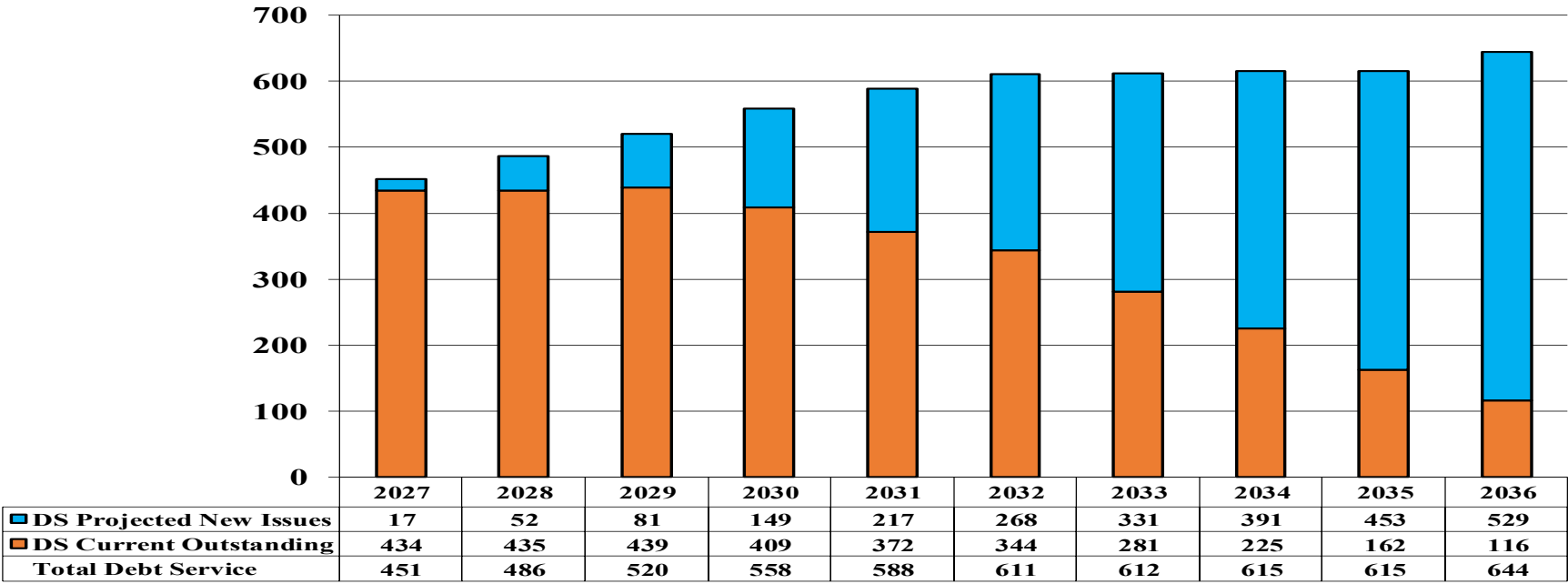
Fiscal Year	Debt Outstanding at Beginning of Year	New Issues	Redeemed	Debt Outstanding at End of Year
2027E	\$2,901	\$710	\$314	\$3,297
2028E	\$3,297	\$750	\$330	\$3,718
2029E	\$3,718	\$510	\$350	\$3,877
2030E	\$3,877	\$585	\$380	\$4,082
2031E	\$4,082	\$500	\$403	\$4,179
2032E	\$4,179	\$555	\$418	\$4,317
2033E	\$4,317	\$610	\$407	\$4,519
2034E	\$4,519	\$685	\$398	\$4,807
2035E*	\$4,807	\$755	\$380	\$5,182
2036E*	\$5,182	\$870	\$388	\$5,664

(E = based on FY2027 - FY 2036 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)



In Conclusion:

We reviewed important factors about MDOT's Tax-Supported Debt:

- Consolidated Transportation Bonds
- Credit Ratings
- Bond Coverage
- Outstanding Debt
- Debt Issued in Previous Five Fiscal Years
- Planned Issuances
- Debt Service Projections



Maryland Stadium Authority Briefing

Capital Debt Affordability Committee

September 22, 2026



Maryland Stadium Authority

Background

Established by the General Assembly in 1986, the original mission was to build, manage, and maintain quality facilities to retain Major League Baseball, and return the National Football League to Maryland.

For over 35 years, MSA has completed projects in partnership to local government, universities and the private sector throughout Maryland. These include convention centers, museums, theaters, parks, schools, and campus centers in addition to sports arenas.

In addition, MSA currently oversees projects such as the 21st Century Schools Construction Program, Baltimore Vacants Reinvestment Initiative (Project CORE), Built to Learn, Redevelopment of Pimlico Racing Facility, Prince George's Blue Line Corridor, and Sports Entertainment Facilities.



Maryland Stadium Authority

Mission

- To plan, finance, build and manage sports and entertainment facilities in Maryland.
- Provide enjoyment, enrichment, education, and business opportunities for citizens.
- Develop partnerships with local governments, universities, private enterprise and the community





Prior Debt Issuances

Fiscal Year	Amount	Purpose
2022	\$687,580,000	Built to Learn Revenue Bonds, Series 2021 was the first series of bonds issued for the Built to Learn Program. Par amount was \$256,955,000. Hagerstown Multi-Use Stadium and Events Facility Lease Revenue Bonds, Series 2022A for the Hagerstown Multi-Use Sports and Event Facility. Par amount was \$57,555,000. This series is included in the capital debt affordability calculations since a Master Lease is security pledge. Built to Learn Revenue Bonds, Series 2022A was the second series of bonds issued for the Built to Learn Program. Par amount was \$373,070,000.
2023	\$66,050,400	Baltimore City Public Schools Construction and Revitalization Program Revenue Bonds, Series 2022C were 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.





Prior Debt Issuances (cont.)

Fiscal Year	Amount	Purpose
2024	\$516,725,000	Revenue Bonds (Football Stadium Issue), Series 2023A & Series 2023B were issued to finance certain renovations and improvements at M&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. Sports Entertainment Facilities (Hagerstown Project), Series 2023A for the Hagerstown Multi-Use Sports and Events Facility. Par amount was \$20,125,000. Sports Entertainment Facilities (Minor League Baseball Projects), Series 2023B for the renovation of certain Minor League stadiums. Par amount was \$78,370,000.
2025	\$660,815,000	Built to Learn Revenue Bonds, Series 2024 was the third series of bonds issued for the Built to Learn program. Par amount was \$410,735,000. Baseball Stadium Taxable Revenue Bond, Series 2025, for improvements to Oriole Park baseball Stadium. Private Placement \$128,575,000. Sports Entertainment Facilities (Minor League Baseball Projects), Series 2025 for the renovation of certain Minor League stadiums. Par amount was \$121,505,000.





FY26 New Debt Issuances

Taxable Revenue Bonds (Baseball Stadium Issue), Series 2025B

- Par Amount - \$187,690,000
- Discount - \$449,514
- Cost of Issuance - \$260,040
- Project Fund - \$180,000,000
- Capitalized Interest - \$6,980,446
- Term – 13 years
- Maturity Date – December 15, 2038
- True Interest Cost – 4.825397%
- Taxable
- Non-Tax-Supported Debt – secured by pledged Lottery funds

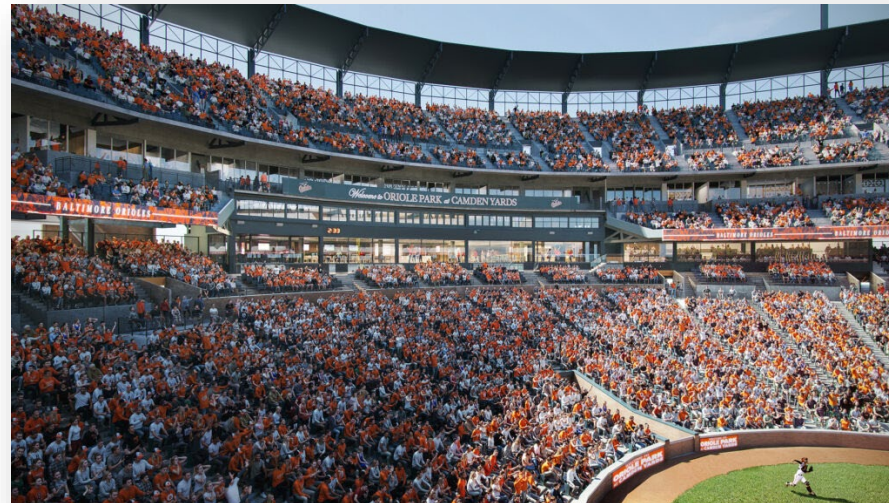




FY26 New Debt Issuances

Taxable Revenue Bonds (Baseball Stadium Issue), Series 2025C

- Par Amount - \$10,370,000
- Discount - \$18,922
- Cost of Issuance - \$16,501
- Contingency/Reserve Fund - \$10,000,000
- Capitalized Interest - \$334,578
- Term – 1 year
- Maturity Date – June 15, 2027
- True Interest Cost – 4.142097%
- Taxable
- Non-Tax-Supported Debt – secured by pledged Lottery funds





FY26 New Debt Issuances

Taxable Revenue Bonds (Pimlico Improvements Project), Series 2025

- Par Amount - \$245,780,000
- Discount - \$644,806
- Cost of Issuance - \$300,000
- Project Fund - \$238,655,807
- Capitalized Interest - \$6,179,387
- Term – 29 years
- Maturity Date – June 15, 2055
- True Interest Cost – 5.435556%
- Taxable
- Non-Tax-Supported Debt –
secured by pledged Lottery funds





Outstanding Debt & Revenues

Fiscal Year	Amount Outstanding	Tax Supported Bonds	Revenue Bond	Energy (tax supported debt)	Debt Service for Tax Supported and Energy	Revenues (Lottery/ Camden Yards Operating Revenue and \$2 ticket charge)
2027	\$3,091,890,400	\$102,155,000	\$2,989,735,400	\$0	\$8,755,149	\$8,755,149
2028	\$2,980,425,400	\$97,820,000	\$2,882,605,400	\$0	\$8,758,395	\$8,758,395
2029	\$2,864,935,400	\$93,310,000	\$2,771,625,400	\$0	\$8,757,203	\$8,757,203
2030	\$2,744,040,400	\$88,615,000	\$2,655,425,400	\$0	\$8,757,199	\$8,757,199
2031	\$2,617,440,400	\$83,725,000	\$2,533,715,400	\$0	\$8,756,814	\$8,756,814
2032	\$2,484,780,400	\$78,625,000	\$2,406,155,400	\$0	\$8,761,621	\$8,762,621
2033	\$2,345,790,400	\$73,310,000	\$2,272,480,400	\$0	\$8,761,082	\$8,761,082
2034	\$2,200,145,400	\$67,785,000	\$2,132,360,400	\$0	\$8,758,061	\$8,758,061
2035	\$2,047,800,400	\$62,055,000	\$1,985,745,400	\$0	\$8,753,200	\$8,753,200
2036	\$1,888,600,400	\$56,110,000	\$1,832,490,400	\$0	\$8,752,909	\$8,752,909
2037	\$1,740,535,400	\$49,925,000	\$1,690,610,400	\$0	\$8,762,348	\$8,762,348
2038	\$1,588,540,400	\$43,505,000	\$1,545,035,400	\$0	\$8,757,607	\$8,757,607
2039	\$1,473,745,400	\$36,820,000	\$1,436,925,400	\$0	\$8,755,636	\$8,755,636
2040	\$1,391,535,400	\$33,210,000	\$1,358,325,400	\$0	\$5,402,400	\$5,402,400
2041	\$1,307,565,400	\$31,125,000	\$1,276,440,400	\$0	\$3,745,500	\$3,745,500





Fixed Rate Debt Ratings

Series	S&P	Moody's	Fitch
Series 2016 BCPS	AA-	A1	AA
Series 2018A BCPS	AA-	A1	AA
Series 2019A	AA+	Aa2	AA+
Series 2019B	AA+	Aa2	AA+
Series 2019C OCCC	AA+	Aa2	AA+
Series 2020A,B,&C BCPS	AA-	A1	AA
Series 2021 BTL*	AA	Aa3	AA-
Series 2022A Hagerstown	N/A	Aa2	AA+
Series 2022A BTL*	AA	Aa3	AA-
Series 2022C BCPS	AA-	A1	AA
Series 2023A&B Football	A+	Aa2	AA
Series 2023A&B Sports Ent Facilities	AA	N/A	AA
Series 2024 BTL*	AA	Aa3	AA-
Series 2025 Sports Ent Facilities	AA	N/A	AA
Series 2025B&C Baseball	AA	N/A	AA
Series 2025 Pimlico	AA	N/A	AA

**Fitch upgraded the MSA Built to Learn Revenue Bonds from A+ to AA- by Fitch in June 2026*





FY27 New Debt Projections

- **Built to Learn**

The fourth bond issuance for the Built to Learn program is anticipated in late Fall 2026. The projected par amount is approximately \$245 million. Annual debt service is secured by funds received from the State of Maryland Education Trust Fund; therefore, they will not be considered tax-supported debt.

- **Redevelopment of the Pimlico & Laurel Park Racing Facilities**

The second bond issuance for the Pimlico Improvements Project is anticipated in Spring 2027. The projected par amount is approximately \$154 million. A portion of the proceeds will be used to plan, design, and construct the racing facilities at Pimlico. The remaining portion will be used to upgrade the facilities at the Laurel Park race track. The debt service capacity increased from \$17.0 million to \$29.0 million per year to accommodate these financing requirements. MSA's share of lottery revenues will be pledged for these bonds; therefore, they will not be considered tax-supported debt.

- **Football & Baseball Supplemental Financing (HB 896)**

Debt capacity remains under HB 896 which authorized up to \$1.2 billion for capital improvements at Oriole Park at Camden Yards and M&T Bank Stadium (\$600 million each). Separate issuances are anticipated in late Spring or Summer for both programs to maximize financing with the remaining available debt service capacity. MSA's share of lottery revenues will be pledged for these bonds; therefore, they will not be considered tax-supported debt.





Maryland
Department of
the Environment

**Bay Restoration Fund (BRF)
Capital Debt Affordability Committee Briefing
September 22, 2026**

Manith Hang, Financial Program Manager
Maryland Water Infrastructure Financing Administration
1800 Washington Boulevard
Baltimore, MD 21230
410-537-4481

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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

	Series 2014	Series 2015
Debt Issued:	\$100,000,000	\$180,000,000
Issue Date:	5/14/2014	12/3/2015
Ratings:	Aa3 (Moody's) AA (S&P)	Aa3 (Moody's) AA (S&P)
True Interest Cost:	2.58%	2.60%
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



Maryland
Department of
the Environment

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 2026 budget:	\$590,000,000
Debt Issued through end of FY 2026:	<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



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	108.960	Actual
2026	0.000	94.715	27.134	114.192	Actual
2027	0.000	70.375	27.297	115.000	Projected
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



Maryland
Department of
the Environment

Capital Debt Affordability Committee

September 22, 2026

Samantha Norris

Director of Financial Management and Planning



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.

Educate Marylanders. Expand opportunity. Create knowledge that improves lives.

Agenda



USM'S VALUE TO
MARYLAND



EMERGING
CHALLENGES



RESPONSIBLE
FINANCING AND
DEBT CAPACITY



FUTURE NEEDS AND
PARTNERSHIP



Background of USM



Founded

1988



Components

12 Institutions
3 RHECs



Purpose

Education and
Innovation



Facilities

45M GSF



Self-support

Auxiliary infrastructure



Beds

32,000+ beds

USM serves Maryland at significant scale.

USM's Value to Maryland

Access, Affordability & Achievement

By the Numbers

175,703

Students enrolled (Fall 2025)

39,165

Transfer students

Up to 2 in 3

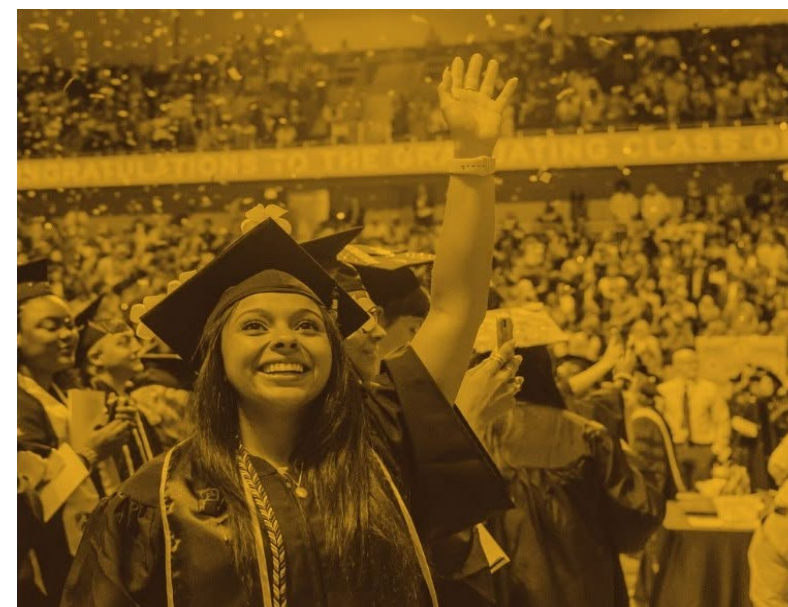
Undergraduates avoid student loans

\$27k

Average debt for graduates with a bachelor's

45,000+

degrees awarded annually



First-time undergraduates

86% average 2-year retention rate

71% average 6-year graduation rate

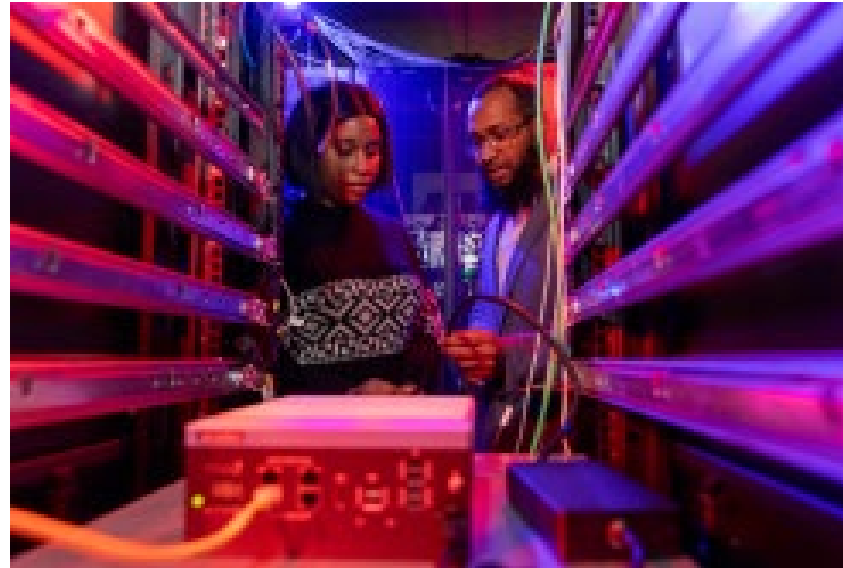
USM expands opportunity for Marylanders through affordable access, strong student success, and meaningful degree attainment at scale.

USM's Value to Maryland

Workforce and Economic Development

Annually, USM produces:

- 15,000 STEM degrees
 - 11,000+ Computer Science
 - Nearly 1,800 engineers
 - 1,500 doctors and nurses
- 1,300+ teachers
- 300 invention disclosures
- 110 patents



USM strengthens Maryland's economy from both ends of the pipeline, generating jobs today and preparing the workforce needed for tomorrow.

USM's Value to Maryland



Research and Impact

- \$1.81B R&D expenditures annually
 - Up 40% over past 5 years
- UMD-UMB ranked 9th nationally among public institutions
- USM ranks 17th among academic institutions in US utility patents issued
- In 2025, USM venture support helped launch 125 Maryland start up companies

USM strengthens Maryland's workforce.

Emerging Challenges

Enrollment

- Federal Policy Changes (OBBBA): Enhanced Earnings and Workforce Outcomes Accountability Reporting (STATS/FVT-GE)
- USM is monitoring indicators related to student affordability, enrollment, financial aid utilization, program viability, and post-graduation outcomes

Federal Funding Uncertainty

- Potential reductions in federal research appropriations.
- Increased scrutiny of indirect cost (F&A) reimbursement rates.
- Delays in grant awards and renewals.
- Expanded research security and foreign influence requirements.

Budget

- \$263 M base reduction from FY25-27 (11.5%)
 - \$29.5 M cut in FY27
- \$360 M salary increases (8%) from COLA and Merit, \$120 M unfunded

Federal uncertainty and budget pressure is placing enrollment and research at risk, impacting operations and capital investment

Emerging Challenges: Capital Implications



Cost of maintaining research facilities
passed to universities



Inability to meet the Facilities Renewal
investment goal



Inflationary increases to construction
costs impacting affordability

Challenges are negatively impacting ability to meet capital investment needs

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 financially advantageous

USM uses a conservative, disciplined financing approach

USM Debt Covenants and Projections

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 FY25 15.0x 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 2027 \$134.3 M
 - FY 2032 \$141.0 M

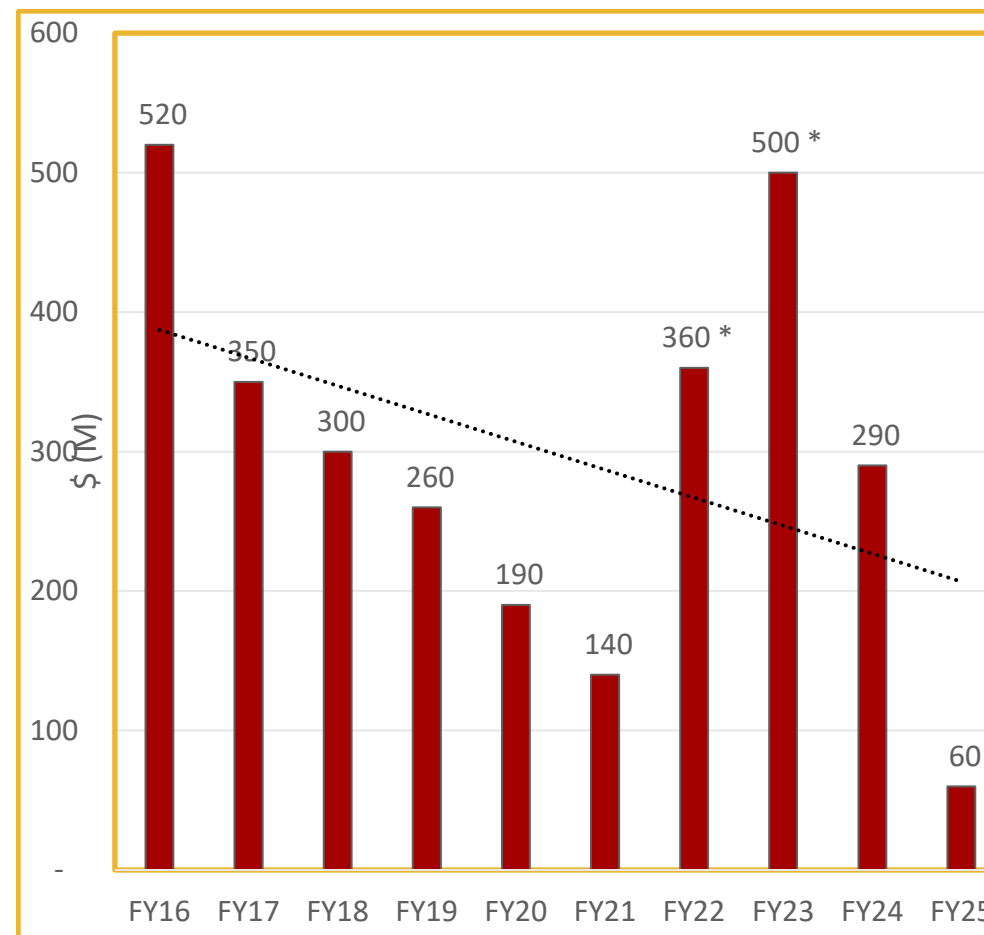
Authorized Projects

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

USM maintains substantial covenant capacity while limiting debt costs

Operating Margin

- Operating margins have declined over the long term, reducing financial flexibility
- Revenue growth has not kept pace with increasing operating costs.
 - Salaries and benefits
 - Inflationary expenses



* Includes CARES and HEERF funding

USM's balance sheet remains strong, but operating pressures reduce the financial flexibility needed to support additional unfunded debt obligations

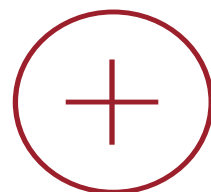
Rating Agency Review

Bond Ratings* – Outlook Stable

S&P AA+

Fitch AA+

Moody's Aa1



Strengths

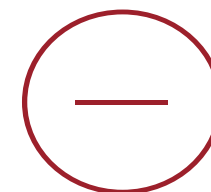
Size

Management practices

Research activity

State support

Conservative debt structure



Challenges

Modest operating reserve

Tuition restrictions

Research funding environment

Rising capital needs

Large unfunded pension liability

Strong ratings reflect disciplined management, with capital needs remaining a key concern

Recent Debt Issuances

Fiscal Year	New	Refinancing	Total
2021	192,610,000	153,205,000	345,815,000
2022	120,895,000	23,525,000	144,420,000
2024	75,890,000	28,975,000	104,865,000
2026	(a)104,925,000	90,915,000	195,840,000
Total	\$389,395,000	(b)\$296,620,000	\$790,940,000

Note: USM did not issue debt in FY2023 or FY2025

(a) TIC of 3.38%

(b) Total present value savings - \$24.2 million (8.14%)

Strategic issuance and refinancing have preserved borrowing capacity

Legislative Considerations



LEGISLATIVE DEBT CAP
OF \$1.7B



MAXIMUM DEBT TERM
OF 33 YEARS



GASB AND LEGISLATIVE
POLICY CHANGES

Legislative parameters directly shape USM's capital capacity

USM Debt and Legislative Authority

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

Debt outstanding, June 30, 2026*

Comprised of:

Revenue bonds (at par) \$ 984,440,000

Other (EPCs, MEAs) 369,000

Leases** 29,291,000

Total outstanding (at par) 1,014,100,000

Authorized projects beyond debt outstanding 364,881,000

Total authorized debt 1,378,981,000

Additional debt possible within debt cap **\$ 321,019,000**

Other Considerations

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

*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 (thousands of skilled graduates to fill in-demand jobs)
- Economic development (600+ companies created)
- R & D (over \$1 Billion in expenditures in Maryland)

Financing Principles

- USM is a good steward of the investment

Future Needs

- As USM continues to evolve and grow, our facilities must keep pace with future generation learning needs

Investment in USM supports Maryland's students, workforce, and economy

Evolving Higher Education Capital Needs

The USM enrollment

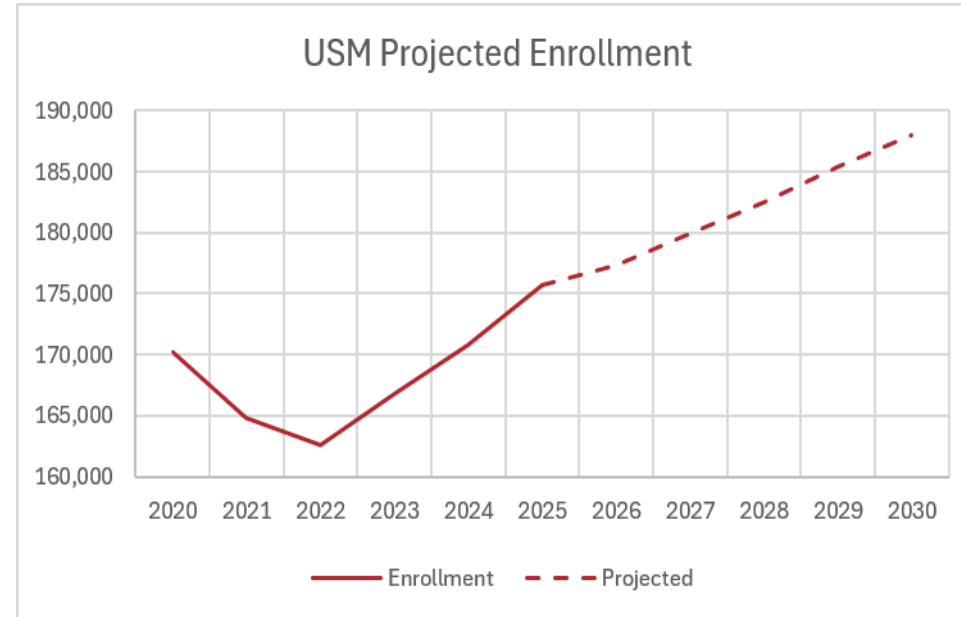
- Increase of more than 11k students over the past 10 years despite pandemic-related declines
- Projected to increase to over 187k students by 2030 (Fig.1).

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

*The State has supported CSU housing to offset student costs in recent years



Deferred Maintenance

State-supported capital facilities with a replacement value of more than \$19.5B have a backlog of approximately \$3.2B upkeep needed

Enrollment growth and aging facilities are increasing capital demand

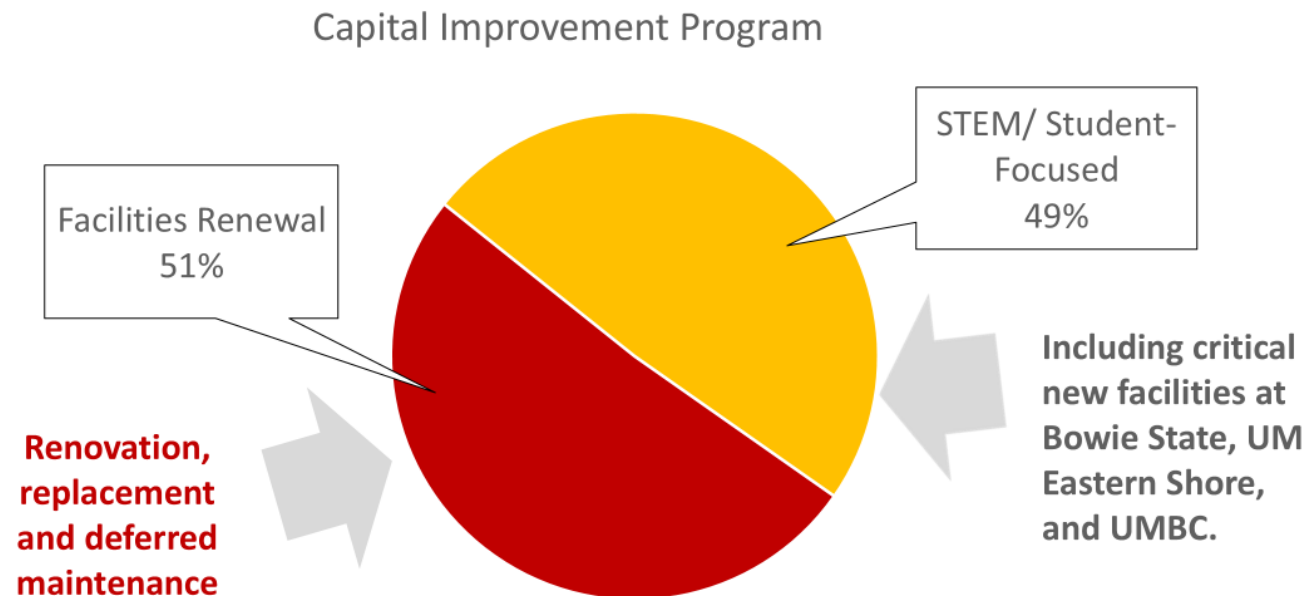
Capital Improvement Program (FY 2027-2031)

State Capital Requests

- \$1.15 billion included in CIP
- USM Bonds for Academic Facilities
 - \$50 million per year
 - Capital FR program and project needs
- Funding for 25 projects plus facilities renewal

System Funded Construction

- \$188 million
- Funding 10 projects
 - \$115 million USM Bonds
 - \$73 million Cash-funding



FY27 ARB Projects

- Based on the Governor's CIP
- ARB Legislation Requests \$50 Million
 - \$24 Facilities Renewal Funds
 - \$26 Academic Project Spending
 - UMCP Health and Human Sciences Complex
 - Towson University Electrical Substation
 - USM Rita Colwell Center
 - This does not contribute to auxiliary (self-support) projects

The \$50 million budget supports essential academic facilities and renewal

Final Thoughts

USM's debt remains affordable. The challenge is preserving the operating capacity needed to continue serving Maryland students while meeting growing capital needs

Value Delivered

- Educates nearly **176,000 students**
- Produces the workforce Maryland needs
- Drives research, innovation, and economic growth

Strong Stewardship

- Strong credit ratings
- Conservative financing practices
- Significant covenant capacity

Future Investment Needed

- Growing enrollment and evolving facility needs
- Aging infrastructure and deferred maintenance backlog
- Limited capacity to absorb additional unfunded debt service

Continued investment in USM is an investment in Maryland's economic competitiveness, workforce development, and long-term prosperity.



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 22, 2026

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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
Bonds			
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
2025 Series Bonds	2025	\$35.0M	HBCU Bond Debt
Prior Five Years (Revenue Bonds)		<u>0</u>	
Total Bonds		\$194.5M	
Capital Lease – Building		\$0	
Equipment – Leases/Purchases	2016	\$19.3M	Lease purchase agreement, equipment for the School of Business and WEAA Radio
Total Capital Leases		\$19.3M	
Total Bonds & Capital Leases		<u>\$213.8M</u>	

Outstanding and Unissued Debt

Principal Outstanding as of 6/30/26	Amount
Bonds	
2018 Series (HBCU)	\$ 0.0M
2020 Series (HBCU)	39.3M
2022 Series (HBCU)	63.4M
2025 Series (HBCU)	<u>0.5M</u>
	\$103.2M
Capital Leases	<u>\$0.0M</u>
Debt Authorized but Unissued	Amount
Debt and Legislative Authority	\$140.0M
Principal Outstanding	<u>103.2M</u>
Total Unissued	<u>\$36.8M</u>

- 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 3.5% over the various disbursements.

Prospective Outstanding and Unissued Debt

Principal Outstanding as of 6/30/25 (proforma)	Amount
Bonds	
2020 Series (HBCU)	\$ 39.3M
2022 Series (HBCU)	63.4M
2025 Series (HBCU)	<u>35.0M</u>
	\$137.7M
Capital Leases	<u>\$0.0M</u>
Grand Total	<u>\$137.7M</u>
Debt Authorized but Unissued	Amount
Debt and Legislative Authority	\$140.0M
Principal Outstanding	<u>137.7M</u>
Total Unissued	<u>\$ 2.3M</u>

- 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.
- The 2022 HBCU Loan Bonds are closed and fully disbursed as of 30 Sep 2025.
- The 2025 HBCU Loan Bonds fund:
 - O’Connell dining facility for \$12.5M
 - Safety Bridge for \$9M
 - Parking garage – \$10.8M
 - Any remaining funds may be used for various deferred maintenance projects
 - Cost of issuance and pooled escrow for \$2.7M.
- 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 \$85.5M effective for FY26.

Current Debt Service Projections – Next Ten Years

Description	Amount
Bonds	
Revenue Bond Series	
Principal	\$0.0M
Interest	<u>0.0M</u>
Total Bonds	<u>\$0.0M</u>
2020 / 2022 / 2025 HBCU Loans	
Principal	\$ 35.6M
Interest	<u>53.5M</u>
Total Loans	<u>\$ 89.1M</u>
Capital Leases	
Principal	\$0.0M
Interest	<u>0.0M</u>
Total Leases	<u>\$ 0.0M</u>
Total Debt Service	<u>\$89.1M</u>

- The 2020 HBCU Loan is closed and fully disbursed as of 1 Aug 2023.
- The 2022 HBCU Loan is closed and fully disbursed as of 30 Sep 2025.
- It is expected that the balance of the 2025 HBCU loan debt of up to \$35 million will be fully disbursed by 7/1/28.
- Maximum annual debt service for the fully disbursed HBCU loans at full disbursement is projected to be approximately \$8.9 million.

2025 HBCU Loan Bond Issuance

- **2025 HBCU Capital Project Financing Loan - \$35M**
 - **Loan closed on 8 July 2025**
 - The New HBCU Loan provides funding for.
 - O'Connell Hall dining facility - \$12.5M
 - Safety Bridge - \$9M
 - Parking Garage - \$10.8M
 - Any remaining funds may be used for various deferred maintenance projects
 - COI & Pooled escrow - \$2.7M
 - Maximum Annual Debt Service is estimated at \$2.4M
 - Only \$500k of this loan is currently outstanding. The Loan is expected to be fully disbursed by July 1, 2028.
 - 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 December 2025
 - ✓ Negative Outlook
 - **Moody's**
 - ✓ Affirmed A1 rating September 2026
 - ✓ Stable Outlook (affirmed)
 - **Public Bonds:**
 - ✓ No public revenue bonds are current outstanding.
 - ✓ No current plans to issue public debt.

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 steady financial operating and capital support from Maryland

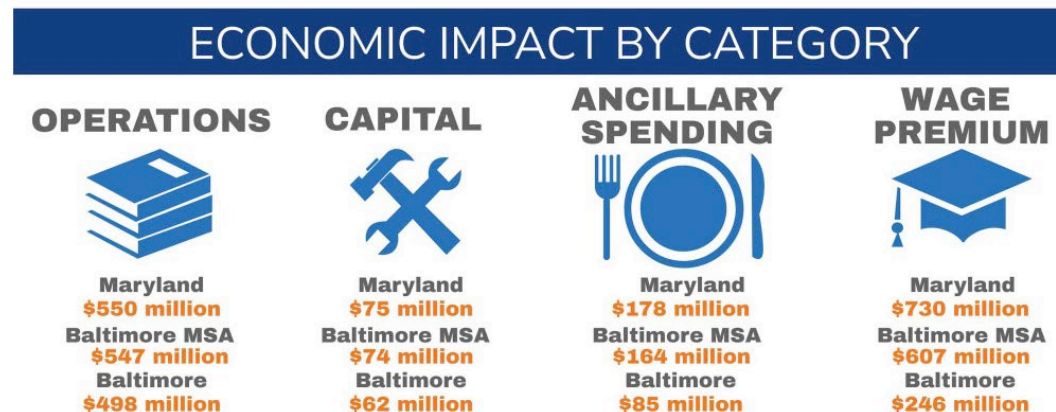
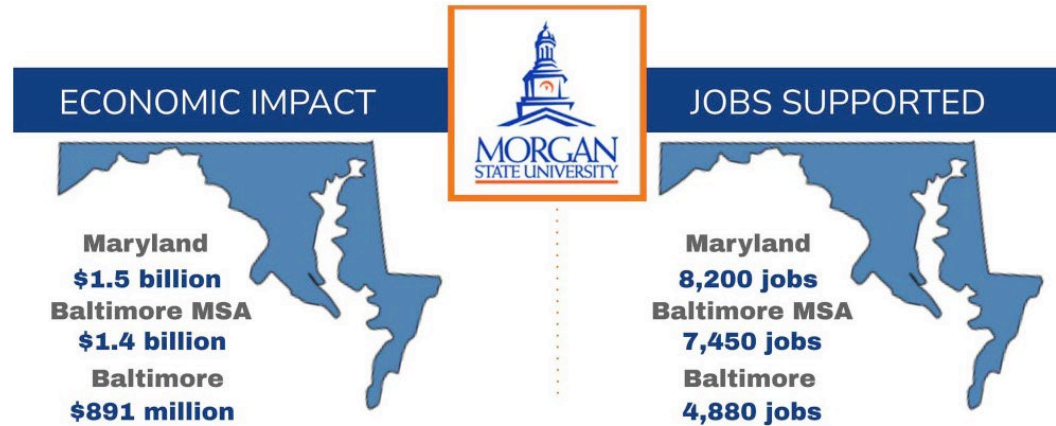
➤ Credit Rating Challenges

- 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



Morgan State University continues to prove that its value extends well beyond the classroom as a major economic engine for the city and state annually producing **\$1.5 billion** in statewide economic impact, supporting 8,200 jobs and generating \$71 million in state tax revenues. **Approximately 60 percent of that economic and employment impact occurs in Baltimore.**





Morgan is a major economic engine for the city and state

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 and developed a plan to attack and reduce DM
- Total partnership with state (DBM)
 - University borrowed over \$70M (HBCU Loans) to self-fund deferred maintenance and renovations
 - State initially put \$39M in CIP plus an additional \$29 M in the future CIP.
 - State continues to support annual deferred maintenance pf between \$5M to \$10M annually.
- Since FY19, the University has spent \$180M in DM capital expenditures (\$55M academic buildings, \$70M resident halls/student life, and \$55M infrastructure/other).

Comprehensive Student Housing Plan

- To address its current housing needs, Morgan State University (“MSU”) developed a Student Housing Master Plan in 2017 (revised in 2022), creating a long-term strategy to improve the amount and quality of its on-campus student housing inventory and to address growing enrollment and demand for housing.
- Aug 2022 – opened Thurgood Marshall Housing and Dining Facility with 670 replacement beds and 30k sq. ft. replacement dining facility (MEDCO Partnership)
- Aug 2024 – opened the Legacy Tower as the final phase of the Thurgood Marshall Housing Project adding 604 beds (MEDCO Partnership)
- Aug 2024 – opened fully renovated legacy Baldwin and Cummings student housing facilities with a combine 200 beds
- Nov 2026 – planned opening of Harper-Tubman Honor’s Student Housing with 230 bed renovation (MEDCO Partnership)
- Aug 2028 – planned opening of O’Connell Hall Housing and Dining Facility adding an additional 450 beds (650 beds total) and a new dining hall (MEDCO Partnership)

Harper-Tubman Honors Student Housing Renovation – existing view



Students moved out of historic **HARPER-TUBMAN HOUSE** (our coed honors residence) in May of this year. The residence hall will be offline for 15 months to be completely renovated.

Harper-Tubman Honors Student Housing Renovation – new rendering



Scheduled to Reopen August 2026

O'Connell Hall Housing and Dining Facility – existing view



**This is what
O'Connell Hall
looks
like now...**

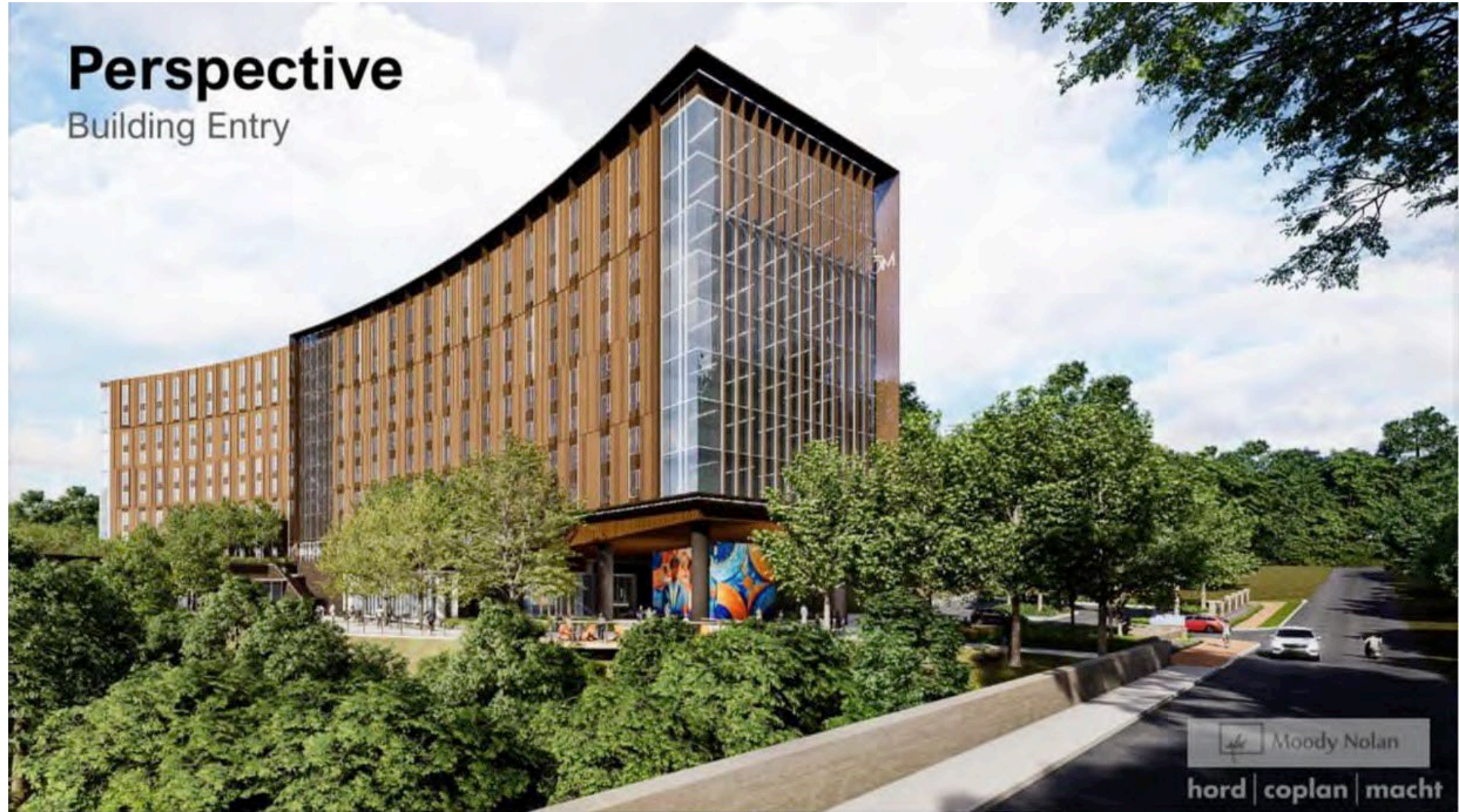


Demolition on Schedule!

O'Connell Hall Housing and Dining Facility – new rendering



O'Connell Hall Housing and Dining Facility – new rendering



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 Science Building, Phase II	365.8M
▪ Campus Wide Electric Upgrades	137.2M
▪ Lake Clifton Valve House Stabilization	26.5M
▪ Carter-Grant Wilson Renovation	51.6M
▪ Campus Renovations – Truth Hall	52.0M
▪ Campus Renovations – Holmes Hall	72.6M
▪ Montebello Demolition	17.2M
▪ Deferred Maintenance	124.9M

TOTAL	<u>\$ 847.8M</u>
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St. Mary's College of Maryland



Review of Size and Condition of Debt
September 22, 2026

The
**NATIONAL
PUBLIC
HONORS**
College

Five-Year Issuance History



2021 Series A Subordinate Lien Note: \$20M

Total Outstanding



\$31.02M in fixed-rate Revenue Bonds as of June 30, 2026. No variable-rate issuances.

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



2026: \$3.15M

2027–2038: Varies from \$3.03M to \$3.07M

Refunding, New Issuances, and Ratings Updates

Moody's underlying rating the College is A3 with a stable outlook. (Updated March 2026)

There are no current refunding opportunities or considerations.

The College has begun conversations with the Board of Trustees to potentially issue approximately \$20M in auxiliary revenue bonds to modernize campus facilities, replace critical information systems, and support strategic planning initiatives.

Five-Year Capital Improvement Plan

(as appears in the Governor's FY27 - FY31 CIP)



Campus Infrastructure Improvements

FY27+ Design and Construction	\$8.3M
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Montgomery Hall Renovation

FY24+ Design and Construction	\$59.7M
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**Capital Debt
Affordability Committee**

**Wes Moore, Governor
State of Maryland**

Baltimore City Community College
Dr. Debra L. McCurdy, President
**Dr. Janet Wormack, VP Finance &
Administration**
September 22, 2026

CDAC Presentation Agenda

- Mission, Vision & Core Values
- Economic Impact
- Student Enrollment Trends
- Realignment Tasks & Strategic Direction
- Positions, Degrees & Certificates
- FY 2028 Operating Budget
- Capital Debt Profile
- Five-Year Capital Programs

"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.

BCCC Core Values

Integrity

Teaching

Learning

Respect

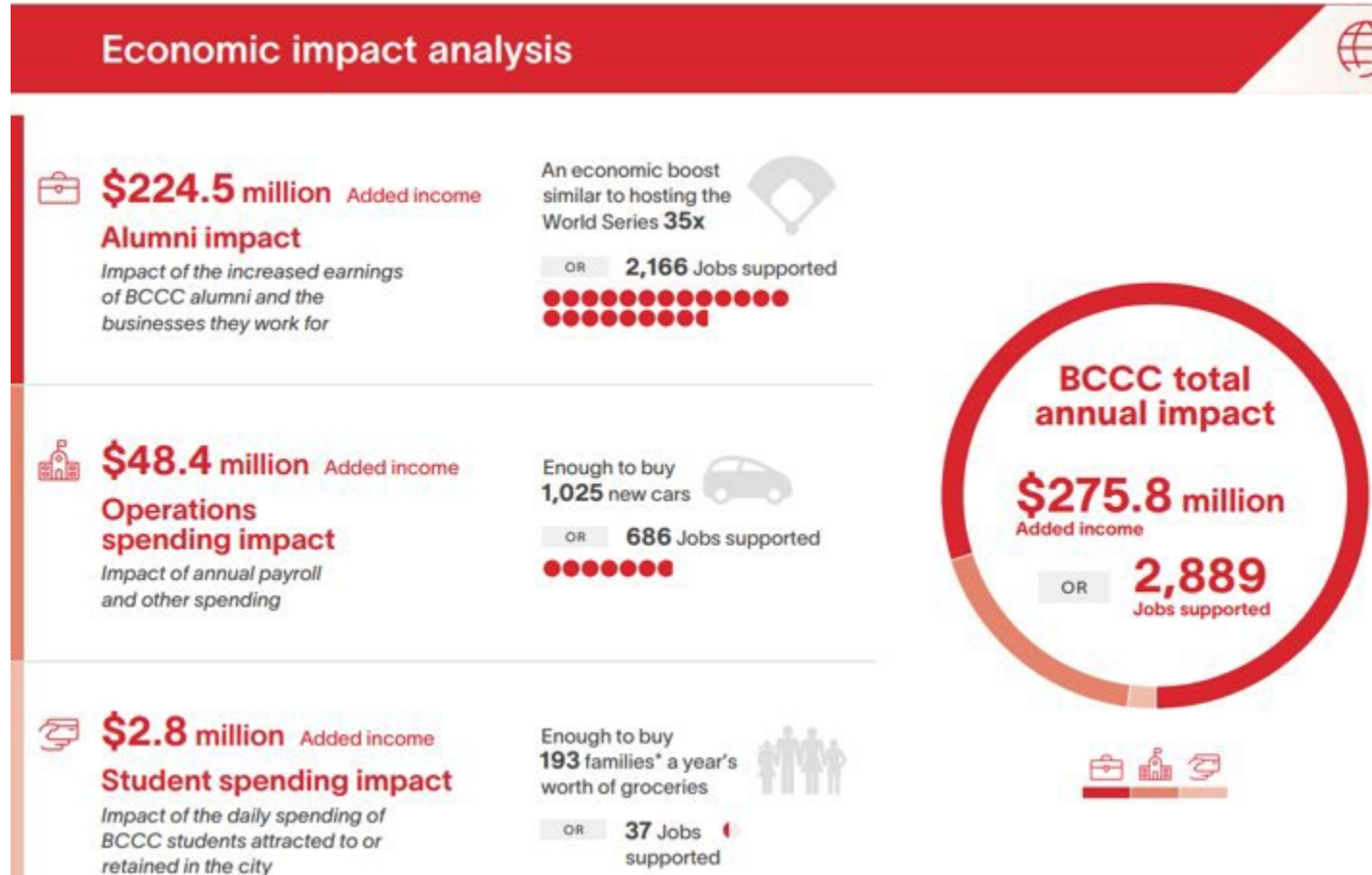
Excellence

Leadership

Professionalism

Diversity

ECONOMIC IMPACT



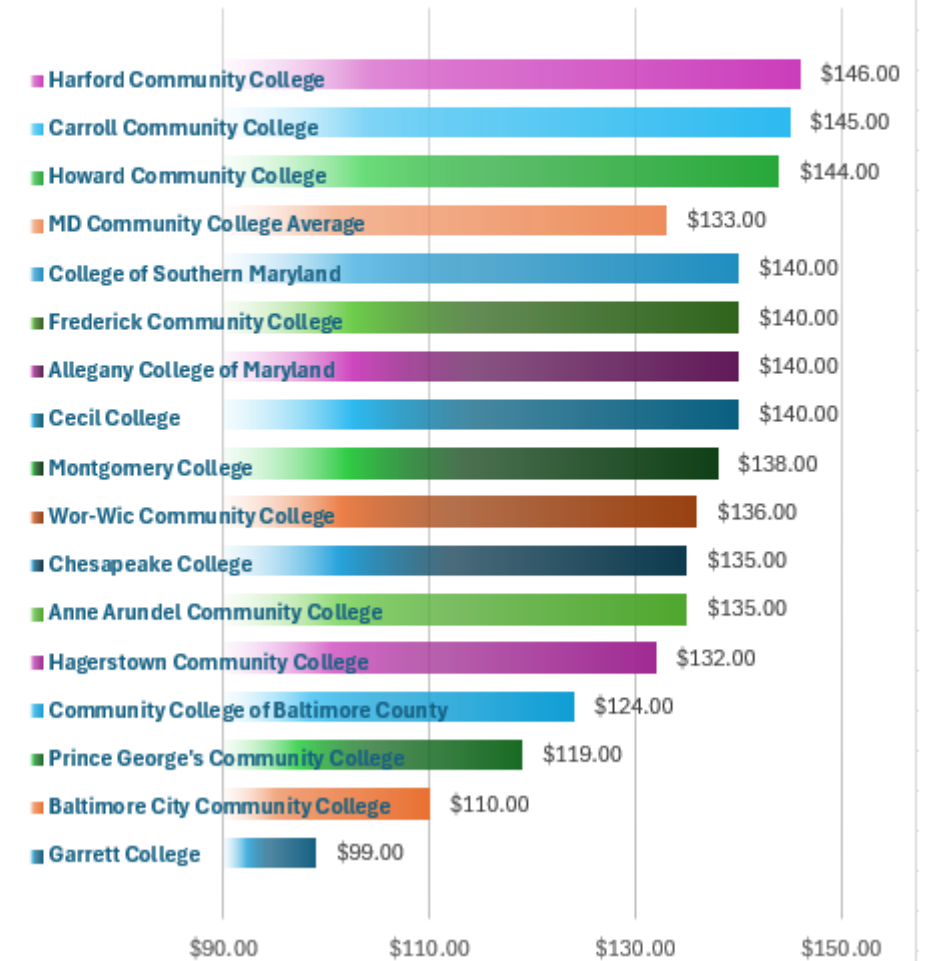
BCCC influences both the **lives of its students** and the **regional economy**.

Source: FY23 BCCC Economic Impact Study | lightcast.io/solutions/education

ACCESS & AFFORDABILITY

- ❖ BCCC has Baltimore's lowest tuition and remains Maryland's 2nd lowest tuition
- ❖ In-state tuition rate at \$110 per credit hour since Fall 2017
- ❖ Full-time at 12 credits, students can take an additional six credits at no additional cost
- ❖ As a State agency, no out-of-county tuition rate

MARYLAND 2-YEAR COMMUNITY COLLEGE TUITION PER CREDIT HOUR (FALL 2026 - IN-STATE IN-COUNTY)



Enrollment Planning: MHEC Credit Headcount Projections Fall 2025 to Fall 2035





MARYLAND HIGHER EDUCATION COMMISSION

Enrollment Projections for Maryland
Colleges and Universities 2026-2035

May 2026

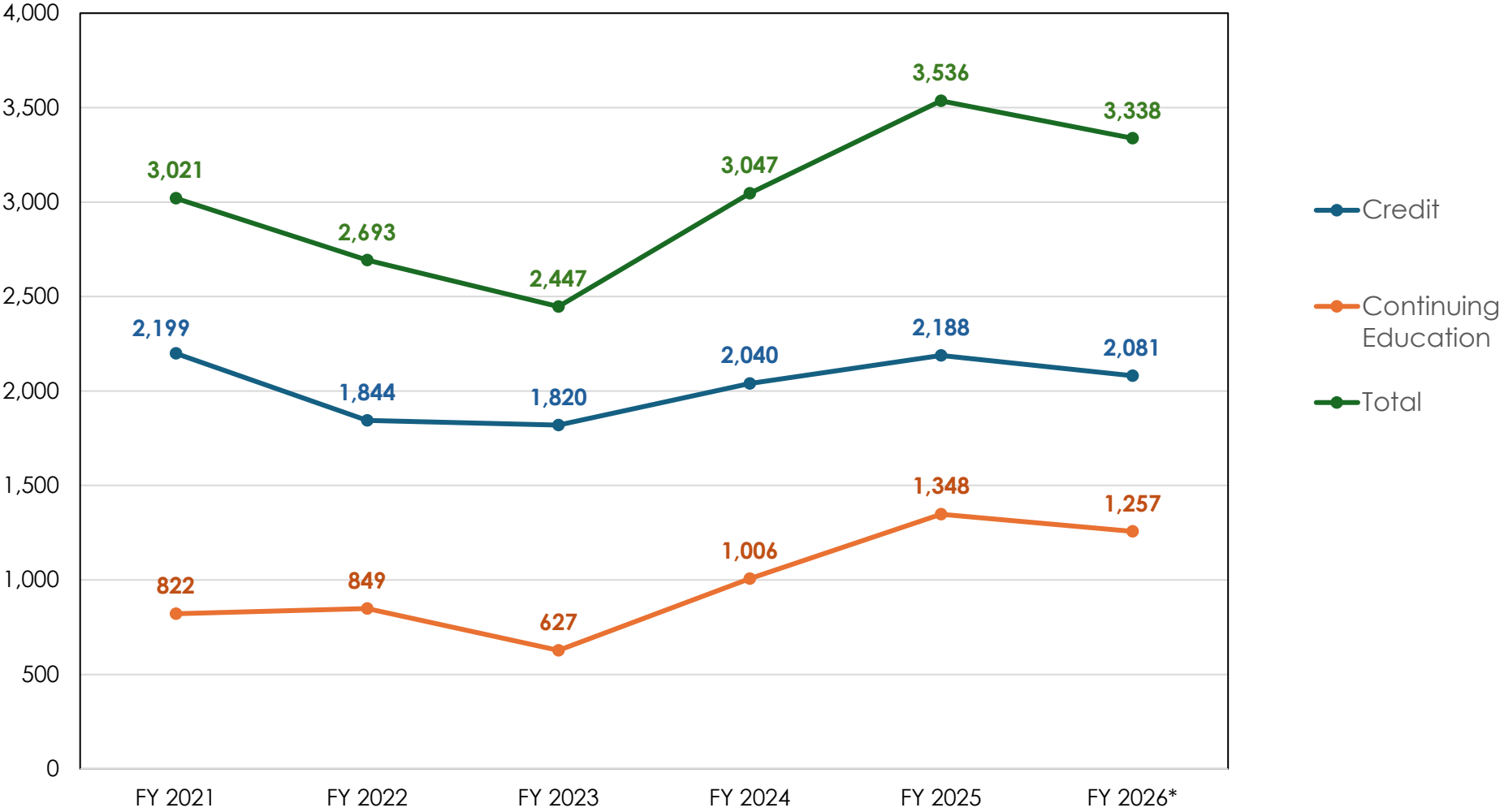
Authorized by The Maryland Higher
Education Commission

Projections of Potential Enrollment at Maryland Community Colleges								
	Actual				10-Year Projections			
	Fall 25	Fall 25	FY 25	FY 25	Fall 35	Fall 35	FY 36	FY 36
	Undergraduate headcount		FTE	Non-credit FTE	Undergraduate headcount		FTE	Non-credit FTE
	Full-time	Part-time			Full-time	Part-time		
Anne Arundel Community College	3,093	9,019	6,985	2,079	3,885	9,746	8,301	2,492
Allegany College of Maryland	791	1,837	1,643	631	979	1,991	1,819	485
Baltimore City Community College	905	3,291	2,446	1,348	1,120	3,627	2,697	1,591
Carroll Community College	882	2,396	1,916	422	1,091	2,596	2,166	485
Community College of Baltimore County	4,647	13,045	9,764	4,393	5,749	14,104	12,269	4,237
Cecil College	599	1,272	1,053	318	735	1,378	1,320	373
Chesapeake College	427	1,823	1,119	575	530	1,921	1,307	698
College of Southern Maryland	1,957	3,395	3,403	583	2,410	3,679	4,427	629
Frederick Community College	2,021	5,483	4,297	547	2,500	5,941	5,055	510
Garrett College	406	334	453	193	502	330	630	186
Hagerstown Community College	1,403	3,830	2,855	895	1,736	4,174	3,478	768
Harford Community College	1,647	3,711	3,078	693	2,179	4,008	3,854	798
Howard Community College	2,261	6,607	5,632	1,109	2,797	7,235	6,572	1,264
Montgomery College	6,819	13,153	12,564	2,506	8,436	14,198	15,409	2,749
Prince George's Community College	3,571	8,783	7,235	3,261	4,418	9,417	8,976	3,673
Wor-Wic Community College	482	2,547	1,716	790	596	2,760	1,917	717
Total Community Colleges	31,911	80,526	66,159	20,344	39,663	87,105	80,197	21,654

Fiscal Year/ Fall Term	Actual		Projections										% Change FY 2026 to FY 2036
	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035	FY 2036	
	Fall 2024	Fall 2025	Fall 2026	Fall 2027	Fall 2028	Fall 2029	Fall 2030	Fall 2031	Fall 2032	Fall 2033	Fall 2034	Fall 2035	
Full-time	840	905	927	948	970	991	1,013	1,034	1,056	1,077	1,099	1,120	23.8%
Part-time	3,535	3,291	3,325	3,358	3,392	3,425	3,459	3,493	3,526	3,560	3,593	3,627	10.2%
Total	4,375	4,196	4,251	4,306	4,361	4,416	4,472	4,527	4,582	4,637	4,692	4,747	8.5%
% Change from Prior Year	11.1%	-4.1%	1.3%	1.3%	1.3%	1.3%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	

Source: Maryland Higher Education Commission (MHEC) *Enrollment Projections for Colleges and Universities 2026-2035*.
MHEC provides one year of actual enrollment counts and a projection for 10 years in the future.
The interim years reflect an even distribution of the total 10-year headcount increase (551). | Office of Institutional Research

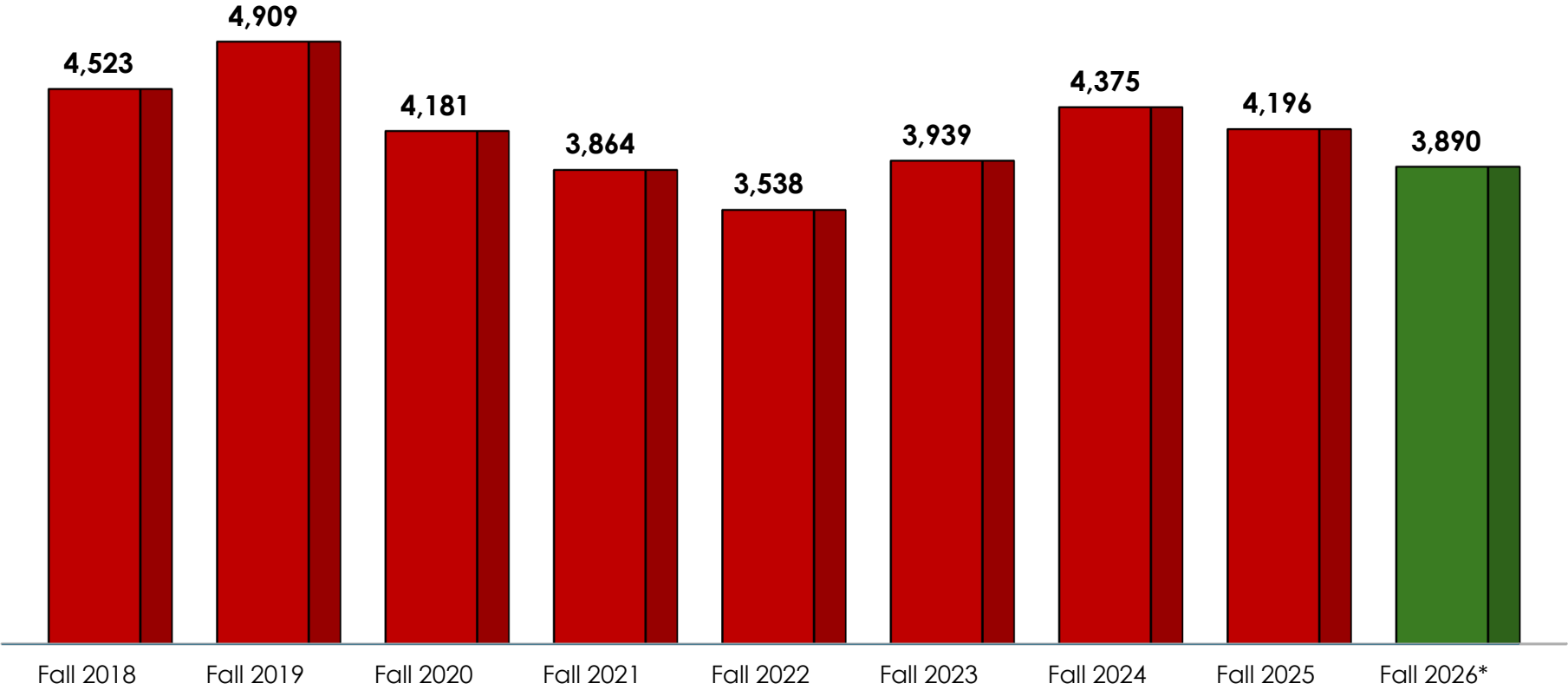
Enrollment: Full-time Equivalents (FTEs) Eligible for State Aid



Enrollment Report: Fall Credit Enrollment Trends

Target Based on MHEC
Projections: 4,251

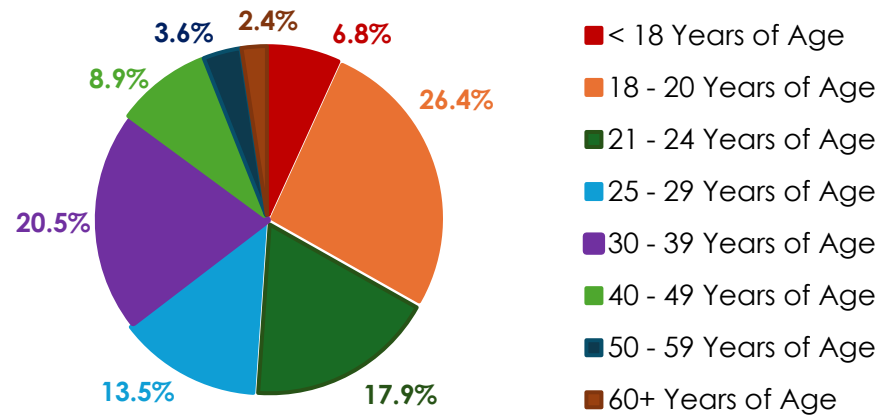
Fall 2026 Classes Began: August 26th
Last Day to Register: October 20th



Fall 2020 – 2025 Source: Enrollment Information System files submitted to MHEC.
*Fall 2026 Source: BCCC Student Information System as of September 14, 2026. | Office of Institutional Research

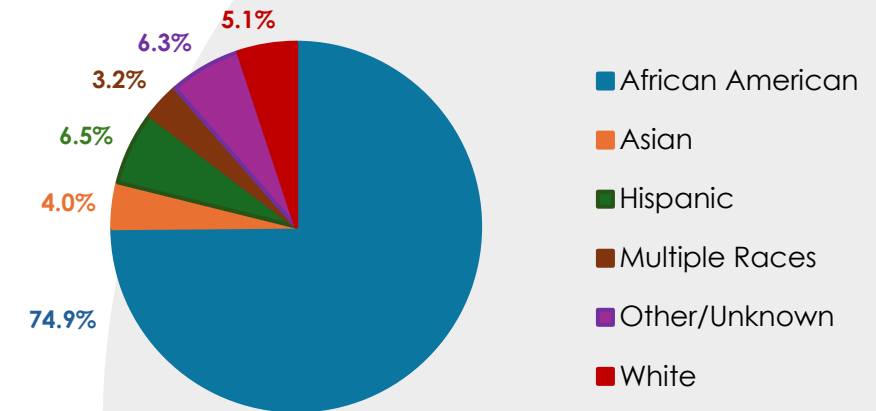
Enrollment: Fall 2026* Credit Student Demographics

Age

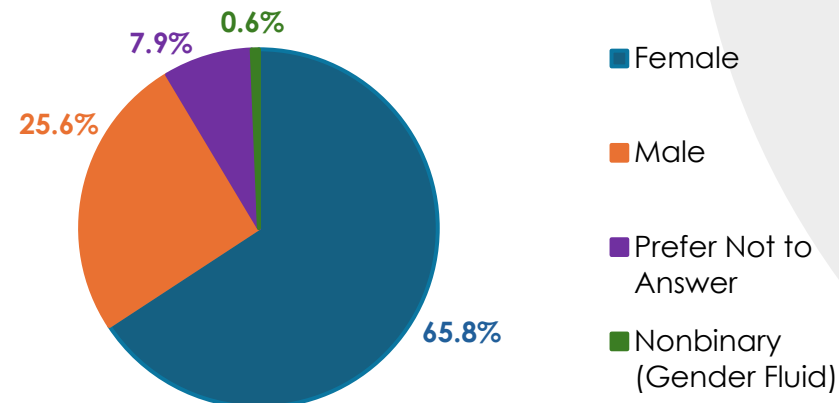


Average Age = 28.2

Race/Ethnicity

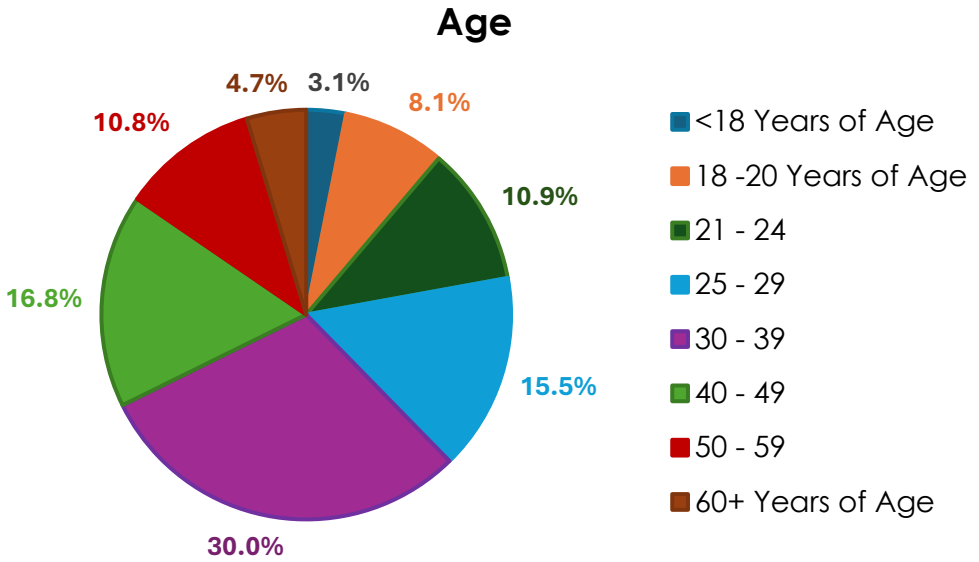


Gender

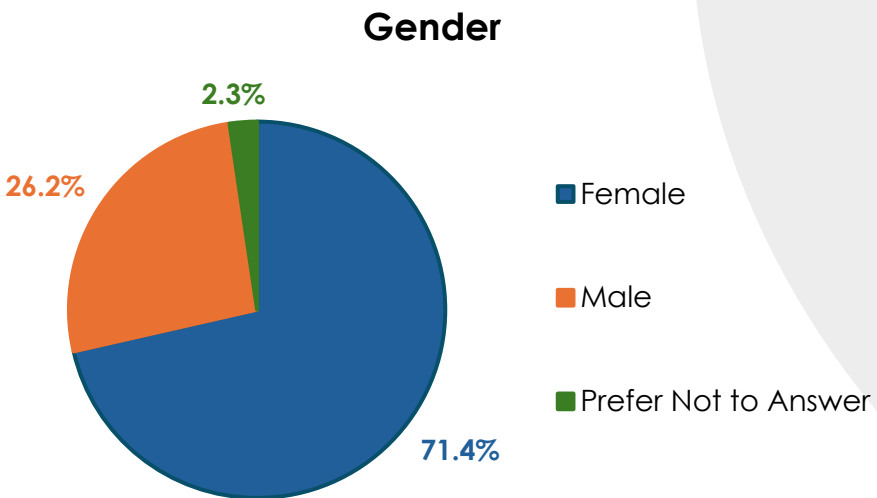
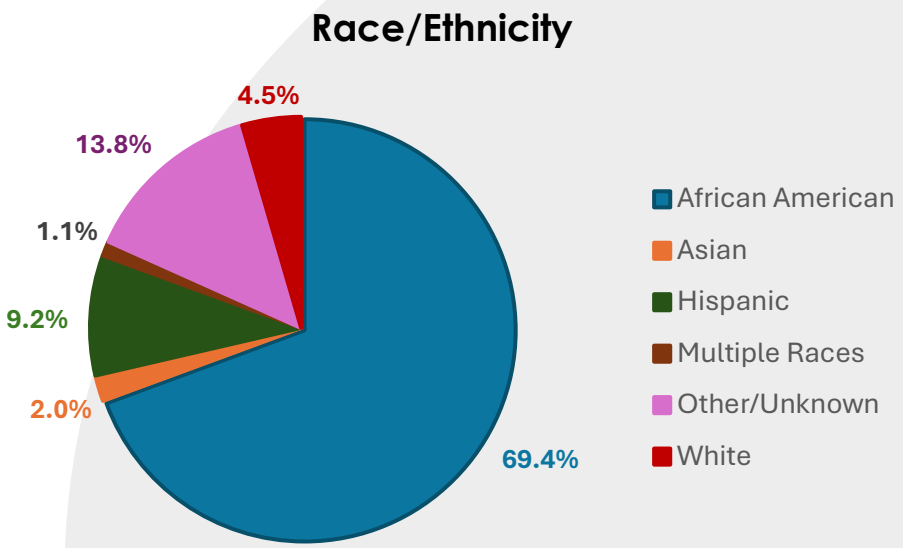


* Source: Student Information System as of September 14, 2026 | Office of Institutional Research

Enrollment Report: Non-credit Fall 2026* Student Demographics



Average Age = 35.5



2018 LEGISLATIVE 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)

2026-2029 STRATEGIC PLAN FRAMEWORK (Task #12)

Delivering Our Promise

- **1.1 Innovation & Outcomes – The Student Experience**

Delivering a student-centered experience that addresses the needs of industry for economic mobility and equip students to thrive in a competitive and evolving workforce.

- **1.2 Deliberate Retention Approaches**

Leveraging focused retention strategies to improve student retention and maximize completion rates.

- **1.3 Designing Student-first Processes**

Designing and simplifying institutional processes to prioritize the student.

- **1.4 Market-Focused Career Pathways**

Developing academic and training programs aligned with current and future market demands that support clear pathways to career success.

Aligning Our Strengths

- **2.1 Empowered & Courageous – Our Panther Community**

Building a culture of belonging and transparency by enhancing communication and engaging the community in shared governance.

- **2.2 Budget Process Built for Innovation** Developing a resource allocation strategy that drives innovation and supports the institution's vision for transformative education.

- **2.3 Leveraging Technology, Data, and Systems for Institutional Success** Utilizing technology and data-driven practices to strengthen institutional operations.

- **2.4 Supporting Extraordinary Talent** Attracting, retaining, and developing a high-performing workforce that celebrates and values employees.

Expanding Our Reach

- **3.1 Trusted & First – The Partner of Baltimore**

Building partnerships that position the institution as a trusted leader and first choice in Baltimore and beyond.

- **3.2 Our Students, Our Story**

Sharing compelling student success stories to showcase the college's impact.

- **3.3 From Realigned to Resolved Partnering** with institutional partners to demonstrate achievements and to move beyond realignment.

- **3.4 Community Spaces that Connect and Activate**

Creating dynamic, inclusive spaces that bring communities together to foster meaningful interactions, learning, and collaboration.

FY 2028 Projected Positions & Programs

Number of Positions

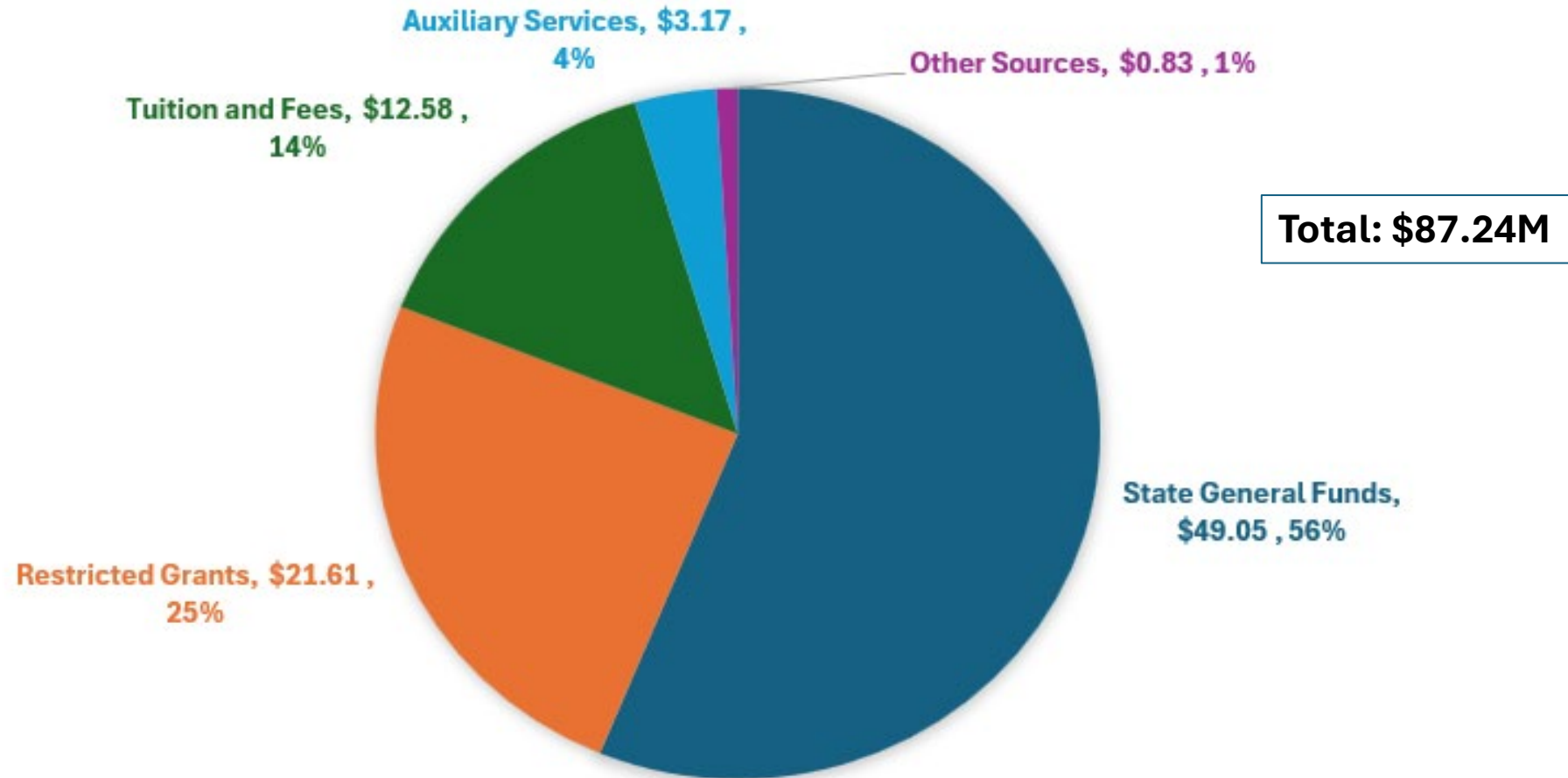
- **Faculty = 115**
- **Non-faculty Staff = 322**

Number of Academic Programs

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

Operating Budget FY 2028* – Revenues

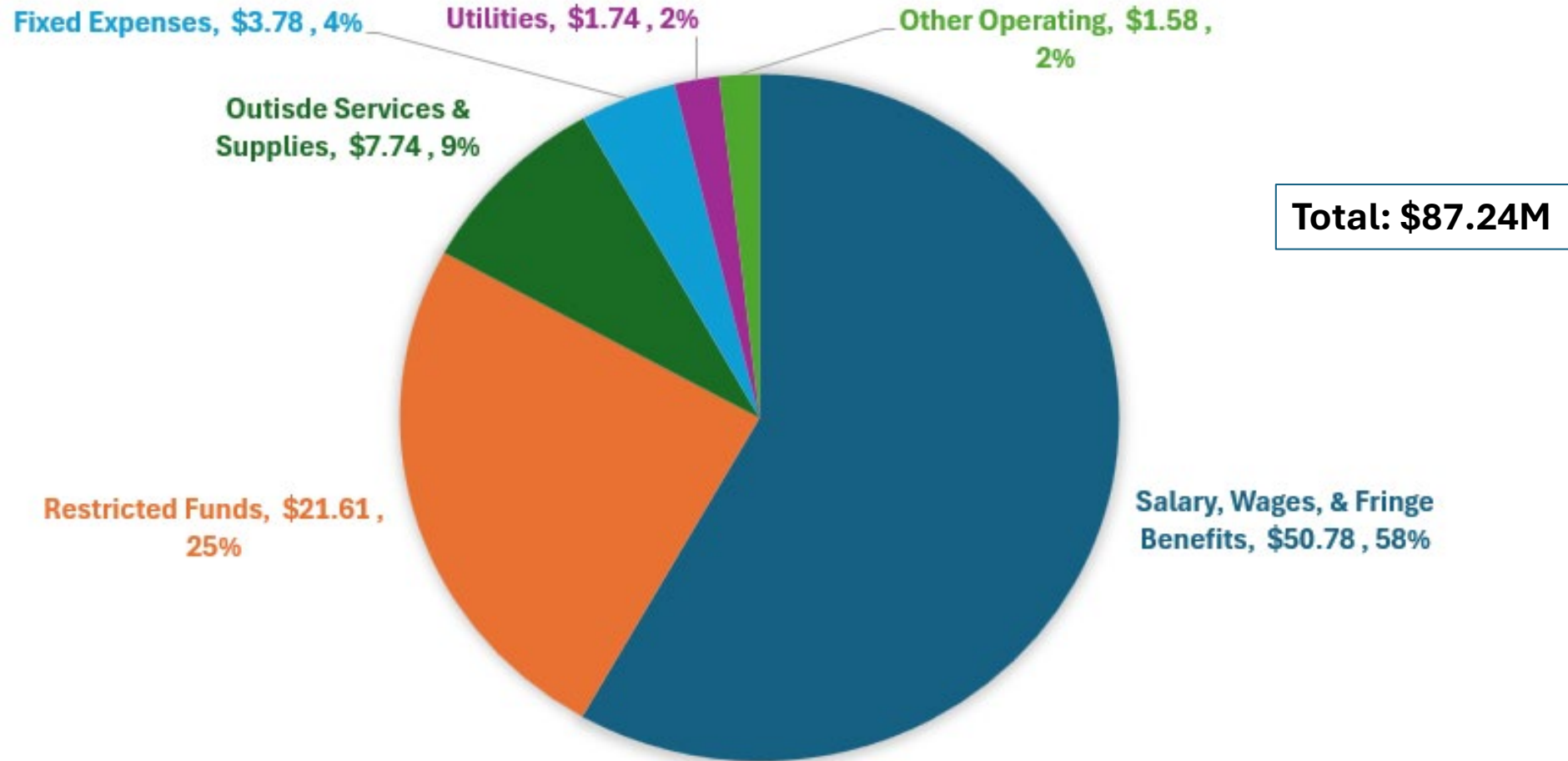
(\$ in millions ; % of BCCC)



* As submitted to the State for the FY 2028 budget request; final Governor budget will be adopted and released in April 2027.

Operating Budget FY 2028* – Expenses

(\$ in millions ; % of BCCC)



* As submitted to the State for the FY 2028 budget request; final Governor budget will be adopted and released in April 2027.

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, 2026.

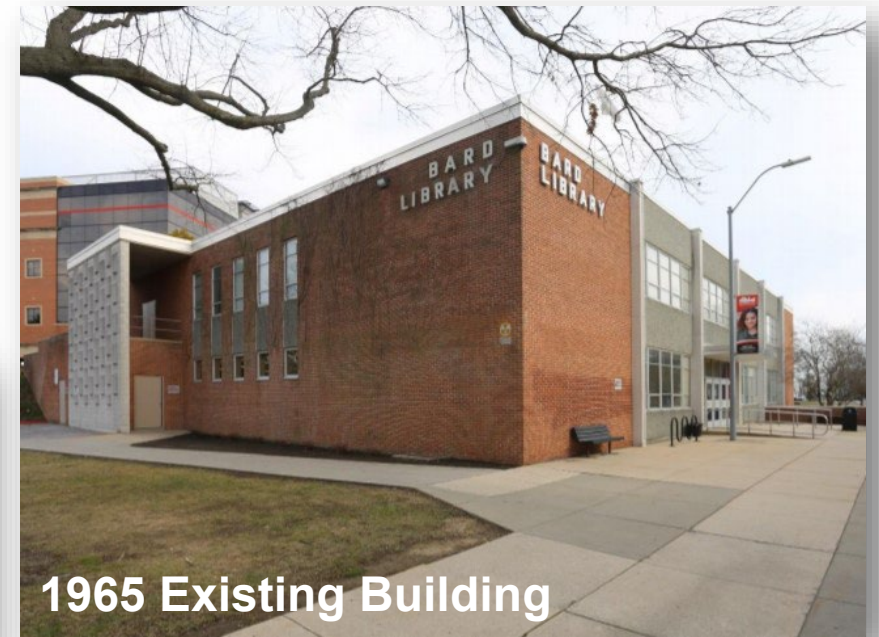
- ❖ Current Projections for New Issuances & Rating Agency Update:
 - BCCC is currently assessing its position to issue debt.

- ❖ Ten-Year Projection:
 - Any projected bond issuance has not yet been determined.

FY 2028 Capital Budget Request Priority #1

Learning Commons Renovation and Addition

- 49,298 Gross Square Footage
- Renovate and expand the existing Bard Library
- Function as the core common space on the main campus
- The Bard Library is 61 years old and functionally obsolete
- Projected Total Cost: \$46,058,000



FY 2028 Capital Budget Request Priority #2

Nursing Building Renovation and Addition



- Built in 1977 - 36,668 Square Footage
- Insufficient space to meet enrollment demand and is not configured for a modern nursing education curriculum.
- New facility will provide nursing simulation suites that meet current hospital and accreditation standards.
- New facility includes Nursing, Respiratory Care, Surgical Technology, Physical Therapist Assistant.
- New programs include Radiology Technician and Occupational Therapy Assistant.
- New Project SF: 44,159 SF
- Projected Total Cost: \$49,136,000

FY 2028 Capital Budget Request Priority #3

Deferred Maintenance - \$22,000,000

**Replace LSB Compressed
Air System**

\$500,000

**Replace Air Handlers and
Hot Water Boilers at the
West Pavilion**

\$3,100,000

**Physical Education Center
Replace Hot Water Boilers
and Front Chiller**

\$1,400,000

**Electrical Grid Upgrade
Phase 1**

\$2,500,000

**Emergency Generators
Upgrade**

\$3,500,000

**Fine Arts Curtainwall –
additional funding**

\$4,000,000

**Campus Wayfinding
Signage**

\$500,000

**Campus-Wide
Controls/BAS with
Submetering**

\$3,000,000

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

\$3,500,000

FY 2028 Capital Budget Request Priority #4



North Pavilion Demolition and Site Restoration

- 24,906 Square Feet
- Constructed in 1996; Closed since 2015
- Not usable as an academic space
- Demolish the vacant North Pavilion
- Uninhabitable and deemed unsafe
- Convert to CDL driving site
- Projected Total Cost: \$2,336,000

FY 2028 Capital Budget Request Priority #5



Wellness Center ~ Planning

- Wellness Center adjacent to existing Physical Education Center.
- Expand the recreation, health, and physical therapy instructional spaces for students, staff, and community partners.
- Recreational needs of the students, staff, and community partners
- Project Cost \$41,439,000

FY 2028 Capital Budget Request Priority #6

Facilities Replacement Building



- **5,640 Square Footage**
- **Trailer that has exceeded its useful life.**
 - **Failures of the roof, exterior walls, interior finishes, and building systems.**
- **Existing storage spaces.**
 - **Consists of several sheds in poor condition dispersed across campus.**
- **The project will centralized office and storage space.**
- **Construct a new facility to house office, shop, garage, and storage areas.**
- **New Building 12,210 GSF**
- **Projected Total Cost: \$8,830,000**



Center for Innovation at the Harbor

FY 2028 Capital Budget Request for Design
Overall Project Cost: \$154,758,000

Phase 2 : Redevelopment
2020 Facilities Master Plan:

Academic Offerings:

1. Science (Biology, Chemistry) and healthcare (simulation labs)
2. BioPark duplicated program review
3. Criminal Justice, Aviation, Space Engineering, Behavioral Health treatment
4. Engineering (Mechanical, Electrical), Computer Science (Cyber Labs, Simulation)
5. Hospitality Management (Culinary Arts)
6. General Education Classes (Math, Science, English, Speech, Psychology, Communications)
7. Workforce Development (Construction), Continuing Education, GED, Adult Basic Education, ESL
8. Large gathering spaces for events

Baltimore City Community College
Dr. Debra L. McCurdy, President
Dr. Janet Wormack, VP Finance &
Administration
September 22, 2026

Capital Debt Affordability Committee

**Wes Moore, Governor
State of Maryland**

QUESTIONS?