

Capital Debt Affordability Committee

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

Agenda

July 16, 2012

2:00 PM

Treasurer's Opening Comments

Background:

2012 Legislative Session General Assembly Actions

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

Status of Affordability Ratios

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

Review of the Size and Condition of Tax Supported Debt:

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

General Obligation Bonds

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

Capital Leases

Kina Johnson-Malcolm, Debt and Lease Administrator, State Treasurer's Office

Consolidated Transportation Bonds

June Hornick, Debt Manager, Maryland Department of Transportation

Garvee Bonds

Alison Williams, Director, Debt Management, Maryland Transportation Authority

Maryland Stadium Authority

David Raith, Chief Financial Officer, Maryland Stadium Authority

Bay Restoration Bonds

Jag Khuman, Director, Maryland Water Quality Financing Administration

2012 Legislative Session
General Assembly Actions

2012 Legislative Session General Assembly Highlights

Setting Debt Limits

- **Limited New General Obligation (GO) Bond Debt to \$1,075 Million:** In 2011, the Capital Debt Affordability Committee (CDAC) and Spending Affordability Committee (SAC) recommended that net GO bond debt authorized at the 2012 legislative session be limited to \$1,075 million. Consistent with recommendations, the capital budget bill (Senate Bill 151/Chapter 444) authorizes \$1,075 million in net GO debt, \$1,119 million in new GO debt offset by deauthorizing \$44 million in previously authorized GO debt.
- **New Academic Revenue Debt Limited to \$32 Million:** CDAC and SAC recommended that academic revenue bond debt issued in fiscal 2013 be limited to \$32 million, which was authorized in Senate Bill 1036 (Chapter 638). This includes an additional \$5 million to match \$5 million in GO bonds supporting facilities renewal projects.

Additional Bond Authorizations

- **Qualified Zone Academy Bonds (QZABs):** The General Assembly also authorizes \$15.3 million in QZABs in Senate Bill 1303 (Chapter 3 of the 2012 Special Session). This is the federal 2010 allocation that must be issued by the end of calendar 2012.
- **GO Bonds Preauthorized:** The General Assembly authorizes \$339 million in GO bonds that take effect in fiscal 2014, \$105 million in fiscal 2015, and \$51 million in fiscal 2016. **Appendix 1** identifies the preauthorized projects.

Additional Revenues

- **General Funds:** During the 2012 Special Session, the State and Local Revenue and Financing Act (Senate Bill 1302/Chapter 2 of the 2012 Special Session) was enacted to increase State general fund revenues. The Department of Legislative Services (DLS) estimates that this will provide almost \$200 million in additional revenues in fiscal 2014, most of which are attributable to increases to income tax rates. Additional revenues provide the State with increased debt capacity, which can be used to increase authorizations or increase unused capacity to guard against exceeding the debt limit if revenues decline.
- **Bay Restoration Funds:** House Bill 446 (Chapter 150) generally doubled the Bay Restoration Fee, which supports Bay Restoration Bonds. The Administration programmed an additional \$77 million in GO bonds in the 2012 *Capital Improvement Program* to support improvements to wastewater treatment plants. DLS estimates that an additional \$70 million will be needed to close the funding gap, primarily due to changes made to the legislation.

Appendix 1

Pre-authorizations Included in the MCCBL of 2012 for 2013 through 2015 Sessions

<u>Project Title</u>	<u>2013 Session</u>	<u>2014 Session</u>	<u>2015 Session</u>
BPW: Old Senate Chamber	\$5,100,000		
DNR: Program Open Space – Local	17,846,000	\$10,899,000	
DNR: Program Open Space – Stateside	15,093,000	7,900,000	
DNR: Rural Legacy	9,456,000	4,867,000	
MDA: Agricultural Land Preservation Program	12,653,000	6,134,000	
DHMH: Henryton Center – Abate Asbestos and Raze Buildings	3,050,000		
DPSCS: House of Correction Deconstruction	3,022,000		
UMCP: New Bioengineering	5,000,000		
TU: Campuswide Safety and Circulation	7,812,000		
FSU: Center for Communications and Information Technology	4,700,000		
CSU: New Science and Technology Center	47,050,000		
SU: New Library	4,000,000	49,000,000	\$51,200,000
UMBC: Campuswide Safety and Circulation	10,000,000		
UMBC: New Performing Arts Complex	30,600,000		
USM: Biomedical Sciences Engineering Shady Grove	5,000,000		
MHEC: Community College Grant Program	30,437,000		
MSU: New School of Business Complex	43,550,000	3,050,000	
DJS: Southern Maryland Children’s Center	2,068,000		
DSP: Helicopter Replacement	24,250,000	8,000,000	
MISC: InterCounty Connector	21,475,000		
MISC: Ocean City Convention Center Expansion	3,500,000		
MISC: Maryland School for the Blind	5,000,000		
MISC: Johns Hopkins High Performance Data Center	12,000,000	15,000,000	
MISC: Southern Maryland Higher Education Center	10,000,000		
MISC: St. Mary’s County Detention Center	6,266,000		
Total	\$338,928,000	\$104,850,000	\$51,200,000

BPW: Board of Public Works
 CSU: Coppin State University
 DJS: Department of Juvenile Services
 DNR: Department of Natural Resources
 DHMH: Department of Health and Mental Hygiene
 DPSCS: Department of Public Safety and Correctional Services
 DSP: Department of State Police
 FSU: Frostburg State University
 MCCBL: Maryland Consolidated Capital Bond Loan

MDA: Maryland Department of Agriculture
 MHEC: Maryland Higher Education Commission
 MISC: miscellaneous
 MSU: Morgan State University
 SU: Salisbury University
 TU: Towson University
 UMBC: University of Maryland Baltimore County
 UMCP: University of Maryland, College Park
 USM: University System of Maryland Office

Note: The proposed pre-authorization for the MHEC Community College Grant Program would allow for the split funding of community college projects started last session by the legislature. This year’s list includes \$11.7 million for the Cecil College Engineering and Math Building; \$1.1 million for the Anne Arundel Community College Administration Building Renovation and Expansion; \$12.95 million for the Community College of Baltimore County Catonsville F Building Renovation and Expansion; and \$4.7 million for the Harford Community College New Nursing and Allied Health Building.

General Obligation Bonds

An Update of the Condition of
Maryland GO Bonds
for the
2012 Capital Debt Affordability
Committee

Topics of Discussion

- Fiscal Year 2012 – Year in Review
- Amount of Bonds Issued in Prior Five Fiscal Years
- Amount Outstanding and Amount Authorized but Unissued as of June 30, 2012
- Current Projections for New Issuances
- Debt Service Projections for the next 10 Fiscal Years
- Status of Refunding Potential
- Status of Taxable Debt
- Use of Variable Rate Debt, Derivatives, GICS

Fiscal Year 2012 – Year in Review

Fiscal Year 2012 Bond Sales Totaling \$1,505.7 Million

Series	Dates of Sales	Tax-Exempt Competitive	Tax-Exempt Negotiated	Taxable Direct Subsidy	Tax-Exempt Refunding	Maturities	Overall Tax-Exempt TIC
(\$ in millions)							
2011 Second Series A	7/22/11 & 7/25/11		\$71.7			2014 -2021, 2023-2025	2.98%
2011 Second Series B	7/27/11	\$418.3				2014-2026	
2011 Second Series C QZAB	7/27/11			\$15.9		2026	.07% (a)
2011 Second Series D QECB	7/27/11			\$6.5		2026	.62% (a)
2011 Second Series E	9/13/11				\$254.9	2014-2019	1.20%
2012 First Series A	3/2/12 & 3/5/12		\$56.1			2015-2027	2.40%
2012 First Series B	3/7/12	\$543.9				2015-2027	
2012 First Series C	3/7/12				\$138.4	2016,2018, 2021-2022	1.69%

(a) The 2011 Qualified Zone Academy Bonds (QZABs) and the 2011 Qualified Energy Conservation Bonds (QECBs) are special, federally-authorized taxable direct subsidy bonds where the subsidy payment is equal to the lesser of the tax credit rate as determined by the U.S. Treasury or the taxable interest rate on the bonds as established at the time of the sale. The State will receive 100% of the interest as a direct subsidy for the 2011 Second Series C QZAB and 70% of the interest as a direct subsidy for the 2011 Second QECB.

Fiscal Year 2012 – Year in Review

Debt Savings in FY 2012

DATE	SERIES	ISSUE SIZE	ISSUE	PV SAVINGS
August 2011	2011 Second Series C	\$15,900,000	QZAB Direct Subsidy Bonds	\$6,041,292
August 2011	2011 Second Series D	\$6,500,000	QECCB Direct Subsidy Bonds	\$2,029,863
September 2011	2011 Second Series E	\$254,915,000	Tax-Exempt Refunding Bonds	\$11,090,862
March 2012	2012 First Series C	\$138,380,000	Tax-Exempt Refunding Bonds	\$10,239,007
TOTALS				\$29,401,023

Savings for QZABs and QECCBs are calculated compared to tax-exempt yields at the time of issue.

Amount of Bonds Issued in Prior Five Fiscal Years

- Beginning in FY 2008 through FY 2012, Maryland has issued \$6,110.7 million in General Obligation Bonds consisting of:
 - \$4,131.8 million in tax-exempt bonds
 - \$583.2 million in taxable, direct subsidy Build America Bonds
 - \$1,257.2 million in tax-exempt refunding bonds
 - \$95.5 million in Qualified School Construction Bonds (QSCBs)
 - \$36.6 million in taxable, direct subsidy Qualified Zone Academy Bonds (QZABs)
 - \$6.5 million in taxable, direct subsidy Qualified Energy Conservation Bonds (QECBs)

Amount Outstanding and Amount Authorized but Unissued as of June 30, 2012

- The total General Obligation Debt Outstanding as of June 30, 2012 is \$7.54 billion.
- The total amount of debt authorized but unissued as of June 30, 2012 is \$2.33 billion.
- The following slide illustrates the trends in the amounts of GO debt outstanding and the amounts that have been authorized but unissued since 1990.

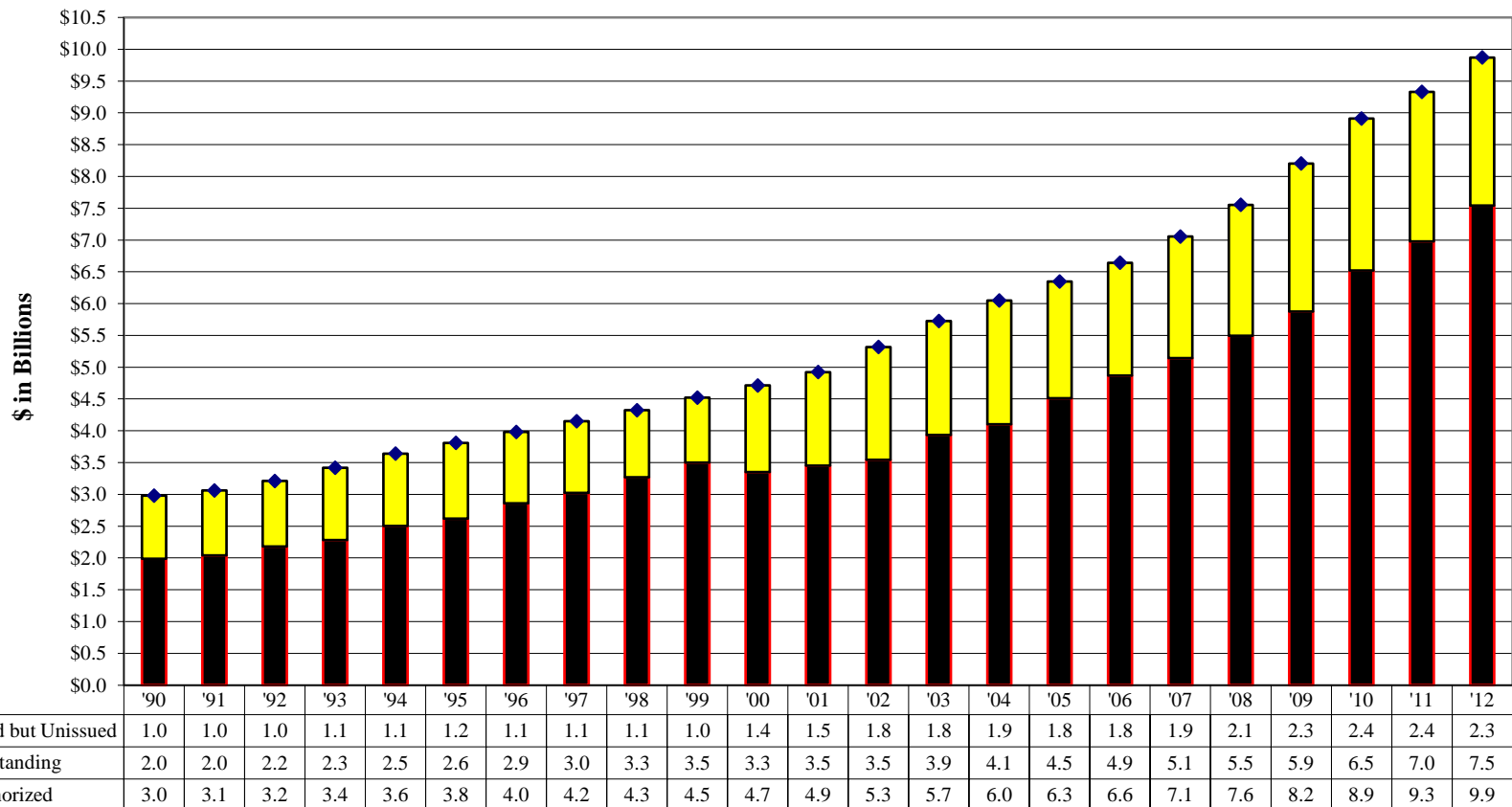
Historical Data - General Obligation Debt
(\$ in thousands)

Fiscal Year	Summary of Authorizations				Summary of Debt Activity				Summary of Debt Service				
	Authorized	Cancelled	New Issuances	Authorized but Unissued	New Issuances	Refunding	Redeemed	Refunded	Outstanding at Fiscal Year End	Gross Total	Repayable	Assumed	Net
	(a)												
1973	\$463,565	\$9,152	\$193,505	\$1,256,159	\$193,505		\$51,017		\$1,018,664	\$88,836	(\$9,912)	\$45,766	\$35,854
1974	\$412,827	\$16,058	\$162,150	\$1,490,778	\$162,150		\$59,823		\$1,120,991	\$105,394	(\$9,405)	\$45,684	\$36,279
1975	\$375,956	\$35,267	\$353,615	\$1,477,852	\$353,615		\$72,452		\$1,402,154	\$125,787	(\$11,581)	\$44,674	\$33,094
1976	\$180,181	\$20,465	\$391,605	\$1,245,963	\$391,605		\$83,416		\$1,710,343	\$155,462	(\$11,072)	\$44,186	\$33,114
1977	\$169,908	\$653	\$448,200	\$967,018	\$448,200		\$44,200		\$2,065,910	\$184,751	(\$11,963)	\$43,425	\$31,462
1978	\$190,896	\$4,577	\$218,145	\$935,192	\$218,145		\$111,095		\$2,172,960	\$216,797	(\$14,066)	\$42,459	\$28,393
1979	\$155,887	\$61,422	\$115,350	\$914,307	\$115,350		\$134,235		\$2,154,075	\$244,653	(\$14,503)	\$39,599	\$25,096
1980	\$205,510	\$72,819	\$117,310	\$929,688	\$117,310		\$162,255		\$2,109,130	\$269,054	(\$15,052)	\$37,425	\$22,373
1981	\$182,418	\$16,335	\$271,065	\$824,706	\$271,065		\$176,140		\$2,204,055	\$286,003	(\$15,946)	\$35,841	\$19,895
1982	\$184,998	\$22,391	\$188,180	\$799,133	\$188,180		\$184,575		\$2,207,660	\$311,372	(\$16,253)	\$33,947	\$17,694
1983	\$190,250	\$8,851	\$392,230	\$588,301	\$392,230		\$190,000		\$2,409,890	\$330,491	(\$14,062)	\$28,328	\$14,266
1984	\$203,150	\$24,467	\$116,700	\$650,284	\$116,700		\$212,275		\$2,314,315	\$361,279	(\$12,750)	\$27,209	\$14,459
1985	\$331,387	\$11,187	\$138,990	\$831,495	\$138,990		\$222,010		\$2,231,295	\$380,089	(\$11,809)	\$24,146	\$12,337
1986	\$219,034	\$49,892	\$124,585	\$876,052	\$124,585		\$245,805		\$2,110,075	\$396,768	(\$9,204)	\$20,227	\$11,023
1987	\$230,950	\$7,575	\$164,645	\$934,782	\$164,645		\$244,305		\$2,030,415	\$394,568	(\$5,104)	\$16,441	\$11,337
1988	\$254,228	\$13,601	\$304,860	\$870,549	\$304,860		\$244,455		\$2,090,820	\$389,993	(\$4,649)	\$13,635	\$8,986
1989	\$294,997	\$3,545	\$160,000	\$1,002,000	\$160,000		\$245,460		\$2,005,360	\$393,388	(\$4,240)	\$10,293	\$6,053
1990	\$328,219	\$103,063	\$234,227	\$992,930	\$234,227		\$252,681		\$1,986,906	\$395,118	(\$4,260)	\$8,317	\$4,057
1991	\$329,200	\$2,570	\$296,787	\$1,022,773	\$296,787		\$245,256		\$2,038,437	\$388,400	(\$1,349)	\$6,547	\$5,198
1992	\$349,979	\$1,000	\$340,000	\$1,031,752	\$340,000		\$200,238		\$2,178,199	\$345,897	(\$1,353)	\$5,648	\$4,295
1993	\$369,995	\$2,320	\$260,410	\$1,139,018	\$260,410	\$147,740	\$176,479	\$130,475	\$2,279,395	\$322,251	(\$1,358)	\$3,156	\$1,798
1994	\$379,889	\$1,417	\$380,365	\$1,137,125	\$380,365	\$207,390	\$183,106	\$180,040	\$2,504,004	\$323,618	(\$654)	\$2,146	\$1,492
1995	\$389,960	\$1,111	\$335,000	\$1,190,958	\$335,000		\$219,936		\$2,619,069	\$373,485	(\$653)	\$1,357	\$704
1996	\$412,088	\$12,425	\$470,000	\$1,119,919	\$470,000		\$229,134		\$2,859,935	\$382,125	(\$652)	\$1,360	\$708
1997	\$416,133	\$2,114	\$410,000	\$1,124,656	\$410,000		\$244,541		\$3,025,394	\$401,799	(\$647)	\$347	(\$300)
1998	\$442,999	\$15,142	\$500,000	\$1,052,513	\$500,000		\$254,869		\$3,270,525	\$417,900	(\$642)	\$64	(\$578)
1999	\$448,745	\$5,764	\$475,000	\$1,020,898	\$475,000		\$245,297		\$3,500,238	\$417,646	(\$124)	\$0	(\$124)
2000	\$471,786	\$3,659	\$125,000	\$1,363,620	\$125,000		\$276,362		\$3,348,872	\$459,156	\$0	\$0	\$0
2001	\$513,250	\$3,612	\$400,000	\$1,473,258	\$400,000		\$297,966		\$3,450,900	\$470,868	\$0	\$0	\$0
2002	\$731,058	\$12,614	\$418,098	\$1,773,604	\$418,098	\$109,935	\$322,320	\$112,435	\$3,544,178	\$495,217	\$0	\$0	\$0
2003	\$756,513	\$11,634	\$725,000	\$1,793,483	\$725,000	\$376,950	\$326,695	\$386,940	\$3,932,493	\$496,870	\$0	\$0	\$0
2004	\$663,663	\$10,692	\$500,000	\$1,946,454	\$500,000		\$330,215		\$4,102,278	\$536,819	\$0	\$0	\$0
2005	\$679,807	\$6,730	\$784,043	\$1,835,488	\$784,043	\$855,840	\$348,180	\$882,155	\$4,511,826	\$553,783	\$0	\$0	\$0
2006	\$690,000	\$1,004	\$750,000	\$1,774,484	\$750,000		\$393,355		\$4,868,471	\$625,208	\$0	\$0	\$0
2007	\$821,126	\$4,645	\$679,378	\$1,911,587	\$679,378		\$405,695		\$5,142,154	\$654,055	\$0	\$0	\$0
2008	\$935,000	\$2,749	\$779,986	\$2,063,852	\$779,986		\$428,310		\$5,493,830	\$692,539	\$0	\$0	\$0
2009	\$1,112,000	\$1,939	\$845,563	\$2,328,350	\$845,563	\$65,800	\$464,725	\$66,825	\$5,873,643	\$744,799	\$0	\$0	\$0
2010	\$1,214,543	\$7,026	\$1,140,883	\$2,394,984	\$1,140,883	\$798,080	\$482,754	\$806,630	\$6,523,222	\$777,523	\$0	\$0	\$0
2011	\$940,902	\$4,127	\$974,718	\$2,357,041	\$974,718		\$515,094		\$6,982,846	\$834,833	\$0	\$0	\$0
2012	\$1,090,324	\$4,525	\$1,112,400	\$2,330,441	\$1,112,400	\$393,295	\$542,179	\$405,260	\$7,541,102	\$878,208	\$0	\$0	\$0

- (a) Authorizations for a fiscal year represent those authorizations effective for that fiscal year; therefore, authorizations for FY 1988 exclude \$15 million for the Salisbury Multi-Service Center which authorization is effective 7/1/88.
- (b) Adjustment to debt service: "repayable" represents debt service on loans the repayment of which is received by the State, from non-State entities, concurrently with, or prior to, debt service payment dates. "Assumed" debt represents payments made by the State for debt service on non-State debt.
- (c) Includes \$100 million authorized in the Special Session of 1985 for the savings and loan crisis; no bonds were issued and the authorization was cancelled in 1990.
- (d) \$1,110 million for G.O bonds and \$2.0 million for Local Government Infrastructure program
- (e) \$1,140 million for 2010 MCCBL, \$70 million 2009 Program Open Space and \$4.543 million for QZAB authorization
- (f) \$925 million for 2011 MCCBL, \$15.902 million for QZAB authorization

General Obligation Bonds Authorized and Outstanding as of June 30, 2012

Graph 1
History of General Obligation Debt Outstanding and Unissued Authorizations



(Totals may not add due to rounding)

Projected Future Issuances Fiscal Years 2013 - 2017

- The following authorizations and issuances of General Obligation Bonds are projected:

	Authorizations	Issuances
FY 2013	1,075	1,025
FY 2014	925	930
FY 2015	935	910
FY 2016	945	900
FY 2017	955	935

- There are multiple authorization levels and patterns that would result in adherence to the affordability benchmarks.
- The final affordability analysis will reflect updated revenue and personal income projections and the Committee's recommended authorization levels.

Projected Issuances for Fiscal Year 2013

- 2012 Second Series

- On August 1, the Board of Public Works will preside over the sale of approximately \$727.9* million of General Obligation Bonds, consisting of:
 - Second Series A - \$75,000,000* Tax-exempt (Negotiated, Retail Sale)
 - Second Series B - \$430,000,000* Tax-exempt (Competitive)
 - Second Series C - \$20,000,000* Taxable (Competitive)
 - Second Series D - \$15,320,000* Taxable, direct subsidy Qualified Zone Academy Bonds (Competitive)
 - Second Series E - \$187,600,000* Tax-exempt Refunding Bonds (Competitive)

- 2013 First Series

- \$475* million
- March 2013

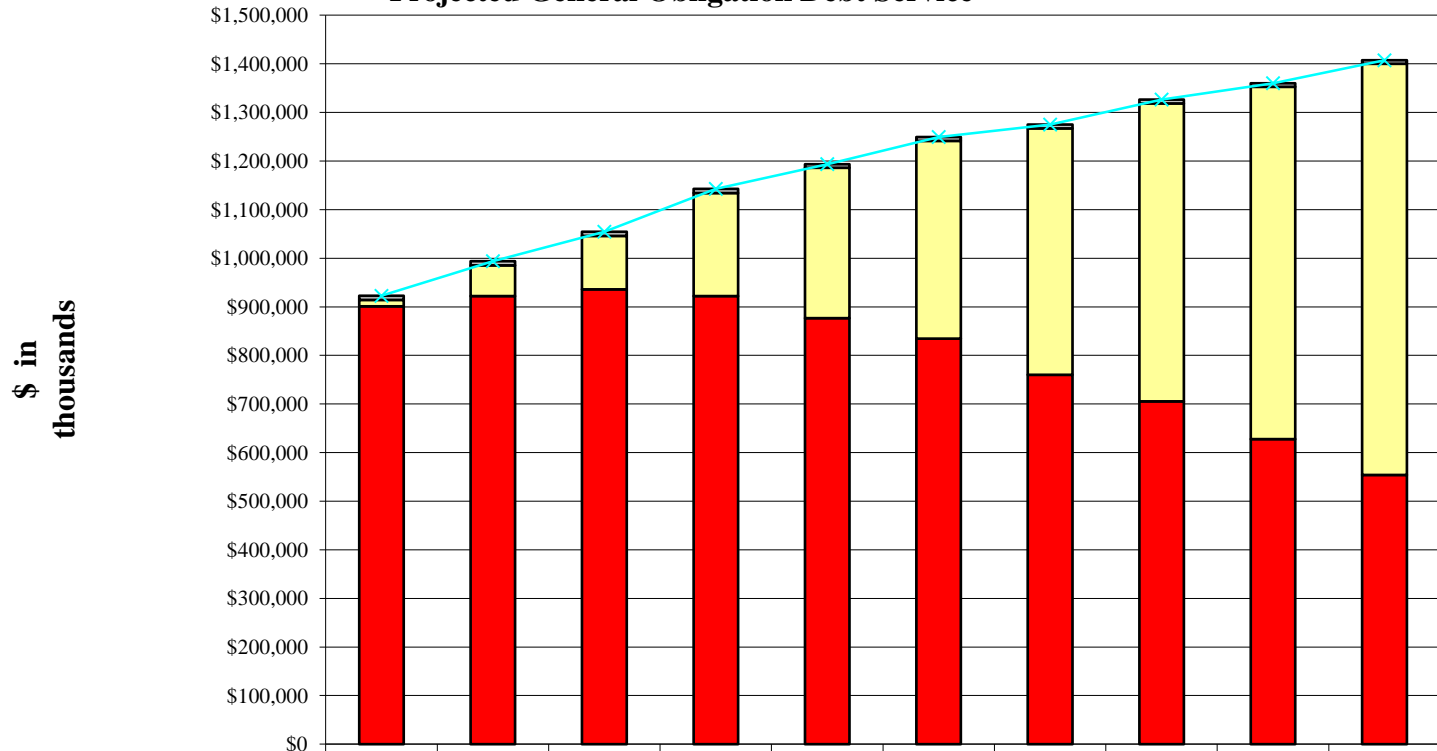
* preliminary, subject to change

Debt Service Projections

- As of July 2012, the following slide shows the debt service by fiscal year.
- Interest Rate assumptions:
 - 5.0% for the future issuances through 2022
 - Historical Interest rates (“TICS” –True Interest Cost) and total new money issuance are reported in Graph 3 in the CDAC Report.
- All tax-exempt debt matures within 15 years. Principal payments begin in year 3.

Projected Debt Service Fiscal Years 2013-2022

**Appendix B-4
Projected General Obligation Debt Service**

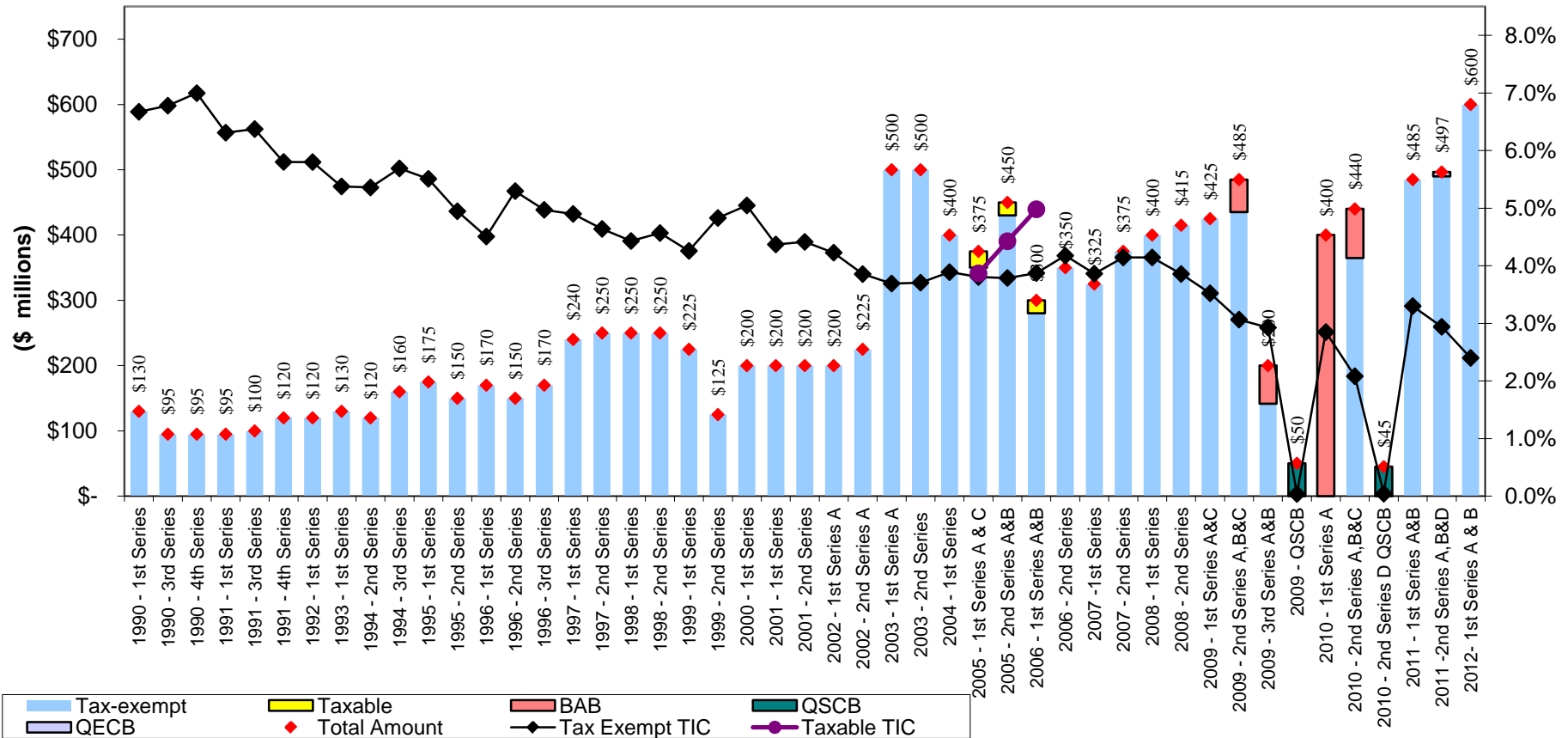


	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
QZAB/QSCB Sinking Payments	\$8,562	\$8,562	\$8,562	\$8,562	\$7,674	\$7,674	\$7,674	\$7,674	\$7,183	\$7,183
Debt Service: Expected New Issues	\$13,125	\$63,125	\$109,625	\$212,251	\$309,048	\$407,054	\$507,085	\$613,177	\$725,326	\$845,784
Debt Service: Bonds Currently Outstanding	\$900,783	\$922,147	\$936,196	\$921,834	\$876,892	\$834,677	\$760,141	\$705,552	\$627,536	\$554,192
Total Debt Service	\$922,469	\$993,834	\$1,054,382	\$1,142,647	\$1,193,613	\$1,249,405	\$1,274,899	\$1,326,402	\$1,360,046	\$1,407,159

Projections as of July 2012

Interest Rates

Graph 3
New Money Issuance Amounts and True Interest Costs of General Obligation Bonds
Excludes QZABs



Status of Refunding Potential

- An analysis is done by the State's financial advisor before each bond sale to determine the financial feasibility of a refunding.
- Benchmarks are 3% net present value savings and an Opportunity Cost Index which is greater than 70%.
- Discussion continues on the timing of potential refunding, currently projected at approximately \$187.6 million.

Status of Taxable Debt

- Taxable debt was issued in 3 series in 2005 and 2006 to finance projects that could not be funded through PAYGO.
- A \$20 million taxable issuance is planned for the 2012 Second Series in order to fund the private loan and private activity projects, which have been included in recent capital budgets.

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

- The State is authorized to issue variable interest rate bonds in an amount no more than 15% of the outstanding general obligation indebtedness. The State has not issued any variable rate debt as of June 30, 2012 and has not executed any derivatives.
- Because the State is a “natural” AAA credit, there has been no need for bond insurance.

Capital Leases

An Update of Tax-Supported Leases for the 2012 Capital Debt Affordability Committee

Topics of Discussion

Status of

- Tax-Supported Leases and COPS in the CDAC Analysis
- Tax-Supported Energy Leases that are not included in the CDAC Analysis
- Tax-Supported Energy Leases that are included in the CDAC Analysis
- Capital Equipment and Energy Lease Activity in Fiscal Year 2012
- Projections of Future Equipment and Energy Lease Financings

Tax-Supported Leases and COPS in the CDAC Analysis

The following table summarizes as of June 30, 2012, the current tax-supported leases and tax-supported Conditional Purchase Financings included in the 2012 CDAC Affordability Analysis.

<i>Tax-Supported Lease and Conditional Purchase Financings Outstanding as of June 30, 2012</i>		
State Agency	Facilities Financed	Principal Amount Outstanding as of June 30, 2012
State Treasurer's Office	Capital Equipment Leases Various communications, computers and other equipment	\$28,654,709*
State Treasurer's Office	Energy Performance Projects	7,735,743*
Department of Transportation	Headquarters Office Building	22,550,000
	MAA Shuttle Buses - BWI	6,400,000
Department of General Services	Multi-service office buildings: St. Mary's County	715,000
	Hilton Street Facility	1,270,000
	Prince George's County Justice Center	19,188,864
Transportation Authority	State office parking facility	19,995,000
Lottery	Ocean Downs and Perryville	33,045,000
Department of Health and Mental Hygiene	Public Health Lab	170,910,000
Total Tax-Supported Leases and COPS		\$310,464,316

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

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

The following table summarizes the current tax-supported Energy leases not included in the 2012 CDAC Analysis, as of June 30, 2012.

<u>Energy lease project *</u>	<u>Debt Service for FY2013</u>	<u>Annual Surety Bond Amount</u>
UMS – Baltimore Campus (UMBC)	\$543,600	\$592,164
DGS – District Court & Multi – Service Centers	388,320	399,649
Maryland School for the Deaf	291,257	291,257
DHMH – Springfield Hospital	637,912	637,912
DPSCS – Hagerstown Prison	488,395	832,158
DHMH- Deer's Head Hospital	255,946	255,946
Spring Grove Hospital	1,896,641	2,392,341
Spring Grove Hospital (Modification)	138,649	**
Department of Agriculture	194,960	243,185
DGS - Multi-Service Centers	1,588,714	1,818,967
University of Baltimore	649,125	701,240
UMCP	1,836,990	1,904,343
UMCES (Horn Point Lab)	148,783	214,407
State Police	483,258	936,268
Workforce Technology	169,101	204,181
DPSCS – Jessup	1,684,300	1,944,776
Maryland Aviation Administration	1,600,404	2,061,302
State Highway Administration	1,828,854	2,234,503
Maryland Transit Administration	493,823	646,589
Maryland Port Administration	No DS in FY2013	1,618,485
Total	\$15,319,032	\$19,929,673

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

**The Surety bond amount is included with the original Spring Grove project surety bond amount.

Tax-Supported Energy Leases included in the CDAC Analysis

The following table summarizes the current tax-supported Energy leases in the 2012 CDAC Analysis as of June 30, 2012.

<u>Energy lease project *</u>	<u>Debt Service for FY2013</u>	<u>Annual Surety Bond Amount</u>
DGS - State Office Complex	\$908,233	\$320,000
DHMH -Rosewood Center	383,326	-0- facility is closed
DHMH -Rosewood Center	156,934	-0- facility is closed
St. Mary's College of Maryland	205,295	Surety Bond has been cancelled.
Veterans Affairs	56,638	Savings less than guarantee.
Total	\$1,710,426	\$320,000

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

Capital Equipment and Energy Lease Activity in Fiscal Year 2012

Equipment

- Provides financing of capital equipment to state agencies.
- Capital Equipment lease contracts financed \$4.6 million during Fiscal year 2012.

Summary of the Lease Terms for Equipment Financed in Fiscal Year 2012

3 yr leases	\$3,477,484
5 yr leases	<u>1,114,582</u>
Total	<u>\$4,592,066</u>

Energy

- Provides financing for energy conservation projects for State agencies.
- Lease payments are made from the participating agencies' annual utility appropriations using savings achieved through the implementation of energy performance contracts.
- An Energy lease financing totaling \$10.8 million for the Maryland Port Administration, closed in Fiscal Year 2012.
- The Energy projects financed in Fiscal Year 2012 have guarantees and actual projected energy savings greater than annual debt service.

Summary of the Lease Terms for Energy Projects Financed in Fiscal Year 2012

13.5 year lease	<u>\$10,796,018</u>
Total	<u>\$10,796,018</u>

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

<u>Types of Financing</u>	<u>Period*</u>	<u>CDAC projections as of June 2012*</u>
Equipment Leases (1)	Fiscal Years 2013 – 2022	(1) \$5 million for FY 2013 and FY 2014, \$30 million in FY2015, and \$5 million in FY2016 - 2022
Energy Leases (2)	Fiscal Year 2014	\$3.6 million

- (1) Based on agency survey's received April, 2012 and previous 2 year history of equipment leases. The \$30 million estimate for FY2015 includes \$25 million in equipment for the DHMH lab.
- (2) DGS estimates that approximately \$3.6 million of energy projects will be financed in FY 2014. All of the projected Energy Lease financings include projects that will have surety bond guarantees that equal or exceed the debt service payments through out the term of the lease; therefore, these projects are not included in the CDAC Affordability Analysis.

* Preliminary, subject to change.

Consolidated Transportation Bonds



Maryland Department of Transportation

Presented by
June R. Hornick
Debt Manager, Office of Finance

July 16, 2012



Maryland Department of Transportation Consolidated Transportation Bonds

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

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



Maryland Department of Transportation Consolidated Transportation Bonds

Management Policy:

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

Fiscal Year 2011 Actual:

- Pledged taxes coverage 6.2x
- Net revenue coverage 3.5x

Fiscal Year 2012 Estimated :

- Pledged taxes coverage 5.8x
- Net revenue coverage 3.0x



Maryland Department of Transportation Consolidated Transportation Bonds

- Amount issued in prior 5 fiscal years:
 - \$872 million new construction
 - \$161 million refunding
- Amount outstanding:
 - FY12 - \$1.563 billion
 - Legislative debt ceiling \$2.6 billion
- Amount authorized but unissued:
 - FY12 - \$1,889 million authorized
 - FY12 - \$326 million unissued



Maryland Department of Transportation Consolidated Transportation Bonds

- Status of refunding potential
 - Analysis is periodically completed by the department's financial advisor
 - \$172 million of Series 2004 were refunded on October 20, 2011
- Variable rate debt, swaps and bond insurance
 - none

Maryland Department of Transportation Consolidated Transportation Bonds

Preliminary projections for new issuances

(\$ in millions)

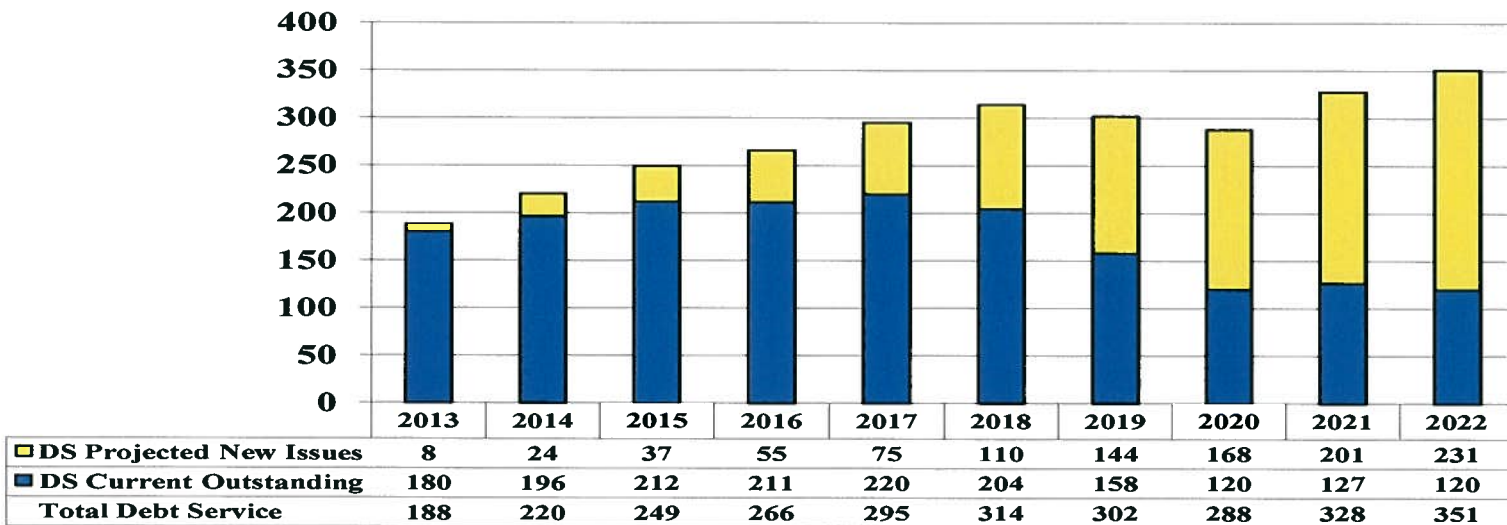
Fiscal Year	Debt Outstanding at Beginning of Year	New Issues	Redeemed	Debt Outstanding at End of Year
2013E	\$1,562	\$365	\$109	\$1,818
2014E	\$1,818	\$370	\$130	\$2,058
2015E	\$2,058	\$220	\$153	\$2,125
2016E	\$2,125	\$240	\$166	\$2,199
2017E	\$2,199	\$320	\$190	\$2,329
2018E	\$2,329	\$375	\$201	\$2,503
2019E	\$2,503	\$225	\$182	\$2,546
2020E	\$2,546	\$215	\$164	\$2,597
2021E	\$2,597	\$200	\$202	\$2,595
2022E	\$2,595	\$225	\$223	\$2,597

(E = based on April 2012 Estimate)

Maryland Department of Transportation Consolidated Transportation Bonds

Debt service preliminary projections for the next 10 years

(\$ in millions)





Maryland Department of Transportation Consolidated Transportation Bonds

- Rating Agency Updates: as of May 2012
 - Standard & Poor's – AAA
 - Moody's – Aa1
 - Fitch – AA+

GARVEE Bonds



CDAC July 2012

MARYLAND TRANSPORTATION AUTHORITY Grant Anticipation Revenue Vehicles “GARVEE” Bonds

Purpose

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

Limitations

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

Security

GARVEEs are bonds for which debt service is paid using a portion of federal transportation funds received by the State. In addition, there is a subordinate pledge of certain Maryland State Transportation Trust Fund (TTF) tax sources. There are also debt service reserve funds.

Current Status

GARVEE bonds issued: \$750,000,000

Debt Outstanding as of June 30, 2012: \$539,355,000

Ratings: Standard & Poor’s AAA

Moody’s Investor’s Service Aa1

Fitch Ratings AA

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

Final Maturity: March 1, 2020

Pledged Revenue: \$440.4 million per year in federal aid

Issuances

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

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

Contracts

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

Maryland Stadium Authority



Maryland Stadium Authority Briefing

Capital Debt Affordability Committee

July 16, 2012

Maryland Stadium Authority

- Debt Issued over the past five years

Fiscal Year	Amount	Purpose
2008	\$0	
2009	\$0	
2010	\$10,000,000	Revenue Bond for Oriole Park Improvements
2011	\$6,630,000	Refunding of the Ocean City Bonds
2012	\$105,450,000	\$11.1 million - Revenue Bond for Warehouse and Oriole Park Improvements \$94.35 million - Series 2011 Refunding Bonds (Terminate Swap with AIG for Series 1998A and 1999)

Maryland Stadium Authority

- Amount of Outstanding Debt and Revenues

Fiscal Year	Amount Outstanding	Tax Supported Bonds and Equipment	Revenue Bond	Energy (not tax supported debt)	Debt Service for Tax Supported and Equipment	Revenues (Lottery/ Camden Yards Operating Revenue and \$2 ticket charge)
2011	\$243,995,885	\$225,743,298	\$10,000,000	\$8,252,587	\$32,463,816	\$23,651,522
2012	\$247,253,027	\$219,186,433	\$20,345,000	\$7,721,594	\$34,488,483	\$24,442,775
2013	\$221,426,249	\$194,830,129	\$19,435,000	\$7,161,120	\$34,488,483	\$24,602,696
2014	\$187,402,082	\$170,822,603	\$10,010,000	\$6,569,479	\$33,219,890	\$24,602,879
2015	\$152,991,865	\$147,046,979	\$0	\$5,944,886	\$31,917,526	\$23,316,036
2016	\$132,496,738	\$127,211,285	\$0	\$5,285,453	\$26,874,181	\$23,310,229
2017	\$112,437,623	\$107,848,444	\$0	\$4,589,179	\$25,533,120	\$23,370,839
2018	\$91,485,221	\$87,631,274	\$0	\$3,853,947	\$25,475,809	\$23,298,404
2019	\$69,969,063	\$66,891,548	\$0	\$3,077,515	\$25,032,234	\$22,849,189
2020	\$47,482,509	\$45,225,000	\$0	\$2,257,509	\$24,949,356	\$22,751,863
2021	\$38,231,417	\$36,840,000	\$0	\$1,391,417	\$10,912,521	\$8,697,606

Maryland Stadium Authority

- Fixed Rate Debt Ratings

Series	S&P	Moody's	Fitch
2002	AA+	Aa2	AA
2002	AA+	Aa2	AA
2003	AA+	Aa2	AA
2004	AA+	Aa2	AA
2011	AA+	Aa2	AA

Maryland Stadium Authority

Maryland Stadium Authority Summary of Swaps and Variable Rate Demand Bonds as of 7/05/2012		
Series Name	Sports Facilities Lease Revenue Refunding Bonds Football Stadium Issue Series 2007	Baltimore Convention Center Lease Revenue Refunding Bonds Series 2006
Tax Status	Tax-Exempt	Tax-Exempt
Dated Date	2/8/2007	12/14/2006
Original Issue Par	73,500,000	31,600,000
Current Outstanding	60,755,000	13,555,000
Maturity	3/1/2008-2026	12/15/2007-2014
Remarketing Agent	Goldman Sachs & Co	Goldman Sachs & Co
Current Remarketing Fee	5 Basis Points	5 Basis Points
Liquidity/LOC Provider	SBPA: Sumitomo	SBPA: Sumitomo
LOC Expiration	12/15/2014	12/15/2014
Current LOC Fee	45 Basis Points	45 Basis Points
Current Reset Frequency	7-day	7-day
Date of Last Reset	7/5/2012	7/5/2012
Reset Rate	0.140%	0.140%
Hedges	Synthetic Fixed Rate (MSA pays Fixed Amounts = 5.69%-5.8%, Receives SIFMA)	Synthetic Fixed Rate (MSA pays fixed amounts = 5.625% to 5.875%, Receives SIFMA)
Counterparty	BARCLAYS	BARCLAYS

Maryland Stadium Authority

- Variable Rate Debt Ratings

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

Maryland Stadium Authority

- Interest Rate Swaps Status
 - Terminated Swap Agreement with AIG, swap counterparty
 - Refunded the Series 1998A and 1999 with the Series 2011
 - Issued fixed rate debt
 - Small projected savings
 - Replaced Liquidity Provider for the Series 2006 and 2007, increase rate of 8.25-10 basis point to 45 basis points
 - Replacement of the Liquidity Provider has stabilized the Series 2007 which had Dexia Credit Local as the Liquidity Provider

Maryland Stadium Authority

- Refunding Opportunities
 - Refunding of Series 2002 “Hippodrome” with an outstanding amount of \$13.8 million
 - Projected PV savings if estimated at \$1.7 million or 12%
 - Projected annual savings is \$170,000
 - Refunding of Series 2003 “Montgomery County Conference Center” with an outstanding amount of \$15.6 million
 - Projected PV savings if estimated at \$1.8 million or 11%
 - Projected annual savings is \$114,500

Maryland Stadium Authority

- Current projections for new issuances
 - FY 2013
 - Issue \$14.0 million in Hippodrome Refunding Bonds
 - Lower debt service approximately \$160,000 annually
 - Projected PV savings of \$1.7
 - Issue \$15.93 million in Montgomery County Conference Center Refunding Bonds
 - Lower debt service approximately \$114,000 annually
 - Projected PV savings of \$1.8
 - Issue \$11.1 million in Camden Yards Revenue Bonds
 - To be issued as a revenue bond with the pledge of lottery proceeds
 - Taxable bonds, matures in December 2022
 - To continue to deferred maintenance projects at Camden Yards

Bay Restoration Bonds



Department of the Environment

Bay Restoration Fund (BRF) Capital Debt Affordability Committee Briefing July 16, 2012

Jag Khuman, Director
Maryland Water Quality Financing Administration
1800 Washington Boulevard
Baltimore, MD 21230
410-537-3119
www.mde.state.md.us/wqfa





Bay Restoration Fund

Debt Issued Past Five Fiscal Years

FY	Amount (\$ Million)	Primary Purpose
2008	50.00	Provide grants for the Enhanced Nutrient Removal (ENR) upgrades at the major Waste Water Treatment Plants
2009	-	
2010	-	
2011	-	
2012	-	



Bay Restoration Fund

Current Outstanding Debt and Annual Debt Service

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



Bay Restoration Fund

Total Debt Authorized and Amount Unissued

Debt Authorized through FY 2013:	\$530,000,000
Debt Issued through FY 2012:	\$ 50,000,000
Future Debt Issuance:	\$480,000,000

Assumptions

Wt. Avg. Interest Rate 5.00%
Annual Level Debt Service
15-Year Bond Term



Bay Restoration Fund

Projected New Debt Issuance & Annual Debt Service

Fiscal Year	New Bond Issues (\$M)	Debt Outstanding at 6/30/Yr (\$M)	Debt Service for FY (\$M)	Cash Revenue (\$M)
2008	50.000 (A)	50.000	0.000	55.068
2009	0.000	46.825	4.655	53.356
2010	0.000	44.185	4.710	54.818
2011	0.000	41.560	4.616	54.598
2012	0.000	38.820	4.614	55.144
2013	50.000 (P)	85.995	4.617	99.021*
2014	150.000 (P)	230.738	9.431	100.011
2015	160.000 (P)	378.279	23.884	101.011
2016	100.000 (P)	457.806	39.297	102.021
2017	20.000 (P)	451.726	48.902	103.041
2018	0.000	423.455	50.788	104.071
2019	0.000	393.813	50.746	105.112
2020	0.000	362.613	50.858	106.163

A: Actual

P: Projected

* BRF fee increase FY 2013





Bay Restoration Fund

Projected New Debt Issuance & Annual Debt Service

Continued....

Fiscal Year	New Bond Issues (\$M)	Debt Outstanding at 6/30/Yr (\$M)	Debt Service for FY (\$M)	Cash Revenue (\$M)
2021	0.000	329.858	50.859	107.225
2022	0.000	295.471	50.856	108.297
2023	0.000	259.370	50.856	109.380
2024	0.000	226.096	46.244	110.474
2025	0.000	191.158	46.244	111.579
2026	0.000	154.471	46.244	112.695
2027	0.000	115.951	46.244	113.822
2028	0.000	75.500	46.244	114.960
2029	0.000	37.841	41.427	116.110
2030	0.000	12.780	26.976	117.271
2031	0.000	1.843	11.561	118.444
2032	0.000	0.000	1.927	119.628



Bay Restoration Fund

Existing Bonds/Refunding Potential

Debt Issued:	\$50,000,000 (Series 2008)
Issue Date:	4/29/2008
Rating (Moody's):	Aa2
True Interest Cost:	4.034%
Interest:	Fixed Rate
Final Bond Maturity:	3/1/2025
Security:	BRF (WWTP) Fee Revenue
Debt Service Reserve:	None
Optional Redemption:	After 3/1/2018
Refunding Potential:	Low Savings