

Capital Debt Affordability Committee
Treasurer Nancy K. Kopp, Chair

Agenda

October 18, 2021
1:00 PM

- 1) **Treasurer's Opening Comments**
- 2) **Affordability Analysis**
Christian Lund, Director of Debt Management, State Treasurer's Office
- 3) **Committee Discussion and Voting Session on the 2021 Capital Debt Affordability Committee Recommendations**
 - *General Obligation Bond Authorization and Planning Assumptions:*
Recommendation of the amount of new State debt that may prudently be authorized for fiscal year 2023, and planning assumptions for the total amount of new State debt for future fiscal years.
 - *Academic Facilities Bonds Authorization:*
Recommendation of the amount of new bonds for academic facilities for fiscal year 2023 by the University System of Maryland, Morgan State University, St. Mary's College of Maryland and the Baltimore City Community College.

2021 Affordability Analysis

Capital Debt Affordability Committee

Presented by
Christian Lund, Director of Debt Management
Maryland State Treasurer's Office

October 18, 2021

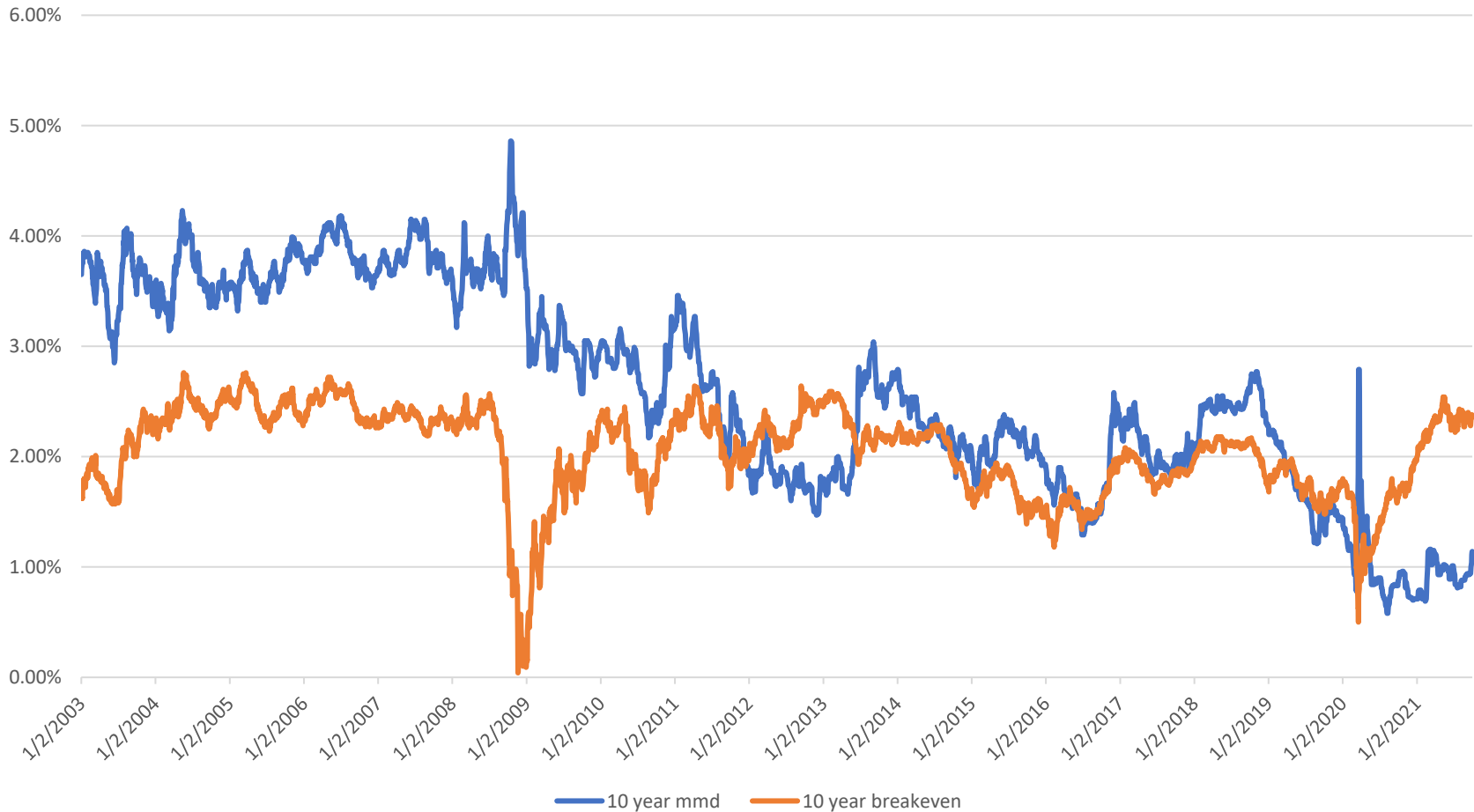
CDAC Authorization Scenarios

(\$ in millions)

	Scenario 1: Governor's Capital Program	Scenario 2: Traditional CDAC*	Scenario 3: Accelerated Capital Program
FY	Authorization	Authorization	Authorization
2022 (actual)	1,105	1,105	1,105
2023	1,115	1,470	2,500
2024	1,125	1,515	2,500
2025	1,135	1,560	1,135
2026	1,145	1,605	1,145
2027	1,155	1,655	1,155
2028	1,165	1,705	1,165
2029	1,175	1,755	1,175
2030	1,185	1,810	1,185
2031	1,195	1,865	1,195

*The Traditional CDAC scenario was developed by calculating what authorizations would be in FY23 if the traditional practice of 3% annual growth had been maintained. It then continues 3% annual growth into the out years.

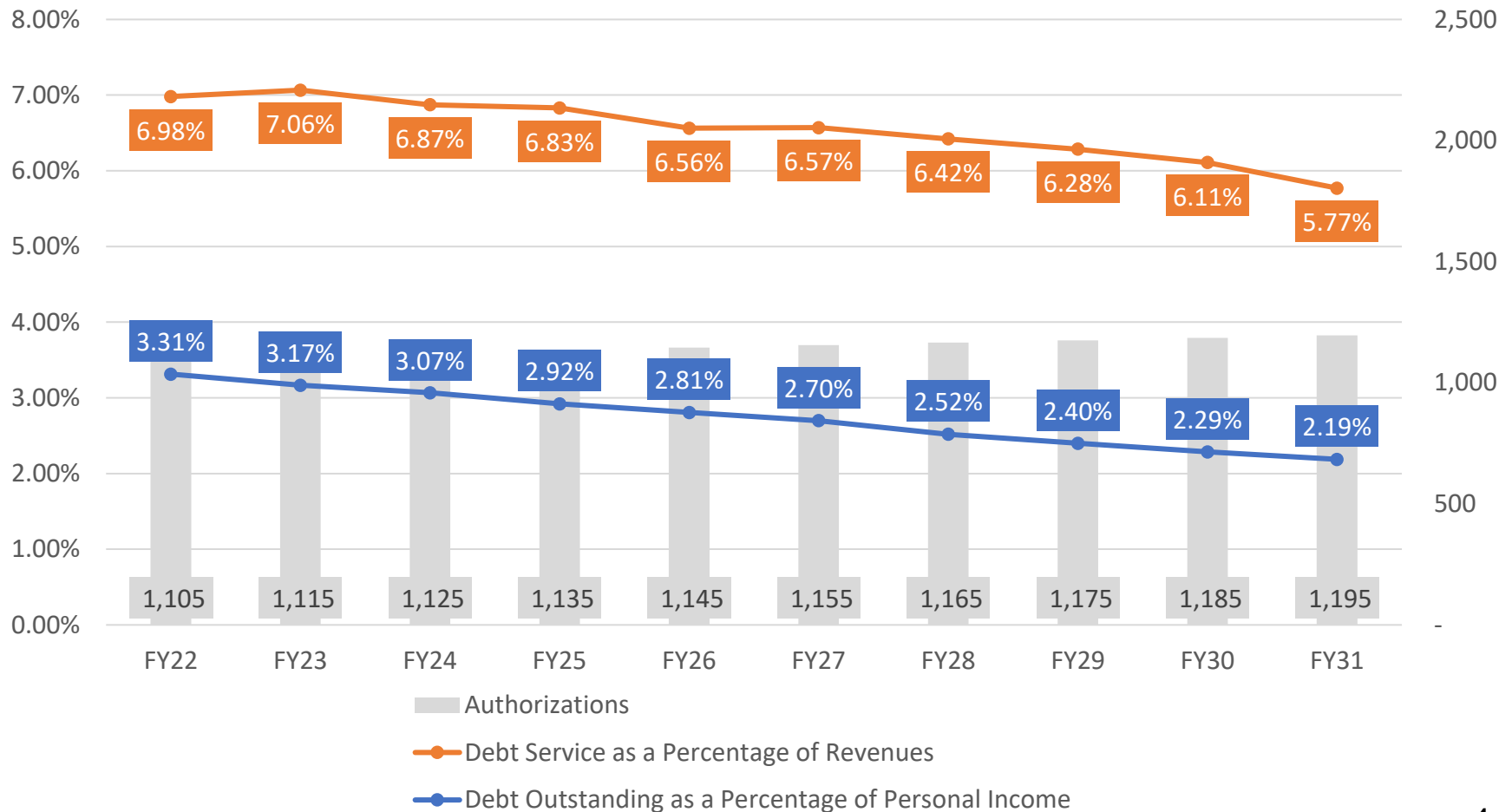
Ten-Year Tax-Exempt Bond Rates* and Ten-Year Breakeven Inflation Rate** (2003 – Present)



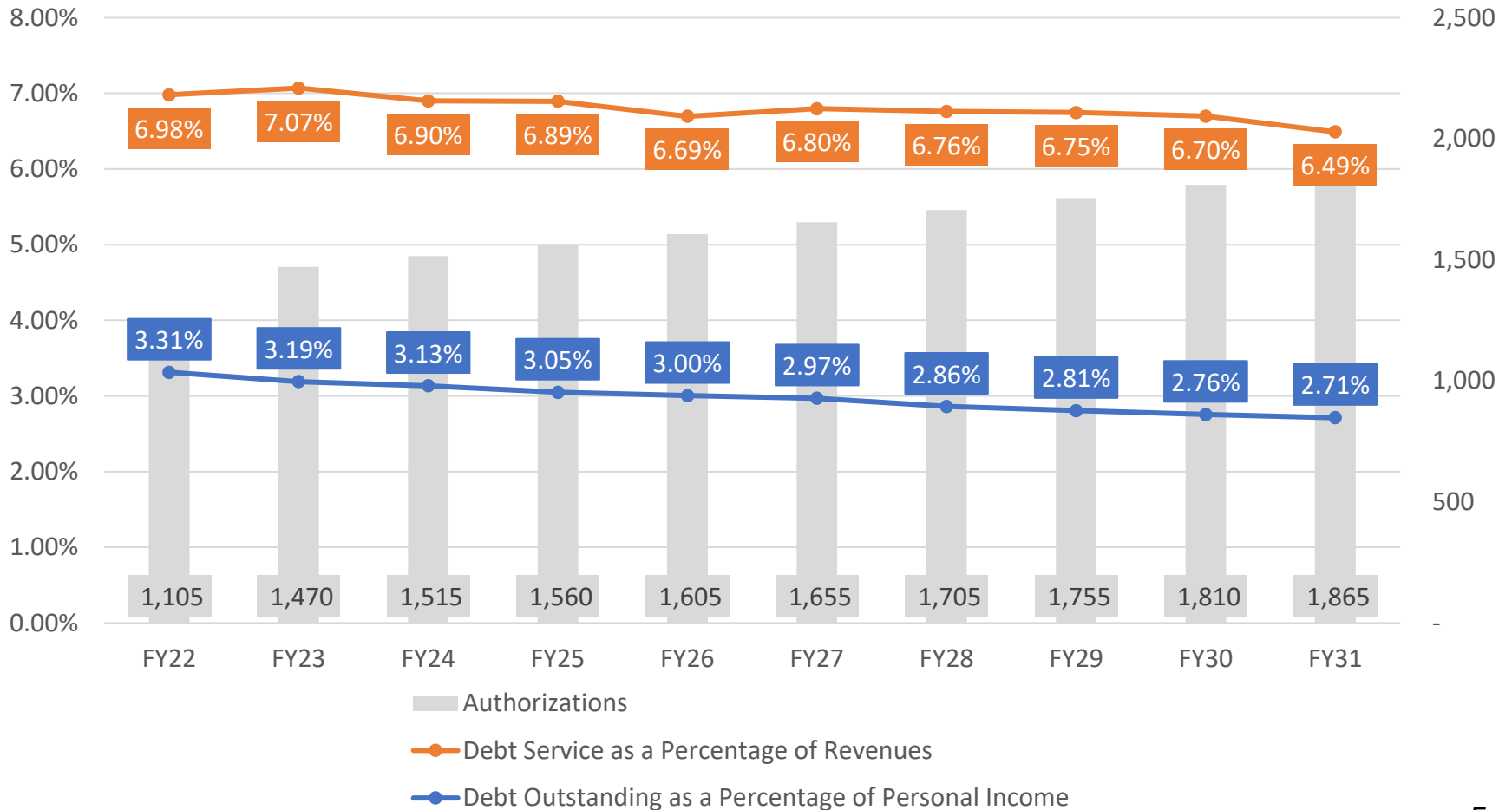
*Royal Bank of Canada Capital Markets (https://www.rbccm.com/assets/rbccm/docs/muni-finance-updates/2021_09_30_RBCCMMunicipalMarketsDaily.pdf)

**Federal Reserve Bank of St. Louis (<https://fred.stlouisfed.org/series/T10YIE>)

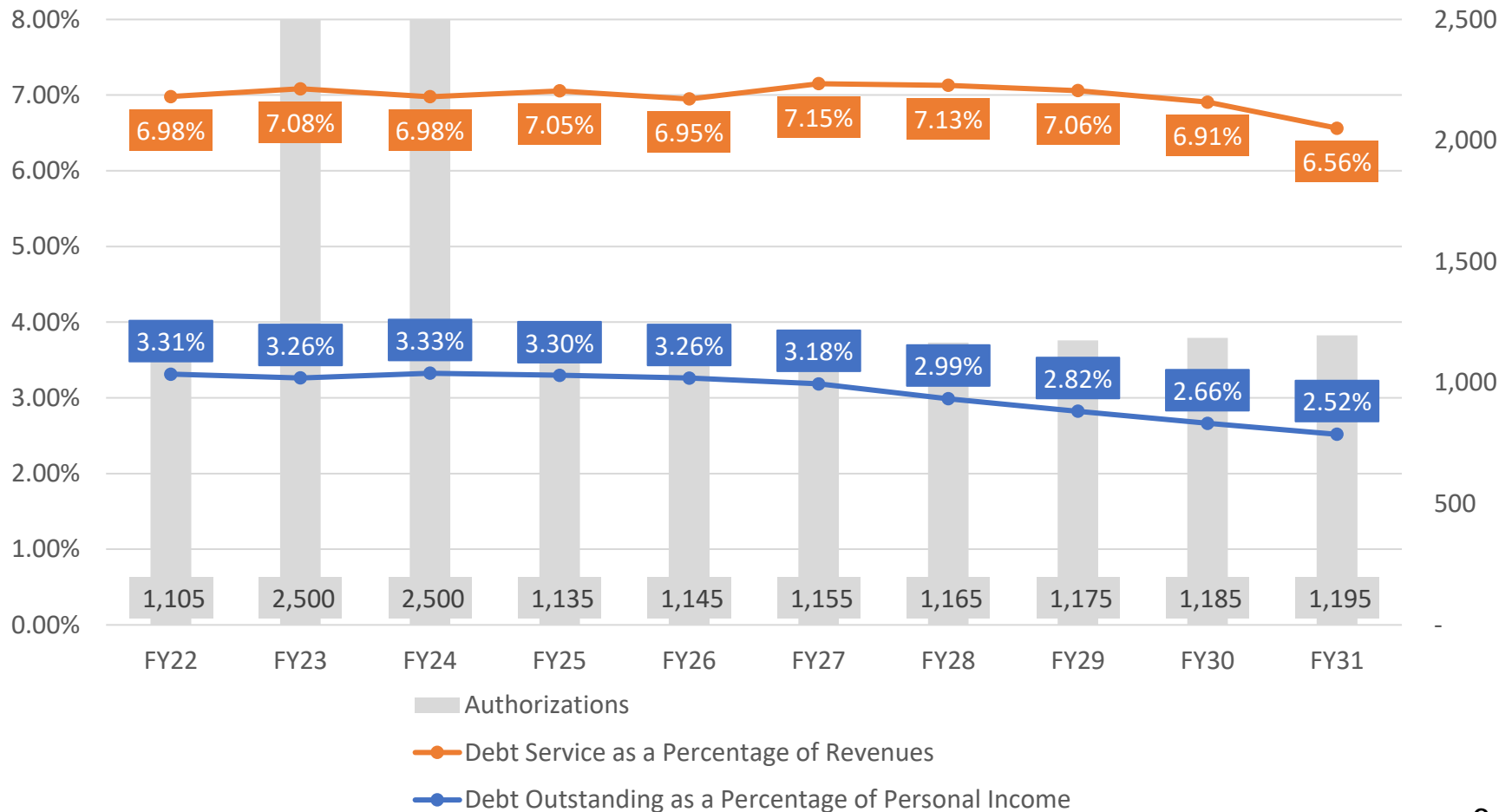
Benchmarks: Governor's Capital Plan



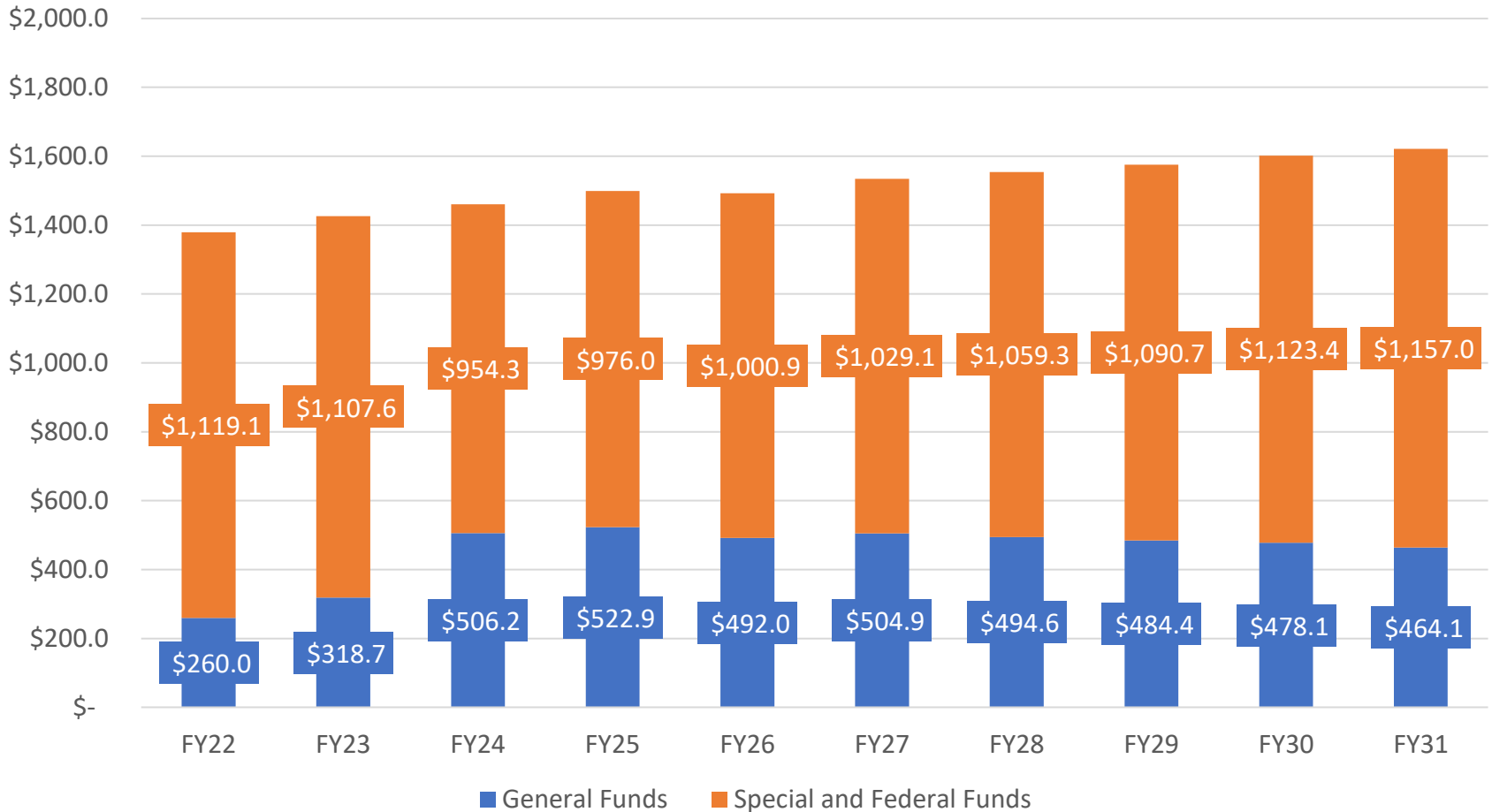
Benchmarks: Traditional CDAC



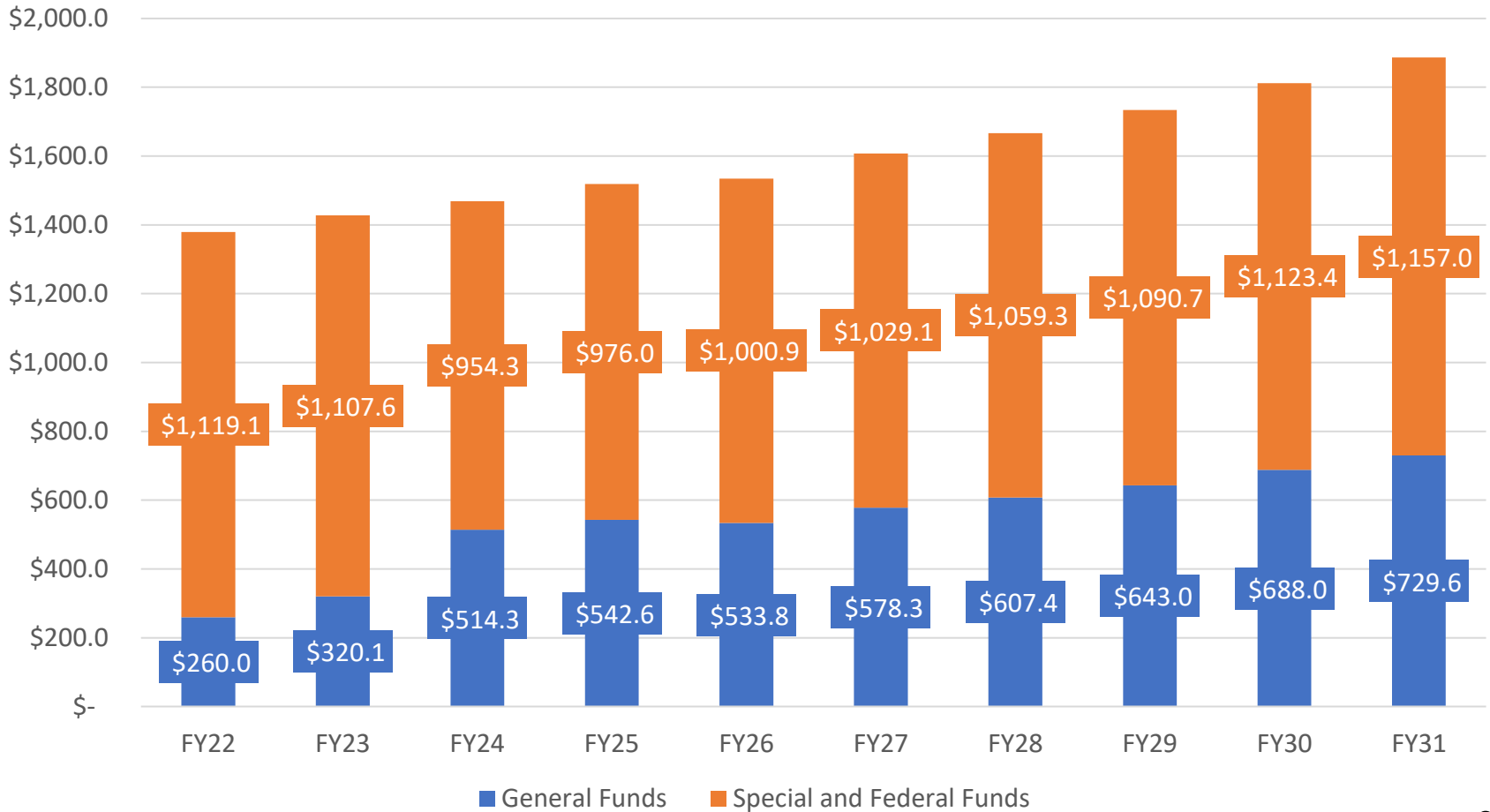
Benchmarks: Accelerated Capital Plan



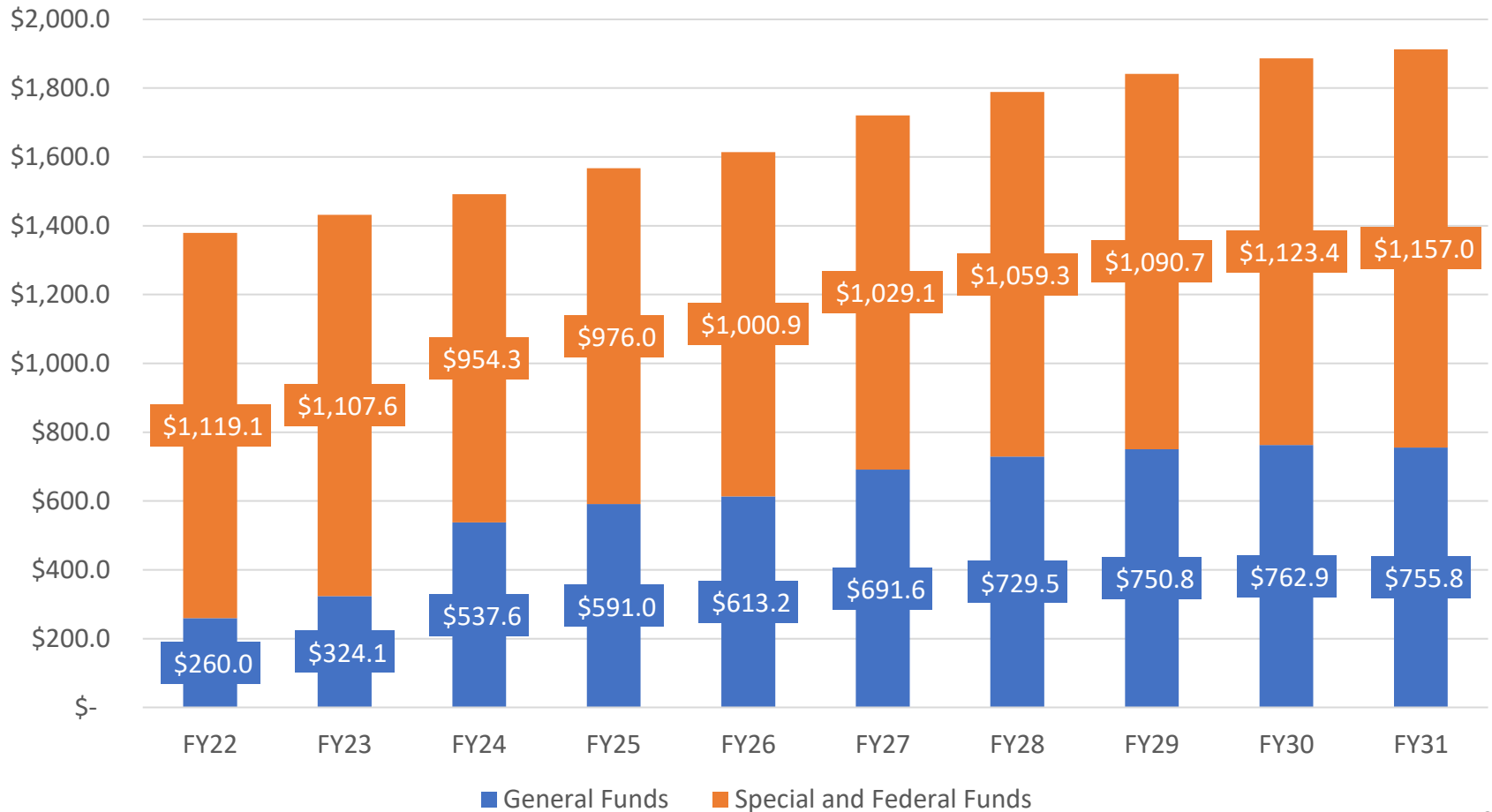
Debt Service Projection: Governor's Capital Plan



Debt Service Projection: Traditional CDAC



Debt Service Projection: Accelerated Capital Plan



Recommendation of Amount of New General Obligation Bonds for Fiscal Year 2023

CDAC General Obligation Bond Authorization

- CDAC needs to vote on its recommendation for a General Obligation Bond authorization for FY 2023.
- CDAC only votes on the upcoming fiscal year's authorization (FY 2023). Assumed authorizations for FY 2024 – 2027 are for planning purposes only and subject to change.

Recommendation of Amount of New Bonds for Academic Facilities for Fiscal Year 2023



Recommendation of Amount of New Bonds for Academic Facilities for Fiscal Year 2023

Amount of new bonds for academic facilities for fiscal year 2023 requested by institution:

University System of Maryland:	\$30.0 million
Morgan State University:	\$0.0
Baltimore City Community College:	\$0.0
St. Mary's College of Maryland:	<u>\$0.0</u>
Total Requested	\$30.0 million