

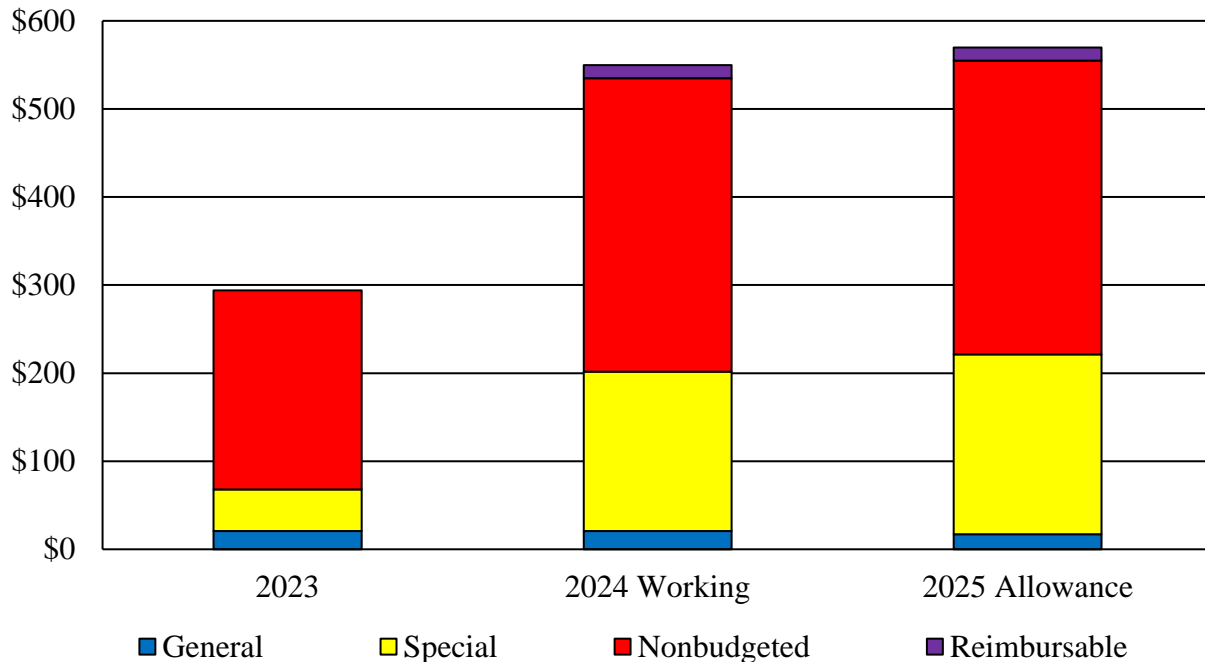
D28A03
Maryland Stadium Authority

Program Description

The Maryland Stadium Authority (MSA) was established for the construction, operation, and maintenance of facilities for the Baltimore Orioles professional baseball and the Baltimore Ravens professional football teams. MSA’s authority has been extended to include administering and financing a Sports Entertainment Facilities Financing Fund, the construction and financing for the Baltimore City Convention Center (BCCC) expansion, the Ocean City Convention Center (OCCC) expansion, participation with Montgomery County in the construction of a conference center, participation in the construction of the Hippodrome Performing Arts Center (Hippodrome) in Baltimore City, the financing and construction management of a program of school construction and renovation in Baltimore City, and financing and construction management for a statewide school construction and renovation program. The stadium authority also manages construction in and around Pimlico and Laurel Park racetracks. MSA also conducts feasibility studies and manages construction projects for local governments and State agencies.

Operating Budget Summary

Fiscal 2025 Budget Increases \$20.1 Million, or 3.7%, to \$569.8 Million
(\$ in Millions)



Note: The fiscal 2024 working appropriation includes deficiency appropriations.

Implementation of Legislative Priorities

The following general fund appropriations were added as legislative priorities to the fiscal 2024 MSA budget:

- \$250,000 in general funds “to facilitate nationally televised Maryland live sports and sports documentary content.” **MSA should be prepared to brief the committees on the extent to which funds have been encumbered or spent, any grantee awards, the bidding process to determine grantee awards, and what live sports or documentary events MSA expects will be nationally televised.**
- \$125,000 in general funds to conduct a market and economic feasibility study for amphitheaters in Charles County. Through fiscal 2024, Charles County received \$1 million in capital funds for the multicultural recreational and amphitheater facilities projects. A market and economic feasibility study is required before capital funds can be spent, but capital funds cannot be used to conduct the studies. As a result, this appropriation provides State funds for the study. MSA has retained Crossroads Consulting to prepare the study. **MSA should be prepared to brief the committees on the status of this study.**

Proposed Deficiency

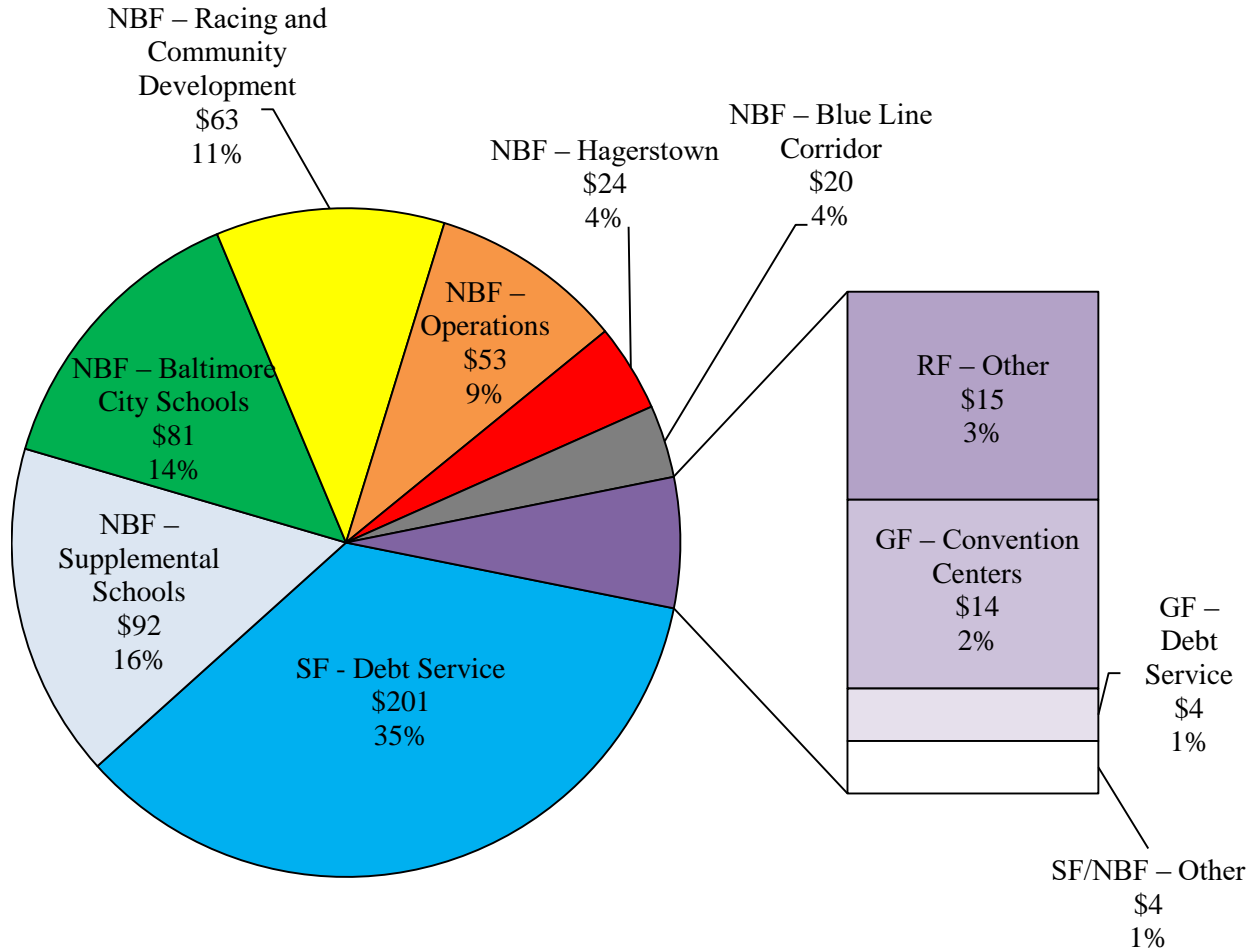
The fiscal 2025 Budget Bill proposes two deficiency appropriations for MSA:

- \$1,980,443 in general funds are added to the BCCC fiscal 2024 appropriation. The State supports two-thirds of the operating deficit, which is larger than anticipated.
- Special funds for the Major Sports and Entertainment Event Program Fund are reduced by \$1,300,000. This program is discussed in more detail in the Updates section of this analysis.

Fiscal 2025 Overview of Agency Spending

Exhibit 1 shows how MSA anticipates spending its \$570 million allowance in fiscal 2025.

Exhibit 1
Overview of Maryland Stadium Authority Spending
Fiscal 2025 Allowance
(\$ in Millions)



GF: General Fund
 NBF: Nonbudgeted Fund
 RF: Reimbursable Fund
 SF: Special Fund

Source: Department of Budget and Management

Proposed Budget Change

Exhibit 2 shows how spending by program and fund type changes between the fiscal 2023 actual appropriation and the fiscal 2025 allowance.

Exhibit 2
Maryland Stadium Authority Budget Summary by Fund
Fiscal 2023-2025
(\$ in Thousands)

	<u>Actual</u> <u>2023</u>	<u>Working</u> <u>Approp.</u> <u>2024</u>	<u>Allowance</u> <u>2025</u>	<u>Change</u> <u>2024-2025</u>
General Funds				
General Administration	\$0	\$375	\$0	-\$375
Baltimore City Convention Center – State Operating Deficit Contribution	11,101	11,144	9,821	-1,322
Ocean City Convention Center – State Operating Deficit Contribution	3,505	3,872	3,703	-168
Montgomery County Conference Center – State Portion of Construction Costs	1,555	1,559	0	-1,559
Hagerstown Multi-Use Facility Fund	3,749	3,750	3,750	0
Office of Sports Marketing	1,000	0	0	0
Subtotal	\$20,910	\$20,699	\$17,275	-\$3,425
Special Funds: State Lottery Revenues, Education Trust Fund, and Admissions and Amusement Tax				
Lottery Transfer to Maryland Stadium Authority Facilities Fund for Debt Service on Camden Yards Baseball and Football Projects	\$14,637	\$14,152	\$43,022	\$28,870
Lottery Transfer to the Baltimore City Public School Construction Financing Fund	17,739	20,000	20,000	0
Racing and Community Development Financing Fund	0	17,000	17,000	0
Supplemental Public School Construction Financing Fund (Built to Learn)	8,634	125,000	100,000	-25,000
Michael Erin Busch Fund	811	1,500	1,500	0
Sports Entertainment Facilities Financing Fund	0	0	12,000	12,000
Prince George’s County Blue Line Corridor Facility Fund	0	1,096	8,500	7,404
Major Sports and Entertainment Event Program Fund	5,281	2,200	2,000	-200
Subtotal	\$47,102	\$180,948	\$204,022	\$23,074

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	<u>Actual</u> <u>2023</u>	<u>Working</u> <u>Approp.</u> <u>2024</u>	<u>Allowance</u> <u>2025</u>	<u>Change</u> <u>2024-2025</u>
Nonbudgeted Funds: Maryland Stadium Authority Funds and Grant from Baltimore City				
General Administration	\$6,989	\$5,704	\$5,718	\$15
Camden Yards’ – Debt Service and Other Costs Not Funded by Lottery Revenues	19,971	12,592	13,066	474
Camden Yards Complex Facilities Management	33,266	33,702	33,693	-9
Facilities Management for Oriole Park Improvements Per Orioles’ Lease	0	200	200	0
Office of Sports Marketing	724	644	644	0
Subtotal	\$60,951	\$52,842	\$53,322	\$480
Nonbudgeted Funds: Non-State Facilities				
Hippodrome Performing Arts Center Ticket Surcharge	\$325	\$250	\$250	\$0
Project C.O.R.E.	7,688	0	0	0
Racing and Community Development Facilities Fund ¹	683	63,000	63,000	0
Hagerstown Multi-Use Facility Fund	54,269	24,080	24,080	0
Prince George’s Blue Line Corridor Facility Fund	0	20,000	20,000	0
Subtotal	\$62,965	\$107,330	\$107,330	\$0
Nonbudgeted Funds: School Financing and Construction				
Baltimore City School Financing Fund	\$42,243	\$40,000	\$40,000	\$0
Baltimore City School Facilities Fund	34,687	40,742	40,742	0
Supplemental Public School Construction Financing Fund (Built to Learn)	4,404	0	0	0
Supplemental Public School Construction Facilities Fund (Built to Learn)	20,617	92,232	92,232	\$0
Subtotal	\$101,951	\$172,974	\$172,974	\$0
Reimbursable Funds				
General Administration	\$0	\$4,887	\$4,887	\$0
Project C.O.R.E.	0	10,000	10,000	0
Subtotal Reimbursable Funds	\$0	\$14,887	\$14,887	\$0
Total	\$293,880	\$549,681	\$569,809	\$20,128

C.O.R.E.: Creating Opportunities for Renewal and Enterprise

¹ The project has been delayed, so it is unlikely that funds will be expended in fiscal 2024.

Note: Numbers may not sum to total due to rounding.

Source: Department of Budget and Management

General Fund Appropriations

General funds comprise a small portion of MSA’s budget and are used to supplement debt service and operating costs for various economic development projects undertaken by the State.

- ***BCCC:*** Section 10-640 of the Economic Development Article requires MSA to contribute two-thirds of the annual operating deficit of BCCC through December 31, 2029. MSA is also required to contribute \$200,000 into the capital improvement fund. The fiscal 2025 allowance includes \$9.6 million for the operating deficit and \$200,000 for the capital improvement fund. The annual State subsidy was \$11.1 million in fiscal 2023 and 2024.
- ***OCCC:*** MSA is required under Section 10-643 of the Economic Development Article to contribute one-half of the annual operating deficit of OCCC and \$100,000 into a capital improvement reserve fund. The fiscal 2025 allowance provides \$1.95 million for the operating deficit and reserve fund. Bonds with a par value of \$20.9 million were issued in November 2019 to fund improvements to the facility. The first four debt service payments were supported by the capitalized interest fund. State payments began in fiscal 2022. The fiscal 2025 debt service payment is \$1.65 million.
- ***Montgomery County Conference Center:*** The fiscal 2024 working appropriation includes \$1.56 million in general funds for the debt service costs for the authority’s revenue bonds. This is the last debt service payment.
- ***Hagerstown Multi-Use Facility:*** This funds debt service on \$57.6 million in par value bonds issued in March 2022. The fiscal 2025 appropriation is \$3.75 million. The final debt service payment is in fiscal 2052. This project also received \$20 million from the Sports Entertainment Facilities Financing Fund.
- ***Office of Sports Marketing:*** General fund appropriations for the office is \$1.0 million in fiscal 2023 to support an event at Fair Hill and the Maryland Cycling Classic. These events are now funded in the Major Sports and Entertainment Event Program Fund.
- ***General Administration:*** The office received \$375,000 in general funds to support fiscal 2024 legislative priorities. As previously discussed, this supports nationally televised broadcasts and a market and economic feasibility study in Charles County.

Special Funds

Lottery proceeds support debt service payments on the Camden Yards Complex. The fiscal 2025 allowance includes \$43 million in special funds for this purpose.

Also included in the fiscal 2025 allowance is an additional \$20 million in lottery proceeds to support MSA activities related to the Baltimore City school construction program. Chapter 647

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of 2013 authorized up to \$1.1 billion in bonds for this project. MSA’s final issuance was in 2022. The final debt service payment will be in fiscal 2055.

The Michael Erin Busch Fund’s fiscal 2025 special fund appropriation totals \$1.5 million. The source of the funds is lottery revenues, admissions and amusement tax revenues, and a share of proceeds from raffles conducted by a charitable foundation affiliated with the Washington Commanders. The fund supports the Office of Sports Marketing to provide grants for youth and amateur sports.

The Racing and Community Development Act (Chapter 590 of 2020) authorizes MSA to issue up to \$375 million in bonds for financing planning, design, construction, and related expenses for racing facilities at Pimlico and Laurel Park. The bonds support improvements to both facilities including the clubhouse, racetracks, stables and barns, and associated roads and walkways. Beginning in fiscal 2022, the Act requires the transfer of \$17 million from the State Lottery Fund to the Racing and Community Development Financing Fund for each fiscal year until the bonds issued for a racing facility have matured. To date, no bonds have been issued. Chapter 111 of 2023 created the Maryland Thoroughbred Racetrack Operating Authority and the Maryland Racing Operations Fund, which can receive funds from the Racing and Community Development Financing Fund. These issues are discussed in the budget analysis D29 – Maryland Thoroughbred Racetrack Operating Authority .

Other programs receiving special funds are (1) the Supplemental Public School Construction Financing Fund; (2) the Prince George’s County Blue Line Corridor Facility Fund; (3) the Sports Entertainment Facilities Financing Fund; and (4) the Major Sports and Entertainment Event Program Fund.

Nonbudgeted Funds: MSA and Grants

The MSA Financing Fund is a nonbudgeted account from which all the MSA operational expenses are paid, including the general administration of the Camden Yards Complex, repairs, renovations, and debt service payments. The fund is primarily supported through lottery and bond proceeds but also includes additional revenues associated with rent from the Orioles, operations and maintenance reimbursement from the Ravens, lease agreements at the warehouse and Camden Station, stadium admissions taxes, and MSA project management fees.

MSA is required to pay rent to the State equal to the difference between its actual revenues and budgeted resources, and MSA can reserve funds for working capital and projects. The rent formula is built into the sublease agreements for Camden Yards. The convention centers have always operated at a deficit, so no rent is due on those subleases. Therefore, activity at the Camden Yards Complex generates the rent payment, if any. Based on estimated revenues and expenditures, no rent payment is expected from fiscal 2022 to 2024. The most recent rent payment was \$1 million in fiscal 2015.

MSA’s revenues also support the Office of Sports Marketing, which promotes amateur and professional sports competitions in Maryland.

Nonbudgeted Funds: Non-State Facilities

MSA supports the financing and construction of (1) horse racing facilities (Pimlico and Laurel Park), which is discussed further in the analysis D29 – Maryland Thoroughbred Racetrack Operating Authority; (2) the Hagerstown Multi-Use Facility, which is funded by bonds supported by general funds; and (3) Prince George’s County Blue Line Corridor Facility Fund projects.

The Hippodrome was renovated in 2003. Due to budget and physical constraints, a decision was made to have local vendors increase its HVAC capacity and supply heating and cooling for the Hippodrome rather than construct a central HVAC plant. However, this resulted in capital capacity and demand charges being passed through the operator of the Hippodrome. To cover these additional operating costs, the operator needed to charge higher fees that made it difficult to attract productions to the theatre. In August 2011, the Board of Public Works (BPW) approved an agreement whereby MSA would pay the operator \$250,000 annually to defray the capital cost charges paid for HVAC utilities.

With Project C.O.R.E. (Creating Opportunities for Renewal and Enterprise), MSA serves as the project manager and oversees the demolition of vacant buildings that are identified by Baltimore City and the Department of Housing and Community Development (DHCD). The goal is to identify projects that build upon existing community strengths and assets. In fiscal 2025, \$10 million is expected to be spent on Project C.O.R.E.

Nonbudgeted Funds: School Financing and Construction

MSA issues bonds and administers two programs that support local school construction and renovation – the Baltimore City public school construction program and the supplemental public school construction program. Baltimore City public school construction is winding down as most schools have been completed. Changes in funding for the supplemental public school construction program is due to bond issuances and cash flow needs.

Reimbursable Funds

Approximately \$4.9 million is provided for positions supporting school construction. The source of these funds is bond proceeds. Project C.O.R.E. anticipates receiving \$10 million from DHCD.

Key Observations

1. Orioles Stadium at Camden Yards Lease

Stadium leases for both the Orioles and the Ravens were scheduled to expire this decade, with the Orioles lease set to expire at the end of calendar 2023 and the Ravens lease after the 2027 football season.

To provide a substantial State construction subsidy for renovations at both stadiums, Chapter 60 of 2022 increased MSA’s total debt authorizations for the stadiums to \$1.2 billion, or \$600 million per team. The Act limited annual debt service costs to \$90 million, or \$45 million per team. By law, debt service payments cannot extend beyond the expiration period of any lease.

A new Ravens lease was approved by BPW in January 2023, and bonds were sold in June 2023. The Ravens’ lease is 15 years, so the bonds are retired in 15 years. However, at the end of the 15-year lease, the Ravens can enter into a new lease and bonds could be issued again. This is discussed in more detail in the Updates section of this analysis.

The Orioles entered into a memorandum of understanding (MOU) with MSA in September 2023, and a new lease was approved by BPW in December 2023. The lease approved by BPW maintains the current lease arrangement and extends the lease period through the end of 2053, with four five-year options to extend the lease. The final lease agreement could still contain provisions from the MOU; the agreement requires that both parties will use commercially reasonable efforts to negotiate and finalize a form of ground lease and master development plan by December 31, 2027.

Metropolitan Area Population Size Can Influence Construction Subsidies

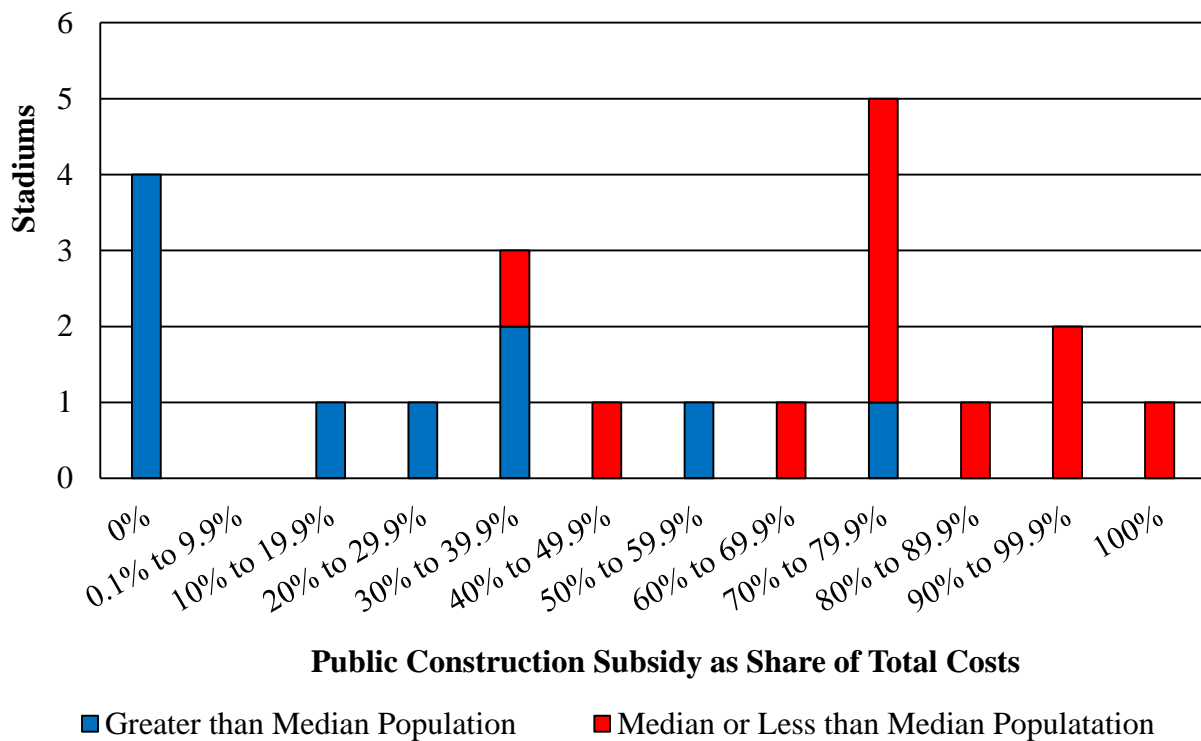
To get a sense of how common it is for stadium construction projects to receive public subsidies, the Department of Legislative Services (DLS) reviewed data on the share of public funding for 21 National Football League (NFL) stadiums that opened between 1998 and 2020. In addition, DLS used statistical metropolitan area population data prepared by the U.S. Bureau of Economic Analysis to measure each team’s local market size. To differentiate between larger and smaller markets, larger markets were those with populations that are greater than the median population and smaller markets are those with populations that are at or less than the median population.

Exhibit 3 shows that smaller markets tend to offer larger public subsidies, for example:

- of the 11 stadiums in markets at or below the median population, all but 3 received a subsidy of at least 70%;

- of the 10 stadiums in markets above the median population, all but 2 received a subsidy of less than 40%; and
- stadiums in the two largest markets, Los Angeles and New York, did not receive any construction subsidies.

Exhibit 3
Metropolitan Areas with Smaller Populations Tend to Provide
Larger Public Stadium Construction Subsidies
NFL Stadiums Opened from Calendar 1998 to 2020



NFL: National Football League

Source: Buffalo News, 2021; Bureau of Economic Analysis

September 2023 Memorandum of Understanding

Exhibit 4 compares the Orioles MOU with the Ravens agreement.

Exhibit 4
Key Attributes of Orioles September 2023 MOU, BPW Actions, and Ravens Agreement

<u>Orioles' MOU</u>	<u>BPW Action</u>	<u>Ravens Agreement</u>
30-year lease with two 5-year options exercisable by Orioles.	15 to 30 years with team options, depending on what is negotiated.	15-year lease with two 5-year options exercisable by Ravens.
Orioles will be responsible for O&M: Orioles will attempt to hire current MSA employees.	To be determined through team and MSA negotiations.	MSA responsible for O&M: MSA is reimbursed by the Ravens.
Capital Improvement and Repair Fund: State/MSA deposits \$5 million initially and \$1 million annually until \$10 million is in the fund.	Same for both teams.	Same for both teams.
Emergency Repair Fund: State/MSA deposits \$5 million initially, and \$1 million is deposited annually by the team until \$10 million is in the fund.	Same for both teams.	Same for both teams.
Safety and Repair Fund: State/MSA contributes \$3.3 million annually for 30 years. Any funds available after 30 years will be remitted to the State/MSA.	To be determined through negotiations between MSA and team.	Not in Ravens agreement.
Ground Lease Development Area: Areas north of Lee Street, except Lot A, will be leased for 99 years to the Orioles, who will have exclusive development rights. Orioles rent will be \$1.5 million in years 1 to 5; \$500,000 in years 6 through 30; and \$750,000 in years 31 to 99.	To be determined through negotiations between MSA and team.	Not in Ravens agreement.

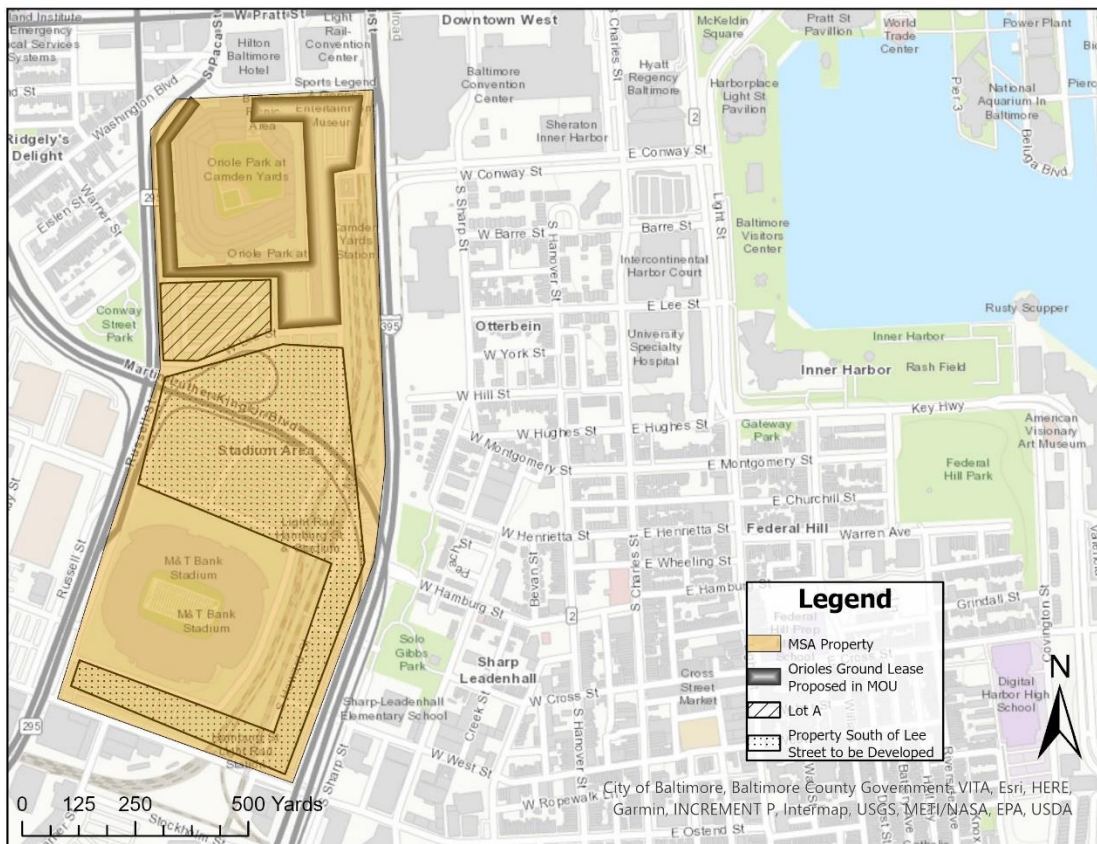
BPW: Board of Public Works
 MOU: Memorandum of Understanding
 MSA: Maryland Stadium Authority
 O&M: operation and maintenance

Source: Maryland Stadium Authority; Oriole Park and Camden Yards memorandum of understanding for the new Facility Use Agreement and Ground Lease for Development Rights, September 2023

Proposed Ground Lease is Uncommon

Both the MOU and the lease approved by BPW in December 2023 propose that MSA prepare a master development plan for its property and offer ground leases. **Exhibit 5** shows MSA’s Camden Yards property and the ground leases proposed in the MOU. The property to the east of Oriole Park, which is in the north of the property, would be leased to the Orioles. This includes the Camden Yards warehouse. Two other areas, (1) Lot A and (2) the property south of Lee Street, excluding M&T Bank Stadium, can also be leased if there is a master site plan that is acceptable to the Orioles, Ravens, and MSA.

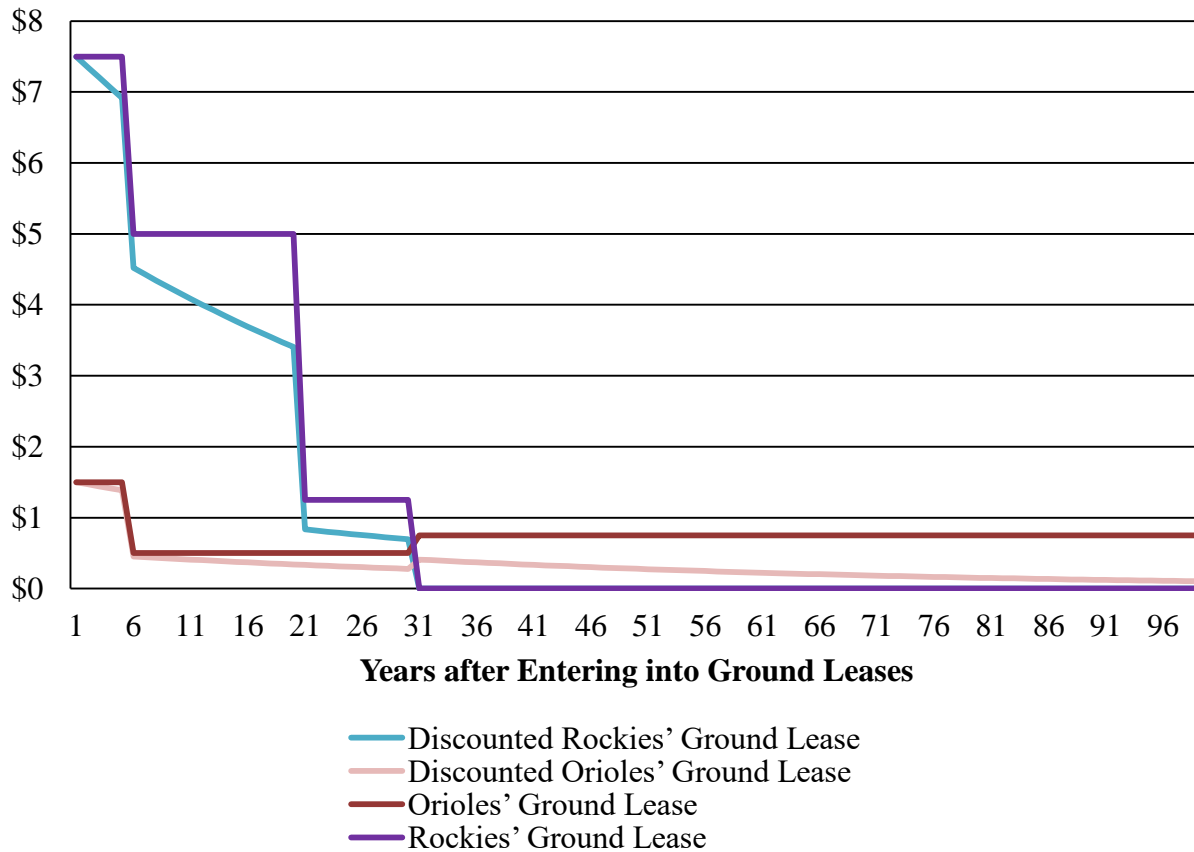
Exhibit 5 Camden Yards Potential Ground Leases



Source: Oriole Park and Camden Yards memorandum of understanding for the new Facility Use Agreement and Ground Lease for Development Rights, September 2023; Google Maps; Department of Legislative Services

DLS examined the stadium leases for 23 Major League Baseball (MLB) teams. Data about the agreements is shown in **Appendix 1**. Only 1 of those 23 teams, the Colorado Rockies, has a similar ground lease agreement. The Rockies’s ground lease is for 99 years, and the largest lease payments are in the first 5 years, consistent with what is included in the Orioles MOU. **Exhibit 6** shows that the Rockies’ ground lease payment is \$7.5 million annually in each of the first 5 years, while the Orioles’ lease payment is \$1.5 million annually in the first 5 years. From years 31 to 99, the Orioles payment is \$750,000 annually, and the Rockies payment is \$100 annually. The exhibit also shows the value of the ground rent discounted 2% annually. The effect is modest in the first 5 years but much larger in the out-years.

Exhibit 6
Rent Payments from Baltimore Orioles and Colorado Rockies
99-year Ground Leases
 (\$ in Millions)



Source: Oriole Park and Camden Yards memorandum of understanding for the new Facility Use Agreement and Ground Lease for Development Rights, September 2023

Other Proposed Changes to the Orioles' Lease

The MOU proposes to have the Orioles maintain the stadium and receive \$3.3 million annually for a Safety and Repair Fund. Although this has not been defined, the name suggests that this could be used for maintenance. MSA advises that this reduces their net costs. The current arrangement requires that MSA revenues fund a deficit each year, which has ranged from \$4.4 million in the 2015 season to \$9.7 million in the 2022 season. DLS notes that it is common for teams to be responsible for operations and maintenance.

However, deferred maintenance, which often increases costs in the out years, is a common problem and concern. If MSA no longer operates and maintains Oriole Park, the State will need assurances that the ballpark will be maintained properly. MSA advises that the authority will monitor Oriole Park closely and notes that (1) there are standards to which the team must adhere; (2) experienced management will be hired by the Orioles; (3) technology allows MSA to monitor maintenance; (4) there will be regular meetings to review maintenance; and (5) there will be inspections. **If operations and maintenance become the responsibility of the Orioles, DLS recommends that MSA develop Managing for Results indicators for maintenance to be reported to the General Assembly in the annual budget process.**

Another change is that the Orioles will be able to generate revenues from stadium naming rights, like the Ravens do. It is common for MLB stadiums to have naming rights, as 22 of 30 teams have done so.

December 2023 Lease

BPW approved an Oriole Park lease agreement between the team and MSA in December 2023. The base extension term is from January 1, 2024, until December 31, 2053. The Orioles can extend the lease for four five-year periods. This extends the current agreement and does not change the terms. The agreement has three amendments:

- **Access to Bond Funding for Capital Improvements:** Now that the Orioles have a lease extension with MSA, the team has access to bond proceeds to improve the stadium. By law, the bonds cannot mature after the lease agreement ends. As discussed later, the Orioles can reduce the lease period to 15 years, so any bonds sold before the terms are finalized cannot exceed 15 years.
- **Ground Lease and Master Development Planning:** Each party will use commercially reasonable efforts to negotiate and finalize a form of ground lease and master development plan by December 31, 2027, subject to all required governmental reviews and approvals. Once finalized, the ground lease and master development plan will simultaneously be submitted to the Legislative Policy Committee (LPC) and BPW for review and approval.
- **Effects of Approval of Ground Lease and Master Development Plan:** If LPC and BPW approve the lease, the Orioles will execute the Facility Use Agreement. Key terms are (1) a

30-year lease through 2053 with two five-year renewal options; (2) the Orioles will not pay rent; (3) the Orioles will maintain the ballpark; (4) the State will establish and MSA will request appropriations for the capital, emergency reserve, and safety and repair funds; and (5) the Orioles will be able to sell naming rights.

- ***Effects of Disapproval of the Ground Lease and Master Development Plan:*** If there is no approved ground lease and master development plan by December 31, 2027, the Orioles may (1) continue to lease the stadium under the base extension term lease; (2) reduce the base extension term lease to 15 years with four 5-year renewal options; or (3) execute the Facility Use Agreement, which includes the terms mentioned previously, including a 30-year lease term with two five-year extensions.

Issues to Consider

While progress has been made and the Orioles have a lease for the stadium, it is unclear what the final terms will be. Issues still to be resolved include:

- Why does the State offer a team a ground lease that exceeds the stadium lease period by 69 years? Would it be prudent to reduce the length of the ground lease or have any improvements become MSA property if the team leaves before the ground lease expires?
- What is fair market value for the cash flows lost if MSA offers ground leases? How will this be determined and how will the State know that the ground rent is commensurate with foregone revenues?
- The State is required to maintain parity between the Orioles and Ravens leases. What does parity look like if the Orioles can lease MSA's improved property, including the Camden Yards warehouse? Could the Ravens opt into similar operations and maintenance arrangements as the Orioles?
- What are the potential tax implications and to what extent could State and local revenues be affected? Could the agreement's structure affect the imposition of property or income taxes?

MSA should be prepared to brief the committees on the status of the Oriole Park at Camden Yards lease and the unresolved issues.

2. Baltimore City Convention Center Renovation Update

The fiscal 2024 budget includes \$25.7 million in general funds to renovate BCCC. Under an existing MOU between MSA and BCCC, conceptual design and engineering services have been procured. MSA and BCCC are negotiating an MOU to complete physical repairs and maintenance needs. MSA is identifying priorities. BCCC has identified the following capital projects: (1) relocation of critical operational infrastructure; (2) Voice over Internet Protocol upgrade; (3) deferred maintenance, electric, and plumbing projects; (4) restroom renovations; (5) Charles Street bridge renovation and restoration; (6) exhibition hall renovations, such as ceiling and paint; (7) architectural lighting; (8) exterior terrace and lobby audio; (9) sustainable balcony conversion; and (10) exterior landscaping. MSA anticipates that the costs to complete this work will exceed \$25.7 million. The State should have better sense of the total costs after the design and engineering work is completed.

Operating Budget Recommended Actions

1. Concur with Governor's allowance.

Updates

- Summary of MSA Authorizations:** MSA administers various debt programs. **Exhibit 7** lists MSA’s current tax-supported authorized debt, debt outstanding, and annual debt service. MSA also issues debt that the State does not consider to be tax-supported. DLS notes that Moody’s considers lottery debt to be tax-supported.
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Exhibit 7
MSA Revenue Debt Authorizations, Debt Outstanding, and Debt Service
Fiscal 2024
(\$ in Thousands)

<u>Project</u>	<u>Revenues</u> <u>Supporting Debt</u>	<u>Authorized</u>	<u>Outstanding</u> <u>on June</u> <u>30, 2024</u>	<u>Debt</u> <u>Service</u>
State Debt				
Hagerstown Multi-Use Sports and Events Facility	General Fund	\$59,500	\$56,280	\$3,746
Baltimore City Convention Center	General Fund	55,000	0	0
Ocean City Convention Center	General Fund	24,500	19,365	1,656
Baseball and Football Stadiums ¹	Lottery and MSA	n/a	53,040	2,083
Subtotal		\$139,000	\$128,685	\$7,484
Non-State Debt				
Built to Learn	Education Trust Fund	2,200,000	611,795	36,523
Baseball and Football Stadiums and Camden Station ¹	Lottery and MSA	1,200,000	420,100	12,069
Baltimore City Public Schools	Lottery, Baltimore City, State grants to Baltimore City	1,100,000	988,370	59,998
Blue Line Corridor Projects	Lottery	400,000	0	0
Horse Racing Facilities	Lottery	375,000	0	0
Sports Entertainment Facilities Financing Fund	Lottery	220,000	98,495	3,081
Supplemental Facilities Fund	MSA	25,000	0	0
Subtotal		\$5,500,000	\$2,118,760	\$111,671
Total		\$5,639,000	\$2,247,445	\$119,155

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¹ Authorization limit for Camden Complex includes the stadiums and Camden Station. The authorization does not specify between State and non-State debt.

MSA: Maryland Stadium Authority

Note: Numbers may not sum to total due to rounding.

Source: Maryland Stadium Authority

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- ***Bonds Issued to Improve M&T Bank Stadium:*** In January 2023, BPW approved a new lease between the State and the Ravens that replaced an existing lease. The new lease is 15 years, with two 5-year renewal options that can only be exercised by the Ravens. MSA issued 15-year bonds instead of the more customary 30-year bonds, so that there are no debt service payments after expiration of the initial lease term. There is capacity to issue additional bonds. The bonds are supported by lottery revenues. In June 2023, MSA sold \$225.7 million of par value bonds at a \$26 million premium, which supports project costs, in its 2023A Series. Another \$187.3 million in conversion bonds will be issued in 2026 and 2027. The structure addresses having construction in the football offseason and holding on to proceeds longer than allowed by arbitrage regulations. Debt service increases from \$33 million in fiscal 2025 to approximately \$41 million from fiscal 2028 to 2038, when the bonds are retired.
 - ***Bonds Issued for Minor League Baseball Stadiums:*** In October 2023, \$98.5 million in par value Sports Entertainment Facilities Financing Fund bonds were issued. The bonds sold at a \$5.1 million premium. Proceeds were deposited into a capitalized interest fund so that no debt service costs would be needed in fiscal 2024. Fiscal 2025 debt service costs total \$12.4 million. The appropriation includes \$12 million, leaving a shortfall of \$400,975. These bonds finance capital improvements to five minor league baseball stadiums in Charles, Frederick, Prince George’s, Washington, and Wicomico counties.
 - ***Blue Line Corridor Project Update:*** Chapter 61 of 2022 authorized \$27 million annually in State lottery revenues and \$400 million in par value bonds to support development of the Blue Line Corridor project in Prince George’s County. The fiscal 2024 budget includes \$1.1 million in lottery revenues to support project development costs, including necessary contracts. The first facility to be developed is the Wayne K. Curry Plaza in Largo. Other projects are the (1) sports and entertainment complex and amphitheater; (2) central library, cultural center, and magnet charter school; (3) basketball and volleyball fieldhouse; (4) Central Avenue market hall; and (5) FedEx Field demolition if needed. The fiscal 2025 appropriation is \$8.5 million, but this could change depending on how quickly the work is done.
 - ***Major Sports and Entertainment Event Program Fund Update:*** MSA’s sports and entertainment event fund was created in Chapter 61 of 2022 to attract major events to the State. The fund is capitalized so that \$10 million are available for grants each fiscal year. **Exhibit 8** shows the events planned for fiscal 2023 to 2025.

Exhibit 8
Major Sports and Entertainment Events Program Fund Activity
Fiscal 2023-2025
(\$ in Thousands)

<u>Event</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
BMW Championships PGA Tournament	\$2,000	\$0	\$2,000
Annual Maryland 5 Star at Fair Hill*	3,125	2,800	2,500
Annual Maryland Cycling Classic*	0	500	300
CIAA Conference Basketball Championships	0	1,500	1,625
Navy-University of Notre Dame College Football Game	300	0	0
Sport and Entertainment Corporation of Maryland*	2,100	0	500
English Premier League Friendlies*	0	350	350
Ocean City Music Festival	0	250	250
Offshore Powerboat Racing	0	0	300
Baltimore Country Club PGA Tournament*	0	0	1,000
Army-Navy College Football Game**	0	750	750
Total	\$7,525	\$6,150	\$9,575

* Fiscal 2025 is proposed but not committed.

** Fiscal 2024 and 2025 are proposed but not committed.

CIAA: Central Intercollegiate Athletic Association

Source: Maryland Stadium Authority, January 2024

- Built to Learn Update:** Chapter 20 of 2020 authorizes MSA to issue up to \$2.2 billion in revenue bonds to support public school facilities. The bonds are backed by mandated State appropriations from the Education Trust Fund. Prior to the issuance of any Built to Learn bonds, MSA and the Interagency Commission on School Construction must enter into an MOU that sets forth, among other things, the selection criteria under which schools will receive priority in funding under this program. To date, funds for school projects total \$699 million. Interest rates have increased since the bonds were authorized. Now, \$1.6 billion in bonds are anticipated. MSA advises that the next bond sale could be as much as \$376 million in April 2024.

**Appendix 1
Characteristics of Various Major League Baseball Leases**

<u>Location</u>	<u>Name</u>	<u>Year Opened</u>	<u>Lease Term</u>	<u>Team’s Options</u>	<u>Naming Rights</u>	<u>Publicly Leased Development Rights</u>
Arizona	Diamondbacks	1998	30 Years	2 5-year Options	Yes	No
Chicago	White Sox	1991	20 Years	4 5-year Options	Yes	No
Cincinnati	Reds	2003	38 Years	None	Yes	No
Cleveland	Guardians	1994	20 Years	1 15-year Option	Yes	No
Colorado	Rockies	1995	Renewed in 2017 for 30 Years	1 5-year Options	Yes	Yes
Detroit	Tigers	2000	35 Years	6 10-year Options	Yes	No
Houston	Astros	2000	Renewed in 2018 through 2050	None	Yes	No
Kansas City	Royals	1973	Renewed in 2006 for 25 Years	2 5-year Options	No	No
Los Angeles	Angels	1966	Renewed in 1996 for 33 Years	3 3-year Options	No	No, but Sportstown Development by City of Anaheim with Team Input Has Been Proposed but Not Constructed.
Miami	Marlins	2012	Later 35 Years or When Bonds Retired, but No Later than 2052	2 5-year Options	Yes	No
Milwaukee	Brewers	2001	29 Years	5 2-year Options	Yes	No
Minnesota	Twins	2010	30 Years	2 10-year Options	Yes	No
New York	Mets	2009	37 years, Six Months, One Day	Various	Yes	No
New York	Yankees	2009	40 Years	Various	No	No
Oakland	A’s	1966	Renewed in 2014 through 2024	N/A	No	No

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<u>Location</u>	<u>Name</u>	<u>Year Opened</u>	<u>Lease Term</u>	<u>Team's Options</u>	<u>Naming Rights</u>	<u>Publicly Leased Development Rights</u>
Philadelphia	Phillies	2004	30 Years	10 5-year Options	Yes	No
Pittsburgh	Pirates	2001	Expires 2030	5 5-year Options	Yes	No
San Diego	Padres	2004	30 Years	2 5-year Options	Yes	No
San Fransisco	Giants	2000	25 Years	8 5-year Options	Yes	No
Seattle	Mariners	1999	Expires 2043	2 5-year Options	Yes	No
St. Louis	Cardinals	2006	35 Years	3 5-year Options	Yes	No
Texas	Rangers	2020	Expires January 1, 2054	5 5-year Options	Yes	No
Washington	Nationals	2008	30 Years	2 5-year Options	No	No

Source: Team leases and lease summaries

Appendix 2
Object/Fund Difference Report
Maryland Stadium Authority

<u>Object/Fund</u>	<u>FY 23</u> <u>Actual</u>	<u>FY 24</u> <u>Working</u> <u>Appropriation</u>	<u>FY 25</u> <u>Allowance</u>	<u>FY 24 - FY 25</u> <u>Amount Change</u>	<u>Percent</u> <u>Change</u>
Positions					
01 Regular	125.80	127.80	127.80	0.00	0%
02 Contractual	10.30	15.00	15.00	0.00	0%
Total Positions	136.10	142.80	142.80	0.00	0%
Objects					
01 Salaries and Wages	\$18,483,449	\$16,890,241	\$16,868,688	-\$21,553	-0.1%
02 Technical and Spec. Fees	424,295	522,903	516,190	-6,713	-1.3%
03 Communication	130,427	114,330	114,330	0	0%
04 Travel	146,856	158,206	158,206	0	0%
06 Fuel and Utilities	6,154,849	5,573,727	5,573,727	0	0%
07 Motor Vehicles	29,160	71,300	71,300	0	0%
08 Contractual Services	109,908,337	281,340,534	279,890,467	-1,450,067	-0.5%
09 Supplies and Materials	1,073,379	805,794	805,794	0	0%
10 Equipment – Replacement	1,360	0	0	0	0.0%
11 Equipment – Additional	35,313	2,760	2,760	0	0%
12 Grants, Subsidies, and Contributions	56,124,613	50,655,385	78,516,003	27,860,618	55.0%
13 Fixed Charges	101,367,987	192,865,179	187,291,812	-5,573,367	-2.9%
Total Objects	\$293,880,025	\$549,000,359	\$569,809,277	\$20,808,918	3.8%
Funds					
01 General Fund	\$20,910,416	\$18,719,030	\$17,274,555	-\$1,444,475	-7.7%
03 Special Fund	47,102,307	182,248,004	204,021,794	21,773,790	11.9%
07 Nonbudgeted Fund	225,867,302	333,146,824	333,626,427	479,603	0.1%
09 Reimbursable Fund	0	14,886,501	14,886,501	0	0%
Total Funds	\$293,880,025	\$549,000,359	\$569,809,277	\$20,808,918	3.8%

Note: The fiscal 2024 appropriation does not include deficiencies, targeted reversions, or across-the-board reductions. The fiscal 2025 allowance does not include contingent reductions or cost-of-living adjustments.