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**Maryland Stadium Authority - Letter of Information**

HB1128 (SB0856) Economic Development - Maryland Stadium Authority -  
Baltimore City Infrastructure Projects

**APPROPRIATIONS COMMITTEE**

The Honorable, Chair, Delegate Ben Barnes  
The Honorable, Vice Chair, Delegate Mark S. Chang

Written Testimony

Michael J. Frenz, Executive Director, Maryland Stadium Authority

Good afternoon Chair Barnes, Vice Chair Chang and honorable members of the Appropriations Committee, I am Michael Frenz, the Executive Director of the Maryland Stadium Authority (MSA) and I appreciate the opportunity to provide this written Letter of Information for HB1128 (SB0856) Economic Development - Maryland Stadium Authority - Baltimore City Infrastructure Projects.

As you know, HB1128 (SB0856), authorizes MSA to issue up to \$1.1 billion in bonds and use \$58.0 million in General Funds to cover the debt service. In order to do so, MSA would issue debt over a four year period of time.

It is most important to note that by using General Funds, it would classify this program as tax supported debt which could impact the State's ratios use for Capital Debt Affordability.

At a true interest rate of about 4.68%, tax-exempt, with a 30 year maturity, MSA estimates that the amount of proceeds available for construction will be only \$925 million. If interest rates continue to rise, this amount will continue to decline.

Like the Baltimore City Public Schools / 21<sup>st</sup> Century School Buildings Program, this legislation requests MSA to issue debt and provide construction management services. Therefore, MSA would have to hire a number of staff to oversee this new program by the bill's effective date of July 1, 2023. The new positions would include an executive program manager, four program managers, and three assistant program managers. Additional and critical personnel includes two fiscal, one procurement and one compliance staff. The bill as presently written does not provide any startup costs to help cover the new personnel and hiring of

consultants.

Furthermore, it would take approximately a year to eighteen months to develop the necessary documents to procure the first set of projects. The first financing of bonds would occur about the same time as this procurement.

By establishing the Baltimore City Infrastructure Projects Financing Fund, this infusion of State funds, through MSA, may expedite the City of Baltimore's ability resolve its aging infrastructure challenges for its citizens and businesses.

However, like with any new program, MSA will need time to better understand specifically what the City of Baltimore wishes to achieve. MSA believes this program could take up to eight to ten years to complete.

For the reasons expressed in this letter, MSA appreciates your additional consideration and looks forward to your report on HB1128 (SBO856) Economic Development - Maryland Stadium Authority - Baltimore City Infrastructure Projects. As always, and I am available for any questions the committee may have at any time.