MARYLAND STADIUM AUTHORITY

Photo Credit: John Dean

2005 ANNUAL REPORT

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Governor

Maryland Stadium Authority

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Leonard J. Attman
Samuel J. Lloyd
Dennis B. Mather
Robert L. McKinney
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Maryland Stadium Authority

Annual Report – 2005

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MARYLAND STADIUM AUTHORITY

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To the Governor and Members of the Maryland General Assembly:

The Maryland Stadium Authority is pleased to present its Annual Report for 2005.

This calendar year saw the completion of numerous off-season projects at Oriole Park at Camden Yards and M&T Bank Stadium as well as the official opening of Sports Legends at Camden Yards. Several large sporting events and the HFStival took place at M&T Bank Stadium, increasing the revenues and economic impact generated at the Camden Yards Sports Complex. Under the leadership of our management team, new and challenging projects were vigorously explored, including the Coppin State University Athletic Complex and feasibility studies on a Maryland Horse Park and Allegany County Motorsports Park.

We hope to continue the renewed vitality of the Maryland Stadium Authority in the coming years and, as always, look forward to support and guidance from the Governor and Maryland Legislature.

Sincerely,

Carl A. J. Wright
Chairman

Alison L. Asti
Executive Director

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THE CAMDEN YARDS SPORTS COMPLEX

The Camden Yards Sports Complex continues to be recognized as the best in the country, due in large measure to the efforts of the staff of the Maryland Stadium Authority. Working closely with our partners, the Ravens and Orioles, MSA worked throughout the year to ensure that Oriole Park at Camden Yards and M&T Bank Stadium remained among the best in the world.

A number of improvements were made to M&T Bank Stadium in 2005. More than 2,000 seats were added to the stadium's capacity. Upgrades were made to all of the original suites in the stadium including the installation of flat screen televisions and new counter tops with induction burners. Finish work was

completed on five new suites bringing the suite total to 113. Flat screen televisions also were added on the club level. The new Talon Pub on the north concourse was completed. Improvements were made in the concession areas, permitting point-of-sale credit card use for both refreshments and team souvenirs. Renovations also were made to both the ticket office and the offices of the operations staff.

Special attention was given to Oriole Park at Camden Yards as it entered its 14th season. To brighten the lower seating bowl, 81 new sports lights were added to the light towers surrounding the playing field and numerous essential maintenance items were addressed to ensure that baseball operations would continue to flow smoothly.

Photo Courtesy of ARAMARK

The Camden Yards Sports Complex continued as the site of a variety of entertainment and business events. In the banquet facilities of The Warehouse at Camden Yards and on the Club Level of Oriole Park at Camden Yards, more than 300 events were held in 2005. The events ranged from proms and wedding receptions to trade shows and seminars. Some of the more significant events included the School Nutrition Association's reception for 3,200 guests with a

concert by Sawyer Brown; the Angus Beef Convention's crab feast for 500 guests; the Nursing Spectrum Job Fair and Trade Show and the Specialty Tools and Fasteners Distributors Association (STADFA) reception for 4,200 guests, the largest indoor convention event ever held in Oriole Park at Camden Yards.

Photo Courtesy of ARAMARK

Photo Courtesy of ARAMARK

The African American Heritage Festival, which has been held on numerous occasions at Camden Yards, had its largest attendance ever – more than 505,000 guests – during the June, 2005 weekend!

Photo Courtesy of the African American Heritage Festival

Ease of parking and a central location contributed to the continued appeal of Camden Yards as a place for walks and races including the Race for the Cure, the American Diabetes Association Walk and the Baltimore Marathon. The Marathon set a new record for participation with nearly 11,000 runners, a 20 percent increase from 2004. The participants and more than 30,000 spectators generated an economic impact for this event of approximately $10 million.

Photo Courtesy of MarathonFoto

The facilities at M&T Bank Stadium, including the North and South Club Levels, also were utilized by individuals, firms and organizations seeking an elegant, sports-related atmosphere for their social and business events. More than 700 non-game events were held at the football stadium including fundraisers, weddings, concerts, holiday parties, trade shows, press

conferences, career fairs and other corporate activities. College and high school football and lacrosse games also have become a major part of the Baltimore culture at M&T Bank Stadium.

Photo Courtesy of ARAMARK

The efforts of the Stadium Authority, working with our baseball and football team partners, were successful in attracting major events to Camden Yards. The HFStival, held at M&T Bank Stadium in May, generated approximately $3.4 million in direct spending in the Baltimore metropolitan area with total spending generated by the event determined to be $6.1 million for the local economy. With approximately 15,000 of the 50,000 concert attendees from outside of Maryland, nearly $25,000 was generated in hotel tax revenues. Admissions tax revenues from this event were $184,000 and approximately $249,000 in sales tax revenues were generated.

Again through the efforts of MSA and the Ravens, an old rivalry was returned to Baltimore when the football teams of the University of Maryland College Park and the United States Naval Academy took the field.

Photo Credit: Phil Hoffman

Photo Credit: Phil Hoffman

We believe even more can be done given the ideal location and facilities offered at Camden Yards. A group of business and community leaders are being identified by the Camden Yards Sports and Entertainment Commission Steering Committee to work with the Commission to bring more events to Camden Yards. The goal of this commission is to enhance the use of Camden Yards as the site

for large, high-profile events with an eye toward generating a positive economic impact in Baltimore and throughout the State.

The Commission's Steering Committee consists of:

Gregory J. Smith	President, Camden Yards Sports & Entertainment Commission COO, Maryland Stadium Authority
Carl A. J. Wright	Chairman, MSA
Alison L. Asti	Executive Director, MSA
Paul Schurick	Director of Communications, Office of the Governor
Clarence T. Bishop	Chief of Staff, City of Baltimore / Chairman, BACVA
Donald C. Fry	Chairman, Greater Baltimore Committee
Dennis M. Castleman	Assistant Secretary for Tourism, Film and the Arts, Maryland Department of Business & Economic Development
Joseph E. Foss	Vice Chairman & COO, Baltimore Orioles
Dennis M. Mannion	Senior Vice President of Business Ventures, Baltimore Ravens

Future events scheduled for Camden Yards to be held at M&T Bank Stadium include:

- Atlantic Coast Conference (ACC) Lacrosse Finals (2006)
- Notre Dame-Navy Game (2006 & 2008)
- National College Athletic Association (NCAA) Lacrosse Championships (2007)
- Army-Navy Game (2007)

The Warehouse at Camden Yards remained fully leased with more than a dozen tenants. Efforts to continue tenant satisfaction were made throughout the year with the award of new contracts for cleaning, pest control and other services essential to the efficient operation of the Warehouse's Class A office space.

The Stadium Authority formally adopted new procurement policies and procedures in 2004 to increase competition and contractor diversity. A procurement officer and staff were hired to oversee the implementation of the procurement and MBE compliance activities. Significant progress was made in meeting our procurement goals in 2005. In the first year of the State's 10 percent reserve program for small businesses, the Authority spent 19 percent of its procurement dollars on registered small businesses during the reporting period. In addition, the Authority's percentage of awards to MBE contractors during Fiscal Year 2005 rose to 24 percent, up from 18 percent during the previous fiscal year. With increased training and outreach efforts, the Stadium Authority has improved its procurement efficiency while promoting the advancement of small and minority businesses.

PROJECT UPDATES

Completed Projects

Sports Legends at Camden Yards

The Maryland Stadium Authority celebrated the completion of its most recent project in May, 2005 – the restoration of the basement and first floor of Camden Station. With completion of this phase of the Station's restoration, our newest tenant, Sports Legends at Camden Yards, opened its doors.

Photo Credit: John Dean

Camden Station, always the crown jewel of Camden Yards, has long played a significant role in Baltimore's history. Built in 1852 by the B&O Railroad as a part of the Warehouse complex, Camden Station was the site of several visits by President Abraham Lincoln before, during and after the Civil War as well as by other U.S. Presidents. Use of the Station declined in the mid-1900's and the building was neither utilized nor maintained until 1992 when the exterior was refurbished for its role as the gateway to Oriole Park at Camden Yards. The

Stadium Authority's goal of restoring the Station's interior and making it an integral part of the Camden Yards campus was realized with the lease agreement between the Stadium Authority and the Babe Ruth Museum.

Completion of the refurbishment of the lower floors of Camden Station was marked with a gala celebrating this accomplishment. Governor Robert L. Ehrlich, Jr. joined a host of dignitaries and sports personalities in celebrating the opening of Sports Legends at Camden Yards. Participating in the ribbon cutting ceremony on May 12th were Carl A. J. Wright, Chairman, MSA; Alison L. Asti, Executive Director, MSA; Gary A. McGuigan, Project Executive, MSA; Michael Hodes, Chairman, Babe Ruth Museum; Michael Gibbons, Executive Director, Babe Ruth Museum and Julia Ruth Stevens, Babe Ruth's daughter.

Photo Credit: John Dean

Photo Credit: John Dean

Visitors to the museum have the opportunity to see exhibits portraying the "glory days" of the Baltimore Colts and the famous Colts Marching Band.

Exhibits of the Orioles' World Championship victories in the 1970's and 80's are available as are memorabilia from the Negro League, the University of Maryland basketball and lacrosse programs and other college and university teams throughout the State. A portion of the museum is, of course, dedicated to the history of Camden Station and its role in the history of Baltimore, Maryland and the Nation.

Photo Credit: John Dean

In the summer of 2005, Sports Legends at Camden Yards was included by the Automobile Club of America (AAA) as one of its "must see" places in Baltimore.

The Museum also was awarded the first Making Choices for Independent Living "Spirit of the ADA" award which honors organizations that exceed Americans with Disabilities Act requirements.

Hippodrome Performing Arts Center

The restoration of the Hippodrome Performing Arts Center was completed in 2004 and the Stadium Authority's achievement with this project was recognized with the presentation of the Preservation Maryland 2005 President's Award and the 2005 Preservation Project Award by the Maryland Historic Trust.

Photo Credit: Joan Marcus

The performance of the *Lion King* during the 2005 theater season set attendance records for the Hippodrome Theatre. Over the 14-week run of the play, more than 229,500 theater-goers of all ages enjoyed the performances in the beautifully appointed surroundings. Ticket revenues in excess of $15 million were generated by the *Lion King's* run in Baltimore.

Photo Credit: Joan Marcus

In 2004, according to a study by Clear Channel Entertainment (the operator of the theater), the France-Merrick Performing Arts Center generated $8.8 million from ticket sales, rental income, service charges and other sources. Another $26.2 million in sales were generated by patrons of the theater in local restaurants, hotels/motels, retail stores and parking. The crews responsible for production of the shows in the Hippodrome Theater are estimated to have spent more than $4 million. In addition, it was estimated that a total of 941 jobs in Baltimore and 1,116 jobs in Maryland would be supported by the Hippodrome's activities. Income generated by these jobs was approximately $21 million in the City and $25.1 million in Maryland. With the inclusion of indirect and induced business sales, the total economic impact of the France-Merrick Performing Arts Center was estimated at $52 million in the City and $60 million throughout Maryland.

Photo Credit: Joan Marcus

The Economic and Fiscal Impact study of the Hippodrome Performing Arts Center for Fiscal Year 2004, prepared by the Maryland Department of Budget and Management, reflected State tax revenues for the 4-1/2 month period from February 10 through June 30, 2004 to be $262,600 to $363,200. During the same period, $365,432 was paid directly to the Maryland Stadium Authority from the $2 statutory ticket surcharge. MSA originally had projected from $690,000 to $825,400 in taxes and surcharges during the first full year of operation. For the 4-1/2 months measured, the Hippodrome exceeded MSA's expectations.

Montgomery County Conference Center

Conferences and meetings booked in the Montgomery County Conference Center, which opened in December, 2004, have far exceeded projections for the facility.

Photo Credit: Christy Brown, ImageCatcher News

Photo Credit: Christy Brown, ImageCatcher News

The conference center made more than $1 million in profits during Fiscal Year 2005 despite industry predictions that it would operate at a deficit of approximately $186,000 during its first two years. We have been advised that this facility has attracted a broad range of events, some of which have exceeded the capacity of the adjoining Marriott conference hotel and resulted in increased revenues for other local area hotels.

Photo Credit: Christy Brown, ImageCatcher News

Baltimore Convention Center

The Maryland Stadium Authority's involvement in one of its earliest projects – the renovation and expansion of the Baltimore Convention Center – has remained constant. The Task Force on Baltimore Convention Center Financing, chaired by William Donald Schaefer, Comptroller of Maryland, was created in 2005. Members of the task force include:

Alison L. Asti	Executive Director, Maryland Stadium Authority
Hank Butta	Former President & CEO, C&P
Dennis Castleman	Maryland Department of Business & Economic Development
Peggy Daidakis	Executive Director, Baltimore Convention Center
Leslie Doggett	President/CEO, Baltimore Area Convention & Visitors Association (BACVA)
Jeff Hungate	Chief Operating Officer, BACVA
Ronnie Burt	Vice President, Convention Sales & Services, BACVA
Dean Kenderdine	Chief of Staff, Office of the Comptroller of Maryland
John Koscher	Sheraton Inner Harbor Hotel
Karen Patten	Kali's Court Restaurant
Fred Puddester	Executive Director, Budget, Financial Planning & Analysis, Johns Hopkins University
Leonard Sachs	Maryland Office Interiors
Gregory J. Smith	COO, Maryland Stadium Authority
David Pittenger	National Aquarium

The report prepared by the task force outlined a number of recommendations which were presented to the Legislature at MSA's budget hearings. Two of the recommendations: (1) hiring a national sales manager, a position that had been vacant for more than a year and (2) establishment of a $500,000 "Opportunity Fund," were agreed to by Baltimore City. The fund is for

use by representatives of the Baltimore Area Convention and Visitors Association (BACVA) and the Baltimore Convention Center to entice conventions that will provide significant economic benefit to Baltimore in what are traditionally "slow" months for the hotels, e.g., January.

In Fiscal Year 2005, the economic and fiscal impacts of the Baltimore Convention Center were significantly higher than in the previous fiscal year. Attendance at conventions increased by 46 percent with the number of visitors growing from 115,000 to 168,000 attendees. The task force will continue to meet with the goal of increasing large, out-of-state conventions which have the greatest economic impact on the State. The task force expects to present a recommendation to the Maryland General Assembly on future funding options when the State's obligation to fund 2/3 of the operating deficit expires after Fiscal Year 2008.

The Department of Budget and Management, in a report prepared for Fiscal Year 2005, reported that the Baltimore Convention Center generated State tax revenues ranging from $17.54 to $20.5 million. The revenue was generated by sales and personal income taxes. Based on this information, it was determined that the State's net impact, after payment of debt service and the State's obligation to cover 2/3 of the operating deficit, ranged from $5.7 to $8.7 million.

Ocean City Convention Center

During Fiscal Year 2005, the Ocean City Convention Center hosted 130 events including conventions and trade shows, competitions, consumer shows and meetings. Examples of those booking events in the Ocean City Convention Center were the Annual State Firemen's Association, an Oktoberfest, a paint ball event, cheerleading competition, Fall Fest and the Maryland Association of

Counties. A total of 277 days were utilized by these events and total attendance for the fiscal year was more than 409,000.

Current Projects

Allegany County Motorsports Study

The Maryland Stadium Authority was asked to oversee a feasibility study for the design and construction of a proposed motorsports facility in Western Maryland. In 2005, the Maryland Stadium Authority selected Conventions, Sports and Leisure (CSL) of Wayzata, Minnesota to conduct a market and economic impact study for the motorsports project. CSL is working with the Stadium Authority, Allegany County and the Department of Business and Economic Development to complete this study to determine the feasibility of the project as well as determining the State and local tax revenues projected to be generated by the project.

HOK Sport+Venue+Event, the architect for Oriole Park at Camden Yards and M&T Bank Stadium, was selected as the architect for this project and will undertake an architectural/engineering feasibility study for the motorsports park based on the results of the CSL study. This study will evaluate the viability of improving an existing ⅝-mile dirt track at the Allegany County Fair Grounds in Cumberland, Maryland into a new and improved motorsports facility. HOK Sport has extensive experience in the design of motorsports facilities ranging from the Daytona International Speedway to the Kentucky Speedway. During Phase I of this project, HOK will confirm the viability of this program within the site constraints and perform an environmental analysis.

Camden Station - Geppi Entertainment Museum

With the signing of the lease agreement for the Geppi Entertainment Museum at Camden Yards, planning and design began for the 16,000 square foot pop culture and comic book museum to be located on the second and third floors of historic Camden Station.

Complementing Sports Legends at Camden Yards, also located in the Station, the Geppi Entertainment Museum is expected to be completed for a Summer, 2006 opening.

A press conference was held in October marking the kick-off of the project and the agreement between the Geppi Entertainment Museum and the Babe Ruth Museum to jointly market the Station as "The Museums at Camden Yards." On hand for this special event were Governor Robert L. Ehrlich, Jr.; Chairman Carl A. J. Wright and other members of the Stadium Authority Board; Steve Geppi, President and CEO, Diamond Comic Distributors; Michael Hodes, Chairman of the Babe Ruth Museum; Superman, Batman and Spiderman – super heroes all.

Coppin State University Athletic Complex

The Maryland Stadium Authority has entered into a Memorandum of Understanding with Coppin State University to oversee the design and construction of new facilities for Coppin State University including:

- Physical Education Complex – 167,000 square feet including an indoor arena and pool
- Satellite Central Utility Plant
- Facilities Management & Public Safety Building (67,000 square feet)
- New Outdoor Track
- Tennis Courts
- Softball Field
- Parking Lots for University staff, students and visitors

In addition to the construction portion of this project, the Stadium Authority also will be responsible for relocation of the existing baseball fields and demolition of existing facilities.

Funding for construction will be submitted to the Maryland General Assembly for consideration at the 2006 session. Design for the project began in December, 2005 and is expected to take 18 months to complete. Construction, scheduled to begin in July, 2007, is anticipated to be completed in 24 months. The total construction cost is estimated to be $80 million. The facilities will be located on the existing campus as well as on an adjacent expansion site and will complement the University's existing architecture.

Photographs Courtesy of Governor's Office

The "kick-off" event for this project took place in September with encouraging remarks by Governor Robert L. Ehrlich, Jr. Enthusiasm for the project was displayed by members of the athletic community of Coppin State University.

Maryland Horse Park Study

The Maryland Stadium Authority is in the process of determining the feasibility of a horse park in Maryland. Similar to a facility located in Lexington, Kentucky, the Maryland Horse Park is expected to enhance the State's tourism appeal. The Horse Park will be designed to attract national level show jumping and other show ring sports. It will be used for steeplechase, eventing, endurance riding and dressage, as well as for a variety of other equestrian activities for all levels of skill and interest. The park is expected to include an indoor riding facility, an outdoor pavilion, 600-800 stalls, 8 to 12 show rings, sales pavilion, cross country and steeplechase courses, campground, educational, conference and office facilities and a museum celebrating Maryland's rich history and tradition in the horse industry.

Following receipt of a request from the Maryland Department of Agriculture (through the Maryland Horse Industry Board) to study the feasibility of a Maryland Horse Park, the Stadium Authority began the process for this undertaking.

The Maryland Horse Industry Board opted to work with the Maryland Stadium Authority due to its impressive track record for large scale public projects. In a recent article they noted:

> "Every step of the way, the MSA has conducted this project in a most professional and expedient fashion, earning the awe of the entire selection committee and every agency of the state government assisting with this project – including the office of the Governor, the departments of Agriculture, Business and Economic Development, Labor Licensing and Regulation, Natural Resources and Planning."

In May, a site solicitation was sent to all counties and municipalities in Maryland. A selection committee to choose the best site for a feasibility study was established consisting of:

Alison L. Asti	Executive Director, MSA
Gary A. McGuigan	Project Executive, MSA
Dennis M. Castleman	Assistant Secretary, Department of Business & Economic Development (DBED)
Sue Kenney	Project Manager, DBED
James B. Steele	Chairman, Maryland Horse Industry Board (MHIB)
Charles C. Fenwick, Jr.	Maryland Horse Industry Board
Gregory Gingery	Maryland Horse Industry Board

In July, the Authority announced selection of Richter Cornbrooks Gribble/ Gralla Architects (RCG/G) as the architectural team to study and potentially design the horse park. RCG/G's mission is to perform a technical analysis of

proposed site locations, confirm the program, prepare a conceptual layout of the facility on the site selected, evaluate infrastructure and environmental issues and present the plans necessary to estimate project costs. KPMG, LLP was awarded the contract for an economic impact study in August.

Also in August, site proposals were received from six jurisdictions including the City of Annapolis and the counties of Carroll, Cecil, Frederick, Harford and Wicomico. Later that month, the selection committee "short-listed" the proposals submitted, choosing those from the City of Annapolis and Cecil County. After careful study and evaluation of both sites, the Navy's Dairy Farm, located in Gambrills, Anne Arundel County, Maryland, was selected for the Maryland Horse Park feasibility study.

The Navy property, located within minutes of major highways, contains more than 800 acres of gently rolling hills and is at the center of the largest horse population in Maryland. The site's proximity to nearly 9,000 hotel rooms, restaurants and other tourist attractions will increase its potential for bringing a positive economic impact to the State and surrounding areas. According to a recent study by Deloitte & Touche, the Maryland horse industry produces an economic impact of $1.6 billion, approximately half of which is generated by show, recreation and other non-racing activities. The Kentucky horse park reports that it generates $163 million in annual spending and $18 million per year in state and local tax revenues. If the Maryland Horse Park project becomes a reality, it is expected to have a significant impact on Maryland's economy.

Upon completion of the feasibility study, MSA will determine if the proposed use of this property as a horse park will be compatible with designation of the property as rural and agricultural in nature. It also will be decided if the property meets the economic needs of the Navy for a long term lease and is able to provide the desired economic impact for Anne Arundel County and the State of Maryland.

If the feasibility study indicates that the Horse Park will meet these goals, the Stadium Authority may decide to draft legislation establishing a funding and operating plan for submission to the Maryland General Assembly with the request that enabling legislation be enacted at the 2006 Session.

Southern Maryland Baseball

The Maryland Stadium Authority is assisting Charles County with the design of a minor league baseball stadium in Southern Maryland. A Class A Minor League team, owned by Peter Kirk of Maryland Baseball, LLC, will play in this ballpark which is similar in design to the recently opened minor league stadium in Lancaster, Pennsylvania.

The 4,600 seat multi-use stadium will be built on approximately forty (40) acres in Waldorf, Maryland if construction is funded. Local college and high school sporting events, concerts and graduations also are expected to take place in the new stadium. Costs will be split by the Charles County government, the State of Maryland and Maryland Baseball.

The project, expected to be completed within a year after construction begins, had its formal start with the signing of the Memorandum of Understanding between Charles County and Maryland Baseball on May 25, 2004.

It is anticipated that the stadium will have 16 skyboxes and an assortment of fan amenities including:

- Picnic area with concessions
- Children's area with carousel and playground equipment
- Wide concourses
- A generous number of restroom facilities
- Security
- First aid stations
- ATM's
- Fan information center
- Concession stands

MARYLAND STADIUM AUTHORITY

BOARD MEMBERS

Carl A.J. Wright
Chairman

Carl A. J. Wright was appointed to the Maryland Stadium Authority and named as Chairman effective July 1, 2003. Mr. Wright served as Senior Vice President of Spherion (formerly Interim Financial Solutions), an executive search and staffing firm specializing in finance, human resources and information systems. Carl is active in professional, civic and political organizations. He received his Bachelor of Arts degree in accounting from Loyola College in 1976 and became a Certified Public Accountant (CPA) in 1978. His professional career began with Ernst & Young in the auditing and tax departments; he joined A. J. Burton in 1980. Carl has been active with the Maryland Association of CPA's and served on boards and committees affiliated with Loyola College and Loyola Blakefield. He is Past President of the Baltimore Junior Association of Commerce and serves on Governor Ehrlich's Strategic and Finance Committees. Carl also is an active supporter of Catholic Charities and of Maryland Business for Responsive Government.

Alison L. Asti
Executive Director

Alison Asti was appointed as Executive Director of the Maryland Stadium Authority on September 22, 2004 after serving six months as Acting Executive Director. Ms. Asti has worked with the Stadium Authority for 14 years, serving as General Counsel and Director of Development. In those capacities, she was responsible for all commercial transactions with regard to the construction and operation of the Camden Yards Sports Complex, Baltimore Convention Center expansion, Ocean City Convention Center expansion, Montgomery County Conference Center, Hippodrome Performing Arts Center and other projects assigned to the Authority by the Maryland General Assembly. Ms Asti also led the lease negotiations with the Orioles and Baltimore Ravens and managed dealings with tenants, architects, contractors, consultants, representatives of local governments and firms providing goods and services She also was responsible for oversight of all legislative matters for the Authority.

Prior to joining the Stadium Authority in 1990, Ms. Asti was a partner in the law firm of Gordon, Feinblatt, Rothman, Hoffberger & Hollander, LLC.

Ms. Asti has been a Bar Association leader for many years including: American Bar Association House of Delegates (1995-98); National Conference of Bar Presidents Executive Council Member (2000-03); American Bar Foundation Fellow (1998-Present); Metropolitan Bar Caucus President (1999-2000); Maryland State Bar Association Board of Governors (1986-88, 1995-97, 2003-05); Bar Association of Baltimore City President (1994-95); Baltimore Women's Bar President (1986-87); Maryland Bar Foundation President (1999-2001) and

87); Maryland Bar Foundation President (1999-2001) and Baltimore City Bar Foundation President (1995-96). Her professional affiliations also include: "The Daily Record" Editorial Board, Chair (1998-Present) and the University of Maryland Law School, Board of Visitors, (1997-Present). Alison was a recipient of the *Daily Record's* "Leadership in Law" Award in 2005. She has been a speaker at numerous national and international conferences on sports facility development and finance.

Chosen as one of "Maryland's Top 100 Women" by Warfield's Business Journal in 1996, Ms. Asti received her J.D. from the University of Maryland School of Law where she was Editor of the University of Maryland Law Review and was a cum laude graduate of Duke University, receiving a Master of Arts Degree in Economics (Public Finance), 1976 and a B.A. in Economics and Political Science (1975).

Leonard J. Attman

Leonard J. Attman was appointed as a member of the Maryland Stadium Authority on July 1, 2005. President of Attman Properties Company, Mr. Attman has more than four decades of experience in residential and commercial real estate development. His professional experience includes the development of apartment communities, individual home developments, shopping centers and a recreational park. Mr. Attman attended the University of Maryland. His involvement in professional, civic and philanthropic organizations includes membership on the Boards of Sinai Hospital, the Shosana S. Cardin High School, Beth Tfiloh Brotherhood, the Boys & Girls Clubs of Maryland and the Signal 13 Foundation for

the Baltimore City Police Department. In addition, he actively participates in the activities of many other organizations including the Advisory Board for the Shock Trauma Unit at the University of Maryland Medical Systems. Mr. Attman was the founder and serves as Chairman of the Board of Directors of Future Care which owns and manages nursing home facilities serving more than 1,500 patients and providing employment for in excess of 1,500 people.

Samuel J. Lloyd

Samuel J. Lloyd was named a member of the Maryland Stadium Authority on May 11, 2005 representing the City of Baltimore. Mr. Lloyd serves as Director of the Mayor's Office of Minority Business Development.

Prior to assuming his present position, Mr. Lloyd served as Chief of Staff and Senior Vice President to the President of Fisk University in Nashville, Tennessee. His career includes experience in wireless communications while serving in different capacities with AT&T and in corporate positions in the cable television industry in California.

Mr. Lloyd served in the Maryland State government, first as Executive Director of the Maryland Human Relations Commission and then as Assistant Secretary for Economic Development in the then-Maryland Department of Economic and Community Development. His professional career began with The Rouse Company. He then moved to Charles Center-Inner Harbor Management, the catalyst for the re-vitalization of Baltimore's Inner Harbor.

Mr. Lloyd is a graduate of Paul Laurence Dunbar High School, Morgan State University and received his law degree from Catholic University.

Dennis B. Mather

Dennis "Denny" B. Mather was appointed as a member of the Board of the Maryland Stadium Authority effective July 1, 2004. He serves as President and CEO of The Mather Companies. The Human Resources Division of his company provides all aspects of human resources outsourcing from consulting on a specific project to managing an entire human resources department. Prior to this undertaking, Mr. Mather served as Vice President in the Morgan Financial Group and then formed Mather & Morgan Group Insurance Services, Inc. (1983) and Mather & Strohl Administrative Services, Inc. (1990), both now known as The Mather Companies. The stock and assets of these two firms were acquired by BenefitMall as of April 1, 2000, for whom he served as Vice President of Sales for the Eastern Region for BenefitMall from April, 2000 until July, 2003; he then retired from BenefitMall.

Mr. Mather serves on Governor Robert Ehrlich's Executive Finance Committee and as a regular advisor on numerous insurance and business issues. In addition, he serves as Secretary to the Towson University Foundation; as a member of the Board of Visitors for Towson University; on the Board of Directors for Baltimore Reads; on the Board of Directors of Baltimore Life Underwriters Charitable Foundation and on the Advisory Board to the MSDE for Adult Education.

A graduate of Towson University (1972), Mr. Mather received his Chartered Life Underwriter Degree from the American

College (1976), an MBA from the University of Baltimore (1981) and his Chartered Financial Consultant Degree from the American College (1983).

Robert L. McKinney

Robert L. McKinney was appointed as a member of the Maryland Stadium Authority board effective July 1, 2003. He worked as a senior executive with the National Soft Drink Association (NSDA), a Washington, D. C. based trade group, since 2000. His work as Vice President for Industry Relations involved the development and execution of strategies to promote the interests of the non-alcoholic beverage industry. Before joining the NSDA in 1986, Bob served as Vice President for Public Affairs for the Mid-Atlantic Food Dealers Association in Baltimore. In 1996, he managed the successful Congressional campaign for Maryland's current Governor, Robert L. Ehrlich, Jr. Following that election, he returned to association management and was appointed President of the Baltimore County Chamber of Commerce. Bob holds graduate and undergraduate degrees from East Tennessee State University and is a member of the Kenwood (Maryland) High School Hall of Fame.

Robin O. Oegerle

Robin O. Oegerle was appointed to the Maryland Stadium Authority on January 1, 1999. She serves as Director of Marketing and media spokesperson for Ferris, Baker Watts, Inc. in Baltimore as well as functioning as Coordinator of the Ferris Baker Watts Foundation. Ms. Oegerle served as Treasurer for Governor Parris N. Glendening's election campaign; as Vice Chairman for Maryland Public Television; as

Treasurer to the Committee to Re-Elect Sitting Judges in Prince George's County and as Chairman, Vice Chairman and Treasurer of the Parking Authority of Prince George's County. Ms. Oegerle received a B.A. Degree from the University of Florida and a Masters Degree from the University of Massachusetts.

Howard J. Stevens, Jr.

Howard M. Stevens, Jr.' s appointment as a member of the Maryland Stadium Authority was effective July 1, 2005. Mr. Stevens has more than 20 years of professional experience in financial sales and management in an assortment of areas including health insurance and annuity sales, working with both large and small businesses, corporations, self-employed individuals, hospitals, State and county governments and non-profit organizations. Mr. Stevens earned his B.A. in Psychology from the University of Louisville. He currently works as an insurance and annuity sales advisor for New York Life and has extensive experience with financial services firms. Selected as a collegiate All American in 1971 and 1972, Mr. Stevens played in the National Football League with the New Orleans Saints and the Baltimore Colts.

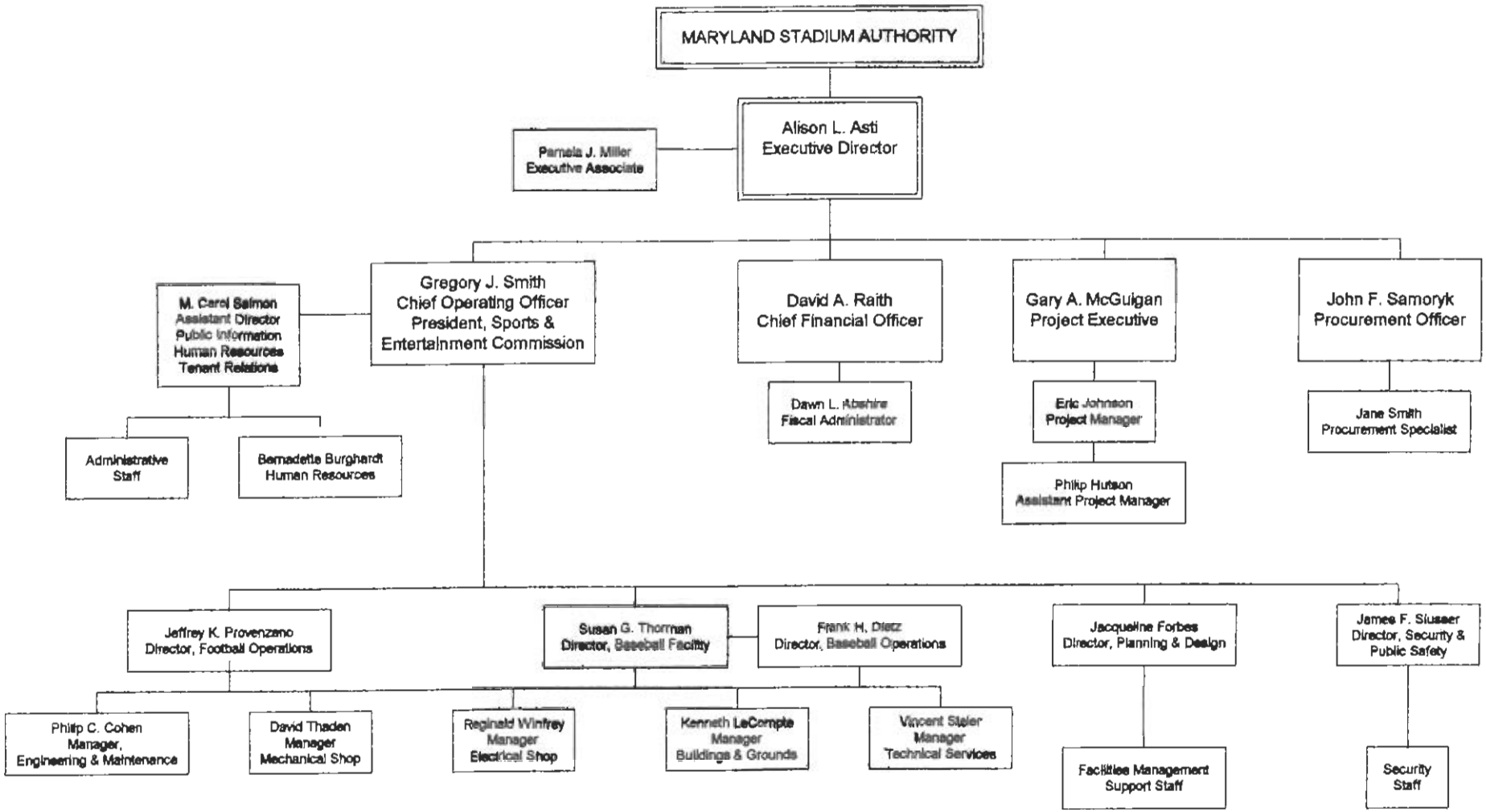
Row 1: J. Provenzano, N. Walker, S. Watson, D. Matthews, V. Linton, K. LeCompte, A. Asti, L. Stuart, D. Connelly, T. Masilek, D. Moore, J. Forbes, W. Mason, S. Nelson, A. Ringham, V. Steier, G. Cooper

Row 2: D. Brown, D. Thaden, S. Thorman, I. Moulden, B. Shifler, M. Buckingham, D. Raith, J. McKinney, G. Smith, G. McGuigan, P. Hutson, P. Miller, N. Shinneman, E. Johnson, D. Abshire, D. Gaither

Row 3: W. Schier, C. Salmon, T. Frederick, M. Cook, A. Williams, J. Evans, K. Wheeler, J. Samoryk, B. Burghardt, J. Smith, A. Andrews, C. Vennie

Row 4: R. Pack, M. Andrejczuk, J. Bell, H. McClurkin, C. Harris, J. Waters, P. Cohen, D. Walker, F. Dietz, R. Winfrey, J. Parks, D. Barnes, W. Schmidbauer, R. Bryant, J. Slusser

Shutter Shy: D. Dupree, S. Fullwood, S. Biden, N. Rogers, J. Potts, S. Brewer, D. Hopple, J. Smith, Q. Mullins, J. Golley, R. Smith, D. Kirby, A. Wiggins, C. Wright


MARYLAND STADIUM AUTHORITY
Alison L. Asti
Executive Director
Pamela J. Miller
Executive Associate
Gregory J. Smith
Chief Operating Officer
President, Sports &
Entertainment Commission
David A. Raith
Chief Financial Officer
Gary A. McGuigan
Project Executive
John F. Samoryk
Procurement Officer
M. Carol Salmon
Assistant Director
Public Information
Human Resources
Tenant Relations
Administrative
Staff
Bernadette Burghardt
Human Resources
Dawn L. Abshire
Fiscal Administrator
Eric Johnson
Project Manager
Philip Hutson
Assistant Project Manager
Jane Smith
Procurement Specialist
Jeffrey K. Provenzano
Director, Football Operations
Susan G. Thorman
Director, Baseball Facility
Frank H. Dietz
Director, Baseball Operations
Jacqueline Forbes
Director, Planning & Design
James F. Slusser
Director, Security &
Public Safety
Philip C. Cohen
Manager,
Engineering & Maintenance
David Thaden
Manager
Mechanical Shop
Reginald Winfrey
Manager
Electrical Shop
Kenneth LeCompte
Manager
Buildings & Grounds
Vincent Staler
Manager
Technical Services
Facilities Management
Support Staff
Security
Staff

MARYLAND STADIUM AUTHORITY
(A COMPONENT OF THE STATE
OF MARYLAND)

Financial Statements
and
Independent Auditors' Report

Year Ended June 30, 2005

Abrams, Foster, Nole & Williams, P.A.
Certified Public Accountants

272 North Quadrangle, Village of Cross Keys
Baltimore, Maryland 21210
(410) 433-6830 / Fax (410) 433-6871

Member: American Institute of Certified Public Accountants
and Maryland Association of Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

The Board of the
Maryland Stadium Authority

We have audited the accompanying basic financial statements of the Maryland Stadium Authority (the Authority), a component unit of the State of Maryland as of and for the year ended June 30, 2005, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2005, and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 2 through 9 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Abrams, Foster, Nole + Williams, P.A.

Abrams, Foster, Nole & Williams, P.A.
Certified Public Accountants
Baltimore, Maryland

October 15, 2005

MARYLAND STADIUM AUTHORITY
Management's Discussion and Analysis
June 30, 2005

Overview of the Financial Statements and Financial Analysis

The Maryland Stadium Authority, an agency of the State of Maryland, is honored to present its fiscal year 2005 financial statements. The Authority's responsibilities include operation of the stadiums located at Camden Yards, oversight of several convention centers, and construction management for various projects throughout the State of Maryland. There are three financial statements presented herein: the Statement of Net Assets; the Statement of Revenues, Expenses and Changes in Net Assets; and, the Statement of Cash Flows.

Statement of Net Assets

The Authority's Statement of Net Assets presents the assets, liabilities, and the net assets for the period ended June 30, 2005. The Statement of Net Assets is to provide the reader with a financial picture of the Authority's assets (current and noncurrent), liabilities (current and noncurrent), and net assets (assets minus liabilities).

From the information presented, the reader of the Statement of Net Assets is able to determine the assets available for the continuing operations of the Authority. The reader is able to determine what cash and cash equivalents are available and amounts owed to and by the Authority. The purpose of the Statement of Net Assets is to show the reader what is available for future needs of the Authority.

The Net Assets are divided into four categories. The first category, "invested in capital assets," reflects the Authority's investment in the stadiums at Camden Yards and the expansion of the Baltimore City and Ocean City Convention Centers, the Hippodrome Performing Arts Center, Montgomery County Conference Center and the renovations of Camden Station. The second category, "restricted for debt service," represents funds held by the Authority with the restricted purpose of paying debt service on the outstanding bonds. The third category, "restricted for capital assets," represents funds available for use on specific projects only. The final category, "unrestricted," is available funds held by the Comptroller's office at the State of Maryland.

Statement of Net Assets (Continued)

Statement of Net Assets

	June 30	
	2005	**2004**
Assets		
Current assets	**$ 35,297,270**	**$ 42,169,288**
Net capital assets	**245,481,270**	**251,885,440**
Noncurrent assets	**295,352,720**	**302,167,379**
Total assets	**576,131,260**	**596,222,107**
Liabilities		
Current liabilities	**20,158,238**	**28,986,779**
Noncurrent liabilities	**308,424,458**	**322,626,249**
Total liabilities	**328,582,696**	**351,613,028**
Net assets		
Invested in capital assets	**231,289,899**	**216,075,341**
Restricted for debt service	**3,414,250**	**2,891,737**
Restricted for capital assets	**10,801,943**	**24,546,999**
Unrestricted	**2,042,472**	**1,095,002**
Total net assets	**$ 247,548,564**	**$ 244,609,079**

During fiscal year 2005, total assets of the Authority decreased from the prior year by approximately $20.1 million dollars. There are several reasons for this increase. First, net assets decreased by $6.0 million. This is the net result of additions to net assets of $6.8 million less the current year's depreciation of $12.8 million. Additions to net assets include $7.4 million for construction related activities to the Montgomery County Conference Center and Hippodrome Theater less the disposal of $.6 million for Camden Station. Secondly, there was a decrease in unrestricted cash, restricted cash and money market mutual fund investments of approximately $12.6 million that was primarily the result of bond proceeds plus other funding sources used at the Hippodrome, Montgomery County, Camden Station and at Oriole Park at Camden Yards. A decrease in accounts receivable of approximately $.9 million, net, is the result of the following:

Statement of Net Assets (Continued)

A decline of $.1 million in rent due from the Baltimore Orioles for the revenues generated during the last six months of fiscal year 2005, the 4th quarter admissions taxes received by the Baltimore Orioles and Baltimore Ravens decreased by $.6 which is also related to the decline in attendance for baseball, and outstanding balance due from Baltimore City from sales proceeds from Baltimore City for the disposal of the Memorial Stadium declined $.2 million, the $.2 million was paid by Baltimore City during fiscal year 2005. A principal payment of $.3 million from the Baltimore Orioles reduced the notes receivable by this amount. Deferred financing costs and net furniture and equipment decreased as a result of the current year's amortization of approximately $1.0 million. Lastly, an increase of $.6 million in capital lease receivable due from the State of Maryland.

Total liabilities for the fiscal year decreased by approximately $23.0 million. Interest and accounts payable for fiscal year 2005 decreased by approximately $10.2 million. The rent payment to the State of Maryland for fiscal year 2005 decreased by $2.5 million. This payment is required under a lease agreement between the Authority and the State of Maryland. There is a decrease of $1.6 million from fiscal year 2004 balance due to Baltimore city that relates to the Baltimore Convention Center and the State's 2/3rds share of the operating deficit. There is approximately a $5.3 million decrease in accounts payable related to the operation of Camden Yards complex, the construction of the Hippodrome Theatre, the Montgomery County Conference Center and Camden Station. A decrease of $.4 million in interest payable is largely the result of reduction in the principal balance on the outstanding lease revenue bonds. There was an decrease in the lease revenue bonds of approximately $11.8 million as a result of the Authority paying $11.8 million toward the outstanding principal on the lease revenue bonds. Finally, for fiscal year 2004, approximately $1.0 million of deferred revenue was recognized as income.

The change to Net Assets as seen on the Statement of Net Assets is based on the activity that is presented on the Statement of Revenues, Expenses, and Changes in Net Assets. The presentation of the Statement reflects the revenues and expenses for the Authority during fiscal year 2005. The reader will see the revenues and expenses broken down into operating and nonoperating categories.

Operating revenues are generated at the Camden Yards Sports Complex. Most of the revenues received by the Authority relate to the operation of the stadiums. The Baltimore Orioles' rent is based upon a percentage of revenue streams formula, while the Baltimore Ravens pay 100 percent of the operating and maintenance expenses of the football stadium.

Statement of Revenues, Expenses, and Changes in Net Assets

These revenues account for approximately $13.3 million for fiscal year 2005. Both teams are required to pay a 10 percent ticket charge to the State of Maryland of which the Authority receives 8 percent and Baltimore City receives 2 percent. The revenues from the admission taxes for both teams were approximately $8.9 million. Located at the Camden Yards Sports Complex is the B & O Warehouse that was renovated for office space. There currently are eight tenants renting more than 180,000 square feet that, combined with several cellular antenna sites, generate approximately $3.2 million a year. Other revenues from the Camden Yards Sports Complex include parking receipts from non-game days, catering commissions, pay telephone commissions and trademark revenue along with construction management fees for other construction projects not part of the Camden Yards Sports Complex, which total approximately $3.5 million for fiscal year 2005.

Nonoperating revenue is generated by two sources. The first is the recognition of deferred revenue from an interest rate swap on the 1989 C Notes and 1989 D bonds. In April 1996, the Authority received approximately $15.5 million, which represented the present value of the interest savings for both the 1989 C Notes and 1989 D bonds. A portion of these savings is recognized as revenue each year. This figure was approximately $1.0 million for fiscal year 2005. The second source of nonoperating revenue is investment income received on money held by the Treasurer's office of the State of Maryland, by trustees on various bond issuances and from an outstanding note from the Baltimore Orioles. These total $1.4 million for fiscal year 2005. Overall, revenue for fiscal year 2005 increased by approximately $.1 million, rent from the Baltimore Orioles increased by $.5 million, largely due to increased advertising revenues. Parking revenues declined by approximately $.3 million for fiscal year 2005. Miscellaneous revenues increased $.3 million as the result of NCAA Lacrosse and the HFStivals held at M & T Bank Stadium. Catering commission increased by $.3 mainly due to an increase number of events held at the two stadiums. There was a decrease from fiscal year 2004 of $.7 million for the sale of land at Memorial Stadium.

The Authority received appropriations from the State of Maryland to be used for several purposes. An appropriation was made for the outstanding Capital Lease Receivables due from the State of Maryland. The money received from the State of Maryland along with $1.0 million received yearly from Baltimore City is used to pay the debt service on the outstanding bonds issued by the Authority. The Authority also has a contractual obligation to pay one-half of the operating deficits the Ocean City Convention Center and two-thirds of the operating deficit of the Baltimore City Convention Center.

Statement of Revenues, Expenses, and Changes in Net Assets (Continued)

The Authority is required to contribute annually to an improvement fund for the Ocean City and Baltimore City Convention Centers of $50,000 and $200,000, respectively. Total contributions for fiscal year 2005 were approximately $25.7 million. During fiscal year 2005, the Authority also recognized $3.4 million from the Montgomery County to be used for the Montgomery County Conference Center, $3.3 million from the Hippodrome Foundation, Inc., and Bank of America Historic Ventures to be used for the renovations of the Hippodrome Performing Arts Center, LLC and $1.5 million from the Babe Ruth Museum Foundation to be used for the renovation of Camden Station.

Statement of Revenues, Expenses, and Changes in Net Assets

	Year ended June 30	
	2005	2004
Operating revenues	$ 28,898,683	$ 28,771,931
Operating expenses	35,679,089	32,845,310
Operating loss	(6,780,406)	(4,073,379)
Nonoperating expense	(24,094,610)	(28,772,630)
Loss before contributions	(30,875,016)	(32,846,009)
Contributions from primary and local governments and other sources	33,844,501	39,812,921
Increase in net assets	2,969,485	6,966,912
Net assets at beginning of year	244,609,079	237,643,167
Net assets at end of year	$ 247,578,564	$ 244,610,079

The Statement of Revenues, Expenses, and Changes in Net Assets disclose an increase in the net assets at year-end. One reason for the increase is the additional money received from local government and other sources for the Hippodrome Theater, Montgomery County Conference Center and the Camden Station Project to help pay for the construction of these facilities. Additional explanations for the increase in fiscal year 2005 are as follows:

Statement of Revenues, Expenses, and Changes in Net Assets (Continued)

- During fiscal year 2005, utilities increased by approximately $.5 million. This is the result of a higher cost per kilo-watt, an increase from approximately 4.2 cents to 5.5 cents, a 30 percent increase. This was partially offset by a decline in the amount of actual kilo-watts used at the Camden Yards complex during fiscal year 2005.

- Parking expenses declined in fiscal year 2005, as did parking revenues. Parking expenses declined $275,000.

- The salaries and benefits paid to Authority employees increased approximately $200,000. The increase is the result of higher health insurance costs of $75,000 and pay out of vacation pay for employees who left during 2005.

- An increase in depreciation expense of approximately $2.2 million is a result of the a full year's depreciation for the Hippodrome Theater, the Montgomery County Conference Center and Camden Station Project being incurred during 2005.

- An increase of approximately $.3 million in other contractual services was incurred. A large part of the increase is associated with caulking at the two stadiums.

Statement of Cash Flows

The last statement presented is the Statement of Cash Flows. The statement presents detailed information about the activities involving cash. The statement is broken down into five parts. The first part of the statement relates to the operating cash flow and shows the net cash used to operate the Camden Yards Sports Complex; the second relates to the cash flow resulting from noncapital financing activities; the third relates to cash flow from capital and related financing activities; the fourth relates to the cash flow from investing activities and the fifth reconciles the net cash used to the operating loss on the Statement of Revenues, Expenses, and Changes in Net Assets.

Statement of Cash Flows (Continued)

Statement of Cash Flows

	Year Ended June 30 2005	2004
Cash provided by (used in):		
Operating activities	$ 5,411,660	$ 1,938,234
Non capital financing activities	(36,348,157)	(41,394,050)
Capital and related financing	17,583,335	17,465,765
Investing activities	13,968,469	10,916,787
Net increase (decrease) in cash	615,307	(11,073,264)
Cash and cash equivalents at beginning of year	1,501,737	12,575,001
Cash and cash equivalents at end of year	$ 2,117,044	$ 1,501,737

Capital Assets and Debt Administration

The Authority had additions to capital assets during fiscal year 2005. The additions to the capital assets resulted from the continuing renovations of the Hippodrome Performing Arts Center, continuing construction of the Montgomery County Conference Center, and renovations to Camden Station. The theater, with approximately 2,250 seats is capable of accommodating large touring Broadway shows. The project was funded with State, City, County and private funds. The cost for the entire project is approximately $62.7 million and the theater opened in February 2004. The Authority issued taxable bonds in July 2002 in the amount of $20.25 million, of which $17.4 million were used for project costs and $2.85 million were used for interest and closing costs. The Montgomery County Conference Center is a 100,000 s.f. building which includes a 120-seat amphitheater, a boardroom, classrooms, breakout rooms, a 23,300 s.f. grand ballroom, a 175-seat restaurant, a 75-seat lounge, and an outdoor café. A 225-room hotel is connected to the conference center. The hotel is funded and owned by a consortium of private investors. The conference center is funded with state and county money. The cost for the conference center was approximately $33.5 million and opened in November 2004. The Authority issued tax-exempt bonds in January 2003 in the amount of $23.18 million, of which $20.30 million was used for the conference center and $2.88 million was used for interest and closing costs. In fiscal year 2003, the Authority started the renovation of the Camden Station project located on the Camden Yards site. Camden Station is a 40,000 s.f. brick building. The renovations included the development of 23,000 s.f. of the Sports Legends at Camden Yards. Sports Legends at Camden Yards opened in

Capital Assets and Debt Administration (Continued)

May 2005. The Authority entered into a lease agreement with Geppi's Entertainment Museum in June, 2005, that included the renovation of the remaining 17,000 s.f. Geppi's Entertainment Museum will open during the summer of 2006. The estimated cost of the entire renovation is projected at $9.5 million

Economic Outlook

The Authority is not aware of any facts, decisions or conditions that will have a significant impact on the financial condition during the fiscal year beyond those unforeseen situations that will have the same global effect on virtually all types of business operations.

The Authority has the support of the Maryland General Assembly for its current activities. The Authority will continue to closely monitor revenues and expenditures to the best of its ability.

MARYLAND STADIUM AUTHORITY
Statement of Net Assets
June 30, 2005

Assets	
Current Assets	
Unrestricted cash and cash equivalents	$ 2,042,472
Restricted cash and cash equivalents	74,572
Money market mutual fund investments – restricted	10,277,906
Accounts receivable, net of allowance for bad debts	9,438,948
Interest receivable	223,413
Note receivable, current portion	324,959
Capital leases receivable, current portion	12,915,000
Total current assets	35,297,270
Noncurrent Assets	
Capital assets	
Furniture and equipment, net of accumulated depreciation of $2,556,859	1,354,062
Other capital assets, net of accumulated depreciation of $82,051,596	244,127,208
Total noncurrent assets	245,481,270
Other Noncurrent Assets	
Money market mutual fund investments – restricted	3,863,717
Other assets	151,000
Note receivable, net current portion	4,562,647
Capital leases receivable, net of current portion	282,138,378
Deferred financing costs, net of accumulated amortization of $3,729,182	4,636,978
Total noncurrent assets	295,352,720
Total Assets	576,131,260

MARYLAND STADIUM AUTHORITY
Statement of Net Assets
June 30, 2005

Liabilities	
Current Liabilities	
Accounts payable and accrued expenses, current portion	3,447,227
Interest payable	2,737,295
Lease revenue bonds payable net of discount, premium, and current portion	12,915,000
Deferred revenue, current portion	1,058,716
Total current liabilities	20,158,238
Noncurrent Liabilities	
Accrued expenses, net of current portion	558,765
Lease revenue bonds payable, net of discount of $93,368, premium of $85,262 and current portion	296,271,894
Deferred revenue, net of current portion	11,593,799
Total noncurrent liabilities	308,424,458
Total liabilities	328,582,696
Net Assets	
Invested in capital assets	231,289,899
Restricted for debt service	3,414,250
Restricted for capital assets	10,801,943
Unrestricted	2,042,472
Total Net Assets	$247,548,564

"See Accompanying Notes"

MARYLAND STADIUM AUTHORITY
Statement of Revenues, Expenses, and Changes in Net Assets
Year Ended June 30, 2005

Operating Revenues	
Baltimore Orioles' rent	$ 6,990,701
Admission taxes	8,844,363
Baltimore Ravens' contributions	6,336,703
Warehouse rents	3,143,276
Catering commissions	743,904
Parking revenues	1,491,125
Miscellaneous sales	1,348,611
Total operating revenues	28,898,683
Operating Expenses	
Salaries and wages	5,687,068
Telephone and postage	122,114
Travel	16,422
Utilities	5,865,845
Vehicle expense	25,522
Contractual services	8,463,142
Parking	1,071,101
Memorial Stadium demolition	100,899
Supplies and materials	558,962
Depreciation and amortization	13,227,793
Fixed charges	293,364
Miscellaneous	246,857
Total operating expenses	35,679,089
Operating loss	(6,780,406)
Nonoperating Revenue (Expenses)	
Contributions to others for operating deficit and capital improvements	(3,741,588)
Contributions to primary government – Camden Yards	(540,000)
Public school construction contribution	(2,400,000)
Unrestricted investment income	104,352
Restricted investment income	1,307,023
Interest expense	(18,854,397)
Total nonoperating expense	(24,124,610)
Loss Before Contributions carried forward	(30,905,016)

"See Accompanying Notes"

MARYLAND STADIUM AUTHORITY
Statement of Revenues, Expenses, and Changes in Net Assets
Year Ended June 30, 2005

Loss Before Contributions Brought Forward	(30,905,016)
Contributions from local government and other sources – Hippodrome Project	4,152,506
Contributions from other sources – Camden Station	1,477,941
Contributions from local government – Montgomery County	4,571,872
Contributions from local government – Camden Yards	1,000,000
Contributions from primary government – Camden Yards	14,390,000
Contributions from primary government – Baltimore City Convention Center	6,409,709
Contributions from primary government – Ocean City Convention Center	1,842,474
Total contributions	33,844,501
Change in net assets	2,939,485
Total net assets at beginning of year	244,609,079
Total Net Assets at End of Year	$247,548,564

"See Accompanying Notes"

MARYLAND STADIUM AUTHORITY
Statement of Cash Flows
Year Ended June 30, 2005

Cash flows from operating activities	
Receipts from Camden Yards	$ 29,781,131
Payments to employees	
Salaries and benefits	(5,869,111)
Payments to suppliers	(18,358,026)
Other payments:	
Project advances	(41,435)
Demolition costs	(100,899)
Net cash provided by operating activities	5,411,660
Cash flows from noncapital financing activities	
Payments from investment in direct financing leases	(774,289)
Convention center operating deficit and capital improvements	(5,288,791)
Principal paid on notes payable and revenue bonds	(11,760,000)
Interest payments	(18,525,077)
Net cash used in noncapital financing activities	(36,348,157)
Cash flows from capital and related financing activities	
Contributions from local governments—Hippodrome Project	4,152,505
Contributions from local government—Camden Yards	1,000,000
Contributions from other sources—Camden Station	1,800,271
Contributions from primary government—Camden Yards	14,390,000
Contributions from primary government—Baltimore City Conv.Center	6,409,709
Contributions from primary government—Ocean City Convention Center	1,842,474
Contributions from primary government—Montgomery County	4,571,872
Contributions to primary government	(5,419,730)
Acquisition and construction of capital assets	(11,163,766)
Net cash provided by capital and related financing activities	17,583,335
Cash flows from investing activities	
Decrease in investments	13,221,492
Interest and gains on investments	404,187
Proceeds from notes receivables	342,790
Net cash used in investing activities	13,968,469
Net increase in cash	615,307
Cash and cash equivalents at beginning of year	1,501,737
Cash and cash equivalents at end of year	$ 2,117,044

MARYLAND STADIUM AUTHORITY
Statement of Cash Flows
Year Ended June 30, 2005

Reconciliation to Operating Loss	
Cash flow from operating activities	
Operating profit	$ (6,780,406)
Adjustments to reconcile operating loss	
Depreciation and amortization	13,227,794
Effects of changes in assets and liabilities	
Accounts and interest receivables	882,448
Accounts and accrued payables	(1,876,741)
Project advances	(41,435)
Net cash provided by operating activities	$ 5,411,660

"See Accompanying Notes"

1. NATURE OF OPERATIONS

The Maryland Stadium Authority (the Authority) was established by legislation enacted by the State of Maryland (the State), effective July 1, 1986 (Annotated Code 1957, Sections 13-701 through 13-722 of the Financial Institutions Article), to select a site and develop financing alternatives for stadium facilities in the Baltimore Metropolitan area. Effective July 1, 1987 the law was amended (Chapter 123, 1987 Laws of Maryland) to enable the construction of new facilities, including baseball and football stadiums, in the Camden Yards area of Baltimore City (the City). The amendment also established that the Authority is an independent unit in the Executive Branch of the State government.

Pursuant to an agreement with Orioles, Inc. (the Orioles), the Authority has financed and constructed a baseball stadium, Oriole Park at Camden Yards, which it owns, operates and leases to the Orioles for 30 full baseball seasons. During the term of the lease, the Orioles are paying rent based on a sharing arrangement based on the percentage of admission, concession, novelty, parking, advertising and other revenues of the Orioles. In addition, the Authority and the City share the 10 percent statewide admissions and amusement taxes (8 percent to the Authority and 2 percent to the City).

On May 1, 1989, the Authority entered into a lease agreement with the State whereby the State leases the land and all facilities constructed thereon from the Authority in accordance with the provisions of a Master Lease Agreement (the Master Lease) dated May 1, 1989. The State, in turn, subleases the project to the Authority in accordance with the terms of a Sublease Agreement (the Sublease) dated May 1, 1989. Under the terms of the Master Lease, the State pays basic and additional rent payments, which are generally equal to the Authority's debt service payments and related financing costs. The source of funds for these payments is lottery revenues generated for the benefit of the Authority. Under the terms of the Sublease, the Authority remits to the State any excess revenues from the operation and lease of the facility.

Effective April 7, 1992, as established by legislation (Annotated Code 1957, Sections 13-701 through 13-1013 of the Financial Institutions Article), the Authority was given the powers to review and make recommendations on proposed Baltimore City Convention Center Facilities (Baltimore Center), including the expansion and enhancement of the Baltimore Center, with respect to location, purpose, design, function, capacity, parking, costs, funding mechanisms, and revenue alternatives. Under this plan, a separate Baltimore Convention Center Financing Fund has been established. No provision of the Act transfers to the Authority the control, management or operation of the Baltimore Convention Center but the Authority has an approval right on certain operational items and pays two-thirds of the operating deficit. Under the Comprehensive

1. NATURE OF OPERATIONS (Continued)

Plan of Financing submitted by the Authority under Section 13-712.1 of the Annotated Code of Maryland, the State of Maryland contributed $20 million in 1993, $20 million in 1995, $10 million in 1996 and $8 million in 1997 through the sale of general obligation bonds. In order to comply with the Plan, the Authority has issued $55 million Convention Center Expansion Lease Revenue Bonds Series 1994, the debt service for which is provided by future appropriations from the State, pursuant to the Master Lease. In addition, the City was required to contribute $50 million for the Baltimore Center. At June 30, 1996, all contributions from the City had been received. Upon completion of the Baltimore Center in 1997, it was turned over to the City for operation, but leased jointly by the City and the Authority as tenants in common, as long as the Convention Center Expansion Lease Revenue Bonds are outstanding. Commencing with the completion of the Baltimore Center through 2008, the Authority shall fund two-thirds of any operating deficiencies of the Baltimore Center and shall contribute $200,000 per year to a capital improvement fund.

Effective in 1995, the Authority was assigned responsibility for constructing an expansion of the Convention Center in Ocean City (Ocean City Center). The expansion cost approximately $32 million and is financed through a combination of funding from Ocean City and the Authority. Under the Ocean City Comprehensive Plan of Financing as required under Section 13-712 of the Finance Institutions Article of the Annotated Code of Maryland, the Authority was required to contribute approximately $17,340,000 to the project. In October 1995, the Authority issued $17,340,000 in revenue bonds to satisfy its funding requirement. The debt service of the revenue bonds is being provided for by future appropriations by the State, pursuant to the Master Lease. Upon its completion, the Ocean City Center was turned over to Ocean City and is leased jointly by Ocean City and the Authority as tenants in common, as long as the revenue bonds are outstanding. Commencing with the completion of the Ocean City Center through 2015, the Authority shall contribute one-half of any annual operating deficiencies and $50,000 per year to a capital improvement fund.

Pursuant to a Memorandum of Agreement (Memo) between the Authority and the entities formerly known as Cleveland Browns, Inc. and BSC, LLC, which collectively are referred to as the "Ravens," the Authority designed and constructed a state-of-the-art, open-air football stadium at Camden Yards. The cost of the football stadium was $229 million, of which $148 million was funded by the Authority, $57 million was funded from lottery proceeds, and $24 million was funded by the Ravens. In 1996, the

1. NATURE OF OPERATIONS (Continued)

Authority issued $87,565,000 Sports Facilities Lease Revenue Bonds, Series 1996 to begin funding this project. In 1997, the Authority issued $4,640,000 Sports Facilities Lease Revenue Bonds, Series 1997, as additional Lease Revenue Bonds, Series 1997, as additional funding for the project. The debt service for these revenue bonds is being provided through future appropriations by the State, pursuant to the Master Lease. The source of these appropriations is lottery revenues generated for the benefit of the Authority. The project was completed in July 1998, and the Authority has agreed to lease the football stadium to the Ravens for 30 full football seasons.

Effective June 1, 1996, the Authority was authorized to provide for the development and construction of the Montgomery County Conference Center. The development of the Montgomery County Conference Center is expected to cost $33,500,000. The Authority issued in January, 2003, $23,185,000 in bonds for the project of which $20,304,000 will be used for capital construction costs. Montgomery County is required to contribute $13,196,000 toward capital construction costs. Construction started in February 2003 and the project was completed in November 2004. As of June 30, 2005, $33,332,075 has been spent which also includes capitalized interest for the construction period.

Effective July 1, 2000, the Authority was authorized to implement the acquisition, renovation and construction of the Hippodrome Performing Arts Center. The Hippodrome Performing Arts Center includes the Hippodrome Theater and several adjacent properties. In July 2002, the Authority issued $20,250,000 in taxable bonds for the project of which $17,400,000 were used for capital costs, $12,900,205 were used for capital costs during the fiscal year ended June 30, 2004. The State of Maryland has contributed $16,500,000 in general funds, the City of Baltimore was required to contribute $6 million and $26,562,317 has been provided from private contributions. All of the property has been acquired and construction has been completed. The project opened in February 2004. The development cost for the Hippodrome Performing Arts Center as of June 30, 2005 is $67,398,981 which also includes capitalized interest costs during construction.

In January 2003, the Authority received approval from the Legislative Policy Committee for the redevelopment of Camden Station located on the Camden Yards Complex. This historic building will become the home of Sports Legends at Camden Yards and Geppi's Entertainment Museum. The Authority received approval from the Board of Public Works in December 2003 to issued $8.73 million in Lease Backed Taxable Bonds and issued them in March 2004. Capitalized interest during the construction period will be paid from the bond proceeds of approximately $582,000 and the balance of the proceeds

1. NATURE OF OPERATIONS (Continued)

will be used for the renovation. The State of Maryland was granted $850,000 in matching funds for the Sports Legends at Camden Yards project. The Sports Legends at Camden Yards will contribute the cost of improvements to their space of approximately $6.0 million. Sports Legends at Camden Yards opened in May of 2005. Geppi's Entertainment Museum is expected to open in the summer of 2006. The project is expected to cost approximately $8.0 million of private and State funds.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Authority is a component unit of the State of Maryland. The Authority is governed by a Board, six members of which are appointed by the Governor of the State of Maryland and one member being appointed by the Mayor of Baltimore City with the advice and consent of the Maryland State Senate.

B. Measurement Focus and Basis of Accounting

The financial statements of the Authority are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The Authority has the option under Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, to elect to apply all Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, unless FASB conflicts with GASB. The Authority has elected to not apply FASB pronouncements issued after the applicable date.

The Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Authority's principal ongoing operations. Revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Cash Equivalents

For purposes of the statement of cash flows, the Authority considers all cash on deposit with the Treasury or financial institutions to be cash equivalents as well as all highly liquid investments with original maturities of three months or less.

D. Investments

Investments are stated at fair value. Shares of money market mutual funds are valued at quoted market prices, which represent the net value of shares held by the Authority at year-end.

E. Capital Assets

Furniture and equipment are stated at cost and depreciated using the straight-line method over three to five years. The capitalization threshold for all capital assets is $1,000. Other capital assets are stated at cost and depreciated using the straight-line method over the life of the related bond issue, 18 to 28 years.

F. Capital Leases Receivable

Under the terms of the Master Lease, principal and interest payments on the Authority's Lease Revenue Bonds are paid by the State when due. The Authority has established a capital lease receivable equal to the future principal payments, less any unspent proceeds, on its outstanding debt.

Any costs incurred in the construction or expansion of the stadiums, convention centers and theater over the capital lease receivable are recorded as other capital assets. Other capital assets are depreciated on the straight-line basis over the lesser of the estimated useful life of the underlying asset leased to the State or the remaining term of the debt issued to finance the underlying assets leased to the State.

G. Deferred Financing Costs

Financing costs associated with the issuance of bonds and notes are deferred and amortized over the life of the debt using the effective interest method.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Project Advances

The Authority is overseeing projects for various state universities and local jurisdictions. Advances are received to pay for expenses incurred or to be incurred. Unexpended advances are not the property of the Authority and are recorded as liabilities. Total advances during the year ended June 30, 2005 were approximately $41,435. Total related disbursements for the year were approximately $41,435.

I. Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to and illness of employees; and natural disasters. The Authority participates in the State's various self-insurance programs. The State is self-insured for general liability, property and casualty, workers' compensation, environmental and antitrust liabilities and certain employee health benefits.

The State allocates the cost of providing claims servicing and claim payments by charging a "premium" to the Authority based on a percentage of the Authority's estimated current year payroll or based on the average loss experienced by the Authority. This charge considers recent trends in actual claims experienced by the State as a whole and makes provisions for catastrophic losses.

There have been no significant reductions in insurance coverage from the prior year. Additionally, settlements have not exceeded insurance coverage for the past three fiscal years.

J. Use of Restricted Assets

When an expense is incurred, the Authority first applies resources from restricted asset; to the extent they are available, before applying resources from unrestricted assets.

3. DEPOSITS AND INVESTMENTS

At June 30, 2005, the Authority had cash on deposit in an internal pooled cash account with the Maryland State Treasurer (the Treasurer). The Treasurer maintains these and other Maryland State agency funds on a pooled basis in accordance with the annotated Code of the State of Maryland. The internal cash pool functions similar to a mutual fund in the sense that each state agency holds a share of the pool; thus the Authority's share of this pool cannot be categorized in accordance with GASB Statement No. 3. The State Treasurer's Office invests pooled cash balances on a daily basis. The investment consists of direct purchases of securities or repurchase agreements. The carrying value of cash on deposit with the Treasurer at June 30, 2005 was $1,754,356. All amounts held on deposit by the Treasurer at June 30, 2005 are unrestricted.

The carrying value of other deposits at June 30, 2005 is $288,116 and the associated bank balances are $288,116. Those balances are covered by federal depository insurance and are unrestricted.

The Authority has $74,571 held in an account with the Bank of New York. These funds are required to be available if needed under the 1998 or 1999 remarketing agreements. This deposit is uninsured and uncollateralized.

At June 30, 2005, the Maryland Stadium Authority had a balance of $14,141,622 in funds held by trustee for various bond series. The Bank of New York holds $782,010 and M&T Bank holds $13,359,612. At June 30, 2005, $5,641,622 is invested in various money market accounts and $8,500,000 is invested in repurchase agreements.

As of June 30, 2005, M & T Bank had the following investments and maturities:

		Investment Maturities (in Years) * (000)				
Investment Type	Value	Less than 1	1-5	6-10	11-15	More than 15
Money Market	$4,860	$4,860	-	-	-	-
Merrill Lynch Repurchase Agreement, 3.26% Due 10/7/05	$7,000	$7,000	-	-	-	-
Wachovia Repurchase Agreement, 3.04% Due 7/12/2005	$1,500	$1,500	-	-	-	-

3. DEPOSITS AND INVESTMENTS (Continued)

As of June 30, 2005, the Bank of New York held the following investments and maturities:

		Investment Maturities (in Years) *				
Investment Type	Value	Less than 1	1-5	6-10	11-15	More than 15
Money Market	$782,000	$782,000	-	-	-	-

The Maryland Stadium Authority is restricted by the trust indenture for each bond issuance as to the type of investments that can be utilized. All transactions must be completed by the State of Maryland Treasurer's office. The following language appears in each of the trust indentures.

"Qualified Investments" shall mean, to the extent permitted by law:

(i) Government Obligations;

(ii) any bond or other obligation of any state of the United States of America or of any local government unit of any such state which (a) are rated in the highest rating category by Moody's and S&P based on the escrow, (b) are not callable unless irrevocable instructions have been given to the trustee of such bonds to give due notice of redemption and to call such bonds for redemption on the date(s) specified in such instructions; and, (c) are secured by cash and Government Obligations;

(iii) Bonds, indentures or other evidences if indebtedness issued or guaranteed by the Federal Financing Bank, Federal Home Loan Bank, Export Import Bank, Federal National Mortgage Association or Government National Mortgage Associations;

(iv) Direct and general obligations of any state within the United States of America, to the payment of principal and interest on which the full faith and credit of such state is pledged, providing such obligations are rated in either of the two highest rating categories by Moody's and by S&P;

(v) Obligations of any state of the United States of America or any political subdivision thereof which shall be rated in the highest rating categories by Moody's and by S&P;

3. DEPOSITS AND INVESTMENTS (Continued)

(vi) Certificates of deposits, whether negotiable or non-negotiable, and banker's acceptance of any bank in the United States of America whose deposits are insured by the Federal Deposit Insurance Corporation, or any savings and loan association in the United States whose deposits are insured by the Federal Savings and Loan Insurance Corporation, provided that such certificate of deposit or banker's acceptance is from a bank or from a savings and loan association having combined capital and surplus aggregating at least Fifty Million Dollars ($50,000,000) and provided further that such certificate of deposit or banker's acceptance is secured by Government Obligation with a money market value (determined at least weekly) of not less than 103% of the principal amount thereof and the Trustee shall receive an opinion of counsel acceptable to it in a form acceptable to it, without material qualifications stating that such Governmental Obligations are subject to a first perfection security interest in favor of the Trustee;

(vii) Any repurchase agreement which by its term matures not later than 1 year from its date of execution with any bank or trust company organized under the laws of any state of the United States of America or any national banking association or governmental bond dealer by the Federal Reserve Bank of New York, which agreement is secured by securities described in clauses (1) above which securities shall at all times have a market value (exclusive of accrued interest) as estimated by the Authority of not less than one hundred three percent (103%) of the full amount of the repurchase agreement, dates of maturity not in excess of 1 year and be delivered to the State Treasurer or another bank or trust company organized under the laws of any state of the United States of America or any national banking association, as custodian, and the custodian must have a first perfected-security interest on and retain possession of the collateral free and clear of all third party claims and the agreement, by its terms, requires the State treasurer or custodian to determine the market value of the collateral at least weekly and to liquidate the collateral if not maintained at the levels contained in this paragraph.

4. INCOME FROM STATE AND MUNICIPAL SOURCES

Contributions from the primary government represents payments received from the State of Maryland under the Master Lease and other agreements to fund debt service, operating deficits, and certain development costs for various Authority projects.

4. INCOME FROM STATE AND MUNICIPAL SOURCES (Continued)

During 2005, Baltimore City made an annual contribution of $1 million per the Annotated Code establishing the Authority. The City funds are invested with the State Treasurer for the purpose of retiring the Authority's debt incurred to construct Oriole Park at Camden Yards.

During 2005, the Authority also received $3,862,317 from private sources as capital contributions for the Hippodrome Theater.

During 2005, the Authority received $3,446,331 from Montgomery County for their percentage of construction costs associated with the Montgomery County Conference Center.

5. ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2005 consists of the following:

Baltimore Orioles	$3,495,016
State of Maryland	3,044,760
City of Baltimore	508,000
Other	2,478,393
Less allowance for bad debts	(87,221)
Total	$9,438,948

6. NOTE RECEIVABLE

Under the Orioles' lease, the Orioles shall reimburse the Authority for amounts advanced to equip, furnish and renovate private suites in Oriole Park at Camden Yards. Private Suite construction costs are repayable over a 30-year period and furnishing and renovation costs over a five-year period with interest at 6.5%, which will be adjusted on April 1, 2012 to the prime rate of interest plus 1.75%.

Future note receivable payments to be received as of June 30, 2005 are as follows:

2006	$ 324,959
2007	324,959
2008	324,959
2009	324,959
2010	270,776
2011-2015	1,353,880
2016-2020	1,353,880
2021-2023	609,234
Total	$ 4,887,606

7. CAPITAL LEASES RECEIVABLE

At June 30, 2005, the capital leases receivable consists of the following:

Total minimum lease payments to be received	$492,554,190
Less unearned interest income	(183,359,290)
Principal balance on outstanding debt	309,195,000
Less liquid assets to be used in construction	(14,141,622)
Total	$295,053,378

Future minimum lease payments to be received as of June 30, 2005 are as follows:

2006	$ 31,712,702
2007	31,725,399
2008	31,888,321
2009	31,326,663
2010	31,387,767
2011-2015	157,080,500
2016-2020	123,631,594
2021-2024	47,379,184
2025-2026	6,422,060
Total	$ 492,554,190

8. CAPITAL ASSETS

Furniture and equipment and other capital assets activity for the year ended June 30, 2005 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets:				
Furniture and equipment	$ 3,746,998	$ 163,923	$ 0	$ 3,910,921
Camden Yards	253,344,010	5,246,169	492,191	258,097,988
Baltimore City Conv. Ctr.	6,600,662	2,777	0	6,603,439
Ocean City Conv. Ctr.	11,976	0	11,976	0
Hippodrome	44,876,513	4,732,536	1,169,812	48,439,237
Montgomery County	9,227,038	9,968,931	6,157,829	13,038,140
Camden Station (See Note)	5,460,482	4,973,522	10,434,004	0
Total capital assets at historical cost	323,267,679	25,087,858	18,265,812	330,089,725
Less accumulated depreciation:				
Furniture and equipment	1,926,761	630,098	0	2,556,859
Camden Yards	65,392,447	9,310,798	0	74,703,245
Baltimore City Conv Ctr	3,063,356	367,662	0	3,431,018
Ocean City Conv Ctr	36,572	0	36,572	0
Montgomery County	0	422,532	0	422,532
Hippodrome	963,103	2,531,698	0	3,494,801
Total accumulated depreciation	71,382,240	13,262,788	36,572	84,608,455
Capital Assets, Net	$251,885,440	$ 11,825,070	$ 18,229,240	$245,481,270

9. CURRENT ACCOUNTS PAYABLE and ACCRUED EXPENSES

At June 30, 2005, accounts payable and accrued expenses consisted of the following:

Trade payables	$2,532,424
Compensated absences	57,237
Accrued parking	288,116
Due to State of Maryland	540,000
Workers' compensation	29,450
Total	$3,447,227

10. BONDS PAYABLE

Revenue bonds payable as of June 30, 2005 consist of the following:

1994 Series: Issued $55,000,000 in September 1994 at 5.25% to 5.88% per annum, due in varying installments through December 15, 2014	$ 37,025,000
1995 Series: Issued $17,340,000 in October 1995 at 4.80% to 5.38% per annum, due in varying installments through December 15, 2015	12,360,000
1996 Series: Issued $87,565,000 in April 1996 at rates varying from 5.30% to 5.80%, due in varying installments through March 1, 2026	77,315,000
1997 Series: Issued $4,640,000 in December 1997 at 4.66% per annum, due in varying installments through June 15, 2008	1,640,000
1998 Series A: Issued $16,300,000 in December 1998 at a variable rate, due in varying installments through December 15, 2019	16,300,000
1999 Series: Issued $121,380,000 in December 1999 at a variable rate, due in varying installments through December 15, 2019	105,525,000
2002 Series: Issued $10,250,000 in July 2002 at 3.0% to 5.7% per annum, due in varying installments tbrough September 15, 2013	8,885,000
2002 Series: Issued $20,250,000 in July 2002 at 5.0% to 6.25% per annum, due in varying installments through June 15, 2022	19,045,000
2003 Series: Issued $23,185,000 in January 2003 at 2.0% to 5.0% per annum, due in varying installments through June 15, 2024	22,370,000
2004 Series: Issued $8,730,000 in February 2004 at 3.0% to 5.21% per annum, due in varying installations through December 15, 2024	8,730,000
Total revenue bonds payable	309,195,000
Plus unamortized premium (includes unamortized premium related to both series of 2002, 2003 and the 2004 revenue bonds payable of $4,924, $78,300, $1,922 and $116)	85,262
Less unamortized discount (includes unamortized discount relating to the 1995 and 1996 revenue bonds payable of $13,045 and $80,323 as of June 30, 2005)	(93,368)
	$309,186,894

10. BONDS PAYABLE (Continued)

On September 1, 1994, the Authority issued Convention Center Expansion Lease Revenue Bonds, Series 1994, to finance, together with certain other funds, the expansion and renovation of the Baltimore Convention Center. Principal and interest on the Series 1994 Bonds are payable primarily from the basic rent to be paid by the State under the Master Lease. Interest is payable semiannually at rates varying from 5.25 percent to 5.88 percent per annum. The Bonds mature serially in varying amounts through December 15, 2014.

On October 15, 1995, the Authority issued Ocean City Convention Center Expansion Lease Revenue Bonds, Series 1995, to finance, together with certain other funds, the expansion and renovation of the Ocean City Convention Center. Principal and interest are payable primarily from the basic rent to be paid by the State under the Master Lease. Interest is payable semiannually at rates varying from 4.80 percent to 5.38 percent per annum. This issue contains $13,265,000 of serial bonds that mature in varying amounts through December 15, 2013 and a $2,815,000 term bond that matures December 15, 2015. The term bond requires a sinking fund redemption beginning December 15, 2014. On April 15, 1996, the Authority issued Sports Facilities Lease Revenue Bonds, Series 1996, to finance, together with certain other funds, the construction of a football stadium at Camden Yards. Principal and interest are payable primarily from the basic rent to be paid by the State under the Master Lease. Interest is payable semiannually at rates varying from 5.30 percent to 5.80 percent per annum. This issue contains $34,855,000 of serial bonds that mature in varying amounts through March 1, 2015 and $11,005,000, $17,860,000 and $22,350,000 term bonds that mature March 1, 2018, March 1, 2022, and March 1, 2026, respectively. These term bonds are subject to mandatory sinking fund payments beginning March 1, 2016.

On December 10, 1997, the Authority issued the tax-exempt Sports Facilities Lease Revenue Bonds, Series 1997, to finance, the construction of the football stadium and to refinance, in part, the costs of acquiring and preparing the property at the Stadium site. Principal and interest on the Series 1997 Bonds are payable primarily from the basic rent to be paid by the State under the Master Lease. Interest is payable semiannually at 4.66 percent per annum.

10. BONDS PAYABLE (Continued)

On December 15, 1998, the Authority issued the taxable Sports Facilities Lease Revenue Refunding Bonds, Series 1998 A and B, to retire, together with certain other funds, the Authority's Sports Facilities Lease Revenue Notes, Series 1989 C, and to pay related financing and issuance costs. Principal and interest on the Series 1998 A and B Bonds are payable primarily from the basic rent to be paid by the State under the Master Lease. The interest rates for the Series 1998 A and B Bonds are based on the 30-day USD LIBOR, which is reset weekly.

On December 9, 1999, the Authority issued the tax-exempt Sports Facilities Lease Revenue Refunding Bonds, Series 1999, to retire, together with certain other funds, the Series 1989 D Bonds. The Series 1989 D Bonds were used to finance the construction of Oriole Park at Camden Yards and in part to refinance the costs of acquiring and preparing the property at the site. The interest rate for the Series 1989 D Bonds is based on the 30-day USD LIBOR that is reset weekly.

On July 10, 2002, the Authority issued taxable Sports Facilities Lease Revenue Bonds, Series 2002, to retire, the 2001 Bond Anticipation Notes. Principal and interest are payable primarily from the basic rent to be paid by the State under the Master Lease. Interest is payable semiannually at rates varying from 3.0 percent to 5.7 percent per annum. The bonds mature serially in varying amounts through September 15, 2013.

On July 10, 2002, the Authority issued taxable Hippodrome Performing Arts Center Taxable Revenue Bonds, Series 2002, to finance, together with certain other funds, renovation of the Hippodrome Performing Arts Center. Principal and interest are payable primarily from the basic rent to be paid by the State under the Master Lease. Interest is payable semiannually at rates varying from 5.0 percent to 6.25 percent per annum. The bonds require a sinking fund redemption beginning June 15, 2014.

On January 14, 2003, the Authority issued tax-exempt Montgomery County Conference Center Lease Revenue Bonds, Series 2003, to finance, together with certain other funds, construction of the Montgomery County Conference Center. Principal and interest are payable primarily from the basic rent to be paid by the State under the Master Lease. Interest is payable semiannually at rates varying from 2.0 percent to 5.0 percent per annum. The bonds mature serially in varying amounts through June 15, 2024.

10. BONDS PAYABLE (Continued)

On March 2, 2004, the Authority issued taxable Camden Station Lease Revenue Bonds, Series 2004, to renovate, Camden Station located at Camden Yards. Principal and interest are payable primarily from the basic rent to be paid by the State of Maryland under the Master Lease Agreement. Interest is payable semiannually at rates varying from 3.0 percent to 5.21 percent per annum. The bonds mature in varying amounts through December 15, 2024.

Debt service requirements subsequent to June 30, 2005 are as follows:

Year Ending June 30	Principal Maturities	Interest	Total
2005	$ 12,915,000	$ 18,797,701	$ 31,712,701
2006	13,940,000	17,785,399	31,725,399
2007	14,925,000	16,963,321	31,888,321
2008	15,210,000	16,116,663	31,326,663
2009	16,195,000	15,192,767	31,387,767
2010-2014	97,360,000	59,720,500	157,080,500
2015-2019	93,510,000	30,121,594	123,631,594
2020-2024	39,070,000	8,309,185	47,379,185
2025-2027	6,070,000	352,060	6,422,060
	$ 309,195,000	$ 183,359,190	$ 492,554,190

11. DEFERRED REVENUE, 1999 REFUNDING AND INTEREST RATE SWAPS

On October 1, 1993, the Authority entered into certain Interest Rate Swap Agreements, a liquidity guarantee agreement, and certain forward bond purchase and remarketing agreements for the purpose of realizing cost savings associated with the refunding of the Series 1989 C Notes and the Series 1989 D Bonds fixed rate debt. At the call dates, December 15, 1998 and December 15, 1999 for Series 1989 C Notes and Series 1989 D Bonds, respectively, the Authority extinguished the existing fixed rate debt with the proceeds from newly issued variable rate debt. A liquidity guarantee agreement was entered into which guarantees the Authority liquidity for the variable rate bonds, at a fixed fee, for the life of the bonds. A forward bond purchase and remarketing agreement was also entered into which guarantees the purchase and remarketing of the variable rate bonds. For the above agreements, the Authority is making payments equal to the debt service on the previously existing fixed rate debt. The Authority receives variable rate payments equal to the payments due on the new debt.

11. DEFERRED REVENUE, 1999 REFUNDING AND INTEREST RATE SWAPS (Continued)

On June 10, 1998, the Authority entered into a similar swap agreement for the Series 1994 and Series 1996 Bonds. At the call dates, December 15, 2006 and March 31, 2007 for the Series 1994 and 1996 Bonds, respectively, the Authority has agreed to issue variable rate debt sufficient to extinguish the existing fixed rate debt in the amount of $104,350,000. All issue costs of the new variable rate debt and premiums to call the existing debt will be paid by the Authority.

The Authority received $15,522,129 and $3,313,500 on April 1, 1996 and June 10, 1998, respectively, pursuant to the above swap agreements as premiums on the swap agreements. These premiums have been recorded as deferred revenues and are being amortized over the life of the corresponding variable rate debt. The swap premiums were used toward the cost of constructing the football stadium. In addition, semiannual liquidity fees were required for the October 1, 1993 Swap Agreement under the liquidity guarantee agreement through the issue date of the new variable rate debt. The fees, which totaled $760,762, are included in deferred financing costs and are being amortized over the life of the new variable rate debt.

As noted above, on December 9, 1999, the Authority issued, in accordance with the October 1, 1993 Swap Agreement, tax-exempt variable rate bonds, Series 1999, to retire the $121,380,000 of outstanding Series 1989 D Bonds. This refunding resulted in an excess of the reacquisition price over the net carrying amount of the old debt of $3,467,367. This difference, which is reported as a deduction from lease revenue bonds payable, is being amortized to interest expense through the year 2019, the life of the new bonds. The Authority completed the refunding to reduce its debt service payments by $1,727,891 and to obtain an economic gain of $10,323,329.

Recognition of deferred revenue subsequent to June 30, 2005 is as follows:

2006	$ 1,058,716
2007	1,163,419
2008	1,218,605
2009	1,160,070
2010	1,094,564
2011-2015	4,650,680
2016-2020	1,960,126
2021-2025	328,259
2026-2027	18,076
Total	$ 12,652,515

11. DEFERRED REVENUE, 1999 REFUNDING AND INTEREST RATE SWAPS (Continued)

Swap Agreements

Objective of the Interest Rate Swaps. The Authority entered into four swaps: two (2) swaps dated as of October 1, 1993, and two (2) swaps dated June 10, 1998. The 1998 Swap Agreement and the 1999 Swap Agreement were entered into on October 1, 1993, along with other agreements corresponding with the issuance of the Authority's Series 1998 Bonds and the Series 1999 Bonds for the purpose of realizing certain cost savings associated with refunding the Authority's Series 1989C Notes and the Series 1989D Bonds. The Authority received a payment of $15,522,129.33 from AIG Financial Products ("AIG-FP"), the counterparty, in order to induce the Authority to enter into the swap agreements. The Authority entered into the Convention Center Swap Agreement and the Football Swap Agreement on June 10, 1998, along with other agreements associated with the planned future refunding the Authority's Series 1994 Bonds and the Series 1996 Bonds at the first par call date of the Series 1994 Bonds and the Series 1996 Bonds, 2006 and 2007, respectively. The Authority received a payment of $3,313,500.00 from Ambac Financial Services, L.P. ("Ambac"), the counterparty, in order to induce the Authority to enter into the swap agreements.

Terms. The terms, including the fair values and credit ratings on the swap counterparties as of June 30, 2005, are as follows. The notional amounts of the swaps match the principal amounts of the associated bond issues. The Authority's swap agreements contain scheduled reductions to the outstanding notional amounts that match scheduled principal reduction in the associated debt.

Associated Bond Issue	Notional Amount	Effective Date	Fixed Rate Paid	Variable Rate Received	Fair Values	Swap Termination Date	Counter-party Ratings
Series 1998	$ 16,300,000	12/15/98	8.125% to 7.51%	1 Month LIBOR	$ (3,381,304)	Dec. 2019	AA/Aa2
Series 1999	$ 117,150,000	12/15/99	5.54%	Bond Rate*	$ (14,782,342)	Dec. 2019	AA/Aa2
Series 2006+	$ 31,225,000	12/15/06	5.83% to 5.88%**	Bond Rate*	$ (3,480,225)	Dec. 2014	AAA/Aaa
Series 2007+	$ 73,125,000	03/01/07	5.69% to 5.80%**	Bond Rate*	$ (8,174,642)	March 2026	AAA/Aaa
	$ 237,800,000				$ ($29,818,513)		

*Rate paid on associated bond issue.
+ Bonds have not been issued.
** Calculated rate based upon the fixed payments established in the swap agreements divided by the notional amount outstanding at each fixed rate payment date.

11. DEFERRED REVENUE, 1999 REFUNDING AND INTEREST RATE SWAPS (Continued)

Swap Agreements (Continued)

Fair Value. Because interest rates have declined from rates that were in effect on dates the swaps were entered into, all swaps have a negative fair value as of June 30, 2005. The fair values of the swaps were developed by an independent pricing consultant to the Authority that does not have a financial interest in the swaps, using a market accepted method similar to the zero coupon method example described in the GASB Technical Bulletin No. 2003-1 of calculating fair value. The methodology used consists of calculating the future net settlement payments required by the swap agreement, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero coupon bonds due on the date of each future net settlement date of the swap.

Credit Risk. As of June 30, 2005, the Authority was not exposed to credit risk because the swaps had a negative fair value. However, should interest rates change and the value of the swaps become positive, the Authority would be exposed to credit risk in the amount equal to the swaps' fair value. American International Group, Inc. ("AIG") which provides a guarantee to the counterparty for the 1998 Swap and the 1999 Swap was rated AA by Standard and Poor's and Aa2 Moody's Investors Service as of June 30, 2005. AIG was recently downgraded due to financial mismanagement and incorrect earnings statements over the past few years, and remains under review for further possible downgrade by both credit rating agencies. AMBAC Assurance Corporation, the counterparty to the Convention Center Swap and the Football Swap was rated AAA by Standard and Poor's and Aaa Moody's Investors Service as of June 30, 2005. To mitigate the potential for credit risk for the 1999 Swap and the 1998 Swap, if the guarantor's long-term unsecured unsubordinated debt ratings are suspended by either S&P or Moody's or the guarantor's ratings fall below AA- or Aa3 by S&P and Moody's, the fair value of the associated swap will be fully collateralized with cash or securities. Collateral would be posted with an independent third party custodian. In addition, if the Authority's ratings for debt secured by the master lease with the State of Maryland fall below BBB+ or Baa1 by S&P and Moody's or are suspended, the fair value of the swap will be fully collateralized by the Authority with cash or securities. Collateral would be posted with an independent third party custodian. The Authority was rated AA+ by Standard and Poor's and Aa2 Moody's Investors Service as of June 30, 2005.

11. DEFERRED REVENUE, 1999 REFUNDING AND INTEREST RATE SWAPS (Continued)

Swap Agreements (Continued)

Basis Risk. As of June 30, 2005, the 1999 Swap, the Convention Center Swap and the Football Swap do not expose the Authority to basis risk. The Authority is receiving a variable rate payment from the counterparty on the 1999 Swap equal to the variable rate it pays on the associated bonds. Under certain circumstances, the counterparty could pay an alternative floating rate to the Authority which would not be equal to the variable rate interest accrued on the Series 1999 Bonds, which would subject the Authority to basis risk. The Convention Center Swap and the Football Swap have not reached their respective payment start dates. The 1998 Swap does expose the Authority to basis risk. The Authority is receiving a variable rate payment from AIG-FP equal to 100 percent USD-LIBOR-BBA reset monthly and pays a floating rate on the Series 1998 Bonds, which is currently remarketed at an interest rate mode that is reset weekly. The Authority will pay or receive the difference between (i) 100 percent USD-LIBOR-BBA receives from the counterparty and (ii) the rate the Authority pays on its Series 1998 Bonds. If the rates on the index are below the floating rates on the Series 1998 Bonds, the Authority is liable for the difference.

Termination Risk. The swap agreements provide for certain events that could cause the counterparties or the Authority to terminate the swaps. The swaps may be terminated by the counterparties or the Authority if the other party fails to perform under the terms of the swap agreements. If the swaps are terminated the Authority would no longer have synthetic fixed rate obligations. Also, if at the time of termination of one of its swaps, the swap has a negative fair value, the Authority would be liable to the counterparty for a payment equal to the swap's fair value.

Swap Payments and Associated Debt. Using rates as of June 30, 2005, for the debt service requirements of the Authority's outstanding variable rate bonds and using the forward rates as of the effective date for the Authority's forward starting swap, the net swap payments are as follows. As rates vary, variable-rate bonds interest payments and net swap payments will vary.

11. DEFERRED REVENUE, 1999 REFUNDING AND INTEREST RATE SWAPS (Continued)

Swap Agreements (Continued)

Variable-Rate Bonds (1)(2)

Fiscal Year Ending June 30	Principal	Interest	Interest Rate Swaps, Net	Total
2006	$ 5,495,000	$ 3,190,349	$ 4,383,486	$ 13,068,835
2007	5,945,000	4,582,772	3,528,497	14,056,269
2008	11,730,000	6,715,222	6,021,440	24,466,662
2009	12,435,000	6,349,647	5,705,390	24,490,037
2010	13,190,000	5,962,105	5,366,878	24,518,983
2011	13,995,000	5,551,027	5,002,423	24,548,450
2012	14,850,000	5,114,938	4,611,254	24,576,192
2013	15,760,000	4,652,202	4,195,593	24,607,795
2014	16,730,000	4,161,138	3,752,579	24,643,717
2015	17,760,000	3,639,875	3,280,357	24,680,232
2016	13,805,000	3,186,653	2,825,092	19,816,745
2017	14,660,000	2,790,184	2,401,455	19,851,639
2018	15,570,000	2,369,096	1,951,035	19,890,131
2019	16,545,000	1,921,721	1,472,043	19,938,764
2020	17,555,000	1,446,618	962,869	19,964,487
2021	4,580,000	1,143,295	694,943	6,418,238
2022	4,845,000	966,948	607,939	6,419,887
2023	5,125,000	780,402	515,898	6,421,300
2024	5,420,000	583,090	415,960	6,419,050
2025	5,735,000	374,383	310,307	6,419,690
2026	6,070,000	153,524	198,536	6,422,060
	$237,800,000	$ 65,635,189	$ 58,203,974	$361,639,163

(1) Includes Principal, Interest and Net Swap Payments on the Convention Center Swap and Football Swap Agreements and related bonds, expected to be issued in FY 2007.

(2) Using rates of June 30, 2005, for the debt service requirements of the Authority's outstanding tax-exempt and taxable variable rate bonds (2.33% and 3.30%) and using the forward rates (3.66% and 3.78%), as of the effective date, for the Authority's forward starting Convention Center Swap and Football Swap, respectively.

12. NONCURRENT LIABILITIES

Noncurrent liability activity for the year ended June 30, 2005 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Compensated absences	$ 390,862	$ 153,631	$ 474,778	$ 69,715	$ 57,237
Retainage payable	1,757,589	0	1,307,989	449,600	449,600
Workers' compensation	190,000	-	150,000	39,450	29,450
Lease revenue bonds payable, net	320,949,059	4,557	11,766,722	309,186,894	12,915,000
Deferred revenue	13,648,655	-	996,140	12,652,515	1,058,716
Total	$336,936,165	$ 158,188	$14,696,179	$322,398,174	$14,510,003

13. OPERATING LEASES

The Authority has leased certain office space in the Camden Yards Warehouse to various tenants with terms ranging from 3 years to 16 years, 9 months. The future minimum lease rentals to be received on noncancelable operating leases as of June 30, 2005 are as follows:

2005	$ 3,658,313
2006	3,589,862
2007	3,083,129
2008	2,768,422
2009	2,809,490
2010-2024	25,992,826
Total	$41,902,042

Lease rental income for the year ended June 30, 2005 was $3,143,276.

The Authority entered into various leases for electric generation equipment, stadium chiller systems, and scoreboard devices. The leases commenced during 1998 and 1999 with the first lease payment being due December 30, 1998. In August 2002, the Authority paid off the lease for the scoreboard and devices in accordance with the purchase option price of 22 percent of the costs of the equipment. The remaining leases expire on various dates through June 15, 2007.

13. OPERATING LEASES (Continued)

Noncancelable lease payments due under these operating lease agreements are as follows:

2006	$1,604,892
2007	1,604,892
Total	$3,209,784

Lease expense for the year ended June 30, 2005 was $1,6604,892.

In fiscal year 2008, the Authority will have the option to purchase the chiller system and generator equipment for approximately 20 percent of the original cost or extends the lease for an additional four years.

14. RETIREMENT PLANS

A. Maryland State Retirement and Pension System

The Authority contributes to the Retirement and Pension System of Maryland (the System), established by the State to provide pension benefits for State employees of various participating entities within the State. Although the System is an agent, multiple-employer public employee retirement system, the System does not perform a separate valuation for the Authority, and the Authority's only obligation to the System is its required annual contribution. The System is considered part of the State's financial reporting entity and is not considered part of the Authority's reporting entity. The System prepares a separate Comprehensive Annual Financial Report, which can be obtained from the Retirement and Pension System of Maryland at the State Office Building, 120 East Baltimore Street, Baltimore, Maryland 21202.

B. Plan Description

The System, which is administered in accordance with article 73B of the Annotated Code of Maryland, consists of several plans that are managed by the Board of Trustees for the System. All State employees hired into positions that are permanently funded and employees of the participating entities are eligible for coverage by the plan.

14. RETIREMENT PLANS (Continued)

C. Funding Policy

The Authority's required contribution is based upon actuarial valuations. Effective July 1, 1980, in accordance with the laws governing the System, all benefits of the System are funded in advance. The entry age normal cost method is the actuarial cost method used. Both the Authority and covered employees are required by state statute to contribute to the System. The employees contribute from 2 percent to 5 percent of compensation, as defined, depending on the participant's plan. The Authority made its required contribution during fiscal years ended June 30, 2005, 2004, and 2003 of $150,936, $151,996, and $210,802, respectively.

D. Postretirement Benefits

Former Authority employees who are receiving retirement benefits may participate in the State's health care insurance plans. These plans, which provide insurance coverage for medical, dental and hospital costs, are funded currently by the payment of premiums to the carriers and, under State policy, are contributory. Substantially, all employees become eligible for these benefits when they retire with pension benefits. Two employees are receiving benefits under these plans. The Authority's cost of retirees' health care benefits is expensed when paid, and totaled $154,543 for the year ended June 30, 2005.

15. COMMITMENTS

In 1995, approximately $235 million in bonding capacity was set aside for the Camden Yards Sports Complex. Approximately $90 million of this amount was unused. This money was set aside for the city of Baltimore to find a football team. If the City did not obtain a team by December 31, 1995, then the money was to be distributed into a public school construction fund. In November 1995 the City secured the Baltimore Ravens football team. As a result, a portion of the money that was set aside for the construction of public schools in the Baltimore area was now going to be used for the construction of the football stadium. Consequently, the legislators in Annapolis took the stance that, because the Ravens will benefit from being in Baltimore, the Authority should contribute an amount to the Public School Construction Fund. Pursuant to legislation enacted effective April 1996; the Authority is committed to pay $24 million into the Public School Construction Fund over 10 years, or $2,400,000 per year, beginning in fiscal year 2001. The Authority has committed to pay the annual amount in $200,000 monthly increments. The Authority made its first installment of $2,400,000 during fiscal 2001.

15. COMMITMENTS (Continued)

The Authority was relieved of its fiscal 2002 obligation through the approval of the State's Budget. A payment for the year ended June 30, 2004 and 2005 was required and paid.

16. LITIGATION

In the normal course of operations, certain claims have been brought against the Authority, which are in various stages of resolution. Management believes that the ultimate resolution of the claims will not have a material adverse effect on the Authority's financial position.