2009 Financial Statement

INDEPENDENT AUDITORS' REPORT

To 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, 2009, 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, 2009, 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 8 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.
Certified Public Accountants
Baltimore, Maryland
October 1, 2009

MANAGEMENT'S DISCUSSION & ANALYSIS

The Maryland Stadium Authority, an agency of the State of Maryland, is honored to present the fiscal year 2009 financial statements. The Authority's responsibilities include operation of the baseball and football stadiums, the B&O Warehouse and Camden Station 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 for the reader: 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 at June 30, 2009. 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 user of the Statement of Net Assets is able to determine the assets available for the continuing operations of the Authority. The user 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 user 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," is 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.

Statements of Net Assets

	June 30	
	2009	2008
Assets		
Current assets	$ 39,403,695	$ 37,062,248
Net capital assets	193,454,639	204,297,983
Noncurrent assets	238,703,084	253,544,111
Total assets	**471,561,418**	**494,904,342**
Liabilities		
Current liabilities	27,036,856	22,343,305
Noncurrent liabilities	251,113,858	266,364,241
Total liabilities	**278,150,714**	**288,707,546**
Net assets		
Invested in capital assets	177,701,737	193,310,407
Restricted for debt service	3,829,728	2,523,698
Restricted for capital assets	5,052,915	9,021,369
Unrestricted	6,826,324	1,341,322
Total net assets	**$ 193,410,704**	**$ 206,196,796**

During fiscal year 2009, total assets for the Authority decreased from the prior year by approximately $23.3 million dollars, due to: 1) unrestricted cash and cash equivalents increased approximately $5.5 million including approximately $1.5 million received on 2008 accounts receivable invoices, $0.4 million received from Baltimore City for reimbursement of expected costs related to a feasibility study to be performed by the Authority, an increase in admission taxes and ticket charges collected in fiscal year 2009 of $0.6 million, $0.4 million for construction management fees, and an increase of $2.6 million for vendor payments being paid in July 2009 instead of June 2009; 2) capital leases receivable decreased by approximately $13.6 million which includes $1.7 million increase that is from a decline in Money Market Securities that are available to be used for debt service, and a decrease of $15.3 million for the current year principal payment received from the State of Maryland; 3) other capital assets decreased by approximately $12.8 million, the result of an increase to other capital assets for $2.1 million in costs that were incurred due to improvements to Oriole Park, M&T Bank Stadium, the Hippodrome Theater and the Montgomery County Conference Center less annual depreciation and adjustments for capital lease receivables of approximately $14.9 million; and 4) a decrease in marketable securities of approximately $2.7 million as a result of $.9 million of Montgomery County project funds used for debt service, management fees and construction costs, $3.0 million used from the Master Equipment Lease and the Supplemental Improvements funds for improvements to Oriole Park at Camden Yards and a net increase of $1.2 million in accounts available for debt service.

The decrease in net accounts receivable of approximately $1.5 million is the result of the following: decrease in Oriole rent of $0.1 million, decrease of $0.3 million from the State of Maryland for admissions and amusements tax which is also the result of lower attendance at events, and decrease of $0.5 million related to rent from the Baltimore Orioles, decrease of $0.4 million from the Baltimore Ravens for operation and maintenances costs for April, May and June 2009, decrease in tenant rents due of $0.5 million and a decrease in the allowance for doubtful accounts of $0.3 million. Deferred financing costs decreased approximately $0.4 million as a result of the current year's amortization. Note receivable increased by $0.2 million resulting from an increase of $0.5 million related to the renovations of suites less the principal payment made of $0.3 million. Finally, furniture and equipment increased by approximately $2.0 million because of additions of $3.8 million for the current year, offset by an increase in depreciation of $1.8 million.

Total liabilities for the fiscal year 2009 decreased by approximately $610.5 million. Interest and accounts payable for fiscal year 2009 increased by approximately $26.1 million. The reasons for the increase are the interest payable accrued in fiscal year 2009 increased by $1.2 million mainly related to amounts due to the counterparty under the Series 2007 Refunding Bonds, an increase in trade payables of $2.9 million and a future commitment to the State of Maryland for $2.0 million. There was a decrease in the equipment, financing and lease revenue bonds of approximately $15.3 million as a result of the Authority paying $15.5 million toward the outstanding principal on the lease revenue bonds and borrowing $0.2 million from the Supplemental Improvements Fund. Finally, for fiscal year 2009, deferred revenue decreased by approximately $1.83 million, a result of deferred revenue being recognized as income in fiscal year 2009.

Statement of Revenues, Expenses, and changes in Net Assets

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 discloses the revenues and expenses for the Authority during fiscal year 2009. The revenues and expenses are presented in operating and non-operating categories.

At the end of fiscal year 2009, the statement of revenues, expenses and changes in net assets disclosed a $12.8 million decrease to net assets. The following information explains the decrease to net assets.

Operating revenues generated at the Camden Yards Sports Complex for fiscal year 2009 totaled $31.5 million. The material percentage 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 and the Baltimore Ravens pay 100% of the operating and maintenance expenses of the football stadium. This accounts for approximately $13.7 million of the revenue for fiscal year 2009.

The teams are required to pay a 10% ticket charge to the State of Maryland of which the Authority receives 8% and Baltimore City receives 2%. The revenues from the admission taxes for both teams were approximately $8.9 million.

Also located within the Camden Yards Sports Complex are the B & O Warehouse and Camden Station that were renovated for office and museum space. There currently are tenants renting more than 220,000 square feet that, combined with several cellular antenna sites, generate revenues approximately $3.9 million a year. Other revenues from the Camden Yards Sports Complex include parking receipts from non-game days, other non-professional events, 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 together total approximately $5.0 million for fiscal year 2009.

Non-operating revenue for fiscal year 2009 is $2.0 million which is generated by two sources. The first is the recognition of deferred revenue from an interest rate swap on the 1989 C Notes, 1989 D bonds, 1994 bonds, 1996 bonds and advance payment from the Baltimore Ravens for their portion of the equipment lease of the chiller and generator plant. 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. In June 1998, the Authority received approximately $0.6 million and $2.6 million for the 1994 and 1996 bonds, respectively, which represented the present value of these savings. In 2007, the Baltimore Ravens paid $1.7 million on the payment option of the chiller and generator plants. A portion of these savings is recognized as revenue each year. For fiscal year 2009, this figure was approximately $1.03 million. The second source of non operating 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. It approximates $0.7 million for fiscal year 2009.

Overall, revenue for fiscal year 2009 declined by approximately $0.6 million from revenue in fiscal year 2008 due to the decline in admission taxes of approximately $0.3 million as the result of lower attendance. Also other income decreased by $0.3 million from a decline in catering commission, utility reimbursement, and parking revenues of daily parkers utilizing Camden Yards.

Net operating expenses increased $0.3 million for fiscal year 2009. Explanations for the increase in fiscal year 2009 are as follows:

- During fiscal year 2009, utility costs for the Camden Yards Complex decreased by $0.3 million. This is the result of a reduction in usage.

- Miscellaneous expenses decreased by $1.8 million largely from the decline in bad debt expense of approximately $1.7 million and $0.1 million in insurance costs for 2009.
- Depreciation expense increased $0.6 million in fiscal year 2009 as the result of a new control room and sound system for approximately $4.0 million.
- Parking service decreased $0.2 million from the decreased number of parkers utilizing Camden Yards.
- Contractual services increased $1.8 million largely from an increase in janitorial services of $0.9 million, and an increase in property taxes on the warehouse of $0.7 million.
- The salaries and benefits paid to the employees increased approximately $0.1 million. The increase is from increased benefit costs and salary increases.
- Supplies and materials increased $0.1 million mainly from replacement of sports lighting, video board parts and new heaters at M&T Bank Stadium.

Non-operating expenses declined $0.4 million in fiscal year 2009. There was a decline in interest expense of $0.5 million related to a decline in principal balance. The State's share of the operating deficits for the Baltimore Convention Center and Ocean City Convention Center increased by $0.5 million as a result of declining revenues and increasing costs for both centers. There was a decline of $0.4 million in payments to the State of Maryland because the Authority's obligation to pay $2.4 million in fiscal year 2009 to the State for school construction was abated and the Authority made a commitment to pay the State of Maryland $2.0 million at a prospective date.

The Authority also 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 deficit at the Ocean City Convention Center and two-thirds of the operating deficit of the Baltimore City Convention Center. Further, the Authority is required to contribute annually to improvement funds for the Ocean City and Baltimore City Convention Centers of $50,000 and $200,000, respectively. This contribution for fiscal year 2009 was approximately $21.0 million.

Statement of Revenues, Expenses, and Changes in Net Assets

	Year ended June 30	
	2009	2008
Operating revenues	$ 31,472,274	$ 32,037,547
Operating expenses	41,972,436	41,693,884
Operating loss	(10,500,162)	(9,656,337)
Non operating expenses	(23,320,971)	(23,405,103)
Loss before contributions	(33,821,133)	(33,061,440)
Contributions from primary and local governments and other sources	21,035,041	20,535,890
Increase (Decrease) in net assets	(12,786,092)	(12,525,550)
Net assets at beginning of year	206,196,796	218,722,346
Net assets at end of year	**$ 193,410,704**	**$ 206,196,796**

Statement of Cash Flows

The last statement presented is the Statement of Cash Flows. The statement presents detailed information about the activities involving cash, and 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

	Year ended June 30	
	2009	2008
Cash flows from (used in):		
Operating activities	$ 8,656,910	$ 3,576,936
Noncapital financing activities	(41,155,184)	(40,698,909)
Capital and related financing	34,906,056	31,971,251
Investing activities	3,077,220	4,876,471
Net increase (decrease) in cash	**5,485,002**	**(274,251)**
Cash and cash equivalents at beginning of year	**1,341,322**	**1,615,573**
Cash and cash equivalents at end of year	**$ 6,826,324**	**$ 1,341,322**

Capital Assets and Debt Administration

The Authority had disposals of capital assets and debt during fiscal year 2009. The disposal of debt resulted from principal reductions.

Economic Outlook

The Authority is not aware of any facts, decisions or conditions that will have a significant impact on the financial

Statement of Net Assets

conditions 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 monitor revenues and closely watch expenditures to the best of its ability.

Assets	
Current Assets	
Unrestricted cash and cash equivalents	$ 6,826,324
Restricted cash and cash equivalents	74,122
Money market mutual fund investments—restricted	5,057,764
Accounts receivable, net of allowance for bad debts	10,641,145
Interest receivable	194,722
Note receivable, current portion	324,618
Capital leases receivable, current portion	16,285,000
Total current assets	**39,403,695**
Noncurrent Assets	
Capital assets	
Furniture and equipment, net of accumulated depreciation of $7,239,454	10,339,904
Other capital assets, net of accumulated depreciation of $133,703,338	183,114,735
Net capital assets	**193,454,639**
Other Noncurrent Assets	
Money market mutual fund investments—restricted	3,750,757
Other assets	1,000
Note receivable, net of current portion	3,831,628
Capital leases receivable, net of current portion	228,228,637
Deferred financing costs, net of accumulated amortization of $4,036,927	2,891,062
Total other noncurrent assets	**238,703,084**
Total assets	**$ 471,561,418**

Liabilities	
Current Liabilities	
Accounts payable and accrued expenses, current portion	$ 7,772,135
Interest payable	1,697,994
Lease revenue bonds payable, net of discount and premium, current portion	16,285,000
Deferred revenue, current portion	1,281,727
Total current liabilities	**27,036,856**
Noncurrent Liabilities	
Accrued expenses, net of current portion	2,885,058
Lease revenue bonds payable, net of discount of $78,336 and premium of $64,262 and current portion	239,963,722
Deferred revenue, net of current portion	8,265,078
Total noncurrent liabilities	**251,113,858**
Total liabilities	**278,150,714**
Net Assets	
Invested in capital assets	177,701,737
Restricted for debt service	3,829,728
Restricted for capital assets	5,052,915
Unrestricted	6,826,324
Total net assets	**$ 193,410,704**

Statement of Revenues, Expenses, & Changes in Net Assets

Operating Revenues	
Baltimore Orioles' rent	$ 6,237,942
Admission taxes	8,886,608
Baltimore Ravens' contributions	7,460,829
Warehouse rents	3,937,207
Catering commissions	610,329
Parking revenues	2,293,813
Miscellaneous sales	2,045,546
Total operating revenues	**31,472,274**
Operating Expenses	
Salaries and wages	7,404,089
Telephone and postage	152,591
Travel	21,328
Utilities	5,366,859
Vehicle expense	40,483
Contractual services	10,923,513
Parking	1,680,819
Supplies and materials	830,990
Depreciation and amortization	15,090,023
Fixed charges	273,924
Miscellaneous	187,817
Total operating expenses	**41,972,436**
Operating loss	**(10,500,162)**
Non operating Revenues (Expenses)	
Contributions to others for operating deficit and capital improvements	(6,239,277)
Future commitment to the State of Maryland	(2,000,000)
Unrestricted investment income	219,553
Restricted investment income	1,807,986
Interest expense	(17,109,233)
Total non operating expenses	**(23,320,971)**
Loss before contributions	**(33,821,133)**
Contributions from local government and other sources - Hippodrome Project	1,342,560
Contribution from primary government - Montgomery Co.	403,754
Contributions from local government - Camden Yards	1,000,000
Contributions from primary government - Camden Yards	10,760,000
Contributions from primary government - Baltimore City Convention Center	5,750,991
Contributions from primary government - Ocean City Convention Center	1,777,736
Total contributions	**21,035,041**
Change in net assets	(12,786,092)
Total net assets at beginning of year	206,196,796
Total net assets at end of year	**$ 193,410,704**

Statement of Revenues, Expenses, & Changes in Net Assets

Cash flows from operating activities	
Receipts from Camden Yards	$ 32,971,671
Payments to employees	
Salaries and benefits	(7,345,374)
Payments to suppliers	(16,969,387)
Net cash provided by operating activities	**8,656,910**
Cash flows from noncapital financing activities	
Payments from investment in direct financing leases	(4,542,992)
Convention Center operating deficit and capital improvements	(5,582,962)
Principal paid on notes payable and revenue bonds	(15,557,204)
Interest payments	(15,472,026)
Net cash used in noncapital financing activities	**(41,155,184)**
Cash flows from capital and related financing activities	
Contributions from local governments - Hippodrome Project	1,342,560
Contributions from local government - Camden Yards	1,000,000
Contributions from local government - Courthouse	400,000
Contributions from primary government - Camden Yards	10,760,000
Contributions from primary government - Baltimore City Conv Center	5,750,991
Contributions from primary government - Ocean City Convention Center	1,777,737
Contributions to primary government - Montgomery Co. Conf Ctr.	403,754
Disposals of capital assets	13,471,014
Net cash provided by capital and related financing activities	**34,906,056**
Cash flows from investing activities	
Decrease in investments	2,662,422
Interest and gains on investments	658,316
Proceeds from note receivable	(243,518)
Net cash used in investing activities	**3,077,220**
Net decrease in cash	5,485,002
Unrestricted cash and cash equivalents at beginning of year	1,341,322
Unrestricted cash and cash equivalents at end of year	**$ 6,826,324**

Adjustments to reconcile net operating income (loss) to cash from operating activities

Cash flow from operating activities	
Operating loss	$ (10,500,162)
Adjustments to reconcile operating loss	
Depreciation and amortization	15,090,023
Effects of changes in assets and liabilities	
Accounts and interest receivables	1,499,398
Accounts and accrued payables	2,567,651
Net cash provided by operating activities	**$ 8,656,910**

NOTES TO FINANCIAL STATEMENTS

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% statewide admissions and amusement taxes (8% to the Authority and 2% 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

Plan of Financing (the Plan) submitted by the Authority under Section 13-712.1 of the Plan of Financing (the Plan) 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. During the 2008 Maryland General Assembly Session, legislation was passed extending the Authority's obligation to fund two-thirds of any operating deficit and the $200,000 Capital Improvements Fund contributions until December 2014.

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 Financial 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 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 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 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 was 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 would 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.

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. 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.

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 is 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 was paid from the bond proceeds of approximately $582,000 and the balance of the proceeds was 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 contributed 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 opened in the September, 2006. The project cost approximately $8.0 million in 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 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 non operating 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 non operating revenues and expenses.

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 ten 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, 12 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.

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, 2009 was $0.

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 available from the applicable restricted assets before applying resources from unrestricted assets. The Maryland Stadium Authority's assets are restricted in accordance with Sections 10-651, 10-652, 10-653, 10-654, and 10-655 of the Economic Development Article of the Annotated Code of Maryland.

K. Accounting for Termination Benefits

The Maryland Stadium Authority does not record accruals for early termination benefits for employee services.

L. Reporting for Impairment of Capital Assets and Insurance Recoveries

The Maryland Stadium Authority did not receive any funds related to the impairment of capital assets or for insurance recoveries during fiscal year 2009.

3. DEPOSITS AND INVESTMENTS

At June 30, 2009, 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. The State Treasurer's Office invests pooled cash balances daily. The investment consists of direct purchases of securities or repurchase agreements. The carrying value of cash on deposit with the Treasurer at June 30, 2009 was $6,484,549. All amounts held on deposit by the Treasurer are unrestricted.

The carrying value of other deposits at June 30, 2009 and the associated bank balances are $341,775. Those balances are covered by federal depository insurance and are unrestricted.

The Authority has $74,121 held in an account with the Bank of New York. These restricted funds are required to be available if needed under the 1998 or 1999 remarketing agreements. This deposit is uninsured and uncollateralized.

At June 30, 2009, the Authority has $552,158 of unspent master equipment lease financing held with the State Treasurer. These funds are invested by the State Treasurer.

NOTES TO FINANCIAL STATEMENTS

At June 30, 2009, the Maryland Stadium Authority had a balance of $8,256,363 in funds held by trustees for various bond series. The Bank of New York holds $1,164,737 and M & T Bank holds $7,091,626. At June 30, 2009, $8,256,363 is invested in various money market mutual fund accounts. The money market mutual funds used by M&T Bank and the Bank of New York are rated Aaa by Moody's and AAA by S&P.

As of June 30, 2009, 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	$7,091	$7,091	-	-	-	-

As of June 30, 2009, 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	$1,165	$1,165	-	-	-	-

The Maryland Stadium Authority is restricted by the trust indenture for each bond issuance 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) Money market investments, bonds, and other obligations 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 Aaa and S&P AAA 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, to the payment of principal and of the 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 Aaa and by S&P AAA;

(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 Aaa and by S&P AAA;

(vi) Certificates of deposits, whether negotiable or non-negotiable, and banker's acceptances of any bank in the United States 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 a 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 States 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.

During 2009, 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. The City also contributed $400,000 to be used for a feasibility study of the Mitchell Courthouse.

5. ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2009 consists of the following:

Baltimore Orioles	$ 4,037,324
State of Maryland	3,263,503
City of Baltimore	508,000
Baltimore Ravens	1,536,330
Others	1,370,219
Subtotal	**10,715,376**
Less allowance for bad debts	(74,231)
Total	**$ 10,641,145**

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, 2009 are as follows:

2010	324,618
2011	324,618
2012	324,618
2013	324,618
2014	324,618
2015-2019	1,540,922
2020-2023	992,234
Total	**$ 4,156,246**

NOTES TO FINANCIAL STATEMENTS

7. CAPITAL LEASES RECEIVABLE

At June 30, 2009, the capital leases receivable consists of the following:

Total minimum lease payments to be received	$ 367,315,465
Less unearned interest income	(114,545,465)
Principal balance on outstanding debt	252,770,000
Less liquid assets to be used in construction	(8,256,363)
Total	**$ 244,513,637**

Future minimum lease payments to be received as of June 30, 2009 are as follows:

2010	31,603,199
2011	31,690,979
2012	31,860,976
2013	31,864,979
2014	31,943,797
2015-2019	129,880,274
2020-2024	64,604,659
2025-2026	13,866,602
Total	**$ 367,315,465**

	Beginning Balance	Additions	Reductions	Ending Balance
Capital lease receivable:				
Camden Yards	$ 184,616,854	$ 880,508	$ 9,240,000	$ 176,257,362
Baltimore City Conv Ctr	28,100,490	0	3,440,155	24,660,335
Ocean City Conv Ctr	9,654,999	0	1,00,003	8,654,996
Montgomery County	18,865,405	823,177	905,000	18,792,582
Hippodrome	16,910,073	0	761,711	16,148,362
Capital lease receivable	**$ 258,147,821**	**$ 1,712,685**	**$ 15,346,869**	**$ 244,513,637**

8. CAPITAL ASSETS

Furniture and equipment and other capital assets activity for the year ended June 30, 2009 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets:				
Fixed Assets	$ 13,749,172	$ 3,830,186	0	$ 17,579,358
Camden Yards	258,239,363	1,044,304	884,819	258,398,848
Baltimore City Conv Ctr	6,737,530	45,755	0	6,783,285
Ocean City Conv Ctr	(31)	3	0	(28)
Hippodrome	52,467,658	608,069	0	53,075,727
Montgomery County	(1,040,222)	432,641	832,177	(1,439,758)
Total capital assets at historical cost	**$330,153,470**	**$ 5,960,958**	**$ 1,716,996**	**$334,397,432**
Less accumulated depreciation:				
Fixed Assets	$ 5,413,772	$ 1,825,682	0	$ 7,239,454
Camden Yards	103,256,812	9,650,848	0	112,907,660
Baltimore City Conv Ctr	5,231,957	600,313	0	5,832,270
Ocean City Conv Ctr	0	0	0	0
Montgomery County	1,397	0	0	1,397
Hippodrome	11,952,155	3,009,857	0	14,962,012
Total accumulated depreciation	**$125,856,093**	**$15,086,700**	**0**	**$140,942,793**
Capital assets, net	**$204,297,377**	**(9,125,742)**	**$ 1,716,996**	**$193,454,639**

Additions and Reductions to Capital Assets are made of two components. The first is actual improvements capitalized to the Capital Asset and the second is the change in the Capital Lease Receivable balance based on the related available Money Market Mutual Funds, which fluctuates and may cause a temporary negative capital asset balance.

9. CURRENT ACCOUNTS PAYABLE AND ACCRUED EXPENSES

At June 30, 2009, accounts payable and accrued expenses consisted of the following:

Trade payables	$ 7,500,823
Compensated absences	10,000
Accrued parking	223,027
Workers' compensation	38,285
Total	**$ 7,772,135**

10. BONDS PAYABLE AND CAPITAL LEASES

Bonds payable and capital leases as of June 30, 2009 consist of the following:

Revenue bonds payable:	
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	$ 8,655,000
1998 Series A: Issued $16,300,000 in December 1998 at a variable rate, due in varying installments through December 15, 2019	13,705,000
1999 Series: Issued $121,380,000 in December 1999 at a variable rate, due in varying installments through December 15, 2019	87,845,000
2002 Series: Issued $10,250,000 in July 2002 at 3.0% to 5.7% per annum, due in varying installments through September 15, 2013	5,495,000
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	16,240,000
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	18,910,000
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	8,130,000
2006 Series: Issued $31,600,000 in December 2006 at a variable rate; due in varying installments through December 15, 2014	24,990,000
2007 Series: Issued $73,500,000 in February 2007 at a variable rate; due in varying installments through March 1, 2026	68,800,000
Revenue bonds payable	**252,770,000**
Capital leases:	
2007 Master equipment lease financing in December 2007 at 5.6% rate, due in varying installments through January 1, 2018	3,242,796
Supplemental Improvements Fund Loan, 0%, due in varying installments through August 2012	250,000
Plus unamortized premium (includes unamortized premiums related to both series of 2002, 2003 and the 2004 revenue bonds payable of $3,217, $59,540, $1,414, and $91, respectively, as of June 30, 2009)	64,262
Subtotal carried forward	**256,327,058**
Capital leases:	
Less unamortized discount (includes unamortized discount relating to the 1995 and 1996 revenue bonds payable of $10,731 and $67,605, respectively, as of June 30, 2009)	(78,336)
Total revenue bonds payable and capital leases	**$ 256,248,722**

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% to 5.38% 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 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% per annum. These bonds matured on December 15, 2008.

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% to 5.7% 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% to 6.25% 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% to 5.0% per annum. The bonds mature serially in varying amounts through June 15, 2024.

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% to 5.21% per annum. The bonds mature in varying amounts through December 15, 2024.

On December 9, 2006, the Authority issued the Tax Exempt Baltimore Convention Center Lease Revenue Refunding Bonds, Series 2006, to retire the Series 1994 Bonds. The Series 1994 Bonds, (along with other sources) were used to finance the construction of the expansion of the Baltimore Convention Center. The interest rate for the Series 2006 Bonds is calculated weekly by its remarketing agent using the 30-Day USD LIBOR.

On February 1, 2007, the Authority issued the Tax-Exempt Sports Facilities Lease Revenue Refunding Bonds Football Stadium Issue, Series 2007, to retire the Series 1996 Bonds. The Series 1996 Bonds were used to finance the construction of the football stadium at the Camden Yards Complex. The interest rate for the Series 2007 Bonds is calculated weekly by the remarketing agent using the 30-Day USD LIBOR.

In December, 2007, the Authority received Board of Public Work's approval to borrow $3.5 million from the State of Maryland Master Equipment Lease Financing Program. Principal and interest are payable from excess revenues generated at the Camden Yards Complex. Interest is payable semiannually at the rate of 5.6% per annum. This financing is set to mature on January 1, 2018.

As part of the Settlement Agreement between the Maryland Stadium Authority and the Baltimore Orioles Limited Partnership dated September 2007, the Authority was allowed to borrow $250,000 from the Supplemental Improvements Fund with the consent of the Baltimore Orioles Limited Partnership. The Authority must repay the loan within three years of the borrowing at 0% interest. The full amount borrowed will be paid back by August 2012.

Debt service requirements subsequent to June 30, 2009 are as follows:

Year ending June 30	Principal Maturities	Interest	Total
2010	$ 16,580,380	$ 15,473,241	$ 32,053,621
2011	17,778,921	14,491,400	32,270,321
2012	18,935,911	13,496,058	32,431,969
2013	20,065,901	12,248,973	32,314,874
2014	21,392,584	11,000,916	32,393,500
2015-2019	95,244,099	36,432,858	131,676,957
2020-2024	53,650,000	10,954,659	64,604,659
2025-2026	12,615,000	1,251,602	13,866,602
	$ 256,262,796	**$ 115,349,707**	**$ 371,612,503**

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.

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 indicated in Note 10, 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, 2009 is as follows:

2010	$ 1,281,727
2011	1,213,516
2012	1,147,620
2013	1,057,497
2014-2018	4,038,361
2019-2023	703,543
2024-2026	104,541
Total	**$ 9,546,805**

Objective of the Interest Rate Swaps. The Authority has entered into four swaps: two (2) swaps dated as of October 1, 1993, and two (2) swaps dated June 10, 1998. The 1999 Swap Agreement and the 1998 Swap Agreement were entered into on October 1, 1993 along with other agreements corresponding with the issuance of the Authority's Series 1999 Bonds and the Series 1998 Bonds for the purpose of realizing certain cost savings associated with refunding the Authority's Series 1985 D Bonds and Series 1989 C Notes and the Authority's Series 1989 D Bonds and the Series 1989 C Notes. The Authority received a payment of $15,522,129 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 corresponding with the issuance of the Authority's Series 2006 and the Series 2007 bonds for the purpose of realizing cost savings associated with the refunding of the Authority's Series 1994 Bonds and Series 1996 Bonds. The Authority received a payment of $3,313,500 from Ambac Financial Services, L.P. ("Ambac"), the counterparty, in order to induce the Authority to enter into the swap agreements. On December 5, 2008 Barclays Bank PLC ("Barclays") replaced Ambac as the counterparty on the Convention Center Swap Agreement and the Football Swap Agreement.

Terms. 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. The terms, including the fair values and credit ratings on the swap counter parties as of June 30, 2009, are as follows:

Associated Bond Issue	Notional Amount	Trade Date	Effective Date	Fixed Rate Paid	Variable Rate Received	Fair Values	Swap Termination Date	Counterparty Rating
Series 1999	$ 88,935,000	10/1/93	12/15/99	5.540%	Bond Rate*	$ (14,005,038)	Dec. 2019	A-/A3
Series 1998	12,890,000	10/1/93	12/15/98	7.510%	USD-CP-H.15 + 0.10%	(3,333,629)	Dec. 2019	A-/A3
Series 2006	24,740,000	12/05/08	12/05/08	5.83% to 5.88%**	SIFMA***	(2,894,055)	Dec. 2014	AA-/Aa3
Series 2007	68,485,000	12/05/08	12/05/08	5.69% to 5.80%**	SIFMA***	(15,434,181)	March 2026	AA-/Aa3
Total	$ 195,050,000					$ (35,666,903)		

* *Rate paid on associated tax-exempt variable rate bond issue*

** *Calculated rate based upon the fixed payments established in the swap agreements divided by the notional amount outstanding at each fixed rate payment date.*

****When Barclays Bank PLC became the replacement swap provider, the variable rate that the Authority receives changed from the rate paid on the associated tax-exempt variable rate bond issue to a rate based on changes on the SIFMA index.*

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, 2009. The fair values of the swaps were developed by an independent valuation consultant to the Authority that does not have a vested 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, 2009, 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. which provides a guarantee to the counterparty for the 1999 Swap and the 1998 Swap was rated A- by Standard and Poor's and A3 by Moody's Investors Service as of June 30, 2009. Barclays Bank PLC, the counterparty to the Convention Center Swap and The Football Swap was rated AA- by Standard and Poor's and Aa3 by Moody's Investors Service as of June 30, 2009. 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 by Moody's Investors Service as of June 30, 2009.

Basis Risk. As of June 30, 2009, 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 USD-CP-H.15 + 0.10% reset weekly and pays a floating rate on the Series 1998 Bonds, which is currently remarketed at a taxable rate mode that is reset weekly. 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. As rates vary, variable-rate bonds interest payments and net swap payments will vary. Using rates as of June 30, 2009, 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:

Variable – Rate Bonds (1)(2)

Fiscal Year Ending June 30	Principal	Interest	Interest Rate Swaps, Net	Total
2010	$ 13,190,000	$ 7,815,425	$ 3,513,558	$ 24,518,983
2011	13,995,000	7,268,971	3,284,478	24,548,449
2012	14,850,000	6,688,881	3,037,311	24,576,192
2013	15,760,000	6,072,945	2,774,850	24,607,795
2014	16,730,000	5,418,886	2,494,831	24,643,717
2015	17,760,000	4,724,284	2,195,948	24,680,232
2016	13,805,000	4,091,958	1,919,788	19,816,746
2017	14,660,000	3,509,403	1,682,235	19,851,638
2018	15,570,000	2,890,318	1,429,813	19,890,131
2019	16,545,000	2,232,180	1,161,583	19,938,763
2020	17,555,000	1,532,910	876,577	19,964,487
2021	4,580,000	1,133,977	704,260	6,418,237
2022	4,845,000	959,068	615,820	6,419,888
2023	5,125,000	774,042	522,258	6,421,300
2024	5,420,000	578,338	420,712	6,419,050
2025	5,735,000	371,331	313,359	6,419,690
2026	6,070,000	152,273	199,787	6,422,060
Total	**$ 202,195,000**	**$ 56,215,190**	**$ 27,147,168**	**$ 285,557,358**

(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 as of June 30, 2009, for debt service requirements of the Authority's outstanding tax-exempt and taxable variable rate bonds (4.03% and 5.36%) and using the forward rates (3.85% and 3.75%), 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, 2009 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Compensated absences	$ 660,060	$ 35,348	$ 9,065	$ 686,343	$ 10,000
Future Commitments	0	2,000,000	0	2,000,000	0
Workers' compensation	216,000	31,000	0	247,000	38,285
Lease revenue bonds payable, net	271,557,060	253,323	15,561,661	256,248,722	16,285,000
Deferred revenue	10,893,279	0	1,346,474	9,546,805	1,281,727
Total	**$283,326,399**	**$2,319,671**	**$16,917,200**	**$268,728,870**	**$17,615,012**

13. OPERATING LEASES

A. Lease Rental Income

The Authority has leased certain office space in the Camden Yards Warehouse to various tenants with terms ranging from 3 years to 20 years. The future minimum lease rentals to be received on non-cancelable operating leases as of June 30, 2009 are as follows:

2010	$ 3,820,660
2011	3,701,949
2012	3,708,700
2013	3,505,271
2014	3,045,815
2015-2026	9,761,605
Total	**$ 25,544,000**

Lease rental income for the year ended June 30, 2009 was $3,937,207.

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. Maryland Pension System

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

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% to 5% of compensation, as defined, depending on the participant's plan. The Authority made its required contribution during fiscal years ended June 30, 2009, 2008, and 2007 of $426,711, $442,899, and $304,930, respectively.

D. Other Postemployment Benefits

Effective June 1, 2004, the State established the Postretirement Health Benefits Trust Fund ("OPEB Trust") to receive appropriated funds and contributions to assist the Plan in financing the State's post employment health insurance subsidy. The OPEB Trust is established in accordance with the State Personnel and Pensions Article, Section 34-101 of the Annotated Code of Maryland and is administered by the Board of Trustees for the State Retirement and Pension System.

Plan Description

The Authority employees are members of the Plan. Members may enroll and participate in the health benefits options if the retiree ended State service with at least 10 years of creditable service within five years before the age at which a vested retirement allowance would begin or if the retiree ended State service with at least 16 years of creditable service.

Funding Policy

Beginning in fiscal year 2008, State law requires the State's Department of Budget and Management to transfer any subsidy received as a result of the federal Medicare Prescription Drug Improvement and Modernization Act of 2003 or similar subsidy to the OPEB Trust to prefund OPEB benefits. To further prefund benefits, during fiscal year 2008, the State transferred from the State Reserve Fund Dedicated Purpose Account. Additionally, the State is required by law to provide funding each year for the Plan for the State's share of the pay-as-you-go amount necessary to provide current benefits to active and retired employees and their dependents. Funds may also be separately appropriated in the State's budget for transfer to the OPEB Trust.

Based on current practice, the State subsidizes approximately 50% to 85% of covered medical, dental, prescription and hospitalization costs depending on the type of insurance plan. The State assesses a surcharge for postemployment health care benefits, which is based on health care insurance charges for current employees. Costs for post retirement benefits are for State of Maryland retirees.

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. The Authority's allocation for post employment health benefits totaled $26,575 for the year ended June 30, 2009.

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 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. The Authority was relieved of its fiscal 2002 and 2009 obligation through the approval of the State's Budget. A payment for the years ended June 30, 2007 and 2008 were 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.

TWO MSA ALL-STARS LEAVE THE FIELD

In 2009, two Stadium Authority veterans took their last at bat. Frank Dietz, who worked for MSA for 17 years, retired in October as Director of Baseball Operations. In December, Carol Salmon, one of the first agency employees, retired after 22 years at MSA, where she most recently served as Assistant Director for Warehouse Tenants.

For many years they were familiar faces at Camden Yards and an integral part of keeping operations running smoothly and professionally. With respect and appreciation of those who worked with them through the years, they leave enormous shoes to fill and many fond memories for the friends they have here.

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