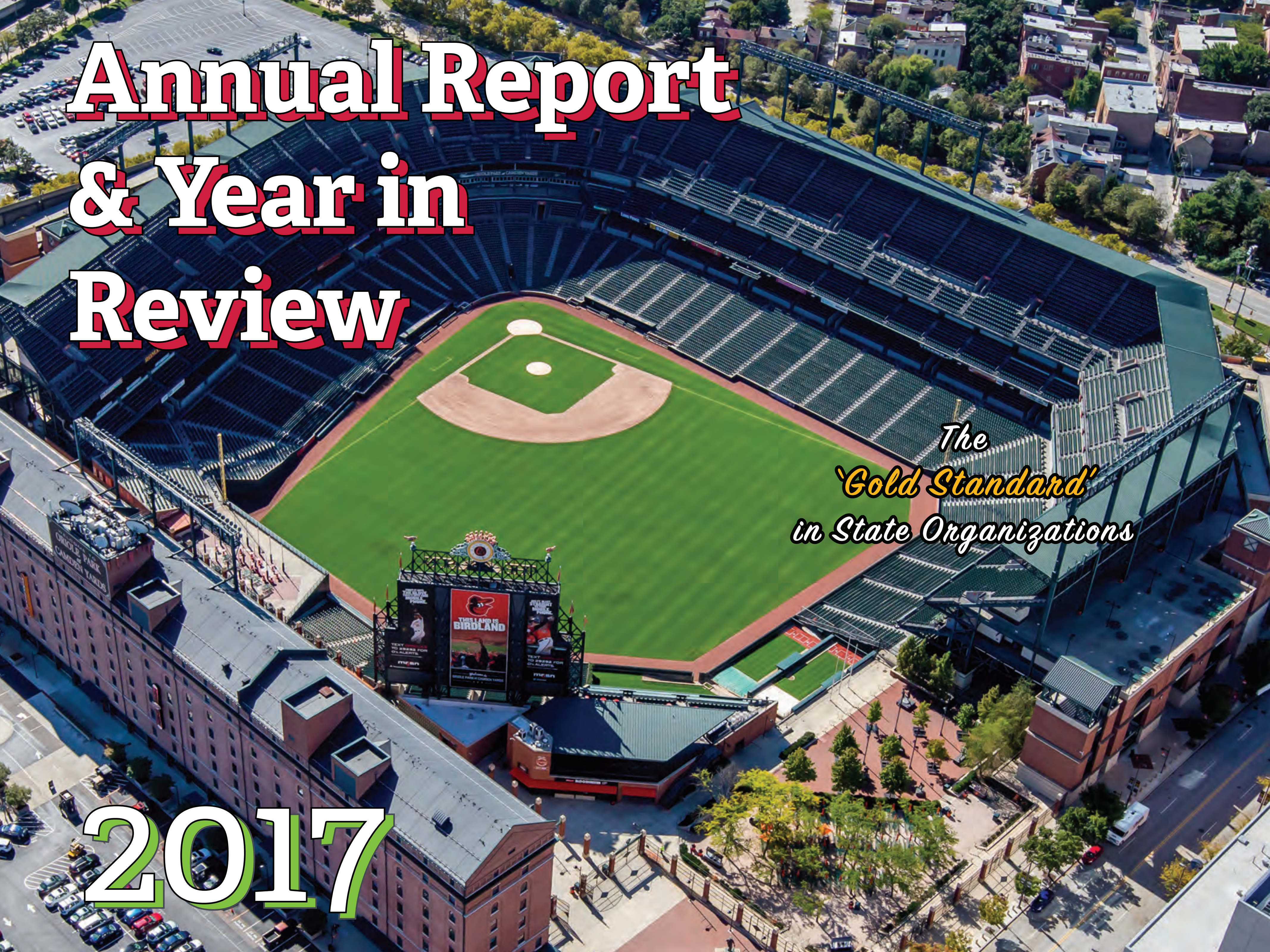
MARYLAND STADIUM AUTHORITY

Est.
1986

Annual Report & Year in Review

The 'Gold Standard' in State Organizations

2017



On July 1, 1986 we, the Maryland Stadium Authority, were founded. Fiscal Year 2017 we celebrate our 30th year of operation.

Green is the color for 30th Anniversaries

This green is PANTONE 2017 Color of the Year GREENERY

For our **30th** Annual Report and Fiscal Review, we have decided to celebrate our overall achievements over the last 30+ years and highlight our ***Top 30 Achievements of FY17.***

We celebrate starting off with a limited staff in late 1986 at the World Trade Center to now being a growing staff of **100+ at the Camden Yards Sports Complex.**

109 Full Time Employees

50+ Contractual Employees

We remember the long days traveling around the state with a replica Oriole Park stadium and even longer nights stuffing envelopes with bid information to mail out to construction companies.

We recall the abundant joy of the first pitch thrown on Opening Day 1992 at ***Oriole Park at Camden Yards***,

April 6, 1992

O's beat the Cleveland Indians 2-0

the kickoff celebrations at ***M&T Bank Stadium***, the ground-breaking ceremonies at ***Ocean City Convention Center***, completing the ***Xfinity Center*** and countless other projects along the way.

September 6, 1998

Played the Pittsburgh Steelers

Phase II | Performing Arts Center | Phase III

Originally Comcast Center

at UMCP

We remember all those we have worked with over the last 30+ years who have come & gone.

Above all else, we take great pride in having created a ***prolific sports complex on the grounds of historic Camden Yards***.

We built and maintain the ***#1 stadium in overall stadium experience in the country***;

Oriole Park at Camden Yards

We built and maintain the ***first LEED Existing Building: Operations & Maintenance certified stadium in the world***.

M&T Bank Stadium

We ***RECON-STRUCTED***, ***RE-PURPOSED***, ***retrofitted***, **CONSTRUCTED**, ***DECONSTRUCTED*** and ***built*** facilities and schools of all shapes and sizes ***across the State of Maryland;***

Project C.O.R.E.

Veterans Memorial

Towson University

Hippodrome

Performing Arts Center

Ripken Stadium

21st Century Schools

Southern Maryland Baseball Stadium

Montgomery County Conference Center

MTA/MARC Camden Station

UMBC- University Commons

Coppin State University

Baltimore City Convention Center

North Bethesda Conference Center Parking Structure

We are a **catalyst for improving quality of life** and **creating a climate where industry can flourish**. Every project undertaken by MSA has ***contributed to the community where it is located***, and the *local economy it helps support*.

Our continuing **legacy** is found in activities and attractions that *entertain and educate, enriching the Maryland experience for those who live, work, and visit here.*

We are the **'Gold Standard'** in State Organizations.

FIFTEEN

Continued partnership with MDHCD on Project C.O.R.E.

#6

Oversaw multiple renovations of the Warehouse at Camden Yards tenant spaces

#TWO

TEAM Maryland hosted over **324** events generating **$181+** million in direct spending

14 PARTNERS

TEAM MARYLAND

THREE

Vernon Conaway Jr.
NCS4 2017 Professional of the Year for the NFL

David Raith
Best in Finance CFO Award by the Baltimore Business Journal

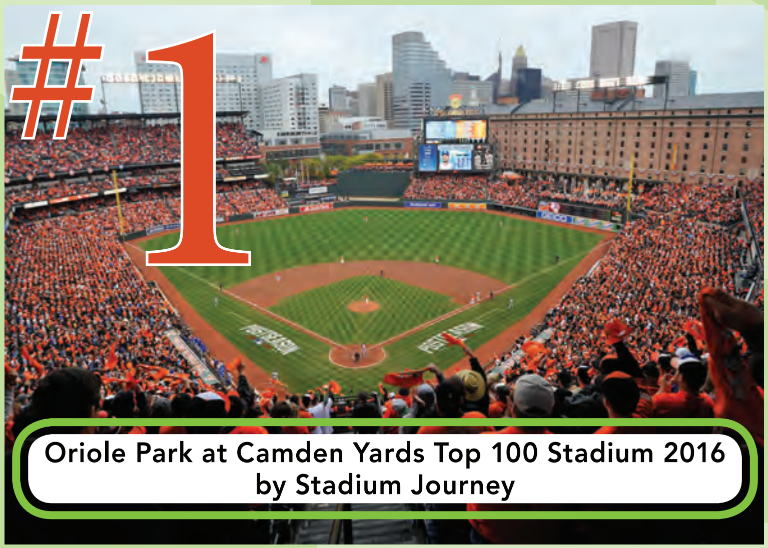
Terry Hasseltine
Sport Tourism Executive of the Year by the National Association of Sports Commissions

NINE

#MDDestinationRecovery

Participated in the Maryland Department of Health's Opioid Overdose Response Program

#1



Oriole Park at Camden Yards Top 100 Stadium 2016 by Stadium Journey

FOUR

Year 2 Schools currently in design phase

7

Schools under construction

21st CENTURY SCHOOLS BALTIMORE

no. thirteen

$157 million in procurements awarded in 21st Century Schools Program *(34% MBE spend commitment)*

no. 11

Partnered with University of Maryland Medical Center's Shock Trauma doctors and nurses to provide **"Stop the Bleed"** training to staff

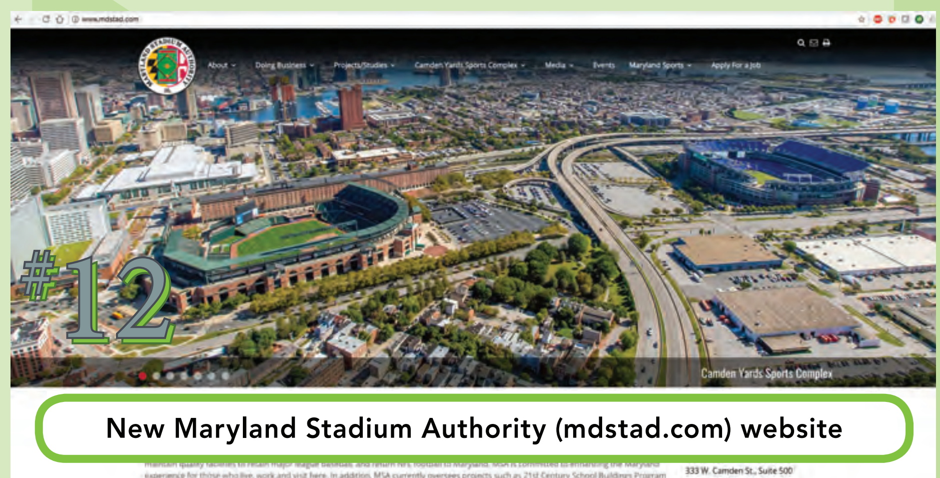
#10

Worked with the Ravens to complete Phase I of enhancements of M&T Bank Stadium

#EIGHT

Release of Market & Economic Study of Proposed Multi-Purpose Sports Complex in Worcester County

#12



New Maryland Stadium Authority (mdstad.com) website

Deployed Active Shooter Ballistic Boards throughout MSA Administrative offices

#20

SIXTEEN

REGULAR NEW HIRES
CONTRACTUAL RE/HIRES & RENEWALS

Initiated the Analysis of Expansion of Baltimore City Convention Center (2016) study

twenty-1

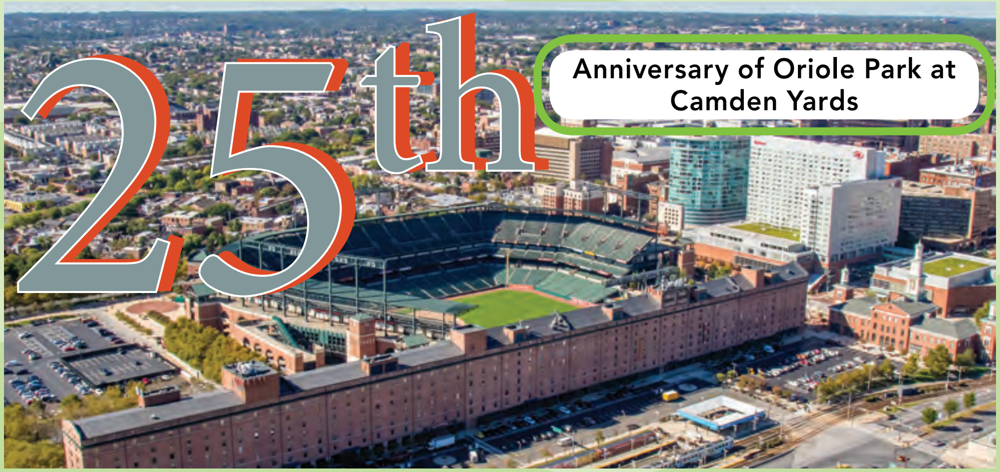
#22

$4,569,958.85 in Small Business Reserve Contracts Awarded

M&T Bank Stadium in Top 100 Stadium Experience of 2016 by Stadium Journey

#17

#18 Created a robust wireless network that eases management of wireless equipment while improving security



25th Anniversary of Oriole Park at Camden Yards

twenty-six

Oriole Park at Camden Yards upgrades to LED lighting

no. nineteen

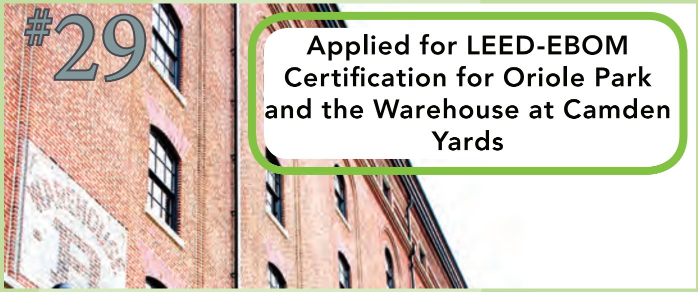
Kicked off construction of North Bethesda Conference Center Parking Structure

twenty-THREE

Released Phase I of Market & Economic Study of Pimlico Racecourse

#27

House Bill 1619/Senate Bill 1148: ***Maryland Stadium Authority - Maryland Sports and Affiliated Foundations*** approved <u>unanimously</u>



#29

Applied for LEED-EBOM Certification for Oriole Park and the Warehouse at Camden Yards

#28 Continuing to explore and expand the use of CMMS (AwareManager) to make operations more efficient

#24

140+ events at Camden Yards Sports Complex

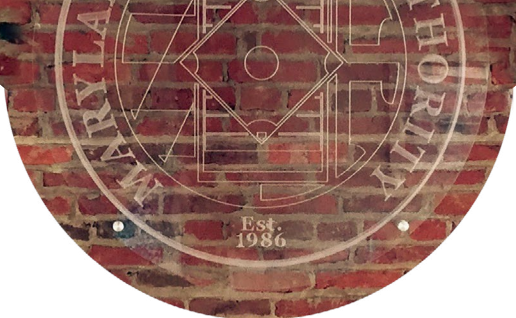
#30

Our mission to **plan, finance, build** and **manage sports** and **entertainment facilities** in Maryland is ***still holding strong after 30+ years***;

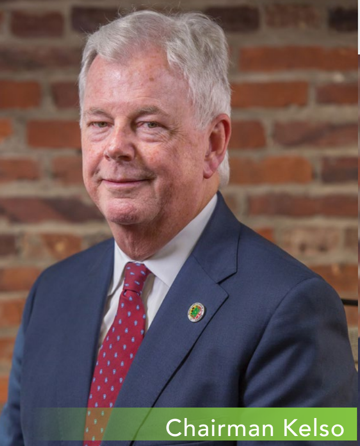
We endeavor to provide **enjoyment**, **enrichment**, **education**, and **business opportunities** ***for citizens every day***;

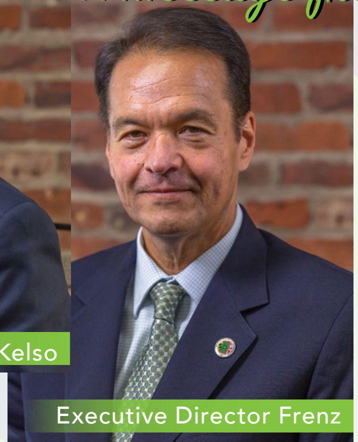
We continuously **develop partnerships** with local governments, universities, private enterprise and **the community**;

And we will continue to do so for the next 30+ years!



A Message from the Chairman and Executive Director


Chairman Kelso


Executive Director Frenz

If any word could be used to describe MSA's successes during 2017, that word would be **partnerships**. While this is always the case for MSA, or any business or governmental entity, this year our partnerships took on greater complexity, scope, and number.

During the summer of 2017, the first two schools in our $1 billion school construction partnership with the Baltimore City Public Schools opened. Those schools, **Frederick Elementary** and **Fort Worthington Elementary/ Middle**, opened to widespread acclaim and joy in the communities where they are located. During December, two more schools, **Lyndhurst Elementary** and **Dorothy I. Height Elementary**, were completed. Thus far, we have fulfilled our promise of on-time and on-budget project delivery, and are still on track to deliver 23 to 28 renovated or newly constructed schools. We should add that not only does this program contribute to the City of Baltimore and the State of Maryland through the education of Baltimore's school children, but it also promotes **minority** and **women-owned businesses** as **33%** of spending thus far has taken place through those designated companies, and it promotes local employment commitments for **hiring of 257 city residents to date**.

In the **Project C.O.R.E.** demolition program; MSA, Baltimore City Housing, and the Maryland Department of Housing and Community Development reached a milestone of over 1,000 vacant units demolished. This will help remove urban blight, improve property values in those neighborhoods, reduce crime in those communities, increase green space, and promote neighborhood development.

Through our close working relationships with the Orioles and Ravens, Oriole Park at Camden Yards and M&T Bank Stadium remain in the top rank of stadiums in Major League Baseball and the National Football League. In January of 2017, Stadium Journey named **Oriole Park the #1 overall stadium experience in North America**, while **M&T Bank Stadium was #1 in the NFL and #14 overall**.

Not content to rest on our laurels, MSA worked with both teams to make the best better. MSA and the Baltimore Ravens entered into an **extraordinary public-private partnership** where the Ravens agreed to fund up to $120 million in fan-related improvements to M&T Bank Stadium, while MSA agreed to make best-effort attempts to fund up to $24 million in infrastructure-related improvements. This fall, the Ravens unveiled new $30 million video boards that are not only 66% larger than the previous boards, but equal the highest resolution and clarity of any stadium video display in the United States. This off-season, we are working with the team to add escalators and elevators that will make it much more convenient for fans to access the upper levels of the stadium.

Prior to the 2017 season, the Orioles replaced the playing surface at OPACY, while MSA replaced the old halide sports lights with **new LED technology**. The new lights are brighter and produce less shadow than the old technology and turn on with a flick of a switch.

We continue to work with municipal governments throughout Maryland on a variety of studies and construction projects that promote economic development, infrastructure improvement, and quality of life. These include:

- → Market & Economic Study of Pimlico Racecourse
- → Worcester County Sports Complex study
- → State Center Baltimore study
- → Baltimore Circuit Court study
- → Analysis of Expansion of Baltimore City Convention Center
- → Crownsville Hospital Center Campus assessment study
- → North Bethesda Conference Center parking structure
- → Ocean City Convention Center expansion
- → DNR NRMA at Fair Hill capital improvements planning
- → MTA / MARC Camden Station Replacement project

Maryland Sports, the sports commission for the state, continued to work with venues and municipalities throughout the state in order to promote sports-related tourism. We collectively worked to ensure **House Bill 1619** passed the General Assembly, passing unanimously and singed by the Governor May 25th, 2017. Maryland Sports will co-host the **NCAA Women's Lacrosse Championships** with Johns Hopkins University in 2019, 2020, and 2022; and with Towson University in 2021. Maryland Sports is working closely with the Baltimore Ravens, Visit Baltimore, and the Baltimore Office of Promotion & the Arts to have M&T Bank Stadium included in the **North American bid for soccer's (FIFA) World Cup** in 2026.

We launched a new **responsive design website** (desktop, mobile, tablet user-friendly) with enhanced e-commerce capabilities. Site visits have increased significantly now that information about our projects, studies and opportunities are more readily accessible.

We also worked through the year, as we do every year, on continuous improvements in security, facilities management, information technology and administration.

Finally, we are proud and pleased to see several MSA employees receive individual recognition for their hard work. **David Raith**, Chief Financial Officer, was awarded a **2017 Best in Finance Award** by the Baltimore Business Journal. **Vernon Conaway, Jr.**, Vice President of Public Safety & Security, was selected as the **2017 Professional of the Year for the NFL** by the National Center for Spectator Sports Safety and Security. **Terry Hasseltine**, Executive Director of Maryland Sports, was awarded the **2017 Sport Tourism Executive of the Year** by the National Association of Sports Commissions during their April symposium.

Thomas Kelso

Michael Frenz

SB & COMPANY, LLC
KNOWLEDGE • QUALITY • CLIENT SERVICE

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

Report on the Financial Statements

We have audited the statement of net position of the Maryland Stadium Authority (the Authority), a component unit of the State of Maryland, as of June 30, 2017, and the related statements of revenue, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The Authority's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2017, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of proportionate share of net pension liability and the schedule of contribution be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The combining schedule of contribution from primary government and the combining schedule of revenue, expenses, and changes in net position are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining schedule of contribution from primary government and the combining schedule of revenue, expenses, and changes in net position are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining schedule of contribution from primary government and the combining schedule of revenue, expenses, and net changes in net position are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Hunt Valley, Maryland
September 29, 2017

SB & Company, LLC

Overview of the Financial Statements and Financial Analysis

The Maryland Stadium Authority (the Authority), a component unit of the State of Maryland, is honored to present the fiscal year 2017 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, assistance in the construction of replacement and renovation of Baltimore City Public Schools, and construction management for various projects throughout the State of Maryland.

There are three financial statements presented for the reader: the Statement of Net Position; the Statement of Revenue, Expenses, and Changes in Net Position; and the Statement of Cash Flows.

Statement of Net Position

The Authority's Statement of Net Position presents the assets, liabilities, and the net position of the Authority as of June 30, 2017. The Statement of Net Position provides the reader with a financial picture of the Authority's assets and deferred outflows (current and noncurrent), liabilities and deferred inflows (current and noncurrent), and net position (assets and deferred outflows minus liabilities and deferred inflows) or the financial position of the Authority at the end of the fiscal year.

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

The net position is divided into four categories. The first category, "net investment in capital assets," reflects the Authority's investment in furniture, equipment and facility rights, net of debt. 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 less the liability related to the interest rate swaps.

Below is a comparison of the Statements of Net Position as of June 30, 2017 and 2016:

	As of June 30, 2017	2016
ASSETS AND DEFERRED OUTFLOWS		
Current assets	$396,224,939	$473,133,991
Capital assets, Net	80,012,562	93,877,301
Other noncurrent assets and deferred outflows	91,599,420	110,011,286
TOTAL ASSETS AND DEFERRED OUTFLOWS	567,836,921	677,022,578
LIABILITIES AND DEFERRED INFLOWS		
Current liabilities	130,782,183	84,034,605
Noncurrent liabilities and deferred inflows	496,669,551	536,024,645
TOTAL LIABILITIES AND DEFERRED INFLOWS	627,451,734	620,059,250
NET POSITION		
Net investment in capital assets	57,796,779	50,856,920
Restricted for debt service	2,264,880	2,256,820
Unrestricted	(119,676,472)	3,849,588
TOTAL NET POSITION	$(59,614,813)	$56,963,328

During the fiscal year 2017, total assets and deferred outflows for the Authority decreased from the prior year by approximately $109.2 million, mainly due to: 1) cash, cash equivalents and restricted investments decreased by approximately $78.9 million as a result of an increase of $27.9 million for Baltimore City public schools, an increase of $6.4 million for project advances, a decrease in funds for the Baltimore City Convention Center of $0.8 million, an increase $1.5 million related to the demolishing and stabilization of vacant homes in Baltimore City, a decrease of $113.8 million in restricted investments from the Series 2016 bond which was used for construction costs, a reduction of $0.1 million in restricted investments spent on projects at Camden Yards; 2) capital leases receivable decreased by approximately $18.4 million from the 2016 principal payment received; and 3) intangible assets decreased by $11.0 million as a result of capital improvements to the Camden Yards Sports Complex of $4.2 million, and

Statement of Net Position *(Continued)*

a decrease of $15.2 million for depreciation and disposals.

The increase in net accounts receivable and due from primary government of approximately $0.3 million is the result of the following: a decrease in Orioles' rent and reimbursement of $0.2 million, an increase of $0.6 million in reimbursements from the Baltimore Ravens, a decrease in admissions taxes of $0.4 million, an increase of $0.2 million in billings for electric use, and an increase of $0.1 million for a rebate from BGE. Notes receivable, prepaid expenses and interest receivable increased by $0.5 million. Deferred outflows increased by $1.2 million. Finally, furniture and equipment decreased by approximately $2.9 million because of a loss from the disposal of the video boards at M&T Bank Stadium of $0.5 million plus the current year's depreciation of $2.4 million.

Total liabilities and deferred inflows as of June 30, 2017, increased by approximately $7.4 million. Accounts payable, accrued expenses and project advances increased by $46.7 million as a result of $1.8 million from Department of Housing and Community Development for project advances, an increase of $7.2 million from Montgomery County for project advances, an increase of $0.8 million due for project advances, an increase of $36.5 million for construction expenditures related to Baltimore City Public Schools, $0.5 million increase in operations. There was a decrease in the equipment, financing, revenue bonds and lease revenue bonds of approximately $36.8 million as a result of $28.2 million used to make payments towards the outstanding principal on the bonds and $8.6 million in amortization of bond premiums and discounts. Interest payable decreased by $0.3 million related to the Series 2016 bonds. Unearned revenue decreased by $0.2 million from the current and final year's amortization. Deferred inflows related to pension and revenues decreased $0.3 million with net pension liability increasing by $2.1 million. Finally, for fiscal year 2017, the derivative liability decreased by $4.0 million as a result of the change in the fair market values of derivatives and the maturity of the Series 2007 bonds.

Statement of Revenue, Expenses, and Changes in Net Position

Below is a comparison of the Statements of Revenue, Expenses, and Changes in Net Position for the years ended June 30, 2017 and 2016:

	For the Years Ended June 30,	
	2017	2016
Operating revenue	**$41,211,035**	$37,998,062
Operating expenses	**55,904,727**	58,184,982
Operating loss	**(14,693,692)**	(20,186,920)
Non operating expenses	**(116,470,508)**	(2,343,412)
Loss before contributions	**(131,164,200)**	(22,530,332)
Contributions from primary and local governments and other sources	**14,586,059**	13,899,074
Decrease in net position	**(116,578,141)**	(8,631,257)
Net position at beginning of year	**56,963,328**	65,594,586
NET POSITION AT END OF YEAR	**$(59,614,813)**	$56,963,329

The changes in net position are based on the activity that is presented on the Statement of Revenue, Expenses, and Changes in Net Position.

The Statement of Revenue, Expenses, and Changes in Net Position presents the revenue and expenses for the Authority during fiscal year 2017. The revenue and expenses are presented in operating and non-operating categories.

At the end of fiscal year 2017, the Statement of Revenue, Expenses, and Changes in Net Position disclosed a $116.6 million decrease to net position. The following information explains the decrease in net position.

Operating revenue generated at the Camden Yards Sports Complex for fiscal year 2017 totaled $41.2 million. A large percentage of the revenue received by the Authority relates to the operation of the stadiums. The Baltimore Orioles' rent is based upon a percentage of revenue stream formula, and the Baltimore Ravens pay 100% of the operating and maintenance expenses of the football stadium. This accounts for approximately $19.2 million of the revenue for fiscal year 2017.

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 revenue from the admission taxes for both teams was approximately $12.7 million. Also included in admission taxes is a two dollar ($2) ticket charge for the Hippodrome Performing Arts Center for $0.4 million for a total of $13.1 million.

Located at 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 approximately $3.6 million a year. Other revenue from the Camden Yards Sports Complex include parking receipts from non-game days, other non-professional events, catering commissions, trademark revenue, construction management fees for other construction projects not part of the Camden Yards Sports Complex, and adjustments to capital assets, which totaled approximately $5.2 million for fiscal year 2017.

Miscellaneous revenue for fiscal year 2017 was $2.2 million which is generated by several sources. 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, $0.2 million for fiscal year 2017. The second source of miscellaneous revenue is investment income received on money held by trustees on various bond issuances, from an outstanding note from the Baltimore Orioles and the amortization of bond premiums. It approximated $1.6 million for fiscal year 2017.

Overall, operating revenue for fiscal year 2017 increased by approximately $3.2 million from revenue in fiscal year 2016 due to an increase in admission taxes of approximately $3.7 million as the result of additional special events at M&T Bank Stadium, an increase in Baltimore Ravens' contribution of $0.9 million for higher operating costs, an increase in Baltimore Orioles rent of $0.1 million, a decrease of $0.6 million in warehouse rents because of an increase in vacant space in the warehouse and Camden Station, and a $0.9 million decrease in miscellaneous sales and parking revenues.

Net operating expenses decreased by $2.3 million for fiscal year 2017. Explanations for the decrease in fiscal year 2017 were as follows:

- Salaries and wages decreased $0.6 million in fiscal year 2017. There was an increase of $0.7 million for new hires and salary increases. Also, there is an increase in other personnel costs of $0.3 million related to the employee's pension system and health benefits. Salary, wages and benefits for employees related to the Baltimore City Public Schools program are not classified as non-operating expenses for fiscal year 2017 for $2.4 million where $2.0 million were included in salary and wages in fiscal year 2016.
- Contractual services decreased by $2.0 million from a decline in elevator and escalator repairs and maintenance of $0.1 million, an increase of $0.4 million in security services, an increase of $0.2 million for support of special events at M&T Bank Stadium, there was a decline of $5.6 million for costs related to Baltimore City Public Schools program, and an increase in contractual services related to the demolition of vacant homes in Baltimore City of $3.1 million.
- Depreciation expense increased by $0.2 million in fiscal year 2017.
- Parking expenses decreased by $0.1 million from lower operating costs.
- Miscellaneous expenses increase by $0.2 million because of fewer bad debts.

Non-operating expenses increased by $114.1 million in fiscal year 2017. There was an increase in interest expense of $12.1 million related to the Series 2016 bonds. The State's share of the operating deficit for the Baltimore Convention and Ocean City Convention Centers decreased by $0.7 million as a result of lower operating costs. The change in the liability due related to the fair value of the hedge decreased by $4.0 million. There was an increase in overall architects, engineering, construction management and project management expenses related to Baltimore City Public Schools of $147.7 million. Non-operating revenue increased by $41.0 million for fiscal year 2017. Investment income increased by $8.0 million from bond premiums related to the Series 2016 issuance being amortized and the investing of the Series 2016 bond proceeds, generated additional investment income, for fiscal year 2017. Finally, there was a $33.0 million increase in contributions from the State of Maryland, Baltimore City and Baltimore City Board of School Commissioners on the Baltimore City Public School construction project.

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 deficits of 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 an improvement fund for the Ocean City and Baltimore City Convention Centers in the amount of $50,000 and $200,000, respectively. The total of these contributions for fiscal year 2017 was approximately $14.6 million.

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 flows and shows the net cash used to operate the Camden Yards Sports Complex; the second relates to the cash flows resulting from noncapital financing activities; the third relates to cash flow from capital and related financing activities; the fourth relates to the cash flows from investing activities; and the fifth reconciles the net cash used to the operating loss on the Statement of Revenue, Expenses, and Changes in Net Position.

Below is a comparison of the Statements of Cash Flows for the years ended June 30, 2017 and 2016:

	For the Years Ended June 30,	
	2017	2016
Cash flows from:		
Operating activities	$660,665	$(2,802,932)
Noncapital financing activities	(104,393,549)	383,913,484
Capital and related financing activities	14,191,448	16,807,536
Investing activities	124,520,162	(365,727,477)
Net increase in cash and cash equivalents	34,978,726	32,190,611
Cash and cash equivalents, beginning of year	69,959,387	37,768,477
CASH AND CASH EQUIVALENTS, END OF YEAR	**$104,938,113**	**$69,959,388**

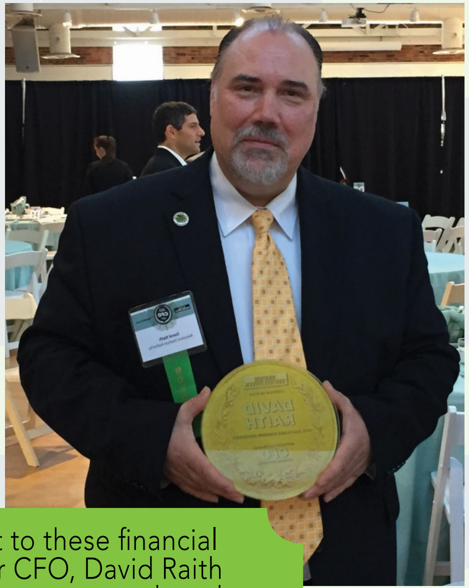
Capital Assets and Debt Administration

The Authority had $4.3 million of additions to capital assets in 2017. The Authority had a decrease in debt during 2017 of $36.8 million due to principal payments and the pay-off of the Series 2010 Master Equipment lease.

Economic Outlook

The Authority is not aware of any facts, decisions or conditions that will have a significant impact on the financial 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 revenue and closely watch expenditures to the best of its ability.



As a testament to these financial statements, our CFO, David Raith was honored at a ceremony where he received a 2017 Best in Finance Award.

Statement of Net Position ~ As of June 30, 2017

ASSETS AND DEFERRED OUTFLOWS	
Current Assets	
Cash and cash equivalents	$104,938,113
Restricted investments	257,483,937
Accounts receivable, net	9,371,423
Due from primary government	3,775,025
Interest receivable	1,025,021
Note receivable, current portion	456,420
Capital leases receivable, current portion	19,175,000
TOTAL CURRENT ASSETS	**396,224,939**
Noncurrent Assets	
Prepaid expenses and other assets	356,536
Note receivable, net of current portion	1,938,816
Capital leases receivable, net of current portion	83,925,010
Capital assets:	
Furniture and equipment, net	2,060,766
Intangible assets, net	77,951,796
Net capital assets	80,012,562
TOTAL NONCURRENT ASSETS	**166,232,924**
Deferred outflows related to pension	5,379,058
TOTAL ASSETS AND DEFERRED OUTFLOWS	**567,836,921**

LIABILITIES AND DEFERRED INFLOWS	
Current Liabilities	
Accounts payable and accrued expenses	54,111,478
Project advances	45,728,534
Interest payable	3,729,052
Bonds payable and capital leases, current portion	27,213,119
TOTAL CURRENT LIABILITIES	**130,782,183**
Noncurrent Liabilities	
Accrued expenses, net of current portion	1,472,798
Bonds payable and capital leases, net	104,179,471
Bonds payable on Baltimore City Public Schools construction, net of current	368,991,531
Net Pension Liability	12,098,335
Interest rate swap liability	9,632,850
TOTAL NONCURRENT LIABILITIES	**496,374,985**
Deferred inflows related to pension	294,566
TOTAL LIABILITIES AND DEFERRED INFLOWS	**627,451,734**

NET POSITION	
Net Position	
Net invested in capital assets	57,796,779
Restricted for debt service	2,264,880
Unrestricted (See Note 16)	(119,676,472)
TOTAL NET POSITION	**$(59,614,813)**

The accompanying notes are an integral part of this financial statement.

Statement of Revenue, Expenses, and Changes in Net Position ~ For the Year Ended June 30, 2017

Operating Revenue	
Baltimore Orioles' rent	$8,544,155
Admission taxes	13,144,538
Baltimore Ravens' contributions	10,690,552
Warehouse rents	3,568,332
Catering commissions	544,135
Parking revenue	2,553,051
Miscellaneous sales	2,166,272
TOTAL OPERATING REVENUE	**41,211,035**

Operating Expenses	
Salaries and wages	10,471,833
Telephone and postage	59,074
Travel	94,832
Utilities	4,824,825
Vehicle expense	16,310
Contractual services	19,577,454
Parking	1,460,779
Supplies and materials	565,356
Depreciation and amortization	17,601,229
Fixed charges	218,494
Miscellaneous	1,014,541
TOTAL OPERATING EXPENSES	**55,904,727**
Operating Loss	(14,693,692)

Non Operating (Expenses) Revenue	
Contributions to others for operating deficit and capital improvements	(5,802,230)
Contributions from Baltimore City Public Schools construction	65,234,993
Expenses related to Baltimore City Public Schools	(169,250,436)
Investment income and other	11,114,256
Change in fair market value of swaps	4,025,204
Interest expense	(21,792,295)
TOTAL NON OPERATING EXPENSES	**(116,470,508)**
Loss before contributions	**(131,164,200)**
Contributions from Primary Governments	14,586,059
Change in net assets	(116,578,141)
Total net assets, beginning of year	56,963,328
TOTAL NET ASSET, END OF YEAR	**$(59,614,813)**

The accompanying notes are an integral part of this financial statement.

Statement of Cash Flows ~ For the Year Ended June 30, 2017

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Camden Yards	$40,672,945
Payments to employees and related disbursements	(9,988,539)
Payments to suppliers	(30,023,741)
Net Cash From Operating Activities	**660,665**

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Contributions from primary governments	14,586,059
Convention Center operating deficit and capital improvements	(5,913,759)
Contributions for Baltimore City Public Schools construction	65,310,993
Baltimore City Public Schools construction expenditures	(132,709,252)
Project advances	13,188,018
Principal paid on bonds payable and capital leases	(36,803,792)
Interest payments	(22,051,816)
Net Cash From Noncapital Financing Activities	**(104,393,549)**

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of capital assets	(4,251,090)
Proceeds from capital leases receivable	18,442,538
Net Cash From Capital and Related Financing Activities	**14,191,448**

CASH FLOWS FROM INVESTING ACTIVITIES	
Proceed of investments	113,816,980
Interest and gains on investments	10,246,762
Proceeds from note receivable	456,420
Net Cash From Investing Activities	124,520,162

Net increase in cash and cash equivalents	34,978,726
Cash and cash equivalents, beginning of year	69,959,387
CASH AND CASH EQUIVALENTS, END OF YEAR	**$104,938,113**

Adjustments to Reconcile Net Operating Loss to Cash Flows from Operating Activities	
Operating loss	$(14,693,692)
Adjustments to reconcile operating loss to net cash flow from operating activities:	
Depreciation and amortization	17,601,229
Loss on the disposal of capital assets	521,474
Effects of changes in non-cash operating assets and liabilities:	
Accounts receivables	(768,418)
Due from primary government	406,677
Accounts payable	(2,230,257)
Deferred revenue	(176,348)
NET CASH FROM OPERATING ACTIVITIES	**$660,665**

1. NATURE OF OPERATIONS

The Maryland Stadium Authority (the Authority) was established by legislation and enacted by the State of Maryland (the State), effective July 1, 1986, (Annotated Code 1957, Sections 13701 through 13722 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.

During the 2009 General Assembly session, the General Assembly moved the Authority from the Financial Institutions Article to the newly created Economic Development Article, Sections 10-601 to 10-658.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 is appointed by the Mayor of Baltimore City with the consent of the Maryland State Senate.

Measurement Focus and Basis of Accounting

The accompanying financial statements of the Authority are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is 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.

Cash Equivalents

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.

Investments

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

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.

Intangible assets are capitalized at cost and amortized using the straight-line basis over the life of the related contracts.

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.

Project Advances

The Authority is overseeing studies and 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. The liability of $45.7 million relates to Baltimore City Public School construction ($32.1 million), Montgomery County Conference Center parking garage ($9.5 million), Department of Housing and Community Development for the State of Maryland ($3.0 million), local jurisdictions funding of feasibility and market studies ($0.9 million), and the expansion of the Ocean City Convention Center ($0.2 million) as of June 30, 2017.

Non-operating Revenue and Expenses

Non-operating revenue consists of investment income on accounts held by the Maryland State Treasurer and the trustees of the outstanding bonds, amortization of bond premiums, changes in the market of the Series 2007 swap which increases or reduces the liability to the Authority and deposit of funds for the construction and revitalization of Baltimore City Public Schools.

Non-operating expenses consists of payments to the Baltimore City and the Ocean City Convention Centers for the State's share of the operating deficiencies and funding to the capital improvement account, interest expense on all outstanding bonds and expenditures from bond process for Baltimore City Public Schools construction and revitalization.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Net Pension Liability

Certain employees of the Authority are members of the Maryland State Retirement and Pension System. Employees are members of the Employees' Retirement System of the State of Maryland (ERS). ERS is part of the State of Maryland Retirement and Pension System which is considered a single multiple employer cost sharing plan.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of ERS and additions to/deductions from ERS' fiduciary net position have been determined on the same basis as they are reported by ERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

As of June 30, 2017, the Authority had deferred outflows related to pension of $5.4 million and deferred inflows related to pension of $0.3 million. Pension expense for fiscal year 2017 was $2.0 million.

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 Authority's assets are restricted in accordance with Sections 10-651, 10-652, 10-653, 10-654, 10-655, 10-656, and 10-657 of the Economic Development Article of the Annotated Code of Maryland.

New Pronouncements

GASB issued GASB No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, which requires recording of the OPEB liabilities and additional disclosures on footnote and required supplementary information. This GASB statement is effective on the fiscal year beginning after June 15, 2017. GASB issued GASB No. 87, Lease, which requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This statement is effective on the fiscal year beginning after December 15, 2019. These statements may have a material effect on the Authority's financial statements once implemented. The Authority will be analyzing the effects of these pronouncement and plans to adopt, if applicable, by its effective date. The State has not informed the Authority whether it will require the Authority to record a liability.

3. DEPOSITS AND INVESTMENTS

As of June 30, 2017, 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 State Treasurer's Office invests pooled cash balances daily. The investment consisted of direct purchases of securities or repurchase agreements. The total of the cash accounts was $104,719,091, as of June 30, 2017.

The carrying value and bank balance of other deposits as of June 30, 2017, was $219,022, which was fully covered by Federal depository insurance.

As of June 30, 2017, the Authority had a balance of $257,483,937 in funds held by trustees for various bond series. The Bank of New York held $1,399,890, M&T Bank held $792,839, Zions Bank held $255,219,057, and Wells Fargo NA held $72,151. As of June 30, 2017, $27.5 million of these funds were invested in various money market mutual fund accounts which mature in less than a year. The money market funds used by M&T Bank, Bank of New York, Zions Bank, and Wells Fargo NA are rated AAA by Moody's and AAA by S&P.

The Authority classifies its fair value measurements within the hierarchy as established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The investments of the funds into money market accounts are Level 1 inputs and its fair value are quoted prices for identical assets in the active markets.

Approximately $230 million of the Zions Bank balance is invested in State/Local Government Certificates of Indebtness that mature in less than a year. These investments are record at market value as of June 30, 2017. These investments are classified as Level 1 investments.

As of June 30, 2017, M&T Bank had 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 (Level 1)	$792,839	$792,839	-	-	-	-

3. DEPOSITS AND INVESTMENTS *(Continued)*

As of June 30, 2017, the Bank of New York held the following investments and maturities:

Investment Type	*Value*	Investment Maturities (in Years)				
		Less than 1	*1-5*	*6-10*	*11-15*	*More than 15*
Money Market (Level 1)	$1,399,890	$1,399,8909	-	-	-	-

As of June 30, 2017, the Zions Bank held the following investments and maturities:

Investment Type	*Value*	Investment Maturities (in Years)				
		Less than 1	*1-5*	*6-10*	*11-15*	*More than 15*
Money Market (Level 1)	$25,219,057	$25,219,0575	-	-	-	-
State/Local Government Certificate of Indebtness (Level 1)	$230,000,000	$230,000,000	-	-	-	-

As of June 30, 2017, the Wells Fargo NA held the following investments and maturities:

Investment Type	*Value*	Investment Maturities (in Years)				
		Less than 1	*1-5*	*6-10*	*11-15*	*More than 15*
Money Market (Level 1)	$72,151	$72,1511	-	-	-	-

The Authority is restricted by the trust indenture for each bond issuance as to the type of investments that can be utilized.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

The Authority has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from changes in interest rates.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial risk if the securities are uninsured, are not registered in the name of the Authority, and are held by either (a) the counterparty or (b) the counterparty's trust department or agent, but not in the Authority's name.

None of the Authority's restricted investments are exposed to custodial credit risk.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment.

The Authority is not exposed to any material amount of foreign currency risk.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the Authority's investment in the securities of a single issuer.

4. ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2017, consisted of the following:

Baltimore Orioles	$4,686,449
Baltimore Ravens	1,814,251
Other	2,874,947
Subtotal	9,375,647
Less: Allowance for bad debts	4,224
TOTAL	$9,371,423

5. 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 plus additional furnishing and renovation costs over a five-year period, with annual interest of 5.0%. Interest income for the year ended June 30, 2017, was $187,830.

Future note receivable payments to be received as of June 30, 2017, were as follows:

For the Years Ending June 30,	
2018	$456,420
2019	456,420
2020	456,420
2021	456,420
2022	456,420
2023	113,136
TOTAL	**$2,395,236**

6. CAPITAL LEASES RECEIVABLE

As of June 30, 2017, the capital leases receivable consisted of the following:

Total minimum lease payments to be received	$123,852,255
Less: unearned interest income ranging from 2% to 6.25%	19,887,255
Principal balance on outstanding debt	103,965,000
Less: liquid assets to be used in construction	864,990
TOTAL	**$103,100,010**

Future minimum lease payments to be received as of June 30, 2017, were as follows:

For the Years Ending June 30,	
2018	$23,965,218
2019	23,954,023
2020	23,854,019
2021	10,328,763
2022	10,342,102
2023-2026	31,408,130
TOTAL	**$123,852,255**

Capital leases receivable activity for the year ended June 30, 2017, was as follows:

	Beginning Balance	Principal Reduction	Ending Balance
Capital lease receivable			
Camden Yards	$102,772,167	$15,992,538	$86,779,629
Montgomery County	10,057,532	1,055,000	9,002,532
Hippodrome	8,712,849	1,395,000	7,317,849
Capital Lease Receivable	**$121,542,548**	**$18,442,538**	**$103,100,010**

7. CAPITAL ASSETS

Furniture and equipment and intangible assets activity for the year ended June 30, 2017, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Capital Assets:				
Furniture and equipment	$29,905,199	$55,668	$10,175,292	$19,785,575
Less: accumulated depreciation	24,948,057	2,430,570	9,653,818	17,724,809
Capital Assets, Net	$4,957,142	$(2,374,902)	$521,474	$2,060,766
Intangible Assets:				
Facility rights	$299,590,918	$4,195,422	$-	$303,786,340
Less: accumulated depreciation	210,670,759	15,163,785	-	225,834,544
Intangible Assets, Net	$88,920,159	$(10,968,363)	$-	$77,951,796

The facility rights relate to the Authority's rights in various facilities that the Authority constructed or renovated. These rights are intangibles and are being amortized over the terms of agreements with the respective facilities. The loss on disposal of capital assets is recorded as miscellaneous expenses on the accompanying statement of revenue, expenses, and changes in net position.

8. BONDS PAYABLE AND CAPITAL LEASES

Bonds payable and capital leases as of June 30, 2017, consisted of the following:

LEASE REVENUE BONDS PAYABLE:	
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	$5,105,000
2007 Series: Issued $73,500,000 in February 2007 at a variable rate; due in varying installments through March 1, 2026	44,215,000
2011 A Series: Issued $31,435,000 in December 2011 at 0.8% to 3.1% per annum, due in varying installments through December 15, 2019	12,380,000
2011 B Series: Issued $62,915,000 in December 2011 at 1.5% to 5.0% per annum, due in varying installments through December 15, 2019	25,870,000
Series 2012: Issued $14,050,000 in August 2012 at 0.65% to 2.50% per annum, due in varying installments through June 15, 2022	7,390,000
Series 2012: Issued $12,940,000 in November 2012 at 4.00% to 5.00% per annum, due in varying installments through June 15, 2024	9,005,000
Lease revenue bonds payable	103,965,000
REVENUE BONDS PAYABLE:	
2013 Series: Issued $8,635,000 in December 2013 at 2.90% annum, due in varying installments through December 15, 2023	6,280,000
2014 Series: Issued $9,585,000 in December 2014 at 2.78% annum, due in varying installments through December 15, 2024	7,875,000
CAPITAL LEASES:	
2007 Master equipment lease financing in December 2007 at 5.6% rate, due in varying installments through January 1, 2018	432,888
2010 Master energy performance contract lease-purchase agreement in January 2011 at 4.09% rate, due in varying installments through July 1, 2022	1,284,813
2010 Master energy performance contract lease-purchase agreement in January 2011 at 6.11% rate, due in varying installments through July 1, 2022	3,304,366
Subtotal	123,142,067
MEA Loan, 1.0%, due in varying installments through July 2021	500,000
Subtotal lease revenue bond, revenue bonds payable and capital leases	$123,642,067
Plus unamortized premium (includes unamortized premiums related to series of 2003, 2004, 2011B, and 2012 revenue bonds payable of $462, $38, $1,520,314, and $1,208,860, respectively, as of June 30, 2017)	2,729,674
Less unamortized discount (includes unamortized discount relating to the 1995 and 1996 revenue bonds payable of $0 and $34,151, respectively, as of June 30, 2017)	(34,151)
Net Bonds Payable and Capital Leases	126,337,590
Current portion	22,158,119
Bonds payable and capital leases, net of current	$104,179,471
Revenue bonds payable on Baltimore City Public Schools construction:	
2016 Series: Issued $320,000,000 in May 2016 at 5% annum, due in varying installments through May 1, 2046	315,015,000
Plus unamortized premium	59,031,531
Net Bond Payable and Capital Leases	374,046,531
Current portion	5,055,000
Bonds payable on Baltimore City Public Schools construction, net current	368,991,531
TOTAL NET BONDS PAYABLE AND CAPITAL LEASE	**$500,384,121**

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 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 Sports 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 Works approval to borrow $3.5 million from the State of Maryland Master Equipment Lease Financing Program. Principal and interest are payable from excess revenue generated at the Camden Yards Sports 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 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 was paid back by August 2011.

In December 2007, the Authority received Board of Public Works approval to borrow $3.5 million from the State of Maryland Master Equipment Lease Financing Program. Principal and interest are payable from excess revenue generated at the Camden Yards Sports 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 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 was paid back by August 2011.

In November 2009, the Authority entered into a contract with Pepco Energy Services to provide energy upgrades and enhancements to Oriole Park at Camden Yards and the warehouse. The energy upgrades and enhancements cost approximately $6.0 million. The Authority is financing the costs under the State's Energy Performance Contract Lease-Purchase Agreement over 12 years. Interest is payable semiannually at the rate of 6.11% per annum. This financing is set to mature on July 1, 2022.

In November 2009, the Authority entered into a contract with Pepco Energy Services to provide energy upgrades and enhancements to M&T Bank Stadium. The energy upgrades and enhancements cost approximately $2.4 million. The Authority is financing costs under the State's Energy Performance Contract Lease-Purchase Agreement over 12 years. Interest is payable semiannually at the rate of 4.09% per annum. This financing is set to mature on July 1, 2022.

The Authority and the Baltimore Ravens agreed to purchase and install $9.6 million worth of new audio and video equipment; $5.6 million came from the Baltimore Ravens and $4.0 million from the Authority. The Authority's share was financed under the State's Master Equipment Lease-Purchase Program in April 2012 and amortized over 10 years. Interest is payable semiannually at the rate of 5.35% per annum. During fiscal year 2017, the Baltimore Ravens decided to replace the audio and visual equipment with new state-of-the-art equipment fully funded by the Baltimore Ravens. As a result of this, the Authority was required to payoff the outstanding debt at that time, approximately $1.5 million.

On March 16, 2011, the Authority issued the Ocean City Convention Center Expansion Lease Revenue Refunding Bond, Series 2011 in the amount of $6.6 million. Proceeds were used to refund the outstanding balance of the Series 1995, $6.5 million, along with $125,000 for closing costs. Interest was payable semiannually at the rate of 2.25% per annum. The bond matured December 15, 2016. The approximate difference in the Series 1995 and Series 2011 debt service payment was $0.4 million. This resulted in a present value savings at an interest rate of 2.25% of $0.4 million.

On December 21, 2011, the Authority issued the Sports Facilities Lease Revenue Refunding Bonds (Baseball Stadium Issue) Series 2011A (Federally Taxable) and the Sports Facilities Lease Revenue Refunding Bonds (Baseball Stadium Issue), Series 2011B (Alternative Minimum Tax) of $31.4 million and $62.9 million respectively. The proceeds plus bond premium of $7.7 million were used to refund the outstanding balance of the Series 1998A, $11.0 million, the outstanding balance of the Series 1999, $70.6 million, the termination fee to terminate the Interest Rate Swap Agreement with AIG Financial Corporation, $19.7 million and issuance costs of $0.7 million. The approximate difference in the Series 1998A and the Series 1999 compared with the Series 2011A and Series 2011B is $1.9 million. This resulted in a present value savings at the interest rate of 2.09% of $1.7 million.

On July 26, 2012, the Authority issued the Hippodrome Performing Arts Center Taxable Lease Revenue Refunding Bonds, Series 2012 of $14.0 million. The proceeds of $13.8 were used to refund the outstanding balance of the Series 2002 and $0.2 million for issuance costs. Interest is payable semiannually at the rate of 0.65% to 2.50% per annum. This resulted in a present value savings at the interest rate of 2.02% of $2.9 million.

On November 8, 2012, the Authority issued the Montgomery County Conference Center Lease Revenue Refunding Bonds, Series 2012 of $12.9 million. The proceeds plus bond premium of $2.9 million were used to refund the outstanding balance of the Series 2003 with interest, $15.6

8. BONDS PAYABLE AND CAPITAL LEASES

(Continued)

million, and $0.2 million for issuance costs. Interest is payable semiannually at the rate of 4.0% to 5.0% per annum. This resulted in a present value savings at the interest rate of 1.62% of $2.5 million.

On December 15, 2013, the Authority issued the Series 2013 Taxable Revenue and Refunding Bonds of $8.6 million. The proceeds of $8.5 million were used to refund the outstanding balance of the Series 2010 and the balance of $0.1 million was used for issuance costs and debt service reserves. Interest is payable semiannually at the rate of 2.90% per annum. There were no savings related to this refunding. The bonds will mature December 15, 2023.

On May 5, 2016, the Authority issued the Series 2016 Maryland Stadium Authority Baltimore City Public Schools (BCPS) Construction and Revitalization Program Revenue Bonds, Series 2016 of $320.0 million. The proceeds of the $320.0 million will be used for issuance costs and construction costs for the BCPS. Interest is payable semiannually at the rate of 5.00% per annum. This bond will mature May 2046.

Debt service requirements as of June 30, 2017, were as follows:

For the Years Ending June 30,	Principal Maturities	Interest	Total
2018	$27,213,119	$21,173,790	$48,386,909
2019	27,981,432	19,950,518	47,931,950
2020	29,160,006	18,672,712	47,832,718
2021	16,671,092	17,632,530	34,303,622
2022	17,474,841	16,843,168	34,318,009
2023-2027	68,721,577	72,465,557	141,187,134
2028-2032	45,495,000	58,531,000	104,026,000
2033-2037	58,070,000	45,961,000	104,031,000
2038-2042	74,100,000	29,918,750	104,018,750
2043-2046	73,770,000	9,446,250	83,216,250
TOTAL	$438,657,067	$310,595,275	749,252,342

On December 10, 2014, the Authority issued the Series 2014 Taxable Revenue and Refunding Bonds of $9.5 million. The proceeds of $9.5 million along with $0.5 million in the Series 2011 debt service reverse account were used to refund the outstanding balance of the Series 2011 of $10.0 million and the balance of $0.1 million was used for issuance costs. Interest is payable semiannually at the rate of 2.78% per annum. There were no savings related to this refunding. The bonds will mature December 15, 2024.

9. NONCURRENT LIABILITIES

Noncurrent liability activity for the year ended June 30, 2017, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Compensated absences	$958,564	$61,534	$-	$1,020,098	$25,000
Workers' compensation	486,000	127,735	51,735	562,000	84,300
Revenue bonds and capital lease payable, net	151,047,405	-	24,709,815	126,337,590	22,158,119
Bonds payable on BCPS construction, net	386,133,634	-	12,087,103	374,046,531	5,055,000
Unearned revenue	176,348	-	176,348	-	-
Net pension liability	10,003,890	2,094,445	-	12,098,335	-
Interest rate swap liability	13,658,054	-	4,025,204	9,632,850	-
TOTAL	$562,463,895	$2,283,714	$41,050,205	$523,697,404	$27,322,419

10. UNEARNED REVENUE

The Authority received an advance payment for its portion of a chiller and generator plant from the Baltimore Ravens and a warehouse lease buyout that would be included in its future operations. Revenue recognized was $176,348 for the year ended June 30, 2017. This is the final year, and there was no balance as of June 30, 2017.

11. INCOME FROM STATE AND MUNICIPAL SOURCES

Contributions from the primary government represent 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 the year ended June 30, 2017, Baltimore City made an annual contribution of $1.0 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.

12. VALUATION OF INTEREST RATE SWAP AGREEMENT

Objective of the Interest Rate Swap. The Authority entered into two interest rate swaps for the purpose of hedging or fixing its interest expense associated with the Authority's Series 2007 bond issuances.

The Authority received $3,313,500, on June 10, 1998, pursuant to the above swap agreements as premiums on the swap agreements. The swap premiums were used toward the cost of constructing the football stadium.

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 the 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, 2017, are as follows:

Associated Bond Issue	Notional Amount	Effective Date	Fixed Rate Paid	Variable Rate Received	Fair Values As of June 30, 2017	Swap Termination Date	Counter-party Rating
Series 2007	$ 44,215,000	12/05/08	5.69% to 5.80%	SIFMA*	$ (9,632,850)	3/1/2026	A2 /A+/A

*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.

The table below sets forth a summary of changes in fair value for the year ended June 30, 2017, and the fair value as of June 30, 2017.

	Change in Fair Value		Fair Value as of June 30, 2017	
	Classification	Fair Value	Classification	Amount
Fair value hedge				
Pay fixed interest rate swap	Change in fair market value of swaps	$ (4,025,204)	Swap valuation liability	$(9,632,850)

Credit Risk. As of June 30, 2017, 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. Barclays Bank PLC, the counterparty to the swaps was rated A+ by Standard and Poor's, A2 by Moody's investors Service and A by Fitch as of June 30, 2017. 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 swaps 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, Aa2 by Moody's Investors Service and AA by Fitch as of June 30, 2017.

Basis Risk. Basis risk is the risk that the interest rate paid by the Authority on underlying variable rate bonds to bondholders differs from the variable swap rate received from the applicable Counterparty. The swaps both hedge tax-exempt risk, and therefore as of June 30, 2017, with regard to tax-exempt interest risk, they are not exposed to basis risk since the Authority receives a variable rate based on the SIFMA Swap Index to offset the variable rate the Authority pays on its bonds.

12. VALUATION OF INTEREST RATE SWAP AGREEMENT (Continued)

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 swaps' fair value.

The net swap payments are as follow as of June 30, 2017:

Variable – Rate Bonds (1)(2)

For the Years Ending June 30,	Principal	Interest	Interest Rate Swaps, Net	Total
2018	$3,890,000	$22,108	$2,519,612	$6,431,720
2019	4,115,000	20,163	2,299,124	6,434,287
2020	4,350,000	18,105	2,065,834	6,433,939
2021	4,595,000	15,930	1,819,173	6,430,103
2022	4,860,000	13,633	1,558,571	6,432,204
2023	5,140,000	11,203	1,282,890	6,434,093
2024	5,435,000	8,633	988,715	6,432,348
2025	5,750,000	5,915	677,607	6,433,522
2026	6,080,000	3,040	348,418	6,431,458
TOTAL	$44,215,000	$118,730	$13,559,944	$57,893,674

(1) Includes principal due on the bonds, interest due on the bonds and net swap payments (fixed rate interest paid less variable rate interest received based on the outstanding notional amount of the swap) on the Football Swap agreements and related bonds.

(2) As of June 30, 2017, the Authority's tax-exempt variable rate for debt service requirements bonds for the Series 2007 Bonds was 0.05%. SIFMA was 0.06%.

13. 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.

14. OPERATING LEASES

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, 2017, were as follows:

For the Years Ending June 30,	
2018	$2,830,209
2019	2,597,965
2020	2,332,375
2021	2,046,171
2022	1,931,647
2023 - 2026	3,138,703
TOTAL	$14,877,070

Lease rental income for the year ended June 30, 2017 was $3,568,332.

15. RETIREMENT PLANS

Maryland State Retirement and Pension System

Certain employees of the Authority are provided with pensions through the Employees' Retirement System of the State of Maryland (ERS)—a cost-sharing, multiple-employer defined benefit pension plan administered by the Maryland State Retirement and Pension System (MSRPS). The State Personnel and Pensions Article of the Annotated Code of Maryland (the Article) grants the authority to establish and amend the benefit terms of ERS to the MSRPS Board of Trustees. The System prepares a separate Comprehensive Annual Financial Report, which is publicly available that can be obtained at www.sra.state.md.us/Agency/Downloads/CAFR/.

Funding Policy

The Authority's required contribution is based upon a percentage of covered payroll based on the State's allocation of its annual cost. 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, 2017 and 2016, of $1,450,627, and $1,080,764, respectively.

Benefits Provided

A member of the Employees' Retirement System is generally eligible for full retirement benefits upon the earlier of attaining age 60 or accumulating 30 years of creditable service regardless of age. The annual retirement allowance equals 1/55 (1.81%) of the member's AFC multiplied by the number of years of accumulated creditable service.

An individual who is a member of the Employees' Pension System on or before June 30, 2011, is eligible for full retirement benefits upon the earlier of attaining age 62, with specified years of eligibility service, or accumulating 30 years of eligibility service regardless of age. An individual who becomes a member of the Employees' Pension System on or after July 1, 2011, is eligible for full retirement benefits if the member's combined age and eligibility service equals at least 90 years or if the member is at least age 65 and has accrued at least 10 years of eligibility service.

For most individuals who retired from the Employees' Pension System on or before June 30, 2006, the annual pension allowance equals 1.2% of the member's average final compensation (AFC), multiplied by the number of years of creditable service accumulated prior to July 1, 1998, plus 1.4% of the member's AFC, multiplied by the number of years of creditable service accumulated subsequent to June 30, 1998. With certain exceptions, for individuals who are members of the Employees' Pension System on or after July 1, 2006, the annual pension allowance equals 1.2% of the member's AFC, multiplied by the number of years of creditable service accumulated prior to July 1, 1998, plus 1.8% of the member's AFC, multiplied by the number of years of creditable service accumulated subsequent to June 30, 1998. Beginning July 1, 2011, any new member of the Employees' Pension System shall earn an annual pension allowance equal to 1.5% of the member's AFC multiplied by the number of years of creditable service accumulated as a member of the Employees' Pension System.

Exceptions to these benefit formulas apply to members of the Employees' Pension System, who are employed by a participating governmental unit that does not provide the 1998 or 2006 enhanced pension benefits or the 2011 reformed pension benefits. The pension allowance for these members equals 0.8% of the member's AFC up to the social security integration level (SSIL), plus 1.5% of the member's AFC in excess of the SSIL, multiplied by the number of years of accumulated creditable service. For the purpose of computing pension allowances, the SSIL is the average of the social security wage bases for the past 35 calendar years ending with the year the retiree separated from service.

Early Service Retirement

A member of the Employees' Retirement System may retire with reduced benefits after completing 25 years of eligibility service. Benefits are reduced by 0.5% per month for each month remaining until the retiree either attains age 60 or would have accumulated 30 years of creditable service, whichever is less. The maximum reduction for the Employees' Retirement System member is 30%.

An individual who is a member of either the Employees' Pension System on or before June 30, 2011, may retire with reduced benefits upon attaining age 55 with at least 15 years of eligibility service. Benefits are reduced by 0.5% per month for each month remaining until the retiree attains age 62. The maximum reduction for these members of the Employees' Pension System is 42%. An individual who becomes a member of the Employees' Pension System on or after July 1, 2011, may retire with reduced benefits upon attaining age 60 with at least 15 years of eligibility service. Benefits are reduced by 0.5% per month for each month remaining until the retiree attains age 65. The maximum reduction for these members of the Employees' Pension System is 30%.

Disability and Death Benefits

Generally, a member covered under retirement plan provisions who is

Maryland State Retirement and Pension System (Continued)

permanently disabled after 5 years of service receives a service allowance based on a minimum percentage (usually 25%) of the member's AFC. A member covered under pension plan provisions who is permanently disabled after accumulating 5 years of eligibility service receives a service allowance computed as if service had continued with no change in salary until the retiree attained age 62. Death benefits are equal to a member's annual salary as of the date of death plus all member contributions and interest.

Contributions

The Article sets contribution requirements of the active employees and the participating governmental units are established and may be amended by the MSRPS Board. Employees are required to contribute 6% of their annual pay. The Authority's contractually required contribution rate for ERS for the year ended June 30, 2017, was $1,450,627, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to ERS from the Authority totaled $1,450,627 for the year ended June 30, 2017.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

As of June 30, 2017, the Authority reported a liability of approximately $12.1 million for its proportionate share of the ERS net pension liability. The ERS net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the ERS net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating government units, actuarially determined. As of June 30, 2017, the Authority's proportion for ERS was 0.055 percent, which was substantially the same from its proportion measured as of June 30, 2017.

For the year ended June 30, 2017, the Authority recognized pension expense for ERS of approximately $2.0 million. As of June 30, 2017, the Authority reported deferred outflows of resources and deferred inflows of resources related to ERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$439,820	$-
Net difference between projected and actual earnings on pension plan investments	1,529,414	-
Net difference between actual expected	-	294,566
Change in proportion and difference between contributions and proportionate share of contributions	1,959,197	-
Contributions made subsequent to the measurement date	1,450,627	-
Total	$5,379,058	$294,566

$1,450,627 reported as deferred outflows of resources related to ERS resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the ERS net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ERS will be recognized in pension expense as follows:

	Deferred Outflows			Deferred Inflows
Years Ending June 30	Change in Assumptions	Net Difference Between Projected & Actual Earnings on Pension Plan Investments	Net Change in Proportionate Share	Actual and Expected Experience
2018	$126,670	$ 354,548	$ 473,771	$ 70,135
2019	126,670	354,548	473,771	70,135
2020	104,763	520,301	473,771	70,135
2021	81,717	300,017	428,686	60,706
2022	-	-	109,198	23,455
Total	439,820	1,529,414	1,959,197	294,566

Information included in the MSRPS financial statements

Actuarial assumptions, long-term expected rate of return on pension plan investments, discount rate, and pension plan fiduciary net position are available at www.sra.state.md.us/Agency/Downloads/CAFR/.

The key assumptions used to perform the June 30, 2017, pension liability calculation were as follows:

Actuarial	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Inflation	2.70% general, 3.20% wage
Salary Increase	3.30% to 9.2%, including inflation
Discount Rate	7.55%
Investment Rate of Return	7.55%
Mortality	RP-2014 Combined Healthy Mortality Table projected to the year 2025

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The Authority's proportionate share of the ERS net pension liability calculated using the discount rate of 7.55 percent is $12,098,335. Additionally, the Authority's proportionate share of the ERS net pension liability if it were calculated using a discount rate that is 1-percentage-point lower (6.55 percent) is $16,618,113 or 1-percentage-point higher (8.55 percent) is $8,337,203.

Other Post-Employment Benefits

Members of the State Retirement and Pension System of Maryland (the State System) and their dependents are provided post-employment health care benefits through the State Employee and Retiree Health and Welfare Benefits Program (the "Plan").

The Plan is a cost sharing defined benefit healthcare plan established by the State Personnel and Pensions Article, Section 2-501 through 2-516 of the Annotated Code of Maryland. The Plan is self-insured to provide medical, hospitalization, prescription drug and dental insurance benefits to eligible state employees, retirees and their dependents. The State does not distinguish employees by employer/State agency. Instead, the State allocates the post-employment health care costs to all participating employers.

Financial information for the Plan is included in the State of Maryland Comprehensive Annual Financial Report, which can be obtained from the link http://finances.marylandtaxes.com/Where_the_Money_comes_from/General_Revenue_reports/default.shtml.

A separate actuarial valuation is not performed by the Authority. The Authority's only obligation to the Plan is its required annual contribution. There was no required contribution for the year ended June 30, 2017.

Plan Description

The Authority's 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.

For employees hired after July 1, 2011, 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 25 years of creditable service.

Funding Policy

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 post-employment 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.

16. BALTIMORE CITY PUBLIC SCHOOLS

In April 2013, the Baltimore City Public Schools Construction and Revitalization Act of 2013 (the "BCPS Act") was passed. The General Assembly authorize the Authority to issue up to $1.1 billion in debt as limited obligations of the Authority solely payable from and secured by the Baltimore City Public School Construction Financing Fund (the "Financing Fund") established under the BCPS Act. The bonds issued under the BCPS Act will not constitute a debt, liability, or pledge of the faith and credit of the taxing power of the State, the Authority or any other governmental unit.

Under the BCPS Act, the Authority will receive $60 million annually to support up to $1.1 billion in bonds. This funding is comprised of $20 million annually from each of three (3) entities: the State of Maryland, the City of Baltimore (the "City"), and BCBSC. Sources of revenue include a portion of State Lottery revenue, a portion of state education aid currently committed to Baltimore City Public Schools and certain identified taxes and other revenue collected by or payable to the City. These revenue will be received as long as there is debt outstanding related to the BCPS Act.

Each year, this revenue will appear on the Statement of Revenue, Expenses, and Changes in Net Position as non-operating revenue related to Baltimore City Public Schools. The expenditures paid from each bond series is recorded as non-operating expenses related to Baltimore City Public Schools in fiscal year 2017. The net difference between the non-operating revenue related to Baltimore City Public Schools and non-operating expenses related to Baltimore City Public Schools will carry to unrestricted net position. In the early years of the program, expenditures for construction will be at a much higher rate than the revenue received. Expenditures are projected to be spent over an eight (8) year period as the revenue will be collected for at least thirty (30) years. This will create a large negative balance in unrestricted net position. As the non-operating revenue related to Baltimore City Public schools are received, the negative balance for unrestricted net position will slowly reduce over time.

17. 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.

Schedule of Proportionate Share of Net Pension Liability

	2017	2016	2015
The Authority's proportion of the ERS net pension liability	**0.05%**	0.05%	0.03%
The Authority's proportionate of the ERS net pension liability	**$12,098,335**	$10,003,890	$6,057,301
Authority's covered employee payroll	**$7,450,095**	$6,521,455	$6,212,028
Contributions as a percentage of its covered-employee payroll	**162%**	153%	98%

Schedule of Contributions

This schedule is presented to illustrate the requirement to show information for 10 years. However, information prior to June 30, 2015, is not available.

	2017	2016	2015
Contractually required contribution (ERS)	**$1,450,627**	$1,080,764	$1,014,618
Contributions in relation to the contractually required contribution	**1,450,627**	1,080,764	1,014,618
Contribution deficiency (excess)	**$-**	$-	$-
Authority's covered-employee payroll	**$7,450,095**	$6,521,455	$6,212,028
Contributions as a percentage of covered-employee payroll	**19.47%**	16.57%	16.33%

These schedules are presented to illustrate the requirement to show information for 10 years. However, information prior to June 30, 2015, is not available.

Combining Schedule of Contribution from Primary Government ~ For the Year Ended June 30, 2017

The Authority receives Lottery and General Funds from the State of Maryland to be used in accordance with Economic Development Article, Sections 10-601 to 10-655. Listed below are the funds received for fiscal year 2017 and how they were used.

	Camden Yards	Baltimore City Convention Center	Ocean City Convention Center	Montgomery County Conference Center	Hippodrome Performing Arts Center
Source					
Lottery	$20,000,000	$-	$-	$-	$-
General Funds	-	4,252,499	1,461,127	1,558,000	1,392,483
Total	20,000,000	4,252,499	1,461,127	1,558,000	1,392,483
Use					
Capital Lease Receivable	15,990,000	-	-	1,055,000	1,392,483
Interest	4,010,000	-	-	503,000	-
Operating Deficits	-	4,052,499	1,411,127	-	-
Capital Improvements Fund	-	200,000	50,000	-	-
Total	**20,000,000**	**4,252,499**	**1,461,127**	**1,558,000**	**1,392,483**
Net	$-	$-	$-	$-	$-

The Authority will receive Lottery and other contributions from City of Baltimore and Baltimore City Public Schools Board of Commissioners to be used in accordance with Economic Development Article, Sections 10-656 to 10-657. Listed below were the funds received for fiscal year 2017.

	State of Maryland	City of Baltimore	Baltimore City Public Schools	Total
Source				
Lottery	$20,000,000	$-	$-	$20,000,000
Beverage Container , 50% of the 5% of table game proceeds, and 10% of participation rent from VLT	-	15,234,993	-	15,234,993
Shifted retirees health insurance	-	10,000,000	-	10,000,000
General State Education Fund	-	-	20,000,000	20,000,000
Totals	**$20,000,000**	**$25,234,993**	**$20,000,000**	**$65,234,993**

Combining Schedule of Revenue, Expenses, & Changes in Net Position
~ For the Year Ended June 30, 2017 ~

Below illustrates the financial activities for each project the Authority is responsible for.

	Total	Camden Yards	Baltimore City Convention Center	Ocean City Convention Center	Montgomery County Conference Center	Hippodrome Performing Arts Center	Baltimore City Public Schools	Baltimore City Demolition and Stabilization
Operating Revenue								
Baltimore Orioles' rent	$8,544,155	$8,544,155	$-	$-	$-	$-	$-	$-
Baltimore Ravens' contributions	13,144,538	12,704,538	-	-	-	-	-	-
Admission taxes	10,690,552	10,690,552	-	-	-	440,000	-	-
Warehouse rents	3,568,332	3,568,332	-	-	-	-	-	-
Catering commissions	544,135	544,135	-	-	-	-	-	-
Parking revenue	2,553,051	2,553,051	-	-	-	-	-	-
Miscellaneous sales	2,166,272	2,166,272	-	-	-	-	-	-
Total Operating Revenue	**41,211,035**	**40,771,035**	**-**	**-**	**-**	**440,000**	**-**	**-**
Operating Expenses								
Salaries and wages	10,471,833	10,197,764	-	-	-	-	-	274,069
Telephone and postage	59,074	59,074	-	-	-	-	-	-
Travel	94,832	94,832	-	-	-	-	-	-
Utilities	4,824,825	4,824,825	-	-	-	-	-	-
Vehicle expense	16,310	16,310	-	-	-	-	-	-
Contractual services	19,577,454	16,239,574	-	-	-	250,000	-	3,087,880
Parking	1,460,779	1,460,779	-	-	-	-	-	-
Supplies and materials	565,356	565,356	-	-	-	-	-	-
Depreciation and amortization	17,601,229	17,601,229	-	-	-	-	-	-
Fixed charges	218,494	216,994	-	-	-	1,500	-	-
Miscellaneous	1,014,541	1,014,541	-	-	-	-	-	-

Combining Schedule of Revenue, Expenses, & Changes in Net Position
~ For the Year Ended June 30, 2017 ~ *(continued)*

	Total	Camden Yards	Baltimore City Convention Center	Ocean City Convention Center	Montgomery County Conference Center	Hippodrome Performing Arts Center	Baltimore City Public Schools	Baltimore City Demolition and Stabilization
Total Operating Expenses	**55,904,727**	**52,291,278**	**-**	**-**	**-**	**251,500**	**-**	**3,361,949**
Operating (Loss)/ Income	**(14,693,692)**	**(11,520,243)**	**-**	**-**	**-**	**188,500**	**-**	**(3,361,949)**
Non Operating (Expenses) Revenue								
Contributions to others for operating deficit and capital improvements	(5,802,230)	-	(4,452,500)	(1,349,730)	-	-	-	-
Contributions for Baltimore City Public Schools construction	65,234,993	-	-	-	-	-	65,234,993	-
Expenses related to Baltimore City Public Schools	(169,250,436)	-	-	-	-	-	(169,250,436)	-
Investment income and other	11,114,256	1,322,950	-	-	321,851	34	9,469,421	-
Change in fair market value of swaps	4,025,204	4,025,204	-	-	-	-	-	-
Interest expense	(21,792,295)	(5,326,717)	-		(500,802)	(184,833)	(15,779,943)	
Total Non Operating Expenses	**(116,470,508)**	**21,437**	**(4,452,500)**	**(1,349,730)**	**(178,951)**	**(184,799)**	**(110,325,965)**	**-**
Loss before contributions	(131,164,200)	(11,498,806)	(4,452,500)	(1,349,730)	(178,951)	3,701	(110,325,965)	(3,361,949)
Contributions from Primary Governments	14,586,059	**5,010,000**	**4,252,500**	**1,461,126**	**503,000**	**(2,516)**	**-**	**3,361,949**
Change in net position	$(116,578,141)	$(6,488,806)	$(200,000)	$111,396	$324,049	$1,185	$(110,325,965)	$-

BOARD OF DIRECTORS

Thomas Kelso
Chairman

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Joseph C. Bryce
Gary L. Mangum
Manervia W. Riddick
James T. Smith, Jr.
Jodi C. Stanalonis

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Michael J. Frenz
Executive Director

Rachelina Bonacci
Linda Pohuski

CAPITAL PROJECTS DEVELOPMENT

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Eric Johnson
Morgan Baker
Ryan Carter
Timothy Cober, Jr.
Malaika Damon
Christopher Deremeik
Kym Douglas
Kyle Edmonds
Joshua Elder
Larry Flynn
Lisa Johnson
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Helen McCall
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Carmina Perez-Fowler
Shania Robinson
Dawn Sanders
Gena Sedano
Bryant Simowitz
Natasha Speaks
Emilie Thomas
Al Tyler
Yai Waite
Altha Weaver
Christalyn Winfrey
Justin Wood

CAPITAL PROJECTS & PLANNING

Philip Hutson
Kelly Smulovitz

FACILITIES

Jeff Provenzano
Jana Brooks
Helene Hillestad

Oriole Park at Camden Yards

Matthew Kastel
Emilee Blackburn
Rick Blasi
Mary Buckingham
Justin Carnochan
Carlos Jibaja
Nathan Ludwig
Darryl Matthews
Hugh McClurkin
John McKinney
Jeff Muse
John Waters
Alvenia Williams
Reginald Winfrey

M&T Bank Stadium

Bart Shifler
James Archer
James J. Bell
Jerone Evans
Chris Jackson
Chris Fahnestock
Chip Linsebigler
Henry Mejia
Jim Pantazis
Rob Propst

FINANCE

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Dawn Abshire
Vicki Barwick
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Aretha Jordan
Mathilda Ross
Carrie Vennie

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Diane Connelly
Shelley Nelson

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Daniel Brann

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Cynthia Hahn
Bruce Benshoof
Amy Mataban

MARKETING & COMMUNICATIONS/ MARYLAND SPORTS

Terry Hasseltine
Ashley Harper Cottrell
Kelli Gerding

PROCUREMENT

John Samoryk
Sandra Fox
Theresa Masilek
Patrick Kmieciak

PUBLIC SAFETY & SECURITY

Vernon Conaway, Jr.
Robert Baldwin

Oriole Park at Camden Yards

Christopher Parr
Jeremy Faw
James Golley
Darnell Holley
Jonathan Pious
David Walker
Jim Willis

M&T Bank Stadium

Gregory Cook
Donny Beatty
Mike Caperoon
Walter Dacuycuy
James Marshall
William Paijean
Matthew Ryan

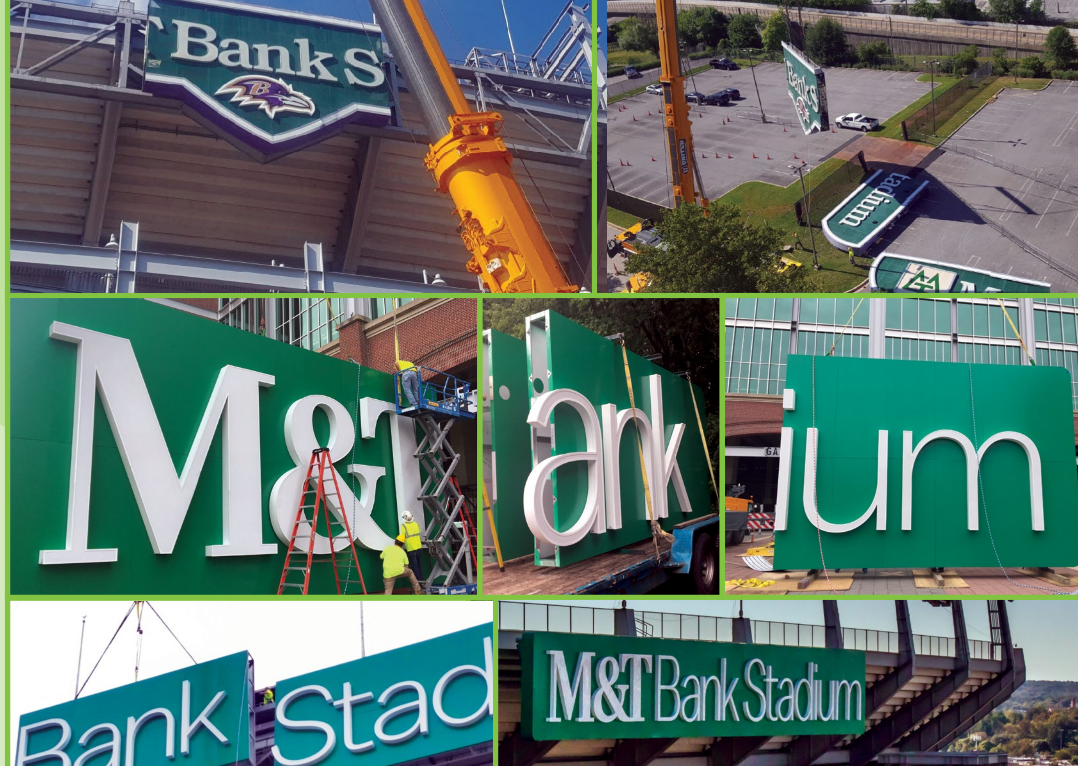
Warehouse

Tameka Boyd-Eggleston
January Rogers
Willie Mason

TECHNOLOGY

Joe March
Karl Evans
Joe Rinaolo
Al Ringham
Jeremy Parrish
Jason Saylor
Vince Steier
Darin Stone

In FY18...



New Stadium Signage at M&T Bank Stadium

2018 USATF USA Track & Field
Masters
Indoor
Championships

2021
IN PURSUIT OF
FIL FEDERATION OF INTERNATIONAL LACROSSE
WOMEN'S
World Cup
WITH
US Lacrosse

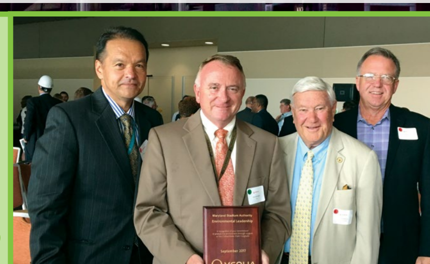
16
TEAM MARYLAND
Partners
#TEAMMaryland

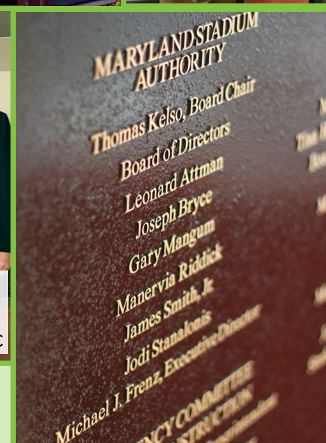
MTA/MARC
Camden Station
REDEVELOPMENT
to break ground


MSA at MACO

THE INAUGURAL
Maryland Sports
Spelling Bee

#KeepingBaltimoreCool


MSA received Environmental *Leadership* Award from VEOLIA
For work with Chilled Water Plant I Upgrade @ BCCC

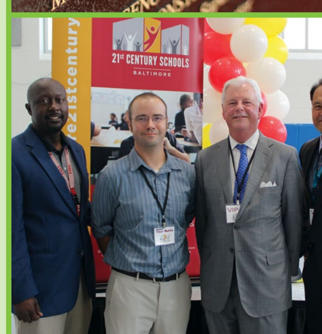


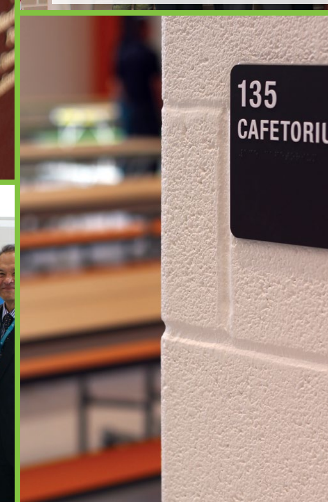

Two 21st Century Schools Opened

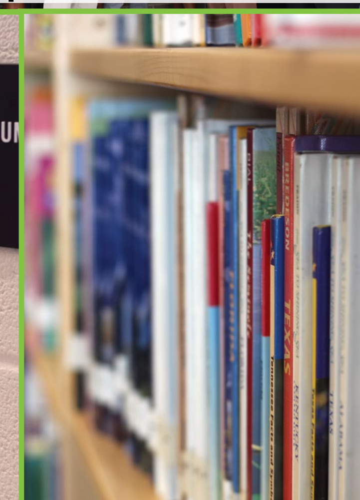
Ocean City
Convention Center
Phase 3
Underway

4 MORE
21st CENTURY SCHOOLS
BALTIMORE
Opening
#21stcenturyschools

IN PURSUIT OF
2026
FIFA
World Cup™
#United2026

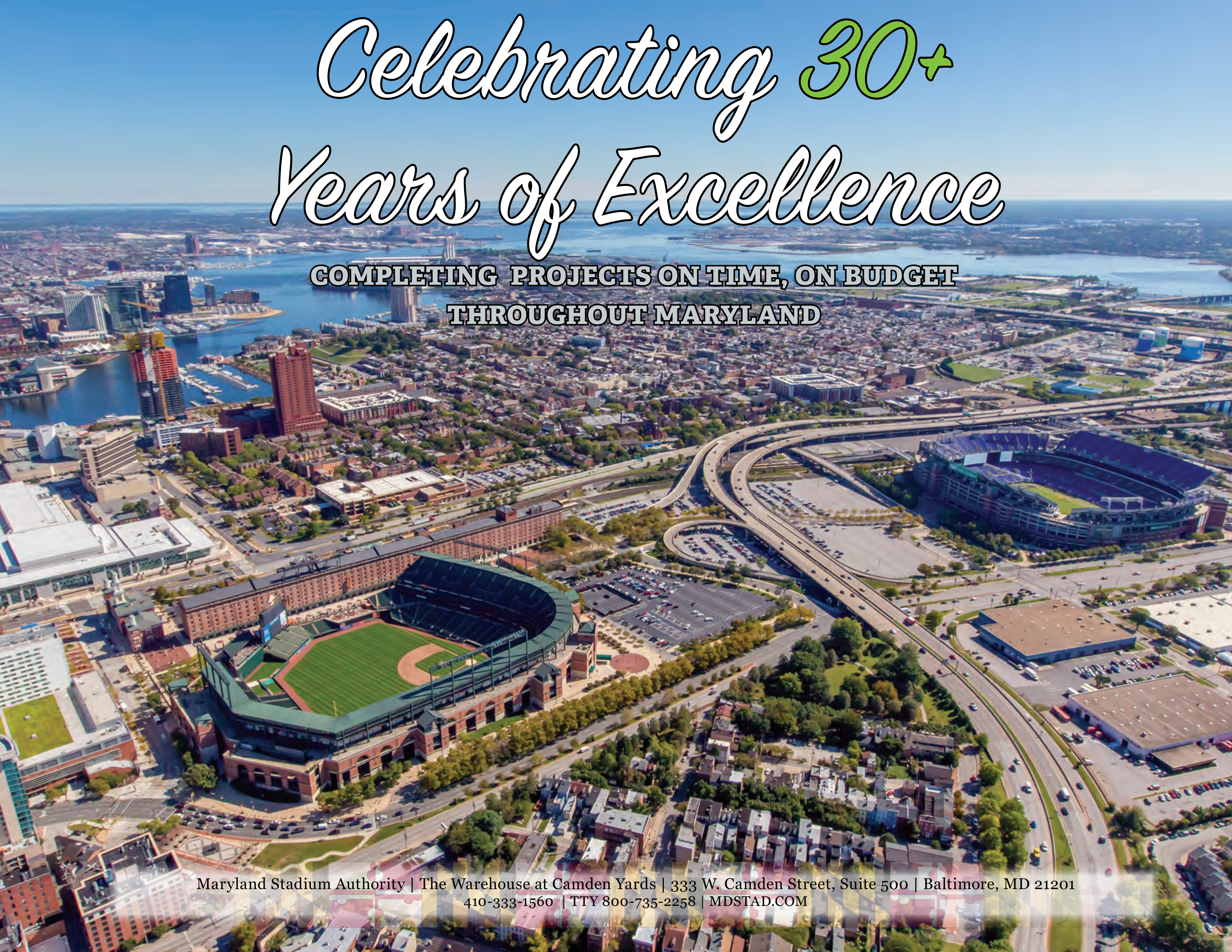






Celebrating 30+ Years of Excellence

COMPLETING PROJECTS ON TIME, ON BUDGET THROUGHOUT MARYLAND



Maryland Stadium Authority | The Warehouse at Camden Yards | 333 W. Camden Street, Suite 500 | Baltimore, MD 21201
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