



Baltimore Convention Center



Veteran's Memorial



Montgomery County Conference Center



University of Maryland, College Park - Comcast Center



Hippodrome Theatre



Ocean City Convention Center



Towson University - Unitas Stadium

2006



ANNUAL REPORT



Camden Station



Oriole Park at Camden Yards



University of Maryland, Baltimore County - The Commons



M & T Bank Stadium



Ripken Stadium



MISSION

- To plan, finance, build and manage sports and entertainment facilities in Maryland.
- Provide enjoyment, enrichment, education and business opportunities for citizens.
- Develop partnerships with local governments, universities, private enterprise, and the community.

VISION

The Maryland Stadium Authority is more than the name implies. Its projects promote historic preservation, adaptive reuse, community redevelopment, cultural arts, and civic pride. In planning selected projects, MSA has the latitude to negotiate with other government jurisdictions, and other departments within the State. Its mandate includes creating public-private partnerships for financing and operating facilities.

The Maryland Stadium Authority is 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.

The Maryland Stadium Authority represents more than buildings. Its continuing legacy is found in activities and attractions that entertain and educate, enriching the Maryland experience for those who live and visit here. They provide a link with our past and investment in our future. They offer opportunity for our business sector while offering an enjoyable experience for citizens of all ages and interests. They represent civic pride; fostering community and shared experiences.

The Maryland Stadium Authority is a place where commerce and culture meet the public sector's ability to provide these amenities for its citizens.

On Front Cover (from top right)

1. Montgomery County Conference Center, 2004
2. Ocean City Convention Center Expansion, 1996
3. Camden Station Restoration and Adaptive Reuse, 2006
4. "The Commons" of UMBC, 2002
5. Ripken Stadium, Aberdeen, 2002
6. MET Bank Stadium, 1998
7. Oriole Park at Camden Yards, 1992
8. Unitas Stadium, Towson University, 2002
9. Comcast Arena, University of Maryland College Park, 2002
10. Baltimore Convention Center Expansion, 1996

Top Row, Center

11. Veterans Memorial

Second Row, Center

12. Hippodrome Theater at France-Merrick Performing Arts Center

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Maryland Stadium Authority

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Leonard J. Attman

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To the Governor and Members
of the Maryland General Assembly:

The Maryland Stadium Authority is pleased to submit to you our 2006 Annual Report. This is the 20th year since the creation of MSA at the 1986 Session of the Maryland General Assembly. Highlights of our twenty years are depicted on the cover and recounted in the enclosed text.

Calendar year 2006 saw the completion and opening of the Geppi Entertainment Museum (GEM) in September. This museum, the final phase of the Camden Station Restoration Project, combined with the year-old Sports Legends at Camden Yards, is adding new luster to the Camden Yards Sports Complex.

Work continues on several projects, including a Physical Education Complex for Coppin State University and the Southern Maryland Minor League baseball stadium.

The feasibility study for the Maryland Horse Park and Agricultural Education Center was released in May. Several other studies are nearing release, including the Allegany County Motorsports Park in Cumberland, the National Sailing Hall of Fame in Annapolis, and downtown Baltimore Arena.

The Camden Yards Sports Complex continues to flourish as a preferred location for a variety of events, like the annual African American heritage festival, and community participation activities, like the Komen "Race for the Cure." Its proximity to the Inner Harbor and convention center, historic significance, and connection to major transit facilities make it a popular tourist destination.

Recognition of our stadium facilities also brought us such diverse large events as the Navy-Notre Dame football game and the Franklin Graham Festival. We were pleased that in 2005 we also landed major NCAA lacrosse tournaments for the 2007 season.

Capacity leasing of all mixed use spaces in the restored Warehouse gives the campus an ongoing presence, which contributes to the vitality of the West Side of Baltimore year round.

We look forward to our continued partnership with the Governor's office and the Maryland General Assembly as we design and build projects which contribute to Maryland's economy, generate community pride, and enhance the Maryland experience for all who live, work and visit here.

Sincerely,

Robert L. McKinney, Chairman

Alison L. Asti, Executive Director

CHAIRMAN'S LETTER



MARYLAND STADIUM AUTHORITY

TWENTY YEARS OF ENHANCING THE MARYLAND EXPERIENCE

In the beginning... The "Field of Dreams" that redefined major league ball parks would not emerge from a deserted freight yard until 1992. But twenty years ago, by act of the General Assembly, the enabling mechanism was put in place with the establishment of the Maryland Stadium Authority.

This uniquely structured independent state agency, with bonding authority and flexibility to forge intergovernmental and public-private partnerships, was mandated to design, fund, and manage a stadium complex to retain the city's only remaining major league team, the Orioles, and lure an NFL franchise back.

While working on our original mission—to secure an NFL expansion team for Baltimore—legislation was enacted permitting the construction of a new baseball park at Camden Yards, contingent upon securing a long-term lease with the Orioles. In 1988, when a memorandum of agreement was negotiated between the team and the Maryland Stadium Authority, the stage was set for property acquisition, design and construction of what would become **Oriole Park at Camden Yards**.

How a remarkable cast of visionaries produced a stadium that captured the imagination of the world has been told many times. Less understood is how the Maryland Stadium Authority has used the same paradigm to construct various entertainment and sports facilities for campuses, towns and cities throughout Maryland over the past twenty years.

Many of the same elements that characterize Camden Yards were repeated in subsequent projects assigned MSA by the Maryland General Assembly. Redevelopment, historic preservation, community involvement, economic revitalization, and industry stimulation have been key factors in facilities and their location.

Camden Yards became a national model for many reasons. Where the trend for major league stadiums had been multiplexes on interstate highways out of town (or out of state), the retro-style ballpark proved an urban location, with mass transit access and proximity to city attractions and accommodations, was an effective catalyst for revitalizing commercial districts.

The design not only reflected traditional Maryland architecture and materials, it incorporated the historic B&O warehouse into stadium infrastructure. This outstanding example of historic preservation and adaptive reuse provided office space and entertainment facilities while creating a pedestrian plaza and picnic park. "Take me out to the ballgame" became a memorable experience.

In short, Camden Yards was more than a ballpark and source of community pride. The project spurred economic revitalization with a major cash infusion. It transformed a decayed industrial zone into a destination celebrating Baltimore's heritage. It prompted further investment for a convention center and hotel complex between the stadiums and the renaissance Inner Harbor.

With the national recognition it received and welcoming atmosphere it provided, Camden Yards set the standard for the kind of project the Maryland Stadium Authority would undertake—that of a public facility which enriches and enhances the Maryland experience, while contributing to its commerce.



Far Left: Baltimore Convention Center.

Top Right: Oriole Park.

Middle Right: The Warehouse at Camden Yards.

Bottom Right: 1993 All-Star Game.

Different Challenges, Different Places

In the years between completion of Camden Yards and the relocation of a football franchise that would trigger the second phase of their mandate, the Stadium Authority, who delivered their showcase project on time and budget, was tapped for some unrelated tasks.

The next assignment came when the Stadium Authority took responsibility for the refurbishment and expansion of the nearby **Baltimore Convention Center** after absorbing the existing City authority. This project was completed in the fall of 1996, overcoming problems of an extremely tight budget and the worst winter weather Baltimore had experienced in many years.

In Baltimore, the convention center expansion made attracting larger events possible, while redeveloping underutilized property between the stadium and the Inner Harbor.

A convention center generates the bulk of its revenue to the State and local governments through the hotel and sales taxes paid by the out of town visitors and the workforce it supports. Just as a stadium is the destination for sporting events, a multi purpose center is necessary to attract meetings and conferences for large groups of visitors who stay (often with their families) for several days.

The expansion of the **Ocean City Convention Center** was prompted by a different dynamic. In a municipality where tourism is the major (almost only) economic force, a facility that bolsters the labor intensive hospitality industry is a worthwhile investment.

The expansion of the Roland Powell center, completed in late 1996, helped expand the "season" beyond the traditional Memorial to Labor Day. This was another triumph for the Stadium Authority's project development model. State and local government investments were leveraged with bonds. The project was delivered on schedule and under budget.

It was the effectiveness of the project development, through all phases of study, design, and community input that prompted local governments and the university system to call upon the legislature to authorize the Stadium Authority to take on other public projects.



The Return of the NFL

In November, 1995, more than a dozen years after the Colts' departure, Baltimore's NFL hopes were realized. Art Modell announced he would relocate his team to Baltimore at the end of the current season.

With this announcement, the design and construction process for **Ravens Stadium** began, in tandem with a more immediate concern. The team's relocation necessitated more than \$2 million in improvements to Memorial Stadium as a temporary roost. This MSA assignment provided a rookery for 1996 and 1997 seasons until Ravens Stadium opened in August, 1998.



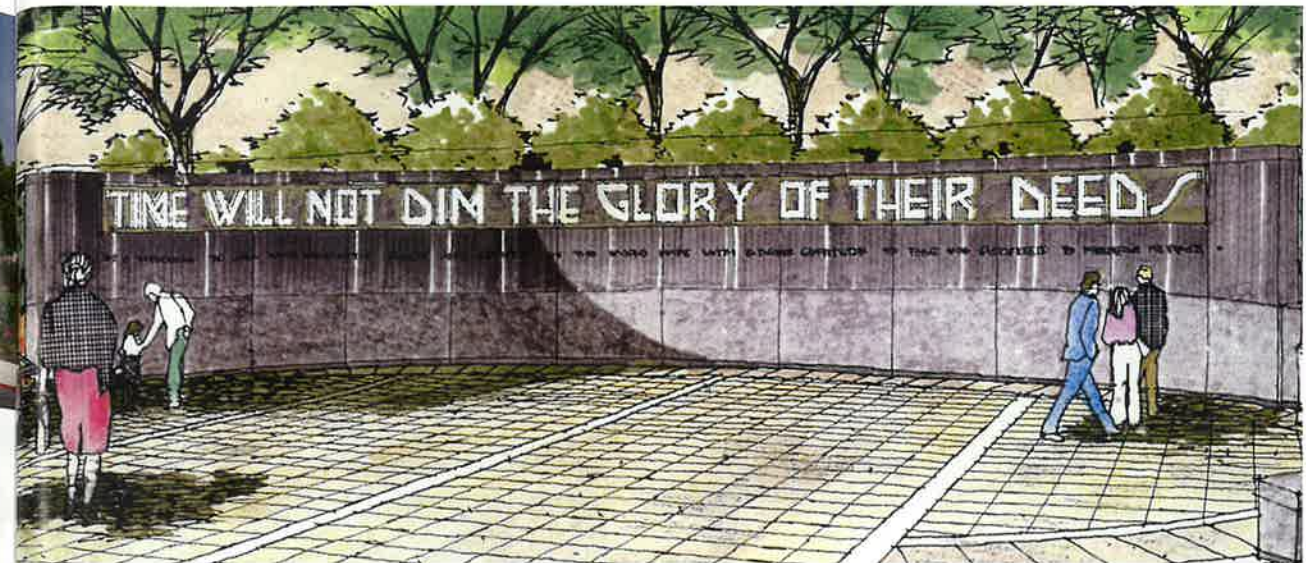
The Town of Ocean City Maryland and the Maryland Stadium Authority have been partners in the Roland E. Powell Convention Center since 1995. The dedicated and professional staff of the Maryland Stadium Authority have made the facility a success for which the entire state of Maryland can be proud.

**— Michael C. Noah CFE, Director
Roland E. Powell
Convention Center**

Top Left: Ocean City Convention Center.

Top Right: Veterans Memorial sketch.

Bottom Left: M&T Bank Stadium.



Reusing, Recycling, Revering an Old Friend

The Stadium Authority handled the demolition of the beloved **Memorial Stadium** with the same sensitivity shown other projects of historical significance. Artifacts from the ballpark were salvaged and sold to help offset the project cost, while giving fans the opportunity for a memorable souvenir. The familiar façade lettering, dedicating the 1954 structure as a **memorial to war veterans**, was removed and reconstructed on a marble wall in Maryland Square outside Oriole Park.

A Worthy Successor

HOK Sport, with many of the same architects responsible for the Oriole Park design, created another classic for the Ravens.

Again, the vision incorporated tradition in a structure that was both modern and functional. It boldly broke from the standard bowl-shape coliseum. The decision to split the upper concourse into sections provided greater visibility from all seats, and opened the stadium for fans to experience spectacular views of the city.

Other views from the signature purple seats were equally impressive. The SACO video board set a new trend for audio-visual effects in NFL facilities. Flashing images around the concourse circuit enhanced the excitement on the field.

Rather than hiding the massive infrastructure, the design celebrated its strength with exposed steel trusses and glass surfaces providing texture and form to the façade, giving grace to an industrial feel.

The design was a perfect metaphor for the location—practical and sturdy, with distinctive Maryland character. More than a million bricks face the structure, an appropriate touch not only for the state's favored masonry, but also a nod to the site itself.

Archeology performed prior to construction confirmed that the stadium is built over one of the first brickyards in the country.

One need only to glance through the concourse to the harbor a few blocks away or the freight trains below to be reminded of the City's proud heritage. It is part of the ambiance of Game Day.

Instead of Anywhere, USA, both Oriole Park and what is now M&T Stadium convey a sense of place, characteristic of all Stadium Authority projects.



On Campus

The Authority's responsibilities continued to expand with new assignments from the General Assembly, completed on time and on budget. The first of several projects in partnership with the University of Maryland brought the "University Commons" to the Baltimore County campus in 2002.

All Season Long

MSA lettered in baseball, football and basketball in 2002, with the opening of Ripken Stadium in Aberdeen, Johnny Unitas Stadium at Towson University, and Comcast Arena, successor to Cole Field House, at the University of Maryland.

On Pointe

One of the most complex public-private partnerships, involving historic preservation, community revitalization, and arts and economic development, was the restoration of the Hippodrome Theater at the France Merrick Performing Arts Center. The financing and jurisdictional responsibilities for ownership and operation of this multiuse facility were daunting.

A myriad of funding sources for the restoration included grants from the State, City and Baltimore County and investment capital from the managing private sector partner, a private foundation, tax credit investors, and bondholders.

The Stadium Authority not only structured the deal with its many components, bridge loans, tax credits and players, but oversaw its reconstruction.

This quality of life project, envisioned as the anchor of the West Side redevelopment when it opened in 2004, has brought Baltimore into another major league circuit—that of touring Broadway productions.



"Just as Baltimore is a major league sports city through the efforts of the MSA, it is now in the upper echelon of the theatre world. The completion of each MSA project not only improves upon the City's and State's "quality of place," attracting new residents, tourists and business, but generates revenue and encourages expansion and development of the surrounding companies stimulating economic growth."

"These projects are more than economic development; they are cultural enrichment and community pride. Baltimore and State of Maryland are fortunate to have such an agency filled with professionals serving their community and committed to the betterment of their City and State through growth and expansion. I hope they will continue their mission of providing first class infrastructure for entertaining and enriching the people of Maryland for many years."

— David Anderson, LiveNation

More Economic Development

Also in 2004, the Maryland Stadium Authority successfully completed the Montgomery County Conference Center in Bethesda.

This was another public/private partnership involving an adjacent Marriott Hotel and the Montgomery County government.

Some of the same factors contributing to the success of other Stadium Authority projects are present here. The conference center is located a few steps from a Metro station, close to cultural attractions (Strathmore and local theaters,) and convenient to major highways. Economic returns from the MCCC and hotel are exceeding the benefits projected for the facilities, and the positive impact seems certain to continue in the future.

A Landmark Restored for Heroes, Heritage and History

In 2005 the Maryland Stadium Authority brought the focus back home with the completed renovation of the 45,000 square foot interior of historic Camden Station at the gateway to the Camden Yards Sports Complex. The exterior of the Station was refurbished for the opening of Oriole Park at Camden Yards in 1992 and again in 2003. The Station, however, unused since the 1980's, was in serious danger of suffering substantial structural damage and becoming unsalvageable unless steps were taken to preserve its core and shell.

The historic significance of the structure and its location in Camden Yards near the birthplace of baseball legend Babe Ruth and the major league ballpark made it a logical choice for a museum celebrating Maryland sports heroes.

Sports Legends at Camden Yards occupies the basement and first floor of the newly restored Camden Station. Operated by the Babe Ruth Museum, approximately 23,000 square feet is utilized for a sports museum and includes exhibits featuring the Orioles, Cal Ripken, Johnny Unitas, the Baltimore Ravens, the Negro League, the University of Maryland Terrapins, other local colleges and sports teams. An area of the museum is dedicated to Baltimore's railroad history.

Opening to the public in May, 2005, the restored Station is a tribute to the partnership between the State of Maryland, the Maryland Stadium Authority and the Babe Ruth Museum. The interior was restored to its former elegance utilizing some of the Station's original fixtures such as the hanging lights, waiting room benches, historic doors and cornice work. Exact replicas of the cornices that could not be repaired were cast and it is virtually impossible to tell the difference.

The Gentlemen's Waiting Room and the Station's lobby were restored to the original 1852 appearance. The basement of the Station was a particular challenge, necessitating digging the floor an additional two feet to create sufficient headroom for practical use. The old infrastructure was removed and a new structure built. The cellar space is now utilized for museum offices and exhibits. The historic stairway to the second and third floors was restored. The original truss system, while no longer utilized as a support for the building, was retained and remains exposed as an architectural feature of Camden Station.



Bottom Far Left: Hippodrome Stage.
Top Left: Ripken Stadium.
Top Right: UMBC Commons.
Bottom Right: Camden Station.

Now Superheroes, Too

In September, 2006, the second phase of the Camden Station restoration was complete with the opening of the **Geppi Entertainment Museum (GEM)**. This museum, which pays tribute to pop culture from 1776 to the present, offers visitors an opportunity to relive their childhoods through comic books, souvenirs, character dolls and other memorabilia. Spiderman, Superman and Batman are but a few of the superheroes on display at GEM.

As with the Warehouse and other campus buildings, the location of Camden Station and its appealing décor and historic displays make it an attractive special event venue. Since the openings of Legends and Geppi's, both facilities have been used extensively for private functions.

Ongoing construction in the area (where the convention center hotel and a large apartment building are emerging) has had an impact on attendance. However, foot traffic generated by these two projects when complete, plus anticipated additional convention center activities and cross marketing efforts with other nearby attractions, should give the museum building much greater visibility and appreciation.

On Deck

In 2005, the Stadium Authority was brought in to facilitate a project discussed by agricultural interests, specifically the horse industry, for many years. While Maryland has a rich and storied history with horse breeding, racing, and recreational riding, it has no state center for the many shows and competitions Marylanders participate in and enjoy watching. Other states, most notably Kentucky, have large open space parks where horse activities take place. Smaller facilities exist in Virginia and Pennsylvania. However, despite having several colleges with intercollegiate teams, many pony clubs and equestrian sports organizations, Maryland has no horse park.

At the request of the State's Horse Industry Board, through the Department of Agriculture and the approval of the legislature, the Stadium Authority was tasked to determine what kind of horse park the industry wanted, where it should be located, what it would cost, and whether it is economically feasible for the State to undertake.

Over the summer of 2005, MSA conducted a survey of horse enthusiasts and related businesses to determine interest. At the same time, local governments were solicited to submit bids for a suitable site. MSA organized a committee of private sector professionals and government officials to visit and evaluate prospective sites.



Top Right: Environmental enhancements and LEED Engineering make the Horse Park plan as green as this rendering.

Bottom Right: Cross country competitions maintain the open space.

"The Maryland Horse Park was a project in the works for over 7 years with no sign of completion before the Maryland Stadium Authority became involved. Without the professionalism, integrity, and commitment of the MSA the project would never have progressed to the point it has."

"The Maryland Horse Industry Board has been impressed with the MSA and its staff at every point through the Maryland Horse Park and Agricultural Education Center Feasibility Study process. We have no doubt that with the MSA involved this project will be completed on time and on budget."

*— J. Robert Burk,
Maryland Horse Industry Board*



The committee selected a world renowned equestrian center design team and economic specialists to help with the selection process, and create a facility that would be an international show-place worthy of Maryland's heritage.

After factoring survey results (where 1,000 + statewide respondents indicated preference for a central location, with nearby hotels and restaurants) and considering recommendations of the design and economic team, in October 2005 the committee unanimously selected the 875 acre farm which was once the Naval Academy's dairy. Located in Gambrills, just 10 miles from Annapolis, the historic farm sits along an old railroad line, slated to be part of a national trails system.

It is also minutes from the interstate system, BWI-Thurgood Marshall Airport and thousands of hotel rooms and restaurant seats.

The feasibility study, released in May 2006, determined that the **Maryland Horse Park and Agricultural Education Center** in Gambrills would be a tremendous asset to the community, would pay for itself through admissions and activities on site, and would generate a net revenue gain for the State and Anne Arundel County.

The next step for this exciting recreational facility is for State and local public officials to come together with federal officials and the Maryland General Assembly to secure the property and determine a financing plan for the project.





Racing to the Mountains

Other projects in the feasibility phase include the multi-feature **Allegany Motorsports Park** in Cumberland. An existing oval dirt track on the county fairgrounds supports local races and some regional events, but available county-owned property offers potential for adding more activities while improving the popular community facility.

This study, scheduled for release in January 2007, includes a two mile road course, drag strip, upgraded dirt track, traffic improvements, and enhanced amenities to the existing fairgrounds.

As with the horse park plan, the motorsports park design was crafted after meetings with the racing community, local officials, fairground managers and park visitors. The study reflects the desire for a more modern facility with new features to expand its year round use.

Realizing this dream, which enjoys support from the community and local elected officials, will depend on structuring partnerships between the various jurisdictions and finding a private sector partner to invest in the project and operate the race facility.

Coming About

A **National Sailing Hall of Fame** is being considered for the Annapolis City Dock. In conjunction with the Department of Natural Resources, who own the waterfront property, a board of sailing enthusiasts, including Ted Turner and Walter Cronkite, and the City of Annapolis, the Stadium Authority will determine the feasibility of bringing this interactive museum to fruition. In December, an architectural/engineering team, headed by Richter, Cornbrooks Gribble of Baltimore, was selected.



Back to the West Side

Another pending study to be released in early 2007 considers the possibility of a new **Baltimore Arena**. While the 1963 structure continues to be one of the most successful venues of its type on the East Coast, a new facility in the same location would give Baltimore not only an enhanced activities center with better sight lines and modern amenities, but one which could be even more successful with increased seating.

In Southern Maryland

Expected to move forward in 2007 is the proposed **minor league baseball stadium in Waldorf, Maryland**. This is a multi-use facility to accommodate baseball, football, and community events. The State is partnering with Charles County and a private sector investor (N D Buschell) to bring this to fruition.

While prospects for this project are promising, costs have to be reassessed and commitments obtained before it can begin. The stadium would be the home of the Blue Crabs, an Atlantic League team that has an association with Brooks Robinson.

More Campus Improvements

The construction of the new **Physical Education Complex at Coppin University** is slated to begin in the summer, 2007 and be completed in two years. This project includes an indoor arena and pool, a central utility plant, a facilities management and public safety building, outdoor track, tennis courts, softball field and parking lots.

This addition to the university advances the long range master plan to expand the campus. It also facilitates onsite traffic flow and creates an additional access to Gwynns Falls Parkway.

More Arenas on the Horizon

In the discussion stages are two more arenas. One, at Towson University, would be an expansion of an existing thirty year old gymnasium facility, giving the Tigers and their fans modern amenities, better climate control, and increased seating. A Memorandum of Understanding is expected to be signed in early 2007.

The other, a study for a new structure proposed for Montgomery County, would be a multi-purpose center available for entertainment and public assembly functions such as concerts and high school graduations.

We anticipate 2007 will bring the start of construction for Towson and a feasibility study for Montgomery County.



Top Left: Watercolor renderings of Allegany Motorsports Park.

Middle Left: Road course competitions are already popular in Western Maryland.

Bottom Left: National Sailing Hall of Fame.

Top Right: Oriole Park rendering.

Bottom Right: Coppin State complex design.

Stoking the Economic Engine

It is also the responsibility of the Stadium Authority to see the State's investment has the best possible return with more frequent use. The Camden Yards Sports and Entertainment Commission, with members representing government agencies, private corporations and the professional sports teams in the Baltimore Metropolitan area, was organized by MSA to attract and develop events and activities to facilities on the Camden Yard campus.

Earlier stadium uses have included concerts, high school and college rivalries, and religious revivals. More recent additions have been annual parking lot activities like festivals and walkathons.

2007 will bring an early spring lacrosse tournament featuring the top four collegiate teams in a face-off event, the NCAA lacrosse final four classic over a May weekend, and the annual Army-Navy game in December.

The best use of our campus benefits not only our investors (ultimately the taxpayers) but also the hospitality community in Baltimore and nearby counties. As an example, the City of Philadelphia gauged the economic impact of two events we will be hosting next year. Of the NCAA lacrosse Final Four, a local newspaper reported:

"In the short run, the economic effects were felt throughout the city, as roughly 10,000 overnight stays and \$25 million worth of economic benefit were generated by the tournament."

The Army-Navy game, filling 15,000 hotel room nights *"generates \$35 million in economic impact for the Philadelphia region, according to the Philadelphia Sports Congress, a division of the Philadelphia Convention & Visitors Bureau."*

The Stadium Authority is committed to marketing this venue as the best sports and entertainment facility in the nation for the out of town visitors we hope to attract. Not only are the stadiums of the highest quality for the fan experience, our campus is unique among major league facilities in its proximity to downtown activities, attractions and accommodations. An onsite transportation system connects the downtown to a national rail corridor and international airport, and the interstate highway accesses the parking lot.

The convenience of the Camden Yards complex is exceeded only by its aesthetic appeal. Meeting sites and catering facilities include historic structures and museum rooms, parks and plazas, and distinctive architecture. Indoor and outside spaces feature top notch audio visual capabilities.

The spacious parking lots continue to attract large participatory events that not only engage the community, but serve it in cultural and fund raising activities.



The African American Heritage Festival (AAHF), the largest ethnic festival on the East Coast, drew more than 500,000 visitors throughout the three-day festival in June, had more than 110 vendors and attracted national press attention, including *"Essence Magazine," "USA Today"* and *"Black Essence Magazine."* The relaxed family atmosphere of this festival has become an annual event at Camden Yards and plans already are underway for the AAHF's return in 2007.

The Susan G. Komen Foundation's Race for the Cure returned again in 2006. More than 25,000 participants (including more than 1,600 survivors) registered for the race and 10,000 fans and family members were along the race route to cheer them on. The success of the 2005 race generated more than \$1.8 million for the support of local community breast cancer programs that included screening and treatment grants, clinical trials and breast reconstruction surgery. The increased success of the 2006 Race for the Cure will enable increased funds for breast cancer programs.

The Baltimore Marathon held its sixth annual race at the Camden Yards Sports Complex in 2006. This event had more than 12,000 registered participants and 30,000 friends and family were along the race route and at the finish line. The \$100,000 purse is the 10th largest in the country and the Baltimore Marathon is one of only six marathons in the USA covered on live television. Runners from all 50 states and 25 countries participated in the 2006 Baltimore Marathon.

Marketing the Facilities

The Stadium Authority is in the process of upgrading its website to include links to all Camden Yards operations. A comprehensive facilities guide will outline amenities and offer suggestions for activities and events. A webcam will be added to give a visual appreciation of the campus and its placement in the heart of Baltimore. Efforts are ongoing to have national coverage already scheduled for games include footage of the nearby attractions.

We have a great product to sell; we just need to let more people know about it.

And as We Reflect on Twenty Years,

There is one common denominator in all Maryland Stadium Authority projects—past, present and future. Community pride, whether that community is a neighborhood, a business sector, a campus, or a culture, is not only a result, it is a driving force in realization.

Maryland Stadium Authority is proud to be the catalyst for landmark structures that bring people together, for entertainment, enrichment, or education. Our ability to forge partnerships between state agencies, local jurisdictions and the private sector has been instrumental in the wide range of support that make these public facility projects possible.

As the Maryland Stadium Authority undertakes future challenges, we will bring to each the same attention to detail, keen awareness of financial considerations and a commitment to complete the project on time, on budget.

After twenty years, we can see how we have enhanced the Maryland experience for those who live, work and visit here. We look forward to many more years of performing that service, on campus and in the community.

Far Left: Baltimore Marathon starts from Unitas Plaza.

Middle: Picnics are fun behind the bullpen.

Top: Brigade of Midshipmen march on prior to Notre Dame contest.

Geppi's Entertainment Museum - Camden Station

The second and final phase of the restoration of Camden Station was completed with the opening of Geppi's Entertainment Museum (GEM) in September, 2006. Approximately 2,500 guests representing the State of Maryland, Baltimore City, local organizations and private corporations attended events marking the opening of the pop culture and comic museum. This project of the Stadium Authority again was the result of a successful partnership between MSA and a private organization.

Visitors to GEM have the opportunity to share with their children and grandchildren the many eras of toys, superheroes and comic book characters that they enjoyed. Beginning with toys used for fun and education from 1776-1894, the exhibits continue on to 1896-1927 when characters including Buster Brown and the Katzenjammer Kids appeared in the newspapers for entertainment and social commentary; 1928-1945 throughout the Great Depression and World War II when new and uplifting entertainment appeared in the form of Mickey Mouse and Superman; 1946-1960 is reflected through the emergence of television favorites, e.g., Howdy Doody, came into our homes; Cold War spies and British rock and roll dominated the 1961-1970 period; space creatures and the strides in technology made from 1971-1990 again molded America's culture; and, finally, global outreach dominates today's world, tempered by the re-emergence of favorite characters from an earlier era. All the excitement, intrigue and educational experiences provided by pop culture throughout American's history are on display at Geppi's Entertainment Museum.

Coppin State University Athletic Complex

Throughout 2006, the Stadium Authority worked with representatives of Coppin State University managing the design and pre-construction development of a new athletic facility. This project includes a 167,000 square foot physical education building composed of an indoor arena and pool, a 10,000 square foot satellite central utility plant, a 67,000 square foot facilities management and public safety building, an outdoor track, tennis courts, a softball field, and parking lots for staff, students and visitors.

This state of the art, multi-purpose education and athletic facility will significantly increase the size of the campus. Coppin University is acquiring acreage in the adjacent northwest business center for this part of their long range master plan.

Access and traffic flow on campus will also be facilitated by an additional access from Gwynns Falls Parkway.

CSD Architects, in association with Sasaki, Inc., was selected to design the project. At the end of 2006, this is 60% complete.

The Minority Business Enterprise (MBE) goal for this project is 30%, 5% above the Maryland standard.

The Gilbane Building Company, in a joint venture with minority business partner Banks Contracting of Baltimore, is providing pre-construction services, including estimating and constructability reviews in the design phase. They were selected after a competitive process for this high profile assignment.

To keep this multi faceted project within budget, value engineering will be applied at every phase of design.

Demolition of the existing facilities is scheduled for Summer, 2007 with the final project estimated for completion in Fall, 2009.

COMPLETED PROJECTS

"Towson University's Johnny Unitas Stadium and its adjacent state-of-the-art field house are testimony to the effective partnership between the University and the Maryland Stadium Authority. Beginning with conceptual discussions in the fall of 1998, and culminating with the stadium's official opening on September 5, 2002, the MSA directed this \$34 million project from inception through completion.

Towson's rise to prominence within the Atlantic 10 Football Conference and the Colonial Athletic Association, and its frequent hosting of conference, NCAA and high school championship events are directly related to the quality of Unitas Stadium. Indeed, the overall image of the University has been enhanced by this campus landmark, and the stadium serves as a source of pride for the University, Towson and Greater Baltimore, and the State of Maryland.

Towson University is proud of its relationship with the Maryland Stadium Authority, and grateful for the MSA's assistance in making Johnny Unitas Stadium a reality.

— R. Wayne Edwards
Towson University
Director of Athletics

Southern Maryland Baseball

The Maryland Stadium Authority is assisting Charles County with the design for a Class A minor league baseball stadium in Southern Maryland. The team, owned by Peter Kirk of Maryland Baseball, LLC, is committed to play in this ballpark.

If funding becomes available, the 4,600 seat multi-use stadium, which is similar in design to the recently opened minor league stadium in Lancaster, Pennsylvania, will be built on approximately forty acres in Waldorf, Maryland. Local college and high school sporting events, concerts and graduation ceremonies also are proposed in the new stadium. Construction costs will be split by the Charles County government, the State of Maryland and Maryland Baseball, LLC.

Initial plans for the stadium consist of sixteen skyboxes and other fan amenities that include:

- Outfield pavilion area with concessions
- Children's area with carousel, concessions, and playground equipment
- Wide concourses with recessed concession stands, allowing easier access around queuing area
- Ample restroom facilities
- Security
- First Aid Stations
- ATM's
- Fan information center

If funding agreement is reached by all partners, construction may begin as early as the spring of 2007 with completion 15 months thereafter.

Towson University Athletic Complex

The Maryland Stadium Authority has been asked to oversee expansion and renovation of the Towson University Arena. The Memorandum of Understanding for this project is to be completed by January, 2007 and a \$30 million budget is planned for this undertaking. MSA will hold the construction contract which will include upgrading the lobby entrance, expanding seating in the gymnasium and replacement and upgrading the arena's HVAC system. Design on the arena project is to be completed in the summer of 2007.

CURRENT PROJECTS



Allegheny County Motorsports Park Feasibility Study

The feasibility study for a proposed motorsports facility in Western Maryland, begun in 2005, was completed in January, 2007. The study included estimates on projected State and local tax revenues to be generated by the motorsports park.

The Allegheny County Fairgrounds is the proposed site for the motorsports park and, with improved access and amenities, should prove to be the ideal location for this increasingly popular sport enjoyed by participants and spectators alike. A market and economic impact study conducted by Conventions, Sports and Leisure International (CSLI) reported that use of this location for a motor sports facility should provide a greater range of recreational activities for residents and visitors in the Maryland-West Virginia-Pennsylvania tri-state area.

The Allegheny County Speedway, known as "The Rock" was built in 1924 and has a long and varied racing history. Thoroughbred racing was held for two weeks each year during the annual county fair. In July, 1966, a USAC Sprint Car Series Event was held at the track, a first of many for Cumberland. Racing great Mario Andretti claimed a victory in Cumberland during the 1966 season. A wide range of auto racing has been featured on the track; demolition derbies and the "Big Kahuna" race end the annual season.

Upon receipt of the market and economic impact study in January, 2006, HOK Sport was commissioned to develop a plan for the motorsports park. During the course of this study the architect, HOK Sport, interviewed potential users of the facility and explored multiple options for the facility's layout and use. Recommendations call for adding a two mile asphalt road course and improving the existing dirt oval track while creating a multi-purpose recreational infield for youth sports, e.g., BMX competitions and motocross, while retaining room for concerts, fireworks and hang-gliding exhibitions and other traditional events for the County fair.

Other possible additions could include a go-cart track and a 1/4 mile drag strip.

The study also recommend upgrades to fan and driver amenities, making the facility one of the finest in the Mid-Atlantic region. Renovations are planned for the existing structures, including the site's historic structures. These upgrades will enhance the use of these building for activities beyond those of the County fair.

Improved traffic access will encourage greater use of the existing site located in one of the most picturesque settings in Maryland.

Upon final completion of the study, funding sources for this project will be sought. This undertaking will involve the Maryland Stadium Authority in a partnership with Allegheny County and private investors to enhance both the economy and appeal of Western Maryland.

CURRENT STUDIES



"Our project team is truly indebted to the dedicated and hardworking professionals at the Maryland Stadium Authority for their commitment to critically analyze the development of a motorsports facility in our community. The exemplary manner in which the Authority engaged key subject matter experts, evaluated and re-evaluated all relevant economic data, strengthened a feasibility and planning process that literally left no stone unturned."

**— David Eberly, Allegheny County
Economic Development Officer**

Maryland Horse Park Study

The study on the feasibility of a Maryland Horse Park was completed in May, 2006 and the site recommended for this project was the Naval Academy Dairy Farm, 875 acres owned by the United States Navy. The estimated cost of construction of this project is \$114 million. The horse park will be a "green" project, designed in accordance with the LEED (Leadership in Energy and Environmental Design) standards and, in fact, will have the added benefit of protecting surrounding farms. The study determined that the project is economically feasible and will generate significant revenues for Anne Arundel County and the State of Maryland.

If enabling legislation is approved by the Maryland General Assembly, the park will be used for steeplechase, eventing, endurance riding, dressage and a variety of other equestrian activities. Included on the site will be an indoor riding facility, an outdoor pavilion, 600-800 stalls, 8 to 12 show rings, a sales pavilion, cross country and steeplechase courses, a campground, educational, conference and office facilities and a museum to celebrate Maryland's rich history and tradition in the horse industry.

A public park, with trails, picnic areas, ballfields, and pavilions, will be available to the greater community. The Dairy Farm is adjacent to a planned twelve mile trail between Odenton and Annapolis. This old railroad rightaway, known as the South Shore line, connects neighborhoods, athletic facilities and schools. The public recreational amenities at the horse park will greatly enhance quality of life for the residents of West Anne Arundel County.

BOARD MEMBERS

Robert L. McKinney, *Chairman*



Robert L. McKinney was appointed Chairman of the Maryland Stadium Authority (MSA) board by Governor Robert L. Ehrlich Jr. on January 3, 2006. A member of the Authority since July, 2003 he replaced Carl A.J. Wright as head of MSA's Board. Mr. McKinney is employed by Johns Hopkins University as Director for East Baltimore Development, Inc. (EBDI) Initiatives. In that role he is responsible for providing strategic counsel and support for a number of special projects in the development of an 80 acre, \$800 million revitalization effort in Baltimore City that will include the Science & Technology Park at Johns Hopkins, residential housing, commercial properties, open space and a new school. Prior to joining Johns Hopkins University, Mr. McKinney was a senior executive with the American Beverage Association (ABA), a Washington, DC. based trade organization. At ABA he worked as Vice President for Industry Relations after previously directing the Association's state and local government relations division. In 1996, Bob managed the successful election campaign of Robert L. Ehrlich, Jr. to the United States Congress. Following the election he returned to association management as President of the Baltimore County Chamber of Commerce. Mr. McKinney also served as Vice President, Public Affairs for the Mid-Atlantic Food Dealers Association, an instructor at Virginia Highlands Community College in Abingdon, VA and a teacher in the Bristol, Virginia public school system where he was President of the Bristol Virginia Education Association (BVEA) for one term. Bob holds graduate and undergraduate degrees in political science from East Tennessee State University. In June, 2000 he and his wife, Maxine Adler, were selected as a "Power Couple" by Baltimore Magazine. Bob was inducted into the Kenwood High School (Maryland) Hall of Fame in 1998.

Alison L. Asti, *Executive Director*



Alison Asti was appointed as Executive Director of the Maryland Stadium Authority on September 22, 2004. Ms. Asti has helped guide the Stadium Authority for 17 years, previously as General Council and Director of Development. She has been responsible for all commercial transactions with regard to the construction and operation of the Camden Yards Sports Complex and Ocean City Convention Center expansions, Montgomery County Conference Center, Hippodrome Performing Arts Center and other projects assigned to the Authority by the Maryland General Assembly. Ms Asti led the lease negotiations with the Orioles and Baltimore Ravens and managed dealings with tenants, architects, contractors, consultants, representatives of local governments and firms providing goods and services. She is also responsible for oversight of all legislative matters for the Authority.

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

Ms. Asti has been a Bar Association leader for many years including: American Bar Association House of Delegates (1995-98, 2007-09); National Conference of Bar Presidents Executive Council Member (2000-03); American Bar Foundation Fellow (1998-Present); Metropolitan Bar Caucus President (1999-2000); Maryland State Bar Association Board of Governors (1986-88,

Montgomery County Arena Study

In September, 2006, the budget committees of the Maryland General Assembly approved a study of a Montgomery County arena by the Maryland Stadium Authority. The feasibility study will include market/economic benefits, a conceptual design and site analysis. Possible arena uses will include basketball, college and high school sports and the operation of a concert venue.

National Sailing Hall of Fame Feasibility Study

Approval from the legislative budget committees was received in August, 2006 to study the possibility of establishing the National Sailing Hall of Fame on property owned by the Maryland Department of Natural Resources in Annapolis, Maryland. This museum, to be located on a historically sensitive site adjacent to the Naval Academy, is enthusiastically endorsed by sailing enthusiasts including Walter Cronkite. The proposed facility will incorporate the Hall of Fame, a sailing museum and an educational center.

Richter Cornbrook Gribble (RCG) was selected as the architect to perform the feasibility study which will include site/building analysis, engineering analysis, programmatic review, and preliminary design.

The Center for Applied Business and Economics at Towson University will examine the NSHOF's economic impact.

Baltimore Arena

This feasibility study will be released in first quarter of 2007. It will include an evaluation of the current facility, which includes review of systems and structure, whether the current facility could be retrofitted or redesigned, and use of the current site for new arena.



Above: National Sailing Hall of Fame.

1995-97, 2003-08); Bar Association of Baltimore City President (1994-95); Baltimore Women's Bar President (1986-87); Maryland Bar Foundation President (1999-2001) and Baltimore City Bar Foundation President (1995-96). She is currently President-Elect of the Maryland State Bar Association. Her professional affiliations also include: "The Daily Record" Editorial Board, Chair (1998-Present), the University of Maryland Law School, Board of Visitors, (1997-Present) and University System of Maryland Foundation Board of Directors. She was chosen as one of "Maryland's Top 100 Women" by Warfield's Business Journal in 1996 and in 2005, she received the Daily Record's Leadership in Law Award. She has been a speaker at numerous national and international conferences on sports facility development and finance.

Ms. Asti received her J.D. from the University of Maryland School of Law where she was an editor of the Law Review. She is a cum laude graduate of Duke University, receiving a Master of Arts Degree in Economics (Public Finance), 1976 and a B.A. in Economics and Political Science (1975).



Leonard J. Attman

Leonard J. Attman was appointed as a member of the Maryland Stadium Authority on July 1, 2005. President of Attman Properties Company, Mr. Attman has more than four decades of experience in residential and commercial real estate development. His professional experience includes the development of apartment communities, individual home developments, shopping centers and a recreational park. Mr. Attman attended the **University of Maryland**. His involvement in professional, civic and philanthropic organizations includes membership on the Boards of Sinai Hospital, the **Shosana S. Cardin High School**, Beth Tfiloh Brotherhood, the Boys & Girls Clubs of Maryland and the Signal 13 Foundation for the Baltimore City Police Department. In addition he actively participates in the activities a many other organizations including the Advisory Board for the Shock Trauma Unit at the **University of Maryland Medical Systems**. Mr. Attman was the founder and serves as Chairman of the Board of Directors of Future Care which owns and manages nursing home facilities serving more than 1,500 patients and providing employment for in excess of 1,500 people.



Wayne K. Curry

Wayne K. Curry was appointed as a member of the Maryland Stadium Authority on March 24, 2006 to serve the remainder of a four year term which began on July 1, 2003. Now a member of The Murphy Firm in Baltimore, Mr. Curry was elected as the first African American Prince George's County Executive and served for two terms from 1994 through 2002. In this role he was instrumental in bringing the FedEx Field (home of the Washington Redskins) to Prince George's County.

A corporate attorney with more than 30 years of experience in government, civic and community service, Mr. Curry received his Bachelor's degree in psychology from Western Maryland College and a Juris Doctorate, with honors, from the University of Maryland School of Law. He was past President Pro-Tem of the

County Executives of America; Chairman of the Large Urban County Caucus of the National Association of Counties; nominated as the Most Outstanding County Executive of the Year by the Editors of American City & County and named Washingtonian of the Year by "Washingtonian Magazine." Mr. Curry has been inducted into the National Association of Securities Professionals, New York Chapter- Wall Street Hall of Fame, the highest honor the Association bestows for excellence and diversity in the financial arena.

Samuel J. Lloyd



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

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

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

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

Dennis B. Mather



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

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

Baltimore Reads; on the Board of Directors of Baltimore Life Underwriters Charitable Foundation and on the Advisory Board to the MSDE for Adult Education.

A graduate of Towson University (1972), Mr. Mather received his Chartered Life Underwriter Degree from the American College (1976), an MBA from the University of Baltimore (1981) and his Chartered Financial Consultant Degree from the American College (1983).



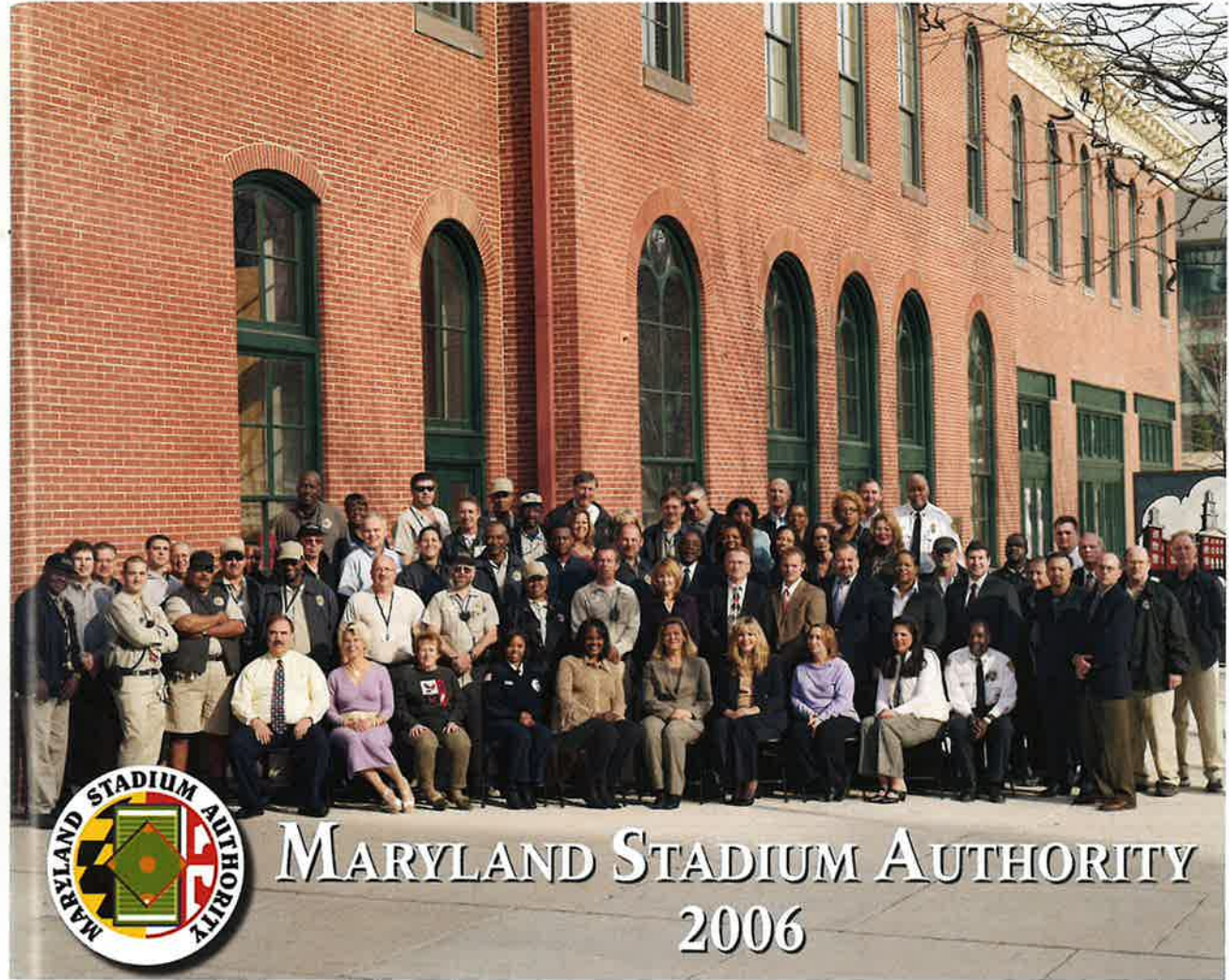
Victoria Rosellini

Victoria Rosellini was named as a member of the Maryland Stadium Authority for a four-year term beginning July 1, 2006. Ms. Rosellini has owned and operated five building and development projects. In addition, she is an entrepreneur and business executive with 24 years professional experience as a pioneer in the woman-owned ambulance transportation services industry. As founder, chief executive officer and president of four ambulance transport companies, she has guided the operation of these firms through initial planning, capital funding and operation. The firms provide all types of patient services from routine appointments to critical care transport including helicopter and commercial flight assistance. Ms. Rosellini is affiliated with numerous health care, professional, governmental and community associations and has received multiple awards and honors in these areas.



Howard J. Stevens, Jr.

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



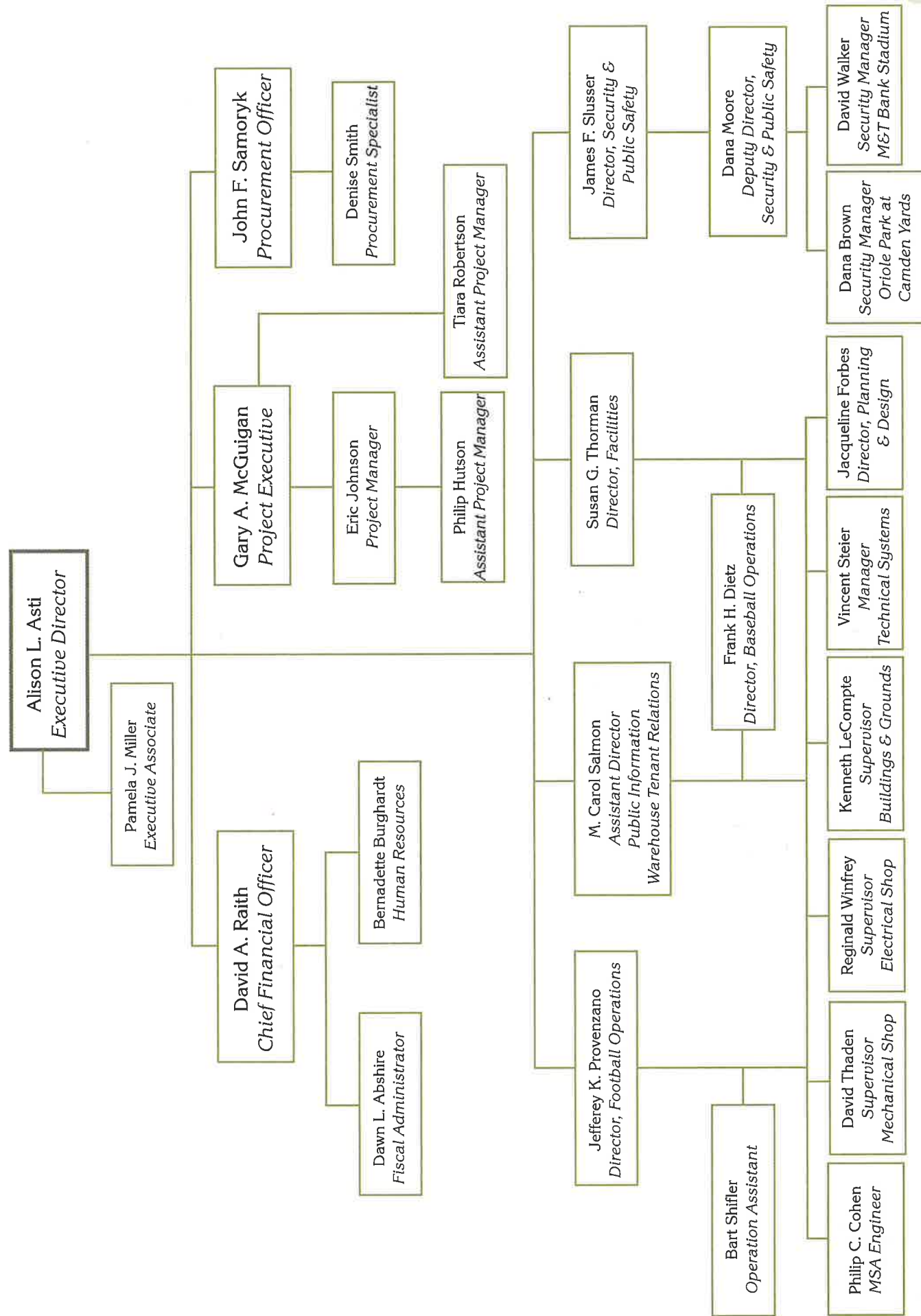
"All of us who serve on the Authority, past and present, are giants because we stand on the shoulders of a highly motivated and committed professional staff that works hard every day to make sure the job is done right, on time and within budget."

— Chairman Robert L. McKinney



Chairman Robert L. McKinney is surprised by MSA staff with a plaque on Camden Station honoring his contributions.

- Front Row: David Raith, Jan Hardesty, Lou Stuart, Kim Marshall, Denise Dupree, Alison Asil, Pam Miller, Lisa Johnson, Suzanne Biden, Robert Gant
- Second Row: Alonzo Andrews, Blair Mallonee, Jerone Evans, James Bell, Ken LeCompte, John Smith, Viola Linton, John McKinney, Bernadette Burghardt, Gary McGulgan, Phil Hutson, Eric Johnson, Shelley Nelson, Phil Cohen, Bill Fowler, Jeff Proucnano, John Samoryk
- Third Row: Chuck Bailey, Dave Thaden, Chris Posey, Bill Schier, Mike Andrejczuk, Hugh McClurkin, John Kroat, Dave Kirby, Tasha Oppel, Gil Cooper, Dwight Fleming, John Brooks, Willie Mason, Altha Murray, Tiara Robertson, Nicole Shinneman, Carol Salmon, Rick Pack, Dana Brown, Rob Smith, Jim Slusser, Al Ringham, Dave Donoghue
- Back Row: Al James, Carolyn Wright, Rob Bryant, Dan Hopple, Delroy Gaither, Nat Walker, Diane Connelly, Walt Schmidbauer, Dana Moore (partially hidden), Ken Wheeler, Ed Keplin, Carrie Vennie, Frank Dietz, Pat Cornish, Denise Smith, Vince Steier, Dave Walker
- Absent: Dawn Abshire, Theresa Masilek, Nolan Rogers, Scott Brewer, Mary Buckingham, Greg Cook, Walt Dacuycu, Jackie Forbes, James Golley, Darryl Mathews, Que Mullins, Jerry Parks, John Polls, Bart Shiffler, Darin Stone, Susan Thorman, John Waters, Scott Watson, Arlene Wiggins, Alvenia Williams, Ray Winfrey



12/14/2006

Abrams, Foster, Nole & Williams, P.A.
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and Maryland Association of Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of the
Maryland Stadium Authority

We have audited the accompanying basic financial statements of the Maryland Stadium Authority (the Authority), a component unit of the State of Maryland as of and for the year ended June 30, 2006, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2006, and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 2 through 8 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

October 2, 2006

MARYLAND STADIUM AUTHORITY
Management's Discussion and Analysis
June 30, 2006

Overview of the Financial Statements and Financial Analysis

The Maryland Stadium Authority, an agency of the State of Maryland, is honored to present the fiscal year 2006 financial statements. The Authority's responsibilities include operation of the stadiums located at Camden Yards, oversight of several convention centers, and construction management for various projects throughout the State of Maryland. There are three financial statements presented for the reader: the Statement of Net Assets; the Statement of Revenues, Expenses and Changes in Net Assets; and, the Statement of Cash Flows.

Statement of Net Assets

The Authority's Statement of Net Assets presents the assets, liabilities, and the net assets for the period ended June 30, 2006. The Statement of Net Assets is to provide the reader with a financial picture of the Authority's assets (current and noncurrent), liabilities (current and noncurrent), and net assets (assets minus liabilities).

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

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

MARYLAND STADIUM AUTHORITY
Management's Discussion and Analysis
June 30, 2006

Statement of Net Assets (Continued)

Statement of Net Assets

	June 30	
	2006	2005
Assets		
Current assets	\$ 35,627,199	\$ 35,297,270
Net capital assets	222,027,884	245,481,270
Noncurrent assets	286,100,557	295,352,720
Total assets	543,755,640	576,131,260
Liabilities		
Current liabilities	20,859,200	20,158,238
Noncurrent liabilities	293,521,514	308,424,458
Total liabilities	314,380,714	328,582,696
Net assets		
Invested in capital assets	212,703,935	231,289,899
Restricted for debt service	1,377,429	3,414,250
Restricted for capital assets	11,115,263	10,801,943
Unrestricted	4,178,299	2,042,472
Total net assets	\$ 229,374,926	\$ 247,548,564

During fiscal year 2006 total assets for the Authority decreased from the prior year by approximately \$32.3 million. There are several reasons for this decrease. First, capital lease receivables decreased by approximately \$11.2 million which includes an increase to the capital lease receivable of \$1.7 million for bond proceeds used for the Montgomery County and Camden Station projects plus improvements made to Oriole Park at Camden Yards and a decrease of \$12.9 million for the current year principal payment received from the State of Maryland. Secondly, net capital assets decreased by approximately \$23.4 million, the result of an increase to net capital assets for \$2.7 million in costs that were incurred due to the renovation of the Hippodrome Theatre, construction of the Montgomery County Conference Center, less annual depreciation of approximately \$12.5 million. In 2006, the Montgomery County Conference Center capital asset was decreased by \$12.6 million as a result of funds received by the Authority during the construction period from Montgomery County being removed from the Authority's financial statements. There also was an increase in unrestricted cash, restricted cash and money market mutual fund investments of approximately \$.5 million that was primarily the result of the unspent funding portion of the operating deficit for the Baltimore Center.

MARYLAND STADIUM AUTHORITY
Management's Discussion and Analysis
June 30, 2006

Statement of Net Assets (Continued)

There was an increase in net accounts receivable of approximately \$1.8 million which was the result of the following: an increase in Oriole rent of \$.4 million which is the result of increased ticket prices, advertising revenues and parking, an increase of \$.9 million from the State of Maryland for admissions and amusements tax which is the result of more tickets for baseball being sold during the season compared to earlier ticket sales in the prior period, an increase of \$.8 million for funding for the Hippodrome Theater, and an increase in the allowance for doubtful accounts of \$.3 million. Deferred financing costs decreased approximately \$.5 million as a result of the current year's amortization. Finally, furniture and equipment decreased by approximately \$.3 million from the current year's depreciation of \$.6 million plus additions of \$.3 million.

Total liabilities for the fiscal year decreased by approximately \$14.2 million. Interest and accounts payable for fiscal year 2006 decreased by approximately \$.3 million. The main reason for the decline is largely the result of the swap portion of the Series 1998 and Series 1999 bond interest being paid prior to June 30, 2006. There was a decrease in the lease revenue bonds of approximately \$12.9 million as a result of the Authority paying toward the outstanding principal on the lease revenue bonds. Finally for fiscal year 2006, approximately \$1.0 million of deferred revenue was recognized as income.

Statement of Revenues, Expenses and Changes in Net Assets

The change to Net Assets as seen on the Statement of Net Assets is based on the activity that is presented on the Statement of Revenues, Expenses, and Changes in Net Assets. The presentation of the Statement reflects the revenues and expenses for the Authority during fiscal year 2006. The reader will see the revenues and expenses broken down into operating and non operating categories.

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

This accounts for approximately \$14.2 million of the revenue for fiscal year 2006. Both teams are required to pay a 10% ticket charge to the State of Maryland of which the Authority receives 8% and Baltimore City receives 2%. The revenues from the admission taxes for both teams were approximately \$9.0 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 are, currently, tenants renting more than 220,000 square feet that, combined with several cellular antenna sites, generate approximately \$3.8 million a year. Other revenues from the Camden Yards Sports Complex include

MARYLAND STADIUM AUTHORITY
Management's Discussion and Analysis
June 30, 2006

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

construction projects not part of the Camden Yards Sports Complex, which total approximately \$4.1 million for fiscal year 2006.

Nonoperating revenue is generated by two sources. The first is the recognition of deferred revenue from an interest rate swap on the 1989 C Notes and 1989 D bonds. In April 1996, the Authority received approximately \$15.5 million, which represented the present value of the interest savings for both the 1989 C Notes and 1989 D bonds. A portion of these savings is recognized as revenue each year. This figure was approximately \$1.0 million for fiscal year 2006. The second source of nonoperating revenue is investment income received on money held by the Treasurer's office of the State of Maryland, by trustees on various bond issuances and from an outstanding note from the Baltimore Orioles, \$1.0 million for fiscal year 2006. Overall, revenue for fiscal year 2006 increased by approximately \$2.3 million from revenue in fiscal year 2005 due from the increase in admission taxes of approximately \$.2 million as the result of higher ticket prices. Also the rent paid by the Baltimore Orioles and other income increased by \$.1 million. Parking revenues increased \$.7 million as a result of a larger number of daily parkers utilizing the Camden Yards. Contributions from the Baltimore Ravens increased \$.7 million. This increase is related to the increase in operating and maintenance costs associated with M & T Bank Stadium during fiscal year 2006. Finally, rents from the tenants renting space in the B & O Warehouse and Camden Station increased \$.6 million. This is largely the result of the first year of operation of Camden Station and several renewal terms with current tenants.

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 at the Ocean City Convention Center and two-thirds of the operating deficit of the Baltimore City Convention Center. Further, the Authority is required to contribute annually to an improvement fund for the Ocean City and Baltimore City Convention Centers of \$50,000 and \$200,000, respectively. Total contribution for fiscal year 2006 was approximately \$22.3 million. During fiscal year 2006, the Authority also recognized \$2.0 million from the Hippodrome Performing Arts Center, LLC used for the renovations of the Hippodrome Performing Arts Center.

MARYLAND STADIUM AUTHORITY
Management's Discussion and Analysis
June 30, 2006

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

	Year ended June 30	
	2006	2005
Operating revenues	\$ 31,999,596	\$ 28,898,683
Operating expenses	38,109,201	35,679,089
Operating loss	(6,109,605)	(6,780,406)
Nonoperating expense	(36,351,601)	(24,094,610)
Loss before contributions	(42,461,206)	(30,875,016)
Contributions from primary and local governments and other sources	24,287,568	33,844,501
Increase (Decrease) in net assets	(18,173,638)	2,969,485
Net assets at beginning of year	247,548,564	244,609,079
Net assets at end of year	\$ 229,374,926	\$ 247,578,564

The Statement of Revenues, Expenses, and Changes in Net Assets discloses a decrease in the net assets at year-end. The primary reason is the decrease in the other capital assets related to Montgomery County Conference Center. Additional explanations for the decrease in fiscal year 2006 are as follows:

- During fiscal year 2006, utility costs for the Camden Yards Complex increased by \$.6 million. This is the result of higher usage and a large increase in the price for steam which is used to heat the complex.
- Parking operation expenses increased in fiscal year 2006 by approximately \$.6 million. This is the result in increase parking at the complex.
- Miscellaneous expenses increased by \$.3 million largely from the increase in bad debt expense for 2006.

MARYLAND STADIUM AUTHORITY
Management's Discussion and Analysis
June 30, 2006

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

- The salaries and benefits paid to the employees increased approximately \$.6 million. The increase is the result of 10 new positions created in 2006, including 7 maintenance positions and three security positions and filling several vacant positions throughout the year including a new director of baseball operations and assistant project manager.
- An increase in supplies and materials of approximately \$.2 million is a result of a new uniform contract, higher use of paper products, and the purchases of new tools and safety equipment.
- Increase in contractual services of \$.1 million for the electric upgrade for the ground fault interruption service at M & T Bank Stadium.

Statement of Cash Flows

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

Statement of Cash Flows

	Year ended June 30	
	2006	2005
Cash provided by (used in):		
Operating activities	\$ 6,013,415	\$ 5,411,660
Noncapital financing activities	(36,458,473)	(36,348,157)
Capital and related financing	29,536,485	17,583,335
Investing activities	3,044,399	13,968,469
Net increase in cash	2,135,826	615,307
Cash and cash equivalents at beginning of year	2,117,044	1,501,737
Cash and cash equivalents at end of year	\$ 4,252,870	\$ 2,117,044

MARYLAND STADIUM AUTHORITY
 Management's Discussion and Analysis
 June 30, 2006

Capital Assets and Debt Administration

The Authority had disposals to capital assets and debt during fiscal year 2006. The disposal to the capital assets resulted from the removal of the funding for the Montgomery County Conference Center and the disposal of debt resulted from principal being paid down without new debt issued.

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

MARYLAND STADIUM AUTHORITY
 Statement of Net Assets
 June 30, 2006

Assets

Current Assets	
Unrestricted cash and cash equivalents	\$ 4,178,298
Restricted cash and cash equivalents	74,571
Money market mutual fund investments—restricted	4,720,813
Accounts receivable, net of allowance for bad debts	12,164,724
Interest receivable	223,834
Note receivable, current portion	324,959
Capital leases receivable, current portion	<u>13,940,000</u>
Total current assets	35,627,199
Noncurrent Assets	
Capital assets	
Furniture and equipment, net of accumulated depreciation of \$3,232,861	1,001,028
Other capital assets, net of accumulated depreciation of \$94,143,570	<u>221,026,856</u>
Net capital assets	222,027,884
Other Noncurrent Assets	
Money market mutual fund investments—restricted	7,846,450
Other assets	1,000
Note receivable, net of current portion	4,237,688
Capital leases receivable, net of current portion	269,847,309
Deferred financing costs, net of accumulated amortization of \$4,198,052	<u>4,168,110</u>
Total other noncurrent assets	<u>286,100,557</u>
Total assets	<u>543,755,640</u>

“See Accompanying Notes”

MARYLAND STADIUM AUTHORITY
Statement of Net Assets
June 30, 2006

Liabilities

Current Liabilities	
Accounts payable and accrued expenses, current portion	3,596,773
Interest payable	2,208,568
Lease revenue bonds payable net of discount and premium, current portion	13,940,000
Deferred revenue, current portion	<u>1,113,859</u>
Total current liabilities	20,859,200
Noncurrent Liabilities	
Accrued expenses, net of current portion	657,444
Lease revenue bonds payable, net of discount of \$93,368, premium of \$85,262 and current portion	282,330,024
Deferred revenue, net of current portion	<u>10,534,046</u>
Total noncurrent liabilities	<u>293,521,514</u>
Total liabilities	<u>314,380,714</u>
Net Assets	
Invested in capital assets	212,703,935
Restricted for debt service	1,377,429
Restricted for capital assets	11,115,263
Unrestricted	<u>4,178,299</u>
Total net assets	<u>\$ 229,374,926</u>

"See Accompanying Notes"

MARYLAND STADIUM AUTHORITY
Statement of Revenues, Expenses, and Changes in Net Assets
Year Ended June 30, 2006

Operating Revenues

Baltimore Orioles' rent	\$ 7,119,463
Admission taxes	9,031,586
Baltimore Ravens' contributions	7,622,695
Warehouse rents	3,894,819
Catering commissions	651,457
Parking revenues	2,372,170
Miscellaneous sales	<u>1,307,406</u>
Total operating revenues	31,999,596

Operating Expenses

Salaries and wages	6,284,911
Telephone and postage	132,178
Travel	26,250
Utilities	6,430,135
Vehicle expense	50,499
Contractual services	8,600,297
Parking	1,686,607
Supplies and materials	774,936
Depreciation and amortization	13,218,449
Fixed charges	296,706
Miscellaneous	<u>608,233</u>
Total operating expenses	<u>38,109,201</u>

Operating loss (6,109,605)

Non operating Revenue (Expenses)

Contributions to others for operating deficit and capital improvements	(4,104,572)
Contributions to primary government – Memorial Stadium	(119,102)
Transfers out – Montgomery Conference Center	(12,615,608)
Public school construction contribution	(2,400,000)
Unrestricted investment income	148,117
Restricted investment income	1,957,699
Interest expense	<u>(19,218,135)</u>
Total non operating expenses	<u>(36,351,601)</u>

"See Accompanying Notes"

MARYLAND STADIUM AUTHORITY
Statement of Revenues, Expenses, and Changes in Net Assets
Year Ended June 30, 2006

Loss before contributions (brought forward)	<u>(42,461,206)</u>
Contributions from local government and other sources – Hippodrome Project	3,003,952
Contributions from primary government—Montgomery County	780,069
Contributions from local government—Camden Yards	1,000,000
Contributions from primary government Camden Yards	12,740,000
Contributions from primary government – Baltimore City Convention Center	4,861,745
Contributions from primary government – Ocean City Convention Center	<u>1,901,802</u>
Total contributions	<u>24,287,568</u>
Change in net assets	(18,173,638)
Total net assets at beginning of year	<u>247,548,564</u>
Total net assets at end of year	<u>\$ 229,374,926</u>

“See Accompanying Notes”

MARYLAND STADIUM AUTHORITY
Statement of Cash Flows
Year Ended June 30, 2006

Cash flows from operating activities	
Receipts from Camden Yards	\$ 30,073,825
Payments to employees	
Salaries and benefits	(6,344,212)
Payments to suppliers	<u>(17,716,198)</u>
Net cash provided by operating activities	6,013,415
Cash flows from noncapital financing activities	
Payments from investment in direct financing leases	(350,908)
Convention Center operating deficit and capital improvements	(4,104,572)
Principal paid on notes payable and revenue bonds	(12,915,000)
Interest payments	<u>(19,087,993)</u>
Net cash used in noncapital financing activities	(36,458,473)
Cash flows from capital and related financing activities	
Contributions from local governments—Hippodrome Project	3,003,952
Contributions from local government—Camden Yards	1,000,000
Contributions from primary government—Camden Yards	12,740,000
Contributions from primary government—Baltimore City Conv Center	4,861,745
Contributions from primary government—Ocean City Convention Center	1,901,802
Contributions from primary government—Montgomery County	780,069
Contributions to primary government	(2,519,102)
Disposals of capital assets	<u>7,768,019</u>
Net cash provided by capital and related financing activities	29,536,485
Cash flows from investing activities	
Decrease in investments	1,574,359
Interest and gains on investments	1,127,081
Proceeds from notes receivables	<u>342,959</u>
Net cash used in investing activities	<u>3,044,399</u>
Net increase in cash	2,135,826
Unrestricted cash and cash equivalents at beginning of year	<u>2,042,472</u>
Unrestricted cash and cash equivalents at end of year	<u>\$ 4,178,298</u>

“See Accompanying Notes”

MARYLAND STADIUM AUTHORITY
Statement of Cash Flows
Year June 30, 2006

Adjustments to reconcile net operating income (loss) to cash from operating activities	
Cash flow from operating activities	
Operating loss	\$(6,109,605)
Adjustments to reconcile operating loss	
Depreciation and amortization	13,218,449
Effects of changes in assets and liabilities	
Accounts and interest receivables	(1,925,771)
Prepaid expenses	150,000
Accounts and accrued payables	680,342
	<hr/>
Net cash provided by operating activities	<u>\$ 6,013,415</u>

"See Accompanying Notes"

MARYLAND STADIUM AUTHORITY
Notes to Financial Statements
June 30, 2006

1. NATURE OF OPERATIONS

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

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

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

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

MARYLAND STADIUM AUTHORITY
Notes to Financial Statements
June 30, 2006

1. NATURE OF OPERATIONS (Continued)

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

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

Pursuant to a Memorandum of Agreement (Memo) between the Authority and the entities formerly known as Cleveland Browns, Inc. and BSC, LLC, which collectively are referred to as the "Ravens," the Authority designed and constructed a state-of-the-art, open-air football stadium at Camden Yards. The cost of the football stadium was \$229 million, of which \$148 million was funded by the Authority, \$57 million was funded from lottery proceeds, and \$24 million was funded by the Ravens. In 1996, the Authority issued \$87,565,000 Sports Facilities Lease Revenue Bonds, Series 1996 to begin funding this project. In 1997, the Authority issued \$4,640,000 Sports Facilities Lease Revenue Bonds, Series 1997, as additional funding for the project. The debt service for these revenue bonds is being provided through

MARYLAND STADIUM AUTHORITY
Notes to Financial Statements
June 30, 2006

1. NATURE OF OPERATIONS (Continued)

future appropriations by the State, pursuant to the Master Lease. The source of these appropriations is lottery revenues generated for the benefit of the Authority. The project was completed in July 1998, and the Authority has agreed to lease the football stadium to the Ravens for 30 full football seasons.

Effective June 1, 1996, the Authority was authorized to provide for the development and construction of the Montgomery County Conference Center. The development of the Montgomery County Conference Center was expected to cost \$33,500,000. The Authority issued in January, 2003, \$23,185,000 in bonds for the project of which \$20,304,000 would be used for capital construction costs. Montgomery County is required to contribute \$13,196,000 toward capital construction costs. Construction started in February 2003 and the project was completed in November 2004. As of June 30, 2006, \$33,332,075 has been spent which also includes capitalized interest for the construction period.

Effective July 1, 2000, the Authority was authorized to implement the acquisition, renovation and construction of the Hippodrome Performing Arts Center. The Hippodrome Performing Arts Center includes the Hippodrome Theater and several adjacent properties. In July 2002, the Authority issued \$20,250,000 in taxable bonds for the project of which \$17,400,000 were used for capital costs. The State of Maryland has contributed \$16,500,000 in general funds, the City of Baltimore was required to contribute \$6 million and \$26,562,317 has been provided from private contributions. All of the property has been acquired and construction has been completed. The project opened in February 2004. The development cost for the Hippodrome Performing Arts Center as of June 30, 2006 is \$67,398,981 which also includes capitalized interest costs during construction.

In January 2003, the Authority received approval from the Legislative Policy Committee for the redevelopment of Camden Station located on the Camden Yards Complex. This historic building will become the home of Sports Legends at Camden Yards and Geppi's Entertainment Museum. The Authority received approval from the Board of Public Works in December 2003 to issue \$8.73 million in Lease Backed Taxable Bonds and issued them in March 2004. Capitalized interest during the construction period will be paid from the bond proceeds of approximately \$582,000 and the balance of the proceeds will be used for the renovation. The State of Maryland was granted \$850,000 in matching funds for the Sports Legends at Camden

MARYLAND STADIUM AUTHORITY
Notes to Financial Statements
June 30, 2006

1. NATURE OF OPERATIONS (Continued)

Yards project. The Sports Legends at Camden Yards will contribute the cost of improvements to their space of approximately \$6.0 million. Sports Legends at Camden Yards opened in May of 2005. Geppi's Entertainment Museum is expected to open in September 2006. The project is expected to cost approximately \$8 million of private and State funds.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

B. Measurement Focus and Basis of Accounting

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

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

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

MARYLAND STADIUM AUTHORITY
Notes to Financial Statements
June 30, 2006

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Cash Equivalents

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

D. Investments

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

E. Capital Assets

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

F. Capital Leases Receivable

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

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

G. Deferred Financing Costs

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

MARYLAND STADIUM AUTHORITY
Notes to Financial Statements
June 30, 2006

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Project Advances

The Authority is overseeing projects for various state universities and local jurisdictions. Advances are received to pay for expenses incurred or to be incurred. Unexpended advances are not the property of the Authority and are recorded as liabilities. Total advances during the year ended June 30, 2006 were approximately \$368,646. Total related disbursements for the year were approximately \$64,215.

I. Risk Management

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

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

J. Use of Restricted Assets

When an expense is incurred, the Authority first applies resources available from the restricted asset before applying resources from unrestricted assets. The Maryland Stadium Authority's assets are restricted in accordance with Sections 13-715, 13-716, 13-717, 13-717.1, and 13-717.2 of the Financial Institutions Article of the Annotated Code of Maryland.

K. Accounting for Termination Benefits

As of June 30, 2006, the Maryland Stadium Authority does not accrue for any early termination benefits for employee services.

L. Reporting for Impairment of Capital Assets and Insurance Recoveries

The Maryland Stadium Authority did not receive any funds related to the impairment of capital assets or for insurance recoveries during fiscal year 2006.

MARYLAND STADIUM AUTHORITY
Notes to Financial Statements
June 30, 2006

3. DEPOSITS AND INVESTMENTS

At June 30, 2006, the Authority had cash on deposit in an internal pooled cash account with the Maryland State Treasurer (the Treasurer). The Treasurer maintains these and other Maryland State agency funds on a pooled basis in accordance with the Annotated Code of the State of Maryland. The internal cash pool functions similar to a mutual fund in the sense that each state agency holds a share of the pool. The State Treasurer's Office invests pooled cash balances on a daily basis. The investment consists of direct purchases of securities or repurchase agreements. The carrying value of cash on deposit with the Treasurer at June 30, 2006 was \$3,948,877. All amounts held on deposit by the Treasurer are unrestricted.

The carrying value of other deposits at June 30, 2006 and the associated bank balances are \$229,422. Those balances are covered by federal depository insurance and are unrestricted.

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

At June 30, 2006, the Maryland Stadium Authority had a balance of \$12,492,692 in funds held by trustees for various bond series. The Bank of New York holds \$759,932 and M & T Bank holds \$11,732,760. At June 30, 2006, \$12,492,692 is invested in various money market mutual fund accounts.

As of June 30, 2006, M & T Bank had the following investments and maturities:

Investment Type	Value	Investment Maturities (in Years) *(000)				
		Less than 1	1-5	6-10	11-15	More than 15
Money Market	\$11,700	\$11,700	-	-	-	-

As of June 30, 2006, 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	\$760,000	\$760,000	-	-	-	-

MARYLAND STADIUM AUTHORITY
Notes to Financial Statements
June 30, 2006

3. DEPOSITS AND INVESTMENTS (Continued)

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

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

- (i) Government Obligations;
- (ii) Any bond or other obligation of any state of the United States of America or of any local government unit of any such state which (a) are rated in the highest rating category by Moody's Aaa and S&P AAA based on the escrow, (b) are not callable unless irrevocable instructions have been given to the trustee of such bonds to give due notice of redemption and to call such bonds for redemption on the date(s) specified in such instructions; and, (c) are secured by cash and Government Obligations;
- (iii) Bonds, indentures or other evidences of indebtedness issued or guaranteed by the Federal Financing Bank, Federal Home Loan Bank, Export Import Bank, Federal National Mortgage Association or Government National Mortgage Associations;
- (iv) Direct and general obligations of any state within the United States, to the payment of principal of the interest on which the full faith and credit of such state is pledged, providing such obligations are rated in either of the two highest rating categories by Moody's Aaa and by S&P AAA;
- (v) Obligations of any state of the United States of America or any political subdivision thereof which shall be rated in the highest rating categories by Moody's Aaa and by S&P AAA;
- (vi) Certificates of deposits, whether negotiable or non-negotiable, and banker's acceptance of any bank in the United States whose deposits are insured by the Federal Deposit Insurance Corporation, or any savings and loan association in the United States whose deposits are insured by the Federal Savings and Loan Insurance Corporation, provided that such certificate of deposit or banker's acceptance is from a bank or from a savings and loan association having combined capital and surplus aggregating at least Fifty Million Dollars (\$50,000,000) and provided further that such certificate of deposit or banker's acceptance is secured by Government Obligation

MARYLAND STADIUM AUTHORITY
Notes to Financial Statements
June 30, 2006

3. DEPOSITS AND INVESTMENTS (Continued)

(vi) (Continued)

with a money market value (determined at least weekly) of not less than 103% of the principal amount thereof and the Trustee shall receive an opinion of counsel acceptable to it in a form acceptable to it, without material qualifications stating that such Governmental Obligations are subject to a first perfection security interest in favor of the Trustee;

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

4. INCOME FROM STATE AND MUNICIPAL SOURCES

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

During 2006, Baltimore City made an annual contribution of \$1 million per the Annotated Code establishing the Authority. The City funds are invested with the State Treasurer for the purpose of retiring the Authority's debt incurred to construct Oriole Park at Camden Yards.

During 2006, the Authority also received \$1,968,951 from private sources as capital contributions for the Hippodrome Theater.

During 2006, the Authority received \$267,124 from Montgomery County for their percentage of construction costs associated with the Montgomery County Conference Center.

MARYLAND STADIUM AUTHORITY
Notes to Financial Statements
June 30, 2006

5. ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2006 consists of the following:

Baltimore Orioles	\$ 3,886,427
State of Maryland	3,921,029
City of Baltimore	508,000
Others	4,207,359
Less allowance for bad debts	<u>(358,091)</u>
Total	<u>\$ 12,164,724</u>

6. NOTE RECEIVABLE

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

Future note receivable payments to be received as of June 30, 2006 are as follows:

2007	\$ 324,959
2008	324,959
2009	324,959
2010	270,776
2011	270,776
2012-2016	1,353,880
2017-2021	1,353,880
2022-2023	<u>338,458</u>
Total	<u>\$ 4,562,647</u>

MARYLAND STADIUM AUTHORITY
Notes to Financial Statements
June 30, 2006

7. CAPITAL LEASES RECEIVABLE

At June 30, 2006, the capital leases receivable consists of the following:

Total minimum lease payments to be received	\$ 460,841,488
Less unearned interest income	<u>(164,561,488)</u>
Principal balance on outstanding debt	296,280,000
Less liquid assets to be used in construction	<u>(12,492,691)</u>
Total	<u>\$ 283,787,309</u>

Future minimum lease payments to be received as of June 30, 2006 are as follows:

2007	\$ 31,725,399
2008	31,888,321
2009	31,326,663
2010	31,387,767
2011	31,476,600
2012-2016	151,326,619
2017-2021	108,842,951
2022-2026	<u>42,867,169</u>
Total	<u>\$460,841,488</u>

8. CAPITAL ASSETS

Furniture and equipment and other capital assets activity for the year ended June 30, 2006 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets:				
Furniture and equipment	\$ 3,910,921	\$ 361,308	\$ 38,340	\$ 4,233,889
Camden Yards	258,097,988	1,659,525	1,792,056	257,965,457
Baltimore City Conv Ctr	6,603,439	1,013	0	6,604,452
Ocean City Conv Ctr	0	0	26	(26)
Hippodrome	48,439,237	1,969,973	0	50,409,210
Montgomery County	13,038,140	915,010	13,761,817	191,333
Total capital assets at historical cost	330,089,725	4,906,829	15,592,239	319,404,315

MARYLAND STADIUM AUTHORITY
Notes to Financial Statements
June 30, 2006

8. CAPITAL ASSETS (Continued)

Less accumulated depreciation:				
Furniture and equipment	2,556,859	703,943	27,941	3,232,861
Camden Yards	74,703,245	9,381,558	0	84,084,803
Baltimore City Conv Ctr	3,431,018	600,313	0	4,031,331
Ocean City Conv Ctr	0	0	0	0
Montgomery County Conv Ctr	422,532	938	422,532	938
Hippodrome	3,494,801	2,531,697	0	6,026,498
	<hr/>	<hr/>	<hr/>	<hr/>
Total accumulated depreciation	84,608,455	13,218,449	450,473	97,376,431
Capital assets, net	<u>\$245,481,270</u>	<u>(\$ 8,311,620)</u>	<u>\$15,141,766</u>	<u>\$222,027,884</u>

9. CURRENT ACCOUNTS PAYABLE AND ACCRUED EXPENSES

At June 30, 2006, accounts payable and accrued expenses consisted of the following:

Trade payables	\$ 3,072,088
Project advances	304,431
Retentions payable	84,309
Compensated absences	15,000
Accrued parking	90,720
Workers' compensation	30,225
	<hr/>
Total	<u>\$ 3,596,773</u>

MARYLAND STADIUM AUTHORITY
Notes to Financial Statements
June 30, 2006

10. BONDS PAYABLE

Bonds payable as of June 30, 2006 consist of the following:

Revenue bonds payable:

1994 Series: Issued \$55,000,000 in September 1994 at 5.25% to 5.88% per annum, due in varying installments through December 15, 2014	\$ 34,205,000
1995 Series: Issued \$17,340,000 in October 1995 at 4.80% to 5.38% per annum, due in varying installments through December 15, 2015	11,500,000
1996 Series: Issued \$87,565,000 in April 1996 at rates varying from 5.30% to 5.80%, due in varying installments through March 1, 2026	75,275,000
1997 Series: Issued \$4,640,000 in December 1997 at 4.66% per annum, due in varying installments through June 15, 2008	1,140,000
1998 Series A: Issued \$16,300,000 in December 1998 at a variable rate, due in varying installments through December 15, 2019	15,800,000
1999 Series: Issued \$121,380,000 in December 1999 at a variable rate, due in varying installments through December 15, 2019	101,590,000
2002 Series: Issued \$10,250,000 in July 2002 at 3.0% to 5.7% per annum, due in varying installments through September 15, 2013	8,100,000
2002 Series: Issued \$20,250,000 in July 2002 at 5.0% to 6.25% per annum, due in varying installments through June 15, 2022	18,400,000
2003 Series: Issued \$23,185,000 in January 2003 at 2.0% to 5.0% per annum, due in varying installments through June 15, 2024	21,540,000
2004 Series: Issued \$8,730,000 in February 2004 at 3.0% to 5.21% per annum, due in varying installations through December 15, 2024	<u>8,730,000</u>

Revenue bonds payable 296,280,000

Plus unamortized premium (includes unamortized premium related to both series of 2002, 2003 and the 2004 revenue bonds payable of \$4,354, \$72,946, \$1,773 and \$116 as of June 30, 2006) 79,189

Less unamortized discount (includes unamortized discount relating to the 1995 and 1996 revenue bonds payable of \$12,349 and \$76,815 as of June 30, 2006) (89,165)

Total revenue bonds payable \$296,270,024

MARYLAND STADIUM AUTHORITY
Notes to Financial Statements
June 30, 2006

10. BONDS PAYABLE (Continued)

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

On October 15, 1995, the Authority issued Ocean City Convention Center Expansion Lease Revenue Bonds, Series 1995, to finance, together with certain other funds, the expansion and renovation of the Ocean City Convention Center. Principal and interest are payable primarily from the basic rent to be paid by the State under the Master Lease. Interest is payable semiannually at rates varying from 4.80% to 5.38% per annum. This issue contains \$13,265,000 of serial bonds that mature in varying amounts through December 15, 2013 and a \$2,815,000 term bond that matures December 15, 2015. The term bond requires a sinking fund redemption beginning December 15, 2014.

On April 15, 1996, the Authority issued Sports Facilities Lease Revenue Bonds, Series 1996, to finance, together with certain other funds, the construction of a football stadium at Camden Yards. Principal and interest are payable primarily from the basic rent to be paid by the State under the Master Lease. Interest is payable semiannually at rates varying from 5.30% to 5.80% per annum. This issue contains \$34,855,000 of serial bonds that mature in varying amounts through March 1, 2015 and \$11,005,000, \$17,860,000 and \$22,350,000 term bonds that mature March 1, 2018, March 1, 2022, and March 1, 2026, respectively. These term bonds are subject to mandatory sinking fund payments beginning March 1, 2016.

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

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

MARYLAND STADIUM AUTHORITY
Notes to Financial Statements
June 30, 2006

10. BONDS PAYABLE (Continued)

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

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

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

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

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

MARYLAND STADIUM AUTHORITY
Notes to Financial Statements
June 30, 2006

10. BONDS PAYABLE (Continued)

Debt service requirements subsequent to June 30, 2006 are as follows:

Year ending June 30	Principal Maturities	Interest	Total
2007	\$ 13,940,000	\$ 17,785,399	\$ 31,725,399
2008	14,925,000	16,963,321	31,888,321
2009	15,210,000	16,116,663	31,326,663
2010	16,195,000	15,192,767	31,387,767
2011	17,255,000	14,221,600	31,476,600
2012-2016	97,520,000	53,806,619	151,326,619
2017-2021	84,465,000	24,377,951	108,842,951
2022-2026	36,770,000	6,097,169	42,867,169
Total	<u>\$ 296,280,000</u>	<u>\$ 164,561,488</u>	<u>\$ 460,841,488</u>

11. DEFERRED REVENUE, 1999 REFUNDING AND INTEREST RATE SWAPS

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

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

MARYLAND STADIUM AUTHORITY
Notes to Financial Statements
June 30, 2006

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

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

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

Recognition of deferred revenue subsequent to June 30, 2006 is as follows:

2007	\$ 1,113,859
2008	1,227,976
2009	1,170,118
2010	1,105,370
2011	1,037,159
2012-2016	4,279,337
2017-2021	1,462,133
2022-2026	251,953
Total	<u>\$ 11,647,905</u>

MARYLAND STADIUM AUTHORITY
Notes to Financial Statements
June 30, 2006

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

Objective of the Interest Rate Swaps. The Authority entered into four swaps: two (2) swaps dated as of October 1, 1993, and two (2) swaps dated June 10, 1998. The 1999 Swap Agreement and the 1998 Swap Agreement were entered into on October 1, 1993, along with other agreements corresponding with the issuance of the Authority's Series 1999 Bonds and the Series 1998 Bonds for the purpose of realizing certain cost savings associated with refunding the Authority's Series 1989D Bonds and the Series 1989C Notes. The Authority received a payment of \$15,522,129 from AIG Financial Products ("AIG-FP"), the counterparty, in order to induce the Authority to enter into the swap agreements. The Authority entered into the Convention Center Swap Agreement and the Football Swap Agreement on June 10, 1998, along with other agreements associated with the planned future refunding of the Authority's Series 1994 Bonds and the Series 1996 Bonds at the first par call date of the Series 1994 Bonds and the Series 1996 Bonds, 2006 and 2007, respectively. The Authority received a payment of \$3,313,500 from Ambac Financial Services, L.P. ("Ambac"), the counterparty, in order to induce the Authority to enter into the swap agreements.

Terms. The notional amounts of the swaps match the principal amounts of the associated bond issues. The Authority's swap agreements contain scheduled reductions to the outstanding notional amounts that match scheduled principal reduction in the associated debt. The terms, including the fair values and credit ratings on the swap counter parties as of June 30, 2006, are as follows:

Associated Bond Issue	Notional Amount	Trade Date	Effective Date	Fixed Rate Paid	Variable Rate Received	Fair Values	Swap Termination Date	Counter-party Rating
Series 1999	\$ 112,155,000	10/1/93	12/15/99	5.540%	Bond Rate*	\$ (9,630,609)	Dec. 2019	AAA/Aaa
Series 1998	15,800,000	10/1/93	12/15/98	7.510%	1 Month LIBOR	(1,863,532)	Dec. 2019	AAA/Aaa
Series 2006 [†]	31,225,000	6/10/98	12/15/06	5.83% to 5.88%**	Bond Rate*	(2,260,914)	Dec. 2014	AAA/Aaa
Series 2007 [†]	73,125,000	6/10/98	03/01/07	5.69% to 5.80%**	Bond Rate*	(7,783,186)	March 2026	AAA/Aaa
	<u>\$ 232,305,000</u>					<u>\$ (21,538,241)</u>		

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

[†] Bonds have not been issued.

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

MARYLAND STADIUM AUTHORITY
Notes to Financial Statements
June 30, 2006

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

Fair Value. Because interest rates have declined from rates that were in effect on dates the swaps were entered into, all swaps have a negative fair value as of June 30, 2006. The fair values of the swaps were developed by an independent pricing consultant to the Authority that does not have a financial interest in the swaps, using a market accepted method similar to the zero coupon method example described in the GASB Technical Bulletin No. 2003-1 of calculating fair value. The methodology used consists of calculating the future net settlement payments required by the swap agreement, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero coupon bonds due on the date of each future net settlement date of the swap.

Credit Risk. As of June 30, 2006, the Authority was not exposed to credit risk because the swaps had a negative fair value. However, should interest rates change and the value of the swaps become positive, the Authority would be exposed to credit risk in the amount equal to the swaps' fair value. American International Group, Inc. which provides a guarantee to the counterparty for the 1999 Swap and the 1998 Swap was rated AAA by Standard and Poor's and Aaa by Moody's Investors Service as of June 30, 2006. AMBAC Assurance Corporation, the counterparty to the Convention Center Swap and The Football Swap was rated AAA by Standard and Poor's and Aaa by Moody's Investors Service as of June 30, 2006. To mitigate the potential for credit risk for the 1999 Swap and the 1998 Swap, if the guarantor's long-term unsecured unsubordinated debt ratings are suspended by either S&P or Moody's or the guarantor's ratings fall below AA- or Aa3 by S&P and Moody's, the fair value of the associated swap will be fully collateralized with cash or securities. Collateral would be posted with an independent third party custodian. In addition, if the Authority's ratings for debt secured by the master lease with the State of Maryland fall below BBB+ or Baa1 by S&P and Moody's or are suspended, the fair value of the swap will be fully collateralized by the Authority with cash or securities. Collateral would be posted with an independent third party custodian. The Authority was rated AA+ by Standard and Poor's and Aa2 by Moody's Investors Service as of June 30, 2006.

MARYLAND STADIUM AUTHORITY
Notes to Financial Statements
June 30, 2006

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

Basis Risk. As of June 30, 2006, the 1999 Swap, the Convention Center Swap and the Football Swap do not expose the Authority to basis risk. The Authority is receiving a variable rate payment from the counterparty on the 1999 Swap equal to the variable rate it pays on the associated bonds. Under certain circumstances, the counterparty could pay an alternative floating rate to the Authority which would not be equal to the variable rate interest accrued on the Series 1999 Bonds, which would subject the Authority to basis risk. The Convention Center Swap and the Football Swap have not reached their respective payment start dates. The 1998 Swap does expose the Authority to basis risk. The Authority is receiving a variable rate payment from AIG-FP equal 100% USD-LIBOR-BBA reset monthly and pays a floating rate on the Series 1998 Bonds, which is currently remarketed at a taxable rate mode that is reset weekly. If the rates on the index are below the floating rates on the Series 1998 Bonds, the Authority is liable for the difference.

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

Swap Payments and Associated Debt. Using rates as of June 30, 2006, for the debt service requirements of the Authority's outstanding variable rate bonds and using the forward rates as of the effective date for the Authority's forward starting swap, the net swap payments are as follows. As rates vary, variable-rate bonds interest payments and net swap payments will vary.

MARYLAND STADIUM AUTHORITY
Notes to Financial Statements
June 30, 2006

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

Variable - Rate Bonds (1)(2)

Fiscal Year Ending June 30	Principal	Interest	Interest Rate Swaps, Net	Total
2007	\$ 5,945,000	\$ 6,780,430	\$ 1,330,839	\$ 14,056,269
2008	11,730,000	8,815,444	3,921,219	24,466,663
2009	12,435,000	8,330,219	3,724,818	24,490,037
2010	13,190,000	7,815,425	3,513,558	24,518,983
2011	13,995,000	7,268,971	3,284,478	24,548,449
2012	14,850,000	6,688,881	3,037,311	24,576,192
2013	15,760,000	6,072,945	2,774,850	24,607,795
2014	16,730,000	5,418,886	2,494,831	24,643,717
2015	17,760,000	4,724,284	2,195,948	24,680,232
2016	13,805,000	4,091,958	1,919,788	19,816,746
2017	14,660,000	3,509,403	1,682,235	19,851,638
2018	15,570,000	2,890,318	1,429,813	19,890,131
2019	16,545,000	2,232,180	1,161,583	19,938,763
2020	17,555,000	1,532,910	876,577	19,964,487
2021	4,580,000	1,133,977	704,260	6,418,237
2022	4,845,000	959,068	615,820	6,419,888
2023	5,125,000	774,042	522,258	6,421,300
2024	5,420,000	578,338	420,712	6,419,050
2025	5,735,000	371,331	313,359	6,419,690
2026	6,070,000	152,273	199,787	6,422,060
Total	\$232,305,000	\$80,141,283	\$36,124,044	\$348,570,327

(1) Includes principal, interest and net swap payments on the Convention Center Swap and Football Swap agreements and related bonds, expected to be issued in FY 2007.

(2) Using rates as of June 30, 2006, for debt service requirements of the Authority's outstanding tax-exempt and taxable variable rate bonds (4.03% and 5.36%) and using the forward rates (3.85% and 3.75%), as of the effective date, for the Authority's forward starting Convention Center Swap and Football Swap, respectively.

MARYLAND STADIUM AUTHORITY
Notes to Financial Statements
June 30, 2006

12. NONCURRENT LIABILITIES

Noncurrent liability activity for the year ended June 30, 2006 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Compensated absences	\$ 69,715	\$ 439,971	\$ 2,016	\$ 507,670	\$ 15,000
Project advances	0	304,431	0	304,431	304,431
Retainage payable	449,600	0	365,291	84,309	84,309
Workers' compensation	39,450	155,550	-	195,000	30,225
Lease revenue bonds payable, net	309,186,894	4,216	12,921,086	296,270,024	13,940,000
Deferred revenue	12,652,515	-	1,004,611	11,647,904	1,113,859
Total	\$ 322,398,174	\$ 904,168	\$ 14,293,004	\$ 309,009,338	\$ 15,487,824

13. OPERATING LEASES

A. Lease Rental Income

The Authority has leased certain office space in the Camden Yards Warehouse to various tenants with terms ranging from 3 years to 20 years. The future minimum lease rentals to be received on noncancelable operating leases as of June 30, 2006 are as follows:

2007	\$ 3,659,934
2008	3,115,111
2009	2,800,403
2010	2,841,472
2011	2,883,176
2012-2026	<u>23,160,186</u>
Total	<u>\$ 38,460,282</u>

Lease rental income for the year ended June 30, 2006 was \$3,894,819.

MARYLAND STADIUM AUTHORITY
Notes to Financial Statements
June 30, 2006

13. OPERATING LEASES (Continued)

B. Lease Expenses

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

2007	<u>\$ 1,604,892</u>
Total	<u>\$ 1,604,892</u>

Lease expense for the year ended June 30, 2006 was \$1,604,892.

By December 15, 2007, the Authority need to decide either to purchase the chiller system and generator equipment for approximately 20% of the original cost or extend the lease for an additional four years.

14. RETIREMENT PLANS

A. Maryland State Retirement and Pension System

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

MARYLAND STADIUM AUTHORITY
Notes to Financial Statements
June 30, 2006

14. RETIREMENT PLANS (Continued)

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

C. Funding Policy

The Authority's required contribution is based upon actuarial valuations. Effective July 1, 1980, in accordance with the laws governing the System, all benefits of the System are funded in advance. The entry age normal cost method is the actuarial cost method used. Both the Authority and covered employees are required by state statute to contribute to the System. The employees contribute from 2% to 5% of compensation, as defined, depending on the participant's plan. The Authority made its required contribution during fiscal years ended June 30, 2006, 2005, and 2004 of \$214,826, \$150,936, and \$151,996, respectively.

D. Postretirement Benefits

Former Authority employees who are receiving retirement benefits may participate in the State's health care insurance plans. These plans, which provide insurance coverage for medical, dental and hospital costs, are funded currently by the payment of premiums to the carriers and, under State policy, are contributory. Substantially, all employees become eligible for these benefits when they retire with pension benefits. Two employees are receiving benefits under these plans. The Authority's cost of retirees' health care benefits is expensed when paid, and totaled \$202,938 for the year ended June 30, 2006.

15. COMMITMENTS

In 1995, approximately \$235 million in bonding capacity was set aside for the Camden Yards Sports Complex. Approximately \$90 million of this amount was unused. This money was set aside for the city of Baltimore to find a football team. If the City did not obtain a team by December 31, 1995, then the money was to be distributed into a public school construction fund. In November 1995 the City secured the Baltimore Ravens football team. As a result, a portion of the money that was set aside for the construction of public schools in the Baltimore area was now going to be used for the construction of the football stadium. Consequently, the legislators in Annapolis took the stance that, because the Ravens will benefit from being in Baltimore, the Authority should contribute an amount to the Public School Construction Fund. Pursuant to legislation enacted effective April 1996, the

MARYLAND STADIUM AUTHORITY
Notes to Financial Statements
June 30, 2006

15. COMMITMENTS (Continued)

Authority is committed to pay \$24 million into the Public School Construction Fund over 10 years, or \$2,400,000 per year, beginning in fiscal year 2001. The Authority has committed to pay the annual amount in \$200,000 monthly increments. The Authority made its first installment of \$2,400,000 during fiscal 2001. The Authority was relieved of its fiscal 2002 obligation through the approval of the State's Budget. A payment for the year ended June 30, 2005 and 2006 was required and paid.

16. LITIGATION

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

17. TRANSFERS OUT – MONTGOMERY COUNTY CONFERENCE CENTER

The Authority has determined that funds received in prior years from Montgomery County, Maryland to fund the County's portion of the construction costs for the Bethesda North Conference Center should have not been recognized as a funding source. The Authority has determined that neither the State of Maryland nor the Authority has title to the land and only has an interest in the leasehold improvements during the term of the Authority's bonds issued for this project. As a result, capital assets have been reduced by \$13,038,140 and the related accumulated depreciation reduced by \$422,532. The corresponding net capital asset basis has been reflected as a transfer under non operating expenses.

18. SUBSEQUENT EVENTS

The Authority requested arbitrage calculations for all of its outstanding tax-exempt bond issues. These calculations were completed on October 31, 2006. Calculations were performed on the Baltimore Convention Center Expansion Lease Revenue Bonds, Series 1994, Ocean City Convention Center Lease Revenue Bonds, Series 1995, Sports Facilities Lease Revenue Bonds, Series 1996, Sports Facilities Revenue Bonds, Series 1997, Sports Facilities Lease Revenue Refunding Bonds, Series 1999 and Montgomery County Conference Center Tax Exempt Lease Revenue Bonds, Series 2003. These calculations were performed from the date of issuance, for each series, through June 30, 2006. It was determined that all but one series had a negative liability with the exception of the Ocean City Convention Center Expansion Lease Revenue Bonds, Series 1995, which discloses an arbitrage rebate due of \$240,606 and the related Internal Revenue filing is due in 2007.

A WINNING SCORE

Twenty Years – A Billion Dollars Invested Statewide

Oriole Park at Camden Yards	\$205,000,000
Baltimore Covention Center Expansion	\$156,000,000
Ocean City Convention Center Expansion	\$32,000,000
M&T Bank Stadium	\$229,000,000
UMBC Commons	\$34,000,000
Ripken Stadium	\$18,000,000
Unitas Stadium – Towson Sports Complex	\$32,700,000
Towson Baseball Stadium	\$500,000
Comcast Arena	\$126,000,000
College Park Garage	\$18,000,000
College Park Women's Softball Stadium	\$3,700,000
Montgomery County Conference Center	\$66,000,000
Veterans Memorial	\$850,000
Memorial Stadium Demolition	\$5,500,000
Hippodrome Performing Arts Center	\$62,700,000
Camden Station Renovation	\$9,500,000
TOTAL DEVELOPMENT	\$1,000,150,000

"Since its establishment in 1986, the MSA has become an integral state agency, taking on a wide array of stadium, convention and cultural facility projects statewide."

*– Fitch Ratings,
January 2007*



At a recent twentieth reunion celebration, Maryland Stadium Authority staff presented each of the five chairmen with a group caricature.

From Top Left: Herb Belgrad (1986-1995), John Moag (1995-1998), John Brown (1999-2003), Carl Wright (2003-2005), and Robert McKinney (2005 -Present)

Below: They are pictured together at the M&T Bank Stadium event with current MSA Executive Director Alison Asli (center) and longtime executive director Bruce Hoffman (far right)



Robert L. Ehrlich, Jr., *Governor*

Maryland Stadium Authority

Robert L. McKinney, *Chairman*

Leonard J. Attman

Wayne K. Curry

Samuel J. Lloyd

Dennis B. Mather

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