Maryland Stadium Authority

TOWSON UNIVERSITY MINNEGAN STADIUM

RIPKEN STADIUM

UNIVERSITY OF MARYLAND BALTIMORE COUNTY
"THE COMMONS"

UNIVERSITY OF MARYLAND COLLEGE PARK COMCAST CENTER

Annual Report 2002

Maryland Stadium Authority

2002 Annual Report

Maryland Stadium Authority
The Warehouse at Camden Yards
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Baltimore, Maryland 21201

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Table of Contents

MARYLAND STADIUM AUTHORITY

THE WAREHOUSE AT CAMDEN YARDS
333 WEST CAMDEN STREET, SUITE 500
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(410) 333-1560 FAX (410) 333-1888

To the Governor and Members of the
Maryland General Assembly:

The Maryland Stadium Authority is pleased to welcome Governor Ehrlich and the new members of the Maryland General Assembly and present to them our Annual Report for 2002.

In its eleventh season, activities at Camden Yards continued to thrive with an assortment of non-game events, including the African American Heritage Festival, the Navy-Notre Dame football game and the State high school championship football games. We are especially proud of being named the "most influential sports venue of the past 25 years" in a poll of media and sports-industry executives conducted by the International Sports Summit.

The Stadium Authority enjoyed a very successful year with the completion of several projects - The Commons at the University of Maryland Baltimore County (UMBC), Ripken Stadium in Aberdeen, Minnegan Stadium at Towson University and the Comcast Center and softball field at the University of Maryland College Park.

We currently have several projects in progress and look forward to taking on new challenges in the coming year. It is our hope that we will continue to meet all expectations and, through our successfully completed projects, enhance the pride in our State and augment the economic development of Maryland.

Sincerely,

John Brown, III
Chairman

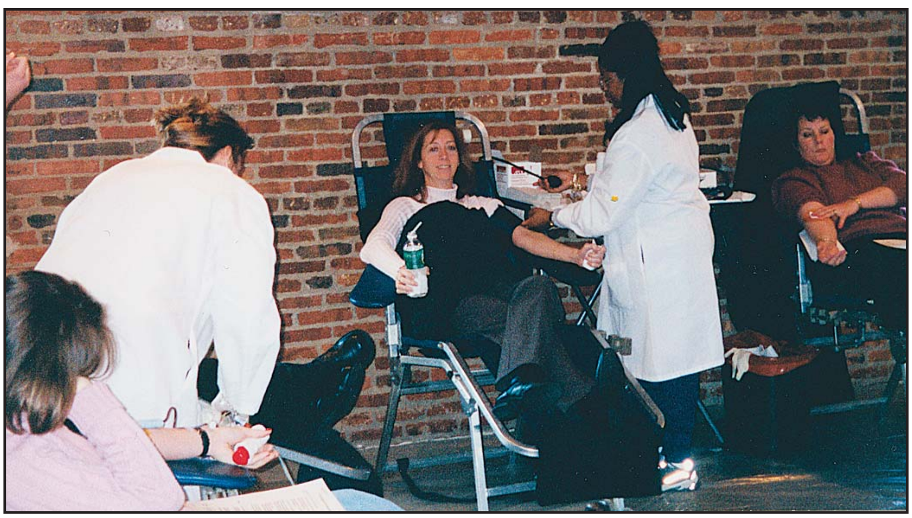
Richard W. Slosson
Executive Director

THE SPORTS COMPLEX AT CAMDEN YARDS

The Maryland Stadium Authority enjoyed another successful year within the Camden Yards Sports Complex.

The Warehouse continued at full occupancy with fourteen tenants. To ensure the safety of our tenants and visitors, enhanced perimeter security measures were put in place, including the strategic placement of large planters and bollards around the Complex. The use of an environmentally friendly electrical vehicle was initiated for security patrol. An emergency evacuation drill was held at Ravens Stadium in mid-July to test the response performance, of stadium operations personnel, all of whom passed with flying colors.

The tenants at Camden Yards again participated in two successful Red Cross blood drives throughout the year.



During 2002, the Maryland Stadium Authority began its active support of Baltimore City's DASH Program which furnishes low cost transportation for commuters from Camden Yards to areas throughout downtown. This service has the added benefit of filling the parking lots throughout the Complex during regular, non-game working hours and adding to the revenues generated at Camden Yards.

The facilities at Camden Yards continue to attract a wide variety of events sponsored by repeat and new customers. Among the major returning events were the African American Heritage Festival, the Taste of Baltimore, the Baltimore Marathon, the Race for the Cure and the Turkey Bowl (Calvert Hall v. Poly). Significant events new to Camden Yards in 2002 were the home games of the Bayhawks Lacrosse team and the Navy-Notre Dame football game in November. The Divisions 1A through 4A High School State Football Championship games also were held in Ravens Stadium in November.

More than 180 special events took place within The Warehouse at Camden Yards and in the facilities contained within Oriole Park at Camden Yards. These included fundraisers, high school and college reunions, job fairs, wedding receptions, corporate functions and meetings, lunches and dinners, a tailgate party and trade shows. A first-ever Open House was held in July to showcase the opportunities available to host memorable events at the baseball park. This event attracted more than 5,000 guests and highlighted the sumptuous variety of food and beverages available for on-site events that are guaranteed to please all participants.

Ravens Stadium was the site of more than 100 non-game events in addition to the activities sponsored by the football team. These events included fundraisers, luncheons, crab feasts, galas, holiday parties and the Baltimore Marathon.

In October, Camden Yards was the site of the unveiling of a larger-than-life size statue of NFL football legend, Johnny Unitas, at Ravens Stadium. The team designated the area at the main stadium entrance as "Unitas Plaza" in tribute to the man who meant so much to our State and City.

PROJECT UPDATES

Completed Projects

Memorial Stadium

Project Director:

Edward E. Cline

Demolition Contractor:

Potts & Callahan
Baltimore, Maryland

Site Representative:

Jeffrey K. Provenzano

Project Budget:

$9,850,000

<u>Project Summary</u>:

Built originally in 1949-1950 and immediately the subject of modification and expansion, Memorial Stadium became the official home of the National Football League's Baltimore Colts in 1953 and to the American League's Baltimore Orioles in 1954. Following the move of the Orioles to Camden Yards in 1992, Memorial Stadium hosted the Canadian Football League's Stallions, Minor League Baseball's Bay Sox and the Baltimore Ravens. When the Ravens left for their new home at Camden Yards in 1998, planning for the future of Memorial Stadium began again. Ultimately the City of Baltimore made the decision that Memorial Stadium would be demolished and the Maryland Stadium Authority was given responsibility for overseeing the demolition which was funded by the Maryland General Assembly.

The first steps of the demolition project included environmental remediation and salvage operations. Then, working closely with representatives of the Babe Ruth Museum, in 2000, MSA began removal of seats and other memorabilia from the stadium. Items including rest room signs, police call boxes, lockers and ceiling fans were salvaged. In October, 2000, a public sale and auction was held at Memorial Stadium affording Baltimore sports fans an opportunity to obtain a special memento of the grand old stadium and, at the same time, generating revenues to offset demolition costs.

The time capsule placed within the structure of Memorial Stadium was recovered and opened in January, 2002, revealing a host of memorabilia from the stadium's dedication. Demolition of Memorial Stadium began in February, 2001 and was completed in the Spring of 2002.

Ripken Stadium

Project Director:
Gary A. McGuigan

Site Representative:
Jeffrey K. Provenzano

Architect:
Design Exchange

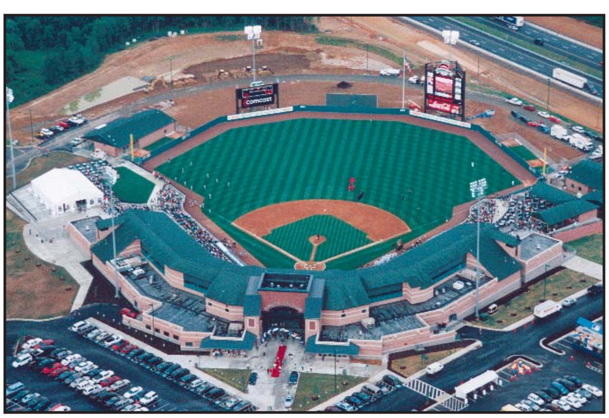
General Contractor:
Baltimore Contractors, Inc.

Construction Manager:
Heery International

Project Budget:
$18 Million

The Maryland Stadium Authority worked with the City of Aberdeen, Harford County and private investors, including Baltimore baseball legends Cal and Billy Ripken on plans for this 6,000 seat minor league baseball stadium. Visible from Interstate 95, the facility has 2,000 adjacent parking spaces and is located on 30 acres in Aberdeen, Maryland next to the planned Ripken Academy. The Academy will include six separate fields, each a replica of a past or present Major League Baseball park, i.e., Oriole Park at Camden Yards, Fenway Park, Wrigley Field, Memorial Stadium and Ebbet's Field.

Ripken Stadium celebrated its official opening on June 18, 2002 and the inaugural season was a huge success with the Ironbirds playing to sold out crowds night after night.



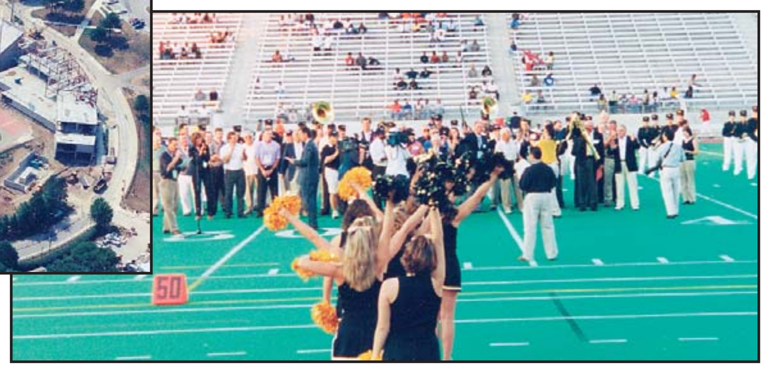
Towson University
Minnegan Stadium

Project Director:
Kim I. McCalla

Architect:
Cho, Benn & Holback /
Ellerbe Becket

Construction Manager:
Barton Malow Company/Essex

Project Budget:
$31.7 Million



Completed in September, 2002, the project to expand and renovate Minnegan Stadium enables it to serve as a sports and academic complex for Towson University. As a result of the entrance of the University into the Patriot League, stadium seating was increased from 4,500 to 11,000 and specific enhancements made. The grass field was replaced with artificial turf and the lighting modernized and moved away from fan sight lines.

Existing press facilities were demolished and replaced with a new press box which includes radio, scoreboard and coaches booths; a multi-purpose suite was incorporated into the stadium; concession operations were increased to 36 point-of-sale locations; rest room facilities were increased and the stadium brought into compliance with the Americans with Disabilities Act.

The field house, to be completed in March, 2003, now encompasses two visitors' locker rooms, (divisible into four) and locker rooms for game officials. New locker room facilities were incorporated for the football, field hockey, men's and women's lacrosse teams with training facilities and equipment rooms now having direct access to the field. Space designed for classrooms and a learning center for athletes also was made a part of the stadium facility.

The improvements to this facility not only enhance the accommodations for Towson University's teams and sports fans but also provide the area with a facility that can be utilized by the surrounding community.

Phase II of the construction, which included building the North Side seating, restrooms, concession stands, ticket areas, a promenade to connect the north and south sides of the stadium and work on the associated utilities and infrastructure was completed in 2001. Phase III, which involved demolition of the original stadium and replacing it with new seating, restrooms and concession stands, began in Summer, 2001 and was completed in 2002.

The newly enhanced stadium complex has become an integral part of campus life for Towson University and the surrounding neighborhoods.

University of Maryland
Baltimore County
"The Commons"

Project Director:

Gary A. McGuigan

Architect:

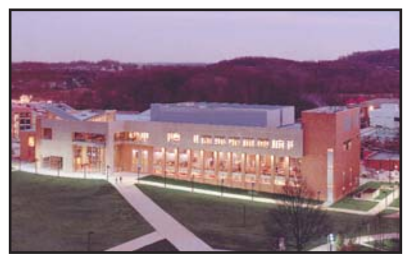
Design Collective, Inc./
Perry Dean Rogers & Partners

Construction Manager:

Barton Malow / Essex

Project Budget

$35.2 Million



This project, funded by the University of Maryland, Baltimore County, involved the design and construction of "University Commons," a centerpiece campus facility. The "Commons," a 150,000 square foot structure includes meeting rooms, food and retail outlets and a book store. Also incorporated into the building is a recreation area, facilities for the student government association, a student-run night club, a bank and a copying center. "The Commons" opened its doors to students on January 28, 2002 and received "rave reviews" from the students and faculty alike.

"The Commons" has been recognized by the American Institute of Architects (AIA) for its unique design and also by various associations with awards for craftsmanship.

University of Maryland
College Park
Comcast Center

Project Director:

Kim I. McCalla

Architect:

Ellerbe Becket /
Design Collective

Construction Manager

Gilbane Building Company /
Smoot, JV

Project Budget

$126.8 Million

In October, 2002, the Maryland Stadium Authority, working with representatives of the University of Maryland, College Park, successfully completed on schedule the design and construction of the new Comcast Center located on the North Field area of the University's campus, adjacent to the intramural athletic fields.

The Comcast Center includes a 17,900 seat basketball facility and accommodates the activities formerly housed in Cole Field House. The "feel" of Cole Field House was retained with 2,500 of the 4,000 students being seated surrounding the court and the remainder located in the end zone. The view into the seating bowl from the main concourse also is reminiscent of Cole Field House.

The Comcast Center features a 7,000 square foot Academic Support and Career Development Center, a student activity center, accommodates facilities for 25 different sports and incorporates a well-equipped training facility. The project included the arena, parking, utilities and other associated activities.

Special features of the arena include:

- Removable Lower Seats
- Training Rooms
- Weight Training Rooms
- Increased Concessions & Rest Rooms
- Press Area
- Compliance with ADA
- Team Store
- Practice Courts, Wrestling Gym
- "Walk and Hall of Fame"
- Athletic Administration Offices
- "Heritage Hall"

University of Maryland College Park Softball Field

Project Manager:

Kim I. McCalla

Construction Manager

Gilbane Building Company / Smoot, JV

Architect:

Ellerbe Becket / Design Collective, Inc.

Project Budget:

$4.1 Million

The 1,000 seat softball stadium incorporates a press box, rest rooms and a concession stand. Completed in March, 2002, the facility was ready for the University's spring season.

Current Projects

Hippodrome Performing Arts Center

Project Director:

Robert Boras

Architect:

Hardy Holzman Pfeiffer Associates, LLP
New York, New York /

Murphy & Dittenhafer
Baltimore, Maryland

Construction Manager:

The Whiting Turner Contracting Company

Project Budget:

Estimated at $63 Million

Located on North Eutaw Street, the Hippodrome Theater, built as a Vaudeville House in 1914, is one of the last remaining historic Thomas Lamb theaters. The renovated Hippodrome theater with 2,250 seats, will serve as the anchor for Baltimore City's Westside Renaissance.

The Maryland Stadium Authority is overseeing the design and construction of the renovated Hippodrome, working with representatives of the Baltimore Center for the Performing Arts and Clear Channel Entertainment, the theater operator. The Hippodrome project is considered to be the catalyst for the renewal of eighteen blocks associated with Baltimore's Westside.

In addition to the Hippodrome, the buildings adjacent to the theater are essential to developing the performing arts center complex which will include a new stage house, lobbies, retail box office, administrative offices, loading dock and flexible multi-purpose spaces. These properties include buildings which formerly housed the Eutaw Savings Bank, the Western Savings Bank and the Eutaw Building.

During 2002, the Stadium Authority completed the complicated financing structure, a pre-condition to the sale of bonds. Bonds for the Hippodrome Performing Arts Center were then issued in the amount of $20,250,000. The financing for this project resulted in the establishment by MSA of a for-profit subsidiary, necessary to obtain federal historic tax credits.

In addition to the MSA bond and tax credit funds, the project is being financed by a contribution from the City of Baltimore, a endowment from Baltimore County, an investment from Clear Channel and a bank loan secured by private donors. In order to move ahead, MSA's bond financing was increased in 2002 through legislation intended to replace funds that otherwise would have been generated by State tax credits. The financing package was an extraordinary example of a successful public/private partnership.

Contracts associated with this project include: relocation of site utilities, excavation, demolition, foundations, structural steel, cast-in-place concrete, masonry, curtain wall and electrical and mechanical systems, exterior and interior historic restoration and interior finishes.

For the first time ever, performances of large touring Broadway shows will be possible at the renovated Hippodrome Performing Arts Center scheduled for completion in February, 2004.

In October, 2002, a special event was held on the Hippodrome site. Dancers from "42nd Street" were on hand to kick-off the ceremony.

Veterans' Memorial

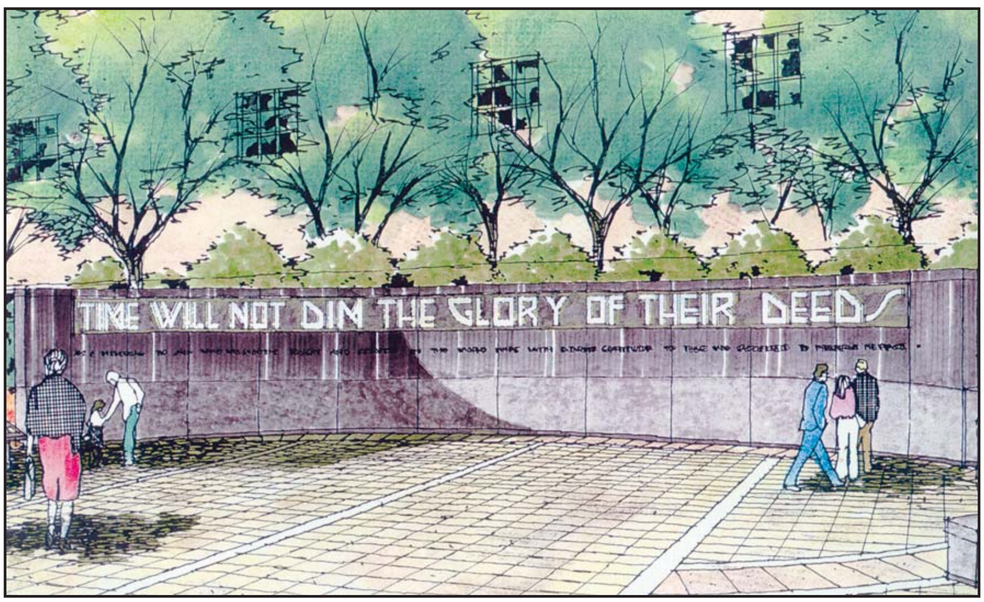
Project Director:
Edward E. Cline

Site Representative:
Jeffrey K. Provenzano

Architect:
CS&D Architects
Baltimore, Maryland

Contractor:
Whiting Turner
Contracting Company
Baltimore, Maryland

Estimated Budget:
$775,000



The Maryland Stadium Authority is overseeing construction of the veterans' memorial at the Sports Complex at Camden Yards. The language on the new memorial incorporates most of the essential wording from the memorial formerly located on Memorial Stadium on 33rd Street but is updated to include veterans of all of our Nation's wars.

The creation of this memorial will enable more than 4 million people each year to personally see this tribute to our veterans when they visit Camden Yards for a game, special event or as a destination itself. This ground-level memorial will afford the opportunity for visitors to pause and reflect on the valiant effort and sacrifice made by so many of our brave soldiers to preserve America's freedom.

Construction of the new memorial began in September, 2002. The ceremonial groundbreaking was held on Veterans' Day, November 11th, 2002. Completion of the memorial is scheduled for Spring, 2003 with a special dedication being held on Memorial Day, 2003.

Montgomery County Conference Center

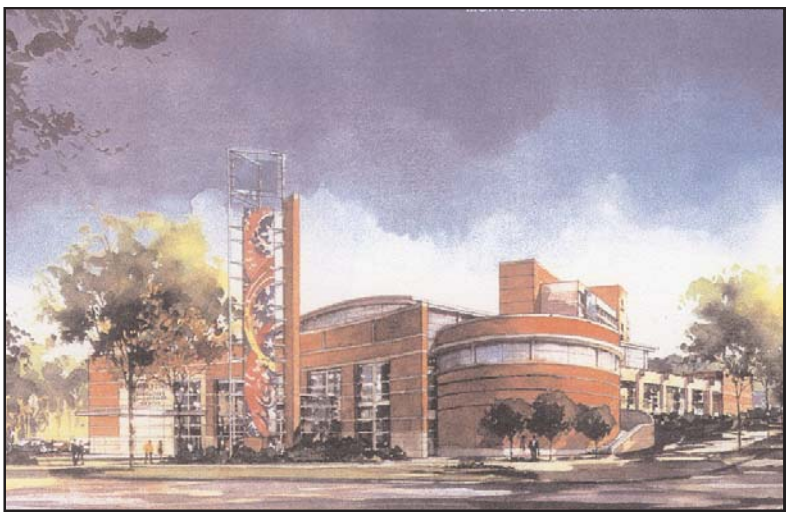
Project Director:
Gary A. McGuigan

Architect:
RTKL
Washington, D. C.

Developer:
Quadrangle Development Corporation

Estimated Budget:
$66 Million

Contractor:
Hitt Contracting, Inc.



The Maryland Stadium Authority is responsible for oversight of design and construction of the Montgomery County Conference Center. The cost of the Center will be financed through funding from Montgomery County and the Maryland Stadium Authority. The Conference Center will be connected with an adjacent Marriott hotel being developed by Quadrangle Development Corporation. The Stadium Authority is authorized to issue up to $23.1 million in revenue bonds which are expected to be sold in January, 2003.

On December 18, 2002, the Stadium Authority received approval to issue the bonds and to enter into a construction contract with Hitt Contracting, Inc. Construction is expected to begin in February, 2003.

Camden Station

Project Director:

Gary A. McGuigan

Construction Manager:

Whiting Turner Contracting Company

Estimated Budget (Core & Shell)

$8.5 Million

The Maryland Stadium Authority is overseeing essential repairs to this 45,000 square feet historic building at the gateway to the Camden Yards Sports Complex. The station, unused since the 1980's, is in serious danger of suffering substantial structural damage unless immediate steps are taken to preserve the building's integrity.

It is anticipated that the basement and first floor of the Station ultimately will be occupied by an expansion of the Babe Ruth Museum. The Museum would utilize this space for a 23,000 square foot sports museum that would include exhibits featuring the Orioles, Cal Ripken, Johnny Unitas, the Maryland Terrapins and other exciting themes. The balance of the Station's space would be leased to a commercial tenant.

McIntosh Run

Architect:

Gary Player Designs

Project Director:

Robert Boras

Estimated Budget:

$15.3 Million

Located within the boundaries of Leonardtown in St. Mary's County, Maryland, McIntosh Run will showcase a Gary Player signature golf course. It is anticipated that this project will stimulate the development of 600 new residential units as well as a hotel-conference center and marina on the shores of Breton Bay. This economic development project will incorporate careful planning and design with environmental sensitivity and include many elements of the Smart Growth Policy. McIntosh Run will be built utilizing the existing infrastructure and is expected to make a significant contribution to the economic growth of Leonardtown.

A groundbreaking ceremony for the golf course was held in late June, 2002 and included representatives of the State of Maryland, St. Mary's County, the Town of Leonardtown, the Maryland Stadium Authority and Gary Player himself.

The Maryland Stadium Authority will oversee the development and construction of the golf course and is working closely with the Maryland Department of Business and Economic Development (DBED), the Maryland Department of Natural Resources (DNR) and the Maryland Economic Development Corporation (MEDCO) which is providing the funding for this project.

Ocean City Convention Center Study

Project Director:

Gary A. McGuigan

Estimated Budget:

TBD

Contractor:

Heery International
Baltimore, Maryland

Because of the Stadium Authority's successful completion of the 1996 expansion of the Ocean City Convention Center, the Town of Ocean City requested that we oversee a study to determine the feasibility of expanding the Ocean City Convention Center. The study for estimating and architectural services includes expansion of the exhibit hall by 30,000 square feet and adding approximately 12 meeting rooms offering views of the Bay. The study was completed in late December, 2002.

Special Olympics of Maryland

Project Director:

Gary A. McGuigan

Estimated Budget:

$24 - $28 Million

Architect:

CS&D Architects
Baltimore, Maryland

The Maryland Stadium Authority is working with Special Olympics of Maryland on a new facility building. The headquarters building will include offices for Special Olympics and a multi-purpose gym, two basketball courts. Also included in this project will be a soccer field, an eight-lane track, softball field and tennis courts. The facility primarily will be utilized for the training of coaches involved in the Special Olympics program but will be available for use by the public.

Special Olympics of Maryland and the Maryland Stadium Authority are exploring the possible location and timing of the project.

Maryland Stadium Authority Board

John Brown, III
Chairman

John Brown, III was appointed Chairman of the Maryland Stadium Authority on January 1, 1999 and has served as a member of the Authority since March, 1995. Mr. Brown is President of M.B.K. Enterprises, Inc. (R. J. Bentley's Restaurant) and Managing Partner of the College Park Professional Center. He also serves as President of the Downtown College Park Management Authority and is on the Board of Directors of the Restaurant Association of Maryland, serving as Government Relations Committee Chairman. Actively involved in numerous organizations affiliated with the University of Maryland, Mr. Brown serves as a member of the Inner Circle of the Michael D. Dingman Center for Entrepreneurship; the Maryland Business School Alumni Chapter Board of Directors; the University of Maryland Alumni Association, Inc. Board of Governors and is a Past President of the University of Maryland Terrapin Club. Mr. Brown is a member of the Board of the University of Maryland Medical Systems. Mr. Brown received a B.S. Degree from the College of Business and Management of the University of Maryland. He was recognized by the Robert H. Smith School of Business as one of its outstanding alumni in 1998.

Richard W. Slosson
Executive Director

Richard "Rick" Slosson was named Executive Director of the Maryland Stadium Authority effective March 1, 2000. An engineer with more than 20 years' experience in the construction, development and land use industry, he has worked on projects in 33 States, two Canadian Provinces, Europe and the Pacific Rim.

Prior to joining the Stadium Authority, Mr. Slosson served as Executive Vice President of Sunrise Development, Inc., a wholly owned subsidiary of Sunrise Assisted Living. In that capacity he was responsible for all phases of feasibility studies, site acquisition, project planning and design, contract negotiations and construction of all projects.

Before joining Sunrise in 1996, Mr. Slosson was employed by The Evans Company as Vice President of Construction from 1989 to 1996; as Contracts Manager / Senior Project Manager for Omni Construction from 1984 to 1989 and as a Project Engineer / Project Manager for the Whiting Turner contracting company from 1979 to 1984. Mr. Slosson was involved in many projects in the Baltimore Metropolitan Area including the National Aquarium, Harbor Place, the Baltimore Zoo, General Motors Assembly Plant, the Back River Waste Water Treatment Plant and The Annapolis Hotel.

A graduate of the University of Virginia with a Bachelor of Science Degree in Engineering, Mr. Slosson is married to Marylee and the father of two children, Scott and Megan.

F. Vernon Boozer

F. Vernon Boozer was appointed a member of the Maryland Stadium Authority on July 1, 1999. Mr. Boozer served as a member of the Maryland General Assembly for twenty-eight (28) years, first as a Delegate (1971 - 1979) and then as a member of the Maryland State Senate (1981 - 1999). During his tenure in the Maryland Legislature, Mr. Boozer served as Minority Leader and on numerous committees including the Senate Budget & Taxation Committee, the Rules Committee, Legislative Policy Committee, Joint Management of Public Funds and Finance Committee. Born in Norfolk, Virginia, Mr. Boozer received his A.B. Degree from Duke University and his J.D. from the University of Maryland School of Law. Married with four children, Mr. Boozer is a partner in the law firm of Covahey & Boozer in Towson, Maryland.

Earl U. Bravo, Sr.

Earl U. Bravo, Sr. was appointed to the Maryland Stadium Authority in July, 2001 for a four-year term, Mr. Bravo serves as Chief Operating Officer of The Chapman Companies, a publicly-traded, minority-controlled brokerage firm in Baltimore City. Before assuming his current responsibilities, Mr. Chapman was President of The Chapman Capital Management subsidiary, managing all planning, marketing, administration, regulatory filings and portfolio management for the firm. Prior to joining the Chapman Company, Mr. Bravo was Vice President in the Retail Finance Division of the Maryland National Corporation. A member of the Greater Baltimore Committee's Public Policy Committee, Mr. Bravo is on the Advisory Board of the Urban Financial Services Coalition (formerly the Maryland Association of Urban Bankers) where he formerly served as Association President. Mr. Bravo earned a B.A. in economics from Howard University and received his M.B.A. from the University of Maryland, College Park. Mr. Bravo lives in Baltimore City.

Michael R. Enright

Michael R. Enright was named as a member of the Maryland Stadium Authority on April 10, 2000 representing the City of Baltimore. Mr. Enright serves as Baltimore's First Deputy Mayor. Prior to joining the Mayor's staff, Mr. Enright was Legislative Director for United States Congressman Benjamin Cardin where he oversaw management of the legislative staff and the day-to-day legislative activities for Representative Cardin. From 1991 until 1998, Mr. Enright served as Executive Assistant to Maryland Attorney General J. Joseph Curran. In this role, he directed the communications operation and served as speech writer and spokesperson for the Attorney General. Before joining General Curran's staff, Mr. Enright worked as a newspaper reporter and freelanced for the Baltimore Sun and a wire service syndicated by the New York Times. Born in Washington, D. C., Mr. Enright, received his Bachelor of Arts Degree in English (with honors) from Tulane University in New Orleans, Louisiana and his Master's Degree in Public Administration from Harvard University's Kennedy School of Government.

Dennis C. Murphy

Dennis C. Murphy became a member of the Stadium Authority on August 1, 1997. He serves as President of Murphy and Hogan Commercial Real Estate Services in Annapolis. A Professional Certified Economic Developer, Mr. Murphy has served as President of the Maryland Industrial Development Association, a member of the Board of Directors of the American Economic Development Council and a member of the Prince George's County Private Industry Council. Mr. Murphy also served as President and Chief Executive Officer of the Prince George's County Economic Development Corporation. A Washington area native, Mr. Murphy attended secondary school and college in Prince George's County and served in the U.S. Marine Corps.

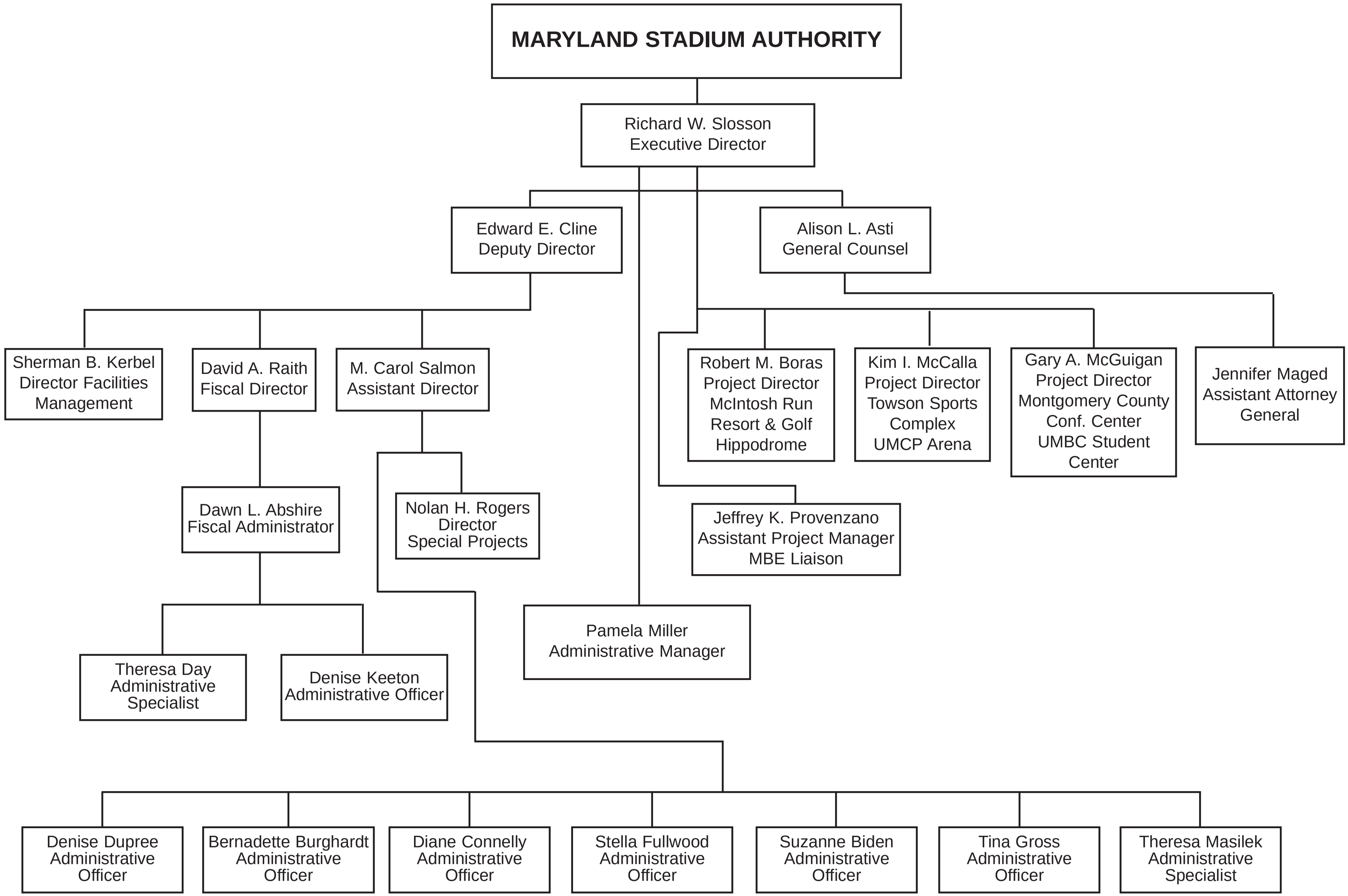
Robin O. Oegerle

Robin O. Oegerle was appointed to the Maryland Stadium Authority on January 1, 1999. She serves as Director of Marketing and media spokesperson for Ferris, Baker Watts, Inc. in Baltimore as well as functioning as Coordinator of the Ferris Baker Watts Foundation. Ms. Oegerle served as Treasurer for Governor Parris N. Glendening's election campaign; as Vice Chairman for Maryland Public Television; as Treasurer to the Committee to Re-Elect Sitting Judges in Prince George's County and as Chairman, Vice Chairman and Treasurer of the Parking Authority of Prince George's County. Ms. Oegerle received a B.A. Degree from the University of Florida and a Masters Degree from the University of Massachusetts.

James A. Soltesz

James A. Soltesz was confirmed as a member of the Maryland Stadium Authority on March 23, 2001. Mr. Soltesz is President, CEO and Past Executive Vice President of Loiederman Soltesz Associates. Since joining the firm in 1990, Mr. Soltesz has been responsible for the operation of four corporate offices and serves as Chairman of the Business Development Committee and Principal of the firm's subsidiary, Property Development Consulting Services, which offers advisory services to lending institutions, private investors and developers. Mr. Soltesz also serves as Life Director of the Maryland National Capital Building Industry Association and has served as Chairman of the Montgomery County Liaison Committee and as Treasurer, Past President and now as Vice President of the Builders Development Guarantee Group. He has served in various capacities with the Chamber of Commerce and other organizations in both Montgomery and Prince George's Counties, worked on the Governor's Transition Team in the area of economic development and business retention and presently serves on the Maryland Department of Transportation's Citizen Advisory Board. A graduate of Purdue University (B. S. in Civil Engineering), the Georgia Institute of Technology (M.S. in Civil Engineering) and the University of Cincinnati (M.B.A.), Mr. Soltesz is a licensed professional engineer in both Maryland and Florida.

Administrative Staff



Maryland Stadium Authority

Administrative Staff

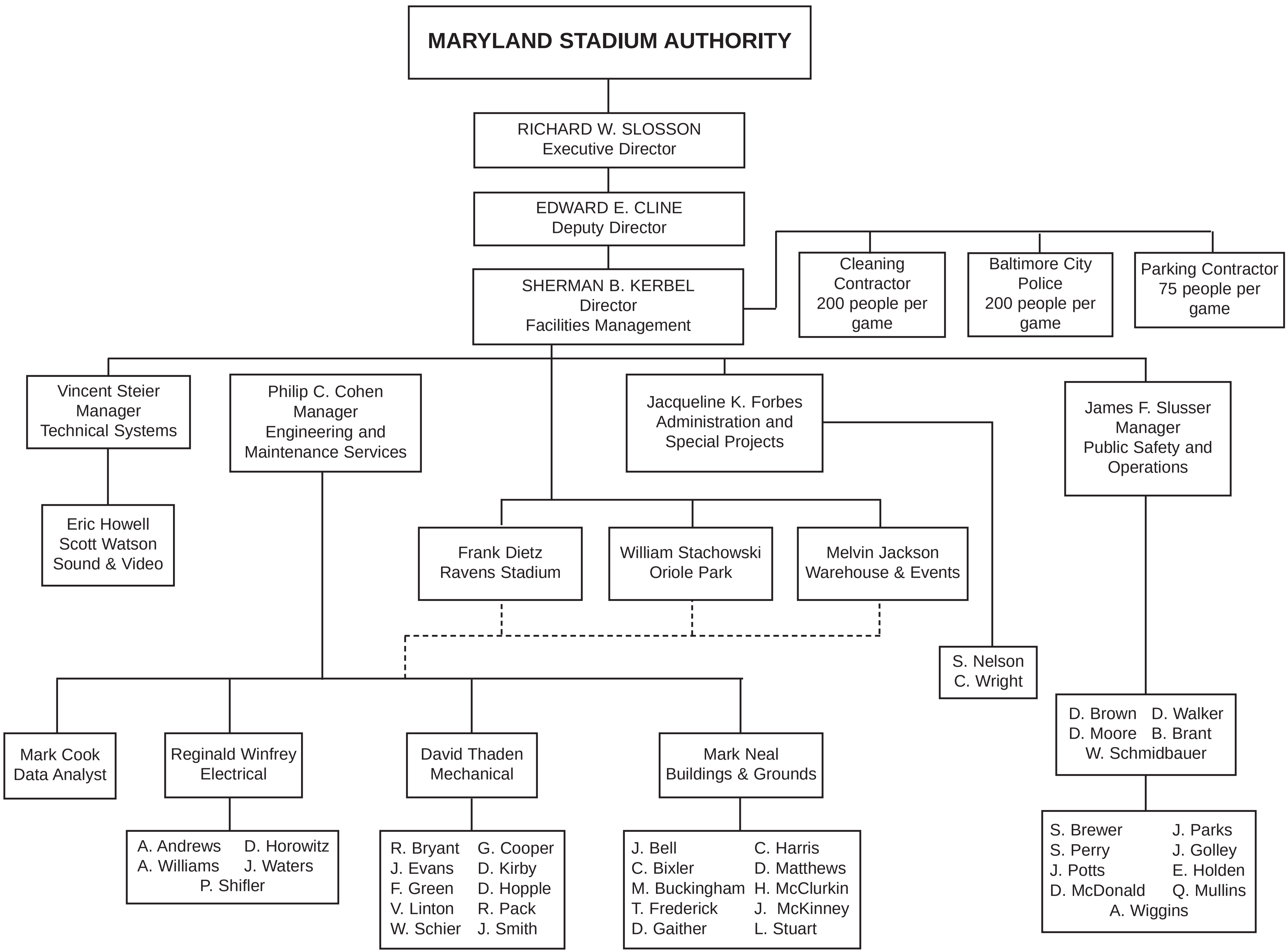
Front Row (Left to Right):

Diane Connelly, Pam Miller, Tina Gross, Gary McGuigan, Theresa Masilek, Terry Day, David Raith, Stella Fullwood

Row 2 (Left to Right):

Denise Keeton, Jennifer Maged, Ed Cline, Denise Dupree, Suzanne Biden, Rick Slosson, Robert Boras, Carol Salmon, Dawn Abshire, Jeff Provenzano, Alison Asti, Bernadette Burghardt

Facilities Management



Maryland Stadium Authority

Facilities Management

Administrative Staff

Front Row (Left to Right):

Carolyn Wright, Phil Cohen, Shelley Nelson

Row 2 (Left to Right):

Frank Dietz, Sherman Kerbel, Jackie Forbes, Bill Stachowski, Mel Jackson

Audio Visual Department

Front Row (Left to Right):

Scott Watson, Eric Howell

Row 2:

Vince Steier

Buildings & Grounds

Front Row:

Lou Stuart

Row 2 (Left to Right):

Mary Buckingham, Tyrone Frederick, Cynthia Harris, Mark Neal

Row 3 (Left to Right):

John McKinney, Chris Bixler, Delroy Gaither, Hugh McClurkin, Jimmy Bell

Electrical Department

Front Row (Left to Right):

Bart Shifler, David Horowitz, Alonzo Adrews

Row 2 (Left to Right):

Ray Winfrey, John Waters

Mechanical Shop

Front Row (Left to Right):

Francis Green, Dave Kirby, Vola Linton, John Smith, Dan Hopple

Row 2 (Left to Right):

Dave Thaden, Bill Schier, Rob Bryant

Security Department

Front Row (Left to Right):

Que Mullins, Dan McDonald, Arlene Wiggins

Row 2 (Left to Right):

Jim Slusser, David Walker, Walt Schmidbauer, Jerry Parks, Steve Perry, Eugene Holden

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

Financial Statements

Year ended June 30, 2002 with Report of Independent Auditors

Maryland Stadium Authority

Financial Statements

Year ended June 30, 2002

Contents

ERNST & YOUNG

Ernst & Young LLP
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Report of Independent Auditors

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, 2002, 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, 2002, 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.

As described in Note 2 to the financial statements, the Authority adopted Governmental Accounting Standards Board (GASB) Statement Number 34 as of July 1, 2001.

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 GASB. 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.

Ernst + Young LLP

September 28, 2002

Maryland Stadium Authority

Management's Discussion and Analysis

June 30, 2002

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 2002 financial statements. The Authority's responsibilities include operation of the stadiums located at Camden Yards and construction management for various projects throughout the State of Maryland. The emphasis of this discussion and analysis will be the fiscal year 2002 data since prior-year information, which conforms to GASB Statement No. 34, is not fully available. 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, 2002. 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 three 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 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 final category, "restricted," is available for use in the operations of the Camden Yards Complex.

Statement of Net Assets (continued)

Statement of Net Assets

Assets	
Current assets	$ 17,093,205
Net capital assets	225,150,851
Noncurrent assets	300,054,891
Total assets	542,298,947
Liabilities	
Current liabilities	20,109,032
Noncurrent liabilities	295,576,672
Total liabilities	315,685,704
Net assets	
Invested in capital assets	225,150,851
Restricted for debt service	1,661,530
Unrestricted	(199,138)
Total net assets	$ 226,613,243

During fiscal year 2002, total assets for the Authority decreased from the prior year by approximately $2.1 million dollars. There are several reasons for this decrease. First, capital lease receivables decreased by approximately $8.0 million for the current-year principal payment received from the State of Maryland. Secondly, net capital assets increased by approximately $1.8 million, the result of an increase to net capital assets for $11.2 million in costs that were incurred due to the renovation of the Hippodrome Theatre less annual depreciation of approximately $9.4 million. There also was a decrease in cash of approximately $4.7 million that was primarily used to pay expenses related to the Hippodrome Theatre. A decrease in accounts receivable, net, is the result of declining baseball revenues, approximately $1.6 million. There was a decrease in the notes receivable of approximately $.4 million from the principal payment made during fiscal year 2002. Deferred rent increased by approximately $1.0 million due to the fact that the cash payments made during fiscal year 2002 were significantly higher than in fiscal year 2001. Deferred financing costs decreased approximately $.4 million primarily from the current years' amortization. Finally, during fiscal year 2002, the Authority issued short-term debt expected to be refinanced which is classified as long-term debt in the amount of $10.2 million. From this amount, $10.0 million was placed in an

Statement of Net Assets (continued)

improvements fund to be used at Oriole Park at Camden Yards. This resulted in an increase in noncurrent money market mutual fund investments and an increase in the current portion of the lease revenue bonds payable, net of discount. This debt was incurred to satisfy an arbitration ruling. There is an additional increase in the Money Market fund balance of approximately $.2 million from an additional deposit to the account for future debt service payments.

Total liabilities for the fiscal year decreased by approximately $9.6 million. Interest and accounts payable for fiscal year 2002 increased by approximately $3.0 million. The main reason for the increase relates to payables for the construction of the Hippodrome Theatre. There was an increase in the lease revenue bonds of approximately $2.3 million as a result of the Authority paying $7.9 million toward the outstanding principal and the issuance of long-term debt of $10.2 million as explained in the paragraph above. During fiscal year 2002, the Authority received additional State funds that were used to pay off the prior-year payable of $8.5 million due to the State Treasurer. The Project Advances declined by approximately $3.5 million because approximately $1.0 million was returned to the University of Maryland College Park, approximately $2.5 million was used for the Hippodrome Theatre, approximately $.8 million returned to the State and approximately $.2 million was used for expenses the Authority paid on behalf of the University of Maryland Baltimore County. The Authority also received an additional $1.0 million from the State of Maryland to be used for the renovation of Camden Station. As of June 30, 2002, no work had begun. For fiscal year 2002, approximately $1.1 million of the deferred revenue was recognized as income. Finally, in fiscal year 2002 there was a decrease to deferred rent of approximately $1.8 million as explained above.

Statement of Revenues, Expenses, and Change 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 Change in Net Assets. The presentation of the Statement reflects the revenues and expenses for the Authority during fiscal year 2002. The reader will see the revenues and expenses broken down into operating and nonoperating categories.

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

Statement of Revenues, Expenses, and Change in Net Assets (continued)

operating and maintenance expenses of the football stadium. This accounts for approximately $14.4 million of the revenue for fiscal year 2002. Both teams are required to pay a 10% ticket charge to the State of Maryland of which the Authority receives 80% and Baltimore City receives 20%. The revenues from the admission taxes for both teams were approximately $6.3 million. Located at the Camden Yards Sports Complex is the B & O Warehouse that was renovated for office space. There currently are eight tenants renting more than 180,000 square feet that, combined with several cellular antenna sites, generate approximately $2.9 million a year. Other revenues from the Camden Yards Sports Complex include parking receipts from non-game days, catering commissions, pay telephone commissions and trademark revenue along with construction management fees, for other construction projects not part of the Camden Yards Sports Complex, which total approximately $2.9 million for fiscal year 2002. 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 $1.1 million for fiscal year 2002. 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, $1.2 million for fiscal year 2002. Overall, revenue for fiscal year 2002 increased approximately $.8 million from revenue in fiscal year 2001 due primarily to the increased reimbursement from the Baltimore Ravens for the operation and maintenance of the football stadium.

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 are used to pay the debt service on the outstanding bonds issued by the Authority. The Authority also has a contractual obligation to pay one-half of the operating deficit at the Ocean City Convention Center and two-thirds of the operating deficit of the Baltimore City Convention Center. Further, the Authority is required to contribute annually to an improvement fund for the Ocean City and Baltimore City Convention Centers of $50,000 and $200,000, respectively. This contribution for fiscal year 2002 was approximately $3.3 million. The Authority was responsible for the demolition of Memorial Stadium, replaced by the new football stadium at the Camden Yards Sports Complex. The funds

Statement of Revenues, Expenses, and Change in Net Assets (continued)

for the demolition of the stadium were appropriated by the State of Maryland over several years and the Authority used approximately $1.9 million during fiscal year 2002. As of June 30, 2002, the demolition of Memorial Stadium was complete. During fiscal year 2002, the Authority also recognized $4.5 million from the City of Baltimore and Baltimore County to be used for the renovation of the Hippodrome Performing Arts Center. In fiscal year 2001, the Authority received $2.0 million from the City and $.25 million from Baltimore County. As of June 30, 2001, it was uncertain if the project was viable due to a property acquisition dispute and this money was classified as a liability because it would have had to be returned to the appropriate sources if the project did not begin. During fiscal year 2002, the dispute was resolved and the project began. This money was recognized in fiscal year 2002 along will an additional $2.25 million received from the City and County as transfers in from local governments of $4.5 million.

Statement of Revenues, Expenses, and Changes in Net Assets

Operating revenue	$ 26,517,523
Operating expenses	33,641,235
Operating loss	(7,123,712)
Nonoperating expense	(19,384,746)
Loss before transfers	(26,508,458)
Transfers in from primary and local governments	34,016,459
Increase in net assets	7,508,001
Net assets at beginning of year, as restated	219,105,242
Net assets at end of year	$ 226,613,243

The Statement of Revenues, Expenses, and Change in Net Assets shows an increase in the net assets at year-end. The primary reason for the increase was the additional money appropriated by the State of Maryland to help offset the $8.5 million due the State as of June 30, 2001. Additional explanations for the increase in fiscal year 2002 are as follows:

- The Authority is working diligently on reducing the utility needs for the Camden Yards Sports Complex. By identifying problem areas based on the fiscal year 2001 usage, the Authority was able to reduce the overall utility cost in fiscal year 2002 by approximately $500,000.

Statement of Revenues, Expenses, and Change in Net Assets (continued)

- The Authority was relieved of the obligation of paying $2.4 million to the school construction fund for fiscal year 2002.

- The demolition of Memorial Stadium was completed in fiscal year 2002. The expense associated with the demolition in fiscal year 2002 decreased from 2001 by approximately $1.5 million.

- The salaries and benefits paid to the employees increased approximately $400,000. The increase resulted from the addition of new employees for the operation and maintenance of the Camden Yards Sports Complex, salary increases and cost increases for benefits.

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

Cash provided by (used in):	
Operating activities	$ (1,575,696)
Noncapital financing activities	(22,242,698)
Capital and related financing	27,830,610
Investing activities	(8,727,954)
Net decrease in cash	(4,715,738)
Cash and cash equivalents at beginning of year	13,796,852
Cash and cash equivalents at end of year	$ 9,081,114

Capital Assets and Debt Administration

The Authority had additions to capital assets and debt during fiscal year 2002. The additions to the capital assets result from the start of the renovation of the Hippodrome Performing Arts Center, which is an integral part of Baltimore City's Westside redevelopment. The theater will have approximately 2,250 seats and will be capable of accommodating large touring Broadway shows. The project will be funded with State, City, County and private funds. The estimated cost for the entire project is approximately $62.7 million and the theater is expected to open in early 2004. The Authority will issue taxable bonds in July 2002 in the amount of $20.2 million of which $17.4 million will be used for project costs and $2.8 million to be used for interest and closing costs.

During fiscal year 2001, the Authority received an arbitrator's decision that $10.0 million was to be deposited into a capital improvements fund to benefit Oriole Park at Camden Yards. The deposit was to be made by December 1, 2001. The State of Maryland requested the Authority to issue a nine-month Bond Anticipation Note (BAN) to evaluate if money was available in the State budget to handle the judgment. In November 2001, the Authority issued the BAN in the amount of $10.25 million to cover the judgment and closing costs. As of June 30, 2002, the Authority is scheduled to use proceeds from bonds totaling $10.25 million to pay the BAN issued in November 2001. These bonds will be taxable.

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, 2002

Assets	
Current assets:	
Restricted cash and cash equivalents	$ 157,100
Money market mutual fund investments—restricted	1,661,530
Accounts receivable, net of allowance for bad debts	6,139,019
Interest receivable	253,195
Note receivable, current portion	442,361
Capital leases receivable, current portion	8,440,000
Total current assets	17,093,205
Noncurrent assets:	
Capital assets:	
Furniture and equipment, net of accumulated depreciation of $691,591	229,992
Other capital assets, net of accumulated depreciation of $49,649,551	224,920,859
Net capital assets	225,150,851
Other noncurrent assets:	
Restricted cash and cash equivalents	8,924,014
Money market mutual fund investments—restricted	10,087,170
Other assets	150,000
Deferred rent	972,660
Note receivable, net of current portion	5,291,187
Capital leases receivable, net of current portion	269,523,332
Deferred financing costs, net of accumulated amortization of $2,262,239	5,106,528
Total noncurrent assets	300,054,891
Total assets	$ 542,298,947

Maryland Stadium Authority

Statement of Net Assets (continued)

June 30, 2002

Liabilities	
Current liabilities:	
Accounts payable and accrued expenses, current portion	$ 6,162,534
Interest payable	2,677,430
Project advances	1,750,385
Lease revenue bonds payable net of discount, current portion	8,440,000
Deferred revenue, current portion	1,078,683
Total current liabilities	20,109,032
Noncurrent liabilities:	
Accrued expenses, net of current portion	1,175,551
Bond Anticipation Notes	10,250,000
Lease revenue bonds payable, net of discount of $107,421 and current portion	269,447,579
Deferred revenue, net of current portion	14,703,542
Total noncurrent liabilities	295,576,672
Total liabilities	315,685,704
Net assets	
Invested in capital assets	225,150,851
Restricted for debt service	1,661,530
Unrestricted	(199,138)
Total net assets	$ 226,613,243

See accompanying notes.

Maryland Stadium Authority

Statement of Revenues, Expenses, and Changes in Net Assets

Year ended June 30, 2002

Operating revenues:	
Baltimore Orioles rent	$ 6,510,110
Admission taxes	6,313,540
Baltimore Ravens' contributions	7,940,700
Warehouse rents	2,912,946
Catering commissions	515,488
Parking revenues	1,582,777
Entity contributions	273,240
Miscellaneous sales	468,722
Total operating revenues	26,517,523
Operating expenses:	
Salaries and wages	5,362,856
Telephone and postage	100,355
Travel	30,343
Utilities	5,215,662
Vehicle expense	44,999
Contractual services	6,720,285
Parking	1,338,467
Equipment leasing	2,521,858
Memorial Stadium demolition	1,825,891
Supplies and materials	545,642
Depreciation and amortization	9,449,163
Fixed charges	129,614
Miscellaneous	356,100
Total operating expenses	33,641,235
Operating loss	(7,123,712)
Nonoperating revenue (expenses):	
Contributions to others for operating deficit and capital improvements	(3,317,847)
Contribution from local government—Camden Yards	1,000,000
Investment income	2,236,861
Interest expense	(19,303,760)
Total nonoperating expense	(19,384,746)
Loss before capital contributions and transfers	(26,508,458)

Maryland Stadium Authority

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

Year ended June 30, 2002

Capital contributions from local government—Hippodrome Project	$ 4,500,000
Transfer in from primary government—Camden Yards	21,240,000
Transfer in from primary government—Baltimore City Convention Center	4,702,720
Transfer in from primary government—Ocean City Convention Center	1,685,061
Transfer in from primary government—Memorial Stadium demolition	1,888,678
Total transfers in from primary government	34,016,459
Change in net assets	7,508,001
Total net assets at beginning of year, as restated	219,105,242
Total net assets at end of year	$ 226,613,243

See accompanying notes.

Maryland Stadium Authority

Statement of Cash Flows

Year ended June 30, 2002

Cash flows from operating activities	
Receipts from Camden Yards	$ 28,141,712
Payments to employees:	
Salaries and benefits	(5,288,036)
Payments to suppliers	(19,291,197)
Other payments:	
Project advances	(3,451,880)
Demolition costs	(1,686,295)
Net cash used in operating activities	(1,575,696)
Cash flows from noncapital financing activities	
Proceeds from investment in direct financing leases	7,985,885
Convention center operating deficit and capital improvements	(3,193,554)
Principal paid on notes payable and revenue bonds	(7,980,000)
Interest payments	(19,055,029)
Net cash used in noncapital financing activities	(22,242,698)
Cash flows from capital and related financing activities	
Transfer in from local governments—Hippodrome Project	4,500,000
Transfer in from local government—Camden Yards	1,000,000
Transfer in from primary government—Camden Yards	12,724,672
Transfer in from primary government—Baltimore City Convention Center	4,702,720
Transfer in from primary government—Ocean City Convention Center	1,685,061
Transfer in from primary government—Memorial Stadium demolition	1,888,678
Issuance of Bond Anticipation Note	10,250,000
Acquisition and construction of capital assets	(8,920,521)
Net cash provided by capital and related financing activities	27,830,610
Cash flows from investing activities	
Increase in investments	(10,429,831)
Interest and gains on investments	1,259,516
Proceeds from notes receivables	442,361
Net cash used in investing activities	(8,727,954)
Net decrease in cash	(4,715,738)
Cash and cash equivalents at beginning of year	13,796,852
Cash and cash equivalents at end of year	$ 9,081,114

Maryland Stadium Authority

Statement of Cash Flows (continued)

Year ended June 30, 2002

Reconciliation to operating loss

Cash flow from operating activities:	
Operating loss	$ (7,123,712)
Adjustments to reconcile operating loss:	
Depreciation and amortization	9,449,163
Effects of changes in assets and liabilities:	
Accounts and interest receivables	1,624,189
Accounts and accrued payables	693,377
Deferred rent	(2,766,833)
Project advances	(3,451,880)
Net cash used in operating activities	$ (1,575,696)

See accompanying notes.

Maryland Stadium Authority

Notes to Financial Statements

June 30, 2002

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 (80% to the Authority and 20% 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. 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. However, no provision of the Act transfers to the Authority the control, management or operation of

1. Nature of Operations (continued)

the Baltimore Convention Center but the Authority has an approval right on certain operational items and pays two-thirds of the operating deficit. Under the Comprehensive Plan of Financing (the Plan) submitted by the Authority under Section 13-712.1 of the 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 have been received. Upon completion of the Baltimore Center in 1997, it was turned over to the City for operation, but leased jointly by the City and the Authority as tenants in common, as long as the Convention Center Expansion Lease Revenue Bonds are outstanding. Commencing with the completion of the Baltimore Center through 2008, the Authority shall fund two-thirds of any operating deficiencies of the Baltimore Center and shall contribute $200,000 per year to a capital improvement fund.

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

Pursuant to a Memorandum of Agreement (Memo) between the Authority and the entities formerly known as Cleveland Browns, Inc. and BSC, LLC, which collectively are referred to as the “Ravens,” the Authority designed and constructed a state-of-the-art,

1. Nature of Operations (continued)

open-air football stadium at Camden Yards. The cost of the football stadium was $229 million, of which $148 million was funded by the Authority, $57 million was funded from lottery proceeds, and $24 million was funded by the Ravens. In 1996, the Authority issued $87,565,000 Sports Facilities Lease Revenue Bonds, Series 1996 to begin funding this project. In 1997, the Authority issued $4,640,000 Sports Facilities Lease Revenue Bonds, Series 1997, as additional funding for the project. The debt service for these revenue bonds is being provided through future appropriations by the State, pursuant to the Master Lease. The project was completed in July 1998, and the Authority has agreed to lease the football stadium to the Ravens for 30 full football seasons.

Effective June 1, 1996, the Authority was authorized to provide for the development and construction of the Montgomery County Conference Center. The development of the Montgomery County Conference Center is expected to cost $33,500,000. The Authority has committed to issue $23,185,000 in bonds for the project of which $20,304,000 will be used for capital construction costs. Montgomery County is required to contribute $13,196,000 toward capital construction costs prior to the Authority's issuance of its bonds to fund the project. As of June 30, 2002, the Authority has not issued any bonds, and no construction costs have been incurred.

Effect 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. The development of the Hippodrome Performing Arts Center is expected to cost $62,670,000. Effective June 1, 2002, the Authority committed to issue $20,250,000 in taxable bonds for the project of which $17,400,000 will be used for capital costs. The State of Maryland has contributed $16,500,000 in general funds, the City of Baltimore is required to contribute $6 million and $22,770,000 will be provided from private contributions. The bonds were issued in July 2002. All of the property has been acquired for the project and selective construction has started as of June 30, 2002. The project is expected to be completed by early 2004.

2. Summary of Significant Accounting Policies

Reporting Entity

The Authority is a component unit of the State of Maryland. The Authority is governed by a Board, which is appointed by the Governor of the State of Maryland with the advice and consent of the Maryland State Senate.

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.

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.

2. Summary of Significant Accounting Policies (continued)

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.

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.

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.

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.

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, 2002 were approximately $4,530,729. Total related disbursements for the year were approximately $8,950,250.

2. Summary of Significant Accounting Policies (continued)

Risk Management

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

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

Use of Restricted Assets

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

Prior-Year Corrections

The beginning fiscal year 2002 net assets were decreased, the project advances balance was decreased and the deferred rent balance was increased as of June 30, 2001 to reflect $1,186,534 in adjustments. The adjustment to project advances of $(1,794,173) corrects an error related to the prior year that would have increased net assets. The adjustment to deferred rent of $607,639 corrects an error related to the prior year that would have decreased net assets. The adjustments had no effect on the change in net assets for the period presented in these financial statements. The adjustments would have reduced the previously reported net income for the fiscal year ended June 30, 2001 by $248,000.

2. Summary of Significant Accounting Policies (continued)

Implementation of GASB Statement No. 34

The Authority has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, as of July 1, 2001. This resulted in a change in classification as of June 30, 2002 from fund balance to net assets. The Authority also adopted a classified statement of net assets and the "direct" method of reporting cash flows to conform to GASB Statement No. 34. There was no change in the amount of the previously reported fund balance as of July 1, 2001 due to the implementation of GASB Statement No. 34.

3. Deposits and Investments

At June 30, 2002, the Authority had cash on deposit in an internal pooled cash account with the Maryland State Treasurer (the Treasurer). The Treasurer maintains these and other Maryland State agency funds on a pooled basis in accordance with the annotated Code of the State of Maryland. The internal cash pool functions similar to a mutual fund in the sense that each state agency holds a share of the pool; thus the Authority's share of this pool cannot be categorized in accordance with GASB Statement No. 3. The State Treasurer's Office invests pooled cash balances on a daily basis. The investment consists of direct purchases of securities or repurchase agreements. The carrying value of cash on deposit with the Treasurer at June 30, 2002 was $8,775,437. All amounts held on deposit by the Treasurer at June 30, 2002 are restricted.

The carrying value of other deposits at June 30, 2002 is $230,677 and the associated bank balances are $230,677. Those balances are covered by federal depository insurance.

The Authority has $75,000 held in an account with the Bank of New York. These funds are required to be available if needed under the 1998 or 1999 remarketing agreements. This deposit is uninsured and uncollateralized.

3. Deposits and Investments (continued)

The Authority had money market mutual funds of $11,748,700 at June 30, 2002 that are reflected on the balance sheet at fair value and held by the Bond Trustee. Proceeds to purchase these marketable securities were derived from various bond issues and any proceeds from the sale of these marketable securities are restricted to the purpose of the originating bond issue. Allowable investments under the agreement with the Bond Trustee consist of government obligations, U.S. agency obligations, bonds or other obligations of any state of the United States of America, or of any local government unit or any political subdivision of any such state, certificates of deposit, and repurchase agreements. All investment decisions are made by the Treasurer. The investments in money market mutual funds are not categorized in accordance with GASB Statement No. 3.

4. Income from State and Municipal Sources

Transfers in 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 2002, 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.

Baltimore City and Baltimore County each made contributions of $2,250,000 during the fiscal year ended June 30, 2002 for the purpose of the Hippodrome project.

5. Accounts Receivable

Accounts receivable as of June 30, 2002 consists of the following:

Baltimore Orioles	$ 3,169,602
Admission taxes	1,367,232
Other	1,624,523
Less allowance for bad debts	(22,338)
	$ 6,139,019

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, 2002 are as follows:

2003	$ 442,361
2004	331,708
2005	288,606
2006	270,776
2007	270,776
2008-2012	1,353,880
2013-2017	1,353,880
2018-2022	1,353,880
2023	67,681
	$ 5,733,548

7. Capital Leases Receivable

At June 30, 2002, the capital leases receivable consists of the following:

Total minimum lease payments to be received	$ 489,460,602
Less unearned interest income	(201,215,602)
Principal balance on outstanding debt	288,245,000
Less liquid assets to be used in construction	(10,281,668)
Total	$ 277,963,332

7. Capital Leases Receivable (continued)

Future minimum lease payments to be received as of June 30, 2002 are as follows:

2003	$ 36,146,620
2004	26,558,850
2005	25,497,794
2006	26,347,252
2007	26,324,193
2008-2012	130,250,300
2013-2017	119,659,538
2018-2022	72,993,955
2023-2026	25,682,100
	$ 489,460,602

8. Furniture and Equipment and Other Capital Assets

Furniture and equipment and other capital assets activity for the year ended June 30, 2002 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets:				
Furniture and equipment	$ 886,869	$ 107,211	$ 72,497	$ 921,583
Other capital assets	263,405,513	11,164,897	–	274,570,410
Total capital assets at historical cost	264,292,382	11,272,108	72,497	275,491,993
Less accumulated depreciation:				
Furniture and equipment	665,564	84,787	58,760	691,591
Other capital assets	40,291,141	9,358,410	–	49,649,551
Total accumulated depreciation	40,956,705	9,443,197	58,760	50,341,142
Capital assets, net	$223,335,677	$ 1,828,911	$13,737	$225,150,851

9. Current Accounts Payable and Accrued Expenses

At June 30, 2002, accounts payable and accrued expenses consists of the following:

Trade payables	$ 5,940,080
Compensated absences	19,590
Accrued parking	188,139
Workers' compensation	14,725
Total	$ 6,162,534

10. Bond Anticipation Notes

In November 2001, the Authority issued a nine-month Bond Anticipation Note for $10,250,000 of which $10 million will be used to satisfy an arbitration decision related to settlement of litigation with the Orioles and $250,000 will be used for the legal costs and other executory costs of issuing the bonds. The Authority issued $10,250,000 in taxable bonds that were used to repay the Bond Anticipation Notes on August 1, 2002. The associated interest rate is 30-day LIBOR plus 27 basis points. The estimated interest cost for the nine months is $163,000.

11. Bonds Payable

Bonds payable as of June 30, 2002 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	$ 44,635,000
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	14,695,000
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	82,835,000
1997 Series: Issued $4,640,000 in December 1997 at 4.66% per annum, due in varying installments through June 15, 2008	3,040,000
1998 Series A: Issued $16,300,000 in December 1998 at a variable rate, due in varying installments through December 15, 2019	16,300,000
1998 Series B: Issued $765,000 in December 1998 at a variable rate, due in varying installments through December 15, 2003	765,000
1999 Series: Issued $121,380,000 in December 1999 at a variable rate, due in varying installments through December 15, 2019	115,725,000
Total revenue bonds payable	277,995,000
Less unamortized discount (includes unamortized discount relating to the 1995 and 1996 revenue bonds payable of $15,706 and $91,715 as of June 30, 2002)	(107,421)
	$ 277,887,579

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.

11. Bonds Payable (continued)

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, that is reset weekly.

11. 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, that is reset weekly.

Debt service requirements subsequent to June 30, 2002 are as follows:

Year ending June 30	Principal Maturities	Interest	Total
2003	$ 8,440,000	$ 17,456,620	$ 25,896,620
2004	9,815,000	16,743,850	26,558,850
2005	9,575,000	15,922,794	25,497,794
2006	10,655,000	15,692,252	26,347,252
2007	11,415,000	14,909,193	26,324,193
2008-2012	67,060,000	63,190,300	130,250,300
2013-2017	80,375,000	39,284,538	119,659,538
2018-2022	58,310,000	14,683,955	72,993,955
2023-2026	22,350,000	3,332,100	25,682,100
	$277,995,000	$201,215,602	$479,210,602

12. Deferred Revenue and 1999 Refunding

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 (the 1993 Swap Agreement). 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.

12. Deferred Revenue and 1999 Refunding (continued)

For the above agreements, the Authority is making payments equal to the debt service on the 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 (the 1998 Swap Agreement). At the call dates, December 15, 2006 and March 31, 2007 for the Series 1994 and 1996 Bonds, respectively, the Authority has agreed to issue variable rate debt sufficient to extinguish the existing fixed rate debt in the amount of $104,350,000. All issue costs of the new variable rate debt and premiums to call the existing debt will be paid by the Authority.

The Authority received $15,522,129 and $3,203,500 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 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 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.

12. Deferred Revenue and 1999 Refunding (continued)

Recognition of deferred revenue subsequent to June 30, 2002 is as follows:

2003	$ 1,078,683
2004	1,051,549
2005	996,140
2006	1,058,716
2007	1,163,419
2008-2012	5,457,709
2013-2017	3,764,029
2018-2022	1,037,555
2023-2026	174,425
Total	$ 15,782,225

13. Noncurrent Liabilities

Noncurrent liability activity for the year ended June 30, 2002 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Compensated absences	$ 439,846	$ 58,876	$ –	$ 498,722	$ 19,590
Retainage payable	–	616,144	–	616,144	–
Workers' compensation	61,000	34,000	–	95,000	14,725
Advances from State Treasurer	8,515,328	–	8,515,328	–	–
Project advances	5,202,265	4,530,730	7,982,610	1,750,385	1,750,385
Bond Anticipation Notes	–	10,250,000	–	10,250,000	–
Lease revenue bonds payable, net	285,861,880	–	7,974,301	277,887,579	8,440,000
Deferred revenue	16,844,285	–	1,062,060	15,782,225	1,078,683
Deferred rent	1,794,174	–	1,794,174	–	–
Total	$318,718,778	$15,489,750	$27,328,473	$306,880,055	$11,303,383

14. Operating Leases

The Authority has leased certain office space in the Camden Yards Warehouse to various tenants with terms ranging from 3 years to 16 years, 9 months. The future minimum lease rentals to be received on noncancelable operating leases as of June 30, 2002 are as follows:

2003	$ 2,765,601
2004	2,726,264
2005	2,477,411
2006	1,073,520
2007	430,362
2008-2012	269,333
Total	$ 9,742,491

Lease rental income for the year ended June 30, 2002 was $2,912,946.

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. The leases expire on various dates through June 15, 2007. Noncancelable lease payments due under these operating lease agreements are as follows:

2003	$ 4,322,982
2004	1,661,876
2005	1,604,892
2006	1,604,892
2007	1,604,892
Total	$ 10,799,534

Lease expense for the year ended June 30, 2002 was $4,126,751.

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

15. Retirement Plans

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.

Plan Description

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

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, 2002, 2001, and 2000 of $191,364, $203,037, and $236,552, respectively.

15. Retirement Plans (continued)

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 $96,308 for the year ended June 30, 2002.

16. Commitments

In 1995, approximately $235 million in bonding capacity was set aside for the Camden Yards Sports Complex. Approximately $90 million of this amount was unused. This money was set aside for the city of Baltimore to find a football team. If the City did not obtain a team by December 31, 1995, then the money was to be distributed into a public school construction fund. In November 1995 the City secured the Baltimore Ravens football team. As a result, a portion of the money that was set aside for the construction of public schools in the Baltimore area was now going to be used for the construction of the football stadium. Consequently, the legislators in Annapolis took the stance that, because the Ravens will benefit from being in Baltimore, the Authority should contribute an amount to the Public School Construction fund. Pursuant to legislation enacted effective April 1996, the Authority is committed to pay $24 million into the Public School Construction Fund over 10 years, or $2,400,000 per year, beginning in fiscal year 2001. The Authority has committed to pay the annual amount in $200,000 monthly increments. The Authority made its first installment of $2,400,000 during fiscal 2001. The Authority was relieved of its fiscal 2002 obligation through the approval of the State's Budget. The Authority is only obligated to contribute for the fiscal year ended June 30, 2003 to the extent that it has available cash up to the $2,400,000 obligation.

17. Litigation

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

18. Subsequent Events

On July 10, 2002, the Authority issued Sports Facilities taxable Lease Revenue Bonds Series 2002, to finance the payment of the Bonds Anticipation Notes issued in November 2001 in the amount of $10,250,000. 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 3.00% to 5.70% per annum.

Also on July 10, 2002, the Authority issued Hippodrome Performing Arts Center Taxable Lease Revenue Bonds, Series 2002, to finance, together with certain other funds, the renovation of the Hippodrome Theater. 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 5.00% to 6.25% per annum. This issue contains $7,570,000 of serial bonds that mature in varying amounts through June 15, 2013 and $4,655,000 and $8,025,000 term bonds that mature June 15, 2017 and June 15, 2022, respectively. These term bonds are subject to mandatory sinking fund payments beginning June 15, 2017.

In June 2002, the Authority requested an early payoff amount, which included the purchase option price, from Allfirst Trust that related to the scoreboard lease. In August 2002, the Authority paid off the scoreboard lease and took title of the equipment with a value of approximately $5.4 million.

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