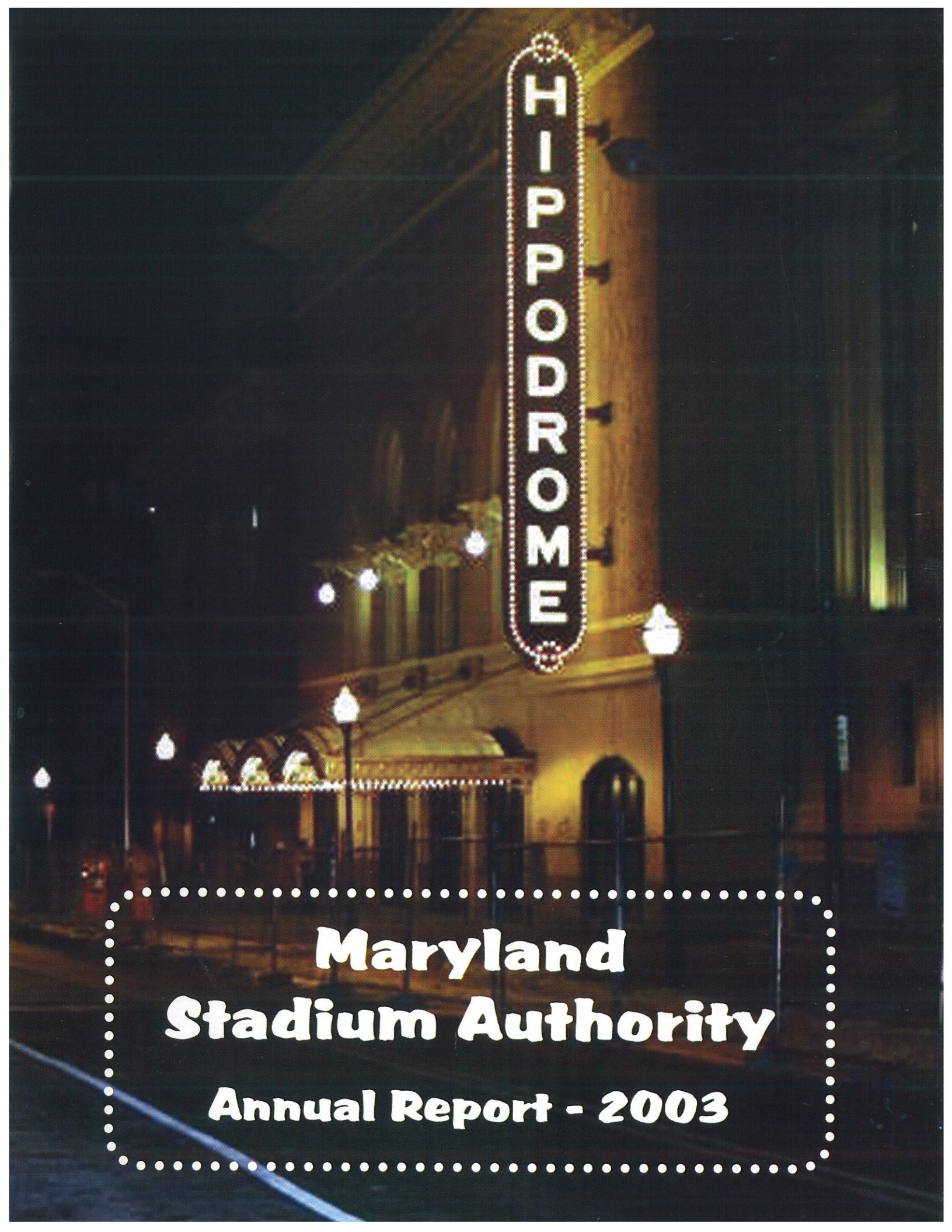

Maryland Stadium Authority

Annual Report - 2003

Maryland Stadium Authority

Carl A. J. Wright, Chairman
Earl U. Bravo, Sr.
Michael R. Enright
Robert L. McKinney
Dennis C. Murphy
Robin O. Oegerle
James A. Soltesz

Richard W. Slosson
Executive Director

M. Carol Salmon
Editor

MARYLAND STADIUM AUTHORITY

2003 ANNUAL REPORT

Maryland Stadium Authority
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MARYLAND STADIUM AUTHORITY

ROBERT L. EHRLICH, JR.
GOVERNOR

RICHARD W. SLOSSON
EXECUTIVE DIRECTOR

THE WAREHOUSE AT CAMDEN YARDS
333 WEST CAMDEN STREET, SUITE 500
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MEMBERS

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CHAIRMAN

EARL U. BRAVO, SR.
MICHAEL R. ENRIGHT
ROBERT L. McKINNEY
DENNIS C. MURPHY
ROBIN O. OEGERLE
JAMES A. SOLTESZ

To the Governor and Members of the
Maryland General Assembly:

The Maryland Stadium Authority is delighted to present its Annual Report for 2003.

This calendar year again was a dynamic one for the Authority. The Ravens provided another exciting season for their fans and the Orioles opened their 12th year at Camden Yards. Memorial Day brought the official dedication of the new Veterans' Memorial at Camden Yards and the Summer, Fall and Winter of 2003 kept Camden Yards busy with an assortment of non-game events.

The Authority continued its involvement in a number of projects, including the completion of the stadium complex at Towson University, the close-out of the Comcast Center at the University of Maryland College Park, the beginning of construction on the Montgomery County Conference Center, continuing progress on the Hippodrome Theater at the France-Merrick Performing Arts Center and initiating work on the restoration of Camden Station.

We look forward to the upcoming year and the possibility of embarking on several new projects. As always, we will continue to meet any challenges given us and to do whatever we can to enhance the economic development of the State of Maryland.

Sincerely,

Carl A. J. Wright
Chairman

Richard W. Slosson
Executive Director

THE SPORTS COMPLEX AT CAMDEN YARDS

The 2003 Calendar Year was another exciting period at the Camden Yards Sports Complex.

Oriole Park at Camden Yards continued to attract a large number of non-game events including a lively New Year's Eve party, the inaugural celebration for newly-elected Governor Robert L. Ehrlich, Jr. and the African American Heritage Festival.

The home of Ravens' football also was the site of a variety of events. At a press conference in the Spring, a new name – M&T Bank Stadium – was announced for the football stadium. Memorial Day weekend brought the NCAA Lacrosse Championships, a major event in Baltimore, attracting players and fans from throughout the United States. The LAX championships set an all time attendance record with a larger turnout than any other NCAA championship event with the exception of basketball's Final Four. The Baltimore Marathon and the Race for the Cure also returned to Camden Yards.

Working with the Orioles, representatives of the Stadium Authority interviewed architects to select the firm best qualified to identify and design improvements and updates for the ballpark to ensure that it retains the reputation as one of the best baseball facilities in the Nation. Improvements under consideration include installation of video display boards; replacement of the Sony Jumbotron; a Centerfield Club that could be utilized for game day and non-game events; seating bowl improvements and modifications to the Flag Court to improve site lines and provide a full service bar and standing tables for patrons.

To continue our ranking as the premier sports complex and to ensure the smooth operation of both Oriole Park at Camden Yards and M&T Bank Stadium, a computerized maintenance management system was installed.

Modifications were initiated to the parking lots located on the east side of the Warehouse to better accommodate tenants of The Warehouse at Camden Yards and enhance parking revenues. The changes will enable the parking operator to better control access to these lots and, through the installation of automated card readers, ensure that parking fees are collected. Additional benefits arising from the changes to the parking lots will be the provision of convenient parking for visitors to Camden Station when its renovations are completed in 2005. The parking lot alterations also are being made in preparation for the eventual development of the property to the north of Camden Street.

The 2003 calendar year was a banner year for tours at Camden Yards with more than 47,000 non-game guests touring Oriole Park at Camden Yards and M&T Bank Stadium. These visitors included architects, engineers, developers, students and government officials from throughout the United States and the international community.

PROJECT UPDATES

COMPLETED PROJECTS

OCEAN CITY CONVENTION CENTER

EXPANSION STUDY

Project Director
Gary A. McGuigan

At the request of the Town of Ocean City, the Maryland Stadium Authority oversaw a study to determine the feasibility of expanding the Ocean City Convention Center. That study recommended the expansion of the exhibit hall by 30,000 square feet and the addition of approximately 12 meeting rooms that offer views of the bay.

The study was completed in 2003 and submitted to the Town of Ocean City for their consideration.

TOWSON UNIVERSITY FIELD HOUSE

Project Director
Kim McCalla

Architect
Cho, Benn & Holback / Ellerbe Becket
Baltimore, Maryland

Construction Manager
Barton Malow / Essex

Project Budget
$21.3 Million

Following completion of Minnegan Stadium at Towson University in September, 2002, the Maryland Stadium Authority undertook the addition of the stadium's field house. This project, completed in March, 2003, includes two visitors' locker rooms (divisible into four) and locker rooms for game officials. New locker room facilities were included for the football, field hockey and men's and women's lacrosse teams. The training facilities and equipment rooms have direct access to the field.

Also incorporated into the field house is space designed for classrooms, a learning center for athletes and offices for the coaches.

VETERANS MEMORIAL AT CAMDEN YARDS

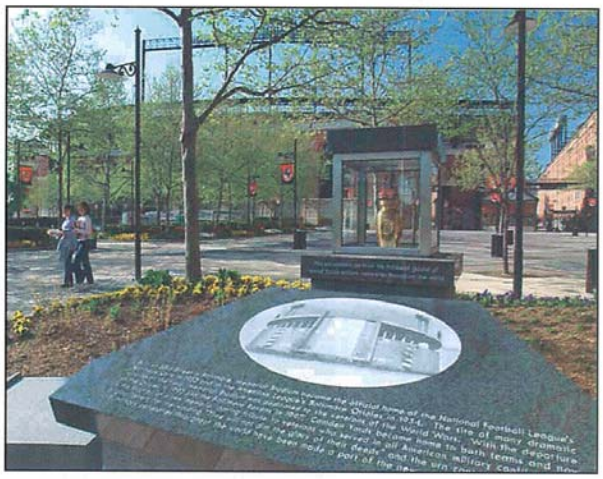
Project Manager
Jeffrey Provenzano

Architect
CS&D Architects
Baltimore, Maryland

Contractor
Whiting Turner Contracting Company

Budget
$775,000

Of major significance at Camden Yards was the dedication of the new Veterans' Memorial on May 26th – Memorial Day. The new monument is dedicated to veterans of all wars and military actions involving the United States.

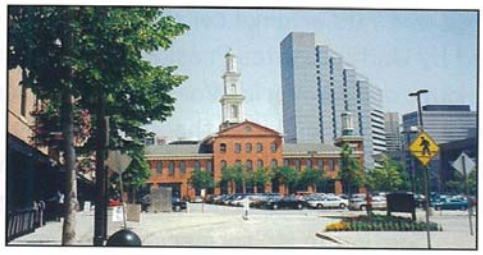


The wording on the Memorial incorporates much of the language that was in place on the original tribute to veterans at Memorial Stadium but was updated to include military personnel from all of our Nation's wars. The urn containing dirt from military cemeteries around the world also is prominently featured as a part of the new Veterans' Memorial at Camden Yards.

On hand for the moving ceremony were representatives of several veterans' organizations, Governor of Maryland Robert L. Ehrlich, Jr., Baltimore Mayor Martin O'Malley as well as representatives of United States Senators Paul S. Sarbanes and Barbara Mikulski. The location of the Veterans' Memorial in Maryland Square affords an opportunity to the more than 4 million visitors to Camden Yards each year to see this tribute to our veterans.

CURRENT PROJECTS

CAMDEN STATION



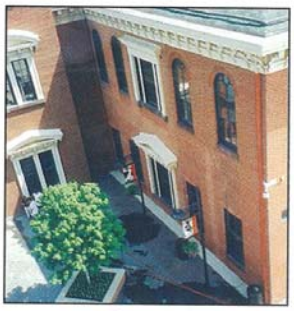
Project Director
Gary A. McGuigan

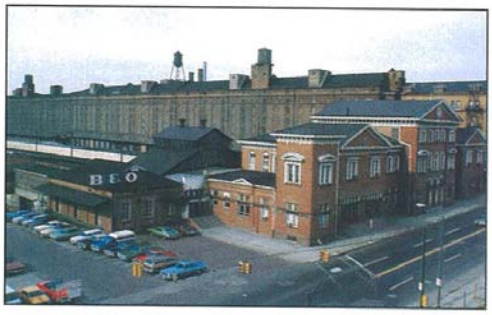
Architect
Cho Benn & Holback
Baltimore, Maryland

Estimated Budget (Core & Shell)
$8 Million

Contractor
J. Vinton Schaefer & Sons, Inc.
Abingdon, Maryland

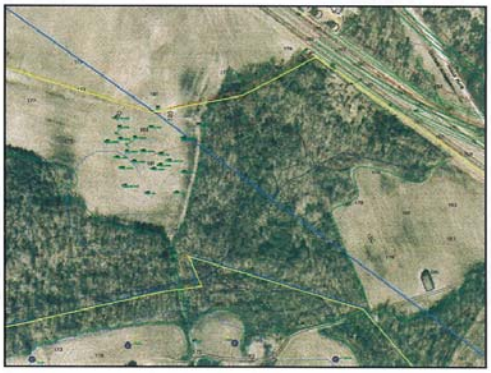
The Maryland Stadium Authority is overseeing the re-development of the 45,000 square foot historic building at the gateway to the Camden Yards Sports Complex. The Station, unused since the 1980's, will be partially leased to a sports' museum managed by the Babe Ruth Museum. Exhibits will feature memorabilia of the Orioles, Cal Ripken, Johnny Unitas, the Colts, the Maryland Terrapins and the Negro Baseball League to name a few. The balance of the restored building will be leased to a yet-to-be-determined commercial office tenant. The Museum will be housed in the basement and on the first floor of the Station.





Prior to the opening of Oriole Park at Camden Yards in 1992, the Maryland Stadium Authority awarded a contract to restore the exterior of the Station to the glory that it enjoyed when its original construction was completed in 1865. The Station was visited by United States Presidents (including Lincoln and Taft) and soldiers bound for duty during World Wars I and II. Camden Station played an active role as a railroad center well into the 20th Century. Building on the exterior improvements made to the Station for its role as the gateway to Camden Yards in 1992, the interior restoration, scheduled for completion in the Spring of 2005, will return Camden Station to its former distinction.

CHARLES COUNTY BASEBALL STADIUM



Project Director:
Gary A. McGuigan

Estimated Budget:
To be Determined

At the request of the Charles County Economic Development Corporation, the Maryland Stadium Authority is assisting with the programming and project development of a Single A Level minor league baseball park in Hughesville, Maryland. The primary tenant in the 4,000 to 5,000 seat stadium will be a team in the Independent League and will be owned by Sports Management Services. The site development plan is being spearheaded by the Southern Maryland Electrical Cooperative (SMECO). State funds for the programming / design phase of the project were requested by Charles County officials in Fiscal 2004.

HIPPODROME PERFORMING ARTS CENTER

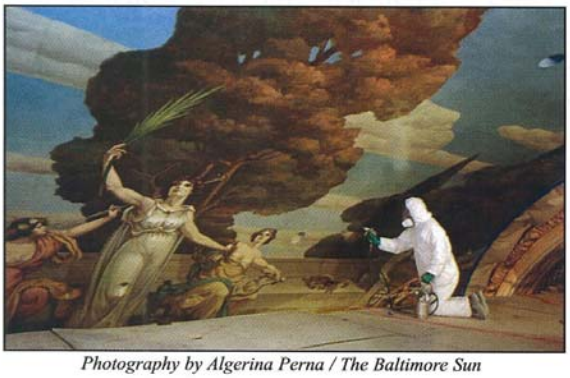
Project Manager:
Jeffrey K. Provenzano

Architect/Engineer:
Hardy Holzman Pfeiffer Associates, LLP
New York, New York

Shamu, Machowski, Greco Architects
Baltimore, Maryland

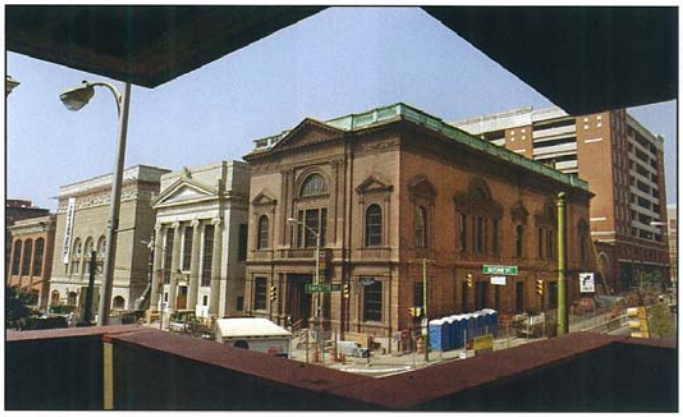
Construction Manager:
The Whiting Turner
Contracting Company

Projected Budget:
$63 Million

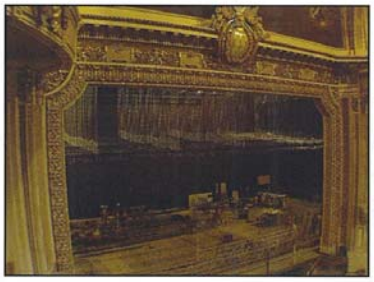


Photography by Algerina Perna / The Baltimore Sun

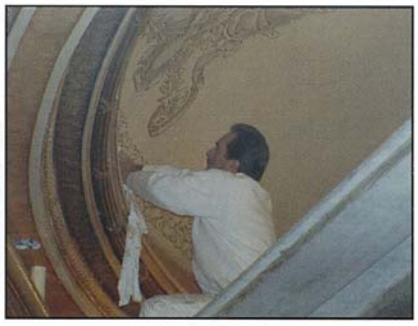
Photography by Algerina Perna
The Baltimore Sun



The Hippodrome Theater at the France-Merrick Performing Arts Center will open its doors on February 10, 2004 to a rousing performance of *The Producers*. The Theater's original opening on November 23, 1914 as a movie house and vaudeville theater was the beginning of the long, distinguished role that it would play in Baltimore's entertainment history.



Built in 1914 by Thomas Lamb, the noted theater architect, the Hippodrome, originally a 3,000 seat theater that averaged a weekly attendance of 30,000 patrons, was constructed on the site of an 1835 luxury hotel, the Eutaw House. Renovated in 1931 with the installation of a marquee and new seats, the Hippodrome's stage welcomed star performers including Bob Hope, Milton Berle, Jack Benny, Red Skelton, Benny Goodman, Dinah Shore and Frank Sinatra. The movies and performers were musically supported by a piano, a Moller organ and a house orchestra. Another refurbishment occurred in 1963 in anticipation of the regional premier of the movie *Cleopatra* and the theater remained a viable entertainment location until the 1970's. When the Hippodrome Theater closed in 1990 it was the last operating movie theater in downtown Baltimore.



The new Hippodrome Theater at the France-Merrick Performing Arts Center will evoke the glory and stature of the original theater. The meticulous renovation of three historic buildings and one newly constructed structure have created a state-of-the-art theater that includes the luxury and comfort that modern audiences crave while preserving the elegance and charm of long-ago.

With the re-opening of the Hippodrome Theater, Baltimore will once again be able to attract large, popular touring Broadway shows that for years have bypassed the city because of the lack of modern facilities. New amenities include an increased seating capacity (2,250), an enlarged stage area with significantly enhanced height dimensions. The ability to load in and out directly from street to stage is another special feature of the theater. State-of-the-art sound and lighting also will be a part of the renovated Hippodrome.

MONTGOMERY COUNTY CONFERENCE CENTER

Project Director:
Gary A. McGuigan

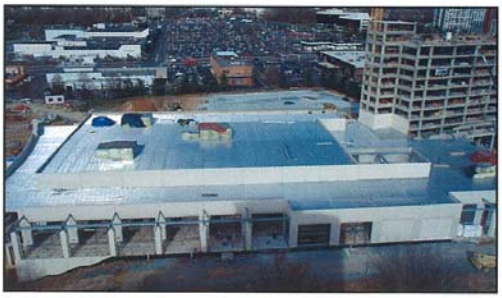
Architect:
RTKL
Washington, D. C.

Developer:
Quadrangle Development Center
Washington, D. C.

Projected Budget:
Estimated at $36 Million

The Maryland Stadium Authority is responsible for oversight of design and construction of a conference center in Montgomery County. The cost of the Center is being financed through funding from Montgomery County and the Stadium Authority. The adjoining hotel is being developed by Quadrangle Development Corporation in association with the Marriott Hotels. Revenue bonds were issued in January, 2003 by the Stadium Authority in the amount of $23.1 million.

The 100,000 gross square feet Montgomery County Conference Center will be located on the northwest corner at the intersection of Rockville Pike (Route 355) and Marinelli Road in North Bethesda. Included in the Conference Center will be a 120-seat amphitheater, board room, classrooms, break-out rooms, telecommunications room, a 23,300 square foot grand ballroom, a 175-seat restaurant, a 75-seat lounge and an outdoor café. A 225-room hotel owned by a consortium of private investors arranged by Quad Center L.L.C. will be connected to the Conference Center. The Stadium Authority is not responsible for the construction or for any of the costs associated with the hotel.



Construction of the Conference Center is well underway. The topping out ceremony was held in October, 2003 and the opening is expected to take place in the Fall of 2004.

BOARD MEMBERS

Carl A. J. Wright
Chairman

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

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.

Earl U. Bravo, Sr.

Earl U. Bravo, Sr. was appointed to the Maryland Stadium Authority in July, 2001 for a four-year term beginning July 1st. 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. Bravo 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 Attorney 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.

Robert L. McKinney

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

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.

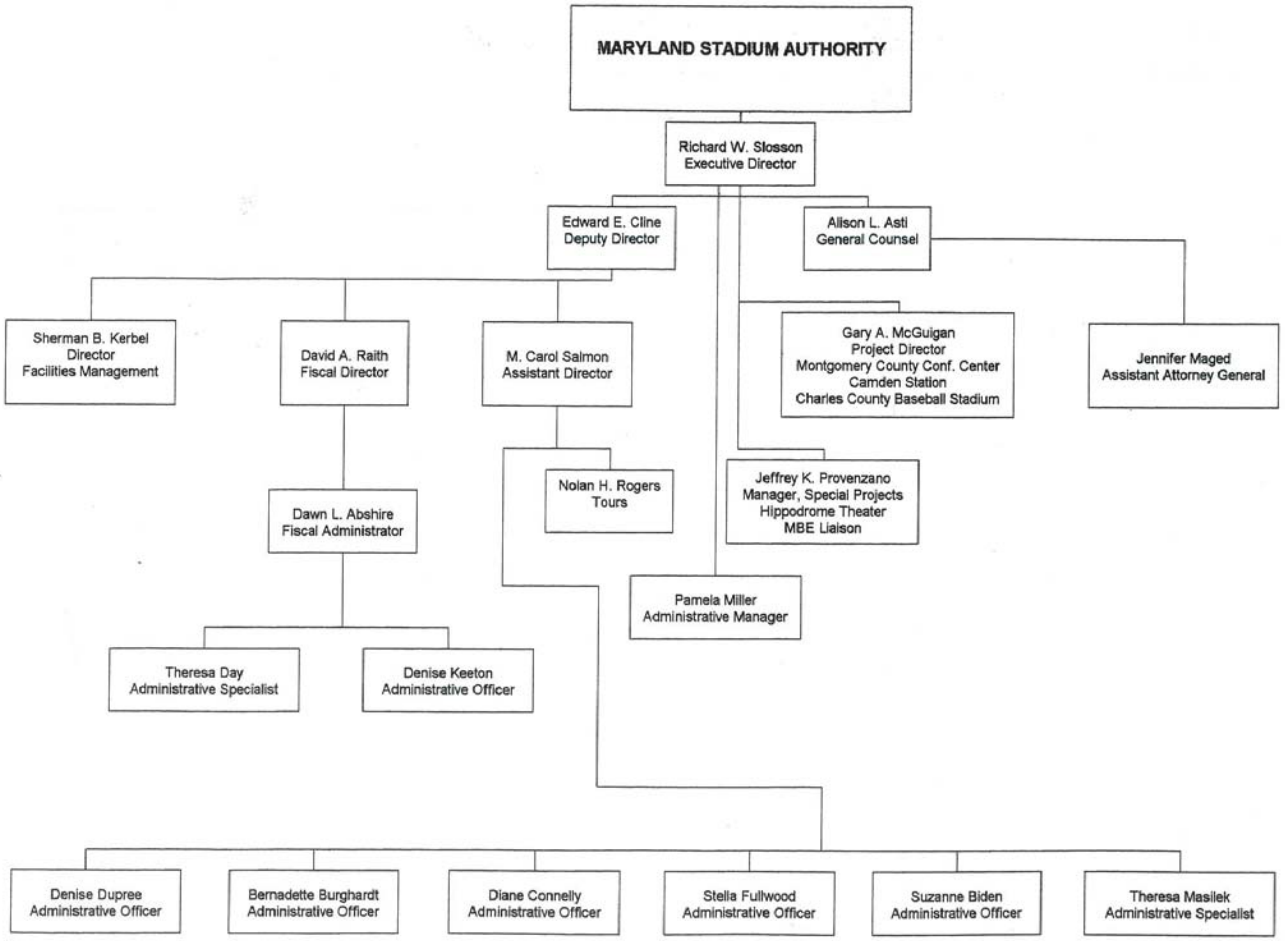
James A. Soltesz

James A. Soltesz became 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



Administrative Staff

Dawn Abshire

Asti Alison

Suzanne Biden

Bernadette Burghardt

Ed Cline

Diane Connelly

Terry Day

Denise Dupree

Stella Fullwood

Denise Keeton

Jennifer Maged

Theresa Masilek

Gary McGuigan

Pam Miller

Jeff Provenzano

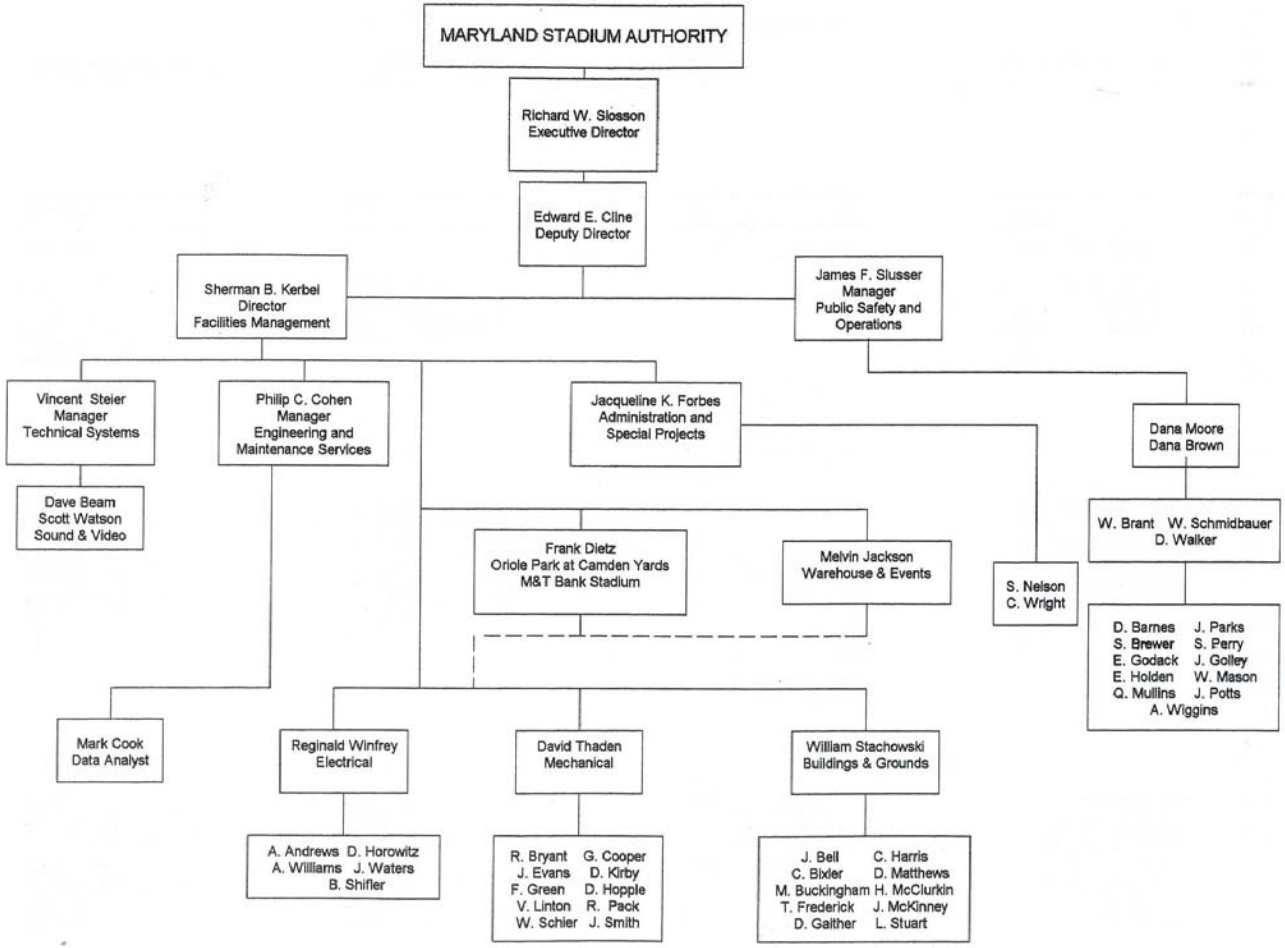
Dave Raith

Nolan Rogers

Carol Salmon

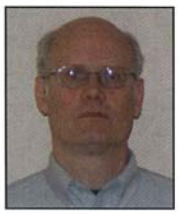
Rick Slosson

Facilities Management



Facilities Management Staff

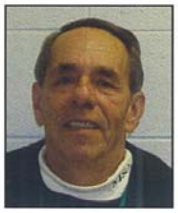
Alonzo
Andrews



Dave
Beam

Jimmy
Bell

Chris
Bixler



Bill
Brant

Rob
Bryant

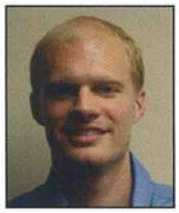
Phil
Cohen

Mark
Cook

Gil
Cooper

Delroy
Gaither

Cynthia
Harris

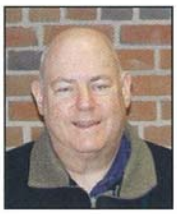


Chris
Heun

Dan
Hopple

Dave
Horowitz

Mel
Jackson



Sherman
Kerbel

Dave
Kirby

Facilities Management Staff

Jeremy
Lopez

Darryl
Matthews

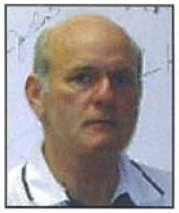
Hugh
McClurkin

John
McKinney

Rick
Pack

Walt
Schmidbauer

Bart
Shifler



Jim
Slusser

John
Smith

Vince
Steier

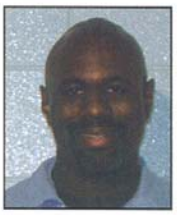
Lou
Stuart

Dave
Thaden

John
Waters

Arlene
Wiggins

Alvenia
Williams



Ray
Winfrey

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

Basic Financial Statements

Year ended June 30, 2003 with Report of Independent Auditors

Maryland Stadium Authority

Basic Financial Statements

Year ended June 30, 2003

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Baltimore, Maryland 21201

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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, 2003, 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, 2003, and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

Ernst + Young LLP

October 1, 2003

Maryland Stadium Authority

Management's Discussion and Analysis

June 30, 2003

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 2003 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. 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, 2003. The Statement of Net Assets is to provide the reader with a financial picture of the Authority's assets (current and noncurrent), liabilities (current and noncurrent), and net assets (assets minus liabilities).

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

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

Statement of Net Assets (continued)

Statement of Net Assets

	June 30	
	2003	**2002**
Assets		
Current assets	**$ 55,488,930**	$ 17,093,205
Net capital assets	**236,544,963**	225,150,851
Noncurrent assets	**298,679,341**	300,054,891
Total assets	**590,713,234**	542,298,947
Liabilities		
Current liabilities	**26,593,161**	20,109,032
Noncurrent liabilities	**326,476,906**	295,576,672
Total liabilities	**353,070,067**	315,685,704
Net assets		
Invested in capital assets	**221,559,522**	225,150,851
Restricted for debt service	**669,003**	1,661,530
Restricted for capital assets	**6,533,872**	–
Unrestricted	**8,880,770**	(199,138)
Total net assets	**$ 237,643,167**	$ 226,613,243

During fiscal year 2003 total assets for the Authority increased from the prior year by approximately $48.4 million dollars. There are several reasons for this increase. First, capital lease receivables increased by approximately $7.8 million which includes an increase to the capital lease receivable of $16.2 for bond proceeds used for the Hippodrome and Montgomery County projects and a decrease of $8.4 million for the current year principal payment received from the State of Maryland. Secondly, net capital assets increased by approximately $11.4 million, the result of an increase to net capital assets for $18.6 million in costs that were incurred due to the renovation of the Hippodrome Theatre, construction of the Montgomery County Conference Center, renovations to Camden Station and a Memorial erected to honor the war veterans, less annual depreciation of approximately $9.4 million. There also was an increase in restricted cash and money market mutual fund investments of approximately $27.4 million that was primarily received from bond sales and private sources to be used at the Hippodrome and Montgomery County. An increase in accounts receivable of

Statement of Net Assets (continued)

approximately $.5 million, net, is the result of an increase of $1.6 million due to a settlement between the Comptroller's office and the Baltimore Ravens on the valuation of the seating in the suites at M & T Bank plus additional events held at M & T Bank Stadium, a decline in Oriole rent of $.2 million which is the result of declining attendance, and a decline of $.9 million in other receivables which is the result of quicker payments on open items from the Baltimore Ravens. There was a decrease in the notes receivable of approximately $.4 million from the principal payment made during fiscal year 2003. Deferred rent decrease by approximately $1.0 million due to the Authority exercising a purchase option on the scoreboard during fiscal year 2003. Deferred financing costs increased approximately $.4 million from the issuance of bonds for the Hippodrome, Montgomery County and the Bond Anticipation Notes for the Orioles Capital Improvement Account of approximately $.9 million and a decrease from the current year's amortization of approximately $.5 million. Finally, furniture and equipment increased by approximately $2.1 million from exercising the purchase option on the scoreboard and other related equipment at M & T Bank Stadium for approximately $2.7 million and a decrease in the current year's depreciation of approximately $.6 million.

Total liabilities for the fiscal year increased by approximately $37.3 million. Interest and accounts payable for fiscal year 2003 increased by approximately $4.8 million. The main reason for the increase relates to payables for the construction of the Hippodrome Theatre and the Montgomery County Conference Center. There was an increase in the lease revenue bonds of approximately $35.1 million as a result of the Authority paying $8.4 million toward the outstanding principal on the lease revenue bonds, the refunding of $10.25 million of the Bond Anticipation Note and the issuance of long-term debt of $53.7 million for the Hippodrome Theater, Montgomery County Conference Center and the refunding of the Bond Anticipation Notes issued in November 2001. The Project Advances declined by approximately $.9 million because $1.0 million was used in FY 2003 to renovate Camden Station and approximately $3.6 million was used for expenses the Authority paid on behalf of the University of Maryland Baltimore County and Towson University. The Authority also received an additional $3.7 million from Towson University and University of Maryland Baltimore County. Finally for fiscal year 2003, approximately $1.1 million of the deferred revenue was recognized as income.

Statement of Revenues, Expenses, and Changes in Net Assets

The change to Net Assets as seen on the Statement of Net Assets is based on the activity that is presented on the Statement of Revenues, Expenses, and Changes in Net Assets. The presentation of the Statement reflects the revenues and expenses for the Authority during fiscal year 2003. 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 operating and maintenance expenses of the football stadium. This accounts for approximately $12.2 million of the revenue for fiscal year 2003. 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 $7.9 million. Located at the Camden Yards Sports Complex is the B & O Warehouse that was renovated for office space. There currently are eight tenants renting more than 180,000 square feet that, combined with several cellular antenna sites, generate approximately $3.1 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 $2.2 million for fiscal year 2003. 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 2003. 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, $.9 million for fiscal year 2003. Overall, revenue for fiscal year 2003 decrease by approximately $.4 million from revenue in fiscal year 2002 due primarily to the decrease in 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

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

Maryland along with $1.0 million received yearly from Baltimore City is used to pay the debt service on the outstanding bonds issued by the Authority. The Authority also has a contractual obligation to pay one-half of the operating deficits at the Ocean City Convention Center and two-thirds of the operating deficit of the Baltimore City Convention Center. Further, the Authority is required to contribute annually to an improvement fund for the Ocean City and Baltimore City Convention Centers of $50,000 and $200,000, respectively. This contribution for fiscal year 2003 was approximately $2.8 million. The Authority was responsible for the demolition of Memorial Stadium, replaced by the new football stadium at the Camden Yards Sports Complex and to construct a new Veterans Memorial at the Camden Yards Complex site. The funds for the demolition of the stadium and the construction of the Veterans Memorial were appropriated by the State of Maryland over several years and the Authority used approximately $.8 million during fiscal year 2003. As of June 30, 2003, the demolition of Memorial Stadium and the construction of the Veterans Memorial were complete. During fiscal year 2003, the Authority also recognized $16.1 million from the City of Baltimore, Baltimore Center of Performing Arts, and the theater manager to be used for the renovation of the Hippodrome Performing Arts Center. Finally, during fiscal year 2003, the Authority recognized $.2 million from Montgomery County as their portion of the construction of the Montgomery County Conference Center.

Statement of Revenues, Expenses, and Changes in Net Assets

	Year ended June 30	
	2003	**2002**
Operating revenues	**$ 26,160,732**	$ 26,517,523
Operating expenses	**34,528,077**	33,641,235
Operating loss	**(8,367,345)**	(7,123,712)
Nonoperating expense	**(22,494,626)**	(19,384,746)
Loss before contributions	**(30,861,971)**	(26,508,458)
Contributions from primary and local governments and other sources	**41,891,895**	34,016,459
Increase in net assets	**11,029,924**	7,508,001
Net assets at beginning of year	**226,613,243**	219,105,242
Net assets at end of year	**$ 237,643,167**	$ 226,613,243

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

The Statement of Revenues, Expenses, and Changes in Net Assets shows an increase in the net assets at year-end. The primary reason for the increase was the additional money received from local government and other sources for the Hippodrome Project and the Montgomery County Conference Center to help pay for the renovations and construction of these facilities. Additional explanations for the increase in fiscal year 2003 are as follows:

- During fiscal year 2003, the Authority exercised an option to purchase the scoreboard and other related equipment at M & T Bank Stadium. By exercising this option, the Authority recognized an additional expense of approximately $1.0 million in deferred rent recorded in fiscal year 2002.

- The Authority was relieved of the obligation of paying $2.4 million to the school construction fund for fiscal year 2002, but is required to contribute for fiscal year 2003, funds available at June 30, 2003. The Authority accrued a payment amount of $2.4 million for school construction in fiscal year 2003.

- The demolition of Memorial Stadium was completed in fiscal year 2002. The expense associated with the demolition in fiscal year 2003 decreased from 2002 by approximately $1.7 million.

- The salaries and benefits paid to the employees increased approximately $350,000. The increase is the result of recognizing a full year's expense associated with the hiring of additional employees halfway through fiscal year 2002 for the operation and maintenance of the Camden Yards Sports Complex, salary increases and cost increases for benefits. Also, the State's portion of the employees' health benefits increased during fiscal year 2003.

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 (continued)

Statement of Cash Flows

	Year ended June 30 2003	2002
Cash provided by (used in):		
Operating activities	**$ 1,732,038**	$ (1,575,696)
Noncapital financing activities	**(48,630,953)**	(22,242,698)
Capital and related financing	**76,312,824**	27,830,610
Investing activities	**(25,920,022)**	(8,727,954)
Net increase (decrease) in cash	**3,493,887**	(4,715,738)
Cash and cash equivalents at beginning of year	**9,081,114**	13,796,852
Cash and cash equivalents at end of year	**$ 12,575,001**	$ 9,081,114

Capital Assets and Debt Administration

The Authority had additions to capital assets and debt during fiscal year 2003. The additions to the capital assets resulted from the continuing renovations of the Hippodrome Performing Arts Center, the start of construction of the Montgomery County Conference Center and the construction of the new Veteran Memorial at Camden Yards. 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 issued taxable bonds in July 2002 in the amount of $20.25 million of which $17.4 million will be used for project costs and $2.85 million will be used for interest and closing costs. The Montgomery County Conference Center is a 100,000 s.f. building which will include a 120-seat amphitheater, a board room, classrooms, breakout rooms, a 23,300 s.f. grand ballroom, a 175-seat restaurant, a 75-seat lounge, and an outdoor café. A 225-room hotel will be adjacent to and physically connected with the conference center. The hotel will be funded and owned by a consortium of private investors. The conference center will be funded with state and county money. The estimated cost for the conference center is approximately $33.5 million and is expected to be open in the fall of 2004. The Authority issued tax-exempt bonds in January 2003 in the amount of $23.18 million of which $20.30 million will be used for the conference center and $2.88 million will be used for interest and closing costs. In fiscal year 2003, the Authority started the renovation of the

Capital Assets and Debt Administration (continued)

Camden Station project that is located on the Camden Yards site. Camden Station is a 40,000 s.f. brick building. The renovations will include the development of 23,000 s.f. for the Babe Ruth Museum, a local attraction that contains sports memorabilia. The remaining 17,000 s.f. will be developed for a commercial tenant. The estimated cost of the renovation is projected at $9.5 million of which $1.0 million has already been spent. The remaining $8.5 will come from the sale of taxable bonds estimated to be sold sometime in January 2004. The project is expected to open in the first six months of 2005.

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. In July 2003, the Authority issued $10.25 million in Taxable bonds to pay the BAN issued in November 2001.

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, 2003

Assets	
Current assets:	
Unrestricted cash and cash equivalents	$ 12,500,001
Restricted cash and cash equivalents	75,000
Money market mutual fund investments—restricted	24,738,585
Accounts receivable, net of allowance for bad debts	6,544,927
Interest receivable	283,709
Note receivable, current portion	331,708
Capital leases receivable, current portion	11,015,000
Total current assets	55,488,930
Noncurrent assets:	
Capital assets:	
Furniture and equipment, net of accumulated depreciation of $1,327,511	2,376,128
Other capital assets, net of accumulated depreciation of $59,051,322	234,168,835
Net capital assets	236,544,963
Other noncurrent assets:	
Money market mutual fund investments—restricted	13,308,247
Other assets	151,000
Note receivable, net of current portion	4,959,479
Capital leases receivable, net of current portion	274,768,500
Deferred financing costs, net of accumulated amortization of $2,770,403	5,492,115
Total noncurrent assets	535,224,304
Total assets	590,713,234

Maryland Stadium Authority

Statement of Net Assets (continued)

June 30, 2003

Liabilities	
Current liabilities:	
Accounts payable and accrued expenses, current portion	$ 11,599,524
Interest payable	2,038,263
Project advances	888,825
Lease revenue bonds payable net of discount, premium, and current portion	11,015,000
Deferred revenue, current portion	1,051,549
Total current liabilities	26,593,161
Noncurrent liabilities:	
Accrued expenses, net of current portion	606,923
Lease revenue bonds payable, net of discount of $102,848, premium of $99,176 and current portion	312,221,328
Deferred revenue, net of current portion	13,648,655
Total noncurrent liabilities	326,476,906
Total liabilities	353,070,067
Net assets	
Invested in capital assets	221,559,522
Restricted for debt service	669,003
Restricted for capital assets	6,533,872
Unrestricted	8,880,770
Total net assets	$ 237,643,167

See accompanying notes.

Maryland Stadium Authority

Statement of Revenues, Expenses, and Changes in Net Assets

Year ended June 30, 2003

Operating revenues:	
Baltimore Orioles' rent	$ 6,044,153
Admission taxes	7,899,909
Baltimore Ravens' contributions	6,209,639
Warehouse rents	3,117,859
Catering commissions	468,516
Parking revenues	1,647,641
Entity contributions	122,529
Miscellaneous sales	650,486
Total operating revenues	26,160,732
Operating expenses:	
Salaries and wages	5,717,267
Telephone and postage	97,206
Travel	29,313
Utilities	5,188,807
Vehicle expense	55,091
Contractual services	7,258,363
Parking	1,355,145
Equipment leasing	3,416,918
Memorial Stadium demolition	98,108
Supplies and materials	732,170
Depreciation and amortization	10,038,206
Fixed charges	277,158
Miscellaneous	264,325
Total operating expenses	34,528,077
Operating loss	(8,367,345)
Nonoperating revenue (expenses):	
Contributions to others for operating deficit and capital improvements	(2,846,283)
Public school construction contribution	(2,400,000)
Unrestricted investment income	406,838
Restricted investment income	1,536,685
Interest expense	(19,191,866)
Total nonoperating expense	(22,494,626)
Loss before contributions	(30,861,971)

Maryland Stadium Authority

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

Year ended June 30, 2003

Contributions from local government and other sources—Hippodrome Project	$ 16,100,000
Contributions from local government—Montgomery County	215,578
Contributions from local government—Camden Yards	1,000,000
Contributions from primary government—Camden Yards	17,654,000
Contributions from primary government—Baltimore City Convention Center	4,057,949
Contributions from primary government—Ocean City Convention Center	2,060,062
Contributions from primary government—Memorial Stadium	804,306
Total contributions	41,891,895
Change in net assets	11,029,924
Total net assets at beginning of year	226,613,243
Total net assets at end of year	$ 237,643,167

See accompanying notes.

Maryland Stadium Authority

Statement of Cash Flows

Year ended June 30, 2003

Cash flows from operating activities	
Receipts from Camden Yards	$ 25,754,824
Payments to employees:	
Salaries and benefits	(5,648,938)
Payments to suppliers	(18,013,410)
Other payments:	
Project advances	(230,079)
Demolition costs	(130,359)
Net cash provided by operating activities	1,732,038
Cash flows from noncapital financing activities	
Payments from investment in direct financing leases	(7,820,166)
Convention center operating deficit and capital improvements	(2,798,407)
Principal paid on notes payable and revenue bonds	(18,690,000)
Interest payments	(19,322,380)
Net cash used in noncapital financing activities	(48,630,953)
Cash flows from capital and related financing activities	
Contributions from local governments—Hippodrome Project	16,100,000
Contributions from local government—Camden Yards	1,000,000
Contributions from primary government—Camden Yards	17,654,000
Contributions from primary government—Baltimore City Convention Center	4,057,949
Contributions from primary government—Ocean City Convention Center	2,060,062
Contributions from primary government—Montgomery County	215,578
Contributions from primary government—Memorial Stadium demolition	804,306
Bond issuance plus premium less discount	53,788,234
Acquisition and construction of capital assets	(19,367,305)
Net cash provided by capital and related financing activities	76,312,824
Cash flows from investing activities	
Decrease in investments	(27,192,371)
Purchase of capital stock	(1,000)
Interest and gains on investments	830,988
Proceeds from notes receivables	442,361
Net cash used in investing activities	(25,920,022)
Net increase in cash	3,493,887
Cash and cash equivalents at beginning of year	9,081,114
Cash and cash equivalents at end of year	$ 12,575,001

Maryland Stadium Authority

Statement of Cash Flows (continued)

Year ended June 30, 2003

Reconciliation to operating loss	
Cash flow from operating activities:	
Operating loss	$ (8,367,345)
Adjustments to reconcile operating loss:	
Depreciation and amortization	10,038,206
Effects of changes in assets and liabilities:	
Accounts and interest receivables	(405,909)
Accounts and accrued payables	355,987
Deferred rent	972,659
Project advances	(861,560)
Net cash provided by operating activities	$ 1,732,038

See accompanying notes.

1. Nature of Operations

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

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

1. Nature of Operations (continued)

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, 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

1. Nature of Operations (continued)

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 issued in January 2003 $23,185,000 in bonds for the project of which $20,304,000 will be used for capital construction costs. Montgomery County is required to contribute $13,196,000 toward capital construction costs. Construction started in February 2003 and the project is expected to be completed in the last quarter of 2004. Interest capitalized for the fiscal year ended June 30, 2003 was $354,242 for the Montgomery County Conference Center project.

Effective July 1, 2000, the Authority was authorized to implement the acquisition, renovation and construction of the Hippodrome Performing Arts Center. The Hippodrome Performing Arts Center includes the Hippodrome Theater and several adjacent properties. The development of the Hippodrome Performing Arts Center is expected to cost $62,670,000. In July 2002, the Authority issued $20,250,000 in taxable bonds for the project of which $17,400,000 will be used for capital costs. $12,900,205 was used for capital costs for the fiscal year ended June 30, 2003. 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. All of the property has been acquired and construction has started. The project is expected to be completed by early 2004. Interest capitalized for the fiscal year ended June 30, 2003 was $1,045,513 for the Hippodrome Performing Arts Center project.

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.

2. Summary of Significant Accounting Policies (continued)

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.

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.

2. Summary of Significant Accounting Policies (continued)

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, 2003 were approximately $3,718,182. Total related disbursements for the year were approximately $4,579,742.

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.

2. Summary of Significant Accounting Policies (continued)

Risk Management (continued)

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

Use of Restricted Assets

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

3. Deposits and Investments

At June 30, 2003, 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, 2003 was $12,234,433. All amounts held on deposit by the Treasurer at June 30, 2003 are unrestricted.

The carrying value of other deposits at June 30, 2003 is $265,568 and the associated bank balances are $265,568. Those balances are covered by federal depository insurance and are unrestricted.

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 $38,046,832 at June 30, 2003 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

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

During 2003, 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 made a contribution of $2,000,000 during the fiscal year ended June 30, 2003 for the purpose of the Hippodrome project. The Authority also received $14,100,000 from private sources as capital contributions for the Hippodrome Theater.

During 2003, the Authority received $215,578 from Montgomery County for their percentage of construction costs associated with the Montgomery County Conference Center.

5. Accounts Receivable

Accounts receivable as of June 30, 2003 consists of the following:

Baltimore Orioles	$ 2,882,783
Admission taxes	2,937,548
Other	758,421
Less allowance for bad debts	(33,825)
	$ 6,544,927

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, 2003 are as follows:

2004	$ 331,708
2005	288,606
2006	270,776
2007	270,776
2008	270,776
2009-2013	1,353,880
2014-2018	1,353,880
2019-2023	1,150,785
	$ 5,291,187

7. Capital Leases Receivable

At June 30, 2003, the capital leases receivable consists of the following:

Total minimum lease payments to be received	$ 538,146,894
Less unearned interest income	214,906,894
Principal balance on outstanding debt	323,240,000
Less liquid assets to be used in construction	(37,456,500)
Total	$ 285,783,500

7. Capital Leases Receivable (continued)

Future minimum lease payments to be received as of June 30, 2003 are as follows:

2004	$ 30,394,712
2005	30,266,793
2006	31,115,288
2007	31,103,085
2008	31,242,508
2009-2013	153,941,653
2014-2018	133,007,783
2019-2023	76,029,272
2024-2027	21,045,800
	$ 538,146,894

8. Capital Assets

Furniture and equipment and other capital assets activity for the year ended June 30, 2003 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets:				
Furniture and equipment	$ 921,583	$ 2,782,056	$ –	$ 3,703,639
Camden Yards	251,730,675	867,213	248	252,597,640
Baltimore City Conv Ctr	6,617,916	1,179	–	6,619,095
Ocean City Conv Ctr	11,395	495	–	11,890
Hippodrome	16,210,424	15,311,199	–	31,521,623
Montgomery County	–	1,433,959	–	1,433,959
Camden Station	–	1,035,950	–	1,035,950
Total capital assets at historical cost	275,491,993	21,432,051	248	296,923,796
Less accumulated depreciation:				
Furniture and equipment	691,591	635,920	–	1,327,511
Camden Yards	47,285,679	9,033,743	–	56,319,422
Baltimore City Conv Ctr	2,328,032	367,662	–	2,695,694
Ocean City Conv Ctr	35,840	366	–	36,206
Total accumulated depreciation	50,341,142	10,037,691	–	60,378,833
Capital assets, net	$225,150,851	$ 11,394,360	$ 248	$236,544,963

9. Current Accounts Payable and Accrued Expenses

At June 30, 2003, accounts payable and accrued expenses consisted of the following:

Trade payables	$ 11,314,070
Compensated absences	21,205
Accrued parking	250,919
Workers' compensation	13,330
Total	$ 11,599,524

10. Bond Anticipation Notes

In November 2001, the Authority issued a nine-month Bond Anticipation Note for $10,250,000 of which $10 million was used to satisfy an arbitration decision related to settlement of litigation with the Orioles and $250,000 was 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 interest cost for the nine months June 30, 2003 was $163,000.

11. Bonds Payable

Bonds payable as of June 30, 2003 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	$ 42,230,000
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	13,955,000
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	81,090,000
1997 Series: Issued $4,640,000 in December 1997 at 4.66% per annum, due in varying installments through June 15, 2008	2,640,000
1998 Series A: Issued $16,300,000 in December 1998 at a variable rate, due in varying installments through December 15, 2019	16,300,000
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	112,575,000

11. Bonds Payable (continued)

2002 Series: Issued $10,250,000 in July 2002 at 3.0% to 5.7% per annum, due in varying installments through September 15, 2013	$ 10,250,000
2002 Series: Issued $20,250,000 in July 2002 at 5.0% to 6.25% per annum, due in varying installments through June 15, 2022	20,250,000
2003 Series: Issued $23,185,000 in January 2003 at 2.0% to 5.0% per annum, due in varying installments through June 15, 2024	23,185,000
Total revenue bonds payable	323,240,000
Plus unamortized premium (includes unamortized premium related to both series of 2002 and the 2003 revenue bonds payable of $6,451, $2,273 and $90,452)	99,176
Less unamortized discount (includes unamortized discount relating to the 1995 and 1996 revenue bonds payable of $14,714 and $88,134 as of June 30, 2003)	(102,848)
	$ 323,236,328

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

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

11. Bonds Payable (continued)

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

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

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

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

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

11. Bonds Payable (continued)

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

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

Debt service requirements subsequent to June 30, 2003 are as follows:

Year ending June 30	Principal Maturities	Interest	Total
2004	$ 11,015,000	$ 19,379,712	$ 30,394,712
2005	11,760,000	18,506,793	30,266,793
2006	12,915,000	18,200,288	31,115,288
2007	13,770,000	17,333,085	31,103,085
2008	14,725,000	16,517,508	31,242,508
2009-2013	85,240,000	68,701,653	153,941,653
2014-2018	92,610,000	40,397,783	133,007,783
2019-2023	62,280,000	13,749,272	76,029,272
2024-2027	18,925,000	2,120,800	21,045,800
	$ 323,240,000	$ 214,906,894	$ 538,146,894

12. Deferred Revenue, 1999 Refunding and Interest Rate Swaps

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

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

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

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

12. Deferred Revenue, 1999 Refunding and Interest Rate Swaps (continued)

Recognition of deferred revenue subsequent to June 30, 2003 is as follows:

2004	$ 1,051,549
2005	996,140
2006	1,058,716
2007	1,163,419
2008	1,218,605
2009-2013	5,107,117
2014-2018	3,296,576
2019-2023	703,553
2024-2027	104,529
Total	$ 14,700,204

Objective of the Interest Rate Swaps

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

Terms

The terms, including the fair values and credit ratings on the outstanding swaps as of June 30, 2003 are as follows. The notional amounts of the swaps match the principal amounts of the associated bond issues. The Authority's swap agreements contain scheduled reductions to the outstanding notional amounts that match scheduled principal reduction in the associated debt.

12. Deferred Revenue, 1999 Refunding and Interest Rate Swaps (continued)

Terms (continued)

Associated Bond Issue	Notional Amount	Effective Date	Fixed Rate Paid	Variable Rate Received	Fair Values	Swap Termination Date	Counterparty Rating
Series 1999	$ 121,380,000	12/15/99	9.350% to 5.975%	Bond Rate*	$(26,042,451)	Mar. 2019	AAA/Aaa
Series 1998	16,300,000	12/15/98	11.075% to 7.510%	30-day CP plus 10 bpts#	(6,028,424)	Dec. 2019	AAA/Aaa
Series 2006+	31,225,000	12/15/06	5.83% to 5.88%**	Bond Rate*	(2,272,045)	Dec. 2014	AAA/Aaa
Series 2007+	73,125,000	03/02/07	5.69% to 5.80%**	Bond Rate*	(7,035,001)	Mar. 2026	AAA/Aaa
	$ 242,030,000				$(41,377,921)		

* Rate paid on Associated Bond Issue.
\# An index equal to a 30-day commercial paper rate plus 10 basis points.
\+ Bonds have not been issued.
**Calculated rate based upon fixed payments established in the swap agreements divided by the notional amount outstanding at each fixed rate payment date.

Fair Value

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

12. Deferred Revenue, 1999 Refunding and Interest Rate Swaps (continued)

Credit Risk

As of June 30, 2003, the Authority was not exposed to credit risk because the swaps had a negative fair value. However, should interest rates change and the value of the swaps become positive, the Authority would be exposed to credit risk in the amount equal to the swaps' fair value. American International Group, Inc., which provides a guarantee to the counterparty for the 1999 Swap and the 1998 Swap, was rated AAA by Standard & Poor's (S&P) and Aaa by Moody's Investors Service (Moody's) as of June 30, 2003. Ambac Assurance Corporation, the counterparty to the Convention Center Swap and the Football Swap, was rated AAA by S&P and Aaa by Moody's as of June 30, 2003. To mitigate the potential for credit risk for the 1999 Swap and the 1998 Swap, if the guarantor's long-term unsecured unsubordinated debt ratings are suspended by either S&P or Moody's or the guarantor's ratings fall below AA- or Aa3 by S&P and Moody's, the fair value of the associated swap will be fully collateralized with cash or securities. Collateral would be posted with an independent third-party custodian. In addition, if the Authority's ratings for debt secured by the master lease with the State of Maryland fall below BBB+ or Baa1 by S&P and Moody's or are suspended, the fair value of the swap will be fully collateralized by the Authority with cash or securities. Collateral would be posted with an independent third-party custodian. The Authority was rated AA+ by S&P and Aa2 by Moody's as of June 30, 2003.

Basis Risk

As of June 30, 2003, the 1999 Swap, the Convention Center Swap and the Football Swap do not expose the Authority to basis risk. The Authority is receiving a variable rate payment from the counterparty on the 1999 Swap equal to the variable rate it pays on the associated bonds. Under certain circumstances, the counterparty could pay an alternative floating rate to the Authority which would not be equal to the variable rate interest accrued on the Series 1999 Bonds, which would subject the Authority to basis risk. The Convention Center Swap and the Football Swap have not reached their respective payment start dates. The 1998 Swap does expose the Authority to basis risk. The Authority is receiving a variable rate payment from AIG-FP equal to a 30-day commercial paper index plus 10 basis points and pays a floating rate on the Series 1998 Bonds, which is currently remarketed at an interest rate mode that is reset weekly. The Authority will pay or receive the difference between (i) the commercial paper index plus 10 basis points it receives from the counterparty and (ii) the rate the Authority pays on its Series 1998 Bonds. If the rates on the index are below the floating rates on the Series 1998 Bonds, the Authority is liable for the difference.

12. Deferred Revenue, 1999 Refunding and Interest Rate Swaps (continued)

Termination Risk

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

Swap Payments and Associated Debt

Using rates as of June 30, 2003, for the debt service requirements of the Authority's outstanding variable rate bonds and using the forward rates as of the effective date for the Authority's forward starting swap, the net swap payments are as follows. As rates vary, variable-rate bonds interest payments and net swap payments will vary.

12. Deferred Revenue, 1999 Refunding and Interest Rate Swaps (continued)

Swap Payments and Associated Debt (continued)

Fiscal Year Ending June 30	Variable-Rate Bonds[1][2] Principal	Variable-Rate Bonds[1][2] Interest	Interest Rate Swaps, Net	Total
2004	$ –	$ 1,635,914	$ 11,207,305	$ 12,843,219
2005	4,230,000	1,576,807	6,996,101	12,802,908
2006	5,495,000	1,519,202	6,053,481	13,067,683
2007	5,945,000	2,745,362	5,364,957	14,055,319
2008	11,730,000	4,695,067	8,040,585	24,465,652
2009	12,435,000	4,455,950	7,598,011	24,488,961
2010	13,190,000	4,160,347	7,167,493	24,517,840
2011	13,995,000	3,876,322	6,675,909	24,547,231
2012	14,850,000	3,580,456	6,144,440	24,574,896
2013	15,760,000	3,252,728	5,593,687	24,606,415
2014	16,730,000	2,912,526	4,999,723	24,642,249
2015	17,760,000	2,564,838	4,353,833	24,678,671
2016	13,805,000	2,251,329	3,758,753	19,815,082
2017	14,660,000	2,008,770	3,181,099	19,849,869
2018	15,570,000	1,753,875	2,564,373	19,888,248
2019	16,545,000	1,483,439	1,908,319	19,936,758
2020	17,555,000	1,199,837	1,207,517	19,962,354
2021	4,580,000	987,169	851,068	6,418,237
2022	4,845,000	834,787	740,101	6,419,888
2023	5,125,000	673,591	622,709	6,421,300
2024	5,420,000	504,633	494,417	6,419,050
2025	5,735,000	322,748	361,942	6,419,690
2026	6,070,000	131,902	220,158	6,422,060
	$ 242,030,000	$ 49,127,599	$ 96,105,981	$ 387,263,580

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

(2) Using rates as of June 30, 2003, for the debt service requirements of the Authority's outstanding variable rate bonds (1.14%) and using the forward rates as of the effective date for the Authority's forward starting swaps (3.14% and 3.22%).

13. Noncurrent Liabilities

Noncurrent liability activity for the year ended June 30, 2003 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Compensated absences	$ 498,722	$ 55,453	$ 7,717	$ 546,458	$ 21,205
Retainage payable	616,144	1,637,436	–	2,253,580	2,253,580
Workers' compensation	95,000	–	9,000	86,000	13,330
Project advances	1,750,385	3,718,182	4,579,742	888,825	888,825
Bond Anticipation Notes	10,250,000	–	10,250,000	–	–
Lease revenue bonds payable, net	277,887,579	53,788,234	8,439,485	323,236,328	11,015,000
Deferred revenue	15,782,225	–	1,082,021	14,700,204	1,051,549
Total	$306,880,055	$59,199,305	$24,367,965	$341,711,395	$15,243,489

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, 2003 are as follows:

2004	$ 2,948,775
2005	2,708,390
2006	1,283,790
2007	618,869
2008	173,855
2009-2013	172,305
Total	$ 7,905,984

Lease rental income for the year ended June 30, 2003 was $3,117,859.

14. Operating Leases (continued)

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

2004	$ 1,604,892
2005	1,604,892
2006	1,604,892
2007	1,604,892
Total	$ 6,419,568

Lease expense for the year ended June 30, 2003 was $5,021,810.

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.

15. Retirement Plans (continued)

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, 2003, 2002, and 2001 of $210,802, $191,364, and $203,037, respectively.

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 $141,752 for the year ended June 30, 2003.

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. A payment for the year ended June 30, 2003 was required. The Authority is only obligated to contribute for a given fiscal year 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.