MARYLAND STADIUM AUTHORITY

ANNUAL REPORT 2007

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On Front Cover

Since the opening of Oriole Park in April, 1992, Camden Yards has welcomed millions of sports and recreation enthusiasts of all ages and interests. Our cover depicts some scenes from 2007.

Upper left – *Two brothers enjoy a game of catch at a family picnic along the promenade at M&T*

Upper right – *Plebes from the USNA enjoy their annual outing to an Orioles game in August*

Lower right – *Nate Adams, winner of the FMX event at the Dew Action Sports Tour. Adams, who later won the 2007 Dew Tour "Athlete of the Year," holds his bronze Baltimore crab along with the first place trophy*

Lower left – *Tailgating with the trolls under I-395*

Middle left – *West Point cadets on their way to Army-Navy*

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MISSION

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

VISION

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

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

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

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

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To the Governor and Members of the Maryland General Assembly:

CHAIRMAN'S LETTER

It has been fifteen years since the triumphant opening of Oriole Park at Camden Yards. Just as the ballpark design and downtown location sparked a new trend in fan friendly facilities woven into an urban environment, this landmark structure transformed a gateway to Baltimore. It created economic opportunity for a struggling city corridor, and Maryland pride in a national treasure.

In the years that followed, Maryland Stadium Authority continued to make a significant contribution to economic revitalization in Baltimore, and the entertainment of those who live, work, and visit here. In renovating the Warehouse, building M&T Bank Stadium, and restoring Camden Station for museum space, MSA developed the Camden Yards Sports Complex into a year round destination with a multitude of activities and services, as well as an attractive environment enjoyed by the nearby residential and business community.

MSA takes its responsibility as custodians of this legacy very seriously. Our focus in the coming years is on our core mission: making our facilities, and the experience of those who visit them, the best in the country.

So while MSA takes tremendous pride in the number of public projects we have facilitated, built, and managed around the state over twenty years of service, our focus is once again on the freight yards where it all started.

To be the destination of choice for out of town fans, and the best place to hold events of all kinds, requires an ongoing commitment to excellence. It is a goal we share with our teammates in the complex. Together we will set the standards for the next generation of sports facilities.

Sincerely,

Frederick W. Puddester, *Chairman*

ON THE FIELD OF DREAMS...

Top: ***Pope John Paul II makes history celebrating mass in 1995.***

Middle: ***The Naval Academy Band performs at the opening ceremony of the 1993 All Star game.***

Bottom: ***The 2006 freshmen class of the Maryland General Assembly take the field for orientation.***

STOKING THE ECONOMIC ENGINE

In the fifteen years since the opening of Oriole Park, 85 acres of heavy industrial wasteland have been transformed into a major entertainment and public assembly complex with year round activity. While still defined by the professional sports tenants anchoring the two stadiums, the versatility and various components of the Camden Yard Sports Complex have significantly increased its economic impact.

In 1992, the newest gem in Major League Baseball was surrounded by surface parking lots, a shuttered train depot, a Butler building "festival hall," and industrial blight at Baltimore's southern gateway. The corridor between Camden Yards and the Inner Harbor was an unattractive patchwork of asphalt, weeds and concrete.

After the opening of Oriole Park and the renovation of the Warehouse, the Maryland Stadium Authority completed three projects that advanced redevelopment of Baltimore's inner core. While unrelated in mission, each structure has contributed substantially to the appeal and use of the Camden Yards complex.

The expansion of the Baltimore Convention Center in 1996 allowed more functions of greater size to be held there. Today, the Convention Center has activity more than 300 days of the year. The Camden lots are frequently used for supplemental parking, and conventioneers are among those who attend ball games and take tours as part of their visit to Baltimore.

In 1998, M&T Bank Stadium was completed. By design, the structure and proximity to Oriole Park and major transportation outlets made it an attractive venue for additional sports and entertainment activities. Conversely, the expanse between the two facilities, joined by a tree-lined promenade, created a natural festival grounds that evolved into a popular site for a variety of community and regional events.

In 2007, M&T stadium hosted the Face-Off classic, NCAA Lacrosse Final Four, and Army-Navy game in addition to the annual City-Poly game, Turkey Bowl, and state high school championships.

Now dubbed the Camden Yards Sports Complex, the lots and grounds surrounding the stadiums hosted eleven public events in 2007. Many were fund raising and health awareness walks, held during the spring and fall. The annual African American Heritage Festival, a nationally recognized cultural attraction, draws more than 500,000 during the weekend of entertainment and activity. The Baltimore Marathon, one of the premiere area amateur athletic challenges, registered 14,500 participants and attracted even more spectators.

Top Right: ***Even the warehouse looks desolate in 1990 as demolition begins to make way for Oriole Park.***

Bottom Right: ***The Conway corridor takes a major step forward as work begins on the expansion of the Baltimore Convention Center, which will replace Festival Hall (on the left).***

The network televised AST Dew Tour, showcasing professional action sports athletes competing for cash prizes as part of a five city circuit, began their tour in Baltimore for the first time in 2007. Despite the limited lead time to promote the opening of the series, the Baltimore event drew more than 55,000 fans over four days in June. Perhaps even more significant, it showcased the Camden Yards Sports Complex to a national audience on television and web telecast. The Dew Tour received extensive local coverage and attracted families and fans from all over the state, many for their first visit to the Yards.

While hosting these events generates a welcome revenue source, it also provides opportunity for more Marylanders to utilize and enjoy this state-owned resource. The Camden Yards Sports and Entertainment Commission actively pursues events and activities to use the facilities.

In addition to the public events held on the fields and grounds of the campus, various components of the Camden Yards complex developed into popular venues for catered events of all kinds. Large corporate parties, political fund raisers, and family celebrations have been held in the Warehouse and around Oriole Park since the very beginning. The club level at M&T Bank Stadium likewise attracted special events for the same reasons—a spectacular view, convenient parking and easy access.

The oldest building in the complex, Camden Station, now provides a popular site for private events. With interesting exhibits, beautiful architectural detail, and Maryland history on display, Camden Station has become one of the most entertaining meeting venues in Baltimore.

Top Left: ***The bullpen park is one of the many popular choices for private parties at Camden Yards.***

Bottom Left: ***Ravens Walk tailgating center added new restaurants and family activities in 2007 and quickly became a fan favorite.***

Top Right: ***Sports Legends was the perfect setting for the Preakness Gala in 2007.***

Bottom Right: ***Events at the Geppi Entertainment Museum range from elegant to whimsical. The common denominator is splashy color and fascinating displays of cultural icons. There's never a lull in the conversation at Geppi's, which makes it ideal for any kind of entertaining.***

The once derelict shell of the historic depot was stabilized for the opening of Oriole Park in 1992. However, it was not until 2005 that careful restoration of the interior made it suitable for the site of Sports Legends museum. This paean to all time Maryland sports heroes also pays tribute to its railroad heritage. The attractive decor, historic artifacts and downtown location made Sports Legends a top pick for social events and sports-related press activities. In 2007, Sports Legends hosted the Gala for one of the most famous annual Maryland sporting events—the Preakness.

Geppi Entertainment Museum, opened in September 2006, developed its own following as a unique setting for receptions and parties.

Nearly 600 events were held at Camden Station in 2007.

Calculating the return on a major league investment

In 2007, the Stadium Authority commissioned an economic impact study to determine the financial contributions made by the Orioles and the Ravens

According to the report, prepared by Anirban Basu of the Sage Group, in FY 2006 the Baltimore Orioles generated in excess of $166.9 million in sales and wages with a fiscal impact on state and local governments totaling $17.95 million in tax revenues.

The stadium supported 2,452 Maryland jobs in 2006, which represents $72.6 million in personal income during that year.

"The economic impact of the Orioles is arguably more valuable than the numbers suggest," Dr. Basu noted. "The impact largely takes place on week nights, which would otherwise be slow for local merchants."

With the Ravens, Dr. Basu found M&T Bank Stadium:

- generated in excess of $216 million in gross state product (business sales) in 2006
- supported a total of 3,088 jobs in 2006 and roughly $100 million in Maryland personal income.
- generated nearly $10 million in state taxes, including $3.5 million in admission tax.
- generated more that $3 million in local taxes, including $870,233 in admission tax.

The Stadium Authority requested an additional analysis of the Ravens and their organization that could be factored in to the economic impact report. Player and front office salaries, home ownership, and team charitable giving are included.

This report determined the Ravens organization:

- paid $121,071,682 in total player compensation
- paid $23,579,418 in front office and team staff compensation
- spent $28 million through accounts payable system
- donated nearly $300,000 through the Ravens LP and over $400,000 through the Ravens All-Community Team Foundation.

It is estimated that 10% of the players own property and reside in Maryland during the off-season and that 50% of their disposable income is spent in Maryland.

Based on data inputs, the report calculates the Ravens organization support nearly 400 jobs statewide, represents roughly $300 million in wages, and $69 million in business sales.

As taxpayers, the organization produces $8.9 million in income taxes and $6.6 million in sales taxes.

Of course, without the presence of the two stadiums, there would be no festival grounds upon which to hold the community events that have become Maryland traditions. The Baltimore Marathon is one activity that has grown not only in size, but in scope over the years it has been staged at Camden Yards.

In its seventh year, the marathon became part of a three-day running festival that included a kids' run and a free fitness expo. This year's Health and Fitness Expo held during the weekend of the event on M&T Bank Stadium's club level was also a big draw, attracting more than 25,000 people.

RESI, an economic research and consulting firm located at Towson University, found that in 2007 the event brought more than 41,000 visitors to the city, who spent an average of $177.50 per day over 2-1/2 days. This included a record 14,542 striders from 48 U.S. states and 23 nations. The $18 million impact on the city represents a 22% increase from last year, when a similar study estimated that 12,000 runners generated $14.8 million.

The 40% of race participants coming from out of state spend money on hotels, meals, retail sales, and visiting attractions like the National Aquarium and Science Center. In addition to the hospitality industry, the community benefits from the marathon and its other activities. The event generated more than $600,000 in charitable proceeds in 2007. More than $3.6 million has been donated to local charities since its beginning in 2001.

Event organizers expect the festival to attract 16,000 - 17,000 runners next year, based on the positive experience participants and their families had at Camden Yards and in Baltimore.

Top Left: ***Our neighbors in the Sharp-Leadenhall community have joined in the tailgating festivities. Proceeds benefit their community association and provide funds for beautification efforts.***

Left Middle & Bottom: ***The club level at M&T Bank Stadium got a new look and new identity with Geppi Entertainment as a sponsor. The club rooms are a popular year round party venue.***

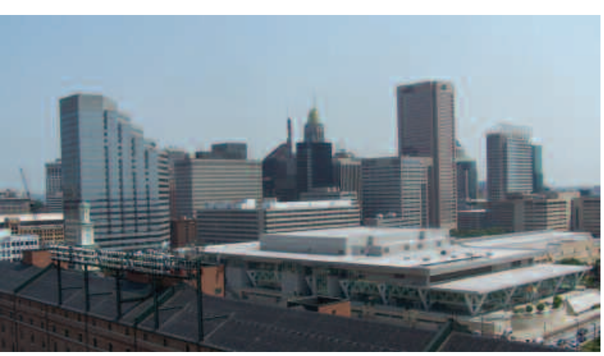
Right Top: ***Oriole celebrations will be even more intense next year, with high definition and a larger screen.***

Right Middle: ***New signs furnished by the Downtown Partnership identify Camden Yards as a distinct location, recognizing both stadiums and relating them to nearby attractions.***

Right Bottom: ***Our cyberspace visitors will be able to view the beauty of Baltimore from the Camden Yards webcam.***

THE LOGISTIC PART OF THE FAN EXPERIENCE

BRANDING A STATE RESOURCE



Signs of the Times

Perhaps the biggest news of 2007 was the agreement reached between the Stadium Authority and the Baltimore Orioles to make a sizeable investment in the audio visual equipment at Oriole Park. With the objective to make the fan experience the very best in Major League Baseball, MSA and the Orioles agreed to purchase a new, state of the art high definition video board, and a control room capable of programming additional effects throughout the ballpark. The Orioles, working with MSA, will design the scoreboard components so the system will complement the look and feel of the traditional ballpark.

Although it will be difficult to replace the aging Sony in time for Opening Day, MSA and all involved are moving full speed ahead with the project.

In Sync With Signs

In the fifteen years since the opening of Oriole Park, little has been done to reflect the changes in use and access of the Camden Yards complex in a comprehensive manner. The result has been a cluttered and inconsistent collage of signs on city streets, transit stops, state highways and even federal interstates

Jim Slusser, Director of Security and Public Safety, assembled a meeting of Camden Yards stakeholders to devise a strategy for coordinating highway signage, traffic flow, and event parking with a consistent, coordinated signage campaign. The object was two-fold—to develop more efficient traffic flow and parking access for any onsite event, and to use this comprehensive effort to brand the Camden Yard Sports Complex.

Say it in Cyberspace

An integral part of the campaign to develop an identity and communicate about access came with the re-design of our website during the summer. While retaining information on all projects undertaken by the MSA, the new look incorporates the State of Maryland brand with more dynamic visuals of MSA projects. It is easier to navigate, and contains a comprehensive guide to Camden Yard facilities. Parking and public transportation information are prominently featured and linked to appropriate sites. There are pictures of events and activities associated with Stadium Authority projects, along with the people of Maryland who enjoy them.

A Crossroads in Time

By the end of 2007, we plan to have a webcam affixed to the light tower on the Warehouse, giving a 360 degree panoramic view of our complex, showing its proximity to downtown Baltimore and the Inner Harbor. The visual message is that Camden Yards is not only beautiful and historic, it is easily accessible to major transportation routes, located in the heart of Baltimore, and open for business year round.

Partnerships

Camden Yards, with its myriad features, attractions and activities, has become a destination in and of itself. This is expected to increase dramatically next year with the opening of the 757 room convention hotel directly across the street.

In 2007, Maryland Stadium Authority developed a closer relationship with the Baltimore Area Conference and Visitors Bureau, not only for a greater emphasis on marketing sports tourism, but also in improving the fan experience. Such major events as NCAA Lacrosse Final Four, the AST Dew Tour, and Army-Navy saw a partnership with the hospitality industry to enhance the experience of event visitors with accommodations, attractions, and transportation.

In planning and marketing these events, the Maryland Stadium Authority also worked with MTA to encourage the use of public transportation. Ads on buses and light rail, plus links on the MTA website helped promote these events while providing valuable information about getting to Camden Yards.

In 2007, the Maryland Stadium Authority also participated with the City of Baltimore in developing a new route for their popular heritage trails. As a cultural and historic attraction in itself, Camden Yards will be prominently featured on the new West Side Trail.

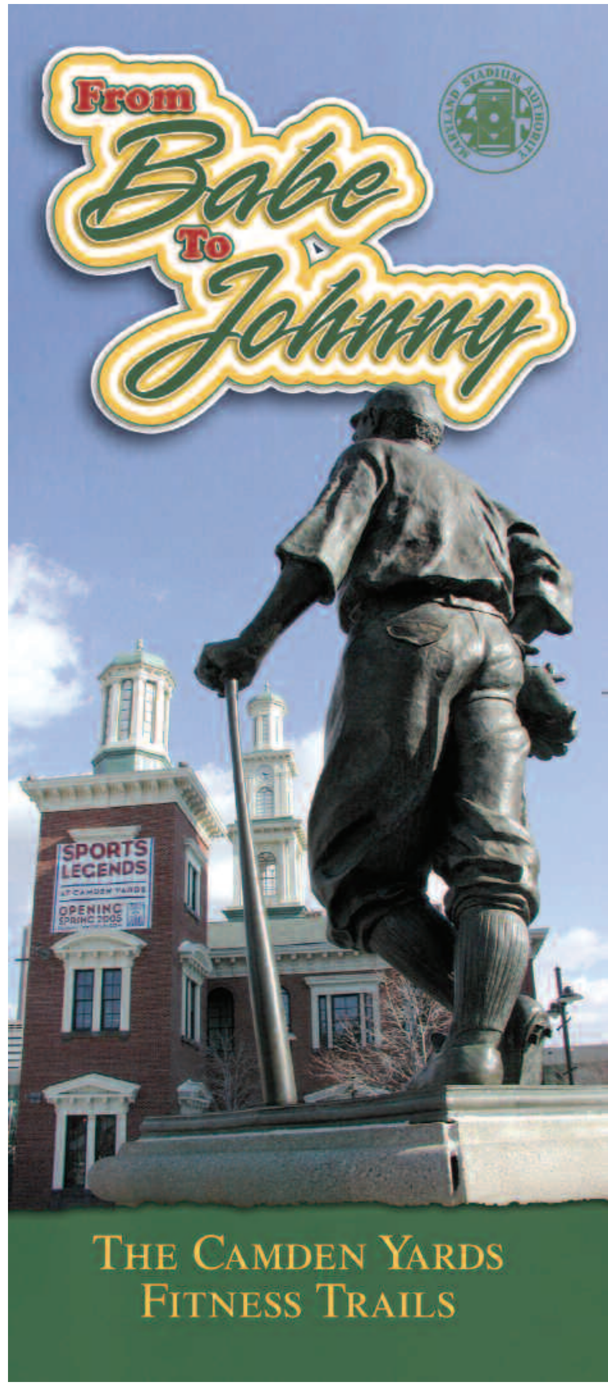
For recreation and fitness buffs, MSA marked a trail of its own, taking visitors “From Babe to Johnny” and showcasing points of interest on the 85 acre campus. Camden Yards has long been a popular destination for joggers and walkers who work in the area. With the opening of new hotels, offices, and a large apartment building, its popularity is expected to increase. Marking a trail and identifying distances will create more foot traffic for the onsite attractions and retail operations that are a part of the Stadium Authority’s family.

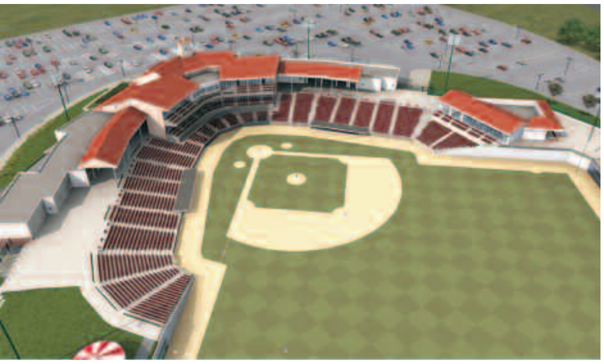
On the south side of the complex, Camden Yards skirts the fourteen mile Gwynns Falls trail that connects the neighborhoods and parks of West Baltimore to the Inner Harbor and Middle Branch. In 2007, the Maryland Stadium Authority worked with MTA to open the overpass by M&T Bank stadium to provide a connector for trail users.

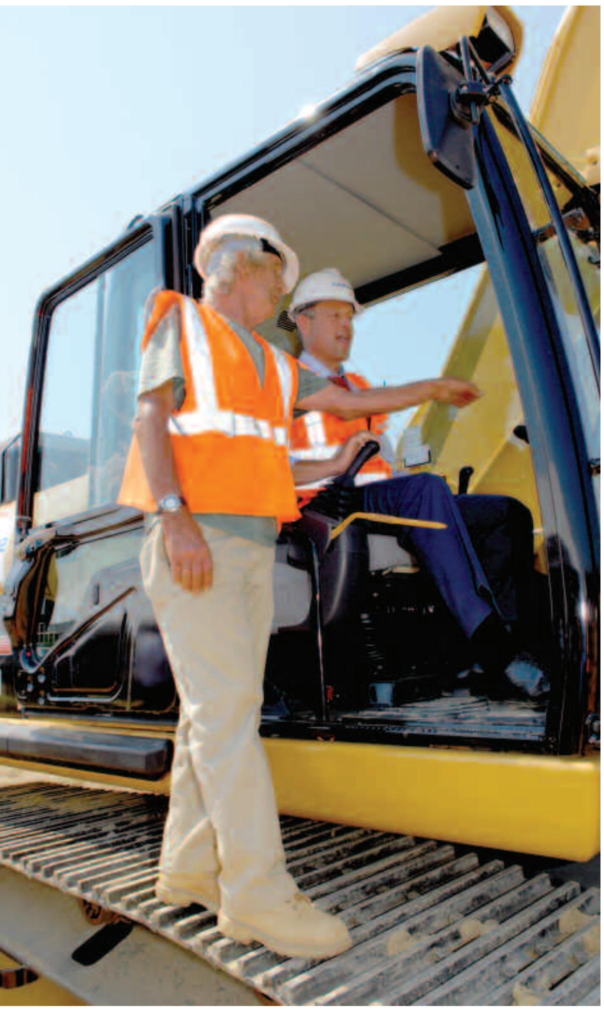
A Gwynns Falls Trail historic marker is planned for the stadium site to commemorate its past as a colonial brickyard and one time piano factory.

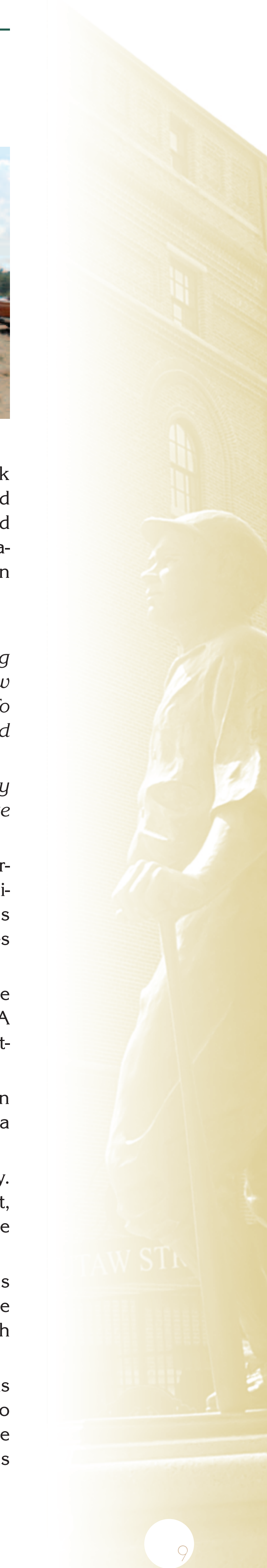
For environmental enhancements on the south Camden Yards perimeter, MSA is working with the City of Baltimore Planning Department, CSX, and the Sharp-Leadenhall neighborhood association to do reforestation and beautification of the areas that border the sports complex.

M&T Bank Stadium is expected to receive even more use as the Ravens joined the Gridiron Network in 2007. The Gridiron Network is a consortium of major league stadiums and concert promoters who book top name entertainment line-ups during the summer months. The Ravens are optimistic they will schedule at least one full scale concert in 2008.









Projects Big and Small

2007 saw two major projects, long in the pipeline, break ground. Southern Maryland Stadium in Charles County and Coppin State University's Physical Education Complex had similar kick-offs in July and October respectively. Both featured keynote addresses, by Governor Martin O'Malley in Waldorf and Lt. Governor Anthony Brown at Coppin.

In his remarks, Governor O'Malley noted:

> *"Southern Maryland is our state's fastest growing region, attracting new industry, new jobs, and new residents with diverse interests each and every day. To accelerate that growth, the State of Maryland is proud to work with Charles County"*

> *"This stadium will strengthen the regional economy by bringing new businesses, new jobs, and new private investment to our state"*

At Coppin, Lt. Governor Brown remarked on the importance of investment in education as an element of community revitalization and recognized the success of Coppin's Urban Corridor program in sharing educational resources with the neighborhood.

Two Warehouse projects were completed this year—the long-awaited executive conference room outside the MSA suite, and the supply storage room in the Facilities department.

Three Feasibility Studies were completed in 2007. In January, the Allegany Motorsports Park was released at a Western Maryland press event in Annapolis.

The study for a new Baltimore Arena was released in May. A Request for Expression of Interest was issued in August, with a due date of late October. Selection of a site and private sector partner is expected the first part of 2008.

Finally, the study for the National Sailing Hall of Fame was issued in December. This project will be the initiative of the non-profit National Sailing Hall of Fame, in cooperation with the Department of Natural Resources.

Still ongoing is the Montgomery County Arena study. This should be complete in 2008. Just underway is a study to determine the feasibility of an additional expansion of the Ocean City Convention Center. Crossroads Consulting was selected to perform a market and economic study.

Far Left: *As a means to encourage more foot traffic at Camden Yards and to educate visitors about the history of the site, the Stadium Authority produced a brochure marking the popular exercise trails in the complex.*

Bottom Left: *The Gwynns Falls trail, just below M&T Bank Stadium, provides easy access for fans on game day.*

Top Middle: *The rendering of Southern Maryland Stadium.*

Top Right: *Guests assemble for the groundbreaking ceremony.*

Bottom Right: *Governor O'Malley officially breaks ground on the project.*

A YEAR AT THE YARDS

January – Holiday celebrations give way to Purple Passion as Camden Yards decked out royally for the playoff-bound Ravens. The clock tower at Camden Station, the trees on Ravens Walk, and the perimeter of M&T Bank Stadium all glowed in purple haze.

The showdown with the Colts didn't end with a "W", but the season was a smashing success in other ways, not the least of which was revenue generated by the playoff. Admission tax (designated to the Stadium Authority) for that game alone was $500,000.

March – The new Face-Off Classic, sponsored by Inside Lacrosse magazine, brought 20,000 hearty fans to watch four top-ranked college lacrosse teams begin their season at M&T Bank stadium. Success of this event resulted in a replay, scheduled for March 1, 2008.

April – Opening Day at Oriole Park!! Always a festive occasion, and this year the production crew from "The Wire" filmed scenes in and around the stadium for the first episode of their final season. Known for its gritty portrayal of the city, "The Wire" stepped out of the box to show a better side of Baltimore with the beauty and vibrancy of Camden Yards in the spring.

April also brought the annual "March of Dimes" walk, one of the eight walk/run community fund raising events staged at Camden Yards in 2007.

May – Sports Legends hosted several hundred guests of the Maryland Jockey Club at the annual Preakness Gala, held the night before the second jewel of the Triple Crown. Camden Street was transformed into an elegant garden for dancing and dining. Both museums were open to the appreciative sports-loving crowd.

Left Top: ***WalkAmerica, to benefit the March of Dimes, is one of the first community fund raisers of the year.***

Left Bottom: ***Hometown favorite Hopkins defeats top-ranked Princeton in the Face-Off Classic***

Top Right: ***The Dew Tour was a triumph for the event organizers, the Stadium Authority, and Shaun White, who showed his exuberance after winning the vert competition.***

Far Right: ***A skateboard park outside M&T Bank Stadium was packed with fans for the AST Dew Tour in June.***

Bottom Right: ***The "Wall of Lax" was only one of the popular features in the festival outside M&T Bank stadium during the NCAA Final Four tournament over Memorial Day weekend.***

Over Memorial Day weekend, the City of Baltimore played host to thousands of lacrosse players and fans in town for the NCAA Final Four tournament, played over three days at M&T Bank Stadium. Thanks to the combined efforts of the host schools, the Baltimore Area Convention and Visitors Association, and the Maryland Stadium Authority, the corridor between Camden Yards and the Inner Harbor was heavily trafficked with lacrosse enthusiasts visiting the LaxFest and downtown attractions between games.

Like other major stadium events, the Lacrosse Final Four benefitted from the months of planning and promoting that stakeholders put into it. The Camden Yards Sports and Entertainment Commission took a major role in selling tickets, generating publicity, and organizing activities.

Baltimore's Final Four was the most successful NCAA lacrosse tournament yet, setting a record for tickets sold—147,000 over three days—and provided by far the best experience for the players and fans.

June – Just two short weeks later, the Dew crew rolled into the Yards with tons of dirt, miles of fencing, scores of bleachers, and a portable two story house. Although organizers and MSA staff had only three months to publicize the kickoff event for the 2007 AST Dew Tour, the turnout exceeded Dew expectations, with more than 55,000 action sports fans descending on the Yards (and lurking on the Hamburg Street overpass.)

This event was staged entirely outdoors, using the lots around M&T Bank stadium. The successful turnout and tremendous local media coverage convinced Dew to come back to Baltimore for the first stop of the 2008 tour.

July – Recognized as the largest cultural heritage event on the east coast, the annual African American Festival again attracted an estimated 500,000 visitors from all over the country. Headliner Patti LaBelle thrilled the concert crowd at an evening performance. This family friendly (and free) festival has become a Camden Yards tradition.

September – The first home football game brought an exciting new feature to Camden Yards for the tailgating faithful. Ravens Walk, the promenade on the south side of the MLK overpass, established their own public food court with the addition of several popular restaurants and a giant outdoor screen.

This new innovation created a tailgating opportunity for those fans who don't come as part of a group, and want to be a part of game day festivities.

October – The largest field ever registered for the Baltimore Marathon. With the addition of other activities and shorter courses, the event is now officially known as a "running festival." More than 14,000 participated in one of the challenges. According to organizers, more than 40% of participants now come from out of state.

November – November saw the hometown community journey to Camden Yards for two longstanding high school gridiron rivalries. City-Poly and Calvert Hall-Loyola staged their annual grudge matches at M&T Bank Stadium. Tradition runs deep in both of these games, and all enjoy the opportunity to play on NFL turf in front of their families and friends.

December – brought the most storied rivalry of all to Camden Yards. For the first time since 2000, the Army-Navy classic was held in Baltimore. In addition to the prestige of a national broadcast, the game also brought patriotic pageantry and a weekend of festivities. The ripple effect benefitted others at Camden Yards, as alumni reunions and other official functions were held in the Stadium club rooms, the Warehouse, Oriole Park at Camden Yards, and Camden Station.

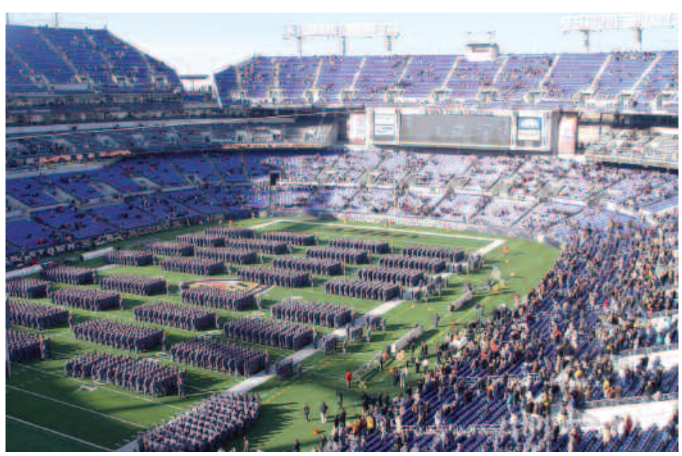
The events generated an estimated $19 million to the city and state.

Top Left: ***Patti LaBelle packed the Camden Complex during her concert at the African American Heritage Festival.***

Middle Left: ***The Baltimore Marathon had its biggest year ever in 2007.***

Bottom Left: ***A record crowd turned out to see the largest field compete in several categories.***

AMERICA'S GAME
ARMY-NAVY COMES TO CAMDEN YARDS



*Top: **The Long Gray Line marches past Veterans Memorial.***

*Middle Left: **Raider, the Army mule, reports for duty.***

*Middle Right: **The Brigade of Midshipmen musters on Eutaw Street.***

*Bottom Left: **Navy's Leapfrogs provide an impressive element to the pageantry.***

*Bottom Right: **The Corps of Cadets takes the field.***

CURRENT PROJECTS

Coppin State University Physical Education Complex

In the fall of 2007, construction began on a new facility for Coppin State University in Baltimore. This project includes a 167,000 square foot physical education complex composed of an indoor arena and pool, a 10,000 square foot satellite central utility plant, a 67,000 square foot facilities management and public safety building, an outdoor track, tennis courts and ballfields and campus parking.

Coppin State is a valued community resource and a major factor in educational opportunity for neighborhood residents from elementary school through college. This project not only impacts the student body, but also contributes to economic development and quality of life in West Baltimore.

Maryland Stadium Authority anticipates opening the arena by fall, 2009.

Cost– $129,425,000 *(includes property acquisition, demo, design, and construction)*

Architects– Cochran, Stephenson & Donkervoet, Inc./ Sasaki Associates, Inc.

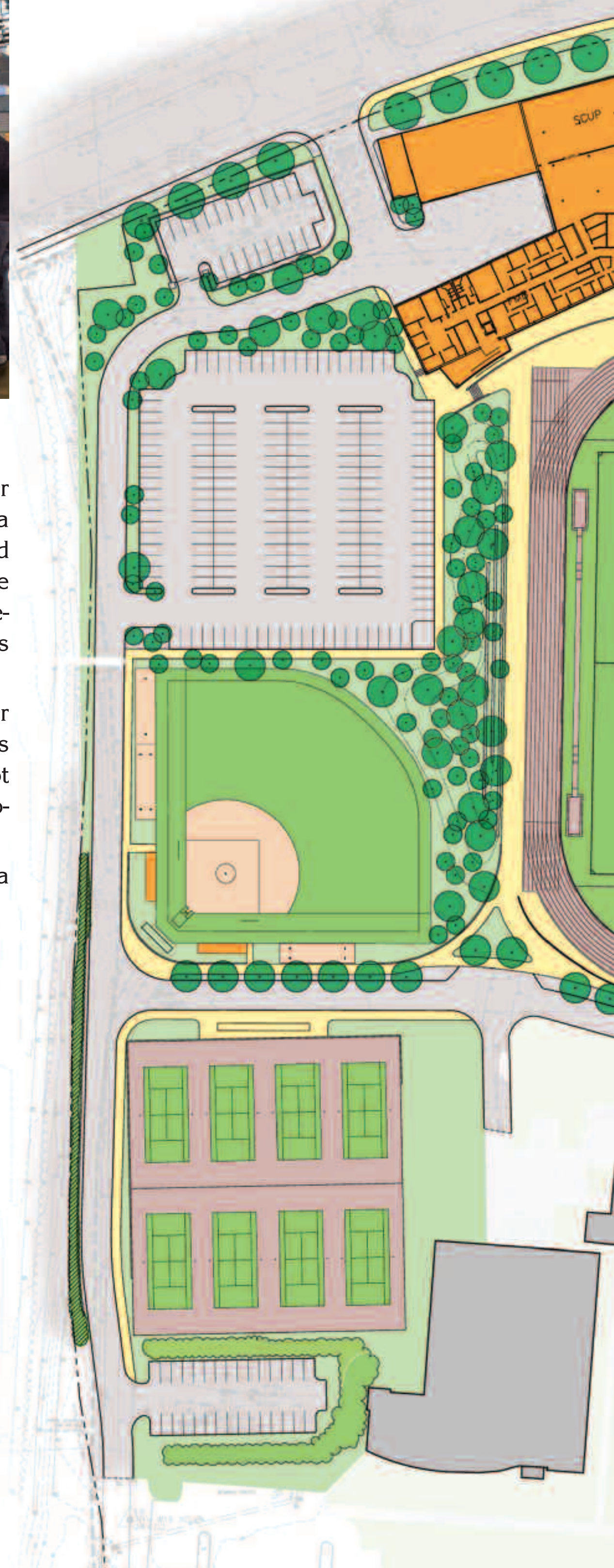
Construction Management– Gilbane/Banks Contracting, JV

Timeline– Opening Fall 2009

Project Features

Physical Education Building

- Classrooms
- Auxiliary gyms
- Dance studios
- Racquetball courts
- Fitness facility
- 4,100 seat basketball arena
- Indoor NCAA regulation pool with spectator seating



Top Left: ***A beautiful state of the art arena will be a part of the facilities.***

Middle: ***The mammoth Coppin State Physical Education Complex will enlarge the campus by about a third, extending it the way to Gwynns Fall Parkway.***

Facitilies Management/Physical Plant/ Public Safety Building

- Campus Security offices/Operations Center
- Capital Planning/Procurement/Mail Facilities
- Satellite Central Utility Plant *(SCUP)* with new utility services
- Physical Plant Shops *(Elec/Mech/Carpentry/ Vehicle Maintenance)*
- Central Receiving

Outdoor Improvements

- NCAA regulation 400 meter track with spectator seating
- Soccer field
- Softball field
- Tennis courts

Infrastructure Improvements

- Parking lots
- Road expansion
- New campus entrance on Gwynns Falls Parkway

Notable Features

- Expands the size of the Coppin campus by about a third, taking it from North Avenue to Gwynns Falls Parkway
- The complex is actually three buildings in one, bordering Gwynns Falls Parkway and Warwick Lane, which partially frames the new outdoor track and fields
- Landscaping gives environmental as well as aesthetic enhancements to campus and community
- 38% MBE participation in 1st phase *(exceeds project goal of 30%)*
- Anticipated LEED Certification

Bottom Right: ***A jubilant Dr. Sadie Gregory (interim President of Coppin State University) takes the controls at the groundbreaking ceremony.***

Southern Maryland Baseball

In summer, 2007, construction began on the Southern Maryland Baseball Stadium, future home of the Class A minor league Blue Crabs. This 4,600 set multi-use stadium is being built on forty acres in Waldorf. Unlike most stadium projects, this is an entertainment complex with a multitude of uses to serve community and private groups year round. A full range of local college and high school sporting events, such as football, soccer and lacrosse, will also be accommodated. It will provide a professional quality facility for local and regional playoffs, championships and high school activities like concerts and graduation ceremonies.

In addition to providing recreational opportunities for young people and families, a minor league stadium in Southern Maryland will deliver significant economic and fiscal results for the State, according to an economic impact study prepared by the Maryland Department of Business and Economic Development. Based on the experience of other Maryland communities, a stadium will likely bring new business and private sector investment to Charles County and the area.

The study concluded that "If you build it, they will come"—from throughout Southern Maryland, as well as the Northern Neck of Virginia. For the burgeoning Charles County visitor industry, this will be the new franchise player.

As a venue for regional activities and events, youth-oriented sports competition, and wholesome family entertainment, this park complex will be provide a much-needed focal point for the community. It will be an anchor for planned growth in retail and residential development because the infrastructure is factored into this project.

Cost– $25.6 million *(cost of the project is being split equally between Charles County, the State of Maryland, and the owners of the team)*

Architect– Tetratech, Inc.

Construction Manager– Skanska

Project Features

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

- Outfield Pavilion Area with concessions
- Children's Area with carousel, concessions, and playground equipment
- Wide Concourses with recessed concession stands, allowing easier access around queuing area
- Ample Restroom Facilities
- Security
- First Aid Stations
- ATMs
- Fan Information Center

COMPLETED STUDIES

Top Left: ***Chessie, the Maryland entry in the Whitbread Round the World Race, sails the Chesapeake Bay.***

Top Right: ***Family shows, like the sold-out "High School Musical on Ice," would be standard fare at a new Baltimore arena.***

Bottom Right: ***The popular Baltimore Blast indoor soccer team would be an anchor tenant at a new arena.***

Baltimore Arena

The Maryland Stadium Authority released the feasibility study for a new Baltimore arena in May, 2007. The study was requested and funded by a group of interested agencies and stakeholders, including the Baltimore Development Corporation, the Downtown Partnership of Baltimore, the Greater Baltimore Committee, the Maryland Department of Business and Economic Development, and the Westside Renaissance.

The project team was headed by KPMG and Odell Associates.

The study was limited to the existing arena site. A market and economic analysis cited the ongoing success of the existing facility that opened in 1962 as the Baltimore Civic Center. Despite its age, the city-owned facility hosts a wide range of activities throughout the year, attracting approximately 600,000 in attendance and generating an estimated $47.2 million in economic impact and $3.7 million in tax revenues each year. The current arena is operated and programmed by SMG, and counts the Baltimore Blast indoor soccer team as one of its tenants.

The project team concluded that, while the structure continues to function, it is becoming operationally inefficient and increasingly obsolete. Many of the mechanical and electrical systems are original. Eventually, the arena's market share will erode while maintenance costs and frequency of repairs will increase. In addition, the study anticipates that the growing obsolescence of the arena's systems could someday lead to an interruption of operations or interference with shows.

The project team also looked at the current building configuration. The team found it is not competitive with newer facilities. Obstructed sightlines, the rectangular shape of the seating plan, tight corridors, small bathrooms and a cramped concourse level are among the dated features. Also, the existing building does not integrate well with the neighborhood, as the entire Howard Street side is devoid of activity at the street level.

The consultants suggest that the arena "represents one of the last major public facilities that has not been addressed within the urban core." They conclude that a new arena could be built on the present site if the adjacent parking garage and surface lot are included in the footprint.

The consultants recommend that if a new Baltimore Arena were constructed, it should have permanent seating for 15,000-16,000 to accommodate the concerts and family shows proven to be reliable attractions.

The study concludes that while renovating the existing arena is a possibility, this could not correct most of the shortcomings. Also, it would not be significantly less costly than building a new arena. Estimated costs of expansion/renovation range from $120 million to $135 million. New construction is estimated from $128 million to $160 million in 2007 dollars. Costs will be higher when a new arena is built.

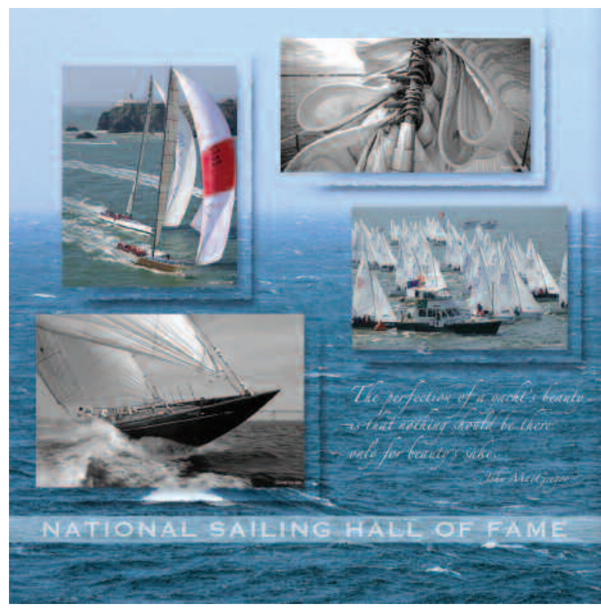
The next step in the process was issuing a formal Request for Expression of Interest. The Baltimore Development Corporation, on behalf of the City, solicited for private sector interest in the project, which could include other suggested sites and funding options. Seven were received by the October 30 due date. BDC plans to make a decision on a site and partner by the first quarter of 2008

The study was funded by contributions from:

- The Maryland Department of Business and Economic Development
- The Baltimore Development Corporation
- City Crescent Limited Partnership
- The Downtown Partnership of Baltimore, Inc.
- The Greater Baltimore Committee
- Mercantile Bankshares Corporation
- The University of Maryland—Baltimore
- Venable, LP
- The Westside Renaissance, Inc.

National Sailing Hall of Fame

In December, the Maryland Stadium Authority released the feasibility study for a permanent "National Sailing Hall of Fame," envisioned for a waterfront property owned by the Department of Natural Resources on Annapolis City Dock, next to the United States Naval Academy.



Efforts to establish and finance such an attraction began with the non-profit. National Sailing Hall of Fame and Museum, organized by sailing enthusiasts, community leaders, local maritime business interests, and ESPN commentator and sailing great Gary Jobson. Their objective is to preserve America's sailing legacy, celebrate sailing's unsung heroes and use sailing to teach the values of character to an ever-widening and youthful audience.

The waterfront location also offers opportunities to educate the public on stewardship of the Bay and protection of the environment.

In August, 2006, the Maryland Stadium Authority was asked by DNR to perform a feasibility study evaluating the National Sailing Hall of Fame as an appropriate fit for the property, based on site suitability, engineering, economic impact, preliminary programmatic and design requirements.

MSA contracted a multi-disciplinary team lead by RCG Architects. The team included Lord Cultural Resources, who evaluated exhibit content, the Sage Group, who provided the economic study, and various civil and structural engineers, surveyors and environmental engineers who studied the site and its surrounds.

The potential to double the current lot size through acquisition of an adjacent property building arose during the study period.

Therefore, the team considered several scenarios in evaluating the size and scope of the project, depending on the amount of property acquired and suitability of the existing structure.

Above: ***National Sailing Hall of Fame.***

Top Right: ***National Sailing Hall of Fame.***

Bottom Right: ***Chessie, the Maryland entry in the Whitbread Round the World Race, sails the Chesapeake Bay.***

The team met with a long list of stakeholders, including the Maryland Historical Trust, United States Naval Academy, Annapolis and Anne Arundel County Conference and Visitors Bureau, the Annapolis Boat Shows, state and local elected officials and various community and business groups.

The study determined the National Sailing Hall of Fame at the Department of Natural Resources site on City Dock is a feasible venture, and could leverage additional tourism and enhance downtown Annapolis. The vision of the project fits well with the waterfront location and the history of the City of Annapolis. The full program of activities can be accommodated if the adjacent property is acquired.

The study recommends that NSHOF should continue their discussions with the Department of Natural Resources for use of the property, and pursue the adjacent property. It also suggests the board should continue working with the Maryland Historic Trust and the City of Annapolis for guidance in design and scope of the building and continue meetings with community and business groups to keep them apprised of the progress. The ongoing communication is necessary for the project to maintain the support necessary to secure funding for the design phase.

The cost to improve the smaller site is estimated to be $9,261,191. If the adjacent property is acquired, the cost to build to the full program is projected to be $14,979,280.

CURRENT STUDIES

Montgomery County Arena

The Maryland Stadium Authority, in conjunction with Montgomery County's Department of Economic Development and the Maryland Department of Business and Economic Development kicked off the feasibility study by contracting Sage Policy Group to perform a market and economic feasibility study for the proposed Montgomery County arena. The preliminary economic study, completed in June, 2007, was not site specific, but assumed a central county location for analytical purposes.

The market study determined Montgomery County would readily support an arena, citing scores of county activities displaced due to the absence of a facility. Specifically, graduations, sporting events and various forms of entertainment are pushed outside for lack of a local venue.

This analysis determined that the level of pent-up demand for an appropriately sized and appointed arena is substantial and sufficient for future pursuit. It recommends an arena with 6,500-8,500 fixed seats and total capacity of 8,000-10,000. Given the size of the Montgomery County business base, the arena could also support 25 luxury boxes.

The study found that the size of the facility is not as significant as its flexibility. Potential uses include:

- Skating Shows
- Circuses
- Graduations
- Minor League Basketball
- Minor League Hockey
- Indoor Lacrosse
- Indoor Soccer
- Tennis Matches
- Concerts
- Track and Field Competitions
- Spiritual Gatherings
- Seminars

Once operational, the arena is projected to support 764 jobs, $6.6 million in wage income, and nearly $19 million in business sales in Montgomery County.

For these reasons, the study concludes an arena strategically situated in Montgomery County would be financially feasible and support significant economic activity as well as provide a long needed community amenity.

Based on the preliminary findings of this report, the Stadium Authority contracted HOK sports architects and Brailsford & Dunlavey to develop a program, evaluate potential sites and review the market and economic study.

This portion of the study is expected to be complete in early 2008.

Ocean City Convention Center Expansion

Ten years after completing an expansion of the Roland E. Powell Convention Center, the Maryland Stadium Authority was asked by the Town of Ocean City to perform a feasibility study to evaluate the economic potential of a further expansion.

In July 2007, the council voted to have MSA evaluate existing market components and then analyze ways to capture those markets. This economic study would determine if an additional expansion is warrented and what direction it should take.

Crossroads Consulting was selected to perform the market and economic study in December 2007.

BOARD MEMBERS

Frederick W. Puddester, *Chairman*

Frederick W. Puddester was appointed Chairman of the Maryland Stadium Authority by Governor Martin O'Malley on July 1, 2007. Mr. Puddester is Senior Associate Dean for Finance and Administration of the Krieger School of Arts and Sciences at Johns Hopkins University. Mr. Puddester was previously Executive Director of Budget and Financial Planning at Hopkins, responsible for the development of the University's $3.5 billion operating budget and $1 billion five-year capital program. Mr. Puddester serves as Secretary to the Board of Trustee's Finance Committee, represents the University on the Boards of several subsidiaries owned by the University and Johns Hopkins Health System and serves on several University-wide committees.

Prior to joining Johns Hopkins University, Mr. Puddester was Secretary of the State Department of Budget and Management from 1996 to 2000. He has also served as a Deputy Chief of Staff to the Governor, Deputy Secretary and Finance Director in the Budget Department and spent nine years on the budget staff for the Maryland General Assembly.

Mr. Puddester received his Bachelor's degree in Political Science from the University of Vermont and a Master's degree in Public Policy from Rutgers University. Currently, Mr. Puddester serves as a member of the State's Interagency Committee on School Construction and as a public member on the Maryland General Assembly's Spending Affordability Committee.

Leonard J. Attman

Leonard J. Attman was appointed as a member of the Maryland Stadium Authority on July 1, 2005. President of Attman Properties Company, Mr. Attman has more than four decades of experience in residential and commercial real estate development. His professional experience includes the development of apartment communities, individual home developments, shopping centers and a recreational park. Mr. Attman attended the University of Maryland. His involvement in professional, civic and philanthropic organizations includes membership on the Boards of Sinai Hospital, the Shosana S. Cardin High School, Beth Tfiloh Brotherhood, the Board of Directors of the Reginald F. Lewis Museum and the Signal 13 Foundation for the Baltimore City Police Department. In addition he actively participates in the activities a many other organizations including the Advisory Board for the Shock Trauma Unit at the University of Maryland Medical Systems. Mr. Attman was the founder and serves as Chairman of the Board of Directors of Future Care which manages nine nursing home facilities serving more than 1,300 patients and providing employment for in excess of 1,500 people.

BOARD MEMBERS

Dennis B. Mather

Dennis "Denny" B. Mather was appointed a member of the Board of the Maryland Stadium Authority effective July 1, 2004. He is a Senior Strategic Consultant for agilityHR in Baltimore, a full service human resources and business process outsourcing firm. Mr. Mather previously served as President and CEO of The Mather Companies. Prior to that undertaking, Mr. Mather served as Vice President in the Morgan Financial Group and then formed Mather & Morgan Group Insurance Services, Inc. (1983) and Mather & Strohl Administrative Services, Inc. (1990), both of which became known as The Mather Companies.

Mr. Mather served on Governor Robert Ehrlich's Executive Finance Committee and as a regular advisor on numerous insurance and business issues. In addition, he serves as President of the Towson University Foundation; a member of the Board of Visitors for Towson University; Vice Chair of the Board of Directors for Baltimore Reads; a member of the Advisory Board to MSDE for Adult and formed the Cynthia and Dennis Mather Charitable Foundation.

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

Otis Rolley, III

Mr. Rolley was appointed a member of the Maryland Stadium Authority Board by Baltimore City Mayor Sheila Dixon and his appointment confirmed by the Senate and Governor Martin O'Malley on March 16, 2007.

Chief of Staff to Mayor Dixon, Mr. Rolley previously served as Director of the Baltimore City Department of Planning, providing counsel to the Mayor, City Council and cabinet heads on residential, commercial and industrial development throughout Baltimore. He was responsible for preparing and updating plans showing the physical development of the City, developing and monitoring the City's $350 million capital budget and the six-year capital development program.

Mr. Rolley also served as Assistant Commissioner of Housing and Community Development (HCD), being promoted to Deputy Commissioner within one month. Within the year, Mr. Rolley was promoted to the position of First Deputy Commissioner of both HCD and the Housing Authority of Baltimore City (HABC). Prior to his service with the City of Baltimore, Mr. Rolley served as a Business Development Officer with Empower Baltimore Management Corporation.

A graduate (with honors) from Rutgers University with a B.A. in Political Science and Africana Studies, and a Masters in City Planning from the Massachusetts Institute of Technology.

Mr. Rolley has served as Chairman of the Board for Community Building and Partnership, Inc. He currently is a Board member of the Municipal Employees Credit Union, ULI Baltimore, Live Baltimore and the Downtown Partnership.

Victoria Rosellini

Victoria Rosellini was named as a member of the Maryland Stadium Authority for a four-year term beginning July 1, 2006. Ms. Rosellini has owned and operated five building and development projects. In addition, she is an entrepreneur and business executive with 24 years professional experience as a pioneer in the woman-owned ambulance transportation services industry. As founder, chief executive officer and president of four ambulance transport companies, she has guided the operation of these firms through initial planning, capital funding and operation. The firms provide all types of patient services from routine appointments to critical care transport including helicopter and commercial flight assistance. Ms. Rosellini is affiliated with numerous health care, professional, governmental and community associations and has received multiple awards and honors in these areas. She currently is serving her 14th year as Commissioner and member on the Baltimore County Liquor Board. She also serves on the Board of the Baltimore City Police Department's Signal 13 Board, the Board of the Maryland Department of Business and Economic Development. Ms. Rosellini was the recipient of Ernst and Young's "Entrepreneur of the Year Award" selected as one of Baltimore's Top 100 Women and was inducted into the Circle of Excellence.

Howard J. Stevens, Jr.

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

Richard Stewart

Richard Stewart was appointed a member of the Maryland Stadium Authority on July 1, 2007. Mr. Stewart, President and Chief Executive Officer of Montgomery Mechanical Services Incorporated (MMS), joined that organization in 1988. His vision and expertise in business performance resulted in increased profitability, elevated the standing of MMS in the construction industry, implemented many innovations and maximized the firm's emphasis on customer service.

A member of the Mechanical Contractors Association of America, Mr. Stewart also has held positions as a board member, director and past president of the Mechanical Contractors Association of Metropolitan Washington. In addition he has served as Vice Chair for the Revenue Authority of Prince George's County; a member of the Executive Committee for both the National Association of Minority Contractors and the Prince George's County Community Development Corporation.

Mr. Stewart has received numerous awards for his work in the construction industry including the State of Maryland's Governor's Citation Award; the American Minority Contractors and Business Association Inc.'s Business of the Year Award and the Maryland / Washington Minority Contractors Association Inc.'s. Memorial Award.

Richard and his wife, Chris, currently reside in Mitchellville, Maryland.

MARYLAND STADIUM AUTHORITY

- **David A. Raith**, *Acting Executive Director*
  - Pamela J. Miller, *Executive Associate*
  - Cynthia Hahn, *Assistant Attorney General*
  - **Gary A. McGuigan**, *Project Executive*
  - *Chief Financial Officer*
    - Jan Hardesty, *Public Information*
    - Joseph March, *Information Technology*
    - Bernadette Burghardt, *Human Resources*
    - Dawn Abshire, *Fiscal Administrator*
  - **John F. Samoryk**, *Procurement*
  - Jeffrey K. Provenzano, *Football Operations*
  - M. Carol Salmon, *Warehouse Tenants & Events*
  - Susan Thorman, *Baseball Operations*
  - James F. Slusser, *Security Management*

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Chairman Frederick W. Puddester

Front Row (L-R): **Alonzo Andrews, Rose Bordine, John Samoryk, Phil Hutson, Dave Raith, Lisa Johnson, Jeff Provenzano, Willie Mason**

Second Row (L-R): **Phil Cohen, Dana Brown, Eric Johnson, Gil Cooper, Dwight Fleming, Nat Walker, John Smith, Dan Hopple, Darryl Matthews, Susan Thorman, Pat Cornish, Vola Linton, Altha Murray, David Kirby, Al Ringham, Chuck Bailey, Francis Green, Carolyn Wright, Carrie Vennie, Gary McGuigan**

Third Row (L-R): **Hugh McClurkin, Mike Andrejczyk, Dave Thaden, Davon Frink, Jerone Evans, Mike Muncy, Bill Fowler, Mary Buckingham, John McKinney, Diane Connelly, John Kroat, John Brooks, Dawn Abshire, Delroy Gaither, Ken Wheeler, Chris Parr, James Archer, Shelley Nelson, Theresa Masilek, Bernadette Burghardt, Jan Hardesty, Tiara Robertson, Carol Salmon, Denise Smith, Denise Dupree, Alvenia Williams, Mark Libby**

Fourth Row (L-R): **Chip Linsebigler, Tim Robertson, James Bell, Bill Schier, Suzanne Biden, Ray Winfrey, Walt Schmidbauer, Vince Steier, Dave Donoghue, Joe March, John Potts, Darin Stone, Frank Dietz, John Waters, Nolan Rogers**

MIA: **Cynthia Hahn, Pam Miller, Tameka Boyd-Eggleston, Scott Brewer, Robert Bryant, Greg Cook, Walt Dacuycuy, Mike Fisher, Jackie Forbes, James Golley, Ed Keplin, Dana Moore, Que Mullins, Rick Pack, Bill Preston, Bart Shifler, James Slusser, Rob Smith, Dave Walker, Arlene Wiggins**

2007 FINANCIAL STATEMENT

INDEPENDENT AUDITORS' REPORT

**To the Board of the
Maryland Stadium Authority:**

We have audited the accompanying basic financial statements of the Maryland Stadium Authority (the Authority), a component unit of the State of Maryland, as of and for the year ended June 30, 2007, 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, 2007, 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 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Abrams, Foster, Nole & Williams, P.A.
Certified Public Accountants
Baltimore, Maryland
October 15, 2007

MANAGEMENT'S DISCUSSION & ANALYSIS

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 2007 financial statements. The Authority's responsibilities include operation of the stadiums located at Camden Yards, oversight of several convention centers, and construction management for various projects throughout the State of Maryland. There are three financial statements presented for the reader: the Statement of Net Assets; the Statement of Revenues, Expenses and Changes in Net Assets; and, the Statement of Cash Flows.

STATEMENT OF NET ASSETS

The Authority's Statement of Net Assets presents the assets, liabilities, and the net assets for the period ended June 30, 2007. The Statement of Net Assets is to provide the reader with a financial picture of the Authority's assets (current and noncurrent), liabilities (current and noncurrent), and net assets (assets minus liabilities).

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

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

Statement of Net Assets

	June 30	
	2007	**2006**
Assets		
Current assets	$ 36,152,431	$ 35,627,199
Net capital assets	215,677,110	222,027,884
Noncurrent assets	268,543,109	286,100,557
Total assets	**520,372,650**	**543,755,640**
Liabilities		
Current liabilities	22,157,463	20,859,200
Noncurrent liabilities	279,492,841	293,521,514
Total liabilities	**301,650,304**	**314,380,714**
Net assets		
Invested in capital assets	203,515,602	212,703,935
Restricted for debt service	2,484,235	1,377,429
Restricted for capital assets	11,106,936	11,115,263
Unrestricted	1,615,573	4,178,299
Total net assets	**$ 218,722,346**	**$ 229,374,926**

During fiscal year 2007, total assets for the Authority decreased from the prior year by approximately $23.4 million dollars. There are several reasons for this decrease. First, capital leases receivable decreased by approximately $14.2 million which includes an increase to the capital leases receivable of $0.8 million for additional bond proceeds issued for expenses for the Series 2006 and 2007 refunding series, $1.0 million decrease from additional Money Market Securities available to be used for debt service, and a decrease of $14.0 million for the current year principal payment received from the State of Maryland. Secondly, net capital assets decreased by approximately $6.4 million, the result of an increase to net capital assets for $7.6 million in costs that were incurred due to the renovation of the Hippodrome Theatre, equipment and improvements to Orioles Park and M&T Bank Stadium less annual depreciation of approximately $14 million. There also was a decrease in unrestricted cash, restricted cash and money market mutual fund investments of approximately $1.6 million that was primarily the result of using available unrestricted cash for costs associated with the maintenance and operation of Oriole Park at Camden Yards.

The decrease in net accounts receivable of approximately $0.6 million is the result of the following: decrease in Oriole rent of $0.6 million which is the result of lower attendance, decrease of $1.0 million from the State of Maryland for admissions and amusements tax which is also the result of lower attendance at baseball games, an increase of $1.4 million related to additional rent due from the Baltimore Orioles, an increase of $0.7 million from the Baltimore Ravens for operation and maintenances costs for May and June 2007, and an increase in the allowance for doubtful accounts of $1.1 million. Deferred financing costs decreased approximately $0.3 million as a result of an increase of $0.1 million for new deferred financing costs related to the Series 2006 and 2007 Refunding less the current year's amortization of $0.4 million. Note receivable decreased by $0.3 million for the principal payment made. Finally, furniture and equipment increased by approximately $3.1 million for the current year's depreciation of $0.8 million plus additions of $3.9 million.

Total liabilities for the fiscal year decreased by approximately $12.7 million. Interest and accounts payable for fiscal year 2007 decreased by approximately $0.1 million. The reasons for the decline is the interest payable accrued in Fiscal Year 2007 declining by $1.3 million when the fixed rate 1994 and 1996 series bonds which paid interest semiannually were refunded to a variable rate bond with interest paid monthly and an increase in trade payables of $1.2 million. There was a decrease in the lease revenue bonds of approximately $13.1 million as a result of the Authority paying $13.9 million toward the outstanding principal on the lease revenue bonds and issuing $.8 million of additional bonds with the Series 2006 and 2007 Refunding Bonds. Finally for fiscal year 2007, deferred revenue increased by approximately $0.4 million as a result of $1.4 million of deferred revenue being recognized as income and an increase of $1.8 million for a payment received from the Baltimore Ravens for its share of an equipment lease buy out.

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 2007. The reader will see the revenues and expenses broken down into operating and non operating categories.

Operating revenues are generated at the Camden Yards Sports Complex and for fiscal year 2007 revenues totaled $31.7 million. Most of the revenues received by the Authority relate to the operation of the stadiums. The Baltimore Orioles' rent is based upon a percentage of revenue streams formula and the Baltimore Ravens pay 100% of the operating and maintenance expenses of the football stadium. This accounts for approximately $14.8 million of the revenue for fiscal year 2007.

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

Located at the Camden Yards Sports Complex are the B & O Warehouse and Camden Station that were renovated for office and museum space. There currently are tenants renting more than 220,000 square feet that, combined with several cellular antenna sites, generate approximately $3.5 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 $4.5 million for fiscal year 2007.

Non operating revenue is generated by two sources. The first is the recognition of deferred revenue from an interest rate swap on the 1989 C Notes, 1989 D bonds, 1994 bonds, and 1996 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. In June 1998, the Authority received approximately $.6 million and $2.6 million for the 1994 and 1996 bonds respectively, which represented the present value of these savings. A portion of these savings is recognized as revenue each year. This figure was approximately $1.4 million for fiscal year 2007. The second source of non operating revenue is investment income received on money held by the

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

Treasurer's office of the State of Maryland, by trustees on various bond issuances and from an outstanding note from the Baltimore Orioles, $1.1 million for fiscal year 2007. Overall, revenue for fiscal year 2007 decreased by approximately $.1 million from revenue in fiscal year 2006 due from the decrease in admission taxes of approximately $.1 million as the result of declining attendance. Also other income increased by $.9 million mainly from other events held at the Camden Yards Complex and increased investment earnings. Parking revenues decreased $.5 million from a smaller number of daily parkers utilizing the Camden Yards. Finally, rents from the tenants renting space in the B & O Warehouse and Camden Station decreased $.4 million. This is largely the result of the leasing issues at Camden Station and timing of the move out and move in for the second and third floors at the warehouse.

Non operating expenses declined by $11.6 million. This is mainly from the one time adjustment done in fiscal year 2006 of $12.6 million that removed costs related to the construction of the Montgomery County Conference Center. Secondly, there was a decline in interest expense of $1.1 million related to the change in fixed rate bonds to the variable rate bonds described above. The State's share of the operating deficit for the Baltimore Convention Center and Ocean City Convention Center increased by $0.8 million from declining revenues and increasing utility costs. Finally, the Authority made a rent payment to the State in the amount of $1.4 million. This was an increase of $1.3 million over fiscal year 2006.

The Authority also received appropriations from the State of Maryland to be used for several purposes. An appropriation was made for the outstanding Capital Lease Receivables due from the State of Maryland. The money received from the State of Maryland along with $1.0 million received yearly from Baltimore City is used to pay the debt service on the outstanding bonds issued by the Authority. The Authority also has a contractual obligation to pay one-half of the operating deficits at the Ocean City Convention Center and two-thirds of the operating deficit of the Baltimore City Convention Center. Further, the Authority is required to contribute annually to an improvement fund for the Ocean City and Baltimore City Convention Centers of $50,000 and $200,000, respectively. This contribution for fiscal year 2007 was approximately $21.1 million. During fiscal year 2007, the Authority also recognized $2.0 million from the Hippodrome Performing Arts Center, LLC used for the renovations of the Hippodrome Performing Arts Center.

Statement of Revenues, Expenses, and Changes in Net Assets

	Year ended June 30	
	2007	**2006**
Operating revenues	$ 31,724,157	$ 31,999,596
Operating expenses	42,233,588	38,109,201
Operating loss	(10,509,431)	(6,109,605)
Non operating expenses	(24,280,280)	(36,351,601)
Loss before contributions	(34,789,711)	(42,461,206)
Contributions from primary and local governments and other sources	24,137,131	24,287,568
Increase (Decrease) in net assets	(10,652,580)	(18,173,638)
Net assets at beginning of year	229,374,926	247,548,564
Net assets at end of year	**$ 218,722,346**	**$ 229,374,926**

The Statement of Revenues, Expenses, and Changes in Net Assets shows a decrease in the net assets at year-end. Explanations for the decrease in fiscal year 2007 are as follows:

- During fiscal year 2007, utility costs for the Camden Yards Complex increased by $0.6 million. This is the results of higher usage and cost for electricity.
- Miscellaneous expenses increased by $1.0 million largely from the increase in bad debt expense for 2007.
- Depreciation expense increased $0.8 million in Fiscal Year 2007 is the result of purchasing the Chiller Plant and Generator Plant for $3.7 million.
- Other contractual services increased by $0.8 million. Legal service for Fiscal Year 2007 increased by $.2 million largely due to the potential arbitration case pending with the Baltimore Orioles. A one-time payment of $0.3 million to the University of Maryland for the Comcast Arena was made in fiscal year 2007. Finally, building repairs and maintenance increased by $.3 million as the result of a large caulking project at M&T Bank Stadium, repairs to the warehouse and repairs to the plumbing at Oriole Park at Camden Yards.
- The salaries and benefits paid to the employees increased approximately $.9 million. The increase is the result of the 10 new positions created in 2006, being filled for the entire year. There were also two new positions created and filled in Fiscal Year 2007 for an IT Manager and a Public Relations person.
- Travel increased in fiscal year 2007 by $20,000 from trips that Authority and Baltimore Oriole personnel took to see various video boards at other stadiums.

STATEMENT OF CASH FLOWS

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

Statement of Cash Flows

	Year ended June 30	
	2007	**2006**
Cash flows from (used in):		
Operating activities	$ 5,198,372	$ 6,013,415
Noncapital financing activities	(41,362,377)	(36,458,473)
Capital and related financing	31,101,572	29,536,485
Investing activities	2,499,708	3,044,399
Net increase in cash	**(2,562,725)**	**2,135,826**
Cash and cash equivalents at beginning of year	**4,178,298**	**2,042,472**
Cash and cash equivalents at end of year	**$ 1,615,573**	**$ 4,178,298**

Capital Assets and Debt Administration

The Authority had disposals of capital assets and debt during fiscal year 2007. The disposal of debt resulted from principal being paid down.

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.

Assets	
Current Assets	
Unrestricted cash and cash equivalents	$ 1,615,573
Restricted cash and cash equivalents	74,571
Money market mutual fund investments—restricted	7,301,282
Accounts receivable, net of allowance for bad debts	11,589,674
Interest receivable	226,372
Note receivable, current portion	324,959
Capital leases receivable, current portion	15,020,000
Total current assets	**$ 36,152,431**
Noncurrent Assets	
Capital assets	
Furniture and equipment, net of accumulated depreciation of	4,104,404
Other capital assets, net of accumulated depreciation of	211,572,706
Net capital assets	**$ 215,677,110**
Other Noncurrent Assets	
Money market mutual fund investments—restricted	6,215,319
Other assets	1,000
Note receivable, net of current portion	3,912,729
Capital leases receivable, net of current portion	254,553,399
Deferred financing costs, net of accumulated amortization of	3,860,662
Total other noncurrent assets	**$ 268,543,109**
Total assets	**$ 520,372,650**

Liabilities

Current Liabilities	
Accounts payable and accrued expenses, current portion	$ 4,871,960
Interest payable	861,170
Lease revenue bonds payable, net of discount and premium, current portion	15,020,000
Deferred revenue, current portion	1,404,333
Total current liabilities	**$ 22,157,463**
Noncurrent Liabilities	
Accrued expenses, net of current portion	541,145
Lease revenue bonds payable, net of discount of $93,368 and premium of $85,262 and current portion	268,058,417
Deferred revenue, net of current portion	10,893,279
Total noncurrent liabilities	**$ 279,492,841**
Total liabilities	**$ 301,650,304**

Net Assets

Invested in capital assets	$ 203,515,602
Restricted for debt service	2,484,235
Restricted for capital assets	11,106,936
Unrestricted	1,615,573
Total net assets	**$ 218,722,346**

Operating Revenues	
Baltimore Orioles' rent	$ 7,022,711
Admission taxes	8,885,016
Baltimore Ravens' contributions	7,739,275
Warehouse rents	3,547,944
Catering commissions	650,633
Parking revenues	1,880,368
Miscellaneous sales	1,998,210
Total operating revenues	**$ 31,724,157**
Operating Expenses	
Salaries and wages	7,168,869
Telephone and postage	129,929
Travel	46,879
Utilities	7,086,855
Vehicle expense	27,442
Contractual services	9,461,840
Parking	1,645,612
Supplies and materials	762,493
Depreciation and amortization	13,978,655
Fixed charges	302,419
Miscellaneous	1,622,595
Total operating expenses	**$ 42,233,588**
Operating loss	**($10,509,431)**
Non operating Revenues (Expenses)	
Contributions to others for operating deficit and capital improvements	(4,900,436)
Contributions to primary government – Memorial Stadium	(1,400,000)
Public school construction contribution	(2,400,000)
Unrestricted investment income	232,228
Restricted investment income	2,246,295
Interest expense	(18,058,367)
Total non operating expenses	**($24,280,280)**
Loss before contributions (brought forward)	(34,789,711)
Contributions from local government and other sources - Hippodrome Project	2,267,149
Contributions from primary government - Montgomery County	1,229,658
Contributions from local government - Camden Yards	1,000,000
Contributions from primary government - Camden Yards	12,470,000
Contributions from primary government - Baltimore City Convention Center	5,132,657
Contributions from primary government - Ocean City Convention Center	2,037,667
Total contributions	**$ 24,137,131**
Change in net assets	(10,652,580)
Total net assets at beginning of year	229,374,926
Total net assets at end of year	**$ 218,722,346**

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

Cash flows from operating activities	
Receipts from Camden Yards	$ 31,154,692
Payments to employees	
Salaries and benefits	(6,965,270)
Payments to suppliers	(18,991,050)
Net cash provided by operating activities	**5,198,372**
Cash flows from noncapital financing activities	
Payments from investment in direct financing leases	(3,983,623)
Convention Center operating deficit and capital improvements	(4,900,436)
Principal paid on notes payable and revenue bonds	(13,190,000)
Interest payments	(19,288,318)
Net cash used in noncapital financing activities	**(41,362,377)**
Cash flows from capital and related financing activities	
Contributions from local governments - Hippodrome Project	2,267,149
Contributions from local government - Camden Yards	1,000,000
Contributions from primary government - Camden Yards	12,470,000
Contributions from primary government - Baltimore City Conv Center	5,327,449
Contributions from primary government - Ocean City Convention Center	2,037,667
Contributions from primary government - Montgomery County	1,229,658
Contributions to primary government	(3,800,000)
Disposals of capital assets	10,569,649
Net cash provided by capital and related financing activities31,101,572	
Cash flows from investing activities	
Decrease in investments	(949,337)
Interest and gains on investments	3,124,086
Proceeds from note receivable	324,959
Net cash used in investing activities	**2,499,708**
Net increase in cash	(2,562,725)
Unrestricted cash and cash equivalents at beginning of year	4,178,298
Unrestricted cash and cash equivalents at end of year	**$ 1,615,573**

STATEMENT OF CASH FLOWS

Adjustments to reconcile net operating income (loss) to cash from operating activities	
Cash flow from operating activities	
Operating loss	$ (10,509,431)
Adjustments to reconcile operating loss	
Depreciation and amortization	13,978,655
Effects of changes in assets and liabilities	
Accounts and interest receivables	575,050
Accounts and accrued payables	1,154,098
Net cash provided by operating activities	**$ 5,198,372**

NOTES TO FINANCIAL STATEMENTS

1. NATURE OF OPERATIONS

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

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

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

NOTES TO FINANCIAL STATEMENTS

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

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

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

Pursuant to a Memorandum of Agreement (Memo) between the Authority and the entities formerly known as Cleveland Browns, Inc. and BSC, LLC, which collectively are referred to as the "Ravens," the Authority designed and constructed a state-of-the-art, open-air football stadium at Camden Yards. The cost of the football stadium was $229 million, of which $148 million was funded by the Authority, $57 million was funded from lottery proceeds, and $24 million was funded by the Ravens. In 1996, the Authority issued $87,565,000 Sports Facilities Lease Revenue Bonds, Series 1996 to begin funding this project. In 1997, the Authority issued $4,640,000 Sports Facilities Lease Revenue Bonds, Series 1997, as additional funding for the project. The debt service for these revenue bonds is being provided through future appropriations by the State, pursuant to the Master Lease. The source of these appropriations is lottery revenues generated for the benefit of the Authority. The project was completed in July 1998, and the Authority has agreed to lease the football stadium to the Ravens for 30 full football seasons.

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

B. Measurement Focus and Basis of Accounting

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

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

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

C. Cash Equivalents

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

D. Investments

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

E. Capital Assets

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

F. Capital Leases Receivable

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

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

G. Deferred Financing Costs

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

H. Project Advances

The Authority is overseeing projects for various state universities and local jurisdictions. Advances are received to pay for expenses incurred or to be incurred. Unexpended advances are not the property of the Authority and are recorded as liabilities. Total advances during the year ended June 30, 2007 was $0.

NOTES TO FINANCIAL STATEMENTS

I. Risk Management

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

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

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

J. Use of Restricted Assets

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

K. Accounting for Termination Benefits

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

L. Reporting for Impairment of Capital Assets and Insurance Recoveries

The Maryland Stadium Authority did not receive any funds related to the impairment of capital assets or for insurance recoveries during fiscal year 2007.

3. DEPOSITS AND INVESTMENTS

At June 30, 2007, the Authority had cash on deposit in an internal pooled cash account with the Maryland State Treasurer (the Treasurer). The Treasurer maintains these and other Maryland State agency funds on a pooled basis in accordance with the Annotated Code of the State of Maryland. The internal cash pool functions similar to a mutual fund in the sense that each state agency holds a share of the pool. The State Treasurer's Office invests pooled cash balances on a daily basis. The investment consists of direct purchases of securities or repurchase agreements. The carrying value of cash on deposit with the Treasurer at June 30, 2007 was $1,311,580. All amounts held on deposit by the Treasurer are unrestricted.

The carrying value of other deposits at June 30, 2007 and the associated bank balances are $303,993. Those balances are covered by federal depository insurance and are unrestricted.

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

At June 30, 2007, the Maryland Stadium Authority had a balance of $13,516,601 in funds held by trustees for various bond series. The Bank of New York holds $239,143 and M & T Bank holds $13,277,458. At June 30, 2007, $13,561,601 is invested in various money market mutual fund accounts.

As of June 30, 2007, M & T Bank had the following investments and maturities:

		Investment Maturities (in Years) *(000)				
Investment Type	Value	Less than 1	1-5	6-10	11-15	More than 15
Money Market	$13,277	$13,277	-	-	-	-

As of June 30, 2007, the Bank of New York held the following investments and maturities:

		Investment Maturities (in Years)				
Investment Type	Value	Less than 1	1-5	6-10	11-15	More than 15
Money Market	$239,143	$239,143	-	-	-	-

NOTES TO FINANCIAL STATEMENTS

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

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

(i) Government Obligations;

(ii) Money market investments, bonds, and other obligations of any state of the United States of America or of any local government unit of any such state which (a) are rated in the highest rating category by Moody's Aaa and S&P AAA based on the escrow, (b) are not callable unless irrevocable instructions have been given to the trustee of such bonds to give due notice of redemption and to call such bonds for redemption on the date(s) specified in such instructions; and, (c) are secured by cash and Government Obligations;

(iii) Bonds, indentures or other evidences if indebtedness issued or guaranteed by the Federal Financing Bank, Federal Home Loan Bank, Export Import Bank, Federal National Mortgage Association or Government National Mortgage Associations;

(iv) Direct and general obligations of any state within the United States, to the payment of principal and of the interest on which the full faith and credit of such state is pledged, providing such obligations are rated in either of the two highest rating categories by Moody's Aaa and by S&P AAA;

(v) Obligations of any state of the United States of America or any political subdivision thereof which shall be rated in the highest rating categories by Moody's Aaa and by S&P AAA;

(vi) Certificates of deposits, whether negotiable or non-negotiable, and banker's acceptance of any bank in the United States whose deposits are insured by the Federal Deposit Insurance Corporation, or any savings and loan association in the United States whose deposits are insured by the Federal Savings and Loan Insurance Corporation, provided that such certificate of deposit or banker's acceptance is from a bank or from a savings and loan association having combined capital and surplus aggregating at least Fifty Million Dollars ($50,000,000) and provided further that such certificate of deposit or banker's acceptance is secured by Government Obligation with a money market value (determined at least weekly) of not less than

103% of the principal amount thereof and the Trustee shall receive an opinion of counsel acceptable to it in a form acceptable to it, without material qualifications, stating that such Governmental Obligations are subject to a first perfection security interest in favor of the Trustee;

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

4. INCOME FROM STATE AND MUNICIPAL SOURCES

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

During 2007, Baltimore City made an annual contribution of $1 million per the Annotated Code establishing the Authority. The City funds are invested with the State Treasurer for the purpose of retiring the Authority's debt incurred to construct Oriole Park at Camden Yards.

During 2007, the Authority also received $2,054,800 from private sources as capital contributions for the Hippodrome Theater.

5. ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2007 consists of the following:

Baltimore Orioles	$ 5,950,022
State of Maryland	2,960,771
City of Baltimore	508,000
Others	3,673,487
Less allowance for bad debts	(1,502,606)
Total	**$ 11,589,674**

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, 2007 are as follows:

2008	$ 324,959
2009	324,959
2010	324,959
2011	270,776
2012	270,776
2013-2016	1,353,880
2017-2021	1,353,880
2022-2023	67,682
Total	**$4,237,688**

7. CAPITAL LEASES RECEIVABLE

At June 30, 2007, the capital leases receivable consists of the following:

Total minimum lease payments to be received	$ 430,962,339
Less unearned interest income	(147,872,339)
Principal balance on outstanding debt	283,090,000
Less liquid assets to be used in construction	(13,516,601)
Total	**$ 269,573,399**

Future minimum lease payments to be received as of June 30, 2007 are as follows:

2008	$ 32,107,676
2009	31,539,197
2010	31,603,199
2011	31,690,979
2012	31,860,976
2013-2016	144,681,321
2017-2021	95,524,151
2022-2026	31,954,840
Total	**$ 430,962,339**

	Beginning Balance	Additions	Reductions	Ending Balance
Capital lease receivable				
Camden Yards	$ 200,222,203	$ 396,446	$ 9,591,952	$ 191,026,697
Baltimore City Conv Ctr	34,201,203	293,522	2,980,000	31,514,725
Ocean City Conv Ctr	11,499,994	0	900,000	10,599,994
Montgomery County	19,550,187	98,192	850,000	18,798,379
Hippodrome	18,313,722	0	680,118	17,633,604
Capital lease receivable	**$283,787,309**	**$788,160**	**$15,002,070**	**$269,573,399**

8. CAPITAL ASSETS

Furniture and equipment and other capital assets activity for the year ended June 30, 2007 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets:				
Furniture and equipment	$ 4,233,889	$ 3,983,623	$ 0	$ 8,217,512
Camden Yards	257,965,457	1,982,956	37,931	259,910,482
Baltimore City Conv Ctr	6,604,452	0	66,157	6,538,295
Ocean City Conv Ctr	(26)	0	0	(26)
Hippodrome	50,409,210	2,054,917	0	52,464,127
Montgomery County	191,334	0	289,530	(98,196)
Total capital assets at historical cost	**$319,404,316**	**$8,021,496**	**$393,618**	**$327,032,194**
Less accumulated depreciation:				
Furniture and equipment	$ 3,232,861	$ 880,247	$ 0	$ 4,113,108
Camden Yards	84,084,803	9,546,239	1,430	93,629,612
Baltimore City Conv Ctr	4,031,331	600,313	0	4,631,644
Ocean City Conv Ctr	0	0	0	0
Montgomery County	938	456	0	1,394
Hippodrome	6,026,497	2,962,829	0	8,989,326
Total accumulated depreciation	**$97,376,430**	**$13,990,084**	**$1,430**	**$111,365,084**
Capital assets, net	**$222,027,886**	**$ (5,968,588)**	**$ 392,188**	**$215,667,110**

9. CURRENT ACCOUNTS PAYABLE AND ACCRUED EXPENSES

At June 30, 2007, accounts payable and accrued expenses consisted of the following:

Trade payables	$ 4,488,205
Compensated absences	259,000
Accrued parking	97,630
Workers' compensation	27,125
Total	**$ 4,871,960**

10. BONDS PAYABLE

Bonds payable as of June 30, 2007 consist of the following:

Revenue bonds payable:	
1995 Series: Issued $17,340,000 in October 1995 at 4.80% to 5.38% per annum, due in varying installments through December 15, 2015	$ 10,600,000
1997 Series: Issued $4,640,000 in December 1997 at 4.66% per annum, due in varying installments through June 15, 2008	640,000
1998 Series A: Issued $16,300,000 in December 1998 at a variable rate, due in varying installments through December 15, 2019	15,155,000
1999 Series: Issued $121,380,000 in December 1999 at a variable rate, due in varying installments through December 15, 2019	97,350,000
2002 Series: Issued $10,250,000 in July 2002 at 3.0% to 5.7% per annum, due in varying installments through September 15, 2013	7,275,000
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	17,720,000
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	20,690,000
2004 Series: Issued $8,730,000 in February 2004 at 3.0% to 5.21% per annum, due in varying installations through December 15, 2024	8,560,000
2006 Series: Issued $31,600,000 in December 2006 at a variable rate, due in varying installments through December 15, 2014	31,600,000
2007 Series: Issued $73,500,000 in February 2007 at a variable rate, due in varying installments through March 1, 2026	73,500,000
Revenue bonds payable	**$ 283,090,000**
Plus unamortized premium (includes unamortized premiums related to both series of 2002, 2003 and the 2004 revenue bonds payable of $3,886, $68,047, $1,640, and $107, respectively, as of June 30, 2007)	73,680
Less unamortized discount (includes unamortized discount relating to the 1995 and 1996 revenue bonds payable of $11,735 and $73,532, respectively, as of June 30, 2007)	(85,264)
Total revenue bonds payable	**$ 283,078,417**

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

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

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, which is reset weekly.

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

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

NOTES TO FINANCIAL STATEMENTS

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

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

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

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

Debt service requirements subsequent to June 30, 2007 are as follows:

Year ending June 30	Principal Maturities	Interest	Total
2008	$ 15,020,000	$ 17,087,676	$ 32,107,676
2009	15,300,000	16,239,197	31,539,197
2010	16,285,000	15,318,199	31,603,199
2011	17,340,000	14,350,979	31,690,979
2012	18,490,000	13,370,976	31,860,976
2013-2017	96,400,000	48,281,321	144,681,321
2018-2022	76,310,000	19,214,151	95,524,151
2023-2026	27,945,000	4,009,840	31,954,840
	$283,090,000	**$147,872,339**	**$430,962,339**

11. DEFERRED REVENUE, 1999 REFUNDING AND INTEREST RATE SWAPS

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

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

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

Recognition of deferred revenue subsequent to June 30, 2007 is as follows:

2008	$ 1,404,333
2009	1,346,474
2010	1,281,727
2011	1,213,516
2012	1,147,619
2013-2017	4,695,301
2018-2022	1,037,554
2023-2026	171,088
Total	**$12,297,612**

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

Terms. The notional amounts of the swaps match the principal amounts of the associated bond issues. The Authority's Swap Agreements contain scheduled reductions to the outstanding notional amounts that match scheduled principal reduction in the associated debt. The terms, including the fair values and credit ratings on the swap counter parties as of June 30, 2007, are as follows:

Associated Bond Issue	Notional Amount	Trade Date	Effective Date	Fixed Rate Paid	Variable Rate Received	Fair Values	Swap Termination Date	Counterparty Rating
Series 1999	$ 97,350,000	10/1/93	12/15/99	5.540%	Bond Rate*	$ (9,630,609)	Dec. 2019	AAA/Aaa
Series 1998	15,155,000	10/1/93	12/15/98	7.510%	1 Month LIBOR	(1,863,532)	Dec. 2019	AAA/Aaa
Series 2006+	31,225,000	6/10/98	12/15/06	5.83% to 5.88%**	Bond Rate*	(2,260,914)	Dec. 2014	AAA/Aaa
Series 2007+	73,125,000	6/10/98	03/01/07	5.69% to 5.80%**	Bond Rate*	(7,783,186)	March 2026	AAA/Aaa
	$ 216,855,000					$ (21,538,241)		

** Rate paid on associated tax-exempt variable rate bond issue*
+ Bonds have not been issued.
** Calculated rate based upon the fixed payments established in the swap agreements divided by the notional amount outstanding at each fixed rate payment date.*

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, 2007. The fair values of the swaps were developed by an independent pricing consultant to the Authority that does not have a financial interest in the swaps, using a market accepted method similar to the zero coupon method example described in the GASB Technical Bulletin No. 2003-1 of calculating fair value. The methodology used consists of calculating the future net settlement payments required by the swap agreement, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero coupon bonds due on the date of each future net settlement date of the swap.

Credit Risk. As of June 30, 2007, the Authority was not exposed to credit risk because the swaps had a negative fair value. However, should interest rates change and the value of the swaps become positive, the Authority would be exposed to credit risk in the amount equal to the swaps' fair value. American International Group, Inc. which provides a guarantee to the counterparty for the 1999 Swap and the 1998 Swap was rated AAA by Standard and Poor's and Aaa by Moody's Investors Service as of June 30, 2007. AMBAC Assurance Corporation, the counterparty to the Convention Center Swap and The Football Swap was rated AAA by Standard and Poor's and Aaa by Moody's Investors Service as of June 30, 2007. To mitigate the potential for credit risk for the 1999 Swap and the 1998 Swap, if the guarantor's long-term unsecured unsubordinated debt ratings are suspended by either

S&P or Moody's or the guarantor's ratings fall below AA- or Aa3 by S&P and Moody's, the fair value of the associated swap will be fully collateralized with cash or securities. Collateral would be posted with an independent third party custodian. In addition, if the Authority's ratings for debt secured by the master lease with the State of Maryland fall below BBB+ or Baa1 by S&P and Moody's or are suspended, the fair value of the swap will be fully collateralized by the Authority with cash or securities. Collateral would be posted with an independent third party custodian. The Authority was rated AA+ by Standard and Poor's and Aa2 by Moody's Investors Service as of June 30, 2007.

Basis Risk. As of June 30, 2007, the 1999 Swap, the Convention Center Swap and the Football Swap do not expose the Authority to basis risk. The Authority is receiving a variable rate payment from the counterparty on the 1999 Swap equal to the variable rate it pays on the associated bonds. Under certain circumstances, the counterparty could pay an alternative floating rate to the Authority which would not be equal to the variable rate interest accrued on the Series 1999 Bonds, which would subject the Authority to basis risk. The Convention Center Swap and the Football Swap have not reached their respective payment start dates. The 1998 Swap does expose the Authority to basis risk. The Authority is receiving a variable rate payment from AIG-FP equal 100% USD-LIBOR-BBA reset monthly and pays a floating rate on the Series 1998 Bonds, which is currently remarketed at a taxable rate mode that is reset weekly. If the rates on the index are below the floating rates on the Series 1998 Bonds, the Authority is liable for the difference.

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

Swap Payments and Associated Debt. As rates vary, variable-rate bonds interest payments and net swap payments will vary. Using rates as of June 30, 2007, for the debt service requirements of the Authority's outstanding variable rate bonds and using the forward rates as of the effective date for the Authority's forward starting swap, the net swap payments are as follows:

Variable – Rate Bonds [1][2]

Fiscal Year Ending June 30	Principal	Interest	Interest Rate Swaps, Net	Total
2008	$ 11,730,000	$ 8,815,444	$ 3,921,219	$ 24,466,663
2009	12,435,000	8,330,219	3,724,818	24,490,037
2010	13,190,000	7,815,425	3,513,558	24,518,983
2011	13,995,000	7,268,971	3,284,478	24,548,449
2012	14,850,000	6,688,881	3,037,311	24,576,192
2013	15,760,000	6,072,945	2,774,850	24,607,795
2014	16,730,000	5,418,886	2,494,831	24,643,717
2015	17,760,000	4,724,284	2,195,948	24,680,232
2016	13,805,000	4,091,958	1,919,788	19,816,746
2017	14,660,000	3,509,403	1,682,235	19,851,638
2018	15,570,000	2,890,318	1,429,813	19,890,131
2019	16,545,000	2,232,180	1,161,583	19,938,763
2020	17,555,000	1,532,910	876,577	19,964,487
2021	4,580,000	1,133,977	704,260	6,418,237
2022	4,845,000	959,068	615,820	6,419,888
2023	5,125,000	774,042	522,258	6,421,300
2024	5,420,000	578,338	420,712	6,419,050
2025	5,735,000	371,331	313,359	6,419,690
2026	6,070,000	152,273	199,787	6,422,060
Total	**$226,360,000**	**$73,360,853**	**$34,793,205**	**$334,514,058**

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

(2) Using rates as of June 30, 2007, for debt service requirements of the Authority's outstanding tax-exempt and taxable variable rate bonds (4.03% and 5.36%) and using the forward rates (3.85% and 3.75%), as of the effective date, for the Authority's forward starting Convention Center Swap and Football Swap, respectively.

12. NONCURRENT LIABILITIES

Noncurrent liability activity for the year ended June 30, 2007 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Compensated absences	$507,670	$158,135	$22,535	$643,270	$250,000
Project advances	304,431	0	304,431	0	0
Retainage payable	84,309	0	84,309	0	0
Workers' compensation	195,000	0	20,000	175,000	27,125
Lease revenue bonds payable, net	296,270,024	105,152,190	118,343,797	283,078,417	15,020,000
Deferred revenue	11,647,904	1,763,568	1,113,860	12,297,612	1,404,333
Total	**$309,009,338**	**$107,073,893**	**$119,888,932**	**$296,194,299**	**$16,701,458**

13. OPERATING LEASES

A. Lease Rental Income

The Authority has leased certain office space in the Camden Yards Warehouse to various tenants with terms ranging from 3 years to 20 years. The future minimum lease rentals to be received on non cancelable operating leases as of June 30, 2007 are as follows:

2008	$ 3,634,662
2009	3,152,272
2010	3,207,038
2011	3,292,624
2012	3,311,783
2013-2026	15,898,762
Total	**$ 32,497,141**

Lease rental income for the year ended June 30, 2007 was $3,547,944.

B. Lease Expenses

The Authority entered into various leases for electric generation equipment, stadium chiller systems, and scoreboard devices. The leases commenced during 1998 and 1999 with the first lease payment being due December 30, 1998. In August 2002, the Authority paid off the lease for the scoreboard and devices in accordance with the purchase option price of 22% of the costs of the equipment. The remaining leases expire on various dates through June 15, 2007. In December 2006, the Authority Board approved the payoff option on the Chiller System and Generator Equipment Lease. On June 15, 2007, the Authority made a payment of $4,599,902 which represents the semi-annual installment of $802,446 plus the purchase option price of $3,797,956. There are no future minimum current operating lease payments as of June 30, 2007.

14. RETIREMENT PLANS

A. Maryland State Retirement and Pension System

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

B. Maryland Pension System

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

C. Funding Policy

The Authority's required contribution is based upon actuarial valuations. Effective July 1, 1980, in accordance with the laws governing the System, all benefits of the System are funded in advance. The entry age normal cost method is the actuarial cost method used. Both the Authority and covered employees are required by State statute to contribute to the System. The employees contribute from 2% to 5% of compensation, as defined, depending on the participant's plan. The Authority made its required contribution during fiscal years ended June 30, 2007, 2006, and 2005 of $304,930, $214,826, and $150,930, respectively.

D. Postretirement Benefits

Former Authority employees who are receiving retirement benefits may participate in the State's health care insurance plans. These plans, which provide insurance coverage for medical, dental and hospital costs, are funded currently by the payment of premiums to the carriers and, under State policy, are contributory. Substantially, all employees become eligible for these benefits when they retire with pension benefits. Five employees are receiving benefits under these plans. The Authority's cost of retirees' health care benefits is expensed when paid, and totaled $221,779 for the year ended June 30, 2007.

15. COMMITMENTS

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

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, 2006 and 2007 was required and paid.

16. LITIGATION

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

17. SUBSEQUENT EVENTS

In October, 2007, the Authority's Board of Directors approved a settlement agreement with the Baltimore Orioles for a pending arbitration case scheduled in November, 2007. The settlement agreement may require the Authority to replace various audio and visual systems throughout Oriole Park at Camden Yards. The agreement also requires the Authority and the Supplemental Improvements Fund to contribute $3.75 million and $5.25 million respectively. The settlement agreement also releases the Baltimore Orioles from all counterclaims for rent, suite maintenance, certain warehouse leasing issues, and the Authority's claim for specified lost advertising revenues. The Baltimore Orioles also release specified claims against the Maryland Stadium Authority.

In September, 2007, the Authority's Board of Directors approved a tenant lease amendment for an abatement of past due rent owed in the amount of $444,274 for the period of June, 2005 through September, 2006.

In September, 2007, the Authority's Board of Directors voted to dismiss the Executive Director.

CAMDEN YARDS

For fifteen years, Camden Yards has contributed to the quality of life for those Marylanders who enjoy games and activities here. Less understood, but clearly demonstrated in 2007, is the impact of this facility on economic development and its appeal as a tourist destination.

The seasonal migration of Red Sox Nation is a fairly well documented phenomena. Less understood (perhaps because they don't congregate in distinctive clothing) is the popularity of Camden Yards for other out of town visitors.

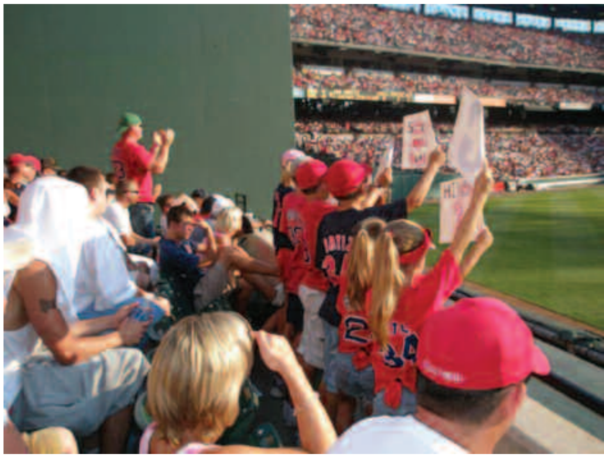
In 2007, tens of thousands visitors who stayed in Baltimore hotels, ate in restaurants and shopped in stores came to Camden Yards. They were here for lacrosse tournaments, the Dew Action Sports Tour, the Baltimore Marathon, the African American Heritage Festival, the Army-Navy game and Ravens and Orioles games.

While the events are popular attractions, there are other factors that make Camden Yards the destination of choice for road warriors who follow their favorite team. When asked, visitors will cite the same reasons: convenient access to interstate highways, reasonable airfare and transportation from the airport or Amtrak, variety of accommodations, and proximity to the downtown, harbor and historic attractions.

Above all, it is appreciation for a very special place. This Boston transplant, Ben Crawford of Fairfax, Virginia, expressed it with simple eloquence when he said:

"We love Camden Yards. It is just a GREAT place to bring our family to watch baseball."

THE ROAD TRIP OF CHOICE



Bottom: ***For fifteen years, Nolan Rogers has been giving tours of Oriole Park. In 2007, more than 40,000 visitors toured the complex to learn more about the history of Camden Yards while getting a behind the scenes look at baseball operations.*** *Photo courtesy of Sabina Moran and Press Box*

ALISON ASTI

In 2007 the MSA family bid farewell to one of the agency stalwarts. Alison Asti, the long time General Counsel, Director of Development and Executive Director, left MSA after almost eighteen years of service. Her accomplishments include negotiating the financial structure and lease agreements for the two stadiums, the public private partnerships that enabled the Hippodrome restoration, and the intergovernmental agreements that made convention expansions in Baltimore and Ocean City possible.

As Executive Director, Alison reorganized MSA for greater efficiency and parity between the administrative and facilities management teams. She was an integral part of every project, every study, every function, and every achievement in the Stadium Authority's history.

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