The serial bonds are subject to redemption at par in whole or in part, at the option of the Authority on any July 1 after June 30, 1983 by operation of the Sinking Fund; or at redemption prices ranging from 102% to 100% of the principal amount on any date or dates after July 2, 1987 from any monies made available for such purpose. The term bonds are subject to redemption by operation of the Sinking Fund in the years 1998 through 2015 at annual principal amounts ranging from $2,615,000 to $8,400,000.

In compliance with the Trust Agreement underlying the Transportation Facilities Projects Revenue Bonds, First Series (Refunding), the Authority has established restricted equity accounts in the aggregate amount of $53,973,093 for certain operating expenses, payment of the bonds and interest and acquisition, construction and improvements to transportation facilities projects. Assets consisting of cash, $11,062,103; investments, $44,748,807; and supplies inventories, $60,823; less current accounts payable, $1,898,640 have been restricted for such purposes. Also see Note 12.A. Community Development Administration.

The Transportation Facilities Projects Revenue Bonds, First Series (Refunding) were issued by the Authority on August 24, 1978 to refund all of the outstanding bonds of the Authority (Refunded Bonds) in the aggregate amount of $257,391,931 including accrued interest. The net proceeds of the Refunding Bonds, together with monies deposited by the Authority with the Trustee, totaling $221,175,796, were used to acquire direct obligations of the U.S. Government. The principal of and the interest on the U.S. Government obligations when due will provide monies sufficient to pay (i) the redemption prices of the Refunded Bonds called prior to their respective maturities, (ii) the principal of the Refunded Bonds becoming due at their respective maturities, and (iii) the interest to become due on the Refunded Bonds on and prior to their respective redemption or maturity dates. In the opinion of counsel, this refunding transaction constituted a defeasance of the Refunded Bonds and, accordingly, the Refunded Bonds are not reported in the financial statements of the Authority and the Authority recognized an extraordinary gain of $36,216,135.

On September 11, 1979, the Maryland Transportation Authority adopted a resolution directing the transfer of $13,000,000 from the Transportation Authority Fund to the Transportation Trust Fund of the Department of Transportation of Maryland. The transfer will be made on a monthly basis as the funds become available.

Community Development Administration:

The Community Development Administration has issued revenue bonds, the proceeds of which were used to provide funds for its various mortgage loan programs. The revenues and assets of each mortgage loan program are pledged as collateral for the respective revenue bonds. Interest rates range from 3.75% to 7.25% and the bonds mature serially through January 1, 2020. The aggregate principal amount outstanding at June 30, 1979 was $202,234,000. Maturities of principal (amounts expressed in thousands) are as follows:

Years ending June 30,	Amount
1980	$ 1,125
1981	1,690
1982	1,990
1983	2,230
1984	2,385
1985 and thereafter	192,814
	$202,234

Substantially all bonds are subject to redemption provisions at the option of the Administration. Redemptions are permitted at rates ranging from 103% to 100% of outstanding principal amount at dates between January 1, 1986 and December 31, 1996. All unmatured bonds outstanding at December 31, 1996 are redeemable at par.

At June 30, 1979 cash and short-term investments, in the amount of $40,052,000 representing unexpended revenue bond proceeds, are reported as restricted assets.

In July and November 1979, the Administration issued $42,395,000 in revenue bonds, the proceeds of which are to be used to fund construction and permanent mortgage loans receivable. The interest rates on these issues range from 5.2% to 8.25% and the bonds mature serially from January 1, 1981 to January 1, 2022.