

TESTIMONY OF

**Robert C. Brennan, Executive Director
Maryland Economic Development Corporation
Fiscal Year 2021 Operating Budget
Response to Department of Legislative Services Budget Analysis**

BEFORE

**House Appropriations Committee
Education and Economic Development Subcommittee
Benjamin S. Barnes, Chair
January 22, 2020 – 1:00 PM**

**Senate Budget and Taxation Committee
Education, Business and Administration Subcommittee
Craig J. Zucker, Chair
January 27, 2020 – 1:00 PM**

MEDCO has reviewed the Department of Legislative Services' analysis, and we feel the analysis accurately reports on the activities and position of MEDCO.

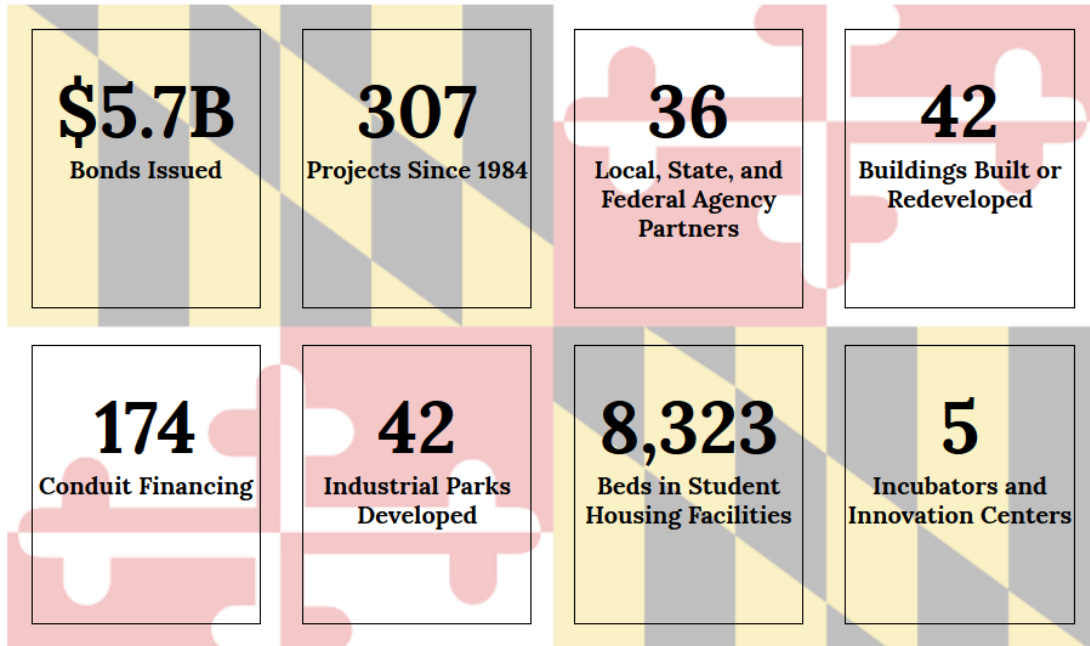
In addition to the Legislative analysis, MEDCO's books and records are independently audited by an outside accounting firm, SC&H. The auditor provided an unqualified opinion and found no material deficiencies or weakness with the Corporation's books, records, processes, or procedures.

The following is a summary of MEDCO's annual report for the fiscal year ending June 30, 2019:

MEDCO
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www.medco-corp.com



AT A GLANCE



*Data inclusive of all projects from 1984 to June 30, 2019

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Acting Secretary, MD Department of Transportation

The Honorable Kelly Schulz (*Ex-Officio*)

Secretary, MD Department of Commerce

Robert C. Brennan

Executive Director and Secretary

LEGISLATION

The Maryland Economic Development Corporation (MEDCO) functions under the provisions of Title 10, Subtitle 1 of the Economic Development Article of the Annotated Code of Maryland.

MEDCO's legislative purposes are to relieve unemployment in the State; encourage the increase of business activity and commerce and a balanced economy in the State; help retain and attract business activity and commerce in the State; promote economic development; and promote the health, safety, right of gainful employment, and welfare of residents of the State.

The General Assembly intends that MEDCO operate and exercise its corporate powers in all areas of the State to assist governmental units and State and local economic development agencies to contribute to the expansion, modernization, and retention of existing enterprises in the State, as well as attraction of new business to the State; cooperate with workforce investment boards, private industry councils, representatives of labor, and governmental units in maximizing new economic opportunities for residents of the State; and accomplish at least one of its legislative purposes and complement existing State marketing and financial assistance programs by owning projects, leasing projects to other persons, or lending the proceeds of bonds to other persons to finance the cost of acquiring or improving projects.

CORPORATE OVERVIEW

MEDCO is staffed with twelve full-time employees. A significant portion of MEDCO's ongoing project management responsibilities include reviewing and providing management oversight to projects. MEDCO monitors its projects' compliance with the provisions of financing documents to ensure that participants' current financial statements are available, required compliance benchmarks are achieved, and appropriate insurance requirements are met. MEDCO also collects and periodically reviews financials for MEDCO-owned projects.

MEDCO structures its bond financings on a non-recourse basis. Repayment of MEDCO-issued bonds is limited to the revenues and resources of the applicable project; neither MEDCO nor the State of Maryland or any of its agencies is responsible for the repayment of MEDCO-issued bonds.

Additional information including MEDCO's projects, annual audited financials, project highlights, Board Members, and Board Meeting Schedule can be found at www.medco-corp.com.

BOND FINANCED PROJECTS IN FY 2019

MEDCO's bond financed projects encourage business activities, retain businesses, relieve unemployment, promote the welfare of State residents, and generally promote economic development in the State. For the fiscal year ending June 30, 2019, MEDCO provided bond financing for the following projects:

Baltimore City Garages Series 2018

\$66,725,000

- Maryland Economic Development Corporation Parking Facilities Revenue Bonds (Baltimore City Project) Series 2018
 - Series 2018 A Bonds (Tax-Exempt): \$16,700,000
 - Series 2018 B Bonds (Taxable): \$34,800,000
 - Series 2018 C Bonds (Tax-Exempt): \$15,225,000

On July 31, 2018, MEDCO issued bonds for the Baltimore City Garages Project Series 2018 and loaned the proceeds to the Mayor and City Council of Baltimore to finance or refinance the costs of acquiring a leasehold interest in financing and operating three existing parking garages which were owned by the Mayor and City Council of Baltimore. The proceeds were used by the City of Baltimore to seed a redevelopment fund.

The three parking garages, with inventory of 2,455 spaces, are located in or near the Inner Harbor in Baltimore City. The garages provide necessary parking for several major businesses in downtown Baltimore City.

Seagirt Marine Terminal Series 2019

\$103,215,000

- Maryland Economic Development Corporation Economic Development Revenue Bonds (Terminal Project) Series 2019
 - Series 2019 A Bonds (Tax-Exempt): \$41,005,000
 - Series 2019 B Bonds (Federally Taxed): \$62,210,000

On May 22, 2019, MEDCO issued bonds for the Seagirt Marine Terminal Series 2019 Project, and loaned the proceeds to Ports America Chesapeake, LLC (PAC). PAC operates the Seagirt Marine Terminal (Seagirt Terminal), a containerized cargo-handling facility at the Port of Baltimore, pursuant to a Lease and Concession Agreement between PAC and the Maryland Port Administration.

Proceeds of the 2019 Bonds were used to finance the renovation and dredging of an existing Berth III and adjacent infrastructure at the Seagirt Terminal, construction of cargo and

machinery buildings, electrical infrastructure, purchase and installation of four new Super Post-Panamax Cranes, and other improvements.

The Seagirt Marine Terminal, a critical generator of economic activity for the State of Maryland, currently employs approximately 800 union members. The Maryland Port Administration estimates that in Maryland, the Port of Baltimore generates over 13,000 direct jobs and over 127,600 jobs linked to Port activities. The Seagirt Terminal's Twenty Foot Equivalent Unit (TEU) volume is forecasted to grow approximately 3.3% per annum from 2018 to 2037, with its TEU volume expected to increase from 1.019 million TEU in 2018 to 1.868 million TEU in 2037.

Seagirt continues to expand its investment beyond the financing closed by MEDCCO in 2019. MEDCO is working to provide consent to the additional funding.

PEPCO Series 2019

- Maryland Economic Development Corporation Pollution Control Revenue Refunding Bonds (Potomac Electric Power Company Project) Series 2019
 - Series 2019 Bonds: \$109,500,000

On June 27, 2019, MEDCO issued bonds for the PEPCO Series 2019 Project and loaned the proceeds to Potomac Electric Power Company (PEPCO). Proceeds of the bonds were used to refinance previously issued 2006 Series bonds, which refinanced the cost of certain air pollution control facilities at the Chalk Point Generating Station in Prince George's County, Maryland, and certain air and water pollution control facilities at the Dickerson Generating Station in Montgomery County, Maryland.

PEPCO, a unit of Exelon Corporation, is a regulated public utility engaged in the transmission, distribution, and support of electricity in the District of Columbia, and major portions of Prince George's County and Montgomery County, Maryland. The Chalk Point and Dickerson Generating Stations collectively employ over 200 employees and provide energy to approximately 883,000 customers in the District of Columbia and Maryland.

STUDENT HOUSING PROJECTS

MEDCO provides assistance to Maryland's higher education entities through bond financing and ownership of student housing projects, enabling Maryland's higher education entities to attract and house students without adversely affecting their State-mandated debt capacities.

MEDCO assumes project ownership of student housing projects by way of ground leases that terminate contemporaneously with the repayment of the MEDCO-issued bonds used to finance the project. Upon repayment of the bonds, ownership reverts to the ground lessor.

Student housing projects currently owned and ground leased by MEDCO, and the outstanding balances of those projects as of June 30, 2019:

Projects that revert to the University System of Maryland upon repayment :

Bowie State University, Prince George's County - \$14,200,000 - 460 beds

Frostburg State University, Allegany County - \$12,420,000 - 406 beds

Salisbury University, Wicomico County - \$19,940,000 - 890 beds

Towson University, Baltimore County - \$41,060,000 - 1,088 beds

University of Maryland, Baltimore, Baltimore City - \$24,605,000 - 337 beds

University of Maryland, Baltimore County, Baltimore County - \$17,785,000 - 578 beds

University of Maryland, College Park, Prince George's County - \$122,420,000 - 2,933 beds

Projects that revert to Capitol Technology University Foundation upon repayment:

Capitol Technology University, Prince George's County - \$14,200,700 - 222 beds

Projects that revert to Morgan State University upon repayment:

Morgan State University, Baltimore City - \$26,640,000 - 794 beds

Projects that revert to Sheppard Pratt Health Systems upon repayment:

University Village at Sheppard Pratt, Baltimore County - \$17,725,000 - 615 beds

PORTFOLIO PROJECT UPDATES

MEDCO assists governmental units, as well as state and local economic development agencies by providing coordination for capital improvements and operational management support:

National Cybersecurity Center of Excellence (NCCOE)

The NCCoE, a program dedicated to furthering innovation through the rapid identification, integration and adoption of practical cybersecurity solutions, was established in 2012 through a partnership and Memorandum of Understanding between the National Institute of Standards and Technologies (NIST), the Maryland Department of Commerce (Commerce), and Montgomery County's Department of Economic Development (Montgomery County). In 2013, MEDCO redeveloped a 57,000 square foot Shady Grove biology and information technology facility, located at 9700 Great Seneca Highway, Rockville, MD, to accommodate an off-campus facility for NCCoE and its auxiliary cybersecurity incubator efforts. To complete the project, MEDCO worked with Montgomery County to amend certain agreements for the facility, engaged an architecture firm to create a redevelopment plan, secured redevelopment funding through MEDCO, and oversaw the facility's redevelopment. MEDCO completed the approximately \$11,000,000 renovation in December 2015.

The NCCoE is part of the NIST Information Technology Laboratory and operates in close collaboration with NIST's Computer Security Division. The NCCoE integrates commercially available technologies to build practical cybersecurity solutions that can be rapidly applied to real challenges businesses face each day. The off-campus facility is used to attract private companies to collaborate on advanced innovative solutions for the private sector's cybersecurity needs.

Since the completion of the renovations, MEDCO has continued to support the facility by providing ongoing operational management services and capital improvements, including:

- \$600,000 upgrade to one of the facility's data rooms, nearly doubling the Facilities data storage and computing capabilities (2017)
- Upgrades to the building's exterior lighting and parking lot (2018)

Maryland State Archives

In 2014, MEDCO issued bonds in the amount of \$9,200,000 and used the bond proceeds, along with \$2,300,000 of MEDCO funds, to acquire approximately 5.9 acres of land in Baltimore County located at 2255 Rolling Run Drive, Woodlawn, Maryland 21244, which contained an approximately 134,240 square foot building previously used by the Social Security Administration as a record retention facility. The facility is leased to the Maryland State

Archives (MSA), which utilizes the project for specialty storage of State records and artistic property, and for use of data management devices. The project has allowed MSA to consolidate its operations from three separate leased facilities into one site, as well as utilize the building's environmental control to protect its stored records.

MEDCO owns the Project and entered into an Intergovernmental Lease Agreement with MSA, and continues to make renovations to the Project to improve and accommodate MSA's archival storage, restoration, and preservation efforts, including:

- Complete overhaul of the HVAC system, including roof top cooling units (2017)
- New roofing system (2017)
- Addition of a backup generator (2017)
- Reconfiguration and refinishing two stories of office space (2017)
- Installation of specialty signage (2017)
- Painted exterior envelope of the building (2017)
- Upgraded interior lighting system to more energy efficient LEDs (2018)

Department of Health and Mental Hygiene Building (DHMH)

In 2011, MEDCO issued bonds in the amount of \$170,910,000 and used the bond proceeds to acquire a parcel in Baltimore City formerly known as 1746 Ashland Avenue, and to build an approximately 235,000 square-foot, state-of-the-art public health laboratory for the State of Maryland's Department of Health. The project is used by the Department of Health for various health-related activities and other critical lab testing essential for ensuring the general public's health. The project enabled the Department of Health to expand its services, move labs from outdated facilities, and provide infrastructure resiliencies and redundancies necessary to maintain Center for Disease Control credentials.

MEDCO owns the project and entered into a Lease Agreement with the Department of Health, and continues to accommodate the Department of Health's ongoing operations by holding and coordinating various contracts for the building, including:

- Facilities management contract with a third-party vendor
- Security and building automation system contracts with a third-party vendor
- Telecommunications and internet service contracts

OTHER FINANCED PROJECTS

4445 Indian Head Highway, LLC (“Ely’s Warehouse”) Construction Loan

In May 2018, MEDCO provided a \$550,000 bridge loan to 4445 Indian Head Highway, LLC to finance environmental remediation and demolition relating to redevelopment of the Ely’s Warehouse Building, located at 4445 Indian Head Highway, Indian Head, Maryland. Remediation and demolition efforts were completed in late November 2018. On January 31, 2019, Ely’s Warehouse fully repaid the loan.

Habitat for Humanity of the Chesapeake

In April 2019, MEDCO’s board of directors approved a revolving line of credit, not to exceed \$250,000, to Habitat for Humanity of the Chesapeake, Inc. and/or its affiliates (Habitat for Humanity), a Maryland nonprofit housing organization. Habitat for Humanity will utilize the line of credit to finance the acquisition of land and/or buildings to be rehabilitated in Baltimore City, and Baltimore County, Anne Arundel County, and Howard County.

Maryland Center for Construction Education and Innovation

In September 2016, MEDCO extended a one-time bridge loan, not to exceed \$200,000 to the Maryland Center for Construction Education and Innovation (MCCEI), an industry-led workforce intermediary established to create a world-class education system for Maryland’s construction industry. MCCEI utilizes the funding to support its operational goals of ensuring Maryland’s education system meets construction industry demand; raising awareness of career opportunities in construction; creating a new paradigm for construction professionals at all education levels; and creating a network for Maryland’s fragmented construction industry to include training, education, and other resources for career seekers, training providers, the industry, and governmental leaders.

CONSULTANCIES, STUDIES, and REPORTS

Magnetic Levitation (MAGLEV) Train Project

The Maryland Department of Transportation (MDOT) requested MEDCO’s assistance in its application for Federal Railway Administration grant funding in a study to develop a “super conducting” MAGLEV train between Washington DC and Baltimore. MEDCO also entered into an Economic Development Cooperative Agreement with the Baltimore-Washington Rapid Rail, LLC (BWRR), a private firm, which in cooperation with the Japanese Central Railroad, is proposing to construct the system and provide the 20% non-federal match funds to

perform the environmental and engineering study. MEDCO aids MDOT in administering and managing federal and private grant funds to complete the study.

Prince George's Stadium Repurposing Feasibility Study

The Maryland National Capital Park and Planning Commission (MNCPPC) requested MEDCO's assistance in the procurement and oversight of a study to determine the feasibility and sustainability of repurposing the Prince George's Stadium into a multi-sports stadium. MNCPPC funded the entire cost of the study. Preliminary study findings were released in early 2018; MEDCO is awaiting further direction.

DEPARTMENT OF COMMERCE

MEDCO partners with the Department of Commerce by utilizing Commerce's One Maryland Tax Credit and Advantage Maryland (MEDAAF) to develop flex buildings and business parks.

Barton Farms Business Park, Allegany County

Developed by MEDCO and located south of Cumberland on US Route 220, the project initially included land acquisition, permitting, utility installation, and site preparation. Throughout the project's lifespan, MEDCO has sold parts of the property: in 2004, American Woodmark Corporation purchased approximately 40 acres; in 2015, Allegany County purchased approximately 27.5 acres of land and constructed a flex building to attract businesses to the project. MEDCO, Allegany County, and Commerce continue to market the remaining property to technology-based businesses looking to relocate to the Western Maryland region.

Pocomoke Flex Building, Worcester County

Constructed by MEDCO in 2002, the Pocomoke Flex Building is a 43,000 square foot industrial shell building that provides marketable flex space in Worcester County. In 2006, Mid-Atlantic Institute for Space and Technology (MIST) master leased the entire building. In 2007, MIST and MEDCO were awarded a \$200,000 EDA grant. The award provided for interior improvements to expand existing workspace. In February 2012, MIST relinquished its master lease of the facility. In June 2015, MEDCO master leased the entire facility to Hardwire, LLC for a ten-year term. Hardwire, LLC, a leading manufacturer of protective armor used by the military and other consumers, utilizes the building to expand its manufacturing capabilities and workspace, and has an option to purchase the building at the end of the lease term.

Patuxent Business Park

In 2000, with Commerce financing, MEDCO purchased approximately 92 acres of land to develop a business park in Calvert County, Maryland. The park was designed for Class A office and flex space. In 2005, MEDCO secured additional Commerce funding for the ongoing costs of engineering, design, permitting, and infrastructure. In 2016, Dominion Cove Point LNG purchased Lot 6 of the park and constructed an approximately 20,000 square foot office and warehouse building, and a helicopter pad, furthering Dominion's liquid natural gas initiatives in Calvert County. In addition, Dominion Cove Point purchased Lot 5 of the park in December 2019, further expanding their presence in the park. Grey Ops LLC, a federal technology contracting firm, is anticipated to construct an 18,000 square-foot office headquarters and manufacturing facility at the park. MEDCO and Calvert County continue to employ a commercial broker to assist with marketing efforts and increase exposure to potential buyers.

McHenry-Garrett County Flex Building

In 2019, at the request of the Garrett County Commissioners, MEDCO applied for and received \$2,000,000 in MEDAAF funds to cover the cost of site improvements and building construction costs for a 20,000 square foot flexible use facility within the McHenry Business Park, located in Garrett County, MD. MEDCO, Garrett County Commissioners, and Commerce will collaborate and coordinate marketing efforts, promoting unleased portions of the facility towards new and expanding businesses in the Garrett County region.

Current Progress:

- Exterior building panels are 60-70% installed
 - Plumbing rough ins completed
 - Negotiations with a prospective tenant are near completion; building fix out of approximately 6,500 square feet of the facility is underway
 - Project completion projected for March 2020
-

ACTIVE FINANCED PROJECTS

Since its inception in 1984, MEDCO has provided financing for hundreds of projects. Below is a list of MEDCO's active financed projects as of June 30, 2019:

Owned Bond Financed Projects

- Laboratory for Telecommunications Science Facility Series 2003
- Chesapeake Resort and Conference Center Series 2006
- Maryland Department of Transportation Headquarters Series 2010
- Maryland Public Health Laboratory Series 2011
- University of Maryland, College Park Utility Infrastructure Series 2011
- Morgan State University Series 2012
- Salisbury University Series 2012
- Sheppard University Series 2012
- Towson University Series 2012
- Maryland Aviation Administration Series 2012
- Salisbury University Series 2013
- Frostburg State University Series 2013
- Maryland State Archives Series 2014
- Bowie State University Series 2015
- University of Maryland, Baltimore Series 2015
- University of Maryland, College Park Series 2016
- University of Maryland, Baltimore County Series 2016
- Metro Centre at Owings Mills Series 2017
- Towson University Series 2017
- Capitol Technology University Series 2017
- Baltimore City Garages Series 2018

Conduit Bond Financed Projects

- Maryland Soccer Foundation Series 2000
- Phenix (Redrock, LLC) Technologies, Inc. Series 2002
- Blind Industries and Services of Maryland Series 2003
- University of Maryland Alumni Association Series 2003
- Maryland Science Center Series 2003
- Prologue Series 2005
- Catholic Relief Services, Inc. Series 2006
- Constellation Energy Group Series 2006
- Lutheran World Relief Series 2007
- United States Bullet Proofing Series 2007
- Howard Hughes Medical Institute Series 2008
- Linemark Printing Series 2008
- Crossroads Partnership, LLC Series 2009
- Ardmore Enterprises, Inc. Series 2009
- CNX Marine Terminal Series 2010
- Gold Crust Baking Series 2010
- Emerge Series 2010

- Cornell Associates Series 2010
- Living Classrooms Foundation Series 2010
- Providence Center Series 2010
- The Baltimore Museum of Art Series 2010
- The Arc of Prince George's County Series 2010
- Goodwill Monocacy Series 2010
- United States Pharmacopeial Convention Series 2012
- Your Public Radio Corporation Series 2012
- American Urological Association Series 2012
- Universities Space Research Association Series 2012
- Arundel Lodge Series 2013
- Washington Research Library Consortium Series 2013
- Chesapeake Bay Foundation Series 2013
- Hospice of the Chesapeake Series 2014
- Allegany College Series 2014
- 929 N. Wolfe Street Series 2014
- Lyon Bakery Series 2014
- Compass, Inc. Series 2015
- Purple Line Light Rail Series 2016
- Easter Seals Series 2016
- Annie E. Casey Foundation, Inc. Series 2017
- AFCO BWI II, LLC Series 2017
- PRG Towson Place Properties, LLC Series 2017
- Young Men's Christian Association of Maryland, Inc. Series 2017
- Seagirt Marine Terminal Series 2017
- Arc of Baltimore Series 2018
- Seagirt Marine Terminal Series 2019
- Potomac Electric Power Company Series 2019

Loan and Grant Financed Projects

- UMBC Research Park
- Chesapeake College
- Simon Pearce
- Barton Business Park
- Pocomoke Flex Building
- Patuxent Business Park
- National Cybersecurity Center of Excellence
- Maryland Center for Construction Education and Innovation, Inc.

ADVISORY CAPACITY

Through its staff's active service in board memberships and advisory positions within various organizations throughout the State, MEDCO directly promotes economic development and helps maximize new economic opportunities. These organizations include:

Maryland Industrial Partnership (MIPS)

MIPS promotes the development and commercialization of products and processes through research partnerships between universities and industries. MEDCO's Executive Director is a member of MIPS advisory board.

Bainbridge Development Corporation (BDC)

BDC's purpose is to develop the Bainbridge Naval Training Center and to accelerate the site's transfer to the private sector. MEDCO's Executive Director is an ex-officio member of the board of directors. MEDCO's Assistant Director for Special Projects serves as BDC's Executive Director via an Inter-Agency Agreement with BDC.

Maryland Economic Development Association (MEDA)

MEDA, a nonprofit organization for economic development professionals, promotes economic well-being by working to improve the state's business climate and encouraging professionalism in economic development. MEDCO's Executive Director is a member of MEDA's Past Presidents. Past Presidents provide economic development consulting services to parties requesting services.

Maryland Department of Housing and Community Development, Revenue Bond Advisory Board

The Revenue Bond Advisory Board provides independent advice and expertise on the issuance of revenue bonds to the Department of Housing and Community Development. MEDCO's Executive Director serves as a member of the Revenue Bond Advisory Board.

Baltimore Community Lending (BCL)

BCL is a non-profit community development financial institution that provides financing to support the revitalization and strengthening of underserved neighborhoods in Baltimore City. MEDCO's Director of Bond Financing is a member of BCL's Board of Directors.

Tri County Council of Western Maryland, Video Lottery Terminal Fund (VLT)

The Tri County Council of Western Maryland manages the VLT which makes loans to small and minority business using revenues from video lottery terminals. The Council is based in Frostburg, Maryland and services markets in western Maryland. MEDCO's Executive Director serves on the VLT's loan committee.

PROJECT CLASSIFICATION REPORT 2019

MEDCO's loan classification policy, adopted in 2013, characterizes projects as "Performing", "Watch", or "Non-Performing." The following projects, where MEDCO was either the issuer or owner, are classified as either Non-Performing or Watch during the 2019 fiscal year:

Chesapeake Resort and Conference Center

Status: Non-Performing

The Chesapeake Bay Conference Center ("CBCC") began suffering a loss in business during the 2008 economic downturn. The project was classified as "Watch" beginning in 2010, when the project failed to achieve the required minimum required Debt Service Coverage Ratio of 1.25. The project was reclassified as "Non-Performing" in 2014 after the June Debt Service payment was only partially made.

Final results for fiscal year ending June 30, 2019 ("FY 19") show year-to-date revenue increased by +\$501K (+1.3%), GOP improved by +\$842K (+7.8%). Revenue was off budget by -\$2,253K (-5.4%), GOP was down -\$764K (-7.0%). Overall, occupancy improved +280 bps, and in turn, RevPar increased +2.9% year over year.

While FY 19 delivered generally positive results, CBCC still experienced minor setbacks due to uncontrollable circumstances, particularly with loss of potential revenue. Hurricane Florence in September resulted in lost revenues of an estimated \$540K and \$360K in GOP. Additionally, Summer 2018 above average amounts of rainfall in summer of 2018, Government shut down and winter storms in January. Despite these setbacks, CBCC experienced better revenue and GOP results year over year.

Strategically, the plan for FY19 was to leverage guestrooms, public spaces, and Michener's renovations in an effort to enhance the experience of loyal guest, retarget lost guests, and acquire new transient and group customers. For the third time in past decade the project achieved 57.0% occupancy or greater, the best group room night performance since 2016, and the best transient room night result since 2014. CBCC had its best transient revenue year in Resort history, actualizing at \$8,937,514 in transient room revenue.

CCBC contributes 5% of revenues to a capital replacement reserve. The project plans strategic renovations to match the available funds placed into the capital replacement reserve. The capital improvement plan is a multi-year plan and is revised to reprioritize certain projects, assuring the facility is maintained as a first-class resort. In the past two years, management changes, including a new General Manager and Director of Marketing and Sales, have been instrumental in improving the resort's financial and operational performance. More importantly, the CBCC customer experience remains at four-star quality as the resort continues to deliver excellent customer experience.

929 North Wolfe Street, LLC Project Series 2014 A, Series 2014 B-1 (Tax-Exempt), Series 2014 B-2 (Taxable)

Status: Watch

The 929 North Wolfe Street, LLC Project (the Project), a conduit project, was classified as “Watch” in June 2019 when the Project failed to meet the Debt Service Coverage Ratio of 1.20 as required by the financing documents. Per the Loan Agreement, Debt Service Coverage Ratio below 1.20x does not constitute an Event of Default; however, two consecutive years of Debt Service Coverage Ratio below 1.20x will constitute an Event of Default. East Baltimore Development, Inc. (EBDI), the borrower, has taken measures to improve the Project’s financial performance, including hiring a management consultant to evaluate the Project, hiring a financial advisor, and pressing Greystar, the manager, to improve the occupancy rates of the Project. MEDCO will continue to correspond with the EBDI and monitor the performance of the Project.

NEW PROJECT UPDATES

MEDCO is currently in the process of financing, developing, and constructing several new projects.

UMB Outreach Center

An historic building, owned by the University of Maryland, Baltimore (UMB), and located in West Baltimore, MEDCO’s role is to develop, construct, and rehabilitate the building to be used as a Community Outreach Center. The finished building will include multipurpose rooms, fitness centers, a counseling suite, a health and wellness center, and offices. Funding for the project is provided through UMB and a DHCD grant.

Current Progress:

- Interior demolition and floor leveling completed, exterior brick 75% cleaned, utility rough ins underway, elevator and windows have been ordered
- Current efforts include: demo bearing pockets and existing windows, underpinning of footers, form and pouring elevator pit, floor slab and steel infills, masonry infills, framing interior patrician walls, window blocking and mock up, drywall hanging, insulating exterior walls, plumbing rough ins, installing sprinkler system, pulling overhead electric feeders, electric rough ins
- Projected Completion projected for June 2020, occupancy in July 2020
- 5 direct community hires have been brought on board to work at the project site
- Project is on track to achieve 30% inclusion goals

UMCP Daycare Center at Calvert Road

MEDCO is restoring the former College Park Elementary School building to be used, with the University of Maryland, College Park (UMCP) as a childcare center. Restoration includes replacing the roof, windows, and entrance; renovating the interior and exterior; and demolishing unusable structures. The building is part of the Calvert Hills Historic District, listed in the National Register for Historic Places. The childcare center will be a Maryland licensed, National Association for the Education of Young Children accredited program, providing a 12-month, full-service childcare center for approximately 120 students (ages 6 weeks–5 years).

In September 2019, MEDCO issued \$7,500,000 in bonds to finance the project. The City of College Park has ground leased the land to UMCP, and UMCP has ground subleased the land to MEDCO. MEDCO will own and operate the project.

Current Progress:

- Vertical construction complete; utility rough ins complete; interior framing complete
- Interior drywall is at 50% complete; HVAC units have been delivered, mounted and connected (waiting for power to start up units), permanent water service connections have started, exterior building envelope to be installed and finished by end of January
- Projected completion in March 2020, occupancy in April–June 2020

C&O Canal Headquarters in Williamsport

The National Park Service (NPS) and MEDCO are cooperating to design and construct a new headquarters facility for the C&O Canal National Historical Park in Williamsport, Maryland. The project is located at the former site of the G.A. Miller Lumber Company, dating back to 1878, immediately adjacent to the C&O Canal. The new headquarters will include offices and a later phase will include a Visitor Contact Station. The project is financed through a contribution from NPS, a grant from DHCD to Washington County for the acquisition of the land, and through financing obtained by MEDCO. Project closing is planned for March of 2020.

Current Progress:

- Ceremonial Groundbreaking occurred August 8, 2019
- Site, erosion control, and demolition drawings finalized and submitted for permit review and approval
- 100% construction drawings to be issued for pricing in mid-January
- Final pricing and financial close to occur in March 2020
- Construction will be completed in early 2021

Bowie State University Student Housing:

Bowie State University (BSU), located in Bowie, Maryland, Prince George's County, has requested MEDCO's assistance in financing (through bond issuance) and constructing a new on-campus student residential housing project to house 450 students. In addition, the facility will include related facilities such as retail space, a coffee shop providing student training opportunities, and an entrepreneurial innovation space. The land will be ground leased or leased as an air rights parcel to the MEDCO by the State of Maryland for the use of the University System of Maryland on behalf of BSU. MEDCO currently owns and operates another student housing project at the university: Christa McAuliffe Residential Community at Bowie State University.

Current Progress:

- 100% Construction Drawings have been issued.
- The development team, MEDCO, and BSU are working on a final value engineering option
- Working on finalizing street access permit with Prince George's County.
- Final development agreement and corresponding project documents are being reviewed and finalized for financial close
- Construction is scheduled to begin in February/March 2020.

Morgan State University Student Housing:

Morgan State University (MSU), located in Baltimore, Maryland, has requested MEDCO's assistance in financing (through bond issuance), constructing, and operating an on-campus student residential housing project to provide residential housing for approximately 500 to 800 students. The project will help to alleviate a shortage of student housing at the MSU. The land will be ground leased or leased as an air rights parcel to MEDCO by the State of Maryland for the use of the MSU's students. MSU has also requested that MEDCO provide or procure consulting services to assist with the project's development and to plan future student housing projects at the MSU. MEDCO currently owns and operates another student housing project at MSU: Morgan View.

Current progress:

- Pre-development work for proposed project site nearing completion.
- Design charrettes with MSU staff and student stakeholders completed.
- MEDCO, MSU, and design team are working on finalizing a project program.
- Schematic design and site planning to begin in late January/early February.

Garrett County Spec Building

See above in the Department of Commerce section.

Seagirt 2019

For more information, see Bond Financed Projects section.

Board-Approved Projects (Not Closed)

Projects that have been approved by MEDCO's Board and are in the process of financial closing.

Clean Bay Biofuels, Inc.

MEDCO's Board approved the issuance of \$85,000,000 to CleanBay Biofuels, Inc. to construct solid waste treatment and disposal facilities, recycling facilities, and processing facilities located at 9434 Old Princess Anne Road, Westover, Maryland, in Somerset County. The facilities will process solid waste and biosolids to produce fertilizer, renewable energy, renewable natural gas, and other byproducts. The facilities will include mixing tanks, transfer tanks, digester bladders, renewable energy and renewable natural gas storage and processing facilities, and byproduct recovery facilities.

Port Covington

The MEDCO board approved the issuance of Tax Increment Financing (TIF) Bonds to finance public infrastructure improvements for the Port Covington Development project located in Baltimore City, Maryland. The Port Covington Development project is a mixed-used project located on approximately 260 acres of underutilized industrial area in Baltimore City. The project will include a residential development, an office development, a retail development, a hotel development, parking garages, and parks. The planned project is expected to be the equivalent of 45 city blocks and will include approximately 3 miles of waterfront. The current developed buildings in the Port Covington Development include the Under Armour headquarters and Sagamore Spirit and Distillery.

The City has authorized approximately \$660 million of TIF Bonds for the Port Covington Development project through multiple phases of development. In the first phase, MEDCO will issue approximately \$116 million in TIF Bonds for the purpose of financing public infrastructure associated with the developments, including but not limited to a new street grid, new access roadway, erosion protection for waterside parks, construction of waterside parks, construction of bike paths (all of which will be owned by the City), and associated soft costs.

Joint UMCP/City of College Park Town Hall and Office Building

MEDCO's board has approved a project with the University of Maryland, College Park (the University), and the City of College Park (the City), in which MEDCO will finance (through bond-issuance), construct, and operate a classroom/educational space, as part of a larger project which will include a city hall facility for the use and benefit of the City (which city hall facility will be constructed, owned and operated by the City). The joint educational/city hall building will be located on a parcel or parcels of land located near the University campus in College Park, Prince George's County, Maryland. The land will be ground leased or sub-ground leased (or leased pursuant to the air rights lease) to MEDCO by the University. MEDCO will own and operate its portion of the project for the purpose of providing classroom/education space for the benefit of the University.
