



Maryland Department of Transportation
The Secretary's Office

Martin O'Malley
Governor

Anthony G. Brown
Lt. Governor

Beverley K. Swaim-Staley
Secretary

Darrell B. Mobley
Deputy Secretary

December 22, 2011

The Honorable Edward J. Kasemeyer
Chairman, Senate Budget and Taxation Committee
Maryland General Assembly
3 West, Miller Senate Office Building
Annapolis MD 21401-1991

The Honorable Norman H. Conway
Chairman, House Appropriations Committee
Maryland General Assembly
131 Lowe House Office Building
Annapolis MD 21401-1991

Dear Chairmen:

This letter is to advise you of the intent of the Maryland Department of Transportation (MDOT) to increase the Fiscal Year 2012 total aggregate outstanding and unpaid principal balance of nontraditional debt by the amount of \$300 million for the construction of a connector between Concourses B and C and the completion of the Runway Safety Area and Pavement Management Program improvements at the Baltimore Washington International Thurgood Marshall Airport (BWI Marshall).

Pursuant to Chapter 482, Acts of 2011, (page 42 of the 2011 Joint Chairmen's report), the language directs:

"The total aggregate outstanding and unpaid principal balance of nontraditional debt, defined as any debt instrument that is not a Consolidated Transportation Bond or a Grant Anticipation Revenue Vehicle bond issued by the Maryland Department of Transportation (MDOT), may not exceed \$627,815,000 as of June 30, 2012. Provided, however, that in addition to the limit established under this provision, MDOT may increase the aggregate outstanding unpaid and principal balance of nontraditional debt so long as:

(1) MDOT provides notice to the Senate Budget and Taxation Committee and the House Appropriations Committee stating the specific reason for the additional issuance and providing specific information regarding the proposed issuance, including information specifying the total amount of nontraditional debt that would be outstanding on June 30, 2012; and the total amount by which the fiscal 2012 debt service payment for all nontraditional debt would increase following the additional issuance; and

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(2) the Senate Budget and Taxation Committee and the House Appropriations Committee have 45 days to review and comment on the proposed additional issuance before the publication of a preliminary official statement. The Senate Budget and Taxation Committee and the House Appropriations Committee may hold a public hearing to discuss the proposed increase and must signal their intent to hold a hearing within 45 days of receiving notice from MDOT.”

Background

The Maryland Aviation Administration (MAA) has two major improvement projects important to the overall safety and efficiency of the BWI Marshall: 1) construct a secure connection between Concourse A/B and Concourse C to facilitate passenger traffic (the B/C Connector), and 2) completion of the Runway Safety Area and Pavement Management Program improvements as defined by the Federal Aviation Administration (FAA).

B/C Connector

The B/C Connector will become the first construction phase of the Terminal Modernization Plan. The proposed improvements for the terminal will bring the terminal facility up to current fire/life safety standards and modernize the facility to meet federal airport passenger security and baggage screening requirements. The project will also improve the level of service for the traveling public with provisions for moving walkways in the terminal, improved baggage claim, reconfigured holdrooms, secure interconnected concourses and improved passenger amenities. The B/C Connector project will significantly reduce congestion in the passenger security screening checkpoints by relocating the Concourse C checkpoint to an area between Concourses B and C. The project will bring existing terminal facilities in compliance with current fire/life safety codes by widening Concourse C and converting the existing Concourse C entrance into egress space. Additionally, the project will provide baggage handling capacity and provide passengers with a secure corridor for ease of movement between Concourses A, B and C.

The B/C Connector cost of approximately \$100 million includes the soft and hard costs of the design and construction of the connector plus financing costs. The B/C Connector will be financed with approximately \$14 million in State funds, \$37 million in Passenger Facility Charge (PFC) paygo funds and \$53 million PFC Revenue Bonds (Bonds) including financing costs. The construction period of the Project is expected to be 14 months with the B/C connector opening on July 1, 2013.

Runway Safety Area, Standards and Pavement Management Improvements

The Runway Safety Area, Standards and Pavement Improvements project includes engineering, design, project management, construction management and construction of Runway Safety Area (RSA) improvements that will make the Airport compliant with FAA mandated standards outlined in Public Law 109-115. This project also will reduce the risk of aircraft damage and personal injury in the event of runway overshoots, overruns and excursions. Pavement improvements include pavement reconstruction, pavement milling, bituminous concrete pavement overlays, site grading, drainage and airfield lighting improvements to Runways 10-28, 15R-33L, 04-22 and 15L-33R. Connecting taxiways, taxi lanes and adjacent deicing pads are included in the improvements. The pavement improvements were recommended in an independent pavement analysis to ensure compliance with FAR 14 CFR Part 139.305 and include correction of existing modification to standards referenced in FAA Advisory Circular 150/5300-13.

The Runway Safety Area cost of improvements is approximately \$177 million and the Pavement Management Program \$179 million. The \$356 million will be financed with approximately \$52 million in State funds, \$85 million in PFC paygo funds, and \$243 million (including financing costs) in PFC Revenue Bonds.

The PFC Revenue bonds will be issued by the Maryland Transportation Authority (MDTA). MAA will enter into a lease with MDTA wherein payments will equal the sum of gross annual debt service on the Bonds. The term of the lease will correspond to the 20 year term of the Bonds.

Attached for review are the following:

- 1) DLS Briefing
- 2) Cash Flow Model
- 3) Estimated Debt Service Schedules
- 4) Bond Issuance tentative timeline

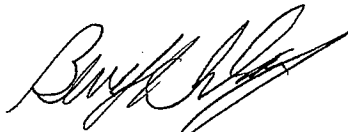
Justification

The two projects described above are essential for bringing BWI Marshall up to current safety standards and making the airport compliant with FAA mandates.

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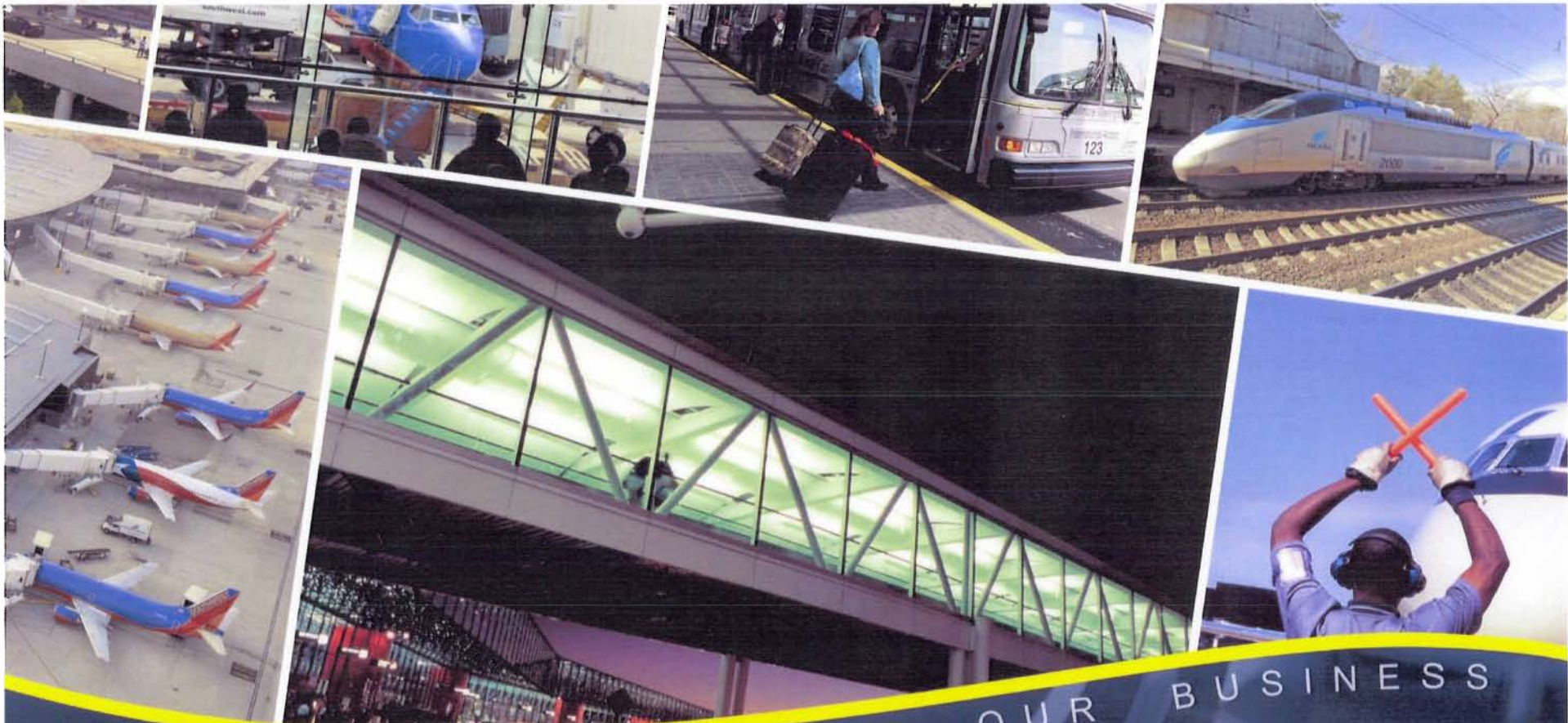
I look forward to your favorable consideration. Should you have additional questions on this matter, please call me, Paul Wiedefeld, MAA Executive Director at 410-859-7060. Of course, you should always feel free to contact me directly.

Sincerely,



Beverley K. Swaim-Staley
Secretary

cc: The Honorable Michael E. Busch, Speaker, Maryland House of Delegates
The Honorable Thomas V. Mike Miller, Jr., President, Senate of Maryland
Members of the Senate Budget and Taxation Committee
Members of the House Appropriations Committee
Mr. Paul J. Wiedefeld, Executive Director, Maryland Aviation Administration



OUR PASSENGERS ARE OUR BUSINESS

Department of Legislative Services Briefing

November 29, 2011



Agenda

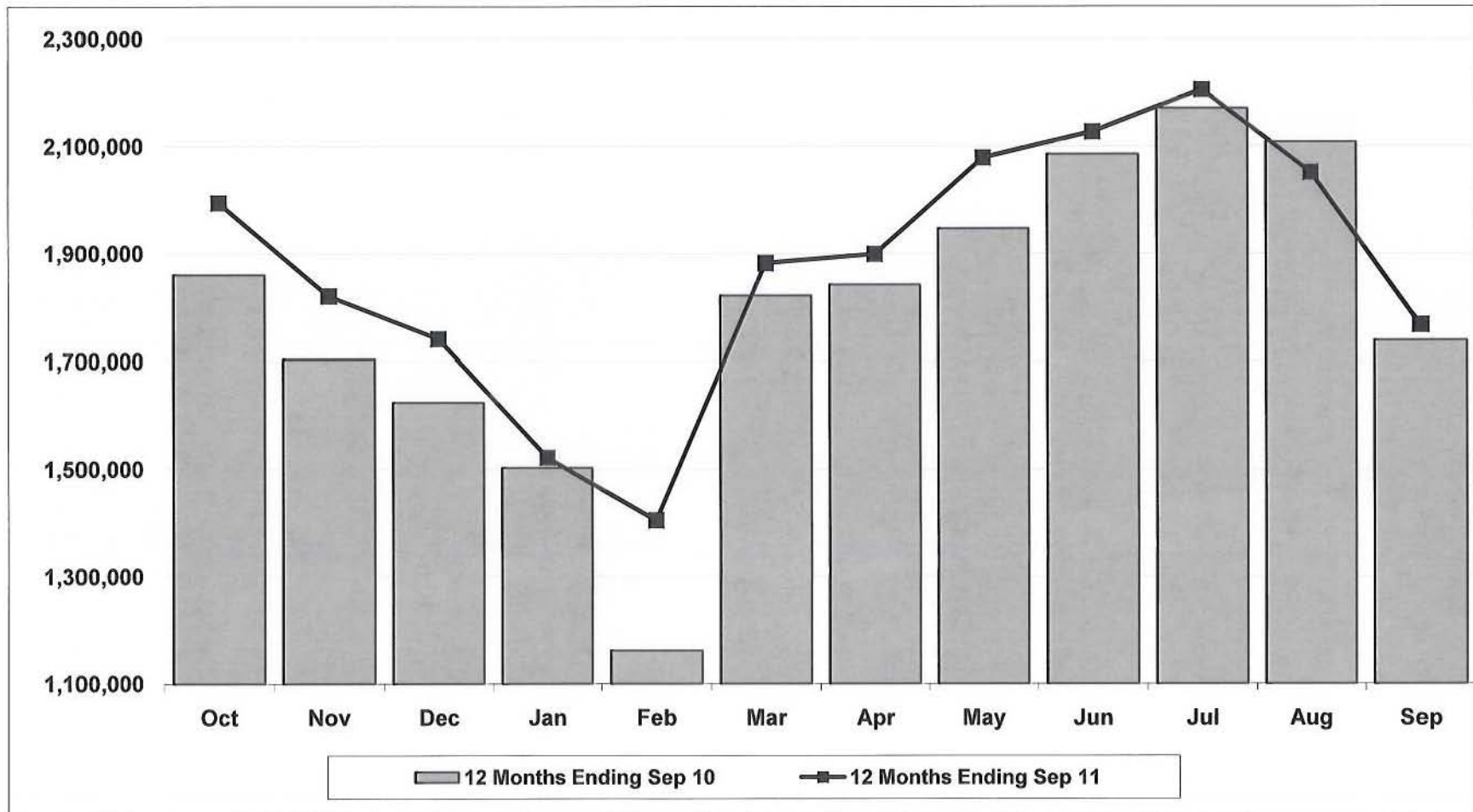
1. Business Update
 - Passenger Traffic
 - Southwest/AirTran Merger
 - SWA/AirTran Integration Projects

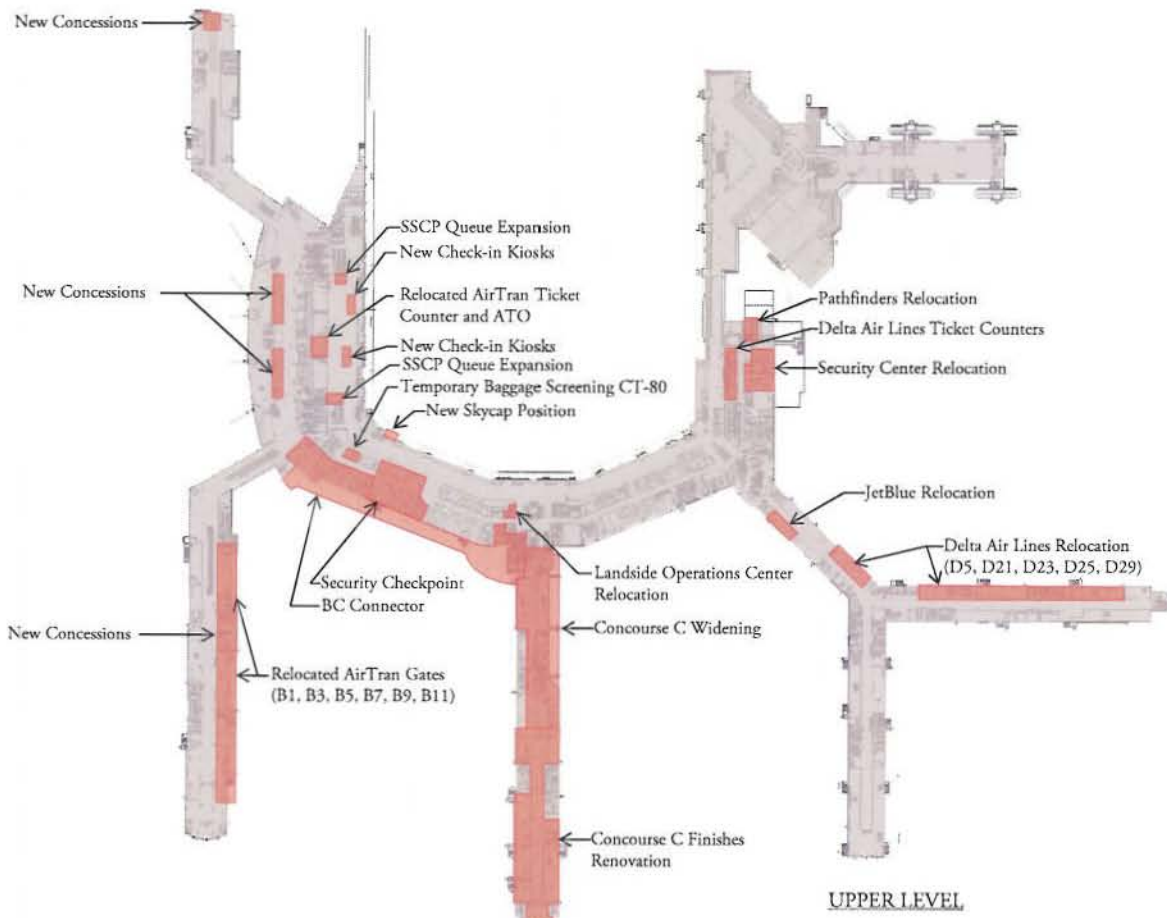
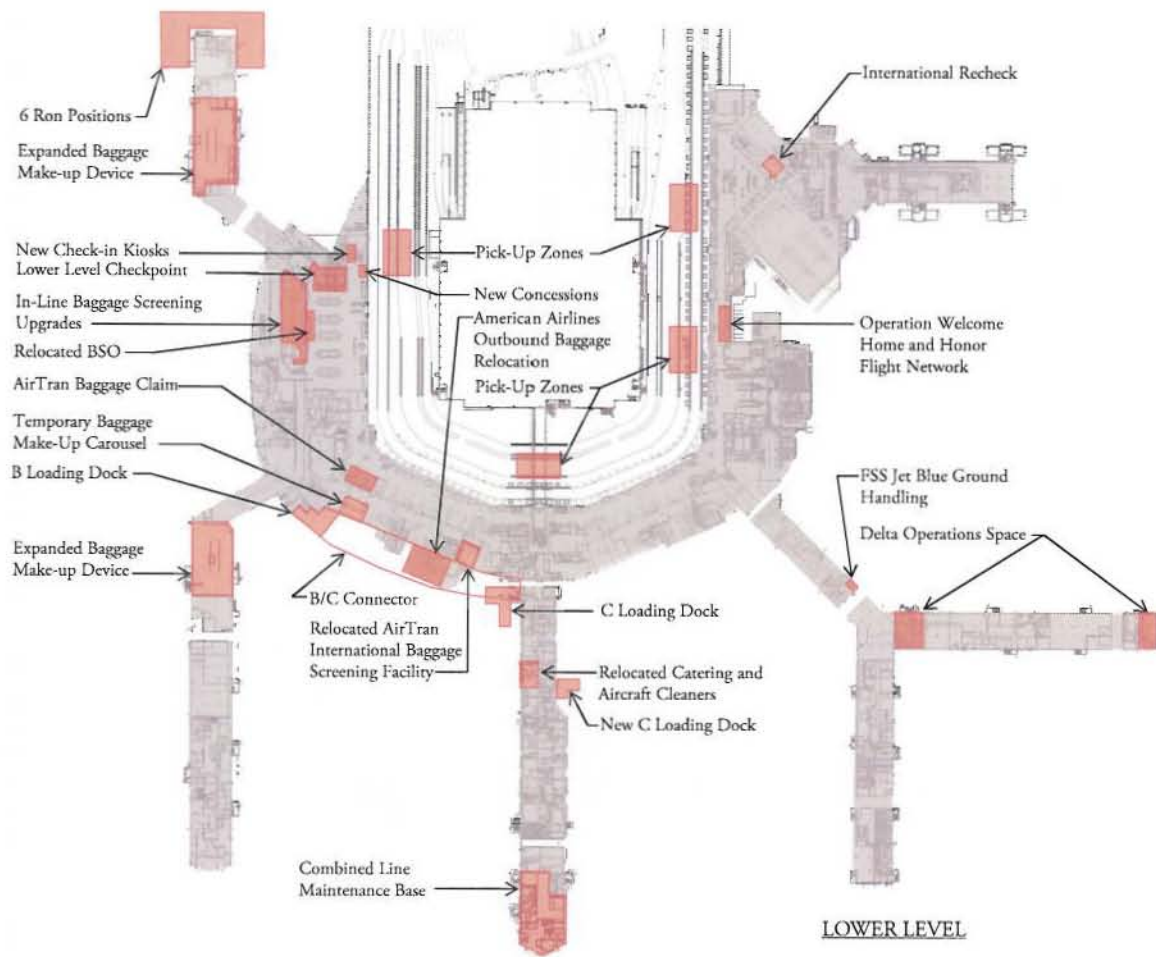
2. Runway Safety Area/Pavement Management Program

3. Terminal Enhancement Program
 - Concourse B/C Security Checkpoint
 - Concourse B/C Connector
 - Concourse C Widening

4. Program Financing

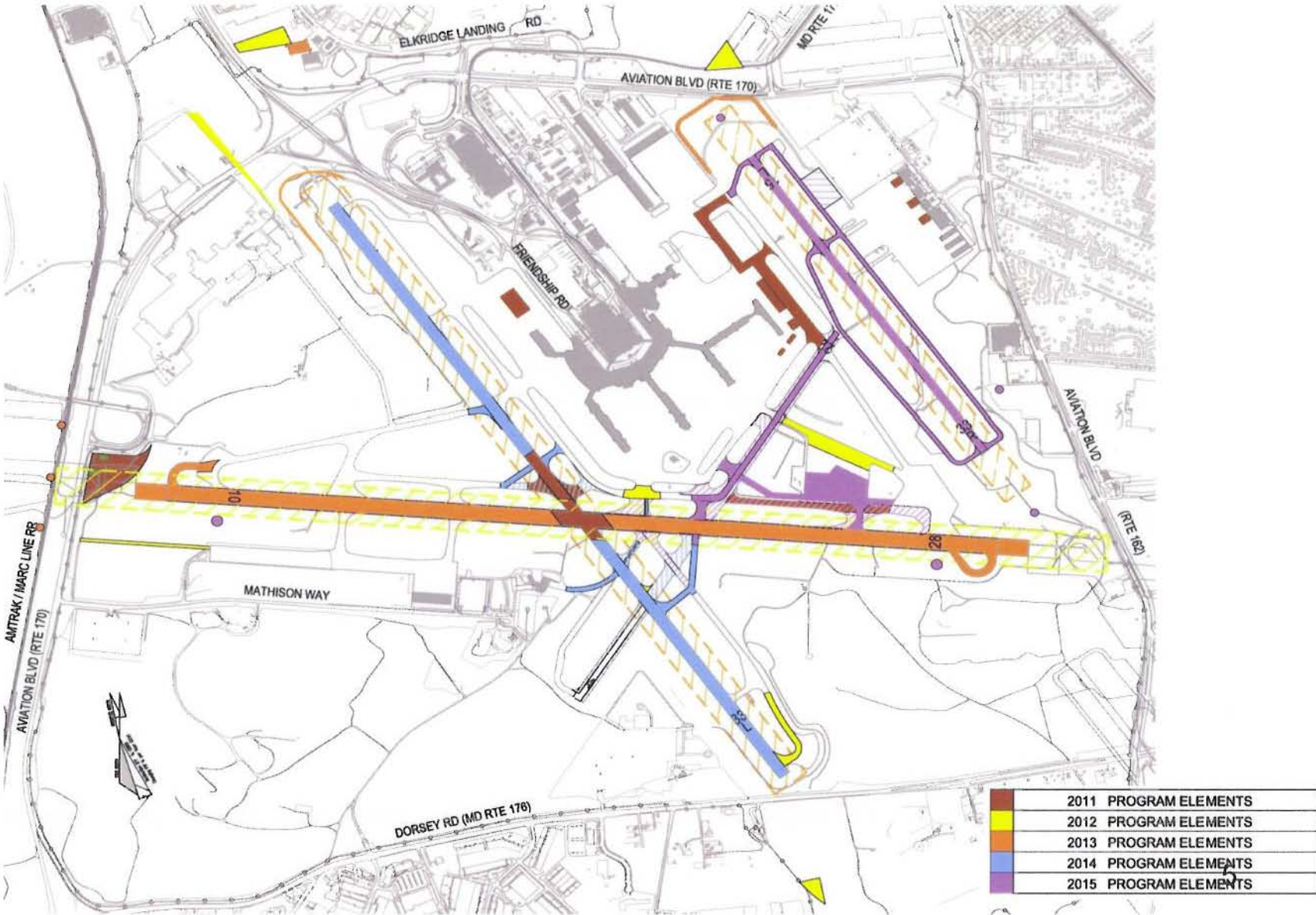
Total Passengers by Month



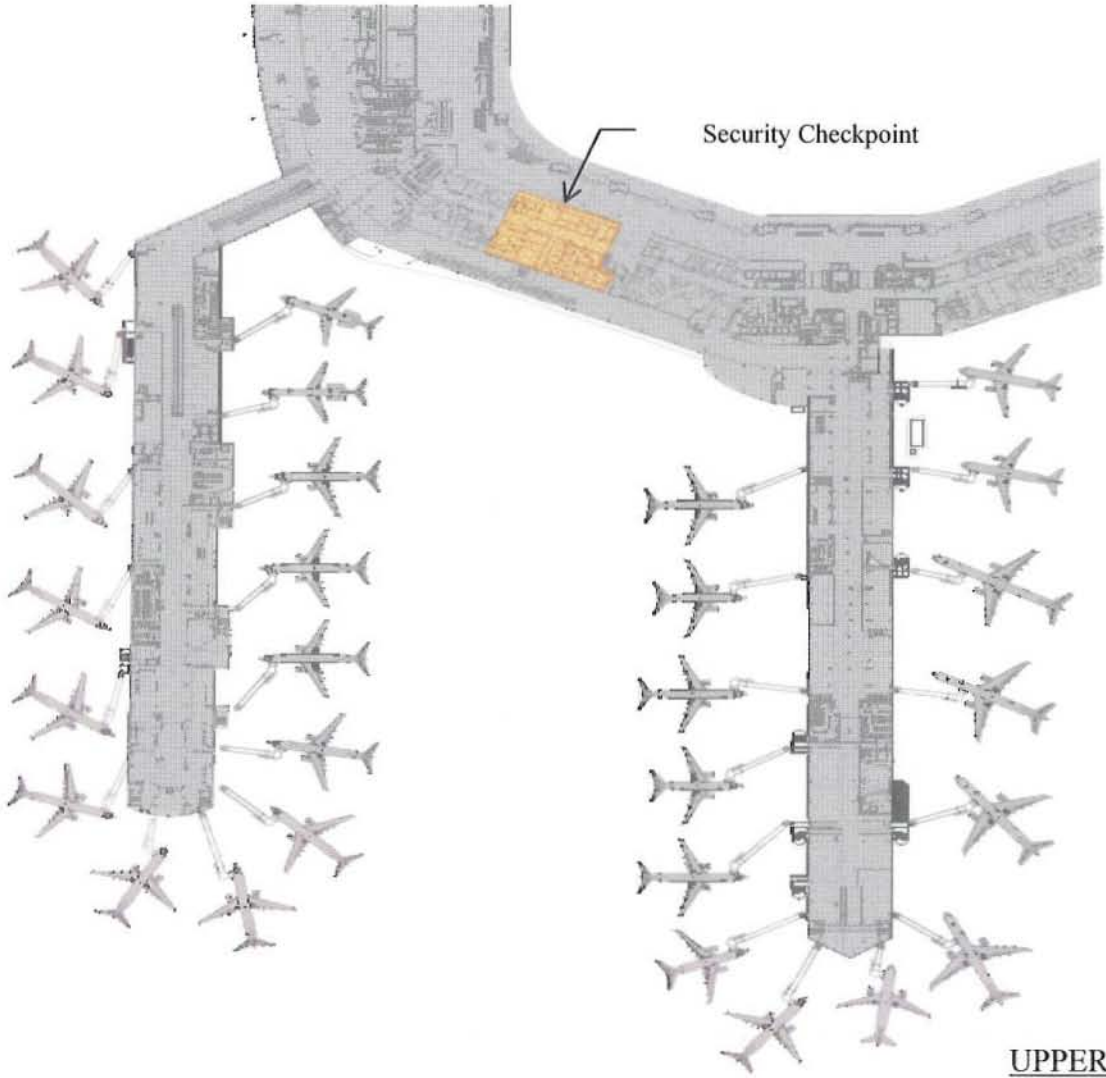


Runway Safety Area/Pavement Management Program

2011-2015 Program Elements

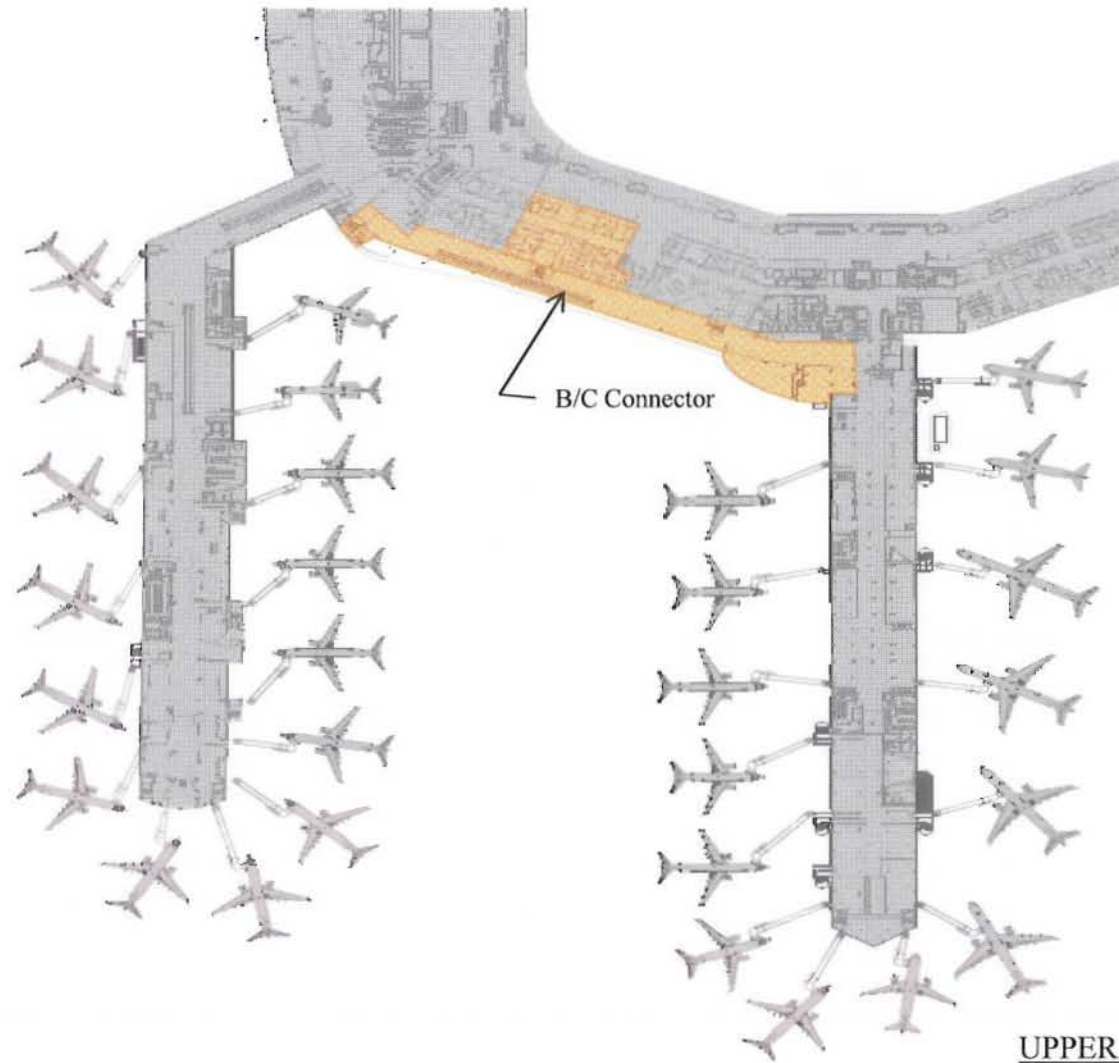


Terminal Enhancement Program
Concourse B/C Security Checkpoint



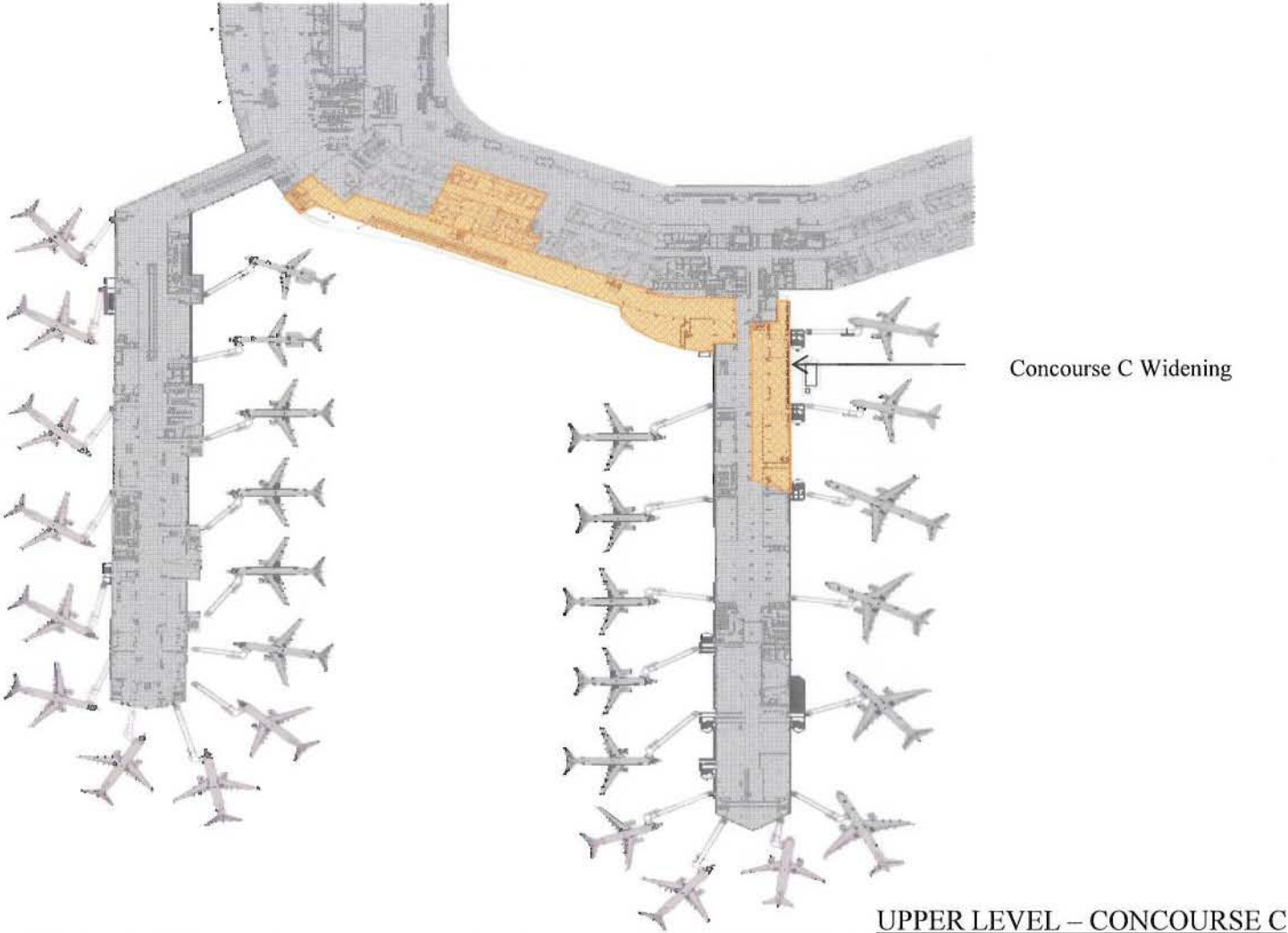
UPPER LEVEL – CONCOURSE C

Terminal Enhancement Program
Concourse B/C Connector



UPPER LEVEL – CONCOURSE C

Terminal Enhancement Program
Concourse C Widening



Concourse B/C Connector Project

