

DIVISION OF FINANCE PROGRAMS
MARYLAND INDUSTRIAL DEVELOPMENT
FINANCING AUTHORITY

(MIDFA)

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FISCAL YEAR 2006
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MARYLAND INDUSTRIAL DEVELOPMENT FINACING AUTHORITY
(MIDFA)

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MARYLAND INDUSTRIAL DEVELOPMENT FINANCING AUTHORITY (MIDFA)

History and Program Description

The Maryland Industrial Development Financing Authority (MIDFA) was established by the General Assembly in 1965 to promote significant economic development by providing financing support to manufacturing, industrial and technology businesses located in or moving to Maryland. MIDFA stimulates private sector financing of economic development by issuing Bonds and providing credit enhancements that increase access to capital for small and mid-sized companies. The Program has increased its commitment to growth and development of small business by increasing outreach efforts to community banks.

The Fund does not provide direct loans, but insures Bonds, loans and certain other types of transactions from financial institutions. The Program promotes private sector financing by providing insurance to transactions resulting in reduced credit risks, and enabling better terms. As an insurance product, the Fund is allowed a 5:1 leverage of its capital base. Decisions rest with the 9-member board comprised of 2 ex-officio and 7 private business members from throughout the state appointed by the Governor with the advice and consent of the Senate. In addition to credit risk assessment, the statute dictates that consideration be given to the impact that the expansion, retention, and attraction of strategic commercial enterprises has on a balanced economy, employment, and quality of life. The operating expenses are funded through general funds appropriated by the Legislature, the interest earned on the fund balances, Bond issuance fees and through annual premiums of ½ of 1% of all insured transactions, unless waived in “qualified distressed” (One Maryland) jurisdictions.

CONVENTIONAL LOAN PROGRAM

The Conventional Loan Program primarily insures transactions made by conventional and asset-based financial institutions for working capital, fixed assets, letters of credit, leasing, and other related activities up to 80% of the obligation (90% for Trade) to a maximum of \$2.5 Million.

TAXABLE AND TAX-EXEMPT BONDS

Taxable and Tax-exempt Industrial Revenue Bonds may be insured and/or issued to finance fixed assets. Tax Exempt Bonds may finance manufacturing, 501(c)(3) non-profit corporations, and certain energy related projects. The Fund charges a 1/8 of 1% annual issuance fee and can insure up to 100% of the obligation to a maximum coverage of \$7.5 Million.

Program Performance Since Inception

To date, the Program has participated in eight hundred four (804) loans/bonds, totaling \$2,056,263,906. Currently, seventy-two (72) transactions remain active, with principal balances totaling \$498,072,166 insured for \$31,773,963.

The current Fund balance of \$37,991,387 is leveraged .93: 1 against the \$35,217,963 total insurance exposure consisting of \$31,773,963 outstanding plus the \$3,444,000 of un-funded commitments. Based on the statutory 5:1 maximum leverage, the Fund would have capacity of up to \$154,738,972 of additional insurance. The following is a summary of the current balances and exposure by program capability, excluding pending transactions.

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<i>(Thousands)</i>	Current Insurance Exposure	Principal Balance	Number of Active Accounts	Average Insurance Exposure
Bonds – insured	\$15,830	\$76,563	12	\$1,320
Bonds - uninsured	N/A	223,468	20	N/A
Energy Bonds	N/A	147,463	5	N/A
Conventional Loans	14,361	46,568	26	552
Day Care	1,583	4,010	9	176
Linked Deposits	N/A	0	0	N/A

Program Performance for the Year Ending June 30, 2006

During fiscal year 2006, MIDFA approved thirteen (13) transactions totaling \$46,463,300 insured for \$4,967,055. Fourteen (14) transactions, including six (6) approvals from the prior year, closed totaling \$90,493,500 insured for \$4,986,055. Additionally, five (5) remain pending settlement for a total of \$24,784,800 insured for \$3,444,000.

Deal flow, as measured by the number of transactions, remained stable with thirteen (13) approvals and fourteen (14) settlements compared to last year's sixteen (16) approvals and nine (9) settlements. The spike in the dollar amount of approvals in 2005 at \$118 Million was translated into a spike in settlements at \$90 Million in 2006 with the closing of a single \$51 Million bond in the first month of 2006. Credit quality remains strong with only five (5) accounts in Special Assets totaling \$2,286,817 of principal outstanding reserved for \$2,346,801 which represents 2% of the number of insured loans and 7.4% of the total insurance exposure. Continued record low interest rates enabled twelve (12) credit-seasoned transactions totaling \$98 Million to payoff or refinance out of the program. This seasoning of risk and "graduating" to un-enhanced private sector lending is a principal objective of the program and restores capacity to meet future demand.

Projected Program Performance for Fiscal Year 2007

Activity for 2007 is expected to increase slightly to fifteen (15) transactions totaling \$60,000,000 insured for \$20,000,000.

DOF Listing of Approved
Between 7/1/2005 And 6/30/2006

Program: MIDFA

Sub-program: Conventional Insurance

D/App	#	Industrial Project	Loan Amt	Ins. Amt.	Proj. Cost	J/New	J/Ret.	Status	County
1/16/2006	HUGHESVI	Hughesville Child	\$850,000	\$250,000	875,000	3	9	AP	Charles
8/25/2005	296MID	Simmons Air, Inc.	\$1,500,000	\$450,000	1,500,000	35	0	IT	Anne Arundel
2/2/2006	1854MID	Blevins, Richard E. &	\$1,050,000	\$250,000	1,061,000	0	4	CL	Worcester
3/14/2006	CHROMOTR	ChromoTrax, Inc.	\$50,000	\$25,000	50,000	10	5	AP	Frederick
3/24/2006	1264C	Saval Foods Corporation	\$14,444,800	\$475,000	0	0	0	AP	Howard
7/28/2005	298MID	Nelson Company, The	\$2,400,000	\$500,000	2,478,000	0	65	CL	Baltimore Co.
10/13/2005	1799MID	SriSai Biopharmaceutical	\$150,000	\$75,000	525,000	28	25	CL	Frederick
10/18/2005	1832MID	Robinson, William L. &	\$1,078,500	\$248,055	1,240,000	0	2	CL	Queen Anne
Group Total:		8	\$21,523,300	\$2,273,055	\$7,729,000	76	110		

Sub-program: MIDFA Issued Bonds

D/App	#	Industrial Project	Loan Amt	Ins. Amt.	Proj. Cost	J/New	J/Ret.	Status	County
7/28/2005	1822MID	Baltimore International	\$12,600,000	\$0	500,000	0	80	CL	Baltimore City
Group Total:		1	\$12,600,000	\$0	\$500,000	0	80		

Sub-program: MIDFA Issued Taxable Bond

D/App	#	Industrial Project	Loan Amt	Ins. Amt.	Proj. Cost	J/New	J/Ret.	Status	County
10/27/2005	131T	Wesley Freedom United	\$600,000	\$0	0	0	0	CL	Carroll
Group Total:		1	\$600,000	\$0	\$0	0	0		

Sub-program: Taxable Bond Activity

D/App	#	Industrial Project	Loan Amt	Ins. Amt.	Proj. Cost	J/New	J/Ret.	Status	County
1/23/2006	ADVENT	Advent Industries, LLC	\$6,190,000	\$1,194,000	9,270,000	35	50	AP	Allegany
Group Total:		1	\$6,190,000	\$1,194,000	\$9,270,000	35	50		

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DOF Listing of Approved Activity

Program: *MIDFA*

Sub-program: Tax-Exempt Bond Activity

D/App	#	Industrial Project	Loan Amt	Ins. Amt.	Proj. Cost	J/New	J/Ret.	Status	County
3/27/2006	HARTZ	Hartz Industrial Facility,	\$3,250,000	\$1,500,000	3,250,000	94	310	AP	Frederick
10/27/2005	407MID	Wesley Freedom United	\$2,300,000	\$0	3,400,000	0	0	CL	Carroll
Group Total:		2	\$5,550,000	\$1,500,000	\$6,650,000	94	310		
Program Total:		13	\$46,463,300	\$4,967,055	\$24,149,000	205	550		
Report Total:		13	\$46,463,300	\$4,967,055	\$24,149,000	205	550		

DOF Listing of Closed Activity

Between 7/1/2005 And 6/30/2006

Program: MIDFA

Sub-program: Conventional Insurance

DTCL:	#	Industrial Project	Loan Amt	Ins. Amt.	Proj. Cost	J/New	J/Ret.	Status	County
7/8/2005	295MID	Far Away Farm, LLC	\$995,000	\$199,000	1,065,000	1	0	CL	Caroline
9/24/2005	296MID	Simmons Air, Inc.	\$1,500,000	\$450,000	1,500,000	35	0	IT	Anne Arundel
9/27/2005	297MID	Towers, Paul W. & Mary Jo	\$320,000	\$64,000	320,000	0	2	CL	Caroline
9/30/2005	298MID	Nelson Company, The	\$2,400,000	\$500,000	2,478,000	0	65	CL	Baltimore Co.
11/30/2005	299MID	Southern Connection	\$1,500,000	\$700,000	0	0	70	CL	Somerset
12/22/2005	1799MID	SriSai Biopharmaceutical	\$150,000	\$75,000	525,000	28	25	CL	Frederick
2/23/2006	1832MID	Robinson, William L. &	\$1,078,500	\$248,055	1,240,000	0	2	CL	Queen Anne
5/3/2006	1854MID	Blevins, Richard E. &	\$1,050,000	\$250,000	1,061,000	0	4	CL	Worcester
Group Total:		8	\$8,993,500	\$2,486,055	\$8,189,000	64	168		

Sub-program: MIDFA Issued Bonds

DTCL:	#	Industrial Project	Loan Amt	Ins. Amt.	Proj. Cost	J/New	J/Ret.	Status	County
8/1/2005	405	McDonogh School, Inc.	\$14,300,000	\$0	14,400,000		253	CL	Baltimore Co.
11/17/2005	1822MID	Baltimore International	\$12,600,000	\$0	500,000	0	80	CL	Baltimore City
Group Total:		2	\$26,900,000	\$0	\$14,900,000	0	333		

Sub-program: MIDFA Issued Taxable Bond

DTCL:	#	Industrial Project	Loan Amt	Ins. Amt.	Proj. Cost	J/New	J/Ret.	Status	County
12/12/2005	131T	Wesley Freedom United	\$600,000	\$0	0	0	0	CL	Carroll
Group Total:		1	\$600,000	\$0	\$0	0	0		

Sub-program: Tax-Exempt Bond Activity

DTCL:	#	Industrial Project	Loan Amt	Ins. Amt.	Proj. Cost	J/New	J/Ret.	Status	County
7/20/2005	404A	Our Lady of Good Counsel	\$33,000,000	\$0	52,000,000	0	0	CL	Montgomery
7/20/2005	404B	Our Lady of Good Counsel	\$18,700,000	\$2,500,000	52,000,000	0	0	CL	Montgomery
12/9/2005	407MID	Wesley Freedom United	\$2,300,000	\$0	3,400,000	0	0	CL	Carroll

Monday, July 31, 2006

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DOF Listing of Closed Activity Continued

Program: *MIDFA*

Sub-program: Tax-Exempt Bond Activity

DTCL:	#	Industrial Project	Loan Amt	Ins. Amt.	Proj. Cost	J/New	J/Ret.	Status	County
Group Total:		3	\$54,000,000	\$2,500,000	\$107,400,000	0	0		
Program Total:		14	\$90,493,500	\$4,986,055	\$130,489,000	64	501		
Report Total:		14	\$90,493,500	\$4,986,055	\$130,489,000	64	501		