

*Maryland Health and Higher  
Educational Facilities Authority*

2010 ANNUAL REPORT



*Maryland is extremely proud of its healthcare institutions, colleges and universities and noncollegiate schools. The strength of these institutions is the foundation of our state's future.*

*The mission of the Maryland Health and Higher Educational Facilities Authority is to assist non-profit educational institutions and hospitals and related healthcare organizations in financing the construction and acquisition of capital projects. In the pursuit of our goals, we strive to keep abreast of opportunities to reduce the cost of capital in order to meet the changing needs of our borrowing institutions.*

*The Authority is empowered to perform a variety of functions on behalf of its constituents, including the following:*

- *Issuing fixed and variable rate bonds and notes, including commercial paper.*
- *Financing construction, renovation and equipping of facilities for nonprofit hospitals, colleges, universities, noncollegiate schools, retirement communities, nursing homes, assisted living facilities and other long-term care facilities.*
- *Entering into leases and subleases of projects and contracts for the operation and management of projects for institutions.*
- *Making loans to participating institutions to finance projects, including hospital facilities, ambulatory care centers and other outpatient facilities, parking garages, research facilities, academic buildings, dormitories, dining halls, libraries and athletic facilities.*
- *Establishing and administering pooled loan programs to reduce financing costs and provide enhanced access to the capital markets.*

*As a public instrumentality providing financing for key institutional projects, the Maryland Health and Higher Educational Facilities Authority plays a vital role in improving the health and well being of the residents of our State.*

## AUTHORITY MEMBERS

### SHEILA K. RIGGS, *Chairman*

Term expires July 1, 2013; resident of Baltimore City; former Director- Provident Bankshares Corporation, Trustee and former Chairman of the Board- Maryland Institute College of Art; former President and Chairman of the Board- Greater Baltimore Medical Center; former Trustee and Secretary of the Board- Bryn Mawr School; former co-Chairman- Baltimore Council on Foreign Affairs; and member- Board of Loyola Notre Dame Library.

### PAUL B. MERITT, *Vice Chairman*

Term expires July 1, 2014; resident of Baltimore County; Vice President- PNC Bank; member- Maryland Capital Debt Affordability Committee; and Maryland Commission on State Debt.

### NANCY K. KOPP, *ex officio*

Resident of Montgomery County; Treasurer of the State of Maryland; Chair- Maryland Capital Debt Affordability Committee; College Savings Plans of Maryland; and Board of Trustees of the Maryland State Retirement and Pension System; and member- Maryland Board of Public Works; Board of Trustees of the Maryland Teachers & State Employees Supplemental Retirement Plans; Hall of Records Commission; Board of Revenue Estimates; and Maryland Commission on State Debt.

### CATHERINE ASHLEY-COTLEUR, PH.D., *Member*

Term expires July 1, 2012; resident of Washington County; Associate Professor- College of Business, Frostburg State University; member- American Marketing Association; United States Association of Small Business and Entrepreneurship; and International Conference of Small Business.

### THOMAS S. BOZZUTO, JR., *Member*

Term expires July 1, 2013; resident of Baltimore City; President, Bozzuto Development Company; member- Urban Land Institute's Baltimore District Council Executive Committee; Catholic Charities Building Committee; Maryland Institute College of Art Building and Grounds Committee; and Maryland Art Place Board of Trustees.

### THOMAS E. DOBYNS, J.D., *Member*

Term expires July 1, 2011; resident of Montgomery County; Principal- Thomas Dobyms Attorney at Law, Chevy Chase, Maryland; and member- Health Law Forum Committee and Affordable Housing and Community Development Law Forum Committee of the American Bar Association; Health Law Section of the District of Columbia Bar; Health Law Section of the Maryland State Bar Association; Habitat for Humanity; and Society of St. Andrew.

### FREDERICK W. MEIER, JR., *Member*

Term expires July 1, 2015; resident of Baltimore City; Senior Advisor- Lord Baltimore Capital Corporation; former Executive Vice President- First Maryland Bancorp; President and Director- Rodney Trust Company; former Director- Provident Bankshares Corporation; Attransco; and AMA Capital Partners; member- Investment Committee and former Vice President and Trustee- The Baltimore Museum of Art; member- Baltimore City Board of Finance; Honorary Trustee and former President of Board of Trustees- The Boys' Latin School of Maryland; former member of Board of Governors- The Center Club; and former Director- Forestal San Jose (Chile); Jugos del Sur (Argentina); and NORDEN A/S (Denmark); and Empresas Navieras, S.A.

### W. GAR RICHLIN, *Member*

Term expires July 1, 2013; resident of Howard County; Principal- Richlin/Dale LLC; former President and Chief Operating Officer- Advertising.com; former Chief Operating Officer and Chief Financial Officer- SITEL Corporation; former Head of Investment Banking- Alex. Brown & Sons Incorporated; former Director- Maryland Science Center; Howard County Health Alliance; Baltimore Symphony Orchestra; member- Maryland Enterprise Investment Advisory Board; and Trustee- Baltimore Symphony Endowment Trust .

### ARNOLD WILLIAMS, *Member*

Term expires July 1, 2014; resident of Baltimore County; Managing Director- Abrams, Foster, Nole & Williams, P.A.; Chairman of the Board- Baltimore Development Corporation; former Board Chairman- Bon Secours Health Systems, Inc.; member- Industrial Development Authority; Lexington Market, Inc.; The Presidents' Roundtable; former member- Baltimore City Chamber of Commerce; and Marylanders Organized for Responsibility and Equity (MORE); and Past Chair and former member- Maryland State Board of Accountancy.

\* *By the terms of the Authority's enabling act, members continue to serve until their successors are appointed.*

**AUTHORITY STAFF**

ANNETTE ANSELM  
*Executive Director*

WYATT SHIFLETT, II  
*Assistant Executive Director*

EDWARD GOLAS, JR.  
*Chief Operating Officer*

CONSTANCE McCREADY  
*Controller*

LENA PRINCE  
*Senior Account Manager*

MARY JANE LUPUS  
*Account Manager*

KATHY RECH  
*Account Manager*

STEPHANIE BURRELL  
*Executive Assistant*

MEZERENA WELLS  
*Administrative Assistant*

**AUTHORITY CONSULTANTS**

McKENNON SHELTON & HENN LLP  
*Bond Counsel*

KILLARNEY ADVISORS, INCORPORATED  
*Financial Advisor*

PUBLIC FINANCIAL MANAGEMENT, INC.  
*Financial Advisor*

REZNICK GROUP, P.C.  
*Independent Auditors*

MANAGEMENT CONSULTING SERVICES  
*Management Consultant*

## INDEPENDENT AUDITORS' REPORT

To the Members  
Maryland Health and Higher Educational Facilities Authority

We have audited the accompanying balance sheet of Maryland Health and Higher Educational Facilities Authority (the Authority) as of June 30, 2010, and related statement of revenues, expenses and changes in net assets and cash flows for the year then ended. 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 in the first paragraph present fairly, in all material respects, the financial position of the Authority as of June 30, 2010, and the changes in its net assets 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 on pages 5 through 10 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. 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.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The additional information on pages 21 through 32 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on it.

Baltimore, Maryland  
September 20, 2010



# Maryland Health and Higher Educational Facilities Authority- Management's Discussion and Analysis

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## Introduction

This discussion and analysis of the financial performance of the Maryland Health and Higher Educational Facilities Authority (the "Authority") is supplementary information required by the Government Accounting Standards Board. It introduces the basic financial statements and provides a brief overview of the Authority's financial activities. It should be read in conjunction with the financial statements that follow this discussion.

The Authority is an instrumentality of the State of Maryland which assists non-profit educational institutions and hospitals and related healthcare organizations in financing the acquisition and construction of capital projects.

The Authority does not receive any appropriations from the State of Maryland and is funded entirely from fees charged to participating borrowers and interest earnings on investments.

## Overview of the Financial Statements

The three basic statements presented within the financial statements are as follows:

- Balance Sheet- This statement presents information reflecting the Authority's assets, liabilities and net assets. Assets represent the total of liabilities and net assets.
- Statement of Revenues, Expenses and Changes in Net Assets- This statement reflects the operating revenues and expenses, as well as non-operating revenues and expenses during the fiscal year. Operating revenue is generated from annual administrative fees and application fees charged to borrowers. Operating expense includes staff salaries and other expenses, as well as professional fees. The change in net assets is similar to net profit or loss for a business enterprise.
- Statement of Cash Flows- The statement of cash flows is presented using the direct method of reporting which reflects cash flows from operating, financing and investing activities. Cash collections and payments are reflected in this statement to arrive at the net increase or decrease in cash for the fiscal year.

## Summary of Activities

- During fiscal year 2010 the Authority issued and delivered 17 issues totaling more than \$767.0 million. The proceeds were used to purchase land; construct and acquire new facilities; renovate existing facilities; purchase equipment; and refund prior debt.
- During fiscal year 2010 the Authority also changed the basis on which interest is calculated on 11 bond issues with outstanding balances totaling \$202,361,180.

## Maryland Health and Higher Educational Facilities Authority- Management's Discussion and Analysis (Continued)

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- Operating revenues increased by approximately \$93,000 due to the volume of new issues which resulted in higher annual administrative fees. The Authority funds its operations using a combination of annual administrative fees, application fees and investment income. Administrative fees are a maximum of one tenth of one percent of the par amount of debt issued per annum and the application fee is \$5,000. In FY 2010, the Authority waived 75% of the annual administrative fees chargeable to borrowing institutions for financings that were in place prior to FY 2008 and 70% for financings completed in FY 2008 and after. The Authority also waived application fees for all of the restructurings and conversions of securities completed in FY 2010.
- Operating expenses increased by approximately \$332,000 due to the level of contractual services, legal services and professional fees paid directly by the Authority and the addition of a staff member.
- The Authority had approximately \$8,660,732,000 of conduit debt outstanding at June 30, 2010. This is an approximately \$193,925,000 increase from June 30, 2009. A schedule of debt outstanding is included in the additional information to these financial statements. All bonds issued by the Authority are limited obligations payable solely from amounts payable by participating institutions under the loan or lease agreements executed in connection with the issuance of the bonds or revenues of the project financed. The Authority has no outstanding debt constituting a general obligation of the Authority or a pledge of its faith and credit.

### Financial Highlights

The following summarizes the financial position and results of operations of the Authority for the fiscal years ended June 30, 2010 and 2009 (in thousands of dollars):

	June 30, 2010	June 30, 2009
<b>ASSETS</b>	<b>\$ 19,567</b>	<b>\$ 18,459</b>
<b>LIABILITIES AND NET ASSETS:</b>		
LIABILITIES	\$ 154	\$ 126
NET ASSETS	19,413	18,333
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 19,567</b>	<b>\$ 18,459</b>



Maryland Health and Higher Educational Facilities Authority-  
Management's Discussion and Analysis (Continued)

	June 30, 2010	June 30, 2009
OPERATING REVENUES	\$ 2,459	\$ 2,366
OPERATING EXPENSES	1,942	1,610
OPERATING INCOME (LOSS)	517	756
NON-OPERATING REVENUES		
Net income from investments	478	612
Net increase in fair value of investments	85	35
INCREASE IN NET ASSETS	1,080	1,403
Net assets, beginning of year	18,333	16,930
Net assets, end of year	\$ 19,413	\$ 18,333

## Summary of Financings

During fiscal year 2010, the Authority issued:

Public Issues & Limited Offerings	\$ 623,577,000
Private Placements	143,425,000
	<u>\$ 767,002,000</u>

The following is a list of the issues during fiscal year 2010:

### HEALTHCARE FINANCINGS:

#### **\$5,260,000 CMROC, LLP Lease (2009)**

A private placement involving a lease and sublease transaction relating to the equipping of a radiation oncology center located in Howard County, Maryland, including the acquisition of two linear accelerators.

#### **\$30,000,000 Sheppard Pratt Health System, Series 2009**

A private placement for (a) the acquisition of a 40-acre parcel of land for use as the site of a healthcare facility to be constructed; (b) the refinancing of a loan, the proceeds of which were used for the acquisition and renovation of a facility for use as a special educational school and the site thereof; and (c) certain capital improvements and equipment at the institution's existing healthcare facilities.

#### **\$242,385,000 University of Maryland Medical System, Series 2010**

A public offering for (a) certain capital projects for Upper Chesapeake Medical Center; (b) renovations to or expansion of the institution's existing facilities; (c) the construction

## Maryland Health and Higher Educational Facilities Authority- Management's Discussion and Analysis (Continued)

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of a new emergency care center; and (d) the refunding the Authority's (i) Revenue Bonds, University of Maryland Medical System Issue, Series 2008G, (ii) Revenue Bonds, University of Maryland Medical System Issue, Series 2008H, and (iii) Revenue Bonds, Shore Health System Issue, Series 2004A.

### **\$85,410,000 Anne Arundel Health System, Series 2010**

A public offering for (a) a portion of the costs of an addition to the institution's existing parking garage; (b) the refunding of the Authority's Revenue Bonds, Anne Arundel Health System Issue, Series 2004B; and (c) the refinancing of a certain capital lease.

### **\$82,670,000 Doctors Community Hospital, Series 2010**

A public offering for (a) the refinancing of a loan, the proceeds of which were used to refund the Authority's Revenue Bonds, Doctors Community Hospital Issue, Series 2008; and (b) a portion of the costs of miscellaneous internal renovations and the improvement of an existing surface parking lot.

### **\$148,195,000 The Johns Hopkins Health System Obligated Group, Series 2010**

A public offering for the construction of a portion of two new medical towers.

### **\$15,000,000 Carroll Hospital Center Issue (2010)**

A private placement for the reimbursement of capital expenditures for (a) the construction of an above ground parking garage on the institution's campus; (b) the renovation of certain interior portions of the existing facilities and (c) the acquisition of equipment.

## **EDUCATIONAL INSTITUTION FINANCINGS:**

### **\$10,949,000 The Johns Hopkins University, Commercial Paper, Series B**

A limited offering for the financing of routine internal renovations, improvements and equipment acquisitions.

### **\$30,580,000 Carnegie Institution of Washington, Series 2010**

A public offering for the refunding of the Authority's Revenue Bonds, Carnegie Institution of Washington Issue, Series 2002.

### **\$9,723,000 The Johns Hopkins University, Commercial Paper, Series B**

A limited offering for the financing of routine internal renovations, improvements and equipment acquisitions.

Maryland Health and Higher Educational Facilities Authority-  
Management's Discussion and Analysis (Continued)

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**RETIREMENT COMMUNITIES FINANCINGS:**

**\$20,600,000 Augsburg Lutheran Home, Series 2009**

A private placement for (a) the renovation of continuing care retirement community facilities, including a three-story addition to the existing nursing center; (b) the refunding of the Authority's Revenue Bonds, Augsburg Issue, Series 1997; and (c) the refinancing of a commercial loan.

**NON-COLLEGIATE SCHOOL FINANCINGS:**

**\$19,830,000 The Boys' Latin School of Maryland, Series 2009**

A private placement for the refunding of the Authority's Revenue Bonds, The Boys' Latin School Issue, Series 2008.

**\$17,400,000 Roland Park Country School, Series 2009**

A private placement for the refunding of the Authority's Revenue Bonds, Roland Park Country School Issue, Series 2001 and Roland Park Country School Issue, Series 2001 (Second Delivery).

**\$7,350,000 Bryn Mawr School, Series 2009**

A private placement for (a) renovations and repairs to and equipping of the institution's existing facilities; (b) site work and development for the installation of new utilities; and (c) the refunding of the Authority's Revenue Bonds, Bryn Mawr School Issue, Series 2005.

**\$25,000,000 The SEED School of Maryland, Series 2010**

A private placement for (a) the construction of two student dormitories and the renovation of an existing academic building; and (b) the refinancing of a bridge loan facility, the proceeds of which were applied to finance and refinance certain related expenses.

**\$13,085,000 Patterson Park Public Charter School, Series 2010A**

**\$580,000 Patterson Park Public Charter School, Series 2010B (Taxable)**

A public offering for (a) a portion of the costs of the construction and equipping of a new classroom building to house a middle school and certain improvements to and renovations of the institution's existing facilities; and (b) the refinancing of a loan, the proceeds of which were used for the acquisition and renovation of a building.

## Maryland Health and Higher Educational Facilities Authority- Management's Discussion and Analysis (Continued)

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### **\$2,985,000 Oldfields School, Series 2010**

A private placement for the refunding of the Authority's Pooled Loan Program Revenue Bonds, Series D, issued for the benefit of the institution, the proceeds of which were used to finance the acquisition and construction of educational facilities for the institution.

### **Subsequent Bond Activity**

Prior to June 30, 2010 the following bonds were authorized and issued in fiscal year 2011:

\$12,000,000, Qualified Bank Loan, Broadmead, Series 2010

\$14,915,000, Qualified Bank Loan, Indian Creek School

Subsequent to June 30, 2010 the following bonds were authorized and issued:

\$4,000,000, Qualified Bank Loan, Baltimore Leadership School for Young Women

Management has evaluated the potential impact of subsequent events through September 20, 2010.

### **Requests For Information**

This financial report is designed to provide interested parties with a general overview of the Authority's finances. If you have questions about this report or need additional financial information, please contact:

Maryland Health and Higher Educational Facilities Authority  
Attention: Executive Director  
401 East Pratt Street, Suite 1224  
Baltimore, MD 21202

Telephone: (410) 837-6220  
Fax: (410) 685-1611  
Email: [webmaster@mhhefa.org](mailto:webmaster@mhhefa.org)

Maryland Health and Higher Educational Facilities Authority-  
Balance Sheet

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June 30, 2010  
(in thousands of dollars)

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**ASSETS**

**Current assets:**

Cash and cash equivalents	\$	500
Non-capital investments at fair value		5,349
Note receivable		172
Interest receivable		103
Administrative fees receivable		82
Prepaid pension and other prepayments		35

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<b>Total current assets</b>		<b>6,241</b>
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**Non-current assets:**

Non-capital investments at fair value		12,709
Note receivable		548
Capital assets (net of accumulated depreciation of \$188)		69

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<b>TOTAL ASSETS</b>	<b>\$</b>	<b>19,567</b>
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**LIABILITIES AND NET ASSETS BALANCES**

**Current liabilities:**

Accounts payable and accrued expenses	\$	93
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<b>Total current liabilities</b>		<b>93</b>
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**Non-current liabilities:**

Non-current accrued vacation		61
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<b>Total non-current liabilities</b>		<b>61</b>
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<b>TOTAL LIABILITIES</b>		<b>154</b>
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**NET ASSETS**

Invested in capital assets, net of related debt		69
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**Unrestricted net assets:**

Designated for operations		3,884
Designated for contingencies		15,460

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<b>TOTAL NET ASSETS</b>		<b>19,413</b>
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<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$</b>	<b>19,567</b>
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*The accompanying notes are an integral part of these financial statements*

Maryland Health and Higher Educational Facilities Authority-  
Statement of Revenues, Expenses and Changes in Net Assets

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For the year ended June 30, 2010  
(in thousands of dollars)

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**OPERATING REVENUES**

Annual administrative fees	\$ 2,389
Application fees	70
<b>TOTAL OPERATING REVENUES</b>	<b>2,459</b>

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**OPERATING EXPENSES**

Salaries	847
Employees' insurance, pension and other fringe benefits	179
Payroll taxes	56
Professional fees	644
Office rent	104
Office supplies and expenses	94
Depreciation	18
<b>TOTAL OPERATING EXPENSES</b>	<b>1,942</b>

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OPERATING INCOME	517
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**NON-OPERATING REVENUES**

Net income from investments	478
Unrealized gain on investments	85

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INCREASE IN NET ASSETS	1,080
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Net assets, beginning of year	18,333
Net assets, end of year	<b>\$ 19,413</b>

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*The accompanying notes are an integral part of these financial statements*

Maryland Health and Higher Educational Facilities Authority-  
Statement of Cash Flows

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For the year ended June 30, 2010  
(in thousands of dollars)

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**CASH FLOWS PROVIDED BY OPERATING ACTIVITIES**

Cash received from administrative and other fees	\$	2,382
Cash payments to employees and employee benefits		(1,051)
Cash payments to suppliers for goods and services		(830)
Net cash provided by operating activities		501

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**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Purchases of capital assets		(21)
Net cash used in capital and financing activities		(21)

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**CASH FLOWS FROM INVESTING ACTIVITIES**

Loan receivable		(797)
Loan receivable principle payments		77
Investment income		488
Purchases of investments		(45,981)
Sales and maturities of investments		46,228
Net cash provided by investing activities		15

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Net increase in cash and cash equivalents	495
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Cash and cash equivalents, beginning of year	5
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Cash and cash equivalents, end of year	\$ 500
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**RECONCILIATION OF OPERATING GAIN TO NET CASH PROVIDED  
BY OPERATING ACTIVITIES**

Operating income	\$ 517
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**ADJUSTMENTS TO RECONCILE OPERATING GAIN TO NET CASH  
PROVIDED BY OPERATING ACTIVITIES**

Depreciation	18
Administrative fees receivable	(77)
Prepaid pension and other prepayments	14
Accounts payable and accrued expenses	29

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Net cash provided by operating activities	\$ 501
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*The accompanying notes are an integral part of these financial statements*

## Maryland Health and Higher Educational Facilities Authority- Notes to Financial Statements

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### **NOTE 1: ORGANIZATION AND ACCOUNTING POLICIES**

#### **Organization**

The Maryland Health and Higher Educational Facilities Authority (the "Authority") was established to assist certain non-profit educational institutions, hospitals and related healthcare institutions in the financing and refinancing of projects approved by the Authority. Income of the Authority is derived from fees from institutions and projects that have had financing provided by the Authority. Neither the State of Maryland, nor any subdivision thereof, nor the Authority shall be obligated to pay principal or interest on bonds and notes issued by the Authority except from payments from participating institutions and revenues of the related projects. Neither the faith and credit nor the taxing power of the State of Maryland, of any subdivision thereof or of the Authority is pledged to the payment of the principal or interest on bonds and notes outstanding. The Authority is exempt from federal and state income taxes. The Authority has no taxing power.

#### **Accounting Policies**

**Reporting Entity-** The Authority's reporting entity has been defined in accordance with Governmental Accounting Standards Board ("GASB") Statement 34. The financial statements include all operations for which the Authority is financially accountable.

**Basis of Presentation, Revenue and Expense Recognition-** The accompanying financial statements are prepared on the accrual basis of accounting. Revenues are recognized when earned and expenses recorded when incurred. The Authority reports its financial activities by applying Standards of Governmental Accounting and Financial Reporting as promulgated by the Governmental Accounting Standards Board (GASB). The Authority has adopted GASB Statement No. 20 Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting. Consequently, the Authority applies all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) Statements and Interpretations, APB Opinions, and ARBS of the Committee on Accounting Procedure issued on or prior to November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

**Cash and Cash Equivalents-** Cash and cash equivalents consist of short term, highly liquid investments that are readily convertible to known amounts of cash and have original maturities of three months or less. Cash and cash equivalents are carried at cost which approximates market value.

**Investments-** Investments are reported at fair market value with net unrealized gains and losses reported as non-operating revenue in the statement of revenues, expenses and changes in net assets. Market values of investment securities are based on quoted market prices. Interest income is accrued on coupon securities from the last coupon date or purchase date and for securities (e.g., U.S. Treasury Bills) on the effective yield method. Realized gains and losses are recorded on the specific identification method and are computed as the difference between the proceeds of the sale and the original cost of the investments sold. Investments are purchased to mature based on cash flow needs, however, investments may be liquidated in the event there are unanticipated cash flow needs.



## Maryland Health and Higher Educational Facilities Authority- Notes to Financial Statements (Continued)

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**Net Assets-** represent the residual interest in the Authority's assets after liabilities are deducted. For external accounting and reporting purposes, net assets are classified in the following categories:

**Invested in capital assets, net of related debt-** capital assets, net of accumulated depreciation and outstanding principal balances of debt, if applicable, attributable to the acquisition, construction or improvement of those assets.

**Unrestricted net assets-** net assets that are not subjected to externally imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of management or the Authority or may otherwise be limited by contractual agreements with outside parties. The Authority's unrestricted net assets include an internal designation for operating expenses, maintained at two times the annual operating expenses of the Authority. At June 30, 2010 the designation was \$3,884,000. The Authority has also designated a portion of net assets to fund presently unidentified contingencies which is subject to a 1% limitation on the total bonds outstanding at July 1, 2010. At June 30, 2010, the designated amount was \$15,460,000 which does not exceed the limitation of \$85,587,640

**Invested in Capital Assets-** are recorded at cost and defined as assets with an individual cost of more than \$500 and an estimated useful life of more than one year. Depreciation is calculated on a straight line basis over the asset's estimated useful life.

Estimated useful lives are as follows:

• Furniture, fixtures and equipment	5 to 10 years
• Computer equipment	3 to 5 years
• Office equipment	5 to 10 years
• Automobiles	5 years
• Leasehold improvements	4 to 7 years

**Compensated Absences-** Vacation benefits are earned by employees of the Authority based on time in service. The rights to such vacation benefits are vested and recorded as a liability for amounts due to employees for future absences. Sick leave is also earned and accumulated by employees. However, sick leave does not vest and is not paid unless sickness causes the employee to be absent.

**Use of Estimates-** The preparation of these financial statements in conformity with accounting principles generally accepted in the United States of America requires management, where necessary, to make estimates and assumptions that affect the amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Maryland Health and Higher Educational Facilities Authority-  
Notes to Financial Statements (Continued)

**NOTE 2: INVESTMENTS**

**Interest Rate Risk-** Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As a means of limiting its exposure to fair value losses from rising interest rates, the Authority's Investment Policy requires that the maturities of the investment portfolio be scheduled to meet the cash requirements for ongoing operations.

The amortized cost and fair values of investments are as follows  
(in thousands of dollars):

	<b>AMORTIZED COST</b>	<b>GROSS UNREALIZED LOSSES</b>	<b>GROSS UNREALIZED GAINS</b>	<b>FAIR VALUE</b>
Obligations of U.S. government agencies and instrumentalities	\$ 17,778	\$ 0	\$ 147	\$ 17,925
Money Market Accounts	133	0	0	133
<b>Total</b>	<b>\$ 17,911</b>	<b>\$ 0</b>	<b>\$ 147</b>	<b>\$ 18,058</b>

The amortized cost and fair value of investments at June 30, 2010, by contractual maturity, are shown below (in thousands of dollars). Expected maturities will differ from contractual maturities because issuers may have the right to call or prepay obligations with or without penalties.

	<b>FAIR VALUE</b>	<b>AMORTIZED COST</b>
Due in one year or less	\$ 5,349	\$ 5,305
Due after one year through five years	9,185	9,096
Due after five years through ten years	3,524	3,510
Due after ten years	0	0
	<b>\$ 18,058</b>	<b>\$ 17,911</b>

**Custodial Credit Risk-** Custodial credit risk is the risk that in the event of a bank or other counterparty failure, the Authority will not be able to recover its deposits or the value of its collateral securities that are in the possession of an outside party. As of June 30, 2010, the Authority's investments were not subject to custodial credit risk under GASB Statement No. 40. The Authority's investments are held under a safekeeping agreement, kept separate from the assets of the bank and from other trust accounts and are held in the Authority's name.

**Credit Risk and Concentration of Credit Risk-** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Authority's investment policy is to invest in a manner which will provide the highest return with the maximum security while meeting cash flow needs. Permissible investments currently utilized include U.S. Treasury obligations; obligations of federal agencies and

Maryland Health and Higher Educational Facilities Authority-  
Notes to Financial Statements (Continued)

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instrumentalities; repurchase agreements for U.S. Treasury obligations and obligations of federal agencies and instrumentalities; and money market funds operated in accordance with Rule 2a-7 of the Investment Company Act of 1940 and rated in the highest rating category of a nationally recognized statistical rating organization.

As of June 30, 2010, allocation by type of investments is as follows  
(in thousands of dollars):

<b>Asset</b>	<b>Fair Value</b>	<b>Percentage of Total</b>
Obligations of US Government Agencies:		
Federal Home Loan Banks	\$ 6,311	34.95%
Federal Home Loan Mortgage Corp	2,071	11.47%
Federal Farm Credit Banks	2,190	12.13%
Federal National Mortgage Association	7,353	40.72%
Money Market		
Federated Government Obligations Fund	133	0.73%
<b>Total</b>	<b>\$ 18,058</b>	<b>100.00%</b>

As of June 30, 2010, allocation by credit rating of investments is as follows:

<b>Asset</b>	<b>Rating</b>	<b>Agency</b>
Obligations of US Government Agencies:		
Federal Home Loan Banks	Aaa	Moody's
Federal Home Loan Mortgage Corp	Aaa	Moody's
Federal Farm Credit Banks	Aaa	Moody's
Federal National Mortgage Association	Aaa	Moody's
Money Market:		
Federated Government Obligations Fund	Aaa	Moody's

Maryland Health and Higher Educational Facilities Authority-  
Notes to Financial Statements (Continued)

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**NOTE 3: NOTE RECEIVABLE**

The Authority has agreed to lend up to \$1,500,000 to one or more of the Kennedy Krieger Institute's Obligated Group Members, a borrower, for the purpose of assisting the Obligated Group Members, directly or indirectly, in obtaining funds with which to pay costs of the 2006 Additional Facilities of the Kennedy Krieger Institute's Obligated Group Members. This loan commitment expires on July 1, 2014. During fiscal year 2010, the Kennedy Krieger Institute's Obligated Group had drawn \$796,688. As of June 30, 2010 the outstanding principal balance was \$719,872. The interest rate borne by each advance of proceeds on the notes during each calendar month or portion thereof in which such advance shall have been outstanding shall be at an annual rate equal to (1) the Federal Funds Rate, (2) the Money Market Rate or (3) two and one-tenth percent, whichever is lowest, determined as of the last day of the month (0.01% at June 30, 2010). During fiscal year 2010, the Authority earned \$52 in interest on the note.

**NOTE 4: COMMITMENTS AND CONTINGENCIES**

The Authority has a lease commitment for office space through March 31, 2013. At June 30, 2010, the minimum rental commitments for office space over the next three years and in aggregate, are as follows:

2011	98,196
2012	100,166
2013	76,250
<u>\$</u>	<u>274,612</u>

**NOTE 5: CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2010 was as follows (in thousands of dollars):

Capital assets beginning of year	\$	256
Additions		21
Retirements		20
Capital assets end of year		<u>257</u>
Less accumulated depreciation end of year		188
Capital assets net of depreciation end of year	\$	<u>69</u>

The Authority recognized \$18 thousand of depreciation expense during fiscal year 2010.

Maryland Health and Higher Educational Facilities Authority-  
Notes to Financial Statements (Continued)

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**NOTE 6: PENSION PLAN**

The Authority's employees participate in the State Retirement and Pension System of Maryland. The Authority's contribution is based upon a percentage of annual gross wages paid to employees. Employees of the Authority also make a contribution for benefits; the percentage of contributions, as determined by the State Retirement and Pension System of Maryland, is 4.9%, 4.7% and 6.4% of gross wages for 2010, 2009 and 2008, respectively. The Authority's pension expense for 2010, 2009 and 2008 amounted to \$41,457, \$35,030 and \$42,194, respectively. The State Retirement and Pension System of Maryland plan information is publicly available from:

State Retirement & Pension System of Maryland  
120 East Baltimore Street  
Baltimore, MD 21202  
[www.sra.state.md.us](http://www.sra.state.md.us)

**NOTE 7: CONDUIT DEBT**

The Authority issues indebtedness on behalf of participating institutions. This indebtedness is generally in the form of bonds, notes or financing leases. Funds related to these financings are held in trust by various financial institutions. In general, bonds mature serially in varying annual installments. Certain issues include term bonds payable from annual sinking fund requirements. Notes represent temporary financings to provide institutions with interim construction funds until permanent financings are arranged through the sale of long-term bonds or obligations expected to be paid with proceeds of refunding obligations (commercial paper). The Authority may hold legal title to or a mortgage on the buildings and other assets financed by the bonds and utilized by the institutions. The lease and loan payments receivable by the bondholders, a trustee or other fiscal agent from the institutions generally correspond to the amortization of the respective bond and notes issues. Title to any buildings and other assets reverts to the institutions upon final payment of the respective bond issues. Under the Authority's capital lease financings, institutions may borrow funds to finance eligible equipment purchases. Funds disbursed to participating institutions are payable by the individual institutions and leases are collateralized by security interests in the equipment purchased. Information pertaining to outstanding indebtedness is included in the additional information attached to these financial statements. The Authority is not obligated to pay principal or interest on bonds and notes issued by the Authority except from payments from participating institutions and revenues of the related projects.

The following is a summary of conduit debt activity for the year ended June 30, 2010 (in thousands of dollars):

Bonds outstanding as of June 30, 2009	\$8,466,807
Plus: Bonds issued during FY 2010	767,002
Less: Redemptions and refundings during FY 2010	(573,077)
<u>Bonds outstanding as of June 30, 2010</u>	<u>\$8,660,732</u>

# **Maryland Health and Higher Educational Facilities Authority**

## **Additional Information**

## Maryland Health and Higher Educational Facilities Authority

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The Authority is including the following additional information to provide information relating to funds held by third party trustees and escrow agents and outstanding debt for the Authority's conduit financings.

Trustees are appointed under the terms of the financing documents. Trustee responsibilities include, but are not limited to: creation of funds to be held for bonds, disbursements of bond proceeds, deposit of revenues, and payment of principal and interest.

The Authority maintains books of accounts for the Debt Principal Account Group and the required Trusteed Funds of each of the issues of bonds and notes outstanding. Trusteed Funds are maintained by third party trustees or other fiscal agents in accordance with the requirements of the respective bond and note issue documents. The financial statements included in the additional information combine the accounts of all bond, note and lease issues outstanding during the year. Interfund activity is eliminated in combination.

The following is a description of the funds and the Debt Principal Account Group which relate to conduit debt:

**Construction Funds-** Account for the receipt and disbursement of monies held to pay for project costs, including construction and equipment purchases of participating institutions. All Construction, Cost of Issuance, Capitalized Interest and Additional Facilities Accounts are included as Construction Funds.

**Program Funds-** Account for the receipt and disbursement of monies specified as Program Funds in the Pooled Loan Program Series 1985A & B documents.

**Debt Service Funds-** Account for the receipt and disbursement of monies for the payment of interest and principal on bonds and notes. All Debt Service, Bond and Loan Reserve Funds are included as Debt Service Funds.

**Debt Service Reserve Funds-** Account for the receipt and disbursement of monies held in reserve in compliance with certain bond resolutions and indentures. The fund balances are generally required to be maintained at amounts established under the resolution or indenture.

**Project Reserve Funds-** Account for the receipt and disbursement of monies held in reserve for improvements, major repairs, operations and arbitrage/rebate. The fund balances are established by the bond indentures and resolutions of certain issues. All Renewal and Replacement, Depreciation Reserve and Arbitrage Rebate Funds are included as Project Reserve Funds.

**Redemption Funds-** Account for the accumulation of monies not required by other funds for the eventual redemption or repurchase of bonds.

**Debt Principal Account Group-** Account for the portions of bonds, notes, and lease obligations payable and the principal and lease payments receivable from the institutions. The terms of the lease and loan agreements between the Authority and the institutions generally require payments in amounts necessary to service the interest and principal of the related bonds, notes and lease obligations outstanding. The principal and lease payments receivable from the institutions represent the minimum amount necessary, when combined with balances available within trusteed funds, to liquidate the principal portion of the related bonds, notes and lease obligations outstanding.

Maryland Health and Higher Educational Facilities Authority-  
 Additional Information- Combined Balance Sheet of Conduit Debt

June 30, 2010 (in thousands of dollars)	<b>CONSTRUCTION FUNDS</b>	<b>PROGRAM FUNDS</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 114	\$ 0
Investments at fair value	345,918	40,685
Interest receivable	891	55
Due from other funds	50	88
Accounts receivable	0	0
Principal and lease payments receivable	0	0
<b>TOTAL ASSETS</b>	<b>\$ 346,973</b>	<b>\$ 40,828</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 0	\$ 203
Advance payments and deposits from institutions	0	0
Principal payable	0	0
Interest payable	0	0
Due to other funds	52	175
Bonds, notes and lease obligations payable	0	0
<b>TOTAL LIABILITIES</b>	<b>52</b>	<b>378</b>
<b>RESTRICTED NET ASSETS</b>		
Reserved for debt service	0	0
Reserved for loans under Pooled Loan Program	0	40,450
Designated for specific projects	346,921	0
Designated for operations	0	0
<b>TOTAL NET ASSETS BALANCES</b>	<b>346,921</b>	<b>40,450</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 346,973</b>	<b>\$ 40,828</b>



<b>DEBT SERVICE FUNDS</b>	<b>DEBT SERVICE RESERVE FUNDS</b>	<b>PROJECT RESERVE FUNDS</b>	<b>REDEMPTION FUNDS</b>	<b>DEBT PRINCIPAL ACCOUNT GROUP</b>	<b>TOTAL</b>
\$ 600	\$ 0	\$ 0	\$ 0	\$ 0	\$ 714
208,711	281,915	28,444	1,436	0	907,109
4	1,291	11	0	0	2,252
4,409	0	0	2,795	0	7,342
16,216	0	0	0	0	16,216
0	0	0	0	8,660,732	8,660,732
<b>\$ 229,940</b>	<b>\$ 283,206</b>	<b>\$ 28,455</b>	<b>\$ 4,231</b>	<b>\$ 8,660,732</b>	<b>\$ 9,594,365</b>

\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 203
1,110	0	0	0	0	1,110
100,576	0	0	1,435	0	102,011
102,195	0	0	0	0	102,195
2,629	4,486	0	0	0	7,342
0	0	0	0	8,660,732	8,660,732
<b>206,510</b>	<b>4,486</b>	<b>0</b>	<b>1,435</b>	<b>8,660,732</b>	<b>8,873,593</b>

23,430	278,720	0	2,796	0	304,946
0	0	0	0	0	40,450
0	0	0	0	0	346,921
0	0	28,455	0	0	28,455
<b>23,430</b>	<b>278,720</b>	<b>28,455</b>	<b>2,796</b>	<b>0</b>	<b>720,772</b>
<b>\$ 229,940</b>	<b>\$ 283,206</b>	<b>\$ 28,455</b>	<b>\$ 4,231</b>	<b>\$ 8,660,732</b>	<b>\$ 9,594,365</b>

Maryland Health and Higher Educational Facilities Authority-  
 Additional Information- Combined Statement of Changes in Fund Balances  
 of Conduit Debt

For the year ended June 30, 2010 (in thousands of dollars)	<b>CONSTRUCTION FUNDS</b>	<b>PROGRAM FUNDS</b>
Net assets, June 30, 2009	\$ 795,425	\$ 26,787
<b>ADDITIONS</b>		
Proceeds from sale of bonds and notes:		
Gross proceeds	655,253	0
Proceeds from Bank Bonds	0	0
Underwriters' discount	(3,792)	0
Original issuance discount	(4,530)	0
Interest accrued to date of delivery	0	0
Payments and contributions received from and on behalf of institutions	396	0
Insurance proceeds	81	0
Lease and loan payments	0	0
Debt service- interest	0	0
Unrealized gain/(loss) on investments	(1,202)	490
Income from investments	10,541	215
Transfer from escrow agent	0	0
Original issue premium	1,805	0
<b>Total additions</b>	<b>658,552</b>	<b>705</b>
<b>DEDUCTIONS</b>		
Project and financing costs	727,550	986
Loans to institutions	0	536
Principal (including July 1, 2010 installments funded at June 30, 2010)	42,576	0
Interest	1,207	0
Required payments to institutions	0	0
Retirement of Bonds	0	0
<b>Total deductions</b>	<b>771,333</b>	<b>1,522</b>
<b>INTERFUND TRANSFERS</b>	<b>(335,723)</b>	<b>14,480</b>
<b>Net Assets balances, June 30, 2010</b>	<b>\$ 346,921</b>	<b>\$ 40,450</b>

<i><b>DEBT SERVICE FUNDS</b></i>	<i><b>DEBT SERVICE RESERVE FUNDS</b></i>	<i><b>PROJECT RESERVE FUNDS</b></i>	<i><b>REDEMPTION FUNDS</b></i>	<i><b>TOTAL</b></i>
\$ 25,428	\$ 262,237	\$ 10,673	\$ 45,351	\$ 1,165,901
541,255	25,802	0	0	1,222,310
9,275	0	0	0	9,275
0	0	0	0	(3,792)
0	0	0	0	(4,530)
134	0	0	0	134
465	797	31,358	5,312	38,328
0	0	0	0	81
303,394	0	0	0	303,394
212,001	0	0	0	212,001
(27)	638	6	(2)	(97)
144	6,260	46	5	17,211
3	0	0	0	3
0	0	0	0	1,805
1,066,644	33,497	31,410	5,315	1,796,123
251	57	115	0	728,959
0	0	0	0	536
982,644	0	0	124,190	1,149,410
291,711	0	0	11	292,929
3	0	0	0	3
0	0	0	69,415	69,415
1,274,609	57	115	193,616	2,241,252
205,967	(16,957)	(13,513)	145,746	0
\$ 23,430	\$ 278,720	\$ 28,455	\$ 2,796	\$ 720,772

Maryland Health and Higher Educational Facilities Authority-  
Additional Information- Conduit Debt Outstanding

As of June 30, 2010, the principal amount of bonds and notes outstanding is as follows (in thousands of dollars):	<i>FINAL MATURITY</i>	<i>AMOUNT ISSUED</i>	<i>BONDS AND NOTES PAYABLE JULY 1, 2010</i>	<i>BONDS AND NOTES PAYABLE SUBSEQUENT TO JULY 1, 2010</i>
<b>PUBLIC OFFERINGS</b>				
Pooled Loan Program, Series 1985A and 1985B, dated December 1, 1985	2035	\$ 175,000	\$ 0	\$ 175,000
The Johns Hopkins Hospital, Series 1990, dated January 1, 1990	2019	90,169	9,370	59,753
University of Maryland Medical System, Series 1991B, dated January 1, 1991	2022	38,670	0	27,315
Greater Baltimore Medical Center, Series 1993, dated July 1, 1993	2019	76,425	3,620	11,975
The Johns Hopkins Medical Institutions Parking Facilities, Series 1996, dated January 1, 1996	2026	42,425	185	27,520
Mercy Medical Center, Series 1996, dated January 1, 1996	2026	30,000	830	21,015
Loyola College, Series 1996B, dated October 1, 1996	2013	14,900	0	5,000
Stella Maris, Series 1997, dated January 1, 1997	2021	21,985	955	14,255
Broadmead, Series 1997, dated July 1, 1997	2017	11,995	665	5,765
Kennedy Krieger, Series 1997, dated November 1, 1997	2022	13,670	555	9,430
Catholic Health Initiatives, Series 1997B, (St. Joseph Medical Center), dated November 25, 1997	2015	30,500	0	11,600
Charlestown Community, Series 1998A, dated January 1, 1998	2026	40,960	0	38,700
Charlestown Community, Series 1998B, dated January 1, 1998	2026	25,285	0	14,500
Calvert Memorial Hospital, Series 1998, dated January 1, 1998	2026	27,860	715	21,140
The Johns Hopkins University, Series 1998, dated April 2, 1998	2020	192,510	8,460	0
JHM/Howard County General Hospital Acquisition, Series 1998, dated June 1, 1998	2030	133,910	2,675	115,380
PUMH of Maryland, Inc. (Heron Point of Chestertown), Series 1998A & B, dated June 15, 1998	2026	35,115	0	30,025
Green Acres School, Series 1998, dated August 5, 1998	2028	4,460	115	3,450
Anne Arundel Medical Center, Series 1998, dated July 1, 1998	2033	69,840	1,370	60,415
Maryland Institute College of Art, Series 1998, dated July 15, 1998	2029	17,950	0	14,015
Union Hospital of Cecil County, Series 1998, dated July 1, 1998	2029	17,675	825	13,640
College of Notre Dame of Maryland, Series 1998, dated September 1, 1998	2023	11,995	0	8,230
Memorial Hospital at Easton, Series 1998, dated October 1, 1998	2019	33,470	1,840	21,115
Medlantic/Helix, Series 1998A, dated December 1, 1998	2038	166,605	0	159,005
Medlantic/Helix, Series 1998B, dated December 1, 1998	2038	116,910	0	103,320
Kaiser Permanente, 1998 Series A, dated December 1, 1998	2015	12,825	0	12,825
Roland Park Place, Series 1999, dated May 1, 1999	2024	34,195	1,235	26,485
Loyola College, Series 1999, dated June 1, 1999	2039	33,355	0	33,355
Glen Meadows Retirement Community, Series 1999A & B, dated August 25, 1999	2029	20,410	435	17,185
Catholic Health Initiatives, Series 2000 A, dated March 1, 2000	2024	23,455	0	5,315
Mercy Ridge, Series 2000, dated March 1, 2000	2031	69,305	0	25,700

Maryland Health and Higher Educational Facilities Authority-  
Additional Information- Conduit Debt Outstanding (Continued)

As of June 30, 2010, the principal amount of bonds and notes outstanding is as follows (in thousands of dollars):	<i>FINAL MATURITY</i>	<i>AMOUNT ISSUED</i>	<i>BONDS AND NOTES PAYABLE JULY 1, 2010</i>	<i>BONDS AND NOTES PAYABLE SUBSEQUENT TO JULY 1, 2010</i>
The Bullis School, Series 2000, dated November 28, 2000	2030	\$ 20,400	\$ 490	\$ 17,455
The Johns Hopkins University, Series 2001A, dated March 15, 2001	2013	20,355	2,295	10,775
The McLean School, Series 2001, dated May 30, 2001	2031	9,080	190	7,795
The Johns Hopkins Hospital, Series 2001, dated August 29, 2001	2034	101,355	0	84,655
The Johns Hopkins Medical Institutions Parking Facilities, Series 2001, dated August 29, 2001	2034	28,030	570	25,380
The Johns Hopkins University, Series 2001B, dated August 30, 2001	2041	85,775	0	85,775
Trinity School, Series 2001, dated October 31, 2001	2026	9,000	25	7,230
University of Maryland Medical System, Series 2001, dated December 5, 2001	2034	100,000	1,135	1,275
Greater Baltimore Medical Center, Series 2001, dated December 6, 2001	2034	52,830	0	52,830
Mercy Medical Center, Series 2001, dated December 12, 2001	2031	49,480	0	49,480
University of Maryland Medical System, Series 2002, dated January 30, 2002	2032	57,655	1,300	2,785
The Johns Hopkins University, Series 2002A, dated February 13, 2002	2032	106,725	0	106,725
Board of Child Care, Series 2002, dated May 8, 2002	2032	39,280	1,710	27,555
Carroll County General Hospital, Series 2002, dated June 13, 2002	2037	91,760	1,315	85,315
Hebrew Home of Greater Washington, Series 2002, dated June 19, 2002	2032	13,140	0	11,645
Holton Arms School, Series 2002, dated June 20, 2002	2032	21,000	500	19,700
Frederick Memorial Hospital, Series 2002, dated July 15, 2002	2035	71,715	840	68,520
Union Hospital of Cecil County, Series 2002, dated October 15, 2002	2032	24,000	500	20,575
Adventist HealthCare, Series 2003A, dated February 15, 2003	2025	22,925	0	20,880
Adventist HealthCare, Series 2003B, dated February 27, 2003	2033	39,560	0	33,370
The Johns Hopkins Hospital, Series A, dated March 6, 2003	2013	54,310	0	985
Kennedy Krieger, Series 2003, dated April 27, 2003	2033	24,490	655	21,585
Sheppard Pratt, Series 2003A, dated May 1, 2003	2036	45,590	1,235	37,835
Sheppard Pratt, Series 2003B, dated May 1, 2003	2028	45,550	625	43,075
University of Maryland Medical System, Series 2004B, dated January 22, 2004	2024	36,175	1,400	28,165
MedStar Health, Series 2004, dated February 3, 2004	2033	170,350	0	166,925
Anne Arundel Health System, Series 2004A&B, dated February 19, 2004	2034	89,820	550	22,445
Friends School of Baltimore, Series 2004, dated April 1, 2004	2029	7,500	0	6,635
The Johns Hopkins University, Series 2004A, dated April 21, 2004	2038	92,505	0	92,505
The Johns Hopkins Medical Institutions Parking Facilities, Series 2004, dated April 26, 2004	2034	35,665	205	35,035
Suburban Hospital, Series 2004, dated June 3, 2004	2029	72,445	2,875	17,905

Maryland Health and Higher Educational Facilities Authority-  
Additional Information- Conduit Debt Outstanding (Continued)

As of June 30, 2010, the principal amount of bonds and notes outstanding is as follows (in thousands of dollars):	<i>FINAL MATURITY</i>	<i>AMOUNT ISSUED</i>	<i>BONDS AND NOTES PAYABLE JULY 1, 2010</i>	<i>BONDS AND NOTES PAYABLE SUBSEQUENT TO JULY 1, 2010</i>
Calvert Health System, Series 2004, dated July 8, 2004	2039	\$ 32,925	\$ 100	\$ 32,635
Goucher College, Series 2004, dated August 18, 2004	2034	21,855	0	21,855
Adventist HealthCare, Series 2004A & B, dated September 14, 2004	2035	85,985	0	60,325
French International School, Series 2004, dated September 30, 2004	2034	14,000	0	13,200
The Johns Hopkins Medical Institutions Parking Facilities, Series 2004B, dated December 1, 2004	2038	33,035	1,110	30,400
Indian Creek School, Series 2004, dated December 23, 2004	2029	14,300	0	13,505
Civista Medical Center, Series 2005, dated February 17, 2005	2037	59,000	575	57,330
The Johns Hopkins University, Series 2005A, dated March 3, 2005	2036	69,265	0	69,265
Rambam School, Series 2005, dated April 27, 2005	2025	2,700	100	2,420
Stone Ridge School, Series 2005, dated June 22, 2005	2035	12,000	200	11,000
The Johns Hopkins Medical Institutions Utilities, Series 2005A & B, dated June 29, 2005	2037	48,845	0	48,845
Union Hospital of Cecil County, Series 2005, dated July 14, 2005	2040	33,675	0	33,675
Pickersgill, Series 2005, dated September 15, 2005	2035	37,000	0	35,375
University of Maryland Medical System, Series 2005, dated October 10, 2005	2031	149,700	2,800	138,590
Villa Julie College, Series 2005, dated December 15, 2005	2030	95,560	1,425	87,015
Adventist HealthCare, Series 2005A & B, dated December 20, 2005	2035	142,590	0	137,330
Loyola College, Series 2006A, dated January 4, 2006	2045	62,995	0	62,995
Maryland Institute College of Art, Series 2006, dated January 5, 2006	2040	30,740	0	30,740
Peninsula Regional Medical Center, Series 2006, dated February 2, 2006	2036	142,910	2,610	133,405
Gilman School, Series 2006, dated June 1, 2006	2036	30,000	0	30,000
Edenwald, Series 2006, dated July 6, 2006	2037	80,365	1,435	53,840
University of Maryland Medical System, Series 2006A, dated November 9, 2006	2041	45,000	0	45,000
Western Maryland Health System, Series 2006A&B, dated November 14, 2006	2026	350,830	3,375	336,095
Kennedy Krieger Institute, Series 2006, dated November 15, 2006	2036	52,125	625	49,625
Severn School, Series 2006, dated November 15, 2006	2036	10,500	195	10,120
Carroll Hospital Center, Series 2006, dated December 7, 2006	2040	35,000	0	35,000
Washington Christian Academy, Series 2006, dated December 13, 2006	2038	30,000	0	30,000
Doctors Community Hospital, Series 2007, dated January 4, 2007	2029	77,685	2,300	71,050
King Farm Presbyterian Retirement Community, Series 2007, dated January 11, 2007	2037	174,590	0	116,590
MedStar Health, Series 2007, dated January 31, 2007	2046	144,985	0	144,985
Mercy Ridge, Series 2007, dated March 22, 2007	2035	23,445	370	22,645

Maryland Health and Higher Educational Facilities Authority-  
Additional Information- Conduit Debt Outstanding (Continued)

As of June 30, 2010, the principal amount of bonds and notes outstanding is as follows (in thousands of dollars):	<i>FINAL MATURITY</i>	<i>AMOUNT ISSUED</i>	<i>BONDS AND NOTES PAYABLE JULY 1, 2010</i>	<i>BONDS AND NOTES PAYABLE SUBSEQUENT TO JULY 1, 2010</i>
Archdiocese of Baltimore Schools, Series 2007, dated June 21, 2007	2037	\$ 24,165	\$ 0	\$ 24,165
Maryland Institute College of Art, Series 2007, dated June 27, 2007	2042	38,740	0	37,800
Bishop McNamara High School, Series 2007, dated August 8, 2007	2032	8,000	180	7,260
Keswick Multi-Care Center, Series 2007, dated August 9, 2007	2037	11,520	0	11,520
University of Maryland Medical Center, Series 2007A&B, dated September 12, 2007	2034	137,795	100	137,320
Goucher College, Series 2007, dated October 31, 2007	2037	31,285	775	29,760
Mercy Medical Center, Series 2007A-D, dated November 8, 2007	2042	305,000	900	302,500
Loyola College in Maryland, Series 2007, dated December 6, 2007	2023	11,000	0	10,450
Gaudenzia Foundation, Series 2007, dated December 12, 2007	2028	5,500	285	4,685
Beth Tfiloh Dahan Community School, Series 2007, dated December 18, 2007	2037	15,000	0	15,000
LifeBridge Health, Series 2008, dated January 17, 2008	2047	285,815	2,560	277,880
Washington County Hospital, Series 2008, dated February 12, 2008	2043	264,300	0	264,300
Woodmont Academy, Series 2008, dated March 12, 2008	2038	15,105	25	15,080
Odenton Christian School, Series 2008, dated March 19, 2008	2033	3,590	0	3,535
The Johns Hopkins Health System Obligated Group, Series 2008A, dated April 23, 2008	2027	12,215	0	11,535
Howard County General Hospital, Series 2008, dated May 8, 2008	2046	40,000	0	40,000
University of Maryland Medical System, Series 2008A-E, dated May 21, 2008	2041	280,000	0	280,000
The Johns Hopkins Health System Obligated Group, Series 2008B, dated June 26, 2008	2048	144,740	0	144,740
Frederick Memorial Hospital, Series 2008, dated July 9, 2008	2035	72,160	100	72,060
DeMatha Catholic High School, Series 2008, dated July 15, 2008	2038	9,865	175	9,690
University of Maryland Medical System, Series 2008F, dated July 23, 2008	2023	87,345	5,610	75,785
Stevenson University, Series 2008, dated July 24, 2008	2035	23,500	0	23,500
The Johns Hopkins University, Series 2008, dated August 7, 2008	2038	255,735	395	254,965
Upper Chesapeake Hospitals, Series 2008A, dated August 8, 2008	2043	63,910	0	62,705
Upper Chesapeake Hospitals, Series 2008B, dated August 8, 2008	2043	60,190	0	58,985
Upper Chesapeake Hospitals, Series 2008C, dated August 8, 2008	2038	55,015	0	54,210
Loyola College in Maryland, Series 2008, dated August 17, 2008	2026	46,370	0	45,105
Chimes, Series 2008, dated October 31, 2008	2033	5,610	130	5,265
Suburban Hospital, Series 2008, dated November 19, 2008	2029	58,515	1,385	56,290
Anne Arundel Medical Center, Series 2009A, dated January 29, 09	2039	120,000	0	120,000
Anne Arundel Medical Center, Series 2009B, dated February 19, 09	2043	60,000	0	60,000

Maryland Health and Higher Educational Facilities Authority-  
Additional Information- Conduit Debt Outstanding (Continued)

As of June 30, 2010, the principal amount of bonds and notes outstanding is as follows (in thousands of dollars):	<i>FINAL MATURITY</i>	<i>AMOUNT ISSUED</i>	<i>BONDS AND NOTES PAYABLE JULY 1, 2010</i>	<i>BONDS AND NOTES PAYABLE SUBSEQUENT TO JULY 1, 2010</i>
Greater Baltimore Medical Center, Series 2009, dated March 17, 2009	2034	\$ 45,000	\$ 0	\$ 45,000
DeMatha Catholic High School, Series 2008 (2nd delivery), dated June 10, 2009	2038	9,110	160	8,950
University of Maryland Medical System, Series 2010 dated January 7, 2010	2039	242,385	5,175	237,210
Anne Arundel Health System, Series 2010 dated February 3, 2010	2038	85,410	0	85,410
Carnegie Institute of Washington, Series 2010 dated February 4, 2010	2040	30,580	0	30,580
Patterson Park Public Charter School, Series 2010 dated March 16, 2010	2045	13,665	0	13,665
Doctors Community Hospital, Series 2010 dated May 18, 2010	2038	82,670	0	82,670
Johns Hopkins Health System, Series 2010 dated June 16, 2010	2040	148,195	0	148,195
Public Offerings Outstanding		8,624,899	87,440	7,437,868
<b>PRIVATE PLACEMENTS AND LIMITED OFFERINGS</b>				
Pooled Loan Program, Series D (1994), dated January 1, 1994	2039	\$ 418,516	\$ 3,810	\$ 150,110
University Physicians, Series 1994, dated June 8, 1994	2014	14,250	400	4,900
Greater Baltimore Medical Center, Series 1995, dated July 1, 1995	2025	10,000	315	6,745
Capitol College, Series 1995, dated July 1, 1995	2020	8,000	162	4,850
The Norwood School, Series 1998, dated November 1, 1998	2025	10,505	0	3,150
Washington Episcopal School, Series 1999, dated January 28, 1999	2029	11,768	21	10,096
Washington Episcopal School, Series 1999 (Taxable), dated January 26, 1999	2029	632	1	477
Barnesville School, Series 1999, dated March 9, 1999	2024	3,790	0	2,165
Charles E. Smith Jewish Day School, 1999 Issue, dated June 1, 1999	2029	12,600	10	3,928
Landon School, Series 1999, dated November 1, 1999	2024	11,000	0	8,700
The Johns Hopkins University, Commercial Paper, Series A	2031	200,000	1,938	130,547
The Johns Hopkins University, Commercial Paper, Series B	2029	200,000	0	134,043
St. Anne's Day School, dated November 8, 2001	2026	4,300	0	3,409
Community Support Services, dated December 10, 2001	2031	2,660	0	897
St. John's Episcopal Day School, dated December 21, 2001	2032	7,000	11	6,372
The Johns Hopkins Hospital, Series 2003C, dated March 6, 2003	2013	14,515	0	1,345
The Johns Hopkins Health System, Commercial Paper, Series A	2022	75,165	1,450	54,625
The Johns Hopkins Health System, Commercial Paper, Series B	2024	101,240	3,630	85,960
The Johns Hopkins Health System, Commercial Paper, Series C	2023	60,000	0	60,000
Frederick Memorial Hospital Lease (2004), dated June 23, 2004	2010	5,367	53	0
Chesapeake Academy, Series 2004, dated September 29, 2004	2026	2,600	8	2,244
Washington County Hospital Association Lease (2005), dated April 19, 2005	2012	2,812	35	839



Maryland Health and Higher Educational Facilities Authority-  
Additional Information- Conduit Debt Outstanding (Continued)

As of June 30, 2010, the principal amount of bonds and notes outstanding is as follows (in thousands of dollars):	<i><b>FINAL MATURITY</b></i>	<i><b>AMOUNT ISSUED</b></i>	<i><b>BONDS AND NOTES PAYABLE JULY 1, 2010</b></i>	<i><b>BONDS AND NOTES PAYABLE SUBSEQUENT TO JULY 1, 2010</b></i>
Mt. Airy Christian Academy, dated August 26, 2005	2031	\$ 2,500	\$ 8	\$ 1,625
Chester River Hospital Center Lease (2006), dated February 4, 2006	2013	3,953	48	1,765
Mercy Medical Center, Series 2006, dated August 3, 2006	2036	35,000	560	33,910
College of Notre Dame Lease (2006), dated September 7, 2006	2011	2,500	44	766
St. Mary's County Hospital Lease (2006), dated December 12, 2006	2016	8,201	0	4,477
Charles County Nursing and Rehabilitation Center, Series 2007, dated June 1, 2007	2037	3,900	0	3,705
Adventist HealthCare Lease (2007), dated June 14, 2007	2012	12,000	0	5,112
The Johns Hopkins Health System, Commercial Paper, Series D	2025	40,000	0	40,000
The Johns Hopkins Health System, Commercial Paper, Series E&F	2025	168,650	0	168,650
Mercy Medical Center, Series 2008, dated July 16, 2008	2022	35,325	1,785	31,985
Adventist HealthCare Lease (2008), 2nd tranche, dated October 16, 2008	2013	8,000	0	5,502
Health Care for the Homeless, Series 2008, dated November 6, 2008	2033	7,000	0	4,000
Augsburg Lutheran Home, Series 2009 dated August 7, 2009	2036	20,600	23	14,119
The Boys' Latin School of Maryland, Series 2009 dated August 26, 2009	2038	19,830	116	18,723
Roland Park Country School, Series 2009 dated October 7, 2009	2037	17,400	100	17,300
Bryn Mawr School, Series 2009 dated October 14, 2009	2037	7,350	0	7,350
CMROC LLP Lease (2009) dated October 14, 2009	2014	5,260	0	4,611
Annapolis Life Care, Series 2009A dated November 4, 2009	2040	30,000	0	29,560
Sheppard Pratt, Series 2009 dated December 17, 2009	2035	30,000	0	14,000
Annapolis Life Care, Series 2010 dated January 4, 2010	2040	15,266	0	15,160
The SEED School of Maryland, Series 2010 dated January 21, 2010	2037	25,000	0	7,784
Oldfields School, Series 2010 dated April 14, 2010	2019	2,985	0	2,985
Carroll Hospital Center Issue (2010) dated June 30, 2010	2040	15,000	0	12,405
Private Placements and Limited Offerings Outstanding		1,692,440	14,528	1,120,896
<b>Total Outstanding</b>		<b>\$ 10,317,339</b>	<b>\$ 101,968</b>	<b>\$ 8,558,764</b>

Maryland Health and Higher Educational Facilities Authority-  
Additional Information- Conduit Debt Outstanding (Continued)

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**DEFEASED CONDUIT DEBT**

Bonds have been issued for the purpose of refunding bonds that were issued by the Authority. The proceeds of the refunding bonds were deposited into irrevocable escrow trusts. The trusts are held by independent trustees and are invested in obligations of the United States Government which mature and bear interest in such amounts and payable at such times as will be sufficient to pay the principal and interest of the defeased bonds when due and upon maturity or redemption.

Defeased Bonds Outstanding at June 30, 2010 are as follows (in thousands of dollars):

Collington Episcopal Life Care Community, Series 2001A	\$ 13,600
Frederick Memorial Hospital, Series 1993	5,775
Good Samaritan Hospital, Series 1993	9,805
Helix Health, Series 1997	101,195
Howard County General Hospital, Series 1993	41,385
The Johns Hopkins Hospital, Series 1999	10,590
The Johns Hopkins Hospital, Series 2003	101,425
LifeBridge Health, Series 2004A	77,640
Maryland Institute College of Art, Series 2001	25,000
Mercy Ridge, Series 2003A	20,775
North Arundel Hospital, Series 2000	15,000
University of Maryland Medical System, Series 2000	117,310
*University of Maryland Medical System, Series 2001	93,300
*University of Maryland Medical System, Series 2002	45,400
	<hr/>
	\$ 678,200

\*Partially defeased



