

*Maryland Health and Higher  
Educational Facilities Authority*

2013 ANNUAL REPORT



# Maryland Health and Higher Educational Facilities Authority

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*The Maryland Health and Higher Educational Facilities Authority believes that Maryland's healthcare institutions, colleges and universities and noncollegiate schools are very important to our state's future.*

*The mission of the 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 goal, we strive to keep abreast of opportunities to reduce the cost of capital in order to meet the changing needs of our borrowing institutions and assure their strength as vital assets of the state.*

*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 these 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 an instrumentality of the State of Maryland providing financing for key institutional projects, the Authority is proud of its role in improving the health and well being of the residents of our state.*

# Maryland Health and Higher Educational Facilities Authority

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## **AUTHORITY MEMBERS**

### *SHEILA K. RIGGS, Chairman*

Term expires July 1, 2018; resident of Baltimore City; Trustee and former Chairman of the Board- The 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 former 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, N.A.; and 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, 2017; resident of Washington County; Professor- College of Business and MBA Program Coordinator, Frostburg State University; member- American Marketing Association; United States Association of Small Business and Entrepreneurship; and International Conference of Small Business and Entrepreneurship.

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

Term expires July 1, 2015; resident of Baltimore City; President, The Bozzuto Group; member- National Advisory Board for the ULI Terwilliger Center for Housing; Board of Directors of Kennedy Krieger Institute; Urban Land Institute Baltimore District Council Executive Committee; and The Maryland Institute, College of Art Building and Grounds Committee.

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

Term expires July 1, 2016; 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; Director- Rodney Trust Company; Attransco; and AMA Capital Partners; member- Baltimore City Board of Finance; former Vice President and Trustee- The Baltimore Museum of Art; 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); 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; former President and Chief Operating Officer- Clearspring Technologies, Inc.; former President and Chief Executive Officer – Baltimore Symphony Orchestra; 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; member Maryland Enterprise Investment Advisory Board; and former Director- Maryland Science Center; Howard County Health Alliance; and Baltimore Symphony Orchestra and 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; member- Baltimore City Industrial Development Authority; Lexington Market, Inc.; The Presidents' Roundtable; and The Greater Baltimore Committee; former Board Chairman- Bon Secours Baltimore Health System, Inc.; former member - Baltimore City Chamber of Commerce; and Past Chair and former member- Maryland State Board of Accountancy.

**AUTHORITY STAFF**

ANNETTE ANSELM  
*Executive Director*

WYATT SHIFLETT, II  
*Assistant Director*

CONSTANCE McCREADY  
*Controller*

JOHN BENNETT  
*Accounting and Compliance Officer*

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*

PUBLIC FINANCIAL MANAGEMENT, INC.  
*Financial Advisor*

FAIRMONT CAPITAL ADVISORS, INC.  
*Financial Advisor*

COHNREZNICK LLP  
*Independent Auditors*

MANAGEMENT CONSULTING SERVICES  
*Management Consultant*

# Maryland Health and Higher Educational Facilities Authority

## Report of Independent Auditors

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CohnReznick LLP  
cohnreznick.com

### Independent Auditor's Report

To the Members  
Maryland Health and Higher Educational Facilities Authority

#### Report on the Financial Statements

We have audited the accompanying financial statements of Maryland Health and Higher Educational Facilities Authority (the Authority), which comprise the balance sheet as of June 30, 2013, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

# Maryland Health and Higher Educational Facilities Authority

## Report of Independent Auditors

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2013, and the changes in its net position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Other Matter*

The management's discussion and analysis on pages 6 through 12 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.

### Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information on pages 23 through 34 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to underlying accounting and other records used to prepare the financial statements. The 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 19, 2013

## 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 position. Total assets less total liabilities equals net position.
- Statement of Revenues, Expenses and Changes in Net Position - 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 position 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 2013 the Authority issued and delivered 29 bond issues totaling more than \$1.920 billion. This is an approximate \$523.3 million increase from total issuance in fiscal year 2012. The increase is due to recent hospital acquisitions, the refinancing of existing Authority fixed rate bond issues, as borrowers have capitalized on the historically low interest rate environment, and the refinancing of existing Authority variable rate bond issues, as borrowers have mitigated the market and renewal risk of letters of credit with longer term direct placements of bonds with lending banks. The proceeds of the fiscal year 2013 issues were used to purchase land; construct and



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

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acquire new facilities; renovate existing facilities; purchase equipment; and refinance prior debt.

- During fiscal year 2013 the Authority also exercised conversion options with respect to the basis on which interest is calculated on three bond issues with outstanding balances totaling more than \$34.2 million.
- Operating revenues decreased by approximately \$66,000 due to a reduction in application fee revenue as a result of the timing in which applications were accepted. 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 2013, 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.
- Operating expenses decreased by approximately \$49,000 due to the reduced level of legal services and professional fees paid directly by the Authority.
- The Authority had approximately \$8.835 billion of conduit debt outstanding at June 30, 2013. This is an approximately \$78 million decrease from June 30, 2012. A schedule of debt outstanding is included in the additional information that accompanies these financial statements. All bonds and notes 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, 2013 and 2012 (in thousands of dollars):

	June 30, 2013	June 30, 2012
<b>ASSETS</b>	\$22,144	\$21,482
<b>LIABILITIES AND NET POSITION:</b>		
LIABILITIES	\$ 249	\$ 182
NET POSITION	21,895	21,300
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$22,144</b>	<b>\$21,482</b>

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

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	June 30, 2013	June 30, 2012
OPERATING REVENUES	\$ 2,641	\$ 2,707
OPERATING EXPENSES	2,018	2,067
OPERATING INCOME (LOSS)	623	640
NON-OPERATING REVENUES		
Gain on sale of assets	17	0
Net income from investments	153	269
Net (decrease) increase in fair value of investments	(198)	31
INCREASE IN NET POSITION	595	940
Net position, beginning of year	21,300	20,360
Net position, end of year	\$21,895	\$21,300

## Summary of Financings

During fiscal year 2013, the Authority issued:

Public Issues	\$ 1,273,070,000
Private Placements	647,413,495
	<u>\$1,920,483,495</u>

The following is a list of bonds issued during fiscal year 2013:

### HEALTHCARE FINANCINGS:

#### **\$9,924,000 Union Hospital of Cecil County Issue 2012A**

#### **\$4,007,000 Union Hospital of Cecil County Issue 2012B**

A private placement to finance capital improvements and refund the Authority's Revenue Bonds, Union Hospital of Cecil County Issue, Series 2002.

#### **\$19,199,000 Calvert Memorial Hospital Issue 2012**

A private placement to refund the Authority's Revenue Bonds, Calvert Memorial Hospital Issue, Series 1998.

#### **\$84,610,000 The Johns Hopkins Health System Obligated Group Issue, Series 2012C**

#### **\$85,060,000 The Johns Hopkins Health System Obligated Group Issue, Series 2012D**

A public offering to refund the Authority's Commercial Paper Revenue Notes, The Johns Hopkins Health System Issue, Series E and F.

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

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**\$40,785,000 University of Maryland Medical System Issue, Series 2012A**

**\$50,170,000 University of Maryland Medical System Issue, Series 2012B**

**\$50,175,000 University of Maryland Medical System Issue, Series 2012C**

**\$75,205,000 University of Maryland Medical System Issue, Series 2012D**

A private placement to refund the Authority's Revenue Bonds, University of Maryland Medical System Issue, Series 2007B and Authority's Revenue Bonds, University of Maryland Medical System Issue, Series 2008A, Series 2008B and Series 2008C.

**\$7,880,000 Kennedy Krieger Institute Issue, Series 2012**

A private placement to refund the Authority's Revenue Bonds, Kennedy Krieger Institute Issue, Series 1997.

**\$73,625,000 Anne Arundel Health System Issue, Series 2012**

A public offering to refund the Authority's Revenue Bonds, Anne Arundel Medical Center Issue, Series 1998 and the Authority's Revenue Bonds, Anne Arundel Health System Issue, Series 2004A.

**\$100,000,000 The Johns Hopkins Health System Obligated Group Issue 2012E**

A private placement to refund the Authority's Commercial Paper Revenue Notes, The Johns Hopkins Health System Issue, Series C and D.

**\$96,240,000 Frederick Memorial Hospital Issue, Series 2012A**

A public offering to finance capital improvements and refund the Authority's Revenue Bonds, Frederick Memorial Hospital Issue, Series 2002.

**\$70,020,000 Frederick Memorial Hospital Issue 2012B**

A private placement to refund the Authority's Revenue Bonds, Frederick Memorial Hospital Issue, Series 2008.

**\$50,210,000 Mercy Medical Center Issue, Series 2013**

A private placement to refund the Authority's Revenue Bonds, Mercy Medical Center Issue, Series 2007D.

**\$117,785,000 MedStar Health Issue, Series 2013A**

A public offering to finance capital improvements and refund a portion of the Authority's Revenue Bonds, Medlantic/Helix Issue, Series 1998A and 1998B.

**\$247,280,000 University of Maryland Medical System Issue, Series 2013A (Tax-Exempt)**

A public offering to (i) finance a portion of the costs of the acquisition of the St. Joseph Medical Center and capital improvements at various System facilities, and (ii) refund the Authority's Revenue Bonds, Memorial Hospital at Easton Issue, Series 1998, the Authority's Revenue Bonds, University of Maryland Medical System Issue, Series 2004B, and the Authority's Revenue Bonds, Civista Medical Center Issue, Series 2005, and (iii) refinance the loan to Chester River Health under the Authority's Pooled Loan Program, Series D, and (iv) refinance the loan to Kent & Queen Anne's Hospital under the Authority's Pooled Loan Program, Series D.

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

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### **\$115,055,000 University of Maryland Medical System Issue, Series 2013B (Taxable)**

A public offering to finance a portion of the costs of the acquisition of the St. Joseph Medical Center and capital improvements at various System facilities.

### **\$7,200,000 Way Station, Inc. Issue 2013**

A private placement to finance and refinance various facility acquisitions and renovations.

### **\$88,250,000 The Johns Hopkins Health System Issue, Series 2013A**

A public offering to refund the Authority's Revenue Bonds, Howard County General Hospital Issue, Series 2008 and a portion of the Authority's Revenue Bonds, The Johns Hopkins Health System Issue, Series 2008B.

### **\$149,760,000 MedStar Health Issue, Series 2013B**

A public offering to refinance a portion of the costs of acquisition of Southern Maryland Hospital.

### **\$61,850,000 The Johns Hopkins Health System Issue, Series 2013B**

A public offering to refund the Authority's Revenue Bonds, Suburban Hospital Issue, Series 2008 and refund a portion of the Authority's Revenue Bonds, The Johns Hopkins Health System Issue, Series 2008A.

### **\$15,623,500 Adventist HealthCare Issue 2013**

A private placement to refund the Authority's Revenue Bonds, Adventist HealthCare Issue, Series 2003A.

## **HIGHER EDUCATIONAL INSTITUTION FINANCINGS:**

### **\$19,945,000 Goucher College Issue, Series 2012A**

A public offering to refund the Authority's Revenue Bonds, Goucher College Issue, Series 2004.

### **\$52,070,000 Goucher College Issue, Series 2012B**

A private placement to refund the Authority's Revenue Bonds, Goucher College Issue, Series 2007 and refinance the loan under the Authority's Pooled Loan Program, Series D.

### **\$33,985,000 Maryland Institute College of Art Issue, Series 2012**

A public offering to finance the construction of student housing facilities and other campus improvements and refund the Authority's Revenue Bonds, Maryland Institute College of Art Issue, Series 1998.

### **\$15,000,000 Goucher College Issue, Series 2012C**

A private placement to finance renovations to existing campus facilities.

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

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### **\$99,625,000 The Johns Hopkins University Issue, Series 2013B**

A public offering to refund a portion of the Authority's Revenue Bonds, Johns Hopkins University Issue, Series 2001B and the Authority's Revenue Bonds, Johns Hopkins University Issue, Series 2004A.

### **RETIREMENT COMMUNITY FINANCINGS:**

#### **\$21,308,000 Hebrew Home of Greater Washington Issue 2012**

A private placement to finance capital improvements and refund the Authority's Revenue Bonds, Hebrew Home of Greater Washington Issue, Series 2002.

#### **\$19,966,000 Roland Park Place Issue 2013**

A private placement to refund the Authority's Revenue Bonds, Roland Park Place Issue, Series 1999.

### **NON-COLLEGIATE SCHOOL FINANCINGS:**

#### **\$6,220,995 The Foundation School Issue 2012**

A private placement to refinance the loan under the Authority's Pooled Loan Program, Series D.

#### **\$4,500,000 Linwood Center Issue 2012**

A private placement to finance the construction of a school building facility.

#### **\$14,000,000 Mount Saint Joseph High School Issue 2012A**

#### **\$7,500,000 Mount Saint Joseph High School Issue 2012B**

A private placement to finance construction and renovation of athletic facilities, parking lots and campus improvements and refinance outstanding indebtedness of Mount Saint Joseph High School.

#### **\$6,450,000 Trinity School Issue, Series 2013**

A private placement to refund the Authority's Revenue Bonds, Trinity School Issue, Series 2001.

### **Subsequent Bond Activity**

Prior to June 30, 2013 the following bonds were authorized and subsequent to June 30, 2013, the bonds were issued:

\$16,730,000 Kennedy Krieger Institute 2013

Subsequent to June 30, 2013 the following bonds were authorized and issued:

\$31,185,000 Calvert Health System, Series 2013

\$238,000,000 Johns Hopkins Health System 2013C

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

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Management has evaluated the potential impact of subsequent events through September 19, 2013.

### **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  
 June 30, 2013  
 (in thousands of dollars)

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**ASSETS**

**Current assets:**

Cash and cash equivalents	\$ 662
Non-capital investments at fair value	2,288
Interest receivable	19
Administrative fees receivable	5
Prepaid pension and other prepayments	68

<b>Total current assets</b>	<b>3,042</b>
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**Non-current assets:**

Non-capital investments at fair value	19,081
Capital assets (net of accumulated depreciation of \$257)	21

<b>TOTAL ASSETS</b>	<b>\$ 22,144</b>
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**LIABILITIES AND NET POSITION BALANCES**

**Current liabilities:**

Accounts payable and accrued expenses	\$ 128
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<b>Total current liabilities</b>	<b>128</b>
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**Non-current liabilities:**

Non-current accrued vacation	97
Accrued rent	24

<b>Total non-current liabilities</b>	<b>121</b>
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<b>TOTAL LIABILITIES</b>	<b>249</b>
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**NET POSITION**

Invested in capital assets, net of related debt	21
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**Unrestricted:**

Designated for operations	4,036
Designated for contingencies	17,838

<b>TOTAL NET POSITION</b>	<b>21,895</b>
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<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 22,144</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 Position  
For the year ended June 30, 2013  
(in thousands of dollars)

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**OPERATING REVENUES**

Annual administrative fees	\$ 2,556
Application fees	85
<b>TOTAL OPERATING REVENUES</b>	<b>2,641</b>

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**OPERATING EXPENSES**

Salaries	842
Employees' insurance, pension and other fringe benefits	218
Payroll taxes	53
Professional fees	684
Office rent	100
Office supplies and expenses	87
Depreciation	34
<b>TOTAL OPERATING EXPENSES</b>	<b>2,018</b>

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OPERATING INCOME 623

**NON-OPERATING REVENUES**

Gain on Sale of Assets	17
Net income from investments	153
Unrealized loss on investments	(198)

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INCREASE IN NET POSITION 595

Net position, beginning of year	21,300
<b>Net position, end of year</b>	<b>\$ 21,895</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  
For the year ended June 30, 2013  
(in thousands of dollars)

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<b>CASH FLOWS PROVIDED BY OPERATING ACTIVITIES</b>	
Cash received from administrative and other fees	\$ 2,668
Cash payments to employees and employee benefits	(1,074)
Cash payments to suppliers for goods and services	(831)
<u>Net cash provided by operating activities</u>	<u>763</u>

<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchases of capital assets	\$ (8)
Sale of capital assets	17
<u>Net cash provided by capital and financing activities</u>	<u>9</u>

<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Investment income	172
Purchases of investments	(48,099)
Sales and maturities of investments	47,153
<u>Net cash used in investing activities</u>	<u>(774)</u>

Net decrease in cash and cash equivalents (2)

Cash and cash equivalents, beginning of year 664

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Cash and cash equivalents, end of year \$ 662

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**RECONCILIATION OF OPERATING GAIN TO NET CASH PROVIDED BY OPERATING ACTIVITIES**

Operating income \$ 623

**ADJUSTMENTS TO RECONCILE OPERATING GAIN TO NET CASH PROVIDED BY OPERATING ACTIVITIES**

Depreciation 34

Administrative fees receivable 27

Prepaid pension and other prepayments 11

Accounts payable and accrued expenses 68

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Net cash provided by operating activities \$ 763

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

**NOTE 1: ORGANIZATION AND ACCOUNTING POLICIES**

**Organization**

The Maryland Health and Higher Educational Facilities Authority (the "Authority") was established to assist non-profit educational institutions, hospitals and related healthcare institutions in the financing and refinancing of projects authorized by the Authority's enabling legislation. 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 political 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 Authority follows Governmental Accounting Guidance proprietary fund reporting. As such, the accompanying financial statements are prepared on the accrual basis of accounting where revenues are recognized when earned and expenses are 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).

During fiscal year 2013, the Authority implemented the provisions of GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre November, 1989 FASB and AICPA Pronouncements. Prior to the adoption of this standard, the Authority adopted all Financial Accounting Standards Board (FASB) statements issued, unless those pronouncements conflicted with or contradicted GASB standards. With the adoption of Statement No. 62, the Authority no longer adopts or applies FASB statements.

During fiscal year 2013, the Authority also implemented GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. The implementation of this standard did not have a material impact on the Authority's financial statements other than changing the financial statement reporting title of Net Assets and replacing it with the title of Net Position.

**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

Maryland Health and Higher Educational Facilities Authority  
Notes to Financial Statements  
June 30, 2013

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of three months or less. Cash and cash equivalents are carried at cost which approximates market value.

**Investments-** Investments are reported at fair value with net unrealized gains and losses reported as non-operating revenue in the statement of revenues, expenses and changes in net position. Fair 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.

**Net Position-** Net position represents the residual interest in the Authority's assets after liabilities are deducted. For external reporting purposes, net position is 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 position-** net position that is not subjected to externally imposed stipulations. Unrestricted net position 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 position includes an internal designation for operating expenses, maintained at two times the annual operating expenses of the Authority. At June 30, 2013 the designation was \$4,036,000. The Authority has also designated a portion of net position to fund presently unidentified contingencies which is subject to a limitation equal to 1% of the total bonds outstanding at July 1, 2013. At June 30, 2013, the designated amount was \$17,838,000 which does not exceed the limitation of \$86,838,530.

**Invested in Capital Assets-** Invested in capital assets are recorded at cost and defined as assets with an individual cost of more than \$1,000 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 and software	3 to 5 years
• Office equipment	5 to 10 years
• Automobiles	5 years
• Leasehold improvements	4 to 7 years

Maryland Health and Higher Educational Facilities Authority  
Notes to Financial Statements  
June 30, 2013

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**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.

**Office Rent-** Office rent is recognized on a straight-line method under which contractual rent increases are recognized over the lease term. Office rent recorded on the straight-line method in excess of the rents billed is recognized as deferred rent payable and is included in accrued rent on the balance sheet.

**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.

**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.

As of June 30, 2013, 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	\$20,797	\$(148)	\$0	\$20,649
Money market accounts	720	0	0	720
<b>Total</b>	<b>\$21,517</b>	<b>\$(148)</b>	<b>\$0</b>	<b>\$21,369</b>

The amortized cost and fair value of investments at June 30, 2013, 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.

Maryland Health and Higher Educational Facilities Authority  
Notes to Financial Statements  
June 30, 2013

	<b>FAIR VALUE</b>	<b>AMORTIZED COST</b>
Due in one year or less	\$ 2,288	\$ 2,288
Due after one year through five years	18,116	18,230
Due after five years through ten years	965	999
Due after ten years	0	0
	<b>\$21,369</b>	<b>\$21,517</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, 2013, 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 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, 2013, the allocations by type of investment are 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	\$ 1,575	7.37%
Federal Home Loan Mortgage Corp	4,531	21.20
Federal Farm Credit Banks	7,246	33.91
Federal National Mortgage Association	7,297	34.15
Money Market		
Wilmington US Treasury Fund	720	3.37
<b>Total</b>	<b>\$21,369</b>	<b>100.00%</b>

Maryland Health and Higher Educational Facilities Authority  
Notes to Financial Statements  
June 30, 2013

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As of June 30, 2013, the credit ratings by type of investment are as follows:

<i>Asset</i>	<i>Rating</i>	<i>Rating Agency</i>
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:		
Wilmington US Treasury Fund	AAA	S&P

**NOTE 3: COMMITMENTS AND CONTINGENCIES**

The Authority has a lease commitment for office space through July 31, 2020. The minimum rental commitments for office space over the next five fiscal years and thereafter is as follows:

2014	\$84,042
2015	94,736
2016	98,063
2017	101,483
2018	105,025
thereafter	228,835
	\$712,184

For the year ended June 30, 2013, rental expense required under the terms of the lease was \$76,250.

**NOTE 4: CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2013 consisted of the following (in thousands of dollars):

Capital assets beginning of year	\$305
Additions	8
Retirements	(35)
Capital assets end of year	278
Accumulated depreciation end of year	(257)
Capital assets net of depreciation end of year	\$ 21

The Authority recognized \$34,000 of depreciation expense during fiscal year 2013.

Maryland Health and Higher Educational Facilities Authority  
Notes to Financial Statements  
June 30, 2013

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**NOTE 5: PENSION PLAN**

The Authority's employees participate in the State Retirement and Pension System of Maryland. The Authority's contribution is primarily based upon a percentage of annual gross wages paid to employees, as determined by the State Retirement and Pension System of Maryland. The Authority's pension expense for 2013, 2012 and 2011 amounted to \$56,550, \$66,461 and \$76,973, respectively. Employees of the Authority also make a contribution for benefits. 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 6: 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 generally consist of commercial paper that is expected to be paid with proceeds of refunding obligations. The lease and loan payments receivable by the Authority from the institutions correspond to the amortization of the respective bond and note issues. Under the Authority's capital lease financings, institutions may borrow funds to finance equipment and other purchases. Funds disbursed to participating institutions are repayable by the individual institutions and may be collateralized by security interests in the assets financed. The Authority may hold legal title to or a mortgage on the buildings and other assets financed by bonds for the benefit of institutions. Title to any buildings and other assets reverts to the institutions upon final payment of the respective bond issues or leases. 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 or revenues of the related projects.

The following is a summary of conduit debt activity for the year ended June 30, 2013 (in thousands of dollars):

Bonds outstanding as of June 30, 2012	\$8,913,060
Plus: Bonds issued during FY 2013	1,920,483
Less: Redemptions and refundings during FY 2013	(1,998,259)
<u>Bonds outstanding as of June 30, 2013</u>	<u>\$8,835,284</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 payments received from institutions, and payment of principal and interest.

The Authority maintains books of accounts for the Debt Principal Funds 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 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 Funds-** 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 receivable from the institutions represents 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, 2013  
 (in thousands of dollars)

	<i><b>CONSTRUCTION FUNDS</b></i>	<i><b>PROGRAM FUNDS</b></i>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 425	\$ 6
Investments at fair value	201,766	75,114
Interest receivable	98	38
Due from other funds	4,977	49
Accounts receivable	0	0
Principal and lease payments receivable	0	0
<b>TOTAL ASSETS</b>	<b>\$ 207,266</b>	<b>\$ 75,207</b>
<b>LIABILITIES AND NET POSITION</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 0	\$ 214
Advance payments and deposits from institutions	0	0
Principal payable	0	0
Interest payable	0	0
Due to other funds	34	49
Due to institutions	218	0
Bonds, notes and lease obligations payable	0	0
<b>TOTAL LIABILITIES</b>	<b>252</b>	<b>263</b>
<b>RESTRICTED NET POSITION</b>		
Reserved for debt service	\$ 0	\$ 0
Reserved for loans under Pooled Loan Program	0	74,944
Designated for specific projects	207,014	0
Designated for operations	0	0
<b>TOTAL NET POSITION</b>	<b>207,014</b>	<b>74,944</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 207,266</b>	<b>\$ 75,207</b>

<b>DEBT SERVICE FUNDS</b>	<b>DEBT SERVICE RESERVE FUNDS</b>	<b>PROJECT RESERVE FUNDS</b>	<b>REDEMPTION FUNDS</b>	<b>DEBT PRINCIPAL FUNDS</b>	<b>TOTAL</b>
\$ 2,431	\$ 39	\$ 0	\$ 491	\$ 0	\$ 3,392
235,583	237,207	9,132	17,598	0	776,400
7	583	0	0	0	726
708	0	0	0	0	5,734
45,224	0	0	0	0	45,224
0	0	0	0	8,835,284	8,835,284
<b>\$ 283,953</b>	<b>\$ 237,829</b>	<b>\$ 9,132</b>	<b>\$ 18,089</b>	<b>\$ 8,835,284</b>	<b>\$ 9,666,760</b>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 214
4,427	0	0	0	0	4,427
151,434	0	0	0	0	151,434
104,218	0	0	490	0	104,708
0	3,017	2,632	0	0	5,732
0	0	0	0	0	218
0	0	0	0	8,835,284	8,835,284
260,079	3,017	2,632	490	8,835,284	9,102,017
23,874	234,812	0	17,599	0	276,285
0	0	0	0	0	74,944
0	0	0	0	0	207,014
0	0	6,500	0	0	6,500
23,874	234,812	6,500	17,599	0	564,743
<b>\$ 283,953</b>	<b>\$ 237,829</b>	<b>\$ 9,132</b>	<b>\$ 18,089</b>	<b>\$ 8,835,284</b>	<b>\$ 9,666,760</b>

Maryland Health and Higher Educational Facilities Authority  
Additional Information- Combined Statement of Changes in Net Position  
of Conduit Debt  
For the year ended June 30, 2013  
(in thousands of dollars)

	<b>CONSTRUCTION FUNDS</b>	<b>PROGRAM FUNDS</b>
Net position, June 30, 2012	\$ 128,943	\$ 62,953
<b>ADDITIONS</b>		
Proceeds from sale of bonds and notes:		
Gross proceeds	1,919,376	0
Underwriters' discount	(6,388)	0
Original issue premium	63,526	0
Interest accrued to date of delivery	0	0
Payments and contributions received from and on behalf of institutions	344	0
Lease and loan payments	0	0
Debt service- interest	0	0
Unrealized gain/(loss) on investments	(47)	5
Income from investments	234	227
Transfer from escrow agent	0	0
Transfer from other issuer	0	0
Transfer from paying agent	0	0
Insurance proceeds	0	0
<b>TOTAL ADDITIONS</b>	<b>1,977,045</b>	<b>232</b>
<b>DEDUCTIONS</b>		
Project and financing costs	289,025	929
Principal (including July 1, 2013 installments funded at June 30, 2013)	398,370	0
Interest	827	0
Required payments to institutions	33	0
Retirement of bonds	0	0
Transfer to escrow agents for defeased issues	207,436	0
<b>TOTAL DEDUCTIONS</b>	<b>895,691</b>	<b>929</b>
<b>INTERFUND TRANSFERS</b>	<b>(1,003,283)</b>	<b>12,688</b>
<b>NET POSITION, JUNE 30, 2013</b>	<b>\$ 207,014</b>	<b>\$ 74,944</b>

<b>DEBT SERVICE FUNDS</b>	<b>DEBT SERVICE RESERVE FUNDS</b>	<b>PROJECT RESERVE FUNDS</b>	<b>REDEMPTION FUNDS</b>	<b>TOTAL</b>
\$ 128,010	\$ 264,546	\$ 20,217	\$ 217,028	\$ 821,697
20,678	0	0	0	1,940,054
0	0	0	0	(6,388)
0	0	0	0	63,526
	0	0	0	0
807	548	1,920	0	3,619
325,577	0	0	27,881	353,458
288,321	0	0	113	288,434
42	(1,142)	1	0	(1,141)
117	2,849	10	15	3,452
0	0	0	0	0
0	0	0	105,830	105,830
1,692	0	0	0	1,692
0	0	0	0	0
637,234	2,255	1,931	133,839	2,752,536
181	185	16	0	290,336
926,876	0	0	370,225	1,695,471
294,844	0	0	4,607	300,278
101	0	0	128	262
0	0	0	505,405	505,405
4,085	6,217	0	0	217,738
1,226,087	6,402	16	880,365	3,009,490
484,717	(25,587)	(15,632)	547,097	0
\$ 23,874	\$ 234,812	\$ 6,500	\$ 17,599	\$ 564,743

# Maryland Health and Higher Educational Facilities Authority

## Additional Information- Conduit Debt Outstanding

As of June 30, 2013, the principal amount of bonds and notes outstanding is as follows (in thousands of dollars):	<i>ISSUE DATE</i>	<i>AMOUNT ISSUED</i>	<i>FINAL MATURITY</i>	<i>BONDS AND NOTES PAYABLE JULY 1, 2013</i>	<i>BONDS AND NOTES PAYABLE SUBSEQUENT TO JULY 1, 2013</i>
<b>PUBLIC OFFERINGS</b>					
Pooled Loan Program, Series 1985A and 1985B	December 30, 1985	\$ 175,000	2035	\$ 0	\$ 175,000
The Johns Hopkins Hospital, Series 1990	June 7, 1990	90,169	2019	9,370	43,940
University of Maryland Medical System	July 10, 1991	38,670	2022	1,325	24,760
The Johns Hopkins Medical Institutions Parking	March 28, 1996	42,425	2026	240	26,830
Mercy Medical Center, Series 1996	May 30, 1996	30,000	2026	1,000	18,195
Loyola College, Series 1996B	November 14, 1996	14,900	2013	0	1,400
Stella Maris, Series 1997	June 30, 1997	21,985	2021	1,105	11,095
PUMH of Maryland, Inc. (Heron Point of Chestertown), Series 1998A&B	July 9, 1998	35,115	2026	0	19,600
Medlantic/Helix, Series 1998A	December 17, 1998	166,605	2038	0	82,055
Medlantic/Helix, Series 1998B	December 17, 1998	116,910	2038	0	56,960
Kaiser Permanente, 1998 Series A	December 21, 1998	12,825	2015	0	12,825
Glen Meadows Retirement Community, Series 1998 A&B	August 26, 1999	20,410	2029	535	15,685
Mercy Ridge, Series 2000	March 30, 2000	69,305	2031	0	23,400
The McLean School, Series 2001	June 1, 2001	9,080	2031	220	7,165
The Johns Hopkins Medical Institutions Parking Facilities, Series 2001	August 29, 2001	28,030	2034	645	23,520
Holton Arms School, Series 2002	June 20, 2002	21,000	2032	0	18,700
Adventist HealthCare, Series 2003A	February 15, 2003	22,925	2025	0	17,410
Kennedy Krieger, Series 2003	May 7, 2003	24,490	2033	745	19,445
University of Maryland Medical System, Series 2004B	January 22, 2004	36,175	2024	25,160	0
MedStar Health, Series 2004	February 3, 2004	170,350	2033	0	155,585
The Johns Hopkins Medical Institutions Parking Facilities, Series 2004	May 26, 2004	35,665	2034	105	34,805
Suburban Hospital, Series 2004	June 3, 2004	32,445	2029	2,400	10,645
Calvert Health System, Series 2004	July 8, 2004	32,925	2039	105	32,325
Adventist HealthCare, Series 2004 B	September 14, 2004	35,985	2035	0	26,985
The Johns Hopkins Medical Institutions Parking Facilities, Series 2004B	December 1, 2004	33,035	2038	1,325	26,500
The Johns Hopkins University, Series 2005A	March 3, 2005	69,265	2036	0	69,265
The Johns Hopkins Medical Institutions Utilities, Series 2005 A&B	June 29, 2005	48,845	2037	0	48,845
Union Hospital of Cecil County, Series 2005	July 14, 2005	33,675	2040	0	33,675
University of Maryland Medical System, Series 2005	October 5, 2005	149,700	2031	3,100	122,725
Villa Julie College, Series 2005	December 15, 2005	95,560	2030	1,605	77,930
Adventist HealthCare, Series 2005A & B	December 20, 2005	78,000	2035	0	78,000
Loyola College, Series 2006A	January 4, 2006	62,995	2045	0	62,995
Maryland Institute College of Art, Series 2006	January 5, 2006	30,740	2040	0	30,740
Peninsula Regional Medical Center, Series 2006	February 9, 2006	142,910	2036	2,915	124,990
Edenwald, Series 2006A	July 6, 2006	55,365	2037	0	50,800

# Maryland Health and Higher Educational Facilities Authority

## Additional Information- Conduit Debt Outstanding

As of June 30, 2013, the principal amount of bonds and notes outstanding is as follows (in thousands of dollars):	<i>ISSUE DATE</i>	<i>AMOUNT ISSUED</i>	<i>FINAL MATURITY</i>	<i>BONDS AND NOTES PAYABLE JULY 1, 2013</i>	<i>BONDS AND NOTES PAYABLE SUBSEQUENT TO JULY 1, 2013</i>
University of Maryland Medical System, Series 2006A	November 9, 2006	45,000	2041	0	45,000
Western Maryland Health System, Series 2006A	November 14, 2006	348,650	2036	3,845	314,070
Carroll Hospital Center, Series 2006,	December 7, 2006	35,000	2040	0	35,000
Washington Christian Academy, Series 2006	December 13, 2006	30,000	2038	1,060	28,940
Doctors Community Hospital, Series 2007	January 4, 2007	77,685	2029	2,580	63,600
King Farm Presbyterian Retirement Community, Series 2007A	January 11, 2007	54,590	2037	0	54,590
MedStar Health, Series 2007	January 31, 2007	144,985	2046	0	144,985
Mercy Ridge, Series 2007	March 22, 2007	23,445	2035	395	21,495
Maryland Institute College of Art, Series 2007	June 27, 2007	38,740	2042	0	36,495
Bishop McNamara High School, Series 2007	August 8, 2007	8,000	2032	210	6,660
University of Maryland Medical System, Series 2007A	September 12, 2007	96,445	2034	2,330	92,735
Mercy Medical Center, Series 2007A,B&C	November 8, 2007	255,000	2042	2,465	147,290
Gaudenzia Foundation, Series 2007	December 12, 2007	5,500	2028	170	3,900
LifeBridge Health, Series 2008	January 17, 2008	285,815	2047	2,965	269,405
Washington County Hospital, Series 2008	February 12, 2008	264,300	2043	0	257,465
Woodmont Academy, Series 2008	March 12, 2008	15,105	2038	0	15,030
Odenton Christian School, Series 2008	March 19, 2008	3,590	2033	0	3,535
University of Maryland Medical System, Series 2008 D&E	May 21, 2008	105,000	2041	0	105,000
The Johns Hopkins Health System Obligated Group, Series 2008B	June 26, 2008	144,740	2048	0	48,245
DeMatha Catholic High School, Series 2008	July 15, 2008	9,865	2038	200	9,115
University of Maryland Medical System, Series 2008F	July 23, 2008	87,345	2023	4,795	60,260
Stevenson University, Series 2008	July 24, 2008	23,500	2035	325	21,620
The Johns Hopkins University, Series 2008A	August 7, 2008	129,880	2038	15,000	114,880
Upper Chesapeake Hospitals, Series 2008C	August 8, 2008	55,325	2038	0	51,530
Chimes, Series 2008	October 31, 2008	5,610	2033	145	4,845
Anne Arundel Medical Center, Series 2009A	January 29, 2009	120,000	2039	1,085	117,730
Anne Arundel Medical Center, Series 2009B	February 19, 2009	60,000	2043	0	60,000
DeMatha Catholic High School, Series 2008 (2nd delivery)	June 10, 2009	9,110	2038	185	8,420
University of Maryland Medical System, Series 2010	January 7, 2010	242,385	2039	5,415	221,070
Anne Arundel Health System, Series 2010	February 3, 2010	85,410	2038	1,525	79,695
Carnegie Institute of Washington, Series 2010	February 4, 2010	30,580	2040	0	30,580
Patterson Park Public Charter School, Series 2010A & B	March 16, 2010	13,665	2045	135	13,405
Doctors Community Hospital, Series 2010	May 18, 2010	82,670	2038	300	82,370
Johns Hopkins Health System, Series 2010	June 16, 2010	148,195	2040	0	148,195
College of Notre Dame of Maryland, Series 2010	November 24, 2010	11,495	2035	0	11,100
Charlestown Community, Series 2010	December 15, 2010	124,995	2045	0	122,275

# Maryland Health and Higher Educational Facilities Authority

## Additional Information- Conduit Debt Outstanding

As of June 30, 2013, the principal amount of bonds and notes outstanding is as follows (in thousands of dollars):	<i>ISSUE DATE</i>	<i>AMOUNT ISSUED</i>	<i>FINAL MATURITY</i>	<i>BONDS AND NOTES PAYABLE JULY 1, 2013</i>	<i>BONDS AND NOTES PAYABLE SUBSEQUENT TO JULY 1, 2013</i>
Stevenson University, Series 2010	December 16, 2010	33,250	2037	230	32,800
Mercy Medical Center, Series 2011	February 24, 2011	40,770	2031	900	38,970
LifeBridge Health, Series 2011	March 30, 2011	50,695	2041	790	49,130
Greater Baltimore Medical Center, Series 2011	April 20, 2011	67,945	2034	2,295	63,470
Ascension Health Alliance, Series 2012B	May 10, 2011	86,025	2051	0	86,025
Adventist HealthCare, Series 2011A	September 1, 2011	57,205	2036	0	57,205
Johns Hopkins Health System, Series 2011A	November 10, 2011	74,615	2026	0	72,355
Johns Hopkins Health System, Series 2011B	November 10, 2011	48,245	2042	0	48,245
MedStar Health, Series 2011	November 11, 2011	94,920	2041	0	92,775
Greater Baltimore Medical Center, Series 2012A	April 11, 2012	35,680	2034	0	35,680
Mercy Medical Center, Series 2012	April 25, 2012	49,995	2031	0	49,995
Johns Hopkins Health System, Series 2012B	May 3, 2012	97,560	2033	2,770	94,090
Carroll Hospital Center, Series 2012A	May 31, 2012	59,780	2037	1,645	58,135
Loyola University, Series 2012A	June 7, 2012	49,250	2039	0	48,195
Johns Hopkins University, Series 2012A	June 14, 2012	153,150	2041	0	153,150
Notre Dame of Maryland University, Series 2012	June 25, 2012	21,195	2042	0	20,635
Johns Hopkins Health System Issue, Series 2012C&D	August 9, 2012	169,670	2038	0	169,085
Goucher College Issue, Series 2012A	August 30, 2012	19,945	2034	0	19,945
Maryland Institute College of Art Issue, Series 2012	October 10, 2012	33,985	2047	0	33,740
Anne Arundel Health System Issue, Series 2012	November 1, 2012	73,625	2034	1,525	72,100
Frederick Memorial Hospital Issue, Series 2012A	December 5, 2012	96,240	2038	880	95,360
MedStar Health Issue, Series 2013A	March 21, 2013	117,785	2041	0	117,785
University of Maryland Medical System Issue, Series 2013A	April 2, 2013	247,280	2043	5,400	241,880
University of Maryland Medical System Issue, Series 2013B	April 2, 2013	115,055	2043	0	115,055
Johns Hopkins Health System Issue, Series 2013A	May 9, 2013	88,250	2046	0	88,250
MedStar Health Issue, Series 2013B	May 21, 2013	149,760	2038	0	149,760
Johns Hopkins Health System Issue, Series 2013B	May 22, 2013	61,850	2029	0	61,850
Johns Hopkins University Issue, Series 2013B	June 20, 2013	99,625	2041	0	99,625
<b>Public Offerings Outstanding</b>		<b>\$ 7,598,449</b>		<b>\$ 113,465</b>	<b>\$ 6,700,615</b>
<b>PRIVATE PLACEMENTS AND LIMITED OFFERINGS</b>					
Pooled Loan Program, Series D (1994)	January 1, 1994	418,516	2039	1,230	45,700
Greater Baltimore Medical Center, Series 1995	July 1, 1995	10,000	2025	360	5,710
Capitol College, Series 1995	July 1, 1995	8,000	2020	200	3,725
The Norwood School, Series 1998	November 1, 1998	10,505	2025	0	2,615
Charles E. Smith Jewish Day School, 1999 Issue	June 1, 1999	12,600	2029	14	3,511
The Johns Hopkins University, Commercial Paper, Series A	June 3, 2000	200,000	2031	11,200	109,028



# Maryland Health and Higher Educational Facilities Authority

## Additional Information- Conduit Debt Outstanding

As of June 30, 2013, the principal amount of bonds and notes outstanding is as follows (in thousands of dollars):	<i>ISSUE DATE</i>	<i>AMOUNT ISSUED</i>	<i>FINAL MATURITY</i>	<i>BONDS AND NOTES PAYABLE JULY 1, 2013</i>	<i>BONDS AND NOTES PAYABLE SUBSEQUENT TO JULY 1, 2013</i>
Saint Anne's School Issue 2001	November 8, 2001	4,300	2020	0	1,650
St. John's Episcopal Day School	December 21, 2001	7,000	2032	12	5,260
The Johns Hopkins Health System, Commercial Paper, Series B	March 22, 2001	200,000	2024	0	125,337
The Johns Hopkins Health System, Commercial Paper, Series D	February 9, 2004	40,000	2024	4,210	73,930
Friends School of Baltimore, Series 2004	April 1, 2004	7,500	2029	24	6,097
Stone Ridge School, Series 2005	June 22, 2005	12,000	2035	304	10,381
Mt. Airy Christian Academy 2005	August 26, 2005	2,500	2031	4	1,179
Gilman School, Series 2006	June 1, 2006	30,000	2036	0	30,000
Mercy Medical Center, Series 2006	August 3, 2006	35,000	2036	665	32,020
St. Mary's County Hospital Lease 2006	December 12, 2006	8,201	2016	0	906
Archdiocese of Baltimore Schools, Series 2007	June 21, 2007	24,165	2037	42	22,675
Keswick Multi-Care Center, Series 2007	August 9, 2007	11,520	2037	0	11,520
Mercy Medical Center, Series 2007B & C (Converted)	November 8, 2007	30,000	2024	0	29,000
Beth Tfiloh Dahan Community School, Series 2007	December 18, 2007	15,000	2037	0	15,000
Mercy Medical Center, Series 2008 (Converted)	July 16, 2008	35,325	2022	2,335	25,235
Adventist HealthCare Lease (2008), 2nd tranche	October 16, 2008	8,000	2013	0	582
Augsburg Lutheran Home, Series 2009	August 7, 2009	20,600	2036	51	18,868
The Boys' Latin School of Maryland, Series 2009	August 26, 2009	19,830	2038	34	16,874
Roland Park Country School, Series 2009	October 7, 2009	17,400	2037	0	6,880
Bryn Mawr School, Series 2009	October 14, 2009	7,350	2037	294	6,926
CMROC LLP Lease (2009)	October 14, 2009	5,260	2014	0	1,489
Annapolis Life Care, Series 2009A	November 4, 2009	30,000	2040	43	28,085
Annapolis Life Care, Series 2010	January 4, 2010	15,266	2040	22	14,405
The SEED School of Maryland, Series 2010	January 21, 2010	25,000	2037	155	24,095
Oldfields School, Series 2010	April 14, 2010	2,985	2019	0	2,985
Carroll Hospital Center 2010	June 30, 2010	15,000	2040	30	13,952
Broadmead 2010	July 14, 2010	12,000	2035	857	9,404
Baltimore Leadership School 2010	August 11, 2010	4,000	2020	30	3,085
Indian Creek School, Series 2010	September 15, 2010	14,915	2035	30	13,870
Friends Community School 2010	November 23, 2010	5,300	2020	12	4,934
Park School 2010	December 1, 2010	14,590	2035	35	12,350
Christ Episcopal School 2010	December 20, 2010	3,868	2035	0	3,665
University Physicians 2010	December 29, 2010	15,000	2031	50	14,125
St. Andrew's Episcopal School 2010	December 29, 2010	6,245	2035	14	5,837
Kennedy Krieger Institute 2010	December 30, 2010	30,000	3036	34	28,851
Landon School 2011	June 2, 2011	10,114	2028	50	8,874

# Maryland Health and Higher Educational Facilities Authority

## Additional Information- Conduit Debt Outstanding

As of June 30, 2013, the principal amount of bonds and notes outstanding is as follows (in thousands of dollars):	<i>ISSUE DATE</i>	<i>AMOUNT ISSUED</i>	<i>FINAL MATURITY</i>	<i>BONDS AND NOTES PAYABLE JULY 1, 2013</i>	<i>BONDS AND NOTES PAYABLE SUBSEQUENT TO JULY 1, 2013</i>
Mercy Medical Center, Series 2011B	June 9, 2011	34,890	2037	0	34,890
Kennedy Krieger Institute, Series 2011	June 23, 2011	19,610	2036	15	19,250
Chesapeake Academy 2011	August 17, 2011	3,200	2036	7	3,049
Adventist HealthCare 2011B	September 1, 2011	59,980	2021	255	53,280
Green Acres School 2011	September 29, 2011	6,855	2031	25	6,353
Upper Chesapeake Hospital 2011A	October 12, 2011	50,000	2043	0	39,855
The Barnesville School 2011A	December 1, 2011	2,431	2031	7	2,294
The Barnesville School 2011B	December 1, 2011	1,000	2033	0	78
Severn School 2011	December 7, 2011	8,800	2036	20	7,918
Upper Chesapeake Hospitals 2011B & C	December 14, 2011	118,450	2040	170	115,470
Johns Hopkins Health System 2012A	February 15, 2012	53,510	2023	1,345	50,845
Sheppard Pratt 2012A	March 1, 2012	34,032	2036	78	33,117
Sheppard Pratt 2012B	March 1, 2012	62,182	2035	184	59,769
French International School 2012	March 22, 2012	12,620	2034	0	12,310
Carroll Hospital Center 2012B	May 31, 2012	15,010	2037	22	14,745
Carroll Hospital Center 2012C	May 31, 2012	15,000	2042	69	10,728
Charles County Nursing & Rehabilitation Center 2012A & B	June 19, 2012	8,000	2037	0	5,538
St. Mary's Nursing Center 2012	June 19, 2012	5,350	2037	12	5,210
Loyola University 2012B	June 26, 2012	32,595	2026	0	32,595
MedStar Health 2012	June 27, 2012	38,620	2022	0	38,620
Pickersgill 2012	June 28, 2012	31,150	2034	83	30,082
Union Hospital of Cecil County 2012A and 2012B	July 18, 2012	13,931	2022	75	13,038
Calvert Memorial Hospital 2012	July 24, 2012	19,199	2027	91	18,227
Foundation School 2012	July 25, 2012	6,221	2037	14	6,070
University of Maryland Medical System 2012A	August 16, 2012	40,785	2034	1,000	39,785
University of Maryland Medical System 2012B	August 16, 2012	50,170	2041	0	50,170
University of Maryland Medical System 2012C	August 16, 2012	50,175	2041	0	50,175
University of Maryland Medical System 2012D	August 16, 2012	75,205	2041	0	75,205
Linwood Center 2012	September 19, 2012	4,500	2038	0	2,846
Goucher College Issue 2012B	September 26, 2012	52,070	2037	1,690	50,380
Mount Saint Joseph High School 2012A	September 27, 2012	14,000	2043	25	13,786
Mount Saint Joseph High School 2012B	September 27, 2012	7,500	2019	0	75
Kennedy Krieger Institue 2012	October 17, 2012	7,880	2019	83	7,135
Goucher College Issue 2012C	October 18, 2012	15,000	2022	0	59
Johns Hopkins Health System 2012 E	November 28, 2012	100,000	2037	9,000	91,000
Frederick Memorial Hospital 2012 B	December 5, 2012	70,020	2035	1,090	68,930

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

As of June 30, 2013, the principal amount of bonds and notes outstanding is as follows (in thousands of dollars):	<i>ISSUE DATE</i>	<i>AMOUNT ISSUED</i>	<i>FINAL MATURITY</i>	<i>BONDS AND NOTES PAYABLE JULY 1, 2013</i>	<i>BONDS AND NOTES PAYABLE SUBSEQUENT TO JULY 1, 2013</i>
Hebrew Home of Greater Washington 2012	December 20, 2012	21,308	2032	71	20,904
Mercy Medical Center, Series 2013	January 16, 2013	50,210	2042	0	50,210
Trinity School Issue, Series 2013	January 24, 2013	6,450	2026	29	6,314
Roland Park Place 2013	April 10, 2013	19,966	2024	132	19,559
Way Station, Inc., 2013	May 2, 2013	7,200	2028	33	7,135
Adventist HealthCare 2013	June 12, 2013	15,624	2025	0	15,624
Private Placements and Limited Offerings Outstanding		2,665,554		37,966	1,983,238
<b>Total Outstanding</b>		<b>\$ 10,264,003</b>		<b>\$ 151,431</b>	<b>\$ 8,683,853</b>

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

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**DEFEASED CONDUIT DEBT**

Bonds have been issued for the purpose of refunding bonds that were issued by the Authority. In some cases, 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 upon maturity or redemption.

Defeased bonds outstanding at June 30, 2013 are as follows (in thousands of dollars):

Anne Arundel Health System, Series 2004A	21,300
Civista Medical Center, Series 2005	56,130
College of Notre Dame of Maryland, Series 1998	3,300
Frederick Memorial Hospital, Series 1993	1,555
Goucher College, Series 2004	21,855
Helix Health, Series 1997	86,760
Howard County General Hospital, Series 1993	36,065
The Johns Hopkins Hospital, Series 1999	10,590
The Johns Hopkins Hospital, Series 2003	101,425
The Johns Hopkins University, Series 2004A	92,505
LifeBridge Health, Series 2004A	67,980
Sheppard Pratt, Series 2003A	35,175
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	\$534,640

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