

*Maryland Health and Higher
Educational Facilities Authority*

2009 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 E. DOBYNS, J.D., *Member*

Term expires July 1, 2011; resident of Montgomery County; Principal- Thomas Dobyns 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.

WILLARD HACKERMAN, *Member*

Term expires July 1, 2010; resident of Baltimore City; President and Chief Executive Officer- The Whiting Turner Contracting Company; Trustee Emeritus- The Johns Hopkins University; Member- Johns Hopkins Medicine Board of Visitors; and University of Maryland School of Medicine Board of Visitors; Director- THE ASSOCIATED: Jewish Community Federation of Baltimore; former Member- Maryland Higher Education Commission; and former Vice Chairman- Maryland Economic Development Committee.

FREDERICK W. MEIER, JR., *Member*

Term expires July 1, 2010; 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.

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.

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 .

* *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 TURNER
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, 2009, 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, 2009, 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 11 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 34 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 25, 2009

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

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 a public 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 2009 the Authority issued and delivered 23 issues totaling more than \$1.1 billion. The proceeds were used to purchase land; construct and acquire new facilities; renovate existing facilities; purchase equipment; and refund prior debt.

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

■ Operating revenues increased by approximately \$198,000 due to the volume of new issues and the revised fee schedule effective July 1, 2007 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 2009, 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 FY 2009. The Authority also waived application fees for all of the restructurings and conversions of auction rate securities completed in FY 2009.

■ Operating expenses decreased by approximately \$142,000 due to the decreased level of professional fees paid directly by the Authority.

■ The Authority had approximately \$8,466,807,000 of conduit debt outstanding at June 30, 2009. This is an approximately \$262,011,000 increase from June 30, 2008. 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, 2009 and 2008 (in thousands of dollars):

	<u>June 30, 2009</u>	<u>June 30, 2008</u>
ASSETS	\$ 18,459	\$ 17,056
LIABILITIES AND NET ASSETS:		
LIABILITIES	\$ 126	\$ 126
NET ASSETS	18,333	16,930
TOTAL LIABILITIES AND NET ASSETS	\$ 18,459	\$ 17,056

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

	June 30, 2009	June 30, 2008
OPERATING REVENUES	\$ 2,366	\$ 2,168
OPERATING EXPENSES	1,610	1,752
OPERATING INCOME (LOSS)	756	416
NON-OPERATING REVENUES		
Net income from investments	612	783
Net increase in fair value of investments	35	38
INCREASE IN NET ASSETS	1,403	1,237
Net assets, beginning of year	16,930	15,693
Net assets, end of year	\$ 18,333	\$ 16,930

Summary of Financings

During fiscal year 2009, the Authority issued:

Public Issues & Limited Offerings	\$ 1,019,435,000
Private Placements	141,745,000
Pooled Loan Program- Series D	16,000,000
	<u>\$ 1,177,180,000</u>

The following is a list of the issues during fiscal year 2009:

HEALTHCARE FINANCINGS:

\$72,160,000 Frederick Memorial Hospital, Series 2008

A public issue to refund the Authority's Revenue Bonds, Frederick Memorial Hospital Issue, Series 2006A and Series 2006B.

\$35,325,000 Mercy Medical Center, Series 2008

A private placement to refund the Authority's Revenue Bonds, Mercy Medical Center Issue, Series 2003.

\$87,345,000 University of Maryland Medical System, Series 2008F

A public issue to refund the Authority's Revenue Bonds, University of Maryland Medical System Issue, Series 2004A.

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

\$40,275,000 University of Maryland Medical System, Series 2008G

\$36,525,000 University of Maryland Medical System, Series 2008H

Public issues to refund the Authority's Revenue Bonds, University of Maryland Medical System, Series 2004C and Series 2004D.

\$63,910,000 Upper Chesapeake Hospitals Series 2008A

\$60,190,000 Upper Chesapeake Hospitals Series 2008B

Public issues (a) to refund the Authority's (i) Revenue Bonds, Upper Chesapeake hospitals Issue, Series 2007A and Series 2007B and (b) to finance or refinance a portion of the cost of acquisition of certain interests in land.

\$55,325,000 Upper Chesapeake Hospitals, Series 2008C

A public issue to refund the Authority's Revenue Bonds, Upper Chesapeake Hospitals Issue, Series 2007C.

\$15,000,000 The Johns Hopkins Health System Commercial Paper Notes (2008), Series C

A limited offering to finance routine renovations, improvements and equipment acquisitions.

\$8,000,000 Adventist HealthCare Lease (2008)

A private placement to finance medical and information technology equipment and other capital improvements.

\$5,610,000 Chimes, Series 2008

A public issue for (a) the acquisition of an academic facility and a single family residence, (b) renovations to the institution's headquarters building and (c) the repayment of certain outstanding loans.

\$7,000,000 Health Care for the Homeless, Series 2008

A private placement for the construction of (a) a new clinic that will provide certain services to the homeless and (b) a small parking garage.

\$58,515,000 Suburban Hospital, Series 2008

A public issue for (a) the renovation of hospital facilities and parking facilities and (b) the refunding of the Authority's Revenue Bonds, Suburban Hospital Issue, Series 2004B

\$120,000,000 Anne Arundel Health System, Series 2009A

A public issue for (a) the construction of a new patient care building, (b) renovations to the institution's existing facilities and (c) the construction of two new parking garages.

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

\$60,000,000 Anne Arundel Health System, Series 2009B

A public issue for (a) the construction of a new patient care building, (b) renovations to the institutions existing facilities and (c) the construction of two new parking garages.

\$15,065,000 Greater Baltimore Medical Center, Series 2009A

A private placement for (a) the renovation of a building used for administrative purposes and (b) the construction of an addition to the existing main campus boiler plant.

\$29,935,000 Greater Baltimore Medical Center, Series 2009B

A private placement for the refunding of a portion of the Authority's Refunding Revenue Bonds, Greater Baltimore Medical Center Issue, Series 1993.

EDUCATIONAL INSTITUTION FINANCINGS:

\$23,500,000 Stevenson University, Series 2008

A public issue for (a) the acquisition of interest in land for the development of a residence hall, (b) the construction of new athletic facilities and improvements to existing athletic facilities, (c) the construction of a new parking facility, and (d) renovations to increase academic and administrative facilities.

\$129,880,000 The Johns Hopkins University, Series 2008A

A public issue for (a) the construction of additional laboratory and research facilities and administrative facilities, (b) the acquisition of a building located in Washington, D.C. for the Paul H. Nitze School of Advanced International Studies and the Krieger School of Arts and Sciences and (c) refinancing of certain outstanding indebtedness.

\$125,855,000 The Johns Hopkins University, Series 2008B

A public issue to refund the Authority's (a) Refunding Revenue Bonds, Johns Hopkins University Issue, Series 1997 and (b) Refunding Revenue Bonds, The Johns Hopkins University Issue, Series 1998 that mature on or after July 1, 2011.

\$46,370,000 Loyola College in Maryland, Series 2008

A public issue to refund the Authority's Revenue Bonds, Loyola College in Maryland Issue, Series 2006B.

\$46,420,000 Johns Hopkins University, Series B, C/P

Private placements to construct, renovate, acquire and improve various existing educational, health care, administrative and support facilities of the institution and the acquisition of various educational, administrative and other equipment and library collections.

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

NON-COLLEGIATE SCHOOL FINANCINGS:

\$9,865,000 DeMatha Catholic High School, Series 2008

A public issue for renovations to the School's academic, administrative and parking facilities as well as the construction of a new athletic facility.

\$9,110,000 DeMatha Catholic High School, Series 2008 2nd Delivery)

A public issue for renovations to the School's academic, administrative and parking facilities as well as the construction of a new athletic facility.

POOLED LOAN PROGRAM, SERIES D FINANCINGS:

\$16,000,000 St. Mary's Hospital of St. Mary's County

This loan provided funds to finance (a) construction of a hospital annex, (b) site work relating to the annex building and future expansion of the main hospital building, (c) build out of operating room space and nursing unit space, and (d) acquisition and installation of HVAC equipment.

Subsequent Bond Activity

Prior to June 30, 2009 the following bonds were authorized but not issued:

\$6,000,000, Revenue Bonds, Johns Hopkins Medical Institutions

Subsequent to June 30, 2009 the following bonds were authorized and issued:

\$20,600,000 Revenue Bonds, Augsburg Lutheran Home, Series 2009

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

Subsequent to June 30, 2009 the following bonds were authorized but not issued:

\$8,350,000 Revenue Bonds, The Bryn Mawr School for Girls of Baltimore City

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

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

Maryland Health and Higher Educational Facilities Authority-
Balance Sheet

June 30, 2009
(in thousands of dollars)

ASSETS

Current assets:

Cash and cash equivalents	\$	5
Non-capital investments at fair value		3,204
Interest receivable		84
Administrative fees receivable		5
Prepaid pension and other prepayments		50
Total current assets		3,348

Non-current assets:

Non-capital investments at fair value		15,045
Capital assets (net of accumulated depreciation of \$190)		66
TOTAL ASSETS	\$	18,459

LIABILITIES AND NET ASSETS BALANCES

Current liabilities:

Accounts payable and accrued expenses	\$	80
Total current liabilities		80

Non-current liabilities:

Non-current accrued vacation		46
Total non-current liabilities		46
TOTAL LIABILITIES		126

NET ASSETS

Invested in capital assets, net of related debt		66
Unrestricted net assets:		
Designated for operations		3,220
Designated for contingencies		15,047
TOTAL NET ASSETS		18,333
TOTAL LIABILITIES AND NET ASSETS	\$	18,459

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

For the year ended June 30, 2009
(in thousands of dollars)

OPERATING REVENUES

Annual administrative fees	\$ 2,321
Application fees	45
TOTAL OPERATING REVENUES	2,366

OPERATING EXPENSES

Salaries	736
Employees' insurance, pension and other fringe benefits	130
Payroll taxes	47
Professional fees	483
Office rent	94
Office supplies and expenses	101
Depreciation	19
TOTAL OPERATING EXPENSES	1,610

OPERATING INCOME	756
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NON-OPERATING REVENUES

Net income from investments	612
Unrealized gain on investments	35

INCREASE IN NET ASSETS	1,403
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Net assets, beginning of year	16,930
Net assets, end of year	\$ 18,333

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, 2009
(in thousands of dollars)

CASH FLOWS PROVIDED BY OPERATING ACTIVITIES

Cash received from administrative and other fees	\$	2,372
Cash payments to employees and employee benefits		(887)
Cash payments to suppliers for goods and services		(700)
Net cash provided by operating activities		785

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Purchases of capital assets		(30)
Net cash used in capital and financing activities		(30)

CASH FLOWS FROM INVESTING ACTIVITIES

Investment income		622
Purchases of investments		(40,248)
Sales and maturities of investments		38,867
Net cash used in investing activities		(759)

Net decrease in cash and cash equivalents	(4)
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Cash and cash equivalents, beginning of year	9
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Cash and cash equivalents, end of year	\$ 5
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**RECONCILIATION OF OPERATING GAIN TO NET CASH PROVIDED
BY OPERATING ACTIVITIES**

Operating income	\$ 756
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**ADJUSTMENTS TO RECONCILE OPERATING GAIN TO NET CASH
PROVIDED BY OPERATING ACTIVITIES**

Depreciation	19
Administrative fees receivable	5
Prepaid pension and other prepayments	4
Accounts payable and accrued expenses	1

Net cash provided by operating activities	\$ 785
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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

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)

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, 2009 the designation was \$3,220,000. 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, 2009. At June 30, 2009, the designated amount was \$15,047,000 which does not exceed the limitation of \$83,677,120.

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	3 to 10 years
• Computer equipment	3 to 5 years
• Office equipment	5 to 10 years
• Automobiles	5 years
• Leasehold improvements	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):

	AMORTIZED COST	GROSS UNREALIZED LOSSES	GROSS UNREALIZED GAINS	FAIR VALUE
Obligations of U.S. government agencies and instrumentalities	\$ 17,481	\$ 0	\$ 63	\$ 17,544
Money Market Accounts	705	0	0	705
Total	\$ 18,186	\$ 0	\$ 63	\$ 18,249

The amortized cost and fair value of investments at June 30, 2009, 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.

	FAIR VALUE	AMORTIZED COST
Due in one year or less	\$ 3,204	\$ 3,195
Due after one year through five years	13,374	13,321
Due after five years through ten years	1,671	1,670
Due after ten years	0	0
	\$ 18,249	\$ 18,186

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, 2009, 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)

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, 2009, allocation by type of investments is as follows
(in thousands of dollars):

Asset	Fair Value	Percentage of Total
Obligations of US Government Agencies:		
Federal Home Loan Banks	\$ 5,916	32.42%
Federal Home Loan Mortgage Corp	6,337	34.73%
Federal Farm Credit Banks	3,770	20.66%
Federal National Mortgage Association	1,521	8.33%
Money Market		
Federated Government Obligations Fund	705	3.86%
Total	\$ 18,249	100.00%

As of June 30, 2009, allocation by credit rating of investments is as follows:

Asset	Rating	Agency
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)

NOTE 3: COMMITMENTS AND CONTINGENCIES

The Authority has a lease commitment for office space through March 31, 2013. At June 30, 2009, the minimum rental commitments for office space over the next four years and in aggregate, are as follows:

2010	\$	96,267
2011		98,196
2012		100,166
2013		76,250
	\$	<u>370,879</u>

The Authority has agreed to lend up to \$1,500,000 to one or more of the Kennedy Krieger Institute's Obligated Group Members 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. The loan is expected to take place in Fiscal Year 2010 and will have a five year amortization.

NOTE 4: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2009 was as follows (in thousands of dollars):

Capital assets beginning of year	\$	226
Additions		30
Retirements		0
Capital assets end of year		256
Less accumulated depreciation end of year		190
Capital assets net of depreciation end of year	\$	<u>66</u>

The Authority recognized \$19 thousand of depreciation expense during fiscal year 2009.

NOTE 5: 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 4.7%, 6.4% and 5.8% of gross wages for 2009, 2008 and 2007, respectively. The Authority's pension expense for 2009, 2008 and 2007 amounted to \$35,030, \$42,194 and \$36,087, 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

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

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 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, 2009 (in thousands of dollars):

Bonds outstanding as of June 30, 2008	\$8,204,796
Plus: Bonds issued during FY 2009	1,177,180
Less: Redemptions and refundings during FY 2009	(915,169)
<u>Bonds outstanding as of June 30, 2009</u>	<u>\$8,466,807</u>

Maryland Health and Higher Educational Facilities Authority

Additional Information

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Maryland Health and Higher Educational Facilities Authority

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. At June 30, 2009, the Authority believes the fund balances of all issues requiring Debt Service Reserve Funds were in compliance with their respective bond resolutions and indentures.

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. At June 30, 2009, the Authority believes the fund balances of all issues requiring Project Reserve Funds were in compliance with their respective bond indentures and resolutions. 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, 2009 (in thousands of dollars)	CONSTRUCTION FUNDS	PROGRAM FUNDS
ASSETS		
Cash and cash equivalents	\$ 0	\$ 0
Investments at fair value	797,813	26,746
Interest receivable	2,791	78
Due from other funds	0	163
Accounts receivable	0	0
Principal and lease payments receivable	0	0
TOTAL ASSETS	\$ 800,604	\$ 26,987
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 0	\$ 176
Advance payments and deposits from institutions	0	0
Bonds, notes and leases payable from Debt Service Funds	0	0
Interest payable	0	0
Due to other funds	5,179	24
Bonds, notes and lease obligations payable	0	0
TOTAL LIABILITIES	5,179	200
RESTRICTED NET ASSETS		
Reserved for debt service	0	0
Reserved for loans under Pooled Loan Program	0	26,787
Designated for specific projects	795,425	0
Designated for operations	0	0
TOTAL NET ASSETS BALANCES	795,425	26,787
TOTAL LIABILITIES AND NET ASSETS	\$ 800,604	\$ 26,987

<i>DEBT SERVICE FUNDS</i>	<i>DEBT SERVICE RESERVE FUNDS</i>	<i>PROJECT RESERVE FUNDS</i>	<i>REDEMPTION FUNDS</i>	<i>DEBT PRINCIPAL ACCOUNT GROUP</i>	<i>TOTAL</i>
\$ 2,256	\$ 3	\$ 0	\$ 0	\$ 0	\$ 2,259
184,214	261,497	10,776	45,801	0	1,326,847
0	1,563	0	0	0	4,432
8,268	0	0	0	0	8,431
29,359	0	0	0	0	29,359
0	0	0	0	8,466,807	8,466,807
\$ 224,097	\$ 263,063	\$ 10,776	\$ 45,801	\$ 8,466,807	\$ 9,838,135

\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 176
690	0	0	0	0	690
98,691	0	0	450	0	99,141
96,989	0	0	0	0	96,989
2,299	826	103	0	0	8,431
0	0	0	0	8,466,807	8,466,807
198,669	826	103	450	8,466,807	8,672,234

25,428	262,237	0	45,351	0	333,016
0	0	0	0	0	26,787
0	0	0	0	0	795,425
0	0	10,673	0	0	10,673
25,428	262,237	10,673	45,351	0	1,165,901
\$ 224,097	\$ 263,063	\$ 10,776	\$ 45,801	\$ 8,466,807	\$ 9,838,135

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, 2009 (in thousands of dollars)	CONSTRUCTION FUNDS	PROGRAM FUNDS
Net assets, June 30, 2008	\$ 1,320,164	\$ 28,501
ADDITIONS		
Proceeds from sale of bonds and notes:		
Gross proceeds	1,032,415	0
Proceeds from Bank Bonds	0	0
Underwriters' discount	(4,263)	0
Original issuance discount	(5,524)	0
Interest accrued to date of delivery	0	0
Swap termination payment	0	0
Payments and contributions received from and on behalf of institutions	4,141	0
Insurance proceeds	487	0
Lease and loan payments	0	0
Debt service- interest	0	0
Unrealized gain/(loss) on investments	1,144	(1,466)
Income from investments	35,608	415
Original issue premium	8,468	0
Total additions	1,072,476	(1,051)
DEDUCTIONS		
Project and financing costs	836,237	1,031
Loans to institutions	0	6,175
Principal (including July 1, 2009 installments funded at June 30, 2009)	62,321	0
Interest	5,854	0
Required payments to institutions	608	0
Retirement of Bonds	0	0
Total deductions	905,020	7,206
INTERFUND TRANSFERS	(692,195)	6,543
Net Assets balances, June 30, 2009	\$ 795,425	\$ 26,787

<i>DEBT SERVICE FUNDS</i>	<i>DEBT SERVICE RESERVE FUNDS</i>	<i>PROJECT RESERVE FUNDS</i>	<i>REDEMPTION FUNDS</i>	<i>TOTAL</i>
\$ 30,045	\$ 268,729	\$ 1,028	\$ 1,629	\$ 1,650,096
325,784	6,463	0	69,935	1,434,597
564,833	0	0	0	564,833
0	0	0	0	(4,263)
0	0	0	0	(5,524)
795	0	0	0	795
0	(218)	0	0	(218)
312	0	55,042	13,402	72,897
0	0	0	0	487
153,058	0	0	0	153,058
208,607	0	0	0	208,607
29	(1,763)	(1)	2	(2,055)
1,018	10,625	19	271	47,956
0	0	0	0	8,468
1,254,436	15,107	55,060	83,610	2,479,638
278	0	0	2,275	839,821
0	0	0	0	6,175
1,535,145	0	0	198,395	1,795,861
301,349	0	0	1,469	308,672
196	0	0	0	804
12,500	0	0	0	12,500
1,849,468	0	0	202,139	2,963,833
590,415	(21,599)	(45,415)	162,251	0
\$ 25,428	\$ 262,237	\$ 10,673	\$ 45,351	\$ 1,165,901

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

As of June 30, 2009, 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, 2009</i>	<i>BONDS AND NOTES PAYABLE SUBSEQUENT TO JULY 1, 2009</i>
PUBLIC OFFERINGS				
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	0	64,322
University of Maryland Medical System, Series 1991B, dated January 1, 1991	2022	38,670	0	27,315
Union Hospital of Cecil County, Series 1992, dated July 1, 1992	2022	14,145	455	0
Greater Baltimore Medical Center, Series 1993, dated July 1, 1993	2019	76,425	3,450	15,595
The Johns Hopkins Medical Institutions Parking Facilities, Series 1996, dated January 1, 1996	2026	42,425	180	27,705
Mercy Medical Center, Series 1996, dated January 1, 1996	2026	30,000	775	21,845
Loyola College, Series 1996B, dated October 1, 1996	2013	14,900	0	6,000
Stella Maris, Series 1997, dated January 1, 1997	2021	21,985	910	15,210
Broadmead, Series 1997, dated July 1, 1997	2017	11,995	625	6,430
Kennedy Krieger, Series 1997, dated November 1, 1997	2022	13,670	525	9,985
Catholic Health Initiatives, Series 1997B, (St. Joseph Medical Center), dated November 25, 1997	2015	30,500	0	13,100
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	16,000
Calvert Memorial Hospital, Series 1998, dated January 1, 1998	2026	27,860	685	21,855
The Johns Hopkins University, Series 1998, dated April 2, 1998	2020	192,510	7,380	8,460
JHM/Howard County General Hospital Acquisition Series 1998, dated June 1, 1998	2030	133,910	2,560	118,055
PUMH of Maryland, Inc. (Heron Point of Chestertown), Series 1998A & B, dated June 15, 1998	2026	35,115	0	30,915
Green Acres School, Series 1998, dated August 5, 1998	2028	4,460	110	3,565
Anne Arundel Medical Center, Series 1998, dated July 1, 1998	2033	69,840	1,305	61,785
Maryland Institute College of Art, Series 1998, dated July 15, 1998	2029	17,950	0	14,455
Union Hospital of Cecil County, Series 1998, dated July 1, 1998	2029	17,675	325	14,465
College of Notre Dame of Maryland, Series 1998, dated September 1, 1998	2023	11,995	0	8,640
Memorial Hospital at Easton, Series 1998, dated October 1, 1998	2019	33,470	1,240	22,955
Memorial Hospital at Easton, Series 1999, dated April 1, 1999	2009	4,260	525	0
Medlantic/Helix, Series 1998A, dated December 1, 1998	2038	166,605	0	162,895
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	1,175	27,720
Loyola College, Series 1999, dated June 1, 1999	2039	33,355	0	33,355

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

As of June 30, 2009, 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, 2009</i>	<i>BONDS AND NOTES PAYABLE SUBSEQUENT TO JULY 1, 2009</i>
Glen Meadows Retirement Community, Series 1999A & B, dated August 25, 1999	2029	\$ 20,410	\$ 405	\$ 17,620
Catholic Health Initiatives, Series 2000 A, dated March 1, 2000	2024	23,455	0	6,040
Mercy Ridge, Series 2000, dated March 1, 2000	2031	69,305	0	26,400
The Bullis School, Series 2000, dated November 28, 2000	2030	20,400	460	17,945
The Johns Hopkins University, Series 2001A, dated March 15, 2001	2013	20,355	2,195	13,070
The McLean School, Series 2001, dated May 30, 2001	2031	9,080	180	7,985
Roland Park Country School, Series 2001, dated June 7, 2001	2026	7,500	0	5,000
The Johns Hopkins Hospital, Series 2001, dated August 29, 2001	2034	101,355	0	87,120
The Johns Hopkins Medical Institutions Parking Facilities, Series 2001, dated August 29, 2001	2034	28,030	550	25,950
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	0	7,570
University of Maryland Medical System, Series 2001, dated December 5, 2001	2034	100,000	1,030	2,410
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	1,290	4,085
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	1,640	29,265
Carroll County General Hospital, Series 2002, dated June 13, 2002	2037	91,760	1,260	86,630
Hebrew Home of Greater Washington, Series 2002, dated June 19, 2002	2032	13,140	0	11,920
Holton Arms School, Series 2002, dated June 20, 2002	2032	21,000	400	20,200
Frederick Memorial Hospital, Series 2002, dated July 15, 2002	2035	71,715	815	69,360
Union Hospital of Cecil County, Series 2002, dated October 15, 2002	2032	24,000	480	21,075
Carnegie Institution of Washington, Series 2002, dated October 23, 2002	2037	30,000	0	30,000
Adventist HealthCare, Series 2003A, dated February 15, 2003	2025	22,925	0	21,925
Adventist HealthCare, Series 2003B, dated February 27, 2003	2033	39,560	0	34,355
The Johns Hopkins Hospital, Series A, dated March 6, 2003	2013	54,310	0	2,320
Kennedy Krieger, Series 2003, dated April 27, 2003	2033	24,490	570	22,240
Sheppard Pratt, Series 2003A, dated May 1, 2003	2036	45,590	1,180	39,070
Sheppard Pratt, Series 2003B, dated May 1, 2003	2028	45,550	625	43,700
University of Maryland Medical System, Series 2004B, dated January 22, 2004	2032	253,860	1,365	29,565
MedStar Health, Series 2004, dated February 3, 2004	2033	170,350	0	170,350

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

As of June 30, 2009, 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, 2009</i>	<i>BONDS AND NOTES PAYABLE SUBSEQUENT TO JULY 1, 2009</i>
Anne Arundel Health System, Series 2004A&B, dated February 19, 2004	2034	\$ 139,245	\$ 1,510	\$ 82,345
Friends School of Baltimore, Series 2004, dated April 1, 2004	2029	7,500	0	6,865
Shore Health System, Series 2004, dated April 8, 2004	2029	25,920	830	23,505
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	155	35,240
Suburban Hospital, Series 2004, dated June 3, 2004	2029	72,445	2,845	20,780
Calvert Health System, Series 2004, dated July 8, 2004	2039	32,925	95	32,735
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	65,210
French International School, Series 2004, dated September 30, 2004	2034	14,000	0	13,500
The Johns Hopkins Medical Institutions Parking Facilities, Series 2004B, dated December 1, 2004	2038	33,035	1,110	31,510
Indian Creek School, Series 2004, dated December 23, 2004	2029	14,300	0	13,705
Civista Medical Center, Series 2005, dated February 17, 2005	2037	59,000	555	57,905
The Johns Hopkins University, Series 2005A, dated March 3, 2005	2036	69,265	0	69,265
Bryn Mawr School, Series 2005, dated March 10, 2005	2030	6,500	0	5,350
Rambam School, Series 2005, dated April 27, 2005	2025	2,700	95	2,520
Stone Ridge School, Series 2005, dated June 22, 2005	2035	12,000	385	11,015
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	36,245
University of Maryland Medical System, Series 2005, dated October 10, 2005	2031	149,700	1,325	141,390
Villa Julie College, Series 2005, dated December 15, 2005	2030	95,560	1,375	89,810
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	2,510	136,015
Gilman School, Series 2006, dated June 1, 2006	2036	30,000	0	30,000
Edenwald, Series 2006, dated July 6, 2006	2037	80,365	450	60,445
University of Maryland Medical System, Series 2006, dated November 9, 2006	2041	395,000	0	45,000
Western Maryland Health System, Series 2006A&B, dated November 14, 2006	2026	350,830	0	350,830

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

As of June 30, 2009, 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, 2009</i>	<i>BONDS AND NOTES PAYABLE SUBSEQUENT TO JULY 1, 2009</i>
Kennedy Krieger Institute, Series 2006, dated November 15, 2006	2036	52,125	625	50,250
Severn School, Series 2006, dated November 15, 2006	2036	\$ 10,500	\$ 0	\$ 10,500
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	2,205	73,350
King Farm Presbyterian Retirement Community, Series 2007, dated January 11, 2007	2037	174,590	0	174,590
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	430	23,015
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	38,200
Bishop McNamara High School, Series 2007, dated August 8, 2007	2032	8,000	175	7,660
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	137,420
Roland Park Country School, Series 2001 (2nd Delivery), dated September 26, 2007	2037	12,500	0	12,400
Goucher College, Series 2007, dated October 31, 2007	2037	31,285	750	30,535
Mercy Medical Center, Series 2007A-D, dated November 8, 2007	2042	305,000	850	303,400
Annapolis Life Care, Series 2007, dated November 15, 2007	2040	45,405	0	45,405
Loyola College in Maryland, Series 2007, dated December 6, 2007	2023	11,000	0	11,000
Gaudenzia Foundation, Series 2007, dated December 12, 2007	2028	5,500	275	4,970
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	2,445	280,440
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	0	15,105
Odenton Christian School, Series 2008, dated March 19, 2008	2033	3,590	0	3,590
The Johns Hopkins Health System Obligated Group, Series 2008A, dated April 23, 2008	2027	12,215	0	12,005
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
Doctors Community Hospital, Series 2008, dated May 22, 2008	2038	59,160	0	59,160
The Boys' Latin School of Maryland, Series 2008, dated June 24, 2008	2038	20,000	345	19,655
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	0	72,160

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

As of June 30, 2009, 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, 2009</i>	<i>BONDS AND NOTES PAYABLE SUBSEQUENT TO JULY 1, 2009</i>
DeMatha Catholic High School, Series 2008, dated July 15, 2008	2038	9,865	0	9,865
University of Maryland Medical System, Series 2008F, dated July 23, 2008	2023	\$ 89,750	\$ 5,950	\$ 81,395
Stevenson University, Series 2008, dated July 24, 2008	2035	23,500	0	23,500
University of Maryland Medical System, Series 2008G, dated July 29, 2008	2023	40,275	2,125	38,150
University of Maryland Medical System, Series 2008H, dated July 29, 2008	2032	36,525	2,275	34,250
The Johns Hopkins University, Series 2008, dated August 7, 2008	2038	255,735	375	255,360
Upper Chesapeake Hospitals, Series 2008A, dated August 8, 2008	2043	62,625	0	63,575
Upper Chesapeake Hospitals, Series 2008B, dated August 8, 2008	2043	62,675	0	59,855
Upper Chesapeake Hospitals, Series 2008C, dated August 8, 2008	2038	54,125	0	55,015
Loyola College in Maryland, Series 2008, dated August 17, 2008	2026	46,370	0	46,370
Chimes, Series 2008, dated October 31, 2008	2033	5,610	215	5,395
Suburban Hospital, Series 2008, dated November 19, 2008	2029	58,515	840	57,675
Anne Arundel Medical Center, Series 2008A, dated January 29, 09	2039	120,000	0	120,000
Anne Arundel Medical Center, Series 2008B, dated February 19, 09	2043	60,000	0	60,000
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	0	9,110
Public Offerings Outstanding		8,944,009	69,890	7,358,617
PRIVATE PLACEMENTS AND LIMITED OFFERINGS				
Pooled Loan Program, Series D (1994), dated January 1, 1994	2039	\$ 418,516	\$ 4,150	\$ 164,510
University Physicians, Series 1994, dated June 8, 1994	2014	14,250	350	5,700
Greater Baltimore Medical Center, Series 1995, dated July 1, 1995	2025	10,000	305	7,060
Capitol College, Series 1995, dated July 1, 1995	2020	8,000	150	5,175
Augsburg Lutheran, Series 1997, dated January 1, 1997	2022	9,300	300	7,115
The Johns Hopkins Hospital, Series B, dated January 1, 1997	2027	3,404	400	0
The Norwood School, Series 1998, dated November 1, 1998	2025	10,505	0	3,310
Washington Episcopal School, Series 1999, dated January 28, 1999	2029	11,768	20	10,335
Washington Episcopal School, Series 1999 (Taxable), dated January 26, 1999	2029	632	1	487
Barnesville School, Series 1999, dated March 9, 1999	2024	3,790	0	2,265
Charles E. Smith Jewish Day School, 1999 Issue, dated June 1, 1999	2029	12,600	10	4,052
Landon School, Series 1999, dated November 1, 1999	2024	11,000	0	9,100
The Johns Hopkins University, Commercial Paper, Series A	2031	200,000	967	132,485
The Johns Hopkins University, Commercial Paper, Series B	2029	200,000	11,643	113,371

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

As of June 30, 2009, 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, 2009</i>	<i>BONDS AND NOTES PAYABLE SUBSEQUENT TO JULY 1, 2009</i>
St. Anne's Day School, dated November 8, 2001	2026	5,000	0	3,536
Community Support Services, dated December 10, 2001	2031	\$ 2,660	\$ 0	\$ 1,022
St. John's Episcopal Day School, dated December 21, 2001	2032	7,000	10	6,497
The Johns Hopkins Hospital, Series 2003C, dated March 6, 2003	2013	14,515	0	1,735
The Johns Hopkins Health System, Commercial Paper, Series A	2022	75,165	5,180	56,075
The Johns Hopkins Health System, Commercial Paper, Series B	2024	101,240	3,460	89,590
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	84	894
Chesapeake Academy, Series 2004, dated September 29, 2004	2026	2,600	7	2,336
Washington County Hospital Association Lease (2005), dated April 19, 2005	2012	2,812	34	1,254
Mt. Airy Christian Academy, dated August 26, 2005	2031	2,500	7	1,717
Anne Arundel Health System Lease (2006), dated January 25, 2006	2011	15,000	0	15,000
Chester River Hospital Center Lease (2006), dated February 4, 2006	2013	3,953	0	2,377
Mercy Medical Center, Series 2006, dated August 3, 2006	2036	35,000	530	34,470
College of Notre Dame Lease (2006), dated September 7, 2006	2011	2,500	42	1,282
St. Mary's County Hospital Lease (2006), dated December 12, 2006	2016	8,201	0	5,566
Charles County Nursing and Rehabilitation Center, Series 2007, dated June 1, 2007	2037	3,900	0	3,775
Adventist HealthCare Lease (2007), dated June 14, 2007	2012	12,000	0	7,507
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	1,555	33,770
Adventist HealthCare Lease (2008), 2nd tranche, dated October 16, 2008	2013	8,000	0	7,020
Health Care for the Homeless, Series 2008, dated November 6, 2008	2033	7,000	0	57
Private Placements and Limited Offerings Outstanding		1,532,153	29,205	1,009,095
Total Outstanding		\$ 10,476,162	\$ 99,095	\$ 8,367,712

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

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, 2009 are as follows (in thousands of dollars):

*Catholic Health Initiatives, Series 2000A	\$ 12,415
Collington Episcopal Life Care Community, Series 2001A	13,600
Frederick Memorial Hospital, Series 1993	7,040
Good Samaritan Hospital, Series 1993	11,930
Helix Health, Series 1997	105,555
Howard County General Hospital, Series 1993	42,975
The Johns Hopkins Hospital Redevelopment, 1979 Series	4,270
The Johns Hopkins Hospital, Series 1999	10,590
The Johns Hopkins Hospital, Series 2003	101,425
The Johns Hopkins University, Series 1999	77,805
LifeBridge Health, Series 2004A	80,585
Maryland Institute College of Art, Series 2001	25,000
Mercy Ridge, Series 2003A	21,070
North Arundel Hospital, Series 2000	15,000
University of Maryland Medical System, Series 2000	118,175
*University of Maryland Medical System, Series 2001	93,300
*University of Maryland Medical System, Series 2002	45,400
	\$ 786,135

*Partially defeased

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