

*Maryland Health and Higher
Educational Facilities Authority*

2018 ANNUAL REPORT

Maryland Health and Higher Educational Facilities Authority

The Maryland Health and Higher Educational Facilities Authority believes that Maryland's healthcare institutions, colleges and universities and non-collegiate schools provide the foundation for our state's economy.

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 and refinancing construction, renovation and equipping of facilities for nonprofit hospitals, colleges, universities, non-collegiate 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 wellbeing of the residents of our state.

AUTHORITY MEMBERS

ARNOLD WILLIAMS, *Chairman*

Term as member expires July 1, 2019; 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; Board of Directors, 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.

SHEILA K. RIGGS, *Vice-Chairman*

Term as member expired July 1, 2018; resident of Baltimore City; former Chairman; 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.

NANCY K. KOPP, *ex officio*

Resident of Montgomery County; Treasurer of the State of Maryland; Chair - Maryland Capital Debt Affordability Committee; Maryland 529 (formerly 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; Board of Revenue Estimates; and Financial Accounting Foundation Board of Trustees.

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

Term expired July 1, 2017; resident of Washington County; Professor Emeritus, Frostburg State University, College of Business; member - American Marketing Association; and St. Maria Goretti High School Board.

JAMES P. DALY, JR., *Member*

Term expired July 1, 2018; resident of Anne Arundel County; former Managing Director - Legg Mason Capital Management; former Principal - Alex Brown & Sons Incorporated; Vice Chair - Board of Trustees of Mater Dei Prep (NJ); Chair - Advisory Board, Loyola University of Maryland College of Arts and Sciences; and Board Member - Gibson Island Corporation.

RICHARD M. LERNER, *Member*

Term expires July 1, 2019; resident of Annapolis; former Chairman and CEO, Annapolis Bancorp, Inc. and BankAnnapolis; former Chairman, Maryland Region First National Bank; Member President's Council of Tulane University; former Chairman of the Board Hospice of the Chesapeake, Inc. and Hospice of the Chesapeake Foundation; former Chairman of the Board Foundation for Community Partnerships (now known as Chesapeake Charities); and former Board Member Anne Arundel County CASA, Inc.

FREDERICK W. MEIER, JR., *Member*

Term expires July 1, 2020; 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; Board of Finance of the City of Baltimore; 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.

AUTHORITY MEMBERS (continued)

BONNIE PHIPPS, *Member*

Term expires July 1, 2021; resident of Baltimore County; former Senior Vice President and Ministry Market Leader – Ascension Health (St. Louis, Missouri); former President and CEO St. Agnes Healthcare (Baltimore, Maryland) and Saint Joseph's Health System (Atlanta, Georgia); member of the Board of Directors Charlestown Retirement Community; St. Mary's Seminary and University; and Notre Dame of Maryland University; member of the Board of Financial Administration – Archdiocese of Baltimore; and Y of Central Maryland; and member – Healthcare Financial Management Association.

W. DANIEL WHITE, *Member*

Term expires July 1, 2020; resident of Baltimore County; retired Executive Vice President, Assistant Secretary and Assistant Treasurer and member of the Board of Directors – The Whiting–Turner Contracting Company; Advisory Board Member – Towson University, The Johns Hopkins University Whiting School of Engineering; and Notre Dame Preparatory School; Board Member and Past Board Chair – Maryland Family Network; Planning Committee Chair – Baltimore Country Club; former Board member of numerous educational, economic development and non-profit organizations; former Adjunct Faculty – The Johns Hopkins University.

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

AUTHORITY STAFF

ANNETTE ANSELM
Executive Director

JOHN BENNETT
Chief Financial Officer

LENA PRINCE
Senior Account Manager

MARY JANE LUPUS
Account Manager

KATHY RECH
Account Manager

STEPHANIE BURRELL
Executive Assistant

AUTHORITY CONSULTANTS

McKENNON SHELTON & HENN LLP
Bond Counsel

PUBLIC FINANCIAL MANAGEMENT, INC. (PFM)
Financial Advisor

COHNREZNICK LLP
Independent Auditors

MANAGEMENT CONSULTING SERVICES
Management Consultant

Maryland Health and Higher Educational Facilities Authority

Report of Independent Auditors

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 sheets as of June 30, 2018 and 2017, and the related statements of revenues, expenses and changes in net position and cash flows for the years 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 audits. We conducted our audits 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.

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, 2018 and 2017, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Schedules of Required Pension Related Supplementary Information on pages 7 through 13 and 36 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other 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 37 through 49 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 11, 2018

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 Governmental 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, deferred outflows of resources, liabilities, deferred inflows of resources and net position. Net position is equal to total assets and deferred outflows of resources less total liabilities and deferred inflows of resources.
- **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 for the fiscal year. Operating revenue is generated from annual administrative fees and application fees charged to borrowers. Operating expense includes staff salaries, professional fees and other expenses. 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 2018 the Authority issued and delivered 14 bond issues totaling approximately \$940 million. The approximately \$1.36 billion decrease from the total issued in fiscal year 2017 is primarily due to a decline in new project funding and hospitals' change in focus from development of inpatient hospital facilities to ambulatory care centers, population health and service and supply agreements.
- Since January 2018 the Authority has been engaged in amending the interest rate provisions on direct placement debt outstanding as a result of the reduction in the maximum federal corporate income tax rate effective January 1, 2018. During the fiscal year 2018 the Authority has amended interest rate provisions for 19 private placement issues totaling over \$489 million.
- Operating revenues increased by approximately \$141,000 due primarily to an increase in administrative fees. The Authority funds its operations using a combination of annual administrative fees, application fees and non-operating investment income. Annual administrative fees may be set at a maximum of one tenth of one percent of the par amount of debt issued. The application fee is currently \$5,000. In fiscal year 2018, the Authority continued to waive 75% of the annual administrative fees chargeable to borrowing institutions for financings that were in place prior to fiscal year 2008 and 70% for financings completed in fiscal year 2008 and after.
- Operating expenses decreased by approximately \$226,000 due primarily to a \$167,000 decrease in professional fees for financial advisor services resulting from a decrease in the volume of public bond issues by the Authority in fiscal year 2018.
- The Authority had approximately \$9.1 billion and \$9.0 billion of conduit debt outstanding at June 30, 2018 and June 30, 2017, respectively. 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.

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

Financial Highlights

The following summarizes the financial position and results of operations of the Authority for the fiscal years ended June 30, 2018 and 2017 (in thousands of dollars):

	June 30, 2018	June 30, 2017
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$27,794	\$26,462
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	898	975
NET POSITION	26,896	25,487
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$27,794	\$26,462
OPERATING REVENUES	\$2,934	\$ 2,793
OPERATING EXPENSES	1,767	1,993
OPERATING INCOME	1,167	800
NON-OPERATING REVENUES		
Net income from investments	342	266
Unrealized (loss)/gain on investments	(100)	(212)
TOTAL NON-OPERATING REVENUES	242	54
INCREASE IN NET POSITION	1,409	854
Net position, beginning of year	25,487	24,633
Net position, end of year	\$26,896	\$25,487

Summary of Financings

During fiscal years 2018 and 2017, the Authority issued:

	<u>2018</u>	<u>2017</u>
Public Issues	\$368,330,000	\$1,378,395,000
Private Placements	572,082,000	918,636,530
	<u>\$940,412,000</u>	<u>\$2,297,031,530</u>

The following is a list of bonds issued during fiscal year 2018:

HEALTHCARE FINANCINGS:

\$ 7,501,000 Atlantic General Hospital Issue (2017A)

\$20,013,000 Atlantic General Hospital Issue (2017B)

Private placements to refinance existing debt and to finance a new building for a Regional Cancer Care Center, expand the Women's Health Center and finance equipment and other capital improvements.

\$165,825,000 The Johns Hopkins Health System Issue (2017B)

A private placement to refund the Authority's Revenue Bonds, The Johns Hopkins Health System Obligated Group Issue, Series 2012C and The Johns Hopkins Health System Obligated Group Issue, Series 2012D.

\$42,485,000 Anne Arundel Health System Issue, Series 2017A

\$17,760,000 Anne Arundel Health System Issue, Series 2017B

Public offerings to refund the Authority's Revenue Bonds, Anne Arundel Health System Issue, Series 2010.

\$118,120,000 Lifebridge Health Issue, Series 2017

A public offering to refund the Authority's Revenue Bonds, LifeBridge Health Issue, Series 2008.

\$7,500,000 The Johns Hopkins Health System Obligated Group Issue (2012 E/2017C)

A private placement to finance capital improvements.

\$40,000,000 Adventist HealthCare Issue (2017)

A private placement to finance the construction of a central utility plant at the new White Oak Campus.

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

\$145,265,000 University of Maryland Medical System Issue, Series 2017D
\$ 44,700,000 University of Maryland Medical System Issue, Series 2017E (taxable)

Public offerings to finance the construction of a new Regional Medical Center in Largo, MD which will replace the University of Maryland Prince George's Hospital Center located in Cheverly, MD and adjacent ambulatory care center and freestanding medical facility in Laurel, MD to replace the existing Laurel Regional Hospital.

\$178,748,000 Sheppard Pratt Health System Issue

A private placement to refund the Authority's Revenue Bonds, Sheppard Pratt Health System Issue (2012A) and Sheppard Pratt Health System Issue (2012B) and to finance the construction of a new psychiatric hospital in Elkridge, Maryland and to finance other routine capital expenditures.

\$48,245,000 The Johns Hopkins Health System Issue (2018A)
\$88,250,000 The Johns Hopkins Health System Issue (2018B)

Private placements to refund the Authority's Revenue Bonds, The Johns Hopkins Health System Issue, Series 2015B and The Johns Hopkins Health System Issue, Series 2013A, respectively.

NON-COLLEGIATE SCHOOL FINANCINGS:

\$16,000,000 Calvert Hall College Issue (2017)

A private placement to refinance existing debt and finance an athletic facilities project.

Total Principal of Bonds Outstanding (in thousands of dollars)

	<u>2018</u>	<u>2017</u>
Public Offerings	\$6,408,526	\$6,769,138
Private Placements	<u>2,654,845</u>	<u>2,273,645</u>
Total	<u>\$9,063,371</u>	<u>\$9,042,783</u>

Refer to pages 42-44 for a detailed list of the Public Offerings and Private Placements outstanding.

Refer to pages 45-48 for a detailed list of the bonds outstanding for each borrower.

Subsequent Bond Activity

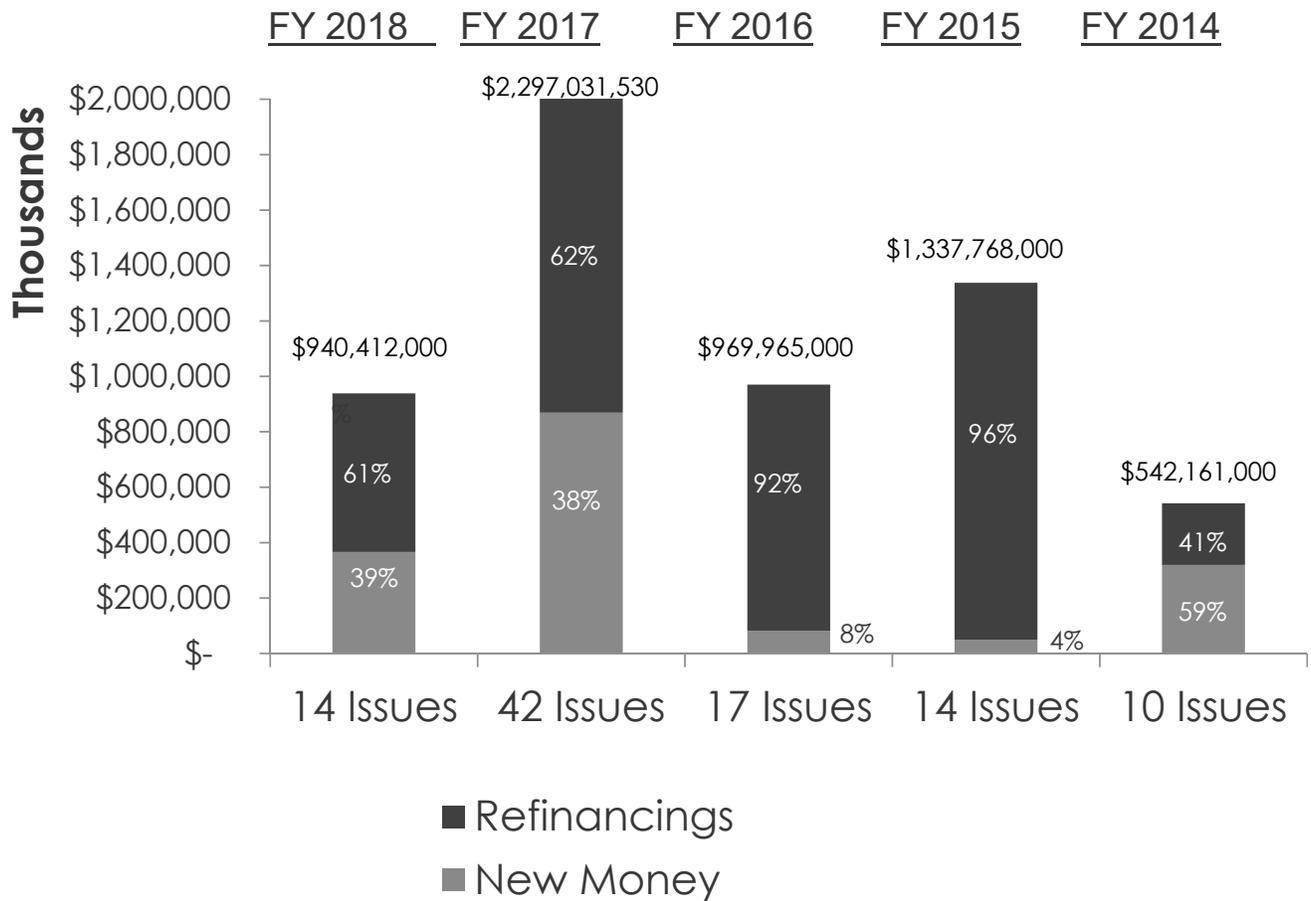
Subsequent to June 30, 2018, the following bonds were authorized and issued as of September 11, 2018 (the date on which these financial statements were available to be issued):

- Annapolis Life Care Issue (2018 A & B)
- Notre Dame Preparatory School Issue (2018)

Subsequent to June 30, 2018, the following bonds were authorized but had not been issued as of September 11, 2018 (the date on which these financial statements were available to be issued):

- Broadmead Issue, Series 2018 A & B
- Sandy Spring Friends School Issue (2018 A, B & C)

5 Year Bond Issuance Comparison



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 Sheets
As of June 30, 2018 and June 30, 2017
(in thousands of dollars)

	<u>2018</u>	<u>2017</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 202	\$ 801
Investments at fair value	15,626	8,098
Interest receivable	91	65
Administrative fees receivable	-	4
Prepaid insurance and all other prepayments	46	49
Total current assets	15,965	9,017
Non-current assets:		
Investments at fair value	11,652	17,223
Capital assets (net of accumulated depreciation of \$196 and \$194, respectively)	22	29
Total non-current assets	11,674	17,252
Deferred outflows of resources - pension related	155	193
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 27,794	\$ 26,462
LIABILITIES AND NET POSITION BALANCES		
Current liabilities:		
Accounts payable and accrued expenses	\$ 27	\$ 60
Accrued salaries and benefits	75	76
Total current liabilities	102	136
Non-current liabilities:		
Accrued vacation	141	139
Accrued rent	17	26
Net pension liability	509	596
Total non-current liabilities	667	761
Deferred inflows of resources - pension related	129	78
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	898	975
NET POSITION		
Invested in capital assets	22	29
Unrestricted:		
Designated for operations	3,534	3,986
Designated for contingencies	23,340	21,472
TOTAL NET POSITION	26,896	25,487
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 27,794	\$ 26,462

The accompanying notes are an integral part of these financial statements

Maryland Health and Higher Educational Facilities Authority
 Statements of Revenues, Expenses and Changes in Net Position
 For the years ended June 30, 2018 and June 30, 2017
 (in thousands of dollars)

	<u>2018</u>	<u>2017</u>
OPERATING REVENUES		
Annual administrative fees	\$ 2,874	\$ 2,698
Bond issue application fees	60	95
TOTAL OPERATING REVENUES	2,934	2,793
OPERATING EXPENSES		
Salaries	801	863
Employees' insurance, pension and other fringe benefits	105	125
Payroll taxes	49	54
Professional fees	431	565
Contract services	183	170
Office rent, phone and internet	108	103
Insurance	50	63
Depreciation	15	15
Other	25	35
TOTAL OPERATING EXPENSES	1,767	1,993
OPERATING INCOME	1,167	800
NON-OPERATING REVENUES		
Net income from investments	342	266
Unrealized loss on investments	(100)	(212)
TOTAL NON-OPERATING REVENUES	242	54
INCREASE IN NET POSITION	1,409	854
Net position, beginning of year	25,487	24,633
Net position, end of year	\$ 26,896	\$ 25,487

The accompanying notes are an integral part of these financial statements

Maryland Health and Higher Educational Facilities Authority
 Statements of Cash Flows
 For the years ended June 30, 2018 and June 30, 2017
 (in thousands of dollars)

	<u>2018</u>	<u>2017</u>
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES		
Cash received from administrative and other fees	\$ 2,937	\$ 2,798
Cash payments to employees and employee benefits	(949)	(1,012)
Cash payments to suppliers for goods and services	(838)	(894)
<u>Net cash provided by operating activities</u>	<u>1,150</u>	<u>892</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets	(9)	(21)
<u>Net cash used in capital and financing activities</u>	<u>(9)</u>	<u>(21)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	289	218
Purchases of investments	(15,693)	(18,242)
Sales and maturities of investments	13,664	15,580
<u>Net cash used in investing activities</u>	<u>(1,740)</u>	<u>(2,444)</u>
Net decrease in cash and cash equivalents	(599)	(1,573)
Cash and cash equivalents, beginning of year	801	2,374
<u>Cash and cash equivalents, end of year</u>	<u>\$ 202</u>	<u>\$ 801</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$ 1,167	\$ 800
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Pension related - proportionate share of state expense	51	65
Pension related - actual cash contribution paid	(48)	(48)
Depreciation	15	15
Administrative fees receivable	4	4
Prepaid Insurance and all other prepayments	3	3
Accounts payable and accrued expenses	(42)	53
<u>Net cash provided by operating activities</u>	<u>\$ 1,150</u>	<u>\$ 892</u>

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 nor 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 GASB guidance for proprietary fund accounting and financial 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 GASB.

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 fair 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 determined according to prices as furnished by an independent pricing service, except that fixed income securities with remaining maturities of less than 60 days at the time of purchase (e.g., money market funds) are valued at amortized cost provided such amount approximates fair value. Interest income is accrued on coupon securities from the last coupon date or purchase date and for discount 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

Maryland Health and Higher Educational Facilities Authority
Notes to Financial Statements
June 30, 2018 and June 30, 2017

to mature based on cash flow needs; however, investments may be liquidated in the event there are unanticipated cash flow requirements.

Net Position – Net position represents the residual interest in the Authority's assets and deferred outflows of resources after liabilities and deferred inflows of resources 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. There is no outstanding debt attributable to the acquisition, construction or improvement of the 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, 2018 and June 30, 2017 the designation for operating expenses was \$3,534,000 and \$3,986,000, respectively. 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 June 30, 2018 and June 30, 2017, the designated amounts were \$23,340,000 and \$21,472,000, respectively. These amounts do not exceed the limitations for June 30, 2018 and June 30, 2017, which were \$90,634,000 and \$90,428,000, respectively.

Capital Assets – Capital assets are recorded at cost and defined as assets with an individual cost of \$1,000 or more 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 |
| • Leasehold improvements | 4 to 7 years |

Compensated Absences – Vacation benefits are earned by employees of the Authority based on time in service. The right to such vacation benefit is 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 sheets.

Maryland Health and Higher Educational Facilities Authority
Notes to Financial Statements
June 30, 2018 and June 30, 2017

Use of Estimates – The preparation of these financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) 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.

Accounting and Financial Reporting for Pensions – For purposes of measuring the Authority’s net pension liability, pension expense, deferred outflows of resources and deferred inflows of resources related to pensions, the Authority relies on information provided by the Maryland State Retirement and Pension System as to the Authority’s proportionate share. Refer to Note 6.

NOTE 2: FAIR VALUE MEASUREMENTS

Fair Value - The Authority has adopted GASB Statement No. 72 – Fair Value Measurement and Application. This statement establishes a hierarchy of inputs to valuation techniques used to measure fair value:

- Level 1 – quoted market prices in active markets
- Level 2 – inputs other than quoted market prices that are observable either directly or indirectly
- Level 3 – unobservable inputs

The Authority has investments in securities that are measured at fair value on a recurring basis in the financial statements. The Authority uses a three level hierarchy for determining fair value and a financial asset or liability classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement. The fair value of these financial assets was determined using Level 2 inputs (inputs other than quoted market prices that are observable either directly or indirectly) as of June 30, 2018 and June 30, 2017. The following tables present the financial assets that the Authority measured at fair value (in thousands of dollars).

June 30, 2018	Level 1	Level 2	Level 3	Total
Obligations of U. S. Treasury	\$ -	\$ 1,663	\$ -	\$ 1,663
Obligations of U.S. government agencies and instrumentalities	-	25,054		25,054
Money market fund	561	-	-	561
Total	\$561	\$26,717	\$ -	\$27,278

Maryland Health and Higher Educational Facilities Authority
Notes to Financial Statements
June 30, 2018 and June 30, 2017

<i>June 30, 2017</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Obligations of U.S. government agencies and instrumentalities	\$ -	\$24,886	\$-	\$24,886
Money market fund	435	-	-	435
Total	\$435	\$24,886	\$-	\$25,321

NOTE 3: 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, 2018 and June 30, 2017, the amortized cost and fair value of investments were as follows (in thousands of dollars):

<i>June 30, 2018</i>	<i>AMORTIZED COST</i>	<i>GROSS UNREALIZED GAINS</i>	<i>GROSS UNREALIZED LOSSES</i>	<i>FAIR VALUE</i>
Obligations of U. S. Treasury	\$ 1,665	\$1	\$ (3)	\$ 1,663
Obligations of U.S. government agencies and instrumentalities	25,335	3	(284)	25,054
Money market fund	561	-	-	561
Total	\$27,561	\$4	\$(287)	\$27,278

<i>June 30, 2017</i>	<i>AMORTIZED COST</i>	<i>GROSS UNREALIZED GAINS</i>	<i>GROSS UNREALIZED LOSSES</i>	<i>FAIR VALUE</i>
Obligations of U. S. Treasury	\$ -	\$ -	\$ -	\$ -
Obligations of U.S. government agencies and instrumentalities	25,069	8	(191)	24,886
Money market fund	435	-	-	435
Total	\$25,504	\$8	\$(191)	\$25,321

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The amortized cost and fair value of investments at June 30, 2018 and June 30, 2017, 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.

<i>June 30, 2018</i>	<i>AMORTIZED COST</i>	<i>FAIR VALUE</i>
Due in one year or less	\$15,670	\$15,626
Due after one year through five years	11,891	11,652
	<u>\$27,561</u>	<u>\$27,278</u>

<i>June 30, 2017</i>	<i>AMORTIZED COST</i>	<i>FAIR VALUE</i>
Due in one year or less	\$ 8,113	\$ 8,098
Due after one year through five years	17,391	17,223
	<u>\$25,504</u>	<u>\$25,321</u>

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, 2018 and June 30, 2017, 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.

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As of June 30, 2018 and June 30, 2017, the Authority's investment holdings by issuer were as follows (in thousands of dollars):

<i>June 30, 2018</i>	<i>Fair Value</i>	<i>Percentage of Total</i>
Obligations of U. S. Treasury	\$1,664	6.04%
Obligations of U.S. Government Agencies:		
Federal Farm Credit Banks	8,260	30.11
Federal Home Loan Mortgage Corporation	3,368	12.54
Federal Home Loan Banks	9,060	33.20
Federal National Mortgage Association	4,365	16.07
Money Market Fund:		
Federated U.S. Government Money Market Fund	561	2.04
Total	\$27,278	100.00%
<i>June 30, 2017</i>	<i>Fair Value</i>	<i>Percentage of Total</i>
Obligations of U.S. Government Agencies:		
Federal Farm Credit Banks	\$7,764	30.66%
Federal Home Loan Mortgage Corporation	7,624	30.11
Federal Home Loan Banks	5,109	20.18
Federal National Mortgage Association	4,389	17.33
Money Market Fund:		
Federated U.S. Government Money Market Fund	435	1.72
Total	\$25,321	100.00%

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As of June 30, 2018 and June 30, 2017, the credit ratings by issuer were identical, as follows:

<i>Asset</i>	<i>Rating</i>	<i>Rating Agency</i>
Obligations of U.S. Government Agencies:		
Federal Farm Credit Banks	Aaa	Moody's
Federal Home Loan Mortgage Corporation	Aaa	Moody's
Federal Home Loan Banks	Aaa	Moody's
Federal National Mortgage Association	Aaa	Moody's
Money Market:		
Federated U.S. Government Money Market Fund	AAAm	S&P

NOTE 4: COMMITMENTS AND CONTINGENCIES

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

2019	\$108,567
2020	111,017
2021	9,251
<u>Total</u>	<u>\$228,535</u>

For the years ended June 30, 2018 and 2017, rental payments required under the terms of the lease totaled \$105,025 and \$101,483, respectively.

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NOTE 5: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017 and June 30, 2016 consisted of the following (in thousands of dollars):

	<u>2018</u>	<u>2017</u>
Capital assets beginning of year	\$223	\$219
Additions	9	21
Retirements	(14)	(17)
Capital assets end of year	218	223
Accumulated depreciation end of year	(196)	(194)
Capital assets net of depreciation end of year	<u>\$22</u>	<u>\$29</u>

The Authority recognized \$15,388 and \$15,231 of depreciation expense during fiscal years 2018 and 2017, respectively.

NOTE 6: PENSION PLAN

Summary

The Authority has adopted GASB No. 68 – Accounting and Financial Reporting for Pensions (“GASB 68”). The Authority participates in the Maryland State Retirement and Pension System, (the “System”) and qualifies as a Participating Governmental Unit (“PGU”). The State Retirement Agency (the “Agency”) is the Plan administrator and fiduciary. GASB No. 68 requires that a PGU recognize its proportionate share of the System’s net pension liability (i.e., unfunded pension liability) and pension expense. The Authority’s proportionate share is based on total System contributions and approximated 0.0024% and 0.0025% as of the measurement dates of June 30, 2017 and 2016, respectively.

The Authority has adopted GASB No. 71 – Pension Transition for Contributions Made Subsequent to the Measurement Date-An Amendment of GASB No. 68. GASB No. 71, which is only applicable during the year GASB No. 68 was adopted, requires that contributions to the pension plan subsequent to the beginning measurement date be recognized as the beginning deferred outflow of resources.

The Authority’s employees contributed seven percent of their compensation during fiscal years 2018 and 2017 as stipulated by the System. The Authority contributed \$48,030 and \$47,939 to the System for fiscal years 2018 and 2017, respectively, which was actuarially determined based on statutory provisions. The Authority has also recognized in Pension Expense its proportionate share of the System’s deferred inflows of resources (an increase in Pension Expense) attributable to the net difference between projected and actual investment earnings on pension plan assets and its proportionate share of the System’s deferred outflows of resources (a decrease in Pension Expense) attributable to changes in assumptions.

Basis of presentation and basis of accounting

1. Employers participating in the System's cost-sharing multiple-employer defined benefit plans are required to report pension information in their financial statements for fiscal periods beginning on or after June 15, 2014, in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions. The Schedule of Employer Allocations and Schedule of Pension Amounts by Employer (pension allocation schedules) provide employers with the required information for financial reporting. The System's financial statements are prepared on the accrual basis of accounting and are prepared in accordance with accounting principles generally accepted in the United States of America that apply to governmental accounting for fiduciary funds.
2. Actual employer contributions billed to participating government units for the years ended June 30, 2017 and 2016, were used as the basis for determining each employer's proportionate share of the collective pension amounts reported in the related Schedule of Employer Allocations. The contributions were adjusted by increasing contributions by approximately \$77 million to adjust for differences between actuarial determined contributions and actual contributions by the State of Maryland for the years ended June 30, 2016. Because the State of Maryland contributed 100% of the actuarial determined contributions, there were no adjustments for the year ended June 30, 2017.
3. The components of the calculation of the net pension liability for the System as of the measurement dates of June 30, 2017 and 2016, calculated in accordance with GASB Statement No. 67, are shown in the following table:

(Expressed in millions)

	Measurement Date <u>June 30, 2017</u>	Measurement Date <u>June 30, 2016</u>
Total Pension Liability	\$70,610.9	\$68,959.9
Less: Plan Fiduciary Net Position	<u>48,987.2</u>	<u>45,365.9</u>
Net Pension Liability	<u>\$21,623.7</u>	<u>\$23,594.0</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>69.38%</u>	<u>65.79%</u>

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Actuarial Assumptions

Assumption	Measurement Date June 30, 2017	Measurement Date June 30, 2016
Actuarial	Entry Age Normal	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed	Level Percentage of Payroll, Closed
Inflation	2.65% General; 3.15% Wages	2.70% General; 3.20% Wages
Salary Increases	3.15% to 9.15%	3.30% to 9.20%
Discount Rate	7.50%	7.55%
Investment Rate of Return	7.50%	7.55%
Mortality	RP-2014 Mortality Tables with generational mortality projections using scale MP-2014, calibrated to MSRPS experience.	RP-2014 Mortality Tables with generational mortality projections using scale MP-2014, calibrated to MSRPS experience.
Retirement Age	Experienced-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2014.	Experienced-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2014.

Investments

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return were adopted by the System's Board after considering input from the investment consultant(s) and actuary(s). For each major asset class that is included in the System's target asset allocation, these best estimates are summarized in the following table:

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Asset Class	June 30, 2017		June 30, 2016	
	Target Allocations	Long-Term Expected Real Rate of Return	Target Allocations	Long-Term Expected Real Rate of Return
Public Equity	36%	5.3%	37%	6.6%
Private Equity	11%	7.0%	10%	7.4%
Rate Sensitive/Fixed Income	21%	1.2%	20%	1.3%
Credit Opportunity	9%	3.6%	9%	4.2%
Real Assets	15%	5.7%	15%	4.7%
Absolute Return	8%	3.1%	9%	3.7%
Total	100%		100%	

The above was the asset allocation policy adopted by the System's Board of Trustees and best estimate of geometric real rates of return for each major asset class as of June 30, 2017 and 2016, respectively.

Discount Rate

Discount rates of 7.50% and 7.55% were used to measure the total pension liability as of June 30, 2017 and 2016, respectively. The discount rates were based on the expected rates of returns on pension plan investments of 7.50% and 7.55%, respectively. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability

The following presents the sensitivity of the System's net pension liability to changes in the discount rates and the Authority's proportionate share of the System's net pension liability (expressed in thousands), calculated using discount rates of 7.5% and 7.55%, a discount rate that is 1-percentage point lower (i.e., 6.5%/6.55%) and a discount rate that is 1-percentage point higher (i.e., 8.5%/8.55%):

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2017	1% Lower – 6.5%	Current Rate – 7.5%	1% Higher – 8.5%
The System’s Net Pension Liability	\$30,645,067	\$21,623,704	\$14,138,519
The Authority’s Proportionate Share of Net Pension Liability	\$721	\$509	\$333

2016	1% Lower – 6.55%	Current Rate – 7.55%	1% Higher – 8.55%
The System’s Net Pension Liability	\$32,408,442	\$23,594,027	\$16,259,112
The Authority’s Proportionate Share of Net Pension Liability	\$819	\$596	\$411

Pension Plan Description

Organization

The State Retirement Agency (the “Agency”) is the administrator of the System. The System was established by the State Personnel and Pensions Article of the Annotated Code of Maryland to provide retirement allowances and other benefits to State employees, teachers, police, judges, legislators, and employees of participating governmental units. Responsibility for the System’s administration and operation is vested in a 15-member Board of Trustees. The System is made up of two cost-sharing employer pools: the “State Pool” and the “Municipal Pool”. The “State Pool” consists of the State agencies, boards of education, community colleges, and libraries. The “Municipal Pool” consists of the participating governmental units that elected to join the System. Neither pool shares in each other’s actuarial liabilities, thus participating governmental units that elect to join the System (the “Municipal Pool”) share in the liabilities of the Municipal Pool only. The State of Maryland is the statutory guarantor for the payment of all pensions, annuities, retirement allowances, refunds, reserves, and other benefits of the System. The Agency is legally authorized to use all assets accumulated for the payment of benefits to pay such obligations to any plan member or beneficiary as defined by the terms of the plan. Consequently, the System is accounted for as a single plan as defined in Governmental Accounting Standards Board (GASB) Statement No. 67, “Financial Reporting for Pension Plans - An Amendment of GASB Statement No.25.” Additionally, the System is fiscally dependent on the State by virtue of the legislative and executive controls exercised with respect to its operations, policies, and administrative budget. Accordingly, the System is included in the State’s reporting entity and disclosed in its financial statements as a pension trust fund. The System is comprised of the Teachers’ Retirement and Pension Systems, Employees’ Retirement and Pension Systems, State Police Retirement System, Judges’ Retirement System, and the Law Enforcement Officers’ Pension System. The Authority’s employees participate in the Employees’ Retirement and Pension System.

Covered Members

On October 1, 1941, the Employees' Retirement System was established to provide retirement allowances and other benefits to State employees, elected and appointed officials and the employees of participating governmental units. Effective January 1, 1980, the Employees' Retirement System was essentially closed to new members and the Employees' Pension System was established. As a result, State employees (other than correctional officers) and employees of participating governmental units hired after December 31, 1979, became members of the Employees' Pension System as a condition of employment, while all State correctional officers and members of the Maryland General Assembly continue to be enrolled as members of the Employees' Retirement System. On or after January 1, 2005, an individual who is a member of the Employees' Retirement System may not transfer membership to the Employees' Pension System. Currently, more than 150 governmental units participate in the Employees' Retirement System.

Summary of Significant Plan Provisions

All plan benefits are specified by the State Personnel and Pensions Article of the Annotated Code of Maryland. For all individuals who were members of the System on or before June 30, 2011, pension allowances are computed using both the highest three consecutive years' Average Final Compensation (AFC) and the actual number of years of accumulated creditable service. For any individual who became or becomes a member of one of the pension systems on or after July 1, 2011, pension allowances are computed using both the highest five consecutive years' AFC and the actual number of years of accumulated creditable service. Various retirement options are available under each system which ultimately determine how a retiree's benefit allowance will be computed. Some of these options require actuarial reductions based on the retiree's and designated beneficiary's attained age and similar actuarial factors. On July 1, 2011, the member contribution rate was increased for members of the Employees' Pension System from 5% to 7%, and from 4% to 6% in fiscal year 2013. In addition, the benefit attributable to service on or after July 1, 2011 in many of the pension systems now will be subject to different cost-of-living adjustments (COLA) that are based on the increase in the Consumer Price Index (CPI) and capped at 2.5% or 1.0% based on whether the market value investment return for the preceding calendar year was higher or lower than the investment return assumption used in the valuation. A brief summary of the retirement eligibility requirements of and the benefits available under the various systems in effect during fiscal years 2017 and 2016, is as follows:

Service Retirement Allowances

A member of the Employees' Retirement System is generally eligible for full retirement benefits upon the earlier of attaining age 60 or accumulating 30 years of creditable service regardless of age. The annual retirement allowance equals $1/55$ (1.81%) of the member's AFC multiplied by the number of years of accumulated creditable service. An individual who was a member of the Employees' Pension System on or before June 30, 2011, is eligible for full retirement benefits upon the earlier of attaining age 62, with

specified years of eligibility service, or accumulating 30 years of eligibility service regardless of age. An individual who became or becomes a member of the Employees' Pension System on or after July 1, 2011, is eligible for full retirement benefits if the member's combined age and eligibility service equals at least 90 years or if the member is at least age 65 and has accrued at least 10 years of eligibility service. For most individuals who retired from the Employees' Pension System on or before June 30, 2006, the annual pension allowance equals 1.2% of the member's AFC, multiplied by the number of years of creditable service accumulated prior to July 1, 1998, plus 1.4% of the member's AFC, multiplied by the number of years of creditable service accumulated subsequent to June 30, 1998. With certain exceptions, for individuals who are members of the Employees' Pension System on or after July 1, 2006, the annual pension allowance equals 1.2% of the member's AFC, multiplied by the number of years of creditable service accumulated prior to July 1, 1998, plus 1.8% of the member's AFC, multiplied by the number of years of creditable service accumulated subsequent to June 30, 1998. Beginning July 1, 2011, any new member of the Employees' Pension System shall earn an annual pension allowance equal to 1.5% of the member's AFC multiplied by the number of years of creditable service accumulated as a member of the Employees' Pension System. Exceptions to these benefit formulas apply to members of the Employees' Pension System, who are employed by a participating governmental unit that does not provide the 1998 or 2006 enhanced pension benefits or the 2011 reformed pension benefits. The pension allowance for these members equals 0.8% of the member's AFC up to the social security integration level (SSIL), plus 1.5% of the member's AFC in excess of the SSIL, multiplied by the number of years of accumulated creditable service. For the purpose of computing pension allowances, the SSIL is the average of the social security wage bases for the past 35 calendar years ending with the year the retiree separated from service.

Vested Allowances

Any individual who was a member of the State Retirement and Pension System on or before June 30, 2011 (other than a judge or a legislator), and who terminates employment before attaining retirement age but after accumulating 5 years of eligibility service is eligible for a vested retirement allowance. Any individual who joins the State Retirement and Pension System on or after July 1, 2011 (other than a judge or a legislator), and who terminates employment before attaining retirement age but after accumulating 10 years of eligibility service is eligible for a vested retirement allowance. A member who terminates employment prior to attaining retirement age and before vesting receives a refund of all member contributions and interest.

Early Service Retirement

A member of the Employees' Retirement System may retire with reduced benefits after completing 25 years of eligibility service. Benefits are reduced by 0.5% per month for each month remaining until the retiree either attains age 60 or would have accumulated 30 years of creditable service, whichever is less. The maximum reduction for an

Employees' Retirement System member is 30%. An individual who was a member of the Employees' Pension System on or before June 30, 2011, may retire with reduced benefits upon attaining age 55 with at least 15 years of eligibility service. Benefits are reduced by 0.5% per month for each month remaining until the retiree attains age 62. The maximum reduction for these members of the Employees' Pension System is 42%. An individual who became or becomes a member of the Employees' Pension System on or after July 1, 2011, may retire with reduced benefits upon attaining age 60 with at least 15 years of eligibility service. Benefits are reduced by 0.5% per month for each month remaining until the retiree attains age 65. The maximum reduction for these members of the Employees' Pension System is 30%.

Disability and Death Benefits

Generally, a member covered under retirement plan provisions who is permanently disabled after 5 years of service receives a service allowance based on a minimum percentage (usually 25%) of the member's AFC. A member covered under pension plan provisions who is permanently disabled after accumulating 5 years of eligibility service receives a service allowance computed as if service had continued with no change in salary until the retiree attained age 62. A member (other than a member of the Maryland General Assembly or a judge, both of whom are ineligible for accidental disability benefits) who is permanently and totally disabled as the result of an accident occurring in the line of duty receives 2/3 (66.7%) of the member's AFC plus an annuity based on all member contributions and interest. Death benefits are equal to a member's annual salary as of the date of death plus all member contributions and interest.

Adjusted Retirement Allowances (as applicable)

The annual increases to pension allowances for Employees' Pension System retirees who were employed by a participating governmental unit that does not provide enhanced pension benefits are limited to 3% of the initial allowance. However, beginning July 1, 2011, for benefits attributable to service earned on or after July 1, 2011, in all of the systems except the judges' and legislators' systems, the adjustment is capped at the lesser of 2.5% or the increase in CPI if the most recent calendar year market value rate of return was greater than or equal to the assumed rate. The adjustment is capped at the lesser of 1% or the increase in CPI if the market value return was less than the assumed rate of return. In years in which COLAs would be less than zero due to a decline in the CPI, retirement allowances will not be adjusted. COLAs in succeeding years are adjusted until the difference between the negative COLA that would have applied and the zero COLA is fully recovered.

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Pension Liabilities, Pension Expense, and Deferred Outflow of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2018 and 2017, the Authority reported a liability of \$509,313 and \$595,775, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017 and 2016, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental units, actuarially determined. At June 30, 2017 and 2016, the Authority's proportion was approximately 0.0024% and 0.0025%, respectively.

For the years ended June 30, 2018 and 2017, the Authority recognized pension expense of \$51,029 and \$65,185, respectively. At the measurement dates of June 30, 2017 and 2016, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Measurement Date of June 30, 2017	Deferred Outflows	Deferred Inflows
Changes in assumptions	\$ 21,155	\$ -
Difference between actual and expected experience	-	36,800
Net difference between projected and actual earnings on pension plan investments	69,635	32,938
Change in proportion	16,437	59,279
Contributions subsequent to the measurement date	48,030	-
Total	\$ 155,257	\$ 129,017

Measurement Date of June 30, 2016	Deferred Outflows	Deferred Inflows
Changes in assumptions	\$ 26,191	\$ -
Difference between actual and expected experience	-	15,881
Net difference between projected and actual earnings on pension plan investments	97,065	25,181
Change in proportion	22,164	36,595
Contributions subsequent to the measurement date	47,939	-
Total	\$ 193,359	\$ 77,657

The deferred outflows of resources of \$48,030 and \$47,939 relating to contributions subsequent to the measurement dates of June 30, 2017 and 2016, respectively, will be recognized as a reduction of the Authority's net pension liability during the fiscal years ending June 30, 2019 and 2018, respectively. The deferred outflows and inflows of resources due to changes in assumptions, differences between actual and expected experience, change in proportion, and differences between projected and actual investment earnings represent the Authority's proportionate share of the unamortized portions of the System's original amounts. The deferred inflows and outflows related to non-investment activity for 2017, 2016, 2015 and

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2014 are being amortized over the remaining service lives ranging from 5.54 to 5.87 years. The deferred outflows and inflows related to net differences in investment earnings for 2017, 2016, 2015 and 2014 are being amortized over a closed 5 year period. These unamortized amounts will be ratably recognized in pension expense over these service lives and closed 5 year period.

The following tables show the amortization of these deferred outflows and inflows balances:

Amortization of 2017 Balance				
Fiscal Year Ending June 30	Deferred Outflows-Change in Assumptions	Deferred Inflows-Change in Proportion	Deferred Inflows-Actual vs Expected Experience	Deferred Inflows-Net Difference in Investment Earnings
2019	\$531	\$6,321	\$5,164	\$5,087
2020	\$531	\$6,321	\$5,164	\$5,087
2021	\$531	\$6,321	\$5,164	\$5,087
2022	\$531	\$6,321	\$5,164	\$5,087
2023	\$413	\$4,923	\$4,022	

Amortization of 2016 Balance			
Fiscal Year Ending June 30	Deferred Outflows-Net Difference in Investment Earnings	Deferred Inflows-Change in Proportion	Deferred Inflows-Actual vs Expected Experience
2019	\$14,774	\$7,523	\$1,342
2020	\$14,774	\$7,523	\$1,342
2021	\$14,774	\$7,523	\$1,342
2022		\$6,505	\$1,160

Fiscal Year Ended June 30	Amortization of 2015 Balance				Amortization of 2014 Balance	
	Deferred Outflows-Net Difference in Investment Earnings	Deferred Outflows-Change in Assumptions	Deferred Outflows-Change in Proportion	Deferred Inflows-Actual vs Expected Experience	Deferred Outflows-Change in Assumptions	Deferred Inflows-Net Difference in Investment Earnings
2019	\$12,656	\$5,908	\$5,727	\$2,417	\$1,664	\$12,591
2020	\$12,656	\$5,908	\$5,727	\$2,417		
2021		\$5,140	\$4,983	\$2,103		
2022						

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Net Pension Liability

The components of the Authority's proportionate share of the System's net pension liability as of the measurement dates of June 30, 2017 and 2016 were as follows (expressed in thousands):

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Total Pension Liability	\$1,663	\$1,741
Less: Plan Fiduciary Net Position	<u>1,154</u>	<u>1,145</u>
Net Pension Liability	<u>\$ 509</u>	<u>\$ 596</u>
Plan fiduciary net position as a percentage of total pension liability	69.38%	65.79%

The Pension Plan Fiduciary

Plan Information as well as the Comprehensive Annual Financial Report of the Maryland State Retirement and Pension System for the years ended June 30, 2017 and 2016 are available from:

State Retirement & Pension System of Maryland
120 East Baltimore Street
Baltimore, MD 21202

http://sra.maryland.gov/Agency/Downloads/CAFR/CAFR_FullReport.pdf

NOTE 7: CONDUIT DEBT

The Authority issues indebtedness on behalf of participating institutions. This indebtedness is generally in the form of bonds, notes or financing leases. Funds related to these financings are held in trust by various financial institutions. In general, bonds mature serially in varying annual installments. Certain issues include term bonds payable from annual sinking fund requirements. Notes 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.

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June 30, 2018 and June 30, 2017

The following is a summary of conduit debt activity for the years ended June 30, 2018 and June 30, 2017 (in thousands of dollars):

	<u>2018</u>	<u>2017</u>
Bonds outstanding at beginning of the fiscal year	\$9,042,783	\$8,664,024
Plus: Bonds issued during fiscal year	940,412	2,297,032
Less: Redemptions and refundings during fiscal year	(919,824)	(1,918,273)
<u>Bonds outstanding as of June 30, 2018 and June 30, 2017</u>	<u>\$9,063,371</u>	<u>\$9,042,783</u>

NOTE 8: SUBSEQUENT EVENTS

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management evaluated the activity of the Authority through September 11, 2018 (the date these financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

Additional Information – Schedules of Required Pension Related Supplementary Information

Schedule of the Authority’s Proportionate Share of the Net Pension Liability

	FY 2018	FY 2017	FY 2016	FY 2015
Authority’s proportion (%) of collective net pension liability	0.0024%	0.0025%	0.0028%	0.0026%
Authority’s proportionate share (\$) of collective net pension liability	\$509,313	\$595,776	\$574,755	\$460,117
Authority’s covered payroll (\$)*	\$784,160	\$809,354	\$779,710	\$780,688
Authority’s proportionate share of collective net pension liability as a percentage of its covered payroll	64.95%	73.61%	73.71%	58.94%
Pension plan’s fiduciary net position as a percentage of the total pension liability	69.38%	65.79%	68.78%	71.87%

The above schedule is presented to illustrate the requirement for specified information for 10 years. However, until a full 10-year trend is compiled, information is only presented for those years for which information is available.

Schedule of the Authority’s Pension Plan Contributions Last 10 Fiscal Years

Schedule of the Authority’s Pension Plan Contributions Last 10 Fiscal Years										
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	\$ 48,030	\$ 47,939	\$ 49,191	\$ 58,294	\$ 60,419	\$ 55,384	\$ 65,295	\$ 75,807	\$ 40,291	\$ 33,864
Contributions in relation to the contractually required contribution	<u>48,030</u>	<u>47,939</u>	<u>49,191</u>	<u>58,294</u>	<u>60,419</u>	<u>55,384</u>	<u>65,295</u>	<u>75,807</u>	<u>40,291</u>	<u>33,864</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority’s Covered Payroll	\$ 784,160	\$ 809,354	\$ 779,710	\$ 780,688	\$ 761,281	\$ 782,479	\$ 727,084	\$ 825,270	\$ 702,045	\$ 626,475
Contributions as a percentage of covered-employee payroll	6.13%	5.92%	6.31%	7.47%	7.94%	7.08%	8.98%	9.19%	5.74%	5.41%

* In accordance with GASB 82, amounts shown represent the payroll on which contributions to the pension plan are based.

Additional Information – Funds Held by Third Party Trustees and Escrow Agents

The Authority is including the following additional information relating to funds held by third party trustees and escrow agents.

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, notes or leases, disbursements of 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, notes and leases outstanding. Trusteed Funds are maintained by third party trustees or other fiscal agents in accordance with the requirements of the respective bond, note and lease issue documents. The financial statements included in the additional information combine the Trusteed 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 trusteed 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 and Capitalized Interest Funds 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, notes and leases.

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 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.

Maryland Health and Higher Educational Facilities Authority
 Additional Information - Combined Balance Sheets of Trusteed Conduit Debt Funds
 As of June 30, 2018
 (in thousands of dollars)

	Construction Funds	Program Funds	Debt Service Funds
Assets			
Cash and Cash Equivalents	\$20,349.4	\$52.5	\$845.4
Investments at fair value	955,892.5	58,895.0	294,859.5
Interest Receivable	3,175.0	214.4	484.4
Due from Other Funds	0.0	177.3	11,336.7
Due from Institutions	0.0	0.0	45,632.1
Total Assets	\$979,416.9	\$59,339.2	\$353,158.1
Liabilities and Net Position			
Liabilities			
Accounts Payable and Accrued Expenses	\$0.0	\$0.0	\$183.9
Advance Payments and Deposits from Institutions	0.0	0.0	0.0
Principal Payable	0.0	0.0	239,840.1
Interest Payable	0.0	0.0	100,226.2
Due to Other Funds	10,871.9	177.3	464.8
Total Liabilities	10,871.9	177.3	340,715.0
Restricted Net Position			
Reserved for debt service	0.0	0.0	12,443.1
Reserved for loans under Pooled Loan Program	0.0	59,161.9	0.0
Designated for specific projects	0.0	0.0	0.0
Designated for operations	968,545.0	0.0	0.0
Total Net Position	968,545.0	59,161.9	12,443.1
Total Liabilities and Net Position	\$979,416.9	\$59,339.2	\$353,158.1

Debt Service Reserve Funds	Project Reserve Funds	Redemption Funds	Total
\$880.2	\$0.0	\$0.0	\$22,127.5
67,071.4	242.2	0.0	\$1,376,960.6
80.5	0.3	0.0	\$3,954.6
0.0	0.0	0.0	\$11,514.0
0.0	0.0	0.0	\$45,632.1
\$68,032.1	\$242.5	\$0.0	\$1,460,188.8

\$0.0	\$0.0	\$0.0	\$183.9
0.0	0.0	0.0	0.0
0.0	0.0	0.0	239,840.1
0.0	0.0	0.0	100,226.2
0.0	0.0	0.0	11,514.0
0.0	0.0	0.0	351,764.2

68,032.1	0.0	0.0	80,475.2
0.0	0.0	0.0	59,161.9
0.0	242.5	0.0	242.5
0.0	0.0	0.0	968,545.0
68,032.1	242.5	0.0	1,108,424.6
\$68,032.1	\$242.5	\$0.0	\$1,460,188.8

Maryland Health and Higher Educational Facilities Authority
Additional Information - Combined Statements of Changes in Net Position
of Trusteed Conduit Debt Funds
For the year ended June 30, 2018
(in thousands of dollars)

	Construction Funds	Program Funds	Debt Service Funds
ADDITIONS			
Proceeds from sale of bonds and notes:			
Gross proceeds	\$987,126.4	\$0.0	\$0.0
Underwriters discount	(1,828.0)	0.0	0.0
Original Issuance - Premium	19,369.8	0.0	0.0
Payments, contributions, equity contributions	20,122.0	0.0	120,847.1
Lease and loan payments	0.0	0.0	301,068.9
Debt service interest	0.0	0.0	304,362.7
Change in Unrealized Gain or Loss on Investments	(3,225.7)	16.0	(51.9)
Income from investments	12,637.8	2,770.1	1,026.4
Transfer from other issuer	104,000.0	0.0	21,721.6
Total Additions	1,138,202.3	2,786.1	748,974.8
DEDUCTIONS			
Project and financing costs	222,857.9	0.0	899.6
Loans to institutions	0.0	962.2	0.0
Debt service:			
Principal	14,886.6	0.0	237,889.7
Interest	0.0	0.0	418,505.6
Required payments to institutions	0.0	0.0	594.2
Retirement of bonds	0.0	0.0	726,318.2
Transfer to escrow deposit agents for defeased issues	78,191.0	0.0	0.0
Transfer to other issuer	14,169.0	0.0	0.0
Total Deductions	330,104.5	962.2	1,384,207.3
Net Interfund Transfers In/(Out)	(552,640.0)	10,615.4	555,124.7
Beginning of Year Net Position	713,087.2	46,722.6	92,550.9
Ending Net Position	\$968,545.0	\$59,161.9	\$12,443.1

Debt Service Reserve Funds	Project Reserve Funds	Redemption Funds	Total
\$0.0	\$0.0	\$0.0	\$987,126.4
0.0	0.0	0.0	(\$1,828.0)
0.0	0.0	0.0	\$19,369.8
0.0	65.0	0.0	\$141,034.1
0.0	0.0	0.0	\$301,068.9
0.0	0.0	0.0	\$304,362.7
(321.6)	0.0	0.0	(\$3,583.2)
893.1	2.6	29.3	\$17,359.3
0.0	0.0	44,493.4	\$170,215.0
571.5	67.6	44,522.7	1,935,125.0
0.0	0.0	0.0	223,757.5
0.0	0.0	0.0	962.2
0.0	0.0	0.0	252,776.3
0.0	0.0	1,025.1	419,530.7
0.0	0.0	34.9	629.1
0.0	0.0	51,635.0	777,953.2
0.0	0.0	0.0	78,191.0
0.0	0.0	0.0	14,169.0
0.0	0.0	52,695.0	1,767,969.0
(19,441.9)	0.0	6,341.8	(0.0)
86,902.5	174.9	1,830.5	941,268.6
\$68,032.1	\$242.5	\$0.0	\$1,108,424.6

Maryland Health and Higher Educational Facilities Authority

Additional Information - Conduit Debt Outstanding

As of June 30, 2018, the principal amount of bonds and notes outstanding is as follows (in thousands of dollars):	ISSUE DATE	AMOUNT ISSUED	FINAL MATURITY	BONDS AND NOTES PAYABLE JULY 1, 2018	BONDS AND NOTES PAYABLE SUBSEQUENT TO JULY 1, 2018
PUBLIC OFFERINGS					
Pooled Loan Program, Series 1985A & B	December 30, 1985	\$ 175,000	2035	\$ -	\$ 175,000
The Johns Hopkins Hospital Issue, Series 1990	June 7, 1990	90,169	2019	9,368	8,713
Greater Baltimore Medical Center Issue, Series 1995	October 11, 1995	10,000	2025	445	3,670
The Johns Hopkins Medical Institutions Parking Issue, Series 1996	March 28, 1996	42,425	2026	2,010	20,600
Stella Maris Issue, Series 1997	June 30, 1997	21,985	2021	1,410	4,680
Medlantic/Helix Issue, Series 1998A	December 17, 1998	166,605	2038	-	82,055
Medlantic/Helix Issue, Series 1998B	December 17, 1998	116,910	2038	-	56,960
Mercy Ridge Issue, Series 2000	March 30, 2000	69,305	2031	-	18,800
The Johns Hopkins Medical Institutions Parking Facilities Issue, Series 2001	August 29, 2001	28,030	2034	805	19,830
The Johns Hopkins Medical Institutions Parking Facilities Issue, Series 2004	May 26, 2004	35,665	2034	130	34,200
The Johns Hopkins Medical Institutions Parking Facilities Issue, Series 2004B	December 1, 2004	33,035	2038	-	23,655
The Johns Hopkins University Issue, Series 2005A	March 3, 2005	69,265	2036	-	69,265
Mercy Medical Center Issue, Series 2006	August 3, 2006	35,000	2036	880	28,075
Mercy Ridge Issue, Series 2007	March 22, 2007	23,445	2035	440	19,395
University of Maryland Medical System Issue, Series 2007A	September 12, 2007	96,445	2034	2,890	79,440
Gaudenzia Foundation Issue, Series 2007	December 12, 2007	5,500	2028	220	2,905
Odenton Christian School Issue, Series 2008	March 19, 2008	3,590	2033	-	3,535
University of Maryland Medical System Issue, Series 2008D	May 21, 2008	50,000	2041	-	50,000
University of Maryland Medical System Issue, Series 2008E	May 21, 2008	55,000	-	-	55,000
University of Maryland Medical System Issue, Series 2008F	July 23, 2008	87,345	2023	6,570	27,555
The Johns Hopkins University Issue, Series 2008A	August 7, 2008	129,880	2038	114,880	-
Anne Arundel Medical Center Issue, Series 2009B	February 19, 2009	60,000	2043	-	60,000
University of Maryland Medical System Issue, Series 2010	January 7, 2010	242,385	2039	6,425	50,210
Carnegie Institute of Washington Issue, Series 2010	February 4, 2010	30,580	2040	-	30,580
Patterson Park Public Charter School Issue, Series 2010A	March 16, 2010	13,085	2045	180	12,590
College of Notre Dame of Maryland Issue, Series 2010	November 24, 2010	11,495	2035	-	10,010
Mercy Medical Center Issue, Series 2011	February 24, 2011	40,770	2031	205	36,825
LifeBridge Health Issue, Series 2011	March 30, 2011	50,695	2041	960	3,140
Greater Baltimore Medical Center Issue, Series 2011	April 20, 2011	67,945	2034	3,345	16,080
Adventist HealthCare Issue, Series 2011A	September 1, 2011	57,205	2036	-	57,205
The Johns Hopkins Health System Obligated Group Issue, Series 2011A	November 10, 2011	74,615	2026	-	57,575
MedStar Health Issue, Series 2011	November 17, 2011	94,920	2041	-	60,325
Greater Baltimore Medical Center Issue, Series 2012A	April 11, 2012	35,680	2034	-	3,475
Mercy Medical Center Issue, Series 2012	April 25, 2012	49,995	2031	-	49,995
The Johns Hopkins Health System Obligated Group Issue, Series 2012B	May 3, 2012	97,560	2033	3,495	78,170
(Ascension Health Alliance Senior Credit Group), Series 2012B	May 10, 2012	86,025	2051	-	86,025
Carroll Hospital Center Issue, Series 2012A	May 31, 2012	59,780	2037	1,615	50,500
Loyola University Maryland Issue, Series 2012A	June 7, 2012	49,250	2039	-	39,955
The Johns Hopkins University Issue, Series 2012A	June 14, 2012	153,150	2041	-	153,150
Notre Dame of Maryland University Issue, Series 2012	June 25, 2012	21,195	2042	-	17,235
Goucher College Issue, Series 2012A	August 30, 2012	19,945	2034	-	19,945
Maryland Institute College of Art Issue, Series 2012	October 10, 2012	33,985	2047	-	30,610
Anne Arundel Health System Issue, Series 2012	November 1, 2012	73,625	2034	2,640	59,735
Frederick Memorial Hospital Issue, Series 2012A	December 5, 2012	96,240	2038	965	90,840
MedStar Health Issue, Series 2013A	March 21, 2013	117,785	2041	-	114,245
University of Maryland Medical System Issue, Series 2013A	April 2, 2013	247,280	2043	3,785	224,410
University of Maryland Medical System Issue, Series 2013B (Taxable)	April 2, 2013	115,055	2043	-	115,055
MedStar Health Issue, Series 2013B	May 21, 2013	149,760	2038	-	149,760
The Johns Hopkins University Issue, Series 2013B	May 20, 2013	99,625	2041	-	99,625
Calvert Health System Issue, Series 2013	August 22, 2013	31,185	2038	240	30,190
The Johns Hopkins Health System Issue, Series 2013C	August 28, 2013	238,000	2043	-	231,415
City Neighbors Schools Issue, Series 2013A	December 19, 2013	10,745	2044	145	10,220
Loyola University Maryland Issue, Series 2014	October 30, 2014	60,365	2045	-	60,365
Western Maryland Health System Issue, Series 2014	November 19, 2014	236,170	2034	12,385	197,860
Anne Arundel Health System Issue, Series 2014	November 26, 2014	127,305	2039	2,160	116,200
Peninsula Regional Medical Center Issue, Series 2015	February 5, 2015	126,665	2045	2,090	119,880
MedStar Health Issue, Series 2015	February 11, 2015	357,205	2045	-	349,065
The Johns Hopkins Health System Issue, Series 2015A	May 12, 2015	134,735	2040	-	128,735
The Johns Hopkins Medical Institutions Utilities Program Issue, Series 2015A	May 12, 2015	19,505	2036	-	19,505
University of Maryland Medical System Issue, Series 2015	May 21, 2015	80,145	2041	1,360	75,060
Meritus Medical Center Issue, Series 2015	July 9, 2015	257,300	2045	4,430	244,725
Lifebridge Health Issue, Series 2015	July 30, 2015	159,685	2047	690	158,995
Edenwald Issue, Series 2015	October 14, 2015	49,030	2037	-	46,150
Mercy Medical Center Issue, Series 2016A	March 2, 2016	135,250	2042	-	135,250
Maryland Institute College of Art Issue, Series 2016	October 6, 2016	37,990	2042	-	37,785
Charlestown Community Issue, Series 2016A	November 2, 2016	89,600	2045	-	88,015
LifeBridge Health Issue, Series 2016	November 9, 2016	120,695	2047	225	119,670
Adventist HealthCare Issue, Series 2016A	December 14, 2016	269,750	2046	-	269,750
(Trinity Health Credit Group) Series 2017MD	January 19, 2017	30,065	2046	-	30,065
University of Maryland Medical System Issue, Series 2017B	February 2, 2017	152,410	2039	1,695	148,365
University of Maryland Medical System Issue, Series 2017C (Taxable)	February 2, 2017	121,400	2029	4,525	112,470
Doctors Community Hospital Issue, Series 2017A	February 23, 2017	64,165	2038	1,125	63,040
Maryland Institute College of Art Issue, Series 2017	March 7, 2017	17,585	2042	-	17,350
Goucher College Issue, Series 2017A	June 22, 2017	57,565	2044	1,860	55,705
Green Street Academy Issue, Series 2017A	June 27, 2017	21,040	2052	-	21,040
Green Street Academy Issue, Series 2017B (Taxable)	June 27, 2017	1,075	2023	-	1,075
Medstar Health Issue, Series 2017A	June 29, 2017	395,055	2047	-	395,055
Anne Arundel Health System Issue, Series 2017A	November 1, 2017	42,485	2034	1,310	41,175
Anne Arundel Health System Issue, Series 2017B (taxable)	November 1, 2017	17,760	2027	-	17,760

Maryland Health and Higher Educational Facilities Authority

Additional Information - Conduit Debt Outstanding

As of June 30, 2018, the principal amount of bonds and notes outstanding is as follows (in thousands of dollars):

	ISSUE DATE	AMOUNT ISSUED	FINAL MATURITY	BONDS AND NOTES PAYABLE JULY 1, 2018	BONDS AND NOTES PAYABLE SUBSEQUENT TO JULY 1, 2018
LifeBridge Health Issue, Series 2017	November 9, 2017	118,120	2044	3,500	114,620
University of Maryland Medical System Issue, Series 2017D	December 19, 2017	145,265	2048	-	145,265
University of Maryland Medical System Issue, Series 2017E (taxable)	December 19, 2017	44,700	2048	-	44,700

Public Offerings Outstanding		\$ 7,364,244		\$ 201,403	\$ 6,207,123
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PRIVATE PLACEMENTS AND LIMITED OFFERINGS

Pooled Loan Program, Series D	January 1, 1994	\$ 418,516	2039	\$ 260	\$ 6,020
The Johns Hopkins University Issue, Commercial Paper, Series A	June 3, 2000	200,000	2033	-	43,769
The Johns Hopkins University Issue, Commercial Paper, Series B	March 22, 2001	200,000	2034	-	23,400
St. John's Episcopal Day School Issue (2001)	December 21, 2001	7,000	2032	16	4,409
The Johns Hopkins Health System Issue, Commercial Paper, Series B	February 9, 2004	40,000	2024	5,545	47,335
Friends School of Baltimore Issue (2004)	April 1, 2004	7,500	2029	28	4,559
Stone Ridge School Issue (2005)	June 22, 2005	12,000	2035	304	8,862
Mt. Airy Christian Academy Issue (2005)	August 26, 2005	2,500	2031	5	916
Archdiocese of Baltimore Schools Issue (2007)	June 21, 2007	24,165	2037	-	21,675
Keswick Multi-Care Center Issue (2007)	August 9, 2007	11,520	2037	385	11,135
Mercy Medical Center Issue, Series 2007B & 2007C (Converted)	November 8, 2007	18,080	2034	3,100	17,845
Beth Tfiloh Dahan Community School Issue (2007)	December 18, 2007	15,000	2038	-	13,050
Mercy Medical Center Issue (2008) (Converted)	July 16, 2008	35,325	2022	2,846	12,040
The Boys' Latin School Issue (2009A)	August 26, 2009	14,830	2038	-	9,601
The Boys' Latin School Issue (2009B)	August 26, 2009	5,000	2038	42	4,958
Roland Park Country School Issue (2009)	October 7, 2009	17,400	2037	-	4,560
The SEED School of Maryland Issue (2010)	January 21, 2010	25,000	2037	190	20,670
Oldfields School Issue (2010)	April 14, 2010	2,985	2019	-	2,985
Broadmead Issue (2010)	July 14, 2010	12,000	2035	240	5,449
Baltimore Leadership School Issue (2010)	August 11, 2010	4,000	2020	37	1,081
Park School Issue (2010)	December 1, 2010	14,590	2034	41	10,085
Christ Episcopal School Issue (2010)	December 20, 2010	3,868	2035	-	3,169
Landon School Issue (2011)	June 2, 2011	10,114	2028	50	5,900
Kennedy Krieger Issue (2011)	June 23, 2011	19,610	2036	58	16,485
Barnesville School Issue (2011A)	December 1, 2011	2,431	2031	9	1,808
Barnesville School Issue (2011B)	December 1, 2011	1,000	2033	3	837
French International School Issue (2012)	March 22, 2012	12,620	2034	-	10,500
Charles County Nursing And Rehabilitation Center Issue (2012A)	June 19, 2012	5,446	2037	14	4,497
Charles County Nursing And Rehabilitation Center Issue (2012B)	June 19, 2012	2,554	2037	7	2,301
St. Mary's Nursing Center Issue (2012)	June 19, 2012	5,350	2037	13	4,419
Loyola University Maryland Issue (2012B)	June 26, 2012	32,595	2026	-	26,170
MedStar Health Issue (2012)	June 27, 2012	38,620	2022	-	32,820
Pickersgill Issue (2012)	June 28, 2012	31,150	2033	99	24,596
Union Hospital of Cecil County Issue (2012A)	July 18, 2012	9,924	2022	85	4,245
Union Hospital of Cecil County Issue (2012B)	July 18, 2012	4,007	2022	38	1,883
Calvert Memorial Hospital Issue (2012)	July 24, 2012	19,199	2027	103	12,433
The Foundation Schools Issue (2012)	July 25, 2012	6,221	2037	16	5,155
Linwood Center Issue (2012)	September 19, 2012	4,500	2038	7	2,734
Mount St. Joseph Issue (2012A)	September 27, 2012	14,000	2042	-	12,193
Kennedy Krieger Issue, Series 2012	October 17, 2012	7,880	2019	99	1,500
Hebrew Home of Greater Washington Issue (2012)	December 20, 2012	21,308	2032	80	16,425
Trinity School Issue (2013)	January 24, 2013	6,450	2026	37	4,362
Roland Park Place Issue (2013)	April 10, 2013	19,966	2024	150	11,121
Way Station Issue (2013)	May 2, 2013	7,200	2028	35	5,046
Adventist HealthCare Issue (2013)	June 12, 2013	15,624	2025	129	8,985
Kennedy Krieger Issue (2013)	July 24, 2013	16,730	2033	5	16,080
Stevenson University Issue (2013A)	October 15, 2013	97,670	2043	159	89,500
Stevenson University Issue (2013B)	October 15, 2013	25,000	2043	43	22,629
Stevenson University Issue (2013C)	October 15, 2013	25,000	2043	47	22,436
Augsburg Lutheran Home Issue (2013A)	December 5, 2013	9,483	2035	30	7,939
Augsburg Lutheran Home Issue (2013B)	December 5, 2013	9,483	2035	29	8,028
Adventist HealthCare Issue (2014A)	February 26, 2014	25,000	2038	60	22,420
Family Services Issue (2014)	March 4, 2014	4,430	2039	11	3,662
Our Lady of Good Counsel Issue (2014A)	March 12, 2014	31,125	2039	76	27,356
Annapolis Life Care Issue (2014)	September 17, 2014	41,950	2040	94	39,079
Gilman School Issue (2014)	October 16, 2014	35,500	2036	-	35,500
DeMatha Catholic High School Issue (2014)	November 13, 2014	17,750	2039	39	16,107
Union Hospital of Cecil County Issue (2014)	December 10, 2014	30,778	2039	10	30,348
Our Lady of Good Counsel Issue (2015B)	March 17, 2015	2,950	2040	7	2,671
Our Lady of Good Counsel Issue (2015C)	March 17, 2015	7,500	2024	274	3,311
Indian Creek School Issue (2015)	August 27, 2015	12,810	2030	31	11,799
Calvert Memorial Hospital Issue (2015)	September 10, 2015	21,000	2035	72	18,662
University of Maryland Faculty Physicians Issue (2015)	December 1, 2015	12,615	2031	60	10,865
Friends Community School Issue (2015)	December 17, 2015	4,900	2045	9	4,611
Mercy Medical Center Issue (2016B)	May 19, 2016	35,055	2037	-	35,055
Mercy Medical Center Issue (2016C)	May 19, 2016	65,450	2042	350	63,205
The Johns Hopkins Health System Issue (2016A)	May 31, 2016	48,565	2037	5,995	38,175
The Johns Hopkins Health System Issue (2016B)	June 20, 2016	48,245	2042	-	48,245
Bishop McNamara High School Issue (2016)	June 23, 2016	10,800	2041	15	10,036
Doctors Community Hospital Issue (2016)	June 28, 2016	31,945	2030	-	31,945
The Key School Issue (2016A)	July 21, 2016	15,999	2046	-	9,699
The Key School Issue (2016B)	July 21, 2016	501	2019	17	134
Severn School Issue (2016A)	August 31, 2016	12,500	2036	42	11,581

Maryland Health and Higher Educational Facilities Authority

Additional Information - Conduit Debt Outstanding

As of June 30, 2018, the principal amount of bonds and notes outstanding is as follows (in thousands of dollars):	ISSUE DATE	AMOUNT ISSUED	FINAL MATURITY	BONDS AND NOTES PAYABLE JULY 1, 2018	BONDS AND NOTES PAYABLE SUBSEQUENT TO JULY 1, 2018
Severn School Issue (2016B)	August 31, 2016	1,300	2023	-	166
University of Maryland Medical System Issue (2016A)	September 27, 2016	36,640	2034	1,245	34,205
University of Maryland Medical System Issue (2016B)	September 27, 2016	50,295	2041	-	50,295
University of Maryland Medical System Issue (2016C)	September 27, 2016	50,345	2041	-	50,345
University of Maryland Medical System Issue (2016D)	September 27, 2016	75,505	2041	-	75,505
Mosaic Community Services Issue (2016)	September 28, 2016	4,066	2026	32	3,414
University of Maryland Medical System Issue (2016E)	October 13, 2016	54,370	2039	1,690	51,755
University of Maryland Medical System Issue (2016F)	October 13, 2016	54,360	2039	1,270	52,165
Charlestown Community Issue (2016B)	November 2, 2016	30,000	2045	50	29,000
Charlestown Community Issue (2016C)	December 1, 2016	25,000	2045	-	25,000
Adventist HealthCare Issue (2016B)	December 14, 2016	126,395	2046	-	126,395
University of Maryland Medical System Issue (2017A)	January 3, 2017	46,220	2042	-	45,135
Roland Park Place Issue (2017)	March 2, 2017	30,000	2042	-	14,166
Greater Baltimore Medical Center Issue (2017)	March 8, 2017	73,720	2034	715	72,195
Kennedy Krieger Issue (2017A)	March 9, 2017	23,000	2042	-	23,000
Kennedy Krieger Issue (2017B)	March 9, 2017	27,510	2037	43	26,888
Connelly School of the Holy Child Issue (2017A)	March 28, 2017	3,980	2037	-	3,980
Connelly School of the Holy Child Issue (2017B)	March 28, 2017	300	2019	15	79
The Vestry of Holy Trinity Parish Issue (2017)	March 29, 2017	3,481	2027	6	3,383
Doctors Community Hospital Issue (2017B)	April 4, 2017	38,710	2024	640	32,870
Bryn Mawr School Issue (2017A)	June 13, 2017	8,045	2042	-	8,045
Bryn Mawr School Issue (2017B)	June 13, 2017	4,000	2042	-	50
Frederick Memorial Hospital Issue (2017A)	June 15, 2017	29,000	2042	-	26,780
Frederick Memorial Hospital Issue (2017B)	June 15, 2017	60,645	2035	3,275	54,215
Goucher College Issue (2017B)	June 22, 2017	30,000	2033	124	24,724
Atlantic General Hospital Issue (2017A)	September 14, 2017	7,501	2027	-	7,501
Atlantic General Hospital Issue (2017B)	September 14, 2017	20,013	2042	-	13,128
The Johns Hopkins Health System Issue (2017B)	October 11, 2017	168,825	2038	-	164,920
The Johns Hopkins Health System Issue (2012E-5)/2017C	November 16, 2017	7,500	2038	7,500	92,500
Adventist HealthCare Issue (2017)	December 14, 2017	40,000	2042	-	40,000
Sheppard Health System Issue (2017)	December 20, 2017	178,748	2048	286	177,043
Calvert Hall College Issue (2017)	December 21, 2017	16,000	2038	-	16,000
The Johns Hopkins Health System Issue (2018A)	April 25, 2018	48,245	2048	-	48,245
The Johns Hopkins Health System Issue (2018B)	May 10, 2018	88,250	2046	-	88,250
Private Placements and Limited Offerings Outstanding		\$ 3,551,751		\$ 38,437	\$ 2,616,408
Total Outstanding		\$ 10,915,995		\$ 239,840	\$ 8,823,531

Maryland Health and Higher Educational Facilities Authority

Additional Information - Conduit Debt Outstanding by Borrower

As of June 30, 2018, the principal amount of bonds and notes outstanding is as follows (in thousands of dollars):	ISSUE DATE	AMOUNT ISSUED	FINAL MATURITY	BONDS AND NOTES PAYABLE JULY 1, 2018	BONDS AND NOTES PAYABLE SUBSEQUENT TO JULY 1, 2018
Adventist HealthCare Issue, Series 2011A	September 1, 2011	\$ 57,205	2036	\$ -	\$ 57,205
Adventist HealthCare Issue (2013)	June 12, 2013	15,624	2025	129	8,985
Adventist HealthCare Issue (2014A)	February 26, 2014	25,000	2038	60	22,420
Adventist HealthCare Issue (2016B)	December 14, 2016	126,395	2046	-	126,395
Adventist HealthCare Issue, Series 2016A	December 14, 2016	269,750	2046	-	269,750
Adventist HealthCare Issue (2017)	December 14, 2017	<u>40,000</u>	2042	-	<u>40,000</u>
Subtotal		533,974		189	524,755
Annapolis Life Care Issue (2014)	September 17, 2014	41,950	2040	94	39,079
Anne Arundel Medical Center Issue, Series 2009B	February 19, 2009	60,000	2043	-	60,000
Anne Arundel Health System Issue, Series 2012	November 1, 2012	73,625	2034	2,640	59,735
Anne Arundel Health System Issue, Series 2014	November 26, 2014	127,305	2039	2,160	116,200
Anne Arundel Health System Issue, Series 2017A	November 1, 2017	42,485	2034	1,310	41,175
Anne Arundel Health System Issue, Series 2017B (taxable)	November 1, 2017	<u>17,760</u>	2027	-	<u>17,760</u>
Subtotal		321,175		6,110	294,870
Archdiocese of Baltimore Schools Issue (2007)	June 21, 2007	24,165	2037	-	21,675
(Ascension Health Alliance Senior Credit Group), Series 2012B	May 10, 2012	86,025	2051	-	86,025
Atlantic General Hospital Issue (2017A)	September 14, 2017	7,501	2027	-	7,501
Atlantic General Hospital Issue (2017B)	September 14, 2017	<u>20,013</u>	2042	-	<u>13,128</u>
Subtotal		27,514		-	20,629
Augsburg Lutheran Home Issue (2013A)	December 5, 2013	9,483	2035	30	7,939
Augsburg Lutheran Home Issue (2013B)	December 5, 2013	<u>9,483</u>	2035	<u>29</u>	<u>8,028</u>
Subtotal		18,966		59	15,967
Baltimore Leadership School Issue (2010)	August 11, 2010	4,000	2020	37	1,081
Barnesville School Issue (2011A)	December 1, 2011	2,431	2031	9	1,808
Barnesville School Issue (2011B)	December 1, 2011	<u>1,000</u>	2033	<u>3</u>	<u>837</u>
Subtotal		3,431		12	2,645
Beth Tfiloh Dahan Community School Issue (2007)	December 18, 2007	15,000	2038	-	13,050
Bishop McNamara High School Issue (2016)	June 23, 2016	10,800	2041	15	10,036
Broadmead Issue (2010)	July 14, 2010	12,000	2035	240	5,449
Bryn Mawr School Issue (2017A)	June 13, 2017	8,045	2042	-	8,045
Bryn Mawr School Issue (2017B)	June 13, 2017	<u>4,000</u>	2042	-	<u>50</u>
Subtotal		12,045		-	8,095
Calvert Hall College Issue (2017)	December 21, 2017	16,000	2038	-	16,000
Calvert Memorial Hospital Issue (2012)	July 24, 2012	19,199	2027	103	12,433
Calvert Health System Issue, Series 2013	August 22, 2013	31,185	2038	240	30,190
Calvert Memorial Hospital Issue (2015)	September 10, 2015	<u>21,000</u>	2035	<u>72</u>	<u>18,662</u>
Subtotal		71,384		415	61,285
Carnegie Institute of Washington Issue, Series 2010	February 4, 2010	30,580	2040	-	30,580
Charles County Nursing And Rehabilitation Center Issue (2012A)	June 19, 2012	5,446	2037	14	4,497
Charles County Nursing And Rehabilitation Center Issue (2012B)	June 19, 2012	<u>2,554</u>	2037	<u>7</u>	<u>2,301</u>
Subtotal		8,000		21	6,798
Charlestown Community Issue, Series 2016A	November 2, 2016	89,600	2045	-	88,015
Charlestown Community Issue (2016B)	November 2, 2016	30,000	2045	50	29,000
Charlestown Community Issue (2016C)	December 1, 2016	<u>25,000</u>	2045	-	<u>25,000</u>
Subtotal		144,600		50	142,015
Christ Episcopal School Issue (2010)	December 20, 2010	3,868	2035	-	3,169
City Neighbors Schools Issue, Series 2013A	December 19, 2013	10,745	2044	145	10,220
Connelly School of the Holy Child Issue (2017A)	March 28, 2017	3,980	2037	-	3,980
Connelly School of the Holy Child Issue (2017B)	March 28, 2017	<u>300</u>	2019	<u>15</u>	<u>79</u>
Subtotal		4,280		15	4,059
DeMatha Catholic High School Issue (2014)	November 13, 2014	17,750	2039	39	16,107
Doctors Community Hospital Issue (2016)	June 28, 2016	31,945	2030	-	31,945
Doctors Community Hospital Issue, Series 2017A	February 23, 2017	64,165	2038	1,125	63,040
Doctors Community Hospital Issue (2017B)	April 4, 2017	<u>38,710</u>	2024	<u>640</u>	<u>32,870</u>
Subtotal		134,820		1,765	127,855
Edenwald Issue, Series 2015	October 14, 2015	49,030	2037	-	46,150

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Additional Information - Conduit Debt Outstanding by Borrower

As of June 30, 2018, the principal amount of bonds and notes outstanding is as follows (in thousands of dollars):	ISSUE DATE	AMOUNT ISSUED	FINAL MATURITY	BONDS AND NOTES PAYABLE JULY 1, 2018	BONDS AND NOTES PAYABLE SUBSEQUENT TO JULY 1, 2018
Family Services Issue (2014)	March 4, 2014	4,430	2039	11	3,662
Frederick Memorial Hospital Issue, Series 2012A	December 5, 2012	96,240	2038	965	90,840
Frederick Memorial Hospital Issue (2017A)	June 15, 2017	29,000	2042	-	26,780
Frederick Memorial Hospital Issue (2017B)	June 15, 2017	<u>60,645</u>	2035	<u>3,275</u>	<u>54,215</u>
Subtotal		185,885		4,240	171,835
French International School Issue (2012)	March 22, 2012	12,620	2034	-	10,500
Friends Community School Issue (2015)	December 17, 2015	4,900	2045	9	4,611
Friends School of Baltimore Issue (2004)	April 1, 2004	7,500	2029	28	4,559
Gaudenzia Foundation Issue, Series 2007	December 12, 2007	5,500	2028	220	2,905
Gilman School Issue (2014)	October 16, 2014	35,500	2036	-	35,500
Goucher College Issue, Series 2012A	August 30, 2012	19,945	2034	-	19,945
Goucher College Issue, Series 2017A	June 22, 2017	57,565	2044	1,860	55,705
Goucher College Issue (2017B)	June 22, 2017	<u>30,000</u>	2033	<u>124</u>	<u>24,724</u>
Subtotal		107,510		1,984	100,374
Greater Baltimore Medical Center Issue, Series 1995	October 11, 1995	10,000	2025	445	3,670
Greater Baltimore Medical Center Issue, Series 2011	April 20, 2011	67,945	2034	3,345	16,080
Greater Baltimore Medical Center Issue, Series 2012A	April 11, 2012	35,680	2034	-	3,475
Greater Baltimore Medical Center Issue (2017)	March 8, 2017	<u>73,720</u>	2034	<u>715</u>	<u>72,195</u>
Subtotal		187,345		4,505	95,420
Green Street Academy Issue, Series 2017A	June 27, 2017	21,040	2052	-	21,040
Green Street Academy Issue, Series 2017B (Taxable)	June 27, 2017	<u>1,075</u>	2023	<u>-</u>	<u>1,075</u>
Subtotal		22,115		0	22,115
Hebrew Home of Greater Washington Issue (2012)	December 20, 2012	21,308	2032	80	16,425
Indian Creek School Issue (2015)	August 27, 2015	12,810	2030	31	11,799
Kennedy Krieger Issue (2011)	June 23, 2011	19,610	2036	58	16,485
Kennedy Krieger Issue, Series 2012	October 17, 2012	7,880	2019	99	1,500
Kennedy Krieger Issue (2013)	July 24, 2013	16,730	2033	5	16,080
Kennedy Krieger Issue (2017A)	March 9, 2017	23,000	2042	-	23,000
Kennedy Krieger Issue (2017B)	March 9, 2017	<u>27,510</u>	2037	<u>43</u>	<u>26,888</u>
Subtotal		94,730		205	83,953
Keswick Multi-Care Center Issue (2007)	August 9, 2007	11,520	2037	385	11,135
Landon School Issue (2011)	June 2, 2011	10,114	2028	50	5,900
LifeBridge Health Issue, Series 2011	March 30, 2011	50,695	2041	960	3,140
Carroll Hospital Center Issue, Series 2012A	May 31, 2012	59,780	2037	1,615	50,500
LifeBridge Health Issue, Series 2015	July 30, 2015	159,685	2047	690	158,995
LifeBridge Health Issue, Series 2016	November 9, 2016	120,695	2047	225	119,670
LifeBridge Health Issue, Series 2017	November 9, 2017	<u>118,120</u>	2044	<u>3,500</u>	<u>114,620</u>
Subtotal		508,975		6,990	446,925
Linwood Center Issue (2012)	September 19, 2012	4,500	2038	7	2,734
Loyola University Maryland Issue, Series 2012A	June 7, 2012	49,250	2039	-	39,955
Loyola University Maryland Issue (2012B)	June 26, 2012	32,595	2026	-	26,170
Loyola University Maryland Issue, Series 2014	October 30, 2014	<u>60,365</u>	2045	<u>-</u>	<u>60,365</u>
Subtotal		142,210		-	126,490
Maryland Institute College of Art Issue, Series 2012	October 10, 2012	33,985	2047	-	30,610
Maryland Institute College of Art Issue, Series 2016	October 6, 2016	37,990	2042	-	37,785
Maryland Institute College of Art Issue, Series 2017	March 7, 2017	17,585	2042	-	17,350
Subtotal		89,560		-	85,745
Medlantic/Helix Issue, Series 1998A	December 17, 1998	166,605	2038	-	82,055
Medlantic/Helix Issue, Series 1998B	December 17, 1998	116,910	2038	-	56,960
MedStar Health Issue, Series 2011	November 17, 2011	94,920	2041	-	60,325
MedStar Health Issue (2012)	June 27, 2012	38,620	2022	-	32,820
MedStar Health Issue, Series 2013A	March 21, 2013	117,785	2041	-	114,245
MedStar Health Issue, Series 2013B	May 21, 2013	149,760	2038	-	149,760
MedStar Health Issue, Series 2015	February 11, 2015	357,205	2045	-	349,065
Medstar Health Issue, Series 2017A	June 29, 2017	<u>395,055</u>	2047	<u>-</u>	<u>395,055</u>
Subtotal		1,436,860		-	1,240,285

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Additional Information - Conduit Debt Outstanding by Borrower

As of June 30, 2018, the principal amount of bonds and notes outstanding is as follows (in thousands of dollars):	ISSUE DATE	AMOUNT ISSUED	FINAL MATURITY	BONDS AND NOTES PAYABLE JULY 1, 2018	BONDS AND NOTES PAYABLE SUBSEQUENT TO JULY 1, 2018
Mercy Medical Center Issue, Series 2006	August 3, 2006	35,000	2036	880	28,075
Mercy Medical Center Issue, Series 2007B & 2007C (Converted)	November 8, 2007	18,080	2034	3,100	17,845
Mercy Medical Center Issue (2008) (Converted)	July 16, 2008	35,325	2022	2,846	12,040
Mercy Medical Center Issue, Series 2011	February 24, 2011	40,770	2031	205	36,825
Mercy Medical Center Issue, Series 2012	April 25, 2012	49,995	2031	-	49,995
Mercy Medical Center Issue, Series 2016A	March 2, 2016	135,250	2042	-	135,250
Mercy Medical Center Issue (2016B)	May 19, 2016	35,055	2037	-	35,055
Mercy Medical Center Issue (2016C)	May 19, 2016	<u>65,450</u>	2042	<u>350</u>	<u>63,205</u>
Subtotal		414,925		7,381	378,290
Mercy Ridge Issue, Series 2000	March 30, 2000	69,305	2031	-	18,800
Mercy Ridge Issue, Series 2007	March 22, 2007	<u>23,445</u>	2035	<u>440</u>	<u>19,395</u>
Subtotal		92,750		440	38,195
Meritus Medical Center Issue, Series 2015	July 9, 2015	257,300	2045	4,430	244,725
Mosaic Community Services Issue (2016)	September 28, 2016	4,066	2026	32	3,414
Mount St. Joseph Issue (2012A)	September 27, 2012	14,000	2042	-	12,193
Mt. Airy Christian Academy Issue (2005)	August 26, 2005	2,500	2031	5	916
College of Notre Dame of Maryland Issue, Series 2010	November 24, 2010	11,495	2035	-	10,010
Notre Dame of Maryland University Issue, Series 2012	June 25, 2012	<u>21,195</u>	2042	<u>-</u>	<u>17,235</u>
Subtotal		32,690		-	27,245
Odenton Christian School Issue, Series 2008	March 19, 2008	3,590	2033	-	3,535
Oldfields School Issue (2010)	April 14, 2010	2,985	2019	-	2,985
Our Lady of Good Counsel Issue (2014A)	March 12, 2014	31,125	2039	76	27,356
Our Lady of Good Counsel Issue (2015B)	March 17, 2015	2,950	2040	7	2,671
Our Lady of Good Counsel Issue (2015C)	March 17, 2015	<u>7,500</u>	2024	<u>274</u>	<u>3,311</u>
Subtotal		41,575		357	33,338
Park School Issue (2010)	December 1, 2010	14,590	2034	41	10,085
Patterson Park Public Charter School Issue, Series 2010A	March 16, 2010	13,085	2045	180	12,590
Peninsula Regional Medical Center Issue, Series 2015	February 5, 2015	126,665	2045	2,090	119,880
Pickersgill Issue (2012)	June 28, 2012	31,150	2033	99	24,596
Pooled Loan Program, Series 1985A & B	December 30, 1985	175,000	2035	-	175,000
Pooled Loan Program, Series D	January 1, 1994	418,516	2039	260	6,020
Roland Park Country School Issue (2009)	October 7, 2009	17,400	2037	-	4,560
Roland Park Place Issue (2013)	April 10, 2013	19,966	2024	150	11,121
Roland Park Place Issue (2017)	March 2, 2017	<u>30,000</u>	2042	<u>-</u>	<u>14,166</u>
Subtotal		49,966		150	25,287
Seymour School Issue (2016A)	August 31, 2016	12,500	2036	42	11,581
Seymour School Issue (2016B)	August 31, 2016	<u>1,300</u>	2023	<u>-</u>	<u>166</u>
Subtotal		13,800		42	11,747
Sheppard Health System Issue (2017)	December 20, 2017	178,748	2048	286	177,043
St. John's Episcopal Day School Issue (2001)	December 21, 2001	7,000	2032	16	4,409
St. Mary's Nursing Center Issue (2012)	June 19, 2012	5,350	2037	13	4,419
Stella Maris Issue, Series 1997	June 30, 1997	21,985	2021	1,410	4,680
Stevenson University Issue (2013A)	October 15, 2013	97,670	2043	159	89,500
Stevenson University Issue (2013B)	October 15, 2013	25,000	2043	43	22,629
Stevenson University Issue (2013C)	October 15, 2013	<u>25,000</u>	2043	<u>47</u>	<u>22,436</u>
Subtotal		147,670		249	134,565
Stone Ridge School Issue (2005)	June 22, 2005	12,000	2035	304	8,862
The Boys' Latin School Issue (2009A)	August 26, 2009	14,830	2038	-	9,601
The Boys' Latin School Issue (2009B)	August 26, 2009	<u>5,000</u>	2038	<u>42</u>	<u>4,958</u>
Subtotal		19,830		42	14,559
The Foundation Schools Issue (2012)	July 25, 2012	6,221	2037	16	5,155

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Additional Information - Conduit Debt Outstanding by Borrower

As of June 30, 2018, the principal amount of bonds and notes outstanding is as follows (in thousands of dollars):	ISSUE DATE	AMOUNT ISSUED	FINAL MATURITY	BONDS AND NOTES PAYABLE JULY 1, 2018	BONDS AND NOTES PAYABLE SUBSEQUENT TO JULY 1, 2018
The Johns Hopkins Hospital Issue, Series 1990	June 7, 1990	90,169	2019	9,368	8,713
The Johns Hopkins Health System Issue, Commercial Paper, Series B	February 9, 2004	40,000	2024	5,545	47,335
The Johns Hopkins Health System Obligated Group Issue, Series 2011A	November 10, 2011	74,615	2026	-	57,575
The Johns Hopkins Health System Obligated Group Issue, Series 2012B	May 3, 2012	97,560	2033	3,495	78,170
The Johns Hopkins Health System Issue, Series 2013C	August 28, 2013	238,000	2043	-	231,415
The Johns Hopkins Health System Issue, Series 2015A	May 12, 2015	134,735	2040	-	128,735
The Johns Hopkins Health System Issue (2016A)	May 31, 2016	48,565	2037	5,995	38,175
The Johns Hopkins Health System Issue (2016B)	June 20, 2016	48,245	2042	-	48,245
The Johns Hopkins Health System Issue (2017B)	October 11, 2017	168,825	2038	-	164,920
The Johns Hopkins Health System Issue (2017C)	November 16, 2017	7,500	2038	7,500	92,500
The Johns Hopkins Health System Issue (2018A)	April 25, 2018	48,245	2048	-	48,245
The Johns Hopkins Health System Issue (2018B)	May 10, 2018	88,250	2046	-	88,250
Subtotal		1,084,709		31,903	1,032,278
The Johns Hopkins Medical Institutions Parking Issue, Series 1996	March 28, 1996	42,425	2026	2,010	20,600
The Johns Hopkins Medical Institutions Parking Facilities Issue, Series 2001	August 29, 2001	28,030	2034	805	19,830
The Johns Hopkins Medical Institutions Parking Facilities Issue, Series 2004	May 26, 2004	35,665	2034	130	34,200
The Johns Hopkins Medical Institutions Parking Facilities Issue, Series 2004B	December 1, 2004	33,035	2038	-	23,655
Subtotal		139,155		2,945	98,285
The Johns Hopkins Medical Institutions Utilities Program Issue, Series 2015A	May 12, 2015	19,505	2036	-	19,505
The Johns Hopkins University Issue, Commercial Paper, Series A	June 3, 2000	200,000	2033	-	43,769
The Johns Hopkins University Issue, Commercial Paper, Series B	March 22, 2001	200,000	2034	-	23,400
The Johns Hopkins University Issue, Series 2005A	March 3, 2005	69,265	2036	-	69,265
The Johns Hopkins University Issue, Series 2008A	August 7, 2008	129,880	2038	114,880	-
The Johns Hopkins University Issue, Series 2012A	June 14, 2012	153,150	2041	-	153,150
The Johns Hopkins University Issue, Series 2013B	June 20, 2013	99,625	2041	-	99,625
Subtotal		851,920		114,880	389,209
The Key School Issue (2016A)	July 21, 2016	15,999	2046	-	9,699
The Key School Issue (2016B)	July 21, 2016	501	2019	17	134
Subtotal		16,500		17	9,833
The SEED School of Maryland Issue (2010)	January 21, 2010	25,000	2037	190	20,670
The Vestry of Holy Trinity Parish Issue (2017)	March 29, 2017	3,481	2027	6	3,383
(Trinity Health Credit Group) Series 2017MD	January 19, 2017	30,065	2046	-	30,065
Trinity School Issue (2013)	January 24, 2013	6,450	2026	37	4,362
Union Hospital of Cecil County Issue (2012A)	July 18, 2012	9,924	2022	85	4,245
Union Hospital of Cecil County Issue (2012B)	July 18, 2012	4,007	2022	38	1,883
Union Hospital of Cecil County Issue (2014)	December 10, 2014	30,778	2039	10	30,348
Subtotal		44,709		133	36,476
University of Maryland Faculty Physicians Issue (2015)	December 1, 2015	12,615	2031	60	10,865
University of Maryland Medical System Issue, Series 2007A	September 12, 2007	96,445	2034	2,890	79,440
University of Maryland Medical System Issue, Series 2008D	May 21, 2008	50,000	2041	-	50,000
University of Maryland Medical System Issue, Series 2008E	May 21, 2008	55,000	2041	-	55,000
University of Maryland Medical System Issue, Series 2008F	July 23, 2008	87,345	2023	6,570	27,555
University of Maryland Medical System Issue, Series 2010	January 7, 2010	242,385	2039	6,425	50,210
University of Maryland Medical System Issue, Series 2013A	April 2, 2013	247,280	2043	3,785	224,410
University of Maryland Medical System Issue, Series 2013B (Taxable)	April 2, 2013	115,055	2043	-	115,055
University of Maryland Medical System Issue, Series 2015	May 21, 2015	80,145	2041	1,360	75,060
University of Maryland Medical System Issue (2016A)	September 27, 2016	36,640	2034	1,245	34,205
University of Maryland Medical System Issue (2016B)	September 27, 2016	50,295	2041	-	50,295
University of Maryland Medical System Issue (2016C)	September 27, 2016	50,345	2041	-	50,345
University of Maryland Medical System Issue (2016D)	September 27, 2016	75,505	2041	-	75,505
University of Maryland Medical System Issue (2016E)	October 13, 2016	54,370	2039	1,690	51,755
University of Maryland Medical System Issue (2016F)	October 13, 2016	54,360	2039	1,270	52,165
University of Maryland Medical System Issue (2017A)	January 3, 2017	46,220	2042	-	45,135
University of Maryland Medical System Issue, Series 2017B	February 2, 2017	152,410	2039	1,695	148,365
University of Maryland Medical System Issue, Series 2017C (Taxable)	February 2, 2017	121,400	2029	4,525	112,470
University of Maryland Medical System Issue, Series 2017D	December 19, 2017	145,265	2048	-	145,265
University of Maryland Medical System Issue, Series 2017E (taxable)	December 19, 2017	44,700	2048	-	44,700
Subtotal		1,805,165		31,455	1,486,935
Way Station Issue (2013)	May 2, 2013	7,200	2028	35	5,046
Western Maryland Health System Issue, Series 2014	November 19, 2014	236,170	2034	12,385	197,860
Total Outstanding		\$ 10,960,704		\$ 239,840	\$ 8,823,531

Maryland Health and Higher Educational Facilities Authority

Additional Information - Conduit Debt Outstanding

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 escrow trusts to be applied in future years to retire the refunded bonds. 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, 2018 are as follows (in thousands of dollars):

Anne Arundel Health System Issue, Series 2009A	\$112,285
Charlestown Community Issue, Series 2010	114,650
College of Notre Dame of Maryland Issue, Series 1998	620
Doctors Community Hospital Issue, Series 2010 (partial redemption)	12,330
Doctors Community Hospital Issue, Series 2010 (2017A)	68,690
Greater Baltimore Medical Center Issue, Series 2011	32,480
Greater Baltimore Medical Center Issue, Series 2012A	32,205
Helix Health Issue, Series 1997	68,960
Johns Hopkins Health System Issue, Series 2010	148,195
Johns Hopkins Health System Issue, Series 2015D	28,490
LifeBridge Health Issue, Series 2011 (partial redemption)	41,570
University of Maryland Medical System Issue, Series 1991B	18,490
University of Maryland Medical System Issue, Series 2005	112,950
University of Maryland Medical System Issue, Series 2010	140,855
Anne Arundel Health System, Series 2010 – New Money Portion	21,100
Anne Arundel Health System, Series 2010 – 2004B Refund Portion	31,840
Anne Arundel Health System, Series 2010	<u>19,965</u>
Total	<u>\$1,005,675</u>

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