

*Maryland Health and Higher
Educational Facilities Authority*

2008 ANNUAL REPORT

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

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

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

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

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

AUTHORITY MEMBERS

SHEILA K. RIGGS, *Chairman*

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

PAUL B. MERITT, *Vice Chairman*

Term expires July 1, 2009; resident of Baltimore County; Vice President- PNC Bank; Member- Maryland Capital Debt Affordability Committee; and Maryland Commission on State Debt.

NANCY K. KOPP, *ex officio*

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

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

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

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

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

WILLARD HACKERMAN, *Member*

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

FREDERICK W. MEIER, JR., *Member*

Term expires July 1, 2010; resident of Baltimore City; Senior Advisor- Lord Baltimore Capital Corporation; former Executive Vice President- First Maryland Bancorp; President and Director- Rodney Trust Company; Director- Provident Bankshares Corporation; Attransco; and AMA Capital Partners; Member- Investment Committee and former Vice President and Trustee- The Baltimore Museum of Art; Member- Baltimore City Board of Finance; Honorary Trustee and former President of Board of Trustees- The Boys' Latin School of Maryland; former Member of Board of Governors- The Center Club; and former Director- Forestal San Jose (Chile); Jugos del Sur (Argentina); and NORDEN A/S (Denmark); and Empresas Navieras, S.A.

ARNOLD WILLIAMS, *Member*

Term expires July 1, 2009; resident of Baltimore County; Managing Director- Abrams, Foster, Nole & Williams, P.A.; Chairman of the Board- Baltimore Development Corporation; former Board Chairman- Bon Secours Health Systems, Inc.; Member- Industrial Development Authority; Lexington Market, Inc.; The Presidents' Roundtable; former Member- Baltimore City Chamber of Commerce; and Marylanders Organized for Responsibility and Equity (MORE); and Immediate Past Chair and former Member- Maryland State Board of Accountancy.

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

AUTHORITY STAFF

ANNETTE ANSELM
Executive Director

EDWARD GOLAS, JR.
Chief Operating Officer

CONSTANCE McCREADY
Controller

LENA PRINCE
Senior Account Manager

MARY JANE LUPUS
Account Manager

KATHY RECH
Account Manager

STEPHANIE BURRELL
Executive Assistant

MEZERENA TURNER
Administrative Assistant

AUTHORITY CONSULTANTS

McKENNON SHELTON & HENN LLP
Bond Counsel

KILLARNEY ADVISORS, INCORPORATED
Financial Advisor

PUBLIC FINANCIAL MANAGEMENT, INC.
Financial Advisor

REZNICK GROUP, P.C.
Independent Auditors

SC&H CONSULTING
Internal Controls Consultant

MANAGEMENT CONSULTING SERVICES
Management Consultant

INDEPENDENT AUDITORS' REPORT

To the Members
Maryland Health and Higher Educational Facilities Authority

We have audited the accompanying balance sheet of Maryland Health and Higher Educational Facilities Authority (the Authority) as of June 30, 2008, and related statement of revenues, expenses and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Authority as of June 30, 2008, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 5 through 12 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The additional information on pages 25 through 35 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on it.

Baltimore, Maryland
September 30, 2008



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

Introduction

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

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

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

Overview of the Financial Statements

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

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

Summary of Activities

- During fiscal year 2008 the Authority issued and delivered 26 issues totaling more than \$2.2 billion. The proceeds were used to purchase land; construct and acquire new facilities; renovate existing facilities; purchase equipment; and refund prior debt.

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

- Operating revenues increased by approximately \$228,000 due to the higher volume of new issues and a revised fee schedule effective July 1, 2007 which resulted in higher administrative fees. The Authority funds its operations using a combination of administrative fees, application fees and investment income. Administrative fees are a maximum of one tenth of one percent of the par amount of debt issued per annum and the application fee is \$5,000. In FY 2008, the Authority waived 75% of the annual administrative fees chargeable to borrowing institutions for existing financings and 70% for financings completed in FY 2008. In FY 2007, 75% of the fees chargeable to borrowing institutions were waived.

- Operating expenses decreased by approximately \$207,000 due to the decreased level of professional fees paid directly by the Authority.

- The Authority had approximately \$8,204,796,000 of conduit debt outstanding at June 30, 2008. This is an approximately \$942,780,000 increase from June 30, 2007. A schedule of debt outstanding is included in the additional information to these financial statements. All bonds issued by the Authority are limited obligations payable solely from amounts payable by participating institutions under the loan or lease agreements executed in connection with the issuance of the bonds or revenues of the project financed. The Authority has no outstanding debt constituting a general obligation of the Authority or a pledge of its faith and credit.

Financial Highlights

The following summarizes the financial position and results of operations of the Authority for the fiscal years ended June 30, 2008 and 2007 (in thousands of dollars):

	June 30, 2008	June 30, 2007
ASSETS	\$ 17,056	\$ 15,791
LIABILITIES AND NET ASSETS:		
LIABILITIES	\$ 126	\$ 98
NET ASSETS	16,930	15,693
TOTAL LIABILITIES AND NET ASSETS	\$ 17,056	\$ 15,791

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

	June 30, 2008	June 30, 2007
OPERATING REVENUES	\$ 2,168	\$ 1,930
OPERATING EXPENSES	1,752	1,959
OPERATING INCOME (LOSS)	416	(29)
NON-OPERATING REVENUES		
Net income from investments	783	793
Net increase in fair value of investments	38	33
INCREASE IN NET ASSETS	1,237	797
Net assets, beginning of year	15,693	14,896
Net assets, end of year	\$ 16,930	\$ 15,693

Summary of Financings

During fiscal year 2008, the Authority issued:

Public Issues & Limited Offerings	\$ 2,277,145,000
Pooled Loan Program- Series D	7,585,000
	<u>\$ 2,284,730,000</u>

The following is a list of the issues during fiscal year 2008:

HEALTHCARE FINANCINGS:

\$96,445,000 University of Maryland Medical System, Series 2007A

\$41,350,000 University of Maryland Medical System, Series 2007B

Public issues for the purpose of refunding a portion of the Authority's (i) Revenue Bonds, University of Maryland Medical System Issue, Series 2002 and (ii) Revenue Bonds, University of Maryland Medical System Issue, Series 2001.

\$62,675,000 Upper Chesapeake Hospitals, Series 2007A

\$62,675,000 Upper Chesapeake Hospitals, Series 2007B

\$54,350,000 Upper Chesapeake Hospitals, Series 2007C

Public issues for the purpose of (a) refunding the Authority's (i) Revenue Bonds, Upper Chesapeake Hospitals Issue, Series 1998A, (ii) Revenue Bonds, Upper Chesapeake Hospitals Issue, Series 1998B and (iii) Revenue Bonds, Upper Chesapeake Hospitals Issue, Series 2005; and (b) the financing and refinancing of a portion of the costs of acquisition, construction, renovation and equipping of certain facilities for Upper

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

Chesapeake Medical Center and Harford Memorial Hospital, including the build out of certain shelled-in space to allow for an additional 17 medical/surgical patient beds, construction of an additional C-Section room, road improvements to improve traffic flow and construction of parking facilities at the Medical Center.

\$84,100,000 The Johns Hopkins Health System Obligated Group, Series 2007A

\$84,550,000 The Johns Hopkins Health System Obligated Group, Series 2007B

\$12,215,000 The Johns Hopkins Health System Obligated Group, Series 2007C

Public issues to (a) refund the Authority's (i) Revenue Bonds, The Johns Hopkins Hospital Issue, Series 1999 and (ii) Revenue Bonds, The Johns Hopkins Hospital Issue, Series 2003; and (b) finance renovations and equipment for Johns Hopkins Bayview Medical Center. These issues were subsequently refunded by the Authority's The Johns Hopkins Health System, Commercial Paper Notes, Series E and Series F and the Authority's The Johns Hopkins Health System Obligated Group, Series 2008A.

\$155,000,000 Mercy Medical Center, Series 2007A

\$50,000,000 Mercy Medical Center, Series 2007B

\$50,000,000 Mercy Medical Center, Series 2007C

\$50,000,000 Mercy Medical Center, Series 2007D

Public issues to finance (i) the construction of a new patient tower to replace the Hospital's main hospital building, together with tunnel and bridge connections between the Hospital's existing facilities and the new patient tower; (ii) renovation of the Hospital's existing facilities, and (iii) acquisition of furniture, fixtures and equipment.

**\$28,933,000 The Johns Hopkins Health System, Commercial Paper Notes,
Series D**

A limited offering for the purpose of financing certain construction, renovations and equipment for The Johns Hopkins Hospital.

\$5,500,000 Gaudenzia Foundation, Series 2007

A public issue to refinance the acquisition, construction, renovation and equipping of a drug and alcohol treatment facility and a therapeutic long-term residential treatment facility.

\$285,815,000 LifeBridge Health, Series 2008

A public issue to (a) refund the Authority's (i) Revenue Bonds, LifeBridge Health Issue, Series 2004A and (ii) Revenue Bonds, LifeBridge Health Issue, 2004B; and (b) to finance (i) construction and expansion of the south tower at Sinai Hospital; (ii) construction and improvement of parking facilities at Sinai Hospital and Northwest Hospital;

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

(iii) construction and improvement of infusion facilities at Sinai; (iv) construction and improvement of perioperative services facilities at Northwest; (v) renovation and improvement of labor and delivery facilities at Sinai; (vi) physical infrastructure improvements to support the expansion plans at Sinai and Northwest; and (vii) modernization and expansion of the existing operating rooms at Sinai and Northwest.

\$264,300,000 Washington County Hospital, Series 2008

A public issue for the purpose of (i) financing construction and equipping of a replacement hospital; and (ii) refinancing a loan to the Washington County Hospital Endowment Fund under the Authority's Pooled Loan Program, Series D.

\$84,100,000 The Johns Hopkins Health System, Commercial Paper Notes, Series E

\$84,550,000 The Johns Hopkins Health System, Commercial Paper Notes, Series F

Limited offerings to refund the Authority's (i) Revenue Bonds, The Johns Hopkins Health System Obligated Group Issue, Series 2007A and (ii) Revenue Bonds, The Johns Hopkins Health System Obligated Group Issue, Series 2007B.

\$12,215,000 The Johns Hopkins Health System Obligated Group, Series 2008A

A public issue for the purpose of refunding the Authority's Revenue Bonds, The Johns Hopkins Health System Obligated Group Issue, Series 2007C.

\$40,000,000 Howard County General Hospital, Series 2008

A public issue for the purpose of financing the construction of a new five-story clinical medical pavilion, including three 30-bed medical and surgical patient units.

\$50,000,000 University of Maryland Medical System, Series 2008A

\$75,000,000 University of Maryland Medical System, Series 2008B

\$50,000,000 University of Maryland Medical System, Series 2008C

\$50,000,000 University of Maryland Medical System, Series 2008D

\$55,000,000 University of Maryland Medical System, Series 2008E

Public issues to refund the Authority's (i) Revenue Bonds, University of Maryland Medical System Issue, Series 2006B; (ii) Revenue Bonds, University of Maryland Medical System Issue, Series 2006C; (iii) Revenue Bonds, University of Maryland Medical System Issue, Series 2006D; (iv) Revenue Bonds, University of Maryland Medical System Issue, Series 2006E; and (v) Revenue Bonds, University of Maryland Medical System Issue, Series 2006F.

\$59,160,000 Doctors Community Hospital, Series 2008

A public issue to finance (i) the construction of a new six-story clinical/patient tower addition to the Hospital; (ii) renovations of medical/surgical units; (iii) expansion of the Emergency Department; and (iv) the acquisition of capital equipment.

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

**\$11,067,000 The Johns Hopkins Health System, Commercial Paper Notes,
Series D**

A limited offering for the purpose of financing additional construction, renovations and equipment for The Johns Hopkins Hospital.

**\$144,740,000 The Johns Hopkins Health System Obligated Group,
Series 2008B**

A public issue for the purpose of financing the construction and equipping of two 18-story medical towers, one of which will be used as a Cardiovascular & Critical Care Unit and the second of which will be used as a Children's Unit.

EDUCATIONAL INSTITUTION FINANCINGS:

\$31,285,000 Goucher College, Series 2007

A public issue for the purpose of financing construction of the Athenaeum, a 100,000 square foot facility that will include, among other things, a new library, academic and social spaces, an art gallery, lounge and exercise facilities.

\$11,000,000 Loyola College in Maryland, Series 2007

A public issue to finance the cost of acquisition, renovation and furnishing of certain condominium units formerly known as Gallagher Park to provide student housing.

RETIREMENT COMMUNITIES:

\$11,520,000 Keswick Multi-Care Center, Series 2007

A public issue to refinance two loans to Keswick Multi-Care which financed (i) the construction of a skilled nursing facility; (ii) the renovation of an existing building to accommodate 44 dementia assisted living units; (iii) renovation of a covered entrance for resident admissions; (iv) expansion of Adult Day Care; (v) an outpatient geriatric clinic; and (vi) expansion of an existing employee cafeteria.

\$45,405,000 Annapolis Life Care, Series 2007

A public issue to (i) finance certain renovation and the expansion of certain facilities, including the replacement of certain mechanical and electrical systems and the installation of certain technology infrastructure; and (ii) refund the Authority's Revenue Bonds, Annapolis Life Care Issue, Series 2004.

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

NON-COLLEGIATE SCHOOL FINANCINGS:

\$8,000,000 Bishop McNamara High School, Series 2007

A public issue to finance (i) the expansion and reconfiguration of the cafeteria, library, administrative offices and guidance center and certain related renovations; (ii) an expansion of the main entrance to the School; (iii) improvements to and modernization of the science labs; and (iv) construction of fine arts instructional space.

\$12,500,000 Roland Park Country School, Series 2001 (2nd Delivery)

A public issue to finance (i) the construction of a new athletic center; (ii) the expansion of two lacrosse playing fields; and (iii) improvements to an existing parking lot.

\$15,000,000 Beth Tfiloh Dahan Community School, Series 2007

A public issue to finance the construction of a two-story Lower School on the Sarah and David S. Brown Campus of the School.

\$15,105,000 Woodmont Academy, Series 2008

A public issue to (i) finance infrastructure improvements to accommodate increased traffic, certain improvements to the campus and (ii) refinance existing indebtedness incurred to finance the original construction of the school.

\$3,590,000 Odenton Christian School, Series 2008

A public issue for the purpose of financing (i) the construction of 14 new classrooms; (ii) the construction of a surface parking lot; (iii) the construction of a storage building; and (v) site work and contouring.

\$20,000,000 The Boy's Latin School of Maryland, Series 2008

A public issue to (a) finance (i) construction of a new Middle School building; (ii) expansion and renovation of the Iglehart Gymnasium Center; (iii) renovations of the existing Upper School building; and (iv) construction of a new addition to the Upper School atrium space to provide a larger student center to accommodate increased enrollments; and (b) refund the Authority's Revenue Bonds, The Boys' Latin School Issue, Series 1999.

POOLED LOAN PROGRAM, SERIES D FINANCINGS:

\$7,585,000 Mt. Washington Pediatric Hospital

This loan provided funds to prepay certain indebtedness which was incurred to

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

finance the construction of a new hospital building, renovation of an existing building known as the Estate House and associated machinery and equipment.

Subsequent Bond Activity

Subsequent to June 30, 2008 the following bonds were authorized and issued:

- \$72,160,000 Revenue Bonds, Frederick Memorial Hospital, Series 2008
- \$9,865,000 Revenue Bonds, DeMatha Catholic High School, Series 2008
- \$35,325,000 Revenue Bonds, Mercy Medical Center, Series 2008
- \$87,345,000 Revenue Bonds, University of Maryland Medical System, Series 2008F
- \$23,500,000 Revenue Bonds, Stevenson University, Series 2008
- \$40,275,000 Revenue Bonds, University of Maryland Medical System, Series 2008G
- \$36,525,000 Revenue Bonds, University of Maryland Medical System, Series 2008H
- \$129,880,000 Revenue Bonds, The Johns Hopkins University, Series 2008A
- \$125,855,000 Revenue Bonds, The Johns Hopkins University, Series 2008B
- \$63,910,000, Revenue Bonds, Upper Chesapeake Hospitals, Series 2008A
- \$60,190,000, Revenue Bonds, Upper Chesapeake Hospitals, Series 2008B
- \$55,325,000, Revenue Bonds, Upper Chesapeake Hospitals, Series 2008C
- \$46,370,000, Revenue Bonds, Loyola College

Subsequent to June 30, 2008 the following bonds were authorized but not issued:

- \$323,100,000 Revenue Bonds, Anne Arundel Health System
- \$10,000,000 Revenue Bonds, The Chimes, Inc.
- \$7,000,000, Revenue Bonds, Health Care for the Homeless
- \$35,000,000 Revenue Bonds, Fourth Presbyterian School

Requests For Information

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

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

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

Maryland Health and Higher Educational Facilities Authority-
Balance Sheet

June 30, 2008
(in thousands of dollars)

ASSETS

Current assets:

Cash and cash equivalents	\$	9
Non-capital investments at fair value		4,698
Interest receivable		117
Administrative fees receivable		11
Prepaid pension and other prepayments		54
Total current assets		4,889

Non-current assets:

Non-capital investments at fair value		12,112
Capital assets (net of accumulated depreciation of \$171)		55
TOTAL ASSETS	\$	17,056

LIABILITIES AND NET ASSETS BALANCES

Current liabilities:

Accounts payable and accrued expenses	\$	85
Total current liabilities		85

Non-current liabilities:

Non-current accrued vacation		41
Total non-current liabilities		41
TOTAL LIABILITIES		126

NET ASSETS

Invested in capital assets, net of related debt		55
Unrestricted net assets:		
Designated for operations		3,504
Designated for contingencies		13,371
TOTAL NET ASSETS		16,930
TOTAL LIABILITIES AND NET ASSETS	\$	17,056

The accompanying notes are an integral part of these financial statements

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

For the year ended June 30, 2008
(in thousands of dollars)

OPERATING REVENUES

Annual administrative fees	\$ 2,083
Application fees	75
Gain on sale of assets	10
TOTAL OPERATING REVENUES	2,168

OPERATING EXPENSES

Salaries	661
Employees' insurance, pension and other fringe benefits	109
Payroll taxes	42
Professional fees	736
Office rent	110
Office supplies and expenses	74
Depreciation	20
TOTAL OPERATING EXPENSES	1,752

OPERATING INCOME	416
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NON-OPERATING REVENUES

Net income from investments	783
Unrealized gain on investments	38

INCREASE IN NET ASSETS	1,237
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Net assets, beginning of year	15,693
Net assets, end of year	\$ 16,930

The accompanying notes are an integral part of these financial statements

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

For the year ended June 30, 2008
(in thousands of dollars)

CASH FLOWS PROVIDED BY OPERATING ACTIVITIES

Cash received from administrative and other fees	\$	2,158
Cash payments to employees and employee benefits		(790)
Cash payments to suppliers for goods and services		(910)
Net cash provided by operating activities		458

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Purchases of capital assets		(44)
Net cash used in capital and financing activities		(44)

CASH FLOWS FROM INVESTING ACTIVITIES

Investment income		798
Purchases of investments		(58,739)
Sales and maturities of investments		57,532
Net cash used in investing activities		(409)

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

Operating income	\$	416
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**ADJUSTMENTS TO RECONCILE OPERATING GAIN TO NET CASH
PROVIDED BY OPERATING ACTIVITIES**

Depreciation	20
Administrative fees receivable	(10)
Prepaid pension and other prepayments	4
Accounts payable and accrued expenses	28

Net cash provided by operating activities	\$	458
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The accompanying notes are an integral part of these financial statements

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

NOTE 1: ORGANIZATION AND ACCOUNTING POLICIES

Organization

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

Accounting Policies

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

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

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

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

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

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

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

Unrestricted net assets- net assets that are not subjected to externally imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of management or the Authority or may otherwise be limited by contractual agreements with outside parties. The Authority's unrestricted net assets include an internal designation for operating expenses, maintained at two times the annual operating expenses of the Authority. At June 30, 2008, the designation was \$3,504,000. The Authority has also designated a portion of net assets to fund presently unidentified contingencies which is subject to a 1% limitation on the total bonds outstanding at July 1, 2008. At June 30, 2008, the designated amount was \$13,371,000 which does not exceed the limitation of \$80,866,390.

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

Estimated useful lives are as follows:

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

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

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

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

NOTE 2: INVESTMENTS

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

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

	AMORTIZED COST	GROSS UNREALIZED LOSSES	GROSS UNREALIZED GAINS	FAIR VALUE
Obligations of U.S. government agencies and instrumentalities	\$ 13,701	\$ 0	\$ 28	\$ 13,729
Money Market Accounts	3,081	0	0	3,081
Total	\$ 16,782	\$ 0	\$ 28	\$ 16,810

The amortized cost and fair value of investments at June 30, 2008, by contractual maturity, are shown below (in thousands of dollars). Expected maturities will differ from contractual maturities because issuers may have the right to call or prepay obligations with or without penalties.

	FAIR VALUE	AMORTIZED COST
Due in one year or less	\$ 4,698	\$ 4,700
Due after one year through five years	10,458	10,412
Due after five years through ten years	1,654	1,670
Due after ten years	0	0
	\$ 16,810	\$ 16,782

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, 2008, the Authority's investments were not subject to custodial credit risk under GASB Statement No. 40. The Authority's investments are held under a custodial agreement, kept separate from the assets of the bank and from other trust accounts and are held in the Authority's name.

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

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

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

As of June 30, 2008, allocation by type of investments is as follows
(in thousands of dollars):

Asset	Fair Value	Percentage of Total
Obligations of US Government Agencies:		
Federal Home Loan Banks	\$ 9,069	53.95%
Federal Home Loan Mortgage Corp	2,290	13.62%
Federal Farm Credit Banks	2,370	14.10%
Money Market		
Columbia Government Reserves	3,081	18.33%
Total	\$ 16,810	100.00%

As of June 30, 2008, allocation by credit rating of investments is as follows:

Asset	Rating	Agency
Obligations of US Government Agencies:		
Federal Home Loan Banks	Aaa	Moody's
Federal Home Loan Mortgage Corp	Aaa	Moody's
Federal Farm Credit Banks	Aaa	Moody's
Money Market:		
Columbia Government Reserves	Aaa	Moody's

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

NOTE 3: COMMITMENTS AND CONTINGENCIES

The Authority has a lease commitment for office space through March 31, 2013. At June 30, 2008, the minimum rental commitments for office space over the next five years and in aggregate, are as follows:

2009	\$	94,361
2010		96,267
2011		98,196
2012		100,166
2013		76,250
	\$	465,240

NOTE 4: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2008 was as follows (in thousands of dollars):

Capital assets beginning of year	\$	221
Additions		44
Retirements		39
Capital assets end of year		226
Less accumulated depreciation end of year		171
Capital assets net of depreciation end of year	\$	55

The Authority recognized \$20 thousand of depreciation expense during fiscal year 2008.

NOTE 5: PENSION PLAN

The Authority's employees participate in the State Retirement and Pension System of Maryland. The Authority's contribution is based upon a percentage of annual gross wages paid to employees. Employees of the Authority also make a contribution for benefits; the percentage of contributions, as determined by the State Retirement and Pension System of Maryland, is 6.4%, 5.8% and 5.0% of gross wages for 2008, 2007 and 2006, respectively. The Authority's pension expense for 2008, 2007 and 2006 amounted to \$42,194, \$36,087 and \$29,513, respectively. The State Retirement and Pension System of Maryland plan information is publicly available from:

State Retirement & Pension System of Maryland
120 East Baltimore Street
Baltimore, MD 21202
www.sra.state.md.us

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

NOTE 6: CONDUIT DEBT

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

The following is a summary of conduit debt activity for the year ended June 30, 2008 (in thousands of dollars):

Bonds outstanding as of June 30, 2007	\$7,262,016
Plus: Bonds issued during FY 2008	2,284,730
Less: Redemptions and refundings during FY 2008	(1,341,950)
<u>Bonds outstanding as of June 30, 2008</u>	<u>\$8,204,796</u>

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Maryland Health and Higher Educational Facilities Authority

Additional Information

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Maryland Health and Higher Educational Facilities Authority

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

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

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

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

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

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

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

Debt Service Reserve Funds- Account for the receipt and disbursement of monies held in reserve in compliance with certain bond resolutions and indentures. The fund balances are generally required to be maintained at amounts established under the resolution or indenture. At June 30, 2008, the Authority believes the fund balances of all issues requiring Debt Service Reserve Funds were in compliance with their respective bond resolutions and indentures.

Project Reserve Funds- Account for the receipt and disbursement of monies held in reserve for improvements, major repairs, operations and arbitrage/rebate. The fund balances are established by the bond indentures and resolutions of certain issues. At June 30, 2008, the Authority believes the fund balances of all issues requiring Project Reserve Funds were in compliance with their respective bond indentures and resolutions. All Renewal and Replacement, Depreciation Reserve and Arbitrage Rebate Funds are included as Project Reserve Funds.

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

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

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

June 30, 2008 (in thousands of dollars)	CONSTRUCTION FUNDS	PROGRAM FUNDS
ASSETS		
Cash and cash equivalents	\$ (2)	\$ 0
Investments at fair value	1,320,079	28,295
Interest receivable	4,541	383
Due from other funds	0	2
Accounts receivable	0	0
Principal and lease payments receivable	0	0
TOTAL ASSETS	\$ 1,324,618	\$ 28,680
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 0	\$ 152
Advance payments and deposits from institutions	0	0
Bonds, notes and leases payable from Debt Service Funds	0	0
Interest payable	0	0
Due to other funds	4,454	27
Bonds, notes and lease obligations payable	0	0
TOTAL LIABILITIES	4,454	179
RESTRICTED NET ASSETS		
Reserved for debt service	0	0
Reserved for loans under Pooled Loan Program	0	28,501
Designated for specific projects	1,320,164	0
Designated for operations	0	0
TOTAL NET ASSETS BALANCES	1,320,164	28,501
TOTAL LIABILITIES AND NET ASSETS	\$ 1,324,618	\$ 28,680

<i>DEBT SERVICE FUNDS</i>	<i>DEBT SERVICE RESERVE FUNDS</i>	<i>PROJECT RESERVE FUNDS</i>	<i>REDEMPTION FUNDS</i>	<i>DEBT PRINCIPAL ACCOUNT GROUP</i>	<i>TOTAL</i>
\$ 1,000	\$ 369	\$ 0	\$ 680	\$ 0	\$ 2,047
185,012	266,870	1,027	5,543	0	1,806,826
85	2,158	1	1	0	7,169
5,162	0	0	0	0	5,164
41,506	0	0	0	0	41,506
0	0	0	0	8,204,796	8,204,796
\$ 232,765	\$ 269,397	\$ 1,028	\$ 6,224	\$ 8,204,796	\$ 10,067,508

\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 152
1,510	0	0	0	0	1,510
112,183	0	0	4,595	0	116,778
89,012	0	0	0	0	89,012
15	668	0	0	0	5,164
0	0	0	0	8,204,796	8,204,796
202,720	668	0	4,595	8,204,796	8,417,412

30,045	268,729	0	1,629	0	300,403
0	0	0	0	0	28,501
0	0	0	0	0	1,320,164
0	0	1,028	0	0	1,028
30,045	268,729	1,028	1,629	0	1,650,096
\$ 232,765	\$ 269,397	\$ 1,028	\$ 6,224	\$ 8,204,796	\$ 10,067,508

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

For the year ended June 30, 2008 (in thousands of dollars)	CONSTRUCTION FUNDS	PROGRAM FUNDS
Net assets, June 30, 2007	\$ 1,223,079	\$ 15,747
ADDITIONS		
Proceeds from sale of bonds and notes:		
Gross proceeds	2,184,128	0
Underwriters' discount	(7,355)	0
Original issuance discount	(1,488)	0
Interest accrued to date of delivery	0	0
Insurance premium	(7,822)	0
Swap termination payment	(20,635)	0
Payments and contributions received from and on behalf of institutions	4,102	0
Lease and loan payments	0	0
Debt service- interest	0	0
Proceeds from sale of escrowed securities	0	0
Unrealized gain/(loss) on investments	(2,521)	(48)
Income from investments	59,334	638
Original issue premium	4,881	0
Total additions	2,212,624	590
DEDUCTIONS		
Project and financing costs	852,096	877
Loans to institutions	0	2,706
Principal (including July 1, 2008 installments funded at June 30, 2008)	30,471	0
Interest	61	0
Required payments to institutions	7,479	0
Transfers to escrow deposit agents for defeased issues	378,359	0
Retirement of Bonds	0	0
Total deductions	1,268,466	3,583
INTERFUND TRANSFERS	(847,073)	15,747
Net Assets balances, June 30, 2008	\$ 1,320,164	\$ 28,501

<i>DEBT SERVICE FUNDS</i>	<i>DEBT SERVICE RESERVE FUNDS</i>	<i>PROJECT RESERVE FUNDS</i>	<i>REDEMPTION FUNDS</i>	<i>TOTAL</i>
\$ 45,419	\$ 255,280	\$ 1,029	\$ 0	\$ 1,540,554
480,622	40,572	0	0	2,705,322
0	0	0	0	(7,355)
0	0	0	0	(1,488)
0	0	0	0	0
0	0	0	0	(7,822)
0	0	0	0	(20,635)
43,142	0	0	20,624	67,868
202,280	0	0	0	202,280
234,805	0	0	0	234,805
4,890				4,890
47	1,812	1	0	(709)
3,905	12,791	52	25	76,745
2	0	0	0	4,883
969,693	55,175	53	20,649	3,258,784
1,438	0	0	0	854,411
0	0	0	0	2,706
1,431,750	0	0	20,170	1,482,391
331,779	0	0	335	332,175
955	2	0	12	8,448
9,158	15,344	0	0	402,861
66,250	0	0	0	66,250
1,841,330	15,346	0	20,517	3,149,242
856,263	(26,380)	(54)	1,497	0
\$ 30,045	\$ 268,729	\$ 1,028	\$ 1,629	\$ 1,650,096

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

As of June 30, 2008, the principal amount of bonds and notes outstanding is as follows (in thousands of dollars):	<i>FINAL MATURITY</i>	<i>AMOUNT ISSUED</i>	<i>BONDS AND NOTES PAYABLE JULY 1, 2008</i>	<i>BONDS AND NOTES PAYABLE SUBSEQUENT TO JULY 1, 2008</i>
PUBLIC OFFERINGS				
Pooled Loan Program, Series 1985A and 1985B, dated December 1, 1985	2035	\$ 175,000	\$ 0	\$ 175,000
The Johns Hopkins Hospital, Series 1990, dated January 1, 1990	2019	90,169	0	59,856
University of Maryland Medical System, Series 1991B, dated January 1, 1991	2022	38,670	0	27,315
Union Hospital of Cecil County, Series 1992, dated July 1, 1992	2022	14,145	420	455
Greater Baltimore Medical Center, Series 1993, dated July 1, 1993	2019	76,425	3,275	48,980
The Johns Hopkins Medical Institutions Parking Facilities, Series 1996, dated January 1, 1996	2026	42,425	1,175	27,885
Mercy Medical Center, Series 1996, dated January 1, 1996	2026	30,000	730	22,620
Loyola College, Series 1996B, dated October 1, 1996	2013	14,900	0	7,000
The Johns Hopkins University, Series 1997, dated January 1, 1997	2027	14,985	355	12,120
Stella Maris, Series 1997, dated January 1, 1997	2021	21,985	865	16,120
Broadmead, Series 1997, dated July 1, 1997	2017	11,995	595	7,055
Kennedy Krieger, Series 1997, dated November 1, 1997	2022	13,670	495	10,510
Catholic Health Initiatives, Series 1997B, (St. Joseph Medical Center), dated November 25, 1997	2015	30,500	0	14,500
Charlestown Community, Series 1998A, dated January 1, 1998	2026	40,960	0	38,700
Charlestown Community, Series 1998B, dated January 1, 1998	2026	25,285	0	17,400
Calvert Memorial Hospital, Series 1998, dated January 1, 1998	2026	27,860	650	22,540
The Johns Hopkins University, Series 1998, dated April 2, 1998	2020	192,510	6,970	129,575
JHM/Howard County General Hospital Acquisition, Series 1998, dated June 1, 1998	2030	133,910	2,455	120,615
PUMH of Maryland, Inc. (Heron Point of Chestertown), Series 1998A & B, dated June 15, 1998	2026	35,115	0	32,135
Green Acres School, Series 1998, dated August 5, 1998	2028	4,460	105	3,675
Anne Arundel Medical Center, Series 1998, dated July 1, 1998	2033	69,840	1,250	63,090
Maryland Institute College of Art, Series 1998, dated July 15, 1998	2029	17,950	0	14,875
Union Hospital of Cecil County, Series 1998, dated July 1, 1998	2029	17,675	315	14,790
College of Notre Dame of Maryland, Series 1998, dated September 1, 1998	2023	11,995	0	9,035
Memorial Hospital at Easton, Series 1998, dated October 1, 1998	2019	33,470	1,190	24,195
Memorial Hospital at Easton, Series 1999, dated April 1, 1999	2009	4,260	505	525
Medlantic/Helix, Series 1998A, dated December 1, 1998	2038	166,605	0	166,605
Medlantic/Helix, Series 1998B, dated December 1, 1998	2038	116,910	0	103,320
Kaiser Permanente, 1998 Series A, dated December 1, 1998	2015	12,825	0	12,825
Roland Park Place, Series 1999, dated May 1, 1999	2024	34,195	1,120	28,895

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

As of June 30, 2008, the principal amount of bonds and notes outstanding is as follows (in thousands of dollars):	<i>FINAL MATURITY</i>	<i>AMOUNT ISSUED</i>	<i>BONDS AND NOTES PAYABLE JULY 1, 2008</i>	<i>BONDS AND NOTES PAYABLE SUBSEQUENT TO JULY 1, 2008</i>
Loyola College, Series 1999, dated June 1, 1999	2039	\$ 33,355	\$ 0	\$ 33,355
Glen Meadows Retirement Community, Series 1999A & B, dated August 25, 1999	2029	20,410	375	18,025
Catholic Health Initiatives, Series 2000 A, dated March 1, 2000	2024	23,455	0	6,730
Mercy Ridge, Series 2000, dated March 1, 2000	2031	69,305	0	27,000
The Bullis School, Series 2000, dated November 28, 2000	2030	20,400	440	18,405
The Johns Hopkins University, Series 2001A, dated March 15, 2001	2013	20,355	2,240	15,265
The McLean School, Series 2001, dated May 30, 2001	2031	9,080	170	8,165
Roland Park Country School, Series 2001, dated June 7, 2001	2026	7,500	0	5,015
The Johns Hopkins Hospital, Series 2001, dated August 29, 2001	2034	101,355	0	89,465
The Johns Hopkins Medical Institutions Parking Facilities, Series 2001, dated August 29, 2001	2034	28,030	530	26,500
The Johns Hopkins University, Series 2001B, dated August 30, 2001	2041	85,775	0	85,775
Trinity School, Series 2001, dated October 31, 2001	2026	9,000	0	7,850
University of Maryland Medical System, Series 2001, dated December 5, 2001	2034	100,000	880	3,440
Greater Baltimore Medical Center, Series 2001, dated December 6, 2001	2034	52,830	0	52,830
Mercy Medical Center, Series 2001, dated December 12, 2001	2031	49,480	0	49,480
University of Maryland Medical System, Series 2002, dated January 30, 2002	2032	57,655	1,335	5,375
The Johns Hopkins University, Series 2002A, dated February 13, 2002	2032	106,725	0	106,725
Board of Child Care, Series 2002, dated May 8, 2002	2032	39,280	1,575	30,905
Carroll County General Hospital, Series 2002, dated June 13, 2002	2037	91,760	1,210	87,890
Hebrew Home of Greater Washington, Series 2002, dated June 19, 2002	2032	13,140	0	12,185
Holton Arms School, Series 2002, dated June 20, 2002	2032	21,000	400	20,600
Frederick Memorial Hospital, Series 2002, dated July 15, 2002	2035	71,715	785	70,175
Union Hospital of Cecil County, Series 2002, dated October 15, 2002	2032	24,000	465	21,555
Carnegie Institution of Washington, Series 2002, dated October 23, 2002	2037	30,000	0	30,000
Adventist HealthCare, Series 2003A, dated February 15, 2003	2025	22,925	0	22,925
Adventist HealthCare, Series 2003B, dated February 27, 2003	2033	39,560	0	35,310
The Johns Hopkins Hospital, Series A, dated March 6, 2003	2013	54,310	0	4,460
Kennedy Krieger, Series 2003, dated April 27, 2003	2033	24,490	545	22,810
Sheppard Pratt, Series 2003A, dated May 1, 2003	2036	45,590	1,125	40,250
Sheppard Pratt, Series 2003B, dated May 1, 2003	2028	45,550	625	44,325
Mercy Medical Center, Series 2003, dated August 21, 2003	2022	42,365	0	36,595

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

As of June 30, 2008, the principal amount of bonds and notes outstanding is as follows (in thousands of dollars):	<i>FINAL MATURITY</i>	<i>AMOUNT ISSUED</i>	<i>BONDS AND NOTES PAYABLE JULY 1, 2008</i>	<i>BONDS AND NOTES PAYABLE SUBSEQUENT TO JULY 1, 2008</i>
University of Maryland Medical System, Series 2004A, B, C & D, dated January 22, 2004	2032	\$ 253,860	\$ 11,320	\$ 197,530
MedStar Health, Series 2004, dated February 3, 2004	2033	170,350	0	170,350
Anne Arundel Health System, Series 2004A&B, dated February 19, 2004	2034	139,245	1,650	83,855
Friends School of Baltimore, Series 2004, dated April 1, 2004	2029	7,500	0	7,085
Shore Health System, Series 2004, dated April 8, 2004	2029	25,920	805	24,335
The Johns Hopkins University, Series 2004A, dated April 21, 2004	2038	92,505	0	92,505
The Johns Hopkins Medical Institutions Parking Facilities, Series 2004, dated April 26, 2004	2034	35,665	90	35,395
Suburban Hospital, Series 2004, dated June 3, 2004	2029	72,445	2,800	63,625
Calvert Health System, Series 2004, dated July 8, 2004	2039	32,925	95	32,830
Goucher College, Series 2004, dated August 18, 2004	2034	21,855	0	21,855
Adventist HealthCare, Series 2004A & B, dated September 14, 2004	2035	85,985	0	69,905
French International School, Series 2004, dated September 30, 2004	2034	14,000	0	13,800
The Johns Hopkins Medical Institutions Parking Facilities, Series 2004B, dated December 1, 2004	2038	33,035	115	32,620
Indian Creek School, Series 2004, dated December 23, 2004	2029	14,300	0	13,905
Civista Medical Center, Series 2005, dated February 17, 2005	2037	59,000	540	58,460
The Johns Hopkins University, Series 2005A, dated March 3, 2005	2036	69,265	0	69,265
Bryn Mawr School, Series 2005, dated March 10, 2005	2030	6,500	0	5,650
Rambam School, Series 2005, dated April 27, 2005	2025	2,700	85	2,615
Stone Ridge School, Series 2005, dated June 22, 2005	2035	12,000	200	11,400
The Johns Hopkins Medical Institutions Utilities, Series 2005A & B, dated June 29, 2005	2037	48,845	0	48,845
Union Hospital of Cecil County, Series 2005, dated July 14, 2005	2040	33,675	0	33,675
Pickersgill, Series 2005, dated September 15, 2005	2035	37,000	0	36,505
University of Maryland Medical System, Series 2005, dated October 10, 2005	2031	149,700	0	142,715
Villa Julie College, Series 2005, dated December 15, 2005	2030	95,560	635	92,505
Adventist HealthCare, Series 2005A & B dated December 20, 2005	2035	142,590	0	137,330
Loyola College, Series 2006A, dated January 4, 2006	2045	62,995	0	62,995
Maryland Institute College of Art, Series 2006, dated January 5, 2006	2040	30,740	0	30,740
Loyola College, Series 2006B, dated February 2, 2006	2026	46,150	0	46,150
Peninsula Regional Medical Center, Series 2006, dated February 2, 2006	2036	142,910	1,985	138,525
Frederick Memorial Hospital, Series 2006, dated May 24, 2006	2035	75,000	0	75,000

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

As of June 30, 2008, the principal amount of bonds and notes outstanding is as follows (in thousands of dollars):	<i>FINAL MATURITY</i>	<i>AMOUNT ISSUED</i>	<i>BONDS AND NOTES PAYABLE JULY 1, 2008</i>	<i>BONDS AND NOTES PAYABLE SUBSEQUENT TO JULY 1, 2008</i>
Gilman School, Series 2006, dated June 1, 2006	2036	\$ 30,000	\$ 0	\$ 30,000
Edenwald, Series 2006, dated July 6, 2006	2037	80,365	4,595	75,470
University of Maryland Medical System, Series 2006, dated November 9, 2006	2041	395,000	0	45,000
Western Maryland Health System, Series 2006A&B, dated November 14, 2006	2026	350,830	0	350,830
Kennedy Krieger Institute, Series 2006, dated November 15, 2006	2036	52,125	625	50,875
Severn School, Series 2006, dated November 15, 2006	2036	10,500	0	10,500
Carroll Hospital Center, Series 2006, dated December 7, 2006	2040	35,000	0	35,000
Washington Christian Academy, Series 2006, dated December 13, 2006	2038	30,000	0	30,000
Doctors Community Hospital, Series 2007, dated January 4, 2007	2029	77,685	2,130	75,555
King Farm Presbyterian Retirement Community, Series 2007, dated January 11, 2007	2037	174,590	0	174,590
MedStar Health, Series 2007, dated January 31, 2007	2046	144,985	0	144,985
Mercy Ridge, Series 2007, dated March 22, 2007	2035	23,445	0	23,445
Archdiocese of Baltimore Schools, Series 2007, dated June 21, 2007	2037	24,165	0	24,165
Maryland Institute College of Art, Series 2007, dated June 27, 2007	2042	38,740	0	38,585
Bishop McNamara High School, Series 2007, dated August 8, 2007	2032	8,000	165	7,835
Keswick Multi-Care Center, Series 2007, dated August 9, 2007	2037	11,520	0	11,520
University of Maryland Medical Center, Series 2007A&B, dated September 12, 2007	2034	137,795	275	137,520
Roland Park Country School, Series 2001 (2nd Delivery), dated September 26, 2007	2037	12,500	0	12,500
Upper Chesapeake Hospitals, Series 2007A-C, dated October 17, 2007	2043	179,700	0	179,425
Goucher College, Series 2007, dated October 31, 2007	2037	31,285	0	31,285
Mercy Medical Center, Series 2007A-D, dated November 8, 2007	2042	305,000	750	304,250
Annapolis Life Care, Series 2007, dated November 15, 2007	2040	45,405	0	45,405
Loyola College in Maryland, Series 2007, dated December 6, 2007	2023	11,000	0	11,000
Gaudenzia Foundation, Series 2007, dated December 12, 2007	2028	5,500	255	5,245
Beth Tfiloh Dahan Community School, Series 2007, dated December 18, 2007	2037	15,000	0	15,000
LifeBridge Health, Series 2008, dated January 17, 2008	2047	285,815	2,930	282,885
Washington County Hospital, Series 2008, dated February 12, 2008	2043	264,300	0	264,300
Woodmont Academy, Series 2008, dated March 12, 2008	2038	15,105	0	15,105
Odenton Christian School, Series 2008, dated March 19, 2008	2033	3,590	0	3,590
The Johns Hopkins Health System Obligated Group, Series 2008A, dated April 23, 2008	2027	12,215	0	12,215
Howard County General Hospital, Series 2008, dated May 8, 2008	2046	40,000	0	40,000

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

As of June 30, 2008, the principal amount of bonds and notes outstanding is as follows (in thousands of dollars):	<i>FINAL MATURITY</i>	<i>AMOUNT ISSUED</i>	<i>BONDS AND NOTES PAYABLE JULY 1, 2008</i>	<i>BONDS AND NOTES PAYABLE SUBSEQUENT TO JULY 1, 2008</i>
University of Maryland Medical System, Series 2008A-E, dated May 21, 2008	2041	\$ 280,000	\$ 0	\$ 280,000
Doctors Community Hospital, Series 2008, dated May 22, 2008	2038	59,160	0	59,160
The Boys' Latin School of Maryland, Series 2008, dated June 24, 2008	2038	20,000	0	20,000
The Johns Hopkins Health System Obligated Group, Series 2008B, dated June 26, 2008	2048	144,740	0	144,740
Public Offerings Outstanding		8,250,369	67,215	7,115,546
PRIVATE PLACEMENTS AND LIMITED OFFERINGS				
Pooled Loan Program, Series D (1994), dated January 1, 1994	2039	\$ 402,516	\$ 16,995	\$ 157,925
University Physicians, Series 1994, dated June 8, 1994	2014	14,250	350	6,400
Greater Baltimore Medical Center, Series 1995, dated July 1, 1995	2025	10,000	290	7,365
Capitol College, Series 1995, dated July 1, 1995	2020	8,000	137	5,475
Augsburg Lutheran, Series 1997, dated January 1, 1997	2022	9,300	275	7,415
The Johns Hopkins Hospital, Series B, dated January 1, 1997	2027	3,404	350	400
The Norwood School, Series 1998, dated November 1, 1998	2025	10,505	0	3,465
Woodbourne Center, Series 1998, dated November 1, 1998	2020	3,115	0	995
Washington Episcopal School, Series 1999, dated January 28, 1999	2029	11,768	19	10,575
Washington Episcopal School, Series 1999 (Taxable), dated January 26, 1999	2029	632	1	477
Barnesville School, Series 1999, dated March 9, 1999	2024	3,790	0	2,350
Charles E. Smith Jewish Day School, 1999 Issue, dated June 1, 1999	2029	12,600	10	4,170
The Boys Latin School of Maryland, Series 1999, dated August 1, 1999	2019	6,700	0	4,825
Landon School, Series 1999, dated November 1, 1999	2024	11,000	0	9,400
The Johns Hopkins University, Commercial Paper, Series A	2031	200,000	3,889	165,952
The Johns Hopkins University, Commercial Paper, Series B	2029	200,000	5,225	78,594
St. Anne's Day School, dated November 8, 2001	2026	5,000	0	3,655
Community Support Services, dated December 10, 2001	2031	2,660	0	1,140
St. John's Episcopal Day School, dated December 21, 2001	2032	7,000	9	6,615
The Johns Hopkins Hospital, Series 2003C, dated March 6, 2003	2013	14,515	0	2,650
The Johns Hopkins Health System, Commercial Paper, Series A	2022	75,165	4,750	61,255
The Johns Hopkins Health System, Commercial Paper, Series B	2024	101,240	3,290	93,050
The Johns Hopkins Health System, Commercial Paper, Series C	2023	60,000	15,000	45,000
Frederick Memorial Hospital Lease (2004), dated June 23, 2004	2010	5,367	80	1,878
Chesapeake Academy, Series 2004, dated September 29, 2004	2026	2,600	7	2,422
Washington County Hospital Association Lease (2005), dated April 19, 2005	2012	2,812	33	1,654

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

As of June 30, 2008, the principal amount of bonds and notes outstanding is as follows (in thousands of dollars):	<i>FINAL MATURITY</i>	<i>AMOUNT ISSUED</i>	<i>BONDS AND NOTES PAYABLE JULY 1, 2008</i>	<i>BONDS AND NOTES PAYABLE SUBSEQUENT TO JULY 1, 2008</i>
Mt. Airy Christian Academy, dated August 26, 2005	2031	\$ 2,500	\$ 5	\$ 2,397
Anne Arundel Health System Lease (2006), dated January 25, 2006	2011	15,000	0	15,000
Chester River Hospital Center Lease (2006), dated February 4, 2006	2013	3,953	0	2,914
Mercy Medical Center, Series 2006, dated August 3, 2006	2036	35,000	0	35,000
College of Notre Dame Lease (2006), dated September 7, 2006	2011	2,500	40	1,778
St. Mary's County Hospital Lease (2006), dated December 12, 2006	2016	8,201	0	6,610
Charles County Nursing and Rehabilitation Center, Series 2007, dated June 1, 2007	2037	3,900	0	3,840
Adventist HealthCare Lease (2007), dated June 14, 2007	2012	12,000	187	9,802
The Johns Hopkins Health System, Commercial Paper, Series D	2025	40,000	0	40,000
The Johns Hopkins Health System, Commercial Paper, Series E&F	2025	168,650	0	168,650
Private Placements and Limited Offerings Outstanding		1,475,643	50,942	971,093
Total Outstanding		\$ 9,726,012	\$ 118,157	\$ 8,086,639

DEFEASED CONDUIT DEBT

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

Defeased Bonds Outstanding at June 30, 2008 are as follows (in thousands of dollars):

*Catholic Health Initiatives, Series 2000A	\$ 12,415
Charity Obligated Group- Daughters of Charity National Health System, Series 1999A	20,670
Collington Episcopal Life Care Community, Series 2001A	24,980
Frederick Memorial Hospital, Series 1993	8,245
Good Samaritan Hospital, Series 1993	13,945
Helix Health, Series 1997	110,000
Howard County General Hospital, Series A	1,265
Howard County General Hospital, Series 1993	44,485
The Johns Hopkins Hospital Redevelopment, 1979 Series	6,610
The Johns Hopkins Hospital, Series 1999	52,515
The Johns Hopkins Hospital, Series 2003	101,425
The Johns Hopkins University, Series 1999	77,805
LifeBridge Health, Series 2004A	83,375
Maryland Institute College of Art, Series 2001	25,000
Mercy Ridge, Series 2003A	21,430
North Arundel Hospital, Series 2000	15,000
University of Maryland Medical System, Series 2000	118,985
*University of Maryland Medical System, Series 2001	93,300
*University of Maryland Medical System, Series 2002	45,400
	\$ 876,850

*Partially defeased

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