MARYLAND ECONOMIC DEVELOPMENT CORPORATION

Annual Activities Report & Audited Annual Financials Fiscal Year Ending: June 30, 2022

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MEDCO BY THE NUMBERS

$7.2B
Bonds Issued

328
Projects Since 1984

36
Local, State, and Federal Agency Partners

49
Buildings Built, Redeveloped, or Improved

185
Conduit Financing Transactions

42
Industrial Parks Developed

9,536
Student Housing Facility Beds

5
Incubators and Innovation Centers

**Data inclusive of all projects from 1984 to June 30, 2022*

BOARD OF DIRECTORS AND OFFICERS

Scott Dorsey, *Chairman*
Chairman and CEO, Merritt Properties, LLC.
Baltimore County

Richard Woo, *Vice Chairman*
Senior Vice President, Sandy Spring Bank
Montgomery County

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Attorney, Law Office of Tehma H. Smith Wilson
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Co-Owner, Earth's Enrichments
Baltimore City

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Garrett County

Barry Glassman
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Harford County

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President, Rommel USA
Talbot County

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Charles County

Edward Gosselin
Partner, Chesapeake Real Estate Group
Anne Arundel County

The Honorable James F. Ports, Jr. *(Ex-Officio)*
Secretary, MD Department of Transportation

The Honorable Michael Gill *(Ex-Officio)*
Secretary, MD Department of Commerce

J. Thomas Sadowski
Executive Director and Secretary

LEGISLATIVE PURPOSE

The Maryland Economic Development Corporation (MEDCO) operates under the provisions of Title 10, Subtitle 1 of the Economic Development Article of the Annotated Code of Maryland.

MEDCO's legislative purposes are to relieve unemployment in the State; encourage an increase of business activity and commerce and a balanced economy; help retain and attract business activity and commerce; promote economic development; and promote the health, safety, right of gainful employment, and welfare of residents of Maryland.

The General Assembly intends that MEDCO operate and exercise its corporate powers in all areas of the State to assist governmental units and State and local economic development agencies to contribute to the expansion, modernization, and retention of existing enterprises in the State, as well as attraction of new business to the State; cooperate with workforce investment boards, private industry councils, representatives of labor, and governmental units in maximizing new economic opportunities for residents of the State; and accomplish at least one of its legislative purposes and complement existing State marketing and financial assistance programs by owning projects, leasing projects to other persons, or lending the proceeds of bonds to other persons to finance the cost of acquiring or improving projects.

CORPORATE OVERVIEW

MEDCO is staffed with twelve full-time employees. MEDCO regularly meets with public/private economic development partners, residents, businesses, and prospective new businesses to address their needs for advisory services, construction, financing, real estate and project development assistance. A significant portion of MEDCO's responsibilities include providing project management, compliance and oversight services. MEDCO monitors its projects' compliance with provisions of financing documents to ensure that current financial statements are available, required benchmarks are achieved, and appropriate insurance requirements are met. MEDCO also collects and reviews financials of MEDCO-owned projects.

MEDCO structures its bond financings on a non-recourse basis. Repayment of MEDCO issued bonds is limited to the revenues and resources of the applicable project; neither MEDCO nor the State of Maryland or any of its agencies is responsible for the repayment of MEDCO issued bonds.

Additional information regarding MEDCO's services, projects, annual audited financials, current projects, Board Members, and Board Meeting Schedule can be found at www.medco-corp.com.

MEDCO 2022: Year in Perspective

The past year has been a time of transition at MEDCO — with the introduction of new leadership; the development and implementation of an inaugural strategic plan; and most significantly, the state's emergence from the global pandemic amidst inflationary forces which have had a significant impact on MEDCO projects.

Unlike the two most recent years, 2022 saw a return to more normal operations at Maryland's higher education institutions, where MEDCO owns and manages numerous student housing projects. Most of MEDCO's projects remain over 85% occupied, with half at full occupancy. In the past year, no significant public health-related emergencies or other incidents triggered access restrictions to MEDCO's student housing facilities. During the most-recent legislative assembly in Annapolis, MEDCO worked closely with the Maryland General Assembly on the passage of HB 385/SB 560, which clarified language in MEDCO's student housing leases and rental agreements, as well as the rights of students who occupy MEDCO-owned student housing projects. This important step recognized difficulties and confusion experienced during the pandemic and will assure maximum transparency and service to students and families into the future.

As a result of renewed awareness of the organization's capabilities, MEDCO was asked to participate in several important legislative economic development initiatives. As an example, SB 291 afforded state capital grant resources to MEDCO to facilitate development of Secured Compartmentalized Information Facilities (SCIF) laboratories in Southern Maryland. This initiative will drive innovation and industry activity related to military operations in that region. Further, HB 897 engaged MEDCO with horse industry stakeholders to assess the feasibility of acquiring and improving conditions at Laurel Park for the benefit of Maryland's horse racing, breeding and training industries.

MEDCO also partnered with the Maryland Department of Commerce, the University of Maryland, and Deloitte Consulting to begin work to develop an Unmanned Autonomous Systems (UAS)/Advanced Air Mobility Industry Engagement Strategy. This effort will leverage government and higher education assets in Southern Maryland and throughout the state to establish a new center of excellence and related facilities to grow this critical industry sector.

In 2022, MEDCO closed or initiated projects with state, local or municipal government partners aimed at facilitating major infrastructure improvements. MEDCO also teamed with local economic development organizations, workforce investment boards, and other community partners in pursuit of federal grant assistance to advance several key economic development initiatives, ranging from new cyber workforce development programs, quantum innovation centers and enhancement of regional transportation services.

After seventeen years of service, Robert "Bob" Brennan retired on August 2, 2021. Following a competitive search, J. Thomas "Tom" Sadowski was chosen as MEDCO's fourth Executive Director. Tom came to MEDCO with over thirty years' experience in economic development, most recently serving for five years as vice chancellor for economic development at the University System of Maryland, a major driver of Maryland's economic success. Tom connected immediately with key public/private stakeholders to reintroduce MEDCO and determine how MEDCO could be more proactive in helping achieve their strategic goals and objectives. Further, in close coordination with the MEDCO board of directors, Tom developed the organization's first strategic plan. This plan further focused MEDCO's efforts and resources to better accomplish the following:

- Target industry development, working more strategically with the Maryland Department of Commerce to help grow the State of Maryland's economy in areas of high economic potential and return

- Innovation capacity development, partnering with Maryland's federal facilities and higher education institutions to enhance Maryland's economic competitiveness and overall performance
- Support inclusive and equitable economic growth, working with state and local partners to address their goals and the needs of underserved populations and their communities
- Strategic placemaking, utilizing MEDCO's full capabilities to provide the right infrastructure, development and amenities to facilitate sustainable, transformative and equitable economic growth statewide

With this refined strategic focus, MEDCO staff has continued to support, manage, and help plan numerous economic development initiatives on behalf of communities, non-profits and public/private-sector partners throughout Maryland.

BOND FINANCED PROJECTS IN FY 2022

MEDCO's bond financed projects encourage business growth, , relieve unemployment, promote the welfare of State residents, and generally foster economic development in Maryland. For the fiscal year ending June 30, 2022, MEDCO provided bond financing for the following projects:

Maryland Science Center Project Series 2021

$4,250,000

Maryland Economic Development Corporation Revenue Refunding Bonds (Maryland Science Center Project) Series 2021

- Interest Rate: Variable equal to the sum of the greater of the product of 80% of LIBOR or 0.00% plus 192 basis points or as of the Benchmark Replacement Date, the Benchmark Replacement (based upon SOFR)
- Longest Maturity: April 1, 2033

On November 30, 2021, MEDCO issued its non-recourse, tax-exempt bonds to (a) refund the outstanding principal balance of the MEDCO Variable Rate Economic Development Revenue Bonds (Maryland Science Center Project) Series 2003 the proceeds of which were used for the expansion and renovation of the Maryland Science Center and (b) pay cost of issuance and other transaction costs.

Blind Industries and Services of Maryland Series 2021

$3,375,000

Maryland Economic Development Corporation Revenue Refunding Bonds (Blind Industries and Services of Maryland Project) Series 2021

- Interest Rate: 3.54%
- Longest Maturity: January 1, 2047

On December 29, 2021, MEDCO issued its non-recourse, tax-exempt bonds to (a) refund the outstanding principal balance of the MEDCO Variable Rate Economic Development Revenue Bonds (Blind Industries and Services of Maryland Project) Series 2003 the proceeds of which were used for the acquisition, construction and renovation of manufacturing and office facilities located as 2012 Hammonds Ferry Road (now known as 3345 Washington Boulevard and (b) pay cost of issuance and other transaction costs.

929 N. Wolfe Street LLC Project Series 2022A (Tax-Exempt) and 2022B (Taxable)

$69,990,000

Maryland Economic Development Corporation Student Housing Revenue Bonds (929 N. Wolfe Street LLC Project) Series 2022A (Tax-Exempt) and 2022B (Taxable)

- Interest Rate: 4.30%
- Longest Maturity: Series 2022A - January 1, 2060; Series 2022B – January 1, 2029

On January 31, 2022, MEDCO issued its non-recourse tax-exempt bonds to finance or refinance (a) the acquisition of the membership interests in 929 N. Wolfe Street LLC and refund the outstanding MEDCO Student Housing Revenue Bonds (929 North Wolfe Street, LLC Project) Series 2014A and MEDCO Student Housing Revenue Bonds (929 North Wolfe Street, LLC Project) Series 2014B-1, (b) payment of all or a portion of (i) a termination fee with respect to an interest rate swap, (ii) past-due accounts payable, (iii) certain other necessary or useful capital improvements on or adjoining the property (iv) the payment of certain past due contractual payment obligations with respect to the project, (v) the repayment of certain advances made to cover project shortfalls and (vi) certain costs of issuance and (c) funding of certain reserve funds.

The proceeds of the Series 2014 Bonds were used to finance or refinance (i) the acquisition of, use and occupancy rights with respect to, a parcel of land located at 929 N. Wolfe Street, together with improvements, equipment and other assets and property thereon (the Property), (ii) the acquisition, constructions, installation and equipping of a graduate student housing facility on the Property, (iii) certain other necessary and useful capital improvements and expenditures on or adjoining the Property and (iv) certain costs relating to the issuance of such bonds, the funding of certain reserve funds and other related eligible costs.

Purple Line Light Rail Project Series 2022A (Green Bonds) and Series 2022B (Green Bonds)

$643,455,000

Maryland Economic Development Corporation (Purple Line Light Rial Project) Private Activity Revenue Bonds (RSA) Series 2022A (Green Bonds) and Series 2022B (Green Bonds)

- Interest Rate: 5.00% - 5.25%
- Longest Maturity: Series 2022A - November 12, 2028; Series 2022B June 30, 2055

On April 14, 2022, MEDCO issued its non-recourse, tax-exempt bonds to finance (i) certain costs of developing, designing, constructing and equipping the approximately 16-mile light rail project known as the Purple Line Light Rail Project, (ii) all or a portion of the costs incidental to the issuance of the 2022 Bonds, (iii) interest on the 2022 Bonds during construction and (iv) the funding of any necessary reserves to secure the 2022 Bonds.

Morgan State University Refunding Bonds Series 2022

$21,145,000

Maryland Economic Development Corporation Senior Student Housing Refunding Revenue Bonds (Morgan State University Project) Series 2022

- Interest Rate: 5.00%
- Longest Maturity: July 1, 2028

On April 28, 2022, MEDCO issued its non-recourse, tax-exempt bonds to (a) refund the outstanding principal balance of the MEDCO Student Housing Refunding Revenue Bonds (Morgan State University Project) Series 2012 (the 2012 Bonds), (b) fund a deposit to the Debt Service Reserve Fund and (c) pay cost of issuance and other transaction costs. The proceeds of the 2012 Bonds were used to refund the MEDCO Senior Student Housing Revenue Bonds (Morgan State University Project) Series 2002A the proceeds of which were used to construct and equip the 794-bed student housing facility known as Morgan View Apartments located on 9.84 acres adjacent to the University campus owned by the State of Maryland for use by Morgan State University.

Catholic Relief Services Bonds Series 2022

$19,555,000

Maryland Economic Development Corporation Economic Development Refunding Revenue Bonds (Catholic Relief Services Facility) Series 2022

- Interest Rate: Variable – equal to the sum of (i) 80% of Daily SOFR plus (ii) sixty four (64) basis points
- Longest Maturity: May 1, 2036

On May 2, 2022, MEDCO issued its non-recourse, tax-exempt bonds to (a) refund the outstanding principal balance of the MEDCO Variable Rate Economic Development Revenue Bond (Catholic Relief Services Facility) Series 2006 the proceeds of which were used for the tenant improvements to a portion of 228 West Lexington Street and (b) pay cost of issuance and other transaction costs.

STUDENT HOUSING PROJECTS

MEDCO provides assistance to Maryland's higher education entities through bond financing and ownership of student housing projects, enabling Maryland's higher education entities to attract and house students without adversely affecting their State-mandated debt capacities.

MEDCO assumes project ownership of student housing projects by way of ground leases that terminate contemporaneously with the repayment of the MEDCO-issued bonds used to finance the project. Upon repayment of the bonds, ownership reverts to the ground lessor.

The following are the outstanding balances as of June 30, 2022, of the MEDCO bonds that financed student housing projects:

Projects that revert to the University System of Maryland upon repayment :

Bowie State University (Christa McAuliffe Center), *Prince George's County* $11,900,000 - 460 beds

Bowie State University (Entrepreneurship Living Learning Center), *Prince George's County* – $44,915,000 – 557 beds

Frostburg State University, *Allegany County* - $10,590,000 - 406 beds

Salisbury University, *Wicomico County* - $16,220,000 - 890 beds

Towson University, *Baltimore County* $36,045,000 - 1,088 beds

University of Maryland, *Baltimore,* *Baltimore City* - $22,415,000 - 337 beds

University of Maryland, Baltimore County, *Baltimore County* - $14,970,000 - 578 beds

University of Maryland, College Park, *Prince George's County* - $109,185,000 - 2,899 beds

Projects that revert to Capitol Technology University Foundation upon repayment:

Capitol Technology University, *Prince George's County* - $12,268,525- 222 beds

Projects that revert to Morgan State University upon repayment:

Morgan State University (Morgan View), *Baltimore City* - $21,145,000 - 794 beds

Morgan State University (Thurgood Marshall Hall), *Baltimore City* – $80,825,000 – 670 beds*

** opened in August 2022*

Projects that revert to Sheppard Pratt Health Systems upon repayment:

University Village at Sheppard Pratt, *Baltimore County* - $15,365,000 - 615 beds

PORTFOLIO PROJECT UPDATES

MEDCO assists governmental units and state and local economic development agencies by providing coordination of capital improvements and operational management support.

National Cybersecurity Center of Excellence (NCCOE)

The NCCoE, a program dedicated to furthering innovation through the rapid identification, integration, and adoption of practical cybersecurity solutions, was established in 2012 through a partnership and Memorandum of Understanding between the National Institute of Standards and Technologies (NIST), the Maryland Department of Commerce (Commerce), and Montgomery County's Department of Economic Development (Montgomery County). In 2013, Commerce and Montgomery County requested MEDCO's assistance to redevelop a 57,000 square foot Shady Grove biology and information technology facility, located at 9700 Great Seneca Highway, Rockville, to accommodate an off-campus facility for the NCCoE. To complete the project, MEDCO worked with Montgomery County to amend certain agreements for the facility, engage an architecture firm to create a redevelopment plan, secure redevelopment funding, and oversee the facility's redevelopment. In December 2015 MEDCO completed the approximately $11,000,000 renovation.

The NCCoE is part of the NIST Information Technology Laboratory and operates in close collaboration with NIST's Computer Security Division. The NCCoE integrates commercially available technologies to build practical cybersecurity solutions that can be rapidly applied to real challenges facing businesses. The off-campus facility is used to attract private companies to collaborate on advanced, innovative solutions for private sector cybersecurity needs.

In early 2021, MEDCO and Montgomery County finalized the transfer of land and property (including the facility) from MEDCO to Montgomery County by way of terminating an existing ground lease and assigning the facility to Montgomery County. MEDCO transferred its interest in the existing license agreement by and between MEDCO and NIST to Montgomery County as part of the transfer of land and property ownership. For the benefit of Montgomery County and NCCoE, MEDCO continues to manage the facility and coordinate capital improvements and repairs with NIST through a management agreement with Montgomery County.

Since the completion of renovations, MEDCO, in coordination with NIST, has continued to support the facility by providing ongoing operational management services and capital improvements, including:

- Major upgrade to one of the data rooms, nearly doubling the facility's data storage and computing capabilities (2017)
- Upgrades to the building's exterior lighting and parking lot (2018)
- Landscaping improvements (2020 – 2021)
- Reevaluation of and new agreements with HVAC and fire suppression vendor (2021)
- Reviewing and evaluating Generator replacement and parking lot repairs (2022)

Maryland State Archives

In 2014, MEDCO issued its non-recourse, tax-exempt revenue bonds in the amount of $9,200,000 and used the bond proceeds, along with $2,300,000 of MEDCO funds, to acquire approximately 5.9 acres in Baltimore County located at 2255 Rolling Run Drive, Woodlawn, which contained a 134,240 square foot building previously used by the Social Security Administration for records retention. The facility is leased to the Maryland State Archives (MSA), which uses the property for specialty storage units, State records, artistic property, and data management devices. Through the Project, MSA has been able to consolidate its operations from three separate leased facilities, while benefitting from the building's environmental controls.

MEDCO owns the Project and entered into an Intergovernmental Lease Agreement with MSA for an initial fifteen-year term with the option to renew for up to two additional ten-year terms. MSA makes monthly payments to MEDCO, as required by the Lease, which repay the outstanding debt service and MEDCO's contribution. In addition to Lease Payments, MSA pays operating expenses associated with the Project.

MEDCO continues to make renovations to the Project to improve and accommodate MSA's archival storage, restoration, and preservation efforts, including:

- Overhaul of the HVAC system, including roof top cooling units (2017)
- New roofing system (2017)
- Addition of a back-up generator (2017)
- Reconfiguration and refinishing two stories of office space (2017)
- Installation of specialty signage (2017)
- Painted exterior envelope of the building (2017)
- Upgraded interior lighting system to more energy efficient LEDs (2018)
- Reevaluated and signed new HVAC and fire suppression vendor (2020)
- Updated the facilities Server and Firewall protection through CAS Severn (2021)

Maryland State Health Lab, Department of Health Building

In 2011 MEDCO issued its non-recourse, tax-exempt revenue bonds in the amount of $170,910,000 and used the bond proceeds to acquire a parcel in Baltimore City formerly known as 1746 Ashland Avenue, and to build an approximately 235,000 square foot, state-of-the-art public health laboratory for the State of Maryland's Department of Health. As stated above, the Series 2021 bonds were issued on April 30, 2021 to refund the 2011 Bonds to achieve debt service savings. The project enabled the Department of Health to expand its services, move labs from outdated facilities, and provide infrastructure resiliencies and redundancies necessary to maintain Center for Disease Control credentials. The project is used by the Department of Health for various health-related activities and other critical lab testing essential for public health.

MEDCO owns the project and entered into a Lease Agreement with the Department of Health for an initial twenty-year term with the option to renew for three subsequent, but immediately consecutive additional ten-year periods. The Department of Health makes monthly lease payments to MEDCO, which pay for operating expenses for the building, as well as an annual debt service payment for the MEDCO-issued bonds.

MEDCO continues to accommodate the Department of Health's ongoing operations by holding and coordinating various contracts for the building, including:

- Facilities management contract with a third-party vendor
- Security and building automation system contracts with a third-party vendor

- Telecommunications and internet service contracts
- Window warranty replacement efforts

University of Maryland, College Park Energy Project

In 2001 MEDCO issued bonds for the University of Maryland, College Park Energy Project to construct, acquire, improve, and operate certain heating, cooling, electric distribution, and electric generating facilities on the campus of the University of Maryland, College Park (UMCP) as part of a program to provide steam, electricity, and chilled water services throughout campus. The 2001 Bonds were refunded in 2011 through the issuance of additional bonds (2011 Bonds). The UMCP Energy Project is primarily comprised of a central utility plant with two steam boilers and four satellite central utility buildings throughout the UMCP campus. Throughout the life of the Bonds, MEDCO retained ownership of the project pursuant to a Ground Lease with the University System of Maryland (USM), in addition to operating and funding improvements to the utility infrastructure program.

The 2011 Bonds were paid off in July 2019 and, MEDCO continues to manage the project pursuant to the original project ground lease, an Interim Management, Operation, and Maintenance Agreement between MEDCO and College Park Energy, LLC, as well as an Interim Energy System Services Agreement between MEDCO and UMCP. MEDCO's current role at the project is to oversee annual audited financials, coordinate third party engineering reviews of key repairs and replacements, managing the operator's contract to manage and operate the plant, and working as a liaison between UMCP and College Park Energy, LLC.

OTHER FINANCED PROJECTS

Maryland Center for Construction Education and Innovation

In September 2016, MEDCO extended a one-time bridge loan to the Maryland Center for Construction Education and Innovation (MCCEI), an industry-led workforce intermediary established to create a world-class education system for Maryland's construction industry. The bridge loan, not exceeding $200,000, bears interest at 4% on the outstanding loan amount. MCCEI utilizes the funding to support its operational goals of ensuring Maryland's education system meets construction industry demand; raising awareness of career opportunities in construction; creating a new paradigm for construction professionals at all education levels; and creating a network for Maryland's fragmented construction industry to include training, education, and other resources for career seekers, training providers, the industry, and governmental leaders. As of June 30, 2022, the MCCEI loan had an outstanding principal balance of $75,000.

Firefly Farms

On August 20, 2019, MEDCO purchased 1,000 shares of preferred stock at the value of $100.00 per share from FireFly Farms, Inc., a Maryland corporation. Firefly Farms, located in Garrett County, Maryland, produces handmade goat cheese without the use of additives, preservatives, or stabilizers. Firefly Farms sources all its goat milk from family farms within 30-miles of the creamery. With equity investment, Firefly Farms will finance the cost of product development, working capital, and acquisition or leasing of capital improvements with growth and expansion plans to add additional retail locations and employees. As of June 30, 2022, MEDCO had $75,000.00 invested in preferred stock with FireFly Farms.

DEVELOPMENT, CONSULTANCIES, STUDIES, and REPORTS

Magnetic Levitation (MAGLEV) Train Project

The Maryland Department of Transportation (MDOT) requested MEDCO's assistance in its application for Federal Railway Administration grant funding to study a "super conducting" MAGLEV train between Washington DC and Baltimore. MEDCO also entered into an Economic Development Cooperative Agreement with the Baltimore-Washington Rapid Rail, LLC, a private firm, which in cooperation with the Japanese Central Railroad, is proposing to construct the system and provide the 20% non-federal match funds to perform environmental and engineering studies. MEDCO aids MDOT in administering and managing federal and private grant funds to complete the studies.

Maryland Department of Transportation Purple Line Financial Transaction Advisor Contract

The Maryland Department of Transportation (MDOT), on behalf of the Maryland Transit Administration, has requested MEDCO's assistance in providing financial, consulting, and related services to MDOT in support of the Purple Line. The Purple Line is a 16.2-mile light rail transit line extending from Bethesda to New Carrollton that will provide enhanced transportation options and create economic development opportunities. A financial transaction advisor has been selected and has been working on a revised project finance plan.

On April 14, 2022, MEDCO issued its $643,455,000 Maryland Economic Development Corporation (Purple Line Rail Project) Private Activity Revenue Bonds, Series 2022A (RSA) (Green Bonds) and Series 2022B (Green Bonds) to (i) pay for certain costs of developing, designing, constructing, equipping, and other related expenses of the Purple Line Light Rail Project, (ii) pay for all or a portion of the costs of the costs of issuance and other costs related to the transaction, (iii) pay interest on the Series 2022A bonds during construction and (iv) fund any necessary reserves to secure the Series 2022B bonds.

Maryland Department of Transportation Traffic Relief Plan

The Maryland of Transportation, on behalf of the Maryland State Highway Administration and the Maryland Transportation Authority, has requested MEDCO's assistance in the facilitating the development of a Traffic Relief Plan (TRP) to (i) relieve traffic congestion in the National Capital Region, (ii) accommodate Homeland Security by providing additional capacity to, among other things, assist in population evacuation, (iii) improve movement of goods and services, and (iv) improve multi-modal connectivity with existing and new transit facilities. An advisor for financial, transaction, and marketing services has been selected, and has been working to help identify the best structure and delivery of the TRP project. The project has received approval from the Board of Public Works for delivery as a Public Private Partnership and the advisor has released a request for qualifications and identified a short list of teams to receive a draft request for proposal. The financial transaction advisor is preparing a Private Activity Bonds application for submittal to the U.S. Department of Transportation.

DEPARTMENT OF COMMERCE

MEDCO partners with the Department of Commerce (Commerce) by utilizing Commerce's One Maryland Tax Credit and Advantage Maryland (MEDAAF) to develop flex buildings and business parks.

Barton Farms Business Park, Allegany County

Developed by MEDCO and located south of Cumberland on US Route 220, the project initially included land acquisition, permitting, utility installation, and site preparation. Throughout the project's lifespan, MEDCO has sold parts of the property: in 2004, American Woodmark Corporation purchased approximately 40 acres; in 2015, Allegany County purchased approximately 27.5 acres and constructed a flex building to attract businesses to the project. MEDCO, Allegany County, and Commerce continue to market the remaining property to technology-based businesses looking to relocate to the Western Maryland region.

Pocomoke Flex Building, Worchester County

Constructed by MEDCO in 2002, the Pocomoke Flex Building is a 43,000 square foot industrial shell that provides marketable flex space in Worchester County. In 2006, Mid-Atlantic Institute for Space and Technology (MIST) master leased the entire building. In 2007, MIST and MEDCO were awarded a $200,000 EDA grant, providing for interior improvements to expand existing workspace. In February 2012, MIST relinquished its master lease of the facility. In June 2015, MEDCO master leased the entire facility to Hardwire, LLC for a ten-year term. Hardwire, LLC, a leading manufacturer of protective armor used by the military and other consumers, utilizes the building to expand its manufacturing capabilities and workspace, and has an option to purchase the building at the end of the lease term.

Patuxent Business Park, Calvert County

In 2000, with Commerce financing, MEDCO purchased approximately 92 acres to develop a business park in Calvert County. The park was designed for Class A office and flex space. In 2005, MEDCO secured additional Commerce funding for the ongoing costs of engineering, design, permitting, and infrastructure. In 2016, Dominion Cove Point LNG purchased Lot 6 of the park and constructed an approximately 20,000 square foot office and warehouse building and a helicopter pad, furthering Dominion's liquid natural gas initiatives in Calvert County.

In 2019, Dominion purchased Lot 5 with the intent of developing that site for additional office and warehouse space. In 2020, Lot 11 sold to a developer to develop a flex building on the site and attract businesses to Calvert County. In 2021, the commercial broker brought Lots 7, 8 and 12 under contract, with the potential for full sale after due diligence investigations by buyers have concluded. Lot 12 contract was terminated within the given contingency period by the potential buyer. The feasibility study on lots 7 and 8 has been extended until November 2022. MEDCO and the commercial broker continue to work with Calvert County in marketing remaining lots to interested buyers.

McHenry-Garrett County Flex Building, Garrett County

At the request of the Garrett County Commissioners, in 2019, MEDCO applied for and received $2,000,000 in MEDAAF funds to pay for site improvements and building construction for a 20,000 square foot flexible use facility within the McHenry Business Park, located in Garrett County. The facility was completed in 2020 and is marketed to new and expanding businesses in the Garrett County region. MEDCO works with Garrett County and the Maryland Department of Commerce to market the remaining portions of the facility.

In December 2020, at the request of Garrett County, MEDCO agreed to utilize the facility as a drive-through COVID testing site.

In late 2021 extending into early 2022, MEDCO leased the facility to Total Biz to use as seasonal storage. MEDCO continue to work with the County and Commerce on marketing the facility to prospective lessees and buyers.

ACTIVE FINANCED PROJECTS

Since its inception in 1984, MEDCO has provided bond financing for hundreds of projects. Below is a list of MEDCO's active financed projects as of June 30, 2022:

MEDCO Owned Bond Financed Projects

- Laboratory for Telecommunications Science Facility Series 2003
- Chesapeake Resort and Conference Center Series 2006
- Salisbury University Series 2012
- Sheppard University Series 2012
- Towson University Series 2012
- Salisbury University Series 2013
- Frostburg State University Series 2013
- Maryland State Archives Series 2014
- Bowie State University Series 2015
- University of Maryland, Baltimore Series 2015
- University of Maryland, College Park Series 2016
- University of Maryland, Baltimore County Series 2016
- Metro Centre at Owings Mills Series 2017
- Towson University Series 2017
- Capitol Technology University Series 2017
- Baltimore City Garages Series 2018
- University of Maryland, College Park Child Care Facility Project, Series 2019
- Bowie State University Series 2020
- Morgan State University Series 2020
- Maryland Public Health Laboratory Series 2021
- Morgan State University Series 2022

Conduit Bond Financed Projects

- Maryland Soccer Foundation Series 2000
- Prologue Series 2005
- Constellation Energy Group Series 2006
- Lutheran World Relief Series 2007
- Howard Hughes Medical Institute Series 2008
- Linemark Printing Series 2008
- Crossroads Partnership, LLC Series 2009
- CNX Marine Terminal Series 2010
- Gold Crust Baking Series 2010
- Emerge Series 2010
- Cornell Associates Series 2010
- Providence Center Series 2010
- The Arc of Prince George's County Series 2010
- United States Pharmacopeial Convention Series 2012
- Your Public Radio Corporation Series 2012
- American Urological Association Series 2012
- Universities Space Research Association Series 2012
- Arundel Lodge Series 2013
- Washington Research Library Consortium Series 2013
- Chesapeake Bay Foundation Series 2013
- Hospice of the Chesapeake Series 2014
- Allegany College Series 2014
- Lyon Bakery Series 2014
- Compass, Inc. Series 2015
- Easter Seals Series 2016
- Annie E. Casey Foundation, Inc. Series 2017
- AFCO BWI II, LLC Series 2017
- PRG Towson Place Properties, LLC Series 2017
- Young Men's Christian Association of Maryland, Inc. Series 2017
- Seagirt Marine Terminal Series 2017
- Arc of Baltimore Series 2018
- Seagirt Marine Terminal Series 2019
- Potomac Electric Power Company Series 2019

- AFCO Airport Real Estate Group Series 2019
- The Children’s Guild Obligated Group Series 2019
- National Park Service Project Series 2020
- University of Maryland, College Park Office Condominium Project Series 2020
- Port Covington Series 2020
- SSA Baltimore Project Series 2021
- Maryland Science Center Series 2021
- Blind Industries and Services of Maryland Series 2021
- Catholic Relief Services Series 2022
- 929 N. Wolfe Street Series 2022
- Purple Line Light Rail Series 2022

Loan and Grant Financed Project

- Barton Business Park
- Pocomoke Flex Building
- Patuxent Business Park
- Maryland Center for Construction Education and Innovation, Inc.

MINORITY BUSINESS ENTERPRISE (MBE) PARTICIPATION

MEDCO promotes economic development in the State by purchasing supplies and services from entities that operate within the State. While most of MEDCO's projects are privately funded, MEDCO complies with applicable minority business enterprise requirements for projects that involve governmental funding sources. In addition to working with MBE businesses, MEDCO works with various businesses that are part of the Women's Business Enterprise (WBE), Disadvantaged Business Enterprise (DBE), and Small Business Enterprise (SBE) programs.

During the fiscal year ending June 30, 2022, MEDCO purchased goods and services pertaining to operation, administration, and procurement from the following MBE, WBE, SBE, and DBE businesses:

The Canton Group *(MBE, SBE, & DBE)*
$4,438.75
Database management and servicing

Curry Printing and Copy Center
(WBE) $1,065.00
Printing and business cards

Crossroads Consulting Services, LLC
(WBE)
$1,640.00
Professional feasibility study services

During FY22, MEDCO's development projects purchased goods and services pertaining to development, design, operation, administration, and procurement from MBE, WBE, SBE, and DBE businesses, pursuant to requirements set forth in the projects' bond documents. These projects included:

Bowie State University Entrepreneurial Living and Learning Center

Construction on the Entrepreneurial Living and Learning Center at Bowie State University began in February 2020 and was completed in summer 2021. The project was completed with a 31.8% MBE/WBE inclusion goal for construction, representing approximately $15 million.

Morgan State University, Thurgood Marshall Hall

Construction of Thurgood Marshall Hall, a 600-bed student housing project and dining center located at Morgan State University, began in November 2020, and was completed in time for the Fall 2022 semester. Construction of the project is on target to reach its 30% project inclusion goal, an amount expected to be approximately $28.8 Million.

Other MBE Participation:

MEDCO staff attend MBE networking and procurement events. MEDCO also utilizes the Governors' Office of Minority Affairs and other directories for event and service information.

MBE Memberships:

- Member Maryland Washington Minority Companies Association since 2012
- Member Maryland Minority Contractors Association since 2012

Project Classification Report 2022

MEDCO's loan classification policy, adopted in 2013, characterizes projects as "Performing", "Watch", or "Non-Performing." The following projects, where MEDCO was either the issuer or owner, were classified as either Non-Performing or Watch during Fiscal Year 2021 (and as updated after June 30, 2022, as indicated below):

Chesapeake Resort and Conference Center

Status: Non-Performing

The Chesapeake Bay Conference Center (CBCC) began suffering losses during the 2008 economic downturn. The project was formerly classified as "Watch" in 2010, when the project failed to achieve the required minimum required Debt Service Coverage Ratio of 1.25. However, the project was reclassified as "Non-Performing" in 2014 after the June Debt Service payment was only partially made.

Results and operations for FY21 were significantly impacted by COVID-19. Almost all large group business cancelled, and the large group segment has yet to recover. Though a vaccine for the COVID-19 virus was available for all individuals over the age of twelve, meeting planners were reluctant to conduct meetings for large groups. However, CBCC's transient business has been very robust, and business, at times, was at record levels. All the project's operating expenses were paid, and a partial interest payment of $1,800,000 was made on June 1, 2021.

MEDCO continues to work collaboratively with the Project's bondholders, who have shown flexibility in assuring there is sufficient cash to sustain the operations. In December 2021, the investors entered into a Second Amendment to Forbearance Agreement to continue to fund operations through June 2022. Six-month forbearance agreements have been extended in the past and MEDCO believes the investors will extend again through the end of the 2023 fiscal year.

Revenue for the FY22 continued to increase post-pandemic because of pent-up travel demand and an increase in group bookings and rebooks from the pandemic period. Increased travel demand resulted in occupancy levels not seen at the resort since 2008, driving the average daily room rate to record levels. Staffing was increased to handle the additional business which, along with supply chain issues and inflation, did increase operating costs. Even with the increased demand, however, revenues remained below levels necessary for full debt-service payments. All the project's operating expenses are being paid, and additional interest payments totaling $3,808,875 were made toward interest payments not made in prior years.

While MEDCO anticipates improved performance for FY23 due to strong management and growing group sales activity, the Project's performance will remain below the level of revenues necessary to fully fund all debt obligations. The debt is held by institutional investors who, as reported above, have continued to provide support to the operations, which MEDCO expects to continue. MEDCO expects all the operational expenses to paid in accordance with the terms of the forbearance agreement. Phase one construction of new residential development (151 of a total 305 units along the resort golf course) began in April 2022. Impacts on new home development, sales and the influx of new residents are expected to be very positive into the future but the degree to which are unknown at this time until final development plans are approved and completed.

929 N. Wolfe Street, LLC Project Series 2014 A, Series 2014 B-1 (Tax-Exempt), Series 2014 B-2 (Taxable)

Status: Performing (Reclassified September 2022)

The 929 North Wolfe Street, LLC Project (Project), a conduit project, was classified as “Watch” in June 2019 when the Project failed to meet the Debt Service Coverage Ratio of 1.20 as required by the financing documents. Per the Loan Agreement, Debt Service Coverage Ratio below 1.20x does not constitute an Event of Default; however, two consecutive years of Debt Service Coverage Ratio below 1.20x will constitute an Event of Default. East Baltimore Development, Inc. (EBDI), the borrower, has taken measures to improve the Project’s financial performance, including hiring a management consultant to evaluate the Project, hiring a financial advisor, and replacing the Project’s former manager, Greystar, with another reputable third-party housing manager. Despite EBDI’s efforts, the Project failed to meet the Debt Service Coverage Ratio for a second consecutive year and did not make required payments under the Agreement to Make Payments Agreement (PILOT payments) and subsequently entered into a forbearance agreement, as amended, with the bondholders.

In August 2021, the Project was reclassified as “Non-Performing.” The Project was under a forbearance agreement, as amended, through December 31, 2021. Pursuant to the forbearance agreement, the bondholders agreed to forbear from exercising their rights and remedies under the financing documents related to the Debt Service Coverage Ratio Event of Default. Additionally, the bondholders agreed to forbear from exercising their rights and remedies due to non-payment of certain principal payment commending December 1, 2020, through December 31, 2021

The bondholders approached MEDCO expressing a desire to restructure bonds given improved operating performance in recent years; however, COVID-related pressures made restructuring challenging. MEDCO continued to work with EBDI and the bondholders to monitor the Project’s performance and explore solutions to return the Project to performing status.

The 929 N. Wolfe Street, LLC Project was refinanced on January 31, 2022, through MEDCO’s issuance of its 929 N. Wolfe Street LLC Maryland Economic Development Corporation Tax-Exempt Revenue Bonds Series 2022 A (Tax-Exempt) and Series 2022 B (Taxable). The proceeds of the 2022A and 2022B bonds, together with other funds, were applied to (a) refund all of the MEDCO’s outstanding 929 N. Wolfe Street, LLC Project Series 2014 bonds, and (b) finance or refinance (i) the payment of certain past-due contractual payment obligations with respect to the project, (ii) the repayment of certain advances made to cover the project’s operating shortfalls, (iii) the payment of a termination fee with respect to an interest rate swap, (iv) the payment of past-due accounts payable, (v) certain other necessary and useful capital improvements and expenditures, (vi) certain costs related to the issuance of the bonds, and (vii) the funding of certain reserve funds and other related eligible costs.

The 929 N. Wolfe Street, LLC Project was reclassified as “Performing” as of September 2022.

Baltimore City Garage Project

Status: Performing (Reclassified September 2022)

The Baltimore City Garage project (Project) was classified as "Watch" on July 15, 2020, when the rating on the Series 2018A and Series 2018B bonds was downgraded by S&P from BBB stable to

BB- negative, and the rating on the Series 2018C bonds was downgraded by S&P from BBB- stable to BB- negative. The Governor's stay-at-home mandate beginning in March 2020 dramatically impacted transient parking revenues across Baltimore City and caused a drop in monthly parking customers. As some areas of the economy have started to reopen, MEDCO has seen a slight uptick in parking revenues, but expects recovery to be slow. For FY 20, the Project did not meet the Project's required coverage ratio and MEDCO engaged a parking consultant in accordance with the bond documents. For FY 21, the Project did not meet the Project's required coverage ratio and MEDCO engaged a parking consultant in accordance with the bond documents. MEDCO continued to meet regularly with the manager and closely monitored the performance of the Project. Since the State of Maryland entered stage 3 of the Governor's Maryland Strong: Roadmap to Recovery in May 2021, MEDCO has seen a promising increase in business at the garages

In FY 22, the Project saw an uptick in business as both monthly and transient business returned to Baltimore's central business district and the inner harbor. Transient business greatly improved as more conferences were held at the Baltimore Convention Center and with the return to full capacity of seating at the Oriole Park at Camden Yards and M&T Bank Stadium, transient business from the sports fan returned. MEDCO anticipates the Project will meet its required FY 22 coverage ratio requirement and there will be no need for MEDCO to engage a parking consultant for FY 22.

The Baltimore City Project was reclassified as "Performing" as of September 2022.

Purple Line Light Rail

Status: Performing (Reclassified September 2022)

The Purple Line Light Rail (Purple Line), a conduit project, was classified as "Watch" in August 2020 when disputes regarding project delays and budget between the Maryland Department of Transportation (MDOT) and Purple Line Transit Partners (PLTP), the concessionaire, escalated and PLTP gave notice of its intent to terminate its agreement with the State of Maryland (State). The State remained committed to Purple Line completion, however. In September 2020, MDOT requested MEDCO assist MDOT by providing financial, consulting, and related services to MDOT in support of the Purple Line. In February 2021, MEDCO entered into a Financial Transaction Advisor Contract with Ernst & Young Infrastructure Advisors, LLC on behalf of Maryland Transit Administration, an agency of MDOT, to provide financial and transaction advisory services to support the Purple Line project. MEDCO continued to work with MDOT to support the project.

The Purple Line Series 2016 bonds were redeemed on November 30, 2021.

On April 14, 2022, MEDCO issued its $643,455,000 Maryland Economic Development Corporation (Purple Line Rail Project) Private Activity Revenue Bonds, Series 2022A (RSA) (Green Bonds) and Series 2022B (Green Bonds) to (i) pay for certain costs of developing, designing, constructing, equipping, and other related expenses of the Purple Line Light Rail Project, (ii) pay for all or a portion of the costs of the costs of issuance and other costs related to the transaction, (iii) pay interest on the Series 2022A bonds during construction and (iv) fund any necessary reserves to secure the Series 2022B bonds.

The Purple Line Light Rail project was reclassified as "Performing" as of September 2022.

Student Housing Projects

Status: Watch

The following owned student housing projects were classified as “Watch” in May 2020: University of Maryland, College Park; University of Maryland, Baltimore County; University of Maryland, Baltimore; Salisbury University; and Towson University. In September 2020, Bowie State University was classified as “Watch”, and Salisbury University was removed from “Watch.” In August 2021, Frostburg State University was classified as “Watch”, and University of Maryland, College Park was removed from “Watch.” In October 2021, Frostburg State University was removed from “Watch.”

In March 2020, the University System of Maryland transitioned all undergraduate face-to-face instruction to remote instruction for the rest of the Spring 2020 semester. In accordance with the University System of Maryland’s decision, all universities in the system closed their on-campus residential halls and refunded student for any prepaid rent. At the universities’ requests, MEDCO followed suit with its owned student housing projects.

Per the respective Trust Indentures, the coverage ratio requirement as of the last day of each fiscal year must not to be less than 1.20. If in any fiscal year, the coverage ratio of 1.20 is not met, a management consultant must be employed. For FY 2020, MEDCO retained a management consultant for the student housing projects at Bowie State University (CMRC); Towson University; University of Maryland, Baltimore; University of Maryland, Baltimore County; and University of Maryland, College Park projects. For FY 2021, the projects at Bowie State University (CMRC); Towson University; University of Maryland, Baltimore; and University of Maryland, Baltimore County did not meet the coverage ratio requirement and MEDCO retained a management consultant for those projects.

Most of MEDCO’s student housing projects have fully recovered from pandemic related difficulties. For FY 2022, MEDCO anticipates the projects at Towson University, University Maryland, Baltimore and Frostburg State University will not meet the coverage ratio requirement and MEDCO will be retaining a management consultant for those projects.

As of September 2022, University of Maryland, Baltimore County and Bowie State University (CMRC) were removed from “Watch.” As of September 2022, the Towson University and University of Maryland, Baltimore projects remain classified as “Watch” and Frostburg State University project was added to “Watch.”

Based on the information available at this time, MEDCO anticipates the projects will be able to fund operating expenses and make their next upcoming debt services payments.

ADVISORY CAPACITY

Through its staff's active service in board memberships and advisory positions within various organizations throughout the State, MEDCO directly promotes economic development and helps maximize new economic opportunities. These organizations include:

Bainbridge Development Corporation (BDC)

BDC's purpose is to develop the Bainbridge Naval Training Center and to accelerate the site's transfer to the private sector. MEDCO's Executive Director is an ex-officio member of the board of directors.

Baltimore Metropolitan Council

The Baltimore Metropolitan Council (BMC) works with the region's elected executives to identify mutual interests and develop collaborative strategies, plans and programs that help improve our quality of life and economic vitality. MEDCO's Executive Director is a member of the board of directors.

Junior Achievement of Central Maryland (JA)

JA's mission is to inspire and prepare young people to succeed. Community volunteers deliver real life lessons, share experiences, and provide mentorship to students. The objective being to impact young people's perceptions about the importance of education and critical life skills— specifically promoting financial capability, career readiness, entrepreneurship, and business ownership. MEDCO's Executive Director currently serves as Chair of the board of directors.

Maryland Technology Enterprise Institute (Mtech)– Maryland Industrial Partnerships (MIPS)

MIPS promotes the development of technology and commercialization of products through research partnerships between universities and industry. MEDCO's Executive Director is a member of Mtech Board of Visitors, as well as the MIPS advisory board.

Maryland Economic Development Association (MEDA)

MEDA, a nonprofit organization for economic development professionals, promotes economic well-being by working to improve the state's business climate and encouraging professionalism in economic development. MEDCO's Executive Director is a member of MEDA's Past Presidents. Past Presidents provide economic development consulting services to parties requesting services. Other key MEDCO staff helps lead MEDA's Young Leaders and Program Development efforts.

Maryland Department of Housing and Community Development, Revenue Bond Advisory Board (Revenue Advisory Board)

The Revenue Bond Advisory Board provides independent advice and expertise on the issuance of revenue bonds to the Department of Housing and Community Development. MEDCO's Executive Director serves as a member of the Revenue Bond Advisory Board.

Maryland Marketing Partnership (MMP)

The Maryland Marketing Partnership, founded in statute as the Maryland Public-Private Partnership Marketing Corporation, was created to develop a branding strategy for the state, market the state's assets and encourage the location and growth of new businesses in Maryland. MEDCO's Executive Director sits as a member of the board of directors.

Towson University Presidential Scholar Business Advisory Council

Dr. Nancy L. Grasmick, Towson University's first Presidential Scholar, works to fund, design, pilot and assess innovative initiatives in education and leadership to improve opportunities for students, faculty and the greater community. MEDCO's Executive Director sits as a member of this advisory council along with other leaders from the business and academia.

University of Maryland – UM Ventures Baltimore Fund

The Baltimore Fund stimulates economic advancement in Baltimore City by supporting Maryland-based public higher education created or sponsored technology companies and affiliated entities locating in the city. The Fund also makes investments in new business incubation and accelerations programs. MEDCO Executive Director is a member of the Baltimore Fund Advisory Committee.

MARYLAND ECONOMIC DEVELOPMENT CORPORATION

Management's Discussion and Analysis and Financial Statements Together with Independent Auditors' Report

For the Years Ended June 30, 2022 and 2021

TABLE OF CONTENTS

MARYLAND ECONOMIC DEVELOPMENT CORPORATION

Management's Discussion and Analysis
For the Years Ended June 30, 2022 and 2021

As management of Maryland Economic Development Corporation (MEDCO), we offer readers of the financial statements this narrative overview and analysis of MEDCO's financial activities for the fiscal years ended June 30, 2022 and 2021. Management's Discussion and Analysis (MD&A) is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of financial activity, and (c) identify changes in MEDCO's financial position. We encourage readers to consider the information presented here in conjunction with MEDCO's financial statements and accompanying notes.

General

MEDCO is a body corporate and political and a public instrumentality of the State of Maryland that was created in 1984 by an act of the Maryland General Assembly. MEDCO's purpose is to attract new business and to encourage expansion of existing businesses in Maryland through the development, expansion, and/or modernization of facilities. In fulfilling this purpose, MEDCO owns and leases certain properties and makes loans to organizations that require financing to acquire or develop properties. MEDCO also serves as a consultant or development manager on certain projects.

MEDCO issues limited-obligation revenue bonds and notes to provide capital financing for projects. Most of the bonds and notes are conduit debt obligations issued for specific third parties in MEDCO's name. In most of these cases, the related assets, liabilities, revenues, expenses, and cash flows are not included in MEDCO's financial statements, as MEDCO has no obligation for the debt beyond the resources provided under the related lease or loan with the party on whose behalf the debt was issued. The bonds and notes not issued for specific third parties primarily finance operating facilities of MEDCO. These bonds and notes are payable solely from the revenues of the respective facilities as defined in the related trust indentures. MEDCO is the owner of these operating facilities and has retained on-site professional managers for each facility. Neither the conduit debt obligations nor the debt issued to finance operating facilities is backed by the full faith and credit of the State of Maryland.

These Projects are owned by MEDCO or were owned during the period of the financial statements and as such are consolidated in the financial statements:

- Christa McAuliffe Student Housing (Bowie) at Bowie State University
- Bowie Mixed Use Facility Student Housing (Bowie Mixed Use) at Bowie State University
- Baltimore City Garages (City Garages)
- CTU Foundation Student Housing (CTU) at Capitol Technology University
- Chesapeake Bay Conference Center (CBCC)
- Edgewood Commons Student Housing (Frostburg) at Frostburg State University
- Owings Mills Metro Centre Garage (Metro Centre)
- Morgan View (MV) and Thurgood Marshall Hall (TMH) Student Housing at Morgan State University (Morgan)
- National Cybersecurity Center of Excellence (NCCoE) in Montgomery County, Maryland
- Rockville Innovation Center (RIC) in Montgomery County, Maryland
- University Park Phase I and II (Salisbury) at Salisbury University
- West Village (Towson WV) and Millennium Hall Student Housing (Towson MH) at Towson University

General – continued

- Fayette Square Student Housing (UMAB) at University of Maryland, Baltimore
- Walker Avenue Student Housing (UMBC) at University of Maryland, Baltimore County
- University of Maryland, College Park Energy and Infrastructure Program (UMCP Energy)
- South Campus Commons and The Courtyards (UMCP Housing) at University of Maryland, College Park
- University Village (University Village) at Sheppard Pratt

Overview of the Financial Statements

This MD&A is intended to serve as an introduction to MEDCO's financial statements. MEDCO is a self-supporting entity and follows enterprise fund reporting; accordingly, the financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Enterprise fund statements offer short-term and long-term financial information about the activities and operations of MEDCO. MEDCO's statements consist of two parts: the financial statements and notes to the financial statements.

The Financial Statements

MEDCO's financial statements are designed to provide readers with a broad overview of its finances, in a manner similar to a private-sector business.

The statements of net position present information on all of MEDCO's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position.

The statements of revenues, expenses and changes in net position present the operating activities of MEDCO and sources of non-operating revenues and expenses.

The statements of cash flows present summarized sources and uses of funds for MEDCO's activities. Cash flows from operating activities generally represent receipts and disbursements associated with property and equipment rentals, operating facilities and energy services as well as day-to-day management. Cash flows from non-capital financing activities generally include the incurrence of debt obligations to finance loans and the related principal and interest payments. Cash flows from capital and related financing activities generally include the incurrence of debt obligations to finance capital assets, the subsequent investment of the debt proceeds in property and equipment, and the related principal and interest payments. Cash flows from investing activities generally include loan originations and related collections of principal and interest payments and purchases and sales of investments and collections of related income.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 21-63 of this report.

Financial Analysis of MEDCO

The following table summarizes MEDCO's financial position as of June 30,:

	2022	2021	2020
Current assets	$ 85,150,195	$ 91,203,275	$ 103,727,095
Net right-of-use assets, capital assets, and right-to-use buildings	472,167,318	454,720,730	383,550,716
Other non-current assets	101,306,400	135,290,199	102,777,018
Total Assets	$ 658,623,913	$ 681,214,204	$ 590,054,829
Deferred outflow of resources	$ 4,516,141	$ 5,803,422	$ 6,646,147
Current liabilities	$ 261,774,373	$ 305,898,748	$ 289,577,917
Bonds and notes payable, net of current portion	637,116,772	663,910,663	605,609,994
Other non-current liabilities	34,648,217	38,429,944	6,874
Total Liabilities	$ 933,539,362	$ 1,008,239,355	$ 895,194,785
Deferred inflow of resources	$ 7,593,731	$ 7,551,838	$ 3,112,110
Net investment in capital assets	$ (303,933,664)	$ (325,647,539)	$ (263,265,160)
Restricted under trust indentures	79,162,232	120,915,930	91,452,500
Restricted for capital and other purposes	47,703	36,779	15,633
Unrestricted - Projects	(81,028,466)	(149,913,935)	(153,254,061)
Unrestricted - MEDCO	27,759,156	25,835,198	23,445,169
Total Net Position	$ (277,993,039)	$ (328,773,567)	$ (301,605,919)

Significant factors in the changes in MEDCO's financial position for the year ended June 30, 2022 include:

- During the year ended June 30, 2022, operations at the student housing operating facilities fully recovered from COVID-19 related difficulties as students have returned to campus full time. In addition, revenue increased at MEDCO's garage facilities as both monthly and transient business returned to Baltimore's central business district and the inner harbor, and at CBCC as a result of increased travel demand, group bookings and returning business from the COVID-19 period.

- During the year ended June 30, 2022, MEDCO adopted Government Accounting Standards Board (GASB) Statement No. 87, *Leases* (GASB 87), using the retrospective approach, which requires a restatement for all prior periods presented. As a result of the adoption of GASB 87, MEDCO recognized a lease liability, right-of-use asset, leases receivable and deferred inflow of resources as of July 1, 2020. Additional information is provided in Notes 1 and 2 to the financial statements.

Financial Analysis of MEDCO – continued

- Current assets decreased primarily as a result of a decrease in cash and cash equivalents at MEDCO, $11,127,000, primarily due to the use of funds that had been advanced for the planning and construction of future projects and the short-term investment of cash as interest rates increased. This decrease was partially offset by increases in cash and cash equivalents at Bowie Mixed Use, $1,073,000, as a result of the project opening in August 2021, and at other operating projects, $2,276,000, as operations have recovered from the COVID-19 period. Deposits with bond trustees decreased at Morgan, $4,702,000, primarily due to the use of funds on deposit for capitalized interest payments and a decrease in the required deposits for interest and principal due to the issuance of 2022 bonds and the refunding of the 2012 bonds, and at CBCC, $3,075,000, primarily to make additional payments toward deferred senior interest. Funds for replacement and additions of furnishings and equipment at CBCC increased, $1,062,000, due to current year capital expenditures being less than the amount contributed per the management agreement. These decreases were partially offset by increases in rent and other receivables primarily at MEDCO, $1,856,000, as a result of construction fees paid on behalf of Morgan State University that are awaiting reimbursement, CBCC, $2,851,000, due to increases in billings as occupancy continues to recover from COVID-19, and UMCP Energy, $2,547,000, as a result of increased billings due for maintenance and repairs.

- Net right-of-use assets, capital assets and right-to-use buildings increased due to development expenditures for Morgan Thurgood Marshall Hall, $36,559,000, and various other capital expenditures at Projects totaling $9,924,000. These increases were partially offset by current year depreciation and amortization of $28,653,000.

- Other non-current assets decreased primarily as a result of funds deposited with the trustee primarily due to development expenditures for Morgan Thurgood Marshall Hall, $34,725,000, and Bowie Mixed Use, $2,089,000, as well as capital, debt service and operational expenditures at various other Projects totaling $3,966,000. These decreases were partially offset by increases in surplus funds deposited with the trustee at UMCP Housing, $4,864,000, and various other Projects, $3,276,000, as operations have recovered from the COVID-19 period. Leases receivable decreased $1,244,000 for MEDCO due to payments received from leases during the current year in which MEDCO is the lessor.

- Current liabilities decreased primarily as a result of the gain on extinguishment of management fee payable related to CBCC deferred management fees and accrued interest in the amount of $61,034,000, and advances, $13,379,000, due to the use of funds that had been advanced for the planning and construction of future projects. These decreases were partially offset by increases in accounts payable and accrued expenses of $2,801,000 at UMCP Energy as a result of increased billings due for maintenance and repairs that were performed in May and June, the current portion of bonds payable due to CBCC not being able to fund the amount due during the year ended June 30, 2022, $7,925,000, accrued ground rent primarily due to increases in cash flow resulting in increases to cumulative rent due at Bowie, $1,749,000, Morgan, $1,477,000, and UMCP, $4,362,000, accrued interest at University Village, $2,585,000, primarily due to an increase in lease liability interest due, and lease liability at CBCC, $1,940,000, and University Village, $1,647,000.

Financial Analysis of MEDCO – continued

- Bonds and notes payable, net of current portion, decreased primarily as a result of the refunding of 2012 bonds, $23,320,000, and the issuance of 2022 bonds, $22,707,000, at Morgan. The reclassification of fiscal year 2023 principal payments from non-current to current liabilities, $22,529,000, and the amortization of bond premium/discounts, $2,580,000.

- Other non-current liabilities decreased primarily due to a decrease in the lease liability of $1,940,000 at CBCC, and $1,647,000 at University Village, due to ground rent payments becoming current.

Significant factors in the changes in MEDCO's financial position for the year ended June 30, 2021 include:

- During the year ended June 30, 2021, average occupancy at the student housing operating facilities decreased due to the ongoing impact of COVID-19. In addition, there was a decrease in parking at MEDCO's garage facilities and CBCC operated with limitations on occupancy, pool capacity, spa hours and food and bar service among others as government mandates were in effect.

- Current assets decreased primarily as a result of a decrease in cash and cash equivalents, $23,538,000, primarily due to the use of funds that had been advanced for the planning and construction of future projects. This decrease was partially offset by an increase in deposits with bond trustees for Morgan Thurgood Marshall Hall due to the funding of the capitalized interest, principal and cost of issuance accounts in connection with the issuance of Series 2020 bonds to finance the development of the student housing facility, $8,246,000, and CBCC, as transient occupancy and revenue increased as travel restrictions due to COVID-19 were lifted, $3,617,000.

- Net right-of-use assets, capital assets and right-to-use buildings increased due to the adoption of GASB 87 and the recognition of right-of-use assets, net of accumulated amortization, of $655,000 at MEDCO, $24,303,000 at CBCC and $17,736,000 at University Village, development expenditures for Bowie Mixed Use, $32,908,000, and Morgan Thurgood Marshall Hall, $14,826,000, and various other capital expenditures at Projects totaling $6,277,000. These increases were partially offset by current year depreciation and amortization of $27,752,000.

- Other non-current assets increased primarily as a result of the adoption of GASB 87 and the recognition of a lease receivable of $4,781,000 at MEDCO, funds deposited with the trustee primarily for the funding of construction and debt service reserve accounts for Morgan Thurgood Marshall Hall, $64,035,000, and UMCP Housing, primarily due to deposits made to the repair and replacement fund, $5,795,000. These increases were partially offset by a decrease in deposits with bond trustee for Bowie Mixed Use primarily due to development expenditures, $37,352,000, and capital, debt service and operational expenditures at various other Projects totaling $2,320,000.

Financial Analysis of MEDCO – continued

- Current liabilities increased primarily as a result of the recognition of a lease liability of $116,000 at MEDCO, $28,949,000 at CBCC and $15,471,000 at University Village due to the adoption of GASB 87, additional accruals at CBCC for interest payable and management and service fees, $32,468,000, an increase in the current portion of bonds payable due to CBCC not being able to fund the amount due during the year ended June 30, 2021, $7,545,000, accrued interest, $2,408,000, primarily as a result of the issuance of bonds to finance development of Morgan Thurgood Marshall Hall, and accounts payable, $8,047,000, primarily due to accrued capital expenditures for Morgan Thurgood Marshall Hall and the deferral of expenses due to the University of Maryland, College Park, Towson University and the University of Maryland, Baltimore County per a memorandum of understanding. These increases were partially offset by the repayment of advances for the planning and construction of future projects, $30,978,000 and the derecognition of accrued ground rent at CBCC, $39,589,000, due to the implementation of GASB 87.

- Bonds and notes payable, net of current portion, increased primarily as a result of the issuance of bonds to finance development of Morgan Thurgood Marshall Hall, $84,323,000. This increase was partially offset by the reclassification of fiscal year 2022 principal payments from non-current to current liabilities, $22,395,000, the amortization of bond premium/discounts, $2,581,000, and the early repayment of bonds and notes payable, $837,000.

- Other non-current liabilities increased due to the recognition of a lease liability of $914,000 at MEDCO, $22,045,000 at CBCC and $15,471,000 at University Village as a result of the adoption of GASB 87.

- Deferred inflow of resources increased $4,391,000 at MEDCO due to the recognition of rents collected in advance as a result of the adoption of GASB 87.

MEDCO's net position as of June 30, 2022, 2021 and 2020 (after considering the effects of eliminations and adjustments in consolidation) are detailed by source as follows:

	2022	2021	2020
Operating facilities	$ (306,698,115)	$ (355,864,458)	$ (326,742,420)
Other operations	28,705,076	27,090,891	25,136,501
Net position	$ (277,993,039)	$ (328,773,567)	$ (301,605,919)

Financial Analysis of MEDCO – continued

As discussed in greater detail below, the majority of MEDCO's operating income for 2022, 2021and 2020 relate to its operating facilities.

The following table summarizes MEDCO's revenues and expenses and changes in net position for the years ended June 30,:

	2022	2021	2020
Operating Revenues:			
Operating facilities	$ 155,283,429	$ 115,681,959	$ 112,422,362
Lease	545,256	545,255	-
Other property and equipment rentals	-	-	723,922
Consulting and management fees	1,677,027	2,041,011	1,833,719
Total Operating Revenues	157,505,712	118,268,225	114,980,003
Operating Expenses:			
Operating facilities	99,419,870	79,224,410	84,217,021
Rent	-	-	93,818
Compensation and benefits	1,888,712	1,861,112	1,677,567
Administrative and general	605,425	463,979	455,463
Depreciation and amortization	28,653,453	27,752,401	26,215,282
Total Operating Expenses	130,567,460	109,301,902	112,659,151
Operating Income	26,938,252	8,966,323	2,320,852
Non-operating Revenues and Expenses:			
Interest income	681,798	808,084	2,013,600
Interest expense	(37,150,896)	(35,930,028)	(28,024,460)
Settlement income	296,451	36,938	223,821
Gain on extinguishment of management fee payable	61,034,190	-	-
Bond issuance costs	(290,387)	(680,529)	(546,302)
Loss on sales and retirements of assets, net	(728,880)	(368,436)	(407,321)
Surplus funds distribution	-	-	(7,305,835)
Net Non-operating Revenues (Expenses)	23,842,276	(36,133,971)	(34,046,497)
Change in Net Position	50,780,528	(27,167,648)	(31,725,645)
Net Position, beginning of year	(328,773,567)	(301,605,919)	(269,880,274)
Net Position, end of year	$(277,993,039)	$(328,773,567)	$(301,605,919)

Financial Analysis of MEDCO – continued

The change in net position for the years ended June 30, 2022, 2021 and 2020 (after considering the effects of eliminations and adjustments in consolidation) is detailed by source as follows:

	2022	2021	2020
Operating facilities	$ 49,166,343	$ (29,166,469)	$ (33,468,170)
Other operations	1,614,185	1,998,821	1,742,525
Change in Net Position	$ 50,780,528	$ (27,167,648)	$ (31,725,645)

Significant factors in the results for the year ended June 30, 2022 include:

- As of June 30, 2022, management has identified CBCC as a "Non-Performing" Project, as defined in MEDCO's loan classification policy. CBCC has been identified as a "Non-Performing" Project after the June 2014 debt service payment was only partially made and for failure to meet the debt coverage ratio as required in the trust indenture governing the bonds. Under terms of the CBCC trust indenture, MEDCO is required to promptly employ a management consultant to submit a written report and recommendations with respect to the Project. MEDCO has engaged both a project analyst consulting firm and an asset management/turnaround consultant to evaluate the operations of CBCC. Since May 1, 2014, CBCC has had a forbearance agreement with the trustee which provides for a partial deferral of interest and principal payments owed under the bonds. Pursuant to the terms of a third amendment to the amended and restated forbearance agreement, the forbearance period was extended to December 31, 2022. In accordance with the terms of the most recent amendment, effective July 1, 2022, a proposed budget through December 31, 2022 was prepared and submitted to the trustee for approval. Upon approval of the budget by the trustee, the Project was to incur expenses and expend funds only to the extent per category and within the times set forth in the approved cash flow budget. In addition, any amounts not spent within one month can be expended in a subsequent month, subject to adjustments as defined in the agreement. The amended and restated forbearance agreement contains target amounts for gross revenues, net operating income, and cumulative cash flow. If the Project fails to satisfy these target amounts in any month, it shall constitute a forbearance termination event. Upon the occurrence of a forbearance termination event, the forbearance granted shall immediately and automatically terminate, and the Trustee shall have available to it all rights and remedies available specified under the forbearance agreement, any of the bond documents, or under applicable law. The amendments to the amended and restated forbearance agreement amend the transfer of funds to specific reserves in connection with the capital budget, as stipulated in the agreement. Additional information relating to the status of this Project is provided in Note 13 to the financial statements.

Financial Analysis of MEDCO – continued

- As of June 30, 2022, management has identified City Garages, and UMBC, UMAB, Bowie, and Towson WV and MH student housing projects as "Watch" projects, as defined in MEDCO's loan classification policy. City Garages revenue increased during 2022 as both monthly and transient business returned to Baltimore's central business district and the inner harbor. In September 2022, City Garages was removed from being classified as a "Watch" project. In March 2020, as a result of COVID-19, the University System of Maryland transitioned all undergraduate in-person instruction to virtual instruction for the remainder of the Spring 2020 semester. In connection with the University of Maryland's decision, all universities in the system closed their on-campus residential halls. During the year ended June 30, 2021 occupancy rates began to improve as the University System of Maryland institutions offered a mix of both virtual and in-person instruction. During the year ended June 30, 2022 student housing projects have fully recovered from the pandemic related difficulties. Per the respective trust indentures, the Projects are each required to meet a coverage ratio, as defined in the respective trust indenture agreements, as of the last day of each fiscal year of no less than 1.20 to 1. If in any fiscal year, the coverage ratio is not met, a management consultant must be employed. In September 2022, UMBC and Bowie were removed from being classified as a "Watch" project, and Frostburg was added to "Watch" in September 2022. UMAB, Towson WV and MH, and Frostburg were added to "Watch" as they did not meet their respective coverage ratios as of June 30, 2022. During the year ending June 30, 2022, MEDCO retained a management consultant for the City Garages, UMBC, UMAB, Bowie, and Towson WV and MH student housing projects.

- Income from operating facilities increased approximately $17,952,000 for the year ended June 30, 2022 in comparison to the year ended June 30, 2021. This is primarily attributable to CBCC, $12,902,000, and UMBC, $2,200,000, due to an increase in occupancy causing revenue to increase post COVID-19. Increases at other operating projects, $844,000, were primarily due to operations having fully recovered from the pandemic related difficulties, and Bowie Mixed Use, $1,956,000, as the project opened for the first time in August 2021. These increases are offset by increases in operating facility expenses of $20,992,000 due to the increase in activity due to operations recovering from COVID-19.

- Net Non-operating revenues (expenses) increased $59,976,000. This increase is primarily due to the recognition of a gain on extinguishment of management fees payable at CBCC, $61,034,000, as an agreement was reached with the Project manager to forever waive any and all deferred fees and interest accrued thereon, to which the manager was due under the management agreement that expired on August 31, 2021. This increase in net non-operating revenue was partially offset by an increase in interest expense, $1,232,000, primarily due to a full year of interest expense being recognized in fiscal year 2022 on the bonds that were issued December 10, 2020 for the construction, furnishing, refurbishing, and equipping of the Morgan Thurgood Marshall Hall student housing facility.

Financial Analysis of MEDCO – continued

Significant factors in the results for the year ended June 30, 2021 include:

- As of June 30, 2021, management identified CBCC as a "Non-Performing" Project, as defined in MEDCO's loan classification policy. CBCC has been identified as a "Non-Performing" Project after the June 2014 debt service payment was only partially made and for failure to meet the debt coverage ratio as required in the trust indenture governing the bonds. Under terms of the CBCC trust indenture, MEDCO is required to promptly employ a management consultant to submit a written report and recommendations with respect to the Project. MEDCO has engaged both a project analyst consulting firm and an asset management/turnaround consultant to evaluate the operations of CBCC. Since May 1, 2014, CBCC has had a forbearance agreement with the trustee which provides for a partial deferral of interest and principal payments owed under the bonds. Pursuant to a fourteenth amendment the forbearance agreement was amended and extended to June 30, 2021. In addition to providing for a partial deferral of interest and principal payments owed under the bonds, the agreement allowed for the use of funds and accounts held under the trust indenture and in the capital reserve fund for payment of specified accounts payable and operating expenses. In accordance with the terms of the fourteenth amendment, effective December 31, 2020, a proposed budget through June 30, 2021 was prepared and submitted to the trustee for approval. Upon approval of the budget by the trustee, the Project was to incur expenses and expend funds only to the extent per category and within the times set forth in the approved cash flow budget. In addition, any amounts not spent within one month could be expended in a subsequent month, subject to adjustments. The fourteenth amendment also eliminated, through June 30, 2021, the covenants requiring the Project to maintain certain levels of production, gross revenue and net operating income and cash flow targets. In accordance with the terms of the restated and amended forbearance agreement, effective July 1, 2021 through December 31, 2021, a proposed budget through December 31, 2021 was prepared and submitted to the Trustee for approval. The first amendment to the amended and restated forbearance agreement, effective August 31, 2021, amends the transfer of funds to specific reserves in connection with the capital budget, as stipulated in the agreement.

Financial Analysis of MEDCO – continued

- As of June 30, 2021, management identified City Garages, UMCP Housing, UMBC, UMAB, Bowie, and Towson WV and MH student housing projects as "Watch" projects, as defined in MEDCO's loan classification policy. City Garages revenue was negatively impacted by reduced parking related to COVID-19. In March 2020, as a result of COVID-19, the University System of Maryland transitioned all undergraduate in-person instruction to virtual instruction for the remainder of the Spring 2020 semester. In connection with the University of Maryland's decision, all universities in the system closed their on-campus residential halls. During the year ended June 30, 2021 occupancy rates began to improve as the University System of Maryland institutions offered a mix of both virtual and in-person instruction. Per the respective trust indentures, the Projects are each required to meet a coverage ratio, as defined in the respective trust indenture agreements, as of the last day of each fiscal year of no less than 1.20 to 1. If in any fiscal year, the coverage ratio is not met, a management consultant must be employed. In August 2021, UMCP Housing was removed from being classified as a "Watch" project. City Garages, UMBC, UMAB, Bowie, and Towson WV and MH did not meet their respective coverage ratios as of June 30, 2021. During the year ending June 30, 2021, MEDCO retained a management consultant for the UMCP Housing, UMBC, UMAB, Bowie, and Towson WV and MH student housing projects. MEDCO engaged a management consultant for these Projects.

- Income from operating facilities increased approximately $3,260,000 as a result of an increase in revenue as students started to return to campus as COVID-19 government restrictions were lifted. Operating facility expenses decreased $4,993,000 primarily due to a decrease in ground rent expense due to increased deposits to the repair and replacement funds. The net increase in operations is offset by an increase in depreciation and amortization of $1,463,000 due to the implementation of GASB 87.

- Net Non-operating revenues (expenses) decreased $2,087,000. This decrease was primarily due to an increase in interest expense, $7,894,000, primarily due to the issuance of bonds for the development of the Morgan Thurgood Marshall Hall student housing facility, and a decrease in interest income, $1,206,000, primarily due to a decrease in interest rates on deposits and investments. These decreases were partially offset by an increase attributable to a decrease in surplus funds distribution expense, $7,306,000, due to the additional distribution made by UMCP Energy in the prior year to the University of Maryland, College Park pursuant to the closing of the bond trust accounts upon retirement of the Project's bonds.

Additional information relating to the operating results of the operating facilities for the years ended June 30, 2022 and 2021 is provided in Note 9 to the financial statements.

Capital Assets and Debt Administration

Capital Assets and Right to Use Buildings

Costs incurred to acquire, develop and/or improve capital assets and right-to-use buildings were $46,483,000 and $55,572,000 during the years ended June 30, 2022 and 2021, respectively.

During 2022, projects totaling $262,000, primarily for HVAC repairs, elevator repairs, and replacement of carpeting, were completed at Bowie. During 2021, projects totaling $74,000, primarily for HVAC repairs and replacement of carpeting, were completed.

During 2022 and 2021, there were $1,712,000 and $33,352,000, respectively, of construction, development and equipment expenditures for the Bowie Mixed Use facility for the initial design and construction of the student housing Project. Proceeds from the 2020 issuance of tax-exempt bonds were used to pay for the cost of issuing the bonds, fund required reserve deposits and to pay for the development of the Project. The Project opened in August 2021.

During 2022 there were $1,432,000 in capital expenditure at Baltimore City Parking Garages for architectural fees, slab repairs, construction equipment, elevator repairs and improvements. During 2021 projects totaling $1,143,000 were completed to make improvements to all three of the Baltimore City Parking garages.

During 2022, there were for $1,355,000 in capital expenditures at CBCC for improvements to the facilities and repairs made to the pier. There were $285,000 in capital expenditures in 2021 for improvements to the facilities.

The major capital asset events during the year ended June 30, 2022 at Morgan were expenditures for the ongoing construction of the Thurgood Marshall Hall facility, totaling $36,559,000, as well as $251,000 on the replacement of HVAC units, computers, and furniture and fixtures. The major capital asset events during the year ended June 30, 2021 at Morgan were expenditures for the ongoing construction of the Thurgood Marshall Hall facility, totaling $14,826,000, as well as $499,000 on new exterior lighting, computers, furniture and fixtures and the replacement of HVAC units, roofing, water heaters, carpeting and furniture and fixtures.

The major capital asset events during the year ended June 30, 2022 at Salisbury were window, roof, HVAC, carpet, furniture, and appliance replacement, $2,049,000. The major capital asset events during the year ended June 30, 2021 at Salisbury were window, roof, HVAC, carpet, furniture, and appliance replacement, $1,407,000.

The most significant capital asset events during the year ended June 30, 2022 at Towson WV & MH were the purchase of furniture, fixtures and equipment, and the replacement of an HVAC compressor, $10,000. The major capital asset events during the year ended June 30, 2021 at Towson WV & MH were furniture, fixtures and equipment, PVI water tanks, and building repairs, $793,000.

The major capital asset events during the year ended June 30, 2022 at UMBC were drywall repairs and insulation, roof repairs, parking lot rejuvenations, exterior concrete replacement, a roof condenser, appliance and flooring replacement, $377,000. The major capital asset events during the year ended June 30, 2022 at UMBC were drywall improvements and insulation, roof improvements, and exterior housing for generators and a roof condenser, $79,000.

Capital Assets and Debt Administration - continued

Capital Assets and Right to Use Buildings - continued

The major capital asset events during the year ended June 30, 2022 at UMCP Housing were the replacement of support beams, HVAC, heat pump, lighting panel, carpet, tile, furniture, appliances, and drainage system upgrades, $2,177,000. The major capital asset events during the year ended June 30, 2021 at UMCP Housing were the replacement of support beams, patio headers, HVAC, heat pump, pool and hot tub pump, carpet, tile, furniture, appliances, and fire alarm upgrades, $638,000.

The major capital asset events during the year ended June 30, 2022 at University Village were the replacement of roofing, HVAC systems, furniture and fixtures, security camera installation, and property access control, $449,000, and construction in progress for kitchen renovations, $242,000. The major capital asset events during the year ended June 30, 2021 at University Village were the replacement of flooring, furniture and fixtures, and property access control and computer lab upgrades, $755,000, and construction in progress for kitchen renovations, $276,000.

Additional information relating to capital assets is provided in Notes 7 and 8 to the financial statements.

Debt

As of June 30, 2022, MEDCO had total bonds and notes payable outstanding of $710,117,000, a decrease of 2.6% from June 30, 2021. As discussed above, none of the bond or note debt is backed by the full faith and credit of the State of Maryland or MEDCO.

During 2022, MEDCO issued debt totaling $22,707,000, including an original issue premium and discount, to finance the development of the Morgan Thurgood Marshall Hall student housing facility. Aggregate principal payments/reductions on bonds and notes payable during the year were $14,718,000.

As of June 30, 2021, MEDCO had total bonds and notes payable outstanding of $729,099,000, an increase of 10.1% from June 30, 2020. As discussed above, none of the bond or note debt is backed by the full faith and credit of the State of Maryland or MEDCO.

During 2021, MEDCO issued debt totaling $84,323,000, including an original issue premium and discount, to finance the development of the Bowie Mixed Use Project. Aggregate principal payments/reductions on bonds and notes payable during the year were $14,933,000.

Additional information relating to debt and capital lease obligations is provided in Note 10 to the financial statements.

Contacting Management of MEDCO

This report is designed to provide Maryland citizens and taxpayers, and our customers, clients, investors and creditors, with a general overview of the finances of MEDCO. If you have questions about this report or need additional information, including individual Project audited financial statements, contact Maryland Economic Development Corporation, 7 St. Paul Street, Suite 940, Baltimore, MD 21202.

SC&H

ATTEST SERVICES

Independent Auditors' Report

To the Board of Directors of
Maryland Economic Development Corporation:

Opinion

We have audited the accompanying financial statements of Maryland Economic Development Corporation (MEDCO), as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MEDCO as of June 30, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of MEDCO and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibility of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about MEDCO's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 MEDCO's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about MEDCO's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Supplementary Information

Accounting principles generally accepted in the Unites States of America require that the management's discussion and analysis on pages 1-13 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

SC&H Attest Services, P.C.

October 24, 2022

MARYLAND ECONOMIC DEVELOPMENT CORPORATION

Statements of Net Position

As of June 30,		*2022*		*2021 (as restated)*
Assets				
Current Assets:				
Cash and cash equivalents	$	37,358,568	$	45,136,423
Short-term investments		7,592,491		6,406,545
Security deposits		314,321		210,351
Deposits with bond trustees — restricted		23,715,088		30,685,853
Funds for replacement of and additions to furnishings and equipment		1,476,041		413,932
Loans receivable, net		25,000		25,000
Leases receivable		483,807		459,114
Rent and other receivables, net		11,973,591		5,948,954
Interest receivable, net		161,743		45,058
Inventory		367,151		257,891
Prepaid expenses and other assets		1,682,394		1,614,154
Total Current Assets		85,150,195		91,203,275
Non-current Assets:				
Long-term investments		75,000		75,000
Deposits with bond trustees — restricted		96,402,323		129,042,552
Loans receivable, net		50,000		75,000
Leases receivable		3,536,231		4,780,720
Prepaid expenses and other assets		1,242,846		1,316,927
Right-of-use assets, net of accumulated amortization of $5,196,291 and $2,585,133, respectively		40,083,999		42,695,157
Right-to-use buildings, net of accumulated amortization of $208,416,083 and $193,526,707, respectively		331,947,160		305,429,814
Capital assets:				
Buildings and improvements		194,532,076		194,236,323
Furnishings and equipment		92,036,569		91,670,476
Construction in progress		241,740		381,098
		286,810,385		286,287,897
Less: accumulated depreciation and amortization		(186,674,226)		(179,692,138)
Net Capital Assets		100,136,159		106,595,759
Total Non-current Assets		573,473,718		590,010,929
Total Assets	$	658,623,913	$	681,214,204
Deferred Outflow of Resources:				
Deferred advance refunding costs		4,516,141		5,803,422
Total Deferred Outflow of Resources	$	4,516,141	$	5,803,422

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

MARYLAND ECONOMIC DEVELOPMENT CORPORATION

Statements of Net Position - continued

As of June 30,		*2022*		*2021 (as restated)*
Liabilities and Net Position				
Current Liabilities:				
Accounts payable and accrued expenses	$	30,132,188	$	23,979,270
Sales tax payable		530,720		435,242
Advances		3,137,328		16,516,085
Reserve deposits		8,476,542		7,861,596
Accrued interest		70,334,059		67,609,213
Advance deposits		2,330,165		2,441,334
Security deposits		630,279		661,686
Accrued ground rent		15,167,820		7,483,046
Lease liability		44,271,494		40,679,977
Bonds and notes payable		72,999,872		65,188,499
Deferred management and service fees payable		13,763,906		73,042,800
Total Current Liabilities		261,774,373		305,898,748
Non-current Liabilities:				
Lease liability		34,648,217		38,429,944
Bonds and notes payable		637,116,772		663,910,663
Total Non-current Liabilities		671,764,989		702,340,607
Total Liabilities	$	933,539,362	$	1,008,239,355
Deferred Inflow of Resources:				
Rents and fees collected in advance		7,008,655		7,323,701
Deferred advance refunding gains		585,076		228,137
Total Deferred Inflow of Resources	$	7,593,731	$	7,551,838
Commitments and Contingencies (Notes 12 and 13)				
Net Position:				
Net investment in capital assets		(303,933,664)		(325,647,539)
Restricted under trust indentures		79,162,232		120,915,930
Restricted for capital and other purposes		47,703		36,779
Unrestricted-Projects		(81,028,466)		(149,913,935)
Unrestricted-MEDCO		27,759,156		25,835,198
Total Net Position	$	(277,993,039)	$	(328,773,567)

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

MARYLAND ECONOMIC DEVELOPMENT CORPORATION

Statements of Revenues, Expenses and Changes in Net Position

For the Years Ended June 30,		*2022*		*2021 (as restated)*
Operating Revenues:				
Operating facilities	$	155,283,429	$	115,681,959
Lease		545,256		545,255
Consulting and management fees		1,677,027		2,041,011
Total Operating Revenues		157,505,712		118,268,225
Operating Expenses:				
Operating facilities		99,419,870		79,224,410
Compensation and benefits		1,888,712		1,861,112
Administrative and general		605,425		463,979
Depreciation and amortization		28,653,453		27,752,401
Total Operating Expenses		130,567,460		109,301,902
Operating Income		26,938,252		8,966,323
Non-operating Revenues and Expenses:				
Interest income		681,798		808,084
Interest expense		(37,150,896)		(35,930,028)
Settlement income		296,451		36,938
Gain on extinguishment of management fee payable		61,034,190		-
Bond issuance costs		(290,387)		(680,529)
Loss on sales and retirements of assets, net		(728,880)		(368,436)
Net Non-operating Revenues (Expenses)		23,842,276		(36,133,971)
Change in Net Position		50,780,528		(27,167,648)
Net Position, beginning of year, as restated		(328,773,567)		(301,605,919)
Net Position, end of year	$	(277,993,039)	$	(328,773,567)

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

MARYLAND ECONOMIC DEVELOPMENT CORPORATION

Statements of Cash Flows

For the Years Ended June 30,		*2022*		*2021 (as restated)*
Cash Flows from Operating Activities:				
Cash received from leases	$	1,219,794	$	545,255
Cash received from consulting and management fees		1,560,590		2,480,665
Cash received from guests		39,312,856		24,059,445
Cash received from customer charges		17,242,526		17,782,050
Cash received from parkers		7,226,028		5,674,544
Cash received from tenants		83,778,388		62,530,202
Cash received from tax increment financing		2,334,573		2,109,726
Cash paid for operating expenses		(3,469,183)		(1,115,229)
Cash paid for expenses of operating facilities		(84,463,419)		(62,601,062)
Net Cash and Cash Equivalents Provided by Operating Activities		64,742,153		51,465,596
Cash Flows from Non-capital Financing Activities:				
Advances		(10,811,232)		(28,441,206)
Interest payments on bonds and notes payable		(230,517)		(240,530)
Principal payments on bonds and notes payable		(344,812)		(349,084)
Net Cash and Cash Equivalents Used in Non-capital Financing Activities		(11,386,561)		(29,030,820)
Cash Flows from Capital and Related Financing Activities:				
Payments of construction expenditures		(3,620,524)		(2,452,683)
Right-to-use buildings expenditures		(42,650,833)		(49,086,560)
Construction, development and equipment expenditures		(2,060,612)		(1,606,226)
Proceeds from sale of capital assets		9,510		760
Refunding of bonds and notes payable		(23,875,699)		-
Proceeds from issuance of bonds and notes payable		22,707,071		84,322,721
Bond issuance expenditures		(290,387)		(680,529)
Net funding of funds for replacement of and additions to furnishings and equipment		(1,062,109)		24,450
Lease payments		(190,210)		(84,176)
Interest paid		(35,647,291)		(22,171,794)
Principal payments on bonds and notes payable		(14,373,100)		(14,583,416)
Net Cash and Cash Equivalents Used in Capital and Related Financing Activities		(101,054,184)		(6,317,453)
Cash Flows from Investing Activities:				
Principal payments on loans receivable		25,000		25,000
Reserve deposits		614,946		334,096
Proceeds from settlement		296,451		36,938
Net sales (purchases) of deposits with bond trustees - restricted		39,610,994		(40,689,724)
Net purchases of investments		(1,185,946)		(205,054)
Interest received		559,292		843,036
Net Cash and Cash Equivalents Provided by (Used In) Investing Activities		39,920,737		(39,655,708)
Net Decrease in Cash and Cash Equivalents		(7,777,855)		(23,538,385)
Cash and Cash Equivalents, beginning of year		45,136,423		68,674,808
Cash and Cash Equivalents, end of year	$	37,358,568	$	45,136,423

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

MARYLAND ECONOMIC DEVELOPMENT CORPORATION

Statements of Cash Flows - continued

For the Years Ended June 30,		*2022*		*2021 (as restated)*
Reconciliation of operating income to net cash and cash equivalents provided by operating activities:				
Operating income	$	26,938,252	$	8,966,323
Adjustment to reconcile operating income to net cash and cash equivalents provided by operating activities:				
Depreciation and amortization		28,653,453		27,752,401
Provision for doubtful accounts		738,839		3,595,426
Changes in operating assets and liabilities:				
Tenant security deposits		(103,970)		492,667
Leases receivable		1,219,796		566,425
Rent and other receivables		(7,179,728)		(2,899,954)
Inventory		(109,260)		3,422
Prepaid expenses and other assets		114,251		216,078
Accounts payable and accrued expenses		7,186,786		11,402,430
Sales tax payable		95,478		376,428
Advances		(38,895)		(83,809)
Advance deposits		(111,169)		221,757
Security deposits		(31,407)		303,796
Accrued ground rent		3,227,976		683,046
Deferred inflow of resources - rents and fees collected in advance		4,141,751		(123,966)
Other liabilities		-		(6,874)
Net cash and cash equivalents provided by operating activities	$	64,742,153	$	51,465,596
Schedule of non-cash capital and related financing activities:				
Recognition of leases receivable	$	-	$	5,806,259
Recognition of deferred inflow of resources		-		5,806,259
Recognition of right-of-use asset		-		45,280,290
Recognition of lease liability		-		79,120,000
Accrued interest expense on the lease liability		5,017,153		4,211,621
Derecognition of accrued ground rent, deferred rent and lease incentives		-		55,260,168
Gain on extinguishment of management fee payable		61,034,190		-
Loss on sales and retirements of assets, net		(738,390)		(369,196)
Construction, development, and equipment expenditures included in accounts payable and accrued expenses		1,780,883		4,879,036
Retirement of bond premium		(516,437)		-
Amortization of lease allowance		28,361		29,828
Amortization of issue premium on bonds		2,775,444		2,781,464
Amortization of issue discount on bonds		195,903		200,638
Amortization of deferred inflow of resources - deferred advance refunding gains		411,215		26,831
Amortization of deferred outflow of resources - deferred advance refunding costs		1,287,281		842,725

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

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Maryland Economic Development Corporation (MEDCO) is a body corporate and political and a public instrumentality of the State of Maryland that was created in 1984 by an act of the Maryland General Assembly. MEDCO's purpose is to attract new business and encourage expansion of existing businesses in Maryland through the development, expansion and/or modernization of facilities. In fulfilling this purpose, MEDCO owns and leases certain properties and makes loans to organizations that require financing to acquire or develop properties. MEDCO also serves as a consultant or development manager on certain projects.

MEDCO issues limited-obligation revenue bonds and notes to provide capital financing for projects. Most of the bonds and notes are conduit debt obligations issued for specific third parties in MEDCO's name. In most of these cases, the related asset, liabilities, revenues, expenses and cash flows are not included in MEDCO's financial statements, as MEDCO has no obligation for the debt beyond the resources provided under the related loan with the party on whose behalf the debt was issued. The bonds and notes not issued for specific third parties primarily finance operating facilities of MEDCO. These bonds and notes are payable solely from the revenues of the respective facilities as defined in the related bond indentures.

MEDCO is governed by a twelve-member board appointed by the Governor. MEDCO qualifies for tax-exempt status under Section 501(c)(4) of the Internal Revenue Code and Section 10-104 of the Tax-General Article of the Annotated Code of Maryland. Accordingly, no provision for income taxes or income tax benefit has been recorded.

Basis of Presentation

The accompanying financial statements present the financial position, changes in financial position and cash flows of MEDCO. As a special purpose government entity engaged solely in business-type activities, MEDCO follows enterprise fund reporting; accordingly, the financial statements are presented using the economic resources measurement focus and accrual basis of accounting wherein revenues are recognized when earned and expenses are recognized when incurred. Also, in preparing its financial statements, MEDCO has adopted Government Accounting Standards Board (GASB) Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Basis of Presentation – continued

MEDCO previously elected to report its conduit debt as allowed under GASB Interpretation No.2, *Disclosure of Conduit Debt Obligations.* During the year ended June 30, 2022, MEDCO adopted GASB Statement No. 91, *Conduit Debt Obligations* (GASB 91), and elected to report its conduit debt under GASB 91. The term conduit debt obligations refers to certain limited-obligation revenue bonds or notes issued by MEDCO for the express purpose of providing capital financing for a specific third party that is not a part of MEDCO's financial reporting entity. Although conduit debt obligations bear the name of MEDCO, MEDCO has no obligation for such debt beyond the resources provided by financing leases or loans with the third parties on whose behalf they are issued. Since these conduit debt obligations do not constitute a liability of MEDCO, conduit debt obligations, the related assets, revenues, expenses and cash flows are excluded from MEDCO's financial statements.

Use of Estimates

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

Recently Adopted Accounting Principles

Effective July 1, 2020, MEDCO adopted GASB Statement No. 87, *Leases (GASB 87)*, which modifies the guidance for lease accounting. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, with the exception of leases with an original term of 12 months or less, thereby enhancing the relevance and consistency of information about governments' leasing activities. The lease liability should be measured at the present value of payments expected to be made during the lease term (less any lease incentives). The lease asset should be measured at the amount of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. A lessor is required to recognize a lease receivable and deferred inflow of resources. The lease receivable is measured at the present value of lease payments expected to be received during the lease term. The deferred inflow of resources is measured at the fair value of the lease receivable plus any payments received at or before commencement of the lease term that relates to future periods. MEDCO used the retrospective approach to adopt this guidance, which requires a restatement for all prior periods presented (Note 2).

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Recently Adopted Accounting Principles – continued

As a result of the adoption of GASB 87, MEDCO recognized a lease liability of $79,120,000, which represents the present value of remaining lease payments, and a right-of-use-asset of $45,280,290 as of July 1, 2020. The right-of-use-asset is measured at an amount equal to the lease liability, plus any payments made to the lessor at or before the commencement of the lease. MEDCO recognized a deferred inflow of resources of $5,806,259, which represents the present value of remaining lease payments to be received, and a lease receivable of $5,806,259 as of July 1, 2020.

Effective July 1, 2021, MEDCO adopted GASB 91. The objective of this Statement is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement also clarifies the existing definition of a conduit debt obligation and improves required note disclosures. MEDCO used the modified retrospective approach to adopt this guidance. There was no effect on operating income or net position as a result of the adoption of GASB 91.

Recently Issued Accounting Pronouncement

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96). The objective of this Statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITA's) for government end users. Under this Statement, a government generally should recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. This new guidance is effective for fiscal years beginning after June 15, 2022 and should be applied prospectively. Early adoption is permitted. MEDCO is currently evaluating the timing of its adoption and the impact of adopting the new Statement on the accompanying financial statements.

Cash and Cash Equivalents

Short-term investments with maturities of three months or less on the date of purchase are classified as cash equivalents, except that any such investments purchased with funds on deposit with the bond trustee are classified with such deposits.

Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per depositor. MEDCO periodically maintains cash balances in excess of FDIC coverage. Management considers this to be a normal business risk.

MEDCO is required by Section 17-101(d) of the Local Government Article of the Annotated Code of Maryland to collateralize deposits in banks in excess of federal deposit insurance. Satisfactory collateral is enumerated at Section 6-202 of the State Finance and Procurement Article of the Code. As of June 30, 2022 and 2021, bank deposits were properly collateralized.

As of June 30, 2022 and 2021, $16,054,984 and $26,026,119, respectively, of cash and cash equivalents were restricted under third party agreements and not available to pay general operating expenses of MEDCO.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Investments

Investments include certificates of deposit, U.S. Government Agency bills, notes and bonds, and money market funds. Investments are recorded as either short-term or long-term in the accompanying statements of net position based on the contractual maturity date. Certain U.S. Government Agency term notes classified as short-term investments have maturities that extend beyond one year, however, management has not expressed an intention to hold these investments to maturity.

Security Deposits

Security deposits are held in checking and money market accounts and represent cash restricted under state law. As of June 30, 2022, security deposits were overfunded at Morgan View and Thurgood Marshall Hall Student Housing at Morgan State University (Morgan), $113,255, and University Village at Sheppard Pratt (University Village), $37,587. As of June 30, 2021, security deposits were overfunded at Morgan View, $1,732, and University Village, $37,433. The overfundings are a result of the timing of receipts and refunds that are transacted in the operating accounts of the facilities. Periodically, funds are transferred from cash and cash equivalents to security deposits to meet the minimum funding requirements.

Fund for Replacement of and Additions to Furnishings and Equipment

The Hyatt Hotels Corporation of Maryland (Hyatt) management agreement for the Chesapeake Bay Conference Center (CBCC) requires that a reserve fund for replacement of and additions to furnishings and equipment be established. An interest-bearing account is maintained for the fund. As of June 30, 2022 and 2021, all bank deposits related to the reserve fund for replacement of furnishings and equipment were properly collateralized in accordance with Section 17-101(d) of the Local Government Article of the Annotated Code of Maryland.

Pursuant to the Hyatt management agreement, the amount to be contributed to the fund was equal to 4% of gross receipts, as defined, through June 30, 2008, and 5% from July 1, 2008 through June 30, 2011. From July 1, 2011 through July 1, 2015, the agreement provided for 5% plus additional amounts not in excess of 2% of gross receipts (as MEDCO and Hyatt deem reasonably necessary to meet the current or anticipated capital expenditure needs of the Hotel). Pursuant to a forbearance agreement, effective May 1, 2014 and most recently amended and restated effective July 1, 2021 and during the forbearance period, the amount to be contributed to the fund is capped at 5% of gross receipts. As of June 30, 2022 and 2021, the reserve fund was underfunded by approximately $1,341,000 and $1,259,000, respectively. The shortfall at June 30, 2022 is due to timing of the remittance of contributions for June's revenues and the remaining shortfall as of June 30, 2021. The shortfall at June 30, 2021 is the result of a lack of funds available due to the limitations on occupancy and operations in place due to COVID-19 restrictions. As of October 24, 2022, the shortfall at June 30, 2022 has been funded. As of October 24, 2022, the remaining shortfall of approximately $1,028,000 from 2021 has not been funded.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Loans Receivable

Loans are stated at their uncollected principal balances, reduced by unearned income. Loans are classified as non-accrual when they become past due for ninety days. A loan remains in non-accrual status until it becomes current as to both principal and interest and the borrower demonstrates the ability to pay and remain current. MEDCO utilizes the allowance method to provide for doubtful accounts based upon a review of past-due loans and historical collection experience. Loan receivables are written off when it is determined the amounts are uncollectible. The balance of the allowance for doubtful accounts was $730,908 as of June 30, 2022 and 2021.

Leases Receivable

Lease receivable consists primarily of future payments expected to be received under various leases whereby MEDCO is the lessor, under GASB 87 (Note 5). There is no allowance for the lease receivable recorded as of June 30, 2022 and 2021.

Rent and Other Receivables

Rent and other receivables consist of amounts due for rent, management fees, and construction advances. Certain operating facilities extend credit to customers without requiring collateral. For certain contracts, the operating facilities require advance deposits prior to services being performed. The operating facilities utilize the allowance method to provide for doubtful accounts based upon a review of past-due accounts and historical collection experience.

Receivables are written off when it is determined amounts are uncollectible. The balance of the allowance for doubtful accounts as of June 30, 2022 and 2021 totaled $5,200,984 and $4,919,098, respectively.

Inventory

Inventory, consisting primarily of food and beverage, is stated at the lower of cost or market. Cost is generally determined by the first-in, first-out (FIFO) method.

Service Concession Arrangements

MEDCO assists in the development of various student housing projects for the University System of Maryland. The land underlying the Projects is leased from the State of Maryland and title to the Projects will revert to the universities upon termination of the ground leases. In accordance with GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements* (GASB 60), the arrangement between MEDCO and the universities qualifies as a service concession arrangement.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Service Concession Arrangements – continued

MEDCO also assisted in the development of a student housing project for Capitol Technology University. The land underlying the project is subleased from CTU Foundation, Inc. (CTU Foundation) and leased from Capitol Technology University and title to the Project will revert to CTU Foundation upon termination of the sublease. In accordance with GASB 60, the arrangement between MEDCO and CTU Foundation qualifies as a service concession arrangement.

MEDCO also assists in the operations of three parking garages for the City of Baltimore. The land underlying the Project is leased from the City of Baltimore and title to the Project will revert to the City of Baltimore upon termination of the lease. In accordance with GASB 60, the arrangement between MEDCO and the City of Baltimore qualifies as a service concession arrangement.

MEDCO will operate and collect revenues from the Projects for the duration of the lease terms. GASB 60 requires that the Projects recognize the cost of the student housing facilities and parking garages as an intangible asset, and amortize the asset using the straight line method over the shorter of the estimated useful life or the life of the ground lease agreement. The intangible asset is reflected as right-to-use buildings in the accompanying statements of net position as of June 30, 2022 and 2021.

Service concession arrangements are evaluated for impairment on an annual basis under GASB Statement No. 51, *Accounting and Financial Reporting for Impairment of Intangibles* (GASB 51). GASB 51 requires an evaluation of prominent events or changes in circumstances affecting intangibles to determine whether impairment of an intangible has occurred. Such events or changes in circumstances that may be indicative of impairment include expedited deterioration of an associated tangible asset, changes in the terms or status of a contract associated with an intangible asset, and a change from an indefinite to a finite useful life. As of June 30, 2022 and 2021, management does not believe that any of the service concession arrangements of MEDCO meet the criteria for impairment as set forth in GASB 51.

Right-of-Use-Assets and Amortization

MEDCO has adopted a policy of capitalizing right-of-use assets held under lease liabilities as defined by GASB 87. These assets include leased facilities and equipment. The leased assets are recorded at the present value of the lease liability and amortized using a systematic and rational manner over the shorter of the lease term or useful life of the underlying asset. Right-of-use assets are evaluated for impairment on an annual basis. As of June 30, 2022 and 2021, management does not believe that any of the right-of-use assets of MEDCO meet the criteria for impairment.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Capital Assets and Depreciation and Amortization

Capital assets are carried at cost including interest, carrying charges, salaries and related costs incurred during the construction phase, and pre-construction costs, less accumulated depreciation and amortization. Depreciation generally is computed on the straight-line basis over the estimated useful lives of the assets. Useful lives are 40 years or the life of the operating lease for buildings and 3 to 15 years for furnishings and equipment. Improvements are generally amortized over the lesser of the terms of the related leases or the useful lives of the assets. Maintenance and repairs are expensed as incurred. Capital assets are evaluated for impairment on an annual basis under GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries* (GASB 42). GASB 42 requires an evaluation of prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. Such events or changes in circumstances that may be indicative of impairment include evidence of physical damage, enactment or approval of laws or regulations or other changes in environmental factors, technological changes or evidence of obsolescence, changes in the manner or duration of use of a capital asset, and construction stoppage. As of June 30, 2022 and 2021, management does not believe that any of the capital assets of MEDCO meet the criteria for impairment as set forth in GASB 42. Acquisition and development, including interest on related debt, are expensed as incurred. All costs are classified as construction in progress until the property is ready for its intended use, at which time the accumulated costs are transferred to the appropriate operating property or other accounts.

Reserve Deposits

Reserve deposits consist of amounts collected from the University of Maryland College Park (UMCP) for the UMCP Energy Project, to be used in accordance with the Project's respective service and management agreements. Reserve deposits totaled $8,476,542 and $7,861,596 as of June 30, 2022 and 2021, respectively.

Security Deposits Liabilities

As of June 30, 2022 and 2021, security deposits had been collected from certain tenants and licensees. In some operating facilities the security deposit is refunded to the tenant with interest upon termination of the lease or license, provided no damages, claims or other charges are outstanding on the tenant's account. In other operating facilities the security deposit is applied to the tenant's first month's rent. Security deposits totaled $630,279 and $661,686 as of June 30, 2022 and 2021, respectively.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Advances

Advances represent funds received from third parties, which are non-interest bearing and are to be repaid or utilized in future years. Advances as of June 30, 2022 and 2021 are as follows:

Respective Operating Facility	Advancer of Funds	2022	2021
MEDCO - for the benefit of Maryland State Archives	Maryland State Archives	$ 894,146	$ 349,727
MEDCO - for the benefit of Maryland National Park and Planning Commission	Maryland National Park and Planning Commission	-	1,640
MEDCO - for the benefit of Maryland Department of Health	Montgomery County	382	-
MEDCO - for the benefit of University of Maryland College Park Child Care Facility	University of Maryland College Park	42,700	42,751
MEDCO - for the benefit of University of Maryland, Baltimore Community Engagement Center	University of Maryland, Baltimore	-	12,686
MEDCO - for the benefit of University of Maryland College Park City Hall Project	University of Maryland College Park	591,180	9,919,171
MEDCO - for the benefit of National Institute of Standards and Technology	National Institute of Standards and Technology	300,259	389,913
MEDCO - for the benefit of National Park Service	National Park Service, US Department of Interior	1,308,661	3,232,672
Christa McAuliffe Student Housing at Bowie State University	Bowie State University	-	3,062
Bowie Mixed Use Building at Bowie State University	Bowie State University	-	2,528,630
Fayette Square Student Housing at University of Maryland, Baltimore	University of Maryland, Baltimore	-	35,833
Total Advances		$ 3,137,328	$ 16,516,085

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Net Position

Net position is presented as either net investment in capital assets, restricted under trust indentures, restricted for capital and other purposes or unrestricted. Net investment in capital assets represents the difference between capital assets and right-to-use buildings and the related debt obligations. Net position restricted under trust indentures represents the remaining net assets of the operating facilities as all surplus funds are restricted as to their use under the terms of the respective trust indentures. The restricted for capital and other purposes component of net position represents funds held for use at the direction of the respective contributing third party. The unrestricted components of net position represent the net assets available for future operations, including Projects with a negative net position. The unrestricted components of net position include unrestricted – MEDCO and unrestricted – Projects. Unrestricted net position is reported in this format as MEDCO has no obligation to provide funding for Projects with a negative unrestricted net position.

Deferred Outflows and Inflows of Resources

A deferred outflow of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until a future period. As of June 30, 2022 and 2021, MEDCO recognized deferred advance refunding costs as a deferred outflow of resources on the accompanying statements of net position.

A deferred inflow of resources represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. As of June 30, 2022 and 2021, MEDCO recognized deferred advance refunding gains, and rents and fees collected in advance, which do not meet the availability criteria, as a deferred inflow of resources on the accompanying statements of net position.

Revenue Recognition

Revenues related to the leasing of apartments are recognized monthly over the terms of the leases. Revenues related to leasing of office buildings and other facilities are recognized in accordance with GASB 87 (Note 5). Revenues related to hotel room rentals, food and beverage sales and spa services are recognized when services are delivered. Revenues related to the delivery of energy to the University of Maryland are recognized upon delivery of services in accordance with the energy services agreement up to a maximum amount per year for capital recovery charges as defined in the related trust indenture. Revenue from parking fees is collected and recognized daily for transient parkers and monthly for long-term parkers as stipulated in their agreement. Revenue billed or received but not earned is shown as deferred inflow of resources in the accompanying statements of net position. All other revenue is recognized when the service is provided.

Rents and Fees Collected in Advance

Rents and fees collected in advance represent amounts received for future rental periods on leases or parking agreements in effect as of June 30, 2022 and 2021.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Advertising Costs

Advertising costs are expensed as incurred. Advertising expense totaled $1,167,677 and $800,745 for the years ended June 30, 2022 and 2021, respectively.

Classification of Revenues and Expenses

Revenues and expenses related to the day-to-day activities of MEDCO are reported as operating revenues and expenses. Other revenue and expenses, consisting primarily of interest income and expense, gains and losses on sales and retirements of assets, settlement income, gain on extinguishment of management fee payable and bond issuance costs, are reported as non-operating revenues and expenses.

Reclassification

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year presentation. The reclassification had no effect on previously reported revenues, expenses and changes in net position or net position.

Subsequent Events

MEDCO has evaluated for disclosure any subsequent events through October 24, 2022, the date the financial statements were available to be issued, and determined there were no material events that warrant disclosure.

2. RESTATEMENT

The accompanying financial statements as of and for the year ended June 30, 2021 have been restated to recognize the impact of GASB 87. The effects of the restatement as of and for the year ended June 30, 2021 are as follows:

Financial Statement Line Item	As Previously Reported	Effect of Restatement	As Restated
Leases receivable, current	$ -	$ 459,114	$ 459,114
Receivables under direct financing leases, current	32,855	(32,855)	-
Interest receivable, net	25,462	19,596	45,058
Leases receivable, non-current	-	4,780,720	4,780,720
Receivables under direct financing leases, non-current	974,451	(974,451)	-
Right-of-use-assets, net	-	42,695,157	42,695,157
Accrued interest	(47,124,650)	(20,484,563)	(67,609,213)
Accrued ground rent	(62,432,147)	54,949,101	(7,483,046)
Lease liability, current	-	(40,679,977)	(40,679,977)
Lease liability, non-current	-	(38,429,944)	(38,429,944)
Deferred inflow of resources	3,217,831	4,334,007	7,551,838
Lease revenue	-	545,255	545,255
Depreciation and amortization	25,167,268	2,585,133	27,752,401
Operating income	5,280,001	3,686,322	8,966,323
Interest income	562,346	245,738	808,084
Interest expense	(30,486,400)	(5,443,628)	(35,930,028)
Net position, end of year	(327,052,525)	(1,721,042)	(328,773,567)

3. DEPOSITS WITH BOND TRUSTEES – RESTRICTED

Pursuant to the provisions of the trust indentures relating to certain bonds payable (Note 10), deposits with bond trustees include the following reserve funds and restricted accounts as of June 30,:

	2022	2021
Current Assets:		
Working capital and operating expense funds	$ 677,515	$ 172,660
Revenue funds	6,653,112	6,690,392
Interest funds	8,399,083	7,162,514
Principal funds	7,069,382	7,754,322
Construction funds	-	2
Other funds	915,996	8,905,963
Current portion	23,715,088	30,685,853
Non-current Assets:		
Debt service reserve funds	42,931,449	43,068,814
Surplus funds	9,099,641	959,544
Repairs and replacement funds	13,870,501	11,350,742
Construction funds	23,736,155	60,550,045
Operating reserve funds	2,595,745	2,580,978
Capital reserve funds	3,494,714	4,649,289
Other funds	674,118	5,883,140
Non-current portion	96,402,323	129,042,552
Total deposits with bond trustees	$ 120,117,411	$ 159,728,405

The trust indentures authorize MEDCO or its trustee banks to invest the deposits as detailed under *Credit Risk* below. Interest earned on these investments totaled approximately $384,000 and $424,000 for the years ended June 30, 2022 and 2021, respectively. Investments of deposits with trustees are carried at fair value and include non-participating investment contracts (i.e., contracts which are not able to realize market-based increases or decreases in value under any circumstances) for which cost approximates fair value due to the nature of the contract. Investments of deposits with trustees are summarized as follows as of June 30,:

	2022	2021
Purchase and resale agreements:		
Bearing interest at rates from 5.76% to 6.36% and maturing through June 1, 2031	$ 3,765,830	$ 3,765,830
Certificate of deposit maturing in semi-annual installments from July 1, 2020 through July 1, 2022 and bearing interest at 0.67%	-	3,315,983
Money market funds:		
United States government money market funds	116,351,581	152,646,592
Total deposits with bond trustees	$ 120,117,411	$ 159,728,405

3. DEPOSITS WITH BOND TRUSTEES – RESTRICTED – continued

The credit ratings of these investments were rated between AA1 and AA2 by Moody's and A+ by Standard and Poor's as of June 30, 2022. The credit ratings of these investments were rated between AAA and A2 by Moody's and AA and A+ by Standard and Poor's as of June 30, 2021.

The deposits with bond trustees are subject to certain risks including the following:

Interest Rate Risk – The trustees have limited investments to money market and mutual funds that invest in U.S. government securities that can be liquidated at any time to meet the cash flow requirements of MEDCO, short term U.S. treasury notes which are subject to minimal interest rate risk due to their short term nature and fixed rate investment contracts and repurchase agreements that are guaranteed as to the face value of the investments as a means of managing interest rate risk. As a result, MEDCO is not subject to interest rate risk.

Credit Risk – Trust indentures generally limit MEDCO's investments to obligations of the United States of America (Government Obligations) and certain defined federal agencies obligations provided they are backed by the full faith and credit of the United States of America, are not callable at the option of the obligor prior to maturity and are not subject to redemption at less than the par amount thereof; certificates of deposit and time deposits with commercial banks, trust companies or savings and loan associations secured by Government Obligations; obligations guaranteed as to principal and interest by the State of Maryland or any department, agency, political subdivision or unit thereof; United States dollar denominated deposit accounts with commercial banks in the State of Maryland; bonds or other obligations of any state of the United States of America, or of any agency, instrumentality or local government unit of any such state which are not callable at the option of the obligor prior to maturity; general obligations of states; investment agreements; repurchase agreements for Government Obligations; guaranteed investment contracts; commercial paper; public sector pool funds so long as MEDCO's deposit does not exceed 5% of the aggregate pool balance at any time; and money market or short-term Government Obligations. As defined in the trust indentures, certain investments listed above must meet specific requirements to be a qualifying investment, such as high rating qualifications based on information from the major rating agencies, collateralization requirements, guaranteed repayment, and maturity requirements. MEDCO's investments were in compliance with these limitations as of June 30, 2022 and 2021.

Concentration of Credit Risk –MEDCO's investment policy does not limit the amount that may be invested in any one issuer except for public sector pool funds as described under *Credit Risk* above. MEDCO held no investments in public sector pool funds as of June 30, 2022 and 2021.

Custodial Risk – MEDCO is not subject to custodial risk because mutual funds are not evidenced by securities that exist in physical form and all other deposits are held in MEDCO's name.

3. DEPOSITS WITH BOND TRUSTEES – RESTRICTED – continued

The trust indentures require certain of the Projects to establish renewal and replacement funds to provide cash reserves that will fund future capital additions and repairs and replacement of furnishings and equipment. These funds are to be segregated in a separate account within the trusts. As of June 30, 2022 the repair and replacement funds were underfunded at CBCC, $313,000, Edgewood Commons Student Housing at Frostburg State University (Frostburg), $12,500, West Village (Towson WV) and Millennium Hall (Towson MH) Student Housing at Towson University, $1,416,000, Fayette Square Student Housing at University of Maryland, Baltimore (UMAB), $268,000, and University Village, $597,400. As of June 30, 2021 the repair and replacement funds were underfunded at Christa McAuliffe Student Housing at Bowie State University (Bowie), $635,000, CBCC, $1,259,000, Frostburg, $286,000, Towson WV and Towson MH Student Housing at Towson University, $1,619,000, Walker Avenue Student Housing at University of Maryland, Baltimore County (UMBC), $469,000, and University Village, $533,000. As of October 24, 2022, the shortfall at June 30, 2022 has been funded for CBCC.

Investments are measured and reported at fair value and are classified and disclosed in one of the following categories:

Level 1 – Quoted prices are available in active markets for identical investments as of the reporting date.

Level 2 – Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

Level 3 – Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation.

The following table sets forth by level, within the fair value hierarchy, MEDCO's investments at fair value as of June 30, 2022:

	Level 1	Level 2	Level 3	Total
Investments by fair value level				
Debt securities				
Purchase and resale agreements	$ -	$ 3,765,830	$ -	$ 3,765,830
Total investments by fair value level	$ -	$ 3,765,830	$ -	$ 3,765,830

3. DEPOSITS WITH BOND TRUSTEES – RESTRICTED – continued

The following table sets forth by level, within the fair value hierarchy, MEDCO's investments at fair value as of June 30, 2021:

	Level 1	Level 2	Level 3	Total
Investments by fair value level				
Debt securities				
Purchase and resale agreements	$ -	$ 3,765,830	$ -	$ 3,765,830
Certificates of deposit	-	3,315,983	-	3,315,983
Total investments by fair value level	$ -	$ 7,081,813	$ -	$ 7,081,813

As described above, MEDCO's Level 1 and Level 2 investments are required to be invested in accordance with the trust indenture. As such they must meet specific requirements to be a qualifying investment, such as high rating qualifications, collateralization requirements, guaranteed repayment and maturity requirements. MEDCO's investments were in compliance with these limitations as of June 30, 2022 and 2021.

MEDCO also invests in a money market fund that has a remaining maturity of one year or less at the time of purchase. The investment in this fund is valued at cost, which approximates fair value, and is excluded from the scope of GASB 72, *Fair Value Measurement and Application*, and totaled $116,351,581 and $156,646,592 as of June 30, 2022 and 2021, respectively.

4. LOANS RECEIVABLE

The loans receivable are due in periodic installments (generally monthly or quarterly) and generally provide for payments of principal and interest on the same terms as the debt issued to finance them. Substantially all of the loans have been assigned as security for the related notes or revenue bonds payable (Note 10).

Future payments on the loans receivable are due as follows as of June 30, 2022:

	Total	Principal	Interest
2023	$ 28,000	$ 25,000	$ 3,000
2024	27,000	25,000	2,000
2025	26,000	25,000	1,000
Total	$ 81,000	$ 75,000	$ 6,000

As of June 30, 2022 and 2021, there was one loan receivable totaling $730,908 recorded in the accompanying financial statements, on non-accrual status and fully reserved. Balances due under this loan are not reflected in the table above.

5. LEASES RECEIVABLE

The leasing operations of MEDCO consist primarily of the leasing of office buildings and other facilities.

During the year ended June 30, 2022, MEDCO implemented GASB 87 related to the leasing of office buildings and other facilities in which MEDCO receives rental income over the course of several years, as defined within each agreement, in which MEDCO is the lessor. GASB 87 requires lessors to present a lease receivable and deferred inflow of resources on the statements of net position. The lease receivable is measured at the present value of lease payments expected to be received during the lease term. The deferred inflow of resources is measured at the fair value of the lease receivable plus any payments received at or before commencement of the lease term that relates to future periods. The present value of lease payments is measured by using the discount rate implicit within each individual agreement or MEDCO's incremental borrowing rate, as determined by management. Interest income on the lease receivable is recognized on the straight-line basis over the term of each lease. Under GASB 87, the lease receivable totaled $4,020,038 and $5,239,834 as of June 30, 2022 and 2021, respectively. Interest income totaled $222,204 and $245,738 for the years ended June 30, 2022 and 2021, respectively, as reflected in the accompanying statements of revenues, expenses, and changes in net position.

In April 2021, a tenant expressed their intent to exercise a purchase option with MEDCO, as stipulated within their lease agreement, at a purchase price of approximately $765,000. The purchase option was subsequently executed in July 2021. As of June 30, 2022, there is no lease receivable reflected within the accompanying statements of net position related to this lease.

The weighted-average remaining lease term is 7.20 and 8.20 years as of June 30, 2022 and 2021, respectively, and the weighted-average discount rate is 5.25% as of June 30, 2022 and 2021.

The following table presents future minimum lease principal and interest to be recognized during the years ending June 30,:

	Total	Principal	Interest
2023	$ 683,328	$ 483,807	$ 199,521
2024	683,327	509,826	173,500
2025	683,327	537,246	146,081
2026	666,900	549,532	117,368
2027	650,472	562,038	88,434
2028-2029	1,463,562	1,377,588	85,973
	$ 4,830,915	$ 4,020,038	$ 810,877

6. RIGHT-OF-USE ASSETS

Right-of-use assets activity for the years ended June 30, 2022 and 2021 is summarized as follows:

2022	Beginning balance	Additions	Retirements	Ending balance
Buildings and improvements	$45,280,290	$ -	$ -	$45,280,290
Less: accumulated amortization	(2,585,133)	(2,611,158)	-	(5,196,291)
Right-of-use assets, net	$42,695,157	$ (2,611,158)	$ -	$40,083,999

2021	Beginning balance	Additions	Retirements	Ending balance
Buildings and improvements	$45,280,290	$ -	$ -	$45,280,290
Less: accumulated amortization	-	(2,585,133)	-	(2,585,133)
Right-of-use assets, net	$45,280,290	$ (2,585,133)	$ -	$42,695,157

7. RIGHT-TO-USE BUILDINGS

Pursuant to GASB 60 and the service concession arrangements between MEDCO and certain student housing projects of the University System of Maryland, CTU Foundation, and the City of Baltimore, the Projects have recorded a right to use buildings asset on the accompanying statements of net position. Under GASB 60, any costs of improvements made to the facilities during the term of the service concession arrangements increases the right-to-use buildings asset. The right to use buildings assets are required to be amortized in a systematic and rational manner. The Projects have amortized the right to use buildings assets using the straight-line method over the lesser of the term of the lease or the useful lives of the underlying assets to which the Projects have the right to use. The portion of the right to use buildings asset attributable to the underlying buildings and improvements is being amortized over a useful life of 17 to 39 years and 10 months using the straight-line method, and the portion attributable to furnishings and equipment is being amortized over 3 to 10 years using the straight-line method.

7. RIGHT-TO-USE BUILDINGS - continued

Right to use building activity for the years ended June 30, 2022 and 2021 is summarized as follows:

2022	Beginning balance	Additions	Sales and retirements	Ending balance
Buildings and improvements	$ 442,767,155	$ 39,176,816	$ (1,220,251)	$ 480,723,720
Furnishings and equipment	56,189,366	5,420,322	(2,325,267)	59,284,421
	498,956,521	44,597,138	(3,545,518)	540,008,141
Less: accumulated amortization	(193,526,707)	(17,742,981)	2,853,605	(208,416,083)
Right to use buildings, net	$ 305,429,814	$ 26,854,157	$ (691,913)	$ 331,592,058

2021	Beginning balance	Additions	Sales and retirements	Ending balance
Buildings and improvements	$ 393,940,140	$ 49,173,038	$ (346,023)	$ 442,767,155
Furnishings and equipment	55,350,198	3,232,057	(2,392,889)	56,189,366
	449,290,338	52,405,095	(2,738,912)	498,956,521
Less: accumulated amortization	(179,783,094)	(16,150,087)	2,406,474	(193,526,707)
Right to use buildings, net	$ 269,507,244	$ 36,255,008	$ (332,438)	$ 305,429,814

8. CAPITAL ASSETS

Capital assets activity for the years ended June 30, 2022 and 2021 is summarized as follows:

2022	Beginning balance	Additions	Sales and retirements	Ending balance
Buildings and improvements	$ 194,236,323	$ 776,318	$ (480,565)	$ 194,532,076
Furnishings and equipment	91,670,476	1,414,652	(1,048,559)	92,036,569
Construction in progress	381,098	(139,358)	-	241,740
	286,287,897	2,051,612	(1,529,124)	286,810,385
Less: accumulated depreciation	(179,692,138)	(8,299,313)	1,317,225	(186,674,226)
Net capital assets	$ 106,595,759	$ (6,247,701)	$ (211,899)	$ 100,136,159

2021	Beginning balance	Additions	Sales and retirements	Ending balance
Buildings and improvements	$ 194,131,416	$ 347,833	$ (242,926)	$ 194,236,323
Furnishings and equipment	91,248,488	877,295	(455,307)	91,670,476
Construction in progress	-	381,098	-	381,098
	285,379,904	1,606,226	(698,233)	286,287,897
Less: accumulated depreciation	(171,336,432)	(9,017,181)	661,475	(179,692,138)
Net capital assets	$ 114,043,472	$ (7,410,955)	$ (36,758)	$ 106,595,759

9. OPERATING FACILITIES

Operating facilities in operation or development during the years ended June 30, 2022 and 2021 included the following:

- Christa McAuliffe Student Housing at Bowie State University (Bowie), an apartment project located in Prince George's County, Maryland. The project accepted its first residents in September 2004.
- Bowie Mixed Use Facility Student Housing at Bowie State University (Bowie Mixed Use), an apartment project located in Prince George's County, Maryland. The project was completed and opened in August 2021.
- Baltimore City Garages (City Garages), three parking garages located in Baltimore, Maryland. The project began operations in August 2018.

9. OPERATING FACILITIES – continued

- CTU Foundation Student Housing at Capitol Technology University (CTU), an apartment project located in Prince George's County, Maryland. The project was completed and opened in August 2018.

- Chesapeake Bay Conference Center (CBCC), a hospitality project located in Cambridge, Maryland. The project was completed and opened in August 2002.

- Edgewood Commons Student Housing at Frostburg State University (Frostburg), an apartment project located in Garrett County, Maryland. The project was completed and opened in August 2003.

- Owings Mills Metro Centre Garage (Metro Centre), a parking garage located in Owings Mills, Maryland. The project was completed and opened in December 2014.

- Morgan View (MV) and Thurgood Marshall Hall (TMH) Student Housing at Morgan State University (Morgan), an apartment project located in Baltimore City, Maryland. Morgan View was completed and opened in August 2003. Construction of Thurgood Marshall Hall began in 2021 with total construction costs as of June 30, 2022 of approximately $51,349,000. TMH was completed and opened in August 2022.

- National Cybersecurity Center of Excellence (NCCoE), (formerly William Hanna Innovation Center), an office/laboratory facility designed for use by biotechnology and computer technology companies located in Montgomery County, Maryland. During the year ended June 30, 2015, the project ceased operations and was repurposed for use by the National Institute of Standards and Technology (NIST). The redevelopment was completed and re-opened in January 2016. The total costs of construction for the repurposing of the building was approximately $12,969,000. The project was disposed of in August 2018 with a final distribution of remaining assets occurring in April 2021.

- Rockville Innovation Center (RIC), an office facility designed for use by technology companies located in Montgomery County, Maryland. The project was completed and opened in June 2007. The project was disposed of in August 2018 with a final distribution of remaining assets occurring in April 2021.

- University Park Phase I and II at Salisbury University (Salisbury), an apartment project located in Wicomico County, Maryland. University Park II was completed and opened in August 2004. In July 2012, MEDCO acquired University Park I.

- West Village (Towson WV) and Millennium Hall (Towson MH) Student Housing at Towson University, an apartment project located in Baltimore County, Maryland. West Village was completed and opened in August 2008. In July 2012, MEDCO acquired Millennium Hall.

- Fayette Square Student Housing at University of Maryland, Baltimore (UMAB), an apartment project located in Baltimore City, Maryland. The project was completed and opened in August 2004.

9. OPERATING FACILITIES – continued

- Walker Avenue Student Housing at University of Maryland, Baltimore County (UMBC), an apartment project located in Baltimore County, Maryland. The first phase of the project was completed and opened in August 2003. The second phase of the project was completed and opened in August 2004.

- The University of Maryland, College Park, Energy and Utility Infrastructure Program (UMCP Energy), a program under which MEDCO leases land, certain energy conversion facilities and steam, electricity and chilled water delivery systems at the UMCP campus in Prince George's County, Maryland, and provides energy conversion, delivery and related services to UMCP. The Program began in August 1999.

- South Campus Commons and The Courtyards at University of Maryland, College Park (UMCP Housing), an apartment project located in Prince George's County, Maryland. The project consists of seven student residential housing buildings known as University of Maryland, College Park South Campus Commons and seven garden style apartments known as The Courtyards at University of Maryland, College Park. MEDCO originally acquired only South Campus Commons Phase II in July 2003, at which time development of the first of three building of that phase was substantially completed. It was opened to residents in August 2003. Construction of two additional buildings in the South Campus Commons Phase II was completed and opened to residents in August 2004. In April 2006, MEDCO acquired The Courtyards at the University of Maryland and South Campus Commons Phase I. In August 2008 construction began on a seventh student residential housing building in South Campus Commons which opened for occupancy in January 2010.

- University Village at Sheppard Pratt (University Village), an apartment project located in Baltimore County, Maryland. The project was completed and opened in August 2002.

The operating facilities, with the exception of NCCoE which was leased to a single federal technology agency, are managed for MEDCO by independent management companies that provide management, administrative and other services pursuant to management agreements. The agreements generally provide for base and incentive fees and reimbursement of certain costs incurred by the managers in connection with the operation of the facilities.

Operating expenses of the operating facilities include fees to MEDCO (eliminated in consolidation) and totaled $2,220,496 and $1,664,054, for the years ended June 30, 2022 and 2021, respectively. Net non-operating expenses for the years ended June 30, 2022 and 2021 include interest expense related to debt service of operating facilities totaling $36,908,326 and $35,678,189, respectively.

The operating facilities are considered segments of MEDCO for financial reporting purposes. Financial statements of each facility in operation during the years ended June 30, 2022 and 2021 are included on the following pages:

Statement of Net Position
As of June 30, 2022

Assets	MEDCO, exclusive of operating facilities	Bowie	Bowie Mixed Use	City Garages	CTU	CBCC	Frostburg	Metro Centre	Morgan	Salisbury	Towson WV & MD	UMAB	UMBC	UMCP Energy	UMCP Housing	University Village	Eliminations	Total
		Operating Facilities																
Current Assets																		
Cash and cash equivalents	$ 23,246,411	$ 1,717,740	$ 1,072,948	$ 243,125	$ 72,259	$ 1,734,835	$ 406,876	$ 346,437	$ 602,025	$ 1,007,705	$ 2,205,184	$ 359,242	$ 1,170,064	$ -	$ 2,364,248	$ 769,569	$ -	$ 37,358,558
Short-term investments	7,592,491	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,592,491
Security deposits	-	-	-	-	-	-	-	-	276,215	-	-	-	-	-	-	38,106	-	314,321
Deposits with bond trustees — restricted	-	460,210	967,067	314,124	241,533	6,545,359	630,567	1,264,522	5,271,193	227,766	2,692,625	1,678,020	1,259,115	-	847,108	1,516,059	-	23,715,088
Funds for replacement of and additions to furnishings and equipment	-	-	-	-	-	1,476,041	-	-	-	-	-	-	-	-	-	-	-	1,476,041
Loans receivable, net	196,567	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(171,567)	25,000
Lease receivable	483,807	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	483,807
Rent and other receivables, net	3,256,927	40,435	170,202	64,545	26,792	3,747,788	34,091	-	44,915	38,834	21,913	72,749	20,153	5,299,381	94,935	22,018	(982,127)	11,973,591
Related party receivable	274,400	-	-	-	-	-	-	-	-	-	-	-	-	10,582,131	-	-	(10,856,531)	-
Interest receivable, net	48,389	1,941	-	4,837	1,016	4,004	1,226	1,152	-	71,176	-	4,313	2,896	1,857	27,829	-	(8,975)	161,743
Inventory	-	-	-	-	-	367,151	-	-	-	-	-	-	-	-	-	-	-	367,151
Prepaid expenses and other assets	165,113	23,510	28,660	315,779	8,766	183,247	14,053	-	69,634	42,968	110,094	17,142	31,323	[illegible]	108,393	59,808	-	1,682,594
Total Current Assets	35,262,105	2,243,845	2,238,777	1,385,409	351,366	14,058,425	1,086,783	1,611,611	8,263,982	1,388,451	5,030,716	2,152,506	2,483,551	15,963,395	3,442,515	2,205,560	(12,016,200)	83,150,195
Non-current Assets																		
Long-term investments	75,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	75,000
Deposits with bond trustees — restricted	-	3,030,931	5,166,073	7,306,448	1,047,427	2,057,395	1,457,571	2,728,684	34,319,995	3,661,314	4,082,805	1,922,559	3,224,547	-	23,487,262	2,309,342	-	96,402,323
Loans receivable, net	228,430	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(178,430)	50,000
Lease receivable	3,536,231	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,536,231
Related party receivable	9,383,525	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(9,383,525)	-
Prepaid expenses and other assets	-	-	-	-	-	-	-	-	-	-	872,726	-	-	-	370,120	-	-	1,242,846
Right-of-use assets, net of accumulated amortization	571,301	-	-	-	-	22,663,198	-	-	-	-	-	-	-	-	-	16,849,500	-	40,083,999
Right-to-use buildings, net of accumulated amortization	-	6,604,317	41,951,612	53,663,293	13,004,496	-	5,957,370	-	67,170,143	14,273,313	22,475,785	11,079,184	12,486,798	-	84,282,481	-	(1,010,482)	331,947,160
Capital assets																		
Buildings and improvements	11,382,654	-	-	-	-	132,605,166	-	26,362,372	-	-	-	-	-	-	-	24,910,405	(728,521)	194,532,076
Furnishings and equipment	287,234	-	-	-	-	21,963,865	-	-	-	-	-	-	-	65,042,092	-	4,743,375	-	92,036,569
Construction in progress	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	241,740	-	241,740
	11,669,888	-	-	-	-	154,569,031	-	26,362,372	-	-	-	-	-	65,042,092	-	29,895,520	(728,521)	286,810,385
Less accumulated depreciation and amortization	(3,719,630)	-	-	-	-	(95,793,214)	-	(6,764,432)	-	-	-	-	-	(65,042,092)	-	(15,769,077)	414,219	(186,674,226)
Net Capital Assets	7,950,258	-	-	-	-	58,775,817	-	19,597,940	-	-	-	-	-	-	-	14,126,446	(314,302)	100,136,159
Total Non-current Assets	21,744,745	9,635,248	47,117,685	60,969,741	14,051,923	83,496,410	7,414,941	22,326,624	101,460,108	17,934,627	28,031,316	13,001,593	15,711,345	-	108,139,863	33,285,288	(10,885,710)	575,473,718
Total Assets	$ 57,006,850	$ 11,879,093	$ 49,356,462	$ 62,356,150	$ 14,403,289	$ 97,554,835	$ 8,501,724	$ 23,938,535	$ 107,763,090	$ 19,323,078	$ 33,062,032	$ 15,153,099	$ 18,194,996	$ 15,963,395	$ 111,582,378	$ 35,490,848	$ (22,901,910)	$ 658,623,913
Deferred Outflow of Resources																		
Deferred advance refunding costs	-	35,039	-	-	-	2,510,004	152,532	-	-	83,810	-	202,823	-	-	1,407,934	123,940	-	4,516,141
Total Deferred Outflow of Resources	-	35,039	-	-	-	2,510,004	152,532	-	-	83,810	-	202,823	-	-	1,407,934	123,940	-	4,516,141
Liabilities and Net Position																		
Current Liabilities																		
Accounts payable and accrued expenses	$ 2,806,042	$ 1,140,190	$ 550,972	$ 436,114	$ 312,657	$ 3,100,494	$ 365,020	$ 201,029	$ 6,377,501	$ 791,904	$ 2,817,430	$ 338,079	$ 824,256	$ 7,359,104	$ 3,326,184	$ 367,339	$ (982,127)	$ 30,132,188
Sales tax payable	-	-	-	-	-	530,720	-	-	-	-	-	-	-	-	-	-	-	530,720
Related party payable	10,582,131	-	190,000	-	-	11,000	-	-	-	-	73,400	-	-	-	-	-	(10,856,531)	-
Advances	3,137,328	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,137,328
Reserve deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	8,476,542	-	-	-	8,476,542
Accrued interest	504	49,583	964,500	250,373	163,004	56,963,581	128,087	679,097	2,083,644	67,121	882,625	1,244,394	328,315	-	437,108	6,110,298	(8,975)	70,334,059
Advance deposits	-	-	-	-	-	2,330,165	-	-	-	-	-	-	-	-	-	-	-	2,330,165
Security deposits	-	-	-	-	-	-	-	-	162,960	-	-	-	-	-	466,800	519	-	630,279
Accrued ground rent	-	1,749,020	-	200,918	-	-	335,249	-	2,371,839	1,717,797	-	-	-	-	8,793,057	-	-	15,167,820
Lease liability	120,878	-	-	-	-	30,889,017	-	-	-	-	-	-	-	-	-	13,261,599	-	44,271,494
Bonds and notes payable	324,921	835,000	-	765,000	497,600	57,655,000	670,000	450,000	421,567	1,130,000	1,810,000	1,300,000	940,000	-	4,920,000	1,232,351	(171,567)	72,999,872
Deferred management and service fees payable	-	-	-	-	-	22,724,766	-	-	-	-	-	-	-	-	-	-	(8,964,800)	13,763,966
Total Current Liabilities	16,971,804	3,773,793	1,705,472	1,652,405	973,261	174,204,743	1,498,356	1,330,126	11,417,511	3,926,762	5,583,455	2,882,473	2,083,371	15,835,646	17,943,149	20,972,306	(20,984,000)	261,774,373
Non-current Liabilities																		
Related party payable	-	-	-	-	-	418,665	-	-	-	-	-	-	-	-	-	-	(418,665)	-
Lease liability	793,232	-	-	-	-	20,031,198	-	-	-	-	-	-	-	-	-	13,623,790	-	34,648,217
Bonds and notes payable	6,690,913	11,340,539	49,883,768	64,035,566	11,770,925	124,323,971	10,166,915	10,764,805	106,721,746	15,460,996	36,351,185	22,897,543	14,901,229	-	115,585,903	16,597,567	(178,430)	637,116,772
Total Noncurrent Liabilities	7,484,145	11,340,539	49,883,768	64,035,566	11,770,925	144,773,832	10,166,915	10,764,805	106,721,746	15,460,996	36,351,185	22,897,543	14,901,229	-	115,585,903	30,221,357	(597,095)	671,764,989
Total Liabilities	$ 24,455,949	$ 15,114,332	$ 51,589,240	$ 65,687,771	$ 12,744,186	$ 318,984,565	$ 11,665,271	$ 12,094,931	$ 118,139,257	$ 19,387,758	$ 41,934,640	$ 25,779,816	$ 16,984,600	$ 15,835,646	$ 133,529,052	$ 51,193,663	$ (21,581,095)	$ 933,539,362
Deferred Inflow of Resources																		
Rents and fees collected in advance	3,845,825	301,550	125,391	49,489	32,106	-	95,950	-	679,268	204,495	581,554	184,402	213,962	80,046	516,976	97,641	-	7,008,655
Deferred advance refunding gains	-	-	-	-	-	-	-	-	384,077	-	147,117	-	53,882	-	-	-	-	585,076
Total Deferred Inflow of Resources	3,845,825	301,550	125,391	49,489	32,106	-	95,950	-	1,063,345	204,495	728,671	184,402	267,844	80,046	516,976	97,641	-	7,593,731
Net Position																		
Net investments in capital assets	595,923	(5,536,184)	(7,932,156)	(11,137,073)	735,971	(139,952,155)	(4,726,993)	(11,616,865)	(40,348,247)	(2,453,873)	(15,832,517)	(12,915,486)	(3,408,313)	-	(34,815,448)	(13,615,461)	(974,787)	(303,933,664)
Restricted under trust indentures	-	2,034,433	5,573,987	7,755,963	891,026	-	1,620,048	3,460,469	28,908,735	2,268,508	6,231,238	2,307,190	4,350,865	-	13,759,770	-	-	79,162,232
Restricted for capital and other purposes	-	-	-	-	-	-	-	-	-	-	-	-	-	47,703	-	-	-	47,703
Unrestricted-Projects	-	-	-	-	-	(78,967,571)	-	-	-	-	-	-	-	-	-	(2,060,895)	-	(81,028,466)
Unrestricted-MEDCO	28,109,153	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(349,997)	27,759,156
Total Net Position	$ 28,705,076	$ (3,501,751)	$ (2,358,169)	$ (3,381,110)	$ 1,626,997	$ (218,919,726)	$ (3,106,945)	$ (8,156,396)	$ (11,439,512)	$ (185,355)	$ (9,601,279)	$ (10,608,296)	$ 942,552	$ 47,703	$ (21,055,678)	$ (15,676,356)	$ (1,324,784)	$ (277,993,038)

Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2022

	MEDCO, exclusive of operating facilities	Operating Facilities: Bowie	Bowie Mixed Use	City Garages	CTU	CBCC	Frostburg	Metro Centre	Morgan	Salisbury	Towson WV & MH	UMAB	UMBC	UMCP Energy	UMCP Housing	University Village	Eliminations	Total
Operating Revenues																		
Operating facilities	$ -	$ 4,655,730	$ 5,196,690	$ 7,315,182	$ 1,389,026	$ 42,285,656	$ 2,369,615	$ 2,334,573	$ 7,592,908	$ 7,021,850	$ 8,022,113	$ 4,498,933	$ 5,856,321	$ 19,987,864	$ 32,120,838	$ 4,636,150	$ -	$ 155,283,429
Lease	545,256	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	545,256
Consulting and management fees	4,072,171	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,395,144)	1,677,027
Total Operating Revenues	4,617,427	4,655,730	5,196,690	7,315,182	1,389,026	42,285,656	2,369,615	2,334,573	7,592,908	7,021,850	8,022,113	4,498,933	5,856,321	19,987,864	32,120,838	4,636,150	(2,395,144)	157,505,712
Operating Expenses																		
Operating facilities	-	3,413,742	1,698,047	2,883,654	554,978	31,253,372	1,084,528	408,551	5,010,604	4,250,218	4,219,253	2,254,803	2,797,532	19,987,964	19,689,838	2,133,282	(2,220,496)	99,419,870
Compensation and benefits	1,888,712	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,888,712
Administrative and general	605,425	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	605,425
Depreciation and amortization	578,866	744,229	1,540,759	1,718,673	849,625	7,462,943	658,700	902,560	1,213,134	1,447,098	2,165,306	1,035,711	1,097,974	-	5,302,262	1,987,903	(52,290)	28,655,455
Total Operating Expenses	3,073,003	4,157,971	3,238,806	4,602,327	1,404,603	38,716,315	1,743,228	1,311,111	6,223,738	5,697,316	6,384,559	3,290,514	3,895,506	19,987,964	24,992,100	4,121,185	(2,272,786)	130,567,460
Operating Income (Loss)	1,544,424	497,759	1,957,884	2,712,855	(15,577)	3,569,321	626,387	1,025,462	1,369,170	1,324,534	1,637,554	1,208,419	1,960,815	(100)	7,128,738	514,965	(122,358)	26,938,252
Non-operating Revenues and Expenses																		
Interest income	303,331	3,749	16,017	10,204	1,922	10,054	2,380	2,943	27,735	73,654	66,027	3,880	5,765	11,024	157,892	1,589	(16,368)	681,798
Interest expense	(242,570)	(591,787)	(1,685,797)	(2,988,952)	(445,855)	(13,547,760)	(506,108)	(1,347,322)	(4,705,614)	(767,209)	(1,503,975)	(1,019,228)	(442,619)	-	(4,312,315)	(3,260,153)	16,368	(37,150,896)
Settlement income	-	160,949	-	-	-	110,000	-	-	25,346	-	-	156	-	-	-	-	-	296,451
Gain on extinguishment of management fee payable	-	-	-	-	-	61,034,190	-	-	-	-	-	-	-	-	-	-	-	61,034,190
Bond issuance costs	-	-	-	-	-	-	-	-	(290,387)	-	-	-	-	-	-	-	-	(290,387)
Gain (loss) on sales and retirements of assets	9,000	-	-	-	-	(191,776)	-	-	-	(324,802)	-	(18,390)	(44,476)	-	(138,823)	(19,613)	-	(728,880)
Net Non-operating Revenues (Expenses)	69,761	(427,089)	(1,669,780)	(2,978,748)	(443,933)	47,414,708	(503,728)	(1,344,379)	(4,942,920)	(1,018,357)	(1,437,948)	(1,033,582)	(481,330)	11,024	(4,293,246)	(3,278,177)	-	23,842,276
Changes in Net Position	1,614,185	70,670	288,104	(265,893)	(459,510)	51,184,029	122,659	(320,917)	(3,573,750)	306,177	199,606	174,837	1,479,485	10,924	2,835,492	(2,763,212)	(122,358)	50,780,528
Net Position, beginning of year, as restated	27,090,891	(3,572,421)	(2,646,273)	(3,115,217)	2,086,507	(270,103,755)	(3,229,604)	(7,835,479)	(7,865,762)	(491,542)	(9,800,885)	(10,783,133)	(536,933)	36,779	(23,891,170)	(12,913,144)	(1,202,426)	(328,775,567)
Net Position, end of year	$ 28,705,076	$ (3,501,751)	$ (2,358,169)	$ (3,381,110)	$ 1,626,997	$ (218,919,726)	$ (3,106,945)	$ (8,156,396)	$ (11,439,512)	$ (185,365)	$ (9,601,279)	$ (10,608,296)	$ 942,552	$ 47,703	$ (21,055,678)	$ (15,676,356)	$ (1,324,784)	$ (277,995,039)

Statement of Cash Flows
For the Year Ended June 30, 2022

	MEDCO, exclusive of operating facilities	Bowie	Bowie Mixed Use	City Garages	CTU	CBCC	Frostburg	Metro Centre	Morgan	Salisbury	Towson WV & MH	UMAB	UMBC	UMCP Energy	UMCP Housing	University Village	Eliminations	Total
		Operating Facilities																
Cash Flows from Operating Activities																		
Cash received from leases	$ 1,219,794	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,219,794
Cash received from consulting and management fees	2,757,653	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,197,063)	1,560,590
Cash received from guests	-	-	-	-	-	30,312,856	-	-	-	-	-	-	-	-	-	-	-	30,312,856
Cash received from customer charges	-	-	-	-	-	-	-	-	-	-	-	-	-	17,242,526	-	-	-	17,242,526
Cash received from parkers	-	-	-	7,226,028	-	-	-	-	-	-	-	-	-	-	-	-	-	7,226,028
Cash received from tenants	-	[illegible]	5,251,713	-	1,397,730	-	[illegible]	-	7,842,004	6,946,806	7,962,601	4,326,134	6,005,354	-	31,825,570	4,879,873	-	83,778,388
Cash received from tax increment financing	-	-	-	-	-	-	-	2,334,573	-	-	-	-	-	-	-	-	-	2,334,573
Cash paid for operating expenses	(3,469,183)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,469,183)
Cash paid for expenses of operating facilities	1,820	(1,646,390)	(1,242,921)	(2,882,557)	(380,447)	(28,240,460)	(1,538,509)	(422,188)	(3,414,378)	(3,331,560)	(2,736,715)	(2,330,605)	(2,920,254)	(17,242,526)	(15,048,147)	(2,246,890)	667,313	(84,463,419)
Net Cash and Cash Equivalents Provided by (Used in) Operating Activities	510,084	3,524,576	4,008,792	4,343,471	1,017,283	[illegible]	1,131,078	1,912,385	4,427,626	3,615,298	5,225,886	1,996,529	3,085,100	-	16,777,423	2,632,983	(529,750)	64,742,153
Cash Flows from Non-capital Financing Activities																		
Advances	(10,811,232)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(10,811,232)
Advances from (to) related party	(34,152)	-	-	-	-	(39,248)	-	-	-	-	73,400	-	-	-	-	-	-	-
Interest payments on bonds and notes payable	(230,517)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(230,517)
Principal payments on bonds and notes payable	(344,812)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(344,812)
Net Cash and Cash Equivalents Provided by (Used in) Non-capital Financing Activities	(11,420,713)	-	-	-	-	(39,248)	-	-	-	-	73,400	-	-	-	-	-	-	(11,386,561)
Cash Flows from Capital and Related Financing Activities																		
Payments of construction expenditures	-	-	(3,620,524)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,620,524)
Right-to-use buildings expenditures	-	(281,845)	(1,711,749)	(1,492,206)	-	-	(44,700)	-	(35,028,762)	(2,046,930)	(10,890)	289,464	(776,521)	-	(2,178,510)	-	529,750	(42,850,899)
Construction, development, and equipment expenditures	(14,908)	-	-	-	-	(1,355,159)	-	-	-	-	-	-	-	-	-	(690,545)	-	(2,060,612)
Proceeds from sale of capital assets	9,000	-	-	-	-	510	-	-	-	-	-	-	-	-	-	-	-	9,510
Refunding of bonds and notes payable	-	-	-	-	-	-	-	-	(23,875,699)	-	-	-	-	-	-	-	-	(23,875,699)
Proceeds from issuance of bonds and notes payable	-	-	-	-	-	-	-	-	22,707,071	-	-	-	-	-	-	-	-	22,707,071
Bond issuance expenditures	-	-	-	-	-	-	-	-	(290,387)	-	-	-	-	-	-	-	-	(290,387)
Net funding of funds for replacement of and additions to furnishings and equipment	-	-	-	-	-	(1,062,109)	-	-	-	-	-	-	-	-	-	-	-	(1,062,109)
Lease payments	(116,198)					(74,012)												(190,210)
Interest paid	(12,117)	(635,001)	(1,929,000)	(3,030,073)	(495,588)	(11,881,171)	(528,226)	(1,365,694)	(5,199,371)	(882,100)	(1,795,990)	(1,102,400)	(656,330)	-	(5,431,501)	(379,809)	25,542	(39,647,291)
Principal payments on bonds and notes payable	-	(900,000)	-	(740,000)	(465,100)	-	(635,000)	(400,000)	(1,324,970)	(1,265,000)	(1,735,000)	(760,000)	(505,000)	-	(4,655,000)	(825,000)	(64,873)	(14,579,100)
Net Cash and Cash Equivalents Provided by (Used in) Capital and Related Financing Activities	(134,223)	(1,816,850)	(7,261,273)	(5,202,283)	(938,188)	(14,371,941)	(1,207,926)	(1,765,694)	(43,002,118)	(4,196,030)	(3,545,040)	(1,951,864)	(1,937,851)	-	(12,263,011)	(2,295,354)	715,260	(101,054,184)
Cash Flows from Investing Activities																		
Principal payments on loans receivable	189,970	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(164,970)	25,000
Related party receivable deposits	625,133	-	-	-	-	-	-	-	-	-	-	-	-	(625,133)	-	-	-	-
Reserve deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	614,946	-	-	-	614,946
Proceeds from settlement	-	160,949	-	-	-	110,000	-	-	25,346	-	-	156	-	-	-	-	-	296,451
Net sales (purchases) of deposits with bond trustees - restricted	-	(1,372,248)	4,309,312	1,102,096	(36,406)	3,073,576	107,372	(75,101)	38,551,945	908,609	(700,982)	(96,647)	(885,985)	-	(4,870,947)	(403,600)	-	39,610,994
Net purchases of investments	(1,185,946)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,185,946)
Interest received	288,500	7,500	16,017	5,510	918	6,129	1,171	1,837	28,538	2,506	[illegible]	[illegible]	2,800	10,187	141,354	1,589	(26,542)	[illegible]
Net Cash and Cash Equivalents Provided by (Used in) Investing Activities	[illegible]	[illegible]	4,325,329	1,107,606	[illegible]	3,189,705	108,543	(73,264)	[illegible]	911,115	[illegible]	[illegible]	[illegible]	-	[illegible]	[illegible]	[illegible]	[illegible]
Net Increase (Decrease) in Cash and Cash Equivalents	(11,127,395)	623,987	1,072,848	248,803	43,605	(148,893)	31,695	73,427	31,147	330,383	1,120,293	(62,232)	264,064	-	(215,201)	(64,382)	-	(7,777,855)
Cash and Cash Equivalents, beginning of year	34,373,806	1,093,753	-	54,322	28,634	1,883,782	375,181	273,010	570,878	677,322	1,084,881	421,474	906,000	-	2,579,499	833,951	-	45,136,473
Cash and Cash Equivalents, end of year	$ 23,246,411	$ 1,717,740	$ 1,072,848	$ 303,125	$ 72,239	$ 1,734,889	$ 406,876	$ 346,437	$ 602,025	$ 1,007,705	$ 2,205,174	$ 359,242	$ 1,170,064	$ -	$ 2,364,298	$ 769,569	$ -	$ 37,358,618
Reconciliation of operating income (loss) to net cash and cash equivalents provided by operating activities																		
Operating income (loss)	$ 1,344,424	$ 497,796	$ 1,557,864	$ 2,712,835	$ (153,771)	$ 3,569,321	$ 626,387	$ 1,023,462	$ 1,369,170	$ 1,324,534	$ 1,637,554	$ 1,208,419	$ 1,960,815	$ (100)	$ 7,128,736	$ 514,965	$ (122,550)	$ 24,536,232
Adjustment to reconcile operating income (loss) to net cash and cash equivalents provided by operating activities																		
Depreciation and amortization	379,886	741,229	1,848,759	1,718,673	846,626	7,462,943	658,700	902,560	1,213,134	1,447,098	2,165,306	1,035,711	1,097,974	-	5,302,262	1,587,903	(52,290)	28,553,433
Provision for (recovery of) doubtful accounts	11,820	(574,075)	67,207	-	871	10,750	261,404	-	74,250	59,311	125,139	51,531	(19,141)	-	155,060	13,708	-	738,835
Changes in operating assets and liabilities																		
Tenant security deposits	-	-	-	-	-	-	-	-	(103,966)	-	-	-	-	-	-	(4)	-	(103,970)
Lease receivable	1,219,796																	1,219,796
Rent and other receivables	(1,856,000)	30,683	(204,570)	(132,453)	8,723	(2,861,611)	(231,651)	-	220,837	(56,994)	(86,658)	(84,261)	199,602	(2,947,047)	(176,724)	264,779	(42,403)	(7,178,738)
Related party receivable	(865,052)	-	-	-	-	-	-	-	-	-	-	-	-	(254,000)	-	-	1,119,052	-
Inventory	-	-	-	-	-	(109,260)	-	-	-	-	-	-	-	-	-	-	-	(109,260)
Prepaid expenses and other assets	35,933	(4,001)	(28,660)	-	(14,406)	18,363	2,620	-	2,861	6,774	70,440	(5,275)	423	(27,708)	30,292	(3,373)	-	114,251
Accounts payable and accrued expenses	127,123	399,496	551,181	1,297	178,049	299,572	86,630	(11,817)	42,464	450,781	1,287,961	(95,225)	(184,604)	2,601,156	(223,566)	(123,943)	(1,178,151)	3,186,786
Sales tax payable	-	-	-	-	-	95,178	-	-	-	-	-	-	-	-	-	-	-	95,178
Related party payable	255,829	-	-	-	-	-	-	(1,820)	-	-	-	-	-	-	-	-	(258,009)	-
Advances	-	(3,062)	-	-	-	-	-	-	-	-	-	(35,833)	-	-	-	-	-	(38,895)
Advance deposits	-	-	-	-	-	(111,160)	-	-	-	-	-	-	-	-	-	-	-	(111,160)
Security deposits	-	-	-	-	-	-	-	-	(7,557)	-	-	-	-	-	(23,700)	(350)	-	(31,607)
Accrued ground rent	-	1,749,826	-	-	-	-	(301,835)	-	1,478,651	401,784	-	-	-	-	(94,847)	-	-	3,233,579
Deferred inflow of resources - rents and fees collected in advance	(545,256)	117,823	129,301	55,260	-	-	31,629	-	130,782	(17,092)	27,146	(88,338)	(49,069)	27,708	4,362,954	(20,899)	-	4,131,731
Other liabilities																		
Net cash and cash equivalents provided by (used in) operating activities	$ 510,084	$ 3,524,576	$ 4,008,792	$ 4,343,471	$ 1,017,283	$ [illegible]	$ 1,131,078	$ 1,912,385	$ 4,427,626	$ 3,615,298	$ 5,225,886	$ 1,996,529	$ 3,085,100	$ -	$ 16,777,423	$ 2,632,983	$ (529,750)	$ 64,742,153
Schedule of non-cash capital and related financing activities:																		
Accrued interest expense on the lease liability	$ 504	$ -	$ -	$ -	$ -	$ 2,576,537	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,537,152	$ -	$ 5,017,153
Gain (loss) on sales and retirements of assets, net	-	-	-	-	-	(192,280)	-	-	-	(354,802)	-	(18,390)	(44,475)	-	(138,823)	(19,613)	-	(788,390)
Construction, development, and equipment expenditures included in accounts payable and accrued expenses	-	-	-	-	-	-	-	-	1,780,883	-	-	-	-	-	-	-	-	1,780,883
Gain on extinguishment of management fee payable	-	-	-	-	-	61,034,196	-	-	-	-	-	-	-	-	-	-	-	61,034,196
Retirement of bond premium	(516,457)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(516,457)
Amortization of lease allowance	28,361	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	28,361
Amortization of issue premium on bonds	-	45,889	252,578	45,219	-	-	57,102	10,872	200,876	101,198	257,340	126,566	184,258	-	1,298,296	123,670	-	2,779,444
Amortization of issue discount on bonds	-	-	8,367	6,225	-	186,736	-	-	19,301	272	-	-	-	-	-	-	-	199,503
Amortization of deferred inflow of resources - deferred advance refunding gains	-	-	-	-	-	-	-	-	345,077	-	15,795	-	11,343	-	-	-	-	411,215
Amortization of deferred outflow of resources - deferred advance refunding costs	-	5,809	-	-	-	457,395	77,077	-	554,842	12,756	-	24,144	-	-	144,431	18,784	-	1,297,781

Statement of Net Position
As of June 30, 2021

Assets	MEDCO, exclusive of operating facilities	Bowie	Bowie Mixed Use	City Garages	CTU	CBCC	Frostburg	Metro Centre	Morgan	Salisbury	Towson WV & MH	UMAB	UMBC	UMCP Energy	UMCP Housing	University Village	Eliminations	Total
		Operating Facilities																
Current Assets																		
Cash and cash equivalents	$ 34,373,806	$ 1,003,753	$ -	$ 34,322	$ 28,654	$ 1,885,752	$ 375,181	$ 273,010	$ 570,979	$ 677,322	$ 1,084,841	$ 421,474	$ 906,000	$ -	$ 2,579,449	$ 833,051	$ -	$ 45,136,423
Short-term investments	6,406,545	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,406,545
Security deposits	-	-	-	-	-	-	-	-	172,249	-	-	-	-	-	-	38,102	-	210,351
Deposits with bond trustees — restricted	-	119,385	4,355	293,842	249,752	9,620,089	625,649	1,189,106	9,573,081	613,516	2,909,078	1,642,794	1,342,218	-	840,542	1,397,883	-	30,685,853
Funds for replacement of and additions to furnishings and equipment	-	-	-	-	-	413,932	-	-	-	-	-	-	-	-	-	-	-	413,932
Loans receivable, net	189,969	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(164,969)	25,000
Leases receivable	459,114	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	459,114
Rent and other receivables, net	1,400,927	84,045	-	30,332	36,386	896,927	63,838	-	340,002	41,151	60,394	40,059	200,114	2,752,354	371,272	300,301	(669,428)	5,948,554
Related party receivable	241,880	-	-	-	-	-	-	-	-	-	-	-	-	9,702,989	-	-	(9,944,857)	-
Interest receivable, net	38,376	5,532	-	152	10	79	17	46	613	30	-	27	31	1,000	(1,271)	-	(13,349)	49,058
Inventory	-	-	-	-	-	257,891	-	-	-	-	-	-	-	-	-	-	-	257,891
Prepaid expenses and other assets	195,046	18,954	-	611,368	5,358	201,010	16,262	-	72,405	48,142	126,888	31,732	31,205	52,338	146,721	56,435	-	1,614,154
Total Current Assets	45,310,654	1,301,889	4,355	990,216	320,160	13,274,200	1,080,947	1,462,165	11,129,318	1,585,761	4,141,811	2,136,046	2,379,464	12,506,681	3,943,255	2,626,872	(10,792,403)	91,203,275
Non-current Assets																		
Long-term investments	75,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	75,000
Deposits with bond trustees — restricted	-	1,999,508	10,436,297	8,428,426	1,002,802	2,056,241	1,569,881	2,728,796	68,170,022	4,180,171	3,804,770	1,861,178	2,355,459	-	18,622,881	1,923,918	-	129,042,552
Loans receivable, net	424,998	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(349,998)	75,000
Leases receivable	4,780,720	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,780,720
Related party receivable	8,518,073	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(8,518,073)	-
Prepaid expenses and other assets	-	564	-	-	-	-	561	-	-	-	427,272	135	541	-	388,054	-	-	1,316,927
Right-of-use assets, net of accumulated amortization	855,455	-	-	-	-	24,301,188	-	-	-	-	-	-	-	-	-	17,736,116	-	42,893,157
Right-to-use buildings, net of accumulated amortization	-	7,086,397	41,780,622	53,941,758	13,854,120	-	6,571,370	-	31,582,632	13,996,285	24,631,001	12,043,671	13,252,727	-	87,547,066	-	(866,523)	305,424,814
Capital assets																		
Buildings and improvements	11,382,654	-	-	-	-	132,332,903	-	26,362,372	-	-	-	-	-	-	-	24,887,315	(728,521)	194,236,323
Furnishings and equipment	320,754	-	-	-	-	21,763,363	-	-	-	-	-	-	-	65,042,092	-	4,542,063	-	91,670,476
Construction in progress	1,405	-	-	-	-	105,791	-	-	-	-	-	-	-	-	-	275,902	-	381,098
	11,704,813	-	-	-	-	154,201,850	-	26,362,372	-	-	-	-	-	65,042,092	-	29,705,282	(728,521)	286,287,807
Less accumulated depreciation and amortization	(3,265,340)	-	-	-	-	(90,766,162)	-	(5,861,872)	-	-	-	-	-	(65,042,092)	-	(15,148,681)	392,418	(179,602,338)
Net Capital Assets	8,439,064	-	-	-	-	63,435,697	-	20,500,500	-	-	-	-	-	-	-	14,556,601	(336,103)	106,685,779
Total Non-current Assets	22,893,308	9,086,769	52,216,919	62,370,584	14,856,922	89,793,326	8,141,612	23,229,296	99,752,654	18,176,456	28,863,043	13,904,984	15,608,727	-	106,557,001	34,110,835	(10,070,497)	590,010,929
Total Assets	$ 68,203,962	$ 10,388,658	$ 52,221,274	$ 63,360,800	$ 15,177,082	$ 103,068,586	$ 9,222,559	$ 24,691,461	$ 110,881,972	$ 19,762,217	$ 33,004,854	$ 16,041,030	$ 17,988,195	$ 12,506,681	$ 110,501,246	$ 36,741,707	$ (20,862,900)	$ 681,214,204
Deferred Outflow of Resources																		
Deferred advance refunding costs	-	40,847	-	-	-	2,967,397	171,434	-	554,842	96,566	-	222,987	-	-	1,602,595	142,714	-	5,803,422
Total Deferred Outflow of Resources	-	40,847	-	-	-	2,967,397	171,434	-	554,842	96,566	-	222,987	-	-	1,602,595	142,714	-	5,803,422
Liabilities and Net Position																		
Current Liabilities																		
Accounts payable and accrued expenses	$ 2,678,919	$ 340,692	$ 1,159,246	$ 433,017	$ 134,604	$ 2,325,670	$ 278,390	$ 212,846	$ 4,554,154	$ 341,123	$ 1,529,469	$ 433,304	$ 521,280	$ 4,537,948	$ 3,546,770	$ 491,282	$ (669,426)	$ 23,979,270
Sales tax payable	-	-	-	-	-	435,242	-	-	-	-	-	-	-	-	-	-	-	435,242
Related party payable	9,702,989	-	100,000	-	-	90,048	-	1,820	-	-	-	-	-	-	-	-	(9,944,857)	-
Advances	13,948,560	3,062	2,528,630	-	-	-	-	-	-	-	-	35,833	-	-	-	-	-	16,516,085
Reserve deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	7,861,596	-	-	-	7,861,596
Accrued interest	568	52,017	564,500	252,506	172,237	56,120,125	138,025	646,557	2,723,308	71,442	405,475	1,221,344	117,215	-	451,625	3,525,076	(11,349)	67,609,213
Advance deposits	-	-	-	-	-	2,441,334	-	-	-	-	-	-	-	-	-	-	-	2,441,334
Security deposits	-	-	-	-	-	-	-	-	170,517	-	-	-	-	-	490,500	669	-	661,686
Accrued ground rent	-	-	-	200,018	-	-	639,884	-	899,388	1,315,053	-	-	-	-	4,431,103	-	-	7,483,446
Lease liability	116,198	-	-	-	-	28,849,471	-	-	-	-	-	-	-	-	-	11,614,308	-	40,579,977
Bonds and notes payable	344,812	800,000	-	340,000	483,300	49,730,000	635,000	400,000	1,324,466	1,285,000	1,735,000	1,270,000	905,000	-	4,655,000	1,055,587	(164,669)	65,188,499
Deferred management and service fees payable	-	-	-	-	-	83,142,208	-	-	-	-	-	-	-	-	-	-	(4,099,408)	77,042,800
Total Current Liabilities	26,792,046	1,596,671	4,742,376	1,628,441	789,945	221,592,098	1,049,299	1,501,263	9,658,336	3,019,918	4,109,944	2,990,481	2,170,475	12,419,544	13,578,998	16,686,924	(18,891,811)	305,896,746
Non-current Liabilities																		
Related party payable	-	-	-	-	-	418,665	-	-	-	-	-	-	-	-	-	-	(418,665)	-
Lease liability	914,330	-	-	-	-	22,044,744	-	-	-	-	-	-	-	-	-	15,471,006	-	38,429,944
Bonds and notes payable	7,015,934	12,221,228	50,126,971	64,839,336	12,268,325	132,085,231	10,834,017	31,225,677	109,104,954	16,913,922	38,418,525	23,813,709	16,025,487	-	121,804,193	17,523,032	(348,998)	663,910,663
Other liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-current Liabilities	7,929,944	12,221,228	50,126,971	64,839,336	12,268,325	154,548,640	10,834,017	31,225,677	109,104,954	16,913,922	38,418,525	23,813,709	16,025,487	-	121,804,193	32,994,122	(768,663)	702,340,607
Total Liabilities	$ 34,721,990	$ 13,817,899	$ 54,869,347	$ 66,467,797	$ 13,058,470	$ 376,140,738	$ 12,563,316	$ 32,526,940	$ 118,763,090	$ 19,933,840	$ 42,528,469	$ 26,774,190	$ 18,195,962	$ 12,419,544	$ 135,383,191	$ 49,681,046	$ (19,660,474)	$ 1,008,237,353
Deferred Inflow of Resources																		
Rents and fees collected in advance	4,391,081	184,027	-	16,220	32,105	-	64,321	-	539,486	222,485	554,408	272,940	265,931	52,358	611,820	118,539	-	7,333,701
Deferred advance refunding gains	-	-	-	-	-	-	-	-	-	-	162,902	-	63,235	-	-	-	-	226,137
Total Deferred Inflow of Resources	4,391,081	184,027	-	16,220	32,105	-	64,321	-	539,486	222,485	717,310	272,940	329,166	52,358	611,820	118,539	-	7,559,838
Net Position																		
Net investments in capital assets	340,728	(5,893,484)	(8,346,349)	(11,629,598)	1,102,495	(173,102,964)	(4,362,179)	(11,129,177)	(78,282,449)	(4,108,073)	(15,683,425)	(12,817,071)	(3,342,955)	-	(37,309,542)	-	(687,439)	(325,647,539)
Restricted under trust indentures	-	2,321,063	5,700,076	8,514,381	984,012	-	1,332,569	3,299,698	70,415,587	3,814,531	5,884,541	2,035,938	3,208,002	-	13,418,372	-	-	120,915,930
Restricted for capital and other purposes	-	-	-	-	-	-	-	-	-	-	-	-	-	36,779	-	-	-	36,779
Unrestricted-Projects	-	-	-	-	-	(137,000,791)	-	-	-	-	-	-	-	-	-	(12,913,144)	-	(149,913,935)
Unrestricted-MEDCO	26,350,164	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(514,987)	25,835,186
Total Net Position	$ 27,090,891	$ (3,572,421)	$ (2,646,273)	$ (3,115,217)	$ 2,086,507	$ (276,103,755)	$ (3,229,864)	$ (7,835,479)	$ (7,865,362)	$ (401,542)	$ (9,800,885)	$ (10,781,133)	$ (136,973)	$ 36,779	$ (23,891,176)	$ (12,913,144)	$ (1,202,426)	$ (328,773,567)

Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2021

	MEDCO, exclusive of operating facilities	Operating Facilities: Bowie	Bowie Mixed Use	City Garages	CTU	CBCC	Frostburg	Metro Centre
Operating Revenues								
Operating facilities	$ -	$ 3,814,262	$ -	$ 5,674,959	$ 1,170,102	$ 24,311,000	$ 2,600,782	$ 2,109,726
Lease	545,255	-	-	-	-	-	-	-
Consulting and management fees	4,152,660	-	-	-	-	-	-	-
Total Operating Revenues	4,697,915	3,814,262	-	5,674,959	1,170,102	24,311,000	2,600,782	2,109,726
Operating Expenses								
Operating facilities	-	2,194,109	-	2,287,390	368,234	25,496,603	1,203,526	425,611
Compensation and benefits	1,861,112	-	-	-	-	-	-	-
Administrative and general	463,979	-	-	-	-	-	-	-
Depreciation and amortization	569,344	867,066	-	1,589,936	845,724	8,146,739	693,772	903,168
Total Operating Expenses	2,894,435	3,061,175	-	3,877,326	1,213,958	33,643,342	1,897,298	1,328,779
Operating Income (Loss)	1,803,480	753,087	-	1,797,633	(43,856)	(9,332,342)	703,484	780,947
Non-operating Revenues and Expenses								
Interest income	385,663	671	114,318	3,635	334	985	565	577
Interest expense	(251,839)	(627,544)	(1,685,796)	(3,014,462)	(464,764)	(13,274,365)	(535,248)	(1,362,183)
Settlement income	17,086	-	-	-	-	-	-	-
Bond issuance costs	-	-	(23,074)	-	-	-	-	-
Gain (loss) on sales and retirements of assets	-	-	-	-	-	760	-	-
Net Non-operating Revenues (Expenses)	150,910	(626,873)	(1,594,552)	(3,010,827)	(464,430)	(13,272,620)	(534,683)	(1,361,606)
Changes in Net Position	1,954,390	126,214	(1,594,552)	(1,213,194)	(508,286)	(22,604,962)	168,801	(580,659)
Net Position, beginning of year	25,136,501	(3,698,635)	(1,051,721)	(1,902,023)	2,594,793	(247,498,793)	(3,398,405)	(7,254,820)
Net Position, end of year, as restated	$ 27,090,891	$ (3,572,421)	$ (2,646,273)	$ (3,115,217)	$ 2,086,507	$ (270,103,755)	$ (3,229,604)	$ (7,835,479)

	Operating Facilities: Morgan	Salisbury	Towson WV & MH	UMAB	UMBC	UMCP Energy	UMCP Housing	University Village	Eliminations	Total
Operating Revenues										
Operating facilities	$ 6,236,804	$ 6,617,045	$ 6,992,616	$ 4,130,859	$ 3,508,276	$ 17,585,201	$ 26,456,681	$ 4,475,646	$ -	$ 115,681,959
Lease	-	-	-	-	-	-	-	-	-	545,255
Consulting and management fees	-	-	-	-	-	-	-	-	(2,111,649)	2,041,011
Total Operating Revenues	6,236,804	6,617,045	6,992,616	4,130,859	3,508,276	17,585,201	26,456,681	4,475,646	(2,111,649)	118,268,225
Operating Expenses										
Operating facilities	2,781,628	3,705,219	5,548,977	1,951,140	2,547,186	17,585,301	12,605,034	2,190,506	(1,664,054)	79,224,410
Compensation and benefits	-	-	-	-	-	-	-	-	-	1,861,112
Administrative and general	-	-	-	-	-	-	-	-	-	463,979
Depreciation and amortization	1,139,378	1,261,338	2,210,091	1,091,504	1,200,360	-	5,275,703	2,004,864	(46,586)	22,752,401
Total Operating Expenses	3,921,006	4,966,557	7,759,068	3,042,644	3,747,546	17,585,301	17,880,737	4,195,370	(1,710,640)	109,301,902
Operating Income (Loss)	2,315,798	1,650,488	(766,452)	1,088,215	(239,270)	(100)	8,575,944	280,276	(401,009)	8,966,323
Non-operating Revenues and Expenses										
Interest income	5,493	70,190	22,540	553	813	21,246	202,590	804	(22,893)	808,084
Interest expense	(3,188,791)	(811,142)	(1,545,325)	(1,046,026)	(489,325)	-	(4,448,402)	(3,207,709)	22,893	(35,930,028)
Settlement income	19,813	-	-	39	-	-	-	-	-	36,938
Bond issuance costs	(657,455)	-	-	-	-	-	-	-	-	(680,529)
Gain (loss) on sales and retirements of assets	-	(137,809)	(175,023)	-	(9,822)	-	(9,784)	(36,758)	-	(368,436)
Net Non-operating Revenues (Expenses)	(3,820,940)	(878,761)	(1,697,808)	(1,045,434)	(498,334)	21,246	(4,255,596)	(3,243,663)	-	(36,133,971)
Changes in Net Position	(1,505,142)	771,727	(2,464,260)	42,781	(737,604)	21,146	4,320,348	(2,963,387)	(401,009)	(27,167,648)
Net Position, beginning of year	(6,360,620)	(1,263,269)	(7,336,625)	(10,825,914)	200,671	15,633	(28,211,518)	(9,949,757)	(801,417)	(301,605,919)
Net Position, end of year, as restated	$ (7,865,762)	$ (491,542)	$ (9,800,885)	$ (10,783,133)	$ (536,933)	$ 36,779	$ (23,891,170)	$ (12,913,144)	$ (1,202,426)	$ (328,773,567)

Statement of Cash Flows
For the Year Ended June 30, 2021

	MEDCO exclusive of operating facilities	Bowie	Bowie Mixed Use	City Garages	CEI	CBCC	Frostburg	Metro Centre	Morgan	NCCoE	RIC	Salisbury	Towson WV & MH	UMAB	UMBC	UMCP Energy	UMCP Housing	University Village	Eliminations	Total
		Operating Facilities																		
Cash Flows from Operating Activities																				
Cash received from leases	$ 545,255	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 545,255
Cash received from consulting and management fees	3,447,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(966,335)	2,480,665
Cash received from guests	-	-	-	-	-	24,059,445	-	-	-	-	-	-	-	-	-	-	-	-	-	24,059,445
Cash received from customer charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	17,782,050	-	-	-	17,782,050
Cash received from parkers	-	-	-	5,674,544	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,674,544
Cash received from tenants	-	3,350,478	-	-	1,168,214	-	2,350,014	-	5,654,436	-	-	6,696,981	5,272,595	4,253,156	3,404,580	-	26,352,887	4,026,839	-	62,530,202
Cash received from tax increment financing	-	-	-	-	-	-	-	2,109,736	-	-	-	-	-	-	-	-	-	-	-	2,109,736
Cash paid for operating expenses	(1,115,229)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,115,229)
Cash paid for expenses of operating facilities	[illegible]	[illegible]	-	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	-	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Net Cash and Cash Equivalents Provided by Operating Activities	[illegible]	[illegible]	-	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	-	[illegible]	[illegible]	[illegible]	[illegible]	-	[illegible]	[illegible]	(590,758)	[illegible]
Cash Flows from Non-capital Financing Activities																				
Advances	[illegible]	-	-	-	-	-	-	-	-	[illegible]	[illegible]	-	-	-	-	-	-	-	-	[illegible]
Advances from (to) related party	(39,048)	-	-	-	-	[illegible]	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest payments on bonds and notes payable	(340,530)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	[illegible]
Principal payments on bonds and notes payable	[illegible]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	[illegible]
Net Cash and Cash Equivalents Provided by (Used in) Non-capital Financing Activities	[illegible]	-	-	-	-	[illegible]	-	-	-	[illegible]	[illegible]	-	-	-	-	-	-	-	-	[illegible]
Cash Flows from Capital and Related Financing Activities																				
Payments of construction expenditures	-	-	(2,452,683)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,452,683)
Right-to-use buildings expenditures	-	(74,237)	(31,351,868)	[illegible]	[illegible]	-	[illegible]	-	[illegible]	-	-	[illegible]	[illegible]	[illegible]	[illegible]	-	[illegible]	-	[illegible]	(49,186,960)
Construction, development, and equipment expenditures	(289,781)	-	-	-	-	[illegible]	-	-	-	-	-	-	-	-	-	-	-	[illegible]	-	(1,606,226)
Proceeds from sale of capital assets	-	-	-	-	-	760	-	-	-	-	-	-	-	-	-	-	-	-	-	760
Proceeds from issuance of bonds and notes payable	-	-	-	-	-	-	-	-	84,322,721	-	-	-	-	-	-	-	-	-	-	[illegible]
Bond issuance expenditures	-	-	[illegible]	-	-	-	-	-	(657,455)	-	-	-	-	-	-	-	-	-	-	[illegible]
Net funding of funds for replacement of and additions to furnishings and equipment	-	-	-	-	-	24,450	-	-	-	-	-	-	-	-	-	-	-	-	-	24,450
Lease payments	(10,079)	-	-	-	-	(74,097)	-	-	-	-	-	-	-	-	-	-	-	-	-	(84,176)
Interest paid	(11,383)	(672,999)	(1,634,292)	(3,057,800)	(479,054)	(2,081,606)	(556,300)	[illegible]	[illegible]	-	-	[illegible]	[illegible]	[illegible]	[illegible]	-	[illegible]	[illegible]	[illegible]	(12,171,794)
Principal payments on bonds and notes payable	-	[illegible]	-	[illegible]	[illegible]	-	[illegible]	[illegible]	[illegible]	-	-	[illegible]	[illegible]	[illegible]	[illegible]	-	[illegible]	[illegible]	[illegible]	[illegible]
Net Cash and Cash Equivalents Provided by (Used in) Capital and Related Financing Activities	(311,245)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	-	[illegible]	[illegible]	[illegible]	[illegible]	-	[illegible]	[illegible]	[illegible]	[illegible]
Cash Flows from Investing Activities																				
Principal payments on loans receivable	183,623	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	[illegible]	25,000
Related party receivable deposits	356,242	-	-	-	-	-	-	-	-	-	-	-	-	-	-	[illegible]	-	-	-	-
Reserve deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	[illegible]	-	-	-	[illegible]
Proceeds from settlement	17,086	-	-	-	-	-	-	-	[illegible]	-	-	-	-	[illegible]	-	-	-	-	-	36,938
Net sales (purchases) of deposits with bond trustees - restricted	-	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	-	[illegible]	[illegible]	[illegible]	[illegible]	-	(3,789,216)	[illegible]	-	(40,689,724)
Net purchases of investments	(205,054)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(205,054)
Interest received	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	-	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Net Cash and Cash Equivalents Provided by (Used in) Investing Activities	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	-	[illegible]	[illegible]	[illegible]	[illegible]	-	[illegible]	[illegible]	[illegible]	[illegible]
Net Increase (Decrease) in Cash and Cash Equivalents	[illegible]	[illegible]	-	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	[illegible]	[illegible]	-	[illegible]
Cash and Cash Equivalents, beginning of year	[illegible]	[illegible]	-	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	[illegible]	[illegible]	-	[illegible]
Cash and Cash Equivalents, end of year	$ [illegible]	$ [illegible]	$ -	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ -	$ -	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ -	$ [illegible]	$ [illegible]	$ -	$ [illegible]
Reconciliation of operating income (loss) to net cash and cash equivalents provided by operating activities																				
Operating income (loss)	$ [illegible]	$ [illegible]	$ -	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ -	$ -	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ 280,276	$ [illegible]	$ [illegible]
Adjustment to reconcile operating income (loss) to net cash and cash equivalents provided by operating activities																				
Depreciation and amortization	[illegible]	[illegible]	-	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	-	1,261,338	2,710,091	1,093,504	1,200,360	-	[illegible]	2,004,864	[illegible]	[illegible]
Provision for (recovery of) doubtful accounts	[illegible]	[illegible]	-	-	[illegible]	[illegible]	[illegible]	-	[illegible]	-	-	42,903	1,668,993	14,434	17,446	-	[illegible]	148,380	-	[illegible]
Changes in operating assets and liabilities																				
Tenant security deposits	-	-	-	-	-	-	-	-	[illegible]	-	-	-	-	-	-	-	[illegible]	[illegible]	-	[illegible]
Leases receivable	[illegible]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	[illegible]
Rent and other receivables	[illegible]	[illegible]	-	[illegible]	[illegible]	[illegible]	[illegible]	-	[illegible]	-	-	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Related party receivable	[illegible]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	[illegible]	-	-	[illegible]	-
Inventory	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Prepaid expenses and other assets	[illegible]	[illegible]	-	[illegible]	[illegible]	[illegible]	[illegible]	-	[illegible]	-	-	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	[illegible]
Accounts payable, accrued expenses and deferred fees	[illegible]	[illegible]	-	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	-	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sales tax payable	-	-	-	-	-	[illegible]	-	-	-	-	-	-	-	-	-	-	-	-	-	[illegible]
Related party payable	[illegible]	-	-	-	-	-	-	[illegible]	-	-	-	-	-	-	-	-	-	-	[illegible]	[illegible]
Advances	-	[illegible]	-	-	-	-	-	-	-	-	-	-	-	[illegible]	-	-	-	-	-	[illegible]
Advance deposits	-	-	-	-	-	[illegible]	-	-	-	-	-	-	-	-	-	-	-	-	-	[illegible]
Security deposits	-	-	-	-	-	-	-	-	[illegible]	-	-	-	-	-	-	-	[illegible]	[illegible]	-	[illegible]
Accrued ground rent	-	-	-	-	[illegible]	-	[illegible]	-	[illegible]	-	-	[illegible]	-	-	-	-	[illegible]	-	-	[illegible]
Deferred inflow of resources - rents and fees collected in advance	[illegible]	[illegible]	-	[illegible]	[illegible]	-	[illegible]	-	[illegible]	-	-	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	[illegible]
Other liabilities	[illegible]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	[illegible]
Net cash and cash equivalents provided by operating activities	$ [illegible]	$ [illegible]	$ -	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ -	$ -	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ -	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]
Schedule of noncash capital and related financing activities																				
Recognition of lease receivable	$ [illegible]	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 5,806,359
Recognition of deferred inflow of resources	[illegible]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,806,259
Recognition of right-of-use asset	[illegible]	-	-	-	-	[illegible]	-	-	-	-	-	-	-	-	-	-	-	[illegible]	-	85,380,290
Recognition of lease liability	[illegible]	-	-	-	-	[illegible]	-	-	-	-	-	-	-	-	-	-	-	[illegible]	-	79,120,000
Accrued interest expense on the lease liability	-	-	-	-	-	[illegible]	-	-	-	-	-	-	-	-	-	-	-	[illegible]	-	4,311,621
Derecognition of accrued ground rent, deferred rent and lease incentives	[illegible]	-	-	-	-	[illegible]	-	-	-	-	-	-	-	-	-	-	-	[illegible]	-	95,260,166
Loss on sales and retirements of assets, net	-	-	-	-	-	-	-	-	-	-	-	[illegible]	[illegible]	-	[illegible]	-	[illegible]	[illegible]	-	(560,356)
Construction, development, and equipment expenditures included in accounts payable and accrued expenses	-	-	[illegible]	-	-	-	-	-	[illegible]	-	-	-	-	-	-	-	-	-	-	4,879,036
Amortization of lease allowance	[illegible]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	29,826
Amortization of issue premium on bonds	-	[illegible]	[illegible]	[illegible]	-	-	[illegible]	[illegible]	[illegible]	-	-	[illegible]	[illegible]	[illegible]	[illegible]	-	[illegible]	[illegible]	-	2,781,464
Amortization of issue discount on bonds	-	-	[illegible]	[illegible]	-	[illegible]	-	-	[illegible]	-	-	[illegible]	-	-	-	-	-	-	-	200,638
Amortization of deferred inflow of resources - deferred advance refunding gains	-	-	-	-	-	-	-	-	-	-	-	-	[illegible]	-	[illegible]	-	-	-	-	26,831
Amortization of deferred outflow of resources - deferred advance refunding costs	-	[illegible]	-	-	-	[illegible]	[illegible]	-	[illegible]	-	-	[illegible]	-	[illegible]	-	-	[illegible]	[illegible]	-	443,721

10. DEBT AND CAPITAL LEASE OBLIGATIONS

Bonds and notes payable are summarized as follows as of June 30,:

	2022	2021
Revenue bonds payable	$ 696,449,338	$ 715,399,002
Notes payable, including $4,307 in 2022 and $37,161 in 2021 to State of Maryland Department of Business and Economic Development (DBED)	13,667,306	13,700,160
Total	$ 710,116,644	$ 729,099,162

The revenue bonds payable are secured by deeds of trust or mortgages on the related facilities and/or assignments of the related notes receivable or leases and, in most cases, irrevocable letters of credit issued by commercial banks. This debt matures at various dates through June 2058 and, as of June 30, 2022 and 2021, bears interest at a weighted average effective rate of 4.59% and 4.56%, respectively.

The notes payable are generally secured by mortgages on the related properties and/or assignments of the related notes receivable or leases. This debt matures at various dates through November 2032 and, as of June 30, 2022 and 2021, bears interest at a weighted average effective rate of 6.97% and 6.83%, respectively, including an average effective rate of 5.43% and 5.25%, respectively, on variable rate notes of $9,000,000 for the years then ended. The interest rates on the variable rate notes are primarily based on the Prime Rate.

Total interest on bonds and notes payable totaled $37,138,843 and $30,486,400 during the years ended June 30, 2022 and 2021, respectively.

Bonds and notes payable are summarized as follows as of June 30,:

	2022	2021
MEDCO debt obligations	$ 7,015,834	$ 7,360,646
Operating facilities debt obligations	703,100,810	721,738,516
Total	$ 710,116,644	$ 729,099,162

Under terms of the related loan agreements, MEDCO has no obligation for the bonds and notes payable beyond the resources provided under the lease or loan with the party on whose behalf the debt was issued. Under terms of the facilities' loan agreements, holders of the operating facilities' debt have no recourse to other assets of MEDCO in the event that cash flows from the operation or sales of the facilities are not sufficient to service or repay the debt.

10. DEBT AND CAPITAL LEASE OBLIGATIONS – continued

Future payments on the bonds and notes payable are due as follows as of June 30,:'

	Total	Principal	Interest
2023	$ 102,873,795	$ 72,999,872	$ 29,873,923
2024	53,789,947	25,003,873	28,786,074
2025	53,753,023	26,173,215	27,579,808
2026	54,012,742	27,685,912	26,326,830
2027	53,716,805	28,717,268	24,999,537
2028-2032	283,441,714	183,590,121	99,851,593
2033-2037	167,308,946	106,876,071	60,432,875
2038-2042	102,606,649	60,209,501	42,397,148
2043-2047	87,126,851	57,336,525	29,790,326
2048-2052	62,555,834	43,095,000	19,460,834
2053-2057	55,655,750	47,630,000	8,025,750
2058	3,047,900	2,905,000	142,900
	1,079,889,956	682,222,358	397,667,598
Less: unamortized discount	(1,609,442)	(1,609,442)	-
Plus: unamortized premium	29,503,728	29,503,728	-
Total	$ 1,107,784,242	$ 710,116,644	$ 397,667,598

10. DEBT AND CAPITAL LEASE OBLIGATIONS – continued

Activity in debt for the years ended June 30, 2022 and 2021 is summarized as follows:

	Bonds payable	Notes payable
Balance June 30, 2020	$ 648,511,117	$ 13,778,650
Amortization of issue discount	200,638	-
Amortization of issue premium	(2,781,464)	-
Additions	84,322,721	-
Principal payments/reductions	(14,854,010)	(78,490)
Balance June 30, 2021	715,399,002	13,700,160
Amortization of issue discount	195,903	-
Amortization of issue premium	(2,775,444)	-
Retirement of bond premium	(516,437)	-
Refundings of bonds and notes payable	(23,875,699)	-
Additions	22,707,071	-
Principal payments/reductions	(14,685,058)	(32,854)
Balance June 30, 2022	$ 696,449,338	$ 13,667,306

11. CONDUIT DEBT

Under terms of the related loan agreements, MEDCO has no obligation for the conduit debt obligations beyond the resources provided under the lease or loan with the party on whose behalf the debt was issued. Activity in conduit debt excluded from the accompanying financial statements for the years ended June 30, 2022 and 2021 is summarized as follows:

Balance June 30, 2020	$	1,791,407,080
Additions		526,907,000
Principal payments/reductions		(289,181,195)
Balance June 30, 2021		2,029,132,885
Additions		740,545,000
Principal payments/reductions		(450,348,660)
Balance June 30, 2022	$	2,319,329,225

During the year ended June 30, 2022, MEDCO issued bonds on the behalf of the East Baltimore Development, Inc., $69,990,000, in order to finance costs of the acquisition, construction, and capital asset improvements of facilities located in Baltimore City, Maryland, Maryland Department of Transportation, $643,455,000 in order to finance the costs of constructing the Purple Line project in Baltimore City, Maryland, and the Catholic Relief Services, $19,555,000, to refinance the costs of issuance, renovations and capital replacements and improvements of the Project by refunding the previously issued Series 2006 bonds.

During the year ended June 30, 2021, MEDCO issued bonds on the behalf of Port Covington, $137,485,000, in order to finance costs of the acquisition, construction, furnishing, and equipping of facilities located in Baltimore City, Maryland, SSA Baltimore Holdings, LLC, $265,985,000, in order to finance or refinance the acquisition and/or improvement of the Social Security Administration building located in Baltimore City, Maryland, and the Maryland Public Health Laboratory Project, $123,437,000, to refinance the costs of issuance, renovations and capital replacements and improvements of the Project by refunding the previously issued Series 2011 bonds.

12. COMMITMENTS AND CONTINGENCIES

Leases

During the year ended June 30, 2022, MEDCO implemented GASB 87, which requires both capital and operating leases to be presented on the statement of net position as a amortizable right-of-use asset and a liability to make lease payments. The right-of-use-asset represents MEDCO's right to use an underlying asset for the lease term and lease liabilities represent MEDCO's obligation to make lease payments per the terms of the lease agreement. The lease liability is measured at the present value of payments expected to be made during the lease term, including variable payments that depend on an index or a rate (less any lease incentives). The lease asset is measured at the amount of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs and is amortized over the lease term. The lease liability is measured by using the MEDCO's estimated incremental borrowing rate, as determined by management, in determining the present value of the lease payments. The amortization of the discount on the lease liability is reported as interest expense each period. MEDCO also considered any lease terms that included options to extend or terminate the lease, residual value guarantees, restrictive covenants and lease incentives when valuing the right-of-use assets. Service concession arrangements are specifically excluded from GASB 87. MEDCO, as well as University Village and CBCC, were impacted by the adoption of GASB 87 (see below). All other leases noted below at the specific project level were not impacted by the adoption of GASB 87, due to the nature of the service concession arrangements or immaterial amount of future ground lease payments.

Bowie

The land underlying Bowie is leased from the State of Maryland on behalf of Bowie State University (BSU) under a non-cancellable operating lease expiring on the earlier to occur of June 1, 2043 or the date on which the bonds have been fully repaid. Rent payable under the lease is equal to "net revenues," as defined. Payment of the rent is subject to the project meeting a coverage ratio and is subordinated to all payments required under the bonds payable and related trust indenture. Effective July 1, 2007, MEDCO entered into a Memorandum of Understanding with BSU that includes a cash basis calculation of ground rent expense and an evaluation of total ground rent due and accrued since the inception of the project. Payments of ground rent are limited to the amount of cash available in the surplus fund as of June 30 each year. Accrued ground rent will exceed ground rent expense to the extent that cumulative additions to ground rent expense are greater than the amount of cash available in the surplus fund for ground rent payments. Accrued ground rent will be reduced for ground rent payments and to the extent that negative ground rent expense can be credited against past due ground rent payments. Cumulative negative ground rent expense in excess of ground rent may be deducted against ground rent due and payable for the succeeding year and shall not be refundable. Ground rent expense was $1,749,020 and $0 for the years ended June 30, 2022 and 2021, respectively. Ground rent payments from the surplus fund totaled $0 during the years ended June 30, 2022 and 2021. Accrued ground rent was $1,749,020 and $0 as of June 30, 2022 and 2021, respectively.

12. COMMITMENTS AND CONTINGENCIES – continued

Leases – continued

Bowie – continued

The lease provides various conditions and restrictions on the use, operation and maintenance of the project and provides the State of Maryland, on behalf of Bowie State University, an option to purchase the project improvements for a price of $1 plus the outstanding balance of the bonds payable (or other permitted debt) at any time during the lease term. Title to the project improvements will revert to the University System of Maryland upon termination of the lease.

Bowie Mixed Use

The land underlying the Project is leased from the State of Maryland on behalf of Bowie State University (BSU) under a non-cancelable operating lease expiring on the earlier to occur of February 25, 2065 or the date on which the bonds have been fully repaid. Annual rent is equal to 100% of "net available cash flow" released during each lease year, as defined in the trust indenture. Payment of the rent is subordinated to all payments required under the bonds payable and related trust indenture. Ground rent expense was $0 for the years ended June 30, 2022 and 2021.

The lease provides various conditions and restrictions on the use, operation and maintenance of the Project and provides the University System of Maryland, on behalf of BSU, an option to purchase the Project improvements for a price of $1 plus the outstanding balance of the bonds payable (or other permitted debt) at any time during the lease term. Title to the Project improvements will revert to the University System of Maryland upon termination of the lease.

City Garages

In July 2018, MEDCO entered into an operating agreement with the City of Baltimore to lease three parking garages, terminating at the earlier of the 50th anniversary of closing or the date on which the Series 2018 bonds are fully repaid. From on and after the commencement of the lease, on each release date, as defined in the trust indenture, MEDCO shall pay to the City of Baltimore rent in the amount of a distributable portion of the Surplus Fund, as defined in the trust indenture (Additional Rent). If on any release date funds are not eligible, under the terms of the trust indenture, to distribute the Additional Rent, the amounts allocable will be held for the account of the City of the Baltimore. The Additional Rent Expense was $0 for both the years ended June 30, 2022 and 2021.

12. COMMITMENTS AND CONTINGENCIES – continued

Leases – continued

CTU

The land underlying CTU is subleased from the CTU Foundation under a non-cancelable sublease expiring on July 14, 2067. Annual rent is equal to "net available cash flow," as defined, less certain defined amounts. Payment of the rent is subordinated to all payments required under the bonds payable and related trust indenture. Ground rent expense was $0 for the years ended June 30, 2022 and 2021. Accrued ground rent totaled $0 as of June 30, 2022 and 2021.

The sublease provides various conditions and restrictions on the use, operation and maintenance of the project and provides the CTU Foundation, on behalf of CTU, an option to purchase the project improvements for a price of the principal balance then outstanding of all sums secured by any leasehold mortgage in effect, plus any premium payable on such indebtedness, plus all interest accrued or to accrue on such indebtedness through the date of payment of such indebtedness, plus any other charges due and payable under the bond documents at any time during the sublease term. Title to the project improvements will revert to CTU Foundation upon termination of the sublease.

CBCC

The land underlying CBCC is leased from Chesapeake Resort, LLC under a non-cancellable operating lease expiring on November 30, 2036 or on the termination date, as defined. Rent under the lease totaled $40,000 per year until opening of the project on August 29, 2002. Thereafter, the annual rent is based on the fair market value of the land, as defined, and is subject to increase on August 29 of each year by the greater of 3% or 50% of the amount by which the Consumer Price Index increased during the year. The annual rent is subject to adjustments at the end of the fifth operating year of the project and at five-year intervals thereafter based on changes in the appraised fair market value of the land; however, the adjusted annual rent cannot be less than 103% of the rent in the preceding year. Payment of the rent is subordinated to all payments required under the project's series 2006 bonds payable and related trust indenture. Accrued and unpaid ground rent bears interest at 7% annually.

The Project also has various noncancelable operating lease agreements for office equipment with expiration dates through October 2026.

During the year ended June 30, 2022, the Project implemented GASB 87. Lease payments due totaled $1,973,342 and $1,917,470 for the years ended June 30, 2022 and 2021, respectively. Cumulative accrued lease payments included in the current portion of lease liability in the accompanying statements of net position as of June 30, 2022 and 2021 totaled $30,889,017 and $28,949,471, respectively, as payment of the ground rent is subordinate to all payments required under the bonds payable and related trust indenture. Future minimum rent payments for fiscal year 2023 include the accrued but unpaid rents for prior years of approximately $28,897,000.

12. COMMITMENTS AND CONTINGENCIES – continued

Leases – continued

CBCC – continued

Interest expense on accrued lease payments totaled $1,961,404 and $1,828,057, for the years ended June 30, 2022 and 2021, respectively, and is recorded in interest expense on the accompanying statements of revenues, expenses and changes in net position. Interest expense on the lease liability totaled $1,222,413 and $1,257,104 for the years ended June 30, 2022 and 2021, respectively, and is recorded in interest expense on the accompanying statements of revenues, expenses and changes in net position. Accrued interest on accrued lease payments totaled $18,237,258 and $16,275,854 as of June 30, 2022 and 2021, respectively, and is recorded in current liabilities on the accompanying statements of net position.

Cash paid for amounts included in the measurement of the lease liability totaled $78,251 and $77,578 for the years ended June 30, 2022 and 2021, respectively. No cash payments were made for ground rent during the years ended June 30, 2022 and 2021. Any cash payments received for ground rent are first applied to accrued interest and then to the amount of the accrued lease payments. The weighted average remaining lease term of the leases is 14.4 years and 15.3 years as of June 30, 2022 and 2021, respectively. The weighted average discount rate of the leases is 5.24% as of June 30, 2022 and 2021, respectively.

Frostburg

The land underlying Frostburg is leased from the State of Maryland under a non-cancellable operating lease expiring on June 17, 2042. Annual rent is equal to "net revenues," as defined, less certain defined amounts. Payment of the rent is subordinated to all payments required under the bonds payable and related trust indenture. Effective July 1, 2007, MEDCO entered into a Memorandum of Understanding with Frostburg State University that includes a cash basis calculation of ground rent expense and an evaluation of total ground rent due and accrued since the inception of the project. Payments of ground rent are limited to the amount of cash available in the surplus fund as of June 30 each year. Accrued ground rent will exceed ground rent expense to the extent that cumulative additions to ground rent expense are greater than the amount of cash available in the surplus fund for ground rent payments. Accrued ground rent will be reduced for ground rent payments and to the extent that negative ground rent expense can be credited against past due ground rent payments. Cumulative negative ground rent expense in excess of ground rent may be deducted against ground rent due and payable for the succeeding year and shall not be refundable. Ground rent expense totaled ($304,635) and ($6,211) for the years ended June 30, 2022 and 2021, respectively. Ground rent payments from the surplus fund totaled $0 during the years ended June 30, 2022 and 2021. Accrued ground rent totaled $335,249 and $639,884 as of June 30, 2022 and 2021, respectively.

The lease provides various conditions and restrictions on the use, operation and maintenance of the project and provides the State of Maryland, on behalf of Frostburg State University, an option to purchase the project improvements for a price of $1 plus the outstanding balance of the bonds payable (or other permitted debt) at any time during the lease term. Title to the project improvements will revert to the University System of Maryland upon termination of the lease.

12. COMMITMENTS AND CONTINGENCIES – continued

Leases – continued

Metro Centre

The land underlying Metro Centre is sub-leased from Metro Centre Garage II, Ltd. under a non-cancellable operating lease expiring on April 30, 2054. The annual rent under this lease is $10.

Morgan

The land underlying the Project is leased from the State of Maryland under a non-cancellable operating lease, as most recently amended, effective December 1, 2020, expiring on the earlier to occur of (ii) July 1, 2061 or (ii) the date on which the bonds have been fully repaid. Rent payable under the lease is equal to "net revenues," as defined in the lease. Payment of the rent is subordinated to all payments required under the bonds payable and related trust indenture. Payments toward ground rent are limited to the amount of cash available in the surplus fund as of June 30 of each year. Accrued ground rent will exceed ground rent expense to the extent that cumulative additions to ground rent expense are greater than the amount of cash available in the surplus fund for ground rent payments. Accrued ground rent will be reduced for ground rent payments and to the extent that negative ground rent expense can be credited against past due ground rent payments. Cumulative negative ground rent expense in excess of accrued ground rent may be deducted against ground rent due and payable for the succeeding year and shall not be refundable. Ground rent expense totaled $1,476,651 and ($384,863) during the years ended June 30, 2022 and 2021, respectively. Ground rent payments from the surplus fund totaled $0 during the years ended June 30, 2022 and 2021. Accrued ground rent totaled $2,371,839 and $895,188 as of June 30, 2022 and 2021, respectively.

The lease provides various conditions and restrictions on the use, operation and maintenance of the project and provides the State of Maryland, on behalf of Morgan State University, an option to purchase the project improvements for a price of $1 plus the outstanding balance of the bonds payable (or other permitted debt) at any time during the lease term. Title to the project improvements will revert to Morgan State University upon termination of the lease.

Salisbury

Pursuant to the consolidated, amended and restated ground lease agreement entered into in July 2012, the land underlying Salisbury is leased from the State of Maryland on behalf of Salisbury University under a non-cancellable operating lease expiring the earlier of June 25, 2043 or the date on which all of the bonds are fully repaid. Rent payable under the lease is equal to "net revenues," as defined. Payment of the rent is subordinated to all payments required under the bonds payable and related trust indenture. Effective July 1, 2007, MEDCO entered into a Memorandum of Understanding with Salisbury University, that includes a cash basis calculation of ground rent expense and an evaluation of total ground rent due and accrued since the inception of the project. Payments of ground rent are limited to the amount of cash available in the surplus fund as of June 30 each year. Accrued ground rent will exceed ground rent expense to the extent that cumulative additions to ground rent expense are greater than the amount of cash available in the surplus fund for ground rent payments.

12. COMMITMENTS AND CONTINGENCIES – continued

Leases – continued

Salisbury – continued

Accrued ground rent will be reduced for ground rent payments and to the extent that negative ground rent expense can be credited against past due ground rent payments. Cumulative negative ground rent expense in excess of accrued ground rent may be deducted against ground rent due and payable for the succeeding year and shall not be refundable.

Ground rent expense totaled $1,167,944 and $1,315,953 during the years ended June 30, 2022 and 2021, respectively. Ground rent payments from the surplus fund totaled $766,160 and $0 during the years ended June 30, 2022 and 2021, respectively. Accrued ground rent totaled $1,717,737 and $1,315,953 as of June 30, 2022 and 2021, respectively.

The lease provides various conditions and restrictions on the use, operations and maintenance of the project and provides the University System of Maryland on behalf of Salisbury University an option to purchase the project improvements for a price of $1 plus the outstanding balance of the bonds payable (or other permitted debt) at any time during the lease term. Title to the project improvements will revert to the University System of Maryland upon termination of the lease.

Towson WV & MH

The land underlying Towson WV is leased from the State of Maryland under a non-cancellable operating lease, as consolidated, amended and restated on June 6, 2012, expiring the earlier of March 27, 2047 or the date on which the bonds have been fully repaid. The annual rent under the lease for the 2007 lease parcel (West Village Student Housing) is $1. At closing for the 2007 bonds, a leasehold payment of $1,750,000 was made to Towson University for the leasehold interest during the term of the ground lease for the 2007 lease parcel. This payment is being amortized to ground rent expense over the term of the bonds. Ground rent amortization expense was $54,545 for each of the years ended June 30, 2021 and 2020. The annual rent under the lease for the 1999 lease parcel (Millennium Hall Student Housing) is equal to "net revenues" from the Millennium Hall facility, as defined. Ground rent expense for the 1999 lease parcel was $0 for the years ended June 30, 2022 and 2021.

UMAB

The land underlying UMAB is leased from the State of Maryland on behalf of University of Maryland, Baltimore under a non-cancellable operating lease expiring the earlier of February 12, 2043 or the date on which bonds have been fully repaid. Rent payable under the lease is equal to "net revenues," as defined. Payment of the rent is subordinated to all payments required under the bonds payable and related trust indenture. Effective July 1, 2007, MEDCO entered into a Memorandum of Understanding with the University of Maryland, Baltimore. The terms of the Memorandum of Understanding include a cash basis calculation of ground rent expense and an evaluation of total ground rent due and accrued since the inception of the project. No ground rent was due for the years ended June 30, 2022 and 2021.

12. COMMITMENTS AND CONTINGENCIES – continued

Leases – continued

UMAB – continued

The lease provides various conditions and restrictions on the use, operations and maintenance of the project and provides the State of Maryland, on behalf of University of Maryland, Baltimore, an option to purchase the Project improvements for a price of $1 plus the outstanding balance of the bonds payable (or other permitted debt) at any time during the lease term. Title to the Project improvements will revert to the University System of Maryland upon termination of the lease.

UMBC

The land underlying UMBC is leased from the State of Maryland under a non-cancellable operating lease expiring on the earlier of June 5, 2042 or the date on which the bonds have been fully repaid. Real estate taxes, insurance and maintenance expenses are obligations of the Project. The Project is exempt from real estate taxes under Section 10-129 of the Economic Development Article of the Annotated Code of Maryland. The annual rent under the lease is $1.

The lease provides various conditions and restrictions on the use, operations and maintenance of the project and provides the State of Maryland, on behalf of University of Maryland, Baltimore County, an option to purchase the operating facility improvements for a price of $1 plus the outstanding balance of the bonds payable (or other permitted debt) at any time during the lease term. Title to the operating facility improvements will revert to the University System of Maryland upon termination of the ground lease.

UMCP Energy

MEDCO leases the facility that houses the energy and utility infrastructure at the University of Maryland and the related land from the University System of Maryland under an operating lease expiring in 2029. The lease provides for annual rent of $100.

UMCP Housing

The land underlying UMCP Housing is leased from the State of Maryland under a non-cancellable operating lease expiring July 31, 2043. Annual rent is defined as "net revenues" less certain amounts, including, among other items, debt service on the bonds. Payment of the rent is subordinated to all payments required under the bonds payable and related trust indenture. Effective July 1, 2007, MEDCO entered into a Memorandum of Understanding with the University of Maryland, College Park that includes a cash basis calculation of ground rent expense and an evaluation of total ground rent due and accrued since the inception of the project. Ground rent expense totaled $4,361,954 and ($209,662) for the years ended June 30, 2022 and 2021, respectively. Accrued ground rent totaled $8,793,057 and $4,431,103 as of June 30, 2022 and 2021, respectively. Payments toward ground rent are limited to the amount of cash available in the surplus fund as of June 30 of each year.

12. COMMITMENTS AND CONTINGENCIES – continued

Leases – continued

UMCP Housing – continued

Accrued ground rent will exceed ground rent expense to the extent that cumulative additions to right to use buildings exceed cumulative draws made from the renewal and replacement fund. Accrued ground rent will be reduced for ground rent payments and to the extent that negative ground rent expense can be credited against past due ground rent payments. Cumulative negative ground rent expense in excess of accrued ground rent may be deducted against ground rent due and payable for the succeeding year and shall not be refundable. Additionally, at closing for the 2006 bonds, a leasehold payment of $680,000 was made to the University for the leasehold interest during the term of the ground lease for the 2006 lease parcel. This payment is being amortized to ground rent expense over the term of the bonds and totaled $17,934 for each of the years ended June 30, 2022 and 2021.

The lease provides various conditions and restrictions on the use, operation and maintenance of the project and provides the State of Maryland, on behalf of University of Maryland, College Park an option to purchase the project's improvements for a price of $1 plus the outstanding balance of the bonds payable (or other permitted debt) at any time during the lease term. Title to the project improvements will revert to the University System of Maryland, upon termination of the lease.

University Village

The land underlying University Village is leased from Sheppard Pratt Health System, Inc. (SPHSI) under a non-cancellable operating lease expiring on June 30, 2041. Rent payable under the lease totaled $885,500 in the initial lease year (which commenced July 1, 2001), and increases by 3% each lease year thereafter. Payment of the rent is subordinated to all payments required under the project's bonds payable and related trust indenture. Unpaid ground rent for the years ended June 30, 2008 through 2021 bears interest at 12.65% annually beginning 90 days after the end of the related lease year. Title to the operating facility improvements will revert to SPHSI upon termination of the lease.

During the year ended June 30, 2022, the Project implemented GASB 87. Lease payments due totaled $1,599,312 and $1,552,730 for the years ended June 30, 2022 and 2021, respectively. Cumulative accrued lease payments included in the current portion of lease liability in the accompanying statements of net position as of June 30, 2022 and 2021 totaled $13,261,599 and $11,614,308, respectively, as the payment of the rent is subordinate to all payments required under the bonds payable and related trust indenture. Future minimum rent payments for fiscal year 2023 include the accrued but unpaid rents for prior years of approximately $14,464,000.

12. COMMITMENTS AND CONTINGENCIES – continued

Leases – continued

University Village – continued

Interest expense on accrued lease payments totaled $1,171,443 and $1,070,477, for the years ended June 30, 2022 and 2021, respectively, and is recorded in interest expense on the accompanying statements of revenues, expenses and changes in net position. Interest expense on the lease liability totaled $1,260,499 and $1,276,633 for the years ended June 30, 2022 and 2021, respectively, and is recorded in interest expense on the accompanying statements of revenues, expenses and changes in net position. Accrued interest on accrued lease payments totaled $2,954,517 and $2,537,132 as of June 30, 2022 and 2021, respectively, and is recorded in current liabilities on the accompanying statements of net position.

Cash paid for amounts included in the measurement of the lease liability totaled $0 for the years ended June 30, 2022 and 2021, respectively. Cash payments are first applied to accrued interest and then to the amount of the accrued lease payments. The weighted average remaining lease term of the lease is 19 years and 20 years as of June 30, 2022 and 2021, respectively. The weighted average discount rate of the lease is 5.0% as of June 30, 2022 and 2021, respectively.

Other Leasing Activities

MEDCO leased office space under a lease agreement which was classified as an operating lease and expired in August 2020. Effective August 15, 2020, MEDCO entered into a new lease agreement for office space that expires in April 2029.

During the year ended June 30, 2022, MEDCO implemented GASB 87. Interest expense on the lease liability totaled $12,117 and $11,358 for the years ended June 30, 2022 and 2021, respectively, and is recorded in interest expense on the accompanying statements of revenues, expenses, and changes in net position. Cash paid for amounts included in the measurement of the lease liability totaled $128,315 and $21,464 for the years ended June 30, 2022 and 2021, respectively. The weighted-average remaining lease term is 6.8 years and 7.8 years as of June 30, 2022 and 2021, respectively, and the weighted-average discount rate of the lease is 2.89% as of June 30, 2022 and 2021.

12. COMMITMENTS AND CONTINGENCIES – continued

Leases – continued

Future Minimum Lease Payments

Future minimum rent under these leases, excluding MEDCO, CBCC and University Village, are due as follows as of June 30,:

2023	$ 14,528,048
2024	12
2025	12
2026	12
2027	12
2028-2032	60
2033-2037	60
2038-2042	60
2043-2047	55
2048-2052	51
2053-2054	30
Total	$ 14,528,412

Minimum rent payable during the year ending June 30, 2023 includes accrued but unpaid rents for prior years of approximately $14,528,000.

The following table presents future minimum lease principal and interest due for MEDCO, CBCC and UV during the years ending June 30,:

	Total	Principal	Interest
2023	$ 49,300,314	$ 44,271,494	$ 5,028,821
2024	3,859,177	1,428,029	2,431,148
2025	3,959,296	1,596,626	2,362,669
2026	4,077,278	1,791,846	2,285,433
2027	4,196,933	1,998,566	2,198,367
2028-2032	21,267,267	13,062,129	8,205,138
2033-2037	16,486,558	11,218,273	5,268,285
2038-2042	4,788,666	3,552,749	1,235,917
	$ 107,935,488	$ 78,919,711	$ 29,015,777

Minimum rent payable during the year ending June 30, 2023 includes accrued but unpaid rents for prior years of approximately $43,361,000.

12. COMMITMENTS AND CONTINGENCIES – continued

University System Operating Reserve

In accordance with the Ground Lease Agreement, a Memorandum of Understanding effective July 2, 2003, and an Amended and Restated Memorandum of Understanding effective April 2, 2007, the Lessee (MEDCO) shall create, hold and maintain a single fund for all Projects, referred to in each Ground Lease as the operating reserve fund to be held and used in accordance with each Ground Lease and Memorandum.

From monies which otherwise would be rent, MEDCO is authorized to make, on behalf of the projects, annual deposits to the operating reserve fund on or before November 30 of each year in the amount of $20,000 for each of the Bowie State University, Salisbury University and the University of Maryland, Baltimore projects, and commencing in November 2009, $20,000 for the Towson University project, and commencing in November 2011, $40,000 for the University of Maryland, College Park project; provided however, if the deposit of the full amount would cause the operating reserve fund to exceed the maximum amount per the Amended and Restated Memorandum of Understanding, the amount deposited under each ground lease shall be reduced proportionately.

As of June 30, 2022 and 2021, no deposits in lieu of ground rent have been made by MEDCO on behalf of the UMAB project to the operating reserve fund due to the fact that the project, since inception, has not incurred ground rent expense. As of June 30, 2022 and 2021 no deposit has been made by MEDCO on behalf of UMCP Housing, Salisbury, Towson WV and MH, and Bowie.

If any of the projects' revenues are not sufficient to meet permitted expenses as defined by the Memorandum of Understanding and the Amended and Restated Memorandum of Understanding, the project can draw funds that they deposited in the operating reserve fund. When these funds are not sufficient, the operating reserve fund and MEDCO will advance matching funds to the respective project, which bear interest at ten percent.

Litigation

Various lawsuits and other claims occur in the normal course of business and are pending against MEDCO and its projects. Management, after consultation with legal counsel, is of the opinion that the lawsuits and other claims, when resolved, will not have a material effect on the accompanying financial statements.

13. GOING CONCERN - CBCC

CBCC has an accumulated negative net position of $218,920,000 and its current liabilities exceed its current assets by $160,150,000 at June 30, 2022. In addition, CBCC incurred operating losses of approximately $9,332,000 during the year ended June 30, 2021, and was directly impacted by COVID-19.

Pursuant to the third amendment of the restated and amended forbearance agreement effective July 1, 2022, the forbearance agreement effective May 1, 2014 was extended to December 31, 2022. The agreement, to the extent there is no event of default or forbearance termination event as defined, provides for a partial deferral of interest and principal payments owed under the bonds. During the forbearance period, no payments of interest are to be made from the debt service reserve fund unless directed by the bondholders. Upon expiration of the forbearance period, the deficiency between the interest and principal payments required to be made under the terms of the trust indenture and the amount available to be paid from funds deposited in the debt service trust accounts during the forbearance period shall be immediately due and payable. Effective September 1, 2021, MEDCO and Hyatt Corporation (HC) agreed to a waiver of deferred fees pursuant to a new hotel services agreement between MEDCO and HC.Under the terms of the letter agreement, HC agreed to forever waive any and all deferred fees, including any and all interest accrued thereon, the total of which the parties agreed was $61,034,190, to which HC was entitled to under the management agreement. This amount has been recorded as a gain on extinguishment of management fee payable in non-operating revenues in the accompanying statements of revenues, expenses and changes in net position for the year ended June 30, 2022.

Management believes the projected future operating results of CBCC will provide CBCC with adequate cash flow to meet its operating needs; however, CBCC will not be able to make the current principal and interest payments on the bonds, which includes missed principal payments from December 2021, December 2020, December 2019, December 2018, December 2017, December 2016, December 2015, December 2014 and December 2013 should the restated and amended forbearance agreement not be extended past its current expiration date of December 31, 2022. These factors create significant doubt about CBCC's ability to continue as a going concern.

The ability of CBCC to continue as a going concern is dependent upon a resolution with the bondholders regarding the outstanding bond principal payments. The financial statements do not include any adjustments that might be necessary if CBCC is unable to continue as a going concern.