

## **MARYLAND HEALTH AND HIGHER EDUCATIONAL FACILITIES AUTHORITY**

A public meeting of the Maryland Health and Higher Educational Facilities Authority was convened at 10:00 a.m., Tuesday, May 2, 2023, with Mr. Arnold Williams, Chairman, presiding. This open meeting was held at 401 East Pratt Street (World Trade Center) in a conference room on the 26<sup>th</sup> Floor. This meeting was open to the public and available to the public remotely via an open conference and video line.

Present:                   Arnold Williams, Chairman  
                              Sheila K. Riggs, Vice Chairman  
                              Reco Collins, Member  
                              Frederick W. Meier, Jr., Member  
                              Mamie Johns Perkins, Member  
                              John Phelps, Member  
                              Bonnie Phipps, Member  
                              W. Daniel White, Member  
                              Bart Savidge, Executive Director  
                              Lynn Gorman-Lepson, Chief Financial Officer  
                              David W. Gregory, Bond Counsel  
                              William Taylor IV, Bond Counsel  
                              Stephen Murphy, Financial Advisor

Absent:                   Jonathan Martin, Chief Deputy Treasurer, Designee of Treasurer

Special Guests:        See attached.

Mr. Arnold Williams, Chairman, convened the meeting. Mr. Savidge announced the names of the Members, staff, counsel, and advisors in attendance.

### **APPROVAL OF MINUTES**

The minutes of the March 7, 2023 regular meeting of the Authority were unanimously approved.

### **PATTERSON PARK PUBLIC CHARTER SCHOOL, INC.**

Mr. Collins disclosed the fact that he is the Senior Vice President of PNC Bank and abstained from all deliberation and action regarding the proposed Patterson Park Public Charter School transaction.

Ms. Jane Lindenfelser, Executive Director of Patterson Park Public Charter School, Inc., provided a brief update on operations. Ms. Lindenfelser stated that the School is operating at a full capacity of 724 students and has recently received an 8-year extended Charter renewal. Ms. Lindenfelser also highlighted that the School has recently received approval for a \$500,000 State Grant. Mr. Bart Savidge reported that after a competitive RFP process conducted by the School's

financial advisor, Patterson Park secured financing with BankUnited for a 15-year bank commitment period with a fixed rate of approximately 4%.

Several questions were raised relating to the financing of leasehold improvements and the specific terms of the debt refinancing. There was clarification that approximately \$5 million of the bond proceeds would be used for these improvements and that the School is finalizing a long-term lease that might include a purchase option provision. The terms for the plan of finance provided for the consolidation of the School's outstanding debt with one bank.

Mr. Savidge asked the Members to consider a resolution authorizing the issuance from time to time of the Authority's revenue bonds in a principal amount not exceeding \$23,000,000 and delegating to any one Member of the Authority the power to approve the principal amount of the bonds, the interest rate and other terms of the bonds and other matters in connection with the issuance, sale, and delivery of such bonds.

Following discussion, the Authority, on motion by Mr. Phelps, seconded by Mr. White, adopted the following resolution (Affirmative – Williams, Riggs, Meier, Perkins, Phelps, Phipps and White; Negative – none; Abstain – Collins):

**PATTERSON PARK PUBLIC CHARTER SCHOOL  
BOND AUTHORIZING RESOLUTION**

A RESOLUTION AUTHORIZING THE ISSUANCE, SALE AND DELIVERY BY MARYLAND HEALTH AND HIGHER EDUCATIONAL FACILITIES AUTHORITY (THE "AUTHORITY") OF ITS REVENUE BONDS IN AN AGGREGATE PRINCIPAL AMOUNT (DETERMINED AS PROVIDED HEREIN) NOT EXCEEDING \$23,000,000 IN ORDER TO LEND THE PROCEEDS THEREOF TO PATTERSON PARK PUBLIC CHARTER SCHOOL, INC. (THE "INSTITUTION") FOR THE PURPOSE OF REFUNDING THE AUTHORITY'S REVENUE BOND, PATTERSON PARK PUBLIC CHARTER SCHOOL ISSUE (2019) PREVIOUSLY ISSUED BY THE AUTHORITY ON BEHALF OF THE INSTITUTION AND TO FINANCE AND REFINANCE CERTAIN CAPITAL PROJECTS OF THE INSTITUTION; AUTHORIZING ANY MEMBER OF THE AUTHORITY TO SPECIFY, PRESCRIBE, DETERMINE, PROVIDE FOR AND APPROVE CERTAIN MATTERS, DETAILS, FORMS, DOCUMENTS AND PROCEDURES PERTAINING TO THE AUTHORIZATION, SALE, ISSUANCE, DELIVERY AND PAYMENT OF AND FOR SUCH REVENUE BONDS; AND PROVIDING FOR AND DETERMINING VARIOUS MATTERS IN CONNECTION WITH THE FOREGOING.

**RECITALS**

Maryland Health and Higher Educational Facilities Authority (the "Authority") has received an application from Patterson Park Public Charter School, Inc., a nonprofit corporation formed under the laws of the State of Maryland (the "Institution"), for the (a) financing or refinancing of a portion of the costs of the acquisition of and improvements to the Institution's school facilities for Clay Hill Public Charter School currently leased by the Institution (the "2023 Project") and (b) refunding of all or a portion of the Authority's Revenue Bond, Patterson Park Public Charter School Issue (2019) (the "Refunded Bond") pursuant to the Maryland Health and

Higher Educational Facilities Authority Act, Sections 10-301 through 10-356, inclusive, of the Economic Development Article of the Annotated Code of Maryland (the "Act").

At the request of the Institution, the Authority has determined to authorize the issuance of its revenue bonds under the Act for such purposes.

NOW, THEREFORE, BE IT RESOLVED BY MARYLAND HEALTH AND HIGHER EDUCATIONAL FACILITIES AUTHORITY THAT:

SECTION 1. The Authority is hereby authorized to issue, sell and deliver its revenue bonds (the "2023 Bonds") in a principal amount not to exceed \$23,000,000. The 2023 Bonds shall be issued and the proceeds thereof loaned to the Institution pursuant to a financing agreement (the "Financing Agreement") among the Authority, the Institution, BankUnited, N.A. or an affiliate thereof (the "Purchaser") and a trustee, which shall contain such terms, provisions and conditions as shall be approved by the Authorized Member (defined herein). The proceeds of the 2023 Bonds shall be loaned to the Institution pursuant the Financing Agreement for the public purpose of refunding the Refunded Bond and financing and refinancing the 2023 Project in order to enable the Institution to provide, and to finance and refinance at the least cost to the users thereof, the facilities financed and refinanced with the proceeds of the Refunded Bond and the 2023 Project (collectively, the "Project") for the benefit of the people of the State of Maryland, the increase of their commerce, welfare and prosperity and the improvement of their health and living conditions. The 2023 Bonds may be issued in one or more series.

SECTION 2. As permitted by the Act, one or more series of the 2023 Bonds shall be sold at private (negotiated) sale to the Purchaser, at a price or prices at, above or below par and upon such terms as the Authorized Member deems to be in the best interest of the Authority.

SECTION 3. Any Member of the Authority (the "Authorized Member") is hereby authorized to specify, prescribe, determine, provide for or approve, all within the limitations of this resolution and the Act, all matters, details, forms, documents and procedures pertaining to the sale, security, issuance, delivery and payment of or for the 2023 Bonds, including (without limitation):

- (a) the maximum principal amount of 2023 Bonds;
- (b) the purchase price or prices to be paid to the Authority for the 2023 Bonds;
- (c) the rate or rates of interest payable on the 2023 Bonds, or the method of determining the same;
- (d) the date or dates of maturity of the 2023 Bonds, the payment provisions therefor, the optional and mandatory redemption provisions thereof, including (without limitation) the mandatory sinking fund installments (if any) for the 2023 Bonds, the designation or designations of the 2023 Bonds and the date of issuance thereof;

(e) the form, tenor, terms and conditions of the 2023 Bonds, and provisions for the registration and transfer of the 2023 Bonds;

(f) the form and contents of, and provisions for the execution and delivery of, such documents as the Authorized Member shall deem necessary or desirable to evidence, secure or effectuate the issuance, sale and delivery of the 2023 Bonds issued at any one time or from time to time, the loan of the proceeds of such 2023 Bonds to the Institution, and the financing and refinancing of the Project, including (without limitation) the Financing Agreement and any security agreements, letters of credit, bond insurance policies or other credit or liquidity facilities supporting the 2023 Bonds and other similar agreements;

(g) provision for the administration of the 2023 Bonds, including (without limitation) the appointment of a trustee under the Financing Agreement and any remarketing agents, paying agents, registrars, escrow agents or other agents as the Authorized Member shall deem necessary or desirable to effectuate the transactions authorized hereby;

(h) the form and contents of, and provisions for the execution and delivery of, a contract or contracts for the purchase and sale of the 2023 Bonds;

(i) procedures for the approval of change orders and substitutions for the construction, renovation, equipping and other improvements included within the 2023 Project by an authorized officer on behalf of the Authority;

(j) the creation of security for the 2023 Bonds, which may include (without limitation) provisions for securing any indebtedness or other obligations incurred in connection with the issuance of the 2023 Bonds, including (without limitation) any interest rate swap agreement, on parity with outstanding revenue bonds previously issued by the Authority pursuant to any resolution or trust agreement executed and delivered by the Authority, the execution and delivery by an Authorized Member of any supplemental resolution or trust agreement providing therefor to constitute conclusive evidence of the determination by the Authority that all of the conditions to the issuance of parity debt under such resolution or trust agreement have been met to the satisfaction of the Authority; and

(k) such other matters in connection with the authorization, issuance, execution, sale, delivery and payment of the 2023 Bonds and the security for the 2023 Bonds and the consummation of the transactions contemplated by this resolution as may be deemed appropriate and approved by the Authorized Member, including (without limitation) the establishment of procedures for the execution, acknowledgment, sealing and delivery of such other and further agreements, documents and instruments as are or may be necessary or appropriate to consummate the transactions contemplated by this resolution in accordance with the Act and this resolution.

**SECTION 4.** The Authorized Member and the Executive Director of the Authority are hereby authorized from time to time after the issuance of the 2023 Bonds to take any action required or permitted to be taken by or on behalf of the Authority under the Act, the Financing Agreement or other document or instrument executed and delivered in connection therewith, including (without limitation) providing any consent, approval or direction required or permitted thereunder, entering into any amendment of or supplement to any of the foregoing and entering into any agreement providing for the replacement of, substitution for or addition of (as the case may be) any credit or liquidity facility, remarketing agent, trustee or other agent, subject to the requirements of the Act and any other agreement by which the Authority is bound.

**SECTION 5.** This resolution shall take effect immediately.

### **FREDERICK HEALTH**

Mr. Savidge asked the Members to consider an application from Frederick Health to refund the Authority's Revenue Bond, Frederick Memorial Hospital Issue (2017B) and an existing line of credit and to finance various routine capital expenditures.

Ms. Hannah Jacobs, Senior Vice President & Chief Financial Officer of Frederick Health, provided an overview of the project and operations. Ms. Jacobs stated that bond proceeds will be used to complete the Hospital's renovation and construction of its Critical Care Pavilion Project that began in 2020. Ms. Jacobs highlighted that these proceeds would be used specifically for a new chiller system, renovation of operating rooms and the purchase of new computer software and hardware. The remaining proceeds will be used to refund the Authority's Revenue Bond, Frederick Memorial Hospital Issue (2017B) and refund the outstanding balance on its line of credit.

Ms. Jacobs reported that Frederick Health's financial performance continues to be impacted by increased contract labor costs and increased subsidies incurred in its community provider practices to ensure quality care for the community. Ms. Jacobs stated that management has implemented a recovery plan to enhance revenue and reduce certain expenses. Highlights of this plan include a reduction of operating budgets across the organization, elimination of vacant roles, reduction or deferral of certain capital expenditures and focused labor recruitment and pipeline programs to reduce high-cost agency staff.

Several questions were raised regarding year-end covenants and the Hospital's upcoming bond rating. Ms. Jacobs responded that current year-end forecasts predict that all financial covenants will be met. Ms. Jacobs stated that meetings have been scheduled with Moody's and Fitch. Frederick Health's current ratings are "Baa1" and "A-" from Moody's and Fitch, respectively. The assigned ratings for the new issue will be available when Frederick Health seeks authorization.

Following discussion, the Authority, on motion by Ms. Riggs, seconded by Ms. Perkins, adopted the following resolution (Affirmative – Williams, Riggs, Collins, Meier, Perkins, Phelps, Phipps and White; Negative – none; Abstain – none):

NOW, THEREFORE, BE IT RESOLVED, THAT the Authority hereby accepts the application submitted by Frederick Health and authorizes any Member and the Executive Director of the Authority to execute the form of acceptance of such application in order to evidence such acceptance, such acceptance being subject to the following:

(1) the fulfillment of all requirements of the Authority with respect to the quality of obligations which the Authority will issue; and

(2) the Authority's acceptance of such application shall not be deemed to constitute in any way a determination by the Authority that the project or the financing and refinancing of the project is feasible or will in fact be consummated and although the Authority will keep Frederick Health advised from time to time of the Authority's opinion in regard to the possibility of a successful financing and refinancing of the project by the Authority, the Authority does not guarantee such successful financing and refinancing or in any way represent that funds for such financing and refinancing are or will become available.

#### **MONOCACY MONTESSORI COMMUNITIES, INC.**

Mr. Savidge asked the Members to consider an application from Monocacy Montessori Communities, Inc. to finance the acquisition, renovation and furnishing of a new K-12 campus for the Monocacy Valley Montessori Public Charter School.

Ms. Tara Dunsmore, President of Monocacy Montessori Communities, Inc. (MMCI), provided a brief background of the organization and the Schools. MMCI was formed in 2002 to manage and operate Monocacy Valley Montessori Public Charter School (MVM). MVM was the first charter school in Maryland. The School serves students from PK through 8 and has a current enrollment of 300 students. In 2018, MVM's charter was renewed for 10 years, the longest charter renewal period in Maryland. MVM's enrollment process is lottery-based and currently there are over 2,000 students on each of the School's waitlists. In 2022, MVM was granted a charter expansion to include grades 9-12. The proceeds from this transaction will be used to finance the acquisition, renovation and furnishing of a new K-12 campus for MVM.

Ms. Amy Dorman, Principal of MVM, provided an overview of the Montessori teaching philosophy. She highlighted the fact that all teachers at the School must have an accredited Montessori teaching certification in addition to the teaching certifications of Maryland. In response to several questions, Ms. Dorman stated that there are several Montessori High Schools in the United States that the School plans to use as a model for its curriculum.

Ms. Elizabeth Landru, Vice-President of MVM, provided an overview of the project. Ms. Landru stated that MMCI plans to close on this transaction the first week in July which will leave six weeks to complete Phase 1 renovations so that School can open in mid-August. Due to this tight timeline, MMCI has divided the project into three phases. Phase 1 will include renovations needed to create the 10 classrooms and all related HVAC and plumbing to open the School in mid-August. Phase II will begin after the School opens and will include ancillary facilities such as labs

and the library and certain exterior work. Phase III is expected to begin in January and will include exterior and landscaping renovations. Ms. Landru explained that with this tight construction timeline, management has prepared a contingency plan in the event the new facility is not ready to open in mid-August. Ms. Landru stated that the lease in the School's current building will revert to a month-to-month lease as of August 31, 2023. In addition, MVM has begun lease negotiations for other additional space that could be used until renovations are completed in the new building. Additionally, Ms. Landru indicated that the School has approval to go virtual, if necessary, as an additional contingency. Mr. Savidge commented that management is very prudent in the preparation of these contingency plans.

Following discussion, the Authority, on motion by Mr. Phelps, seconded by Mr. Meier, adopted the following resolution (Affirmative – Williams, Riggs, Collins, Meier, Perkins, Phelps, Phipps and White; Negative – none; Abstain – none):

NOW, THEREFORE, BE IT RESOLVED, THAT the Authority hereby accepts the application submitted by MMCI and authorizes any Member and the Executive Director of the Authority to execute the form of acceptance of such application in order to evidence such acceptance, such acceptance being subject to the following:

(1) the fulfillment of all requirements of the Authority with respect to the quality of obligations which the Authority will issue; and

(2) the Authority's acceptance of such application shall not be deemed to constitute in any way a determination by the Authority that the project or the financing and refinancing of the project is feasible or will in fact be consummated and although the Authority will keep MMCI advised from time to time of the Authority's opinion in regard to the possibility of a successful financing and refinancing of the project by the Authority, the Authority does not guarantee such successful financing and refinancing or in any way represent that funds for such financing and refinancing are or will become available.

#### **HEALTH SERVICES COST REVIEW COMMISSION (HSCRC)**

Mr. Savidge introduced William Henderson, Principal Deputy Director of the HSCRC as the first of several speakers that the Authority will engage to discuss the challenging operating environment in the healthcare sector.

Mr. Henderson provided an in-depth presentation on the HSCRC including its background and vision and an overview of Maryland's unique healthcare payment system.

There was lively discussion and questions raised regarding various components of the healthcare reimbursement system. The discussion covered the need for innovation, investing in PILOT programs, finding unique ways to do more with less nurses and the delivery of healthcare services in underserved areas.

## **FINANCIAL ADVISOR'S REPORT**

Mr. Stephen Murphy reported on the current overall economic condition in the United States, highlighting that the various national and economic indicators of recession remain mixed. He provided details on the overall impact these conditions have on interest rates and the municipal bond market. Mr. Murphy reported that benchmark interest rates have come down over the past six months but remain higher both on the short-term and long-term rates compared to a year ago.

Mr. Murphy also provided details on a Bill sponsored by the Ways & Means Committee related to the re-introduction of advance refundings. Mr. Murphy stated that this would be beneficial to the public finance market, including institutions that finance through the Authority. PFM and the Authority will continue to monitor the status of this Bill.

## **EXECUTIVE DIRECTOR'S REPORT**

Mr. Savidge provided updates on the closings of Bullis School and Kennedy Krieger Institute and commented on the favorable financing terms of both transactions. Mr. Savidge stated that SB0646 relating to public charter school funding for facility related expenses did not advance from committee.

Mr. Savidge reported on several outreach activities, including Sheppard Pratt and TidalHealth. Mr. Savidge concluded his remarks by stating that he was asked to provide input at a closed-door HSCRC meeting on the short-term and long-term impact of covenant violations by healthcare providers.

## **EXECUTIVE SESSION**

Upon motion by Mr. Collins, seconded by Mr. Phelps, the Authority voted unanimously to close the meeting pursuant to Section 3-305(b)(6) of the General Provisions Article of the Annotated Code of Maryland for the purpose of discussing the marketing of public securities (Affirmative – Williams, Collins, Perkins, Phelps, and Phipps; Negative – none; Abstain – none).

Subsequently, Mr. Williams resumed the public meeting of the Authority.

## **FREDERICK HEALTH -- APPOINTMENT OF UNDERWRITERS**

Following discussion, the Authority, on motion by Mr. Phelps, seconded by Ms. Perkins, appointed BofA Securities and Truist Securities as the senior and co-managing underwriters, respectively, of the proposed Frederick Health bond issue (Affirmative – Williams, Collins, Perkins, Phelps, and Phipps; Negative – none; Abstain – none).

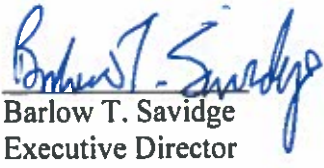


**MONOCACY MONTESSORI COMMUNITIES, INC. -- APPOINTMENT OF UNDERWRITERS**


Following discussion, the Authority, on motion by Mr. Phelps, seconded by Ms. Phipps, appointed Ziegler as underwriter of the proposed Monocacy Montessori Communities, Inc. bond issue (Affirmative – Williams, Collins, Perkins, Phelps, and Phipps; Negative – none; Abstain – none).

With no further business, on motion by Mr. Phelps, seconded by Ms. Phipps, the meeting was adjourned at approximately 11:55 a.m. (Affirmative – Williams, Collins, Perkins, Phelps, and Phipps; Negative – none; Abstain – none)

The next meeting of the Authority is scheduled for June 6, 2023.

  
Barlow T. Savidge  
Executive Director

Approved:

  
Arnold Williams  
Chairman

June 6, 2023

**May 2, 2023 Authority Meeting  
Guests participating remotely**

**Patterson Park Public Charter School**

Jane Lindenfelser, Executive Director  
Kinya Stewart, Senior Director of Finance

**First Tryon Advisors - Patterson Park Public Charter School, Inc. - Financial Advisor**

Chris Wienk, Managing Director  
William Bass, Director

**Frederick Health**

Hannah Jacobs, Senior Vice President & Chief Financial Officer  
James Devlin, Assistant Vice President – Finance

**Kaufman Hall - Frederick Health - Financial Advisor**

Ryan Pyrczak, Senior Associate

**Monocacy Montessori Communities, Inc**

Tara Dunsmore, President  
Elizabeth Landru, Vice President  
Amy Dorman, Principal – Monocacy Valley Montessori Public Charter School

**Ziegler - Underwriter**

William Fossel, Senior Vice President

**Campanile Group, Inc - Montessori Communities, Inc. - Financial Advisor**

John Phan, Founder & Principal

**Health Services Cost Review Commission**

William Henderson, Principal Deputy Director

**Maryland Hospital Association**

Brett McCone, Senior Vice President, Health Care Payment

**Community Outreach Consultant**

Annette Anselmi