

## 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, June 6, 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  
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  
Mamie Johns Perkins, Member  
John Phelps, Member

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 May 2, 2023 regular meeting of the Authority were unanimously approved.

### MONOCACY MONTESSORI COMMUNITIES, INC.

Ms. Tara Dunsmore, President of Monocacy Montessori Communities, Inc. (MMCI), provided a brief update on the organization since the May 2023 Board Meeting. Ms. Dunsmore stated that MMCI was in the process of securing final approvals from the Maryland State Department of Education and Frederick County Public Schools. Ms. Elizabeth Landru, Vice-President of MVM, provided an overview of the project. Ms. Landru stated that MMCI has selected Bruchey Builders, Inc. as its general contractor. Mr. Savidge complimented the MMCI team for their diligent work in being able to adjust its development plans after the initial site was not deemed feasible.

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 \$20,000,000 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. Meier, seconded by Ms. Riggs, adopted the following resolution (Affirmative – Williams, Riggs, Collins, Meier, Phipps and White; Negative – none; Abstain – none):

**MONOCACY MONTESSORI COMMUNITIES, INC.  
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 \$20,000,000 IN ORDER TO LEND THE PROCEEDS THEREOF TO MONOCACY MONTESSORI COMMUNITIES, INC. (THE "INSTITUTION"), FOR THE PURPOSE OF FINANCING AND REFINANCING 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**

At its meeting on May 2, 2023, Maryland Health and Higher Educational Facilities Authority (the "Authority") accepted an application from Monocacy Montessori Communities, Inc., a Maryland non-profit corporation (the "Institution"), for the financing and refinancing of a project (the "Project") 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").

The Project consists of the acquisition, construction, renovation and equipping of a new school for grades Kindergarten through twelfth grade located in Frederick County, Maryland for Monocacy Valley Montessori Public Charter School, which is operated by the Institution.

At the request of the Institution, the Authority has determined to authorize the issuance of revenue bonds under the Act for the purpose of financing and refinancing the Project.

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 an aggregate principal amount not to exceed \$20,000,000. The 2023 Bonds shall be issued pursuant to a bond resolution or other trust agreement (each, a “Resolution”) entered into by the Authorized Member (hereinafter defined) on behalf of the Authority, which shall contain such terms, provisions and conditions as shall be approved by the Authorized Member. The 2023 Bonds may be issued in one or more series. In determining the principal amount of 2023 Bonds issued pursuant to this resolution, each 2023 Bond issued at a discount from the stated amount thereof due at maturity shall be deemed to be issued in a principal amount equal to the gross proceeds realized from the sale of such 2023 Bond. Accordingly, it is expressly contemplated that the face amount of the 2023 Bonds may exceed the maximum aggregate principal amount of 2023 Bonds authorized hereby.

The proceeds of the 2023 Bonds shall be loaned to the Institution pursuant to one or more loan agreements or other agreements (each, a “Loan Agreement”) between the Authority and the Institution, which shall contain such terms, provisions and conditions as shall be approved by the Authorized Member, for the public purpose of financing and refinancing the Project in order to enable the Institution to provide, and to finance and refinance at the least cost to the users thereof, 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.

**SECTION 2.** As permitted by the Act, one or more series of the 2023 Bonds shall be sold at private (negotiated) sale to B.C. Ziegler and Company (the “Underwriter”), 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 principal amount of 2023 Bonds issued at any one time or from time to time;
- (b) the purchase price or prices to be paid to the Authority for 2023 Bonds issued at any one time or from time to time;
- (c) the rate or rates of interest payable on the 2023 Bonds, or the method of determining the same;
- (d) with respect to 2023 Bonds issued at any one time or from time to time that are offered to the public at a premium or discount from their stated principal amount due at maturity, the price or prices at which such 2023 Bonds are offered initially to the public;
- (e) the date or dates of maturity of the 2023 Bonds issued at any one time or from time to time, the payment provisions therefor, the optional and mandatory redemption provisions thereof, including (without limitation) the

mandatory sinking fund installments (if any) for such 2023 Bonds, the designation or designations of the 2023 Bonds and the date of issuance thereof;

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

(g) 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 Resolution, the Loan Agreement and any security agreements, escrow deposit agreements, letters of credit, bond insurance policies or other credit or liquidity facilities supporting the 2023 Bonds, financing agreements and other similar agreements;

(h) provision for the administration of the 2023 Bonds, including (without limitation) the appointment of a trustee under the Resolution 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;

(i) the preparation and distribution, in conjunction with representatives of the Institution and the Underwriter, of a final limited offering memorandum in connection with the sale of one or more series of the 2023 Bonds;

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

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

(l) 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

(m) 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 Resolution, the Loan 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, escrow 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**

Ms. Hannah Jacobs, Senior Vice President & Chief Financial Officer of Frederick Health, provided an update of the project and operations. Ms. Jacobs stated that the Hospital's renovation and construction of its Critical Care Pavilion Project, that began in 2020, is expected to be completed in January 2024. Ms. Jacobs highlighted that Fredrick Health's current ratings of "Baa1" and "A-" from Moody's and Fitch, respectively, were reaffirmed with Stable outlooks. Ms. Jacobs stated that Truist had amended its Debt Service Coverage Ratio covenant from 1.25 to 1.10, for fiscal years 2023 and 2024 to align with the Master Loan Agreement. Ms. Jacobs concluded her remarks by stating that Frederick Health's April 2023 financial results exceeded forecasted results.

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 \$80,000,000 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 Ms. Riggs, seconded by Mr. Collins, adopted the following resolution (Affirmative – Williams, Riggs, Collins, Meier, Phipps and White; Negative – none; Abstain – none):

**FREDERICK HEALTH  
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 \$80,000,000 IN ORDER TO LEND THE PROCEEDS THEREOF TO FREDERICK HEALTH HOSPITAL, INC. (THE "INSTITUTION") AND CERTAIN OF ITS AFFILIATES, FOR THE PURPOSE OF FINANCING AND REFINANCING CERTAIN CAPITAL PROJECTS FOR THE INSTITUTION AND CERTAIN OF ITS AFFILIATES AND REFUNDING ALL OR A PORTION OF THE AUTHORITY'S REVENUE BONDS, FREDERICK MEMORIAL HOSPITAL ISSUE (2017B) AND TO REFINANCE THE OBLIGATED GROUP'S 2013 LINE OF CREDIT (AS DEFINED HEREIN); 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**

At its meeting on May 2, 2023, Maryland Health and Higher Educational Facilities Authority (the "Authority") accepted an application from Frederick Health Hospital, Inc., a nonprofit corporation formed under the laws of the State of Maryland (the "Institution"), for (i) the refunding of all or a portion of the Authority's Revenue Bond, Frederick Memorial Hospital Issue (2017B) (the "Refunded Bond") and the refinancing of a portion of the amount outstanding under the Line of Credit Agreement dated September 4, 2013 among the Institution and certain of its affiliates and Truist Bank, as amended and supplemented (as so amended and supplemented, the "2013 Line of Credit") and (ii) the financing and refinancing by the Authority of the cost of the 2023 Project (defined herein) pursuant to the Maryland Health and Higher Educational Facilities Authority Act, Sections 13-301 through 10-356, inclusive, of the Economic Development Article of the Annotated Code of Maryland (the "Act").

The 2023 Project consists of (i) construction of the Critical Care Pavilion; (ii) installation of an upgraded chiller system; (iii) design and renovation of certain operating rooms at the hospital; (iv) acquisition of general medical equipment; and (v) general information technology expenditures, including software and related equipment.

The Authority has determined to authorize the issuance of such 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 an aggregate principal amount not to exceed \$80,000,000. The 2023 Bonds

shall be issued pursuant to the Amended and Restated Frederick Memorial Hospital Bond Resolution adopted by the Authority dated as of December 1, 2012, as amended and supplemented (as so amended and supplemented, the "Resolution"), which shall contain such terms, provisions and conditions as shall be approved by the Authorized Member (hereinafter defined). The 2023 Bonds may be issued in one or more series. In determining the principal amount of 2023 Bonds issued pursuant to this resolution, each 2023 Bond issued at a discount from the stated amount thereof due at maturity shall be deemed to be issued in a principal amount equal to the gross proceeds realized from the sale of such 2023 Bond. Accordingly, it is expressly contemplated that the face amount of the 2023 Bonds may exceed the maximum aggregate principal amount of 2023 Bonds authorized hereby.

The proceeds of the 2023 Bonds shall be loaned to the Institution pursuant to the Amended and Restated Master Loan Agreement dated as of December 1, 2012 between the Authority and the Obligated Group Members named therein, as amended and supplemented (as so amended and supplemented, the "Master Loan Agreement"), which shall contain such terms, provisions and conditions as shall be approved by the Authorized Member, for the public purpose of financing and refinancing the 2023 Project and the facilities financed and refinanced with proceeds of the Refunded Bond and the 2013 Line of Credit (collectively, the "Project") in order to enable the Institution to provide, and to finance and refinance at the least cost to the users thereof, 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.

SECTION 2. As permitted by the Act, one or more series of the 2023 Bonds shall be sold at a private (negotiated) sale to BofA Securities, Inc. and Truist Securities, Inc. (collectively, the "Underwriters") pursuant to a bond purchase agreement, 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 principal amount of 2023 Bonds issued at any one time or from time to time;
- (b) the purchase price or prices to be paid to the Authority by the Underwriters for 2023 Bonds issued at any one time or from time to time;
- (c) the rate or rates of interest payable on the 2023 Bonds, or the method of determining the same;
- (d) with respect to 2023 Bonds issued at any one time or from time to time that are offered to the public at a premium or discount from their stated principal amount due at maturity, the price or prices at which such 2023 Bonds are offered initially to the public;

(e) the date or dates of maturity of the 2023 Bonds issued at any one time or from time to time, the payment provisions therefor, the optional and mandatory redemption provisions thereof, including (without limitation) the mandatory sinking fund installments (if any) for such 2023 Bonds, the designation or designations of the 2023 Bonds and the date of issuance thereof;

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

(g) 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, the financing and refinancing of the Project, including (without limitation) the Resolution, the Master Loan Agreement and any security agreements, letters of credit, bond insurance policies or other credit or liquidity facilities supporting the 2023 Bonds, financing agreements and other similar agreements;

(h) provision for the administration of the 2023 Bonds, including (without limitation) the appointment of a trustee under the Resolution 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;

(i) the preparation and distribution, in conjunction with representatives of the Institution and the Underwriters, of a preliminary official statement and a final official statement in connection with the sale of the 2023 Bonds;

(j) 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;

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

(l) the creation of security for the 2023 Bonds, which may include (without limitation) provisions for securing the 2023 Bonds or 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



(m) 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 Resolution, the Master Loan 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.

### **CALVERT HEALTH SYSTEM**

In February 2021, a taxable note was issued to CN Financing, Inc. to advance refund the Authority's Revenue Bonds Calvert Health System Issue, Series 2013. This transaction was structured as a taxable note/tax-exempt bond ("Cinderella Structure") to lock in the refunding debt service savings. This current transaction will refund the taxable note, on or after July 3, 2023, with a tax-exempt bond with a fixed rate of 2.2% and will generate annual debt service savings for CalvertHealth Medical Center.

Mr. Jeremy Bradford, President and CEO of Calvert Health System, introduced himself and provided a brief background of his work experience. Mr. Bradford became the President and CEO of Calvert Health System on March 1, 2023. Ms. Carolyn Heithaus, Vice President of Finance and CFO of Calvert Health System, provided an overview of operations. Ms. Heithaus stated that the main challenges facing Calvert Health System in fiscal year 2023 have been inflationary wage pressures and the recruitment and retention of staff. To overcome this challenge, management has developed partnerships with local schools and colleges to create recruitment programs and has increased certain wages to try and retain staff. Ms. Heithaus responded to questions regarding recent operating losses stating that Calvert Health System has experienced an increase in expenses due to contract labor, the costs of medicines and supplies and the recruitment and transition of a new President and CEO.

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 \$33,456,000 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 Ms. Riggs, seconded by Ms. Phipps, adopted the following resolution (Affirmative – Williams, Riggs, Collins, Meier, Phipps and White; Negative – none; Abstain – none):

### **CALVERT HEALTH SYSTEM 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 \$33,456,000 IN ORDER TO LEND THE PROCEEDS THEREOF TO CALVERT HEALTH MEDICAL CENTER, INC. (THE "INSTITUTION") FOR THE PURPOSE OF REFINANCING A TAXABLE PROMISSORY NOTE PREVIOUSLY ISSUED BY THE INSTITUTION TO REFUND A PORTION OF THE AUTHORITY'S REVENUE BONDS, CALVERT HEALTH SYSTEM ISSUE, SERIES 2013; 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 Calvert Health System, Inc. a non-stock, nonprofit Maryland corporation (the "Health System"), for the refinancing of a taxable promissory note (the "Taxable Note") heretofore issued by Calvert Health Medical Center, Inc. (the "Institution" and together with the Health System, the "Obligated Group Members"), the proceeds of which were applied to refund a portion of the Authority's Revenue Bonds, Calvert Health System Issue, Series 2013 ("Series 2013 Bonds"), pursuant to the Maryland Health and Higher Educational Facilities Authority Act, Sections 10-301 through 10-356 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 the purpose of refinancing the Taxable Note.

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 bond (the "2023 Bond") in an aggregate principal amount not to exceed \$33,456,000. The 2023 Bond shall be issued and the proceeds thereof loaned to the Institution pursuant to a Financing Agreement dated as of April 1, 2021 (the "Financing Agreement") among the Authority, the Obligated Group Members, CN Financing, Inc. (the "Purchaser") and U.S. Bank Trust Company, National Association, as trustee, for the public purpose of refinancing the Taxable Note 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 proceeds of the Series 2013 Bonds (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.

SECTION 2. As permitted by the Act, one or more series of the 2023 Bond 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 Bond, including (without limitation):

- (a) the principal amount of the 2023 Bond;
- (b) the purchase price to be paid to the Authority for the 2023 Bond issued at any one time or from time to time;
- (c) the rate or rates of interest payable on the 2023 Bond, or the method of determining the same;
- (d) the date or dates of maturity of the 2023 Bond, the payment provisions therefor, the optional and mandatory redemption provisions thereof, including (without limitation) the mandatory sinking fund installments (if any) for the 2023 Bond, the designation or designations of the 2023 Bond, the conditions precedent to the issuance of the 2023 Bond and the date of issuance thereof;
- (e) the form, tenor, terms and conditions of the 2023 Bond, and provisions for the registration and transfer of the 2023 Bond;
- (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 Bond issued at any one time or from time to time, the loan of the proceeds of such 2023 Bond to the Institution, and the refinancing of the Taxable Note, including (without limitation) any supplements to the Financing Agreement and any security agreements, letters of credit, bond insurance policies or other credit or

liquidity facilities supporting the 2023 Bond, financing agreements and other similar agreements;

(g) provision for the administration of the 2023 Bond, including (without limitation) the appointment of 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 Bond;

(i) the creation of security for the 2023 Bond, which may include (without limitation) provisions for securing any indebtedness or other obligations incurred in connection with the issuance of the 2023 Bond, including (without limitation) any interest rate swap agreement, on parity with any 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

(j) such other matters in connection with the authorization, issuance, execution, sale, delivery and payment of the 2023 Bond and the security for the 2023 Bond 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 Bond 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.

## **MARYLAND HOSPITAL ASSOCIATION**

Mr. Savidge introduced Brett McCone, Senior Vice President of the Maryland Hospital Association as the second of several speakers that the Authority will engage to discuss the challenging operating environment in the healthcare sector.

Mr. McCone provided an in-depth presentation on Maryland's unique reimbursement system including its background, evolution and vision for the future. He also provided an overview of the 2022 performance of Maryland's unique healthcare payment system and described some of the Model's limitations and cost pressures.

There was lively discussion and questions raised regarding the 2022 Model performance and accessibility measures, especially in urban communities. The discussion covered the need for innovation and measures for effectiveness, especially in underserved communities.

## **APPROVAL OF FEE WAIVER FOR FY 2024 AND REVIEW OF FY 2024 OPERATING AND CAPITAL BUDGETS**

Ms. Gorman-Lepson reported that the Authority is seeking approval of a 70% annual administrative fee waiver of the maximum allowable 10 basis point administrative fee. This results in an administrative fee of 3 basis points (bps) (0.03%) per annum, which has been the annual administrative fee that the Authority has maintained since 2007.

Ms. Gorman-Lepson reported that the FY 2024 Operating Budget was reviewed in detail and approved at the Audit Committee meeting held on May 2, 2023. Ms. Gorman-Lepson provided an overview of the major revenue and expense line items, including administrative fees, salaries and benefits, and professional fees. She commented that the professional fees expense category is mainly comprised of legal, audit and financial advisory expenses and it typically is less predictive than other expenses categories due to the nature of these types of expenses. Ms. Gorman-Lepson also provided additional information relating to insurance expenses and the Authority's investment policy in response to questions raised at the May Audit Committee Meeting.

Following discussion, the Authority, on motion by Mr. Meier, seconded by Ms. Riggs, approved the administrative fee waiver for FY 2024. (Affirmative – Williams, Riggs, Collins, Meier, Phipps and White; Negative – none; Abstain – none)

## **INVESTMENT POLICY – ANNUAL APPROVAL**

Mr. Savidge presented the Authority's FY 2024 Investment Policy for review and approval. He stated that there are no changes to the Investment Policy proposed for FY 2024. He added that an additional risk was added to address bank deposit balances in excess of FDIC insured limits. This risk is mitigated as the Authority's deposits are collateralized over the FDIC insured limit. He described the investment objectives as the preservation of capital and liquidity while trying to obtain the highest yield possible within these policy constraints. Mr. Savidge described this

investment policy as conservative and prudent. The Authority maintains a buy and hold strategy and uses a laddered approach. The average maturity of the portfolio as of March 31, 2023 was 571 days.

Following discussion, the Authority, on motion by Ms. Riggs, seconded by Mr. Collins, approved the Investment Policy. (Affirmative – Williams, Riggs, Collins, Meier, Phipps and White; Negative – none; Abstain – none)

### **EMPLOYEE HANDBOOK – ANNUAL ACKNOWLEDGEMENT**

Mr. Savidge presented to the Members the Authority's Employee Handbook for acknowledgement. He stated that all employees annually acknowledge the Employee Handbook, as well as the policy on IT usage. Minor edits have been made to the Handbook since the last annual review by the Authority.

The Members acknowledged receipt of the Employee Handbook by unanimous vote.

### **FINANCIAL ADVISOR'S REPORT**

Mr. Brian Carter reported on the current overall economic condition in the United States, highlighting that the various national and economic indicators of recession remain mixed. He stated that some improvements could be seen in the CPI and PPI indicators but that the unemployment rate continues to be historically low. Mr. Stephen Murphy provided details on the overall impact these conditions have on interest rates and the municipal bond market. He highlighted the increase in credit spreads in the healthcare sector.

Mr. Carter concluded his remarks by providing an overview of the themes covered at the Citi Healthcare Conference that he attended in May. These themes included the post-COVID-19 operating environment, health equity and access, and artificial intelligence in the healthcare sector.


### **EXECUTIVE DIRECTOR'S REPORT**

Mr. Savidge provided an update on operations at the Authority highlighting the purchase and installation of 5 new HP desktops and the planned server upgrade that will take place in September.


Mr. Savidge reported on several outreach activities, including Rochambeau and TidalHealth. Mr. Savidge concluded his remarks by stating that he and Brian Carter (PFM) met with representatives of T. Rowe Price to review market conditions, disclosure practice and the role of MHHEFA in the issuance and post issuance process.

With no further business, on motion by Mr. Meier, seconded by Ms. Riggs, the meeting was adjourned at approximately 11:45 a.m. (Affirmative – Williams, Riggs, Collins, Meier and Phipps; Negative – none; Abstain – none)

The next meeting of the Authority is scheduled for August 1, 2023.

  
Barlow T. Savidge  
Executive Director

Approved:

  
Arnold Williams  
Chairman

August 1, 2023

**Authority Meeting  
June 6, 2023  
Guest List**

**Monocacy Montessori Communities, Inc**

Tara Dunsmore, President  
Elizabeth Landru, Vice President

**Ziegler - Underwriter**

William Fossel, Senior Vice President

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

John Phan, Founder & Principal

**Frederick Health**

Hannah Jacobs, Senior Vice President & Chief Financial Officer

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

Marek Kowaleswski, Managing Director  
Ryan Pyczak, Senior Associate

**Calvert Health System**

Jeremy Bradford, President & CEO  
Carolyn Heithaus, Vice President of Finance and CFO

**First Tryon Advisors – Calvert Health System - Financial Advisor**

William Bass, Director

**Maryland Hospital Association**

Brett McCone, Senior Vice President, Health Care Payment  
Laura Russell, Director, Health Care Payment

**Community Outreach Consultant**

Annette Anselmi