

## **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, December 5, 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  
                              Dr. Bisma Beg, Member  
                              Frederick W. Meier, Jr., Member  
                              Mamie Johns Perkins, Member  
                              Bonnie Phipps, Member  
                              Arthur S. Varnado, Member  
                              W. Daniel White, Member  
                              Bart Savidge, Executive Director  
                              Lynn Gorman-Lepson, Chief Financial Officer  
                              David Gregory, Bond Counsel  
                              William Taylor IV, Bond Counsel  
                              Brian Carter, Financial Advisor  
                              Stephen Murphy, Financial Advisor

Absent:                   Jonathan Martin, Chief Deputy Treasurer, Designee of Treasurer  
                              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 September 12, 2023 regular meeting of the Authority were unanimously approved.

### **CITY NEIGHBORS CHARTER SCHOOLS**

Mr. Michael Chalupa, Executive Director of City Neighbors Charter Schools, provided a brief history of the school. Mr. Chalupa stated that the founding school, City Neighbors Charter School, opened in the fall of 2005 and served 120 students in grades K-5. Today City Neighbors Charter Schools supports three separate Maryland Public Charter Schools that serve more than 800 Baltimore City students from grades K through High School.

Mr. Jabari Bush, Principal of City Neighbors Hamilton Charter School, provided an overview of the Schools accomplishments and achievements. Mr. Bush highlighted the fact that

City Neighbors Hamilton and City Neighbors High School consistently surpass the school district in standardized reading and math scores. Over the last three years, the High School has had an average of 80% of its students attending college, participating in apprenticeship/career training or joining the military. All three of the Charter Schools have a 90% retention rate for their teachers.

Mr. Chalupa provided a brief overview of operations. Mr. Chalupa reported that two of the Charter Schools are up for renewal in 2024. The High School is up for an 8-year renewal and City Neighbors Hamilton is up for a 5-year renewal, Mr. Chalupa spoke about the implementation of the Blueprint for Maryland. Mr Chalupa shared that the three Schools should receive an increase in funding.

Mr. Bill Bass, Financial Advisor to City Schools, provided a brief overview of the plan of finance. Mr. Bass reported that City Neighbors conducted a competitive RFP process with over 30 banks and selected First-Citizens Bank & Trust Company as its lender based on its favorable rates and acceptable financial covenants. The plan of finance will consist of a tax-exempt bond purchased by First-Citizens Bank & Trust Company at a fixed rate not to exceed 5.15% for a term of 20 years. The proceeds will be used to refinance its Authority's Revenue Bonds, City Neighbors Schools Issue, Series 2013A. The plan of finance will result in at least annual debt service savings of \$127,000 which equates to \$2.1 million of savings over the 20-year term.

A question was raised relating to how the Blueprint for Maryland's program will be rolled out over the next several years. Mr. Chalupa responded that the implementation of this program is unclear at this time and there are some concerns that the costs of implementing the mandates required for this program may outweigh the additional funding that will be received. A second question was raised about the definition of a non-criteria school. A non-criteria school means that there is no minimum grade point average needed for acceptance. A student only needs to complete an application through the lottery system for admittance. There was also a typo identified on page 9 of the presentation under the FY 2023 enrollment data. It was determined that this was a carryforward from the chart above, but the total enrollment figure was accurate.

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 \$9,500,000 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 Mr. White, adopted the following resolution (Affirmative – Williams, Beg, Meier, Perkins, Phipps, Varnado and White; Negative – none; Abstain – none):

### **CITY NEIGHBORS SCHOOLS 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 \$9,500,000 IN ORDER TO

LEND THE PROCEEDS THEREOF TO CITY NEIGHBORS HAMILTON, INC. AND CITY NEIGHBORS HIGH SCHOOL, INC. (THE "OBLIGATED GROUP") FOR THE PURPOSE OF REFUNDING THE AUTHORITY'S REVENUE BONDS, CITY NEIGHBORS SCHOOLS ISSUE, SERIES 2013A PREVIOUSLY ISSUED BY THE AUTHORITY ON BEHALF OF THE OBLIGATED GROUP TO FINANCE AND REFINANCE CERTAIN CAPITAL PROJECTS OF THE OBLIGATED GROUP; 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 City Neighbors Hamilton, Inc. and City Neighbors High School, Inc., each a nonprofit corporation formed under the laws of the State of Maryland (collectively, the "Obligated Group"), for the refunding of all or a portion of the Authority's Revenue Bonds, City Neighbors Schools Issue, Series 2013A (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 Obligated Group, 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 bond (the "2023 Bond") in a principal amount not to exceed \$9,500,000. The 2023 Bond shall be issued and the proceeds thereof loaned to the Obligated Group pursuant to a financing agreement (the "Financing Agreement") among the Authority, the Obligated Group, First-Citizens Bank & Trust Company 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 Bond shall be loaned to the Obligated Group pursuant the Financing Agreement for the public purpose of refunding the Refunded Bond in order to enable the Obligated Group 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 (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 Bond may be issued in one or more series.

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 maximum principal amount of 2023 Bond;
- (b) the purchase price or prices to be paid to the Authority for the 2023 Bond;
- (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 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 Obligated Group, 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 Bond and other similar agreements;
- (g) provision for the administration of the 2023 Bond, 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 Bond;
- (i) 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;
- (j) 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 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 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.

## **BOARD RESOLUTION**

Mr. Savidge read a resolution to the Members recognizing and thanking Ms. Sheila Riggs for her 39 years of distinguished service to the MHHEFA Board. Mr. Arnold Williams also commented on his appreciation and gratitude to Ms. Riggs for her years of service to the Authority.

Mr. Savidge asked the Members to adopt this resolution in sincere gratitude and appreciation for Ms. Riggs' service.

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

Whereas, Sheila K. Riggs has served as a Member of the Maryland Health and Higher Educational Facilities Authority from December 17, 1984 to June 30, 2023, as Chairman of the

Authority from July 1, 1996 to June 30, 2016, and as Vice Chairman of the Authority from December 6, 1988 to June 30, 1996, and July 1, 2016 to June 30, 2023 and

Whereas, she gave unselfishly of her time and effort to the Authority and remained devoted to its statutory purpose during her many years of service, and

Whereas, throughout her tenure as a Member of the Authority, as Chairman and as Vice-Chairman, innumerable fundamental decisions were made as to the evolving policies of the Authority and the implementation of these policies was both time consuming and demanding, and

Whereas, she exemplified an outstanding sense of balance in dealing with the interests of participants in the Authority's activities while manifesting a strong sense of purpose and conscientiousness, thus assisting the Authority to meet its obligations to the citizens of the State of Maryland for almost 39 years, and

Now, therefore, be it resolved that the Maryland Health and Higher Educational Facilities Authority hereby recognizes the dedicated and faithful service of its former Member, Chairman and Vice-Chairman, Sheila K. Riggs, and records its sincere appreciation and gratitude for her performance. A copy of this resolution shall be entered in the minutes of the Authority, and that a printed form of this resolution, listing all Members of the Authority and signed by the Chairman, Arnold Williams, shall be presented to Sheila K. Riggs.

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

Mr. Brian Carter reported on the current overall economic condition in the United States, stating that national and economic indicators of a recession remain mixed. The unemployment rate remains low at 3.9% and the market currently expects Fed Funds to approach a peak of nearly 5.3% by January of 2024. Mr. Brian Murphy highlighted that indicators relating to pricing and inflation are decreasing, the unemployment rate is slowly creeping up and indicators in the housing market are beginning to stabilize. He provided details on the overall impact these conditions have on interest rates and the municipal bond market.

Mr. Carter provided an overview of the Financial Data Transparency Act that was passed into law on December 23, 2022 as part of the National Defense Authorization Act of 2023. When implemented, the Act will change the way issuers and obligors of municipal securities report disclosure information on the EMMA website. A goal is to make the submitted disclosure materials "machine readable" for investors. Mr. Carter highlighted that some challenges inherent with these new standards including the increased costs and the levels of sophistication with data reporting for smaller entities. He added that investors are in favor of these new requirements while the borrowers remain unsure about the overall implications.


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

Mr. Savidge provided updates on transactions that had closed. He highlighted that the Patterson Park Public Charter School transaction took longer to close than expected due to a loan


to value issue. The working group was able to work with Building Hope to provide a taxable subordinated loan of \$3.6 million to resolve this issue. Mr. Savidge also highlighted that three new banks have been used in the recent bank direct placement transactions as a result of competitive solicitations conducted by borrowers. This resulted in favorable terms for the borrowers. Mr. Savidge provided an update on the waiver that was executed for Atlantic General Hospital for its FY 2023 debt service coverage violation. Mr. Savidge reported that Atlantic General is expected to receive a full rate application adjustment to its regulated rates in FY 2024 which will increase its revenues by \$2.1 million. Mr. Savidge also reported on recent outreach activities including meetings with Edenwald and Phoenix International School of the Arts.

With no further business, on motion by Mr. Meier, seconded by Mr. White, the meeting was adjourned at approximately 11:05 a.m. (Affirmative – Williams, Beg, Meier, Perkins, Phipps, Varnado and White; Negative – none; Abstain – none).

The next meeting of the Authority is scheduled for February 6, 2024.

  
Barlow T. Savidge  
Executive Director

Approved:

  
Arnold Williams  
Chairman

February 6, 2024

**Authority Meeting  
December 5, 2023  
Guest List**

**City Neighbors**

Mike Chalupa, Executive Director  
Jabari Bush, Principal

**City Neighbors' Bank**

Demetrie Spinney - First Citizens Bank

**First Tryon Advisors - Financial Advisor to City Neighbors**

William Bass, Director

**Community Outreach Consultant**

Annette Anselmi