

## 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, September 11, 2018 on the 21st floor of the World Trade Center, 401 East Pratt Street, Baltimore, Maryland, with Mr. Arnold Williams, Chairman, presiding.

Present: Arnold Williams, Chairman  
James P. Daly, Jr., Member  
Frederick W. Meier, Jr., Member  
Bonnie Phipps, Member  
Sheila Riggs, Member  
Bernadette Benik, Chief Deputy Treasurer, Designee  
of Treasurer

Annette Anselmi, Executive Director  
John Bennett, Chief Financial Officer  
Elizabeth A. McKennon, Bond Counsel  
William Taylor IV, Bond Counsel  
David W. Gregory, Bond Counsel  
Alford Evans, Financial Advisor

Absent: Catherine Ashley-Coteleur, Member  
Richard Lerner, Member  
W. Daniel White, Member

Special Guests: See attached

### APPROVAL OF MINUTES

The minutes of the August 7, 2018 regular meeting of the Authority were approved.

### BROADMEAD, INC.

Mr. John Palkovitz, Chief Financial Officer of Broadmead, Inc., and Amy Castleberry, Senior Vice President of B.C. Ziegler, provided an update on the status of the project, the credit rating, the Preliminary Official Statement, the proposed bond pricing schedule and other matters relating to the refinancing of the Authority's Revenue Bond, Broadmead Issue (2010) and the financing of the expansion and renovation of Broadmead's existing facilities.

Ms. Anselmi 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 \$84,100,000 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. Benik, seconded by Ms. Riggs, adopted the following resolution (Affirmative – Williams, Daly, Meier, Phipps, Riggs and Benik; Negative – none; Abstain – none):

**BROADMEAD  
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 \$84,100,000 IN ORDER TO LEND THE PROCEEDS THEREOF TO BROADMEAD, INC. (THE “INSTITUTION”) FOR THE PURPOSE OF FINANCING AND REFINANCING CERTAIN CAPITAL PROJECTS FOR THE INSTITUTION AND REFUNDING ALL OR A PORTION OF A REVENUE BOND PREVIOUSLY ISSUED ON BEHALF 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”) accepted at its meeting on August 7, 2018 an application from Broadmead, Inc., a not-for-profit, nonstock corporation formed under the laws of the State of Maryland (the “Institution”), for the financing and refinancing by the Authority of a portion of the cost of a project (the “Project”), 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”).

The Project consists of the (a) financing and refinancing of a portion of the costs of the construction, renovation and equipping of 52 new independent living units; the expansion and renovation of the Institution’s assisting living and skilled nursing facilities, including (without limitation) the addition of a third floor skilled nursing wing; upgrades and renovations to current common areas and a parking expansion; the expansion and renovation of certain dining venues and of the health and wellness center; the expansion and replacement of a swimming pool and renovations to the aquatics center and other related improvements and routine capital expenditures; and (b) refunding of all of or a portion of the Authority’s Revenue Bond, Broadmead Issue (2010).

At the request of the Institution, the Authority has determined to issue 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 "Series 2018 Bonds") in an aggregate principal amount not to exceed \$84,100,000. The Series 2018 Bonds shall be issued pursuant a bond resolution (the "Resolution") entered into by an 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 Series 2018 Bonds may be issued in one or more series. In determining the principal amount of Series 2018 Bonds issued pursuant to this resolution, each Series 2018 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 Series 2018 Bond. Accordingly, it is expressly contemplated that the face amount of the Series 2018 Bonds may exceed the maximum aggregate principal amount of Series 2018 Bonds authorized hereby.

The proceeds of the Series 2018 Bonds shall be loaned to the Institution pursuant to a Master Loan Agreement (the "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 Series 2018 Bonds shall be sold at private (negotiated) sale to B.C. Zeigler and Company and M&T Securities, Inc. (together, the "Underwriters"), 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 Series 2018 Bonds, including (without limitation):

(a) the principal amount of Series 2018 Bonds issued at any one time or from time to time;

(b) the purchase price or prices to be paid to the Authority for Series 2018 Bonds issued at any one time or from time to time;

(c) the rate or rates of interest payable on the Series 2018 Bonds, or the method of determining the same;

(d) with respect to Series 2018 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 Series 2018 Bonds are offered initially to the public;

(e) the date or dates of maturity of the Series 2018 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 Series 2018 Bonds, the designation or designations of the Series 2018 Bonds and the date of issuance thereof;

(f) the form, tenor, terms and conditions of the Series 2018 Bonds, and provisions for the registration and transfer of the Series 2018 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 Series 2018 Bonds issued at any one time or from time to time, the loan of the proceeds of such Series 2018 Bonds to the Institution, and the financing and refinancing of the Project, including (without limitation) the Resolution, the Loan Agreement and any security agreements, letters of credit, bond insurance policies or other credit or liquidity facilities supporting such Series 2018 Bonds, financing agreements and other similar agreements;

(h) provision for the administration of the Series 2018 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 Series 2018 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 Series 2018 Bonds;

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

(l) the creation of security for the Series 2018 Bonds, which may include (without limitation) provisions for securing any indebtedness or other obligations incurred in connection with the issuance of the Series 2018 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 Series 2018 Bonds and the security for the Series 2018 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 Series 2018 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, 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.

### **SANDY SPRING FRIENDS SCHOOL**

Mr. Carylton Ganong, Chief Financial Officer of Sandy Spring Friends School, provided an update on the plan to refinance its outstanding Montgomery County, Maryland Series 2012 Bonds and to finance the construction of a new Upper School and pay costs of issuance related to the financing.

Ms. Anselmi 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 \$29,000,000 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. Daly, adopted the following resolution (Affirmative – Williams, Daly, Meier, Phipps, Riggs and Benik; Negative – none; Abstain – none):

### **SANDY SPRING FRIENDS 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 A PRINCIPAL AMOUNT NOT EXCEEDING \$29,000,000 IN ORDER TO LEND THE PROCEEDS THEREOF TO SANDY SPRING FRIENDS SCHOOL, INC. (THE “INSTITUTION”) FOR THE PURPOSE OF REFUNDING OUTSTANDING BONDS AND 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

Maryland Health and Higher Educational Facilities Authority (the “Authority”) has received an application from Sandy Spring Friends School, Inc., a nonprofit corporation formed under the laws of the State of Maryland (the “Institution”), for the refunding of the Montgomery County, Maryland, Variable Rate Revenue Bonds (Sandy Spring Friends School Facility), Series 2012 (the “Refunded Bonds”) and the financing and refinancing of the costs of construction and equipping of a new, three-story, approximately 42,000 square foot Upper School and the payment of routine capital expenditures (the “2018 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, as amended (the “Act”).

At the request of the Institution, the Authority has determined to authorize the issuance of revenue bonds under the Act for the purpose of refunding the Refunded Bonds and financing and refinancing the 2018 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 “2018 Bonds”) in a principal amount not to exceed \$29,000,000. The 2018 Bonds shall be issued pursuant to a financing agreement (the “Financing Agreement”) among the Authority, the Institution, Access National Bank (the “Lender”) and Manufacturers and Traders Trust Company, as trustee, which shall contain such terms, provisions and conditions as shall be approved by the Authorized Member (as herein defined).

The proceeds of the 2018 Bonds shall be loaned to the Institution pursuant to the Financing Agreement for the public purpose of refunding the Refunded Bonds and financing and refinancing the 2018 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 Bonds and the 2018 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.

SECTION 2. As permitted by the Act, the 2018 Bonds shall be sold at private (negotiated) sale to the Lender, at a price 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 2018 Bonds, including (without limitation):

(a) the principal amount of the 2018 Bonds issued at any one time or from time to time;

(b) the purchase price to be paid to the Authority for the 2018 Bonds;

(c) the rate or rates of interest payable on the 2018 Bonds, or the method of determining the same;

(d) the date of maturity of the 2018 Bonds, the payment provisions therefor, the optional and mandatory redemption provisions thereof, including (without limitation) the mandatory sinking fund installments (if any) for the 2018 Bonds, the designation or designations of the 2018 Bonds and the date of issuance thereof;

(e) the form, tenor, terms and conditions of the 2018 Bonds, and provisions for the registration and transfer of the 2018 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 2018 Bonds, the loan of the proceeds of the 2018 Bonds to the Institution, the refunding of the Refunded Bonds and the financing and refinancing of the 2018 Project, including (without limitation) the Financing Agreement and any escrow agreements, letters of credit, bond insurance policies or other credit or liquidity facilities supporting the 2018 Bonds, loan agreements, security agreements, deeds of trust, assignments of leases and rents, indemnification agreements and other similar agreements;

(g) provision for the administration of the 2018 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) procedures for the approval of change orders and substitutions for the construction, renovations, equipment and other improvements included within the 2018 Project by an authorized officer on behalf of the Authority;

(i) the creation of security for the 2018 Bonds, which may include (without limitation) provisions for securing the 2018 Bonds or any indebtedness or other obligations incurred in connection with the issuance of the 2018 Bonds, including (without limitation) any interest rate swap agreement, on parity with outstanding revenue bonds 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 such resolution or trust agreement (or supplement thereto) 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 2018 Bonds and the security for the 2018 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 each hereby authorized from time to time after the issuance of the 2018 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.

#### **OPEN MEETINGS ACT – MHHEFA PROCEDURES**

Ms. McKennon first stated that the Authority has always been cognizant of the requirements of the Open Meetings Act (“the Act”) and has conducted its proceedings in accordance with the Act. Ms. McKennon then reviewed the highlights of MHHEFA’s Open Meetings Act Procedures.

#### **UPDATE ON FINANCIAL ADVISORY SERVICES CONTRACTS**

Mr. Meier summarized the provisions of the negotiated contracts with PFMFA for Primary Financial Advisory Services and Wye River for Transaction Specific Financial Advisory services.



**FINANCIAL ADVISOR'S REPORT**

Mr. Evans highlighted trends in the domestic and global economies. Relating to the Federal Reserve Bank's possible replacement for LIBOR, Mr. Evans reported on a recent transaction based on an alternative index to LIBOR – the Secured Overnight Financing Rate (SOFR). Mr. Evans also reported on current taxable and tax-exempt yields.

**EXECUTIVE DIRECTOR'S REPORT**

Ms. Anselmi provided an update on transactions recently closed, ongoing Internal Revenue Service audits of MHHEFA bond issues, and outreach activities.

**OTHER MATTERS**

Ms. Anselmi advised the Authority that Stone Ridge School has advised that it expects to apply to the Authority for a proposed bond issue and may refund its outstanding 2005 issue or request the amendment of the interest rate provisions of such issue following the recent change in the maximum federal corporate income tax rate, which may result in the reissuance of the 2005 bonds for tax purposes. She went on to state that in all likelihood, the so-called "TEFRA Notice" with respect to the proposed issue and the 2005 issue may be published prior to the next meeting of the Authority.

Ms. Phipps reported on work completed so far by the Succession Planning Committee.

With no further business the meeting was adjourned at approximately 10:40 a.m.

The next meeting of the Authority is scheduled for October 2, 2018.



Annette Anselmi  
Executive Director

Approved:



Chairman

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October 2, 2018

SPECIAL GUESTS

Broadmead, Inc.

John J. Palkovitz, Treasurer & Chief Financial Officer

B.C. Ziegler

Amy Castleberry, Senior Vice President & Senior Living Credit Specialist

Sandy Spring Friends School

Carylton Ganong, Chief Financial Officer