

**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, October 2, 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
Sheila Riggs, Vice-Chairman
Catherine Ashley-Cotleur, Member
James P. Daly, Jr., Member
Richard Lerner, Member
Frederick W. Meier, Jr., 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
Errol Brick, Financial Advisor

Absent: Bonnie Phipps, Member
W. Daniel White, Member

Special Guests: See attached

APPROVAL OF MINUTES

The minutes of the September 11, 2018 regular meeting of the Authority were approved.

STELLA MARIS, INC.

Justin Deibel, Senior Vice President and Chief Financial Officer of Mercy Health Services, provided an update on the proposed project and plan of finance to refinance Authority's Revenue Bonds, Stella Maris Issue, Series 1997.

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 \$25,000,000 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, Ashley-Cotleur, Daly, Lerner, Meier and Benik; Negative – none; Abstain – none):

**STELLA MARIS
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 \$25,000,000 IN ORDER TO LEND THE PROCEEDS THEREOF TO STELL MARIS, INC. (THE “INSTITUTION”) FOR THE PURPOSE OF FINANCING AND REFINANCING CERTAIN CAPITAL PROJECTS FOR THE INSTITUTION AND REFUNDING ALL OR A PORTION OF THE AUTHORITY’S REVENUE BONDS, STELLA MARIS ISSUE, SERIES 1997 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 June 5, 2018 an application from Stella Maris, Inc., a not-for-profit, nonstock corporation formed under the laws of the State of Maryland (the “Institution”), for the refunding of all of or a portion of the Authority’s Revenue Bonds, Stella Maris Issue, Series 1997 (the “1997 Bonds”) and the financing and refinancing by the Authority of a portion of the cost of a project (the “2018 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 2018 Project consists of the construction, renovation and equipping of a new four-story addition to the Institution’s existing comprehensive care facility and the renovation of the Institution’s existing Sheehan Wing to construct a rehabilitation unit.

At the request of the Institution, the Authority has determined to issue revenue bonds under the Act for the purpose of refunding the 1997 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 “Series 2018 Bonds”) in an aggregate principal amount not to exceed \$25,000,000. The Series

2018 Bonds shall be issued pursuant to an Indenture of Trust (the "Indenture") between the Authority and the trustee bank (the "Trustee"), which shall contain such terms, provisions and conditions as shall be approved by the Authorized Member (hereinafter defined). 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 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 refunding all or a portion of the 1997 Bonds and financing and refinancing a portion of the costs of 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 proceeds of the 1997 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, one or more series of the Series 2018 Bonds shall be sold at private (negotiated) sale to purchasers obtained by Manufacturers and Traders Trust Company or its affiliate (the "Placement Agent"), 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 Indenture, the Loan Agreement and any security agreements, letters of credit, bond insurance policies or other credit or liquidity facilities supporting such Series 2018 Bonds, remarketing agreements, 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 Indenture 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 Placement Agent, of a private placement memorandum in connection with the placement 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 placement 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 Indenture, 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.

ROCKBRIDGE ACADEMY

Ms. Anselmi asked the Authority to consider an application from Rockbridge Academy to finance the purchase of Indian Creek School's lower campus and other miscellaneous costs associated with the project.

Mr. Roy Griffith, Headmaster of Rockbridge Academy, provided an overview of the history and mission of Rockbridge Academy as well as an overview of the proposed purchase.

Amy Ramsey, Director of Finance of Rockbridge Academy, described the process of selecting the property for the proposed purchase as well as the process to procure financing for the purchase.

Following discussion, the Authority, on motion by Mr. Lerner, seconded by Ms. Riggs, adopted the following resolution (Affirmative – Williams, Riggs, Ashley-Cotleur, Daly, Lerner, Meier and Benik; Negative – none; Abstain – none):

RESOLUTION RECITALS

Maryland Health and Higher Educational Facilities Authority (the "Authority") has received a request from Rockbridge Academy, Inc. (the "Institution") for the issuance of revenue bonds by the Authority to finance the acquisition of property for use as a school on behalf of the Institution (collectively, the "Project"); and

The Authority has duly considered such application;

NOW, THEREFORE, BE IT RESOLVED, THAT the Authority hereby accepts such application 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 is feasible or will in fact be consummated and although the Authority will keep the Institution 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.

PRESENTATION OF THE FY 2018 ANNUAL REPORT

Mr. Meier presented to the Authority the Authority's FY 2018 Annual Report, which contains the FY 2018 audited financial statements. Mr. Meier recounted that on September 11, 2018, the Authority's Audit Committee met and accepted the FY 2018 Annual Report as presented by CohnReznick LLP. Mr. Meier reported that the Authority received an unqualified opinion on the financial statements from the auditors, that no material weaknesses or significant deficiencies were noted and that, accordingly, no management letter would be issued. Mr. Meier noted the Agreed Upon Procedures performed by CohnReznick LLP also indicated no issues.

Following discussion, the Authority, on motion by Ms. Riggs, seconded by Ms. Benik, accepted the audit as presented (Affirmative – Williams, Riggs, Ashley-Cotleur, Daly, Lerner, Meier and Benik; Negative – none; Abstain – none):

FINANCIAL ADVISOR'S REPORT

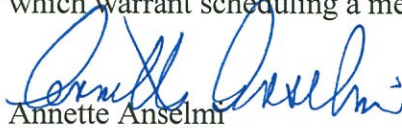
Mr. Brick provided brief reports on: highlights of the current economy; current industry disclosure and accounting issues; current Treasury and tax-exempt yields; and trends in the healthcare industry.


EXECUTIVE DIRECTOR'S REPORT

Ms. Anselmi provided updates on transactions in process and recently closed; amendments and reissuances for tax purposes; matters relating to Notre Dame University of Maryland and Union Hospital of Cecil County; and outreach activities.

With no further business, on motion by Ms. Riggs, seconded by Mr. Meier, the meeting was adjourned at approximately 11:05 am.

The next meeting of the Authority is scheduled for December 4, 2018 (unless circumstances arise which warrant scheduling a meeting for November 6, 2018).


Annette Anselmi
Executive Director

Approved:

Chairman

October 2, 2018

SPECIAL GUESTS

Stella Maris, Inc.

Justin Deibel, Senior Vice President and Chief Financial Officer, Mercy Health Services
Stephen Stinnette, Chief Financial Officer, Stella Maris

Rockbridge Academy

Roy Griffith, Headmaster
Amy Ramsey, Director of Finance

Ponder & Co.

John Cheney, Managing Director

PFM Financial Advisors

Errol Brick, Managing Director