

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, November 10, 2020, with Mr. Arnold Williams, Chairman, presiding. The meeting was conducted remotely via an open conference line available to the public.

Present: Arnold Williams, Chairman
Sheila K. Riggs, Vice Chairman
Treasurer Nancy K. Kopp, Ex officio
James P. Daly, Jr., Member
Frederick W. Meier, Jr., Member
Mamie Johns Perkins, Member
John Phelps, Member
Bonnie Phipps, Member
W. Daniel White, Member
Bart Savidge, Executive Director
Lynn Gorman-Lepson, Chief Financial Officer
Elizabeth A. McKennon, Bond Counsel
David W. Gregory, Bond Counsel
Will Taylor, Bond Counsel
Errol Brick, Financial Advisor
Alford Davis, Financial Advisor

Absent: None

Special Guests: See attached.

Mr. Williams 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 1, 2020 regular meeting of the Authority were unanimously approved.

STEVENSON UNIVERSITY

Dr. Hirshman, President of Stevenson University, provided an overview of the University and an update on operations for the fall semester in light of COVID-19. He reported that Stevenson was very close to its enrollment goal for the fall semester with a freshman class enrollment of 700 students and a total enrollment of 2,600 full-time students. Dr. Hirshman described the safety and testing protocols as well as the various learning options for students and faculty that the University put in place due to COVID-19. He stated that there were very limited COVID-19 cases among the students, faculty, and staff.

There was a discussion regarding the gender breakdown and the role of women at the University given the history of the school. Dr. Hirshman reported that the gender breakdown at the university was 60% female and 40% male and that there was a powerful influence of young women on the campus including leadership roles in student government and through the very strong nursing program.

Ms. Edmondson, Interim Vice-President and CFO of Stevenson, provided an overview of the current outstanding debt, the Plan of Finance and the recent credit rating from S&P. Ms. Edmondson indicated that the Plan of Finance will reduce the 2023 bank extension risk associated with the University's Series 2013 Bonds and reduce future debt service payments. She stated that under current market conditions, Stevenson is projected to realize approximately \$800,000 in annual cash flow savings as a result of the proposed financing. Ms. Edmondson reported that the University received a minimum investment grade credit rating (BBB-) from S&P on November 9, 2020. This rating is the University's first public credit rating.

Ms. Edmondson concluded her remarks by recommending Raymond James as senior managing underwriter for the proposed Stevenson bond issue and BofA Securities and Morgan Stanley as co-managing underwriters.

Dr. Hirshman responded to an inquiry about the key short-term credit and operational concerns. Dr. Hirshman discussed the University's focus on enrollment and demonstrating value in a competitive environment. Dr. Hirshman also indicated that the University did not have a large exposure to the enrollment of foreign students.

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 \$161,000,000 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.

Mr. White stated for the record that he previously served as a Stevenson board member and that he is no longer on the University board. Following discussion, the Authority, on motion by Mr. Daly, seconded by Ms. Perkins, adopted the following resolution (Affirmative – Williams, Riggs, Kopp, Daly, Meier, Perkins, Phelps, Phipps and White; Negative – none; Abstain – none).

**STEVENSON UNIVERSITY
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 \$161,000,000 IN ORDER TO LEND THE PROCEEDS THEREOF TO STEVENSON UNIVERSITY, 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 BOND, STEVENSON UNIVERSITY ISSUE (2013A), THE AUTHORITY'S REVENUE BOND, STEVENSON UNIVERSITY ISSUE (2013B) AND THE AUTHORITY'S REVENUE BOND, STEVENSON UNIVERSITY ISSUE (2013C); 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 June 2, 2020, Maryland Health and Higher Educational Facilities Authority (the "Authority") accepted an application from Stevenson University, 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, Stevenson University Issue (2013A), the Authority's Revenue Bond, Stevenson University Issue (2013B) and the Authority's Revenue Bond, Stevenson University Issue (2013C) (collectively, the "Refunded Bonds") and (ii) the financing and refinancing by the Authority of the cost of the 2020 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 2020 Project consists of (i) the construction of a new library on the Institution's Owings Mills Campus and (ii) various other capital improvements to the Institution's facilities.

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 "2020 Bonds") in an aggregate principal amount not to exceed \$161,000,000. The 2020 Bonds shall be issued pursuant to one or more of the Stevenson University Bond Resolution or other resolution, trust agreement or financing agreement (each, a "Resolution") which shall contain such terms, provisions and conditions as shall be approved by the Authorized Member (hereinafter defined). The 2020 Bonds may be issued in one or more series. In determining the principal amount of 2020 Bonds issued pursuant to this resolution, each 2020 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 2020 Bond. Accordingly, it is expressly contemplated that the face amount of the 2020 Bonds may exceed the maximum aggregate principal amount of 2020 Bonds authorized hereby.

The proceeds of the 2020 Bonds shall be loaned to the Institution pursuant to a master loan agreement or financing (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 2020 Project and the facilities financed and refinanced with proceeds of the Refunded Bonds (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 publicly offered series of the 2020 Bonds shall be sold at a private (negotiated) sale to Raymond James & Associates, Inc., BofA Securities, Inc. and Morgan Stanley & Co. LLC (collectively, the “Underwriters”) pursuant to a bond purchase agreement and one or more series of the 2020 Bonds may be sold to a commercial bank or a related party, 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 2020 Bonds, including (without limitation):

(a) the principal amount of 2020 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 2020 Bonds issued at any one time or from time to time;

(c) the rate or rates of interest payable on the 2020 Bonds, or the method of determining the same;

(d) with respect to 2020 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 2020 Bonds are offered initially to the public;

(e) the date or dates of maturity of the 2020 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 2020 Bonds, the designation or designations of the 2020 Bonds and the date of issuance thereof;

(f) the form, tenor, terms and conditions of the 2020 Bonds, and provisions for the registration and transfer of the 2020 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 2020 Bonds issued at any one time or from time to time, the loan of the proceeds of such 2020 Bonds to the Institution, 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 the 2020 Bonds, financing agreements and other similar agreements;

(h) provision for the administration of the 2020 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 publicly offered 2020 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 2020 Bonds;

(k) procedures for the approval of change orders and substitutions for the construction, renovation, equipment and other improvements included within the 2020 Project by an authorized officer on behalf of the Authority;

(l) the creation of security for the 2020 Bonds, which may include (without limitation) provisions for securing the 2020 Bonds or any indebtedness or other obligations incurred in connection with the issuance of the 2020 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 2020 Bonds and the security for the 2020 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 2020 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.

ADVENTIST HEALTHCARE

Mr. Savidge asked the Members to consider an application from Adventist HealthCare to refund, on a current basis, the Authority's 2014A Bond that was previously issued for the benefit of the Institution through a bank direct placement with Capital One and refund its publicly issued Series 2011A Bonds utilizing a forward delivery bond issue.

Mr. Lee, Executive Vice President and CFO, provided an update on operations and the impact of COVID-19. Mr. Lee reported that in 2019 Adventist successfully opened the White Oak Medical Center and as an expansion of its mission acquired Ft. Washington Medical Center. Also, Mr. Lee reported that in 2020, Adventist signed a 3-year Management Services Agreement to operate Howard University Hospital.

Mr. Lee reported that there was a decrease in volume during April and May due to the shutdown of elective procedures due to COVID-19 and utilization has rebounded to historical levels. Mr. Lee reported that Adventist received \$95 million of CARES Act funding and an additional \$4 million from local government sources. Mr. Lee reported that Adventist has met or exceeded its budgeted operating margins since 2016.

Ms. Dymond, Vice President, Financial Operations, thanked Mr. Savidge for his guidance and diligence on this transaction and she provided an overview of the Plan of Finance. She stated that the gross savings from this transaction is expected to be \$12.9 million and that Adventist expected to have annual cash flow savings of \$800 thousand.

Ms. Dymond concluded her remarks by recommending Ziegler as the sole underwriter for the proposed Adventist HealthCare bond issue.

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

ACCEPTANCE OF THE AUTHORITY'S FY 2020 ANNUAL REPORT

Mr. Meier summarized the Audit Committee's report as presented at the Authority's September 1, 2020 meeting. Mr. Meier noted that this was a very comprehensive report, with no material weaknesses or significant deficiencies noted. He also noted that the auditors were highly complementary of the MHHEFA staff during this period in which account managers and staff were

working remotely and that CohnReznick really enjoyed working with John Bennett and the staff. Mr. Meier highlighted the list of Bonds outstanding by borrower in the back of the report, stating that this showed the importance of MHHEFA in serving so many Maryland institutions.

On motion by Mr. Daly, seconded by Ms. Perkins, the Members accepted the Authority's FY 2020 Annual Report. (Affirmative – Williams, Riggs, Kopp, Daly, Meier, Perkins, Phelps, Phipps and White; Negative – none; Abstain – none).

FINANCIAL ADVISOR'S REPORT

Mr. Evans reported on the current overall economic condition in the United States, highlighting the significant growth in personal consumption and GDP. He provided details on the overall impact these conditions have on interest rates and the bond market. He concluded by providing an update on the LIBOR transition that will take place in 2021.

EXECUTIVE DIRECTOR'S REPORT

Mr. Savidge provided updates on waivers that were granted for Roland Park Place and Friends School of Baltimore with the consent of the holders of the outstanding bonds. Mr. Savidge also stated that MHHEFA was proactive in reaching out to Christ Episcopal School to address its December mandatory purchase date.

Mr. Savidge provided an update on a bond document training session that was provided by McKennon Shelton & Henn for all the MHHEFA staff. During this training, typical documents from a public offering and bank direct placement were reviewed to describe the important business terms and key tax issues.

Mr. Savidge provided updates on the various outreach activities that MHHEFA is pursuing. He also highlighted the amount of requisitions that are processed by MHHEFA on a monthly basis and provided some perspective on the due diligence involved in processing these requisitions.

EXECUTIVE SESSION

Upon motion by Ms. Kopp, seconded by Mrs. Riggs, the Authority voted unanimously to close the meeting pursuant to Section 3-305(b)(6) of the General Provisions Article of the Annotated Code of Maryland for the purpose of discussing the marketing of public securities for the Stevenson and Adventist bond issuances and personnel matters. (Affirmative – Williams, Riggs, Kopp, Daly, Meier, Perkins, Phelps and Phipps; Negative – none; Abstain – none).

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

**November 10, 2020 Authority Meeting
Guests participating remotely via conference line**

Stevenson University

Dr. Elliot L. Hirshman, President

Melanie Edmondson, Interim Vice President, Chief Financial Officer

Wye River Capital (Financial Advisor for Stevenson University)

Christopher Wienk, Principal

Adventist HealthCare

James Lee, Executive Vice President, Chief Financial Officer

Maureen L. Dymond, Vice President, Financial Operations

Community Outreach Consultant

Annette Anselmi

STEVENSON UNIVERSITY -- APPOINTMENT OF UNDERWRITERS

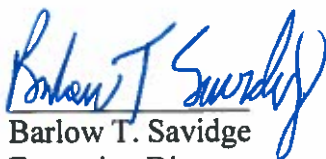
Following discussion, the Authority, on motion by Mr. Daly, seconded by Ms. Perkins, appointed Raymond James as the senior managing underwriter and Bank of America and Morgan Stanley as co-managers for the proposed Stevenson University bond issue. (Affirmative – Williams, Riggs, Kopp, Daly, Meier, Perkins, Phelps and Phipps; Negative – none; Abstain – none).

ADVENTIST HEALTHCARE -- APPOINTMENT OF UNDERWRITER


Following discussion, the Authority, on motion by Ms. Kopp, seconded by Ms. Perkins, appointed Ziegler as the sole underwriter for the proposed Adventist HealthCare bond issue. (Affirmative – Williams, Riggs, Kopp, Daly, Meier, Perkins, Phelps and Phipps; Negative – none; Abstain – none).

With no further business, on motion by Ms. Kopp, seconded by Ms. Perkins, the meeting was adjourned at approximately 11:15 a.m. (Affirmative – Williams, Riggs, Kopp, Daly, Meier, Perkins, Phelps and Phipps; Negative – none; Abstain – none).

The next meeting of the Authority is scheduled for December 1, 2020.


Barlow T. Savidge
Executive Director

Approved:


Arnold Williams
Chairman
December 1, 2020