

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 1, 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
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 Evans, Financial Advisor

Absent: John Phelps, Member

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 November 10, 2020 regular meeting of the Authority were unanimously approved.

ADVENTIST HEALTHCARE

Ms. Dymond, Vice President, Financial Operations, provided an update on operations and the impact of COVID-19. Ms. Dymond reported that Adventist re-deployed its Tacoma Park location for additional surge beds. Ms. Dymond stated that the gross savings from the pending bond transaction would be \$19 million; \$10.6 million on a present value basis, and approximately \$1 million on an annual basis.

Ms. Dymond reported that Moody's reaffirmed Adventist Healthcare's credit rating of "Baa3" with a stable outlook.

There was a question and discussion about the impact that COVID-19 has on the medical staff at Adventist. Ms. Dymond reported that they have developed support programs to help their staff address resiliency and issues of burnout. Ms. Dymond also added that they can provide adequate PPE for their medical staff as well as other staff members.

There was also some discussion about the management agreement between Adventist and Howard University Hospital that was executed in February of 2020. Ms. Dymond stated that this 3-year management agreement has helped Howard University Hospital in its procurement of supplies and expanded its reach in the community.

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 \$75,000,000 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. Daly, seconded by Ms. Perkins, adopted the following resolution (Affirmative – Williams, Riggs, Daly, Meier, Perkins, Phipps, Kopp and White; Negative – none; Abstain – none).

ADVENTIST HEALTHCARE 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 \$75,000,000 IN ORDER TO LEND THE PROCEEDS THEREOF TO ONE OR MORE OF ADVENTIST HEALTHCARE, INC. AND ITS AFFILIATES FOR THE PURPOSE OF REFUNDING ALL OR A PORTION OF THE AUTHORITY'S REVENUE BONDS, ADVENTIST HEALTHCARE ISSUE, SERIES 2011A AND REVENUE BOND, ADVENTIST HEALTHCARE ISSUE (2014A); 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 November 20, 2020 an application from Adventist HealthCare, Inc., a nonprofit corporation formed under the laws of the State of Maryland (the "Institution"), for refunding all or a portion of the Authority's Revenue Bonds, Adventist Healthcare Issue, Series 2011A and Revenue Bond, Adventist Healthcare Issue (2014A) (collectively, the "Refunded 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 issue 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 bonds (the "Refunding Bonds") in an aggregate principal amount not to exceed \$75,000,000. The Refunding Bonds shall be issued pursuant to one or more bond resolution or other financing agreements (each, a "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 Refunding Bonds may be issued in one or more series. In determining the principal amount of Refunding Bonds issued at a discount from the principal amount due at maturity, each Refunding Bond shall be deemed to be issued in a principal amount equal to the gross proceeds realized from the sale of such Refunding Bond. Accordingly, it is expressly contemplated that the face amount of the Refunding Bonds may exceed the maximum aggregate principal amount of Refunding Bonds authorized hereby.

The proceeds of the Refunding Bonds shall be loaned to the Institution pursuant to one or more loan agreements or other financing 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 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 series of Refunding Bonds that are publicly offered 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. In addition or in the alternative, one or more series of the Refunding Bonds may be sold at private (negotiated) sale to a commercial bank or other qualified institutional buyer 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 Refunding Bonds, including (without limitation) the following matters with respect to Refunding Bonds issued at any one time or from time to time:

- (a) the principal amount of such Refunding Bonds;
- (b) the purchase price or prices to be paid to the Authority for such Refunding Bonds;
- (c) the rate or rates of interest payable on such Refunding Bonds, or the method of determining the same;
- (d) the price or prices at which such Refunding Bonds are offered or sold;
- (e) the date or dates of maturity of such Refunding Bonds, the payment provisions therefor, the optional and mandatory redemption provisions thereof, including (without limitation) the mandatory sinking fund installments (if any) for such Refunding Bonds, the designation or designations of such Refunding Bonds and the date of issuance thereof;
- (f) the form, tenor, terms and conditions of such Refunding Bonds, and provisions for the registration and transfer of such Refunding 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 such Refunding Bonds, the loan of the proceeds of such Refunding Bonds to one or more of the Institution and affiliates, and the financing and refinancing of the Project, including (without limitation) the Resolutions, the Loan Agreements and any escrow agreements, security agreements, letters of credit, bond insurance policies or other credit or liquidity facilities supporting such Refunding Bonds, financing agreements and other similar agreements;
- (h) provision for the administration of such Refunding Bonds, including (without limitation) the appointment of the trustee under the Resolutions 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 the Institution and the Underwriters, of one or more preliminary official statements and final official statements in connection with the sale of such Refunding 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 such Refunding 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 such Refunding Bonds, which may include (without limitation) provisions for securing any indebtedness or other obligations incurred in connection with the issuance of such Refunding 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 such Refunding Bonds and the security for such Refunding 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 Refunding Bonds to take any action required or permitted to be taken by or on behalf of the Authority under the Act, a Resolution, a 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.

GUEST SPEAKER

Ms. Wunderlich, Executive Director of the Maryland Health Services Cost Review Commission (HSCRC), provided an overview of Maryland's unique healthcare reimbursement system and the support that it provides to the Maryland health system. Ms. Wunderlich described the HSCRC as an independent state agency responsible for regulating the quality and cost of hospital services to ensure all Marylanders have access to high quality healthcare services. Ms. Wunderlich also provided an overview of the HSCRC's action plan to address COVID-19. The HSCRC developed an action plan to ensure hospitals had funding needed to combat the virus during the trough, surge and post-surge phases.

There was a question regarding whether this Maryland rate setting program would be adopted as a national model. Ms. Wunderlich responded that there have been PILOT programs adopted in rural areas of Vermont and Pennsylvania where hospital volumes can be unstable.

Ms. Wunderlich concluded her remarks by describing a Grant Program that the HSCRC has adopted to incentivize hospitals to work with the HSCRC and the community to provide data in the areas of behavior health services and diabetes management that will help the HSCRC measure utilization and develop cost trends.

TIDALHEALTH

Mr. Savidge asked the Members to consider an application from TidalHealth, formerly Peninsula Regional Health System, Inc., to refund the callable maturities (2025-2045) of the Authority's Revenue Bonds, Peninsula Regional Medical Center Issue, Series 2015 utilizing a taxable note/tax-exempt bond structure ("Cinderella Bond") because tax-exempt bonds can no longer be advance refunded.

Mr. Ritchie, Senior Vice President of Finance, provided an update on operations and the impact of COVID-19. Mr. Ritchie reported that in the first quarter of 2020, TidalHealth consummated affiliations with Nanticoke and McCready Foundation. The goal of these affiliations is to extend the reach of TidalHealth's population-based health services and improve operating margins. Mr. Ritchie highlighted the \$3 million in annual savings from the combining of the various IT Systems.

Mr. Savidge provided clarification on the timing of the Authority's authorization of the issuance of tax-exempt bonds for TidalHealth, which is expected to occur in 2024 when the refunding would be viewed as a current refunding under tax law.

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

RESOLUTION RECITALS

Maryland Health and Higher Educational Facilities Authority (the "Authority") has received a request from TidalHealth, Inc. for the issuance of revenue bonds by the Authority to refund all or a portion of the Authority's Revenue Bonds, Peninsula Regional Medical Center Issue, Series 2015 (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 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.

FINANCIAL ADVISOR'S REPORT

Mr. Evans reported on the current overall economic condition, highlighting the forecast by JP Morgan and trends in the GDP. He provided details on the overall impact these conditions have on interest rates and the bond market. He concluded by reporting on recent news relating to recognition received by four Johns Hopkins University researchers and vaccine implementation.

EXECUTIVE DIRECTOR'S REPORT

Mr. Savidge provided an update on the extension of the mandatory purchase date applicable the Authority's Christ Episcopal School bond. Mr. Savidge also highlighted situations where the Authority leveraged its market knowledge to help Institutions evaluate funding alternatives. The Authority reached out to Friends School of Baltimore to advise them on modifying its interest rate in advance of the LIBOR transition and provided City Neighbors Charter School with possible refunding approaches to reduce its debt service payments.

Mr. Savidge provided details relating to the annual due diligence efforts performed by the Authority for its bond issues. Mr. Savidge stated that the Authority reviews Institutions' financial statements and their annual compliance certificates to ascertain if there are any compliance issues that need to be addressed.


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, Phipps and White; Negative – none; Abstain – none).

The next regular meeting of the Authority is scheduled for February 2, 2020.



Barlow T. Savidge
Executive Director

Approved:



Arnold Williams
Chairman
February 2, 2020

**December 1, 2020 Authority Meeting
Guests participating remotely via conference line**

Adventist HealthCare

Maureen L. Dymond, Vice President, Financial Operations

Ziegler (Underwriter - Adventist HealthCare)

John Hanley, Senior Managing Director

TidalHealth

Bruce Ritchie, SVP Finance

Ponder & Company (Financial Advisor -TidalHealth)

John Cheney, Principal

Arent Fox (Borrower's Counsel – TidalHealth)

Davis Sherman, Counsel

HSCRC

Katie Wunderlich – Executive Director

Community Outreach Consultant

Annette Anselmi