

**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, January 11, 2022, with Mr. Arnold Williams, Chairman, presiding. The meeting was conducted remotely via an open conference and video line available to the public.

Present: Arnold Williams, Chairman  
Sheila K. Riggs, Vice Chairman  
Dereck E. Davis, Ex officio  
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  
David W. Gregory, Bond Counsel  
William Taylor IV, Bond Counsel  
Errol Brick, Financial Advisor  
Alford Evans, 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 December 7, 2021 regular meeting of the Authority were unanimously approved.

**IMAGINE ANDREWS PRINCE GEORGE’S COUNTY, LLC**

Mr. Donald Bowman, Director of Finance for Imagine Andrews Prince George’s County, LLC, provided an update on operations and the impact of COVID-19. Mr. Bowman reported that the admissions lottery for the School will continue through January 28, 2022. The current enrollment for the School is 409 students, which has been approved by Prince George’s County. The School is targeting an enrollment of 419 for the 2022-2023 school year. Mr. Bowman stated that the increasing number of COVID-19 cases in the County may impact enrollment trends in the future. This has led to virtual learning in the County for grades K-6 until January 28, 2022. Mr. Bowman concluded his remarks by stating that he is optimistic about the future as the School continues to work to provide a safe and healthy learning environment for all students and staff members.

Mr. Arnold Williams introduced the new Treasurer of the State of Maryland, Mr. Dereck Davis. Treasurer Davis commented that he was familiar with Imagine Andrews School and stated that he was honored to be a Member of the Authority.

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

**IMAGINE ANDREWS PRINCE GEORGE’S COUNTY  
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 \$8,500,000 IN ORDER TO LEND THE PROCEEDS THEREOF TO IMAGINE ANDREWS PRINCE GEORGE’S COUNTY, LLC (THE “INSTITUTION”), FOR THE PURPOSE OF 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**

At its meeting on January 11, 2022, Maryland Health and Higher Educational Facilities Authority (the “Authority”) accepted an application from Imagine Andrews Prince George’s County, LLC, a Maryland limited liability company (the “Institution”), the sole member of which is Imagine Schools Non-Profit, Inc., a Virginia nonprofit corporation, for the financing and refinancing of a project (the “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 (the “Act”).

The Project consists of the acquisition, construction, renovation and equipping of an academic building located in Prince George’s County, Maryland and the payment of certain lease termination costs in connection with such acquisition.

At the request of the Institution, the Authority has determined to authorize the issuance of 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 “2022 Bonds”) in an aggregate principal amount not to exceed \$8,500,000. Each series of the 2022 Bonds shall be issued pursuant to one or more bond resolutions or other trust agreements (each, a “Resolution”) entered into by the 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 2022 Bonds may be issued in one or more series. In determining the principal amount of 2022 Bonds issued pursuant to this resolution, each 2022 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 2022 Bond. Accordingly, it is expressly contemplated that the face amount of the 2022 Bonds may exceed the maximum aggregate principal amount of 2022 Bonds authorized hereby.

The proceeds of the 2022 Bonds shall be loaned to the Institution pursuant to one or more loan agreements or other agreements (each, a “Loan Agreement”) among 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 2022 Bonds shall be sold at private (negotiated) sale to RBC Capital Markets, LLC (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.

**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 2022 Bonds, including (without limitation):

- (a) the principal amount of 2022 Bonds issued at any one time or from time to time;
- (b) the purchase price or prices to be paid to the Authority for 2022 Bonds issued at any one time or from time to time;
- (c) the rate or rates of interest payable on the 2022 Bonds, or the method of determining the same;
- (d) with respect to 2022 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 2022 Bonds are offered initially to the public;
- (e) the date or dates of maturity of the 2022 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 2022 Bonds, the designation or designations of the 2022 Bonds and the date of issuance thereof;

(f) the form, tenor, terms and conditions of the 2022 Bonds, and provisions for the registration and transfer of the 2022 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 2022 Bonds issued at any one time or from time to time, the loan of the proceeds of such 2022 Bonds to the Institution, and the financing and refinancing of the Project, including (without limitation) the Resolution, the Loan Agreement and any security agreements, escrow deposit agreements, letters of credit, bond insurance policies or other credit or liquidity facilities supporting the 2022 Bonds, financing agreements and other similar agreements;

(h) provision for the administration of the 2022 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 Underwriter, of a final limited offering memorandum in connection with the sale of one or more series of the 2022 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 one or more series of the 2022 Bonds;

(k) 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;

(l) the creation of security for the 2022 Bonds, which may include (without limitation) provisions for securing any indebtedness or other obligations incurred in connection with the issuance of the 2022 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 2022 Bonds and the security for the

2022 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 2022 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, escrow 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.

### LUMINIS HEALTH, INC.

Mr. Kevin Smith, Chief Financial Officer of Luminis Health, provided an overview of the Health System. Mr. Smith stated that the mission of Luminis Health is to enhance the health and well-being of the community by increasing access to quality healthcare by a committed workforce. Due to the stress of COVID-19 on its employees, Luminis invested \$29 million to increase wages, incentives and benefits for its workforce. Mr. Smith stated that Luminis is also very focused on programmatic growth which will increase access to quality healthcare in the community. Luminis has recently expanded its cancer, women's health, cardiac surgery and mental health programs.

Ms. Jenine Warnke, Vice President of Financial Operations of Luminis Health, provided an overview of operations. Ms. Warnke reported that cash and investments have increased \$721 million over FY 2020 due to market gains and a recent novation to an existing interest rate swap. At FYE 2021, Luminis had 257 of days cash on hand, an operating margin of 2% and a debt service coverage ratio of 3.6x. Ms. Warnke stated that Luminis is currently rated "A" and "A3" by S&P and Moody's, respectively.

Ms. Warnke also provided an overview of the plan of finance. Ms. Warnke stated that Luminis conducted an RFP process with several banks to take advantage of the low interest rate environment. As a result of this successful RFP process, Luminis will lower its interest rates within its debt portfolio and recognize approximately \$1.7 million of annual debt service savings. The proposed financing includes the current refunding of the Authority's Anne Arundel Health System Series 2009B Bonds with a tax-exempt, bank direct placement. The plan of finance also

includes the issuance of two taxable notes to advance refund the callable portions of the Authority's Anne Arundel Health System Series 2012 and 2014 bonds in a "Cinderella Bond" financing structure. Prior to the July 1, 2022 and July 1, 2024 call dates of the Series 2012 and 2014 Bonds, respectively, the Authority will be requested to authorize the issuance of the tax-exempt bonds to refund the taxable notes. Luminis Health also indicated that it is considering consolidating the two existing obligated groups.

A question was raised regarding a negative amount for Total Revenue over Total Expenses in the application for FY 2021. It was determined that the brackets were a typo and that Total Revenues over Total Expenses for FY2021 was a positive \$157,190,000.

Mr. Savidge asked the Members to consider an application for approximately \$225,000,000 and a resolution authorizing the issuance from time to time of the Authority's revenue bonds in a principal amount not exceeding \$65,000,000 to refund the 2009B Bond 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 resolutions (Affirmative – Williams, Riggs, Davis, Meier, Perkins, Phipps, Phelps and White; Negative – none; Abstain – none).

**LUMINIS HEALTH ANNE ARUNDEL MEDICAL CENTER, INC.  
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 \$65,000,000 IN ORDER TO LEND THE PROCEEDS THEREOF TO LUMINIS HEALTH ANNE ARUNDEL MEDICAL CENTER, INC. (THE "INSTITUTION") AND CERTAIN OF ITS AFFILIATES FOR THE PURPOSE OF REFUNDING ALL OR A PORTION OF THE AUTHORITY'S REVENUE BONDS, ANNE ARUNDEL HEALTH SYSTEM ISSUE, SERIES 2009B; 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 January 11, 2022, Maryland Health and Higher Educational Facilities Authority (the "Authority") accepted an application from Luminis Health Anne Arundel Medical Center, Inc., a non-stock, nonprofit Maryland corporation (the "Institution"), for the refunding of all or a portion of the Authority's Revenue Bonds, Anne Arundel Health System Issue, Series 2009B (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, as amended (the "Act").

The project consists of the facilities financed and refinanced with the proceeds of the Refunded Bonds (the "Project")

At the request of the Institution, the Authority has determined to authorize the issuance of its revenue bonds under the Act for the purpose of refunding the Refunded Bonds.

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 "2022 Bond") in an aggregate principal amount not to exceed \$65,000,000. The 2022 Bond shall be issued and the proceeds thereof loaned to the Institution pursuant to a financing agreement (the "Financing Agreement") among the Authority, the Institution, Luminis Health, Inc. and Luminis Health Imaging, Inc., Banc of America Public Capital Corp 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) 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 2022 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 2022 Bond, including (without limitation):

- (a) the principal amount of the 2022 Bond;
- (b) the purchase price to be paid to the Authority for the 2022 Bond issued at any one time or from time to time;
- (c) the rate or rates of interest payable on the 2022 Bond, or the method of determining the same;
- (d) the date or dates of maturity of the 2022 Bond, the payment provisions therefor, the optional and mandatory redemption provisions thereof, including (without limitation) the mandatory sinking fund installments (if any) for the 2022 Bond, the designation or designations of the 2022 Bond, the conditions precedent to the issuance of the 2022 Bond and the date of issuance thereof;

(e) the form, tenor, terms and conditions of the 2022 Bond, and provisions for the registration and transfer of the 2022 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 2022 Bond issued at any one time or from time to time, the loan of the proceeds of such 2022 Bond to the Institution, 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 2022 Bond, financing agreements and other similar agreements;

(g) provision for the administration of the 2022 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 2022 Bond;

(i) the creation of security for the 2022 Bond, which may include (without limitation) provisions for securing any indebtedness or other obligations incurred in connection with the issuance of the 2022 Bond, including (without limitation) any interest rate swap agreement, on parity with any 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 an amended and restated bond resolution 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 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 2022 Bond and the security for the 2022 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 2022 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.

## **REVIEW OF FINAL STAR COMMISSION REPORT**

Mr. Savidge provided background on the STAR Commission and an overview of the final STAR Commission Report. The STAR Commission finalized its Report on December 1, 2021 and made 31 recommendations in several broad categories of operations.

Mr. Savidge highlighted the fact that the Authority's long-standing governance and operational procedures follow most of the recommendations outlined in the Report. Mr. Savidge noted that a significant number of the recommendations would require executive or legislative action to implement, and it is unclear how the Commission intends to prioritize these recommendations. Mr. Savidge concluded his remarks by recommending that MHHEFA, in conjunction with Bond Counsel, proactively review the Commission's recommendations and determine which could advance MHHEFA's governance and operations. Mr. Savidge also thanked Bond Counsel and Ms. Annette Anselmi for their assistance in the preparation of the Authority's response and thanked Mr. Arnold Williams for this assistance in the presentation to the Commission.

Several Members asked questions regarding the impact of several of the Commission's recommendations including term limits for Members. Mr. Williams responded that MHHEFA always proactively practiced good stewardship and good governance and believes that the practices that are currently in place are strong. Mr. Williams reiterated the fact that many of these recommendations would require either executive or legislative action and it would be prudent for the Authority to monitor any such legislation before making any procedural changes.

## **FINANCIAL ADVISOR'S REPORT**

Mr. Errol Brick reported on the current overall economic condition in the United States, highlighting the trends in the Omicron variant and consumer prices, the recent equity market volatility, and the continuing high trends in consumer inflation. He provided details on the overall impact these conditions have on interest rates and the bond market. He also provided an industry update on the issues facing large health care systems throughout the nation highlighting the implications of higher expense growth, especially in the area of staffing. Mr. Brick also highlighted the growing trends in the healthcare industry towards hospital at home strategies. These trends will make healthcare more accessible and affordable.

A question was raised if this hospital to home strategy is long-term in nature and what impact it would have on capital investments previously made by hospitals. Mr. Brick responded that nationwide there may be some stranded assets for some hospitals that have expanded too quickly, but this is not an issue for Maryland hospitals as the trends in financings are to achieve lower interest rates through refundings not for in-patient capacity expansions.

## **EXECUTIVE DIRECTOR'S REPORT**

As part of the Authority's due diligence practices, Mr. Savidge provided the Members of the Authority an update on the institutions that were granted certain waivers in FY 2021. Mr. Savidge described the waivers granted by the Authority and the lenders and provided a status update on the institutions' financial performance. A Member of the Authority suggested that updates include the variance in the Institution's performance to the covenant as additional information.

Mr. Savidge provided updates on transactions that have closed, waivers and amendments to financing agreement provisions and the various activities that MHHEFA is pursuing. He highlighted the University of Maryland Medical System transaction which restructured its variable debt portfolio resulting in extending bank commitment periods, diversifying its credit providers and proactively converting LIBOR indexed debt.

Mr. Savidge stated that he attended the 2021 Finance & Strategy Symposium presented by LeadingAge Maryland, an Association representing Maryland not-for-profit senior living providers. Mr. Savidge highlighted the trends in this industry including attracting and retaining quality staff, investing in technology and a renewed focus on affiliations and mergers.

With no further business, on motion by Ms. Riggs, seconded by Ms. Perkins, the meeting was adjourned at approximately 11:10 a.m. (Affirmative – Williams, Riggs, Davis, Meier, Perkins, Phipps, and White; Negative – none; Abstain – none).

The next meeting of the Authority is scheduled for March 1, 2022.



Barlow T. Savidge  
Executive Director

Approved:



Arnold Williams  
Chairman  
March 1, 2022

**January 11, 2022 Authority Meeting**  
**Guests participating remotely via conference line**

**Imagine Andrews Prince George's County, LLC**

Donald Bowman, Director of Finance

**Imagine Andrews Public Charter School**

Howard Douglas Rice II, Principal

**Shipley and Horne - Imagine Andrews Prince George's County, LLC, Counsel**

Arthur Horne, Esq.  
Bradley Farrar, Esq.

**RBC Capital Markets, LLC – Imagine Andrews Prince George's County, LLC, Underwriter**

Paul Clancy

**Building Hope Services - Imagine Andrews Prince George's County, LLC, Financial Advisor**

Richard Moreno

**Luminis Health Inc.**

Kevin Smith, Chief Financial Officer  
Jenine Warnke, Vice President Financial Operations

**Community Outreach Consultant**

Annette Anselmi