

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, May 3, 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
Reco Collins, Member
Frederick W. Meier, Jr., Member
Mamie Johns Perkins, Member
John Phelps, Member
Bonnie Phipps, Member
W. Daniel White, Member
Jonathan Martin, Chief Deputy Treasurer, Designee of Treasurer
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 March 1, 2022 regular meeting of the Authority were unanimously approved.

MERCY MEDICAL CENTER, INC.

Mr. Recco Collins is a Senior Vice President at PNC Bank and abstained from all deliberations and actions regarding the proposed Mercy Medical Center transaction.

Mr. Justin Deibel, Senior Vice President and Chief Financial Officer for Mercy Medical Center, provided a brief overview of the plan of finance and operations. The proposed financing includes the current refunding of the Authority's Revenue Bonds, Mercy Medical Center Issue, Series 2012 Bonds with a Series 2022A tax-exempt, fixed rate, bank direct placement with J.P. Morgan. The financing also includes the current refunding of the Authority's Revenue Bonds, Mercy Medical Center Issue, (2016B) with a Series 2022B tax-exempt, variable rate, bank direct placement with BB&T Community Holdings. This will result in a longer commitment period and

significant debt service savings for Mercy Medical Center. The proposed financing also includes an amendment to the Authority's Revenue Bonds, Mercy Medical Center Issue, (2016C) that are currently in a variable rate mode and held by PNC Bank. The Amendment will extend the mandatory purchase date of these bonds and amend the interest rate formula from a LIBOR to a SOFR index formula.

Mr. Deibel reported that for the first half of FY 2022, Mercy Medical had achieved a 3% operating margin and had strengthened its balance sheet. Mr. Deibel further reported that Mercy's primary care and ambulatory services have rebounded to pre-COVID levels and Mercy's financial results are tracking FY 2022 budgetary performance.

Questions were raised regarding utilizing a variable rate refunding in the current environment and why the 2016C bonds were being amended, not refunded. Mr. Deibel responded that utilizing variable rate bank direct placements allows Mercy to align its existing interest rate hedges with the variable rate bonds. He also responded that regarding the 2016C bonds, it was more cost effective for Mercy to stay with its existing bank, PNC, and amend its current financing terms as opposed to refunding these bonds.

Mr. Savidge added that Mercy did an excellent job of evaluating the current bank market which resulted in favorable financing terms, longer commitment periods and debt service savings.

Mr. Savidge asked the Members to consider an application for approximately \$145,000,000 and a resolution authorizing the issuance from time to time of the Authority's revenue bonds in a principal amount not exceeding \$145,000,000 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 Ms. Perkins, adopted the following resolution (Affirmative – Williams, Riggs, Meier, Perkins, Phelps, Phipps, White and Martin; Negative – none; Abstain – Collins):

MERCY MEDICAL CENTER 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 NOT EXCEEDING \$145,000,000 IN ORDER TO LEND THE PROCEEDS THEREOF TO MERCY MEDICAL CENTER, INC. (THE "INSTITUTION") AND CERTAIN OF ITS AFFILIATES FOR THE PURPOSE OF REFUNDING AND REFINANCING PRIOR BONDS ISSUED BY THE AUTHORITY 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 OR REISSUANCE, 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 Mercy Medical Center, Inc., a nonprofit corporation formed under the laws of the State of Maryland (the "Institution"), for the (i) refunding of all or a portion of the Authority's Revenue Bonds, Mercy Medical Center Issue, Series 2012 and Series 2016B (collectively, the "Refunded Bonds") and (ii) refinancing of the Authority's Revenue Bonds, Mercy Medical Center Issue, Series 2016C (the "Refinanced Bonds") 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").

The Project consists of the facilities financed and refinanced with the proceeds of the Refunded Bonds and the Refinanced Bonds (collectively, the "Project"). 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 or reissue, sell and deliver one or more series of its revenue bonds (the "2022 Bonds") in an aggregate principal amount not to exceed \$145,000,000. The 2022 Bonds shall be issued pursuant to financing agreements among the Authority, the Institution and certain of its affiliates (collectively, the "Obligated Group Members"), the lenders named therein (collectively, the "Lenders") and The Bank of New York Mellon, as trustee, or supplements or amendments to the Amended and Restated Mercy Medical Center Bond Resolution dated as of November 1, 2007, adopted by the Authority (as amended and supplemented) and the Amended and Restated Master Loan Agreement dated as of November 1, 2007, between the Authority and the Obligated Group Members named therein (as amended and supplemented) (collectively, the "Transaction Agreements"), which shall contain such terms, provisions and conditions as shall be approved by the Authorized Member (as herein defined). The proceeds of the 2022 Bonds shall be loaned to the Institution pursuant the Transaction Agreements for the public purpose of financing and refinancing of the Project in order to enable the Obligated Group Members 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, the 2022 Bonds shall be sold at private (negotiated) sale to the Lenders, at prices 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 the 2022 Bonds issued at any one time or from time to time;
- (b) the purchase price to be paid to the Authority for the 2022 Bonds;
- (c) the rate or rates of interest payable on the 2022 Bonds, or the method of determining the same;
- (d) the dates of maturity of the 2022 Bonds, the payment provisions therefor, the purchase provisions thereof, the optional and mandatory redemption provisions thereof, including (without limitation) the mandatory sinking fund installments (if any) for the 2022 Bonds, the designation or designations of the 2022 Bonds and the date of issuance thereof;
- (e) the form, tenor, terms and conditions of the 2022 Bonds, and provisions for the registration and transfer of the 2022 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 2022 Bonds, the loan of the proceeds of the 2022 Bonds to the Obligated Group Members, and the financing and refinancing of the Project, including (without limitation) the Transaction Agreements and any escrow agreements, letters of credit, bond insurance policies or other credit or liquidity facilities supporting the 2022 Bonds, loan agreements, security agreements, deeds of trust, mortgages, assignments of leases and rents, indemnification agreements and other similar agreements;
- (g) provision for the administration of the 2022 Bonds, including (without limitation) the appointment of a trustee under the Transaction Agreements 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 creation of security for the 2022 Bonds, which may include (without limitation) provisions for securing the 2022 Bonds or 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 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 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

(i) 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 each 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 Transaction Agreements 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.

FREDERICK HEALTH HOSPITAL, INC.

Ms. Hannah Jacobs, Senior Vice President and Chief Financial Officer for Frederick Health Hospital, provided an overview of the transaction. She stated that in March 2020, a taxable note was issued to BB&T Community Holdings Co. to advance refund the callable portion of the Authority's Revenue Bonds, Frederick Memorial Hospital Issue, Series 2012A. This transaction was structured as a taxable note/tax-exempt bond ("Cinderella Structure") to lock in the refunding debt service savings. This current transaction will refund the taxable note, on or after July 1, 2022, with a tax-exempt bond with a fixed rate of 1.83%. Ms. Jacobs advised that this transaction would generate \$12.9 million in net present value debt service savings or approximately \$815,000 per annum for Frederick Health.

Ms. Jacobs provided an overview of operations for Frederick Health. Ms. Jacobs stated that in FY 2021, Frederick Health generated operating income of \$13 million and an operating margin of 2.6%. Ms. Jacobs stated Frederick Health was experiencing operational challenges in FY 2022. These challenges included workforce constraints and higher contract labor costs. These have been exacerbated by the recent COVID surge. As a result, Frederick Health's operating income is below budget for the first half of FY 2022.

A question was posed related to the current status of the Frederick Health Village. She reported that the Frederick Health Village is currently housing primarily administrative functions.

Frederick Health's population health strategy includes leveraging the location to add additional clinical care services for the growing population in Frederick County. Frederick Health Village is located in a high-volume traffic area on a site that was previously owned by State Farm. Ms. Jacobs reported that Frederick Health has maintained a strong 72% inpatient market shared of its primary service areas during FY 2021.

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 \$94,000,000 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. White, seconded by Mr. Meier, adopted the following resolution (Affirmative – Williams, Riggs, Collins, Meier, Perkins, Phelps, Phipps, White and Martin; Negative – none; Abstain – none):

FREDERICK HEALTH SYSTEM 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 \$94,000,000 IN ORDER TO LEND THE PROCEEDS THEREOF TO FREDERICK HEALTH HOSPITAL, INC. (THE "INSTITUTION"), FOR THE PURPOSE OF REFINANCING A TAXABLE PROMISSORY NOTE PREVIOUSLY ISSUED BY THE INSTITUTION TO REFUND A PORTION OF THE AUTHORITY'S REVENUE BONDS, FREDERICK MEMORIAL HOSPITAL ISSUE, SERIES 2012A; 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 an application from Frederick Health Hospital, Inc., a nonprofit corporation formed under the laws of the State of Maryland (the "Institution"), as the "Obligated Group Representative" on behalf of itself and Frederick Health, Inc. and Frederick Health Medical Group, LLC (together, the "Obligated Group Members") for the refinancing of a taxable promissory note heretofore issued by the Institution (the "Taxable Note"), the proceeds of which were applied to refund a portion of the Authority's Revenue Bonds, Frederick Memorial Hospital Issue, Series 2012A ("Series 2012A 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 authorize the issuance of revenue bonds under the Act for the purpose of refinancing the Taxable Note.

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 \$94,000,000. The 2022 Bonds shall be issued and the proceeds thereof shall be loaned to the Institution pursuant to the Financing Agreement dated as of June 1, 2020 (the "Financing Agreement") among the Authority, the Obligated Group Members, BB&T Community Holdings Co. (the "Purchaser") and Manufacturers and Traders Trust Company, as trustee, for the public purpose of refinancing the Taxable Note 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 Series 2022 Bonds, 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 a private (negotiated) sale to the Purchaser, at 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, the Financing Agreement 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;
- (b) the purchase price to be paid to the Authority for the 2022 Bonds;
- (c) the rate or rates of interest payable on the 2022 Bonds, or the method of determining the same;
- (d) the date or dates of maturity of the 2022 Bonds, the payment provisions therefor, the optional and mandatory redemption provisions thereof, including (without limitation) the mandatory sinking fund installments (if any) for the 2022 Bonds, the designation or designations of the 2022 Bonds and the date of issuance thereof;
- (e) the form, tenor, terms and conditions of the 2022 Bonds, and provisions for the registration and transfer of the 2022 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 2022 Bonds, the loan of the proceeds of the 2022 Bonds to the Institution, and the refinancing of the Taxable Note, including (without limitation) any applicable

supplements to the Financing Agreement and any security agreements, letters of credit, bond insurance policies or other credit or liquidity facilities supporting the 2022 Bonds, financing agreements and other similar agreements;

(g) provision for the administration of the 2022 Bonds, including (without limitation) the appointment of 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 Bonds;

(i) 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

(j) 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 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.

LUMINIS HEALTH

Ms. Jenine Warnke, Vice President of Financial Operations for Luminis Health provided an overview of the transaction. She stated that in February 2022, a taxable note was issued to BB&T Community Holdings Co. to advance refund the callable portion of the Authority's Revenue Bonds, Series 2012. This transaction was structured as a taxable note/tax-exempt bond ("Cinderella Structure") to lock in the refunding debt service savings. This current transaction will refund the taxable note, on or after July 1, 2022, with a tax-exempt bond with a fixed rate of 1.99%. Ms. Warnke advised that this transaction will generate \$5.5 million in net present value debt service savings or approximately \$465,000 per annum for Luminis Health. As part of overall plan of finance, Luminis Health Doctors Medical Center joined the Luminis Health Obligated Group to stream-line operations and consolidate its credit profile.

Ms. Warnke also provided a brief update on operations for the 6 months ended December 31, 2021. The operating margin for this period was a loss of \$14.4 million. This was primarily attributable to higher operating expenses related to the nursing labor shortage resulting in higher contract labor costs and an increase in medical supplies and drugs due to supply chain issues. Ms. Warnke reported that Luminis is still currently meeting all of its debt service covenants.

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 \$50,000,000 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. Perkins, seconded by Mr. Meier, adopted the following resolution (Affirmative – Williams, Riggs, Collins, Meier, Perkins, Phelps, Phipps, White and Martin; 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 \$50,000,000 IN ORDER TO LEND THE PROCEEDS THEREOF TO LUMINIS HEALTH ANNE ARUNDEL MEDICAL CENTER, INC. (THE "INSTITUTION"), FOR THE PURPOSE OF REFINANCING A TAXABLE PROMISSORY NOTE PREVIOUSLY ISSUED BY THE INSTITUTION TO REFUND A PORTION OF THE AUTHORITY'S REVENUE BONDS, ANNE ARUNDEL HEALTH SYSTEM ISSUE, SERIES 2012; 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 an application from Luminis Health Anne Arundel Medical Center, Inc., a nonprofit corporation formed under the laws of the State of Maryland (the "Institution"), as the "Obligated Group Representative" on behalf of itself and Luminis Health, Inc. and Luminis Health Imaging, Inc. (together, the "Obligated Group Members") for the refinancing of a taxable promissory note heretofore issued by the Institution (the "Taxable Note"), the proceeds of which were applied to refund a portion of the Authority's Revenue Bonds, Anne Arundel Health System Issue, Series 2012 ("Series 2012 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 authorize the issuance of revenue bonds under the Act for the purpose of refinancing the Taxable Note.

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 "2022B Bonds") in an aggregate principal amount not to exceed \$50,000,000. The 2022B Bonds shall be issued and the proceeds thereof shall be loaned to the Institution pursuant to the Financing Agreement dated as of February 1, 2022 (the "Financing Agreement") among the Authority, the Obligated Group Members, BB&T Community Holdings Co. (the "Purchaser") and The Bank of New York Mellon, as trustee, for the public purpose of refinancing the Taxable Note 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 Series 2022B Bonds, 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 2022B Bonds shall be sold at a private (negotiated) sale to the Purchaser, at 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, the Financing Agreement and the Act, all matters, details, forms, documents and procedures pertaining to the sale, security, issuance, delivery and payment of or for the 2022B Bonds, including (without limitation):

- (a) the principal amount of 2022B Bonds;
- (b) the purchase price to be paid to the Authority for the 2022B Bonds;
- (c) the rate or rates of interest payable on the 2022B Bonds, or the method of determining the same;

(d) the date or dates of maturity of the 2022B Bonds, the payment provisions therefor, the optional and mandatory redemption provisions thereof, including (without limitation) the mandatory sinking fund installments (if any) for the 2022B Bonds, the designation or designations of the 2022B Bonds and the date of issuance thereof;

(e) the form, tenor, terms and conditions of the 2022B Bonds, and provisions for the registration and transfer of the 2022B 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 2022B Bonds, the loan of the proceeds of the 2022B Bonds to the Institution, and the refinancing of the Taxable Note, including (without limitation) any applicable supplements to the Financing Agreement and any security agreements, letters of credit, bond insurance policies or other credit or liquidity facilities supporting the 2022B Bonds, financing agreements and other similar agreements;

(g) provision for the administration of the 2022B Bonds, including (without limitation) the appointment of 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 2022B Bonds;

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

(j) such other matters in connection with the authorization, issuance, execution, sale, delivery and payment of the 2022B Bonds and the security for the 2022B 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 2022B 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.

GOUCHER COLLEGE

Ms. Mamie Perkins disclosed the fact that she has performed consulting work in the past for Goucher College and abstained from all deliberations and actions regarding the proposed Goucher transaction.

Mr. Savidge asked the Members to consider an application from Goucher College to refinance the Authority's Revenue Bonds, Goucher College Issue, Series 2012A and Authority's Revenue Bond, Goucher College Issue (2017B) and to fund the purchase and installation of the College's new Workday enterprise management system.

Mr. Kent Devereaux, President of Goucher College, provided a brief background of Goucher College. Mr. Devereaux highlighted that since 2005, 100% of Goucher's student population has participated in its study abroad program for at least one semester. Due to the COVID pandemic, this study abroad program was cancelled for the past 2 years which impacted the student experience. In an effort to increase enrollment, Goucher is offering new majors and new graduate programs in the Fall of 2022. Goucher has also formed formal partnerships with Johns Hopkins and Loyola to increase enrollment through a 4 + 1 Program which allows undergraduate students to take select classes at each of the other institutions as part of a student's undergraduate degree. Goucher is also evaluating other revenue streams by entering into arrangements with other institutions including Edenwald Retirement Community.

Mr. David Valentine, Chief Financial Officer and Vice President of Finance and Administration provided an overview of the transaction. The proposed financing will refinance the Authority's Revenue Bonds, Goucher College Issue, Series 2012A and Revenue Bond, Goucher College Issue (2017B) and will fund the purchase and installation of the College's new Workday enterprise management system. The planned refinancing will extend the debt service period and provide approximately \$2 million in debt service savings. The new Workday System will fully integrate Goucher's accounting, human resources and payroll functions, providing an efficient and more secure enterprise operating system. Goucher is conducting a formal RFP process and is evaluating bank direct placement and public financing options.

Several questions were raised regarding the College's efforts at expanding diversity and how the endowment fund supports the College's operating budget. Mr. Devereaux stated that

Goucher ranks within the top 10% of colleges nationwide for student, faculty and staff diversity and has several initiatives to enhance diversity. Mr. Valentine concluded his remarks by stating that approximately 15% of Goucher's operating budget is supported by its Endowment Fund.

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

RESOLUTION RECITALS

Maryland Health and Higher Educational Facilities Authority (the "Authority") has received a request from Goucher College (the "Institution") for the issuance of revenue bonds by the Authority to finance the purchase and installation of the Institution's new Workday Enterprise Management System (the "Project") and to refinance the Authority's Revenue Bonds, Goucher College Issue, Series 2012A and Revenue Bond, Goucher College Issue (2017B); 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 and the refinancing are 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 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. Alford Evans reported on key economic indicators, highlighting the inflation trends, fixed income indices and recent equity market volatility. He provided details on the overall impact these conditions have on interest rates and the bond market.

Mr. Evans reported on the Imagine Andrews Charter School public bond sale. He provided an analysis on the marketing, pricing structure and the investor participation in the issuance. He highlighted certain comparable charter school bond issues and how the Imagine Andrew's interest rates and credit spreads compared favorably. Mr. Evans stated that these bonds were fairly priced in a difficult market, particularly given Imagine Andrew's comparative small issue size.

EXECUTIVE DIRECTOR'S REPORT

Mr. Savidge began discussions on the status of future in-person meetings of the Authority. After discussion, it was decided that the possible summer meetings would be virtual and the goal would be to resume in-person meetings, if the conditions warranted, in September.

Mr. Savidge provided updates on transactions that had closed, waivers and amendments to financing agreement provisions and the various activities that MHHEFA is pursuing. He highlighted the Imagine Andrews Charter School transaction stating that this was a favorable outcome for the School based on the facts that this was a small, non-rated transaction that was priced in an extremely volatile market.

Mr. Savidge highlighted the various IT initiatives that were recently implemented by the Authority to ensure on-going IT resiliency. Mr. Savidge also reported on several recent outreach activities including meetings with Katie Wunderlich of the Health Services Cost Review Commission and Amy Myers of University of Maryland Medical System.


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

The next meeting of the Authority is scheduled for June 7, 2022.



Barlow T. Savidge
Executive Director

Approved:



Arnold Williams
Chairman
June 7, 2022

May 3, 2022 Authority Meeting
Guests participating remotely via conference line

Mercy Medical Center, Inc.

Justin Deibel, Senior Vice President & Chief Financial Officer
Kathy Pilkenton, Senior Director, Financial Planning
Donnell Henry, Director, Budget and Financial Planning

Mercy Medical Center – Financial Advisor

Bradley Dills, Ponder & Co.

Frederick Health Hospital, Inc.

Hannah Jacobs, Senior Vice President & Chief Financial Officer
James Devlin, Project Manager, Enterprise Analytics

Luminis Health

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

Goucher College

Kent Devereaux, President
David Valentine, Chief Financial Officer & Vice President of Finance & Administration
Noel Ward, Controller

Goucher College - Financial Advisor

Christopher Wienk, First Tryon Advisors

Community Outreach Consultant

Annette Anselmi