

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, June 7, 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
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: Treasurer Dereck E. Davis, Ex officio

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 May 3, 2022 regular meeting of the Authority were unanimously approved.

GOUCHER COLLEGE

Ms. Noel Ward, Controller, provided an update on diligence efforts and the plan of finance since the May 3, 2022 board meeting when Goucher presented its application. Ms. Ward stated that the College completed its due diligence and conducted an RFP process with several banks. Ms. Ward reported that Goucher had selected Fulton Bank due to its favorable credit terms, treasury management services and its ability to incorporate the existing covenants contained in Goucher's current Master Loan Agreement. The proposed financing will refinance the Authority's Revenue Bonds Goucher College Issue, Series 2012A and Revenue Bond Goucher College Issue (2017B) and provide \$8.5 million of new money to fund the purchase and installation of the College's new Workday enterprise management system and other capital expenditures.

Ms. Ward stated that the College is still trying to rebuild its enrollment after experiencing sharp declines in 2020 and 2021 due to the pandemic. Ms. Ward concluded her remarks by stating that there is an 18% increase in enrollment for the Fall of 2022 and the College is in compliance with its financial 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 \$58,000,000 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. Phelps, seconded by Ms. Perkins, adopted the following resolution (Affirmative – Williams, Riggs, Collins, Meier, Perkins, Phelps, Phipps and White; Negative – none; Abstain – none):

GOUCHER COLLEGE 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 \$58,000,000 IN ORDER TO LEND THE PROCEEDS THEREOF TO GOUCHER COLLEGE (THE "INSTITUTION") FOR THE PURPOSE OF FINANCING AND REFINANCING CERTAIN CAPITAL PROJECTS OF THE INSTITUTION AND REFUNDING REVENUE BONDS PREVIOUSLY ISSUED BY THE AUTHORITY ON BEHALF OF THE INSTITUTION, THE PROCEEDS OF WHICH FINANCED AND REFINANCED 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 May 3, 2022, Maryland Health and Higher Educational Facilities Authority (the "Authority") accepted an application from Goucher College, a nonprofit corporation formed under the laws of the State of Maryland (the "Institution"), for the (a) financing of a portion of the costs of acquisition, construction and equipping of certain capital projects (collectively, the "2022 Project") of the Institution and (b) refunding of the Authority's Revenue Bonds, Goucher College Issue, Series 2012 and the Authority's Revenue Bond, Goucher College Issue (2017B) (collectively, the "Refunded 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 (the "Act").

The 2022 Project, which may include financing of all or a portion of the costs associated with (without limitation) the acquisition and installation of a Workday enterprise management system.

At the request of the Institution, the Authority has determined to authorize the issuance of 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 "2022 Bonds") in a principal amount not to exceed \$58,000,000. The 2022 Bonds shall be issued and the proceeds thereof loaned to the Institution pursuant to a financing agreement (the "Financing Agreement") among the Authority, the Institution, Fulton Bank, N.A. (the "Purchaser") and a trustee, which shall contain such terms, provisions and conditions as shall be approved by the Authorized Member (defined herein). The proceeds of the 2022 Bonds shall be loaned to the Institution pursuant the Financing Agreement for the public purpose of refunding the Refunded Bonds and financing and refinancing the 2022 Project in order to enable the Institution to provide, and to finance and refinance at the least cost to the users thereof, the facilities financed and refinanced with the proceeds of the Refunded Bonds and the 2022 Project (collectively, the "Project") for the benefit of the people of the State of Maryland, the increase of their commerce, welfare and prosperity and the improvement of their health and living conditions.

SECTION 2. As permitted by the Act, one or more series of the 2022 Bonds 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 Bonds, including (without limitation):

- (a) the maximum principal amount of 2022 Bonds;
- (b) the purchase price or prices 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 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 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 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 Bonds;

(i) procedures for the approval of change orders and substitutions for the construction, renovation, equipping and other improvements included within the 2022 Project by an authorized officer on behalf of the Authority;

(j) 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

(k) 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.

APPROVAL OF FEE WAIVER FOR FY 2023 AND REVIEW OF FY 2023 OPERATING AND CAPITAL BUDGETS

Mr. Savidge reported that the Authority is seeking approval of a 70% annual administrative fee waiver of the maximum allowable 10 basis point administrative fee. This results in an administrative fee of 3 basis points (bps) (0.03%) per annum, which has been the annual administrative fee that the Authority has maintained since 2007.

Mr. Savidge reported that the FY 2023 Operating Budget was reviewed in detail at the Audit Committee meeting held on May 3, 2023. Ms. Gorman-Lepson provided an overview of the major revenue and expense line items, including administrative fees, salaries and benefits, and professional fees. Ms. Gorman-Lepson highlighted that the 2023 salaries expense was budgeted based on an 8.5% increase. This was based on the discussion with Board Members at the May Audit Committee Meeting, public and private sector research, and current inflationary pressures. Ms. Gorman-Lepson also highlighted that the professional fees expense category is mainly comprised of legal, audit and financial advisory expenses and it typically is less predictive than other expenses categories due to the nature of these types of expenses.

Following discussion, the Authority, on motion by Mr. White, seconded by Ms. Perkins, approved the administrative fee waiver for FY 2023. (Affirmative – Williams, Riggs, Collins, Meier, Perkins, Phelps, Phipps and White; Negative – none; Abstain – none)

INVESTMENT POLICY – ANNUAL APPROVAL

Mr. Savidge presented the Authority's FY 2023 Investment Policy for review and approval. He stated that there are no changes to the Investment Policy proposed for FY 2023. He described the investment objectives as the preservation of capital and liquidity while trying to obtain the highest yield possible within these policy constraints. Mr. Savidge described this investment policy as conservative and prudent. The Authority maintains a buy and hold strategy and uses a ladder

approach to investing while currently maintaining a short average maturity. Mr. Savidge shared that the significant increase in short-term rates has resulted in an unrealized loss on investments. This non-cash loss will not be realized as the Authority does not sell its investments prior to maturity and maintains a buy and hold investment strategy.

Mr. Williams asked for comments from Ms. Phipps and Mr. Meier on the Authority's Investment Policy. Ms. Phipps commented that the policy is prudent and conservative and consistent with what she has seen at other comparable entities. Mr. Meier stated that this policy and its implementation is entirely appropriate based on the Authority's investment objectives.

Following discussion, the Authority, on motion by Ms. Phipps, seconded by Mr. Meier, approved the Investment Policy. (Affirmative – Williams, Riggs, Collins, Meier, Perkins, Phelps, Phipps and White; Negative – none; Abstain – none)

EMPLOYEE HANDBOOK – ANNUAL ACKNOWLEDGEMENT

Mr. Savidge presented to the Members the Authority's Employee Handbook for acknowledgement. He stated that all employees annually acknowledge the Employee Handbook, as well as the policy on IT usage. Minor edits have been made to the Handbook since the last annual review by the Authority. These edits include an increased emphasis on IT training and IT security protocols.

The Members acknowledged receipt of the Employee Handbook by unanimous vote.

FINANCIAL ADVISOR'S REPORT

Mr. Alford Evans reported on the current overall economic condition in the United States, highlighting that the inflation trends are beginning to show signs of moderating. He provided details on the overall impact these conditions have on interest rates and the municipal bond market. Mr. Evans stated that national healthcare credit spreads are trending up and highlighted that the SOFR rates are rising slower than other related indexes.

Mr. Evans concluded his remarks by providing an overview of the Preliminary 2021 National Healthcare and Private Universities Medians Reports recently released by Moody's. He stated that operating results for the healthcare industry have rebounded from the 2020 lows caused by the pandemic. Absolute and relative liquidity metrics reached record levels, but patient volume recovery remained uneven across services. Operating revenue for nearly 60% of private universities rated by Moody's declined in FY 2021, partly driven by an increase in financial aid to students.

EXECUTIVE DIRECTOR'S REPORT

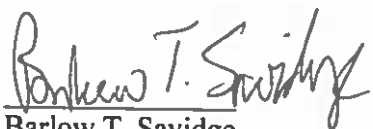
Mr. Savidge provided updates on transactions that had closed, waivers and amendments to financing agreement provisions and the various activities that MHHEFA is pursuing. He highlighted the extension of TD Bank letter of credit maturity and reduction of the letter of credit fee that were proactively arranged for the Authority's 1985 Pool Loan Program. Mr. Savidge reported on the annual planning meeting that was held with the Authority, MSH and Hilltop Securities to review and plan for its institutions' arbitrage and rebate requirements. The Authority also held a meeting with MSH and PFM to review and prioritize Institutions expected to be impacted by the sunseting of the LIBOR index in June 2023.

Mr. Savidge reported on several outreach activities including the monitoring of the financial and operational issues impacting the Charles County Nursing & Rehabilitation Center. Although the operations of this Institution are still challenged by high staffing and agency costs and negative press from COVID related issues, it was able to sell a recently built assisted living facility and retire the non-MHHEFA construction debt held by WesBanco. Mr. Savidge provided an update on Loyola University stating that its 2019 construction project was completed on-time and on budget. The University is expecting its largest enrollment in the Fall of 2022 and is considering another capital project in the near future.

Mr. Savidge concluded his remarks by providing an update on outreach activities with the Park West Health System. This is a federal qualified health clinic in Park Heights that is seeking various grant funding for an estimated \$11 million renovation and expansion project. The Authority is advising on the financing and is considering utilizing its Community Outreach Program to assist in the financing with other community-based lending sources. Ms. Anselmi shared that the Authority has had several conversations with Park West in the past and commented on the progress Park West is making in obtaining grant funding and defining the project parameters.

With no further business, on motion by Mr. Meier, seconded by Ms. Perkins, the meeting was adjourned at approximately 10:45 a.m. (Affirmative – Williams, Riggs, Collins, Meier, Perkins, Phelps, Phipps and White; Negative – none; Abstain – none)

The next meeting of the Authority is scheduled for August 2, 2022.



Barlow T. Savidge
Executive Director

Approved:



Arnold Williams
Chairman
August 2, 2022

June 7, 2022 Authority Meeting
Guests participating remotely via conference line

Goucher College

Noel Ward, Controller

Goucher College - Financial Advisor

Christopher Wienk, First Tryon Advisors, LLC d/b/a Wye River Group

Community Outreach Consultant

Annette Anselmi