

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, September 13, 2022, with Mr. Arnold Williams, Chairman, presiding. This open meeting was held at 401 East Pratt Street (World Trade Center) in a conference room on the 26th Floor. This meeting was open to the public and available to the public remotely via an open conference and video line.

Present: Arnold Williams, Chairman
Jonathan Martin, Chief Deputy Treasurer, Designee of Treasurer
Reco Collins, 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: Sheila K. Riggs, Vice Chairman
Frederick W. Meier, Jr., 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 June 7, 2022 regular meeting of the Authority were unanimously approved.

NOTRE DAME OF MARYLAND UNIVERSITY

Dr. Marylou Yam, President, and Mr. Kevin Quinn, Financial Advisor for Notre Dame of Maryland University, provided an overview of the transaction. Mr. Quinn stated that in September 2021 a taxable note was issued by the University to Sandy Spring Bank to advance refund the Authority's Revenue Bonds, College of Notre Dame of Maryland Issue, 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 October 1, 2022, with a fixed rate, tax-exempt bond purchased by Sandy Spring Bank. Mr.

Quinn advised that this transaction would generate \$6.4 million in net present value debt service savings or approximately \$500,000 per annum for the University.

Dr. Marylou Yam, President of the University shared the news that the Board of Trustees has decided to expand the mission of the University and include men in its undergraduate programs. This decision was based on an in-depth analysis of state and national enrollment trends and high school graduation rates. Dr. Yam stated that the University will continue to honor its history and founding mission of the advancement of women.

Dr. Yam also provided an overview of the University's operations. The University's 6-year capital campaign is scheduled to end in December of 2024. To date, the University has raised \$41.6 million of its \$45 million goal. Dr. Yam described several new programs that are being offered at the University. There is a Masters in PA studies that will start in the Fall of 2023 and the University is offering a 2-year accelerated BSN program and a bachelor's degree and Master's Degree in Art Therapy. Notre Dame is the first institution in Maryland to offer a bachelor's degree in this field and the only one to offer a master's degree. Dr. Yam added that individuals are required to have a master's degree to practice Art Therapy in the State of Maryland.

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 \$16,300,000 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. Phipps, adopted the following resolution (Affirmative – Williams, Collins, Perkins, Phelps, Phipps, White and Martin; Negative – none; Abstain – none):

**NOTRE DAME OF MARYLAND UNIVERSITY, 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 \$16,300,000 IN ORDER TO LEND THE PROCEEDS THEREOF TO NOTRE DAME OF MARYLAND UNIVERSITY, 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, COLLEGE OF NOTRE DAME OF MARYLAND 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

At its meeting on March 3, 2020, Maryland Health and Higher Educational Facilities Authority (the "Authority") accepted an application from Notre Dame of Maryland University, Inc., a non-stock, nonprofit Maryland corporation (the "Institution"), 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, College of Notre Dame of Maryland 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 its 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 bond (the "2022 Bond") in an aggregate principal amount not to exceed \$16,300,000. The 2022 Bond shall be issued and the proceeds thereof loaned to the Institution pursuant to the Financing Agreement dated as of September 1, 2021 (the "Financing Agreement") among the Authority, the Institution, Sandy Spring Bank (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 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 refinancing of the Taxable Note, including (without limitation) any supplements to 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 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 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 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.

EXCEL ACADEMY PUBLIC CHARTER SCHOOL

Mr. Savidge asked the Members to consider an application from Excel Academy Public Charter School to finance capitalized interest, a debt service reserve fund and capital expenditures for the acquisition and renovation of an existing structure situated on 9.8 acres in Fort Washington, Maryland for the relocation and expansion of its established K-8 public charter school (the "Project"). The plan of finance currently includes a non-rated, limited public offering. To ensure investor suitability, the bonds would be sold in \$100,000 denominations to qualified institutional investors.

Ms. Lisa McDougal, President of Sowing Empowerment & Economic Development ("SEED") which is the sole member of Excel Academy Public Charter School, provided a brief history of the school and an overview of the project. SEED guides the overall governance of the school. Excel Academy is the oldest charter school in Prince George's County and its mission is to develop well rounded lifelong learners through inquiry-based learning experiences. The school has consistently exceeded Prince George's County average test scores since inception. Ms. McDougal explained that the size and condition of the current school facility has always been an issue. The School has been renting this current facility from the Prince Georges County Public School and the lease is expected to expire at the end of the FY2023 school year. This transaction will allow the School to acquire land and an existing facility and make the necessary rehab/construction improvements for a new charter school facility located in Fort Washington, Maryland. Ms. McDougal provided an overview of the history, mission and academic results of the School.

Since this new site is several miles away from the existing school facility, a working group was organized to look at such issues as transportation, demographics, and the feasibility of this new location. To alleviate some of the transportation concerns, the School would extend the hours of before and after care for students by an additional hour. Traffic studies and carpool apps were also provided by the working group to help with these transportation concerns. Ms. McDougal expressed that the School was working with an experienced developer, Highmark, and that temporary facility back up plans were being developed in case there were construction delays. These plans include considering extending the current facility lease for several months.

There was discussion relating to the financial projections that were included in the School's application. After discussion, it was recommended that prior to authorization, the projections will be updated to include updated project costs, key assumptions, and the historical results in the projected income statement. This additional information will be helpful to assess the feasibility of the project.

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

NOW, THEREFORE, BE IT RESOLVED, THAT the Authority hereby accepts the application submitted by SEED 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 or the financing and refinancing of the Project is feasible or will in fact be consummated and although the Authority will keep SEED 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.

AUDIT COMMITTEE UPDATE

Ms. Bonnie Phipps stated that the Authority's Audit Committee met on September 6, 2022 to consider the Authority's FY 2022 Annual Report and Agreed Upon Procedures Report as presented by CohnReznick LLP. The Authority's Audit Committee accepted the FY 2022 Annual report as presented. Ms. Phipps reported that the Authority received an unmodified opinion on the financial statements from the auditors, that no material weaknesses or significant deficiencies were noted and that, accordingly, there were no comments or adjustments noted in the management letter. Ms. Phipps noted that the Agreed Upon Procedures performed by CohnReznick LLP also indicated no issues.

Ms. Lynn Gorman-Lepson provided a brief overview of the Annual Report and the AUP process for the Board. Ms. Gorman-Lepson also shared financial highlights of the Annual Report and the AUP Report including the changes that were made to the Independent Auditor's Report, the adoption of GASB 87 relating to leases and the reclassifications that were made to certain line items of the financial statements to present the income statement more clearly.

FINANCIAL ADVISOR'S REPORT

Mr. Alford Evans reported on the current overall economic condition in the United States, highlighting that the inflation concerns remain a concern with year over year growth remaining elevated. 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 risk premium for lower rated borrowers is increasing. Mr. Evans concluded his remarks by providing an overview of the S&P National Healthcare Medians Reports.

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 three Cinderella Bond conversions for LifeBridge Health, Frederick Health and Luminis that were all converted from taxable notes to tax-exempt bond issuances on July 1, 2022.

Mr. Savidge reported on several outreach activities including status updates on the Stone Ridge and Landon School projects, discussions with Keswick regarding a possible PACE Program servicing West Baltimore and discussion on the planned new osteopathic medical school that Meritus is pursuing.

Mr. Savidge concluded his remarks by providing an update on various Open Meetings Act changes that were adopted in the 2022 Legislative session, which are effective October 1, 2022. Mr. Savidge provided the Board with a Memo detailing all of these enhancements and how the Authority is prepared to comply. Mr. Savidge also stated that the Authority worked with its website host, Zest Communications, to ensure all required Open Meetings Act materials are properly archived on its website. Mr. Taylor led a discussion about what information can be presented in Closed Session and procedures for voting on items discussed in Closed Session.

EXECUTIVE SESSION

Upon motion by Mr. White, seconded by Mr. Phelps, the Authority voted unanimously to close the meeting pursuant to Section 3-305(b)(6) of the General Provisions Article of the Annotated Code of Maryland for the purpose of discussing the marketing of public securities (Affirmative – Williams, Collins, Perkins, Phelps, Phipps, White, and Martin; Negative – none; Abstain – none).

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

EXCEL ACADEMY PUBLIC CHARTER SCHOOL -- APPOINTMENT OF UNDERWRITERS

Following discussion, the Authority, on motion by Mr. White, seconded by Ms. Perkins, appointed D.A. Davidson as underwriter of the proposed Excel Academy Public Charter School bond issue (Affirmative – Williams, Collins, Perkins, Phelps, Phipps, White, and Martin; Negative – none; Abstain – none).

With no further business, on motion by Mr. Phelps, seconded by Ms. Perkins, the meeting was adjourned at approximately 11:30 a.m. (Affirmative – Williams, Collins, Perkins, Phelps, Phipps, White and Martin; Negative – none; Abstain – none)

The next meeting of the Authority is scheduled for January 10, 2023.

**September 13, 2022 Authority Meeting
Guests participating either in person or remotely**

Notre Dame of Maryland University

Dr. Marylou Yam - President

Sean Delaney - Vice President for Finance and Administration

Notre Dame of Maryland University- Financial Advisor

Kevin Quinn - Principal - First Tryon Advisors, LLC d/b/a Wye River Group

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

Excel Academy Public Charter School

Lisa Butler McDougal - President

Ana Jacobs - CFO

Excel Academy Public Charter School – Counsel

Richard C. Daniels - Law Offices of Daniels and Daniels

Excel Academy Charter School- Developer


Jennifer Barbeau - Highmark

Excel Academy Charter School - Underwriter

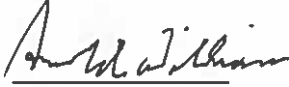
Matt DeAngelis - D.A. Davidson & Co.

Community Outreach Consultant

Annette Anselmi


Barlow T. Savidge
Executive Director

Approved:


Arnold Williams
Chairman
January 10, 2023