

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, August 1, 2023, 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
 Sheila K. Riggs, Vice Chairman
 Jonathan Martin, Chief Deputy Treasurer, Designee of Treasurer
 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
 William Taylor IV, Bond Counsel
 Brian Carter, Financial Advisor
 Stephen Murphy, Financial Advisor

Absent: none

Special Guests: See attached.

Mr. Arnold Williams, Chairman, 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 6, 2023 regular meeting of the Authority were unanimously approved.

CHESAPEAKE LIGHTHOUSE FOUNDATION, INC.

Ms. Perkins disclosed the fact that she was previously an educational consultant for Chesapeake Lighthouse Foundation, Inc. (CLF) and abstained from all deliberation and action regarding the proposed Chesapeake Lighthouse Foundation application.

Mr. Savidge asked the Members to consider an application from Chesapeake Lighthouse Foundation to advance refund three series of tax-exempt bonds previously issued by Prince George's County for the benefit of CLF, utilizing a taxable note/tax-exempt bond structure ("Cinderella Structure"). The taxable notes will be issued under a financing agreement and

certified as parity obligations under a master loan agreement and are expected to be purchased by Eagle Bank. The taxable notes would only convert to MHHEFA issued tax-exempt bonds when authorized by MHHEFA.

Mr. Yilmaz Ak, Chief Executive Officer of Chesapeake Lighthouse Foundation, provided a comprehensive report on the organization. Chesapeake Lighthouse Foundation is the largest charter school operator in Maryland, currently serving over 3,600 students in six schools from grades K-12. CLF operates in Prince George's County and Anne Arundel County, Maryland and currently has three active charter agreements. CLF's six schools have seen consistent growth in enrollment and its wait list over the past 5 years. Mr. Ak highlighted that the test results from the CLF schools have outperformed the results of the respective school districts in the areas of Science, Math and ELA and have benefited from high graduation rates.

CLF's financial advisor, Mr. Chris Wienk, provided a brief overview of the plan of finance. Mr. Wienk stated that the proposed financing will advance refund three series of outstanding fixed rate bonds issued for the benefit of CLF and will result in \$30 million of present value debt service savings.

A question was raised regarding an expense line item in the 2024 projected financial statements. It was determined that this amount was an incorrect amount carried over from the historical financial statements.

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

NOW, THEREFORE, BE IT RESOLVED, THAT the Authority hereby accepts the application submitted by CLF 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 and to execute a bond resolution, master loan agreement, security documents and such other documents deemed requisite or appropriate in connection therewith, 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 CLF 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.

COMMUNITY OUTREACH PROGRAM

Ms. Annette Anselmi, Community Outreach Consultant, provided a brief history and highlights of the Authority's Community Outreach Program. This Program was approved by the Authority in July of 2019. Its purpose is to assist nonprofit health and educational institutions in low-income areas of Maryland obtain financing for facilities. The Program's benefits to the Authority's mission and the parameters for eligibility and support were discussed. Ms. Anselmi highlighted a few institutions that the Authority has been in contact with and provided background on recent meetings with Bernard Foster, Executive Director of the Tuerk House.

Mr. Williams stated the Authority has been actively pursuing projects for the Community Outreach Program. He stated that the challenges the Authority is facing is that these eligible institutions are used to completing their projects incrementally, as many are hesitant to take on debt. The Authority is working with these institutions to convey the benefits of lowering their total project costs through various financing options.

Mr. Savidge provided background on the services and expertise that the Authority provides to these eligible institutions to help facilitate the timing and readiness of projects, including speaking with potential lenders and providing insight on financing options.

FINANCIAL ADVISOR'S REPORT

Mr. Brian Carter reported on the current overall economic condition in the United States, highlighting that the various national and economic indicators of recession remain mixed. He stated that there have been some improvements in the CPI and PPI indicators but that the unemployment rate continues to be historically low and economic outlooks continue to be mixed. Mr. Brian Carter provided details on the overall impact these conditions have on interest rates and the municipal bond market. He highlighted the increase in credit spreads in the lower rated higher education institutions which is an indicator of market concern about smaller, private schools.

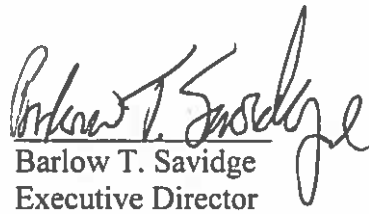
Mr. Carter reported on the Frederick Health and Monocacy Montessori School public bond sales. He highlighted that there was high demand for the Frederick Health issue and although they were lower rated than other recent healthcare transactions, the pricing was favorable. Mr. Carter reported that the Monocacy Montessori School bonds were fairly priced compared to other recent non-rated charter school issues.

EXECUTIVE DIRECTOR'S REPORT


Mr. Savidge provided updates on the transactions that have closed highlighting the favorable marketing and pricing of the Frederick Health transaction. He stated that all of the LIBOR to SOFR Amendments have been completed. Mr. Savidge reported on several outreach activities including TidalHealth, Tuerk House and Charlestown Community.

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

The next meeting of the Authority is scheduled for September 12, 2023.


Barlow T. Savidge
Executive Director

Approved:


Arnold Williams
Chairman

September 12, 2023

**Authority Meeting
August 1, 2023
Guest List**

Chesapeake Lighthouse Foundation

Yilmaz Zayn Ak, Ed.S., Chief Executive Officer

First Tryon Advisors – Chesapeake Lighthouse Foundation - Financial Advisor

Chris Wienk, Managing Director

Alex Mueller, Vice President

Community Outreach Consultant

Annette Anselmi