

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 6, 2024, 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
 Dr. Bisma Beg, Member
 Frederick W. Meier, Jr., Member
 Mamie Johns Perkins, Member
 Arthur S. Varnado, Member
 W. Daniel White, Member
 Bart Savidge, Executive Director
 Lynn Gorman-Lepson, Chief Financial Officer
 David Gregory, Bond Counsel
 William Taylor, Bond Counsel
 Brian Carter, Financial Advisor
 Steven Hass, Financial Advisor

Absent: John Phelps, Member

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 4, 2024 regular meeting of the Authority were unanimously approved.

THE JOHNS HOPKINS HEALTH SYSTEM (JHHS)

Mr. Greg Miller, Vice President of Finance and Treasurer for JHHS, provided a brief overview of the plan of finance. Mr. Miller stated that this transaction would be structured with three series of tax-exempt, variable rate demand bonds. Series 2024A&B would be secured by a direct pay, TD Bank letter of credit and the Series 2024C would be backed by JHHS credit. This transaction is projected to provide \$1 million in annual debt service savings, extend the bank commitment period and diversify JHHS' variable rate debt mix. Mr. Miller also stated that JHHS also plans to borrow \$80 million from MHHEFA's 1985 Pooled Loan Program to partially finance the purchase and implementation of a new system-wide Workday platform. This new system will take 3 years to implement and is intended to improve business processes and modernize operations across multiple business areas.

Ms. Cheryl Sadro, Senior Vice President and Chief Financial Officer of Johns Hopkins Medicine, provided a brief update on operations. She reported that operating revenues and income from operations for the nine months ended March 31, 2024 increased 6% and 3.5%, respectively, over the prior year. Ms. Sadro also reported that S&P and Moody's reaffirmed JHHS' underlying credit ratings of AA- and Aa2, respectively, as of August 2024.

Several questions were raised and there was discussion relating to an increase in demand for capital projects in the healthcare sector and the components of taxable income in this sector.

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 \$190,000,000 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. Meier, seconded by Ms. Perkins, adopted the following resolution (Affirmative – Williams, Beg, Martin, Meier, Perkins, Varnado and White; Negative – none; Abstain – none):

**THE JOHN HOPKINS HEALTH SYSTEM CORPORATION
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 \$190,000,000 IN ORDER TO LEND THE PROCEEDS THEREOF TO ONE OR MORE OF THE JOHNS HOPKINS HEALTH SYSTEM CORPORATION AND CERTAIN AFFILIATES, FOR THE PURPOSE OF REFUNDING CERTAIN OUTSTANDING REVENUE BONDS ISSUED ON THEIR BEHALF; 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 at its meeting on August 6, 2024 an application from The Johns Hopkins Health System Corporation, a nonprofit corporation formed under the laws of the State of Maryland (the "Health System"), for the refunding of all or a portion of the (i) Authority's Revenue Bonds, The Johns Hopkins Health System Issue, (2016B), (ii) Authority's Revenue Bonds, The Johns Hopkins Health System Issue, (2018A), and (iii) Authority's Revenue Bonds, The Johns Hopkins Health System Issue, (2018B) (collectively, the "Refunded Bonds"), pursuant to the Maryland Health and

Higher Educational Facilities Authority Act, Sections 13-301 through 10-356, inclusive, of the Economic Development Article of the Annotated Code of Maryland (the "Act").

The Authority has determined to authorize the issuance of 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 "2024 Bonds") in an aggregate principal amount not to exceed \$190,000,000. The 2024 Bonds shall be issued pursuant to one or more bond indentures or other trust agreements (each, an "Indenture") 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 2024 Bonds may be issued in one or more series. In determining the principal amount of 2024 Bonds issued pursuant to this resolution, each 2024 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 2024 Bond. Accordingly, it is expressly contemplated that the face amount of the 2024 Bonds may exceed the maximum aggregate principal amount of 2024 Bonds authorized hereby.

The proceeds of the 2024 Bonds shall be loaned to one or more of the Health System and its affiliates pursuant to one or more loan agreements or other agreements (each, a "Loan Agreement") between the Authority and the Health System and such affiliates, which shall contain such terms, provisions and conditions as shall be approved by the Authorized Member, for the public purpose of refunding the Refunded Bonds in order to enable the Health System and such affiliates to provide, and to finance and refinance at the least cost to the users thereof, the facilities financed and refinanced with proceeds of the Refunded Bonds (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. It is hereby found and determined that the financing and refinancing of the Project serves the public purposes of The Johns Hopkins Hospital, Johns Hopkins Bayview Medical Center, Inc., Howard County General Hospital, Inc. and Suburban Hospital, Inc.

SECTION 2. As permitted by the Act, one or more series of the 2024 Bonds shall be sold at private (negotiated) sale to TD Securities (USA) 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 2024 Bonds, including (without limitation):

(a) the principal amount of 2024 Bonds issued at any one time or from time to time;

(b) the purchase price or prices to be paid to the Authority for 2024 Bonds issued at any one time or from time to time;

(c) the rate or rates of interest payable on the 2024 Bonds, or the method of determining the same;

(d) with respect to 2024 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 2024 Bonds are offered initially to the public;

(e) the date or dates of maturity of the 2024 Bonds issued at any one time or from time to time, the payment provisions therefor, the optional and mandatory redemption and purchase provisions thereof, including (without limitation) the mandatory sinking fund installments (if any) for such 2024 Bonds, the designation or designations of the 2024 Bonds and the date of issuance thereof;

(f) the form, tenor, terms and conditions of the 2024 Bonds, and provisions for the registration and transfer of the 2024 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 2024 Bonds issued at any one time or from time to time, the loan of the proceeds of such 2024 Bonds to one or more of the Health System and its affiliates, and the financing and refinancing of the Project, including (without limitation) the Indenture, the Loan Agreement and any security agreements, letters of credit, bond insurance policies or other credit or liquidity facilities supporting the 2024 Bonds, financing agreements and other similar agreements;

(h) provision for the administration of the 2024 Bonds, including (without limitation) the appointment of a trustee under the Indenture 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 Health System and the Underwriters, of a preliminary official statement and a final official statement in connection with the sale of the 2024 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 the 2024 Bonds;

(k) the creation of security for the 2024 Bonds, which may include (without limitation) provisions for securing the 2024 Bonds or any indebtedness or other obligations incurred in connection with the issuance of the 2024 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

(l) such other matters in connection with the authorization, issuance, execution, sale, delivery and payment of the 2024 Bonds and the security for the 2024 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 2024 Bonds to take any action required or permitted to be taken by or on behalf of the Authority under the Act, the Indenture, 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, 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.

FINANCIAL ADVISOR'S REPORT

Mr. Brian Carter reported on the current overall economic condition in the United States, highlighting the Federal Reserve's recent interest rate reductions. Mr. Carter stated that additional rate cuts are highly likely for September and November. The unemployment rate remains low at 4.1% as of July. Mr. Carter highlighted that indicators relating to pricing and inflation are beginning to moderate while national indicators remain mixed. He provided details on the overall impact these conditions have on interest rates and the municipal bond market.

Mr. Carter provided an overview of the marketing and pricing for the Maryland Institute College of Art (MICA) bond sale that closed on July 31, 2024. Mr. Carter highlighted some of the

initial pricing challenges and adjustments that were made. He stated that given all of these factors, these bonds were fairly priced, and this transaction accomplished the strategic financing goals of MICA.

Mr. Carter reported that Mr. Stephen Murphy accepted a new position with Bank of America. He introduced Mr. Steven Hass, Managing Director of PFM, who specializes in the higher education sector. Mr. Hass provided a detailed pricing comparison between the MICA bond sale and a recent bond sale of Pace University.

EXECUTIVE DIRECTOR'S REPORT

Mr. Savidge provided an update on recent closings. He also provided details on the recent annual arbitrage and rebate planning session with MHHEFA, McKennon Shelton & Henn LLP and Hilltop Securities Asset Management. Mr. Savidge concluded his comments by providing updates on the recent outreach meetings and events including Baltimore Community Lending, Southern Streams Health & Wellness Center and the College Bound Foundation.

EXECUTIVE SESSION

Upon motion by Mr. Meier, seconded by Ms. Perkins, 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, Beg, Martin, Meier, Perkins, Varnado and White; Negative – none; Abstain – none).

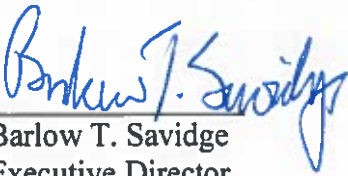
Subsequently, Mr. Williams resumed the public meeting of the Authority.

JHHS – APPOINTMENT OF UNDERWRITER

Following discussion, the Authority, on motion by Mr. Meier, seconded by Mr. White, appointed TD Securities as the underwriter of the proposed JHHS bond issue (Affirmative – Williams, Beg, Martin, Meier, Perkins, Varnado and White; Negative – none; Abstain – none).

With no further business, on motion by Mr. Meier, seconded by Mr. White, the meeting was adjourned at approximately 11:00 a.m. (Affirmative – Williams, Beg, Martin, Meier, Perkins, Varnado and White; Negative – none; Abstain – none).

The next meeting of the Authority is scheduled for September 10, 2024.



Barlow T. Savidge
Executive Director

Approved:



Arnold Williams
Chairman

September 10, 2024

**Authority Meeting
August 6, 2024
Guest List**

Johns Hopkins Health System (JHHS)

Cheryl Sadro, Senior Vice President, Chief Financial Officer
Greg Miller, Vice President, Finance and Treasurer

First Tryon Advisors - Authority - Financial Advisor for JHHS Issues

Christopher O. Wienk, Managing Director
Bill (William) Bass, Director

TD Securities - Underwrite and Remarketing Agent for JHHS

Jordan Sanchez, Director
Stacey Campbell, Associate

Community Outreach Consultant

Annette Anselmi