

## 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 6, 2025, 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 26<sup>th</sup> 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  
Granville Templeton III, Vice-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  
Lorraine McClaren, 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 March 4, 2025 regular meeting, of the Authority were unanimously approved.

### **Meritus Health**

Meritus Health has submitted an application to refund the Authority's Revenue Bonds, Meritus Medical Center Issue, Series 2015 and finance the cost of certain capital expenditures relating to the construction and development of the Meritus School of Osteopathic Medicine and the Meritus Commons student housing project. The proposed plan of finance includes the issuance of rated, tax-exempt, fixed rate bonds.

Mr. Maulik Joshi, President & CEO, and Mr. Josh Repac, Chief Financial Officer, provided an overview of Meritus Health, its market profile and financial performance and the use of proceeds for the proposed bonds.

Mr. Joshi highlighted that three years ago Meritus identified the growing need for more physicians as an important issue and decided to build a Medical School along with Meritus Commons, a student housing complex, with the first class starting in July 2025.

Mr. Repac discussed that affordability is an important focus for Meritus. Currently, based on the most recent revenues and volumes, Meritus is ranked one of the most efficient hospitals in the state while maintaining profitability.

Questions regarding the accreditation process, confirmation of endowments and credit ratings, and the selection of Osteopathic Medicine were discussed.

Following the discussion, Mr. Arnold Williams asked the Members to entertain a motion for the acceptance of the application as well as the authorization to issue the Authority's debt in a principal amount not exceeding \$405 million, on motion by Mr. Meier, seconded by Mr. Varnado, adopted the following resolution (Affirmative – Williams, Beg, Martin, Meier, Templeton, Varnado and White; Negative – none; Abstain – none):

**MERITUS 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 \$405,000,000 IN ORDER TO LEND THE PROCEEDS THEREOF TO MERITUS MEDICAL CENTER, INC. AND CERTAIN OF ITS AFFILIATES, FOR THE PURPOSE OF FINANCING AND REFINANCING CERTAIN CAPITAL PROJECTS; REFUNDING ALL OR A PORTION OF THE AUTHORITY'S REVENUE BONDS, MERITUS MEDICAL CENTER ISSUE, SERIES 2015; 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 6, 2025, Maryland Health and Higher Educational Facilities Authority (the "Authority") accepted an application from Meritus Medical Center, Inc., a nonprofit corporation formed under the laws of the State of Maryland (the "Institution"), for the financing and refinancing by the Authority of a portion of the cost of the 2025 Project (as defined herein) and the refunding of all or a portion of the Authority's Revenue Bonds, Meritus Medical Center Issue, Series 2015 (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, as amended (the "Act").

The project consists of (i) the financing and refinancing of the costs of construction, renovation, and equipping of the Meritus School of Osteopathic Medicine (the "Medical School") and the student housing facilities for the Medical School known as Meritus Commons (collectively, the "2025 Project"); and (ii) the facilities financed and refinanced with proceeds of the Refunded Bonds (collectively with the 2025 Project, 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 refunding all or a portion of the Refunded Bonds and financing and refinancing the 2025 Project.

**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 "2025 Bonds") in an aggregate principal amount not to exceed \$405,000,000. The 2025 Bonds shall be issued pursuant to one or more bond resolutions or other agreements (the "Resolution") entered into by an 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 2025 Bonds may be issued in one or more series. In determining the principal amount of 2025 Bonds issued pursuant to this resolution, each 2025 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 2025 Bond. Accordingly, it is expressly contemplated that the face amount of the 2025 Bonds may exceed the maximum aggregate principal amount of 2025 Bonds authorized hereby.

The proceeds of the 2025 Bonds shall be loaned to the Institution and its affiliates (collectively, the "Obligated Group Members") pursuant to the Master Loan Agreement dated as of July 1, 2015 between the Authority and the Institution, as amended and supplemented (as so amended and supplemented, the "Master Loan Agreement"), which shall contain such terms, provisions and conditions as shall be approved by the Authorized Member, for the public purpose of financing and refinancing the 2025 Project and refunding the Refunded Bonds in order to enable the Institution 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, one or more series of the 2025 Bonds shall be sold at private (negotiated) sale to Truist Securities, Inc. and BofA Securities, Inc. (collectively, the "Underwriters") pursuant to a bond purchase agreement, 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 2025 Bonds, including (without limitation):

(a) the principal amount of 2025 Bonds issued at any one time or from time to time;

(b) the purchase price or prices to be paid to the Authority for 2025 Bonds issued at any one time or from time to time;

(c) the rate or rates of interest payable on the 2025 Bonds, or the method of determining the same;

(d) with respect to 2025 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 2025 Bonds are offered initially to the public;

(e) the date or dates of maturity of the 2025 Bonds issued at any one time or from time to time, the payment provisions therefor, the optional and mandatory redemption provisions thereof, including (without limitation) the mandatory sinking fund installments (if any) for such 2025 Bonds, the designation or designations of the 2025 Bonds and the date of issuance thereof;

(f) the form, tenor, terms and conditions of the 2025 Bonds, and provisions for the registration and transfer of the 2025 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 2025 Bonds issued at any one time or from time to time, the loan of the proceeds of such 2025 Bonds to the Obligated Group Members, and the financing and refinancing of the Project, including (without limitation) the Resolution, the Loan Agreement and any security agreements, letters of credit, bond insurance policies or other credit or liquidity facilities supporting such 2025 Bonds, financing agreements and other similar agreements;

(h) provision for the administration of the 2025 Bonds, including (without limitation) the appointment of a trustee under the Resolution 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 Obligated Group Members and the Underwriters, of a preliminary official statement and a final official statement in connection with the sale of the 2025 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 2025 Bonds;

(k) the creation of security for the 2025 Bonds, which may include (without limitation) provisions for securing any indebtedness or other obligations incurred in connection with the issuance of the 2025 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 2025 Bonds and the security for the 2025 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 2025 Bonds to take any action required or permitted to be taken by or on behalf of the Authority under the Act, the Resolution, the Master Loan Agreement, any deed of trust 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.

#### **UPDATE ON THE AHEAD MODEL**

Ms. Liz Sweeney, President, Nutshell Associates, provided an update and overview on the All-Payer Health Equity Approaches and Development (“AHEAD”) Model. The AHEAD model is expected to become effective in January 2026. It is an extension with certain changes to the current Maryland Total Cost of Care Model (“TCOC”). The TOCC model’s goals are to reduce the overall growth in healthcare spending, fix total annual revenue for hospital services and improve access, outcomes and care coordination.

## **AUDIT COMMITTEE UPDATE**

Mr. Fred Meier provided an update on the Audit Committee meeting that was held at 8:30 a.m. on Tuesday, May 6, 2025. The meeting included a discussion regarding the audit plan, the FY2026 Authority budget and the investment portfolio which is managed by PFM Asset Management. The FY 2026 Authority Budget and FY 2026 Investment Policy were reviewed and approved by the Audit Committee. The FY2026 Authority Budget will be presented to the Board at the August 12, 2025 meeting.

## **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. A minor insertion this year focused on compliance with the Authority's secure email policy.

## **FINANCIAL ADVISOR'S REPORT**

Mr. Brian Carter reported on the current overall economic condition in the United States, highlighting market reaction to the introduction of widespread tariffs and the impact to the equity and U.S. Treasury markets. Mr. Carter also discussed the continued concern regarding the loss of municipal tax-exemption, potential for Medicaid cuts and the challenges NIH funding cuts will cause for the higher education and healthcare sectors.

Mr. Brian Carter reported that indicators relating to pricing and inflation are beginning to mitigate while national indicators remain mixed. He provided details on the overall impact these conditions have on interest rates and the municipal bond market.

## **EXECUTIVE DIRECTOR'S REPORT**

Mr. Savidge provided an update on recent closings and conversions. Mr. Savidge reported that MHHEFA successfully completed its annual data recovery test and was able to restore its data from its immutable storage site to validate the recoverability. Mr. Savidge provided an update regarding Imagine Andrews Public Charter School's debt service covenant violation and the hiring of the management consultant firm, Building Hope. Mr. Savidge also reported on the announced closing of Sandy Spring Friends School, which has since been reversed and will remain open. The situation will continue to be monitored.

## **EXECUTIVE SESSION**

Upon motion by M. Meier, seconded by Mr. Varnado, 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, Templeton and Varnado; Negative – none; Abstain = none):


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

**MERITUS HEALTH – APPOINTMENT OF UNDERWRITERS**


Following discussion, the Authority, on motion by Mr. Meier, seconded by Mr. Varnado, appointed Truist Securities and Bank of America Securities as the underwriters of the proposed Meritus Health bond issue (Affirmative – Williams, Beg, Martin, Meier, Templeton and Varnado; Negative – none; Abstain – none):

With no further business, on motion by Mr. Templeton, seconded by Mr. Varnado, the meeting was adjourned at approximately 11:35 a.m. (Affirmative – Williams, Beg, Martin, Meier, Templeton and Varnado; Negative – none; Abstain – none):

The next meeting of the Authority is scheduled for August 12, 2025.

  
Barlow T. Savidge  
Executive Director

Approved:

  
Arnold Williams  
Chairman

August 12, 2025

**Authority Meeting  
May 6, 2025  
Guest List**

**Meritus Health**

Maulik Joshi, President & CEO  
Josh Repac, Chief Financial Officer

**Nutshell Associates**

Liz Sweeney, President