

## **HIGHER EDUCATIONAL FACILITY COMMISSION**

### **MINUTES OF THE MEETING OF THE COMMISSION**

**November 15, 2006**

The Ohio Higher Educational Facility Commission (the "Commission") met on Wednesday, November 15, 2006, at 11:00 a.m. at the offices of the Ohio Board of Regents, 36th Floor, State Office Building, 30 East Broad Street, Columbus, Ohio, written notice of which had been given to all members of the Commission.

The following members attended: Thomas Needles, Chairman; Richard Petrick, Vice Chairman; John Wells, Secretary; Kenneth Kutina, Deputy Secretary; Wanda Carter; Ronald E. Cosey; and Tahlman Krumm. Henry Kasson was absent. Also present were representatives of the educational and health institutions making presentations to the Commission; Francis Barry Keefe and Alex Burlingame of Squire, Sanders & Dempsey L.L.P., Bond Counsel to the Commission; and Katie Hensel of the Ohio Board of Regents.

The meeting was called to order by the Chairman. Upon call of the roll, Mr. Wells declared that a quorum was present. He also stated that the notice of this meeting had been given to all media, organizations or other persons who requested that information in accordance, and in full compliance, with Section 121.22 of the Revised Code.

The Chairman noted that the minutes of the Commission meeting of October 18, 2006, were sent to each member prior to this meeting; those minutes are included in the meeting books for each member. Upon review, the Commission members present unanimously approved the minutes of that meeting as submitted.

## CLEVELAND INSTITUTE OF ART

The Chairman called on Almut Zvosec, Vice President Business Affairs and CFO of the Cleveland Institute of Art to discuss the requested action. Ms. Zvosec explained that the Institute is planning to finance the renovation of its classroom/studio building and the construction of a new facility adjacent to that existing building. The existing facility is an old automobile factory that was converted for use by the Institute approximately 10 years ago. The conversion and subsequent renovations and improvements have been financed in part with bonds issued by the Commission. The Institute plans to finance the new renovations and addition using Historic Tax Credits and Conservation Easement Credits. The Board of Trustees has been working with financial advisors and decided that using the "tax credit" mechanisms would provide the most cost effective financing. In order to do so, the Institute will have to transfer the property to a newly created Limited Liability Company (LLC).

In response to questions from Dr. Krumm, Ms. Carter, Dr. Kutina and Mr. Needles, Ms. Zvosec and Mr. Keefe explained that the LLC must be created with the Institution and a private entity as members so that the tax credits can be transferred to that private entity. The private entity will pay the Institution a significant sum that will be used to pay part of the costs of renovating the building. The LLC must hold the property for one year prior to using the tax credits. For the first year, the Institution will be the only member of the LLC. This will permit the outstanding bonds to maintain their tax-exempt status. After one year, the private entity would join the LLC. At that time, the Institution would pay off the outstanding bonds and then proceed with its new financing. For so long as the bonds are outstanding the Institute will remain responsible for the ultimate performance under the Lease notwithstanding its transfer to the LLC.

Mr. Keefe explained that the resolution before the Commission approves the amendment to the Lease for the outstanding bonds that will permit the Institution to transfer the property to the LLC.

Mr. Wells moved and Ms. Carter seconded the motion that Resolution No. 2006-26 be adopted.

There being no further discussion, the Chairman called for the roll and, pursuant to the roll call, the following votes were cast:

Aye: Carter, Cosey, Krumm, Kutina, Needles, Petrick, Wells

Nay: None

The Chairman declared the motion passed and Resolution No. 2006-26 adopted.

Resolution No. 2006-26 is as follows:

## DENISON UNIVERSITY

Mr. Needles asked Seth Patton, Vice President for Finance and Management of Denison University, to discuss the proposed bond financing. Mr. Patton briefly reviewed the projects to be funded, which received preliminary approval at the Commission's October meeting. In response to questions from Dr. Kutina, Mr. Patton explained that approximately \$41 million of the bond proceeds would finance those projects and approximately \$54 million would refund the Commission's bonds issued for the University in 2001.

Mr. Keefe noted that bonds are expected to be issued early next year. The bond documents have been prepared and presented to the Commission.

Mr. Petrick moved and Dr. Krumm seconded the motion that Resolution No. 2006-27 be adopted.

There being no further discussion, the Chairman called for the roll and, pursuant to the roll call, the following votes were cast:

Aye: Carter, Cosey, Krumm, Kutina, Needles, Petrick, Wells

Nay: None

The Chairman declared the motion passed and Resolution No. 2006-27 adopted.

Resolution No. 2006-27 is as follows:

## OHIO CHRISTIAN UNIVERSITY

Dallas Hurt of Sweney Cartwright & Co., the investment banker for the University's proposed bond issue, introduced Mark Smith, President, and Rob Hartman, Vice President for Finance, of the Ohio Christian University. Mr. Hartman briefly described the projects to be financed including rehabilitating student residence facilities, constructing a new residence hall and a student center and acquiring land for future use. He also indicated that there has been a substantial growth in enrollment, doubling over the last five years. The University is approximately 60 years old. Many of its facilities are aging and in need of upgrading. The bonds will refinance about \$2.5 million of projects that have been recently completed and provide \$5.7 million for new projects. The Campus Leadership Center will not only provide a gym for student athletic and recreational purposes but will also provide a venue for the residents of Pickaway County. The increase in enrollment has necessitated the renovation of existing student housing and the construction of a new residence facility.

President Smith commented that both he and Mr. Hartman came to the University from Indiana Wesleyan University. There he helped that university expand its off-campus sites to over 60, increasing overall enrollment significantly. They came to Ohio Christian University because its Board of Trustees is interested in growth and community involvement. A capital campaign is underway and \$2.5 million has already been raised towards these projects. The goal for student enrollment is to reach 1,000 within the next 10 years, but he hopes to do considerably better than that.

Responding to a question by Ms. Carter concerning the use of the Campus Leadership Center, Mr. Smith explained that the primary use will be for campus purposes – athletic, recreation, assemblies for speakers and special events. The community will also be able to use it for meetings and recreational activities. For example, the Chamber of Commerce will meet there and some of the local churches in the Circleville area have an organized basketball program that may use the new facility. Once a year, there is a meeting of the church affiliated with the University that would use the center. It will not be used regularly for religious services. The University has a chapel for services; it is not part of the project to be funded with the bonds.

Mr. Smith discussed with Dr. Kutina the rather ambitious growth at the University. The increase in enrollment currently is occurring at the main campus. But further growth will be at other sites and from “on-line” students (using the internet). There is a need to raise the baccalaureate rate in Ohio, and the University is working to meet that need. Mr. Smith agreed that the success of remote campuses depends on the quality of the faculty. The University will employ both full and part-time faculty members. The measure of success is based on “outcome assessments,” including student testing and employer reports. With regard to the economics of the remote sites, Mr. Smith did not believe they would be a financial drain based on his experience at Indiana Wesleyan University (IWU). There he created 95 remote learning sites. All have been successful. But standards have to be established to assure the economics; *e.g.*, there must be a certain number of students prior to offering a new course.

In response to several questions from Dr. Kutina and Dr. Krumm, Mr. Smith stated that he did not believe there was any shortage of students available to serve, so he was not concerned about possible competition from IWU. At the very initial stages, there are 36 people

in Circleville ready to participate. He also mentioned that the on-line program would be interactive between students and faculty and among students. For success, the faculty must interact with the students. The faculty members would be in at least five times a week, talking to students and distributing materials. Case studies and simulations, especially in the business programs, are important learning tools. Students must log in at least five times a week. Research shows that students learning on-line progress quicker through the course than traditional students, but to succeed those students must fully participate. Assessment of this program will involve some sampling, but each student will be tested.

Mr. Cosey inquired about the name change from Circleville Bible College to Ohio Christian University. Mr. Smith stated that the Board of the University wanted to change the focus, to expand and to become more involved with the community. The school would be applying for approval for graduate programs, *e.g.*, masters of education, so the "University" title was appropriate at this time. He also mentioned about 40% of the traditional students live on campus, with the rest commuting from the area.

In response to several questions from Mr. Petrick, Mr. Smith explained that the Conley Ministry Center was named for the University's prior president. The Center is used for classrooms, including the music and business programs, and for dining facilities. Although the \$8.2 million increase in debt is sizable for the University, Mr. Smith stated that with the anticipated growth plus the funds raised by the capital campaign (if needed) the University would be able to repay the bonds. Mr. Hartman also stated that in order to achieve the expected growth, the University needs the facilities in the project to attract and serve its students. As an example of growth, Mr. Hartman provided these figures comparing last year to this year: Recruiting "leads" 1,400 to 3,000; application to date 13 to 86; class size 67 to 150-175. Mr. Petrick asked if the University could provide a pro forma for its residence facilities, and Mr. Hartman agreed to do so. [Attached as Exhibit A to these minutes is the University's projected financial performance for the new residence hall along with Program Assessment materials that Mr. Smith indicated he would provide the Commission.]

Responding to questions from Dr. Krumm, Mr. Smith stated that the Board of Trustees participation in the fundraising was about 85% to 90%. The largest gifts so far have come from the Board. The Board now has 19 members but will be expanded. The University is affiliated with the Church of Christ and Christian Unity. Approximately 60 of the 500 students belong to that denomination. The church provides a small amount of funding for the University. The discount rate (financial aid) is between 17% to 20%.

Responding to questions from Ms. Carter, Mr. Smith noted that tuition is set by the credit hour. Currently, it is \$347 per hour but it will be increasing by about 7% to 8% if the Board approves that at its December meeting. For a traditional student this is approximately \$10,000 per year in tuition and \$5,000 for room and board. This is about \$8,000 to \$10,000 less than its competition. The University does compete for students with other Christian colleges, but also with public community colleges and universities.

In responding to questions from Mr. Needles, Mr. Smith commented that the number of on-line students would represent 15% to 20% of the University's enrollment once the overall goal was met. Each remote site is not a stand-alone building but is often space leased in

an existing first-class building. IWU built 12 remote campus buildings while Mr. Smith was there, which were paid for in five years. He thought that the University may be in a position to build one or more off-campus centers in a few years. Faculty at the University includes regular academics as well as "practitioners." The capital campaign goal for the first phase is \$4 million, approximately \$2.5 million of which is being raised in the silent phase. The University's endowment is about \$1.2 million. Full-time faculty at its campus is 10 to 15. Others are part-time or adjunct faculty. Total employees of the University are 65.

Mr. Keefe noted that the resolution for consideration approves the preliminary agreement, which is in its usual form.

Mr. Cosey moved and Dr. Krumm seconded the motion that Resolution No. 2006-28 be adopted.

There being no further discussion, the Chairman called for the roll and, pursuant to the roll call, the following votes were cast:

Aye: Carter, Cosey, Krumm, Kutina, Needles, Petrick, Wells

Nay: None

The Chairman declared the motion passed and Resolution No. 2006-28 adopted.

Resolution No. 2006-28 is as follows:

## CEDARVILLE UNIVERSITY

The Chairman invited John Angela, the Vice President for Business, and Philip Grafton, the Controller, to discuss the University's request for financing. Mr. Angela noted that the University was primarily a residential campus; approximately 2,400 of the 3,100 student enrollment reside on the campus. The University recently has completed construction of new residential facilities for about one-half of its students. It now needs to upgrade the existing facilities to provide equitable housing to all students. The upgrades include new bathroom facilities, air conditioning, heating and lighting, new furniture and other improvements. With these upgrades, the University expects to attract upper level students back to these facilities and thus achieve a better mix of students across class lines.

The University has been a "reluctant borrower" in the past, preferring to pay for projects with cash. It still plans to follow this method for classroom facilities but believes the renovation of the dorms is needed quickly. In response to a question from Dr. Krumm, Mr. Angela stated that the debt would not be paid just from residence revenues. Overall operating revenues including additional student growth will cover the new debt. The University does not have a specific debt policy. Such policies have been established at some institutions but they vary widely.

In responding to a question from Ms. Carter, Mr. Angela stated that the student residence facilities on campus had an approximate 98% occupancy. Mr. Grafton discussed briefly with Dr. Kutina the student aid figures as presented in the University's financial statements. He responded to Mr. Needles' question that total student financial aid last year was approximately \$8.6 million.

In response to a question from Dr. Krumm, Mr. Angela explained that last year's decrease in enrollment resulted in part from a change in the State certification program for education. There are new enrollment initiatives underway with a fresh marketing strategy and additional counselors. Applications were up 78% and acceptances by students were up 65% over a year ago.

Mr. Keefe noted that this financing was a Lease-Purchase Agreement, similar to those used before for the University of Dayton and others. Key Government Finance Inc. is the primary lessor (in effect, the bond holder) for this transaction. Mr. Kevin Scott of Key Bank is here representing the bank. The Agreement has been prepared and is presented to the Commission. The resolution approves the Agreement and the \$7,000,000 financing for the University.

Dr. Krumm moved and Mr. Petrick seconded the motion that Resolution No. 2006-29 be adopted.

There being no further discussion, the Chairman called for the roll and, pursuant to the roll call, the following votes were cast:

Aye: Carter, Cosey, Krumm, Kutina, Needles, Petrick, Wells

Nay: None

The Chairman declared the motion passed and Resolution No. 2006-29 adopted.

Resolution No. 2006-29 is as follows:



## UNIVERSITY HOSPITALS HEALTH SYSTEM, INC.

The Chairman next called on Bradley C. Bond, Vice President of Treasury of University Hospitals Health System, Inc., to discuss the Hospital System's request for financing. Mr. Bond thanked the Commission for the opportunity to appear before them and distributed the handout included as Exhibit B to these the minutes to the Commission members. Referring to the handout, Mr. Bond noted that in 2005 the Health System had approximately \$2 billion in annual operating revenues. The Health System is comprised of 11 hospitals with over 2,500 beds, as well as 10 other ambulatory centers. The Health System has a market share of 23%. The market consists of the eight Northeastern Ohio counties described in the handout. Within the Health System, there are approximately 3,400 physicians. Physicians are academics associated with the Case medical school, are employed directly by the Health System or are independent physicians affiliated with the Health System. Ambulatory centers generally attend to basic medical needs of patients, as well as facilitating minor surgical procedures. In describing various areas of recognition for the Health System, Mr. Bond noted that the Health System was identified as one of the "Best Hospitals in America" in 13 out of 16 clinical categories by *U.S. News*, specifically noting that Rainbow Babies and Children's Hospital was ranked 4<sup>th</sup> nationally and 1<sup>st</sup> in the Midwest and that the Ireland Cancer Center was ranked 25<sup>th</sup> nationally. The Health System includes a "Solucient top 100 hospital," had the number 2 neonatal intensive care unit in the country (*Child Magazine*), was one of the 100 best cardiovascular hospitals in the country and has received the Distinguished Hospital Award for Clinical Excellence by Health Grades. The Health System has been acknowledged for its "Best Practice Benchmark for Diversity" and has been awarded Magnet Nursing Status.

Mr. Bond next described the Health System's recent efforts to improve performance, highlighting efforts in the areas of utilization, pricing and cost containment. The Health System has a bond rating of "A" by S&P and "A3" by Moody's and has benefited from the divestiture of certain non-core or underperforming assets. Most notable of these are Qualchoice Managed Care (medical insurance) and Laurelwood Psychiatric Hospital and St. Michael's Hospital in Cleveland. Mr. Bond made special mention of the fact that St. Michael's Hospital was not closed without careful consideration of whether other sources of health care would be available to local residents. Looking to the future, the Health System plans to focus on improvements to its product lines, market demographics, community needs and quality and patient safety. In focusing on its product lines, the Health System looks to improve acuity, focusing on areas of practice with greater returns (*e.g.*, cancer treatment, orthopedics, neurosurgery and spinal treatment). As to market demographics, this is evidenced by the Health System's planned construction of a new suburban hospital in Beachwood, Ohio. In focusing on community needs, the Health System plans to significantly invest in upgrading and expanding its Emergency Department and neonatal intensive care unit (NICU) facilities on the main hospital campus in Cleveland. Finally, the Health System plans on improving the quality of care and patient safety by moving toward a comprehensive electronic health records system.

Mr. Bond next provided specifics as to the Health System's most recent financial performance and the project for which financing is requested, noting that through the first nine months of this year the Health System had net income of over \$100 million as compared to just under \$59 million of net income as of the first nine months of 2005. Mr. Bond also described the System's "Vision 2010 Plan" for major capital investments over the next several years. Within

the plan, the Health System hopes to finance through the Commission a new free-standing cancer hospital on its main campus, a new suburban hospital facility in Beachwood, Ohio, expansion and replacement of its neonatal intensive care unit, upgrades and expansion of its emergency department at the main hospital campus and the acquisition and upgrade of the former Office Max building in Shaker Heights, Ohio, all as is described in the Health System's application materials. As indicated in the handout, the Cancer Hospital is scheduled for completion by the end of 2009, the new suburban Beachwood hospital is scheduled for completion in the first quarter of 2010, emergency department improvements are scheduled for completion by the first quarter of 2009, and upgrades and replacement of the neonatal intensive care unit facilities are scheduled for completion by the fourth quarter of 2007. A total of approximately \$300 million of Commission bonds is proposed to finance these projects, with other financing sources coming from the Health System and future bond issues. An additional approximate \$100 million of bonds is proposed for the refunding of Cuyahoga County bonds previously issued for the Health System. Mr. Bond then noted that the handout contained additional information regarding the proposed financing and the Health System.

In response to a question from Ms. Carter regarding the history of the Health System, Mr. Bond stated that the Hospital System is approximately 150 years old. It was originally know as Lakeside Hospital in Euclid, Ohio and moved to its current location in Cleveland when it merged with the then Cleveland Children's Hospital. The main campus of the Hospital System in the University Circle area of Cleveland is intertwined with Case Western Reserve University. The University and the Health System enjoy close ties, particularly with respect to educating medical students and research. The Health System provides a high level of indigent and Medicaid services, providing approximately \$40 to \$60 million worth of charity care per year. In response to questions from Dr. Krumm, Mr. Bond indicated that in order to provide for the financing of all the projects identified in the handouts, a second set of bonds is anticipated for an issuance in January 2009. The Health System is not actively seeking to divest itself of further assets, but rather only does so when the need arises. The decision to sell Qualchoice was due to increased competition from the larger health insurers, such as United Health and Anthem. In response to a question from Mr. Petrick, Mr. Bond noted that the Health System had various sources of revenues, but that the System relies heavily on patients' ability to pay. Patient volume is not at present a concern, but payor mix is important. Medicare and Medicaid reimbursement rates have remained stable although the Health System has benefited from increased assistance from the State for children's Medicaid. The Health System also is increasing its emphasis on the more difficult and challenging areas of medical treatment, which enjoys better reimbursement rates from both the government and health insurers.

Dr. Kutina complemented Mr. Bond on the handouts provided. In response to questions from Dr. Kutina, Mr. Bond clarified which financial data regarding the Health System reflected full year vs. six-month results. Approximately 280 physicians work for the Health System directly, generating approximately \$100 million in revenues. Revenues from doctors not employed directly by the Hospital are reported separately. The Hospital System cannot reflect gifts made until the money is actually received rather than when the pledge is made. The Health System has recently incurred greater expense with regard to its fundraising apparatus in order to expand its fundraising capabilities. The Health System feels that this investment will result in greater contributions in the years to come. Most of the Health System's investment income comes from its endowment, which has reflected recent higher gains as a result of gains from

sales of certain investment assets as the endowment is being restructured. In response to a question from Dr. Krumm, Mr. Bond stated that limits are in place with regard to the Health System's endowment spending policy. Spending on the restricted portion of the endowment is limited to 3% to 5% annually, and the Health System is currently not withdrawing any money out of the unrestricted portion. The endowment is at approximately \$600 million.

In response to questions from Mr. Petrick and Dr. Kutina, Mr. Bond advised that capital contributions had been averaging approximately \$13 million per year, noting that the Health System was already at \$43 million this year. The Health System is rated "A" by S&P and "A3" by Moody's. They will be meeting with the rating services again in December for this bond issue but do not expect any changes. The Health System is not financing the electronic medical records system with bonds, as those are usually arranged directly with the providers of those systems. The financed facilities will be a combination of new and replacement facilities. The new cancer hospital will consolidate services for cancer patients, providing a single facility for all their treatment needs. The new suburban hospital is intended to address changing demographics in Northeastern Ohio. The emergency room improvements will increase capacity, as will the improvements to the NICU. The acquisition and improvement of the Office Max facility in Shaker Heights will create efficiencies for the Health System's administrative services. Mr. Petrick complimented Mr. Bond on the quality of the presentation.

Mr. Keefe noted that the proposed resolution provides preliminary approval for the project.

Mr. Petrick moved and Dr. Krumm seconded the motion that Resolution No. 2006-30 be adopted.

There being no further discussion, the Chairman called for the roll and, pursuant to the roll call, the following votes were cast:

Aye: Carter, Cosey, Kutina, Krumm, Petrick, Wells

Nay: None

Abstain: Needles

The Chairman declared the motion passed and Resolution No. 2006-30 adopted.

Resolution No. 2006-30 is as follows:

**CALL OF NEXT MEETING AND ADJOURNMENT**

The Commission will next meet on December 13, 2006, if necessary, or upon the call of the Chairman. On motion duly made and seconded, the meeting was adjourned.

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Secretary

**PROJECTED FINANCIAL PERFORMANCE  
NEW RESIDENCE HALL**

	Annual
<b>Annual Payment*</b>	\$ 81,000.00
<b>Utilities</b>	
<b>Electric</b>	\$ 2,400.00
<b>Gas</b>	\$ 12,000.00
<b>Water &amp; Sewer</b>	\$ 2,400.00
<b>Depreciation**</b>	\$ 40,000.00
<b>Total Annual Expense</b>	\$ 137,800.00
<b>Total Annual Revenue***</b>	\$ 167,232.00
<b>Surplus to the Annual Budget</b>	<b>\$ 29,432.00</b>

\*The residence hall is approximately 15% of the entire bond. This represents 15% of the annual payment.  
\*\*Based upon a 30 year straight line depreciation.  
\*\*\*\$3,484.00 annual room rate times 48 beds.

**PROGRAM ASSESSMENT  
AA Business Management**

<b>Objective</b>	<b>Assessment Criteria &amp; Procedures</b>	<b>Assessment Results</b>	<b>Use of Results</b>
1. Integrate Christian principles in critical thinking and decision making.	When a sample of ET1040 Business Ethics final papers are reviewed by faculty, 75% will meet or exceed the criteria of integrating Christian principles in critical thinking and decision making to a case study as indicated by a scoring rubric.	Due Spring 2010	
2. Apply management functions and skills to practical situations.	When a sample of ET1040 Business Ethics final papers are reviewed by faculty, 75% will meet or exceed the criteria of correctly applying management functions and skills to a case study as indicated by a scoring rubric.	Due Spring 2010	
3. Exhibit competency in general education.	Ninety percent of students who take the Academic Profile at the beginning and end of their program meet or exceed the criteria of a 10% improvement on the test score.	First cohort graduates February 2009	
4. Comprehend interpersonal communication skills.	When a sample of ET1040 Business Ethics final papers are reviewed by faculty, 75% will meet or exceed the criteria of applying interpersonal communication skills to a case study as indicated by a scoring rubric. Employer surveys will show 75% of students have improved their interpersonal communication skills.	Due Spring 2010	
5. Complete a business-related baccalaureate degree.	Alumni Surveys three years after graduation show 75% of graduates who have enrolled in a bachelor's degree program have completed their degree or are currently enrolled.	Due Spring 2010	
6. Exhibit knowledge and understanding of God's Word.	Eighty percent of students who take the Bible Knowledge Test at the beginning and end of their program meet or exceed the criteria of 8% improvement on the test score.	First cohort completion is February 2009	

**PROGRAM ASSESSMENT**  
**AA Christian Ministry**

<b>Objective</b>	<b>Assessment Criteria &amp; Procedures</b>	<b>Assessment Results</b>	<b>Use of Results</b>
1. Integrate Christian principles in critical thinking and decision making.	When a sample of CM2060 Ministry Practices final project are reviewed by faculty, 75% will meet or exceed the criteria of integrating Christian principles in critical thinking and decision making to a case study as indicated by a scoring rubric.	Due Spring 2010	
2. Assume a paid or unpaid position in a local church or parachurch organization.	Alumni Surveys three years after graduation show 75% of graduates actively involved in paid or unpaid ministry in a local church.	Due Spring 2010	
3. Exhibit competency in general education.	Ninety percent of students who take the Academic Profile at the beginning and end of their program meet or exceed the criteria of a 10% improvement on the test score.	First cohort completion is February 2009	
4. Comprehend interpersonal communication skills.	When a sample of CM2060 Ministry Practices final project are reviewed by faculty, 75% will meet or exceed the criteria of applying interpersonal communication skills to a case study as indicated by a scoring rubric. Employer surveys will show 75% of students have improved their interpersonal communication skills.	Due Spring 2010	
5. Complete a business-related baccalaureate degree.	Alumni Surveys three years after graduation show 75% of graduates who have enrolled in a bachelor's degree program have completed their degree or are currently enrolled.	Due Spring 2010	
6. Exhibit knowledge and understanding of God's Word.	Eighty percent of students who take the Bible Knowledge Test at the beginning and end of their program meet or exceed the criteria of 10% improvement on the test score.	First cohort completion is February 2009	

## AIM Assessment Summary for 2004-2005

The complete AIM Assessment report for 2004-2005 is available in the AIM Office and the Academic Dean's Office. The information provided below is a summary of the data collected and the practical implications for the AIM department. Also included are projected modifications of AIM in response to the data with the intent of moving toward excellence.

- The Academic Profile (AP) scores for those graduating in 2005 decreased from the entrance scores, and also were slightly less than those reported in 2004. The AIM Program does not teach any subjects which would be considered purely applicable to the AP, thus indicating that either the AP at exit may be a meaningless number, or that the AIM Program should begin to consider "teaching to the test." In discussion with the faculty and the Assessment Director, it was decided that the AP, while helpful in gauging general education knowledge against national norms, does not provide the assessment needed to determine if AIM is accomplishing its goals. It was determined that in the future the AP would be administered once at the mid-point of AIM for the benefit cited above, but would not be administered pre and post AIM.
- In light of the inability of the Academic Profile to accurately assess AIM, research has been conducted into using portions of the Graduate Record Exam, specific to individual concentrations for this purpose. The proposal at this time is to use the Business and Psychology tests from the GRE, at exit, to assess the Management and Ethics concentration, the Psychology/Human Relations and Substance Abuse Counseling concentrations. The value of these instruments is the availability of correlating data from a national data base. These instruments will be used in the coming year as a test to see if the necessary assessment information is obtained. An accurate assessment tool for the Leadership and Ministry concentration has not been discovered. However, the Internship required for the Leadership and Ministry concentration may be able to be modified to include information which could be used to assess this concentration.
- The Bible Knowledge Test scores for AIM graduates showed a slight increase over entrance scores. While this is encouraging, it is felt that the increase should be greater. A new Bible Knowledge Test has been approved for use and will be administered at the beginning and end of the program to each student. All students who entered taking the older version will take the older test on exit for the purpose of providing consistent data. Additionally, while the BKT is embedded in a relevant class when administered upon entrance, it has not been embedded upon exit. This will be modified so that the BKT will now be embedded in a relevant class at the end of the program.
- The cumulative G.P.A. for graduating AIM students was 3.6, which was a decrease from the 3.72 average reported for the 2004 AIM graduates. This is reflective of an increased emphasis upon academic rigor by the administration.



Additionally, a spring AIM workshop for faculty reported the average grade given by faculty and provided rubrics to strengthen accurate and rigorous grading. The decline in the average grade is seen as a positive sign, indicating more rigorous grading, however, further effort is needed to keep the focus on rigor.

- Several modules were reviewed and modifications and/or rewrites were recommended and are in process (see the section on Curriculum Review in the Assessment Report).

**ASSESSMENT**

**OF**

**CRITICAL THINKING SKILLS**

**HOW OHIO CHRISTIAN UNIVERSITY IS**

**CLOSING THE LOOP IN ASSESSMENT**

**2003 - 2006**

## SUMMARY OF CRITICAL THINKING SKILLS AS MEASURED BY ACADEMIC PROFILE SCORES

### Identification of Concern

In 2003 the faculty noted the mean score of graduates in the area of critical thinking skills was below the national norm and below the level desired by the institution. Consequently, it was decided the institution would focus on ways to improve the critical thinking skills of graduates. It was recognized that this task would require more than one year.

### Action Taken

1. Booklets published by the Critical Thinking Institute were purchased for the 2003 fall faculty workshops and the faculty were requested to read these booklets prior to the fall workshops. *The Miniature Guide to Critical Thinking, Concepts and Tools* by Dr. Richard Paul and Dr. Linda Elder ([www.criticalthinking.org](http://www.criticalthinking.org)) was distributed to each professor. The author listed six stages of critical thinking: unreflective thinker (unawareness of problems in our thinking); challenged thinker (aware of significant problems in our thinking); beginning thinking (try to improve, but without regular practice); practicing thinker (recognize the need for regular practice); advanced thinker (advance in keeping with the practice); and master thinker (good habits of thought are becoming second nature).
2. Selected faculty were assigned topics from these booklets and requested to present workshops during the fall workshops.
3. From these workshops came a request for workshops that focused on Bloom's Taxonomy of Learning.
4. As a result, a resource person, a professor from another university, was invited to present Bloom's Taxonomy of Learning concepts to the 2004 fall faculty workshops. She worked with the faculty to discussing the implications Bloom's Taxonomy of Learning for higher education, especially how to move learning toward the higher levels of learning identified in Bloom's Taxonomy.
5. The following summer the Academic Dean participated in the Critical Thinking Institute held in Palo Alto, California.
6. The Provost from Ohio University, who led his university to national recognition in developing critical thinking and writing skills, was invited to hold a workshop dealing with critical thinking skills and to work with the faculty during the 2005 fall workshops.

## Documentation of Changes Made by Faculty

In order to document the changes that have occurred over this period of time, the faculty were asked to make notes of changes they have made to their courses as a result of the focus on developing critical thinking skills in their classes and to note the changes they made in response to these workshops. The list is attached below.

The English Composition classes used a book titled *Everything's an Argument*. This book encourages going beyond surface notions of writing and engages in the critical thinking process inherent in writing. The writer pleads their case, and analyzes the audience and their assumptions. The student starts with an idea and exposes it from a number of perspectives (the discovery process). The students are led to a position where they are prepared to make decisions regarding what text, what ideas, what voice they will incorporate to best strengthen their arguments. Revisions are encouraged with the idea they are not just editing, but rethinking.

Bloom's Taxonomy was taught in music classes. For example, students analyze musical compositions and compose their own compositions (highest level). The Introduction to Philosophy class conducted critical reviews of theological essays.

## Other Faculty Responses

At a fall 2006 Faculty Meeting prior to the opening of school faculty were asked to make notes of the changes they had made in their courses over the past three years to develop the critical thinking skills of their students. Below is a sampling of the responses made by faculty.

-----  
I write my course objectives using higher level thinking requirements (goals). My classes and tests are all about application rather than spitting back information. Using individual case studies & classroom scenarios, students are asked to identify problems, choose proper mode of instruction, etc. Lois Waggoner

I have challenged students with the Case Study, Verbatim and Practice Counseling Role Play models to take the step from information to practice or application. This seems to be helping as one former student reported back to me how this is helping in their present employment situation. Jim Pollard

I have implemented and created "Critical Thinking Papers" that have been applied to American History and History of Civilization. In both Theology of Christian Experience and Ethics I have created a group level critical thinking paper which addresses issues that align with the course. The goal is to get students to discuss and think about what they have read. I have engaged in some small level debates in which issues have been given to the students. Ronald L. Adkins

The Intro. to Philosophy class- critical review of theological essays. David Case

I'll email Krista Stonerock

In design, in my objectives I make sure that the entirety of the curriculum works through Bloom's Taxonomy. In addition, the majority of my test giving procedure requires reading a scenario, identifying the problem/need and coming up with a solution.  
J Lee

Critical thinking thru writing, bringing multiple resources to bear on a problem and the implications thereof, curriculum created in a constructional mode only  
Valerie Wilson

In Music Theory III & IV I take the students through all the levels of Bloom's Taxonomy. For example, they analyze musical compositions and compose their own compositions (highest level). (M.Lee) Music has the advantage of being "fun" while learning.

In substance abuse, case studies are used allowing students to identify/diagnose symptoms and create appropriate treatment plans.---In Bible classes, student debate issues requiring specific Biblical/theological support. Jim Smith

Intro to Missions--I use several case studies. BCB--we use a debate process for several theological concepts. All classes—I use a directed discussion outline that works through various critical thinking levels. Lynn Shmidt

Bus Mgmt. I use "real life" examples to illustrate situations and definitions from the text. I involve students by asking "How could this situation have been handled differently?" or "What would have happened if a different approach had been taken?" Dale Lear

Fine Arts/Music History- Require students to research and present specific topic oriented material as it relates to the class and be prepared to respond to questions which reflect their understanding of the materials relationship to the church and its historical position and relationship. C. Dautermann

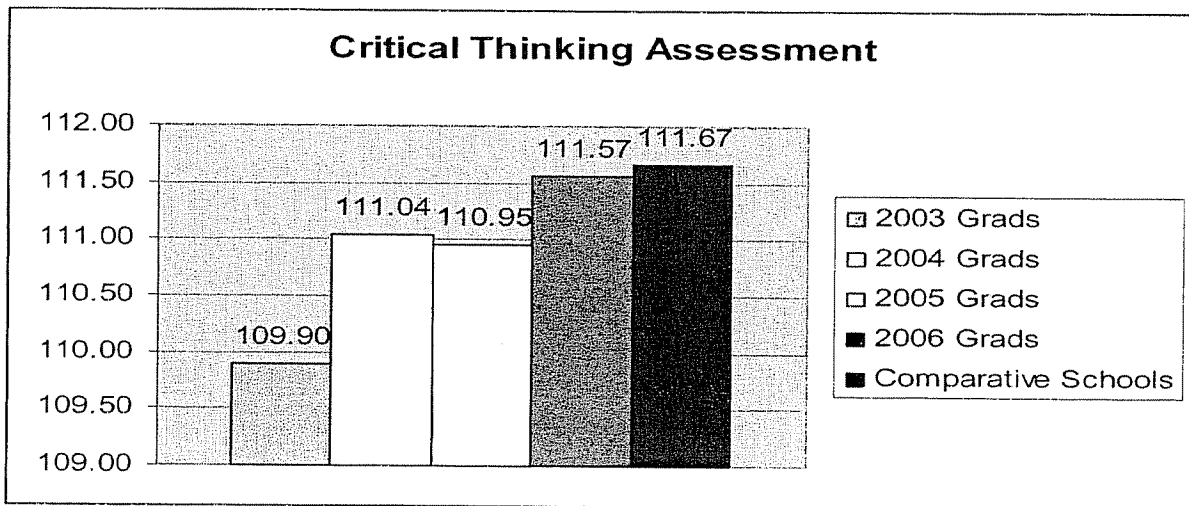
Survey of Chr. Ed.- In several assignments they answer questions- How I react to this material? What would I change and why? We use it in discussion. Also a debate eg. Should all Sunday Schools make sure kids know all of the Ten Commandments by heart? Is this an important objective of the church? Ele

**Results**

The mean scores of graduates in the area of critical thinking skills has improved from a mean score of 109.9 in 2003 to a mean score of 111.6 in 2006. The mean score of the groups of comparative college is 111.7. While that number is slightly lower than desired it reflects a significant improves increase over the past three years.

The table below provides a listing of graduates' scores in the area of critical thinking, for 2003 through 2006, and how they rated with comparative schools (20 comparative schools). The chart labeled Critical Thinking Assessment provides a picture of the data.

Scale 100-130	2003 Grads	2004 Grads	2005 Grads	2006 Grads	Comparative Schools
	n=29	n=25	n=41	n=35	N=2,730
Critical Thinking	109.90	111.04	110.95	111.57	111.67





# Ohio Higher Educational Facility Commission

2007 Financing Discussion

Bradley C. Bond

Vice President of Treasury

## **Large, diverse integrated delivery system**

- \$2.0 billion annual operating revenues<sup>(a)</sup>
- 11 hospitals; 2,500+ beds; 10 major ambulatory centers
- 23% market share<sup>(b)</sup>
- Academic Medical Center: UH – Case Medical Center
  - primary affiliate for Case Western Reserve University School of Medicine
- \$187 million in NIH research funding
- 3,400 affiliated physicians (academic, employed, independent)

(a) Calendar 2005: Includes \$1,277 million in UH total revenues plus 100% of JV's total revenues (\$760 million).

(b) Eight county Northeast Ohio area based on 2004 statistics.



# University Hospitals Profile

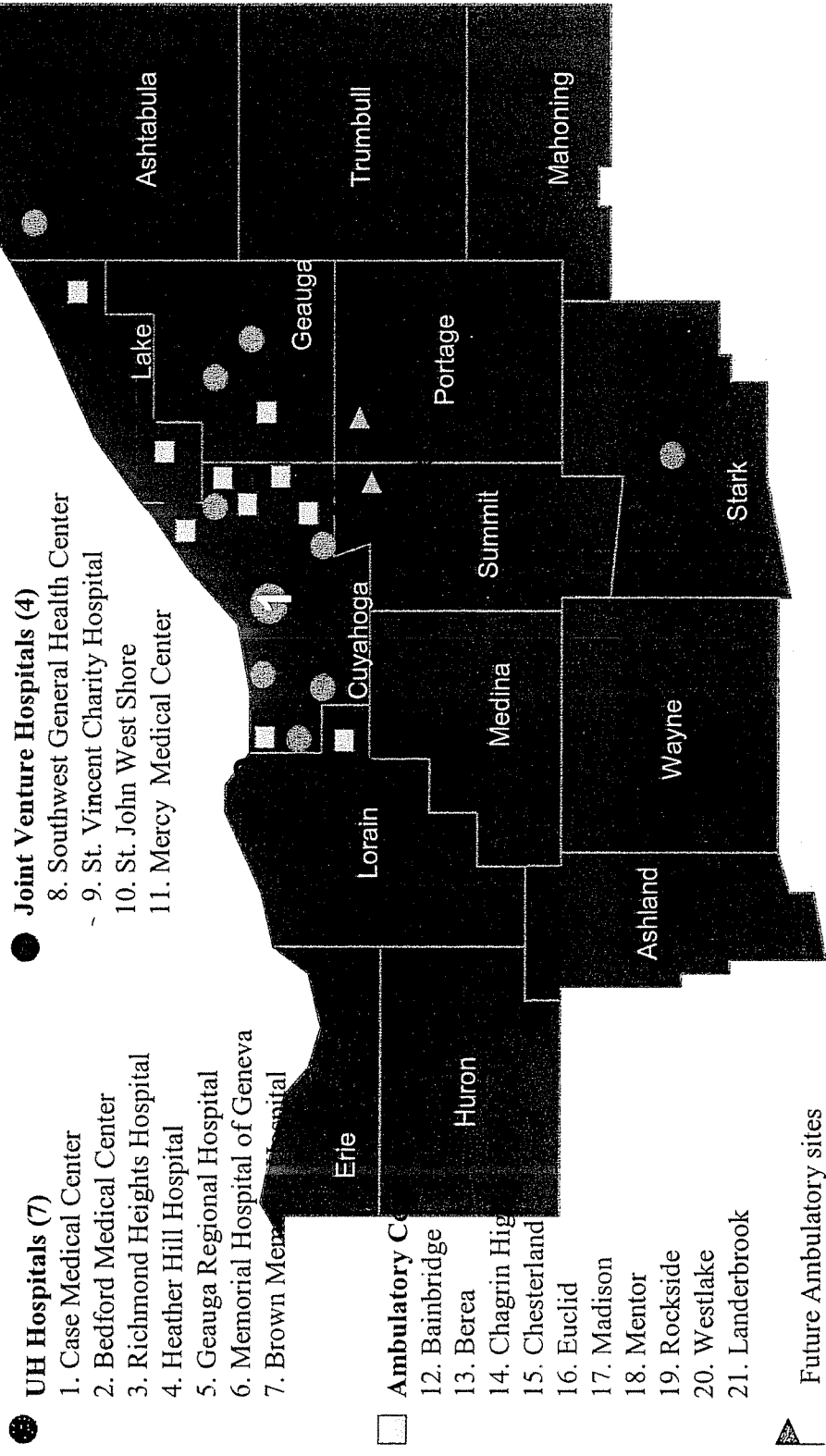
## National recognition for UH – Case Medical Center<sup>(a)</sup>

- “Best Hospitals in America” in 13 out of 16 clinical categories (US News)
  - ***Rainbow Babies and Children’s #4 (#1 in Midwest)...Ireland Cancer Center #25***
- Solucient Top 100 Hospital
- #2 Neonatal Intensive Care Unit in the country (Child Magazine)
- 100 best Cardiovascular Hospitals (Solucient)
- Distinguished Hospital Award for Clinical Excellence-2005 (HealthGrades)
- Best Practice benchmark for diversity (University Health System Consortium)
- Awarded Magnet Nursing Status

(a) Formerly known as University Hospitals of Cleveland

# University Hospitals Service Area

**UH market share<sup>(a)</sup> = 23%**




(a) Eight county Northeast Ohio area based on 2004 statistics.

# UH Has Made Significant Progress – Securing Its Future

- Improving Operations; utilization, pricing, cost containment and margins
- Improving Credit Profile:
  - ✓ Operating margin (5.0%) and coverage (6.9x) above Aa3 medians
  - ✓ Liquidity (200 days) and leverage (37.4%) very close to Aa3 medians
- Strengthened the bond ratings to A – S&P and A3 Moody's
- Positive changes to the business;
  - ✓ Sale of non-core businesses (QualChoice, Laurelwood)
  - ✓ Close/restructure non-performing businesses (St. Mike's, Mednet)

# UH Has Made Significant Progress – Securing its Future

- Positioning the hospital for the future – Vision 2010
  - ✓ Product lines/acuity (Cancer, Orthopedics, Neurosurgery, Spine, etc.)
  - ✓ Market demographics (New Suburban Hospital)
  - ✓ Community (New Emergency Department, NICU)
  - ✓ Quality and Patient Safety (Electronic Health Record)
- Re-branding the Hospital  University Hospitals
  - UHC name changed to UH-Case Medical Center (“UH-CMC”)

# Summary Operating Statements

Dollars in Millions

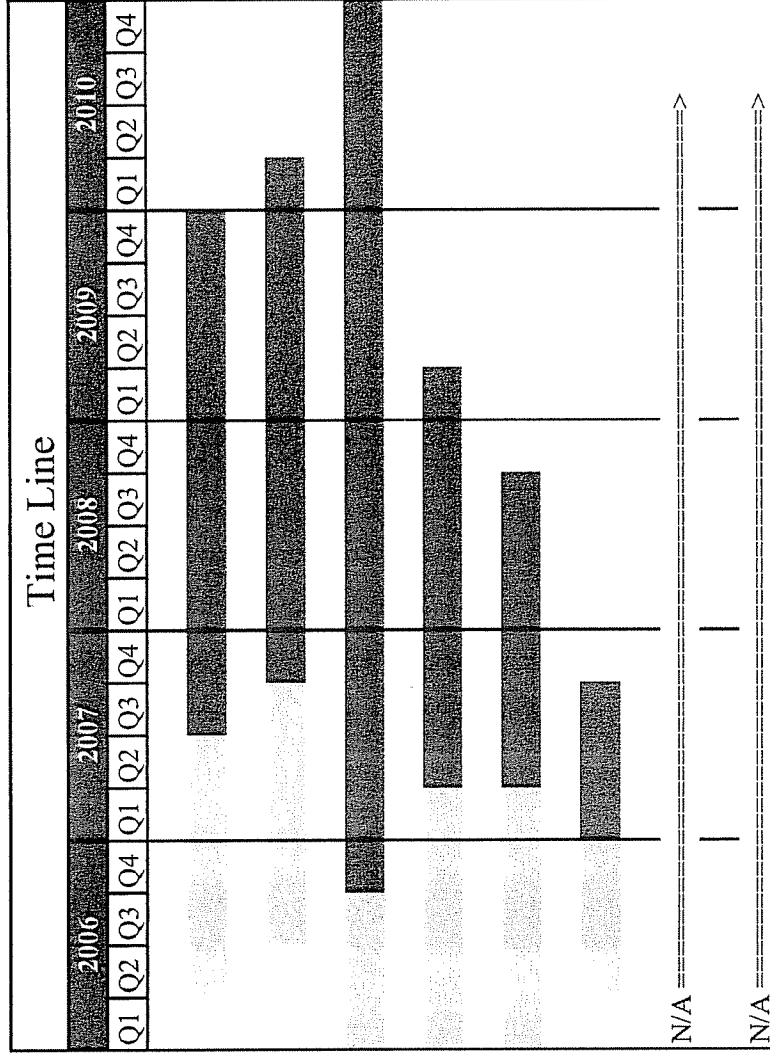
		<u>2004</u>	<u>2005</u>	YTD September 30,	
				<u>2005</u>	<u>2006</u>
Total operating revenues	\$	1,222.8	1,276.8	923.2	992.2
Total operating expenses		1,196.4	1,226.4	890.6	943.0
<b>Net operating income (loss)</b>		<b>26.4</b>	<b>50.4</b>	<b>32.6</b>	<b>49.2</b>
Investment income		49.5	41.5	31.9	55.1
Unrestricted gifts		2.1	1.6	(2.3)	(2.5)
Special charges <sup>(2)</sup>		(10.2)	(27.1)	(3.3)	1.5
<b>Net income (loss)</b>	<b>\$</b>	<b>67.8</b>	<b>66.4</b>	<b>58.9</b>	<b>103.3</b>

(1) All periods have been adjusted to reflect QualChoice as a discontinued operation. 2003/2004 reflective of a positive restatement to earnings.

(See 2005 Investor Report for further details regarding the 2003/2004 restatement and QualChoice reporting.)

(2) Includes other-than-temporary decline in investments and changes in swap market value.

# Vision 2010 – Major Capital Investments



	Estimated Cost
Cancer Hospital	\$ 190
Suburban facility	235
Electronic Health Record	88
CMC Emergency Department	40
Ambulatory centers	30
CMC NICU replacement	25
Other facilities and projects	97
<b>Annual capital targets</b>	<b>501</b>
	<b>\$ 1,206</b>

Legend:  
 Pre-construction & design  
 Construction/implementation period

\* Estimated cost includes capitalized interest.

# Vision 2010 – Sources & Uses of Funds

## Sources:

Cash from operations	\$ 562
New debt	450
Investment earnings	52
Philanthropy and internal cash	<u>142</u>
Total sources	<u>\$ 1,206</u>

## Uses:

Vision 2010 - major capital priorities	665
Annual capital budget targets	501
Capitalized interest	<u>40</u>
Total uses	<u>\$1,206</u>

# January 2007 Bond Transaction -- Summary

(\$397 million)

## **Goals:**

- Provide \$273 million in financing for the first phase of Vision 2010 construction
- Refund existing indebtedness where there exists economic savings
- Restructure debt service to reduce MADS and create PV benefit
- Minimize cost of debt at acceptable levels of risk
- Position the capital structure for remaining \$200 million financing in 2009

## **Other information:**

- Issuer Ohio Higher Educational Facility Commission
- Issued by the current UH Obligated group on a senior/parity basis
- Existing Master Indenture:
  - ✓ Rate covenant of 1.2x
  - ✓ Days of cash on hand of 90
  - ✓ Max debt/capitalization of 67%
  - ✓ Revenue Pledge and Springing Mortgage (below Baa1 rating level)



## January 2007 – New Money Financing (\$287 million)

- Contemplated Structure: Fixed Rate
  - ✓ Based on prevailing municipal bond rates and credit spreads
  - ✓ Produces fixed rate debt at 4.82% until 2042
- Projects Financed (\$273 million)
  - ✓ Management Services Center (\$11)
  - ✓ Cancer Hospital Part 1 (\$96)
  - ✓ Suburban Hospital Part 1 (\$95)
  - ✓ Emergency Department (\$37)
  - ✓ NICU (\$23)
  - ✓ Infrastructure and enabling projects (\$11)
- Summary statistics:
  - ✓ \$273 million to fund projects, \$11 million to fund capitalized interest
  - ✓ Cost of issuance = \$3 million
  - ✓ Average incremental debt service 2008-2017 of \$13 million annually
  - ✓ Average life of 30 years
  - ✓ Final maturity in 2042
  - ✓ Coupons of 4.58% to 4.66% - average of 4.65%

## January 2007 – 1999B Refunding (\$65 million)

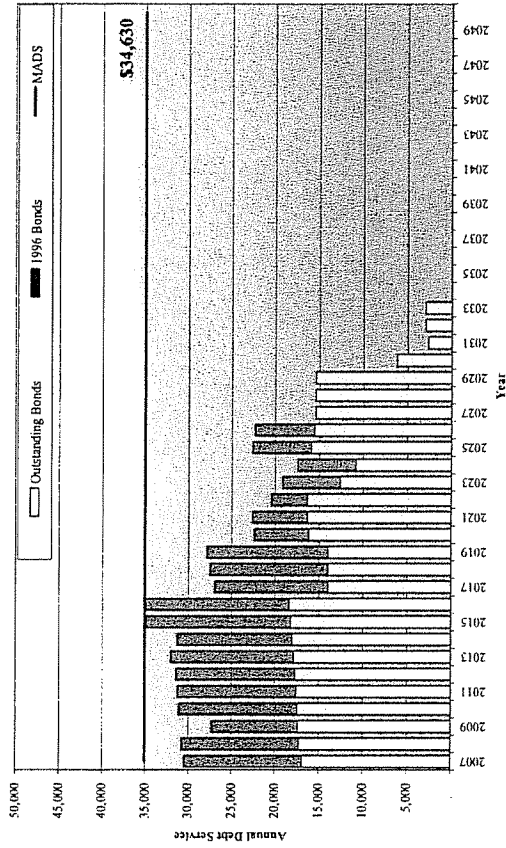
- Existing bonds are fixed rate with insurance (4.80% - 5.59% coupons)
- Contemplated Structure: Insured Auction with a fixed-payer swap to the call date
  - ✓ Assumed floating rate of BMA flat at 3.56% per annum
  - ✓ Auction/remarketing costs of 0.26% per annum
  - ✓ Swap terms: UH receives 67% of 1 month Libor, pays 3.55%; matures 2009
  - ✓ Cost of issuance estimated at \$2.1 million including insurance premium
  - ✓ Produces fixed rate debt at 3.81% until 2009, floating thereafter
- Summary statistics:
  - ✓ PV savings of \$6.0 million, ( 9%) – net of all fees and expenses
  - ✓ Average life extended to 17.0 years from 16.0 years
  - ✓ Average coupon reduced to 3.82% floating from 5.48% fixed

## January 2007 – 1996A&B Restructuring (\$45 million)

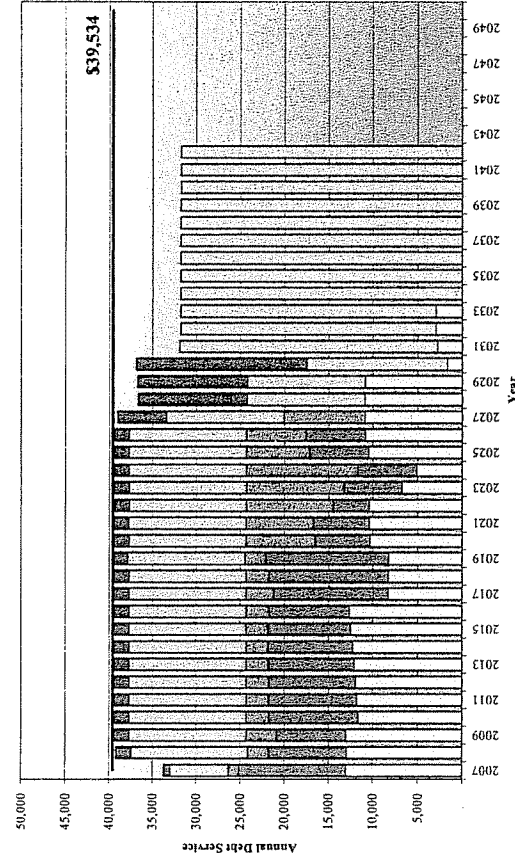
- Contemplated Structure: Uninsured Fixed with a fixed-receiver Swap
  - ✓ Assumed rates based on prevailing market conditions (4.5-4.6%)
  - ✓ Swap terms: UH receives 4.06%, pays 67% of 1 month Libor- matures 2009
  - ✓ Cost of issuance estimated at \$0.4 million
  - ✓ Produces fixed rate debt at 4.58% until 2030
- Summary statistics:
  - ✓ PV savings of \$1.9 million, ( 4.4%) – net of all fees and expenses
  - ✓ Average life extended to 22.0 years from 5.0 years
  - ✓ BMA spread increased from 32 to  $\approx$  69

# January 2007 – Impact of Total Bond Transaction<sup>(a)</sup>

UH Debt Service  
(Dollars in Thousands)



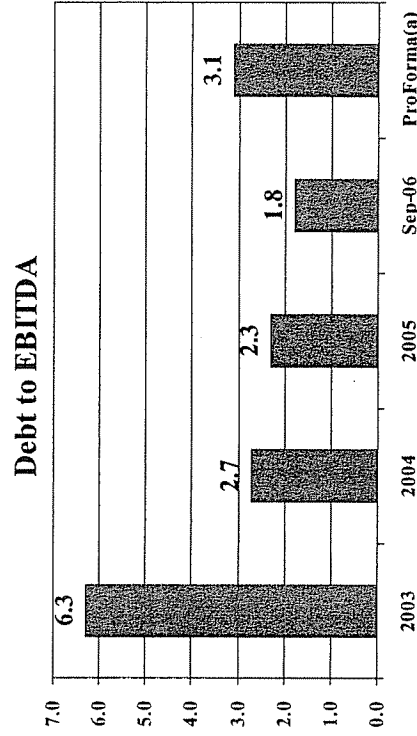
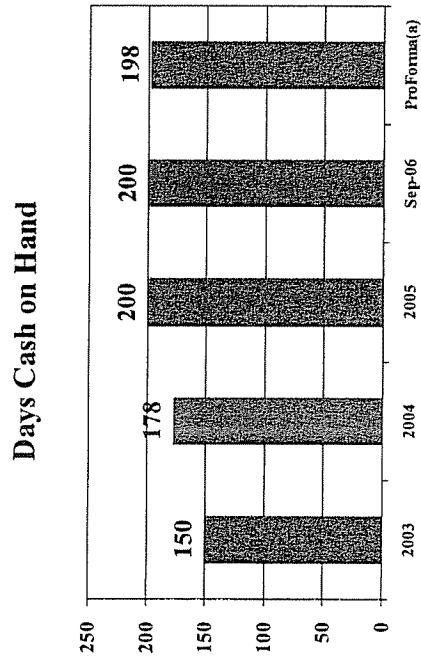
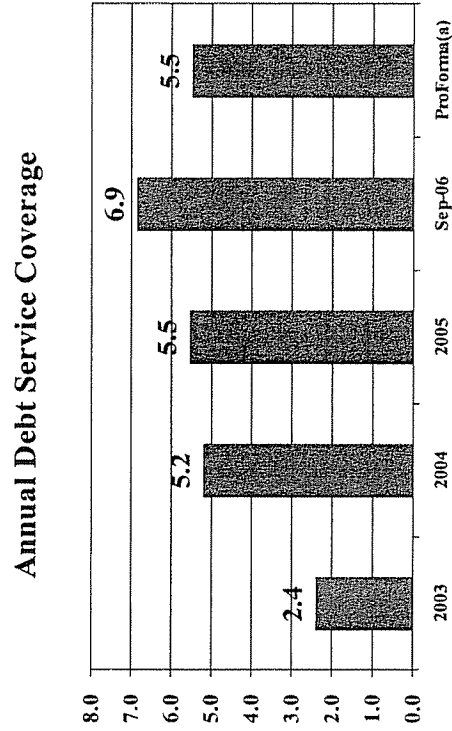
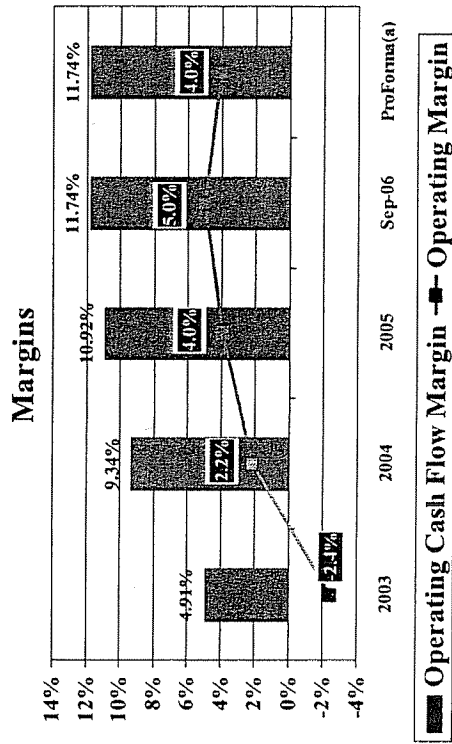
UH Debt Service  
(Dollars in Thousands)



- Net Incremental Debt = \$296 million
- Net incremental MADS = \$5 million
- Average life of debt extended to 21 years from 11 years
- Average annual cost of debt and swaps at 4.58%
- Pro Forma impact to financial ratios on next page

(a) Does not include the impact of the recent termination of a \$100 million basis swap.

# Pro-forma Key Financial Indicators(a)



(a) 9/30/06 ratios adjusted for 2008 FY impact of 2007 new debt. All interest is expensed in 2008.

Note: Days of Cash on Hand and Debt to EBITDA ratios are adjusted to reflect a \$45 million special cash dividend received from QualChoice October 27, 2006. \$40 million of the cash received was used to pay down the short-term debt in October, 2006.

Thank You.