

## **OHIO HIGHER EDUCATIONAL FACILITY COMMISSION**

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

**December 16, 2015**

The Ohio Higher Educational Facility Commission (the "Commission") met on Wednesday, December 16, 2015, at 11:00 a.m. in the Board meeting room on the first floor of the Ohio Department of Education Building, 25 S. Front Street, Columbus, Ohio, written notice of which had been given to all members of the Commission.

The following members attended: Thomas Needles, Chair; Jim Bennett, Vice Chair; Wanda Carter; John Maritn; James Shindler; Susan Tate; John Wells; and James Wilson. Absent from the meeting was Kenneth Kutina, Secretary. Also present were representatives of the institution appearing before the Commission; Ben Christensen of the Ohio Department of Higher Education; William Elliott of Blue Rose Capital Advisors; and Alexander G. Burlingame of Squire Patton Boggs (US) LLP, Bond Counsel to the Commission.

The meeting was called to order by the Chair. Upon call of the roll, the Vice Chair 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 Chair noted that the minutes of the Commission meeting of November 18, 2015 were sent to each member prior to this meeting; those minutes are also included in the meeting books for each member. Upon a motion by Mr. Wells that was seconded by Mr. Wilson, all Commission members present approved the minutes of that meeting.

## FRANKLIN UNIVERSITY

The Chair next called upon Marv Briskey, Chief Financial Officer, to update the Commission members regarding Franklin University's financing request. Mr. Briskey was joined by Bill Elliott, the University's financial advisor from Blue Rose Capital Partners. Mr. Briskey noted that he had no further updates to the Commission from the University's October presentation and that the University's financing was progressing well. The proposed financing is for the refinancing of the University's 2010 Bonds and financing of new projects. Responding to a question from Mr. Wilson, Mr. Briskey noted that the University continues to work with accrediting agencies on various matters and that it has meetings scheduled for this coming January with the Higher Learning Commission to discuss the proposed addition of three doctorate level programs.

Mr. Burlingame stated that the bond documents have been prepared and are presented in substantially final form. The resolution under consideration approves the issuance of the bonds and related documents.

Mr. Wilson moved and Mr. Wells seconded the motion that Resolution No. 2015-23 be adopted.

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

Aye: Bennett; Carter; Martin; Needles; Shindler; Wells; Wilson

Nay: None

Abstain: Tate

The Chair declared the motion passed and Resolution No. 2015-23 adopted.

Resolution No. 2015-23 is as follows:

## JOHN CARROLL UNIVERSITY

The Chair next opened the public hearing required by applicable federal tax regulations for the proposed John Carroll University financing. Notice of the hearing was published in *The Columbus Dispatch* and the *Cleveland Plain Dealer*. The Chair inquired as to whether there were any comments. No comments having been made and the Commission having received none in the mail or otherwise prior to the hearing, the Chair closed the public hearing.

The Chair next called upon John Clifford, Controller, to speak to the Commission members regarding John Carroll University's financing request. Mr. Clifford noted that the University's Vice President for Finance, Richard Mausser, was unable to attend the meeting due to illness. The University is seeking approval for the refinancing of its 2006 Bonds issued through the Commission. There are no new projects. The proposed bond issue will result in approximately \$10.4 million of cash flow savings over the next five years, with George K. Baum & Company acting as underwriter. Recent administration changes include the appointment of new deans for the College of Arts and Sciences and the Boler School of Business. A new Provost was appointed in 2014. In respect of fundraising, the University has achieved \$95 million toward its \$100 million goal for the Forever Carroll Campaign. Further, the University enjoys an approximate \$205 million endowment, which is invested with liquidity as an emphasis. The University has achieved positive operating results and has been funding capital improvements from internal sources. Of the University's approximate \$74 million of debt, approximately \$45 million is tax-exempt. The University intends to close on the proposed bond issue in January. The goals are to level-out debt service and obtain savings in the first five years. Undergraduate enrollment currently is at 3,068 as compared to 2,971 in 2010. Mr. Clifford then inquired of the Commission members as to whether they had any questions.

In response to questions from Mr. Bennett, Mr. Clifford confirmed that the University had no plans to alter the 5% draw rate from its endowment and that most faculty reductions had come through retirement. There also is increased part-time faculty and fewer tenure track positions. There have been some staff-level reductions. Savings achieved by the University through the refinancing will be applied in part toward capital maintenance and repair projects for University facilities. Responding to questions from Mrs. Carter and Mr. Needles, Mr. Clifford further noted that the University is comfortable with its room and board and debt service levels confirming that the proposed financing will result in debt service savings for the University. Overall University enrollment is targeted at approximately 3,500 students. The University's five-year graduation rate has increased in recent years. One possible contributing factor is that more high school students are entering the University with college-level credits in hand. Legacy enrollment at the University also has increased; however, Mr. Clifford is not aware of any special preferences given to legacy students and he is not aware of any impact the increase of legacy enrollment may have on University diversity levels.

Mr. Burlingame stated that the bond documents have been prepared and are presented in substantially final form. The resolution under consideration approves the issuance of the bonds and related documents.

Mr. Wells moved and Mrs. Carter seconded the motion that Resolution No. 2015-24 be adopted.

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

Aye: Bennett; Carter; Martin; Needles; Shindler; Tate; Wells; Wilson

Nay: None

The Chair declared the motion passed and Resolution No. 2015-24 adopted.

Resolution No. 2015-24 is as follows:

## MARKET DEVELOPMENTS

Following the presentation for John Carroll University, the Commission members discussed the current state of the bond market and the level of new money financings as compared to refinance transactions. Commission members also discussed Antioch University and the renewed Antioch College in Yellow Springs, Ohio.

## CLEVELAND CLINIC FOUNDATION

The Chair next called upon Anthony Helton, Administrator – Division of Finance, to speak to the Commission members regarding the Cleveland Clinic's request. Mr. Helton thanked the Commission members noting that the proposed resolution is in connection with the Clinic's commercial paper program and its recent association with Akron General Health System. The Clinic became a full member of Akron General on November 1<sup>st</sup> and has determined to use proceeds of its commercial paper to pay-down certain Akron General debt. The proposed resolution confirms that use of the commercial paper program for this purpose is authorized and also approves lease amendments and other documents to reflect the addition of Akron General's facilities to the lease for the Clinic's commercial paper program. Akron General has been in operation since 1914 and includes an approximate 400-bed main hospital facility. As of this fall, Akron General had approximately 4,000 employees. The use of the commercial paper program to refund Akron General debt is intended to be an interim step, with longer-term refunding to be consummated sometime in 2016. The Clinic is working to consolidate budgets and enhance efficiencies and synergies as a result of the combination. The Clinic has approximately \$3.7 billion of outstanding debt, two-thirds of which bears interest at fixed rates. A portion of the Clinic's debt is synthetically fixed through the use of swaps. Mr. Helton then inquired of the Commission members as to whether they had any questions.

In response to a question from Mr. Shindler, Mr. Helton confirmed that the Clinic has become more aggressive in seeking combination opportunities, including opportunities elsewhere in the U.S. and internationally. There have been discussions in northwest Ohio. In response to questions from Mr. Martin and Mr. Needles, Mr. Helton noted the Clinic was just beginning to look at pediatric referrals and the relationship of Akron General to Akron Children's Hospital. The Clinic financings in 2016 may include a combination of fixed and variable rate debt, with requests for proposals being distributed in the near future. Responding to a question from Mr. Wilson, Mr. Helton noted that the Clinic was comfortable with market risks as it relates to its commercial paper program, noting the longest term for its commercial paper is 270 days.

Mr. Burlingame stated that the amendment documents have been prepared and are presented in substantially final form. The resolution under consideration approves documents and actions regarding the Cleveland Clinic's commercial paper program and the refinancing of Akron General debt.

Mr. Wells moved and Mr. Martin seconded the motion that Resolution No. 2015-25 be adopted.

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

Aye: Bennett; Carter; Martin; Needles; Shindler; Tate; Wells; Wilson

Nay: None

The Chair declared the motion passed and Resolution No. 2015-25 adopted.

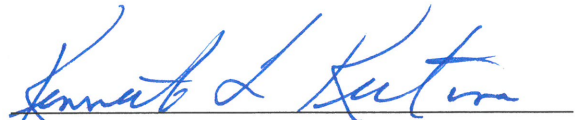
Resolution No. 2015-25 is as follows:

## **OTHER BUSINESS**

A proposed schedule of 2016 meetings was distributed to Commission members. Excepting December, regular meetings will continue to be at 11:00 a.m. on the third Wednesday of each month in the Department of Education Building. There was no further discussion. Upon a motion made by Mr. Shindler that was seconded by Mr. Wells, all Commission members present approved the 2016 schedule.

**CALL OF NEXT MEETING AND ADJOURNMENT**

It is now expected that the Commission will next meet on January 20, 2016 in Columbus, if necessary, or upon the call of the Chair. On a motion duly made and seconded, the meeting was adjourned.

  
Secretary