

OHIO HIGHER EDUCATIONAL FACILITY COMMISSION
MINUTES OF THE MEETING OF THE COMMISSION

June 21, 2017

The Ohio Higher Educational Facility Commission (the "Commission") met on Wednesday, June 21, 2017, 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; John Wells, Secretary; Wanda Carter; John Martin; James Shindler; Susan Tate; and James Wilson. Absent from the meeting was Stephanie Green. Also present were representatives of the institution appearing before the Commission; Ben Christensen of the Ohio Department of Higher Education; David Baird of BNY Mellon; 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 Secretary 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 May 17, 2017 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. Wilson that was seconded by Ms. Tate, all Commission members present approved the minutes of that meeting.

THE COLLEGE OF WOOSTER

The Chair next called upon Deanna McCormick, Vice President for Finance and Business, to speak to the Commission members regarding The College of Wooster's financing request. Ms. McCormick thanked the Commission members, noting that she has been at the College for approximately three years and has worked in higher education finance positions for over 25 years. The College has approximately \$19 million of outstanding debt, with an endowment value of approximately \$275 million. The College's goal for new freshmen enrollment is approximately 550 and it is expected that the College will meet or exceed this goal for the upcoming academic year. Approximately 40% of incoming students will come from the top 10% of their graduating high school class. The College's rating from Moody's is "A1" with a stable outlook.

With respect to the proposed projects, Ms. McCormick noted that they are part of the College's overall development plan and reflect the College's historically conservative approach to financing. The projects will be undertaken in phases and include the renovation and upgrade of several student residence halls, including a new chiller plant and upgraded HVAC facilities. There also will be renovations to the College's physical education center. Although approval is sought for up to approximately \$30 million of bonds, the actual amount of debt will likely be closer to \$25 million. Ms. McCormick then inquired of the Commission members as to whether they had any questions.

In response to questions from Mr. Needles and Mr. Wilson, Ms. McCormick confirmed that she has been at the College for three years and in the higher education space for approximately 29 years. The College does have a transition plan in respect of the residence hall renovation, providing for approximately 80 beds of swing space. The projects will result in a net addition of beds, while some College-owned homes will be taken down. There is expected to be no loss of auxiliary revenue. In response to questions from Mr. Bennett and Ms. Tate, Ms. McCormick confirmed that the College has enjoyed good enrollment stability over the years largely due to the strong work of its Vice President for Enrollment and admissions team. 30% of College students come from outside the State of Ohio. Approximately 17% of the freshmen class comes from outside the United States. Responding to a further question from Mr. Needles, Ms. McCormick noted that the new chiller plant will replace an existing one and provide better capacity for the new and upgraded residence facilities. The College regards Kenyon College, Case Western Reserve University and Denison University as representative peer institutions within the State.

Mr. Burlingame stated that the resolution approves the Preliminary Agreement with the College. That agreement and related resolution preliminarily approve the project and the financing transaction and are in their usual form.

Mr. Wells moved and Mrs. Carter seconded the motion that Resolution No. 2017-09 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; Schindler; Tate; Wells; Wilson

Nay: None

The Chair declared the motion passed and Resolution No. 2017-09 adopted.

Resolution No. 2017-09 is as follows:

BALDWIN WALLACE UNIVERSITY

The Chair next opened the public hearing required by applicable federal tax regulations related to Baldwin Wallace University. 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 William (“Bill”) M. Reniff, Vice President for Finance and Administration at Baldwin Wallace University. Mr. Reniff thanked the Commission members, noting that he has been with the University for approximately eight years. Undergraduate enrollment is approximately 3,000, with 725 freshmen. New University programs include public health and speech pathology. Overall, enrollment is good, although there has been some decline in part-time students. The University has entered into transfer agreements with both Cuyahoga Community College and Lorain County Community College.

Mr. Reniff noted that the project will provide for a combination of student residential and retail space, following a model that has been undertaken both at Ohio State University and Kent State University. The first floor of the proposed building will include the University bookstore and a Starbucks, while the second, third and fourth floors will include student housing. U.S. Bank and Pita Pit will also be on the first floor of the building. The proposed project will provide for approximately 131 beds, a net addition of 50 beds, as the University will be closing Kohler Residence Hall. The project will result in some revenue increase for the University and provide modern residence facilities to meet student demand. Mr. Reniff then inquired of the Commission members as to whether they had any questions.

In response to questions from Ms. Tate and Mr. Wilson, Mr. Reniff noted that the University was only seeking to finance the second, third and fourth floors of the proposed building. There are not expected to be any tax credits used in respect of the project and the University will not have to form a separate entity as it would in other types of transactions, including historic tax credit transactions. The University has undertaken historic tax credit financings in the past and would do so again under the right circumstances. In response to questions from Mr. Needles and Mr. Bennett, Mr. Reniff confirmed that the University has approximately 4,000 students of total enrollment, approximately 30% of whom are commuter students. The University is engaged in trying to recruit more out of State students. The Americans with Disabilities Act is embraced by the University and design for the new facilities takes those requirements into account. The University enjoys a good working relationship with the City of Berea, which is pleased to see the planned addition of a Starbucks. The University is mindful of its nursing program and its costs in relation to local economics and workforce development. It has enjoyed good clinical placement experience with both University Hospitals and the Cleveland Clinic, as well as with MetroHealth with whom it partners on certain programs.

Mr. Burlingame stated that the resolution approves the Preliminary Agreement with the University. That agreement and related resolution preliminarily approve the project and the financing transaction and are in their usual form.

Mr. Wells moved and Mrs. Carter seconded the motion that Resolution No. 2017-10 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. 2017-10 adopted.

Resolution No. 2017-10 is as follows:

CLEVELAND CLINIC FOUNDATION

The Chair next called upon Anthony Helton, Administrator-Division of Finance. Mr. Helton thanked the Commission members, noting that he was present at the meeting to provide an update with respect to the Cleveland Clinic Foundation's financing plans first discussed with the Commission in 2016. The Foundation is now ready to proceed with the refunding component of its plan of finance, including refinancing certain 2008 and 2009 Bonds. The refinancing is expected to achieve net present value savings of approximately \$177 million. The timeline calls for printing an Offering Circular sometime in July, with bond pricing and closing in August. Overall, the Foundation's balance sheet remains strong, reflecting asset growth and increased operating margins. The Foundation has approximately \$3.8 billion of debt, approximately two-thirds of which bears interest at fixed rates. The percentage of fixed-rate debt is higher when derivative agreements are taken into account. Toby Cosgrove has announced his retirement and the Foundation Board is actively engaged in identifying a replacement. Mr. Cosgrove will continue to work with the Foundation in an advisory role after retirement. Mr. Helton then inquired of the Commission members as to whether they have any questions.

In response to questions from Mr. Needles and Mr. Bennett, Mr. Helton did note that there is active discussion on how to use the Foundation's operating margin. The goal is to invest in system facilities in a responsible manner. Overall, Akron General's integration is going well and includes work to complete integration of technology systems. The Akron General combination will be used to develop a playbook for the Foundation as it considers other transactions.

Mr. Burlingame stated that the bond documents have been prepared and have been presented in substantially final form. The resolution under consideration confirms the Commission's approval for the the issuance of the bonds and related documents.

Mr. Wells moved and Mr. Martin seconded the motion that Resolution No. 2017-11 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. 2017-11 adopted.

Resolution No. 2017-11 is as follows:

OTHER BUSINESS CALL OF NEXT MEETING AND ADJOURNMENT

It is now expected that the Commission will next meet on July 19, 2017 in Columbus, if necessary, or upon the call of the Chair. On a motion duly made and seconded, the meeting was adjourned.


Secretary