

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

**April 9, 2019**

The Ohio Higher Educational Facility Commission (the "Commission") met on Wednesday, April 9, 2019, at 11:00 a.m. at 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; David Cummins, Vice Chair, John Martin, Secretary; John Adams; Wanda Carter; Susan Tate; and James Wilson. Absent was: James Shindler. Also present were: Ben Christensen of the Ohio Department of Higher Education; Alexander G. Burlingame of Squire Patton Boggs (US) LLP, Bond Counsel to the Commission; and a representative of the institution appearing before 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 March 20, 2019 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. Adams that was seconded by Mr. Wilson, all Commission members present approved the minutes of that meeting.

## UNIVERSITY HOSPITALS

The Chair next called upon Bradley Bond, Vice President – Treasury, to speak to the Commission members regarding University Hospitals Health System’s financing request. Mr. Bond thanked the Commission members noting that the Health System’s third quarter discharges had increased, as well as surgery levels. Surgery level increases were the greatest at the Health System’s main Cleveland campus. Mr. Bond expects the Health System will show a final 2018 operating margin of approximately 3%. The Health System remains on budget through March of this year. The Health System enjoys “A” category ratings from both S&P’s and Moody’s. This past June, the rating outlook was raised to positive. Mr. Bond reported the Health System’s provision of over \$300 million of community benefit.

In response to a question from Mr. Wilson, Mr. Bond noted that most peer institutions maintain an operating margin anywhere from -1% to +5%. Some health systems had a tougher 2018, with operating margins having been adversely impacted by investment losses. 2018 market losses had less of an impact on the Health System due to its conservative investment policy. The Health System has hired a new Chief Quality Officer, whose job among other things will be to help the Health System navigate the accountable care system. Where possible the Health System will be moving away from a fee for service system to a model that rewards efficiency and quality of service.

In respect of the proposed financing, the Health System is looking to finance assorted hospital facilities, including improvements to the Ahuja Medical Center, which was originally financed through the Commission’s first financing for the Health System. In addition to Ahuja expansion improvements, projects include emergency and surgery center improvements. All improvements will include expanded surgery and exam facilities, as well as devices.

In response from questions from Mr. Needles and Mrs. Carter, Mr. Bond indicated that the projects will be implemented over a two-year schedule. In respect of accountable care, the Health System is reaching out to less healthier segments of the population, with the continued emphasis on value-based care that also results in better outcomes. Medicaid expansion results in presumptive eligibility for patients, leading to those patients receiving more primary and preventative care. In response to questions from Mr. Adams and Mr. Wilson, Mr. Bond noted that the Health System can expect to achieve approximately 6% net present value savings on certain refunding components of the plan of finance. While the Health System has no specific acquisition plans, its focus remains in Northeast Ohio.

In response to further question from Mr. Needles, Mr. Bond noted that Health System initiatives are in part reaction to the aging Cleveland market. In the last couple of years, the Health System has renewed its relationship with Medical Mutual of Ohio, which has increased Health System traffic. The Samaritan Hospital acquisition in Ashland has gone well, and while there has been some turnover, it is currently meeting its budget goals for the year.

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

Mrs. Carter moved and Mr. Adams seconded the motion that Resolution No. 2019-07 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: Adams; Carter; Cummins; Martin; Needles; Tate; Wilson

Nay: None

The Chair declared the motion passed and Resolution No. 2019-07 adopted.

Resolution No. 2019-07 is as follows:

**OTHER BUSINESS CALL OF NEXT MEETING AND ADJOURNMENT**

It is now expected that the Commission will next meet on May 15, 2019 in Columbus, if necessary, or upon the call of the Chair. On a motion duly made and seconded, the meeting was adjourned.

  
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Secretary