

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

**December 18, 2019**

The Ohio Higher Educational Facility Commission (the "Commission") met on Wednesday, December 18, 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; Frederick Church, Vice Chair, John Martin, Secretary; John Adams; Wanda Carter; James Shindler; Susan Tate; and James Wilson. 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 representatives of the institutions 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 November 13, 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. Wilson that was seconded by Mr. Adams, 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' financing request. Mr. Bond thanked the Commission members, noting that the Health System has been coming to the Commission for its financings for 12 years. The Health System is seeking final approval for the financing of new projects and the refinancing of certain existing indebtedness. New projects notably include the improvement and expansion of Ahuja Hospital facilities, including NICU, sports medicine and men's health facilities. There also will be emergency room and operating room renovations at Health System facilities, including at Ahuja, and at its Parma and Elyria locations, as well as pharmacy department improvements throughout the Health System and improvements at Geauga Hospital, and also routine capital improvements throughout the Health System facilities. The purpose of the refunding transaction is primarily to take advantage of the low interest rate environment. The Health System had received preliminary approvals for the financing at Commission meetings earlier this year. Mr. Bond then inquired as to whether there were any questions.

In response to questions from Mr. Needles and Mr. Wilson, Mr. Bond noted that the new Ahuja facility will be on land owned by the Health System. The Health System does not have any current hospital acquisitions planned, noting that focus is on growth through the establishment of smaller facilities, including those that promote outpatient work. Emergency room improvements and configurations will include spaces for patients that may not need an emergency room but still need observation. In response to questions from Ms. Tate and Mr. Shindler, Mr. Bond noted that the replacement for the current CEO is expected to be announced soon, although there will be a one-year transition period. In response to questions from Mrs. Carter and Mr. Needles, Mr. Bond noted more outpatient care facilities are being promoted to provide for a better patient experience at a lower cost. The Health System does have some relationships with professional athletes, including through its relationships with the Cleveland Browns, which is good for marketing purposes. Revenues from programs tied to athletics can help offset less profitable lines of delivery.

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.

Mrs. Carter moved and Ms. Tate seconded the motion that Resolution No. 2019-21 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; Church; Martin; Needles; Shindler; Tate; Wilson

Nay: None

The Secretary declared the motion passed and Resolution No. 2019-21 adopted.

## XAVIER UNIVERISTY

The Chair next called upon Phil Chick, Chief Business Officer, to speak to the Commission members regarding Xavier University's financing request. Mr. Chick thanked the Commission for their past support of the University, noting that the proposed financing was to refinance existing University debt, as well as to finance certain new facilities on campus. The University is experiencing positive enrollment trends, including a larger number of out of state students. The University has enjoyed positive operating margins, while at the same time controlling its discount rate. With enrollment growth, there also has been improved student retention and growth in University graduate and on-line programs. The University specifically has experienced growth in its nursing program and plans to open a facility in Cleveland, Ohio this spring. Recent University projects include the establishment of a new health center in partnership with Tri-Health. That project was not financed with Commission bonds. Father Michael Graham is in his 19<sup>th</sup> year as President of the University, providing consistent leadership. The University is looking to refinance its existing 2010 and 2013 bonds. It also is evaluating its 2015 bonds, but the possibility of that refinancing is more remote. The University enjoys "A" category ratings from the major rating agencies. New projects to be financed include assorted campus improvements, including improvements to Elet Hall, the Central Utility Plant and the Cohen Center. The proposed refunding of the 2010 Bonds is anticipated to provide net present value savings of approximately \$5 million. Barclays Capital has been selected by the University as lead underwriter. Mr. Chick then inquired of the Commission members as to whether they had any questions.

In response to questions from Mr. Needles, Mr. Chick noted that areas of enrollment growth included the nursing program and out of state students. The University has enjoyed recruiting success in St. Louis, Chicago, Milwaukee, Baltimore and Washington D.C. Being a member of the Big East Athletic Conference has helped raise the University's national profile. The University is evaluating the impact of on-line program growth and the future need for physical space. However, the University believes that having a physical presence is an important aspect of fulfilling its mission. The University's Masters of Business Administration is available through on-campus and on-line programs. In response to questions from Mr. Wilson and Mrs. Carter, Mr. Chick noted that the University actively monitors its pricing so as to be competitive with other institutions while at the same time controlling its discount rate. Competitors include state universities in Ohio and other Catholic universities.

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

Mr. Shindler moved and Mr. Adams seconded the motion that Resolution No. 2019-22 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; Church; Martin; Needles; Shindler; Tate; Wilson


Nay: None

The Secretary declared the motion passed and Resolution No. 2019-22 adopted.

Resolution No. 2019-22 is as follows:

**CALL OF NEXT MEETING AND ADJOURNMENT**

It is now expected that the Commission will next meet on January 16, 2020 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