

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

April 21, 2020

The Ohio Higher Educational Facility Commission (the "Commission") met by teleconference on Tuesday, April 21, 2020, at 11:00 a.m. at +1-415-655-0001 US Toll, Meeting number (access code): 610 493 161#, written notice of which had been given to all members of the Commission. By call of the roll, the following members attended: Thomas Needles, Chair; Frederick Church, Vice Chair; John Martin, Secretary; 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 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 record should also show that this meeting is being held and conducted by means of teleconference as permitted by Ohio House Bill 197, signed into law on March 27, 2020. All appropriate notifications and access information have been given to the public and media as required by said House Bill.

The Chair noted that the minutes of the Commission meeting of February 26, 2020 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 Mrs. Carter that was seconded by Mr. Shindler, all Commission members present approved the minutes of that meeting by the affirmative individual vote of each member present.

OTTERBEIN HOMES

The Chair next called upon J. Christopher Green, Chief Financial Officer, to speak to the Commission members regarding the financing request of Otterbein Homes. Counsel to Otterbein Homes, Jason George, dialed-in to the meeting. Mr. Green thanked the Commission members, noting that there had been no changes to the health system's condition since its February presentation. Mr. Green indicated that the financing documents are about set and the projects remain the same and are moving forward, though there is some delay due to COVID 19. Questions from Commission Members followed:

In response to a question from Ms. Tate, Mr. Green indicated that Otterbein Homes is following all CDC and Ohio Department of Health guidelines relating to COVID-19. They have had some residents test positive at its Indiana and Cridersville facilities. There also is a case at its St. Mary's facility, resulting in three of fifteen locations having positive cases. The Chair acknowledged Otterbein Homes' efforts.

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 Mrs. Carter seconded the motion that Resolution No. 2020-03 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: Carter; Church; Martin; Needles; Shindler; Tate; Wilson

Nay: None

The Secretary declared the motion passed and Resolution No. 2020-03 adopted.

Resolution No. 2020-03 is as follows:

UNIVERSITY CIRCLE INC.

The Chair next called upon Brad Bond, Vice President-Treasury, of University Hospitals, Tricia Bires, Director University Hospitals, Chris Ronayne, President of University Circle Inc. and Dean Parker CFO of University Circle Inc. to speak to the Commission in connection with University Circle Inc.'s financing request.

Mr. Bond noted that University Hospitals first came to the Commission in 2007, with its first hospital project. The proposed financing is not as a result of COVID-19 and will not be a direct debt of University Hospitals. The financing is a means of monetizing health system non-core assets. Morgan Stanley is participating. University Circle Inc. acquires the parking facilities and the bonds are payable solely from parking facility revenues received by University Circle Inc. Standard and Poor's and Moody's have advised the health system that the bonds will not be on its balance sheet. Chris Ronayne noted that University Circle Inc. is grateful to participate in the financing and has been in existence for 63 years. The University Circle area in Cleveland is similar to the Uptown area in Cincinnati and the Campus District in Columbus. It supports 41 area nonprofit educational, medical and cultural institutions in the area, including University Hospitals. University Circle Inc. has its own police force and provides support with shared services, such as bussing and parking. Mr. Ronayne has been President of University Circle Inc. since 2005. Prior to that, he was with the City of Cleveland, including as Chief Development Officer. Questions from Commission members followed.

Mr. Needles inquired as to the potential downsides of this structure. Mr. Bond noted an example of a prior financing in New York that was oversized and there were not enough revenues to support the debt. That risk is borne by the bondholder. In the current financing structure, University Hospitals will retain as much control as possible. During the first 10 years, University Hospitals and University Circle Inc. would need to work with Morgan Stanley in the event any aspect of the deal would require restructuring. At the 10 year point, the bonds may be refinanced. Mr. Ronayne indicated that University Circle Inc. has conducted its own risk analysis. The deal has been approved by University Circle Inc.'s finance committee.

Mr. Burlingame stated that the resolution approves the Preliminary Agreement with University Circle Inc. That agreement and related resolution preliminarily approve the projects and the financing transaction.

Ms. Tate moved and Mr. Shindler seconded the motion that Resolution No. 2020-04 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: Carter; Church; Martin; Needles; Shindler; Tate; Wilson

Nay: None

The Secretary declared the motion passed and Resolution No. 2020-04 adopted.

Resolution No. 2020-04 is as follows:

JUDSON

The Chair next called upon Judson. Present were Kendra Urdzik, CEO, and James Carnovale, CFO, to speak to the Commission members regarding Judson's financing request. Mr. Carnovale noted that Judson is a 501(c)(3) organization and that this was its first appearance before the Commission. Judson was founded in 1906 in Cleveland. It also has facilities in the Chagrin Falls area. It was founded with proceeds of \$5 thousand dollar gift from John D. Rockefeller. The original facility was for indigent women. It later acquired a facility by a \$50 thousand dollar acquisition of a home on the Cleveland and Cleveland Heights border. By the 1970s Judson also had acquired a facility in the Wade Park area. Since that time Judson has started a home care agency that can provide care to senior living residents. There also are hospice facilities. In 2009, Judson opened in its South Franklin Circle facility, which includes assisted and independent living. Ms. Urdzik noted Judson's long-term strategy in an environment of health care consolidation, including to further provide assisted and independent living, nursing and memory care support with ADA compliant facilities. Judson provides physical and cognitive care and support for residents. Judson is improving accessibility of older living units for residents. Mr. Carnovale noted that improvements at the Judson Manor facility include improvements to independent and assisted living facilities. Judson has close ties to University Circle area institutions in the arts, with residents participating and viewing performances and exhibits. South Franklin Circle has 93% occupancy. Projects at South Franklin Circle include memory care facilities. The close proximity of independent living facilities allows couples to stay close together as their medical needs may progress at different rates over time. The plan of finance includes refinancing of bonds issued for South Franklin Circle and Judson. As a result of having been issued in 2009, South Franklin Circle Bonds are at a current 8% rate. Judson Bonds are held by Fifth Third Bank and have a scheduled tender coming this fall. Questions from Commission members followed.

In response to a question from Mr. Needles, Amy Haman of Piper Sandler, underwriter for the proposed bonds who also dialed-in, indicated that any reserve fund would cover approximately one year of debt service. Whether a reserve fund will be required depends on market conditions. In response to a question from Mr. Church related to the impact of COVID-19, Ms. Urdzik indicated that she did not see an impact on how they develop facilities. Currently, there are visitor and other restrictions on movement. There will be continued emphasis on the ability to provide as much health and living support at Judson and South Franklin facilities as possible

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

Mr. Wilson moved and Mr. Needles seconded the motion that Resolution No. 2020-05 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: Carter; Church Martin; Needles; Shindler; Tate; Wilson

Nay: None

The Secretary declared the motion passed and Resolution No. 2020-05 adopted.

Resolution No. 2020-05 is as follows:

WALSH UNIVESITY

Mr. Burlingame noted that Walsh University and its bondholder, Huntington National Bank, have agreed to a revised interest rate favorable to the University. There is no new bond issue. The resolution under consideration approves documents and actions necessary for the rate revision and related matters.

Mr. Martin moved and Ms. Tate seconded the motion that Resolution No. 2020-06 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: Carter; Church; Martin; Needles; Shindler; Tate; Wilson

Nay: None

The Secretary declared the motion passed and Resolution No. 2020-06 adopted.

Resolution No. 2020-06 is as follows:

CALL OF NEXT MEETING AND ADJOURNMENT

It is now expected that the Commission will next meet on May 20, 2020 by teleconference, if necessary, or upon the call of the Chair. On a motion duly made and seconded, the meeting was adjourned.



Secretary