

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

**May 19, 2021**

The Ohio Higher Educational Facility Commission (the "Commission") met by teleconference on Wednesday, May 19, 2021, at 11:00 a.m. at +1-415-655-0001, Meeting number (access code): 161 992 7107#, written notice of which had duly been given to all members of the Commission. The following members attended: Thomas Needles, Chair; Frederick Church, Vice Chair; John Adams; James Shindler; Susan Tate and Mike Gonsiorowski. Absent: John Martin. 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 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 Vice Chair served as Acting Secretary for this meeting. The record should also show that this meeting is was held and conducted by means of teleconference as permitted by Ohio House Bill 197, signed into law on March 27, 2020, as amended, including as amended by Ohio House Bill 404 signed into law on November 20, 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 April 19, 2021 were sent to each member prior to this meeting. Upon a motion by Mr. Gonsiorowski that was seconded by Mr. Adams, all Commission members present approved the minutes of that meeting by the affirmative individual vote of each member present.

**CLEVELAND CLINIC FOUNDATION**

The Chair next called Susan Nobilio, Executive Director, Debt Management, to speak to the Commission in respect of The Cleveland Clinic Foundation's financing request. Ms. Nobilio was joined by Tim Longville, Chief Accounting Officer. Ms. Nobilio thanked the Commission members, noting that the health system's request includes current refunding of bonds issued in 2012 and 2011. Refunding of the 2012 issue could achieve approximately \$35 million in net present value savings. The 2011 issue is a private placement with USBank that has a mandatory tender later this year. The 2011 bonds are currently callable. The health system's financing request includes financing and refinancing costs associated with its acquisition of Mercy Health System. The acquisition creates an opportunity for the expansion of health care services in Stark County. Mercy Medical Center has become the health system's 19<sup>th</sup> hospital and its 14<sup>th</sup> in Ohio. Mercy has approximately 2,800 caregivers. The schedule for the proposed fixed rate bond issue includes the posting of an offering circular in early July and pricing later that month.

Barclays and Citi will be lead underwriters, though the health system expects other banks will be part of the underwriting group.

In respect of the pandemic, Ms. Nobilio noted that the health system worked with the White House and the Governor. Health system facilities at the health education campus in Cleveland were converted to provide a COVID surge hospital with just over 1,000 beds. The health system worked collaboratively with University Hospitals in testing and treatment development. The health system has represented approximately 25% of COVID admission in Ohio. In addition, the health system has advised other organizations in the detection and treatment of COVID, as well as in respect of safe reopening practices.

Mr. Longville continued by noting that the health system recently marked its 100-year anniversary. Original doctors treated soldiers from World War I. Today, the health system has over 70 thousand caregivers. The health system has AA and Aa2 ratings with S&P and Moody's, respectively. The acquisition of four hospitals in Florida has helped diversify revenue streams. 2020 began with a positive budget variance. That was impacted with the cessation of non-essential activity as a result of the pandemic. Activity levels did pick-up later in the year until the surge of November/December. Costs increased in 2020 as a result of the pandemic, though those were mitigated somewhat by cost control measures and aid, including the deferral of FICA taxes. The health system had 424 days cash on hand at the end of the year.

In response to questions from Mr. Gonsiorowski and Mr. Needles, Mr. Longville noted that the health system used its 2019 budget as a baseline in developing the 2021 budget. Numbers continue to improve this year. The health system has focused on outreach to patients that did not come-in as a result of the pandemic. In this effort it has received approximately 120 thousand responses to approximately 170 messages sent-out. Financial variances from prior years were in part due to Florida hospital acquisitions. The health system has sent out gratitude payments to members of its community. Savings will be accomplished through the restructuring of debt associated with Mercy Medical Center given the health system's ratings, which are higher than those held by Mercy prior to the acquisition.

Mr. Burlingame stated that the resolution approves the Preliminary Agreement with The Cleveland Clinic Foundation. That agreement and related resolution preliminarily approve the projects and the financing and refinancing transaction.

Mr. Gonsiorowski moved and Mr. Adams seconded the motion that Resolution No. 2021-06 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: Adams; Church; Gonsiorowski; Needles; Shindler; Tate

Nay: None

The Vice Chair, as Acting Secretary, declared the motion passed and Resolution No. 2021-06 adopted.

Resolution No. 2021-06 is as follows:

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

It is now expected that the Commission will next meet on June 14, 2021 by teleconference, if necessary, or upon the call of the Chair. On a motion duly made and seconded, the meeting was adjourned.

  
Secretary