

OHIO HIGHER EDUCATIONAL FACILITY COMMISSION

MINUTES OF THE MEETING OF THE COMMISSION

May 15, 2024

The Ohio Higher Educational Facility Commission (the "Commission") met on Wednesday, May 15, 2024, at 11:00 a.m. at the Ohio Department of Education Building, 25 S. Front Street, Columbus, Ohio, due written notice of which had been given to all members of the Commission.

The following members attended: Charles See; John Martin, Secretary; Patricia Jackson; John Rozic; Willian Elliott; and Mike Gonsiorowski. Absent: Thomas Needles; John Adams; and Susan Tate. Also present were: Kevin Holtsberry 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 Secretary. 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. Charles See, Deputy Chief of Staff and Vice Chancellor for Strategic Partnerships and Educational Technology, is attending as the designee of the Chancellor for this meeting. Frederick Church will otherwise continue as the Chancellor's designee and Vice Chair of the Commission after this meeting.

The Secretary noted that the minutes of the Commission meeting of April 17, 2024, were sent to each member prior to this meeting. Upon a motion by Mr. Gonsiorowski that was seconded by Mr. Rozic, the Commission members present unanimously approved those minutes.

CLEVELAND CLINIC FOUNDATION

The Chair next called on Susan Nobile, Executive Director, Debt Management, to update the Commission members regarding the Cleveland Clinic Foundation's financing request. Ms. Nobile thanked the Commission members. Ms. Nobile noted that the Health System received preliminary approval at the Commission's March meeting. The plan of finance includes refinancing existing bonds and funds for health system projects. It's expected that health system ratings of Aa2 and AA will be affirmed by Moody's and S&P. First quarter financial results were in line with budget, resulting in improved ratios. Investment values have increased. The size of the proposed financing may be less than originally anticipated. Due to the current interest rate environment, some bonds that were originally scheduled for refinancing likely will not be refunded. The health system still will be reducing the amount of variable rate debt it has outstanding.

In response to questions from Mr. Gonsiorowski and Mr. Rozic, the plan of finance includes approximately \$200 million for projects. Projects to be financed include the Neurological Institute and an addition to the Cole Eye Institute, as well as other smaller projects. It's anticipated that an offering document will be posted in early June, with the proposed bonds to be priced the following week. Market conditions have increased emphasis on shorter term fixed rates. Longer term fixed rates had been considered, but current market conditions are not favorable for those. The fundraising goal for this year is \$435 million. The goal of the health system's last fundraising campaign was \$2 billion. The health system exceeded that goal and raised \$2.6 billion.

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. Rozic moved and Mr. Gonsiorowski seconded the motion that Resolution No. 2024-06 be adopted.

There being no further discussion, the Secretary called for the roll and, pursuant to the roll call, the following votes were cast:

Aye: See; Jackson; Martin; Gonsiorowski; Rozic

Nay: None

Abstain: Elliott

The Secretary declared the motion passed and Resolution No. 2024-06 adopted.

Resolution No. 2024-06 is as follows:

CLEVELAND INSTITUTE OF MUSIC

The Chair next called on Brian J. Foss, Chief Financial Officer, to discuss the Cleveland Institute of Music's financing request. The Institute is a music conservatory and also provides educational programs in partnership with Case Western Reserve University. It also has pre-college and adult programs. As part of the Institute's strategic plan, it acquired a student housing facility that also includes practice rooms. Some space in that building is leased to Case Western Reserve University. The Institute also has made chiller and technology improvements. The endowment value is approximately \$58 million. Last year the Institute achieved over a 10% return on the endowment. The Institute works to be competitive in respect of tuition as some peer institutions are tuition-free. Approximately one-third of Cleveland Orchestra members are from the Institute, and graduates are members of major orchestras across the country. The Institute is preparing for its next accreditation review. It currently is rated BBB- by S&P. The proposed bonds are primarily to be used as part of the Kulas Hall project and will act as a bridge until gift pledges are received. The Institute expects \$7 million in gifts over seven years. Kulas Hall is the Institute's main classroom and performance space. The project includes acoustical and aesthetic improvements. The projects also includes improvements to the ceiling and HVAC system, as well as for improved sightlines.

In response to questions from Ms. Jackson and Mr. Rozic, Mr. Foss noted that gifts come from individual donors and a foundation. This financing is primarily a bridge to gift receipts. The Commission's 2022 financing for the Institute also included funds for Kulas Hall.

Mr. Burlingame stated that the resolution approves the Preliminary Agreement with the Institute. That agreement and related resolution preliminarily approve the financing transaction.

Mr. Elliott moved and Ms. Jackson seconded the motion that Resolution No. 2024-07 be adopted.

There being no further discussion, the Secretary called for the roll and, pursuant to the roll call, the following votes were cast:

Aye: See; Jackson; Martin; Gonsiorowski; Rozic; Elliott

Nay: None

The Secretary declared the motion passed and Resolution No. 2024-07 adopted.

Resolution No. 2024-07 is as follows:

BUSINESS AND CALL OF NEXT MEETING AND ADJOURNMENT

Mr. Holtsberry reminded Commission members that financial disclosure forms are due soon. Mr. Burlingame noted that changes to the Commission’s website have been posted for members to review.

It is now expected that the Commission will next meet on June 26, 2024, if necessary, or upon the call of the Chair. On a motion duly made and seconded, the meeting was adjourned.


Secretary