

OHIO HIGHER EDUCATIONAL FACILITY COMMISSION

MINUTES OF THE MEETING OF THE COMMISSION

June 26, 2024

The Ohio Higher Educational Facility Commission (the "Commission") met on Wednesday, June 26, 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: Thomas Needles, Chair; John Martin, Secretary; Michael Gonsiorowski; John Adams; John Rozic; Patricia Jackson; and Susan Tate. Absent: Frederick Church; and William Elliott. 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; David Gueye, Summer Associate at Squire Patton Boggs (US) LLP; 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 Chair noted that the minutes of the Commission meeting of May 15, 2024 were sent to each member prior to this meeting. Upon a motion by Mr. Adams that was seconded by Mr. Gonsiorowski, the Commission members present unanimously approved those minutes.

CLEVELAND INSTITUTE OF MUSIC

Mr. Burlingame noted that the agenda includes the public hearing for the proposed financing for The Cleveland Institute of Music as required by federal tax rules. Notice of the public hearing was posted in accordance with those rules. Mr. Holtsberry noted that the Commission did not receive questions or comments in the mail or by email prior to the hearing. There being no further questions or comments, the hearing was closed.

XAVIER UNIVERSITY

The Chair next called upon Kevan Buck, Chief Financial Officer, to speak to the Commission members regarding Xavier University's financing request. Mr. Buck was joined by Christine Morley, Director of Treasury Operations. Mr. Buck thanked the Commission members, noting that he has been with the University for approximately six months. The proposed financing is to refinance existing University debt, as well as to finance certain new facilities on campus, including the proposed College of Osteopathic Medicine. The University has engaged outside consultants, including its auditors, to assist in the project planning. The outlook is positive for osteopathic medicine in general and there is a need for doctors in both urban and rural areas. The

University owns the land upon which the College will be located. The University had interviewed multiple architects and is assuming a first class size of approximately 180. Messer Construction has been engaged for the project, with expected completion of the College of Osteopathic Medicine facility in 2027. Mr. Buck indicated that early in his career he had worked at Ashland University and Wilmington College. The proposed facility is being designed to accommodate growth. Fundraising is part of the budget. There has been one gift of \$50 million. Pledges will pay out over ten years.

In response to questions from Ms. Tate and Mr. Gonsiorowski, Mr. Buck indicated that total College enrollment would be approximately 720 but that it could accommodate class sizes of 200. A dean for the College has been hired. He previously had been dean of the Des Moines University College of Osteopathic Medicine. The University just posted for the position of Associate Dean and is developing clinical relationships with TriHealth and Mercy Health. In response to questions from Mr. Adams and Mr. Rozic, Mr. Buck noted that the University expects it will take three years to achieve operational break-even. There is less discounting at medical schools as compared to the undergraduate level. The University started to research this project approximately two years ago. Ohio University has the only other osteopathic program in the State. The University has commenced the accreditation process which requires the University to set aside approximately \$46 million of its own funds in support of the initiative. The fundraising goal is \$200 million, which includes funds to be used for operations, endowed scholarships and facilities.

In response to questions from Ms. Jackson and Mr. Martin, Mr. Buck noted the University's current ratings of A from Fitch Ratings and A3 from Standard & Poor's. A downgrade is possible in connection with the issuance of the proposed bonds. The osteopathic model is more closely aligned with Jesuit principles. In response to questions from Mr. Needles, Mr. Buck confirmed that undergraduate enrollment has been down. The University has good cash reserves and has initiated a transformation project to identify appropriate staff sizing and opportunities for revenue growth so as to achieve a balanced budget. The University also is seeking to improve retention rates by identifying and recruiting students more likely to stay with the University. With respect to facilities, generally, the University does have some excess capacity. Its housing facilities are newer and the development of the College of Osteopathic Medicine should help with occupancy levels. International recruitment includes an emphasis on West Africa, India and South America, as these are areas with large Catholic populations. In response to further questions from Mr. Rozic and Mr. Needles, Mr. Buck confirmed that the financing is expected to close in August or September. Liability and doctor retirements are contributing to the need for the College.

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

Mr. Gonsiorowski moved and Mr. Adams seconded the motion that Resolution No. 2024-08 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; Gonsiorowski; Jackson; Martin; Needles; Rozic; Tate

Nay: None


The Secretary declared the motion passed and Resolution No. 2024-08 adopted.

Resolution No. 2024-08 is as follows:

OTHER BUSINESS AND CALL OF NEXT MEETING AND ADJOURNMENT

Commission members next discussed the Commission’s website. The website has been updated, including to more fully include the Commission’s procedures in connection with healthcare financings. Members were encouraged to review the website and present any questions or comments.

After discussion among the Members, it is now expected that the Commission will next meet on August 21, 2024, if necessary, or upon the call of the Chair. On a motion duly made and seconded, the meeting was adjourned.



Secretary