

# **OHIO HIGHER EDUCATIONAL FACILITY COMMISSION**

## **MINUTES OF THE MEETING OF THE COMMISSION**

**April 18, 2012**

The Ohio Higher Educational Facility Commission (the "Commission") met on Wednesday, April 18, 2012, at 11:00 a.m. on the 36<sup>th</sup> Floor of the Rhodes State Office Tower, 30 East Broad Street, Columbus, Ohio, written notice of which had been given to all members of the Commission.

The following members attended: David Cannon, Vice Chair; Kenneth Kutina, Secretary; Lynnda Davis; Thomas Needles; James Shindler; Susan Tate; and James Wilson. John R. Wells, Chair and Wanda Carter were absent. Also present were representatives of the institutions appearing before the Commission; Ben Christensen of the Ohio Board of Regents; and Alexander G. Burlingame of Squire Sanders (US) LLP, Bond Counsel to the Commission.

The meeting was called to order by the Vice 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. James Wilson, recently appointed by the Governor, was welcomed to his first meeting as a Commission member.

The Vice Chair noted that the minutes of the Commission meeting of March 21, 2012, 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 Dr. Kutina that was seconded by Mr. Needles, all Commission members present approved the minutes of that meeting.

## **CLEVELAND CLINIC FOUNDATION**

The Vice Chair next called upon Anthony Helton, Administrator-Division of Finance, to update the Commission members regarding the Cleveland Clinic Foundation's financing request. Joining Mr. Helton was Timothy Longville, Assistant Controller. Mr. Helton noted that the Clinic has refined its plan of finance and has identified approximately \$411 million of project costs to be financed with the proposed bond issue. Of that amount, approximately \$280 million of bond proceeds will be used to reimburse the Clinic for project costs already paid. Bond proceeds will also be used to refund portions of the certain 2003 and 2009 Bonds, providing for an aggregate of approximately \$9.1 million of present value savings. The preliminary offering circular for the financing could be printed as early as the afternoon of April 18, with a closing date expected for early May. Mr. Helton then inquired of the Commission members as to whether they had any questions.

In response to a question from Dr. Kutina, Mr. Helton reviewed with Commission members updated pricing data, which included a discussion of the difference between bonds with a AAA rating as compared to the Clinic's bonds. Mr. Helton further noted that from start to end it takes the Clinic a minimum of 60 days to enter the bond market in a financing transaction.

Mr. Burlingame stated that the bond documents have been prepared and are presented in substantially final form. The resolution under consideration approves the bond issue and related bond documents and authorizes the issuance of the bonds.

Mr. Needles moved and Mrs. Davis seconded the motion that Resolution No. 2012-07 be adopted.

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

Aye: Cannon; Davis; Kutina; Needles; Shindler; Tate; Wilson

Nay: None

The Vice Chair declared the motion passed and Resolution No. 2012-07 adopted.

Resolution No. 2012-07 is as follows:

**THE COLLEGE OF WOOSTER**

The Vice Chair next called on Lori Stickelmaier, Vice President for Finance and Business, to update the Commission members regarding The College of Wooster's financing request. Joining Ms. Stickelmaier were Jackie Middleton, Director of Administration and Auxiliary Services, and Peggy DeBartolo, Controller. Ms. Stickelmaier noted that there have been no changes to the College's plan of the finance since the College's presentation at the March meeting. Bond proceeds will be used to finance various projects on the College campus, as well as to refinance its 2003 Bonds issued through the Commission.

Mr. Burlingame stated that the bond documents have been prepared and are presented in substantially final form. The resolution under consideration approves the bond issue and related bond documents and authorizes the issuance of the bonds.

Mr. Shindler moved and Ms. Tate seconded the motion that Resolution No. 2012-08 be adopted.

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

Aye: Cannon; Davis; Kutina; Needles; Shindler; Tate; Wilson

Nay: None

The Vice Chair declared the motion passed and Resolution No. 2012-08 adopted.

Resolution No. 2012-08 is as follows:

## LIMA MEMORIAL HEALTH SYSTEM

The Vice Chair next called upon Kelly Hefner, Director of Decision Support of Lima Memorial Health System, to speak to the Commission members regarding the Health System's financing request. The Health System operates Lima Memorial Hospital. Ms. Hefner thanked the Commission members. Lima Memorial Hospital is a 329-bed hospital, with approximately 7,800 discharges per year. The Hospital experienced 40,000 emergency room visits last year and performed 4,700 surgeries. The Hospital has been in existence since 1899, and in 1999 was affiliated with the ProMedica Health System. The Health System's Board of Trustees is primarily made up of representatives of the Lima community. The Health System has enjoyed 11 straight years of balanced budgets, maintains approximately 107 days cash on hand and enjoys a credit rating in the Baa category. The Health System has issued bonds through other issuers in 2003 and 2007.

The Health System is seeking to finance approximately \$6.5 million of electrical improvements and upgrades, including providing for new generators and redundant power systems. The Health System had difficulty maintaining its HVAC facilities, which notably included maintaining cooling systems in summer months. With the current interest rate environment being as favorable as it is, the Health System decided to proceed with a financing of these improvements on a tax-exempt basis. Bond proceeds would primarily be used to reimburse the Health System for project costs already paid by it. Financing would be facilitated through a private placement transaction with JPMorgan that was approved by the Health System's Finance Committee on April 17. Ms. Hefner then inquired of the Commission members as to whether they had any questions.

Responding to questions from Ms. Tate and Mr. Wilson, Ms. Hefner noted that it is expected that the bonds will initially be issued as fixed-rate debt. The Health System does maintain an investment policy, with investments being monitored by its Investment Committee that meets on a quarterly basis. The Health System has agreed in its financing covenants to maintain its days cash on hand at a minimum level of 65 days. Its goal, however, has been to maintain over 100 days cash on hand. Responding to questions from Mr. Needles, Ms. Hefner noted that the history of the Health System's affiliation with ProMedica goes back to an initial affiliation with Blanchard Valley Hospital, which had sold its interest to ProMedica. Ms. Hefner noted that the Hospital has approximately 100 doctors in total and that physician recruitment has not been a problem; however, doctors sometimes move to be closer to larger cities or larger health systems. Responding to questions from Mrs. Davis, Ms. Hefner noted that the emergency room has capacity to accommodate increased patient visits over the coming years, noting that the Health System's 2003 bond issue financed a new emergency room department. With the current state of healthcare reform, it remains uncertain how emergency room volume and related receipts will be impacted. Responding to questions from Dr. Kutina, Ms. Hefner noted that the Health System has come to the Commission as it was seeking an issuer who was familiar with the various aspects of tax-exempt revenue bond transactions. The Health System had previously issued bonds through local governmental entities. The Health System has a mix of independent and employed physicians and is not big enough to be a teaching hospital. It is the second largest hospital in Lima, with St. Rita's being the largest. Responding to questions from Mr. Cannon, Ms. Hefner noted that major projects for the Health System going forward would be in respect of

technology improvements, including electronic medical records systems. Ms. Hefner confirmed its current bond liquidity covenant is to maintain 65 days cash on hand. The Health System is generally doing well, with patient volumes improving from those over the last two years. The Health System does not anticipate any refinance transactions at the current time, as its existing bond issues bear interest at lower interest rates.

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

Mr. Needles moved and Dr. Kutina seconded the motion that Resolution No. 2012-09 be adopted.

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

Aye: Cannon; Davis; Kutina; Needles; Shindler; Tate; Wilson

Nay: None

The Vice Chair declared the motion passed and Resolution No. 2012-09 adopted.

Resolution No. 2012-09 is as follows:

## OTHER BUSINESS

The Commission members next discussed revisions to the Commission's administrative rules. The Commission members discussed updates that included more modern references to office titles, increased flexibility as to the month in which the Commission's annual meeting is held and provision for electronic notices. These changes were originally approved by Commission Resolution 2010-09.

Mr. Needles moved that: (a) Commission Rule 9-01 be amended to provide the revisions substantially as indicated in Attachment A to these minutes and (b) the Vice Chairman, together with the Chairman and the Secretary, each be authorized to take such actions as may be necessary or appropriate to implement the amendments in substantially the form indicated in Attachment A to these minutes.

Mr. Shindler seconded the motion.

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

Aye: Cannon; Davis; Kutina; Needles; Shindler; Tate; Wilson

Nay: None

The Vice Chair declared the motion passed and Resolution No. 2012-10 adopted.

**CALL OF NEXT MEETING AND ADJOURNMENT**

It is now expected that the Commission will next meet on May 16, 2012, if necessary, or upon the call of the Vice Chair. On a motion duly made and seconded, the meeting was adjourned.

  
Secretary

5/16/2012