

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

July 18, 2012

The Ohio Higher Educational Facility Commission (the "Commission") met on Wednesday, July 18, 2012, at 11:00 a.m. on the 36th 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: Thomas Needles, Chair; David Cannon, Vice Chair; Kenneth Kutina, Secretary; Wanda Carter; Lynnda Davis; James Shindler; Susan Tate; John Wells; and James Wilson. Also present were: representatives of the institutions appearing before the Commission; Mary Grace Pattison of PNC Capital Markets; 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 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 June 20, 2012, were sent to each member prior to this meeting; those minutes are also included in the meeting books for each member. The reference to the date of this July meeting was corrected to show a meeting on the 18th. Upon a motion by Mr. Wells that was seconded by Dr. Kutina, all Commission members present approved the minutes of that meeting.

BALDWIN WALLACE UNIVERSITY

Public Hearing

The Chair opened the public hearing required by applicable federal tax regulations for the proposed Baldwin Wallace University financing. Notice of the hearing was published in *The Columbus Dispatch* and *Plain Dealer* on July 4, 2012. The Chair inquired as to whether there were any comments. No comments having been made and the Commission having received none in the mail or otherwise prior to the hearing, the Chair closed the public hearing.

Financing Approval

The Chair next called upon William Reniff, Vice President Finance and Administration, to update the Commission members regarding Baldwin Wallace University's financing request. Mr. Reniff thanked the Commission members noting that the University's project and financing structure remain unchanged from the description provided at the Commission's June meeting. The financing size has increased, however, as the University has identified additional bonds that can be refinanced upon financially advantageous terms. Mr. Reniff confirmed for Dr. Kutina that the refunding would be an advance refunding of a portion of the University's 2004 bonds issued through that 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. Wells moved and Mrs. Carter seconded the motion that Resolution No. 2012-16 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: Cannon; Carter; Davis; Kutina; Needles; Shindler; Tate; Wells; Wilson

Nay: None

The Chair declared the motion passed and Resolution No. 2012-16 adopted.

Resolution No. 2012-16 is as follows:

UNIVERSITY HOSPITALS HEALTH SYSTEM

The Chair next called upon Bradley Bond, Vice President, Treasury, to speak to the Commission members regarding University Hospitals Health System's financing request. Mr. Bond noted that the Health System is doing very well. US News rankings show improvement for several hospital departments, including those for cancer and cardiology. The Health System is seeking final approval for the refunding of certain 1996 bonds issued by Cuyahoga County. A portion of those bonds have already been refinanced by prior Commission financings. The proposed financing would be facilitated through the issuance of a variable rate bond to be directly placed with JPMorgan Chase Bank. A significant portion of the original 1996 financing was attributable to Rainbow Babies and Children's Hospital. The children's hospital enjoys a national reputation for excellence, including a top-ranked NICU department. Mr. Bond continued by describing the scope and location of various hospital facilities on its main Cleveland campus, including the Lerner Tower, the cancer hospital and the emergency department. The new Ahuja medical center is meeting Health System expectations, with 110 out of a possible 144 beds already in use. Health System surgical and outpatient cases have increased, with the Health System enjoying an approximate \$16.5 million positive operating margin in the first quarter. The Cleveland market is softening somewhat, due in part to high deductible health plans. The Health System continues to look at its cost structure, with possible cost savings being achieved through attrition. The Health System enjoys an A2 rating from the major rating agencies. Mr. Bond further noted, as had been previously discussed, that the Health System recently received a \$50 million gift from the Harrington family for middle stage development of new drugs. Among other purposes, the gift and related Health System initiative will help provide scholarships to doctors who are working to develop new drugs. Mr. Bond then inquired of the Commission members as to whether they had any questions.

In response to a question from Mrs. Carter, Mr. Bond noted that the Health System does keep statistics on patient outcomes. The Health System ranks highly in Medicare core measures and in Thomson Reuters quality rankings. Mr. Bond again noted the Health System's improved rankings in various US News categories, with the magazine's analysis being performed increasingly on an objective basis. Responding to a question from Dr. Kutina, Mr. Bond noted that the Marriott Courtyard Hotel near the hospital is progressing well, with facing currently being applied. University Hospitals won't own or operate the hotel, but it will be utilized by visitors to the hospital campus. The Harrington program will not have its own building, but would rather operate out of existing administrative facilities. Mr. Bond noted that the Harrington family also gave \$22 million to the Health System's heart and vascular institute. In response to a question from Mr. Wilson, Mr. Bond responded that the Harrington project is intended to provide funds to finance new drugs in the middle stage of their development. In addition to the Harrington family gift, the Health System will collaborate with others, including pharmaceutical companies, to raise additional funds for middle stage drug development. Responding to a question from Mr. Needles, Mr. Bond stated he was not aware of any specific bioinnovation programs, but did note that the Health System does have an accountable care organization.

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. Wilson moved and Mr. Wells seconded the motion that Resolution No. 2012-17 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: Cannon; Carter; Davis; Kutina; Needles; Shindler; Tate; Wells; Wilson

Nay: None

The Chair declared the motion passed and Resolution No. 2012-17 adopted.

Resolution No. 2012-17 is as follows:

OTHER BUSINESS

Election of Officers

The Chairman next opened the portion of the meeting that constitutes the Commission's Annual Meeting. The Chairman noted that Mr. Cannon had indicated his continued willingness to serve as Vice Chair of the Commission.

There being no further discussion, Mr. Wells moved and Mr. Shindler seconded the motion that Resolution No. 2012-18 be adopted providing for the election of David Cannon as Vice Chair of the Commission, to serve until his resignation, until a successor is duly elected or until such time as he is no longer a member of the Commission.

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

Aye: Carter; Davis; Kutina; Needles; Shindler; Tate; Wells; Wilson

Nay: None

Abstain: Cannon

The Chairman declared the motion passed and Resolution No. 2011-18 adopted and Mr. Cannon was thereby elected Vice Chair of the Commission.

The Chairman noted that the Commission would also vote on the office of Secretary. Dr. Kutina indicated that he was willing to continue to serve as Secretary.

There being no further discussion, Mr. Wells moved and Mr. Shindler seconded the motion that Resolution No. 2011-19 be adopted providing for the election of Kenneth Kutina as Secretary of the Commission, to serve until his resignation, until a successor is duly elected or until such time as he is no longer a member of the Commission.

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

Aye: Cannon; Carter; Davis; Kutina; Needles; Shindler; Tate; Wells

Nay: None

Abstain: Kutina

The Chairman declared the motion passed and Resolution No. 2011-19 adopted and Dr. Kutina was thereby elected Secretary of the Commission.

CALL OF NEXT MEETING AND ADJOURNMENT

It is now expected that the Commission will next meet on August 15, 2012, if necessary, or upon the call of the Vice Chair. On a motion duly made and seconded, the meeting was adjourned.


Secretary