

OHIO HIGHER EDUCATIONAL FACILITY COMMISSION

MINUTES OF THE MEETING OF THE COMMISSION

March 16, 2016

The Ohio Higher Educational Facility Commission (the "Commission") met on Wednesday, March 16, 2016, at 11:00 a.m. in the Board meeting room on the first floor of the Ohio Department of Education Building, 25 S. Front Street, Columbus, Ohio, written notice of which had been given to all members of the Commission.

The following members attended: Thomas Needles, Chair; Jim Bennett, Vice Chair; Kenneth Kutina, Secretary; John Martin; James Shindler; Susan Tate; John Wells; and James Wilson. Absent from the meeting was Wanda Carter. Also present was a representative of the institution appearing before the Commission; Ben Christensen of the Ohio Department of Higher Education; and Alexander G. Burlingame of Squire Patton Boggs (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 February 17, 2016 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 Mr. Wells that was seconded by Dr. Kutina, all Commission members present approved the minutes of that meeting.

CLEVELAND CLINIC FOUNDATION

The Chair next called on Anthony Helton, Administrator, Division of Finance, to update the Commission members regarding The Cleveland Clinic Foundation's financing request. Updating the Commission members from his February presentation, Mr. Helton noted that waiting to undertake the refunding of 2009 bonds has paid-off. Net present value savings from a 2016 transaction should be significantly higher from what it might have been had the transaction taken place last year. The Foundation has been keeping a close eye on the market, which has been somewhat volatile recently. The banks and underwriting firms that the Foundation will be working with on the financing include JPMorgan, PNC, Barclays, TD Bank, Bank of America/Merrill Lynch and Wells Fargo. Approximately \$500 million of the financing will be for new projects, with the remaining portion for the refunding of existing debt. Approximately half of the proceeds designated for new project costs will be for reimbursement. The Foundation has been considering the proposed refunding of its 2008 and 2009 bonds for some time. A portion of the financing includes the refinancing of obligations originally associated with Akron General Hospital. Those obligations were refunded on an interim basis late last year in order to include that debt within the Foundation's financial statements. The proposed financing will include bonds issued in several series, in both publicly-offered and privately-placed structures. Banks selected in the private placement were the result of an RFP process undertaken by the Foundation. As discussed at the February meeting, new projects to be financed include a cancer center and a health education campus. There will be a dental school; however, that will be housed in a separate building. The projects also include facilities in Avon, as well as a family health center in Lakewood, Ohio. The hospital in Lakewood, Ohio is in the process of winding down operations. Mr. Helton noted that the Akron General Hospital integration is going well. However, the Foundation is still early in what will be a scheduled 18 month integration process. The Foundation is scheduled to receive its audit soon and has scheduled closings for the respective series of bonds in late April and in May. With respect to the Foundation finances generally, Mr. Helton noted that the health system enjoys a good operating margin. There was a special charge related to the closure of Lakewood Hospital. With regard to the Foundation's debt structure, there is more fixed-rate debt, especially when taking into account swaps. Mr. Helton then inquired of the Commission members as to whether they had any questions.

In response to a question from Mr. Wilson, Mr. Helton noted that the Foundation has been reviewing the London market for 10 years. The proposed Foundation facility in London would include private patient rooms in a market where it is still common to have hospital wards. The proposed facility in London would include 210 beds and be near Buckingham Palace. A long-term lease for the proposed facilities is in place, however, the Foundation is still working through the local approval process. The London facility could have patients as early as 2019.

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. Wells moved and Mr. Wilson seconded the motion that Resolution No. 2016-04 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: Bennett; Martin; Needles; Shindler; Tate; Wells; Wilson

Abstain: Kutina

Nay: None

The Chair declared the motion passed and Resolution No. 2016-04 adopted.

Resolution No. 2016-04 is as follows:

CALL OF NEXT MEETING AND ADJOURNMENT

It is now expected that the Commission will next meet on April 20, 2016 in Columbus, if necessary, or upon the call of the Chair. On a motion duly made and seconded, the meeting was adjourned.


Secretary