

OHIO HIGHER EDUCATIONAL FACILITY COMMISSION

MINUTES OF THE MEETING OF THE COMMISSION

July 18, 2018

The Ohio Higher Educational Facility Commission (the "Commission") met on Wednesday, July 18, 2018, 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; John Adams; Wanda Carter; John Martin; James Shindler; Susan Tate; and James Wilson. Absent from the meeting was: John Wells, Secretary. Also present were representatives of the institutions appearing before the Commission; Ben Christensen and David Cummins of the Ohio Department of Higher Education; and Alexander G. Burlingame of Squire Patton Boggs (US) LLP, Bond Counsel to the Commission. Upon motion of the Chair that was seconded by Mr. Wilson, Mr. Martin was appointed Acting Secretary for the day.

The meeting was called to order by the Chair. Upon call of the roll, the Acting 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, 2018 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. Martin that was seconded by Mr. Adams, all Commission members present approved the minutes of that meeting.

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

Aye: Bennett; Carter; Martin; Needles; Shindler; Tate; Wilson

Nay: None

Abstain: Adams

The Chair declared the motion passed and Resolution No. 2018-09 adopted.

Resolution No. 2018-09 is as follows:

AULTMAN HEALTH FOUNDATION

The Chair next called upon Mark Wright, Chief Financial Officer, to speak to the Commission members regarding Aultman Health Foundation's financing request. Joining Mr. Wright were Adam Lundtz and Tia Cernava. Mr. Wright thanked the Commission members, noting that he had been to the Commission's December 2017 meeting in connection with Alliance Community Hospital's financing request. Alliance Community Hospital became part of the Aultman Health System in January and combination efforts are on-going. Aultman has not participated in a tax-exempt bond financing since the 1980s. Mr. Lundtz continued by noting that Aultman also offers health plans and education programs. Educational programs include social work, radiology and nursing. The nursing program offers a bachelor's level degree with 400 current enrollees. The Health System is over 100 years old and serves approximately 800,000 people through its four inpatient hospitals in Stark and Wayne counties. It offers full service health care programs, including programs in wellness and prevention. The recent closure of Affinity Hospital in Massillon has resulted in increased patient flow to Aultman facilities. Mr. Lundtz further noted that its first four-year nursing class just started. The Health System also offers a bachelor's completion program for nurses with associate level degrees.

With respect to the proposed financing, Mr. Wright noted that the Health System is requesting a maximum of \$140 million bond issue to finance health care facilities at its various locations, as well as financing costs associated with the Alliance Community Hospital acquisition and the refinancing of associate debt. The Health System currently is evaluating finance proposals and whether to proceed with a private placement financing or a public offering. Kaufman Hall is acting as the Health System's financial advisor. Mr. Wright then inquired as to whether the Commission members had any questions.

In response to questions from Mr. Shindler and Mr. Wilson, Mr. Wright stated that the Health System's four-star rating is a great benefit to its Medicare advantage plans. With respect to the nursing program, some students are part time and include existing staff. There are older students who may be working another job while attending school at the same time. Other local institutions that offer nursing programs include Walsh University, Malone University, the University of Mt. Union and Kent State University. It is expected that Alliance Community Hospital will continue its existing relationship with Mt. Union. In response to questions from Mr. Needles and Ms. Tate, Mr. Wright noted that the Affinity Health Hospital in Massillon had been owned by an out-of-state for-profit company and had been losing money for years. The owners could not find a buyer and closed the hospital. Aultman has hired many former Affinity employees. Board level discussions at the Health System continue, with full board approval to follow at a later date. Approximately \$40 million of the proposed financing will include funds that will represent new debt.

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

Ms. Tate moved and Mrs. Carter seconded the motion that Resolution No. 2018-10 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; Carter; Martin; Needles; Shindler; Tate; Wilson

Nay: None

Abstain: Adams

The Chair declared the motion passed and Resolution No. 2018-10 adopted.

Resolution No. 2018-10 is as follows:

OTHER BUSINESS CALL OF NEXT MEETING AND ADJOURNMENT

The Commission members noted litigation involving Wilberforce University. Mr. Burlingame stated that there is an apparent mechanic's lien dispute and the Commission has been named as a party. Wilberforce University has had no bonds outstanding through the Commission for years. Commission members unanimously approved Squire Patton Boggs taking necessary actions to remove the Commission from the proceedings.

It is now expected that the Commission will next meet on August 15, 2018 in Columbus, if necessary, or upon the call of the Chair. On a motion duly made and seconded, the meeting was adjourned.


Secretary