

## **OHIO HIGHER EDUCATIONAL FACILITY COMMISSION**

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

**September 19, 2018**

The Ohio Higher Educational Facility Commission (the "Commission") met on Wednesday, September 19, 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; John Martin; James Shindler; and Susan Tate. Absent were: John Wells; Wanda Carter; and James Wilson. Also present were representatives of the institutions appearing before the Commission; Ben Christensen, David Cummins and Michelle Chavanne of the Ohio Department of Higher Education; Alexander G. Burlingame of Squire Patton Boggs (US) LLP, Bond Counsel to the Commission, Bill Elliott and Yoon Lee of Blue Rose Capital Advisors; Melissa Messina of HJ Sims; and Chris Connelly of the Taft Law Firm.

The meeting was called to order by the Chair. Upon call of the roll, the Vice Chair 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 August 15, 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. Shindler that was seconded by Mr. Martin, all Commission members present approved the minutes of that meeting.

## THE COLLEGE OF WOOSTER

The Chair next called upon Eileen Walker, Controller, to update the Commission members regarding The College of Wooster's financing request. Ms. Walker thanked the Commission members, noting that the College was seeking final approval of an issuance of fixed-rate bonds in a principal amount up to \$31,000,000. Proceeds of the proposed bonds will be used to refinance a 2017 tax-exempt draw facility and to finance the completion of various projects on campus, including HVAC and other improvements to College residence halls and physical educational facilities. Incoming freshmen enrollment is expected to be nine students ahead of budget, including 13 transfer students. College retention is stable, having retained 15 more students than budgeted. 60% of College students graduated in the top 25% of their high school class. International applications remain strong, notably including applications from China, Vietnam, India, Korea and Japan. Approximately 17% of College students are from outside the United States and 30% of College students are from the state of Ohio. The College recently closed a capital campaign at \$30 million ahead of goal. It has maintained budgets and enjoys approximately \$560 million of assets. The endowment is valued at approximately \$315 million. Ms. Walker further noted that the College expects to receive an "A" category rating and close the financing in late November or early December. The College's Board is expected to give its final approval of the financing in the next two weeks. Ms. Walker then inquired as to whether there were any questions.

In response to questions from Ms. Tate and Mr. Needles, Ms. Walker confirmed that approximately half of the proceeds of bond issue will be used for project completion and the other half will be used to refinance existing debt. The bonds will bear interest at fixed interest rates and amortize over approximately 30 years. Interest rates should be in the low 4% range.

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.

Ms. Tate moved and Mr. Adams seconded the motion that Resolution No. 2018-14 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; Bennett; Martin; Needles; Shindler; Tate

Nay: None

The Chair declared the motion passed and Resolution No. 2018-14 adopted.

Resolution No. 2018-14 is as follows:

## MENORAH PARK

The Chair next called upon Jim Newbrough, Chief Executive Officer, to speak to the Commission members regarding Menorah Park's financing request. Joining Mr. Newbrough from Menorah Park were: Mike Burke, Controller; and David Tien, Senior Financial Analyst. Mr. Newbrough thanked the Commission members, noting that he had been an executive at Ohio Health before joining Menorah Park. Menorah Park was originally founded as a home for the aged over 100 years ago and for the last 50 years has been located on a 42 acre campus in Beachwood, Ohio. Facilities include skilled nursing for approximately 350 patients, including long and short-term care. Included in the facility is a ten-story independent living facility with 193 apartments, many of which include low-income housing. Living facilities include units for those with needs related to dementia. Occupancy levels remain high with waiting lists for each. Other health system facilities and services include the Peter B. Lewis Aquatic Therapy Center and an ambulance service that often acts as back-up to other area hospitals. A separate foundation supports the mission of Menorah Park which relies on over 200 campus volunteers to assist in areas such as reception, fundraising and the gift shop. There are 36 active board members and approximately 100 life trustees. Menorah Park most recently provided approximately \$10 million of uncompensated care.

In respect to the plan of finance, the goal is to consolidate several individual components of debt into a single financing and also to convert that debt into a fixed-rate structure. New project components of the financing include HVAC and other physical plant improvements. Bond proceeds also will be used fund a debt service reserve fund. Mr. Newbrough then inquired of the Commission members as to whether there were any questions.

In response to questions from Mr. Adams, Ms. Messina noted that debt service may increase somewhat as a result of new amortization and conversion to a fixed-rate structure. There will be a debt service reserve fund associated with this financing. In response to questions from Ms. Tate and Mr. Shindler, Mr. Newbrough confirmed that life time trustees remain very active and as many as 50 may attend any given board meeting. It is great way to keep those most interested in the success of the health system involved in its operation and planning. Responding to questions from Mr. Needles, Mr. Newbrough confirmed that uncompensated care includes both charity care and undercompensated care. The health system has approximately 1,400 employees and has enjoyed good retention levels over the years. With respect to clinical training and nursing, Menorah Park works closely with institutions such as Case Western Reserve University, Ursuline College, Notre Dame College and Cuyahoga Community College. The health system enjoys a CMS five-star rating, as the result of good scoring and outcomes for patients. In response to questions from Mr. Bennett, Ms. Messina noted that savings will be hard to quantify given the conversion from variable to fixed-rate debt. The health system is looking to install a level debt service structure and mitigate future interest rate risks. Mr. Newbrough confirmed that the biggest industry risks for institutions such a Menorah Park remain the potential changes to the Medicare and Medicaid systems and compensation of providers. Menorah Park remains actively engaged with elected officials and trade associations in an effort to monitor legislative developments and to provide its expertise as future reform efforts are considered.

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

Mr. Martin moved and Mr. Adams seconded the motion that Resolution No. 2018-15 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; Bennett; Martin; Needles; Shindler; Tate

Nay: None

The Chair declared the motion passed and Resolution No. 2018-15 adopted.

Resolution No. 2018-15 is as follows:

**FRANKLIN UNIVERSITY**

Mr. Burlingame noted that Franklin University may need to modify documents in connection with certain amendments desired by the University in light of tax reform adopted this past December. Upon a motion that was made by Mr. Adams and seconded by Mr. Shindler, to be known as Resolution 2018-16, the Commission members unanimously approved any documents, and their signing and delivery by Commission officers, necessary or advisable to modify interest rate formulations and related matters and maintain tax-exempt status on Franklin University's obligations. There will be no new bonds issued or projects approved.

Mr. Adams moved and Mr. Shindler seconded the motion that Resolution No. 2018-16 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: Adams; Bennett; Martin; Needles; Shindler; Tate

Nay: None

The Chair declared the motion passed and Resolution No. 2018-16 adopted.

**OTHER BUSINESS CALL OF NEXT MEETING AND ADJOURNMENT**

It is now expected that the Commission will next meet on October 17, 2018 in Columbus, if necessary, or upon the call of the Chair. On a motion duly made and seconded, the meeting was adjourned.

 10/17/2018  
Secretary