

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

**March 16, 2022**

The Ohio Higher Educational Facility Commission (the "Commission") met on Wednesday, March 16, 2022, at 11:00 a.m. at the Ohio Department of Education Building, 25 S. Front Street, Columbus, Ohio, due written notice of which had been given to all members of the Commission.

The following members attended: Thomas Needles, Chair; Frederick Church, Vice Chair; John Martin, Secretary; John Adams; Susan Tate; Mike Gonsiorowski; and James Shindler. Also present were: Ben Christensen of the Ohio Department of Higher Education; Alexander G. Burlingame of Squire Patton Boggs (US) LLP, Bond Counsel to the Commission; and representatives of the institutions appearing before 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 record should also show that this meeting was held and conducted in-person and by means of teleconference as permitted by Ohio House Bill 51, signed into law on February 17, 2022. All appropriate notifications and access information have been given to the public and media as required by said House Bill. Mr. Shindler and Mr. Church participated in the meeting by telephone. Gregory Delev, joining by telephone, announced his resignation from the Commission.

The Chair noted that the minutes of the Commission meeting of February 17, 2022 were sent to each member prior to this meeting. Upon a motion by Mr. Gonsiorowski that was seconded by Mr. Adams, all Commission members by individual roll call vote approved the minutes of that meeting.

**CEDARVILLE UNIVERSITY**

The Chair next called on Chris Sohn, Vice President for Business and Chief Financial Officer, to update the Commission regarding Cedarville University's financing request. Mr. Sohn was joined by Phil Grafton, University Controller. The University received preliminary approval at the Commission's February 2022 meeting. Mr. Sohn confirmed that the University is seeking to finance a new student residence hall and related parking facilities. Closing currently is expected on March 25.

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. Gonsiorowski seconded the motion that Resolution No. 2022-04 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: Adams; Church; Gonsiorowski; Martin; Needles; Shindler; Tate

Nay: None

The Secretary declared the motion passed and Resolution No. 2022-04 adopted.

Resolution No. 2022-04 is as follows:

## ASHTABULA COUNTY MEDICAL CENTER

The Chair next called on Michael Habowski, President, and Don Kepner, Chief Financial Officer, to speak to the Commission members regarding Ashtabula County Medical Center's financing request. Financial advisor to the Medical Center, Mark Melio, joined by telephone. Mr. Hepner noted that the Medical Center is seeking approval for a new project. The Medical Center is affiliated with the Cleveland Clinic and Mr. Kepner and Mr. Habowski are employees of the Cleveland Clinic. Mr. Hepner has been CFO for ten years. Mr. Habowski noted that the Medical Center is in Ashtabula County, 60 miles east of Cleveland. It's a full service facility and has been affiliated with the Cleveland Clinic for 20 years. The affiliation provides support with respect to services, insurance and physicians. The Clinic appoints the CEO and CFO, however the Board of the Medical Center is local.

The proposed project is for a replacement facility, including a new patient care tower with new patient rooms, emergency room facilities and operating rooms. Some current facilities are 70 years old. Project costs are approximately \$115 million, though approximately \$75 million will be bond financed. The Medical Center was founded over 100 years ago and its health system includes APMC Regional Health, Glenbeigh, and a foundation. The Medical Center is the largest health system in Ashtabula County and has implemented a hub and spokes model with three family health care centers. 85% percent of County residents can access the Medical Center within a 15 minute drive. The Medical Center focuses on quality, which is reinforced by government reimbursement rules. The Medical Center has approximately 1,400 employees, the most in the County. It has approximately a 39% market share and is the only full service provider in the County. The Medical Center had approximately 1,200 inpatient surgeries in 2021 and over 7,000 outpatient surgeries in 2021. There were nearly 5,700 outpatient surgeries in 2020. It's accredited by the Joint Commission.

In response to questions from Mr. Gonsiorowski and Mr. Needles, Mr. Habowski noted that the Medical Center's competitors include Lake Health and University Hospitals. The Medical Center has a new family health center. The Medical Center's affiliate, Glenbeigh, is on an 82 acre campus with in-patient facilities providing drug and alcohol treatment for 40 years. The Medical Center had a virtual inspection as part of its Joint Commission accreditation process. It has a Leapfrog hospital safety grade of "A." In response to a question from Mr. Martin, Mr. Habowski confirmed maternity services were discontinued two years ago. Mr. Kepner noted that the Medical Center has a partnership to provide full pre and post-natal care. Mr. Habowski noted that the Medical Center took a leading role in COVID-19 testing. It maintained a drive-through tent with people traveling from out of State for testing. The Medical Center has a celebration booth for visitors when they receive the vaccine. Mr. Kepner noted that the Medical Center's operating margin has increased from \$164 million to a little over \$191 million in the last six years. Over that same period, unrestricted cash and investments increased from \$84 million to just under \$144 million and days cash on hand has increased from 197 to 331. EBIDA margin was from 10.85% to 7.39% during the period.

Mr. Habowski confirmed approximately \$75 million of bonds would be issued to finance part of the estimated \$115 million of project costs described. The Medical Center expects to enter into a guaranteed maximum price contract for the project. Marketing of the bonds is expected in late April with a late May or early June closing. The Medical Center is working with its financial

advisor Melio financial and has engaged Barclays as underwriter. USBank will be bond trustee and Fitch is expected to rate the bonds. The Medical Center is targeting a rating in the BBB category.

In response to questions from Mr. Adams and Mr. Needles, Mr. Kepner noted revenue improvement came from assorted measures, including limits on capital expenditures and a freeze on a defined benefit plan that is fully funded and had been over-funded. The Medical Center has \$90 million long-term investment pool. Cleveland Clinic will not be obligated on the bonds. Mr. Habowski noted that the President of Glenbeigh reports to him. The Medical Center receives no County support. While the affiliation with the Cleveland Clinic is not calculated in rating agency metrics, there is a “halo” effect. Mr. Melio noted the Cleveland Clinic’s AA category rating and that the Medical Center if acquired by the Clinic would receive the benefit of that rating.

Mr. Burlingame stated that the resolution approves the Preliminary Agreement with the Medical Center. That agreement and related resolution preliminarily approve the financing transaction.

Mr. Gonsiorowski moved and Mr. Adams seconded the motion that Resolution No. 2022-05 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; Gonsiorowski; Church; Martin; Needles; Shindler; Tate

Nay: None

The Secretary declared the motion passed and Resolution No. 2022-05 adopted.

Resolution No. 2022-05 is as follows:

## THE CLEVELAND INSTITUTE OF MUSIC

The Chair next called on Eric Bower, Senior Vice President, to speak to the Commission members regarding The Cleveland Institute of Music's financing request. Mr. Bower was joined by Brian Regueiro of Huntington Capital Markets. Mr. Bower noted that the Commission had previously issued bonds for an Institute expansion project that received public praise. The current project is to finance the purchase of a student residence facility that includes moderns kitchen and laundry facilities. The acquisition will allow the Institute to better control student life and lower student costs. The first floor includes practice facilities for students. The financing also will provide for the renovation of Kulas Hall and other facilities. Updates to Kulas Hall are needed to improve acoustics and the audience experience. It serves as a hub for other community organizations in support of the Institute's music mission.

In response to questions from Mr. Gonsiorowski and Mr. Martin, Mr. Bower confirmed enrollment of 340, but with an Institute goal to reduce it to 275. The Institute does operate independently of Case Western Reserve University, though Institute students do take some classes there, including for liberal arts. In response to a question from Mr. Needles, Mr. Bower confirmed that the Institute is the only independent music school in the Midwest. Others are on the East and West Coasts. The Institute has a campaign for endowment underway. Competitors use endowments to lower student costs. Tuition is \$40 thousand per year, which had been lowered from \$47 thousand. Performances are free and open to the public. In response to questions from Mr. Gonsiorowski, Mr. Bower noted the student residence building has 64 units with 240 beds. 50% of the Cleveland Orchestra are alumni or have taught at the Institute.

Mr. Burlingame stated that the resolution approves the Preliminary Agreement with the University. That agreement and related resolution preliminarily approve the financing transaction.

Ms. Tate moved and Mr. Gonsiorowski seconded the motion that Resolution No. 2022-06 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; Church; Gonsiorowski; Martin; Needles; Shindler; Tate

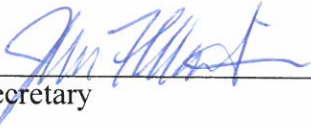
Nay: None

The Secretary declared the motion passed and Resolution No. 2022-06 adopted.

Resolution No. 2022-06 is as follows:

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

The Commission members further discussed proposals within State government regarding the future of remote meetings. It is now expected that the Commission will next meet on April 20, 2022, if necessary, or upon the call of the Chair. On a motion duly made and seconded, the meeting was adjourned.

  
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Secretary