OHIO HIGHER EDUCATIONAL FACILITY COMMISSION

MINUTES OF THE MEETING OF THE COMMISSION

December 16, 2009

The Ohio Higher Educational Facility Commission (the "Commission") met on Wednesday, December 16, 2009, at 11:00 a.m. on the 31st Floor of the Vern Riffe Center for Government and the Arts, 77 South High Street, Columbus, Ohio, written notice of which had been given to all members of the Commission.

The following members attended: John R. Wells, Chairman; Richard Petrick, Vice Chairman; Kenneth Kutina, Secretary; Wanda Carter; Lynnda Davis; Thomas Needles; James Shindler; Sam Speck; and Susan Tate. Also present were: representatives of the institutions appearing before the Commission; Kevin Scott of Key Government Finance; Francis Barry Keefe and Alexander G. Burlingame of Squire, Sanders & Dempsey L.L.P., Bond Counsel to the Commission; and James Wermuth of the Ohio Board of Regents.

The meeting was called to order by the Chairman. 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 Chairman noted that the minutes of the Commission meeting of November 18, 2009, were sent to each member prior to this meeting; those minutes are included in the meeting books for each member. Upon the motion of Dr. Kutina that was seconded by Mr. Needles, the Commission members present unanimously approved the minutes of that meeting.

FRANKLIN UNIVERSITY

Public Hearing

The Chairman opened the public hearing required by applicable federal tax regulations for the proposed Franklin University financing. Notice of the hearing was published in the *Columbus Dispatch* on December 2, 2009. The Chairman 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 Chairman closed the public hearing.

Financing Approval

The Chairman next called upon Marvin Briskey, Chief Financial Officer and Kurt Weidner, Director of Finance, to speak to the Commission members regarding Franklin University's lease financing request. Mr. Briskey thanked the Commission members for their past support of the University, noting that he last appeared before the Commission in connection with the University's participation in the 2007B Pooled Financing Program. The University is over 100 years old, having originally been founded in association with the YMCA. Currently, there are approximately 10,000 adult learning students enrolled at the University's Columbus campus and other satellite locations throughout Ohio, as well as in Indianapolis, Indiana. The University is requesting financing approval for projects consistent with its five-year strategic plan and related need for additional educational facilities for University growth. The University now offers 25 majors and operates facilities at multiple locations. It is partnering with foreign institutions in countries such as Poland and Slovenia in order to provide expanded educational opportunities for students. The project for which approval is requested includes approximately $1.1 million of financing for the renovation of office space and other facilities within the University's student services building. Other project components include the replacement and upgrade of various HVAC systems on the University campus, the replacement and renovation of elevators throughout the campus, fire system upgrades and upgrades to the University's electronic data storage capabilities. Mr. Briskey then inquired of the Commission members as to whether they had any questions.

In response to questions from Mr. Wells and Mr. Petrick, Mr. Briskey confirmed that the "desktop virtualization" portion of the project meant that most of the data storage and processing systems for University computers will be migrated to a single location. This is in contrast to the current system, which provides for separate data storage devices with each computer station. With regard to the impact of the economy on construction bids, many of the bids are lower than they otherwise may have been. Construction pricing, however, is offset in some instances by increased energy costs. In response to questions from Dr. Kutina, Mr. Briskey stated that on a typical day there are approximately 2,000 students on campus, with a majority of those students participating in night programs. The University does offer bachelor's degrees in conjunction with its community college alliances. Course work through these alliances is typically done "online." In an effort to address the needs of prospective students, the University offers non-credit coursework in addition to its traditional program offerings. Examples of non-credit course offerings include classes in project management, technology certification and basic accounting and finance. Responding to questions from Dr. Speck and Mrs. Davis, Mr. Briskey confirmed that the desktop virtualization project would provide enhanced computer facilities for faculty, staff and students. The proposed financing is only for facilities located at the University's core Columbus, Ohio campus. Responding to questions from Ms. Tate, Mr. Briskey stated that he anticipates the project to be completed within 12 to 18 months, with the majority of it being completed within 12 months. This proposed lease financing with PNC will provide for a fixed-interest rate on the indebtedness.

Mr. Burlingame commented that the lease documents have been prepared and are presented in substantially final form. The resolution under consideration approves the lease financing and the related documents and authorizes the issuance of the related bond.

Mr. Speck moved and Mr. Needles seconded the motion that Resolution No. 2009-20 be adopted.

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

Aye: Davis; Kutina; Needles; Petrick; Shindler; Speck; Tate; Wells

Nay: None

Abstain: Carter

The Chairman declared the motion passed and Resolution No. 2009-20 adopted.

Resolution No. 2009-20 is as follows:

BLUFFTON UNIVERSITY

The Chairman next called upon Willis Sommer, Vice President for Fiscal Affairs, to speak to the Commission members regarding Bluffton University's financing request. Mr. Sommer thanked the Commission members, noting that the University desires to finance new projects, as well as to refinance existing debt. The refinancing component of the request (approximately $7.35 million) will be for the refinancing of a portion of a bank loan that itself was used to refinance bonds issued for the University in 1996, 1999 and 2002 through the Commission's Pooled Financing Program. The new projects include a request for approximately $1.5 million of financing to provide better access to University facilities for those with disabilities. The primary component of the project is to provide modern and accessible elevator systems in certain University buildings, some of which are over a century old.

The University has had its challenges over the last two years. Some of the Commission members may recall the bus accident in Atlanta, Georgia in which five University baseball players lost their lives. As a result of the accident, student enrollment declined and University's recruiting efforts suffered for a short time after the accident. Mr. Sommer further noted that the last two years were also difficult for the University due to the overall decline in the financial markets. The University experienced wildly fluctuating interest rates on its letter of credit secured bonds and certain of its investments became illiquid for a period of time. More recently, University finances and enrollment have improved. Enrollment targets were met for the academic year starting this past fall. The University offers 40 majors at the undergraduate level, and also offers a Master of Business Administration and a Master of Education. Mr. Sommer continued by noting that with regard to the new projects, he expects bids for the new elevators and related improvements to be submitted to the University by February 2010, with groundbreaking commencing in May. The goal is for the projects to be completed before the start of the next academic year. With regard to the structure of the proposed financing, Mr. Sommer noted that the University has sent requests for proposals to numerous banks for a transaction that will provide for either a direct placement of bonds with the bank or for the provision of a letter of credit by the bank. Mr. Sommer then inquired of the Commission members as to whether they had any questions.

In response to questions from Dr. Kutina and Mr. Petrick, and referring to the project depictions provided to the Commission members, Mr. Sommer noted that the new elevator towers will be constructed on the sides of existing buildings, so that new buildings could be built utilizing the new towers. The refinancing aspect of the transaction relates back to Commission bonds issued in 1999 and 2002 through its Pooled Financing Program. For federal tax reasons, the University is unable to refinance the portion of the bank debt that relates to the 1996 bonds. With the new bond issue, the University is hoping to extend the amortization period for the refinanced facilities and reduce annual debt service. The interest rates on the new debt may not be lower than those that the University currently pays. Responding to questions from Mrs. Carter, Mr. Sommer stated that recent enrollment challenges are tied to the overall economy. Notably, the number of students participating in the University's degree completion program is down as employers are now less likely to reimburse the costs of their employees' participation in the program. Although the University is doing reasonably well with regard to student retention, it has hired an outside consultant to work with the University to improve both student recruiting and retention. The vast majority of students are enrolled in the University's undergraduate programs; however, approximately 100 students are enrolled in each of the University's master's and degree completion programs.

In response to questions from Ms. Tate, Mr. Sommer confirmed that the portion of the bank loan relating to the Commission's 1996 bonds will not be included in the new financing due to tax law limitations. The University used the bank loan to refinance its bonds so as to provide fast relief from the wildly fluctuating interest rates that it had been experiencing. Interest rates on the University's bonds had spiked at 8-3/4% in the fall of 2008. Further motivation to refinance the prior bonds came from increased letter of credit bank fees and covenants. The University had recognized the need for the disability access projects. The need for improved elevator and related facilities has also been noted on prior University accreditation reviews. Plans for the facilities were originally prepared in 2006, but with a more stable economic environment, it is just now that the University feels able to proceed. Mr. Sommer further stated that he regarded the improved disability access facilities as a moral issue, noting a specific example of a student who had been unable to reach tutoring facilities on the third floor of a University building due to lack of an elevator. Ms. Tate expressed both her and the Commission's support of the University with respect to the Atlanta, Georgia bus accident, noting that accidents like that are something that all schools live in fear of.

Mr. Burlingame stated that the resolution approves the Preliminary Agreement with the University. That agreement and related resolution are in their usual form.

Mr. Petrick moved and Mrs. Carter seconded the motion that Resolution No. 2009-21 be adopted.

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; Petrick; Shindler; Speck; Tate; Wells

Nay: None

The Chairman declared the motion passed and Resolution No. 2009-21 adopted.

Resolution No. 2009-21 is as follows:

CEDARVILLE UNIVERSITY

The Chairman next called on Mr. Keefe to describe the next resolution contained in the meeting books. Mr. Keefe noted that in 2007 Cedarville University entered into a lease financing transaction with Key Government Finance, an affiliate of KeyBank, in order to provide financing for four student housing projects. The financing structure provides for draws by the University on its credit with Key to provide for payment of project costs. Draws in respect of three of the housing projects have been made. The fourth and final housing project has now been completed and the University is prepared to make its final lease draw from Key. Due to the changed economic environment, Key has requested that the University and the Commission consent to a modification to the interest rate formula that will be tied to the fourth and final lease draw. The University has agreed to the new formula and has also approved the amendment to the Lease. Mr. Keefe stated that the proposed resolution approves the necessary lease amendment and related documents that are required for the new interest rate formula. The final draw will be for approximately $1.7 million.

Mr. Petrick moved and Dr. Kutina seconded the motion that Resolution No. 2009-22 be adopted.

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

Aye: Davis; Kutina; Needles; Petrick; Shindler; Speck; Tate; Wells

Nay: None

Abstain: Carter

The Chairman declared the motion passed and Resolution No. 2009-22 adopted.

Resolution No. 2009-22 is as follows:

CALL OF NEXT MEETING AND ADJOURNMENT

It is now expected that the Commission will next meet on January 20, 2010, if necessary, or upon the call of the Chairman. On a motion duly made and seconded, the meeting was adjourned.

____

Secretary