

OHIO HIGHER EDUCATIONAL FACILITY COMMISSION

MINUTES OF THE MEETING OF THE COMMISSION

April 21, 2010

The Ohio Higher Educational Facility Commission (the "Commission") met on Wednesday, April 21, 2010, at 11:00 a.m. on the 36th Floor of the Rhodes State Office Tower, 30 East Broad 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; and James Shindler. Absent from the meeting were: Sam Speck and Susan Tate. Also present were: representatives of the institution appearing before the Commission; and Francis Barry Keefe and Alexander G. Burlingame of Squire, Sanders & Dempsey L.L.P., Bond Counsel to the Commission.

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 March 17, 2010, were sent to each member prior to this meeting; those minutes are also included in the meeting books for each member. Upon the motion of Mr. Petrick that was seconded by Mr. Wells, the Commission members present unanimously approved the minutes of that meeting.

ASHLAND UNIVERSITY

Public Hearing

The Chairman opened the public hearing required by applicable federal tax regulations for the proposed financing for Ashland University. Notice of the hearing was published in the *Columbus Dispatch* and the *Times-Gazette* on April 7, 2010. 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 James Kirtland, Vice President of Business Operations, to speak to the Commission members regarding Ashland University's financing request. Joining Mr. Kirtland was Rick Thompson, Associate Budget Director of the University. Mr. Kirtland thanked the Commission members for meeting to consider the University's financing request. The University has recently completed a new athletic complex, which is being dedicated this coming weekend. The Commission members are invited to attend. The new complex will enable the University to have its first home track meet in over 40 years. Currently, the University offers over 70 majors in a broad range of fields. It is in the process of evaluating the need for each of those majors, and is considering whether University resources would be best used among a somewhat smaller number of majors.

Referring to the handouts distributed to the Commission members, Mr. Kirtland confirmed the University President's commitment to the institution's vision statement, notably to "be the leading private comprehensive university in the Midwest." In May 2009, the University adopted a comprehensive strategic plan that is actively being implemented by the University. The plan is periodically reviewed by several University committees and revisions are made when necessary. Two million dollars within the University's annual operating budget has been set aside for projects in furtherance of the strategic plan. The University has also placed renewed emphasis on recruiting and admissions, having adopted a new marketing and recruiting plan. This includes a new, multi-tiered, financial aid plan that includes both merit and need based considerations. With this the University has recruited a new Vice President for Enrollment who, together with outside consultants engaged by the University, is working to solidify local (Ohio) sources of University applicants, as well as to expand the University's reach into neighboring states. As noted in the handouts, University undergraduate enrollment over the last several years has remained relatively stable at approximately 2,100 students. Although the University is expecting some enrollment growth over the next several years, that growth will not be assumed for budgeting purposes. Future enrollment projections are made with an emphasis on both incoming freshman, as well as on retention of existing students. Enrollment in the University's nontraditional programs has also remained stable over the last several years.

With regard to University budgets, the University has had some challenges. In the last year, the University has been forced to implement certain budget reductions, which included the elimination of approximately 50 staff, including faculty, positions. With this emphasis on these and other cost saving measures, together with increased giving, the University is anticipating an approximately \$1 million budget surplus for the current fiscal year. The University's endowment is currently valued at approximately \$40 million. This is somewhat higher than its value from 2009; however, it has not returned to its 2007 peak levels.

Mr. Kirtland continued by describing the University's plan to acquire MedCentral Health System's College of Nursing this summer. The acquisition of this College of Nursing,

affiliated with the MedCentral Health System in Mansfield, will result in an additional 350 University students this coming fall. The University will be raising funds for the construction of a new academic building for the College of Nursing in Mansfield. The building will be situated on property where student residence facilities for the College of Nursing are currently situated. Through this acquisition the University is seeking to meet the continued high demand for nursing students in Ohio. It is anticipated that the new academic building for the College of Nursing will cost approximately \$10-12 million.

In respect of the University's current financing request, it is seeking to refinance its 2004 bonds issued by the Commission. The 2004 bonds were issued as variable rate bonds secured by a KeyBank letter of credit. The new bonds will bear interest at fixed rates and likely amortize over a period of 15 to 20 years. In connection with the financing, the University has received a rating from Moody's Investors Services of Ba1 with a stable outlook. Mr. Kirtland then inquired of the Commission members as to whether they had any questions.

Responding to questions from Dr. Kutina, Mr. Kirtland confirmed that in connection with the refinancing of the 2004 bonds, there would be capitalized interest. Mr. Kirtland and Mr. Thompson also explained that gift pledges are also treated as assets for purposes of the University's financial statements. The University routinely compares its audited financial statements to those of other institutions within the State. Practices vary substantially as to how pledges receivable are characterized. Whether they are treated as revenues on financial statements largely depends on the wording of a pledge. With regard to the applicant pool for this fall's freshman class, Mr. Kirtland noted that the University is 4% to 5% ahead of where it was this time last year in respect of applications received and acceptances. This is largely attributed to increased emphasis on the University's recruiting efforts. More than 85% of the University's students come from within Ohio; however, the University is increasing its recruiting efforts in neighboring states. Mr. Kirtland cited Pittsburgh as an area that the University has targeted for potential students. Mr. Kirtland expects interest rates on the new bonds to be in the 5% to 5½% range.

Responding to questions from Mrs. Davis, Mr. Kirtland does not expect substantial revenues to come from the new athletic complex. The new stadium holds approximately 4,000 for events such as football games, however, approximately only half that number is paid admissions. There will be some revenue from concessions and related bookstore sales. With respect to expected gift receipts this year, Mr. Kirtland believes that the University will be at or near the \$2 million level. The University had been closer to the \$2.6 million level for the last two years, but that was a result of a few large gifts that are not expected to be repeated this year.

Responding to the question from Mr. Petrick, Mr. Kirtland noted that the University's discount rate is approximately 45%. This is slightly higher than the University would like it to be, and is partially a result of the new financial aid system and increased athletic scholarship awards. The University is working to lower this amount. Mr. Wells commented that he has seen the facilities financed by the 2004 bonds and was impressed by their high quality. Mr. Keefe noted that he has seen the new athletic facilities and they are a great addition to the University's campus.

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

Dr. Kutina moved and Mr. Petrick seconded the motion that Resolution No. 2010-08 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; Wells

Nay: None

The Chairman declared the motion passed and Resolution No. 2010-08 adopted.

Resolution No. 2010-08 is as follows:

REVIEW OF COMMISSION RULES

The Chairman next opened the discussion of the administrative rules relating to the operation of the Commission. Mr. Keefe noted that they were put in place decades ago and have not been revised since. The Commission members discussed that the one aspect of these rules that could be improved would be the timing of an annual meeting. Mr. Shindler also suggested creating provision for electronic notice of meetings, and Dr. Kutina suggested clarity with respect to the provision describing the required vote of Commission membership in order to pass a resolution. The Commission members discussed the wording of the amendments substantially in the form indicated in Attachment A to these minutes.

Upon completion of the discussion, Mr. Petrick moved that:

(a) Commission Rule 9-01 be amended to provide the revisions substantially as indicated in Attachment A to these minutes and (b) the Vice Chairman, together with the Chairman and the Secretary, each be authorized to take such actions as may be necessary or appropriate to implement the amendments in substantially the form indicated in Attachment A to these minutes.

Mrs. Carter seconded the motion.

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

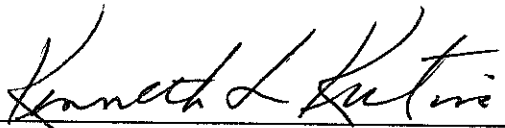
Aye: Carter; Davis; Kutina; Needles; Petrick; Shindler; Wells.

Nay: None.

2010-09. The Chairman declared the motion, as described above, passed as Resolution

CALL OF NEXT MEETING AND ADJOURNMENT

It is now expected that the Commission will next meet on May 19, 2010, if necessary, or upon the call of the Chairman. On a motion duly made and seconded, the meeting was adjourned.


Secretary