

## OHIO HIGHER EDUCATIONAL FACILITY COMMISSION

### MINUTES OF THE MEETING OF THE COMMISSION

**March 17, 2010**

The Ohio Higher Educational Facility Commission (the "Commission") met on Wednesday, March 17, 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: Richard Petrick, Vice Chairman; Kenneth Kutina, Secretary; Wanda Carter; Thomas Needles; James Shindler; Sam Speck; and Susan Tate. Absent from the meeting were: John R. Wells and Lynnda Davis. Also present were: representatives of the institutions appearing before the Commission; William Elliott of PNC Capital Markets; Joyce Antoncic of Bank of New York Mellon Corporate Trust; 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 Vice 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 Vice Chairman noted that the minutes of the Commission meeting of February 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 Dr. Kutina, the Commission members present unanimously approved the minutes of that meeting.

## THE COLLEGE OF WOOSTER

### Public Hearing

The Vice Chairman opened the public hearing required by applicable federal tax regulations for the proposed financing for The College of Wooster. Notice of the hearing was published in the *Columbus Dispatch* and *The Daily Record* on March 3, 2010. The Vice 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 Vice Chairman closed the public hearing.

### Financing Approval

The Vice Chairman next called upon Laurie Stickelmaier, Vice President for Finance and Business, to update the Commission members regarding The College of Wooster's financing request. Joining Ms. Stickelmaier was Jacqueline Middleton, Director of Administration and Auxiliary Services. Ms. Stickelmaier thanked the Commission members, confirming that the College was requesting a \$10 million bond issuance. Approximately \$5 million of bond proceeds will be used, together with other College funds, to finance costs of a new student recreation center. Approximately \$4 million of the bond proceeds will be used for the College's performance contracting program. The performance contracting program consists of a number of projects designed to achieve energy savings throughout the College campus. Remaining proceeds are to be used to finance the acquisition of a house and other capital projects.

Responding to questions from Dr. Kutina, Ms. Stickelmaier confirmed that the final performance contract will not be entered into unless the agreement includes guaranteed savings to the College. The agreement will also include a performance bond from the contractor. The College and its Board considered implementing the performance program in-house, but concluded it did not have the expertise to do so. In choosing the manner in which the College would implement the performance contracting program, it consulted with approximately 30 other colleges and distributed a request for qualifications to 12 firms. A preliminary cash flow analysis has been completed and illustrates a positive rate of return for the College. Thirty-five of the College's 48 buildings will be improved as a part of this program.

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.

Mr. Needles moved and Mrs. Carter seconded the motion that Resolution No. 2010-05 be adopted.

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

Aye: Carter; Kutina; Needles; Petrick; Shindler; Speck; Tate

Nay: None

The Vice Chairman declared the motion passed and Resolution No. 2010-05 adopted.

Resolution No. 2010-05 is as follows:

## BLUFFTON UNIVERSITY

### Public Hearing

The Vice Chairman opened the public hearing required by applicable federal tax regulations for the proposed financing for Bluffton University. Notice of the hearing was published in the *Columbus Dispatch* and *The Lima News* on March 3, 2010. The Vice 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 Vice Chairman closed the public hearing.

### Financing Approval

The Vice Chairman next called upon Willis Sommer, Vice President for Fiscal Affairs, to update the Commission members as to Bluffton University's request. Mr. Sommer appeared at the Commission's December 2009 meeting for preliminary approval of the University's project. Mr. Sommer thanked the Commission members, noting that \$7.35 million of the \$9 million bond issue will refinance the University's portion of the Commission's 1999 and 2002 pooled financing bond issues. The balance of the bond proceeds will be used to finance various disability access projects on campus, as well as HVAC improvements. It is expected that the bond issue will close in early April. Mr. Sommer continued by noting that the University continues to show overall improvement, with positive enrollment trends continuing this spring. He then inquired of the Commission members as to whether they had any questions.

Mr. Speck inquired about the maximum authorized interest rate reflected in the bond resolution. Mr. Burlingame noted that the rate reflected in the bond resolution is a result of the transaction structure. The bond issue will be a direct placement with JPMorgan Chase Bank. The bank will be treating the purchase in much the same manner as it does for a traditional loan. If the bonds were underwritten, the authorized maximum interest rate would have been much lower. Mr. Sommer remarked that he expects the University's interest rate on the bonds to be less than 4.5% and that it is entering into an interest rate swap transaction as well. Mr. Keefe noted that Mr. Sommer will be retiring this summer. He will be leaving a long and excellent record of service to the University.

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.

Mrs. Carter moved and Mr. Speck seconded the motion that Resolution No. 2010-06 be adopted.

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

Aye: Carter; Kutina; Needles; Petrick; Shindler; Speck; Tate

Nay: None

The Vice Chairman declared the motion passed and Resolution No. 2010-06 adopted.

Resolution No. 2010-06 is as follows:

## SUMMA HEALTH SYSTEM

### Public Hearing

The Vice Chairman opened the public hearing required by applicable federal tax regulations for the proposed financing for Summa Health System. Notice of the hearing was published in the *Columbus Dispatch* and the *Akron Beacon Journal* on March 3, 2010. The Vice 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 Vice Chairman closed the public hearing.

### Financing Approval

The Vice Chairman next called on Thomas P. O'Neill, Chief Financial Officer of Summa Health System Hospitals, to update the Commission members as to the status of Summa Health System's financing request. The Health System received preliminary financing approval at the Commission's January 2010 meeting. Mr. O'Neill confirmed that the Health System's financing continues to progress well, with an anticipated closing in early to mid-May. He then inquired of the Commission members as to whether they had any questions.

Responding to a question from Mr. Speck, Mr. O'Neill confirmed that the Health System distributed requests for proposals to numerous underwriting firms. Proposals were reviewed at multiple levels, and ultimately JPMorgan Chase was selected as the lead underwriting firm for the bond issue. PNC Capital Markets will also be a part of the financing team. Responding to a question from Dr. Kutina with respect to the proposed impact of recent health care reform legislation, Mr. O'Neill confirmed that the Health System's emphasis will have to remain on increased efficiency, while at the same time maintaining the highest standards of quality care. One of the primary ways the Health System will seek to do this is through information sharing among its facilities, doctors and other caregivers. The Health System will be able to achieve these efficiencies in part through the implementation of an electronic records system that will be available to all Health System physicians, whether directly employed by the Health System or not. The Health System is still considering to what extent patients will have direct access to these records. With better information shared among all practitioners, unnecessary tests and services can be reduced thus lowering the costs to the patient.

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.

Mr. Needles moved and Mrs. Carter seconded the motion that Resolution No. 2010-07 be adopted.

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

Aye: Carter; Kutina; Needles; Petrick; Shindler; Speck; Tate

Nay: None

The Vice Chairman declared the motion passed and Resolution No. 2010-07 adopted.

Resolution No. 2010-07 is as follows:

## OTHER MATTERS

Mr. Petrick remarked that the process has started for finding Jimmy Wermuth's replacement. This is expected to be a full-time position for the first two years of employment. He also reviewed the handout describing the Commission's financial position and the appropriation that approves the cost of this Board of Regents employee. Mr. Petrick hopes that Jimmy's replacement will be hired sometime this summer and that he or she will be able to continue Jimmy's former duties, as well as to continue work on the financial ratios project and the Commission's website.

**CALL OF NEXT MEETING AND ADJOURNMENT**

It is now expected that the Commission will next meet on April 21, 2010, if necessary, or upon the call of the Chairman. On a motion duly made and seconded, the meeting was adjourned.

---

Secretary