

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

**December 14, 2011**

The Ohio Higher Educational Facility Commission (the "Commission") met on Wednesday, December 14, 2011, at 11:00 a.m. on the 36<sup>th</sup> 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; Kenneth Kutina, Secretary; David Cannon; Lynnnda Davis; Thomas Needles; and Susan Tate. Wanda Carter was absent. Also present was: a representative of the institution appearing before the Commission; Kevin Scott of Key Government Finance, Inc.; Ben Christensen of the Ohio Board of Regents; and Alexander G. Burlingame of Squire Sanders (US) LLP, 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 welcomed David Cannon, Vice Chancellor of Finance and Data Management of the Board of Regents, to his first meeting as a Commission member. He is the designee of the Chancellor of the Board of Regents.

The Chairman noted that the minutes of the Commission meeting of October 19, 2011, 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. Needles that was seconded by Ms. Tate, all Commission members present approved the minutes of that meeting.

## CEDARVILLE UNIVERSITY

The Chairman next called upon Philip Grafton, Vice President for Finance and Chief Financial Officer, to update the Commission regarding Cedarville University's financing request. Mr. Grafton thanked the Commission members, noting that he had last appeared before the Commission to discuss the proposed financing at the Commission's January 2011 meeting. The University is seeking final approval for the financing of an approximately 80,000-square-foot health sciences building, including space for the University's pharmacy and nursing programs. The pharmacy program is relatively new to the University. Its first class is three years into the seven-year program. Mr. Grafton reported that the University's borrowing needs had diminished somewhat since the Commission's January meeting. The University is now seeking approval of a \$5 million financing. The proposed bonds will bear interest at a fixed interest rate over a period of 10 years and are to be purchased by Key Government Finance, Inc. Several reasons contributed to the University's reduced borrowing needs. Construction estimates came in at approximately \$1.5 million less than originally estimated. In addition, the University has reduced the project scope, and will not be financing other campus renovation work. Earlier in 2011, the University closed the sale of its radio station. Proceeds of the sale will be applied to project costs. The University has received approximately \$9.6 million of pledges toward the project. Approximately \$12 million has been spent on the project already, with construction progressing on schedule. The exterior of the proposed building is almost complete, with window installation ongoing. The University intends to occupy the building by August of 2012 for use in the 2012-13 academic year.

Mr. Grafton noted that accreditation for the new pharmacy program has been achieved with both the Ohio Board of Regents and the Higher Learning Commission. The University has been achieving its enrollment target of 50 to 55 students per year for the pharmacy program and remains on target to achieve that goal for the next academic year.

Mr. Grafton then inquired of the Commission members as to whether they had any questions. In response to a question from Ms. Tate, Mr. Grafton confirmed that the University is using its own funds to pay project costs until the closing of the bond issue. The University has an operating line of credit that could be used for project costs should the need arise. Responding to questions from Dr. Kutina, Mr. Grafton noted that of the approximately \$22.5 million of total project costs, \$5 million of those costs will be financed with proceeds of the bonds. Approximately \$14 million is being raised through the University's capital campaign, with the remaining \$3.5 million coming from University funds. The University has a total annual operating budget of approximately \$79 million. That amount is net of approximately \$22 million in financial aid. The University's endowment value is approximately \$20 million and the University has approximately \$12.5 million of other long-term debt that is attributable to student residence facilities. The University's fundraising campaign is for costs of capital projects, with no campaign proceeds going toward endowment. Responding to a question from Mr. Needles, Mr. Grafton confirmed that the new building will be used for the University's pharmacy and nursing programs. The University has maintained an undergraduate level nursing program since the early 1990s, with the masters in nursing having been developed more recently. Mr. Grafton is confident that the building will hold enough space to accommodate future program growth, noting that many graduate level program classes are held at night. The masters in nursing program was developed to address market need. The University has identified a particular need

to train nursing instructors. Responding to a further question from Dr. Kutina, Mr. Grafton noted that most pharmacy programs do have a seven-year schedule toward final degree completion. The first three years of the University's program are at the undergraduate level, with the last four at the graduate level and resulting in a doctorate-level degree. Mr. Grafton confirmed for Ms. Tate that the bonds will mature in 10 years and that Key Government Finance, Inc. did not have a tender right.

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

Dr. Kutina moved and Mr. Cannon seconded the motion that Resolution No. 2011-16 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: Cannon; Davis; Kutina; Needles; Tate; Wells

Nay: None

The Chairman declared the motion passed and Resolution No. 2011-16 adopted.

Resolution No. 2011-16 is as follows:

**OTHER BUSINESS**

**Election of Vice Chair**

The Chairman noted that the Commission needed to elect a Vice Chair. It has been the Commission's custom that the Chancellor's designee hold that office. The Chairman further noted that Mr. Cannon had indicated his willingness to serve as Vice Chair of the Commission.

There being no further discussion, Mrs. Davis moved and Mr. Needles seconded the motion that Resolution No. 2011-17 be adopted providing for the election of David Cannon as Vice Chair of the Commission, to serve until his resignation, until a successor is duly elected or until such time as he is no longer a member of the Commission.

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; Tate; Wells

Nay: None

Abstain: Cannon

The Chairman declared the motion passed and Resolution No. 2011-17 adopted and Mr. Cannon was thereby elected Vice Chair of the Commission.

CALL OF NEXT MEETING AND ADJOURNMENT

It is now expected that the Commission will next meet on January 18, 2012, if necessary, or upon the call of the Chairman. On a motion duly made and seconded, the meeting was adjourned.

  
Secretary