

HIGHER EDUCATIONAL FACILITY COMMISSION
MINUTES OF THE MEETING OF THE COMMISSION

April 18, 2007

The Ohio Higher Educational Facility Commission (the "Commission") met on Wednesday, April 18, 2007, at 11:00 a.m. at the offices of the Ohio Board of Regents, 36th Floor, State Office Building, 30 East Broad Street, Columbus, Ohio, written notice of which had been given to all members of the Commission.

The following members attended: Thomas Needles, Chairman; Richard Petrick, Vice Chairman; John Wells, Secretary; Kenneth Kutina, Deputy Secretary; Ronald E. Cosey, Henry Kasson and Sam Speck. Wanda Carter and Tahlman Krumm were absent. Also present were representatives of the educational institutions making presentations to the Commission; Francis Barry Keefe and Alex Burlingame of Squire, Sanders & Dempsey L.L.P., Bond Counsel to the Commission; and Katie Hensel of the Ohio Board of Regents.

The meeting was called to order by the Chairman. Upon call of the roll, Mr. Wells 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 December 13, 2006, were sent to each member prior to this meeting; those minutes are included in the meeting books for each member. Upon review, the Commission members present unanimously approved the minutes of that meeting as submitted.

MARIETTA COLLEGE

Mr. Needles called on Dan Bryant, Vice President for Administration and Finance of Marietta College, to discuss the proposed College's bond financing. Mr. Bryant conveyed greetings from the College president, Jean Scott, and discussed the success of the College's fundraising efforts in connection with the new proposed library, to initially be financed with bond proceeds. Mr. Bryant anticipates that pledge receipts should be sufficient so that the bonds are expected to be paid off within the next nine years. Mr. Bryant further commented that preliminary site work in respect of the new library had commenced. College library services are functioning in various parts of the campus and will continue to do so until completion of the new facility. Mr. Bryant then asked if the Commission member had any questions for him.

In response to questions from Dr. Kutina, Mr. Bryant indicated that projected construction costs had increased by approximately \$1 million and that the College was still in the process of determining what portions of the project will be cut as a result. In response to a question from Mr. Cosey, Mr. Bryant indicated that project bids had come in higher than expected, but it is yet to be determined the precise source of the increased cost. In response to a question from Mr. Needles, Mr. Keefe indicated that the financing documents were in substantially final form and that the bond issue is expected to close later in the month. The resolution under consideration approves the bond issue for the College and related documents.

Mr. Wells moved and Mr. Cosey seconded the motion that Resolution No. 2007-1 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: Cosey, Kasson, Kutina, Needles, Petrick, Speck, Wells

Nay: None

The Chairman declared the motion passed and Resolution No. 2007-1 adopted.

Resolution No. 2007-1 is as follows:

OHIO DOMINICAN UNIVERSITY

The Chairman next called on Ronald Seiffert, Vice President for University Resources at Ohio Dominican University, to discuss the University's request for financing. Mr. Seiffert introduced David Kosanovic, the University's Associate Vice President for Finance and Administration. Mr. Seiffert expressed the University's appreciation for the Commission's previous support and for the opportunity to present its \$45 million financing proposal. Mr. Seiffert indicated that a portion of the proceeds of the proposed bond issue would be applied toward the refinancing of bonds of the Commission issued in 2003 and 2005, respectively, for the benefit of the University through the Commission's Pooled Financing Program. The 2003 bonds financed student residence facilities for the University and the 2005 bonds themselves refinanced bonds issued in 1994. Mr. Seiffert indicated that the nonrefinancing portion of the proposed bond issue would be for the purpose of financing a new student center and new dormitory, as well as for the purpose of paying off an interim construction loan used to finance Panther Stadium. Mr. Seiffert then referred to the packet distributed to the Commission members, which included preliminary renderings of the new facilities.

Mr. Seiffert continued by describing the University's progress over the last several years. The current president joined the University in 2001 with a stated goal of increasing the University's emphasis on traditional, residential students, as opposed to commuters. Since 2001, the University enrollment has gone from 2,100 to 3,100. Since 2001, the number of students living in University residence hall has increased significantly, and it is expected that over 750 students will live in University housing this coming fall. Since 2001, the University has also added five masters degree programs and is in the process of establishing a Masters in Education Program. The University also has added six varsity sports since 2001. With respect to the composition of University students, most of the student body comes from Ohio, with a significant portion of Ohio students coming from the greater Columbus area.

Mr. Seiffert indicated that the new project financing would address two immediate needs of the University. A new dormitory is needed to meet the growing demand for on-campus residence space for students, noting that the 400-bed student residence facility financed by Commission bonds in 2003 is full. The new residence facility will provide 150 to 175 beds and will cost approximately \$6 million. It will be available for the Fall 2008 semester. A new student center has been a need of the University for some time, as no central gathering space currently exists. Mr. Seiffert noted that the lack of a student center puts the University at a competitive disadvantage with other universities. The new student center will provide approximately 100,000 square feet that will permit the University to consolidate many services and activities that are now scattered throughout the campus. It will be an important gathering place for both residential and commuter students. A part of the student center project will include an elevated pedestrian walkway over Sunbury Road, which is needed to provide easier access to the core campus. Mr. Seiffert then invited Mr. Kosanovic to discuss certain of the financial aspects of the proposed financing. Mr. Kosanovic indicated that four banks submitted responses to the University's request for proposals for a letter of credit to enhance security for the Bonds. JPMorgan Chase Bank will be providing a letter of credit to secure the bond issue with the participation of The Huntington National Bank. Sources of repayment of the bonds include endowment funds, money from fundraising efforts, planned tuition increases and student

fees from the new student center, as well as residence hall fees. In assessing the University's ability to repay the debt, Mr. Kosanovic stated the University had taken a conservative approach, assuming no endowment increases over the next several years. The University anticipates favorable results for the fiscal year closing this June.

Mr. Petrick thanked Mr. Seiffert and Mr. Kosanovic for their comprehensive presentation and inquired of the savings resulting from the refinancing portion of the financing and the make-up of the student body. Mr. Kosanovic anticipates over \$500,000 worth of net present value savings. Mr. Seiffert indicated that approximately 80% of the University students are from Ohio, with a total of 60% coming from central Ohio. Mr. Petrick further complimented the University on its conservative assumptions regarding enrollment given expected future decreases in high school graduates in the State. In response to questions from Dr. Kutina, Mr. Kosanovic provided more detail on the University's sources for repaying the debt. Specifically identified as a source was the earnings on the approximately \$6 million residing in the University's unrestricted endowment, as well as the University's planned 6% to 8% tuition increases over the next two years. The current discount rate for University students is at approximately 30%, a rate the University Board has stated should go no higher. Dr. Kutina further inquired as to the cost of the student center and the feasibility of the current budget. Mr. Kosanovic indicated that the current budget for the center is set, so that if costs do go up, the project will have to be reduced rather than have the University to put more money into it. Dr. Kutina commented that he liked that approach. In response to a question from Mr. Speck, Mr. Seiffert indicated that two additional dormitories are planned for construction by 2011 and would ultimately be paid for out of their own revenues. Mr. Seiffert also indicated that increased operating expenses resulting from the proposed projects have been budgeted into current University forecasts and assumptions. In response to a question from Mr. Kasson, Mr. Seiffert indicated it has yet to be determined what the precise location of the new student center will be, though it will be near Sunbury Road and will include the pedestrian walkway over the road. The walkway will provide safe access for students and staff to the main University campus. In response to a question from Mr. Speck, Mr. Kosanovic described the University's spending policy with regard to the University's endowment, advising that the University applies a 5% spending amount based on the endowment's average performance over the last three years. In response to a question from Dr. Kutina, Mr. Kosanovic advised that the topography near the proposed site of the student center is such that the students could enter the pedestrian bridge at ground level on one side of the road and enter the student center on its third floor on the other side of the road. A discussion then ensued as to alternatives to a bridge. Mr. Kosanovic indicated that the University considered other alternatives such as cross walks, but determined that the pedestrian bridge best met the University's needs. In response to questions from Mr. Needles, Mr. Seiffert and Mr. Kosanovic described the University's favorable relationship with Battelle Research Institute and its support of University programs, particularly in science and science education. They further noted that the new student center would be named for the former Bishop of the Catholic diocese, which donated \$1 million to the University.

Mr. Keefe noted that the resolution approves the Preliminary Agreement with the University for these projects and is in the usual form.

Mr. Cosey moved and Mr. Wells seconded the motion that Resolution No. 2007-2 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: Cosey, Kasson, Kutina, Needles, Petrick, Speck, Wells

Nay: None

The Chairman declared the motion passed and Resolution No. 2007-2 adopted.

Resolution No. 2007-2 is as follows:

OTHER BUSINESS

Following the Ohio Dominican University presentation, Mr. Keefe briefly updated the Commission members as to the proposed Ohio Christian University project, preliminary approval for which was given by the Commission at its November 15, 2006 meeting. Mr. Keefe indicated that the University was not ready to come to the Commission for final approval at this meeting, but they did expect to be present at the May meeting. It is now contemplated that the proposed financing will be secured by neither a letter of credit nor a municipal bond insurance policy. Since last appearing before the Commission, the University has received its audit for the fiscal school year ended June 30, 2006. A copy of the audit was placed within each Commission member's binder.

CALL OF NEXT MEETING AND ADJOURNMENT

The Commission will next meet on May 16, 2007, if necessary, or upon the call of the Chairman. On motion duly made and seconded, the meeting was adjourned.

Secretary