

OHIO HIGHER EDUCATIONAL FACILITY COMMISSION

MINUTES OF THE MEETING OF THE COMMISSION

March 16, 2005

The Ohio Higher Educational Facility Commission (the "Commission") met on Wednesday, March 16, 2005, 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, Kenneth Kutina, Assistant Secretary, Ronald E. Cosey, and Douglas McMarlin. Tahlman Krumm, Jr., Henry Kasson and John Wells were absent. Also present and assisting in presenting information to the Commission were representatives of the universities appearing before the Commission and Francis Barry Keefe 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, Mr. Petrick, acting as Secretary until Dr. Kutina's joining, 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 17, 2004, were sent to each member and are included in the meeting books for each member. Upon review, the Commission approved the minutes of that meeting as submitted.

WITTENBERG UNIVERSITY

The Chairman invited Darrell Kitchen, the Vice President for Business and Finance at the University, to discuss the University's bond issue. Mr. Kitchen explained that the plan for the University's new residence hall, which was originally approved by the Commission in 2001, has been revised to make the facility more energy efficient and cost-effective. Using the same footprint as the original design, the facility will now have three floors rather than two. This will add 191 beds, thus increasing the revenues to the University from which debt service on the bonds will be paid.

In response to a question from Mr. Petrick, Mr. Kitchen stated that the University was aware of the projected decline in the number of high school graduates in Ohio. The University's admissions plan is to increase its recruitment efforts in the northeastern part of the United States, as well as in the Chicago area.

Mr. Cosey noted that his wife was a graduate of Wittenberg University and asked about the University's residence requirements. Mr. Kitchen said that only first and second year students are required to live in campus residence halls because the University does not have capacity to house all students.

Following additional discussion with Mr. Cosey, the Chairman and Mr. Kitchen, the Chairman presented the Commission with Resolution No. 2005-01 that authorizes the bond issue and approves the related documents. Those bond documents have been prepared and presented to the Commission by Mr. Keefe.

Mr. Cosey moved and Mr. McMarlin seconded the motion that Resolution No. 2005-01 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, Kutina, McMarlin, Needles, Petrick.

Nay: None

The Chairman declared the motion passed and Resolution No. 2005-01 adopted.

Resolution No. 2005-01 is as follows:

OHIO NORTHERN UNIVERSITY

At the invitation of the Chairman, John Green, the University's Vice President for Financial Affairs, presented the University's request for financing. He also introduced Vicki Niese, the University's Purchasing Manager, and Mark Light, the Director of Student Life. Mr. Green explained that the University originally requested preliminary approval for a bond financing of approximately \$12 million to fund a new student residence facility. This facility would be part of the University's plan to add substantial new residence hall capacity to the campus and to "de-densify" and renovate its existing residence facilities. The University is now determining whether to increase the scope of the project with additional facilities with funding of \$25 million. The University is discussing the acceleration of its housing program and the new debt amount with Moody's Investor Service, the bond rating company. The University wants to keep its A-2 rating. Final action by the University's Board of Trustees may depend on the rating situation and should be forth coming later this Spring.

Mr. Green explained that much of the University's housing was built in the 1960s and has become less and less competitive. Apartment style facilities are increasingly in demand on college campuses. A larger bond issue would permit the University to lock in current low interest rates and begin construction on more facilities before construction and materials costs rise. Mr. Green also noted that even with the \$25 million issuance, the University would be back to the Commission in about two years to seek additional funding to complete the housing renovation project.

In response to a question from Mr. Petrick, Mr. Green replied that the University continues to have strong demand, especially in its College of Pharmacy with over 1,000 students enrolled. Regardless of minor changes in enrollments, the University knows that demand for on-campus housing will remain since the University only can house 1,800 of its 3,400 students on campus now. The remaining students reside in residences in Ada.

In response to a question from the Chairman, Mr. Green explained that the University had \$30 million in debt and that a \$25 million issuance would increase the debt to \$55 million. Mr. Green also said that the University experienced a 16.1% return on its investment last year, and has a conservative endowment spending policy.

Mr. Green provided the expected construction schedule to the Commission.

The Chairman stated that the resolution approves the Preliminary Agreement, which has been prepared in its usual form. The Chairman noted that this approval is for financing \$12 million as originally requested, but that if the University determines to proceed with the larger issue, the Commission would consider that request when acting on the final authorization of the bonds.

The Chairman then presented the Commission with Resolution No. 2005-02 authorizing the Preliminary Agreement.

Mr. Petrick moved and Mr. Cosey seconded the motion that Resolution No. 2005-02 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, Kutina, McMarlin, Needles, Petrick.

Nay: None

The Chairman declared the motion passed and Resolution No. 2005-02 adopted.

Resolution No. 2005-02 is as follows:

OTHER BUSINESS

Mr. Keefe noted that there would likely be a need for a meeting on April 20, 2005, the next scheduled Commission meeting.

CALL OF NEXT MEETING AND ADJOURNMENT

The Commission will next meet upon the call of the Chairman. On motion duly made and seconded, the meeting was adjourned.

Assistant Secretary