HIGHER EDUCATIONAL FACILITY COMMISSION

MINUTES OF THE MEETING OF THE COMMISSION

May 17, 2006

The Ohio Higher Educational Facility Commission (the "Commission") met on Wednesday, May 17, 2006, 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, Deputy Secretary; Wanda Carter, Ronald E. Cosey and Tahlman Krumm. John Wells, Secretary, and Henry Kasson 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, Dr. Kutina 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 April 19, 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.

POOLED FINANCING PROGRAM

At the invitation of the Chairmen each of the educational institutions participating in the Pooled Financing Program updated its request for funding. Martin Terry, Vice President for Business Affairs of The University of Findlay, stated that the farm land to be acquired as described in its application has proved to be too expensive. The University will not use bond proceeds for that acquisition but will use those funds for the renovation of the former Owens Community College facilities. In addition, the University will increase the principal amount of the bond issue by approximately $9 million in order to refund the Commission's Bonds issued in 1996 for the University.

Jon Carlson, Controller of the Ohio College of Podiatric Medicine, noted that the College's portion of the bond issue would be reduced from $10 million to $6 million. The College believes this is a more appropriate amount of debt at this time. The property for the College's new campus has been acquired, and the College plans to move there by April 2007.

John Wray, Vice President for Finance and Business Affairs of Walsh University, stated that demand for housing is increasing. The University now plans to complete the renovation of all four floors (rather than three) of the existing residence facility. The University is also planning to open a new campus in Rome, Italy.

Dr. Robert Head, the President of Urbana University, updated the Commission on the University's project. Based on the completion of the design phase of the new residence hall, Dr. Head stated that the project would cost $187,000 less than originally estimated.

In response to a question by Dr. Kutina, Mr. Carlson stated that the revised amount of the financing will still permit the College to complete the renovation of the building. The original estimated amount contained items that will either be paid by the College or will be postponed.

At the request of the Chairman, Mr. Keefe explained that the resolution to be considered authorizes the bond issue and approves the bond documents, which have been prepared and presented to the Commission.

Dr. Krumm moved and Mr. Cosey seconded the motion that Resolution No. 2006-14 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, Cosey, Krumm, Kutina, Needles, Petrick

Nay: None

The Chairman declared the motion passed and Resolution No. 2006-14 adopted.

Resolution No. 2006-14 is as follows:

KENYON COLLEGE

Joseph Nelson, Vice President for Finance, and Teri Blanchard, Associate Vice President for Finance, were invited by the Chairman to discuss the College's request. Mr. Nelson introduced Shirley O'Brien, the College's Controller.

Mr. Nelson stated the primary purpose for the financing is the remodeling of the College's 1921 dining hall. The kitchen and the dining area in this building have remained essentially unchanged since it was constructed. There is serious need to update the food preparation area as well as expand the dining area. The College had built an adjoining building in 1960. It has now determined that it would be most cost effective to remove that building and build a new addition. The planned expanded dining area will permit the College to serve all students at one time. Presently, there are two dining areas on campus. The College believes that it would be desirable to have all the students eating their meals together. The College will also acquire a new generator to serve as a back up for electrical failures so that the dining facility would be able to continue to serve basic meals. The proposed financing would also pay some additional costs related to the recently completed Athletic Center as well as other capital expenses such as roof repair for various campus facilities. The College will also use the bond proceeds to refund an outstanding medium term note issued as part of the 2002 bond issue. Total cost is likely to be somewhat less than the $50 million dollars identified in the preliminary application.

In response to a question from Dr. Krumm, Mr. Nelson agreed that College students nowadays prefer to set their own schedules for meals. The College has not extended its serving times greatly over the last few years. Serving times are breakfast 7:30 to 9:00, lunch 11:30 to 2:00; dinner 5:00 to 7:30. There is an alternative to the dining hall, which is pizza center located in the same building. All students are required to be on the meal plan.

In response to several questions from Mr. Cosey, Mr. Nelson noted that meal plan serves 19 meals a week, no breakfast is served on Saturday or Sunday. The Child Care facility to be improved with the proceeds of the bonds will be open to the entire community. There may be some preferred enrollment for children of faculty, staff and students. The College may provide the facility to an independent operator. At the moment, the design is based on modular units that are both attractive and convenient. This way the facility can start small and then expand as needed by adding more units.

Responding to questions from Mr. Petrick, Mr. Nelson explained that amount of reimbursement for the prior expenditures for the various facilities will be worked out with bond counsel. He estimated that the net total increase in debt service after issuance of the bonds would be approximately $2.5 million dollars per year. He felt that the College would have no problem holding its current bond rating with that increase. All of the debt service would be financed from operations of the College.

Responding to several questions from Dr. Kutina, Mr. Nelson stated that the current plan for the financing anticipates a balloon payment at the maturity of the bonds and paying interest up to that time, but the structure will have to pass approval by the rating services. The Child Care facility will be located adjacent to the Community Center on land owned by the College. Mr.Cosey asked where the majority of the students came from. Mr. Nelson stated that

20-22% of the students come from Ohio, the others come from 48 different states with New York, then Pennsylvania and then California having the largest percentage of students.

Responding to questions from Dr. Krumm, Teri Blanchard distributed a report of the Dean of Admissions and Financial Aid showing the number of applications and other enrollment data. That report is attached hereto as Exhibit A. Mr. Nelson commented that the early decision process receives mixed views from the staff members. In one sense it is good from a financial standpoint because there is some certainty to the next enrollment, but others feel that it limits the College's ability to select the students for admission.

Responding to further questions from Dr. Kutina, Mr. Nelson stated that the major competitors for students are Oberlin College, where Kenyon and Oberlin split the admission decisions approximately 50/50, and then Denison University and The College of Wooster in Ohio. For out of state schools, its Williams, Bowdoin, Amherst and Swarthmore. Among these Kenyon College is often the first choice.

The College will pay the debt service on the bonds from its operating funds including the draw from quasi-endowment. Mr. Nelson felt there was sufficient pricing elasticity available to cover this debt service. The operating expenses for the new Athletic Center will run approximately $1.2 million dollars per year. To meet those costs, the College has put aside two years of budget surpluses to cover the first two years of the operating costs and then will phase in the total operating costs over the next two years. The additional costs coming from the dining facility improvements will likely be phased in using the same approach.

In response to an additional question from Dr. Krumm, Mrs. Blanchard stated that the tuition increase last year was 6.2%. Total tuition room and board is $40,000. The financial aid discount rate is 30%. Mr. Nelson and Mrs. Blanchard extended an invitation to the Commission members to hold its next meeting in June on the Kenyon College campus. The idea was warmly received by the Commission members and will be discussed and determined prior to that date.

Mr. Keefe noted that the resolution for consideration approves the preliminary agreement, which is in its usual form.

Dr. Krumm moved and Ms. Carter seconded the motion that Resolution No. 2006-15 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, Cosey, Krumm, Kutina, Needles, Petrick

Nay: None

The Chairman declared the motion passed and Resolution No. 2006-15 adopted.

Resolution No. 2006-15 is as follows:

OTHER BUSINESS

There was a brief discussion among the members and Mr. Keefe concerning the Commission's role in financing education facilities and the potential involvement of other state agencies. The Commission members heartily congratulated Katie Hensel for the fine work in getting the Commission's web page established.

CALL OF NEXT MEETING AND ADJOURNMENT

The Commission will next meet on June 21, 2006, or upon the call of the Chairman. On motion duly made and seconded, the meeting was adjourned.

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Deputy Secretary

EXHIBIT A

Report of the Dean of Admissions and Financial Aid

The Class of 2010. Our goal: 445 first-year students. Since the deposit deadline is May 1, we don't, as of the date of this report (April 4), know precisely the profile of our class or how our financial-aid strategy performed. We will, however, have an emerging profile of the Class of 2010 available at the board meeting.

Highlights

Record-number of applications

2006	2005	2004	2003	2002	2001
4,247	3,922	3,807	3,364	2,838	2,002

Record low selectivity (% of applications accepted)

2006	2005	2004	2003	2002	2001
32%	36%	38%	46%	52%	66%

Increase in the number of Early Decision applications
Note increase of 28% from 2005 to 2006

2006	2005	2004	2003	2002	2001
358	284	243	174	147	115

Kenyon is increasingly selective in the number of students admitted in Early Decision.

2006	2005	2004	2003	2002	2001
54.5%	57.2%	74.9%	80%	80.3%	82.6%

Percentage of the class admitted in Early Decision has steadily grown.

2006	2005	2004	2003	2002	2001
42%	37%	38%	30%	26%	20%

Multicultural Admissions

Applications from students of color have increased.

2006	2005	2004	2003	2002	2001
584	529	472	421	317	169

The percentage of students of color in the applicant pool is not keeping pace with the growth in the overall applicant pool.

2006	2005	2004	2003	2002	2001
13.8%	13.9%	12.7%	11.5%	11.2%	8.4%

Multulticultural Admissions (continued)

The percentage of students of color in the *admitted* pool is the highest to date.

2006	2005	2004	2003	2002	2001
17%	15%	11.6%	12%	10%	9%

Admitted Student Academic Profile

Average SATs of admitted students have increased steadily over five years.

2006	2005	2004	2003	2002	2001
694 CR	690	690	679	676	662
669 Math	670	655	660	644	6643
1363	1360	1355	1339	1320	1305

Average ACT composite score has hit an all-time high.

2006	2005	2004	2003	2002	2001
30.2	29.6	29.4	29.4	29	28.4

Average reported GPA has hit an all-time high.

2006	2005	2004	2003	2002	2001
3.92	3.85	3.83	3.81	3.85	3.72

Gender balance continues to be a challenge.

	2006	2005	2004	2003	2002	2001
	Admitted	Enrolled	Enrolled	Enrolled	Enrolled	Enrolled
Women	55%	55%	50%	55%	56%	57%
Men	45%	45%	50%	45%	44%	43%

Respectfully submitted,
Jennifer Delahunty Britz
Dean of Admissions and Financial Aid