

OHIO HIGHER EDUCATIONAL FACILITY COMMISSION

MINUTES OF THE MEETING OF THE COMMISSION

October 19, 2005

The Ohio Higher Educational Facility Commission (the "Commission") met on Wednesday, October 19, 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, John Wells, Secretary, Kenneth Kutina, Deputy Secretary, and Wanda Carter. Ronald E. Cosey, Henry Kasson and Tahlman Krumm were absent. Also present were representatives of the colleges making presentations to 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. 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 September 21, 2005, 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.

OBERLIN COLLEGE

The Chairman called on Ron Watts, Vice President for Finance, to discuss the College's request. Mr. Watts noted the proposed financing was for \$25 million for new projects and possible \$50 million for refunding prior bond issues. The College has been preparing a new Strategic Plan, which has received input from its trustees, faculty, staff and students. The focus is what the College should be in 2010 considering the changes occurring in this country and around the world. Part of the Plan involves the College's Physical Plant. Part of that program includes the new Science Center, which was funded with a 1999 bond issue of \$50 million. The proposed refunding of that issue could produce a savings of approximately \$300,000 per year. This would help reduce overall operating costs and make the College more competitive. In the last fiscal year, the College reported a small surplus even with all its trial and tribulations, for example, much higher energy costs. The College is expecting to achieve a surplus again at the end of this fiscal year. There are 30 more returning students this year. In addition the discount rate is lower than last year.

One part of the Strategic Plan is to improve student housing. The Commission's 2003 bond issue for the College financed the acquisition of a 7-story building that was renovated for student housing. This facility has the highest choice for housing among the students (a 300% request rate). In 2003, 900 students were living in off-campus housing. The College's plan is to bring all of its students back to the campus. It believes there are programmatic benefits for students learning and living together on the campus. This year's proposed financing is Phase II of this program. The bonds will fund a new 170-student facility and renovate current dormitories to the new standard for student residential facilities.

The College's general endowment fund is \$621 million, up about \$50 million from last year. Endowment support is required to meet annual operating costs of the College.

Mr. Watts commented on various aspects of the proposed financing. The work on the Central Heating Plant is needed to increase its efficiency and to reduce emission of mercury and sulfur. The Chiller facility will also be improved to increase its efficiency and to expand its service to all housing facilities. In Phase IV of the improvement of the Art Museum, the building will receive a new system for lighting and atmospheric control to protect and maintain the art work. The creation of a new track and soccer field will broaden the appeal to student athletes. The College wants to identify sports at which Oberlin can be competitive. The new parking project will provide 125 spaces related to existing student housing facilities and several smaller lots on the south part of the campus. The new student residential facility will cost approximately \$70,000 per bed. This is consistent with other such facilities. The structures are concrete and steel and will have at least a 40-year life. The new addition to the Conservatory Building will be used for the jazz program. Most of the funding has come from fund raising. This will insure that the Conservatory is a world-class facility.

There has been no drop off in applications. The College received 5,700 applications for 560 admissions, and the Conservatory received 2,200 applications for 120 admissions.

In response to a question from Mr. Petrick, Mr. Watts stated that the currently expected savings produced by the proposed refunding would be between \$300,000 to \$400,000 per year. This is about a \$5.6 million present value savings. The refunding issue would be a variable rate bond issue with a swap to a fixed rate. The Board of Trustees has studied this refinancing. Responding to questions from Mr. Needles, Mr. Watts stated that the College would continue at its present student population but that the Conservatory is planning to reduce its 600 student enrollment to 525 or 550 students, which is a better fit for the facility. The reduction in numbers would result in reduced income, but the College expects that the discount rate would also be reduced so there would be less of an impact. The lower numbers will allow the College to be even more selective and to maintain the 12 to 1 faculty to student ratio.

Dr. Kutina asked about the endowment fund. Mr. Watts explained that the pay out from the endowment fund for this year is 5.9% with the plan to reduced this to 5.5% in the near future. The ideal would be 5.0%. The College is also looking at its spending on capital maintenance. It is considering increasing its current \$4 million expenditure to \$6 million in order to improve housing and faculty offices (primarily new furniture and equipment). The College enjoys 100% rate of contribution from its Board of Trustees. Finally, the proposed bonds have been rated by Standard & Poors at "AA" following a recent visit to the campus. Moody's will also rate the bonds.

Mr. Keefe stated that the resolution, in its usual form, authorized the Preliminary Agreement between the College and Commission.

Dr. Kutina moved and Mr. Wells seconded the motion that Resolution No. 2005-15 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, Kutina, Needles, Petrick Wells

Nay: None

The Chairman declared the motion passed and Resolution No. 2005-15 adopted.

Resolution No. 2005-15 is as follows:

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.

Secretary