

## OHIO HIGHER EDUCATIONAL FACILITY COMMISSION

### MINUTES OF THE MEETING OF THE COMMISSION

**February 18, 2015**

The Ohio Higher Educational Facility Commission (the "Commission") met on Wednesday, February 18, 2015, at 11:00 a.m. on the 19<sup>th</sup> Floor, Room 1952, of the Riffe Center, Columbus Ohio, written notice of which had been given to all members of the Commission.

The following members attended: David Cannon, Vice Chair; Kenneth Kutina, Secretary; John Martin; James Shindler; and Susan Tate. Absent from the meeting were: Thomas Needles, Chair; Wanda Carter; John Wells; and James Wilson. Also present were representatives of the institutions appearing before the Commission; Ben Christensen of the Ohio Board of Regents; Kevin Scott of Key Government Finance; Yoon Lee of Wells Fargo; and Alexander G. Burlingame of Squire Patton Boggs (US) LLP, Bond Counsel to the Commission.

The meeting was called to order by the Vice Chair. 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 Vice Chair noted that the minutes of the Commission meeting of January 21, 2015 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. Shindler that was seconded by Dr. Kutina, all Commission members present approved the minutes of that meeting.

**UNIVERSITY OF DAYTON**

The Vice Chair called upon Philip Chick, Treasurer, to speak to the Commission members regarding the University of Dayton's financing request. Mr. Chick was joined by Andrew Horner, Vice President for Finance and Administrative Services.

Mr. Chick introduced Mr. Horner, who succeeds Thomas Burkhardt as the University's Chief Financial Officer. Mr. Chick noted that the University intends to print preliminary offering document the week of February 20<sup>th</sup> and anticipates that the bond issue size could approach \$92 million. The bond issue will include taxable and tax-exempt components, with the size of the refunding portion dependent on market conditions. The portion of the financing for new projects remains unchanged since the December Commission meeting. The University anticipates receiving just over \$4 million in net present value savings. Mr. Chick then inquired as to whether the Commission members had any questions.

In response to questions from Dr. Kutina and Mr. Cannon, Mr. Chick noted that the "all-in" interest rate would be in the 4% range and that all the bonds would bear interest at fixed rates.

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

There being no further discussion, the Vice Chair called for the roll and, pursuant to the roll call, the following votes were cast:

Ms. Tate moved and Mr. Martin seconded the motion that Resolution No. 2015-02 be adopted.

Aye: Cannon; Kutina; Martin; Shindler; Tate

Nay: None

The Vice Chair declared the motion passed and Resolution No. 2015-02 adopted.

Resolution No. 2015-02 is as follows:

**OTTERBEIN UNIVERSITY**

The Vice Chair next opened the public hearing required by applicable federal tax regulations for the proposed Otterbein University financing. Notice of the hearing was published in *The Columbus Dispatch*. The Vice Chair inquired as to whether there were any comments. No comments having been made and the Commission having received none in the mail or otherwise prior to the hearing, the Vice Chair closed the public hearing.

The Vice Chair then called upon Rebecca Vasquez-Skillings, Vice President for Business Affairs, to speak to the Commission members regarding Otterbein University's financing request. Ms. Skillings was joined by Anne Krieger, University Controller. Ms. Skillings thanked the Commission members noting that the University was requesting approval for the refinancing of the University's 2005 Bonds issued through the Commission. The bonds will be issued in a private placement transaction with Huntington Public Capital Corporation and amortized over 20 years. The University expects \$800,000 to \$1 million in savings. The 2005 Bonds financed student residence facilities and University arts and communication facilities. The University hopes to close the transaction during the first week of March. Ms. Skillings then inquired of the Commission members as to whether there were any questions.

In response to questions from Mr. Cannon and Dr. Kutina, Ms. Skillings confirmed that the bonds would bear interest at a fixed interest rate over 20 years and would be purchased by Huntington Public Capital Corporation, which is an affiliate of The Huntington National Bank.

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

There being no further discussion, the Vice Chair called for the roll and, pursuant to the roll call, the following votes were cast:

Mr. Martin moved and Mr. Shindler seconded the motion that Resolution No. 2015-03 be adopted.

Aye: Cannon; Kutina; Martin; Shindler; Tate

Nay: None

The Vice Chair declared the motion passed and Resolution No. 2015-03 adopted.

Resolution No. 2015-03 is as follows:

## DENISON UNIVERSITY

The Vice Chair next called upon Seth Patton, Vice President for Finance and Management, to speak to the Commission members regarding Denison University's financing request. Mr. Patton was joined by Cathy Untied, Controller, and Josh Beitzel, Investment Officer. Mr. Patton thanked the Commission members, noting that the University's financing request was for a combination of refinancing and new projects. The proposed refinance includes refunding the University's 2007 and 2010 Bonds. The transaction may include taxable refunding bonds. The University is entering into the proposed refinancing solely to take advantage of favorable interest rates. Approximately \$40 million of the proposed financing is for new projects, the largest of which includes new and renovated performing arts facilities. This is part of the University's on-going plan to invest in upgrades to the entire campus, part of which includes periodic financings through the Commission. RBC Capital Markets will be the lead underwriter on the transaction, with Fifth Third Securities and PNC Capital Markets participating. Mr. Patton then inquired as to whether the Commission members had any questions.

In response to a question from Dr. Kutina, Mr. Patton noted that the performing arts projects would include the construction of a new building, as well as the renovation of existing spaces. The budget for the entire performing arts portion of the financing is approximately \$30 million. In response to a question from Mr. Shindler, Mr. Patton noted that the performing arts project did include gifts from donors that will finance a portion of the project not financed by the proposed Bonds.

Mr. Burlingame stated that the resolution approves the Preliminary Agreement with the University. That agreement and related resolution preliminarily approve the financing transaction and are in their usual form.

There being no further discussion, the Vice Chair called for the roll and, pursuant to the roll call, the following votes were cast:

Ms. Tate moved and Mr. Shindler seconded the motion that Resolution No. 2015-04 be adopted.

Aye: Cannon; Kutina; Martin; Shindler; Tate

Nay: None

The Vice Chair declared the motion passed and Resolution No. 2015-04 adopted.

Resolution No. 2015-04 is as follows:

## CEDARVILLE UNIVERSITY

The Vice Chair next called on Christopher Sohn, Senior Vice President for Business and CFO, to speak to the Commission members regarding Cedarville University's financing request. Mr. Sohn was joined by Phil Grafton, Assistant Vice President for Finance. The proposed financing includes funds for the financing of a recently-completed townhome that is used as student residence facilities. That townhome currently operates at a surplus. The proposed financing also will provide for the refunding of the University's 2006 tax-exempt lease with the Commission and its 2011 Bonds issued through the Commission. The University is entering into the refinancing to take advantage of the favorable interest rate environment and expects to achieve approximately \$500,000 in interest rate savings. Mr. Sohn and Mr. Grafton then inquired of the Commission members as to whether they had any questions.

In response questions from Dr. Kutina, Mr. Sohn and Mr. Grafton noted that the University endowment size was at approximately \$28 million and that the University's stated tuition, fees and room and board was approximately \$32,000 per year. The University's discount rate is at approximately 35%. In response to questions from Mr. Cannon and Ms. Tate, Mr. Sohn and Mr. Grafton confirmed that the financing of the student residence facilities will provide for the reimbursement of funds originally paid by the University for that project. The financing will be a private placement with Key Government Finance. The student fees attributable to the townhome are expected to cover related debt service. The townhome provides housing for 48 students, which is particularly attractive to graduate students given the University's location.

Mr. Burlingame stated that the resolution approves the Preliminary Agreement with the University. That agreement and related resolution preliminarily approve the financing transaction and are in their usual form.

There being no further discussion, the Vice Chair called for the roll and, pursuant to the roll call, the following votes were cast:

Dr. Kutina moved and Mr. Shindler seconded the motion that Resolution No. 2015-05 be adopted.

Aye: Cannon; Kutina; Martin; Shindler; Tate

Nay: None

The Vice Chair declared the motion passed and Resolution No. 2015-05 adopted.

Resolution No. 2015-05 is as follows:

## CAPITAL UNIVERSITY

The Vice Chair next called on Dr. Michael Horan, Vice President for Business and Finance, to speak to the Commission members regarding Capital University's financing request. Also attending the meeting from the University were Mary Ellen Borchers, Director of Business Services, Toni Streit, Controller, and Richard Ashworth, Provost. The University is seeking preliminary approval for projects outlined in its application letter, as well as for the refinancing of its 2006 Bonds issued through the Commission. The 2006 Bonds are variable rate bonds secured by a letter of credit. The new proposed financing would be issued in a private placement structure. Part of the University's plan of finance includes a swap and the University is intending to limit risk associated with the terms of the swap relative to the amortization of the proposed bonds. Approximately \$6 million of the proposed financing is for the construction of a new academic building, a portion of the cost of which will be paid for out of University funds. This is consistent with the University's conservative approach to debt. Dr. Horan then inquired of the Commission members as to whether the Commission had any questions.

In response to questions from Mr. Cannon, Dr. Horan and Mr. Ashworth described the locations of Loy and Renner Halls on the University campus and the University's plan with respect to those and the new project. Programs and offices in demolished facilities will be relocated to other existing University facilities and the proposed new academic building. Responding to questions from Dr. Kutina, Dr. Horan and Mr. Ashworth noted that the new University building will house new interdisciplinary programs that include components of existing programs such as electronic media, film, marketing and writing. There are programs in the very early stages of development, but they are two to four years away from implementation. The University budget includes funds set aside for equipment, which is a significant part of the proposed project. In response to a question from Mr. Cannon, Dr. Horan noted that the University has increased the amount of scholarships in order to maintain enrollment numbers. The University is comfortable in doing this, in that so much of its costs are fixed. The University also has engaged in cost-saving measures, including capping certain retirement benefits of staff and faculty. The consideration of the Capital University preliminary approval was tabled until a later meeting of the Commission.

**CALL OF NEXT MEETING AND ADJOURNMENT**

It is now expected that the Commission will next meet on March 18, 2015 in Columbus, if necessary, or upon the call of the Chair. On a motion duly made and seconded, the meeting was adjourned.

  
Secretary