

OHIO HIGHER EDUCATIONAL FACILITY COMMISSION

MINUTES OF THE MEETING OF THE COMMISSION

April 15, 2015

The Ohio Higher Educational Facility Commission (the "Commission") met on Wednesday, April 15, 2015, at 11:00 a.m. on the 19th Floor, Room 1932, of the Riffe Center, Columbus Ohio, written notice of which had been given to all members of the Commission.

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

The meeting was called to order by the 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 Chair noted that the minutes of the Commission meeting of March 18, 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 Dr. Kutina that was seconded by Mrs. Carter, all Commission members present approved the minutes of that meeting. Prior to the meeting, Hiram College advised the Commission that it did not desire to seek approval for its financing at this time.

CAPITAL UNIVERSITY

The Chair next opened the public hearing required by applicable federal tax regulations for the proposed Capital University financing. Notice of the hearing was published in *The Columbus Dispatch*. The 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 Chair closed the public hearing.

The Chair next called on Michael Horan, Vice President for Finance, to update the Commission members as to Capital University's financing request. Joining Dr. Horan was Mary Ellen Borchers, Director of Business Services. Dr. Horan confirmed that the University's plan of finance and proposed project remain substantially unchanged from the University's presentation at the February Commission meeting. A portion of proposed bond issue will refinance the University's 2006 Bonds, which are secured by a letter of credit. The new bonds will be issued in a private placement transaction, bearing interest at a variable rate and a portion of which will be subject to an interest rate swap. The new project is for the construction of a new academic building to house University's convergent media center. The cost of that project is approximately \$15 million, \$9 million of which will be financed from the University's own funds. Dr. Horan then inquired of the Commission members as to whether they had any questions.

Responding to questions from Dr. Kutina, Dr. Horan confirmed that the proposed size of the building is approximately 35,000 square feet at a cost of approximately \$300 per square foot. Bostwick Design Partnership are the architects for the new building, approval for which has been given by the City of Bexley planning commission. Responding to questions from Mr. Needles, Dr. Horan confirmed the location of the new proposed building, noting that its design was intended to be consistent with the style of other University structures. The University was founded as a Lutheran institution and approximately 14% of the current student body is Lutheran. One of the goals of the University administration is to improve partnerships with the near-by Lutheran seminary. Responding to further questions from Mr. Needles, Mr. Martin and Dr. Kutina, Ms. Borchers further described the locations on campus of the new proposed building, as well as near-by structures.

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.

Mr. Martin moved and Dr. Kutina seconded the motion that Resolution No. 2015-08 be adopted.

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

Aye: Cannon; Kutina; Martin; Needles; Wells

Nay: None

Abstain: Carter; Tate

The Chair declared the motion passed and Resolution No. 2015-08 adopted.

Resolution No. 2015-08 is as follows:

HIRAM COLLEGE

The Chair next opened the public hearing required by applicable federal tax regulations for a proposed Hiram College financing. Notice of the hearing was published in *The Columbus Dispatch* and *The Cleveland Plain Dealer*. The 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 Chair closed the public hearing.

OHIO WESLEYAN UNIVERSITY

The Chair next opened the public hearing required by applicable federal tax regulations for the proposed Ohio Wesleyan University financing. Notice of the hearing was published in *The Columbus Dispatch*. The 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 Chair closed the public hearing.

The Chair next called upon Dan Hitchell, Vice President for Finance and Administration, to speak to the Commission members regarding Ohio Wesleyan University's financing request. Joining Mr. Hitchell were John Krulcik, Assistant Vice President for Finance, and Kim Eckart. Mr. Hitchell thanked the Commission members, noting that the University is a private liberal arts institution situated on a 200 acre campus in Delaware, Ohio, and was founded in 1842. The University is seeking approval for the refinancing of its 2009 Bonds issued through the Commission. The bonds will be issued in a private placement transaction with The Delaware County Bank and BMO Harris Bank, N.A. Mr. Hitchell noted that the University is happy to be working with The Delaware County Bank on this transaction as part of its on-going efforts to develop and strengthen local relationships. The bonds will bear interest at fixed interest rates and are expected to mature in 2025. While the University has experienced some recent enrollment decline, it continues to achieve positive results for students. Approximately 97% of its graduates are either employed or enrolled at graduate school within a few months of graduation. The University's net asset levels have grown over the last five years and the current focus is on enrollment initiatives. Part of that initiative includes the "OWU Connection" designed to connect academic theory to real world practice. This also includes connecting all aspects of the students' experience at the University, including academic and student life aspects. The University is working to improve its website and improve communications regarding its strengths, whether athletics, mission or academic programs. The University is in the early stages of a capital campaign for which it has \$69 million pledged against a \$200 million goal.

Current projects at the University, which have been donor funded, include Merrick Hall and the Edwards Gymnasium and Fitness Center. In addition, the University is raising funds to improve facilities as part of its themed housing program. Merrick Hall was built in 1877 and was the University's original science building. It has been vacant for the last 40 years but new improvements will provide a home for the University's OWU Connection initiative. There also will be some food service and administrative facilities in the building to support that initiative. The building is located in close proximity to the University's admissions offices and includes a third floor with 22 foot high ceilings, ideally suited for various campus gatherings. The University expects that improvements to the fitness center, including athletic offices and athletic facilities, will be completed by August. The University's themed housing program has been in existence for 40 years and the new proposed project will include new duplex housing. The University's endowment has performed well and is managed by three separate firms. Funds managed by the former CFO of GEICO Insurance Company have

performed particularly well. Mr. Hitchell then inquired of the Commission members as to whether they had any questions.

In response to questions from Ms. Tate, Mr. Hitchell confirmed that Lou Simpson, who manages a portion of the University's investments, is not on the University Board. Delaware, Ohio, is in a period of change and is less rural than it used to be. There is increased local development, with a higher portion of the population commuting to and from Columbus. The University is located next to historic downtown Delaware, which has experienced restaurant growth. Kim Eckart noted that the University has hired a new Vice President of Enrollment, who is focusing recruiting efforts in the Delaware and greater Columbus area. Responding to questions from Dr. Kutina, Mr. Hitchell noted that the new Vice President for Enrollment has been with the University for nine months, having come from Baldwin Wallace University. Enrollment office focus will be on recruiting from the central Ohio area – the area within the 30 miles of campus. Approximately 50% of the student body comes from within the State of Ohio. The student population includes students from Texas, California, Chicago, St. Louis and Kansas City. Ms. Eckart noted that approximately 10% of the student body is international. The University intends to provide programming in English as a second language, which will help with international recruiting. Responding to questions from Mr. Needles, Mr. Hitchell noted that the recent enrollment dip did come as a surprise to the University. Up to April of the preceding year, all enrollment statistics were trending in a similar fashion to those of prior years. However, the traditional after-Easter surge of enrollment did not come. Families have become savvy consumers and the University needs to focus its efforts on improved marketing, including with respect to its family benefit and annual tuition. The University's discount rate is at approximately 62% and an average student's all-in expense is approximately \$100,000 over four years, after taking into account the discount rate. Responding to further questions from Dr. Kutina, Mr. Hitchell noted that while the endowment ranks low as compared to the other "Ohio five" schools, it compares very well to most schools in the area. Mr. Hitchell noted the University's recent fundraising successes. In response to a question from Mr. Needles, Ms. Eckart relayed her experience with the University, including her student travels and receipt of aid to pursue academic interests, which include the study of AIDS policy. Programs of the type Ms. Eckart participated in provide for students to travel, study and work around the world, including in Scotland, Italy and Africa. In response to questions from Dr. Kutina, Mr. Hitchell noted that popular University programs include economics, education and the sciences, including zoology. The University's freshmen through sophomore year retention rate is approximately 87%.

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.

Mr. Wells moved and Ms. Tate seconded the motion that Resolution No. 2015-09 be adopted.

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

Aye: Cannon; Kutina; Martin; Needles; Tate; Wells

Nay: None

Abstain: Carter

The Chair declared the motion passed and Resolution No. 2015-09 adopted.

Resolution No. 2015-09 is as follows:

CALL OF NEXT MEETING AND ADJOURNMENT

It is now expected that the Commission will next meet on May 20, 2015 in Columbus, if necessary, or upon the call of the Chair. On a motion duly made and seconded, the meeting was adjourned.


Secretary