

OHIO HIGHER EDUCATIONAL FACILITY COMMISSION

MINUTES OF THE MEETING OF THE COMMISSION

October 19, 2016

The Ohio Higher Educational Facility Commission (the "Commission") met on Wednesday, October 19, 2016, at 11:00 a.m. in the Board meeting room on the first floor of the Ohio Department of Education Building, 25 S. Front Street, Columbus, Ohio, written notice of which had been given to all members of the Commission.

The following members attended: Thomas Needles, Chair; Jim Bennett, Vice Chair; John Wells, Secretary; John Martin; James Shindler; Susan Tate; and Jim Wilson. Absent from the meeting was Wanda Carter. Also present were representatives of the institutions appearing before the Commission; Ben Christensen of the Ohio Department of Higher Education; 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 September 21, 2016 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 Mr. Martin, all Commission members present approved the minutes of that meeting.

XAVIER UNIVERSITY

The Chair next called upon Maribeth Amyot, Executive Vice President and Chief Financial Officer, to speak to the Commission members regarding Xavier University's financing request. Ms. Amyot thanked the Commission members on behalf of herself and the University's Board of Trustees, noting that the University was seeking preliminary approval for an approximately \$25 million thirty year tax-exempt bond issue. The University expects the bonds to be issued to provide for level debt service with an all-in interest rate of approximately 4% or below. Approximately \$18 million of the financing will be to reimburse the University for recent improvements to Alter Hall classroom building. An additional \$7 million will be for the financing of infrastructure projects on campus, including improvements to student residence, science and administrative facilities. Barclays will act as underwriter and the University will seek ratings from each of Moody's, Fitch and Standard and Poor's. The University hopes to close the bond issue in early to mid-December.

Ms. Amyot continued by noting that the University's financial condition remains stable with an operating margin of over 5%. Father Graham continues as President of the University, with some members of its Board of Trustees coming from Fortune 500 companies. Enrollment remains strong with recent increases in the number of graduate students and a freshman class of over 1,100 students. The University has reduced its discount rate and enjoys an approximate placement rate of 96% for recent graduates and an 87% retention rate for existing students. Ms. Amyot noted that Alter Hall first opened in 1960 and had not been substantially updated since that time. The building is the University's main classroom facility with nearly all students having attended class there at some time. Improvements included a complete replacement of the building exterior, as well as improved technology facilities and collaborative classroom spaces within. The University saved approximately \$12 million by not constructing a brand new classroom building. Improvements to Alter Hall are intended to be consistent with architectural features of other University buildings. The building is situated in the middle of the University's core campus. Ms. Amyot then inquired of Commission members as to whether they had any questions.

In response to questions from Mr. Wilson, Ms. Amyot confirmed that the University's enrollment strategy includes geographic diversification. Undergraduate students come from many places, including Chicago, Minneapolis and New England. The University's participation in the Big East Athletic Conference has increased its profile outside of the State. The University lowered its discount rate by approximately 4% in the last year and does have additional debt capacity. However, the University does not anticipate incurring additional debt in the near future. The University is developing plans for a new health and wellness center and related academic building. It intends to pay for those facilities out of gifts and non-debt resources. The University is evaluating future refinance opportunities. In response to a question from Mr. Martin, Ms. Amyot confirmed that the existing recreation center would be repurposed for other University athletic and health programs. In response to a question from Mr. Bennett, Ms. Amyot noted that she believed that there was not a big spread between tax-exempt and taxable rates in the current market.

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

Mr. Wells moved and Mr. Shindler seconded the motion that Resolution No. 2016-11 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: Bennett; Martin; Needles; Shindler; Tate; Wells; Wilson

Nay: None

The Chair declared the motion passed and Resolution No. 2016-11 adopted.

Resolution No. 2016-11 is as follows:

FRANCISCAN UNIVERSITY OF STEUBENVILLE

The Chair next called upon David Skiviat, Vice President of Finance, to speak to the Commission members regarding Franciscan University of Steubenville's financing request. Mr. Skiviat noted that it had been ten years since the University's last bond issue. He has been with the University for thirty-eight years, twenty-three of which as its chief financial officer. The University is a private catholic institution located in Steubenville, Ohio with a focus on the integration of faith and reason. There are fourteen Franciscan friars on campus, including the University's President. The President's background includes experience in pharmacy and law, including canon law. University enrollment is at approximately 2,700 students, with 2,400 of those on or near campus. 2,100 are undergraduate students. There are approximately 350 online students. The University offers thirty-five undergraduate majors and eight graduate programs. After Ohio, most students come from California, Texas and New York. Student academic quality remains strong, with an average SAT score of 25.5 and high school GPA of 3.7. The University offers a study abroad program through its campus in Austria, with approximately three-quarters of University students having spent a semester in Europe. The University has approximately 460 employees, with 245 faculty members. Of those faculty, 127 are full-time and 118 are part-time. The University enjoys a 14:1 student/faculty ratio. It attracts high school students through its popular summer conference series. Conferences are held on campus, as well as in other locations such as San Diego and Denver, in partnership with other dioceses.

Mr. Skiviat continued by noting that the University has enjoyed 33 years of consecutive balanced budgets. It has approximately \$87 million of assets, with approximately \$18 million of debt. Approximately \$13.6 million of that debt is represented by the University's 2006 bonds which it is seeking to refinance. While that refinancing is the primary motivation for the bond issue, the University is taking the opportunity to finance other University projects, including improved classroom and student residence facilities. George K. Baum and Co. will act as Underwriter for the financing. Steubenville has a long industrial history, especially in steel, which has experienced significant declines. For example, Weirton Steel had over 10,000 local employees and is now down to less than 1,000. Mr. Skiviat then inquired of Commission members as to whether they had any questions.

In response to questions from Mr. Wilson, Mr. Skiviat noted that the University does actively recruit transfer students as part of its enrollment strategy. Many transfer students are attracted to the University's emphasis on faith. The University has observed recent increased competition for transfer students. In response to questions from Mr. Shindler, Mr. Skiviat confirmed that University conferences are a great marketing channel for University recruitment efforts. Alumni often help organize these conferences. University policy dictates that tuition cannot subsidize outreach efforts. Mr. Skiviat noted that the University's Austrian campus hosted students who continued on to the Catholic World Youth Day in Poland. In response to questions from Mr. Needles, Mr. Skiviat confirmed that the University Board has approved the financing. There used to be as many as 20 friars living on campus. The University only has a small number of international students, most of whom are from Africa. The majority, but not all students, are catholic. Students are not required to disclose their faith, and many local students attend the University as a matter of convenience, rather than religion. Responding to a question from Mr. Martin, Mr. Skiviat confirmed that beyond Theology, the strongest University

programs include Business, Psychology and Nursing. Science programs also are strong, with noteworthy research in the area of rare and neglected diseases.

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

Mr. Wells moved and Ms. Tate seconded the motion that Resolution No. 2016-12 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: Bennett; Martin; Needles; Shindler; Tate; Wells; Wilson

Nay: None

The Chair declared the motion passed and Resolution No. 2016-12 adopted.


Resolution No. 2016-12 is as follows:

OTHER BUSINESS

Mr. Burlingame noted that an updated form of Bond Purchase Agreement had been prepared for the Kenyon College financing that was approved at the September meeting. Upon a motion by Mr. Martin that was seconded by Mr. Wells, the Commission members present unanimously approved the updated form of Bond Purchase Agreement in the form presented with such customary permitted changes that reflect pricing or that are not materially adverse to the Commission (Resolution No. 2016-13).

CALL OF NEXT MEETING AND ADJOURNMENT

It is now expected that the Commission will next meet on November 16, 2016 in Columbus, if necessary, or upon the call of the Chair. On a motion duly made and seconded, the meeting was adjourned.


Secretary