

OHIO HIGHER EDUCATIONAL FACILITY COMMISSION
MINUTES OF THE MEETING OF THE COMMISSION

October 21, 2020

The Ohio Higher Educational Facility Commission (the "Commission") met by teleconference on Wednesday, October 21, 2020, at 11:00 a.m. at +1-415-655-0001, Meeting number (access code): 171 515 8743#, written notice of which had duly been given to all members of the Commission. The following members attended: Thomas Needles, Chair; Frederick Church, Vice Chair; John Martin, Secretary; John Adams; Wanda Carter; James Shindler; Susan Tate; and Mike Gonsiorowski. Also present were: Ben Christensen of the Ohio Department of Higher Education; Alexander G. Burlingame of Squire Patton Boggs (US) LLP, Bond Counsel to the Commission; Bob Selak of Thompson Hine; and representatives of the institution appearing before 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 record should also show that this meeting is was held and conducted by means of teleconference as permitted by Ohio House Bill 197, signed into law on March 27, 2020. All appropriate notifications and access information have been given to the public and media as required by said House Bill.

The Chair noted that the minutes of the Commission meeting of September 16, 2020 were sent to each member prior to this meeting. Upon a motion by Ms. Tate that was seconded by Mr. Gonsiorowski, all Commission members present approved the minutes of that meeting by the affirmative individual vote of each member present. Mr. Needles welcomed John Adams back to the Commission.

UNIVERSITY OF DAYTON

The Chair next called upon Andrew Horner, Executive Vice President for Business and Administrative Services, to speak to the Commission members regarding the financing request of University of Dayton. Bo Sawyer, Assistant Vice President and Treasurer, also dialed-into the meeting. Mr. Horner noted the University's appreciation of the Commission and its support of the University. The University is a catholic institution providing instruction at the undergraduate and graduate levels. Founded in 1850, the University is the largest private institution of higher education in the State. It participates in NCAA Division I athletics in the Atlantic 10 conference. The University's Research Institute continues to perform well, and partners with the Department of Defense, including with the U.S. Air Force and Wright Patterson Air Force Base. The University has approximately 2,700 full time employees, including approximately 440 faculty and 600 research staff. With these employees, and expenditures on capital projects, the University is an anchor in the Dayton community. The University maintains ratings of A2 and A+ from Moody's and S&P, respectively. The University had experienced revenue growth for fiscal year

2019, however, operating margin has been under pressure due to COVID. There has been some volatility in endowment performance, but that has been mitigated through allocations. As of June 30, 2020, the University had approximately \$380mm of long-term debt. University liquidity has increased. The University is pleased with enrollment, especially given COVID. Fall enrollment is over 11,500 students, with over 8,000 at the undergraduate level. Over 2,100 Freshman were enrolled; one of the University's largest classes. Diversity in the student body has grown to nearly 20% and there has been an increase in PEL eligible students. Incoming students have a mean ACT score over 26, with engineering students having a mean ACT score over 29. There is pressure on the University's discount rate. The University does maintain over 90% Freshman to Sophomore year retention. Law School and other graduate level programs have grown, though there has been recent pressure as a result of COVID. Online business programs have done well, but have slowed a little due to competition. The University is offering online graduate level law, business and education programs.

This past spring there were some furloughs and a temporary stop in retirement plan contributions. The University did obtain CARES Act funds and took other expense reduction measures to help mitigate the impact of COVID on finances. The University had positive margin for Fiscal Year 2020 and was pleased with the result given circumstances. The University is taking a conservative approach in its budgeting process and expects to break at or near even for the current year. COVID has impacted athletic program revenues, especially those related to the basketball program. In response to a question from Mr. Needles, Mr. Horner confirmed international enrollment is down, but it could have been worse, given COVID and current geopolitical considerations.

With respect to the plan of finance, Mr. Sawyer noted that the University had selected Wells Fargo as lead underwriter. There may be a regional firm as part of the underwriting team too. Refinancing of 2011 Bonds, which financed assorted projects, is expected to achieve approximately \$4 million to \$5 million of net present value savings. The University also is seeking to finance expenditures made for improvements to the University arena. The arena was built in the late 1960's and has seating capacity of over 13 thousand. Improvements include ADA, plumbing, HVAC, technology, and electrical improvements, as well as remediation of water penetration. Improvements to the arena are financed by the University's 2018 bonds, University funds and proceeds of this proposed financing. The University also is seeking to finance expenditures for the renovation of the vacant music theater building for the University's computer science program and other purposes. The renovation includes technology labs and office spaces. The University may be financing a center for the arts that would bring all performing arts into a single facility. The University is seeking to return for final approval at the Commission's November meeting.

In response to a question from Mr. Church, Mr. Sawyer noted that the University and not yet spoken with the rating agencies about the performing arts center but thought it would be viewed as an expression of confidence in the future. In response to a questions from Ms. Tate and Mr. Gonsiorowski, Mr. Horner confirmed the University does have business interruption insurance which is being evaluated as it relates to COVID. The University operates its own food service program. The University partners with 2U to deliver its online programs

Mr. Burlingame stated that the resolution approves the Preliminary Agreement with the University. That agreement and related resolution preliminarily approve the projects and financing transaction.

Mr. Gonsiorowski moved and Mr. Adams seconded the motion that Resolution No. 2020-16 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: Adams; Carter; Church; Gonsiorowski; Martin; Needles; Shindler; Tate


Nay: None

The Secretary declared the motion passed and Resolution No. 2020-16 adopted.

Resolution No. 2020-16 is as follows:

OTHER BUSINESS AND CALL OF NEXT MEETING AND ADJOURNMENT

It is now expected that the Commission will next meet on November 18, 2020 by teleconference, if necessary, or upon the call of the Chair. On a motion duly made and seconded, the meeting was adjourned.



Secretary