

OHIO HIGHER EDUCATIONAL FACILITY COMMISSION

MINUTES OF THE MEETING OF THE COMMISSION

May 19, 2010

The Ohio Higher Educational Facility Commission (the "Commission") met on Wednesday, May 19, 2010, at 11:00 a.m. on the 36th Floor of the Rhodes State Office Tower, 30 East Broad Street, Columbus, Ohio, written notice of which had been given to all members of the Commission.

The following members attended: John R. Wells, Chairman; Kenneth Kutina, Secretary; Wanda Carter; Lynnda Davis; Thomas Needles; James Shindler; and Susan Tate. Absent from the meeting was: Richard Petrick, Vice Chairman. Also present were: representatives of the institution appearing before the Commission; William Elliott of PNC Capital Markets; and Francis Barry Keefe and Alexander G. Burlingame 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, 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 Chairman noted that the minutes of the Commission meeting of April 21, 2010, were sent to each member prior to this meeting; those minutes are included in the meeting books for each member. Upon the motion of Mr. Needles that was seconded by Mrs. Davis, the Commission members present unanimously approved the minutes of that meeting.

The Chairman noted that Sam Speck has resigned from the Commission effective May 17, 2010. His commitments to the Joint Commission that is dealing with U.S. and Canada water quality issues make it impossible for him to continue as a Commissioner. There were a number of expressions of regret by the members as well as Bond Counsel that Dr. Speck would not be able to continue on the Commission and that he will be missed.

MOUNT UNION COLLEGE

The Chairman next called upon Patrick Heddleston, Vice President for Business Affairs and Treasurer, to speak to the Commission members regarding Mount Union College's financing request. Joining Mr. Heddleston was Blaine Lewis, Director of the College's physical plant. Mr. Heddleston thanked the Commission members for their ongoing support of the College, noting that the Commission has approved financings for the College in 1995, 1998 and 2006. The College president sends his regards. He and several College Trustees are currently visiting China. The College is excited about the change of its name to the University of Mount Union. The name change will be effective in August of this year. The College continues to do well. Full-time undergraduate enrollment is up 6% since 2005, and Fall 2010 enrollment is expected to be good. The number of campus visits and accepted applications from prospective students have both increased as compared to this time last year. Mr. Heddleston continued by noting that the College just completed the first year of its Physician Assistant Studies master's program. The program is succeeding. Enrollment is exceeding goals; the first class of 19 exceeded the initial enrollment goal for the program by four. It is anticipated that enrollment within the program next year will continue to exceed goals. The College will be establishing additional new programs in order to meet student demand. The new programs are compatible with the College's mission; they include programs in mechanical and civil engineering. The College is committed to clean initiatives and sustainability and has just approved the higher education climate compact. Mr. Heddleston is hopeful that the College's new Welcome Center will be LEED gold certified.

Mr. Heddleston stated that 70% to 75% of students live in College-owned housing. There is more demand for College-owned housing than the College can now provide. Last fall there were 100 more students requesting housing than the College had beds available. This required the conversion of various spaces throughout the campus to provide for that need. The need for additional student housing has been identified as a priority not only by the College administration, but by the Student Senate as well. The College's request is for the financing of an approximately 189-bed student residence facility. This apartment-style facility will be in addition to the existing 1,700 College-owned beds, and will be situated within three buildings on the College campus. It is expected that the final project cost will be approximately \$10 million to \$10.5 million. The College intends to enter into a guaranteed maximum price contract for the construction of the project. It has had good experience with apartment-style housing for students, as it contributes to their independence and is also low-maintenance. For example, apartment-style housing does not require the College to provide housekeeping.

Mr. Heddleston then invited Mr. Lewis to speak to the Commission members in greater detail regarding the proposed student residence facility. Mr. Lewis noted that the College campus is situated on approximately 115 acres in Alliance, Ohio. The new townhouse-style student apartments will be on the northern portion of the campus, and the students living in the townhouses will not be required to participate in College meal plans. The facility will consist of three buildings with 16 apartments in each building. To comply with City zoning requirements, the lot upon which the buildings will be situated will include green space on its perimeter and a six-foot-high fence. There will be approximately 217 total parking spaces, and two of the three buildings will include apartments designed for use by students with disabilities. Students will be encouraged to leave their cars at the residence complex and walk to class. Referring to the

campus map, Mr. Lewis noted that it should not take students more than a few minutes to walk from the facility to most of the College's main academic buildings. Mr. Lewis thanked the Commission members as well, noting that he had been at the College for 18 years and had worked on all of the projects that had been the subject of prior Commission financings. Mr. Heddleston and Mr. Lewis then inquired of the Commission members as to whether they had any questions.

In response to a question from Mr. Shindler, Mr. Lewis confirmed that the new facilities would aggregate to a total of 188 beds and one residence director unit. Responding to a question from Mr. Needles, Mr. Heddleston noted that both the College administration and students had given a fair amount of thought to the type of housing facilities to be constructed. Slightly more than half of College-owned residence facilities are in traditional residence hall format, with approximately 600 of the existing beds being apartment- or suite-style housing. The apartment-style housing has been the most popular with students. The location of the project and its proximity to the core College campus will also serve to maintain the College's sense of community. Approximately 120 beds of College-owned housing are situated within off-campus houses. These are typically large older houses, many of which provide "theme" residences for students. For example, there is a "sustainability house."

Responding to questions from Ms. Tate, Mr. Heddleston confirmed that College-owned houses are included in its bed count statistics. The College administration and the Board of Trustees looked closely at third-party financing structures to provide for the new student residence facilities. This is a structure by which the College would enter into an arrangement with a developer to construct the new residence facilities. The College ultimately concluded that it could build and maintain the facility more efficiently itself. In addition, the alternative structure would still be viewed as a debt of the College, so there would be no benefit from a balance sheet perspective.

Responding to questions from Mrs. Davis, Mr. Lewis noted that less than 2% of the student body requires ADA facilities. Residence hall facilities designed to meet the needs of students with ADA needs are held in reserve until the College has determined, for each year, what the demand will be. Mr. Heddleston feels confident that the College is not overbuilding with respect to student residence facilities. In previous years the College had planned to convert certain existing facilities from double-occupancy to single-occupancy facilities, but it has not been able to do so. In addition, over the next several years the College expects to see increased demand for housing by graduate-level students.

Responding to questions from Dr. Kutina, Mr. Lewis described the internal layout of the new proposed townhouses. They will include a living room, kitchen and half bathroom on the first floor, and bedrooms and full bathrooms will be on the second and third floors. Laundry facilities, which will be free to each student, will be included on the third level of each townhome. The units designed for students with disabilities are only two stories high. With regard to sustainability, the College is hoping to hear soon whether it has earned a LEED gold certification for its new Welcome Center. With regard to other College facilities, they are designed to meet LEED silver standards, though certification has not been sought. The College is considering the addition of other graduate-level programs, including master's-level programs in education and accounting. The College may also develop a nursing program, but does not

expect to add a Master of Business Administration program at this time. The name of the College comes from the former Village of Mount Union, which is now part of the City of Alliance. The College was founded as a Methodist institution in 1846.

Responding to a question from Mr. Needles, Mr. Heddleston stated that the College still maintains some affiliation with the Methodist church. Approximately 20% of the Board of Trustees is made up of Methodists, including two Methodist bishops. In response to a question from Mrs. Davis, Mr. Heddleston stated that he expects that the new healthcare legislation will increase demand for the Physician Assistant Studies program.

Mr. Burlingame stated that the resolution approves the Preliminary Agreement with the College. That agreement and related resolution are in their usual form.

Dr. Kutina moved and Mr. Needles seconded the motion that Resolution No. 2010-10 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; Davis; Kutina; Needles; Shindler; Tate; Wells

Nay: None

The Chairman declared the motion passed and Resolution No. 2010-10 adopted.

Resolution No. 2010-10 is as follows:

CALL OF NEXT MEETING AND ADJOURNMENT

It is now expected that the Commission will next meet on June 16, 2010, if necessary, or upon the call of the Chairman. On a motion duly made and seconded, the meeting was adjourned.


Secretary