

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

**June 20, 2012**

The Ohio Higher Educational Facility Commission (the "Commission") met on Wednesday, June 20, 2012, at 11:00 a.m. on the 36<sup>th</sup> 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: Thomas Needles, Chair; David Cannon, Vice Chair; Kenneth Kutina, Secretary; Wanda Carter; James Shindler; Susan Tate; John Wells; and James Wilson. Lynnda Davis was absent. Also present were representatives of the institutions appearing before the Commission; Mary Grace Pattison of PNC Capital Markets; Ben Christensen of the Ohio Board of Regents; and Alexander G. Burlingame of Squire Sanders (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 May 16, 2012, 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 Mrs. Carter that was seconded by Mr. Wilson, all Commission members present approved the minutes of that meeting.

## BALDWIN-WALLACE COLLEGE

The Chair next called upon William Reniff, Vice President Finance and Administration, to speak to the Commission members regarding Baldwin-Wallace College's financing request. Mr. Reniff thanked the Commission members, noting that the College would soon be changing its name to Baldwin Wallace University. The College offers over 50 majors and includes a Conservatory of Music. Projected full-time undergraduate enrollment for the coming academic year is expected to be at just over 3,000 students. New programs being offered at the College include accelerated nursing, software engineering and physician assistant. The accelerated nursing program has been successful, with an enrollment of 32 against an initial budget of 20 students. The College participates in NCAA Division 3 athletics and is currently undergoing its annual review by Standard & Poor's Ratings Services. Over the last two years, the College has experienced budget surpluses, and expects a budget surplus of approximately \$2.9 million for the coming fiscal year. The endowment was valued at approximately \$114 million at the end of May. Mr. Reniff noted that the College utilizes a 5.5% spending rate from the endowment, using a three-year average of endowment value. The College's last capital campaign, which started in 2003 and concluded in 2010, was a great success, and exceeded its fundraising goal by approximately \$15 million.

Recent College projects include the development of a science and innovation center, a musical arts center, a new welcome center and a sustainability house. The College also has recently utilized historic tax credits to finance updated student residence facilities. In respect of the proposed bond financing, the College would like to: finance street reconfigurations to create green space and parking facilities; and remodel and reconfigure athletic facilities. The College used to be the site of former Cleveland Browns administrative facilities and is now seeking to develop and remodel those facilities and others to provide, among other things, new locker rooms, weight rooms and training facilities. The College also is seeking to acquire facilities that will house academic programs, including the accelerated nursing and physician assistant programs. In addition to new projects, the College is seeking to refinance a portion of its 2004 Bonds issued with the Commission, resulting in approximately \$300,000 of savings. Mr. Reniff then inquired of the Commission members as to whether they had any questions.

Dr. Kutina complimented the College on the scope of its capital plan. Dr. Kutina further inquired as to what buildings on the campus would be relocated or demolished in order to create green space. Mr. Reniff confirmed that math, computer science and communications programs will be relocated to an extension of the Ritter Library. The relocation will be implemented in phases. One of the primary goals of the College in creating green space and reconfiguring streets is to improve pedestrian safety. There are busy streets that run through and near the College campus that College students frequently cross. Responding to a further question from Dr. Kutina, Mr. Reniff confirmed that initially the physician assistant program will provide for a bachelor's degree and, if successful, would be expanded to include a master's degree. Mr. Reniff noted that given market declines over the last several years, the amount of funds available from the endowment has created budget challenges. While the endowment is still not at 2008 levels, recent increases in value have provided additional moneys for the College. Some facilities have been financed by historic tax credits. Those facilities are owned by a separate entity created for the purpose of the financing. However, the College still controls the facility through a management contract. Responding to questions from Ms. Tate, Mr. Reniff

noted that beneficiaries of the historic tax credit take the credit over time and often make a donation to the College at the end of the finance period. The entity created to facilitate a historic tax credit transaction is a for-profit entity. The College does need to prepare separate financial statements for that entity. Responding to a question from Mr. Wilson, Mr. Reniff noted that while he did not have exact figures on hand, the College does actively track the receipt of gifts against pledges previously made. Responding to a question from Dr. Kutina, Mr. Reniff confirmed that the College does have a wind turbine, as well as geothermal heating and cooling facilities, which enjoy a five-year payback period. The wind turbine was donated by College alumni.

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

Mr. Wells moved and Ms. Tate seconded the motion that Resolution No. 2012-13 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; Carter; Kutina; Needles; Shindler; Tate; Wells; Wilson

Nay: None

The Chair declared the motion passed and Resolution No. 2012-13 adopted.

Resolution No. 2012-13 is as follows:

## OHIO COLLEGE OF PODIATRIC MEDICINE

The Chair next called on Jon Carlson, Vice President for Finance of the Ohio College of Podiatric Medicine. Joining Mr. Carlson was Stephen Storck, Senior Associate Vice President for Finance and Administration at Kent State University. Mr. Carlson noted that the College is one of nine colleges of podiatric medicine in the United States. The College is one of only two in the nation that is not affiliated with a larger university. The College's Board of Trustees determined that it should no longer continue as a stand-alone entity and sought out opportunities to partner with larger universities. In that process Kent State University was identified as the best candidate. Effective at the beginning of July, the College anticipates that Kent State University will acquire the assets of the College. As part of that transaction, Kent State will also assume the College's bond-related obligations. Mr. Storck noted that the College will become a regional campus of Kent State University, known as the Kent State University College of Podiatric Medicine. Employees of the College will become employees of the University and in 2013 diplomas will be granted by Kent State University. The transaction has been approved by the Ohio Board of Regents and approval from the Higher Learning Commission is in process. The College's endowment of approximately \$20 million is not part of the transaction and will remain with the College. Mr. Carlson and Mr. Storck then inquired as to whether there were any questions.

Responding to a question from Ms. Tate, Mr. Storck noted that Kent State University's regional campuses are largely autonomous and that one has its own board of trustees. However, they all appear on the University's consolidated financial statements. Each regional campus does pay the University a fee, which is primarily for the purpose of covering administrative costs of the University. Responding to questions from Dr. Kutina, Mr. Storck noted that the College will still have a president and former College officers will remain in place for two years. All faculty of the College will also stay in place. The College maintains numerous clinical affiliations, which are an important part of its curriculum and agreements relating to those will be assigned to Kent State University. The College provides a doctorate of podiatric medicine; current enrollment is approximately 450.

Responding to questions from Mr. Cannon, Mr. Storck noted that the College assets will be part of ratio calculations required to be performed by state law. Responding to a question from Mr. Needles, Mr. Storck confirmed that Board of Regents approval is in hand and that Higher Learning Commission approval is pending. Mr. Carlson confirmed that there were some Board concerns about the transaction, notably in respect of the College no longer being a private stand-alone institution, but the Board concluded that in order to continue it must affiliate with a larger institution like Kent State University. The Board of Trustees of the College will stay on as an advisory board.

The resolution under consideration approves the assignment of the College's bond documents to Kent State University and matters relating to the College's 2006 lease with the Commission.

Dr. Kutina moved and Mr. Wells seconded the motion that Resolution No. 2012-14 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; Carter; Kutina; Needles; Shindler; Tate; Wells; Wilson

Nay: None

The Chair declared the motion passed and Resolution No. 2012-14 adopted.

Resolution No. 2012-14 is as follows:

## CASE WESTERN RESERVE UNIVERSITY

### Public Hearing

The Chair opened the public hearing required by applicable federal tax regulations for the proposed Case Western Reserve University financing. Notice of the hearing was published in *The Columbus Dispatch* and *Plain Dealer* on June 6, 2012. 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.

### Financing Approval

The Chair next called upon Twyla Miller, Manager of Treasury Operations, to speak to the Commission members regarding the University's financing request. Ms. Miller noted that the purpose of the financing is to refund a portion of the University's 2004 Bonds issued through the Commission, which were originally issued for various purposes including the acquisition of the Wolstein Research Building. The proposed financing will also refinance the University's 2006 tax-exempt capital lease entered into with the Commission, which financed various computer facilities. The proposed bond issue will not exceed \$30 million and the University anticipates approximately \$2 million of cost savings, net of closing costs. University revenues have increased by 10% as compared to an increase in expenses of approximately 4%. In October of 2011, the University initiated a \$1 billion capital campaign of which \$713 million of gifts or pledges have been obtained. Incoming enrollment is expected to be at approximately 1,350 this year. Three-quarters of the entering freshman class are from outside of Ohio and 80 are from other countries. Fiscal year 2013 tuition has increased 3.5%. Ms. Miller thanked the Commission members and inquired as to whether they had any questions.

Responding to a question from Mr. Needles, Ms. Miller confirmed that the Board of Trustees has approved the transaction as outlined in the form of Board Resolution distributed to Commission members.

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

Mr. Wells moved and Mrs. Carter seconded the motion that Resolution No. 2012-15 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; Carter; Needles; Shindler; Tate; Wells; Wilson

Nay: None


Abstain: Kutina

The Chair declared the motion passed and Resolution No. 2012-15 adopted.

Resolution No. 2012-15 is as follows:

**CALL OF NEXT MEETING AND ADJOURNMENT**

It is now expected that the Commission will next meet on July 20, 2012, if necessary, or upon the call of the Vice Chair. On a motion duly made and seconded, the meeting was adjourned.

  
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Secretary