

HIGHER EDUCATIONAL FACILITY COMMISSION
MINUTES OF THE MEETING OF THE COMMISSION

April 19, 2006

The Ohio Higher Educational Facility Commission (the "Commission") met on Wednesday, April 19, 2006, at 11:00 a.m. at the offices of the Ohio Board of Regents, 36th Floor, State Office Building, 30 East Broad Street, Columbus, Ohio, written notice of which had been given to all members of the Commission.

The following members attended: John Wells, Secretary; Kenneth Kutina, Deputy Secretary; Wanda Carter, Ronald E. Cosey, Tahlman Krumm and Neal McNally, as designee of the Chancellor. Thomas Needles, Chairman, and Henry Kasson were absent. Also present were representatives of the educational institutions making presentations to the Commission, Francis Barry Keefe and Alex Burlingame of Squire, Sanders & Dempsey L.L.P., Bond Counsel to the Commission, and Katie Hensel of the Ohio Board of Regents.

The meeting was called to order by the Secretary. Upon call of the roll, Dr. Kutina 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 Secretary noted that the minutes of the Commission meeting of March 15, 2006, were sent to each member and is included in the meeting books for each member. Upon review, the Commission members present unanimously approved the minutes of that meeting as submitted.

UNIVERSITY OF NORTHWESTERN OHIO

At the invitation of the Secretary, Jeffrey Jarvis, President of the University, reviewed the University's proposed financing, which received preliminary approval at the January meeting. Mr. Jarvis provided a written response to several questions concerning enrollment raised at the January meeting, which is attached to these minutes.

In discussions with Dr. Kutina, Mr. Jarvis explained that the bond issue amount has been reduced from \$45 million to \$25 million. The University is working with The Huntington National Bank, which is providing the letter of credit support for this issue. It was determined to proceed with this issue amount to acquire the property that is currently under lease to the University, refund the prior Commission Bonds and refinance the bank loan for the new 600 Building. The remaining projects will be considered at a later time.

At the request of the Secretary, Mr. Keefe explained that the resolution to be considered authorizes the bond issue and approves the bond documents, which have been prepared and presented to the Commission.

Dr. Krumm moved and Ms. Carter seconded the motion that Resolution No. 2006-8 be adopted.

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

Aye: Carter, Cosey, Krumm, Kutina, McNally, Wells

Nay: None

The Secretary declared the motion passed and Resolution No. 2006-8 adopted.

Resolution No. 2006-8 is as follows:

FRANCISCAN UNIVERSITY OF STEUBENVILLE

David Skiviat, Vice President of Finance of the University, discussed the proposed request for financing. Mr. Skiviat noted that he had sent a draft of the University's Economic Impact Study to all Commission members. He also distributed the final version of that study. Progress on the bond issue continues with visits to the campus by the rating services and bond insurers. Work on the new residence has started. The University is still working with the City of Steubenville on the possible acquisition of the City's former golf course that is adjacent to the campus. The City received no bids to buy the property (offered at \$4,000,000) and has turned it over to the local Community Improvement Corporation. It is not certain how the process will continue or whether the acquisition will be funded with the bonds.

Mr. Keefe stated that the resolution before the Commission authorizes the issuance of the bonds and approves the bond documents, which have been prepared and presented to the Commission.

Mr. Cosey moved and Mr. McNally seconded the motion that Resolution No. 2006-9 be adopted.

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

Aye: Carter, Cosey, Krumm, Kutina, McNally, Wells

Nay: None

The Secretary declared the motion passed and Resolution No. 2006-9 adopted.

Resolution No. 2006-9 is as follows:

URBANA UNIVERSITY

Dr. Robert Head, President of the University, was invited by the Secretary to discuss the University's requested financing. Dr. Head stated that the University was a small liberal arts college with strong programs in education, business and allied health fields. Over the last six years, the University's enrollment has increased approximately 41%. Looking back to 1996, half of the University's students were in prison. At that time, the University had an extensive program of providing college courses to prisoners in state correctional institutions. That program has been substantially reduced. Approximately 50% of the current students are in the education program. The University has a masters degree program for education. It has also recently added an MBA program. Most of the University students (95%) are from Ohio, with the rest coming from 14 other states. It is the University's goal to add greater geographic diversity to the student population. To support the growth at the University, it has over the last five years added two residence facilities and renovated two existing buildings, all from capital campaigns. A new student center is being constructed, along with an athletic stadium. The University has also upgraded its technology with a fiber optic network. The University is requesting financing for a new 150-bed residence hall. The cost is estimated to be approximately \$5 million. The facility will be created in six different "pods," each of which will have a separate theme. The rooms will be a combination of single, double and suites.

In response to questions from Dr. Krumm, Dr. Head noted that after education the next most popular programs are nursing, business and then criminal justice. In response several questions from Dr. Kutina, Dr. Head explained that the prisoner education program virtually stopped in 1996. The University still has a program for about 70 prisoners at the London Correctional Facility. He explained that the growth at the University results in part from the University marketing its strength, especially its education program. Many students today are looking for a smaller, rural campus environment. The marketing program is conducted by the University and is mostly through contacts with the students and advisors. The allied health program includes sports medicine, athletic training and nursing, all of which have been started in the last five years. The new residence hall will be constructed at a price of approximately \$150 per square foot. The University is comfortable that, based on its experience with the contractor, it will meet that budget. The University intends to pay the debt service from the increased revenues from the new residential facility. In response to a question from Mr. Cosey, Dr. Head explained that the University's long-term debt is between \$6,000,000 to \$7,000,000.

Mr. Keefe noted that the bonds would be part of the Pooled Financing Program, which will be issued as a variable rate bond issue with a letter of credit to support the bonds. The resolution before the Commission approves the preliminary agreement for this financing for the University and is in its usual form.

Ms. Carter moved and Mr. Cosey seconded the motion that Resolution No. 2006-10 be adopted.

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

Aye: Carter, Cosey, Krumm, Kutina, McNally, Wells

Nay: None

The Secretary declared the motion passed and Resolution No. 2006-10 adopted.

Resolution No. 2006-10 is as follows:

THE UNIVERSITY OF FINDLAY

Martin L. Terry and Dane M. Erford, Vice President for Business Affairs and Controller, respectively, of the University, discussed the University's request for financing. Mr. Terry noted that recent years at the University have been very good, showing a steady growth in enrollment. The University has a unique opportunity to expand its campus by purchasing the former site of Owens Community College. The purchase price is \$4.1 million. The University will use the site and several of the existing buildings to house its new pharmacy program. The University will enroll 60 new students in each class for the six-year program starting next year. The facilities could also be used to house the program to teach English as a second language. The University now has over 500 international students. As planned, the buildings would provide 16 classrooms, nine labs and 35 offices. Renovation of the Owens facilities will cost approximately \$2.9 million. The other portion of the project to be financed with the bonds is the acquisition of a farm, which is adjacent to the University's existing farm that is used for its equestrian program. The cost for that acquisition is approximately \$500,000.

Dr. Krumm stated that he was glad to see that the University and Owens Community College were able to cooperate to achieve the sale of that property to the University. In response to several questions from Dr. Krumm, Mr. Terry explained that the demand for pharmacy programs was increasing. Each of the new labs will cost approximately \$250,000. The University's endowment is approximately \$21 million. Responding to questions from Mr. Cosey, Mr. Terry explained that the Owens Community College will be moving to a new site just north of the city. The University's 500 international students come from a number of foreign countries. India has the most students at the University, second is Nepal and then Korea and Japan. The attraction for foreign students is the English program and also the MBA program. In response to questions from Dr. Kutina, Mr. Terry estimated that the pharmacy program would generate between \$9,000,000 to \$10,000,000 once it is in full operation with all 360 students. Tuition for that program would be the then current tuition plus \$5,000 per year (which would be approximately \$26,000 at this time). The debt service would be paid from operations of the University, which generated a surplus of \$1.6 last year. Other schools that offer pharmacy programs are Ohio Northern University, University of Cincinnati, The Ohio State University and University of Toledo.

Jamie Wilhelm of RBC Capital Markets discussed the pooled financing program, which in addition to Urbana University will include The University of Findlay, Walsh University and the Ohio College of Podiatric Medicine. Since the bonds for the pooled financing program are issued as variable rate debt, a college or university can enter into a Swap arrangement to convert that to a fixed rate debt. Mr. Keefe noted that the resolution approving the preliminary agreement for this project is included in the notebooks.

Dr. Krumm moved and Mr. Cosey seconded the motion that Resolution No. 2006-11 be adopted.

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

Aye: Carter, Cosey, Krumm, Kutina, McNally, Wells

Nay: None

The Secretary declared the motion passed and Resolution No. 2006-11 adopted.

Resolution No. 2006-11 is as follows:

WALSH UNIVERSITY

John Wray, Vice President for Finance and Business Affairs for the University, discussed the University's newest project: 156-bed, 55,000 square foot residence hall. Mr. Wray explained that the new residence facility would have private bedrooms, some in a suite configuration. The University has five residence halls. It has experienced a 64% growth in demand for housing. In order to accommodate this demand, it has had to reconfigure older facilities to add 40 beds, to triple up on some rooms and to house some students in off-campus apartments. Last year's freshman class represented a 20% increase (90 new students) from prior years. Many of the students want to live on campus. In response to questions from Dr. Krumm, Mr. Wray explained that the alternatives for student housing in the community were pretty slim. There are very few options close to the campus. The average room and board at the University is approximately \$6,000. Tuition last year was \$16,000, which represented a 7.19% increase from the prior year. A portion of that increase is diverted to a reserve fund for quasi-endowment. There seems to be no resistance to paying additional room charges for better accommodations on campus. Students have the option of selecting from some of the facilities. There is a waiting list for the newer facilities. Dr. Kutina noted that the Board's fiscal policies are excellent especially its program for setting aside a surplus from its operating budget. In response to questions from Dr. Kutina and Dr. Krumm, Mr. Wray stated that the retention of existing students was an important goal of the University. Overall retention rate is better than 80%, and for freshmen it exceeds 85%. The University has dedicated resources to retaining freshmen: it offers special tutoring and monitors student progress throughout the year. Graduation rate from the University is approximately 65%. The increased retention rate is due in part to a better selection of students entering the University plus a major effort to "hang onto customers".

Mr. Keefe stated that the University's project would be part of the Pooled Financing Program. The approval for the preliminary agreement for this financing is set forth in the resolution in the notebooks, which is in its usual form.

Mr. Cosey moved and Mr. McNally seconded the motion that Resolution No. 2006-12 be adopted.

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

Aye: Carter, Cosey, Krumm, Kutina, McNally, Wells

Nay: None

The Secretary declared the motion passed and Resolution No. 2006-12 adopted.

Resolution No. 2006-12 is as follows:

MOUNT UNION COLLEGE

President Harold M. Kolenbrander, President of the College, discussed the College and its new projects. The College was founded in 1846. It has 2,000 undergraduate students and \$120 million endowment. The Board of Trustees has identified six initiatives for the College: (1) develop curriculum for the future; (2) residential experience improvement; (3) enrollment growth; (4) diversity; (5) fiscal strength; and (6) name recognition. Over the last 10 years, enrollment has doubled. The College needs to expand its residence facilities in order to keep up with enrollment growth. As part of the proposed financing, the College will construct new residential facilities to provide 210-bed single room facilities, as well as renovate all existing residence halls. This is in response, in part, to the residential experience improvement initiative.

Patrick Heddleston, Vice President for Business Affairs and Treasurer, noted that the new residential facilities would be apartment style units in six buildings located on two sites on the campus. Maps and diagrams were provided to the Commission members showing the location and style of these new facilities. The existing residence halls will be renovated to install sprinkler systems, to upgrade plumbing, windows, lounge areas and rest rooms and to make other improvements. Some of the rooms will be converted to single rooms. In response to a question from Ms. Carter as to the cost for the various types of residential facilities, Mr. Heddleston noted that students are more than willing to pay for upgraded facilities. Financial aid has been increased to cover, at least in part, the increase in those costs. First and Second year students all have roommates, third year students and some second year students occupy the suites. Fourth and some third year students occupy single rooms. Dr. Kutina noted that the styles and architecture are very good and enhance the esthetic quality of the campus. In response to a question from Dr. Kutina, Mr. Heddleston explained that the College has had a balanced budget for over 50 years. There is a 2% to 3% surplus in the operating budget each year, most of which goes to the quasi-endowment fund for use on capital projects and future operating costs, if necessary. The debt service for the bonds will be repaid with residence revenues from existing students. The financial aid rate (discount rate) is approximately 40%.

Mr. Keefe noted that this issue will be a stand-alone bond issue; it will not be included in the pool. The resolution for consideration approves the preliminary agreement.

Dr. Krumm moved and Ms. Carter seconded the motion that Resolution No. 2006-13 be adopted.

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

Aye: Carter, Krumm, Kutina, McNally, Wells

(Mr. Cosey had to leave the meeting before the vote was taken.)

Nay: None

The Secretary declared the motion passed and Resolution No. 2006-13 adopted.

Resolution No. 2006-13 is as follows:

CALL OF NEXT MEETING AND ADJOURNMENT

The Commission will next meet on May 17, 2006 or upon the call of the Chairman. On motion duly made and seconded, the meeting was adjourned.

Deputy Secretary