HIGHER EDUCATIONAL FACILITY COMMISSION

MINUTES OF THE MEETING OF THE COMMISSION

December 12, 2007

The Ohio Higher Educational Facility Commission (the "Commission") met on Wednesday, December 12, 2007, 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: Thomas Needles, Chairman; Richard Petrick, Vice Chairman; John Wells, Secretary; Kenneth Kutina, Deputy Secretary; Wanda Carter, Ronald E. Cosey, Henry Kasson and Sam Speck. Tahlman Krumm was absent. Also present were: representatives of colleges and universities appearing before the Commission; representatives of The Huntington Investment Company; Francis Barry Keefe and Alex Burlingame of Squire, Sanders & Dempsey L.L.P., Bond Counsel to the Commission; and James Wermuth of the Ohio Board of Regents.

The meeting was called to order by the Chairman. Upon call of the roll, Mr. Wells 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 November 14, 2007, were sent to each member prior to this meeting; those minutes are included in the meeting books for each member. The Commission members present unanimously approved the minutes of that meeting as submitted.

2008-B POOL FINANCING

The Chairman noted that the Commission's second pooled bond issue for this year includes Hiram College, Malone College and Franklin University. David Decker, President of Franklin University, Marvin Briskey, the University's Chief Financial Officer, Richard Pakel, Executive Vice President for Administration of Malone College and Ronald Messner, the College's Controller, were present. Mr. Pakel stated that the College's projects were proceeding. The same was true for Franklin University.

At the request of the Chairman, Mr. Keefe explained that the resolution to be considered authorizes the issue of the bonds for this pooled financing and approves the bond documents, which have been prepared and presented to the Commission.

Mr. Wells moved and Mr. Petrick seconded the motion that Resolution No. 2007-17 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: Cosey, Kasson, Kutina, Needles, Petrick, Speck, Wells

Nay: None

Abstain: Carter

The Chairman declared the motion passed and Resolution No. 2007-17 adopted.

Resolution No. 2007-17 is as follows:

CASE WESTERN RESERVE UNIVERSITY

The Chairman called on Robert Brown, Treasurer of the University, to discuss the University's request. Mr. Brown noted that he had joined the University in April and this was his first time to meet with the Commission. His prior experience had been with investment banking and governmental agencies. The University is seeking to increase its commercial paper program from the original amount of $63 million to $90 million. The Commission approved the original amount in 2000. The University has used the proceeds of those bonds for a variety of capital improvements on its campus. The proposed $27 million increase will also be used for various campus improvements. Mr. Brown cited several examples of the type of projects that may be funded: acquisition of property in the vicinity of the campus; new projects in the West Quad; and costs associated with the City's Euclid Avenue Project. The specific types of projects would be enumerated and described in more detail when the University returned for final approval of the bond issue. This additional capacity to fund small capital projects would not increase the University's outstanding debt because a revolving loan with KeyBank would be decreased in the same amount. The University would stay within the debt capacity limit suggested by the bond rating services. There is no immediate plan to begin to draw down proceeds under the program, but it will provide the University's new president some flexibility in responding to needs on campus. The University will continue to study the ways the proceeds will be expended. It would not return to the Commission for at least several months.

In response to questions from Mrs. Carter and Mr. Cosey, Mr. Keefe discussed a commercial paper bond program. Commercial paper is a form of variable rate debt. With variable rate debt, bonds are issued generally with a single maturity of 25 or 30 years. This is contrasted with fixed rate bonds, a portion of which typically matures each year until a final maturity 20 to 25 years after issuance. Those bonds have a fixed interest rate for each annual maturity for the life of the issue. Variable rate bonds have an interest rate that changes periodically as determined pursuant to the bond documents. The most common interest rate period is seven days, *i.e*, the rate on the bonds changes every seven days. If the holder of the bonds does not like the rate for the next seven-day period he can "put" (sell) back the bonds to a remarketing agent to get his principal back. Thus, the bonds are treated as having only a maturity of seven days and the interest rate is then lower to reflect that short maturity. Variable rate debt can have other rate periods, *e.g*, one day, 30 days, six months or one year. Typically the bonds are issued with one interest rate period. Commercial paper bonds also have a maturity of 25 to 30 years, and their interest rate changes from time to time. But the difference is that portions of the commercial paper bonds can bear interest rates for various interest rate periods. There is not one interest rate period established for all the bonds. In a seven-day variable rate bond issue, the interest rate is reset every seven days. In a commercial paper bond issue, an interest rate period from one day to 270 days in length is determined for a portion of the bonds and an interest rate is set for that portion of the bonds. For example, if a rate period is set for 35 days (probably because a particular purchaser wants a debt of that length), an interest rate is determined by the remarketing agent (generally the same entity as the underwriter). At the same time, another rate period can be set for another portion of the bonds. Thus, portions of the bonds can be outstanding for various periods of time and at various interest rates. The flexibility to tailor the interest rate periods and the interest rates can produce a lower, overall interest rate. Because of the complexity of these issues, they are generally not undertaken for smaller amounts of bonds. Tax regulations require that the University prepare a more detailed description of the proposed projects before any bonds are issued.

Responding to a question from Mr. Needles, Mr. Brown described the potential real estate acquisition as property now belonging to another University Circle institution. He also responded that graduate students, which had been the majority of students on campus, were now a lower percentage. This resulted from a marked increase in the number of undergraduates over the last few years, consistent with goals of the previous University Administration. These additional undergraduate students do produce more revenues but also eventually increase expenditures. The University is likely to keep the undergraduate number about where it is now.

Mr. Keefe noted that the resolution for consideration approves the preliminary agreement with the University. The agreement is in its usual form.

Mr. Petrick moved and Mr. Cosey seconded the motion that Resolution No. 2007-18 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, Cosey, Kasson, Needles, Petrick, Wells

Nay: None

Abstain: Kutina

Mr. Speck was temporarily absent from the meeting at this point.

The Chairman declared the motion passed and Resolution No. 2007-18 adopted.

Resolution No. 2007-18 is as follows:

COLUMBUS COLLEGE OF ART & DESIGN

At the invitation of the Chairman, Dennis Griffith, President of the College, introduced George Skestos, Board Treasurer, and Jeffery Fisher, the Chief Financial Officer. President Griffith noted that he has served in that position for 10 years. The University's Master Plan is to create density (rather than sprawl) for its campus. One purpose for the proposed bond issue is to construct a 208-bed upper-class housing facility in the heart of the campus. At this time, the College can only house first-year students in a 250-bed facility and 40 in the Triad on the edge of the campus. Students are asking for more residential facilities. They need proximity to their tools (art studios and labs). Last year the College purchased the Broad Street facility (a former car dealership). It has received $8 million in pledges to renovate that facility for classrooms, labs and offices. The College has 1,350 students; it offers a BA in Fine Arts. Most of its students (70%) are in the design arts program (graphics, fashion, interior design, industrial product design); others are in the fine arts and others in media studies (photography, video, animation, digital, special effects).

Mr. Fisher noted that the College had previously used $10 million of Commission bonds to finance the Crain Center, which is a unique building. The purpose of the proposed bond issue is to fund the new housing facility and to refund existing debt of the College. There will be some retail space included in the new housing facility. This may be paid for from New Market Tax Credits.

Mr. Skestos pointed out that the College originally was not looking to get into the housing business, but it did want to get away from the commuter school image. Art students make things and they need to be close to where they can do that at the times that they want to create. The challenge for the College is to build a facility that is affordable.

In response to a question from Mr. Petrick, Mr. Griffith stated that there was a waiting list for housing for first-year students and that there was overflow capacity in the Triad facility. If the need arose some of those students could be housed in the new facility, but it is not anticipated that this will be necessary. Responding to questions from Mr. Cosey, Mr. Griffith noted that the Broad Street facility provides needed space for studios and labs. It is open each day until 2:00 a.m. and the goal is to keep it open 24 hours/day.

Mr. Speck noted that the investment per bed in the new facility would be about $60,000. In response to his question, Mr. Fisher stated that the charge to students would be slightly more than current private housing in the area, but that the demand appears to be there for the facility. President Griffith stated that the College strives for overall cost containment. It is the least expensive of the top 12 design schools. Of the current students, approximately 60% are women.

Dr. Kutina complimented the College on achieving net income of $1 million last year. Responding to Dr. Kutina, Mr. Fisher briefly described the New Market Tax Credits Program. This is a federal tax program by which a financial institution can earn tax credits for loaning money to certain entities in low income census tracks. For example, a bank could loan the College $2 million for seven years. The College would pay the interest (market rate assumed) and the principal would be forgiven at the end of the loan period.

Mr. Keefe stated that the resolution for consideration approves the preliminary agreement between the Commission and the University, which is in its usual form.

Mr. Cosey moved and Mrs. Carter seconded the motion that Resolution No. 2007-19 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, Cosey, Kasson, Kutina, Needles, Petrick, Speck, Wells

Nay: None

The Chairman declared the motion passed and Resolution No. 2007-19 adopted.

Resolution No. 2007-19 is as follows:

OTHER BUSINESS

ETHICS PLAN

The Chairman called on Mr. Keefe to discuss the proposed ethics plan for the Commission. Mr. Keefe noted that earlier this year the Governor issued an Executive Order with regard to compliance with Ohio's ethics law by all State employees and commission members. The State's Chief Ethics Officer also sent to each commission a memorandum outlining requirements to be followed in order to comply with those laws including the Executive Order. One of those requirements was that each commission is to adopt an ethics plan to help its employees know the law and to file that plan with the Chief Ethics Officer by the end of the year. Although the Commission does not have any employees, it seems appropriate that, in the spirit of that Executive Order and the memorandum, the Commission should adopt a brief ethics plan and file it. To assist in that process, Mr. Keefe prepared and circulated a form of letter from the Chairman to the Chief Ethics Officer [attached as Exhibit A to these minutes] that contains such a plan. A form of resolution was also prepared and circulated previously to Commission members. The resolution approves the ethics plan and authorizes the Chairman to send the form of letter with the ethics plan to the Chief Ethics Officer.

Mr. Kasson moved and Dr. Kutina seconded the motion that Resolution No. 2007-20 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, Cosey, Kasson, Kutina, Needles, Petrick, Speck, Wells

Nay: None

The Chairman declared the motion passed and Resolution No. 2007-20 adopted.

Resolution No. 2007-20 is as follows:

A Resolution Authorizing An Ethics Plan
For The Commission In Response To
The Governor's Executive Order 2007-01S

BE IT RESOLVED by the Ohio Higher Educational Facility Commission that the Commission hereby approves (i) the letter to the Chief Ethics Officer substantially in the form presented to the Commission with such changes as deemed advisable by the Chairman with the final form being attached to the minutes of this meeting and (ii) the Commission's ethics plan set forth therein, and authorizes the Chairman to sign and deliver that letter on or before December 31, 2007.

NAHEFFA

The Chairman asked Mr. Keefe to update the Commission on the national association of college financing authorities. Mr. Keefe stated that the National Association of Higher Educational Facilities Authorities has officially merged with the National Council of Health Facilities Finance Authorities to form the National Association of Health and Education Facilities Financing Authorities (NAHEFFA). The Commission has been invited to join the new organization. The annual cost has not yet been determined but would be approximately $3,000 per year. The new association has two meetings per year. The first will be in Washington, D.C. in the late spring.

By motion unanimously approved by all Commission members present, the Chairman was authorized to apply for admission to the new association (NAHEFFA) as soon as possible.

CALL OF NEXT MEETING AND ADJOURNMENT

The Commission will next meet on January 16, 2008, if necessary, or upon the call of the Chairman. On a motion duly made and seconded, the meeting was adjourned.

____
Secretary