

# OHIO HIGHER EDUCATIONAL FACILITY COMMISSION

## MINUTES OF THE MEETING OF THE COMMISSION

**June 15, 2005**

The Ohio Higher Educational Facility Commission (the "Commission") met on Wednesday, June 15, 2005, 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, Henry Kasson and Tahlman Krumm. Ronald E. Cosey and Douglas McMarlin were absent. Also present and assisting in presenting information to the Commission were representatives of the colleges and universities with matters before the Commission, and Francis Barry Keefe 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, 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 May 18, 2005, were sent to each member and are included in the meeting books for each member. Upon review, the Commission approved the minutes of that meeting as submitted.

## OHIO NORTHERN UNIVERSITY

Public Hearing. The Chairman requested Mr. Keefe conduct the public hearing required under the federal income tax rules for the financing of the project for Ohio Northern University. Mr. Keefe opened the hearing and asked for public comment. There was none, and the Commission had not received any written comments. Mr. Keefe closed the public hearing.

At the invitation of the Chairman, John Green, Vice President for Financial Affairs at the University, discussed the project. In March, the University received preliminary approval for a \$12 million bond issue for residential facilities. At that time, Mr. Green advised the Commission that it was very possible that the University would increase this financing to include additional student residences. That is now the case. The University is requesting the Commission to issue bonds for approximately \$24 million. The project will include (1) construction of a student residence complex called Affinity Housing (four units with common area, dining facilities and fitness center), (2) construction of apartments for 250 students with two and four bedrooms per housing unit including a living room and kitchen, and (3) renovation of an existing dormitory into student apartment style residences. Mr. Green noted that these facilities will all be self supporting. The University continues to have increasing enrollment. Most of the third and fourth year students live off-campus in the small Village of Ada. There are 250 other students that the University did not have capacity for last year so when these students return to the campus most of this additional capacity will be used.

In response to several questions from Dr. Kutina, Mr. Green explained that the Affinity Housing would add 160 beds and the new apartments would add 250 beds but the renovation of the older dormitory would reduce the available beds by 156, thus the net gain in capacity would be 254 beds. Certain of the apartment complexes are targeted for graduate students. There are two different architects involved in the project. The University was looking for the top people who are doing unique things with student housing. Preliminary plans for the new student residential facilities are included as Exhibit A hereto. In answer to a question from Mr. Kasson, Mr. Green also noted that the Affinity Housing may also be used to house law students or students in the pharmacy program. Generally, it will be designed to accommodate students with similar interests, possibly honor program students, sororities, etc. Responding to questions from Mr. Petrick, Mr. Green stated that the construction schedule was aggressive with work on the new construction starting in September 2005. The renovation work will be done next summer with two 10-hour shifts each day in order to complete the work by fall. The charges for student occupancy are planned to be sufficient to pay debt service on the bonds. Dr. Krumm asked how this project fit with the University's housing plans. Mr. Green said that this was the first phase of a three-phase project. The plans are to renovate one other large dorm and to tear down another. New student apartments would also be constructed. Each phase will be started only if supported by enrollment and projections for self support from room charges. He also responded to a question from Dr. Kutina that the University would be using a fixed-rate bond issue, most likely without bond insurance. Moody's Investors Service has rated these bonds "A-2".

Mr. Keefe noted that the bond documents are substantially completed and are presented to the Commission. The resolution approves these documents and authorizes the issuance of the bonds for the University.

Dr. Krumm moved and Mr. Wells seconded the motion that Resolution No. 2005-08 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, Kasson, Krumm, Kutina, Needles, Petrick, Wells

Nay: None

The Chairman declared the motion passed and Resolution No. 2005-08 adopted.

Resolution No. 2005-08 is as follows:

**POOLED FINANCING BONDS, SERIES 2005A**

Mr. Keefe noted that this pooled bond issue will provide financing for two universities. George Elsbeck, the Vice President for Business Affairs and Treasurer at Ohio Wesleyan University, stated that the University will not be using bond proceeds to acquire certain property near the campus since that property has now been taken off the market. The amount of the issue will therefore be reduced somewhat. John Wray, the Vice President for Business and Finance at Walsh University reported that there are no changes for the projects as discussed at the time of the preliminary approval by the Commission. He noted that the first-year class is projected to have an increase of 22% from the prior year. Overall enrollment will be approximately 10% higher next year. Over the last few years, the University has increased its housing capacity by 64% (300 beds), all of which is expected to be filled this fall. In response to a question from Dr. Kutina, Mr. Wray stated that he feels that the increase in enrollment is due to the improved look and feel of the campus. The improvements to student housing and the new student center are major attractions for new students. He noted that the University seems to be winning more of the close decisions by students.

Mr. Keefe stated that the various bond documents were on file with the Commission. The resolution approves these documents and authorizes the bond issue to fund the projects at the two universities.

Mr. Wells moved and Mr. Kasson seconded the motion that Resolution No. 2005-09 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: Kasson, Krumm, Kutina, Needles, Petrick, Wells

Nay: None

Abstain: Carter

The Chairman declared the motion passed and Resolution No. 2005-09 adopted.

Resolution No. 2005-09 is as follows:

## OTTERBEIN COLLEGE

At the invitation of the Chairman, Stephen R. Storck, Vice President for Business Affairs, stated that the College's project would not include funds for the purchase of the commercial property as previously planned. He explained that the plans for that purchase had not progressed far enough along to include funding at this time. Mr. Keefe explained that the purchase would still be included within the purpose of the bond issue in case there were extra funds remaining from the major residential project; they could be then used for the property acquisition. The new residence hall will have a 174-bed capacity in a suite style. It will be used by second, third and forth-year students. With this project, the College will house 49% of its students. It plans to get to 55%. Work will begin this summer and the project will be completed by September 2006. In response to a question from Dr. Kutina, Mr. Storck stated that the College's Board of Trustees wants to do this issue as a fixed-rate to take advantage of the current favorable interest rate climate. Room charges are expected to cover debt service, although in the first six years or so, general receipts may have to pay a portion of those charges.

Mr. Keefe noted that the College will review the use of bond insurance for this issue. But, as with Ohio Northern University and others, colleges and universities are not just automatically using bond insurance for every issue. They are weighing the cost and inconvenience of the covenants (for example, on additional debt) imposed by the bond insurance companies against possible interest rate savings. Many times the colleges and universities are foregoing some interest cost savings in order to maintain flexibility and total control for future projects and financings. Mr. Keefe stated that the bond documents have been prepared in substantially final form and presented to the Commission. The resolution approves these documents and authorizes the issuance for the bonds for the College.

Mr. Wells moved and Dr. Krumm seconded the motion that Resolution No. 2005-10 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: Kasson, Krumm, Kutina, Needles, Petrick, Wells

Nay: None


Abstain: Carter

The Chairman declared the motion passed and Resolution No. 2005-10 adopted.

Resolution No. 2005-10 is as follows:

**CALL OF NEXT MEETING AND ADJOURNMENT**

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

  
Secretary