

HIGHER EDUCATIONAL FACILITY COMMISSION
MINUTES OF THE MEETING OF THE COMMISSION

November 14, 2007

The Ohio Higher Educational Facility Commission (the "Commission") met on Wednesday, November 14, 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; Ronald E. Cosey and Sam Speck. Wanda Carter, Henry Kasson and Tahlman Krumm were absent. Also present were: representatives of Franklin University and of The Huntington Investment Company; Francis Barry Keefe 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 October 17, 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.

FRANKLIN UNIVERSITY

The Chairman invited David Decker, the President of Franklin University, to discuss the University's application for financing. Mr. Decker stated that the University has been in downtown Columbus since 1902. It is a professional/career oriented university focusing especially on business and computer science. The University has a total (head count) enrollment of approximately 7,500 students, including those in the classrooms and those taking courses through the internet. The University's principal campus is in downtown Columbus, but it also has three branches in Dublin, Westerville and Delaware. The University has experienced strong growth, doubling its enrollment in the last six years. To support that growth, 13 new faculty and 38 new staff members will be joining the University. To accommodate that growth, the University needs more classrooms and offices. Mr. Decker explained that a building across the street from the University's library recently became available, and the University purchased it with the closing set for November 16, 2007. The newly acquired building will be used to consolidate all the computer and information technology services of the University in one space, providing room for all the equipment and staff. Plus it will also provide space for other University support functions such as finance and accounting offices. The space in other buildings that will become available following the move to this building will provide space for new classrooms and offices to meet the needs of the University. The expansion will greatly benefit the University.

Mr. Decker introduced Marvin Briskey, the University's Chief Financial Officer, who further described the project to be financed. The total bond issue would be approximately \$5.1 million. Of that, \$2.9 million will be used to pay for the purchase of the building and \$650,000 for furniture and fixtures. The building was constructed in 1982, so it needs all new, updated fixtures. Improvements to the building, primarily the Data Center (including a generator and HVAC system), will cost \$750,000. There also will be approximately \$700,000 of other improvements at the University to be identified. The University does not have any other outstanding debt.

In response to questions from Mr. Needles, Mr. Briskey explained that the building to be acquired is owned by the County and used by Mid Ohio Regional Planning Commission (MORPC). The University has worked closely with MORPC over the years. Upon learning that MORPC was moving to German Village in Columbus, the University was able to negotiate the purchase of the building with the County Commissioners.

Mr. Speck noted that the graduate student enrollment had decreased. Mr. Decker stated that MBA program had a decline but was back on track and enrollment was going back up.

Responding to several questions from Mr. Cosey, Mr. Decker stated that the University does not have any student housing facilities. All students commute. The age range for undergraduate students in general is 27 to 33 years old. For graduate students, it is 28 to 35 years old. Mr. Briskey added that many employers pay tuitions costs for their employees who are students at the University.

Following up on that point and responding to questions from Dr. Kutina, Mr. Decker explained that most of the University's students are older, most are employed and

most attend classes at night. There are very few “traditional students”. Many of the students are returning to college after being away for some period. Others are transfers from community colleges. With regard to financial aid, the University does not offer much. As Mr. Decker noted, the University has the lowest tuition of any private college in Ohio (except certain Bible schools). For a full load of classes, the undergraduate tuition is less than \$8,000. The University’s plan is to keep tuition as low as possible; therefore, it does not discount the tuition through its own financial aid. Many students, however, have loans or state grants to assist with costs.

In response to additional questions from Dr. Kutina and Mr. Cosey, Dr. Decker described the University’s satellite campuses, all of which are in leased facilities. The Dublin facility has 23 classrooms, offices and computer labs to serve between 800 to 1,000 students. In Westerville, the University has 13 classrooms servicing approximately 600 students. Both of their facilities have been in operation for 10 years. The newest facility, which just opened, is in Delaware. The University’s faculty are based at the main campus. The University has a full time faculty of 50, whose role is to teach and to supervise, evaluate, recruit the part time faculty. About 80% have a doctorate or equivalent degree. The University has approximately 550 part time faculty members, most of whom are business or other professionals.

Mr. Needles asked about the University’s on-line program. Mr. Decker stated that the University offers 16 different programs on-line. It is difficult to tell how many students are covered because some students take classroom courses and on-line courses. About one-half of the course registrations are for on-line courses. In response to additional questions from Mr. Needles, Mr. Decker commented that alumni of the University have very important positions in the local business community as well in government. He also stated that the University is proud of its diversity program. Approximately 20% of its undergraduates as well as its graduate students are African Americans.

In response to a question from Dr. Kutina, Mr. David Fumi of The Huntington Investment Company, the underwriter for the bonds, estimated that the interest rate for the proposed variable rate bond issue would be below 4%. The University is considering entering into a swap to convert that to a fixed rate.

Mr. Keefe stated that Franklin University would be joining Hiram College and Malone College in the next pooled financing. Mr. Keefe also noted that the resolution for consideration approves the preliminary agreement between the Commission and the University, which is in its usual form. The University expects to return to the Commission for final approval at the December 12th meeting, so that bonds for the pooled financing may be issued by the end of December.

Mr. Petrick moved and Mr. Cosey seconded the motion that Resolution No. 2007-16 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, Kutina, Needles, Petrick, Speck, Wells

Nay: None

The chairman declared the motion passed and Resolution No. 2007-16 adopted.

Resolution No. 2007-16 is as follows:

OTHER BUSINESS

In response to a question from Dr. Kutina, Mr. Keefe stated that he had recently learned that the two national organizations for hospital/health facility financing authorities and private college facility financing authorities have merged into one organization, the National Association of Health and Educational Facilities Finance Authorities (NAHEFFA). As has been previously discussed, the Commission is considering joining the newly created single organization. Mr. Keefe will obtain information about the Commission joining this organization, including costs, etc. and will report on this at the next meeting.

Mr. Keefe noted that both Xavier University and Ohio Northern University had delayed their proposed financings until early next year. Both are likely to return at the January 16, 2008 meeting. With regard to the Ohio Northern University project, the Commission members briefly discussed the applicability of prevailing wage rules to that project. Mr. Keefe pointed out Section 3377.16 of the Revised Code that has very similar language to that in Chapter 140 (private hospital financing), which the Ohio Supreme held did not impose those rules on such projects. Each lease agreement with a private college or university for which the Commission authorizes a bond issue provides that the college or university determines the applicability of those rules. The members asked Mr. Keefe to continue to monitor this situation.

CALL OF NEXT MEETING AND ADJOURNMENT

The Commission will next meet on December 12, 2007, or upon the call of the Chairman. On motion duly made and seconded, the meeting was adjourned.

Secretary