

OHIO HIGHER EDUCATIONAL FACILITY COMMISSION

MINUTES OF THE MEETING OF THE COMMISSION

September 21, 2005

The Ohio Higher Educational Facility Commission (the "Commission") met on Wednesday, September 21, 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, John Wells, Secretary, Kenneth Kutina, Deputy Secretary, Wanda Carter, Neil McNally, as designee of the Chancellor, and Tahlman Krumm. Ronald E. Cosey and Henry Kasson were absent. Also present were representatives of the institutions making presentations to 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 July 20, 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.

OTTERBEIN COLLEGE

At the invitation of the Chairman, Stephen R. Storck, Vice President for Business Affairs at the College, requested that the Commission's recent authorization of bonds for the College be revised to increase the amounts of the bond issue from \$11,500,000 to \$15,000,000. Mr. Storck explained that the additional amount would be used to purchase a building for use by the College's communication department. It could provide space for six classrooms. The property to be acquired is approximately 3.5 acres, which would provide room for 200 parking spaces. The Planning Commission has approved the new use of the facility. The purchase cost would be \$2,250,000 and renovation costs would be \$750,000.

In response to a question from Dr. Kutina, Mr. Storck explained that this is the same property referred to in the College's original request. The property has become available recently, so the College wishes to complete the acquisition at this time. Dr. Kutina asked about the additional debt service. Mr. Storck explained that the payment would come from anticipated increased enrollment and conservative spending from the endowment fund.

Mr. Keefe explained that the resolution to be considered amends the Commission's prior resolution for the College by increasing the amount of the bond issue to \$15,000,000.

Mr. Wells moved and Dr. Krumm seconded the motion that Resolution No. 2005-12 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, Krumm, Kutina, McNally, Needles, Wells

Nay: None

The Chairman declared the motion passed and Resolution No. 2005-12 adopted.

Resolution No. 2005-12 is as follows:

THE COLLEGE OF WOOSTER

At the invitation of the Chairman, Robert Walton, Vice President for Finance and Business, provided background information on the College. Mr. Walton noted that the College is a liberal arts college with an enrollment of approximately 1,800 students. It is particularly well known for its independent study program that attracts students from all across the country. The College's financial position is good. There is very little debt outstanding. The College uses contributions to fund most of its capital projects. It has begun to use debt financing to fund projects that are not particularly appealing for gift givers. Mr. Walton described the projects to be financed with the proposed bond issue. These include the Beall Avenue Streetscape and Utility Project. Beall Avenue is a main thoroughfare that passes through the middle of the campus. The improvements will serve to slow down traffic through the campus as well as provide safer crossings for students. The bonds will also fund improvements to the College's coal-fired power plant to meet EPA requirements. Improvements to the College's security technology system (including card access to doors) and a new campus management technology (including long-term software licensing) will be funded with the bonds. The bonds will also pay for residence hall renovations and improvements to other student residence facilities. The College will also use the bond proceeds to refinance an outstanding loan that was entered into to purchase the Wooster Inn Guest House in order to create a regional meeting center.

In response to a question from Dr. Kutina, Mr. Walton stated that the debt service on the bonds would be paid from the operating budget. Currently, budgets contain a sizeable allocation for capital projects. Some of this would be reallocated to pay debt service for these projects. Ms. Carter inquired about the enterprise and campus management technology project, particularly the long-term software licensing. Mr. Walton explained that these are long-term investments since the software actually has a useful life of well over 15 years. In fact, the software often outlasts the hardware. Dr. Kutina asked whether Beall Avenue could be closed. Mr. Walton said that the College would really like to have it closed, but it is a main passageway for the City and the City would not be able to close that street. The City is joining with the College to continue the kinds of improvements on either side of the College. Mr. Walton continued to discuss with Dr. Krumm and Dr. Kutina the type of median to be used on the Avenue and the provisions for safety vehicle access. All utilities will be placed underground and there will be other streetscaping features. Mr. Needles inquired whether the work on the power plant could be supported with grants from the EPA. Mr. Walton explained that this would be a cost to the College without any help from the EPA. In response to several questions from Mr. Needles and Dr. Krumm concerning the enterprise and campus management system and the new security technology system, Mr. Walton explained initially there was concern about privacy of student records but the system would have a very secure database. The College explored the possibility of using a shared system with other colleges and universities, but ultimately decided that it had to move forward on its own at this time.

Mr. Keefe stated that the resolution, in its usual form, authorized the Preliminary Agreement between the College and Commission.

Dr. Krumm moved and Mr. Wells seconded the motion that Resolution No. 2005-13 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, Krumm, Kutina, McNally, Needles, Wells

Nay: None

The Chairman declared the motion passed and Resolution No. 2005-13 adopted.

Resolution No. 2005-13 is as follows:

THE UNIVERSITY OF DAYTON

The Chairman called on Thomas Burkhardt, Vice President for Finance and Administrative Services at the University. Mr. Burkhardt introduced Dr. Daniel J. Curran, President of the University. Dr. Curran thanked the Commission for its past support for the various and extensive capital projects for the University. The University has developed a new strategic plan, which will be important in achieving success and making the University truly a national university. The president referred to the presentation outline provided by the University and discussed several features, including the mission and the goals of the University for the next several years. One of those goals is reestablishing the market for out of state students. At one time, half the students at the University were from out of state. More recently, that has dropped to one-third of the students. Currently, it is roughly 42% of the students are from out of state. The University would like to move that back to 50%. Enrollment is up at the University and it is the strongest academically ever in its history. The University plans to maintain enrollment between 6,500 and 7,000 undergraduates. The challenge remains to diversify that enrollment.

Mr. Burkhardt then discussed the various projects to be funded with the proposed bond issue. The largest amount of bond proceeds (\$12,000,000) will be used to renovate residence halls. The largest, Marycrest Hall, was built in 1962 and has a capacity for 1,000 students. The renovations will include new bathrooms, study spaces and lounges and upgrading of plumbing and air conditioning. Various other residence halls will also be renovated. The University will acquire a number of houses to provide student residency. These are already being used by University of Dayton students but are privately owned. The University of Dayton Research Institute resides in Shroyer Park. Approximately \$5,000,000 will be used to upgrade the laboratories in that research center. The Kettering Labs Project for the Engineering Department will also be funded with this bond issue, as will the classrooms in Miriam Hall. Mr. Burkhardt explained that debt service for the bonds would come from various sources. For example, the improvements to residence facilities will come from new room rate charges. The University's current rates are well below other schools so there is room for increases. The renovation to the Kettering Labs and Miriam Hall will come from current budget. The University will reduce its outstanding debt in December with retirement of some outstanding bond issues. Dr. Kutina and Mr. Burkhardt discussed various aspects of reduction of that debt and the new debt. The University of Dayton Research Institute is a funding source, most of it is government funding for basic research. Dr. Krumm asked whether the University is allocating revenues for maintenance for these new facilities. Dr. Curran answered that the University does set aside some funds for regular maintenance of all of its facilities. Ms. Carter asked about the home building project mentioned by Mr. Burkhardt. Mr. Burkhardt explained that the homes in the student residence neighborhood are being renovated and some new homes are being built in cooperation with the homebuilders association as part of a demonstration project for homebuilding in the City. In response to a question from Dr. Krumm, Dr. Curran noted that the student neighborhoods have graduate students but no faculty living in those neighborhoods. In response to a question from Dr. Kutina, Mr. Burkhardt explained that the bond issue also will refund various outstanding bond issues depending on the marketing conditions. These bonds would be callable in 2007. The particular bonds and amount of the refunding of the bond issues would not be determined until the pricing of the bonds.

Mr. Keefe noted that the resolution before the Commission approves the Preliminary Agreement for the bond issue for the University and it is in its usual form as is the Preliminary Agreement.

Mr. Wells moved and Dr. Kutina seconded the motion that Resolution No. 2005-14 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, Krumm, Kutina, McNally, Needles, Wells

Nay: None

The Chairman declared the motion passed and Resolution No. 2005-14 adopted.

Resolution No. 2005-14 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