

**OHIO HIGHER EDUCATIONAL FACILITY COMMISSION**  
**MINUTES OF THE MEETING OF THE COMMISSION**

**June 17, 2013**

The Ohio Higher Educational Facility Commission (the "Commission") met on Wednesday, June 17, 2013, at 11:00 a.m. on the 19<sup>th</sup> Floor, Room 1932, of the Riffe Center, Columbus, Ohio, written notice of which had been given to all members of the Commission.

The following members attended: Thomas Needles, Chair; David Cannon, Vice Chair; Kenneth Kutina, Secretary; Wanda Carter; John Martin; James Shindler; and John Wells. Absent from the meeting were Susan Tate and James Wilson. Also present were: representatives of the institutions appearing before the Commission; Ben Christensen of the Ohio Board of Regents; and Alexander G. Burlingame of Squire Sanders (US) LLP, Bond Counsel to the Commission.

The meeting was called to order by the Chair. Upon call of the roll, the Secretary 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 Chair noted that the minutes of the Commission meeting of May 15, 2013, were sent to each member prior to this meeting; those minutes are also included in the meeting books for each member. Upon a motion by Dr. Kutina that was seconded by Mr. Wells, all Commission members present approved the minutes of that meeting.

## TIFFIN UNIVERSITY

The Chair next called upon Leon Wyden, Vice President for Finance and Administration, to speak to the Commission members regarding Tiffin University's financing request. Joining Mr. Wyden was Robert Watson, Controller, and David Claus, counsel to the University. Mr. Wyden thanked the Commission members, noting that Tiffin University was founded in 1888 and is located approximately 40 miles southeast of Toledo. It is a private, co-educational institution of higher education, situated on a 110-acre campus in Tiffin. Most University facilities are relatively new, with the University placing an emphasis on "real world" matters. Notable among University facilities is the Heminger Fieldhouse, recently completed and including an Olympic-sized pool and a 60-yard football field. The completion of the Fieldhouse has given the University an opportunity to interact more regularly with other local institutions that the University allows to use the facilities. Mr. Claus noted that the site of the Fieldhouse is a former brownfield that was remediated by the University. There are three separate schools within the University through which a total of 40 majors are offered. University enrollment consists of approximately 1,450 residential students and 1,650 on-line students. The University expects to see the most growth in its on-line programs, and also is seeing growth in its degree completion programs in partnership with various community colleges throughout the state. The University has experienced a 65% increase in enrollment since 2006, with the most notable increase through its on-line programs. Over the next five years, the University plans to offer on-line every program that is offered to residential students. Mr. Wyden continued by noting that the University has experienced an increase in its international student population, with students coming to the University from China, Africa, Saudi Arabia and the United Arab Emirates. The University retention rate is approximately 65% for residential students and 72% for on-line students. The University's Master of Business Administration program in Taiwan has been a success and is substantially staffed by the University faculty. The University also maintains a successful Masters of Business Administration Program in Bucharest, which has been ranked a top program in eastern Europe and maintains a current cohort size of 50 students. The University is placing increased emphasis on its on-line programs, particularly given the declining pool of high school graduates in the state of Ohio. It was one of the first in the area to offer on-line programs and has been doing so for approximately 15 years. In respect of new programs, this fall the University will be offering a new "3-1" program in which students will be able to achieve both a bachelor and master's degree in a four-year period. The University has been a member of the Great Lakes Intercollegiate Athletic Conference since 2008, with this athletic program finishing in sixth place overall last year.

Mr. Wyden stated that in respect of the current proposed financing, the University is seeking approval to refinance its 2007 bonds issued through the Commission and to acquire student housing facilities and refinance associated capital leases. The student residence facilities to be refinanced include the Living Learning Center that houses approximately 200 students, as well as the sophomore residence hall, which houses 110 students. The residence facilities are apartment-style, with bathroom facilities within each suite. The acquisition of the student housing facilities and the refinancing of associated capital leases would result in reducing University interest rates from approximately 6% to below 3%, resulting in substantial savings. The newer housing facilities were necessary to attract and maintain students in the University's traditional residential program. For fiscal year 2012, the University maintained approximately \$75 million in assets, while maintaining an operating surplus. As of this past April, the

University maintained approximately \$78 million in assets with a \$5.1 million operating surplus. Mr. Wyden then inquired of Commission members as to whether they had any questions.

In response to questions from Mrs. Carter, Mr. Wyden noted that the acquisition of the student housing facilities and associated refinance of capital leases would be accomplished at a price of the principal amount due under the leases plus unpaid interest. The University's on-line programs are full-degree programs, and include the University's degree completion programs in coordination with community colleges. The University's on-line program for Master in Criminal Justice has been especially popular. The University is working to expand its on-line program so that all bachelor degree offerings available on campus will also be available on-line. In response to a question from Mr. Cannon, Mr. Wyden noted that the University initially pursued a developer lease financing given its need for student housing at the time. For both practical and competitive purposes, the University needed to expand its student housing and provide newer housing facilities for its residential students. The University also owns and leases several local houses that can be used for additional student housing as needs arise. It was expected that the student residence facility capital leases were going to be "off balance sheet," but University auditors determined that they were capital leases. Mr. Wyden further noted that the University, in consultation with its financial advisor, did consider whether it could pursue an underwritten transaction in which University debt could be amortized over a longer period of time and potentially achieve lower interest rates. Given the status of University credit, which would have been just below investment grade, an underwritten financing would not have been practical. The University as part of its long-term planning intends to achieve an investment-grade rating within the next 6 to 7 years. In response to a question from Mr. Shindler, Mr. Watson confirmed that the University's degree completion partners included Owens State and Terra Community College. In response to a question from Dr. Kutina, Mr. Wyden stated that the University intends to use its operating surpluses to build-up scholarship funds and investment pools. Mr. Watson and Mr. Wyden further noted that there is some pricing differential between on-line and residential course offerings. The University maintains the same academic standards for on-line and residential programs. On-line programs are accredited by the Higher Learning Commission. The University uses the so-called "Moodle" Learning Management System for the delivery of its on-line programs. Responding to further questions from Mr. Cannon and Mrs. Carter, Mr. Wyden noted that on-line courses are all taught by Tiffin University instructors and that there is an element of one-on-one interaction between student and instructor. On-line programs are often taught by adjunct instructors. The University has more flexibility in class size for its on-line programs given that there are no facility limitations. However, on-line class sizes are limited so that class management and interaction with students by instructors remain manageable. Admission standards for on-line students are the same as those for residential students. In response to a question from Mr. Needles, Mr. Wyden noted that the \$78 million of University assets includes its endowment. The University recently completed a capital campaign in which it raised \$14.2 million against an initial goal of \$12 million. The University enjoys a 97% internal giving rate.

Mr. Burlingame stated that the bond documents have been prepared and are presented in substantially final form. The resolution under consideration approves the issuance of the bonds and related documents.

Mr. Wells moved and Mr. Shindler seconded the motion that Resolution No. 2013-16 be adopted.

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

Aye: Cannon; Carter, Kutina; Martin; Needles; Shindler; Wells

Nay: None

The Chair declared the motion passed and Resolution No. 2013-16 adopted.

Resolution No. 2013-16 is as follows:

**CALL OF NEXT MEETING AND ADJOURNMENT**

Commission members further discussed the possibility of holding a Commission meeting at Oberlin College in July. It is now expected that the Commission will next meet on July 17, 2013 in Columbus, if necessary, or upon the call of the Chair. On a motion duly made and seconded, the meeting was adjourned.



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Secretary