

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

September 18, 2013

The Ohio Higher Educational Facility Commission (the "Commission") met on Wednesday, September 18, 2013, at 11:00 a.m. on the 19th 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; Kenneth Kutina, Secretary; Wanda Carter; John Martin; James Shindler; Susan Tate; John Wells; and James Wilson. Absent from the meeting was David Cannon. Also present was a representative of the institution 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 July 17, 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 Mr. Wells that was seconded by Mr. Shindler, all Commission members present approved the minutes of that meeting.

JOHN CARROLL UNIVERSITY

Public Hearing

The Chair opened the public hearing required by applicable federal tax regulations for the proposed John Carroll University financing. Notice of the hearing was published in *The Columbus Dispatch* and *Plain Dealer*. The Chair inquired as to whether there were any comments. No comments having been made and the Commission having received none in the mail or otherwise prior to the hearing, the Chair closed the public hearing.

Financing Approval

The Chair next called upon Richard Mausser, Vice President for Finance, to speak to the Commission members in respect of John Carroll University's financing request. Mr. Mausser thanked the Commission members, noting that he has been with the University since the mid-1990s and has been its chief financial officer for the last five years. The University has not been to the Commission for a financing since 2006 and is presently seeking approval for the issuance of bonds to refund bonds issued in 2003. In spring of this year a refunding transaction would have resulted in significant savings for the University. The current interest rate environment has erased some of those savings, and the University wants to be ready when rates improve. Mr. Mausser noted that the University enjoys an A3 rating from Moody's. Referring to handouts, Mr. Mausser further noted that the University enjoys an active and diverse Board of Trustees with many trustees having a financial background. The University is in its 125th year, is located in University Heights, Ohio and is one of 28 Jesuit institutions of higher education in the United States. Over the past 10 years, the University has been acquiring apartment complexes on land situated in close proximity to campus, with approximately 45% of the units within those complexes being occupied by students. The University is attending to an updated facilities prioritization plan, working to address the University's residential housing and athletic needs. For example, the University needs additional athletic playing fields caused in part by the introduction of a successful lacrosse program. The University also is taking a "fresh eyes" approach to the review of its existing student housing with the aid of a consultant. The goal is to upgrade housing facilities at minimum cost and to increase sustainability. Mr. Mausser then inquired of the Commission members as to whether they had any questions.

In response to questions from Dr. Kutina, Mr. Mausser confirmed that the University has been working with a St. Louis based consultant in respect of its facilities plan, which includes an emphasis on the University's "3Ps" consisting of: "parking; playing fields; and pillows." The University is focused on enrollment stability, budgeting for 700 freshmen and 100 transfer students. Approximately 35% of the student body comes from outside the State of Ohio and 5% of the student body comes from outside the United States. The University enjoyed an incoming class of 800 students this year, boosted in part by the success of the University's lacrosse program. The University does recruit international students, but as a regional institution has some limitations in this regard. The University works with other foreign institutions and governments in respect of student recruitment and program sharing. In response to a question from Mrs. Carter, Mr. Mausser confirmed that the University's mission is to have a global and diverse student body and as a result attracts many students through the use of international exchange programs. The University maintains a 51% to 49% male to female ratio and

experiences better retention rates with female students. In response to a question from Mr. Needles, Mr. Mausser confirmed that the University has seen a decrease in the number of tenured faculty and that is due in part to retirements. The level of decline appears to have stabilized somewhat. In respect of enrollment, Mr. Mausser noted that the University has seen an increase in the number of commuter students with the question of affordability being an important factor. In response to a question from Dr. Kutina, Mr. Mausser confirmed that students are required to live on-campus unless they live within 25 miles of the University. Mr. Mausser further confirmed that the increase in commuter students contributed to its larger freshman class.

Mr. Mausser continued by commenting that the University has undertaken its "Forever Carroll Campaign" for the purpose of raising funds for scholarship, mission and faculty development. The University's endowment is at approximately \$181 million, the highest level it has been for several years. Over 50% of the endowment is invested in liquid investments and is performing well. In response to a question from Mr. Wilson, Mr. Mausser noted that the University maintains an active investment committee, which meets eight times a year and includes board members with significant financial experience. The University's debt is primarily made of up of tax-exempt debt issued through the Commission, with a smaller portion of self-sustaining debt tied to apartment complexes owned by the University. The University has achieved good operating results due in part to improved student retention and declining interest expense. A small portion of graduate students receive financial aid. Many of the graduate students that do receive aid are enrolled in the graduate education program.

In respect of capital spending, most capital projects have been internally funded over the last 10 years. The current Murphy Hall Project is just now starting and will be financed through a historic tax credit structure. In response to a question from Mr. Needles, Mr. Mausser confirmed that Don Shula remains actively involved with the University, not only in terms of financial assistance, but also in facilitating internships for University students. The University maintains a small Don Shula Museum. In respect of the Murphy Hall Project, which will not be financed by the Commission, it was originally constructed in 1963 as part of a HUD financing. Responding to a question from Ms. Tate, Mr. Mausser noted that the University is working with an architect and outside counsel, as well as accountants, in structuring this historic tax credit transaction. Responding to a question from Mr. Needles, Mr. Mausser noted that the proposed refinancing transaction will result in approximately \$300,000 to \$400,000 in savings. That is currently not enough to justify a finance transaction, but the University wants to be ready to proceed as quickly as possible if the interest rate environment does improve. Responding to questions from Dr. Kutina, Mr. Mausser noted that the University, when considering factors such as discount rate, places more emphasis on net tuition revenue, which he believes is a better indicator of University performance.

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.

Mrs. Carter moved and Mr. Wells seconded the motion that Resolution No. 2013-18 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: Carter; Kutina; Needles; Shindler; Tate; Wells; Wilson

Nay: None

Abstain: Martin

The Chair declared the motion passed and Resolution No. 2013-18 adopted.

Resolution No. 2013-18 is as follows:

OTHER BUSINESS

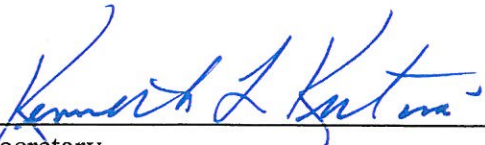
The Commission members next discussed Resolution No. 2013-16 adopted at its June meeting. That text of that resolution contained an inadvertent error, which was contrary to the Commission's original intent and understanding as to that resolution and also inconsistent with the provisions of the documents that were presented to the Commission at that time. Mrs. Carter moved and Mr. Wells seconded the motion that Resolution 2013-19 be adopted to correct that resolution so as to reflect the Commission's original intent and understanding with respect to the same. There being no further discussion, the Chair called for the roll and pursuant to the roll the Commission members present unanimously approved Resolution No. 2013-19. Resolution No. 2013-19 is as follows:

Case Western Reserve University

Mr. Burlingame noted that the trustee for the trust indentures relating to Case Western Reserve University's Commercial Paper Program has changed from Deutsche Bank to U.S. Bank and that certain documents will need to be signed by the Commission reflecting that change. Mr. Martin moved that officers of the Commission be authorized to take necessary or appropriate actions and sign documents necessary to reflect the change of trustee for Case Western Reserve University's Commercial Paper Program from Deutsche Bank to U.S. Bank and related matters. Mr. Shindler seconded that motion (Commission Resolution No. 2013-20), which motion was then unanimously approved by the Commission members present.

CALL OF NEXT MEETING AND ADJOURNMENT

It is now expected that the Commission will next meet on October 16, 2013 in Columbus, if necessary, or upon the call of the Chair. On a motion duly made and seconded, the meeting was adjourned.


Secretary