

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

May 21, 2014

The Ohio Higher Educational Facility Commission (the "Commission") met on Wednesday, May 21, 2014, at 11:00 a.m. in Room 206, Clark Hall, on the campus of Case Western Reserve University, Cleveland, Ohio, written notice of which had been given to all members of the Commission.

The following members attended: David Cannon, Vice Chair; Kenneth Kutina, Secretary; John Martin; Susan Tate; John Wells; and James Wilson. Absent from the meeting were: Wanda Carter; Thomas Needles; and James Shindler. Also present were representatives of the institution appearing before the Commission; Barry Keefe; 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 Vice-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 Vice-Chair noted that the minutes of the Commission meeting of February 19, 2014 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. Wilson, all Commission members present approved the minutes of that meeting. The Vice-Chair thanked representatives of Case Western Reserve University for hosting this meeting of the Commission.

CASE WESTERN RESERVE UNIVERSITY

The Chair next called upon, Robert C. Brown, Treasurer, to speak to the Commission members regarding Case Western Reserve University's financing request. Presenting with Mr. Brown, were: John Sideras, Chief Financial Officer; Twyla Miller, Manager of Treasury Operations; and Joanne Brown, University Architect. Mr. Brown noted that the Commission was meeting in the University's Baker-Nord Center for the Humanities, which was renovated approximately 10 years ago and houses several of the University's humanities programs. The building, which is heavily used, is evidence of the University's strength in the arts and sciences.

The University is seeking preliminary approval for the financing of a new approximately 290-bed student residence facility, including common areas and administrative facilities. The new residence facility will include amenities expected by students. The University currently anticipates a fixed rate bond issue, but it is also considering variable rate bonds. The bonds will likely amortize over a 20 to 25 year period, and the University has discussed their terms with the rating agencies. The University currently enjoys an A-1 rating from Moody's and an AA- rating from Standard & Poors. The rating agencies are comfortable with the proposed project as anticipated revenues from the new project should offset debt service on the proposed bonds. The University has a capital campaign in progress and it has nearly achieved its stated goal. In respect of the project, the University already has completed the planning stages and expects to close on the bond issue sometime this fall, with a view to the new residence facility being open for students in the fall of 2015. Mr. Brown thanked the Commission members and inquired as to whether they had any questions.

In response to questions from Ms. Tate, Joanne Brown noted that the new building is expected to be approximately 123,000 square feet and will include 2-4 bedroom suites serving undergraduates in a townhome style. Mr. Brown noted that the University has no formal housing program for graduate students. In response to a question from Mr. Wilson, Mr. Brown noted that the University's acceptance rate has improved with an increase of selectivity and student quality, as well as improved diversity. The University most recently received approximately 21,000 undergraduate applications, an increase from 7,000 applications 4 to 5 years ago. While the increase in applications is on some level attributable to the common application and online procedures, credit must also be given to improved University recruiting efforts. Graduate level tuition increases are expected to be approximately 3¼% for 2015 and University discount rates are expected to be less than 50%. Of the University's investments, approximately 90% of that amount is true endowment. In response to questions from Mr. Cannon, Mr. Brown acknowledged that there is some competition from private owners of student housing. University policy requires that students live in University housing for their first two years. A majority of the upper class students also live in campus housing. Graduate students do not live in campus housing, although many do live in areas such as the new uptown development, which the University has some involvement with. Seventy-eight percent of undergraduates live in campus housing, 100% of which is occupied. The Triangle Apartments are privately owned. In response to further questions from Mr. Cannon, Mr. Brown confirmed that because debt service will largely be paid from expected increases in revenues from the new residence facility, University ratings will likely be unchanged. A portion of the bond proceeds will be used to reimburse the University for certain expenses incurred prior to the time the bonds

are issued, including costs related to the design of the new residence hall. Fencing for the new project will go up later in May with groundbreaking expected in early June. Mr. Sideras noted that the amount of research dollars coming to the University has held steady over the last several years; however, there is more competition for that money as federal dollars from the stimulus have gone away.

Mr. Burlingame stated that the resolution approves the Preliminary Agreement with Case Western Reserve University. That agreement and related resolution preliminarily approve the financing transaction and are in their usual form.

Mr. Wells moved and Mr. Martin seconded the motion that Resolution No. 2014-04 be adopted.

Aye: Cannon; Martin; Tate; Wells; Wilson

Nay: None

Abstain: Kutina

The Chair declared the motion passed and Resolution No. 2014-04 adopted.

Resolution No. 2014-04 is as follows:

CALL OF NEXT MEETING AND ADJOURNMENT

It is now expected that the Commission will next meet on June 18, 2014 in Columbus, if necessary, or upon the call of the Chair. On a motion duly made and seconded, the meeting was adjourned.



Secretary