

OHIO HIGHER EDUCATIONAL FACILITY COMMISSION

MINUTES OF THE MEETING OF THE COMMISSION

February 19, 2014

The Ohio Higher Educational Facility Commission (the "Commission") met on Wednesday, February 19, 2014, 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; David Cannon, Vice Chair; Kenneth Kutina, Secretary; Wanda Carter; James Shindler; Susan Tate; and James Wilson. Absent were: John Martin and Jack Wells. 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 January 15, 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 Mr. Wilson that was seconded by Dr. Kutina, all Commission members present approved the minutes of that meeting.

CASE WESTERN RESERVE UNIVERSITY

The Chair next called on Twyla Miller, Manager of Treasury Operations, to speak to the Commission members regarding Case Western Reserve University's financing request. Ms. Miller noted that the proposed bond issue would be for the refunding of the University's variable rate series 2008 bonds. The proposed Bonds would be issued in a direct purchase transaction with The Bank of New York and is expected to lower interest costs to the University. The private placement structure will reduce tender risk associated with traditional variable rate demand bonds. That benefit will be viewed favorably by rating agencies and the University's board of trustees is expected to approve the financing this weekend. Ms. Miller noted that the University has had five years of budget surpluses, with an expected approximate \$6 million budget surplus for the current fiscal year. Applications are up considerably since 2007, with improved academic credentials for incoming students and a more geographically diverse student population. Five years ago, approximately 50% of students came from within the state of Ohio. That percentage is now 29%. 9% of the student body came from outside the United States this past fall, representing nearly a three-fold increase over the past five years. The University's diversity also has increased significantly. The University has a model class size of approximately 1,200 to 1,250 students. Two years ago, the University commenced a capital campaign and the University has achieved 90% of that campaign's goal. The campaign is intended for the endowment, scholarships and various capital projects. Projects on the University campus include a new University Center, a field house and a medical education building. Ms. Miller noted that the University will be seeking approval for a residence hall financing later this year in order to address University housing needs. Ms. Miller extended an invitation from Robert C. Brown, Treasurer, for the Commission to hold a meeting on the University campus. Ms. Miller then inquired of the Commission members as to whether they had any questions.

In response to a question from Mr. Cannon, it was confirmed that many facilities financed or refinanced with Commission bonds are for "bricks and mortar" type improvements with useful lives as long as 40 years. Ms. Miller noted that the University does maintain swaps in connection with its variable rate debt, and that the likely size of the proposed bond issue will be closer to \$67.5 million. In response to questions from Mr. Wilson and Mr. Cannon, Ms. Miller noted that, while the University does not intend to borrow for new projects, the proposed new residence hall does not fit within that limitation as it will be a self-sustaining facility with debt service to be supported by the increased student revenues. The University requires that students live on-campus in their first two years. A University-owned apartment building provides space for overflow needs.

Responding to questions from Ms. Tate and Mr. Needles, Ms. Miller noted that the transaction with The Bank of New York would initially include a variable interest rate with a bank commitment of five years. After that initial period, the bonds will be subject to tender. Ms. Miller was not aware if the University tracks the activities of University students after graduation and the extent to which they stay within the State or move elsewhere. Ms. Miller indicated that she would follow-up on that point to see if the University maintains any statistics on that question.

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.

Ms. Tate moved and Mr. Wilson seconded the motion that Resolution No. 2014-02 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; Needles; Shindler; Tate; Wilson

Nay: None

Abstain: Kutina

The Chair declared the motion passed and Resolution No. 2014-02 adopted.

Resolution No. 2014-02 is as follows:

JOHN CARROLL UNIVERSITY

The Chair next called upon Richard F. Mausser, Vice President for Finance, to speak to the Commission members in respect of John Carroll University's financing request. Mr. Mausser noted he last came before the Commission in September 2013 seeking approval for the refunding of the University's 2003 bonds. The refunding approved at the time contemplated the issuance of long-term traditional fixed-rate bonds. Since that time, Moody's has affirmed the University's rating, a positive given the demographic challenges the rating agencies have noted for Midwest institutions. The University now has a new opportunity to refund the 2003 bonds utilizing a multi-modal interest rate structure. This multi-modal structure would provide the University with savings and would include an initial interest rate term of three to four years, at which time the rate would be re-set. The bonds would include significant amortization in the near term, resulting in minimal risk to the University at the time the initial interest rate period would expire. Mr. Mausser then inquired of the Commission members as to whether they had any questions.

In response to a question from Ms. Tate, Mr. Mausser indicated there would be no swap and that the interest rate would initially be fixed for a period of years. In response to a question from Dr. Kutina, Mr. Mausser noted that while these bonds feature significant principal payments in early years, these payments must be viewed in the context of the University's other outstanding debt, which features principal payments in later years. The bonds will be offered and sold through a public offering process with an offering circular. Mr. Needles commented on the University's publicized success in fundraising, which Mr. Mausser noted was in connection with a University campaign that had gone through a quiet period.

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. Shindler seconded the motion that Resolution No. 2014-03 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; Needles; Shindler; Tate; Wilson

Nay: None

The Chair declared the motion passed and Resolution No. 2014-03 adopted.

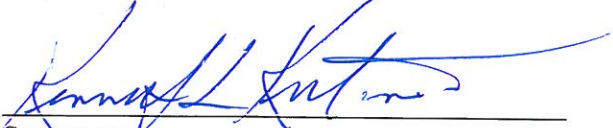
Resolution No. 2014-03 is as follows:

OTHER BUSINESS

Commission members discussed the timing of university board approvals as it relates to the Commission application process. Mr. Burlingame noted that he would circulate a proposed revision to the Commission form application letter, which would ask applications to include either (i) a reference to a copy of an adopted resolution being included with the application materials or (ii) an explanation as to the status of the institution's board approval process. Mr. Burlingame noted that future Commission mailings will include a reference to the individuals expected to speak on behalf of each institution expected to appear before the Commission.

CALL OF NEXT MEETING AND ADJOURNMENT

It is now expected that the Commission will next meet on March 19, 2014 in Columbus, if necessary, or upon the call of the Chair. On a motion duly made and seconded, the meeting was adjourned.


Secretary