

## **OHIO HIGHER EDUCATIONAL FACILITY COMMISSION**

### **MINUTES OF THE MEETING OF THE COMMISSION**

**January 16, 2019**

The Ohio Higher Educational Facility Commission (the "Commission") met on Wednesday, January 16, 2019, at 11:00 a.m. at the Ohio Department of Education Building, 25 S. Front Street, Columbus, Ohio, written notice of which had been given to all members of the Commission.

The following members attended: Thomas Needles, Chair; John Martin, Secretary; John Adams; Wanda Carter; James Shindler; Susan Tate; and James Wilson. Absent was: David Cummins, Vice Chair. Also present were representatives of the institutions appearing before the Commission; Ben Christensen of the Ohio Department of Higher Education; Alexander G. Burlingame of Squire Patton Boggs (US) LLP, Bond Counsel to the Commission; Yoon Lee of Blue Rose Capital Advisors; and Timothy Kelly and Charles Wise of KeyBanc Capital Markets, Inc.

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 December 12, 2018 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 Mrs. Carter that was seconded by Mr. Wilson, all Commission members present approved the minutes of that meeting.

**DENISON UNIVERSITY**

The Chair next called upon David English, Vice President for Finance and Management, to update the Commission members regarding Denison University's financing request. The University received preliminary approval for the proposed financing at its December 2018 meeting. Mr. English noted that the project and the plan of finance remain as described at the Commission's previous meeting. For the new residence hall, work is expected to commence this spring and be completed by July 2020. Current housing is at full capacity and the University is on track to receive a record number of applications.

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. Adams moved and Ms. Tate seconded the motion that Resolution No. 2019-01 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: Adams; Carter; Martin; Needles; Shindler; Tate; Wilson

Nay: None

The Chair declared the motion passed and Resolution No. 2019-01 adopted.

Resolution No. 2019-01 is as follows:

## UNIVERSITY OF FINDLAY

The Chair next called upon Thomas Lause, Vice President of Business Affairs, and Ann Wells, Controller, to speak to the Commission regarding the University of Findlay's financing request. Mr. Lause thanked the Commission members, noting that the University is seeking Commission approval to refinance existing University indebtedness used to finance University facilities. There are no new projects. The proposed financing would include the issuance of long-term fixed-rate bonds. Current University indebtedness primarily consists of short-term variable rate debt. By entering into this transaction, the University is seeking to mitigate interest rate and renewal risks. Ms. Wells noted that the University was founded in 1882 in the City of Findlay. The City is home to Fortune 500 companies, including Marathon Oil, Cooper Tire and Whirlpool. The University resides on an approximate 350-acre campus and also maintains two nearby operational horse farms. In 1989, the University removed College from its name in order to more accurately reflect the breadth of its degree offerings.

Current University initiatives include a renewed emphasis on meeting student demand, which includes focus on health science programs, as well as pre-veterinary and equine programs. The University has approximately 242 full-time faculty and a 16:1 student/faculty ratio. University initiatives include programs in experiential learning and internships, and the University is working to deepen relationships with area businesses for this program. Partnering businesses include Mercy Health, Marathon Oil and the Cleveland Browns. The University is divided into six colleges through which 80 undergraduate and 11 master level programs are offered. The University also offers four doctoral level programs.

In response to a question from Mr. Needles, Mr. Lause noted that certain health related fields are designed as so-called "3 - 3" year programs making them more attractive to students considering those fields. In some cases, there may be more qualified applicants than available seats, but cohort sizes may be limited by accrediting bodies. Mr. Lause continued by noting that the University has experienced an enrollment decrease in recent years, partly as a result in the drop of international admissions. While the University may have had past missteps with respect to enrollment, there is a renewed emphasis on growing the student body. A new Vice President of Enrollment was recently hired and the University is emphasizing programs most desired by prospective students. Area businesses have advised the University that they consider diversity to be among the most important factors in their hiring needs. To that end, the University is working with the National Hispanic Institute in order to increase Hispanic participation at the University. In a response to a question from Mr. Martin, Mr. Lause noted that the National Hispanic Institute works with high achieving Hispanic students by providing pathways and support for their further advancement into higher education and the broader economy.

In respect of University finances, Mr. Lause noted that they have remained solid; however, there has been an increased dependence on donor gifts. The University has made significant reductions in cost structure and is now focused on growth. The University pre-veterinary program ranks first in the United States. With two horse farms, the program provides students with extensive hands-on experience. In response to a question from Mrs. Carter, Mr. Lause noted that companies like Cooper Tire are seeking employees for its China operations that have American business experience. The University is working with Cooper Tire to help in this

initiative. Mr. Lause further noted that the University currently is in the process of technological and operational upgrades in order to increase efficiency and reduce redundancy at the University, thereby saving time and money.

Mr. Timothy Kelly, of KeyBanc Capital Markets, Inc., noted that the current plan of finance will provide for the refinancing of most of the University's outstanding debt. At the same time, the University may be terminating or modifying existing interest rate hedges.

In response to a question from Ms. Tate, Ms. Wells noted that the University's discount rate currently is in the mid to high 50% range, although that percentage can be lower in the University's more popular programs. The University is developing a profit and loss tracking program so that it can better assess revenues and expenses tied to each individual program. In response to a further question from Mr. Martin, Mr. Lause noted that in addition to base tuition, there are surcharges for certain programs, including pre-veterinary and pharmacy programs. Those charges are disclosed to students. With a renewed emphasis on program-level profit and loss statements and discount rate, the University will be better able to offer programs at a competitive price. In response to further questions from Mr. Wilson and Ms. Tate, Mr. Lause noted that success in fundraising as an offset to reduced enrollment is in part due to new leadership at the University and its fundraising efforts with the top alumni. Ms. Wells noted that uses for gifts include funded scholarships and University operations. Faculty reductions can be difficult, especially for tenured faculty. Reductions in that space will often come as a result of attrition. Mr. Needles thanked Mr. Lause and Ms. Wells for the quality of the University's presentation, noting that perhaps the Commission could visit campus some time.

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. Wilson moved and Mrs. Carter seconded the motion that Resolution No. 2019-02 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: Carter; Martin; Needles; Shindler; Tate; Wilson

Nay: None

Abstain: Adams

The Chair declared the motion passed and Resolution No. 2019-02 adopted.

Resolution No. 2019-02 is as follows:

**OTHER BUSINESS CALL OF NEXT MEETING AND ADJOURNMENT**

It is now expected that the Commission will next meet on February 20, 2019 in Columbus, if necessary, or upon the call of the Chair. On a motion duly made and seconded, the meeting was adjourned.

  
Secretary

