

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

August 21, 2019

The Ohio Higher Educational Facility Commission (the "Commission") met on Wednesday, August 21, 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; Wanda Carter; Frederick Church; James Shindler; and Susan Tate. Absent were: John Adams, and James Wilson. Also present were: Ben Christensen of the Ohio Department of Higher Education; Alexander G. Burlingame of Squire Patton Boggs (US) LLP, Bond Counsel to the Commission; Kate Biggar of KeyBanc Capital Markets, Inc. and representatives of the institutions appearing before 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 June 19, 2019 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 Ms. Tate that was seconded by Mr. Shindler, all Commission members present approved the minutes of that meeting.

TIFFIN UNIVERSITY

Public Hearing: The Chair next opened the public hearing required by applicable federal tax regulations related to Tiffin University. Notice of the hearing was continually posted on the Commission's website starting on August 12, 2019 through the August 21, 2019 hearing date. 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.

The Chair next called on Donna Frank, Vice President for Finance, to speak to the Commission members regarding Tiffin University's financing request. Joining Ms. Frank was Kate Biggar of KeyBanc Capital Markets. Ms. Frank thanked the Commission members, noting that she had been with the University since 2012 and prior to that had worked at the accounting firms Ernst & Young and KPMG. The University last came before the Commission in connection with its 2013 bond issue and since that time has made a significant investment in University buildings. Originally, the University was part of Heidelberg College but separated and has been on its current campus for approximately 65 years. The University's President has been in place for 3 years. Priorities for the institution are set through its guiding principles and its "pathways forward" strategic plan. The strategic plan is evaluated at least annually, so as to be consistent with current University needs and priorities. The University has no tenure system for its faculty. Proceeds of the bonds are intended to be used to refinance the University existing 2013 bond issue and also to finance University facilities, including a so-called "STEAM" building to provide arts, math, science and technology facilities.

In response to a question from Mr. Needles, Ms. Frank confirmed that the current estimated size of the bond issue is closer to \$28 million but that may change. The University has approximately 3,000 students on campus and on line. It also has degree completion sites at several area community colleges. Its executive MBA program is based in Romania with a 25 student cohort. The University is entrepreneurial in spirit and does not consider itself a traditional liberal arts institution. The University is located in Tiffin, Ohio, in relative close proximity to Detroit, Toledo and Cleveland. The University has achieved success in recent fundraising efforts in furtherance of its strategic plan. In connection with its numerous academic offerings, the University is focused on high impact, high enrollment programs. In this connection, the University is starting a new doctorate level program in global leadership.

In response to a further question from Mr. Needles, Ms. Frank noted that Gray & Associates has assisted the University in a comprehensive 3-year financial review. Enrollment compared to last year is similar, however, there has been some decline in international enrollment. Over 70% of the University's students come from Ohio. Students from Saudi Arabia constitute the biggest component of the University's international population. The University is focused on improving retention and graduation rates. The average ACT score for an incoming student is 20. Over 50% of students are involved in athletics and approximately 15% to 20% are involved in performing arts. New University programs include e-sports and women's wrestling. Approximately 91% of University revenues come from student fees and tuition. The University's fee structure is competitive with other area private institutions and it is continuing to evaluate its discount strategy. The University faculty operate on one to three year contracts. Ms. Frank noted that the University has experienced some positive change in assets

every year since 2002. In respect of the bond structure, Ms. Biggar noted that the University's goal is to provide for level debt service, while taking advantage of long-term fixed interest rates. Part of this strategy will include short-term budget relief for the University. Ms. Frank noted that components of the new project will include new laboratory classroom and office facilities. Approximately \$6 million of bond proceeds are for new projects. Ms. Frank then inquired of the Commission members whether they had any further questions.

In response to a question from Mr. Martin, Ms. Frank noted that Saudi Arabians are attracted to the University as a result of its affordability and flexible living options. Government subsidies have decreased. Most of these students are in the University's business or criminal justice programs. In response to questions from Ms. Tate and Mr. Needles, Ms. Frank confirmed that the University does not maintain a tenure system for its faculty. The bonds will bear interest at fixed rates and final Board of Trustees approval is expected in early September. The "A" in "STEAM" is for arts, notably digital and performing arts. After discounting a large single donation, average Board donations are typically around \$12,000. The strategic plan is a five-year plan, but the Board evaluates it twice a year. The rationale for the new doctorate level program is an initiative by the University's President, who had prior experience in the global leadership fields. Part of the program will be help people in their day-to-day interactions with people with international perspectives.

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

Mr. Martin moved and Ms. Tate seconded the motion that Resolution No. 2019-12 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: Needles; Church; Martin; Carter; Shindler; Tate

Nay: None

The Secretary declared the motion passed and Resolution No. 2019-12 adopted.

Resolution No. 2019-12 is as follows:

FRANKLIN UNIVERSITY

The Chair next called upon Marv Briskey, CFO and Sean Hunter, Controller to speak to the Commission regarding Franklin University's request. Mr. Briskey thanked the Commission members noting that the University was appearing before the Commission in connection with its Urbana, Ohio campus. Overall, the University is doing well and is guided by a yearly strategic plan that is updated quarterly. Undergraduate enrollment remains a focus under this plan. The University also is working to improve its digital and off line marketing efforts to increase profile, as well as to improve its cost structure to line up more closely with other nonprofit competitors, such as Southern New Hampshire University. The University maintains strong relationships with area community colleges, providing a good pipeline as students work toward their four year degrees. The University is working to expand its offerings in the areas of data and business analytics, which area businesses have indicated are in high demand. The University is working to improve its Urbana, Ohio facilities for athletics and student residence facilities in its efforts to attract students to that campus. Mr. Hunter then indicated that the University is seeking to use its money in high impact areas for students, in connection with both in terms of its course offerings and the quality of facilities. Mr. Briskey then inquired to the Commission members as to whether they had any questions.

In response to questions from Ms. Tate and Mr. Martin, Mr. Briskey indicated there are approximately \$2 million of projects at the Urbana campus. There are approximately 4,000 students at the Columbus campus and 500 at Urbana. The University has an overall enrollment goal of 1,000 for the Urbana campus, which is approximately 128 acres in size. In response to a question from Mr. Needles, Mr. Briskey noted that the Columbus campus is relatively quiet during the day but it does have parking capacity for approximately \$1,000.

Mr. Burlingame stated that the resolution approves the use of the University's 2016 bonds to finance facilities at the Urbana campus.

Mrs. Carter moved and Mr. Shindler seconded the motion that Resolution No. 2019-13 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: Needles; Church; Martin; Carter; Shindler; Tate

Nay: None

The Secretary declared the motion passed and Resolution No. 2019-13 adopted.

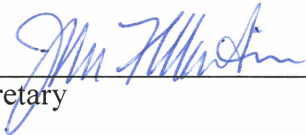
Resolution No. 2019-13 is as follows:

OFFICER ELECTIONS

The Commission members discussed the need to elect a Vice Chair. The Vice Chancellor for Finance historically has held that office. Mr. Martin is willing to continue as Secretary. Upon Motion of Mr. Needles that was seconded by Mr. Shindler, all Commission members present, excepting Mr. Church (who abstained), voted in favor of a resolution (Resolution 2019-14) electing Frederick Church as Vice Chair of the Commission. Upon Motion of Mr. Needles that was seconded by Mr. Shindler, all Commission members present, excepting Mr. Martin (who abstained), voted in favor of a resolution (Resolution 2019-15) electing John Martin as Secretary of the Commission, thereby confirming his continued status as such.

OTHER BUSINESS CALL OF NEXT MEETING AND ADJOURNMENT

It is now expected that the Commission will next meet on September 18, 2019 in Columbus, if necessary, or upon the call of the Chair. On a motion duly made and seconded, the meeting was adjourned.

 9/18/2019
Secretary