

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

September 22, 2021

The Ohio Higher Educational Facility Commission (the "Commission") met on Wednesday, September 22, 2021, 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; Frederick Church, Vice Chair; John Martin, Secretary; John Adams; Mike Gonsiorowski; and Susan Tate. Absent: James Shindler. 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; 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 August 18, 2021 were sent to each member prior to this meeting. Upon a motion by Mr. Gonsiorowski that was seconded by Ms. Tate, all Commission members present approved the minutes of that meeting.

OTTERBEIN HOMES

The Chair next called on J. Christopher Green, Chief Financial Officer, to speak to the Commission regarding the financing request of Otterbein Homes. He was joined by counsel to Otterbein Homes, Jason George. Mr. George noted that the proposed bonds will finance the acquisition by Otterbein Homes of the membership interest of Kendal at Granville, which provides a continuing care community in Granville, Ohio. The purchase price of the membership interest will then be used to refund outstanding healthcare facilities revenue bonds previously issued for Kendall at Granville. In response to questions from Ms. Tate, Mr. George noted that Kendal at Granville as an entity would survive to, among other things, maintain existing agreements and approvals related to federal healthcare programs. Mr. Green noted that Otterbein Homes' investment values are due to accumulation over time since their founding in 1912 and recent strong market performance. Otterbein Homes receives approximately \$2-3 million per year in gifts. In response to a question from Mr. Needles, Mr. George noted that residents in living facilities are part of a continuum of care, with access on onsite medical facilities. Mr. George noted that Otterbein Homes may be returning to the Commission for a separate transaction later this fall.

Mr. Burlingame stated that the resolution approves the Preliminary Agreement with Otterbein Homes. That agreement and related resolution preliminarily approve the financing transaction.

Mr. Adams moved and Mr. Gonsiorowski seconded the motion that Resolution No. 2021-14 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; Church; Gonsiorowski; Martin; Needles; Tate

Nay: None

The Secretary declared the motion passed and Resolution No. 2021-14 adopted.

Resolution No. 2021-14 is as follows:

WITTENBERG UNIVERSITY

The Chair next called on Michael Frandsen, President of Wittenberg University. Mr. Frandsen joined the University as President in 2017. Prior to that, he had been Vice President of Finance at Oberlin College and had presented to the Commission while in that position. Prior to Oberlin, Mr. Frandsen had held positions at Albion College and Juniata College. Before joining the Wittenberg, the University had two president over a two-year period. An early priority was to develop a leadership team for the University. In 2019 the University opened a new Health, Wellness and Athletics complex that it's very proud of. Commission members are invited to come visit. In March of 2020 the University reached its 175th anniversary. At the time it was seeing improved retention and deposit figures, but COVID has adversely impacted the University's efforts for improved enrollment and finances. The proposed refinancing will provide cash flow relief. The University has launched a comprehensive fundraising campaign and has achieved over \$70 million in commitments.

In response to a question from Mr. Needles, Mr. Frandsen noted the University has experience a decline of 400 students over four years. Retention had been improving but was hurt by COVID. In response to a question from Ms. Tate, Mr. Frandsen confirmed that the University has taken expense cutting measures, including reduced staffing and faculty and discontinuing certain programs. Robert Young is the University's CFO. He joined the University in the Spring of 2018. Prior to joining Wittenberg, Mr. Young had been the chief financial officer at Hendrix College. In response to questions for Mr. Gonsiorowski, Mr. Church and Mr. Needles, Mr. Frandsen noted that the University did have a mask mandate in response to COVID and offered single residency residence hall rooms to students. When there was an uptick in cases, students went to remote learning from their resident halls. There were no cases of classroom transmission. There is a testing mandate if not vaccinated, though vaccination rates are over 80% for students and over 90% for faculty and staff. Auxillary revenues are down. The refinance will help the University address operating challenges. The University does not have a rating. Mr. Burlingame wasn't sure, but recalled prior Commission bonds for the University in the late 90s and the 2000s were in the "A" category, but some were insured. Mr. Church noted that the University's rating in in the 2010s had been in the "B" category. The University is seeking to close its financing by December 1.

Mr. Burlingame stated that the resolution approves the Preliminary Agreement with Otterbein Homes. That agreement and related resolution preliminarily approve the proposed refinancing transaction.

Mr. Martin moved and Mr. Adams seconded the motion that Resolution No. 2021-15 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; Church; Gonsiorowski; Martin; Needles; Tate

Nay: None

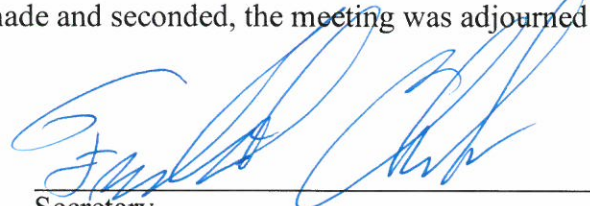
The Secretary declared the motion passed and Resolution No. 2021-15 adopted.

Resolution No. 2021-15 is as follows:

OTHER BUSINESS AND CALL OF NEXT MEETING AND ADJOURNMENT

The Chair asked if the Vice Chair for he had any follow-up thoughts on financings like the one proposed by Wittenberg University. The Vice Chair noted that refinancings that were not for savings, but to defer debt service, generally were frowned upon for public Universities. Mr. Adams and Mr. Gonsiorowski, asked the question about the role of the Commission in these financings and whether the Commission should be passing on the credit aspects of financings. Mr. Martin noted that it would not be in the Commission's interest to be viewed as passing on matters of creditworthiness. Mr. Burlingame noted that the Preliminary Agreement with the University included the following provision: "Notwithstanding anything in this Agreement to the contrary, the terms and conditions of, and all documentation evidencing the transactions contemplated in this Agreement shall be satisfactory in all respects to, and subject to the prior approval of the Commission and the University, and the University may decide at any time not to proceed with such transactions." Mr. Burlingame, when asked, noted that in his experience problems of underlying borrowers did not reflect negatively on the bond issuer.

It is now expected that the Commission will next meet on October 20, 2021, if necessary, or upon the call of the Chair. On a motion duly made and seconded, the meeting was adjourned.


Secretary

