

OHIO HIGHER EDUCATIONAL FACILITY COMMISSION

MINUTES OF THE MEETING OF THE COMMISSION

December 18, 2024

The Ohio Higher Educational Facility Commission (the "Commission") met on Wednesday, December 18, 2024, at 11:00 a.m. at 25 S. Front Street, Columbus, Ohio, due 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; Michael Gonsiorowski; John Rozic; Susan Tate and William Elliott. Absent: John Adams. Also present were: Kevin Holtsberry of the Ohio Department of Higher Education; Alexander G. Burlingame of Squire Patton Boggs (US) LLP, Bond Counsel to the Commission; Katherine Biggar of KeyBanc Capital Markets; 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 November 20, 2024 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 those minutes.

JOHN CARROLL UNIVERSITY

The Chair next called upon Robert Connors, Vice President for Finance and Administration, to update the Commission members regarding John Carroll University's financing request. Mr. Connors was joined by Jeremiah Swetel, Assistant Vice President for Facility and Auxiliary Services. The University received preliminary approval at the October meeting. Mr. Connors thanked the Commission members, noting that the City of University Heights has provided planning commission approval for the University's Gateway Project. The University also has received an environmental no further action needed letter. The anchor tenant for the portion of the Gateway Project that will not be bond financed has signed a letter of intent. Moody's has downgraded the University to Baa2.

In response to questions from Mr. Gonsiorowski, Mr. Connors indicated that the rating downgrade was in part due to the outlook Moody's has on the higher education sector, especially for smaller institutions in the Northeast and Midwest. In response to questions, from Mr. Needles and Mr. Rozic, Mr. Connors indicated that alumni are supportive of the University and that much of that support is geared toward health and athletic programs. Kate Biggar indicated that the all-

in interest rate was expected to be approximately five percent, but that could change depending on market conditions.

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. Rozic moved and Mr. Gonsiorowski seconded the motion that Resolution No. 2024-15 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: Church; Elliott; Gonsiorowski; Martin; Needles; Rozic; Tate

Nay: None

The Secretary declared the motion passed and Resolution No. 2024-15 adopted.

Resolution No. 2024-15 is as follows:

THE UNIVERSITY OF DAYTON

The Chair next called upon Andrew Horner, Executive Vice President of Business and Administrative Services, to speak to the Commission members regarding the University of Dayton's financing request. Mr. Horner was joined by Bo Sawyer, Treasurer and Assistant Vice President, and by Ann Garcia, Assistant Treasurer and Tax Manager. Mr. Horner thanked the Commission members, noting that the University is a catholic research university offering undergraduate through graduate level degrees while being focused on scholarship, leadership and service. The proposed bonds will finance new projects and refinance existing debt. Dr. Eric Spina has been president since 2016. Dr. Darlene Weaver joined the University as Provost in 2023. Mr Horner noted that he has been the University's chief financial officer for the last ten years.

Mr. Horner continued by noting that the University has colleges for Arts and Sciences, Engineering, Business, Education and Health, and Law. It participates in 16 sports in the Atlantic 10 Conference. University research initiatives include those through the University of Dayton Research Institute, with the University participating in approximately \$270 million of research in fiscal year 2024. The University participates in research projects with the United States Air Force. The University has over three thousand employees, including approximately 650 faculty and 850 research staff. The University is assisting with the development of the former Montgomery County Fair site. The University currently has an A2 rating from Moody's and an A+ rating from S&P. In addition, the University has approximately \$1.2 billion of investments of which approximately \$855 million is in the endowment. The University had approximately \$362 million of debt at the end of the last fiscal year. Its current \$400 million dollar campaign launched in 2016 has exceeded the goal. Mr. Horner continued by noting that the University's operating margin has contracted some but was at 2.3% at the end of fiscal year 2024. The University Board is committed to not having a budget deficit. The goal is to raise the operating margin to 3% by 2028.

Mr. Horner further noted that, excepting the most elite institutions, institutions of higher education are under pressure in the Northeast and the Midwest. The University will remain committed to providing a high value catholic education and will compete on price for low income students. It had a large amount of PEL eligible students as part of its most recent Fall class. The University is working to increase net tuition revenue. The University also is planning to reduce undergraduate enrollment class size to approximately 1,800 students. Mr. Horner further noted that the University is looking to optimize its resources, which will result in some staff reductions. The University is working to use voluntary separations to the extent feasible. Emphasis will be placed on tying graduate programs with undergraduate programs. Some graduate programs may be discontinued. The University will have renewed emphasis on undergraduate education by enhancing undergraduate offerings and advising with a focus on experiential learning.

Mr. Sawyer spoke to the Commission members in respect of the plan of finance. The University has engaged RBC Capital Markets as underwriter. 2015 Series A and 2016 Bonds of the Commission are expected to be refinanced. A swap associated with the 2016 bonds will be terminated. Other debt is considered for refunding, including 2018 Series A Bonds issued by the Commission. Proceeds may be used for capitalized and funded interest.

Ms. Garcia spoke to the Commission members in respect of new projects. These include student health and wellness facilities, as well as student residence facility improvements in two

phases, one of which has been completed. Some bond proceeds will be used to reimburse the University for project costs already paid. Smaller projects include virtual reality, health and sports facilities, as well as updated admissions, technology and classroom facilities. Mr. Horner noted that University committee approvals are expected in early January, with full Board approval at the end of January. The bonds are expected to be issued in early March. Mr. Horner then inquired as to whether there were any questions.

In response to a question from Mr. Gonsiorowski, Mr. Horner noted that the University of Dayton Research Institute is an outgrowth of the University's engineering programs. It works with the Air Force in aircraft modernization projects. The Research Institute maintains a five to six percent operating margin, but that margin is closer to that of the University as a whole after expense allocations. Research awards are competitive. The Office of Budget Management has its own rates for higher education projects. The University competes with private companies for research funds and there's intense competition for well qualified engineers. In response to questions from Mr. Elliott, Mr. Horner noted that the University has a positive relationship with Wright State University but they're not many formal connections. The University's MBA program is one of the programs being reviewed by the University. The University is adjusting to the new NCAA NIL rules. There are limits for football and basketball funding. There are many uncertainties, including rating agency, antitrust and Title IX considerations. The University does not have scholarships for its football team. Donors prefer to give funds directly to the University. Conference realignments may be in the future.

In response to questions from Mr. Martin, Mr. Horner noted that planned class reductions were in part motivated by the goal of increasing net tuition revenue which has decreased in recent years. Part of this is due to the reduction in international students that received no or less discount. The planned reduction would put University enrollment at 2010-2012 enrollment levels. There is a two-year campus housing requirement, but the University will need to address excess housing capacity in the future. In response to a question from Mr. Gonsiorowski, Mr. Horner stated that most employment reductions would be faculty reductions, though less so with tenured faculty. Some of this will be accomplished through natural attrition. In response to further questions from Mr. Elliott and Mr. Needles, Mr. Horner indicated that there was some competitive disadvantage with competitors like Villanova and Marquette as the University is not in a big city. Mr. Horner is not expecting a rating downgrade, having confidence in University planning and there being no deficit. This is not certain. The University had used Wells Fargo on its last financing. There is frequent movement of bankers from firm to firm. Bankers at RBC, engaged by the University, include bankers that were at Wells Fargo at the time of the last financing. The Finance and Facilities Committee of the Board is scheduled to approve the financing in early January, with late January full Board ratification.

Mr. Burlingame noted that the agenda includes the public hearing for the proposed financing for University of Dayton as required by federal tax rules. Notice of the public hearing was posted in accordance with those rules. Mr. Holtsberry noted that the Commission did not receive questions or comments in the mail or by email prior to the hearing. There being no further questions or comments, the hearing was closed.

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

Mr. Gonsiorowski moved and Mr. Elliott seconded the motion that Resolution No. 2024-16 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: Church; Elliott; Gonsiorowski; Martin; Needles; Rozic; Tate

Nay: None

The Secretary declared the motion passed and Resolution No. 2024-16 adopted.

Resolution No. 2024-16 is as follows:

Mr. Church left the meeting prior to consideration of the remaining agenda items.

NOTRE DAME COLLEGE

The next resolution is in respect of the proposed sale of The Notre Dame College campus. The Commission has been asked to sign termination documents necessary to facilitate the sale. The resolution approves those documents, provided they are also approved of by the sole bondholder and the bond trustee.

Mr. Needles moved and Mr. Martin seconded the motion that Resolution No. 2024-17 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: Gonsiorowski; Elliott; Rozic; Martin; Needles; Tate

Nay: None

The Secretary declared the motion passed and Resolution No. 2024-17 adopted.

Resolution No. 2024-17 is as follows:

Mr. Elliott left the meeting prior to consideration of the next agenda item.

UNIVERSITY HOSPITALS

University Hospitals is planning to convert its 2020B Bonds to a new interest rate period under the related trust indenture. There are no new bonds or projects. The resolution approves all actions and documents necessary to facilitate the conversion.

Mr. Rozic moved and Mr. Gonsiorowski seconded the motion that Resolution No. 2024-18 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: Gonsiorowski; Martin; Needles; Rozic; Tate

Nay: None

Abstain: Elliott

The Secretary declared the motion passed and Resolution No. 2024-18 adopted.

Resolution No. 2024-18 is as follows:

Mr. Elliott returned to the meeting.

OTHER BUSINESS AND CALL OF NEXT MEETING AND ADJOURNMENT

The Commission members discussed Wittenberg University, acknowledging its financial issues. The Commission has no bonds outstanding in favor of Wittenberg. A proposed 2025 meeting schedule was circulated. Meetings will continue to be held on the third Wednesday of each month as needed.

It is now expected that the Commission will next meet on January 15, 2025, if necessary, or upon the call of the Chair. On a motion duly made and seconded, the meeting was adjourned.



Secretary