OHIO UNIVERSITY
ATHENS, OHIO 45701

BOARD OF TRUSTEES

February 22, 1978

To: Those listed below*

From: Robert E. Mahn, Secretary, Board of Trustees

Subject: Minutes of October 1 and December 16, 1977

The minutes were approved without change on February 11, 1978. You may wish to substitute the attached signature sheets for the unsigned sheets in the copies of the minutes sent to you on October 5 and December 28, respectively.

REM:csb

* Dr. Ping
Dr. Bucklew
Mr. Peebles
Mr. Kurlinski
Mr. Burns
Dr. Harter
Mr. Kennard
Archivist (2)
Resident Auditor

OHIO UNIVERSITY
ATHENS, OHIO 45701

BOARD OF TRUSTEES

December 28, 1977

TO: Those Listed Below*

FROM: Robert E. Mahn, Secretary, Board of Trustees

SUBJECT: Minutes of December 16, 1977, Special Meeting of the Board

Enclosed for your file is a copy of the December 16 minutes. This draft will be presented for approval at the next regular meeting of the Board.

REM:csb

* Chairman and Members of the Board
Mr. Johnson
Mr. Aspengren
Dr. Ping
Mr. Mahn (2)
Dr. Bucklew
Mr. Peebles
Mr. Kurlinski
Dr. Harter
Mr. Kennard
Archivist (2)
Resident Auditor
Mr. Burns

MINUTES OF THE SPECIAL MEETING OF
THE BOARD OF TRUSTEES OF OHIO UNIVERSITY

Friday, December 16, 1977, 10:00 a.m.
Nationwide Plaza
Columbus, Ohio

I. ROLL CALL

Members present were G. Kenner Bush, Charles E. Holzer, Jr., Dean W. Jeffers, William A. Lavelle, Mrs. J. Wallace Phillips, Donald A. Spencer and Milton J. Taylor. This constituted a quorum. Mrs. Dorothy S. Johns, Chairman, J. Grant Keys, Vice Chairman, and Robert E. Mahn, Secretary, were unable to attend.

President Charles J. Ping, Treasurer William L. Kennard, and Director of Legal Affairs John F. Burns were present.

II. BUSINESS

President Ping, noting that the Chairman, Vice Chairman and Secretary could not attend this Special Meeting, suggested the appointment of a Temporary Chairman and Temporary Secretary.

A. APPOINTMENT OF TEMPORARY CHAIRMAN

Mr. Bush moved approval of the following resolution appointing Charles Holzer Temporary Chairman, since Dr. Holzer was the member of the Board-Administration Committee present. Mr. Jeffers seconded the motion. Approval was unanimous.

RESOLUTION 1977--375

WHEREAS, the duly elected Chairman and Vice Chairman of the Ohio University Board of Trustees are unable to attend the December 16, 1977, special meeting of the Board,

THEREFORE, BE IT RESOLVED that the Board of Trustees appoints Charles E. Holzer, Jr., Temporary Chairman for this special meeting.

B. APPOINTMENT OF TEMPORARY SECRETARY

Mrs. Phillips moved approval of the following resolution. Mr. Lavelle seconded the motion. Approval was unanimous.

RESOLUTION 1977--376

WHEREAS, the duly elected Secretary of the Ohio University Board of Trustees is unable to attend the December 16, 1977, special meeting of the Board,

THEREFORE, BE IT RESOLVED that the Board of Trustees appoints G. Kenner Bush Temporary Secretary for this special meeting for the purpose of recording the actions of the Board during the meeting and certifying these actions.

C. ACTION ON REFUNDING OF 1974 GENERAL RECEIPTS BONDS

Dr. Holzer asked Mr. Bush, Chairman of the Budget, Finance and Physical Plant Committee, to present the recommendation of the Committee concerning the proposed refunding of the 1974 bonds. Mr. Bush reported on the meeting of the Committee on November 30, 1977, at which time the Committee decided to recommend to the Board:

First, that the Board proceed with refunding, including use of the $5,787,000; second, that the sale of the refunding issue be negotiated rather than bid; and third, that the Committee be authorized to select the investment banking firm and approve or disapprove contract of purchase.

Mr. Bush noted that the Committee was recommending negotiated sale due to the complexities involved in this refunding of a refunded issue and on the basis of recommendations by the various parties with which the staff had discussed the matter, including Bond Counsel and the Director of the Office of Budget and Management. Mr. Bush further said that the Committee was recommending Committee authorization to act on behalf of the Board only because of the difficulties in getting the Board together on

short notice for an as yet undetermined number of meetings within the next few weeks.

President Ping said the Board should weigh carefully negotiated sale versus bid, and that the matter of timing the sale and the ability to work out problems in the process of executing this complex sale in the university's best interests seemed possible only by pursuing the negotiation route.

Mr. Kennard reviewed the process of discussions with six different firms over the past six months which had led up to this recommendation. Mr. Jeffers said it was important that we make sure there was openness in the selection of the firm.

Mr. Bush moved approved of the following resolution. Mr. Jeffers seconded the motion. Approval was unanimous by roll call vote.

RESOLUTION 1977--377

WHEREAS, it has been recommended by the President and Treasurer that we consider refunding the 1974 General Receipts Bonds having a net interest rate of approximately 8 - 8 1/4 percent, and

WHEREAS, The General Assembly appropriated $5,787,000 in the Capital Improvements Appropriation Bill, Am. Sub. H.B. No. 618 for purchase of buildings in the dormitory system, which is to be used to reduce debt on dormitories, and

WHEREAS, the $5,787,000 may be combined with recommended refunding bond issue, and

WHEREAS, the recommended refunding bond issue offers potential debt service savings approximating $375,000 - $425,000 per year, and

WHEREAS, because of the complexities involved in a refunding bond issue, particularly the refunding of a refunding issue, it has been recommended that the sale of said refunding issue be negotiated,

NOW, THEREFORE BE IT RESOLVED that the President and Treasurer are authorized to pursue refunding the 1974 Series General Receipts Bonds and that the $5,787,000, or any part thereof, appropriated by The General Assembly be combined with the proceeds from the refunding issue.

FURTHER, BE IT RESOLVED that the Budget, Finance and Physical Plant Committee be authorized to select the investment banking firm to negotiate the refunding sale and to approve or disapprove the contract of purchase.

D. ACTION DESIGNATING SPECIAL BOND COUNSEL

Mr. Kennard, upon the request of Mr. Bush, outlined for the Board the background and qualifications of proposed Bond Counsel.

Mr. Bush moved approval of the following resolution. Mr. Spencer seconded the motion. Approval was unanimous by roll call vote.

RESOLUTION 1977--378

WHEREAS, the law firm of Peck, Shaffer & Williams was special bond counsel for the 1974 General Receipts Bonds,

NOW, THEREFORE, BE IT RESOLVED that the President or his designee be authorized to request the Attorney General of the State of Ohio to designate the law firm of Peck, Shaffer & Williams as special counsel to the University for matters associated with the issuance of bonds to refund the outstanding $15,175,000 principal amount of General Receipts Bonds, Series 1974, of the University, such designation to be on the terms stated in the designation attached to this resolution and by this reference made a part hereof,

BE IT FURTHER RESOLVED that this Board hereby finds and determines that all formal actions relative to the adoption of this resolution were taken in an open meeting of this Board, and that all deliberations of this Board, if any, which resulted in formal action, were taken in meetings open to the public, in full compliance with applicable legal requirements, including Section 121.22 of the Revised Code.

DESIGNATION OF SPECIAL COUNSEL
BY THE ATTORNEY GENERAL

Pursuant to recommendation of the Board of Trustees of The President and Trustees of the Ohio University, I, William J. Brown, Attorney General of the State of Ohio, do hereby appoint the law firm of Peck, Shaffer & Williams, Cincinnati, Ohio, as Special Counsel to act as Bond Counsel to The President and Trustees of the Ohio University in connection with the issuance of bonds to refund the outstanding $15,175,000 principal amount of General Receipts Bonds, Series 1974 (the "Bonds") of the University pursuant to Sections 3345.07, 3345.11 and 3345.12, Revised Code, and other applicable law.

As Bond Counsel, said firm shall assist and advise the University in the development of terms and conditions for the Bonds, prepare or review all necessary documents relating to the Bonds, including, to the extent deemed necessary, bond resolutions, trust agreements and supplemental trust agreements, temporary and definitive bond forms, negotiated sale proceedings and legal portions of official statements, develop the necessary transcripts of proceedings, advise the Board of Trustees on the legality of proceedings and documents relating to such financing, render opinions as to the legality of the Bonds upon their issuance and delivery and advise with respect to such related opinions as may be required, and supervise delivery of and payment for the Bonds.

Fees for services rendered and to be rendered as Bond Counsel hereunder shall not exceed $30,000. If work is commenced on the Bonds but the Bonds are not issued, reasonable fees shall be paid by the University. In addition to such fees, Peck, Shaffer & Williams shall be reimbursed for their actual and necessary expenses, including telephone, travel, duplicating, and the like, incurred in the performance of their duties as Bond Counsel. All of such fees and reimbursement shall be paid solely from the proceeds of sale of the Bonds or other funds of the University lawfully available for the purpose, or, if the University shall so determine in

connection with the sale of the Bonds, all or such part thereof as the University determines shall be paid by the purchaser or purchasers of the Bonds as a term of sale thereof.

E. ACTION ON REQUEST FOR RELEASE OF DORMITORY PURCHASE MONIES

President Ping reviewed his discussions with the Director of the Office of Budget and Management since the November 30, 1977, meeting of the Budget, Finance and Physical Plant Committee and distributed the proposed resolution and agreement.

Mr. Bush moved approval of the resolution. Mr. Jeffers seconded the motion.

Mr. Lavelle moved amendment of the resolution to delete Howard Hall. Mr. Jeffers seconded the motion.

Mr. Bush moved, and Mr. Jeffers seconded, approval of the motion as amended. Approval was unanimous by roll call vote.

RESOLUTION 1977--379

WHEREAS, the President and Trustees of Ohio University in consultation with the Office of Budget and Management have developed a Long Range Financial Plan for 1977 - 1985 to insure the financial integrity of the Ohio University Dormitory and Dining System, and

WHEREAS, the General Assembly of Ohio has enacted the Capital Improvements Appropriation Bill for the 1977-79 biennium, Am. Sub. H.B. 618; and appropriated $5,787,000 for the purchase of Ohio University buildings used in the Dormitory and Dining System pursuant to appropriation items 300-041 and 300-047, and

WHEREAS, the language of the Capital Improvements Bill in reference to item 300-047 requires approval of the terms and conditions for the purchase and use of buildings by the Director of the Office of Budget and Management and Controlling Board and a recommendation of the Director of the Office of Budget and Management to release the monies, and

WHEREAS, the language of the Capital Improvements Bill further calls for conveyance of full and clear title to the buildings to the State of Ohio; and under the law of Ohio legal title to the land and buildings of the Ohio University Dormitory and Dining System, as well as all other nonendowed University lands, are held by the State of Ohio for the use and benefit of Ohio University, and

WHEREAS, in accordance with the Long Range Financial Plan and the University's planning development goals during this period the Board of Trustees of Ohio University will during the term of the Plan change utilization of the appropriate Dormitory and Dining buildings to other University uses consistent with the Educational Plan and the Space Management and Utilization Study of the Ohio University campus,

NOW, THEREFORE, in accordance with the terms and conditions of this resolution the Ohio University Board of Trustees hereby directs and empowers the President or his designee to seek approval of the following statement of agreement from the Director of the Office of Budget and Management a recommendation to release the appropriate monies.

AN AGREEMENT ESTABLISHING TERMS AND CONDITIONS OF PURCHASE AND USE OF LAND AND BUILDINGS OF THE OHIO UNIVERSITY DORMITORY AND DINING HALL SYSTEM

This Agreement is hereby made between Ohio University and the Office of Budget and Management for the purpose of approving release of the $3,087,000 appropriated to Ohio University in item 300-047 in the Capital Reappropriation Bill Am. Sub. H.B. 618 for the 1977-79 biennium, according to the following terms and conditions:

1. The parties recognize that pursuant to the provisions of Ohio law legal title to the lands and buildings of the Ohio University Dormitory and Dining Hall System is held by the State of Ohio for the use and benefit of Ohio University.

2. Ohio University acknowledges that the monies appropriated will be used as part of the University's Long Range Financial Plan, (Attachment A) to assure the financial integrity of the Dormitory and Dining Hall System by reduction in debt.

3. In consideration of the monies received for the purchase of James Hall, Parks Hall, Scott Quadrangle and Wilson Hall by the State of Ohio, the Ohio University Board of Trustees will transfer these designated buildings from use as part of the Dormitory and Dining Hall System to other University uses as approved by the Office of Budget and Management.

Ohio University	State of Ohio
Charles J. Ping President	William W. Wilkins Director, Office of Budget and Management

F. ACTION TO NEGOTIATE CHANGES IN THE WORDING OF THE STATEMENT OF AGREEMENT

Mr. Bush moved approval of the following resolution. Mr. Lavelle seconded the motion. Approval was unanimous by roll call vote.

RESOLUTION 1977--380

WHEREAS, the Board of Trustees recognizes that it may be necessary to negotiate changes in the wording of the Statement of Agreement,

THEREFORE, BE IT RESOLVED that the President or his designee is authorized to accept changes consistent with the intent of the original agreement.

III. RECESS

Dr. Holzer, determining that there was no further business to come before the Board, declared the meeting recessed at 11:45 a.m. to be reconvened as a public, open meeting of the Budget, Finance and Physical Plant Committee at 1:30 p.m. for presentations by the investment banking firms seeking to be selected for appointment to manage the refunding issue.

IV. CERTIFICATION OF SECRETARY

Notice of this meeting and its conduct was in accordance with Resolution 1975--240 of the Board, which resolution was adopted in accordance with Section 121.22 (F) of the Ohio Revised Code and of the State Administrative Procedures Act.

Charles E. Holzer, Jr.
Temporary Chairman

G. Kenner Bush
Temporary Secretary

OHIO UNIVERSITY DORMITORY AND DINING SYSTEM

REVISED LONG RANGE FINANCIAL PLAN

The discussion of the original long range financial plan has identified two major problem areas: (A) the method by which building value is determined; and (B) the manner in which capital funds are utilized to reduce both outstanding debt and annual debt service.

(A) The formula used to calculate building value has been an issue because the Board of Regents utilized one formula ("outstanding debt") to determine a purchase price for Grosvenor and Irvine Halls, while Ohio University utilized a different formula ("debt service") to determine dollar equivalents for the eight additional dormitory facilities proposed for removal from the residence hall system in the original long range plan.

The difference between the results obtained using either formula is relatively insignificant. Arguments about consistency and equitable measures of value have continued to cloud the primary issues.

Ohio University has, therefore, utilized the formula applied by the Board of Regents for calculating the values of Grosvenor and Irvine; our revised long range plan thereby presents all requests for capital in a manner totally consistent with the Regents' recommendation for the $2.7 million for Grosvenor and Irvine Halls.

(B) Recognizing that our original long range plan creates a potential legal question, we have examined alternative arrangements whereby Ohio University, would, over the next four biennia, buy a number of outstanding bonds on the open market and thereby significantly reduce the system's annual debt obligation.

We continue to ask the State to provide capital funds for the purchase of ten dormitory facilities (including Grosvenor and Irvine). The University would use the capital to purchase outstanding bonds. That purchase would reduce both our total outstanding debt and simultaneously reduce our annual debt service payment.

The advantage of this plan over the original annuity plan is that it addresses the potential legal questions and, in our judgment, resolves them. Disadvantages of this plan are that a heavier burden will be placed on the system's management to generate additional revenue. Our original plan required the dormitory system to generate a minimum of $2.0 million per biennium in additional net operating revenue before debt service. The revised plan requires the system to generate a minimum of $2.3 million per biennium.

Because the plan for buying outstanding bonds reduces our debt payment by significantly fewer dollars than the annuity plan (for example, the annuity plan would generate $909,680 in the 1977-79 biennium, whereas the bond purchase plan would reduce the debt payments by $663,158), we feel it is necessary to request some additional assistance in the form of descending state subsidy. The table below represents our original request (in addition to capital outlay) and our revised request.

Biennium	Original Plan: Annuity Option	Revised Plan: Bond Purchase Option
1977-79	1,200,000*	1,000,000
1979-81	600,000	750,000
1981-83	300,000	500,000
1983-85	150,000	250,000
1985-87		150,000
TOTAL REQUESTED	2,250,000	2,650,000

* Governor's recommendation = $1.0 million

The net additional subsidy required by the bond purchase plan is $400,000. Furthermore, the bond purchase plan requires subsidy assistance for an additional biennium.

The capital outlay portion of our revised request differs from the original annuity plan in two ways: (1) we are moving Scott to the group of buildings which will go off-line in the 1977-79 biennium; (2) the total request (over four biennia) for capital outlay is $559,000 less than the original request. The overall net decrease between the two plans (including capital outlay and descending debt subsidy) approximates $159,000.

As a result of the revised plan, the burden on internal management has been increased significantly. In the first biennium, this plan requires the system to generate an additional $2.3 million net operating revenue more than it currently generates. Any further burden on the system would require Ohio University to increase the cost to the student customer beyond the point where we can remain competitive with other residential campuses.

3/10/77 Revised Plan
11/24/76 Original Plan

OHIO UNIVERSITY DORMITORY AND DINING SYSTEM

LONG RANGE FINANCIAL PLAN

	BIENNIAL PROJECTIONS			DEBT SERVICE			REQUEST FOR CAPITAL OUTLAY AND DESCENDING STATE SUBSIDY SUPPORT		
Biennium	Average Annual Enrollment	Average Annual Occupancy	Actual Beds Available	Total Debt Need	Ohio University Contribution	Descending State Subsidy	Capital Outlay	Descending State Subsidy	Total
1975-77	13,412	5,995	8,695	5,468,513	3,050,013*	2,418,500	-0-	2,418,000	2,418,000
1977-79	14,178	6,466	6,950	4,902,117**	3,902,117	1,000,000	3,087,000***	1,000,000	4,087,000
1979-81	14,875	6,411	6,542	4,868,503	4,118,503	750,000	1,227,000	750,000	1,977,000
1981-83	14,746	6,246	6,373	4,811,261	4,311,261	500,000	527,000	500,000	1,027,000
1983-85	14,228	5,974	6,096	4,629,256	4,379,256	250,000	1,610,000	250,000	1,860,000
1985-87	13,684	5,664	6,096	4,629,075	4,479,075	150,000	-0-	150,000	150,000
1987-89	13,700	5,694	6,096	4,625,856	4,625,856	-0-	-0-	-0-	-0-
1989-91	13,523	5,547	6,096	4,626,700	4,626,700	-0-	-0-	-0-	-0-

* Includes $1.6 million of one-time debt service reserve made available by refinancing the debt system in 1974.

** Sequence of Dormitory Purchases

1977-79 Parks, Wilson, James, Howard, Scott (Grosvenor and Irvine already recommended for purchase by Board of Regents.)
1979-81 Crook
1981-83 Ryors
1983-85 Boyd

*** Does not include the $2.7 million already recommended by the Board of Regents (11/19/76) for purchases of Grosvenor and Irvine.

Biennium	Original Debt Need	Reduction of Debt Service (results from retirement of bonds)	Revised Debt Need
1977-79	5,565,275	663,158	4,902,117
1979-81	5,672,269	803,766	4,868,503
1981-83	5,675,419	864,158	4,811,261
1983-85	5,677,912	1,048,656	4,629,256
1985-87	5,677,731	1,048,656	4,629,075
1987-89	5,674,512	1,048,656	4,625,856
1989-91	5,675,356	1,048,656	4,626,700

PURCHASE PRICE OF INDIVIDUAL BUILDINGS

Revised Plan : Outstanding Debt

Formula:

1. Total debt outstanding ($39,700,000 ÷ book value of system ($55,271,439) = 71.82733.

2. Single Building book value x 71.82733 = Outstanding Debt applicable to each building.

3. We assign the appropriate portion of the remaining debt to each individual facility.

Biennium	Dormitories Proposed for Sale	Bed Spaces	Building Value
1977-79	Grosvenor	175	1,158,000
1977-79	Irvine	215	1,542,000
1977-79	Parks	182	534,000
1977-79	Wilson	313	937,000
1977-79	James	327	871,000
1977-79	Howard	183	160,000
1977-79	Scott	350	585,000
1979-81	Crook	408	1,227,000
1981-83	Ryors	169	527,000
1983-85	Boyd	277	1,610,000
	TOTAL	2,209	9,151,000

MINUTES

OF THE BUDGET, FINANCE AND PHYSICAL PLANT COMMITTEE
OF THE OHIO UNIVERSITY BOARD OF TRUSTEES
HELD DECEMBER 16, 1977, in
Columbus, Ohio

The Committee convened at 1:30 p.m. on December 16, 1977, pursuant to Resolution 1977-378 adopted earlier by the Board of Trustees for the purpose of selecting an investment banking firm to negotiate the refunding sale of the 1974 general receipts bonds.

Present were Trustees, G. Kenner Bush, Chairman of the Committee, and Trustees Milton Taylor and Dean Jeffers. Also present were President Charles Ping, Treasurer of the University William Kennard, and Director of Legal Affairs John F. Burns, who was appointed secretary to the Committee.

The first matter discussed involved full disclosure by the Trustees of their professional and personal involvement with the investment banking firms that were to be considered for selection. Mr. Jeffers requested that the record show that as Chairman of the Board and Chief Executive Officer of Nationwide Insurance his company had done business with the investment banking firms under consideration. Mr. Taylor indicated that he had had professional and personal financial services performed by two of the three firms making presentations and was a director of the Ohio National Bank, which is an affiliate of one of the firms and for that reason he desired to participate in the discussions but would abstain from voting.

Presentations were then made by Mr. John Conner of McDonald & Company, Mr. Mike Endreas of the Ohio Company and Mr. Gordon Reis, III of Seasonsgood and Mayer.

Chairman Bush thanked each of the firms' representatives and then opened the meeting for discussion as to which firm would be selected.

The discussion proceeded to the point where Mr. Jeffers moved that McDonald & Company be selected, which was seconded by Mr. Bush, and the vote was taken with Mr. Bush and Mr. Jeffers voting in favor of the motion and Mr. Taylor abstaining.

The meeting was then adjourned by Mr. Bush at 4:45 p.m.

G. Kenner Bush
Chairman

John F. Burns
Acting Secretary