

OHIO UNIVERSITY
ATHENS, OHIO 45701

BOARD OF TRUSTEES

January 5, 1981

TO: Those listed below*

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

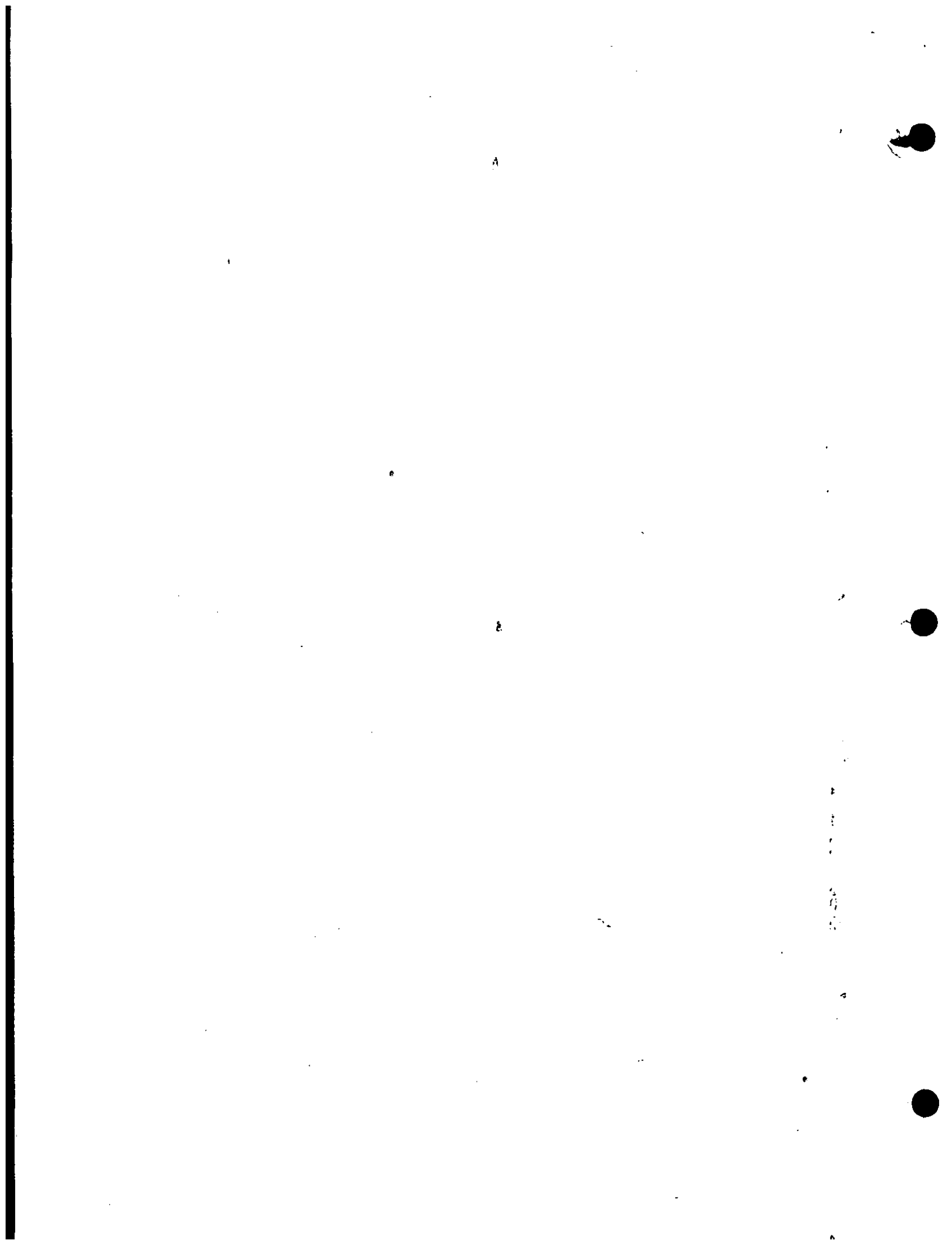
SUBJECT: Minutes of the December 22, 1980, Special Meeting of the Board.

Enclosed for your file is a copy of the December 22 minutes. This draft will be presented for approval at the next regular meeting of the Board.

REM:vg

Enclosure

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



OHIO UNIVERSITY

ATHENS, OHIO 45701

BOARD OF TRUSTEES

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

Monday, December 22, 1980, 10:00 A.M.
Athletic Club - Columbus, Ohio

I. ROLL CALL

Five members were present, namely, William A. Lavelle, Chairman, Milton J. Taylor, Vice Chairman, G. Kenner Bush, Dean W. Jeffers and Donald A. Spencer. This constituted a quorum. Four members were unable to attend, namely, Frank C. Baumholtz, Priscilla S. D'Angelo, J. Grant Keys and William D. Rohr.

President Charles J. Ping and Treasurer William L. Kennard were present.

II. APPOINTMENT OF ACTING SECRETARY

Mr. Bush moved that William L. Kennard be appointed Acting Secretary for the Special Meeting. Mr. Taylor seconded the motion, which was unanimously approved.

RESOLUTION 1980--550

RESOLVED that William L. Kennard be appointed Acting Secretary for the special meeting of the Board of Trustees of the Ohio University held on December 22, 1980.

III. GENERAL RECEIPTS BOND SALE

Mr. Kennard distributed and discussed the attached report (Attachment 1, page 363) which describes the proposed restructuring of the escrow account.

Mr. Jeffers stated that the proposed restructuring had been before the Budget, Finance and Physical Plant Committee and that the proposal had the full endorsement of the Committee. He further stated that the Committee had instructed staff to proceed with the matter up to Board approval.

Mr. Jeffers moved the adoption of the escrow revision resolution (Resolution 1980--551). Mr. Spencer seconded the motion.

ESCROW REVISION RESOLUTION

A RESOLUTION AUTHORIZING THE REVISION OF INVESTMENTS MADE PURSUANT TO THAT CERTAIN ESCROW AND TRUST AGREEMENT DATED DECEMBER 3, 1974 WITH THE CITY NATIONAL BANK AND TRUST COMPANY OF COLUMBUS, CURRENTLY BANK ONE OF COLUMBUS, NA

WHEREAS, the President and Trustees of the Ohio University (the "University"), a state university of the State of Ohio created and existing under Chapter 3337 of the Ohio Revised Code, by resolution adopted by its Board of Trustees (the "Board") dated as of December 1, 1974 authorized the issuance and sale of \$15,175,000 principal amount of General Receipts Bonds, Series 1974, (the "Refunding Bonds") for the purpose of providing funds, together with certain other available funds, to refund the then outstanding balance of certain previously issued and outstanding obligations (the "Refunded Bonds"), all as more fully set forth in the transcript of proceedings relating to the issuance of the Refunding Bonds; and

WHEREAS, in connection with the issuance of the Refunding Bonds and the refunding of the Refunded Bonds, the Board adopted by resolution an Escrow and Trust Agreement (the "Agreement") by and between the University and the City National Bank and Trust Company of Columbus, currently Bank One of Columbus, NA (the "Escrow Trustee"), directing the investment of the funds deposited with the Escrow Trustee in certain direct obligations of the United States of America (the "Government Securities") to be held for the benefit and credit of the holders of the Refunded Bonds; and

WHEREAS, the Board has been advised by McDonald & Company that because of the presently existing high yields available on certain Government Securities, the Board may realize additional cash benefits of not less than \$100,000 from a revision of certain of the investments in the escrow account which are currently held in the form of book-entry United States Treasury Notes and Bonds, State and Local Government Series (the "SLG Securities"); and

WHEREAS, the Board has been advised that in connection with the revision of such investments in the escrow account it is necessary on January 1, 1996 to call for redemption prior to their stated maturities in whole or in part certain of the Refunded Bonds consisting of the Housing and Dining Revenue Bonds, Series B, D, E, G and H; and

WHEREAS, the Board has determined that it is in its best financial interest to authorize and direct (i) the redemption of all or a portion of the SLG Securities purchased pursuant to the Agreement, (ii) the reinvestment of the proceeds of such redemptions in additional Government Securities, (iii) the redemption of certain of the Refunded Bonds, and (iv) the payment of the fees and expenses incurred in connection therewith; and

WHEREAS, such substitution of SLG Securities will not adversely affect the rights or security of the holders of the Refunded Bonds;

NOW, THEREFORE,

BE IT RESOLVED by the Board of Trustees of the University:

Section 1. The Escrow Trustee is hereby authorized and directed to take such actions as may be required to effect the redemption of all or a portion of the SLG Securities currently held in the escrow account and to substitute therewith Government Securities purchased with the proceeds realized from such redemption.

Section 2. The President and the Treasurer, acting for and on behalf of the University, are hereby authorized and directed to take such other actions, and execute such other documents, as may be required to effect the revision of the escrow investments and to realize the additional benefits attributable thereto, and on January 1, 1996 to call for redemption prior to their stated maturities in whole or in part the Housing and Dining Revenue Bonds, Series B, D, E, G and H.

Section 3. This resolution shall take effect upon its adoption.

I certify the above to be a true copy of a resolution approved by the Board of Trustees at a special meeting held on December 22, 1980, at which a quorum was present and voted.

December 22, 1980

William L. Kennard, Acting Secretary

Mr. Browning of the law firm Peck, Shaffer and Williams, Bond Council, discussed the resolution with the Board.

Following discussion and on roll call the following votes were cast:


Bush	Yes	Spencer	Yes
Jeffers	Yes	Taylor	Yes
Lavelle	Yes		

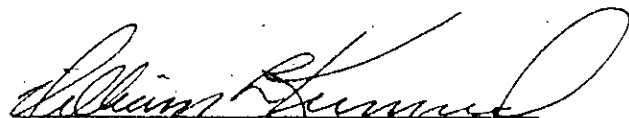
The motion was declared approved unanimously.

At 10:30 A.M., Chairman Lavelle, determining that there was no further business to come before the Board, declared the meeting adjourned.

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 on November 15, 1975, in accordance with Section 121.22(F) of the Ohio Revised Code and of the State Administrative Procedures Act:


William A. Lavelle
Chairman


William L. Kennard
Acting Secretary

RESTRUCTURING THE ESCROW ACCOUNT
ESTABLISHED BY THE GENERAL RECEIPTS BOND SALE
SPECIAL BOARD OF TRUSTEES MEETING DECEMBER 22, 1980

Attachment 1.

1. Establishment Of The Escrow Account

The proceeds from the 1974 General Receipts Bond Issue were used to establish an escrow account to pay interest and principal on older revenue bonds issued in the 1960's. Investments in the escrow account are all federal or U.S. securities. Approximately eighty-five percent (major portion) of the escrow account is restricted by arbitrage regulations and fifteen percent (minor portion) is unrestricted by arbitrage regulations.

2. Proposed Restructuring Of The Escrow Account

It is proposed to replace the minor portion of the escrow account securities with other higher yielding federal securities. Because of the higher yielding securities, less funds are required to be invested to meet the debt requirement, thus creating a cash transfer to the university.

It is further proposed to structure the escrow account for calling approximately \$3,600,000 of the revenue bonds in 1996. By calling the bonds, less funds will be needed in the new escrow account, thus creating an additional cash transfer to the university.

3. Financial Effect Of Restructuring The Escrow Account

It should be noted that we will not know the exact financial effect of restructuring until the financing is closed. However, at this time we estimate the initial financial effect as follows:

Income:

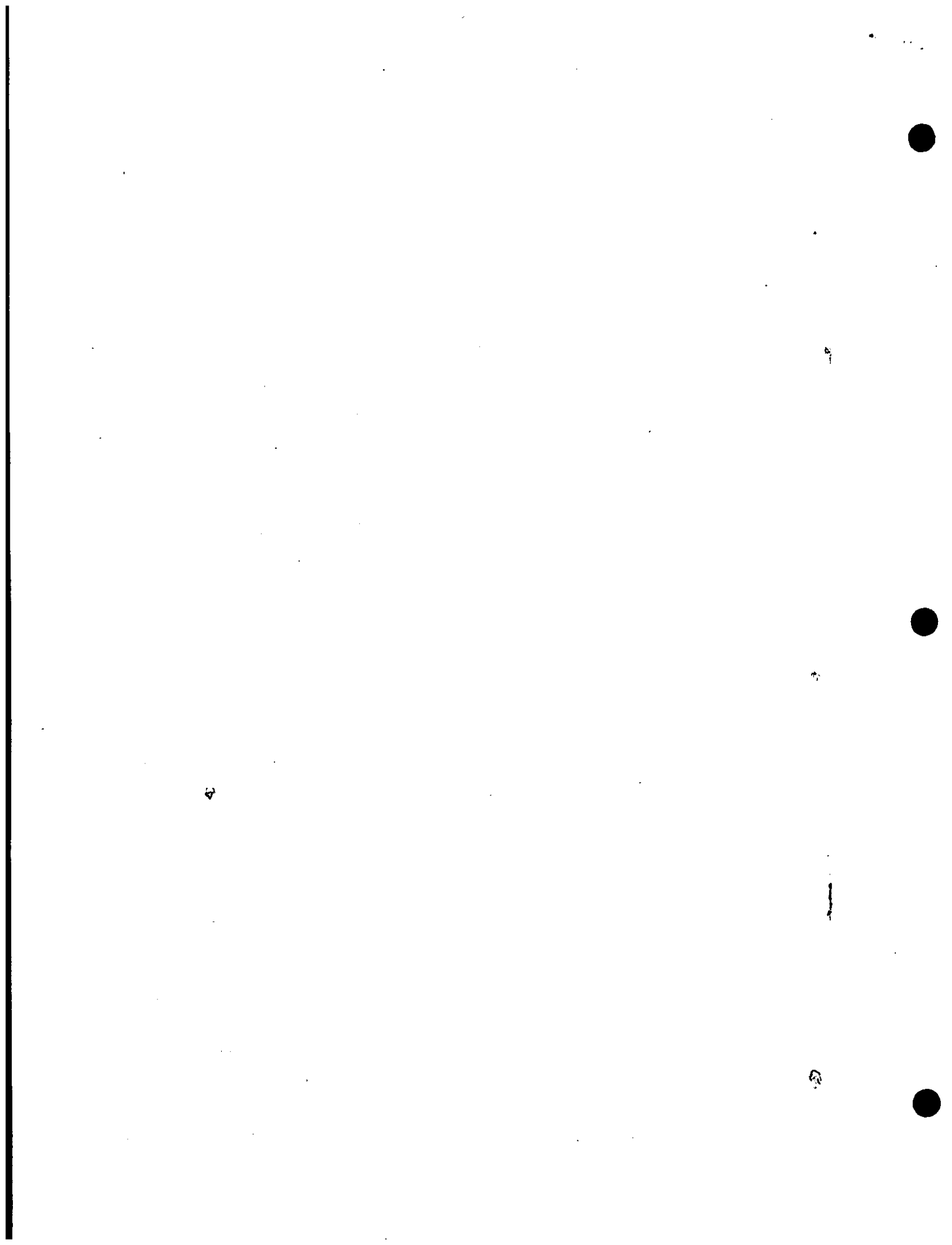
Cash Returned To The University From Restructuring The Account	\$500,000
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Expenses:

Bond Counsel	
Tax Accountants	
Investment Banking Firm	
Tax Counsel	
Verification Of Tax Accountants Computations	
Bond Trustee	<u>90,000</u>
Estimated Net Income To The University This Year	<u>\$410,000</u>

We anticipate additional income from the restructured escrow account over the life of the account (to the year 2007). However, the income will be minimal on an annual basis. The additional income will be generated as follows:

It is highly unlikely that we can purchase government securities which will mature on the day debt service payments on the bonds are due. However, the securities will be purchased to mature as close as possible to the debt service payment dates. The cash float (cash in hand from the security maturity date to the debt payment date) will be invested with the interest coming to the university.



4. Procedure For Replacing Securities In The Escrow Account

The trust officer will request the federal government to redeem the securities to be replaced. Government regulations require a twenty day waiting period from the date of the request to settlement. The trust officer will place an order in the open market, for delivery on the redemption date, for government securities to replace those securities redeemed.

There is some risk, although unlikely, that the federal government would not redeem the securities. Should this occur however, the financial impact on selling the purchased securities would amount to about \$30,000 for each point the market moves i.e. lose \$30,000 for each point the market goes up or gain \$30,000 for each point the market goes down.

5. Team Working On Restructuring The Escrow Account

We have essentially the same team working on the restructuring as we had on the 1978 bond sale, which refunded the 1974 bonds. The team consists of:

John Anderson of Peck, Shaffer & Williams (Bond Counsel)

John Conner of McDonald & Company (Investment Banking Firm)

Richard Chirles of Brown, Wood, Ivey, Mitchell & Petty (Tax Counsel and Counsel For McDonald & Company)

Dale Henderson of Ernst & Whinney (Tax Accountants)

Alexander Grant & Company Public Accounting Firm (Verifying Tax Accountant's Computations)

William L. Kennard of Ohio University.

6. Schedule For Fiscal Closing The Restructuring Of The Escrow Account

We anticipate that the request to the federal government to redeem current securities and place the order for the replacement securities can be accomplished within the next few days. Financial closing of the deal will follow twenty days after the order is placed.

7. Resolution

The proposed resolution, as prepared by John Anderson of Peck, Shaffer & Williams, authorizes the President and Treasurer to restructure the escrow account, provided such restructuring is in the best interests of the university.

William L. Kennard
12/22/80

OPEN MEETING CERTIFICATE

The undersigned hereby certifies that the special meeting of the Board of Trustees of the Ohio University held on December 22, 1980, at which all formal actions were taken and all deliberations were held relating to the adoption of the attached resolutions, was a meeting which was open to the public, in full compliance with applicable legal requirements, including Section 121.22 of the Ohio Revised Code.

December 22, 1980

William L. Kennard
Acting Secretary

RESOLVED that William L. Kennard be appointed Acting Secretary for the special meeting of the Board of Trustees of the Ohio University held on December 22, 1980.

I certify the above to be a true copy of a resolution approved by the Board of Trustees at a special meeting held on December 22, 1980, at which a quorum was present and voted.

December 22, 1980

William L. Kennard, Acting Secretary

ESCROW REVISION RESOLUTION

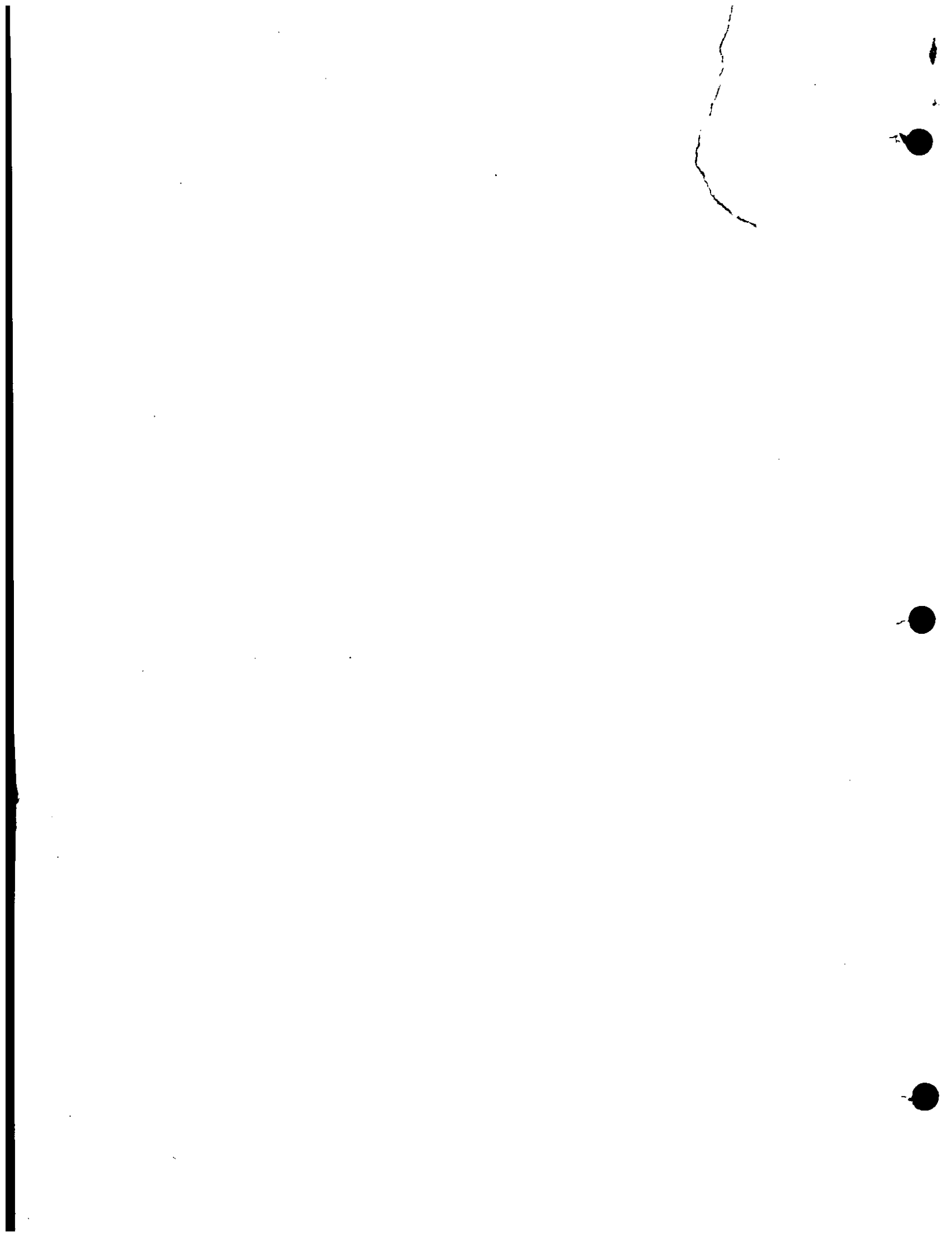
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WHEREAS, the Board has determined that it is in its best financial interest to authorize and direct (i) the redemption of all or a portion of the SLG Securities purchased pursuant to the Agreement, (ii) the reinvestment of the proceeds of such redemptions in additional Government Securities, (iii) the redemption of certain of the Refunded Bonds, and (iv) the payment of the fees and expenses incurred in connection therewith; and

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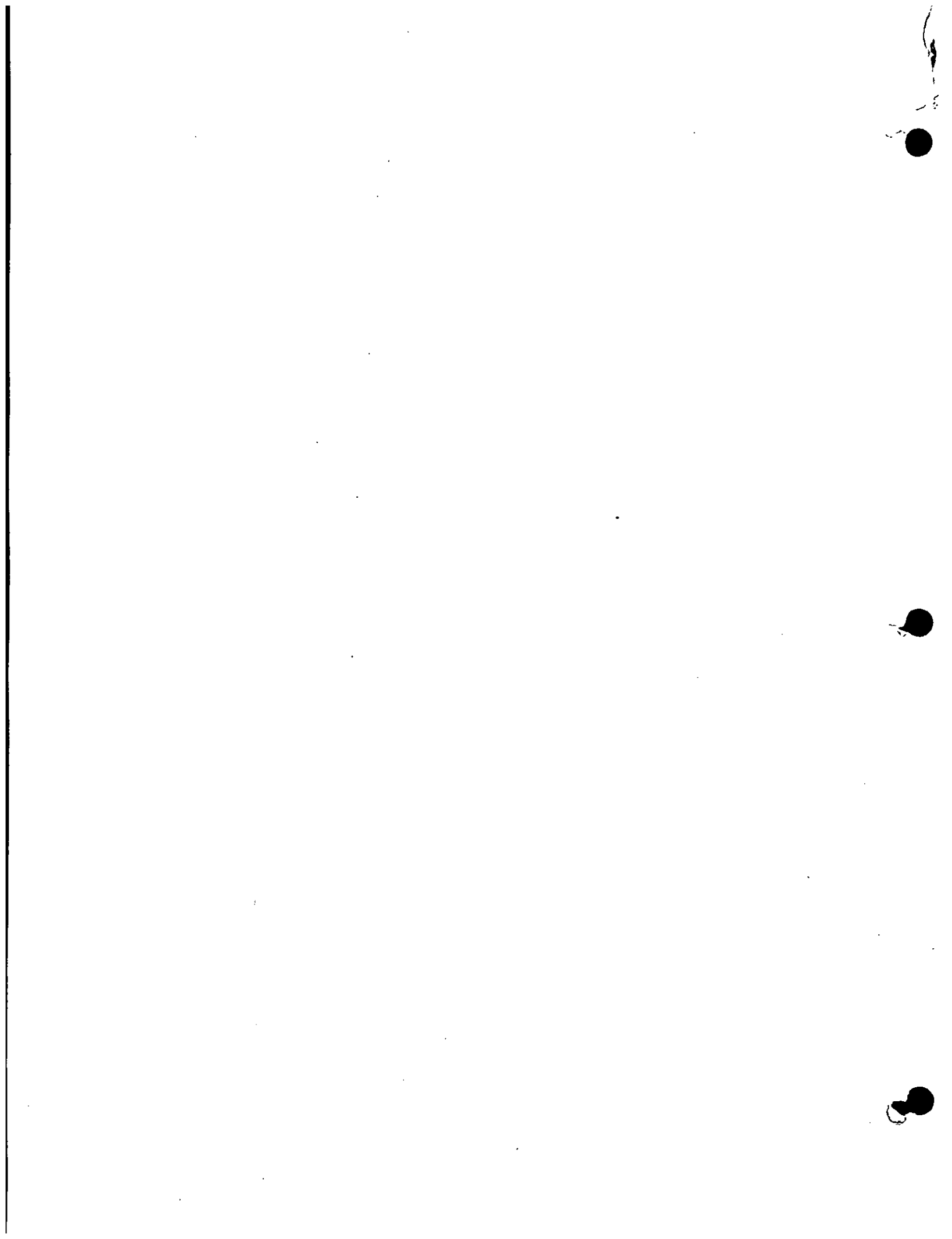
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December 22, 1980

William L. Kennard, Acting Secretary



OHIO UNIVERSITY

ATHENS, OHIO 45701


BOARD OF TRUSTEES

December 16, 1980

TO: WATH News, 300 North Columbus Road, Athens, Ohio 45701
WOUB News Department, Box 824, Athens, Ohio 45701
The Athens Messenger, Route 33 N. and Johnson Road, Athens, Ohio 45701
The Post, Campus Exchange
Student Senate, Campus Exchange
President, Belmont Technical College, Interstate 70 at State Route 331,
St. Clairsville, Ohio 43950
President, MATC, 1555 Newark Road, Zanesville, Ohio 43701
Peg Black, Campus Exchange
John Burns, Campus Exchange
Ohio University Faculty Association, P.O. Box 28, Athens, Ohio 45701

The Board of Trustees will have a special meeting on December 22 at 10:00 A.M., at the Athletic Club in Columbus. The purpose of the meeting is to approve the restructuring of a portion of the University's 1974 escrow account.

This information is forwarded pursuant to the provisions of Section 121.22(F), Ohio Revised Code.



Robert E. Mahn, Secretary

REM:vg

