

OHIO PUBLIC FACILITIES COMMISSION

Minutes of March 11, 2014 Meeting

The Ohio Public Facilities Commission held a meeting commencing at 3:00 p.m. on Tuesday, March 11, 2014, in the 35th Floor Conference Room, Office of Budget and Management, James A. Rhodes State Office Tower, 30 East Broad Street, Columbus, Ohio, pursuant to notice of meeting given by the Secretary pursuant to the Bylaws.

[Copies of the items marked * are attached hereto and made a part of these minutes.]

Mr. Scurlock reported for the Secretary that no new written designations, pursuant to Section 151.02 of the Revised Code and Section 2.1 of the Bylaws, were filed with the Secretary since the last meeting of the Commission.

Pursuant to the Bylaws, Mr. Grodhaus presided as Chair of the meeting and called the meeting to order. Upon roll call, the Chair declared a quorum to be present. The following member and designees of the members of the Commission, eligible to vote at the meeting, were present during the meeting:

Michael Grodhaus, Office of the Governor
Seth Metcalf, Office of Treasurer of State
David Yost, Auditor of State
Kimberly Murnieks, Office of the Attorney General
Veronica Sherman, Office of the Secretary of State
Kurt Kauffman, Office of Budget and Management

Among others present were Larry Scurlock (Assistant Secretary), John Sohner and Cassie Sanfrey (Office of Budget and Management); Dana Wasserman and Phil Mulroy (Office of the Treasurer); from Bond Counsel, Steve Grassbaugh and Allison Binkley (Benesch Friedlander Coplan & Aronoff LLP for the Higher Education Series 2014A Bonds) and Jim Prior (Porter Wright Morris & Arthur LLP for the proposed refundings); from Issuer/Disclosure Counsel, Greg Stype (Squire Sanders (US) LLP); and from the Commission's Swap Adviser, Peter Shapiro (SWAP Financial Group).

Mr. Scurlock filed the certificate* of compliance with the Commission's rule for notification of meetings to the public and news media.

Mr. Grodhaus then requested the minutes of the Commission's prior meeting be submitted for approval. Auditor Yost then moved, seconded by Mr. Grodhaus, to approve those minutes of the January 8, 2014 Commission meeting. There being no discussion, upon roll call, the motion was approved as follows: Ayes – Grodhaus, Metcalf, Yost, Sherman, Murnieks, and Kauffman; Nays – None. The Chair declared the motion passed and the minutes approved.

At the request of the Chair, Mr. Metcalf presented to the Commission the tabulation* of bids received until 10:30 a.m. for the State of Ohio Higher Education General Obligation Bonds, Series 2014A, for which the State had received the good faith deposit from the winning bidder in the amount and in the manner, and by the time, specified in the Official Notice of Sale.

There was then presented to the Commission completed Resolution No. 2014-3*, entitled "Resolution of Award, awarding \$300,000,000 State of Ohio Infrastructure Improvement General Obligation Bonds, Series 2014A." It was moved by Mr. Metcalf, and Auditor Yost seconded the motion, that Resolution No. 2014-3 be adopted. Upon roll call, the motion was approved as follows: Ayes – Grodhaus, Metcalf, Yost, Sherman, Murnieks, and Kauffman; Nays – None. The Chair declared the motion passed and Resolution No. 2014-3 adopted.

RESOLUTION NO. 2014-3
RESOLUTION OF AWARD
(HIGHER EDUCATION 2014A)

At Chairman Grodhaus' request, Mr. Scurlock introduced and gave a brief explanation of the following motion to authorize proceeding with a refunding of certain outstanding Commission bonds. Mr. Kauffman then moved, seconded by Mr. Metcalf, that the Director of Budget and Management, as Secretary of the Commission and as that Director, is authorized and directed to make or cause to be made, with the assistance of his staff and advisers or others, all necessary and appropriate arrangements for the competitive sale and issuance by the Commission by June 30, 2014, of Common Schools, Higher Education and Infrastructure Improvement General Obligation Refunding Bonds in an aggregate par amount not to exceed \$360,000,000, with Porter Wright Morris & Arthur LLP serving as bond counsel and Acacia Financial Group, Inc. serving as financial adviser, with that refunding to be in compliance with the debt service savings requirements of the State's Debt and Interest Rate Risk Management Policy and with formal authorization and award being subject to the Commission's adoption of the Resolutions providing for the issuance and sale of those Bonds. The motion was approved on roll call as follows: Ayes – Grodhaus, Metcalf, Yost, Sherman, Murnieks, and Kauffman; Nays – None. The Chair declared the motion passed.

At Chairman Grodhaus' request, Mr. Scurlock then presented the staff recommendation to designate Stern Brothers & Co. as additional investment banking firm qualified to serve as co-manager on Commission negotiated financings through June 30, 2015. Mr. Scurlock indicated that Stern Brothers is a woman owned firm and represented in Ohio by Michael DiPerna. Mr. Kauffman made a motion to approve the recommendation, which was seconded by Mr. Metcalf. Upon roll call, the motion was approved as follows: Ayes – Grodhaus, Metcalf, Yost, Sherman, Murnieks, and Kauffman. The Chair declared the motion passed.

Peter Shapiro of Swap Financial Group then made a presentation to the Commission on the results of the recently completed interest rate swap novations authorized by Commission Resolution No. 2013-19 adopted December 18, 2013. Mr. Shapiro explained that a key difference between swap and bond transactions is that the issuer must remain cognizant of the credit status of the counter-party in swap transactions since the counter-party has a continuing obligation to make payments to the issuer over time. He noted that the swap counterparty provisions of the State's Debt and Interest Rate Risk Management Policy worked as intended by ensuring the State had sufficient time and authority to mitigate the risk associated with deteriorating counterparty credit ratings. He also confirmed that the novation of these swaps from Morgan Stanley to Wells Fargo was accomplished at no cost to the Commission. In response to a question from Mr. Kauffman, Mr. Shapiro explained that this action by the Commission was in line with the practice of many other issuers in the swap market.

Mr. Scurlock then indicated that the next Commission meeting was likely to be in early May.

There being no further business, the meeting was adjourned.


Secretary