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(GSN) Easter Good Steward



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O'Meara Ferguson Advises on the Construction Financing for the Sixth Catholic Medical School

By David Morrison

Marian University is currently constructing a new College of Osteopathic Medicine, only the sixth medical school in the country associated with a Catholic university. This project reflects the vision of President Dan Elsener and the Board and is a truly transformative undertaking for the University. To provide assistance in realizing this goal, the University hired O'Meara Ferguson to prepare a Long-Term Capital Plan (the "Plan") and serve as financial advisor to the University for any financings related to the Plan.

Marian University is a Catholic, co-educational, comprehensive liberal arts university located in the City of Indianapolis, Indiana. The University traces its beginning to a school for teacher training founded by the Sisters of Saint Francis at Oldenburg, Indiana in 1851. The program was formalized in 1860 as the Academy of the Sisters of St. Francis. In 1864 it was renamed the Institute of the Immaculate Conception, and the following year it became the Academy of St. Francis. On April 8, 1885, the institution was chartered by the State of Indiana and called the Academy of the Immaculate Conception. In 1937, the college was chartered by the State of Indiana as Marian College with a four-year liberal arts program for young women and a teacher training department. Marian College moved to Indianapolis for the fall semester of 1937. In 1954 Marian became Indiana's first Catholic coeducational college, and in June 2009, Marian College became Marian University.

Over the past several years, the University grew and progressed through expansions of the academic curriculum, enhancing the faith dimension on campus, creating a more vibrant campus life with the addition of a football team and marching band, and adding and renovating buildings. The University now provides undergraduate and graduate degree programs and leadership development opportunities to more than

2,000 students from 20 states and 12 countries and has a student to faculty ratio of 17:1. The University currently has 407 faculty and staff.

O'Meara Ferguson's first step in developing the Plan was to meet with the University leadership team, its key advisors and Board members to gain a better understanding of their vision of the University's future, the scope and timing of its operating and capital needs, the historical and desired approach to development and fundraising, and the use of long-term financing to fund future capital expenditures. This information was used to establish the Plan objectives and define any philosophical constraints within which the Plan must operate. Tactically, these discussions helped us to define our initial modeling assumptions.

O'Meara Ferguson created a consolidated 30 year financial model of the University's operations and capital utilization. The model established all of the important sources and uses of capital, financing structures, projected debt service obligations, donation and campaign proceeds, construction, working capital, and contingency spending needs. Once the base model was constructed we reviewed the model and its assumptions with the University's leadership team. The model was then used to test various capital structures to design the optimum long-term capital structure for the University.

When the key elements of the Plan had been determined, O'Meara Ferguson drafted the Plan that included a discussion of how the Plan elements will work together, the timing and scope for the implementation of the Plan components, and a final working financial model to test and validate the Plan's economic viability.

Upon approval of the Plan, O'Meara Ferguson worked with the University to implement the financing delineated in the Plan, a \$105 million tax-exempt bond issue. O'Meara Ferguson's role as financial advisor included the following:

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- Determination of the University's overall debt capacity;
- Assessment of the University credit profile;
- Preparation of materials to obtain a credit rating;
- Identification and solicitation of likely lenders and underwriters;
- Review and evaluation of lender proposals and term sheets;
- Remodeling and assessment of lender proposals within the context of the Plan;
- Negotiation with potential lenders on behalf of the University; and
- Management and coordination of work among the University's various representatives and counsels including civil and canonical legal counsel, accountants, and current lenders as it relates to the closing of the bond issue.

The projects financed through the bond issue consisted of the construction, renovation and equipping of various facilities on Marian's campus. The center piece of the

new projects is the construction and equipping of a new 140,000 square foot building, the Marian University Center for Health Sciences and the Healing Arts, to house the new Marian University College of Osteopathic Medicine as well as the Marian University School of Nursing and future advanced medical studies programs. The new College of Osteopathic Medicine, upon opening in August 2013, will be only the second medical school operating in the state of Indiana and will have facilities for 600 medical students at full enrollment. Other projects financed by bond proceeds included a new dormitory on campus, the implementation of various technology and deferred maintenance projects throughout Marian's campus and the refinancing of existing debt.

Marian University is well on its way to realizing its vision of being a premier Catholic university that has expanded its mandate to include the education of physicians. O'Meara Ferguson is honored to have played a role in helping the University reach its goal.

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