January 13, 2020  
   
Dear Colleagues:  
   
Welcome back to the start of our 2020 spring semester!  It was exciting to see students begin returning to campus at the end of last week and then over the weekend following their holiday break.  I hope that everyone had a terrific bunch of holidays with families and friends.  
   
The purpose of this message is to announce that we closed our United States Department of Agriculture (USDA) $36.5 million loan last week in Columbus.  As we have briefed everyone several times over the past year, this strategic financial move has enabled us to refinance all of our existing long-term debt (about $14.5 million) and gain significant new capital (about $20 million) at a much lower fixed rate to improve student learning, living, and engaging spaces across campus.   
   
The strategic objective of this key initiative is to strengthen the fulfillment of Heidelberg's **Core Student Mission**of education excellence, full engagement, total success, four-year graduation, and preferred placement for all of our students.  
   
With the USDA loan closing now official, our Financial Recapitalization Plan is the largest financial action that Heidelberg University has ever undertaken.   
   
The major details of our USDA loan are exceptionally advantageous for our school.  We have secured a 2.75% fixed rate for a 38-year term with debt repayment starting in February 2022.  In essence, we have hit a strategic recapitalization grand slam by:  
   
>  Reducing our total annual debt service payments by about $200,000 in the Operating Budget versus our average annual debt service payments in recent years;  
   
>  Avoiding an estimated debt service increase of about $400,000 in our Operating Budget on our old debt annually given the expected high interest rate swap that would have hit us in 2023;  
   
>  Saving at least $7.5 million in projected debt service payments over the next 38 years; AND  
   
>  Adding about $20 million of new capital investment dollars for new and renovated buildings and facilities.   
   
The Student Prince translation is a lot more money for a lot less cost to make Heidelberg a whole lot better!  
   
Faculty, staff, students, Trustees, and guests can all see the USDA projects across campus.  The Gaming, Esports, and Media Center (The GEM Center) for our new Video Game Production major and our Esports Gaming Club in the renovated Krieg Hall MCC is done except for the pending installation of three orange ceiling tiles.  The construction of the 15 new Main Street Town Homes with 60 beds is underway and expected to be completed for student move-in by early August.  The historic restoration and renovation of France Hall is underway and expected to be completed for student move-in by late August.  The renovations of Frost Lecture Hall inside Bareis Hall and Little Theatre inside Founders Hall will be started after spring term ends and completed by September.  The architectural design planning for the Miller Hall renovation and upgrade has begun and we anticipate that one-year construction to start after the Main Street Town Homes open and France Hall reopens.  Finally, we will schedule the construction of the Student & Community Welcome Center pending all of the above work.     
   
This entire strategic recapitalization initiative started when Board of Trustee member and Board treasurer, Ralph Talmage, called me in April 2017 to suggest that we evaluate our existing debt and capitalization for critical projects.  It has taken us nearly 32 months since Ralph's call to consummate the plan.  I am deeply grateful to Ralph for his original idea and leadership to help us through this process with the Board of Trustees.  It was great that Ralph joined us for the final document signing in Columbus last week!  
   
I also want to express my tremendous appreciation to Vice President for Administration and Business Affairs Hoa Nguyen, Associate Vice President for Facilities and Engineering Rod Morrison, and Assistant Vice President and Controller Joel Wilkins for all of their incredible work to make this happen.  In particular, Hoa and Rod plowed through 32 months of very hard work to reach this point ... and our hard work continues with each campus project now!  
   
Our chief legal counsel, Brent Howard, worked alongside all of us throughout this extended process.  As always, Brent added so much critical value at many stages along the way.  It was great that Brent joined us for the final signing in Columbus last week too!  
   
Finally, I want to thank Mary Carr who is leading our USDA Ohio Team, Drew Linnenbom of Dinsmore & Shohl LLP for their legal counsel, and Dave Koenig of Fifth Third Bank for his strong partnership over many years of servicing Heidelberg.    
   
I hope that everyone is as excited and confident about the huge transformational impact of our USDA recapitalization loan as we are expressing together.  Heidelberg is moving forward and upward.  
   
Thank you very much.  
   
Respectfully,

Rob Huntington  
President