

BOARD OF REGENTS
EASTERN MICHIGAN UNIVERSITY

SECTION: 29

DATE:
June 10, 2014

RECOMMENDATION

**RESOLUTION OF THE BOARD OF REGENTS OF EASTERN
MICHIGAN UNIVERSITY AUTHORIZING THE ISSUANCE AND
DELIVERY OF GENERAL REVENUE REFUNDING BONDS AND
PROVIDING FOR OTHER MATTERS RELATING THERETO**

ACTION REQUESTED

It is recommended that the Board of Regents approve the attached resolution authorizing the issuance of general revenue refunding bonds and providing for other related matters.

STAFF SUMMARY

In June 2009, in order to finance a portion of certain capital projects, the University issued \$79,220,000 of General Revenue Bonds, Series 2009D. Part of the structure at the time of the issuance was to insert a 5-year callable option. Currently, \$9,960,000 of the remaining outstanding balance may be refunded by the University.

In February 2000, in order to refund certain bonds issued by the Board in 1992 and to finance certain capital projects, the University issued \$9,555,000 General Revenue Bonds and Refunding, Series 2000. Currently, \$1,240,000 remains outstanding and when combined with Series 2009D may be refunded by the University at a significant present value savings.

This resolution authorizes the issuance, execution, and delivery of bonds of the Board in registered form in one of more series, to be designated GENERAL REVENUE REFUNDING BONDS, SERIES 2014, to refund the prior bonds. The aggregate principal amount of the Bonds will not exceed \$11,500,000 (the amount necessary to produce proceeds sufficient to implement the refunding and pay the costs incidental to the issuance of the Bonds.) The first maturity will not be earlier than February 1, 2015 and the last maturity will not be later than February 1, 2039. The interest will be at a fixed rate, with an average coupon that will not to exceed 5.50% per annum.

FISCAL IMPLICATIONS

Based upon the current fixed interest pricing of 3.75%, the lifetime present value saving to the University is over \$1 million.

ADMINISTRATIVE RECOMMENDATION

The proposed Board action has been reviewed and is recommended for Board approval.

University Executive Officer

Date

**RESOLUTION OF THE BOARD OF REGENTS OF
EASTERN MICHIGAN UNIVERSITY
AUTHORIZING THE ISSUANCE AND DELIVERY OF
GENERAL REVENUE REFUNDING BONDS AND
PROVIDING FOR OTHER MATTERS RELATING THERETO**

WHEREAS, the Board of Regents of Eastern Michigan University (the "Board") is a constitutional body corporate established pursuant to Article VIII, Section 6 of the Michigan Constitution of 1963, as amended, with general supervision of Eastern Michigan University (the "University") and the control and direction of all expenditures from the University's funds; and

WHEREAS, on June 10, 2009, the Board issued and delivered its \$79,220,000 aggregate principal amount of General Revenue Bonds, Series 2009D, to finance a portion of certain capital projects of the Board, \$78,395,000 of which is currently outstanding and \$9,960,000 of which currently may be refunded by the Board (the "2009D Bonds") at a significant present value savings; and

WHEREAS, on February 7, 2000, the Board issued its \$9,555,000 General Revenue and Refunding Bonds, Series 2000, to refund certain bonds issued by the Board in 1992 and to finance certain capital projects of the Board, of which \$1,240,000 is currently outstanding and also may be refunded by the Board at a significant present value savings (together with the 2009D Bonds, the "Prior Bonds"); and

WHEREAS, upon the advice of its financial advisors and bond counsel and the recommendation of the University's Administration, the Board approves and adopts the recommendation of the Administration that the Prior Bonds should be refunded as herein provided; and

WHEREAS, the refunding of the Prior Bonds as herein described are within the authority of the Board and will serve proper and appropriate public purposes.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF REGENTS OF EASTERN MICHIGAN UNIVERSITY, AS FOLLOWS:

1. The Board hereby authorizes the issuance, execution and delivery of bonds of the Board in registered form in one or more series, to be designated GENERAL REVENUE REFUNDING BONDS, SERIES 2014, to refund the Prior Bonds (the "Bonds"), upon such terms as may be approved by the President or the Chief Financial Officer of the University (each an "Authorized Officer"), including the following: additional or other series designations or descriptive terms of the Bonds; the date or dates of issuance of the Bonds; the aggregate principal amount of the Bonds not to exceed \$11,500,000 (being the amount necessary to produce proceeds sufficient, together with other available funds, to implement the refunding and pay the costs incidental to the issuance of the Bonds); with the first maturity not earlier than February 1, 2015, and the last maturity not later than February 1, 2039; interest at a fixed rate (with an average coupon not exceeding 5.50% per annum); redemption prior to maturity,

including the times and prices with no redemption premium to exceed 3% of the principal amount being redeemed; time for payment of interest; denominations; manner of payment of principal and interest; terms of transfer, exchange, execution and authentication; whether issued in certificate or book entry only form; and the terms and conditions of a Trust Indenture and the identity of the Trustee thereunder.

2. The Bonds shall be limited and not general obligations of the Board payable from and secured, on a parity basis with all outstanding bonds of the Board, by a lien on the University's General Revenues (substantially as defined in the Trust Indenture relating to the Prior Bonds) or such components thereof and other funds as shall be determined by an Authorized Officer (individually and collectively, the "Security"). Except as otherwise determined by an Authorized Officer, the lien shall be on a parity basis with the liens on General Revenues securing previously issued and outstanding bonds of the Board.

Except as specified in the Bonds or related documents, no recourse shall be had for the payment of the principal amount of or interest or premium on the Bonds, or any claim based thereon against the State of Michigan, the Board or any officer or agent thereof, as individuals either directly or indirectly, nor shall the Bonds and interest with respect thereto become a lien on or be secured by any property, real, personal or fixed of the State of Michigan or the Board, other than the Security.

Any pledge of the Security, debt service reserves and other funds shall be valid and binding from the date of the issuance and delivery of the Bonds without physical delivery or further act. The lien of said pledge shall be valid and binding against all parties (other than the holders of any other bonds, notes or debt obligations secured by a parity first lien on the Security) having a claim in tort, contract or otherwise against the Board, irrespective of whether such parties have notice of the lien.

3. The right is reserved to issue additional bonds, notes or other obligations payable from and secured on a parity basis with the Bonds from the Security, upon compliance with the terms and conditions as shall be set forth in the Bonds or related documents.

4. The Authorized Officers, jointly or severally, are hereby authorized and directed to select bond counsel, a financial advisor, an underwriter and the Trustee; to execute the Bonds by placing his or her facsimile signature thereon, and to deliver the Bonds in exchange for the purchase price thereof; to cause preparation of preliminary and final Official Statements with respect to the Bonds; to perform all acts and deeds and to execute and deliver all instruments and documents, for and on behalf of the Board and the University required by this resolution, or necessary, expedient and proper in connection with the issuance, sale and delivery, and ongoing administration, of the Bonds, as contemplated hereby; and to execute and deliver, for and on behalf of the Board, any required continuing disclosure undertakings with respect to the Bonds, in the form such officer deems appropriate.

5. All resolutions or parts of resolutions or other proceedings of the Board in conflict herewith be and the same are hereby repealed insofar as such conflict exists.

I hereby certify that the attached is a true and complete copy of a resolution adopted by the Board of Regents of Eastern Michigan University at a regular meeting held on June 10, 2014.

I further certify as follows:

1. Present at the meeting were the following Board members: _____

Absent from the meeting were the following Board members: _____

2. The following members of the Board voted for adoption of the Resolution: _____

The following members of the Board voted against adoption of the Resolution: _____

RESOLUTION DECLARED ADOPTED:

Secretary to the Board of Regents of
Eastern Michigan University