

BOARD OF REGENTS
EASTERN MICHIGAN UNIVERSITY

SECTION: 18
DATE: November 1, 2016

RECOMMENDATION

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

ACTION REQUESTED

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

STAFF SUMMARY

In 2009, the University issued an aggregate principle amount of \$102,380,000 of General Revenue Bonds (Series 2009C and 2009D). The 2009C bonds for \$23,160,000 are tax-exempt bonds. The 2009D bonds for \$79,220,000 are taxable issuer Build America Bonds authorized by Section 1531 of the American Recovery and Reinvestment Act of 2009. The University receives subsidies from the Federal Treasury, subject to assessed sequestration adjustments.

This resolution authorizes the issuance, execution and delivery of bonds to refund the Series 2009C and 2009D Bonds and up to \$23 million in new capital to fund capital projects. The capital projects include the replacement of the University's Co-Generation system and Phase II of the University's on-going Energy Conservation Measures (ECM) project. The Bonds would be issued to Barclays Bank PLC. The Refunding Bonds would have maturity dates consistent with their current maturity dates. The additional bonds would have maturity dates of 2046.

The University will utilize \$20 million of the new issuance funds to repay the short-term loan approved by the Board of Regents at the June 2016 meeting. The short-term loan provided liquidity to begin the Co-Generation and ECM projects until this debt offering could be established.

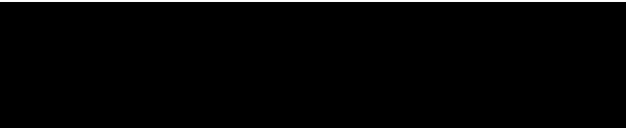
FISCAL IMPLICATIONS

The refunding portion of the issuance is expected to realize an 8.4% and 5.3% net present value savings on the currently existing 2009C and 2009D bond interest payments. Total incremental debt service through 2046 is expected to be approximately \$41.2 million. The incremental debt

service is expected to be paid entirely by the savings associated with the operation of the Co-Generation unit and ECM projects.

ADMINISTRATIVE RECOMMENDATION

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



University Executive Officer

November 1, 2016

Date