

BOARD OF REGENTS
EASTERN MICHIGAN UNIVERSITY

SECTION: 18
DATE: April 21, 2017

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 THERETO

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

On June 25, 2015, the Board executed and delivered (i) a Term Loan Agreement and Supplement to Term Loan Agreement (the "2015 Loan Agreement"), between the Board and Barclays Bank PLC ("Barclays"), each dated as of June 25, 2015, providing for a term loan to the Board in the principal amount of \$158,569,650, \$155,000,000 of which is currently outstanding (the "Term Loan"), and (ii) a total return swap (the "TRS") related to the Term Loan, effective as of June 24, 2015, the original notional amount and current notional amount of which were and are the same as the Term Loan.

This resolution authorizes the issuance, execution and delivery of bonds to refund the 2015 Loan Agreement with economic terms consistent with the terms of the 2015 Loan Agreement. However, as a Bond Issuance the University will no longer be subject to certain terms of default that are present in the 2015 Loan Agreement. The Refunding Bonds would have maturity dates consistent with their current maturity dates.

FISCAL IMPLICATIONS

None

ADMINISTRATIVE RECOMMENDATION

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



University Executive Officer

April 21, 2017

Date

**RESOLUTION OF THE BOARD OF REGENTS OF
EASTERN MICHIGAN UNIVERSITY
APPROVING CAPITAL PROJECTS AND
AUTHORIZING THE ISSUANCE AND DELIVERY OF
GENERAL REVENUE AND 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, in order to best serve the needs of the University’s student body, the Board proposes to undertake the capital projects described on Exhibit A hereto (the “Projects”) and to finance with tax-exempt bonds all or a portion of such Projects; and

WHEREAS, on June 25, 2015, the Board executed and delivered (i) a Term Loan Agreement and Supplement to Term Loan Agreement (the “2015 Loan Agreement”), between the Board and Barclays Bank PLC (“Barclays”), each dated as of June 25, 2015, providing for a term loan to the Board in the principal amount of \$158,569,650, \$155,000,000 of which is currently outstanding (the “Term Loan”), and (ii) a total return swap (the “TRS”) related to the Term Loan, effective as of June 24, 2015, the original notional amount and current notional amount of which were and are the same as the Term Loan; and

WHEREAS, Barclays has agreed to eliminate certain restrictions in the 2015 Loan Agreement, terminate the TRS without penalty and execute a new total return swap with similar terms if the Term Loan is refinanced with tax-exempt general revenue bonds of the Board; and

WHEREAS, the undertaking of the Projects, the refinancing of the Term Loan and the execution of a new total return swap 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 approves the Projects and the financing thereof; approves the refinancing of the Term Loan; and approves the termination of the TRS and the execution of a new total return swap, all as herein provided.

2. 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 AND REFUNDING BONDS, SERIES 2017 (the “Bonds”), to finance all or part of the Projects and refinance the Term Loan, 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 \$155,000,000 (being the amount necessary to produce proceeds sufficient, together with other available funds,

to achieve the purposes of this resolution); with the first maturity not earlier than March 1, 2018, and the last maturity not later than March 1, 2049; interest at a fixed rate (with an average coupon not exceeding 5.50% per annum); which maturities of the Refunding Bonds, if any, to be refunded; original issue discount or premium, if any; 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 principal and 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; the selection of a credit enhancement or liquidity provider; the terms and conditions of a Trust Indenture and the identity of the trustee thereunder; the portions of the Projects to be financed with the proceeds of the Bonds; terminate the TRS and execute a new total return swap on terms approved by an Authorized Officer in connection with the issuance of the Bonds; and in relation to the debt service on the Bonds, or in relation to all or any portion of the debt service on other outstanding debt obligations of the Board (the "Outstanding Debt"), enter into an interest rate swap, cap, forward starting swap, rate lock, option, swaption or similar agreement or agreements (collectively, the "Swap Agreement") with a counter-party or counter-parties to be selected by an Authorized Officer providing for payments between the Board and the counter-party related to interest on all or a portion of the Bonds or the Outstanding Debt, or to indexed or market established rates, modify or terminate any Swap Agreement entered into in connection with the Bonds or any of the Outstanding Debt, if the Authorized Officer determines such action is economic and in the best interests of the Board, based on the advice of the University's financial advisor, and pay any termination payment required by reason of a termination or failure to close.

3. 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 2015 Loan Agreement) 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 obligations 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.

4. 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.

5. The Authorized Officers, jointly or severally, are hereby authorized and directed to select bond counsel, a financial advisor, an underwriter and the Trustee; to select and engage a rating agency or agencies; to execute the Bonds by placing his or her original or facsimile signature thereon, and to deliver the Bonds in exchange for the purchase price thereof; to cause preparation of a preliminary and a final official statement or other appropriate disclosure document 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, the total return swap or any other Swap Agreement 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 and with such content as an Authorized Officer deems appropriate.

6. 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.

EXHIBIT A

THE PROJECTS

The Projects consist of the design, acquisition, construction, and installation of improvements to the University's campus facilities, including but not limited to its heating and cooling system, build-out and renovations within various University facilities, including but not limited to the Mark Jefferson Science Center, improvements to the Warner Gymnasium, and other necessary or appropriate campus facility improvements.