

**Submitted by: William Decatur, Vice President, Finance and Business Operations**

**AUTHORIZATION TO GUARANTEE A LINE OF CREDIT FOR  
CORVIAS CAMPUS LIVING – WSU, LLC**

**Recommendation**

It is recommended that the Board of Governors approve that the president, or his designee, enter into an agreement to guarantee a line of credit not to exceed \$20,000,000. This line of credit may be used to provide additional funds to support the public-private partnership for the construction of the Anthony Wayne Drive student housing project.

**Background**

At the September 23, 2016 Board of Governors meeting, the Board approved the formation of the partnership with Corvias Campus Living, LLC. Included in this partnership is the Anthony Wayne Drive student housing project which consists of the construction of two new apartment buildings on Anthony Wayne Drive, the demolition of the Helen L. DeRoy Apartments, and the renovation of Chatsworth Apartments.

The bond issuance for this project will go to the financial market in late April. Since September 2016, interest rates have increased .50%, and there is the potential for interest rates to increase again prior to the issuance of the bonds. Based on current projections, it may be necessary for the partnership to borrow additional funds to support the project.

If it becomes necessary for the partnership to borrow additional funds, it is anticipated that the provider of the Line of Credit will require that Wayne State University guarantee the Line of Credit.

RESOLUTION OF THE BOARD OF GOVERNORS OF WAYNE STATE UNIVERSITY  
AUTHORIZING THE GUARANTEE OF A LINE OF CREDIT FOR  
CORVIAS CAMPUS LIVING – WSU, LLC

WHEREAS, the Board of Governors of Wayne State University (the “Board”) is a constitutional body corporate established pursuant to Article VIII, Section 5 of the Constitution of Michigan of 1963, as amended, with general supervision of Wayne State University (the “University”) and the control and direction of all expenditures from the University’s funds; and

WHEREAS, by resolution adopted on September 23, 2016, the Board authorized the formation of a public-private partnership with Corvias Campus Living, LLC for the development, improvement and management of the University’s on-campus student housing facilities; and

WHEREAS, under agreements to be entered into between the Board and Corvias Campus Living – WSU, LLC, a Delaware limited liability company, as concessionaire (the “Concessionaire”), the Concessionaire will be responsible for, among other things, obtaining senior project indebtedness (the “Initial Project Indebtedness”) to provide financing for the construction of new student apartment buildings on Anthony Wayne Drive, the demolition of the Helen L. DeRoy Apartments and the renovation of the Chatsworth Apartments (collectively, the “Initial Projects”); and

WHEREAS, based on current projections, it may be necessary for the Concessionaire to borrow additional funds under a line of credit in the maximum available principal amount of not to exceed \$20,000,000 (the “Line of Credit”) in order to provide amounts sufficient, together with available proceeds of the Initial Project Indebtedness, to pay the costs of the Initial Projects; and

WHEREAS, the Line of Credit will be payable in the first instance from project revenues on a subordinate basis to the payment of debt service on the Initial Project Indebtedness; and

WHEREAS, it is anticipated that the provider of the Line of Credit will require, as a condition of extending credit to the Concessionaire, that the Board guarantee the payment obligations of the Concessionaire under the Line of Credit; and

WHEREAS, the Board has determined that the Line of Credit is a potentially necessary component of the capital funding structure for the public-private partnership and that the guarantee by the Board of the Concessionaire’s payment obligations under the Line of Credit will enable the University and the Concessionaire to better achieve the goals and objectives of the public-private partnership; and

WHEREAS, in the exercise of its constitutional duties, the Board has determined that it is necessary and in the best interests of the University to authorize the execution and delivery of a guaranty agreement (the “Guaranty Agreement”) with one or more banks or financial institutions (the “Credit Provider”), pursuant to which the Board will guarantee to the Credit Provider the timely payment of all amounts advanced to the Concessionaire under the Line of Credit, together

with all interest, fees and other amounts payable by the Concessionaire under the agreements or instruments pursuant to which the Line of Credit is obtained (collectively, the “Line of Credit Agreement”); and

WHEREAS, it is necessary to authorize the President and the Vice President for Finance and Business Operations, Treasurer and Chief Financial Officer (each an “Authorized Officer”), or either of them individually, to negotiate, execute and deliver on behalf of the Board the Guaranty Agreement, and any necessary related documentation, subject to the terms, conditions and limitations set forth herein.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF GOVERNORS OF WAYNE STATE UNIVERSITY, AS FOLLOWS:

1. Line of Credit; Guaranty Agreement. Either Authorized Officer is authorized, on behalf of the Board, to approve the borrowing by the Concessionaire of additional funds pursuant to a Line of Credit in order to provide amounts sufficient, together with available proceeds of the Initial Project Indebtedness, to pay the costs of the Initial Projects. The Board further authorizes the Authorized Officers, or either of them individually, to negotiate the terms of and execute and deliver, in the name of the Board and as its corporate act and deed, a Guaranty Agreement with a Credit Provider approved by an Authorized Officer, subject to the terms, conditions and limitations set forth herein. Under the terms of the Guaranty Agreement, the Board shall guarantee to the Credit Provider, but only from the sources specified herein, the timely payment of all amounts advanced to the Concessionaire under the Line of Credit, together with all interest, fees and other amounts payable by the Concessionaire under or pursuant to the terms of the Line of Credit Agreement, subject to the following conditions: (i) the maximum principal amount of borrowings permitted to be outstanding at any time under the Line of Credit shall not exceed \$20,000,000; (ii) interest shall accrue on sums outstanding from time to time under the Line of Credit at a rate not to exceed the lesser of 25% per annum, the maximum rate permitted by applicable law or the maximum rate, if any, specified in the Line of Credit Agreement; (iii) the term of the Line of Credit, including all extensions, renewals and replacements thereof, shall not exceed 40 years from the date of issuance of the Initial Project Indebtedness; (iv) advances under the Line of Credit shall be used solely to pay the costs of the Initial Projects, subject to such additional terms and conditions as may be determined by an Authorized Officer; and (v) the terms and conditions of the Line of Credit and related Line of Credit Agreement shall be approved by an Authorized Officer. Either Authorized Officer is further authorized, at any time, to approve extensions, renewals or replacements of the Line of Credit with a Credit Provider approved by an Authorized Officer and, in connection therewith, to negotiate, execute and deliver on behalf of the Board amendments to or replacements of the Guaranty Agreement, all as shall be deemed by such officer to be necessary for the purposes of this resolution; provided, however, that any such extensions, renewals or replacements of the Line of Credit and of the Guaranty Agreement shall be subject to the terms, conditions and limitations contained in this resolution.

2. Limited Obligation; Security. The obligations of the Board under any Guaranty Agreement shall be limited and not general obligations of the Board, payable solely from General Revenues, as defined below, and may be unsecured or, if an Authorized Officer so

determines, secured as set forth below; provided, that the Board reserves the right, but shall not be obligated, to pay the Board's obligations under any Guaranty Agreement from any legally available funds. The Authorized Officers, or any of them individually, are further authorized in the name of the Board and as its corporate act and deed to secure the Board's obligations under any Guaranty Agreement as described in this resolution by a first or subordinated lien on the General Revenues (as shall be defined in the Guaranty Agreement in a manner generally consistent with the definition thereof contained in that certain Trust Indenture, dated as of July 1, 2016, between the Board and The Bank of New York Mellon Trust Company, N.A., as trustee). A first lien on the General Revenues permitted to be established by this resolution and any Guaranty Agreement shall be on a parity basis with the first lien thereon established as security for certain outstanding debt of the Board. Any pledge of General Revenues shall be valid and binding from the date of execution and delivery of the Guaranty Agreement, and all moneys or properties subject thereto which are thereafter received shall immediately be subject to the lien of the pledge 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 other obligations secured by a parity first lien on General Revenues) having a claim in tort, contract or otherwise against the Board, irrespective of whether such parties have notice of the lien.

No Guaranty Agreement shall provide for or be construed as a pledge of the credit of or create any liability on the part of the State of Michigan, or any member or officer of the Board, or any of their successors, and no Guaranty Agreement authorized by this resolution shall be a debt or liability of the State of Michigan or a general obligation of the Board.

3. Conflicting Resolutions. All resolutions or parts of resolutions in conflict herewith 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 Governors of Wayne State University at a regular meeting held on March 24, 2017 and that said meeting was conducted and public notice of said meeting was given pursuant to and in full compliance with applicable law, and that the minutes of said meeting were kept and will be or have been made available as required by applicable law.

I further certify as follows:

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

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Absent from the meeting were the following Board members:

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

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

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RESOLUTION DECLARED ADOPTED.

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Julie H. Miller  
Secretary to the Board of Governors of  
Wayne State University