



BOARD OF GOVERNORS

OFFICIAL PROCEEDINGS

February 2, 2018

Regular Meeting

The meeting was called to order at 3:37 p.m. by President Wilson in Room BC of the McGregor Memorial Conference Center. Secretary Miller called the roll. A quorum was present, with the following Board members in attendance:

Governors Busuito, Dunaskiss, Gaffney, Kelly, Nicholson, O'Brien, Thompson, and Trent; and President Wilson

**Also Present:** Provost Whitfield, Vice Presidents Burns, Decatur, Hefner, Lanier, Lessem, Lindsey, Staebler, and Wright; and Secretary Miller

**APPROVAL OF CONSENT AGENDA**

**ACTION** – Upon motion by Governor Dunaskiss and seconded by Governor Trent, the Consent Agenda was approved as presented. The motion was adopted unanimously.

Board Meeting

A. Approval of the Official Proceedings of December 1, 2017

B. Personnel Recommendations

President Wilson noted that among the recommendations is the appointment of Sheryl Kubiak as the new dean of the School of Social Work.

Academic Affairs

C. Revision of Board of Governors Statute section 2.34.07.220 to authorize the revision of the statute to amend the definition of the WN withdrawal mark.

D. Change in the Name of the Department of Microbiology, Immunology and Biochemistry to the Department of Biochemistry, Microbiology, and Immunology

Budget and Finance

E. Nursing Distance Learning Classroom Renovation, to authorize the President, or his designee, to award contracts for the renovation of the Nursing Distance Learning Classroom Renovation at a cost not to exceed \$650,000 to design and construct the project. Funding for this project will be provided from the College of Nursing.

F. Weight room Addition - Matthaei Physical Education Center, to authorize the President, or his designee, to award contracts to design and construct a weight room addition to the Matthaei Physical Education Center, and increase the spending from \$2,300,000 to \$2,621,860 to construct the facility. Funding for this project is provided temporarily from University cash and permanently from the next University bond issuance, and \$91,860 of gift funding.

- G. Authorization to Sell Bonds, to authorize the President or his designee to issue up to \$138.7 million of Wayne State University general revenue bonds, with a term of up to 31 years. This amount includes \$129 million to fund specific projects and \$9.7 million for bond closing costs, capitalized interest and contingencies.

#### Approval of Official Proceedings (Board)

**ACTION** – Upon motion by Governor Dunaskiss and seconded by Governor Trent, the Official Proceedings of the December 1, 2017 Regular Meeting were approved as presented. The motion was adopted unanimously.

#### Personnel Recommendations (Board)

**ACTION** – Upon motion by Governor Dunaskiss and seconded by Governor Trent, the personnel recommendations were approved and action authorized in accordance therewith. The motion was adopted unanimously.

#### *School of Medicine*

Bret A. Hughes, for renewal as the Dong H. Shin, M.D., Ph.D. Endowed Professorship in Ophthalmology & Glaucoma Research, effective November 1, 2017 through October 31, 2022.

Philip D. Levy, for appointment as the Edward S. Thomas Endowed Professorship in the Emergency Medicine Department, effective August 1, 2017 through July 31, 2022.

Randy Lieberman for appointment as professor (clinical) in the Department of Internal Medicine, effective October 13, 2017.

#### *School of Social Work*

Sheryl Kubiak, for appointment as professor with tenure per University year in the School of Social Work, effective June 30, 2018. Professor Kubiak will serve as Dean. The recommendation for tenure is contingent upon a positive recommendation from the faculty of the School of Social Work at a meeting to be scheduled.

#### *Special Notes on Administrative Appointments*

##### *College of Education*

R. Douglas Whitman, for extension of appointment as Dean, effective July 31, 2018 through June 30, 2019, subject to the pleasure of the President or his/her designee during the term of the assignment.

##### *Eugene Applebaum College of Pharmacy and Health Sciences*

Deepak K. Bhalla, for appointment as Dean, effective January 15, 2018 through June 30, 2020, subject to the pleasure of the President or his/her designee during the term of the assignment.

***School of Social Work***

Sheryl Kubiak, for appointment as Dean, effective June 30, 2018 through June 29, 2023, subject to the pleasure of the President or his/her designee during the term of the assignment.

**Revision of Board of Governors Statute Section 2.34.07.220 (Academic Affairs)**

In the fall of 2016, in order to be compliant with federal aid regulations, a process was implemented by which faculty verified student participation, defined as attendance or some other meaningful activity, in each of their classes. This created a conflict with the current definition of the Withdrawal mark, "WN", stated in statute section 2.34.07.220, implying that a student can be verified as participating at the beginning of class, and still earn a WN grade with the possible interpretation that they never attended. Therefore, the language was updated to refer only to the inability to determine an appropriate letter grade.

Upon action by the Board, Section .220 of WSUCA Statute 2.34.07, "Grading Policy", will read as follows:

2.34.07.220      WN: Withdrawal given to student when there is no basis for a letter grade. The "WN" grade replaces the "X" grade.

**ACTION** – Upon motion by Governor Dunaskiss and seconded by Governor Trent, the Board of Governors approved the revision of WSU Code Annotated section 2.34.07.220 to amend the definition of the WN withdrawal mark. The motion was adopted unanimously.

**Change in the Name of the Department of Microbiology, Immunology and Biochemistry (Academic Affairs)**

In December 2016, the Department of Biochemistry & Molecular Biology was merged with the Department of Immunology & Microbiology to form a new Department of Microbiology, Immunology & Biochemistry. As part of the ongoing process of integration, and after discussion and a vote of the faculty, the department faculty and administration feel that the proposed name would better reflect the expertise, focus, and direction of the department.

**ACTION** – Upon motion by Governor Dunaskiss and seconded by Governor Trent, the Board of Governors renamed the Department of Microbiology, Immunology & Biochemistry in the School of Medicine, to the Department of Biochemistry, Microbiology & Immunology, effective February 5, 2018. The motion was adopted unanimously.

**Nursing Distance Learning Classroom Renovation (Budget and Finance)**

The proposed project involves modification of distance learning classrooms to increase capacity and upgrade technology. Distance Learning allows users to participate in a live videoconferencing with the traditional on-site classes from remote sites located 60 mile or more from the campus. Currently students are located all over Michigan and Ohio. Expanding the distance capabilities will allow the College of Nursing to further grow the graduate level programs and reach a broader potential student population outside of metro Detroit.

The project is already in progress. The original estimate and established budget was \$455,000 and was under the Board's threshold required for approval policy of \$500,000. However, bids received for the audio visual distance learning component were almost three times the original estimate. This, combined with unforeseen conditions with infrastructure access that raised construction costs increased the total project cost to \$650,000.

**ACTION** – Upon motion by Governor Dunaskiss and seconded by Governor Trent, the Board of Governors authorized the President, or his designee, to award contracts for the renovation of the Nursing Distance Learning Classroom Renovation. Further, the Board of Governors authorized spending up to \$650,000 to design and construct the project. Funding for this project will be provided from the College of Nursing. The motion was adopted unanimously.

**Weight Room Addition - Matthaehi Physical Education Center (Budget and Finance)**

In March of 2017 the Board of Governors approved a project to construct a weight room on the west side of the Matthaehi Building to replace the existing weight room, which was cramped and lacked adequate ventilation. The project, now under construction, has seen unanticipated increases, which were nevertheless within the allowable 10% threshold for requiring Board approval. A decision now must be made on the exterior cladding, either a cementitious (concrete look) cladding or the less expensive metal cladding, which could be susceptible to denting. The Athletics division has been successful in identifying gift sources to fund the additional costs, and the administration seeks approval to increase the project budget to recognize all current overages beyond the original approved budget and to include gift funding for the cementitious cladding.

**ACTION** – Upon motion by Governor Dunaskiss and seconded by Governor Trent, the Board of Governors authorized the President, or his designee, to award contracts to design and construct a weight room addition to the Matthaehi Physical Education Center. Further, the Board of Governors increased authorization for spending from

\$2,300,000 to \$2,621,860 to construct the facility. Funding for this project is provided temporarily from University cash and permanently from the next University bond issuance, and \$91,860 of gift funding as identified in the new budget summary. The motion was adopted unanimously.

**Authorization to Sell Bonds (Budget and Finance)**

The administration requested authorization to issue up to \$138.7 million of WSU General Revenue Bonds to fund nine capital projects as listed in the Resolution below. Total funding for these projects will come from fundraising, state appropriations, and bond proceeds. At this time interest rates remain at historically low levels, and the financial market environment is favorable regarding new bond issues. Although Wayne State University's credit ratings are in line with its peers, there is no assurance that the new debt issuance will not have an impact on its credit ratings. It is anticipated that improved enrollment trends and operating performance will have a mitigating effect on this pressure.

All individual project requests will be submitted separately to the Board of Governors for review and approval. In the event that project expenditures exceed available funding because of the timing of the receipt of pledged gifts, the required funds may be borrowed from the Cash Pool, and the loans will be repaid immediately upon receipt of the related gifts.

**ACTION** – Upon motion by Governor Dunaskiss and seconded by Governor Trent, the Board of Governors adopted the Resolution as presented authorizing the issuance of up to \$138.7 million of Wayne State University general revenue bonds, with a term of up to 31 years. This amount includes \$129 million to fund specific projects and \$9.7 million for bond closing costs, capitalized interest and contingencies. The motion was adopted unanimously.

**RESOLUTION OF THE BOARD OF GOVERNORS OF WAYNE STATE UNIVERSITY  
AUTHORIZING THE ISSUANCE AND DELIVERY OF GENERAL REVENUE BONDS AND  
PROVIDING FOR OTHER MATTERS RELATING THERETO**

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 Michigan Constitution 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, in the exercise of its constitutional duties and in order to properly serve the needs of students attending the University, the Board has determined that it is appropriate and in the best interests of the University to finance all or a portion of the costs of certain capital improvements of the University, as described in Exhibit A attached hereto (all of such capital improvements described in Exhibit A being collectively referred to herein as the "Projects"), with the proceeds of the General Revenue Bonds authorized hereby; and

WHEREAS, the Board has previously issued and has outstanding certain series of General Revenue Bonds payable from and secured by a lien on General Revenues (collectively, the "Prior Bonds"); and

WHEREAS, it may be appropriate and economic to refund all or portions of the outstanding Prior Bonds as shall be determined by an Authorized Officer (as hereinafter defined) (the portions of the Prior Bonds to be refunded, if any, as determined by an Authorized Officer, is referred to herein as the Bonds to be Refunded"); and

WHEREAS, in the exercise of its constitutional duties, and in order to prudently control and direct expenditures from the University's funds, the Board determines it is necessary and desirable to authorize the issuance and delivery of General Revenue Bonds of the Board, in one or more series (the "Bonds"), to be payable from and secured by a pledge of General Revenues (as hereinafter defined), in order to provide funds that, together with other available funds of the Board, will be used to pay all or part of the costs of the Projects, all or part of the costs of refunding the Refunded Bonds, if any, and to pay costs incidental to the issuance of the Bonds and the refunding; and

WHEREAS, one or more trust indentures (collectively, the "Trust Indenture") must be entered into by and between the Board and a trustee (the "Trustee") to be designated by an Authorized Officer, pursuant to which the Bonds will be issued and secured; and

WHEREAS, it is necessary to authorize the Authorized Officers, or either of them individually, to negotiate the sale of the Bonds with one or more underwriters or groups of underwriters to be selected by an Authorized Officer (collectively, the "Underwriter") and to enter into one or more bond purchase agreements with the Underwriter (collectively, the "Bond Purchase Agreement") setting forth the terms and conditions upon which the Underwriter will agree to purchase the Bonds and the interest rates thereof and the purchase price therefor; and

WHEREAS, in order to be able to market the Bonds at the most opportune time, it is necessary for the Board 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 the terms of and to execute and deliver on behalf of the Board the Trust Indenture, the Bond Purchase Agreement, one or more remarketing agreements with the Underwriter or other parties (collectively, the "Remarketing Agreement"), and other related documents, to establish the specific terms of the Bonds and to accept the offer of the Underwriter to purchase the Bonds, and undertake such other actions and make such other determinations on behalf of the Board as authorized hereby, all within the limitations set forth herein; and

WHEREAS, the financing of the Projects, the refunding of the Bonds to be Refunded, if any, and the other actions as provided herein, will serve proper and appropriate public purposes; and

WHEREAS, the Board has full power under its constitutional authority for supervision of the University, and control and direction of expenditures from the University's funds, to acquire, construct, furnish and equip the Projects, to refund the Bonds to be Refunded, if any, and to pay all or a portion of the costs of the Projects and the costs of the refunding by issuance of the Bonds, and to pledge General Revenues for payment of the Bonds, as provided for herein.

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

1. The Board hereby approves the definition of the term "Projects" as set forth in Exhibit A attached hereto, and authorizes the Authorized Officers, or either of them individually, to determine the components of the Projects to be financed, in whole or in part, from the proceeds of the Bonds, and to determine the specific amount of the cost of each such component of the Projects to be financed from the proceeds of the Bonds. The Board may subsequently approve additional components of the Projects and specify that such additional components of the Projects shall be financed in whole or in part from the proceeds of the Bonds. The Board further approves the refunding of all or any portion of the Prior Bonds, and authorizes the Authorized Officers, or either of them, to select the portion, if any, of the Prior Bonds to constitute the Bonds to be Refunded, based on whether such refunding would produce interest or other cost savings or a more favorable debt service structure, or would provide for more favorable terms or covenants, or would reduce or eliminate unfavorable covenants or restrictions applicable to the Prior Bonds, as shall be determined by an Authorized Officer, and to fund, if deemed appropriate, a portion of the costs of the refunding from available funds of the Board and the balance of such costs from the proceeds of the Bonds, and to proceed with the refunding.
2. The Board hereby authorizes the issuance, execution and delivery of the Bonds of the Board, in one or more series, to be designated GENERAL REVENUE BONDS, with appropriate series designations, in the aggregate original principal amount to be established by an Authorized Officer, but not to exceed the principal amount necessary to produce proceeds of One Hundred Thirty-eight Million and Seven Hundred Thousand Dollars (\$138,700,000), plus the amount, if any, necessary to accomplish the refunding of the Bonds to be Refunded and to pay costs related thereto, as determined by an Authorized Officer. The Bonds shall be dated as of the date or dates established by an Authorized Officer, and shall be issued for the purpose of providing funds which, together with other available funds, will be used to pay all or a portion of the costs of the Projects, including, if determined to be appropriate by an Authorized Officer, capitalized interest related to all or any portion of the Projects for a period specified by an Authorized Officer, to pay all or a portion of the costs of refunding the Bonds to be Refunded, if any, and to pay costs related to the issuance of the Bonds and the refunding, including the costs of bond insurance premiums, if an Authorized Officer determines such insurance to be appropriate. The bonds shall be serial bonds or term bonds, which may be subject to redemption requirements, or both, as shall be established by an Authorized Officer, but the first maturity shall be no earlier than November 1, 2018 and the last maturity shall be no later than December 31, 2049. The Bonds may be issued as federally tax-exempt bonds or as federally taxable bonds, or any combination thereof, as shall be determined by an Authorized Officer. The Bonds may bear interest at stated fixed rates for the respective maturities thereof as shall be established by an Authorized Officer, but the weighted average yield of the Bonds (computed using the stated coupons and the stated original offering price) for the Bonds shall not exceed 5.50% per annum for tax-exempt bonds and 8.00% per annum for taxable bonds. Alternatively, all or part of the Bonds may bear interest at a variable rate of interest for all or a portion of their term, at indexed or market established rates or any combination thereof, and the variable rate of interest shall not exceed the lesser of 25% per annum, the maximum rate permitted by law or the maximum rate, if any, specified in the Trust Indenture. The Bonds may be subject to redemption or call for purchase prior to maturity at the times and prices and in the

manner as shall be established by an Authorized Officer, but no redemption premium shall exceed 3% of the principal amount being redeemed unless the redemption price is based on a "make whole" formula, in which case the redemption premium shall not exceed 25% of the principal amount being redeemed. Interest on the Bonds shall be payable at such times as shall be specified by an Authorized Officer. The Bonds shall be issued in fully-registered form in the denominations, shall be payable as to principal and interest in the manner, shall be subject to transfer and exchange, and shall be executed and authenticated, and may be issued in book-entry-only form, all as shall be provided in the Trust Indenture. The Bonds shall be sold to the Underwriter for a price to be established by an Authorized Officer (but the Underwriter's discount, exclusive of original issue discount, shall not exceed 1.50% of the principal amount thereof) plus accrued interest, if any, from the dated date of the Bonds to the date of delivery thereof.

Any or all of the Bonds may be made subject to tender for purchase at the option of the holder thereof or to mandatory tender for purchase. The obligation of the Board to purchase any Bonds subject to tender for purchase may be limited to remarketing proceeds of such Bonds, or may be made payable from General Revenues (as defined in Section 3 below), from available cash reserves of the University, subject to such limitations as may be specified in the Trust Indenture, or from, directly or as support for the cash reserves of the University, a letter of credit, line of credit, standby bond purchase agreement or other liquidity device, or one or more of the same, or any combination thereof (collectively, the "Liquidity Device"), all as shall be determined by an Authorized Officer. Any reimbursement obligation for draws under the Liquidity Device shall be a limited and not a general obligation of the Board, payable from, and may be secured by a pledge of, General Revenues. Each Authorized Officer is individually authorized to execute and deliver at any time, for and on behalf of the Board, any agreements or instruments necessary to obtain, maintain, renew or replace, and provide for repayments under, any Liquidity Device deemed by such officer to be required for the purpose of this Resolution.

In relation to the debt service on all or any portion of the Bonds, or in relation to debt service on all or any portion of the Prior Bonds, either Authorized Officer may, at any time, on behalf of and as the act of the Board, enter into or modify an interest rate swap, cap, forward starting swap, option, swaption, rate lock or similar agreement or agreements (collectively, the "Swap Agreement") with a counterparty or counterparties selected or to be selected by the Authorized Officer. Such Swap Agreement shall provide for payments between the Board and the counterparty related to interest on all or any portion of the Bonds or the Prior Bonds, at indexed or market established rates. If the Swap Agreement is entered into at approximately the same time as the issuance of the Bonds and is related to the Bonds, the expected effective interest rates on the Bonds to which the Swap Agreement relates, taking into account the effect of the Swap Agreement, shall be within the limitations set forth herein. Any Swap Agreement may, if determined necessary or appropriate by an Authorized Officer, be subsequently terminated, in whole or in part, which may result in termination payments due by the Board. Any such required payments and other costs of termination may be funded from available funds of the Board or the proceeds of the Bonds or other indebtedness of the Board, as shall be determined by an Authorized Officer.

3. The Bonds, and the obligations of the Board under any Swap Agreement or Liquidity Device, if either or both is entered into, shall be limited and not general obligations of the Board, payable from and, except as provided below in this Section 3, secured by a



lien on, the General Revenues (as shall be defined in the Trust Indenture in a manner generally consistent with the definition thereof contained in the trust indentures pursuant to which the Prior Bonds were issued). For the avoidance of doubt, General Revenues do not include "Gross Revenues of the University's housing facilities that are controlled and operated by Corvias Campus Living – WSU, LLC or its successors, as concessionaire (the "Concessionaire"), under that certain Service Concession Agreement for the Operation and Management of Student Housing, dated November 30, 2017 (the "Concession Agreement"), between the Board and the Concessionaire, and which "Gross Revenues" the Concessionaire has the right to receive and retain under the Concession Agreement.. Except as otherwise determined by an Authorized Officer, as provided below in this Section 3, the lien on General Revenues securing the Bonds, the Swap Agreement and the Liquidity Device, if any, shall be on a parity basis with the liens on General Revenues securing the Prior Bonds and other previously issued obligations of the Board secured by a first lien on General Revenues. The Bonds, and the obligations of the Board under the Swap Agreement, if any, and the Liquidity Device, if any, may also be payable from and secured by a lien on moneys, securities or other investments from time to time on deposit in certain funds created pursuant to the Trust Indenture or the agreements entered into in connection with the Swap Agreement or Liquidity Device.

No recourse shall be had for the payment of the principal amount of or interest or premium on the Bonds, or for the payment of any amounts owing under the Swap Agreement, if any, or the Liquidity Device, if any, or for any claim based thereon, against the State of Michigan, or any member or agent of the Board (including, without limitation, any officer or employee of the University), as individuals, either directly or indirectly, nor, except as specifically provided in the Trust Indenture or the agreements entered into in connection with the Swap Agreement, if any, or the Liquidity Device, if any, against the Board, nor shall the Bonds and interest and premium with respect thereto, or any obligations of the Board in connection with the Swap Agreement, if any, or the Liquidity Device, if any, become a lien on or be secured by any property, real, personal or mixed, of the State of Michigan or the Board, other than the General Revenues and the moneys, securities or other investments from time to time on deposit in certain funds established as pledged pursuant to the Trust Indenture or pursuant to the agreements entered into in connection with the Swap Agreement, if any, or the Liquidity Device, if any.

Any pledge of General Revenues, and funds specified in the Trust Indenture or in agreements entered into in connection with the Swap Agreement, if any, or Liquidity Device, if any, shall be valid and binding from the date of the issuance and delivery of the Bonds or such agreements, and all moneys or properties subject thereto that 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.

Notwithstanding anything herein to the contrary, any obligations of the Board under the Swap Agreement or the Liquidity Device may, if determined appropriate by an Authorized Officer, be payable and secured on a subordinated basis to the Bonds and other General Revenue obligations of the Board, or may be payable from General Revenues but be unsecured.

4. The right is reserved to issue additional bonds, notes or other obligations payable from General Revenues and secured on a parity or subordinated basis with the Bonds, the Prior Bonds and other obligations of the Board so secured by a lien on General Revenues, upon compliance with the terms and conditions therefor as shall be set forth in the Trust Indenture.
5. Either Authorized Officer is hereby authorized and directed, in the name and on behalf of the Board, and as its corporate act and deed, to select the Trustee, and to negotiate, execute and deliver the Trust Indenture in the form as an Authorized Officer may approve upon recommendation of legal counsel, which approval shall be conclusively evidenced by the execution of the Trust Indenture by an Authorized Officer. The Trust Indenture may contain such covenants on behalf of the Board and terms as either Authorized Officer deems appropriate, including, but not limited to, covenants with respect to the establishment of General Revenues at levels expressed as a percentage of debt service on the Bonds or all General Revenue obligations of the Board, and with respect to the issuance of additional bonds, notes or other obligations payable from and secured by General Revenues. In addition, either Authorized Officer is hereby authorized, empowered and directed to negotiate, if deemed appropriate by an Authorized Officer in connection with the issuance of the Bonds, for the acquisition of bond insurance and to execute and deliver an insurance commitment or other documents or instruments required in connection with such insurance.
6. Either Authorized Officer is hereby authorized and directed, in the name and on behalf of the Board, and as its corporate act and deed, to select the Underwriter and to negotiate, execute and deliver the Bond Purchase Agreement with the Underwriter setting forth the terms of the Bonds and the sale thereof, and containing such other covenants and agreements of the Board as may be required by the Underwriter in connection therewith, in the form as an Authorized Officer may approve, all within the limitations set forth herein. Either Authorized Officer is further individually authorized and directed, in the name and on behalf of the Board and as its corporate act and deed, to negotiate, execute and deliver the Remarketing Agreement, if any, with the Underwriter or other party selected by the Authorized Officer.
7. Either Authorized Officer is hereby authorized, empowered and directed, in the name and on behalf of the Board, and as its corporate act and deed, to execute the Bonds by manual or facsimile signature, and to deliver the Bonds to the Underwriter in exchange for the purchase price therefor.
8. Either Authorized Officer is authorized to solicit ratings on the Bonds from any national rating services that the Authorized Officer deems appropriate and to cause the preparation of a Preliminary Official Statement and an Official Statement with respect to each series of the Bonds, to deem such official statements "final" in accordance with applicable law, and to execute and deliver the Official Statements. Either Authorized Officer, or the Underwriter or the University's financial advisor, as appropriate, is authorized to circulate and use, in accordance with applicable law, the Preliminary Official Statements and the Official Statements in connection with the offering, marketing and sale of the Bonds.
9. The President, the Vice President for Finance and Business Operations, Treasurer and Chief Financial Officer, the Assistant Treasurer, the Secretary to the Board, and any other appropriate officer or representative of the Board or the University are each hereby

authorized to perform all acts and deeds and to execute and deliver, for and on behalf of the Board, all instruments and documents required by this Resolution, the Trust Indenture, the Bond Purchase Agreement, the Remarketing Agreement, the Swap Agreement or the Liquidity Device, or necessary, expedient and proper in connection with the issuance, sale and delivery of the Bonds, as contemplated hereby, including, if deemed appropriate, one or more escrow deposit agreements with an escrow agent to be selected by an Authorized Officer as may be necessary to accomplish the refunding of the Bonds to be Refunded. Either Authorized Officer is authorized to designate and empower the escrow agent to subscribe for United States Treasury Securities-State and Local Government Series, on behalf of the Board, as may be necessary in connection with any refunding authorized hereby. Either Authorized Officer is further authorized to execute and deliver all instruments and documents for and on behalf of the Board or the University, and to take all actions, required, necessary or appropriate for the ongoing administration or operation of the financing program represented by the Bonds, the Trust Indenture, the Bond Purchase Agreement, the Remarketing Agreement, the Swap Agreement, and the Liquidity Device. Any action required under the Trust Agreement, the Bond Purchase Agreement, the Remarketing Agreement, the Swap Agreement or the Liquidity Device or any other instrument related to the Bonds, and any action necessary or appropriate in connection with the ongoing administration of the financing program authorized hereby, may be taken by and on behalf of the Board by an Authorized Officer. Any reference to an officer of the Board or the University herein shall include any interim or acting officer appointed by the Board.

10. In accordance with the requirements of Rule 15c2-12 of the United States Securities and Exchange Commission, the Board may be required in connection with the issuance of the Bonds to enter into one or more continuing disclosure undertakings for the benefit of the holders and beneficial owners of the Bonds. Either Authorized Officer is authorized to cause to be prepared and to execute and deliver, on behalf of the Board, the continuing disclosure undertakings.
11. Either Authorized Officer is hereby authorized and delegated the power to execute, on behalf of the Board, one or more declarations of intent to reimburse the University from Bond proceeds for any expenditures with respect to the Projects incurred prior to the issuance of the Bonds, and for future projects to be funded with the proceeds of future bond issues, all in accordance with US. Treasury Regulation 1.150-2. Any and all actions of an Authorized Officer previously taken in connection with the execution of such declarations of intent are hereby ratified and confirmed.
12. If deemed necessary by the University's bond counsel, either Authorized Officer is authorized to arrange for the publication of a notice of and to conduct a public hearing with respect to the issuance of the Bonds, all in accordance with requirements of Section 147(f) of the Internal Revenue Code of 1986, as amended.
13. Any resolutions or parts of resolutions or other proceedings of the Board in conflict herewith are hereby repealed insofar as such conflict exists.

#### Exhibit A – Projects

The Projects, as that term is used in the Resolution to which this Exhibit A is attached, consists of the capital projects set forth below:

Project	Currently Estimated Cost*
1. Construction, renovation and expansion of the Hilberry Gateway Theatre.	\$55,000,000**
2. Construction of the Mike Ilitch School of Business in the District Detroit. The building will provide approximately 120,000 gross square feet of space over four floors.	\$18,000,000**
3. Renovation and repurposing of the Science and Engineering Library into an enhanced instructional learning environment for undergraduate STEM students.	\$25,250,000**
4. Construction of a new Data Center. The new single story building will be approximately 12,500 square feet.	\$16,900,000**
5. Construction of building electrical upgrades to support converting buildings that were formerly fed from the Detroit Public Lighting Department (PLD) to Detroit Edison Company (DTE).	\$6,000,000**
6. Construction of a weight room addition to the Matthaei Physical Education Center.	\$2,300,000**
7. Construction and relocation of the Campus Health Center. Due to the demolition of the DeRoy Apartment building, the Health Center will be relocated to the 1 <sup>st</sup> floor of the Anthony Wayne Drive housing building.	\$1,315,000**
8. Construction of a 6,000 square-foot art gallery as part of the Criminal Justice Building project.	\$1,020,000**
9. Costs of relocation of existing activities due to construction activities primarily relating to the STEM project.	\$2,800,000**
<b>TOTAL</b>	<b><u>\$128,585,000**</u></b>

\*Excludes bond issuance costs.

\*\*Represents the portion of the cost of the Projects to be financed with bonded debt.

## PRESIDENT'S REPORT

The President gave a brief report as follows:

Michigan State University – President Wilson discussed the recent crisis ongoing at Michigan State University, and noted the lead article in the *Chronicle of Higher Education*, "After the Nasser Trial, Michigan State on Trial." He commented that the crisis has far-ranging implications for all public educational institutions in Michigan and that no institution should feel

as if a similar situation could not happen to them. Accordingly, Wayne State will be instituting both an internal and an external review in order to address any vulnerabilities the University might have. In the meantime, it is necessary to send good thoughts to the victims and hope they feel that justice was done.

Martin Luther King, Jr. Tribute –Loretta Lynch, former Attorney General, was the Keynote Speaker at the Martin Luther King, Jr. Tribute. The President called her an outstanding role model for the students.

University's Sesquicentennial Year – The University kicked off its Sesquicentennial Year a few days ago, and the President noted the enthusiasm of the campus for the celebration as evidenced by the overflow attendance in the Community Arts Auditorium, noting that it was the first time he was at an event where every single Board member was present. He commended Secretary to the Board Julie Miller and her committee for the excellent job in planning the event, and he looks forward to future activities.

President Wilson concluded his report and introduced Mr. Kurt Metzger, an expert on data interpretation, population trend and analyses, to provide an overview of the current demographics and trends for the future.

#### **SPECIAL TOPIC - DEMOGRAPHIC OVERVIEW OF WAYNE STATE UNIVERSITY**

Mr. Metzger offered extensive data in a slide presentation, entitled "The Demographic Realities of the Market and Their Implications for Wayne State University's Enrollment Future." He began with enrollment trends for both undergraduate and graduate FTE, showing a fairly constant drop-off since 2010 when overall enrollment was 23,753, to about 21,696 FTEs in 2017. In analyzing the geographic origin of WSU students, about 96% of undergraduate students come from Michigan and 87% from the tri-county area, and a very small percentage from out-of-state or international. Graduate and professional students have a slightly higher percentage of international and out-of-state students, but overall 89% of WSU students come from Michigan and the tri-county area. A chart of the age distribution shows that the majority of students are in the 18-29 range, with a slight percentage increase of students in the 18-19 age group during the last four years. The racial and ethnic mix of students shows that the majority of WSU students are white, and over the last four to five years fairly constant numbers of Asian and non-resident alien students, a consistent growth of Latino students, but a decline in African American students.

Since WSU's primary base comes from the state of Michigan and in particular the tri-county area, Mr. Metzger presented a detailed study of the state's demographics since 2000. Michigan experienced a drop-off in population between 2005 and 2011, and although there have been six straight years of growth, it still has not attained its high point of 2005. The state's ranking in population has dropped to 10<sup>th</sup> from 8<sup>th</sup> in 2010, and the population loss is greatest in the northern counties. Three factors account for population: natural increase, or births over deaths; domestic migration, or movement in and around the U.S.; and immigration. During the last decade, Michigan fell behind Georgia and North Carolina, the two states that passed Michigan in the rankings, in terms of natural increase, and was relatively consistent with immigration. However, at the height of the economic downturn between 2007 and 2009, about 79,000 more people left Michigan than came in. In total during that time Michigan lost 225,000 people to other states, while Georgia and North Carolina were adding people. What is significant is that the loss came from the core working-age population of the 25 to 44 age group, while the population growth is in the 45 and over group, making Michigan one of the fastest aging states in the country. Three of the top ten oldest counties in the country are in the northern parts of Michigan, where median ages are over 50. Another trend in Michigan's population is increasing diversity, especially in the Asian, multi-race, and Latino population, due partly to immigration and partly to birth rates.

Mr. Metzger next studied the percentage of college graduates within the state. While they have increased slightly since 2010 to 29.6% of the population, they are still behind the national average of 32.6%. The core of the college-educated population is concentrated in Washtenaw, Ingham, and Oakland counties, with some growth in Macomb and Livingston counties, but most counties in the state are not even close to 29.6%. Income is closely linked to education, and in 1999 Michigan was well ahead of the U.S. average in median household income but dropped by 2016. Michigan ranked 17<sup>th</sup> in terms of per capita personal income in 2000, fell to 41<sup>st</sup> in 2009 and has recovered to 33<sup>rd</sup> in 2015, but still well behind the rest of the country. Again, that income is concentrated in southeast Michigan and two or three other counties, but in most of the state the per capita income is quite low.

Mr. Metzger changed the focus to the future and what can be expected in terms of high school graduates entering the college years. Due largely to the population trends discussed earlier, the forecast up to 2025-2026 shows a slow, continuous decrease in the college-age population. Because of the continuous drop in births, that age group will continue to slowly decrease through 2045. Michigan and the tri-county area will not grow if it does not attract immigrants or people from other states. To further explain this problem, charts showed the

growth and migration patterns for Oakland and Macomb counties. Macomb county's growth is due largely to domestic migration, primarily from Wayne and Oakland counties, rather than an increase in births or immigration. Although Oakland county sees in-migration from Wayne County, it actually suffers a net migration loss, losing its population to other counties such as Macomb and Livingston. Detroit's population loss was mostly with young families moving out of the city, with 183,000 African Americans leaving between 2000 and 2010. Wayne County over the last decade has lost more people per year than any other county in the country.

An examination of the racial and immigrant patterns of the area showed a dramatic growth in the Asian and Latino populations, and varying estimates of the Arab and Chaldean groups. Most of the immigrant populations were distributed in communities in Oakland and Macomb counties as well as in Canton and Plymouth in Wayne County. African Americans were found in the traditional communities in Wayne County and in Pontiac, as well as more recently in Southfield, Warren, and Eastpointe.

In terms of educational attainment, Oakland County with 52.5% of millennials with a college degree is well ahead of any other area in the region; in fact, the state of Michigan at 31.8% is below the national average of 34.9%. The state cannot compete against regions that are coming in at 40-50% region-wide. Michigan's rates are improving, but its millenials are not graduating at rates much higher than the general population. Mr. Metzger noted the socio-economic segregation in the area and how it correlates with where the educated population is located. During the last recession every area lost income, including Oakland County with its high graduation rate. However, a study of the charts shows that median household income is lowest in those areas where educational attainment is lowest.

Mr. Metzger also noted that while poverty is more concentrated in the city of Detroit, with 250,000 people living below the poverty level, there are 324,000 people living in poverty in the suburbs, a fact that should serve as an impetus to start solving issues on a regional basis. An additional problem to regional development is that Detroit has the lowest labor force participation rate in the country, due largely to the lack of a viable transportation system to provide people access to jobs. All these issues – population growth, educational attainment, household income, and transportation –play an important role in the growth of the area as well as the state.

Mr. Metzger concluded his presentation.

## STANDING COMMITTEE REPORTS

President Wilson reported that three of the Board's standing committees met during the morning session. A detailed report of the discussions during each committee meeting can be found in the Minutes of that committee.

### Academic Affairs Committee

The Committee had two action items that were approved as part of the Consent Agenda, and heard a presentation on the College of Nursing. Dean Clabo highlighted accomplishments, current trends, and future challenges by the College and its students and faculty. Among them are an increase in enrollment and in graduate program rankings that have received national awards; leading the nation in pass rates for the national nursing licensure exam; a 25% increase in external research and training grant funding; preparing a diverse nursing workforce; and facing the challenge of a national nursing faculty shortage.

### Budget and Finance Committee

The Committee had three action items that were approved as part of the Consent Agenda and five informational reports.

***Contingency Reserve*** – There were no requests for transfers from the Contingency Reserve, and the balance for FY 2018 remains at \$430,000.

***Annual Report on the Long-Term Investment Programs (for the Endowment Funds) for the Fiscal Year ending September 30, 2018*** – The Strategic Investment Group has been the endowment portfolio manager for the WSU Foundation since October 2016. A new asset allocation policy was developed, with the main difference being a reduction in U.S. equities and a corresponding increase in non-U.S. equities. At the end of FY 2017, the endowment fund totaled \$358, representing a 10.9% increase.

***Cash Pool Investment Program*** –The annual report provided an update on the University's cash pool balances, cash pool investments, debt, and a list of its banking relationships. Cash pool balances vary throughout the year, largely dependent on tuition inflows and general disbursements and payroll; as of September 30, 2017 the cash pool was approximately \$362 million. Cash pool investments earned 1.7% in FY 2017, with an overall credit quality of A. The University's debt portfolio stood at \$413.6 million on September 30, 2017, and it is paying off approximately \$12 million in principal each year.



**Michigan Universities Self-Insurance Corporation (M.U.S.I.C.) Annual Report** – The report covered financial statements, claims, and earnings for the fiscal year ending June 30, 2017. Since its formation in 1987, M.U.S.I.C. has returned \$5.6 million in dividends to WSU. The University also purchases property insurance coverage through FM Global from whom it has received dividends of \$251,354.

**Major Capital and Real Estate Projects**– Vice President Decatur presented a progress report on major capital projects currently underway and their expected completion dates. The second report discussed four new real estate ventures and their current status.

**Purchasing Exceptions**– The report summarized purchases greater than \$25,000 that were issued without competitive bids during the months of November and December 2017.

#### **Student Affairs Committee**

The Committee heard one informational report from Associate Provost Monica Brockmeyer on the **Student Success Annual Report**. The six-year graduation rates for 2017 were 47%, an increase of 9% over the previous year. Increases were also seen in the GPAs and credit hours completed among the FTIACs, as well as first to second year retention rates. Dr. Brockmeyer also discussed the programs and tools available for students to achieve success, and areas of focus for the future.

#### **RECOMMENDATIONS AND REPORTS FROM THE UNIVERSITY ADMINISTRATION**

The Provost and the vice presidents submitted the written informational reports listed below describing activities in their divisions. There was no discussion of the following six reports:

- Academic Affairs Informational Report – Student, Faculty and Academic Staff Achievements**  
– Provost Whitfield
- School and College Research Awards Report**–Vice President Lanier
- New Research Awards Over \$50,000** – Vice President Lanier
- Report on Waivers Approved to Board Statute 2.41.01.140** –Vice President Lanier
- Government and Community Affairs Report** – Vice President Lindsey
- Economic Development Report** – Vice President Staebler

#### **Conflict of Interest Contracts**

Vice President Lanier presented two contracts for Board approval with companies owned by Wayne State University employees. This creates a potential conflict of interest. Michigan Conflict of Interest law requires specific sunshine procedures in order for a

University employee, or a company owned by a University employee, to contract directly or indirectly with the University. The law requires disclosure of any pecuniary interest in the contract, and the disclosure must be made a matter of record in the Board's proceedings, including the name of the parties involved, and the terms of the contract. The contract must be approved by the Board with a vote of not less than two-thirds of the full membership of the Board in open session.

The disclosures required by the Conflict of Interest law for each contract are shown below.

***Reproductive Stress 3M, Inc.***

- (i) The parties involved in the contract are Wayne State University and Reproductive Stress 3M, Inc.
- (ii) The contract will provide that:
  - (a) Scope: See Scope of work for subcontract.
  - (b) Duration: The contract will be for twelve months with an effective start date of February 2, 2018.
  - (c) Financial Consideration: The amount of the contract is for \$135,000, which includes indirect costs at a rate of 54%.
  - (d) University Facilities to be Utilized: Dr. Rappolee's laboratory in the Department of Obstetrics and Gynecology, CS Mott Center, 275 East Hancock Street, Detroit, Michigan.
  - (e) New employees will be specifically recruited to perform the work as required by the contract.
- (iii) Drs. Elizabeth Puschek, professor, and Dr. Dan Rappolee, associate professor, in the Department of Obstetrics and Gynecology, are family members and their pecuniary interest consists of a current majority (60% and 40%, respectively) ownership of Reproductive Stress 3M, Inc. They will each and collectively therefore have the potential to financially benefit from the commercial success of the company. Drs. Puschek and Rappolee have each filed a Financial Conflict of Interest form with the Office of Research Integrity.

**ACTION** – Upon motion by Governor Gaffney and seconded by Governor Kelly, the Board of Governors authorized the President, or his designee, to contract with Reproductive Stress 3M, Inc., a Michigan C- Corporation. The contract will be to perform research and laboratory services related to the development and validation of stem cell technology for assessing the toxicity of drugs and compounds to embryonic development. The motion was adopted with the following roll-call vote:

Governor Busuito - yes  
 Governor Dunaskiss - yes  
 Governor Gaffney yes  
 Governor Kelly - yes

Governor Nicholson - yes  
 Governor O'Brien - yes  
 Governor Thompson - yes  
 Governor Trent - yes

***Detroit Engineering Products***

1. The parties involved in the contract are Wayne State University and Detroit Engineering Products.
2. The contract, in the total amount of \$250,000 (including 53% indirect costs) will support studies related to validation of the product system prototype and data acquisition.
3. The contract will have a term of 2 (two) years, with an estimated start date, February 2, 2018.
4. The Wayne State University College of Engineering Center for Automotive Research facilities will be used to conduct the experiments.
5. The research will be conducted by one Ph.D. and one master's degree student funded by this contract.
6. The pecuniary interest is based on Dr. Naeim Henein's ownership interest in "Naeim Henein", the prime recipient of the federal award and Dr. Henein's vested interest in IC LLC as the commercialization entity. Dr. Henein has filed a Conflict of Interest disclosure with the Office of Research Integrity.

**ACTION** – Upon motion by Governor Dunaskiss and seconded by Governor Busuito, the Board of Governors authorized the President, or his designee, to enter into a contract for research from Detroit Engineering Products (DEP). DEP has received a subcontract to perform services under a flow down from U.S. ARMY TARDEC Phase II Small Business Innovation Research grant, W56HZV-17-C-0094, "Precision In-Cylinder Pressure Sensor System for Heavy Duty Diesel Engine," awarded to "Naeim Henein,": a sole proprietorship registered in the state of Michigan and owned by a WSU employee. The motion was adopted with the following roll-call vote:

Governor Busuito - yes  
Governor Dunaskiss - yes  
Governor Gaffney yes  
Governor Kelly - yes

Governor Nicholson - yes  
Governor O'Brien - yes  
Governor Thompson - yes  
Governor Trent - yes

**Development and Alumni Affairs Report**

Vice President Burns said that as of January 31, the fundraising campaign is only \$31 million left to reach its goal of \$750 million, and she expects to reach that goal by the end of the fiscal year.

**Naming of the Doris J. and Donald L. Duchene, Sr. Athletic Facility**

**ACTION** – Upon motion by Governor Dunaskiss and seconded by Governor Busuito, the Board of Governors approved the naming of its Multipurpose Indoor Facility located at 5101 John C. Lodge Drive, 101 Matthaei, as the Doris J. and Donald L. Duchene, Sr. Athletic Facility in the Department of Athletics at Wayne State University, in recognition of the generosity of the Doris J. and Donald L. Duchene, Sr. Foundation

to the department's general expendable support fund. The motion was adopted unanimously.

#### **Dissolution of Endowment Fund**

**ACTION** – Upon motion by Governor Dunaskiss and seconded by Governor Busuito, the Board of Governors approved the dissolution of the Ivan C. and Elizabeth A. George Endowed Scholarship Fund in the Wayne State University Athletic Department. The motion was adopted unanimously.

#### **Transfer of Endowment Funds**

**ACTION** – Upon motion by Governor Gaffney and seconded by Governor Kelly, the Board of Governors approved the dissolution of the endowment funds listed below:

1. Ivan C. and Elizabeth A. George Endowed Scholarship Fund in the Athletic Department
2. Joshua M. Stein Memorial Endowed Scholarship in the College of Liberal Arts and Sciences

#### **Establishment of Endowment Funds**

**ACTION** – Upon motion by Governor Gaffney and seconded by Governor Nicholson, the Board of Governors established endowment funds that total \$150,000 for the purposes presented. The motion was adopted unanimously.

1. The Dale H. Chidester Memorial Endowed Scholarship in Chemistry to recognize scholastic achievement, encourage continued progress, and provide assistance to students in financing their education in the College of Liberal Arts and Sciences Department of Chemistry. \$25,000
2. The Charles and Janice Green Endowed Scholarship to recognize scholastic achievement, encourage continued progress, and provide assistance to students in financing their education in the College of Education. \$25,000
3. The Susan Wartell Endowed Student Teacher Scholarship to recognize scholastic achievement, encourage continued progress, and provide assistance to students on the path to becoming a teacher by offering them additional financial support as they complete the student teaching/clinical experience requirements of their program in the College of Education. \$25,000
4. The Jack and Fran Weinstein Family Scholarship Fund to recognize scholastic achievement, encourage continued progress, and provide assistance to graduate students in financing their education at Wayne State University. \$50,000
5. The Joel L. Young, M.D., Endowed Scholarship to recognize scholastic achievement, encourage continued progress, and provide assistance to Year IV medical students in financing their education in the School of Medicine. \$25,000

In response to a question, Vice President Burns explained that donors are sent a thank you letter at the time they sign the provision and make the initial gift; the Board takes action at its next scheduled meeting to create the endowment.

## **EXECUTIVE COMMITTEE**

The Executive Committee met earlier in the day and Governor O'Brien had one recommendation to bring to the Board.

### **Supplemental Retirement Plan**

**ACTION** – Upon motion by Governor O'Brien and seconded by Governor Dunaskiss, the Board of Governors authorize the President or his designee to create a 401A Supplemental Retirement Plan exclusively for the President to leverage as a recruitment and retention tool for his direct reports, and limit the distributions for lump sum payments to be paid after annual employment anniversaries. The motion was adopted unanimously.

## **ELECTION OF OFFICERS, 2018**

### **Chair of the Board**

Governor Dunaskiss nominated Governor O'Brien as Chair of the Board.

**ACTION** – Upon motion by Governor Dunaskiss and seconded by Governor Nicholson, the nominations for Chair of the Board were closed, and Governor Sandra Hughes O'Brien was unanimously elected Chair of the Board for 2018.

### **Vice Chair of the Board**

Governor Busuito nominated Governor Nicholson as Vice Chair of the Board.

**ACTION** – Upon motion by Governor Busuito and seconded by Governor O'Brien, the nominations for Vice Chair of the Board were closed, and Governor David Nicholson was unanimously elected Vice Chair of the Board for 2018.

### **Treasurer of the Board**

Governor Dunaskiss nominated William Decatur for the position of Treasurer of the Board of Governors.

**ACTION** – Upon motion by Governor Dunaskiss and seconded by Governor Nicholson, the nominations for Treasurer of the Board were closed, and Vice President William Decatur was unanimously elected Treasurer of the Board for 2018.

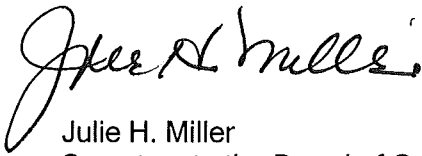
**Secretary to the Board**

Governor Trent nominated Julie H. Miller for Secretary to the Board.

**ACTION** – Upon motion by Governor Trent and seconded by Governor Gaffney, the nominations for Secretary to the Board were closed, and Julie H. Miller was unanimously elected Secretary to the Board for 2018.

**ADJOURNMENT**

There being no further business, the meeting was adjourned at 4:37 p.m.  
Respectfully submitted,



Julie H. Miller  
Secretary to the Board of Governors

**DRAFT**