



Budget and Finance Committee

September 20, 2019

Minutes

The meeting was called to order at 10:44 a.m. by Governor Kelly in the Room BC at the McGregor Memorial Conference Center. Secretary Miller called the roll. A quorum was present.

Committee Members Present: Governors Barnhill, Kelly, Kumar, Thompson, and Trent; Linda Beale, Faculty Representative, Paul Beavers, Faculty Alternate Representative; Mazen Zamzam, Student Representative and Waleed Eliwat, Student Alternate Representative

Also Present: Governors Busuito, Gaffney, and O'Brien; and President Wilson; Provost Whitfield; Vice Presidents Burns, Decatur, Lanier, Lessem, Lindsey, Staebler, and Wright; and Secretary Miller

APPROVAL OF MINUTES, MAY 1, 2019 REVISED, JUNE 17, 2019 SPECIAL MEETING, JUNE 21, 2019 REGULAR MEETING

ACTION: Upon motion made by Governor Trent, and supported by Governor Barnhill, the Revised Minutes of the May 1, 2019 Meeting, the June 17, 2019 Special Meeting, and the June 21, 2019 Regular Meeting of the Budget and Finance Committee were approved as submitted. The motion carried.

FISCAL YEAR 2020 GENERAL FUND BUDGET

FISCAL YEAR 2020 AUXILIARY FUND BUDGET

Governor Kelly advised that all members of the board previously met with Vice President Decatur and his staff for budget briefings, and the board is now ready for formal consideration of the recommendation.

Jeff Bolton, Assistant Vice President for budget presented the FY 2020 proposed budget for both the general fund as well as the auxiliary units. Overall, the general fund is comprised of five different revenue drivers. State appropriations and tuition and fees represent 92% of the university's general fund budget. The State legislature's higher education funding allotment for this year is \$14.9 million dollars, earmarked for operational funding for all public Michigan Universities. Within that amount, \$7.9 million will be distributed per the performance funding formula, and \$7 million dollars has been set aside

to address a short-fall in the North American Indian tuition waiver program. The University's portion of this allocation is an increase in appropriations of just over \$1 million dollars, representing a 0.5% increase from FY2019.

In terms of enrollment, WSU experienced a flat head count and credit hours are up over 1%. The university compared well to institutions in Michigan that had been projecting declines in enrollment up to about 5%, depending on the institution. The drop in international enrollment is a national trend, and not specific to WSU. The drop in international enrollment between fall 2016 and fall 2019 resulted in a \$16 million dollar revenue decline for the university. Overall revenues increased \$19 million dollars from the 2019 budget to the proposed 2020 budget.

Overall mandatory expenses are just over \$21 million dollars. These primarily consist of contractual and/or university policy stated expenses. These include just under \$8 million dollars in salary commitments, fringe benefits, debt service, and the 2% non-rep salary increase. In terms of remaining cost drivers, an updated curriculum for the School of Medicine MD program discussed earlier in the year has a proposed cost of \$3.2 million dollars. Financial aid will see an increase of \$2.9 million dollars, which continues the practice of increasing scholarships with need based aid availability at the same rate as the tuition increase. Two million has been allocated for new faculty hires, as part of the budget to attract new faculty for emerging programs and replacements. These components represent \$11.1 million dollars. In balancing the projected revenue increase with the projected expense increase leaves a \$12.7 million dollar short-fall. The short-fall was reallocated through budget reductions with schools, colleges and divisions to bring the budget in balance.

Turning to auxiliary units, the university's 10 auxiliary units are primarily self-supporting entities on campus, not using the resources of state appropriations or tuition and fee revenues. Mr. Bolton provided highlights from those units. Housing saw a few physical changes on campus including the opening of phase two of the Anthony Wayne Apartments this fall, the demolition of Helen DeRoy apartment buildings as well as the current renovation for Chatsworth apartments, which is due to reopen next fall. Student parking rates approved by the Board for FY20 remained the same for both daily and semester parking rates. In total, auxiliary revenue and expenses represented \$40 million dollars. Mr. Bolton concluded his presentation, and the floor opened for questions.

Professor Beale asked for clarification of numbers on p. B2 of the FY2020 budget book, where the budgeted expenditures have discrepancies. Mr. Bolton clarified that the discrepancy noted came from simple rounding, which was explained out in more detail in subsequent pages in the budget book.

Mr. Zamzam asked about budget allocations for elevator repairs. VP Decatur noted that this budget item will be a part of the overall deferred maintenance budget and that there were several elevator modernization projects underway. He is undertaking a comprehensive assessment of elevators across the university as well as reviewing the

elevator support provider. Mr. Zamzam suggested that VP Decatur's office send a campus-wide email to update students on this issue, and to let the students know that the university is aware of the problems. This is an area of student complaints. VP Decatur agreed and noted that he would be getting a communication out.

Governor O'Brien commented that the budget tuition projection was based on a contested vote that is currently the subject of litigation, and asked if there is a plan B in place. VP Decatur indicated that he had no comment on the litigation, and that the university would have to wait until the litigation is resolved and deal with it at that point. Governor Kelly responded that the tuition and fees were not in question at this point, they have been established by the Board and not overturned by a governmental or legal judicial body. Governor O'Brien responded that the fees were established by a portion of the Board, and that is what is under litigation. Governors Kelly and O'Brien discussed the status of current litigation; the courts have ruled on the issue regarding the Open Meetings Act, and there has been no final determination as yet on the quorum issue. The Court of Appeals has declined to hear an interlocutory Appeal until after that lawsuit has been completed. There were no further questions on the budget and the following action was then taken.

ACTION: Upon motion made by Governor Barnhill, and supported by Governor Trent, the Budget and Finance Committee recommended that the Board of Governors approve the proposed FY 2020 General Fund budget, its projected revenues and expenditures, and the budgets for individual university units and specifically funded programs as summarized in this document. In addition, the Board of Governors authorizes the President to implement the budget management procedures, and budget-related policies, with such modifications as may be deemed necessary during the fiscal year.

Finally, the Board authorizes the President to make budget adjustments in sufficient amount to offset any subsequent state appropriation funding adjustment from the projected amount as shown in the proposed FY 2020 General Fund budget. The motion carried, 6-1.

AUTHORIZATION TO SELL BONDS - AMENDED

VP Decatur advised that this recommendation is being brought forward to the Board to amend the project budgets. The projected budget for the stadium elevator has been reduced from \$5 million to \$2 million. The funds now available from that cost reduction provide opportunity to address other projects and have been allocated as follows: \$900,000 towards elevator modernization at Scott Hall and \$2.1 million for enhancing the intramural field. VP Decatur noted that the University is ready to go to market for the bonds and had S&P and Moody's confirm the ratings.

Governor Gaffney asked when the State Hall elevator project will conclude. VP Decatur advised the project will be finished in May of 2020. Professor Beale asked if funding of

the stadium elevator will take priority over other campus elevator projects. VP Decatur noted that the stadium elevator is an ADA compliance project. Governor Thompson asked for clarification on the total debt that the University is facing. VP Decatur noted the university's total debt is \$433 million. President Wilson added that this recommendation does not include new debt, but rather a reallocation of bond funds already approved to address some additional needed projects. VP Decatur added that with the completion of the master plan, his team will focus on putting together a multi-year capital plan. Governor O'Brien expressed support for the Matthaevi elevator project but asked for affirmation on the \$2 million cost. VP Decatur noted the \$2 million was based on a detailed analysis by an outside firm and that the \$5 million was an early estimate. Governor O'Brien asked for the analysis to be shared.

ACTION: Upon motion made by Governor Trent and supported by Mr. Zamzam, the Budget and Finance Committee recommended that the Board of Governors adopt the Amended authorization updated to reflect changes in the use of the bond proceeds only. Proceeds are being re-allocated to fund a portion of the Scott Hall elevators modernization efforts (\$0.9 million) and construction of an intramural field (\$2.1 million) presented and discussed as part of the Arena presentation. The motion carried.

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 remarketing agent selected by an Authorized Officer (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. Subject to the Board's policies regarding approval of capital projects, either Authorized Officer may subsequently approve additional components of the Projects and specify that such additional components shall be financed in whole or in part from the proceeds of the Bonds, upon which occurrence such components shall thereupon become components of the Projects hereunder. 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, in order to produce interest or other cost savings or a more favorable debt service structure, to provide for more favorable terms or covenants or to 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 FIFTY-TWO MILLION FIVE HUNDRED THOUSAND DOLLARS (\$52,500,000) for the payment of the costs of the Projects and the costs of issuance of the Bonds, 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 or mandatory redemption date shall be no earlier than November 1, 2020 and the last maturity shall be no later than December 31, 2050. 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 purposes 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 termination 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 remarketing agent 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 U.S. 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:

<u>Project</u>	<u>Currently Estimated Cost*</u>
1. Renovation and repurposing of the Science and Engineering Library into an enhanced instructional learning environment for undergraduate STEM students.	\$9,500,000**
2. Modernization of two existing elevators in State Hall and construction of a new elevator shaft.	\$4,500,000**
3. Completion of the building renovation of the School of Social Work to provide flexible meeting space, classrooms and offices and update the restrooms (phase 2).	\$3,500,000**
4. Modernization of Wayne State Stadium elevator.	\$2,000,000**
5. Design and construction of an approximately 70,000 square-foot arena seating approximately 3,000 to serve the men's and women's basketball teams. The arena will have one main court that can be divided into two courts, locker rooms, coaches' offices, film room, conference room and other ancillary spaces.	\$25,000,000**
6. Design and construction of an additional Intramural Field and replace natural grass with artificial turf to improve the playing surface.	\$2,100,000
7. Costs to fund a portion of the modernization of Scott Hall elevators.	\$900,000**
Total	<u>\$47,500,000**</u>

*Excludes bond issuance costs.

**Represents the portion of the cost of the Projects to be financed with proceeds of the Bonds.

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 meeting held on June 21, 2019, and that said meeting was conducted and public notice of said meeting was given pursuant to and in full compliance with all applicable law, and that the minutes of said meeting were kept and will be or have been made available as required by law.

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 the adoption of the Resolution:

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

RESOLUTION DECLARED ADOPTED.

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

INTRAMURAL FIELD CONSTRUCTION

Athletic Director Rob Fournier provided an overview of this project, and indicated that currently about 2500 students on campus participate in intramurals. These include students in 11 club sports, the marching band, coed football and also includes a waitlist for kids who want to participate in soccer and football. Governor Thompson asked about the construction and the process for engaging the community outside of the University. Director Fournier had a discussion with the community regarding the new arena and advised that the intramural field is available to the community, and reminded the board that through a gift the University received several years ago, the track was upgraded and is available and open throughout the day. Governor O'Brien asked if fence will be replaced, as the current fence is in poor condition. Mr. Fournier agreed, and advised that a 12-foot fence will be added. Professor Beale asked for clarification on the equestrian program mentioned, and where that takes place. Mr. Fournier advised that the equestrian program is held off campus.

ACTION: Upon motion made by Governor Trent and supported by Professor Beale, the Budget and Finance Committee recommended that the Board of Governors authorize the President, or his designee, to approve spending to design, solicit bids and award contracts for the Intramural Field for a project cost not to exceed \$2,100,000. Funding for this project will be provided from the FY19 Bond Issuance. The motion carried.

FOOTBALL STADIUM ELEVATOR CONSTRUCTION

Governor Kelly advised that the football stadium elevator construction was discussed earlier. There were no additional questions.

ACTION: Upon motion made by Governor Barnhill and supported by Governor Trent, the Budget and Finance Committee recommended that the Board of Governors authorize the President, or his designee, to approve spending to design, solicit bids and award contracts for the Football Stadium Elevator for a project cost not to exceed \$2,000,000. Funding for this project will be provided from the FY19 Bond Issuance. The motion carried.

MATTHAEI OFFICE ADDITION

VP Decatur noted that Matthaei currently supports the University's physical education programs and competitive sports. Additional non-teaching office space is needed for department growth, which will satisfy part of the response to an inquiry by the Office of Civil Rights of the Great Lakes Intercollegiate Athletic Conference, to provide office space for all sports programs, for all universities in this conference. The project will construct

approximately 1,300 square feet of additional office space to house seven private offices, a conference room and a copy print area.

Governor O'Brien asked if the space is just for administrative use or whether students and organizations be allowed to use it. VP Decatur noted these offices will be coach's offices. This is in response to a Title IX investigation of the entire conference and the findings were that there were not appropriate offices for all the coaches across the entire conference.

ACTION: Upon motion made by Governor Thompson and supported by Professor Beale, the Budget and Finance Committee recommended that the Board of Governors authorize the President, or his designee, to award contracts for the design and building of an office addition for Matthaei at a project cost not to exceed \$925,000. Funding for this project will be provided by General Athletics Support Programs and Corporate Sponsorship. The motion carried.

12C BUILDING MAGNETIC- RESONANCE IMAGING SYSTEM FOR LABORATORY APPLICATIONS (MRI) INSTALLATION PROJECT

VP Decatur presented and discussed the Magnetic Resonance Imaging System project for the new I2C building. The project's funding comes from multiple sources. The renovations are required to conduct research and technology development projects supported by the Department of Defense, the National Science Foundation, and the National Institute of Health. Funding of \$1 million will be provided by grants awarded to Dr. Eduard Chekmenev.

VP Lanier added that Dr. Chekmenev, recruited by the University, came to Wayne from Vanderbilt University, and has expertise in biomedical engineering, chemistry, oncology, and technology development. He has a 50% appointment in the department of chemistry and 50% appointment in the department of oncology, reflecting a broader partnership between the cancer center and the department of chemistry. His recruitment in the further development of that partnership is an important component of the upcoming competitive renewal of the NCI- designation of the cancer center coming forward next year.

Governor Thompson asked if the improvements/renovations are for an existing lab or creating new space, and for an explanation of the sources of funds to be used. VP Lanier noted that the space will need to be remodeled to accommodate this specific instrumentation and added that Wayne State is the home for the NCI designation for the cancer center, and the funds that will be used are Wayne State funds. Governor Kumar asked about costs for the lab. VP Decatur noted that the \$ 1 million is for the renovation. Professor Beale asked why the I2C space is being used versus placing the equipment in iBio. VP Lanier noted the open nature of the space at I2C. Its High Bay space will make it easier to move a large magnet in and out. At iBio, the equipment would have to go into the basement, and the parking lot would have to be used for access to the basement during construction. I2C is the only space that can accommodate a 10 or 20 ton

instrument. He added that there will be cross fertilization between the two facilities. Some staff will be relocated from bioengineering, those that work in photo acoustic imaging and ultrasound imaging technology development. President Wilson added with I2C, there is no construction necessary, whereas construction would have been necessary for this project to go into iBio.

ACTION: Upon motion made by Governor Barnhill and supported by Governor Trent, the Budget and Finance Committee recommended that the Board of Governors authorize the President, or his designee, to approve spending to design, solicit bids and award contracts for the remodeling of Lab 5 and the installation of a .35 Tesla Nuclear Magnetic Resonance Imaging (MRI) System for Laboratory Application for a cost not exceed \$1,000,000. Funding for this project will be provided from multiple sources as indicated. The motion carried.

FY2021-2025 FIVE-YEAR CAPITAL OUTLAY PLAN

VP Decatur introduced Ashley Flintoff, Director, Planning & Space Management, for this discussion. She presented the five year capital outlay plan and the proposal to the State for the next capital budget. The State requires submission of this plan for all public colleges, universities and community colleges, with the option to submit a project request every year. The due date for submission is October 31st. The plan looked at instructional programming, staffing and enrollment, assessment of current facilities and an implementation plan for the five years identified. The plan was put together through information received from a number of university groups and units looking at current and planned capital projects, many of which were approved by the board. The State required only capital projects of a \$1 million dollars to be included. The last capital outlay project requested appropriations from the State for the STEM Innovation Learning Center. That project is currently under construction and set to open fall of 2020. The current request is for a full renovation of State Hall, a four story, 163,530 square foot building with a partial basement. Estimated project cost of full renovation is \$85 million. The University asked for \$30 million in state capital outlay appropriations, the maximum amount that can be requested.

State Hall was built in 1948 and a large expansion was done in 1957. With 75 general purpose classrooms supporting undergraduate and graduate programs, 80% of WSU students have had at least one class in the building. Class rooms range in size from about 20 to 300 with planned space components including flexible classrooms, updated technology and appropriate furniture for a variety styles of pedagogy. Improvements to accessibility will include an elevator project modernizing the two existing and adding a third ADA compliant elevator, which will address some accessibility concerns. Also included will be collaboration spaces for students and faculty to interact and support academic success, beyond the traditional classrooms. The renovation of the building will remove deferred maintenance for the roof, mechanical, electrical, plumbing, and

technology furniture and finishes. Adequate technology and infrastructure to support current and future learning modes will also be added, contributing to student engagement and recruitment. The master plan focuses on State Hall as the primary location for academic learning. The request before the Committee is to approve the report and project request to the state, so that it can be submitted. Should funding be appropriated, the board approval will be requested for the specific project of State Hall renovation.

Governor Barnhill asked about the chances of success for capital outlay funding. VP Lindsey noted that chances were relatively good looking at the last four projects funded. Ms. Flintoff noted that for the previous STEM project, the university invested in a third-party consultant and a design consultant for initial programming and validation of budget. Governor Gaffney noted that it is an important project and that he was 100% behind VP Lindsey. Governor Trent agreed. Professor Beale noted appreciation of the inclusion of the academic senate and the considerations and ability to have some impact on the report itself. In response to Governor Barnhill's question about strategy, VP Lindsey noted that he will give the board an idea of the approach that includes advocacy from the Board. Governor O'Brien asked about the request timeline. VP Lindsey noted that the Governor and Legislature have to approve the request and it is not guaranteed that capital outlay funds will be approved every year. The hope is that the state will approve a capital outlay authorization for the budget year. President Wilson noted that whether or not the legislature and the Governor approve the capital outlay budget or not, it will not influence whether or not the University submits the request. It will go into a queue for when such funds are eventually budgeted. Governor Trent asked what percentage of this project will be raised through philanthropy as opposed to bonds. VP Decatur noted that the multi-year capital plan will look at all funding sources for projects, including philanthropy, state funding, bonds and indebtedness.

ACTION: Upon motion made by Professor Beale and supported by Governor Barnhill, the Budget and Finance Committee recommended that the Board of Governors approve the FY2021 - FY2025 Five-Year Capital Outlay Plan and Attachment B State Capital Outlay Project Request as presented. The motion carried.

INFORMATIONAL REPORT: MAJOR CAPITAL AND REAL ESTATE PROJECTS

There were no questions on this informational report.

PURCHASING EXCEPTIONS

VP Decatur asked if there were any questions on this informational report. Governor Barnhill asked if the University was a vendor to any other universities or researchers who might need to use our equipment, as a potential driver for revenue. VP Lindsey noted that the University had a number of specialized research courses around campus that

included high end instrumentation as in the MRI for human subjects. All of those are open for other institutions or external vendors to use on a fee for usage basis.

ADJOURNMENT

There being no further business, the meeting adjourned at 11:46 a.m.

Respectfully submitted,


Julie H. Miller
Secretary of the Board

DRAFT