

**Submitted by: Dave Massaron, Chief Business Officer, Chief Financial Officer,
and Senior Vice President, Finance and Business Operations; Treasurer**

AUTHORIZATION TO SELL BONDS

Recommendation

The Administration recommends that the Board of Governors adopt the attached Resolution authorizing the issuance of Wayne State University tax-exempt General Revenue Bonds in the aggregate principal amount necessary to produce proceeds of \$150 million for new money projects plus the amount necessary to accomplish any refunding transaction depending on market conditions at the time of pricing. At least \$100 million of bond proceeds will be combined with the \$100 million the University is scheduled to receive from the State of Michigan as part of the one-time capital funding included in Public Act 166 of 2022. The bond proceeds will be used to fund a portion of the cost of the School of Medicine & Karmanos Cancer Institute building project, in addition to other campus building and infrastructure projects, including, but not limited to roof replacements; elevator and HVAC systems upgrades; and road, walkway and parking improvements. The bond issuance will have a term of up to 36 years. The administration is committed to continued efforts to pursue philanthropic and other funding for the School of Medicine & Karmanos Cancer Institution building project, and in the event sufficient funds are raised, will reduce the amount of bond proceeds allocated to this project.

Budget Implications

The debt service expense will be covered entirely by the general fund. Annual straight-line amortization for the proposed Projects will be approximately \$10 million per year depending upon the financing structure. Full year debt service costs will be added to the budget beginning in FY2025 and incremental operating costs to be added in FY2026.

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, 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 projects of the University as described in Exhibit A attached hereto (all of such capital projects described in Exhibit A being collectively referred to herein as the "Projects"); and

WHEREAS, the administration has committed to continue to pursue philanthropic and other funding for the School of Medicine building and in the event sufficient funding is raised, the administration intends to reduce the amount of funding applied to the School of Medicine Building; 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 (as hereinafter defined) (collectively, the "Prior Bonds"); and

WHEREAS, it may be appropriate and in the best interests of the University 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, in order to provide funds that, together with other available funds, will be used to pay all or part of the costs of the Projects and to pay all or part of the costs of refunding the Bonds to be Refunded, 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 Chief Financial Officer and Senior Vice President for Finance and Business Operations (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 issuance of the Bonds for the purposes described 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 issue the Bonds to provide funds to pay all or a portion of the costs of the Projects and to pay all or part of the costs of refunding the Bonds to be Refunded, if any, 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, and to fund, as appropriate, the remaining costs of the Projects from other available funds. Subject to the Board's policies regarding approval of capital projects, either Authorized Officer may subsequently approve additional capital projects of the University and specify that such additional capital projects shall be financed in whole or in part from the proceeds of the Bonds, upon which occurrence such capital projects 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 of the Prior Bonds, if any, 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 aggregate principal amount necessary to produce proceeds of ONE HUNDRED SIXTY-ONE MILLION TWO HUNDRED FIFTY THOUSAND DOLLARS (\$161,250,000) for the payment of the costs of the Projects and for the payment of the costs of issuance of the Bonds, *plus* the amount necessary, if any, 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: (a) 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; (b) pay all or a portion of the costs of refunding the Bonds to be Refunded, if any; and (c) 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 of any Bonds shall be no earlier than November 1, 2023, and the final maturity date of any Bonds shall be not later than thirty-six (36) years from the date of issuance of such Bonds. 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) shall not exceed 6.00% per annum for tax-exempt bonds and 9.00% 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, determined on the basis of an index or a spread to an index or through market procedures, or both, 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 at the prices (which may be expressed as a percentage of the principal amount being redeemed or be based on a "make-whole" formula, or both) as shall be established by an Authorized Officer. 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 1.00% 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 of the Board (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, as the same may be supplemented or amended from time to time (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. Each Authorized Officer, 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 and 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 Indenture, 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 occupying such position or having been assigned all or a portion of the functions of such position.

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. The public hearing on the issuance of the Bonds to finance the component of the Projects described in Category I of Exhibit A attached hereto (the "Health Sciences Project"), as conducted by an officer of the University on January 6, 2023, and the prior posting of notice of the public hearing, all in accordance with and as required by Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), is hereby approved, ratified and confirmed. The Board hereby approves, in accordance with Section 147(f) of the Code, the issuance of the Bonds to finance a portion of the costs of the Health Sciences Project in the aggregate principal amount of not to exceed \$150,000,000.

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:

Category I

Acquisition, construction, renovation, furnishing and equipping of a health sciences education and cancer research facility, including instructional spaces, lab facilities, offices, and education and outreach departments.

Category II

Construction, furnishing and equipping of a new building for the Wayne State University Law School (partial funding supplement).

Renovation, furnishing and equipping of the Undergraduate Library.

Various improvements to campus facilities, sites and infrastructure, including, but not limited to: roof replacements; elevator and HVAC systems upgrades; and road, walkway and parking improvements.

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 January 26, 2023, 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