

**Agendum  
Oakland University  
Board of Trustees  
Finance, Audit and Investment Committee  
July 2, 2009**

**AUTHORIZING RESOLUTION – GENERAL REVENUE BONDS, SERIES 2009**

1. **Division and Department:** Finance and Administration Division, Treasury Management Department.
2. **Introduction:** The Governor of the State of Michigan signed the Capital Outlay Budget for FY08, Senate Bill 511, allocating a capital appropriation of \$40 million for Oakland University (University) to build a Human Health Building (HHB) at an estimated total cost of \$61,748,075. The \$21,748,075 University match will be funded from bond proceeds through the issuance of University General Revenue Bonds, Series 2009 (Bond). In addition, the Bond will include \$8,000,000 to finance campus infrastructure projects such as high temperature hot water distribution system upgrades, and \$3,000,000 to improve campus information technology and telephone improvements. Issuance costs are expected to be 2%, approximately \$700,000. The total amount of proceeds from this bond issuance will not exceed \$35,000,000.
3. **Previous Board Action:** On October 30, 2008 the Board of Trustees (Board) approved a reimbursement resolution for the HHB. On February 4, 2009, the Board authorized the Vice President for Finance and Administration to negotiate and execute a contract with SmithGroup, Inc. for architectural and engineering services for the HHB.
4. **Budget Implications:** Annual straight line amortization of \$35,000,000 at 4.8% for 30 years is \$2,225,158 per year including interest and principal starting in FY12.
5. **Educational Implications:** The Human Health Building was the most urgent need of the University for academic space. The School of Nursing and School of Health Sciences will be housed in the new building along with ten general purpose classrooms.
6. **Personnel Implications:** None
7. **University Reviews/Approvals:** The Office of Treasury Management, Vice President for Finance and Administration, Bond Counsel (Robert L. Schwartz at Butzel Long), Financial Advisor (Catherine Vaughn at TAKTIX Solutions), the Office of Legal Affairs and President have reviewed this agendum.
8. **Recommendation:**  
See Attachment A

Authorizing Resolution – General Revenue Bonds, Series 2009  
Oakland University  
Board of Trustees  
Finance, Audit and Investment Committee  
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9. Attachments:

A. RESOLUTION OF THE BOARD OF TRUSTEES OF OAKLAND UNIVERSITY AUTHORIZING THE ISSUANCE AND DELIVERY OF GENERAL REVENUE BONDS AND PROVIDING FOR OTHER MATTERS RELATING THERETO

Submitted by Vice President for Finance and Administration and Treasurer John W. Beaghan:

  
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(Please Initial)

Reviewed by Secretary Victor A. Zambardi:

  
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(Please Initial)

Reviewed by President Gary D. Russi:

  
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(Please Initial)

**RESOLUTION OF THE BOARD OF TRUSTEES OF  
OAKLAND UNIVERSITY  
AUTHORIZING THE ISSUANCE AND DELIVERY OF  
GENERAL REVENUE BONDS AND  
PROVIDING FOR OTHER MATTERS RELATING THERETO**

**WHEREAS**, the Board of Trustees of Oakland University (the "Board") is a constitutional body corporate established pursuant to Article VIII, Section 6 of the Michigan Constitution of 1963, as amended, with general supervision of Oakland 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 best serve the needs of the University's student body, the Board proposes to undertake the projects described on Exhibit A hereto (the "Projects"); 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 bonds (the "Bonds") in order to provide funds which, together with other available funds, will be used to pay all or a part of the costs of the Projects, to fund a debt service reserve fund, if one is required for the Bonds, and to pay costs relating to issuance of the Bonds; and

**WHEREAS**, it may be desirable and in the best interests of the University to secure all or part of the principal of and interest on the Bonds by bond insurance, a letter of credit or other form of credit enhancement from a bank, insurance company or other credit enhancement provider; and

**WHEREAS**, in order to market and sell the Bonds at the most opportune time, it is necessary and appropriate to authorize either or both of the President and the Vice President for Finance and Administration of the University (each an "Authorized Officer" and jointly the "Authorized Officers") to establish certain details relating to the Bonds and to designate the customary and necessary other participants in the financing; and

**WHEREAS**, the implementation of the Projects will serve proper and appropriate public purposes; and

**WHEREAS**, the Board has full power under its constitutional authority and supervision of the University, and control and direction of expenditures from the University's funds, to authorize and cause implementation of the Projects and issuance of the Bonds, and to pledge the University's General Revenues (as hereinafter defined) or any portion thereof for payment of the Bonds.

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF OAKLAND UNIVERSITY, AS FOLLOWS:**

1. **Approval of the Projects.** The Board hereby approves each of the Projects as set forth on Exhibit A attached hereto and authorizes an Authorized Officer to proceed with the implementation of all or a part of any one or more of the Projects and to determine the specific amount of the cost of each Project to be financed with the proceeds of the Bonds.

2. **Issuance of Bonds; Terms; and Related Matters.** The Board hereby authorizes the issuance, execution and delivery of the Bonds of the Board in one or more series, to be dated as of the date established by an Authorized Officer, to be designated GENERAL REVENUE BONDS, SERIES 2009, with appropriate additional or other series designations or descriptive terms, in an aggregate principal amount to be established by an Authorized Officer, but not to exceed the principal amount of \$35,000,000, being the amount necessary to produce proceeds sufficient, together with other available funds, to implement the Projects, to pay costs incidental to the issuance of the Bonds, including capitalized interest, and to fund, if required, a reasonably required debt service reserve fund for the Bonds in amounts to be established by an Authorized Officer. The Bonds shall be serial Bonds or term Bonds (which may be subject to redemption requirements), or both, as established by an Authorized Officer, but the first maturity shall not be earlier than October 1, 2009 and the last maturity shall be not later than December 31, 2040. The Bonds may bear no interest or interest at stated rates for the respective maturities thereof as established by an Authorized Officer, but the highest yield (computed using the stated coupon and the stated original offering price) for any maturity shall not exceed 6.0% per annum (or 8.5% per annum for any taxable Build America Bonds), and the Bonds may be issued in whole or in part as capital appreciation bonds, which for their term or any part thereof bear no interest but appreciate in principal amount over time at compounded rates (not in excess of 6.0% per annum), as determined by an Authorized Officer. Alternatively, all or part of the Bonds may bear interest at a variable rate of interest for all or a portion of their term, and the variable rate of interest shall not exceed the lesser of the maximum rate permitted by law or the maximum rate, if any, to be specified in the relevant Bond documents. In addition, all or part of the Bonds may be issued in related series, one of which bears interest at a variable rate and one of which bears interest at a fixed rate, and/or one series may include or be comprised of "Build America Bonds", the interest on which is taxable to the holder but which provide a direct cash credit to the Board, but the combined rate on such Bonds, taking the related series together, which shall be determined by an Authorized Officer, shall not exceed 6.0% per annum for Bonds bearing tax-exempt interest (or 8.5% for any taxable Build America Bonds). The Bonds may be subject to redemption or call for purchase prior to maturity at the times and price and in the manner established by an Authorized Officer, but no redemption premium shall exceed 3% of the principal amount being redeemed. Interest on the Bonds shall be payable at the times specified by an Authorized Officer. The Bonds shall be issued in fully registered form in 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, all as specified by an Authorized Officer. The Bonds shall be originally issued in book entry only form. The Bonds shall be sold to the Underwriter (as defined in paragraph 9 below) for a price established by an Authorized Officer, which, exclusive of original issue discount, shall not exceed 2.0% of the principal amount of the Bonds, 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. The obligation of the Board to purchase any Bonds subject to tender options may be made payable from available cash reserves of the University, subject to such limitations as may be specified in the relevant Bond documents, or may be made payable from a letter of credit, line of credit or other liquidity device (a "Liquidity Device"), all as determined by an Authorized Officer. Any reimbursement obligation of the Board under the Liquidity Device shall be a limited and not a general obligation of the Board, payable from and secured by a pledge of General Revenues. An Authorized Officer is authorized to execute and deliver, 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. Purchase obligations shall not be considered as "principal and interest requirements" hereunder.

3. **Credit Enhancement.** The Authorized Officers are hereby severally authorized and directed, if necessary or expedient for the issuance or pricing of the Bonds or in connection with the issuance of variable rate bonds, to select a form of credit enhancement, such as bond insurance, letter of credit, surety bond or other credit facility with respect to payment of principal, interest and premium, if any, on the Bonds, or in lieu of funding a debt service reserve fund with cash (a "Credit Enhancement"). Any reimbursement obligation relating to such Credit Enhancement shall be a limited and not a general obligation of the Board, payable from and secured by a pledge of General Revenues. An Authorized Officer is further authorized to execute and deliver, for and on behalf of the Board, such other agreements as may be necessary or appropriate to obtain, maintain, renew or replace, and provide for payments under, any Credit Enhancement relating to the Bonds.

4. **Interest Rate Swaps.** If determined to be economic and in the best interests of the Board and the University, an Authorized Officer is authorized and directed to (1) enter into an interest rate swap, (the "Swap Agreement") with a counter-party or counter-parties to be selected by an Authorized Officer, providing for payments between the Board and the counter-party that modify the Board's risk of interest rate changes with respect to the Bonds or any portion thereof, or (2) revise, restructure or terminate the Board's existing interest rate swaps executed on June 25, 2007, with JPMorgan Chase Bank, N.A., as counter-party, in the original notional amount of \$34,370,000, relating to the Board's General Revenue Bonds, Series 2001, and June 13, 2008, with Dexia Credit Local as counter-party, in the original notional amount of \$53,280,000, relating to the Board's General Revenue Variable Rate Demand Refunding Bonds, Series 2008, all on a basis deemed favorable to the Board upon the



advice of the Board's financial advisor, as determined by the Authorized Officer and in form acceptable to University General Counsel upon the advice of Bond Counsel. If the Swap Agreement is entered into in connection with the Bonds, the expected effective interest rates on the Bonds, taking into account the effect of the Swap Agreement, shall be within the limitations set forth in Paragraph 2 herein.

5. **Limited Obligations of Board; Security.** The Bonds, and the obligations of the Board with respect to any Credit Enhancement, Swap Agreement or Liquidity Device, shall be limited and not general obligations of the Board payable from and secured, on a parity basis with all outstanding bonds similarly secured, by a lien on the University's General Revenues (as shall be defined in the documents relating to the Bonds substantially as set forth below) or such components thereof as determined by an Authorized Officer (collectively, the "Security") and funds from time to time on deposit in certain funds or accounts established by or at the direction of an Authorized Officer or created pursuant to the documents relating to the Bonds. The lien shall be on a parity basis with the liens on General Revenues securing previously issued and outstanding bonds and notes of the Board.

"General Revenues" shall be defined generally to be all fees, deposits, charges, receipts and income from all or any part of the students of the University, whether activity fees, tuition, instructional fees, tuition surcharges, general fees, health fees or other special purpose fees; all gross income, revenues and receipts from the ownership, operation and control of the Board's housing, dining and auxiliary facilities; all unrestricted receipts from departmental or educational activities; all grants, gifts, donations and pledges and receipts therefrom, unrestricted recoveries of indirect costs, and unrestricted investment income; *but excluding* all of the following: (a) student activity fees approved by student referendum and not reported in the University's current funds; (b) any deposits required by law or contract to be held in escrow; (c) any gifts, grants, donations or pledges and receipts therefrom restricted as to use in a manner inconsistent with payment of amounts due on Parity Obligations (as defined in the documents relating to the 2001 Bonds); (d) appropriations to the University from the State Legislature; and (e) up to an amount equal to an aggregate of 5% of General Revenues each fiscal year collected annually from the levy of any special fee hereafter established by the Board and designated by the Board to be excluded from General Revenues.

No recourse shall be had for the payment of the principal amount of or interest or premium on the Bonds, any Credit Enhancement, Swap Agreement or Liquidity Device, or any claim based thereon against the State of Michigan, the Board or any officer or agent thereof, as individuals either directly or indirectly, nor shall the Bonds and interest with respect thereto, or any obligation of the Board in connection with any Credit Enhancement, Swap Agreement or Liquidity Device become a lien on or be secured by any property, real, personal or fixed of the State of Michigan or the Board, other than the Security. The faith and credit of the Board and the University shall not be pledged in any way to payment of principal, premium, if any, or interest on the Bonds.

Any pledge of the Security, debt service reserves and other funds shall be valid and binding from the date of the issuance and delivery of the Bonds or other agreements pursuant to which such pledge is made and all moneys subject thereto which are thereafter received shall immediately be subject to the lien of the pledge without physical delivery or further act. The lien of said pledge shall be valid and binding against all parties (other than the holders of any other bonds, notes or debt obligations secured by a parity first lien on the Security) having a claim in tort, contract or otherwise against the Board, irrespective of whether such parties have notice of the lien.

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

6. **Additional Bonds.** The Board reserves the right to issue additional bonds, notes or other obligations payable from and secured on a parity basis with the Bonds from the Security, upon compliance with the terms and conditions as shall be set forth in the Bonds or related documents.

7. **Selection of the Trustee, Tender Agent and Remarketing Agent; Execution and Terms of Documents.** The Authorized Officers are hereby severally authorized and directed to select the trustee for the holders of the Bonds, to select the Tender Agent, if any, required under the Bond documents, and, if the Bonds are issued as variable rate bonds, to select the Remarketing Agent to remarket Bonds tendered by holders thereof, and to negotiate, execute and deliver all documents relating to the Bonds. Such documents may contain such covenants on behalf of the Board and terms as either such Authorized Officer deems appropriate, including, but not limited to, covenants with respect to the establishment of rates, fees and charges at levels expressed as a percentage of debt service on the Bonds or all bonds similarly secured, and with respect to the issuance of additional bonds, notes or other obligations payable from and secured by the Security. Such documents also shall be in form acceptable to University General Counsel upon the advice of Bond Counsel.

8. **Selection of Underwriter; Terms of Bond Purchase.** The Authorized Officers are hereby severally authorized and directed to select the initial purchaser or purchasers for the Bonds (collectively, the "Underwriter") and to negotiate, execute and deliver the terms of the agreement pursuant to which the Bonds are purchased and sold, all within the limitations set forth herein and in form acceptable to University General Counsel upon the advice of Bond Counsel.

9. **Execution and Delivery of Bonds.** The Authorized Officers and any other officer of the Board or the University deemed necessary or appropriate by the University General Counsel upon the advice of Bond Counsel, are hereby severally authorized and directed to execute the Bonds by placing his or her facsimile signature

thereon, and to deliver the Bonds to the Underwriter in exchange for the purchase price thereof.

10. **Official Statement.** The Authorized Officers are hereby severally authorized, if required by the Underwriter, to cause preparation of a preliminary and a final disclosure document (the "Official Statement") with respect to the Bonds, which shall be in form acceptable to the University General Counsel upon the advice of Bond Counsel, and to execute and deliver the final Official Statement. The Underwriter is authorized to circulate and use, in accordance with applicable law, the preliminary and final Official Statement in connection with the offering, marketing and sale of the Bonds.

11. **Additional Acts Required.** Each Authorized Officer and any other appropriate officer of the Board or the University as determined by the University General Counsel upon the advice of Bond Counsel, are hereby severally authorized to perform all acts and deeds and to execute and deliver all instruments and documents, for and on behalf of the Board and the University required by this resolution or the Bonds and other documents related thereto, as are necessary, expedient and proper in connection with the issuance, sale and delivery, and ongoing administration, of the Bonds and such other related documents. Such documents shall all be in form acceptable to the University General Counsel upon the advice of Bond Counsel.

12. **Continuing Disclosure Agreement.** The Authorized Officers are hereby severally authorized and directed to execute and deliver a continuing disclosure undertaking with respect to the Bonds, if required, in form acceptable to the University General Counsel upon the advice of Bond Counsel.

13. **Approval By University General Counsel.** The Board authorizes and directs that, prior to the execution by either Authorized Officer or other officer of the Board or the University of instruments and documents authorized to be executed hereunder, the University General Counsel shall have reviewed and approved any and all such instruments and documents.

14. **Conflicting Resolutions.** All resolutions or parts of resolutions or other proceedings of the Board in conflict herewith be and the same are hereby repealed insofar as such conflict exists.



## **EXHIBIT A**

### **“Projects”**

“Projects” include the design and all related capital and incidental costs required for the construction, acquisition, expansion and/or improvements to campus facilities, including but not limited to the new Human Health Building, campus infrastructure projects such as high temperature hot water distribution system upgrades, and campus information technology and telephone improvements.