

**SVSU.**  

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**BOARD OF CONTROL**  
**MINUTES**

**APRIL 23, 2004**



SAGINAW VALLEY STATE UNIVERSITY  
BOARD OF CONTROL  
APRIL 23, 2004  
SPECIAL FORMAL SESSION  
INDEX OF ACTIONS

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MINUTES  
BOARD OF CONTROL  
Special Formal Session  
April 23, 2004  
Roberta Allen Reading Room, 4<sup>th</sup> Floor Zahnnow Library

Present: Braun  
Cotter  
Gamez  
Gilbertson  
Karu  
Law  
Sedrowski  
Sims  
Yantz

Absent:

Others

Present: L. Beuthin  
J. Boehm  
A. Hratchian  
R. Maurovich  
J. Muladore  
C. Ramet  
K. Schindler  
M. Shannon  
J. Stanley  
M. Thorns  
R. Yien  
Press (1)

I. CALL TO ORDER

Chairperson Sims called the meeting to order at 9:40 a.m.

II. ACTION ITEM

1. Resolution to Authorize the Issuance and Delivery of General Revenue Bonds, Series 2004 and Providing for Other Matters Relating Thereto

RES-1594     **It was moved and supported that the following resolution be adopted:**

**WHEREAS, The Board of Control of Saginaw Valley State 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 Saginaw Valley State University (the "University") and the control and direction of all expenditures from the University's funds; and,**

**WHEREAS, The Board proposes to undertake the projects described on Exhibit A attached hereto and made a part hereof, together with other projects to be subsequently approved by the Board and designated to be financed, in whole or in part from the proceeds of the bonds authorized hereby (collectively, the "Project"); and,**

**WHEREAS, The Board has previously issued General Revenue Bonds in several series, and it may be appropriate and economic to refund all or any portion of the outstanding principal maturities of those General Revenue Bonds (the outstanding bonds, if any, to be refunded to be determined by an Authorized Officer (hereinafter defined) and to be herein called 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 the Board's General Revenue Bonds, Series 2004 (the "Bonds") in order to provide funds which, together with other available funds, will be used to pay all or a portion of the costs of the Project, to fund capitalized interest, if applicable, all or a portion of the costs of refunding the Bonds to be Refunded, if any, and costs incidental to the issuance of the Bonds and the refunding, including insurance premiums, if appropriate; and,**

**WHEREAS, A trust indenture (the "Trust Indenture") must be entered into by and between the Board and a trustee (the "Trustee"), to be designated by an Authorized Officer (herein defined), pursuant to which the Bonds will be issued and secured; and,**

**WHEREAS, It is necessary to authorize the Authorized Officers to negotiate the sale of the Bonds with an underwriter or group of underwriters to be selected by an Authorized Officer (collectively, the "Underwriter") and to enter into a bond purchase agreement (the "Bond Purchase Agreement") and, if deemed appropriate, a Remarketing Agreement (the "Remarketing Agreement") or a Broker Dealer Agreement (the "Broker Dealer Agreement")**

with the Underwriter 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 Administration and Business Affairs (each an "Authorized Officer"), or either of them, to designate the Trustee and select an Underwriter to purchase the Bonds and to negotiate, execute and deliver on behalf of the Board, the Trust Indenture, the Bond Purchase Agreement, the Remarketing Agreement or Broker Dealer 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, all within the limitations set forth herein; and,

WHEREAS, The financing of the Project 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 funds, to acquire and construct the Project, to refund the Bonds to be Refunded, and to pay all or a portion of the costs of the acquisition, construction and installation of the Project and the costs of refunding the Bonds to be Refunded, if any, by issuance of the Bonds, and to pledge General Revenues for payment of the Bonds;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF CONTROL OF SAGINAW VALLEY STATE UNIVERSITY, AS FOLLOWS:

1. The Board hereby approves each component of the Project as set forth in Exhibit A attached hereto, and authorizes the Authorized Officers, or either of them to proceed with the Project and each component thereof. The Board may subsequently approve additional components of the Project 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 Project hereunder. Either Authorized Officer is authorized (i) to determine the specific amount of the cost of each component of the Project to be financed from the proceeds of the Bonds, and (ii) to determine which, if any of the outstanding General Revenue Bonds of the Board shall be refunded, based on whether such refunding would produce interest costs savings, more favorable debt service schedules, or more flexible documentation, and to cause to be called for redemption such of those bonds as are appropriate and consistent with the foregoing objectives.

2. The Board hereby authorizes the issuance, execution and delivery of the Bonds in one or more series to be designated GENERAL REVENUE BONDS, SERIES 2004 with appropriate additional or alternative series designations, if any, 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 Nine Million Dollars (\$9,000,000.00), plus the amount, if any necessary to produce sufficient proceeds to accomplish the refunding of the Bonds to be Refunded, to be dated as of the date or dates established by an Authorized Officer,

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 Project, all or a portion of the costs of refunding the Bonds to be Refunded, if any, and the costs related to the issuance of the Bonds and the refunding, including capitalized for such period as an Authorized Officer may deem appropriate and bond insurance premiums, if appropriate. No Series of Bonds shall be issued in an amount in excess of that estimated to be sufficient to pay the costs of the components of the Project previously approved by the Board, together with costs of Bond issuance and other costs related thereto, plus the costs of and related to the refunding of the Bonds to be Refunded. The Bonds shall be serial Bonds or term Bonds, which may be subject to redemption requirements, or both, as shall be established by an Authorized Officer, but the first maturity shall be no earlier than November 1, 2004 and the last maturity shall be no later than December 31, 2035. The Bonds may bear no interest or may bear interest at stated fixed rates for the respective maturities thereof as shall be 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, 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) to be 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 Trust Indenture. 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 residual rate determined by subtracting the variable rate from the fixed rate paid by the Board, but the combined rate on such Bonds, taking the two related series together, which shall be determined by an Authorized Officer, shall not exceed 6.0% per annum. 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. 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 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 shall be provided in the Trust Indenture. The Bonds shall be sold to the Underwriter pursuant to the Bond Purchase Agreement for a price to be established by an Authorized Officer (but the Underwriter's discount, exclusive of original issue discount, shall not exceed 0.55% of the principal amount thereof) plus accrued interest, if any, from the dated date of the Bonds to the date of delivery thereof.

In connection with the issuance of the Bonds, or in connection with the conversion of the Bonds from one interest rate mode to another, or in relation to all or any portion of any other series of the Board's General Revenue Bonds (the "Other Bonds"), either of the Authorized Officers may, on behalf of and as the act of the Board, enter into an interest rate

**swap, cap forward starting swap, option, swaption or similar agreement or agreements (collectively, the "Swap Agreement") with a counter-party or counter-parties to be selected by the Authorized Officer. Such Swap Agreement shall provide for payments between the Board and the counter-party related to interest on all or a portion of the Bonds or the Other Bonds, or to indexed or market established rates. 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 herein. Any Swap Agreement in the form of an option, swaption or forward starting swap, may, if the Bonds to which such agreement relates are not ultimately issued, be required to be terminated, with a possibility of a resulting termination payment due by the University.**

**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 Trust Indenture, or may be made payable from a letter of credit, line of credit or other liquidity device (the "Liquidity Device"), all as shall be determined by an Authorized Officer and provided for in the Trust Indenture. Any reimbursement obligation for draws 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. Either 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 deemed by such officer to be required for the purposes of this Resolution. Purchase obligations shall not be considered as "principal and interest requirements" hereunder. In the alternative, any or all of the Bonds may be subject to rights on behalf of the holders thereof to tender their Bonds for purchase by the market through a dutch auction procedure, subject to a specified maximum interest rate not in excess of the lesser of the maximum rate specified by law or the rate specified in the Trust Indenture.**

**3. The Bonds, and the obligations of the Board under the Swap Agreement and the Liquidity Device, if any or all is or are entered into as provided herein, shall be limited and not general obligations of the Board payable from and secured by a lien on General Revenues (as shall be defined in the Trust Indenture to include generally all or a portion of the following: student tuition and other fees before allowances for scholarships, housing and auxiliary revenues before allowances for scholarships, unrestricted gifts and grants, unrestricted investment income, unrestricted receipts from the sales and service of educational activities, and other miscellaneous revenues, all subject to certain reductions, limitations and exceptions) and moneys, securities or other investments from time to time on deposit in certain funds created pursuant to the Trust Indenture or agreements entered into in connection with the Swap Agreement or Liquidity Device. Except as otherwise determined by an Authorized Officer, as provided below, the lien shall be on a parity basis with the liens on General Revenues securing previously issued outstanding bonds and notes of the Board.**

**No recourse shall be had for the payment of the principal amount of or interest or**

premium on the Bonds, the Swap Agreement or the Liquidity Device, or 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 provided in the Trust Indenture, Swap Agreement or Liquidity Device, or agreements related thereto, against the Board, nor shall the Bonds and interest with respect thereto, or the Swap Agreement or Liquidity Device become a lien on or be secured by any property, real, personal or mixed of the State of Michigan or the Board, other than 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 agreements related to the Swap Agreement or Liquidity Device.

Notwithstanding anything herein to the contrary, any obligations of the Board under the Swap Agreement or any agreement with respect to 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.

4. The right is reserved to issue additional bonds, notes or other obligations payable from and secured on a parity basis with the Bonds from the General Revenues, upon compliance with the terms and conditions as shall be set forth in the Trust Indenture.

5. The Authorized Officers, or either of them, are 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 the Underwriter, and to negotiate, execute and deliver the Trust Indenture in such form as shall be not inconsistent herewith, and the Bond Purchase Agreement and Remarketing Agreement or Broker Dealer Agreement, if necessary, in the form as an Authorized Officer may approve, which approval shall be conclusively evidenced by the execution of the Trust Indenture, the Bond Purchase Agreement, the Remarketing Agreement or Broker Dealer Agreement, respectively, all within the limitations set forth herein.

6. An Authorized Officer, or either of them, are 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 placing his or their manual or facsimile signature or signatures thereon, and to deliver the Bonds to the Underwriter upon payment of the purchase price therefor, determined pursuant to Section 2 hereof.

7. The Authorized Officers are hereby authorized to cause the preparation of a Preliminary Official Statement and an Official Statement, and to deem such documents "final" in accordance with law. The Underwriter is authorized to circulate and use, in accordance with applicable law, the Preliminary Official Statement and the Official Statement in connection with the offering, marketing and sale of the Bonds.

8. The President, the Vice President for Administration and Business Affairs, the Secretary and any other appropriate officer of the Board or the University are hereby authorized to perform all acts and deeds and to execute and deliver all instruments and documents for and on behalf of the University required by this resolution, the Trust Indenture or the Bond Purchase Agreement, as necessary, expedient and proper in connection with the

**issuance, sale and delivery, and ongoing administration, of the Bonds, the Trust Indenture, the Swap Agreement, the Liquidity Device or the Bond Purchase Agreement, as contemplated hereby, including an Escrow Deposit Agreement with an Escrow Agent to be selected by an Authorized Officer, and direction and authorization to the Escrow Agent or the Underwriters to subscribe for United States Treasury Obligations (State and Local Government Series) as necessary to accomplish the refunding. If deemed appropriate by an Authorized Officer, in connection with the restructuring of any escrow fund established under the Escrow Deposit agreement, an Authorized Officer may deposit additional cash or securities of the Board with the Escrow Agent as security for the Bonds to be Refunded until the restructuring is completed.**

**9. Either Authorized Officer is authorized and directed to execute and deliver, for and on behalf of the Board, a continuing disclosure undertaking with respect to the Bonds, in the form such officer deems appropriate.**

**10. The Vice President for Administration and Business Affairs is hereby authorized and delegated the power to issue a declaration of intent to reimburse the University from Bond proceeds for any expenditures with respect to any component of the Project incurred prior to the issuance of the Bonds, all in accordance with I.R.S. Regulation 1.103-18.**

**11. All resolutions or parts of resolutions or other proceedings of the Board in conflict herewith are hereby repealed insofar as such conflict exists.**

(See Appendix One: Project Descriptions)

James G. Muladore, Vice President for Administration and Business Affairs, informed the Board this resolution would authorize the University to borrow up to \$9 million for a number of capital projects. It would also authorize the projects themselves, and would allow the University to seek lower interest rates on existing debt.

The first project is a proposed renovation of the Doan Center dining facility, and also involves construction of new retail food operations on campus. This would eliminate backroom kitchen facilities in Doan and would provide preparation of food on an interactive basis with students and staff. Doan Center facilities were last updated in 1994. The estimated cost for this project is \$3,200,000, and work would begin in April, 2005.

Second, a proposed student housing project would add four 24-bed units (96 beds) similar to the existing village style apartments already on campus. The additional housing is needed to accommodate the increasing number of freshmen attending the University and the growing demand of students already living on campus who desire to remain in University housing. The estimated cost is \$4.7 million. Construction would start in June of 2004, with a projected completion date of August of 2005. The units would carry a 30-year payment contract, and the associated debt service would be covered by rental income from the students who would live in them.

The third project is a reduction in the size of the Ryder Center swimming pool, presently a very expensive and underused facility. Reduction in size would lessen annual maintenance and upkeep costs and would allow for the addition of basketball and volleyball courts, thereby alleviating scheduling conflicts and providing better opportunities for use by the students, staff, and the surrounding community. The pool would still consist of seven lanes, and some of the diving boards would remain. The cost of reducing the pool and adding the ball courts is estimated at \$1.9 million (approximately \$500,000 would have been spent to replace the air handling equipment of the original pool). Renovation would begin in April 2005 with completion being projected for September 2005.

Next, various conferencing areas of Curtiss Hall need decorating upgrades and new carpeting, and equipment replacements are needed in that facility, with an estimated cost of \$800,000, to be completed by Spring of 2005.

Finally, interior design upgrades are necessary in the SVSU Bookstore. Estimated costs are \$100,000. Work will begin in Summer 2004 with a projected completion date of Fall 2004.

Mr. Muladore noted that the cost of the proposed projects would be \$11.25 million, of which \$9 million would be raised from the bond issue. The remaining cost would be covered by Auxiliary Reserves, and unrestricted funds from the Plant Fund. He stated: “We need to be out on the market soon, probably in May. Tax exempt rates are at an historical low, although I think expectations are that the low interest rates are probably behind us. . . . Financing is certainly driving this matter somewhat, but the housing issue is probably the real driver. If we’re going to proceed with the housing and with tax-exempt financing, we need to do all this as a package. The amounts involved are relatively small and it would not make economic sense for us to borrow just for the housing, so we need to bundle all of these projects together and take advantage of potentially being able to refund some existing debt.”

Chairperson Sims asked for questions or comments.

Trustee Law stated that he had been extremely impressed with the way the University administered its Auxiliary Services, and that he supported the way in which the projects had been bundled.

Trustee Gamez asked whether there would be time limits as to when the funds could be drawn down.

Mr. Muladore replied that the University would be locked into a rate at the time the bonds are sold, which would most likely be in May, even though the projects may start at a later date. There are some very specific IRS tax regulations which require the University to actually spend the bond proceeds, usually within a 24-month period.

The motion was APPROVED unanimously.

III. INFORMATION AND DISCUSSION ITEMS

There were no information or discussion items.

IV. ADJOURNMENT

2. Motion to Adjourn

BM-1004 **It was moved and supported that the meeting be adjourned.**

The motion was APPROVED unanimously.

The meeting was adjourned at 10:30 a.m.

Respectfully submitted:

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Linda L. Sims  
Chair

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D. Brian Law  
Secretary



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Jo A. Stanley  
Recording Secretary  
Secretary to the Board of Control

**EXHIBIT A**

**PROJECT DESCRIPTIONS**

**1. Construction of New Student Housing**

The University will construct a student housing complex with a capacity of approximately 96 beds. The estimated project cost is \$4.7 million, exclusive of capitalized interest and bond issuance expense.

**2. Renovation of Doan Center and Other Dining Facilities**

The University will renovate the existing dining facility in Doan Center and consider expansion of dining operations in other buildings. The estimated project cost is \$3.2 million, exclusive of capitalized interest and bond issuance expense.

**3. Renovation of Ryder Center Natatorium**

The University will reconstruct the pool area in the Ryder Center as follows: (1) the existing pool will be reduced in size; and (2) a volleyball court and basketball courts will be added to the natatorium area. The estimated project cost is \$1.9 million, exclusive of capitalized interest and bond issuance expense.

**4. Curtiss Hall Conferencing Facility Upgrades**

The University will redecorate the interior conference space and replace equipment in Curtiss Hall. The estimated project cost is \$800,000, exclusive of capitalized interest and bond issuance expense.

**5. Bookstore**

The University will install interior design upgrades in the Bookstore. The estimated project cost is \$100,000, exclusive of capitalized interest and bond issuance expense.