



MICHIGAN STATE UNIVERSITY
BOARD OF TRUSTEES
Executive Action Summary

Budget and Finance-Attachment 3

Committee Name Budget and Finance

Date April 11, 2025

Agenda Item: Authorization to Issue Bonds

Information

Review

Action

Resolution: See attached.

Recommendation:

The Trustee Committee on Budget and Finance recommends that the Board of Trustees authorize the issuance and delivery of general revenue bonds and adopt the resolution attached hereto.

Prior Action by BOT: The board authorized the issuance of bonds on April 12, 2024.

Responsible Officers: Lisa Frace, Senior Vice President, Chief Financial Officer, and Treasurer

Summary:

The resolution authorizes the administration to issue general revenue bonds to finance capital projects, refinance existing debt, and pay cost of issuance. The amount of proceeds generated by the bond issuance for capital projects and cost of issuance is not to exceed \$362 million, plus the amount necessary to refund existing debt.

Background Information:

The board has determined that financing certain capital projects of the University with proceeds of debt enhances the flexibility of the University's budget and financial resources and permits the allocation of the costs of capital projects over the useful lives of the projects. Debt issued under this resolution is expected to fund capital expenditures on certain projects over approximately 24 months.

Source of Funds: The bonds are payable from and secured by a lien on General Revenues.

Resource Impact: The board has determined that financing capital projects of the University with the proceeds of debt will enhance the flexibility of the University with respect to its budget and financial

resources and will permit the allocation of the costs of the capital projects to the periods of the useful lives of the projects rather than needing to pay for costs as they are incurred. The board approves of the refunding of any of the outstanding existing debt in order to produce interest or other cost savings, a more favorable debt service structure, to reduce or eliminate risks in the debt portfolio, to provide for more favorable terms or covenants, or to provide for permanent financing of projects previously financed from short-term debt.

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

WHEREAS, the Board of Trustees of Michigan State University (the “Board”) is a body corporate created by and existing under the Constitution of the State of Michigan of 1963 with full constitutional authority over and general supervision of Michigan State University (the “University”) and control and direction of all expenditures from the University’s funds; and

WHEREAS, the Board has previously issued in several outstanding series its General Revenue Bonds and General Revenue Refunding Bonds (collectively, the “Prior Bonds”), its Commercial Paper Notes, Series B (Taxable) and Commercial Paper Notes, Series G (Tax-Exempt) (the “Notes”), and certain other obligations, in each case payable from and secured by a lien on General Revenues (hereinafter defined) (collectively, the “Outstanding Obligations”); and

WHEREAS, the Board has previously entered into certain interest rate swap agreements related to the debt service on certain of the Outstanding Obligations, payable from and secured by a lien on General Revenues (collectively, the “Existing Swap Agreements”); and

WHEREAS, the Board has determined it may be appropriate and in the best interests of the University to refund all or a portion of the Prior Bonds and/or all or a portion of the Notes as shall be determined by an Authorized Officer (hereinafter defined) (the portion of the Prior Bonds to be refunded, if any, being herein called the “Bonds to be Refunded,” and the portion of the Notes to be refunded, if any, being herein called the “Notes to be Refunded”); and

WHEREAS, the Board has determined that financing capital projects of the University with the proceeds of tax-exempt or taxable debt, or both, will enhance the flexibility of the University with respect to its budget and financial resources, and will permit the allocation of the costs of the capital projects to the periods of the useful lives of the projects being acquired; and

WHEREAS, the University’s current high credit ratings not only reflect the financial strength of the University and its ability to repay its debt obligations, but will also permit the University to access the public debt markets in the most efficient and economic manner; and

WHEREAS, the Board has therefore determined it is appropriate and in the best interests of the University to finance all or a portion of certain capital expenditures of or for the benefit of the University, as described on Exhibit A attached hereto (collectively, the “Projects”), with the proceeds of the General Revenue Bonds authorized hereby; 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 has determined it is necessary and desirable to authorize the issuance and delivery of additional General Revenue Bonds of the Board, in one or more series (the “Bonds”), payable from and secured by a pledge of General Revenues, in order to provide funds which, together with other available funds of the University, will be used to fund all or part of the costs of the Projects, to pay all or part of the costs of refunding the Bonds to be Refunded and the Notes to be Refunded, if any, and to pay costs related to the issuance of the Bonds and the refunding; and

WHEREAS, one or more trust agreements (collectively, the “Trust Agreement”) 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 any one of them individually, to negotiate the sale of the Bonds with an underwriter or group of underwriters to be selected by an Authorized Officer (collectively, the “Underwriter”) or with a direct placement lender to be selected by an Authorized Officer (the “Purchaser”), and to enter into one or more bond purchase agreements and/or continuing covenant agreements or similar agreements with the Underwriter or Purchaser (collectively, the “Bond Purchase Agreement”) setting forth the terms and conditions upon which the Underwriter or Purchaser 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 appropriate for the Board to ratify and confirm its authorization of the President; the Senior Vice President, Chief Financial Officer and Treasurer; and the Director of Treasury and Financial Management (each an “Authorized Officer”), or any one of them individually, to negotiate, execute and deliver on behalf of the Board, the Trust Agreement, the Bond Purchase Agreement, one or more remarketing agreements with the Underwriter or other parties (collectively, the “Remarketing Agreement”), and other related documents, to establish the specific terms of the Bonds and to accept the offer of the Underwriter or Purchaser to purchase the Bonds, all within the limitations set forth herein; and

WHEREAS, the trust agreements and other documents authorizing the Outstanding Obligations create certain conditions for the issuance of obligations payable from and secured by a pledge of General Revenues on a parity basis with the Outstanding Obligations; and

WHEREAS, an Authorized Officer shall, on or prior to the date of delivery of the Bonds, certify that the conditions for issuing the Bonds, secured by General Revenues on a parity basis with the Outstanding Obligations, have been met; and

WHEREAS, the acquisition, equipping and construction of the Projects, the refunding of the Bonds to be Refunded and the Notes to be Refunded, if any, and the funding of all or a part of the costs thereof with the proceeds of the Bonds, 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 acquire, equip and construct the Projects, to refund the Bonds to be Refunded and the Notes to be Refunded and to pay all or a part of the costs of the Projects and the costs of the refunding by issuance of the Bonds, and to support payment of the Bonds by a pledge of General Revenues.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF MICHIGAN STATE UNIVERSITY, AS FOLLOWS:

1. The Board hereby approves the definition of the term “Projects” as set forth on Exhibit A attached hereto, and, subject to final approval of the Board in the case of any of the Projects listed in Category I-B or Category II on Exhibit A, for which final approval has not yet been received, authorizes the Authorized Officers, or any one of them individually, to select the portion of the Projects to be financed, in whole or in part, from the proceeds of the Bonds, and to fund, as appropriate, the remaining portion of the costs of the Projects from available funds of the University, consistent with the Board’s resolutions authorizing construction of the Projects. The Board further approves the refunding of all or any portion of the outstanding Prior Bonds and all or any portion of the outstanding Notes and authorizes the Authorized Officers, or any one of them individually, to select the portion, if any, of the Prior Bonds to constitute the Bonds to be Refunded and the portion, if any, of the Notes to constitute the Notes to be Refunded, in order to produce interest or other cost savings or a more favorable debt service structure, to reduce or eliminate risks associated with variable rate bonds and related interest rate swaps, to provide for more favorable terms or covenants, or to provide for permanent financing of projects previously financed from short-term debt, and to fund, if deemed appropriate, a portion of the costs of the refunding from available funds of the University and the balance of such costs from the proceeds of the Bonds, and to proceed with the refunding.

In connection with the refunding of all or any portions of any Outstanding Obligations, any Authorized Officer may, in the name and on behalf of the Board, and as its corporate act and deed, modify any Existing Swap Agreements, in whole or in part, and relate any of such Existing Swap Agreements to any portion of the debt service on the Bonds or any Outstanding Obligations, or terminate any Existing Swap Agreements, in whole or in part, and any fees or termination payments required in connection with any such modifications or terminations may be paid from the proceeds of the Bonds, or from available funds of the University, as determined by an Authorized Officer.

2. The Board hereby authorizes the issuance, execution and delivery of the Bonds, in one or more series, to be designated GENERAL REVENUE BONDS, with appropriate series designations, in the aggregate original principal amount established by an Authorized Officer, but not to exceed the aggregate principal amount necessary to produce proceeds of Three Hundred and Sixty Two Million dollars (\$362 million) for the payment of the costs of the Projects and the costs of issuance of the Bonds, *plus* the amount necessary to accomplish the refunding of the Bonds to be Refunded and the Notes to be Refunded and to pay costs related thereto. 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 a 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 the Notes to be Refunded, if any, to pay the costs of modifying or terminating any Existing Swap Agreements, if deemed appropriate by an Authorized Officer, and to pay costs related to the issuance of the Bonds and the refunding, including the costs of municipal 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 January 1, 2026 and the last maturity shall be no later than December 31, 2075. 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 coupon and the stated original offering price) shall not exceed 6.0% per annum for tax-exempt bonds and 8.5% per annum for taxable bonds, subject, in the case of Bonds sold to a Purchaser pursuant to a direct purchase arrangement, to adjustments for increased costs of the Purchaser, rating changes and defaults and other specified factors, but in no event in excess of the lesser of 25% per annum, the maximum rate permitted by law or the maximum rate, if any, specified in the Trust Agreement. Alternatively, all or part of the Bonds may bear interest at a variable rate of interest, determined on the basis of an index or a spread to an index or through market procedures, or both, for all or a portion of their term, 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 Agreement. 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 determined 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 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 Agreement. The Bonds shall be sold to the Underwriter or Purchaser for a price to be established by an Authorized Officer (but the Underwriter’s or Purchaser’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 the 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 Agreement, or from a letter of credit, line of credit, standby bond purchase agreement or other liquidity device (the “Liquidity Device”), or any combination thereof, all as shall be determined by an Authorized Officer and provided for in the Trust Agreement. 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 amendments to the Trust Agreement and any agreements or instruments with a party or parties selected by an Authorized Officer 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 the debt service on all or any portion of the Outstanding Obligations, any 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 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 a portion of the Bonds or any series of Outstanding Obligations, at indexed or market established rates. If the Swap Agreement is entered into at approximately the same time as the issuance of the Bonds and is related to the Bonds, the expected effective interest rates on the Bonds to which the Swap Agreement relates, taking into account the effect of the Swap Agreement, shall be within the limitations set forth herein. Any Swap Agreement may, if determined necessary or appropriate by an Authorized Officer, be subsequently terminated, in whole or in part, which may result in termination payments due by the Board. Any such required payments and other costs of termination may be funded from available funds of the University or the proceeds of the Bonds or other indebtedness of the Board.

Any Bonds authorized and issued hereunder may, at any time upon direction of an Authorized Officer, be subsequently converted to another mode or structure authorized hereby, either through procedures established in the Trust Agreement pertaining thereto, or through the issuance hereunder of refunding Bonds to refund and replace the outstanding Bonds to be converted. Any such refunding Bonds issued hereunder shall be subject to the terms, conditions and limitations contained in this Resolution. Each Authorized Officer is individually authorized to execute and deliver, for and on behalf of the Board, any documents or instruments, including but not limited to, any amendments to the Trust Agreement, necessary or convenient for the purpose of accomplishing the conversion as described in this paragraph.

3. The Bonds, and the obligations of the Board under the Swap Agreement and the Liquidity Device, if any, 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 Agreement in a manner generally consistent with the definition thereof contained in that certain Trust Agreement, dated as of June 1, 2024, between the Board and The Bank of New York Mellon Trust Company, N.A., as trustee). 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 Outstanding Obligations. The Bonds, and the obligations of the Board under the Swap Agreement 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 Agreement or 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 or the Liquidity Device, if any, 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, or, except as specifically provided in the Trust Agreement or the instruments entered into in connection with the Swap Agreement or the Liquidity Device, if

any, against the Board, nor shall the Bonds and interest or premium with respect thereto, or any obligations of the Board in connection with the Swap Agreement or 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 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 Agreement or pursuant to agreements entered into in connection with the Swap Agreement or Liquidity Device, if any.

Any pledge of General Revenues, and funds specified in the Trust Agreement or in any agreements entered into in connection with the Swap Agreement or the 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 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 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 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, 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 and the Outstanding Obligations by a lien on General Revenues, upon compliance with the terms and conditions therefor as shall be set forth in the Trust Agreement.

5. Each Authorized Officer is hereby individually authorized and directed, in the name and on behalf of the Board, and as its corporate act and deed, to select the Trustee, if any, and to negotiate the terms of and execute and deliver the Trust Agreement. The Trust Agreement may contain such covenants on behalf of the Board and terms as such Authorized Officer deems appropriate and as shall be approved by the Office of the General Counsel, 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, each Authorized Officer is hereby individually 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 municipal bond insurance and to execute and deliver an insurance commitment or other documents or instruments required in connection with such insurance.

6. Each Authorized Officer is hereby individually authorized and directed, in the name and on behalf of the Board and as its corporate act and deed, to select the Underwriter or Purchaser and to negotiate, execute and deliver the Bond Purchase Agreement with the Underwriter or

Purchaser 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 or the Purchaser in connection therewith, in such form as an Authorized Officer may approve upon recommendation of the Office of the General Counsel, all within the limitations set forth herein. Each Authorized Officer is hereby further individually authorized and directed, in the name and on behalf of the Board and as its corporate act and deed, to negotiate, execute and deliver the Remarketing Agreement, if any, with the Underwriter or other party selected by the Authorized Officer.

7. The President and the Senior Vice President, Chief Financial Officer and Treasurer are each individually 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 or Purchaser in exchange for the purchase price therefor.

8. Each Authorized Officer is hereby individually authorized to solicit ratings on the Bonds from any national rating services that the Authorized Officer deems appropriate and, if necessary, 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.

9. Each Authorized Officer, the Secretary and Chief of Staff to the Board of Trustees, the Vice President for Legal Affairs and General Counsel and any Associate or Assistant General Counsel, and all other appropriate officers or representatives of the Board or the University and each one of them, are 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 Agreement, 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 any refunding authorized hereby. Each Authorized Officer is individually 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. Each Authorized Officer is further authorized to execute and deliver, for and on behalf of the Board or the University, all instruments and documents required, necessary or appropriate for the ongoing administration or operation of the financing program represented by the Bonds, the Trust Agreement, 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 any specified officer of the Board or the University in this Resolution 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. Each Authorized Officer is individually authorized to cause to be prepared and to execute and deliver, on behalf of the Board, the continuing disclosure undertakings.

11. If deemed necessary by the University's bond counsel, each Authorized Officer is individually 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 the requirements of Section 147(f) of the Internal Revenue Code of 1986, as amended.

12. 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, are defined as follows:

Category I

Project Description

A. (Board approved project construction/renovation)

Campbell Hall Renewal
MSU Museum – Infrastructure Improvements - Accreditation
Multicultural Center
Plant and Environmental Science Building
Research Building in Detroit
Student Recreation and Wellness Center

B. (Board approved project planning and design)

Olympic Sports Arena

Category II

All projects heretofore or hereafter approved by the Board with an identified total or partial funding source as the proceeds of bonds or other debt obligations issued by the Board.

Category III

Miscellaneous building, renovation, remodeling, site improvement, equipment, utility, information system and similar capital projects of the University, each with an estimated cost of \$5,000,000 or less, including, but not limited to, roof repairs and replacements; electrical, mechanical, chiller, refrigeration and steam system renovations, repairs, replacements and improvements; heating, cooling and air conditioning system renovations, repairs, replacements and improvements; structural repairs and improvements; utility distribution repairs and improvements; road and sidewalk repairs and improvements; building and building addition construction, renovation, furnishing and equipping; information and computing system acquisitions and improvements (including wiring and cabling); elevator repairs and improvements; miscellaneous landscaping and site work; and miscellaneous equipment acquisitions.

I hereby certify that the attached is a true and complete copy of a resolution adopted by the Board of Trustees of Michigan State University at a meeting held on April 11, 2025, in accordance with applicable law, and that the minutes of the meeting at which the resolution was adopted were kept and will be or have been made available at the Office of the Secretary and Chief of Staff to the Board of Trustees of Michigan State University.

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.

Secretary and Chief of Staff
Board of Trustees of Michigan State University