

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

REQUEST FOR ACTION

Subject: Refinancing of a Portion of Outstanding Debt, Combination of Revenue Pledges and Financing of New Projects

Action Requested: Authorization to Issue General Revenue Bonds

Background and Summary:

The University seeks to combine the pledges of General Revenues and Hospital Gross Revenues to achieve lower borrowing costs for the Hospital, eliminate restrictive covenants, and achieve efficiencies in the issuance of debt. We also seek to refinance debt backed by Medical Service Plan (now Faculty Group Practice) Revenues and a portion of Housing Revenues to achieve a full combination of the revenue pledges into the General Revenue structure. The financing plan for this fiscal year also includes the refinancing of a portion of the commercial paper and provides financing for new projects.

The new General Revenue pledge would combine the present pledge of General Revenues with Hospital Gross Revenues. The new pledge of General Revenues would consist of revenues from students, athletics, housing, Institute of Continuing Legal Education, School of Business-Management Education, parking, patient care revenues for services provided by faculty members of the Medical School, the Hospital and other University units, as well as unrestricted gifts, indirect cost recoveries, grants, and investment earnings. The General Revenue pledge would not include State Appropriations, restricted gifts or revenues from The Veritas Insurance Corporation and Michigan Health Corporation

The dollar amount of the new bonds to be issued in fiscal year 2013 would not exceed \$434 million. The bonds will refinance \$323 million of existing bonds (\$266 million Hospital Revenue Bonds and \$57 million Faculty Group Practice Revenue Bonds) and provide up to \$111 million for new projects and the cost of financing. The \$111 million includes approximately \$23 million of commercial paper that has been used to begin approved projects and will be converted to permanent financing. The refinancing of \$23 million of fixed rate bonds backed by Hospital Gross Revenues would generate \$6 million present value savings.

The projects to be financed include East Quadrangle Renovation; Institute for Social Research Addition; Lawyers' Club Building and John P. Cook Building Renovation; North Campus Research Complex Building 20 East Wing Renovation; Northwood Apartments I, II, and III Fire Alarm and Boiler Upgrades; UMHHC A. Alfred Taubman Health Care Center Internal Medicine Renovations; UMHHC A. Alfred Taubman Health Care Center Levels 1 and 2 Backfill Renovations; UMHHC Cardiovascular Center Central Uninterruptible Power Supply; UMHHC University Hospital Accelerator Replacement; UMHHC University Hospital CT 1 Replacement; UMHHC University Hospital Kitchen Renovations for Room Service Protocol; UMHHC University Hospital Magnetic Resonance Imaging Scanner Replacement; and other UMHHC approved construction projects.

The particular interest and amortization aspects of these bonds would be clarified and agreed to by the Executive Vice President and Chief Financial Officer or his designee as we work with investment bankers and get a clearer sense of market conditions at the time of issuance. Depending upon market conditions, the final structure could potentially include more than one

debt issue and an interest rate swap (fixed rate bonds “swapped” to variable rate to reduce interest expense). The University currently has five other bond issues with interest rate swap structures. If liquidity is required for the financing, the University may enter into liquidity agreements.

We recommend at this time that the Regents adopt the attached resolution authorizing the Executive Vice President and Chief Financial Officer or the Associate Vice President for Finance, or the Treasurer to:

- Combine General Revenues and Hospital Gross Revenues for future debt issuance.
- Develop the terms, and negotiate and execute the legal documentation for the financing with the assistance of the underwriters and outside legal counsel.
- Obtain and approve final proposals for the bonds.
- Obtain and accept a final proposal for any “swaps”, and any liquidity arrangements required for the University’s variable rate debt, and execute and deliver the required documentation for the transaction.

Respectfully submitted,



Timothy P. Slottow
Executive Vice President
and Chief Financial Officer

November 2012
attachment

RESOLUTION OF THE REGENTS OF THE UNIVERSITY OF MICHIGAN
AUTHORIZING THE COMBINATION OF GENERAL REVENUES AND HOSPITAL
GROSS REVENUES, AUTHORIZING THE ISSUANCE OF
GENERAL REVENUE BONDS AND PROVIDING FOR
OTHER MATTERS RELATING THERETO

WHEREAS, the Regents of the University of Michigan (the “Issuer”) is a constitutional body corporate established pursuant to Article VIII, Section 5 of the Michigan Constitution of 1963, as amended, with general supervision of The University of Michigan (the “University”) and the control and direction of all expenditures from the University’s funds; and

WHEREAS, the Issuer has previously issued and has outstanding certain series of General Revenue Bonds (the “Outstanding General Revenue Bonds”), and certain other obligations secured by a lien on General Revenues (as defined in Trust Agreements pursuant to which the Outstanding General Revenue Bonds were issued), and has reserved the right to issue additional series of General Revenue Bonds, notes or other obligations, secured on a parity basis as to the General Revenues with the Outstanding General Revenue Bonds and other obligations secured by a lien on General Revenues; and

WHEREAS, the Issuer has previously issued and has outstanding certain series of Hospital Revenue Bonds (the “Outstanding Hospital Revenue Bonds”), and certain other obligations payable from Hospital Gross Revenues and secured by a pledge of Pledged Hospital Gross Revenues (as such terms are defined in the Master Indenture, as supplemented, under which the Outstanding Hospital Revenue Bonds were issued); and

WHEREAS, the Issuer has determined that combining the General Revenues and Hospital Gross Revenues into a single revenue pledge as the payment source of, and as security for, all of the Issuer’s General Revenue Bonds and other obligations secured by a lien on General Revenues, will result in lower borrowing costs for the University of Michigan Hospitals and Health Centers, will permit the Issuer to eliminate restrictive covenants with respect to the Outstanding Hospital Revenue Bonds, and will achieve efficiencies in the issuance of future indebtedness; and

WHEREAS, in order to accomplish the combination of the General Revenues and Hospital Gross Revenues, it is necessary to refund all of the Outstanding Hospital Revenue Bonds; and

WHEREAS, the Issuer has previously issued and has outstanding certain bonds, notes or other obligations payable from and secured by liens on certain portions of General Revenues, including certain housing revenues and Medical Service Plan Revenues (sometimes known as Faculty Group Practice Revenues), on a senior basis to the liens on such portions of General Revenues securing the Outstanding General Revenue Bonds (collectively, the “Senior Lien Indebtedness”); and

WHEREAS, the Issuer has determined that it is necessary and desirable to refund all of the outstanding Senior Lien Indebtedness in order to eliminate the senior lien on the components of General Revenues that presently secure the Senior Lien Indebtedness, and thereby permit the

pledge by the Issuer of all components of General Revenues, on an equal and parity basis, as security for the payment of all General Revenue Bonds and other obligations of the Issuer secured by a lien on General Revenues; and

WHEREAS, the Issuer has previously entered into (i) certain interest rate swap agreements related to certain of the Outstanding Hospital Revenue Bonds and payable from Hospital Gross Revenues, (ii) an interest rate swap agreement related to certain of the outstanding Senior Lien Indebtedness and payable from Medical Service Plan Revenues, and (iii) certain interest rate swap agreements related to certain of the Outstanding General Revenue Bonds and payable from General Revenues (collectively, the “Existing Swap Agreement”); and

WHEREAS, the Issuer has issued and has outstanding Commercial Paper Notes, Series I (the “Series I Notes”) and Commercial Paper Notes, Series E (Taxable) (the “Series E Notes,” and together with the Series I Notes, the “Notes”), which are payable from and secured by General Revenues, and it may be appropriate and economic to refund all or a part of the outstanding principal of the Notes; and

WHEREAS, in the exercise of its constitutional duties and in order to properly serve the needs of students attending the University, the Issuer has authorized the acquisition, construction, installation and equipping of the capital improvements described in Exhibit A attached hereto (collectively, the “Project”); and

WHEREAS, the financing of all or a portion of the Project, the refunding of all of the Outstanding Hospital Revenue Bonds and outstanding Senior Lien Indebtedness, and the refunding of all or a portion of the Notes, through the issuance of General Revenue Bonds, will serve proper and appropriate public purposes; and

WHEREAS, in the exercise of its constitutional duties, and in order to control and direct prudently expenditures from the University’s funds, the Issuer determines it is necessary and desirable to authorize the issuance of General Revenue Bonds (the “Bonds”) in order to provide funds which, together with other available funds, will be used to pay all or part of the costs of the Project, the costs of refunding the Outstanding Hospital Revenue Bonds, the Senior Lien Indebtedness and all or a portion of the Notes, and 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 Issuer and one or more trustees (collectively, the “Trustee”) to be designated by an Authorized Officer (hereinafter 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 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 (collectively, the “Bond Purchase Agreement”) setting forth the terms and conditions upon which the Underwriter or any other party will agree to purchase the Bonds and the interest rates thereof and the purchase price therefor, or, in the alternative, to select the Underwriter for

all or any portion of any series of Bonds and to establish the terms for such Bonds through a competitive sale or bidding process pursuant to a Notice of Sale; and

WHEREAS, in order to be able to market the Bonds at the most opportune time, it is necessary for the Issuer to authorize the Executive Vice President and Chief Financial Officer, the Associate Vice President for Finance and the Treasurer (each an "Authorized Officer") or any one of them individually, to negotiate, execute and deliver on behalf of the Issuer, the Trust Indenture, the Bond Purchase Agreement, one or more Remarketing Agreements with the Underwriter or other parties (collectively, the "Remarketing Agreement"), and other related documents, to publish any Notice of Sale required for the sale of any portion of the Bonds, 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 Issuer has full power under its constitutional authority for supervision of the University, and control and direction of expenditures from the University funds, to acquire, construct, furnish and equip the Project and to pay all or a portion of the costs of the Project and the costs of refunding the Outstanding Hospital Revenue Bonds, the Senior Lien Indebtedness and all or a portion of the Notes by issuance of the Bonds, and to pledge General Revenues for payment of the Bonds as provided for herein.

NOW, THEREFORE, BE IT RESOLVED BY THE REGENTS OF THE UNIVERSITY OF MICHIGAN, AS FOLLOWS:

1. The Issuer hereby approves the refunding of: (i) all of the Outstanding Hospital Revenue Bonds; (ii) all of the outstanding Senior Lien Indebtedness; and (iii) all or a portion of the Notes, as shall be determined by an Authorized Officer. Any Authorizer Officer is authorized to determine the portion of the costs of refunding the foregoing indebtedness to be paid from the proceeds of the Bonds, and the portion of such costs, if any, to be paid from available funds of the Issuer. Any Authorized Officer is further authorized to determine the specific amount of the cost of each component of the Project to be financed from the proceeds of the Bonds. Subject to the Issuer's policies regarding approvals of capital projects, any Authorized Officer 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.

2. The Issuer 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, 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 FOUR HUNDRED THIRTY-FOUR MILLION DOLLARS (\$434,000,000). 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 Project, all or a portion of the costs of refunding all of the Outstanding Hospital Revenue Bonds and Senior Lien Indebtedness and all or a portion of the Notes, the costs related to the issuance of the Bonds and the refunding, including capitalized

interest, if any, for such period as an Authorized Officer may determine appropriate, the costs of terminating any Existing Swap Agreement, if deemed appropriate by an Authorized Officer, and bond insurance premiums, if 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 shall be no earlier than December 1, 2013 and the last maturity shall be no later than December 31, 2044. 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 weighted average yield (computed using the stated coupons and the stated original offering price) for the Bonds shall not exceed 7.0% per annum for tax-exempt Bonds or 11.0% per annum for taxable 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 7.0% per annum for tax-exempt Bonds or 11.0% per annum for taxable Bonds) 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, at indexed or market established rates or any combination thereof, 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. The Bonds may be subject to redemption or call for purchase prior to maturity at the times and prices and in the manner as shall be established by an Authorized Officer, but no redemption premium shall exceed 3% of the principal amount being redeemed unless the redemption price is based on a “make whole” formula, in which case no redemption premium shall exceed 40% 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 or through a competitive sale or bidding process pursuant to a Notice of Sale for a price to be established by an Authorized Officer (but the Underwriter’s discount, exclusive of original issue discount, shall not exceed 1.50% of the principal amount thereof) plus accrued interest, if any, from the dated date of the Bonds to the date of delivery thereof.

Any or all of the Bonds may be made subject to tender for purchase at the option of the holder thereof or to mandatory tender for purchase. The obligation of the Issuer 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, 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. The Liquidity Device, or any part thereof, may also be used to provide liquidity for any other indebtedness or obligations of the Issuer, including the Notes and the Outstanding General Revenue Bonds. Any reimbursement obligation for draws under the Liquidity Device shall be a limited and not a general obligation of the Issuer, payable from, and may be secured by a pledge of, General Revenues (as defined in Section 3 below). Any Authorized Officer is authorized to execute and deliver, for and on behalf of the Issuer, 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.

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 Indenture 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. Any Authorized Officer is authorized to execute and deliver, for and on behalf of the Issuer, any documents or instruments, including but not limited to, any amendments to the Trust Indenture, necessary or convenient for the purpose of accomplishing the conversion as described in this paragraph.

In connection with the refunding of the Outstanding Hospital Revenue Bonds and outstanding Senior Lien Indebtedness, any Authorized Officer may, on behalf of and as the act of the Issuer, modify any Existing Swap Agreement related to the Outstanding Hospital Revenue Bonds or Senior Lien Indebtedness, in whole or in part, and relate any such Existing Swap Agreement to any portion of the debt service on the Bonds, the Outstanding General Revenue Bonds or the Notes, or terminate any such Existing Swap Agreement, 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 Issuer. If, upon the refunding of the Outstanding Hospital Revenue Bonds and outstanding Senior Lien Indebtedness, any Existing Swap Agreement related to the Outstanding Hospital Revenue Bonds or Senior Lien Indebtedness is to be related to any portion of the Bonds, the Outstanding General Revenue Bonds or the Notes, such Existing Swap Agreement may be secured by the combined pledge of General Revenue Bonds as provided in Section 3 hereof.

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 Outstanding General Revenue Bonds, any of the Authorized Officers may, at any time, on behalf of and as the act of the Issuer, enter into or terminate 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 counter-party or counter-parties selected or to be selected by the Authorized Officer. Such Swap Agreement shall provide for payments between the Issuer and the counterparty related to interest on all or a portion of the Bonds or the Outstanding General Revenue 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 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.

3. The combination of the General Revenues and the Hospital Gross Revenues of the Issuer into a single revenue pledge, as described in this Section 3, is hereby authorized and approved. Upon issuance of the Bonds, the "General Revenues" shall consist of (i) all General

Revenues of the Issuer as defined in the Trust Agreements pursuant to which the Outstanding General Revenue Bonds were issued, plus, (ii) from and after the date on which all Outstanding Hospital Revenue Bonds have been paid or are no longer deemed to be outstanding in accordance with the terms thereof, all Hospital Gross Revenues (as shall be defined in the Trust Indenture in a manner generally consistent with the definition thereof contained in the Master Indenture, as supplemented, under which the Outstanding Hospital Revenue Bonds were issued); provided, however, that the Trust Indenture may provide for the exclusion from Hospital Gross Revenues of any revenues derived from certain hospital facilities, subject to the terms and conditions set forth in the Trust Agreement as shall be approved by an Authorized Officer. If determined to be appropriate by an Authorized Officer, the Trust Indenture may include provisions that permit the subsequent exclusion of Hospital Gross Revenues from the definition of General Revenues upon conditions to be determined by an Authorized Officer. From and after the date on which all outstanding Senior Lien Indebtedness has been paid or is no longer deemed to be outstanding in accordance with the terms thereof, the pledge of General Revenues shall cease to be subject to the prior and superior lien on the portions of the General Revenues securing the Senior Lien Indebtedness.

The Bonds, and the obligations of the Issuer under the Swap Agreement, if any, and the Liquidity Device, if any, except as specifically provided below in this Section 3, shall be limited and not general obligations of the Issuer payable from and secured by a lien on the combined General Revenues of the Issuer as described in this Section 3.

The Outstanding General Revenue Bonds and the Notes shall be secured by a lien on the combined pledge of General Revenues described in this Section 3 on a parity basis with the lien thereon securing the Bonds. Any Authorized Officer is authorized to execute and deliver, for and on behalf of the Issuer, any documents or instruments, including but not limited to, any amendments to the Trust Agreements and Commercial Paper Issuance Certificates pursuant to which the Outstanding General Revenue Bonds and Notes were issued, necessary or convenient for the securing of such Outstanding General Revenue Bonds and Notes by a pledge of and lien on the combined pledge of General Revenues described in this Section 3, on a parity basis with the Bonds. From and after the effective date of the amendments to the security for the Outstanding General Revenue Bonds and Notes described in this paragraph, the Outstanding General Revenue Bonds and Notes shall continue to be limited and not general obligations of the Issuer, and shall be payable from and secured by a lien on the combined General Revenues of the Issuer as described in this Section 3.

In addition, if deemed necessary or advisable by an Authorized Officer, (i) the obligations of the Issuer under any existing letter of credit, line of credit, standby bond purchase agreement or other liquidity device obtained by the Issuer to provide liquidity support, directly or indirectly, for any indebtedness or obligations of the Issuer, including the Outstanding General Revenue Bonds and the Notes (collectively, the "Existing Liquidity Device"), and (ii) the obligations of the Issuer under any Existing Swap Agreement (A) related to the debt service on any portion of the Outstanding General Revenue Bonds or (B) related to the debt service on any portion of the Outstanding Hospital Revenue Bonds or Senior Lien Indebtedness, and which is to be related to the debt service on any portion of the Bonds, the Outstanding General Revenue Bonds or the Notes upon the refunding thereof as provided in this resolution, may be secured by

a pledge of and lien on the combined pledge of General Revenues described in this Section 3, on a parity basis with the Bonds, and any Authorized Officer is authorized to execute and deliver, for and behalf of the Issuer, any amendments to the Existing Liquidity Device and the Existing Swap Agreement, and any other documents or instruments, necessary or convenient for the purpose of securing the obligations of the Issuer under any such Existing Liquidity Device or Existing Swap Agreement as provided in this paragraph. From and after the effective date of any amendment to an Existing Liquidity Device or Existing Swap Agreement as described in this paragraph, such Existing Liquidity Device or Existing Swap Agreement, as amended, shall continue to be a limited and not a general obligation of the Issuer, and shall be payable from and secured by a lien on the combined General Revenues of the Issuer as described in this Section 3.

The Bonds and the obligations of the Issuer under the Swap Agreement, if any, the Liquidity Device, if any, the Existing Liquidity Device, as amended, and the Existing Swap Agreement, as amended, 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 agreements entered into in connection with any such Swap Agreement, Liquidity Device, Existing Liquidity Device or Existing Swap Agreement.

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, the Liquidity Device, if any, the Existing Liquidity Device, as amended, the Existing Swap Agreement, as amended, or any claim based thereon against the State of Michigan, or any officer or agent thereof or of the Issuer or the University, as individuals, either directly or indirectly, nor, except as specifically provided in the Trust Indenture or the instruments entered into in connection with the Swap Agreement, if any, the Liquidity Device, if any, the Existing Liquidity Device, as amended, or the Existing Swap Agreement, as amended, against the Issuer, nor shall the Bonds and interest with respect thereto, or any obligations of the Issuer in connection with the Swap Agreement, if any, the Liquidity Device, if any, the Existing Liquidity Device, as amended, or the Existing Swap Agreement, as amended, become a lien on or be secured by any property, real, personal or mixed of the State of Michigan or the Issuer, other than the General Revenues and the moneys from time to time on deposit in all or part of the funds established by the Trust Indenture or the agreements entered into in connection with any such Swap Agreement, if any, Liquidity Device, if any, Existing Liquidity Device or Existing Swap Agreement.

Any pledge of General Revenues, and funds specified in the Trust Indenture or agreements entered into in connection with the Swap Agreement, if any, the Liquidity Device, if any, the Existing Liquidity Device, as amended, or the Existing Swap Agreement, as amended, 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 outstanding bonds, notes or other obligations secured by a parity lien on any portion of General Revenues) having a claim in tort, contract or otherwise against the Issuer, irrespective of whether such parties have notice of the lien.

Notwithstanding anything herein to the contrary, any obligations of the Issuer under the Swap Agreement, the Liquidity Device, the Existing Liquidity Device, as amended, or the Existing Swap Agreement, as amended, 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 Issuer, or may be unsecured.

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, if any, as shall be set forth in the Trust Indenture.

5. Any Authorized Officer is hereby authorized and directed, in the name and on behalf of the Issuer, and as its corporate act and deed, to select the Trustee, and to negotiate, execute and deliver the Trust Indenture. The Trust Indenture may contain such covenants on behalf of the Issuer and terms as such officers deem appropriate, including, if deemed appropriate, 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 Bonds, and with respect to the issuance of additional bonds, notes or other obligations payable from and secured by General Revenues. In addition, any Authorized Officer is hereby authorized, empowered and directed to negotiate, if necessary and expedient for 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. Any Authorized Officer is hereby authorized and directed, in the name and on behalf of the Issuer and as its corporate act and deed, to select the Underwriter and to negotiate, execute and deliver the Remarketing Agreement, if any, and the Bond Purchase Agreement with the Underwriter setting forth the terms of the Bonds and the sale thereof, all within the limitations set forth herein. In the alternative, if determined by an Authorized Officer, selection of the Underwriter and the setting of the terms for all or any portion of any series of the Bonds may be made through a competitive sale or bidding process. Any Authorized Officer is authorized to accept the winning bid or offer of the Underwriter for the purchase of such Bonds.

7. The Executive Vice President and Chief Financial Officer, or in the event of his unavailability, the President, is hereby authorized, empowered and directed, in the name and on behalf of the Issuer, and as its corporate act and deed, to execute the Bonds by placing his or her facsimile or manual signature thereon, and to deliver or cause to be delivered the Bonds to the Underwriter in exchange for the purchase price therefor.

8. Any Authorized Officer is hereby authorized to solicit ratings on the Bonds from any national rating service which the Authorized Officer deems appropriate and to cause the preparation of one or more Preliminary Official Statements, if necessary, and to deem such Preliminary Official Statements “final” in accordance with applicable law, and to cause the preparation of one or more Official Statements with respect to the Bonds, and to execute and deliver the Official Statements. Any Authorized Officer or the Underwriter is authorized to circulate and use, in accordance with applicable law, the Notice of Sale, if any, the Preliminary Official Statements, if any, and the Official Statements in connection with the offering, marketing and sale of the Bonds.

9. The President, the Authorized Officers, the Secretary or Assistant Secretary, the Vice President and General Counsel and any associate general counsel, and any other appropriate officer of the Issuer or the University are hereby authorized to perform all acts and deeds and to execute and deliver for and on behalf of the Issuer all instruments and documents required by this resolution, the Trust Indenture, the Remarketing Agreement, the Swap Agreement, the Liquidity Device, the Bond Purchase Agreement, the Existing Liquidity Device, as amended, the Existing Swap Agreement, as amended, 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 one or more escrow agents to be designated by an Authorized Officer. Each Authorized Officer is hereby authorized to designate and empower the escrow agents or the Underwriter to subscribe for United States Treasury Obligations, State and Local Government Series, on behalf of the Issuer, as may be necessary in connection with any refunding or refinancing authorized hereby. In the event that all or any portion of any series of the Bonds is to be sold by means of a competitive sale or bidding process, as provided in this Resolution, any Authorized Officer is authorized to prepare and publish or cause to be published, or otherwise distribute, in such manner as an Authorized Officer shall determine, a Notice of Sale for such Bonds. Each Authorized Officer is further authorized to execute and deliver all instruments and documents for and on behalf of the Issuer or the University required, necessary or appropriate for the ongoing administration or operation of the financing program represented by the Bonds, the Swap Agreement, the Liquidity Device, the Existing Liquidity Device, as amended, and the Existing Swap Agreement, as amended, all as contemplated hereby. Any reference to an officer of the Issuer or the University herein shall include any interim or acting officer appointed by the Issuer. Any action required under the Trust Indenture, Bond Purchase Agreement, Swap Agreement, Liquidity Device, Existing Liquidity Device, as amended, Existing Swap Agreement, as amended, or other instrument related to the Bonds may be taken by and on behalf of the Issuer by any Authorized Officer.

10. In accordance with the requirements of Rule 15c2-12 of the United States Securities and Exchange Commission, the Issuer may be required in connection with the issuance of the Bonds to enter into one or more Disclosure Undertakings for the benefit of the holders and beneficial owners of the Bonds. Any Authorized Officer is authorized to cause to be prepared and to execute and deliver, on behalf of the Issuer, the Disclosure Undertakings.

11. All resolutions or parts of resolutions or other proceedings of the Issuer in conflict herewith be and the same are hereby repealed insofar as such conflict exists.

EXHIBIT A
PROJECT DESCRIPTION

The Project consists of the components set forth below:

- East Quadrangle Renovation
- Institute for Social Research Addition
- Lawyers' Club Building and John P. Cook Building Renovation
- North Campus Research Complex Building 20 East Wing Renovation
- Northwood Apartments I, II, and III Fire Alarm and Boiler Upgrades
- University of Michigan Hospitals and Health Centers-A. Alfred Taubman Health Care Center Internal Medicine Renovations
- University of Michigan Hospitals and Health Centers-A. Alfred Taubman Health Care Center Levels 1 and 2 Backfill Renovations
- University of Michigan Hospitals and Health Centers-Cardiovascular Center Central Uninterruptible Power Supply
- University of Michigan Hospitals and Health Centers-University Hospital Accelerator Replacement
- University of Michigan Hospitals and Health Centers-University Hospital CT 1 Replacement
- University of Michigan Hospitals and Health Centers-University Hospital Kitchen Renovations for Room Service Protocol
- University of Michigan Hospitals and Health Centers-University Hospital Magnetic Resonance Imaging Scanner Replacement