

2008

Board of Regents Meeting Materials, March 14, 2008

Eastern Michigan University

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EASTERN MICHIGAN UNIVERSITY
Board of Regents
201 Welch Hall
(734) 487-2410

SPECIAL BOARD OF REGENTS MEETING

Friday, March 14, 2008, 4:30 P.M.
To be held at EAGLE CREST GOLF CLUB
DINING ROOM 1*

AGENDA

Roll Call Attendance

Section 1 Recommendation: Collective Bargaining Agreement Between EMU and
AFSCME Council 25 Local 3866

Section 2 Recommendation: Resolution Authorizing the Issuance and Delivery of
General Revenue Bonds and Providing for Other Matters Relating
There to

Adjourn

* Due to another function taking place, no one will be admitted to Dining Room 1 until
4:20 PM

BOARD OF REGENTS
EASTERN MICHIGAN UNIVERSITY

SECTION: 1
DATE: March 14, 2008

RECOMMENDATION

**COLLECTIVE BARGAINING AGREEMENT BETWEEN EASTERN
MICHIGAN UNIVERSITY AND AFSCME COUNCIL 25 LOCAL 3866**

ACTION REQUESTED

It is recommended that the Board of Regents approve the tentative collective bargaining agreement between Eastern Michigan University and AFSCME Council 25 Local 3866 and authorize the President and the University's Bargaining Committee to execute the Agreement on behalf of the Board of Regents.

STAFF SUMMARY

The recommendation is based on the outcomes of negotiations with the AFSCME Council 25 Local 3866 for a four year labor agreement. The new agreement is retroactive to July 1, 2007 and continues through June 30, 2011.

FISCAL IMPLICATIONS

The proposed Agreement is projected to increase the AFSCME Council 25 Local 3866 fiscal year 2007-08 compensation costs by \$229,949. A summary of the incremental impact of the contractual increases for prior contracts approved by the Board with the Food/Maintenance comparison is found in Exhibit A. A cost projection for the duration of the AFSCME Council 25 Local 3866 Agreement is attached as Exhibit B. A summary of negotiated changes in the Agreement is attached as Exhibit C.

ADMINISTRATIVE RECOMMENDATION

The proposed Board action has been reviewed and is recommended for Board approval.

_____ Janice M. Stroh _____
University Executive Officer

_____ March 12, 2008 _____
Date

EXHIBIT A
EASTERN MICHIGAN UNIVERSITY
Incremental Impact of Contractual Increases on the Budget

<u>Employee Group</u>	<u>Full-Time Equivalent*</u>	<u>Fiscal Year</u>					<u>Total</u>	<u>Contract expires</u>
		<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>		
Faculty	691.5	\$2,806,000	\$2,293,000	\$2,927,000	na	na	\$8,026,000	6/30/2010
Professional Technical	349.7	\$476,000	\$618,000	\$670,000	na	na	\$1,764,000	6/30/2010
Police Sargents	4.0	\$9,000	na	na	na	na	\$9,000	6/30/2008
Clerical/Secreterial	265.1	na	na	na	na	na	\$0	Currently in negotiations
Food/Maintenance	205.6	\$230,000	\$259,000	\$275,000	\$310,000	na	\$1,074,000	Pending board approval
Campus Police	18.0	\$36,000	\$37,000	na	na	na	\$73,000	6/30/2009
Lecturers	98.0	\$316,000	\$391,000	\$470,000	na	na	\$1,177,000	4/1/2010
Fiscal Year Total	1,632	\$3,873,000	\$3,598,000	\$4,342,000	\$310,000	\$0	\$12,123,000	

*Budgeted FTE as of 7/1/2007

Faculty and Professional Technical contracts were approved at the June 2007 board meeting.
 Police Sargents were approved for a 1-year contract extention through 6/30/2008 at the June 2007 board meeting.
 Food/Maintenance are pending approval at the March 14, 2008 special board meeting.

EXHIBIT B
EASTERN MICHIGAN UNIVERSITY
Cost Settlement: Food/Maintenance, ASFSCME COUNCIL 25 Local 3866
Proposal 2008

Impact salary increases will have on total wages

Base salary on current FM EE's (195 Actual FTE's)

Flat Rate Increase Amount (\$0)

Overtime or 7.3%

Shift Premium

Longevity or 2.9%

Total wages

Cost of fringe benefits (at 17.68%)

Total Compensation (wages and fringes)

Incremental Cost of increases (wages only)

Incremental Cost of increases (defined retirement contribution only) 1% first year

Incremental Cost of Increases with fringe benefits included

Potential Health Care Savings/Cost Avoidance

Option 1 Potential Cost Avoidance

Option 2 Annual Employee Contribution

Parking

Incremental Health Care Savings and Cost Avoidance

Incremental cost (wages only) including savings from health care

Incremental increase of total compensation

Percentage impact that changes to contract has on total wages

Percentage impact on total compensation including fringe benefits

Cumulative Incremental Cost of proposed contract

	7/1/2007	7/1/2008	7/1/2009	7/1/2010
	2.50%	3.00%	3.00%	3.00%
\$ 7,198,090	\$ 7,378,042	\$ 7,599,384	\$ 7,827,365	\$ 8,062,186
\$ -	\$ -	\$ -	\$ -	\$ -
\$ 525,294	\$ 538,597	\$ 554,755	\$ 571,398	\$ 588,540
\$ 60,102	\$ 60,102	\$ 61,306	\$ 61,306	\$ 61,306
\$ 209,085	\$ 213,963	\$ 220,382	\$ 226,994	\$ 233,803
\$ 7,992,571	\$ 8,190,705	\$ 8,435,827	\$ 8,687,062	\$ 8,945,835
\$ 1,272,622	\$ 1,304,438	\$ 1,343,571	\$ 1,383,878	\$ 1,425,394
\$ 9,265,193	\$ 9,495,142	\$ 9,779,398	\$ 10,070,940	\$ 10,371,229
	\$ 198,134	\$ 245,122	\$ 251,236	\$ 258,773
		\$ 103,968	\$ 22,611	\$ 23,290
	\$ 229,949	\$ 388,223	\$ 314,154	\$ 323,579
		\$ (7,219)	\$ (7,219)	\$ -
		\$ (121,620)	\$ (11,567)	\$ (14,008)
		\$ -	\$ (20,696)	\$ -
		\$ (128,839)	\$ (39,481)	\$ (14,008)
		\$ 116,283	\$ 211,754	\$ 244,765
	\$ 229,949	\$ 259,384	\$ 274,673	\$ 309,571

2.48% 2.99% 2.98% 2.98%

2.48% 2.73% 2.81% 3.07%

\$1,073,577

EXHIBIT C

March 14, 2008
Tentative Agreement with AFSCME Council 25 Local 3866
New language changes appear in **bold** type

Article 45 Duration

- This is a **4** year labor agreement that is retroactive to July 1, 2007 and continues through **June 30, 2011**.

Article 28 Compensation

FY 2007-2008

- A **2.50%** across the board wage increase retroactive to July 1, 2007, for all bargaining unit members.

FY 2008-2009

- A **3.25%** wage increase effective July 1, 2008, for those employees in positions ranging from FM 1 through FM 19 and
- A **2.75%** wage increase effective July 1, 2008, for those employees in positions ranging from FM 20 and above.

FY 2009-2010

- A **2.75%** wage increase effective July 1, 2009, for those employees in positions ranging from FM 1 through FM 19 and
- A **3.25%** wage increase effective July 1, 2009, for those employees in positions ranging from FM 20 and above.

FY 2010-2011

- A **3.0%** wage increase across the board effective July 1, 2010, for all bargaining unit members.

Article 39 Uniforms

- The safety shoe allowance has been increased from \$60 to **\$70**.

Article 37 Retirement

- The retirement contribution for each bargaining unit member in TIAA-CREF has been increased from 8% to **9%**.

Effective July 1, 2008	9%
Effective July 1, 2009	9%
Effective July 1, 2010	9%

Article 8 Local Union President Release Time

- The union president's release time as defined in MP 42 has been reduced from 4 hours to **two (2) hours per day. One hour shall be taken at the beginning of the work shift and one hour at the end of the work shift or a mutually agreed upon alternative schedule.**

Article 32 Health Care

- **Effective July 1, 2008, the University shall provide and maintain the following medical benefits for each employee regularly assigned to work twenty (20) or more hours per week, commencing with the employee's ninety first (91st) day of employment.**
- **Employees shall have the option of participating in the Blue Cross/Blue Shield Community Blue Preferred Provider Organization (PPO) Option 1 or Option 2 plans**

with benefits equal to or greater than those set forth in the Health Care Options Booklet.

Participants in the Blue Cross/Blue Shield Community Blue PPO Option 1 Plan shall have no contribution to premium for single, two person, or full family coverage for the duration of the

(Note: Those who select family continuation or sponsored dependent coverage shall be required to pay the cost of such additional coverage under the terms and conditions provided for in paragraph #309.)

Participants in the Blue Cross/Blue Shield Community Blue PPO Option 2 Plan shall be required to make the following contributions to the cost of such coverage:

Effective July 1, 2008 through December 31, 2008: \$650 for single and \$950 for two person or family coverage.

Effective January 1, 2009 through December 31, 2009: \$709 for single and \$1,036 for two person or family coverage.

Effective January 1, 2010 through December 31, 2010: \$779 for single and \$1,139 for two person or family coverage.

Effective January 1, 2011 through December 31, 2011: \$865 for single and \$1,265 for two person or family coverage.

A new paragraph 304 has been added.

- **Except as hereinafter provided, the University shall pay its portion of health care cost dependent upon the employee's selected health care option for the period that the employee is on the payroll for more than one-half (1/2) of his/her regular scheduled workdays, and for the first three (3) months that the employee is off the payroll and absent on a Medical Leave of Absence. During this period dependent upon the health care option selected, the employee shall pay his/her portion of the health care costs. The employee will be responsible for the entire health care cost for those months following the first three (3) months that he/she is off the payroll because of such leave, except in those instances where an employee is injured on-the-job and is receiving worker's compensation, in which case, medical benefits shall continue until the employee no longer qualifies for worker's compensation wages, or he/she terminates, whichever is sooner. When on an authorized unpaid non-medical leave of absence the employee will be responsible for his/ her benefit costs for the period that he/she is no longer on the active payroll.**

New language has been added at the beginning of paragraph 309.

- **The cost of medical benefits for eligible dependents in the following categories shall be paid in full by the employee.**

In paragraph 311 the reference to the effective date of the act at the beginning of the sentence has been removed. The new sentence now reads.

- **The Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) allows extended health and dental coverage in the following situations....**

Article 33 Life Insurance, Group Life Insurance and Accidental Death and Dismemberment

- A reference to **Article 32, paragraph 304** has been added to the end of the first sentence of paragraph 324.
- A reference in paragraph 331 has been changed from paragraph 302 to paragraph **304**
- The health care waiver amount has been increased from \$900 to **\$1,200** per year. The following statement has been added to the end of paragraph 319.
- **It is understood that no contributions will be made to TIAA-CREF based on this waiver payment.**

Article 43 Miscellaneous

The following new language has been added to this Article.

- **Office Space**

For the duration of this labor agreement the union will not be required to pay rent for occupying their current office location. However, if the union relocates to a different office space the union will enter into a rental agreement and begin paying rent appropriate to the space they will be occupying.

Parking Fee

The following new language has been added.

- **Bargaining unit members will pay \$2.00 per week for a parking hang tag, commencing for the 2009-2010 school year. Such fees may be paid on a pre-tax basis through payroll deduction.**

Article 15 Shift Differential

- The shift differential rate for second shift employees has been increased from .40 to **.45** cents
- The shift differential rate for third shift employees has been increased from .50 to **.55** cents.

Article 33 Life Insurance

- The life insurance coverage for members who retire after the ratification of this agreement will increase from \$4,000 to **\$7, 000**.

Article 4 Temporary Employees

- The University will provide a **monthly** status report to the **Local Union President** regarding temporary employees.

Article 21 New Jobs

- The parties agreed that the union's concerns regarding the High Lift Operator issue may be brought forward for discussion at a Labor Management Meeting.

Article 7 Representation

Necessary housekeeping changes were made to reflect the current representational areas.

Article 13 Leaves of Absence

- A reference to **Article 32, paragraph 304** has been added to the end of the first sentence in paragraph 173.

Article 16 Unscheduled Closedowns

This section has been updated to be consistent with the University Policy

- **The University, unless additional notification is made, shall resume regular business at 11:00PM on the date the notification of an unscheduled closedown is made.**
- In the event of a temporary closedown and where the timing of such decision shall so permit, the Employer shall make reasonable efforts to notify affected employees by ~~7~~**6:00** a.m. through the following media:

EMU Newline (734.487.2460)
EMU Switchboard (734.487.1849)

WEMU (89.1 FM)

WJR (760 AM)

WWJ (950 AM)

WAAM (1600 AM)

The University website as well as other radio and television stations

Article 35 Short Term Disability

This section has been updated to reflect the manner in which this benefit is being administered.

- **Changes in benefit amounts based on changes in base annual salary occur effective with the change in base annual salary. Base annual salary excludes supplemental appointments, longevity pay, overtime, and other extra compensation.**

Article 20 - Training and Development Opportunities

University Sponsored Job Training

- New language has been added to include **Wayne County Community College, and Jackson Community College** to the list of colleges in which an employee can seek reimbursement for university sponsored job training.

Article 2 Purpose and Intent

The following new language has been added.

- **The parties agree to work cooperatively to make the working environment safe for all employees in accordance with applicable state and federal laws and regulations.**
- The Employer and the Union encourage to the fullest degree, friendly, cooperative, **and trustworthy** relations between their respective representatives.

Article 9 Grievance Procedure

The following language has been added.

- **Disciplinary suspensions and terminations from employment shall be directly appealed to Step II.**

Language was changed in the grievance procedure to provide a mechanism for resolving grievances prior to the Local's decision to appeal cases to arbitration.

- **The parties agree that during this 20 twenty work day time frame or any mutually agreed upon extension, a meeting may be convened with the Union President, AFSCME Council 25 Staff Representative, and Director of Employee Relations with an effort to resolve grievances prior to arbitration.**

The following new language has been added.

- **AFSCME Council 25 will have sixty (60) calendar days from the date of the union's notice to the Employer of its appeal to Step III (Arbitration) to make a final decision and formally notify the Director of Employee Relations of its decision to either pursue the grievance to final and binding arbitration, or to withdraw the matter from the grievance procedure. If such written notice is not received by the Director of Employee Relations within the sixty (60) calendar day time frame, or any mutually agreed upon extension, the grievance is barred from arbitration and the Employer's Step II disposition of the grievance shall be final.**
- **Upon written request, Michigan AFSCME Council 25 will provide the Director of Employee Relations with a list of all closed cases.**

Article 11 Probationary Employees

- The probationary period has been changed from 120 calendar days to **180** calendar days.

Article 22 Work of Supervisors and Foremen

The following new language has been added.

- **Alleged violations of this Article will be brought to the Employer's attention. Upon the Union President's written request a Special Conference will be convened to discuss the incident.**

Article 23 Equalization of Overtime

- New language has been added to ensure that the **Local Union President** will receive an up to date list of overtime equalization hours.

New language has been added to address occasions when an employee works 16 continuous hours.

- **An employee who is required to work mandatory overtime as a result of emergency conditions, and works a total of sixteen (16) continuous hours, and is scheduled to work the following day, may request to adjust his/her starting time for the following day for up to a maximum of two (2) hours. The employee must seek and receive prior approval from the Zone Manager for all schedule adjustments. The employee must use annual leave or personal sick leave to cover the absence. Employees who do not have leave credits to cover their absence will not be approved for schedule adjustments. Any disputes arising out of a denial of a request or the application of this provision shall not be subject to appeal in the grievance procedure.**

Article 11 Vacancies

- New language has been added to paragraph 118 that an **employee must submit written notification of this request to his supervisor** if the employee desires to return to a former position during the first 20 days in a new position after promotion.
- New language has been added which recognizes that employee's must use **the Employer's Online Hiring System** when bidding and applying for jobs.

Addendum to the Master Agreement

- This section has been updated to reflect the Local Union' number change from ~~4666~~ to **3866**.

Facilities Maintenance Worker

- **The parties agreed to set aside the September 17, 1991, settlement of grievance #11191.** This action will now allow the hiring of additional FM-14 level workers and may provide more promotional opportunities for bargaining unit members.

Emeritus Status

- **It was agreed that subject to the approval by the Eastern Michigan University Board of Regents, the University's Emeritus Policy will apply to all eligible bargaining unit members.**

**Memorandum of Understanding
Group Health Benefits Waiver**

**By and Between
Eastern Michigan University
And the AFSCME Council 25 Local 3866**

It is hereby agreed that if during the life of this agreement the University increases the waiver amount for opting out of the University's Group Health Plan then any increase in the waiver amount will also be afforded to members of this bargaining unit who have opted out or wish to opt out, at the next open enrollment period. This is provided all of the other provisions for opting out of the University's Group Health Plan have been satisfied by the employee. This memorandum of understanding does not change any other University processes or procedures associated with the Group Health Benefits waiver.

**Memorandum of Understanding
Credit Hours**

**By and Between
Eastern Michigan University
And the AFSCME Council 25 Local 3866**

It is hereby understood and agreed that if during the life of this collective bargaining agreement, which continues through June 30, 2011, the University increases the number of credit hours covered in the Tuition Waiver policy then any increase will also be afforded to members of this bargaining unit who make proper application and are eligible to receive the benefits covered under this policy.

**Memorandum of Understanding
Domestic Partners**

**By and Between
Eastern Michigan University
And the AFSCME Council 25 Local 3866**

In accordance with the February 1, 2007, decision of the Michigan Court of Appeals, in the matter of National Pride Network et. al. v City of Kalamazoo, et. al., the parties have omitted from their collective bargaining agreement all rights and entitlements of AFSCME employees with respect to domestic partnership benefits as described in their 2005-2007 collective bargaining agreement.

If however, during the term of this Agreement a decision is made by a court, the State of Michigan, and/or the Federal government that reverses this court decision, re-enacts, revises, and/or mandates a decision on the issue of providing domestic partner benefits to University employees, the domestic benefit provisions as contained in Appendix K of the 2006-2007 collective bargaining agreement shall be reinstated.

BOARD OF REGENTS
EASTERN MICHIGAN UNIVERSITY

SECTION: 2

DATE:

March 14, 2006

RECOMMENDATION

**RESOLUTION OF THE BOARD OF REGENTS OF EASTERN MICHIGAN
UNIVERSITY AUTHORIZING THE ISSUANCE AND DELIVERY OF GENERAL
REVENUE BONDS AND PROVIDING FOR OTHER MATTERS RELATING
THERE TO**

ACTION REQUESTED

It is recommended that the Supplement to the Resolution of the Board of Regents of Eastern Michigan University authorize the issuance and delivery of general revenue bonds and provide for other matters relating thereto be approved.

STAFF SUMMARY

Increasing defaults in the residential subprime mortgage market have had a severe negative impact on the bond insurance companies which have provided credit enhancement to the University's Series 2001 and Series 2006A variable rate demand bonds. The Series 2001 bonds are insured by Financial Guaranty Insurance Company (FGIC) and Series 2006 bonds are insured by XL Capital Assurance, both have the interest rate reset every day. Liquidity support is provided in the form of a standby bond purchase agreement from Dexia Credit Local, a French bank for both Series.

XL Capital and FGIC have each had their ratings downgraded as a result of the losses they have incurred and are expected to incur in the future on securities tied to pools of residential subprime mortgages. As a result of these downgrades, many money market funds, the primary investors in this type of security, have determined that they are not willing to hold this type of credit structure (insurance plus liquidity) at any level of interest rates. The market has reacted by raising the clearing rate of interest on bonds with this structure to very high levels. The University's variable interest rates were as high as 8.5% in the month of February 2008 with averages of 7.4% and 7.9%.

In response, the University has sought alternative credit facilities to replace the existing credit structures. We have received proposals from Charter One Bank, a division of the Royal Bank of Scotland, as well as from Dexia Credit Local, the current provider of our liquidity facilities. The University has also requested a proposal from Chase, but to date has not received a complete reply. Based on the pricing and terms of the facilities provided, we are recommending acceptance of the proposal from Dexia, subject to final credit approval by the bank and agreement on documentation.

The terms of the existing bonds do not allow for the University simply to add a letter of credit to the financing. Accordingly, the University intends to issue refunding bonds which will retire the existing obligations; the letter of credit from Dexia will provide both credit and liquidity enhancement to the new series of bonds.

The University has also investigated the alternative approach of refunding the bonds into a fixed rate structure. The biggest challenge to implementing a fixed rate refunding is the disposition of the related interest rate swaps. Terminating the swaps and creating a fixed structure would cost the University approximately \$10 million. The return to Eastern Michigan University by creating a fixed rate structure would not be financially advantageous. These significant termination fees would need either to be paid from University resources or financed with the refunding, which would limit the amount of bonding capacity for the future bonding for Pray-Harrod.

FISCAL IMPLICATIONS

The increase in the variable rates for the Series 2001 and Series 2006 bonds, estimated additional costs for the months of January and February 2008 at \$684,000. Approval of this recommendation for the University to proceed in providing an alternative support for credit enhancement is to avoid dramatic cost increases to the University being experienced under the current loan structure.

The estimated costs to refund the bonds include the issuance costs of \$332,000, underwriter's fee of \$315,000, and portion of the LOC paid at closing of \$84,000. The estimated total of \$721,000 will be financed with the refunding and paid over the life of the bond. The Letter of Credit will cost the University approximately \$560,000 per year which will be funded through general fund or auxiliaries debt service. See the attached analysis of the proposals.

ADMINISTRATIVE RECOMMENDATION

The proposed Board action has been reviewed and is recommended for Board approval.

Janice M. Stroh
University Executive Officer

March 12, 2008
Date

**RESOLUTION OF THE BOARD OF REGENTS OF
EASTERN MICHIGAN UNIVERSITY
AUTHORIZING THE ISSUANCE AND DELIVERY OF
GENERAL REVENUE REFUNDING BONDS AND
PROVIDING FOR OTHER MATTERS RELATING THERETO**

WHEREAS, the Board of Regents of Eastern Michigan 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 Eastern Michigan University (the "University") and the control and direction of all expenditures from the University's funds; and

WHEREAS, on August 29, 2001, and February 22, 2006, the Board issued and delivered its \$41,395,000 principal amount of General Revenue Variable Rate Demand Refunding Bonds, Series 2001 (the "2001 Bonds") and its \$85,680,000 principal amount of General Revenue and Refunding Bonds, Series 2006A (the "2006 Bonds"), respectively (collectively, the "Prior Bonds"); and

WHEREAS, the Prior Bonds were issued as variable rate bonds the interest rates on which change on a daily basis, secured by policies of bond insurance issued by Financial Guaranty Insurance Company ("FGIC") with respect to the 2001 Bonds and by XL Capital Assurance ("XL") with respect to the 2006 Bonds, with liquidity facilities now provided in each case by Dexia Credit Local; and

WHEREAS, as reported extensively in the financial media, the bond insurance industry has been very adversely affected by the crisis in the subprime mortgage market, to the extent that rating downgrades have occurred and are expected to continue, with XL and FGIC having already been downgraded by at least one rating category below their original "AAA" ratings and such downgrades have materially adversely affected the interest rates on the Prior Bonds, causing such rates to increase significantly; and

WHEREAS, upon the advice of its financial advisors and Bond Counsel and the recommendation of the University's Administration, the Board approves and adopts the recommendation of the Administration that the most economic and viable solution presently available to address the problems created by the bond insurer rating downgrades may be to remove the bond insurers as the credit enhancers of the Prior Bonds by refunding such bonds and replacing the insurance policies with letters of credit issued by a highly rated bank; and

WHEREAS, the refunding of the Prior Bonds will serve proper and appropriate public purposes.

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

1. The Board hereby authorizes the issuance, execution and delivery of refunding bonds of the Board in registered form in one or more series, to be designated GENERAL

REVENUE REFUNDING BONDS, SERIES 2008 (the "Refunding Bonds"), with the following terms to be determined by the Executive Vice President or the Vice President for Business and Finance of the University (each an "Authorized Officer"): additional or other series designations or descriptive terms of the Refunding Bonds; the aggregate principal amount not to exceed \$135,000,000 (being the amount necessary to produce proceeds sufficient, together with other available funds, to implement the refunding, to pay costs incidental to the issuance of the Refunding Bonds, and to fund, if required, a reasonably required debt service reserve fund or funds); if not all, the particular Prior Bonds to be refunded; serial Bonds or term Bonds (which may be subject to redemption requirements), or both, with the first maturity not earlier than June 1, 2008, and the last maturity not later than December 31, 2050; no interest or interest at stated rates for the respective maturities with the highest yield (computed using the stated coupon and the stated original offering price) for any fixed rate maturity not to exceed 6.0% per annum; 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); interest at a variable rate of interest, with the variable rate of interest not to exceed the lesser of the maximum rate permitted by law or the maximum rate, if any, to be specified in the relevant Refunding Bond documents; redemption or call for purchase prior to maturity, including the times and prices with no redemption premium to exceed 3% of the principal amount being redeemed; time for payment of interest; denominations; manner of payment of principal and interest; terms of transfer, exchange, execution and authentication; issued in certificate or book entry only form; price and terms of sale to the Underwriter (with the Underwriter's discount, exclusive of original issue discount, not to exceed 0.5% of the principal amount of the Bonds) plus accrued interest, if any, from the dated date of the Bonds to the date of delivery thereof; terms of tender for purchase, if any, at the option of the holder thereof payable from available cash reserves of the University or from a letter of credit, line of credit or other liquidity device (the "Liquidity Device") and all of the terms thereof, with any reimbursement obligation for draws under the Liquidity Device to be limited and not a general obligation of the Board, payable from and secured by a pledge of General Revenues (substantially as defined in the 2006 Bond Trust Indenture);`

2. The Refunding Bonds, and the obligations of the Board under any credit agreement or Liquidity Device, shall be limited and not general obligations of the Board payable from and secured, on a parity basis with all outstanding bonds of the Board, by a lien on the University's General Revenues or such components thereof and other funds as shall be determined by an Authorized Officer (individually and collectively, the "Security"). Except as otherwise determined by an Authorized Officer, the lien shall be on a parity basis with the liens on General Revenues securing previously issued outstanding bonds of the Board.

Except as specified in the Refunding Bonds or related documents, no recourse shall be had for the payment of the principal amount of or interest or premium on the Bonds, any credit agreement or Liquidity Device, or any claim based thereon against the State of Michigan, the Board or any officer or agent thereof, as individuals either directly or indirectly, nor shall the Refunding Bonds and interest with respect thereto, or any obligation of the Board in connection with a credit agreement or Liquidity Device, if any, become a lien on or be secured by any property, real, personal or fixed of the State of Michigan or the Board, other than the Security.

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

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

4. The Authorized Officers, jointly or severally, are hereby authorized and directed to negotiate for and select a credit enhancement provider (of bond insurance, letter of credit, surety bond or other credit facility with respect to payment of principal, interest and premium, if any, on the Refunding Bonds), and to execute and deliver a credit agreement relating thereto, with any reimbursement obligation to be a limited and not a general obligation of the Board, payable from and secured by a pledge of General Revenues; to select bond counsel, the underwriter ("Underwriter") and the Trustee; to execute the Refunding Bonds by placing his or her facsimile signature thereon, and to deliver the Refunding Bonds to the Underwriter in exchange for the purchase price thereof; to cause preparation of a preliminary and a final Official Statement with respect to the Refunding Bonds, and to execute and deliver the final Official Statement, which the Underwriter is authorized to circulate and use in connection with the offering, marketing and sale of the Bonds; 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, or necessary, expedient and proper in connection with the issuance, sale and delivery, and ongoing administration, of the Refunding Bonds, as contemplated hereby; and to execute and deliver, for and on behalf of the Board, a continuing disclosure undertaking with respect to the Refunding Bonds, in the form such officer deems appropriate.

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

I hereby certify that the attached is a true and complete copy of a resolution adopted by the Board of Regents of Eastern Michigan University at a _____ meeting held on _____, 2008.

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 adoption of the Resolution: _____

The following members of the Board voted against adoption of the Resolution: _____

RESOLUTION DECLARED ADOPTED:

Secretary to the Board of Regents of
Eastern Michigan University

BH 907390v7