

2022

Board of Regents Meeting Materials, October 3, 2022

Eastern Michigan University

SECTION: U
DATE: October 3, 2022

BOARD OF REGENTS
EASTERN MICHIGAN UNIVERSITY

RECOMMENDATION

**COLLECTIVE BARGAINING AGREEMENT BETWEEN EASTERN MICHIGAN
UNIVERSITY AND THE EMU AMERICAN ASSOCIATION OF UNIVERSITY
PROFESSORS UNIT (AAUP)**

ACTION REQUESTED

It is recommended that the Board of Regents approve the recently negotiated collective bargaining agreement between Eastern Michigan University and the EMU American Association of University Professors (AAUP) bargaining unit. It is further recommended that the Board of Regents authorize the President to execute the Agreement on its behalf.

STAFF SUMMARY

The Recommendation is based on the tentative agreement reached between Eastern Michigan University and the AAUP. The proposed agreement covers approximately 506 Faculty members and was ratified by the bargaining unit on September 23, 2022. Significant provisions to the proposed agreement include:

Duration: Four years

Salary:

- Year One: 4% or \$4,000 to base salary whichever is greater (current avg. salary is \$90k)
- Year Two and Year Three: 3.25% to base salary
- Year Four: wage reopener

Health Care:

- Health Care plan design and premiums for PPO and HDHP (currently includes all APs, CS,P/T, COAM, POAM)
 - PPO family premiums in 2022 = \$3,041 New premiums in 2023 = \$4,976
- Current health care plan design for HMO option but \$0 for premiums (new). Maintains a low-cost option for all faculty.
- Secondary coverage for spouses will be removed in January 2025 (same as CS unit)
- Coverage removed for “other eligible adult” in January 2023

Parking:


- Faculty will pay \$277 for parking (University will dedicate 50% of revenues generated to support student transportation and the Student Emergency Fund)

FISCAL IMPLICATIONS

Yes, as described above.

ADMINISTRATIVE RECOMMENDATION

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



University Executive Officer
Rhonda Longworth, Ph.D.

September 26, 2022

Date

SECTION: V
DATE: October 3, 2022

BOARD OF REGENTS
EASTERN MICHIGAN UNIVERSITY

RECOMMENDATION
FINAL APPROVAL AND EXECUTION OF HOUSING SYSTEM LEASE AGREEMENT

ACTION REQUESTED

It is requested that the Board of Regents approve the Lease Agreement (the Lease Agreement) in its substantially final form, which leases the University’s campus housing system to EMU Campus Living, LLC, a Minnesota limited liability company (the “Lessee”), and that the Board further determine there is adequate consideration for the University to covenant to make semi-annual Minimum Occupancy Payments if needed to ensure that the Lessee has sufficient revenues to pay debt service on the PFA Bonds when due.

STAFF SUMMARY

On June 16, 2022, the Board of Regents approved entering into a public-private partnership transaction (“P3 Transaction”) with EMU Campus Living, LLC, a Minnesota limited liability company, whose sole member is Community Facility Public Private Partnership, a Minnesota nonprofit corporation (the “Lessee”). The P3 Transaction contemplates that the Board, as lessor, and the Lessee, as lessee, will enter into a Lease Agreement (the “Lease”) pursuant to which the Board will lease the entirety of its on-campus student housing system to the Lessee for a 35 year term. The Lessee will enter into a Property Management Agreement and Development Agreement with entities controlled by Gilbane Development Company (“Gilbane”), pursuant to which the Lessee and Gilbane will design, build, finance, operate, and maintain existing, renovated, and new student housing facilities on the EMU campus (the new capital investments being referred to as the “Project” and the new and existing University housing facilities as the “Housing System”). The P3 Transaction’s objectives and capital projects include: (i) ground up construction of two (2) new student housing facilities known as Westview Apartments and Lakeview Apartments; (ii) renovations to the five (5) existing student housing facilities known as Putnam Hall, Walton Hall, Phelps Hall, Sellers Hall and Downing Hall; (iii) renovations to the three (3) existing student housing facilities known as Cornell Court Apartments, The Villages Apartments and 601 West Forest Avenue; and (iv) demolition of the seven (7) existing student housing facilities known as Best Hall, Buell Hall, Hill Hall, Hoyt Hall, Pittman Hall, Brown/Munson Apartments and Westview Apartments (the Student Housing Facilities).

The P3 Transaction contemplates that the Public Finance Authority will issue tax exempt qualified 501(c)(3) private activity bonds (the “PFA Bonds”) and loan the proceeds to the Lessee to finance the Project. The Lessee will pay the debt service on the PFA Bonds and the operations and maintenance expense of the Housing System from the Housing System revenues.

Barclays Capital, the investment banker for the P3 Transaction, is currently soliciting proposals from bond insurance companies (BAM and AGM) to issue a municipal bond insurance policy as credit enhancement for the PFA Bonds. Barclays has advised the University that, in order to obtain the desired rating for the PFA Bonds and/or secure a commitment for bond insurance, it is necessary for the University to provide credit support by guaranteeing that the revenues from the Housing System will be sufficient to make debt service payments on the PFA Bonds when due.

Should the University agree to provide this credit support, Ponder & Co., the University's financial advisor, estimates that an insured transaction would provide the Lessee with approximately \$26.7 million of additional bond proceeds for the Project while maintaining similar annual debt service. If the PFA Bonds are not insured, the University's credit support would still be expected to result in approximately \$22.6 million of additional bond proceeds for the Project while maintaining similar annual debt service.

The University's outside legal counsel for the transaction has advised that it is necessary for the Board to (i) determine that the additional proceeds available for investment into the Housing System resulting from the University's credit support as described above represents a fair exchange of value for its covenant to make Minimum Occupancy Payments; and (ii) approve the substantially final Lease Agreement including the University's covenant to make Minimum Occupancy Payments when needed.

FISCAL IMPLICATIONS

The Lease Agreement and the transition of the Housing System is expected to close by November 30, 2022. Upon closing, the transaction will be incorporated into the 2023 fiscal year budget.

ADMINISTRATION RECOMMENDATION

The Action Requested has been reviewed and recommended for Board approval.



University Executive Officer

October 3, 2022
Date