

was held on 7-1-60

Ronald B. Briggs
Kenneth L. Courtney
Michael W. Hutson (Walsh)
Laurence G. Keisling
Michael Parker

ABSENT: Robert S. Gigliotti (excused)
Nelson Ritner (excused)
Charles Salgat (excused)
Douglas J. Schroeder
Ken Strobel (excused)

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MINUTES

Resolution #89-5
Moved by Keisling
Supported by Parker

RESOLVED, That the Minutes of the meeting of August 23, 1989 be approved.

Yeas: All-6

APPROVAL OF FINANCIAL DOCUMENTS
WALSH COLLEGE OF ACCOUNTANCY AND BUSINESS ADMINISTRATION (41)

The financial documents were reviewed.

Resolution #89-6
Moved by Courtney
Supported by Hutson

The Economic Development Corporation of the City of Troy (the "Issuer") is empowered under Act 338, Public Acts of Michigan, 1974, as amended (The "Act") to assist in the financing of certain projects and facilities through the issuance of its limited obligation revenue bonds. Walsh College of Accountancy and Business Administration, a Michigan not for profit corporation (the "Obligor") proposes to acquire, construct, furnish and equip an educational facility and the site therefor (the "Project"), and as an inducement therefore, has requested the Issuer to assist in the financing of the Project in the following general manner (as detailed in the Agreement and the Indenture (both as hereinafter defined)): The Issuer would issue its limited obligation revenue bond in the principal amount of \$2,600,000 (the "Bond") under the Act and would loan such amounts to the Obligor to pay the costs of the Project as the Obligor causes the Project to be acquired, constructed, furnished and equipped. Under the terms of the Loan Agreement, dated of October 1, 1989, between the Obligor and the Issuer (the "Agreement"), the Obligor would under any circumstances pay as Loan Repayments amounts sufficient to pay the principal and interest on the Bond, and would be responsible for paying any Project Costs (as defined in the Agreement) exceeding the amount of the Bond, maintaining and insuring the Project and paying all taxes and expenses relating to the Project. In addition, the Obligor would execute and deliver to the Issuer the Note, dated date of delivery (the "Note") evidencing the Obligor's obligation to make Loan Repayments under the Agreement. The Issuer would enter into an Indenture, dated as of October 1, 1989 (the "Indenture") with National Bank of Detroit, Detroit, Michigan, as Secured Party (The "Secured Party")) wherein the Issuer would assign and pledge certain of its rights, title and interest in the Agreement and the Note as security for the Bond. Upon full payment of the Bond or provision therefor, the Agreement would be terminated and the Note appurtenant thereto cancelled.

As additional security for the bond, the Obligor will grant a mortgage and security agreement on the lands, premises and property situate, lying and being in the City of Troy, County of Oakland, State of Michigan, together with certain personal property, pursuant to a Mortgage and Security

Agreement (the "Mortgage") dated as of October 1, 1989 to the Issuer and assigned to the Secured Party. In addition, the Obligor, and the Secured Party will enter into a Guaranty Agreement with the Secured Party (the "Guaranty") dated as of October 1, 1989 guaranteeing payment of the Bond.

The Issuer's participation in the financing of the Project is to enable the Obligor to utilize applicable provisions of the United States Internal Revenue Code (the "Code"). Section 103 of the Code encourages the acquisition of certain facilities and the public financing thereof through limited obligation revenue bonds by providing that the interest on such bonds, as contrasted with any bonds issued by the Obligor itself, will be exempt from Federal income tax. This tax exemption enables the purchasers of the Bond to accept a lower rate of interest, and, since the Obligor bears the interest costs of the Bond, reduces such cost of the Project financing to the Obligor.

On the basis of representations of the Obligor and the advice of Bond Counsel that the Issuer has the authority to issue the Bond and loan the proceeds thereof to the Obligor, and in order to induce acquisition and improvement of the Project and thereby serve the purposes of the Act, the Issuer has previously determined to issue the Bond, subject to the following condition: principal of and interest on the Bond and any other cost or liability relating to the Bond or the issuance or sale thereof, the Project, or the financing of the Project and the performance of any obligation of the Issuer under the Agreement, the Indenture or the Bond Purchase Agreement shall never be payable from tax revenues or other public or general funds of the Issuer or the City of Troy, Michigan (the "Municipality"), but shall be payable only from the Loan Repayments, revenues, receipts or otherwise by the Obligor.

The Obligor has estimated Project Costs to be greater than the Principal Amount, and has arranged the financial terms and sale of the Bond to National Bank of Detroit, Detroit, Michigan (the "Purchaser"). The Issuer, the Obligor, the Guarantor and the Purchaser have completed negotiation and drafting of the Agreement, the Indenture, the Mortgage, the Bond Purchase Agreement, and the Guaranty (together, the "Documents") and have submitted these Documents to the Issuer for review and action. It is now appropriate for the Issuer to act on the proposed Documents and the proposed issuance and sale of the Bond.

NOW, THEREFORE, BE IT RESOLVED:

SECTION 1. Determination of Necessity. The Project creates employment in and stimulates the economy of the Municipality and constitutes a public purpose under the Act. The issuance of the bond is necessary to induce the Obligor to acquire, construct, improve, furnish and equip the Project in the Municipality and thereby obtain the employment and economic benefits.

SECTION 2. Issuance of Bond. The Bond shall be issued by the Issuer in the amount of \$2,600,000 in such form and denomination as provided in the Indenture.

SECTION 3. Approval of Documents. The forms of Documents and certificates on file with the Secretary are hereby approved, subject to such changes and insertions as, upon the advice of Bond Counsel, are not adverse to the Issuer or the Municipality.

SECTION 4. Acknowledgment of Guaranty. The form of Guaranty, on file with the Secretary is hereby acknowledged.

SECTION 5. Execution and Delivery of Documents and Certificates, and Changes Therein. The Chairman and the Secretary, the Treasurer or any member in the absence of the Secretary, are hereby authorized to execute, deliver, attest and seal, where necessary, the Documents to which the Issuer is a party and Certificates, all in the forms approved, with such changes and insertions in such documents as may be necessary or desirable, permitted by the Act and otherwise by law, and not materially adverse to the Issuer or the Municipality.

SECTION 6. Sale and Delivery of the Bond. The Bond shall be sold by the Issuer to the Purchaser under the Bond Purchase Agreement at a purchase price as set forth in the Bond Purchase Agreement. Upon compliance with the terms and conditions of the Bond Purchase Agreement, the Chairman and the Secretary, the Treasurer or any member in the absence of the Secretary shall execute the Bond and cause the Bond to be sealed and deliver the Bond upon receipt of the proceeds therefor to the credit of the Project Fund, in accordance with the Indenture.

SECTION 7. Endorsement of Note. The Chairman and Secretary, the Treasurer or any member in the absence of the Secretary, are authorized to endorse the Economic Development Note given to the Issuer by the Obligor to the order of the Secured Party and deliver the same to the Secured Party.

SECTION 8. Approval of Filings and Submissions with Other Governmental Agencies. The Chairman, Secretary, members, staff, counsel, and Bond Counsel for the Issuer, or any of them, are authorized on behalf of the Issuer to apply for such ruling, orders and approvals and file or submit such elections or other document to any governmental agency in order that the Bond may be validly issued and the interest thereon be exempt from Federal income taxation, and to execute such powers of attorney as may be appropriate in connection with the foregoing.

SECTION 9. Authorization of Other Documents. The Chairman, Secretary, members, staff, counsel, and Bond Counsel for the Issuer, or any of them, are hereby authorized to execute, date and deliver such other certificates, documents, instruments, and opinions and other papers as may be required by the Documents or as may be necessary or convenient to effectuate the sale and delivery of the Bond in accordance with the terms of the Documents.

SECTION 10. Tax Exempt Status. The Issuer hereby designates the Bond as a "qualified tax exempt obligation" for purposes of deduction of interest expense by financial institutions pursuant to the Code.

SECTION 11. Election. The Issuer hereby elects to have the provisions of Section 144(a)(4) of the Code apply to the Bond.

SECTION 12. Conflict and Effectiveness. All resolutions and parts of resolutions or other proceedings of the Issuer in conflict herewith are repealed to the extent of such conflict. This resolution shall become effective upon adoption.

SECTION 13. Definitions. The words used herein and in the premises shall have, where not otherwise indicated, those meanings established in the Indenture.

Yeas: All-6

The meeting was adjourned at 7:58 p.m.

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