

PROPOSAL: IF-1 Dunbar Hall Renovation Resolution

Background

Dunbar Hall was built in 1971 as part of a three-building complex that includes Friedmann and Knauss Halls. At five-and-a-half stories and approximately 78,000 square feet, the building has served the University well over its almost fifty-year lifetime. Since opening, it has not undergone any major renovation. Dunbar is one of the most heavily used classroom buildings on campus and is home to over a dozen academic programs, many housed in the College of Arts and Sciences. For at least the past twenty years, the University has requested state funding for a complete renovation, stripping the building down to its structural skeleton and creating an interior that meets today's contemporary educational needs.

The project budget under the State's process is \$42,370,000 with the State providing \$30,000,000 and the balance funded by gifts and University funds. The State Building Authority Act (Public Act 183 of 1964 as amended) governs the structure of the transaction between the University and the State. The Act requires that projects funded by the State Building Authority (SBA) be owned by the SBA. This requirement is necessary to permit the SBA to lawfully sell commercial paper, notes, bonds, or other instruments to finance the construction of the facilities on the site. The SBA leases the site back to the University during the term of indebtedness, but the term will not exceed forty (40) years. Title of the improved property will transfer back to the University after the indebtedness has been paid off and the lease ends.

This transaction structure is routine and consistent with past practice for other State-funded capital projects. There are specific documents provided by the SBA that require the Board to consider and approve. Therefore, attached you will find the Resolution of the Board of Trustees of Western Michigan University Approving a Construction and Completion Assurance Agreement, a Conveyance of Property, A Lease and an Easement Agreement, if Necessary, for the Western Michigan University IF-1 Dunbar Hall Renovation. In addition, the action must include Exhibit A which is the Construction and Completion Assurance Agreement; Exhibit B the Warranty Deed; and Exhibit C the Lease.

The documents have been reviewed by the General Counsel's Office, Campus Planning and the Office of Business and Finance. The documents and agreements will be executed when the SBA is ready to finance the IF-1 Dunbar Hall Renovation project.

Recommended Action

It is recommended the Board approve the Resolution as provided by the SBA and authorizes the President, Treasurer or Assistant Treasurer (the "Authorized Officers") to finalize and to execute any deeds, easements, agreements or documents, and to take such other actions, necessary or convenient to effectuate and complete the transactions contemplated herein, with such modifications as they or anyone of them may approve as reasonable or necessary.