

STATE BUILDING AUTHORITY

A meeting of the State Building Authority (SBA) Board of Trustees was held at the Operating Engineers Local 324, Journeyman and Apprenticeship Training Center, 275 East Highland, Howell, Michigan at 2:00 p.m. on Monday, November 16, 2009.

Board Members Present:

John Clark
Patrick Devlin
Marty Mercer

Authority Staff:

Debbie Roberts, Executive Director
Debbie Sanchez, Secretary
Carol Schulz, Financial Specialist
TeAnn Smith, Financial Analyst

Others Present:

Barbara Bowman (Bodmann LLP)
Rachael Eubanks (R. W. Baird)
Cabray Haines (Siebert Brandford Shank)
Alan Lambert (Attorney General's Office)
Kester So (Dickinson Wright PLLC)
Sean Werdlow (Siebert Brandford Shank)
Wayne Workman (R. W. Baird)

Chairperson Devlin called the meeting to order at 2:15 p.m. with introductions of all in attendance.

The minutes of the October 26, 2009 meeting were reviewed, and Ms. Mercer moved that the minutes be accepted as written. Mr. Clark supported the motion, which passed unanimously.

Ms. Roberts reviewed the agenda, which includes resolutions for the upcoming new money issue.

Ms. Schulz reported that the commercial paper outstanding is \$163 million for 13 projects and was issued November 5, 2009. The total includes \$105,370,000 maturing 12/10/09 at 0.25% and \$57,660,000 maturing on 1/7/10 at 0.30%. The

projects included in the \$105,370,000 portion of CP will be included in the new money issue being presented to the Board.

Moving on to new business, Mr. Lambert explained that the first resolution before the Board will approve the point rental of the ten projects in the new bond issue. The projects are listed in Exhibit A with the dates the projects were originally approved with a rental range. The point rentals were set by Integra Realty Resources. They have been approved by the Legislature, State Administrative Board and the educational institutions. Mr. Clark inquired how the projects are appraised, and Mr. Lambert explained that the statute requires an independent appraisal. Ms. Roberts added the appraiser utilizes the actual cost of the project and considers its value in the commercial area and were just completed, so are current. It was moved by Ms. Mercer, supported by Mr. Clark that the board approve the Resolution of the State Building Authority Determining the Rental and Confirming Other Matters Regarding the Conveyances of Property and the Leases for Certain Facilities. A roll call vote was conducted with the following results:

Mr. Clark – Yes

Mr. Devlin– Yes

Ms. Mercer – Yes

The motion passed unanimously.

Mr. Werdlow presented the next item on the agenda, a presentation of the 2009 Revenue Bonds, Series II (Facilities Program). An information booklet was distributed to those in attendance outlining the deal. Pages 2 and 3 contain market information and present a favorable picture. Most relevant is the yellow line which shows a current rate of 4.15% and these rates have not been seen in 20 years. The stimulus plan has helped the interest rates and the Authority has picked a good time for a bond deal. Page 4 lists the 10 projects totaling \$110 million. Page 5 explains that the bonds will be issued under the 2003 Master Indenture. Page 6 breaks down the sources and uses of funds as of November 13, 2009. Ms. Haines further explained that the par amount is \$113,525,000 with a premium of \$464,253.75 for a total of \$113,989,253.75. The cost of issuances is \$6 per bond.

Ms. Roberts moved on to the final new business item explaining the resolution is to approve the included documents and sets the parameters of the issuance. Exhibit A lists the facilities and Exhibit B sets the parameters. The resolution is effective until March 1, 2010, which covers through the next scheduled meeting in January 2010 in the event the bonds cannot be sold in November or December.

Mr. Clark pointed out that the purchase contract included in the packet only included the odd pages. Ms. Bowman provided a complete copy of the purchase contract for the Board to review. Mr. Clark asked if the AG and bond counsel reviewed the complete document and both indicated they had. The Board members

asked that the complete purchase contract be sent to them, which will be done by Authority staff.

Mr. Clark asked what the cost of issuance includes, and Mr. Workman indicated it should include the underwriters discount and the figure should be closer to \$1 million, not \$681,150 listed in the presentation by Siebert presentation, which is an estimate of costs. The Authority will know the actual costs at pricing and they will be sent to the Board at that time.

It was moved by Ms. Mercer, seconded by Mr. Clark that the Board approve the Resolution of the State Building Authority Authorizing the Issuance and Sale of its 2009 Revenue Bonds, Series II (Facilities Program). A roll call vote was conducted with the following results:

Mr. Clark – Yes

Mr. Devlin– Yes

Ms. Mercer - Yes

The motion passed unanimously.

Ms. Roberts noted that the next scheduled meeting of the Board of Trustees is January 25, 2010. Marty noted that she will not be able to attend the January meeting.

With no further business before the Board, it was moved by Mr. Clark, supported by Ms. Mercer that the meeting be adjourned. All were in favor.

The meeting was adjourned at 2:41 p.m.

APPROVED AND ADOPTED:

Deborah M. Roberts, Executive Director

Patrick J. Devlin, Vice-Chairperson