

STATE BUILDING AUTHORITY

A meeting of the State Building Authority (SBA) Board of Trustees was held at Lansing Community College, University Center, Room 158, 210 W. Shiawassee, Lansing, Michigan at 2:00 p.m. on Monday, July 28, 2008.

Board Members Present:

Dawn Batts
John Clark
Ehrlich Crain
Patrick Devlin
Marty Mercer

Authority Staff:

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

Others Present:

Alan Lambert (Attorney General's Office)

Chairperson Devlin called the meeting to order at 2:15 p.m. Ms. Roberts notified the Board that a special meeting will need to be held after the capital outlay bill is passed so that documents can be approved for the purchase of the John Deere Building. This will need to be held prior to September 30, 2008.

The minutes of the April 28, 2008 meeting were reviewed, and Mr. Crain moved that the minutes be accepted as written. Ms. Mercer supported the motion, which passed unanimously. Ms. Mercer inquired on the status of the environmental report at the Schoolcraft County Minimum Security Camp. Ms. Smith indicated that the study was recently completed, and the report is being written. All board members would like to receive a copy of the report once it is completed.

Ms. Roberts reviewed the agenda, which includes a review of the commercial paper program, an update on SBA Board Policy and Procedures and the IRS Audit, approval of a resolution for two projects and approval of an easement and license agreement.

Ms. Schulz reported that the commercial paper outstanding is \$165.5 million for 19 projects. The issue date was May 22, 2008 with an interest rate of 1.7% and a maturity date of August 7, 2008. Ms. Batts asked that in the future we identify the newly added projects on the report.

Ms. Roberts informed the Board that staff have drafted an underwriter RFP and will have a meeting with the financial advisor on July 29 regarding issuance of the RFP. Ms. Roberts noted that we have lost three to four companies that are no longer in existence, so we could receive fewer responses than in the past. We normally receive 15 to 20 as Senior Manager and several others as Co-Managers. Discussion was held regarding the RFP process and how it should be communicated to the Board of Trustees. Ms. Batts expressed more of an interest in shadowing the process, and the Board is more interested in how the process was given over to the SBA staff.

Mr. Clark expressed confusion with the legislation and what are the board members responsibilities as fiduciaries. It is one thing for the staff to be bringing recommendations to the Board, and he stated he wonders if there should be a Building Authority Board at all.

Ms. Roberts indicated that during her tenure with the State Building Authority, the staff, along with the financial advisor, has been responsible for the RFP process and selection of the underwriter and bond counsel. The Chairperson of the Board has, at times, sat in on the final interviews. The RFP is sent to New York firms in the Red Book.

It was concluded that when an RFP is sent out, the trustees would like to receive a copy of the RFP with a list of who it has been sent to. After RFP's are received and reviewed, SBA staff will provide the trustees with a list of who responded to the RFP and the short list. Finally, once a firm has been selected, the trustees will be informed.

Mr. Crain asked if the underwriters that serve SBA serve Treasury too. Ms. Roberts indicated no, that each agency enters into their own contracts, but the Financial Advisor works with both SBA and Treasury. One reason for this is that both agencies work with the rating agencies, and another is that both agencies contribute to the back half of the official statements.

The next item on the agenda is the IRS Audit and Ms. Roberts indicated that our representative from Miller Canfield spoke to the IRS auditor recently, and he still needs to write his report. The agent is ok with the audit – a clear audit will be issued.

Moving to new business, Ms. Roberts explained that the first resolution will allow projects at Central Michigan University and Wayne State University to be entered into the commercial paper program. The documents presented are in the

same form as previously presented and are ready for the Board's consideration. It was moved by Ms. Mercer, seconded by Ms. Batts that the Board approve the Resolution of the State Building Authority Approving Construction Agreements, Conveyances of Property, Leases and Easement Agreements, if Necessary, for Certain Facilities. All members were in favor and the resolution passed unanimously.

The next item on the agenda will allow easement to install lines and access to property to the Lansing Board of Water and Light. The property in question is part of the Joint Operations Center and is a small piece of land that the state maintains. John Spencer, who works in the Department of Management and Budget's Facilities Administration, prepared the legal description. It was moved by Mr. Crain, seconded by Mr. Clark that the Board approve the Resolution of the State Building Authority Approving Easement and the First Amendment to Construction and Completion Assurance Agreement and the Form of Lease for the Department of Management and Budget State Facility Preservation Projects Phases I and II Group D Joint Operations Center. All were in favor and the resolution passed unanimously.

Ms. Roberts noted that the next meeting of the Board is scheduled for October 27 and will be held in the Detroit area. If the Board needs to meet sooner, we may be able to cancel the October 27 meeting. We will look for a college or university in the Detroit area to host our next meeting

Mr. Clark moved to adjourn the meeting and it was seconded by Mr. Crain. All were in favor and the meeting adjourned at 2:45 p.m.

APPROVED AND ADOPTED:

Deborah M. Roberts, Executive Director

Patrick J. Devlin, Vice-Chairperson