MEMORANDUM

TO: Authority Members
FROM: Scott Woosley, Executive Director
DATE: November 13, 2013
RE: Pass-Through Short Term Bond Pilot Program Clarification

On February 22, 2012, the Michigan State Housing Authority (the "Authority") approved a resolution which authorized the allocation of volume cap for the Pass-Through Short Term Bond Pilot Program. As part of that approval, the following recommendations were also approved:

1. Up to $75 million in volume cap was allocated to the Authority's Pass-Through Short Term Bond Pilot Program.
2. This pilot program will terminate, and the Authority will review it, at the earlier of allocating the $75 million, or twenty-four months from the date of the resolution approving the program.

As applications have been received and continue to be submitted under this program, it has become apparent that more clarity is needed on what it means for a project to be allocated volume cap under this program. From a timing standpoint, there are projects that have either already submitted an application or are still planning to submit an application under the Pass-Through Short Term Bond Pilot Program that may not be to a point where the bonds can actually be issued by the end date of the program, which is essentially on or before the February 2014 Authority board meeting. Therefore, Authority staff is recommending the program statement be clarified to provide that applications must have received an inducement resolution from the Authority to be considered allocated volume cap under this program.

To effectuate this change, staff has amended page 2 of the attached program statement to read as follows:

This pilot program will TERMINATE AT THE EARLIEST OF: 1) THE AUTHORITY'S REGULARLY SCHEDULED FEBRUARY 2014 MEETING; OR 2) THE AUTHORITY'S REGULARLY SCHEDULED JANUARY MEETING IF THERE IS NO FEBRUARY MEETING; OR 3) THE $75 MILLION VOLUME CAP BEING FULLY SUBSCRIBED. FOR A PROJECT TO BE INCLUDED IN THE $75 MILLION CEILING, A PROJECT MUST HAVE BEEN APPROVED BY THE AUTHORITY FOR AN INDUCEMENT RESOLUTION AT OR BEFORE THE AUTHORITY’S FEBRUARY 2014 BOARD MEETING. Once the $75 million ceiling is reached or 24 months have elapsed, the Authority will review the program and determine whether, and under what conditions, to extend the program.
RESOLUTION AUTHORIZING AMENDMENT TO THE PASS-THROUGH SHORT TERM BOND PILOT PROGRAM

November 13, 2013

WHEREAS, on February 22, 2012, the Michigan State Housing Development Authority (the "Authority") adopted its Pass-Through Short Term Bond Pilot Program (the "Program"); and

WHEREAS, the Program description was unclear as to the precise end of the Program; and

WHEREAS, the Executive Director has recommended that the Authority amend the Program description to clarify when the Program ends; and

WHEREAS, the Authority concurs in the recommendation of the Executive Director.

NOW, THEREFORE, Be It Resolved that the Program description be amended so that the Program will terminate at the earliest of: 1) the Authority’s regularly scheduled February 2014 meeting; or 2) The Authority’s regularly scheduled January meeting if there is no February meeting; or 3) the $75 million volume cap being fully subscribed. For a project to be included in the $75 million ceiling, a project must have been approved by the Authority for an inducement resolution at or before the Authority’s February 2014 board meeting.