

STATE BUILDING AUTHORITY

A meeting of the State Building Authority (SBA) Board of Trustees was held at the Lewis Cass Building in the Willow Conference Room, located at 320 South Walnut Street, Lansing, Michigan, at 2:00pm, Monday, April 29, 2013.

Board Members Present:

Patrick Devlin
Ehrlich Crain
Kenneth Lingenfelter
Carol Walters
David Trott

Authority Staff:

Debbie Roberts, Executive Director
Carol Schulz, Financial Specialist
TeAnn Smith, Financial Analyst
Stephanie Epps, Risk Management Analyst

Others Present:

Alan Lambert (Attorney General's Office)
Rachael Eubanks (R. W. Baird)
Rob Mellinger (Citi)
Guy Logan (Citi)
Anne Fillingham (Dykema)
Dave Massaron (Miller Canfield)
Carlos Pineiro (Goldman Sachs)
Freda Wang (Goldman Sachs)

Chairperson Devlin called the meeting to order at 2:03 p.m. Mr. Devlin introduced himself then proceeded to ask everyone in the room to introduce themselves.

The minutes of the October 22, 2012 meeting were reviewed. Mr. Crain moved that the minutes be accepted as written. Ms. Walters supported the motion, which passed unanimously.

Ms. Roberts reviewed the agenda, which included two carve-outs of excess property for currently bonded projects so the property can be used for two upcoming projects. Additionally, there were four construction and completion assurance agreements for inclusion in the commercial paper program. Finally, there were three resolutions related to the SBA's upcoming summer bond issue, approving the transaction, related documents, the leases and rental amounts for the projects to be bonded.

Ms. Schulz reviewed the CP status report and noted that the three highlighted projects have recently been added to the CP program since the last meeting in October 2012, and there are a total of 13 current projects. The total CP outstanding is \$168.4 million, at a rate of .17% with a maturity date of June 6, 2013.

Ms. Roberts explained the first resolution presented to the Board is for approval of a conveyance of property for Alpena Community College and an Amendment to Lease. Ms. Roberts explained the carve out (a carve out is reconveying excess property included in a previous project which is needed for an upcoming project) to the Board and present parties. Mr. Crain asked if there was

anything abnormal about the lease terms of the presented resolutions. Ms. Roberts stated that they were standard projects with no abnormalities. Mr. Devlin asked if there were any further questions on the resolution. It was moved by Ms. Walters, supported by Mr. Crain that the Board approve the Resolution of the State Building Authority Approving the Conveyance of Property of Alpena Community College and an Amendment to Lease. A motion for a roll call vote was conducted with the following results:

- Mr. Devlin – Yes
- Mr. Crain – Yes
- Ms. Walters – Yes
- Mr. Trott – Yes
- Mr. Lingenfelter – Yes

The second resolution presented to the Board is for approval of a conveyance of property for the Community College District of Gogebic County and an Amendment to Lease. Ms. Roberts explained that a portion of the property currently bonded was going to be reconveyed to the Community College District of Gogebic County in order to be included in a new project. It was moved by Ms. Walters, supported by Mr. Crain that the Board approves the Resolution of the State Building Authority Approving the Conveyance of Property for the Community College District of Gogebic County and an Amendment to Lease. A motion for a roll call vote was conducted with the following results:

- Mr. Devlin – Yes

- Mr. Crain – Yes
- Ms. Walters – Yes
- Mr. Trott – Yes
- Mr. Lingenfelter – Yes

The third resolution presented to the Board is to allow for three projects to enter the Commercial Paper Program. The documents are in the same form as presented to the Board in the past. Mr. Crain voiced that he should abstain from the vote given his relationship to the Detroit Crime Lab project. It was moved by Mr. Trott, supported by Ms. Walters, 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:

- Department of State Police Detroit Crime Lab
- Lansing Community College Arts and Sciences Building Renovation
- Community College District of Gogebic County Building Renovation

A roll call vote was conducted with the following results:

- Mr. Devlin – Yes
- Ms. Walters – Yes
- Mr. Trott – Yes
- Mr. Lingenfelter – Yes

The fourth resolution presented to the Board is North Central Michigan College Health Education and Science Center Project to enter the Commercial Paper Program. The documents are in the same form as previously presented. Ms. Roberts explained that they are waiting on legislative approval. If the legislature does not take action by early June, the project will have to be removed from the bond deal. If so, this resolution will then allow for short term financing. Mr. Devlin asked if Governor Snyder could line-item veto the project. Ms. Roberts stated that in this stage there have already been several approvals from the administration and it would be highly unlikely. It was moved by Mr. Crain, supported by Ms. Walters, that the Board approve the Resolution of the State Building Authority Approving Construction Agreements, Conveyances of Property, Leases and Easement Agreements, if Necessary, for North Central Michigan College Health Education and Science Center Project.

A roll call vote was conducted with the following results:

- Mr. Devlin – Yes
- Mr. Crain – Yes
- Ms. Walters – Yes
- Mr. Trott – Yes
- Mr. Lingenfelter – Yes

The fifth resolution presented to the Board is for rental determination and confirming other matters regarding the lease for the Department of Technology,

Management and Budget State Facility Preservation Projects-Phase I and III Group P State Surplus Facility Special Maintenance. Ms. Roberts explained that the SBA will not be taking title to the project due to the nature of the work, but will have a Bill of Sale. It was moved by Ms. Walters, supported by Mr. Trott, that the Board approve the Resolution of the State Building Authority Approving the Department of Technology, Management and Budget State Facility Preservation Projects-Phase I and III Group P State Surplus Facility Special Maintenance.

A roll call vote was conducted with the following results:

- Mr. Devlin – Yes
- Mr. Crain – Yes
- Ms. Walters – Yes
- Mr. Trott – Yes
- Mr. Lingenfelter – Yes

The sixth resolution presented to the board is to approve the rental, leases and other matters for 13 projects to be included in the upcoming bond deal. It was moved by Ms. Walters, supported by Mr. Trott, 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:

- Department of State Police Bay City Police Post

- Community College District of Monroe County Technology Education Center Project
- Eastern Michigan University Pray-Harrold Hall Renovations
- Ferris State University College of Pharmacy
- Henry Ford Community College Science Building Improvements
- Kirtland Community College Well Water System Upgrade
- Michigan Technological University Great Lakes Research Center
- Montcalm Community College Advanced Technology Center
- Oakland University Human Health Building
- North Central Michigan College Health Education and Science Center Project
- Washtenaw Community College Skilled Trades Training Program Renovations
- Wayne County Community College District Northwest Campus Replacement Construction
- Western Michigan University Sangren Hall Replacement

A roll call vote was conducted with the following results:

- Mr. Devlin – Yes
- Mr. Crain – Yes
- Ms. Walters – Yes
- Mr. Trott – Yes
- Mr. Lingenfelter – Yes

Ms. Roberts stated that at that time a presentation was to be made to the board by Robert Mellinger, from Citi Group, on the upcoming bond deal. Mr. Mellinger introduced himself, along with the contributing members of the presentation. The presentation covered the attractiveness of bonding and refunding due to record low interest rates. Mr. Mellinger noted that the State of Michigan could stand to receive about \$206 million in total rental savings. Mr. Crain asked about the idea of an investor's road show. Mr. Mellinger stated that it had been a couple of years since the State Building Authority has been to market and an investor's road show seemed to be the best solution to garner interest from new investors, which is who they are trying to target with this bond issue. Mr. Devlin asked if the Governor's office was aware of the potential savings the Board would be creating. Mr. Roberts stated that the director's office is aware and are pleased with the Authority's staff and Board efforts.

The seventh, and final, resolution presented to the board is for The Authorization of Issuance and Sale of the State Building Authority's 2013 Revenue and Revenue Refunding Bonds. Ms. Fillingham stated that this resolution is seeking approval for the 2013 bond issue described in Citi Group's presentation. Ms. Fillingham explained that the resolution is typical of what the State Building Authority has conducted in the past and gives approval to the Authority to move forward on the refunding and new money bond issue. Mr. Devlin asked how they determine which leases are canceled by the refunding. Ms. Roberts explained that a

computer program determines the properties which produce the maximum amount of savings at the time of pricing. Mr. Devlin also inquired about the total number of lease holdings held by the Authority. Ms. Roberts did not have a specific number at hand, but there is a list attached with the Board's Project Cost Summary Report. Mr. Crain requested that the board be notified of bond deal updates and the date of the road show. Ms. Roberts obliged. Mr. Trott asked if there were any concerns about the road show's success. Mr. Mellinger stated no and said their biggest hurdle would simply be getting the information to investors. Mr. Mellinger continued to explain that the State of Michigan's new, upgraded rating will help tell the State's story and get them the best rates. It was moved by Ms. Walters, supported by Mr. Crain, that the Board approve the Resolution of the State Building Authority Authorizing the Issuance and Sale of Its 2013 Revenue and Revenue Refunding Bonds, Series I (Facilities Program) (including supplemental trust indenture, purchase contract, preliminary official statement, escrow deposit agreement, and continuing disclosure agreement).

A roll call vote was conducted with the following results:

- Mr. Devlin – Yes
- Mr. Crain – Yes
- Ms. Walters – Yes
- Mr. Trott – Yes
- Mr. Lingenfelter – Yes

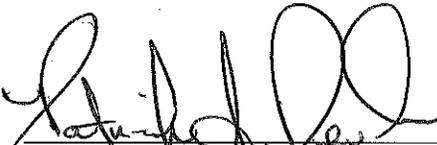
Ms. Roberts noted that the next scheduled meeting of the Board of Trustees is July 22, 2013. Ms. Roberts stated that the meeting will be needed as new projects are expected to be presented to the board. The meeting is expected to be held in Howell, Michigan. Mr. Crain asked if there were any new facilities that they would be able to visit instead of the Howell location. Ms. Roberts explained that the July meeting would probably not be the right time, but by the date of the following meeting we may be able to view the new building at Wayne State University.

Mr. Devlin adjourned the meeting at 2:31 p.m.

APPROVED AND ADOPTED:



Deborah M. Roberts, Executive Director



Patrick J. Devlin, Chairperson