

STATE BUILDING AUTHORITY

A meeting of the State Building Authority (SBA) Board of Trustees was held at the Richard H. Austin Building in the Vault Conference Room, located at 430 West Allegan Street, Lansing, Michigan at 10:00 a.m., Wednesday, May 8, 2019.

Board Members Present:

Patrick Devlin
Jimmy Greene
Dale Zahn

Board Members Absent:

Linda Orlans
Peter Schwartz

Authority Staff:

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

Others Present:

Banu Colak (Attorney General's Office)
Alan Lambert (Attorney General's Office)
Brian Lefler (R.W. Baird)
Alyson Hayden (R.W. Baird)
Lynette Witgen (Department of Treasury)

Debbie Roberts, Executive Director, called the meeting to order at 10:00 a.m. Ms. Roberts introduced the new Board member, Jimmy Greene, and gave him the opportunity to briefly tell about himself. Mr. Greene expressed appreciation for the opportunity to serve as a member of the Board. Additionally, Ms. Roberts re-welcomed Pat Devlin back to the Board, introduced Dale Zahn, and invited everyone in the room to introduce themselves.

Ms. Roberts asked if there were any comments from the public. There were none.

Ms. Roberts called for nominations for the election of chair of the Board of the State Building Authority. Mr. Zahn made a motion to nominate Mr. Devlin as chair. Mr. Devlin accepted the nomination. The motion to elect Mr. Devlin as chair of the Board of the State Building Authority was supported and the Board unanimously passed the Resolution Appointing a Chairperson of the Board of Trustees. Mr. Devlin expressed appreciation for the opportunity to serve as chairman of the Board.

The minutes of the April 25, 2018, meeting were reviewed. Mr. Zahn moved that the minutes be accepted as written. Mr. Greene supported the motion, which passed unanimously.

Ms. Roberts reviewed the agenda, which included three resolutions to approve carve outs of excess property for currently bonded projects that will be used for upcoming projects and one resolution for approval of construction and completion assurance agreements for ten projects for inclusion in the commercial paper program.

Ms. Schulz reviewed the CP status report and noted that there are currently six projects in the CP Program. The total CP outstanding amount is \$96.5 million issued on January 17, 2019, at a rate of 1.64% with a maturity date of June 13, 2019. Ms. Roberts discussed the report indicating that if the project completion dates were prior to June 2019, most likely those projects would be included in the next bond deal.

Ms. Roberts distributed the 2018 audit report and gave a brief review of the audit indicating that no issues were identified and that a clean opinion was issued in a timely fashion by Andrews Hooper Pavlik despite the fact that a new state-wide accounting system was recently put in place. Mr. Devlin inquired whether the cost of the audit comes out of our budget and Ms. Roberts indicated that by statute we are required to pay for the cost of the audit. Mr. Zahn expressed appreciation to all parties contributing to the clean opinion and inquired about the cost of the audit. Ms. Roberts indicated it is in the upwards of \$40,000 range. Mr. Devlin commented on the personal outreach he experienced during the completion of the audit. Ms. Roberts indicated the auditors do inquire with the Chairperson about any abnormalities and individually meet with staff with a series of questions regarding fraud and internal controls.

Ms. Smith distributed and discussed the 2018 project cost summary report stating that the annual report includes all SBA bond issues, including a summary of the projects.

The second resolution presented to the Board is for approval of a conveyance of property of Central Michigan University (CMU) and a second amendment to lease. Ms. Roberts indicated that approval of the resolution is requested to allow a portion of the property to be carved out to allow the SBA to fund a newly approved project. Ms. Roberts further indicated we have received a letter from the appraiser stating that the rent value of the 2005 project will not be affected. It was moved by Mr. Zahn, supported by Mr. Greene, that the Board approve the Resolution of the State Building Authority Approving the Conveyance of Property of Central Michigan University and a Second Amendment to Lease. A roll call was conducted with the following results:

- Mr. Devlin – Yes
- Mr. Greene – Yes
- Mr. Zahn – Yes

The third resolution presented to the Board is for approval of a conveyance of property of Community College District of Monroe County and an amendment to lease. Ms. Roberts indicated that approval of the resolution is requested to allow a portion of the property to be carved out to allow the SBA to fund a newly approved project. Ms. Roberts further indicated we have received a letter from the appraiser stating that the rent value of the 2001 project will not be affected. It was moved by Mr. Greene, supported by Mr. Zahn, that the Board approve the Resolution of the State Building Authority Approving the Conveyance of Property of the Community

College District of Monroe County and an Amendment to Lease. A roll call was conducted with the following results:

- Mr. Devlin – Yes
- Mr. Greene – Yes
- Mr. Zahn – Yes

The fourth resolution presented to the Board is for approval of a conveyance of property of West Shore Community College and an amendment to lease. Ms. Roberts indicated that approval of the resolution is requested to allow a portion of the property to be carved out to allow the SBA to fund a newly approved project. Ms. Roberts further indicated we have received a letter from the appraiser stating that the rent value of the 2008 project will not be affected. Mr. Devlin inquired whether this project goes before the legislature or strictly before this Board. Ms. Roberts indicated the legislature approves the original projects for construction but the SBA approves the transfer of properties. It was moved by Mr. Zahn, supported by Mr. Greene, that the Board approve the Resolution of the State Building Authority Approving the Conveyance of Property of West Shore Community College and an Amendment to Lease. A roll call was conducted with the following results:

- Mr. Devlin – Yes
- Mr. Greene – Yes
- Mr. Zahn – Yes

The fifth resolution presented to the Board is for approval of the construction agreements, conveyances of property, leases and easement agreements, for ten projects to enter the Commercial Paper Program. Ms. Roberts stated all the projects have been approved by the legislature for construction and at this point they have either met their match or are close to meeting their match and they would either like to currently be reimbursed from the SBA or in the future. Mr. Devlin inquired whether the community colleges and universities come up with their own funding. Ms. Roberts indicated that all of the projects would have a match except for the state projects which are typically 100% funded by the SBA funds. Ms. Roberts further indicated that the community colleges and universities have a varying match: the match to community colleges previously was 50% from the SBA and 50% from the college; the match for universities previously was 75% from the SBA and 25% from the university. Furthermore, due to the fact that some of the projects have become so large, the state budget office and the legislature have generally capped the SBA portion at \$30 million. Mr. Devlin inquired whether we have ever had a default and Ms. Roberts indicated the SBA has never had a default. It was moved by Mr. Zahn, supported by Mr. Greene, 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.

- Central Michigan University Center for Integrated Health Studies
- Community College District of Monroe County Renovation of East and West Technology Buildings

- Delta College Saginaw Center
- Department of State Police Grand Rapids Consolidation: Forensic Laboratory, 6th District Headquarters and Rockford Post
- Kellogg Community College Regional Manufacturing Technology Center Renovation Project
- Lake Michigan College Napier Academic Building Renovation and Upgrade
- Northwestern Michigan College West Hall Innovation Center Renovation and Expansion
- Saginaw Valley State University College of Business and Management Expansion
- St. Clair County Community College Health Sciences AJ Theisen Building Renovation
- West Shore Community College Technical Center Renovation and Addition

A roll call vote was conducted with the following results:

- Mr. Devlin – Yes
- Mr. Greene – Yes
- Mr. Zahn – Yes

Ms. Smith presented the proposed 2019 meeting schedule and indicated the next regular meeting will be scheduled for mid-to-late June 2019.

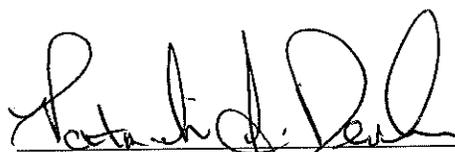
Ms. Roberts discussed completed and upcoming projects and indicated the SBA is anticipating a new money bond issue this summer in the range of \$70 million to \$100 million. Mr. Lefler indicated that post-tax reform there has been an inflow of dollars into tax exempt funds. Despite higher short term ratings, taxes and interest rates are favorable which is allowing the SBA to consider the refinancing of transactions that were issued in 2009.

Mr. Greene made a motion for adjournment supported by Mr. Zahn. Mr. Devlin adjourned the meeting at 10:30 a.m.

APPROVED AND ADOPTED:



Deborah M. Roberts, Executive Director



Patrick J. Devlin, Chairperson