

MICHIGAN FINANCE AUTHORITY
BOARD MEETING MINUTES
November 15, 2018

A meeting of the Michigan Finance Authority ("MFA" or the "Authority") was held on November 15, 2018, at 2:00 p.m. in the Richard H. Austin Building, 1st Floor, State Treasurers' Board Room, 430 West Allegan Street, Lansing, Michigan.

MEMBERS PRESENT: Anne Wohlfert, Chair, proxy for State Treasurer
Bill Beekman
Don Gilmer
Tim Hoffman
Travis Jones
JulieAnn Karkosak

MEMBERS ABSENT: Charlotte Edwards

CALL TO ORDER/ROLL CALL

Anne Wohlfert, Chair, called the meeting of the Michigan Finance Authority to order at 2:00 p.m. with Anne Wohlfert, Bill Beekman, Don Gilmer, Tim Hoffman, Travis Jones, and JulieAnn Karkosak in attendance. Ms. Wohlfert noted that a quorum was present. Ms. Wohlfert introduced Debbie Roberts as the new Director of the Bureau of State and Authority Finance.

PUBLIC COMMENT

Anne Wohlfert asked if there were any members of the audience who would like to speak. There were none.

REVIEW OF AGENDA

Debbie Roberts, Bureau of State and Authority Finance, provided an overview of items on the agenda.

APPROVAL OF MINUTES

Anne Wohlfert asked if there were any corrections, comments, or additions to the minutes as presented dated September 13, 2018. A motion was made by Bill Beekman and supported by Tim Hoffman to approve the minutes. A voice vote was taken and the motion passed unanimously. Mr. Hoffman thanked the staff for thorough and detailed board meeting minutes.

RESOLUTION 2018-12

MICHIGAN FINANCE AUTHORITY PUBLIC SCHOOL ACADEMY LIMITED OBLIGATION REVENUE REFUNDING BONDS (UNIVERSAL LEARNING ACADEMY PROJECT), SERIES 2018

Patrick Price, Bureau of State and Authority Finance, discussed the academy which began operations in 2004 and currently serves approximately 600 students in grades pre-kindergarten through 12, the mission of which is to provide quality education to its students with the focus being on the Michigan core curriculum and international cultures different than one's own. Mr. Price also discussed the financing and use of proceeds in the amount of \$10.5 million which will be used to refund the 2010 bonds, fund the academy's portion of the debt service reserve fund, and pay costs of issuance of the 2018 bonds.

Nawal Hamadeh, Hamadeh Educational Services on behalf of Universal Learning Academy (ULA), discussed the project and the history of the academy which began operations with 168 students and currently has over 600 students of a diverse population. Ms. Hamadeh stated the academy assists students with assimilating to the American society and began graduating students 2 years ago with 100% of the students being admitted to college. Ms. Hamadeh also introduced members of her management team and noted they were available to answer any questions.

Robert Schwartz, Dickinson Wright PLLC, presented the resolution and indicated it is in the standard form. Mr. Schwartz provided additional comments and further detail related to the financing and the table documents.

William Pettit, Esq., Attorney General's Office, commented that the resolution presented was in substantially final form for the board's consideration. Mr. Pettit acknowledged the efforts of bond and underwriter's counsel in preparation of the table documents.

Anne Wohlfert asked if there were any questions, comments, or additions to the resolution. Hearing none, she then requested a motion. Tim Hoffman made a motion to approve the resolution supported by Travis Jones. A roll call vote was taken and the following members voted affirmatively: Anne Wohlfert, Bill Beekman, Don Gilmer, Tim Hoffman, Travis Jones, and JulieAnn Karkosak.

RESOLUTION 2018-13

SUPPLEMENTAL RESOLUTION AUTHORIZING THE ISSUANCE OF LOCAL GOVERNMENT LOAN PROGRAM REVENUE BONDS, APPROVING DOCUMENTS, BOND PURCHASE AGREEMENT, PLACEMENT AGREEMENT, PRIVATE PURCHASE AGREEMENT AND AUTHORIZING DISCLOSURE DOCUMENTS AND THE PURCHASE OF MUNICIPAL OBLIGATIONS

John Barton, Bureau of State and Authority Finance, discussed the program and the financing which would authorize financing in the amount of not to exceed \$270 million and extend the lapse date through May 31, 2019. Mr. Barton provided additional background on the proposed financing for the city of Detroit included in Exhibit A of the resolution noting MFA staff were approached by city of Detroit to assist with the potential refunding of various series of their limited tax G.O. bonds issued outside the MFA. Mr. Barton further stated the city is working through the finance plan; however, the proposed financing will be similar to 2016 transaction with bonds secured by a revenue sharing pledge under a new fifth lien. In addition, Mr. Barton noted the city received approval to issue its bonds on November 9, 2018.

Robert Schwartz presented the supplemental resolution and indicated it is in the usual and customary form consistent with prior supplemental resolutions for this program. Mr. Schwartz provided additional comments related to the proposed refunding transaction for the city of Detroit.

William Pettit, Esq., commented that the supplemental resolution presented was in the proper form for the board's consideration. Mr. Pettit acknowledged the efforts of bond counsel in preparing the table document for the proposed city of Detroit transaction.

Anne Wohlfert asked if there were any questions, comments, or additions to the resolution. Hearing none, she then requested a motion. Bill Beekman made a motion to approve the resolution supported by Don Gilmer. A roll call vote was taken and the following members voted affirmatively: Anne Wohlfert, Bill Beekman, Don Gilmer, Tim Hoffman, Travis Jones, and JulieAnn Karkosak.

RESOLUTION 2018-14

BOND RESOLUTION AUTHORIZING THE ISSUANCE OF STATE CLEAN WATER REVOLVING FUND REVENUE BONDS, APPROVING DOCUMENTS, BOND PURCHASE AGREEMENTS AND AUTHORIZING OFFICIAL STATEMENTS AND THE PURCHASE OF MUNICIPAL OBLIGATIONS

Graham Davidson, Bureau of State and Authority Finance, discussed the financing and use of proceeds in the amount of not to exceed \$170 million of which approximately \$125 million of new money proceeds will be used to provide additional funds for the Clean Water Revolving Fund (CWRF) to continue to pay loan draws to local units of government and repay the series

2018A CWRF bond anticipation note. Additionally, approximately \$45 million of the proceeds will be used to refund all or a portion of the series 2007 CWRF revenue bonds.

Anne Burger-Entrekin, Hilltop Securities, further discussed the financing which would provide new money to fund approximately 16 to 18 months of loan draws which are currently closed or expected to close in the near future. Ms. Burger-Entrekin noted the 2018 finance plan is similar to the 2016 transaction and the expected net present value savings related to the refunding of the 2007 bonds is approximately \$3.0 million. Ms. Burger-Entrekin also noted the 2018 bonds provide a second opportunity on the 2007 bonds as a portion of the bonds were previously advanced refunded in 2015 which, at the time, provided net present value savings of approximately \$17.0 million. Ms. Burger-Entrekin further described the types of bonds that have been issued under the program and noted the difference between the reserve fund model (PPB I) and the current cash-flow hybrid model (PPB III).

Jarrod Smith, Dykema Gossett PLLC, presented the resolution and indicated it was very well described and is in the usual form for the board's consideration.

Alan Lambert, Esq., Attorney General's Office, commented that the resolution and documents are in order for the board's consideration.

Anne Wohlfert asked if there were any questions, comments, or additions to the resolution. Hearing none, she then requested a motion. Don Gilmer made a motion to approve the resolution supported by JulieAnn Karkosak. A roll call vote was taken and the following members voted affirmatively: Anne Wohlfert, Bill Beekman, Don Gilmer, Tim Hoffman, Travis Jones, and JulieAnn Karkosak.

ADMINISTRATIVE MATTERS

John Barton provided a summary of bond issues that have been completed and upcoming projects. Mr. Barton noted the recent Wayne County transaction was selected by the Bond Buyer as the 2018 Midwest Deal of the Year.

Next Meeting

The next meeting date is to be determined.

ADJOURNMENT

Bill Beekman made a motion for adjournment supported by Tim Hoffman. The meeting was adjourned at 2:25 p.m.

APPROVED at the MFA Board Meeting on December 13, 2018