

MICHIGAN FINANCE AUTHORITY
BOARD MEETING MINUTES
June 13, 2017

A meeting of the Michigan Finance Authority ("MFA" or the "Authority") was held on June 13, 2017, at 10:00 a.m. in the Richard H. Austin Building, 1st Floor, State Treasurers' Board Room, 430 West Allegan Street, Lansing, Michigan.

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

MEMBERS ABSENT: Charlotte Edwards

CALL TO ORDER/ROLL CALL

Eric Scorsone, Chair, called the meeting of the Michigan Finance Authority to order at 10:00 a.m. with Eric Scorsone, Bill Beekman, Don Gilmer, Tim Hoffman, Travis Jones, and JulieAnn Karkosak in attendance. Mr. Scorsone noted that a quorum was present.

PUBLIC COMMENT

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

REVIEW OF AGENDA

Mary Martin, Bureau of State and Authority Finance, provided an overview of items on the agenda.

APPROVAL OF MINUTES

Eric Scorsone asked if there were any corrections, comments, or additions to the minutes as presented dated May 18, 2017. A motion was made by Travis Jones and supported by Don Gilmer to approve the minutes. A voice vote was taken and the motion passed unanimously.

RESOLUTION 2017-08

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

David Boyne, Bureau of State and Authority Finance, discussed the program which would authorize financings in the amount of not to exceed \$200 million. Mr. Boyne noted projects included in exhibit A of the resolution include the issuance of not to exceed \$20 million in bonds for the School District of the City of Flint and approximately \$30 million in bonds for the School District of the City of Pontiac. Mr. Boyne further discussed the use of proceeds related to the School District of the City of Flint which will be used to amend and restate the state aid notes issued by the district in August 2016 and held by the MFA. Mr. Boyne further discussed the use of proceeds related to the School District of the City of Pontiac which will be used to fund a variety of sinking fund eligible projects throughout the district.

Brian Lefler, Robert W. Baird & Co., discussed the financing for the School District of the City of Flint and indicated it would be comprised of three components, all with a 20 year nominal maturity. Mr. Lefler described the three components: 1) \$11 million fixed rate with an expected 12 year amortization, 2) \$5.9 million fixed rate with an initial term of five years, and 3) a \$2.4 million variable rate expected to amortize over five years.

Travis Jones inquired as to the purpose of the restatement of the district's 2016 notes.

Brian Lefler described the series 2016G and 2016H issued in August 2016 by the School District of the City of Flint and indicated in order to accomplish the multi-year restatement requested by the district, the series 2016 notes will be amended to accomplish the three transactions mentioned earlier.

John Barton, Bureau of State and Authority Finance, commented the purpose of the restatement is to provide the district with a longer term amortization on the outstanding debt.

Brian Lefler commented the overall combined interest rate on the restatement is 4.39% which is lower than the interest rate on the outstanding 2016 SANs.

Tim Hoffman inquired as to how the interest rate on the restated SANs was set.

John Barton stated that PNC Bank has been a great partner and negotiations had been ongoing for quite some time.

Brian Lefler discussed the transaction for the School District of the City of Pontiac which will be a draw down bond to fund various capital projects. Mr. Lefler noted the bond will be an LTGO of the district but is expected to be paid from sinking fund millage collections. Mr. Lefler expressed appreciation for the support of Huntington National Bank which will be the purchaser of the MFA bonds.

Jarrold Smith, Esq., Dykema Gossett, PLLC, presented the resolution reiterating the unique nature of the projects/transaction.

William Pettit, Esq., Attorney General's Office, commented that the supplemental resolution was in order for the board's consideration.

Eric Scorsone expressed appreciation to the parties for their work and efforts in completing these complex transactions for both school districts which will help them to stabilize and move forward. Mr. Scorsone asked if there were any questions, comments, or additions to the resolution. Hearing none, he then requested a motion. Bill Beekman made a motion to approve the resolution supported by Tim Hoffman. A roll call vote was taken and the following members voted affirmatively: Eric Scorsone, Bill Beekman, Don Gilmer, Tim Hoffman, Travis Jones, and JulieAnn Karkosak.

RESOLUTION 2017-09

BOND RESOLUTION PROVIDING FOR THE ISSUANCE OF STATE CLEAN WATER MATCH BONDS AND THE ISSUANCE OF STATE DRINKING WATER MATCH BONDS, APPROVING DOCUMENTS AND BOND PURCHASE AGREEMENTS

Graham Davidson, Bureau of State and Authority Finance, discussed the financial structure of the transaction and indicated the amounts of not to exceed \$30 million in the clean water revolving fund and an amount not to exceed \$15 million for the drinking water revolving fund will be used to provide for the 20% match requirement on each program's federal capitalization grants.

Ian Koffler, Esq., Miller, Canfield, Paddock, and Stone, P.L.C., presented the resolution and indicated it is in the standard form consistent with previous resolutions for this program. Additionally, he noted the expiration date is the end of the calendar year.

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

Eric Scorsone asked if there were any questions, comments, or additions to the resolution. Hearing none, he then requested a motion. Don Gilmer made a motion to approve the resolution supported by Bill Beekman. A roll call vote was taken and the following members voted affirmatively: Eric Scorsone, 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.

Next Meeting

The next meeting is scheduled for Tuesday, July 11, 2017, at 10:00 a.m.

ADJOURNMENT

Bill Beekman made a motion for adjournment supported by Travis Jones. The meeting was adjourned at 10:25 a.m.

APPROVED at the MFA Board Meeting on July 11, 2017