

MICHIGAN FINANCE AUTHORITY
BOARD MEETING MINUTES
September 25, 2019

A meeting of the Michigan Finance Authority ("MFA" or the "Authority") was held on September 25, 2019, 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: Rachael Eubanks, Chair, State Treasurer
Luke Forrest
Tim Hoffman
Travis Jones
Murray D. Wikol

MEMBERS ABSENT: Bill Beekman
Anna Heaton

CALL TO ORDER/ROLL CALL

Rachael Eubanks, Chair, called the meeting of the Michigan Finance Authority to order at 10:00 a.m. with Rachael Eubanks, Luke Forrest, Tim Hoffman, Travis Jones, and Murray D. Wikol in attendance. Ms. Eubanks noted that a quorum was present.

PUBLIC COMMENT

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

APPROVAL OF MINUTES

Rachael Eubanks asked if there were any corrections, comments, or additions to the minutes as presented dated August 15, 2019. A motion was made by Travis Jones and supported by Murray D. Wikol to approve the minutes. A voice vote was taken and the motion passed unanimously.

RESOLUTION 2019-09

**RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF
STATE AID REVENUE NOTES AND TAX ANTICIPATION REVENUE NOTES**

Patrick Price, Bureau of State and Authority Finance, discussed the program and the use of proceeds in the amount of not to exceed \$75 million which would authorize the MFA to provide low-cost loans to qualifying Michigan school districts for their operating cash flow needs. Mr. Price noted in April, authorization was given for the summer SAN program which closed on August 20, 2019, and this resolution allows for issuance of additional SANs or TANs outside of the summer program for those schools that did not participate in the pooled program or may have additional cash flow needs.

Jarrold Smith, Dykema Gossett PLLC, presented the resolution and indicated it is in the usual and customary form consistent with previous years with a sunset date of May 31, 2020.

William Pettit, Esq., Attorney General's Office, commented that the resolution and documents were in the usual form of those used in the past and are in order for the board's consideration.

Tim Hoffman inquired regarding an update of the summer transactions. John Barton, Bureau of State and Authority Finance, indicated approximately \$338 million in notes were issued for the traditional SAN program and approximately \$24 million in notes were issued for the PSA SAN program. Mr. Barton also noted a July LGLP transaction for the City of Flint produced \$2.4 million in savings and the Bronson Healthcare transaction which generated \$300 million in proceeds closed earlier in the month.

Rachael Eubanks 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: Rachael Eubanks, Luke Forrest, Tim Hoffman, Travis Jones, and Murray D. Wikol.

RESOLUTION 2019-10

**RESOLUTION TO AMEND THE SUPPLEMENTAL RESOLUTION
AUTHORIZING THE ISSUANCE OF LOCAL GOVERNMENT LOAN
PROGRAM REVENUE BONDS ADOPTED ON APRIL 23, 2019**

Kimberly Hines, Bureau of State and Authority Finance, discussed the program which would provide financing for the acquisition of real property, water and sewer improvements, energy conservation improvements, equipment purchases, and other local government and school district needs in the amount of not to exceed \$100 million and extend the lapse date to March 31, 2020.

Craig Hammond, Dickinson Wright PLLC, presented the resolution to amend the supplemental resolution and indicated it is in the usual and customary form consistent with prior resolutions for this program.

William Pettit, Esq., commented that the resolution and documents were in the usual form of those used in the past and are in order for the board's consideration.

Rachael Eubanks asked if there were any questions, comments, or additions to the resolution. Hearing none, she then requested a motion. Luke Forrest made a motion to approve the resolution supported by Murray D. Wikol. A roll call vote was taken and the following members voted affirmatively: Rachael Eubanks, Luke Forrest, Tim Hoffman, Travis Jones, and Murray D. Wikol.

RESOLUTION 2019-11

RESOLUTION AUTHORIZING THE ISSUANCE OF SCHOOL LOAN REVOLVING FUND REVENUE REFUNDING BONDS, REPLACEMENT OR ACQUISITION OF NEW CREDIT FACILITY, MODIFICATION OF CERTAIN TERMS AND APPROVAL OF DOCUMENTS INCLUDING THE PURCHASE AGREEMENT AND DISCLOSURE DOCUMENTS

Deborah Roberts, Bureau of State and Authority Finance, discussed the program and the use of proceeds in the amount of not to exceed \$500 million for the School Loan Revolving Fund (SLRF) program. Ms. Roberts noted the SLRF is designed to be a self-sustaining source of funding for loans to school districts that have their capital improvement bonds qualified by the State of Michigan and to reduce or eliminate the need for general fund borrowing. Ms. Roberts further noted the purpose of the transaction, through the issuance of new term bonds, is to refund a portion of the \$600 million of variable rate bonds backed by four letters of credit which are set to expire December 12, 2019. Rachael Eubanks further indicated SLRF is a relatively new program and this is the first opportunity to take a strategic look at the program to reduce costs and risks. Ms. Eubanks commended staff and the working group in doing so, which ultimately benefits participating school districts.

Tim Hoffman inquired whether it is expected more school districts will participate in the program based on potential savings for the districts. Deborah Roberts indicated currently 140 school districts borrow and many more qualify that could borrow if needed. Ms. Roberts further indicated the fund is available to smooth the millage rates school districts charge taxpayers for voted bonds. Rachael Eubanks stated offering a more comparable interest rate through the SLRF than what school districts can achieve in the market should reduce prepayments and help us manage cash flow and make the most efficient financing decisions.

Murray D. Wikol commented that SLRF is an excellent program and inquired as to how often 140 districts are requalified. Deborah Roberts indicated qualification is based on a full review of the school districts at the time their bonds are issued and the qualification remains in effect for the life of the bonds. Mr. Wikol further inquired what banks the new letters of credit will be with. Ms. Roberts indicated PNC and Bank of America.

Jarrold Smith presented the resolution noting the first piece of the refunding is what we anticipate to be term rate bonds to refund existing variable rate debt and in order to do so, consent from the existing letter of credit banks was necessary and consent was received two days ago. Mr. Smith further noted this resolution authorizes the 2019B bonds and contains a sunset date of December 31, 2019.

Rachael Eubanks acknowledged the efforts of Mr. Smith who has been working with the program since its onset.

Murray D. Wikol inquired about how the money is used when it comes back to the program. Deborah Roberts indicated since there is loan demand in the near term, it is loaned back out to qualified school districts. Mr. Wikol inquired where it was invested in the short-term and Ms. Roberts indicated it was invested in the State's Common Cash Fund.

Rachael Eubanks inquired about the May 2019 loan demand. Cathy Clark, Bureau of State and Authority Finance, indicated it was \$420 million.

John Millhouse, Esq., Attorney General's Office, commented that he had participated in the preparation of the resolution and review of the documents and that the resolution presented was in the proper form for the board's consideration.

Rachael Eubanks 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: Rachael Eubanks, Luke Forrest, Tim Hoffman, Travis Jones, and Murray D. Wikol.

Next Meeting

John Barton indicated that the next meeting scheduled for Tuesday, October 8, 2019, at 10:00 a.m. will be cancelled.

ADJOURNMENT

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

APPROVED at the MFA Board Meeting on November 13, 2019