

MICHIGAN FINANCE AUTHORITY
BOARD MEETING MINUTES
September 17, 2020

A meeting of the Michigan Finance Authority (“MFA” or the “Authority”) was held on September 17, 2020 electronically by Microsoft Teams and telephonic conference due to COVID-19 health concerns and in accordance with Executive Order No. 2020-154.

MEMBERS PRESENT: Rachael Eubanks, Chair
Bill Beekman
Luke Forrest
Anna Heaton
Timothy Hoffman
Travis Jones
Murray D. Wikol

MEMBERS ABSENT:

CALL TO ORDER/ROLL CALL

Rachael Eubanks, Chair, called the meeting of the Michigan Finance Authority to order at 10:01 a.m. with Rachael Eubanks, Bill Beekman, Luke Forrest, Anna Heaton, Timothy 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 July 21, 2020. A motion was made by Anna Heaton and supported by Timothy Hoffman to approve the minutes. A voice vote was taken and the motion passed unanimously.

RESOLUTION 2020-16

**RESOLUTION TO AUTHORIZE THE ISSUANCE OF
MICHIGAN FINANCE AUTHORITY LIMITED OBLIGATION
HIGHER EDUCATION FACILITIES REFUNDING REVENUE BONDS, SERIES 2020
(DAVENPORT UNIVERSITY PROJECT)**

Kimberly Hines, Bureau of State and Authority Finance, discussed the financing and use of proceeds in the amount not to exceed \$23.5 million and indicated the proceeds will be used for the current refunding of all or a portion of the outstanding Michigan Finance Authority Limited Obligation Higher Education Facilities Revenue Bonds, Series 2012, the current refunding of all or a portion of the outstanding Michigan Finance Authority Limited Obligation Higher Education Facilities Revenue Bonds, Series 2015, and cost of issuance payments.

Michael Volk, Davenport University, further discussed the refinancing of the bonds to take advantage of the lower interest rates.

Ms. Eubanks inquired if they procured a rating on the bonds. Mr. Volk responded they are through the credit of the bank.

Mr. Jones inquired what rate is expected from the bank. Mr. Volk responded a 1.93% variable rate to be swapped to a 2.4% fixed rate.

Rob Davies, Warner, Norcross, & Judd LLP, presented and discussed the resolution and indicated it was ready for the board's consideration.

Klein Allison, Attorney General's Office, commented that the resolution is in proper form and is ready for the board's consideration and approval.

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

RESOLUTION 2020-17

**RESOLUTION TO AUTHORIZE THE ISSUANCE OF THE
MICHIGAN FINANCE AUTHORITY
SECOND LIEN DISTRIBUTABLE STATE AID REVENUE
AND REVENUE REFUNDING BONDS
(CHARTER COUNTY OF WAYNE),
SERIES 2020**

Graham Davidson, Bureau of State and Authority Finance, discussed the financing and use of proceeds in the amount not to exceed \$275 million and indicated the proceeds will be used to refund all or a portion of the Wayne County Building Authority Bonds (Jail Facilities), Series 2010 (General Obligation – Limited Tax) (Federally Taxable – Recovery Zone Economic Development Bonds), refund all or a portion of the General Obligation Limited Tax Capital Improvement Bonds, Series 2008A (Tax Exempt), refund all or a portion of the General Obligation Limited Tax Building Improvement Bonds, Series 2009A, provide reimbursement for prior and payment of future interest expenditures, and pay costs of issuance.

Hughey Newsome, Charter County of Wayne Michigan, discussed the timing of the refunding transaction and noted with historically low interest rates they expect an estimated net present value savings of approximately \$42.4 million.

Noreen White, Acacia Financial Group Inc., further discussed the timing of the refunding transaction. Ms. White described the unique opportunity to reimburse capitalized interest with the 2020 bonds for both prior expenditures and expenses related to the 2020 Bonds which provides the county with additional financial flexibility.

Ms. Eubanks inquired if there is an enhancement on the Moody's rating. Ms. White responded that the rating is not public yet and they are exploring the possibility of utilizing insurance depending on what the final rating is.

Kester So, Dickinson Wright, presented and discussed the resolution and indicated it was in the appropriate form for the board's consideration.

William Pettit, Attorney General's Office, commented that the resolution is in substantial final form and is ready for the board's consideration and approval.

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

RESOLUTIONS 2020-18 AND 2020-19

RESOLUTION AUTHORIZING THE ISSUANCE OF TOBACCO SETTLEMENT ASSET-BACKED REFUNDING BONDS

David Boyne, Bureau of State and Authority Finance, discussed the financing in the amount not to exceed \$1,025,000,000 and indicated The Authority intends to issue two series of Refunding Bonds to refund and/or exchange the Series 2006A, Series 2007 A/B/C and Series 2008A Bonds using proceeds of the Refunding Bonds. The intent of the current refunding transactions are to assist investors by achieving debt service savings and prevent an anticipated near term default for the Series 2007 bondholders.

Daniel Kozloff, PFM, further discussed the opportunity for the State to refund and restructure components of the existing bonds without making any additional pledge of tobacco revenues beyond what is already pledged. Mr. Kozloff indicated the newly issued bonds would avoid the anticipated approaching default creating a more resilient structure to withstand greater erosion in domestic tobacco consumption.

Ms. Eubanks added it is important for The Authority to do what we can to avoid a default and to try to return those dollars back to the State. Mr. Hoffman added that he is impressed by the creativity to utilize the market and putting the State in a better position.

Mr. Jones inquired if the intent was for the State to get the funds sooner than the receipts coming directly from the tobacco settlement. Mr. Kozloff responded that there will be no new proceeds with this transaction and by entering into this kind of transaction the State offloads the risk of the cash stream going into the future particularly with domestic consumption of cigarettes in the United States on a downward trend.

Kester So, Dickinson Wright, presented and discussed the resolution and indicated it was in the appropriate form for the board's consideration.

John Millhouse, Attorney General's Office, commented that the resolution is ready for the board's consideration and approval.

Rachael Eubanks 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 Timothy Hoffman. A roll call vote was taken and the following members voted affirmatively: Rachael Eubanks, Bill Beekman, Luke Forrest, Timothy Hoffman, Travis Jones, and Murray D. Wikol.

ADMINISTRATIVE MATTERS

Next Meeting

The next meeting date is scheduled for October 14, 2020, at 10:00 a.m.

ADJOURNMENT

Murray D. Wikol made a motion for adjournment supported by Bill Beekman. The meeting was adjourned at 10:55 a.m.