

## STATE BUILDING AUTHORITY

A meeting of the State Building Authority was held on February 21, 2023, at the Richard H. Austin Building in the State Treasurers' Board Room, Located at 430 W. Allegan Street, Lansing, Michigan, 48922. The meeting took place at 2:00 p.m.

### Board Members Present:

Ehrlich Crain, Chair  
Michael Barnwell, Vice Chair  
Aaron Pangborn  
Todd Begerowski

### Board Members Absent:

Price Dobernick

### Authority Staff:

Andrew Boettcher, Executive Director  
TeAnn Smith, Financial Specialist  
Trenton Pashak, Financial Analyst

### Others Present:

Alan Lambert (Attorney General's Office)  
Brian Lefler (Robert W. Baird)  
Jamie Rabe (Andrews Hooper Pavlik (AHP))

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Chairperson Crain called the meeting to order at 2:00 p.m. A roll call was taken with Michael Barnwell, Todd Begerowski, Ehrlich Crain, and Aaron Pangborn. Mr. Crain noted that a quorum was present.

Mr. Boettcher introduced the Board's newest member Aaron Pangborn. Mr. Pangborn briefly stated his background to the Board. Introductions by others followed.

Mr. Crain asked if there were any comments from the public. There were none.

The minutes of the September 13, 2022 meeting were reviewed by Mr. Boettcher. Mr. Barnwell moved that the minutes be accepted as written. Mr. Begerowski supported the motion. All were in favor and the motion passed.

Mr. Boettcher reviewed the agenda, including old business to review the status of the Commercial Paper Program, Accounting Changes and Restatements, and FY 2022 Audit Results. Under new business, one resolution will be presented for approval of a resolution to add one two new projects to the Commercial Paper Program. Under upcoming business, Escanaba Property and the 2023 Bond Issue will be discussed.

Mr. Pashak reviewed the CP status report and noted that there are currently 7 projects in the CP Program. The total CP outstanding amount is \$106.8 million, at an interest rate of 2.600% with a maturity date of March 16, 2023. There were no questions by the Board from the presentation.

Mr. Boettcher provided an update on the accounting and restatement changes. Mr. Boettcher stated that due to recent GASB accounting changes the SBA team created a work group comprised of the Department of Treasury Accounting, Office of Financial Management, Auditor General, and SBA's auditor (Andrews Hooper Pavlik) to review the impact and possible changes needed for the Authority's financial statements. After hours of review, research, and discussion, the workgroup concluded that the method SBA used to calculate its receivable balance would need to change. The best fit for the SBA's activities are to use a cost model to determine the SBA's receivable balance. This change created a restatement to increase the receivable of \$26,183,972 and going forward, the costs SBA incurs from projects will increase the receivable and be reduced by future rental payments based on an imputed rate calculation.

Another change was decided during these discussions based on the presentation of the SBA financials. Given the SBA is a legally separate entity and is a blended component unit of the State ACFR using government-wide statements did not seem to be the correct presentation. The workgroup decided the correct presentation to use is an enterprise fund presentation to better align the SBA's financials as separate entity from the state's ACFR. This change also requires SBA to start providing a cashflow statement of activities as well. All changes in for both of these items were implemented with the fiscal year 2022 statement period ending September 30, 2022.

The first resolution presented to the Board was for approval of a Construction Agreement, Conveyance of Property, a Lease, and an Easement Agreement for two new projects to enter the Commercial Paper Program. Ms. Smith presented the resolution adding two new Commercial Paper projects. It was moved by Mr. Begerowski and supported by Mr. Pangborn, that the Board approve the Resolution of the State Building Authority Approving a Construction Agreement, Conveyance of Property, a Lease, and an Easement Agreement, if Necessary, for the Oakland University South Foundation Hall Renovation and Expansion project and the Henry Ford College Entrepreneur and Innovation Institute/Tech Building.

A roll call vote was conducted with the following results:

- Mr. Dobernick – Yes
- Mr. Begerowski – Yes
- Mr. Crain – Yes
- Mr. Pangborn – Yes

Mr. Boettcher recommend the next meetings to be held quarterly in June, September, and December. The proposed meeting dates were June 6, September 22, and December 12 of 2023.

Ms. Smith shared with the Board a request to purchase vacant property in Escanaba by UA Local 111 Plumbers and Pipefitters, as they have a training center

east of the property and are hoping to expand. This is a rather unique situation for the SBA as the Authority does not typically sell property. Since the property was deeded to the SBA via a property swap with the City of Escanaba, the State has never held title. Therefore, after consulting with the Attorney General's office since the State is not involved with the property, the SBA intends to move forward in determining the next steps to allow for the sale. The Authority plans to seek a fair market appraisal to determine an appropriate price. If all goes according to plan, the Board will have documents to approve the sale in the upcoming June meeting.

Mr. Boettcher presented information about the 2023 bond issue. The SBA staff will present a resolution at the next board meeting for a bond issuance targeting a July issue date. The SBA currently will issue new money bonds and has the option to refund the 2013 bond issuance depending on market conditions. An RFI and RFP are currently out for responses that are due March 1<sup>st</sup> for underwriters as well as tax and bond counsels.

Mr. Crain asked for a motion to adjourn, Mr. Pangborn moved for adjournment and Mr. Barnwell supported. The meeting was adjourned at 3:00 p.m.

APPROVED AND ADOPTED:



Andrew Boettcher, Executive Director



Ehrlich Crain, Chairperson