

STATE BUILDING AUTHORITY

A meeting of the State Building Authority was held on June 6, 2023, at the University of Michigan School of Dentistry in room G430, located at 1011 North University Ave., Ann Arbor, MI 48104. The meeting took place at 10:00 a.m.

Board Members Present:

Ehrlich Crain, Chair
Michael Barnwell, Vice Chair
Todd Begerowski
Price Dobernick

Board Members Absent:

Aaron Pangborn

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)
Michael Menelli (Barclays) – *Senior Underwriter - Book Runner*
James Kelly (RBC) – *Co-Senior Underwriter on Refunding*
Justin Faurer (RBC)
Ron Liscombe (Miller Canfield) – *Bond Counsel*
Ann Fillingham – (Dykema) – *Underwriters Counsel*
Keaten North (University of Michigan)
Jeremy Bondy (University of Michigan)
Bobby Jarosz (Stifel)

Chairperson Crain called the meeting to order at 10:06 a.m. A roll call was taken with Ehrlich Crain, Michael Barnwell, Todd Begerowski, and Price Dobernick present. Mr. Crain noted that a quorum was present.

Mr. Boettcher introduced himself. Introductions by others followed.

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

The minutes of the February 21, 2023 meeting were reviewed. 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. Under new business, three resolutions will be presented for approval of easement agreements. Barclays will give a presentation on the SBA's upcoming bond issue and two resolutions will follow related to approval of the new leases and bond issuance. Under upcoming business, an update on the Escanaba Property will be shared.

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 \$112.0 million, with an interest rate of 3.23% and a maturity date of June 22, 2023. There were no questions by the Board from the presentation.

Ms. Smith presented the first resolution approving easement agreements between the SBA and State of Michigan. This resolution will allow for easements affiliated with the Thumb Correctional Facility to be conveyed to the State of Michigan. In 1987, the SBA bonded the Lapeer Regional Prison project (now known as the Thumb Correctional Facility). In conjunction with this project, 18 easements were sought to construct, operate, maintain and/or replace utility lines, security roads and security fences. At the time the property was reconveyed to the State, the only easement that transferred with the property was the one that fell within the legal description. The other easements are still in the SBA's name and need to be conveyed to the State of Michigan. It was moved by Mr. Begerowski and supported by Mr. Dobernick, that the Board approve the Resolution of the State Building Authority Approving an Easement Agreement Between the State Building Authority and the State of Michigan.

A roll call vote was conducted with the following results:

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

Ms. Smith stated that the next two resolutions approve easements allowing the University of Michigan and Consumers Energy access to the 2002 Professional Studies and Classroom Building project property on the Flint campus. These

easements will allow for upgrades and add-ons to existing electric and fiber optic services currently in place to be extended for use in the upcoming Innovation and Technology Building located to the north of the facility. Integra Realty Resources-Detroit has reviewed the easement agreements and related legal descriptions and has attested that the rental value assigned to the Professional Studies and Classroom Building project (\$2.3M) will not be affected by these easements. It was moved by Mr. Dobernick and supported by Mr. Barnwell, that the Board approve the Resolution of the State Building Authority Approving an Easement Agreement Between the State Building Authority and The Regents of The University of Michigan.

A roll call vote was conducted with the following results:

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

Following, it was moved by Mr. Dobernick and supported by Mr. Barnwell, that the Board approve the Resolution of the State Building Authority Approving an Easement Agreement Between the State Building Authority and Consumers Energy.

A roll call vote was conducted with the following results:

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

Mr. Michael Menelli with Barclays presented highlights of the Authority's upcoming 2023 Series I and 2023 Series II bond transactions. Following, Mr. Boettcher shared details of the Authority's plans to create a new administrative account and variable rate reserve account.

Ms. Smith presented the resolution determining rental and confirming other matters related to the conveyance of property and leases for the facilities to be bonded. Approval of this resolution approves the lease form and rental value assigned to the four new projects to be bonded in the SBA's 2023 Series I bond issue. These projects include:

- Department of Health and Human Services Caro Center Replacement New State Psychiatric Hospital (Administration)
- Department of Health and Human Services Caro Center Replacement New State Psychiatric Hospital (Patient)
- Ferris State University Center for Virtual Learning
- Glen Oaks Community College Campus Renovation

She explained that the Caro project is being approved as two separate projects to allow flexibility to the Authority to cancel the leases in the future. The total rent assigned to these projects together is \$6.3M. By separating this project into two separate projects, the administrative side of the building and the patient side, the rent values of \$4.3M and \$2.0M will be easier to work in a future cancellation when the opportunities arise. It was moved by Mr. Barnwell and supported by Mr. Begerowski, that the Board approve the Resolution of the State Building Authority Determining the Rental and Confirming Other Matters Regarding the Conveyances of Property and the Leases for Certain Facilities.

A roll call vote was conducted with the following results:

- Mr. Dobernack – Yes
- Mr. Begerowski – Yes
- Mr. Crain – Yes
- Mr. Barnwell – Yes

Mr. Ronald Liscombe with Miller Canfield, bond counsel, provided highlights of the resolution authorizing the sale and issuance of the Authority's 2023 Series I and Series II bonds. The proceeds of the bonds will provide funds to (1) refund the commercial paper notes related to the 2023 facilities; (2) refund any outstanding bonds, if the opportunity becomes available; (3) cancel various leases outstanding with the savings achieved; and (4) pay issuance costs associated with the bond issue. Approval of this resolution includes forms of the supplemental trust

indentures, remarketing agreement, escrow deposit agreement, purchase contracts, preliminary official statements, and continuing disclosure agreements. Mr. Alan Lambert (Attorney General representative) shared that he had reviewed all documentation and all was in good form and ready for approval. It was moved by Mr. Dobernick and supported by Mr. Barnwell, that the Board approve the Resolution of the State Building Authority Authorizing the Issuance and Sale of Its 2023 Multi-Modal Revenue and Revenue Refunding Bonds, Series I (Facilities Program) and its 2023 Revenue Refunding Bonds, Series II (Facilities Program).

A roll call vote was conducted with the following results:

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

Mr. Boettcher shared that the next meeting will take place in September. The SBA is looking to schedule the meeting at a college and university where a project is under construction. The next scheduled meeting to follow is December 12, 2023. If there is no new business to bring before the board, that meeting will be canceled.

Mr. Boettcher gave the Board an update on the Escanaba property sale indicating that a fair market value was given to UA Local 111 Plumber and

Pipefitters. They are in the process of meeting internally to decide if they'd like to move forward to purchase the property.

Before closing the meeting, Mr. Boettcher shared that Mr. Pashak will be leaving the SBA team to take a new position outside of state government. He thanked Mr. Pashak for his two years of service to the SBA. His position is currently posted and will close within the next week.

Mr. Crain asked for a motion to adjourn, Mr. Barnwell moved for adjournment and Mr. Crain supported. The meeting was adjourned at 10:45 a.m.

APPROVED AND ADOPTED:



Andrew Boettcher, Executive Director



Ehrlich Crain, Chairperson