

STATE BUILDING AUTHORITY

A meeting of the State Building Authority was held on May 21, 2024, at the Richard H. Austin Building in the State Treasurers Board Room, located at 430 W Allegan St, Lansing, MI 48933. The meeting took place at 10:19 a.m.

Board Members Present

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

Authority Staff:

Andrew Boettcher, Executive Director
TeAnn Smith, Deputy Executive Director
Ryan Tabb, Financial Analyst

Others Present:

Alyson Hayden (Department of Treasury)
Kevin Smith (Department of Treasury)
Stephanie Tomblin (Jefferies)
Michael Menelli (Barclays)
Sally Howe (Barclays)
Ron Liscombe (Miller Canfield)
Jamie Rabe (Andrews, Hooper, Pavlik (AHP))
Alan Lambert (Attorney General's Office)
Amy Patterson (Attorney General's Office)
Kelly Mrsic (Robert W. Baird)
James Srouji (Robert W. Baird)
Bobby Jarosz (Stifel)

Chairperson Crain called the meeting to order at 10:19 a.m. A roll call was taken with Ehrlich Crain, Michael Barnwell, Todd Begerowski, Price Dobernick and Aaron Pangborn present. Mr. Crain noted that a quorum was present.

Mr. Boettcher introduced himself. Introductions for Ryan Tabb, State Building Authority Analyst, and Kelly Mrsic, municipal advisor from Baird, followed.

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

The minutes of the September 14, 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, an update to the Board on the status of the Escanaba property sale and a review of the 2023 fiscal year end audit. Under new business, five resolutions will be offered including the appointment of a Deputy Executive Director, approving a Construction and Completion Assurance Agreement for a new University of Michigan building addition, presentations from Barclays and Jefferies for the upcoming 2024 Series I and Series II bond issue, confirming five new project leases and authorizing of the 2024 bond documents. Under upcoming business, an update will be given on legislation relative to the commercial paper program (House Bill 4842).

Mr. Tabb reviewed the CP status report and noted that there are currently 6 projects in the CP Program. The total CP outstanding amount is \$116.3 million, with an interest rate of 3.8% and a maturity date of June 13, 2024. No new projects have been added since the last board meeting. There were no questions by the Board from the information provided.

Mr. Boettcher provided an update on the Escanaba property sale. The property was sold to the Plumbers and Pipefitters UA Local 111 for \$25,000. The transaction closed on 4/24/24 and the funds were deposited in the 2016 revenue fund. This was the State Building Authority's first property sale and was a smooth and seamless transaction.

Jamie Rabe, Partner with Andrews Hooper Pavlik PLC, provided the board members with a report and presentation summarizing the FY 2023 annual audit as of September 30, 2023. She spent time walking through both the Report of Independent Auditors and the FY 2023 Audited Financial Statements. Chairman Crain asked a question about the internal control finding. Mr. Boettcher explained that changes are being made to address this in the future, including new automated reports which will minimize the chance of error moving forward. The new system providing the automated statements will be in place for the current fiscal year. No further questions were asked.

Mr. Boettcher reviewed the resolution appointing TeAnn Smith as Deputy Executive Director for the Authority and the reason behind needing a Deputy Executive Director. There were no questions. Mr. Crain requested a motion for the Resolution of the State Building Authority Appointing a Deputy Executive Director. Mr. Begerowski moved that the appointment be approved, Mr. Dobernick seconded the motion.

A roll call vote was conducted with the following results:

- Mr. Crain – Aye
- Mr. Barnwell – Aye
- Mr. Begerowski – Aye
- Mr. Dobernick - Aye
- Mr. Pangborn – Aye

Mrs. Smith explained the new University of Michigan Ann Arbor Computer and Science Engineering and School of Information Addition project. She covered details about the functionality of the building, the status of where the project is at currently and when it can be added to commercial paper. There were no questions. Mr. Crain entertained a motion for the Resolution of the State Building Authority Approving a Construction Agreement, Conveyance of Property, a Lease and an Easement Agreement, if Necessary, for the University of Michigan-Ann Arbor

Computer Science and Engineering and School of Information Addition. Mr. Dobernick moved that the project be approved, Mr. Barnwell seconded the motion.

A roll call vote was conducted with the following results:

- Mr. Crain – Aye
- Mr. Barnwell – Aye
- Mr. Begerowski – Aye
- Mr. Dobernick - Aye
- Mr. Pangborn – Aye

Stephanie Tomblin with Jefferies opened the 2024 bond issue presentation with an overview of the participants. It was then explained that there will be two different types of bonds in this transaction. One being a new money, variable rate obligation (VRO) series and the other a fixed rate series including both new money and tendered bonds from the 2020 Series II taxable issuance. It was explained which three projects will be a part of the 2024 Series I Bonds and the two projects that will be included with the 2024 Series II Bonds. Mr. Menelli presented to the board a summary of the issuance for the SBA's VRO bonds. A brief overview of the transaction was presented and it's trading performance was explained. It was stated that currently with SIFMA fluctuation the VRO product has performed extremely well on average. The different investors in our VRO product were covered as well as an explanation of the numbers. Ms. Tomblin presented to the board regarding the SBA's

fixed and tendered bonds and a brief overview of the tendering process. Ms. Tomblin explained that tenders have gained popularity in the last year. Due to the yields in taxable 2020 Series II issuance, the Authority is able to take advantage of the yield spread. Current market savings and estimated participation for tendered bonds was covered. Chairman Crain asked a question regarding the tender and if the SBA must accept all requests to tender. Ms. Tomblin and Mr. Boettcher both answered that the Authority has the right to accept or reject any and all requests. Ms. Tomblin closed the presentation with the projected timeline for the pricing and closing of the 2024 bonds.

Mrs. Smith presented 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 regarding the five projects to be bonded. These projects include the Henry Ford College Entrepreneur and Innovation Institute/Technology Building Renovation and Expansion, the Macomb Community College Skilled Trades and Advanced Technology Center, the MTU H-STEM Engineering and Health Technology Complex-Phase I, the NMU Career Tech and Engineering Technology Facility and WMU's IF-1 Dunbar Hall. There were no questions. Mr. Begerowski moved that the resolution be approved. Mr. Dobernick seconded the motion.

A roll call vote was conducted with the following results:

- Mr. Crain – Aye
- Mr. Barnwell – Aye
- Mr. Begerowski – Aye
- Mr. Dobernick - Aye
- Mr. Pangborn – Aye

Ron Liscombe with Miller Canfield provided the board members with a report and presentation summarizing the 2024 Series I and Series II bond issuances. Key aspects of the sale were shared including transaction highlights, ratings received, marketing and pricing results and the team who worked on the transaction. Mr. Lambert confirmed the resolution was reviewed and accurate. There were no questions. Mr. Crain entertained a motion for the Resolution of the State Building Authority Authorizing the Issuance and Sale of Its 2024 Multi-Modal Revenue Bonds, Series I (Facilities Program) and Its 2024 Revenue and Revenue Refunding Bonds, Series II (Facilities Program). Mr. Barnwell moved that the 2024 bond issuance and sale be approved. Mr. Begerowski seconded the motion.

A roll call vote was conducted with the following results:

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

- Mr. Pangborn – Aye

The next board meeting is scheduled for September, 2024, at Oakland University. The date is to be determined.

Under Upcoming Business, Mr. Boettcher shared that the Legislature is considering changes to the five-year renewal requirement for the Commercial Paper Program in House Bill 4842. He explained that the update is for the removal of the Series designation which provides the Bureau no benefit. It was explained it cost the Authority money for the designation as it is now required to be changed to a new series every five years. Mr. Begerowski asked what the value of the designation was. Mr. Boettcher explains that the cost outweighs the value of the designation.

Chairperson Crain asked for a motion to adjourn, Mr. Barnwell moved for adjournment and Mr. Begerowski supported. The meeting was adjourned at 11:16 a.m.

APPROVED AND ADOPTED:



Andrew Boettcher, Executive Director



Ehrlich Crain, Chairperson