

## STATE BUILDING AUTHORITY

A meeting of the State Building Authority was held on September 14, 2023, at the Oakland University Oakland Center in the Ambassador Conference Room, located at 312 Meadow Brook Rd, Rochester, MI 48309. The meeting took place at 10:00 a.m.

### Board Members Present:

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

### Board Members Absent:

Price Dobernick

### Authority Staff:

Andrew Boettcher, Executive Director  
TeAnn Smith, Financial Specialist

### Others Present:

Alyson Hayden (Department of Treasury)  
Alan Lambert (Attorney General's Office)  
Brian Lefler (Robert W. Baird)  
Amy Patterson (Attorney General's Office)  
James Srouji (Robert W. Baird)

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Chairperson Crain called the meeting to order at 10:00 a.m. A roll call was taken with Ehrlich Crain, Michael Barnwell, Todd Begerowski, and Aaron Pangborn 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 June 6, 2023 meeting were reviewed. Mr. Begerowski moved that the minutes be accepted as written. Mr. Pangborn 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 and a summary of the 2023 Series I and II bond issues, including an update on the Authority's Variable Rate Obligation (VRO) bonds' performance. Under new business, one resolution will be presented for sale of SBA-owned property in Escanaba. Under upcoming business, an update will be given on a potential capital outlay bill this fall.

Ms. Smith reviewed the CP status report and noted that there are currently 6 projects in the CP Program. The total CP outstanding amount is \$54.0 million, with an interest rate of 3.48% and a maturity date of October 5, 2023. Two new projects were added to the Program since the last meeting, Henry Ford College's Entrepreneur and Innovation Institute/Technology Building Renovation and Addition and Oakland University's South Foundation Hall. There were no questions by the Board from the presentation.

Mr. Lefler provided the board members with a report and presentation summarizing the 2023 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. Lefler than shared a summary report of the SBA's VRO bondholders and par amount outstanding for both the 2020 III and 2023 I transactions. Mr. Crain asked if there had been much flux in rates since the issuance. Mr. Lefler replied that rate can fluctuate on a daily basis but typically resets on a weekly basis following SIFMA resets. The Authority conservatively assumes a 6% interest rate, but so far, the VRO have not reached that level. Any excess money accumulated during the year from a lower interest rate can be used to pay down VRO debt outstanding. Mr. Lefler than gave an overview of the Authority's debt portfolio post-closing of the 2023 bonds.

Ms. Smith presented background on the resolution approving the sale of property in Escanaba. A summary was provided on the origin of the transaction, with the UA Plumbers and Pipefitters Local 111 reaching out to the Authority interested in expanding their training facility adjacent to the SBA-owned property. Gilbert and Associates, an appraisal firm in Escanaba was hired by the Union to conduct the survey resulting in a property value of \$25,000. The SBA verified the assessed value by reaching out to the City of Escanaba's Assessor's Office and comparing recent commercial land sales. The Authority also requested a review of

the sale price by Integra Realty Resources-Detroit who conducts independent appraisal reviews of projects bonded by the SBA. Integra agreed that the sale price seemed reasonable based on review of the appraiser and comparable analyses performed. The Authority plans to work with Fidelity National Title for the closing process. Fidelity has worked with the Authority for years on projects bonded and will provide services at a reduced cost. A remote closing will take place for the convenience of both parties. Mr. Boettcher shared that the resolution will allow he and Mr. Crain to enter into a purchase agreement with Local 111 for a sale price between \$20,000 - \$30,000, to include closing costs. The Authority plans to use a form of purchase agreement typically used by the Department of Technology, Management and Budget for property sales of the State. In conjunction with the AG's Office, a final agreement will be drafted. Mr. Begerowski asked where the funds of the sale will be deposited. Mr. Boettcher responded that the Authority will be consulting with the Authority's auditors but assumes that the funds will be deposited in the administrative account. Mr. Crain inquired if the property will be sold as is. Mr. Boettcher responded that the Union will be performing due diligence on the environmental state of the property prior to sale but will be signing a quitclaim deed. Mr. Crain inquired if the property could be sold for lower than what the resolution calls for. Mr. Lambert stated that the Authority must sell the property at a fair market value. Due to the amount appraised and comparisons conducted, the property can only be sold for the range within the resolution. Mr. Lambert confirmed that he has signed off on the resolution being presented and the steps taken thus far in the process. Mr. Boettcher mentioned that the Attorney

General's Office advised that if Mr. Dobernick had been present at the meeting, he would have had to abstain from voting for the resolution due to his affiliation with UA Local 111. Mr. Dobernick agreed with this recommendation, though he was unexpectedly not in attendance at the meeting. Following, it was moved by Mr. Begerowski and supported by Mr. Pangborn, that the Board approve the "Resolution of the State Building Authority Approving the Sale of Property in Escanaba".

A roll call vote was conducted with the following results:


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

Under Upcoming Business, Mr. Boettcher shared that the Legislature is considering a Capital Outlay Bill in this fall's session. The Authority could potentially have a large number of new projects to finance in the near future. In addition, the SBA's audit kick-off meeting has occurred, and Andrew's Hooper Pavlik (AHP) has been hired by the Office of the Auditor General to conduct this year's audit. Interim audit work is due to start next week. Finally, the Authority will have a new staff member starting October 2. Ryan Tabb will be backfilling Trent Pashak's analyst position.

The next board meeting is scheduled for December 12, 2023, but may be canceled if there is no new business to bring before the Board.

Mr. Crain asked for a motion to adjourn, Mr. Pangborn moved for adjournment and Mr. Begerowski supported. The meeting was adjourned at 10:35 a.m.

APPROVED AND ADOPTED:

  
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Andrew Boettcher, Executive Director

  
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Ehrlich Crain, Chairperson