

## STATE BUILDING AUTHORITY

A meeting of the State Building Authority was held on September 26, 2024, at the Oakland Center in the Mackinac Room, located at 312 Meadow Brook Rd, Rochester, MI 48309. The meeting took place at 10:30 a.m.

### Board Members Present

Ehrlich Crain, Chair  
Michael Barnwell, Vice Chair  
Todd Begerowski

### Authority Staff:

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

### Others Present:

Alan Lambert (Attorney General's Office)  
Amy Patterson (Attorney General's Office)  
Kelly Mrsic (Robert W. Baird)  
James Srouji (Robert W. Baird)

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Chairperson Crain called the meeting to order at 10:29 a.m. A roll call was taken with Ehrlich Crain, Michael Barnwell and Todd Begerowski were present. Mr. Boettcher stated that Mr. Barnwell has been reappointed.

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

The minutes of the May 21, 2024 meeting were reviewed. Mr. Begerowski moved that the minutes be accepted as written. Mr. Barnwell 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 presentation from Baird reviewing the 2024 Series I and Series II bond issues. Under new business, a review of the Audit and Financial Statement changes will be discussed. Under upcoming business, an update will be given on legislation relative to the commercial paper program (House Bill 4842) and a Bond Buy-Back program the authority is pursuing.

Mr. Tabb reviewed the CP status report and noted that there are currently 2 projects in the CP Program. The total CP outstanding amount is \$28.9 million, with an interest rate of 3.45% and a maturity date of October 24, 2024. One new project has been added since the last board meeting which is the UofM Ann Arbor Computer Science and Engineering School of Information. TeAnn stated that the Oakland project was kept in CP due to the completion date being so close to bond issue pricing date. The Authority decided to hold it over to next year's bond issue. There were no questions by the Board from the information provided.

Kelly Mrsic gave a summary of the 2024 Series I and Series II Bond Issue. Key aspects of the sale were shared including transaction highlights, ratings received,

marketing and pricing results, details about the tender, and the teams who worked on the transactions. Mr. Begerowski asked why July 1 was so important. Kelly explained that there were a lot of redemptions in June and investors had a lot of cash to invest on that date.

Mr. Boettcher covered the audit and financial statement changes. The Authority went through financial statement changes in 2022 due to GASB 87 accounting standard updates. While making these changes, the Authority converted to enterprise format (or full accrual) to better roll up to the State's ACFR. The Authority has historically supplied supplemental financial statements with our year-end audited statements that are reported in the modified accrual format. Given the differences in full accrual and modified accrual methods, our supplemental statements have not tied out to our main financial statements in the enterprise presentation. This is not only confusing to the reader, but also was the cause of our audit finding last year. While working through the audit finding it was determined that the supplemental statements are not necessary and should not be produced any longer. There were no objections to this change from our lead accountant (Nichole Dorr), OFM (State Budget Office), AHP (our auditor) and the OAG (The Auditor General). There were no questions.

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 Authority 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. Andrew believes the bill will be coming up for approval soon, or if not, it will go through lame-duck. Andrew explained the Authority's new Buy-Back Program. The Authority will be looking to buy back some of our outstanding bonds to defease debt. We are looking to buy our bonds on sale in the secondary market. This will be a once-a-year process and according to the AG's office we can only buy 10% of any CUSIP of bonds in an outstanding issue.

Ms. Smith stated that we will not be needing a winter meeting since there would be no new business. It was projected that the Spring of 2025 would be the next time that the Authority would have new business to present before the board. We will provide tentative dates on the members' calendar as place holder. The date is to be determined.

Chairperson Crain asked for a motion to adjourn, Mr. Barnwell moved for adjournment and Mr. Begerowski supported. The meeting was adjourned at 11:29 a.m.

**APPROVED AND ADOPTED:**



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Andrew Boettcher, Executive Director



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Ehrlich Crain, Chairperson