

MICHIGAN FINANCE AUTHORITY
BOARD MEETING MINUTES
February 9, 2021

A meeting of the Michigan Finance Authority (“MFA” or the “Authority”) was held on February 9, 2021 electronically by Microsoft Teams and telephonic conference due to COVID-19 health concerns and in accordance with Act 254 PA 2020.

MEMBERS PRESENT: Rachael Eubanks, Chair
Bill Beekman
Luke Forrest
Timothy Hoffman
Travis Jones
Murray D. Wikol

MEMBERS ABSENT: Anna Heaton

CALL TO ORDER/ROLL CALL

Rachael Eubanks, Chair, called the meeting of the Michigan Finance Authority to order at 10:02 a.m. and asked board members to state their location during the roll call in accordance with Act 254 PA 2020. A roll call was taken with Rachael Eubanks (East Lansing, MI), Bill Beekman (East Lansing, MI), Luke Forrest (Ann Arbor, MI), Timothy Hoffman (Douglas, MI), Travis Jones (Owosso, MI), and Murray D. Wikol (Bloomfield Township, MI) in attendance. Ms. Eubanks noted that a quorum was present.

PUBLIC COMMENT

Rachael Eubanks asked if there were any members of the audience who would like to speak. There were none.

APPROVAL OF MINUTES

Rachael Eubanks asked if there were any corrections, comments, or additions to the minutes as presented dated December 9, 2020. A motion was made by Bill Beekman and supported by Timothy Hoffman to approve the minutes. A voice vote was taken and the motion passed unanimously.

RESOLUTION 2021-01

**MICHIGAN FINANCE AUTHORITY
RESOLUTION TO AUTHORIZE THE ISSUANCE OF ONE OR MORE SERIES OF
MICHIGAN FINANCE AUTHORITY
HOSPITAL REVENUE REFUNDING BONDS
(SPARROW OBLIGATED GROUP), SERIES 2022A**

Graham Davidson, Bureau of State and Authority Finance, discussed the financing in the amount not to exceed \$90 million and indicated proceeds will be used to refund all or a portion of Sparrow Obligated Group's Michigan Finance Authority Hospital Revenue Bonds, Series 2012, and pay all or a portion of the costs of issuance related to the bonds. Mr. Davidson indicated the refunding is estimated to provide a net present value savings of approximately \$14.0 million or 16.3% of the refunded bonds.

Ms. Eubanks inquired if the reason for the forward delivery was to avoid issuing refunding bonds on a taxable basis. Mr. Davidson responded the 2012 transaction has an optional call date of November 15, 2022 and therefore the forward delivery was selected. Ms. Eubanks noted that under normal circumstances the borrower would have issued tax-exempt advance refunding bonds but federal law does not allow that anymore and to please support the reinstatement of tax-exempt advance refunding bonds.

Paula Reichle, Sparrow Health, further discussed the forward as an opportunity to take advantage of the current interest rate environment to save interest expense.

Lisa Hagan, Hawkins, Delafield, and Wood LLC., presented and discussed the resolution and indicated it was in the appropriate form for the board's consideration.

William Pettit, Attorney General's Office, commented that the documents before you are in substantially final form and the resolution is ready for the board's consideration and approval.

Rachael Eubanks asked if there were any questions, comments, or additions to the resolution. Hearing none, she then requested a motion. Timothy Hoffman made a motion to approve the resolution supported by Travis Jones. A roll call vote was taken and the following members voted affirmatively: Rachael Eubanks, Bill Beekman, Luke Forrest, Timothy Hoffman, Travis Jones, and Murray D. Wikol.

ADMINISTRATIVE MATTERS

Comprehensive Annual Financial Report

Jean Young, CPA, Plante Moran, presented the fiscal year 2020 MFA CAFR. Ms. Young indicated that the financial statements as presented are fairly stated and there were no findings of

material weaknesses or significant deficiencies and an unmodified opinion was provided with respect to the audit

Marie Stiegel, Plante Moran, further discussed the scope of activity within the financial statements. Mr. Hoffman recognized the high quality work of the staff.

Mr. Wikol inquired how they are testing internal control systems. Ms. Young responded they are looking for firewalls, certain controls, and what the administrative rights are for system users. Ms. Roberts noted that from the State's perspective everything must be accessed through a VPN and each staff member has their own unique VPN.

Mr. Wikol inquired about the non-IT control systems. Ms. Young responded in a remote environment they would ask additional questions, walk through transactions, and understanding if there were any changes in controls.

2021 Meeting Schedule

Deborah Roberts presented the 2021 MFA meeting schedule as required by the Open Meetings Act. Rachael Eubanks asked if there were any questions, comments, or additions to the meeting schedule. Ms. Eubanks then requested a motion. Murray D. Wikol made a motion to approve the meeting schedule supported by Bill Beekman.

Next Meeting

The next meeting date is scheduled for March 9, 2021, at 10:00 am.

ADJOURNMENT

Travis Jones made a motion for adjournment supported by Bill Beekman. The meeting was adjourned at 10:35 a.m.