

**MICHIGAN FINANCE AUTHORITY**  
**BOARD MEETING MINUTES**  
**August 15, 2019**

A meeting of the Michigan Finance Authority ("MFA" or the "Authority") was held on August 15, 2019, at 3:00 p.m. in the Richard H. Austin Building, 1<sup>st</sup> Floor, State Treasurers' Board Room, 430 West Allegan Street, Lansing, Michigan.

**MEMBERS PRESENT:** Rachael Eubanks, Chair, State Treasurer  
Bill Beekman  
Anna Heaton  
Travis Jones

**MEMBERS ABSENT:** Luke Forrest  
Tim Hoffman  
Murray D. Wikol

**CALL TO ORDER/ROLL CALL**

Rachael Eubanks, Chair, called the meeting of the Michigan Finance Authority to order at 3:00 p.m. with Rachael Eubanks, Bill Beekman, Anna Heaton, and Travis Jones 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 June 4, 2019. A motion was made by Bill Beekman and supported by Travis Jones to approve the minutes. A voice vote was taken and the motion passed unanimously.

## **RESOLUTION 2019-08**

### **RESOLUTION TO AUTHORIZE THE ISSUANCE OF MICHIGAN FINANCE AUTHORITY HOSPITAL REVENUE BONDS AND HOSPITAL REVENUE REFUNDING BONDS (BRONSON HEALTHCARE GROUP, INC.), SERIES 2019 AND SERIES 2020**

Patrick Price, Bureau of State and Authority Finance, discussed Bronson Healthcare Group (BHG), a Michigan nonprofit corporation headquartered in Kalamazoo, which provides a continuum of healthcare services primarily to the residents living in Southwest Michigan. Mr. Price noted BHG operates four hospitals located in Kalamazoo, Battle Creek, Paw Paw, and South Haven. Mr. Price discussed the financing and use of proceeds of not to exceed \$310 million which will be used to finance projects at Bronson Methodist Hospital, Bronson South Haven, and Bronson LakeView Hospital, as well as for various projects across BHG. Additionally, Mr. Price noted approximately \$165 million in bond proceeds will be used to refinance a 2014 taxable commercial loan, to refund series 2006 and 2010 bonds that were issued by the Kalamazoo Hospital Finance Authority, and to pay the cost of issuance.

Rachael Eubanks inquired as to whether the Moody's rating of 'A2' had been updated. Becky East, Bronson Healthcare Group, indicated that it had been reaffirmed as 'A2'. Ms. East further discussed the 'A2' rating and stated the rating was reaffirmed due BHG's proven turnaround in 2015. Additionally, the oncology strategies and the primary care access strategies which are part of the issuance, and the financial sustainability plan for BHG were components in the reaffirmed rating.

Travis Jones inquired regarding the interest rate as to whether the current favorable market conditions will help with the issuance of the bonds. Becky East indicated that indeed the favorable rates will help and BHG adjusted the financing timeline to take advantage of the current rate environment. Mr. Jones further inquired regarding the current low interest rate environment and the decision between fixed and variable rates and if the put bond has an interest rate cap and additionally why BHG would not lock in long term and take advantage of current fixed rates. Becky East indicated that the decision was made to move forward with the 3-year put and the 7-year put bonds because there are other refunding opportunities in their overall plan of finance at both of those times. Ms. East noted the put bonds will have fixed-rates to the end of their respective initial terms and at that time the interest rate could be reset and the bonds remarketed or the bonds could be converted to a different mode or refunded.

Steve Frank, Miller, Canfield, Paddock and Stone, P.L.C., presented the resolution which described the plan of financing and indicated that it is in the proper form for consideration and approval. Mr. Frank indicated it does have the option in addition to the put mode of going out and converting to a daily interest rate or weekly interest rate reset or to fix the rate to maturity.

William Pettit, Esq., Attorney General's Office, indicated the statute requires a certificate of need and a waiver for all the projects approved and expressed appreciation to staff in obtaining those documents due to the expedited schedule and indicated that the resolution presented was in substantially final form and ready for the board's consideration and approval.

Rachael Eubanks further expressed appreciation to staff for the quick turnaround and assistance.

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

### **ADMINISTRATIVE MATTERS**

John Barton, Bureau of State and Authority Finance, provided a summary of bond issues that have been completed and upcoming projects.

#### **Next Meeting**

John Barton indicated the next meeting scheduled for Tuesday, September 10, 2019, at 10:00 a.m. will be cancelled.

Rachael Eubanks acknowledged the passing of former MFA board member Don Gilmer who was the ultimate public servant and a tremendous attribute for the people of the state of Michigan.

### **ADJOURNMENT**

Bill Beekman made a motion for adjournment supported by Anna Heaton. The meeting was adjourned at 3:15 p.m.

**\*APPROVED at the MFA Board Meeting on September 25, 2019\***