
MICHIGAN DEPARTMENT OF

BUREAU OF BOND FINANCE

LOCATED IN:

RICHARD H. AUSTIN BUILDING, 1ST FLOOR
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Bureau of
**Bond
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MISSION STATEMENT

The Bureau of Bond Finance will achieve and maintain access to the financial market at the lowest cost to the citizens of Michigan on behalf of:

- Hospitals and their patients
- Higher education students and their families
- Private colleges and their students
- Public school academies and their students
- Public schools and their taxpayers
- Municipalities and their taxpayers
- The State-at-large for environmental, recreational, and other specific-voter approved projects
- The State for cash flow financing for operating purposes

MICHIGAN PUBLIC EDUCATIONAL FACILITIES AUTHORITY

The Michigan Public Educational Facilities Authority (MPEFA) was created by Executive Order 2002-3, to provide public school academies (PSAs) with access to the effective, low-cost financing utilized by traditional school districts.



MPEFA provides an effective, low-cost, facilities financing option for PSAs. The Authority also offers a low-cost financing option to fund PSA cash flow needs for operating purposes.

MICHIGAN TOBACCO SETTLEMENT FINANCE AUTHORITY



The Michigan Tobacco Settlement Finance Authority (MTSFA) was created by Act 226 of 2005 to issue bonds secured by a pledge of a percentage of tobacco settlement proceeds which are used to finance projects under the 21st Century Jobs Fund and make deposits to the state school aid fund and the general fund.

MICHIGAN HIGHER EDUCATION STUDENT LOAN AUTHORITY

The Michigan Higher Education Student Loan Authority (MHESLA) is a direct lender of federally guaranteed student loans and provides an active secondary market for guaranteed student loans in the State of Michigan. The Bureau of Bond Finance performs bond issuance related functions for the Authority.



MICHIGAN STATE HOSPITAL FINANCE AUTHORITY

MSHFA The Michigan State Hospital Finance Authority (MSHFA) was created by Act 38 of 1969, to issue bonds and make loans to hospitals, nursing homes, homes for the aged, hospices, and certain retirement housing providers to finance and refinance the acquisition, construction, improvement or alteration of hospital facilities, and the payment of project costs.

Healthcare facility financing is available, as well as the Healthcare Equipment Loan Program (HELP), a pooled, tax-exempt financing plan that offers Michigan health care organizations a low-cost alternative to conventional methods of borrowing for a variety of capital-related purposes.

MICHIGAN HIGHER EDUCATION FACILITIES AUTHORITY

The Michigan Higher Education Facilities Authority (MHEFA) was ***MHEFA*** created under Act 233 of 1964 and Act 295 of 1969 to issue bonds in order to make loans to private non-profit colleges and universities for various capital needs including: construction of new facilities, renovation of existing facilities, and equipment purchases.

The Authority's financing capability includes the following projects: new, remodeled, or renovated college buildings, land acquisition, and capital equipment and machinery. This financing can provide up to 100% of the cost of the project, including the construction and architectural costs, financing and legal fees, bond issue expenses, Authority fees, and any surveys or studies performed.

STATE FINANCE DIVISION

The State Finance Division, as part of the Bureau of Bond Finance, assists the State Treasurer in managing the **State's Common Cash and Cash Flow Activity**, the **Issuance of State Bonds and Notes**, compliance with federal tax laws, and SEC disclosure requirements. It performs fiscal agent and trust services for various bond issues and public finance programs, oversight of compliance of the Federal Cash Management Improvement Act (CMIA) requirements for drawing federal funds, and administers the **State's School Bond Qualification and Loan Program**.

AUTHORITY FINANCE DIVISION

The Authority Finance Division, as part of the Bureau of Bond Finance, provides financial and administrative support services for the following state authorities:

- **Michigan Higher Education Facilities Authority**
- **Michigan Municipal Bond Authority**
- **Michigan Public Educational Facilities Authority**
- **Michigan State Hospital Finance Authority**
- **Michigan Tobacco Settlement Finance Authority**

The division also assists with bond issuance for the Michigan Higher Education Student Loan Authority.

STATE CASH MANAGEMENT

Staff assists the State Treasurer with the management of the Common Cash Fund. The Common Cash Fund pools the combined cash balance of State funds until paid out as provided by law, including the General and School Aid Funds, but not certain trust funds and funds covering the operations of State Authorities, colleges, and universities. Staff performs cash flow analysis and forecasting which enables the State Treasurer to make

STATE DEBT MANAGEMENT

Staff assists the State Treasurer with administering the State's existing debt and recommends scheduling of new debt when authorized by the Legislature and the electorate. Also, assists State Authorities and other departments with debt issuance, including the payment of debt service, compiling information for rating agencies, and reporting information needed to comply

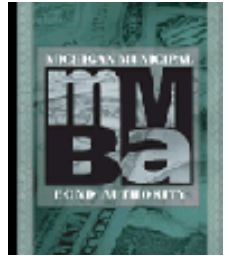
SCHOOL BOND QUALIFICATION AND LOAN PROGRAM

The School Bond Qualification and Loan Program (SBQLP) was established by the Michigan Constitution of 1963 and amended by Public Act 92 of 2005 to provide a state credit enhancement and loan mechanism for school district bond issues. The bonds must be qualified by the State Treasurer and the bond proceeds must be used for capital expenditure purposes.

Qualified Bonds provide school districts with access to the State's credit rating, which will usually result in a lower interest rate and cost, and the ability to borrow for the principal and interest requirements of outstanding

MICHIGAN MUNICIPAL BOND AUTHORITY

The Michigan Municipal Bond Authority (MMBA) was established by the Shared Credit Rating Act, Public Act 227 of 1985, to provide Michigan local units of government and schools an alternative source of financing for infrastructure projects and cash flow needs through low cost access to the public finance market.



School Loan Revolving Fund (SLRF)

- A self-sustaining fund that makes loans to school districts to assist with making debt service payments on bonds issued through the School Bond Qualification and Loan Program.
- Loan repayment is deferred until the required debt millage yields enough to pay the district's debt service obligations.
- Money repaid by school districts is deposited back into the fund for debt service and for future loans.

State Aid Note

- Streamlined loan program to finance short-term operational cash flow needs for Michigan public schools.
- The Authority pools the loans, solicits bids, and obtains the highest possible short term rating (SP-1+).
- Competitive interest rates and lower costs for the schools.

State Revolving Fund Programs

- State Revolving Funds (SRF) provide low cost financing for municipal wastewater facilities.
- Drinking Water Revolving Fund (DWRF) provides low cost financing for drinking water projects.
- Strategic Water Quality Initiatives Fund (SWQIF) provides financing for the removal of ground water or storm water from sewer leads that cannot qualify for SRF assistance.

Local Government Loan Program

- Competitive interest rates for 3 to 30 year loans.
- Tax-exempt and taxable options available.

Installment Purchase Program

- Streamlined process to purchase essential use equipment.
- Maximum term 15 years.