

State of Michigan
Department of Treasury
Bureau of Bond Finance

Michigan Public Educational Facilities Authority

**ANNUAL REPORT
2008**

Michigan Public Educational Facilities Authority

Authority Mission Statement

The Michigan Public Educational Facilities Authority (MPEFA) is dedicated to providing opportunities for low cost financing and technical assistance for (i) qualified public educational facilities and (ii) public school academies through its bonding and loan programs.

The Authority Finance Division, as part of the Bureau of Bond Finance, provides financial and administrative support services on behalf of MPEFA to assist with achieving these goals.

Bureau of Bond Finance 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.

Vision

- We are committed to fair, consistent, and courteous customer service.
- We have the training, technology, and tools to meet customer needs.
- We provide low-cost financing in order for cities and communities to be magnets for economic opportunities, with high quality education and healthcare.
- We are a division where public service and service to others is exalted.

Values

- Integrity: Michigan's schools, colleges, universities, municipalities, and healthcare providers; along with bond counsel, financial advisors, and underwriters know that they can depend upon the Authority Finance Division to follow through on their commitments.
- Excellence: The Authority Finance Division is committed to providing increasingly effective, low-cost financing to protect the interests of the citizens of Michigan.
- Teamwork: The Authority Finance Division will work together to provide effective, low-cost financing to Michigan's schools, colleges, universities, municipalities, and healthcare providers.
- Pride: In our achievements.

Michigan Public Educational Facilities Authority Purpose and Structure

The Michigan Public Educational Facilities Authority was created in 2002 by Executive Order 2002-3 to assist the State's public school academies in obtaining access to the market for cash flow and facility financing needs. Financing presents a challenge to most traditional public schools. For public school academies there are additional challenges to securing financing without access to local property taxes collected via levies. MPEFA is dedicated to providing opportunities for low cost financing for Michigan's charter schools. The duties and responsibilities of MPEFA are exercised by a Board of Trustees.

The Michigan Public Educational Facilities Board of Trustees (Board) is comprised of five members. The Governor, with the advice and consent of the Senate, appoints four members and the State Treasurer serves as a member by virtue of the appointed office. Of the four appointees, no more than two shall be members of the same political party. All members of the Board are appointed for four-year terms. The present membership of the Board is as follows:

David S. Mittleman, Chair

Amal M. Berry-Brown

Mark J. Burzych

Timothy A. Hoffman

Robert J. Kleine, State Treasurer

Michigan Public Educational Facilities Authority 2008 Activity

Long-Term Financing for Public School Academies

The MPEFA long-term financing for public school academies (also known as charter schools) provides a low-cost alternative for the purpose of financing land, facilities, or equipment; or refinancing existing debt.

MPEFA completed three long-term financing bond issues for public school academies in 2008 totaling \$15.55 million. MPEFA bonds were sold at both fixed and variable rates of interest. The three bond issues are described below:

<u>Borrower</u>	<u>Location</u>	<u>Bond Amount</u>	<u>Purpose of Bond Issue</u>
Michigan Technical Academy	Redford Township	\$3,885,000	Construction of an addition; renovation, equipping, and furnishing the high school facility
Crescent Academy	Southfield	\$3,200,000	Private placement refunding bonds; refinancing of funds used to acquire a building and land and to equip the facility
Chandler Park Academy	Harper Woods	\$8,465,000	The acquisition of land and an existing school facility

Michigan Public Educational Facilities Authority Federal Grant Award

In 2007, MPEFA was awarded a \$6.5 million grant under the Credit Enhancement for Charter School Facilities Program from the United States Department of Education. To date, approximately \$1.97 million of this grant has been used to assist five charter schools in funding the debt service reserve for facilities bond issues. Of this allocation, roughly \$1.2 million provided credit enhancement for the three charter schools who issued \$15.55 million in facilities bonds through MPEFA in 2008. The schools' financing costs were reduced through the use of these funds.

State Aid Note for Public School Academies

The State Aid Note (SAN) for public school academies provides the schools access to the capital markets at competitive interest rates. This pooled loan program offers a simplified borrowing process to fund short-term cash flow needs for operating purposes.

In 2008, MPEFA financed one State Aid Note transaction which included a tax exempt and a taxable series. A summary of the SAN participants may be found on page 5.

Michigan Public Educational Facilities Authority
2008 State Aid Note Borrowers

Public School Academy	City	County	Loan Amount
1 ACE Academy	Highland Park	Wayne	\$300,000
2 American Montessori Academy	Livonia	Wayne	\$548,000
3 Arts Academy in the Woods	Fraser	Macomb	346,000
4 Arts and Technology Academy of Pontiac	Pontiac	Oakland	\$800,000
5 Bay County Public School Academy	Bay City	Bay	50,000
6 Bingham Academy	Alpena	Alpena	250,000
7 Bradford Academy	Southfield	Oakland	2,700,000
8 Capital Area Academy	Lansing	Ingham	280,000
9 Clara B. Ford Academy	Dearborn Heights	Wayne	303,000
10 Colin Powell Academy	Detroit	Wayne	350,000
11 Detroit Academy of Arts and Sciences	Detroit	Wayne	2,040,000
12 Detroit Community Schools	Detroit	Wayne	1,800,000
13 Detroit Edison Public School Academy	Detroit	Wayne	600,000
14 Discovery Arts and Technology Academy	Inkster	Wayne	450,000
15 El-Hajj Malik El-Shabazz Academy	Lansing	Ingham	250,000
16 Grand Blanc Academy	Grand Blanc	Genesee	550,000
17 Hanley International Academy	Hamtramck	Wayne	990,000
18 Jackson Arts & Technology Academy	Jackson	Jackson	300,000
19 Madison Academy	Burton	Genesee	675,000
20 Merritt Academy	New Haven	Macomb	830,000
21 Michigan Technical Academy	Redford	Wayne	2,375,000
22 Mid-Michigan Leadership Academy	Lansing	Ingham	263,000
23 Muskegon Technical Academy	Muskegon	Muskegon	100,000
24 Nataki Talibah Schoolhouse of Detroit	Detroit	Wayne	598,000
25 Nsoroma Institute Public School Academy	Oak Park	Oakland	220,000
26 Oakland International Academy	Detroit	Wayne	350,000
27 Richfield Academy	Flint	Genesee	600,000
28 Sunrise Education Center	East Tawas	Iosco	68,000
29 Trillium Academy	Taylor	Wayne	1,275,000
30 University Preparatory Academy	Detroit	Wayne	2,300,000
31 Walden Green Montessori	Spring Lake	Ottawa	300,000
			\$22,861,000