

State of Michigan  
Department of Treasury

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# Michigan Public Educational Facilities Authority

**ANNUAL REPORT  
2006**

# **Michigan Public Educational Facilities Authority**

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## **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 in the Michigan Department of Treasury provides financial and administrative support services on behalf of the Authority 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.

## **MPEFA Board Members**

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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 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 and serve without compensation but are entitled to reimbursement of expenses incurred in the performance of their duties under the Act. The present membership of the Board is as follows:

**Ganesh V. Reddy, Chair**

**Mark J. Burzych**

**Timothy A. Hoffman**

**Robert J. Kleine, State Treasurer**

**David S. Mittleman**

## **Michigan Public Educational Facilities Authority**

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The Michigan Public Educational Facilities Authority was created in 2002 when it became apparent that a unique, one-stop service center for school facilities that require uncommon mechanisms in order to obtain financing was necessary.

Financing is a challenge to most public schools. For public school academies there are additional challenges to securing financing without access to local property tax. MPEFA is dedicated to providing opportunities for low-cost financing for Michigan's Public School Academies.

### **Long-Term Financing for Public School Academies**

The long-term financing for public school academies provides a low-cost alternative for the purpose of financing land, facilities, equipment, or refinancing existing debt.

MPEFA completed four long-term financing for public school academies issues in 2006 totaling \$22.1 million. MPEFA's bonds were sold at both fixed and variable rates of interest. One of the bond issues was backed by a letter of credit; the other three were sold in \$100,000 denominations in limited public offerings. The four issues are described below

<b>Michigan Region</b>	<b>School</b>	<b>Purpose</b>	<b>Loan Amount</b>
Southeast	<b>Michigan Technical Academy</b> (2/14/2006)	Acquisition by the obligor of a newly renovated and expanded approximately 56,000 square foot public school academy building. Refinance certain capital leases for equipment & furnishings, establish a reserve fund, and pay costs of issuing bonds.	\$6,950,000
	<b>Arts Academy in the Woods</b> (6/13/2006)	Acquisition of an existing 56,980 square foot school building and site in the City of Fraser. Construction of approximately \$160,000 in improvements, & to pay the costs of issuing bonds.	\$1,855,000
Southwest	<b>Walden Green Montessori</b> (5/31/2006)	To build a new 24,000 square foot school facility in two phases. Phase one; a 15,000 square foot building, expected completion Sept 2006, Phase two; an additional 9,000 square feet addition, expected completion 2009.	\$4,360,000
	<b>Black River</b> (7/25/2006)	To build a new 20,000 square foot school facility as well as renovation and remodeling of existing structures. Also used to refinance the 2000 Certificate of Participation financing.	\$8,885,000

## State Aid Note for Public School Academies

The State Aid Note for Public School Academies (PSAs) provide PSAs the access to financial mechanisms utilized by traditional school districts. This program is designed specifically for PSAs and offers a simplified borrowing process to fund short-term cash flow needs for operating purposes.

In 2006, MPEFA financed a state aid note issue closing August 18, 2006. The participants are summarized below:

<b>Michigan Region</b>	<b>Academy</b>	<b>Loan Amount</b>
Southcentral	Cole Academy	\$150,000
	El-Hajj Malik El-Shabazz	200,000
	Sankofa Shule Academy	220,000
Southeast	Arts Academy in the Woods	340,000
	Casa Richard Academy	245,000
	Colin Powell Academy	300,000
	Detroit Academy of Arts and Sciences	6,500,000
	Nataki Talibah	243,000
	Oakland International Academy	175,000
	Woodland Park Academy	350,000
Southwest	Muskegon Technical Agency	<u>200,000</u>
	<i>Total</i>	<b><u>\$8,923,000</u></b>