

MICHIGAN FINANCE AUTHORITY
BOARD MEETING MINUTES
May 17, 2018

A meeting of the Michigan Finance Authority ("MFA" or the "Authority") was held on May 17, 2018, at 4:00 p.m. in the Detroit Marriott Troy, Salon G and Salon H of the Ballroom, 200 West Big Beaver Road, Troy, Michigan.

MEMBERS PRESENT: Eric Scorsone, Chair, proxy for State Treasurer
Charlotte Edwards
Don Gilmer
Tim Hoffman
Travis Jones
JulieAnn Karkosak

MEMBERS ABSENT: Bill Beekman

CALL TO ORDER/ROLL CALL

Eric Scorsone, Chair, called the meeting of the Authority to order at 4:00 p.m. with Eric Scorsone, Charlotte Edwards, Don Gilmer, Tim Hoffman, Travis Jones, and JulieAnn Karkosak in attendance. Mr. Scorsone noted that a quorum was present.

PUBLIC COMMENT

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

REVIEW OF AGENDA

Mary Martin, Executive Director, provided an overview of items on the agenda.

APPROVAL OF MINUTES

Eric Scorsone asked if there were any corrections, comments, or additions to the minutes as presented dated December 1, 2017. A motion was made by Tim Hoffman and supported by Charlotte Edwards to approve the minutes. A voice vote was taken and the motion passed unanimously.

RESOLUTION 2018-01

BOND RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF STATE CLEAN WATER REVOLVING FUND REVENUE BONDS, THE ISSUANCE OF STATE CLEAN WATER MATCH BONDS AND THE ISSUANCE OF STATE DRINKING WATER MATCH BONDS, APPROVING DOCUMENTS, BANK PLACEMENT AGREEMENTS, BOND PURCHASE AGREEMENTS AND AUTHORIZING THE PURCHASE OF MUNICIPAL OBLIGATIONS

John Barton, Bureau of State and Authority Finance, discussed the financial structure of the transaction and indicated the amount of not to exceed \$100 million in the new money bond anticipation note is to provide additional funds for the clean water revolving fund. Additionally, an amount not to exceed \$20 million for the clean water revolving fund and \$3 million for the drinking water revolving fund will be used to provide for the 20% match requirement on each program's federal capitalization grants.

Benjamin McGuire, Hilltop Securities, Inc., further discussed the financing and indicated the bond anticipation note would allow the MFA to draw down funds as needed.

Ian Koffler, Esq., Miller, Canfield, Paddock, and Stone, P.L.C., presented the resolution and indicated it is in the usual and customary form consistent with previous resolutions for this program. Additionally, he noted the expiration date is September 30, 2018.

Alan Lambert, Esq., Attorney General's Office, commented that the resolution was in order for the board's consideration.

Eric Scorsone asked if there were any questions, comments, or additions to the resolution. Hearing none, he then requested a motion. Tim Hoffman made a motion to approve the resolution supported by Don Gilmer. A roll call vote was taken and the following members voted affirmatively: Eric Scorsone, Charlotte Edwards, Don Gilmer, Tim Hoffman, Travis Jones, and JulieAnn Karkosak.

RESOLUTION 2018-02

RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF STATE AID REVENUE NOTES AND TAX ANTICIPATION REVENUE NOTES

Patrick Price, Bureau of State and Authority Finance, discussed the program and the use of proceeds in the amount of not to exceed \$600 million which would authorize the MFA to provide low-cost loans to qualifying Michigan school districts for their operating cash flow needs.

Ian Koffler presented the resolution and indicated it is in the usual and customary form consistent with previous years and has an expiration date of December 31, 2018.

William Pettit, Esq., Attorney General's Office, commented that the resolution and documents were in the form of those used in the past and are in order for the board's consideration.

Eric Scorsone asked if there were any questions, comments, or additions to the resolution. Hearing none, he then requested a motion. Charlotte Edwards made a motion to approve the resolution supported by Travis Jones. A roll call vote was taken and the following members voted affirmatively: Eric Scorsone, Charlotte Edwards, Don Gilmer, Tim Hoffman, Travis Jones, and JulieAnn Karkosak.

RESOLUTION 2018-03

RESOLUTION TO AMEND THE SUPPLEMENTAL RESOLUTION AUTHORIZING THE ISSUANCE OF LOCAL GOVERNMENT LOAN PROGRAM REVENUE BONDS ADOPTED ON NOVEMBER 7, 2017

Valerie Agolli, Bureau of State and Authority Finance, discussed the amendment to the supplemental resolution which would extend the lapse date set to expire on May 31, 2018, to September 30, 2018, for the program with authorized financings in the amount of not to exceed \$150 million. Ms. Agolli indicated the credit rating for the revenue sharing component of the program was upgraded by Standard and Poor's from 'A' to 'A+' which would help lower borrowing costs for future borrowers. Ms. Agolli noted that strong oversight by the MFA was highlighted by S&P and contributed to the upgrade.

Craig Hammond, Dickinson Wright PLLC, presented the resolution and indicated it is consistent with prior amending resolutions for this program.

William Pettit, Esq., commented that the amending resolution presented was in the proper form for the board's consideration.

Eric Scorsone asked if there were any questions, comments, or additions to the resolution. Hearing none, he then requested a motion. JulieAnn Karkosak made a motion to approve the resolution supported by Charlotte Edwards. A roll call vote was taken and the following members voted affirmatively: Eric Scorsone, Charlotte Edwards, Don Gilmer, Tim Hoffman, Travis Jones, and JulieAnn Karkosak.

RESOLUTION 2018-04

RESOLUTION OF THE MICHIGAN FINANCE AUTHORITY AUTHORIZING THE ISSUANCE AND SALE OF ITS PUBLIC SCHOOL ACADEMY STATE AID REVENUE NOTES

Kimberly Hines, Bureau of State and Authority Finance, discussed the financing and use of proceeds in the amount of not to exceed \$55 million which would authorize the MFA to provide Michigan public school academies with low-cost loans to meet their operating cash flow needs.

Jarrold Smith, Dykema Gossett PLLC, presented the resolution noting that it contained an expiration date to the end of the calendar year and indicated it is consistent with prior resolutions.

William Pettit, Esq., commented that the resolution and documents were in the form of those used in the past and are in order for the board's consideration.

Tim Hoffman indicated that he was an original board member of the Michigan Public Educational Facilities Authority and is proud of the evolution and success of the program.

Eric Scorsone asked if there were any questions, comments, or additions to the resolution. Hearing none, he then requested a motion. Charlotte Edwards made a motion to approve the resolution supported by Don Gilmer. A roll call vote was taken and the following members voted affirmatively: Eric Scorsone, Charlotte Edwards, Don Gilmer, Tim Hoffman, Travis Jones, and JulieAnn Karkosak.

RESOLUTION 2018-05

RESOLUTION TO AUTHORIZE AN AMENDMENT TO TRUST INDENTURE EDUCATIONAL FACILITY LIMITED OBLIGATION REVENUE BONDS (REGINA HIGH SCHOOL PROJECT) SERIES 2011

Craig Hammond discussed the financing and indicated that in 2011 the MFA issued \$9.1 million in bonds on behalf of Regina High School. Mr. Hammond presented the resolution and stated that it would amend the trust indenture due to changes in federal tax rates effective January 1, 2018, which increased the interest rate on the bonds.

William Pettit, Esq., commented that the resolution presented was in the proper form for the board's consideration.

Eric Scorsone asked if there were any questions, comments, or additions to the resolution. Hearing none, he then requested a motion. Travis Jones made a motion to approve the resolution supported by JulieAnn Karkosak. A roll call vote was taken and the following members voted affirmatively: Eric Scorsone, Charlotte Edwards, Don Gilmer, Tim Hoffman, Travis Jones, and JulieAnn Karkosak.

RESOLUTION 2018-06

RESOLUTION PROVIDING FOR AN AUTHORIZED OFFICER TO AUTHORIZE AMENDMENTS OR REVISIONS TO BOND DOCUMENTS RELATED TO THE REDUCTION IN THE CORPORATE TAX RATE CONTAINED IN THE TAX CUTS AND JOBS ACT OF 2017

William Pettit, Esq., discussed the resolution stating that in December 2017, the Tax Cut and Jobs Act reduced the corporate tax rate from 35% to 21% and that certain MFA bonds are subject to an increase in the interest rate of the bonds due to the tax rate change. Mr. Pettit presented the resolution stating that it would allow an authorized officer to authorize any amendments or revisions to bond documents related to an increase in the interest rate of the bonds due to a reduction in the corporate tax rate.

William Pettit, Esq., commented that the resolution presented was in the proper form for the board's consideration.

Tim Hoffman noted that the resolution was ministerial in nature and inquired whether an increase in the corporate tax rate would reduce the interest rates on MFA bonds.

John Barton indicated that staff had not taken a full inventory of the affected conduit transactions and, at this point, the previously presented resolution for Regina High School was the only transaction being amended to provide for a reduction in interest rate if corporate income tax rates were to increase in the future.

Eric Scorsone asked if there were any questions, comments, or additions to the resolution. Hearing none, he then requested a motion. Don Gilmer made a motion to approve the resolution supported by Charlotte Edwards. A roll call vote was taken and the following members voted affirmatively: Eric Scorsone, Charlotte Edwards, Don Gilmer, Tim Hoffman, Travis Jones, and JulieAnn Karkosak.

ADMINISTRATIVE MATTERS

Marie Stiegel, Plante Moran, discussed highlights of the Comprehensive Annual Financial Report of the Michigan Finance Authority FY 2017. Ms. Stiegel indicated there were no material weaknesses and no internal control matters to report and, therefore, Plante Moran was able to render an unmodified opinion.

Tim Hoffman expressed appreciation for the high quality of work produced by the MFA staff.

Mary Martin presented the 2018 MFA board meeting schedule as required by the Open Meetings Act. Eric Scorsone asked if there were any questions, comments, or additions to the meeting schedule. Hearing none, he then requested a motion. Tim Hoffman made a motion to approve the meeting schedule supported by Travis Jones.

Next Meeting

Mary Martin indicated the next meeting is scheduled for Tuesday, June 12, 2018, at 10:00 a.m.

Mary Martin discussed the Michigan Women in Finance conference events.

Eric Scorsone indicated he would be leaving his position on June 30 and expressed appreciation to all parties for their work and efforts in completing the MFA transactions and also for their service to the State of Michigan.

ADJOURNMENT

Charlotte Edwards made a motion for adjournment supported by Tim Hoffman. The meeting was adjourned at 4:40 p.m.

APPROVED at the MFA Board Meeting on June 12, 2018