

MICHIGAN FINANCE AUTHORITY
BOARD MEETING MINUTES
July 11, 2017

A meeting of the Michigan Finance Authority ("MFA" or the "Authority") was held on July 11, 2017, at 10:00 a.m. in the Richard H. Austin Building, 1st Floor, State Treasurers' Board Room, 430 West Allegan Street, Lansing, Michigan.

MEMBERS PRESENT: Eric Scorsone, Chair, proxy for State Treasurer
Bill Beekman
Charlotte Edwards
Don Gilmer
Tim Hoffman

MEMBERS ABSENT: Travis Jones
JulieAnn Karkosak

CALL TO ORDER/ROLL CALL

Eric Scorsone, Chair, called the meeting of the Michigan Finance Authority to order at 10:00 a.m. with Eric Scorsone, Bill Beekman, Charlotte Edwards, Don Gilmer, and Tim Hoffman 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, Bureau of State and Authority Finance, 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 June 13, 2017. A motion was made by Tim Hoffman and supported by Bill Beekman to approve the minutes. A voice vote was taken and the motion passed unanimously.

RESOLUTION 2017-10

**RESOLUTION TO AUTHORIZE THE ISSUANCE OF
MICHIGAN FINANCE AUTHORITY PUBLIC SCHOOL ACADEMY
LIMITED OBLIGATION REVENUE REFUNDING BONDS
(VOYAGEUR ACADEMY PROJECT), SERIES 2017**

John Barton, Bureau of State and Authority Finance, discussed the financing in the amount of not to exceed \$17,065,000 which would provide for the restructuring of the Voyageur Academy Series 2011 bonds, extend the term of the bonds, and reduce the fixed interest rates to 5.90%. Mr. Barton discussed the academy which was originally chartered in 1998 and currently operates two adjacent facilities, one leased and one constructed with the proceeds of the 2011 bond issue. Mr. Barton stated that at the time the 2011 bonds were issued, the academy believed its enrollment would increase; however, the academy did not reach its enrollment target and has exceeded the 20% threshold, contained in the academy's charter, of its foundation allowance for debt service on the 2011 bonds and entered into a forbearance agreement with the bondholders. Mr. Barton noted the forbearance agreement has expired. Mr. Barton further stated the restructuring transaction should allow the academy to be at 18% of the foundation allowance, based on 1,050 students, for facility debt service and lease payments. Additionally, the reduced debt service payments achieved through the restructuring is expected to provide additional cash flow relief to allow the academy to get caught up on the replenishment of the debt service reserve fund and thereby maintain compliance with the charter school agreement. Mr. Barton concluded that the restructuring is financially important for the academy to get back to sound financial footing.

Tim Hoffman expressed appreciation to John Barton for the thorough explanation of the financing.

Curtis Wade, Voyageur Academy, discussed the history of the K-12 academy and the mission to achieve a high graduation rate and enable students to attend college. Tim Hoffman inquired as to the location of the Academy and the student enrollment. Mr. Wade stated the academy which currently has two facilities with 1,153 students is located in southwest Detroit.

Doug Ross, American Promise Schools, via telephone, further discussed the need for the restructuring since the academy currently is spending more than the 20% of its foundation allowance on facilities and the amount available to educate each student is effectively reduced from \$7,500 to \$6,100 per pupil. Mr. Ross further stated 90% of the students qualify under the free or reduced lunch program.

Jim Crowley, Miller Canfield, presented the resolution and stated that the transaction is being issued as additional bonds and noted the sunset date of September 30, 2017. Mr. Crowley further stated 95% of the outstanding bonds are being held by two institutional holders and 5% by retail holders.

William Pettit, Esq., Attorney General's Office, commented that the Attorney General's Office had participated in the development of the documents presented and believe they are 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. 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, Bill Beekman, Charlotte Edwards, Don Gilmer, and Tim Hoffman.

RESOLUTION 2017-11

SUPPLEMENTAL RESOLUTION AUTHORIZING THE ISSUANCE OF LOCAL GOVERNMENT LOAN PROGRAM REVENUE BONDS, APPROVING DOCUMENTS, BOND PURCHASE AGREEMENT, PLACEMENT AGREEMENT, PRIVATE PURCHASE AGREEMENT AND AUTHORIZING DISCLOSURE DOCUMENTS AND THE PURCHASE OF MUNICIPAL OBLIGATIONS

David Boyne, Bureau of State and Authority Finance, discussed the program which would authorize financing in the amount of not to exceed \$400 million and maintain the current resolution program lapse date through December 31, 2017. Mr. Boyne indicated the use of proceeds includes \$300 million for refunding of the school loan revolving fund loan for the School District of the City of Detroit and \$16 million carry-forward for the School District of the City of Pontiac. Mr. Boyne further indicated the DPS refinancing is expected to provide \$13.4 million savings with a true interest cost of 2.193%.

Jarrold Smith, Dykema Gossett PLLC, presented the resolution and indicated it is consistent with prior supplemental resolutions for this program.

William Pettit, Esq., 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. 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, Bill Beekman, Charlotte Edwards, Don Gilmer, and Tim Hoffman.

ADMINISTRATIVE MATTERS

Graham Davidson, Bureau of State and Authority Finance, provided an update of the state revolving fund loans that closed during the last quarter.

John Barton provided a summary of bond issues that have been completed and upcoming projects.

Next Meeting

The next meeting scheduled for Tuesday, August 8, 2017, at 10:00 a.m., is cancelled and will be rescheduled.

ADJOURNMENT

Bill Beekman made a motion for adjournment supported by Charlotte Edwards. The meeting was adjourned at 10:40 a.m.

APPROVED at the MFA Board Meeting on September 12, 2017