

Meeting of the Board  
**PENNSYLVANIA HIGHER EDUCATIONAL FACILITIES AUTHORITY**  
March 24, 2016  
**Room 515 North Office Building**  
Harrisburg, Pennsylvania  
10:28 a.m. Prevailing Time

MINUTES

1. Call to Order, Filing of Proof of Sunshine Notice and of Sending Notice of the Meeting, Roll Call and Announcement of Quorum.
2. Election of Officers for 2016.
3. Approval of the Minutes of the Meeting of December 3, 2015.
4. Approval of Projects.
  - A. Resolution Authorizing the Undertaking of a Project on Behalf of the Trustees of the University of Pennsylvania.
5. Old Business.
  - A. Authority Counsel.
6. New Business.
7. Adjournment.

**1. CALL TO ORDER, FILING OF PROOF OF SUNSHINE NOTICE AND OF SENDING NOTICE OF THE MEETING, ROLL CALL AND ANNOUNCEMENT OF QUORUM.**

With a quorum of the Board being present, the meeting of the Board of the Pennsylvania Higher Educational Facilities Authority was called to order on Thursday, March 24, 2016 at 10:28 a.m. prevailing time, in Room 515 North Office Building, Harrisburg, Pennsylvania. The proof of the Sunshine advertisement and certification in regard to sending the notice of meeting is attached to these minutes and identified as Appendix "A".

**Board Members Present**

Steven Heuer, (Proxy for Governor Thomas W. Wolf)  
Danielle Guyer, (Proxy for Representative Stanley E. Saylor)  
Alan Cohn, (Proxy for Representative Anthony M. DeLuca)  
Christopher Craig, (Proxy for Treasurer Timothy A. Reese)  
Christal Pike-Nase, (Proxy for Auditor General Eugene A. DePasquale)  
Secretary of General Services Curtis M. Topper  
Ernie Helling, (Proxy for Secretary of Education Pedro A. Rivera)

**Board Members Absent**

Senator Lloyd K. Smucker  
Senator Andrew E. Dinniman

**Authority Personnel Present**

Robert Baccon, Executive Director  
Beverly Nawa, Administrative Officer  
David Player, Comptroller

**Also Present**

William McCarty, Esquire, Barley Snyder LLP  
Jennifer Langan, Deputy Chief Counsel, Pennsylvania Treasury

**Participated Via Conference Call**

Kevin Cunningham, Esquire, Ballard Spahr LLP  
Dan Turner, Esquire, Tuner Law, P.C.  
Jay Bellwoar, Managing Director, Merrill Lynch, Pierce, Fenner & Smith  
Helen Kreider, Associate Treasurer, University of Pennsylvania

## 2. ELECTION OF OFFICERS FOR 2016.

Chairperson Heuer explained that The officers of the Authority are elected at the first board meeting of the year. Typically, the Governor serves as President of the board and the three Vice Presidents are the two members of the Senate and the Speaker of the House or his designee. The Secretary is usually the Secretary of General Services and the Treasurer is normally the State Treasurer.

Chairperson Heuer recommended that Governor Wolf be elected President, Senators Smucker and Dinniman and Representative Saylor as the Vice Presidents, Treasurer Reese as the Treasurer and Secretary Topper as Secretary. He also recommended Bob Baccon, Dave Player and Bev Nawa be elected as Assistant Secretaries and Assistant Treasurers.

Chairperson Heuer opened the floor to nominations or a motion to elect the recommended officers.

In accordance with the PHEFA Bylaws, and upon **MOTION** by **Mr. Helling**, and **SECONDED** by **Ms. Pike-Nase** at the PHEFA Board Meeting of March 24, 2016, the following Officers were unanimously elected for a period of one year and until their respective successors shall have been duly elected and qualified or until they have ceased to be members of the Board.

- |                        |                    |
|------------------------|--------------------|
| a. President           | Thomas W. Wolf     |
| b. Vice President      | Lloyd K. Smucker   |
| Vice President         | Andrew E. Dinniman |
| Vice President         | Stanley E. Saylor  |
| c. Secretary           | Curtis M. Topper   |
| d. Treasurer           | Timothy A. Reese   |
| e. Assistant Secretary | Robert Baccon      |
|                        | David Player       |
|                        | Beverly M. Nawa    |
| f. Assistant Treasurer | Robert Baccon      |
|                        | David Player       |
|                        | Beverly M. Nawa    |

### **3. APPROVAL OF THE MINUTES OF THE MEETING OF DECEMBER 3, 2015.**

A copy of the minutes of the meeting of December 3, 2015, was distributed to the Board Members prior to this meeting. It is therefore recommended that consideration be given to the adoption of the following Resolution:

RESOLVED That the minutes of the PHEFA meeting of December 3, 2015, be and hereby are approved as presented.

Upon **MOTION** by **Ms. Pike-Nase**, and **SECONDED** by **Mr. Helling**, and after full discussion, the above Resolution was unanimously approved at the PHEFA Board Meeting of March 24, 2016.

### **4. APPROVAL OF PROJECTS.**

#### **A. Resolution Authorizing the Undertaking of a Project on Behalf of the Trustees of the University of Pennsylvania.**

Mr. Baccon explained that the Trustees of the University of Pennsylvania have requested that we issue a maximum of \$210,000,000 in Revenue Bonds to finance the refunding of all or a portion of the Authority's The Trustees of the University of Pennsylvania Revenue Bonds Series B of 2009, Series of 2010, and Series A of 2011.

The University has selected Merrill Lynch, Pierce, Fenner & Smith as lead underwriter. The Bank of New York Mellon Trust Company is the Trustee for the Bonds. After completing an RFP and at the request of the University, the Office of General Counsel has appointed Ballard Spahr and Turner Law as Co-Bond Counsel.

The Resolution in your agenda approves all of the actions necessary in connection with the issuance of the Bonds.

Kevin Cunningham, Esquire, Ballard Spahr, Dan Turner, Esquire, Turner Law, Jay Bellwoar, Managing Director, Merrill Lynch and Helen Kreider, Associate Treasurer of the University are participating by phone to answer questions.

Chairperson Heuer asked if board members had any questions or comments.

Ms. Pike-Nase mentioned that her department had contacted the University to get their input and they advised them that the process was much smoother this year than it was last year.

Chairperson Heuer asked if board members had any other questions or comments, and hearing none, he asked for a motion to approve the project.

**RESOLUTION OF THE  
PENNSYLVANIA HIGHER EDUCATIONAL FACILITIES AUTHORITY  
AUTHORIZING  
THE UNDERTAKING OF A PROJECT ON BEHALF OF  
THE TRUSTEES OF THE UNIVERSITY OF PENNSYLVANIA**

**DOCKET NO. 661**

**NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:**

1. The Pennsylvania Higher Educational Facilities Authority (the “Authority”) shall undertake the financing of a project (the “Project”) on behalf of The Trustees of the University of Pennsylvania (the “University”) consisting of (i) the refinancing of certain outstanding indebtedness of the University, including all or a portion of the Authority’s The Trustees of the University of Pennsylvania Revenue Bonds Series B of 2009, Series of 2010, and Series A of 2011 (collectively, the “Refunded Bonds”); and (ii) the payment of costs of issuing the Bonds; provided, however, that the Executive Director of the Authority, at the request of the University, shall have the power to add, delete or substitute for any component of the Project but only to the extent permitted by The Pennsylvania Higher Educational Facilities Authority Act of 1967, as amended, and the Federal income tax laws from time to time in effect.

2. In order to finance the Project, the Authority will enter into one or more trust indentures and/or will enter into one or more supplements to the Indenture of Trust dated as of January 15, 1987 (collectively, the “Indenture”) with The Bank of New York Mellon Trust Company, N.A., as successor trustee or with such other trustee (the “Trustee”) as appointed by the University and approved by the Executive Director of the Authority, such approval to be evidenced by his or her execution of the Indenture pursuant to which the Authority shall issue up to \$210,000,000 (exclusive of original issue discount or premium) in aggregate principal amount of bonds in one or more series which may be tax-exempt or taxable and which may be issued on the same or different dates to be designated “Pennsylvania Higher Educational Facilities Authority The Trustees of the University of Pennsylvania Revenue Bonds” with an appropriate series designation (the “Bonds”). The Bonds shall have a term not to exceed 40 years and shall bear interest at fixed or variable rates acceptable to the University, shall mature in such principal amounts and at such times, and shall be subject to redemption all as approved by the Executive Director of the Authority in consultation with the University and further provided in the Bond Purchase Agreement (defined below).

3. If deemed advantageous by the University in connection with the issuance of one or more series of the Bonds, the proper officers of the Authority are hereby authorized to purchase or cause to be purchased, and the Trustee is hereby authorized to accept, a letter of credit or a similar instrument securing the payment, when due, of the principal and/or purchase price of and interest on such series of Bonds, and the Trustee is further authorized to accept a liquidity facility, letter of credit or a similar instrument for the payment of the purchase price of one or more series of Bonds upon tender for purchase, if applicable.

4. In the event the University requests that the Bonds of any series bear a variable rate rather than a fixed rate of interest, the Executive Director of the Authority is hereby authorized to approve the initial interest rate to be borne by such Bonds and the variable interest rate calculation method to be used in determining interest due on the Bonds thereafter, and to appoint an indexing agent, market agent and/or remarketing agent and to take such other action as may be required in connection with a variable interest rate, or in connection with Bonds bearing interest at fixed interest rates, including the authorization of any remarketing agreement or credit facility agreement or similar agreement.

5. The Bonds shall be limited obligations of the Authority, payable only from payments made by the University under the Loan Agreement (defined below). The Bonds shall be issued in such denominations and form and with such terms as shall be set forth in the Indenture used in connection with the issuance of the Bonds and approved by the Executive Director of the Authority. The execution of the Bonds with the manual or facsimile signature of the President of the Authority together with the official seal or a facsimile of the official seal of the Authority and the attestation thereof by the manual or facsimile signature of the Executive Director, Secretary or Assistant Secretary of the Authority is hereby authorized. The Executive Director of the Authority is hereby authorized to deliver the Bonds to the Trustee under the Indenture for authentication, and to execute and deliver instructions to the Trustee to deliver the Bonds when so authenticated, on behalf of the Authority, to or upon the order of the purchaser thereof, against receipt of the purchase price together with any accrued interest, all in accordance with the requirements of the Indenture.

6. The proceeds from the sale of the Bonds shall be loaned to the University pursuant to the terms of one or more loan agreements and/or pursuant to one or more supplements to the loan agreement between the Authority and the University dated as of January 15, 1987 (collectively the "Loan Agreement"), and shall be applied by the University for and toward the costs of the Project including (a) the payment of all or a portion of the costs of issuance of the Bonds, including without limitation, printing and reproduction costs, fees and expenses of bond counsel, underwriters' counsel and the underwriters, fees and expenses of the Trustee, and administrative costs and expenses of the University and the Authority, all upon submission of the proper documentation thereof; and (b) the funding of funds established under the Indenture.

7. The President, any Vice President, or the Executive Director is hereby authorized on behalf of the Authority to negotiate with the underwriters, hereinafter appointed, for an acceptable proposal, for the purchase or placement of any series of the Bonds issued hereunder, to enter into one or more purchase agreements or placement agreements (collectively, the "Bond Purchase Agreement") for such purpose in accordance with the terms of this Resolution and the President, any Vice President, the Secretary or any Assistant Secretary, or the Executive Director of the Authority is hereby authorized to execute and deliver the particular Bond Purchase Agreement on behalf of the Authority and to take such further action as he or she deems necessary or advisable to carry out the obligations of the Authority thereunder.

8. The Authority does hereby authorize the refunding of the Refunded Bonds. In connection with the refunding of the Refunded Bonds, the Authority is hereby authorized to enter into one or more escrow deposit agreements (the "Escrow Agreement") with the University and The Bank of New York Mellon Trust Company, N.A., as escrow agent.

9. The Authority does hereby authorize the execution and delivery of the following documents relating to the issuance of Bonds of any series authorized hereunder and the financing of the Project: the Indenture, the Loan Agreement, the Escrow Agreement, any remarketing agreement, market agent agreement and/or indexing agent agreement or other agreement or instrument described in this Resolution; and any other document to which the Authority is a party and which is required and useful in connection with the financing of the Project; all in such form as shall be acceptable to co-bond counsel, the Attorney General of the Commonwealth, the Office of General Counsel, and Authority counsel and as shall be approved by the Executive Director of the Authority.

10. The President, the Vice President or the Executive Director of the Authority, and each of them is hereby authorized to execute, acknowledge and deliver in the name and on behalf of the Authority, and the Secretary or Assistant Secretary and each of them is hereby authorized to attest and affix the official seal of the Authority to each of the aforesaid documents. The execution of the aforesaid documents as hereinabove authorized shall be deemed to conclusively evidence the approval of the Authority of said documents.

11. Any preliminary official statement and/or final official statement which may be used in connection with the offer and sale of the Bonds shall be in such form as shall be approved, solely for the purpose of distribution, by the Executive Director of the Authority with the advice of bond counsel. The Executive Director of the Authority is hereby authorized to execute one or more preliminary official statements and/or final official statements in the name and on behalf of the Authority, and such execution by the Executive Director of the Authority shall constitute conclusive evidence of the Authority's approval of such documents solely for the purpose of distribution. The circulation and distribution of copies of any such documents in connection with the offer and sale of the Bonds is hereby authorized.

12. The underwriters or purchasers of the Bonds shall be appointed by the University and approved by the Executive Director of the Authority, such approval to be evidenced by his or her execution of the Bond Purchase Agreement. Any underwriter or purchaser so appointed and approved shall be authorized to act as the underwriter or purchaser of the Bonds. The Office of General Counsel has appointed Ballard Spahr and Turner Law, P.C. as Co-Bond Counsel. The Executive Director of the Authority is hereby authorized to approve upon the recommendation of the University, additional professionals for the Bonds, including a tender agent or agents, indexing agent, market agent and/or remarketing agent, if necessary.

13. The appropriate officers of the Authority are hereby authorized to take such further action and to execute and deliver in the name and on behalf of the Authority any and all other documents and certificates, in addition to those specified above, as they shall deem

necessary or advisable in connection with the issuance of the Bonds and the implementation of these Resolutions.

14. The Trustee shall be, by virtue of this Resolution and without further authorization from the Authority, authorized, directed and requested to invest and reinvest all moneys available therefor pursuant to the Indenture, which by the terms of such Indenture may be invested, or to deposit and redeposit such moneys in such accounts as may be permitted by the Indenture, all subject to the terms and limitations contained in the Indenture.

15. The appropriate officers of the Authority are, and each of them is, hereby authorized to execute and deliver in the name and on behalf of the Authority such other documents and to take such other action as they shall deem necessary in order to effectuate the financing of the Project, the execution, delivery and receipt of the Indenture, the Loan Agreement, the Escrow Agreement and the Bond Purchase Agreement, the distribution of one or more preliminary official statements and/or final official statements and the issuance and sale of the Bonds, all in accordance with these Resolutions.

16. The appropriate officers of the Authority, including the President, any Vice President and the Executive Director are, and each of them is, hereby authorized to approve, and to execute and deliver any supplement, amendment or agreement (an "Amendment") providing for any amendment or other change to any trust indenture, loan agreement, bond, instrument or other document executed and delivered with respect to the Bonds (collectively, the "Bond Documents") requested by the University and approved by all other necessary parties, provided that (a) the officer executing the Amendment shall have determined that the Amendment will not adversely affect the Authority, such determination to be conclusively evidenced by such officer's execution of the Amendment and (b) the Authority shall have received an opinion of counsel in form and substance satisfactory to the Authority that (i) the Amendment is permitted under the Pennsylvania Higher Educational Facilities Authority Act of 1967, as amended, and the Bond Documents, and (ii) the Amendment will not adversely affect the excludability from gross income of interest on the Bonds for purposes of federal income taxation.

17. This Resolution shall take effect immediately upon its adoption, and all prior resolutions or parts thereof inconsistent herewith are hereby repealed to the extent of such inconsistencies.

Upon **MOTION** by **Ms. Pike-Nase**, and **SECONDED** by **Secretary Topper**, and after full discussion, the above Resolution was unanimously approved at the PHEFA Board Meeting of March 24, 2016.

**EXHIBIT A**

**TRUSTEES OF THE UNIVERSITY OF PENNSYLVANIA**

<b><u>Docket Number</u></b>	<b><u>Counties Where Facilities are Located</u></b>	<b><u>Project Description</u></b>	<b><u>Maximum Amount to be Financed</u></b>
661	Philadelphia, Pennsylvania; Chester, Pennsylvania	(i) The refinancing of certain outstanding indebtedness of the University and (ii) the payment of costs of issuing the Bonds	\$210,000,000

**Term:** Up to 40 years. Rate: Variable or Fixed.

**Rating/Credit Enhancement:** The Bonds are expected to be rated Aa2 by Moody's and AA+ by S&P. Prior to the issuance, a determination will be made whether to obtain a letter of credit or other credit enhancement or liquidity enhancement if deemed beneficial by the University.

**Underwriters:** The University has selected Merrill Lynch, Pierce, Fenner & Smith, Incorporated as lead underwriter and will select one or more additional underwriters after consultation with the Executive Director of the Authority.

**Bond Counsel:** After completing an RFP and at the request of the University, the Office of General Counsel has appointed Ballard Spahr and Turner Law, P.C. as Co-Bond Counsel.

**Minority, Female and/or Veteran Participation in this Financing:** Turner Law, P.C., as Co-Bond Counsel, Loop Capital Markets LLC, as a co-underwriter and McElwee and Quinn, as printer.

**Trustee:** The Bank of New York Mellon Trust Company, N.A., as the existing trustee under the Indenture, or another trustee to be appointed by the University and approved by the Executive Director of the Authority.

Approved at the PHEFA Board Meeting of March 24, 2016.

## **5. OLD BUSINESS.**

### **A. Authority Counsel.**

Mr. Baccon explained that as part of the OGC's competitive process for selecting legal representation, the Authority issued an RFP to select two Authority counsels. We entered into contracts with Duane Morris and Barley Snyder in November. Duane Morris recently requested a significant increase in the rate that they would be charging. The Authority staff expressed our concern to the OGC that we went through the RFP process and it would not be fair to grant an additional increase. The OGC agreed with our concerns. Therefore, Duane Morris concluded their representation of the Authority on February 29, 2016 because they were not granted the rate increase. The Authority will now be represented solely by Barley Snyder. We feel comfortable with having one counsel, but will revisit this issue if it presents problems. Duane Morris and their small diverse partner, Ahmad Zaffarese, are now free to work on Authority bond issues since they no longer serve as Authority counsel.

Secretary Topper asked if the RFP was recent.

Mr. Baccon said that it was just a few months ago. He also explained that they had not done any work other than to listen in on a board meeting.

Ms. Pike-Nase asked what the rates were.

Mr. Baccon said that the partners were supposed to be paid \$245 per hour and the associates were to be paid at \$145 per hour. They asked for a blended rate of \$390 per hour.

Mr. Craig believes that we are doing the right thing. For his purposes he doesn't care who the firm would put on the task as long as they are competent. He sets a cap. He views under \$400 as reasonable. He believes that they bid for the work and if they can't live with their bid then they should be out.

Chairperson Heuer asked if there was any other old business to come before the board.

Mr. Craig asked if it was the appropriate time to talk about the memorandum that Mr. Baccon sent to board members.

Chairperson Heuer agreed that it would be fine. He opened the floor to discussion.

Mr. Craig said that in the interest of transparency he recommended that the memorandum be included with meeting minutes.

Upon **MOTION** by **Mr. Craig**, and **SECONDED** by **Ms. Pike-Nase**, the memorandum sent by the Executive Director on March 10, 2016, regarding bond issuance and the competitive selection of bond counsel will be included as Appendix B with the minutes of at the PHEFA Board Meeting of March 24, 2016.

Mr. Craig posed the question, does the board want to take action as a consequence of this or is it appropriate to wait another three months? He remembered when the OGC explained this process to the board, they were going to do an outreach to entities to explain the process and there would be no problem. He is hearing that there is a problem. He understands that it is not yet a financial problem to the Authority, but it may become one.

Chairperson Heuer asked for comments and suggestions from board members as to waiting or taking action.

Ms. Pike-Nase said that her department has been very vocal about the issue. The Auditor General believes that they have already said their piece repeatedly and more support has to come from the other members if it is something that is pursued further.

Mr. Craig suggested that at a minimum, the board receive an update every other month. Board members should be informed if institutions have gone in different directions.

Chairperson Heuer indicated that there is a possibility of a board meeting on April 21<sup>st</sup>. He suggested that Mr. Baccon provide an update then.

Mr. Baccon indicated that Dave Player had done some statistical work to share with board members. These sheets (included with the minutes as Appendix C) show where we have been and where we are.

Mr. Player explained that the information shows PHEFA projects issued by year and also bonds that have been refunded away during the current fiscal year. The combination of the OGC policy and the prevailing wage policy are the causes of bonds being refunded away.

Mr. Craig mentioned that he does not agree with the policy. Although it is well intended, it is completely missing the mark. He wondered if part of the problem that schools are facing is the unpredictability of the budgetary impasse and as a consequence they can't count on even the basic education subsidy. He wants to see what happens over the next several months. He realizes that does not apply to private colleges and universities. PHEAA does have an impact there. Treasury still remains opposed to the policy, but he would like to see what happens post budgetary.

Secretary Topper mentioned that he is a big fan of data and he finds the handouts very helpful. He said that it is public record when our potential customers go into the bond market. If we want to answer the question, how many universities/colleges in Pennsylvania who might have worked with us have gone into the bond market through some other authority, could we?

Mr. Player explained that those entities are listed on a handout given to the board. This sheet lists bonds that we had issued and have since been refunded away from us. A couple of the schools listed are smaller schools that probably aren't coming to us because of the prevailing wage policy.

Mr. Craig mentioned that the prevailing wage policy is only grabbing private schools. The prevailing wage requirement is a statutory requirement that already applies to public schools. It could explain away a portion of the private schools but it doesn't explain away public high schools.

Mr. Player handed out a similar sheet for SPSBA, showing projects issued by year.

Mr. Craig asked if the three school districts listed were pure refundings. In other words, they were incurring these whether they received school subsidy payments or not and they were done for pure savings purposes.

Mr. Baccon said that he was correct.

Mr. Craig believes that these are the most telling and the ones not on this list that may or may not have gone to us. There were three schools that made the calculus and it was not based on prevailing wage or school subsidy payments and they would rather go to the private sector than to us, as a consequence of the bond counsel selection policy.

Ms. Nawa said that more than likely they are being charged a fee if they are going to a local authority. On the school building side we do not charge a fee.

Mr. Craig said that the school is placing value on being able to pick their team and they are paying the bill.

Secretary Topper asked if the schools could be doing private placements.

Mr. Player said that they are probably issuing General Obligation (GO) bonds rather than coming to us. They came to us in the past because we offered programs on the issuance side, but unfortunately we had to do away with those programs because it was just too costly. We are not really a good candidate for a lot of school districts because they can just do a GO issue.

Mr. Baccon explained that the biggest impact to the new policy has been on the higher education side.

Mr. Player agreed and said that we collect fees on the higher education side.

Secretary Topper said that institutions of higher education cannot issue GO bonds. His understanding of the current environment is that we are in a period of low interest rates and if we were able to offer a better deal from an overall cost perspective in 2006 or 2005 than we are today, it comes down to how cheaply they can get the money else ware or by coming through an authority like ours. He provided an example of his experience working at Georgetown University where they found it more cost effective to use a private placement versus public financing. They ended up paying an interest rate that was comparable to what they could have gotten going through the city and it was less restrictive.

Mr. Player explained that interest rates are based on the underlying credit of the school, whether they come through us or another authority or a bank if it is a private placement.

Chairperson Heuer asked Mr. Baccon to keep the board informed.

## **6. NEW BUSINESS.**

Chairperson Heurer announced a tentative meeting date of April 21<sup>st</sup>.

Chairperson Heurer asked if there was any new business to come before the Board, and hearing none, he asked for a motion to adjourn.

## **7. ADJOURNMENT.**

There being no further business to come before the Board at this time, upon **MOTION** by **Ms. Pike-Nase**, and **SECONDED** by **Mr. Helling**, the PHEFA Board Meeting was adjourned at 10:31 a.m.

## SUNSHINE ACT MEETING NOTICES

Thursday, March 17, 2016

If you need an accommodation due to a disability,

please contact the ADA contact name listed below

DEP, Sewage Advisory Committee Meeting, 3/22/2016, 10:30 AM, RCSOB, Rm. 105, HBG.,  
Contact: John Diehl 717-783-2941

PA Cancer Control, Prevention and Research Advisory Board Meeting, 3/24/2016, 9AM - 12PM,  
Red Lion Inn, 4751 Lindle Road, HBG, Contact: Sharon Sowers 717-547-3249

PA Human Relations Commission Meeting, 3/28/2016, 1PM, 333 Market St., 1st Fl., Honors Suite,  
HBG., Contact: Toni Crawford 717-783-8172

PA Fish & Boat Commission Meetings, 3/30/2016, 8AM, 1601 Elmerston Ave., HBG., Contact:  
Teresa Erdman 717-705-7801, Add'l meeting scheduled at 8AM on 3/31/2016.

DHS, Office of Developmental Programs, Information Sharing and Advisory Committee (ISAC)  
Meeting, 4/7/2016, 9:30AM - 3:30PM, Capital Ballroom, Red Lion Hotel, 4751 Lindle Rd., HBG.,  
Contact: Jacqueline Epstein 717-783-8302

PA Game Commission Board of Commissioners Meeting, 4/4/2016, 8:30 AM, PA Game  
Commission Bldg., 2001 Elmerston Ave., HBG., Contact: Joan French 717-787-7836, Add'l meeting  
scheduled at 8:30 AM on 4/5/2016. Purpose of Meeting: To discuss Game Commission business.

Liquefied Petroleum Gas Advisory Board Meeting, SPECIAL, 4/6/2016, 1 PM, Labor & Industry  
Bldg., Rm. 1626 HBG., Contact: Traci Willman 717-787-6115

Chronic Real Disease Advisory Committee Meeting, 4/15/2016, 10 AM - 1 PM, Dept. of Health,  
Conf. Rm. 907, Health & Welfare Bldg., 625 Forster St., HBG., Contact: Carolyn Cass 717-772-  
2762

Workers' Compensation Advisory Council Meeting, SPECIAL, 5/4/2016, 11 AM - 1 PM, 1171 S.  
Cameron St., Rm. 326, HBG., Contact: Cynthia Kendell 717-886-9000, Add'l meeting scheduled  
7/20/16 and 10/20/16, same time and location. All attendees: see first floor security guard.

Special Supplemental Nutrition Program for Women, Infants and Children Meeting, 5/2/2016, 10  
AM - 3 PM, Family Health Council of Central PA, Inc., 3461 Market St., 3rd Fl., Camp Hill,  
5/13/2016, 10 AM - 3 PM, Broad Street Market, 1233 N. 3rd St., HBG., Contact: Amanda Killion  
717-783-1289

PA Industrial Development Authority (PIDA) Board Meeting, 6/1/2016, 10:15 AM, Keystone Bldg.,  
PUC Hearing Rm. #3, 400 North St., 1st Fl., HBG., Contact: Dennis Davin 717-720-1355

CANCELLED, State Board of Examiners in Speech-Language Pathology and Audiology Meeting,  
3/25/2016, 9:30 AM, 2601 N. Third St., HBG.

Appendix A

Frey Lutz Corp. v. Comwth. of PA, Dept. of General Services v. STV Architects Docket No. 4077, April 11 -22, 2016, 9:30 AM, Fulton Bldg., 6th Fl., Court Room No. 1, HBG., Contact: Lynn Ford 717-787-3325

SPECIAL, State Ethics Commission Meeting, 4/7/2016, 9 AM, 307 Finance Bldg., Commonwealth Ave. & North St., HBG., Contact: Heather Mulhollan 717-783-1610

**SPECIAL, State Public School Bldg. Authority and PA Higher Educational Facilities Authority Meetings, 3/24/2016, 10:00 AM, Rm. 515 North Office Bldg., HBG, Contact: Bev Nawa 717-975-2204**

Appeared in: *Patriot-News* on Thursday, 03/17/2016

STATE PUBLIC SCHOOL BUILDING AUTHORITY  
PENNSYLVANIA HIGHER EDUCATIONAL FACILITIES AUTHORITY  
Notice of the Meeting of the Board to be Held  
March 24, 2016

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Notice was in letterform, as follows:

This letter advises that a meeting of the State Public School Building Authority and the Pennsylvania Higher Educational Facilities Authority Boards will be held on **Thursday, March 24, 2016**, at **10:00 a.m.**, in **Room 515 North Office Building, Harrisburg**, Pennsylvania, for the purpose of: (a) electing officers for 2016; (b) approving certain projects for financing; and, (b) consideration of such other matters as may properly come before the Board.

Enclosed herewith is a copy of the notice that has been posted on the bulletin board in the Authority office, in accordance with Act No. 213, 1957.

I would appreciate it if you would make the appropriate notation on the attached slip, indicating whether or not you plan to be present at the meetings and return same to us.

Sincerely,

/s/ Robert Baccon

Robert Baccon  
Executive Director

Enclosures

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Appendix A

Harrisburg, PA

I CERTIFY that the notice on the previous page for the March 24, 2016, meetings was dispatched to the following on March 14, 2016, at the addresses indicated, constituting all of the members of the Board of the State Public School Building Authority and the Pennsylvania Higher Educational Facilities Authority.

Thomas W. Wolf, Governor of Pennsylvania  
225 Main Capitol Building, Harrisburg, PA  
Steven S. Heuer, Proxy for Governor Wolf  
333 Market Street – 18<sup>th</sup> Floor, Harrisburg, PA  
Lloyd K. Smucker, Designated by the President Pro Tempore of the Senate  
351 Main Capitol Building, Harrisburg, PA  
Andrew E. Dinniman, Designated by the Minority Leader of the Senate  
182 Main Capitol Building, Harrisburg, PA  
Stanley E. Saylor, Designated by the Speaker of the House of Representatives  
105 Ryan Office Building, Harrisburg, PA  
Anthony M. DeLuca, Designated by the Minority Leader of the House of Representatives  
115 Irvis Office Building, Harrisburg, PA  
Timothy A. Reese, State Treasurer  
129 Finance Building, Harrisburg, PA  
Eugene A. DePasquale, Auditor General  
229 Finance Building, Harrisburg, PA  
Curtis M. Topper, Secretary of General Services  
515 North Office Building, Harrisburg, PA  
Pedro A. Rivera, Secretary of Education  
333 Market Street - 10th Floor, Harrisburg, PA

GIVEN under my hand and seal this 14th day of March 2016.

/s/ Robert Baccon

Robert Baccon, Executive Director  
State Public School Building Authority  
Pennsylvania Higher Educational Facilities Authority

## **Bond Issuance and Competitive Selection of Bond Counsel**

At the December meeting, we informed the board that there are no pending projects and that several bonds have been refunded away by local authorities. Secretary Topper asked staff if there could be other factors leading to the decline in business other than the OGC change in bond counsel selection. He questioned if the terms of the bonds that were refunded away would be public information.

We contacted an underwriter to discuss and he indicated that the fees of the local authority were comparable. The decision to use a local authority was based on the ability of the college/university to name their own finance team (including bond counsel). PHEFA would have been the preferred choice if not for the policy of competitively selecting bond counsel. This is consistent with the responses we have received from our clients and the public finance community. In addition, the Department of the Auditor General spoke with a number of bond lawyers, underwriters, financial advisors and colleges/universities to gain firsthand knowledge on why the OGC policy discouraged them from using the Authority.

The Authority learns of a financing when contacted by a bond counsel, underwriter or financial advisor. The public finance professional then inquires as to the next board meeting date and discusses the timing requirements of the financing. Past efforts to market directly to schools have proven ineffective, since the schools rely on the advice of their bond counsels, underwriters and financial advisors. The Authority even employed a project administrator responsible for marketing, but that did not generate additional business. Public finance professionals are well aware of the new policy and have steered clients to other authorities.

Despite not charging a fee for SPSBA bond issues and providing services such as arbitrage rebate report preparation, issuance has been very light. Since 7/1/2015, we have completed only three SPSBA bond issues (two community colleges and an intermediate unit). PHEFA has completed only one financing during the same time period and it was for the State System of Higher Education, which is required to use the RFP process. Existing bond issues continue to be refunded away by local authorities. Schools believe so strongly in maintaining their bond counsel relationship that they are willing to pay more and receive less.

The competitive selection of bond counsel was designed to increase transparency and efficiency in securing legal counsel work for bond issues and to promote small diverse business participation. However, these objectives are mostly not being achieved since schools, colleges and universities have taken their business elsewhere. In a promising development, the University of Pennsylvania is on the current agenda with a refunding issue. This is the lone bright spot for PHEFA, where the lack of business is having a significant effect on fee income. While we remain busy accounting and servicing the nearly \$10 billion of SPSBA and PHEFA outstanding debt, we want to be the issuer of choice for Pennsylvania's schools, colleges and universities.

## PHEFA Projects by Year

Fiscal Year End	Number of Financings	Amount	Policy/Program Changes
6/30/16	1 *	\$ 102,365,000	
6/30/15	9	\$ 1,631,310,858	OGC Bond Counsel Policy
6/30/14	9	\$ 684,705,000	
6/30/13	14	\$ 589,300,000	
6/30/12	10	\$ 520,895,000	
6/30/11	13	\$ 1,012,930,000	
6/30/10	10	\$ 1,120,985,000	
6/30/09	7	\$ 795,965,000	
6/30/08	18	\$ 957,582,000	Prevailing Wage Policy
6/30/07	8	\$ 412,520,000	
6/30/06	19	\$ 956,085,000	
6/30/05	29	\$ 1,427,150,000	
6/30/04	22	\$ 537,695,000	
6/30/03	21	\$ 585,405,000	
6/30/02	20	\$ 465,490,000	
6/30/01	26	\$ 473,255,000	

\* 6/30/16 completed financings to date (as of 3/24/16)

- State System of Higher Education

## SPSBA Projects by Year

Fiscal Year End	Number of Financings	Amount	Policy/Program Changes
6/30/16	2	\$ 103,715,000	
6/30/15	12	\$ 228,060,000	OGC Bond Counsel Policy
6/30/14	9	\$ 271,722,784	
6/30/13	12	\$ 371,795,092	
6/30/12	11	\$ 370,747,000	
6/30/11	10	\$ 622,793,500	
6/30/10	11	\$ 114,070,000	School Subsidy Program discontinued
6/30/09	16	\$ 529,101,981	
6/30/08	11	\$ 222,545,000	
6/30/07	17	\$ 1,099,002,000	
6/30/06	10	\$ 84,798,678	
6/30/05	15	\$ 206,535,133	
6/30/04	17	\$ 791,345,000	
6/30/03	17	\$ 204,695,000	
6/30/02	10	\$ 122,535,000	
6/30/01	6	\$ 69,026,861	

**\* 6/30/16 completed financings to date (as of 3/24/16)**

- Montgomery County Community College
- Community College of Philadelphia

## **Bond issues refunded away FY 15-16**

### **PHEFA**

Allegheny College  
Delaware Valley University  
Elizabethtown College  
Moravian College  
Philadelphia University  
Slippery Rock University Foundation (2)  
Temple University  
University of Scranton  
York College of Pennsylvania

### **SPSBA**

Curwensville Area School District  
Rochester Area School District  
Harrisburg School District