

Meeting of the Board  
**PENNSYLVANIA HIGHER EDUCATIONAL FACILITIES AUTHORITY**  
April 9, 2015  
**Room 515 North Office Building**  
Harrisburg, Pennsylvania  
10:36 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. Approval of the Minutes of the Meeting of March 10, 2015.
3. Approval of Projects.
  - A. Resolution Authorizing the Undertaking of a Project on Behalf of the State System of Higher Education.
4. Old Business.
  - A. Executive Order 2015-01.
5. New Business.
6. 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, April 9, 2015 at 10:36 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)  
Senator Lloyd K. Smucker  
Lisa Felix, (Proxy for Senator Andrew E. Dinniman)  
Jennifer Langan, (Proxy for Executive Deputy State Treasurer Christopher B. Craig)  
Christal Pike-Nase, (Proxy for Auditor General Eugene A. DePasquale)  
Acting Secretary of General Services Curtis M. Topper  
Ernie Helling, (Proxy for Acting Secretary of Education Pedro A. Rivera)

**Board Members Absent**

Speaker Mike Turzai  
Representative Anthony M. DeLuca

**Authority Personnel Present**

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

**Also Present**

William McCarty, Esquire, Hartman Underhill & Brubaker LLC  
Danielle Guyer, Director of Budgetary Affairs for the Speaker of the House of Representatives  
Kelly Phenicie, Executive Director, Senate Education Committee  
Matthew E. Parido, Chief of Staff, Office of Senator Lloyd K. Smucker  
Joel Snaveley, Treasury Manager, Pennsylvania State System of Higher Education  
Nilda Sather, Senior Treasury Accountant, Pennsylvania State System of Higher Education

## **2. APPROVAL OF THE MINUTES OF THE MEETING OF MARCH 10, 2015.**

A copy of the minutes of the meeting of March 10, 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 March 10, 2015, be and hereby are approved as presented.

Upon **MOTION** by **Ms. Langan**, and **SECONDED** by **Ms. Pike-Nase**, and after full discussion, the above Resolution was unanimously approved at the PHEFA Board Meeting of April 9, 2015.

## **3. APPROVAL OF PROJECTS.**

### **A. Resolution Authorizing the Undertaking of a Project on Behalf of the State System of Higher Education.**

Mr. Baccon explained that the State System of Higher Education requested that we issue a maximum of \$109,000,000 in Revenue Bonds expected to finance the current refunding of our Series AC of 2005 revenue bonds and the advance refunding of our Series AE of 2006 revenue bonds.

The System has requested that the underwriting for the Bonds be put out for public bid. Bid specifications will require that the successful underwriting syndicate include a minority, veteran or female-owned firm at the co-managing level.

At the request of the System, the Office of General Counsel has appointed Ballard Spahr as the Bond Counsel for this issue.

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

Joel Snavely, Treasury Manager of the System is in attendance to answer questions.

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

**RESOLUTION OF THE  
PENNSYLVANIA HIGHER EDUCATIONAL FACILITIES AUTHORITY  
AUTHORIZING  
THE UNDERTAKING OF A PROJECT ON BEHALF OF THE  
STATE SYSTEM OF HIGHER EDUCATION**

**DOCKET NO. 639**

**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 State System of Higher Education (the "System" or "SSHE") consisting of (i) current refunding of certain of the Authority's obligations issued for the State System of Higher Education, SSHE Revenue Bonds, Series AC of 2005; (ii) advance refunding of certain of the Authority's obligations issued for the State System of Higher Education, SSHE Revenue Bonds, Series AE of 2006; and (iii) the financing of contingencies and payment of costs and expenses incident to the issuance of the Bonds; provided, however, that the Executive Director of the Authority, at the request of the System, 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 supplements to its existing Trust Indenture dated as of June 1, 1985, as supplemented (the "Indenture") with The Bank of New York Mellon Trust Company, N.A. (successor trustee to Mellon Bank, N.A., Chase Manhattan Trust Company, National Association, and J.P. Morgan Trust Company, National Association) (the "Trustee") and shall issue up to \$109,000,000 in aggregate principal amount of taxable or tax-exempt bonds in one or more series (which may be issued on the same or different dates) to be designated "Pennsylvania Higher Educational Facilities Authority State System of Higher Education Refunding Revenue Bonds, Series of 2015" with an appropriate alphabetical series designation, commencing with the letter "AQ" (or a similar designation) (the "Bonds"). The Bonds shall have a term not to exceed 30 years and shall bear interest at a fixed or variable rate acceptable to the proper officers of the System, shall mature in such principal amounts and at such times, and shall be subject to redemption, all as approved by the Executive Director in consultation with the System and as further provided in the proposal or other purchase agreement hereinafter defined and described.

In the event the System requests that the Bonds of any series bear interest at a variable rate rather than a fixed-rate, the Executive Director is hereby authorized to approve the initial interest rate to be borne by such Bonds and the variable interest rate formula, if any, to be used in determining interest due on the Bonds thereafter, and to appoint an indexing agent and/or remarketing agent and to take such other action as may be required in connection with a variable interest rate.

The Bonds shall be limited obligations of the Authority, payable only from payments made by the System under the Loan Agreement (defined herein). The Bonds shall be issued in such denominations and form and with such terms as shall be set forth in the supplement to the Indenture used in connection with the issuance of the Bonds (the "Supplemental Indenture") and approved by the Executive Director. 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 Secretary or Assistant Secretary is hereby authorized. The Executive Director 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 and/or any supplement thereto.

3. The proceeds from the sale of the Bonds shall be loaned to the System pursuant to the terms of one or more supplements to the Loan and Security Agreement between the Authority and the System dated as of June 1, 1985, as supplemented (the "Loan Agreement"), and shall be applied by the System 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, the underwriter and the financial advisor of the System, fees and expenses of the Trustee, and administrative costs and expenses of the System and the Authority, all upon submission of the proper documentation thereof; (b) payment of the premium for a policy of municipal bond insurance, or other credit enhancement or liquidity enhancement, if determined to be advantageous by the proper officers of the System; and (c) the funding of any required reserve fund and other funds established under the Indenture and the Supplemental Indenture.

4. The Executive Director in connection with the sale of any or all of the Bonds is hereby authorized and directed to advertise publicly for, or to solicit from and negotiate with the prospective purchaser or purchasers of the Bonds, proposals for the purchase of the Bonds and to sell and award the Bonds, or any part thereof, to the purchaser or purchasers offering to purchase the Bonds at a purchase price representing the lowest true interest cost to the Authority if the Bonds are sold at public sale or on such terms and conditions as are approved by the Executive Director with the approval of the proper officers of the System if the Bonds are sold in a private sale. The bid specifications in the Public Invitation for Proposals shall specify that the successful underwriting syndicate must include minority or veteran or female participation at the co-manager level. The President, any Vice President, the Executive Director is hereby authorized and directed to deliver the Bonds to the purchaser or purchasers thereof, determined as provided above, and to execute and deliver all documents in connection therewith.

5. The form of Official Invitation for Proposals and the form of Proposal, all with respect to the offering for sale of the Bonds, in the forms approved by the Executive

Director with the advice of bond counsel and Authority counsel, is hereby authorized and approved. The Executive Director is hereby authorized and directed to distribute such forms of Official Invitation for Proposals and Proposal among and to prospective purchasers of the Bonds.

6. The President, any Vice President or the Executive Director is hereby authorized, upon receipt of an acceptable Proposal for the purchase of any Series of the Bonds issued hereunder, or upon the private sale of the Bonds by negotiation, to enter into one or more purchase agreements 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 is hereby authorized to execute and deliver the particular purchase agreement or agreements 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.

7. 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: any supplement to the Indenture and the Loan Agreement; any remarketing agreement and/or indexing agent agreement if any series of Bonds shall bear interest at a variable rate; any insurance agreement or other agreement that may be required by the issuer of any municipal bond insurance policy or other credit enhancement for the Bonds, and any other document to which the Authority is a party and which is required in connection with the financing of the Project; all in such form as shall be acceptable to bond counsel, the Office of General Counsel, the Attorney General of the Commonwealth and Authority Counsel and as shall be approved by the Executive Director.

8. The President, any Vice President or the Executive Director shall be, and each of them is hereby authorized to execute, acknowledge and deliver in the name of 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.

9. 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 by the Executive Director with the advice of bond counsel. The Executive Director is hereby authorized to execute any such preliminary official statement and/or final official statement in the name of and on behalf of the Authority, and such execution by the Executive Director shall constitute conclusive evidence of the Authority's approval of such documents. The circulation and distribution of copies of any such documents in connection with the placement or offering of the Bonds is hereby authorized.

10. The Bank of New York Mellon Trust Company, N.A. as successor Trustee to J.P. Morgan Trust Company, National Association, Pittsburgh, PA, as successor Trustee to

Chase Manhattan Trust Company, National Association, and as successor trustee to Mellon Bank, N.A., shall be and hereby is authorized to act as Trustee under the Indenture in connection with the issuance of the Bonds. At the request of the System, the Office of General Counsel has appointed Ballard Spahr LLP as the Bond Counsel for this issue.

11. 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 this Resolution.

12. 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.

13. 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 and the Loan Agreement, the distribution of a preliminary official statement and/or final official statement and the issuance and sale of the Bonds, all in accordance with these Resolutions.

14. The appropriate officers of the Authority, including the President, any Vice President, the Executive Director (or any Assistant 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 financing of the Project (collectively, the "Bond Documents") requested by the System 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 Act and the Bond Documents, and (ii) the Amendment will not adversely affect the excludability from gross income of interest on any tax-exempt Bonds for purposes of federal income taxation.

15. 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. Langan**, and **SECONDED** by **Ms. Pike-Nase**, and after full discussion, the above Resolution was unanimously approved at the PHEFA Board Meeting of April 9, 2015.

**EXHIBIT A**

**STATE SYSTEM OF HIGHER EDUCATION**

**SERIES AQ OF 2015**

<b><u>Docket No.</u></b>	<b><u>Counties</u></b>	<b><u>Project Description</u></b>	<b><u>Maximum Amount to be Financed</u></b>
659	Various	(i) current refunding of certain of the Authority's obligations issued for the State System of Higher Education, SSHE Revenue Bonds, Series AC of 2005; (ii) advance refunding of certain of the Authority's obligations issued for the State System of Higher Education, SSHE Revenue Bonds, Series AE of 2006; and (iii) the financing of contingencies and payment of costs and expenses incident to the issuance of the Bonds.	\$109,000,000

**Term:** Up to 30 years.

**Rate:** Variable or Fixed.

**Rating/Insurance:** Prior to the issuance, a determination will be made whether to obtain bond insurance. The System is rated Aa3 by Moody's and AA by Fitch.

**Underwriter:** To be determined by Competitive Bid.

**Bond Counsel:** At the request of the System, Ballard Spahr, LLP has been appointed Bond Counsel by the Office of General Counsel.

**Trustee:** The Bank of New York Mellon Trust Company, N.A.

**Minority or Veteran or Female Participation in this Financing:** Bid specifications will be written to specify that the successful underwriting syndication must include minority or veteran or female participation at the co-manager level. McElwee & Quinn, a female-owned firm will serve as Printer.

Approved at the PHEFA Board Meeting of April 9, 2015.

#### **4. OLD BUSINESS.**

##### **A. Executive Order 2015-01.**

Chairperson Heuer explained that at the SPSBA meeting he tabled this item. He requested that it also be tabled in the PHEFA meeting, but he asked Senator Smucker to comment since he sent a letter about this issue.

Senator Smucker explained that there was a discussion about the Executive Order at the last meeting but it wasn't clear if it applied to all members of the board. He requested that the board pass a resolution adopting similar language as the Governor's Executive Order and agree to abide by and apply to all members of the Authority.

Chairperson Heuer asked if other members wanted to comment.

Ms. Langan indicated the issue with the Executive Order is that it amends the Governor's Code of Conduct which does not apply to all the members of the Authority. The members of the board may be designees but they have an appointing authority, especially the legislature, which binds them and their appointing authority. There could be unintended consequences that the board may need to go back and reevaluate.

Senator Smucker further clarified what the board would be voting on. He is not requesting that the board adopt the Executive Order but would include language that mirrors the Executive Order and the board would specifically vote on and agree to have it apply to all members of the board. The Governor has requested as part of the Executive Order that all boards and commissions consider a gift ban proposal. He asked that this Authority do the same. It would not be an adoption of the Executive Order because there is a separation in the powers of our government that is important to recognize. It would be a resolution that adopts language that is similar to the Governor's Executive Order.

Ms. Pike-Nase asked if the Senator had a draft of the resolution that he thought the board should adopt.

Senator Smucker said that they could put one together. His thought was that they could take the language of the Executive Order and adopt it here. Since it would be an independent action there is nothing to prevent the board from making changes if there are specific concerns by members of the Authority.

Acting Secretary Topper thanked Senator Smucker for his leadership on this issue. He believed that the staff should be able to pull together language from the Executive Order to draft a resolution for the board to act on for the next meeting. He requested that of the staff. He thought most critical is the \$0 threshold, which is the key

theme and separates the Governor's Executive Order from past practice. He asked that that key point is maintained in whatever language is adopted.

Chairperson Heuer thanked the board.

Senator Smucker reiterated that it would be on the agenda for the next meeting.

Chairperson Heuer agreed.

Ms. Felix suggested that since the board would not be voting on the adoption of Executive Order 2015-01, it should be withdrawn instead of tabled.

It was agreed that the Executive Order agenda item be withdrawn.

## **5. NEW BUSINESS.**

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

## **6. ADJOURNMENT.**

There being no further business to come before the Board at this time, upon **MOTION** by **Ms. Pike-Nase**, and **SECONDED** by **Ms. Langan**, the PHEFA Board Meeting was adjourned at 10:45 a.m.

## SUNSHINE ACT MEETING NOTICES

Thursday, April 2, 2015

### **If you need an accommodation due to a disability,**

please contact the ADA contact name listed below

RESCHEDULED: State Board of Massage Therapy Meeting: April 7, 2015,

9:30AM. 2601 N. Third St., HBG. SPECIAL: State Board of

Massage Therapy- **Regulations Committee Meeting scheduled**

**after meeting adjournment.** Contact Name: Nicole Thurstin 787-

6604

PA Game Commission Board of Commissioner's Meeting: April 9,

2015, 8:30AM. Game Commission Bldg., 2001 Elmerton Ave., HBG.

Add'l meeting scheduled

4/10/15, same time and location as above. Purpose of meeting: To discuss Game

### **Commission business.**

Contact Name: Joan French 787-7836

PA Apprenticeship and Training Council Meeting: April 9, 2015, 10:00 AM. Labor & Industry Bldg., 17th Fl. Conf. Rm., HBG

Contact Name: Debra Wagner 787-4671

State Transportation Advisory Committee (TAC) Meeting: April 9, 2015,

10:00 AM. Keystone Bldg., Conf. Rm. 8NI, 400 North St., HBG.

Attendees are required to enter through the main entrance of the

building and proceed to the **reception area.**

Contact Name: Julie Harmantzis 787-2913

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SPECIAL: State Public School Building Authority and PA

Higher Educational Facilities Authority Meeting: April 9, 2015,

10:30 AM. North Office Bldg., Rm. 515, HBG.

Contact Name: Bev Nawa 975-2204

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PA State Veterans Commission Meeting: April 10, 2015, 10:00 AM.

Arrowheads Community Club, Bldg. 9-65, Fort Indiantown Gap, Annville. Contact Name: Joyce Gibson  
861-  
8902

Appeared in: **Patriot-News** on Thursday, 04/02/2015

Appendix A

STATE PUBLIC SCHOOL BUILDING AUTHORITY  
PENNSYLVANIA HIGHER EDUCATIONAL FACILITIES AUTHORITY  
Notice of the Meeting of the Board to be Held  
April 9, 2015

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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, April 9, 2015**, at **10:30 a.m.**, in **Room 515 North Office Building, Harrisburg**, Pennsylvania, for the purpose of: (a) 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 April 9, 2015, meetings was dispatched to the following on March 25, 2015, 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  
Mike Turzai Speaker of the House of Representatives  
139 Main Capitol Building, Harrisburg, PA  
Anthony M. DeLuca, Designated by the Minority Leader of the House of Representatives  
115 Irvis Office Building, Harrisburg, PA  
Christopher B. Craig, Executive Deputy State Treasurer  
129 Finance Building, Harrisburg, PA  
Eugene A. DePasquale, Auditor General  
229 Finance Building, Harrisburg, PA  
Curtis M. Topper, Acting Secretary of General Services  
515 North Office Building, Harrisburg, PA  
Pedro A. Rivera, Acting Secretary of Education  
333 Market Street - 10th Floor, Harrisburg, PA

GIVEN under my hand and seal this 25th day of March 2015.

/s/ Robert Baccon

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