

Meeting of the Board  
**PENNSYLVANIA HIGHER EDUCATIONAL FACILITIES AUTHORITY**  
February 14, 2013  
**515 North Office Building**  
Harrisburg, Pennsylvania  
10:40 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 2013.
3. Approval of the Minutes of the Meeting of December 5, 2012.
4. Approval of Projects.
  - A. Resolution Authorizing the Undertaking of a Project on Behalf of Philadelphia University.
  - B. Resolution Authorizing the Undertaking of a Project on Behalf of Lock Haven University Foundation.
5. Old Business.
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, February 14, 2013 at 10:40 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**

Rick Dreher, (Proxy for Governor Thomas W. Corbett)  
Jennifer Smeltz, (Proxy for Senator Michael J. Folmer)  
Lisa Felix, (Proxy for Senator Andrew E. Dinniman)  
Sean Dempsey, (Proxy for Representative Warren E. Kampf)  
Sean Brennan, (Proxy for Representative Anthony M. DeLuca)  
Christopher Craig, (Proxy for State Treasurer Robert M. McCord)  
Kathryn Boockvar, (Proxy for Auditor General Eugene A. DePasquale)  
Secretary of General Services Sheri L. Phillips  
Lori Graham, (Proxy for Secretary of Education Ronald J. Tomalis)

**Authority Personnel Present**

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

**Also Present**

William McCarty, Esquire, Hartman Underhill & Brubaker LLP  
Christal Pike-Nase, Deputy Chief Counsel, Department of the Auditor General  
Stephen Tuckey, General Counsel, Office of the Republican Leader, House of Representatives  
Paul Clancy, Director, Municipal Finance, RBC Capital Markets

## Participated Via Conference Call

Margaret Angel, Esquire, Buchanan Ingersoll & Rooney, PC  
James Hartman, Chief Financial Officer & Treasurer, Philadelphia University  
Adam Gentzel, Vice President, Merrill Lynch, Pierce, Fenner & Smith, Incorporated  
Chuck Brodbeck, Esquire, Cohen & Grigsby P.C.  
Ben Antin, Esquire, Cohen & Grigsby P.C.  
Gavin Murrey, Raymond James & Associate, Inc.  
Chad Myers, Raymond James & Associates, Inc.  
Paula Kistler, Director of Foundation Relations, Lock Haven University Foundation

Chairperson Dreher wished everyone a happy Valentine's Day. He welcomed new members Senator Folmer, Auditor General DePasquale and Representative Kampf. Chairperson Dreher mentioned that if it hasn't been done already, staff will schedule orientation meetings with the new members. He explained that the Board does not meet on a regular schedule. Meetings are scheduled when entities need to access the capital markets.

Chairperson Dreher also welcomed back existing members and indicated that he looks forward to prosperous activity for the new year.

## **2. ELECTION OF OFFICERS FOR 2013.**

Chairperson Dreher explained that the first order of business was to reorganize and to elect officers. Board Members' packets include a list of officers and the incumbents. He explained that there are three Vice Presidents, two of which are vacant. Consistent with the past practice, he suggested that one of the Vice Presidents be Senator Folmer and the other be Representative Kampf, along with Senator Dinniman. He opened the floor to discussion regarding his recommendations, and hearing none, he asked for a motion to adopt the slate of Officers for 2013.

In accordance with the PHEFA Bylaws, and upon **MOTION** by **Mr. Brennan**, and **SECONDED** by **Secretary Phillips**, at the PHEFA Board Meeting of February 14, 2013, 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.

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|-------------------|--------------------|
| a. President      | Thomas W. Corbett  |
| b. Vice President | Michael J. Folmer  |
| Vice President    | Andrew E. Dinniman |
| Vice President    | Warren E. Kampf    |
| c. Secretary      | Sheri L. Phillips  |

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|------------------------|--|
| d. Treasurer           | Robert M. McCord                                 |
| e. Assistant Secretary | Robert Baccon<br>David Player<br>Beverly M. Nawa |
| f. Assistant Treasurer | Robert Baccon<br>David Player<br>Beverly M. Nawa |

### **3. APPROVAL OF THE MINUTES OF THE MEETING OF DECEMBER 5, 2012.**

A copy of the minutes of the meeting of December 5, 2012, 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 5, 2012, be and hereby are approved as presented.

Upon **MOTION** by **Secretary Phillips**, and **SECONDED** by **Mr. Brennan**, and after full discussion, the above Resolution was approved at the PHEFA Board Meeting of February 14, 2013.

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

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

Mr. Baccon explained that Philadelphia University has requested that we issue a maximum of \$30,000,000 in Revenue Bonds to finance the advance refunding of the Authority's Philadelphia University Revenue Bonds, Series 2004A.

Bank of America Merrill Lynch is the Underwriter and the Bank of New York Mellon Trust will act as trustee. At the request of the University, the Office of General Counsel has appointed Drinker Biddle & Reath as Bond Counsel for this issue.

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

Adam Gentzel of Bank of America Merrill Lynch and James Hartman Chief Financial Officer & Treasurer of the University, are participating by phone to answer questions.

Chairperson Dreher asked if Board Members had any questions or comments.

Mr. Craig confirmed that the University's rating was BBB and Baa2. He asked if the University could explain some of the comments or criteria that went into the rating. He asked to know some of the risks associated with the rating.

Mr. Hartman explained that some of the criteria are the strong operations of the University offset by not as strong of a balance sheet which causes a triple B rating. The credit rating is driven by the fact that the University traditionally has not had a strong balance sheet from an endowment perspective. They have always had strong operations, strong enrollment and strong cash flows. It is mainly on the assets side that their endowment is not large and they don't have the available cash resources from their endowment as many universities have. From an operations perspective and an enrollment perspective, the rating agencies have always said the University is very strong historically.

Mr. Craig said that theoretically, an advanced refunding with a \$150,000 savings should help the balance sheet of the college.

Mr. Hartman said that was correct. It is reducing their overall debt. They are attempting to go to market without the funding of a debt service reserve fund. This has happened for other universities with their credit rating. That would improve their cash flow and reduce the debt on their balance sheet.

Mr. Craig asked if this extended the indebtedness period.

Mr. Hartman said that it does not extend the indebtedness period. It is taking advantage of market rates.

Chairperson Dreher asked when the last ratings change occurred for the University.

Mr. Hartman said that they have had a BBB with Standard & Poor's for at least ten years. About two years ago Moody's upgraded the University to stable. They had a call with the rating agencies this week and expect to maintain at least the current ratings.

Chairperson Dreher asked if Board Members had any additional comments or questions, and hearing none, he asked for a motion to adopt the Resolution.

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

**DOCKET NO. 635**

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

1. The Pennsylvania Higher Educational Facilities Authority (the “Authority”) shall undertake a project (the “Refunding Program”) on behalf of Philadelphia University (the “University”) consisting of: (a) the advance refunding of the Authority’s outstanding Philadelphia University Revenue Bonds, Series 2004A (the “2004A Bonds”), originally issued in the aggregate amount of \$29,085,000 (of which \$26,745,000 is currently outstanding), and (b) the payment of all or a portion of the costs of issuing the 2013 Bonds (as defined herein), including credit enhancement and the funding of any necessary reserve funds.

2. In order to finance the Refunding Program, the Authority will enter into one or more trust indentures and/or other form of bond financing agreement relating to its Philadelphia University revenue bonds (any and all of which is referred to hereinafter as the “Indenture”) pursuant to which the Authority shall issue up to \$30,000,000 outstanding at any time in aggregate principal amount of bonds, subject to increase to the extent of original issue discount, in one or more series which may be issued on the same or different dates to be designated “Pennsylvania Higher Educational Facilities Authority Philadelphia University Revenue Bonds, Series \_\_\_\_\_” with an appropriate series and year of issuance designation (the “2013 Bonds”). The 2013 Bonds shall have a term not to exceed 40 years, shall bear interest at fixed or variable rates acceptable to the University, shall mature in such principal amounts and at such times, shall be subject to redemption or purchase, as applicable, and shall contain other features all as approved by the Executive Director or Assistant Executive Director of the Authority, after consultation with the University and further provided in the proposal to purchase the Bonds, or bond purchase agreement hereinafter described.

3. If deemed advantageous by the University in connection with the issuance of one or more series of the 2013 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 municipal bond issuance policy, letter of credit or a similar instrument insuring or securing the payment, when due, of the principal and/or purchase price of and the interest on such series of 2013 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 2013 Bonds upon tender for purchase, if applicable.

4. In the event the University requests that the 2013 Bonds of any series bear a variable rate rather than a fixed rate of interest, the Executive Director or Assistant Executive Director of the Authority is hereby authorized to approve the initial interest rate to be borne

by such 2013 Bonds and the variable interest rate formula to be used in determining interest due on the 2013 Bonds thereafter, and to appoint or approve an indexing agent, auction 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 2013 Bonds bearing interest at fixed interest rates, including the authorization or approval of any swap agreement or similar agreement, remarketing agreement or credit facility agreement.

5. The 2013 Bonds shall be limited obligations of the Authority, payable only from payment made by the University under the Loan Agreement (as defined herein). The 2013 Bonds shall be issued in such denominations and form and under such terms as shall be set forth in the Indenture executed in connection with the issuance of the 2013 Bonds and approved by the Executive Director or Assistant Executive Director of the Authority. The execution of the 2013 Bonds with the manual or facsimile signature of the President of the Authority or other authorized officer, together with a manual or facsimile of the official seal of the Authority and the attestation thereof by the manual or facsimile signature of the Secretary or Assistant Secretary of the Authority is hereby authorized. The Executive Director or Assistant Executive Director of the Authority is hereby authorized and directed to deliver the 2013 Bonds to the Trustee (as defined herein) under the Indenture for authentication, and to execute and deliver instructions to the Trustee to deliver the 2013 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 2013 Bonds shall be loaned to the University pursuant to the terms of one or more loan agreements between the Authority and the University (or a supplement or supplements to the existing Series 2004A Loan and Security Agreement dated as of November 15, 2004, as amended and supplemented between the Authority and the University) (any and all of which is hereinafter referred to as the "Loan Agreement"), and shall be applied by the University for and toward the costs of the Refunding Program, including (a) the payment of all or a portion of the costs of issuance of the 2013 Bonds, including without limitation, printing and reproduction costs, fees and expenses of bond counsel and the underwriters, rating agency fees, 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; (b) payment of the premium for bond insurance or the payment of fees with respect to any letter of credit, line of credit or liquidity agreement, if determined to be advantageous by the University; and (c) the funding of any necessary reserve funds, if applicable.

7. The President, any Vice President, the Executive Director or the Assistant Executive Director of the Authority, and each of them, is hereby authorized on behalf of the Authority to negotiate with the underwriter hereinafter appointed and/or any purchaser of the 2013 Bonds, for an acceptable proposal for the purchase of any series of the 2013 Bonds issued hereunder, to enter into a purchase agreement (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 or the Assistant 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 execution and delivery of any of the following documents relating to the issuance of 2013 Bonds of any series authorized hereunder and the financing of the Refunding Program: any Indenture, Loan Agreement or Bond Purchase Agreement, as applicable, and any other document to which the Authority is a party and which is required in connection with credit enhancement or the financing of the Refunding Program, all in such form as shall be acceptable to Bond Counsel, the Office of General Counsel of the Commonwealth of Pennsylvania, the Attorney General of the Commonwealth of Pennsylvania and Authority counsel and as shall be approved by the Executive Director or Assistant Executive Director of the Authority.

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

10. Any preliminary official statement and/or final official statement which may be used in connection with the sale and issuance of the 2013 Bonds shall be in such form as shall be approved by the Executive Director or Assistant Executive Director of the Authority with the advice of Bond Counsel and Authority counsel. The Executive Director or Assistant Executive Director of the Authority shall be and hereby is authorized and directed to execute any such preliminary official statement and/or final official statement or other offering document, and such execution by the Executive Director or Assistant Executive Director of the Authority shall constitute conclusive evidence of the Authority's approval of the form of such documents. The Underwriter is hereby authorized to circulate and distribute copies of any such documents in connection with the issuance and sale of the 2013 Bonds.

11. Merrill Lynch, Pierce, Fenner & Smith Incorporated is hereby appointed and authorized to act as Underwriter with respect to the public offering of any 2013 Bonds.

12. The Bank of New York Mellon Trust Company, N.A. (the "Trustee") is hereby appointed and authorized to act as Trustee for this issue.

13. The Trustee shall be, and hereby is, without further authorization from the Authority, authorized, directed and requested to invest and reinvest all moneys available under the Indenture for the purposes provided therein.

14. The appropriate officers of the Authority, 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 execution, delivery and receipt of the Indenture, the Loan Agreement and the Bond

Purchase Agreement, the distribution of a preliminary official statement and/or final official statement and the issuance and sale of the 2013 Bonds, all in accordance with this Resolution.

15. The appropriate officers of the Authority, including the President, the Vice President, the Executive Director and the 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 Refunding Program (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 Act and the Bond Documents, and (ii) the Amendment will not adversely affect the excludability from gross income of interest on any tax-exempt 2013 Bonds for purposes of federal income taxation.

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

Upon **MOTION** by **Secretary Phillips**, and **SECONDED** by **Mr. Brennan**, and after full discussion, the above Resolution was approved at the PHEFA Board Meeting of February 14, 2013.

**EXHIBIT A**

**PHILADELPHIA UNIVERSITY**

<b><u>Docket No.</u></b>	<b><u>County</u></b>	<b><u>Project Description</u></b>	<b><u>Maximum Amount To be Financed</u></b>
635	Philadelphia	(i) Advance refunding of the Authority's outstanding Philadelphia University Revenue Bonds, Series 2004A; (ii) payment of all or a portion of the costs of issuing the 2013 Bonds, including credit enhancement and the funding of any necessary reserve funds.	\$30,000,000 (exclusive of original issue discount)

**Term:** Up to 40 years.

**Rate:** Fixed or variable rate bonds as determined advantageous.

**Underwriter:** Merrill Lynch, Pierce, Fenner & Smith Incorporated.

**Bond Counsel:** At the request of the University, the Office of General Counsel has appointed Drinker Biddle & Reath LLP as Bond Counsel.

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

**Expected Rating:** Investment grade or better, if unenhanced. 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 to the University.

**Minority and/or female participation in this issue:** McElwee & Quinn LLC (a female-owned firm) as financial printer.

Approved by the PHEFA Board at its meeting of February 14, 2013.

#### **4. APPROVAL OF PROJECTS (CONTINUED).**

##### **B. Resolution Authorizing the Undertaking of a Project on Behalf of Lock Haven University Foundation.**

Mr. Baccon explained that Lock Haven University Foundation has requested that we issue a maximum of \$20,000,000 in revenue bonds expected to finance the refunding of the indebtedness incurred by the Foundation in July 2003.

Raymond James & Associates is managing underwriter, and the Authority will select, in consultation with the Foundation, a bank or trust company to serve as the trustee. At the request of the Foundation, the Office of General Counsel has appointed Cohen & Grigsby as Bond Counsel.

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

Chuck Brodbeck & Ben Antin of Cohen & Grigsby, Gavin Murrey & Chad Myers of Raymond James, and Paula Kistler, Director of Foundation Relations are participating by conference call to answer questions.

Chairperson Dreher asked if Board Members had any questions or comments.

Mr. Craig asked if the student housing facilities being refinanced are owned by the University or if there is any management linkage or association with the University.

Ms. Kistler said that they are owned by the Foundation on Foundation property. There is a Cooperation Agreement between the Foundation and the University that speaks to the University's requirement to assist the Foundation and to make sure they are at least 95% occupied.

Mr. Craig asked, other than the Cooperation Agreement, there was no other formal legal association between the student housing facilities and Lock Haven University.

Ms. Kistler answered that he was correct, just the Cooperation Agreement.

Mr. Craig asked if someone could share with the Board some of the risk factors associated with the rating.

Mr. Murrey explained that they will be working on a rating in the next few months. The call date is in July and they expect to go to market just before that.

This transaction was not rated in the past. The deal was originally sold with bond insurance and was originally rated with the credit rating of the bond insurer which has been downgraded. The insurer was ACA. They anticipate a rating in the BBB category, which is what the other transactions similar to this in the State System have been given. The risk factors are that this is done as a non-recourse financing and that the project does not lease up.

Mr. Craig asked if student enrollment is another risk factor.

Mr. Murrey said that was true. If the student enrollment drops and they are not able to lease up, it is a problem.

Mr. Craig understands that this is a refinancing and that it is to benefit the financial condition and that the Foundation should enjoy the savings, but he wondered what enrollment has been over the last five years. Has there been an increase or decrease and are there any concerns about maintaining enrollment sufficient to support the housing facilities?

Ms. Kistler indicated that enrollment has been flat to up a little bit. They have not experienced a drop off like some other institutions have experienced. An approximate 1% increase is what they have been seeing over the last five years.

Mr. Murrey also mentioned that the facility is already leased for the fall of 2013 year at 79%, which is well ahead of last year. About 50 more leases or about 10% more leased than what they had last year.

Mr. Craig understands that this is a refinancing and he does not intend to oppose this project. He understands that a lot of the state schools do their housing financing through foundations, but he recalled some recent controversy regarding the legal relationship or lack thereof or the ambiguous nature between universities and foundations. He thought that there was a local liability issue between the University and the Foundation. He would like a refresher or an informal legal memorandum that explains that they are on solid ground since these are non-university entities that we are issuing debt for. They do not have any shared board or ownership control. He wants to make sure that they are on solid legal ground issuing debt on behalf of the foundations, even though this has been done in the past.

Mr. Baccon mentioned that he believes that 80% of the student housing that we finance is on university property. This one is slightly different because it is not on university property.

Mr. McCarty stated that his understanding of the other financings that have been done like this project have involved the ultimate transfer of facilities to the university in the event of the dissolution of the 501(c)3 foundations. He asked

Mr. Brodbeck if that were true in this case or is there any lease basis or any other connection between the University and these facilities.

Mr. Brodbeck explained that the student housing facilities which support the universities are all separate 501(c)3 charitable organizations and as such are eligible for tax exempt financing under the Internal Revenue Code. When these projects began there was a great need to modernize the housing on the campuses of the various schools within the State System and by creating these 501(c)3 foundations they could move much more quickly to get the projects financed and constructed than if the universities themselves went through DGS and the various regulations that they are subject to. He believed that was the original motivation for these entities to undertake the projects. They are supporting organizations of the universities. He could not say for certain if upon dissolution of the foundations, all of the assets revert to the universities. Where the facilities have been on campus, they have been pursuant to ground leases with the universities and the ground leases allowed the universities to control the quality and make sure the facilities are operated in an appropriate manner. When the ground leases expire, the facilities will go back to the universities. When off campus, you don't have that. But in this case at Lock Haven the Foundation has also done a project on campus. Mr. Brodbeck said that there is a legal separateness here and he believes that it serves a number of purposes, but the realities are that the Foundation is supporting the University.

Ms. Kistler explained that all assets do go to Lock Haven University upon the foundation's dissolution, according to their articles of incorporation. This foundation has existed since 1967 and was not created just to support the housing. They have \$15,000,000 in cash endowment assets.

Mr. McCarty said that the concern is that the Act allows us to finance educational facilities and they are trying to find a way that this is ultimately going to be an educational facility. He believes that this is the case under their articles.

Mr. Craig made the suggestion that in the future, because of the unique nature of these types of foundations, he believes that it would be useful if in the project disclosure section, indicate the indicia by which any particular foundation is related to an educational facility. It would give him comfort to know that staff has reviewed the articles of incorporation and can say that the property does revert back to the university or that is to be strictly used for student housing.

Chairperson Dreher agreed that it is a good suggestion and he felt that we could commit to that for projects going forward.

Chairperson Dreher asked if Board Members had any other questions, or comments, and hearing none, he asked for a motion to adopt the Resolution.

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

**DOCKET NO. 636**

**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 Lock Haven University Foundation (the "Foundation") consisting of (i) the refunding of all or a portion of the Pennsylvania Higher Educational Facilities Authority Revenue Bonds, Series 2003A (Lock Haven University Foundation Student Housing Project At Lock Haven University of Pennsylvania) incurred by the Authority on behalf of the Foundation in July 2003 (the "Prior Bonds") to finance all or a portion of the costs of construction of student housing facilities adjacent to the campus of Lock Haven University of Pennsylvania; (ii) the funding of any necessary reserves; and (iii) the payment of costs of issuing the Bonds (as hereinafter defined) (including, without limitation, Authority and Trustee fees, bank commitment fees and similar charges, legal fees and expenses, fees and expenses of consultants, underwriter's discount and original issue discount); provided, however, that the Executive Director or the Assistant Executive Director of the Authority, at the request of the Foundation, 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 (the "Act"), and the Federal income tax laws from time to time in effect.

2. In order to finance the Project, the Authority does hereby authorize the issuance of tax-exempt and/or taxable bonds (collectively, the "Bonds") in one or more series in an aggregate principal amount not expected to exceed \$20,000,000, which Bonds shall be designated "Pennsylvania Higher Educational Facilities Authority Revenue Refunding Bonds, Series 2013 (Lock Haven University Foundation Student Housing Project at Lock Haven University of Pennsylvania)" or similar designation, to be issued under one or more trust indentures or similar agreements (collectively, the "Indenture") between the Authority and a trustee to be selected by the Foundation (the "Trustee").

The Bonds shall have a term not to exceed 40 years and shall bear interest at a fixed or variable rate and at a tax-exempt or taxable rate of interest acceptable to the Foundation, shall mature in such principal amounts and at such times, and shall be subject to redemption, all as approved by the Executive Director or the Assistant Executive Director in consultation with the Foundation and further provided in the Bond Purchase Agreement hereinafter defined and described.

The Bonds shall be limited obligations of the Authority, payable only from payments made by the Foundation under the Loan Agreement (as hereinafter defined). The Bonds shall be issued in such denominations and form and with such terms as shall be set forth in the Indenture and approved by the Executive Director or the Assistant Executive Director of the Authority. The execution of the Bonds with the manual or facsimile signature of the President or any Vice 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 the Assistant Secretary of the Authority is hereby authorized. The Executive Director or the Assistant Executive Director of the Authority is hereby authorized to deliver the Bonds to the Trustee 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.

3. The proceeds from the sale of the Bonds shall be loaned to the Foundation pursuant to the terms of one or more loan or similar agreements to be entered into between the Authority and the Foundation (collectively, the "Loan Agreement"), and shall be applied by the Foundation for and toward the costs of the Project.

4. The Bonds will be sold, either directly to a purchaser or pursuant to one or more purchase agreements (collectively, the "Bond Purchase Agreement"), and the President, any Vice President, the Secretary or any Assistant Secretary, or the Executive Director or the Assistant Executive Director of the Authority is hereby authorized on behalf of the Authority to execute and deliver a Bond Purchase Agreement, if applicable, and to take such further action as he or she deems necessary or advisable to carry out the obligations of the Authority thereunder.

5. 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: (a) the Indenture and the Loan Agreement and any supplement thereto required in connection with the issuance of the Bonds; (b) the Bond Purchase Agreement, if applicable, and any remarketing agreement and/or indexing agent agreement required if any series of Bonds shall bear interest at a variable rate established pursuant to such an agreement; and (c) any other document to which the Authority is a party and which is required in connection with the financing of the Project (including, but not limited to, the redemption of the Prior Bonds); all in such form as shall be acceptable to 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 or Assistant Executive Director of the Authority.

6. The President, the Vice President, the Executive Director or the Assistant 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.

7. 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 or the Assistant Executive Director of the Authority with the advice of Bond Counsel. The Executive Director or the Assistant Executive Director is hereby authorized to execute any such preliminary official statement and/or final official statement in the name and on behalf of the Authority, and such execution by the Executive Director or Assistant Executive Director of the Authority 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 offer and sale of the Bonds is hereby authorized.

8. Raymond James & Associates, Inc. is hereby appointed and authorized to act as managing underwriter in connection with the Bonds.

9. The Executive Director of the Authority is hereby authorized to select, in consultation with the Foundation, a bank or trust company to act as Trustee under the Indenture in connection with the issuance of the Bonds. At the request of the Foundation, the Office of General Counsel has appointed Cohen & Grigsby, P.C. as bond counsel for this issue.

10. 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, the redemption of the Prior Bonds and the implementation of this Resolution.

11. The Trustee, by virtue of this Resolution and without further authorization from the Authority, shall be 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.

12. 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 Bond Purchase Agreement, the distribution of a preliminary official statement and/or final official statement, the issuance and sale of the Bonds and the redemption of the Prior Bonds, all in accordance with this Resolution.

13. The appropriate officers of the Authority, including the President, the Vice President, the Executive Director and the 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 Foundation 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.

14. 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 **Secretary Phillips**, and **SECONDED** by **Mr. Brennan**, and after full discussion, the above Resolution was approved at the PHEFA Board Meeting of February 14, 2013.

**EXHIBIT A**

**LOCK HAVEN UNIVERSITY FOUNDATION  
REVENUE REFUNDING BONDS**

<b><u>Docket No.</u></b>	<b><u>County</u></b>	<b><u>Project Description</u></b>	<b><u>Maximum Amount To be Financed</u></b>
636	Clinton	Refunding of all or a portion of the indebtedness issued by the Authority on behalf of the Foundation in July 2003 to finance the costs of construction of student housing facilities on the campus of Lock Haven University of Pennsylvania.	\$20,000,000

**Term:** Up to 40 years

**Rate:** Variable or Fixed Rate; tax-exempt and/or taxable.

**Rating:** The Bonds are expected to be rated by Standard & Poor's and/or Moody's.

**Underwriter:** Raymond James & Associates, Inc.

**Bond Counsel:** Cohen & Grigsby, P.C.

**Trustee:** To be appointed by the Authority in consultation with the Foundation.

**Minority and/or Female Participation in this Financing:** To be determined by the Foundation in consultation with the Executive Director.

Approved at the PHEFA Board Meeting of February 14, 2013.

## 5. OLD BUSINESS.

Chairperson Dreher asked if there was any old business to come before the Board, and hearing none, he moved to new business.

## 6. NEW BUSINESS.

Chairperson Dreher asked if there was any new business to come before the Board.

Ms. Smeltz mentioned that Bill 623 was recently passed and sponsored by Senator Tomlinson and it includes veterans with the minority and female participation. She asked if veterans could be included in the minority and female participation statement in the future.

Chairperson Dreher asked if she would send the Bill to staff and we will make sure we comply with it in the future.

Mr. Baccon mentioned that the Bond Buyer recently had statistics for last year. The Higher Educational Facilities Authority was the third largest issuer of bonds in Pennsylvania.

Chairperson Dreher asked if there was any other 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 **Secretary Phillips**, and **SECONDED** by **Mr. Brennan**, the PHEFA Board Meeting was adjourned at 11:03 a.m.

**SUNSHINE ACT MEETING NOTICES**

Thursday, January 31, 2013

If you need an accommodation due to a disability, please contact the ADA contact listed below.

Labor & Industry, PA Workforce Investment Board Meeting: February 06, 2013, 10:00 AM. PA Training and Technical Assistance Network, Conference Rm. I, 6340 Flank Dr., HBG.

Time: 10 AM - 2 PM. Persons with disabilities, who wish to attend the meeting and require special accommodations, please contact the PA Workforce Investment Board Office at 717-772-4966 or TTY#717-783-8445.

Contact Name: Agency Office **772-4966**

**Long Term Care Subcommittee of the Medical Assistance Advisory Committee Meeting:**

February 12, 2013, 10:00 AM. Temple University Harrisburg, Strawberry Sq., Rm. 246-248, 4th & Walnut Sts., HBG.

Time: 10 AM - 12 PM.

Contact Name: John Esposito **265-7572**

**Fee-for-Service Delivery System Subcommittee Meeting:**

February 13, 2013, 10:00 AM. The Hospital and Healthsystem Association of PA, 4750 Lindle Rd., HBG.

Time: 10 AM - 12 PM.

Contact Name: Alfred Wheaton **772-6770**

**CANCELLED: Dept. of Environmental Protection, Water Resources Advisory Committee (WRAC) Meeting:**

February 13, 2013, 9:30 AM. Rachel Carson State Office Bldg., Rm. 105, 400 Market St., HBG.

Contact Name: Duke Adams **783-4693**

**Tuition Account Program Advisory Board Meeting:**

February 13, 2013, 1:00 PM. PHEAA Board Rm., 1200 N. 7th St., HBG.

Contact Name: Kathleen McGrath **772-5000**

**Managed Care Delivery System Subcommittee Meeting:**

February 14, 2013, 10:00 AM. DGS Complex in the Clothes Tree Conference Center, HBG.

Time: 10 AM - 12 PM.

Contact Name: Paula Matters **772-6196**

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**SPECIAL: PA Higher Educational Facilities Authority Meeting:**

February 14, 2013, 10:30 AM. North Office Bldg., Rm. 515, HBG.

Contact Name: Bev Nawa **975-2204**

**SPECIAL: State Public School Building Authority Meeting:**

February 14, 2013, 10:30 AM. North Office Bldg., Rm. 515, HBG.

Contact Name: Bev Nawa **975-2204**

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**State Tax Equalization Board Meeting**

: February 20, 2013, 11:00 AM. 607 South Dr., 5th Fl., Ste. 539, HBG.

Contact Name: Renee Reynolds **787-5950**

**Consumer Subcommittee Meeting of the Medical Assistance Advisory Committee:**

February 27, 2013, 1:00 PM. Health & Welfare Bldg., Rm. 129, HBG.

Time: 1 PM - 3 PM.

Contact Name: Daniel Sorge **772-6341**

**Medical Assistance Advisory Committee Meeting:**

February 28, 2013, 10:00 AM. Temple University Harrisburg, Lecture Hall 246/248, 234 Strawberry Sq., HBG.

Time: 10 AM - 12 PM.

Contact Name: Daniel Sorge **772-6341**

**Interstate State Council Meeting:**

March 26, 2013, 10:00 AM. 1101 S. Front St., 5th Fl., HBG.

Contact Name: Terri Luciano **787-5699]]>**

STATE PUBLIC SCHOOL BUILDING AUTHORITY  
PENNSYLVANIA HIGHER EDUCATIONAL FACILITIES AUTHORITY  
Notice of the Meeting of the Board to be Held  
February 14, 2013

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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, February 14, 2013**, at **10:30 a.m.**, in **Room 515 North Office Building, Harrisburg**, Pennsylvania, for the purpose of: (a) electing officers for 2013, (b) approving certain projects for financing; and, (c) 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 February 14, 2013, meetings was dispatched to the following on January 28, 2013, 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. Corbett, Governor of Pennsylvania  
225 Main Capitol Building, Harrisburg, PA  
Rick Dreher, Proxy for Governor Corbett  
7<sup>th</sup> Floor, Verizon Tower, Harrisburg, PA  
Michael J. Folmer, Designated by the President Pro Tempore of the Senate  
170 Main Capitol Building, Harrisburg, PA  
Andrew E Dinniman, Designated by the Minority Leader of the Senate  
183 Main Capitol Building, Harrisburg, PA  
Warren Kampf, Designated by the Speaker of the House of Representatives  
422 Irvis Office Building, Harrisburg, PA  
Anthony M. DeLuca, Designated by the Minority Leader of the House of Representatives  
115 Irvis Office Building, Harrisburg, PA  
Robert M. McCord, State Treasurer  
129 Finance Building, Harrisburg, PA  
Eugene DePasquale, Auditor General  
229 Finance Building, Harrisburg, PA  
Sheri L. Phillips, Secretary of General Services  
515 North Office Building, Harrisburg, PA  
Ronald J. Tomalis, Secretary of Education  
333 Market Street - 10th Floor, Harrisburg, PA

GIVEN under my hand and seal this 28th day of January 2013.

/s/ Robert Baccon

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