

Meeting of the Board  
**PENNSYLVANIA HIGHER EDUCATIONAL FACILITIES AUTHORITY**  
July 26, 2012  
**515 North Office Building**  
Harrisburg, Pennsylvania  
10:43 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 June 21, 2012.
3. Audit Committee Meeting.
4. Approval of Projects.
  - A. Resolution Authorizing the Undertaking of a Project on Behalf of La Salle University.
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, July 26, 2012 at 10:43 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)  
Karen Seivard, (Proxy for Senator Jeffrey E. Piccola)  
Eileen Flinn, (Proxy for Senator Andrew E. Dinniman)  
Stephen Tuckey, (Proxy for Representative John C. Bear)  
Alan Cohn, (Proxy for Representative Anthony M. DeLuca)  
Christopher Craig, (Proxy for State Treasurer Robert M. McCord)  
Amber Jones, (Proxy for Auditor General Jack E. Wagner)  
Secretary of General Services Sheri L. Phillips  
Nichole Duffy, (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  
Jennifer Langan, Deputy Chief Counsel, Treasury Department

**Participated Via Conference Call**

Margaret Angel, Esquire, Buchanan Ingersoll & Rooney PC  
Jay Bellwoar, Merrill Lynch, Pierce, Fenner & Smith Inc.  
Matt McManness, Chief Financial Officer, La Salle University

## **2. APPROVAL OF THE MINUTES OF THE MEETING OF JUNE 21, 2012.**

A copy of the minutes of the meeting of June 21, 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 June 21, 2012, be and hereby are approved as presented.

Upon **MOTION** by **Mr. Tuckey**, and **SECONDED** by **Ms. Flinn**, and after full discussion, the above Resolution was approved at the PHEFA Board Meeting of July 26, 2012.

## **3. AUDIT COMMITTEE MEETING.**

Mr. Baccon explained that the Audit Committee met on June 28, 2012 to discuss the upcoming audit. Since Ms. Pike-Nase is not at the meeting to address the Board, Dave Player will explain what happened at the meeting.

Mr. Player explained that the Audit Committee had their preaudit meeting and it went very well. An IRS Publication was included with Board Members agendas. He indicated that he could answer any questions that Board Members may have about the publication.

Chairperson Dreher asked if the meeting was like an entrance conference.

Mr. Player indicated that it was like an entrance conference.

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

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

Mr. Baccon explained that La Salle University has requested that we issue a maximum of \$115,000,000 of revenue bonds to finance the refunding of our La Salle University Revenue Bonds, Series 2003 and Series 2007B. Proceeds will also be used for new capital projects to support student life, athletics facilities, student union and classroom renovations, technology improvements and other miscellaneous capital projects, including but not limited to, the development and expansion of the University's School of Business.

The University has selected Merrill Lynch, Pierce, Fenner & Smith, as Underwriter, and The Bank of New York Mellon Trust Company, as the Trustee for this issue. At the request of the University, the Office of General Counsel has appointed Stradley Ronon Stevens & Young as the Bond Counsel.

The Resolution in your agenda approves all of the actions necessary in connection with the issuance of the 2012 Bonds.

Matt McManness, Chief Financial Officer, La Salle University, and Jay Bellwoar, of Merrill Lynch are participating via conference call to answer Board Members' questions.

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

Mr. Craig asked if the University current rating of BBB and BBB+ was expected for this financing. He also asked what the rating agencies identified as risks associated with the lower rates.

Mr. Bellwoar answered yes. The existing ratings have been affirmed for the new bond issue.

Mr. McManness indicated that the continued demand of the University and the diversity of the University along with the amount of debt as items. They also mentioned that they are very pleased that they are eliminating their variable rate risk debt and going to all fixed.

Mr. Bellwoar added that the affordability question is a global question for higher education, not specific to La Salle but obviously applicable to La Salle. The relatively high debt compared to investment assets of the University is reflected in the rating category of BBB and BBB+. The rating agencies went out of their way to emphasize strengths, such as, strong operations, excellent control

over expenses, solid strategic business plan, including diversifying revenues. Those were the main points of the rating agencies analysis.

Mr. Craig asked for the proposed portions of the financing that are dedicated to refinancing, what are the projections of interest rate savings.

Mr. Bellwoar explained that the 2003 issue is a fixed rate bond issue and the savings are in excess of 10%. The 2007B is a variable rate issue and the purpose is to take advantage of historically low interest rates and to lock in fixed rates and eliminate the variable rate risks, which is both the interest rate risk and the bank/put risk that La Salle has.

Mr. Craig asked how many additional years will this debt go beyond its current maturity date.

Mr. Bellwoar answered five years. They are doing \$20,000,000 of new debt which is being wrapped around the existing debt. Most of the extension relates to the new debt.

Mr. Craig asked what portion of tuition accounts for the revenue that supports the bonds.

Mr. McManness said that tuition accounts for 85% of revenues.

Chairperson Dreher asked if there were any other questions or comments from Board Members, 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  
LA SALLE UNIVERSITY  
SERIES 2012**

**DOCKET NO. 626**

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

1. The Pennsylvania Higher Educational Facilities Authority (the “Authority”) shall undertake a project (the “Project”) on behalf of La Salle University (the “University”) generally anticipated to consist of one or more of the following components:

\$40,750,000 Refunding of PHEFA’s La Salle University Revenue Bonds, Series 2003 (the “2003 Bonds”);

\$46,750,000 Refunding of PHEFA’s La Salle University Revenue Bonds, Series 2007B (the “2007B Bonds”);

\$23,000,000 New capital projects to support student life/athletics facilities, student union and classroom renovations, technology improvements and other miscellaneous capital projects, including but not limited to, the development and expansion of the University’s School of Business;

\$2,500,000 The funding of any capitalized interest; and

\$2,000,000 The payment of costs and expenses incident to the issuance of the Bonds.

2. In order to finance the Project, the Authority will enter into a Trust Indenture (the “Indenture”) with a designated Trustee (the “Trustee”), and shall issue up to \$115,000,000 (exclusive of any original issue discount or premium) in a principal amount of bonds to be designated “Pennsylvania Higher Educational Facilities Authority, La Salle University Revenue Bonds, Series 2012” with the appropriate alphabetical series designation, as applicable (the “2012 Bonds”). The 2012 Bonds shall have a term not to exceed 40 years and shall bear interest at fixed rates acceptable to the University, shall mature in such principal amounts and at such times, and shall be subject to redemption and purchase, as applicable, all as approved by the Executive Director or Assistant Executive Director of the Authority in consultation with the University and further provided in the Bond Purchase Agreement (as hereinafter defined).

In the event the University requests that the 2012 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 2012 Bonds and the variable interest rate formula to be used in determining interest due on the 2012 Bonds thereafter, and to appoint an indexing agent, marketing agent and/or a remarketing agent and to take such other action as may be required in connection with a variable interest rate.

The 2012 Bonds shall be issued in such denominations and form and under such terms as shall be set forth in the Indenture used in connection with the issuance of the 2012 Bonds and approved by the Executive Director or Assistant Executive Director. The execution of the 2012 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 2012 Bonds to the Trustee under the Indenture for authentication and to execute and deliver instructions to the Trustee to deliver the 2012 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 2012 Bonds shall be loaned to the University pursuant to the terms of a Loan and Security Agreement or other financing agreements between the University and the Authority (the "Loan Agreement"), and shall be applied by the University for and towards the costs of the Project, including (a) the payment of all or a portion of the costs of issuance of the 2012 Bonds, including without limitation, printing and reproduction costs, fees and expenses of bond counsel for the 2012 Bonds ("Bond Counsel"), University's Counsel, underwriter's counsel and the underwriter, rating agency fees, fees and expenses of the Trustee, and administrative costs and expenses of the Authority, all upon submission of the proper documentation thereof, (b) the payment of, if applicable, insurance premiums, letter of credit fees relating to the 2012 Bonds or other credit enhancement and/or liquidity fees, (c) funding of any debt service reserve funds if desired by the University, and (d) the provision of capitalized interest, if applicable, for construction portions of the Project.

4. The President, any Vice President, the Executive Director or the Assistant Executive Director is hereby authorized to negotiate with the underwriter hereinafter appointed for an acceptable proposal for the purchase of the 2012 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 Executive Director is hereby authorized to execute and deliver a Bond Purchase Agreement on behalf of the Authority and to take such further action as may be required or proper to carry out the obligations of the Authority thereunder.

5. The Authority, with respect to the refunding of the 2003 Bonds and the 2007B Bonds (together, the “Refunded Bonds”), does hereby irrevocably make, constitute and appoint The Bank of New York Mellon Trust Company, N.A. (the “Escrow Agent”), the true and lawful attorney and agent of the Authority to effect the payment and redemption and payment, including payment of interest, of the Refunded Bonds pursuant to the terms and provisions of one or more escrow agreements between the Escrow Agent and the Authority (collectively, the “Escrow Agreement”), letters of instruction or other documentation deemed appropriate by Bond Counsel. The Authority authorizes the redemption of the Refunded Bonds, at the direction of the University.

The President, any Vice President, the Executive Director or the Assistant Executive Director of the Authority are hereby authorized and directed to execute and deliver the Escrow Agreement, in such form, and subject to such additions, changes, variations, omissions, insertions and modifications, if any, as may be approved by such President, Vice President, Executive Director or Assistant Executive Director of the Authority, with the advice of counsel, the execution of the Escrow Agreement to be conclusive evidence of such approval, and the Secretary or Assistant Secretary is hereby authorized and directed to affix thereto the corporate seal of the Authority and to attest the same. The Escrow Agent, in the name, place and stead of the Authority, shall mail with respect to the Refunded Bonds a notice of redemption as required by the terms of the trust indenture for each series of Refunded Bonds. In addition, the Escrow Agent is hereby authorized and directed to mail, as required by the respective indentures for each series of Refunded Bonds, notices of refunding of the Refunded Bonds. Such notices shall be in such form, and subject to such changes, variations, omissions, insertions and modifications, if any, as may be approved by the President, Vice President, Executive Director or the Assistant Executive Director of the Authority, with the advice of counsel, the execution of the Escrow Agreement to be conclusive evidence of such approval, and the Secretary or Assistant Secretary is hereby authorized and directed to affix thereto the corporate seal of the Authority and to attest the same. The Authority hereby agrees to provide for payment of the expenses of such mailings from proceeds of the 2012 Bonds or from moneys otherwise made available by the University and gives and grants the Escrow Agent full authority to do and perform all and every act and thing whatsoever requisite and necessary to effectuate said purposes as the Authority might do on its own behalf, and hereby ratifies and confirms all that said agent shall do or cause to be done by virtue thereof. The Authority authorizes and directs the irrevocable deposit in trust with The Bank of New York Mellon Trust Company, N.A., as escrow agent under the Escrow Agreement, of an amount sufficient to effect such payments and the Escrow Agent is irrevocably authorized to apply the moneys so to be made available to such payments of all such presently outstanding Refunded Bonds.

6. The Authority does hereby authorize the execution and delivery of any documents to which the Authority is a party and which are required to be executed and delivered in connection with the financing of the Project and the issuance of the 2012 Bonds authorized hereunder, including but not limited to, the Indenture, Loan Agreement, Bond Purchase Agreement, Escrow Agreement, an intercreditor agreement among the University, the Authority, the Trustee and the trustee for the PHEFA’s La Salle University Revenue

Bonds, Series 2007A in the original amount of \$52,875,000, and any remarketing agreement and marketing agent agreement, provided that all such documents shall be in such form as shall be acceptable to Bond Counsel, the Office of General Counsel, the Attorney General of the Commonwealth and counsel to the Authority (“Authority Counsel”) and as shall be approved by the Executive Director or Assistant Executive Director of the Authority.

7. The President, any Vice President, the Executive Director or the Assistant Executive Director of the Authority shall be, 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 shall be 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 hereinabove authorized shall be deemed to conclusively evidence the approval of the Authority of the forms of said documents.

8. 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 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 (Act of December 6, 1967, P.L. 678, as amended) and the Bond Documents, and (ii) the Amendment will not adversely affect the excludability from gross income of interest on the 2012 Bonds for purposes of federal income taxation.

9. The form of any preliminary official statements and/or final official statements which may be used in connection with the sale and issuance of the 2012 Bonds 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 each shall be and hereby is authorized and directed to execute any such final official statements, 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 Authority is hereby authorized to circulate and distribute copies of any such documents in connection with the offering of the 2012 Bonds.

10. Merrill Lynch, Pierce, Fenner & Smith Incorporated is hereby appointed and authorized to act as underwriter for the 2012 Bonds (the “Underwriter”). The Underwriter has selected Cozen O'Connor, as Underwriter's Counsel.

11. The appropriate officers of the Authority are hereby authorized to take such further action and to execute any and all other documents and certificates, in addition to those specified above, as shall be required in connection with the issuance of the 2012 Bonds and the implementation of these resolutions.

Upon **MOTION** by **Ms. Flinn**, and **SECONDED** by **Secretary Phillips**, and after full discussion, the above Resolution was approved at the PHEFA Board Meeting of July 26, 2012.

**EXHIBIT A**

**LA SALLE UNIVERSITY**

**SERIES 2012**

<b><u>Docket Number</u></b>	<b><u>County</u></b>	<b><u>Project Description</u></b>	<b><u>Maximum Amount to be Financed</u></b>
626	Philadelphia	(i) Refunding of PHEFA's La Salle University Revenue Bonds, Series 2003; (ii) refunding of PHEFA's La Salle University Revenue Bonds, Series 2007B; (iii) new capital projects to support student life/athletics facilities, student union and classroom renovations, technology improvements and other miscellaneous capital projects, including but not limited to, the development and expansion of the La Salle University's School of Business; (iv) the funding of an capitalized interest; and (v) the payment of costs and expenses incident to the issuance of the Bonds.	\$115,000,000 (net of original issue discount or premium)

**Term:** Not more than 40 years.

**Rate:** Fixed.

**Rating/insurance:** Rated.

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

**Bond Counsel:** At the request of the University, the Office of General Counsel has appointed Stradley Ronon Stevens & Young, LLP as the Bond Counsel for this issue.

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

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

Prevailing wage rates will be used on the construction portion of the project.

Approved at the PHEFA Board Meeting of July 26, 2012.

**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, 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. Flinn**, and **SECONDED** by **Mr. Tuckey**, the PHEFA Board Meeting was adjourned at 10:51 a.m.

## Meeting Notices

## Meeting Notices

### SUNSHINE ACT MEETING NOTICES

Saturday, July 07, 2012

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

**DEP, Sewage Advisory Committee (SAC) Meeting:** July 11, 2012, 10:30 A.M.  
RCSOB, Rm. 105, HBG.  
Contact Name: John Diehl - 783-2941

**PA Apprenticeship & Training Council Meeting:** July 12, 2012, 10:00 AM. Labor & Industry Bldg., Large Conf. Rm., HBG.  
Contact Name: Monica Mozee - 787-4058

**DEP and Water Resources Advisory Committee (WRAC) Meeting:** July 12, 2012, 9:30 A.M. RCSOB, Rm. 105, 400 Market St., HBG.  
Contact Name: Duke Adams - 783-4693

**Board of Commissioners of Public Grounds and Building Meetings:** July 12, 2012, 10:00 A.M. North Office Bldg., Ground Fl., Hearing Rm. #3, HBG.  
Add'l Mtgs.: 8/2, 8/23, 9/13, 10/4, 10/25, 11/15, 12/13, 1/10, 1/31, 2/21, 3/14, 4/4, 4/25, 5/16, 6/6, 6/27 same above time/location. For disability accommodations please enter the eastside of the Capitol on Commonwealth Ave. and the Capitol Police will direct you to the designated parking areas.  
Contact Name: Capitol Police - 787-3199.

**State Transportation Advisory Committee (TAC) Meeting:** July 12, 2012, 10:00 A.M. Commonwealth Keystone Bldg., 8th Fl., Conf. Rm. 8N1, 400 North St., HBG.  
Attendees are required to enter through the north entrance of the bldg. and proceed to the 5th fl. Reception area of the PA DOT for access to the 8th fl.  
Contact Name: Julie Harmantzis - 787-2913

**CANCELLED: PA State Planning Board Meeting:** July 13, 2012, 10:00 A.M. RCSOB, Rm. 105, HBG.  
Contact Name: C. Alan Walker - 787-3003

**SPECIAL: PA Commission on Crime and Delinquency Meeting:** July 16, 2012, 10:00 A.M. PCCD Bldg., 3101 N. Front St., HBG.  
Contact Name: Luanne Mello - 265-8497

**RESCHEDULED: PA State Horse Racing Commission Meeting:** July 20, 2012, 11:30 A.M. PA DOA, Rm. 309, 2301 N. Cameron St., HBG.  
\*Change in date/location.  
Contact Name: Gretchen Harper - 783-2320

**DCNR, Conservation and Natural Resources Advisory Council Meeting:** July 25, 2012, 10:00 A.M. RCSOB, 1st Fl., Rm. 105, 400 Market St., HBG.  
Contact Name: Deb Miller - 787-3212

**SPECIAL: State Public School Building Authority Meeting:** July 26, 2012, 10:30 A.M. North Office Bldg., Rm. 515, HBG.  
Add'l. Special Mtg.: PA Higher Educational Facilities Authority Mtg. same above time/location  
Contact Name: Bev Nawa - 975-2204

**RESCHEDULED: PA State Horse Racing Commission Meeting:** August 09, 2012, 11:30 A.M. Presque Isle Downs & Casino, 2nd Fl. Admin. Bldg., Training Ctr., 8199 Perry Hwy., Erie.  
\*Change in date/location.  
Contact Name: Gretchen Harper - 783-2320

STATE PUBLIC SCHOOL BUILDING AUTHORITY  
PENNSYLVANIA HIGHER EDUCATIONAL FACILITIES AUTHORITY  
Notice of the Meeting of the Board to be Held  
July 26, 2012

---

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, July 26, 2012**, at **10:30 a.m.**, in **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

\* \* \* \* \*

Appendix A

Harrisburg, PA

I CERTIFY that the notice on the previous page for the July 26, 2012, meetings was dispatched to the following on July 5, 2012, 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  
Jeffrey E. Piccola, Designated by the President Pro Tempore of the Senate  
173 Main Capitol Building, Harrisburg, PA  
Andrew E Dinniman, Designated by the Minority Leader of the Senate  
183 Main Capitol Building, Harrisburg, PA  
John C. Bear, Designated by the Speaker of the House of Representatives  
145B East Wing, 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  
Jack E. Wagner, 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 5th day of July 2012.

/s/ Robert Baccon

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