

Meeting of the Board
STATE PUBLIC SCHOOL BUILDING AUTHORITY
November 3, 2011
SPSBA/PHEFA Conference Room
1035 Mumma Road
Wormleysburg, Pennsylvania
10:30 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 September 22, 2011.
3. Financial Report for the Month of September 2011.
4. School Subsidy Program Report.
5. Revolving Loan Fund.
6. Approval of Projects.
 - A. Resolution Authorizing the Undertaking of a Project on Behalf of the Harrisburg Area Community College.
7. Old Business.
8. New Business.

Discussion of the Following Matters:

- A. Appointment of Acting Executive Director and/or Executive Director.
- B. Adoption of Salary Schedule for the Authority Staff.
- C. Conflict of Interest for the Authority Counsel.
- D. Policy or Procedure to Review and/or Select Counsel of the Authority.
- E. Greater Outreach to Board Members to Inform Them of Upcoming Items or Events that Will Impact the Board.

- F. Periodic Notification to Board Members of School Contacts Indicating Possible Interest in Pursuing a Transaction with the Board.
 - G. Submission of a Letter to Each Board Member by Clients.
 - H. Annual Principals Meeting.
 - I. Policy Discussion to Encourage the Use of Women and Minority Owned Businesses as Part of the Transaction.
9. 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 State Public School Building Authority was called to order on Thursday, November 3, 2011 at 10:30 a.m. prevailing time, at the SPSBA/PHEFA Office, 1035 Mumma Road, 2nd Floor, Wormleysburg, 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)
Representative John C. Bear
Alan Cohn, (Proxy for Representative Anthony M. DeLuca)
Christopher Craig, (Proxy for State Treasurer Robert M. McCord)
Christal Pike-Nase, (Proxy for Auditor General Jack E. Wagner)
James Henning, (Proxy for Secretary of General Services Sheri L. Phillips)
Nichole Duffy, (Proxy for Secretary of Education Ronald J. Tomalis)

Authority Personnel Present

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

Also Present

Jamie Doyle, Senior Managing Consultant, Public Financial Management
Stephen Tuckey, Esquire, Office of the Republican Leader of the House of Representatives
Jennifer Langan, Deputy Chief Counsel, Office of Chief Counsel, Pennsylvania Treasury

Participated Via Conference Call

Margaret Angel, Esquire, Buchanan Ingersoll & Rooney, PC
Barbara Hutchinson, Controller, Harrisburg Area Community College

2. APPROVAL OF THE MINUTES OF THE MEETING OF SEPTEMBER 22, 2011.

A copy of the minutes of the meeting of September 22, 2011, 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 SPSBA meeting of September 22, 2011, be and hereby are approved as presented.

Upon **MOTION** by **Ms. Flinn**, and **SECONDED** by **Ms. Pike-Nase**, and after full discussion, the above Resolution was approved at the SPSBA Board Meeting of November 3, 2011.

3. FINANCIAL REPORT FOR THE MONTH OF SEPTEMBER 2011.

The Financial Report for the month of September was emailed to Board Members prior to this meeting.

It is recommended that consideration be given to the adoption of the following Resolution:

RESOLVED That the Financial Report of the State Public School Building Authority for the month of September 2011 as received by this Board, be accepted and filed with the minutes of this meeting.

Upon **MOTION** by **Ms. Flinn**, and **SECONDED** by **Ms. Pike-Nase**, and after full discussion, the above Resolution was approved at the SPSBA Board Meeting of November 3, 2011.

4. SCHOOL SUBSIDY PROGRAM REPORT.

Mr. Baccon explained that we have one remaining project; the Career Technology Center of Lackawanna County will receive the remaining \$50,000 contribution when the project closes. Staff has been pursuing the Underwriting team about this project because the project has been on the books for quite a while and we would like to close the project before the end of the year.

5. REVOLVING LOAN FUND.

Mr. Baccon explained that no Revolving Loan Fund projects closed since the September meeting and we have no pending projects.

Mr. Baccon mentioned that a closing call was held just prior to the meeting for the Qualified School Construction Bonds and Qualified Zone Academy Bonds. We just closed \$210,000,000 of Bonds and because of the graciousness of the federal government, the school districts' interest costs will be zero.

6. APPROVAL OF PROJECTS.

A. Resolution Authorizing the Undertaking of a Project on Behalf of the Harrisburg Area Community College.

Mr. Baccon explained that the Harrisburg Area Community College has requested that SPSBA issue a maximum of \$55,000,000 in Revenue Bonds expected to finance the purchase of their Lancaster campus.

The Underwriter will be selected by internet invited bid or by private negotiation. The Bank of New York Mellon Trust Company will serve as the Trustee. At the request of the College, the Office of General Counsel has appointed Barley Snyder 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.

Jamie Doyle, Senior Managing Consultant, Public Financial Management, Financial Advisor to the College is in attendance to answer questions and Barbara Hutchinson, Controller of the College is participating by phone.

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

**RESOLUTION OF THE
STATE PUBLIC SCHOOL BUILDING AUTHORITY
AUTHORIZING
THE UNDERTAKING OF A PROJECT ON BEHALF OF
THE HARRISBURG AREA COMMUNITY COLLEGE**

DOCKET NO. 2390

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. The State Public School Building Authority (the "Authority") shall undertake the financing of a project (the "Project") on behalf of the Harrisburg Area Community College (the "College") consisting of: (a) the acquisition of the Lancaster Campus of the College and (b) the payment of the costs and expenses of issuing and insuring the 2011 Bonds (as defined below). At the request of the College, the Executive Director or Assistant Executive Director of the Authority shall have the power to add, delete or substitute for any component of the Project but only to the extent permitted by The State Public School Building Authority Act of 1947, as amended, the Department of Education, and the Federal income tax laws from time to time in effect.

2. In order to finance the Project, the Authority will enter into a supplemental trust indenture to the Trust Indenture dated as of June 15, 1995 (collectively herein referred to as the "Indenture") with the Trustee herein appointed, and shall issue up to \$55,000,000 in aggregate principal amount of bonds in one or more series (which may be issued on the same or different dates) to be designated as the "State Public School Building Authority College Revenue Bonds (Harrisburg Area Community College Project)" with an appropriate series designation (such bonds being herein referred to as the "2011 Bonds"). The 2011 Bonds shall have a term not to exceed 30 years and shall bear interest at a fixed or variable rate acceptable to the College, shall mature in such principal amounts and at such times, and shall be subject to redemption, all as approved by the Executive Director or Assistant Executive Director in consultation with the College and as further provided in a bond purchase agreement hereinafter defined and described.

In the event the College requests that the 2011 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 2011 Bonds and the variable interest rate formula to be used in determining interest due on the 2011 Bonds thereafter, and to appoint an indexing agent, auction agent and/or remarketing agent and to take such other action as may be required in connection with bonds bearing a variable interest rate.

The 2011 Bonds shall be issued in such denominations and form and with such terms as shall be set forth in the Indenture used in connection with the issuance of

the 2011 Bonds and shall be approved by the Executive Director or Assistant Executive Director of the Authority. The execution of the 2011 Bonds with the manual or facsimile signature of the Governor of the Commonwealth of Pennsylvania, 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 Assistant Secretary of the Authority is hereby authorized. The Executive Director or Assistant Executive Director of the Authority is hereby authorized to deliver the 2011 Bonds to the Trustee under the Indenture for authentication, and to execute and deliver instructions to the Trustee to deliver the 2011 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 thereof.

3. The proceeds from the sale of the 2011 Bonds shall be loaned to the College pursuant to the terms of a Supplemental Loan Agreement between the Authority and the College (herein referred to as the "Loan Agreement"), and shall be applied by the College for and toward the costs of the Project including: (a) acquisition costs of the College's Lancaster Campus and, (b) the payment of the costs of issuance of the 2011 Bonds, including without limitation, printing and reproduction costs, fees and expenses of bond counsel, the underwriter and the financial advisor of the College, fees and expenses of the Trustee, and administrative costs and expenses of the College and the Authority, all upon submission of the proper documentation thereof, and (c) 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 College.

4. The President, any Vice President, Executive Director or the Assistant Executive Director is hereby authorized on behalf of the Authority to enter into an acceptable purchase proposal with an underwriter or underwriters ("the Underwriters") selected upon invitation to bid or private negotiation as requested by the College in consultation with the financial advisor to the College, for the purchase of any series of the 2011 Bonds issued hereunder (the "Bond Purchase Agreement"), 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 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.

5. The Authority does hereby authorize the execution and delivery of the following documents relating to the issuance of 2011 Bonds of any series authorized hereunder and the financing of the Project: the Indenture, the Loan Agreement, and any other documents required in connection with the issuance of the 2011 Bonds; any remarketing agreement, auction agent agreement and/or indexing agent agreement if any of the 2011 Bonds shall bear interest at a variable rate; any continuing disclosure agreement if required in connection with the 2011 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 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 or the Executive Director or 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 2011 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. The Executive Director or 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 2011 Bonds is hereby authorized.

8. The Underwriters shall be and are hereby authorized to purchase the 2011 Bonds, upon the terms and conditions hereof and contained in the Bond Purchase Agreement. The Bank of New York Mellon Trust Company, N.A. shall be and hereby is authorized to act as Trustee under the Indenture in connection with the issuance of the 2011 Bonds. At the request of the College, the Office of General Counsel has appointed Barley Snyder LLC as Bond Counsel for this issue.

9. 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 2011 Bonds and the implementation of this Resolution.

10. 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 College 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 the Bonds for purposes of federal income taxation.

11. 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.

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, any Continuing Disclosure Agreement, the distribution of a preliminary official statement and/or final official statement and the issuance and sale of the 2011 Bonds, all in accordance with this Resolution.

13. 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. Flinn**, and **SECONDED by Ms. Pike-Nase**, and after full discussion, the above Resolution was approved at the SPSBA Board Meeting of November 3, 2011.

EXHIBIT A

HARRISBURG AREA COMMUNITY COLLEGE

<u>Docket No.</u>	<u>County</u>	<u>Project Description</u>	<u>Maximum Amount to be Financed</u>
2390	Lancaster	Financing of: (a) the acquisition of the Lancaster Campus of the College; and (b) the payment of the costs and expenses of issuing and insuring the 2011 Bonds.	\$55,000,000

Maximum Term: 30 years

Interest Rate: Fixed or Variable at the time of issuance

Rating/Insurance: Bond Insurance is anticipated

Bond Counsel: At the request of the College, the Office of General Counsel has appointed Barley Snyder LLC.

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

Senior Underwriter: To be selected by invitation to bid or private negotiation at the request of the College.

Minority and/or Female Participation in this Financing: Mountaintop Studios, printer.

Approved by the SPSBA Board at its meeting of November 3, 2011.

7. OLD BUSINESS.

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

8. NEW BUSINESS.

Chairperson Dreher explained that there were a number of items in board members' agendas under new business. These items were discussed with staff in a meeting with the Treasurer and the Auditor General in October. For the purpose of today's meeting, these items are for discussion and may be voted on in a future board meeting.

A. Appointment of Acting Executive Director and/or Executive Director.

B. Adoption of Salary Schedule for the Authority Staff.

Since the passing of Bostic, Bob Baccon has been filling in as the Acting Executive Director. Under the statute, that position is appointed by action of the Board. Chairperson Dreher recommends that Mr. Baccon continue in that position. Chairperson Dreher said that the Board should take the formal steps to appoint an Acting Executive Director.

Ms. Pike-Nase asked if it that could be done today.

Chairperson Dreher said that he feels that they should take the time to discuss it here and he prefers to wait.

Ms. Flinn asked to whom the agenda is referring when it mentions staff's opinion.

Mr. Baccon mentioned that it was referring to Authority staff.

Mr. Craig explained that from the Treasurer's perspective, the new business items were meant to identify how each member of the board can more effectively exercise their fiduciary duty to become more active to ensure compliance with the statute and the Board's by-laws. The underlying premise is that it is the members of the Board and their vote is required for all action for both authorities. It is the members of the board and their vote by majority that is empowered and required for all conduct and official action taken by the Authority. The Treasurer wanted a discussion on how the position should be filled, if it should be filled, and if there is a transition to select somebody. The Treasurer made it clear that he supports Mr. Baccon as the new Executive

Director or maintaining the spot. It is not an attempt to move in a new one. We have a legal opinion that states that it is a board decision and it should be a discussion and there should be some sort of deliberation as to how it should be filled.

The same thing goes with salaries. Salaries are to be fixed and established by the Board. We can adopt an executive pay scale but there should be some deliberation about that and a formal vote adopting that.

Chairperson Dreher explained that for item B, the staff is currently following the Commonwealth pay scale and that has been in place for as long as Mr. Baccon has been here.

Ms. Pike-Nase indicated that at times when the executive branch doesn't approve longevity increases we have had that. It is very important that everyone on the board knows that.

Chairperson Dreher said that was done through the budget process. He said that it is also important for everyone to know that the Authority did not receive any General Fund appropriation. Those longevity increases were fully paid for by the Authority.

Mr. Craig indicated that this is coming from the perspective of a Board member saying we have a right to discuss this and to vote on.

Ms. Pike-Nase explained that the reason they had this discussion including the Treasurer and the Auditor General was because they wanted to make sure the principals actually met with Mr. Baccon. It is very important that all of the principals meet the staff. She wanted to make everyone aware of the fact that they were working with the Treasurer's office to make sure that these issues are brought to the forefront. However, her department has been bringing these issues up for the last seven years. The board is a governing board and we must meet provisions of the statute and it appears that for a while we were not following those provisions.

Chairperson Dreher does not believe the Board has not been following the statute. These are items that can be discussed and move forward on but he does not agree that the Board was not following the statute.

Ms. Pike-Nase believes that the Board has not been approving things the way they should have been approving.

Mr. Craig asked how these items should be handled in the future for the board to act on them.

Chairperson Dreher explained that there should be a resolution for motion and a vote. He is not interested in moving forward on these items today, given comments by other board members. For a future meeting if we would move forward, they would be agenda items for motion and vote.

C. Conflict of Interest for the Authority Counsel.

Mr. Craig explained that their idea was to create a policy or understanding between Board counsel and bond counsel. The idea that whoever is going to be counsel to the Board should not at any time be the bond counsel for any transaction that involves the Authority. Their concern is that there should be a separation and another counsel should be bond counsel.

Chairperson Dreher believes that the administration would be supportive of that approach. It would be consistent with an existing policy for General Obligation Bonds that if you are representing the Authority you are not representing parties in the transaction.

D. Policy or Procedure to Review and/or Select Counsel of the Authority.

Mr. Craig explained that this is an issue of their concern and it was included on the list to reserve the right for it to be discussed. He is not expecting a vote on this in the future. He recognizes that reasonable minds clearly differ on this position. He is not looking for a voting resolution in the near term. Maybe meeting with the Office of General Counsel for anyone who is interested is an appropriate idea.

Ms. Pike-Nase agreed with Mr. Craig.

E. Greater Outreach to Board Members to Inform Them of Upcoming Items or Events that Will Impact the Board.

F. Periodic Notification to Board Members of School Contacts Indicating Possible Interest in Pursuing a Transaction with the Board.

Mr. Craig explained that it was not their intention to criticize past practice but to focus on what they would find as members more useful going forward. If the staff believes that a new proposal or policy matter is going to be on the agenda, they could provide a pre agenda notification through e-mail. This would be an informal notification of agenda items that are reasonably anticipated to be included at the next meeting. It is not intended to mean that if members do not receive something prior to the agenda, the item cannot be included.

Mr. Baccon said that it would be doable.

Chairperson Dreher clarified that they were not advocating a policy where by schools would have to check in with all board members before including a project on the agenda.

Mr. Craig agreed. He elaborated by stating that if there is a failure to do that, it doesn't mean it can't be put on the agenda. It is just meant to be a best practice type of thing.

G. Submission of a Letter to Each Board Member by Clients. (Each client of the Authority would be encouraged to submit a letter to each member of the Board that would contain the following: a statement and description of the project; the need or purpose of the proposed project and benefit to the school/mission; development timetable for the projection, including projected completion date; the current debt load and debt rating of the client school that is responsible for debt repayment; term/length of debt repayment period; identify if an intercept agreement is necessary or anticipated; identification, if possible, of participating Pennsylvania developers/contractors; employment projection; and a request for the support of each Board Member. This list is not intended to be exclusive – others may have alternative or additions that would be appropriate to include.)

Mr. Craig explained that he would be surprised if most of the clients that come before the Board know who the members of the Board are. They are used to dealing with the staff and having their project move forward and any concern for issues are dealt with on a staff level. When things are presented to the Board they are presented almost as a completed deal. Because each of the members of the Board have to vote on the issue they should be asked to do so. They are looking for something as basic as a letter when they want to come to the Authority for financing. The letter would describe the project, describing the need including information such as current debt load, the current debt rating of the school that is incurring the debt, the term of the debt repayment and fundamentally asking each member of the Board for their support. The idea is if you are a member of the House you would then be able to say to your caucus members, this project is in your district and you may want to be aware of it. In the case of statewide officials they could at least know where these things are coming from and the associated people. This is not intended to mean that if the letter is not submitted the Board will not vote on the project. This would allow the board members to be more involved in the decisions in which they make.

Representative Bear raised the concern that it would be a disincentive for clients to come here because it adds an additional requirement just to get on the project list. It could keep the client from coming back here. It seems the clients are lobbying.

Mr. Craig said that they should ask for the support. It could be drafted to say that staff would encourage the submission of the letter but not make it a requirement. He does not see the harm in asking the members who are casting the vote to do so.

Representative Bear said that they are asking the board members by submitting it to the Authority. Board members are getting that indirectly. He does not feel it is a necessary added step.

Mr. Craig does not mind the letter being shuttled to the members through staff, but he would at least like the letter addressed to folks on the board. He would be surprised if for example the Harrisburg Area Community College knows who the members of this board are. He thinks it is worthwhile that clients know that and know that it is a vote that is required and they should say this is why our project is important to us and we think you should vote for it. It is not intended to create more bureaucracy.

Representative Bear stated that it seems like the process is working now and that you are asking for direct lobbying of each member of this Board. It seems like an added hurdle and might be a disincentive for people to come here.

Chairperson Dreher agreed with Representative Bear. He stated that we seem to have an efficient process now and serving as a conduit issuer, entities that come to this Board are not required to use either of the Authorities. Those entities that come to the Authority are coming here because of the efficiencies that we provide in terms of ease of their transactions. He is leery of introducing steps of approaching nine different offices before they could get on an agenda. Although you are saying it is just a letter and it would not preclude them if they didn't do so.

Mr. Craig said that he believes it is an unfair characterization to suggest that this is some sort of political move. This is simply a fact for Authority members to hear directly from the client. We just heard about a \$200 million bond issuance of which was effectively free. He believes that writing a letter isn't going to change the fact that this was a great financial deal and that wasn't going to make the clients turn away. The letter is stuff that they should be asking for and getting anyway.

Chairperson Dreher explained that those are things that are handled at the staff level.

Mr. Craig asked why that has to be filtered by the staff. Why they as Board members can't hear directly from the clients.

Chairperson Dreher said that it is an efficient function of the Authority. He asked Mr. Craig what the letter gets the client.

Mr. Craig said that it lets members know directly from the client why the project is important, the scope of the project, how they envision the use of the project.

Chairperson Dreher asked why the principals can't achieve that through the existing materials provided.

Mr. Craig asked why the information has to be filtered through staff.

Mr. Baccon explained that the staff doesn't filter anything. The agenda item describes the project.

Chairperson Dreher asked if the client's response in the letter would preclude Mr. Craig from voting for the project.

Mr. Henning asked if the point of the letter was to get information that the members are currently not getting or is the point to have communication with the client. It seems to him that the information is submitted by the client to the Board as part of the application process. If it is a matter of getting the information, why not request a summary of these points from Mr. Baccon.

Mr. Craig said that it was the prerogative of the Board if they don't want to have any kind of communication from the clients.

Mr. Cohn understands that Mr. Craig wants more detail with a connection back to item E and the fact that we are voting on projects and the timeliness of getting information.

Chairperson Dreher explained that the Authority has a 13 member staff that is well-trained in their field and staff handles projects from start to finish. These are items that the Board has empowered the staff to pursue and discuss with clients. It is not that the Board is voting on things that have never been discussed with the borrowing institution. We have an existing efficient structure in place in which this is handled at the Authority staff level, with the staff of the borrowing institution and the underwriters.

Mr. Craig said that the Board member has the fiduciary duty. It is his fiduciary duty to ask the questions to be confident that whatever we voted on, to be confident that our vote is being made with full knowledge. If we defer to staff on all of those things, that is a direct violation of that duty. That is how boards get in trouble.

Chairperson Dreher said that this is not an authority approving projects funded by the general operations of the Commonwealth. These are conduit issues. Clients can go to local authorities.

Mr. Craig said that if the Board members do not think they want a letter from each of the clients, then they clearly can't force that upon anybody.

Mr. Baccon offered to include additional information in the agenda so that Board members have a more complete package of information to give them more comfort in making their final decision to approve or disapprove the project.

Ms. Flinn mentioned a situation where a project was supposed to come to the Board but members had some concerns about the project. Staff was notified that there were concerns and asked for more information before being presented to the Board. Ms. Flinn said that when she receives the agenda, she reviews it with Senator Dinniman and if more information is needed she makes the necessary calls to staff. From her perspective it is not just going on staff recommendations.

Ms. Seivard agreed with Ms. Flinn. If more information needs to be added to the list of things currently being provided such as debt load or credit information, that would be useful. She does not believe her boss, Senator Piccola, needs a letter personally asking for his vote in order for them to make an evaluation of the merit of the project. What staff has been giving so far is sufficient for them. If more needs to be added, that is fine. She believes the format of the information is sufficient.

H. Annual Principals Meeting.

Ms. Pike-Nase explained that this topic had been discussed at previous Board meetings. Individual Board members and their proxies can have separate meetings with staff, but it might be a good idea for the entire Board to have a meeting which would include all of the principals. Staff is very good about doing an orientation session and that information could be presented. The meeting could be held in the Capitol so it would be easier for all of the principals to attend.

Chairperson Dreher asked what the topic of discussion would be.

Ms. Pike-Nase explained that it would be the financials that have been approved and the provisions of the governing statutes, which is information that the staff has put together.

Chairperson Dreher mentioned that all of the principals are already invited to Board meetings. Given the Governor's schedule, Mr. Dreher doesn't believe that he will attend.

Ms. Pike-Nase said that the principals would not have to attend. It would just be an invitation. Depending on the level of interest, especially since it is a new administration, the Governor might have his Chief of Staff attend.

Chairperson Dreher said that the discussion items are items at regular Board meetings already. He believes that it would be great if everyone attended but it is a reflection of the actual members' time demands that do not allow them to attend.

I. Policy Discussion to Encourage the Use of Women and Minority Owned Businesses as Part of the Transaction.

Mr. Craig asked if the Board has adopted any formal policy that they provide to clients indicating the importance of encouraging using women and minority owned businesses.

Mr. Baccon said that whenever a project comes to us, we tell them about the policy to encourage the use of a minority or women owned firm.

Chairperson Dreher asked if we do have an existing policy.

Mr. Baccon said that we do.

Mr. Craig asked if over the last two years if there have been any minority bond counsels.

Mr. Baccon said that not for the last two years. We did in the past have a minority bond counsel which is no longer in existence. The name was White out of Philadelphia.

Mr. Craig said that his concern is that there hasn't been a minority bond counsel in several years. This is not a positive reflection on this policy. He believes there needs to be some discussion as to what we can do to encourage it.

Chairperson Dreher said that when Bostic was here he actively pursued this. The principle entities in a transaction are selected by the borrower. They are the underwriter, bond counsel, trustee, and the printer.

Mr. Baccon explained that when we did a project for the School District of Philadelphia they had a whole team of counsels and they had a number of minority firms. But it was the institution that was borrowing the money that made that decision.

Mr. Craig believes that this issue should be focused on considering the absence of minority representation on the Authority Board.

Chairperson Dreher wanted to make it clear that we do have an existing policy adopted by the Board to encourage participation.

Ms. Pike-Nase asked that the policy be distributed to members by e-mail.

Chairperson Dreher summarized the new business discussion as follows:

Item A - the Board will move forward with the appointment of an Executive Director on an acting basis.

Mr. Craig asked what the value of acting would be. Why not just appoint as Executive Director.

Chairperson Dreher did not know if those that he represents are in a position to vote on filling the position on a permanent basis. He is comfortable on filling it on an acting basis, although other Board members may have a different opinion.

Mr. Craig does not have a strong opinion either way but he would like to reserve that discussion for the next meeting.

Item B – Chairperson Dreher is supportive of adopting a resolution dealing with the existing salary schedules.

Ms. Flinn asked if the Board could receive information regarding other similar agencies and if they use the OAs pay schedules. An example would be PENNVEST. She believes that this would be helpful information.

Mr. Craig asked for a list of salaries and the names.

Chairperson Dreher said that he is not interested in knowing individual salaries.

Ms. Flinn is more interested in knowing if similar agencies base their salaries on the OA schedule or if it is based on a different schedule, how did it come about. Her understanding was that the Board did not want to be in a position to say that this person gets a certain amount and this person gets this amount. She would find it more useful to know that position A is in this scale and position B is this scale, if their responsibility is to adopt a salary schedule.

Mr. Craig said that their responsibility is not just to adopt a schedule but to fix the salaries. He wants to be able to say that when the Board took the vote, he knew what the salaries were. If it is by position or with just Board members in the room, that is fine. The statute is clear that the Board members should fix the compensation.

Mr. Henning does not believe it means fixed as a static number. He thinks that it means fixing it to the schedule, which allows for a sliding scale as time passes. He does not think that year after year they have to say they approve.

Mr. Craig believes that the Board actually does by voting on the budget every year.

Mr. Henning said that in principle the Board can say year after year there will be a one-step increase on the scale.

Mr. Craig asked if they should adopt the scale for a particular position or they should know what the position is being paid and that they move up from that point on the scale.

Mr. Henning believes it is irrelevant where they are on the scale as long as they know that the scale is appropriate to the type of work the position does. They would then slide up on the scale based on annual increases or some other designation.

Chairperson Dreher suggested that they vote to formally adopt the Commonwealth pay schedule. Then as is consistent to other managers in the Commonwealth, defer to management to make sure positions correspond to the correct pay grade. He believes that those are things handled best at the staff level. He is not interested in taking Board action when an individual receives a promotion. He is supportive of adopting a salary schedule in general.

Mr. Henning agrees with Chairperson Dreher. He does not believe that it is the proper role of the Board unless you are going to do evaluations to set individual salaries. He thinks setting the schedule is appropriate. Monitoring increases through the budget is the right role.

Ms. Pike-Nase indicated that the Auditor General thought that they were going to adopt a salary schedule, nothing more than that.

Chairperson Dreher asked if staff could coordinate existing positions with existing pay grades on the existing Commonwealth schedule.

Mr. Player explained that for example, an Accountant III at the Authority is the same pay range as an Accountant III at the Commonwealth.

Mr. Player said that he could contact other similar agencies.

Mr. Cohn said that there may be positions from the executive branch that may not follow the schedule, such as a director or deputy. Certain titles or classes may not have something to connect it to.

Item C – Chairperson Dreher said that if anyone has specific language they would like to see they could submit it to staff.

Mr. Craig said that he would circulate language.

Item D – Chairperson Dreher said that they agree to disagree on this point.

Items E, F & G – Chairperson Dreher is not supportive of requiring letters.

Mr. Craig said that he had the impression that there was no opposition to items E and F.

Chairperson Dreher agreed. Management staff agreed to provide notification to Board members.

Mr. Craig suggested a compromise position of having clients provide a letter to the staff that includes the information that is being requested (debt load, debt rating, purpose of the project, scope of the project, payment, time period, etc.) and then the letter be transferred to members of the Board.

Chairperson Dreher is comfortable with asking for the information and including it in the agenda packet.

Mr. Henning agreed that it could be passed on through the agenda rather than making the client do extra work.

Ms. Flinn agreed.

Mr. Craig would like something that separates this information out.

Mr. Baccon said that it could be added to the summary.

Mr. Craig said that Treasury may be asking for other pieces of information to be included in the future.

Chairperson Dreher is supportive of getting the information. He is confident that we are getting it now through the staff. He is leery of introducing an appearance that borrowers have to contact all nine members before seeking financing.

Mr. Craig explained that his suggested resolution did not call for that. He is trying to drill down on additional information so that the members can say that they are exercising their fiduciary duty by being aware of the information underlying the matter in which they are voting on. They have asked the right questions on a Board member level. Not on a staff level and that they are fully aware of their vote and it is made with full knowledge.

Item H – Chairperson Dreher said that there was no action needed on this item.

Ms. Pike-Nase said that it sounds like the Board is not interested at this time.

Item I – Chairperson Dreher explained that there is an existing policy in place.

Mr. Craig said that it may not be appropriate to bring this issue up at the next meeting because he has not seen the existing policy, but it is an issue that is a concern to the Treasurer. He intends to continue to harp on this. Maybe we need a much stronger policy. The facts are clear, there hasn't been a minority bond counsel in years.

Chairperson Dreher said that there are action items for A, B, and C.

Mr. Craig clarified that there is an understanding that E, F and modified G issue will be addressed by staff.

Mr. Baccon indicated that staff will try to schedule Board Meetings at the Capitol if we can find a location that is suitable and has a speaker phone.

Chairperson Dreher asked if there was any other new business, and hearing none, he asked for a motion to adjourn.

9. ADJOURNMENT.

There being no further business to come before the Board at this time, upon **MOTION** by **Ms. Flinn**, and **SECONDED** by **Representative Bear**, the SPSBA Board Meeting was adjourned at 11:34 a.m.

SUNSHINE ACT MEETING NOTICES

Saturday, October 29, 2011

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

State Board of Massage Therapy Meetings - October 31, 2011 - 9:30 a.m. - 2601 N. Third St., HBG

Contact Name: Brandi Barrick - 214-1891

* Add'l Mtg.: 11/1 same above time/location

CANCELLED: State Board of Nursing Meeting - November 01, 2011 - 9:00 a.m. - 2601 N. Third St., HBG

Contact Name: Brandi Barrick - 214-1891

* Add'l Mtg.: 11/2 same time/location also cancelled.

OMHSAS Advisory Committees

(Children's, Adult, Older Adult, and Joint Session) - November 03, 2011 - 10:00 a.m. - DGS Annex Complex, HBG

Contact: Lu Conser - 787-2223

* Time: 10 - 3 p.m.

SPECIAL: PA Higher Educational Facilities Authority Meeting - November 03, 2011 - 10:30 a.m. - 2nd Fl., 1035 Mumma Rd., Wormleysburg

Contact Name: Bev Nawa - 975-2204

State Civil Service Commission Hearings - November 03, 2011 - 10:00 a.m. - 4th Fl., Hearing Rm., 320 Market St., HBG

Contact Name: Michael Sullivan - 787-5343

*Add'l. Hearings: 11/7 at 9:30 a.m. same above location. 11/9, 11/15, 11/17 at same above location.

SPECIAL: State Public School Building Authority Meeting - November 03, 2011 - 10:30 a.m. - 2nd Fl., 1035 Mumma Rd., Wormleysburg

Contact Name: Bev Nawa - 975-2204

RESCHEDULED: Health Research Advisory Committee Meeting - November 09, 2011 - 9:00 A.M., Health & Welfare Bldg., Bureau of Health Statistics and Research, Conf. Rm. 812, 8th Fl. West, 625 Forster St., HBG

Contact Name: Violet Witmer -0 783-2548

* Time: 9-4 p.m. If you require an auxiliary aid service or other accommodations, please contact Marina Matthew or Violet Witmer 783-2548, or V/TT (717) 783-6514 for speech and /or hearing impaired persons or the PA AT&T Relay Services at 1-800-654-5984 (TT)

DPW P&T Committee Meeting - November 09, 2011 - 10:00 a.m. - Child & Welfare Training Ctr., 403 E. Winding Hill Rd., Mechanicsburg

Contact Name: Corryn Russell - 783-4083

* Time: 10-4 PM

Sewage Advisory Committee Meeting - November 09, 2011- 10:30 a.m. - RCSOB, Rm. 105, HBG

Contact Name: John Diehl - 783-2941

Managed Care Delivery Systems Subcommittee Meeting - November 10, 2011 - 10:00 a.m. - Child Welfare Training Ctr., 403 E. Winding Hill Rd., Mechanicsburg

Contact Name: Susan Brubaker - 705-8232

* Time: 10-12 p.m.

PA Department of Education, Professional

Standards and Practices Commission Meeting - November 14, 2011 - 10:00 a.m. - Heritage Rm. B, 333 Market St., HBG

Contact Name: Carolyn Angelo - 787-6576

State Civil Service Commission Meetings - November 16, 2011 - 9:30 a.m. - 4th Fl., Meeting Rm., 320 Market St., HBG

Contact Name: Michael Sullivan - 787-5343

* Add'l. Mtg.: 11/18 at 10 a.m., same above location.

PA Diabetes Action Partnership General Member Meeting - November 17, 2011 - 10:00 a.m. - PA Medical Society, 777 E. Park Dr., HBG

Contact Name: Rebecca Lorah - 349-3977

* Time: 10-3 p.m.

PHMC Commission Meeting - December 19, 2011 - 10:00 a.m. - State Museum Bldg., 5th Fl. Bd. Rm., 300 North St., HBG

Contact Name: Jennifer Staub - 787-7498

*Add'l. Mtgs.: 3/14/12, 6/13/12, 9/19/12, 11/14/12 at 9 a.m., same location.

Accessibility Advisory Board Meeting - January 19, 2012 - 9:00 a.m. - Dept. of L & I, Rm. 1600, 651 Boas St., HBG

Contact Name: Chris Miller - 787-3329

* Time: 9-5 p.m. Add'l. Mtgs.: 2/16, 3/15, 4/19, 5/17, 6/21, 7/26, 8/16, 9/20, 10/18, 11/15, 12/20 same above time/location.

Industrial Board Meetings - January 24, 2012 - 9:30 a.m. - L & I Bldg., Rm. E-100, HBG

Contact Name: Donna Suskie - 787-6115

Appendix A

* Add'l. Mtgs.: 1/25 in Rm. E-100, 2/21, 2/22, 3/27, 3/28, 4/17, 4/18, 5/22, 5/23, 6/26, 6/27, 7/24, 7/25, 8/21, 8/22, 9/25, 9/26, 10/23, 10/24, 11/20, 11/21, 12/18, 12/19 same above time in L & I Bldg., Rm. 1626]]>

Appeared in: ***Patriot-News*** on Saturday, 10/29/2011

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STATE PUBLIC SCHOOL BUILDING AUTHORITY
PENNSYLVANIA HIGHER EDUCATIONAL FACILITIES AUTHORITY
Notice of the Meeting of the Board to be Held
November 3, 2011

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, November 3, 2011**, at **10:30 a.m.**, at the **Authority Office, 1035 Mumma Road, Wormleysburg**, 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
Assistant Executive Director

Enclosures

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Harrisburg, PA

I CERTIFY that the notice on the previous page for the November 3, 2011, meetings was dispatched to the following on October 21, 2011, 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
7th 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 21st day of October 2011.

/s/ Robert Baccon

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