

Meeting of the Board
STATE PUBLIC SCHOOL BUILDING AUTHORITY
October 6, 2016
Room 515 North Office Building
Harrisburg, 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 July 14, 2016.
3. Financial Reports for the Months of June, July & August 2016.
4. Revolving Loan Fund.
5. Audit Committee Report & Audit Charter.
6. Approval of Projects.
 - A. Resolution Authorizing the Undertaking of a Project on Behalf of The School District of Philadelphia.
 - B. Resolution Authorizing the Undertaking of a Project on Behalf of Delaware County Community College.
7. Old Business.
8. New Business.
 - A. Briefing on Chester Upland School District Financing.
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, October 6, 2016 at 10:31 a.m. prevailing time, in Room 515 North Office Building, Harrisburg, Pennsylvania. The proof of the Sunshine advertisement and certification in regard to sending the notice of meeting is attached to these minutes and identified as Appendix "A".

Board Members Present

Steven Heuer, (Proxy for Governor Thomas W. Wolf)
Kelly Phenicie, (Proxy for Senator Lloyd K. Smucker)
Lisa Felix, (Proxy for Senator Andrew E. Dinniman)
Danielle Guyer, (Proxy for Representative Stanley Saylor)
Alan Cohn, (Proxy for Representative Anthony M. DeLuca)
Jennifer Langan, (Proxy for Treasurer Timothy A. Reese)
Victoria Madden, (Proxy for Auditor General Eugene A. DePasquale)
Elizabeth O'Reilly, (Proxy for Secretary of General Services Curtis M. Topper)
Ernie Helling, (Proxy for Secretary of Education Pedro A. Rivera)

Authority Personnel Present

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

Also Present

William McCarty, Esquire, Barley Snyder LLP
Melissa Hughes, Public Financial Management
Joan Stern, Esquire, Eckert Seamans Cherin & Mellott, LLC
Jennifer Caron, Esquire, Eckert Seamans Cherin & Mellott, LLC
Alaina Koltash, Assistant Counsel, Pennsylvania Department of Education

Participated Via Conference Call

Uri Monson, Chief Financial Officer, The School District of Philadelphia
Andre Allen, Phoenix Capital Partners LLP
Paul Clancy, Managing Director, RBC Capital Markets, LLC
John Glavin, Vice President for Administration & Treasurer, Delaware County
Community College
Nick Falgione, Managing Director, PNC Capital Markets

2. APPROVAL OF THE MINUTES OF THE MEETING OF JULY 14, 2016.

A copy of the minutes of the meeting of July 14, 2016, 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 July 14, 2016, be and hereby are approved as presented.

Upon **MOTION** by **Mr. Helling**, and **SECONDED** by **Mr. Cohn**, and after full discussion, the above Resolution was unanimously approved at the SPSBA Board Meeting of October 6, 2016.

3. FINANCIAL REPORTS FOR THE MONTHS OF JUNE, JULY & AUGUST 2016.

The Financial Reports for the months of June, July & August 2016 were 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 Reports of the State Public School Building Authority for the months of June, July & August 2016 as received by this Board, be accepted and filed with the minutes of this meeting.

Upon **MOTION** by **Mr. Cohn**, and **SECONDED** by **Mr. Helling**, and after full discussion, the above Resolution was unanimously approved at the SPSBA Board Meeting of October 6, 2016.

4. REVOLVING LOAN FUND.

Mr. Baccon explained that the Authority closed a \$135,000 loan to the Pennsylvania Highlands Community College. Proceeds will be used to purchase network and computer lab equipment. He also stated that there are no pending projects.

5. AUDIT COMMITTEE REPORT & AUDIT CHARTER.

Chairperson Heuer explained that the Audit Committee met in September to review the audited financials. He asked Ms. Madden if in Ms. Pike-Nase's absence she wanted to make any remarks.

Ms. Madden explained that the Audit Committee met on September 22nd for the exit conference with the independent auditors, attended by Tracey Rash for Maher Duessel.

As in the past the Authority received a clean opinion. The Audit Committee believes that Maher Duessel is doing a very good job and is knowledgeable about the Authorities finances and operations. The Committee did its annual review of the charter and had no recommended changes. The Committee recommends that the audited financial statements be accepted by the Authorities.

6. APPROVAL OF PROJECTS.

A. Resolution Authorizing the Undertaking of a Project on Behalf of The School District of Philadelphia.

Mr. Baccon explained that the School District of Philadelphia has requested that we issue a maximum of \$670,000,000 of revenue bonds to finance the current refunding of all or a portion of the Authority's School Lease Revenue Bonds Series 2006A and a portion of the Authority's School Lease Revenue Bonds Series 2006B.

After completing an RFP and at the request of the school district, the Office of General Counsel has appointed Eckert Seamans Cherin & Mellott, and Griesing Law, as Co-Bond Counsel. Phoenix Capital Partners is the School District's Financial Advisor and The Bank of New York Mellon Trust Company is the Trustee for the Bonds.

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

Joan Stern and Jennifer Caron of Eckert Seamans are in attendance to answer questions and Uri Monson, Chief Financial Officer of the School District and Andre Allen of Phoenix Capital Partners are participating by conference call.

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

Ms. Langan asked how much money the school district is expected to save from the financing.

Mr. Monson explained that they expect to save approximately \$150,000,000 over the life of the bonds.

Chairperson Heuer asked if there were any other questions or comments, and hearing none, he asked for a motion to approve the resolution.

**RESOLUTION OF THE
STATE PUBLIC SCHOOL BUILDING AUTHORITY
AUTHORIZING
THE UNDERTAKING OF A PROJECT ON BEHALF OF
THE SCHOOL DISTRICT OF PHILADELPHIA**

DOCKET NO. 2452

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”) for the benefit of The School District of Philadelphia (the “School District”) consisting of: (a) the current refunding of all or portion of the outstanding maturities of the Authority’s \$317,125,000, original aggregate principal amount, School Lease Revenue Bonds (The School District of Philadelphia Project) Series 2006A (the “Refunded 2006A Bonds”); (b) the current refunding of a portion of the outstanding maturities of the Authority’s \$545,570,000, original aggregate principal amount, School Lease Revenue Bonds (The School District of Philadelphia Project) Series 2006B (the “Refunded 2006B Bonds,” and together with the Refunded 2006A Bonds, the “Refunded Bonds”); and (c) the payment of the costs and expenses of issuing the Bonds (defined below). The maturities to be refunded shall be selected by the School District.

2. In order to finance the Project, the Authority will enter into an appropriate trust indenture or supplemental trust indenture (herein referred to as the “Indenture”) with the Trustee herein appointed, and shall issue up to \$670,000,000 in aggregate principal amount of revenue refunding bonds in one or more series (which may be issued on the same or different dates, and which may be either tax-exempt or taxable bonds) to be designated substantially as the “State Public School Building Authority School Lease Revenue Refunding Bonds (The School District of Philadelphia Project), Series 2016A” with appropriate series designations (such bonds being herein referred to as the “Bonds”). The Bonds shall have a term not to exceed 25 years from the date of their issuance and delivery and shall bear interest at fixed rates acceptable to the School District, shall mature in such principal amounts and at such times, and shall be subject to redemption, all as approved by the Executive Director in consultation with the School District and as further provided in a Bond Purchase Agreement, hereinafter described.

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 of the Authority. The execution of the Bonds by 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 of the Authority is hereby authorized to deliver the Bonds to the Trustee under the Indenture for authentication, and to execute and deliver instructions to the Trustee to deliver the Bonds when so authenticated, on behalf of the Authority, to or upon the order of the purchaser thereof, against receipt of the

purchase price together with any accrued interest, all in accordance with the requirements of the Indenture.

3. The proceeds from the issuance of the Bonds shall be paid to the School District as a lump sum rental payment pursuant to the terms and provisions of an agreement of lease or supplemental lease regarding certain buildings described below between the Authority, as lessee, and the School District, as lessor (the "Lease") and such buildings shall be subleased by the Authority to the School District pursuant to the terms and provisions of an agreement of sublease or supplemental sublease (the "Sublease"). The Lease and Sublease shall cover such buildings of the School District as the Authority and the School District shall agree, including buildings of the School District which are presently subject to similar agreements between the School District and the Authority. The terms of the Lease and the Sublease shall be subject to further approval by the President, any Vice President or the Executive Director of the Authority.

4. The President, any Vice President, or the Executive Director is hereby authorized on behalf of the Authority to accept a purchase proposal for the purchase of the Bonds issued in accordance with the terms of this Resolution (the "Bond Purchase Agreement") with an underwriter or underwriters (the "Underwriter"), or a direct purchaser or direct purchasers of the Bonds, which may be selected upon invitation to bid or by private negotiation, as requested by the School District in consultation with its financial advisor, and the President, any Vice President, the Secretary or any Assistant Secretary, or the Executive Director of the Authority is hereby authorized to approve, execute and deliver the 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 President, any Vice President, or the Executive Director is hereby authorized on behalf of the Authority to execute, to attest, to seal, to acknowledge and to deliver, as applicable, the Escrow Deposit Agreement, dated the date of closing of the Bonds, by and among the Authority, the School District, the Trustee, and the Escrow Agent herein appointed (the "Escrow Deposit Agreement").

The Authority, at the direction of the School District, hereby authorizes the call for redemption of the Refunded Bonds, which are then outstanding on the dates and in the amounts directed by the School District. The Authority hereby directs and requests the Trustee for the Refunded Bonds to give conditional notices of redemption in accordance with such direction by the School District and the terms of the Refunded Bonds and the Indenture, pursuant to which such Refunded Bonds were issued, and to take all other action required to effect the refunding, redemption and payment of the Refunded Bonds.

6. The Authority does hereby authorize the execution and delivery of the following documents relating to the issuance of Bonds of any series authorized hereunder and the financing of the Project: the Indenture, the Lease, the Sublease, the Bond Purchase Agreement, the Escrow Deposit Agreement and any other documents required in connection with the issuance of the Bonds; any tax compliance or similar agreement with respect to any Bonds issued as tax-exempt 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 of the Authority.

7. The President, the Vice President and the Executive Director of the Authority are, and each of them hereby is, authorized to execute, acknowledge and deliver in the name and on behalf of the Authority, and the Secretary or Assistant Secretary are, and each of them hereby is, 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.

8. Any preliminary official statement or final official statement which may be used in connection with the offer and sale of the Bonds shall be in such form as shall be approved, solely as to distribution, by the Executive Director of the Authority with the advice of Bond Counsel. The Executive Director is hereby authorized to execute any such preliminary official statement or final official statement in the name and on behalf of the Authority and to “deem final” any such preliminary official statement within the meaning of Rule 15c2-12 of the Securities and Exchange Commission, and such execution by the Executive Director of the Authority shall constitute conclusive evidence of the Authority’s approval, solely as to distribution, 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.

9. The Bank of New York Mellon Trust Company, N.A. is and hereby is authorized to continue to act as Trustee under the Indenture in connection with the issuance of the Bonds and hereby is appointed as Escrow Agent under the Escrow Deposit Agreement. After completing a Request for Proposal and at the request of the School District, the Office of General Counsel has appointed Eckert Seamans Cherin & Mellott, LLC and Griesing Law LLC, as Co-Bond Counsel in connection with the issuance of the Bonds.

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 and the implementation of this Resolution.

11. The appropriate officers of the Authority, including the President, the Vice President and the Executive Director are, and each of them is, hereby authorized to approve, and to execute and deliver any supplement, amendment or agreement (an “Amendment”) providing for any amendment or other change to any trust indenture, lease agreement, sublease agreement, bond, instrument or other document executed and delivered with respect to the financing of the Project (collectively, the “Bond Documents”) requested by the School District 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 State Public School Building Authority Act, approved by the General Assembly of the Commonwealth of Pennsylvania on July 5, 1947, P.L. 1217, as amended, and the Bond Documents, and (ii) the Amendment will not adversely affect the excludability from gross income of interest on the Bonds for purposes of federal income taxation.

12. The Trustee shall be, by virtue of this Resolution and without further authorization from the Authority, authorized, directed and requested (i) to authenticate and deliver the Bonds upon the request of the Executive Director of the Authority, and (ii) to

invest and reinvest all moneys which by the terms of the Indenture may be invested, or to deposit and redeposit such moneys in such accounts as may be permitted by the Indenture, all subject to the terms and limitations contained in the Indenture.

13. The appropriate officers of the Authority are, and each of them is, hereby authorized to execute and deliver in the name and on behalf of the Authority such other documents and to take such other action as they shall deem necessary in order to effectuate the financing of the Project, the execution, delivery and receipt of the Indenture, the Lease, the Sublease, the Escrow Deposit Agreement and the Bond Purchase Agreement, the distributions of a preliminary official statement and final official statement, and the issuance and sale of the Bonds, all in accordance with this Resolution.

14. The School District has represented to the Authority as follows: (i) the present principal amount of non-electoral general obligation debt of the School District which is outstanding is \$1,902,082,905 and the present principal amount of lease rental debt of the School District, all of which is evidenced by subleases from the Authority, as lessor to the School District as lessee, and which is outstanding is \$1,092,420,000; (ii) the underlying ratings on the School District's outstanding debt without reference to the intercept provisions of the Public School Code of 1949, as amended, are: Fitch Ratings, Inc. – "BB-" (negative outlook) and Moody's Investors Service – "Ba3" (negative outlook); and (iii) the final maturity date of the Bonds will not be more than twenty-five (25) years from the date of issuance thereof, which is anticipated to occur on or about November 16, 2016.

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

Upon **MOTION** by **Mr. Helling**, and **SECONDED** by **Ms. Phenicie**, and after full discussion the above Resolution was unanimously approved at the SPSBA Board Meeting of October 6, 2016.

EXHIBIT A

THE SCHOOL DISTRICT OF PHILADELPHIA

Docket No.	<u>County</u>	<u>Project Description</u>	Maximum Amount <u>To be Financed</u>
2452	Philadelphia	Financing of: (a) the current refunding of all or a portion of the outstanding maturities of the Authority's School Lease Revenue Bonds (The School District of Philadelphia Project) Series 2006A; (b) the current refunding of a portion of the outstanding maturities of the Authority's School Lease Revenue bonds (The School District of Philadelphia Project) Series 2006B; and (c) the payment of the costs and expenses of issuing the Bonds.	\$670,000,000

Maximum Term: 25 years.

Interest Rate: Fixed.

Rating/Insurance: To be determined.

Co-Bond Counsel: After completing a Request for Proposal and at the request of the School District, the Office of General Counsel has appointed Eckert Seamans Cherin & Mellott, LLC and Griesing Law LLC.

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

Financial Advisor: Phoenix Capital Partners LLP.

Underwriter: The underwriter, underwriters or direct purchaser or direct purchasers of the Bonds shall be selected upon invitation to bid or private negotiation as requested by the School District in consultation with its financial advisor.

Minority, Veteran and/or Female Participation in this Financing: Loop Capital Markets, Phoenix Capital Partners LLP and the Griesing Law LLC.

Approved at the SPSBA Board Meeting of October 6, 2016.

6. APPROVAL OF PROJECTS (CONTINUED).

B. Resolution Authorizing the Undertaking of a Project on Behalf of Delaware County Community College.

Mr. Baccon explained that Delaware County Community College has requested that we issue a maximum of \$12,500,000 of revenue bonds to finance renovations to classroom spaces, construction of student pedestrian paths, exterior signage and roof replacement at their Marple Campus and at the Downingtown Campus the construction of a STEM Building.

RBC Capital Markets will serve as Underwriter and The Bank of New York Mellon Trust Company as the Trustee for this issue. After the completion of an RFP and at the request of the College, the Office of General Counsel has appointed Saul Ewing as Bond Counsel.

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

Paul Clancy, of RBC and John Glavin, Vice President for Administration and Treasurer of the College, are participating by phone to answer any questions.

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

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

DOCKET NO. 2454

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. The State Public School Building Authority (the "Authority") shall undertake a project (the "Project") on behalf of Delaware County Community College (the "College") generally anticipated to consist of one or more of the following components: (i) the acquisition, construction, improvement, renovation, furnishing, equipping and installation of certain alterations and improvements, personal property and/or fixtures at the College's Delaware County and Chester County campuses; and (ii) the payment of certain costs of issuing the Bonds (defined below) (including bond insurance or other forms of credit enhancement if advantageous to the College).

2. In order to finance the Project, the Authority will enter into one or more Supplemental Trust Indentures, to be dated as set forth therein (each a "Supplemental Indenture"), which Supplemental Indenture(s) will further amend and supplement a Trust Indenture dated as of October 1, 1993, as previously amended and supplemented (the "Original Indenture," and as further amended and supplemented by the Supplemental Indenture(s), the "Indenture") with The Bank of New York Mellon Trust Company, N.A., as successor trustee (the "Trustee"), and shall issue up to \$12,500,000 (exclusive of any original issue discount) in aggregate principal amount of bonds to be in one or more series issued as either taxable or tax-exempt (which may be issued on the same or different dates) to be designated "State Public School Building Authority, College Revenue Bonds (Delaware County Community College Project), Series of 2016" (or such other designation, as appropriate) with the appropriate alphabetical series designation, as applicable (the "Bonds"). The Bonds shall have a term not to exceed thirty (30) years and shall bear interest at a fixed rate acceptable to the College, 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 of the Authority in consultation with the College and further provided in one or more Bond Purchase Agreements (as hereinafter defined).

The 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 Bonds and approved by the Executive Director. The execution of the Bonds with the manual or facsimile signature of the President of the Authority and the Treasurer of the Authority 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 of the Authority is hereby authorized and directed to deliver the Bonds to the Trustee under the Indenture for authentication and to execute and deliver instructions to the Trustee to deliver the Bonds when so authenticated, on behalf of the

Authority, to or upon the order of the purchaser thereof against receipt of the purchase price together with any accrued interest, all in accordance with the requirements of the Indenture.

3. The proceeds from the sale of the Bonds shall be loaned to the College pursuant to the terms of a Loan and Security Agreement, dated as of October 1, 1993, as previously amended and supplemented (the "Original Loan Agreement," and as further amended and supplemented by one or more Supplemental Loan Agreements, to be dated as set forth therein (each, a "Supplemental Loan Agreement" together with the Original Loan Agreement, the "Loan Agreement"), between the College and the Authority and shall be applied by the College for and towards the costs of the Project including, without limitation, printing and reproduction costs, fees and expenses of bond counsel and underwriter's counsel, 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; the payment of the premium for a policy of municipal bond insurance if determined to be advantageous by the College; and the funding of funds established under the Indenture, to the extent necessary.

4. The President, any Vice President or the Executive Director is hereby authorized to negotiate with the underwriter hereinafter appointed for an acceptable proposal for the purchase of the Bonds issued hereunder, to enter into one or more purchase agreements (each, a "Bond Purchase Agreement") for such purpose in accordance with the terms of this resolution and the President, any Vice President or the Executive Director is hereby authorized to execute and deliver each 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 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 Bonds authorized hereunder, including but not limited to the Indenture, Loan Agreement, Bond Purchase 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 Authority Counsel and as shall be approved by the Executive Director of the Authority.

6. The appropriate officers of the Authority, including the President, the Vice President and the Executive Director are, and each of them is hereby authorized and directed to execute such further documents and do such further things as may be necessary or proper to carry out the intent and purpose of this Resolution or any document herein authorized.

7. The appropriate officers of the Authority, including the President, the Vice President, the Executive Director and any Assistant Executive Director are, and each of them is, hereby authorized to approve, and to execute and deliver any supplement, amendment or agreement (an "Amendment") providing for any amendment or other change to any trust indenture, loan agreement, bond, instrument or other document executed and delivered with respect to the financing of the Project (collectively, the "Bond Documents") requested by the

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, if applicable.

8. The President, any Vice President or the 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 (if any) 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.

9. Any preliminary official statements, reoffering circulars and/or final official statements (collectively, the "Offering Documents") which may be used in connection with the sale and issuance of the Bonds shall be approved, solely as to and for purposes of distribution, by the Executive Director with the advice of Bond Counsel and Authority Counsel. The Executive Director shall be and hereby is authorized and directed to execute any such final Offering Documents, and such execution by the Executive Director shall constitute conclusive evidence of the Authority's approval, solely as to and for purposes of distribution, of such documents. The Authority is hereby authorized to circulate and distribute copies of any such Offering Documents in connection with the Project.

10. RBC Capital Markets, LLC is hereby appointed Underwriter for the Bonds (the "Underwriter"). The Underwriter has selected Eckert Seamans Cherin & Mellott, LLC 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 Bonds and the implementation of this resolution.

Upon **MOTION** by **Ms. Langan**, and **SECONDED** by **Mr. Helling**, and after full discussion the above Resolution was unanimously approved at the SPSBA Board Meeting of October 6, 2016.

EXHIBIT A

DELAWARE COUNTY COMMUNITY COLLEGE

<u>Docket Number</u>	<u>County</u>	<u>Project Description</u>	<u>Maximum Amount To be Financed</u>
2454	Delaware Chester	(i) the acquisition, construction, furnishing, equipping, and installing of certain capital projects at the College's Delaware County Marple Campus and Chester County Downingtown Campus; (ii) the payment of certain costs of issuing the Bonds (defined below) (including bond insurance or other forms of credit enhancement if advantageous to the College).	\$12,500,000*

Term: Not more than thirty (30) years.

Rate: Fixed Rate not to exceed 7.50% per annum.

Rating: "A1" (underlying from Moody's Investor Services, Inc.)

Minority, Veteran and/or Female participation in this issue: McElwee & Quinn (financial printer).

Underwriter: RBC Capital Markets, LLC.

Bond Counsel: After the completion of a Request for Proposal and at the request of the College, the Office of General Counsel has appointed Saul Ewing LLP as Bond Counsel.

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

Approved at the SPSBA Board Meeting of October 6, 2016.

* Exclusive of any original issue discount.

7. OLD BUSINESS.

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

8. NEW BUSINESS.

A. Briefing on a Financing for the Chester Upland School District.

Mr. Baccon explained that on September 13th, he attended a meeting with the Secretary of the Budget to discuss a financing proposal from PNC Capital Markets designed to provide cash flow relief for the struggling Chester Upland School District. Nicholas Falgione, Managing Director from PNC could not be here in person but he is on the phone to explain the proposed financing that we may be bringing back to the board at a future meeting.

Mr. Falgione said that they were tasked with producing a financing structure for Chester Upland School District which would allow them access to capital markets, issue bonds, be able to restructure debt and also make improvements to the school district. The construct that they have been developing is to find a way to take the source of repayment away from Chester Upland so that it is not the district's credit that is supporting the bonds. The idea is that the school district would sell their buildings to the State Public School Building Authority which would purchase them from the proceeds of a Certificate of Participation (COP). The COP would defease the school district's debt and allow it to be restructured. The source of repayment of the COPs would be the direct intercept format that the school district already uses through the Authority. The education subsidy would be directly paid to the bond trustee to retire the certificates. Under this structure, the pre-default intercept mechanism, because of Act 85 that was passed last summer and would see an A2 Moody's rating, which is at a level at where we can transact bonds in the bond market.

The intent is to provide cash relief to the district at about \$1,000,000 per year and also to allow them to make improvement to the district that they have not been able to do. They have been working with the Department of Education (PDE) and they will have to speak to legal counsel once they are engaged because there are certain aspects under the Federal tax law and state law that would be applicable under this type of transaction.

Board members were given a handout detailing this project. Mr. Falgione discussed the handout. He explained the direct intercept has been used before in districts such as Harrisburg School District and Chester Upland, where PDE pays school subsidies directly to a trustee. That particular construct was weakened during the budget impasse and was recognized by legislators. They passed Act 85 last summer to impasse proof the direct intercept format. There are some limitations to it as to how debt service is timed and how state COPs work. The notion is to transfer the school district's assets

to the SPSBA, which is backed by the COPs. The COPs are backed by the Act 85 intercept. All of this is in a very attractive interest rate environment.

The district has three pieces of debt. They have two bonds that were issued by the Authority in 2011 and 2014. Both are backed by the direct pay intercept. They also have General Obligation bonds (GO) which were issued in 2008.

In 2011, the SPSBA issued school revenue bonds and made a lump sum payment to the district and allowed the Authority to lease the facilities from the school district and the district subleases them back from the Authority so that they can use them for classes. The school district's repayment is the appropriation for February and August Basic Education subsidy. The district has been taken out of the entire loop, where the Commonwealth is appropriating the Basic Education subsidy to pay the bonds. These are equivalent to lease payments that the district is making.

They need to unravel the current structure allowing the lease to terminate. The district's buildings would revert back to them and would allow them to sell the buildings to the Authority to initiate the second transaction.

The district's existing debt is fairly short but is also fairly high because of their means to pay for it. Part of the plan is to restructure the debt to lower the overall payment to a \$7.5 million level versus an \$8.7 million level. The district has the various series of bonds and they have two loans from the Commonwealth that were used to help the district's budget over the last couple of years. The total being about \$8.7 million over the next several years.

The district is trying to raise about \$30,000,000 for capital improvements.

There are some tax issues and state law issues that they need to review with bond counsel once they are engaged. They believe they know the answers but they want to review them with counsel so that the approach can be adjusted if needed. The issues included federal tax laws treatment with the defeance and refunding. Also, how they remediate the existing bonds for tax law purposes. Other issues include asset useful life and term of the lease, sale price of the facilities, structuring and timing of the intercept payments, the termination of the lease once the bonds are paid off and the returning of the assets to the school district.

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

Ms. Langan asked what was the district's current subsidy payment.

Mr. Falgione indicated that according to their 2015, their general fund state revenues is \$90,000,000 with a budget of \$118,000,000.

Ms. Langan asked if we had done this type of financing before with the School District of Philadelphia.

Mr. Baccon indicated that this financing is different.

Ms. Langan asked if the Authority would hire our own counsel to represent us on these transactions in case something happens to one of the buildings.

Mr. Baccon said that it would be our intention not to have any liability.

Ms. Phenicie asked that because Chester Upland is in financial recovery and their governance is by receivership and all of their changes have to be approved by the Court of Common Pleas of Delaware County, will this all have to go through that process as well.

Chairperson Heuer indicated that the receiver is going to court within the next couple of weeks to discuss this along with some other things. He will be bringing it up when he goes to court.

Ms. Phenicie asked what improvements were included in the \$30,000,000.

Mr. Falgione indicated that it is to improve the high school so the entire building can be accessed for class work. He did not have a detailed list of the capital project yet.

Chairperson Heuer said that they will request that information from the receiver.

Ms. Felix asked if the subsidy was coming from the Basic Education Subsidy.

Mr. Falgione explained that the Basic Education Subsidy is received throughout the school year in five or six installments and this is how the current debt is being paid. The notion is to intercept the February and August Basic Education Subsidy to pay debt directly from the Commonwealth to the trustee. He indicated that the existing intercepts will be canceled because the old debt will be paid off. The only intercept that would be in place is the new intercept for the new certificates and the lease payments associated with them. Their current debt is amount \$8.7 million per year. The intent is to lower the annual debt service to give them some relief and they will actually get more of the Basic Education Subsidy in hand. It is just over a longer period of time. This is not intended to increase the debt service burden.

Chairperson Heuer asked if the 2008 Series will remain outstanding.

Mr. Falgione said that they have different scenarios that they are running. They know for sure that the 2011 and 2014 Series must come off the books. He is not sure how the GO debt will be treated. That is something that they must work through with

counsel. They also have state aid debt that is at zero percent, so there is no reason to pay it off sooner.

Chairperson Heuer indicated that there are questions that still need to be answered and they will update everyone with additional information.

Ms. Phenicie asked what is the time frame for the transaction.

Mr. Faligone said that he has a meeting with the Secretary of Education next week to get more information on the timing and the objective being finalized.

Chairperson Heuer said that he believes that the goal is to get this finalized before the calendar year.

Mr. Falgione said that the one outstanding factor is to get legal counsel in place. It could be done by the end of the year if that was the intent.

Mr. Baccon indicated that bond counsel should be appointed by the 20th of October. The RFP is out and responses are due by October 14th.

Ms. Langan asked if the Commonwealth's bond rating would be used for this transaction.

Chairperson Heuer said that it would be the intercept's rating.

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

Mr. Baccon said that the Authorities have a new website that is up and running. He believes that it is much improved.

Chairperson Heuer indicated that because of the Chester Upland project the next board meeting may be in a few weeks.

9. ADJOURNMENT.

There being no further business to come before the Board at this time, upon **MOTION** by **Mr. Helling**, and **SECONDED** by **Ms. Langan**, the SPSBA Board Meeting was adjourned at 10:55 a.m.

SUNSHINE ACT MEETING NOTICES THURSDAY, SEPTEMBER 22, 2016

SUNSHINE ACT MEETING NOTICES

Thursday, September 22, 2016

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

Special, Aggregate Advisory Board: Regulatory, Legislative and Technical (RLT) Committee Meeting, 9/28/2016, 10 AM, 14th Floor Conference Room, Rachel Carson State Office Building, 400 Market St., HBG., Contact: Daniel E. Snowden, D.Ed. 783-8846, Meeting will also be offered as a Web-Ex session

Cancelled, State Board of Examiners in Speech-Language Pathology and Audiology Meeting, 9/30/2016, 9:30 AM, 2601 N. 3rd Street, HBG., Contact: Molly Smith 214-1891

Special, State Public School Building Authority and PA Higher Educational Facilities Authority Meetings, 10/6/2016, 10:30 AM, Room 515 North Office Bldg, HBG., Contact: Bev Nawa 975-2204

Transportation Advisory Committee Meeting, 10/13/2016, 10 AM, Keystone Commonwealth Building, Room 8N1, HBG., Contact: Ellen Sweeney 787-2913

Appeared in: ***Patriot-News*** on Thursday, 09/22/2016

STATE PUBLIC SCHOOL BUILDING AUTHORITY
PENNSYLVANIA HIGHER EDUCATIONAL FACILITIES AUTHORITY
Notice of the Meeting of the Board to be Held
October 6, 2016

Notice was in letter form, 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, October 6, 2016, at 10:30 a.m., in Room 515 North Office Building, Harrisburg, Pennsylvania**, for the purpose of: (a) approving certain projects for financing; and, (b) consideration of such other matters as may properly come before the Board.

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

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

Sincerely,

/s/ Robert Baccon

Robert Baccon
Executive Director

Enclosures

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Harrisburg, PA

I CERTIFY that the notice on the previous page for the October 6, 2016, meetings was dispatched to the following on September 20, 2016, at the addresses indicated, constituting all of the members of the Board of the State Public School Building Authority and the Pennsylvania Higher Educational Facilities Authority.

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

GIVEN under my hand and seal this 20th day of September 2016.

/s/ Robert Baccon

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