

Meeting of the Board
PENNSYLVANIA HIGHER EDUCATIONAL FACILITIES AUTHORITY
July 19, 2017
Room 515 North Office Building
Harrisburg, Pennsylvania
10:34 a.m. Prevailing Time

MINUTES

1. Call to Order, Filing of Proof of Sunshine Notice and of Sending Notice of the Meeting, Roll Call and Announcement of Quorum
2. Approval of the Minutes of the Meeting of March 30, 2017
3. Audit Committee Entrance Conference & Investment Policy Annual Review
4. Approval of Projects
 - A. Resolution Authorizing the Undertaking of a Project on Behalf of the State System of Higher Education
5. Old Business
 - A. Project Update
6. New Business
7. Adjournment

1. CALL TO ORDER, FILING OF PROOF OF SUNSHINE NOTICE AND OF SENDING NOTICE OF THE MEETING, ROLL CALL AND ANNOUNCEMENT OF QUORUM

With a quorum of the Board being present, the meeting of the Board of the Pennsylvania Higher Educational Facilities Authority was called to order on Wednesday, July 19, 2017 at 10:34 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)
Lisa Felix, (Proxy for Senator Andrew E. Dinniman)
Danielle Guyer, (Proxy for Representative Stanley E. Saylor)
Linda Dolfi, (Proxy for Representative Anthony M. DeLuca)
Christopher Craig, (Proxy for Treasurer Joseph M. Torsella)
Tiffany Raker, (Proxy for Auditor General Eugene A. DePasquale)
Matthew Bembenick, (Proxy for Secretary of General Services Curtis M. Topper)
Alaina Koltash, (Proxy for Secretary of Education Pedro A. Rivera)

Board Members Absent

Senator John H. Eichelberger Jr.

Authority Personnel Present

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

Also Present

William McCarty, Esquire, Barley Snyder LLP
Dr. Andrew Armagost, Assistant Executive Director Education Committee
Joel Snavely, Treasury Manager, State System of Higher Education
Nilda Sather, Senior Treasury Accountant, State System of Higher Education
Theresa Weaver-Barbers, Intern for the Department of the Auditor General

2. APPROVAL OF THE MINUTES OF THE MEETING OF MARCH 30, 2017

A copy of the minutes of the meeting of March 30, 2017, was distributed to the Board Members prior to this meeting. It is therefore recommended that consideration be given to the adoption of the following Resolution:

RESOLVED That the minutes of the PHEFA meeting of March 30, 2017, be and hereby are approved as presented.

Upon **MOTION** by **Ms. Koltash**, and **SECONDED** by **Mr. Bembenick**, and after full discussion, the above Resolution was unanimously approved at the PHEFA Board Meeting of July 19, 2017.

3. AUDIT COMMITTEE ENTRANCE CONFERENCE & INVESTMENT POLICY ANNUAL REVIEW

Chairperson Heuer asked that the minutes reflect Mr. Player's summary of the Audit Committee Entrance Conference and Investment Policy Annual Review from the State Public School Building Authority Board Meeting Minutes.

Mr. Player explained that the annual review of the investment policy produced one minor change. Instead of listing all prior review dates, the investment policy will only list the most recent review. Mr. Player distributed a copy of the change in the Investment Policy to each Board Member.

The other topic discussed at the Audit Committee Entrance Conference was the fact that bond issuance has rebounded from the prior year for both State Public School Building Authority (SPSBA) and Pennsylvania Higher Educational Facilities Authority (PHEFA). Mr. Player distributed a handout to show bond issues by fiscal year. Mr. Player said that there are a few SPSBA projects pending but currently only one for PHEFA. Mr. Player said that he hoped to get more projects.

Mr. Player added that everything is set up for the current year's audit and he anticipates that it will go smoothly.

Chairperson Heuer asked if board members had any questions, and hearing none, he moved to the Approval of Projects.

4. APPROVAL OF PROJECTS

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

Mr. Baccon explained that The State System of Higher Education (SSHE)

has requested that we issue a maximum of \$140,945,000 in Revenue Bonds. The financing will include a new money portion to finance the construction and renovation of academic and athletic facilities at Indiana University; renovation of academic facilities and construction of a guaranteed energy savings act project at Slippery Rock University; and construction of a parking structure at West Chester University. We will also advance refund all or a portion of our Series AH of 2008 Revenue Bonds.

The underwriting for the Bonds will be put out for public bid. After completing an RFP and at the request of the System, the Office of General Counsel has appointed Kutak Rock and Turner Law as Co-Bond Counsel. The Bank of New York Mellon Trust Company will serve as the Trustee for this issue.

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

Joel Snavelly, Treasury Manager of the State System was in attendance to answer questions.

Chairperson Heuer opened the floor to any questions from board members.

Mr. Craig questioned if the credit rating for the SSHE traditionally parallels the credit rating of the Commonwealth of Pennsylvania.

Mr. Snavelly explained that traditionally it has been one notch below. However, currently both have the same rating. He said that SSHE had a negative outlook but he wasn't sure if the Commonwealth had a negative outlook as well.

Chairperson Heuer said that the Commonwealth currently has a negative outlook on Standard & Poor's.

Mr. Craig inquired what would happen if the legislature was unable to pass a revenue package. He wondered if the credit rating agencies might take the negative outlook and downgrade the Commonwealth's rating. He also wondered if, in that situation, they anticipated a SSHE downgrade would follow.

Mr. Snavelly explained that his conversations with Moody's and Fitch indicate that there is not a direct relationship like there was in the past. This is due to the fact that reliance on budget and operations for appropriations is less than what it used to be. At one time reliance on appropriations was 60% and now it is down to about 22%. Mr. Snavelly said that doesn't mean there won't be pressure or that it won't happen. However, it will not be immediate.

Mr. Craig asked if the debt service cost for the loan comes from all sources that go to the SSHE and not just the annual appropriation from the Commonwealth.

Mr. Snavelly said that there are two sources of funds for debt service payments. The auxiliary side includes dining halls and residence halls. These are funded through student fees. The other side is Educational and General (E&G)

type projects which include academic buildings, etc. and that funding comes from appropriations and general operations.

Mr. Craig explained that he wanted to get a better understanding of whether these auxiliary fees may come from all of the different state schools. For example, he wondered if the funds for the parking garage project at West Chester could come from auxiliary fees assessed at both West Chester and Slippery Rock.

Mr. Snively explained that the West Chester parking garage project would be paid strictly with West Chester auxiliary fees.

Mr. Craig thought that a fairly significant portion of this funding was dependent on timely and sufficient annual appropriations in the general fund. He inquired if that was accurate.

Mr. Snively felt that was accurate. He stated that two years ago when the budget wasn't passed until January or February, they monitored cash flow and they had no problems. Mr. Snively added that because the expense side of the budget was already passed, they are able to drawdown appropriations.

Mr. Craig questioned if the project would still move forward, regardless of the increased cost, if the credit was downgraded.

Mr. Snively explained that they have already discussed this possibility and plan to move forward regardless. He mentioned that they would have to talk to their financial advisor to get updated numbers. However, they felt there was not much difference between A and AA rating given their history and credit.

Mr. Craig said that he always thought it was 50 basis points.

Chairperson Heuer said he thought 50 basis points was a little high. He thought it ranged between 15 and 20 basis points depending where you are on the scale.

Mr. Snively said that there has been a lot of convergence on those scales in the last decade.

Chairperson Heuer agreed that the interest rate spreads are pretty tight now.

Mr. Craig requested that the Board be updated on the impact on the financing if there was a downgrade for the SSHE. He said that additional information would be helpful to gauge any credit impact.

Mr. Craig stated that his next series of questions relate to both SPSBA and PHEFA's progress in directing bond counsel to minority firms. Mr. Craig asked if the Authorities are seeing any financial pressure or challenges based on the reduction of transactions coming to the Authorities.

Mr. Baccon explained that the Authorities are not recognizing any financial pressure. He said that we obviously have seen some impact based on the changes

in bond counsel policy. Mr. Baccon stated that under the next item, old business, he was planning to mention a couple of colleges that have refunded our bonds through other authorities. We can say, with good certainty, that Bryn Mawr College, Gwynedd Mercy College and the Foundation for the Indiana University of Pennsylvania are all going somewhere else because of the new bond counsel policy. They are continuing to use the same bond counsel that they have used on prior deals. However, they have all selected another issuing authority to avoid having to choose a new bond counsel.

Mr. Craig requested that the Board receive information on deal opportunities missed due to the new bond counsel policy. He suggested that a list be prepared to show the bond counsel and co-bond counsel firms that have been used since the change in policy and the amount. Mr. Craig added that the premise behind the new bond counsel policy was to spread the work out among many different firms. He would like to see if the same two firms are getting all of the work.

Ms. Felix asked how many times, since the change in policy, a co-bond counsel has been used.

Mr. Baccon stated that it has been pretty consistent since the change in policy.

Ms. Felix noticed that this project had a co-bond counsel at the request of the SSHE. She inquired if there is always an opportunity to request a co-bond counsel.

Mr. Baccon said that firms were evaluated through an RFP. A minority firm, Turner Law, was used as co-bond counsel to get additional points on the RFP scoring.

Chairperson Heuer added that there is a certain percentage of time and work that is allocated to a co-bond counsel.

Ms. Felix wanted to clarify why it was at the request of the SSHE.

Mr. Baccon explained that the SSHE requested the Office of General Counsel make the appointment after doing an RFP. The SSHE evaluated the RFP and came up with Kutak Rock and Turner Law. Then the SSHE requested that the Office of General Counsel make the appointment of bond counsel.

Mr. Craig explained that the new bond counsel policy attaches extra points for minority participation. He questioned whether it is truly diversified if big law firms, although they are diversified, pick one or two minority firms. He provided the example that three big firms (Pepper Hamilton, Ballard Spahr and Duane Morris) may all select Turner Law as co-bond counsel to get points. This is acceptable, but the whole premise was to spread the work among many firms.

Dr. Armagost inquired whether the debt financing costs, that are not auxiliary, are already assumed in the SSHE's recently adopted budget.

Mr. Snively said that, yes, these projects are planned well in advance. The costs related to debt service are part of the budget process.

Chairperson Heuer explained that every year the Department of General Services does a five-year capital spending plan. That includes the SSHE and all of the other agencies. They know, well in advance, what the spending needs will be for the next few years.

Ms. Felix asked about the savings from the refunding of the SSHE Revenue Bonds, Series AH of 2008.

Mr. Snively explained that there was a document in the agenda to explain that. The current savings estimates are \$8.4 million on a net present value or 8.7%.

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

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

DOCKET NO. 670

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. The Pennsylvania Higher Educational Facilities Authority (the "Authority") shall undertake the financing of a project (the "Project") on behalf of the State System of Higher Education (the "System" or "SSHE") consisting of (i) construction and renovation of academic and athletic facilities at Indiana University of Pennsylvania; (ii) renovation of academic facilities at Slippery Rock University of Pennsylvania; (iii) construction of a guaranteed energy savings act (GESA) project at Slippery Rock University of Pennsylvania; (iv) construction of a parking structure at West Chester University of Pennsylvania; (v) advance refunding of all or a portion of PHEFA's SSHE Revenue Bonds, Series AH of 2008; and (vi) the financing of contingencies and payment of costs and expenses incident to the issuance of the Bonds; provided, however, that the Executive Director of the Authority, at the request of the System, shall have the power to add, delete or replace for any component of the Project but only to the extent permitted by the Pennsylvania Higher Educational Facilities Authority Act of 1967, as amended, and the federal income tax laws from time to time in effect.

2. In order to finance the Project, the Authority will enter into one or more supplements to its existing Trust Indenture dated as of June 1, 1985, as heretofore supplemented (the "Indenture") with The Bank of New York Mellon Trust Company, N.A. (heretofore successor trustee to Mellon Bank, N.A., Chase Manhattan Trust Company, National Association, and J.P. Morgan Trust Company, National Association) (the "Trustee") and shall issue up to \$140,945,000 in aggregate principal amount of taxable and/or tax-exempt bonds in one or more series (which may be issued on the same or different dates) to be designated "Pennsylvania Higher Educational Facilities Authority State System of Higher Education Revenue Bonds, Series of 2017" with an appropriate alphabetical series designation, commencing with the letter "AU", or a similar designation (the "Bonds"). The Bonds shall have a term not to exceed 30 years and shall bear interest at fixed or variable rates acceptable to the proper officers of the System, shall mature in such principal amounts and at such times, and shall be subject to redemption, all as approved by the Executive Director in consultation with the System and as further provided in the proposal or other purchase agreement hereinafter defined and described.

In the event the System requests that the Bonds of any series bear interest at a variable rate rather than a fixed-rate, the Executive Director is hereby authorized to approve the initial interest rate to be borne by such Bonds and the variable interest rate formula, if any, to be used in determining interest due on the Bonds thereafter, and to appoint an

indexing agent and/or remarketing agent and to take such other action as may be required in connection with a variable interest rate.

The Bonds shall be limited obligations of the Authority, payable only from payments made by the System under the Loan Agreement (defined herein). The Bonds shall be issued in such denominations and form(s) and with such terms as shall be set forth in the supplement to the Indenture authorizing the issuance of the Bonds (the "Supplemental Indenture") and approved by the Executive Director. The execution of the Bonds with the manual or facsimile signature of the President of the Authority together with the official seal or a facsimile of the official seal of the Authority and the attestation thereof by the manual or facsimile signature of the Secretary or Assistant Secretary is hereby authorized. The Executive Director is hereby authorized to deliver the Bonds to the Trustee under the Indenture for authentication, and to execute and deliver instructions to the Trustee to deliver the Bonds when so authenticated, on behalf of the Authority, to or upon the order of the purchaser thereof against receipt of the purchase price therefore together with any accrued interest, all in accordance with the requirements of the Indenture and/or any supplement thereto.

3. The proceeds from the sale of the Bonds shall be loaned to the System pursuant to the terms of one or more supplements to the Loan and Security Agreement between the Authority and the System dated as of June 1, 1985, as supplemented (the "Loan Agreement"), and shall be applied by the System for and toward the costs of the Project including (a) the payment of all or a portion of the costs of issuance of the Bonds, including without limitation, printing and reproduction costs, fees and expenses of bond counsel, the underwriter and the financial advisor of the System, fees and expenses of the Trustee, and administrative costs and expenses of the System and the Authority, all upon submission of the proper documentation thereof; (b) payment of the premium for a policy of municipal bond insurance, or other credit enhancement or liquidity enhancement, if determined to be advantageous by the proper officers of the System; and (c) the funding of any required reserve fund and other funds established under the Indenture and the Supplemental Indenture.

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

5. The use of form of Official Invitation for Proposals and the form of Proposal, all with respect to the offering for sale of the Bonds, in the forms approved by the Executive Director with the advice of bond counsel and Authority counsel, is hereby authorized and approved. The Executive Director is hereby authorized and directed to distribute such forms of Official Invitation for Proposals and Proposal among and to prospective purchasers of the Bonds.

6. The President, any Vice President or the Executive Director is hereby authorized, upon receipt of an acceptable Proposal for the purchase of any Series of the Bonds issued hereunder, or upon the private sale of the Bonds by negotiation, to enter into one or more purchase agreements for such purpose in accordance with the terms of this resolution and the President, any Vice President, the Secretary or any Assistant Secretary, or the Executive Director is hereby authorized to execute and deliver the particular purchase agreement or agreements on behalf of the Authority and to take such further action as he or she deems necessary or advisable to carry out the obligations of the Authority thereunder.

7. The Authority does hereby authorize the execution and delivery of the following documents relating to the issuance of Bonds of any series authorized hereunder and the financing of the Project: any supplement to the Indenture and the Loan Agreement; any remarketing agreement and/or indexing agent agreement if any series of Bonds shall bear interest at a variable rate; an escrow deposit agreement in connection with the refunding of the advance refunded bonds; any insurance agreement (which shall be issued to the System as obligor to the insurer) or other agreement that may be required by the issuer of any municipal bond insurance policy or other credit enhancement for the Bonds, and any other document to which the Authority is a party and which is required in connection with the financing of the Project; all in such form as shall be acceptable to bond counsel, the Office of General Counsel, the Attorney General of the Commonwealth and Authority Counsel and as shall be approved by the Executive Director.

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

9. Any preliminary official statement and/or final official statement which may be used in connection with the offer and sale of the Bonds shall be in such form as shall be approved solely as to and for purposes of distribution by the Executive Director with the advice of bond counsel. The Executive Director is hereby authorized to deliver any such preliminary official statement and to execute and deliver and deem final the final official statement in the name of and on behalf of the Authority, and such execution by the Executive Director shall constitute conclusive evidence of the Authority's approval solely as to and for purposes of distribution of such documents. The circulation and distribution

of copies of any such documents in connection with the placement or offering of the Bonds is hereby authorized.

10. The Bank of New York Mellon Trust Company, N.A. as successor Trustee to J.P. Morgan Trust Company, National Association, Pittsburgh, PA, as successor Trustee to Chase Manhattan Trust Company, National Association, and as successor trustee to Mellon Bank, N.A., shall be and is hereby authorized to act as Trustee under the Indenture in connection with the issuance of the Bonds. After completing an RFP and at the request of the System, the Office of General Counsel has appointed Kutak Rock, LLP and Turner Law, P.C. as Co-Bond Counsel for this issue.

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

13. The appropriate officers of the Authority, including the President, any 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, loan agreement, bond, instrument or other document executed and delivered with respect to the financing of the Project (collectively, the "Bond Documents") requested by the System and approved by all other necessary parties, provided that (a) the officer executing the Amendment shall have determined that the Amendment will not adversely affect the Authority, such determination to be conclusively evidenced by such officer's execution of the Amendment and (b) the Authority shall have received an opinion of counsel in form and substance satisfactory to the Authority that (i) the Amendment is permitted under the Act and the Bond Documents, and (ii) the Amendment will not adversely affect the excludability from gross income of interest on any tax-exempt Bonds for purposes of federal income taxation.

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

Upon **MOTION** by **Mr. Bembenick**, and **SECONDED** by **Ms. Dolfi**, and after full discussion, the above Resolution unanimously was approved at the PHEFA Board Meeting of July 19, 2017.

EXHIBIT A
STATE SYSTEM OF HIGHER EDUCATION
SERIES AU OF 2017

<u>Docket No.</u>	<u>Counties</u>	<u>Project Description</u>	<u>Maximum Amount to be Financed</u>
670	Various	(i) construction and renovation of academic and athletic facilities at Indiana University of Pennsylvania; (ii) renovation of academic facilities at Slippery Rock University of Pennsylvania; (iii) construction of a guaranteed energy savings act (GESA) project at Slippery Rock University of Pennsylvania; (iv) construction of a parking structure at West Chester University of Pennsylvania; (v) advance refunding of certain of PHEFA's SSHE Revenue Bonds, Series AH of 2008; and (vi) the financing of contingencies and payment of costs and expenses incident to the issuance of the Bonds;	\$140,945,000

Term: Up to 30 years.

Rate: Variable or Fixed.

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

Underwriter: To be determined by Competitive Bid.

Bond Counsel: After completing an RFP and at the request of the System, Kutak Rock, LLP and Turner Law, P.C. have been appointed Co-Bond Counsel by the Office of General Counsel.

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

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

Approved at the PHEFA Board Meeting of July 19, 2017.

Pennsylvania's State System of Higher Education Projects Background

Indiana University

- **Miller Stadium Improvements**—This project will provide a variety of Americans with Disabilities Act (ADA) compliance upgrades to rest rooms, handrails, and bleachers (including accessible viewing platforms) throughout the stadium. It will also replace the running track and upgrade the concession area facilities. The total cost of these upgrades is estimated at \$2.5 million. This will be financed for 15 years and is anticipated to be the only borrowing for this project. Source of funds for payment of debt service is from operations.
- **Elkin Hall Renovation**—The Center for Multicultural Student Leadership and Engagement is in need of consolidation and expansion. The university has identified Elkin Hall as a suitable building to house this program. The university intends to renovate the first floor to provide ample space to consolidate the Center into one location. The remaining floors will continue to be available for student housing. This is anticipated to be the only borrowing for this project. The renovations are estimated at \$2.8 million; debt service will be funded from operations and financed 20 years.

Slippery Rock University

- **Strain Behavioral Science Building**—The building was constructed in 1938 and has not had a significant renovation since. Most building systems are well beyond their useful life and interior spaces are not configured adequately to meet the classroom and laboratory needs of the Safety Management Program occupying the building. The renovation will address the backlog of deferred maintenance, reconfigure spaces, and construct a small 2,000-square-foot addition to meet the space requirements of the building's academic programs. Estimated cost is \$5.2 million, which will be bond financed for 20 years. This is anticipated to be the only borrowing for this project. Source of funds for payment of debt service is from operations.
- **Bailey Library**—The building was constructed in 1973, and limited portions have had some renovation. The building is not ADA compliant, and systems are beyond their useful life. This project will update student study spaces, upgrade the HVAC system, replace windows, renovate restrooms, and make other modifications to improve egress and efficiency of the space. Estimated cost is \$5.5 million, which will be bond financed for 15 years. This is anticipated to be the only borrowing for this project. Source of funds for payment of debt service is from operations.
- **GESA**—The university is seeking to bond finance a Guaranteed Energy Savings Act (GESA) project. The project is estimated at \$15.4 million. The estimate includes all costs related to the investment such as design, construction, management, financing costs, and conservative assumptions for future utility cost increases. The work planned includes lighting upgrades and controls, water conservation upgrades, HVAC equipment replacement, building operating system upgrades and modifications, window replacement, steam trap repairs, and new roofing. In addition to producing

energy savings, most of the systems being replaced or upgraded are well beyond their useful life and in need of replacement. This is anticipated to be the only borrowing for this project. Bond financing will be for 20 years and source for payment of debt service will be from annual energy savings achieved.

West Chester University

West Chester University is seeking to construct a mixed-use facility currently known as The Commons. The facility will include Educational and General (E&G) and Auxiliary space. The university has a significant shortage of E&G office, classroom, and laboratory space. This project will help to reduce, but will not eliminate, that shortfall. The proposed occupants for the E&G space include the College of Health Sciences and College of Sciences and Mathematics. This project will allow the College of Health Sciences: Administration, Health, Nutrition, and Nursing, to consolidate on the university's main campus. Those departments are currently located at South Campus or in rented facilities off campus. These E&G spaces will total approximately 115,000 GSF. This portion of the project will be funded using \$36 million in existing reserve funds saved for this purpose and \$41 million of System bond financing. The debt service for the financed portion will be paid with university operating funds.

The Auxiliary space will include a new 50,000 GSF dining facility. Dining services and catering have been located in Lawrence Hall since 1965. Unfortunately, with the extensive utility system life cycle replacement needs, it is not feasible to renovate the building while occupied or to close the building for renovations for two academic years. This portion of the project will be funded with approximately \$16.5 million in Auxiliary reserve funds and \$14.5 million in System bond financing. The dining fees are expected to increase 6.5% (\$62 – \$96) per plan per semester to help fund the debt service. To satisfy local code requirements, the university will also construct a 460-space parking garage. The parking portion of the project will be funded with parking meter and parking permit revenue; those rates for the new building will be consistent with existing rates charged for garage parking. The student parking and transportation fee is also expected to increase approximately \$15 per semester.

The construction of the parking garage will be partially funded, \$9 million, with this bond issue. The university will use its reserves first before seeking the remaining sources of funding with bond proceeds. This project is anticipated to be funded over a series of bond issues during the course of the next couple of years. This project will be financed for 25 years.

The total cost of this project is estimated at \$123 million. The table below reflects the sources of funding.

Type	University Reserves	Bond Funding	Total Funding
E&G (Academic)	\$36,000,000	\$41,000,000	\$ 77,000,000
Auxiliary (Dining)	16,473,000	14,527,000	31,000,000
Parking	0	15,000,000	15,000,000
Total	\$52,473,000	\$70,527,000	\$123,000,000

Refunding Bonds

The State System is looking to advance refund all or part of PHEFA's SSHE Revenue Bonds, Series AH of 2008. Current savings estimates are \$8.4 million on a net present value basis or 8.7%.

5. OLD BUSINESS

A. Project Update

Chairperson Heuer asked if there was any old business to come before the Board.

Mr. Baccon said that he had already addressed old business during the Approval of Projects section of the Meeting. A summary of his comments is reflected here.

Mr. Baccon said that we can say, with good certainty, that Bryn Mawr College, Gwynedd Mercy College and the Foundation for the Indiana University of Pennsylvania are all going somewhere else because of bond counsel selection. They are continuing to use the same bond counsel that they have used on prior deals. However, they have all selected another issuing authority to avoid having to choose a new bond counsel.

Also discussed earlier, Mr. Craig requested that the Board receive information on deal opportunities missed due to the new bond counsel policy. He suggested that a list be prepared to show the bond counsel and co-bond counsel firms that have been used since the change in policy and the amount. Mr. Craig added that the premise behind the new bond counsel policy was to spread the work out among many different firms. He would like to see if the same two firms are getting all of the work.

6. NEW BUSINESS

Chairperson Heuer inquired whether the information requested by Mr. Craig could be sent out before the next board meeting.

Mr. Baccon said that it would be taken care of.

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

7. ADJOURNMENT

There being no further business to come before the Board at this time, upon **MOTION** by **Ms. Dolfi**, and **SECONDED** by **Mr. Bembenick**, the PHEFA Board Meeting was adjourned at 10:49 a.m.

SUNSHINE ACT MEETING NOTICES THURSDAY, JUNE 29, 2017

SUNSHINE ACT MEETING NOTICES

Thursday, June 29, 2017

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

State Civil Service Commission Hearings, 7/13/2017, 10 AM, 4th Floor Hearing Room, Contact: Bernadette Hatok 717-787-6976

Cancelled, Environmental Quality Board meeting, 7/18/2017, 9:00 AM, and Cancelled, Citizens Advisory Council meeting, 7/18/2017, 10:00 AM, Room 105, Rachel Carson State Office Building, 400 Market Street, HBG, Contact: Lee Ann Murray 717-787-8171

State Civil Service Commission Meeting, 7/19/2017, 10:30 AM, 4th Floor Meeting Room, 320 Market Street ,HBG., Contact: Bernadette Hatok 717- 787-6976

Special, State Public School Building Authority and Pennsylvania Higher Educational Facilities Authority, 7/19/2017, 10:30 AM, Room 515, North Office Building, HBG, Contact: Bev Nawa 717-975-2204

Cancelled, Constables' Education and Training Board Meeting, 8/10/2017, 10:00 AM, PA Commission on Crime and Delinquency, 3101 North Front Street, Commission Room (Ground Floor), HBG., Rescheduled, Constables' Education and Training Board Meeting, 8/17/2017, 10:00 AM, PA Commission on Crime and Delinquency, 3101 North Front Street, Commission Room (Ground Floor), HBG, Contact: Luanne Melia 717-265- 8497

Appeared in: *Patriot-News* on Thursday, 06/29/2017

STATE PUBLIC SCHOOL BUILDING AUTHORITY
PENNSYLVANIA HIGHER EDUCATIONAL FACILITIES AUTHORITY
Notice of the Meetings of the Board to be Held
July 19, 2017

Notice was in letterform, as follows:

This letter advises that meetings of the State Public School Building Authority and the Pennsylvania Higher Educational Facilities Authority Boards will be held on **Wednesday, July 19, 2017**, 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 you plan to be present at the meetings and return same to us.

Sincerely,

/s/ Robert Baccon

Robert Baccon
Executive Director

Enclosures

* * * * *

Appendix A

Harrisburg, PA

I CERTIFY that the notice on the previous page for the July 19, 2017, meeting was dispatched to the following on June 26, 2017, at the addresses indicated, constituting all of the members of the Board of 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
John H. Eichelberger Jr., Designated by the President Pro Tempore of the Senate
292 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
245 Main Capitol Building, Harrisburg, PA
Anthony M. DeLuca, Designated by the Minority Leader of the House of Representatives
115 Irvis Office Building, Harrisburg, PA
Joseph M. Torsella, 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 26th day of June 2017.

/s/ Robert Baccon

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