

Meeting of the Board
STATE PUBLIC SCHOOL BUILDING AUTHORITY
October 31, 2013
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 September 19, 2013.
3. Financial Reports for the Months of August and September 2013.
4. Revolving Loan Fund.
5. Audit Committee Report and Review of the Audit Committee Charter.
6. Approval of Projects.
 - A. Resolution Authorizing the Undertaking of a Project on Behalf of Montgomery County Intermediate Unit, No. 23.
 - B. Resolution Authorizing the Undertaking of a Project on Behalf of the Community College of Allegheny County.
7. Old Business.
8. New Business.
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 31, 2013 at 10:30 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

Brian Zweiacher, (Proxy for Governor Thomas W. Corbett)
Jennifer Smeltz, (Proxy for Senator Michael J. Folmer)
Lisa Felix, (Proxy for Senator Andrew E. Dinniman)
Sean Dempsey, (Proxy for Representative Warren E. Kampf)
Alan Cohn, (Proxy for Representative Anthony M. DeLuca)
Christopher Craig, (Proxy for Treasurer Robert M. McCord)
Christal Pike-Nase, (Proxy for Auditor General Eugene A. DePasquale)
James Henning, (Proxy for Secretary of General Services Sheri L. Phillips)
Nicole Duffy, (Proxy for Acting Secretary of Education Carolyn C. Dumaresq)

Authority Personnel Present

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

Also Present

William McCarty, Esquire, Hartman Underhill & Brubaker LLC
Stephen Tuckey, General Counsel, Office of the Republican Leader, House of Representatives
Steven Heuer, Director, Bureau of Revenue, Capital and Debt, Governor's Budget Office

Participated Via Conference Call

Margaret Angel, Esquire, Buchanan Ingersoll & Rooney, PC
Meghan Duryea, Esquire, Fox Rothschild LLP
Stan Wisler, Chief Financial Officer, Montgomery County Intermediate Unit

2. APPROVAL OF THE MINUTES OF THE MEETING OF SEPTEMBER 19, 2013.

A copy of the minutes of the meeting of September 19, 2013, 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 19, 2013, be and hereby are approved as presented.

Upon **MOTION** by **Ms. Pike-Nase**, and **SECONDED** by **Mr. Henning**, and after full discussion, the above Resolution was unanimously approved at the SPSBA Board Meeting of October 31, 2013.

3. FINANCIAL REPORTS FOR THE MONTHS OF AUGUST & SEPTEMBER 2013.

The Financial Reports for the months of August & September 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 August & September 2013 as received by this Board, be accepted and filed with the minutes of this meeting.

Upon **MOTION** by **Ms. Pike-Nase**, and **SECONDED** by **Mr. Henning**, and after full discussion, the above Resolution was unanimously approved at the SPSBA Board Meeting of October 31, 2013.

4. REVOLVING LOAN FUND.

Mr. Baccon explained that there were no closings and there are no pending projects.

5. AUDIT COMMITTEE REPORT AND REVIEW OF THE AUDIT COMMITTEE CHARTER.

Ms. Pike-Nase explained that the Audit Committee met on October 3, 2013. Craig Schwartz from Treasury, Steve Heurer, representing Governor Corbett were in attendance and Sean Dempsey participated by conference call.

The audit showed no concerns. The external auditors indicated that the staff was very accommodating. The only major issue that the Committee discussed other than the audit, was the seven percent increase in operating expenses because of legal fees. Ms. Pike-Nase put together a chart showing the increase. The Audit Committee decided that they would monitor the fees in future years. Legal fees are somewhat subjective because the complexity of projects comes into play. If it gets concerning they will bring it to the Board.

Upon **MOTION** by **Ms. Pike-Nase**, and **SECONDED** by **Mr. Dempsey**, and after full discussion, the SPSBA Board unanimously accepted the Audited Financial Statements for the fiscal year ended June 30, 2013 at the SPSBA Board Meeting of October 31, 2013.

Ms. Pike-Nase explained that the Committee revised the Audit Charter because it had not been looked at for approximately eight years. The revised charter was approved by the Board in 2011 and 2012. The Committee looked at the charter again and there were no revisions.

Upon **MOTION** by **Ms. Pike-Nase**, and **SECONDED** by **Mr. Craig**, and after full discussion, the SPSBA Board unanimously renewed the Audit Committee Charter for another year, at the SPSBA Board Meeting of October 31, 2013.

6. APPROVAL OF PROJECTS.

A. Resolution Authorizing the Undertaking of a Project on Behalf of Montgomery County Intermediate Unit, No. 23.

Mr. Baccon explained that the Montgomery County Intermediate Unit has requested that we issue a maximum of \$5,500,000 as a Revenue Note to currently refund the SPSBA Lease Revenue Note, Series of 2008.

RBC Capital Markets is expected to be the Underwriter for this project and at the request of the Intermediate Unit, the Office of General Counsel has appointed Fox Rothschild as the Bond Counsel for this issue. Savings from the refunding are estimated at more than \$900,000.

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

Megan Duryea, from Fox Rothschild and Stan Wisler, Chief Financial Officer of the Intermediate Unit are participating by conference call to answer questions concerning the proposed financing.

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

Mr. Craig asked why the project is not rated.

Ms. Duryea explained that the note is being purchased directly by TD Bank. It is not a public bond issue and the bank is not requiring a rating.

Chairperson Zweiacher asked if Board Members had 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
MONTGOMERY COUNTY INTERMEDIATE UNIT, NO. 23**

DOCKET NO. 2417

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 Montgomery County Intermediate Unit, No. 23 (the "Intermediate Unit") consisting of: (i) currently refunding the Authority's Lease Revenue Note (Montgomery County Intermediate Unit, No. 23), Series of 2008; and (ii) payment of the costs of issuing the 2013 Note (as defined below); provided, however, that the Executive Director or Assistant Executive Director of the Authority, at the request of the Intermediate Unit, 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, subject to the condition that the Project shall have received any necessary approvals required, such as, but not limited to, approval from the Department of Education.

2. In order to finance the Project, the Authority shall issue its school lease revenue note in an aggregate principal amount of up to \$5,500,000 to be designated "State Public School Building Authority Lease Revenue Note (Montgomery County Intermediate Unit, No. 23), Series of 2013" (the "2013 Note"). The 2013 Note shall have a term not to exceed 25 years and shall bear interest at a fixed or variable rate acceptable to the Intermediate Unit, shall mature in such principal amounts and at such time, and shall be subject to redemption all as approved by the Executive Director or Assistant Executive Director in consultation with the Intermediate Unit and further provided in the loan commitment hereinafter defined and described.

In the event the Intermediate Unit requests that the 2013 Note bear a variable rate rather than a fixed rate of interest, the Executive Director or Assistant Executive Director of the Authority is hereby authorized to approve the initial interest rate to be borne by such 2013 Note and the variable interest rate formula to be used in determining interest due on the 2013 Note thereafter.

The 2013 Note shall be a limited obligation of the Authority, payable only from payments made by the Intermediate Unit under the Lease Agreement (defined herein). The 2013 Note shall be issued in such denomination and form and with such terms as shall be approved by the Executive Director or Assistant Executive Director of the Authority. The execution of the 2013 Note 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 2013 Note, on behalf of the Authority, to or upon the order of the purchaser thereof, against receipt of the purchase price.

3. The proceeds from the sale of the 2013 Note shall be loaned to the Intermediate Unit pursuant to the terms of a lease agreement or similar document between the Authority and the Intermediate Unit dated as of the date of the 2013 Note (the "Lease Agreement"), and shall be applied by the Intermediate Unit for and toward the costs of the Project including the payment of all or a portion of the costs of issuance of the 2013 Note, including without limitation, fees and expenses of bond counsel and the financial advisor, fees and expenses of the purchaser of the 2013 Note, and administrative costs and expenses of the Intermediate Unit and the Authority, all upon submission of the proper documentation thereof.

4. The President, any Vice President, Executive Director or the Assistant Executive Director is hereby authorized on behalf of the Authority to enter into the loan commitment recommended for approval by the Intermediate Unit with respect to the purchase of the 2013 Note (the "Commitment") 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 Commitment 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 2013 Note and the financing of the Project: the Commitment, the Lease Agreement required in connection with the issuance of the 2013 Note; 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. At the request of the Intermediate Unit, the Office of General Counsel has appointed Fox Rothschild LLP to serve as Bond Counsel for the 2013 Note.

8. 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 2013 Note and the implementation of these Resolutions.

9. 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 Lease Agreement and the Commitment, and the issuance and sale of the 2013 Note, all in accordance with these Resolutions.

10. 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, 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 Intermediate Unit 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 2013 Note for purposes of federal income taxation.

11. 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. Dempsey**, and **SECONDED** by **Ms. Pike-Nase**, and after full discussion, the above Resolution was unanimously approved at the SPSBA Board Meeting of October 31, 2013.

EXHIBIT A

MONTGOMERY COUNTY INTERMEDIATE UNIT, NO. 23

SERIES OF 2013

<u>Docket Number</u>	<u>County</u>	<u>Project Description</u>	<u>Maximum Amount To Be Financed</u>
2417	Montgomery	(a) Currently refund the Authority's Lease Revenue Note, Series of 2008; (b) payment of the costs of issuing the 2013 Note.	\$5,500,000

Term: No more than 25 years.

Rate: Variable or Fixed.

Underwriter: RBC Capital Markets.

Bond Counsel: At the request of the Intermediate Unit, the Office of General Counsel has appointed Fox Rothschild LLP.

Minority, Veteran and/or Female Participation in this Financing: To be determined by the Intermediate Unit in consultation with the Executive Director.

Trustee: This is a bank loan. As a result, a trustee is not required.

Unanimously approved at the SPSBA Board meeting of October 31, 2013.

6. APPROVAL OF PROJECTS (CONTINUED).

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

Chairperson Zweiacher explained that based on communications received this morning the request is being withdrawn by the Community College. The Resolution will not be voted on.

7. OLD BUSINESS.

Chairperson Zweiacher mentioned that an e-mail was sent to Board Members responding to a question about the School District of the City of Harrisburg. It was explained that the school district is not subject to an intercept agreement with PSERS.

Mr. Cohn asked why the Community College of Allegheny County withdrew their project.

Chairperson Zweiacher explained that it was a cash flow issue based on discussions between the community college and PDE. PDE will make their capital and operating reimbursement earlier than usual. According to the statute is to be made during one of the fiscal quarters. It doesn't have to be paid on a particular date. That will allow them to avoid fees associated with a borrowing and get them over the hump.

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

8. NEW BUSINESS.

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

6340. ADJOURNMENT.

There being no further business to come before the Board at this time, upon **MOTION** by **Mr. Dempsey**, and **SECONDED** by **Mr. Henning**, the SPSBA Board Meeting was adjourned at 10:40 a.m.

SUNSHINE ACT MEETING NOTICES

Thursday, October 24, 2013

If you need an accommodation due to a disability,

please contact the ADA contact name listed below.

SPECIAL: PEDFA Board Meeting: October 28, 2013, 11:00 AM.

Commonwealth Keystone Bldg., PUC Hearing Rm. #4, 400 North St.,

HBG. Contact Name: C. Alan Walker 720-1355

Labor & Industry, PA Workforce Investment Board Meeting: October 30, 2013,

9:30AM. PA Training & Technical Assistance Network, Conference Rm. I,

6340 Flank Dr., Harrisburg, PA 17112, Time: 9:30AM- 1 PM. For persons

with **disabilities who require special accommodations, please contact the**

PA Workforce Investment Board Office at 717-772-4966 or TTY# 717-

783-8445. Contact Name: Michael Leister 705-7650

SPECIAL: PA Higher Educational Facilities Authority Meeting: October 31, 2013,

10:30 AM. North Office Bldg., Rm. 515,

HBG. Contact Name: Bev Nawa 975-

2204

SPECIAL: State Public School Building Authority Meeting: October 31, 2013,

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

Contact Name: Bev Nawa 975-2204

State Civil Service Commission Hearings: November 1, 2013, 9:30AM.

4th Fl. Hearing Rm., 320 Market St., HBG. Additional SCSC Hearings scheduled:

11/18/13, 11/21/13, and 11/22/13 same above time and

location. Contact Name: Michael Sullivan 787-5343

Appeared in: ***Patriot-News*** on Thursday, 10/24/2013

STATE PUBLIC SCHOOL BUILDING AUTHORITY
PENNSYLVANIA HIGHER EDUCATIONAL FACILITIES AUTHORITY
Notice of the Meeting of the Board to be Held
October 31, 2013

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, October 31, 2013**, 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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Appendix A

Harrisburg, PA

I CERTIFY that the notice on the previous page for the October 31, 2013, meetings was dispatched to the following on October 16, 2013, at the addresses indicated, constituting all of the members of the Board of the State Public School Building Authority and the Pennsylvania Higher Educational Facilities Authority.

Thomas W. Corbett, Governor of Pennsylvania
225 Main Capitol Building, Harrisburg, PA
Peter J. Tartline, Proxy for Governor Corbett
7th Floor, Verizon Tower, Harrisburg, PA
Michael J. Folmer, Designated by the President Pro Tempore of the Senate
170 Main Capitol Building, Harrisburg, PA
Andrew E. Dinniman, Designated by the Minority Leader of the Senate
183 Main Capitol Building, Harrisburg, PA
Warren E. Kampf, Designated by the Speaker of the House of Representatives
422 Irvis Office Building, Harrisburg, PA
Anthony M. DeLuca, Designated by the Minority Leader of the House of Representatives
115 Irvis Office Building, Harrisburg, PA
Robert M. McCord, State Treasurer
129 Finance Building, Harrisburg, PA
Eugene A. DePasquale, Auditor General
229 Finance Building, Harrisburg, PA
Sheri L. Phillips, Secretary of General Services
515 North Office Building, Harrisburg, PA
Carolyn C. Dumaresq, Acting Secretary of Education
333 Market Street - 10th Floor, Harrisburg, PA

GIVEN under my hand and seal this 16th day of October 2013.

/s/ Robert Baccon

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