

Meeting of the Board
STATE PUBLIC SCHOOL BUILDING AUTHORITY
July 26, 2012
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 June 21, 2012.
3. Revolving Loan Fund.
4. Audit Committee Meeting.
5. Old Business.
6. New Business.
 - A. Legal Opinion.
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 State Public School Building Authority was called to order on Thursday, July 26, 2012 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

Rick Dreher, (Proxy for Governor Thomas W. Corbett)
Karen Seivard, (Proxy for Senator Jeffrey E. Piccola)
Eileen Flinn, (Proxy for Senator Andrew E. Dinniman)
Stephen Tuckey, (Proxy for Representative John C. Bear)
Alan Cohn, (Proxy for Representative Anthony M. DeLuca)
Christopher Craig, (Proxy for State Treasurer Robert M. McCord)
Amber Jones, (Proxy for Auditor General Jack E. Wagner)
Secretary of General Services Sheri L. Phillips
Lori Graham, (Proxy for Secretary of Education Ronald J. Tomalis)

Authority Personnel Present

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

Also Present

William McCarty, Esquire, Hartman Underhill & Brubaker LLP
Jennifer Langan, Deputy Chief Counsel, Treasury Department

Participated Via Conference Call

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

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

A copy of the minutes of the meeting of June 21, 2012, was distributed to the Board Members prior to this meeting. It is therefore recommended that consideration be given to the adoption of the following Resolution:

RESOLVED That the minutes of the SPSBA meeting of June 21, 2012, be and hereby are approved as presented.

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

3. REVOLVING LOAN FUND.

Mr. Baccon explained that we had no closings since the June meeting and there are no pending projects.

4. AUDIT COMMITTEE MEETING.

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

Mr. Player explained that the Audit Committee had their preaudit meeting and it went very well. They revised the Investment Policy. The only change was reference to the Assistant Executive Director being removed. An IRS Publication was included with Board Members agendas. He indicated that he could answer any questions that Board Members may have about the publication.

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

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

5. OLD BUSINESS.

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

6. NEW BUSINESS.

A. Legal Opinion.

Mr. Baccon explained that after the June Board Meeting, Mr. Craig had asked that staff obtain a legal opinion regarding the proposed funding of an issue for the School District of Philadelphia. The legal opinion was included with Board Member's agendas. Bill McCarty, our Counsel from Hartman Underhill & Brubaker is in attendance to answer any questions that Board Members may have.

Mr. Craig asked Mr. McCarty his understanding of the question that was posed to him.

Mr. McCarty said that he was asked whether the financing was authorized under the Act.

Mr. Craig said that both the school district's letter and Mr. McCarty's letter indicate that the proceeds would be used for the operating expenses of the district. Mr. Craig's concern is if the proposed purpose of the indebtedness is consistent with this agency's authority; specifically can this agency issue debt that will be used exclusively for operating expenses.

Mr. McCarty explained that the Authority's Act says that we may lease school buildings and that is what is being proposed by the school district. They are obligated to get approval for this as lease rental debt under the Local Government Unit Debt Act. They have told Mr. McCarty that they are going to seek that approval. The lease has to be submitted to the Department of Education for approval.

Mr. Craig said that this agency is authorized to do very specific things. Leasing is one of those things, but we can't just enter into any old leasing agreement. It has to be consistent with the Board's authority. We can't finance just any project. For example, we can't finance a stadium project for the Philadelphia Eagles. He would find greater comfort in a letter that came from counsel to the Board that says that we can enter leases and the purpose for which this lease agreement we are entering into is consistent with the Board's authority.

Mr. McCarty suggested that the Board should seek an opinion from bond counsel stating that this is in fact a capital financing. Under the Authority's Act you are authorized to lease. Bond Counsel is suggesting that this is a capital project being financed.

Mr. Craig believes that they need a legal opinion on which the Board can rely because he believes this is a new environment, not for anything that this Board

has done but for other municipal authorities and other states. Both the IRS and the SEC are beginning to increase a much more deliberative scrutiny of activities. A basic statutory interpretation would be useful. Pennsylvania law is clear, it defers to state agencies interpreting their authorizing legislation. He does not believe the letter is sufficient for the Board to rely upon it, saying that they all feel comfortable that the proposed financing is lawful, correct and consistent with our operating authority.

Mr. McCarty suggested, with the Board's approval, that he request an opinion from Bond Counsel.

There were no objections from Board Members.

Mr. Tuckey asked how the school district intends to make payments to repay the debt.

Mr. McCarty said that the Act requires that they do it out of current revenues.

Mr. Tuckey said that since they are classifying it as a capital project, would they get state money to help with the debt repayment. Given what was done with PlanCon.

Chairperson Dreher said that he will defer to the Department in a future board meeting to address those concerns. He expects that these issues will be resolved before the project comes before the Board to seek approval. Board Members will be kept fully apprised and everyone will have the opportunity to have their concerns addressed.

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

7. ADJOURNMENT.

There being no further business to come before the Board at this time, upon **MOTION** by **Ms. Flinn**, and **SECONDED** by **Secretary Phillips**, the SPSBA Board Meeting was adjourned at 10:43 a.m.

Meeting Notices

Meeting Notices

SUNSHINE ACT MEETING NOTICES

Saturday, July 07, 2012

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

DEP, Sewage Advisory Committee (SAC) Meeting: July 11, 2012, 10:30 A.M. RCSOB, Rm. 105, HBG.

Contact Name: John Diehl - 783-2941

PA Apprenticeship & Training Council Meeting: July 12, 2012, 10:00 AM. Labor & Industry Bldg., Large Conf. Rm., HBG.

Contact Name: Monica Mozee - 787-4058

DEP and Water Resources Advisory Committee (WRAC) Meeting: July 12, 2012, 9:30 A.M. RCSOB, Rm. 105, 400 Market St., HBG.

Contact Name: Duke Adams - 783-4693

Board of Commissioners of Public Grounds and Building Meetings: July 12, 2012, 10:00 A.M. North Office Bldg., Ground Fl., Hearing Rm. #3, HBG.

Add'l Mts.: 8/2, 8/23, 9/13, 10/4, 10/25, 11/15, 12/13, 1/10, 1/31, 2/21, 3/14, 4/4, 4/25, 5/16, 6/6, 6/27 same above time/location. For disability accommodations please enter the eastside of the Capitol on Commonwealth Ave. and the Capitol Police will direct you to the designated parking areas.

Contact Name: Capitol Police - 787-3199.

State Transportation Advisory Committee (TAC) Meeting: July 12, 2012, 10:00 A.M. Commonwealth Keystone Bldg., 8th Fl., Conf. Rm. 8N1, 400 North St., HBG.

Attendees are required to enter through the north entrance of the bldg. and proceed to the 5th fl. Reception area of the PA DOT for access to the 8th fl.

Contact Name: Julie Harmantzis - 787-2913

CANCELLED: PA State Planning Board Meeting: July 13, 2012, 10:00 A.M. RCSOB, Rm. 105, HBG.

Contact Name: C. Alan Walker - 787-3003

SPECIAL: PA Commission on Crime and Delinquency Meeting: July 16, 2012, 10:00 A.M. PCCD Bldg., 3101 N. Front St., HBG.

Contact Name: Luanne Mella - 265-8497

RESCHEDULED: PA State Horse Racing Commission Meeting: July 20, 2012, 11:30 A.M. PA DOA, Rm. 309, 2301 N. Cameron St., HBG.

*Change in date/location.

Contact Name: Gretchen Harper - 783-2320

DCNR, Conservation and Natural Resources Advisory Council Meeting: July 25,

2012, 10:00 A.M. RCSOB, 1st Fl., Rm. 105, 400 Market St., HBG.

Contact Name: Deb Miller - 787-3212

SPECIAL: State Public School Building Authority Meeting: July 26, 2012, 10:30 A.M. North Office Bldg., Rm. 515, HBG.

Add'l. Special Mtg.: PA Higher Educational Facilities Authority Mtg. same above time/location

Contact Name: Bev Nawa - 975-2204

RESCHEDULED: PA State Horse Racing Commission Meeting: August 09, 2012, 11:30 A.M. Presque Isle Downs & Casino, 2nd Fl. Admin. Bldg., Training Ctr., 8199 Perry Hwy., Erie.

*Change in date/location.

Contact Name: Gretchen Harper - 783-2320

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

Notice was in letterform, as follows:

This letter advises that a meeting of the State Public School Building Authority and the Pennsylvania Higher Educational Facilities Authority Boards will be held on **Thursday, July 26, 2012**, at **10:30 a.m.**, in **515 North Office Building, Harrisburg**, Pennsylvania, for the purpose of: (a) approving certain projects for financing; and, (b) consideration of such other matters as may properly come before the Board.

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

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

Sincerely,

/s/ Robert Baccon

Robert Baccon
Executive Director

Enclosures

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Harrisburg, PA

I CERTIFY that the notice on the previous page for the July 26, 2012, meetings was dispatched to the following on July 5, 2012, at the addresses indicated, constituting all of the members of the Board of the State Public School Building Authority and the Pennsylvania Higher Educational Facilities Authority.

Thomas W. Corbett, Governor of Pennsylvania
225 Main Capitol Building, Harrisburg, PA
Rick Dreher, Proxy for Governor Corbett
7th Floor, Verizon Tower, Harrisburg, PA
Jeffrey E. Piccola, Designated by the President Pro Tempore of the Senate
173 Main Capitol Building, Harrisburg, PA
Andrew E Dinniman, Designated by the Minority Leader of the Senate
183 Main Capitol Building, Harrisburg, PA
John C. Bear, Designated by the Speaker of the House of Representatives
145B East Wing, Harrisburg, PA
Anthony M. DeLuca, Designated by the Minority Leader of the House of Representatives
115 Irvis Office Building, Harrisburg, PA
Robert M. McCord, State Treasurer
129 Finance Building, Harrisburg, PA
Jack E. Wagner, Auditor General
229 Finance Building, Harrisburg, PA
Sheri L. Phillips, Secretary of General Services
515 North Office Building, Harrisburg, PA
Ronald J. Tomalis, Secretary of Education
333 Market Street - 10th Floor, Harrisburg, PA

GIVEN under my hand and seal this 5th day of July 2012.

/s/ Robert Baccon

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