

Meeting of the Board
PENNSYLVANIA HIGHER EDUCATIONAL FACILITIES AUTHORITY
December 7, 2017
Room 515 North Office Building
Harrisburg, Pennsylvania
10:32 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 October 26, 2017
3. Approval of Projects
 - A. Resolution Authorizing the Undertaking of a Project on Behalf of Drexel University
 - B. Resolution Authorizing the Amendment of Existing Bond Documents on Behalf of Honeysuckle Student Holdings, Inc.
4. Old Business
 - A. Project Update
5. New Business
6. 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 Thursday, December 7, 2017 at 10:32 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 the meeting is attached to these minutes and identified as Appendix "A".

Board Members Present

Steven Heuer, (Proxy for Governor Thomas W. Wolf)
Senator John H. Eichelberger Jr.
Lisa Felix, (Proxy for Senator Andrew E. Dinniman)
Danielle Guyer, (Proxy for Representative Stan Saylor)
Alan Cohn, (Proxy for Representative Anthony M. DeLuca)
Jennifer Langan, (Proxy for Treasurer Joseph M. Torsella)
Christal Pike-Nase, (Proxy for Auditor General Eugene A. DePasquale)
Shawn Smith, (Proxy for Secretary of General Services Curtis Topper)
Alaina Koltash, (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
Tiffany Raker, Assistant Legal Counsel, Department of the Auditor General
Veronica Hoof, Assistant Counsel, Treasury Department

Participated Via Conference Call

Julius Coursey, Managing Director, Wells Fargo Securities
Peter Keyes, Deputy Associate Treasurer, Drexel University
Neil D'Amato, Comptroller, Honeysuckle Student Housing at Bloomsburg
University of Pennsylvania
Chuck Brodbeck, Esquire, Cohen & Grigsby P.C.
Andrew Maher, Esquire, Cohen & Grigsby P.C.

2. APPROVAL OF THE MINUTES OF THE MEETING OF OCTOBER 26, 2017

A copy of the minutes of the meeting of October 26, 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 October 26, 2017, be and hereby are approved as presented.

Upon **MOTION** by **Ms. Pike-Nase**, and **SECONDED** by **Ms. Koltash**, and after full discussion, the above Resolution was unanimously approved at the PHEFA Board Meeting of December 7, 2017.

3. APPROVAL OF PROJECTS

A. Resolution Authorizing the Undertaking of a Project on Behalf of Drexel University

Mr. Baccon explained that Drexel University has requested that we issue a maximum of \$152,000,000 of revenue bonds to finance the advance refunding of all or a portion of our Drexel University Revenue Bonds, Series A of 2011.

It is highly likely that advance refundings will no longer be allowed after 12/31/17 due to tax reform.

Wells Fargo Securities will serve as the Senior Underwriter and the Bank of New York Mellon Trust Company has been selected as Trustee for this issue. After completing a RFP and at the request of the University, the Office of General Counsel has appointed Saul Ewing Arnstein & Lehr as Bond Counsel. Griesing Law will be assisting Saul Ewing with this transaction.

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

Julius Coursey, Managing Director of Wells Fargo Securities and Peter Keyes, Deputy Associate Treasurer of Drexel University are participating by conference call to answer any questions that board members may have.

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

Ms. Felix asked about the projected savings.

Mr. Coursey explained that the transaction was market sensitive. They expect to price on Tuesday, December 12th. There is approximately \$9 million in net present value savings.

Chairperson Heuer asked if the savings were upfront or laddered.

Mr. Coursey said that the bulk of the savings are evenly split between fiscal year ended 2019 and 2020.

Chairperson Heuer 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
PENNSYLVANIA HIGHER EDUCATIONAL FACILITIES AUTHORITY
AUTHORIZING
THE UNDERTAKING OF A PROJECT ON BEHALF OF
DREXEL UNIVERSITY**

DOCKET NO. 672

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. The Pennsylvania Higher Educational Facilities Authority (the “Authority”) shall undertake a project (the “Project”) on behalf of Drexel University (the “University”) generally anticipated to consist of one or more of the following components: (i) the advance refunding, refinancing or restructuring of all or a portion of the Authority’s outstanding Drexel University Revenue Bonds, Series A of 2011; and (ii) the payment of costs of issuing the Bonds (as defined herein) including payment of the premium and/or fees for a policy of municipal bond insurance, letter(s) of credit or other forms of credit enhancement or liquidity facility if determined to be advantageous by the University.

2. The Authority and The Bank of New York Mellon Trust Company, N.A. (successor trustee to J.P. Morgan Trust Company, National Association, Chase Manhattan Trust Company, National Association, Mellon Bank, N.A. and Mellon Bank (East) National Association) (the “Trustee”) have heretofore entered into a Trust Indenture dated as of March 1, 1985 (the “Original Indenture”), as supplemented by a First Supplemental Indenture dated as of June 15, 1987, a Second Supplemental Indenture dated as of April 1, 1988, a Third Supplemental Indenture dated as of May 1, 1990, a Fourth Supplemental Trust Indenture dated as of March 15, 1993, a Fifth Supplemental Trust Indenture dated as of April 15, 1997, a Sixth Supplemental Trust Indenture dated as of February 1, 1998, a Seventh Supplemental Indenture dated as of April 1, 1998, an Eighth Supplemental Trust Indenture dated as of September 15, 1999, a Ninth Supplemental Trust Indenture dated as of March 1, 2000, a Tenth Supplemental Indenture dated as of November 15, 2000, an Eleventh Supplemental Trust Indenture dated as of December 1, 2002, a Twelfth Supplemental Trust Indenture dated as of January 15, 2003, a Thirteenth Supplemental Trust Indenture dated as of December 1, 2003, a Fourteenth Supplemental Trust Indenture dated as of January 15, 2005, a Fifteenth Supplemental Trust Indenture dated as of January 15, 2005, a Sixteenth Supplemental Trust Indenture dated as of October 1, 2007, a Seventeenth Supplemental Trust Indenture dated as of October 1, 2007, an Eighteenth Supplemental Trust Indenture dated as of September 15, 2008, a Nineteenth Supplemental Indenture dated as of May 1, 2011, a Twentieth Supplemental Indenture dated as of November 1, 2012 and a Twenty-First Supplemental Indenture dated as of August 1, 2016. In order to finance the Project, the Authority will enter into a Twenty-Second Supplemental Trust Indenture between the Trustee and the Authority (said Original Indenture as so supplemented being hereinafter referred to as the “Indenture”) and shall issue up to \$152,000,000 (exclusive of any original issue discount) in aggregate principal amount of bonds to be in one or more series (which may be issued on the same or different dates) to be designated “Pennsylvania Higher Educational Facilities Authority, Drexel University Revenue Refunding Bonds, Series of 2017” 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 and/or variable rate acceptable to the University, 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 University and further provided in one or more Bond Purchase Agreements (as hereinafter defined).

In the event the University requests that the Bonds of any series bear a variable rate rather than a fixed rate of interest, the Executive Director of the Authority is hereby authorized to approve the initial interest rate to be borne by such Bonds and the variable interest rate formula to be used in determining interest due on the Bonds thereafter, and to appoint an indexing agent, marketing agent, one or more broker-dealers and an auction agent and/or a remarketing agent and to take such other action as may be required in connection with a variable interest rate.

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 Authority and the University have heretofore entered into a Loan and Security Agreement dated as of March 1, 1985 (the “Original Loan Agreement”), as supplemented and amended by a First Supplemental Loan and Security Agreement dated as of June 15, 1987, a Second Supplemental Loan and Security Agreement dated as of April 1, 1988, a Third Supplemental Loan and Security Agreement dated as of May 1, 1990, a Fourth Supplemental Loan and Security Agreement dated as of March 15, 1993, a Fifth Supplemental Loan and Security Agreement dated as of April 15, 1997, a Sixth Supplemental Loan and Security Agreement dated as of February 1, 1998, a Seventh Supplemental Loan and Security Agreement dated as of April 1, 1998, an Eighth Supplemental Loan and Security Agreement dated as of September 15, 1999, a Ninth Supplemental Loan and Security Agreement dated as of March 1, 2000, a Tenth Supplemental Loan and Security Agreement dated as of November 15, 2000, an Eleventh Supplemental Loan and Security Agreement dated as of December 1, 2002, a Twelfth Supplemental Loan and Security Agreement dated as of January 15, 2003, a Thirteenth Supplemental Loan and Security Agreement dated as of December 1, 2004, a Fourteenth Supplemental Loan and Security Agreement dated as of January 15, 2005, a Fifteenth Supplemental Loan and Security Agreement dated as of January 15, 2005, a Sixteenth Supplemental Loan and Security Agreement dated as of October 1,

2007, a Seventeenth Supplemental Loan and Security Agreement dated as of October 1, 2007, an Eighteenth Supplemental Loan and Security Agreement dated as of September 15, 2008, a Nineteenth Supplemental Loan and Security Agreement dated as of September 15, 2009, a Twentieth Supplemental Loan and Security Agreement dated as of May 1, 2011, a Twenty-First Supplemental Loan and Security Agreement dated as of May 1, 2011, a Twenty-Second Supplemental Loan and Security Agreement dated as of November 1, 2012 and a Twenty-Third Supplemental Loan and Security Agreement dated as of August 1, 2016 . The proceeds from the sale of the Bonds shall be loaned to the University pursuant to the terms of a Twenty-Fourth Supplemental Loan and Security Agreement (said Original Loan Agreement as so supplemented being hereinafter referred to as the “Loan Agreement”) between the University and the Authority, and shall be applied by the University for and towards the costs of the Project.

4. The State Treasurer, the Authority and the University entered into a Collateral Agreement dated as of March 1, 1985 (the “Original Collateral Agreement”) as supplemented by a First Supplemental Collateral Agreement dated as of June 15, 1987, a Second Supplemental Collateral Agreement dated as of April 1, 1988, a Third Supplemental Collateral Agreement dated as of May 1, 1990, a Fourth Supplemental Collateral Agreement dated as of March 15, 1993, a Fifth Supplemental Collateral Agreement dated as of April 15, 1997, a Sixth Supplemental Collateral Agreement dated as of February 1, 1998, a Seventh Supplemental Collateral Agreement dated as of April 1, 1998, an Eighth Supplemental Collateral Agreement dated as of September 15, 1999, a Ninth Supplemental Collateral Agreement dated as of March 1, 2000, a Tenth Supplemental Collateral Agreement dated as of November 15, 2000, an Eleventh Supplemental Collateral Agreement dated as of December 1, 2002, a Twelfth Supplemental Collateral Agreement dated as of January 15, 2003, a Thirteenth Supplemental Collateral Agreement dated as of December 1, 2003, a Fourteenth Supplemental Collateral Agreement dated as of January 15, 2005, a Fifteenth Supplemental Collateral Agreement dated as of January 15, 2005, a Sixteenth Supplemental Collateral Agreement dated as of October 1, 2007, a Seventeenth Supplemental Collateral Agreement dated as of October 1, 2007, an Eighteenth Supplemental Collateral Agreement dated as of May 1, 2011, a Nineteenth Supplemental Collateral Agreement dated as of November 1, 2012 and a Twentieth Supplemental Collateral Agreement dated as of August 1, 2016 to provide additional security for Drexel University Bonds. The University, the Authority and the State Treasurer will enter into a Twenty-First Supplemental Collateral Agreement (said Original Collateral Agreement as so supplemented being hereinafter referred to as the “Collateral Agreement”) to provide additional security for the Bonds.

5. 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.

6. 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 applicable supplements to the Indenture, the Collateral Agreement and Loan Agreement, any remarketing agreement and/or indexing agent agreement if any series of Bonds shall bear interest at a variable rate and any escrow agreements required in connection with any refunding(s), 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.

7. 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 University 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.

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. The form of any preliminary official statements, reoffering circulars, remarketing circulars and/or final official statements (collectively, the "Offering Documents") which may be used in connection with the sale and issuance of the Bonds or in connection with the refunding, restructuring, refinancing or remarketing of certain outstanding Bonds shall be approved, solely for the purposes of distribution, by the Executive Director of the Authority 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 of the Authority shall constitute conclusive evidence of the Authority's approval, solely for the purposes of distribution, of the form of such documents. The Authority is hereby authorized to circulate and distribute copies of any such Offering Documents in connection with the Project.

10. Wells Fargo Securities is hereby appointed Senior Underwriter for the Bonds. The University, with the approval of the Executive Director of the Authority, may select other investment banks to serve as Co-Managing Underwriters. Wells Fargo Securities is authorized to act as representative of the underwriters (the “Underwriters”). The Underwriters have selected Dilworth Paxson LLP as Underwriters' 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, the redemption of any bonds to be refunded and the implementation of these resolutions.

Upon **MOTION** by **Mr. Smith**, **SECONDED** by **Ms. Pike-Nase**, and after full discussion, the above Resolution was unanimously approved at the PHEFA Board Meeting of December 7, 2017.

EXHIBIT A

**DREXEL UNIVERSITY
REVENUE REFUNDING BONDS**

<u>Docket Number</u>	<u>County</u>	<u>Project Description</u>	<u>Maximum Principal Amount To be Financed</u>
672	Philadelphia	(i) the advance refunding, refinancing or restructuring of all or a portion of the Authority's outstanding Drexel University Revenue Bonds, Series A of 2011; and (ii) the payment of costs of issuing the Bonds including payment of the premium and/or fees for a policy of municipal bond insurance, letter(s) of credit or other forms of credit enhancement or liquidity facility if determined to be advantageous by the University.	\$152,000,000*

Term: Not more than thirty (30) years.

Rate: Fixed Rate not to exceed 6.50% per annum.

Rating: TBD

Minority and/or female participation in this issue: McElwee & Quinn as printer. Barbara Potts of Griesing Law will be assisting Saul Ewing Arnstein & Lehr LLP as its subcontractor in this transaction.

Underwriter: Wells Fargo Securities (Senior Underwriter). The University, with the approval of the Executive Director of the Authority, may select other investment banks to serve as Co-Managing Underwriters.

Bond Counsel: After completing a Request for Proposal and at the request of the University, the Office of General Counsel has appointed Saul Ewing Arnstein & Lehr LLP as Bond Counsel.

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

Approved at the PHEFA Board meeting of December 7, 2017.

* Exclusive of any original issue discount.

3. APPROVAL OF PROJECTS (CONTINUED)

B. Resolution Authorizing the Amendment of Existing Bond Documents on Behalf of Honeysuckle Student Holdings, Inc.

Mr. Baccon explained that revised resolutions for this issue were in front of board members. He said the Authority has been advised of the need to revise bond documents for a 2010 financing that we did for Honeysuckle Student Holdings, Inc. Student Housing Project at Bloomsburg University of Pennsylvania.

The bonds bear interest at an initial interest rate until December 29, 2017. The bonds are then expected to be placed with or remarketed to another financial institution, which may require the bond documents to be amended. The amendments would define the index rate period to allow the current lender to remain until a new lender is in place and permit an adjustment in the interest rate.

The Resolution permits the Authority to amend the bond documents.

Neil D'Amato, Comptroller of Honeysuckle Student Housing, along with Chuck Brodbeck and Andrew Maher of Cohen & Grigsby are participating by conference call to answer questions.

Ms. Pike-Nase asked about the need for the amendment.

Mr. Brodbeck explained that the bond documents from 2010 only set the interest rate until December 29, 2017. With potential changes in the bond market that may lower the corporate tax yields, which could result in yields being changed by future holders. The current formula talks about LIBOR (London Interbank Offered Rate) which is ultimately going to be replaced in 2020 or 2021. Changes to the documents are going to allow for flexibility to those kinds of current or prospective changes.

Ms. Pike-Nase thanked Mr. Brodbeck for his explanation.

Chairperson Heuer asked that if changes are made to the documents, the board receives a copy of the documents that are changed.

Mr. Baccon agreed that the board would receive the changes.

Chairperson Heuer 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
PENNSYLVANIA HIGHER EDUCATIONAL FACILITIES AUTHORITY
AUTHORIZING
THE AMENDMENT OF EXISTING BOND DOCUMENTS ON BEHALF OF
HONEYSUCKLE STUDENT HOLDINGS, INC.
SERIES OF 2010**

DOCKET NO. 603

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. The Pennsylvania Higher Educational Facilities Authority (the "Authority") previously issued on behalf of Honeysuckle Student Holdings, Inc. (the "Corporation") its "Pennsylvania Higher Educational Facilities Authority Revenue Refunding Bonds, Series 2010A (Honeysuckle Student Holdings, Inc. Student Housing Project At Bloomsburg University of Pennsylvania)" (the "Bonds") pursuant to a Trust Indenture dated as of December 1, 2010 (the "Indenture") between the Authority and Regions Bank, as a trustee.

2. The Bonds are limited obligations of the Authority, payable only from payments made by the Corporation under a Loan Agreement dated as of December 1, 2010 (the "Loan Agreement").

3. The Bonds bear interest at an initial interest rate until December 29, 2017, which date may be extended (in either case, the "Conversion Date"), at which time they are expected to be placed with or remarketed to another financial institution. The current holder or such financial institution may require the Trust Indenture and/or the Loan Agreement to be amended (the "Current Amendments") in connection with such extension or purchase of the Bonds.

4. Upon the execution or written approval of the Current Amendments by the Corporation, the President, the Vice President, the 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 Current Amendments as hereinabove authorized shall be deemed to conclusively evidence the approval of the Authority of said Current Amendments.

5. 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 Current Amendments and the placement or remarketing of the Bonds, all in accordance with this Resolution.

6. The appropriate officers of the Authority, including the President, 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 the Trust Indenture, the Loan Agreement, any bond, instrument or other document executed and delivered with respect to the Bonds (collectively, the "Bond Documents") requested by the Corporation 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.

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

Upon **MOTION** by **Ms. Pike-Nase**, **SECONDED** by **Ms. Koltash**, and after full discussion, the above Resolution was unanimously approved at the PHEFA Board Meeting of December 7, 2017.

EXHIBIT A

**AMENDMENT OF EXISTING BOND DOCUMENTS ON BEHALF OF
HONEYSUCKLE STUDENT HOLDINGS, INC.,
REVENUE REFUNDING BONDS**

SERIES OF 2010

<u>Docket No.</u>	<u>College/Sponsor</u>	<u>Project Description</u>	<u>Outstanding Amount</u>
603	Honeysuckle Student Holdings, Inc.	Approval of amendments to existing bond documents if required in connection with the extension and/or placement or remarketing of the Authority's Refunding Revenue Bonds, Series 2010A (Honeysuckle Student Holdings, Inc. Student Housing Project at Bloomsburg University of Pennsylvania).	\$12,990,000

Rating: The Bonds will be held or purchased by a financial institution and are not expected to be rated for as long as they are held by a financial institution.

Approved at the PHEFA Board Meeting of December 7, 2017.

4. OLD BUSINESS

A. Project Update

Mr. Baccon explained that he had nothing to report as far as project updates are concerned.

Mr. Baccon provided members with an update on the federal tax reform. He explained that the tax reform has the potential for a large impact to the Authority. We issue private activity bonds for colleges and universities. The House of Representatives passed its tax bill which excludes private activity bonds from being tax exempt. The Senate's version retains private activity bonds. Both the House and the Senate have eliminated the use of advanced refunding bonds. That will take some of the issues that we do away. They are now in the process of working out the details with representatives of the House and the Senate.

The Authority has been working closely with the NAHEFFA (National Association of Health and Educational Facilities Finance Authorities). We have participated in conference calls with representatives of NAHEFFA and the American Hospitals Association as well as the National Association of College and University Business Officers. We were advised to contact members of the House and Senate to request that Private Activity Bonds be retained.

This legislation is detrimental to colleges and universities. Various organizations have been working diligently to try to influence the pending law change. Hopefully the outreach will be successful. There is a fair amount of positive thinking that the private activity bonds will remain.

Representative Brady has indicated that they may keep private activity bonds for infrastructure, such as, roads and bridges but education is questionable.

We were told on a conference call that it has been the opinion of some of the officials in Washington that they may not help education as much as they have done in the past.

The conference committee that is made up of members of the House and Senate will be tasked with working out the differences between the two bills. There are no House members from Pennsylvania on the committee but Senator Pat Toomey is on the committee. If anyone knows Senator Toomey, please reach out to him and ask him to keep private activity bonds for colleges and universities in Pennsylvania.

Mr. Baccon explained that he has also communicated with the CFOs of colleges and universities that we deal with. He believes that they are also working to try to retain private activity bonds.

Ms. Pike-Nase said that our state is going to be impacted more than most because of the number of colleges and universities that we have. We need to make them aware that this will be extremely detrimental to all of our colleges and universities.

Mr. Baccon mentioned that the State System universities would not be impacted. It would also have no impact on the State Public School Building Authority clients.

Ms. Pike-Nase mentioned that the SPSBA needs the funds that we collect from the colleges and universities to operate.

Mr. Baccon agreed that new revenue would be lost but we would still collect fees from existing projects.

Ms. Pike-Nase appreciates the work that the Authority has done on this issue. She mentioned that the Auditor General is very concerned about how this will impact colleges and universities in our state.

Ms. Felix asked if private activity bonds are taken away, does that mean that they cannot issue any bonds or just tax exempt bonds.

Mr. Baccon said they would not be able to issue tax exempt bonds, but they could issue taxable bonds.

Chairperson Heuer said that there would be an increase in the rate to make it equal to what taxable bonds are right now.

Ms. Langan asked if state aided colleges and universities would be effected.

Mr. Baccon believed that they would be effected.

Senator Eichelberger indicated that their charters are private.

Chairperson Heuer said that removing advanced refundings would have a big impact on the Commonwealth. The Commonwealth just refunded \$1 billion and saved \$75 million. That could go away and that is a big deal.

Ms. Pike-Nase asked if an estimate could be provided of the amount lost with advanced refundings.

Mr. McCarty said that one article he read said that 15% of the market is advanced refundings. That would go away.

Ms. Pike-Nase also asked how not issuing tax exempt bonds would impact colleges and universities.

Mr. McCarty said that they would be issuing bonds at taxable rates. There would be a lot more entities issuing taxable bonds and they would not necessarily have to go through a governmental entity to issue those bonds.

Senator Eichelberger asked if there would be any need for them to come through this Authority.

Mr. McCarty said that there would be no need for them to come through the Authority.

Ms. Langan asked if the rates are higher to issue taxable bonds.

Mr. McCarty said that taxable rates are historically lower than they have been in the past, but when you are looking at the spread it results in a much higher debt service schedule over the life of the financing when compared to tax exempt bonds.

Chairperson Heuer said that it is a big number if you are doing hundreds of millions of dollars over 20 years.

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

5. NEW BUSINESS

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

6. ADJOURNMENT

There being no further business to come before the Board at this time, upon **MOTION** by **Ms. Pike-Nase**, and **SECONDED** by **Ms. Koltash**, the PHEFA Board Meeting was adjourned at 10:47 a.m.

SUNSHINE ACT MEETING NOTICES TUESDAY, NOVEMBER 28, 2017

SUNSHINE ACT MEETING NOTICES

Tuesday, November 28, 2017

If you need an accommodation due to a disability,

please contact the ADA Contact name listed below.

Pennsylvania State Veterans Commission, 12/1/2017, 10:00 AM, Arrowheads Community Club, Fort Indiantown Gap, Annville, Contact: Janette Krolczyk 717-861-8902, All meetings are in compliance with The Americans With Disabilities Act of 1990, Title II; Subtitle A, Nondiscrimination in State and Local Government Services. Anyone wishing to attend this meeting who needs special accommodation due to a disability, please contact 717-861-8902.

State Workers' Insurance Fund Board Meeting, 12/4/2017, 10:00 AM, Conference Room 1710, Dept. of Labor & Industry, 651 Boas Street, HBG, Contact: Sherry Rollins 717-787-5082

Special, Mining and Reclamation Advisory Board Regulation, Legislation and Technical Committee, 12/7/2017, 10:00 AM, Delaware Conference Room, 16th Floor, Rachel Carson State Office Building, 400 Market Street, HBG, Contact: Daniel E. Snowden, D.Ed. 717-783-8846, Meeting will also be offered in a conference call (Web-Ex) format.

Special, State Public School Building Authority and Pennsylvania Higher Educational Facilities Authority , 12/7/2017, 10:30 AM, Room 515 North Office Building, HBG, Contact: Bev Nawa 717-975-2204

Department of Human Services' Office of Mental Health and Substance Abuse Services Mental Health Planning Council, 12/8/2017, 10AM-3PM, Child Welfare Resource Center (403 East Winding Hill Road, Mechanicsburg, PA), Contact: Cristal Leeper 717-787-5450

Pennsylvania State Planning Board Meetings, 1/12/2018, 10:00 AM, Room 105 Rachel Carson State Office Building, 400 Market Street, HBG, Contact: Dennis Davin, Secretary 717-787-3003, ADDITIONAL DATES SAME TIME SAME PLACE: April 13, 2018, July 13, 2018 and October 12, 2018

State Conservation Commission Meeting/Conference Call Bridge #: 717-612-4733, Toll Free #: 1-855-750-1027-PIN: 033143, 2/13/2018, 4/10/2018, 6/12/2018, 8/21/2018, 10/9/2018, 12/11/2018, 8:30 AM, Pennsylvania Department of Agriculture - Room 405, 2301 North Cameron Street, HBG, Contact: Barb Buckingham 717-787-8821

State Conservation Commission Meeting, 3/13/2018, 5/8/2018, 9/11/2018, 11/13/2018, 1:00 p.m., Pennsylvania Department of Agriculture - Room 309, 2301 North Cameron Street, HBG, Contact: Barb Buckingham 717-787-8821

Appeared in: **Patriot-News** on Tuesday, 11/28/2017

Appendix A

STATE PUBLIC SCHOOL BUILDING AUTHORITY
PENNSYLVANIA HIGHER EDUCATIONAL FACILITIES AUTHORITY
Notice of the Meetings of the Board to be Held
December 7, 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 **Thursday, December 7, 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

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Harrisburg, PA

I CERTIFY that the notice on the previous page for the December 7, 2017, meeting was dispatched to the following on November 20, 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 20th day of November 2017.

/s/ Robert Baccon

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