

Meeting of the Board
PENNSYLVANIA HIGHER EDUCATIONAL FACILITIES AUTHORITY
September 20, 2018
Room 515 North Office Building
Harrisburg, Pennsylvania
10:33 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 August 1, 2018
3. Approval of Projects
 - A. Resolution Authorizing the Undertaking of a Project on Behalf of The Trustees of the University of Pennsylvania
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, September 20, 2018 at 10:33 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)
Kevin Derr, (Proxy for Senator John H. Eichelberger Jr.)
Lisa Felix, (Proxy for Senator Andrew E. Dinniman)
Danielle Guyer, (Proxy for Representative Stanley Saylor)
Alan Cohn, (Proxy for Representative Anthony M. DeLuca)
Jennifer Langan, (Proxy for Treasurer Joseph M. Torsella)
Christal Pike-Nase, (Proxy for Auditor General Eugene A. DePasquale)
Alaina Koltash, (Proxy for Secretary of Education Pedro A. Rivera)

Board Members Absent

Secretary of General Services Curtis Topper

Authority Personnel Present

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

Also Present

William McCarty, Esquire, Barley Snyder LLP

Participated Via Conference Call

Kevin Cunningham, Esquire, Ballard Spahr LLP
Jee He Kim, Director, University of Pennsylvania
Andre Dasent, Esquire, Andre Dasent, P.C.
Jay Bellwoar, Managing Director, Bank of America Merrill Lynch

2. APPROVAL OF THE MINUTES OF THE MEETING OF AUGUST 1, 2018

A copy of the minutes of the meeting of August 1, 2018, 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 August 1, 2018, be and hereby are approved as presented.

Upon **MOTION** by **Ms. Pike-Nase**, and after full discussion, the above Resolution was unanimously approved at the PHEFA Board Meeting of September 20, 2018.

3. APPROVAL OF PROJECTS

A. Resolution Authorizing the Undertaking of a Project on Behalf of The Trustees of the University of Pennsylvania

Mr. Baccon explained that The Trustees of the University of Pennsylvania have requested that we issue a maximum of \$369,000,000 in Revenue Bonds to finance a portion of the projects in the University's capital budget, which may include acquisition, construction, renovation and equipping of Stemmler Hall, Richards Medical Research Lab Towers, Leidy Laboratories, Hill College House, construction of the Perelman Center for Political Science and Economics and the Wharton Academic Research Building and Substation. The University may also choose to refinance all or a portion of our Series A of 2015 Revenue Bonds.

Merrill Lynch, Pierce, Fenner & Smith will serve as the lead underwriter and The Bank of New York Mellon will serve as the Trustee. At the request of the University, the Office of General Counsel has appointed Ballard Spahr and Andre Dasent as Co-Bond Counsel.

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

Kevin Cunningham and Andre Dasent, Co-Bond Counsel, Jee He Kim, Director of the University and Jay Bellwoar, Managing Director, Merrill Lynch are participating by phone to answer questions.

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

Ms. Pike-Nase asked for more information about the project because the resolution indicates that it may include instead of it will include certain things.

Ms. Kim explained that the University will be reimbursing itself for projects that have already occurred. There will be some projects that are smaller that may be either added or taken out depending on certain research or direct costs.

Chairperson Heuer asked about the refinancing threshold.

Mr. Bellwoar indicated that the University has not set an exact threshold. It has a minimum of 3% savings. At this point, they are close to breakeven. There probably will not be a refunding component since rates have risen.

Since the bonds are not callable for a couple of years they would have to refinance with taxable debt. If there was a 25 basis point rally in the taxable market, they would be close to what the University is thinking about. The University has a debt policy that gives them some flexibility when they are combining a refunding with a new money issue, so that is why they do not have an exact number.

**RESOLUTION OF THE
PENNSYLVANIA HIGHER EDUCATIONAL FACILITIES AUTHORITY
AUTHORIZING
THE UNDERTAKING OF A PROJECT ON BEHALF OF
THE TRUSTEES OF THE UNIVERSITY OF PENNSYLVANIA**

DOCKET NO. 674

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 Trustees of the University of Pennsylvania (the “University”) consisting of (i) the financing (including the reimbursement) of a portion of the projects in the University’s capital budget, which may include (without limitation) acquisition, construction, renovation and equipping of Stemmler Hall, Richards Medical Research Labs Towers, Leidy Laboratories, Hill College House, and construction of the Perelman Center for Political Science and Economics and the Wharton Academic Research Building and Substation, (ii) the refinancing of certain outstanding indebtedness of the University, including all or a portion of the Authority’s The Trustees of the University of Pennsylvania Revenue Bonds Series A of 2015 (the “Refunded Bonds”), (iii) the payment of capitalized interest on the Bonds and (iv) the payment of costs of issuing the Bonds; provided, however, that the Executive Director of the Authority, at the request of the University, shall have the power to add, delete or substitute 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 trust indentures and/or will enter into one or more supplements to the Indenture of Trust dated as of January 15, 1987 (collectively, the “Indenture”) with The Bank of New York Mellon Trust Company, N.A., as successor trustee or with such other trustee (the “Trustee”) as appointed by the University and approved by the Executive Director of the Authority, such approval to be evidenced by his or her execution of the Indenture pursuant to which the Authority shall issue up to \$369,000,000 (exclusive of original issue discount or premium) in aggregate principal amount of bonds in one or more series which may be tax-exempt or taxable and which may be issued on the same or different dates to be designated “Pennsylvania Higher Educational Facilities Authority The Trustees of the University of Pennsylvania Revenue Bonds” with an appropriate series designation (the “Bonds”). The Bonds shall have a term not to exceed 40 years and shall bear interest at fixed or variable rates acceptable to the University, shall mature in such principal amounts and at such times, and shall be subject to redemption all as approved by the Executive Director of the Authority in consultation with the University and further provided in the Bond Purchase Agreement (defined below).

3. If deemed advantageous by the University in connection with the issuance of one or more series of the Bonds, the proper officers of the Authority are hereby authorized to

purchase or cause to be purchased, and the Trustee is hereby authorized to accept, a letter of credit or a similar instrument securing the payment, when due, of the principal and/or purchase price of and interest on such series of Bonds, and the Trustee is further authorized to accept a liquidity facility, letter of credit or a similar instrument for the payment of the purchase price of one or more series of Bonds upon tender for purchase, if applicable.

4. 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 calculation method to be used in determining interest due on the Bonds thereafter, and to appoint an indexing agent, market agent and/or remarketing agent and to take such other action as may be required in connection with a variable interest rate, or in connection with Bonds bearing interest at fixed interest rates, including the authorization of any remarketing agreement or credit facility agreement or similar agreement.

5. The Bonds shall be limited obligations of the Authority, payable only from payments made by the University under the Loan Agreement (defined below). The Bonds shall be issued in such denominations and form and with 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 of the Authority. 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 Executive Director, Secretary or Assistant Secretary of the Authority is hereby authorized. The Executive Director of the Authority is hereby authorized to deliver the Bonds to the Trustee under the Indenture for authentication, and to execute and deliver instructions to the Trustee to deliver the Bonds when so authenticated, on behalf of the Authority, to or upon the order of the purchaser thereof, against receipt of the purchase price together with any accrued interest, all in accordance with the requirements of the Indenture.

6. The proceeds from the sale of the Bonds shall be loaned to the University pursuant to the terms of one or more loan agreements and/or pursuant to one or more supplements to the loan agreement between the Authority and the University dated as of January 15, 1987 (collectively the "Loan Agreement"), and shall be applied by the University 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, underwriters' counsel and the underwriters, fees and expenses of the Trustee, and administrative costs and expenses of the University and the Authority, all upon submission of the proper documentation thereof; and (b) the funding of funds established under the Indenture.

7. The President, any Vice President, or the Executive Director is hereby authorized on behalf of the Authority to negotiate with the underwriters, hereinafter appointed, for an acceptable proposal, for the purchase or placement of any series of the Bonds issued hereunder, to enter into one or more purchase agreements or placement agreements (collectively, the "Bond Purchase Agreement") 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 of the Authority is hereby authorized to execute and deliver the particular Bond Purchase Agreement on behalf of the Authority and to take such further action as he or she deems necessary or advisable to carry out the obligations of the Authority thereunder.

8. The Authority does hereby authorize the refunding of the Refunded Bonds. In connection with the refunding of the Refunded Bonds, the Authority is hereby authorized to enter into one or more escrow deposit agreements (the "Escrow Agreement") with the University and The Bank of New York Mellon Trust Company, N.A., as escrow agent.

9. The Authority does hereby authorize the execution and delivery of the following documents relating to the issuance of Bonds of any series authorized hereunder and the financing of the Project: the Indenture, the Loan Agreement, the Escrow Agreement, any remarketing agreement, market agent agreement and/or indexing agent agreement or other agreement or instrument described in this Resolution; and any other document to which the Authority is a party and which is required and useful in connection with the financing of the Project; all in such form as shall be acceptable to bond counsel, the Attorney General of the Commonwealth, the Office of General Counsel, and Authority counsel and as shall be approved by the Executive Director of the Authority.

10. The President, the Vice President or 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 aforesaid documents as hereinabove authorized shall be deemed to conclusively evidence the approval of the Authority of said documents.

11. 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 for the purpose of distribution, by the Executive Director of the Authority with the advice of bond counsel. The Executive Director of the Authority is hereby authorized to execute one or more preliminary official statements and/or final official statements in the name and on behalf of the Authority, and such execution by the Executive Director of the Authority shall constitute conclusive evidence of the Authority's approval of such documents solely for the purpose of distribution. The circulation and distribution of copies of any such documents in connection with the offer and sale of the Bonds is hereby authorized.

12. The underwriters or purchasers of the Bonds shall be appointed by the University and approved by the Executive Director of the Authority, such approval to be evidenced by his or her execution of the Bond Purchase Agreement. Any underwriter or purchaser so appointed and approved shall be authorized to act as the underwriter or purchaser of the Bonds. At the request of the University, the Office of General Counsel has appointed Ballard Spahr LLP and Andre C. Dasent, P.C. as Co-Bond Counsel. The Executive Director of the Authority is hereby authorized to approve upon the recommendation of the

University, additional professionals for the Bonds, including a tender agent or agents, indexing agent, market agent and/or remarketing agent, if necessary.

13. The appropriate officers of the Authority are hereby authorized to take such further action and to execute and deliver in the name and on behalf of the Authority any and all other documents and certificates, in addition to those specified above, as they shall deem necessary or advisable in connection with the issuance of the Bonds and the implementation of these Resolutions.

14. 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 limitations contained in the Indenture.

15. The appropriate officers of the Authority are, and each of them is, hereby authorized to execute and deliver in the name and on behalf of the Authority such other documents and to take such other action as they shall deem necessary in order to effectuate the financing of the Project, the execution, delivery and receipt of the Indenture, the Loan Agreement, the Escrow Agreement and the Bond Purchase Agreement, the distribution of one or more preliminary official statements and/or final official statements and the issuance and sale of the Bonds, all in accordance with these Resolutions.

16. 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 Bonds (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 Pennsylvania Higher Educational Facilities Authority Act of 1967, as amended, and the Bond Documents, and (ii) the Amendment will not adversely affect the excludability from gross income of interest on the Bonds for purposes of federal income taxation.

17. 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**, and **SECONDED** by **Mr. Cohn**, and after full discussion, the above Resolution was unanimously approved at the PHEFA Board Meeting of September 20, 2018.

EXHIBIT A

TRUSTEES OF THE UNIVERSITY OF PENNSYLVANIA

<u>Docket Number</u>	<u>Counties Where Facilities are Located</u>	<u>Project Description</u>	<u>Maximum Amount to be Financed</u>
674	Philadelphia, Pennsylvania	(i) the financing (including the reimbursement) of a portion of the projects in the University's capital budget, which may include (without limitation) acquisition, construction, renovation and equipping of Stemmler Hall, Richards Medical Research Labs Towers, Leidy Laboratories, Hill College House, and construction of the Perelman Center for Political Science and Economics and the Wharton Academic Research Building and Substation, (ii) the refinancing of certain outstanding indebtedness of the University, including all or a portion of the Authority's The Trustees of the University of Pennsylvania Revenue Bonds Series A of 2015 (collectively, the "Refunded Bonds"), (iii) the payment of capitalized interest on the Bonds and (iv) the payment of certain costs of issuance in respect of the Bonds	\$369,000,000

Term: Up to 40 years.

Rate: Variable or Fixed

Rating/Credit Enhancement: The Bonds are expected to be rated Aa1 by Moody's and AA+ by S&P. Prior to the issuance, a determination will be made whether to obtain a letter of credit or other credit enhancement or liquidity enhancement if deemed beneficial by the University

Underwriters: The University has selected Merrill Lynch, Pierce, Fenner & Smith, Incorporated as lead underwriter and will select one or more additional underwriters after consultation with the Executive Director of the Authority

Bond Counsel: At the request of the University, the Office of General Counsel has appointed Ballard Spahr LLP and Andre C. Dasent, P.C. as Co-Bond Counsel

Minority, Female and/or Veteran Participation in this Financing: Andre C. Dasent, P.C., as Co-Bond Counsel and McElwee and Quinn, as printer. The Underwriters are expected to include Loop Capital Markets LLC and Drexel Hamilton, LLC

Trustee: The Bank of New York Mellon Trust Company, N.A., as the existing trustee under the Indenture, or another trustee to be appointed by the University and approved by the Executive Director of the Authority

Approved at the PHEFA Board Meeting of September 20, 2018.

4. OLD BUSINESS

A. Project Update

Mr. Baccon explained that he had nothing to report at this time.

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 mentioned that this is Bob's last meeting. He thanked Mr. Baccon again.

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**, the PHEFA Board Meeting adjourned at 10:40 a.m.

SUNSHINE ACT MEETING NOTICES THURSDAY, SEPTEMBER 6, 2018

SUNSHINE ACT MEETING NOTICES

Thursday, September 6, 2018

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

State Civil Service Commission Hearing, 9/10/2018, 9:30 AM, 4th Fl., Public Hearing Rm., 320 Market St., Harrisburg, Contact: Keri Seitz 717-783-2926

Thursday, 9/13@ 8:30 pm, State Board for Vocational Education followed immediately by the State Board of Education Meeting. Honors Suite, 1st Fl., 333 Market St. Harrisburg

Underground Storage Tank Indemnification Board Meeting, 9/13/2018, 10 AM, Capitol Associates Bldg., Ste. 200, 901 North Seventh St., Harrisburg, Contact: Jean Bowman 717-787-8027

PA Apprenticeship and Training Council Meeting, 9/13/2018, 10 AM, Labor and Industry Bldg., 17th Fl., Rm. 1710., 651 Boas St., Harrisburg, Contact: Eric Ramsay 717-787-6997

Special, The State Horse Racing Commission Meeting, 9/13/2018, 10 AM, Dept. of Agriculture Bldg., Rm. 202, 2301 N. Cameron St., Harrisburg, Contact: Stephanie Pavlik 717-787-5539

PA Cancer Control, Prevention and Research Advisory Board (CAB) Quarterly Meeting, 9/13/2018, 9 AM - 12 PM, Dixon University Center, Admin Bldg., Board Rm., 2986 N. 2nd St., Harrisburg, Contact: Sharon Sowers 717-547-3249

State Civil Service Commission Hearing, 9/14/2018, 10 AM, 4th Fl. Public Hearing Rm., 320 Market St., Harrisburg, Contact: Keri Seitz 717-783-2926

Cancelled, Environmental Quality Board (EQB) meeting, 9/18/2018, 9 AM, Rachel Carson Building, Rm. 105, 400 Market St., Harrisburg, Contact: Laura Edinger 717-783-8727

Special, PA Higher Educational Facilities Authority, and State Public School Building Authority Meeting, 9/20/2018, 10:30 AM, Rm. 515, North Office Bldg., Harrisburg, Contact: Bev Nawa 717-975-2204

Special, PA Dept. of Corrections - Bureau of Correction Education Meeting, 10/3/2018, 9 AM, PA DOC Central Office, Rm. 334, 1920 Technology Parkway, Mechanicsburg, PA 17050, Contact: Wendy Mangold 717-718-5323

Children's Trust Fund Board Meeting, 1/24/2019, 10 AM - 12 PM, 3rd Fl., e-Center, 333 Market St., Harrisburg, Contact: Andrew M Dietz 717-772-2098, Additional mtgs. to be held on the same date, time, and location: 4/18/19, 5/30/19, 8/22/19, and 10/24/19

Appeared in: **Patriot-News** on Thursday, 09/06/2018

Appendix A

STATE PUBLIC SCHOOL BUILDING AUTHORITY
PENNSYLVANIA HIGHER EDUCATIONAL FACILITIES AUTHORITY
Notice of the Meetings of the Board to be Held
September 20, 2018

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, September 20, 2018**, at **10:30 a.m.**, in **Room 515 North Office Building, Harrisburg**, Pennsylvania, for the purpose of: (a) approving certain projects for financing; and (c) 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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Appendix A

Harrisburg, PA

I CERTIFY that the notice on the previous page for the September 20, 2018, meeting was dispatched to the following on August 31, 2018, 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 31st day of August 2018.

/s/ Robert Baccon

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