

Meeting of the Board  
**STATE PUBLIC SCHOOL BUILDING AUTHORITY**  
August 1, 2019  
**Room 515 North Office Building**  
Harrisburg, Pennsylvania  
10:29 a.m. Prevailing Time

MINUTES

1. Call to Order, Filing of Proof of Sunshine Notice and of Sending Notice of the Meeting, and Announcement of Quorum
2. Approval of the Minutes of the Meeting of July 18, 2019
3. Revolving Loan Fund
4. Old Business
  - A. Project Update
  - B. Review of 10 Year Financing Summary & Small Diverse Partner Listing
5. New Business
  - A. Early Retirement Incentive
6. Adjournment

**1. CALL TO ORDER, FILING OF PROOF OF SUNSHINE NOTICE AND OF SENDING NOTICE OF THE MEETING 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, August 1, 2019 at 10:29 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)  
Gwenn Dando, (Proxy for Senator Wayne Lanerholc Jr.)  
Lisa Felix, (Proxy for Senator Andrew E. Dinniman)  
Christopher Craig, (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)  
Patrick Lord, (Proxy for Secretary of Education Pedro A. Rivera)

**Board Members Absent**

Representative Curtis G. Sonney  
Representative Anthony M. DeLuca

**Authority Personnel Present**

Beverly Nawa, Acting Executive Director  
David Player, Comptroller  
Jennifer Sheffield, Accountant

**Also Present**

Jennifer Langan, Deputy Chief Counsel, Pennsylvania Treasury  
Shea McQuillan, Intern, Office of Senator Wayne Langerholc Jr.  
Nicholas Jacobson, Intern, Department of the Auditor General

**Participated Via Conference Call**

William McCarty, Esquire, Barley Snyder LLP  
Helen Kreider, Associate Treasurer, University of Pennsylvania  
Kevin Cunningham, Esquire, Ballard Spahr LLP  
Andre C. Dasent, Esquire

## **2. APPROVAL OF THE MINUTES OF THE MEETING OF JULY 18, 2019**

A copy of the minutes of the meeting of July 18, 2019, 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 July 18, 2019, 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 SPSBA Board Meeting of August 1, 2019.

## **3. REVOLVING LOAN FUND**

Ms. Nawa explained that we closed the loan to the PA Highlands Community College that she mentioned in July. The loan is to upgrade network equipment and is for just under \$149,000. She also mentioned that the Colonial Intermediate Unit loan is still pending.

## **4. OLD BUSINESS**

### **A. Project Update**

Ms. Nawa explained that she and Dave met with two underwriters from RW Baird. They discussed bond issuance for both SPSBA and PHEFA. She also mentioned that the Westmoreland County Community College just inquired about a revolving loan.

### **B. Review of 10 Year Financing Summary & Small Diverse Partner Listing**

Chairperson Heuer indicated that as requested at the July board meeting, staff sent both the 10-year financing summary and the small diverse partner listing. He opened the floor to discussion and questions.

Mr. Craig thanked staff for providing the information. He explained that it has been confirmed that, for the last four fiscal years, the average annual deal flow from both combined entities is about 7.7 deals per year. The prior four years was 21.5 deals per year. The last two years PHEFA did six deals and SPSBA did four deals. That is less than one deal every two months. He believes that we are getting to the point that, if no action is taken, we should be questioning the future viability of both Authorities. Deal flow was typically 20 to 30 per year and now it is down dramatically over the last four years. This can be attributed to a significant policy change that was made four years ago which required all entities coming before the board to do a competitive bid and to have small diverse counsel involved. Competitive bids are super terrific and great but this isn't our money. This is the money of customers, school districts and higher educational facilities. If they can't come here with assurance that their own team can be used, they are going elsewhere and the numbers seem to suggest that. At

the last meeting they discussed the idea of staff providing a list of legislative recommendations.

Mr. Craig said that the diversity numbers show that one law firm got 11 of the 23 deals. It is primarily three or four law firms that are getting the work. It is not like the work is being spread out to a lot of new firms across the Commonwealth. He believes that they need to acknowledge, as a board, that this is an issue and be empowered to address it. Last time the board talked about the idea of legislative changes, with suggestions being provided by staff. He believes they need to take a more comprehensive approach and find suggestions and that maybe by the end of this calendar year, Authority staff provides a recovery plan that is all inclusive. It may include some good ideas, some bad ideas, maybe some ideas that had not been thought about. Everything should be on the table from rescinding or not rescinding past policies to developing new services or a new strategic plan. He believes if the recovery plan is based upon knocking on everybody's doors, we are in trouble, particularly with dwindling staff and resources. Maybe the General Assembly wants to appropriate money or subsidize interest rates. He thinks the Board should get suggestions and a comprehensive report from staff by the end of the calendar year and have a special meeting in January devoted solely to this issue. Provide a report in advance and have a meeting in which we can discuss it.

Mr. Craig said that, as a board, they have the obligation to drive the two agencies, to act in their interest, to act in the interest of those that benefit from it, to comply with the legislative mandates that have been created and to advise our principles as to what should be done or not done. Right now, the trend is clear, if we go another two years with nothing more than ten deals, should these entities even exist. He thinks if the Board is doing its job it has to get out in front of this problem.

Chairperson Heuer said that staff will pull together some ideas and thoughts regardless of where they are on the spectrum. If board members have ideas, send them to staff as well. Then we will have a meeting in January solely for this issue. He understands one of the recommendations will be to review the Bond Counsel procedure. We know people have said that it was detrimental to coming here.

Ms. Dando said that there is definitely a dramatic down turn. She asked if there is anything else that changed.

Mr. Craig said that he looked at the amount of bonds and the amount of money is not down as hugely as deals. Is it a question of, interest rates being so low that there are much more options now that didn't exist then? This is an agency that is customer based. It has got to understand its customers and it has got to provide services to its customers in an efficient way if it is going to justify its existence. That means making it easy for someone so that they don't have to go through extra hoops. They don't have to give up whatever decisions they made in terms of team.

Chairperson Heuer said that Bev and Dave have been out there. He asked what people have been saying.

Ms. Nawa said that advanced refunding went away at the beginning of 2018.

Chairperson Heuer said that was a federal law that changed.

Mr. Craig said that explains one fiscal year.

Ms. Nawa said that the Authority did a lot of Foundation deals from 2010 to 2013. We are no longer doing Foundation deals. The State System has gone away from the Foundation financings.

Mr. Craig said that when he did the four-year comparison he started with the fiscal year ending 2012. All he is looking for is a report that staff puts together on all issues. What are the concerns, what are the things that we can do to improve? For the board to be able to do their job, we want it to be as comprehensive as possible and to have everything on the table.

Chairperson Heuer said that the Board will look for something at the end of the calendar year.

Mr. Lord asked if it is possible to go back before the Great Recession in terms of looking at the impact of interest rates if it is not too difficult on staff. We have to be careful that we don't make any conclusions on a situation in which the Fed has kept interest rates low for a very long time. We have to see the spreads we were offering and what other conduits were offering.

Ms. Pike-Nase said that there are some things that we could explore. The Department of the Auditor General is 100% on board with the Governor's competitive approach except for this Authority because the entity has really made it clear to us that they want to go with their own Bond Counsel. They were wondering if there is a chance to explore a waiver for the entities under our Authority. We are different than most of the authorities that the Governor deals with. It is nine members with many legislative members as well. With regard to the Foundation deals, we got away from them but we could potentially have some ways of allowing for them as long as we received assurances that any of the monies that they have would come back to the Commonwealth. Those could potentially be introduced. With regard to the public schools, especially the small ones are really having significant economic problems. She understands at this time it is not helpful for them to come to this Authority, but if we could explore some ways to allow for them to come to this Authority and it might have to be legislative. She could work with Ms. Felix on that issue. That might be a way to make the State Public School Building Authority more relevant at this time.

Chairperson Heuer reiterated that if board members have ideas, they should pass them on to Dave and Bev. We will have an open frank discussion about the two boards.

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

### A. Early Retirement Incentive

Chairperson Heuer explained that board members received an email last week about the Authority proposing an early retirement incentive that mirrors the plan offered by the Pennsylvania House of Representatives. He opened the floor to discussion on the proposal.

Ms. Pike-Nase said that her department is still looking at the numbers. They are a little concerned about it. She said that they would like to wait and consider it for the next meeting. She asked to be provided with more information. Her department is worried for the staff because they had done something similar and their experience may not have been as positive as it looked from the outside. We need to have more details on how it will affect the staff, especially now because it is such a critical time because we have so many issues coming up with the lack of projects.

Mr. Player said that he would be happy to sit down with them to discuss their concerns.

Chairperson Heuer said that this would be tabled if everyone was comfortable with that.

There were no objections.

Chairperson Heuer asked if there was any other 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, and upon **MOTION** by **Ms. Pike-Nase**, the SPSBA Board Meeting was adjourned at 10:45 a.m.

**SUNSHINE ACT MEETING NOTICES THURSDAY, JULY 25, 2019**

Please utilize the ADA contact name listed below if you need an accommodation due to a disability, to check on the meeting status during inclement weather, to inquire about phone/online participation options, etc. Dates listed at the end of a line indicate additional dates when the same meeting will be held at the same time and location (unless otherwise indicated).

State Civil Service Commission Hearing, 7/29/2019, 9:30 AM, Strawberry Sq., Bowman Tower, 4th Fl., 320 Market St., Harrisburg, PA 17101, Contact: Michele Whiting 717-783- 8806

PDA, BAHDS, Animal Health and Diagnostic Commission Meeting, 8/1/2019, 09:30 AM, Livestock Evaluation Center, 1494 W Pine Grove Rd., Pennsylvania Furnace, PA 16865, Contact: Tony Arnold 717-783-9550

Special, State Public School Building Authority, PA Higher Educational Facilities Authority Meeting, 8/1/2019, 10:30 AM, North Office Bldg., Rm. 515, Harrisburg, PA, Contact: Beverly Nawa 717-975-2204

Office of Mental Health and Substance Abuse, Mental Health Planning Council Meeting, 8/21/2019, 10 AM, Central Penn College, 600 Valley Rd., Summerdale PA, 17093, Contact: Jill Stemple 717-409-3790

The Governor's Advisory Council for Veterans' Services Meeting, 8/21/2019, 1 PM, Arrowheads Community Club, Fort Indiantown Gap, Annville, PA 17003, Contact: Crystal Petery 717-861-6904

Special, PCCD School Safety and Security Committee Meeting, 8/28/2019, 1 PM, PA Commission on Crime & Delinquency, Commission Rm., 3101 N. Front St., Harrisburg, Contact: Pamela Bennett 717-265-8485, This mtg. is in addition to the Committee's regular quarterly mtg.

Appeared in: **Patriot-News** on Thursday, 07/25/2019

STATE PUBLIC SCHOOL BUILDING AUTHORITY  
PENNSYLVANIA HIGHER EDUCATIONAL FACILITIES AUTHORITY  
Notice of the Meetings of the Board to be Held  
July 22, 2019

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The State Public School Building Authority and the Pennsylvania Higher Educational Facilities Authority Boards will meet on **Thursday, August 1, 2019**, at **10:30 a.m.**, in **Room 515 North Office Building, Harrisburg**. The meetings are to: (a) approve projects for financing; and (b) consider other matters as may properly come before the Board.

Please complete the attached response and return to me via e-mail.

Sincerely,

Beverly M. Nawa  
Acting Executive Director

\* \* \* \* \*

Harrisburg, PA

I CERTIFY that the notice on the previous page for the August 1, 2019, meeting was dispatched to the following on July 22, 2019, at the addresses indicated, constituting all of the members of the Board of the State Public School Building Authority.

Thomas W. Wolf, Governor of Pennsylvania  
225 Main Capitol, Harrisburg, PA  
Steven S. Heuer, Proxy for Governor Wolf  
333 Market Street - 18<sup>th</sup> Floor, Harrisburg, PA  
Wayne Langerholc Jr., Designated by the President Pro Tempore of the Senate  
187 Main Capitol, Harrisburg, PA  
Andrew E. Dinniman, Designated by the Minority Leader of the Senate  
182 Main Capitol, Harrisburg, PA  
Curtis G. Sonney, Designated by the Speaker of the House of Representatives  
214 Ryan Office 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 22nd day of July 2019.

Beverly M. Nawa

Acting Executive Director  
State Public School Building Authority  
Pennsylvania Higher Educational Facilities Authority

Appendix A