

Meeting of the Board
PENNSYLVANIA HIGHER EDUCATIONAL FACILITIES AUTHORITY
October 26, 2017
Room 515 North Office Building
Harrisburg, Pennsylvania
10:31 a.m. Prevailing Time

MINUTES

1. Call to Order, Filing of Proof of Sunshine Notice and of Sending Notice of the Meeting, Roll Call and Announcement of Quorum
2. Approval of the Minutes of the Meeting of September 28, 2017
3. Approval of Projects
 - A. Resolution Authorizing the Undertaking of a Project on Behalf of The University of Pennsylvania Health System and its Members
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, October 26, 2017 at 10:31 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

Steven Heuer, (Proxy for Governor Thomas W. Wolf)
Lisa Felix, (Proxy for Senator Andrew E. Dinniman)
Danielle Guyer, (Proxy for Representative Stanley E. 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)
Secretary of General Services Curtis Topper
Alaina Koltash, (Proxy for Secretary of Education Pedro A. Rivera)

Board Member Participating Via Conference Call

Senator John H. Eichelberger Jr.

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
Dr. Andrew Armagost, Assistant Executive Director, Education Committee

Participated Via Conference Call

Thomas Cooper, Vice President of Corporate Finance, University of Pennsylvania Health System
Helen Kreider, Associate Treasurer, University of Pennsylvania
Kevin Cunningham, Esquire, Ballard Spahr LLP
Andre Dasent, Esquire

2. APPROVAL OF THE MINUTES OF THE MEETING OF SEPTEMBER 28, 2017

A copy of the minutes of the meeting of September 28, 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 September 28, 2017, be and hereby are approved as presented.

Upon **MOTION** by **Secretary Topper**, and **SECONDED** by **Mr. Cohn**, and after full discussion, the above Resolution was unanimously approved at the PHEFA Board Meeting of October 26, 2017.

3. APPROVAL OF PROJECTS

A. Resolution Authorizing the Undertaking of a Project on Behalf of The University of Pennsylvania Health System and its Members.

Mr. Baccon explained that the University of Pennsylvania Health System has requested that we issue a maximum of \$600,000,000 in Revenue Bonds to finance the construction of a new patient pavilion on the Hospital of the University of Pennsylvania campus and the construction of the Center for Health Care Technology.

U.S. Bank will serve as the Trustee for the Bonds and the System will select one or more Underwriters or purchasers of the Bonds. After completing an RFP and at the request of the System, the Office of General Counsel has appointed Ballard Spahr as the Bond Counsel for this issue. The small diverse business partner will be Andre C. Dasent.

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

On the phone to answer questions are Kevin Cunningham, of Ballard Spahr, Andre Dasent, Thomas Cooper, Vice President of Corporate Finance of the System and Helen Kreider, Associate Treasurer of the University.

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

Ms. Pike-Nase asked for more information about the Patient Pavilion and the Center for Health Care Technology.

Mr. Cooper explained that it is a 17 story, 1.5 million square foot building, with 500 beds. It will replace some semi private beds with all private beds. It will add an additional 150 beds to the Health System. There will be 47 operating and procedure rooms, along with a new ER with 66 exam rooms.

Mr. Cooper explained that the Center for Health Care Technology is an administrative building that will house human resources and information technology. It is consolidating those areas so they are closer to the main campus. It will also have a childcare center for employees.

Mr. Cohn asked if there is a shortage of beds at this time.

Mr. Cooper indicated that HUP is at capacity at this time. There is a shortage of critical care beds and that is what they are providing. The majority of HUP's current facilities are close to 40 years old. They are replacing those facilities.

Chairperson Heuer asked if there were any other questions from board members, and hearing none, he asked for a motion to approve the project.

**RESOLUTION OF THE
PENNSYLVANIA HIGHER EDUCATIONAL FACILITIES AUTHORITY
AUTHORIZING
THE UNDERTAKING OF A PROJECT ON BEHALF OF
THE UNIVERSITY OF PENNSYLVANIA HEALTH SYSTEM AND ITS MEMBERS

DOCKET NO. 671**

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 any or all of the members of the University of Pennsylvania Health System (the "System"), which consists of (i) the Hospital of the University of Pennsylvania ("HUP"); (ii) the Clinical Practices of the University of Pennsylvania ("CPUP"); (iii) the Pennsylvania Hospital of the University of Pennsylvania Health System ("Pennsylvania Hospital"); (iv) Presbyterian Medical Center of the University of Pennsylvania Health System d/b/a Penn Presbyterian Medical Center ("PPMC"); (v) Wissahickon Hospice ("WH"); (vi) Clinical Care Associates of the University of Pennsylvania Health System ("CCA"); (vii) The Chester County Hospital and Health System ("TCCHHS"); (viii) Lancaster General Health ("LGHealth"); and (ix) The Lancaster General Hospital ("LGH") (each, a "Member" and, collectively, the "Members of the System"). HUP and CPUP are operating divisions of The Trustees of the University of Pennsylvania (the "University") and Pennsylvania Hospital, PPMC, WH, CCA, TCCHHS, LGHealth and LGH are controlled affiliates of the University. The Project consists generally of (a) the financing of certain capital projects of the System, including the financing of a portion of the projects in the System's capital budget, which may include construction of a new patient pavilion on the HUP Campus; (b) the payment of capitalized interest on the Bonds (as defined below); and (c) the payment of certain costs of issuance in respect of 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 Trust Indenture dated as of May 1, 1994, as amended and supplemented (collectively the "Indenture") with U.S. Bank National Association, as 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 \$600,000,000 outstanding at any time in aggregate principal amount of bonds, notes, or other obligations, subject to increase to the extent of original issue discount, 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 University of Pennsylvania Health System Revenue Bonds” (or with the name of the applicable Member of the System) with an appropriate series and year of issuance designation (the “Bonds”). The Bonds shall have a term not to exceed 40 years, shall bear interest at fixed or variable rates acceptable to the University or the System, shall mature in such principal amounts and at such times, shall be subject to redemption and contain other features all as approved by the Executive Director of the Authority, after consultation with the System and further provided in the proposal to purchase the Bonds, or bond purchase agreement hereinafter described.

3. If deemed advantageous by the System 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 System 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 or approve an indexing agent, calculation agent, tender 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 or approval of any remarketing agreement or credit facility agreement.

5. The Bonds shall be limited obligations of the Authority, payable only from the payments made by one or more Members of the System under the Loan Agreement (defined below). The Bonds shall be issued in such denominations and form and under such terms as shall be set forth in the Indenture and approved by the Executive Director of the Authority. The execution of the Bonds with the facsimile signature of the President of the Authority together with a facsimile of the official seal of the Authority and the attestation thereof by the facsimile signature of the Secretary of the Authority is hereby authorized. The Executive Director of the Authority is hereby authorized and directed to deliver the Bonds 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. Simultaneously with the issuance of any series of the Bonds, there may be executed and delivered one or more supplements to the Master Trust Indenture dated as of May 1, 1994, as amended and supplemented, between the Obligated Group (as such term is defined therein) and U.S. Bank National Association, as successor master trustee, and pursuant to which the Obligated Group may issue one or more promissory notes in the original principal amount of the Bonds of the applicable series.

7. The proceeds from the sale of the Bonds shall be loaned to one or more Members of the System pursuant to one or more loan agreements or one or more

supplements to the Loan Agreement dated as of May 1, 1994, as amended and supplemented between the Authority, the University and various Members (collectively, the "Loan Agreement") and shall be applied 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 underwriter, fees and expenses of the Trustee, and administrative costs and expenses of the System and the Authority, all upon submission of the proper documentation thereof; and (b) the funding of funds established under the Indenture.

8. The Executive Director of the Authority is authorized to sell the Bonds at a public or private sale on such terms and conditions as are approved by the Executive Director of the Authority with the approval of the University or the System. The President, any Vice President or the Executive Director is hereby authorized and directed to deliver the Bonds to the purchaser or purchasers thereof and to execute and deliver all documents in connection therewith.

9. The President, any Vice President or the Executive Director of the Authority is hereby authorized to enter into one or more bond purchase agreements relating to the underwriting and sale of the Bonds in accordance with the terms of this resolution and the President, any Vice President, the Secretary or any Assistant Secretary, or the Executive Director is hereby authorized to execute and deliver the bond purchase agreement on behalf of the Authority and take such further action as he or she deems necessary or advisable to carry out the obligations of the Authority thereunder.

10. The Authority does hereby authorize the execution and delivery of any 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, any bond purchase 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 in connection with the financing of the Project; all 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.

11. The President, the 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 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.

12. Any preliminary official statement and/or final official statement which may be used in connection with the sale and issuance of the Bonds shall be in such form as shall be approved solely as to and for purposes of distribution by the Executive Director of the Authority with the advice of bond counsel. The Executive Director of the Authority shall be and hereby is authorized and directed to execute any such preliminary official statement

and/or final official statement or other offering document, and the execution by the Executive Director of the Authority shall constitute conclusive evidence of the Authority's approval solely as to and for purposes of distribution of the form of such documents. The Authority is hereby authorized to circulate and distribute copies of any such documents in connection with the issuance and sale of the Bonds.

13. The underwriter of the Bonds of each series shall be appointed by the University or the System 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 so appointed and approved shall be authorized to act as the underwriter of the Bonds of such series. After completing an RFP and at the request of the System, the Office of General Counsel has appointed Ballard Spahr LLP as the Bond Counsel for this issue. The Executive Director of the Authority is hereby authorized to approve upon the recommendation of the University or the System, additional professionals for the Bonds, including a tender agent or agents.

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, 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 Projects (collectively, the "Bond Documents") requested by the University or the System 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.

16. Any resolution adopted by the Authority or parts thereof that conflict with this Resolution are hereby repealed, and this Resolution shall supersede such prior actions and be in full force and effect immediately upon its adoption.

Upon **MOTION** by **Ms. Pike-Nase**, **SECONDED** by **Ms. Langan**, and after full discussion, the above Resolution was unanimously approved at the PHEFA Board Meeting of October 26, 2017.

EXHIBIT A

<u>Docket No.</u>	<u>Project Description</u>	<u>Counties Where Facilities are Located</u>	<u>Maximum Amount to be Financed</u>
671	(i) The financing of certain capital projects of the System, including the financing of a portion of the projects in the System's capital budget, which may include construction of a new patient pavilion on the HUP Campus; (ii) the payment of capitalized interest on the Bonds; and (iii) the payment of costs of issuing the Bonds	Philadelphia, Pennsylvania; Chester County, Pennsylvania; Montgomery County, Pennsylvania	\$600,000,000

Term: No more than 40 years.

Rate: Variable or Fixed.

Rating/Credit Enhancement: As of the date hereof, the System has credit ratings of Aa3 from Moody's and AA- from S&P and the System has applied for ratings for the Bonds. The ratings will be updated prior to the issuance of the Bonds. 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 System.

Underwriters: The underwriters of the Bonds shall be appointed by the University or the System and approved by the Executive Director of the Authority.

Bond Counsel: After completing an RFP and at the request of the System Ballard Spahr LLP has been appointed Bond Counsel by the Office of General Counsel.

Minority, Veteran and/or Female Participation in this Financing: Andre C. Dasent a minority owned firm is partnering with Ballard Spahr.

Trustee: U.S. Bank National Association, as the existing trustee under the Indenture, or another trustee to be appointed by the University or the System and approved by the Executive Director of the Authority.

Prevailing Wages: Prevailing wages will be used on the construction portion of the Project.

Approved at the PHEFA Board meeting of October 26, 2017.

4. OLD BUSINESS

A. Project Update

Mr. Baccon explained that Saint Francis University is refunding our 2011 bonds through a local authority.

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 **Mr. Cohn**, and **SECONDED** by **Ms. Pike-Nase**, the PHEFA Board Meeting was adjourned at 10:36 a.m.

SUNSHINE ACT MEETING NOTICES THURSDAY, OCTOBER 12, 2017

SUNSHINE ACT MEETING NOTICES

Thursday, October 12, 2017

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

Special, Pennsylvania Board of Probation and Parole Board Meeting, 10/17/2017, 10/19/2017, 11/14/2017, 11/16/2017, 12/12/2017,

12/14/2017, 9:00 AM - 5:00 PM, PBPP 1101 South Front Street, 5th Floor, HBG, Contact: Mary alice williams 717-787-5699

Department of Education Private Academic Pre School Board Meeting, 10/19/2017, 1:00 PM, 3rd Floor large conference room, 333 Market St. HBG, Contact: Ann Szwajkowski 717-705-5646

Department of Education State Board of Private Academic Schools Board Meeting, 10/20/2017, 9:00 AM, 1st Floor Honors, 333 Market St. HBG, Contact: Ann Szwajkowski 717-705-5646

Department of Environmental Protection -Radiation Protection Advisory Committee, 10/19/2017, 9:00 AM, 14th Floor Conference Room - Rachel Carson State Office Building, HBG, Contact: Joseph Melnic 717-787-2480, Persons in need of accommodations as provided for in the Americans with Disabilities Act of 1990 should contact the Department at (717) 787-3720 or through the Pennsylvania AT&T Relay Service at (800) 654-5984 (TDD) to discuss how the Department may accommodate their needs.

Dog Law Advisory Board Meeting, 10/20/2017, 1:00 PM, Room 309, PA Department of Agriculture, HBG, Contact: Kristen Donmoyer 717-705- 8896

Special, State Public School Building Authority and Pennsylvania Higher Educational Facilities Authority Meetings, 10/26/2017, 10:30 AM, Room 515 North Office Building, HBG, Contact: Bev Nawa 717 -975- 2204

Uniform Construction Code (UCC) Review and Advisory Council (RAC) Meeting, 11/1/2017, 10:00 am, Labor & Industry Building, 651 Boas Street, Room E-100, HBG, Contact: Cindy Holtry 717-783-4560

Appeared in: *Patriot-News* on Thursday, 10/12/2017

Appendix A

STATE PUBLIC SCHOOL BUILDING AUTHORITY
PENNSYLVANIA HIGHER EDUCATIONAL FACILITIES AUTHORITY
Notice of the Meetings of the Board to be Held
October 26, 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, October 28, 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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Appendix A

Harrisburg, PA

I CERTIFY that the notice on the previous page for the September 28, 2017, meeting was dispatched to the following on October 11, 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 11th day of October 2017.

/s/ Robert Baccon

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