

Meeting of the Board
PENNSYLVANIA HIGHER EDUCATIONAL FACILITIES AUTHORITY
October 29, 2020
Meeting is by Conference Call
11:14 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 August 27, 2020
3. Audit Committee Report & Audit Charter
4. Old Business
 - A. Executive Director's Update
5. New Business
6. Adjournment

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 Pennsylvania Higher Educational Facilities Authority was called to order on Thursday, October 29, 2020 at 11:14 a.m. prevailing time. The meeting was held by conference call, due to the Covid-19 pandemic and in accordance with the Governor's Declaration of a State of Emergency for the Commonwealth of Pennsylvania due to a public health emergency dated March 6, 2020. The proof of the Sunshine advertisement and certification regarding sending the notice of the meeting is attached to these minutes and identified as Appendix "A". It was noted that the meeting was being recorded.

Chairperson Heuer asked if there were any members of the public on the call. There were no members of the public on the call.

Board Members Participating by Conference Call

Steven Heuer, (Proxy for Governor Thomas W. Wolf)
Gwenn Dando, (Proxy for Senator Wayne Langerholc, Jr.)
Lisa Felix, (Proxy for Senator Andrew E. Dinniman)
Christine Seitz, (Proxy for Representative Curtis G. Sonney)
Linda Dolfi, (Proxy for Representative Anthony M. DeLuca)
Jennifer Langan, (Proxy for Treasurer Joseph M. Torsella)
Christal Pike-Nase, (Proxy for Auditor General Eugene A. DePasquale)
Patrick Lord, (Proxy for Acting Secretary of Education Noe Ortega)

Board Member Absent

Secretary of General Services Curtis M. Topper

Authority Personnel Participating by Conference Call

Eric Gutshall, Executive Director
Beverly Nawa, Director of Operations
David Player, Comptroller

Also Participating by Conference Call

William McCarty, Authority Counsel, Barley Snyder LLP

2. APPROVAL OF THE MINUTES OF THE MEETING OF AUGUST 27, 2020

A copy of the minutes of the meeting of August 27, 2020, was distributed to 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 27, 2020, be and hereby are approved as presented.

Upon **MOTION** by **Ms. Langan**, and after full discussion, the above Resolution was unanimously approved at the PHEFA Board Meeting of October 29, 2020.

3. AUDIT COMMITTEE REPORT & AUDIT CHARTER

Chairperson Heuer explained that the Audit Committee met on September 10th to review the audited financials and the Audit Charter. He asked Ms. Pike-Nase, as chair of the Audit Committee, if she would provide a summary of the meeting.

Ms. Pike-Nase explained that the Committee met with the independent auditors on September 10th. The Auditor General is the chair of the Committee and Maher Duessel is the Authority's independent auditor. Jen CruverKibi, Principal at Maher Duessel, reported that, as in prior years, the Authority was issued an unmodified opinion for the SPSBA and PHEFA financial statements. This is the best opinion one can receive. The Management Discussion and Analysis section of the audit report provides a good summary of the financial highlights for those who wish to learn more.

In response to Committee's request at the entrance conference, Jen analyzed the decline in bond issuance. She reviewed reports prepared by the Authority and noted that the decline in issuance is related to the prevailing wage policy and the bond counsel RFP policy. She concluded that since these policies are unlikely to change, it is important for the Authority to maintain a healthy fund balance. Another issue that was discussed during the meeting was the possible transfer of the Authority's funds to the Commonwealth's General Fund. As would be expected, Jen said that this issue is a legal issue, which has been addressed in the legal memo we received. Jen noted that since we have a healthy net position, if any funds are transferred, it could be considered an ongoing audit concern.

The Audit Committee also reviewed the Audit Charter. There were no suggested changes this year.

The auditors indicated that the Authorities were, as always, cooperative, and well organized due to Dave Player's excellent work.

The Committee recommended that the Board accept the audited financial statements and the Audit Charter.

Upon **MOTION** by **Ms. Langan**, and after full discussion, the audited financial statements and the Audit Charter were unanimously accepted by the PHEFA Board at the Meeting of October 29, 2020.

4. OLD BUSINESS

A. Executive Director's Update

Chairperson Heuer mentioned that several documents were sent to Board Members last week that addressed the potential direction of the Authorities. A legal memo was produced by Barley Snyder that discussed legal issues given different scenarios that were being discussed. Chairperson Heuer thanked Mr. Gutshall and the staff for putting the documents together and he also thanked Mr. McCarty for the legal memo. He asked Mr. Gutshall to talk about the documents.

Mr. Gutshall explained that the staff wants to do everything that we can to make sure the Board is happy and to make the Authorities successful. He mentioned several strategies that could be pursued. The ideas that the staff has been working on and the efforts that staff has been pursuing have been to give the Board information and options. We will carry forward whatever the Board decides. Mr. Gutshall explained the documents that were sent to the Board.

Board Members discussed ideas that Mr. Gutshall presented at the August Board meeting. Ms. Langan presented the idea to table further discussions on the consolidation with PEDFA until January or February. She mentioned that if no projects come up, we could have a special meeting to talk about it. Chairperson Heuer agreed. Treasury's position on transferring private monetary reserves to the General Fund is that it is not authorized under the law. She mentioned several lawsuits where transfers to the General Fund were deemed unlawful.

Ms. Pike-Nase agreed with Ms. Langan and she stated that these are private funds. It could be determined that the transfer breaches covenants in both of our statutes. The Auditor General would not agree to this unless there is legislation permitting it.

Mr. McCarty explained that the question that he was asked regarding the funds transfer was, could the Board vote on this? The answer is yes, but the memo attempted to address the legal problems that you would have, which have now been discussed.

Ms. Pike-Nase thanked Mr. McCarty for the legal memo and said that they are supportive of Mr. Gutshall trying to find ways to improve and enhance the Authorities. Because of the logistical problems that would occur with the merger, there would have to be multiple meetings and conference calls to decide what would have to be in the

legislation. These authorities were set up to have independent voices of the statewide elected row offices, the Treasurer and the Auditor General. The merger that has been proposed, at a minimum, would have to include the Treasurer and the Auditor General.

Chairperson Heuer asked if Board Members had any other items that they wanted to discuss, and hearing none, he moved to new business.

5. NEW BUSINESS

Chairperson Heuer if staff knew of any potential projects and Ms. Nawa said that there were currently no potential projects.

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, and upon **MOTION** by **Ms. Langan**, the PHEFA Board Meeting was adjourned at 11:28 a.m.

SUNSHINE ACT MEETING NOTICES, THURSDAY, OCTOBER 15, 2020

Note that due to Covid-19 the meetings below are virtual only unless otherwise indicated. Please utilize the ADA contact name listed below if you need an accommodation due to a disability, to check on the meeting status, to inquire about phone/online participation options, etc. Meetings below may be recorded.

Special, PA State Historical Records Advisory Board Meeting, 10/15/2020, 2 PM – 3:30 PM, Conf. Call: 1-267-332-8737, Contact: Zack Chadwick 717-736-8904

Special, PMRS Special Board Meeting, 10/16/2020, 9:30 AM, Contact: Kathy Bowser, kabowser@pa.gov, 717-425-5519 for information

Rescheduled, DDAP, PA Advisory Council on Drug and Alcohol Abuse Meeting, 10/21/2020, 1 PM, Conf. Call: 267-332-8737, Conf. ID: 706335861#, Questions, comments or requests for skype link, please email mjones1@pa.gov. Contact: Carrie Stoner 717-783-9916

PENNVEST Board of Director's Meeting, 10/21/2020, 10:30 AM, Conf. Call: 1-415-655-0003, Access code: 172 473 0047, Contact: Leeann Brown 717-783-4494

DOH PA Rural Health Redesign Center Authority Board Virtual Meeting, 10/21/2020, 10 AM, Conf. Call: 1-267-332-8737, Conf. ID: 77885397#, Skype link: <https://meet.lync.com/pagov/megpatel/R540PNYR>, Contact: Emily Roussel 717-425-0623

Special, State Public School Building Authority and Pennsylvania Higher Educational Facilities Authority Meeting, 10/29/2020, 11 AM, Conf. Call: 717-975-2216 or 888-852-3744, Access code: 2846, Contact: Bev Nawa 717-975-2204

State Board of Education, College Textbook Policies Advisory Committee Meeting, 10/30/2020, 11 AM, Conf. Call: 267-332-8737, Conf. ID: 590036941#, Contact: Stephanie Jones 717-787-3787

Unemployment Compensation Benefits Modernization Advisory Committee Meeting, 11/16/2020, 10 AM, Conf. Call: 1-267-332-8737; Access Code: 262303736#, Contact: Sherry Rollins 717-214-1835

Rescheduled, PDE, State Board of Private Licensed Schools Meeting, 11/19/2020, 8:45 AM, For Zoom login info. please call: 717-783-8228 or email ra-pls@pa.gov. Contact: Lynette Kuhn 717-783-8228

State Workers' Insurance Fund Board Meeting, 12/4/2020, 2 PM, Conf. Call: 1-267-332-8737; Access Code: 285518317#, Contact: Sherry Rollins 717-214-1835

Appeared in: ***Patriot-News*** on Thursday, 10/15/2020

STATE PUBLIC SCHOOL BUILDING AUTHORITY
PENNSYLVANIA HIGHER EDUCATIONAL FACILITIES AUTHORITY
Notice of the Meeting of the Board to be Held
October 29, 2020

The State Public School Building Authority and the Pennsylvania Higher Educational Facilities Authority Boards will meet on **Thursday, October 29, 2020**, at **11:00 a.m. by conference call**. The call-in number is (717) 975-2216 or (888) 852-3744 and the conference code is 2846. 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 Bev Nawa via e-mail.

Sincerely,

Eric Gutshall
Executive Director

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Appendix A

Harrisburg, PA

I CERTIFY that the notice on the previous page for the October 29, 2020, Board meeting was dispatched to the following on October 14, 2020, at the e-mail addresses indicated, constituting all of the members of the Board of the State Public School Building Authority Pennsylvania Higher Educational Facilities Authority.

Steven S. Heuer, Proxy for Governor Wolf
stheuer@pa.gov

Wayne Langerholc Jr., Designated by the President Pro Tempore of the Senate
wlangerholc@pasen.gov

Andrew E. Dinniman, Designated by the Minority Leader of the Senate
andy@pasenate.com

Curtis G. Sonney, Designated by the Speaker of the House of Representatives
csonney@pahousegop.com

Anthony M. DeLuca, Designated by the Minority Leader of the House of Representatives
ldolfi@pahouse.net

Joseph M. Torsella, State Treasurer
hshaffer@patreasury.gov

Eugene A. DePasquale, Auditor General
plafoe@auditorgen.gov

Curtis M. Topper, Secretary of General Services
cutopper@pa.gov

Noe Ortega, Acting Secretary of Education
psherts@pa.gov

GIVEN under my hand and seal this 14th day of October 2020.

Eric Gutshall

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