

Meeting of the Board
PENNSYLVANIA HIGHER EDUCATIONAL FACILITIES AUTHORITY
July 28, 2016
Room 515 North Office Building
Harrisburg, Pennsylvania
10:30 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 July 14, 2016.
3. Approval of Projects.
 - A. Resolution Authorizing the Undertaking of a Project on Behalf of the University of Pennsylvania Health System.
4. Old Business.
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, July 28, 2016 at 10:30 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)
Kelly Phenicie, (Proxy for Senator Lloyd K. Smucker)
Lisa Felix, (Proxy for Senator Andrew E. Dinniman)
Alan Cohn, (Proxy for Representative Anthony M. DeLuca)
Jennifer Langan, (Proxy for Treasurer Timothy A. Reese)
Christal Pike-Nase, (Proxy for Auditor General Eugene A. DePasquale)
Secretary of General Services Curtis M. Topper
Ernie Helling, (Proxy for Secretary of Education Pedro A. Rivera)

Board Members Absent

Representative Stan Saylor

Authority Personnel Present

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

Also Present

William McCarty, Esquire, Barley Snyder LLP
Troy Brown, Legal Intern, Department of the Auditor General

Participated Via Conference Call

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

2. APPROVAL OF THE MINUTES OF THE MEETING OF JULY 14, 2016.

A copy of the minutes of the meeting of July 14, 2016, 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 July 14, 2016, be and hereby are approved as presented.

Upon **MOTION** by **Ms. Pike-Nase**, and **SECONDED** by **Mr. Helling**, and after full discussion, the above Resolution was unanimously approved at the PHEFA Board Meeting of July 28, 2016.

3. APPROVAL OF PROJECTS.

A. Resolution Authorizing the Undertaking of a Project on Behalf of the University of Pennsylvania Health System.

Mr. Baccon explained that the University of Pennsylvania Health System has requested that we issue a maximum of \$160,000,000 in revenue bonds to finance the advance refunding of the Authority's University of Pennsylvania Health System Revenue Bonds, Series A of 2011 and Series A of 2009.

Merrill Lynch, Pierce, Fenner & Smith will serve as the lead underwriter. U.S. Bank National Association is the Trustee and after the completion of an RFP, and at the request of the System, the Office of General Counsel has appointed Ballard Spahr and Turner Law as co-bond counsel.

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

Thomas Cooper, Assistant Vice President of Finance of the System, Helen Kreider, Associate Treasurer of the University and Kevin Cunningham, of Ballard Spahr are participating by conference call to answer questions.

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

Ms. Langan asked for the projected savings of the refunding.

Mr. Cooper said that the savings were expected to be \$10,000,000.

Chairperson Heuer asked if there were any other questions, 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
THE UNIVERSITY OF PENNSYLVANIA HEALTH SYSTEM AND ITS MEMBERS**

DOCKET NO. 667

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) The Lancaster General Hospital, a Pennsylvania nonprofit corporation (“LGH”), and (ix) Lancaster General Health, a Pennsylvania nonprofit corporation (“LGHealth”) (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, LGH and LG Health and are wholly controlled affiliates of the University. The Project consists generally of (a) the refinancing of certain outstanding indebtedness of the System, including all or a portion of the Authority’s The University of Pennsylvania Health System Revenue Bonds, Series A of 2011, and The University of Pennsylvania Health System Revenue Bonds, Series A of 2009 (collectively, the “Refunded Bonds”); and (b) the payment of costs of issuance in respect of the Bonds (as defined below); 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 System 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 \$160,000,000 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 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 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 Borrowers (defined below) 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. 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 (collectively, the "Loan Agreement") between the Authority and the University, Pennsylvania Hospital, PPMC and TCCHHS (together, the "Borrowers") 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 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 Authority does hereby authorize the refunding of all or any part 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 one or more Members of the System and U.S. Bank National Association, as escrow agent.

10. 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 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 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. Bond Counsel will be appointed by the Office of General Counsel. The Executive Director of the Authority is hereby authorized to approve upon the recommendation of 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 Project (collectively, the "Bond Documents") requested by 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**, and **SECONDED** by **Secretary Topper**, and after full discussion, the above Resolution was unanimously approved at the PHEFA Board Meeting of July 28, 2016.

EXHIBIT A

UNIVERSITY OF PENNSYLVANIA HEALTH SYSTEM

<u>Docket No.</u>	<u>Counties Where Facilities are Located</u>	<u>Project Description</u>	<u>Maximum Amount to be Financed</u>
667	Philadelphia, Pennsylvania; Chester County, Pennsylvania; Montgomery County, Pennsylvania	The refinancing of certain outstanding indebtedness of the University of Pennsylvania Health System, including all or a portion of the Authority's The University of Pennsylvania Health System Revenue Bonds, Series A of 2011, and The University of Pennsylvania Health System Revenue Bonds, Series A of 2009	\$160,000,000

Term: Up to 40 years.

Rate: Variable or Fixed.

Rating/Credit Enhancement: The Bonds are expected to be rated Aa3 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 System.

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

Bond Counsel: After completing an RPF, and at the request of the System, the Office of General Counsel has appointed Ballard Spahr LLP and Turner Law, P.C. as Co-Bond Counsel for this issue.

Minority, Female and/or Veteran Participation in this Financing: Turner Law, P.C., a minority owned firm is serving as Co-Bond Counsel. Other participation may be determined by the System in consultation with the Executive Director of the Authority.

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

Approved at the PHEFA Board meeting of July 28, 2016.

4. OLD BUSINESS.

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

5. NEW BUSINESS.

Chairperson Heuer mentioned that we did not have a date for our next meeting but would inform the board as soon as one is scheduled.

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. Helling**, and **SECONDED** by **Mr. Cohn**, the PHEFA Board Meeting was adjourned at 10:33 a.m.

SUNSHINE ACT MEETING NOTICES THURSDAY, JULY 21, 2016 ■

SUNSHINE ACT MEETING NOTICES

Thursday, July 21, 2016

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

PA Human Relations Commission Meeting, 7/25/2016, 1PM, Honors Suite, 1st Floor, 333 Market Street, HBG., Contact: Toni Crawford 783-8172

Certified Community Behavioral Health Clinics (CCBHC) Steering Committee Meeting, 7/26/2016, 9 AM - 11:30 AM, Child Welfare Resource Center, Mechanicsburg, Contact: Deborah Hodges Hull 564-4930 (c/o PMHCA)

Juvenile Court Judges' Commission Meeting, 7/27/2016, 12 PM, Hotel Hershey, Hershey, Contact: Lisa Petrina 705-5654

Special, PA Higher Educational Facilities Authority Meeting, 7/28/2016, 10:30 AM, Room 515, North Office Bldg., HBG., Contact: Bev Nawa 975-2204

State Employees' Retirement System Board Deferred Compensation Program Committee Meeting, 8/4/2016, 1 PM, 30 North Third St., HBG., Contact: Rose Agnew 787-5759

Rescheduled, Timothy D. Metz v. Bethlehem Area School District, TTA 2-16, 8/10/2016, 2 PM, 333 Market Street, 9th Fl., HBG., Contact: Eunicejean M. Patrice 783-6945

Mental Health Planning Council Meeting, 8/31/2016, 10 AM - 3 PM, Child Welfare Resource Center, Mechanicsburg, Contact: Shanna Klucar 787-2223

Rescheduled, Pennsylvania Liquor Control Board Meeting, 9/14/2016, 11AM, Northwest Office Building, Conference Room 117, HBG., Contact: Kathryn Blatt 724-6534, The scheduled September 21, 2016 Board Meeting is rescheduled to September 14, 2016.

The State Horse Racing Commission Meeting, 7/27/2016, 1PM, PA Dept. of Agriculture, Rm. 309, 2301 N. Cameron St., HBG. Purpose: To deliberate and take action upon Commission business. Contact: Stephanie Pavlik 787-5196

Appeared in: **Patriot-News** on Thursday, 07/21/2016

PENNSYLVANIA HIGHER EDUCATIONAL FACILITIES AUTHORITY
Notice of the Meeting of the Board to be Held
July 28, 2016

Notice was in letterform, as follows:

This letter advises that a meeting of the Pennsylvania Higher Educational Facilities Authority Board will be held on **Thursday, July 28, 2016, 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 or not you plan to be present at the meeting 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 July 28, 2016, meeting was dispatched to the following on July 19, 2016, 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
Lloyd K. Smucker, Designated by the President Pro Tempore of the Senate
351 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
105 Ryan Office Building, Harrisburg, PA
Anthony M. DeLuca, Designated by the Minority Leader of the House of Representatives
115 Irvis Office Building, Harrisburg, PA
Timothy A. Reese, 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 19th day of July 2016.

/s/ Robert Baccon

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