

Meeting of the Board
STATE PUBLIC SCHOOL BUILDING AUTHORITY
July 18, 2019
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, and Announcement of Quorum
2. Election of a Vice President
3. Approval of the Minutes of the Meeting of April 11, 2019
4. Financial Reports for the Months of March, April & May 2019
5. Audit Committee Entrance Conference & Investment Policy Annual Review
6. Revolving Loan Fund
7. Investment Activity
8. Old Business
 - A. Project Update
9. New Business
10. 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, July 18, 2019 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 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)
Alaina Koltash, (Proxy for Representative Curtis G. Sonney)
Alan Cohn, (Proxy for Representative Anthony M. DeLuca)
Christopher Craig, (Proxy for Treasurer Joseph M. Torsella)
Christal Pike-Nase, (Proxy for Auditor General Eugene A. DePasquale)
Secretary of General Services Curtis Topper

Board Member Absent

Secretary of Education Pedro A. Rivera

Authority Personnel Present

Beverly Nawa, Acting Executive Director
David Player, Comptroller
Kay Knepp, Accountant

Also Present

Joel Snavelly, Treasury Manager, Pennsylvania State System of Higher Education
Nilda Sather, Senior Treasury Accountant, Pennsylvania State System of Higher Education
Susie Williamson, Esquire, Pennsylvania State System of Higher Education
Shea McQuillan, Intern, Office of Senator Wayne Langerholc Jr.

Participated Via Conference Call

William McCarty, Esquire, Barley Snyder LLP
Kari Fazio, Chief Financial Officer & Treasurer, Bryn Mawr College
Peter Edelman, Esquire, Stevens & Lee, P.C.

2. ELECTION OF A VICE PRESIDENT

Chairperson Heuer explained that Senator Scarnati designated Senator Wayne Langerholc as a member of our board to replace Senator Aument. Since Senator Aument was one of our Vice Presidents, we must elect a new Vice President.

Chairperson Heuer asked for a motion to elect Senator Langerholc as Vice President of the Board.

Upon **MOTION** by **Ms. Pike-Nase**, and after full discussion, Senator Wayne Langerholc Jr. was unanimously elected Vice President at the SPSBA Board Meeting of July 18, 2019.

3. APPROVAL OF THE MINUTES OF THE MEETING OF APRIL 11, 2019

A copy of the minutes of the meeting of April 11, 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 April 11, 2019, be and hereby are approved as presented.

Upon **MOTION** by **Ms. Pike-Nase**, and **SECONDED** by **Secretary Topper**, and after full discussion, the above Resolution was unanimously approved at the SPSBA Board Meeting of July 18, 2019.

4. FINANCIAL REPORTS FOR THE MONTHS OF MARCH, APRIL & MAY 2019

The Financial Reports for the months of March, April and May 2019 were emailed to Board Members prior to this meeting.

It is recommended that consideration be given to the adoption of the following Resolution:

RESOLVED That the Financial Reports of the State Public School Building Authority for the months of March, April and May 2019, as received by this Board, be accepted and filed with the minutes of this meeting.

Upon **MOTION** by **Ms. Pike-Nase**, and after full discussion, the above Resolution was unanimously approved at the SPSBA Board Meeting of July 18, 2019.

5. AUDIT COMMITTEE ENTRANCE CONFERENCE & INVESTMENT POLICY ANNUAL REVIEW

Chairperson Heuer explained that the Audit Committee met with the Auditors on May 9th. Maher Duessel discussed upcoming accounting pronouncements relevant to the Authority. The committee also reviewed the Investment Policy as part of the Board's annual review. Chairperson Heuer asked Ms. Pike-Nase, as chair of the Audit Committee, to comment on the meeting and the changes to the Investment Policy.

Ms. Pike-Nase explained that all five members of the committee were in attendance at the meeting and that participation has been good over the last couple of years. Tracey Rash, a partner at Maher Duessel, represented the independent auditors. She indicated that they were working on their field work.

According to a summary provided by Dave Player, the Authorities had about the same activity as the prior year. It was noted that Dave and Bev have been visiting several community colleges to get more information about their needs. They have found that higher education entities have been responsive and they think that those visits have been helpful. It was also noted that the schools are happy that the terms of the revolving loans have been expanded.

Ms. Rash distributed an outline and provided the audit timing, audit process and also discussed accounting pronouncements that came into effect in June 2019.

The Committee also reviewed the Authority's investment policy and the Department of the Auditor General recommended the language regarding conflicts of interest be amended. Treasury also noted that it was important to add information about the prudent man standard. It is not an investment standard. Treasury added a very good footnote and indicated that it is not required that our Trustees have extraordinary expertise in the field of investments.

Ms. Pike-Nase also mentioned that Maher Duessel's contract will be expiring and the audit will have to be put up for bid.

Mr. Player said that the bidding process will be in October or November.

A draft of the Investment Policy was provided to board members and Ms. Pike-Nase asked that the board approve it.

Chairperson Heuer opened the floor to questions or comments from board members, and hearing none, he asked for a motion to approve the Investment Policy.

Upon **MOTION** by **Ms. Koltash**, and after full discussion, the revised Investment Policy was unanimously approved at the SPSBA Board Meeting of July 18, 2019.

6. REVOLVING LOAN FUND

Ms. Nawa explained that a loan for the Community College of Beaver County closed in May. The College is borrowing \$2,000,000 to expand and renovate their technology building.

We have 2 loans in progress. The Colonial Intermediate Unit No. 20 is borrowing \$350,767 to fund transportation upgrades and the Pennsylvania Highlands Community College is borrowing \$148,921 to upgrade network equipment.

7. INVESTMENT ACTIVITY

Ms. Nawa explained that the Authority had a Treasury mature in May. The proceeds will be used to fund the Revolving Loan Fund Program. Dave can answer questions.

Chairperson Heuer asked if board members had any questions, and hearing none, he moved to old business.

8. OLD BUSINESS

A. Project Update

Ms. Nawa explained that she and Dave met with four community colleges and one Career Center, all in western PA. Three of the community colleges, Butler County CC, Westmoreland County CC and CC of Allegheny County, we deal with regularly. All three are very happy with our services and they are not going anywhere else for their financing needs. Two of the three indicated that they should have projects in the next year or two that would require the issuance of bonds.

The fourth community college that we met with was the Community College of Beaver County. Another community college recommended our revolving loan fund to the Community College of Beaver County. As noted, we closed a loan with them and we believe there is a possibility to issue bonds for them in the future.

Secretary Topper commended staff for meeting with clients. He asked Ms. Nawa what surprised her the most about the visits.

Ms. Nawa indicated that the clients that are still using the Authorities are very happy with our services. We are hopeful that after explaining the RFP process to former clients, they may use the Authority in the future.

Ms. Nawa also explained that a former higher ed client that they met with, informed them that the issue for them was prevailing wage. Ms. Nawa was surprised that the VP of Finance agreed to meet with them knowing that they would not use the Authority. She was still willing to take the time to speak with us.

We also met with the Beaver County Career and Technical Center. The Career Center used our revolving loan fund 10 years ago. The Business Manager was very interested in working with us again and has many renovation needs but they need unanimous approval by his 14 member districts for any financings. The Business Manager was very happy that we met with him and explained the services that we offer. After talking to him about the revolving loan fund, he thought that might be a good starting point for him to have a small financing approved by his member districts.

Mr. Craig mentioned that the RFP process has been in place for approximately five years and at one time staff had provided a chart showing the projects that closed prior to the RFP process and after the RFP process was implemented. He believes that gives members an idea what the impact of the RFP process is on the Authorities business.

Mr. Player said that he would provide a current list to board members.

Mr. Craig asked, from a budget standpoint, are there concerns about being able to support the activities of either Authority.

Ms. Nawa and Mr. Player both said no. Ms. Nawa indicated that the fees collected have gone down and Mr. Player added that we are saving on personnel costs because we have seven employees when we used to be a staff of 12 or 14.

Mr. Craig asked if the Authorities had twice as many deals come in this year, do we have the staff or resources to handle it. Both Ms. Nawa and Mr. Player said yes. Ms. Nawa indicated that she is still doing the work that she did under her prior job duties in addition to the Executive Director duties.

Secretary Topper said that he would like to see the Authorities maximize the number of deals and we should all be concerned that over the long term we are at a lower point than we have been before the RFP process was put into place. He would like to see staff get to the point where they could report on potential business looking ahead in addition to what is immediately on our door step, he believes it would be really valuable. The staffing concern does not bother Secretary Topper. He believes that if business doubled or tripled, we could solve the problem.

Mr. Craig believes that it would be useful for staff to put together a list of how the Authorities could be more relevant. Legislatively, what changes could make the two Authorities more competitive, or based on conversations, are there other services that the Authorities could provide to potential customers. Are there things that could be done to make the Authority more attractive to school districts. Are there tangible ideas to make the Authorities more relevant, more useful as financing tools as options for the client base that we serve. It could be everything from handling investments to other types of financing opportunities. Maybe a legislative mandate that public schools have

to first look at the Authority before they go down the private sector route. He believes it would be useful to the board.

Chairperson Heuer said that staff can work on that and get back to the board. He also said that if members have ideas it would be great to send them to Bev and Dave.

Ms. Pike-Nase said that beyond going to the entities, staff could go to associations.

Ms. Nawa said that when meeting with the community colleges, several mentioned that they have two meetings per year in Harrisburg, one in January and one in April, and they have invited us to attend. We are planning to do that. Right now there are only two community colleges that we do not deal with and we have been trying to set up meetings with them, so we may be able to meet them at the community college meeting. We look forward to attending in January or April.

Ms. Pike-Nase mentioned reaching out to the Pennsylvania School Boards Association (PSBA) and the Pennsylvania Association of School Business Officials (PASBO).

Ms. Nawa said that we currently attend the PASBO conference.

Ms. Pike-Nase liked Mr. Craig's idea.

Ms. Nawa also said that because of Ms. Pike-Nase's suggestion of the e-mail blast, an underwriter contacted us because one of her clients that received the e-mail. We met with her and explained the RFP process and other procedures. The meeting was very positive. We plan to target underwriters and financial advisors next to set up meetings with them because many times they steer the financing.

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

9. 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.

10. 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 10:50 a.m.

SUNSHINE ACT MEETING NOTICES - THURSDAY, JULY 4, 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, 7/9/2019, 10 AM, Strawberry Square, Bowman Tower, 4th Fl., 320 Market St., Harrisburg, PA, Contact: Michele Whiting 717-783-8806

Newborn Screening and Follow-Up Technical Advisory Board Meeting, 7/11/2019, 10 AM, PA Dept. of Transportation Materials and Testing Laboratory, DGS Annex Complex 81 Lab Lane, Harrisburg, PA 17110, Contact: Stacey Gustin 717-783-8143

PA Apprenticeship and Training Council Meeting, 7/11/2019, 10 AM, Labor and Industry Bldg., 17th Fl., Rm. 1710, 651 Boas St., Harrisburg PA 17121, Contact: Eric Ramsay 717-787-6997

PA Dept. of Transportation, State Transportation Innovation Council Business Meeting, 7/17/2019, 10 AM, PEMA Headquarters Bldg., Conf. Rm. 112, 1310 Elmerton Ave., Harrisburg, PA, Contact: Anja Walker 717-425-6288, The STIC was created to facilitate the rapid deployment of innovative technologies, tactics, and techniques to expedite project delivery, reduce costs, and enhance public safety. Attendees are required to enter the bldg. at the Main Entrance, sign in and obtain a visitor's badge.

Special, State Public School Building Authority PA Higher Educational Facilities Authority Meeting, 7/18/2019, 10:30 AM, North Office Bldg., Rm. 515, Harrisburg, PA, Contact: Beverly Nawa 717-975-2204

Governor's Advisory Council on Library Development Quarterly Meeting, 7/23/2019, 10 AM, 103 Paterno Library Mann Assembly Rm., Penn State, State College, Contact: Cindy Heasley 717-787-2779

The Statewide Special Pharmaceutical Benefits Program (SPBP) Advisory Council Meeting, 7/25/2019, 10 AM, Health & Welfare Bldg., 625 Forster St., Harrisburg, PA 17120, Contact: John Haines 800-922-9384

Controlled Plant and Noxious Weed Committee Meeting, 7/25/2019, 1 PM, PA Dept. of Agriculture, Rm. 309, 2301 N Cameron St., Harrisburg PA 17110, Contact: Trilby Libhart 717-787-7204

The State Horse Racing Commission Meeting, 7/30/2019, 1 PM, Farm Show, Susquehanna Rm., 2300 N. Cameron St., Harrisburg, PA 17110, Contact: Michael Lebo 717-783-2320

Wild Resource Conservation Program Public Hearing Meeting, 9/11/2019, 10 AM, Rachel Carson Bldg., 6th Fl., Conf. Rm., 400 Market St., Harrisburg, PA, Contact: Jennifer Girton 717-787-3212

Appeared in: **Patriot-News** on Thursday, 07/04/2019

Appendix A

STATE PUBLIC SCHOOL BUILDING AUTHORITY
PENNSYLVANIA HIGHER EDUCATIONAL FACILITIES AUTHORITY
Notice of the Meetings of the Board to be Held
July 18, 2019

The State Public School Building Authority and the Pennsylvania Higher Educational Facilities Authority Boards will meet on **Thursday, July 18, 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

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Harrisburg, PA

I CERTIFY that the notice on the previous page for the July 18, 2019, meeting was dispatched to the following on June 24, 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 - 18th 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 24th day of June 2019.

Beverly M. Nawa

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