

**MEETING OF THE BUSINESS AFFAIRS COMMITTEE
OF THE BOARD OF TRUSTEES
Community College of Philadelphia
Wednesday, January 23, 2013– 9:00 A.M.**

TO: Business Affairs Committee of the Board of Trustees
FROM: Thomas R. Hawk *TRH*
DATE: January 18, 2013
SUBJECT: **Committee Meeting**

A meeting of the Business Affairs Committee of the Board of Trustees will be held on **Wednesday, January 23, 2013 at 9:00 A.M.** in the College's **Isadore A. Shrager Board Room, M2-1.**

AGENDA – PUBLIC SESSION

(1) Financing Plan for West Building Construction Project and Refinancing of Remaining Series 1999 Revenue Bonds (Action Item):

a. Financing Plan for West Building Projects (Action Item):

As discussed with the Committee at the November 28, 2012 meeting, the final phase of the current Main Campus Construction project will require borrowing an additional 2.4 million dollars in order for the projects to be completed. This money will be used to complete the West Building projects previously approved by the State and the Board including: 1) construction of the new suite of classrooms, laboratories and offices for the Architecture, Design and Construction programs in the former Counseling Center and Allied Health Program staff offices; (2) consolidation of the Math, Science and Health Careers Division into one integrated suite of spaces for the Division's academic department heads, curriculum coordinators, and administrative and support staff; and (3) construction of three new labs—engineering technology, process control, and multi-function science.

Four banks were asked to submit proposals for providing the \$2.4 million bank loan. The most competitive proposal was received from PNC Bank who will lend the \$2.4 million to the College at a rate of 1.845% for a seven year loan. Attachment A contains the amortization schedules. The schedules in Attachment A show the slight variances in interest payments which will occur depending upon the date of the execution of the loan. The timing of the loan will depend upon the time required to complete the loan procedures including the refunding of the Series 1999 Revenue Bonds. (See part b.)

b. Proposed Refunding of Series 1999 Revenue Bonds (Action Item):

The College's oldest debt, the Series 1999 Revenue Bonds, has two remaining payments on June 30, 2013 and June 30, 2014 at interest rates of 4.80% and 4.85% respectively. These bonds can be refunded and the remaining principle financed by a PNC bank loan at a rate of 1.15%. This will result in estimated present value savings of \$62,600. Because this transaction can be undertaken in conjunction with the above seven year loan, there will be no significant issuance costs associated with this transaction. The present value savings will be used to help fund current capital projects.

Attachment A contains the financial details for the recommended refunding of the 1999 Revenue Bonds. The amount of the savings from the refinancing will depend upon the date that the required refunding and lending procedures can be completed.

Mr. J.T. Hutchinson, Vice President, Public Finance, PNC Bank, will attend the meeting to answer Committee members' questions about the planned transactions.

Attachment B contains a Board resolution prepared by Kevin Scott, Esq., Fox, Rothschild, LLP, in support of these recommended financial transactions. The Committee is asked to recommend this resolution to the full Board.

(2) Affordable Care Act Update (Information Item):

Jill Garfinkle Weitz, Esq., College General Counsel, will provide the Committee with an update on the Affordable Care Act (ACA) and how it will impact the College. Effective January 1, 2014, the ACA will require large employers (defined as employers with 50 or more FTE employees) to provide health care coverage for all of their full-time employees (or pay a penalty). Significantly, an employee is considered to be "full-time" if he or she works 30 hours or more per week. Therefore, for current employees as of January 1, 2014, the College will be required to provide healthcare coverage for any part-time employee who worked an average of 30 hours or more per week in the 2013 calendar year. The College has a small number of part-time employees who are currently working 30-hours or more per week. Staff are currently assessing the impact of the new ACA provisions on the College budget and operations.

(3) Landscape Change Order - A. Biddle, \$121,330 (Action Item):

In conjunction with the ongoing development of the Master Landscape Planning process and the Philadelphia Water Department Stormwater Management Program, a scope increase is required to address the first phase of the landscaping plan for the Bonnell side of 17th Street, now referred to as the

Bonnell Plaza. The original Bonnell Plaza Landscape Plan was not fully developed pending a resolution of stormwater management issues. The full landscape effort to be undertaken by the funds from this change order will include the enhancements to outdoor student spaces, additional walkways, provisions for future lighting/camera fixtures, grading for proper stormwater controls, and completion of all the green areas. Belgian blocks, salvaged during the project's demolition phase, will be reused and will become an accent feature in multiple tiers for student spaces and wall-type seating. Additional landscape features including trees, benches, lighting systems and security cameras will be introduced at a later date using the services of other contractors. This change order can be accommodated within the approved project budget. Committee recommendation of the landscape change order to the full Board in the amount of \$121,330 is requested.

(4) West Building Change Orders (Action Item):

Staff request that the Committee recommend approval to the Board for the following West Building change orders required to complete the Math, Science and Health Careers Divisional Office Suite:

- (a) Apex Electrical Services - \$166,000
- (b) Ernest Bock & Sons - \$78,000

At the time the Main Campus construction project was bid, the successful bidders for electrical and general trades work were Apex Electric and Ernest Bock and Sons respectively. When the decision was made to delay the West Building projects until the current year, the value of the West Building construction was deducted from the Apex and Bock contracts. Change orders are required to be approved by the Board to reinstate the portions of the contracts required for the completion of the West Building. These change orders are for the portion of the project on the 2nd floor in the space allocated for the Math, Science and Health Careers Divisional Office Suite.

As final cost proposals are developed for each component of the West Building projects, change orders in excess of \$50,000 will be presented to the Board for approval.

(5) Main Campus Construction Update (Information Item):

Staff will provide the Committee with an update on the recent progress on the construction projects currently underway at the Main Campus.

(6) Next Meeting Date:

The next regularly scheduled meeting of the Committee will occur on Wednesday, February 20, 2013 at 9:00 A.M. in the Isadore A. Shrager Boardroom, M2-1.

TRH/lm

c: Mr. Matthew Bergheiser
Dr. Stephen M. Curtis
Mr. Gary Bixby
Mr. Todd Murphy
Mr. Jim Spiewak
Jill Garfinkle Weitz, Esq.
Representing PNC Bank, Mr. Jeffrey T. Hutchinson, Vice President, Public Finance

BAC0113AGENDA.DOCX

ATTACHMENT A

**PNC DEBT SERVICE
AMORTIZATION SCHEDULES
AND LOAN INFORMATION FOR THE PLANNED
BORROWING OF \$2.4 MILLION TO COMPLETE
THE WEST BUILDING PROJECTS AND THE
REFINANCING OF THE REMAINING SERIES
1999 REVENUE BONDS**

Response to Request for Information from the Community College of Philadelphia

**Community
College
of Philadelphia**

Thursday, January 17, 2013



Response to Request for Information from the Community College of Philadelphia

Community College of Philadelphia

Thursday, January 17, 2013

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1. Savings Comparison

Series 2013A Interest Payment and Series 2013B Refunding Savings

The analysis below shows that based on today's indicative rates, it will cost the college about \$4,300 per month, or approximately \$142 per day to wait on the closing of the Series 2013A&B Notes. Please note that there is a 30 day redemption notice requirement to the trustee to refund the bonds. In order to close by March 1, 2013, notification will have to be issued by January 31, 2013.

Funding Date:	Series 2013A: Initial Interest Payment (11/01/2013)	Series 2013B: Refunding Savings	Cumulative Cost to Wait
March 1, 2013	\$26,106	\$62,600	N/A
April 1, 2013	\$22,812	\$54,961	(\$4,345)
April 30, 2013	\$19,636	\$47,582	(\$8,548)

2. Number Runs

Series 2013A Amortization Schedules and Series 2013B Refunding Analysis. Three Series 2013A schedules were run assuming a closing date of March 1, April 1, and April 30. In addition, pages 6-8 contain three separate refunding analyses that also assume a closing date of March 1, April 1, and April 30.

\$2,400,000

Series 2013 Capital Improvement Note - 7 yr March 1, 2013

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
03/01/2013	-	-	-	-	-
11/01/2013	277,517.95	-	26,106.53	303,624.48	-
05/01/2014	-	-	19,579.90	19,579.90	-
06/30/2014	-	-	-	-	323,204.38
11/01/2014	286,689.29	1.845%	19,579.90	306,269.19	-
05/01/2015	-	-	16,935.19	16,935.19	-
06/30/2015	-	-	-	-	323,204.38
11/01/2015	292,027.95	1.845%	16,935.19	308,963.14	-
05/01/2016	-	-	14,241.23	14,241.23	-
06/30/2016	-	-	-	-	323,204.37
11/01/2016	297,466.03	1.845%	14,241.23	311,707.26	-
05/01/2017	-	-	11,497.11	11,497.11	-
06/30/2017	-	-	-	-	323,204.37
11/01/2017	303,005.38	1.845%	11,497.11	314,502.49	-
05/01/2018	-	-	8,701.88	8,701.88	-
06/30/2018	-	-	-	-	323,204.37
11/01/2018	308,647.88	1.845%	8,701.88	317,349.76	-
05/01/2019	-	-	5,854.60	5,854.60	-
06/30/2019	-	-	-	-	323,204.36
11/01/2019	314,395.46	1.845%	5,854.60	320,250.06	-
05/01/2020	-	-	2,954.31	2,954.31	-
06/30/2020	-	-	-	-	323,204.37
11/01/2020	320,250.06	1.845%	2,954.31	323,204.37	-
06/30/2021	-	-	-	-	323,204.37
Total	\$2,400,000.00	-	\$185,634.97	\$2,585,634.97	-

Yield Statistics

Bond Year Dollars	\$10,246.53
Average Life	4.269 Years
Average Coupon	1.8116867%
Net Interest Cost (NIC)	1.8116867%
True Interest Cost (TIC)	1.8098267%
Bond Yield for Arbitrage Purposes	1.8098267%
All Inclusive Cost (AIC)	1.8098267%

IRS Form 8038

Net Interest Cost	1.8116867%
Weighted Average Maturity	4.269 Years

\$2,400,000

Series 2013 Capital Improvement Note - 7 yr April 1, 2013

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
04/01/2013	-	-	-	-	-
11/01/2013	280,400.00	-	22,812.20	303,212.20	-
05/01/2014	-	-	19,553.31	19,553.31	-
06/30/2014	-	-	-	-	322,765.51
11/01/2014	286,300.00	1.845%	19,553.31	305,853.31	-
05/01/2015	-	-	16,912.19	16,912.19	-
06/30/2015	-	-	-	-	322,765.50
11/01/2015	291,631.42	1.845%	16,912.19	308,543.61	-
05/01/2016	-	-	14,221.89	14,221.89	-
06/30/2016	-	-	-	-	322,765.50
11/01/2016	297,062.11	1.845%	14,221.89	311,284.00	-
05/01/2017	-	-	11,481.49	11,481.49	-
06/30/2017	-	-	-	-	322,765.49
11/01/2017	302,593.94	1.845%	11,481.49	314,075.43	-
05/01/2018	-	-	8,690.07	8,690.07	-
06/30/2018	-	-	-	-	322,765.50
11/01/2018	308,228.78	1.845%	8,690.07	316,918.85	-
05/01/2019	-	-	5,846.66	5,846.66	-
06/30/2019	-	-	-	-	322,765.51
11/01/2019	313,968.55	1.845%	5,846.66	319,815.21	-
05/01/2020	-	-	2,950.30	2,950.30	-
06/30/2020	-	-	-	-	322,765.51
11/01/2020	319,815.20	1.845%	2,950.30	322,765.50	-
06/30/2021	-	-	-	-	322,765.50
Total	\$2,400,000.00	-	\$182,124.02	\$2,582,124.02	-

Yield Statistics

Bond Year Dollars	\$10,034.79
Average Life	4.181 Years
Average Coupon	1.8149267%
Net Interest Cost (NIC)	1.8149267%
True Interest Cost (TIC)	1.8134200%
Bond Yield for Arbitrage Purposes	1.8134200%
All Inclusive Cost (AIC)	1.8134200%
IRS Form 8038	
Net Interest Cost	1.8149267%
Weighted Average Maturity	4.181 Years

\$2,400,000

Series 2013 Capital Improvement Note - 7 yr April 30, 2013

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
04/30/2013	-	-	-	-	-
11/01/2013	283,178.55	-	19,636.16	302,814.71	-
05/01/2014	-	-	19,527.68	19,527.68	-
06/30/2014	-	-	-	-	322,342.39
11/01/2014	285,924.69	1.845%	19,527.68	305,452.37	-
05/01/2015	-	-	16,890.02	16,890.02	-
06/30/2015	-	-	-	-	322,342.39
11/01/2015	291,249.12	1.845%	16,890.02	308,139.14	-
05/01/2016	-	-	14,203.25	14,203.25	-
06/30/2016	-	-	-	-	322,342.39
11/01/2016	296,672.70	1.845%	14,203.25	310,875.95	-
05/01/2017	-	-	11,466.44	11,466.44	-
06/30/2017	-	-	-	-	322,342.39
11/01/2017	302,197.28	1.845%	11,466.44	313,663.72	-
05/01/2018	-	-	8,678.67	8,678.67	-
06/30/2018	-	-	-	-	322,342.39
11/01/2018	307,824.73	1.845%	8,678.67	316,503.40	-
05/01/2019	-	-	5,838.99	5,838.99	-
06/30/2019	-	-	-	-	322,342.39
11/01/2019	313,556.97	1.845%	5,838.99	319,395.96	-
05/01/2020	-	-	2,946.43	2,946.43	-
06/30/2020	-	-	-	-	322,342.39
11/01/2020	319,395.96	1.845%	2,946.43	322,342.39	-
06/30/2021	-	-	-	-	322,342.39
Total	\$2,400,000.00	-	\$178,739.12	\$2,578,739.12	-

Yield Statistics

Bond Year Dollars	\$9,830.13
Average Life	4.096 Years
Average Coupon	1.8182776%
Net Interest Cost (NIC)	1.8182776%
True Interest Cost (TIC)	1.8170837%
Bond Yield for Arbitrage Purposes	1.8170837%
All Inclusive Cost (AIC)	1.8170837%

IRS Form 8038

Net Interest Cost	1.8182776%
Weighted Average Maturity	4.096 Years

\$2,565,615

Series 2013B- March 1, 2013

Debt Service Comparison

Date	Total P+I	Net New D/S	Old Net D/S	Savings
06/30/2013	1,233,336.34	1,233,336.34	1,295,922.50	62,586.16
06/30/2014	1,352,564.99	1,352,564.99	1,352,565.00	0.01
Total	\$2,585,901.33	\$2,585,901.33	\$2,648,487.50\$	62,586.17

PV Analysis Summary (Net to Net)

Net PV Cashflow Savings @ 1.150%(Bond Yield)	62,600.55
Net Present Value Benefit	\$62,600.55
Net PV Benefit / \$2,525,000 Refunded Principal	2.479%
Net PV Benefit / \$2,565,615 Refunding Principal	2.440%

Refunding Bond Information

Refunding Dated Date	3/01/2013
Refunding Delivery Date	3/01/2013

\$2,575,769

Series 2013B - April 1, 2013

Debt Service Comparison

Date	Total P+I	Net New D/S	Old Net D/S	Savings
06/30/2013	1,241,042.17	1,241,042.17	1,295,922.50	54,880.33
06/30/2014	1,352,564.99	1,352,564.99	1,352,565.00	0.01
Total	\$2,593,607.16	\$2,593,607.16	\$2,648,487.50\$	54,880.34

PV Analysis Summary (Net to Net)

Net PV Cashflow Savings @ 1.150%(Bond Yield)	54,961.92
Net Present Value Benefit	\$54,961.92
Net PV Benefit / \$2,525,000 Refunded Principal	2.177%
Net PV Benefit / \$2,575,769 Refunding Principal	2.134%

Refunding Bond Information

Refunding Dated Date	4/01/2013
Refunding Delivery Date	4/01/2013

\$2,585,584

Series 2013B - April 30, 2013

Debt Service Comparison

Date	Total P+I	Net New D/S	Old Net D/S	Savings
06/30/2013	1,248,472.65	1,248,472.65	1,295,922.50	47,449.85
06/30/2014	1,352,564.99	1,352,564.99	1,352,565.00	0.01
Total	\$2,601,037.64	\$2,601,037.64	\$2,648,487.50\$	47,449.86

PV Analysis Summary (Net to Net)

Net PV Cashflow Savings @ 1.150%(Bond Yield)	47,582.42
Net Present Value Benefit	\$47,582.42
Net PV Benefit / \$2,525,000 Refunded Principal	1.884%
Net PV Benefit / \$2,585,584 Refunding Principal	1.840%

Refunding Bond Information

Refunding Dated Date	4/30/2013
Refunding Delivery Date	4/30/2013

3. Standard Disclosure

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ATTACHMENT B

**BOARD RESOLUTION FOR PROPOSED
REFUNDING OF SERIES 1999 REVENUE BONDS
AND ISSUANCE OF NOTES FOR THE
COMPLETION OF THE
WEST BUILDING RENOVATION PROJECTS**

**COMMUNITY COLLEGE OF PHILADELPHIA BOARD RESOLUTION
TO REFINANCE REMAINING 1999 SERIES REVENUE BONDS AND UNDERTAKE
BORROWING TO COMPLETE WEST BUILDING RENOVATION PROJECTS**

WHEREAS, the Board has previously approved a Project (the "Capital Project"), consisting generally of the completion of the final phase of the West Building renovations and other improvements to the College's main campus;

WHEREAS, the College has previously issued through a municipal authority its College Revenue Bonds, Series of 1999 (the "1999 Bonds"), of which \$2,525,000 currently remain outstanding;

WHEREAS, the College desires to refund the 1999 Bonds to reduce its debt service payments with respect to the 1999 Bonds (the "Refunding Project");

WHEREAS, the College desires to finance the Capital Project and the Refunding Project by issuing tax-exempt notes (the "2013 Notes") in one or more series, directly to a financial purchaser;

WHEREAS, PNC Bank, N. A. (the "Purchaser") submitted a proposal for the purchase of the 2013 Notes (the "Proposal") in an aggregate amount not to exceed \$5,500,000 at fixed rates of interest and the College has determined that it is in its best interests to accept the Proposal and proceed with the sale of the 2013 Notes to the Purchaser pursuant thereto.

NOW THEREFORE, BE IT RESOLVED, THAT:

1. The College hereby authorizes the issuance of up to \$5,500,000 of tax-exempt notes to finance the Refunding Project and the Capital Project directly to the Purchaser in accordance with the Proposal.

2. The President of the College is hereby delegated the power, consistent with the general terms of this Resolution, to determine the final terms of the 2013 Notes, including, without limitation, the principal amount (limited to \$5,500,000) thereof, the rates of interest, dates of maturity and redemption, security for the 2013 Notes and other provisions thereof.

3. The President of the College is hereby delegated the power, consistent with the general terms of this Resolution, to determine the final terms forms of loan agreement, bond and other documents required in connection with the financing and the President and any other authorized officer be and hereby are authorized and directed to execute and deliver, as appropriate, such documents.

4. The College may apply its general funds to pay Capital Project expenditures pending the issuance of the 2013 Notes with the expectation that amounts so advanced will be reimbursed from the proceeds thereof.

5. The President and any other authorized officer be and hereby are authorized and directed to execute and deliver any and all other documents and to do any and all other things necessary or desirable in the opinion of such officers to complete the Capital and Refunding Projects and consummate the transactions contemplated by these Resolutions.