

Pennsylvania Economic Development Financing Authority
December 16, 2009

A meeting of the Pennsylvania Development Financing Authority (PEDFA) was held on December 16, 2009 after proper notice was given pursuant to the terms of the Act of July 3, 1986 (The "Sunshine Act"). The meeting was held in PUC Hearing Room #5, Commonwealth Keystone Building, 400 North Street, Harrisburg, Pennsylvania at 12:00 p.m.

The following Board Members present were present: the Honorable Dorothy Kaplan; Kevin Pyle, for the Honorable Steven Kaplan; Patrick Beaty, for the Honorable Sandi Vito; Jared Grissinger, for the Honorable Russell Redding; and Cathy Washburn, for the Honorable Jane Earll.

The following Board Members were present via telephone: George Komelasky; Allan Dabrow; Timothy Johnson; Helen Billak; Nicholas Haden; and William Brucker.

The following PEDFA staff members were present: Carol Longwell, Esq., Office of Chief Counsel; Stephen Drizos, Executive Director, Center for Private Financing; Craig Petrasic, Center for Private Financing; Brian Deamer, Center for Private Financing; and Melanie Clark, Center for Private Financing.

Ms. Kaplan called the meeting to order at 12:00 p.m.

It was moved by Mr. Beaty and seconded by Mr. Grissinger that the Board approve the Minutes of the November 18, 2009 Board Meeting. The motion carried unanimously.

BISHOP MCDEVITT HIGH SCHOOL PROJECT

Mr. Petrasic stated, "The application was submitted by Capital Region Economic Development Corporation (CREDC). There are some representatives here today.

The three borrowers on the project are the Roman Catholic Diocese of Harrisburg, Roman Catholic Diocese of Harrisburg Charitable Trust and Bishop McDevitt High School of Harrisburg.

The project site is along Spring Creek Road, Lower Paxton Township, Dauphin County.

The Roman Catholic Diocese of Harrisburg was established by Pope Pius IX in 1868. Bishop McDevitt High School originally opened in 1918 as the Catholic High School of Harrisburg. The current facility was dedicated in 1930. In 1957 the school was renamed in honor of the Most Reverend Philip R. McDevitt, the fourth bishop of Harrisburg. Bishop McDevitt High School of Harrisburg was formally organized as a separate entity in 2009 in order to carry out the goal of constructing the new facility.

Recently, trust documents were signed establishing a trust for Diocesan assets. The trust is called the Roman Catholic Diocese of Harrisburg Charitable Trust. Both the Diocese and the High School are 501 (c) (3) non-profit organizations.

The project consists of (1) financing and/or reimbursing the costs of the acquisition, construction, installation and equipping of an approximately 172,500 square foot new high school educational facility, including an auditorium, gymnasium, kitchen, cafeteria, library, a three-story classroom wing, sports fields and an athletic stadium and other related and necessary appurtenances, (2) funding capitalized interest on the tax-exempt obligations and a debt service fund, and (3) paying certain expenses incurred in connection with the authorization and issuance of the tax-exempt obligations.

If approved by the Board, we would recommend two PEDFA Tax Exempt Notes in an amount not to exceed \$45 million dollars.

The Bishop McDevitt project was represented by David Black and Linda Goldstein of CREDC, Donald Kaercher from the Diocese of Harrisburg, and Carol Cocheres and Scott Mehok from Eckert Seamans, who is acting as note counsel.

Mr. Kaercher stated, "There need to be substantial modifications to bring the school up to date. The future campus will allow expansion to better serve the needs and the location will be better to draw from a broader area. Craig described the specifics of the project as to what we are trying to do. The new building will be modern and state-of-the-art."

Mr. Mehok stated, "As far as the financing goes the total amount that Bishop McDevitt is asking for is \$45 million dollars. It will be structured as two separate loans of \$30 million dollars in 2009 and up to \$15 million dollars in 2010. The reason it is being structured that way is that the entire amount is to take advantage of the stimulus package that was passed in the spring, which allows the issuer to issue up to \$30 million dollars in a calendar year. This will be a like a bank loan through PNC Bank. There may be other banks added as participants later on. PNC will be the main holder of the note. The note will be secured by the mortgage and then by the gross revenues of the high school."

Mr. Drizos stated, "We have done transactions similar to this nature with hospitals."

Ms. Longwell stated, "Also, in the past we have financed the Germantown Friend School, which is Quaker affiliated. I will also say separate from PEDFA, DCED provides grants and other types of financings to religious oriented entities when the matters are secular, such as financing a stadium or gym. It is something that has been done and the Attorney General's Office has been signing off on those transactions as well. I think we are very secure in our position that this financing is permitted under federal and state law."

It was moved by Mr. Brucker and seconded by Mr. Pyle that the Board approve two PEDFA Tax Exempt Notes in an amount not to exceed \$45 million dollars. The motion was carried unanimously. Mr. Dabrow noted that he wanted clarification that the Board could approve such a transaction given the separation of church and state.

The Board adjourned at 1:00.