

Pennsylvania Community Development Bank
Operational Committee Meeting
November 8, 2006

A meeting of the Pennsylvania Community Development Bank Operational Committee Meeting was held on November 8, 2006, after proper notice was given pursuant to the terms of the Act of July 3, 1986 (the "Sunshine Act"). The meeting was held at the Commonwealth Keystone Building, 400 North Street, PUC Hearing Room #1, Harrisburg, Pennsylvania. Stephen Drizos called the Meeting to order at 9:30 a.m.

The following Operational Committee members were present: Mr. Stephen Drizos; for the Honorable Dennis Yablonsky; John Lori, Deputy Secretary, Business Assistance; and Wendy Spicher, for the Honorable Victoria Reider.

The following Operational Committee members were present via telephone: Honorable Jay Costa; Duane Adams; Ricardo Savido; Linda Larotonda; Pamela Woodell; Howard Slaughter; Livia Smith; Gregg Aversa and Samuel Milliner.

The following DCED staff members were present: Brenda Bubb, Office of Community Development; Carol Weber, Office of Chief Counsel; Brian Deamer, Megan Snyder and Melanie Clark, Center for Private Financing.

Mr. Drizos asked Mr. Deamer to take roll call.

Mr. Drizos requested a motion to approve the Minutes of September 21, 2006.

It was moved by Mr. Costa and seconded by Mr. Aversa to approve the Minutes of the September 21, 2006 Board Meeting. The motion was carried unanimously.

Mr. Drizos turned the floor over to Brenda Bubb to discuss the recommendation for grant approval for North Philadelphia Financial Partnership.

Ms. Bubb stated we only have one grant application and it is from North Philadelphia Financial Partnership. They are applying for a Development Services grant in the amount of \$75,000.00. The funds will support administrative and operating costs for the organization and provide technical assistance with potential and existing clients of NFPF and to expand their products and services in Philadelphia's Renewal Community. The grant will be matched with funds from private contributions and NFPF's retained earnings. We won't allow more than 25% or \$18,750.00 of the grant to be matched from retained earnings.

The financial assistance provided to NFPF through this grant will assist them in providing specialty services to businesses located in the North Central Empowerment Zone and the Philadelphia Renewal Community. Some of these products and services include accounting, financial statement analysis, legal issues, business operations and banking. In the majority of cases, it is both an access to capital and appropriate technical

assistance that often means the difference between a marginal existence and sustainable business growth.

NPFP's goals for this application include providing 50 participants with technical assistance; 20 of which will establish a new business and five will secure a CDFI loan from NPFP.

We recommend approval of this application with the following contract conditions: NPFP must submit semi-annual performance reports on all development services activities to DCED by April 30th and October 31st of the contract year; NPFP must provide DCED with evidence that the match funds have been committed prior to releasing that last 25 percent or \$18,750 of the total contract amount; NPFP must continue to maintain its federal certification status with the CDFI Fund.

It was moved by Mr. Adams and seconded by Ms. Smith that the Board approves the Grant Approval for the North Philadelphia Financial Partnership, in the amount of \$75,000.00. The motion carried unanimously.

Grant Status Report

Ms. Bubb stated we have a \$2.2 million dollar balance in the grants. With this grant being approved, half of this grant will come out of the 2005 funds, which will deplete the \$2 million dollars that we received last year and \$27,200.00 will come out of the \$2.2 million that was allocated in 2006. After that we have a little more than \$2 million dollars left in grants.

Loan Status Report

Mr. Deamer stated there has been no change since the last status report. We will be talking to the new leadership in the Northside Community Development Fund on working to close that \$310,000.00 loan.

Mr. Drizos stated I would like to add that we had a very good meeting with the people at Northside. They are working through issues to get caught up with the passing of Linda. We have a comfort level that they will be able to continue and maintain the good work.

Mr. Deamer stated that the committee that was formed during the last meeting to discuss the minimal loan lost reserve in going from possibly 5% to 3%, will be meeting on November 13, 2006, to take a look at that and discuss that.

Mr. Drizos stated that the next meeting will be January 10th and would like to wish everyone a very happy and safe holiday season.

It was moved by moved by Mr. Adams and seconded by Ms. Smith that the Board adjourned. The board adjourned at 9:45.