



Commonwealth Financing Authority
Harrisburg PA, 17120

Board Meeting Minutes

March 25, 2015

The Commonwealth Financing Authority (*CFA*) special Board meeting was held on March 25, 2015. Proper notice was given pursuant to the terms of the Act of July 3, 1986 (the "Sunshine Act"). The meeting was held in Conference Room 4 East, on the fourth floor of the Commonwealth Keystone Building located at 400 North Street in Harrisburg, Pennsylvania.

In addition to Chairman Davin, the following Board members were present: the Honorable Robin L. Wiessmann. The following Board members participated via teleconference: the Honorable Randy Albright, Marc Little, John Verbanac, Michael Karp and Austin Burke.

CFA staff in attendance: Scott Dunkelberger, Executive Director; Christopher Houston, Chief Counsel and Deputy Chief Counsel Tim Anstine.

Members of the public in attendance: Brian Eckert, Laurie Henry, Eric Hagarty, Lyndsay Kensinger, Michael Shorr and Jeffrey J. Warren.

Chelsea Guzowski, Stephen Bruder, Ron Jumper, Josh Funk, Greg Mahon, Anna Fitzsimmons, Jason Brehouse, Peggy Schaeffer-Montgomery, Chris Stets, Lisa Taglang and Danielle Guyer participated via teleconference.

Chairman Davin called the meeting to order at 4:33 P.M. and acknowledged the presence of a quorum of the Board.

Mr. Dunkelberger presented the following for the Board's consideration:

Proposed Business in Our Sites Program Guideline Changes

Mr. Dunkelberger briefly outlined the proposed changes to the Business in Our Sites program guidelines and asked if there were any questions. Mr. Little commented that he would like to see language introduced to the commitment letters, agreement documents, and the guidelines requesting bids from Minority Business Enterprises (MBE's). Mr. Dunkelberger confirmed that the language would be included in the guidelines and in the commitment letters that would setup a process that contractors and borrowers would be required to seek out disadvantaged businesses and report their efforts to DCED. He added that the specific language would be provided to the Board before approving any Business in Our Sites or Building PA loans. Chairman Davin briefly spoke on the Pennsylvania Minority Business Development Authority and the Department's efforts to market the program.

Upon motion by Mr. Karp and seconded by Mr. Little, the Board unanimously approved changes to the Business in Our Sites program guidelines.

Proposed Building PA Program Guideline Changes

Mr. Dunkelberger briefly outlined the proposed changes to the Building PA program guidelines. He stated that the language regarding Minority Business Enterprises added to the Business in our Sites program guidelines would also be included in the Building PA guidelines, along with the changed originally discussed at the March 10, 2015 CFA Board meeting.

Upon motion by Mr. Little and seconded by Mr. Verbanac, the Board unanimously approved the proposed changes to the Building PA program guidelines.

Proposed Alternative and Clean Energy Program Guideline Changes

Mr. Dunkelberger briefly outlined the proposed changes to the Alternative and Clean Energy program guidelines. He explained there has been the suggestion to include crude oil as an alternative energy source. Mr. Karp stated that he feels a vote on this topic is premature and would like to wait until the May 13, 2015 CFA Board meeting to discuss further. Mr. Dunkelberger asked if Mr. Karp had any specific questions and briefly explained the technology. Mr. Karp stated that he felt it conceptually made sense but would like to wait until the next meeting to discuss and review the proposal. Mr. Verbanac stated that he feels the project is viable and would like to vote today. Upon motion by Mr. Verbanac and seconded by Mr. Burke, the proposed Alternative and Clean Energy program guideline changes were rejected on a vote of 6 to 1, with Mr. Karp casting the dissenting vote, and the supermajority having not been met.

Special Request – 701 W. Lehigh Partners, L.P.

Mr. Dunkelberger outlined the special request from 701 W. Lehigh Partners, L.P. to release collateral that was previously discussed at the March 10, 2015 CFA Board meeting. He added that staff's recommendation is to approve releasing the collateral property in exchange for a prepayment on the loan in the amount of \$372,000. He explained that the referenced amount is the pro-rated portion of the collateral being sold off, and would be the same amount of the principal that is remaining. Mr. Dunkelberger explained that legal counsel did a thorough review of the inter-creditor agreement and had conversations with the borrower.

Upon motion by Mr. Burke and seconded by Mr. Albright, the Board unanimously approved a special request from 701 W. Lehigh Partners, L.P. for their Business in Our Sites loan (with details attached).

There being no further business to come before the Board, upon motion by Ms. Wiessmann and seconded by Mr. Albright, the meeting was adjourned at 4:43 P.M.

DATE: February 18, 2015
SUBJECT: Special Request – CFA Board
TO: Scott Dunkelberger
Executive Director, Commonwealth Financing Authority
FROM: Brian D. Eckert
Director, Site Development Division

SPECIAL REQUESTS – BOARD ACTION REQUIRED

701 W. Lehigh Partners, LP
Philadelphia County

Approved: January 25, 2012
\$1,550,000 (Loan)

Requested Change:

On January 25, 2012 the CFA Board approved a \$1,550,000 BOS loan to 701 W. Lehigh Partners, LP for infrastructure and site preparation for the redevelopment at the former Thomas Edison High School. The site is approximately 3.6 acres in size and is located in the City of Philadelphia bounded by Somerset Street, 7th and 8th Avenue. The project included the demolition of the main building and preservation of the annex on Somerset Street which will be used for senior housing in the future. The first phase of the project entailed the construction of a 36,000 sq. ft. shopping center. BOS funds were used for site preparation, water/sewer improvements, utilities, demolition of foundations and excavation and grading.

Currently Edison Square is more than ninety (90%) leased with Save A Lot grocery store, Family Dollar, Burger King Kicks USA., and Edison Square Pharmacy. TD Bank and Little Caesar's Pizza are planning on taking the remaining available space.

701 W. Lehigh Partners is planning the next phase of the development on the site which is the construction of affordable housing for veterans on the back portion of the site. The development of the next phase will be funded with Low Income Housing Tax Credits and owner equity. The partnership expects to receive the final credits needed to finalize construction financing in the second quarter of 2015, with a projected construction date in the fourth quarter of 2015. Construction is expected to last 18 months.

In order to facilitate their development, 701 W. Lehigh Partners is requesting a partial release of a 0.8579 acre portion of the site with no release premium.

**Current Financing
Structure:**

Fox Chase Bank Debt	\$3,750,000
HUD 108 Loan	\$1,750,000
Business in our Sites:	\$1,550,000
TOTAL	\$7,050,000

Current Collateral: Third Lien on 2.75 acre parcel Retail Complex
First Lien on 0.8579 acre parcel Senior Housing

Total of 3.6 acres

Current LTV: 66% LTV

Proposed Collateral: Third lien on 2.75 acre Retail Complex

Collateral Value: \$8,625,000 "as completed" - Retail Complex
\$2,100,000 "as completed" - Senior Housing

Total Collateral Value: \$10,725,000

Proposed LTV: 81% LTV

Staff Recommendation: Approval of the following:

1. Release of the BOS lien on 0.8579 acre parcel.
2. Release premium of \$372,000.00.