

Pennsylvania Economic Development Financing Authority

December 20, 2017

A meeting of the Pennsylvania Economic Development Financing Authority (PEDFA) was held on December 20, 2017 after proper notice was given pursuant to the terms of Act of July 3, 1986 (the "Sunshine Act"). The meeting was held in PUC Hearing Room #1, Commonwealth Keystone Building, 400 North Street, Harrisburg, Pennsylvania at 11:00 a.m.

The following Board Members were present: The Honorable Dennis Davin; Michael Vovakes, for the Honorable W. Gerard Oleksiak; Mary Soderberg and Richard Harper.

The following Board Members were present via telephone: Paul Wentzel, for the Honorable Robin Wiessmann; Cheryl Cook, for the Honorable Russell Redding; Jason Brehouse, for the Honorable Kim Ward; Howard B. Slaughter, Jr.; Elizabeth Preate Havey; Nicholas Haden; Steven S. Bradley; and Ronald J. Brown.

The following DCED staff members were present: Stephen M. Drizos; Christopher Houston, Esq., Office of Chief Counsel; Carol Longwell, Esq., Office of Chief Counsel; Craig Petrasic; Brian Deamer; and Melanie Taylor.

Mr. Davin called the meeting to order at 11:00 a.m.

It was moved by Mr. Harper and seconded by Ms. Soderberg that the Board approve the Minutes of September 20, 2017. The motion carried.

**TAPESTRY MOON, LLC PROJECT SUMMARY**

Mr. Petrasic stated, "The project under consideration is for Tapestry Moon, LLC. The sponsor is Allegheny County Industrial Development Authority.

The project is to finance all or a portion of cost of the acquisition, construction, improvement and equipping of an existing approximately 205,500 square foot hotel building, which is located on approximately 6.65 acres of land at 550 Cherrington Parkway, Moon Township, Pennsylvania, which is to be converted into a residential rental housing facility comprising of 116 assisted living units and 103 memory care units with a total of 122 beds and certain functionally related facilities, funding of any required reserves, paying capitalized interest on the Series 2017 Bonds, if any, and paying certain costs and expenses incurred in connection with the authorization, issuance and sale of the bonds.

If approved by the Board, we recommend PEDFA Revenue Bonds in an amount not to exceed \$85 million dollars of which \$80 million dollars would be tax exempt bonds and, separately, taxable bonds in an aggregate principal amount not to exceed \$5 million dollars.

With us we have people from the company, their counsel and bond counsel if the board members have any questions."

Mr. LaSalle stated, "I am the owner and CEO of Tapestry Moon and with me is Ken Luttinger from Buchanan Ingersoll, which represents Tapestry in this transaction.

I would like to thank the board for meeting with us this morning and we appreciate it. I would also like to thank staff. The staff worked very hard with us over the last month to get this project in.

Tapestry has been in the senior housing business since 1975. We have built a number of Section 8 senior housing projects. We have built co-ops, apartments and rentals. In the 90's we started doing assisted care and memory care. We also built two monasteries and six condos.

What is unique in this project is that part of the process includes agreements to use 7,500 of the square feet as a community meeting space within the senior center. The senior center will operate Monday through Friday from 8:00 to 5:00.

There are activities in the building and these will bring people in from the outside. This is a great project. It is the old Embassy Suites Hotel."

Mr. Haden asked, "I see it is both taxable and tax exempt. What is the purpose of that?"

Mr. LaSalle stated, "There are some parts of the project that may not qualify for tax exemption because it is used for non-residential housing purposes. The overwhelming majority of the project is residential project that would qualify for tax exemption."

Ms. Havey stated, "You talked about miscellaneous costs of \$5 million dollars. Could you elaborate on that?"

Mr. LaSalle stated, "These consist of fees and reserve funds and nothing out of the ordinary. It would be ancillary items that tie into the project. The proceeds will all be deposited into escrow. The company will be paying all the fees, expenses and closing costs with their own equity. The full amount of proceeds will be held pending closing on the real estate."

Mr. Davin asked, "Will this include architectural fees?"

Mr. LaSalle stated, "Yes, as well as all the reserves."

Mr. Drizos stated, "We don't want to violate the 2% rule. The key to understand is that all these fees are getting paid with tax-exempt funds. When they close this transaction then the expenses will be covered by cash equity."

It was moved by Mr. Harper and seconded by Mr. Vovakes that the Board approve PEDFA Revenue Bonds in an amount not to exceed \$85 million dollars of which \$80 million dollars would be tax exempt bonds and separately taxable bonds in an aggregate principal amount not to exceed \$5 million dollars. Motion carried.

## **HOME AND COMMUNITY BASED SERVICES LOAN APPROVAL – CENTER FOR INDEPENDENT LIVING OF CENTRAL PA**

Mr. Petrasic stated, “This is our first loan through the Home and Community Based Services Loan program since early 2011. We gave the board an update on the program a few meetings ago.

The borrower for this loan will be the Center for Independent Living of Central Pennsylvania, Inc. They are located in East Pennsboro Township, Cumberland County.

The mission of the Center for Independent Living of Central Pennsylvania is to eliminate and prevent barriers that people with disabilities experience by providing ongoing advocacy and offering innovative programs and services. Organized in 1988, CILCP began its work by providing core independent living services to people with disabilities. The core services are the heart of their mission and include information and referral, individual and systems advocacy, peer counseling and skills training. They also have over 11 years of experience in providing Home and Community Based Services, including service coordination, attendant care, financial management services, and home adaptations. CILCP will be using this loan to develop their new Living Well Transport Services, the goal of which is to provide affordable, accessible, on-demand transportation for people with disabilities.

This will be a \$200,000 loan. We are going to allow them up to two draws of \$100,000 each to help with the timing for when the vans will be ready for delivery. The collateral will be a perfected first lien on both the project vehicles, as well as the CILCP will covenant to provide an additional pledge of \$50,000 of some of their unrestricted funds. It will be a 2% fixed rate. We have agreed to give them a five-year term with interest only payable for the first year with the goal of helping to get this up and running over the course of the first year.

There are a few people from the Center for Independent Living present; Theo Braddy, who is the CEO, as well as Christopher Bernard from the Department of Aging.”

Mr. Braddy stated, “The Center has been around for many years to help people with disabilities deal with the barriers they face on a daily basis. This particular program for transport services is specifically designed to provide accessible transport services to people with disabilities after 5:00 and the weekends. The existing transport services pretty much stop at 5:00 pm and the weekends as well. So, people with disabilities are often isolated from participating in other activities because of lack of transportation. Our purpose was to fill that gap and work with other providers and contracted businesses to ensure that people with disabilities can socialize and participate in other activities. We have advocated for a while to try to make something happen. Other entities stepped in and provided accessible transportation.

Since it is our mission to identify and create programs that meet those needs we thought, who better than the Center for Independent Living to do that? We are fully committed and are hoping that you will help us out.”

Mr. Davin stated, “Thank you. On behalf of Governor Wolf we really appreciate that and thank you for the opportunity to help you and helping people be as independent as possible.”

It was moved by Mr. Vovakes and seconded by Ms. Soderberg that the Board approve the loan request for \$200,000 to the Center for Independent Living of Central Pennsylvania. Motion carried.

## **NEW BUSINESS**

### **SSBCI FUNDS RE-ALLOCATION**

Mr. Petrasic stated, "This is related to the State Small Business Credit Initiative (SSBCI).

The SSBCI ended at the federal level as of September 2017, that is, the U. S. Treasury oversight and guidance of the program has ended. The first use of all these funds will still have to follow all the federal rules and regulations.

As of 2017 we had approximately \$341,000 of the SSBCI funds that had originally been earmarked back at the very beginning for administrative costs. Due to the fact that we were conservative in our use of the admin, we had a fair amount left out of the initial \$700,000 that was to be used for admin purposes. We also have a small amount of \$595.00 that was the last little bit of unused allocation that one of the Ben Franklin organizations had left that they gave back to us.

Again, these funds still have to be used in accordance with all the rules and regulations of the SSBCI program and that is the intent.

We recommend allocating these additional funds to the Community First Fund, which was one of the organizations that originally received \$2 million dollars through the program. The reason for that is we had these funds and they asked for it and they have been good throughout this program in terms of deploying the funds. One of the other reasons is their service area reaches up into Berks County and the City of Reading.

Since the program started, one of the goals of the U.S. Treasury was that all the states were supposed to achieve a 10-1 leverage ratio. As of the end of the program we reached just shy of 13-1. We have done better than most of the other states in the country and also created over 1,000 new jobs."

It was moved by Mr. Harper and seconded by Mr. Haden that the Board approve re-allocating the unspent SSBCI Funds in the amount of \$341,151.06 to the Community First Fund. Motion carried.

### **CAPITOL REGION PARKING SYSTEM UPDATE**

Mr. Drizos stated, "We are very close to having some results. I would hope that by the middle of next month we will have some results. I am encouraged in some of the conversations and I think we will be able to put this behind us and move on."

Mr. Davin asked, "When do you think we are going to complete it?"

Mr. Drizos stated, "It depends on the schedule. I received some information from the City of Harrisburg, and we want to sit down and talk about it."

Mr. Davin asked, "In January you think?"

Mr. Drizos stated, "I am hoping. I was encouraged by the correspondence I received yesterday. We have to get AGM and the county to try to bring this all together."

Mr. Brehouse asked, "Are there any issues worth mentioning at this time?"

Mr. Drizos stated, "No, not at this time. It would be some of the same issues we have had. It has had positive movement."

Mr. Brehouse asked, "Even with the negotiations on the dispute have the original goals of the transaction been met? Is the system still functioning as intended?"

Mr. Drizos stated, "Yes. As far as debt service and other issues that are involved it is working. There is really not much more to have more discussion about."

#### **ADJOURNMENT**

It was moved by the Mr. Harper and seconded by Ms. Soderberg that the Board adjourn.