



**Commonwealth Financing Authority**  
Harrisburg PA, 17120

## **Board Meeting Minutes** **January 23, 2018**

The Commonwealth Financing Authority (CFA) board meeting was held on January 23, 2018. Proper notice was given pursuant to the terms of the Act of July 3, 1986 (the "Sunshine Act"). The meeting was held in the Forest Room, within the Keystone Building Meeting Center, on the plaza level 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 Randy Albright, Paul Wentzel for the Honorable Robin L. Wiessmann and D. Raja. Marc Little, Michael Karp, and Austin Burke participated via teleconference.

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

Members of the public in attendance: Stephen Bruder, Peggy Schaeffer-Montgomery, Greg Mahon, Josh Funk, Danielle Guyer, Mike Hanna, Jr., Lisa Taglang, Laurie Henry, Ryan Emerson, Brian Eckert, Lynne Ruby, Mandy Book, Carol Kilko, Zachary Reber, Kevin Rowland, Alicia Henry, Tracy Bigo, Jason Rigone, Jason Fitzgerald, Dan Kennedy, Don Kiel, Frank Campbell, Andrew Zwally, Kara Beem, Colleen Terry, Mary Kuna, Ed Swoyer, and Debra Millnan,

Chairman Davin called the meeting to order at 11:17 A.M. after acknowledging a quorum of the Board.

On a motion by Mr. Wentzel and seconded by Mr. Raja, the Board unanimously approved the November 14, 2017 CFA Board meeting minutes.

On a motion by Mr. Little and seconded by Mr. Burke, the Board unanimously approved payment of CFA expenses in the amount of \$971,948.21.

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

### **PROPOSED PROGRAM GUIDELINE CHANGES**

#### **Multimodal Transportation Fund**

Mr. Dunkelberger outlined the proposed change to the Multimodal Transportation Fund program guidelines, which includes language from the 2017 fiscal code that states a municipality receiving assistance through the CFA MTF program may not be required to provide a local match. He added that the term municipality shall mean a county, city, borough, incorporated town, or township. He further explained that the provision would expire on December 31, 2018.

On a motion by Mr. Raja and seconded by Mr. Karp, the Board unanimously approved the Multimodal Transportation Fund program guideline changes, as presented.

**Alternative and Clean Energy Program**

Mr. Dunkelberger briefly outlined several proposed changes to the Alternative and Clean Energy (ACE) Program guidelines. He explained that they are alterations to clean up and clarify procedures and requirements of the program. He added that the fund currently has \$18,200,000 available due to loan repayments and staff would like to reopen the program for business, using the proposed guidelines. Mr. Karp stated his support for the guideline changes, and requested that staff be available in the coming weeks for conversations regarding the ACE Program guidelines.

Upon motion by Mr. Karp and seconded by Mr. Raja, the Board unanimously approved the Alternative and Clean Energy Program guideline changes, as presented.

**PIPELINE INVESTMENT PROGRAM PROJECT RECOMMENDATION**

Mr. Dunkelberger briefly outlined two Pipeline Investment Program grant requests.

Upon motion by Mr. Albright and seconded by Mr. Wentzel, the Board unanimously approved a grant in the amount of \$1,000,000 to Kings Real Estate Group A, LLC for the Hamburg Commerce Park project located in Perry Township, Berks County, PA

Upon motion by Mr. Albright and seconded by Mr. Little, the Board unanimously approved a grant in the amount of \$1,000,000 to SEDA-COG Natural Gas Cooperative, Inc. for the Centre Hall Natural Gas project located in Centre Hall Borough, Centre County, PA.

Chairman Davin added that there is still over \$24,500,000 available in the Pipeline Investment Program fund.

**BUSINESS IN OUR SITES PROGRAM PROJECT RECOMMENDATION**

Mr. Dunkelberger explained there were five BOS projects on the agenda for consideration. He briefly outlined the five grant/loan requests.

Upon motion by Mr. Raja and seconded by Mr. Wentzel, the Board unanimously approved a loan in the amount of \$6,052,503 and a grant in the amount of \$3,960,590 to the Altoona Blair County Development Corporation for the Silk Mill Redevelopment project located in the City of Altoona, Blair County, PA.

Upon motion by Mr. Raja and seconded by Mr. Little, the Board unanimously approved a loan in the amount of \$6,000,000 and a grant in the amount of \$4,000,000 to the RIDC of Southwestern PA for the Mill 19B project located in the City of Pittsburgh, Allegheny County, PA.

Upon motion by Mr. Burke and seconded by Mr. Little, the Board unanimously approved a loan in the amount of \$1,713,536 and a grant in the amount of 1,142,358 to Real Estate Collaborative, LLC for the Former Tyco Site project located in the Borough of Carlisle, Cumberland County, PA.

Upon motion by Mr. Albright and seconded by Mr. Little, the Board unanimously approved a loan in the amount of \$2,261,196 and a grant in the amount of \$1,457,610 to the Greater Berks Development Fund for the Bern Township Industrial Park project located in Bern Township, Berks County, PA.

Upon motion by Mr. Albright and seconded by Mr. Burke, the Board unanimously approved a loan in the amount of \$5,801,264 and a grant in the amount of \$3,867,508 to the Westmoreland County Industrial Development Corporation for the Commerce Crossing at Westmoreland project located in Sewickley Township, Westmoreland County, PA.

Mr. Dunkelberger added that the Business in Our Sites Program would be closing due to the lack of funding within the program. Chairman Davin also stated that would be exploring refunding channels to reopen this very impactful program.

**FIRST INDUSTRIES LOAN PROJECT RECOMMENDATIONS**

Mr. Dunkelberger briefly outlined seven First Industries Agriculture, Tourism and MELF Small Business First projects for consideration. He added that these programs have already been underwritten and approved by the Pennsylvania Industrial Development Authority Board. Upon motion by Mr. Little and seconded by Mr. Wentzel, the Board unanimously approved the following First Industries Small Business First Agriculture, Tourism and MELF projects:

<u>Applicant</u>	<u>Project</u>	<u>County</u>	<u>Loan</u>
Lebanon Valley EDC	Matthew S and Katina Martin	Lebanon	\$400,000
North Side Industrial Development Co, Inc.	TruFood Manufacturing, Inc.	Allegheny	\$850,000
Southern Alleghenies Planning & Development Commission	Lucas E and Krista J Shaffer	Somerset	\$400,000
EDC Finance Corporation	Cody J and Dustin J Musser	Lancaster	\$400,000
EDC Finance Corporation	Andrew S and Andrea J Bollinger	Lancaster	\$400,000
EDC Finance Corporation	Josiah K and Chelsea R Rohrer	Lancaster	\$400,000
EDC Finance Corporation	Spooky Nook Sports, Inc.	Lancaster	\$355,000

**LOCAL SHARE ACCOUNT (LSA) PROGRAM RECOMMENDATIONS**

Mr. Dunkelberger stated there were 79 projects within the Monroe County Local Share Account Program, totaling \$10,000,000, and that a block vote would be taken if agreeable by the Board. Upon motion by Mr. Burke and seconded by Mr. Raja, the Board unanimously approved the following 79 Monroe County LSA projects:

**Monroe County**

<u>Applicant</u>	<u>Project</u>	<u>County</u>	<u>Grant</u>
Barrett Township	Barrett Volunteer Fire Co Firehouse Renovations	Monroe	\$148,270
Hamilton Township	2017 Snow Plow Truck Purchase	Monroe	\$142,954
Jackson Township	Jackson & West End Volunteer Fire Co. Wildlands Vehicle Acquisition	Monroe	\$60,661
MCIDA	Feeding Families Ministry, Inc. Vehicle Purchase Project	Monroe	\$55,574
MCIDA	IBW Demolition Project	Monroe	\$188,687
MCIDA	PMCC East WWTP Upgrades	Monroe	\$33,810
MCIDA	Pocono Alliance - Building Acquisition	Monroe	\$157,500
MCIDA	Pocono Mountain Regional EMS - Power Assist Stretcher	Monroe	\$80,831
MCIDA	Rehabilitation of Lake Swiftwater Dam	Monroe	\$500,000
MCIDA	Terrafina LLC - Building Enhancements	Monroe	\$541,317
MCIDA	West End Food Pantry-Vehicle Purchase Project	Monroe	\$57,403
MCIDA	Emergency Shelter Generator	Monroe	\$135,000
Pocono Township	Pocono Township Police Vehicles	Monroe	\$135,822
Stroud Township	Community Athletic Complex Improvement Project	Monroe	\$500,000
Tobyhanna Township	Pocono Summit West Realignment Project	Monroe	\$953,177

Tunkhannock Township      Volunteer Fire Company Auxiliary Building      Monroe      \$8,994

### Counties Contiguous to Monroe County

<u>Applicant</u>	<u>Project</u>	<u>County</u>	<u>Grant</u>
Allen Township	Salt Shed Construction	Northampton	\$312,398
Archbald Borough	Phase II - Peggy Drive Reconstruction Project	Lackawanna	\$160,000
Banks Township	Tresckow Hosey Social Hall HVAC & ADA	Carbon	\$34,300
Beaver Meadows Borough	Carbon County COG Street Sweeper	Carbon	\$167,500
Carbon Chamber and Economic Development Corp.	Lehigh Area Library Abatement and Renovation	Carbon	\$21,618
Carbon Chamber and Economic Development Corporation	Carbon County Community Foundation	Carbon	\$2,987
Carbon County	Carbon County Emergency Operations and Training Center	Carbon	\$200,000
Clarks Summit Borough	Fire Co. #1 Quick Response Vehicle Modification	Lackawanna	\$9,451
Clifton Township	Municipal Building Parking Lot Paving	Lackawanna	\$120,000
Damascus Township	Baseball Field & Parking Improvements	Wayne	\$200,000
Easton City	West Ward Northampton Street Lighting	Northampton	\$60,000
Fell Township	Park Improvement Project	Lackawanna	\$75,000
Franklin Township	Firehouse repairs and renovations	Carbon	\$150,000
Hawley Borough	Hawley Borough Levee Repair Project - Phase II	Wayne	\$181,711
Hellertown Borough	Main St. Pedestrian Safety Initiative	Northampton	\$160,000
Heritage Valley Partners, Inc.	Lackawanna Avenue Downtown Connector	Lackawanna	\$60,000
Jermyn Borough	DPW Truck	Lackawanna	\$81,296
Jermyn Borough	Woodlands Sewers and Roads Construction Project	Lackawanna	\$140,000
Lackawanna County	Ambrose Revels American Legion #328 Repairs	Lackawanna	\$39,000
Lackawanna County	American Legion #327 Olyphant Plumbing Repairs	Lackawanna	\$36,225
Lackawanna County	Blight to Bright Project	Lackawanna	\$65,000
Lackawanna County	Boys & Girls Club of NEPA Exterior Renovations	Lackawanna	\$30,000
Lackawanna County	Connors Park / South Scranton Blight Remediation	Lackawanna	\$14,200
Lackawanna County	Cougar Kickoff Club Locker Room Renovations	Lackawanna	\$28,295
Lackawanna County	Dunmore Little League Field Renovation and Equipment	Lackawanna	\$100,000
Lackawanna County	Goodwill Industries Employment First Project	Lackawanna	\$100,000
Lackawanna County	Jessup American Legion Post #411 Repairs	Lackawanna	\$48,729
Lackawanna County	Phase II Therapy Center Renovations	Lackawanna	\$25,000
Lackawanna County	Scranton Educational Improvement Organization Education Awareness Center	Lackawanna	\$10,000
Lackawanna County	Scranton Transit Trolley #505 Restoration	Lackawanna	\$20,000
Lackawanna County	The Greenhouse Project Upgrades	Lackawanna	\$5,000
Lackawanna County	Throop Borough Pearl Street Sanitary Sewer Improvement	Lackawanna	\$30,000
Lackawanna County	Tripp Park Miss-E League Field Renovations & Equipment	Lackawanna	\$24,000
Lackawanna County	United Community Outreach Food Pantry Fire Suppression System	Lackawanna	\$10,000
Lansford Borough	Reconstruction and Renovation of Lansford Pool	Carbon	\$35,000
Lehigh Township	Rescue Vehicle	Northampton	\$350,000
Mayfield Borough	Police Cruiser Purchase	Lackawanna	\$45,000
Mayfield Borough	Plow/ Dump Truck Replacement	Lackawanna	\$64,134
Mount Pleasant Township	Anti/skid shed for township building	Wayne	\$50,000
Nazareth Borough	Nazareth Borough Police Vehicle Project	Northampton	\$42,799
Nesquehoning Borough	Building/Renovation Project	Carbon	\$166,053
Olyphant Borough	Downtown Revitalization Project	Lackawanna	\$10,000
Olyphant Forest Township	Fire Co #1 Electronic Sign	Carbon	\$20,000
Pike County	Pike County Complex Sewage Expansion	Pike	\$425,000
Pike County EDA	Holy Trinity Food Pantry	Pike	\$50,000
Pike County EDA	Milford Water Authority	Pike	\$10,902

Pike County EDA	PEEC Sustainability Lodge	Pike	\$50,000
Pike County EDA	Tanglewood Lakes	Pike	\$75,000
Pike County EDA	Habitat For Humanity	Pike	\$98,582
Plainfield Township	Plainfield Township/Slate Belt Regional Police Department	Northampton	\$25,030
	All-Terrain Emergency UTV		
Ransom Township	Municipal Building Improvement Project	Lackawanna	\$90,000
Roaring Brook Township	Gardner Road Improvement Project	Lackawanna	\$350,000
Roseto Borough	Roofing at Faith Christian School	Northampton	\$150,000
Scranton City	Injury Reduction for Officers and Suspects	Lackawanna	\$55,000
Scranton City	Pollution Reduction Plan	Lackawanna	\$25,000
Scranton City	South Scranton Women's Business Incubator	Lackawanna	\$120,000
SLIBCO	Scranton Enterprise Center Grant	Lackawanna	\$250,000
Taylor Borough	Taylor Police Department Traffic Safety Initiative	Lackawanna	\$74,499
Texas Township	Municipal Building Improvement	Wayne	\$197,000
Thornhurst Township	Thornhurst Twp Historic Building and Site Rehabilitation	Lackawanna	\$225,000
WEDCO	Community Library of Lake and Salem Township Building Repair	Wayne	\$64,291
WEDCO	Sterling Business & Technology Park Lot 3 Site Development	Wayne	\$400,000
West Easton Borough	Public Works Garage and Storage Facility	Northampton	\$60,000

**TIF GUARANTEE PAYMENT**

Mr. Dunkelberger outlined one payment that the CFA is required to make due to a shortfall in the tax increment. Upon motion by Mr. Wentzel and seconded by Mr. Albright, the Board unanimously approved the following TIF guarantee payment:

<u>Applicant</u>	<u>Project</u>	<u>Payee</u>	<u>Amount</u>
Redevelopment Authority of the City of Lock Haven	Painter Stadium	M&T Investment Group	\$207,605.31

**SPECIAL REQUESTS**

Mr. Dunkelberger briefly outlined six special requests for consideration by the Board. He stated they could be approved as a block vote if the Board was agreeable. Upon motion by Mr. Albright and seconded by Mr. Burke, the Board unanimously approved the following six special requests (details attached):

<u>Applicant</u>	<u>Project</u>	<u>Program</u>	<u>Reason</u>
Freeland Borough	New Municipal Complex	LSA Luzerne	Request to modify scope of work
City of Hazleton	City Hall Improvements (approved 9/9/14)	LSA Luzerne	Request to modify scope of work
City of Hazleton	City Hall Improvements (approved 3/29/17)	LSA Luzerne	Request to modify scope of work
City of Scranton	Oakwood Paving Project	LSA Monroe	Request to modify scope of work
New Castle Sanitation Authority	Rehab of Sanitary Sewer Lines	PA SWS	Request to modify scope of work
Redevelopment Authority of Allegheny County	Shannon Transit Village	TIF Guarantee	Request to modify terms

**ADJOURNMENT**

Chairman Davin thanked the Board for their participation and attendance. There being no further business to come before the Board, upon motion by Mr. Wentzel and seconded by Mr. Albright, the meeting was adjourned at 11:38 A.M.

**DATE:** January 4, 2017  
**SUBJECT:** Special Request – CFA Board  
**TO:** Scott Dunkelberger  
Executive Director, Commonwealth Financing Authority  
**FROM:** Mandy Book  
Director, Center for Community Enhancement

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**SPECIAL REQUEST – BOARD ACTION REQUIRED**

**Freeland Borough  
New Municipal Complex  
(Luzerne County)**

**Approved: 07/01/2016  
\$500,000 (Grant)**

**Requested Change:** On July 1, 2016, the CFA Board approved a \$500,000 Local Share Account – Luzerne County grant for Freeland Borough to build a new municipal complex. The borough requested \$669,469 and due to an award less than requested, the project was phased with the LSA grant award covering Phase I costs to include the construction of a building shell and completion of the police department area. The rest of the building was expected to be over 2,000 s.f. of vacant space to be fit out as council chambers and borough offices.

The project was bid in July 2017 resulting in the lowest bid exceeding the awarded grant funds by more than \$350,000. During the same period, a new property known as the Freeland Events Center came on the market. The center is a 9,000 s.f. former church parish center with a large parking lot and is located centrally in the borough.

Freeland Borough is requesting a change in the scope of work from the construction of a new building to the acquisition and renovation of the former Freeland Events Center for use as a municipal building. The renovated facility will provide a more functional municipal complex, larger parking capacity, and will be retrofitted to be fully ADA compliant. The total project cost to include acquisition, construction, and engineering/design is \$658,863. Freeland Borough will provide the matching funds required to complete the project.

**Recommendation:** Approval.

**DATE:** January 3, 2017  
**SUBJECT:** Special Request – CFA Board  
**TO:** Scott Dunkelberger  
Executive Director, Commonwealth Financing Authority  
**FROM:** Mandy Book  
Director, Center for Community Enhancement

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**SPECIAL REQUEST – BOARD ACTION REQUIRED**

**City of Hazleton  
City Hall Improvements  
(Luzerne County)**

**Approved: 09/09/14  
\$350,000 (Grant)**

**Requested Change:** On September 9, 2014, the CFA Board approved a \$350,000 Local Share Account – Luzerne County grant for the City of Hazleton for the preservation and improvement of City Hall. To date, more than \$294,000 in repairs have been made to the east side façade, roof parapets, and window sills to eliminate water infiltration and additional window and roof repairs around the remainder of the building to address water damage and energy loss have been completed. In addition to these costs, the city unexpectedly found the water infiltration had caused damage to an air conditioning unit and window guards/blinds. These items had to be replaced during the project.

The City of Hazleton is requesting an expansion in the scope of work to include the purchase and installation of equipment and furnishings. This will allow the unexpected \$10,000 in costs to be covered by the grant and will close out the renovations project.

**Recommendation:** Approval.

**DATE:** January 3, 2017  
**SUBJECT:** Special Request – CFA Board  
**TO:** Scott Dunkelberger  
Executive Director, Commonwealth Financing Authority  
**FROM:** Mandy Book  
Director, Center for Community Enhancement

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**SPECIAL REQUEST – BOARD ACTION REQUIRED**

**City of Hazleton  
City Hall Improvements  
(Luzerne County)**

**Approved: 03/29/17  
\$35,000 (Grant)**

**Requested Change:** On March 29, 2017, the CFA Board approved a \$35,000 Local Share Account – Luzerne County grant for the City of Hazleton for the preservation and improvement of City Hall. The city requested \$500,000 for a variety of projects to reduce water infiltration, repair water damage, and improve energy efficiency. Due to an award less than requested, the city has been exploring the best area to deploy the funding. On December 27, 2017, the city received notice from state inspectors that the boiler must be taken out of service immediately. Given this emergency situation, a new boiler has been ordered and will be installed within the next few weeks.

The City of Hazleton is requesting a change in the scope of work from renovation, engineering, and administrative costs to the purchase and installation of equipment. Approval of this request will allow the boiler purchase to be reimbursed.

**Recommendation:** Approval.

**DATE:** January 5, 2018  
**SUBJECT:** Special Request – CFA Board  
**TO:** Scott Dunkelberger  
Executive Director, Commonwealth Financing Authority  
**FROM:** Mandy Book  
Director, Center for Community Enhancement

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**SPECIAL REQUEST – BOARD ACTION REQUIRED**

**City of Scranton  
Oakwood Paving Project  
(Lackawanna County)**

**Approved: 03/29/17  
\$195,000 (Grant)**

**Requested Change:** On March 29, 2017, the CFA Board approved a \$195,000 LSA – Monroe County grant for the City of Scranton to assist with the paving of Oakwood and White Birch Drive in the Oakwood development in Scranton’s west side. The bids for the paving project came in significantly under budget due to favorable conditions for paving materials. Oakwood and White Birch Drive have been paved at a final cost of \$98,217.

The City of Scranton is requesting an expansion in the scope of work to cover paving projects on Wintermantle Avenue, Blucher Avenue, and Leslie Drive, all located in the south side of Scranton. The use of funds remains the same. Approval of this request will exhaust the remaining grant funds.

**Recommendation:** Approval.

**DATE:** December 26, 2017  
**SUBJECT:** Special Request – CFA Board  
**TO:** Scott Dunkelberger  
Executive Director, Commonwealth Financing Authority  
**FROM:** Ryan P. Emerson  
Director, CFA Programs Division

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**SPECIAL REQUESTS – BOARD ACTION REQUIRED**

New Castle Sanitation Authority  
Lawrence County

Approved: March 29, 2017  
\$200,000 (Grant)

**Requested Change:** On March 29, 2017, the CFA Board approved a \$200,000 PA Small Water and Sewer Program grant to the New Castle Sanitation Authority to rehabilitate, line and repair approximately 9,088 linear feet of sanitary sewer lines in their collection and conveyance system located in New Castle City and Union and Shenango Townships, Lawrence County. The project included 18 street sections identified by the Authority that needed repairs to correct inflow and infiltration issues, structural issues in the pipe network, and root problems within the vitrified clay pipes.

New Castle Sanitation Authority is requesting to change the scope of work to replacing 1,490 LF of sanitary sewer lines along and near Rural Avenue, which were identified as a priority after three recent emergency sewer repairs. Based on the cleaning and televising reports, the vitrified clay pipe in the Rural Avenue area was in poor shape and needed replaced to prevent more sewer failures. Due to the proximity to the Neshannock Creek, the project is imperative to prevent potential sanitary overflows from entering the stream.

The proposed project includes replacing 680 LF of 10” sanitary sewer line along Rural Avenue, installing 422 LF of 8” sanitary sewer line from E. Wallace Avenue to Rural Avenue, and installing 388 LF of 8” pipe to replace an abandoned sanitary to sanitary overflow to minimize surcharging in the main collector for the northeast portion of the City. The Authority bid the project in November and the lowest responsible bid was \$189,469. The Authority is requesting to change the scope of the grant to this project because they feel the project takes precedence over the originally approved projects.

**Staff Recommendation:** Approval

**DATE:** January 23, 2018

**SUBJECT:** Special Request - Shannon Transit Village TIF – Changes to terms of the Commitment Letter

**TO:** Scott Dunkelberger, Executive Director  
Commonwealth Financing Authority

**FROM:** Brian Deamer, Program Manager  
Center for Private Financing Office

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**SPECIAL REQUESTS – BOARD ACTION REQUIRED**

**Shannon Transit Village  
(Allegheny County)**

Approved: November 14, 2017

\$5,000,000.00 (Loan Guarantee)

**Project Background:**

The Shannon Transit Village TIF project (the "Project") located on approximately 6.6 acres at the intersection of Castle Shannon and Mount Lebanon Boulevards in Castle Shannon Borough, Allegheny County will facilitate the development of a facility that will include a parking garage, residential units and retail space at the Port Authority of Allegheny County Park and Ride lot at the Castle Shannon light-rail stop. The site, which is zoned transit-oriented development, currently serves as a park and ride lot for the Castle Shannon Train Station and contains 507 spaces for transit users. The Project will allow the site to continue to operate as a park and ride for the light rail system, while adding parking spaces, along with needed residential units and retail space.

The total Project costs are estimated to be \$45,904,614 and the TIF will fund the various infrastructure improvements necessary for development to occur. Because the site is located on an old, abandoned coal mine, and due to the challenging topography, a tremendous amount of site preparation and infrastructure work must be done.

The Redevelopment Authority of Allegheny County will issue a bond or note which will have a term not to exceed the term of the TIF district. The Authority currently contemplates a bond or note in the principal amount of \$3,972,589 with debt service, inclusive of principal and interest, totaling \$6,654,293.

**Special Request #1:**

Section 2e of the of the TIF Guarantee commitment letter states that the open-ended mortgage on the project in favor of the CFA shall be subordinate only to a mortgage securing bank financing for the project of not more than \$26,000,000. However, the most recent adjustment to the total construction loan has increased the amount to \$26,150,000. While

preliminary design work was being done, it was discovered that the retail square footage had increased from an estimated 15,000 square feet to 16,136 sf resulting in additional rental income. Around the same time the Developer was looking for a source to fund approximately \$150,000 in additional soft costs. They approached the bank to increase the loan proceeds from \$26,000,000 to \$26,150,000 to offset the costs which are supported by the additional project income.

Therefore, the Redevelopment Authority of Allegheny County is requesting that the commitment letter reflect that the CFA's open-end mortgage be subordinate only to a mortgage not to exceed \$26,150,000.

**Special Request #2:**

Section 2g of the TIF Guarantee commitment letter states that the liens of the CFA mortgage and any senior liens shall never exceed 70% of the fair market value of the Project property. The most recent appraisal calculated fair market value, after completion and upon stabilization, at \$39,400,000. The proposed construction loan from PNC of \$26,150,000, along with the \$5 million CFA mortgage would equal 79% of the fair market value.

The Redevelopment Authority of Allegheny County is requesting that Section 2g of the commitment letter be amended to allow the increase of the senior lien and CFA mortgage loan to value limit from "not to exceed 70%" to "not to exceed 80%."

**Project Update:**

Morgan Properties, one of the developers of the Project, will no longer hold an interest in the project. There is a public and ongoing federal investigation into Morgan Properties commercial mortgage practices. The bank had concerns about extending credit while the investigation is on-going, and the original sponsorship team had their own concerns whether the various grant sources for the Project would continue to be available for an entity that had a key principal under federal investigation. All parties agreed a replacement partner was needed. Morgan Properties' interest will be held by Davis Companies, a Boston real estate company with a 40-year history of successfully investing, managing, and developing real estate, making it one of the premier real estate investment, development, and management firms in the northeast region of the country. The entity Davis Companies is using to fund the project's equity and satisfy the bank's guarantee requirements is a \$500mm fund named Davis Investment Ventures III, III-A and III-B and is controlled by Jonathan Davis.

Jonathan Davis will be required to personally guarantee payments due from the developers to the CFA under the reimbursement agreement. His guarantee shall no longer be required after the Project is completed.

**Staff Recommendation:**

Approval of both special requests.