

**LETTERS FROM
THE COMMONWEALTH OF PENNSYLVANIA
INDICATING THAT THE
REDEVELOPMENT ASSISTANCE CAPITAL
PROGRAM (RACP) GRANT FOR
1910 CHESTNUT STREET
BOYD THEATER
HAS BEEN TERMINATED**



COMMONWEALTH OF PENNSYLVANIA
GOVERNOR'S OFFICE
HARRISBURG

CHARLES B. ZOGBY
SECRETARY
OFFICE OF THE BUDGET

March 13, 2013

Mr. John Grady, President
Philadelphia Authority for Industrial Development
2600 Centre Square West
1500 Market Street
Philadelphia, PA 19102-2126

Dear Mr. Grady:

On February 10 and August 1, 2010 Governor Rendell authorized the release of a total of \$2,000,000 in Redevelopment Assistance Capital Program (RACP) funding for the Boyd Theatre project (ME# 09030-00 & -01).

Following receipt of the RACP application, on January 14, 2011, a Grant Agreement was fully executed for this project. Provisions of the Grant Agreement required certain Special Conditions, as contained in Appendix B, to be satisfied within 6 months of the execution of the Grant Agreement. Failure to meet the Special Conditions would constitute a basis to terminate the RACP grant.

To date, the Office of the Budget has not received sufficient documentation to satisfy the Special Conditions. Please be advised that pursuant to Article 13, Section A, the Office of the Budget is hereby providing you with a 30 day right to cure period to address any and all outstanding Special Conditions to the Grant Agreement. Failure to satisfy these conditions within 30 days of the date of this letter will result in a termination of the RACP Grant Agreement.

Please forward any materials necessary to comply with the Special Conditions to the Grant to the following address:

Richard Dreher, Director
Bureau of Revenue, Cash Flow and Debt
Office of the Budget
7th Floor, Bell Tower
303 Walnut Street
Harrisburg, PA 17101-1808

In the event that your project is ultimately terminated and if in the future your ability to execute on this RACP award improves, please contact us immediately. A new commitment letter may be considered at that time.

Sincerely,

A handwritten signature in black ink, appearing to read 'Charles B. Zogby', with a long horizontal line extending to the right.

Charles B. Zogby
Secretary of the Budget

cc: Rick Dreher (Office of the Budget)
Elias Joseph (Office of the Budget)
Steve Swalm (Office of the Budget)



COMMONWEALTH OF PENNSYLVANIA
GOVERNOR'S OFFICE
HARRISBURG

PETER J. TARTLINE
EXECUTIVE DEPUTY SECRETARY
OFFICE OF THE BUDGET

May 28, 2013

Mr. John Grady
President, PAID
1500 Market Street
2600 Centre Square West
Philadelphia, PA 19102

Dear Mr. Grady:

The Office of the Budget has received your May 20, 2013 correspondence regarding the 13 projects that have not progressed according to their contractual requirements and have not yet met the special conditions identified in their respective Redevelopment Assistance Capital Program (RACP) Grant Agreements and the subsequent 30-day notices to cure. As stated over the phone, we stand to terminate the following 10 projects out of the 13 projects listed on the recapture list that you forwarded to us. They are: Richmond Street Avenue, Associated Services for the Blind, Boyd Theatre, Cancer Treatment Centers of America, Headhouse at Schmidts, Hub 3939, Roxborough Hospital, Royal Theatre, Teva Pharmaceuticals, and Walnut Theatre. The grant associated with Gray's ferry Corridor project will be decreased by \$2,000,000.

As to the remaining two projects, namely Franklin Place Hotel-401 Race Street (ME# 300-929) and Juniper Hotel (ME# 300-1215), they shall receive a 30-day prolongation deadline to meet ALL of the remaining outstanding special conditions in due form and content. For instance, a special condition associated with the match funding must be in the form of an executed loan or grant agreement in compliance with RACP requirements and the funds must be readily available for use on project-related construction expenses. At the end of the 30-day extension, the Office of the Budget shall automatically and irrevocably terminate the two projects (Franklin Place Hotel-401 Race Street and Juniper Hotel) without further notice if they are unable to satisfy their respective outstanding special conditions by the June 28, 2013 deadline.

We also recognize that those projects could represent important and quality investments in the city's economy and the economic climate that made project financing difficult. However, given limited funding availability, we have the responsibility of ensuring that RACP funds are utilized for economic development in a timely manner.

Mr. John Grady
May 28, 2013
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I look forward to working with you on this matter. Should you have any questions regarding this letter, please contact me at petartline@pa.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "Pete Tartline", with a long horizontal flourish extending to the right.

Pete Tartline
Executive Secretary Deputy of the Budget

cc: Steve Alchele
Kathy Bruder
Chris Carusone
Elias Joseph