



Commonwealth Financing Authority

Harrisburg PA, 17120

Board Meeting Minutes

July 7, 2010

The Commonwealth Financing Authority (CFA) board meeting was held on July 7, 2010. Proper notice was given pursuant to the terms of the Act of July 3, 1986 (the "Sunshine Act"). The meeting was held at the Dixon University Center, 2986 North Second Street Harrisburg, Pennsylvania.

In addition to Chairman Burke the following Board members were present: the Honorable Steven Kaplan, Barbara McNees, Jerry Pappert, and Phil Condrón. Michael Karp participated via telephone.

DCED staff members present were: Mandy Book, Scott Dunkelberger, Brian Eckert, Theresa Elliot, Shereé Fagan, Dorothy Kaplan, Matthew Karnell, Kevin Rowland, Lynne Ruby, Jeannine Marttila, Deborah Nifong, John Sider, and Chief Counsel Steven Fishman.

Members of the public in attendance were: David Atkinson, Lisa Taglang, Mark Mekilo, Randy Albright, Allison Haberski, Dan Griffiths, Robert Taylor, Steven Kniley, Dave Washburn, Cathy Washburn, Peggy Montgomery, Kate Dunkelberger, Patty Welty, Jonathan Chopp, Susan Collins, Robert Swift, Andrew Hamilton, Tom Viehman, Craig Both, Pat Doran, Steven Cormier, Ron Blisard, Sean O'Hagan, Tim Wolff, and John Nikoloff.

Chairman Burke called the meeting to order at 10:35 a.m.

Chairman Burke acknowledged the presence of a quorum of the Board and welcomed the guests.

Chairman Burke welcomed his successor, Phil Condrón, as the new CFA Board Member appointed by the Senate Democratic Caucus.

Mr. Pappert congratulated Chairman Burke on being confirmed as the Secretary of the Department of Community and Economic Development.

On a motion by Mr. Karp and seconded by Mr. Kaplan, the amended May 11, 2010 minutes were unanimously approved.

On a motion by Mr. Karp and seconded by Mr. Condrón, the Board unanimously approved payment of CFA expenses in the amount of \$474,219.18.

Fees for professional services related to the H2O PA Bond Resolution were discussed. On a motion by Ms. McNees and seconded by Mr. Condrón, the Board unanimously approved the Series 2010C H2O PA Bond Resolution in the amount of One Hundred Fifty Million (\$150,000,000) Dollars.

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

H2O PA Program:

High Hazard Unsafe Dam Project

On a motion by Mr. Pappert and seconded by Ms. McNees, the Board unanimously approved a grant in the amount of \$5,200,000 for Bradford City Water Authority for the Bradford Dam No. 2 Rehabilitation Project.

Business In Our Sites Program:

Planning Grant Projects

On a motion by Mr. Karp and seconded by Ms. McNees, the following Planning Grant Projects were unanimously approved:

<u>Applicant</u>	<u>Project</u>	<u>Grant/Loan</u>	<u>Amount</u>
Penn-Northwest Development Corporation	Northeast Quadrant Exit 15 off Interstate 80 Study	Grant	\$129,360
Altoona-Blair County Development Corporation	Walter Business Park Phase II Development	Grant	\$115,500
Schuylkill Economic Development Corporation	Highridge Travel Plaza	Grant	\$134,750

Building PA Program:

Project Recommendation

On a motion by Mr. Karp and seconded by Mr. Kaplan, the Board unanimously approved a loan in the amount of \$2,000,000 for Campus Realty Partners-V, L.P. on behalf of Philadelphia Industrial Development Corporation.

Solar Energy Program:

Solar Energy Generation Projects

On a motion by Ms. McNees and seconded by Mr. Pappert, the following Solar Energy Generation Projects were unanimously approved:

<u>Applicant</u>	<u>Project</u>	<u>Grant/Loan</u>	<u>Amount</u>
Air Products and Chemicals, Inc.	Solar PV - Headquarters Facility	Grant	\$1,000,000
Colonial Solar, LLC	Solar PV - Colonial School District	Grant	\$704,450
GlaxoSmithKline	Solar PV - Distribution Center	Grant	\$1,000,000
Blue Renewable Energy, LLC (Church Farm)	Solar PV - Church Farm	Grant	\$1,191,154
500 Virginia Solar, LP	Solar PV - Office Building	Grant	\$759,360
CIT Solar, LLC	Solar PV - Career Institute of Technology	Grant	\$498,150
Nestle Waters North America, Inc.	Solar PV - Headquarters Facility	Grant	\$1,000,000
Aqua Pennsylvania	Solar PV - Water Treatment Plant	Grant	\$1,500,000
Blue Renewable Energy, LLC	Solar PV - Moravian Academy	Grant	\$1,360,800
BASD Farmersville Solar, LLC	Solar PV - Farmersville Elementary	Grant	\$400,000
BASD East Hills Solar, LLC	Solar PV - East Hills Middle School	Grant	\$354,000
Morningstar Marketplace, Inc.	Solar PV - Farmer's Market	Grant	\$733,200
NewAge Industries	Solar PV - Manufacturing Facility	Grant	\$1,000,000
Mt. Joy Solar Power, LLC	Solar PV - Water Treatment Plant	Grant	\$485,000
BASD Buchanan Solar, LLC	Solar PV - Buchanan Elementary	Grant	\$336,000
Yuasa Solar, LLC	Solar PV - Yuasa Battery Headquarters	Grant	\$384,375
Eaton Moon Township Solar, LLC	Solar PV - Eaton Corporation HQ	Grant	\$675,000
BASD Spring Garden Solar, LLC	Solar PV - Spring Garden Elementary	Grant	\$297,000
Eaton Beaver Solar, LLC	Solar PV - Eaton Corp. Testing Building	Grant	\$1,000,000
Quarryville Power Partners, LLC	Solar PV - Retirement Community	Grant	\$575,000
Single Source Roofing Corporation	Solar PV - Headquarters Facility	Grant	\$110,050
Frazer/Exton Development, LP	Solar PV - Retirement Community	Grant	\$2,681,970
Human Services Center	Solar PV - Rooftop Facility	Grant	\$48,149
Citizens Fire Company #2	Solar PV - Headquarters Facility	Grant	\$57,960
Lower Moreland Township School District	Solar PV - Lower Moreland SD	Grant	\$851,000
Blue Renewable Energy, LLC	Solar PV - Anncillae-Asumpta Academy	Grant	\$127,100
Blue Renewable Energy, LLC	Solar PV - Gettysburg College	Grant	\$457,500
Blue Renewable Energy, LLC	Solar PV - Springside School	Grant	\$271,656
SSA Solar of PA, LLC	Solar PV - Water Treatment Plant	Grant	\$1,446,726
BASD Freedom Solar, LLC	Solar PV - Freedom High School	Grant	\$456,000
Urban Redevelopment Authority of Pittsburgh	Solar PV - EECO Center	Grant	\$14,000
Philadelphia Port TMT Solar, LLC	Solar PV - Warehouse	Grant	\$1,200,000
UGI Development Company	Solar PV - Crayola Facility	Grant	\$508,000
Cumberland Valley School District	Solar PV - Cumberland Valley SD	Grant	\$160,000
Blue Renewable Energy, LLC	Solar PV - Delaware Valley Friends	Grant	\$124,740
Blue Renewable Energy, LLC	Solar PV - Flat Iron Building/Sycamore	Grant	\$55,440

Solar Thermal Project

On a motion by Ms. McNees and seconded by Mr. Condron, the Board unanimously approved a grant in the amount of \$3,750 for the Urban Redevelopment Authority of Pittsburgh.

Mr. Dunkelberger announced that all funding for the Solar Energy Program has been exhausted.

Alternative and Clean Energy Program:

Mr. Karp requested information about the payback period for various technologies and suggested the payback period be tied to the term of the loan.

Energy Efficiency Project

On a motion by Mr. Condrón and seconded by Ms. McNees, the Board unanimously approved a loan in the amount of \$496,368 for Minersville Area School District.

Energy Generation Project

On a motion by Mr. Condrón and seconded by Mr. Pappert, the Board unanimously approved a grant in the amount of \$868,959 for Penns Valley Area School District.

Manufacturing Project

On a motion by Mr. Condrón and seconded by Ms. McNees, the Board unanimously approved a loan in the amount of \$585,298 for Quanta Technologies, Inc.

Renewable Energy Projects:

Wind Energy Generation Project

On a motion by Mr. Kaplan and seconded by Mr. Pappert, the Board unanimously approved a grant in the amount of \$1,000,000 for Chestnut Flats Wind, LLC.

Geothermal Energy Projects

On a motion by Ms. McNees and seconded by Mr. Condrón, the following Geothermal Energy Projects were unanimously approved:

<u>Applicant</u>	<u>Project</u>	<u>Program</u>	<u>Loan Amount</u>
Randy and Marilyn Moses	Geothermal System Installation	REP	\$8,000
The Enterprise Center Community Dev. Corp	The Plaza at Enterprise Heights	REP	\$135,000

Ratifications:

On a motion by Mr. Kaplan and seconded by Mr. Condrón, the following special requests and First Industries loans and loan guarantees were ratified:

First Industries**First Industries Loan Guarantee**

<u>Applicant</u>	<u>Project</u>	<u>Loan Guarantee</u>
Univest National Bank and Trust Co	PBS39 Foundation Corporation	\$2,500,000
AgChoice Farm Credit ACA	Middlecreek Poultry, Inc. and Benjamin J. & Rebecca A. Spickler	\$295,000
AgChoice Farm Credit ACA	R. Galen Groff	\$142,500

Machinery & Equipment Loan Fund

<u>Applicant</u>	<u>Project</u>	<u>Loan</u>
Ely Pork Products, Inc.	Ely Pork Products, Inc.	\$230,000

Small Business First Loan

<u>Applicant</u>	<u>Project</u>	<u>Loan</u>
Southern Alleghenies Planning & Dev. Commission	Maryann M. and William R. Kiel	\$199,500
EDC Finance Corporation	Philip & Louise Hoover	\$200,000
EDC Finance Corporation	Dean L. and Angela S. Stoner	\$200,000
North Central PA Regional Planning & Dev. Comm.	Scottish Heights Associates, Inc.	\$75,000
MetroAction, Inc.	Bo Brothers, LLC	\$70,000

Special Requests

Request of David and Kimberly Gish that the CFA approve the release of Kimberly Gish as a guarantor of the First Industries SBF loan due to the divorce of the current guarantors. David Gish has retained ownership of the farm and its assets.

Request of Curvin W. and Lisa M. Martin that the CFA subordinate to a first mortgage in favor of Susquehanna Bank in an amount not to exceed \$442,000. The funds will only be used to refinance existing debt and the project loan-to-value ratio will not be affected.

Request of Connellsville B&B that the CFA increase the term of the loan to one hundred eighty (180) months instead of the previous term of eighty-four (84) months. The change in term will have no negative effect on the loan-to-value ratio.

Request of Trek Development Group, Inc. that the CFA modify the terms of the loan as follows: 1) Borrower to be changed to Dinwiddie Housing Limited Partnership; 2) 1% loan with a 25-year amortization period and a balloon payment in 18 years; 3) Interest only during the 18-month construction period; 4) CFA to enter into an 18 year standstill agreement in the event of default to accommodate low income housing tax credits; and 5) Guarantee on the loan from Trek Development Group, Inc.

Request of Matthew and Renee Hornberger that the CFA release 30 acres of farmland contained in the 114.35-acre parcel used as additional collateral to secure the First Industries loan. The net proceeds (\$142,000) of the sales will be used for working capital for the farm operation. As a condition of the release, the bank will have one of their loans paid down by

\$10,000 and the FIF loan will be paid down by \$10,000. The resulting change would be a slight increase in the loan-to-value ratio from 63% to 67%.

Request of Brown's Solar, LLC that the CFA allow the approved site location to be changed to their Parkside ShopRite located at 52nd and Jefferson Streets in the City of Philadelphia. The proposed site is located on a new building and the grocery store has negotiated and received roof rights. The new system would decrease in size to 384.93 kW, reducing the grant award to \$553,856.

Request of Corridor Ventures Partners that the CFA approve a 12 month extension to raise an additional \$15 million of capital on or before July 31, 2011.

Request of Cumberland Valley Regional Development Corporation (CVRDC) that the CFA modify a BOS loan. Staff recommends approval of the following modifications: 1) Principal and interest payments to be deferred for one additional year from September 1, 2011 to September 1, 2012, or upon first sale of property, whichever comes first; 2) All sale proceeds will be applied as follows between the Orrstown Bank (35%) and CFA (35%) based on a release of each land sale. CVRDC will retain 30% to assist in the continued development of the site; and 3) CFA will subordinate to an additional \$3,997,000 so that CVRDC can complete additional infrastructure improvements at the site.

Request of Edwin M. Martin that the CFA share a first mortgage position with a new loan from AgChoice Farm Credit in an amount not to exceed \$115,000. The new loan from AgChoice Farm Credit will be used to build a new home in order to live on their farm property. The new loan-to-value ratio will be 28%.

Request of Our Two Daughters, LLC d/b/a Washington's Restaurant that the CFA subordinate its second mortgage position to a shared second mortgage with Newtek Small Business Finance in an amount not to exceed \$250,000. In addition, the borrower is requesting that the CFA subordinate to the refinancing of existing debt with a first mortgage in favor of All Clear Funding in an amount not to exceed \$125,000.

Request of Regional Industrial Development Corporation of Southwestern Pennsylvania that the CFA revise the BOS loan. Staff recommends approval of the following provisions: 1) Assignment of the BOS loan from Tech 21 Partners, L.P. to RIDC of Southwestern Pennsylvania; 2) Principal payments on the BOS loan shall be deferred until the first mortgage loan from S&T Bank is paid in full and unrestricted cash levels reach a cumulative total of \$500,000; 3) Interest payments on the BOS loan shall accrue but be deferred until the S&T First Mortgage Loan is paid in full. At that time interest will continue to accrue and not be due and payable until the last parcel of land is sold (estimated to be in 2020) unless cash levels reach a cumulative total of \$500,000. After the last parcel of land is sold, or the required cash levels are reached, all available project funds will be used to bring the accrued interest and principal loan current. Upon land sales after the S&T Loan has been satisfied, the borrower will apply no less than 40% of each land sale to reduce the balance on the BOS loan. The BOS loan is secured by a second mortgage lien on the tract of land consisting of 208.5 acres; and 4) Once repayment on the BOS Loan commences, the principal shall be repaid at a rate of 40% of all land sales. Allegheny County's prepayment percentage will be 15%.

First Industries Loan Write-Offs and Guarantee Payment:

On a motion by Ms. McNees and seconded by Mr. Condrón, the following First Industries Loan Write-Offs and Guarantee Payment were unanimously approved:

A First Industries Loan Write-Off for the SBF loan to the Progress Fund for Arkat, Inc. d/b/a Garman Opera House with an uncollectible principle balance of \$193,096.84.

A First Industries Loan Write-Off for the SBF loan to Adams County Economic Development Corporation for Keystone Diner, Inc. d/b/a Keystone Diner with an uncollectible principle balance of \$76,150.83.

A First Industries Loan Write-Off for the SBF loan to Southern Alleghenies Planning & Development Commission for Raystown Family RV, LLC with an uncollectible principle balance of \$130,056.08.

A First Industries Loan Write-Off for the SBF loan to Northwest Regional Planning & Development Commission for Lewis & Lois Gardner t/a Gardner Glen Farms with an uncollectible principle balance of \$75,000.00.

A First Industries Loan Guarantee Payment to The Progress Fund in the amount of \$112,073.74 for the Arkat, Inc. project.

There being no further business to come before the Board, the meeting was adjourned at 11:21 a.m.