



Commonwealth Financing Authority
Harrisburg PA, 17120

Board Meeting Minutes

November 16, 2010

The Commonwealth Financing Authority (CFA) board meeting was held on November 16, 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, Phil Condrón, and Steven Kniley designee of the Honorable Mary Soderberg. Michael Karp participated via telephone.

DCED staff members present were: Scott Dunkelberger, Brian Eckert, Theresa Elliot, Shereé Jacobs, Matthew Karnell, and Chief Counsel Steven Fishman.

Members of the public in attendance were: David Atkinson, Lisa Taglang, Mark Mekilo, Randy Albright, Tony Moscato, Dave Washburn, Cathy Washburn, Allison Haberski, Peggy Montgomery, Tim Rodrigo, Rouletta Bowers, Shelly Corwell, Mark Derr, Vanessa Brubaker, Tom Hardy, Connie Machamer, Phillip Sanchez II, Jared Hockenberry, Judy Musselman, Seth Mendelsohn, Representative Mario Scavello, Dave Witmer, Jessica Sheets, and John Nikoloff.

Chairman Burke called the meeting to order at 10:40 a.m.

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

On a motion by Mr. Condrón and seconded by Mr. Pappert, the Board unanimously approved the September 15, 2010 minutes and the October 6, 2010 minutes.

On a motion by Mr. Kaplan and seconded by Mr. Condrón, the Board unanimously approved payment of CFA expenses in the amount of \$260,657.14.

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

New PA Venture Capital Investment Program:

Due Diligence Recommendations

On a motion by Mr. Karp and seconded by Ms. McNees, the Board unanimously approved staff's recommendation to conduct a due diligence review conditioned upon the naming of a manager to the fund no later than 30 days after the close of the active fundraising period for Susquehanna Valley Angel Fund, L.P. and Presque Isle Angel Fund, L.P.

H2O PA Program:

Mr. Dunkelberger announced that the Board will not be voting on H2O PA applications today due to the large volume of applications received. The Board agreed to participate in a special meeting to take action on these applications in December.

Building PA Program:

Project Recommendation

Tom Hardy made a brief presentation in regards to the Mercantile Building loan restructuring project. After a lengthy discussion regarding the project details, upon motion by Ms. McNees and seconded by Mr. Condrón, the Board unanimously approved an additional loan in the amount of \$250,000 for the Mercantile Building and the restructuring of the terms for the total \$1,025,000 loan for the project.

Alternative and Clean Energy Program:

Energy Generation Projects

On a motion by Mr. Kaplan and seconded by Mr. Condrón, the following Energy Generation Projects were unanimously approved:

<u>Applicant</u>	<u>Project</u>	<u>Loan Amount</u>	<u>Grant Amount</u>
Sullivan County School District	Sullivan County School District Biomass Project	\$691,340	\$250,000
Providence Township	Wood Gasification Boiler		\$43,687
Jay C. and Andrea Sensenig	Small Co-op Digester at Sensenig Family Farm		\$575,000
Zoological Society of Pittsburgh	ICC Biomass Burner		\$267,000
City of Allentown	Waste to Energy Project		\$2,000,000
Furman Foods Inc. dba Furmano Foods	Furmano's Waste to Energy		\$1,750,000

Energy Efficiency Projects

On a motion by Mr. Pappert and seconded by Mr. Kaplan, the following Energy Efficiency Projects were unanimously approved:

<u>Applicant</u>	<u>Project</u>	<u>Loan Amount</u>
Main Line Hospitals Inc dba Lankenau Hospital	Lankenau Cogen Project	\$2,000,000
Albright College	Albright Sustainability Project	\$295,000

Renewable Energy Projects:

Geothermal Energy Projects

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

<u>Applicant</u>	<u>Project</u>	<u>Loan Amount</u>
Kenneth L. and Jennifer E. Eshleman	Geothermal System Installation	\$9,427
David and Amanda Bokash	Geothermal System Installation	\$14,802
Michael DeLeo and Kimberly DeLeo	Geothermal System Installation	\$13,492

Wind Energy Generation Project

On a motion by Ms. McNees and seconded by Mr. Condron, the Board unanimously approved a grant in the amount of \$37,500 for Coca-Cola Enterprises.

Ratifications:

On a motion by Mr. Pappert and seconded by Ms. McNees, the following special requests and First Industries loans and loan guarantee were ratified:

First Industries

First Industries Loan Guarantee

<u>Applicant</u>	<u>Project</u>	<u>Loan Guarantee</u>
PeoplesBank, a Codorus Valley Company	Hospitality at York, LLC	\$2,500,000

Small Business First Loan

<u>Applicant</u>	<u>Project</u>	<u>Loan</u>
SEDA Council of Governments	Leander D. Zook and Neila M. Zook	\$200,000
SEDA Council of Governments	David C. and Ruth E. Yoder	\$200,000
Lebanon Valley Economic Development Corporation	Glendon and Yvonne Horst	\$200,000
Lebanon Valley Economic Development Corporation	Harold and Barbara Kreider	\$200,000
EDC Finance Corporation	Todd M. Rohrer	\$185,000
EDC Finance Corporation	Mark A. Rohrer	\$185,000
EDC Finance Corporation	James E. & Melissa S. Landis Jr.	\$200,000
Greater Berks Development Fund	Kervin B. and Mary Jane Weaver	\$200,000
Greater Berks Development Fund	Clair F. and Jane Martin	\$200,000
EDC Finance Corporation	Randall R. & Jodie L. Brubaker	\$200,000
Northern Tier Regional Planning & Dev. Commission	Peace Motel, Inc.	\$200,000
North Central PA Regional Planning & Dev. Comm.	Cathedral Pines, Inc. d/b/a Gateway Lodge	\$100,000

Special Requests

Ten special requests for the following entities (details attached):

Applicant

Ideal Family Farms, LLC
JA-JEN Farm
OmniWind Energy Systems, LLC
Ronald R. and Janet S. Troyer
August Foods, Inc.
Paul L. & Sheryl J. Hess d/b/a Hespa Farm
PBS39 Foundation Corporation
Randall R. and Jodie L. Brubaker
Cathedral Pines, Inc. dba Gateway Lodge
John and Denise Feusner d/b/a Feusner Dairy Farm

Program

First Industries SBF
First Industries SBF
Renewable Energy Program
First Industries SBF
First Industries MELF
First Industries SBF
First Industries Loan Guarantee
First Industries SBF
First Industries SBF
First Industries SBF

After lengthy discussions regarding the special request of The Inn at Montrose, this special request was deferred to provide Mr. Karp the opportunity to review additional information as requested.

Other Business:

Mr. Dunkelberger announced that the approval of the special requests recently sent to the Board via email remain subject to Mr. Karp's verbal approval. Mr. Karp requested a follow up discussion with Mr. Dunkelberger to review the special requests in further detail before granting his approval.

There being no further business to come before the Board, the meeting was adjourned at 11:32 a.m.

DATE: August 12, 2010
SUBJECT: Special Request -- CFA Board Meeting
TO: Scott Dunkelberger, Executive Director
Commonwealth Financing Authority
FROM: Jared Lucas, Director
Small Business First Division

SPECIAL REQUESTS -- BOARD ACTION REQUIRED

Ideal Family Farms, LLC
Snyder County

Approved: 8/8/2007
\$200,000 (Loan)

Requested Change:

On August 8, 2007, the CFA Board approved a First Industries Agriculture SBF loan to Ideal Family Farms, LLC for the purchase of an existing 15,000 head hog facility in Beavertown, Snyder County. The borrower is requesting additional loan funds from AgChoice Farm Credit in the amount of \$462,890 in order to complete the construction of a methane digester on their farm property. AgChoice Farm Credit has requested that the existing First Industries Ag loan subordinate to the new financing. The resulting change would decrease the LTV from 62% to 54% since the project property's value will increase from \$2,075,000 to \$2,600,000. Also, the FIF loan will have a shared first mortgage position instead of a second mortgage position.

Original Collateral:

A second mortgage on the real estate located at 89 BP Finishing Lane, Beavertown, Snyder County, Pennsylvania, subject to a first mortgage in favor of AgChoice Farm Credit in an amount not to exceed \$1,085,000.

Proposed Collateral:

A first mortgage on the real estate located at 89 BP Finishing Lane, Beavertown, Snyder County, Pennsylvania, shared pro rata with AgChoice Farm Credit in an amount not to exceed \$1,213,350.

Staff Recommendation:

Approval

DATE: August 20, 2010
SUBJECT: Special Request – CFA Board Meeting
TO: Scott Dunkelberger, Executive Director
Commonwealth Financing Authority
FROM: Jared Lucas, Director
Small Business First Division

SPECIAL REQUESTS – BOARD ACTION REQUIRED

JA-JEN Farm
Bradford County
(County)

Approved: 7/19/2005
\$38,000 (Loan)

Requested Change:

On July 19, 2005, the CFA Board approved a First Industries SBF loan to JA-JEN Farm for the construction of a silo and a silo unloader in Columbia Cross Roads, Bradford County. The borrowers are requesting that the CFA Board approve the transfer of ownership of the real estate which is used to secure the First Industries SBF loan. The ownership is transferring from John B. Jenkins and Jeffrey M. Jenkins to JJJ Realty, LLC. The existing second mortgage on the real estate located at Jenkins Road, Columbia Cross Roads, Bradford County, Pennsylvania will remain unchanged. The borrowers are transferring the ownership to a LLC due to estate planning.

Previous Collateral:

A second mortgage on the real estate located at Jenkins Road, Columbia Cross Roads, Bradford County, Pennsylvania, subject to a first mortgage in favor of Citizens & Northern Bank in an amount not to exceed \$110,000.

Proposed Collateral:

No change

Staff Recommendation:

Approval

DATE: August 18, 2010
SUBJECT: Special Request – CFA Board
TO: Scott Dunkelberger
Executive Director
FROM: Matthew Karnell
Director, CFA Programs Division

SPECIAL REQUEST – BOARD ACTION REQUIRED

OmniWind Energy Systems, LLC
Wind Energy Manufacturing Project

Approved: 5/11/2009
Approved Amount: \$300,000

Requested Change:

On May 11, 2010 the CFA Board approved a \$300,000 Renewable Energy Program (REP) loan to OmniWind Energy Systems, LLC, a for-profit wind turbine manufacturing company based in Dublin, PA. OmniWind is manufacturing production-level tooling and equipment to produce wind turbines. The REP loan was approved secured by a fourth lien position on a tract of land owned by DTEC, LP. OmniWind is requesting a modification of the collateral to the following:

A fifth-priority mortgage on a tract of land consisting of 6.40 acres owned by DTEC, LP and operated as the Dublin Technology Enterprise Center, Inc. (a business incubator) in Dublin Borough, Bucks County, Pennsylvania, subject and subordinate only to the following liens: (1) a \$625,000 mortgage lien on the Premises in favor of Bucks County Bank; (2) a \$200,000 mortgage lien in favor of Bucks County Bank; (3) a \$15,000 mortgage lien in favor of Bucks County Bank; and (4) a \$200,000 mortgage lien in favor of TD Bank and the personal guarantee of Loren A. Schultz.

Collateral Value: \$1,540,000

Staff Recommendation: Approval

DATE: August 20, 2010
SUBJECT: Special Request – CFA Board Meeting
TO: Scott Dunkelberger, Executive Director
Commonwealth Financing Authority
FROM: Jared Lucas, Director
Small Business First Division

SPECIAL REQUESTS – BOARD ACTION REQUIRED

Ronald R. and Janet S. Troyer
Crawford County

Approved: 6/5/2008
\$199,856 (Loan)

Requested Change:

On June 5, 2008, the CFA Board approved a First Industries SBF loan to Ronald and Janet Troyer for the construction of a new dairy barn on their farm located in Centerville, Crawford County. The Troyers are working to refinance their existing debt with National City Bank (now Farmer's National Bank) and incur a line of credit. They are requesting that the First Industries SBF loan subordinate to Mercer County State Bank in the amount of \$104,000 in the business assets. The \$104,000 includes an existing term loan of \$74,000 which is refinanced debt and a new \$30,000 line of credit. The previous collateral included a second lien security interest in the business assets in favor of John Deere. The John Deere equipment is leased and John Deere's lien only covers the leased equipment. Therefore, the First Industries SBF loan was actually always in a second lien position in the business assets. Also, the First Industries SBF loan was originally secured by a third mortgage on the farm, but MCSB will not be securing the refinancing with a mortgage and the First Industries SBF loan will move to a second mortgage position. Both collateral positions improve from a third position to a second if approved by the CFA Board, and the loan to value decreases from 47% to 44%.

Previous Collateral:

A third mortgage on the real estate located at 18660 Drake Hill Road, Centerville, Crawford County, Pennsylvania, subject to a first and second mortgage in favor of National City Bank in an amount not to exceed \$75,000 and \$249,856 respectively.

A third lien security interest in all business assets located at 18660 Drake Hill Road, Centerville, Crawford County, Pennsylvania, subject to a first lien security interest in favor of National City

Bank in an amount not to exceed \$75,000, and a second lien security interest in favor of John Deere in an amount not to exceed \$72,058.

Proposed Collateral:

A second mortgage on the real estate located at 18660 Drake Hill Road, Centerville, Crawford County, Pennsylvania, subject to a first mortgage in favor of Farmer's National Bank in an amount not to exceed \$238,288 (current balance).

A second lien security interest in all business assets located at 18660 Drake Hill Road, Centerville, Crawford County, Pennsylvania, subject to a first lien security interest in favor of Mercer County State Bank in an amount not to exceed \$104,000.

Staff Recommendation: Approval

DATE: July 28, 2010
SUBJECT: Special Request
TO: Scott Dunkelberger
Executive Director, Commonwealth Financing Authority
FROM: Kevin M. Rowland
Director – Loans Division

SPECIAL REQUEST

**August Foods, Inc.
Chester County**

Approved: 12/12/2007
\$550,000 (Loan)

Requested Change:

First Industries MELF funds were used to purchase machinery and equipment for this start-up manufacturer. The applicant is now requesting that F. I. MELF release its lien on additional equipment purchases which were financed by Halal Co., Inc., a customer of August Foods, Inc.

Collateral:

The collateral to secure this F. I. MELF loan includes the following: 1) a blanket second lien on all machinery and equipment subordinate only to the first lien of Commerce Bank, N.A. in the amount of \$1,484,788. 2) a second mortgage on the real estate at 190 Fountain St., Framingham MA 01702, subordinate only to the first mortgage of Commerce Bank, N.A. in the amount of \$2,100,000. 3) the guaranty of Harmeet Sandhu and Sangeeta Jaggi.

Proposed:

MELF agrees to release its lien on the following equipment which has a cost of \$133,000:

Sipromac Massage Tumbler VT1000
Carruthers Dicer AE5000
Carrier plates for tray sealer
Modified seal heads to be used on the new equipment

Staff Recommendation: Approval

DATE: September 23, 2010
SUBJECT: Special Request – CFA Board Meeting
TO: Scott Dunkelberger, Executive Director
Commonwealth Financing Authority
FROM: Jared A. Lucas, Director
Small Business First Division

SPECIAL REQUESTS – BOARD ACTION REQUIRED

Paul L. & Sheryl J. Hess d/b/a Hespa Farm
Lancaster County

Approved: 10/17/2005
\$200,000 (Loan)

Requested Change:

On October 17, 2005, the CFA Board approved a First Industries SBF loan to Paul L. and Sheryl J. Hess d/b/a Hespa Farm for the purchase of Paul's brother's interest in the 137-acre dairy farm located in Drumore, Lancaster County. The Hess' have applied for Agricultural Easement funding in the amount of \$468,923 and the Lancaster County Agricultural Preserve Board has requested approval to file an easement against the property in that amount, superior to the SBF First Industries loan. Also, the first mortgage held by Mid-Atlantic Farm Credit has been paid in full, so the SBF First Industries loan now assumes the first mortgage position. Due to the Easement, the value of the property would decrease from \$1,948,573 to \$1,479,818, but the loan to value for the project would be 10% if approved.

Previous Collateral:

A second mortgage on the real estate located at 1505 Benton Hollow Road, Drumore, Lancaster County, Pennsylvania, subject to a first mortgage in favor of Mid-Atlantic Farm Credit in an amount not to exceed \$250,000.

Proposed Collateral:

A first mortgage on the real estate located at 1505 Benton Hollow Road, Drumore, Lancaster County, Pennsylvania.

Staff Recommendation: Approval

DATE: August 24, 2010
SUBJECT: Special Request – CFA Board
TO: Scott Dunkelberger
Executive Director
FROM: Craig Petrasic
Assistant Director, Center for Private Financing

SPECIAL REQUEST – BOARD ACTION REQUIRED

PBS39 Foundation Corporation Approved: 6/18/2010
First Industries Fund Tourism Loan Guarantee Approved Amount: \$2,500,000

Requested Change: On June 18, 2010 the CFA Board approved a \$2,500,000 First Industries Fund Tourism Loan Guarantee of a \$6,250,000 loan made by Univest National Bank and Trust Company (“Univest”) to PBS39 Foundation Corporation (“PBS39”), a 501(c)(3) non-profit public broadcasting station serving 2.6 million households in eastern Pennsylvania and western New Jersey based in Bethlehem, PA. PBS39 is building a new 29,228 square foot Public Media and Education Center within the abandoned Bethlehem Plant of the Bethlehem Steel Corporation. The Univest loan is secured by PBS39’s pledge of their endowment in a minimum amount of \$5,650,000 as collateral. PBS39 is requesting a modification of the collateral to the following:

1. The original approval provided that if the fair market value of the endowment fund drops below \$5,650,000, the balance in the endowment fund must be immediately placed into short term investment-grade investments in order to preserve the principal. Modify this to allow a 3 day window after the collateral falls below \$5,650,000 before the remaining collateral is converted into cash or cash equivalents. Also, PBS39 Foundation would be allowed to reinvest the endowment funds in the market once the collateral level exceeds the loan amount. This is expected to occur by either a pay down of principal against the loan or an increase in assets in the endowment (from additional fundraising or similar).

2. As the PBS39 Foundation repays principal on the \$6.25MM loan, collateral will be released at the end of the applicable quarter at 68% of the principal paid. We would add the following condition: the collateral release will not be triggered until after the first \$1,250,000 of principal has been repaid. After the initial \$1,250,000, PBS39 may begin to reduce the collateral by 68% with every principal payment.

Collateral Value: \$5,650,000
(Beginning)

Staff Recommendation: Approval

DATE: September 23, 2010
SUBJECT: Special Request – CFA Board Meeting
TO: Scott Dunkelberger, Executive Director
Commonwealth Financing Authority
FROM: Jared A. Lucas, Director
Small Business First Division

SPECIAL REQUESTS – BOARD ACTION REQUIRED

Randall R. and Jodie L. Brubaker
Lancaster County

Approved: 9/1/2008
\$200,000 (Loan)

Requested Change:

On September 1, 2008, the CFA Board approved a First Industries SBF loan to Randall R. and Jodie L. Brubaker for the purchase of an 84-acre neighboring farm and for renovations to four existing broiler houses in Manheim, Lancaster County. The Brubakers have been presented with an opportunity by Tyson Foods to construct additional broiler houses on the farm. As a result, they have applied for a second SBF First Industries Agriculture loan in the amount of \$200,000. As part of the structuring of the second project, Ephrata National Bank has asked EDC Finance Corporation to subordinate its existing second mortgage to the new project financing of \$440,000. The existing SBF First Industries Agriculture loan will move to a third mortgage position, and the new loan will assume a fourth mortgage position. The construction of the new broiler houses will increase the value of the land from \$1,650,000 to \$2,310,000, and the new loan to value for the existing loan decreases from 85% to 71%.

Previous Collateral:

A second mortgage on the real estate located at 1681 Hossler Road, Manheim, Lancaster County, Pennsylvania, subject to a first mortgage in favor of Ephrata National Bank in an amount not to exceed \$1,330,000.

Proposed Collateral:

A third mortgage on the real estate located at 1681 Hossler Road, Manheim, Lancaster County, Pennsylvania, subject to a first and second mortgage in favor of Ephrata National Bank in an amount not to exceed \$1,446,000 (current balance).

Staff Recommendation: Approval

DATE: September 9, 2010
SUBJECT: Special Request – CFA Board Meeting
TO: Scott Dunkelberger, Executive Director
Commonwealth Financing Authority
FROM: Jared A. Lucas, Director
Small Business First Division

SPECIAL REQUESTS – BOARD ACTION REQUIRED

Cathedral Pines, Inc. dba Gateway Lodge
(Jefferson County)

Approved: 10/27/2006
\$200,000 (Loan)

Requested Change:

On October 27, 2006, the CFA Board approved an SBF First Industries Tourism loan to Cathedral Pines, Inc. dba Gateway Lodge for the purchase of the business assets, including the real estate, for the business previously known as Gateway Lodge, Inc., located in Cooksburg, Jefferson County. The business is planning to renovate the hotel rooms and restaurant. Clarion County Community Bank is providing financing in the amount of \$100,000 for the renovations and is requesting that the CFA subordinate its mortgage in order to allow Clarion County Community Bank's first mortgage amount to be increased from \$879,500 (original filed amount) to \$900,000. An updated appraisal was completed to reflect the proposed renovations. The value of the project property will increase from \$1,939,000 to \$2,750,000 and the loan to value for the project will decrease from 86% (LTV when originally approved) to 68%.

Previous Collateral:

A third mortgage on the project property located at Route 36 Box 125, Cooksburg, Jefferson County, Pennsylvania, shared pro-rata with Jefferson County Development Corporation in an amount not to exceed \$100,000, subject to a first mortgage in favor of Clarion County Community Bank in an amount not to exceed \$879,500, and a second mortgage in favor of SBA 504 in an amount not to exceed \$851,000.

Proposed Collateral:

A third mortgage on the project property located at Route 36 Box 125, Cooksburg, Jefferson County, Pennsylvania, shared pro-rata with Jefferson County Development Corporation in an amount not to exceed \$56,098 (current balance), subject to a first mortgage in favor of Clarion County Community Bank in an amount not to exceed \$900,000, and a second mortgage in favor of SBA 504 in an amount not to exceed \$750,000 (current balance).

Staff Recommendation: Approval

DATE: September 23, 2010
SUBJECT: Special Request – CFA Board Meeting
TO: Scott Dunkelberger, Executive Director
Commonwealth Financing Authority
FROM: Jared Lucas, Director
Small Business First Division

SPECIAL REQUESTS – BOARD ACTION REQUIRED

**John and Denise Feusner
d/b/a Feusner Dairy Farm
(Bradford County)**

Approved: 09/11/2006
\$140,000 (Loan)

Requested Change: On September 11, 2006, the CFA Board approved a First Industries Agriculture SBF loan for John & Denise Feusner d/b/a Feusner Dairy Farm in the amount of \$140,000 to construct a new heifer complex and silos. The borrowers are requesting approval from the CFA to transfer the title to the property from John T. Feusner and Denise M. Feusner to J & D Farms, L.P. As a result of the natural gas development in the area, many family farms are establishing LP's for estate planning purposes. J & D Farms, L.P. will be owned by John Feusner, 99% ownership and JTF Management LLC with 1% ownership. J & D Farms, L.P. will guarantee the loan. In addition, the farm recently had a countywide address change. The new address is 900 Porter Road, Troy, Pennsylvania 16947.

Staff Recommendation: Approval