



Commonwealth Financing Authority
Harrisburg PA, 17120

Board Meeting Minutes

April 7, 2011

The Commonwealth Financing Authority (CFA) board meeting was held on April 7, 2011. Proper notice was given pursuant to the terms of the Act of July 3, 1986 (the "Sunshine Act"). The meeting was held at PUC Hearing Room 1, Commonwealth Keystone Building, 400 North Street, Harrisburg, Pennsylvania.

In addition to Chairman Walker the following Board members were present: Austin Burke, the Honorable Glenn Moyer and Peter Tartline, designee of the Honorable Charles Zogby. The following Board members participated via telephone: Barbara McNees, Jerry Pappert, and Michael Karp.

DCED staff members present were: Scott Dunkelberger, Mandy Book, Sheri Collins, Brian Eckert, Ryan Emerson, Theresa Elliott, Laurie Henry, Lisa Hughes, Matthew Karnell, Steven Kratz, Jeannine Marttila, Michael O'Rourke, Kara Ruby, Lynne Ruby, and Chief Counsel Steven Fishman.

Members of the public in attendance were: David Atkinson, Daniel Ladato, Alisa Harris, Bill Hanly, Greg Dobbs, David Riley, Anthony Atchley, Nancy Rowe, Peggy Montgomery, Chris Stets, Nilny Panjikidze, Melissa Myers, Ed Swoyer, Deb Millman, Steven Reed, Greg Mahon, Will Agate, Harry Bower, David Harris, Chelsea Guzowski, John Nikoloff, Collen DeFrank, Brenda Reigle, and Frank T. Matanazu.

Chairman Walker called the meeting to order at 11:09 a.m.

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

On a motion by Mr. Burke and seconded by Mr. Karp, the Board unanimously approved the January 13, 2011 minutes. Mr. Karp requested backup information verifying the expenses be sent to him.

On a motion by Mr. Pappert and seconded by Mr. Moyer, the Board unanimously approved payment of CFA expenses in the amount of \$686,616.59.

After a lengthy discussion, on a motion by Mr. Burke and seconded by Ms. McNees, the Board approved the USDA Guaranteed Lender Application with Mr. Karp voting in the negative. Chief Counsel Steven Fishman advised the Board that a super-majority vote was not necessary for the action being taken.

On a motion by Mr. Moyer and seconded by Mr. Pappert, the Board unanimously approved Zelenkofske Axelrod as the winning bidder of the RFP for auditing services.

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

Building PA Program:

Project Recommendation

On a motion by Mr. Karp and seconded by Mr. Moyer, the Board unanimously approved a loan in the amount of \$1,000,000 for the Wyomissing Square project on behalf of Greater Berks Development Fund.

Renewable Energy Projects:

Geothermal Energy Projects

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

<u>Applicant</u>	<u>Project</u>	<u>Loan Amount</u>
Tamaqua Area School District	Geothermal System Installation	\$420,000
John and Christa Zitko	Geothermal System Installation	\$8,250

Alternative and Clean Energy Program:

Energy Production Projects

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

<u>Applicant</u>	<u>Project</u>	<u>Grant Amount</u>
Clean Green Hydro, LLC	VFH In-Line Turbine - AMD Reclamation	\$31,250
Clean Green Hydro, LLC	VFH In-Line Turbine - Dana Mining	\$31,250
Clean Green Hydro, LLC	VFH In-Line Turbine - Warwick Mine	\$31,250

Energy Efficiency Projects

<u>Applicant</u>	<u>Project</u>	<u>Loan Amount</u>
Northern Potter School District	Energy Efficiency Project	\$420,105
Tamaqua Area School District	Energy Efficiency Project	\$334,980
Clarion Hospital	Clarion Hospital Chiller	\$179,000

Research and Development Projects

On a motion by Mr. Burke and seconded by Mr. Moyer, the Board unanimously approved a grant in the amount of \$1,022,500 for The Penn State University.

On a motion by Ms. McNees and seconded by Mr. Tartline, the Board unanimously approved a grant in the amount of \$2,000,000 for Power Source LLC.

On a motion by Mr. Moyer and seconded by Ms. McNees, the Board unanimously approved a grant in the amount of \$1,300,648 for Accelergy Corporation.

Wind Energy Project

On a motion by Mr. Burke and seconded by Mr. Karp, the Board unanimously approved a grant in the amount of \$562,500 for Apple Shamrock Dairy Farm, LLC.

Manufacturing Project

On a motion by Mr. Burke and seconded by Mr. Tartline, the Board unanimously approved a grant in the amount of \$182,352 for Advanced-Tec Materials, LLC.

Ratifications:

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

First Industries

Small Business First Loan

<u>Applicant</u>	<u>Project</u>	<u>Loan</u>
SEDA – Council of Governments	Steven M and Andrea B. Smith	\$145,000
EDC Finance Corporation	Darrel S. and Kelly A. Martin o/b/o Martin Grandview Farms, LLC	\$200,000
SEDA – Council of Governments	Jason J. Saylor and Rhonda J. Saylor dba Witmer Farms	\$200,000
Greater Berks Development Fund	Dana J. and Debra L. Stoudt	\$320,000
EDC Finance Corporation	Joseph C. Wivell	\$200,000

Special Requests

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

<u>Applicant</u>	<u>Program</u>
Don Cotner Farms Partnership	FIF/SBF Ag Loan
Enterprise Development Fund of Erie County	Building PA

Eric D. and Melissa S. Herr
Five Springs Farm, LP
Tripoli's Triggers, Inc.
Kervin B. and Mary Jane Weaver
Nicholas Meat, LLC
Our Two Daughters, LLC d/b/a Washington's Restaurant
Roel Enterprises, Inc. d/b/a The Gaslight Inn
The New A Ville Inn
Witmer Farms
Nathan C. and Melissa Richards
Philadelphia Authority for Industrial Development
Shale Ridge Farms, LLC
South Third Development Corporation
Vartan Group, Inc.

FIF/SBF Ag Loan
FIF/SBF Ag Loan
FIF/SBF Tourism Loan
FIF/SBF Agriculture
FIF/MELF Agriculture
FIF/SBF Tourism
FIF/SBF Tourism
FIF/SBF Tourism
FIF/SBF Agriculture
FIF/SBF Agriculture
BOS
FIF/MELF Agriculture
Building PA
Building PA

There being no further business to come before the Board, the meeting was adjourned at 12:03 p.m.

DATE: December 22, 2010
SUBJECT: Special Request – CFA Board
TO: Scott Dunkelberger, Executive Director
Commonwealth Financing Authority
FROM: Jared A. Lucas, Director
Small Business First Division

SPECIAL REQUESTS – BOARD ACTION REQUIRED

Don Cotner Farms Partnership
Northumberland County

Approved: 07/10/2007
\$200,000 (Loan)

Requested Change:

On July 10, 2007, the CFA Board approved a First Industries SBF loan to Don Cotner Farms Partnership for renovations to an existing poultry house in Danville, Northumberland County. The First Industries SBF loan was approved with collateral stating that it would be secured by a second mortgage on the real estate, subject to a first mortgage in favor of AgChoice Farm Credit in an amount not to exceed \$625,000. On August 25, 2009, the borrower was approved for a second First Industries SBF loan, which recently closed. The second loan was approved by the CFA board with AgChoice Farm Credit in the first mortgage position in an amount not to exceed \$2,689,000. During closing, it was discovered that the amount of AgChoice's mortgage for the first SBF loan was inadvertently misstated. The \$625,000 that is stated on the commitment letter reflects only the amount that AgChoice lent for that specific project and did not include \$2,064,000 in additional existing debt. AgChoice Farm Credit has always been in a first mortgage position for the amount of \$2,689,000 on the property valued at \$3,600,000. Therefore, the ALO is requesting that AgChoice's mortgage amount for the first SBF loan be amended to state the first mortgage amount as \$2,689,000. The FIF loan is current.

Previous Collateral:

A second mortgage on the real estate located at 127 Rushtown Road, Danville, Northumberland County, Pennsylvania, subject to a first mortgage in favor of AgChoice Farm Credit in an amount not to exceed \$625,000.

Proposed Collateral:

A second mortgage on the real estate located at 127 Rushtown Road, Danville, Northumberland County, Pennsylvania, subject to a first mortgage in favor of AgChoice Farm Credit in an amount not to exceed \$2,689,000.

Staff Recommendation:

Approval

DATE: December 20, 2010
SUBJECT: Special Request – CFA Board
TO: Scott Dunkelberger
Executive Director
FROM: Brian Eckert
Director, Site Development Division

SPECIAL REQUEST – BOARD ACTION REQUIRED

Enterprise Development Fund of Erie County

Approved: 7/14/2009
Approved Amount: \$3,000,000

Requested Change: On July 14, 2009, the CFA Board approved a Building PA allocation to the Enterprise Development Fund of Erie County (FUND) to invest in real estate projects including industrial, commercial and multi-use buildings located primarily in the designated target markets comprised of low poverty and low income census tracts in the cities of Erie and Corry and the Boroughs of North East, Edinboro, Lake City, Girard, Cranesville, Union City and Albion in Erie County. The FUND has been working with a variety of organizations that would be able to take advantage of the Building PA loan funds, but many of the projects were not able to secure additional funding. Currently, the FUND is working on plans to develop a warehouse for REXAM, a company that creates packaging materials for a variety of products, such as beverages, food, personal care items, and health care. A 150,000 sq. ft. warehouse adjacent to the existing REXAM manufacturing site would reduce transportation costs and create efficient workflow and distribution. REXAM is planning to enter into a 15 year lease, and the lease should be in place by February 2011. The FUND is requesting an extension for the submission of their initial project to July 31, 2011.

Staff Recommendation: Approval of an extension until July 31, 2011.

DATE: January 3, 2011
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

Eric D. and Melissa S. Herr
Lancaster County

Approved: 9/3/2008
\$200,000 (Loan)

Requested Change:

On September 3, 2008, the CFA Board approved a First Industries SBF loan to Eric D. and Melissa S. Herr for the purchase of a 100-acre dairy farm located in Lancaster, Lancaster County. Eric and Melissa Herr plan to sell an Agricultural Easement in the approximate amount of \$264,480, 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. Due to the Easement, the value of the property would decrease from \$1,792,250 to \$1,461,650, but the loan to value for the project would be 35% if approved.

Previous Collateral:

A fourth mortgage on the real estate located at 2125 South View Road, Lancaster, Lancaster County, Pennsylvania, subject to a first, second and third mortgage in favor of Fulton Bank in an aggregate amount not to exceed \$330,000.

Proposed Collateral:

No change.

Staff Recommendation:

Approval

DATE: December 29, 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

**Five Springs Farm, LP
Lancaster County**

Approved: 6/23/2009
\$200,000 (Loan)

Requested Change:

On June 23, 2009, the CFA Board approved a First Industries SBF loan to Five Springs Farm, LP for the construction of a 54 feet by 500 feet broiler house located in Lancaster, Lancaster County. Five Springs Farm, LP plans to sell an Agricultural Easement in the amount of \$244,800, 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. Due to the Easement, the value of the property would decrease from \$3,094,680 to \$2,787,240, but the loan to value for the project would be 23% if approved.

Previous Collateral:

A third mortgage on the real estate located at 465 Long Lane, Lancaster, Lancaster County, Pennsylvania, subject to a first and second mortgage in favor of Fulton Bank in an aggregate amount not to exceed \$433,000.

Proposed Collateral:

No change.

Staff Recommendation:

Approval

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

SPECIAL REQUESTS – BOARD ACTION REQUIRED

Tripoli's Triggers, Inc.
(Lycoming County)

Approved: 3/16/2005
\$200,000 (Loan)

Requested Change:

On March 16, 2005, the CFA Board approved a First Industries Tourism SBF loan to Tripoli's Triggers, Inc. for the renovation and expansion of its business located in Williamsport, Lycoming County, Pennsylvania. The business has been struggling to service the loan because the owner (Mr. Tripoli) has been experiencing health complications, which has warranted specialized examination at John Hopkins hospital for a possible surgical procedure. As a result, nine (9) payments totaling \$13,605.76 are delinquent. For this reason, the borrower has submitted a request for deferral of eleven payments retroactive April 2010 to February 2011. The deferred payments will be added to the principal balance and reamortized. The borrower also requested for the term of the loan to be extended eleven (11) months to May 2022.

Staff Recommendation: Approval

DATE: February 1, 2011
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

Kervin B. and Mary Jane Weaver
Berks County

Approved: 10/6/2010
\$200,000 (Loan)

Requested Change:

On October 6, 2010, the CFA Board approved a \$200,000 First Industries Agriculture SBF loan for Kervin B. and Mary Jane Weaver to construct two 37,800 square-foot chicken houses on their 66-acre farm located at 59 Short Lane, Fleetwood, Berks County, Pennsylvania. They are engaged in growing crops and a limited amount of beef cattle raising. Due to recent favorable zoning changes in the township, the Weavers elected to expand their operations to include poultry. Also, the loan was approved because the Weavers secured a five year contract with BC Natural Chicken in Fredericksburg, Pennsylvania to do broiler grow out, which will result in the production of approximately 370,000 birds annually. This loan has not closed yet. This request is to allow Fulton Bank to have a mortgage on the collateral property in the amount of \$650,224 instead of \$550,000. In the course of preparation for settlement, it was discovered that there were two additional mortgage liens for \$50,000 (working capital loan) and \$50,224 (support for a letter of credit required by Richmond Township for property storm water control improvements) that had been filed against the farm by Fulton Bank. This disclosure was an inadvertent oversight by the borrower. The request is therefore for these liens to be ahead of the FIF loan. It is however anticipated that the \$50,224 lien will be released in February or early March 2011 when the Township signs off on the storm water improvements. The collateral property is valued at \$1,540,000. With the increase in these liens, the LTV will still be adequate at 55% instead of 49%.

Previous Collateral:

A second mortgage on the property located at 59 Short Lane, Fleetwood, Berks County, Pennsylvania, subject to a first mortgage in favor of Fulton Bank in an amount not to exceed \$550,000.

Proposed Collateral:

A mortgage on the property located at 59 Short Lane, Fleetwood, Berks County, Pennsylvania, subject to the existing mortgages in favor of Fulton Bank in an aggregate amount not to exceed \$650,224.

Staff Recommendation:

Approval

DATE: February 4, 2011
SUBJECT: Special Request – CFA Board Meeting
TO: Scott Dunkelberger, Executive Director
Commonwealth Financing Authority
FROM: Kevin Rowland, Director
Machinery and Equipment Loan Division

SPECIAL REQUESTS – BOARD ACTION REQUIRED

Nicholas Meat, LLC

Approved: 10/7/09

Background:

On October 7, 2009 the Commonwealth Financing Authority approved a MBLF First Industries loan for Nicholas Meat, LLC, which is located in Clinton County. The loan is in the amount \$687,500 at 2% interest for 7 years. The project will retain 20 jobs and create 47 new jobs within 3 years. To date, \$473,836 has been disbursed.

Request:

Principal moratorium for a 6 month period beginning November 1, 2010.

Conclusion:

A review of Nicholas Meat, LLC financial statements for the 3-month period ending December 2010 showed a significant working capital deficit and negative cash balances. Sales increased month over month and the company turned a profit for the first time in November. The company believes that this trend will continue and that they will soon be in a position to make full payments on the loan.

Staff Recommendation:

Approve a 9 month interest only period retroactive to August 2010. The approval is contingent upon Nicholas Meat bringing past due interest current through February 1, 2011.

DATE: January 31, 2011
SUBJECT: Special Request – CFA Board
TO: Scott Dunkelberger, Executive Director
Commonwealth Financing Authority
FROM: Jared A. Lucas, Director
Small Business First Division

SPECIAL REQUESTS – BOARD ACTION REQUIRED

**Our Two Daughters, LLC d/b/a
Washington's Restaurant
Adams County**

Approved: 6/8/2009
\$200,000 (Loan)

Requested Change:

On June 8, 2009, the CFA Board approved a First Industries SBF loan to Our Two Daughters, LLC d/b/a Washington's Restaurant for renovations, infrastructure and site preparation costs to an existing building in Littlestown, Adams County. The borrower is requesting a five month moratorium on loan payments, retroactive to December 1, 2010 and ending April 30, 2011. Regular principal and interest payments will resume on May 1, 2011. The project was delayed due to a requirement from DEP to install a certain septic system, which was very expensive and time consuming. The borrowers have been making monthly payments with funds from investments. Additionally, the borrowers are involved in a lawsuit against an investment company that stole money from its investors, which has adversely affected their investments. The restaurant has complied with DEP's requirements and has passed health inspection and obtained a liquor license. The borrowers plan to open the restaurant on April 1, 2011.

Staff Recommendation: Approval

DATE: January 28, 2011
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

Roel Enterprises, Inc.
d/b/a The Gaslight Inn
(Adams County)

Approved: 06/05/2008

\$60,000 (Loan)

Requested Change:

On June 5, 2008, the CFA Board approved a First Industries SBF loan for Roel Enterprises, Inc. d/b/a The Gaslight Inn in the amount of \$60,000 to upgrade the parking lot area of the inn. With the tourist season coming to an end, coupled with the slowdown in the economy, it has been difficult for this business to continue making their regular monthly payments in a timely fashion. The borrower is requesting interest only payments for a period of three months beginning February 1, 2011 through April 30, 2011. Principal and interest payments would commence on May 1, 2011. The bank also approved interest only payments for the company during the winter months. If this request is approved, it will be the third time such request will be granted to the company.

Staff Recommendation: Approval

DATE: January 28, 2011
SUBJECT: Special Request – CFA Board
TO: Scott Dunkelberger, Executive Director
Commonwealth Financing Authority
FROM: Jared A. Lucas, Director
Small Business First Division

SPECIAL REQUESTS – BOARD ACTION REQUIRED

The New A Ville Inn
(Adams County)

Approved: 5/22/2006
\$120,000 (Loan)

Requested Change:

On May 22, 2006, the CFA Board approved a First Industries SBF loan for The New A Ville Inn for the acquisition and renovation of an existing Inn located in Arendtsville, Adams County. The company is requesting a six (6) month principal moratorium on the First Industries SBF loan, starting January 1, 2011 and ending June 30, 2011. A similar request was granted to the company last year starting from January 1, 2010 and ending June 30, 2010. The company has continued to experience a decline in revenue due to the economy. Its business dropped off at the beginning of this winter and the owner fears she will not be able to make both the loan principal and interest payments at the present time.

Staff Recommendation: Approval

DATE: February 4, 2011
SUBJECT: Special Request -- CFA Board
TO: Scott Dunkelberger, Executive Director
Commonwealth Financing Authority
FROM: Jared A. Lucas, Director
Small Business First Division

SPECIAL REQUESTS – BOARD ACTION REQUIRED

Sidney Witmer dba Witmer Farms
(Perry County)

Approved: 8/7/06
\$64,800 (Loan)

Requested Change:

On August 7, 2006, the CFA Board approved a First Industries SBF loan to Sidney Witmer dba Witmer Farms for the purchase of new machinery and equipment and building renovations for his farm in Liverpool, Perry County. Jason and Rhonda Saylor are planning to purchase the majority of Rhonda's father's (Sidney Witmer) farm and are requesting approval to assume the existing First Industries (FIF) loan. Sidney Witmer plans to use the sale proceeds to payoff existing debt in front of the FIF loan and as a result, the FIF loan would move from a fourth mortgage position to a second mortgage position on the project property and the loan to value would be 16%. FIF loan payments are current. Additionally, it has been requested that the CFA release its first lien on equipment since the project equipment is attached to and considered part of the real estate. An appraisal was recently completed and included the equipment when valuing the real estate.

Original Collateral:

A first lien security interest on the machinery and equipment located at 261 State Route 235, Liverpool, Perry County, Pennsylvania, in an amount not to exceed \$64,800.

A fourth mortgage on the real property located at 261 State Route 235, Liverpool, Perry County, Pennsylvania, subject to a third mortgage in favor of Fulton Bank in an amount not to exceed \$297,500, a second mortgage in favor of Fulton Bank in an amount not to exceed \$68,700, and a first mortgage in favor of Fulton Bank in an amount not to exceed \$50,000.

Proposed Collateral:

A second mortgage on the real property located at 261 State Route 235, Liverpool, Perry County, Pennsylvania, subject to a first mortgage in favor of Fulton Bank in an amount not to exceed \$200,000.

Staff Recommendation:

Approval to assume the existing FIF loan and release the lien on equipment.

DATE: February 2, 2011
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

Nathan C. and Melissa Richards
(Columbia County)

Approved: August 1, 2005
\$200,000 (Loan)

Requested Change:

On August 1, 2005, the CFA Board approved a First Industries Agriculture SBF loan for Nathan C. Richards for the construction of two broiler houses on a 60-acre farm property in Catawissa, Columbia County. A special request was also approved by the CFA on June 2009 to allow the borrower to deed off 19-acres of the 60-acre property to Nathan's father, Craig, who has since constructed a chicken house on the property. As a part of the gradual transition of the family farming operation from his father to Nathan, Nathan wishes to purchase those 19-acres back from his father and re-deed the acreage back into the 41-acres he still owns. AgChoice Farm Credit is lending \$340,000 to Nathan and Melissa for the purchase of the property. This amount will be split into two loans, \$255,000 and \$85,000 to meet LTV guidelines. The CFA is being requested to allow AgChoice Farm Credit retain its original first mortgage position, have a second mortgage position for the new \$255,000 loan and to share a third mortgage with FIF for the remaining \$85,000 loan. The 19-acres will be owned by Nathan and his wife Melissa and for this reason, it is also being requested that Melissa be added as an obligor to the loan. The sixty-acre farm is valued at \$977,000. If the request is approved, the LTV for the FIF loan will be 65%.

Previous Collateral:

A second mortgage on the 60-acre farm property located at RD #3, Catawissa, Columbia County, Pennsylvania, subject to a first mortgage in favor of AgChoice Farm Credit in an amount not to exceed \$329,000.

Proposed Collateral:

A third mortgage shared pro-rata with AgChoice Farm Credit in an amount not to exceed \$85,000 on the 60-acre farm property located at RD #3, Catawissa, Columbia County, Pennsylvania, subject to a first mortgage in favor of AgChoice Farm Credit in an amount not to exceed \$184,806 (current balance) and a second mortgage in favor of AgChoice Farm Credit in an amount not to exceed \$255,000.

Staff Recommendation:

Approval

DATE: February 10, 2011
SUBJECT: Special Request – CFA Board
TO: Scott Dunkelberger
Executive Director, Commonwealth Financing Authority
FROM: Matthew Karnell
Director, CFA Programs Division

SPECIAL REQUESTS – BOARD ACTION REQUIRED

Philadelphia Authority for Industrial Development
Philadelphia County

Approved: May 25, 2005
\$18,308,000 (Loan)

Requested Change:

On May 25, 2005, the CFA Board approved an \$18,308,000 BOS loan to the Philadelphia Authority for Industrial Development (PAID). The BOS funds was used to develop an 82-acre portion of the Historic Core known as the Town Center in Philadelphia, Philadelphia County. The loan is secured by a mortgage creating a first priority mortgage lien on 82 acres consisting of buildings / parcels: 7F, 7G, 7H, 7Y, 7Z, 83, 104/608/640, 624, 489, 661, 11th/Kitty Hawk/Town Center, 12th & 13th St./Kitty Hawk. The economic recession has slowed PAID's leasing and development at the Naval Yard and as a result, PAID is requesting the following modifications to the BOS loan:

- Conversion of up to \$3 million of the loan balance to a grant.
- Extension of the period during which interest does not accrue through December 31, 2012.
- Agreement that PAID will pay 75% of all net sales and lease proceeds from property in the Town Center to the Authority in satisfaction of the principal and interest until such obligations are repaid or all parcels are sold or developed, whichever occurs first.

Staff Recommendation: Non-approval. Borrower should begin repaying loan as outlined in the loan agreement starting March 1, 2011.

DATE: February 18, 2011
SUBJECT: Special Request – CFA Board Meeting
TO: Scott Dunkelberger, Executive Director
Commonwealth Financing Authority
FROM: Kevin Rowland, Director
Machinery and Equipment Loan Division

SPECIAL REQUESTS – BOARD ACTION REQUIRED

Re: Shale Ridge Farms, LLC (formerly Nelson Stoner and Jason Stoner)

Requested Change:

On September 29, 2005 the Commonwealth Financing Authority approved a MELF First Industries Agriculture loan for Shale Ridge Farms, LLC in the amount of \$500,000.

Shale Ridge Farms has requested a six month interest only period. The Authority previously granted a six month principal deferment in 2009. Shale Ridge Farms financials shows that the company had a \$495,638 loss for 2009 and an \$89,930 loss for 2010. The company has insufficient cash to meet short-term liabilities brought on by declining milk prices over a two year period. Milk prices have recently increased and this has helped the company stabilize its financial position. The company projects to be profitable in 2011. If the request is approved, the company will allocate funds to deferred maintenance issues that have impaired operations.

Staff Recommendation:

Approve a moratorium on principal payments for the period April 1, 2011 through September 30, 2011, with regular payments to resume on October 1, 2011.

All remaining terms and conditions set forth in the loan documents remain in full force and effect.

DATE: March 1, 2011
SUBJECT: Special Request – CFA Board
TO: Scott Dunkelberger
Executive Director
FROM: Brian Eckert
Director, Site Development

SPECIAL REQUEST – BOARD ACTION REQUIRED

**South Third Development Corporation
Second & State Street**

Approved: 1/14/2011
Approved Amount: \$2,000,000

Requested Change: On January 14, 2011, the CFA Board approved a Building PA loan to South Third Development Corporation on behalf of Second & State Street Partners, LLC for the development of a Class A, LEED-certified commercial building located at Second and State Street, Harrisburg. The building will consist of five-stories totaling 57,500 sq. ft. of retail space. The first floor will contain 4,800 sq. ft. for a restaurant, as well as 3,800 sq. ft. for one or two commercial/retail suites. The second floor of the building will provide 10,000 sq. ft. for additional office tenants. S & S Partners have executed a lease with Buchanan Ingersoll & Rooney as anchor tenant for 32,500 sq. ft. on the third through fifth floors.

Second & State Street Partners, LLC is requesting an adjustment in the interest rate on the Building PA loan from 5% to 3.25%. The senior lender is requiring a global DCR of 1.25. Current cash flows show the DCR dropping to 1.23 in years 2 through 5 assuming at the approved rate. In addition, the City of Harrisburg's current financial and political situation is unstable and unpredictable and may have significant impacts on rents, vacancy rates and real estate taxes.

Staff Recommendation: Approval

DATE: February 4, 2011
SUBJECT: Special Request – CFA Board
TO: Scott Dunkelberger
Executive Director, Commonwealth Financing Authority
FROM: Matthew Karnell, Director
CFA Programs Division

SPECIAL REQUEST – BOARD ACTION REQUIRED

Vartan Group, Inc.

Approved: 10/07/2008
1500 Project (Northern Gateway Project)
Approved Amount: \$2,000,000

Requested Change:

On October 7, 2008, the CFA Board approved a Building PA allocation to the Vartan Group, Inc. ("VGI") for an Investment in the Northern Gateway Project located at 1500 North Sixth Street in the City of Harrisburg, Dauphin County. The economic crisis has extended due diligence review periods for many lenders, including the private lender for this project. Commerce Bank supported this project and was working closely with VGI to close on the private financing. However, due to adverse economic conditions, Metro Bank (formerly Commerce Bank/Harrisburg) has withdrawn from the project.

1. VGI requests to transfer this allocation from VGI to the related entity, 1500 SPE, LP, the owner of the property.
2. The CFA approved a bank mortgage of \$7.6 million. On December of 2009, Mid Penn Bank issued an \$8 million commitment to share the senior lien position with the CFA during construction of this project with an understanding that the CFA will drop to a second lien position after construction. The senior loan has increased from \$7.6 million to \$8 million. VGI requests the CFA to approve this lien structure.
3. VGI is requesting to extend the Investment Approval Memorandum until August 3, 2010.

Collateral:

Second lien position in favor of Mid Penn Bank with an as-complete value of \$13,885,000.

Staff Recommendation:

Approval

Second Stage Loan Guarantee Lending Institution Enrollment

<i>Lending Institution</i>	<i>County(s)/Region</i>	<i>Lending Activities</i>
<p>1. VIST Bank 1240 Broadcasting Road P.O. Box 6219 Wyomissing, PA 19610-0219</p> <p>Ramon Estevez, VP 610-603-7239</p>	Southeastern PA	<p>VIST Bank is engaged in commercial lending, consumer lending and residential mortgage lending throughout the Bank's footprint. The loan guaranty program would be utilized by the Bank to supplement commercial loans in order to provide financing opportunities to companies that fit the parameters of the Second Stage Loan Program. The Bank would likely make use of the guaranty program to enhance a loan package when a commercial customer or prospect fits the criteria of the program, but their current situation may not allow them to qualify for conventional bank financing otherwise.</p>
<p>2. Meridian Bank 92 Lancaster Avenue Devon, PA 19333</p> <p>William DeFalco, Vice President 484-235-0490</p>	Chester Delaware Bucks Montgomery Philadelphia Berks Lancaster	<p>Meridian Bank often, though not exclusively, engages in lending to commercial and industrial business entities that are privately held. The Bank would look to utilize the program to enhance its credit position in offering financing to customers or prospective customers that meet the program parameters.</p>