



Commonwealth Financing Authority
Harrisburg PA, 17120

Board Meeting Minutes

July 12, 2011

The Commonwealth Financing Authority (CFA) board meeting was held on July 12, 2011. Proper notice was given pursuant to the terms of the Act of July 3, 1986 (the "Sunshine Act"). The meeting was held in 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, Barbara McNees, The Honorable Glenn Moyer and John Callahan for Peter Tartline, designee of The Honorable Charles Zogby. The following Board members participated via telephone: Jerry Pappert, and Michael Karp.

DCED staff members present were: Sheri Collins, Scott Dunkelberger, Brian Eckert, Ryan Emerson, Laurie Henry, Rich Hudic, Matthew Karnell, Michael O'Rourke, Lynne Ruby and Chief Counsel Steven Fishman.

Members of the public in attendance were: Randy Albright, David Atkinson, Frank Baldesere, Vanessa Brubaker, Albert Boscoy, Chelsea Guzowski, Rick Hoover, Joseph Kramer, Daniel Lapato, Leland Lehrman, Greg Mahon, Deb Millman, Peggy Montgomery, John Nikoloff, Darla Romberger, Larry Segal, Edward Swoyer, Lisa Taglang, Charlie Thompson and Cathy Washburn.

Chairman Walker called the meeting to order at 10:32 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 Ms. McNees, the Board unanimously approved the May 5, 2011 minutes.

On a motion by Mr. Burke and seconded by, the Board unanimously approved payment of CFA expenses in the amount of \$5,281,257.54. Mr. Karp requested that back up material explaining the expenses be sent to his staff monthly. Mr. Burke requested a discussion on debt service payment. Mr. Dunkelberger explained that interest earned on bond proceeds would be used to cover a portion of the June 1 debt service payment due to a shortfall in the appropriation in the previous fiscal year.

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

Building PA Program:

Project Recommendation

On a motion by Mr. Burke and seconded by Mr. Moyer, the Board unanimously approved a loan in the amount of \$1,000,000 for the GoggleWorks Shops II project on behalf of Greater Berks Redevelopment Fund.

Local Share Account Program:

Allegheny County Local Share Account Guidelines

After a brief discussion, on a motion by Ms. McNees and seconded by Mr. Pappert, the Board unanimously approved the proposed guidelines.

Alternative and Clean Energy Program:

Energy Production Projects

On a motion by Mr. Karp and seconded by Mr. Pappert, the Board unanimously approved a loan in the amount of \$310,472 and a grant in the amount of \$388,113 to Reinford-Freymoyer, LLC for the purchase and installation of an anaerobic digester.

On a motion by Mr. Burke and seconded by Ms. McNees, the Board unanimously approved a loan in the amount of \$363,305 and a grant in the amount of \$300,114 to Hard Earned Acres, Inc. for the purchase and installation of an anaerobic digester.

On a motion by Mr. Pappert and seconded by Mr. Moyer, the Board unanimously approved a loan in the amount of \$285,960 and grant in the amount of \$838,690 to Yippee Farms for the purchase and installation of an anaerobic digester.

On a motion by Ms. McNees and seconded by Mr. Karp, the Board unanimously approved a loan in the amount of \$77,773 and a grant in the amount of \$248,500 to Twin Springs Fruit Farm, Inc. for the purchase and installation of a biomass boiler.

After a lengthy discussion on the life span and maintenance of fuel cells, on a motion by Mr. Karp and seconded by Mr. Burke, the Board unanimously approved a grant in the amount of \$1,274,843 to UO Real Estate, LLC for the purchase and installation of a fuel cell system.

Renewable Energy Program:

Wind Energy Generation Project

On a motion by Mr. Burke and seconded by Ms. McNees, the Board unanimously approved a grant in the amount of \$150,000 to The Service Team, Inc. for the purchase and installation of two wind turbines.

Geothermal Energy Program:

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

<u>Applicant</u>	<u>Project</u>	<u>Loan Amount</u>
James & Dawn Boyer	Residential Geothermal	\$8,450
Vynecrest, LLC	Renewable Energy Project	\$30,000
Gregory P. Bokoch & Diana L. Bokoch	Residential Geothermal Installation	\$11,951
Mark Foley	Kintner Road Geothermal	\$25,670

Loan Guarantee Payments:

On a motion by Ms. McNees and seconded by Mr. Burke, a Loan Guarantee Payment to The Reinvestment Fund in the amount of \$267,329.44 for failed Woodland Foods Corporation First Industries project was unanimously approved.

On a motion by Mr. Pappert and seconded by Mr. Moyer, the following TIF Guarantee Payments were unanimously approved:

A TIF Guarantee Payment to M & T Investment Group in the amount of \$74,907.77 for The City of Butler (West End Revitalization Area) TIF project.

A TIF Guarantee Payment to M & T Investment Group in the amount of \$90,031.96 for Longvue Development (North Versailles) TIF project.

Ratifications:

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

First Industries

Small Business First Loan

<u>Applicant</u>	<u>Project</u>	<u>Loan</u>
SEDA-Council of Governments	Douglas D. & Greta E. Hollenbach	\$122,275
North Central PA Regional Planning & Development Commission	Wapiti Ridge Wine Cellars, Inc.	\$50,000
EDC Finance Corporation	Barry K. & Sharon Kreider	\$200,000
EDC Finance Corporation	Jeffrey & Jesslyn Balmer	\$200,000
Southern Alleghenies Planning Commission	Juniata Country Enterprise, LLC	\$125,000

Adams County Economic Development Corporation	Spencer Showers d/b/a SM Showers Fruit Farm	\$135,000
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First Industries Loan Guarantee

<u>Applicant</u>	<u>Project</u>	<u>Guarantee</u>
AgChoice Farm Credit ACA	Dennis K. & Renee A. Rife	\$531,505
AgChoice Farm Credit ACA	Daniel F. Lukens & Darvin G., Sonia E. & Joshua Renninger	\$472,500
1 st Constitution Bank	Bhavi Hotel, LLC	\$2,500,000

Special Requests

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

<u>Applicant</u>	<u>Program</u>
Cheam's Grocery Store	FIF/SBF Agriculture
Don Cotner Farms Partnership	FIF/SBF Agriculture
EZENERGY, LLC	Renewable Energy Program
Keystone T Ventures	Building PA
Mrs. Gibbles Candies & Restaurant	FIF/SBF Tourism
Our Two Daughters, LLC d/b/a Washington's Restaurant	FIF/SBF Tourism
Philadelphia Authority for Industrial Development	Business in our Sites
Ralph J. & Heidi E. Pisle d/b/a Spring Rise Landscaping Services, LLC	FIF/SBF Agriculture
Sedney Enterprises II, Inc. d/b/a Rum Runners Cove	FIF/SBF Tourism
Elam K. & Mary S. Fisher	FIF/SBF Agriculture
Kohur, LLC	FIF/SBF Tourism

Mr. Dunkelberger opened a discussion on the possibility of accepting applications for the Business in Our Sites and PENNWORKS programs. He reported that the CFA has approximately \$25 million in loan repayment funds available in the Business in Our Sites account and approximately \$13.5 million in the PENNWORKS account.

Mr. Dunkelberger recommended that the Board authorize staff to accept applications for Business in Our Sites and PENNWORKS funds- with a focus on regions of that state that are experiencing growth and a lack of developed industrial sites. Ms. McNees commented on the need for new business development in Southwestern PA. Mr. Dunkelberger suggested that DCED proactively solicit applications in areas of the state with a demonstrated need for developed sites. Mr. Dunkelberger recommended that applications be accepted following the Board Meeting through October 31, 2011. Applications will be reviewed by staff and recommendations will be presented to the Board in January, 2012.

On a motion by Ms. McNees and seconded by Mr. Burke, the Board approved opening the Business in Our Sites and PENNWORKS programs to new applications on the terms outlined by Mr. Dunkelberger.

Mr. Dunkelberger spoke about the changes in the solar energy industry and how such changes have prevented certain projects from constructing their proposed projects. He suggested that staff

survey each project that has not commenced constructions and set a deadline of November 30, 2011 for previously approved projects to have a builder under contract and to demonstrate its readiness to proceed with the project. Mr. Dunkelberger also recommended opening the Solar Energy program for new applications from September 1, 2011 through October 31, 2011. Staff will review the applications and make recommendations at the January 2012 meeting. He also recommended that new solar energy contracts be written for one year.

The Board held a brief discussion on the SREC market and its implications for Pennsylvania energy projects.

On a motion by Mr. Burke and seconded by Ms. McNees, the Board approved action to open the Solar program to applications as outline by Mr. Dunkelberger, 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.

Mr. Dunkelberger reported on current First Industries Fund interest rates. He recommended that the interest rate should be adjusted quarterly, based on the 10 year Treasury rate. The current rate is 4%. He further advised the Board that if approved, the interest rate issue will not need to be continually addressed by the Board in the future. Mr. Karp felt the new rate was too far below the market. Mr. Dunkelberger did not concur with Mr. Karp's position.

On a motion by Ms. McNees and seconded by Mr. Moyer, the Board approved the interest rate adjustment recommendations presented by Mr. Dunkelberger.

Mr. Burke observed that the Authority was not receiving proper credit for its efforts and recommended broader dissemination of information related to CFA project awards as a means to promote ongoing CFA programs. Mr. Dunkelberger concurred and advised that staff would expand the dissemination of information on the Board's actions.

There being no further business to come before the Board, the meeting was adjourned at 11:49 A.M.

DATE: April 26, 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

Cheam's Grocery Store
(Dauphin County)

Approved: 6/6/2006
\$99,000 (Loan)

Requested Change:

On June 6, 2006, the CFA Board approved a First Industries SBF Agriculture loan to Cheak and Vany Cheam dba Cheam's Grocery Store to purchase a commercial property and existing grocery store located at 1701-1705 Hanover Street, Harrisburg, Dauphin County, Pennsylvania. The project included an expansion of the store so they could offer a larger selection of products to the distressed area and underserved community to which they provide a vital service. The Cheam's, without CFA approval, sold the assets of the grocery store to a 3rd party, and then used the funds to open a restaurant using open square footage at the same property. The restaurant, C-C Chinese & American Take-Out, operates in 600 square feet of the total 3,300 square foot building and the borrower still owns the real estate. The Cheam's have been informed by the ALO, CREDC, that they are in default of their loan since the borrower did not notify the ALO and the CFA that the business was planning to sell the business assets of the grocery store and use the proceeds of the sale to pay down its debt. As a result, CREDC is recommending the following action be taken:

1. Increase the interest rate from 3.25% to 5.25%
2. Take a UCC filing on the restaurant's business assets
3. Take an assignment of rents being paid to the Cheams by the new owner of the store

Previous Collateral:

A first mortgage on the real property located at 1701-1705 Hanover Street, Harrisburg, Dauphin County, Pennsylvania, shared pro rata with Commerce Bank in an amount not to exceed \$144,000.

A first lien security interest in all business assets of Cheam's Grocery Store located at 1701-1705 Hanover Street, Harrisburg, Dauphin County, Pennsylvania, shared pro rata with Commerce Bank in an amount not to exceed \$144,000.

A second mortgage on the real property located at 6210 Locust Street, Harrisburg, Dauphin County, Pennsylvania, shared pro rata with Commerce Bank in an amount not to exceed \$144,000, subject to a first mortgage in favor of Commerce Bank in an amount not to exceed \$53,550.

Proposed Collateral:

A first mortgage on the real property located at 1701-1705 Hanover Street, Harrisburg, Dauphin County, Pennsylvania, shared pro rata with Commerce Bank in an amount not to exceed \$144,000.

A blanket first lien security interest in all business assets of C-C Chinese & American Take-Out located at 1701-1705 Hanover Street, Harrisburg, Dauphin County, Pennsylvania.

A second mortgage on the real property located at 6210 Locust Street, Harrisburg, Dauphin County, Pennsylvania, shared pro rata with Commerce Bank in an amount not to exceed \$144,000, subject to a first mortgage in favor of Commerce Bank in an amount not to exceed \$53,550.

An assignment of leases and rents with respect to 1701-1705 Hanover Street, Harrisburg, Dauphin County, Pennsylvania, for the term of the loan.

Staff Recommendation:

Approve the changes in collateral and raise the interest rate from 3.25% to 5.25% consistent with a loan in default on their job requirements. The loan has been and remains current with monthly payments.

DATE: April 26, 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

Don Cotner Farms Partnership
(Northumberland County)

Approved: 7/10/2007
\$200,000 (Loan)
Approved: 8/25/09
\$163,000 (Loan)

Requested Change:

Don Cotner Farms Partnership has two First Industries SBF Agriculture loans for their egg layer farm and facility located at 127 Rushtown Road, Danville, Northumberland County. Both loans are current with monthly payments. Don Cotner is working to complete some estate planning and he is seeking to transfer the real estate assets owned by Don Cotner Farms Partnership to Don Cotner Farms, L.P., a newly formed company.

Don Cotner Farms Partnership ownership breakdown

- Donald G. Cotner – 92%
- Bryan Cotner – 8%

Don Cotner Farms, L.P. ownership breakdown

- Donald G. Cotner – 60%
- Bryan Cotner – 20%
- Shannon Cotner – 10%
- Russell Cotner – 10%

SEDA COG is requesting that the CFA approve the transfer of the ownership of the project real estate from Don Cotner Farms Partnership to Don Cotner Farms, L.P. and is also requesting to add Bryan Cotner as a guarantor to both First Industries loans.

Staff Recommendation: Approve

DATE: April 26, 2011
SUBJECT: Special Request – CFA Board
TO: Scott Dunkelberger
Executive Director
FROM: Matthew Karnell
Director, CFA Programs Division

SPECIAL REQUEST – BOARD ACTION REQUIRED

EZENERGY, LLC
Geothermal Installation Project

Approved: 9/9/2009
Approved Amount: \$7,635

Requested Change:

On September 9, 2009, the CFA Board approved a \$7,635 Renewable Energy Program (REP) loan for the installation of a geothermal system as a demonstration to show that residential geothermal systems can be economical by spreading the cost over time using the EZENERGY Power Purchase Agreement. The project site is the company owner's residence, which includes the company office. The REP loan was approved secured by a second-priority mortgage on a tract of land consisting of .33 acres in Towamencin Township, Montgomery County, Pennsylvania (the "Premises"), subject and subordinate only to the lien of a \$224,754 mortgage on the Premises in favor of Bank of America. The company has since obtained a \$100,000 line of credit secured by a second mortgage on the real estate. EZENERGY, LLC is requesting a modification of the collateral to the following:

A third-priority mortgage on a tract of land consisting of .33 acres in Towamencin Township, Montgomery County, Pennsylvania, (the "Premises"), subject and subordinate only to the \$218,550 first mortgage in favor of Bank of America; and the \$100,000 second mortgage in favor of Charles Schwab Bank.

Collateral Value: \$425,000

Staff Recommendation: Approval

DATE: April 22, 2011

SUBJECT: Special Request – CFA Board

TO: Scott Dunkelberger
Executive Director

FROM: Brian Eckert
Director, Site Development Division

SPECIAL REQUEST – BOARD ACTION REQUIRED

Keystone T Ventures
College Hill

Approved: 04/24/2007
Approved Amount: \$702,000

Requested Change: On April 24, 2007, the CFA Board approved a Keystone T Ventures (KTV) Building PA project application for College Hill in the amount of \$702,000. Subsequent to the CFA's approval, KTV sought additional financing to install a new flooring and sound mitigation system within the existing daycare space. KTV is requesting an increase in the first mortgage loan from Fulton Bank from \$3,200,000 to \$3,400,000. No additional funding is being requested.

The approved and revised sources of financing are proposed as follows:

	<u>Approved</u>	<u>%</u>	<u>Revised</u>	<u>%</u>
Fulton Bank 1 st	\$3,200,000	44%	\$3,400,000	45%
Building PA 2 nd	\$ 702,000	9%	\$ 702,000	9%
Equity – Developer	\$1,000,000	13%	\$1,000,000	13%
Historic Tax Credit Equity	\$1,011,000	14%	\$1,011,000	13%
State Subsidies – GGII Grant	\$1,000,000	13%	\$1,000,000	13%
Tenant Contribution – Adult Care	<u>\$ 500,000</u>	<u>7%</u>	<u>\$ 500,000</u>	<u>7%</u>
Total	\$7,413,000	100%	\$7,613,000	100%

Collateral Value: \$4,400,000

Staff Recommendation: Approval of increased 1st mortgage lien to \$3,400,000.

DATE: April 11, 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

**Mrs. Gibbles Candies & Restaurant
Franklin County**

Approved: 5/29/2007
\$200,000 (Loan)

Requested Change:

On May 29, 2007, the CFA Board approved a First Industries SBF loan to Mrs. Gibbles Candies & Restaurant for renovations to their restaurant and candy store located in Greencastle, Franklin County. The current economic conditions have affected the company's sales by more than 20% over the last two years. Mrs. Gibbles Candies & Restaurant is requesting a six (6) month principal moratorium, starting April 1, 2011 and ending September 30, 2011. The deferred principal payments shall be re-amortized over the life of the loan, and the term of the loan shall be extended for six (6) months. Regular principal and interest payments shall resume on October 1, 2011. The company is optimistic that their financial position will improve over the next few months due to the upcoming holidays.

Staff Recommendation: Approval

DATE: April 22, 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 previously requested and was approved for a five month moratorium on loan payments, retroactive to December 1, 2010 and ending April 30, 2011. The project was delayed due to a requirement from DEP to install a certain septic system, which has been very expensive and time consuming. The project has been delayed even further due to rainy weather. The restaurant is expected to open shortly since the business has complied with DEP's requirements and has passed health inspection and obtained a liquor license. The borrowers are requesting an extension of the moratorium for the months of May and June 2011. Regular principal and interest payments will resume on July 1, 2011. The borrower was previously making monthly payments with funds from investments but they are currently involved in a lawsuit against the investment company for allegedly stealing money from the investment account. As a result, the investment funds have been adversely affected.

Staff Recommendation: Approval

DATE: May 6, 2011

SUBJECT: Special Request – CFA Board

TO: Scott Dunkelberger
Executive Director, Commonwealth Financing Authority

FROM: Brian Eckert
Director, Site Development

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 will be 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 current loan agreement requires PAID to begin making monthly principal and interest payments on the full \$18,308,000 beginning May 1, 2011. Due to the economic recession leasing and sales have slowed at the Navy Yard. PAID is requesting that the CFA make the following modifications to the BOS loan:

1. Interest only until January 1, 2014
2. Full amortization to commence January 1, 2014.
3. Increase the net proceeds from all sales and leases within the Town Center to the Authority from 75% to 90% until such obligations are repaid.

Collateral: First priority mortgage lien on 82 acres of land.

Staff Recommendation: Approval of the following modifications to the loan agreement:

1. Interest only until January 1, 2013.
2. Full amortization to commence January 1, 2013.
3. Increase the net proceeds from all sales and leases within the Town Center to the Authority from 75% to 90% until such obligations are repaid.

DATE: April 7, 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

Ralph J. & Heidi E. Pisle dba
Spring Rise Landscaping Services, LLC
(Franklin County)

Approved: 6/2/2006

\$130,000 (Loan)

Requested Change:

On June 2, 2006, the CFA Board approved a First Industries SBF loan for Ralph J. & Heidi E. Pisle d/b/a Spring Rise Landscaping Services, LLC to purchase the business then known as Ragged Edge Florist & Garden Center, which is located at 2091 Edgewood Road, Chambersburg, Franklin County, Pennsylvania. The purchase, which included 17-acres of land, the business, and all associated equipment, would allow Spring Rise Landscaping Services to expand its landscaping business and grow its own inventory from seedlings for both the retail center and landscaping operations. During the first four years of operations the owners used a large portion of its sales revenue to make improvements to its facility and grounds. Those investments coupled with the downturn in the economy and customer cancellations of "non-essential" services have caused a sharp decrease in the company's revenue. For this reason, the Borrower is requesting a six month moratorium on the First Industries SBF loan principal payments, retroactive November 1, 2010 through April 30, 2011. They are also requesting that the loan term be extended by six months. The owner is currently working to diversify its operations by providing snow plowing and ground maintenance services during the winter months, which should assist in enhancing cash flow during future "off months". The Franklin County First Fund also approved interest only payments for six months.

Staff Recommendation: Approval

DATE: April 26, 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

Sedney Enterprises II, Inc. d/b/a Rum Runners Cove Approved: 2/26/2008
(Erie County) \$200,000 (Loan)

Requested Change: On February 26, 2008, the CFA Board approved a First Industries SBF Tourism loan to Sedney Enterprises II, Inc. d/b/a Rum Runners Cove to purchase machinery and equipment and to renovate an existing building for the start-up of a waterfront restaurant in Erie, Erie County. The company is requesting that the CFA subordinate to Erie Bank, which is providing an additional \$35,000 in financing in the form of a line of credit to assist the business in meeting their 1st quarter expenses.

Previous Collateral:

A second mortgage on the property located at 2423 West 37th Street, Erie, PA, subject only to a first mortgage in favor of Erie Bank in an amount not to exceed \$279,400.

A third mortgage on the property located at 5786 Forest Crossing, Erie, PA, subject to a first mortgage in favor of First National Bank in an amount not to exceed \$131,949 and a second mortgage in favor of Erie Bank in an amount not to exceed \$279,400.

A blanket second lien security interest in all business assets, subject only to a first lien in favor of Erie Bank in an amount not to exceed \$279,400.

A pro-rata shared first lien security interest with Erie Bank on Carol A. Sedney's managed account with UBS Financial Services, Inc.

Proposed Collateral: A second mortgage on the property located at 2423 West 37th Street, Erie, PA, subject only to a first mortgage in favor of Erie Bank in an amount not to exceed \$237,359 (current balance).

A third mortgage on the property located at 5786 Forest Crossing, Erie, PA, subject to a first mortgage in favor of First National Bank in an amount not to exceed \$125,374 (current balance) and a second mortgage in favor of Erie Bank in an amount not to exceed \$237,359 (current balance).

A blanket third lien security interest in all business assets, subject to first and second liens in favor of Erie Bank in an amount not to exceed \$272,359.

A first lien security interest on Carol A. Sedney's managed account with UBS Financial Services, Inc. (current value \$114,506)

Staff Recommendation:

Approval. The principal amount of the Erie Bank loan has been paid down by approximately \$38,000 and the SBF FIF Tourism loan has been paid down \$29,000 so the impact on the collateral is minimal as the original LTV was 80% and the revised LTV is 72%. Additionally, the only collateral that will be affected by the subordination is the lien against the company business assets and the original collateral is enhanced since the CFA now holds a sole first position on the marketable securities.

DATE: June 7, 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

Elam K. and Mary S. Fisher
(Clinton County)

Approved: 8/7/2006
\$200,000 (Loan)

Requested Change:

On August 7, 2006, the CFA Board approved a First Industries SBF Agriculture loan to Elam K. and Mary S. Fisher for the purchase of a 109 acre farm located at 176 West Valley Road in Loganton, Clinton County. The Fishers expanded their existing 80 acre dairy farm through the acquisition and constructed a new dairy barn and milk house. Their son, John Fisher, is purchasing 20 acres from the parents for \$120,000 and is requesting that the CFA approve the release of the 20 acres, which was part of the collateral for the First Industries SBF loan. As part of the conditions to release the 20 acres, Northwest Savings Bank, which has a first mortgage on both farm properties, has stipulated that \$60,000 from the proceeds of the sale go toward paying down the existing Northwest Savings Bank and SEDA-COG/SBF FIF Agriculture loans, with \$50,400 to the bank and \$9,600 of the proceeds to the SEDA-COG/SBF FIF Agriculture loan. The value of the two farms at approval was \$1,181,000 which provided a LTV of 79%. The new appraisal of the combined farms less the 20 acres is \$1,290,000 and with the pay down of the loans, the LTV would be 58%.

Staff Recommendation: Approve the release of the 20 acres.

DATE: May 31, 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

Kohur, LLC
(Cambria County)

Approved: June 23, 2009
\$176,250 (Loan)

Requested Change: On June 23, 2009, the CFA Board approved a First Industries Tourism SBF loan to Kohur, LLC to renovate the former historical Colver General Store for the purpose of converting it into a restaurant and bar located in Colver, Cambria County. David Hurley, 50% owner of both Hurko, LLC (beneficial owner) and Kohur, LLC (operating entity) has decided to withdraw from being an owner of both Hurko, LLC and Kohur, LLC and has requested that any personal obligations or guarantees that he and his wife have executed in favor of the Commonwealth Financing Authority be released. Mr. Samuel M. Koban, who is also a 50% member of the LLCs, will now own the LLCs in full. The loan is current at this time.

Staff Recommendation: Approval of David Hurley's request to release him and his wife, Patricia Hurley, from their personal guaranty of the referenced First Industries Tourism SBF loan.