



Commonwealth Financing Authority
Harrisburg PA, 17120

Board Meeting Minutes

September 12, 2012

The Commonwealth Financing Authority (CFA) board meeting was held on September 12, 2012. 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, Second Floor, Harrisburg, Pennsylvania.

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

Members of the public in attendance were: Randy Albright, Christine Bachelor, Mandy Book, Carolyn Boser Newhouse, Kathy Bruder, Emily Carton, Mike Cortez, Colleen DeFrank, Scott Dunkelberger, Brian Eckert, Ryan Emerson, Mark Fennell, Laurie Henry, Ron Jumper, Matthew Karnell, Greg Mahon, Dennis Noonan, Michael O'Rourke, Anthony Pugliese, Tim Rodrigo, Kevin Rowland, Kara Ruby, Peggy Schaeffer-Montgomery, Kim Stark, Chris Stets, Lisa Taglang, Corey Troutman, Teresa Wagner and Chief Counsel Christopher Houston.

Chairman Walker called the meeting to order at 10:40 A.M.

Chairman Walker acknowledged the presence of a quorum of the Board and welcomed the guests. He introduced and greeted new Board member, John Verbanac.

On a motion by Mr. Burke and seconded by Ms. McNees, the Board unanimously approved the March 13, May 17 and July 3, 2012 Board meeting minutes.

On a motion by Ms. McNees and seconded by Mr. Moyer, the Board unanimously approved payment of CFA expenses in the amount of \$775,250.19.

Fiscal Year 2011-2012 Audit

Corey Troutman, Director at Zelenkofske Axelrod LLC presented briefly on the Fiscal Year 2011-2012 Audit. On a motion by Mr. Tartline and seconded by Mr. Burke, the Board unanimously approved the Fiscal Year 2011-2012 Audit.

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

Alternative Energy Programs:

Proposed Guidelines Changes

Mr. Dunkelberger suggested opening the discussion with questions, rather than outlining each proposed change to the guidelines. He asked for questions or concerns regarding the Alternative and Clean Energy. Mr. Burke recommended an interest rate based on the Ten Year Treasury Rate plus 50 basis points, to be consistent with the intent of the original legislation. He stated raising the interest rate would be detrimental to the development and utilization of alternative energy projects. Mr. Karp stated he wouldn't be willing to go lower than the Ten Year Treasury Rate plus 300 basis points and that we should model our underwriting procedures after the ones used at PIDC. He also advised that DCED staff should be targeting deals which will bring the highest return and focus on bringing them in.

Mr. Dunkelberger gave a brief outline of the procedures used with other DCED programs, including the Pennsylvania Industrial Development Authority (PIDA) and the First Industries programs. Mr. Moyer stated it is of his opinion that we should model the CFA interest rates after those programs.

Mr. Moyer suggested using the Ten Year Treasury Rate plus 1, with a floor of 3.75%, also with the option to review at the discretion of any board member, at any time. Upon motion by Mr. Moyer and seconded by Mr. Tartline, the proposed interest rate changes to the Alternative Energy programs were rejected on a vote to 6 to 1, with Mr. Karp casting the lone dissenting vote, and the supermajority requirement for approval having not been met.

Upon motion by Ms. McNees and seconded by Mr. Burke, the Board rejected a motion to base interest rates on the Ten Year Treasury Rate plus 1, adjusted on a quarterly basis, with Mr. Karp casting the lone dissenting vote, and the supermajority requirement for approval having not been met. Chairman Walker stated the discussion would be resumed at a future meeting.

Building PA Program:

After a brief discussion and clarification on ownership, a Building PA project in the amount of \$432,300 was approved with Route 447 Storage Center LLC as the borrower conditioned upon a guarantee from the parent company Electronic Vision Systems, Inc. d/b/a as EVS Metal, Inc., a New Jersey corporation.

Alternative and Clean Energy Program:

Energy Production Projects

On a motion by Ms. McNees and seconded by Mr. Verbanac, a grant in the amount of \$2,000,000 to the City of Philadelphia Division of Aviation for their International Airport Cogeneration Plant Satellite Thermal Plant project was rejected on a vote of 6 to 1, with Mr. Karp casting the lone dissenting vote, and the supermajority requirement for approval having not been met.

On a motion by Mr. Burke and seconded by Mr. Verbanac, a grant in the amount of \$2,000,000 to the City of Philadelphia Division of Aviation for their International Airport Cogeneration Plant

Central Utility Building project was rejected on a vote of 6 to 1, with Mr. Karp casting the lone dissenting vote, and the supermajority requirement for approval having not been met.

On a motion by Ms. McNees and seconded by Mr. Burke, a grant in the amount of \$1,307,395 to Lancaster Resort Limited Partnership for their Eden Resort Combined Heat and Power project was rejected on a vote of 6 to 1, with Mr. Karp casting the lone dissenting vote, and the supermajority requirement for approval having not been met.

On a motion by Ms. McNees and seconded by Mr. Verbanac, a grant in the amount of \$804,160 and a loan in the amount of \$1,195,840 to GH Energy, LLC for their Public Ledger Combined Heat and Power project was rejected on a vote of 6 to 1, with Mr. Karp casting the lone dissenting vote., and the supermajority requirement for approval having not been met Mr. Karp suggested approaching the developer and offering them a loan in the amount of \$2,000,000 rather than a grant and loan combination.

On a motion by Mr. Verbanac and seconded by Ms. McNees, a grant in the amount of \$1,616,375 to Guthrie Health for their Green Power System project was rejected on a vote of 6 to 1, with Mr. Karp casting the lone dissenting vote, and the supermajority requirement for approval having not been met. Mr. Karp motioned that he would approve a grant of \$1,000,000 rather than the full amount that was requested. The motion died for a lack of a second.

On a motion by Mr. Moyer and seconded by Mr. Tartline, a grant in the amount of \$417,248 and a loan in the amount of \$478,518 to Oak Spring Farms for the purchase and installation of an anaerobic digester was rejected on a vote of 3 to 4, with Chairman Walker, Ms. McNees, Mr. Burke, and Mr. Verbanac casting the dissenting votes, and the supermajority requirement for approval having not been met.

Ratifications of Loans, Guarantees, Enrollments and Special Requests:

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

First Industries Fund

<u>Applicant</u>	<u>Program</u>	<u>Loan</u>
Greater Berks Development Fund	Shirley's Café, Inc.	\$200,000
The Reinvestment Fund	LMT Greenhouse, LLC	\$1,136,385
Centric Bank	Rays Hospitality, LLC	\$2,500,000
AgChoice Farm Credit	William J and Stacy L Houseknecht	\$1,351,800

Special Requests

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

<u>Applicant</u>	<u>Program</u>
Albert J. O'Brokta	FIF Agriculture SBF
Andrew Grove Farm, FLP	FIF Agriculture SBF

Eckert Seamans Cherin & Mellott, LLC	Conflict of Interest Waiver
Jeffrey R. and Sue A. Frey Farm	FIF Agriculture SBF
Greater Hazleton Community Area New Development Organization, Inc.	Business In Our Sites
Kirk N. and Marian J. Lehman	FIF Agriculture SBF
Shad and Kristi Ehrisman	FIF Agriculture SBF
Stacy Lee Farver d/b/a Laubach Christmas Trees	FIF Agriculture SBF
Steven R. Hershey	FIF Agriculture SBF
Cumberland Valley Regional Development Corporation	Business In Our Sites
Enterprise Development Fund of Erie County	Building PA
Joseph J. and Tammy S. Bruno	FIF Agriculture SBF
Rynd Home Farm LLC and Rynd Home Farm	FIF Agriculture SBF
StartingGate	Business In Our Sites
Steven R. Hershey	FIF Agriculture SBF
Susquehanna Area Regional Airport Authority	Business In Our Sites
Vineyard on the Knoll, LLC and William P., Jr. and Debra A. Macecevic	FIF Agriculture SBF

There being no further business to come before the Board, the meeting was adjourned at 12:15 P.M.

DATE: May 17, 2012
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

Albert J. O'Brokta
Westmoreland County

Approved: 9/17/2007
\$200,000 (Loan)
\$154,415.98 (Principal Balance)

Requested Change:

On September 17, 2007, the CFA Board approved a First Industries Agriculture SBF loan in the amount of \$200,000, at a term of 180 months and a fixed interest rate of 4% to Albert J. O'Brokta, whose farm is located in Leechburg, Westmoreland County. The primary operation of the business is a crop farm. The First Industries (FIF) loan funds were used to purchase a 52-acre farm and the project also consisted of related costs, including closing and legal costs. The business is current with its monthly payments. Mr. O'Brokta is requesting that the CFA approve his request to release its lien on three (3) acres of the 52-acre farm, so that he may gift those 3 acres to his niece as a wedding present for the construction of a new home. The property last appraised at \$308,000 in July 2007, with a \$4,000 per acre valuation. The First Industries Agriculture SBF loan is and will remain in a first mortgage position on the property. Staff did not require a new appraisal on the property due to the fact that the FIF loan is in a first mortgage position and since releasing the 3 acres will decrease the value of the farm very slightly. Based on the per acre valuation of the appraisal in 2007, the 3 acres are estimated to be valued at \$12,000. All values of the property are conservative, as Mr. O'Brokta has made substantial renovations to the property; including the construction of a new deck, the addition of a second bathroom to the farmhouse, reconstructing the barn foundation, and rebuilding the second floor of the barn. If approved by the CFA, the new loan to value is estimated to be 52%.

Existing Project Collateral:

A first mortgage on the real estate (52 acres) located at 500 Blackstone Road, Leechburg, Westmoreland County, Pennsylvania.
(Appraised at \$308,000 on July 27, 2007)

Guarantees of Albert J. O'Brokta and Albert J. O'Brokta Trust (A Revocable Living Trust).

Proposed Collateral if Special Request is Approved:

A first mortgage on the real estate (49 acres) located at 500 Blackstone Road, Leechburg, Westmoreland County, Pennsylvania.
(Estimated value at \$296,000)

Guarantees of Albert J. O'Brokta and Albert J. O'Brokta Trust (A Revocable Living Trust).

Staff Recommendation:

Staff recommends that the CFA approve the release of the three acres on the project real estate.

DATE: May 23, 2012
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

Andrew Grove Farm, FLP
Crawford County

Approved: 12/02/2008
\$137,950 (Loan)
\$109,540 (Principal Balance)

Requested Change:

On December 2, 2008, the CFA Board approved a First Industries Agriculture SBF loan in the amount of \$137,950, at a term of 180 months and a fixed interest rate of 3.0% to Andrew Grove Farm, FLP, which is located in Espyville, Crawford County. The primary operation of the business is a beef, hay, corn and soybean farm. The First Industries (FIF) loan funds were used to acquire property located at 6702 East Lake Road, Jamestown, Crawford County. The project also consisted of renovations to the grain storage building, the quonset building and the barn located on the property. The business is current with its monthly payments.

Andrew Grove Farm, FLP has requested that the CFA allow the Northwest PA Regional Planning & Development Commission (NWPRPDC) to sign a Subordination of Mortgage to Oil and Gas Lease authorizing Reserve Energy Exploration Company to pay royalties to the Andrew Grove Farm Family Limited Partnerships. Andrew Grove Farm, FLP owns the project property located at 6702 East Lake Road, Jamestown, Crawford County. Andrew Grove Farm Family Limited Partnership II owns the property located at 2931 Leach Road, Espyville, Crawford County. The oil and gas lease will cover a total of 499.34 acres of which our mortgages cover 90 acres at 2931 Leach Road, Espyville and 85 acres at 6702 East Lake Road, Jamestown. Since the time of approval Andrew Grove Farm has acquired additional acreage under the addresses referenced above, however our mortgages are only on the existing acreage at time of approval. The oil and gas leases were signed shortly after approval. Reserve Energy Exploration Company does not check for liens or mortgages against a property until they are ready to drill, at which time they will ask for a Subordination of Mortgage to Oil and Gas Lease. The Subordination of Mortgage to Oil and Gas Lease allows the NWPRPDC to have access to the royalty payments should Andrew Grove Farm, FLP go into default.

Project Collateral:

A first mortgage on the property located at 2931 Leach Road, Espyville, Crawford County.
(Appraised at \$165,000 on September 10, 2008)

A second mortgage on the property located at 6702 East Lake Road, Jamestown, Crawford County,
subject to a first mortgage in favor of AgChoice Farm Credit in an amount not to exceed \$111,400.
(Appraised at \$215,000 on September 10, 2008)

Guarantees of Jon R. Andrew, Ann M. Andrew, Joseph E. Andrew, Rebecca L. Andrew, and Joel D. Andrew.

Staff Recommendation:

Staff recommends that the CFA approve the request for NWPRPDC to execute the Subordination of Mortgage to Oil and Gas Lease.



TO Scott Dunkleberger, Executive Director
Commonwealth Financing Authority

FROM Christopher C. Houston, Chief Counsel *CH*

DATE 5/22/2012

RE Conflict of Interest Waiver – Eckert Seamans Cherin & Mellott, LLC

MESSAGE:

Attached please find a request submitted by the law firm of Eckert Seamans Cherin & Mellott, LLC (Eckert) requesting a conflict of interest waiver from the Commonwealth Financing Authority (CFA) in connection with current and certain future transaction.

Our opinion with respect to the request is that the CFA could grant a conflict of interest waiver with respect to Eckert's representation of various municipal entities in connection with the pursuit and completion of loans and grants through the CFA, as long as the following occurs:

- (1) Eckert makes municipal grantees/borrowers that Eckert will be representing in a CFA transaction aware of the fact that Eckert participates in the Commonwealth's pool of underwriters and pool of firms qualified to serve as bond counsel to the CFA and that Eckert may from time to time:
 - a. serve as underwriter to bond financing issued by the CFA, or
 - b. serve as bond counsel to the CFA; and
- (2) The CFA grantees/borrowers consent in writing to Eckert's role as underwriter or bond counsel, as aforesaid.

This waiver request should be brought before the board for approval. Let me know if you have any questions.



DATE: May 24, 2012
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

Jeffrey R. and Sue A. Frey Farm
Lancaster County

Approved: 11/13/2006
\$ 160,000 (Loan)
\$ 102,936 (Principal Balance)

Requested Change:

On November 13, 2006, the CFA Board approved a First Industries Agriculture SBF loan in the amount of \$160,000, at a term of 144 months and a fixed interest rate of 4.0% to Jeffrey R. and Sue A. Frey, whose farm is located at 13 Radcliff Road, Willow Street, Lancaster County. The primary operation of the business is hog farming. The Freys also crop farm, provide custom hire harvesting, manure hauling, and operate a wholesale flower business. The First Industries (FIF) loan funds were used to construct a second hog finishing barn for the farm which houses 2,180 hogs. The business is current with its monthly payments.

The Freys are seeking to refinance an existing first mortgage loan to more advantageous terms and also borrow additional funds to purchase a nearby 84.6 acre farm for \$1,250,000. Currently Fulton Bank has a first mortgage on the project property located at 13 Radcliff Road, Willow Street, Lancaster County, Pennsylvania in the amount of \$520,000, which has a current balance of \$108,766. The Freys plan to split the financing of the new purchase between new financing through Fulton Bank, which will be secured by the new property and adding additional funds of \$291,234 to the first mortgage on the 13 Radcliff Road property. If approved, Fulton Bank will have a first mortgage position on the property located at 13 Radcliff Road, in an amount not to exceed \$400,000. The original LTV at time of approval was 75%, if approved the LTV will be 52%, as evidenced via a March 2, 2012 appraisal which valued the Radcliff Road farm property at \$1,600,000.

Existing Project Collateral:

A fourth mortgage on the real estate located at 13 Radcliff Road, Willow Street, Lancaster County, Pennsylvania, subject to a first mortgage in favor of Fulton Bank in the amount of \$520,000 (current balance- \$108,766), and a second mortgage in favor of Fulton Bank in the amount of \$360,000 (current balance- \$243,001), and a third mortgage in favor of Fulton Bank in the amount of \$85,000 (line of credit).
(Appraised at \$1,400,000 at time of approval)

Guarantees of Jeffrey R. Frey and Sue A. Frey

Proposed Collateral if Special Request is Approved:

A fourth mortgage on the real estate located at 13 Radcliff Road, Willow Street, Lancaster County, subject to a first mortgage in favor of Fulton Bank in an amount not to exceed \$400,000, and a second mortgage in favor of Fulton Bank in the amount of \$360,000 (current balance- \$243,001), and a third mortgage in favor of Fulton Bank in the amount of \$85,000 (line of credit).
(Appraised at \$1,600,000 on March 2, 2012)

Guarantees of Jeffrey R. Frey and Sue A. Frey

Staff Recommendation:

Staff recommends that the CFA approve the request to refinance an existing first mortgage loan through Fulton Bank to more advantageous terms and also increase the first mortgage amount to provide financing for the purchase of a nearby 84.6 acre farm.

DATE: June 25, 2012
SUBJECT: Special Request -- CFA Board
TO: Scott Dunkelberger
Executive Director, Commonwealth Financing Authority
FROM: Brian Eckert
Director, Site Development

SPECIAL REQUESTS -- BOARD ACTION REQUIRED

Greater Hazleton Community Area
New Development Organization, Inc. (CAN DO)
Luzerne County

Approved: November 18, 2005
\$2,777,000 (Loan)

Requested Change:

On November 18, 2005 the CFA Board approved a \$2,777,000 BOS loan to Greater Hazleton CAN DO for infrastructure and site development at Humboldt Industrial Park East (Phase II). The site represents approximately 28 acres (25 developable), adjacent to Interstate-81 via state Route 924 in the City of Hazleton, Luzerne County. BOS funds were used for the construction of roadway, water and sewer service extension, and utility extension to service Phase II of Humboldt Industrial Park East. All funds have been disbursed.

CAN DO has sold 9.6 acres, to date, and used the proceeds from the sales to pay down the BOS loan to \$1,674,454. However, the latest economic downturn has had a negative effect on the real estate market with the last sale within the business park occurring well over two years ago. As a result, on July 13, 2011 the CFA Board approved a one-year interest only period ending July 1, 2012.

CAN DO is in the process of refinancing about \$7 million of existing debt. The financing will be provided by a private lender and the USDA Business and Industry Loan Guarantee Program would be utilized for collateral enhancement. The private lender has provided a commitment letter and USDA approval is expected within the next one-to-two weeks. The total amount to be refinanced is \$7 million which included the entire balance of the BOS loan.

The CFA will be paid back in full upon closing of the new loan. Having begun the process of putting together a refinancing package, CAN DO fully anticipated closing on the new loan prior to the expiration of the interest-only period of the BOS loan. However, CAN DO is now faced with the possibility that closing the new loan may not occur until after June 30, 2012. For this reason, CAN DO formally requests to continue making interest-only payments on the BOS loan for an additional one month until August 1, 2012.

Collateral: First priority mortgage lien on remaining 18.4 acres of land.

Collateral Value: \$5,359,000

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

1. Extension of the interest only period until August 1, 2012.

DATE: June 18, 2012
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

Kirk N. and Marian J. Lehman
Columbia County

Approved: 3/31/2009
\$180,000 (Loan)
\$150,141.81 (Principal Balance)

Requested Change:

On March 31, 2009, the CFA Board approved a First Industries Agriculture SBF loan in the amount of \$180,000, at a term of 180 months and a fixed interest rate of 2% to Kirk N. and Marian J. Lehman, whose farm is located in Bloomsburg, Columbia County. The primary operation of the business is a crop farm. The First Industries (FIF) loan funds were used to purchase a 54.2-acre crop farm that adjoined the 280-acre home farm and the project also consisted of the construction of an equipment shed on the new land. The land was purchased for \$325,000 and the construction costs for the shed were \$60,000. First Columbia Bank and Trust participated with a loan of \$180,000 and owner's equity of \$25,000 was injected into the project. The business is current with its monthly payments.

The First Industries Agriculture SBF loan is currently secured by a second mortgage on the project real estate (54.2 acres). Kirk and Marian Lehman would like to construct a hog finishing barn on the 54.2-acre farm and have secured a new loan in the amount of \$350,000 from First Columbia Bank and Trust. The borrowers are requesting that the CFA subordinate its mortgage to the new loan. If approved, the First Industries Agriculture SBF loan would move from a sole second to a pro-rata shared first mortgage position on the 54.2-acre farm with the existing and the new loan from First Columbia Bank and Trust.

Project Collateral:

A second mortgage on the real estate located at Dutch Hill Road (Tax ID# 18-03-00300), Bloomsburg, Columbia County, Pennsylvania, subject to a first mortgage in favor of First Columbia Bank and Trust in the original filing amount of \$180,000 (current balance - \$164,000). (Appraised at \$500,000 on February 2, 2009)

Life insurance in the amount of \$180,000 on the life of Kirk N. Lehman.

Proposed Collateral if Special Request is Approved:

A first mortgage on the real estate located at Dutch Hill Road (Tax ID# 18-03-00300), Bloomsburg, Columbia County, Pennsylvania, shared pro rata with two First Columbia Bank and Trust loans; one with an original filing amount of \$180,000 (current balance - \$164,000) and another in the original filing amount of \$350,000 (new loan). (Appraised at \$840,000 on April 16, 2012)

Life insurance in the amount of \$180,000 on the life of Kirk N. Lehman.

Staff Recommendation:

Staff recommends that the CFA approve the subordination request. The project loan to value will increase from 63% to 79%, however the First Industries Agriculture SBF loan will move from a sole second mortgage position to a shared first mortgage position on the project property. It will be required that First Columbia Bank and Trust sign a subordination agreement between the existing loan, the new loan and the First Industries Agriculture SBF loan.

DATE: May 30, 2012
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

Shad and Kristi Ehrisman
Juniata County

Approved: 10/10/2008
\$150,000 (Loan)
\$122,851.79 (Principal Balance)

Requested Change:

On October 10, 2008, the CFA Board approved a First Industries Agriculture SBF loan in the amount of \$150,000, at a term of 180 months and a fixed interest rate of 2% to Shad and Kristi Ehrisman, whose farm is located in Richfield, Juniata County. The primary operation of the business is a pullet farm. The First Industries (FIF) loan funds were used to purchase a 61-acre farm that included two chicken houses. The business is current with its monthly payments. The property was purchased for \$300,000, with AgChoice Farm Credit lending \$160,000. The project also included \$10,000 in contingencies.

The First Industries Agriculture SBF loan is secured by a second mortgage on the project real estate (61 acres), as well as a third mortgage position on Shad's brother's 149-acre farm. Shad and Kristi Ehrisman are requesting that the CFA release its mortgage on Shad's brother's farm, so that the borrower may stand on his own and have his loan secured by only his real estate. The AgChoice Farm Credit loan has a current balance of approximately \$133,000, and AgChoice Farm Credit has already agreed to this request. AgChoice's first mortgage position is filed in the amount of \$165,000, which included \$5,000 in refinancing costs which were not eligible project costs. A property appraisal for the 61-acre poultry farm in March 2008 is valued at \$340,000 and the 149-acre farm was appraised at \$1,075,000 in March 2008.

Additionally, it is being requested that the CFA acknowledge that AgChoice Farm Credit had supplied at the time of loan closing a \$10,000 line of credit to Shad and Kristi Ehrisman, which is secured by the project property, senior to the First Industries Agriculture SBF loan. The line of credit was only recently discovered, and currently it has a zero balance.

Project Collateral:

A second mortgage on the real estate (61 acres) located at SR 2014, Richfield, Juniata County, Pennsylvania, subject to a first mortgage in favor of AgChoice Farm Credit in an amount not to exceed \$165,000 (current balance \$133,000). (Appraised at \$340,000 as of March 2008).

A third mortgage on the real estate (149 acres) located at RR1 Box 606, Richfield, Juniata County, Pennsylvania, subject to a first mortgage in favor of AgChoice Farm Credit in an amount not to exceed \$68,000 and second mortgage in favor of AgChoice Farm Credit in an amount not to exceed \$165,000 (current balance \$133,000). (Appraised at \$1,075,000 as of March 2008).

Guarantees of Shad and Kristi Ehrisman.

Proposed Collateral if Special Request is Approved:

A second mortgage on the real estate (61 acres) located at SR 2014, Richfield, Juniata County, Pennsylvania, subject to a first mortgage in favor of AgChoice Farm Credit in an amount not to exceed \$175,000 (consisting of a \$165,000 term loan with a current balance of \$133,000 and a line of credit in the amount of \$10,000). (Appraised at \$340,000 as of March 2008)

Guarantees of Shad and Kristi Ehrisman.

Staff Recommendation:

Staff recommends that the CFA deny approval to release the mortgage on the property owned by Shad's brother; located at RR1 Box 606, Richfield, Juniata County, Pennsylvania, since the current project loan to value is 24% and would increase to 78% if the mortgage release was approved.

Staff recommends that the CFA allow an intercreditor agreement to be executed noting that the \$10,000 line of credit in favor of AgChoice Farm Credit is senior to the First Industries loan.

DATE: June 4, 2012
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

Stacy Lee Farver d/b/a Laubach Christmas Trees
Columbia County

Approved: 6/23/2009.
\$30,000 (Loan)
\$25,636.27 (Principal Balance)

Requested Change:

On June 23, 2009, the CFA Board approved a First Industries Agriculture SBF loan in the amount of \$30,000, at a term of 180 months and a fixed interest rate of 3% to Stacy Lee Farver d/b/a Laubach Christmas Trees, which is located in Benton, Columbia County. The primary operation of the business is a Christmas Tree farm. The First Industries (FIF) loan funds were used to purchase a contiguous 45-acre farm that included a house and out-buildings and the project also consisted of related costs. The farm was purchased for \$200,000 with a loan from FNB Bank in the amount of \$160,000, the First Industries Agriculture SBF loan in the amount of \$30,000 and \$10,000 in owner's equity. Owner's equity of an additional \$6,000 was injected into the project to cover the related costs. The business is current with its monthly payments.

Stacy Lee Farver would like to refinance the existing FNB Bank loan in the original amount of \$160,000 in order to take advantage of a lower interest rate. It is being requested that the CFA approve to subordinate its mortgage to the existing FNB Bank refinance loan. The FNB Bank, N.A. loan will be a dollar-for-dollar refinance and it will also provide for some minor closing costs. The new FNB Bank loan amount will be \$144,000. Due to the pay down of the existing FNB Bank loan and the appraised value increase of the project property, the loan to value would decrease from 79% at loan approval to 61%, if the request is approved.

Project Collateral:

A second mortgage on the real estate located at 526 Cemetery Hill Road, Benton, Columbia County, Pennsylvania, subject to a first mortgage in favor of FNB Bank, N.A. in an amount not to exceed \$160,000. (Appraised at \$241,000 on February 12, 2009)

Proposed Collateral if Special Request is Approved:

A second mortgage on the real estate located at 526 Cemetery Hill Road, Benton, Columbia County, Pennsylvania, subject to a first mortgage in favor of FNB Bank, N.A. in an amount not to exceed \$144,000. (Appraised at \$275,000 on March 30, 2012)

Staff Recommendation:

Staff recommends that the CFA approve the refinance and subordination request by FNB Bank, N.A., as it allows the borrower to take advantage of a lower interest rate.

DATE: June 11, 2012
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

Steven R. Hershey
Lancaster County

Approved: 10/19/2005
\$200,000 (Loan)
\$126,207 (Principal Balance)

Requested Change:

On October 19, 2005, the CFA Board approved a First Industries Agriculture SBF loan in the amount of \$200,000, at a term of 180 months and a fixed interest rate of 2.25% to Steven R. Hershey, whose farm is located at 2024 Donegal Springs Road, Mount Joy, Lancaster County. The primary operations of the business are poultry (hen) laying and steer raising. The First Industries (FIF) loan funds were used to purchase the 121-acre family farm. The business is current with its monthly payments.

The borrower is requesting that the CFA agree to subordinate its second mortgage on the project property to the \$1,715,000 in financing being provided by Fulton Bank in order to refinance existing debt of \$215,000 that is presently in a mortgage position senior to the FIF mortgage and to provide \$1,500,000 in new financing for construction and equipment costs. The CFA has been informed that the company is planning to convert its aging layer house to a 241,000 bird / pullet house to be contracted to Kreider Farms. The house renovation project will cost \$1,500,000 and is being financed by Fulton Bank, which will also be refinancing the existing PNC Bank first mortgage that has a current principal balance of \$215,000.

The project entails converting the 100,000-bird layer house to a pullet house with 241,000+ pullets. The \$1.5m project involves construction/renovations estimated at \$400,000 and the purchase of equipment, which is an integral part of the renovations and estimated at \$1,100,000. All equipment is attached to the facility and considered fixtures. Construction expenses cover labor, material, electrical works, permits, fees, etc. needed to gut and renovate the 55' x 530' pullet house and 55' x 130' manure storage area, as well as to construct a 12' x 18' manure room.

The borrower believes that the project will help in strengthening the farming operations and long-term viability. It is projected that the new operations should generate about \$285,000 of cash to service an estimated annual debt payment of \$204,000. The original collateral for the FIF loan was a second mortgage behind a \$580,000 PNC Bank loan (current balance \$215,000). It is being requested that the CFA share a second mortgage position with Fulton Bank in the amount of \$500,000 behind Fulton Bank's first mortgage in the amount of \$1,215,000. The appraised value of the collateral property as of May 2012 is \$1,590,000 (21.46% LTV). Upon completion

of the project, the property is appraised at \$2,750,000 (67% LTV), which considers the equipment/fixtures as part of the real estate. So far the company has been run profitably, it is liquid, and has adequate net worth. Both the FIF and PNC Bank loans are current.

Existing Project Collateral:

1. A second mortgage on the property located at 2024 Donegal Springs Road, Mount Joy, Lancaster County, subject to a first mortgage in favor of PNC Bank in the amount of \$580,000 (current balance \$215,000) [Collateral property appraised at \$1,590,000 on 05/12/2012].
2. Guarantees of Steven R. and Patricia J. Hershey.

Proposed Collateral if Special Request is Approved:

1. A second mortgage on the property located at 2024 Donegal Springs Road, Mount Joy, Lancaster County, shared pro-rata with Fulton Bank in an amount not to exceed \$500,000, subject to a first mortgage in favor of Fulton Bank in an amount not to exceed \$1,215,000 (Projected appraised value upon completion of project by 10/15/2012 is \$2,750,000).
2. Guarantees of Steven R. and Patricia J. Hershey.

Staff Recommendation:

Approve subordination of the FIF loan to the new financing by Fulton Bank.

DATE: July 6, 2012
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

Cumberland Valley Regional Development Corporation **Approved: January 19, 2005**
United Business Park **\$7,058,400 (Loan)**
Franklin County

Requested Change: On January 19, 2005, the CFA Board approved a \$7,058,400 BOS loan to the Cumberland Valley Regional Development Corporation (CVRDC) to assist with the development of the United Business Park, a 256 acre site off of Interstate 81 in Southampton Township, Franklin County. The site is being developed for commercial businesses and light manufacturing. BOS funds were used for engineering, excavation, and infrastructure costs and all but \$1,613,348 has been drawn down. The loan is secured by a second mortgage lien subordinate only to \$3,942,366 in favor of Orrstown Bank. Due to economic and development delays of the project, the CFA approved in May of 2010 a one year extension of mandatory loan repayment period and agreed to subordinate to an additional \$3,997,000 for a total of \$7,939,366 senior to the BOS loan.

Development of the business park has continued to be affected by the economic downturn and other factors. CVRDC closed on the subordination that was approved by the CFA in May 2010 and funds were drawn down. Orrstown Bank was then placed under a Fed enforcement order which among other things demands a comprehensive review of its risk management assessment system for lending. Subsequently, the \$3,997,000 additional loan was called due by Orrstown Bank. This situation took several months and an enormous amount of time to resolve. Today, there only remains the original bank financing of \$3,942,366 in first position on the 256 acre site. CVRDC is requesting the CFA defer principal and interest payments for another year from September 1, 2012 to September 1, 2013.

Collateral: Second lien subject only to \$3,942,366 in favor of Orrstown Bank.

Collateral Value: \$15,000,000

Staff

Recommendation: Approval of deferred principal and interest payments from September 1, 2012 to September 1, 2013.

DATE: July 20, 2012
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. This project has experienced some untimely issues along the way. The company was purchased by Berry Plastics, which has recently experienced changes in management. This caused some delay because the new management team is reevaluating the 15 year lease that was previously drafted. The engineering and design of the new building is complete and the FUND is ready to move forward with development. The FUND is requesting an extension for the submission of their first project to December 31, 2012.

Staff Recommendation: Approval of an extension to submit their initial Building PA project until December 31, 2012.

DATE: July 25, 2012
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

Joseph J. and Tammy S. Bruno
Berks County

Approved: 7/14/2009
\$28,000 (Loan)
\$23,355 (Principal Balance)

Requested Change:

On July 14, 2009, the CFA Board approved a First Industries Agriculture SBF loan in the amount of \$28,000, at a term of 180 months and a fixed interest rate of 2.0% to Joseph and Tammy Bruno to construct a 6,000 square foot pole shed to store farm equipment at their 116-acre farm which is located in Lenhartsville, Berks County. The primary operation of the business is a hay and crop farm. The business is current with its monthly payments.

Joe and Tammy Bruno are planning to refinance their existing first mortgage in the amount of \$370,000 held by Melvin Shumaker, previous owner that provided owner financing in 2003, with Fulton Bank and include additional funds for property improvements to the farm that include another equipment pole shed, a standby generator and electrical service, and renovations to the house. As a result of the refinancing, the CFA is being asked to subordinate to a first mortgage in favor of Fulton Bank in an amount not to exceed \$452,500 on the property located at 76 Hausman Road, Lenhartsville, Berks County and the existing first mortgage will be satisfied by Fulton Bank.

Existing Project Collateral:

A 2nd mortgage on the property located at 76 Hausman Road, Lenhartsville, Berks County, subject to a first mortgage in favor of Melvin Shumaker in the original filing amount of \$535,000 (current balance \$370,000). (Appraised value of \$650,000 on June 6, 2009)

Proposed Collateral if Special Request is Approved:

A 2nd mortgage on the property located at 76 Hausman Road, Lenhartsville, Berks County, subject to a first mortgage in favor of Fulton Bank in the original filing amount of \$452,500. (Appraised value of \$730,000 'as is' on June 26, 2012)

Staff Recommendation:

Staff recommends that the CFA approve the subordination to Fulton Bank as the LTV at approval was 68% and the refinancing and property improvements will result in a LTV of 65% based on an 'as is' appraisal as well as the combined monthly payments will be reduced to improve the cash flow of the farming operation.

DATE: July 26, 2012
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

**Rynd Home Farm LLC
and Rynd Home Farm (Co-borrowers)
Crawford County**

Approved: 06/30/2008(SBF), 07/2/2008(MELF)
\$200,000 (Loan-SBF), \$190,068 (Loan-MELF)
\$176,132.50 (Principal-SBF), \$142,654 (Principal-
MELF)

Requested Change:

On June 30, 2008, the CFA Board approved a First Industries Agriculture SBF loan in the amount of \$200,000, at a term of one hundred eighty (180) months and a fixed interest rate of 3.00% to Rynd Home Farm LLC (operating company) and Rynd Home Farm (real estate holding company). The farm is located at 3061 Rynd Road, Cochranon, Crawford County, Pennsylvania. On July 2, 2008, the CFA Board also approved a First Industries Agriculture MELF loan in the amount of \$190,068, at a term of eighty-four (84) months and a fixed interest rate of 3.00%. The primary operation of the business is a dairy farm in which the milk is sold to Middlefield Cheese in Middlefield, Ohio. The First Industries SBF loan funds were used to construct a barn and milking parlor. The First Industries MELF loan funds were used to purchase heifers, milking parlor equipment, and an electrical vertical lift crowd gate, tractor blades/duals, bulk tank, liquid manure spreader and a 3 PT hitch articulated 6" super pump. The business is current with its monthly payments.

The Rynds are seeking approval to change the ownership structure of Rynd Home Farm LLC (operating company), participate in the Wetlands Reserve Program, and subordinate both the First Industries SBF and First Industries MELF loans to a new loan from AgChoice Farm Credit for the construction of a free stall barn addition onto their existing dairy facility. Currently, the ownership of Rynd Home Farm LLC is as follows: Brooks Rynd 3%, Dennis Rynd 47%, and James Rynd 50%. If approved, the ownership percentages would change from 3% to 25% for Brooks and 47% to 25% for Dennis, with James Rynd's share of 50% remaining the same. No monies will be exchanged as a result of the re-structuring. Dennis Rynd is requesting the change due to tax advisement.

The Wetlands Reserve Program is a voluntary program offering landowners the opportunity to restore wetlands on their property. The borrowers are seeking approval for an easement to be executed to allow the farm to participate in the program. If approved, the easement would be placed on 105.9 acres out of 415 total acres of the property and would prohibit farming, livestock grazing and building. Rynd Home Farm would receive proceeds of \$2,730 per acre. Dennis Rynd plans on using the proceeds to upgrade farm equipment and pay down his line of credit, with any remainder after taxes being kept as cash on hand. At the time the First Industries loans were approved, the farm property was appraised at \$1,185,000. A recent appraisal dated May 5, 2012 was completed which takes into consideration the easement and construction of the free stall barn and valued the farm at \$1,260,000.

Currently AgChoice Farm Credit has a first mortgage on the project property located at 3061 Rynd Road, Cochranon, Crawford County, Pennsylvania in the amount of \$466,500, which has a current balance of

\$443,963. The first mortgage held by AgChoice Farm Credit is an open mortgage. The subordination to AgChoice Farm Credit would place an additional \$132,500 to the first mortgage on the property located at 3061 Rynd Road and the funds would be utilized to finance the construction of a free stall barn. If approved, the First Industries SBF and First Industries MELF loan will remain in a shared second position on the real estate, subject to AgChoice Farm Credit in an amount not to exceed \$599,000 which consists of the first mortgage amount of \$466,500 (current balance- \$443,963) and the new loan in the amount of \$132,500. All other existing project collateral will remain the same. If the subordination request is approved, the project real estate loan to value will be 80.94%. An inter-creditor agreement exists between Northwest PA Regional Planning & Development Commission for both of the First Industries loans and AgChoice Farm Credit on the mortgage held by AgChoice Farm Credit in the amount of \$466,500. This inter-creditor agreement requires AgChoice Farm Credit to seek the approval of the First Industries loans to advance monies against the equity available in the mortgage. The new loan in the amount of \$132,500 will also be an open mortgage. Northwest PA Regional Planning & Development Commission will amend the existing inter-creditor agreement to include the \$132,500 open mortgage upon approval of the subordination request.

Existing Project Collateral:

A shared second mortgage on the real property located at 3061 Rynd Road, Cochranon, Crawford County, Pennsylvania, shared pro-rata with the First Industries Agriculture MELF loan program in the original filing amount of \$190,068 (current balance- \$142,654), subject to a first mortgage in favor of AgChoice Farm Credit in the original filing amount of \$466,500 (current balance- \$443,963)

(Appraised at \$1,185,000 on April 28, 2008)

A shared second lien security interest in the project machinery and equipment and livestock located at 3061 Rynd Road, Cochranon, Crawford County, Pennsylvania, shared pro-rata with the First Industries Agriculture MELF loan program in the original filing amount of \$190,068 (current balance- \$142,654), subject to a first lien security interest in favor of AgChoice Farm Credit in the original filing amount of \$110,000 (current balance- \$102,000)

A subordinate blanket lien security interest in all business assets, excluding the project machinery and equipment and livestock, of the borrower of every kind and nature whether now owned or hereafter acquired and wherever located, shared pro-rata with the First Industries Agriculture MELF loan program

Life insurance in the amount of \$70,000 each on the lives of Brooks Rynd, Dennis Rynd, and James Rynd assigned to the Commonwealth Financing Authority

Guarantees of Brooks Rynd, Dennis Rynd, and James Rynd

Proposed Collateral if Special Request is Approved:

A shared second mortgage on the real property located at 3061 Rynd Road, Cochranon, Crawford County, Pennsylvania, shared pro-rata with the First Industries Agriculture MELF loan program in the original filing amount of \$190,068 (current balance- \$142,654), subject to a first mortgage in favor of AgChoice Farm Credit in an amount not to exceed \$599,000, which consists of the first mortgage amount of \$466,500 (current balance- \$443,963) and the new loan in the amount of \$132,500

(Appraised at \$1,260,000 on May 18, 2012)

A shared second lien security interest in the project machinery and equipment and livestock located at 3061 Rynd Road, Cochranon, Crawford County, Pennsylvania, shared pro-rata with the First Industries Agriculture MELF loan program in the original filing amount of \$190,068 (current balance- \$142,654),

subject to a first lien security interest in favor of AgChoice Farm Credit in the original filing amount of \$110,000 (current balance- \$102,000)

A subordinate blanket lien security interest in all business assets, excluding the project machinery and equipment and livestock, of the borrower of every kind and nature whether now owned or hereafter acquired and wherever located, shared pro-rata with the First Industries Agriculture MELF loan program

Life insurance in the amount of \$70,000 each on the lives of Brooks Rynd, Dennis Rynd, and James Rynd assigned to the Commonwealth Financing Authority

Guarantees of Brooks Rynd, Dennis Rynd, and James Rynd

Staff Recommendation:

Staff recommends that the CFA approve the request to amend the ownership structure of Rynd Home Farm, LLC, approve the placement of the easement on the project property for the Wetlands Reserve Program, and approve the request to subordinate the First Industries Agriculture SBF and First Industries Agriculture MELF loans to a new loan from AgChoice Farm Credit for the construction of a free stall barn addition onto their existing dairy facility in the amount of \$132,500.

DATE: July 6, 2012

SUBJECT: Special Request – CFA Board

TO: Scott Dunkelberger
Executive Director, Commonwealth Financing Authority

FROM: Brian Eckert
Director, Site Development Division

SPECIAL REQUEST – BOARD ACTION REQUIRED

StartingGate
Beaver County Technology &
Manufacturing Development Center
(Beaver County)

Approved: 5/25/2005
\$825,000 (Loan)
\$425,000 (Grant)

Requested Change:

On May 25, 2005, the CFA Board approved an \$825,000 BOS loan to StartingGate for infrastructure improvements at Beaver County Technology & Manufacturing Development Center (BCTMDC) in Chippewa Township, Beaver County. The loan is secured by a second priority mortgage on a tract of land consisting of 10.36 acres subject only to a first priority mortgage in favor of PNC Bank in the amount of \$2,000,000. The project is experiencing limited interior build-out funding and delayed timeline for tenant financing for tenant space construction. StartingGate is in discussions with a regional foundation to help fund the necessary common space interior build-out however, funding is not expected until January 2013. In addition, StartingGate's first tenant to expand its operations at BCTMDC is seeking its own expansion financing package with a lender and is projecting a fourth quarter 2012 move-in date. Principal and interest payments on the BOS Loan are scheduled to begin September 1, 2012. StartingGate is requesting a one year interest only period beginning September 1, 2012 with principal and interest payment to begin September 1, 2013.

Collateral:

10.36 acres at the project site located in Beaver Falls, Beaver County

Collateral Value:

\$4,925,000

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

- 1.) One-year interest only period to begin September 1, 2012.
- 2.) Principal and interest payments to begin on September 1, 2013 in an amount to fully amortize the loan over the remaining term.

DATE: July 31, 2012
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

Steven R. Hershey
Lancaster County

Approved: 10/19/2005
\$200,000 (Loan)
\$126,207 (Principal Balance)

Requested Change:

On October 19, 2005, the CFA Board approved a First Industries Agriculture SBF loan in the amount of \$200,000, at a term of 180 months and a fixed interest rate of 2.25% to Steven R. Hershey, whose farm is located at 2024 Donegal Springs Road, Mount Joy, Lancaster County. The primary operations of the business are poultry (hen) laying and steer raising. The First Industries (FIF) loan funds were used to purchase the 121-acre family farm. The business is current with its monthly payments.

The borrower is requesting that the CFA agree to subordinate its second mortgage on the project property to the \$1,715,000 in financing being provided by Fulton Bank in order to refinance existing debt of \$215,000 that is presently in a mortgage position senior to the FIF mortgage and to provide \$1,500,000 in new financing for construction and equipment costs. The CFA has been informed that the company is planning to convert its aging layer house to a 241,000 bird / pullet house to be contracted to Kreider Farms. The house renovation project will cost \$1,500,000 and is being financed by Fulton Bank, which will also be refinancing the existing PNC Bank first mortgage that has a current principal balance of \$215,000.

The project entails converting the 100,000-bird layer house to a pullet house with 241,000+ pullets. The \$1.5m project involves construction/renovations estimated at \$400,000 and the purchase of equipment, which is an integral part of the renovations and estimated at \$1,100,000. All equipment is attached to the facility and considered fixtures. Construction expenses cover labor, material, electrical works, permits, fees, etc. needed to gut and renovate the 55' x 530' pullet house and 55' x 130' manure storage area, as well as to construct a 12' x 18' manure room.

The borrower believes that the project will help in strengthening the farming operations and long-term viability. It is projected that the new operations should generate about \$285,000 of cash to service an estimated annual debt payment of \$204,000. The original collateral for the FIF loan was a second mortgage behind a \$580,000 PNC Bank loan (current balance \$215,000). It is being requested that the CFA move from a second to a third mortgage position behind Fulton Bank's second mortgage in the amount of \$500,000 and Fulton Bank's first mortgage in the amount of \$1,215,000. The appraised value of the collateral property as of May 2012 is

\$1,590,000 (21.46% LTV). Upon completion of the project, the property is appraised at \$2,750,000 (67% LTV), which considers the equipment/fixtures as part of the real estate. So far the company has been run profitably, it is liquid, and has adequate net worth. Both the FIF and PNC Bank loans are current.

Existing Project Collateral:

1. A second mortgage on the property located at 2024 Donegal Springs Road, Mount Joy, Lancaster County, subject to a first mortgage in favor of PNC Bank in the amount of \$580,000 (current balance \$215,000) [Collateral property appraised at \$1,590,000 on 05/12/2012].
2. Guarantees of Steven R. and Patricia J. Hershey.

Proposed Collateral if Special Request is Approved:

1. A third mortgage on the property located at 2024 Donegal Springs Road, Mount Joy, Lancaster County, subject to a first mortgage in favor of Fulton Bank in an amount not to exceed \$1,215,000 and a second mortgage in favor of Fulton Bank in an amount not to exceed \$500,000. (Projected appraised value upon completion of project by 10/15/2012 is \$2,750,000).
2. Guarantees of Steven R. and Patricia J. Hershey.

Staff Recommendation:

Approve subordination of the FIF loan to the new financing by Fulton Bank.

NOTE

On July 11, 2012, the CFA approved the borrower's request for a shared second mortgage with Fulton Bank's \$500,000 second mortgage. It is instead being requested that the CFA subordinate to a sole third mortgage position, rather than a shared second mortgage position.

DATE: July 24, 2012
SUBJECT: Special Request – CFA Board
TO: Scott Dunkelberger
Executive Director, Commonwealth Financing Authority
FROM: Brian Eckert
Director, Site Development

SPECIAL REQUESTS – BOARD ACTION REQUIRED

Susquehanna Area Regional Airport Authority
Dauphin County

Approved: January 25, 2012
\$1,966,548 (Loan)

Requested Change:

On January 25, 2012 the CFA Board approved a \$1,966,548 BOS loan to the Susquehanna Area Regional Airport Authority for infrastructure work to be completed on three sites located in Lower Swatara Township, Dauphin County. The approximately 37.3 acres includes the former HIA terminal building, the air freight and cargo area and the North 29 lot. The project was to be redeveloped in order to provide pad-ready sites for future aviation related economic development, as well as commercial/retail on the North 29 lot. BOS funds will be used for the demolition of a blighted structure on each of the three priority sites.

The BOS loan was approved with the collateral secured by a first priority general assignment of all leases and rents on three, non-contiguous sites which together consists of 37.3 acres owned by SARAA. Since that time, the CFA was informed that due to federal aviation restrictions, a lien could not be placed on two of the sites as collateral. The revenues from those two sites must be used to payoff other SARAA obligations.

SARAA is now requesting to revise the collateral from a first priority general assignment of all leases and rents on three, non-contiguous sites to a Special Facilities Obligation which includes a Sheetz lease, secured by a first priority general assignment of all leases and rents derived solely from the North 29 lot. In addition to Sheetz, there will be approximately 8 other parcels to be developed. SARAA is also requesting to reduce the amount of the BOS loan to \$1,000,000. The scope of the project has not changed. SARAA was recently notified that federal grant funding is available to assist with the demolition of the former terminal building.

Old Collateral:

First priority general assignment of all leases and rents on three, non-contiguous sites.

Staff Recommendation:

Approval of the following:

- 1) Reduction in the BOS loan amount to \$1,000,000; and
- 2) Revised collateral to a Special Facilities Obligation which includes a Sheetz lease, secured by a first priority general assignment of all leases and rents derived solely from the North 29 lot.

DATE: July 25, 2012
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

**Vineyard on the Knoll, LLC and
William P., Jr. and Debra A. Macecevic (co-borrowers)
Erie County**

Approved: May 4, 2009
\$120,000 (Loan)
\$93,103.15 (Principal Balance)

Requested Change:

On May 4, 2009, the CFA Board approved a First Industries Agriculture SBF loan in the amount of \$120,000, at a term of 142 months and a fixed interest rate of 2.00% to Vineyard on the Knoll, LLC and William P., Jr. and Debra A. Macecevic, whose operation is located at 11800 East Main Road, North East, Erie County, Pennsylvania. The primary operation of the business is a wine vineyard. The First Industries (FIF) loan funds were used to finance the acquisition of a 39 acre vineyard and to purchase machinery and equipment. The equipment purchased included a 30-50 HP tractor, a Brush Hog cutter/mower, an auger, a fertilizer spreader, and other miscellaneous vineyard equipment (i.e. pruning shears, sprayers, wire tools, etc). The business is current with its monthly payments.

The borrowers are requesting that the CFA approve the release of \$30,000 worth of mutual fund shares held through Fidelity as collateral. The total value of shares is approximately \$153,912 and the CFA holds a first lien against the investment account. If approved, the collateral value of the pledged mutual funds would remain at approximately \$123,912 after the \$30,000 is released, which is around \$30,000 more than the principal balance owed on the FIF loan. The borrowers plan to use the funds for a down payment to begin construction on a house at the vineyard.

Project Collateral:

A second mortgage on the real property located at 11800 East Main Road (Parcel #37-17-39-19), North East, Erie County, Pennsylvania, subject to a first mortgage in favor of Marquette Savings Bank in an amount not to exceed \$138,000
(Appraised at \$220,000 on November 11, 2008)

A first lien security interest in the project equipment located at 11800 East Main Road, North East, Erie County, Pennsylvania

A first lien security interest in the mutual fund account held with Fidelity (current approximate value= \$153,912)

Guarantees of William P. Macecevic, Jr. and Debra A. Macecevic

Staff Recommendation:

Staff recommends that the CFA approve the request to release \$30,000 worth of Fidelity mutual fund shares so that the borrowers can use the funds towards a down payment to begin construction on a house at the vineyard.