



Commonwealth Financing Authority
Harrisburg PA, 17120

Board Meeting Minutes

January 29, 2013

The Commonwealth Financing Authority (CFA) board meeting was held on January 29, 2013. 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, John Callahan, designee of The Honorable Charles Zogby, Barbara McNees and John Verbanac. The Honorable Glenn Moyer and Michael Karp participated via teleconference.

CFA staff in attendance: Scott Dunkelberger, Executive Director and Chris Houston, Chief Counsel.

Members of the public in attendance were: Beston Abdulqadir, Randy Albright, Patricia Allen, Mandy Book, Kathy Bruder, Sheri Collins, Mike Cortez, Nathan Cunningham, Brian Eckert, Ryan Emerson, Josh Funk, Ryan Glenn, Jared Grissinger, Danielle Guyer, Chelsea Guzowski, Helen Hammerschmidt, Kyle Heffner, Laurie Henry, Tad Imbrie, Laurie Jones, Ron Jumper, Matthew Karnell, Steve Kratz, Joshua Lavrinc, Charles Leonard, Greg Mahon, Sara Nicholas, Michael O'Rourke, Nancy Rowe, Lynne Ruby, Peggy Schaeffer-Montgomery, Jessica Shirley, Chris Stets, Robert Swift, Lisa Taglang, and Barry Wickes.

Chairman Walker called the meeting to order at 10:33 A.M.

On a motion by Mr. Burke and seconded by Ms. McNees, the Board unanimously approved the November 16, 2012 board meeting minutes.

On a motion by Mr. Verbanac and seconded by Mr. Burke, the Board unanimously approved payment of CFA expenses in the amount of \$751,195.24.

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

Proposed Act 13 Programs Guidelines:

Mr. Dunkelberger outlined the 5 program guidelines that were proposed before the Board. He explained the application deadline would be July 31, 2013 for consideration at the November 13, 2013 CFA board meeting.

Upon motion by Ms. McNees and seconded by Mr. Burke, the Board unanimously approved guidelines for the following five programs: Greenways, Trails and Recreation (GTRP), Baseline Water Quality Data, Abandoned Mine Drainage Abatement and Treatment, Watershed Restoration and Protection and Orphaned or Abandoned Well Plugging.

Proposed Alternative Energy Programs Guidelines:

Mr. Dunkelberger briefly explained changes to the guidelines including the interest rate, which was changed to the 10-Year Treasury plus 2.5%.

Upon motion by Ms. McNees and seconded by Mr. Karp, the Board unanimously approved the proposed guidelines and to open both the Alternative and Clean Energy and High Performance Building Programs for applications.

Discussion Regarding PennWorks Program:

Mr. Dunkelberger began a discussion on the potential for opening the PennWorks program. He explained there is currently a total of \$17,577,634.00 available in the PennWorks account to fund water supply and wastewater projects that are related to economic development.

Upon motion by Mr. Verbanac and seconded by Ms. McNees, the Board unanimously approved to open the PennWorks program as of January 30, 2013 with applications due by June 28, 2013. Mr. Dunkelberger clarified that applications received during this period would go to the September 17, 2013 CFA board meeting for consideration.

Building PA Program:

Mr. Dunkelberger briefly outlined the request and stated there would be a block vote on the project request and additional allocation of funds. Tad Imbrie and Joshua Lavrinc, Development Capital Investors, Inc. explained the project and introduced Nathan Cunningham, East Liberty Development, Inc.

On a motion by Mr. Verbanac and seconded by Ms. McNees, the Board unanimously approved a loan in the amount of \$5,000,000 to Development Capital Investors, Inc. for their Ace Hotel project located in Allegheny County and an additional allocation of funds to move forward with the project.

New Pennsylvania Venture Capital Investment Program:

Due Diligence Recommendation

On a motion by Ms. McNees and seconded by Mr. Verbanac, the Board unanimously approved a request to begin due diligence on MentorTech Ventures, LP located in Philadelphia, PA.

Project Recommendation

Ryan Glenn, of the Technology Investment Division, briefly outlined the project request for Orchestra Caliber Co-Investment Partners, LLC. Mr. Karp asked questions pertaining to the company’s finances and also how much money the CFA has already invested. Mr. Glenn said that information was not readily available and that information would be provided following the board meeting. Chairman Walker deferred this project to a later meeting, or a special meeting should there be a need for urgency.

Local Share Account:

Monroe County

On a motion by Mr. Burke and seconded by Mr. Verbanac, the following projects were unanimously approved:

<u>Applicant</u>	<u>Project</u>	<u>Grant</u>
Tunkhannock Township	Tunkhannock Township Building Renovation Project	\$56,588
Monroe County Industrial Development Authority	Kunkletown Fire Company- New Garage	\$300,000
Ross Township	Haney/VanBuskirk Park	\$53,500
Chestnuthill Township	Lake Mincola Road Project for West End Medical Home	\$600,000
Monroe County Industrial Development Authority	Arcadia New Ventures	\$400,000
Monroe County Industrial Development Authority	Natural Gas Line Extension to Vigon International	\$600,000
Monroe County Industrial Development Authority	Small Business Grant/Loan Program	\$250,000
Monroe County Industrial Development Authority	Polk Township Bridge Replacement	\$227,900
Monroe County Redevelopment Authority	Rehabilitation and Renovation Program	\$300,000
Coolbaugh Township	SR 196 & Main Left Turn Lane	\$511,699
Hamilton Township	Hamilton Township Bridge #5 Replacement	\$304,925
Pocono Township	Pocono Township - Police Vehicles	\$95,069
Pocono Township	Stadden Road Bridge Repair	\$130,000
Barrett Township	Shepherds Generator	\$20,000
Monroe County Industrial Development Authority	American Red Cross of the Poconos	\$50,319

Counties Contiguous to Monroe County

On a motion by Ms. McNees and seconded by Mr. Verbanac, the following projects were unanimously approved:

<u>Applicant</u>	<u>Project</u>	<u>Grant</u>
Jermyn Borough	Community Center - New Roof	\$70,000
Pike County	Pike County Court Facility	\$295,000
Olyphant Borough	Olyphant Borough Condella Park	\$65,000
Weatherly Borough	Weatherly New Police Station Building	\$400,000
Dreher Township	Dreher Township - Park Concession and Restroom Supplement	\$95,000

East Bangor Borough	Municipal Building	\$120,814
Jefferson Township	Jefferson Township Recreation Land Purchase	\$120,000
Kidder Township	Kidder Township Municipal Building Renovations	\$79,199
Northampton Borough	Northampton Borough Uptown Business District Park	\$65,000
Scott Township	Scott Technology Park	\$275,000
Carbondale City	North Main Street Salem Ave Economic Development Enhancement	\$275,000
Lackawanna County	Mt. Pleasant Outpatient Center	\$400,000
Northampton County Industrial Development Authority	Lower Nazareth Commercial Park	\$440,000
Northampton County Industrial Development Authority	Route 33 Interchange Project	\$450,000
Scranton City	Scranton Lace Redevelopment Project	\$440,000
Wayne Economic Development Corporation	Final Phase - Relocation of S.R. 3004 (Moon Road)	\$445,000
Bangor Borough	Bangor Brushy Meadow Creek Mandated Flood Repair	\$100,000
Carbon County Redevelopment Authority	Blue Mountain Health System Outpatient Office Renovation	\$235,000
Scranton City	Paving Project	\$500,000
Bethlehem Township	Nancy Run Firehouse Renovation	\$100,000
Lehigh Township	DUI Program Equipment	\$35,000
Palmyra Township	Infrastructure Development Project	\$150,000
Wind Gap Borough	Wind Gap Borough Emergency Response Vehicles	\$35,000
Clarks Summit Borough	CVE Project - Police	\$19,987
Dunmore Borough	Borough of Dunmore Firehouse Renovations	\$345,000
Moosic Borough	Corey Street Widening Project	\$60,000
Nesquehoning Borough	2013 New Columbus Multipurpose Vehicle	\$85,000
Northampton County	Slate Belt YMCA Project	\$400,000

Mr. Burke recused himself on the votes pertaining to Lackawanna County projects.

Tax Increment Financing Guarantee (TIF) Program:

TIF Guarantee Payments

There was a discussion regarding the status of all the TIF guarantees approved by the Board to date. Mr. Dunkelberger will prepare an update on each of the projects and send it to the Board.

On a motion by Mr. Burke and seconded by Ms. McNees, the following TIF guarantee payments were unanimously approved:

A TIF guarantee payment to M&T Investment Group in the amount of \$265,059.00 for the City of Butler’s West-End Revitalization TIF project in Butler County.

A TIF guarantee payment to M&T Investment Group in the amount of \$275,008.79 for the City of Lock Haven’s Painter Stadium TIF project in Clinton County.

A TIF guarantee payment to M&T Investment Group in the amount of \$230,982.06 for the North Versailles’ Longvue Development TIF project in Allegheny County.

Ratifications of Loans, Guarantees, Enrollments and Special Requests:

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

Special Requests

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

<u>Applicant</u>	<u>Program</u>
Country Traditions, LLC	FIF Tourism SBF
Vineyard on the Knoll, LLC	FIF Agriculture SBF
Washington County Council on Economic Development	Business in Our Sites
Bear Creek Township	Local Share Account
City of Hazleton	Local Share Account
Dupont Borough	Local Share Account
Redevelopment Authority of Easton	Local Share Account
Wexford Science & Technology, LLC	Business in Our Sites

There being no further business to come before the Board, the meeting was adjourned at 11:23 A.M.

DATE: October 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

**Snowberger Enterprises, LLC,
Country Traditions, LLC d/b/a Traditions, LLC, and
Traditions Restaurant, LLC
(Blair County)**

Approved: 3/20/2007
\$180,000 (Loan)
\$141,564 (Current Balance)

Requested Change:

On March 20, 2007, the CFA Board approved a First Industries Tourism SBF loan in the amount of \$180,000 at a term of 180 months and a fixed interest rate of 5.0% to Snowberger Enterprises, LLC, Country Traditions, LLC d/b/a Traditions, LLC, and Traditions Restaurant, LLC, which is located in Martinsburg, Blair County. The primary operation of Country Traditions, LLC d/b/a Traditions, LLC is a retail gift store and the primary business of Traditions Restaurant, LLC is the operation of a full-service PA Dutch-style restaurant, including the operation of a bakery that offers a variety of home-style products. Snowberger Enterprises, LLC is the real estate holding company for both operations. The First Industries (FIF) loan funds were used for the construction of a 13,000 sq. ft. addition onto an existing 3,800 sq. ft. building to house a new restaurant and retail space. The business is current with its monthly payments.

The CFA is being asked to subordinate its lien security interest in the accounts receivable and inventory of Country Traditions, LLC d/b/a Traditions, LLC to S&T Bank for a line of credit (LOC) in an amount of \$200,000. As a result of the new S&T Bank line of credit, the existing \$100,000 First National Bank line of credit (current balance \$75,000) will be satisfied. A collateral analysis of the remaining FIF loan collateral using the most recent appraisal of 2327 Curryville Road and discounting the business assets by 50% from the 2011 balance sheet and 2011 federal tax returns and using the loan current balances produces a LTV of 57.8% if the subordination request is approved.

Existing Project Collateral:

1. A third mortgage on the real estate located at 2327 Curryville Road, Martinsburg, Blair County, Pennsylvania, subject to a first mortgage in favor of Portage Bank in an amount not to exceed \$950,000, and a second mortgage in favor of SBA 504 in an amount not to exceed \$665,000 (most recent appraisal valued the property at \$1,500,000 “as completed”).

2. A first lien security interest in the accounts receivable and inventory of Snowberger Enterprises, LLC, Country Traditions, LLC d/b/a Traditions, LLC and Traditions Restaurant, LLC.
3. A second lien security interest in the furniture, fixtures, and equipment of Snowberger Enterprises, LLC, Country Traditions, LLC d/b/a Traditions, LLC, and Traditions Restaurant, LLC, subject only to a first lien security interest in favor of Portage Bank in an amount not to exceed \$950,000.
4. Personally guaranteed by Anna Mae Zimmerman, Clyde Z. Zimmerman, Lorraine Z. Zimmerman, Marcus Zimmerman, Grace M. Zimmerman, Kenneth Z. Zimmerman, and Alisha D. Snowberger.

Proposed Collateral if Special Request is Approved:

1. A third mortgage on the real estate located at 2327 Curryville Road, Martinsburg, Blair County, Pennsylvania, subject to a first mortgage in favor of Portage Bank in an amount not to exceed \$950,000 (current balance - \$436,557), and a second mortgage in favor of SBA 504 in an amount not to exceed \$665,000 (current balance - \$598,096) (most recent appraisal valued the property at \$1,500,000 "as completed").
2. A first lien security interest in the accounts receivable and inventory of Snowberger Enterprises, LLC (\$978,692 - 12/31/11 balance sheet), and Traditions Restaurant, LLC (\$62,556 -- 2011 Federal Tax Return).
3. A second lien security interest in the accounts receivable and inventory of Country Traditions, LLC d/b/a Traditions, LLC (\$714,339 -- inventory report 9/30/12), subject to a first lien security interest in favor of S&T Bank in an amount not to exceed \$200,000 (line of credit).
4. A second lien security interest in the furniture, fixtures, and equipment of Snowberger Enterprises, LLC, Country Traditions, LLC d/b/a Traditions, LLC, and Traditions Restaurant, LLC, subject only to a first lien security interest in favor of Portage Bank in an amount not to exceed \$950,000 (current balance - \$436,557).
5. Personally guaranteed by Anna Mae Zimmerman, Clyde Z. Zimmerman, Lorraine Z. Zimmerman, Marcus Zimmerman, Grace M. Zimmerman, Kenneth Z. Zimmerman, and Alisha D. Snowberger.

Staff Recommendation:

Staff recommends that the CFA approve the subordination of its lien on inventory and accounts receivable for Country Traditions, LLC as it will have minimal affect on the collateral. The company is performing well and has always been timely with its monthly payments.

DATE: October 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

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

Approved: May 4, 2009
\$120,000 (Loan)
\$91,517.93(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 (Parcel #37-17-39-19), 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.

In August 2012 the borrowers requested and received approval from the CFA to release \$30,000 worth of mutual fund shares held through Fidelity as collateral. The borrowers planned to use the funds for a down payment to begin construction on a house at the vineyard. At the time of the special request approval, the total value of shares was approximately \$153,912. The collateral value of the pledged mutual funds remains at approximately \$135,036 after the \$30,000 was released, which is around \$40,000 more than the principal balance owed on the FIF loan.

The borrowers are now requesting that the CFA approve the release of 1.85 acres of the project property located at 11800 East Main Road (Parcel #37-17-39-19), North East, Erie County, Pennsylvania to construct the house on the vineyard. The project property is subject to an agricultural land preservation easement. The State Agricultural Land Preservation Board and the Erie County Agricultural Land Preservation Board have given approval to subdivide the parcel. The original appraisal completed November 11, 2008 valued the property at \$220,000. A recent appraisal completed September 14, 2012 valued the property at \$245,000 which takes into consideration the 1.85 acres subdivided out. The value of the property has increased even taking into consideration the subdivision due to improvements made on the property since 2008.

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 \$245,000 on September 14, 2012)

A first lien security interest in the project equipment located at 11800 East Main Road (Parcel #37-17-39-19), North East, Erie County, Pennsylvania

A first lien security interest in the mutual fund account held with Fidelity (Value as of August 28, 2012= \$135,036)

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

Staff Recommendation:

Staff recommends that the CFA approve the release of 1.85 acres of the property located at 11800 East Main Road (Parcel #37-17-39-19), North East, Erie County, Pennsylvania subject to an agricultural land preservation easement. Due to the value of the mutual funds, the collateral for the project is very strong.

DATE: October 19, 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

Washington County Council on Economic Development
Washington County

Approved: October 7, 2008
\$2,500,000 (Loan)

Requested Change: On October 7, 2008, the CFA Board approved a \$2,500,000 BOS loan for the Washington County Council on Economic Development (WCCED) to assist with the development of Phase 1B in the Starpointe Business Park, Hanover Township, Washington County. The 1,005 acre business park is located at the intersection of US 22 and PA 18 in Hanover Township and consists of strip mined land. WCCED is developing the site to provide new, sellable, business-ready pads that will be marketed to commercial and manufacturing businesses. BOS funds were used for excavation/grading, construction of roads, extension of water and sewer lines, utilities and associated engineering costs.

WCCED was recently approved for a \$900,000 Pennsylvania Industrial Development Authority (PIDA) loan to assist with earthwork and stormwater management costs at the site. Hormann Flexon, a German-based manufacturing company, plans to purchase the first parcel of this phase to include a 68,000 sq. ft. building. As a condition of approval, PIDA is requiring that their loan share the first lien position with the CFA on 237 of the 1,005 acres. WCCED is requesting the CFA to approve a shared first lien position with the PIDA loan. The CFA will continue to have a sole first lien position on the remaining 768 acres.

Current Collateral: First lien on 1,005 acres
Proposed Collateral: Shared first lien on 237 acres of land valued at \$3,600,000 with \$900,000 PIDA loan
Sole first lien on remaining 768 acres of land
Collateral Value: 237 acres - \$3,600,000 "As Is"
Staff Recommendation: Approval

DATE: October 19, 2012

SUBJECT: Special Request – CFA Board

TO: Scott Dunkelberger
Executive Director, Commonwealth Financing Authority

FROM: Mandy Book
LSA Program Manager

SPECIAL REQUEST – BOARD ACTION REQUIRED

**Bear Creek Township
East End Blvd. Culvert Replacement Project
(Luzerne County)**

Approved: 09/15/2010
\$275,461 (Grant)

Requested Change: On September 15, 2010, the CFA Board approved a \$275,461 Local Share Account – Luzerne County Grant for Bear Creek Township. Funding was a grant to improve the State Route 115 corridor through replacement of the culvert at East End Boulevard. The grantee has indicated that the costs for the project came in significantly under budget at \$86,361 resulting in a remaining grant balance of \$189,100.

Bear Creek Township is requesting an expansion in project scope to include a second, separate project. The additional project will be the partial reconstruction and repaving of Weiss Road in Dennison Township. Weiss Road is the only means of access to the homes of residents of Bear Creek Township who reside in the White Haven Pocono Housing Development and is maintained by Bear Creek Township under the terms of an inter-municipal agreement. Inadequate storm water drainage has caused potholes, shoulder wash outs, and road base erosion to create safety concerns for residents. The total cost for this additional project is approximately \$325,000. The Township recently spent almost \$75,000 in shoulder and drainage work on the road and has committed to fund all costs in excess of the allocated grant funding. LSA funds will be used for engineering, administrative, and infrastructure costs associated with reconstruction and repaving.

Recommendation: Denial. The requested change is to a completely new project that was not ranked and evaluated against the same group of projects. The remaining funds will be liquidated and available for distribution to Luzerne County projects in the next round of LSA Luzerne.

DATE: November 15, 2012

SUBJECT: Special Request – CFA Board

TO: Scott Dunkelberger
Executive Director, Commonwealth Financing Authority

FROM: Mandy Book
LSA Program Manager

SPECIAL REQUEST – BOARD ACTION REQUIRED

**City of Hazleton
Hazleton Community Center Project
(Luzerne County)**

Approved: 03/13/2012
\$194,810 (Grant)

Requested Change: On March 13, 2012, the CFA Board approved a \$194,810 Local Share Account – Luzerne County Grant for the City of Hazleton on behalf of the Hazleton Integration Project, Inc. (HIP). Funds were approved specifically for the planning work associated with the purchase and renovation of the former Hazleton Masonic Temple and Holy Trinity Catholic School for use as a community center. The applicant requested funding, at the least amount, of \$1,600,000 to include building acquisition, renovation, equipment, engineering, and administrative costs. Due to reduced funding, HIP continued to search for a building that could offer the same opportunities at a more affordable cost.

The City of Hazleton is requesting a change in site location to the former Most Precious Blood (MPB) Elementary School Building located in Hazleton and change in project scope to building acquisition costs. The MPB building was used by the Hazleton Area School District as recently as August 2012 resulting in significantly reduced renovation costs as opposed to the currently approved building. The total project cost is reduced from \$2,124,978 to \$1,040,250 as a result. In addition, the majority of renovation costs to the MPB building are not required to open the building, but can be staged to meet financial realities. With approval of these changes, the anticipated opening of the Hazleton Community Center is March 1, 2013.

Recommendation: Approval.

DATE: November 15, 2012

SUBJECT: Special Request – CFA Board

TO: Scott Dunkelberger
Executive Director, Commonwealth Financing Authority

FROM: Mandy Book
LSA Program Manager

SPECIAL REQUEST – BOARD ACTION REQUIRED

**Dupont Borough
Pittston Area Regional Compost Facility Project
(Luzerne County)**

Approved: 05/05/2011
\$461,350 (Grant)

Requested Change: On May 5, 2011, the CFA Board approved a \$461,350 Local Share Account – Luzerne County Grant for Dupont Borough. Funding was for a grant to purchase machinery and equipment for the Pittston Area Regional Compost Facility. Dupont Borough is working in cooperation with Jenkins Township, Pittston City, and the Boroughs of Hughestown, Laflin, Avoca, and Duryea. In May 2012, the CFA Board approved an expansion in the scope of work to include the purchase and installation of security cameras and fencing, replacement parts, lubricants, and concrete and separation bins.

Dupont Borough is requesting an expansion in the project scope to allow for the construction of two buildings on the site of the compost facility, completion of the municipal building adjacent to this site, and an industrial tarp for the purposes of housing and protecting the equipment and maintenance items during the operational months and offseason. A pole building to house vehicular equipment and a shed to house maintenance and security camera equipment will be constructed on the compost facility site to secure from vandalism and protect from weather conditions. In addition to the industrial tarp to cover the largest piece of equipment, these facilities will be used during the operational months. During the offseason, the equipment will be housed in the Dupont Borough municipal garage which is currently a large pole building with electric, dirt flooring, and no insulation. The remaining grant funds will be used to complete the project, originally funded by a \$100,000 Community Revitalization Program grant, to include concrete flooring and the installation of insulation. This solution results in reduced overall construction and long-term utility costs in addition to increased security during the offseason.

Recommendation: Approval.

DATE: November 19, 2012

SUBJECT: Special Request—CFA Board

TO: Scott Dunkelberger
Executive Director, Commonwealth Financing Authority

FROM: Mandy Book
LSA Program Manager

SPECIAL REQUEST – BOARD ACTION REQUIRED

**Redevelopment Authority of Easton
3rd and Ferry Restaurant/Lipkin's Building Project
(Northampton County)**

Approved: 05/05/2011
\$250,000 (Grant)

Requested Change: On May 5, 2011, the CFA Board approved a \$250,000 Local Share Account – Monroe County Grant to the Redevelopment Authority of Easton. Funding was for a grant-to-loan to 3rd and Ferry Street LLC for the purchase of machinery and equipment at the former Lipkin's Building in downtown Easton. The project is part of the city's plans to renovate the building for both residential and commercial use. The restaurant is expected to create 45 permanent jobs. Repaid loan funds will be used for the revolving loan fund targeted at supporting the efforts of the Greater Easton Development Partnership and its Main Street Initiative.

Due to unforeseen structural issues resulting in higher than expected construction costs, the restaurant owner has decided to purchase less expensive and used equipment to offset the increase in construction costs. Approximately 50% of the construction is complete and the business is scheduled to open in January 2013. The Redevelopment Authority of Easton is requesting to change the scope of the project to cover construction costs. The funding will continue to be a grant-to-loan as approved. Approval of this request will allow the loan to be closed and construction completed promptly.

Recommendation: Approval.

DATE: November 19, 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

Wexford Science & Technology, LLC
Philadelphia County

Approved: August 03, 2006
\$4,060,000 (Loan)

Requested Change:

On August 03, 2006 the CFA Board approved a \$4,060,000 BOS loan to Wexford Science & Technology, LLC to construct a 5 level parking garage to include 125,000 sq. ft. of research/laboratory space on the top floor and 15,000 sq. ft. of ground floor retail space situated on 2-acres along Market Street in the City of Philadelphia, Philadelphia County. BOS funds were used for engineering/design of the parking structure, site preparation, construction of the facility along with environmental assessment and remediation. Total project cost (garage and building) is \$73,608,966.

Phase I of the project known as 3711 Market Street was completed in May of 2008 and consists of a 155,000 square foot laboratory and office building. Currently, 88% of the office building is leased to 11 companies the most significant being UCSC, Energy Plus, owned by NRG Energy, Avid Pharmaceuticals an Eli Lilly Company.

The BOS loan was approved with the collateral being a second mortgage lien on condominium units 1 through 5 (the parking garage) subject only to a first mortgage lien of \$12,000,000 in favor of M&T Bank and Bank of America. The BOS loan was further collateralized by a Letter of Credit in the amount of \$2,060,000 issued by Wexford-UCSC II, LP & M&T Bank in favor of the CFA.

Wexford is in the process of refinancing the entire project with a 5-year/\$50 million dollar mini-perm loan with Bank of America (“BOA”). The new loan will pay-off the existing first mortgage and will generate additional proceeds. Some of the additional proceeds will be used for Phase II of the project known as 3737 Market Street, a 277,000 square foot building that will house a large clinical use of the Penn Presbyterian Medical Center and will be more than 65 % pre-leased. Initial site work and preconstruction is

underway with Bank of America leading the way with the construction financing.

Bank of America is requiring a first mortgage lien and therefore Wexford is requesting that the BOS loan take a subordinate position with Wexford offering up all the condominiums that make up the project rather than the garage and condominiums as collateral. In addition, Wexford is also requesting on the basis of the current appraised value that the Letter of Credit be eliminated as well. Wexford began repaying the BOS loan in August 2008 and the loan has a current balance of \$2,605,187.

Current Collateral: 1) Second mortgage lien on Condominiums Units 1 through 5 & (Parking Garage) subject to a first mortgage lien of \$12,000,000 in favor of M&T Bank & Bank of America.

2) \$2,060,000 M&T Bank Letter of Credit.

Proposed Collateral: 1) Second mortgage lien on Condominium Units 1 through 5 (Parking Garage) along with Unit 6 (office component totaling 141,827 sq. ft.) and Unit 7 (retail component totaling 12,966 sq. ft.), subject to a first mortgage lien of \$50,000,000 in favor of Bank of America.

2) Elimination of the \$2,060,000 M&T Bank Letter of Credit.

Collateral Value: \$68-million "As Is"

Staff Recommendation: 1) Approval of a second mortgage lien on Condominium Units 1 through 5 (Parking Garage) along with Unit 6 (office component totaling 141,827 sq. ft.) and Unit 7 (retail component totaling 12,966 sq. ft.), subject to a first mortgage lien of \$50,000,000 in favor of Bank of America.

2) Deny the request to release the Letter of Credit

3) Approve the \$2,060,000 M&T Bank Letter of Credit but reduce the amount annually every January 1st to equal the amount of the remaining principal balance of the BOS loan.