



**Commonwealth Financing Authority**  
Harrisburg PA, 17120

**Board Meeting Minutes**

**March 20, 2013**

The Commonwealth Financing Authority (CFA) board meeting was held on March 20, 2013. Proper notice was given pursuant to the terms of the Act of July 3, 1986 (the "Sunshine Act"). The meeting was held in Conference Rooms A/B. Administration Building, Dixon University Center, 2986 North Second Street, Harrisburg, Pennsylvania.

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

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

Members of the public in attendance were: Randy Albright, Patricia Allen, Rouletta Blowers, Mandy Book, Kathy Bruder, Sheri Collins, Mike Cortez, Brian Eckert, Ryan Emerson, Josh Funk, Ryan Glenn, Danielle Guyer, Laurie Henry, Ron Jumper, Greg Mahon, Carolyn Boser Newhouse, Nancy Rowe, Phillip Sanchez, Peggy Schaeffer-Montgomery, Jessica Shirley, John Sider, and Chris Stets.

Chairman Walker called the meeting to order at 10:36 A.M.

On a motion by Mr. Burke and seconded by Mr. Karp, the Board unanimously approved the January 29, 2013 board meeting minutes.

On a motion by Mr. Karp and seconded by Mr. Moyer, the Board unanimously approved payment of CFA expenses in the amount of \$421,397.65.

On a motion by Ms. McNees and seconded by Mr. Moyer, the Board unanimously approved a Memorandum of Understanding between the Commonwealth Financing Authority and the Department of Environmental Protection.

On a motion by Mr. Moyer and seconded by Ms. McNees, the Board unanimously approved a Memorandum of Understanding between the Commonwealth Financing Authority and the Department of Conservation and Natural Resources.

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

**Proposed Act 13 Programs Guidelines:**

Upon motion by Mr. Verbanac and seconded by Mr. Burke, the Board unanimously approved guidelines for the Flood Mitigation Program. Mr. Dunkelberger explained applications would be accepted until July 31, 2013 for consideration at the November 13, 2013 board meeting.

**Post Issuance Compliance Policy and Procedures:**

Mr. Dunkelberger gave a brief overview of the federally mandated documents. Upon motion by Ms. McNees and seconded by Mr. Burke, the Board unanimously approved the Post-Issuance Compliance Policy and Procedures documents.

**Alternative and Clean Energy Program:**

**Alternative Energy Production Projects**

After a brief outline by Mr. Dunkelberger, upon motion by Mr. Verbanac and seconded by Mr. Karp, the Board unanimously voted to table the following project until a future meeting when an executed power purchase agreement and additional information could be provided.

<u>Applicant</u>	<u>Project</u>	<u>Grant</u>
Mahoning Creek Hydroelectric Company, LLC	Mahoning Creek Hydroelectric Project	\$3,800,000

**New Pennsylvania Venture Capital Investment Program:**

**Project Recommendation**

After a brief overview of the project, upon motion by Mr. Karp and seconded by Mr. Moyer, the Board unanimously approved an investment request in the amount of \$1,050,000 for MentorTech Ventures, LP.

Mr. Burke questioned whether Orchestra Caliber Fund repayments could be returned to the Venture Capital program. Mr. Dunkelberger explained that there is an ongoing discussion about whether or not we can legally take those returns and reinvest them. He added that the Board will have to take action on any decision that is made with the funds.

Mr. Karp questioned the amounts that remain in the "T" region. Mr. Dunkelberger confirmed the amount is close to nine million dollars.

**Local Share Account Program:**

**Project Recommendations**

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

<b><u>Applicant</u></b>	<b><u>Project</u></b>	<b><u>Grant</u></b>
West Pittston Borough	Central Business District (CBD) Flood Recovery	\$750,000
Wilkes-Barre Township	Sewer Line and Infrastructure Improvement Project	\$500,000
Wilkes-Barre City	Vitrius Technologies Research & Development	\$225,000
Hazleton City	Hazleton One Community Center	\$450,000
Pittston City	Main Street Revitalization - Phase 2	\$1,000,000
Plains Township	Geisinger Wyoming Valley Expansion Project	\$400,000
West Pittston Borough	Crown Display Manufacturing Expansion	\$200,000
Black Creek Township	Nuremburg Players Assoc.	\$68,560
Hanover Township	Hanover Township- Fire Station 2012	\$1,000,000
Hazleton City	Downtown Hazleton Development Project	\$1,000,000
Wilkes-Barre City	FM Kirby Center Energy Efficiency Improvements	\$425,000
Butler Township	Butler Township Road Improvements - Phase II	\$132,000
Luzerne Borough	EMS Training Institute of NEPA	\$75,000
West Pittston Borough	The Old School on Luzerne	\$375,000
West Wyoming Borough	West Side COG Specialized Public Works Equipment	\$475,000
Kingston Municipality	Rutter Avenue and Community Revitalization Project	\$1,000,000
Dallas Township	BMCP Public Safety Equipment and Supplies	\$200,000
Exeter Borough	Exeter Borough Storm Water Improvements	\$579,265
Jackson Township	Jackson Township Community Recreational Park	\$500,000
Newport Township	Newport Municipal and Commercial Commons Project	\$500,000
Pringle Borough	Division Street Storm Drain Repair	\$129,100
Shickshinny Borough	Bartoli Bridge Renovation	\$323,498
Wilkes-Barre City	Facade Improvements - Phase II	\$225,000
Ashley Borough	New Municipal Building	\$400,000
Bear Creek Township	Weiss Road Reconstruction (Revised)	\$175,000
Black Creek Township	Black Creek Township Tower Road Improvements	\$150,000
Duryea Borough	Duryea Municipal Building Renovation Project	\$150,000
Hazleton City	Helping Hands Society	\$285,000
Nescopeck Borough	Police Vehicle	\$24,144
Pittston Township	Pittston Township Police Facility	\$350,000
Hunlock Township	Equipment Purchases	\$40,000
Penn Lake Park Borough	Community House Improvements/FEMA shelter	\$36,000
Wilkes-Barre City	Police Cruisers Purchase	\$50,000
Dallas Township	Misericordia University Lake Street Sidewalk Project	\$150,000
Hughestown Borough	Police Vehicles/Equipment	\$65,000
Rice Township	Rice Township Police Vehicle and Public Works Truck	\$50,000
Yatesville Borough	Yatesville Borough Municipal Vehicle 2012	\$41,491

**Ratifications of Loans, Guarantees, Enrollments and Special Requests:**

Upon motion by Mr. Moyer and seconded by Mr. Verbanac, the following special requests were ratified:

**Special Requests**

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

<b><u>Applicant</u></b>	<b><u>Program</u></b>
Jared W. and Shelby L. Rottmund	FIF Agriculture SBF
Melvin E. Swisher, Jr. and Marylee H. Swisher	FIF Agriculture SBF
Lawrence County Economic Development Corporation	Business in Our Sites
Philadelphia Authority for Industrial Development	Business in Our Sites
Andrew S. and Andrea J. Bollinger	FIF Agriculture SBF

Mr. Verbanac opened a discussion regarding the Tax Increment Financing Program report which was distributed following the January 29<sup>th</sup> board meeting. Mr. Verbanac explained he would like staff to look at the program and how it could be modified to better benefit the CFA. Mr. Karp expressed support. Chairman Walker said he appreciated the comments and staff would look into modifying the program.

There being no further business to come before the Board, the meeting was adjourned at 11:12 A.M.

**DATE:** December 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**

**Jared W. and Shelby L. Rottmund**  
Lancaster County.

Approved: 7/21/2008  
\$200,000 (Loan)  
\$166,606 (Principal Balance)

**Requested Change:**

On July 21, 2008, 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 4.0% to Jared and Shelby Rottmund, whose farm is located in Holtwood, Lancaster County. The primary operation of the business is raising hogs. The First Industries (FIF) loan funds were used to purchase an existing hog farrowing farm. The business is delinquent with its monthly payments since July 1, 2012.

The Rottmund's purchased a 10-acre farm in Holtwood, which they had previously leased, that had the capacity to handle 1,200 sows, 1,000 nursery piglets, and 1,500 finishing hogs to do non-contracted hog farrowing and weaning to 20-100 lbs hogs to supply the niche roaster pig market. The primary market for these hogs was the ethnic market in places like Chinatown, New York. In 2011, the farm experienced the pregnancy rate of the 500 sows dropping to 12% as a result of changing feed sources. It took some time to resolve the problem, which led to a period with virtually no new production. In addition, the 10 lb roaster market became very unprofitable with the increases in feed prices. As a result, the Rottmunds decided to switch their production from 10 lb piglets to 100 lb hogs. Production began to turn around in June and July and sales began to pick up in November to average 40-50 hogs/week and they expect to reach 150-200 hogs/week.

The Rottmund's own and operate another 4,800 hog finishing operation, Pigtail Acres in Stephens, Lancaster County, that is a contract hog grower through Country View Farms. Pigtail Acres has been supporting the Holtwood operation financially but the hog market currently has an oversupply caused by growers dumping stock due to excessive feed costs and weak sales levels which has contributed to the Rottmunds becoming delinquent on the loans associated with both farms while they shift production and pay their feed suppliers. The Wall Street Journal recently noted that recent supply and demand reports from the USDA are forecasting lower pork production in 2013 and has documented positive signs in hog future contracts as a reason for hope for the Rottmunds to turn around both of their operations and get back on track with their loan. Union National Community Bank and Farm Service Agency are both working with the Rottmunds to defer or restructure their loans as well during the shift in production.

Jared and Shelby Rottmund are requesting the CFA to approve a moratorium on principal and interest payments retroactively to begin on July 1, 2012 through May 1, 2013 and extend the maturity of the loan by the same 11 month period. The LTV of the project has improved to 64.6% with the most recent appraisal completed November 19, 2012 and the property is a specialized hog farrowing

and finishing operation that could be difficult to market until the operation shifts to a more marketable contract hog finishing production.

**Project Collateral:**

A second mortgage on the real estate located at 1010 River Road, Holtwood, Lancaster County, Pennsylvania, subject only to a first mortgage in favor of Union National Community Bank in an original filing amount of \$300,000 (Current Balance \$269,309).  
(Appraised at \$675,000 on 11/19/2012)

Guarantees of Jared and Shelby Rottmund.

**Staff Recommendation:**

Staff recommends that the CFA approve the moratorium on principal and interest retroactively to begin July 1, 2012 through May 1, 2013 and extend the maturity date until February 1, 2025.

**DATE:** December 19, 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**

**Melvin E. Swisher, Jr. and Marylee H. Swisher**  
**d/b/a Swish-Haven Farm**  
(Lycoming County)

Approved: 10/10/2008  
\$200,000 (Loan)  
\$159,764 (Principal balance)

**Requested Change:**

On October 10, 2008, the CFA Board approved a First Industries Agriculture SBF loan in the amount of \$200,000, at a term of 144 months and a fixed interest rate of 2% to Melvin E. Swisher, Jr. and Marylee H. Swisher d/b/a Swish-Haven Farm, which is located in Unityville, Lycoming County. The primary operations of the business are dairy and crop farming. The First Industries (FIF) loan funds were used to construct a swine finishing barn. The business is current with its monthly payments.

The borrower is requesting that the CFA Board approve the release of Marylee Swisher (a co-owner and guarantor) from her responsibilities related to the First Industries Agriculture SBF mortgage and note. The borrower is also requesting the CFA Board add her son, Melvin Ammon Swisher, as an additional borrower/mortgagor. He will assume all of the obligations and responsibilities of a borrower/mortgagor in order to match the primary lender loan.

Marylee H. Swisher and her husband Melvin E. Swisher, Jr. divorced in February 2011. In consideration of the divorce, Marylee Swisher conveyed her interest in the real estate being held as collateral for the First Industries Agriculture loan to Melvin E. Swisher, Jr. and Melvin Ammon Swisher (their son). The said real estate is located at 5742 Moreland Baptist Road, Unityville, Lycoming County, Pennsylvania. The primary lender Muncy Bank and Trust Company entered into an agreement on May 16, 2011 which released Marylee Swisher from all obligations under the mortgage and note and added Melvin Ammon Swisher as an additional mortgagor to assume all of the obligations and responsibilities of a mortgagor. We have obtained the Bank's relevant documents for our records. The FIF loan collateral remains satisfactory and the loan is current, with a satisfactory payment history.

**Project Collateral:**

1. A second mortgage on the real estate located at 5742 Moreland Baptist Road, Unityville, Lycoming County, Pennsylvania and owned by Melvin E. Swisher, Jr. and Marylee H. Swisher,

subject to a first mortgage in favor of Muncy Bank and Trust Company in the original filing amount of \$600,000 (current balance is \$565,000). (Property appraised at \$1,000,000 in 2010)

**Staff Recommendation:**

The staff recommends that the CFA Board approve the release of Marylee H. Swisher (a borrower and guarantor) from her responsibilities related to the First Industries Agriculture SBF mortgage and note and add her son, Melvin Ammon Swisher, as an additional borrower/mortgagor to the First Industries Agriculture loan.

**DATE:** January 25, 2013  
**SUBJECT:** Special Request – CFA Board  
**TO:** Scott Dunkelberger  
Executive Director, Commonwealth Financing Authority  
**FROM:** Brian Eckert  
Director, Site Development

---

**SPECIAL REQUEST – BOARD ACTION REQUIRED**

**Lawrence County Economic Development Corporation**  
**Millennium Technology Park**  
(Lawrence County)

Approved: July 18, 2005  
\$3,750,000 (Loan)  
\$3,750,000 (Grant)

**Requested Change:**

On July 18, 2005, the CFA Board approved a \$3,750,000 BOS loan and a \$3,750,000 BOS grant for the Lawrence County Economic Development Corporation (LCEDC) to assist with the development of the Millennium Technology Park located in Neshannock Township, Lawrence County. BOS funds were used for roadways, excavation and grading of the site, sewer line construction, engineering and administrative costs. To date, all funds have been disbursed.

LCEDC is looking to construct a 50,000 sq ft multi-tenant facility that will be located on a 5 acre portion of the site. They are in negotiations with a local company regarding leasing all or a portion of the multi-tenant facility. In addition, LCEDC is currently working with three companies interested in purchasing large tracts of park acreage both in the north and southern portion of the project site.

The building will ultimately be constructed using Redevelopment Capital Assistance Program (RACP) grant dollars. As a condition of those grant dollars, LCEDC must first obtain a temporary construction loan. The LCEDC has negotiated a loan with First National Bank (FNB) of Pennsylvania to provide construction financing until the RACP funds are received. The RACP grant funds are currently under contract and will be used to pay off the construction loan with FNB. It is anticipated construction will be complete and RACP funds will be received by November 2013. As a condition of this financing, FNB is requiring that the CFA subordinate their mortgage lien, currently in first position.

LCEDC is requesting the CFA agree to a temporary subordinate lien on 85 acres to First National Bank of Pennsylvania who is providing temporary construction financing in an amount not to exceed \$1,800,000 until RACP

funds are received. The CFA will continue to have a sole first lien on the remaining 348 acres.

**Current Collateral:** First lien on 433 acres.

**Proposed Collateral:** A temporary second lien on the 85 acres, subordinate to First National Bank of Pennsylvania in the amount of \$1,800,000.  
Sole first lien on remaining 348 acres of land.

**Collateral Value:** 433 acres "As Is" \$3,997,000  
5 acre site "As Completed" with 50,000 sq. ft. building \$2,400,000

**Staff Recommendation:** Approval

**DATE:** January 22, 2013  
**SUBJECT:** Special Request – CFA Board  
**TO:** Scott Dunkelberger  
Executive Director, Commonwealth Financing Authority  
**FROM:** Brian Eckert  
Director, Site Development

---

**SPECIAL REQUESTS – BOARD ACTION REQUIRED**

**Philadelphia Authority for Industrial Development**  
Philadelphia County

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

**Requested Change:**

On May 25, 2005, the CFA Board approved an \$18,308,000 BOS loan to the Philadelphia Authority for Industrial Development (PAID) for the development of the 82-acre portion of the Philadelphia Naval Yard known as the Town Center in Philadelphia. BOS funds were used for site work, construction and installation of roadways, including new sidewalks, water and sewer improvements, and underground utilities. The loan has been fully disbursed and is secured by a mortgage creating a first priority mortgage lien on the 82 acres consisting of buildings / parcels: 7F, 7G, 7H, 7Y, 7Z, 83, 104/608/640, 624, 489, 661, 11<sup>th</sup>/Kitty Hawk/Town Center, 12<sup>th</sup> & 13<sup>th</sup> Streets/Kitty Hawk.

Currently, the principal balance of the loan is \$16,508,415. In May of 2011, the CFA Board approved an interest only period commencing June 1, 2011 and ending January 1, 2013 as long as the CFA received 90% net proceeds from all sales and leases within the Town Center.

While significant economic activities occurred during that time at The Navy Yard, the recessionary economy has delayed PAID's ability to realize the anticipated sales activity. PAID is requesting the CFA to approve the following modifications:

1. Borrower shall make interest only payments until December 1, 2014.

2. Beginning January 1, 2015, borrower shall make level monthly principal and interest payments in an amount calculated to amortize the outstanding principal balance over the remaining term of the loan.

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

**Collateral Value:** \$17,330,000

**Staff Recommendation:** Approval of the following:

1. Borrower shall make interest only payments until January 1, 2014.
2. Beginning February 1, 2014, borrower shall make level monthly principal and interest payments in an amount calculated to amortize the outstanding principal balance over the remaining term of the loan.
3. Borrower shall continue to pay 90% of the net proceeds from all sales or leases within the Naval Yard/Town Center to the CFA. Proceeds shall be applied as outlined in the original Note.
4. Borrower shall continue to provide quarterly reports outlining the activity at the Naval Yard/Town Center.

**DATE:** February 14, 2013  
**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 S. and Andrea J. Bollinger**  
Lancaster County

Approved: 4/30/2008  
\$200,000 (Loan)  
\$154,471 (Principal Balance)

**Requested Change:**

On April 30, 2008, 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 3.0% to Andrew S. and Andrea J. Bollinger, whose farm is located in Lititz, Lancaster County. The primary operation of the business is a dairy farm. The First Industries (FIF) loan funds were used to acquire a 78-acre farm at 701 Millway Road, Lititz, Lancaster County. The business is current with its monthly payments.

Thomas and Andrew Bollinger, father and son, are partners of Meadow Spring Farm, LLC, which is the operating company of the 380+ head dairy farm on 425 acres in the Lititz and Rothsville areas of Lancaster County. The loan is secured by a mortgage on the Millway Property. Also, as an abundance of caution, a mortgage was filed on a 109-acre farm located at 340 West Meadow Valley Road owned by Thomas and Barbara Bollinger. Andrew and Andrea are improving the dairy operation through a major upgrade to the milking parlor area of the facility that will add a new double twelve milking area and milk tank area. In addition, Thomas and Barbara have decided the timing is right to transition the ownership of the main family farm operation at West Meadow Valley Road to Andrew and Andrea. Fulton Bank is providing a \$750,000 loan for the construction, renovations and upgrade of the equipment for the project. Additionally, Fulton Bank also provided a \$740,000 (current balance \$622,018) loan that funded construction of a 21,600 square foot heifer barn at the West Meadow Valley Road farm property. It is being requested the CFA approve the change in ownership of the collateral property at 430 West Meadow Valley Road to Andrew and Andrea Bollinger and subordinate its mortgage on that property to Fulton Bank in an aggregate amount of \$1,464,966. The subordination would only apply to the West Meadow Valley Road property, which was taken as an abundance of caution mortgage for the First Industries loan.

**Collateral if Special Request is Approved:**

Primary Collateral - A mortgage on the farm property owned by Andrew and Andrea Bollinger and located at 701 Millway Road, Lititz, Lancaster County, Pennsylvania, subject only to Fulton Bank in the amount of \$1,170,000 (current balance - \$957,598).  
(Appraised at \$1,400,000 as of March 26, 2008)

\*Note – The mortgage on this property remains the same as originally approved

Secondary Collateral - A mortgage on the farm property to be owned by Andrew and Andrea Bollinger and located at 340 West Meadow Valley Road, Lititz, Lancaster County, Pennsylvania, subject only to Fulton Bank in the amount of \$1,800,000 (current balance - \$1,464,966). (Appraised at \$3,050,000 as completed on October 1, 2012)

Guarantees of Meadow Spring Farm, LLC and Thomas, Barbara, Andrew and Andrea Bollinger.

**Collateral Analysis:**

During approval of this project, the primary project property would have provided a LTV of 97.8% so a mortgage was filed on the West Meadow Valley Road farm as an abundance of caution and brought the overall LTV to 59%. Since the time of approval, the Fulton Bank loans have been paid down so that the current LTV is now 79.4% on the primary collateral only. If the CFA approves the subordination request, the overall LTV will be 57.9%. The guarantors for the loan will remain the same.

**Staff Recommendation:**

The company remains financially sound and the rent payments that have been paid by the operating company will be used to service the additional debt service. There will also be labor savings realized as a result of the new milking parlor efficiencies. Staff recommends that the CFA approve the change of ownership of the 109-acre farm at West Meadow Valley Road to Andrew and Andrea Bollinger and the subordination of its mortgage on the farm property located at 340 West Meadow Valley Road, Lititz, Lancaster County, to Fulton Bank in the amount \$1,464,966.