



Commonwealth Financing Authority
Harrisburg PA, 17120

Board Meeting Minutes

May 7, 2013

The Commonwealth Financing Authority (CFA) board meeting was held on May 7, 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, Peter Tartline, designee of The Honorable Charles Zogby, Barbara McNees, Austin Burke and John Verbanac. 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: Mark Barnhardt, Vanessa Brubaker, Kathy Bruder, John Callahan, Mike Cortez, Jeff Crist, Edward Druffner, Brian Eckert, Ryan Emerson, Doug Ferguson, Josh Funk, Chelsea Guzowski, Laurie Henry, Rich Hudic, Ron Jumper, Matthew Karnell, Carmen La Rosa, Andrew Longanecker, Greg Mahon, John Nikoloff, Lori Porrea, Nancy Rowe, Kevin Rowland, Ron Metzler, Peggy Schaeffer-Montgomery, Leah Shiley, Chris Stets and Lisa Taglang.

Chairman Walker called the meeting to order at 10:34 A.M.

On a motion by Mr. Verbanac and seconded by Mr. Moyer, the Board unanimously approved the March 20, 2013 board meeting minutes.

On a motion by Mr. Burke and seconded by Mr. Verbanac, the Board unanimously approved payment of CFA expenses in the amount of \$529,416.76

Mr. Dunkelberger briefly outlined the Memorandum of Understanding (MOU) between the Department of Community and Economic Development and the Commonwealth Financing Authority, and the proposed operating budget. He explained the proposed cost was estimated at \$2,862,091.70 for the period beginning July 1, 2013 and ending June 30, 2014. Mr. Karp requested the Memorandum of Understanding be deferred to a later meeting. Mr. Dunkelberger questioned whether there were specific issues with the MOU that he could further explain. Mr. Karp stated that they needed extra time to review both the MOU and the operating budget. Mr. Dunkelberger asked whether Mr. Karp would consider granting retroactive approval at the next meeting, because of the time frame. Mr. Karp stated he would be willing to have a conference call before the July meeting to discuss these issues. Chairman Walker deferred voting on the MOU until a later date.

Mr. Dunkelberger explained the operating budget and opened it for discussion among the Board. Mr. Karp stated that he would like to defer both the MOU and the operating budget. He also reiterated that he was willing to participate in a conference call prior to the next board meeting. Mr. Burke questioned whether the CFA would have any operating problems stemming from the deferment of the MOU and operating budget. Mr. Dunkelberger explained that there wouldn't be any, provided staff was permitted to continue operations as usual. Mr. Tartline stated that the operating budget was never a voting item in the past. Mr. Dunkelberger stated that that decision was up to the Board. Both Mr. Karp and Mr. Verbanac stated that they would like the budget to be a voting item. Chief Counsel Christopher Houston advised the Board that a super-majority vote was not necessary for the action being taken. Chairman Walker opened the floor for a motion. Mr. Tartline proposed an amendment to include CFA in the same budget process as all agencies, as part of the DCED budget submission. Mr. Tartline briefly outlined the DCED budget process to board members. Mr. Verbanac asked for clarification on the current budget with regard to the transfer of \$5.5 million of interest earnings in bond proceeds to be used for FY 2012-2013 to pay debt service on CFA bonds and where it is broken down in the operating budget. Mr. Dunkelberger stated that currently those funds are not included in the current year's budget. He explained that the bond issue was delayed so there was no need to include it in the proposed budget. Mr. Verbanac questioned where the bond issue was broken out in the proposed budget and if the money was already spent. Mr. Dunkelberger confirmed that it has not been spent and there is a debt service payment set up for June 1, 2013.

Mr. Tartline stated that he doesn't believe the Board has any discretion and that the statute is clear that the Board shall pay at least \$5.5 million of interest earning, and he doesn't believe it requires a vote. Mr. Verbanac said if that is the case, it needs to be properly reflected in the accounting. Mr. Moyer stated that with that understanding, he could support the motion on the floor but it must be reflected in the accounting under FY 2012-2013. Legislative staff member Lisa Taglang also reminded that this was previously approved at the July 3, 2012 board meeting.

Mr. Karp questioned how much money was paid toward TIF guarantees. Mr. Dunkelberger said it was included in the budget and was projected to be \$2.9 million dollars by the end of this fiscal year. Mr. Karp questioned the amount for next year. Mr. Dunkelberger stated it was estimated to be \$5.4 million but that included two large First Industries loan guarantees which have gone into default.

Mr. Karp asked for clarification on the motion. There was a brief recess at 11:04 A.M. The meeting resumed at 11:15 A.M.

Mr. Moyer motioned that the CFA take on the responsibility of working with the CFA staff to provide a represented budget, in full, to clear up all the confusion of items which were discussed today, before the end of the fiscal year. He proposed that if the Board cannot reach an agreement with that information presented, that the Board agree to undertake a continuing resolution to pay all outstanding obligations and bills of the CFA until the MOU and operating are approved. Chairman Walker questioned the outcome should the state be unable to pass a budget by the end of the fiscal year. Mr. Moyer and Mr. Tartline confirmed that situation would be fine as long as the Board took action to approve the continuing resolution.

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

Proposed Tax Increment Financing Guarantee Program:

Upon motion by Mr. Verbanac and seconded by Ms. McNees, the Board unanimously approved guidelines for the Tax Increment Financing (TIF) guarantee program. Mr. Verbanac commended staff on their efforts to update these guidelines.

Alternative and Clean Energy Program:

Alternative Energy Production Projects

Upon motion by Ms. McNees and seconded by Mr. Moyer, the Board unanimously approved an Alternative and Clean Energy grant in the amount of \$2,000,000 to Clemens Food Group, LLC for their combined heat and power project located in Montgomery County.

Upon motion by Mr. Verbanac and seconded by Mr. Tartline, the Board unanimously approved an Alternative and Clean Energy grant in the amount of \$975,000 to Phoenix Contact Services, Inc. for their combined heat and power unit project located in Dauphin County.

Manufacturing Projects

Upon motion by Mr. Burke and seconded by Mr. Verbanac, the Board unanimously approved an Alternative and Clean Energy grant in the amount of \$250,000 to PMF Industries, Inc. for their manufacturing facility expansion project located in Lycoming County.

CNG/LNG Projects

Upon motion by Ms. McNees and seconded by Mr. Verbanac, the Board unanimously approved an Alternative and Clean Energy grant in the amount of \$469,292 to Beemac Trucking LLC for the construction of a CNG fueling station located in Beaver County.

Upon motion by Mr. Burke and seconded by Ms. McNees, the Board unanimously approved the following Alternative and Clean Energy projects:

<u>Applicant</u>	<u>Project</u>	<u>Loan</u>	<u>Grant</u>
Berkmire Trailer Company	CNG Filling Station		\$207,969
Clean Energy	Carlisle Flying-J Liquefied Natural Gas Fueling Station		\$539,014
Desdemona Holdings LP	American Natural Station Square CNG Development	\$248,200	\$372,300
LT Verrastro, Inc.	L.T. Verrastro Filling Station		\$217,399

Discussion on Alternative and Clean Energy Guidelines:

Mr. Karp expressed interest in seeing that at least one third of the money given to CNG/LNG projects go toward public access. Mr. Moyer expressed mutual interest in seeing projects come in that have a public use. Mr. Burke proposed the CFA offer a bonus percentage for these specific projects. He also stated some concerns regarding the ability to locate retail service stations within business parks. Chairman Walker requested time for staff to complete necessary research and forego making a decision at the current meeting.

Mr. Dunkelberger explained the ACE program is currently open with the guidelines which were approved at the January 29, 2013 CFA Board meeting and that entities would be continuing to apply under those guidelines. He also gave a state-to-state comparison of CNG/LNG incentives. Mr. Burke suggested offering a 20% bonus to projects that include public access that are received prior to the July 10, 2013 CFA Board meeting. Chairman Walker asked if anyone would be opposed to that suggestion. Mr. Karp stated that he couldn't make an economic resolution without having numbers and financials in front of him.

High Performance Building Projects

Upon motion by Mr. Burke and seconded by Ms. McNees, the Board unanimously approved the following Alternative and Clean Energy projects:

<u>Applicant</u>	<u>Project</u>	<u>Grant</u>
Bensalem Township School District	Bensalem High School	\$2,000,000
Lehigh Area School District	East Penn Elementary	\$750,000
Lehigh Area School District	Mahoning Elementary	\$750,000
Tri-Valley School District	Hegins-Hubley Elementary	\$565,000
Tri-Valley School District	Mahantango Elementary	\$320,000

An Alternative and Clean Energy grant request in the amount of \$2,000,000 from the Boyertown Area School District for the renovation of their senior high school was deferred until the July 10, 2013 Commonwealth Financing Authority board meeting.

Ratifications of Loans, Guarantees, Enrollments and Special Requests:

Upon motion by Ms. McNees and seconded by Mr. Moyer, the following special request was ratified:

Special Requests

One special request for the following entity (details attached):

<u>Applicant</u>	<u>Program</u>
Pennsylvania Fish and Boat Commission	H2O PA

Ms. McNees requested a vote regarding the Mahoning Creek Hydroelectric Company, which was deferred at the March 20, 2013 board meeting, be included in an upcoming special teleconference board meeting. Mr. Karp requested that the Power Purchase Agreement and other information regarding electricity rates be provided to him prior to the call. Mr. Dunkelberger stated all information would be provided to board members via email later in the week. Mr. Burke respectfully requested that Mr. Karp attend the next Commonwealth Financing Authority Board meeting in person to alleviate issues related to teleconferencing and ability to hear other board members.

There being no further business to come before the Board, the meeting was adjourned at 11:46 A.M.

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

SPECIAL REQUESTS – BOARD ACTION REQUIRED

Pennsylvania Fish & Boat Commission	Approved: July 9, 2009
Canonsburg Lake Dam Renovation Project	\$2,215,500
Dutch Fork Lake Dam Renovation Project	\$4,284,500
Lower Hereford Manor Dam	\$3,200,000
Washington & Beaver County	

Requested Change: On July 9, 2009, the CFA Board approved three H2O PA grants to the Pennsylvania Fish & Boat Commission (PFBC) for renovations at two dams, the Canonsburg Lake and Dutch Fork Lake High Hazard Dams, and the breaching of Lower Hereford Manor Dam. \$2,215,500 was to be used to renovate the Canonsburg Dam which impounds a 76-acre lake. Renovations at the Canonsburg Lake Dam include the installation of post-tensioned anchors through the dam into the bedrock foundation, which will correct major deficiencies including unsatisfactory factors of safety for stability of the concrete dam and a leaning concrete spillway training wall. These renovations will remove the dam from the DEP's Unsafe Dam List, and will bring the dam into compliance with DEP Dam Safety rules and regulations. \$4,284,500 was to be used to renovate the Dutch Fork Dam which impounds a 91-acre lake. These renovations include replacing the spillway and constructing the roller compacted concrete armoring/overtopping on the dam embankment, which will remove the dam from DEP's Unsafe Dam list and will bring the dam into compliance with DEP Dam Safety rules and regulations. \$3,200,000 was to be used to breach the Lower Hereford Manor Dam, which impounds a 44-acre reservoir that is used for recreation and is the first phase of PFBC's plans to restore recreational impoundments.

All three projects are complete, two of which have a funding surplus and one has a funding deficit. PFBC is requesting surplus funds in the amount of \$23,361 for Lower Hereford Manor Dam and surplus funds in the amount of \$99,400 for Canonsburg Lake Dam Renovation Project be transferred to the Dutch Fork Lake Dam Renovation Project, which has a funding deficit of \$122,761. The reallocation of funds among these three projects will allow PFBC to fully fund and bring three high hazard dam projects to a successful conclusion.

Staff Recommendation: Staff recommends approval of the above request.