



Commonwealth Financing Authority
Harrisburg PA, 17120

Board Meeting Minutes

September 17, 2013

The Commonwealth Financing Authority (CFA) board meeting was held on September 17, 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, 400 North Street, 2nd Floor, 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, Mary A. Soderberg, 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: Randy Albright, Lori Beamer, Mandy Book, Al Boscov, Kathy Bruder, John Callahan, Angela Clough, Sheri Collins, Mike Cortez, Kristin Crawford, Helen Doherty, Brian Eckert, Ryan Emerson, Mark Fennel, Josh Funk, Rachel Gorelovich, Danielle Guyer, Laurie Henry, Ron Jumper, Amy Kauffman, Dan Kennel, Steve Kratz, Paul Kuroupas, Greg Mahon, Sam Meckley, Ron Metzler, Michael O'Rourke, Nancy Rowe, Kevin Rowland, Kara Ruby, Peggy Schaeffer-Montgomery, Leah Shiley, Kim Stark, Ed Swoyer, Lisa Taglang and Coleen Terry.

Chairman Walker called the meeting to order at 10:29 A.M.

Mr. Dunkelberger announced board member Barbara McNees has retired and resigned from the board. He welcomed and introduced Mary A. Soderberg.

On a motion by Mr. Burke and seconded by Mr. Verbanac, the Board unanimously approved the May 7, 2013 and the June 13, 2013 board meeting minutes.

On a motion by Mr. Moyer and seconded by Mr. Burke, the Board unanimously approved payment of CFA expenses in the amount of \$736,590.92.

On a motion by Mr. Verbanac and seconded by Ms. Soderberg, the Board unanimously approved the appointment of Austin Burke as Secretary and Glenn E. Moyer as the Assistant Secretary of the Commonwealth Financing Authority Board. He stated Michael Karp is currently an Assistant Secretary.

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

Fiscal Year 2012-2013 Audit:

Mr. Dunkelberger briefly outlined the Fiscal Year 2012-2013 Audit. Upon motion by Mr. Burke and seconded by Mr. Verbanac, the Board unanimously approved the Fiscal Year 2012-2013 Audit.

Montgomery County Local Share Account Proposed Guidelines:

Mr. Dunkelberger announced the proposed guidelines would be deferred until the November 21, 2013 CFA Board meeting.

CNG/LNG Policy Change:

Mr. Dunkelberger opened a discussion on providing additional grant incentives for publicly accessible CNG/LNG fueling stations. Staff recommended two options: 1) 30% grant incentive for private stations and a 35% grant incentive for publicly accessible fueling stations, with grant/loan combination capped at 50% of total project cost; or 2) a 30% grant incentive for private fueling stations and a 40% grant incentive for publicly accessible fueling stations, with grant/loan combination capped at 50% of total project cost. Mr. Dunkelberger requested input from board members.

Mr. Burke stated he would agree to a 30% incentive for private fueling stations, but would like to see the public incentive raised to 40%. Mr. Moyer addressed his concerns with the percentage rates and stated he would be agreeable to a 30% private/40% public incentive with a 1-year review period. Mr. Karp stated he would not approve those percentages, but would be agreeable to 25% private/40% public incentive rate. Upon motion by Mr. Burke and seconded by Mr. Moyer, the Board unanimously approved to increase the grant incentive to 25% for private CNG/LNG fueling stations and to 40% for publicly accessible CNG/LNG fueling stations with a 1-year review.

Mr. Dunkelberger stated these changes would take effect for projects considered at the November 21, 2013 CFA Board meeting.

Venture Capital Investment Due Diligence Request:

Upon motion by Mr. Verbanac and seconded by Mr. Burke, the Board unanimously approved a request to begin due diligence on the BlueTree Venture Funds I, LP.

H2O PA Flood Control Program Recommendations:

Upon motion by Mr. Verbanac and seconded by Mr. Tartline, the Board unanimously approved the following H2O PA Flood Control projects:

<u>Applicant</u>	<u>Project</u>	<u>Grant</u>
Sayre Borough	Oliver Lane Pump Station Repairs and Upgrades Project	\$1,042,199
PA DCNR	Marsh Creek State Park Emergency Spillway Rehabilitation	\$1,100,000
Borough of Coudersport	Levee Improvement Project	\$466,730

Business in Our Sites Program Recommendations:

Upon motion by Mr. Verbanac and seconded by Ms. Soderberg, the Board unanimously approved the following Business in Our Sites projects:

<u>Applicant</u>	<u>Project</u>	<u>Loan</u>
Almono, LP	Almono BOS II	\$5,000,000
Bucks County Industrial Development Authority	Bucks Business in Our Sites	\$4,500,000
TC ME Metro Development, Inc.	Hanover Ridge Trade Center	\$3,500,000
Scranton Lackawanna Industrial Building Company	Valley View Business Park - Professional Plaza	\$1,357,240
Jarynn, L.P.	Plaza Allegheny	\$2,500,000
Bedford County Development Association	Bedford County Business Park II (Phase II)	\$2,739,350
Kubrick Enterprises, LLC	AK Research Park - Former Alcoa Research Lab	\$1,200,000
Chadds Ford Investors LP	Brandywine Mills Redevelopment Project	\$4,759,500
TGG/TCH – Hamilton Crossings Associates, L.P.	Hamilton Crossings	\$3,662,308

Mr. Burke recused himself on the vote pertaining to the Scranton Lackawanna Industrial Building Company’s application.

Pennworks Program Recommendations:

Mr. Dunkelberger announced that voting on the Pennworks project recommendations would be deferred until the November 21, 2013 CFA Board meeting.

High Performance Building Program Recommendation:

Mr. Dunkelberger briefly outlined a loan request from Voyager Jet Center LLC for a High Performance Building project located in West Mifflin Borough, Allegheny County. Mr. Karp requested clarification on the ownership structure of the company. Lori Beamer, project analyst, spoke on the ownership of the company and explained the company did not want to disclose any additional information and were not willing to provide personal guarantees. Upon motion by Mr. Verbanac and seconded by Mr. Karp, the Board unanimously voted to table the project until additional information could be provided by the company.

Alternative and Clean Energy Program:

Alternative Energy Production Projects

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

<u>Applicant</u>	<u>Project</u>	<u>Loan</u>	<u>Grant</u>
Bloomsburg University	Steam Plant Biomass Cogen Upgrade		\$2,000,000
Green Harvest Augsburg	Distributed Energy Resource Facility - Phase 2	\$2,000,000	

Hickory Hollow Farms	On-Farm anaerobic digester	\$365,690
UO Real Estate, LLC	URB200 kW Fuel Cell	\$432,000

High Performance Building Projects

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

<u>Applicant</u>	<u>Project</u>	<u>Grant</u>
Halifax Area School District	High Performance Building project	\$1,500,000
Hatboro-Horsham School District	Construction of HPB project	\$2,000,000
Manheim Central School District	High Performance Building project	\$2,000,000
Newport Area School District	High Performance Building project	\$1,000,000

CNG/LNG Projects

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

<u>Applicant</u>	<u>Project</u>	<u>Loan</u>	<u>Grant</u>
"O" Ring CNG Fuel Systems, Inc.	Borough of Chambersburg CNG Project		\$645,000
Sunoco	CNG Refueling - PA Turnpike King of Prussia Service Plaza		\$504,348
VNG.CO LLC dba V NG.CO	2901 Abbottsford	\$169,150	\$253,725
Clean Energy dba Clean Energy Inc.	New Oxford CNG Station		\$436,267
Clean Energy dba Clean Energy Inc.	King of Prussia CNG Station		\$196,543

Allegheny County Gaming Economic Development and Tourism Project Recommendations:

Upon motion by Mr. Verbanac and seconded by Ms. Soderberg, the Board unanimously approved the following Allegheny County Gaming Economic Development and Tourism projects:

<u>Project</u>	<u>Sub-Grantee</u>	<u>Grant</u>
Renovation of the Early Childhood Wing	Young Men & Women's Hebrew Association	\$200,000
Sampson Family YMCA Expansion & Renovation	YMCA of Greater Pittsburgh	\$200,000
Science Landing PH 1 Riverview Café / Trail	Carnegie Institute	\$200,000
Westminster Place of Oakmont	Presbyterian Senior Care	\$200,000
Heinz Hall Renovations - Fire Safety Upgrades	Pittsburgh Symphony Inc.	\$500,000
Redevelopment of Pittsburgh Cut Flower Property	Allegheny Land Trust	\$500,000
Sarah Heinz House Capital Improvement Project	Sarah Heinz House Association	\$200,000
Innovation Ridge - Land Development	Regional Industrial Development Corporation of Southwestern PA	\$400,000
Etna Borough Water Meter Replacement Project	Hampton Shaler Water Authority	\$400,000
Facility Expansion	Pittsburgh Ballet Theater, Inc.	\$200,000

Nike Site / Senior Center Master Plan Construction Project	West Deer Township	\$200,000
Baur Drive Sanitary Sewer Extension	Township of Pine	\$250,000
Industrial Park Improvement Projects	Municipality of Bethel Park	\$500,000
Public Infrastructure Upgrades	Elizabeth Township	\$500,000
Village Theater	Village Theater Company	\$350,000
Fall Run Road Reconstruction - Phase 2	Shaler Township	\$410,000
Brillant Avenue Intersection Improvements	Borough of Aspinwall	\$500,000
Phipps Exhibit Staging Center Rehab	Phipps Conservatory	\$200,000
PAACC Business Resources Center	Pittsburgh Airport Area Chamber of Commerce	\$350,000

Building PA Program Project Recommendation:

Mr. Dunkelberger briefly outlined the request. Mr. Karp questioned the total project cost. Upon motion by Mr. Burke and seconded by Mr. Moyer, the Board unanimously approved an increase in loan amount by \$1,000,000 from \$5,000,000 to \$6,000,000. Chairman Walker thanked Mr. Al Boscov for all of his work to improve the City of Reading.

Ratifications of Loans, Guarantees, Enrollments and Special Requests:

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

<u>Applicant</u>	<u>Program</u>
Jefferson Township	Local Share Account – Monroe County
City of Hazleton	Local Share Account – Luzerne County
StartingGate	Business in Our Sites
Coolbaugh Township	Local Share Account – Monroe County
Dupont Borough	Local Share Account – Luzerne County
Henry S. Stoltzfus	First Industries Fund Agriculture SBF
Yards Brewing Company, LLC	First Industries Fund Agriculture MELF
Borough of Harveys Lake	Local Share Account – Luzerne County
Cumberland Valley Regional Development Corporation	Business in Our Sites
Greater Berks Development Fund	Building PA
Heritage Cove, Inc.	First Industries SBF
Juniata Countryside Produce & Farm Market, Inc.	First Industrial SBF

TIF Guarantee Deficiency Payments:

Mr. Dunkelberger briefly outlined the requests. Upon motion by Mr. Burke and seconded by Mr. Tartline, the Board unanimously approved the following TIF guarantee payments:

A TIF guarantee payment to M&T Investment Group in the amount of \$82,066.00 for the North Versailles' Longvue Development TIF project in Allegheny County.

A TIF guarantee payment to M&T Investment Group in the amount of \$63,817.56 for the City of Butler’s West-End Revitalization TIF project in Butler County.

ACE Grant Recapture and Interest Rate Increase Recommendations:

Mr. Dunkelberger briefly outlined a request to demand grant reimbursement on the CeeLight Manufacturing project located in Hatfield Township in Montgomery County. He explained that CFA guidelines state if a manufacturer fails to create the projected number of jobs, the Authority may require the full amount of the grant to be repaid. Upon motion by Mr. Moyer and seconded by Mr. Verbanac, the Board unanimously approved a request to demand repayment of a \$260,738 grant made to CeeLite Technologies, LLC.

Mr. Dunkelberger briefly outlined a request to raise the interest rate from 3% to 5% and deny loan forgiveness on the Alternative and Clean Energy Loan made to Quanta Technologies, Inc. on the QuantaPanel IGS Manufacturing Operation project located in Lancaster City, in Lancaster County. Upon motion by Mr. Tartline and seconded by Mr. Verbanac, the board unanimously approved the request. Mr. Moyer commended staff on their diligence to protect Commonwealth funds.

Request to Charge-off Defaulted Loans:

Mr. Dunkelberger explained to the Board that there were a number of loans that were deemed uncollectable or which were currently still in litigation that needed to be charged-off. It was noted that being “charged-off” did not imply that any judgments or liens of record would be removed. Upon motion by Mr. Verbanac and seconded by Ms. Soderberg, the Board unanimously approved to charge-off the following nine loans:

<u>Borrower</u>	<u>Program</u>	<u>Principal Balance</u>
Crescent City Cuisine, Inc.	First Industries Fund – Tourism	\$90,190.87
Lavere A. Stump & Michelle L. Fisher dba Elm Creek Farm	First Industries Fund – Agriculture	\$166,731.71 \$118,078.60
Steven C. and Kimberlee B. Harrop	First Industries Fund – Tourism	\$166,816.06
Shale Ridge Farms, LLC	First Industries Fund – Agriculture	\$171,417.43
Lonaki, Inc. dba Crazy Horse Saloon & Steak House	First Industries Fund – Tourism	\$25,521.51
Pennsylvania Pellet & Millwork, Inc.	First Industries Fund – Agriculture	\$146,987.00
Tillie Pierce House, LLC dba Tillie Pierce House Bed & Breakfast	First Industries Fund – Tourism	\$180,000.00
Solar Power Industries, Inc.	Solar Energy	\$210,606.90
Donna S. Wilson, Individually & t/a Hilltop Floral and Gifts	First Industries Fund -- Agriculture	\$88,451.00

There being no further business to come before the Board, the meeting was adjourned at 11:21A.M.

DATE: April 1, 2013
SUBJECT: Special Request – CFA Board
TO: Scott Dunkelberger
Executive Director, Commonwealth Financing Authority
FROM: Mandy Book
LSA Program Manager

SPECIAL REQUEST – BOARD ACTION REQUIRED

**Jefferson Township
Recreation Land Purchase Project
(Lackawanna County)**

Approved: 01/29/2013
\$120,000 (Grant)

Requested Change: On January 29, 2013, the CFA Board approved a \$120,000 Local Share Account – Monroe County Grant for Jefferson Township, Lackawanna County. Funding was a grant to purchase a 40-acre parcel of land along State Route 348 in the township to be preserved as recreational space. The space currently has functional paths running throughout the property allowing for immediate use for walking, jogging, running, or biking and contains a one acre spring-fed pond stocked with fish. The LSA Monroe guidelines designate all costs incurred on projects started prior to LSA approval as ineligible to receive funding. Jefferson Township, unfortunately, moved forward with the land purchase at the end of 2012, prior to CFA approval of the project.

As a result, Jefferson Township is requesting a change in project scope from land acquisition to the construction of an entrance road for the recreational site to include curbing, sanitary and storm sewers, and electrical lines. The 850 ft. entrance road will connect SR 348 with the park property. Design and construction are expected to be completed by September 2014.

Recommendation: Approval.

DATE: June 24, 2013
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 Intermodal Transit Center Parking Garage Project (Luzerne County)	Approved: 09/15/2010 \$4,800,000 (Grant)
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Requested Change: On September 15, 2010, the CFA Board approved a \$4.8 million Local Share Account – Luzerne County Grant to the City of Hazleton to be funded as follows: \$1,050,000 in FY 2009 and \$1,250,000 in FY 2010, 2011, and 2012. Funding was for the construction, engineering, and administrative costs associated with the construction of two parking decks, the first two of a planned four-deck garage, above the Church Street Station Intermodal Transit Center. The first two decks were expected to result in 92 parking spaces. In February 2012, the CFA approved a scope of work change to include acquisition, site preparation, engineering, and construction costs to construct an automated parking structure on a vacated parcel of land on the northeast corner of Broad and Laurel Streets, located approximately one block from the Intermodal Center. The robotic/mechanical parking garage (RMPPG) was expected to contain a commercial first level with 150 parking spaces above and be completed by March 2014. Due to limited 2011 funding as a result of the Small Business Flood Loan set up in Luzerne County, the CFA requested and the City agreed to defer the anticipated 2011 funding resulting in a contract amendment stating funding approved of \$1,050,000 in FY 2009 and \$1,250,000 in FY 2010 and anticipated funding pending availability of funds and satisfactory performance on project milestones of \$1,250,000 in both FY 2012 and FY 2013.

NOTE: The CFA did not approve the anticipated \$1,250,000 in FY 2012 funds at the March 2013 board meeting. The current award status is \$2.3 million approved in FY 09 and FY 10 and an anticipated \$1.25 million in FY 2013.

To date, the RMPG project has not been started. The City's attempts to acquire the land were ultimately met with resistance resulting in the start of the eminent domain process and legal action by both the land owners and the city. As of June 17, 2013, a property acquisition settlement was reached for the property and a request for acquisition funds are expected when the paperwork is completed.

The following requests have been made by the City:

- Amend the contract to commit to an anticipation of \$2,500,000 in FY 2013 funding to cover the FY 2012 funds not approved. This will result in the full \$4.8 million of funding originally approved.
- Approval of a reduced scope to the RMPG project to result in approximately 100 spaces at a cost of approximately \$3.2 million.
- Approval of a second parking garage project, renovations to the Mine Street Parking Garage (MSPG), in the amount of \$1.6 million.

Recent development in downtown Hazleton has increased the need for parking generated by the reduction in parking spaces as a result of the Intermodal Transit Center. The relocation of DBi Services World Headquarters to the downtown area within the next year coupled with the renovation of the Traders Bank and Hazleton National Bank buildings will result in at least 200 additional jobs in downtown Hazleton. DBi Services also committed to retaining the existing 150 downtown jobs. During negotiations, the city committed to completing a downtown parking garage (RMPG) and providing reserved parking spaces to DBi in the MSPG.

The MSPG is nearing occupancy capacity and its need of repairs or the city will be forced to implement parking restrictions resulting in less available spaces. The requested diversion of \$1.6 million to this project will allow for necessary repairs to the garage to be made fulfilling the commitment of reserved spaces for DBi Services.

The remaining \$3.2 million will be used to move the RMPG project forward allowing the city to still realize an increase of 100 parking spaces. The RMPG can be readily expanded in the future to accommodate additional vehicles as necessary.

Recommendation: Approval to change the scope of work to include the renovations to the Mine Street Parking Garage and allow the city to purchase the land at Broad and Laurel Streets designated for the Robotic/Mechanical Parking Garage. Defer the decision regarding the commitment of additional LSA funds to Hazleton parking projects until the March 2014 CFA Board meeting.

DATE: June 14, 2013
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	Approved: 5/25/2005
Beaver County Technology &	\$825,000 (Loan)
Manufacturing Development Center	\$425,000 (Grant)
(Beaver County)	

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. In addition, StartingGate was in negotiation with a buyer to purchase 32,000 sq. ft., but the buyer pulled out of the deal at the end of the due diligence period in May 2013. Principal and interest payments on the BOS Loan are scheduled to begin September 1, 2013. StartingGate is requesting a one year interest only payment period beginning September 1, 2013 with principal and interest payment to begin September 1, 2014.

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 payment period to begin September 1, 2013.
- 2.) Principal and interest payments to begin on September 1, 2014 in an amount to fully amortize the loan over the remaining term.

DATE: May 21, 2013
SUBJECT: Special Request – CFA Board
TO: Scott Dunkelberger
Executive Director, Commonwealth Financing Authority
FROM: Mandy Book
LSA Program Manager

SPECIAL REQUEST – BOARD ACTION REQUIRED

**Coolbaugh Township
Hemlock Drive/SR 611 Intersection Project
(Monroe County)**

Approved: 05/05/2011
\$65,000 (Grant)

Requested Change: On May 5, 2011, the CFA Board approved a \$65,000 Local Share Account – Monroe County Grant for Coolbaugh Township. Funding was a grant for improvements to the intersection at Hemlock Drive and State Route 611 in the township to mitigate a dangerous traffic pattern. The project has not moved forward to date.

On January 29, 2013, the CFA Board approved a \$511,699 Local Share Account – Monroe County Grant for Coolbaugh Township. Funding was a grant for infrastructure, site preparation, and right-of-way acquisition costs associated with the construction of a left-hand turning lane to improve the intersection of State Route 196 and entrance to A Pocono Country Place residential community's main gate. This project is expected to relieve congestion and reduce accidents at the intersection, while providing for a smoother traffic flow through this heavily traveled area. The applicant requested funding of \$683,750 to complete the projected \$850,000 project. A Pocono Country Place committed \$135,320 to the project and the township pledged the remaining \$202,981. Upon inspection of the site by the engineers and PennDOT, the project cost increased to a projected \$950,000 further burdening the municipality.

Coolbaugh Township is requesting a change in project scope from improvements to the intersection of Hemlock Drive and SR 611 to supplemental funding of the SR 196/A Pocono Country Place turning lane project. The township has decided not to move forward with the original project due to safety concerns with the original plan and no viable alternatives at this time. The recently funded turning lane project was funded at a shortfall of more than \$172,000 from the request resulting in an increased commitment of funds from the township to complete the project. The township is requesting that the \$65,000 from the original project be used to reduce that commitment.

Recommendation: Approval. Both projects received the same high score in their respective rounds of funding. The change in scope will reduce the financial burden on the municipality to complete this necessary road safety project.

DATE: May 6, 2013
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. In December 2012, the CFA Board approved an expansion in the scope of work to include the construction of two buildings on the site of the compost facility, an industrial tarp for the purposes of housing and protecting the equipment and maintenance items during the operational months and offseason, and completion of the municipal building adjacent to this site to include concrete flooring and the installation of insulation. To date, \$340,595 has been disbursed and the grantee estimates approximately \$50,000 in additional currently approved costs to be incurred.

Dupont Borough is requesting another expansion in the scope of work to include the installation of a furnace and radiant heat, water service hookup, interior plumbing, and the construction of a restroom in the municipal building. Most of this work will need to be completed prior to the current dirt floor being converted to concrete as approved in December. All expenses beyond the anticipated approximately \$70,000 in remaining funds will be covered by Dupont Borough.

Recommendation: Approval.

DATE: May 22, 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

Henry S. Stoltzfus
(Centre County)

Approved: 10/2/2008
\$200,000 (Loan)
\$157,710 (Principal balance)

Requested Change:

On October 2, 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 2% to Henry S. Stoltzfus, whose farm is located at 6227 Penns Valley Road, Woodward, Centre County. The primary operations of the business are dairy as well as crop farming. The farm also raises heifers and sells the bull calves and cull cows. The crops grown are used to feed the livestock. The First Industries (FIF) loan funds were used to help in the acquisition of the 55-acre dairy farm. Henry Stoltzfus is a sole proprietor dairy farmer. The business is current with its monthly loan payments.

The borrower is requesting that the CFA Board approve a four year loan term extension (from October 2024 to October 2028). This means terming out the loan balance of \$157,710 to another fifteen years starting retroactively on October 2013. The borrower has been having extreme difficult times with his business due to low milk prices and the high cost of feed. For these reasons, he is transitioning from a commercial dairy to a small scale crop operation. He has sold the dairy cattle, equipment, etc. and is renting out the 55 acres of land as well as the dairy facilities. He plans to farm the 45 acres of rented land near his home with corn, alfalfa, tobacco and produce. The corn silage will be sold to his tenant. He also plans to start a welding shop at the farm. Henry will be working with the trustees from the Amish church and all the rents and income from the corn silage will be deposited directly in the trustees account each month. Please note that the borrower's FIF-Ag loan payments have always been on ACH from the trustee account. The Farm Service Agency (FSA) assisted the borrower with his financial projections which show the new plan covers all debts.

The FIF loan collateral remains satisfactory and improved from a second mortgage position to a first mortgage position on the property located at 6227 Penns Valley Road, Woodward, Centre County. The property was appraised on January 16, 2012 for \$565,000. With a \$157,710 loan balance, the LTV is now 28%.

Project Collateral:

1. A first mortgage on the real estate owned by Henry S. Stoltzfus and Arie K. Stoltzfus and located at 6227 Penns Valley Road, Woodward, Centre County, Pennsylvania.
2. Guarantees of Henry S. Stoltzfus and Arie K. Stoltzfus

Staff Recommendation:

Staff recommends that the CFA Board approve the borrower's request for a four year loan term extension (from October 2024 to October 2028). This means terming out the loan balance of \$157,710 to another fifteen years starting from October 2013. The loan has adequate collateral to support the request.

DATE: May 22, 2013
SUBJECT: Special Request – CFA Board
TO: Scott Dunkelberger, Executive Director
Commonwealth Financing Authority
FROM: Kevin M. Rowland, Director
Loans Division

SPECIAL REQUESTS – BOARD ACTION REQUIRED

Yards Brewing Company, LLC
Philadelphia County

Approved: 04/08/2008
\$772,000 (Loan)
\$357,110 (Principal Balance)

Requested Change:

In April 2008, the CFA Board approved a First Industries Agriculture MELF loan in the amount of \$772,000, to Yards Brewing Company, which is located in Philadelphia, Philadelphia County. The primary operation of the business is brewing beer. The MELF First Industries loan funds were used to purchase machinery and equipment used to expand their brewing capacity.

The applicant is now requesting that MELF F.I. consent to release a 3rd mortgage on the personal property of Thomas Kehoe Jr. The property known as the Haddonfield property is located at 623 Grove Street, Haddonfield, NJ, Camden County. This property was taken as an abundance of caution when the Company went through reorganization in June 2010. As it stands, MELF F.I. is subordinate to a Firstrust mortgage of \$1,493,556 and World Savings Bank mortgage of \$129,000. The property is being sold for \$275,000. The owner of the property has secured a buyer, and is requesting that MELF F.I. release their interest in the property to allow for this sale.

There will be no impact on the MELF F.I. loan-to-value. This is due to the fact that there is no value in a third (3rd) mortgage with \$1,622,556 in senior positions.

Project Collateral:

MELF F.I. collateral will remain:

A second lien on all company assets including but not limited to accounts receivables, inventories, existing and future equipment, furniture and fixtures and all intangibles, subject to a first lien in favor of Firstrust in the amount of \$1,493,556, which consists of an existing term loan with a current balance of \$1,293,556, as of April 2013, and a line of credit in the amount of \$200,000. (Assets valued at \$3,746,291 per April 30, 2013 management prepared financials)

As of April 30, 2013: LTV = 55.4%

The Guaranty of Thomas Kehoe Jr.

Staff Recommendation:

A review of YTD company financials shows a strong start to fiscal year 2013. The Company has a revised tangible net worth of \$3,058,936. As of April 30, 2013, the Company had a net income of \$188,016 and EBITDA of \$749,980 on \$2,667,384 in total sales. The Company has exceeded their first quarter sales projections by \$38,854 and is on track to exceed their 2013 projections.

Staff recommends that the CFA board approve the request for MELF F.I. to release its 3rd mortgage on the Haddonfield property located at 623 Grove Street, Haddonfield, NJ, Camden County.

DATE: July 17, 2013
SUBJECT: Special Request – CFA Board
TO: Scott Dunkelberger
Executive Director, Commonwealth Financing Authority
FROM: Mandy Book
LSA Program Manager

SPECIAL REQUEST – BOARD ACTION REQUIRED

Borough of Harveys Lake Approved: 03/13/2012
Police Building Renovation and Relocation Project \$78,220 (Grant)
(Luzerne County)

Requested Change: On March 13, 2012, the CFA Board approved a \$78,220 Local Share Account – Luzerne County Grant for the Borough of Harveys Lake. Funds were approved to renovate an unused recreation center on Little League Road into a police station. The project was expected to result in the police department moving from their current unsecured building along Route 415 into the renovated building on Little League Road and, as a result, the borough offices would be relocated from the Sewer Authority building to the existing police station.

After approval, the borough council was unable to come to agreement to move forward with the project as a relocation of the police station. The Borough of Harveys Lake is requesting to modify the scope of work to the renovation of the current police station located along Route 415. LSA funds will be used for renovations, site work, and engineering costs. The requested change will keep the police station in a very visible, central location in the borough and address the health, safety, and security issues in the building. The borough office will remain in the Sewer Authority Building

Recommendation: Approval.

DATE: July 24, 2013
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
United Business Park
Franklin County

Approved: January 19, 2005
\$7,058,400 (Loan)

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 the entire loan amount has been fully disbursed. The loan is secured by a second mortgage lien subordinate only to \$7,939,366 in favor of Orrstown Bank. Due to the economic downturn and lack of land sales, the CFA approved in May of 2010 a one year extension of mandatory loan repayment period.

Orrstown Bank has been placed under a Fed enforcement order which among other things demands a comprehensive review of its risk management assessment system for lending. Subsequently, \$3,997,000 of the Orrstown Bank loan was called. Today, there only remains the original bank financing of \$3,942,366 in first position on the 256 acre site.

CVRDC has been afforded two twelve month extensions on the BOS loan repayment, which would require payment of principal and interest to commence September 1, 2013. CVRDC has not yet realized land sales to support the repayment of the BOS loan. However, significant activity on this site is strong and the number of large scale users locating along the I-81 corridor is consistently increasing. In March 2012, CVRDC engaged the services of Landmark Commercial Realty, Inc. to enhance marketing efforts. CVRDC is requesting the CFA defer principal and interest payments for another year from September 1, 2013 to September 1, 2014, accept 35% of the net proceeds resulting from land sales and agree that the land sales not trigger commencement of principal and interest payments.

SPECIAL REQUESTS – BOARD ACTION REQUIRED

Cumberland Valley Regional Development Corporation
United Business Park
Franklin County

Approved: January 19, 2005
\$7,058,400 (Loan)

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

Collateral Value: "As completed value" of \$12,700,000

Staff

Recommendation: Approval of the Following:

1. Deferred principal and interest payments from September 1, 2013 to September 1, 2014.
2. If individual land sales occur during the proposed twelve month extension period, CVRDC will pay the CFA 35% of the net proceeds resulting from the individual land sale(s).
3. Individual land sales that do occur during the proposed twelve month extension period will not trigger commencement of principal and interest payments.

DATE: July 23, 2013
SUBJECT: Special Request – CFA Board
TO: Scott Dunkelberger
Executive Director
FROM: Brian Eckert
Director, Site Development Division

SPECIAL REQUEST – BOARD ACTION REQUIRED

Greater Berks Development Fund

Approved: 06/26/2007
Approved Amount: \$12,000,000

Requested Change:

On June 26, 2007, the CFA Board approved a Greater Berks Development Fund (GBDF) Building PA loan allocation in the amount of \$4,000,000, later amended on January 26, 2012 to \$12,000,000. The allocation was approved to fund projects along the *Initiative for a Competitive Greater Reading Corridor* in the City of Reading and adjacent municipalities. The allocated funds for GBDF have almost been depleted with new projects on the horizon that could benefit from Building PA loan funds. GBDF is currently working on the following three potential projects:

1. A manufacturer with over 500 employees is considering expansion at its current location in the city. Employing well over 500 people, many of whom are city residents, the company is diligently working on a multi-million dollar plan that would allow for its growth to be accommodated at its current site. The company is committed to Reading and willing to explore all options.
2. GBDF is ready to undertake the environmental assessment work to redevelop a 19+ acre former paint factory site in the city. The current owner demolished all of the buildings at the site. Because of its location, access to highways, existing infrastructure and its KOZ status, it is believed that the redevelopment potential of the site is tremendous. Reuse

involving construction of several buildings in a small, industrial park-like setting is an initial concept for the property.

3. A vacant but historically significant office building has fallen into a state of disrepair. It is situated in a prime location and therefore has the potential to be an attractive option for potential tenants, possibly as a mixed use project. A local developer has been diligently working on assembling a financing package to take on the project, which will involve significant renovations in order to bring the building up to code.

As a result of these projects GBDF is requesting an additional \$5,000,000 in allocation.

Staff Recommendation: Approval of a \$5,000,000 increase in loan allocation for a total of \$17,000,000.

DATE: July 26, 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

Heritage Cove, Inc
Bedford County

Approved: 04/08/2008
\$79,500 (Loan)
\$59,464.06 (Principal Balance)

Requested Change:

On April 8, 2008, the CFA Board approved a First Industries Tourism SBF loan in the amount of \$79,500, at a term of 180 months and a fixed interest rate of 4.00% to Heritage Cove, Inc., which is located at 207 T River Road, Saxton, Bedford County. The primary business of Heritage Cove, Inc. is the operation of a campground facility, which offers cabin rentals, a swimming pool, boat launch, docking slips, and picnic pavilion. The First Industries (FIF) loan funds were used to construct two resort cabins, a storage shed and new docks, as well as the purchase of a pontoon boat for guest rental, a golf cart and computer equipment/software. The boat launch and pavilion were financed by a Community Economic Development (CED) loan which has been paid off. The business is current with its monthly payments.

Heritage Cove, Inc. is requesting that the CFA Board approve a subordination of its existing mortgage due to the consolidation of its current debt and additional project financing to make improvements to the campground. Clearfield Bank & Trust Company is refinancing the current balance of its two senior mortgages and providing an additional \$150,000 to finance a portion of the project costs in the approximate amount of \$350,000 for campground improvements. The new loan facility will be in the amount of \$1,242,000. If approved, the FIF loan would be in a second mortgage position and have an LTV of 48%. The existing FIF loan is secured by a third mortgage on the real estate located at 207 T River Road, Saxton, Bedford County, subject to a first mortgage in favor of Clearfield Bank & Trust Company in an amount not to exceed \$1,300,000, and a second mortgage in favor of Clearfield Bank & Trust Company in an amount not to exceed \$100,000. The Loan to Value was 58% at the time of approval.

Proposed Collateral if Special Request is Approved:

A second mortgage on the real estate owned by Richard L. Wright and Sandra D. Wright located at 207 T River Road, Saxton, Bedford County, subject to a first mortgage in favor of Clearfield Bank & Trust Company in the original loan amount of \$1,242,000.

Appraised as completed value \$2,700,000 on June 3, 2013

Guarantees of Richard L. Wright and Sandra D. Wright

Staff Recommendation:

Staff recommends that the CFA approve the subordination of its FIF loan to the debt consolidation and refinance by Clearfield Bank & Trust Company. The recommendation is based on the loan being current, the collateral is adequate to support the request and the refinancing will improve cash flow by approximately \$860.00 monthly.

DATE: July 23, 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

Juniata Countryside Produce & Farm Market, Inc.
(Juniata County)

Approved: 5/7/2008
\$125,000 (Loan)
\$92,881 (Principal balance)

Requested Change:

On May 7, 2008, the CFA Board approved a First Industries Agriculture SBF loan in the amount of \$125,000, at a term of 180 months and a fixed interest rate of 4% to Juniata Countryside Produce & Farm Market, Inc., located at H.C. #63 (Now- 25649 N RT 35) Mifflintown, Juniata County, Pennsylvania. The loan was used to help with the acquisition of an existing produce and farm market business. The project involved the purchase of the real estate, new equipment, existing business assets and working capital costs. The primary operation of the business is the sale of farm produce. The business is current with its monthly loan payments.

The borrower is requesting that the CFA Board approve a subordination of its FIF loan to the new \$156,000 refinancing by AgChoice. The borrower is in the process of refinancing and consolidating the existing AgChoice loans with a current cumulative balance of approximately \$116,000 (balances of \$101,710 and \$14,467 respectively). AgChoice is also providing an additional \$40,000 in new money for a new roof for the building, to complete improvements on an apple cooler and finance closing costs. Consequently, the new AgChoice loan amount will be \$156,000.

The FIF loan is being requested to subordinate its mortgage on both collateral properties. If the request is approved, the FIF-Ag collateral position will improve from a third mortgage position to a second position behind AgChoice Farm Credit on the project property located at HC #63 (Now- 25649 N RT 35), Mifflintown, Juniata County, Pennsylvania. The FIF mortgage on the other additional collateral property located at R.R. #2, Box 1410, (Now- 2673 Long Road) Mifflintown, Juniata County, Pennsylvania will improve from a fourth mortgage position to a second position behind AgChoice Farm Credit.

However, the filing amount of AgChoice's first mortgage will increase to \$156,000, the amount of the new loan facility. Also the FIF loan LTV will improve from 44% when the loan was approved in 2008 to 28.28% in 2013 due to the existing loans being either paid down or paid in full.

Proposed Collateral:

1. A second mortgage on the real estate owned by Leslie P. and Carla K. Towsey, Randy J. and Carmen L. Miller and Donald R. and Lillian K. Weaver and located at 25649 N RT 35, Mifflintown, Juniata County, Pennsylvania, subject to a first mortgage in favor of AgChoice Farm Credit in the original filing amount of \$156,000. The collateral value as of 6/12/2013 was \$265,000.
2. A second mortgage on the real estate owned by Donald R. and Lillian K. Weaver and located at 2673 Long Road, Mifflintown, Juniata County, Pennsylvania, subject to a first mortgage in favor of AgChoice Farm Credit in the original filing amount of \$156,000. The collateral value as of 6/12/2013 was \$615,000.
3. Guarantee of WMT Holdings.
4. Guarantees of Donald R. Weaver, Lillian K. Weaver, Randy J. Miller, Carmen L. Miller, Leslie P. Towsey and Carla K. Towsey.

Staff Recommendation:

Staff recommends that the CFA Board approve the subordination of its FIF loan to the new refinancing by AgChoice Farm Credit. The recommendation is based on the loan being current, the collateral package is very adequate to support the request and the refinancing will save the borrowers approximately \$400.00 monthly.