



**Commonwealth Financing Authority**  
Harrisburg PA, 17120

**Board Meeting Minutes**

**January 28, 2014**

The Commonwealth Financing Authority (CFA) board meeting was held on January 28, 2014. 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, 2<sup>nd</sup> 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 and Austin Burke. John Verbanac 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, Mandy Book, Carolyn Boser Newhouse, Jason Brehouse, Kathy Bruder, Mike Cortez, Kristin Crawford, Brian Eckert, Ryan Emerson, Josh Funk, Ryan Glenn, Chelsea Guzowski, Danielle Guyer, Laurie Henry, Rich Hudic, John Iannarelli, Ron Jumper, Matthew Karnell, Steve Kratz, Chuck Leonard, Jeff Logan, Greg Mahon, Michael O'Rourke, Nancy Rowe, Peggy Schaeffer-Montgomery, Chris Stets, John Sider and Lisa Taglang.

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

On a motion by Mr. Burke and seconded by Ms. Soderberg, the Board unanimously approved the November 21, 2013 and the January 8, 2014 board meeting minutes.

On a motion by Mr. Moyer and seconded by Mr. Tartline, the Board unanimously approved payment of CFA expenses in the amount of \$764,517.79.

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

**Proposed Renewable Energy Program Guideline Changes:**

Mr. Dunkelberger briefly outlined the proposed changes. Upon motion by Mr. Burke and seconded by Mr. Tartline, the Board unanimously approved changes to the Renewable Energy Program guidelines.

Ms. Soderberg requested that CFA staff look into a way to convert the application process into a completely electronic application. She feels it's wasteful to have applicants send in paper copies of the application and supplemental information and electronic access would be more convenient for board members.

**Venture Capital Program Recommendation:**

Mr. Dunkelberger presented information regarding the loan request. Mr. Verbanac questioned if there have been any changes to the ownership structure since the application was submitted. Ryan Glenn confirmed there had not been any changes.

Upon motion by Mr. Verbanac and seconded by Ms. Soderberg, the Board unanimously approved an investment request to Bluetree Venture Fund I, LP in the amount of \$3,000,000 or 10% of the total committed capital, whichever is less, with a verified 3:1 match, under the stipulation that the Board would need to receive confirmation that the 4 principals were still actively involved with the firm in the same capacity as they were at the time of application.

**Alternative and Clean Energy Program:**

**Alternative Energy Production Projects**

Upon motion by Ms. Soderberg and seconded by Mr. Verbanac, the Board unanimously approved a grant in the amount of \$500,000 to ENER-G Rudox, Inc. for the installation of a 265 kW combined heat and power system at the Cathedral Village retirement community located in the City of Philadelphia in Philadelphia County.

**CNG/LNG Projects**

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

<u>Applicant</u>	<u>Project</u>	<u>Grant</u>
Love's Travel Stops & County Stores	Love's Mifflinville CNG Station Project	\$885,910
Love's Travel Stops & County Stores	Love's Jonestown CNG Station Project	\$924,809
Love's Travel Stops & County Stores	Love's Carlisle CNG Station Project	\$924,809
Silvi Concrete of Chester County, LLC	Downingtown Natural Gas Station	\$244,222
Constructional Dynamics, Inc.	Limerick Natural Gas Station	\$244,222
Waste Management of Pennsylvania, Inc.	WM Pen Argyl Grand Central Sanitation CNG Station Project	\$806,248

**High Performance Building Projects**

Mr. Karp stated concerns with the grant application, after reading information from a recent school board meeting where there was discussion on the proposed project. He feels that the new school building will not meet the LEED-standards if the school chooses not to complete the geothermal portion of the project.

On a motion by Mr. Burke and seconded by Ms. Soderberg, a grant in the amount of \$2,000,000 to the Boyertown Area School District for the high performance building renovation of a senior high school was rejected on a vote of 6 to 1, with Mr. Karp casting the dissenting vote, and the supermajority having not been met.

**Monroe County & Counties Contiguous to Monroe Local Share Account Programs**

Mr. Dunkelberger explained that this year, the CFA received 134 grant applications for the Monroe County and Counties Contiguous to Monroe Local Share Account program totaling \$50,000,000 for an available \$11,700,000. He further explained that because of this volume, the Board has not been able to achieve a consensus to move forward. He said staff will work to have the projects presented to the board at the March 20, 2013 board meeting. Ms. Soderberg asked if this will affect the timeline of the Luzerne County Local Share Account projects. Mr. Dunkelberger stated these requests were currently being reviewed by staff and would likely be presented to the Board at the March 20, 2014 meeting, as well.

**TIF Guarantee Payments**

Mr. Dunkelberger briefly outlined the requests. Mr. Karp questioned the amount remaining on these projects. Mr. Dunkelberger explained that the guarantee was up to \$5,000,000 on all projects. He further explained that as the increment on these projects continues to materialize, the CFA will be repaid out of the debt service reserve fund, once there is enough to cover the debt service payments. Mr. Dunkelberger gave a brief status report on each of the projects. Mr. Karp asked how much money has already been paid for the Painter Stadium project. Mr. Dunkelberger stated he would get that information, and amounts paid on the other projects, to the Board.

Upon motion by Mr. Burke and seconded by Mr. Karp, the Board unanimously approved the following three TIF guarantee payments:

A TIF guarantee payment to M&T Investment Group in the amount of \$269,917.98 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 \$242,078.47 for the North Versailles' Longvue Development TIF project in Allegheny County.

A TIF guarantee payment to M&T Investment Group in the amount of \$170,004.90 for the City of Lock Haven's Painter Stadium TIF project in Clinton County.

**First Industries Loan Guarantee Payment**

Mr. Dunkelberger outlined the project and events that brought the request before the Board. Mr. Karp questioned who the principal is behind Keystone Biofuels. Mr. Dunkelberger stated the information was probably included in the original loan approval and he did not have the information in front of him, but that he would send it following the meeting. Mr. Karp pointed out that in the future he would like to include personal guarantees and additional collateral on projects of this nature. Mr. Verbanac expressed support for the same. Mr. Moyer also expressed support, but stated the deal was negotiated well and approving this request would clean up the matter.

On a motion by Mr. Moyer and seconded by Mr. Verbanac, a First Industries Fund Loan Guarantee payment in the amount of \$512,673.70 to the First National Bank of Pennsylvania for the Keystone BioFuels, Inc. project was approved.

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

Upon motion by Mr. Verbanac and seconded by Mr. Karp, the following one new enrollment and three special requests were ratified (information attached):

<u>Lending Institution</u>	<u>County/Region</u>	<u>Tourism/Agriculture</u>
Enterprise Development Fund of Erie County, Inc.	Northwestern PA	Agriculture

<u>Applicant</u>	<u>Program</u>
Borough of Old Forge	LSA – Monroe County
Chris Hoffman dba Lazy Hog Farm	Small Business First/First Industries Fund Agriculture
Monroe County Industrial Development Authority	LSA – Monroe County

**Other Business:**

Ms. Soderberg advised the board that she would no longer be serving on the board following the meeting. She explained that Representative Frank Dermody would be sending a letter of appointment with information on her replacement. Chairman Walker thanked her for her service.

There being no further business to come before the Board, the meeting was adjourned at 11:09 A.M.

**DATE:** October 22, 2013  
**SUBJECT:** Special Request – CFA Board  
**TO:** Scott Dunkelberger  
Executive Director, Commonwealth Financing Authority  
**FROM:** Mandy Book  
LSA Program Manager

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**SPECIAL REQUEST – BOARD ACTION REQUIRED**

**Borough of Old Forge  
Old Forge Recreation Park Project  
(Lackawanna County)**

Approved: 01/25/2012  
\$100,000 (Grant)

**Requested Change:** On January 25, 2012, the CFA Board approved a \$100,000 Local Share Account – Monroe County Grant for the Borough of Old Forge. Funds were approved for Phase 3 improvements to Old Forge Recreation Park to include the construction of a maintenance/restroom building, installation of mulch, and seeding of the lawn area. Problems with construction on Phase 2 began in January 2012 resulting in a work stoppage. Phase 3 cannot be started until Phase 2 is complete and the timeline for completion is unknown until the issues with the contractor are resolved.

As a result, the Borough of Old Forge is requesting to modify the scope of work for improvements to the Miles Street Park to include renovation of the existing maintenance/restroom building and basketball court wall, resurfacing of the basketball and racquetball courts, and updating the children’s play area. In addition, all areas of the park will receive accessibility renovations. The total cost of this modified scope of work is \$142,824. Lackawanna County and the borough will contribute funding to complete the project.

**Recommendation:** Approval.

**DATE:** December 17, 2013  
**SUBJECT:** Special Request – CFA Board  
**TO:** Scott Dunkelberger, Executive Director  
Commonwealth Financing Authority  
**FROM:** Jared A. Lucas, Director  
Small Business First Division

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**SPECIAL REQUESTS – BOARD ACTION REQUIRED**

**Chris Hoffman dba Lazy Hog Farm**  
Mifflin County

Approved: 6/5/2009  
\$200,000 (Loan)  
\$151,563 (Principal Balance)

**Requested Change:**

On June 5, 2009, 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 2.0% to Chris Hoffman dba Lazy Hog Farm, which is located in an Agriculture Security Area in Lewistown, Mifflin County. The primary operation of the business is a hog finishing operation. The First Industries (FIF) loan funds were used to finance the acquisition of a 94.42-acre farm property including two hog finishing barns. Each barn holds a maximum of 2,180 hogs. The business is current with its monthly payments.

The CFA is being asked to release its mortgage on non-project real estate that was taken as additional collateral. In addition to the CFA request to release the mortgage, Mr. Hoffman will be receiving a new loan from Susquehanna Bank in the amount of \$315,000 to refinance two existing mortgages on the project property and to make some improvements to the project property. This financing will be in a subordinate mortgage position to the CFA loan. The new financing and release of collateral will result in a LTV of 54.9% for the FIF loan based on an October 21, 2013 appraisal of \$1,295,000 on the project property and updated balances of the existing first and second mortgages in favor of Susquehanna Bank. The senior mortgages on the additional collateral property exceed the property value so releasing the CFA mortgage has minimal impact on the FIF loan collateral.

**Existing Project Collateral:**

1. A third mortgage on the 94.42-acre farm property located at 240 Long Hollow Lane, Lewistown, Mifflin County, Pennsylvania, shared pro-rata with Susquehanna Bank in the original filing amount of \$43,000 (current balance - \$36,241), and subject to a first mortgage in favor of Susquehanna Bank in the original filing amount of \$475,000 (current balance - \$404,177), and subject to a second mortgage in favor of Susquehanna Bank in the original filing amount of \$200,000 (current balance - \$155,105). [Appraised at \$1,100,000 on 11/13/2008]
2. A second mortgage on the 38-acre farm property, containing the hog nursery, located at RR2, Box 1510, Parcel #3-14-43, 115, McAlisterville, Juniata County, Pennsylvania, subject to a first mortgage in favor of Susquehanna Bank in the original filing amount of \$1,372,000 (current balance - \$1,141,509). [Appraised at \$560,000 on 2/26/2007]
3. A life insurance policy in the amount of \$200,000 on the life of Chris Hoffman.

**Proposed Collateral if Special Request is Approved:**

1. A third mortgage on the 94.42-acre farm property located at 240 Long Hollow Lane, Lewistown, Mifflin County, Pennsylvania, subject to a first mortgage in favor of Susquehanna Bank in the original filing amount of \$475,000 (current balance - \$404,177), and subject to a second mortgage in favor of Susquehanna Bank in the original filing amount of \$200,000 (current balance - \$155,105). [Appraised at \$1,295,000 on 10/21/2013]
2. A life insurance policy in the amount of \$200,000 on the life of Chris Hoffman.

**Staff Recommendation:**

Staff recommends that the CFA approve the release of the mortgage on RR2, Box 1510, Parcel #3-14-43, 115, McAlisterville, Juniata County, Pennsylvania, as the project property is sufficient to secure the FIF loan with a LTV of 54.9%.

**DATE:** December 5, 2013  
**SUBJECT:** Special Request – CFA Board  
**TO:** Scott Dunkelberger  
Executive Director, Commonwealth Financing Authority  
**FROM:** Mandy Book  
LSA Program Manager

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**SPECIAL REQUEST – BOARD ACTION REQUIRED**

**MCIDA/Mount Pocono Borough  
Pine Hill Road Improvements Project Grants  
(Monroe County)**

**Requested Change:** On January 25, 2012, the CFA Board approved a \$450,000 Local Share Account – Monroe County Grant for the Monroe County Industrial Development Authority (MCIDA) on behalf of Mount Pocono Borough and Turkey Hill LP to assist with the widening of Pine Hill Road allowing for a center left turn lane, additional turning lanes on Route 611 and Route 196, and traffic signaling. The applicant requested funding, at the least amount, of \$787,500 to complete the projected \$1,033,236 project. Turkey Hill LP committed \$245,736. On May 17, 2012, the CFA Board approved a scope of work change to a 2010 LSA grant to Mount Pocono Borough in the amount of \$228,395 to supplement the Pine Hill Road project. Turkey Hill LP has since decided not to proceed with their project at this location. PennDOT is also now requiring an updated traffic study and additional design items to be provided in order to move the project forward.

The applicants are requesting approval to expand the scope of work for both grants from infrastructure and administrative costs to also include engineering costs associated with the traffic study and required design work. The applicants will seek additional financing, as necessary, depending on the results of the study and final design work. Of note, other developers have expressed interest in development at this location and are in discussions with MCIDA at this time.

**Recommendation:** Approval.