



Commonwealth Financing Authority
Harrisburg PA, 17120

Board Meeting Minutes

January 14, 2015

The Commonwealth Financing Authority (CFA) board meeting was held on January 14, 2015. 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, on the second floor of the Keystone Building located at 400 North Street in 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 and Austin Burke. John Verbanac, Marc Little, 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: Randy Albright, John Beddia, Mandy Book, Carolyn Boser Newhouse, Jason Brehouse, Vanessa Brubaker, Kathy Bruder, Mike Cortez, Kristin Crawford, Bill Dunagan, Brian Eckert, Ryan Emerson, Mark Fennel, Anna Fitzsimmons, Josh Funk, Danielle Guyer, Chelsea Guzowski, Helen Hammerschmidt, Brett Hartley, Laurie Henry, Rich Hudic, Ron Jumper, Todd Keefer, Lyndsay Kensinger, Steve Kratz, Greg Mahon, Michael O'Rourke, Peggy Schaeffer-Montgomery, Chris Stets, Lisa Taglang, Julia Thompson and Rita Warcholic.

Chairman Walker called the meeting to order at 9:50 A.M. after acknowledging a quorum of the Board.

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

On a motion by Mr. Burke and seconded by Mr. Little, the Board unanimously approved the October 21, 2014 Commonwealth Financing Authority Board meeting minutes.

On a motion by Mr. Burke and seconded by Mr. Moyer, the Board unanimously approved payment of CFA expenses in the amount of \$644,905.03.

On a motion by Mr. Verbanac and seconded by Mr. Tartline, the Board unanimously approved changes to the following seven program guidelines: Abandoned Mine Drainage Abatement, Baseline Water Quality Data, Flood Mitigation, Greenways, Trails and Recreation, Orphan or Abandoned Well Plugging, Sewage Facilities, and Watershed Restoration and Protection.

Mr. Dunkelberger explained there were some clarifications proposed, along with a significant policy change that would allow improvements on state-owned infrastructure to be included in eligible costs under the Multimodal Transportation program. On a motion by Mr. Moyer and seconded by Mr. Little, the Board unanimously approved changes to the Multimodal Transportation program guidelines.

Mr. Dunkelberger included that he recently sent a comprehensive proposed application review and approval schedule to the Board. He asked if there were any questions or comments, and stated that it was not a required voting item. He further explained the intention was to begin accepting applications in accordance with that proposed schedule. Mr. Karp questioned whether Business in Our Sites was included in the proposed schedule. Mr. Dunkelberger confirmed the CFA has enough money with loan repayments that staff would be able to reopen the program and once again begin accepting applications as of January 15th, for consideration at the July 2015 Board meeting. Mr. Karp asked to forego opening the program in order to make revisions to the guidelines. Mr. Verbanac concurred with Mr. Karp's comments. Mr. Dunkelberger stated that in lieu of those concerns, the Business in Our Sites program would not open until a later date. He asked the Board to work together in order to have proposed guidelines for the Business in Our Sites and Building PA programs ready for the March 2015 Board meeting

Alternative and Clean Energy Program:

Alternative Energy Production Projects

Mr. Dunkelberger individually outlined the six requests.

Upon motion by Mr. Karp and seconded by Mr. Little, the Board unanimously approved a grant in the amount of \$400,000 to ENER-G Rudox, Inc. for the Simpson Senior Services Clean Energy Infrastructure project located in Philadelphia County.

Upon motion by Mr. Burke and seconded by Mr. Moyer, the Board unanimously approved a loan in the amount of \$211,296 to M. Simon Zook Company for their Conversion of LFG Generation to Combined Heat and Power project located in Lancaster County.

Upon motion by Mr. Burke and seconded by Mr. Little, the Board unanimously approved a grant in the amount of \$1,300,000 to Lancaster General Hospital for their Combined Heat and Power project located in Lancaster County.

Upon motion by Mr. Verbanac and seconded by Mr. Tartline, the Board unanimously approved a grant in the amount of \$1,589,139 to Robert Packer Hospital for their Combined Heat and Power project located in Bradford County.

Upon motion by Mr. Burke and seconded by Mr. Tartline, the Board unanimously approved a grant in the amount of \$302,816 to the Lackawanna County Commissioners for their Lackawanna County CHP project located in Lackawanna County.

Upon motion by Mr. Moyer, and seconded by Mr. Burke, the Board unanimously approved a loan in the amount of \$853,135 to the Borough of Columbia for their Columbia Anaerobic Digester project located in Lancaster County.

CNG/LNG Projects

Upon motion by Mr. Burke and seconded by Mr. Tartline, the Board unanimously approved the following three Alternative and Clean Energy CNG/LNG projects:

<u>Applicant</u>	<u>Project</u>	<u>County</u>	<u>Grant</u>
Clean Energy dba Clean Energy Inc.	Clean – Centre County Public Access CNG Station	Centre	\$642,894
reat River Energy, LLC	The Easton Pennsylvania Public CNG Station Initiative	Northampton	\$736,350
United Parcel Service	UPS New Stanton CNG Conversion Initiative	Westmoreland	\$896,286

High Performance Building Projects

Upon motion by Mr. Tartline and seconded by Mr. Moyer, the Board unanimously approved the following two High Performance Building projects:

<u>Applicant</u>	<u>Project</u>	<u>County</u>	<u>Loan</u>	<u>Grant</u>
Sycamore Hill Farm Development, LP	Creating a LEED Gold Neighborhood in Bethlehem, PA	Northampton	\$834,338	
Lewisburg Area School District	New Lewisburg Area High School	Union		\$2,000,000

TIF Guarantee Payments

Upon motion by Mr. Verbanac and seconded by Mr. Little, the Board approved the following three TIF guarantee payments:

<u>Payee</u>	<u>Applicant</u>	<u>Project</u>	<u>County</u>	<u>Amount</u>
M&T Investment Group	The City of Butler	West-End Revitalization Project	Butler	\$263,603.38
M&T Investment Group	North Versailles IDA	Longview Development Project	Allegheny	\$247,746.71
M&T Investment Group	City of Lock Haven	Painter Stadium Project	Clinton	\$267,489.36

Special Requests (details attached)

Upon motion by Mr. Moyer and seconded by Mr. Little, the Board unanimously approved a request from Sacred Heart Hospital to alter the grantee on their Multimodal Transportation project.

Upon motion by Mr. Little and seconded by Mr. Burke, the Board denied a collateral modification request from Stoehr Development, Inc. for their Business in our Sites project.

Upon motion by Mr. Karp and seconded by Mr. Moyer, the Board unanimously approved a collateral modification request from WESGOLD, LLC for their Business in Our Sites project. Mr. Karp mentioned he was in favor of this request because the developer offered a personal guarantee to back the project. He also stated that he would like to see this in the future with new Business in Our Sites projects.

Upon motion by Mr. Burke and seconded by Mr. Verbanac, the Board unanimously approved a collateral modification request from RIDC Southwestern Pennsylvania Growth Fund, Inc. for their Business in Our Sites project. The request was approved with the additional conditions: 1) Release the lien on the 4.465 acre parcel securing the BOS loan and 2) RIDC agrees to inject 15% cash equity into the building to be erected on this parcel if RIDC seeks funding from the CFA for the building.

Upon motion by Mr. Burke and seconded by Mr. Little, the Board unanimously approved a collateral modification request from TGG/TCH – Hamilton Crossing Associates, LP for their Business in our Sites project.

Mr. Karp stated he did not feel he was given enough information, including an updated appraisal or personal financials from the applicants; therefore, he would vote negatively if a vote was brought before the Board. A subordination request from Harold and Maria Ciampoli for their Renewable Energy Loan was denied by the Board due to a lack of a motion and second.

Upon motion by Mr. Karp and seconded by Mr. Burke, the Board unanimously approved a request to release collateral from Ackermann Holdings, LLC d/b/a The Amish Village for their First Industries Tourism project.

Alternative and Clean Energy Program Grant Recapture

Mr. Dunkelberger explained that from time to time, staff has needed to come back to the Board when we have made grants to companies that promised to create jobs, and fail to do so. He further explained that within the grant contract is a stipulation that says if the company fails to create the number of jobs promised, the Authority can claw back grant funds that were disbursed.

Mr. Dunkelberger briefly outlined a request to demand reimbursement on the Advanced Tech Materials Manufacturing project located in Hazle Township, Luzerne County. He explained that the grantee did not utilize the entire grant funding, but did promise to create 26 new, full-time jobs and retain two jobs within three years. Staff monitored the project in April 2014 and found that the business was only able to retain two jobs, and was not able to create any new, full-time jobs. Mr. Dunkelberger stated that staff is recommending a partial repayment from the company in the amount of \$10,323.

Upon motion by Mr. Burke and seconded by Mr. Verbanac, the Board unanimously approved the request to demand partial repayment of the grant.

Chairman Walker stated that the formal agenda has concluded. He added that there was a request from Todd Keefer, a private citizen of York County, to address the Board during a public comment period. Chairman Walker said that this was atypical and he was going to limit the time to 5 minutes.

Todd Keefer thanked the Board for allowing him to comment. He spoke on issues pertaining to the Rock Litz project located in Warwick Township, Lancaster County. He stated what really captured his attention was when the project received a large grant from the state. He feels that the project could have easily gone through without the use of taxpayer funds.

Mr. Keefer also described a natural gas conversion project from PH Glatfelter, where an \$8,000,000 grant was given, with the company adding \$55,000,000 as a match. He stated that he is fully behind granting and loaning taxpayer funds to projects that involve public health, public safety and transportation. Mr. Keefer explained that he feels the state is being fiscally wasteful with taxpayer monies. He urged the Board members and attendees to review Article 8, sections 6 and 8 of the State Constitution. Mr. Keefer thanked the Board for their time.

Mr. Karp agreed and supported Mr. Keefer's comments, and urged him to continue to monitor the CFA and state government.

Chairman Walker thanked the Board for their attendance at this meeting, whether in person or on the phone. Mr. Verbanac stated that there were several members of the Board and staff that may not be present at the next meeting, and that he felt the need to express his pleasure of working with them over

the past few years. Chairman Walker announced that it would be his last meeting. Mr. Burke echoed Mr. Verbanac's comments and reflected on the significant work that's been facilitated by the CFA.

Chairman Walker addressed Mr. Keefer to say that he came to DCED as a private citizen and was highly impressed with the professionalism of the employees of DCED. He stated that he believes they are truly looking out for the taxpayers' best interest, and he could not have been more pleased with his findings in his tenure at DCED. He also urged Mr. Keefer to continue to follow the CFA, and other grant and loan monies throughout the Commonwealth.

There being no further business to come before the Board, upon motion by Mr. Verbanac and seconded by Mr. Moyer, the meeting was adjourned at 12:13 P.M.

DATE: December 9, 2014
SUBJECT: Special Request – CFA Board
TO: Scott Dunkelberger
Executive Director, Commonwealth Financing Authority
FROM: Mandy Book
MTF Program Office

SPECIAL REQUEST – BOARD ACTION REQUIRED

Sacred Heart Hospital Approved: 09/09/2014
Heart of the City Streetscape Phase II \$300,000 (Grant)
(Northampton County)

Requested Change: On September 9, 2014, the CFA Board approved a \$300,000 Multimodal Transportation Fund grant for Sacred Heart Hospital. The project will make streetscape and pedestrian safety improvements along the 500 and 600 blocks of Chew Street in the City of Allentown. Sacred Heart Hospital applied for the grant and has closely partnered with the city through the first phase and application for phase II of this project. Phase II encompasses infrastructure owned by the City of Allentown and will require the city to contract for the work. As a result, Sacred Heart Hospital and the City of Allentown are requesting that the City of Allentown become the grantee for the MTF contract.

Recommendation: Approval.

DATE: December 8, 2014
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

Stoehr Development, Inc.
Fort Pitt Industrial Park
(Washington County)

Approved: 07/17/06
\$3,362,946 (Loan)
\$1,905,471 (Grant)

Requested Change:

On July 17, 2006, the CFA Board approved a BOS grant to the Redevelopment Development Authority of the County of Washington and a loan to Stoehr Development, Inc. (SDI) for the development of the former Fort Pitt Bridge Works site in the Borough of Canonsburg, Washington County. The loan was secured by a first mortgage lien on a tract of land consisting of 23.74 acres acquired by SDI. BOS loan funds were used for acquisition and demolition. Currently, all funds have been disbursed and SDI is making monthly payments on the BOS loan. The outstanding balance is \$2,861,253.

In December of 2009, the CFA agreed to subordinate to a second lien position behind Washington Financial Bank (WFB) in the amount of \$4,100,000 on a 4 acre site with a first lien on the remaining 19.74 acres. Proceeds of the WFB bank loan were used to construct a 57,750 square foot speculative light industrial building. The building is currently 100% occupied.

In October 2014, SDI requested the CFA to subordinate its position on the above mentioned 4 acre site for an equity loan. SDI intends to use these funds to retrofit their current strip mall to maximize the vacant land which is currently used as a parking lot. At the October 21st meeting, the CFA approved the subordination request with the condition that the CFA receives an acceptable appraisal on the 14.6 acres, in which the CFA has a first lien, at a value no greater than an 80% LTV.

Current Collateral: 23.74 acres at the former Fort Pitt Bridge Works located in Canonsburg Borough, Washington County, Pennsylvania.

- 4 acre parcel - second lien subordinate to \$4,100,000.
- 5.143 acre parcel - third lien subordinate to \$3,695,700 & \$1,902,500, respectively
- Remaining 14.6 acres – first lien.

Collateral Value: \$15,830,000 - 23.74 acres (original)
4 acre parcel - Building A \$6,610,000
5.143 acre parcel - \$7,000,000

Proposed Change: SDI is requesting the CFA board reconsider the 80% LTV and to allow the LTV on the 14.6 acres to be 100%. Preliminary discussions with the appraiser indicated that the 80% LTV value cannot be achieved on that parcel.

Staff Recommendation: Denied

DATE: December 5, 2014
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

WESGOLD, LLC
ParkWest Town Center
(Philadelphia County)

Approved: 12/9/05
\$3,500,000 (Loan)

Requested Change:

On December 9, 2005, the CFA Board approved a \$3,500,000 BOS loan to WesGold, LLC (Borrower) as part of the capital stack for the construction of Park West Town Center, a 342,000 square foot shopping center anchored by ShopRite and Lowe's located in the City of Philadelphia. BOS funds were used for acquisition, demolition, site preparation, road construction and the installation of water and sewer at the site. All funds have been disbursed and the borrower is current on all BOS loan payments. The current balance on the BOS loan is \$2,656,297.

The BOS loan was subordinate to three other loans, a first in favor of Wells Fargo in the amount of \$14.1 million, a second in favor of Wells Fargo in the amount of \$840,000, and a third Wells Fargo New Market Tax Credit supplemental loan in the amount of \$3.56 million. In addition, subordinate to the BOS loan was a fifth tax increment financing ("TIF") loan from the Philadelphia Authority for Industrial Development ("PAID") in the amount of \$6.0 million. Since that time, the ParkWest Town Center has been fully developed and stabilized and is currently yielding a net operating income of \$2,659,000 and an appraised value of \$38 million.

WesGold, LLC is seeking to refinance the outstanding debt on the project. While the original BOS loan terms capped the allowable senior debt at \$18.5 million, WesGold requests the CFA consider permitting an increase in the allowable senior debt on the project to \$21,782,021 for the remainder of the BOS loan term. The proposed capitalization represents a 64% LTV and a 1.5 debt service coverage ratio. In addition, the original underwriting of the BOS did not

include a personal guaranty from the borrower. As added security Kenneth Goldenberg is willing to provide a personal guaranty for the BOS loan.

Original Financing

Structure:	Wells Fargo:	\$14,100,000
	Wells Fargo:	\$ 840,000
	Wells Fargo NMTC:	\$ 3,560,000
	BOS Loan:	\$ 3,500,000
	PAID (TIF) Loan:	<u>\$ 6,000,000</u>
	Total:	\$ 28,000,000

Original BOS Collateral: Fourth priority leasehold mortgage on 17 acre site located in the City of Philadelphia.

Original Collateral Value: \$25,400,000 "As Completed"

Proposed Financing

Structure:	Wells Fargo Loan:	\$21,782,021
	BOS Loan:	\$2,656,297 (current balance)
	PAID (TIF) Loan:	<u>\$4,061,682 (current balance)</u>
	Total:	\$28,500,000

Proposed BOS Collateral: Second priority leasehold mortgage on a 17 acre site located in the City of Philadelphia.

Personal guaranty of Kenneth Goldenberg

Updated Collateral Value: \$38,000,000

Staff Recommendation: Approval of the following:

1. BOS loan to subordinate to a lien of \$21,782,021 in favor of Wells Fargo Bank.
2. Personal guaranty of Kenneth Goldberg.

DATE: December 12, 2014
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

RIDC Southwestern Pennsylvania Growth Fund
Lawrenceville Tech Center
(Allegheny County)

Approved: 7/17/06
\$2,320,000 (Loan)

Requested Change:

On July 17, 2006, the CFA Board approved a \$2,320,000 Business in Our Sites Loan to the Regional Industrial Development Corporation (RIDC) of Southwestern Pennsylvania. Funding was used for construction, demolition, site preparation, environmental cleanup and the construction of roads for the development of the Lawrenceville Technology Center (LTC), a 12.75 acre former forging facility for Heppenstall Steel Company. To date, all structures scheduled for demolition have been environmentally remediated and razed. Their foundations have been excavated, crushed and compacted on-site. All funds have been disbursed and the borrower is current on all BOS loan payments. The current balance on the BOS loan is \$2,052,884.

The site now consists of four lots, a 1.69 acre lot that is currently used for parking, a 4.465 acre pad ready site, 2.62 acre lot, and a 3.975 acre lot which has a 32,633 square foot industrial building. Carnegie Robotics has signed a long term lease for this building and 3 acres of land for a robot testing area through 2028. The two-year old Carnegie Mellon spin out has close to 50 employees and is rapidly hiring additional team members.

RIDC is currently planning on building a 57,000 square foot building on the 4.465 acre parcel. The project is aimed at attracting small-to-mid size light office and industrial users. Because this lot is a brownfield site the construction costs are much higher. RIDC will be seeking a conventional first mortgage and a participating Pennsylvania Industrial Development Authority (PIDA) loan for the construction of the new building and is requesting the CFA release its lien on the 4.465 acre site.

Current BOS Collateral: First priority mortgage lien on 12.75 acres located in the Lawrenceville section of the City of Pittsburgh.

Collateral Value: \$5,000,000 "As Is" 12.75 acres.

Proposed BOS Collateral: First priority mortgage lien on the remaining 8.285 acres located in the Lawrenceville section of the City of Pittsburgh.

Proposed Collateral Value: \$3,750,000 "As Is" value of the 8.285 remaining acres

Staff Recommendation: RIDC has cash assets of \$14,071,308 and net assets of \$71,933,106. Based on the financial strength of the organization and their experience owning over 2,800 acres of land in various industrial parks and managing over 60 buildings, staff recommends approval of the following:

1. Release of the lien on the 4.465 acre parcel securing the BOS loan.

DATE: December 16, 2014
SUBJECT: Special Request – CFA Board Meeting January 14, 2015
TO: Scott Dunkelberger
Executive Director
FROM: Brian Eckert
Director, Site Development Division

SPECIAL REQUESTS – BOARD ACTION REQUIRED

TGG/TCH - Hamilton Crossings Associates, L.P.
(Lehigh County)

Approved: 09/17/13
\$3,662,308 (Loan)

Requested Change:

On September 17, 2013, the CFA Board approved a BOS loan to TGG/TCH – Hamilton Crossings Associates, L.P. to assist with the development of Hamilton Crossings in Lower Macungie Township, Lehigh County. The project is a public-private partnership between TGG/TCH, Lower Macungie Township, Lehigh County, the East Penn School District and Lehigh County Industrial Development Authority and will result in the construction of a commercial town center, featuring 590,324 SF of commercial space anchored by Costco, Target and Whole Foods Markets. The development will also feature a mix of small, medium and large-scale retail operations, restaurant space and medical and pharmaceutical service providers. BOS loan funds will be used for excavation/grading, erosion controls, demolition, remediation of hazardous material, soil testing, and related engineering costs. At this time, no funds have been disbursed as the BOS loan has not closed.

The BOS loan is to be secured by a second priority mortgage lien on tracts of land totaling 63.21 acres, subject only to a first mortgage lien of \$60,000,000 in favor of M&T Bank. In addition to the second mortgage lien, the BOS loan is further secured by a personal guaranty from Kenneth Goldenberg.

TGG requests the CFA to allow the senior debt amount to increase to \$76,400,000 during construction. Since the time of original approval, some of the financing assumptions for the capital stack

have changed. M&T will be providing a \$64M loan to the project and providing a \$12.4M Interim Bridge Facility during construction to bridge the delay in the receipt of reimbursements through the RACP and ISRP grant programs which require evidence of payment before submission for reimbursement. In addition, the Interim Bridge Facility will provide for letters of credit to satisfy the requirements of the township and others for a significant portion of the site. There is a considerable delay between the time the project pays the contractor for completing work and the time that the township and others authorize the reduction in the letter of credit. As a result of these two factors, M&T Bank is requiring the ability to record a lien of \$76.4M during construction. Once the project is complete and stabilized, M&T Bank's loan will not exceed \$64M.

At the time of closing, the development will be approximately 89.7% leased (please see the attached list of leases). The new "As Completed" appraised value is \$143,000,000 and the NOI is now projected to be \$8,255,972 resulting in a 56% LTV and a debt service coverage ratio of 1.65. Additionally, a fully adopted Tax Increment Financing (TIF) plan is in place, and directly provides for the payment of the BOS debt service. However the TIF payments were not used in the analysis of this request.

Original Financing

Structure:	M&T Bank	\$60,000,000 (first lien)
	BOS Loan	\$ <u>3,662,308</u> (second lien)
		\$63,662,308

Original BOS Collateral: Second Mortgage lien on 63.21 acres subordinate to \$60,000,000 first mortgage lien in favor of M&T Bank.

Personal guaranty of Kenneth Goldenberg

Original Collateral Value: \$112,600,000 "As Completed"

Proposed Financing

Structure:	M&T Bank	\$76,400,000 (first lien)
	BOS Loan	\$ <u>3,662,308</u> (second lien)
		\$80,062,308

Proposed BOS Collateral: Second Mortgage lien on 63.21 acres subordinate to \$76,400,000 first mortgage lien in favor of M&T Bank during construction.

Personal guaranty of Kenneth Goldenberg

Updated Collateral Value: \$143,000,000 "As Completed"

Staff Recommendation: Approval of the following:

1. BOS loan of \$3,662,308
 - a. 2% interest
 - b. 20 year term
2. Second mortgage lien on 63.21 acres subordinate only to a \$76,400,000 first mortgage lien in favor of M&T Bank during construction.
3. Second mortgage lien on 63.21 acres subordinate only to a \$64M first mortgage lien in favor of M & T Bank for the remainder of the term.
4. Personal Guarantees of Kenneth Goldenberg

DATE: December 8, 2014
SUBJECT: Special Request – CFA Board Meeting
TO: Scott Dunkelberger, Executive Director
Commonwealth Financing Authority
FROM: Matthew Karnell, Director
CFA Programs Division

SPECIAL REQUESTS – BOARD ACTION REQUIRED

Harold and Maria Ciampoli
(Montgomery County)

Approved: May 11, 2010
\$14,749 (Loan)

Requested Change: Harold and Maria Ciampoli were approved for a Renewable Energy Program loan for the installation of a geothermal system at their primary residence. The REP loan was subordinated to a \$190,000 mortgage and a line of credit in the amount of \$45,000. The borrower is applying for a new line of credit and increasing the limit to \$140,000 to use the funds for educational expenses. The borrower is requesting the REP loan subordinate to the mortgage, which has an outstanding balance of \$163,298, and the line of credit of \$140,000. The current appraisal values the property at \$365,000.

Staff Recommendation: Approval

DATE: December 19, 2014
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

Ackermann Holdings, LLC
o/b/o The Amish Village Corporation
Lancaster County

Approved: 2/2/2010
\$200,000 (Loan)
\$153,616 (Principal Balance)

Requested Change:

On February 2, 2010, the CFA Board approved a First Industries Tourism SBF loan in the amount of \$200,000, at a term of 180 months and a fixed interest rate of 5.0% to Ackermann Holdings, LLC o/b/o The Amish Village Corporation, which is located in Ronks, Lancaster County. The primary operation of the business is a tourist attraction that educates visitors about the PA Dutch and Amish lifestyle. The First Industries (FIF) loan funds were used to acquire the real estate where the business operates. The business is current with its monthly payments.

The borrower is subject to eminent domain proceedings from the Department of Transportation and as a result, the CFA is being asked to release its mortgage on approximately 1/3 of an acre for bridge repairs as well as construction of an Amish buggy lane. Ackermann Holdings, LLC will receive approximately \$70,000 in Estimated Just Compensation (EJC) for the acreage and business interruption and the funds will be used to cover attorney fees, fence removal and reinstallation costs, and landscaping costs. All remaining monies will be injected back into the company. National Penn Bank holds the first mortgage on the collateral property and has agreed to waive and relinquish any claim on the Commonwealth's EJC to Ackermann Holdings, LLC and agreed to release their mortgage. National Penn Bank, per the attached letter, believes the release has minimal impact on the value of the property and is satisfied there is more than sufficient fair market value remaining on the property. The property consists of 10.80 acres and includes a two-story farmhouse, bank barn, spring house, covered bridge, parking area, and pasture. The majority of the property's value is in the various building structures. The 1/3 acre is an existing sloped area in which no structures or points of access will be affected. The project LTV was 63% at approval and the updated LTV is 53% based on the loans being paid down since approval.

Project Collateral:

- A second mortgage on the real estate located at 199 Hartman Bridge Road, Ronks, Lancaster County, subject to a first mortgage in favor of National Penn Bank in an amount not to exceed \$300,000 (Current Balance - \$260,000) (Appraised at \$800,000 on October 20, 2009)
- Guarantees of C. Shane and Stacy G. Ackermann.

Staff Recommendation:

Staff recommends that the CFA approve the release of its mortgage on the 1/3 acre located at State Route 896, Section 008 (Hartman Bridge Road) in East Lampeter Township, Ronks, Lancaster County.