



Commonwealth Financing Authority
Harrisburg PA, 17120

Board Meeting Minutes

May 13, 2015

The Commonwealth Financing Authority (CFA) board meeting was held on March 10, 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 Commonwealth Keystone Building located at 400 North Street in Harrisburg, Pennsylvania.

In addition to Chairman Davin, the following Board members were present: the Honorable Randy Albright, the Honorable Robin L. Wiessmann, Marc Little and Austin Burke. Michael Karp and John Verbanac participated via teleconference.

CFA staff in attendance: Scott Dunkelberger, Executive Director and Arthur McNulty, Chief Counsel.

Members of the public in attendance: Rick Allan, Nora Alden, John Bender, Mandy Book, Ron Boston, Yesenia Bane, Jason Brehouse, Scott Cousin, Will Danowski, Brian Deamer, Steven D'Ettorre, Brian Eckert, Ryan Emerson, Chris Ercoli, Mark Fennel, Josh Funk, Rachel Govelovich, Danielle Guyer, Chelsea Guzowski, Eric Hagarty, Lauren Harris, Brett Harthy, Laurie Henry, Ron Jumper, Todd Keefer, Lyndsay Kensinger, Chuck Kolling, Aaron Kraus, Garrett Lewis, Greg Mahon, Rocco Pugliese, Lynne Ruby, Peggy Schaeffer-Montgomery, Debby Stark, Chris Stets, Jeff Straub, Rob Strickler, Joe Sherrick, Michael Shorr, and Lisa Taglang.

Chairman Davin called the meeting to order at 10:36 A.M. after acknowledging a quorum of the Board.

On a motion by Mr. Little and seconded by Mr. Burke, the Board unanimously approved the March 10, 2015 Commonwealth Financing Authority Board meeting minutes.

On a motion by Mr. Burke and seconded by Mr. Little, the Board unanimously approved the March 25, 2015 Commonwealth Financing Authority Special 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 \$888,649.79.

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

Memorandums of Understanding:

Mr. Dunkelberger briefly outlined the purpose of the Memorandums of Understanding (MOU) between the CFA and departments within the Commonwealth. He reminded the Board that during fall of 2014, the Governor's Budget Office requested an Operating Budget for the upcoming Fiscal Year in

conjunction with the Department's Operating Budget. Mr. Dunkelberger gave a brief overview on the dollar amounts for each of the proposed MOUs.

Mr. Karp requested that a vote be deferred until after the State Budget negotiations are complete. Mr. Verbanac concurred with Mr. Karp's comments. Mr. Verbanac also questioned whether there were any changes this year to be compared to last year. Mr. Dunkelberger confirmed that the changes were very minor and included the Directors & Officers Insurance coverage and other operating expenses. Mr. Karp stated he thought it would be helpful to have a list of the people who were regularly working on CFA-related projects. Mr. Dunkelberger confirmed that the list of employees is included in the monthly DCED billing.

Chairman Davin stated that the Memorandums of Understanding between the Commonwealth Financing Authority and the Department of Community and Economic Development (DCED), the Department of Conservation and Natural Resources (DCNR), the Department of Energy Protection (DEP) and the Department of Transportation (PennDOT) would be deferred until the July 8, 2015 CFA Board meeting.

Alternative and Clean Energy Program:

Alternative Energy Production Projects

Upon motion by Mr. Verbanac and seconded by Mr. Burke the Board unanimously approved a grant in the amount of \$300,000 and a loan in the amount of \$1,749,952 to the Borough of Columbia for the Columbia Biogas CH&P Generation Project located in Columbia Borough, Lancaster County.

Upon motion by Mr. Verbanac and seconded by Mr. Burke, the Board unanimously approved a grant in the amount of \$2,000,000 to Duquesne University of the Holy Spirit for the Energy Center Upgrade project located in the City of Pittsburgh, Allegheny County.

Mr. Dunkelberger briefly outlined a grant/loan combination request from Norfolk Southern Railway Company. Mr. Karp proposed that the terms of the request should be altered to include a lower grant amount and a larger loan amount so the company would still have the financial return originally proposed. He stated he would be agreeable to approving the project if the terms were changed to extend the loan term past the 10-year amortization. Mr. Burke inquired if the underwriting was based on the recently approved Alternative and Clean Energy guidelines. Mr. Dunkelberger explained the company applied with the request of the full amount in the form of a grant. He further explained the amount of assistance CFA provides is 50% of the total project cost. He added that when the underwriting was completed by the analyst, they looked at what grant amount would get the company to the 8-year payback period. He added that with the full amount as a grant, the payback period was much less than that. He confirmed the recommendations were in accordance with the guidelines.

Mr. Verbanac stated there is a difference between developers/companies and schools, colleges and universities. He added that these public entities do not operate at a profit, and are able to obtain tax-free municipal bonds. He said that in the case of private sector, for-profit businesses, he does not understand why the CFA would give a grant, when the company could receive the same payback and return with a loan.

Mr. Dunkelberger clarified that when the guidelines were updated, staff used specific underwriting criteria for each of the different alternative energy technologies with the idea that the

Commonwealth was attempting to promote alternative energy. He added that the CFA doesn't take into account the specific applicant or their ability to pay for the project on their own. Mr. Verbanac explained that he was not implying staff was not underwriting correctly, but instead, take the applicant's financial standing into consideration. Mr. Albright stated that program guidelines were drafted and approved for a purpose, so that the Board was protected and consistent in their decision making. He added that if Board members would like to again discuss guidelines, he is open to that conversation.

Mr. Little echoed Mr. Burke and Mr. Albright's comments. He questioned how much money was available within the Alternative and Clean Energy program after the selected projects were approved today. Mr. Dunkelberger confirmed there was over \$11.9 million still available. He added that if all projects presented today were approved, the fund would be down to \$300,000 and the program would be closed.

Upon motion by Mr. Karp and seconded by Mr. Verbanac, the Board unanimously voted to table a request of a \$1,400,000 grant and a \$315,985 loan from Norfolk Southern Railway Company for the Juniata Locomotive Shop CHP project located in the City of Altoona, Blair County.

Upon motion by Mr. Burke and seconded by Mr. Little, the Board unanimously approve a grant in the amount of \$940,000 to Pennsylvania State University for the Hershey Medical Center CHP project located in Derry Township, Dauphin County.

CNG/LNG Projects

Upon motion by Mr. Burke and seconded by Mr. Little, the following two CNL/LNG projects were unanimously approved:

<u>Applicant</u>	<u>Project</u>	<u>County</u>	<u>Grant</u>
Southwestern Energy NGV Services, LLC	SWN CNG Station Tunkhannock	Wyoming	\$725,503
Clean Energy dba Clean Energy Inc.	Roosevelt Blvd. Philadelphia Public Access CNG Station	Philadelphia	\$519,280

High Performance Building Projects

Upon motion by Mr. Little and seconded by Mr. Burke, the following two High Performance Building projects were unanimously approved:

<u>Applicant</u>	<u>Project</u>	<u>County</u>	<u>Grant</u>
State College Area School District	The Delta Program School Modernization Project	Centre	\$1,935,393
Montoursville Area School District	Montoursville Area High School	Lycoming	\$2,000,000

Feasibility Study Project

Upon motion by Mr. Karp and seconded by Ms. Wiessmann, the Board unanimously approved a grant in the amount of \$49,800 to Montgomery County for the Norristown Dam Hydroelectric Feasibility Study project located in Bridgeport Borough, Montgomery County.

First Industries Fund Loan Guarantee Program

Mr. Dunkelberger gave a brief overview on the history of the property and the proposed project. He stated that staff put a great deal of time and effort into the reviewing the project and that because of the economic value of the proposed project, staff is recommending approval. He added that in a worst case scenario, if the project defaults, Community First Fund would be obligated to liquidate all of the collateral guaranteed in the recommendation.

Mr. Karp asked questions about the original purchase price of the property and the assets of the owners. Mr. Karp also questioned if there was a beach property in which the potential Borrower did not disclose as an asset. Mr. Karp stated that if the borrower could pledge that additional collateral, he would be supportive of approving the project. Mr. Dunkelberger confirmed that the borrower was a minority owner in the beach property and therefore was not able to use it as part of the collateral. Mr. Verbanac questioned if all other assets that borrowers own are pledged in the guarantee. Mr. Dunkelberger confirmed that all assets, aside from the minority ownership in the beach property, were pledged. Mr. Verbanac questioned Mr. Karp as to why he felt the CFA should require additional assets. Mr. Karp stated that he would like to see the accounting and assets of the potential borrowers, John and Kelly Dantinne. He added that he would be happy to continue the discussion at a later meeting date or hold a special telephone Board meeting, after staff was able to get that information.

Upon motion by Mr. Little and seconded by Mr. Burke, a First Industries Fund Loan Guarantee in the amount of \$597,500 to the Community First Fund on behalf of Excelsior, LLC located in Lancaster City, Lancaster County was rejected on a vote of 5 to 2 with Mr. Verbanac and Mr. Karp casting the dissenting votes and the super majority having not been met.

Local Share Account Programs

Chairman Davin stated that the CFA was very close to a decision regarding the recommended projects from Monroe County, Counties Contiguous to Monroe and Luzerne County. He added that the Board needed additional time and hoped that members would be agreeable to discussing at the aforementioned special Board meeting to be held via telephone within 2 weeks. The Board agreed and no motion was necessary.

Special Requests

Mr. Dunkelberger briefly outlined the two special requests for consideration by the Board. Upon motion by Mr. Little and seconded by Mr. Burke, the Board unanimously approved the following two special requests with details attached:

<u>Applicant</u>	<u>Type</u>	<u>Reason</u>
Chestnuthill Township	Monroe County Local Share Account	Change of Scope
Tioga County Concerned Citizens Committee	Abandoned Mine Drainage Abatement and Treatment Program	Change of Scope

Chairman Davin opened the floor to Solar City for a presentation regarding solar energy. While the speakers were approaching the Board, Mr. Dunkelberger stated that there is currently \$2,050,000 remaining in the Alternative and Clean Energy Program. Aaron Kraus, Chris Ercoli and Lauren Harris introduced themselves to the Board. Mr. Kraus explained the history of solar energy and the

developments within the industry, as well as outlined the decreasing costs associated with the technology. He gave an overview on the background and successes of the company, along with their plans for growth in Pennsylvania. Ms. Harris gave an overview on her role with the company, and the basics of the Power Purchase Agreement (PPA).

Ms. Wiessmann questioned what the useful life of the solar equipment. Mr. Kraus stated it was approximately 30 years. Mr. Verbanac stated that he would be supportive of deploying the remaining Solar Energy funds but would need to see exact metrics and the economics of the project proposal. He added that he felt it would be beneficial to include a third party opinion on the logistics. Mr. Karp echoed his comments. Mr. Burke asked where the panels are manufactured. Mr. Kraus answered that the main manufacturing plant is located in Buffalo, NY. He also asked if portions of the elements for the technology were produced outside of the country. Mr. Kraus confirmed they were. Mr. Burke questioned how many jobs this would create for Pennsylvanians. Mr. Kraus confirmed there would be installation jobs but could not provide exact numbers. Chairman Davin requested that if the information on the proposal could be assembled quickly, would the Board be amendable to moving forward. Mr. Verbanac stated he would be happy to take up the discussion at the July 8, 2015 Board meeting if the information was available.

Upon motion by Mr. Verbanac and seconded by Mr. Burke, the Board unanimously voted to publish a Request for Proposals (RFP) to seek third party expertise on solar energy economic modeling advisory services not to exceed \$50,000. Chairman Davin stated that staff would work to lower the actual RFP amount.

There being no further business to come before the Board, upon motion by Mr. Burke and seconded by Mr. Verbanac, the meeting was adjourned at 11:57 A.M.

DATE: April 13, 2015

SUBJECT: Special Request – CFA Board

TO: Scott Dunkelberger
Executive Director, Commonwealth Financing Authority

FROM: Mandy Book
LSA Program Manager

SPECIAL REQUEST – BOARD ACTION REQUIRED

Chestnuthill Township
Lake Mineola Road Project
(Monroe County)

Approved: 01/29/2013
\$600,000 (Grant)

Requested Change: On January 29, 2013, the CFA Board approved a \$600,000 Local Share Account – Monroe County Grant for Chestnuthill Township. Funds were approved for the reconstruction of Lake Mineola Road and the addition of 350 feet of new roadway to provide access to the new Pocono Medical Center West End Medical Home. The project is nearing completion and is under budget. To date, the township has received grant funds totaling \$349,131 and expects to expend an additional \$26,863 through completion for a balance of \$224,006.

Chestnuthill Township is requesting to use the balance of funds through an expansion in the scope of work to include Phase II of the Lake Mineola Road improvements. Phase II includes construction and engineering costs associated with intersection improvements at Lake Mineola Road and SR209. The project will result in a southbound channelized right turn lane from Lake Mineola Road to SR209, widening and reconstruction of 200 feet of shoulder along SR 209, adjustment of two storm water inlets, and construction of 250 feet of sidewalk. These improvements will benefit both residents and businesses in the area including Pocono Health Systems and East Stroudsburg Savings and Loan.

Recommendation: Approval.

DATE: April 14, 2015
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

Tioga County Concerned Citizens Committee
Tioga County

Approved: October 21, 2014
\$450,000 (Grant)

Requested Change:

On October 21, 2014 the CFA Board approved a \$450,000 Act 13 AMDAT grant to Tioga County Concerned Citizens Committee (TCCCC) for utilities, excavation/grading, roads/streets, new equipment purchase and administrative, engineering, and construction costs related to the installation of a passive treatment system along Fall Brook at the property located in Ward Township, Tioga County. The system would treat the largest AMD source in the upper Tioga River watershed and improve water quality in two miles of Fall Brook and three miles of Tioga River to a condition that will support stocked trout and encourage future AMD remediation in other tributaries of the Tioga River. Currently no AMDAT funds have been disbursed for this project.

TCCCC no longer needs AMDAT funding to complete the Fall Brook project because a private company has sponsored the project and committed to funding 100% of the project costs. TCCCC is requesting to change the scope of work to use AMD funds for a feasibility study at Morris Run, an AMD polluted tributary in the upper Tioga River watershed in Tioga County. The goal of the feasibility study is to find a cost-effective treatment plan for Morris Run through mine and coal seam mapping, characterization of chemistry and flow, and monitoring of test wells for the best and most feasible solution. Total project cost is \$215,509 of which TCCCC would only use \$180,509 of AMD grant funds.

Staff Recommendation: Approval of the change of scope