



Commonwealth Financing Authority
Harrisburg PA, 17120

Board Meeting Minutes

January 24, 2017

The Commonwealth Financing Authority (CFA) board meeting was held on January 24, 2017. Proper notice was given pursuant to the terms of the Act of July 3, 1986 (the "Sunshine Act"). The meeting was held in Conference Room 105, on the first floor of the Rachael Carson State Office Building located at 400 Market Street in Harrisburg, Pennsylvania.

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

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

Members of the public in attendance: Yesenia Bane, Mandy Book, Brian Eckert, Ryan Emerson, Josh Funk, Kaye Goodman, Danielle Guyer, Chelsea Guzowski, Laurie Henry, Ron Jumper, Amy Kauffman, Dan Kennedy, Greg Mahon, Jerry McLaughlin, David Misner, Peggy Schaeffer-Montgomery, Ted Mowatt, Bryan Somers, and Lisa Taglang.

Chairman Davin called the meeting to order at 12:32 P.M. after acknowledging a quorum of the Board.

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

On a motion by Mr. Verbanac and seconded by Mr. Little, the Board unanimously approved the December 6, 2016 CFA 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 \$714,075.79.

Multimodal Transportation Fund Guideline Changes

Mr. Dunkelberger briefly explained the changes to the guidelines were to provide clarity for applicants, and that there were no policy changes included. On a motion by Mr. Albright and seconded by Mr. Little the Board unanimously approved the Multimodal Transportation Fund guideline changes.

Pipeline Investment Program Project Recommendation

Mr. Dunkelberger briefly outlined a grant request in the amount of \$1,000,000 from Domtar

Paper Company LLC for the Johnsonburg Papermill project which involves the installation of a 3 mile pipeline to their facility located in Johnsonburg Borough, Elk County.

On a motion by Mr. Albright and seconded by Mr. Burke, the Board unanimously approved a grant in the amount of \$1,000,000 to Domtar Paper Company LLC for the Johnsonburg Papermill project located in Johnsonburg Borough, Elk County.

Business in Our Sites Program Project Recommendation

Mr. Dunkelberger briefly outlined a loan request in the amount of \$3,026,352 from Green Diamond Services LLC for the Johnstown Railcar Refurbishment project which involves the acquisition and redevelopment of the former Bethlehem Steel site located in the City of Johnstown, Cambria County.

On a motion by Mr. Albright and seconded by Mr. Burke, the Board unanimously approved a loan in the amount of \$3,026,352 from Green Diamond Services LLC for the Johnstown Railcar Refurbishment project located in the City of Johnstown, Cambria County.

First Industries Loan Project Recommendations

Mr. Dunkelberger briefly outlined the three First Industries Agriculture Small Business First projects for consideration. Upon motion by Mr. Little and seconded by Mr. Verbanac, the Board unanimously approved the following three First Industries Small Business First Agriculture projects:

<u>Applicant</u>	<u>Project</u>	<u>County</u>	<u>Loan Amount</u>
EDC Finance Corporation	Brubaker Run Farms, LLC	Lancaster	\$400,000
Northern Tier Regional Planning & Development Commission	Makin Bacon, LLC	Bradford	\$400,000
EDC Finance Corporation	Linford A. and Jennifer L Hershey	Lancaster	\$400,000

TIF Guarantee Payment:

Mr. Dunkelberger briefly outlined a payment request to replenish debt service reserve funds on one TIF Guarantee project. Upon motion by Mr. Burke and seconded by Mr. Verbanac, the Board unanimously approved a payment in the amount of \$193,994.42 to M&T Investment Group to replenish the debt service fund on City of Lock Haven's Painter Stadium TIF project, originally approved at the October 17, 2007 CFA Board meeting.

Mr. Little questioned if this was the first payment made on this particular project. Mr. Dunkelberger stated that it was not the first; however, the project is improving and is projected to be able to meet the increment needed due to the location of two potential nationally branded restaurants that are expected in 2017.

Special Requests

Mr. Dunkelberger briefly outlined four special requests for consideration by the Board. He stated they could be approved as a block vote if the board was agreeable. Upon motion by Mr. Burke and seconded by Mr. Albright, the Board unanimously approved the following four special requests (details attached):

<u>Applicant</u>	<u>Type</u>	<u>Reason</u>
City of Hazleton	Luzerne County Local Share Account	Request to modify scope of work
Monroe County Industrial Development Authority	Monroe County Local Share Account	Request to modify scope of work
City of Wilkes-Barre	Luzerne County Local Share Account	Request to modify scope of work
EDC Finance Corporation	Building PA	Subordination request

Mr. Karp questioned what the Department of Community and Economic Development (DCED) and staff were doing to promote the Solar Energy Program. Mr. Dunkelberger explained that the information was part of a press release that had been issued, and that emails were sent to industry groups to promote the program and the new guidelines. Mr. Karp stated he would like to see more effort to promote the program, and feels DCED should reach out to schools and architect firms to inform them of the program information. Mr. Dunkelberger stated that staff would reach out to the Department of Education to obtain contact information for school districts in PA.

Chairman Davin thanked the Board for their participation and attendance. There being no further business to come before the Board, upon motion by Mr. Karp and seconded by Mr. Albright, the meeting was adjourned at 12:42 P.M.

DATE: January 3, 2017
SUBJECT: Special Request – CFA Board
TO: Scott Dunkelberger
Executive Director, Commonwealth Financing Authority
FROM: Mandy Book
Director, Center for Community Enhancement

SPECIAL REQUEST – BOARD ACTION REQUIRED

City of Hazleton Approved: 07/01/2016
Downtown Hazleton Development Project – DHD III, LLC \$500,000 (Grant)
(Luzerne County)

Requested Change: On July 1, 2016, the CFA Board approved a \$500,000 Local Share Account – Luzerne County grant for the City of Hazleton on behalf of DHD Realty Holding, LLC. A grant of \$2,000,000 was requested for the interior rehabilitation of the Hazleton National Bank building to convert the building to modern standards with a new HVAC system, fire pump, energy efficient windows, and electrical and elevator upgrades. The project was scaled back to include only the purchase of mechanical systems and equipment with the award of \$500,000. Since approval, the exterior work on the building has been prioritized due to concerns with water damage and structural integrity.

The City of Hazleton, on behalf of DHD Realty Holding, LLC, is requesting a change in the scope of work to exterior renovations including cleaning of the façade; inspecting, repointing, and replacing of brick; replacing failed window lintels; patching of existing limestone and terra cotta features; and applying a waterproofing agent to all facades. This phase will still include the replacement of the existing windows. The total cost for this phase is expected to be more than \$550,000 with the total project reaching more than \$6 million.

Recommendation: Approval.

DATE: January 6, 2017
SUBJECT: Special Request – CFA Board
TO: Scott Dunkelberger
Executive Director, Commonwealth Financing Authority
FROM: Mandy Book
Director, Center for Community Enhancement

SPECIAL REQUEST – BOARD ACTION REQUIRED

City of Wilkes-Barre
Flood Mitigation for Solomon Creek
(Luzerne County)

Approved: 07/08/2015
\$425,349 (Grant)

Requested Change: On July 8, 2015, the CFA Board approved a \$425,349 Local Share Account – Luzerne County grant for the City of Wilkes-Barre to repair and replace sections of the retaining walls along Solomon Creek within the city. LSA funds were to be used for construction, engineering, and administrative costs associated with this rehabilitation. The focus area for the grant is referred to as the Brook Street drainage system where nearby Solomon Creek has a high water level. This area experiences a significant amount of localized flooding during storm events.

In October 2016, preliminary engineering services were completed to analyze and design a storm water pump station to service the Brook Street drainage system. The pump station is believed to be the necessary first step to address continued issues as the much larger project of replacing and repairing retaining walls is explored.

The City of Wilkes-Barre is requesting a change in the scope of work to construct the pump station, the first phase in a series of projects expected to improve flood protection. A new storm water pump station will be constructed at the intersection of Brook and Vulcan Streets. The pump station will complement other projects being developed for the repair and replacement of retaining walls, additional pump stations, and storm water system upgrades.

Recommendation: Approval.

DATE: January 6, 2017
SUBJECT: Special Request – CFA Board
TO: Scott Dunkelberger
 Executive Director
FROM: Brian Eckert
 Director, Site Development Division

SPECIAL REQUEST – BOARD ACTION REQUIRED

**EDC Finance Corporation
 Pod #2 at Rock Lititz, LP**

Approved: 9/9/2015
 Approved Amount: \$3,192,154

Requested Change: On September 9, 2015 the CFA Board approved a \$3,192,154 Building PA loan to EDC Finance Corporation, on behalf of Pod #2 at Rock Lititz, LP, for the construction of a 252,000 sq. ft. multi-tenant building located in Warwick Township, Lancaster County. The building sits on 10.62 acres currently owned by Rock Lititz Partners, LP within a 96 acre parcel known as Rock Lititz Campus. Construction is nearly complete and the building is 91% leased. As the project progressed, tenants requested buildouts that were more extensive than management projected in their construction budget. Currently, tenant fit out expense is \$1,500,000 more than originally budgeted. The increased costs are being funded by Fulton Bank. EDC Finance Corporation is requesting the CFA to subordinate to an additional \$1,500,000. No additional Building PA funding is being requested.

The approved sources of financing are as follows:

	<u>Approved</u>	<u>%</u>	<u>Revised</u>	<u>%</u>
Fulton Bank (Shared 1 st mortgage)	\$12,500,000	58%	\$14,000,000	61%
PIDA (Shared 1 st mortgage)	\$ 2,250,000	10%	\$ 2,250,000	10%
Building PA (2 nd mortgage)	\$ 3,192,154	16%	\$ 3,192,154	14%
Equity (developer)	\$ 3,338,875	16%	\$ 3,338,875	15%
Total	\$21,821,029	100%	\$22,781,029	100%

Collateral Value: \$23,000,000 “As-completed”
 \$24,500,000 “As-stabilized”

Staff Recommendation: The Building PA loan for this project was approved at a CLTV of 78% based on the “as-completed” value of \$23,000,000. Since the project is stabilized at 91% leased and the CLTV is 79% using the “as-stabilized” value of \$24,500,000, staff is recommending approval of the Building PA loan to subordinate to an additional \$1,500,000 in favor of Fulton Bank for a total of \$14,000,000 shared with a PIDA loan of \$2,250,000.