

# COMMONWEALTH FINANCING AUTHORITY

2012 Annual Report



# Impact Measures

**1,829 Approvals**

**\$2,029,479,005 Approved**

## Principles of Investment

### IMPACT

- > The project will advance the economic opportunity, revitalization and redevelopment of communities in Pennsylvania.
- > The project will improve the economic base of the host community by attracting and growing businesses that will generate new wealth for the local economy.

### READINESS

- > The project is ready to move forward.

### LOCAL FOCUS

- > The project is specifically targeted at distressed communities, cities, rural or urban boroughs or older townships.

### LEVERAGING

- > The project is able to demonstrate significant leveraging of resources (i.e. local matching funds).

### PARTNERSHIPS

- > The project is led by a partnership between a private sector corporation and a public sector organization.

### EMPLOYMENT GROWTH

- > The project will result in higher wages, higher quality and family-friendly employment opportunities.

### SMART GROWTH

- > The project will adhere to the principles of smart and sustainable growth and sound land use.

### TARGETED INDUSTRY CLUSTERS

- > The project will result in increased targeting and focus for state investments.
- > The project will increase resources for competitive and emerging industries in Pennsylvania.

### FILLING GAPS

- > The project has made a well-documented and justified case that they will be unable to move forward without the resources available through the CFA.
- > The resources to be deployed address critical gaps in project funding.

# Letter from the Chairman



We are living in exciting times in Pennsylvania, and there are several opportunities for manufacturing growth, energy development and job creation that many of us thought we would never have again. Pennsylvania has the opportunity to become a major growth state for the first time since the 1940's, but only if we think strategically and plan for the future.

It has been a busy and productive time for the Commonwealth Financing Authority (CFA). Since Governor Corbett took office in January 2011, the CFA has made significant investments in alternative energy, infrastructure projects, key tourism and agriculture projects and high-growth companies throughout the state in order to bolster growth and create jobs in Pennsylvania.

The twenty-one programs administered by the CFA continue to channel new resources to aging communities in need of new and improved infrastructure, while providing the tools to enable our traditional industries, especially manufacturing, to enhance productivity.

Our latest investments have included water, sewer and flood control projects under the H2O PA programs, awarding over \$207 million to make necessary infrastructure improvements to 165 projects across the state. The energy programs have invested in two large wind farm projects and a manufacturer of energy storage systems. The Business in Our Sites program has also made key investments in specifically targeted Marcellus Shale areas. The New PA Venture Capital program has made significant commitments to support Pennsylvania-based, technology-oriented ventures.

Additionally, in February of this year, Governor Tom Corbett signed into law historic Marcellus Shale legislation under which the CFA will administer additional funds that can be used for acid mine reclamation, abandoned well plugging, greenways, recreational trails, parks and beautification projects, and programs to establish baseline water quality data.

While there is more work to be done, we are starting to see discernible results and continue to move forward in the right direction. Since the CFA's founding in 2004, the authority has clearly recognized the distinct need to diversify Pennsylvania's economy and has supported efforts to make this goal a reality.

I look forward to working together in the coming years to build a better future and create new opportunities for the next generation.

C. Alan Walker, Chairman  
Commonwealth Financing Authority



## COMMONWEALTH FINANCING AUTHORITY BOARD

**C. Alan Walker, Chairman**  
Secretary of Community  
and Economic Development

**Glenn E. Moyer**  
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**Austin J. Burke**  
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**John J. Verbanac**  
President & CEO,  
Summa Development

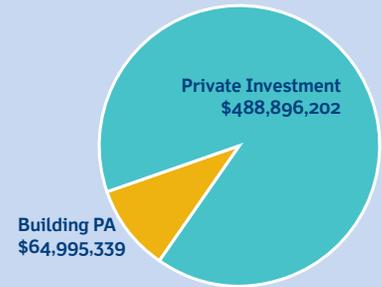
# Building PA

The Building PA program offers mezzanine financing for real estate projects, targeting those sites with the highest impact in core communities that revitalize our central business districts, redevelop our brownfield sites and create facilities for our future high-growth industries and job creation.



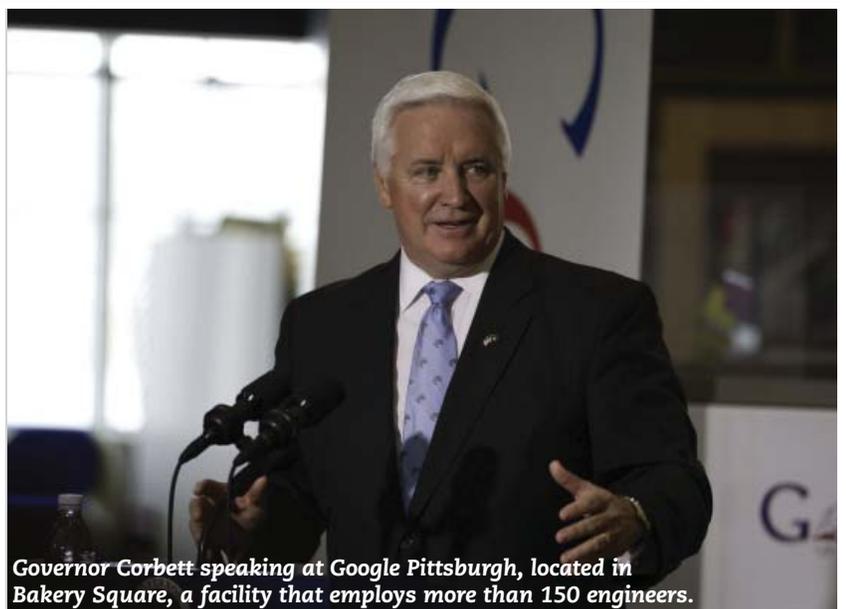
**Chairman's Note:** 36 Building PA projects have been approved for a total of \$64,995,339, leveraging \$488,896,202 and creating 4,690 new jobs to date.

## BUILDING PA FUNDS



## Bakery Square

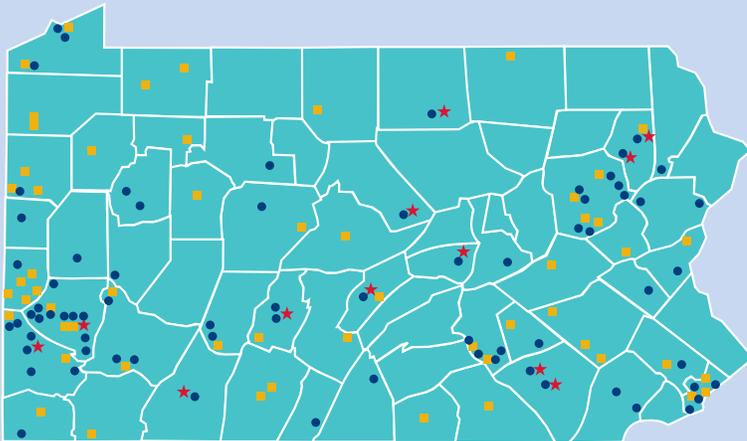
Walnut Capital acquired the former Nabisco Bakery plant, a 6.51 acre site located in the East Liberty section of the City of Pittsburgh. Walnut Capital redeveloped the property as Bakery Square at Eastside, a mixed-use commercial property with approximately 216,000 square feet of office space and 174,000 square feet of retail space housed within the renovated historic Nabisco building, along with four new buildings, all of which are LEED certified buildings. Building PA provided a \$10,000,000 loan for the \$115,000,000 project.



**Governor Corbett speaking at Google Pittsburgh, located in Bakery Square, a facility that employs more than 150 engineers.**



# Business in Our Sites



■ Planning Grants    ★ Planning Grants made to Construction Projects    ● Construction Projects

The Business in Our Sites program (BOS) empowers communities to attract growing and expanding businesses by helping them build an inventory of shovel-ready sites. BOS provides funds for planning and predevelopment activities, as well as for the acquisition and development of key sites for future use by businesses, private developers and others.



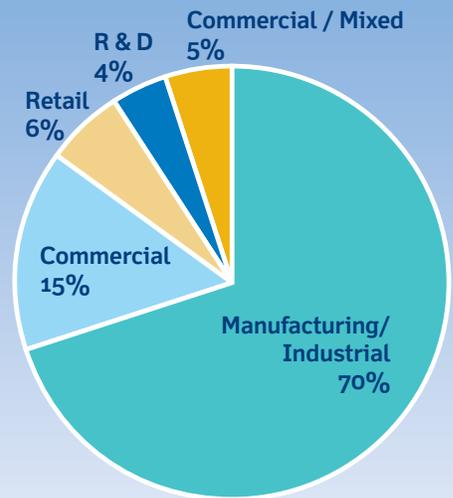
**Chairman’s Note:** 140 BOS projects have been approved, 69 percent of which were brownfields, for a total of \$335,934,316, leveraging \$1,095,678,077, which are projected to create 113,608 new jobs.

*“BOS funds were targeted at projects that would have a competitive advantage in a region or would accommodate strategic economic development opportunities. The BOS awards have been profoundly impactful and in many cases community changing. To date, over 1,200 developed acres have been sold and 4.7 million square feet leased, resulting in the creation of over 10,000 jobs.”*

*-Scott Dunkelberger, Executive Director, CFA*



## BOS FUNDS APPROVED BY INDUSTRY



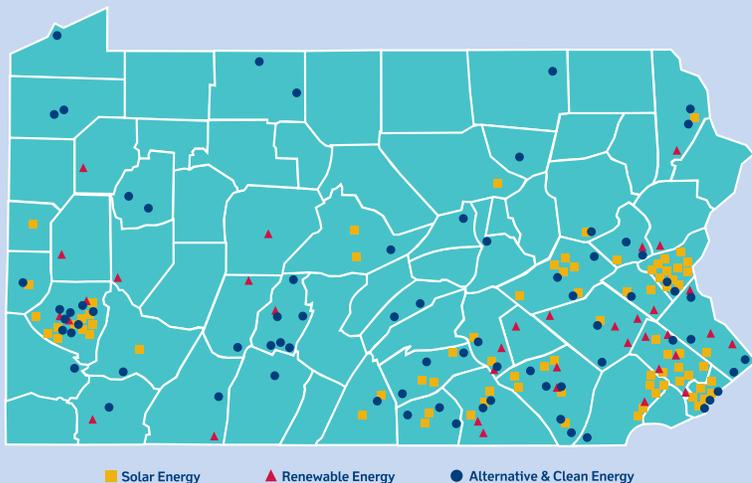
### Ambler Boiler House

The Redevelopment Authority of the County of Montgomery and Ambler BH Development Partners, LP received a \$900,000 grant and a \$1,250,000 loan to assist with the remediation and rehabilitation of the Keasbey & Mattison Boiler House, a landmark building which had been vacant since the mid-70’s in Ambler Borough, Montgomery County. The project retained the building’s historic facade and converted its interior into 42,000 square feet of Class A office space. The building is expected to achieve LEED Platinum certification and is part of a Transit Oriented Development that is situated next to the SEPTA R-5 regional rail line. Currently, the project is finalizing tenant fit-out and 60 percent of the office space has been leased to three companies, including a healthcare marketing and brand management company, an engineering firm and a property management company.

*“The BOS funding program enabled us to acquire an environmentally contaminated building and site that traditional funding never would have allowed. The remaining funds from the BOS loan and grant program helped Ambler BH Development Partners remediate and improve this once contaminated area.”*

*– Brittany Fessler, Summit Realty Advisors, LLC*

# Energy Programs



The four energy programs provide financial assistance to increase the utilization, development and construction of alternative and clean energy sources in Pennsylvania.

To date, the CFA has approved **187** applications totaling **\$153,859,318**.

<b>Alternative and Clean Energy Program (ACE)</b>	\$68,485,956	71 projects
<b>Renewable Energy Program (REP)</b>	\$19,719,629	34 projects
<b>Solar Energy Program (SEP)</b>	\$65,653,733	82 projects

**High Performance Building Program** - The High Performance Building Program provides financial assistance to underwrite the cost premiums associated with the design and construction or major renovation of high performance buildings.

**Chairman's Note:** 187 energy projects have been approved for a total of \$153,859,318, leveraging \$1,061,576,329 and generating enough electricity to power every household in Allentown, Erie and Reading combined.

## Alcoil USA, LLC

Alcoil USA, LLC received \$520,000 in ACE funds to assist with its manufacturing expansion project located in Manchester Township, York County. The company used ACE funds to purchase an aluminum brazing furnace for the production of their new heat exchanger technology, which can reduce the energy use of air conditioning and refrigeration equipment by up to 40 percent. The company anticipates creating 52 jobs within three years and retaining eight existing jobs. The ACE funds were matched with \$2,000,000 of private investor capital and a \$1,750,000 bank loan.

*“Without the CFA grant, M&T would not have loaned Alcoil \$1.75M for equipment. This was a requirement in the banking agreement.”*

*– Steve Wand, President and CEO*



## Knouse Foods Cooperative, Inc.

Knouse Foods Cooperative, Inc., a fruit grower-owned cooperative, received \$3,500,000 in SEP funds to assist with the purchase and installation of a 3.25 MW solar photovoltaic system at its headquarters facility in Adams County, which generates enough electricity to offset 30 percent of the facility's annual electricity demand.

*“Because solar electricity requires no fossil fuels to operate and is environmentally friendly, Knouse Foods elected to develop a photovoltaic generating facility at its closed landfill site.”*

*– Frank D. Plank, Manager of Purchasing*





## Highland North LLC

Highland North LLC, owned by EverPower Wind Holdings Inc., received \$6 million in ACE funds to construct a 75 MW wind farm located in Adams and Summerhill Townships, Cambria County, which is capable of generating over 178,000 MWh of electricity annually, enough to power over 18,500 households.

*“The ACE funds were essential in moving the project forward and ultimately into construction, which created approximately 150 jobs and had a local economic impact of approximately \$30 million. The wind farm is now operational and is expected to have an annual impact of over \$3 million in local purchased goods and services for the project’s operations and maintenance, payments to landowners and provided a new revenue source for the local governments and school district.”*

– Dan Lagiovane, Project Communications Manager

## ENERGY AT WORK IN PA

- > **8 manufacturing projects** projected to create 689 new jobs. Aquion Energy, Inc. received funds for an energy storage manufacturing project, which has the potential to change the energy storage industry by providing a low-cost and effective product.
- > **7 wind energy projects** generating 811,773 MWh annually. EverPower Wind Holdings Inc. received funds for three projects, increasing the state’s wind capacity by 23 percent when fully operational. **“Just recently, EverPower moved its headquarters to Pittsburgh, reflecting our deep commitment to the state and our confidence that wind will continue to be an important part of the Pennsylvania energy economy.”** – Jim Spencer, President and CEO
- > **1 high performance building project** for the Center for Sustainable Landscapes at Phipps Conservatory, a building which will have achieved LEED Platinum certification. The Center for Sustainable Landscapes will be one of the world’s first certified living buildings — a model of sustainability for architects, scientists, planners and anyone interested in living greener.
- > **29 alternative energy production projects** of which nine involve anaerobic digesters, which not only produce electricity, but help Pennsylvania meet nutrient reduction requirements under the DEP Chesapeake Bay Compliance Strategy.



**Chairman’s Note:** In 2011, Pennsylvania ranked 6th in the country in number of solar installations with 87.9 MW of installed capacity. It ranked 4th in the country in number of solar industry jobs with more than 4,000. (Source: Solar Energy Industries Association)

# First Industry Fund

The First Industry Fund provides grants, loans and loan guarantees for projects relating to the promotion and development of agriculture or tourism within Pennsylvania.

- > **First Industries Agriculture:** 582 agriculture projects have been approved for a total of \$115,096,986, leveraging \$275,909,540, which are projected to create 917 new jobs and retain 2,053 jobs.
- > **First Industries Tourism:** 121 tourism projects have been approved for a total of \$22,561,276, leveraging \$89,042,479, which are projected to create 1,676 new jobs and retain 636 jobs.
- > **First Industries Loan Guarantee:** 48 loan guarantee projects have been approved for a total of \$48,438,133, leveraging \$206,854,370, which are projected to create 3,169 new jobs and retain 439 existing jobs.

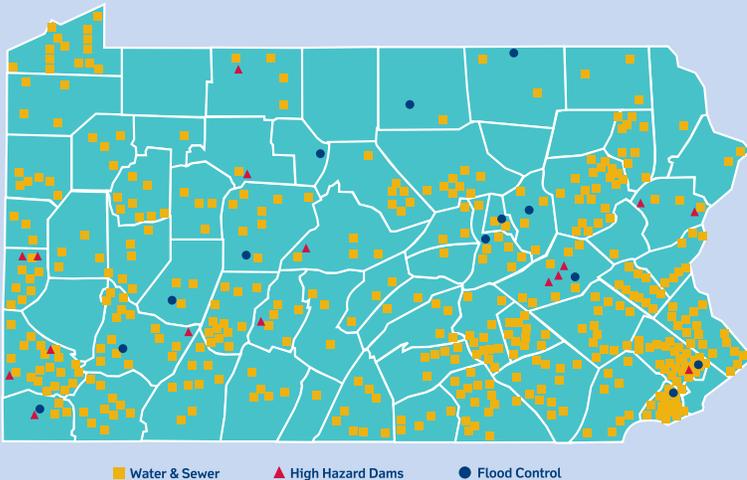


## Lehigh Valley Public Television PBS39

PBS39 (Lehigh Valley Public Television) received a First Industries Loan Guarantee in the amount of \$2,500,000 for the construction of a Public Media and Education Center located in Bethlehem City, Northampton County. In addition to public television programming, they provide enhanced onsite programs for at-risk youth as well as increased educational opportunities and resources for adults and children of South Side in Bethlehem and the surrounding region.



# H2O PA



■ Water & Sewer    
 ▲ High Hazard Dams    
 ● Flood Control

The H2O PA programs were created to assist with water and sewer projects, flood control projects and high hazard dam projects. The programs provide needed improvements to Pennsylvania’s aging infrastructure, making it possible for communities to support new business.

To date, the CFA has approved **465** applications totaling **\$743,817,317**.

<b>Water &amp; Sewer:</b>	\$660,936,592	434 projects
<b>High Hazard Dams:</b>	\$52,651,109	18 projects
<b>Flood Control:</b>	\$30,229,616	13 projects



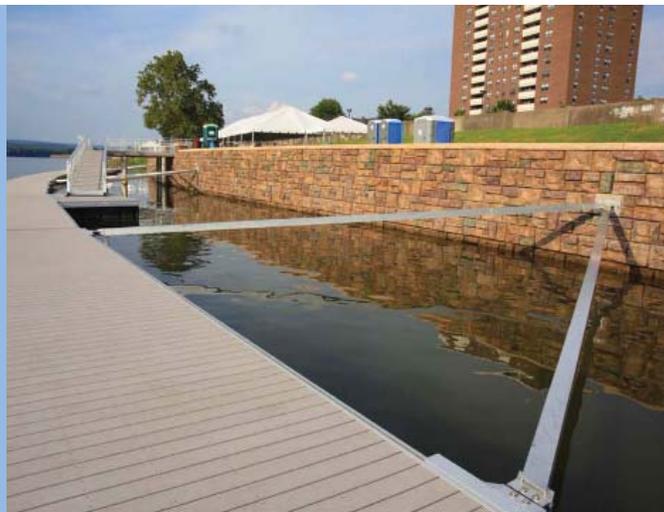
**Chairman’s Note:** 62 out of 67 counties received H2O PA funds, an average of 7 projects per county. The Marcellus Shale Act 13 legislation will bring more funding to the program. To date, the H2O PA program has received nearly \$3 billion in requests.

## The City of Sunbury Flood Protection Project

The City of Sunbury received a \$2,000,000 H2O PA grant for major improvements within its Riverfront Park along the West Branch of the Susquehanna River. Repairs were made to the flood wall, and the installation of additional protection measures restored the riverbank to its original conditions. This project was combined with a number of recreational and aesthetic improvements to the park area for a total project cost of \$7,500,000.

*“Commonwealth Financing Authority funds were integral in achieving stabilization of the riverbank and assuring long-term protection for the main flood wall.”*

– Tom Deans, Project Planning Consultant



## Williamsport Sanitary Authority

The Williamsport Sanitary Authority received \$6,039,666 in H2O PA grant funds to complete improvements to its Central Plant and West Plant regional wastewater treatment facilities with an estimated total cost of \$120 million.

*“Because of the magnitude of our project, the H2O grants that we received certainly will help keep our debt service as low as possible, which is imperative as we strive to keep user rates as low as possible.”*

– John Baker, Director of Finance



## Local Share Account (LSA) Programs

The Local Share Account Programs were established from gaming funds for projects that will promote community and economic development in Luzerne and Monroe Counties and counties contiguous to Monroe County.

- > **Approved Projects:** 97 LSA - Monroe, 49 LSA - Luzerne
- > **Approved Amount:** \$32,317,662 LSA - Monroe, \$39,674,171 LSA - Luzerne



**Chairman's Note:** Plymouth Township, on behalf of MetroAction, was approved for \$4,000,000 to create a two-tier loan fund to assist Luzerne County businesses that were affected by the flooding from Hurricane Irene and Tropical Storm Lee in August and September 2011. As of September 15, 2012, 51 pre-qualifications for financing have been submitted, totaling \$3.621 million.

## New PA Venture Programs

The New PA Venture Capital Investment Program and Venture Guarantee Program provides financial assistance to venture capital partnerships which invest in early and growth stage companies in the commonwealth. The program makes much needed capital available to these early companies at a critical point in the business life cycle when they are striving to become premier job-producing members of Pennsylvania's business community.

### > New PA Venture Capital Investment Program



**Chairman's Note:** The program has committed \$49,425,000 to 19 partnerships. More than 60 Pennsylvania companies have benefited from these investments, leveraging over \$700 million of additional funds.

### > New PA Venture Guarantee Program



**Chairman's Note:** The program has committed \$197.5 million in guarantees to eight partnerships. 16 Pennsylvania companies have benefited from these investments, leveraging over \$220 million of additional funds.



## Neat

Neat has grown from a university startup in 2002 to a national leadership position in document digitization, employing over one hundred people in Center City Philadelphia and generating annual revenue of \$100 million. Neat makes desk and portable scanners to transform paper documents into digital files in the cloud, and develops software that employs optical character recognition and patented parsing technology to read information from these files, whether they are receipts, business cards or documents. Neat's growth was accelerated greatly by an early stage investment from MentorTech Ventures, one of the venture capital partnerships invested in by the CFA through its Venture Capital Investment Program. The CFA invested in Fund I and II of MentorTech Ventures, a Philadelphia venture capital firm focused on companies connected to the University of Pennsylvania.



## PennWorks

PennWorks ensures a safe water supply and proper wastewater infrastructure. The program provides grants and loans for projects which construct, expand or improve water and wastewater infrastructure which are directly related to an economic development project.



**Chairman's Note:** 61 projects have been approved totaling \$183,999,487, leveraging \$258,675,520. Companies served by PennWorks funded infrastructure are projected to create 91,161 new jobs.

## Second Stage Loan Program

The Second Stage Loan program offers loan guarantees for bank loans to second stage manufacturers, life science and advanced technology businesses to support growth in these vital sectors.



**Chairman's Note:** Eight Second Stage Loan projects have been approved for a total of \$3,360,000, leveraging \$7,890,000, which are projected to create 143 new jobs and retain 176 existing jobs.

## MinusNine Technologies

MinusNine Technologies, located in Birdsboro Borough, Berks County, was awarded \$450,000 for the purchase of new production equipment as well as providing additional working capital, which ultimately led to greater efficiency within the organization. MinusNine Technologies custom formulates and manufactures a broad range of UV/EB coatings, adhesives and primers.

## Tax Increment Financing Guarantee Program

The Tax Increment Financing Guarantee program (TIF) is designed to promote and stimulate the general economic welfare and assist in the development, redevelopment and revitalization of brownfield and greenfield sites.



**Chairman's Note:** Eight Tax Increment Financing Guarantee projects have been approved for a total of \$38,500,000, leveraging \$91,926,811, which are projected to create 983 new jobs and retain 150 existing jobs.

## The Clinton Commerce Park

The Clinton Commerce Park project received Tax Increment Financing to guarantee a portion of a \$5.5 million TIF bond issued by the Redevelopment Authority of Allegheny County located in Findlay Township, Allegheny County. The project resulted in approximately 725,000 square feet of manufacturing and warehouse space and the creation of 621 full-time jobs at the site.





Commonwealth of Pennsylvania  
Tom Corbett, Governor

PA Department of Community & Economic Development  
C. Alan Walker, Secretary

For more information, contact:

**Pennsylvania Department of Community and Economic Development**

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