

Herald-Standard (Uniontown, PA)

August 27, 2010

Lumber company approved for loan

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Herald-Standard*

Numerous employees of 84 Lumber Co., some clad in blue polo shirts donning the company's logo, turned out Thursday to urge the Fayette County commissioners to sponsor a \$15 million loan for the private company through a state program.

Fayette County won't incur any liability for the loan as the money is coming from state Community Development Block Grant (CDBG) funds. However, the lumber company needed a sponsor for the application, which the commissioners approved by a 2-1 vote Thursday.

The lumber company also is applying for a \$5 million loan from Washington County through the Section 108 program.

During a public hearing earlier this month, 84 Lumber Co. officials said the company used to employ 10,000 and there are now 3,700 employees. The loan application calls for 84 Lumber Co. to create 365 jobs for low-to moderate-income workers over three years.

84 Lumber Co. is using \$30 million worth of real estate for collateral for the \$15 million loan through Fayette County.

The company will pay only interest in the first two years and then pay off the balance of the loan over the next 15 years. The company is seeking the loan to pay off another loan, at 18 percent interest, from Cerberus Capital Management that it took out several years ago.

That loan, in the amount of \$195 million, since has been paid down to about \$55 million, a spokesman for 84 Lumber Co. said.

While all of the comments during Thursday's meeting were in support of the loan, several people spoke against the loan at the prior public hearing, saying money shouldn't be given to "the millionaire on the mountain," a reference to company founder Joseph A. Hardy III, also a former Fayette County commissioner.

Hardy attended Thursday's meeting, along with his daughter, Maggie Hardy Magerko, who is president and chief executive officer of the company, although neither offered public comment.

Thousands of people who live in Fayette County work at 84 Lumber Co. and Nemaquin Woodlands Resort & Spa in Farmington, both of which are owned by the Hardy family.

Among those voicing support for the loan Thursday was Sandy Chapman, a lifelong Fayette County resident who has worked for 84 Lumber Co. for more than 11 years. She said the commissioners should remember how good the Hardy family has been.

"We're not asking for a bailout, just a loan," Chapman said.

Ed Ritenour, who has worked for 84 Lumber Co. for 10 years, said he realized after reading comments in the newspaper from people against the loan that they don't know what 84 Lumber truly is.

He said the company is a group of people, not one person or a family. He then gave two examples of how the

company helped his neighbor rebuild a house and his uncle get a roof on his business after the damaging snowstorm in February.

"It's one big family in this region. As a child, I was taught to do the right thing. Sponsoring the loan application is the right thing to do," Ritenour said.

Uniontown Councilman Gary Gearing, who owns the Fayette Bank Building in Uniontown, said the commissioners should approve the application as they would for any agency that qualifies to sustain economic development.

"It isn't a matter of who the applicant is, but if they are qualified for the program," Gearing said.

Following the comments, Commissioners Vincent Zapotosky and Vincent A. Vicites voted to approve the motion to submit an application for Section 108 loan guarantee funds. The resolution also approves a cooperation agreement between the state of Pennsylvania, acting by and through the state Department of Community and Economic Development, Fayette County and the Fayette County Redevelopment **Authority**.

Commissioner Angela M. Zimmerlink voted against the action.

Zimmerlink said it is somewhat of a misnomer to say that Fayette County is just the "sponsor" of the loan. She said if it were merely a sponsorship, there wouldn't be a vote at a public meeting, public meetings wouldn't be required and the county's name wouldn't be required on documents and affidavits. She said the documents didn't include the word sponsor, instead said they were pledging CDBG funds for a private business.

"Regardless of how it's presented, it still remains a taxpayer-funded loan to a private company and it's something I can't approve," Zimmerlink said.

Zapotosky said the county is a sponsor because Fayette County isn't an entitlement county such as Washington County.

"This isn't about a specific business," Zapotosky said.

He said the loan is guaranteed, and the public meetings were required because of DCED regulations.

"It's very transparent and it should be," Zapotosky said.

Vicites said he has approved many similar loans as a member of the Southwestern Pennsylvania Commission to help qualified businesses.

He reiterated that the application calls for the creation or retention of 350 jobs.

"I have always put jobs and economic development as my number one priority," Vicites said.

At the conclusion of the meeting, Louise Durinzi of Masontown, who had attended the meeting on behalf of the Fayette County Library System, said she agreed with the decision of Zapotosky and Vicites to sponsor the loan, adding that 84 Lumber Co. helped after the downturn of her own business. Durinzi said she was a co-owner of the former Fort Mason Lumber Co. with her husband, and after his death and the inception of big-box home improvement stores, 84 Lumber Co. helped her small company by taking some of the lumber materials on consignment and helped them to recoup some of their loss.

"If the public is opposed (to the loan), it's because they disapprove of Joe Hardy's lifestyle but that's not under consideration. I thoroughly agree with your decision," Durinzi said.

Jeff Nobers, 84 Lumber Co. spokesman, said after the meeting that he was pleased that two commissioners

saw the importance of the loan.

In other business, the commissioners also voted 2-1, with Zapotosky and Vicites in favor and Zimmerlink against, a motion to approve the sale of county-owned property to Fred Trautman for \$425, plus a \$25 deed preparation, for 1027 Second St., Brownsville. The sale was previously rejected by the commissioners because of an error at the property tax sale.

Trautman, who attended the meeting, said it was unfair to take the property away from him since it was "zero percent my fault and 100 percent the county's fault."

Trautman said he was the only bidder on the property. He said at the sale it was announced that the lot was vacant, although it did contain a house. After the sale and before learning it was rejected, Trautman said he went into the house and began clearing it out.

After the vote, Trautman thanked the commissioners for their action.

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