

**Bellefonte Industrial Development Authority**  
**November 9, 2016**

The regular meeting of the IDA (Industrial Development Authority) was held on Wednesday, November 9, 2016, beginning at 6:00 p.m. in the Borough Building. Mr. Hill called the meeting to order.

**Present:** Paul Badger; Frank Halderman; Ray Fisher; Matt Hill; Greg Wendt; Don Holderman, Secretary; Rod Beard, Solicitor;

**Excused:**

**Borough Staff:**

**Visitors:** Sue Hannegan, CCPCDO; Jim Dunne; Gay Dunne

**Executive Session:**

The IDA went into Executive Session in regard to the Waterfront Property and the sale of the property. Council president Gay Dunne was included in the Executive Session because she had some information. The IDA discussed the sale of the Waterfront Property and the Right of First Refusal. Mr. Fisher feels in the agreement there needs to be some type of commitment in regard to starting the hotel project. He feels if they can't give a commitment to the hotel they should not be given a commitment to anything.

Mr. Fisher made a motion to process and design a document for First Right of Refusal for the individuals who are interested in the Gamble Mill property. Mr. Wendt seconded the motion. A voice vote was unanimous.

**Approval of Minutes:**

- Mr. Badger made a motion to approve the minutes of the IDA meeting of October 12, 2016. Mr. Wendt seconded the motion. A voice vote was unanimous to approve the minutes as presented.

**Public Comments:**

- Mr. Dunne said a hotel will have a really difficult time making money. He said it would be used seven weekends out of the year. It sounds nice and maybe it will attract more Penn State families.

- Ms. Hannegan asked if it was possible to stipulate the use of the property and specify that they have to build a hotel as opposed to another investment type opportunity that would generate income tax base for the Borough and other income for the community. If they cannot make the return on the investment work for a hotel is there another opportunity for them or will the IDA only accept a hotel design?

Mr. Beard said the way the motion is worded he will follow that with language that requires a timeline to make decisions understanding that return on investment and feasibility

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and so on are things that any developer will have to examine. He will pass it through the IDA for acceptability because there are loose ends that they are trying to corral to keep things moving forward. It has always been the goal of the IDA to have a hotel or some similar type piece structure on that property along with other items. He feels it can be worded to get to the comfort level for everyone.

Mr. Hill said there have been marketing studies done by different developers on that project. A boutique hotel type structure and not a full-fledged Hilton six story three hundred room facility, but a smaller 60-70 room facility is a dream that the IDA would like to see. Ms. Hannegan asked if the demographics in Bellefonte would support a hotel of that size on that site and still make it possible for them to purchase and operate the Gamble Mill. Mr. Hill said it is possible that two different companies would have the hotel facility and one would have the Gamble Mill facility.

Mr. Badger feels the IDA will not go into this with deaf ears. If they give a reasonable explanation the IDA will listen to it.

### **Financial Reports:**

- a) Buchart Horn Report dated 11/7/16 – Mr. Holderman is going to take a) and b) and give a monthly report. A check was received from the Office of Budget for \$2.7 million. Out of that \$2.7 million Ms. Walker paid off the Bridge Loan, which was approximately \$1,514,495.00. That left approximately \$900,000.00. Mr. Holderman would like to use \$700,000.00 to pay down the loan. The loan balance is \$3,372,000.00. He would like to hold \$200,000.00 back to pay other invoices. The rest of the money will carry the IDA on the interest payments until the property is sold.

Secondly Mr. Holderman said on the Waterfront Project under the revenue the Borough cash, \$1,118,432.00 is equivalent to the Bulk Water Funds. That is how much the Borough put in to the project. The \$94,976.00 under rent and miscellaneous is rent money derived from Gensimore and rent from Bob Bowersox. On top of that is the \$3.5 million loan and the Bridge loan, which \$1,514,495.00 was spent. This totals \$6,227,903.00 that was spent on the project. The RCAP Grant said you had to spend \$6 million to get back three. The Borough spent more than required. The property purchased cost \$1,663,177.00. The property appraised for \$1,153,000.00. There was a difference of \$480,117.00. If you cut that in half there is \$240,000.00 that did not meet the guidelines of the RCAP Grant. In addition the \$3.5 million loan is actually \$3.372 because Lori made a payment on interest and principal early in the project thinking she was going to get ahead of the game. She was told not to do that because the IDA needed all the money to pay off the full project, the full \$6 million. Mr. Holderman feels when all the final invoices are paid in the next month and he submits the final pay application that the IDA will get another \$150,000.00, which will make the reimbursement at approximately \$2.85. The only items not reimbursed for were the minutes to these meetings, the property, and the appraisals to the property.

Mr. Wendt recommends paying down on the loan. It is hard to know how much the Borough has had to pay. No tax money was spent on this project.

Mr. Badger made a motion to pay \$785,000.00 of the \$985,505.00 on the loan balance. Mr. Halderman seconded the motion. A voice vote was unanimous. Mr. Wendt abstained from voting. Applying this amount will save interest costs of approximately \$785,000.00.

- b) Loan Payback Update -

- c) Approve Beard Law Invoice #19653 in the amount of \$1,071.50 and #19666 in the amount of \$210.00 – Mr. Fisher made a motion to pay both invoices in the amount of \$1,281.50. Mr. Halderman seconded the motion. A voice vote was unanimous.
- d) Approval of Buchart Horn invoices #27 for \$2,625.40 and #37 for \$8,940.25 – One of the invoices involves the site investigation and well decommissioning, which was done in October.

Mr. Halderman made a motion to pay invoice #27 for \$2,625.40 and #37 for \$8,940.25. Mr. Wendt seconded the motion. A voice vote was unanimous.

- e) Hawbaker Change Order #11 – It is for the masonry staining, the concrete anti-graffiti coating, which has been applied. The corrected change order #11 is \$27,432.30.

Mr. Halderman made a motion to pay change order #11 for \$27,432.30. Mr. Wendt seconded the motion. When the sun shines on the wall there is a sheen. A voice vote was unanimous.

### **Old Business:**

#### **1. Waterfront Property -**

**a. Buchart Horn Report of 11/7/16** – The report is in the IDA packet.

**b. Wall Sealant – Exact Match Masonry Staining –**

**c. LOMR Decommissioning of Wells Update** – They were decommissioned on October 19, 2016. They poured concrete down into the wells and sealed them off.

**d. Draft RPF for Marketing Properties (Waterfront and Armory)** – Mr. Holderman asked the Authority to provide comments over the next months. It is in a very rough draft form at this time.

**e. Extension on Interest Only** – The interest only payments will conclude in February 2017. The IDA would like to ask the bank to extend those. Mr. Wendt and Mr. Holderman had conversations by email regarding this. Mr. Wendt proposed that the interest only payments be extended for another 18 months. Mr. Wendt asked for a letter from the IDA with a formal request for the extension.

Mr. Halderman made a motion to ask for an extension of 18 months on the interest only loan. Mr. Fisher seconded the motion. A voice vote was unanimous. Mr. Wendt abstained from voting.

### **New Business**

a. Expiration of Authority Appointment – Mr. Wendt's term on the IDA expires December 31, 2016. Mr. Badger made a motion to ask the Borough to request his appointment. Mr. Halderman seconded the motion. Mr. Halderman said he has been an asset to the Authority and the IDA members would appreciate if he would stay on. A voice vote was unanimous. Mr. Wendt abstained from voting.

b. Mr. Badger said the IDA is blessed to have the services of Don Holderman, especially in administering this grant. He cannot say enough about the fact that the IDA got \$2.7 million already without audit. He feels the IDA owes Don gratitude. Mr.

Halderman agreed and he said without Don this project would not have gotten done. The IDA feels Don is doing a great job.

- c. Mr. Halderman asked when the “no fishing” signs will be installed. Mr. Holderman said the Talleyrand Park Committee and the Parks and Recreation Committee have been working together to design a new logo for the top of signs so that all the signs in the Borough look consistent. Mr. Holderman needs to have Bob Bowersox do a line drawing. They want something with the Big Spring logo put on the signs. There is movement going forward with the signs. The committees are encouraged to expedite their handling of the signs so they can be installed.

**Adjourn:**

- Mr. Fisher made a motion to adjourn the November 9, 2016 meeting of the Industrial Development Authority at 7:10 p.m. Mr. Wendt seconded the motion. A voice vote was unanimous.