

**Industrial Development Authority
August 10, 2016**

The regular meeting of the IDA (Industrial Development Authority) was held on Wednesday, August 10, 2016, beginning at 6:00 p.m. in the Borough Building. Mr. Hill called the meeting to order.

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

Excused: Ray Fisher;

Borough Staff:

Visitors:

Approval of Minutes:

- Mr. Halderman made a motion to approve the minutes of the IDA meeting of July 13, 2016. Mr. Badger seconded the motion. A voice vote was unanimous to approve the minutes as presented.

Public Comments:

- None

Financial Reports:

- Mr. Holderman provided the Financial Reports. On the Waterfront Budget monthly report last month the expenditures came to \$9,883.00. There was also a \$555.00 expenditure also for the Act II Project that is not reflected. Things are going well. The last few months it has really slowed down. On Monday Mr. Holderman received a call from the Office of Budget, which was the first call in a long time. They said they are beginning to work on the Pay Application that was submitted last August. There was information she wanted turned around quickly. Mr. Wendt helped Mr. Holderman gather the information. She wanted some bank statements regarding the Hawbaker payments from 6-9, all the interest invoices and bank statements from June 2015 to present. She is trying to get a projection of how close things will be to the \$6 million. There may be another invoice from Hawbaker that Scott has. It is a significant amount and Mr. Holderman wants to make sure it gets in her hands as well and then he will tell her that she will receive the transaction documents within 48 hours. He sees that as a real, real positive because the IDA is paying approximately \$10,000.00 per month on interest. The sooner a reimbursement comes the sooner loans can be paid off. When the property is sold the interest won't be captured as part of the expenditures. The only interest that will be captured, in terms of the RACP Grant, is the interest that was paid from the time the contract was signed with Hawbaker until now. Any interest paid prior to that or after the project is over there will not be reimbursement.

Mr. Halderman made a motion to approve payment of Beard Law invoice #19572 in the amount of \$892.50. Mr. Wendt seconded the motion. A voice vote was unanimous.

Mr. Halderman made a motion to approve payment of Buchart Horn invoice #24 in the amount of \$1,105.00. Mr. Wendt seconded the motion. This is for the ISRP Grant, which would be the Environmental Clearance Project. A voice vote was unanimous.

Old Business:

1. Waterfront Property -

a. Update – The ribbon cutting ceremony was held and went very well. It was extremely well attended. The CDT did call and wanted to do an article, but he did it early instead of coming to the ceremony. Mr. Halderman called the CDT publisher on Saturday morning and expressed his disgust that there wasn't anything in the Saturday paper about the ceremony. Mr. Halderman said there was a big article in the Lock Haven paper on Monday. Mr. Halderman said a press release was sent out and it went to approximately 14 different news outlets. He personally called WTAJ and WJAC. Gary Sinderson was too busy to come, but the man from WTAJ did come. He called and asked to get a little bit done early so Mr. Halderman hurried and called the Mayor to do part of the interview. The bank had a professional photographer there. Cecil Houser was asked to take pictures for the IDA. Mr. Halderman will send an electronic picture to the CDT and see what happens.

Mr. Russell missed the ceremony because of vacation but there were some others there from the office. He would like to have some of the photographs when Mr. Halderman has it.

In relation to the application for payment, they went back and forth with Hawbaker and with Chuck's conditions. A month was missed. They do have applications for payment. Application #10 is for \$250,441.47 and that still maintains the 10% retainage. Application #11 in the amount of \$236,228.56 follows substantial completion. Following substantial completion of the remainder of the work is claimed out at 100% complete, with the exception of the fill material and a few of the other additional change orders that will be discussed. It does reduce the retainage of 3% of the completed work and that amount is \$101,000.00. That retainage is held to a point where the final inspection can be performed and they can review the items that were on the substantial completion punch list and make sure they are completed and at that point the retainage will be released as part of a final payment application either between now and the next meeting or the meeting in October. After payment of these the IDA is still holding back \$287,751.83.

There are some pending change orders to discuss. Change order #9 was for the two additional gates that were installed at the Mill Race. Change order #10 included a number of items that are currently pending. There was the credit to the IDA for the labor charges that were negotiated with Hawbaker; there is the credit for the flood proofing quantity that is seen in the pay application as work that has not been completed. That will be a compensating change order back to the Authority. They deleted the work at the intersection of Dunlap and Lamb Streets. Along with that deletion they added the pedestrian high-heel safe inlet grate. They have some additional costs associated with the additional Redi-Rock on the staircase at High Street when they put the second wall behind the staircase. They have other miscellaneous work with foundation backfill when the Freight building was moved. They had some river gravel by the Café on the Park, some concrete where they ran into a section of collapsed pipe and there were some repairs to the raceway that were encountered. Mr. Halderman said this is all correct. The final item, which they received Rodney's letter regarding the delay claim with that

amount still hanging out there in the way of a change order. Given all those dollars each of those items sum up to a credit back to the Authority in the amount of \$142,217.09. And that would even include the delay claim number. The bulk of the items just described are all credits back to the IDA with the exception of a few. Mr. Holderman said the current contract balance he has is \$3,558,403.00. If you subtract \$142,217.09 that doesn't sound right. Scott said change order #9 was another 20 some odd hundred dollars. Scott said it is \$3,561,204.65. If you incorporate the change orders he just read off, the new contract amount would be \$3,418,987.56, which is a \$103,149.06 total change from the original contract price. There was roughly \$170,000.00 of additional work that was requested to be done on top of the contracts, which results in an overall net change coming in under the original contract amount if you did not assume the additional expense. Mr. Holderman said that is a 3% increase on the original contract price. Normally you budget 10% for contingencies on any project so 3% is pretty good. Mr. Halderman said at the last meeting it was said that there was a change order coming with a credit of approximately \$180,000.00 - \$190,000.00 and now it is down to \$140,000.00 so where did that original estimate come from. Scott said \$183,750.00 is the credit for the fill material but there is offsetting balances. Mr. Holderman made copies of the summary letter for the IDA to review. Each item is listed (10.1 – 10.6). Mr. Halderman asked if 10.6 is the money that is being questioned. Scott said that is in reference to the letter that was received. Mr. Holderman asked if the IDA can pay #10 and #11 without doing the change order, which they can. Once the change order happens it will be part of the final payout, which will change the balance to finish.

Mr. Halderman made a motion to approve payment #10, in the amount of \$250,441.47. Mr. Wendt seconded the motion. A voice vote was unanimous.

Mr. Halderman made a motion to approve payment #11, in the amount of \$236,228.56. Mr. Badger seconded the motion. A voice vote was unanimous.

Change Order #10 includes a credit of \$142,217.09 and also a payment in question of \$58,124.00, which is in regard to the delay. Scott is prepared to respond to the letter. Mr. Holderman said this would be part of the expenses that will go to the RCAP, and the IDA will get 50% of that back so the reality of it is they are looking at a \$29,000.00 delay cost. The IDA feels there would have been a delay cost if they started anyhow because of a four-week delay to remove an electrical pole. Mr. Halderman recommended splitting the cost with the engineer and Hawbaker, splitting it three ways. The property cannot be sold until the final payment is received from the state. Some of the delay of the project had to do with the engineer that was working for Paxton Precast, which was a subcontractor to Hawbaker. He was out of Ohio. He was someone that wouldn't let anything go unless...it was almost like he was saying you have to have zero exposure to something. It was all or nothing. He was no help in trying to solve the problem. He was part of the problem. He feels that person has some responsibility. Mr. Halderman isn't trying to blame anybody. He feels if the Borough didn't do anything to cause that cost they shouldn't be paying for it. Mr. Badger and other IDA members would like to see the response from Buchart Horn because the whole issue is between them and Hawbaker. If the IDA is representing the taxpayers of Bellefonte Borough how can they approve it?

Change Order #10 will be held until there is a response from Buchart Horn.

b. Furniture Elements for Waterfront Sidewalk – Benches/Garbage Containers –

There were eleven benches, that were received on August 2nd. There are still three on order. Everything else is as it is. The IDA is very grateful for the residents that purchased a bench. It is a nice asset to the walkway. Matt had a good idea for the benches.

c. Survey Update – Mr. Holderman, Mr. Stewart and Rodney met with Wayne Engel, of Nittany Engineering. That process has started. The decision was to provide the Borough an easement for the walkway. They plan to keep the three parcels separate at this time based on a recommendation from the surveyor. An easement document needs to be drafted that the IDA and the Borough is comfortable with that provides sufficient public rights in the walkway area. If someone buys the property they will own the walkway, but will be subject to all the rights of the Borough as expressed in the easement document, which will be full rights to use. Maintenance will be the Borough. They can begin gathering numbers to have a selling price. That is a question to raise with the Office of Budget. The Environmental Covenant describes all three parcels. All three will be subjected to that covenant. Mr. Holderman said under the Act II clearance there were well borings on the Ham Store property and the Cerro property. It would have been very close to the Bush House. There was one by the Freight Building near the wall. Mr. Holderman said a decision needs to be made regarding the MPDES permit. He talked to Scott about it trying to get his opinion. If the permit is closed too soon the next person coming in may be subject to the new guidelines so the IDA may not want to close the MPDES permit. The MPDES permit runs through 2019. The initial thought is to keep the permit open through the duration. The MPDES can be transferred. To close it you just sign a statement saying you are closing the permit. The timeframe on the permit is probably sixty days. You can draft an easement that is exclusive for somebody. The easement would allow the Borough to put up signs. The liability issues would be mixed up a little bit because it would be owned by whoever buys the property and their insurance carrier would have to cover that. If it were owned by the Borough it wouldn't be part of the premises liability. You would want the Borough to maintain the property. They would control the color and if something is damaged it would have to be put back the same way. At the dedication it was discussed about who would be responsible if someone would spray paint the wall. The Borough would have to clean it out, but if they don't it and it's just an easement would they be able to say to the property owner they would have to clean it up. Mr. Halderman thought it was going to be turned back to the Borough. When they met with the surveyor it was suggested it should be presented to Council to see what they want to do – whether it's a deed or an easement. Mr. Holderman felt it may have been said because Wayne said it would be a lot cheaper to do it this way and you would still have control over it. You can draft an easement document that would give the Borough virtually all rights on the property. There will be an easement on the other side down Dunlap Street because of the water and sewer lines. The Borough will need some land back of the wall, which was included in the survey. There also needs clarification on how this will affect the reimbursement. What they are trying to do is say 85% or 90% went into the wall. If you sell it you are giving a \$6 million property away for \$2 million. Some of the IDA members want to own it, not lease or rent it. Mr. Holderman will get in touch with the Office of Budget once he sends the stuff to Elena. If he can engage her in that conversation he will call Rodney in and be on a three-way call and ask her that.

d. Wall Stains – Mr. Holderman said this may be the wrong term, but at the last meeting Mr. Halderman brought up about the wall at the last meeting. Sue Hannegan led Mr. Holderman to a person at Centre Concrete. Stain is done on sidewalks in the Historic District all the time. There is a stain you can purchase for a couple hundred dollars and the mortar would be stained on the wall at the far end by High Street to make the mortar look more like the wall where there are just the dark gaps. He suggested getting a little bit and test it to see how it looks. Part of it will be unstained because you can't get underwater. The man from Centre Concrete would show the Borough guys how to do it. Mr. Halderman thought Redi-rock was going to be put in there to match. Mr. Holderman said it had something to do with tying in to the

bridge. The people from Redi-rock said the wall should be sealed every three years. It came with a seal on it. There is also an anti-graffiti sealant you can put on also. They are supposed to provide the cost of that, which is very expensive. It was suggested that some cameras should be installed in case the wall is damaged.

2. LOMAR – Mr. Halderman made a motion to proceed and not to exceed \$15,000.00 to move forward with the LOMAR. Mr. Badger seconded the motion. A voice vote was unanimous.

3. ACT 2 Update – This is the Environmental Covenant. Randy Deardorff sent all the information to submit to DEP. The signatures were obtained about one month ago and sent to DEP. They called and said they need a check for \$500.00, which was sent to them. Mr. Halderman received an email from them and said after the review there are some more changes. She called them innocuous and weren't that significant and felt the IDA wouldn't have any trouble. Mr. Halderman wanted Rodney to review it to make sure she didn't put anything in it that could come back to cause a problem. Rodney is baffled by it because they are putting things in the Environmental Covenant that describes things that took place on the ground previously. Randy didn't see anything alarming in the covenant other than describe the process that occurred. She wants the IDA to get back to her and let her know if they accept the changes. If the IDA says yes, they will sign off of it and it will be finalized. They are requiring a vapor collection system within all occupied structures, which is pretty standard in buildings now. Rodney doesn't see it harmful if someone is interested in purchasing the property. He feels the provisions are acceptable from the standpoint of the IDA...odd, but acceptable.

Mr. Badger made a motion to accept the revisions of the Environmental Covenant and move forward with it. Mr. Halderman seconded the motion. A voice vote was unanimous.

- Mr. Halderman asked the status of the signs for the Waterfront. Mr. Halderman needs to get in touch with Megan Tooker. He knows they are working on them, but he hasn't had a status update for several months. The IDA was required to make a preliminary submission to the Army Corps of Engineers. Nothing has been heard from them regarding the submission, which was six months ago. Mr. Halderman said the IDA has another year to get it done. He will ask her to come to one of the meetings to provide an update.

- The no fishing, no skateboarding, etc. signs are being developed. The Borough has made some changes and there are a lot of signs that need made. Mr. Halderman asked if some temporary signs could be installed at each end. Chief Weaver has informed all officers of the ordinances and they are going to begin enforcement until the signs are installed.

Adjourn:

- Mr. Badger made a motion to adjourn the August 10, 2016 meeting of the Industrial Development Authority at 7:15 p.m. Mr. Halderman seconded the motion. A voice vote was unanimous.

Executive Session:

- The IDA went into Executive Session to discuss some issues.