

**Industrial Development Authority
October 12, 2016**

The regular meeting of the IDA (Industrial Development Authority) was held on Wednesday, October 12, 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; Greg Wendt; Matt Hill;
Don Holderman, Secretary; Rod Beard, Solicitor;

Excused:

Borough Staff: Ralph Stewart

Visitors: Sue Hannegan, CCPCDO; Megan Tooker

Approval of Minutes:

- Mr. Halderman made a motion to approve the minutes of the IDA meeting of September 14, 2016. Mr. Badger seconded the motion. A voice vote was unanimous to approve the minutes as presented.

Signage Update:

- Megan Tooker updated the IDA on the signage for the Waterfront property. There will be three panels either across the Waterfront or in one location. Ideally they would be 2' x 3'. One will be on the Bush House; one on the Silk Mill; and one on the Bellefonte and Snow Shoe Railroad Company and the other railroad industries that would be along the Waterfront.

Megan had a meeting with Joanne Knupp and Suzanne Hoover two weeks ago. They have a sign project. The BHCA has money through the Centre County Commissioners to add signage to the downtown area with the end of the money date of December. They have been in communication to them so the styles of signage aren't drastically different. Ultimately they answer to PHMC. Their approval is needed in terms of the design, content and material of the signs. They may decide to go with something mounted on the wall and the BHCA may decide they a post or panel design. The BHCA was part of a field trip to Brookville, PA and they saw signs there that they liked. They had been contact with (?) who manufactured the signs in Brookville so Megan contacted them to get quotes and ideas. They recommended a fiberglass embedded graphic sign, which is the most durable outdoor graphic. It is what is currently used for the Pennsylvania Parks and the National Park Service. It comes with a ten year warranty. UV exposure isn't a problem with these signs. The problem is more a vandalism issue. Because the graphics are embedded graffiti could be wiped off the sign. When asked for a price quote the lady said it was cheaper to have replacement costs. The signs would be \$315.00 plus \$385.00 for the wall mount frame, which is an aluminum backed plate. You would slide in the sign. For three of them it comes to a total of \$2,100.00. The manufacture of the signs would be a four to six week total turn around, which would include proofs being sent back and drawings of the base.

The group also really liked the bronze plaque. The quote for them is \$2,371.00 plus sign mounting materials of \$175.00 making the total cost for three of them being \$7,638.00. They are extremely durable so there would be no replacement cost. The bronze plaques have a two month manufacturing process.

The Historic Structures report that was provided by the consulting firm determined that the existing buildings had no integrity so they really didn't do any historical background information. Megan has what the county has provided on the silk mill and the railroad building, but nothing on the Bush House. She went through a lot of the sources at the Historical Library and is nearly done with that information, but they are still missing good quality images. At some point they will need multiple pictures of these buildings. There are aerial images for the railroads, but not a lot of photographs of the buildings. Nancy Perkins is on the committee and she is contacting Fred Smith to see if they can get higher scans of the postcards. At the library they are looking through their third floor of possible photographic documentation to see if there is anything there. She asked the IDA if they had any other ideas.

Mr. Halderman has a lot of postcards, but they only go back so far. Part of Megan's concern as a researcher is the copyright privileges. The postcards are older than fifty years so they would be okay. Mr. Badger said somewhere in the basement of the Historical Library there is a typical gray and black card files boxes that is full of black and white negatives of Bellefonte pictures. There are four hanging in the Northwest Office that he had made off of those negatives. One is the Bush House and the property behind it right after it was built.

Megan is considering three wall mounted signs so that nothing would be sticking out into the walkway. Wall mounted would also be less likely in the sun or having falling leaves affect the surface. Mr. Holderman has concern with wall mounted because the stones aren't flush. Mr. Stewart likes the laminate and fiberglass sign. He feels if the park service uses them why not piggy back on their idea. He feels the time has come and gone for the cast products.

Megan is hoping to have the proofs done by mid-November, sent to IDA for approval first and then to PHMC and then be able to send it to the manufacturer in proof readiness in January so it could be installed in March or April.

Public Comments:

- None.

Financial Reports:

- Mr. Holderman provided the Financial Reports. He put the monthly report at the desk but he put together a cost forecast to reflect different scenarios for how much it will cost the Borough over the course of the next 24 months should the property not sell. Mr. Holderman has been working closely with the Office of Budget to begin to get reimbursed under the RACP. His reporting was the overall figures. There were two loans, the \$3.5 million loan and the \$2.5 million loan. The \$2.5 million loan was a short-term loan. The loan amount left to pay back on the \$3.5 million is \$3.372 million. The interest on that loan is \$7,500.00 a month. On the \$2.5 million loan it is \$1,652. Mr. Holderman has included in his calculations the invoices in tonight packet. This won't be exact, but it will be a pretty close representation of where things are going to be. He thinks the Borough will end up borrowing \$1.6 million of of the \$2.5 million loan. One of the things he has on column C, row 1 is to request the IDA move to have Northwest apply for an extension to the interest only \$3.5 million loan for another twelve months. The interest-only expires in January.

With the Office of Budget, all the paperwork has been provided so the Borough is expected to receive a reimbursement of \$2.7 million. They have already processed that payment in late September. Elena Elbert, who the IDA is working with at the PA OB, told Mr. Holderman that it could take up to 35 days before payment is received. It has to go through the Department of Treasury. If they find anything wrong it could go back for re-review. Right now things seem to be going well. When the check for \$2.7 million is received the first thing to do is to pay off the short term loan, the \$2.5 million. If you take the \$2.7 million and pay the \$1,652,751.00 it would leave a balance of \$1,042,249.00. There is a hard maturity date on the \$2.5 million loan for July 30, 2017. If \$992,250.00 is taken and paid on the \$3,387,704.00 that is owed on that loan and paid that down it could get the loan down to \$2,395,454.00. Ultimately when the property is sold it would pay that off. Mr. Holderman left a balance of \$50,000.00 to continue to pay the continuing interest payments until the property is sold. There will be another pay back. The estimate is that by January 2017 the final reimbursement of \$100,000.00 is received. \$2.8 million is what the IDA will be able to get from the \$3 million grant. The IDA will end up with \$200,000.00 in the grant left over because the \$6 million expenditure can't be reached. In January, if another \$100,000.00 is paid then it is down to \$2.3 million. Because of paying interest all along the interest drops down to \$5,000.00. Come March the loan balance will be \$2,300,454.00. Mr. Holderman has a goal to sell the property during the spring months because when you get to September 2017 things begin to go in the red (this assuming you only hold back \$50K). That is when the Borough would begin paying the interest and not having any money. Mr. Stewart recommended holding back \$100,000.00 to be safe. Keeping \$100,000.00 would hold things until December 2017.

Ms. Elbert did not say anything about OB holding money back until after the audit is complete. Ms. Hannegan stated in her projects, OB held back a percentage until final audit was complete. She said the first installment will be \$2.7 million. Mr. Holderman is going to submit another application that would include \$15,000.00 to Buchart Horn for the LOMR; the decommissioning of the wells will cost \$5,000.00; \$5,000.00 to Beard Law; \$130,000.00 to Hawbaker; \$27,000.00 for sealing the wall; \$10,000.00 for Buchart Horn. There is approximately still \$231,000.00 in costs.

Sue Hannegan gave a word of caution. On the four projects she has done they have withheld money until audit is completed. Now they state in their requirements it could be up to 10%. They have never withheld 10%. On a \$1 million project they withheld \$95,000.00. On a \$10 million project they withheld \$275,000.00. Sue said their audits take forever. She has been waiting two years on an audit.

On the Available Funds Chart it says there is \$1 million spend of the Borough's money. Mr. Holderman said a lot of those expenditures took place before the time frame in which they took into account that the IDA was allowed to get reimbursements. It came down to the contract period of Hawbaker. In addition that the IDA spent \$1.8 million for the property and there was only reimbursement for \$1.3 million. Mr. Stewart's question was as far as making a profit the IDA is far, far away from making a profit on the project so why can't a spreadsheet be shown of all the money that is spent. It was noted that Office of Budget doesn't add in all the expenditures. They add in the ones they permit. Mr. Holderman said the monthly report shows what the Borough has paid. It is unclear to Mr. Stewart why the IDA can't break even with the sale price of the property. Mr. Beard pointed out the Office of Budget regulates what the property can be sold for based on a formula. Mr. Holderman pointed out he is only providing an opinion at this time and stated we should wait until everything is completed so we can have a clearer picture from OB.

Mr. Badger made a motion to ask Northwest Savings Bank to extend the principal payment on the initial loan to an interest only period for one more year, which would end in

January 2018. Mr. Halderman seconded the motion. The motion passed. Mr. Wendt abstained from voting.

Mr. Halderman made a motion to pay invoice #19,630 from Beard Law in the amount of \$1,090.22. Mr. Fisher seconded the motion. A voice vote was unanimous.

Mr. Halderman made a motion to pay the invoice to Nastase Construction & Supplies, Snow Shoe, PA for finished work to install a 6' high by 5' wide black vinyl coated chain link fence. Mr. Fisher seconded the motion. A voice vote was unanimous.

Mr. Halderman made a motion to approve payment of the invoice from Buchart Horn in the amount of \$4,046.00 for the LOMR application. Mr. Wendt seconded the motion. A voice vote was unanimous.

Mr. Halderman made a motion to approve payment #12 to Hawbaker in the amount of \$39,248.82. Mr. Badger seconded the motion. A voice vote was unanimous.

Mr. Wendt made a motion to approve payment #13 to Hawbaker in the amount of \$103,601.80. Mr. Badger seconded the motion. A voice vote was unanimous. The final inspection was conducted on September 30th. The payment application reflects a reduction in the retainage.

Old Business:

1. Waterfront Property -

a. Buchart Horn Progress Report – The letter in the packet is from October 7th. It lists the summary of activities that they have done.

b. Wall Sealant – Exact Match Masonry Staining – provided a proposal. After the meeting last month Mr. Holderman went to Betsy from Paxton Precast and they recommended this company. Mr. Holderman checked the references provided by the Company. They are on COSARS but the consultant suggested he check with the Office of Budget for reimbursement. They said it would have to be advertised and bid out. Due to this and the timeframe to get it completed, it would be more advantageous to use Hawbakera's Contract and have ExactMatch subcontract. There is a chemical that you would rub on if someone sprayed graffiti on it. The estimate is \$25,000.00, but since it will be going through Hawbaker there will be a 5% surcharge on it so approximately \$27,500.00. The color, tones, etc. will remain the same. You shouldn't be able to see a difference and if so, the representative said it would be hardly noticeable. It is not supposed to be shiny. The warranty on it is five years.

Mr. Halderman made a motion to apply the wall coat sealant through Exact Match Masonry Staining. Mr. Fisher seconded the motion. A voice vote was unanimous.

c. Decommissioning of Wells – Buchart Horn has subcontracted with a company to come in and decommission the wells. It will be done on Monday, October 17th, at a total cost of \$5,000.00.

Mr. Halderman made a motion to authorize the decommissioning of the wells at a cost not to exceed \$5,000.00. Mr. Fisher seconded the motion. A voice vote was unanimous.

New Business

1. **Signage** –

2. **Marketing the Properties** – It was suggested that the RFP would be advertised a few places and it would be sent directly to brokers. It can be done through an RFP, choose a broker of the IDA sell it. IDA members feel an RFP would be the best route to go. Mr. Halderman suggested doing the RFP for the Armory property also. Mr. Holderman feels for the Waterfront RFP the conditions the IDA wants should be laid out. When the RFP is sent out tell them what you are looking for, what is their fee structure and how are they going to market it.

Mr. Halderman made a motion to put out an RFP to sell the Waterfront and Armory properties. Mr. Wendt seconded the motion. A voice vote was unanimous.

3. **Signs** – IDA members asked when the signs would be posted on the Waterfront that say no fishing. The brick sidewalk is not lit at night, but there are work orders for lights along there. Signage is being developed by the Parks & Rec. Committee. There is a Talleyrand Park committee that began making their signs before the Borough. The Parks & Rec. Committee met with them to be sure the signs are compatible including a new type of icon emblem for the signs. They are looking at using a picture of the Big Spring and making it the emblem instead of the Courthouse cupola. They are working on getting the message out and making sure the sign isn't too large.

There was a question about whether the Waterfront sidewalk would be closed down over the winter. Mr. Stewart said public interest will drive the decision. The Borough has a little John Deere tractor that has a brush on it.

Adjourn:

- Mr. Halderman made a motion to adjourn the October 12, 2016 meeting of the Industrial Development Authority at 7:12 p.m. Mr. Wendt seconded the motion. A voice vote was unanimous.