

**Industrial Development Authority  
January 14, 2015**

The regular meeting of the IDA (Industrial Development Authority) was held on Wednesday, January 14, 2015, beginning at 6:00 p.m. in the Borough Building. Mr. Beard served as the temporary chairman of the meeting.

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

**Excused:**

**Borough Staff:** Ralph Stewart, Borough Manager

**Visitors:** Sue Hannegan, CCPCDO;

**Nomination of Officers:**

Nomination of Chairman - Mr. Halderman nominated Mr. Badger. Mr. Wendt seconded the motion. Mr. Fisher made a motion to close the nominations. Mr. Hill seconded the motion. A voice vote was unanimous.

Nomination of Vice-Chairman - Mr. Badger nominated Mr. Halderman. Mr. Fisher seconded the motion. Mr. Badger made a motion to close the nominations. Mr. Wendt seconded the motion. A voice vote was unanimous.

Nomination of Treasurer - Mr. Fisher nominated Mr. Wendt. Mr. Badger seconded the motion. Mr. Halderman made a motion to close the nominations. Mr. Badger seconded the motion. A voice vote was unanimous.

Nomination of Secretary - Mr. Badger nominated Mr. Holderman. Mr. Halderman seconded the motion. The bylaws state the secretary does not need to be a member of the board. Mr. Fisher made a motion to close the nominations. Mr. Wendt seconded the motion. A voice vote was unanimous.

Mr. Fisher made a motion to approve the nominations. Mr. Hill seconded the motion. A voice vote was unanimous.

**Transfer of Gavel:**

- Mr. Badger took over the meeting as chairman.

**Approval of Minutes:**

- Mr. Halderman made a motion to approve the minutes of the IDA meeting of December 10, 2014. Mr. Fisher seconded the motion. A voice vote was unanimous to approve the minutes as presented.

**Public Comments:**

- None.

### **Financial Reports:**

- Mr. Holderman reported the Waterfront Budget monthly report is in the packets with monthly expenditures from December 6, 2014 through January 13, 2015. There was \$8,997.00 in expenditures. \$7,149.00 of that was interest on the loan. There was a fire safety permit for the Victorian Signs building that needed to be paid. It will be a one-time deal. \$1,750.00 of that was attorney fees. The rest of the project is where it has been for the last several months. There isn't any electricity on in the old Cerro building.

- Invoice No. 18 and Invoice No. 5 are two different projects that are invoiced separately. All the Act 2 Site Investigation work is invoiced under Invoice No. 5. Invoice No. 18 is related to the design of the wall. They were specifically asked to keep the Industrial Site Reuse Project separate because that is on a separate grant from DEP. 75% of the funds from Invoice 5 and 6 are being covered by the grant.

Mr. Hill made a motion to approve payment of Project Invoice No. 18 and Project Invoice No. 19 from Buchart Horn in the amounts of (No. 18) \$26,469.12 and (No. 19) \$7,518.40. Mr. Wendt seconded the motion. A voice vote was unanimous.

Mr. Halderman made a motion to approve payment of Project Invoice No. 5 and Project Invoice No. 6 from Buchart Horn in the amounts of (No. 5) \$25,486.96 and (No. 6) \$7,636.74. Mr. Wendt seconded the motion. A voice vote was unanimous.

Mr. Halderman made a motion to approve payment of the invoice from Beard Law Office in the amount of \$245.00. Mr. Hill seconded the motion. A voice vote was unanimous.

- Update from Mr. Wendt on the loan modification - Mr. Wendt met with Mr. Holderman and Ms. Walker prior to this meeting. He submitted his modification request to the folks. A letter came back with a couple of minor questions in regard to the project and where it stood. The questions weren't a concern. It was more of since they are extending an interest only period by 24 months past the initial 48 the bank felt that it would be beneficial to get a little more documentation on a file that could be flagged to be pulled. He got additional information. Several points they are attempting to finalize would be to extend the interest only period by 24 months while maintaining the current maturity date. If the maturity date is changed it would cause some additional steps and expenses in the process. By extending the interest only period by 24 months shortens the amortization period from 192 months to 168 months. That will push the monthly payment up of the loan is fully drawn when it converts to principal and interest. In that light based on the borrowing base of the Borough with the monthly payment that goes up it creates demand on the amount of money that the Borough can pay back based on the Local Government Unit Debt Act. When the loan was initially done they plugged in a maximum interest rate into the documents at 8%. With this modification that is being modified down to 6 1/2% to keep the Borough within the borrowing guidelines for that Local Government Unit Debt Act. Along with that they are resetting the interest rate because it was initially set at a fixed rate for five years. We are currently into four years and in another year it would reset so it was reset for another five years so there would be a fixed rate for five years. He is aiming for a rate of 3.26%. which is slightly under the current rate, but it will lock the rate in for another five years for the IDA. He talked with Yens Damgaard, who was the original bond council. He and Ben Reed are going to put the paperwork together to modify the note. The payment is scheduled to change to principal and interest on February 13 and the IDA will be done long before that. Mr.

Wendt is not charging a fee for the IDA to do that. Typically the bank would charge for this service. He will formulate all this information so it can be filed.

Mr. Halderman made a motion to extend the interest only period for 24 months; modifying the interest rate to the new rate at 3.26%, which would be fixed for five years; lowering the interest rate cap from 8% to 6 1/2% and to authorize the appropriate officers, Chairman and Secretary, to execute the documents and deliver them back. Mr. Fisher seconded the motion. This will begin February 13, 2015, which is when the next payment is due. The interest only payment will be made at the rate of 3.26%. The current interest only payments are at 3.32%. A voice vote was unanimous. Mr. Wendt abstained from voting.

### **Old Business:**

#### **Waterfront Property -**

Update - Buchart Horn Staff: Scott provided the update. The work on the documents has been dialing in on some of the final details related to some of the comments from HARB and PHMC with the cap work, railing, etc. on the detail side. They are in a position with the documents and prepared to advertise the project for bid. They have exchanged agreements on general and supplementary conditions and insurance requirements with Rod Beard. He is currently reviewing that information for consistency to make sure that information is all acceptable as far as the contract that will be executed by the IDA and things of that nature. On the design side of things that is where they are.

The real focus of their work has been continuing to deal with the Memorandum of Agreement on the agreement that was made related to the adverse impacts of the historical structures on the site. They have drafted the Memorandum of Agreement for review by the IDA. Mr. Holderman has distributed a copy of that for review and questions. Everything in there is consistent with the agreement made during a phone call. Buchart Horn wanted the IDA to review and confirm the agreement before it was sent to the Corp and PHMC for their final review and buy in.

There has been some communication regarding the actual signage. At this point he stated you do not want to get into the definition of the sign itself. It's a commitment of yes, we'll do a sign. What you are going to include and put on a sign could take months to research until you get everybody engaged and involved and what you actually want to talk about down there in the way of the history of the waterfront. He wouldn't want to incorporate any of that type of verbiage into the document. It's better to leave it very vague that they agree to develop signage. The mounting of the signage...you could probably scale back the actual definition of how the signs will be mounted. He recommended leaving that up to the future of the design of the sign in the park. That is one of the minor modifications they would propose be tweaked in the agreement. IDA members are encouraged to provide their comments to Mr. Holderman. Mr. Beard reviewed it and feels the MOA's don't really say a whole lot other than they agree to consult in accordance with the historic review process; they agree to provide the folks in the various government agencies an opportunity to bring them to the table if there is something they want to talk about. There is some definition that there is agreement to provide an area so the current historic aspects of the property can be memorialized. He said it basically means you are free to consult in the future if there are things you don't like. It ties you in, as it is intended to, to make sure the historic aspects of the property are tied to memorialize somehow. Mr. Holderman feels Laura did a good job in capturing what came out of that meeting. He said she didn't add anything that wasn't discussed that day. This is a straight forward document. This document is based off a template that the Corp provided. The public can make noise about not

tearing the building down, but Mr. Beard doesn't feel the Corp will allow that to happen. The document includes a five-year completion date.

Mr. Halderman made a motion to approve this draft as presented. Mr. Fisher seconded the motion. A voice vote was unanimous.

Update Act 2 - All the field work scope has been completed. The two primary items are the modeling Fate and Transport Analysis. The Fate and Transport Analysis was completed. All the contaminants in the field were identified with the exception of benzoperaline were found to reach Spring Creek. It then went to the next phase to find out what was the maximum average concentration actually discharging to Spring Creek. The good news is the results of the model indicated only lead even required any additional analysis to see when that might dissipate through the stream and it found that the stream was not adversely affected.

The has been some ongoing work with the disposal drums. The water can go to the treatment plant. Kevin said they are waiting final say from DEP on that. The soils in the drums must go to some sort of landfill. There is a very minimal amount of product that must go - about three drums of each. He feels they will hold on the water because there is another water sampling coming up that will generate 50-60 gallons of water.

Schedule for Advertisement - If they get final review and comments on the agreements and insurance requirements between now and the next IDA meeting they would be in a position to advertise the project. That would buy them some time to run a parallel track while the Corp continues to review and ultimately approve the permit. About the same time the IDA would be in a position to receive bides, review them and make a recommendation for award, but not issue notice of award. The question from Scott for the IDA is pending final review and approval and consistency with insurance requirements, contractual language as a last piece the contract specifications if agreeable to prepare the advertisement between now and the next IDA meeting for receipt of bids sometime in March time frame. Mr. Halderman would like to see a copy of the specs. If something is eliminated Mr. Halderman wants to be sure the IDA gets a fair price. There is a possibility of getting donations of used stuff from the Borough or the gas line. Mr. Holderman suggested meeting during the day and having a meeting with the IDA members that can be there to sit down and go over the documents and schedule. Mr. Holderman stated a lot of this can be done in the pre-bid conference. He will email Scott and copy in the IDA to try to schedule a date for a meeting.

The question was raised for Scott to provide more information regarding the December 22 memo under problems and issues to report it says the Army Corp person handling the permitting left and now there is somebody new. Scott stated it got held up at DEP and wasn't actually submitted to the Corp. That was stumbled upon through continued calls to DEP. There was a six-week delay. Once it got there they went through some personnel issues and it took them some time to come back up to speed on the review. He feels April is an optimistic timeline to hear from the Corp on the approval.

Mr. Halderman made a motion to put the project out for bid pending the IDA's review of the specification drawings. Mr. Hill seconded the motion. A voice vote was unanimous.

### **New Business:**

- Building Permit - The IDA received a Certificate of Appropriateness building permit from Bellefonte Borough signed December 16, 2014. Mr. Badger needs to sign it to approve it. Mr. Holderman pointed out it is through HARB.

Mr. Halderman made a motion for Mr. Badger to sign the Certificate of Appropriateness. Mr. Fisher seconded the motion. A voice vote was unanimous.

- Mr. Stewart stated as payment applications begin to come in he wondered if the IDA needed a construction loan. Mr. Holderman did speak to Mr. Wendt about that. It depends on when all the requirements are filled for the special conditions and how quickly reimbursement begins. Once construction begins there is enough for a little while. There may be a need for a bridge loan, but Mr. Holderman feels if that is necessary it wouldn't be until late fall. Mr. Stewart recommended beginning discussions on it.

- Armory Property - Mr. Stewart met a couple times with the Building & Property Committee. A prospective purchaser came in and talked to Council in Executive Session. Every time Council is asked how they feel about the IDA handling this there is interest. From the legal side of things they are asking the solicitor to explore this and see what type of arrangement is required. Mr. Beard stated it could be accomplished. He would think the Borough would want some sort of develop agreement with the IDA showing what the intentions are so the IDA fills the broad scope requirements. Those things need to be worked out. He would recommend if the IDA takes over the project they need to see if they can generate revenue to sustain themselves rather than always having to look at the Borough.

No matter what, the project will require coordination and approval from PHMC. Rodney was looking at the agreement from a covenant standpoint to see even...if they go to PHMC and they say okay does the covenants allow for that transfer between the Borough and the IDA. Whoever ends up with the ground has to respect the covenant. It could be an interesting project, but economically it has to make sense.

Mr. Stewart expects Building & Property to make a recommendation soon to allow the IDA to take this and run with it.

- Mr. Hill heard back from the Chamber of Commerce about the presentation with their membership. May 13th or May 20th will be the date. Mr. Hill, Mr. Stewart, Mr. Holderman and perhaps Scott will be attending that luncheon so put it on the schedule.

**Adjourn:**

- Mr. Hill made a motion to adjourn the January 14, 2015 meeting of the Industrial Development Authority at 6:52 p.m. Mr. Fisher seconded the motion. A voice vote was unanimous.