

**Industrial Development Authority
February 11, 2015**

The regular meeting of the IDA (Industrial Development Authority) was held on Wednesday, February 11, 2015, beginning at 6:00 p.m. in the Borough Building. Mr. Badger called the meeting to order.

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;

Approval of Minutes:

- Mr. Hill made a motion to approve the minutes of the IDA meeting of January 14, 2015. Mr. Fisher seconded the motion. The minutes need to be corrected to have Unit Government Debt Act inserted on page 2 in two places. A voice vote was unanimous to approve the minutes as corrected.

Public Comments:

- None.

Financial Reports:

-Mr. Holderman reviewed the expenses from January 14, 2015 - February 10, 2015. Over the last month \$34,257.00 was spent. \$33,988.00 was to the Buchart Horn Invoices; \$245.00 for Solicitor Fees; and the fee for typing the minutes.

The reports prior to this month Mr. Holderman had the committed for the ARCAP Grant at 2.1 in that ballpark. He feels now, after going back and forth with Dave Williamson, he feels pretty confident the IDA will get the full \$3 million so he updated that figure. He does still need to change that in the received column. He also modified, based on the last meeting, he had the construction of the project at \$3 million and in order to be more accurate on what is known today it was bumped up to 3.5. He also created another Project Funds as of February 2, 2015. This is the funding that is on hand to date. If you look at the Northwest loan line item it says committed \$3.5 million - that is what was borrowed. To date expenditures were made for \$1.48 million, which leaves \$2.051 million. Moving that line item out it shows \$2.208 for project funds. \$136,478.00 would be how much remains from the \$891,000.00 of the Borough's cash that was put into this in addition to anything that was currently left over from rent and miscellaneous funds that were received. It is showing approximately \$2.3 million on hand.

- Mr. Wendt made a motion to pay two invoices to the Beard Law Office in the amounts of \$586.25 and \$157.50 for a total of \$743.75. Mr. Fisher seconded the motion. A voice vote was unanimous.

-Mr. Wendt provided an update on the loan modification. At the last meeting he reported that they were moving to get that finalized and that has been the case. The modification was approved with a slight modification of the modification since the last meeting. There are two documents, one is a resolution and one that says not modification agreement. He worked with Rhoads and Sinon, who was the original law firm that put the appeal together with the bank. Ben Reed was very helpful in getting the documents together. He emailed Mr. Wendt last evening at 11:00 p.m. while sitting on 322 behind the tractor trailer that was on fire. The change in the modification from the last report provided was in discussions with the approval people at the bank they wanted to take advantage of some interest rate betterment and actually approved the interest rate at 2.68% fixed for the next five years, which is down from the 3.32% that was originally on the loan. The advantage locks the interest rate in for the IDA and the Borough for the next five years. If it had been left where it is now there would have only been one year left on the interest rate lock and had some risk there. Interest rates will be going up at some point. The bank did not charge a fee to do this. Ben and the firm of Rhoads and Sinon will be sending a bill. The interest rate cap was changed from 8% to 6.5%, which is required under the Debt Act. The original maturity date of the loan was kept so all the paperwork didn't have to be reissued. The effect of that will be shortening the amortization of the repayment by 24 months. It will push the monthly payment up a little bit at the end of the interest only period. Hypothetically, if the loan would go into full payment on the full loan amount the payment would jump up approximately \$1,400.00 per month.

Section two of the modification agreement spells out the exact changes that were made. The interest only period is extended January 13, 2015 to January 13, 2017. This gives an addition 24 months with interest only with principal and interest payments commencing on February 13, 2017. If you go to the next page on Section 2 it explains the changes in the interest rate commencing February 13, 2015 and continuing for a period of 60 months. The interest rate will be 2.68% per annum. Every five years after that the interest rate will adjust to the monthly average yield of the five year treasury securities plus 2.5% adjusted to 70%. It does say at no time will the interest rate exceed 6.5% versus the 8% that is in there now. There is no prepayment penalty.

Ben prepared the resolution for the IDA to sign to support the modification. The modification document is dated Friday, February 13th. Ben will also prepare a resolution for the February 16th Council meeting.

Mr. Halderman made a motion to approve the Note Modification Agreement and the Resolution. Mr. Hill seconded the motion. A voice vote was unanimous. Mr. Wendt abstained from voting.

Mr. Wendt thanked Mr. Halderman and Ms. Walker for all their help getting this put together. Mr. Halderman thanked Mr. Wendt for doing it.

Old Business:

Waterfront Property -

Update - Burchart Horn Staff: Scott Russell provided the update. They met and reviewed the documents that were discussed at the last meeting based on comments received during that meeting. They made necessary revisions to the plans and prepared the final advertisement for bid. The project is advertised and documents are available via PENNBID, which is a free

website. It has public advertising and is a municipal site. The contractors will visit that site to retrieve the drawings and contract specifications. They are beginning to receive questions related to that. They have scheduled the pre-bid meeting for February 20th, at 10:00 a.m. at the Borough building.

The MOA process is moving forward. The draft MOA was prepared and sent to the Corp for some final comments and review before it went to them officially. There were some clarifications that needed to be made. On February 5th the final MOA was sent. It will be forwarded to the PHMC for their review. They have to respond within ten business days of receiving that and their response came in today. He would like to be in a position to execute the final MOA by the end of March. There is a meeting scheduled at the Borough building on Friday, February 13th, with DEP to discuss the results of second quarter testing to determine what the next steps might be with regard to the Act II. Randy Deardorff will be meeting with DEP and after the meeting he will meet with Mr. Stewart, Mr. Holderman and Mr. Clark.

New Business:

- Draft Cooperative Agreement with Borough for Armory Property - Mr. Beard reviewed the rough draft of the notion of the Borough allowing the IDA to take on the development of the Armory property. There are covenants in the deed the Borough received from the Commonwealth. One of the suggestions that Mr. Badger had was to attach the deed to the agreement. There are some historic recognition type covenants that the property is subject to. It basically allows the Borough to have the IDA take this project on and try to figure out what to do with the property from a conceptual standpoint; whether a feasibility study would be appropriate; whether retaining a real estate broker would be appropriate are the types of things the IDA would be charged with figuring out how to take care of to maximize the utility of that property. Any decisions made by the IDA would be subject to Borough Council's approval. Mr. Beard did not put anything in there regarding compensation but it needs to be figured out who pays for feasibility studies or subdivision processes, etc. Title to the property at this point will remain with the Borough.

Adjourn:

- Mr. Hill made a motion to adjourn the February 11, 2015 meeting of the Industrial Development Authority at 6:33 p.m. Mr. Halderman seconded the motion. A voice vote was unanimous.

Executive Session:

- Following adjournment the IDA went into Executive Session.