

Meeting Agenda
State College Borough Redevelopment Authority
November 20, 2019
Room 241 / Noon

- I. Call to Order**
- II. Roll Call**
- III. Approval of Minutes**
- IV. Chair Report**
- V. Public Hour - Hearing of Citizens**
- VI. Financial Matters**
 - A. October 2019 Expense Voucher Approvals
 - B. Housing Transitions Inc. Request to Refinance Kemmerer Road Loan
- VII. Redevelopment**
 - A. Glennland-McAllister District Certified Redevelopment Area Study
- VIII. Official Reports and Correspondence**
- IX. Upcoming Meetings**
- X. Adjournment**

Documents:

[Complete Redevelopment Authority Agenda - November 20, 2019.pdf](#)

**Meeting Agenda
State College Borough
Redevelopment Authority
November 20, 2019
Room 241 / Noon**

- I. Call to Order**
- II. Roll Call**
 - Sally Lenker, Chair
 - Colleen Ritter, Vice-Chair
 - James Shincovich
 - Rebecca Misangyi
 - Mark Huncik
- III. Approval of Minutes – October 23, 2019**
- IV. Chair Report**
- V. Public Hour - Hearing of Citizens**
- VI. Draft 2020 RDA Meeting Calendar**
- VII. Financial Matters**
 - A. October 2019 Expense Voucher Approvals

Redevelopment Authority Action (RDA): The RDA should review and approve the October 2019 expenditures.

- B. Housing Transitions Inc. Request to Refinance Kemmerer Road Loan

The RDA and Housing Transitions Inc. (HTI) entered into a loan agreement in 2013 with Fulton Bank to finance part of the purchase of Kemmerer Road Apartments, a nine (9) unit mixed income apartment building. The interest rate is set at 4.45% until June of 2020, after which the rate becomes variable and is capped at 10% until the loan is satisfied in 2034. The current loan balance is approximately \$570,200. Staff of the Borough and HTI met with a Fulton Bank representative to discuss options to avoid the risk of a variable interest rate. Fulton Bank is offering an amendment to the loan that would cap the rate at 4% until 2026. A draft amendment to the note is attached for review.

Redevelopment Authority Action (RDA): Staff recommends the RDA act to approve the refinancing and the amendment to the note.

VIII. Redevelopment

A. Glennland-McAllister District Certified Redevelopment Area Study

Staff will update the RDA on the early progress on a new redevelopment area certification for the Glennland-McAllister District.

Redevelopment Authority Action (RDA): No action is needed at this time

IX. Official Reports and Correspondence

A. Borough Council

B. Planning Commission

C. Staff Reports

X. Upcoming Meetings

December 18, 2019 at Noon

XI. Adjournment

The Redevelopment Authority will adjourn to an Executive Session to discuss Real Estate matters.

**Meeting Minutes
State College Borough
Redevelopment Authority
October 23, 2019**

The State College Borough Redevelopment Authority (RDA) met on Wednesday, October 23, 2019 in the Municipal Building, 243 South Allen Street. Sally Lenker, Chair, called the meeting to order at 12:00 p.m.

RDA Members Present

Sally Lenker, Chair; Colleen Ritter, Vice-Chair; Mark Huncik; and James Shincovich, Secretary/Treasurer

RDA Members Absent

Rebecca Misangyi

Others Present

Ed LeClear, Planning Director; Maureen H. Safko, Senior Planner; Isabel Storey, Planner; and Denise L. Rhoads, Administrative Assistant

Approval of Minutes

A motion was made by Mr. Shincovich and seconded by Ms. Ritter to approve the September 18, 2019 minutes as submitted. The vote was unanimously in favor.

Chair Report

Ms. Lenker, Chair, had nothing to report.

Public Hour

No one from the public wished to discuss items not on the agenda.

Financial Matters

September 2019 Expense Voucher Approvals

Mr. LeClear noted there were no transactions to approve for the month of September 2019.

A motion to approve no transactions for the September 2019 voucher was made by Mr. Huncik and seconded by Ms. Ritter. The vote was unanimously in favor.

2020 RDA Budget Presentation reviewed a projected end-of-year (EoY) 2019 revenue, expenditures, and fund balance. It also reviewed the 2020 proposed revenue and budget, options for the resolution of the Neighborhood Sustainability Program's (NSP) Line of Credit (LoC) and discussed a future student home license purchase program.

Mr. LeClear noted the final Borough budget meeting for approval will be at the end of December 2019.

He also shared the Borough Manager stated any decision on the LoC would not happen until 2020. The Manager wanted to keep that separate from the budget discussion.

Mr. LeClear's presentation included:

- He noted revenue sources such as: 1) 25% Real Estate Transfer Tax (transferred from the Borough General Fund); 2) .5 millage tax increase to fund payback of the LoC and other RDA activities (new suggested budget proposal by the Borough Manager) (\$287,000); and 3) Kemmerer Road loan repayment (~\$36,000)
- The transfer tax revenue in 2019 through September 2019: \$212,996
- Projected EoY 2019 Transfer Tax total revenue: \$270,197
- Projected 2020 Transfer Tax revenue: \$200,800
- 2020 General Fund Transfer: \$287,000
- Cash on hand as of 7/31/19: \$777,473
- LoC Liability: \$1,166,650
- Yorkshire Loan Liability: \$125,000 (per Mr. LeClear this was an obligation that needed to be taken care of)
- EoY operating expenses: ~\$50,000
- Projected EoY fund balance without any LoC payment : ~\$600,000

Next discussed: 2020 Economic Development Program costs

Mr. LeClear's presentation included:

- Kemmerer Road Loan Payment: \$36,000 (covered by payments from Housing Transitions, Inc.)
- Personnel: \$90,470
- Operating/Program/Advertising/(Borough Solicitor line item, \$5,000 fee was included): \$15,000
- Professional Services: \$150,000
- Fairmount School Feasibility Study: \$100,000
- Opportunity Zone Business Marketing (focused on the business support side): \$40,000 (possibility of a training session next year)
- Miscellaneous appraisals: \$10,000
 - TOTAL 2020 COST (minus Kemmerer): \$255,470

RDA's comments:

- Mr. Huncik asked if there was a map of the Opportunity Zone boundaries. Ms. Safko presented one. Mr. Huncik asked what might be coming online and Mr. LeClear stated nothing specific.
- Mr. Huncik asked if this specific Opportunity Zone was the only one in the Centre Region. Mr. LeClear stated there was one in Philipsburg and one in Bellefonte.
- Ms. Lenker asked if the Borough needed to be in contact with Pennsylvania State University (PSU) and Mr. LeClear stated yes, at some point.
- Mr. Huncik asked if the RDA needed to look at how this would benefit the Borough. Mr. LeClear stated the information presented showed more people wanted to be able to walk to their place of employment.

Next discussed: 2020 Community Development Program costs

Mr. LeClear's presentation included:

- Personnel: \$18,094 (this figure may be reduced if the student home license program did not go through)
- Interest on LoC through April 2020: \$37,342
- Indirect costs: \$21,530
- Payment on loan to repay LoC beginning in May 2020 for five years at 4%:
\$262,062
 - TOTAL 2020 COST (not including Student Home License purchasing):
\$339,028

Next discussed: 2020 Total RDA Costs and Projected use of Fund Balance

Mr. LeClear's presentation included:

- Total Economic Development costs: \$255,470
- Total Community Development costs (without Student Home Licenses):
\$339,028
 - TOTAL 2020 costs: \$594,498
- Projected 2020 revenue: (\$487,800)
- Net 2020 budget deficit: \$106,698
- 2019 Fund Balance carryover: (\$600,000)
- Remaining Fund balance in 2020 after accounting for deficit budget: \$493,302
- With 16.7% (previously had been 12%) contingency set-aside (\$99,282),
remaining fund balance available for LoC payment: ~394,000 (could use this to pay back the LoC) but would not leave anything in reserve.

Mr. LeClear suggested approving this budget now, and in January suggested reviewing the receipts to see if more could be paid back to the LoC. He suggested not spending all the fund balance now so there would be funding available for projects in 2021.

Mr. LeClear stated Council did not forward the request for an additional \$300,000 for the student home licensing program.

RDA's comments:

- Mr. Shincovich asked if the Borough had money for marketing to those homeowners who have rentals in the Highlands Neighborhood. Mr. LeClear stated that could be part of the housing marketing campaign.

Mr. LeClear reported a licensing ordinance would be coming soon and staff had a 1969 definition that could be used for short-term rentals.

He also stated five years from now, when the LoC was paid off, there might be some capital to work with.

A motion to approve this proposal was made by Mr. Shincovich and seconded by Ms. Ritter. The vote was unanimously in favor.

Redevelopment

Fairmount School Feasibility Study & Fairmount Civic District CRA Study

Mr. LeClear's stated staff drafted a feasibility study, but it needed more work.

He also noted the certification process for State College Town Centre was started. The Planner-RDA Specialist position was still open.

Official Reports and Correspondence

Borough Council (BC): Mr. LeClear reported BC was budget focused. Also, the PSU College of Engineering Master Plan would be presented on November 18, 2019.

Upcoming Meetings

The next scheduled meeting would be November 20, 2019 at Noon.

Adjournment

With no further business to discuss, a motion to adjourn the meeting at 1:00 p.m. was made by Ms. Ritter and seconded by Mr. Huncik. At that time, the RDA adjourned into an Executive Session to deal with Real Estate matters.

Respectfully submitted,

Denise L. Rhoads
Administrative Assistant

2020 Redevelopment Authority (RDA) Meeting Calendar-Draft

JANUARY						
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

New Years/MLK Holiday

FEBRUARY						
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President's Day

MARCH						
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29	30	31				

PSU Spring Break

APRIL						
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MAY						
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31	Memorial Day					

JUNE						
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28	29	30				

JULY						
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Independence Day/ Arts Fest

AUGUST						
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30	31					

SEPTEMBER						
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Labor Day

OCTOBER						
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NOVEMBER						
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29	30					

Veteran's Day/Thanksgiving/Floating

DECEMBER						
S	M	T	W	T	F	S
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20	21	22	23	24	25	26
27	28	29	30	31		

Winter Holiday

 - Holiday  - Arts Fest
 PSU Spring Break

 Noon RDA

SCB RDA Voucher Report

Check Date Range: 10/1/2019 to 10/31/2019

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VENDOR NAME	ACCOUNT DESCRIPTION	DESCRIPTION	ACCOUNT	CHECK NO	AMOUNT
NITTANY PRINTING & PUBLISHING CO	ADVERTISING	LEGAL NOTICE - RDA RESCHEDULED	B114-15-44-00-0000-000-72330	42391	58.07
Check Number 42391 Total:					58.07
					58.07
Fund B114 Total:					58.07
Grand Total					58.07

DRAFT

2019 AMENDMENT TO LOAN AGREEMENT AND GUARANTEED PROJECT NOTE

THIS 2019 AMENDMENT (the “Amendment”) to (i) the Loan Agreement (the “Loan Agreement”) by and among the **REDEVELOPMENT AUTHORITY OF THE BOROUGH OF STATE COLLEGE** (the “Authority”), **FULTON BANK, N.A.** (the “Bank”); and **TEMPORARY HOUSING FOUNDATION INC.** (the “Borrower”) and (ii) the Guaranteed Project Note (Temporary Housing Foundation Inc.), Taxable Series of 2010 delivered by the Authority to the Bank on behalf of the Borrower (the “Note”)

BACKGROUND

A. On behalf of the Borrower, the Authority delivered to the Bank its Guaranteed Project Note (Temporary Housing Foundation Inc.), Taxable Series of 2010, dated June 22, 2010, as amended to date in the original principal amount of \$622,600 (the “Note”).

B. The Borrower has requested that the Authority and the Bank amend the Loan Agreement and Note to reset the interest rate set forth therein.

NOW, THEREFORE, intending to be legally bound, the parties agree as follows:

1. Effective as of November __, 2019, the Loan Agreement and the Note are hereby amended as follows:

(i) The Note shall bear interest at a fixed interest rate of 4.00% per annum through November __, 2026 and thereafter, at a fluctuating interest rate per annum equal to the fluctuating U.S. prime rate as published in the “Money Rates” section of The Wall Street Journal (or any successor thereto or replacement thereof) as determined by the Bank in accordance with its procedures generally for determining such rate (the “WSJ Prime Rate”) or if not reported therein, then the fluctuating rate of interest tied to a substitute index selected by the Bank, which rate shall at no time be less than 4% nor more than 10%. The determination and statement of such rate shall not in any way preclude the Bank from making loans to other borrowers at differing rates. Unless otherwise noted, each change in interest rate based upon the WSJ Prime Rate provided for herein resulting from a change in the WSJ Prime Rate shall take effect at the time of such change in the WSJ Prime Rate.

2. Miscellaneous. In all other respects, the Loan Agreement and Note shall remain unchanged and in full force and effect.

[signature page follows]

DRAFT

IN WITNESS WHEREOF, the parties have caused this Amendment to be duly executed and delivered by their proper and duly authorized officers as of the day and year first above written.

**REDEVELOPMENT AUTHORITY OF THE
BOROUGH OF STATE COLLEGE**

By: _____
(Vice) Chairman

Attest: _____
(Assistant) Secretary

FULTON BANK, N.A.

By: _____
Name: Carl M. Chambers, CPA
Title: Vice President.

TEMPORARY HOUSING FOUNDATION INC.

By: _____
Name:
Title: