

**Meeting Agenda
State College Borough
Redevelopment Authority
June 24, 2020
Virtual Meeting / Noon**

ATTENTION:

Due to the ongoing COVID-19 pandemic, this meeting will be conducted electronically. The public is invited to participate in the meeting, but they must register to attend. More information is available on the Borough's website at the following link:

<http://www.statecollegepa.us/3162/A-Virtual-Meeting>

Call Borough Administration at (814) 234-7110 with any questions.

I. Call to Order

II. Roll Call

Sally Lenker, Chair
Mark Huncik, Vice-Chair
Elizabeth Goreham
James Shincovich, Secretary/Treasurer
Rebecca Misangyi

III. Approval of Minutes – May 27, 2020 and June 10, 2020

IV. Chair Report

V. Public Hour - Hearing of Citizens

VI. Financial Matters

A. May 2020 Expense Voucher Approval

Redevelopment Authority Action (RDA): The RDA should review and approve the May 2020 expenditures.

VII. Economic Development

A. COVID Small Business Support Program Development

Staff will review key components of draft guidelines for the RDA's Revolving Loan Program (RFL), as well as discuss approaches for selection criteria.

Redevelopment Authority Action (RDA): Provide staff with direction for finalizing RLF program guidelines and selection criteria. Approve guidelines with proposed changes, if possible.

VIII. Official Reports and Correspondence

A. Borough Council

B. Planning Commission

C. Staff Reports

IX. Upcoming Meetings

July 22, 2020 at Noon

X. Adjournment

Meeting Minutes
State College Borough Redevelopment Authority
May 27, 2020
Virtual Meeting

The State College Borough Redevelopment Authority (RDA) met on Wednesday, May 27, 2020 for a virtual meeting through Zoom. Sally Lenker, Chair, called the meeting to order at 12:04 p.m.

RDA Members Present

Sally Lenker, Chair; Mark Huncik, Vice-Chair; Elizabeth Goreham; James Shincovich, Secretary/Treasurer; and Rebecca Misangyi

Others Present

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

Approval of Minutes

A motion was made by Mr. Shincovich and seconded by Ms. Goreham to approve the January 22, 2020 minutes as submitted. The vote was unanimously in favor.

Chair Report

Ms. Lenker had nothing to report.

Public Hour

There was no public in attendance.

Financial Matters

January through April 2020 Expense Voucher Approval

After reviewing the January through April 2020 expense vouchers for approval, Mr. Huncik made a motion to approve and Ms. Goreham seconded. The vote was unanimously in favor.

2020 Budget Revision

Mr. LeClear stated the State College Area School District (SCASD) staff indicated it was likely the school district would have additional use for the Fairmount School building during the 2020-2021 school year, and possibly later. This development, coupled with the COVID-19 crisis, necessitated a review and likely adjustment of the 2020 RDA budget.

Mr. LeClear and Mr. Miller's overview included:

- Due to a large transfer that occurred in January from Core Spaces on East College Avenue and the fact that SCASD would be using the Fairmount School building in the future changed the budget.

- Discussed revenue sources: 1) 25% real estate transfer tax transferred from the Borough General Fund; 2) one half millage tax increase to fund payback of the Line of Credit (LoC) and other RDA activities (\$287,000); 3) Kemmerer Road loan repayment (~\$36,000); 4) 2020 projected transfer tax revenue (\$200,800); 5) actual transfer tax revenue as of March 31, 2020 (\$312,764); and 6) 2020 projected General Fund transfer (\$287,000).
- Discussed balance sheet and projected end of year (EoY) expenditures: 1) cash on hand as of March 31, 2020 (\$713,092); 2) Neighborhood Sustainability Program loan liability (\$429,910); and 3) Yorkshire loan liability (\$125,000) with the total fund balance of (158,182).
- Discussed the 2020 Economic Development (ED) Program costs: 1) Kemmerer Road loan payment (\$36,000) which was covered by payments from Housing Transitions, Inc.; 2) personnel (\$90,470); 3) operating/program/advertising (\$15,000); professional services decreased to (\$50,000) with the elimination of the Fairmount School feasibility study leaving in Opportunity Zone Business Marketing (\$40,000) and Miscellaneous appraisals (\$10,000); and 4) total cost minus Kemmerer Road (\$155,470)
- Mr. LeClear noted the Planner-Redevelopment Specialist position would stay open until later this year.
- Discussed the 2020 Community Development (CD) Program costs: 1) personnel (\$18,094); 2) interest on the LoC through May 2020 (\$4,951); 3) indirect costs (\$21,530); 4) payment on loan to repay LoC beginning in May 2020 at \$7,500 per month (\$52,500); and 5) total 2020 cost (\$97,075).
- Discussed the 2020 total RDA costs and projected use of fund balance: 1) total ED costs (\$155,470); 2) total CD costs (\$97,075); 3) Yorkshire Village loan (\$125,000); 4) total 2020 costs plus loan (\$377,545); and 5) cash on hand (\$713,092); 6) projected remaining property tax revenue minus 5% (\$222,670); and 7) total 2020 revenue (\$935,762) with 16.7% contingency set aside (\$42,175), potential remaining fund balance available for the Revolving Loan Fund (RLF) by EoY (\$516,042).
- Discussed the 2020 total RDA costs and projected use of fund balance – loan payoff: 1) total ED costs (\$155,740); 2) total CD costs (\$474,485); 3) Yorkshire Village loan (\$125,000) with total 2020 costs plus loan (\$754,955); 4) cash on hand (\$713,092); 5) projected remaining property tax revenue minus 5% (\$222,670) with the total 2020 revenue (\$935,762); and 6) with 16.7% contingency set aside (\$33,408), potential remaining fund balance available for the RLF by EoY (\$147,399).

RDA's comments

- Mr. Shincovich asked what was saved by paying off the loan. Mr. Miller stated it would save about \$22,000 with an interest rate of 1%.
- Ms. Lenker asked what advantage/disadvantage was of paying the loan off. Mr. LeClear stated the RDA would not have as much money to work with by EoY.
- Mr. Huncik stated a decision could fall somewhere in between the two options. He stated he would not want to give away all the capital funding.

Mr. LeClear asked members what direction they wanted staff to go regarding the issue with the Yorkshire Village liability loan.

- Ms. Lenker stated S & A Homes should pay the loan but, would it be more feasible to work with them. Ms. Misangyi stated staff should think about if the money was needed by RDA now or would it be possible to wait a bit longer for payment.

- Mr. Shincovich asked if the amount of money owed increased. Mr. LeClear stated it would not, and it was from the tax credit vehicle and the tax break went down. Mr. LeClear also noted S & A Homes shared that the investor was the hold up. He stated he would reach out to Andy Haines from S & A Homes to get a feel of what the situation currently was.

Economic Development

COVID-19 Business Needs Survey

Mr. LeClear noted staff initiated a survey to gauge the impact (both immediate and longer-term) of the COVID-19 emergency on State College businesses. The survey was located here: <https://polco.us/surveys/8403d877-eb8e-446d-9b50-82c3d9110e08>

He noted staff would review the survey and discuss key questions that would assist in the development of a business support RLF. Mr. LeClear discussed the survey briefly. He stated no action was needed due to this being an informational item only.

RDA's comments

- Mr. Shincovich asked if this would be an RDA or Borough program. Mr. LeClear stated it would be an RDA program. He also stated the survey was sent to every business enrolled in the Borough's refuse data base and staff did not feel it was possible to pre-screen.
- Mr. Shincovich asked if the Borough had a sense if Pennsylvania State University (PSU) would want to contribute to this. Mr. LeClear stated there had been conversations regarding this.
- Mr. Huncik asked how staff would go about bringing in new businesses to the downtown. Mr. LeClear stated there would be a lot of value in capitalizing this program and staff should be looking at recruitment as well.

COVID Small Business Support Program Research

Mr. LeClear noted staff-initiated research on business loan programs in other communities in support of developing a State College RFL. Staff gave a summary of key characteristics of similar programs and aspects of program design that would need to be determined after survey results are received.

Ms. Storey's presentation included: Power Point presentation

- Looked at small business support programs in the surrounding communities.
- Discussed loan structure trends: 1) bridge loans to tide businesses over until they could reopen; 2) 0 - 3% loan; 3) up to five years; 4) payment deferral up to six months; and 5) loan amounts between \$1,000 and \$250,000.
- Discussed who qualified: 1) businesses with less than 50 employees; and 2) types: retail, food service, arts/entertainment, hospitality, healthcare, fitness, personal services, and transportation.
- Discussed permitted uses: 1) working capital to include rent, payroll, utilities, inventory, accounts payable, commercial loans, and lease payments.
- Discussed funding sources: 1) city and state funding packages; 2) major local employers; 3) private donors; 4) crowdfunding; 5) support from local bank and branches.

- Discussed the application process: 1) maximize accessibility the ease and efficiency; 2) revenue loss of at least 25%; 3) credit score of at least 650, and 4) annual tax information.
- Ms. Storey noted Lansing, Michigan's list of required documentation: 1) 2018 and 2019 annual revenues; 2) 2019 average weekly revenue; 3) average weekly revenue in February 2020; 4) average weekly revenue since March 16th; and 5) anticipated weekly revenue over the next two to three months.
- Discussed considerations moving forward: 1) priority should be given to businesses that gave the Borough a unique sense of place; 2) overall loan structure; 3) crowdfunding from PSU Alumni Networks; 4) easy and straightforward application to help as many businesses as possible; and 5) funds often used up fast, so any amount would get used up.

RDA's comments

- Mr. Shincovich stated if PSU decided not to open in the fall, it would be a deferred impact on any businesses moving forward. He asked if there would be any thoughts to this possible issue. Mr. LeClear stated he and the Borough Manager had conversations on this concern.
- Mr. Huncik asked what kind of staff support would be available for the program. Mr. LeClear stated it would be with the current staffing.
- Mr. Shincovich asked if there was a possibility for members to help with this process and Mr. LeClear stated it could be a possibility. Ms. Lenker volunteered as well.

There was a brief discussion on the vacancy of the Planner-RDA Specialist position. The hiring process had been put on hold for now.

Upcoming Meetings

Mr. LeClear suggested the RDA members have an additional meeting on June 10, 2020 at Noon. After a brief discussion, it was the general consensus to have that meeting. The regularly scheduled meeting on June 24, 2020 at Noon would still occur.

Adjournment

There being no further business, Ms. Lenker, Chair, adjourned the meeting at 12:53 p.m.

Respectfully submitted,

Denise L. Rhoads
Administrative Assistant

**Meeting Minutes
State College Borough
Redevelopment Authority Special Virtual Meeting
June 10, 2020**

The State College Borough Redevelopment Authority (RDA) met on Wednesday, June 10, 2020 for a special virtual meeting through Zoom. Sally Lenker, Chair, called the meeting to order at 12:01 p.m.

RDA Members Present

Sally Lenker, Chair; Mark Huncik, Vice-Chair; Elizabeth Goreham; James Shincovich, Secretary/Treasurer; and Rebecca Misangyi

Others Present

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

Chair Report

Ms. Lenker had nothing to report.

Public Hour

There was no public in attendance.

Economic Development

COVID Small Business Support Program Development

Ms. Storey's presentation included:

Response Profile

- 74 respondents total.
- 60 percent had 20 or fewer employees.
- 75 percent had a single location.
- Most made under \$50,000 per year.
- 91 percent were able to provide financial information to indicate need.
- 97 percent said COVID 19 pandemic had impacted them.
- 63 percent stated they were at least somewhat prepared to adapt to a changing economy as a result of the pandemic.

Some of the major Keys of Concerns were:

- Decline in business/sales.
- Business closed or hours reduced by government ban.
- Lack of events to promote our downtown/business area.
- Difficulty in paying commercial rent or mortgage/lines of credit.
- No funds to pay employees.

- Ability of employees to pay rent/mortgages on reduced income.
- Concerned about liability of employees being exposed to COVID 19 on the job.

Some additional issues to address:

- Cancellation of major seasonal events.
- Lack of business during peak season.
- Access to federal funding.
- Keeping up with the tax payments.
- Reliance on students as customers and staff.

Need for financial assistance:

- 55 percent experienced revenue losses over 75 percent.
- 86 percent anticipated needing financial assistance.

Use of financial assistance:

- 73 percent for payroll.
- 85 percent for rent.
- 43 percent for loan payments.
- 42 percent for insurance payments.
- Other – 34 percent between taxes, utilities and inventory.

Preferred financial assistance format:

- When asked if they were interested in access to a smaller amount (\$10,000 or less) at no interest to be paid back within two years or a larger amount (10,000–\$50,000) at a low interest rate to be paid back over the course of three to five years, the general consensus was split down the middle.
- When asked what form of assistance would be most helpful, the top two answers were: 1) grants/no interest loans to businesses for mitigation measures; and 2) direct loans to businesses for working capital.
- When asked about crowdfunding, 70 percent stated “no”.

Ms. Storey noted the key takeaways were:

- A definite need for action.
- Hybrid of grants and loans seemed most preferred and offered most flexibility.
- Allow money to be used for working capital such as rent, taxes, utilities and mitigation measurements.
- Not much enthusiasm for crowdfunding.
- Questions about student population status.

RDA comments

- Mr. Huncik noted responses as to whether businesses had procured others means of revenue. He stated tax or rent reform would be a more appropriate way to go.
- Ms. Lenker noted a comment on the Downtown Improvement District (DID) and asked if this was a valid complaint. Mr. LeClear stated he did not know the answer to that. Mr. Huncik stated the DID issue was assessed to the property owner not the business.

Mr. LeClear's presentation on creating a revolving loan fund (RLF) included:

- Objectives: 1) establish some assumptions for State College and the Pennsylvania State University (PSU) COVID 19 status for summer/fall 2020: 2) evaluate assets and constraints for developing the RLF; and 2) determine key program objectives (how could RDA best help?).
- Assumptions for summer/fall per staff: 1) PSU resumes in-person instructions late August, cancels fall break and goes remote over Thanksgiving; 3) PSU University Park campus enrolling numbers in Fall will be lower than normal; 4) PSU holds normal football with a limited numbers in fans; and 5) Governor Wolf's Green order will continue throughout the fall limiting occupancy and modification for large gatherings (could stay green until a vaccine was available).
- Assets: 1) \$150,000 cash available for program beginning in July; 2) potentially up to an additional \$250,000 available by end of 2020; 3) Borough Solicitor to draft loan documents; 4) Finance department would be responsible for check writing.
- Constraints: 1) extraordinary demands; 2) $74 \times \$5,000 = \$370,000$ (more than double available cash); 3) no existing program; 4) no additional staff resources; and 5) uncertain future revenue.

Some of the questions staff asked were: 1) what was to be accomplished; 2) did they want business stabilization and/or business recovery; 3) was this for short-term or long-term support or both; 4) would there be a difference between what was done with the cash on hand versus the projected revenue; 5) who should be helped; and 6) should businesses of a certain size/certain revenue be targeted.

Staff suggested the best way to help was Stabilization: 1) use \$150,000 for immediate, short-term microloans to address liquidity issues; 2) keep it simple. (funds could be used for working capital. A summary from the business would be required as to how they used it on a simple electronic reporting form. Simple demonstration of reduced revenue since March); 3) cap the maximum loan amount at \$5,000 (this would result in the ability to help at least 30 businesses immediately; and 4) cap applicants at no more than 20 employees.

How best to help with a Recovery Fund: 1) build a Recovery Fund with RDA revenue as it comes in throughout the fall; 2) research and apply for other funds (state, possibly federal) using RDA as a match; 3) work with CBICC Centre County and local banks to contribute to the Recovery Fund; and 4) develop additional guidelines for larger, targeted loans using Recovery Fund program dollars aimed at addressing rent payments and vacancy.

Next discussed: Stabilization Loan Terms

- Microloan of no more than \$5,000.
- 0 percent interest.
- Principal only payments begin September 2021.
- Three-year term (\$218) per month assuming 23 months payment).

Next discussed: Next Steps

- First, decide who would get the funds.
- Develop advertising campaign/branding (Communications)

- Write simple loan guidelines (Planning)
- Develop reporting template in Google docs (Planning)
- Draft loan documents (Borough Solicitor)
- Establish loan review committee (RDA/Planning)
- Set launch and deadline dates (RDA/Planning/Communications)
- Determine selection priorities (RDA/Planning)

RDA comments

- Ms. Lenker stated one of the criteria should be to ask if the total \$5,000 was needed. She also stated she was concerned about the stability of a business and whether they had a business plan moving forward. Mr. LeClear stated if that level of analysis was wanted, the process would not be quick.
- Mr. Huncik asked what the RDA would ask for in return. Ms. Lenker stated some type of collateral should be requested. Mr. LeClear stated the process should be made as easy and simple as possible. He also noted Center for Disease Control and the Liquor Control Board had their own strict guidelines.
- Ms. Misangyi noted there should be some clause that would make the business owner accountable and following the guidelines. Mr. Shincovich noted the clause could state you must comply with all the state and federal guidelines.
- Mr. Huncik asked if the loan program was more resource intensive than a grant program. Mr. LeClear stated, yes, it would be more intensive. Mr. Huncik also asked if non-profits would be included in this process. Mr. LeClear stated that would be something the RDA should think about. Mr. Shincovich stated there were some fraternities who responded and noted they should be excluded from this program.
- Ms. Misangyi asked what the Borough was following for office staff. Mr. LeClear stated those who could work from home were doing so. Staff working in the office must wear a mask. He noted the Borough had closed access to the second and third floor and continued daily disinfecting. He noted he was concerned that residents/business owners could not keep everyone safe and that the Borough did not have enough staff to enforce.
- Ms. Lenker stated she was hoping when PSU opened back up that would help with the SCB parking situation.

Mr. LeClear asked what number of employees' total the RDA wanted to keep in the guidelines and the members agreed on 20 or less.

Mr. LeClear asked the RDA to think about if there was a second influx of funds, could a condition be put on the amount issued depending on if the landlord would cut rents/utilities.

- Ms. Lenker noted she was concerned about new businesses not having a track record to review. She also stated the RDA/staff should start with established businesses to get the process going to prove to the community that the Borough/RDA was willing to help.
- Mr. Huncik noted there should be a level of comfort for patrons to support local businesses.
- Mr. Shincovich suggested adding to the guidelines to ask owners how they spent the money at the end of the program. Mr. LeClear stated that would be feasible.

- Ms. Misangyi noted the most important thing was for them to use the money in good faith.
- Ms. Goreham asked when this was going to be launched and Mr. LeClear sated he hoped sometime in July or August.

Mr. LeClear stated staff wanted suggestions for selection priorities. Ms. Lenker noted the members should read through the responses again as a good place to start.

Upcoming Meeting

June 24, 2020 at Noon

Adjournment

There being no further business, Ms. Lenker, Chair, adjourned the meeting at 1:38 p.m.

Respectfully submitted,

Denise L. Rhoads
Administrative Assistant

SCB RDA Voucher Report

Check Date Range: 5/1/2020 to 5/31/2020

Page 1 of 1



VENDOR NAME	ACCOUNT DESCRIPTION	DESCRIPTION	ACCOUNT	CHECK NO	AMOUNT
TRAVELERS CL REMITTANCE CENTER	PROPERTY INSURANCE	PRIVACY POLICY - ACCT #6665L0207	B114-14-42-00-0000-000-80351 -	44833	371.00
TRAVELERS CL REMITTANCE CENTER	PROPERTY INSURANCE	PRIVACY POLICY - ACCT #6665L0207	B114-14-42-00-0000-000-80351 -	44833	371.10
Check Number 44833 Total:					742.10
					742.10
Fund B114 Total:					742.10
Grand Total					742.10

STATE COLLEGE BUSINESS SUPPORT LOANS: CREATING A
REVOLVING LOAN FUND TO SURVIVE COVID-19

Ed LeClear, AICP

Planning Director | Borough of State College

elec clear@statecollegepa.us

OBJECTIVES

Establish assumptions
for State College and
Penn State COVID-19
status for Summer and
Fall 2020

Evaluate assets and
constraints for
developing a Revolving
Loan Fund

Determine key
program objectives:
what are we trying to
accomplish?

OBJECTIVES
CONTINUED



Determine how best to help?
What are we loaning the money
for? How do we keep it simple?



Who are we helping?
Determine loan terms.



Discuss next steps.

“STATE COLLEGE IS NOT UNDER A STAY AT HOME ORDER...IT IS UNDER AN EVACUATION ORDER. WHILE WE'RE OPEN, WE ARE NOT SURE THERE IS ENOUGH POPULATION TO SUPPORT OUR BUSINESS.”

- *RESPONDENT FROM THE 2020 BUSINESS NEEDS SURVEY*

ASSUMPTIONS FOR SUMMER- FALL 2020



Penn State resumes in-person instruction in late August, cancels Fall Break and goes fully remote at Thanksgiving.



PSU University Park campus enrollment numbers in the fall will be lower than normal.



PSU holds normal football with a limited number of fans in the stands.



Governor Wolf's "Green" order will continue throughout the fall limiting occupancy and modification for large events.

ASSETS AND CONSTRAINTS

ASSETS

- \$150,000 cash available for program beginning in July
- Potentially up to an additional \$250,000 available by end of 2020
- Solicitor to draft loan documents
- Finance department for check writing

CONSTRAINTS

- Extraordinary demand
- $74 \times \$5,000 = \$370,000$ (more than double available cash)
- No existing program
- No additional staff resources
- Uncertain future revenue

**WHAT ARE WE
TRYING TO
ACCOMPLISH?**


Business Stabilization and/or
Business Recovery?



Is this for short-term help, or
long-term business support, or
both?



Is there a difference between
what we do with the cash on
hand vs. the projected revenue?



Who are we trying to help? Do
we target businesses of certain
size? Certain revenue?



HOW BEST TO HELP: STABILIZATION

- Use \$150,000 for immediate, short-term microloans to address liquidity issues.
- Keep it simple. Funds may be used for working capital. We will ask for a summary from the business as to how they used it on a simple electronic reporting form. Simple demonstration of reduced revenue since March.
- Cap the maximum loan amount at \$5,000. This results in the ability to help at least 30 businesses immediately.
- Cap applicants at no more than 49 employees, or 20?

How many employees do you have?





Build a Recovery Fund with RDA revenue as it comes in throughout the fall.



Research and apply for other funds (state, possibly federal) using RDA as match.



Work with CBICC, Centre County, local banks, to contribute to the Recovery Fund.



Develop additional guidelines for larger, targeted loans using Recovery Fund program dollars aimed at addressing rent payments and vacancy

HOW BEST TO HELP: RECOVERY

STABILIZATION LOAN TERMS



MICROLOANS: MAXIMUM
LOAN \$5,000



0% INTEREST



PRINCIPAL ONLY
PAYMENTS BEGINNING
SEPTEMBER 2021



THREE-YEAR TERM (\$218
PER MONTH ASSUMING
23 MONTHS PAYMENTS)

NEXT STEPS

