

**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