

**Meeting Agenda
State College Borough Redevelopment Authority
September 18, 2019**

The State College Borough Redevelopment Authority (RDA) met on Wednesday, September 18, 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; Rebecca Misangyi; and James Shincovich, Secretary/Treasurer

RDA Members Absent

Mark Huncik

Others Present

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

Approval of Minutes

A motion was made by Mr. Shincovich and seconded by Ms. Ritter to approve the July 24, 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

July & August 2019 Expense Voucher Approvals

Mr. LeClear gave a brief overview of the July and August 2019 expense vouchers which included the categories of 1) meals and meetings; 2) natural gas; and 3); permits and fees.

A motion was made to approve the July and August 2019 expense vouchers by Ms. Ritter and seconded by Mr. Shincovich. The vote was unanimously approved.

Mr. LeClear introduced Isabel Storey as the Borough's new Planner. Ms. Storey noted she did her undergraduate in Political Science.

Housing Transitions Inc. Request to Refinance Kemmerer Road Loan

Ms. Safko's presentation included:

- 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-unit mixed income apartment building with five units for lower income.
- The interest rate was set at 4.45% until June of 2020, after which the rate would become variable and capped at 10% until the loan would be satisfied in 2034. The current loan balance was 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. A letter was expected from Fulton Bank which outlined the terms of a loan modification. Staff reviewed benefits and process for refinancing the loan.
- The maximum term for this type of fixed rate was seven years.
- Ms. Wasikonis stated her understanding was different. The option Fulton Bank suggested was total refinancing which would extend the period of the loan into the future. Ms. Wasikonis stated she wanted to explore other options within the next three years.
- Mr. LeClear stated the RDA could act to approve the refinancing or wait until the October 23, 2019 meeting for action.

RDA's comments

- Mr. Shincovich asked how the variability was determined. Ms. Safko stated the rate could go as high as 10 or 11%. Mr. Miller stated prime was 5.5 % currently.
- Mr. Shincovich asked if there were housing funds to pay for this and Mr. LeClear stated there were not.
- Ms. Ritter asked if it would be viable to finance through another bank. Mr. Miller stated it would not be viable.

2020 RDA Budget Presentation

Mr. LeClear's presentation included:

- Mr. LeClear thanked Mr. Miller for being present during this discussion.
- Council approved the 2.5% transfer tax only.
- He noted the RDA budget was prepared at same time as the municipal budget.

First discussed: Revenue

- 25% were real estate transfer funds (transferred from the General Fund);
- Kemmerer Road loan repayment (~\$36,000);
- Transfer tax revenue through September 2019 (\$212,996);
- Projected end-of-year transfer tax total revenue (\$270,197);
- Projected 2020 transfer tax revenue (\$200,800).

Next discussed: Balance sheet and projected end-of-year expenditures

- Cash on hand as of 7/31/19 (\$777,473);
- Line of Credit (LOC) liability (\$1,166,650);
- Yorkshire loan liability (\$125,000); Mr. LeClear asked Andy Haines of S & A Homes to close the loan sooner than later.

- End-of-year operating expenses (~50,000);
- Projected end-of-year fund balance without any LOC payment (~\$600,000) did not include interest with the LOC;
- Terry Williams, Borough Solicitor (\$5,000 retainer) from RDA budget.

Staff provided details on the balance owed on the LOC funding the Neighborhood Sustainability Program and discussed repayment options with relation to the RDA's 2020 budget.

- Kemmerer Road loan payment (\$36,000) covered by payments from HTI);
- Personnel (\$90,470);
- Operating/Program/Advertising (\$15,000);
- Professional services (\$150,000);
 - Fairmount School feasibility study,
 - Opportunity Zone business marketing (\$40,000),
 - Miscellaneous appraisals (\$10,000),
- Total 2020 cost minus Kemmerer Road (\$255,470).

Next discussed: 2020 Community Development

- Student home license (SHL) purchasing program (\$300,000 to \$600,000);
- Personnel (\$18,094);
- Interest on LOC through April 2020 (\$37,342);
- Indirect costs (\$21,530);
- Total 2020 costs (not including SHL purchasing) (\$76,966).

Next discussed: 2020 Total RDA costs and projected use of fund balance

- Total economic development costs (\$255,470);
- Total 2020 cost (\$332,436) without buying any licenses: projected 2020 revenue (\$200,800) net budget (\$131,636);
- 2019 fund balance carryover (\$600,000);
- Remaining fund balance for 2020 after accounting for deficit balance (\$468,364);
- With 12% contingency set aside (\$56,204), remaining fund balance available for LOC payment: (~\$400,000)

Options discussion for the LOC:

- Option 1: No payment until April 2020, pay interest up until April 2020 (\$37,342), and request Council pay balance of (\$1,166,560);
- Option 2: No payment on the LOC until April 2020, pay interest up until April 2020 (\$37,342), request Council fund and back a new RDA loan to pay balance of the LOC (4% @ 5 years) (\$263,041) per year;
- Option 3: Pay (\$400,000) on the LOC now, request Council fund and back a new RDA loan to pay balance of the LOC (4% @ 5 years) (\$172,190);
- Option 4: Hybrid of Options 2 and 3 (when to pay LOC, what terms of loan, etc.)

RDA's comments

- Ms. Lenker asked if fund balances were carried by a bank. Mr. Miller stated they were through a First National Bank money market account.
- Ms. Misangyi clarified that the RDA would pay back, in full, the LOC in Option 1. Mr. LeClear stated that was correct.

- Mr. LeClear and Mr. Miller suggested Option #3 would be preferable.
- Mr. Shincovich asked who got to choose the option. Mr. LeClear stated staff wanted clarity of what the RDA's choice would be and Council would not approve, but they would review.
- Mr. LeClear stated he would present this information to Council when he presented the Bellaire Court and Planning Department budget. Then, there could be a conversation regarding the LOC.

Next discussed: Budget approaches requiring RDA input

- Mr. LeClear asked the RDA which option staff should recommend for the final budget and also asked about approaching Council regarding funding a student home license buyback program. Mr. LeClear stated from staff's initial mailing, there was interest from the community.

RDA's comments

- Mr. Shincovich asked if the feasibility study could be something the Borough could fund. Mr. LeClear stated not likely.
- Ms. Lenker stated the student home license purchasing program could go as fast or as slow as needed.

Mr. LeClear stated the question to ask was, what was more important, paving roads or buying back student home licenses.

- Mr. Shincovich asked would happen if the RDA asked not to do the feasibility study and put the funds into home purchases instead. Ms. Lenker stated, then, Fairmount School would be taken off the table and she did not want to see that.

The RDA, as a whole, recommended Option 3 plus asked for \$300,000 additional to purchase 10 student home licenses per year.

Upcoming Meeting

October 23, 2019 at Noon

Adjournment

With no further business to discuss, a motion to adjourn the meeting at 1:12 p.m. was made by Ms. Lenker, Chair. At this time, the RDA adjourned into an Executive Session to deal with Real Estate matters.

Respectfully submitted,

Denise L. Rhoads
Administrative Assistant