

MINUTES
HERMITAGE COMMUNITY & ECONOMIC DEVELOPMENT COMMISSION
FEBRUARY 7, 2008

The Hermitage Community & Economic Development Commission held a regular meeting February 7, 2008 at the Hermitage Municipal Building, Conference Room #302, Hermitage, PA.

HCEDC Members Attending: Rex Knisley
George Kraynak
John Holliday
Robert Cucitrone
Meg Grober
Anthony Pagliaroli
Angela Palumbo

HCEDC Commissioner Representative: William Moder

Others in Attendance: Gary Gulla, City of Hermitage
Gary Hinkson, City of Hermitage
Lynn Brest, City of Hermitage
Jeremy Coxe, City of Hermitage
Ian Garfoli, City of Hermitage

1) GENERAL

A. Rex Knisley called the meeting to order at 7:30 a.m.

Meg Grober from Interstate Chemical Company was welcomed as a new member to the Hermitage Community & Economic Development Commission.

CONSIDERATION OF APPROVAL OF MINUTES

B. The minutes were reviewed from the January 3, 2008 Regular Meeting. George Kraynak moved to accept the minutes for January. Bob Cucitrone seconded the motion. All members approved.

2) BUSINESS MEETING

A. Monthly Activity Report

Gary Gulla stated DCNR performed the final inspection for the LindenPointe Recreational Trail Project. The final payment will be released and the project will be closed out.

Gary Gulla and Angela Palumbo attended a U.S. Department of Labor Training and Workforce Development Forum as members of a PA-Ohio team. The Workforce

Investment initiative subsequently received a \$250,000 Planning Grant. The interstate partners plan to submit a STEM (Science, Technology, Engineering and Math) grant.

Gary Gulla stated the IRT building is nearing completion.

Gary Gulla noted that the Parks & Recreation newsletter went out in January and the City of Hermitage newsletter will go out February 21, 2008.

B. Community & Economic Development and RLF Reports – December

The Revolving Loan Fund Repayment Reports were reviewed for December. All payments were current. The RLF program balance was \$327,753.33. Total available for loans based on projected repayments through the end of the year was \$327,753.33 (minus \$200,000 for Information Resource Technology, Inc.). The Landscape and Façade Improvement program balance was \$176,436.19. The total available for loans based on projected repayments through the end of the year was \$176,436.19.

John Holliday moved to accept the RLF reports. Bob Cucitrone seconded the motion. All members approved.

C. RLF Request – BCS Properties, Inc. (2575 Freedland Road)

Gary Gulla stated the Project Review Committee reviewed the BCS Properties, Inc. request for a revolving loan for \$120,000 from G. W. Becker, Inc. on 2575 Freedland Road. The project they are proposing is an acquisition and expansion of what was the Maintenance For Industry building. It is a \$1.6 million dollar project. The financing they are applying for is \$120,000 from the HCEDC, \$1,023,030 commercial lending, \$330,000 private financing, and \$163,670 equity. George Becker and Tom Barron made a presentation to the project review committee and will provide a personal guarantee, a lien position of 2nd position on assignment of the lease, and 3rd position on the real estate. They will retain thirty three (33) existing jobs and create four (4) additional full time jobs.

John Holliday stated that G. W. Becker, Inc. has been in business for 25 years in the community. Mr. Becker currently has facilities in Sharon, Grove City and Wheatland. Mr. Becker is going to consolidate his business to Freedland Road.

Based on all the conditions and the sale of the real estate in Wheatland, the Project Review Committee recommends approval of the project.

Angie Palumbo made a motion to approve the BCS Properties, Inc. revolving loan fund request for \$120,000. Tony Pagliaroli seconded the motion. All members approved.

D. RLF Subordination Request – 1700 Broadway

Gary Gulla stated we received a request from 1700 Broadway Road which is Wheatland Steel Processing, Graham Stamping and Phillips Steel. They have an existing loan from 2001 that involved funding from the HCEDC, Shenango Valley

Enterprise Zone, Penn Northwest Development Growth Fund (with an inter-creditor agreement) and a \$750,000 private financing (1st) mortgage. They are refinancing and have requested we subordinate behind a mortgage of \$800,000. The total amount due the City is approximately \$51,000 and the total due the three (3) Revolving Loan Funds is approximately \$146,000. There is a current appraisal of \$1.8 million dollars on the property. The project review committee recommends the subordination request as a non material change.

John Holliday made a motion to approve the RLF subordination request of 1700 Broadway Road. Bob Cucitrone seconded the motion. All members approved.

E. 2008 CDBG Program

Jeremy Coxe stated the City of Hermitage is a DCED entitlement City for Community Development Block Grant funding. There was a public meeting held in January for the CDBG and a second public meeting will be held in February, with final approval and submission in March. In 2008 the City of Hermitage will be receiving approximately \$371,000. The proposed activity allocation is 18% for Program Administration, \$1,991 Public Service allocation for the Mercer County Housing Authority – Carol Gurrera Village Senior Center, \$253,291 for Public Facilities & Improvements projects benefiting the Rombold Road area and \$45,594 for Community Facilities & Improvements – ARC of Mercer County MCAR Pre-Vocational Facility Improvements. The money will not be available until late Fall of 2008. The projects will begin in 2009.

George Kraynak made a motion recommending approval of the CDBG Block Grant Application. John Holliday seconded the motion. All members approved.

F. Inter-Creditor Participation – City of Hermitage & SV Enterprise Zone

Gary Gulla stated the Project Review Committee is continuing to review the Inter Creditor Participation Agreement which will involve a one document process where the entities will share the collateral position and it will streamline the loan application process for the business.

G. RLF Re-Capitalization Strategy

The HCEDC noted there is a concern regarding the funds in the revolving loan fund after the IRT loan of \$200,000 and the BCS Properties, Inc. (G. W. Becker, Inc.) loan of \$120,000 that the revolving loan fund will be down to \$7,000.

After a lengthy discussion it was concluded that in the Fall of 2008 the HCEDC will make a request to the Board of Commissioners to consider making the Revolving Loan Fund a line item in the 2009 budget to replenish the RLF fund.

It was concluded if there was a revolving loan fund request, there are funds available in the Landscape & Façade Loan program and a request could be made to the Board of Commissioners to transfer funds from the Landscape & Façade Program.

3) Other Business

Discussion was held on the need to review and evaluate the progress of the Community and Economic Development Marketing Program which was endorsed by the HCEDC in September 2007. Gary Gulla stated that a meeting would be scheduled to review the plan and implementation activities.

4) Adjournment

John Holliday moved to adjourn the meeting. Bob Cucitrone seconded the motion. All members approved and the meeting adjourned at 8:38 a.m.

Respectfully Submitted,

Lynn W. Brest
Recording Secretary

Draft as of 02/07/08
Pending Approval 03/06/08