



SEDA-Council of Governments Board of Directors Virtual Meeting/Conference Call Minutes

Wednesday, June 24, 2020

Start Time: 1:00 P.M.

MEMBERS

County	Member	Present
Centre	Commissioner Mark Higgins	✓
	Ms. Lisa Strickland	✓
Clinton	Commissioner Jeffrey Snyder	✓
	Mr. Steve Stevenson	✓
Columbia	Commissioner Richard Ridgway	✓
	Mr. George Forese	
Juniata	Commissioner Mark Partner	✓
	Mr. Scott Fritz	✓
Lycoming	Commissioner Scott Metzger	✓
	Mr. Howard Fry III	✓
Mifflin	Commissioner Kevin Kodish	✓
	Mr. Jim Shilling Jr.	
Montour	Commissioner Kenneth Holdren	✓
	Mr. Brian Wiktor	
Northumberland	Commissioner Samuel Schiccatano	
	Mr. Greg Klebon	
Perry	Commissioner Brenda Watson	✓
	Mr. Larry Reisinger	✓
Snyder	Commissioner Joseph Kantz	✓
	Mr. Dennis Van Benthuyzen	✓
Union	Commissioner Preston Boop	
	Ms. Char Gray	

STAFF

John Brown, Mike Fisher, Rose Orner, Doug Wilburn, Bo Hornberger, Kristen Moyer, Betsy Lockwood, Don Kiel, Scott Kramer, Liz Herman, Mandy Fox, Jim Saylor

GUESTS

Jerry Lynch, Tom McMahon

CALL TO ORDER

The SEDA-COG Board of Directors meeting was called to order at 1:05 p.m., by President Ridgway, there being a quorum present.

MEETING MINUTES

Commissioner Kodish moved for approval of the February 26, 2020 meeting minutes as presented. Commissioner Holdren seconded the motion, and the motion carried unanimously.

OPEN FORUM

Opportunity for Public Comments

There was no public comment offered.

Non-Agenda Items of General Interest to the Members

Commissioner Kantz offered an update on voting reform, having recently spoken with a member of the general assembly. They are working on a package of corrective bills for Act 12 and Act 77. It is hoped the corrections will provide a smoother process in November.

OLD BUSINESS

There was nothing presented under “Old Business”.

NEW BUSINESS

Financial Statement Audit

Mr. Tom McMahon of Larson, Kellett & Associates, P.C., presented the SEDA-COG Financial Statements for Year Ended June 30, 2019. The following was noted:

- Independent Auditors Report – the report reflects an unmodified or “clean” opinion.
- Management’s Discussion and Analysis – SEDA-COG is required to provide a discussion and analysis of its financial performance for the years ended June 30, 2019 and 2018.
- Financial Statements – includes the Government-wide Financial Statements. Mr. McMahon noted that the Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds reflected a slight loss to the General Fund of (\$55,131) and the Weatherization Fund reflected a profit of \$1,525.
- Statement of Net Position Proprietary Funds – this includes the SEDA Foundation, Revolving Loans Funds (RLF), and the Local Development Corporation (LDC).
- Notes to Basic Financial Statements – there were no new footnotes.
- Schedule of Expenditures of Federal Awards - expenditures totaled \$6,196,000, which is consistent with prior years.

Commissioner Snyder moved to approve the Financial Statements for Year Ended June 30, 2019, as presented. Mr. Fry seconded the motion, and the motion carried unanimously.

Finance Committee Report Consolidated Budget FY 2020-2021

Mr. Bo Hornberger, Fiscal Controller, presented the Consolidated Budget, Outlook, and Activities Review, FY 2020-2021.

- The budget narrative provides an overview of the significant changes and successes experienced during the current fiscal year, along with state and federal budget information, and SEDA-COG program overviews.
- Revenue vs. Expense – a surplus of revenues over expenditures is anticipated to be \$90,970, with total budgeted revenues of \$9,591,044 and expenditures of \$9,500,074. Staff review program budgets every six months, along with carefully monitoring expenditures and aggressively seeking new sources of funding.
- New Funding Sources – staff were successful in being awarded a loan through the Payroll Protection Program (PPP). This allowed the reemployment of staff furloughed during the COVID-19 shutdown. It is anticipated that a majority of the loan will be forgiven. Cares Act funding has also been awarded: Business Finance will administer a \$5.75M Economic Development Administration (EDA) Cares Act Revolving Loan Fund (RLF); Economic Development received \$400,000 to help businesses adversely impacted by the COVID-19 pandemic. These funds must be used within the next two years.
- Salaries & Benefits - a 2% increase of aggregate salaries is budgeted for performance adjustments. Also included are salaries to hire new staff for the Business Finance, Economic Development, Rental Management, and Weatherization programs. Health insurance is projected with an 8% increase. The 2020 renewal through Benecon saw a 3.4% increase.

Mr. Mike Fisher, Assistant Executive Director, stated that the Finance Committee completed a thorough review of the budget prior to today's presentation and approved it for submission to the Board of Directors. Committee Chairman, Mr. Scott Fritz, shared that there was discussion regarding the proposed merit-based increase, the stability of state funding, and the sustainability of the proposed new positions as they relate to the Cares Act funding.

Mr. Fritz moved to approve the FY 2020-2021 Consolidated Budget as presented. Commissioner Higgins seconded the motion, and the motion carried unanimously.

Housing Development Corporation (HDC) Appointment

President Ridgway stated that Resolution 2020-08 seeks to appoint Mr. John Brown, Executive Director, to the Housing Development Corporation Board of Directors, replacing Mr. William C. Seigel, former Executive Director. The HDC bylaws stipulate that one of the appointments must be the SEDA-COG Executive Director.

Commissioner Partner moved to adopt Resolution 2020-08, as presented. Commissioner Holdren seconded the motion, and the motion carried unanimously.

Local Loan Review Committee Report

Chris R. Hoffman dba Lazy Hog Farm

Mr. Doug Wilburn, Director of the Business Finance Program, presented the subordination request on behalf of Chris R. Hoffman dba Lazy Hog Farm. This request received interim approval by the SEDA-COG Board of Directors Local Loan Review Committee on June 16, 2020.

Commissioner Kodish moved to approve the subordination request on behalf of Chris R. Hoffman dba Lazy Hog Farm, as presented. Commissioner Kantz seconded the motion, and the motion carried unanimously.

Committee and Staff Reports

Business Finance Department Overview

Mr. Wilburn presented the Business Finance Department overview to the Board of Directors. Staff received an invitation to apply for a new EDA Revolving Loan Fund (RLF) award, totaling \$5.75M. This is part of EDA's Cares Act, through which certain current recipients of existing EDA-funded RLF awards, may apply for a supplemental RLF award, to help respond to the unusual and compelling urgency of the coronavirus pandemic. Staff will not only underwrite these COVID-19 specific loans but will provide closing services to help reduce the cost for the borrower. Each of the loans will require approval by the SEDA-COG Board, after being vetted by the Local Loan Review Committee.

Mr. Wilburn stated that the lending terms, rates, and fees will be set depending on three main criteria: debt service coverage ratio, years in business, and credit score. These criteria will then classify the loan as either Tier 1 (low risk), Tier 2 (moderate risk), or Tier 3 (high risk). The rates will include a floor of 1.5% and will be no higher than the Prime Interest Rate listing in the Wall Street Journal. The terms will be determined by the type of loan.

Commissioner Kantz moved to approve the acceptance of the grant, if awarded, and the EDA Supplemental Revolving Loan Policy, as presented. Commissioner Higgins seconded the motion, and the motion carried unanimously.

Economic Development Activities Update

Ms. Betsy Lockwood, Project Development/Grants Manager for the Economic Development Program, presented an update to the Board of Directors regarding economic development

activities. The Program consists of four major programs: the Appalachian Regional Commission (ARC), the Economic Development Administration (EDA), Partnerships for Regional Economic Performance (PREP), and the Keystone Opportunity Zone (KOZ). Collectively these programs work to enhance the economic development potential of the region by promoting job creation and retention, as well as private sector investment. The first and the longest running are the ARC and EDA federal grant programs. These programs primarily help to address the region's extensive infrastructure needs by securing grant funds from EDA and ARC for a wide range of projects. SEDA-COG is a designated Economic Development District (EDD) by EDA and a Local Development District (LDD) by ARC, which allows us to provide project priority recommendations to both agencies. Assistance is provided with identifying projects eligible for funding, along with aiding the applicants with implementation and administration of the funds.

ARC Access Road Projects

Ms. Lockwood stated that there were two ARC Access Road projects awarded funding – Marsh Road, located within the Milton Area Industrial Park, and the expansion of Commerce Drive, located in Mifflin County. There are currently no shovel-ready projects on the priority list for this year.

ARC POWER Program

Ms. Lockwood reported that staff were involved in four ARC POWER applications. ARC POWER has been created to help Appalachia's coal-impacted communities to diversify their economies. The four applications were regarding Broadband buildout, substance abuse recovery, substance abuse recovery-friendly employers, and encouraging entrepreneurship through revitalization.

EDA Projects

Staff have assisted with two recently funded EDA projects:

- Juniata Business and Industry (JBI) – awarded \$1.8M to fund infrastructure to expand their industrial park.
- Lycoming County – awarded funding for a flood resiliency project to protect a major economic and employment center located in Williamsport.

Comprehensive Economic Development Strategy (CEDS) Five Year Report

Ms. Lockwood stated that staff are currently drafting the five-year Comprehensive Economic Development Strategy (CEDS) Report. The CEDS is a requirement to maintain the region's eligibility for EDA funding. It is updated annually, with significant updates every five years that offer a more comprehensive look at where we have been and where we are going as a region. It

contains eight goals and accompanying objectives that will be used to identify and evaluate projects and proposals.

State Programs

Approximately nine years ago, the Department of Community and Economic Development (DCED) created the Partnerships for Regional Economic Performance (PREP). This program consolidated three former state line items into a single line item and required that all the partners submit a single integrated application that would better coordinate services and increase inter-agency referrals to client companies, with an end result of increased customer satisfaction from the businesses that we serve. PREP includes funding for the county's preferred economic development organizations including Chambers and Industrial Development Corporations, along with three SBDC's and the Local Development Districts (LDD's), of which SEDA-COG is one.

SEDA-COG has been playing a key coordination role in working with the twelve funded partners and over twenty unfunded partners in our region, to develop and submit applications, with Ms. Lockwood serving as the PREP Coordinator for the Central Region.

Ms. Lockwood provided an overview of the region's Keystone Opportunity Zone (KOZ) program which provides the opportunity to waive local property and selected state taxes for companies that locate in these zones and create or retain jobs. SEDA-COG has been designated as the administrator of the Central Region Keystone Opportunity Zone (KOZ). KOZ designations are achieved through a series of partnerships between state and local taxing bodies: school districts, counties, local governments, and economic development agencies.

There are currently over 4,000 acres designated as KOZ. At the end of 2020, 2,000 of those acres will expire and go back onto the tax rolls. In 2019, over 80 businesses and property owners were in active KOZ's and employed over 1,000 people. The next round of KOZ's will expire in 2022.

Federal/State Budgets

In terms of public funding overall, Ms. Lockwood noted that there will be a "wait and see" approach concerning the federal budget. Given the COVID-19 pandemic, the focus will be on economic resiliency and recovery. The Commonwealth has passed a level budget for the first five months of the fiscal year, with the remaining seven months to be addressed at a later time.

Ms. Lockwood stated that the Economic Development programs' focus will be on the development and expansion of high-speed internet access, which has become more important given the COVID-19 pandemic. Additionally, staff will be focusing on ways to improve the regulatory/permitting process for businesses. Staff will be watching the Federal Qualified Opportunity Zone Program that was developed as part of the Federal Tax Cuts and Jobs Act, which allows investors to realize tax benefits by investing capital gains in qualified designated

census tracks. The region has fifteen tracks located in Centre, Clinton, Columbia, Lycoming, Montour, and Northumberland counties.

Appalachian Regional Commission (ARC) Project Listing Update

SEDA-COG is responsible for developing a list of economic development projects that are potentially eligible for ARC funding in fiscal year 2021-2022. Economic development projects are those that have the potential to create/retain jobs with family-sustaining wages, as well as those involving private sector investment and new business or expansion of existing business. The search for infrastructure projects begins early in the calendar year, with a draft listing of the projects presented to the Board mid-way through spring. Ms. Lockwood provided the current listing to the Board Members and stated that if the Board Members were aware of any projects, to please contact her.

Commissioner Partner moved to approve the Appalachian Regional Commission (ARC) Project Listing for FY 2021-2022, as presented. Mr. Fry seconded the motion, and the motion carried unanimously.

Community Relations Director Report

Ms. Kristen Moyer, Community Relations Director, reported on activities that have taken place from March – May 2020. Ms. Moyer highlighted several items from her report, which included general outreach and marketing, legislative advocacy, and project related information. She noted that the SEDA-COG website has been reformatted to include a COVID-19 resources page, which is updated as new information becomes available.

Executive Director Report

Natural Gas Cooperative Update

Mr. John A. Brown, Executive Director, stated that during the January 22, 2020 Board meeting, the Board of Directors approved a recommendation to conclude the Administrative Services Agreement between the Cooperative and SEDA-COG, as of February 1, 2020. This recommendation was approved, with a request that the Cooperative provide a six-month update on its financial status. Mr. Don Kiel provided an update to the Board:

- Centre Hall project – this project, which is now operational, provides natural gas to not only Hanover Foods, but to over 100 businesses and residents, with that number continuing to grow.
- Pennsylvania Options for Wellness (PAOW) project – this project seeks to deliver liquified natural gas (LNG) to the PAOW, located at the Perry Innovation Park in Perry County. Mr. Kiel provided projected delivery dates and expected revenues. The Cooperative, PAOW, and Frontier Natural Resources (the proposed LNG provider)

signed a non-binding Letter of Intent on March 10th for provision of liquified natural gas for the project.

Mr. Brown stated that SEDA-COG is no longer incurring any additional costs related to the Natural Gas Cooperative. While a balance due of \$130,000 remains, it is anticipated that the PAOW project has a high likelihood of moving forward. Mr. Brown requested that the Board approve the continuation of the relationship with the Cooperative until the PAOW project comes to fruition, which is anticipated for early 2021.

President Ridgway requested a proforma be made available - Mr. Kiel stated that he will have this prepared and submitted to the Board.

Organizational Updates

Mr. Brown acknowledged the SEDA-COG staff for their quick response to the remote working environment due to the COVID-19 stay at home orders. There was very little disruption during this transition, as the staff met the challenge and kept the organization moving. Meetings with the Department Directors have been taking place twice a week to assure projects are being completed and that the staff have what is needed to continue working remotely.

The programs most impacted by the COVID-19 shutdown were Weatherization and Housing Rehabilitation, as both require direct in-person contact with clients. The staff in both programs were furloughed for a short period of time but have since been reemployed due to the PPP loan.

Correspondence/Information Items

President Ridgway noted the items listed under the Correspondence/Information Items section.

ADJOURN

There being no additional business to come before the SEDA-COG Board of Directors, President Ridgway adjourned the meeting at 2:14 p.m.

Respectfully submitted,

Larry Reisinger, Secretary
SEDA-COG Board of Directors