



NORTH CENTRAL PENNSYLVANIA REGIONAL PLANNING and DEVELOPMENT COMMISSION

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North Central Board Meeting Wednesday, December 14, 2022 – 9:30 AM

Members – via Zoom

Ann Losey	Cameron County
Cliff Clark	Cameron County
Dave Glass	Clearfield County
Jodi Brennan	Clearfield County
Kristy Smith	Clearfield County
Matt Quesenberry	Elk County
Tracy Gerber	Elk County
Eric Wolfe	Elk County
Jeff Pisarcik	Jefferson County
Jim Sleigh	Jefferson County
Carol Duffy	McKean County
Tom Kreiner	McKean County
Richard Fry	McKean County
Susan Zook-Wilson	McKean County
Nancy Grupp	Potter County
Abbi Peters	At-Large PA Wilds
Jill Martin Rend	At-Large BC3@Brockway

Staff - via Zoom

Jim Chorney
Amy Kessler
Samantha Mitchell
Shelly Caggiano
Jenn Hibbard
Mary Lou Jessop

Guests

Chair Nancy Grupp called the meeting to order at 9:30 AM with the pledge to the flag.

QUORUM/INTRODUCTIONS

Roll call was taken and there was a quorum for the meeting.

NEW BUSINESS

Loans

Jenn had one loan for the Board to approve.

Sandfly Brewing LLC, Punxsutawney, Jefferson County, has requested a loan in the amount of \$86,000 from the EDA CARES Act Revolving Loan Fund for 7 years at 4% for purchase equipment and working capital. The loan is for startup costs for a microbrewery and taproom, including the purchase of

equipment, furniture and fixtures, inventory and brewing license, as well as leasehold improvements for completing the buildout of a cold room and bar and working capital. North Central's collateral will be 2nd lien security interest on all business assets subject to the 1st lien interest of The Progress Fund, as well personal guarantees of majority owners. Three full-time jobs will be created within three years.

Chair Grupp called for a motion to approve the loan to Sandfly Brewing LLC.

Jeff Pisarcik moved to approve the loan to Sandfly Brewing LLC, seconded by Carol Duffy. Motion unanimously passed.

Regional Assessment of Access to Capital for Businesses

Jenn gave an update on the RFP that was sent out regarding the Regional Assessment of Access to Capital for Businesses that was sent out in October.

Regarding the Scope of Work, we are looking for someone who is going to be able to assess our capital landscape that we have for Access to Capital for Businesses and Entrepreneurs in our region. Not only are they going to do that by engaging stakeholders to identify any gaps that may exist, but the other part is going to be able to take those results and identify ways, making recommendations to maybe enhance our policies for our revolving loan funds to be responsive to those gaps within reason.

What they are also going to be doing is recommending other initiatives that we may want to consider strengthening our entrepreneurial eco system.

Four proposals were received and were very impressive. There was one that really stood out. Jenn and Chris Perneski internally reviewed these Proposals. Jenn also extended the opportunity to our EDCs in the region who operate revolving loan funds to assist with this review. It was strictly volunteer, and they may benefit from this assessment as well. Joe Haines, Chair of the Loan Review Committee, was also on the Review Committee.

The proposal received from Business Development Advisors (BDA), from Arlington, VA, who will be sub-contracting with EntreWorks Consulting, Arlington, VA, was selected to carry out this assessment. The cost is \$60,000 which has been budgeted, partially from our North Central PREP contract as well as from our Loan Administrative funds.

Jenn asked if anyone had any questions or comments on the proposal and if not, then we would look for approval to move forward entering into a contract with BDA and EntreWorks.

Carol asked if it would be able possible to get individual county information.

Jenn said there will be regional information as well as individual county information gathered. In fact, the consultants will be going in person to each county to hold to hold the stakeholder interview sessions.

With no other questions, Chair Grupp called for a motion to approve entering into a contract with Business Development Advisors and EntreWorks Consulting in the amount of \$60,000.

Ann Losey moved to approve entering into a contract with Business Development Advisors and EntreWorks Consulting in the amount of \$60,000, seconded by Dave Glass. Motion unanimously passed.

Jenn then gave an update regarding the proposed change in the interest rate that has been discussed at the last two board meetings.

Jenn didn't get a formal recommendation from the Loan Review Committee, but after concerns that were expressed at the November meeting, she did talk to the Loan Review Committee and the interest rate reduction was her idea. There was good reason for it.

At this point in time, we will keep our policy as is and that is our interest rate is reviewed at the beginning of each quarter. It is either going to be 75% of Prime or 4%, whichever is less. We will remain there and will not push the issue of dropping the rate to 3% to encourage more activity, leverage bank financing, etc.

Jenn doesn't think there was the realization that, when we have excess cash on hand, there could be consequences. There could be potential issues with that money being recaptured. We need to keep a close eye on this. Jenn recommended that not only do we keep the policy as is, but we are going to have to keep a close eye with our lending activity. It is definitely slowing down right now, and we have to watch the loan balances. None of the funds, at this point, are in immediate danger of having to return funds, but there are several of our loan funds that, when she does her next reporting at the end of March, depending on the type of activity we are going to see and if any loans come in, we are going to have to watch those thresholds that those funding sources set.

What Jenn really took to heart was she doesn't want to hurt any relationships with our EDCs who have revolving loan funds. We value those very much and we engage them in every opportunity that we can to participate in projects. She doesn't want to put anyone else's loan funds in danger. It was all in good intentions. If she ever would have thought that would have been a concern of any of our EDCs, she would have stopped it right then and there.

Jenn does have some information put together and she did a questionnaire to all our EDCs. Just some simple questions: who do they serve, their interest rates, how those rates are determined and it varies. It's as low as 1-1/2%, some at 1/2%, some go up to 6-1/2%.

Jim also stated that Jenn was looking to the future when she did this because we do have to be concerned about those minimum balance requirements that are on many of our loan funds. She was being pro-active understanding that the market was heading to the direction it was and lending was slowing down. She was concerned about that because ultimately the last thing we want to do is lose money that is available to our region currently, because we weren't able to get the money out on the street.

We had a good conversation about this, and basically what we decided the best course of action is what Jenn recommended, but also to send out additional information to the Board so they understand those limits we are looking at and what we have to be concerned with to make sure that we don't lose that funding that is available to us right now that we can use to help our local businesses. That is what we are going to be doing and is something that, as Jenn starts to see things happening as far as loan balances getting closer to those minimum balances, will start to be conversations we will have at the Board level to address that. Do we need to consider looking at the interest rate even if it's beyond the quarterly review, especially if we start seeing some of the indicators Jenn saw in the previous quarter which were some big payoffs?

We don't want to lose that money that we currently have. We want to make that funding available to our regional businesses.

Jim thinks this is the best approach. Jenn did research after the last meeting to make sure that she was addressing the concerns of the Board. Jim thinks this is an appropriate response at this time to the issue, educating everyone on what it is that other people are doing, but also what we have to be concerned with, is the first step in this process.

There was one funding source ending December 31 Jenn thought was going to be a problem; but it is okay, we are going to be under that threshold. That was the one that was going to be when we submitted the report, they would come back and say that we have cash over \$350,000 on hand and you need to return it to the lender. Then you can't get it back until you submit a corrective action plan and provide proof that you have projects to lend the money for. The other funds, as well, we have to keep a close eye on if we're running close to those thresholds.

When we do the reporting, they won't immediately say we need to send the excess cash back but there are consequences where they are going to be aware of it and say you need to provide a corrective action plan. What are you going to do to lend this money out. Jenn wanted to be pro-active and get ahead of the situation rather than wait until it happens and react to it.

Jim asked if anyone had any questions or concerns regarding the direction we are heading. He thinks this is the appropriate response at this time; but we are going to be more pro-active from our standpoint on educating the Board and making them aware of these situations as they occur.

Jenn added there are some projects coming, but they are at a point they need to come to fruition, and we need to see if North Central is going to be able to participate and they need to be approved as well.

Let's hope it happens over the next three months.

Executive Committee Update

Dave Glass to give the update regarding the Executive Director's Evaluation process.

The Executive Committee met on November 16 following the board meeting to discuss and review the information from the survey for the Executive Director's Evaluation.

Of the evaluation items there were 29 where he met expectations and five were exceeded. There were no scores not meeting expectations.

The Board is quite happy with the work Jim is doing, and many comments were made to that affect. It was basically a unanimous uncontroversial decision to recommend a 3% increase for Jim.

That is the recommendation from the Executive session. The consensus is Jim does a good job, we're happy with him and looking forward to the same continuing.

Jim thanked everyone for their participation in the review process. Obviously, we're shooting for 100% and that doesn't always happen, but we did have significant participation on this. He hopes that continues in the future and he thanked the Board.

Chair Grupp called for a motion to approve the 3% salary increase for Jim.

Dave Glass moved to approve the motion to approve the 3% salary increase for Jim, seconded by Nancy Grupp. Motion unanimously passed.

Building Committee Update

Jim gave a brief update and noted the Committee hadn't met since their initial meeting. Since that meeting, we met with an engineer to look at the possibility of renovating the Conference Room. The thought is if we could convert part of this space into offices and additional storage space, we could house our existing staff, create several new offices and accommodate what Keystone Rural Health needs as additional space.

We talked to a local engineer who came up and looked at the space. He felt what we are proposing could be done. He gave us a quote for his services. Because our Procurement Policy requires us to get at least three quotes to do this, we have reached out to two other engineering firms. We heard back from one and waiting to hear back from the second. When we do hear from him, Jim expects to convene a meeting with the Building Committee to discuss what the next steps will be.

At this point we have not incurred any costs whatsoever and Jim felt that was important to point out. We don't do that until we have formal approval by the Board to move forward. His thoughts are if we get approval from the Building Committee and the Board, we would contract with an engineer and put the services out to bid for construction. This isn't going to happen until we go through the entire process; but those are the next steps that we anticipate happening not until after the first of the year.

2023 Meeting Dates

Following are the dates for the 2023 Board Meetings. These meetings will be held on the fourth Wednesday at 9:30 AM and will be virtual and/or in person, except for November and December where the meetings have been moved ahead due to the Thanksgiving and Christmas holidays.

January 25
July 26

March 22
September 27

May 24
November 15

The following meetings will be held, if necessary, at 9:30 AM and will be virtual:

February 22
August 23

April 26
October 25

June 28
December 13

Chair Grupp called for a motion to approve the 2023 meeting dates as presented.

Jim Sleigh moved to approve the 2023 meeting dates as presented, seconded by Jeff Pisarcik. Motion unanimously passed.

Transportation

Amy thanked all those who supported the increased funding for PennDOT. That modification has been submitted and we hope to hear something soon.

With some of that additional funding we are looking to build upon PennDOT's Electric Vehicle Plan. PennDOT has a NEVI plan that was approved for the Federal Government. It is focused on the Interstate System. We are going to build from that and try to identify three to five locations for fast charging in each of our counties, site specific. Does it have the electric to manage it, what's needed...property, zoning, all those things building upon that. We will be going out for an RFP in early January for it.

We have a joint Comp Plan with Elk and Clearfield that we vetted and have identified the selected vendor. We received additional money from PennDOT. As soon as Amy gets confirmation from each of the counties that they are good with the budget and cost, then we should be okay to enter into a contract with that selected vendor and clarify any missing questions the counties may have with their proposal.

Executive Session

Before going into the Executive Session for personnel discussion, Jim reviewed those who are on the Executive Committee. Each of the county representatives who are the voting representatives for the Board are in that. It is Ann Losey, Dave Glass, Matt Quesenberry, Jeff Pisarcik, Carol Duffy, Nancy Grupp; and then the chairs or vice-chairs of each of our committees which would be Jill Martin-Rend for the CEDS Committee, Scott North for the Governance Committee, Will Hunt for the RPO Committee and Padraic McGrath for the Audit & Finance Committee. All those individuals can stay on the meeting. Everyone not on the Committee will leave the room and everyone on the zoom will be put in a waiting room for the length of the Executive Session. Then everyone will be brought back to reconvene the meeting.

Jim requested that Sam Mitchell, our HR Director, be in attendance as well.

Another thing Jim mentioned was at 2 PM this afternoon we are going to be hosting a Broadband meeting. It is a virtual event, but people are more than welcome to attend here in person. What they are going to be talking about is the FCC Map that was recently released and how to go in and challenge any of the locations on that map that they are saying are served and we know that they are not. They

will be doing about a half-hour presentation and then will give about a half-hour's worth of Q&A for an opportunity to be able to ask questions as well. If you haven't already done so, and Jim sent an email out to the Board, there is a link in that email that you must register to get the link for the Webex meeting.

Chair Grupp asked for a motion to go into the Executive Session.

Jeff Pisarcik moved to go into the Executive Session at 10:01 AM, seconded by Dave Glass. Motion unanimously passed.

Chair Grupp called for a motion to come out of the Executive Session and reconvene the regular Board meeting.

Matt Quesenberry moved to come out of the Executive Session and reconvene the regular Board Meeting at 10:23 AM, seconded by Ann Losey.

Dave Glass made the recommendation in form of a motion that we, on the Salary Scale for North Central employees, move the upper end of the scales one time for 2023 by 3% to keep anyone from bumping up against it. That's the short-term fix. Jeff Pisarcik seconded the motion. Motion unanimously passed.

Chair Grupp stated as this is a short-term fix, further discussions will be held as the year progresses so this can be corrected in a more long-term timeframe.

Jim wished everyone a very Merry Christmas and Happy New Year. Have a safe and enjoyable holiday.

As this was Nancy's last full meeting as Chair, Dave Glass thanked her for the good job she did.

The next Board Meeting will be held on Wednesday, January 25, 2023 and will be hybrid.

ADJOURN

With no other business, Chair Grupp called for a motion to adjourn the meeting. Ann Losey moved to adjourn the meeting, seconded by Jeff Pisarcik. The meeting adjourned at 10:30 AM.

Respectfully submitted,

Padraic McGrath, CPA
Secretary/Treasurer