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Authority takes steps to enhance development

 By Amy Zalar, Herald-Standard
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The Fayette County Redevelopment Authority took steps to enhance development at the Fayette County Business Park Thursday by separately voting to issue bonds and enter into a coal-mining contract for an undeveloped area at the park.

During a special meeting, the authority approved issuing special obligation revenue bonds in a principal amount not to exceed \$7 million.

Andrew French, executive director, explained that the authority voting to issue the bonds is the next step in the process to obtain the bonds, which are being used as a way to offset debt for infrastructure work - such as roads, water and sewerage - Cedarwood Development Inc. has incurred for the Fayette Crossing project.

Fayette Crossing will include a Wal-Mart Super Center, restaurants and other shops. The developer said job creation is estimated to be 600 jobs.

French previously said the decision to issue bonds came about after investigating different funding options for the project, which also includes construction of a new road (Matthew Drive Extension) and several traffic lights.

Earlier this year the authority learned it would receive \$8.1 million in state grant money to assist Cedarwood with work.

The state cash, which will be paid in the form of approximately \$813,000 per year for 10 years, is from the Infrastructure Facilities Improvement Program (IFIP) through the state Department of Community and Economic Development.

French said the exact terms of the bonds, such as interest rates, haven't been finalized yet, but the authority will be held harmless, and Cedarwood will be responsible to pay the bonds. He said the bond closing would likely be held at the end of January.

Solicitor Herb Margolis said if something happens before the closing and the terms are not what the authority expects the agreement doesn't have to be signed. However, Margolis said he doesn't anticipate any problems.

"I expect it will be perfect," Margolis said.

In October, as a step in the process to issue bonds, the authority named the Banc of America Securities LLC as the underwriter; Pepper Hamilton, LLP as bond counsel; Ballard Spahr Andrews and Ingersoll, LLP as underwriter's counsel and The Bank of New York Trust Company as trustee for the bonds.

The board also voted to enter into a contract with Black Rock Coal Company Inc. of Lemont Furnace for an undeveloped area in the business park west of the Matthew Drive Extension. French said the total area is 70 acres.

French said the terms of the agreement are that Black Rock will pay the authority \$2 per raw ton or 10 percent of the gross sale price, whichever is greater.

Once the contract is executed, the company has 90 days to do exploration and testing work; up to 90 days to secure state Department of Environmental Protection permits and then six months to complete Zone One and then all year to complete mining in Zone Two.

"All the activities won't adversely effect development," French said. He said the coal has to be dealt with at the site.

Troy Soberdash of Black Rock said plans are to cut into the hillside to mine the coal and then compact the dirt with a dozer. He anticipated the dirt would pass a compaction test.

When authority member Rob Sleighter expressed concerns about how well the dirt would be compacted, Soberdash said his company would try to comply in any way they can.

"The idea is to get rid of coal and make a little money on it," Soberdash said. "The state will be monitoring. It won't look like a bomb went off."

Sleighter pointed out that the state would require reclamation of the site before Black Rock leaves.

Soberdash estimated mining at Zone One would be completed by June.

In other action, the board voted to approve a subordination request for Paul Gabelt of Connellsville to allow Gabelt to pay off credit card debt, with several conditions. French said the conditions include notifying Gabelt that it will be the only subordination; the authority needs verification that debts were paid off; the loan with the authority will be restructured to a payback instead of a forgiveness loan and Gabelt will be encouraged to attend credit counseling.

The board had denied Gabelt's request in October because it didn't comply with board policy, but since that time Gabelt has provided information that allows approval of the request.

French said Gabelt wanted to refinance a home equity loan to pay the credit card debt.

Although Gabelt met the guidelines of debt being less than 80 percent of the current appraised value of the property, the subordination policy, adopted in 2003, also stipulates that subordinations will be considered for only three reasons: refinancing of loans to lower interest rates with no cash out, home repairs for code violations only with a copy of a construction contract, or educational loans.



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