

**REDEVELOPMENT AUTHORITY OF THE CITY OF BETHLEHEM
JULY 19, 2018**

A-205 – Public Safety Building
Bethlehem City Hall
10 East Church Street
Bethlehem, PA 18018

MINUTES

The Board of the Redevelopment Authority of the City of Bethlehem met for a regular meeting on Thursday, July 19, 2018 at 3:00 P.M. in Room A-205, located in the Public Safety Building at Bethlehem City Hall, 10 East Church Street, Bethlehem, PA. The place, the hour and the date duly noted for the holding of this meeting was publicized.

Vice-Chairman Ronald Heckman called the meeting to order and the following members were present:

Earl Bethel
Christopher Spadoni

The Vice-Chairman called a quorum present.

Also present were: Tony Hanna, Executive Director
 Michael E. Riskin, Esq., Solicitor
 Heather M. Bambu-Weiss, Board Secretary

Guest present: Tracy Rash, MaherDuessel CPAs

RDA Board Members Dennis Cunerd and Jason Henninger contacted the RDA office prior to the meeting and indicated that they were unable to attend.

APPROVAL OF MINUTES

Mr. Bethel made a motion to approve the minutes of the May 17, 2018 regular meeting of the Redevelopment Authority. The minutes were mailed earlier to each member of the Board. As there were no errors or changes reported, Mr. Spadoni seconded the motion. The motion carried unanimously and the minutes of the May 17, 2018 regular meeting of the Redevelopment Authority were approved.

APPROVAL OF CASH REPORTS

Mr. Bethel made a motion to approve the cash reports for the month ended April 30, 2018. The cash reports were emailed earlier to each member of the Board. As there were no errors or changes to these reports, Mr. Spadoni seconded the motion. The motion carried unanimously and the cash reports for the month ended April 30, 2018 were approved.

COURTESY OF THE FLOOR

Since no guests were present at the meeting, Mr. Heckman moved onto the next agenda item at this time.

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RDA AUDIT – FISCAL PERIOD ENDED JUNE 30, 2017 – Mr. Heckman turned the meeting over to Ms. Rash, of Maher Duessel, CPAs, to discuss the RDA audit for the fiscal period ended June 30, 2017. Ms. Rash reviewed the RDA audit report and supplements with the RDA and noted the following highlights as part of her presentation:

- 1) The RDA Statement of Net Position had an increase of approximately \$300,000 when compared to the RDA prior audit. She noted that the TIF revenue increased but also noted an increase in depreciation and the last installment of funding the 2012 and 2013 Debt Service Reserve accounts to offset the increase in revenue. She also noted that the even though the RDA borrowed additional funds in 2016 the increased amount of principal repaid during this audit period resulted in a decrease in RDA liabilities for the fiscal period. Ms. Rash also indicated that the ‘Escrow Deposit’ value represents funds the RDA received in connection with the sale of the Bethlehem Armory.
- 2) The Notes to Financial Statements portion of audit include the RDA 2016 borrowing, the expected sale of the Bethlehem Armory, as well as the extension of the agreement with the Bethlehem Economic Development Corporation (BEDCO) for the Southside Ambassador Program. She also noted that the Conduit Financing, which involved the RDA, was included as a specific note and not as a subsequent event as occurred during the prior audit period.

Ms. Rash then explained that auditors have a responsibility to make observations about the internal control of an organization when conducting an audit. She explained the various levels of such observations and recommendations and noted that all recommendations being made for the RDA are of an inconsequential nature. She noted that none were considered a materially significant gap or a significant deficiency in the operations of the RDA.

Following this presentation and discussion, Mr. Spadoni made a motion to accept the RDA audit, for the fiscal period ended June 30, 2017, as presented to the Board. Mr. Bethel seconded the motion. The motion was unanimously approved. As a result, the RDA audit, for the fiscal period ended June 30, 2017, was accepted, as presented, by the RDA Board.

EXECUTIVE DIRECTOR REPORT

Mr. Heckman turned the meeting over to Mr. Hanna for his Executive Director Report. Mr. Hanna did not have a written report for the RDA Board but present a verbal report as highlighted below.

- 1) **‘Stronger Than Steel’** – Mr. Hanna indicated that copies of the new book “Strong than Steel” by Jeffrey Parks were distributed to all Board members prior to the meeting. He explained that since the RDA was mentioned in the book numerous times and due to the RDA involvement with the Steel Stacks project he thought it was appropriate for all current Board members to receive a copy of the book. He noted that these books were purchased by the RDA from ArtsQuest as any buyer would make such a purchase.
- 2) **Five 10 Flats** – Mr. Hanna reminded the Board that Five 10 Flats is the project which was formerly known as Greenway Commons. He stated that the project continues to progress and noted that Starbucks opened at Five 10 Flats the prior weekend. Mr. Hanna stated that additional retail is close to opening and his understanding is that the apartments are close to being completed as well. Mr. Hanna stated that this development will be assessed by Northampton County and is anticipated to be tax eligible August 1, 2018. He noted that the RDA will receive adjusted TIF revenues when this project begins its real estate tax payments.
- 3) **Skyline West** – Mr. Hanna stated that the land parcel the RDA owns which is to be incorporated into the Skyline West project has been re-zoned. He indicated that commercial on the first floor and residential above is now an allowable use for this parcel. He added that City Council recently overturned the Historic Board recommendation to retain the historic structure at the site. As a result of this decision by City Council, Mr. Hanna explained that historic building is now able to be demolished. Mr. Hanna also noted that the design of the new building will be presented to the Historic Board at an upcoming meeting.

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RESOLUTION NUMBER 1452

Mr. Heckman stated that the RDA Board has been asked to review and consider for approval Resolution Number 1452, which authorizes the RDA to sell 508 east Fifth Street to Fifth Street Partners, d/b/a NMC Holding, LLC.

Mr. Hanna reminded the Board that this property was certified as blighted by both the City of Bethlehem Planning Commission and the Blighted Property Review Committee (BPRC). He added that the RDA acquired this property through the eminent domain process with the final court appearance being June 1, 2018. Mr. Hanna explained that the RDA paid \$25,000 to acquire this property and noted that those funds were distributed to the lienholders of the property with any residual funds being paid toward the IRS lien at this property.

Mr. Hanna stated that the RDA Board is being asked to consider selling this property to Fifth Street Partners, d/b/a NMC Holding, LLC for \$55,000. He noted that the sale proceeds will be returned to the City for their property fund account to be used on future blight elimination projects. Mr. Hanna indicated that Ms. Bambu-Weiss will be working with the City so that RDA can be reimbursed for the costs the RDA has incurred associated with this property such as legal, appraisal and other fees. Mr. Hanna expressed a hope to work with the City to also receive some reimbursement for RDA administrative costs associated with the blight program, possibly a percentage of the sale price.

Following this presentation, Mr. Spadoni presented the following resolution and moved for its adoption by the Board.

WHEREAS, the Redevelopment Authority of the City of Bethlehem (RDA) acquired the Blighted Property at 508 east Fifth Street, Bethlehem, Northampton County, Pennsylvania, by Eminent Domain; and

WHEREAS, Fifth Street Capital Partners, LLC, d/b/a NMC Holding, LLC, a Pennsylvania Limited Liability Corporation, indicated that it wishes to redevelop the property at 508 East Fifth Street into a residential unit for student housing; and

WHEREAS, the RDA has received an offer from Fifth Street Capital Partners, LLC, d/b/a NMC Holding, LLC, to purchase the property for Fifty-Five Thousand and 00/100 Dollars (\$55,000.00); and

WHEREAS, the RDA Solicitor has prepared an Agreement of Sale and Deed for the property that meet the conditions of City Ordinances and State Law regarding blight elimination.

NOW, THEREFORE, BE IT RESOLVED THAT:

- A. The form and content of the Agreement of Sale is satisfactory and hereby approved.
- B. Disposition of the land through negotiations is the appropriate method of making the land available for redevelopment.
- C. Fifth Street Capital Partners, LLC, d/b/a NMC Holding, LLC, possesses the qualification and financial resources to acquire the land and rehabilitate a residential dwelling on the site.
- D. The current value of the property is Fifty-Five Thousand and 00/100 Dollars (\$55,000.00) as determined by appraisal and negotiation.

BE IT FURTHER RESOLVED, that the appropriate officers of the Redevelopment Authority of the City of Bethlehem are authorized to execute the Agreement of Sale, the Deed and any and all documentation and take any and all action which may be required, to transfer the property in accordance with the Agreement of Sale.
(Resolution Number 1452)

Mr. Bethel seconded the motion. The motion was unanimously approved. Resolution Number 1452 was unanimously adopted by the RDA.

REAFFIRM APPROVAL OF INVOICES – JUNE 2018

Mr. Heckman stated that the RDA has been asked to reaffirm its email vote for approval of the invoices / reimbursements as outlined on the June 2018 invoice summary. He reminded the Board that approval of these invoices was originally approved via an email vote due to the June 2018 RDA meeting being canceled.

Mr. Spadoni made a motion to reaffirm the approval of the invoices as outlined on the June 2018 invoice summary. Mr. Bethel seconded the motion. The motion was unanimously approved and the following payments were reaffirmed:

- 1) \$22,784.50 represents costs associated with On-Going and Maintenance Costs and payment of such costs to be made from the Authority Fund account.
- 2) \$8,019.97 represents reimbursement to e RDA from the TIF Administrative Expense Fund account for administrative costs associated with the overall Bethlehem Works / TIF District project.
- 3) \$228.00 represents reimbursement to the RDA from the Authority Fund for various administrative costs associated with TIF Expansion work.
- 4) \$6,078.96 represents reimbursement to the RDA from the Authority Fund for various administrative costs associated with TIF Other Projects work.
- 5) \$38,553.24 represents reimbursement to the RDA from the Authority Fund for various costs related to the Bethlehem Works / TIF District.

APPROVAL OF INVOICES – JULY 2018

Mr. Heckman stated that the RDA has been asked to review and consider for approval the invoices / reimbursements as outlined on the July 2018 invoice summary.

Mr. Bethel made a motion to approve the invoices as outlined on the July 2018 invoice summary. Mr. Spadoni seconded the motion. The motion was unanimously approved and the following payments were approved:

- 1) \$633.75 represents costs associated with On-Going and Maintenance Costs and payment of such costs to be made from the Authority Fund account.
- 2) \$17,055.79 represents reimbursement to the RDA from the Authority Fund for various administrative costs associated with TIF Other Projects work.
- 3) \$4,686.01 represents reimbursement to the RDA from the Authority Fund account for various costs related to the Bethlehem Works / TIF District.

SPECIAL EVENT PERMIT AGREEMENT FOR HANDWERKPLATZ

Mr. Heckman stated that the RDA has been asked to review and consider for approval the Special Events Permit Agreement for Handwerkplatz. He explained that as occurred last year, this agreement takes into account land parcels the RDA owns in this area and will be impacted due to the modified use of this site during Musikfest. He also noted that if acceptable, the agreement should be approved via motion by the RDA Board.

Mr. Spadoni asked if insurance is in place to protect the RDA and its interests. Mr. Hanna stated that yes, both the RDA and City of Bethlehem have insurance in place at this site.

SPECIAL EVENT PERMIT AGREEMENT FOR HANDWERKPLATZ (Continued)

Mr. Spadoni made a motion to approve the Special Events Permit Agreement for Handwerkplatz. Mr. Bethel seconded the motion. The motion was unanimously approved. The Special Events Permit Agreement for Handwerkplatz was unanimously approved by the RDA.

ADJOURNMENT

As there was no further business, Mr. Bethel a motion to adjourn the meeting of the RDA. Mr. Spadoni seconded the motion. The motion was unanimously approved and the meeting of the Bethlehem RDA was adjourned at 3:45 P.M.

Submitted by,

Heather M. Bambu-Weiss
Board Secretary