

**REDEVELOPMENT AUTHORITY OF THE CITY OF BETHLEHEM
DECEMBER 15, 2016**

Room B504 – 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, December 15, 2016 at 4:00 P.M. in Room B504 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.

Chairman Jason Henninger called the meeting to order and the following members were present:

Earl Bethel
Ronald Heckman

The Chairman called a quorum present.

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

Guests present were: William Rhodes, Esq., RDA Bond Counsel / Ballard Spahr, LLP

RDA Board Member Dennis Cunerd contacted the RDA office prior to the meeting and indicated that he was unable to attend due to a work conflict. RDA Board Member Christopher Spadoni contacted the RDA office prior to meeting and indicated he was unable to attend due to illness.

APPROVAL OF MINUTES

Mr. Heckman made a motion to approve the minutes of the November 17, 2016 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. Bethel seconded the motion. The motion carried unanimously and the minutes of the November 17, 2016 regular meeting of the Redevelopment Authority were approved.

FINANCIAL REPORTS

The Financial Reports for the month ended October 31, 2016 were mailed to the Redevelopment Authority Board members prior to the meeting. As there were no changes or errors noted in these reports, Mr. Heckman made a motion that the cash reports for the month ended October 31, 2016 be accepted as presented. Mr. Bethel seconded the motion. Motion unanimously carried and the cash reports for the month ended October 31, 2016 were accepted as presented.

COURTESY OF THE FLOOR

Since no guests were present at this meeting, Mr. Henninger asked if any of the guests wanted to address the RDA at this time. No one in attendance addressed the RDA during this courtesy of the floor portion of the meeting.

ARTSQUEST CONDUIT FINANCING

Mr. Henninger turned the meeting over to Mr. Hanna and Mr. Rhodes for a presentation regarding the ArtsQuest conduit financing. Mr. Rhodes stated that for this refinancing to occur the financing would go through the RDA but ArtsQuest would be solely responsible with the payback to PNC Bank. He explained that the maximum amount of this financing would be \$7.5million and noted that the RDA needs to be included for it to be a qualifying tax expenditure. Mr. Rhodes reminded the Board that the RDA can finance up to \$10million annually for such financing to be categorized as bank qualified financing. He added that this kind of financing is attractive to both the borrower and to banks due to the lower interest rates involved.

Mr. Rhodes stated that a TEFRA hearing was held at 3:30 PM on December 15, 2016 in room B-504 of Bethlehem City Hall. He indicated that this hearing is legally required to be conducted when financing such as this is occurring. He also indicated that the City of Bethlehem Mayor, as the highest governing position within the City, will have to review the minutes from this TEFRA hearing and approve this conduit financing by signing a Certificate of Approval.

Mr. Rhodes explained that a three-party agreement would need to be prepared which the RDA, ArtsQuest, and PNC Bank would all have to review and execute for this conduit financing to occur. He again reminded the Board that ArtsQuest would be responsible for all debt repayment and such repayments would be made by ArtsQuest directly to PNC Bank.

Mr. Rhodes stated that to compensation the RDA for its role in this financing, it negotiated for an origination fee of 30-basis points, which equates to approximately 0.03% or \$21,000 for its involvement in this financing. Mr. Hanna added that this rate is equivalent to what others in the area receive when they are involved with such financing deals.

Mr. Rhodes stated that some work remains to be done in order for this financing to close prior to the end of 2016; however, he noted his expectation that such work was able to be completed within the amount of time remaining in the current year. He indicated that he anticipates a closing date of December 28, 2016 or December 29, 2016.

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

REDEVELOPMENT AUTHORITY OF THE CITY OF BETHLEHM
BOND RESOLUTION NUMBER 1438

AUTHORIZING THE FINANCING OF A PROJECT FOR ARTSQUEST THROUGH THE ISSUANCE OF A BOND BY THE AUTHORITY; AUTHORIZING THE EXECUTION AND ELIVERY OF THE BOND AND BOND PURCHASE AND LOAN AGREEMENT; AUTHORIZING THE EXECUTION AND DELIVERY OF OTHER NECESSARY DOCUMENTS; AND AUTHORIZING OTHER NECESSARY ACTION.

WHEREAS, the Redevelopment Authority of the City of Bethlehem (the "Authority") is organized and existing under the laws of the Commonwealth of Pennsylvania (the "Commonwealth") pursuant to the Pennsylvania Urban Redevelopment Law (P.L. 991, approved May 24, 1945, 35 P.S. § 1701 *et seq.*), as amended (the "Act"), established by the City of Bethlehem (the "City") for the public purpose of alleviating unemployment, maintaining employment at a high level, eliminating and preventing blight, and creating and developing business opportunity by the construction improvement, rehabilitation, revitalization and financing of industrial, commercial and other economic activities; and

WHEREAS, ArtsQuest (the "Borrower") is a non-profit corporation duly created and validly existing under laws of the Commonwealth of Pennsylvania; and

WHEREAS, the Borrower has applied to the Authority for financial assistance in an aggregate principal amount not to exceed \$7,500,000 which will be used by the Borrower to (1) refinance certain taxable debt obligations of the Borrower (the "Refunding"), the proceeds of which were used to fund certain capital expenditures of the Borrower; and (2) fund the costs of issuance of the financing (the "Costs of Issuance", and together with the Refunding, the "Project");

BETHLEHEM REDEVELOPMENT AUTHORITY
MINUTES – DECEMBER 15, 2016
PAGE – 3

WHEREAS, pursuant to a Bond Purchase and Loan Agreement or other loan or financing agreement (collectively, the “Agreement”) by and among the Authority, the Borrower and PNC Community Development Company, LLC, as lender (“PNC”), the Authority intends to issue is Revenue Bonds (ArtsQuest Project) Series 2016 (the “Bond”), the proceeds of which will be loaned by the Authority to the Borrower to finance the Project; and

WHEREAS, the Bond will be secured by a pledge by the Borrower of its Gross Revenues, which pledge shall be secured by a first mortgage lien on the ArtsQuest Center, as defined and further described in the Agreement and in a Mortgage and Security Agreement to be entered into by the Borrower and PNC; and

WHEREAS, notice of a TEFRA hearing has been timely published in the *Express Times* and the issuance of the Bond is subject to the prior approval of the Mayor of the City on or before its issuance; and

WHEREAS, the Authority desires to authorize the issuance, execution and delivery of the Bond and the undertaking of the Project, and desires to authorize its Chairperson, Vice-Chairperson, Secretary and Assistant Secretary to execute, on behalf of the Authority, the Bond, the Agreement and such other instruments and documents as shall be necessary or appropriate.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF THE REDEVELOPMENT AUTHORITY OF THE CITY OF BEHLEHEM AS FOLLOWS:

1. Approval of the Project and the Agreement. In accordance with the purposes and objectives of the Act, the Authority hereby authorizes, approves and undertakes the Project as described in the recitals of this Resolution, and the plan of finance for the Project as described in the recitals of this Resolution and in the Agreement, subject to such modifications as the Chairperson, Vice-Chairperson, Secretary or Assistant Secretary of the Authority and counsel to the Authority and bond counsel, shall approval of such modifications to be evidenced by the execution of the Agreement by the Chairperson, Vice-Chairperson, Secretary or Assistant Secretary of the Authority.
2. Authorization of the Agreement and the Assignment of Rights under the Agreement. The Authority is hereby authorized to enter into the Agreement, and to loan the new proceeds of the Bond to the Borrower to finance the Project. The Authority is hereby authorized to assign, transfer and pledge all of its rights under the Agreement (other than certain reserved rights), and all of its rights under any instrument executed by the Borrower evidencing the Borrower’s repayment obligation resulting from the loan of the proceeds of the Bond, to PNC pursuant to the Agreement. The Agreement shall be in such form as shall be approved by the Chairperson, Vice-Chairperson, Secretary or Assistant Secretary of the Authority, with such approval to be conclusively evidenced by the execution thereof by such officer.
3. Authorization of the Bond. In order to provide funds to pay the costs of the Project, the Authority hereby authorizes the issuance of up to \$7,500,000 aggregate principal amount of Bond. The Bond shall mature, bear interest and be subject to the other terms and provisions as set forth in the Agreement. The Bond shall be in such form as shall be approved by the Chairperson or Vice-Chairperson of the Authority, with the advice and assistance of counsel to the Authority and bond counsel, such approval to be conclusively evidenced by the execution thereof as provided in Section 4 hereof.

The Bond shall be limited obligation of the Authority payable only out of the payments made by the Borrower under the Agreement. The Bond shall not be in any way a debt or liability of the Commonwealth, the City or of any other political subdivision and shall not create or constitute any indebtedness, liability or obligation of the Commonwealth, the City of any other political subdivision, legal, moral or otherwise, nor shall the Bond be payable out of any funds, revenues or properties of the Authority other than those pledged therefor. Neither the general credit of the Authority nor the credit or taxing power of the City, the Commonwealth or any other political subdivision thereof is pledged to the payment of the principal or purchase price of the Bond or interest thereon or any premium or other cost incident thereto. The Authority has no taxing power.

4. Execution and Issuance of Bond. The Chairperson or Vice-Chairperson of the Authority is hereby authorized to execute the Bond by manual or facsimile signature; the Secretary or any Assistant Secretary of the Authority is hereby authorized to attest by manual or facsimile signature and impress or cause to be imprinted the seal of the Authority on the Bond, and following such execution, such officers of the Authority are hereby authorized to deliver or to cause to be delivered the Bond to the registered owner thereof, against receipt of the purchase price of the Bond, and to loan the proceeds of the Bond to the Borrower, as provided in the Agreement.

BETHLEHEM REDEVELOPMENT AUTHORITY
MINUTES – DECEMBER 15, 2016
PAGE – 4

5. Authorization of Tax Certificate. The Authority hereby authorizes and directs the preparation and execution by the Chairperson, Vice-Chairperson, Secretary or Assistant Secretary to the Authority of a Federal Tax Certificate pursuant to the Internal Revenue Code of 1986, as amended, in connection with the issuance of the Bond.

The Authority hereby represents and warrants, after due investigation and to the best of its knowledge, that (i) the Bond is not a “private activity bond” within the meaning of Section 141 of the Code, and (ii) the aggregate face amount of “qualified tax-exempt obligations” within the meaning of Section 265(b)(3)(B) of the Code deemed issued by the Borrower (an all entities which need to be aggregated with the Borrower under the Code) during the 2016 calendar year, including the Bond, is not reasonably expected to exceed \$10,000,000. The Authority hereby designates (and covenants to have to Borrower so designate) the Bond as a “qualified tax-exempt obligation” within the meaning of Section 265(b)(3)(B) of the Code.

6. Execution and Delivery of Financing Documents. The Chairperson, Vice-Chairperson, Secretary or Assistant Secretary of the Authority are hereby authorized to execute and deliver, in the name of the Authority and on its behalf, such other documents, agreements, security agreements, assignments, financing statements, instruments and certifications as counsel to the Authority, bond counsel and such executing officer shall determine to be reasonable and appropriate to provide for the issuance of the Bond and to complete the Project.

Copies of the foregoing documents, together with the other documents relating to the transaction authorized hereby, in hard copy or electronic form, as executed and delivered by the parties thereto, shall be filed in the official records of the Authority.

7. Binding Effect of Covenants and Agreements. All covenants, obligations and agreements of the Authority set forth in this Resolution and in the documents authorized hereby shall be deemed to be the covenants, obligations and agreements of the Authority to the full extent authorized and permitted by law, and all such covenants, obligations and agreements shall be binding upon the Authority and its successors from time to time and upon any board or body to which any powers or duties affecting the same shall be transferred by or in accordance with law. Except as otherwise provided in this Resolution, all rights, powers and privileges conferred and duties and liabilities imposed upon the Authority or the members thereof by the provisions of this Resolution of the documents authorized hereby shall be exercise or performed by such members, officers or other representatives of the Authority as may be required or permitted by law to exercise or perform the same. No covenant, obligation or agreement herein contained in any documents authorized hereby shall be deemed to be a covenant, obligation or agreement of any member, officer, agent or employee of the Authority in his or her individual capacity and neither the members of the Authority nor any officers executing the Agreement, the Bond or any other documents authorized by this Resolution shall be liable personally thereunder or by subject to any personal liability or accountability by reason of the execution and delivery thereof.
8. Origination Fee. The Authority may charge the Borrower an origination fee in connection with the Bond to defray the expenses incurred in connection with the authorization and approval of the Bond and the Project. Any fee shall be in an amount mutually agreed upon by the Authority and the Borrower.
9. Further Action. Any officer or member of the Authority is hereby authorized and directed to execute such further documents, instruments and certificates and do such further things as may be necessary or proper to carry out the intent and purpose of this Resolution and any document herein authorized.
10. Appointment of Bond Counsel. The Authority hereby appoints Ballard Spahr, LLP as Bond Counsel and authorizes them to proceed with the issuance of the Bond.
11. Repeal of Inconsistent Resolution. All prior resolutions or parts thereof inconsistent herewith are hereby repealed to the extent of such inconsistency.

12. Effective Date. This Resolution shall take effect immediately.
(Resolution Number 1438)

Mr. Heckman seconded the motion. The motion was unanimously passed. As a result, Resolution Number 1438 was unanimously approved and adopted by the RDA.

RESOLUTION NUMBER 1439

Mr. Henninger stated that the RDA Board has been asked to review and consider for approval Resolution Number 1439, which involves a proposal from The Stone House Group, LLC for analysis services pertaining to the proposed Polk Street parking garage. Mr. Hanna explained the RDA has been holding a large group of invoices pertaining to this analysis of the proposed parking garage. He indicated that the parking garage was designed as a ‘green garage’ in the hopes of being eligible to receive various grants for the design and building of a garage in this manner. He further indicated that unfortunately the RDA did not qualify to receive such funding as municipality and school districts would qualify. Mr. Hanna reminded the RDA Board that it has been awarded a \$1 million of RACP funding from the Commonwealth of Pennsylvania but noted that the RDA had requested and applied for \$5-million of this funding. Mr. Hanna added that he returned the acceptance letter to the Commonwealth for this \$1-million award and expressed hope that the RDA may be able to obtain an additional \$2-million of RACP in the coming year. Mr. Hanna stated that the receipt of this funding will allow the parking garage construction to be started sooner and would expect either the City of Bethlehem or the Bethlehem Parking Authority to own the garage. Mr. Hanna reminded the Board that this garage has been fully designed and has received all the necessary approvals. He added that once funding is available, the parking garage permits can be obtained and construction can begin.

Following the presentation by Mr. Hanna about Resolution Number 1439 and The Stone House Group, LLC work involving the parking garage, Mr. Heckman presented the following resolution to the Board and moved for its adoption by the Board.

RESOLUTION NUMBER 1439
OF THE REDEVELOPMENT AUTHORITY OF THE CITY OF BETHLEHEM
AUTHORIZING PAYMENT FOR “GREEN” PARKING DESIGN AND PLANNING STUDIES AND
PRE-CONSTRUCTION SERVICES

WHEREAS, new development activity in the Bethlehem Works Redevelopment Area, related to Greenway Commons – a proposed mixed-use, Peron Development, on several existing parking lots on East Third Street; the Ashley Development restaurant and micro-brewery, at 30 East Third Street; and construction of the Lehigh Valley High School for the Performing Arts; and the full occupancy of the Northampton Community College, Fowler Family South Side Center; will create demand for additional parking; and

WHEREAS, one of the goals for the Bethlehem Works Redevelopment Area and Tax Incremental Financing District is to provide parking to support and encourage new development in the Redevelopment Area and District; and

WHEREAS, it has been determined, that based on a study completed by Desman Associates, in October 2015, there is a need for over 600 additional parking spaces in the study area; and

WHEREAS, Desman Associates is recommending that a parking structure of almost 600 spaces and retail space of 18,000 square feet be constructed on an existing parking lot at East Third and Polk Streets and additional surface parking – 75 spaces – be developed on a vacant parcel at East Third and Buchanan Streets; and

WHEREAS, both the City of Bethlehem and the Bethlehem Parking Authority have reviewed the study and the recommendations made by Desman Associates and agree that a new parking garage and additional surface parking will meet the needs of existing and future parking generators in the study area; and

WHEREAS, the Redevelopment Authority of the City of Bethlehem sought to design and construct the proposed parking structure as a “green” building, pursuing LEED certification and pursuing eligible grants and loans, through the Pennsylvania Department of Community and Economic Development; and

WHEREAS, the Stone House Group, a Bethlehem based, facility consulting group submitted a proposal for Green Strategy, Grant Administration Support, LEED-NC Administration, Fundamental and Enhanced Commissioning, Building Envelope Commissioning, an Energy Modeling Services, to support existing and proposed design and pre-construction efforts for the parking structure – a copy of which is attached; and

WHEREAS, only a portion of Stone House Group’s proposed services were utilized by the Redevelopment Authority and their design and construction team to pursue a green strategy for the building when it was determined that garage project would be placed on hold pending additional funding for construction.

**BETHLEHEM REDEVELOPMENT AUTHORITY
MINUTES – DECEMBER 15, 2016
PAGE – 6**

NOW, THEREFORE, BE IT RESOLVED, by the Redevelopment Authority of the City of Bethlehem, that the invoices for services presented by Stone House Group in the amount of \$45,500 be paid, with no further work to be performed, pursuant to the original proposal, at this time.

(Resolution Number 1439)

Mr. Bethel seconded the motion. The motion was unanimously approved. As a result, Resolution Number 1439 was unanimously adopted by the RDA.

APPROVAL OF INVOICES – DECEMBER 2016

Mr. Henninger stated that the RDA has been asked to review and consider for approval the invoices / reimbursement as outlined on the December 2016 invoice summary.

Mr. Bethel made a motion to reaffirm the approval of the invoices as outlined on the November 2016 invoice summary. Mr. Heckman seconded the motion. The motion was unanimously approved and the following payments were authorized to occur:

- 1) \$450.00 represents costs associated with On-Going / Maintenance project costs with payment of such costs to be made following the RDA Board authorization and the settlement of the 2016 financing, which was approved by the RDA Board at its November 15, 2016 meeting.
- 2) \$312,567.77 represents costs associated with Phase II / Miscellaneous costs with payment of such costs to be made following the RDA Board authorization and the settlement of the 2016 financing, which was approved by the RDA Board at its November 15, 2016 meeting.
- 3) \$89,272.28 represents costs associated with Phase III / Parking Garage with payment of such costs to be made following the RDA Board authorization and the settlement of the 2016 financing, which was approved by the RDA Board at its November 15, 2016 meeting.
- 4) \$22,995.88 represents reimbursement to the RDA from the TIF Administrative Expense Fund account for administrative costs associated with the overall Bethlehem Works / TIF District project.
- 5) \$422.63 represents reimbursement to the RDA from the TIF Authority Fund account for administrative and other various costs associated with the overall Bethlehem Works / TIF District project.

EXECUTIVE DIRECTOR REPORT

Mr. Henninger 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 updated the Board as follows:

1. **2017 RDA Board Meetings** - Mr. Hanna asked the RDA Board members if 4:00 PM on the 3rd Thursday of each month was still workable with all Board members for the meetings during 2017. He noted that the RDA Solicitor would advertise this meeting schedule prior the end of the year and that confirmation of the meeting dates / time was needed for his advertisement to occur. The RDA Board members unanimously agreed that the RDA should continue to meet at 4:00 PM on the 3rd Thursday of each month during 2017.
2. **Hotel Bethlehem Extension** - Mr. Hanna stated the Hotel Bethlehem is planning a project which would include the building of a new parking garage at the hotel. He explained that preliminary review of the land upon which this parking garage would be built and expanded includes a parcel that the RDA currently owns. He stated that he wanted to provide this update to the RDA Board since the RDA will likely have this matter included on an agenda at a future meeting.

Mr. Hanna also shared with the Board that in 1954 the RDA had a study done regarding a new parking garage at this same site and noted that the proposal was the same as which the Hotel is considering at this time. He shared with the Board the actual study and plans regarding that new parking garage as proposed in 1954.

**BETHLEHEM REDEVELOPMENT AUTHORITY
MINUTES – DECEMBER 15, 2016
PAGE – 7**

ADJOURNMENT

As there was no further business, Mr. Heckman made a motion to adjourn the meeting of the RDA. Mr. Bethel seconded the motion. The motion was unanimously approved and the meeting of the Bethlehem RDA was adjourned at 4:25 P.M.

Submitted by,

Heather M. Bambu
Board Secretary