

**REDEVELOPMENT AUTHORITY OF THE CITY OF BETHLEHEM  
FEBRUARY 18, 2016**

Public Safety Building – Room A-205  
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, February 18, 2016 at 4:00 P.M. in Room A-205 of the Public Safety Building of 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  
Dennis Cunerd  
Christopher Spadoni

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:                    Adam Waldron, City Council Liaison to RDA  
                                                 Tracy Rash, Auditor from Maher Duessel, CPAs  
                                                 Nicole Rad, Reporter from The Morning Call

Board Member Ronald Heckman contacted the RDA office prior to the meeting and indicated that he was unable to attend.

**APPROVAL OF MINUTES**

Mr. Cunerd made a motion to approve the minutes of the January 21, 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 January 21, 2016 regular meeting of the Redevelopment Authority were approved.

**FINANCIAL REPORTS**

The Financial Reports for the month ended December 31, 2015 were mailed to the Redevelopment Authority Board members prior to the meeting. As there were no changes or errors noted in these reports, Mr. Bethel made a motion that the cash reports for the month ended December 31, 2015 be accepted as presented. Mr. Cunerd seconded the motion. Motion unanimously carried and the cash reports for the month ended December 31, 2015 were accepted as presented.

**COURTESY OF THE FLOOR**

Mr. Henninger opened the floor to the guests in attendance at the meeting for them to address the RDA Board. Since no guests had any comments to make during this courtesy of the floor portion of the meeting, Mr. Henninger proceeded to the next agenda item and continued the meeting.

**PRESENTATION OF RDA DRAFT AUDIT REPORT**

Mr. Henninger turned the meeting over to Mr. Hanna who introduced Ms. Tracy Rash from Maher Duessel, CPAs to present the draft audit report for the fiscal period ended June 30, 2014 to the RDA Board.

Ms. Rash began her presentation by indicating that the audit that Maher Duessel conducted resulted in an audit report which has an appearance quite different from reports the RDA Board may be familiar with from the past. Ms. Rash then proceeded to review the draft audit report with the RDA Board by highlighting some items contained in it.

1. She noted that the audit provides an unmodified opinion indicating that the financial statements are materially correct and noted that a part of the audit which was unaudited was the historic financial PMRS data.
2. Ms. Rash indicated that the RDA management portion of the audit was not included during this fiscal period but added that such an omission is acceptable. Mr. Hanna indicated that the RDA plans to include the management portion within its audit for the fiscal period ended June 30, 2016.
3. Ms. Rash indicated that all RDA financial activities were incorporated into one column during the early pages of the audit and noted that in later pages there were separate columns for the RDA TIF activities and for the RDA Administrative activities. She explained that the RDA administrative activities column includes financial activities of both the RDA Revolving and General funds.
4. Ms. Rash noted that asset capitalization is included within the body of this draft audit report and explained that the Hoover-Mason Trestle was included within the not depreciated asset category due to it not being completed during the fiscal period of the audit. She added that the Levitt Pavilion and Bethlehem Landing Visitor Center were included as depreciable assets within this report. Mr. Hanna noted that the capitalization of such assets was not done in previous audits and explained that a large amount of time was required by Maher Duessel to properly account for this capitalization within this audit.
5. Ms. Rash noted that accounts payables were not included in previous audits of the RDA but is incorporated into the draft audit report being reviewed at this time. She explained that costs, invoices and retainage were included within this value.
6. Ms. Rash stated that the current portion of bonds payable involves those funds drawn from 2010, 2012 and 2013 financings.
7. Ms. Rash briefly reviewed the notes to the financial statements but did indicate that an informal policy regarding the capitalization of assets threshold of \$25,000 was used when conducting the audit. Mr. Hanna explained that formal financial policies are being drafted for RDA Board review and formal adoption. He noted that included with such policies will be a capitalization of assets policy.
8. Ms. Rash stated that additional pension disclosures are included as part of this draft audit report as a result of GASB Statement No. 68 to tell if the RDA pension plan is under or over funded. She noted that information used to make such a determination is provided to the RDA from its pension administrators, PMRS.
9. Ms. Rash noted that unlike prior audits which included the Moravian debt the RDA was a part of refinancing within its financial statements, the draft audit report being reviewed incorporates such data as a note to the financial statements as Conduit Debt.
10. Ms. Rash stated that their audit review of the RDA records indicated that the RDA was out of compliance as far as the debt service reserve fund account balances for the 2012 and 2013 borrowings. She noted that this information is contained within the notes to the financial statements. She also noted that an amendment was made to Indenture of Trust with a schedule to bring these account balances as required and which will bring the RDA back into compliance regarding this matter. Mr. Hanna explained to the RDA Board that the non-compliance was due to the RDA Trustee not properly funding these debt service reserve accounts as was required when the initial financing was received and the settlement costs and initial distributions were made as part of that settlement. He noted that the RDA has a schedule to fund these debt service reserve funds fully over the next two (2) years.
11. Ms. Rash explained that Maher Duessel review involved a restatement of the net position and fund balance of the RDA which was incorporated into the RDA financial notes of the draft audit report. She explained that this provided significantly different values than prior years and applied the accrual basis of accounting to the RDA financials.

12. Ms. Rash reviewed the “Communication to Those Charged with Governance” statement provides by Maher Duessel as part of this draft audit report. She explained that this is required portion of an audit and is provided to all governing bodies. She noted that while they did not encounter any difficulties with the RDA staff while conducting the audit, the audit was a time-consuming process due to its manual records, having no initial capitalization of assets prior to this audit, and having to rebuild prior periods to do various adjustments as part of this audit process. She noted that the cooperation of the RDA staff during this time-consuming process.

Mr. Hanna and the RDA Board thanked Ms. Rash for her presentation and Ms. Rash thanked the RDA staff for their cooperation during this audit process. Both Ms. Rash and Mr. Hanna thanked Ms. Bambu for all her work during this process and commended her response time with questions and providing data.

### **EXECUTIVE DIRECTOR’S REPORT**

Mr. Henninger then turned the meeting over to Mr. Hanna to present his Executive Director’s report to the Board. Mr. Hanna did not provide a written report to the Board. Mr. Hanna provided the following update for the Board:

**Bethlehem Armory** - Mr. Hanna stated that he hopes to soon make an announcement regarding the Bethlehem Armory. He noted that the RDA received multiple proposals which were reviewed by a committee. He noted that after this review, five (5) proposals were invited to be interviewed by the committee. Mr. Hanna noted that one (1) of these invitees withdrew their proposals and four (4) interviews were conducted.

Mr. Hanna explained that the review committee has narrowed the proposals down to one (1) and hopes to be able to make an announcement soon about this project.

Mr. Hanna stated that the RDA can incorporate conditions into the agreement of sale as it may deem necessary during the sale negotiation process. He added that after the RDA Board selects a developer, Bethlehem City Council will be asked to review this proposal and recommendation as well.

### **APPROVAL OF INVOICES – FEBRUARY 2016**

Mr. Henninger stated that the RDA Board has been asked to review and consider for approval the invoices as outlined on the February 2016 invoice summary. He noted that costs incurred for the Bethlehem Works / TIF District project during February 2016 are included on this summary.

Mr. Cunerd made a motion to approve the invoices as outlined on the January 2016 invoice summary for those costs incurred for the Bethlehem Works / TIF District project. Mr. Bethel seconded the motion. The motion was unanimously approved and the following payments were authorized to occur:

- 1) \$4,375.02 represents reimbursement to the RDA from the TIF Authority Fund for administrative and other various costs associated with the overall Bethlehem Works / TIF District project.

### **BPRC REPRESENTATION**

Mr. Henninger asked that the next item of business for the RDA Board would be to consider the re-appointment of Earl Bethel to continue to represent the RDA on the Blighted Property Review Committee (BPRC). He noted that the current BPRC term for Mr. Bethel has expired and so it is necessary to appoint him, or another member, to represent the RDA on this committee.

Mr. Spadoni made a motion to re-appoint Earl Bethel to the Blighted Property Review Committee (BPRC) as the RDA representative. Mr. Cunerd seconded the motion. The motion was unanimously approved and Earl Bethel was re-appointed as the RDA representative on the Blighted Property Review Committee (BPRC).

**RESOLUTION NUMBER 1431**

Mr. Henninger asked the RDA Board to review and consider for approval Resolution Number 1431, which involves the “Fourth Amendatory Agreement for Sale of Land for Redevelopment Dated December 6, 2004 between the Redevelopment Authority of the City of Bethlehem and Silk Mill Realty, LP”.

Mr. Hanna explained that current developer for the project is selling this project site to Peron Silk Mill, LP per an agreement of sale between them. He noted that Peron plans to develop the project site as was originally planned and noted that the may have to demolish one of the buildings on the site that was previously thought to be salvageable. He noted that the unit count on the site would remain the same with eighty-nine (89) units projected.

Mr. Spadoni questioned how the date allowed for the development was determined. Mr. Hanna stated that typically three (3) years are provided for projects such as this. He noted that at the end of a three (3) year period, the RDA can either take the property back or can work with this new developer to further a project on the site. He added that working with this new developer was a path he was recommending and so three (3) years was being provided to this new developer for their project work.

Mr. Hanna added that when this project is completed it is expected to have some marketability within the Moravian College community as it could become an off-campus housing site but noted that the project is being designed for market rate housing units and not for student housing.

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

FOURTH AMENDATORY AGREEMENT TO CONTRACT  
FOR SALE OF LAND FOR REDEVELOPMENT DATED DECEMBER 6, 2004  
BETWEEN THE REDEVELOPMENT AUTHORITY OF THE CITY OF BETHLEHEM  
AND SILK MILL REALTY, L.P.

WHEREAS, a Fourth Amendatory Agreement, by and between the Redevelopment Authority of the City of Bethlehem (hereinafter called “Authority”); Silk Mill Partners, LP, (hereinafter called “SMP”); and Peron Silk Mill, LP, a Pennsylvania limited partnership with offices at 60 West Broad Street, Suite 102, Bethlehem, Pennsylvania 18018 (hereinafter called “Peron”) has been presented for review and approval by the Authority; and

WHEREAS, the Authority and the predecessors to SMP (herein called the “Redeveloper”) entered into a Contract for Sale of Land for Redevelopment dated December 6, 2004 and recorded in the Office of the Recorder of Deeds in and for the County of Northampton at Easton, Pennsylvania in Deed Book 2005-1, Page 254147 on July 8, 2005 (hereinafter called “Redevelopment Agreement”); and

WHEREAS, said Redevelopment Agreement was amended by a “First Amendatory Agreement” dated the 15<sup>th</sup> date of December, 2005 and recorded in the Recorder of Deeds Office of Northampton County, Pennsylvania in Record Book 2005-1, page 532073 on the 30<sup>th</sup> date of December, 2005; and

WHEREAS, said Redevelopment Agreement was amended by a “Second Amendatory Agreement” dated the 29<sup>th</sup> day of April, 2008 and recorded in the Recorder of Deeds Office of Northampton County, Pennsylvania in Record Book 2008-1, Page 266913 on the 25<sup>th</sup> day of September, 2008; and

WHEREAS, SMP acquired the land described in the Redevelopment Agreement for Seventy-Nine Thousand Five Hundred Dollars (\$79,500.00), pursuant to the Second Amendatory Agreement; and

WHEREAS, Silk Mill Partners, LP also acquired all other land and real property and rights of Silk Mill Realty, LP; and

WHEREAS, Silk Mill Partners, LP conveyed the Common Area to Bethlehem Silk Mill Condominium Association, for \$1.00; and conveyed Unit 1 (which did not include any portion of the Redevelopment Lands) to 4220 Broadway LLC, and conveyed Units 2 and 3 to SMP (which did not include any portion of the Redevelopment Lands); and

**BETHLEHEM REDEVELOPMENT AUTHORITY**  
**MINUTES – FEBRUARY 18, 2016**  
**PAGE – 5**

WHEREAS, said Redevelopment Agreement was amended by a “Third Amending Agreement” dated the 22<sup>nd</sup> day of October, 2012 and recorded in the Recorder of Deeds Office of Northampton County in Record Book 2012-1 at page 267030; and

WHEREAS, SMP has entered into an Agreement of Sale with Peron to sell to Peron Units 2 and 3 (the “Units”) of the Silk Mill Condominium (the “Condo”) along with the rights relating to Units 2 and 3 in and to the Condo’s common areas; and

WHEREAS, the common area may include the land described in the Redevelopment Agreement which was sold to SMP; and

WHEREAS, the allocation of the purchase price to SMP for the land that was the subject of Redevelopment Agreement shall not exceed \$79,500.00; and

WHEREAS, a “Certificate of Completion: for the remaining property has not been issued by the Authority because SMP has not completed the required improvements to the subject property and therefore, the property cannot be sold without the consent of the Authority which consent is hereby given subject to certain terms and conditions as described in this Amending Agreement; and

NOW, in consideration of the foregoing, the mutual promises of the parties hereto and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties to mutually agree to amend the aforementioned Redevelopment Agreement as follows:

1. The use of the subject property shall be for the construction of multi-family, residential units and be in accordance with Paragraphs 1 of the Second Amending Agreement dated April 29, 2008.
2. The Authority does hereby approve the sale of the subject premises from SMP to Person, as part of Peron’s purchase of the unit.
3. Upon Peron’s purchase of the Units and to the extent required for that purchase, and except as set forth herein, Peron does hereby agree to be bound by any and all obligations, responsibilities, covenants and restrictions of SMP/Redeveloper in the Redevelopment Agreement and any amendments and modifications thereto and the Deed for the transfer of the subject property to Redeveloper. SMP shall not be relieved of these responsibilities and obligations until such time as the “Certificate of Completion” is issued by the Authority as described in Section 307 of Part II of the Redevelopment Agreement.
4. The improvements to the project/property shall be completed before the 31<sup>st</sup> day of March, 2019 and upon Peron’s purchase of the Units, the Authority waives any violations that predate the purchase by Peron for completing the Improvements, and any associated right of reverter the Authority may have.
5. Peron shall have 180 days from its purchase of the Units to submit plans for the Improvements.
6. All other terms and conditions in the Redevelopment Agreement, amendments, modifications and other documents relating to this Project shall remain in full force and effect.
7. The Authority ratifies the transfer of title as are set forth above and of record in the Office of the Recorder of Deeds of Northampton County, Pennsylvania.

NOW, THEREFORE, BE IT RESOLVED, that the Redevelopment Authority hereby approves the Fourth Amending Agreement subject to Bethlehem City Council approval; and

BE IT FURTHER RESOLVED, the appropriate officers of the Authority are authorized to execute the Fourth Amending Agreement and other documents related to, same to be attested to by Secretary.

(Resolution Number 1431)

Mr. Bethel seconded the motion. The motion was unanimously approved and Resolution Number 1431 was unanimously adopted.

Mr. Hanna noted that with this approval by the RDA Board, this matter will be forward to Bethlehem City Council for their review and consideration at an upcoming meeting.

**BETHLEHEM REDEVELOPMENT AUTHORITY  
MINUTES – FEBRUARY 18, 2016  
PAGE – 6**

**ADJOURNMENT**

As there was no further business, Mr. Bethel made a motion to adjourn the meeting of the RDA. Mr. Cunerd seconded the motion. The motion was unanimously approved and the meeting of the Bethlehem RDA was adjourned at 4:45 P.M.

Submitted by,

Heather M. Bambu  
Board Secretary