

**REDEVELOPMENT AUTHORITY OF THE CITY OF BETHLEHEM
APRIL 20, 2017**

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, April 20, 2017 at 4:00 P.M. in Room A-205 of 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.

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

Earl Bethel
Ronald Heckman
Christopher Spadoni, Esq.

The Chairman called a quorum present.

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

Also present at the meeting was Tracey Rash, of Maher Duessel, CPAs.

RDA Board Member Dennis Cunerd contacted the RDA office prior to the meeting and indicated that he was out-of-town and was unable to attend.

APPROVAL OF MINUTES

Mr. Bethel made a motion to approve the minutes of the March 16, 2017 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. Heckman seconded the motion. The motion carried unanimously and the minutes of the March 16, 2017 regular meeting of the Redevelopment Authority were approved.

FINANCIAL REPORTS

The Financial Reports for the month ended February 28, 2017 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 February 28, 2017 be accepted as presented. Mr. Bethel seconded the motion. Motion unanimously carried and the cash reports for the month ended February 28, 2017 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.

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RDA AUDIT – FISCAL PERIOD ENDED JUNE 30, 2016 – Mr. Henninger turned the meeting over to Ms. Rash, of Maher Duessel, CPAs, to discuss the RDA audit for the fiscal period ended June 30, 2016. Ms. Rash reviewed the RDA audit report and supplements with the RDA and noted the following highlights as part of her presentation:

- 1) The largest change on the RDA Statement of New Position was the decrease by approximately \$4.3million of the RDA liability during the fiscal period. She noted that the RDA also borrowed additional funds during this same period. She noted that all the retainage pertaining to the Hoover-Mason Trestle project was also paid during this fiscal period. She added that the RDA assets increased by approximately \$600,000 during this fiscal period as the RDA began repaying the debt service reserve fund account to the level where it should be funded.
- 2) The RDA Statement of Activities is, in the opinion of Ms. Rash, mostly stable since the account activities during the audited fiscal period is close to the prior fiscal period values. She noted that there was not a lot of change in these activities over this past fiscal period.
- 3) Ms. Rash highlighted the new asset and liability accounts, referred to as “Due from other funds”, which were included on the RDA Balance Sheet – Governmental Funds. She noted that this category was included due to the RDA TIF Project Fund borrowing funds from the RDA General Fund to pay some TIF Project related costs during the fiscal period being audited.
- 4) The Notes to Financial Statements portion of the RDA audit included the most recent financing involving the RDA during 2016. Ms. Rash referred the Board to the portion of these notes where this borrowing is detailed.
- 5) Ms. Rash stated that within the Notes to the Financial Statements portion of the audit is a reconciliation of the Interfund Balances and Transfers. She reminded the Board that this was due to the RDA TIF Project Fund borrowing funds from the RDA General Fund to pay some of the TIF Project related costs during the fiscal period being audited.
- 6) It was noted, by Ms. Rash, the RDA has begun repaying the Debt Service Reserve Fund accounts of 2012 and 2013 so that the reserve requirements are met. She noted that the 2015-2016 fiscal period was the first payment made toward the repayment of this account, as noted in the Compliance portion of the Notes to the Financial Statements. She also noted these fund balances are getting closer to where they need to be and added that the balance should be repaid during the RDA current fiscal period.
- 7) Ms. Rash provided some additional information regarding the RDA pension as detailed in the Changes in the Net Pension Liability section of the Notes to Financial Statements. She added that the liability amount changed for various reasons, including a change in the mortality tables as well as a decrease in the market for period of time during late 2016. She indicated that she expects to see the liability lessen when the market increases but cautioned that the interest rate may decrease which may have an impact on the liability as well.
- 8) A new Note to the Financial Statements was “Conduit Financing” which involved the RDA and ArtsQuest. Ms. Rash explained that even though the activity occurred after the June 30, 2016 fiscal period date of the audit, this financial activity was incorporated as a note in these statements.

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.

Mr. Hanna indicated that he would like to update the Board on the status of these recommendations. Mr. Hanna stated that the Buckno Lisicky, CPAs has been obtained to work with the computerization of the RDA financial records. He and Ms. Bambu explained that while they had hoped to have the transition made during the current fiscal period there were time delays due to busy work schedules of those involved with making the transition. Therefore, Ms. Bambu indicated a desire to have the transition made during the start of the 2017-2018 fiscal period, with a time to operate with both manual and computerized records for a period of time during this upcoming fiscal period.

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Mr. Hanna also indicated that Ms. Bambu has worked and drafted an Account Policies and Procedures Manual for the RDA as has been recommended in the RDA audit. Mr. Hanna explained that while the RDA has a clear process for all its financial operations, this manual provides a collection of policies and procedures for conducting such operations. Ms. Bambu added that everything from daily operations to change order compliance and financial disaster recovery is included in the text of this manual. She explained that it took quite a bit of time to put together and to incorporate all aspects of current, and even future, RDA financial operations. Ms. Hanna stated that he anticipates this manual to be provided to the RDA Board for their review and consideration at the May 2017 RDA Board meeting.

Following this presentation and discussion, Mr. Bethel made a motion to accept the RDA audit, for the fiscal period ended June 30, 2016, as presented to the Board. Mr. Heckman seconded the motion. The motion was unanimously approved. As a result, the RDA audit, for the fiscal period ended June 30, 2016, was accepted, as presented, by the RDA Board.

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. **Rudy Bruner Award Visit** - Mr. Hanna stated that while he had hoped to give the RDA Board an opportunity to meet with the Bruner Award judges during their visit to Bethlehem, he was unable to do so due to their time constraints. He explained that their visit to Bethlehem was change from a 3-day visit to a 2-day visit, resulting in an intense visit. He explained that those who visited were most interested in meeting with the designers and architects of the project site while they were in Bethlehem. Mr. Hanna stated that the meetings appeared to go well and noted that he expects the RDA to hear more about the award in June.
2. **Sands Potential Sale** – Mr. Hanna stated that the potential sale of the Sands has resulted in the expansion project being delayed for approximately 4-6 months. He noted that such a delay may not allow these new developments to impact the TIF revenues until 2019/2020. Mr. Hanna stated that he hopes new development, such as this, will help put some funds aside for future maintenance costs associated with the project site.

APPROVAL OF INVOICES – APRIL 2017

Mr. Henninger stated that the RDA has been asked to review and consider for approval the invoices / reimbursement as outlined on the April 2017 invoice summary.

Mr. Heckman made a motion to approve the invoices as outlined on the April invoice summary. Mr. Bethel seconded the motion. The motion was unanimously approved and the following payments were authorized to occur:

- 1) \$8,434.28 represents costs associated with On-Going and Maintenance Costs and payment of such costs to be made from the 2016 financing funds.
- 2) \$13,026.40 represents reimbursement to the RDA from the TIF Administrative Expense Fund account for administrative costs associated with the overall Bethlehem Works / TIF District project. It was noted that this reimbursement will represent the final reimbursement from the 2016-2017 Administrative Expense Fund as authorized per the original TIF documents.
- 3) \$5,123.43 represents reimbursement to the RDA from the Authority Fund account for various costs associated with the overall Bethlehem Works / TIF District project.

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2017-2018 ANNUAL ADMINISTRATIVE BUDGET

Chairman Henninger stated that the RDA Board has been asked to review and consider for approval the proposed 2017-2018 Annual Administrative Budget for the period of July 1, 2017 through June 30, 2018. He noted that the approval of this budget can be done via motion as has been done in the past.

Mr. Hanna indicated that the proposed 2017-2018 budget is consistent with the prior period budgets. He noted that increases are primarily due to the Personal Services category of salaries and other benefit costs. He also noted that any increase in salary is based upon comparable City of Bethlehem employee increases and any increases in fringe benefits are based upon estimates of such increase trends.

Mr. Bethel made a motion to approve the 2017-2018 Annual Administrative Budget, as submitted, for the period of July 1, 2017 through June 30, 2018. Mr. Heckman seconded the motion. The motion was unanimously approved. As a result, the 2017-2018 Annual Administrative Budget was approved for the RDA fiscal period of July 1, 2017 through June 30, 2018.

ADJOURNMENT

As there was no further business, Mr. Bethel made a motion to adjourn the meeting of the RDA. Mr. Heckman 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