

MINUTES FROM THE BETHLEHEM REVITALIZATION AND IMPROVEMENT AUTHORITY (BRIA)

June 7, 2018
3:30 p.m.

1.0 Call to Order

A meeting of the **Bethlehem Revitalization and Improvement Authority (BRIA)** was held at 3:30 p.m. on Thursday, June 7, 2018 in Town Hall located at 10 East Church Street, Bethlehem, Pennsylvania.

James Broughal called the meeting to order.

2.0 Roll was taken as follows:

Authority: James Broughal
Ann McHale
Donna Taggart
John Filipos
Joseph Kelly

Solicitor: Valentino DiGiorgio – via telephone conference

Staff in attendance: Alicia Miller Karner
Denise Rider

3.0 Public Comment on Current Agenda None

4.0 Approval of Minutes The minutes from the meeting dated May 17, 2018 were not available for approval.

5.0 Old Business None

6.0 New Business

6.1 BethWorks Greenway A, LP Application for CRIZ Financing
Mr. Broughal yielded the floor to Attorney Seth Tipton of Peron Development. Attorney Tipton mentioned that BethWorks Greenway A, LP (owner of the Greenway Commons) has a CRIZ loan of \$1.6 million that they are closing with BRIA shortly. Their current proposal is to increase the size of the loan to \$3.25 million. The proceeds of the loan will be used to fit out spaces of the ground floor of the Greenway Commons building for commercial tenants

Two spaces have already been filled and they are in discussion with tenants to fill the remainder of the space. Attorney Tipton stated that they added approximately 25% equity to the project and the new loan that they are proposing will allow them to keep up with pace of attracting tenants to do the ground floor fit out.

Attorney Tipton added that 100% use for the new loan is for eligible construction costs within the building. He anticipates that if this is approved, they would close the amendment on this loan within a few weeks of the loan they are currently closing on.

As a condition of future uses of the loan, whenever they want to do a fit out for tenant space they will give notice to BRIA of the eligible use of the project for approval. Attorney Tipton then asked the Authority if they had any questions.

Mr. Broughal asked for verification of the total loan amount. Attorney Tipton and Mr. de Beer confirmed that their request is an amendment to increase the total loan amount to \$3.25 million. Since there were no questions from the Authority, Mr. Tipton turned the meeting over to Mr. de Beer.

Mr. de Beer mentioned that they have returned after approval of Social Still and Greenway Commons. The reason why they are requesting an additional amount is due to a good deal of interest for the rest of commercial spaces in Greenway Commons. They determined that the best way to make improvements is to increase the loan amount.

Mr. de Beer announced that they signed with a group called El Jefe's Taqueria. They are about to start construction and are anticipating an August opening date. The other tenants that they are working with are food related businesses.

Ms. Taggart asked for details regarding repayment schedule of the \$3.25 million. Mr. de Beer stated that the repayment will be made through the generation of increment that takes place within the zone. The reason why the lender is willing to supply the loan facility to the Authority on behalf of their projects is due to the success they have seen with the Social Still and the anticipated revenue from the new users. Mr. de Beer stated that as increment is generated and applied toward the loan facility, it will be used to pay down the debt and be applied toward regular scheduled debt services.

Mr. Kelly asked Mr. de Beer how the debt structure helps them lure restaurants and food end-users since the loans with this nature of business are risky. Mr. de Beer indicated that based on collateral from real estate and existing increment generated from the zone, the bank was willing to issue the loan based on a 25 year amortization.

Mr. Broughal asked if there were any additional questions from the Authority.

Ms. McHale thanked Mr. de Beer for the detailed explanation of their loan to the Authority.

Mr. Filipos asked if the burger tenant signed a lease Mr. de Beer indicated that it has not yet been signed and that it is a prospective tenant.

Ms. Taggart questioned the number of retail spaces. Mr. de Beer indicated that there are 2 confirmed businesses and the remainder of the building has not been fit out with any walls. The spaces will be fit out depending on the next tenants that sign a lease. They are not certain how many tenants there will be at this time.

Mr. Filipos asked the square footage that is under lease. Mr. de Beer stated that the entire square footage is 14,500 and close to 5,000 square feet are spoken for between Starbucks and El Jefe's Taqueria. They are in discussions with another tenant that would take up approximately 8,000 square feet.

Mr. Broughal asked if there were any other questions from the Authority. With no other questions, Mr. Broughal thanked the individuals from BethWorks Greenway A, LP as they are one of the 2 CRIZ owners that have brought projects before BRIA since the Authority started. Mr. Broughal then requested a motion. Ms. McHale motioned to increase the applicant amount of financing that the Authority will enter into on behalf of the project applicant to \$3.25 million based on the application. The motion was seconded by Mr. Kelly. There were no additional discussions or questions from the Authority.

Ms. McHale – yes

Ms. Taggart – yes

Mr. Filipos – yes

Mr. Kelly – yes

Mr. Broughal – yes

The motion was approved 5/0

6.2 Administrative Staff Support

Ms. Karner referenced a memo that she addressed to the Authority in the meeting packet. She stated that to date the City of Bethlehem has provided staff support to the Authority gratis. The workload has increased over the last year as a result of the financing which is expected to increase. Ms. Karner is requesting the Authority to contribute \$20,500 in eligible CRIZ increment for the 2018 allocation to help cover staffing costs for this year. She mentioned that she did some brief projections and stated that we generated approximately \$20,500 in eligible CRIZ administrative capture. She is expecting, based on construction increment, revenue last year and revenue from the new project that it would increase to approximately \$55,000,

Mr. Filipos questioned how far in arrears the Authority is with payment to third-party professional services. Ms. Karner stated that the Authority is up to date with the exception of Stradley Ronon Stevens & Young, LLP because we do not have

a recent invoice. In addition, money will be owed to the compliance consultant (RLB). RLG is in the middle of doing work for the Authority.

Mr. Kelly mentioned that he supports this request. He would like to know how much money in real estate taxes and the amount of permit fees that have been generated by the projects in order to be able to explain the impact of the CRIZ to the City of Bethlehem. Ms. Karner indicated so far she doesn't know if we collected anything this year for the 3rd and New Street project and that Social Still probably didn't change very much. In addition, no money has been received from Greenway Commons yet. Mr. Broughal asked if there are any additional questions; being none, Mr. Kelly moved to approve the 5% of increment generated to the City of Bethlehem for administrative services of \$20,000. The motion was seconded by Ms. McHale. Mr. Broughal asked again if there were any other questions; being none, all Authority members unanimously passed the motion.

7.0 Solicitor's Report

None

8.0 Executive Director's Report

Ms. Karner stated that if there is closing on a loan next week, schedules will need to be coordinated in order for Ms. Rider to obtain a signature on documents from a member of the Authority.

9.0 Next Meeting Date – July 5, 2018

Ms. Karner stated that at the next meeting the property transfers should be done.

10. Adjournment

There being no further business to come before the Board, a motion was made by Ms. McHale and seconded by Mr. Filipos to adjourn the meeting. The motion was unanimously approved at 3:49 p.m.

Signed by: Donna G. Taggart

Print Title: Donna G. Taggart

Print Name: Secretary