

REDEVELOPMENT AUTHORITY OF THE CITY OF HARRISBURG

Regularly Scheduled Meeting December 16, 2014 - 12:30 P.M.

The Board of the Redevelopment Authority of the City of Harrisburg held a Regular Meeting on December 16, 2014, in Suite 405, Rev. Dr. Martin Luther King, Jr. Government Center, 10 North Second Street, Harrisburg, Pennsylvania, at 12:30 p.m. Chairman Dan Leppo presided.

PRESENT:

Dan Leppo
Crystal Baxter
Michael Wilson
Dwan Lee

ABSENT:

Nichole Proctor

Also present were: Peggy Sheibley, Administrative Project Manager; Stuart Magdule, Esquire; Bryan Davis, Executive Director; Kathy Possinger, Keystone Community Development Corp.; Jeannine Peterson, Kim Alumbaugh, and Nick Soccio, Hamilton Health Center; Mike Bracken, Wohlsen Construction; Jack Scott, Susquehanna Art Museum; Marta Rifin, City Solicitor's Office; William Gladstone, NAI CIR and Erik Johnson, PA Turnpike Commission.

MINUTES

The minutes of the Regular Meeting of September 16, 2014 were presented for approval. Mr. Wilson moved to approve; seconded by Ms. Baxter. The motion passed unanimously.

TREASURER'S REPORT

The Treasurer's Reports for April, May, June and July, 2014, were presented for approval, subject to audit. The Treasurer's Reports for August, September, October and November, 2014 were presented for review. Mr. Wilson moved to approve; seconded by Ms. Baxter. The motion passed unanimously.

COMMUNICATIONS

Mr. Leppo introduced William Gladstone, NAI CIR to give an update marketing report for the Transportation Center. He passed out a magazine that comes out quarterly from NAI CIR which shows HRA's listings. He also passed out a newsletter that is distributed to approximately 4,000 by Bill Gladstone Group of NAI CIR. He brought to the Board Member's attention the marketing letter, page 1 of the Marketing Report which explains the Commercial Market in the city. He explained that in the B Category, there is approximately 300,000 SF of vacant space in the downtown. He is estimating 18 months to possibly lease this amount of vacant space. Mr. Davis inquired of any incentives that are being offered to lease at the station. Mr. Gladstone pointed out the marketing sheet that advertises 50% off base rent for the first year of an office lease with a minimum 3 year lease term. Mr. Leppo added that the Authority has done a good amount of renovations over the years at the station.

Mr. Davis, in regards to his monthly report, explained to the new Board Members that every month there will be a brief synopsis of updates regarding the projects.

PUBLIC COMMENT:

None

Minutes of the Regular Meeting Dec. 16, 2014
Redevelopment Authority of the City of Harrisburg
Page 2 of 4

OLD BUSINESS

None

REORGANIZATION

RESOLUTION NO. 12-2014, designating the officers of the Board of Directors of the Harrisburg Redevelopment Authority for 2015. Mr. Leppo listed the positions as Chair, Dan Leppo; Vice Chairman, Mike Wilson; Secretary, Crystal Baxter; Treasurer, Nichole Proctor; and Assistant Secretary/Treasurer, Dwan Lee. Mr. Wilson moved to approve the motion; seconded by Ms. Baxter. The motion passed unanimously.

NEW BUSINESS

RESOLUTION NO. 14-2014, approving the Harrisburg Redevelopment Authority Board meeting dates, place and time for the 12-month period, beginning January, 2015. Mr. Wilson moved to approve the motion; seconded by Ms. Baxter. The motion passed unanimously.

RESOLUTION NO. 15-2014, authorizing the Authority to approve the General Operating Budget for the fiscal year beginning January 1, 2015 in the approximate amount of \$585,657.00. Mr. Leppo commended Mr. Davis on the budget recognizing the work of the staff and the responsibilities at the train station. Mr. Wilson moved to approve the motion; seconded by Ms. Baxter. The motion passed unanimously.

RESOLUTION NO. 16-2014, authorizing the Authority to add 218 S. 13th Street to Keystone Community Development Corporation's project to provide parking for the South 13th and Derry Street corridor and to extend Potential Developer status for Keystone Community Development Corporation to June 30, 2015. Ms. Possinger shared with the Board an update of their project at 13th and Henlen Street Street. This parcel is the last one to complete what is needed for a parking lot. The lot is an innovative project which includes rain gardens, semi permeable pavers and storm water management. She handed out designs showing day and night time renderings of the lot. She added that they have secured the zoning approvals and are finishing up the financing and closing on the properties. Mr. Leppo added that this is large project because of the impact it will have to the neighborhood. Ms. Baxter added that she is very excited about the project being a welcome addition to the businesses in the area. Mr. Wilson moved to approve the motion; seconded by Mr. Lee. The motion passed unanimously.

Mr. Leppo commended Ms. Possinger on her efforts with Tri-County Community Action which covers the City and Dauphin, Cumberland and Perry counties.

RESOLUTION NO. 17-2014, authorizing the Authority to designate Susquehanna Art Museum as Designated Developer of 1410, 1412 and 1414 Williams Street, Harrisburg, PA to construct accessory off-street parking for the museum. Mr. Davis explained that the Authority does not own all of the real estate for this expansion. It owns three of the vacant lots which will be used for the extra parking that is needed. Mr. Scott explained that the parking is needed for daytime parking for attendees during the business week. They do have planning approval but the zoning approvals will not happen till beginning of next year. Mr. Davis inquired if the 30 spaces include the land they already own. Mr. Scott replied yes. Mr. Davis inquired if the parking area will be screened. Mr. Scott replied that there will be trees planted

Minutes of the Regular Meeting Dec. 16, 2014
Redevelopment Authority of the City of Harrisburg
Page 3 of 4

and a gravel lot will be put down until all approvals are finalized. Mr. Davis also inquired if neighbors would be able to park in the new lot. Mr. Scott said that there has been discussion but it wasn't blessed by the Museum Board at this point. Mr. Leppo inquired if the neighbors have been contacted. Mr. Scott said that Greenworks, who sits on SAM's Board, has a fair amount of interaction with the neighbors. Mr. Leppo mentioned a tracking bed that is needed when there is a gravel lot. Mr. Wilson added that these parking spaces are needed in this neighborhood and that there are nuisance bars directly across the street which has caused problems for parents, students, teachers and anyone walking by. So having a safe place to park is greatly needed. Mr. Wilson moved to approve the motion; seconded by Ms. Baxter. The motion passed unanimously.

Mr. Davis inquired of an opening date for the museum. Mr. Scott replied that a pre-opening is scheduled for January 9, 2015 and a Grand Opening is January 16, 2015.

RESOLUTION NO. 19-2014, authorizing the Authority to designate Hamilton Health Center Community Services, Inc. as Designated Developer of 47 S. 14th Street to construct accessory off-street parking and a 4,896 SF building. Ms. Peterson explained that the parcel they need is adjacent to the new Hamilton Health Center building and its use will be for additional employee and patient parking and to build a small building. She added that the idea was to create a medical mall with everything under one roof and that has been accomplished with the 50,000 SF building that opened in September, 2012. The center took on a Capitol Campaign, and at the end of last month, they completed Phase II, which resulted in another build-out of 38,000 SF which expanded Pediatrics, relocated administrative offices and social services by adding a second floor. The Humane Society and Capital Head Start have shown interest in occupying the new 4,896 SF building. Ms. Peterson displayed pictures of the building which were done by Wohlsen Construction. Also, the new proposed building and additional parking are shown. She invited everyone to take a tour. Ms. Baxter shared that she had toured the facility a year ago and expressed that it is a beautiful facility and a blessing for the families that she works with in relation to the good location for services and the employment opportunities that it brings to the City. Ms. Peterson added that they hire from the community and train and promote from within. Therefore, the facility is an economic catalyst for the community and environmentally, there are 72 Geo-Thermal Wells under the parking lot.

Mr. Leppo expressed that this meeting is a significant one because of these four different projects that have an impact throughout the City and making the City into something more than it has been. And it is being done by people who have done projects in the past and are looking to the future.

Mr. Wilson moved to approve the motion; seconded by Mr. Lee. The motion passed unanimously.

RESOLUTION NO. 18-2014, authorizing the Authority to negotiate with Public Resources Advisory Group to terminate the Investment Agreement with Bank of America Merrill Lynch for the Federally Taxable Guaranteed Revenue Bonds, Series A of 1998. Mr. Magdole explained that in 1998 the Authority obtained title to the underlying fee interest to Strawberry Square. Part of this was done with a series of bonds that were zero coupon bonds, meaning that there was nothing being paid till 2017 when Verizon left. The only payment for those bonds was the revenue from the leases that the Verizon Tower had. Any shortfalls were covered through the City's guarantee. A solution to the Verizon bonds is part of the Strong Plan. The Receiver's Office/Strong Plan financial advisor/coordinator and the City have been involved in the last couple of years to figure how to get the vacant space leased in order to produce enough income so there is less impact on the City's guarantee. The Tower will be leased to the Commonwealth of PA for use by the Dept. of Public Welfare and there are a number of upgrades and

Minutes of the Regular Meeting Dec. 16, 2014
Redevelopment Authority of the City of Harrisburg
Page 4 of 4

retrofits that will need to be done before the move. When looking for ways to raise income for the upgrades, the Strong Plan Coordinator realized that there is an Investment Agreement in the 1998 Bonds that requires money to be invested and paid at a rate which is 5.35% which is far above the market rate. This is an obligation for Merrill Lynch to pay this rate to 2033. The Coordinator went to Merrill Lynch and asked if they wanted to get out of the agreement. There are negotiations going on whereby they would actually pay to the Redevelopment Authority and the City a fee to get out of the agreement. The expectation is that the fee will be in excess of half of million dollars. The resolution is to authorize Public Resources Advisory Group to negotiate on behalf of the City and the Redevelopment Authority to terminate the Investment Agreement. Also, because we will be getting involved in parts of the bonds, we need bond counsel to advise the Authority. They are recommending McKenna Long & Aldridge LLP to be appointed as our bond counsel. The Redevelopment Authority does not have money to pay for this bond counsel. So, part of what we will be doing when we negotiate our Engagement Letter, will be to determine how the fee will be paid and determine the level of services.

Mr. Lee inquired who will receive the fee of half of million. Mr. Magdole replied that technically it will come through the Authority but since we were a conduit financier in the first place, it will go right back into the project to do retrofits and upgrades to the Tower. Mr. Davis explained that the Authority could possibly act as a conduit for any funds for the improvements. Then the Authority would deposit the funds into the bank and draw down based on any agreements that will tell us what are eligible expenses for those funds and before any expenses are paid, everyone will have to sign-off.

Mr. Wilson moved to approve the motion; seconded by Mr. Lee. The motion passed unanimously.

OTHER BUSINESS

None

ADJOURNMENT

The meeting adjourned at 1:35 pm.

Respectfully submitted,


Secretary/Assistant Secretary