

MINUTES FROM THE BETHLEHEM REVITALIZATION AND IMPROVEMENT AUTHORITY (BRIA)

May 1, 2025
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, May 1, 2025, at Town Hall located at 10 East Church Street, Bethlehem, Pennsylvania.

Ms. Collins called the meeting to order.

2.0 Roll was taken as follows:

Authority: Laura Collins
Donna Taggart
John Filipos
Mark Jobes

Solicitor: Michael Corriere

Staff in attendance: Sean Ziller
Denise Rider
Heather Bambu
Alex Miller

3.0 Public Comment None

4.0 Approval of Minutes dated March 20, 2025. Mr. Filipos made a motion to approve the minutes, seconded by Ms. Taggart. Mr. Jobes abstained as he was absent from the March 20, 2025, meeting. After no further discussion, the motion carried, 3-0-1.

5.0 Treasurer's Report Mr. Filipos reported that there was minimal activity since February. Interest of \$2,403.48 was received, and Baker Tilly was paid \$7,350.00. A motion was made by Mr. Filipos and seconded by Ms. Taggart to approve the Treasurer's Report. As there was no further discussion, the motion carried, 4-0.

6.0 Old Business

6.1 Hotel Bethlehem – Extension Request Ms. Collins provided background on the previous extensions and the current request for a two-year extension. Ms. Collins noted that included

in the Authority's meeting packet were the original application from 2017, extension resolution from 2019, and the most recent approved, three-year extension resolution from 2022. She then turned the meeting over to Mr. Bruce Haines, Managing Partner of Historic Hotel Bethlehem.

Mr. Haines introduced himself and his colleague; Director of Sales, Operations, and Guest Experience; Kelly Reynolds. He discussed the hotel's achievements, the need for a two-year extension, and his difficulty finding a successor who understands and values the hotel while being able to embark on the intended expansion project. Mr. Haines noted that, according to Spillman Farmer Architects, the project cost increased from \$37 million to an approximate \$54 million due to cost escalation in the industry.

Mr. Haines noted that he would prefer a three-year extension and has retained an investment banker and a hotel broker, a former President of Historic Hotels of America, specializing in historic hotels to shepherd an eventual sale. He stated that, following approval of the last extension request, interest rates had increased, and Wind Creek announced their major expansion, making it challenging to find a successor or partner entity. Mr. Haines said that, due to the Hotel Bethlehem being voted America's #1 Best Historic Hotel, Bethlehem receiving the UNESCO World Heritage designation, and Main Street Bethlehem being selected as the Best Main Street by USA Today, these factors will increase tourism and make the expansion project with the CRIZ benefits more attractive, as it is not his entity that will be doing the project. Mr. Haines, therefore, asked the BRIA to consider his request for a two-year extension or a three-year extension if amenable.

Ms. Collins asked if any members of BRIA had questions.

Ms. Taggart inquired about their activities and the level of effort they had invested in finding a successor. Mr. Haines noted that they were active in the first year, but then backed off, only to restart the effort at the beginning of 2025. He shared that he has been selectively looking for a potential partner, preferably one interested in expansion. He believes that as soon as interest rates decrease, the doors will open for hotel acquisition and construction.

Mr. Jobes expressed his concerns about the project, specifically regarding the long-standing CRIZ designation that hasn't been utilized. Mr. Jobes suggested a one-year extension, wanting to see progress demonstrated and have options kept open for potential future projects. Mr. Jobes asked Ms. Collins about the remaining CRIZ increment and possible future projects. Ms. Collins noted that there are 1.15 acres that remain uncommitted, excluding the 1.07 acres currently under extension with Hotel Bethlehem.

The Goodman Building is one project that has ongoing active conversations as to potential CRIZ utilization, and she believes they are interested in meeting with the BRIA for approval. Ms. Collins also mentioned that there are two or three projects that have expressed interest. She stated that no current demand would exceed what is uncommitted. Ms. Taggart agreed with Mr. Jobes' suggestion of a one-year extension. Mr. Jobes also suggested that Mr. Haines consider being less selective in his search for a successor.

Ms. Collins asked Mr. Haines about the project's viability compared to 2017. Mr. Haines noted that potential buyers are somewhat concerned about the extensive meeting space, primarily due to Wind Creek's recent expansion. He suggested that future partners might prefer more rooms than banquet space. Ms. Collins noted that the original approval was based on the project as presented, with the understanding that it hadn't yet gone through land development. She wondered if there should be a conversation with a potential buyer about flexibility in the project based on the market and the buyer's needs. Mr. Haines explained that he has been advertising flexibility in the internal components of the project and assumed that the CRIZ authorization would not be strictly tied to the exact internal layout but instead focused on the exterior dimensions and overall project scope. He has been telling potential buyers that they could potentially modify the interior space, such as adjusting the ratio of meeting rooms to guest rooms, while maintaining the project's external characteristics. Ms. Collins discussed the language in the original resolution, which allows for a project that is "substantially similar" to the original description. She suggests that changes to the internal components, like converting meeting space to guest rooms, would likely still be considered substantially similar. Ms. Collins indicates that if potential buyers want to make more significant changes, it would be beneficial to have ongoing discussions with BRIA to ensure the project remains aligned with the original intent. Mr. Haines stated he would contact Ms. Collins if he found a potential buyer interested in making changes. He clarified that while he would be open to internal modifications, Mr. Haines would not want to increase the overall footprint, nor would he want a larger building than the main building, as he wants to maintain the historic character of the building.

Ms. Collins asked about the project's financing structure, pointing out those earlier approvals had only addressed the financing in general terms. She asked Mr. Haines to clarify the anticipated financing approach. Mr. Haines pointed out that standard industry practice typically involves about 60% debt financing and 40% equity. He said that potential partners might try to adjust this to a 55/45 or 65/35 split, and that for a project valued at around \$55 million, this would translate to approximately \$37 million in debt financing.

Mr. Filipos asked Ms. Collins if the City still viewed this project favorably. Ms. Collins indicated that the City still views the project favorably. She notes that, from the City's perspective, the project's overall benefits to the City and Downtown remain the same. Ms. Collins noted that from the Authority's perspective, not from the City's, there remains questions about the opportunity cost to extending the designation. Ms. Collins also mentioned potential considerations, namely by HARB, regarding how future construction might affect the World Heritage area and buffer zone. Mr. Haines responded that the project was envisioned when the potential UNESCO site was placed on the tentative list in 2017. Ms. Collins then noted that there is a planned road development component behind the hotel. Mr. Haines shared that they have documents prepared for a road exit from the new garage that would allow traffic to go to Old York Road and connect it to Union Boulevard. Mr. Haines stated that the Mayor had previously requested to put this on hold until a new partner is identified. Mr. Haines stated that the road development agreement has not yet been signed.

Ms. Collins suggests that as the project continues to develop, it would be helpful to have clarity and for the Hotel group to work with City resources to mitigate any impact on the World Heritage area. She noted that as the project progresses, it becomes harder to plan, predict, and coordinate with other Downtown projects.

Mr. Jobes stated that he is willing to extend the CRIZ authorization for one (1) year and revisit the project, assessing the current status and progress. A motion was made by Mr. Jobes and seconded by Ms. Taggart to create a one-year extension and authorize the Solicitor to make the appropriate resolution. As there was no further discussion, the motion carried, 4-0.

7.0 New Business
None

8.0 Solicitor's Report
None

9.0 Chairperson's Report
None

10.0 Next Meeting Date
The next meeting is scheduled for May 15, 2025.

11.0 Adjournment

There being no further business to come before the BRIA, a motion was made by Mr. Filipos to adjourn the meeting and seconded by Mr. Jobes. The meeting was adjourned at 4:15 p.m.

Signed By: Donna L. Taggart

Print Name: Donna Taggart

Print Title: Secretary

