

MINUTES

THE BETHLEHEM REVITALIZATION AND IMPROVEMENT AUTHORITY

September 4, 2014
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, September 4, 2014, at Bethlehem City 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
John Filipos
Gretchen Longenbach
Joseph Kelly

Solicitor: Valentino DiGiorgio

Staff in attendance: Alicia Miller Karner
Asher Schiavone
Christopher M. Jones

3.0 Public Comment on Current Agenda
None

4.0 Approval of Minutes
The minutes of the August 7, 2014 meeting were not available

5.0 Treasurer's Report
None

6.0 Old Business
None

7.0 New Business

7.1 Project Qualification and Application

7.1.1 BethWorks Renovations II, LLC (BWR) – Ms. Karner Opened discussion of the project by presenting a four-page summary prepared by the applicant. BWR will renovate the former Gosztonyi Savings and Trust bank building, c.1922, located at 532 East Third Street, Bethlehem for use as a craft distillery and restaurant. The company tenant and operator of the facility will be *Social Still, LLC*. The company principals in attendance were Adam Flatt and Elaine Pivinski who currently own and operate Franklin Hill Vineyards in Lower Mount Bethel Township. Ms. Karner recommended the Board qualify the project and move to the application stage, as per the Authority's CRIZ guidelines. Mr. Kelly made a motion to qualify the project which was seconded by Ms. McHale. With no discussion, the motion passed with a unanimous vote of 5-0.

At this point, Ms. Karner yielded the floor to Attorney Seth Tipton and BethWorks development director, Rob de Beer. The two provided further details of the project including the history of the bank building, the nature and extent of the renovations to be completed by Boyle Construction and the financing arranged through National Penn Bank. Adam Flatt and his mother Elaine Pivinski, owner of Franklin Hills Vineyards were introduced and discussed the history of the vineyards over the past thirty-five (35) years in the Bangor and Bethlehem areas. Board members Broughal and Kelly asked questions regarding the distilling process, the extent of anticipated food offerings and the unique challenges of renovating a Prohibition-era concrete and masonry Neo-classical revival building.

After a discussion between Board members McHale and Broughal regarding the pros and cons of setting the Authority's retention rate for this project, Ms. Karner suggested that any further discussion of retention rates come after today's company presentation.

In response to a question posed by Ms. Longenbach, Mr. de Beer clarified the equity in the project and indicated that some of the CRIZ increment incentives would accrue to the tenants. The BWR representatives de Beer and Tipton then spoke to the timing of local and state approval of this project and its potential impact on the tenant's ability to take advantage of their market's peak season of October through December. Solicitor DiGiorgio and Board member Broughal stressed that the Board's process for vetting CRIZ proposals and adequately preparing them for introduction to the State's DCED has not yet been perfected and that even the State's approval process has not yet been fully defined. There were no additional comments from Mr. de Beer and Atty. Tipton. Mr. Broughal asked for a motion to accept the staff recommendation that the *Social Still, LLC* proposal be approved. Solicitor DiGiorgio suggested that an additional condition be added to the six (6) already considered by the Board. Mr. Kelly made the

motion, and Mr. Filipos seconded, to approve the project with the following conditions:

1. review of the construction budget including the sources and uses of funds
2. review/renegotiation of the term sheet
3. review of the tenant lease
4. review/negotiation of the retention rate by the executive director, in consultation with the board members
5. payment in full of all fees
6. Solicitor's review of all pertinent legal documents
7. compliance with CRIZ regulations and guidelines

A number of issues were raised by Board members prior to the roll call vote. Mr. Broughal suggested that the Board needs to remain flexible with respect to the needs of the State DCED and that since this is the first CRIZ application in the State, the Board finds itself on a bit of a learning curve. Because of the uncertainty underlying the DCED's approval process he expressed caution against moving too quickly through due diligence efforts required to determine the level of increment assignable to this or any other project. Mr. Kelly expressed concern about how much of the increment should be retained and for what it could be used. Since all risk related to the development of any given project is borne by the developer, he believes the Board should be less restrictive regarding the level of increment accruing to the project. It was acknowledged that the increment retained by BRIA can only be used for the expense of an audit.

The board refocused its attention to the motion on the floor and the resulting roll call vote was 5-0 unanimously supporting approval of the project with the stated conditions. Mr. Broughal closed the discussion of the CRIZ guidelines and their impact on this particular project by emphasizing the need for the Board to have a legitimate basis for modifying the guidelines in the future.

8.0 Solicitor's Report
No report

9.0 Executive Director's Report
Ms. Karner noted that staff has initiated the steps to open bank accounts for the Authority with National Penn Bank. She asked that members remain for few minutes after the meeting to sign the authorized signature cards and provide photocopies of their driver's licenses.

10.0 Next Meeting Date - September 18, 2014

11.0 Public Comment
None

12.0 Adjournment

There being no further business to come before the Board, a motion was made and unanimously approved to adjourn the meeting at 5:25 pm.