

MINUTES FROM THE BETHLEHEM REVITALIZATION AND IMPROVEMENT AUTHORITY (BRIA)

December 5, 2017
3:00 p.m.

1. Call to Order

A meeting of the **Bethlehem Revitalization and Improvement Authority (BRIA)** was held at 3:00 p.m. on Tuesday, December 5, 2017 at Town Hall located at 10 East Church Street, Bethlehem, Pennsylvania.

James Broughal called the meeting to order.

2. Roll was taken as follows:

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

Solicitor: Valentino DiGiorgio – arrived after roll call

Staff in attendance: Alicia Miller Karner
Denise Rider

NOTE: Mr. Broughal announced that there was an Executive Session of the BRIA on November 6, 2017. The meeting took place to discuss contracts for future BRIA projects.

3. Public Comment on Current Agenda

Mayor Donchez thanked everyone for coming out to the meeting. He expressed his strong support for the Historic Hotel Bethlehem project. He mentioned that he believes this is a good project for the City, the downtown and Main Street. He requested that everyone work together as this is a tremendous investment and will keep the hotel as the Jewel of the Lehigh Valley.

Ms. Sally Hanlon spoke. She noted that she has 30 years of involvement in the community, is Chair of the Mayor's Business Advisory Committee, was involved in the north and south side, and has been on several Lehigh University Boards, the Small Business Development Center as well as a merchant. Ms. Hanlon thanked the BRIA members for their work. She mentioned that the project will help the future of Main Street and assist the retailers by getting additional feet on the street.

Ryan Miller, Vice President of Diefenderfer Electric spoke of his support in the proposal for the project. Mr. Miller mentioned that Mr. Haines', Managing Owner

of Historic Hotel Bethlehem, has always had a longstanding support for local businesses and contractors.

Tim Brooks Manager for the Downtown Bethlehem Association (DBA) and part of the Lehigh Valley Chamber of Commerce spoke on behalf of the Board of Directors for the DBA. They are in support of this project as it will be helpful in the success of the small business owners.

Charlene Donchez Mowers, President of the Historic Bethlehem Partnership, spoke in favor of the Historic Hotel Bethlehem expansion project. She indicated that it will not be impeding at all on the Historic Bethlehem Colonial Industrial Corridor.

Ken Smith, former Mayor of the City of Bethlehem, member of the Board of the Sun Inn Preservation Association, President of the Board of Historic Bethlehem and member of the Board of Moravian Bookshop spoke of his enthusiastic support and the benefits of the project. Mayor Smith encouraged the Board to approve the project. He stated he believes the project would be a great help for investment, job creation and tourism.

Bob Young, President and owner of Bethlehem Gallery of Floors addressed his support for the project. Mr. Young indicated that the Historic Hotel Bethlehem has been loyal to local small business vendors and helped his business, previously on Main Street, become successful.

4. New Business

4.1. Presentation of Mayor's Recommendations for CRIZ Designation.

Mr. Bruce Haines, Managing Owner of the Historic Hotel Bethlehem, spoke regarding his plans for proposed expansion of the Historic Hotel Bethlehem and his request for CRIZ designation. He brought with him Sal Verrastro, an architect at Spillman Farmer, and Matt Carl, Attorney with Blumbly and Gusky. Mr. Haines mentioned that he is not going to go through the storyboards that he has displayed as he said that he meet with board members individually this summer.

Mr. Haines indicated that the project is a transformational project for downtown historic Bethlehem and showcase the downtown as the "epicenter for Lehigh Valley meetings and conferences, weddings and bat mitzvahs." A CRIZ designation will help him and his team pursue a new partner with historic hotel background and conference center experience. He indicated that the project will help stabilize and revitalize downtown and believes that this would be the first CRIZ project to bring out-of-state investment into PA.

Mr. Haines indicated that if he is unable to find the right partner or fit in a timely manner he will return the CRIZ acreage to the City. He requested flexibility and support from the Board and City officials to make the project work and also

requested an “up” or “down” vote today or at the next CRIZ meeting. Mr. Haines indicated that he applied over a year ago and mentioned that a delay caused him to lose several investor partner candidates and construction cost increased.

Mr. Haines indicated that all of the BRIA board members saw his plans at one-on-one meetings this past summer. Mr. Haines stated that his project will bring an estimate of 70,000 new customers each year to the downtown and bring in 100 new jobs. In addition, he mentioned that doubling of real estate taxes for the City, County and school district will be a benefit to the community.

Spillman Farmer developed a plan to build a facility that connects the existing hotel to the current hotel property. He stated that the garage project has been a controversial issue since the proposal was presented. He indicated that they never asked the City to step up financially and back a bond to build a garage for them and have managed their parking demands on their property or at the Historic Bethlehem Museums and Sites (HBMS) parking lot on Spring Street. They have a long term lease agreement partnership with HBMS. They run shuttle van approximately 120 days per year during events at the hotel. He noted that if the project is not approved they would still use parking the same way. If approved, they would be adding 360 parking spaces on their property. They would also continue to use HBMS lot on Spring Street for employee parking and during peak demands. He stated there will be no change in offsite lease parking car demand after the expansion and that the hotel puts no demands on the BPA system now or upon completion. Mr. Haines indicated that the HBMS lot contains “in the worst case” 220 cars now and will be capable of self-containing the anticipated 213 car max in the future. Mr. Haines stated that he mentioned this in individual meetings with the Board members.

Mr. Haines indicated that he met with Ms. Karner less than a week ago and was given a list of issues the BRIA has that would need to be addressed. He mentioned that parking was one of the areas of concern despite its lack of impact on the City. He mentioned that a new concern to him is a possible need for land development plan approval prior to CRIZ designation and said that this was never discussed throughout the year delay of his project. He mentioned that spending a significant amount of time and money to get to that phase of the project without CRIZ designation and a financing partner in place is unattainable. An additional issue he mentioned is the financing structure the he would like to discuss today. Mr. Haines then began to go over the list of concerns he received from the BRIA.

Mr. Broughal interjected and stated that he does not intend to go over the list and requested that Mr. Haines submit something in writing. Mr. Broughal said that he already knows the answers to the questions as Mr. Haines has already told the Board many times and if Mr. Haines has a difference response, they are to be given in writing for the BRIA to review. Mr. Haines stated that there are no different responses however the memo has different questions that were never presented to him. He stated that he was not aware of any issue remaining until Mr.

Broughal notified him when the October meeting was cancelled. Mr. Haines says he was aware of the issue he mentioned this summer regarding how they were going to apply pricing in the garage and Mr. Haines said he responded to that and did not think there were any other issues. Mr. Kelly added that he discussed his concerns regarding parking with Mr. Haines in June or July of this year. Mr. Kelly addressed his support for the project but what Mr. Kelly took away from the meeting in June or July is that this could end up in the sale of the hotel and that Mr. Haines wasn't sure of what the configuration was going to be. One of Mr. Kelly's biggest concerns from the meeting is that he would rather negotiate with the buyer than the seller.

Mr. Kelly mentioned the need and reason for having a land development plan. Mr. Kelly is concerned that if there is no land development plan and someone purchases the hotel there will be no protection as to what the project will look like or guarantee that the resulting entity will be locked in to make sure that what needs to be built is built. Mr. Kelly reiterated that a land development plan puts protection into what the project will look like.

Mr. Kelly indicated that the first time he heard that Mr. Haines was going to sell was in the meeting they had in June or July. Mr. Haines interjected stating that he didn't say he was going to sell but would bring in a new partner to bring in equity and create a new business entity. Mr. Kelly said Mr. Haines told him that he did not know how the ownership structure was going to end up and he was hopeful that he would still be part of the project and it was his goal but there was no guarantee. Mr. Haines replied that all he is asking for is that CRIZ be applied to the property. He mentioned that many people with CRIZ property are without land development plans. Mr. Haines wants to find someone that likes the plan to bring the equity and then go through a land development plan or "whatever". Mr. Haines said that his architect indicated that the major hotel construction component of the project doesn't require land development but the road will require it. Mr. Haines stated that the Redevelopment Authority (RDA) owned the area where the road will be built and he owns where the garage would be going. Mr. Kelly is not concerned about the building of the garage and is supportive of it. He mentioned that he has concerns with long term use of the Spring Street lot and if it makes sense for the City going forward and whether the City may want to use it at some point in the future. Mr. Kelly indicated that he asked Mr. Haines in the past if he would participate in a parking study to analyze how his project will impact the downtown in a positive manner. Mr. Kelly mentioned that perhaps CRIZ increment can be used in 5 years to build a bigger Walnut Street garage or redo the garage deck behind Main Street Commons.

Mr. Kelly does not believe there was a delay. He had one meeting with Mr. Haines. Mr. Kelly indicated that he gave Mr. Haines his ideas and dismissed them. Mr. Kelly believes that the issues can be worked out.

Mr. Haines said that the award of this project should have happened in February or March and that the BPA should have told him right away that they weren't supporting the project unless they owned or operated his garage. Mr. Haines stated that his attorney and Mr. Broughal were at a meeting when that was mentioned. He stated that the roadblock was removed when it was determined whether parking was open to the public or not. Mr. Haines stated that he would open the garage when they don't need it to help the businesses on Main Street.

Mr. Haines stated that Mr. Kelly's comment in the meeting was that he doesn't like that any cars the hotel had to park down at HBMS lot should be considered under the domain of the BPA. Mr. Kelly indicated that he did not say that but did say he didn't like the fact people that walked out of the hotel and turned right, away from Main Street businesses. Mr. Kelly thought that if Mr. Haines could figure out a way for people to go left and walk back up Main Street to Walnut Street garage or North Street garage it would be a better outcome for retailers. Mr. Broughal interjected and requests that it is clear that the BPA did not have a vote in this matter and that the BPA has no control over the BRIA. The BPA works with the City Administration. Mr. Broughal agreed that there were discussions and Mr. Haines dismissed all of them at which point the parking authorities role ended. Mr. Broughal indicated that if Mr. Haines was delayed it was not by the BPA. Mr. Haines indicated that the Mayor was looking for the BPA's support for this project and that the Mayor wasn't going to move forward without the support of the BPA and the BRIA. Mr. Haines stated that he believes that Mr. Broughal, as solicitor of BPA and chairman of CRIZ board, is compromised. Mr. Broughal dismissed this as untrue and asked if any members of the BRIA had any questions regarding Mr. Haines' project.

Ms. McHale asked if the exit road going into Old York Road was going to be dedicated to the City. Mr. Haines indicated that he spoke with Tony Hanna of the RDA (property owner), worked with City engineers to layout the road and look at the feasibility of the road. He stated that Old York Road is an exit road, it takes a lot of traffic off of Main Street at the end of an event. Mr. Haines stated that he believes Mr. Hanna's feelings were that he would want to sell the property to them at fair market value and the hotel would build the road. The hotel would be responsible for cost and maintenance of the road on the basis that the City would not want to retain the road. It would be a private drive to get people from the hotel's garage to Old York Road. Mr. Broughal indicated that all of these questions would have already been answered if there would have been a land development plan. Mr. Haines addressed Mr. Broughal stating that a land development plan is something they would have to go through and meet requirement of the City once he got the CRIZ designation. Mr. Haines asked why hold him up with a land development plan. He also questioned if Mr. Broughal wanted the project for the City or not.

Mr. Broughal said he supports the project but he wants the public to get a bigger share of the funding. He doesn't think the public is getting enough out of this.

Mr. Haines requested an “up” or “down” vote. Mr. Haines indicated that he believes there are personal issues with him and standing up against Martin Tower.

Mr. Broughal advised Mr. Haines that the BRIA never approved a CRIZ project without a land development plan and even if the BRIA wanted to they don't have enough CRIZ acreage to give Mr. Haines as it was already committed to two projects ahead of him. Mr. Haines questioned why everyone was here and Mr. Broughal replied that it was because Mr. Haines wanted to make a presentation and BRIA wanted to let him do so.

In order to give CRIZ acreage other land would have to be decertified. Mr. Haines indicated that it was his understanding that this has already been done and there was acreage available. Mr. Broughal mentioned that it would have to be a project of decertification probably of the Long Street parking lot which is owned by the BPA. Mr. Haines questioned the timeframe for decertification to occur. Mr. Broughal said that the request is made by City Administration, to the BPA to decertify. Mr. Haines said that he believed that this is similar to him waiting to be told he needed a land development plan. After Mr. Broughal indicated again that every other CRIZ project has had a land development plan, Mr. Haines asked how he should have known. He indicated that he was just told last Wednesday that it was needed. Mr. Haines mentioned how long and how expensive it would be to get a land development plan with no guarantee for CRIZ designation. Mr. Broughal pointed out that Mr. Haines said that his land development plan isn't much of a land development plan. Mr. Haines said that the road is the issue and that it is a critical part of the project. Mr. Haines deferred to his architect regarding the particulars of this. His architect, Sal Verrastro of Spillman Farmer spoke and indicated that a land development plan needs to be done for the hotel but won't be as extensive. They are aware that the road will need one. Mr. Haines does not own the road and would need permission from the RDA and the City to do so. He stated they did not know it would be contingent up on CRIZ designation. Mr. Broughal indicated that the City land development process should not take long. Mr. Broughal expressed his support for the project again but there are unresolved issues. The architect indicated that if (not speaking on behalf of Mr. Haines) they get a favorable feel from the board that he would get the CRIZ money, he would go through with land development plan and if any issues would stop the process he would return the designation. The architect does not see any road blocks and reiterated that they know they have to do it.

Ms. Taggart spoke of her support for the project. She also indicated that she has parking concerns. She asked if they can vote on this with no land for the project. Mr. Broughal indicated that they could but it would be conditional upon getting land and that everyone on the board would have to make the decision.

Mr. Filipos also spoke of his support for the project from the beginning. He asked Mr. Haines what the timeframe of project would be. Mr. Haines said if he gets

approval today, it would be at the end of 2019 for breaking ground and be up and running by 2021. The worst case scenario would be that it rolls over to 2022.

Mr. Haines indicated that it will take a lot of work to find the right new partner for them. The new partner is where the equity will come from and he does not want to go out to find them until he knows he has the CRIZ designation.

Mr. Haines stated that he assumes that there is no support from the City and will go with plan B which is business as usual. He believes personal issues stand in the way and his partnership has run out of patience. Mr. Haines stated he doesn't feel like the City wants the project and is considering tonight a "no vote". He thanked board for their consideration and putting him on the agenda. He indicated that the acreage can be put somewhere else.

Mr. Broughal asked the board if they had anything else to discuss. Ms. McHale indicated again that it is a wonderful project. No other comments were made.

A motion was made by Mr. Kelly to table the project and the motion was seconded by Mr. Filipos. Roll call was taken:

Mr. Broughal – yes

Ms. McHale – yes

Mr. Filipos – yes

Ms. Taggart – yes

Mr. Kelly - yes

Motion moved to table the project passed 5/0.

5. Next Meeting Date – December 7, 2017 at 3:30

6. Adjournment

There being no further business to come before the Board, a motion was made by Ms. McHale and seconded by Mr. Kelly to adjourn the meeting. The motion was unanimously approved at 3:58 p.m.