

City of Lancaster Revitalization and Improvement Zone Authority

A STATED MEETING – March 28, 2017

A meeting of the City of Lancaster Revitalization and Improvement Zone Authority was held on Tuesday, March 28, 2017 in City Commission Meeting Room, City Hall Annex, 120 North Duke Street, Lancaster, PA at 4:00 p.m.

Present – Ray D’Agostino, Thomas Baldrige, Lisa Colon, John Reed, Robert Shoemaker, Gerald Simmons and Randy Patterson. Daniel Betancourt, Cinthia Kettering and Fred Waller were absent.

Also present were Ms. Suzy Hoover and Mr. Tony Seitz representing Penn Square Partners.

Minutes:

On a motion by Mr. Baldrige and a second by Mr. Reed, the minutes of the February 2017 meeting of the Board were approved as presented by unanimous vote of 6-0.

Financial Reports:

The Financial Reports prepared by Simon Lever for the month of February 2017 was presented by Mr. Patterson. On a motion by Mr. Shoemaker and a second by Mr. Baldrige the February financial report was approved by unanimous vote of 6-0.

Reports of Committees:

Mr. Shoemaker presented the report of the Project Review Committee regarding the amended application submitted by the Redevelopment Authority of the City of Lancaster and Penn Square Partners. Mr. Shoemaker referred Board members to the Project Review Committee Memorandum dated March 23, 2017 and attached to Resolution No. 2-2017. Mr. Shoemaker added that representatives of Penn Square Partners appeared before the Committee on March 23 to present the amended application reviewed and approved in July of 2016. The basic purpose of the amendment was to increase the request for CRIZ assistance by \$3,393,987 and to expand the project costs that would be covered by the CRIZ assistance. This information is outlined in the Committee Memorandum and the Proposed Sources and Uses of Funds. Mr. Shoemaker added that there is ample CRIZ increment that will be created by the new tower and existing tower to provide the level of assistance requested.

Mr. Shoemaker made a motion, with a second by Mr. Baldrige to approve Resolution No. 2-2017. Mr. D’Agostino noted that this was the next item New Business so he agreed to alter the agenda and consider Resolution No. 2-2017 at this time.

Mr. Patterson made a few comments highlighting the additional project costs to be covered by the project. He also noted that the original project cost at the time the CRIZ Authority approved assistance in July 2016 was \$29.9 million as opposed to the \$33.3 million shown on the amended Sources and Uses document included in the Board packet. He also pointed out that part of the \$9.5 million increase in project costs was the addition of renovations to the existing restaurant and seven rooms in the existing hotel, including furniture, fixtures and equipment. Finally, Mr. Patterson highlighted a slight difference in the CRIZ assistance modeling for the amended application as approved by the Project Review Committee. The Committee's recommendation holds the increment from the existing Hotel tower that will be available to pay debt financing the CRIZ project costs will be fixed at 70% of the base amount made eligible by Act 84 amendments to the CRAIZ Program which allowed hotel tax revenue to be part of the increment without any baseline or \$481,452. This level of assistance will remain constant throughout the term of the CRIZ assistance, which is still projected to end by 2030. This is in addition to the 80% of the remaining increment created above the baseline for the existing hotel.

Mr. Patterson also noted that the financing to be covered by CRIZ assistance is set as interest only which will allow payment of principal depending on the annual CRIZ assistance available above the annual interest payment. Based on projections it is expected that the full \$9,021,397 would be paid off before the end of 2030.

Mr. D'Agostino asked if Mr. Seitz wanted to add any further comments. He said not at this time but would answer any questions the Board may have. There were no further questions from the Board. Mr. D'Agostino asked if there were any questions from the public and there were none.

Mr. D'Agostino restated the motion to approve Resolution No. 2-2017 with the recommendation as presented by the Project Review Committee. The Board voted 6-0 to approve the motion.

Public Comment:

Mr. D'Agostino asked if anyone in attendance wished to make comments to the Board for matters not on the agenda. No one present wished to make comments at this time.

New Business:

1. Resolution 2-2017 – Approving an Amended Application from the Redevelopment Authority of the City of Lancaster and Penn Square Partners Requesting CRIZ Assistance to Pay a Portion of Debt Service Related to the Marriott at Penn Square Addition

This Resolution was approved following the report of the Project Review Committee.

2. Review and Discussion of Draft Audit Report for Fiscal Year Ending December 31, 210.

Mr. Patterson reviewed the draft financial audit report presented by Baker Tilly. While we had planned on approving the report at this meeting, Mr. Patterson said that Mr. Bair and he had been unable to meet prior to the Board meeting due to weather and illness. Mr. Patterson is meeting with Mr. Bair in the coming week to review a few questions related to how debt and contractual obligations are being reported. We expect to bring a final report to the Board for approval in April. The Finance Committee will try to meet with Mr. Bair prior to the Board meeting to review the report and provide a recommendation to the Board. However, work schedules may not make that possible for the Committee members.

Mr. Patterson noted that the State has approved an extension to the April 1 deadline for submission of the audit. The extension is to May 15. Mr. Bair will attend the April 25 Board meeting to present the audit and allow the Board the opportunity to speak to Mr. Bair about the audit and issues that need to be addressed.

Other Business:

Mr. D'Agostino updated the Board on the formation of the Task Force discussed at the March 28 Board meeting. Mr. D'Agostino stated that he has begun talking to potential members of the Task Force and hopes to have everyone appointed by the April Board meeting.

Mr. D'Agostino asked if any Board member had any other business to bring before the Board. There was none.

Executive Director Report:

Mr. Patterson reported on the progress of current proposed CRIZ projects. He reported that the March debt service payment for Clipper Magazine Stadium was made prior to March 15. He also reported that the first payment on the scoreboard/video board system has been made. Mr. Patterson said he is working on the Grant Contract for the Jimmie Johns project. They expect to receive their first CRIZ payment in November or December of 2017.

Mr. Patterson reported that we have not yet received approval from the State to complete the lump sum removal of properties and businesses from the CRIZ. We hope to hear from the State soon. Mr. Patterson indicated that the recent announcement of the Giant on North Reservoir Street closing is an example of a potential neighborhood site that could be added to the CRIZ once we receive the State's approval.

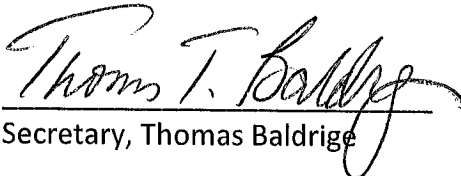
Finally, Mr. Patterson reported that meetings have been held with the Lancaster Parking Authority, the Hotel Lancaster and Annex owners and the new owners of 101 North Queen Street to discuss the possible construction of a public parking garage where the hotel annex now stands. This garage could be assisted with CRIZ revenues generated by the CRIZ as a whole that are not committed to other projects. The Parking Authority will engage a consultant to examine the site and determine the feasibility of constructing a garage on the site. The garage will support the redevelopment of 101 North Queen Street, the Hotel Lancaster property and

help meet the growing need for additional public parking in the downtown. Upon completion of the feasibility study an application will be prepared and submitted to the Project review Committee for consideration. Mr. Patterson also noted that the owners of 101 North Queen Street do not intend to submit a CRIZ Application to use CRIZ assistance to support the redevelopment of the property. Mr. Patterson noted this property was included in the original CRIZ Application.

Mr. Patterson reminded Board members to file their Statements of Financial Interest for 2016 with him prior to May 1. They will be retained on file at City Hall.

The next meeting of the Board will be April 25, 2017.

Mr. D'Agostino then declared the meeting adjourned at 4:45 p.m.


Secretary, Thomas Baldrige