

City of Lancaster Revitalization and Improvement Zone Authority

A STATED MEETING – February 26, 2019

A meeting of the City of Lancaster Revitalization and Improvement Zone Authority was held on Tuesday, February 26, 2019 in the City Commission Meeting Room, City Hall Annex, 120 North Duke Street, Lancaster, PA at 4:00 p.m.

Present – Ray D’Agostino, Thomas, Baldrige, Daniel Betancourt, Christina Diehl, John Reed, Gerald Simmons, Marshall Snively, Terry Trego and Randy Patterson. Lisa Colon and Cinthia Kettering were excused.

Also present were City Council President James Reichenbach and Tim Stuhldreher from LNP Media.

Minutes:

On a motion by Mr. Baldrige and a second by Mr. Reed, the minutes of the November 27, 2018 meeting of the Board were approved as presented by a unanimous vote of 7-0.

Financial Reports:

The November and December 2018 and the January 2019 Financial Reports prepared by Simon Lever were presented by Mr. Patterson. On a motion by Mr. Simmons and a second by Ms. Diehl, the Financial reports were approved as presented by a unanimous vote of 7-0.

Reports of Committees:

The Nominating Committee report was presented by Mr. Simmons, Chair of the Committee. Mr. Simmons reviewed the written report which presented a slate of Officers for two-year terms ending December 31, 2020 and a nomination from Senator Martin to name Mark Vergenes to fill the seat vacated by Daniel Betancourt. Mr. Vergenes’ term would end December 31, 2023. The slate of Officers presented by the Nominating Committee were as follows: Chair – Ray D’Agostino; Vice Chair – John Reed, Treasurer – Lisa Colon; Thomas Baldrige – Secretary. There was no nomination presented for Assistant Secretary, which was the position previously held by Lisa Colon. Christina Diehl indicated that she would be willing to serve as Assistant Secretary. It was the unanimous consent of those in attendance to add Christina Diehl as Assistant Secretary to the slate of Officers for 2019-2020.

Mr. Patterson reported that the Project Review Committee met on February 12 to discuss the State’s recent decision to reject the Authority’s request to issue a bond to capitalize the Small Business Financial Assistance Program and use CRIZ revenues to pay the bond debt

service. It also discussed Resolutions no. 1-2019 and No. 2-2019. Mr. D'Agostino stated that the Committee's recommendations will be discussed when both issues are presented at today's meeting.

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. Election of Officers

On a motion of Mr. Reed and a second by Ms. Diehl, the slate of officers for 2019-2020 as presented by the Nominating Committee was approved by a unanimous vote of 7-0.

On a motion by Mr. Baldrige and a second by Ms. Diehl, the nomination of Mr. Mark Vergenes to fill the seat previously held by Mr. Betancourt was approved by a unanimous vote of 7-0. Mr. Patterson reported that Mr. Vergenes' nomination would be presented to the City Council Personnel Committee for action on March 4, 2019 with his appointment to be confirmed by the full City Council on March 12, 2019.

2. **Resolution No. 1-2019 - Approving the creation of a City Revitalization and Improvement Zone Small Business Financial Grant pilot program utilizing proceeds of the Series 2015 tax revenue bond and authorizing all actions required to implement the program.**

Mr. Patterson reported that on January 16, 2019 the Authority received correspondence from the Commonwealth of Pennsylvania, signed by the Office of Budget, Department of Community and Economic Development and the Department of Revenue, once again rejecting the Authority's application to establish a Small Business Financial Assistance Program revolving loan fund. The letter reiterated the points made in the original letter received in 2018. Both letters indicated that it would be acceptable to use CRIZ increment to provide grants to small businesses located, or locating, in the CRIZ district. As a result, the Project Review Committee has recommended that the Authority create a pilot grant program using available proceeds from the Series 2015 Tax Revenue Bond issued by the Authority.

Mr. Simmons stated that he believed the grant program is a good recommendation and would be of help to the small business constituency of the CRIZ. Mr. Baldrige asked if the State would be required to approve each grant. Mr. Patterson stated that for the pilot no, because they CRIZ Authority is using bond proceeds. However, if the pilot went well and we would ask the State to approve the use of annual unallocated increment to provide grants, then the State would need to approve each project. Mr. Simmons asked how small businesses will know of the opportunity. Mr. Patterson stated that he will work with Outreach and Communication Committee on a strategy. In the meantime, we will likely receive some applications from the publicity about the pilot program, if approved.

It was suggested that the draft resolution presented be amended to state the source and amount of the funds creating the pilot program by including in the first Resolve that Series 2015 Tax Revenue Bond funds in the amount of \$250,000 will be used to provide grants up to \$25,000 per applicant.

After further discussion, Ms. Diehl made a motion, with a second by Mr. Reed, to approve the amended Resolution No. 1-2019 approving the creation of a Small Business Financial Assistance Grant Program based on the guidelines approved by CRIZ Authority Resolution No. 6-2018 for businesses located in, or locating in the CRIZ District using \$250,000 of available funds from the Series 2015 Tax Revenue Bond issued by the Authority in 2015. The motion was approved by a unanimous vote of 7-0.

3. Resolution No. 2-2019 – Authorizing the use of Series 2015 Tax Revenue Bond funds to pay for professional service, predevelopment costs and demolition costs as part of the Lancaster Square Redevelopment Project.

Mr. Patterson reported that the Project Review Committee met to discuss the use of additional Series 2015 Tax Revenue bond funds for costs expected to be incurred for the Lancaster Square Redevelopment Project. The costs are associated with preconstruction management services to be provided by Benchmark construction under contract with the Lancaster Parking Authority which will be building the garage/library/retail structure. Other costs are professional services related to the acquisition of Unit #2, including environmental assessments and current appraisals. Finally the cost of demolishing the City-owned concrete stair tower to the second level of Unit #2. Mr. Patterson recommended to the Project Review Committee that \$350,000 be designated to cover these costs. Mr. Patterson reported to the Committee that there was \$648,000 remaining in the bond fund proceeds. The Project Review Committee recommended approving the use of bond funds as presented.

Following a question by Mr. Betancourt, Mr. Patterson provided a summary of the CRIZ financial assistance provided to the Lancaster Square project to date. Mr. D'Agostino noted the complex nature of this project both financially and in implementation. There are multiple partners including the Hotel Lancaster, 101 North Queen Street, the Parking Authority, the current owners of the Unit #2, the Library and the City. Mr. D'Agostino asked Council President Reichenbach if City Council supports the project. Mr. Reichenbach stated, that while he cannot speak for the entire Council, he believes that they continue to support the project as it was presented at several public meetings. Mr. Betancourt asked what the current cost of the project will be. Mr. Patterson stated that while construction and bid documents have not yet been completed, the current estimate is \$23,000,000. Mr. Patterson noted that this is approximately double usual per space cost of building a garage because we are building the library space, retail space and parking. Mr. Baldrige asked if we had any concerns or saw any obstacles related to the remaining components of the Lancaster Square project, including the plaza. Mr. Patterson noted that there will likely be some environmental remediation required prior to demolition and how we address the stormwater management aspects of the site may be challenging.

Mr. Baldrige made a motion, with a second by Mr. Reed, to approve Resolution No. 2-2019

to provide up to \$350,000 of available funds from the Series 2015 Tax Revenue Bond issued by the Authority for uses as presented in the Resolution.

Other Business:

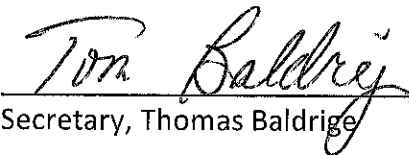
Mr. D'Agostino asked if any Board member had any other business to bring before the Board. There was none.

Executive Director Report:

Mr. Patterson updated the Board on the various projects as part of the Lancaster Square Redevelopment Project. The Hotel Lancaster renovation continues, and they are still hoping for an April 2019 opening. 101 NQ construction continues with an expected opening in September or October of 2019. The Marriott Hotel tower construction continues and a June opening is anticipated. We received approval from the State for the 551 West King and 29 East King Street projects. Construction on both are expected to begin later this Spring.

The Board asked for a dashboard of CRIZ-supported projects. Mr. Patterson stated that he is preparing the required annual report for the Commonwealth of Pennsylvania. That report shows the use of CRIZ funds as well as private matching funds since the beginning of the program. He will provide copies of the report to the Board at the April Board meeting.

There being no other business to conduct Mr. D'Agostino then declared the meeting adjourned at 5:10 p.m.


Secretary, Thomas Baldrige