

**Meeting Minutes of Middletown Borough Council
November 21, 2016**

The November 21, 2016, special meeting of the Middletown Borough Council was called to order at 6:30 p.m. in Council Chambers at 60 W. Emaus Street, Middletown, Pennsylvania by Council President Ben Kapenstein.

After the Pledge of Allegiance, the following Council members answered roll call: Dawn Knull, Diana McGlone, Ian Reddinger, Robert Reid, Damon Suglia via telephone and Benjamin Kapenstein. Absent: Anne Einhorn. Also present were Mayor James H. Curry III, Borough Manager Kenneth L. Klinepeter, Director of Finance and Administration Bruce Hamer, and Borough Secretary Grace Miller.

Public Comment on Agenda Items – President Kapenstein noted the main reason for the meeting is to discuss the Elks and indicated he had been contacted with additional information after the previous Council meeting. An additional meeting was made with the State to get further clarification on the grant being offered. The appraised value of the Elks building can be used as part of the matching funds and the Tattered Flag portion of the building could be used as well if the owners of the same would sign off on it. Grant monies previously provided by the Pennsylvania DCED cannot be used to fund construction, engineering or architectural costs unless costs exceed \$1 million. It cannot be said at this point that the Borough would be able to rehab the Elks building without using taxpayer money.

Robin Pellegrini (38 N. Union Street) – Ms. Pellegrini stated she believes the Elks would be good for the economic development of the town and suggested having a group such as the League of Resident Theaters help with fund raising. Ms. Pellegrini acknowledged Council has many items to handle and recommended creating a committee to move the Elks forward. President Kapenstein noted that all Council cares about the Elks but has concerns due to time constraints with this grant and project costs.

Rachelle Reid (448 Grant Street) – Ms. Reid noted that the Elks has a lot of history in town and would enable young families to have inexpensive entertainment and asked why contributions weren't requested from commercial sources.

Mike Dalton (237 N. Pine Street) – Mr. Dalton asked what the time frame would be when the Borough would need to come up with additional funds. President Kapenstein noted that if the value of the building were used, it's a moot point regarding funds, but building specs would be due in April which requires spending Borough funds. Mr. Dalton indicated he had gotten in touch with commercial sources for donations and they were not interested in talking with him.

Gordon Einhorn (163 W. Main Street) – Mr. Einhorn recommended Council vote to proceed to committing to the next step with no out of pocket expense so there would be 6 months to pull everything together. President Kapenstein stated there would be out of pocket expenses for architectural plans and engineering plans. Mr. Einhorn noted the Borough

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has already put substantial funds into the building and suggested seeing if it could get additional outside contributions.

Jaime Rishar – Ms. Rishar indicated she liked the idea of going back to the people for contributions and suggested setting up a committee of volunteers to raise money. Ms. Rishar noted the town needs something to bring businesses to town and asked what the time line is. President Kapenstein stated an acceptance letter would need to be sent no later than Monday, November 28. Councilor Reddinger noted that he had brought the idea of setting up a fund raising committee before Council and residents at the Council meeting in June and no one came forward.

Kay Wealand (131 Keystone Avenue) – Ms. Wealand stated she believes the Elks is the heart and soul of Middletown. Ms. Wealand noted previous Council approved over \$1 million of resident funds to the Tattered Flag and the Borough needs to spearhead the committee as the Borough owns the building.

Lisa Godshall (Pineford) – Ms. Godshall asked if there would be a penalty if Council accepts the grant and is not able to meet the matching funds. President Kapenstein indicated there would be no penalty; however, the costs that will be sunk into planning and design could be substantial and would not be recoverable.

Rachelle Reid (448 Grant Street) – Ms. Reid stated both she and Jenny Miller would be willing to spearhead the fund raising committee.

Councilor Bob Reid suggested borrowing monies and using funds received for the cell tower rental to pay it back. President Kapenstein noted that the cell company is leasing the towers for approximately \$30,000 a year with the lease ending in 2019. Mr. Bruce Hamer noted that the lease is for 5-year increments that can be renewed. President Kapenstein noted the Tattered Flag is to start repaying \$1.5 million to the Borough in 2017 and has already asked for an extension. President Kapenstein acknowledged that to depend on the cell tower lease and Tattered Flag payments is risky and there are a lot of unknowns.

Mike Swartz – Mr. Swartz asked how much the Borough spent to acquire the Elks building. President Kapenstein noted ICDA received a grant for \$500,000 in 2013 which was used to purchase the Elks building. Mr. Swartz stated tax money has already been invested asking if the Borough is just going to let the building sit and rot. Mr. Swartz asked how long Council has known about this grant. President Kapenstein noted Council has known about the grant for about 2 weeks. Mr. Swartz stated that Tattered Flag has indicated they would provide food for the theater.

Chris Davis (14 N. Union Street) – Ms. Davis stated she would have no problem going door to door for 2 weekends to raise funds. Councilor Reddinger noted that he heard the same thing at the June 21st Council meeting and even had a special bank account set up for contributions. To date, nothing has been contributed to that account.

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Sue Kelly – Ms. Kelly indicated her interest in volunteering time to fund raise. She noted that investing in this would bring people into town and that people tend to do more when they have a deadline.

Approval of Bills – Mr. Bruce Hamer stated that the Borough received HRG's review letter dated November 17, 2016 for Streetscape Project Payment #13 dated October 31, 2016 and the contract requires payment within 30 days. Other bills to take notice to is \$90 for advertising the special meeting and the \$2,500. emergency HVAC repair to the MCSO. Other bills on the Accounts Payable list are the normal insurance and tax related bills. Mr. Klinepeter noted that the E.R. Lighty payment is a partial payment for the MCSO repair. Mayor Curry requested McNees be asked to be more definitive with their invoicing.

MOTION by Dawn Knull, second by Ian Reddinger to approve payment of bills as shown on the Accounts Payable List dated November 21, 2016, for the period November 16, 2016 through November 22, 2016, to ratify approval of such bills already paid, and to authorize the appropriate officials to take required actions to make said payments. Motion carried by a vote of 5 to 0 with Councilor Damon Suglia abstaining.

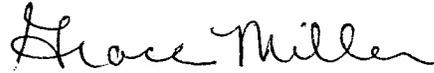
RACP Elks Grant Award Letter – Councilor McGlone noted that ICDA applied for a tourism grant for a bike path and walking area along Emaus Street and no information has been received in regards to that grant. Councilor McGlone indicated outside businesses are looking to see what Middletown is doing in creating an entertainment complex to improve the region. Councilor McGlone stated in January tenants will be gone and appraisals in for the McNair building which can be sold and those funds can then be used towards the matching funds. Councilor Reddinger noted ICDA did receive a bid for a small portion of the McNair property and questioned what Borough Council's long term plan is for the Elks building as he feels the Borough should not own and operate it. President Kapenstein agreed the Borough cannot continue to own the building and recommended using the Borough's leverage to get the funds and sell it for a nominal amount possibly to a non-profit association. Councilor McGlone concurred. Councilor Suglia stated he met with investors with experience in the entertainment business, walked them through the building and offered to give it to them; their response was they were not interested as it will not make money. Councilor Suglia recommended selling the building. Councilor Reddinger stated even if the state agrees to use the value of the building for the \$500,000 match and awards the \$500,000 grant to the Borough, the building will still not be completed as more funds will be required to meet the estimated \$1 million in costs.

Mr. Gordon Einhorn stated Tattered Flag approached Friends of the Elk about a joint venture and went to AP Williams who has sent in a proposal for rehabbing the building. President Kapenstein asked if prevailing wages are accounted for in the numbers presented. Mr. Einhorn stated he believed so and noted preconstruction services are estimated at \$90,000 which includes architectural, electrical and mechanical design.

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Construction estimate is \$1,012,660 using numbers from the Friends of the Elk proposal given a year and a half ago. Councilor Reid questioned why the sprinkler system was excluded. Mr. Einhorn noted the architect indicated the sprinkler was not needed as all three criteria required under code was not met. Total architectural fees would be \$37,800. Mayor Curry asked if Friends of the Elk would be interested in purchasing the building if the work was completed. Mr. Einhorn indicated that may be a possibility but noted that perhaps others may wish to purchase. President Kapenstein stated \$1.14 million would be the total cost proposed. Additional discussion ensued. **MOTION** by Diana McGlone, second by Ben Kapenstein to approve sending a response to the grant letter in a manner which will reserve the award for future application reconvening in 3 months to see where project is with contributions and expenses. Motion failed by a vote of 2 to 4.

Adjournment - **MOTION** by Dawn Knull, second by Ian Reddinger to adjourn the meeting. Motion carried unanimously and the meeting was adjourned at 8:28 p.m.



Grace Miller
Borough Secretary