

REDEVELOPMENT AUTHORITY OF THE CITY OF HARRISBURG

Regularly Scheduled Meeting November 19, 2019 - 12:35 P.M.

The Board of the Redevelopment Authority of the City of Harrisburg held a Regularly Scheduled Meeting on September 17, 2019, in Suite 405, Rev. Dr. Martin Luther King, Jr. Government Center, 10 North Second Street, Harrisburg, Pennsylvania, at 12:37 p.m. by Stacia A. Zewe, Board Chair.

PRESENT:

Stacia Zewe
Nichole Johnson
Crystal Brown (via Phone)

ABSENT:

Daniel Leppo

Also present were: Janell Weaser, Harrisburg Redevelopment Authority (HRA) Administrative Project Manager; Bryan Davis, HRA Executive Director; Stuart Magdole, HRA Solicitor; Michelle Buskey, Maher Duessel CPA's, Senior Manager.

MINUTES

The minutes of the Regular Meeting of September 17, 2019 were presented for approval. Ms. Brown moved to approve; seconded by Ms. Johnson. The motion passed unanimously.

TREASURER'S REPORT

The Treasurer's Report for July & August 2019 was presented for approval, subject to audit. Ms. Johnson moved to approve; seconded by Ms. Brown. The motion passed unanimously. The 2018 Year-End Financial Audit & Treasurer's Report for September, 2019 was presented for review.

Mr. Davis introduced Ms. Buskey from Maher Duessel to give highlights of our annual audit and to answer any questions or concerns the Board Members have. Ms. Buskey stated our responsibility is to give you an opinion on the Financial Statements. The Financial Statements are fairly presented and materially correct. She stated that the Authority's total assets were down from the prior year due to depreciation and the total liabilities remained fairly consistent; expenses had increased due to the Transportation Center from purchasing a truck and a main water break. The Authority's service charges had increased and general revenues had gained from sales on assets. Ms. Buskey said the deferred lease revenue had increased because of accrued interest from bonds and operating grants have increased since the prior year.

Ms. Buskey said she has a couple of other things that she is required to go over. One is about communications to those charged with governments and the other is from the Management letter. There were no difficulties encountered in performing the audit. There were no disagreements from management. The Authority had provided all the information that was needed to prepare the Financial Statements.

Ms. Buskey reported there will be some up and coming governmental standard accounting changes. When the time approaches they will contact Mr. Davis and Ms. Napiltonia to determine what needs to be changed. The biggest one coming has to do with conduit debt. However, that change is not scheduled for a couple of years.

Mr. Magdole suggested to Mr. Davis to start gathering the main trust documents so they will be available.

Mr. Magdole said he makes this statement each year for the record and for the Board Members to understand. For government accounting purposes the Auditors report that the Authority has made payments and has certain assets but it is all conduit financing; all pass through debt. The money does not come to the Authority. The process is done through trustees and trust accounts. He continued to explain that none of the long term debt has any recourse to the Authority. The Authority has no personal liability.

Ms. Buskey stated, Legal vs. Accounting. Mr. Magdole agreed.

Mr. Davis also explained to the Board Members that all of these funds do not enter any of our controlled bank accounts. They go explicitly and are paid exclusively from the trustee accounts which are Fulton Financial.

Mr. Davis inquired if the Authority is still carrying debt from other government such as the Weatherization Program. Ms. Buskey replied yes and another note from the Transportation Center.

Mr. Davis said the one is so old it was before he started with the Authority. Mr. Davis informed that the Redevelopment Authority did submit all documentation to the Commonwealth to show how the funds were used but the Commonwealth never responded about a release on the Weatherization Program. Then Mr. Davis said he is very excited to report that the other note from the Transportation Center will be satisfied any day now. PennDOT had contracted him saying they are mailing out the check to pay off the old PIB Loan. Eighteen years ago they had promised; made a pledged of money but never made good on it. Mr. Davis gave the credit to Jenny Grainger and Angela Watson at Amtrak to make this possible. They are also paying the accrued interest that has accumulated on the PIB loan of which has prevented the Authority from being able to draw down from other grants. Mr. Davis added that PennDOT now has the money to do the planned improvements down at the Station which includes the complete roof system replacement as well as a full gut renovation of the Pennsylvania Window Room just off the lobby used for special events.

COMMUNICATIONS

Mr. Davis shared with the Board news about a past project, Governors Square Apartments located on North 5th Street. Their tax credits have just matured. The existing owner placed the property on the market and now has a potential buyer. The buyer plans to structure the deal with additional tax credits and to satisfy in some way the HUD grant money that was used for the construction. Mr. Davis explained that the Redevelopment Authority was a conduit recipient of HUD upfront grant funds of twelve plus million dollars and that HRA has a mortgage on record placing a lien on all the real estate. HUD specified that if the loan is paid, it must go back to them. Mr. Davis informed that HRA can restructure the loan. HUD also allows the funds to go back into the project or activity. We could then collect fees for being the financier issuing the loan. If we do that then we would also monitor the construction on improvements and the final documents to insure they maintain full compliance. Mr. Magdule reported that he is also current with the property manager for the property. They are a third party that has been managing the property. They are the ones putting this all together. He believes the buyer will assume the existing mortgage which means they will not be expecting any cash out. The new owner will just assume the debt.

PUBLIC COMMENT:

None

OLD BUSINESS

Mr. Davis presented Resolution Number 16-2019. He gave a brief summary of the project and stated the Potential Developer is asking the Authority for an extension so they can continue their preliminary work and also the zoning component.

Ms. Brown mentioned that she saw a news article that mentioned something about them pausing on the zoning modifications. She inquired if they are looking to make changes from their original plan.

Mr. Davis informed that he had heard they were pulling their application for zoning revision or zoning amendment. He said their original application was to change the zoning of real estate that included all of what is left of the MarketPlace townhomes and a few lots to the North of Reily Street along North 5th Street which is currently zoned Residential. If it is changed to Commercial then they would be able to do mixed use and have some retail or commercial on the first floor. What they did not anticipate was the amount of people from the neighborhood voicing opinions. Mr. Davis believes the Potential Developer wishes for more time so they can gain a better relationship with the public and the residents. Mr. Davis said he had not been told they plan to make any changes to their design. The Potential Developer, 1037 Maclay Street LLC is hoping to resubmit their application early in the next year.

RESOLUTION NO. 16-2019, authorizing the Authority to extend the *Potential Developer* status to May 30, 2020

Minutes of the Regular Meeting November 19, 2019
Redevelopment Authority of the City of Harrisburg
Page 3 of 4

for 1037 Maclay Street LLC, for a project consisting of 60 parcels within the MarketPlace Development. Ms. Johnson moved to approve; seconded by Ms. Brown. The motion passed unanimously.

NEW BUSINESS

Mr. Davis reported that Resolution Number 17-2019 and this Agreement for the Redevelopment has been a long time in coming. He explained that HRA has provided for years an Employer of Record Services to the Capital Area Coalition on Homelessness (CACH). We have Deborah Ritchey that works here. Her work is exclusively for the Coalition. The Coalition pays for her work by two grants including George Payne's work for their grant writing specifically for their Annual Continuum of Care Application that goes into HUD. To-date our agreement has just been memorialized in minutes with each organization. It was never committed to contract until now. This contract says the Coalition will pay the Redevelopment Authority for a scope of services the amount of \$125,821 of which is their total funding amount from the two grants. The attached Exhibit A lists the services that HRA provides. Mr. Davis pointed out that this agreement does not change our relationship; if anything it assures that we will receive the full amount of money for at least the length of the contract.

Mr. Davis said he was hoping to incorporate the Authority's indirect cost sharing analysis. Mr. Davis said we did add wording in this contract under section three that says, "And CACH shall use its best efforts, by conducting fundraising and/or grant applications, to raise additional funding to fully compensate the Authority for the actual direct cost for these services." For years the Authority would write off these costs but now the project will start to pay on the indirect costs.

Ms. Johnson inquired as to whom will monitor to see if they actually are doing fund raising.

Mr. Davis replied that he personally will monitor them. Mr. Davis explained that he is on their Coordinating Committee and should that ever change then he would use his relationship with the City of Harrisburg to stay informed as they must have a permanent seat on this Board. Mr. Davis pointed out that the Authority also administers their finances; we are their fiscal agent. The Coalition has a separate bank account and signers. Mr. Davis commented that the relationship is evolving. The Authority now has the roll of Service Provider instead of Employer of Record.

RESOLUTION NO. 17-2019, authorizing the Authority to approve a Purchase of Administrative & Professional Services Agreement with the Capital Area Coalition on Homelessness. Ms. Johnson moved to approve; seconded by Ms. Brown. The motion passed unanimously.

Mr. Davis informed the Board Members that the Authority received two proposals from the competitively advertised Request For Proposals (RFP) due on 11/12/19. In addition to the advertisement they also sent the information out to a list of parties the Authority has on file. The two proposals came from Stromberg/Garrigan Associates and ECS Mid-Atlantic LLC. Attached in your packet is a Ranking Scoring Sheet provided by Mr. Payne. This sheet list Strengths and Weaknesses. Mr. Davis said although ECS is a great environmental company, they did not include in their team members someone who would add value to community planning and they do not have as much experience in these types of EPA grants. Mr. Davis explained that EPA requires a document of great detail. They want to know what kind of Assessments you will do with their funds and the Community's input; how you engaged with the Community. Another item they ask is what action steps will be taken after the study is done and for us to identify what sources of money areas are a good match for the different activities that one identified through the planning process. Unfortunately, ECS did not have that component and they did not specify any experience with an area wide plan of this type.

Mr. Davis informed that Stromberg/Garrigan has on staff, Jill Gaito who has done a lot of work with the community. Ms. Gato is a local in Harrisburg. She is an Ex-DEP Deputy Secretary. Plus, Stromberg/Garrigan's price of \$262,000 is within the EPA Grant Budget.

RESOLUTION NO. 19-2019, authorizing the Authority to approve an EPA Community-Wide Brownfield Assessment Professional Services Agreement to Stromberg/Garrigan & Associates. Ms. Johnson moved to approve;

Minutes of the Regular Meeting November 19, 2019
Redevelopment Authority of the City of Harrisburg
Page 4 of 4

seconded by Ms. Brown. The motion passed unanimously.

OTHER BUSINESS

Mr. Davis stated that some of the Authority's banking institutions have requested updates on approved signers. Besides the bank's formal documents they have asked for a current Resolution specifying all approved signers. It states in the Authority's By-laws that there must be two live signatures for any checks in the amount over \$10,000.

RESOLUTION NO. 18-2019, granting the Authority an update in accounting procedure concerning the authorization of administrative check signing. Ms. Johnson moved to approve; seconded by Ms. Brown. The motion passed unanimously.

ADJOURNMENT

The meeting adjourned at 1:30 pm.

Respectfully submitted,



Secretary/Assistant Secretary