

REDEVELOPMENT AUTHORITY OF THE CITY OF HARRISBURG

Regularly Scheduled Meeting May 18, 2021 - 12:32 P.M.

The Board of the Redevelopment Authority of the City of Harrisburg held a Regularly Scheduled Meeting on May 18, 2021, in the lower-level Stage Room, of the Rev. Dr. Martin Luther King, Jr. Government Center, 10 North Second Street, Harrisburg, Pennsylvania, at 12:32 p.m. Chaired by Ms. Zewe.

HRA BOARD MEMBERS PRESENT via Zoom, **Web-based Video Conferencing**

Stacia Zewe
Nichole Johnson
Crystal Brown
Daniel Leppo

ABSENT: N/A

THE PUBLIC PRESENT via ZOOM were: Tiffanie Baldock, Sr. Deputy Solicitor with the City; Timothy Horstman of McNees, Wallace & Nurick LLC; Daniel Connelly, Financial Adviser for the City; Ava Goldman of Ava G. Associates LLC; Ryan Sanders, RB Development LLC; Kevin Baird, KevGar Holdco LLC and Matthew Long with Harrisburg Commercial Interiors & Associates, Inc.

Also present were: Janell Weaser, Harrisburg Redevelopment Authority (HRA) Administrative Project Manager; Bryan Davis, HRA Executive Director; and Catherine Rowe, HRA Solicitor.

MINUTES

The minutes of the Regular Meeting of April 20, 2021 was presented for approval. Mr. Leppo moved to approve provided three minor errors are corrected; seconded by Ms. Brown. The motion passed unanimously.

TREASURER'S REPORT

The Treasurer's Reports for March 2021 was presented for approval, subject to audit. Ms. Johnson moved to approve; second by Mr. Leppo. The motion passed unanimously. The Treasurers Reports for April 2021 was presented for review.

COMMUNICATIONS

Mr. Davis presented his monthly report to the Board Members. He brought to their attention one thing not mentioned in the report. The PA Office of Budget has finalized approval of our Redevelopment Capital Assistance Program (RACP) grant at MulDer Square. Office of Budget will send us the RACP contract, which we then sign and return. Then the Commonwealth circulates it for the final signatures. Mr. Davis said we will not have it back for some time, but this is sufficient for the City to start the process of putting the work out for Bid and possibly by the time they have selected a bid we will have the Contract fully executed.

PUBLIC COMMENT

There was no public comment but all of the Authority guests present via ZOOM Web-based conferencing had introduced themselves to the Board Members.

OLD BUSINESS

None

NEW BUSINESS

RESOLUTION NO. 8-2021, authorizing the Authority to approve Christopher/Erica Bryce and Harrisburg Commercial Interiors and Associate, Inc. the status of *Potential Developer* for fourteen (14) parcels in the Midtown area for the project of a mixed-use residential building. Mr. Leppo moved to approve; second by Ms. Brown. The motion passed unanimously.

Mr. Davis announced that this is the proposed project by the partnership of Erica & Christopher Bryce and Harrisburg Commercial Interiors & Associates, Inc. (HCI) for a cluster of land that the Redevelopment Authority owns. The fourteen (14) parcels are located at N. 5th, N. 6th, Hamilton and Wood Streets. Their proposal is for a mixed-use development consisting of commercial and retail on the first two floors and residential above. The preliminary information they provided to us is sufficient for our requirements to be able to approve them the Potential Developer Status. Mr. Davis announced that Mr. Long is present to answer any questions they may have.

RESOLUTION NO. 9-2021, authorizing the Authority to change the status of KevGar Holdco, LLC from current *Potential Developer* to the status of *Designated Developer* of twenty-seven (27) parcels in the Midtown area intended for the project of a mixed-use parking garage; and to approve their newly created single-purpose entity 400 Reily Street, LLC as the Developer, in place of KevGar Holdco, LLC. Ms. Brown moved to approve; second by Ms. Johnson. The motion passed unanimously.

Mr. Davis said you may recall this project. It is for a new garage to be constructed in Midtown. The Authority does not own all the lots within the footprint of the proposed structure, but we do have twenty-seven (27) parcels. Currently KevGar Holdco Company has the status of Potential Developer. Mr. Davis reported that they have progressed to the point of nearing the ability to close on financing and finishing all their design specifications. He is recommending to the Board they be approved the status of Designated Developer.

Mr. Davis continued saying they have formed a single purpose LLC for this project called 400 Reily Street LLC. They are asking for this new entity to be granted the Designated Developer in this action. Mr. Davis mentioned that Mr. Baird is present to answer any questions or give more feedback on the project.

RESOLUTION NO. 10-2021, authorizing the Authority to approve On Hill Development Co. the status of Potential Developer of 1605-1613 Market Street for the project of affordable residential apartments. Ms. Johnson moved to approve; second by Mr. Leppo. The motion passed unanimously.

Mr. Davis pointed out that the Redevelopment Authority has a row of vacant land on the 1600 block of Market Street. He said Shaun O'Toole is representing On Hill Development Company who wishes to construct new single-family homes on 1605-1613 Market Street. Their proposal does meet the preliminary submission that makes them eligible to be a Potential Developer. You may recall Mr. O'Toole having once served on the Redevelopment Board. Mr. Davis mentioned that Mr. O'Toole's preliminary

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information is replicating the same scope and sources similar to the project on N. 6th Street with our partners at the Camp Curtin YMCA.

Mr. Davis suggested the Authority give a six month time frame for the Potential Developer Status. They did ask in their proposal for a longer term as they seek financing. They mentioned an example of Home Loan Bank of Pittsburgh, but will also look into state or federal funding through the City or the Commonwealth. Mr. Davis would like to see what progress they make in the next six months. He added that we can grant them an extension if needed.

Ms. Zewe noted that Jamien Harvey is still working on the Camp Curtin YMCA project and is crossing over to work with Mr. O'Toole.

Mr. Davis confirmed.

Ms. Zewe inquired as to the status of the YMCA project.

Mr. Davis reported that they have acquired all of their funding and have awarded some of the work for clearing the site. Mr. Davis said he needs to find out what time frame they have for the construction. They have neglected to give him an update. He noticed they started site clearing just last week.

RESOLUTION NO. 11-2021, authorizing the Authority to change the status of RB Development LLC from current *Potential Developer* to *Designated Develop* of 429-441 Herr Street intended for the project of a mixed-use building. Mr. Leppo moved to approve with the noted address corrected; second by Ms. Brown. The motion passed unanimously.

Mr. Davis just noticed the address listed on this Resolution is not correct. He will edit the Resolution to reflect 429-441 Herr Street.

Mr. Davis explained that the Redevelopment Authority owns three small parcels 429, 439 and 441 Herr Street of which were a part of the old Bethel AME Church that burned down in 1994. Ryan Sanders and Ava Goldman are here today. They have been awarded the Low Income Housing Tax Credit Financing from PHFA. They are racing to finalize closing on both the land and the financing. The next important step they need from us is to have Designated Developer Status to meet the PHFA requirements.

Ms. Zewe stated that RB Development is a client of hers. She inquired with Ms. Rowe if she should abstain from voting on this Resolution.

Ms. Rowe said it depends on your comfort level to be able to make a decision absence being influenced from the financial relationship she has with RB Development. You must make a personal decision. There is the appearance of impropriety that typically guides individuals in making that decision about whether to recuse themselves from being involved in any kind of vote along these lines. If you do recuse yourself, we will need another Chairperson for the purpose of this discussion on this Resolution.

Ms. Zewe announced that she is recusing herself from this Resolution and its voting. Ms. Johnson, the Vice Chair stepped up to Chair for this Resolution action.

Mr. Leppo inquired of what the mixed-use is.

Ms. Goldman replied that there is a portion of the development that we set aside as a community space and potentially retail on the ground floor.

Mr. Leppo commented that he is glad to see this land going to good use.

Ms. Rowe inquired of the status with Planning and Zoning; she asked if they have gone before Planning and Zoning with their Plans.

Ms. Goldman replied, when we initially submitted our Tax Credit Application we indicated that we had zoning in place because we had taken our building and constricted it to the portion of land that was actually church property. The entire project side consists of about 60% church property and the balance is the Authority's lots. But as we started to do other planning and talked with numerous people at the City about the development we realized the development would be improved if we could extend the development to the Authority's lots. The building would also be on the Authority's lots. Ms. Goldman informed that this requires a special exception to the zoning that is already on the Authority's lots, in addition to some other approvals that go along with that. We are actually in the process of creating a new set of plans which we anticipate being submitted to the City for approval either this week or the next.

Ms. Rowe inquired with Mr. Davis if there are any concerns with new plans. She wondered if the Authority needs to see the new plans before they are submitted to the City. Ms. Rowe wondered if the changes are substantially different from what was previously provided to the Authority.

Mr. Davis agreed saying, in fact, that we retain ownership and title of the real estate until all their Land Development Plans are approved. As owner they will have to obtain our review of any new plans and signage in order to submit them for all approvals.

Ms. Goldman mentioned they included sketches of the new plan in the information that was sent to Mr. Davis last week.

Mr. Davis reiterated, to be very precise once those plans are complete, we will be required to sign-off on those submittals to the City. There will be a line on the Plans for our sign-off.

Ms. Goldman conquered.

RESOLUTION NO. 12-2021, authorizing the Authority to approve the 2021 Project, that includes the defeasance to maturity of the 2005A-2 Bonds, the execution and delivery of an Escrow Deposit Agreement and other relevant documents for the continuance of the 2005 City Stadium Project. Ms. Brown motioned to approve; second by Ms. Johnson. The motion passed unanimously.

Mr. Davis thanked both Ms. Brown and Ms. Johnson for taking time last week to hear Mr. Horstman and Mr. Connelly's explanation of the City's adopted defeasance last week.

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Mr. Davis asked Ms. Rowe if she would introduce this Resolution or is she preferred Mr. Horstman and Mr. Connelly to give the presentation as they did a great job with presenting and discussing it prior.

Mr. Leppo summarized that the Authority and the City are ending the Bonds via the Defeasance.

Mr. Connelly replied that is precisely correct. The City is seeking the Authority's cooperation in what have been negotiations with one of its key creditors, Ambac Assurance Corporation (Bond Insurance). The key component of the negotiations has centered on series 2005A-2 Bonds that were issued in total of \$5,000,000 in 2005 for the Baseball Stadium development. These Bonds were secured by the City's current revenue which was comprised with lease rental payments, ticket sales and other economic activity down at City Island. There is also a City guarantee provided on those Bonds that further insure the overall credit structure of the debt. Ambac Insurance provided credit enhancement. If no one was able to make those severance payments, the Bond Insurance would make principle payments.

Mr. Connelly explained that because Ambac is involved with that debt and because the City has other liabilities outstanding to Ambac the two parties engaged in negotiations to find a mutually unofficial renegotiation of all those Bonds. The agreement includes the City defeasance of the remaining principle and interest payments for those Stadium Bonds. He said there is about \$6,000,000 total remaining in principle/interest left through the 2030 maturity. In exchange for defeasance of the debt Ambac would reduce another liability that the City owes to Ambac debt over 1.7 million dollars. Another piece of this deal with Ambac would allow the City to prepay this liability down and get additional credit towards that liability if the City prepays up to \$4,000,000. Ambac would deduct another 1.5 million dollars from this line. Mr. Connelly said, incidentally this liability carries an interest rate of 6.75 % which is very high. This makes it very much in the interest of the City and Harrisburg's Residents to pay down this liability. So, between the \$1.7 million that would be saved on the liability by defeasing the Stadium Bonds and potentially the \$1.5 million additional discounts on the liability that the City would be getting through other prepayments there being \$3.3 million dollars in reduction to other City liabilities. Defeasance of this debt is an essential component of this deal.

Mr. Connelly reported that the Harrisburg City Council approved this deal last Tuesday. They have agreed to do it by the end of this calendar year.

Mr. Connelly emphasized that this is totally budget friendly to the Redevelopment Authority and that it would not impact any revenue or expenses.

Mr. Horstman wanted to add the information on pages 3 and 4 of the City Defeasance Resolution. He directed to the paragraph in the middle of page 3 where it states about an Escrow Deposit Agreement that states the City will pay the principal of, premium and interest on the 2005A-2 Bonds. Mr. Horstman then guided to page 4; numbers 6 and 7 that state no liability or obligations on the Authority or agreement of any member, officer, agent, or employee of the Authority.

Mr. Horstman and Ms. Rowe called attention to Mr. Davis that he makes certain the Board Members are approving the second draft of Resolution No. 12-2021 that was emailed to him last Friday.

Each Board Member thanked the Team Members for their flexibility and for doing a great job to explain

everything to them.

OTHER BUSINESS

Ms. Zewe asked if there have been any updates with the Harrisburg Transportation Center. She was wondering about the impending Dance School.

Mr. Davis informed that there has been progress; they are close to signing an agreement. He added the Dance School requested an additional suite. Plus, instead of three years they are now looking at a four-year contract. We will give up some revenue on parking in the first year and then slowly ease our way into higher parking rates. Mr. Davis believes it to be much more valuable to have the space leased and hopefully at next month's meeting we will have you approve a Lease Agreement them.

Ms. Zewe also wondered about a meeting scheduled with Amtrak.

Mr. Davis replied that is still on his agenda and will be scheduled in the near future.

Ms. Rowe shared that she wants to see if we can get an update from the City about getting a potential Board Member nominee to join the Redevelopment Authority.

Ms. Baldock stated, I think you will see movement as soon as the election is over.

ADJOURNMENT

The meeting adjourned at 1:08 pm.

Respectfully submitted,



Secretary/Assistant Secretary