

# **REDEVELOPMENT AUTHORITY OF THE CITY OF HARRISBURG**

## **Regularly Scheduled Meeting October 19, 2021 - 12:30 P.M.**

The Board of the Redevelopment Authority of the City of Harrisburg held a Regularly Scheduled Meeting on October 19, 2021, in Suite 405, of the Rev. Dr. Martin Luther King, Jr. Government Center, 10 North Second Street, Harrisburg, Pennsylvania, at 12:30 p.m. by Stacia Zewe Board Chair.

### **HRA BOARD MEMBERS PRESENT via TEAMS**

#### **Web-based Video Conferencing or Telephone**

Nichole Johnson  
Crystal Brown  
Stacia Zewe  
Daniel Leppo

### **ABSENT:**

None

THE PUBLIC present via TEAMS: Jennifer Cruverkibi, CPA Principle of the HBG Office for Maher Duessel, and Daniel Connelly, Financial Adviser for the City.

THE PUBLIC present was: Jacqueline Parker, HBG Land Bank Board Chair, Neil Grover, Solicitor for the City, and Timothy Horstman of McNees, Wallace & Nurick LLC.

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

### **MINUTES**

The minutes of the Regular Meeting of August 17, 2021, and Special Meeting August 27, 2021, were presented for approval. Ms. Brown moved to approve; seconded by Ms. Johnson. The motion(s) passed unanimously.

### **TREASURER'S REPORT**

The Treasurer's Reports for June and July 2021 were presented for approval; subject to Audit; Mr. Leppo moved to approve; second by Ms. Johnson. The motion passed unanimously. The Treasurer's Reports for August and September 2021 were presented for review.

### **COMMUNICATIONS**

None

### **PUBLIC COMMENT**

Ms. Parker reported that there is a RACP Itemization Bill that ran this week in the Senate and is getting ready to go over to the House. Ms. Parker had the opportunity to work with Senator DiSanto and he agreed to put in two line-items for the City of Harrisburg. One is five million dollars for the Harrisburg Land Bank and the second is ten million dollars for the Redevelopment Authority. Ms. Parker mentioned that she also sits on the Impact Harrisburg's Board. She asked Mr. DiSanto to include a line item for Impact Harrisburg but he preferred to give it to the Redevelopment Authority and said let the Authority work with Impact Harrisburg so they can support some projects for businesses. The RACP is worded that

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it can be used for acquisition, rehabilitation, construction, infrastructure, and other related cost for economic and growth for Harrisburg businesses. The one for the Land Bank is worded, for acquisition, construction, infrastructure, and other things for the Paxton Creek and development along the Paxton Creek.

Ms. Parker said the Redevelopment Authority can access it and she is hoping that the Authority will honor a request from Impact Harrisburg for a business project should one come about. Currently there are no projects.

Mr. Leppo inquired of how long a time there is to be able to access the money.

Ms. Parker replied ten years. She said the trick with RACPs is you must have an itemization Bill to access the money. If you do not have a project in ten years, then it dies. It just falls off. About every two years they grant Itemization Bills. Harrisburg has some items from before, but I have the whole Bill in Dauphin County. They only put in for three projects. She said these two and another one for the County. Ms. Parker said she hopes the City becomes aware of these opportunities for when the next availability comes around. These will open in the beginning of the new year.

Ms. Zewe asked if the Bill had already passed.

Ms. Parker informed that the Bill has passed the Senate and is going over for concurrence. Ms. Parker stated that she was thrilled that Senator DiSanto was willing to put these in for us. Ms. Parker mentioned that Senator DiSanto said, sure the City needs things and we will do just that.

Ms. Parker brought copies of the Bills for the Board Members. She said you can go under the Office of Budget and see all the restrictions. You cannot withdraw less than \$500,000. And the project must be at least a \$1,000,000. The project requires a dollar-for-dollar match. It does not always have to be cash. It can be land value and other things. But it must equal a million dollars.

Mr. Leppo asked Ms. Rowe if she has a resolution that endorses this on behalf of the Redevelopment Authority.

Ms. Rowe answered, I'm not sure that we need a Resolution on this particular issue right now. She recommended they wait for formal approval of the Legislation and then she and Mr. Davis can look at the restrictions and acceptations. Ms. Rowe said this certainly sounds like an opportunity, but this is something we can address in at a future meeting.

Ms. Parker mentioned that the Redevelopment Authority already has two RCAPs.

Mr. Davis confirmed.

Ms. Parker said I believe that Mr. Davis and Mr. Payne are familiar with this complex program.

The Board Members, Mr. Davis and Ms. Rowe all thanked Ms. Parker.

Ms. Parker said if we have an opportunity to thank Senator DiSanto I will let you know and if you see him express your gratitude.

### **OLD BUSINESS**

None

### **NEW BUSINESS**

**RESOLUTION NO. 29-2021**, the release of year ended December 31, 2020, Audited Financial Statements. Mr. Leppo moved to approve; second by Ms. Brown. The motion passed unanimously.

Mr. Davis introduced Ms. Cruverkibi to the Board Members informing them that she is present to explain and answer any questions concerning the Authority's year-end 2020 Audited Financial Statements.

Ms. Cruverkibi greeted the Board Members and introduced herself as a partner in the Harrisburg Office of the Maher Duessel Accounting Firm. She stated that the format is the same as the 2019 Audit. There are not many changes from the financial point of view. Looking at the PDFs in front of you on page 3 starts our Independent Auditor's Report and the opinion that we gave on the Authority's Financial Statements is what is called an Unmodified Opinion. That is the best opinion the Authority can receive and on the second page of that opinion we stated that the Financial Statements are presented fairly in all material respects in accordance with the accounting principles generally accepted in the United States of America which is GAAP. And we included an Other Matter paragraph that talks about those management discussion analysis of Government Accounting Standards Board which is GASB. That requires us to have management put in the report the same as the previous years. This is non-included however the omission of this information does not change our opinion on the Financial Statements. The Authority will still receive an Unmodified Opinion.

Ms. Cruverkibi said on page one is some Financial Statement highlights of the report. That is your statement of Net Position which also includes the Harrisburg Land Bank. It is a separate organization but in accordance with the Government Accounting Standards Board it must be rolled up into the Authority's Financial Statements.

Ms. Cruverkibi informed that there were not many changes from the prior year to the current year. There was a new standard that was adopted during the year called GASB 88. All this did was differentiate between direct borrowing and direct placements. It did not change how transactions are recorded.

Ms. Cruverkibi reported that there were no significant changes or no significant accounting policies that changed during the year. We noted all transactions were properly recorded and there were no transactions that had a lack of authoritative guidance or consensus. We had no significant difficulties in working with management as part of the audit.

Mr. Davis informed Ms. Cruverkibi that the Authority sends to the Board Treasurer a check register each month for Board review and approval and then the Treasurer endorses it for us.

Mr. Davis also reported that the Authority has acquired services for formal Cyber Security Training. He said staff has received their first course in Cyber Security Training and obtained certificates.

Mr. Leppo inquired of whom is conducting the Cyber Security Training.

Mr. Davis replied it is through the Authority's IT Consultant, Giuseppe Rodrigues of RDCS. He gave us a price of \$150 per month that added a layer of security monitoring and the plan of trainings to our existing contract.

**RESOLUTION NO. 30-2021**, authorizing the Authority to approve the company, *LaPorte Painting, Inc.* for painting the walls in Suite 206A at the Harrisburg Transportation Center in the amount of \$2,800.00. Ms. Brown moved to approve; second by Mr. Leppo. The motion passed unanimously.

Mr. Davis informed that the Authority solicited three proposals and received two. LaPorte Painting, Inc. was the lower cost from a qualified vendor.

**RESOLUTION NO. 31-2021**, authorizing the Authority to approve a three (3) year Lease with the Pennsylvania Economy League, Central Division for Suite 206A located at the Harrisburg Transportation Center. Ms. Johnson moved to approve; second by Mr. Leppo. The motion passed unanimously.

Mr. Davis said now that you have approved Resolution Number 30-2021, we can execute the contract for the Pennsylvania Economy League. They wish to move in at the end of this month.

Ms. Brown wanted to know the size of the suite.

Mr. Davis replied the suite is 766 square feet. It is not very big. We are seeing an increase of businesses that want small space like incubator business that are young. Last month Bill Gladstone gave us a snapshot of what the market is like today in Harrisburg and this is in line with that. Mr. Davis mentioned that he is curious to see if the Authority will get any mid-sized companies downsizing and looking at our space.

Mr. Davis said he met with, Ms. Beckem, the Director of the Worship Academy School of the Arts at the Train Station. She told him that they are already bursting at the seams but her ability to rent more space is contingent upon finding funding. She would like to grow more and lease more space like suite 201 where Red Privet was. However, she does not have the grant money to do that right now.

**RESOLUTION NO. 32-2021**, authorizing the Authority to approve (a) a Grant Agreement with the Pennsylvania Department of Transportation for funding renovations and improvements to the Harrisburg Transportation Center, in the approximate amount of \$3.5 million and (b) authorize the Executive Director to execute contract(s) for the performance of the planned renovations and improvements. Mr. Leppo moved to Table this Resolution; second by Ms. Brown. The motion passed unanimously.

Mr. Davis said you may recall a couple of months back that he mentioned PennDOT having plans to fund improvements down at the Transportation Center. They have now asked the Authority to be a conduit for the funding to help them accomplish these improvements. There are two major improvements; one is the whole roof system to be replaced and the second is a complete gut renovation of the Observation Room

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or the Pennsylvania Room that is located just off the lobby for major events. Mr. Davis said about a month ago the estimated cost was 2.5 million. A week ago it was increased to 3.5 million and earlier today he received word from PennDOT the estimate of four million dollars. A portion of the estimate is to offset the supply line costs that are increasing the price of materials and for any hidden work that may arise. Mr. Davis referenced the attached letter from PennDOT's Deputy Secretary of Multimodal Transportation pledging that Amtrak will cover all cost no matter how much.

Mr. Davis conveyed to the Board Members that the Authority's staff were pulled in to help or oversee the past major improvements down at the Train Station. He did ask PennDOT to give the Authority some money to help compensate our costs. Their reply was a flat no. Mr. Davis is recommending the approval but he will not lend the Authority's staff to oversee anything. However, the Authority will monitor the grant and be the conduit executing the contracts. Our exposure risks are indemnified. Mr. Davis still believes the Authority should receive some kind of compensation. He is sad to report that he was unable to do that with this deal. But it will help with improvements to the Station. He said we cannot say no to the money.

Ms. Zewe wondered if they would be open to a third party as a Construction Manager.

Mr. Davis informed that they are hiring a third party as a Construction Manager. PennDOT is hiring an Architect to oversee the work. They want to manage the whole project.

Ms. Zewe was not pleased to hear this.

Mr. Leppo commented that still the Authority has spent time in monitoring and executing this contract. None of our time is being covered.

Mr. Davis agreed.

Ms. Rowe asked Mr. Davis if the Authority is in a rush to have this Resolution passed. She asked if it could wait until November's Board Meeting.

Mr. Davis relayed that PennDOT has the final plans and is ready to put it out for Bid but this can wait until November.

Ms. Rowe explained that because she is hearing some push back from the Board Members, she would like to see if we can get the Department of Transportation to perhaps make some more representations that this letter does not entirely cover. Ms. Rowe believes the Authority is well within its rights to ask for more information from PennDOT.

Mr. Leppo inquired about the Authority's Lease with Amtrak. He wanted to know if it states that the Authority is already covered by those monies.

Mr. Davis replied that PennDOT is saying they are handling everything and will not give any compensation to the Authority. He truly tried to persuade them. But they would not budge.

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Mr. Leppo asked what happens if we say no. Can they continue with the Improvements and take care of handling the Contracts.

Mr. Davis said let me go back to them and say my Board is giving some pushback on this.

Mr. Leppo agreed.

Ms. Zewe asked Mr. Davis if no matter what happens concerning the renovations and improvements in the end is the Authority responsible.

Mr. Davis answered, yes because we hold the Master Lease at the Station. The whole premise of coming to the Authority as the conduit, was that we hold the Master Lease with Amtrak. He added that this four million dollar project could very well increase in price. Mr. Davis said he will give more push to see if the Authority can get some compensation.

Ms. Zewe inquired of the Authority's Staff at the Station.

Mr. Davis informed that the Authority has a 24/7 presence at the Station. People do go home but we have hired security that covers those hours.

It was agreed to table this Resolution at this time.

**RESOLUTION NO. 33-2021**, approval of contracts with TD Bank as Escrow Agent and AMTECH as Verification Agent for the Plan of Defeasance of the Authority's outstanding Federally Taxable Guaranteed Variable Rate Revenue Bonds Series A-2 of 2005, Stadium Project. Ms. Brown moved to approve; second by Mr. Leppo. The motion passed unanimously.

Mr. Davis stated that the Authority approved the plan of Defeasance for our standing Taxable Guaranteed Variable Rate Revenue Bonds; the Stadium project bonds A-2 of 2005. Now there is a need to obtain professional services for a Verification and Escrow Agent. Mr. Davis said the consultant for the City has obtained proposals. They are listed at the bottom of this Resolution.

Mr. Davis introduced both Mr. Connelly and Mr. Horstman to the Board Members.

Mr. Connelly gave the floor to Mr. Horstman. Mr. Horstman greeted the Board Members and explained that a Verification Agent is basically an Accountant that says the amount being put into the Defeasance Account is sufficient to pay the debt service on the Bond. It is a requirement of virtually every Defeasance. And an Escrow Agent is the Bank that holds the funds until the payments are made. He informed that Mr. Connelly obtained three proposals for the Verification Agent. All were basically providing the same services so we selected the lowest proposal. But for the Escrow Agent the City felt it best to use the same Trustee, TD Bank that is currently managing the Settlement Agreement. He explained that they had situations prior where there were two different banks involved. It just adds an additional administrative hurdle. Mr. Horstman said it is not a huge problem, but the City wants to make sure all the issues that could potentially arise with the Settlement Agreement are addressed. He mentioned that AMTECH is fully happy to sign off and give the City the benefits that the City is going to reap from that Settlement

Agreement. The bottom line; it is worth paying that little extra money so that the City is completely assured that it will receive the millions of dollars in benefits that it will receive from the Settlement Agreement.

Mr. Leppo thanked Mr. Horstman for explaining all of this to the Authority.

Both Mr. Connelly and Mr. Horstman expressed their appreciation for the Authority having added this to today's Agenda.

### **OTHER BUSINESS**

Mr. Leppo announced that the end of this year will be his final resignation.

Ms. Zewe said that she understood and thanked him for his patience. Ms. Zewe mentioned that she and Bryan have been trying to solicit more members and his replacement.

Mr. Davis said he has a sense that people's attention is someplace else right now. It will not be long until they are able to return their attention to the Authority's needs. He wished to point out that the Mayor told him the he is pushing to have the Council work on appointing new Members to the Redevelopment Authority's Board. Mr. Davis relayed that the Mayor did voice his desire that staff will help advance this with Council.

Mr. Leppo mentioned a possible good candidate, Hector Ortiz who is involved with the Hispanic American Center. Mr. Ortiz currently has a restaurant on Derry Street in the South Allison Hill area. Mr. Leppo said he might be someone to approach and see if he would be interested.

Ms. Zewe inquired of Mr. Davis the status of the MarketPlace project with the Bryce's and Harrisburg Commercial Interiors and Associates. She is inquiring because Erica Bryce called her concerning parcel pricing. Ms. Zewe informed that she listened to what Erica had to say but explained to her that she does not know the extent of details and that all she could do is to relay all to Mr. Davis.

Mr. Davis responded that Erica Bryce is trying to make a change from their submitted and approved written proposal. In their proposal and in their testimony at the Special Meeting led us to believe that they would acquire all 67 parcels at the same time and that they are able to do it in a reasonable amount of time of which they were chosen as Designated Developer from the competitive RFP's for the MarketPlace Project. Now they are trying to get the Authority to allow them to purchase some parcels in different phases. Mr. Davis informed that he denied her request explaining to her that all parties must honor their formal, submitted proposal. Mr. Davis mentioned being surprised at this as they have been telling the Authority over the last three years that they are ready to go to construction. He pointed out that the Authority agreed to reimburse Seven Bridges \$143,000. He added that Mr. Magdole estimated that Seven Bridges spent at least thirty to forty thousand dollars for all the title work.

Mr. Davis relayed that in his conversation with Erica Bryce, he told her that MarketPlace is not the same as their agreed deal with Capitol Heights. With Capitol Heights the Authority agreed they could do Phase I Land Development plan and then sell them the land so they could go to construction. He reminder her

that they gave a strong presentation and said specific things that lead the Authority to chose them as the Designated Developer for MarketPlace.

Ms. Rowe wished to add that they made a few changes with the Redevelopment Contract and that she is not inclined to encourage developers in believing they can try to renegotiate their proposals especially once approved by the Board at a Special Meeting. Ms. Rowe advised they put in a formal written request and take it from there.

Ms. Zewe asked Mr. Davis how he closed out the conversation with Erica Bryce. Did you say I would talk with the Board or did you say this is final.

Mr. Davis stated, this is final, and we are going to follow-up with Closing documents.

Ms. Zewe then asked when will the Closing documents be ready.

Mr. Davis explained that he started drafting the Redevelopment Contract last Friday. The Contract will be ready tomorrow.

Ms. Zewe believes that is fair and that she agrees with Ms. Rowe.

**ADJOURNMENT**

The meeting adjourned at 1:29 pm.

Respectfully submitted,

A handwritten signature in black ink, appearing to be 'D. Davis', written over a horizontal line.

Secretary/Assistant Secretary