

Northampton County General Purpose Authority Meeting Minutes

8:15 a.m. on April 4, 2017

The monthly meeting of the Northampton County General Purpose Authority was held on Tuesday, April 4, 2017, at 8:15 a.m. The meeting was held in Northampton County Courthouse, 3rd Floor, County Council Chambers, Room #3116, 669 Washington Street, Easton, PA.

ITEM #1 –CALL TO ORDER-ATTENDANCE

Mr. Langen called the meeting to order.

Attendance:

Shawn Langen, Margaret Ferraro, Neal Koplin, Shawn Donahue

Solicitor:

John F. Lushis, Jr., Esq.

Staff:

Mark Hartney, DCED Administrator
Sarah Ortiz, DCED Executive Secretary

David Hughes, DCED Finance Specialist
Tim Herrlinger, DCED Director

Absent:

J. Michael Dowd, Helene Whitaker, Mark Schiavone

ITEM #2- APPROVAL OF MINUTES FROM March 7, 2017

MOTION: To approve the minutes as presented.

The minutes were approved on a motion by Mr. Koplin, seconded by Ms. Ferraro. **The motion carried three to one.** Mr. Donahue abstained as he did not attend the March 7, 2017 meeting.

ITEM #3 – TREASURER’S REPORT

3.1 Mr. Hughes reviewed February 28, 2017 Treasurer’s Report.

Mr. Koplin asked if the GPA is reimbursed for any associated fees the GPA has to pay for any loans that come before the GPA. Mr. Hughes noted that those fees are paid by the borrower and are paid once the funds are disbursed. Relating to the J.G. Petrucci partnership, it is expected the loan document fees will be passed to the borrower although this needs to be clarified.

MOTION: To approve the Treasurer’s Report as presented.

Mr. Koplin made the motion to approve. It was seconded by Mr. Donahue. **The motion was unanimously approved.**

3.2 Mr. Hughes reviewed Invoices for payment.

MOTION: To approve the invoices for payment.

Mr. Langen made the motion to approve as presented. Ms. Ferraro seconded the motion. **The motion was unanimously approved.**

3.3 Mr. Hughes reviewed Invoices paid through March 31, 2017.

ITEM #4 – PUBLIC COMMENT

None.

ITEM #5 – OLD BUSINESS

5.1 PA Ethics Statement of Financial Interest

Mr. Langen reminded the Board to submit the PA Ethics Statement of Financial Interest if they have not already done so.

5.2 Hospital and Higher Education Authorities

Mr. Lushis made several points regarding these authorities. 1) The Hospital Authority bylaws cannot be located. 2) The Hospital Authority also has money in an account and one could question why that money is there and not used. 3) The reason for keeping these authorities in existence was for bank-qualified financing that has a \$10M threshold and could be a backstop. 4) As Ms. Borger pointed out, the municipal authorities should have audited financial statements. Mr. Lushis suggested if these authorities are going to stay in place, they should have updated bylaws, boards with no vacancies and audited financial records. Mr. Hartney inquired if the Hospital Authority restricted money could be granted to the GPA. Mr. Lushis will research this. Mr. Hartney suggested an advertisement of meetings of the two authorities which would occur immediately following the GPA meeting. This will occur within the next two months. Mr. Hartney suggested that each board appoint a solicitor and determine next steps.

ITEM #6 NEW BUSINESS

6.1 New Bethany Ministries – Grant Request

Ms. Diane Elliott presented the grant request of \$75,000 for New Bethany Ministries. The grant would be used for renovations to a garage located behind their current facility. The first area of the garage will be used for the entrance and where clients will make decisions on the available food and the second area will be used for distribution of the food. The 2nd floor will be used for needed storage. The goal is to move from a 3-day emergency pantry that only serves clients in the 18015 zip code to a non-emergency choice pantry that is open to everyone. This new pantry will provide produce, fresh meats and nutritional foods and also provide a buffer to the clients financially.

Ms. Elliott introduced Jessica Dokachev, Director of Second Harvest Food Bank who spoke on behalf of and in support of New Bethany Ministries.

Mr. Hartney asked Ms. Dokachev to explain the difference between a food bank and a food pantry. Ms. Dokachev explained that a food bank receives government commodities and food from manufacturers and distributors that is too large for a pantry to store and distribute on their own. Food pantries are able to distribute directly to individuals on a household friendly scale of food.

Mr. Langen asked if Second Harvest supplied Saint Anthony's in Easton. Ms. Dokachev indicated they do along with Safe Harbor, ProJect of Easton, Greater Shiloh and a number of others.

Mr. Koplin asked Ms. Elliott if they get food from other sources besides Second Harvest. Ms. Elliott explained that they get their food from two primary sources: Second Harvest and US Foods. They have also established relationships with many of the local farmers.

Mr. Koplin asked how many people are being served today and what are they projecting if able to complete this renovation. Ms. Elliott said they currently serve 300 families a month and are projecting to increase by at least by 50% or double.

Mr. Koplin asked if they already have the rest of the funding in place and when the project will start. Ms. Elliott explained the project has already started. They do not have all of the funding and that is why she is presenting to the GPA today.

Mr. Donahue questioned the Sources and Uses. New Bethany has private foundation funding of \$40,000 and also received money from the Lehigh Valley Community Foundation, Bethlehem Rotary Foundation and a private family foundation. Individual donations have also provided funding. They have been told with one of their pending grants, they have been unofficially awarded and they are a finalist in the Lehigh Valley Community Foundation Spark Grant which they believe they will receive, amount yet to be determined. They also have a grant out to Keystone Bank. With all of those in place, they can complete the project. With the exception of the last three mentioned, they already have the funding. Mr. Donahue questioned the \$47,000 listed as private pending requests, Ms. Elliott indicated they believe they will receive it.

MOTION: To approve the grant request for \$75,000 as presented.

Mr. Langen made the motion to approve as presented. Mr. Donahue seconded the motion. **The motion was unanimously approved.**

6.2 KIZ – Annual Report and Grant Request

Asher Schiavone, Economic Development Coordinator City of Bethlehem, presented the KIZ Annual Report and grant request for \$40,000 for the Southside Bethlehem Keystone Innovation Zone. Mr. Schiavone expressed their gratitude for the GPA's support in the past and indicated they wouldn't be able to do half of what they do without the support.

Mr. Schiavone presented the overview and KIZ mission and explained their financial resources. The largest grant they offer is a \$15,000 technology grant along with student internship grants and up to \$100,000 in KIZ tax grants. He explained that unlike the grants, the tax credits are managed and administered by the state of Pennsylvania. Governor Wolf has reduced the KIZ tax credit cap from \$25M to \$15M. They have been reaching out to their legislators and Governor Wolf requesting to keep it at its current level or increase it. There have been recent

discussions about cutting the tax credit for a two-year hiatus. Mr. Koplin asked if the KIZ has been preparing in case that would happen to which Mr. Schiavone indicated they have.

Mr. Schiavone reviewed the eligibility requirements and the boundaries of the KIZ which have been amended several times. He next presented the overall investments in KIZ since 2005, the 2017 budget, partners of the KIZ and the 2016/2017 technology transfer grant recipients. They were freebowler (non-electrical pitching machine for cricket), Soltech Solutions (LED grow lights), and Mezzimatic (Goblies - throwable paintballs).

Next, Mr. Schiavone presented the impact since the beginning of the program: 429 jobs created, 29 over the last year, \$68M dollars in additional funding leverage, 117 patents awarded and 134 new products introductions. For every dollar invested by the KIZ, there was \$9.53 in additional funding leveraged, \$9.25 in increased revenue and \$5.98 in R&D expenditures. They have created a website which contains everything you would want to know about the KIZ, resources, news, etc.

Lastly Mr. Schiavone reviewed the program sustainability. They are trying to be creative since they don't receive state funding anymore. They are looking at a KIZ tax credit repayment along with marketing efforts and are hoping to receive awards/recognition. They currently are the #1 KIZ in the Commonwealth.

Mr. Langen asked if any of the KIZ's have closed in lieu of the budget cutbacks. Mr. Schiavone explained they have not because of the tax credit program. If the tax credit program stopped, then you would probably see closures.

Mr. Donahue asked if the GPA had a presence on the KIZ board. Mark Hartney sits on the KIZ board.

MOTION: To approve the grant request as presented.

Mr. Koplin made the motion to approve as presented. Mr. Donahue seconded the motion. **The motion carried unanimously.**

6.3 Resolution No. 2017-05 – Northampton County Development Partnership Shell Building Project Agreement

The board was presented a resolution that would enable Mr. Lushis to form a non-profit entity to serve as the vehicle for the NCGPA, NCIDA and NC New Job's Core investments into the Petrucci Shell Building project. The GPA board members still have many questions on how this entity will be established, what organization will administer, etc. From DCED's point of view, Tim Herrlinger recommended taking a step back to determine the methodology and management structure to then present to the GPA. This would allow the GPA to have their questions answered and what it would look like with or without an entity in the simplest form. Mr. Lushis expressed there were many legal and non-legal reasons given to form an entity. It still needs to be decided who is going to administer this project and how it will be handled going forward. The resolution was tabled. The DCED will provide direction on how the county would like to proceed. Mr. Donahue questioned the fees related to this financing (insurance and lender fees). Mr. Lushis pointed out the proposal did not address that issue. Mr. Lushis said the way the loan document will be written is that the developer will pay the related fees as it is the standard.

ITEM #7 RILEY AND COMPANY, INC.**7.1 Riley and Company, Inc. – 2016 Draft Audit**

Debra Borger from Riley & Company, Inc. presented the 2016 GPA draft audit. Ms. Borger indicated a great difference this year, which is a result of taking on the P3 Project.

The first item reviewed was the Auditor's Report. Ms. Borger reviewed Exhibit A (Statements of Net Position). Cash increased by approximately \$475,000. The restricted cash is high at the end of the year due to IFIP grant that came in right at the end of the year and was paid out in January. The next line is due from Northampton County (\$104,940) and relates to the P3 program. It is the funding that pays the bills for P3. The next section is Noncurrent Assets which is the notes receivable and then capital assets (construction in process; pre-construction costs, primarily attorney fees for P3 project). By the end of the year there was approximately \$532,000 invested in that process. Because all of it relates to P3, that is why it is being capitalized. Total assets at the end of the year were \$3.1 million. Liabilities are much higher than last year. The biggest change is the due on capital assets which relates to the fees and P3 costs. Grants payable is the IFIP grant where the money came in at the end of the year. Net position is the excess of assets over liabilities. There is unrestricted net position around \$1.4 million and that basically hasn't been accounted for. That is what the Authority has available to spend and/or provide services.

Next Ms. Borger reviewed Exhibit B (Statements of Revenue, Expenses and Changes in Net Position). Total Operating Revenues increased by approximately \$320,000. The biggest change is the P3 program. Also, charges for services are significantly up. Moving on to Operating Expenses, the largest expense was community development costs (grants). Going forward, the next largest cost is staffing costs. At the end of the year, there was a net income (loss) of \$770,000.

Exhibit C (Statement of Cash Flows), which shows where the money came in and where it went out. Operating activities generated almost \$900,000 for the year. Purchase of capital assets of \$427,000 were for the P3 project.

Ms. Borger then reviewed the Notes to Financial Statements. Mr. Koplin noted that since the bridges have been transferred to the Authority, he asked how's that going to be reflected on the balance sheet moving forward. Ms. Borger indicated the costs to reconstruct or replace the bridges will be added to capital assets. Ms. Borger will work with DCED to ensure accounts are set up properly to track the P3 project. Depreciation will also be included as an expense. Mr. Hughes asked if the bill for prison construction should be a separate account. The County has already reimbursed the bill and it is essentially a pass-through. The board agreed Mr. Hughes can pay the invoice.

Ms. Borger provided letters for the audit. First is the representation letter, which needs to be signed by Mr. Hughes and Mr. Langen. The next letter is the internal control letter which notes there is a lack of segregation of duties in the Authority's accounting function. Mr. Hartney indicated the GPA has already discussed taking Dave Hughes off as a signatory on checks and adding Mark Hartney and Tim Herrlinger. Additionally, Sarah Ortiz will receive QuickBooks training to be a back-up to Dave Hughes. The final letter is the communication with the Board and provides accounting policies and whether there were any issues while performing the audit.

Lastly the public notice was provided which is to be published in the newspaper and the PA DCED report that reports the activity of the Authority to the PA DCED.

MOTION: To approve the Riley & Company, Inc. 2016 Draft Audit.

Mr. Langen made a motion to approve the draft audit materials as presented. Ms. Ferraro seconded the motion. **The motion carried unanimously.**

ITEM #8 STAFF REPORT

8.1 Lafayette College - Bond

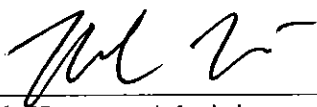
Lafayette College will attend the next GPA meeting. They will present the project and ask for an inducement resolution. The TEFRA hearing is scheduled to immediate follow the GPA meeting. They want to close before Memorial Day.

ITEM #9 – NEXT MEETING – TUESDAY May 2, 2017 8:15AM.

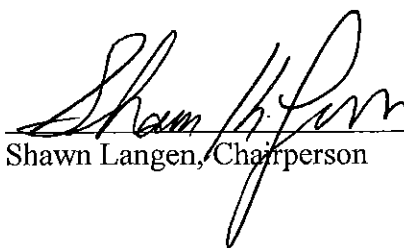
ITEM #10 – ADJOURNMENT

Motion was made by Mr. Koplín. It was seconded by Mr. Langen. The motion carried unanimously.

ATTEST:



Mark Hartney, Administrator



Shawn Langen, Chairperson