

Northampton County General Purpose Authority Meeting Minutes

8:15 a.m. on January 3, 2017

The monthly meeting of the Northampton County General Purpose Authority was held on Tuesday, January 3, 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 at 8:15.

Attendance:

Shawn Langen, Shawn Donahue, Michael Dowd, Mark Schiavone, Helene Whitaker, Neal Koplin,

Solicitor:

John F. Lushis, Jr., Esq.

Staff:

Mark Hartney, DCED Administrator
Denise Drake, DCED Acting Executive Secretary

David Hughes, DCED Finance Specialist

Absent:

Margaret Ferraro

ITEM #2- APPROVAL OF MINUTES FROM November 1, 2016

The minutes were unanimously approved on a motion by Ms. Whitaker, seconded by Mr. Dowd. Mr. Donahue abstained.

ITEM #3 – TREASURER’S REPORT

3.1 Mr. Hughes reviewed November 30, 2016 Treasurer’s Report.

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

Mr. Dowd made the motion. It was seconded by Mr. Schiavone. The motion carried.

3.2 Invoices – Mr. Hughes reviewed the invoices that have been paid to date and that need to be paid.

Mr. Langen made the motion to approve as presented. Mr. Koplin seconded the motion. The motion carried.

ITEM #4 – ANNUAL MEETING & ELECTION OF OFFICERS

MOTION: Mr. Dowd made a motion to approve the following slate of officers:

Shawn Langen	Chairperson
J. Michael Dowd	Vice Chairperson
Neal Koplín	Secretary
Shawn Donahue	Treasurer
Helene M. Whitaker	Assistant Secretary
Mark Schiavone	Assistant Treasurer
Margaret Ferraro	2nd Assistant Secretary/Treasurer

The motion was seconded by Mr. Koplín. The motion carried unanimously.

ITEM #5 – PUBLIC COMMENT

None.

ITEM #6 – OLD BUSINESS

None.

ITEM #7 NEW BUSINESS**7.1 Southern Cross Loan to Remediate 457 West Lincoln Street**

Mr. Hughes explained that a loan request was received by Mr. William Fusselbaugh of Southern Cross Management, Inc. Mr. Fusselbaugh appeared before the Loan Committee to explain the project. Mr. Fusselbaugh is planning to renovate the building and create “The Green Works” which will be a building dedicated to green technologies and plant science.

Mr. Fusselbaugh is seeking a loan from the GPA for the cost associated with remediating lead based paint and asbestos and making the property lease-ready.

An appraisal was performed by Imperial Reality. The appraisal concluded that the “As Is” value of the property was \$1,150,000.

The Easton Area Industrial Land Development Corp. (EAILD) had loaned the project \$300K and is secured by a first mortgage on the property with an interest rate of 10% monthly interest-only payments and a maturity of 5/1/2017, which can be extended until 11/1/2017

Mr. Koplín made a comment that he felt it was a good innovative project. He feels that there should be a personal guarantee by Mr. Fusselbaugh and that he would support a \$250K loan in second lean position with terms that mirror EAILD. He stated that it is good methodology for agriculture and repurposing old mills.

Mr. Dowd indicated that he serves on the EAILD Board and Mr. Lushis stated that it gives the appearance of a conflict and therefore Mr. Dowd recused himself.

Mr. Schiavone asked how Mr. Fusselbaugh would afford the interest payments? Mr. Koplin stated that in addition to the principal's ability to pay the loan he also felt that the GPA was well protected with the value of the real estate.

Mr. Donohue stated that we should include cash flow or debt cover ratio calculation. He also stated that the appraisal may be a bit high but felt comfortable that once the property is remediated it would easily be worth over \$600K to cover outstanding debts. He also stated he would like a letter from EAILD stating their support and agreement with the secondary loan. Finally, he wants the environmental work to be approved by a 3rd party when invoices are submitted.

MOTION: Mr. Donahue made a motion to approve the loan request as presented with two conditions; 1.) To confirm that the GPA loan documents are not in violation with the EAILD Loan that already exist and 2.) With each disbursement we have the sign-off of the professional engineer with ultimately the final certification that the work was done in accordance with the clean-up plan prepared by LVLRI and Earth Res. The motion was seconded by Mr. Langen. The motion carried. Mr. Dowd abstained.

7.2 Resolution No.: 2017-01 – P3 Project Resolution approving the engagement of the Developer and third party engineer, third party administrator of liability insurance and general GPA representative on the project.

Mr. Lushis gave an update on the status of the P3 bridge project. Due to the litigation associated with the contract award a delay has been caused in exciting final agreements and the start of the project. This delay has caused an increase \$1.5 million dollars in the overall cost of the project. This increase was confirmed by our 3rd party engineer.

Mr. Lushis summarized the resolution in front of the board. It reaffirms the GPA's previous approvals and commitment to the project. It establishes a payment schedule for the \$1.5 million dollar increase. It approves the procurement of the liability insurance. It identifies Shawn Langen as the GPA's point of contact and establishes that he will be reimbursed by the County at a rate of \$200/hr.

Mr. Koplin expressed several comments/questions. He wanted to know if the GPA had any recourse for project delays and increased costs. Mr. Lushis said it would depend on the outcome of the existing litigation. If the outcome is decided in favor of the GPA the GPA will need to decide if it wants to sue for damages. Mr. Koplin also expressed support for the additional oversight of the project and asked Mr. Langen how he envisioned reporting to the Board. Mr. Langen stated he would provide monthly updates. Mr. Koplin asked if the increased costs were justified and Mr. Lushis explained that the increased costs were thoroughly vetted by the county and the 3rd party engineer. Mr. Koplin asked how the project cost account will be reconciled. Mr. Lushis stated that the County will make bi-annual payments to the GPA. The GPA will disburse funds to the Contractor based on delivery milestones. The account will be reconciled by DCED Staff with support from Riley and Co. as needed.

Mr. Koplin made a motion seconded by Mr. Schivone to approve the resolution as presented with the following amendments:

- Paragraph number 5 will be clarified that the County will reimburse the GPA for the Admin Expenses associated with Mr. Langen's time.
- Monthly status reports will be provided regarding the project cost account with periodic reviews by the auditor.

The motion passed unanimously with Mr. Langen abstaining.

7.3 Resolution No.: 2017-02 – P3 Project Cost Account Resolution

MOTION: Mr. Koplin made a motion to approve the resolution and it was seconded by Mr. Schiavone. The motion carried with Mr. Langen abstaining.

Mr. Donahue question if the amount of liability insurance coverage was sufficient for the size and scope of the project. Mr. Lushis stated that the GPA has Sovereign Immunity which will lessen its liability and the amount of insurance was suggested by an insurance consultant retained by Mr. Lushis’s law firm. He will double check and see if an umbrella policy is needed.

7.4 P3 PPA Overview

An overview was prepared and distributed to the board. Mr. Langen suggested that GPA members review on their own. If there are any questions next month Mr. Lushis will assist with explanation.

7.5 GPA RLF Contract Addendum

Mr. Hartney stated the \$250,000 in additional funds to be added to the \$500,000 that was given to the GPA in 2015.

MOTION: Mr. Koplin made a motion to approve the Contract Addendum and it was seconded by Mr. Dowd. The motion carried.

ITEM #7 – STAFF REPORT

8.1 Project Updates:

8.1.1 Kerrigan Update

Mr. Hughes stated that the loan for \$50,000 was approved and being reviewed by Kerrigan, it should close within the next two weeks.

8.2 Shell Building RFP Update

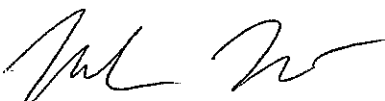
Mr. Hartney stated that he will be contacting Mr. Langen to review the proposal that was submitted.

ITEM #8 – NEXT MEETING – TUESDAY February 7, 2017

ITEM #9 – ADJOURNMENT

Motion was made by Mr. Dowd. It was seconded by Mr. Koplin. Motion passed unanimously.

ATTEST:



Mark Hartney, Administrator



Shawn Langen, Chairperson