A special meeting of the Northampton County Council was held on the above date with the following present: Ann McHale, President; Wayne Grube, Vice President; Ron Angle; John Cusick; Charles M. Dertinger; J. Michael Dowd; Margaret Ferraro; Lamont G. McClure, Jr.; Diane Neiper; Leonard N. Zito, Solicitor to Council, and Frank E. Flisser, Clerk to Council.

Prayer

Mr. Dowd led County Council in prayer to open the meeting.

Pledge of Allegiance

Mr. Dowd led County Council in the pledge of allegiance.

Courtesy of the Floor

Mrs. McHale asked if there was anyone from the public who wished to comment on this issue. There were no respondents.

Consideration of the General Purpose Authority - St. Luke’s Hospital Project Resolution

Mrs. McHale advised this resolution was introduced by herself and Mr. Grube at the June 5, 2008 Northampton County Council meeting. She further stated after some discussion, a motion was entered by Mr. Angle, seconded by Mrs. Ferraro and passed unanimously to vote to table this resolution.

Mrs. McHale asked for a motion by a member of County Council to remove this resolution from the table.

Mr. McClure made a motion to remove this resolution from the table.

Mr. Dertinger seconded the motion.

The motion was passed by voice acclamation.

Mrs. McHale asked the representatives from St. Luke’s Hospital if they wished to comment.
Mr. Robert Martin, Senior Vice President-Network Development, introduced the representatives from St. Luke’s who were present. They were Mr. Richard Anderson, President and Chief Executive Officer; Mr. Thomas Lichtenwalner, Interim Senior Vice President-Finance; Mr. Seymour Traub, Esq., Vice President and General Counsel, and Mr. James Lawlor, Esq., of Reed and Smith, Bond Counsel.

With regard to the issue of whether or not St. Luke’s paid taxes, Mr. Martin advised they occupied 156 properties over a six County area and paid taxes on 152 of them, noting they did not pay taxes on locations where there were hospitals.

Mr. Martin stated they have been involved for several years with the project on Freemansburg Avenue and Route 33 since they acquired the 200 acres. He further stated they had done extensive planning with Bethlehem Township who indicated the community needed and wanted healthcare at that location.

Mr. Martin advised they were going to begin with the first phase of that project, which was 400,000 square feet and would be comprised of two medical office buildings. He further advised from the standpoint of taxable property, the two office buildings alone would be valued at more than $50 million.

Mr. Martin stated the cost of the project was $150 million and over the course of building that project, which they expected to commence this summer, would employ more than 1800 workers. He further stated they estimated this project would create 685 high paying jobs. He noted in healthcare when you create one job, it sometimes led to another job, therefore, from the 685, they anticipated 715 indirect jobs would be created.

Mr. Martin advised with regard to economic development, as part of this project, they planned to partnership with General Electric, and hoped to form other partnerships in an effort to attract other entities to the area.

Mr. Martin stated St. Luke’s had already invested money in the area in an effort to bring this project to fruition. He noted they spent more than $6 million insuring there would be sewer capacity, more than $20 million in roadway improvements to build out Freemansburg Avenue to its maximum capacity and more than $6 million to improve the overpass across Route 33.

Mr. Martin advised they have discussed funding with the State who recognized this location as one of the premiere locations in the State.
Mr. Martin stated they sent out a plan that had eight phases to it which would be completed over the next ten years. He further stated when it was completed, they estimated they would be the second largest employer in Northampton County.

Mr. Martin advised they would be acquiring the 300 acres across Route 33 on July 2, 2008, which they knew was zoned for office, residential and retail use as they had participated in the process. He further advised when the previous developer could not make their project happen and they were offered the land, it was not a difficult decision for them. He noted they were still committed the facility at Fountain Hill, but they envision this campus to be one of the most premiere health care destinations in the country.

Mr. Martin thanked County Council for the opportunity to make their presentation and he hoped it would be a unanimous decision to approve the bond so they could begin their first phase of bringing premiere health care to the Lehigh Valley.

Mr. Angle stated he thought the purchase of the 200 acres was a good idea, however, he was concerned about the additional 300 acres because it would give them 500 acres and none of the four major hospitals in the country even came close to having that much property.

Mr. Angle advised the original project for the 300 acres was for a development called the Summit which would have been known as a town center. He further advised Bethlehem Township spent a lot of time developing the zoning for that town center hoping it would provide good tax revenue and services for them.

Mr. Angle stated he was informed that St. Luke’s had not really discussed their plans for the 300 acres with Bethlehem Township and that their zoning for the town center was very concrete.

Mr. Angle advised it appeared to him that St. Luke’s was taking a chance on this 300 acres from a zoning point of view because unlike the 200 acres, it currently does not have the zoning that would allow them to do the things they planned to do in their effort to create a world class facility.

Mr. Martin agreed there were not too many hospitals that had 500 acres and it was too much property for a hospital. However, they did not plan to have just a hospital, but a whole cluster of facilities to provide care for numerous types of medical care and possibly allow the providers to live near where they worked. He
stated they were trying to establish something different that would attract the best individuals in a field that has become very limited and competitive. He further stated he felt they could work with Bethlehem Township’s zoning regulations.

In response to Mr. Angle’s question, Mr. Martin advised it would be wrong to say that St. Luke’s would follow through on the plans Summit put forth, but the concept was in line with their vision.

Mr. Angle stated he would like to think that hospitals where in the business of providing affordable health care, therefore, he would like to have seen plans for a facility that would provide healthcare for the impoverished than for St. Luke’s to be land speculators. He remarked St. Luke’s was being given tax exempt status on the financing to be speculators because there was nothing that prevented them from holding the land for a few years and then selling it or becoming a developer.

Mr. Angle advised he did not believe it was the job of the County of Northampton nor its taxpayers to grant tax exempt status for municipal bonds to an organization that could be speculating on an extra 300 acres of land. He noted he did not have a problem with the plans for the original 200 acres, but he could not support this resolution due to the purchase of the additional acres.

Mrs. McHale indicated a letter was received from Bethlehem Township which stated in part, “As you are aware, St. Luke’s Hospital and Health Network recently announced plans to acquire a large parcel of land in Bethlehem Township through a private land transaction. While this land is not currently zoned for healthcare or hospital uses, we look forward to working with St. Luke’s as it seeks to develop the property within the bonds of the township’s zoning and land development regulations.”

Mrs. Ferraro commented she was concerned about the timing of the announcement of the purchase of the 300 acres because it came right after the General Purpose Authority approved the bond.

Mr. Martin stated the announcement had nothing to do with the bond and was done at the request of Bethlehem Township for full disclosure as they were receiving inquiries. He further stated the bulk of the funds would be applied to the first phase of their project.

In answer to Mr. Dertinger’s question, Mr. Martin advised it had been their policy to be committed to paying property taxes.
Mr. Dertinger remarked the project being presented by St. Luke’s was an ambitious one and it was mentioned that it hoped to bring people in from outside the area. However, his concern was for the people who were presently in the area especially as it related to the construction jobs.

Mr. Martin stated North Star was the General Contractor and had an excellent track record for using local labor.

Mr. Dertinger advised he knew that the bids were being presented to companies as far out as Delaware and it was the County’s responsibility to see that the people of Northampton County were given the best opportunity to do the work.

Mr. Martin advised if their track record was reviewed, it would show they always hired local labor.

Mr. McClure stated he was happy to hear about 685 high paying jobs coming to the area and asked how long would it be before they materialized.

Mr. Martin advised they planned to break ground this summer and open in early 2010, with 60-70% of those jobs being filled and the balance being added the following year.

In response to Mr. McClure’s question, Mr. Martin stated they were the biggest providers of healthcare to the residents of Northampton County and planned to remain completely committed to the Fountain Hill facility in providing the same high quality of care.

Mr. Dowd advised St. Luke’s had always been committed to Northampton County and the Lehigh Valley. He further advised one of the things people wanted when they come to the Lehigh Valley was good quality healthcare which it certainly offered. Therefore, he had no doubt this would be an excellent project.

Mr. Angle agreed that St. Luke’s was a major provider in Northampton County and when this facility opened, it would be the end of Easton Hospital because their ability to compete now was very difficult.

Mr. Cusick stated this was an outstanding opportunity for both Northampton County and St. Luke’s and he looked forward to working with them.
In response to Mr. Cusick’s question, Mr. Martin advised he had no doubt that St. Luke’s would be involved with the Northampton and Lehigh Counties Health Bureau.

Mrs. McHale commented she felt this was a move in the right direction and every citizen of Northampton County should be pleased with this project because of its location and the services it intended to provide.

Mr. Grube stated Lehigh Valley Hospital listed in the paper the money it spent to provide health care to the poor over the year and he would like to see the same from St. Luke’s. He further stated he felt the plans were for a first class operation and hoped it would provide healthcare to those who could least afford it.

Mr. Anderson advised St. Luke’s did have a record of all their facilities as to how much was spent for this type of healthcare and it was more than $36 million a year.

Mr. Grube introduced the following resolution:

R. 35-2008

APPROVING THE FINANCING BY NORTHAMPTON COUNTY GENERAL PURPOSE AUTHORITY (THE "AUTHORITY") OF PROJECTS FOR SAINT LUKE'S HOSPITAL OF BETHELHEM, PENNSYLVANIA (THE "HOSPITAL"), AND DECLARING THAT IT IS DESIRABLE FOR THE HEALTH, SAFETY AND WELFARE OF THE PEOPLE IN THE AREA TO BE SERVED BY THE FACILITIES OF THE HOSPITAL TO HAVE SUCH FACILITIES FINANCED THROUGH THE AUTHORITY

WHEREAS, the Northampton County General Purpose Authority (the "Authority") is a body corporate and politic existing under the provisions of the Pennsylvania Municipal Authorities Act 53 Pa. Cons. Stat. §§5601-5622, as amended (the "Act") by the County Council (the "County Council") of the County of Northampton, Pennsylvania (the "County"), with all the general powers granted by the Act for the health, safety and welfare of the residents of the area; and

WHEREAS, the Act vests the Authority, inter alia, with the power of financing projects for the benefit of hospitals and health centers; and

WHEREAS, the Authority, at the request of Saint Luke's Hospital of Bethlehem, Pennsylvania, a Pennsylvania nonprofit corporation (the "Hospital"), proposes to undertake a project
(the "Project") consisting of: (i) the construction and equipping
of a new medical campus anticipated to include, among other
things, a four story 80,000 square foot cancer center, a two
story 100,000 square foot health pavilion featuring an ambulatory
surgery center, a diagnostic imaging center, an urgent care
facility, cardiovascular and neurological diagnostic centers and
approximately seventy-five inpatient beds, and two or more
medical office buildings and related infrastructure improvements;
(ii) the funding of various capital projects for general Hospital
purposes, including, without limitation, renovations, repairs and
acquisitions of capital equipment for the Hospital's Allentown
and Bethlehem hospital facilities and other outpatient and
administrative facilities; (iii) the cost of acquisition of a
25,000 square foot health and wellness center known as Union
Station Plaza and a two story 20,000 square foot medical office
building known as Eighth & Eaton Professional Building, each of
which is to be used for administrative and outpatient services;
(iv) the acquisition of an approximately 280 acre parcel of land
located in Bethlehem Township, Northampton County, bordered by
the Lehigh River to the South and Route 33 to the West; (v) the
purchase by the Hospital for cancellation of up to $35,000,000 of
the Authority's Hospital Revenue Bonds, Series 2007 (Saint Luke's
Hospital of Bethlehem, Pennsylvania, Project); (vi) the funding
of a debt service reserve fund for the Bonds; (vii) the
capitalization of a portion of interest on the Bonds; and (viii)
the payment of certain costs and expenses in connection with the
issuance of the Bonds; and

WHEREAS, the Hospital has requested that the Authority issue
revenue bonds in an aggregate principal amount not to exceed
$175,000,000 (the "Bonds"), estimated to be sufficient to pay the
costs of the Project; and

WHEREAS, the Act permits an authority to undertake the
financing of hospital or health care projects with loans to
public hospitals, non-profit corporation health centers or
non-profit hospital corporations serving the public which may
duplicate or compete with existing enterprises serving
substantially the same purposes provided that a declaration is
made by the municipality which organized an authority for such a
project that it is desirable for the health, safety and welfare
of the people in the area to be served by the facilities to have
such facilities provided by, or financed through, an authority;
and

WHEREAS, the County Council is familiar with the Hospital,
has determined that the Hospital is a public hospital, non-profit
corporation health center or non-profit hospital corporation
serving the public, and is concerned about improving the health, safety and welfare of the people of the County;

NOW, THEREFORE, BE IT RESOLVED as follows:

1. The Authority's undertaking of Project is hereby approved, it being understood that such approval shall not, directly or indirectly, obligate the taxing power of the County or otherwise obligate the County in any way whatsoever, and is given for the sole purpose of complying with the provisions of the Act relating to the undertaking of the Project by the Authority.

2. It is hereby declared desirable for the health, safety and welfare of the people in the area served by the Hospital to have the Project and the project facilities financed through the Authority and the Authority is hereby requested and authorized to undertake the financing of the Project for the benefit of the Hospital by the issuance of the Bonds.

3. The proper officers and other personnel of the County and the Authority are hereby authorized and empowered to take all such further actions and execute such additional documents as they may deem appropriate to carry out the purposes of this resolution.

4. Any resolutions or part of resolutions conflicting with the provisions of this resolution are hereby repealed insofar as the same effect this resolution.

Mrs. McHale called for the vote:


The resolution was adopted by a vote of 8-1.

Adjournment

Mr. McClure made a motion to adjourn.

Mr. Dowd seconded the motion.

The motion passed by acclamation.