

ANIZDA Board Meeting Minutes
August 5, 2020
Virtual Public Meeting Held via Videoconference

Attendees: Adrian Shanker, Sy Traub, Esq., David Mickenberg, Pedro Torres, and Greg Dudkin

Board Staff: Jerry Frank (Solicitor), Steve Bamford (Executive Director), and Michelle Reid (Executive Assistant)

Members of the media and public were present.

1. **The meeting was called to order by Sy Traub, Chairperson, at 5:00 p.m.** A quorum was met. S. Traub asked the Executive Director to make some introductory remarks. S. Bamford stated:

In accordance with Act 15 of 2020, and the declaration of a disaster emergency by the Governor and to protect the public from the spread of COVID-19, the Allentown Neighborhood Improvement Zone Development Authority (ANIZDA) Board of Directors is holding this previously scheduled regular public meeting virtually via Zoom video conferencing.

Instructions and the link to attend this meeting were posted on the ANIZDA website at www.allentownniz.com as were the meeting agenda and draft resolutions. The meeting notice was also published in the Morning Call.

Members of the public who are attending this virtual meeting may provide written comment on matters before the board using the Zoom chat function throughout the meeting. Depending on the device you are using, the chat icon may appear at the top, bottom, or side of your screen. Board Chair Sy Traub will request and pause for public comment before each vote on matters before the board this evening. Comments received will be read aloud by staff. We ask that any member of the public submitting comment also provide their first and last name so that it may be reflected in the meeting minutes.

We are fortunate to have videoconferencing technology available to us during these challenging times and are appreciative of everyone's flexibility and understanding.

2. **Approval of July 1, 2020 Meeting Minutes** – A motion to approve the July 1st meeting minutes was made by D. Mickenberg, seconded by A. Shanker, and unanimously approved.
3. **Public Comment on all Matters to be Acted Upon** – Members of the public were present, but comments were deferred until matters were to be acted upon.

4. **Public Improvement Project Line of Credit – Resolution R2020-225**

- a. The \$10 million line of credit established with Peoples Security Bank and Trust (PSB&T) to fund public improvement projects expires on August 31, 2020. Currently, there is no outstanding balance on the line. There is approximately \$2.99 million in the project fund account at PSB&T available to fund projects already approved and approximately \$4.16 million needed to complete previously approved projects - a \$1.17 million difference. If ANIZDA is to complete the funding of those projects, the difference would have to be funded through advances from the new \$10 million credit facility that would be authorized by this resolution and guaranteed by City Center Investment Corporation (CCIC). PSB&T is requiring the full guarantee of CCIC in the event there are insufficient excess NIZ revenues to make a \$2 million annual payment on the line.
- b. The new facility is a revolving line of credit with a 7-year term and an interest rate of LIBOR + 2.75% with a floor of 3.25%.
- c. G. Dudkin moved and D. Mickenberg seconded a motion to approve Resolution R2020-225. Upon no comment from the public, the motion was unanimously approved.

5. **Reappointment of Four Score LLC as Allocation Accountant to perform compliance, reporting, outreach, allocation, and consulting services – Resolution R2020-226**

- a. Currently, ANIZDA is under contract with Four Score LLC to serve as ANIZDA's Allocation Accountant providing compliance, reporting and allocation services. The contract expires November 1, 2020. The resolution under consideration would extend the arrangement for another three years at a cost of \$216,000 per year.
- b. S. Bamford explained Deana Zosky, CPA, the principal of Four Score LLC, has a unique skill set and knowledge base having worked with the NIZ since shortly after program inception. The firm also provides similar services to the Lancaster CRIZ and a new authority in Horsham. S. Bamford stated that the compliance function is critically important to the success of the program. Each year Deana physically visits every building within the NIZ to ensure the master listing of Qualified Businesses is current and accurate. Four Score also maintains and updates the reporting packet materials that Qualified Businesses use to prepare their state and local reports each year and assists businesses that need help with filing by the deadline, at no cost to the businesses. After the state certifies NIZ revenues each year, Four Score serves as ANIZDA's Allocation Accountant to allocate the revenue in accordance with the NIZ Act, the Escrow Agreement

between ANIZDA and Bank of NY Mellon, and the Funding Agreements between ANIZDA and developers. The allocation process includes the issuance of the Accountant's Allocation Report each year. Four Score LLC also provides assistance throughout the year with baseline calculations and analytics as needed.

c. The board tabled the resolution until next month for further consideration.

6. Executive Directors Report

S. Bamford reported that he recently toured City Place North. The 120 studio and one-bedroom apartment units in the repurposed former hotel are leasing up rapidly. City Center Investment Corporation is hosting a virtual ribbon cutting on Facebook tomorrow.

The meeting was adjourned at 5:54 pm.

Next ANIZDA Board Meeting: Wednesday, September 2, 2020 at 5:00 pm.

Respectfully Submitted,

A handwritten signature in blue ink, consisting of several loops and a vertical line, positioned above a horizontal line.

Secretary

**ALLENTOWN NEIGHBORHOOD IMPROVEMENT ZONE
DEVELOPMENT AUTHORITY**

RESOLUTION NO. R-2020-225

WHEREAS, the Allentown Neighborhood Improvement Zone Development Authority (the "Authority") is a public instrumentality of the Commonwealth of Pennsylvania and a body politic and corporate, and is authorized and empowered by the provisions of the Economic Development Financing Law of the Commonwealth of Pennsylvania, 73 P.S. 371 *et seq.*, as amended (the "Act") as an industrial development authority to acquire, hold, construct, improve, maintain, own, finance and lease projects and, among other things, to make loans to project applicants or project users and to provide alternative types of financing, including, but not limited to, standby loan commitments, guarantees, letters of credit and grants; and

WHEREAS, Article XIX-B of Pennsylvania's Fiscal Code, 72 P.S. Section 8901-B *et seq.* (the "NIZ Act") authorizes a contracting authority such as the Authority to create a Neighborhood Improvement Zone (defined below); and

WHEREAS, the City of Allentown, Lehigh County, Pennsylvania (the "City") qualifies as a "city" under the NIZ Act; and

WHEREAS, pursuant to a resolution adopted by the Authority on August 30, 2012, the Authority designated a neighborhood improvement zone within the City (the "NIZ"); and

WHEREAS, the Authority, based upon facts presented, has found that the development of the aforesaid NIZ will promote the public purposes of both the Act and the NIZ Act and be in the best interest of the people of the City ; and

WHEREAS, the Authority has the power to finance a project for development and improvement within the NIZ in accordance with the Act and the NIZ Act; and

WHEREAS the Authority anticipates that excess NIZ Tax Revenues will continue to be generated from within the NIZ over and above the amount that is contractually committed to the Commonwealth of Pennsylvania; and

WHEREAS the Authority desires to utilize a portion of the excess for development and improvement within the NIZ, in addition to construction of the Arena complex and projects by private Developers, and

WHEREAS the Authority desires to implement criteria and take steps to fulfill the purposes of the Act and the NIZ Act,

NOW, THEREFORE, BE IT RESOLVED by the Authority, as follows that:

- A. 1. In place of a Credit Facility approved by Resolution R2017-130, which expires on August 31, 2020, the Authority hereby approves entering into a new credit facility (the "Credit Facility") to finance public development and improvements approved by the Authority in accordance with the Process Guidelines for Public Improvement Investments in the City of Allentown Neighborhood Improvement Zone, and certain costs incidental thereto, with the debt service to be paid with excess NIZ Tax Revenues over and above that which is contractually committed to the Commonwealth of Pennsylvania; and
2. The Credit Facility shall be a private placement, as a revolving line of credit loan in an amount not to exceed \$10,000,000.00 and may have such other terms and conditions consistent with the Act, the NIZ Act and the terms and conditions in the proposal letter dated July 29, 2020 ("Summary"), from Peoples Security Bank & Trust (the "Bank"), attached hereto as Exhibit "A"; and
3. The Authority hereby authorizes the Executive Director of the Authority to act on behalf of the Authority with regard to fulfilling the Authority's obligations and rights hereunder, to negotiate loan documents from the Bank, substantially in accordance with the terms reflected in the Summary and to take any and all such actions necessary in the opinion of the Executive Director, with advice of counsel, to implement the Credit Facility and consummate the transactions contemplated herein, and
4. The Credit Facility shall be issued pursuant to loan documents, indentures or other agreements relating to the terms of the Credit Facility and custody and disbursement of proceeds, between the Authority and the Bank setting forth provisions set forth in the Summary, subsequent commitment letter, if any, and/or other customary lending provisions acceptable to the Authority (collectively, the "Loan Documents"); and
5. The Authority hereby authorizes the acceptance, execution and delivery of:
(i) a commitment letter from the Bank to be consistent with the Summary; (ii) issuance of the Credit Facility subject to the recital paragraphs of this Resolution; and (iii) all related Loan Documents;

- B. The Whereas clauses above are incorporated as part of this Resolution.

- C. The Chairperson or Vice Chairperson, Executive Director and the Secretary or any Assistant Secretary of the Authority are hereby authorized and directed to execute and attest, where deemed necessary, respectively, any related agreement and documents, and other documents to amend or correct any documents, and to take any and all such actions necessary, in the opinion of the Executive Director with the advice of counsel, to implement fulfillment of the purposes of this Resolution and to consummate the transactions contemplated herein.

- D. The liability of the Authority under any and all of the documents relating to and executed to implement fulfillment of the purposes of this Resolution shall not constitute the general obligation of the Authority, and where appropriate, the documents, shall provide for other parties, to indemnify and hold harmless the Authority, and each member, officer, and employee of the Authority, from and against any and all claims, losses, damages or liabilities, joint and several, to which the Authority or any member, officer or employee of the Authority may become subject, insofar as such loss, claim, damage, or liability, or action in respect thereof, arises out of implementation of the purposes of this Resolution, or is based upon any other alleged act or omission in connection with any document related thereto.

- E. All actions previously taken in furtherance of the purposes of this Resolution are hereby ratified. The officers of the Authority are hereby authorized to take such further actions to carry out the purposes of this Resolution.

- F. All resolutions and orders, or parts thereof, in conflict with the provisions of this Resolution, are, to the extent of such conflict, hereby repealed and this Resolution shall be in immediate effect from and after its adoption.


END OF RESOLUTION

CERTIFICATION

I, Pedro L Torres, Jr., Secretary of the Neighborhood Improvement Zone Development Authority, do hereby certify that the foregoing is a true and correct copy of the Resolution R-2020-225 of the Board of Directors of the Authority passed at a duly convened meeting of said Board on the 5th day of August, 2020. Authority members present and voting were as follows:

<u>Vote</u>	<u>Yes</u>	<u>No</u>	<u>Abstain</u>
Seymour Traub, Esq.	✓		
Nelson A. Diaz	Absent		
Gregory N. Dudkin	✓		
David Mickenberg	✓		
Tiffany Polek	Absent		
Adrian Shanker	✓		
John Stanley, Esq.	Absent		
Pedro L. Torres, Jr.	✓		
Vacant			

IN WITNESS WHEREOF, I hereunto set my hand and seal on this 5th day of August, 2020.


Secretary



July 29, 2020

Allentown Neighborhood Improvement Zone Development Authority
Attention: Executive Director, Steve Bamford
5 N. Front Street
Allentown, PA 18102

RE: Public Improvement Investment Line of Credit

Dear Mr. Bamford,

The following proposal is for discussion purposes only for the above referenced property. This proposal does not represent a commitment to lend from Peoples Security Bank and Trust Company (hereafter "PSBT" or "Bank"), and should not be construed as such. A formal commitment would specify all of the various terms and conditions of the financing, some of which may differ from those below. Such a commitment could only be issued following a thorough analysis of the credit and collateral aspects of the transaction. However, the following terms and conditions will be considered for approval:

Borrower: Allentown Neighborhood Improvement Zone Development Authority

Note: It is acknowledge that this loan will be a pass-through and not a "direct" obligation of the Borrower. That said, documentation to allow the security interest as outlined herein and a general agreement to advance and repay the facility will need to be carefully crafted. Additional discussion with legal counsel will be necessary to fully detail this up upon acceptance of this term sheet.

Guarantee: Full guarantee of City Center Investment Corporation not using NIZ tax revenues..

Amount: \$10,000,000

Purpose: The revolving line of credit shall be used to fund public improvements approved by Borrower such as, but not limited to, public transportation facilities, public parking facilities, parks, green spaces and streetscape projects within the Neighborhood Improvement Zone

Interest Rate: 1 Month LIBOR + 2.75% with a Floor of 3.25%

Term: A term of 7-years [from the current maturity]
Bank and Borrower can mutually agree to an additional 3-year extension of the credit facility after the initial 7-year period; either party at that time can agree to terminate the credit facility.

Repayment: Interest and principal payable annually in June

Annually (upon receipt and after allocation of the Neighborhood Improvement Zone (NIZ) revenue) the Borrower will make a principal repayment in an amount not less than \$2,000,000 (the "Annual Payment). If the o/s balance is less than \$2,000,000 at that time the Borrower shall make a principal repayment enough to reduce the outstanding balance to \$0.

150 N. Washington Ave. | Scranton, PA 18503 | P 570.346.7741 888.868.3858 | psbt.com Member FDIC

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Commitment Fee: None

Other Fees: Out-of-pocket expenses incurred by the Bank, including but not limited to Legal, tax monitoring fee, and other Bank searches.

Collateral: Secured interest in the Borrower's Project Fund currently held at PSB&T

Prepayment: The line of credit can be repaid at any time without penalty

Covenants:

1. Borrower will not enter into additional credit public improvement facilities without prior written consent of PSB&T. [Excluding pass through credit facilities for third party developers and Guaranties of Allocation]
2. To make the Annual Payment, Borrower will be required to report excess revenues annually of no less than \$24,000,000.00. If NIZ revenues are not sufficient to meet this covenant to make the Annual Payment, Guarantor can post a \$2,000,000 cash payment reserve with Bank until the next report period. At that report period, Borrower will agree to make a "catch up" payment equal to \$4,000,000 or a lesser payment which brings the credit facility balance to \$0.
3. Standard affirmative and restrictive covenants as typical for a credit facility of this nature

Participation: PSB&T will continue to participate up to \$5,000,000 of the credit facility with ESSA Bank & Trust

Deposits: Borrower will maintain its operating and savings/reserve accounts with PSB&T.

Reporting: Annual audited financial statement for ANIZDA
Such financial statements/reports as reasonably requested by Bank

Bank Counsel: Colin Keefe, Esquire (Fitzpatrick Lentz & Bubba)

Thank you for the opportunity to provide financing on your project. Please feel free to contact me at (484)-280-1372 if you have questions.

Sincerely,

A handwritten signature in blue ink, appearing to read "Khristopher M Gefroh", with a small "1/2" written to the right of the signature.

Khristopher M Gefroh
Vice President
Peoples Security Bank and Trust Company



AGREED AND ACCEPTED

BORROWER:

By: Steve Bamford
Title: Executive Director

GUARANTOR:

By: J.B. Reilly
Title: President, City Center Investment Corporation