

#### INTEROFFICE MEMORANDUM

To: Tad J. Miller, City Clerk

From: John F. Spirk, Jr., Esq., City Solicitor

Re: Settlement Agreement

City of Bethlehem, Redevelopment Authority of the City of Bethlehem, and

Christmas City Hotel, LLC doing business as Hotel Bethlehem

Date: June 26, 2024

Attached for Council's consideration is a proposed Resolution and associated Settlement Agreement which confirms and resolves existing usage of and access to portions of City and Redevelopment Authority properties for parking and vehicle access purposes in a location that experienced frequent transfers of ownership of multiple parcels during the urban renewal era of the mid-20<sup>th</sup> century.

Please place this matter on City Council's agenda for review and appropriate action.

John F. Spirk, Jr., Esq., Solicitor

John F. Spirk, Jr.

Cc: J. William Reynolds, Mayor

Laura Collins, Executive Director, RDA

#### RESOLUTION NO. 2024-\_\_\_\_

### **Authorization For Settlement Agreement**

BE IT RESOLVED by the Council of the City of Bethlehem that the attached three-party Settlement Agreement between the City of Bethlehem, Redevelopment Authority of the City of Bethlehem, and Christmas City Hotel, LLC, doing business as Hotel Bethlehem, and execution thereof by the Mayor and the Controller, and/or such other City officials as deemed appropriate by the City Solicitor, is authorized, approved and ratified; and

BE IT FURTHER RESOLVED that the aforesaid individuals are further authorized to execute such other agreements and documents as are deemed by the City Solicitor to be necessary and/or related to the three-party Settlement Agreement, according to the terms and conditions indicated therein and made a part hereof, for the purpose of effectuating the aforesaid agreement.

Spon	sored by	
ADOPTED by Council this	day of	, 2024.
ATTEST:	Presid	dent of Council
City Clerk		

#### SETTLEMENT AGREEMENT

THIS SETTLEMENT AGREEMENT is made as of the \_\_\_\_\_ day of June, 2024, by and between CITY OF BETHLEHEM, with an address of 10 East Church Street, Bethlehem, Pennsylvania 18018 ("COB"), REDEVELOPMENT AUTHORITY OF THE CITY OF BETHLEHEM, with an address of 10 East Church Street, Bethlehem, Pennsylvania 18018 ("RDA") and CHRISTMAS CITY HOTEL, L.L.C., doing business as HOTEL BETHLEHEM, with an address of 437-449 Main Street, Bethlehem, PA 18018 ("CCH"). COB, RDA and CCH are collectively referred to herein as the "Parties".

#### RECITALS

WHEREAS, CCH is the owner of the Historic Hotel Bethlehem (the "Hotel"); and

**WHEREAS**, COB asserts that it is the record titleholder of that certain parcel of real property located in the City of Bethlehem, Northampton County, Pennsylvania, designated as Tax Parcel ID No. P6NW3B 2 1, and more particularly identified on **Exhibit A**, attached hereto and made a part hereof, a portion of which CCH and its predecessors in interest have historically used and maintained for Hotel parking and an exit lane for Hotel customers (the "Disputed Area 1"), as shown and more particularly described on **Exhibit A**; and

**WHEREAS**, RDA asserts that it is the record titleholder of that certain parcel of real property located in the City of Bethlehem, Northampton County, Pennsylvania, designated as Tax Parcel ID No. P6NE4A 1 1, and more particularly identified on **Exhibit B**, a portion of which CCH and its predecessors-in-interest have historically used and maintained for Hotel parking and an exit lane for Hotel customers (the "Disputed Area 2") as shown and more particularly described on **Exhibit B**; and

WHEREAS, at all times during its ownership and operation of the Hotel, CCH asserts and alleges that it has made actual, notorious, exclusive, visible, distinct, and hostile possession, having repaired, improved, and maintained both Disputed Area 1 and Disputed Area 2, while preventing any public parking thereon, for over twenty-one (21) years, since purchasing the Hotel on or about January 15, 1999, and by such actions, together with the actions of its predecessors-in-interest, CCH has acquired ownership of Disputed Area 1 and Disputed Area 2 (collectively the "Parking Area") by meeting the Pennsylvania legal requirements for adverse possession; and

**WHEREAS**, at various times previous hereto CCH approached COB and RDA for confirmation that CCH had gained marketable title to the Parking Area, and proposed mutually beneficial actions to resolve the record title, in order to avoid the cost, expense and publicity associated with CCH filing a claim for adverse possession (the "Quiet Title Action") and/or COB and RDA filing claims for ejectment; and

**WHEREAS**, as an interim step toward resolving the record title issue, the Parties entered into that certain Agreement dated August 4, 2023, (the "2023 Agreement"), the terms of which are incorporated herein by this reference, whereby, among other things, CCH paid RDA a good faith payment of Four Thousand Two Hundred Fifty and 00/100 Dollars (\$4,250.00) (the "Good Faith

Payment") as an acknowledgement that CCH would continue discussions among the Parties aimed at settling the issue of record title to the Parking Area, in lieu of CCH bringing the Quiet Title Action and/or COB and RDA filing claims for ejectment, and the Parties agreed that the Good Faith Payment would be applied as a credit towards any settlement payment ultimately agreed to by the Parties; and

**WHEREAS**, since the execution of the 2023 Agreement the Parties have remained in discussions for the mutual benefit of the Parties aimed at settling the issue of record title to the Parking Area, and avoiding the need for CCH to file a Quiet Title Action and/or COB and RDA filing claims for ejectment; and

**WHEREAS**, the Parties have now agreed on the settlement terms to resolve the title issues and disputes associated with the Parking Area by having COB and RDA grant an exclusive, perpetual easement that will run with the land, for the continuous use and enjoyment, without interruption or reversion, to CCH, its successors and assigns for the use of an aggregate easement area corresponding to the Parking Area (the "Parking Area Settlement"); and

**WHEREAS**, various disputes have arisen between COB, the Bethlehem Parking Authority ("BPA") and CCH in relation to use and operation of the existing curbside lay-by built into the sidewalk at 437 Main Street in front of the Hotel entrance, in order to enable guest check-in, limousine and buses to drop off and pick up Hotel guests, in addition to other uses for the benefit of the Hotel (the "Lay-by"); and

**WHEREAS**, those disputes involve attempts to use the Lay-by as one of the historic downtown Bethlehem Smart Loading Zones; and

**WHEREAS**, the Parties have now agreed on the settlement terms to resolve outstanding issues affecting use and operation of the Lay-by (the "Lay-by Settlement"); and

**WHEREAS**, the Parties acknowledge that COB has independently commenced a collaborative process looking towards implementation of a plan addressing various aspects of integrated downtown parking (the "Plan") that will counter-balance entering into the Lay-by Settlement; and

WHEREAS, the Parties desire to enter into this Settlement Agreement to confirm and memorialize the terms and conditions of the Parking Area Settlement and the terms and conditions of the Lay-by Settlement for the mutual benefit of the Parties (the "Settlement Purpose"); and

WHEREAS, the Parties further desire to confirm their mutual intent that in the event that the terms and conditions of this Settlement Agreement fail or if there is a default thereon, nothing in this Settlement Agreement will restrict in any way the rights, remedies, or claims each of the Parties has held heretofore in connection with any of the disputes intended to be settled hereby, nor waive in any way such existing rights, and that nothing herein shall operate to extinguish, diminish or impair the same if the Settlement Purpose is not completed in any respect;

**NOW THEREFORE**, in consideration of mutual covenants and agreements of the Parties as set forth herein, with the intent to be legally bound hereby, the Parties hereto agree as follows:

- 1. **Recitals**. The foregoing Recitals establish a material part of this Agreement and are incorporated herein by this reference.
- 2. <u>Settlement of Disputes</u>. The Parties acknowledge and agree that this Settlement Agreement is intended to fully resolve the enumerated disputes among the Parties related to the Parking Area and the Lay-by, including all claims and potential counter-claims that may be asserted or could have been asserted between the Parties.
- 3. <u>Consideration</u>. In consideration for the terms of this Settlement Agreement, CCH will pay RDA the sum of One Hundred Thousand and 00/100 Dollars (\$100,000.00) less the Good Faith Payment paid previously under the 2023 Agreement (the "Settlement Payment") on the Settlement Date (as defined in Section 4).
- 4. Parking Area Settlement. Following approval and implementation of the Plan, COB and RDA shall deliver a fully executed easement agreement (the "Easement Agreement") in recordable form, according to the requirements of the Recorder of Deeds of Northampton County, Pennsylvania, granting to CCH, its successors and assigns, a perpetual, exclusive easement for continued unrestricted use, without interruption or reversion, of a total easement area corresponding to the Parking Area for Hotel operations, that CCH has historically used and maintained.
- (a) COB and RDA will cooperate in good faith to determine the most efficient means and method to approve the grant of the perpetual easement and delivery of the fully executed Easement Agreement to CCH. This Agreement is subject to any approvals and authorizations from the respective governing bodies deemed necessary by COB and RDA in their good faith efforts to effectuate and operationalize this Agreement.
- The Easement Agreement shall contain the same or similar language as the (b) following: (i) the easement shall be continuous and perpetual in nature, with full enjoyment and uninterrupted use, and shall run with the land; (ii) the easement shall be released from any and all covenants governing the historic district that the easement area may be subject to; (iii) the easement area shall be released from the existing lease that encumbers the whole parcels of which the Parking Area is a part; (iv) CCH shall bear full responsibility to provide insurance covering the easement area; (v) CCH shall bear full responsibility to maintain, repair and replace fixtures and pavement in the easement area; (vi) CCH shall indemnify and hold harmless COB and RDA, its officers, agents, servants, successors and assigns, from and against any and all loss, damage, claims, demands, actions or causes of action, suits at law or in equity, judgments, liability or expenses, including attorneys fees for damages for personal injury, including death, to any person whatsoever, and for damage to property of any person whatsoever, including loss or destruction thereof, arising out of any accident or occurrence, however caused, in or as a result of the CCH's activities which occur on the property covered by the Parking Area easement during the term of the Easement Agreement; and (vii) CCH shall obtain and provide COB and RDA proof of commercial general liability coverage and liquor liability insurance coverage under a Liquor Liability Insurance Policy or a Special Event Liability Insurance Policy during the term of the

Easement Agreement as follows: (1) the policies shall have minimum limits of \$1,000,000 per person and \$1,000,000 per occurrence or aggregate, (2) the general liability insurance shall provide coverage for the entire term of the Easement Agreement, (3) the liquor liability insurance shall provide coverage for those periods during the term of the Easement Agreement when CCH uses the Parking Area for activities involving alcohol, and (4) both the general liability insurance and liquor liability insurance policies shall name the "Redevelopment Authority of the City of Bethlehem, its officers and employees" as additional insureds. To provide the aforementioned proof of insurance, CCH shall annually furnish a Certificate of Insurance evidencing the required coverages and additional insured statuses to RDA and COB. The requirement to obtain an annual use permit for activities involving alcohol shall be waived.

- (c) The Parties will include the metes and bounds description of the easement area described on **Exhibit A** and **Exhibit B** hereto, which will be attached and incorporated in the Easement Agreement.
- (d) On a mutually agreeable date and time following approval and implementation of the Plan, but no later than ten (10) business days thereafter or July 15, 2024, whichever is later (the "Settlement Date") COB and RDA will deliver the fully executed Easement Agreement to CCH, in recordable form and content satisfactory to CCH, in exchange for delivery of the Settlement Payment to RDA.
- (e) CCH will be responsible for the costs of recording the Easement Agreement, and any resulting transfer taxes.
- 5. <u>Lay-by Settlement</u>. In further consideration of the Settlement Payment, COB and CCH agree as follows:
- (a) Following approval and implementation of the Plan, the Lay-by shall not be included as a Smart Loading Zone by the COB or BPA and is hereby permanently eliminated from any similar parking program, designation or use in the future for so long as a hotel is in operation on the site. No later than ten (10) days thereafter or July 15, 2024, whichever is later, COB will cause BPA to remove the existing camera that was installed on the adjacent light pole to monitor the use of the Lay-by.
- (b) CCH, its successors and assigns shall retain sole use of operation of the Layby for the benefit of the Hotel, in accordance with the historic past use, course of conduct, custom and practice, for so long as a hotel is in operation on the site.
- (c) For the period of twenty-four (24) months following execution of this Settlement Agreement, CCH, its successors and assigns, shall have the option, upon providing written notice to the COB, to expand the size of the Lay-by approximately nine (9) feet by taking one of the following actions:
- (i) At its sole cost and expense, and upon submission of engineering and construction plans approved by COB, reduce or eliminate portions of the existing Main Street

sidewalk on the North and South ends of the Lay-by in order to relocate the existing parking spaces and parking meters.

- (ii) Purchase the South parking meter from COB at a mutually agreed price to be determined, in order to eliminate the South parking space.
- 6. Reservation of Rights. In the event that the terms and conditions of this Settlement Agreement fail or if there is a default thereon by any of the Parties, nothing in this Settlement Agreement will restrict in any way the rights, remedies, or claims each of the Parties has held heretofore with any of the disputes intended to be settled hereby (i.e., the Parking Area and the Lay-by), nor waive in any way such existing rights, and that nothing herein shall operate to extinguish, diminish or impair the same if the Settlement Purpose is not completed in any respect. For purposes of clarity, if the Easement Agreement is not successfully delivered by any reason, the rights claimed by CCH to bring the Quiet Title Action, and the rights of COB and RDA to defend the Quiet Title Action and bring an ejectment action shall remain in full force and effect.
- 7. <u>No Admission of Liability</u>. This Settlement Agreement is being entered into for settlement purposes only. This Settlement Agreement, and any negotiations or proceedings connected with it, shall not in any event constitute or be construed as, or be deemed to be evidence of, an admission of or concession of any wrongdoing or liability by any Party.
- 8. <u>Agreement Voluntarily Entered into by Parties</u>. This Agreement is executed voluntarily by each of the Parties hereto without any duress or undue influence on the part, or on behalf of any of them. The Parties hereto represent and warrant to each other that they have read and fully understand each of the provisions of this Agreement and have relied on the advice of legal counsel.
- 9. <u>Amendment</u>. This Agreement embodies the entire agreement between the parties and supersedes all prior agreements and understandings relating to the matters set forth herein. This Agreement may not be amended except by agreement in writing duly signed by authorized officers of the Parties hereto.
- 10. <u>Further Assurances</u>. In addition to the acts and deeds recited herein and contemplated to be performed, executed and/or delivered by any of the Parties, each party agrees to perform, execute and deliver, any further deliveries and assurances as may be reasonably necessary to fulfill the Settlement Purpose or to consummate the transactions contemplated hereby.
- 11. <u>Invalidity</u>. If any section of this Agreement or any part of any section herein shall be held unlawful, invalid or unenforceable, that part shall be deemed deleted and without prejudice to the lawfulness, validity and enforceability of the remaining sections and parts thereof.
- 12. <u>Injunctive Relief.</u> In addition to other remedies available at law or in equity, any party may seek and obtain in any court of competent jurisdiction specific performance and injunctive relief to restrain a violation by the other party of any covenant contained in this Settlement Agreement.

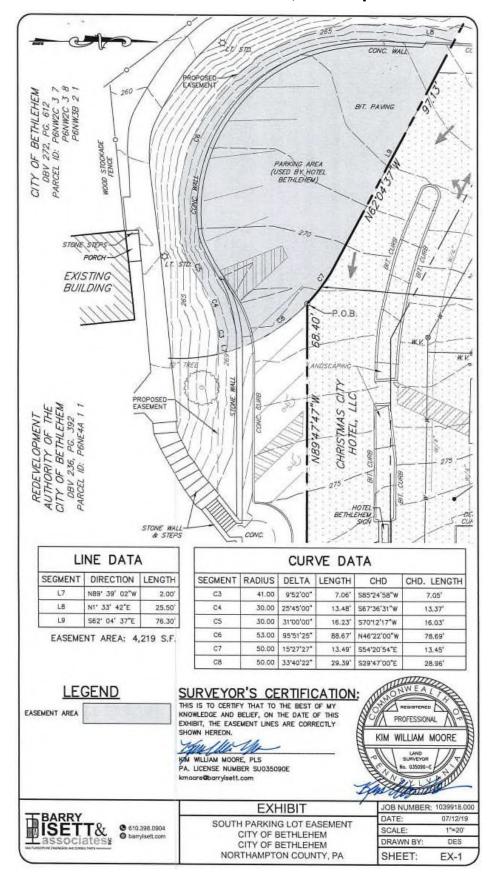
- 13. <u>Governing Law; Dispute Resolution</u>. Agreement shall be governed and construed in accordance with the laws of the Commonwealth of Pennsylvania without regard to principles of conflict of laws. Any claim or action arising out of or relating to this Agreement shall be brought exclusively in the Court of Common Pleas of Northampton County, Pennsylvania, and each party consents to personal jurisdiction before such courts and waives any objection to venue in such court.
- 14. <u>Counter-Parts</u>. This Settlement Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of such counterparts shall constitute one agreement.

[Signatures appear on the following page]

*IN WITNESS WHEREOF*, the Parties hereto, intending to be legally bound hereby, have caused this Agreement to be executed the day and year first above written.

ATTEST:	CITY OF BETHLEHEM	
Title:	By:	
ATTEST:	REDEVELOPMENT AUTHORITY OF THE CITY OF BETHLEHEM	
Title:	By: Title:	
WITNESS/ATTEST:	CHRISTMAS CITY HOTEL, L.L.C., a Pennsylvania limited liability company d/b/a HOTEL BETHLEHEM	
Title:	By:	

# **EXHIBIT A**CITY OF BETHLEHEM-4,219 SF portion



### METES & BOUNDS-CITY OF BETHLEHEM-4,219 SF portion

## CHRISTMAS CITY HOTEL, LLC SOUTH PARKING LOT EASEMENT —THE` CITY OF BETHLEHEM

ALL THAT CERTAIN tract of land located west of Main Street (80-foot right-of-way), situate in the City of Bethlehem, County of Northampton, Commonwealth of Pennsylvania, being all of certain Parking Lot Easement as shown on and described in accordance with the plan entitled South Parking Lot Easement Exhibit, City of Bethlehem, prepared by Barry Isett & Associates, Inc., dated July 12, 2019, as follows:

COMMENCING on the westerly right-of-way line of said Main Street, at a corner of lands of Christmas City Hotel, LLC, known as 437—449 Main Street, and lands of the Redevelopment Authority of the City of Bethlehem, known as 423 Main Street thence along the common line of said lands of Christmas City Hotel, LLC and said lands of Redevelopment Authority of the City of Bethlehem, as shown on said South Parking Lot Easement Exhibit, City of Bethlehem, North 89 degrees 47 minutes 47 seconds West, 68.40 feet to the TRUE POINT OF BEGINNING of the herein described; thence along said lands of Redevelopment Authority of the City of Bethlehem, along a non-tangent circular curve to the right, having a radius of 50.00 feet and a central angle of 33 degrees 40 minutes 22 seconds, the arc length of 29.38 feet (chord bearing of South 29 degrees 47 minutes 00 seconds East for a distance of 28.96 feet); thence through the lands of the City of Bethlehem, grantors herein, the following six (6) courses and distances;

- (1) North 89 degrees 39 minutes 02 seconds West 2.00 feet;
- along a tangent circular curve to the left having a radius of 41.00 feet and a central angle of 9 degrees 52 minutes 00 seconds, the arc length of 7.06 feet, (chord bearing of South 85 degrees 24 minutes 58 seconds West for a distance of 7.05 feet);
- (3) along a compound circular curve to the left, having a radius of 30.00 feet and a central angle of 25 degrees 45 minutes 00 seconds, the arc length of 13.48 feet (chord bearing of South 67 degrees 36 minutes 31 seconds West, for a distance of 13.37 feet);
- (4) along a reverse compound circular curve to the right, having a radius of 30.00 feet and a central angle of 31 degrees 00 minutes 00 seconds, the arc length of 16.23 feet (chord bearing of South 70 degrees 12 minutes 17 seconds West, for a distance of 16.03 feet);
- (5) along a compound circular curve to the right, having a radius of 53.00 feet and a central angle of 95 degrees 51 minutes 25 seconds, the arc length of 88.67 feet, (chord bearing of North 46 degrees 22 minutes 00 seconds West for a distance of 78.69 feet);
- (6) North 1 degree 33 minutes 42 seconds East, 25.50 feet;

thence along the aforesaid lands of Christmas City Hotel, LLC, grantees herein, the following two (2) courses and distances:

- (1) South 62 degrees 04 minutes 37 seconds East, 76.30 feet;
- along a tangent circular curve to the right, having a radius of 50.00 feet and a central angle of 15 degrees 27 minutes 27 seconds, the arc length of 13.49 feet, (chord bearing of South 54 degrees 20 minutes 54 seconds East, for a distance of 13.45 feet) to the POINT OF BEGINNING.

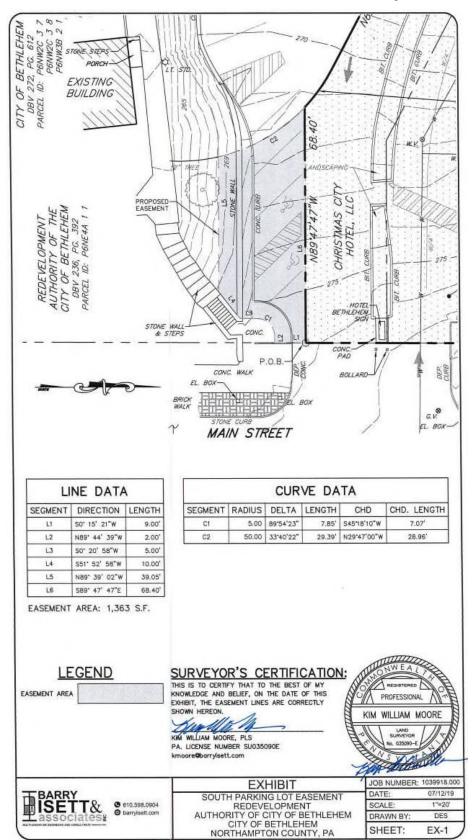
CONTAINING: 4,219 square feet.

Subject to all covenants and agreements of record.

BEING a portion of the premises which Redevelopment Authority of the City of Bethlehem, by deed June 27, 1966 and recorded in the Office of the Recorder of Deeds in and for the County of Northampton, PA., in Deed Book Volume 272, Page 612 did grant and convey unto the City of Bethlehem.

A portion of Northampton County Parcel Number P6NW3B 2 1.

# **EXHIBIT B**REDEVELOPMENT AUTHORITY-1,363 SF portion



### METES & BOUNDS-REDEVELOPMENT AUTHORITY-1,363 SF portion

# CHRISTMAS CITY HOTEL, LLC SOUTH PARKING LOT EASEMENT REDEVELOPMENT AUTHORITY OF THE CITY OF BETHLEHEM

ALL THAT CERTAIN tract of land located west of Main Street (80-foot right-of-way), situate in the City of Bethlehem, County of Northampton, Commonwealth of Pennsylvania, being all of certain Parking Lot Easement as shown on and described in accordance with the plan entitled South Parking Lot Easement Exhibit, Redevelopment Authority of the City of Bethlehem, prepared by Barry Isett & Associates, Inc., dated July 12, 2019, as follows:

BEGINNING on the westerly right-of-way line of said Main Street, at a corner of lands of Christmas City Hotel, LLC known as 437 - 449 Main Street, and lands of the Redevelopment Authority of the City of Bethlehem, known as 423 Main Street thence along said westerly right-of-way line of Main Street, as shown on said South Parking Lot Easement Exhibit Redevelopment Authority of the City of Bethlehem, South 0 degrees 15 minutes 21 seconds West 9.00; thence through said lands of the Redevelopment Authority of the City of Bethlehem, grantors herein, the following five (5) courses and distances;

- (1) North 89 degrees 44 minutes 39 seconds West, 2.00 feet;
- (2) along a tangent circular curve to the left having a radius of 5.00 feet and a central angle of 89 degrees 54 minutes 23 seconds, the arc length of 7.85 feet, (chord bearing of South 45 degrees 18 minutes 10 seconds West, for a distance of 7.07 feet):
- (3) South 0 degrees 20 minutes 58 seconds West, 5.00 feet;
- (4) South 51 degrees 52 minutes 58 seconds West, 10.00 feet;
- (5) North 89 degrees 39 minutes 02 seconds West, 39.05 feet;

thence along the lands of the City of Bethlehem, along a non-tangent circular curve to the left, having a radius of 50.00 feet and a central angle of 33 degrees 40 minutes 22 seconds, the arc length of 29.38 feet, (chord bearing of North 29 degrees 47 minutes 00 seconds West, for a distance of 28.96 feet); thence along the aforesaid lands of Christmas City Hotel, LLC, South 89 degrees 47 minutes 47 seconds East, 68.40 feet to the POINT OF BEGINNING.

CONTAINING: 1,363 square feet.

Subject to all covenants and agreements of record.

BEING a portion of the premises which Bethlehem Hotel Corporation, a Pennsylvania Corporation, by deed February *24*, 1965 and recorded in the Office of the Recorder of Deeds in and for the City of Bethlehem, County of Northampton, PA., in Deed Book Volume 236, Page 392 did grant and convey unto Redevelopment Authority of the City of Bethlehem, a Pennsylvania Municipal Authority.

A portion of Northampton County Parcel Number P6NE4A 1 1.