

CERTIFICATE OF ACKNOWLEDGMENT OF RECEIPT OF ADDENDUM

THE CITY OF READING

ADDENDUM NO. 4

RFQ: Penn Square Properties

DUE DATE: February 18, 2022
3:00 P.M. Prevailing Time

This addendum must be signed, attached to, and returned with your proposal to the City of Reading by the time and date indicated ABOVE.

- Q1. Section 108 Loan
- What is the current balance of this loan? Has the City been paying down the loan from its CDBG funding?
 - What is the process for a new developer to utilize the funding and what is the HUD process to assume the loan?
 - What are the requirements associated with the Section 108 in terms of job creation and investment?
 - Is there a Section 108 mortgage against the property and, if so, can it be subordinated?
 - Can the Section 108 be paid off before its due date?
 - Is there still BEDI funding associated with the property and, if so, what amount is available?

- A1.
- Currently the approximate balance for Section 108 loans is \$1,400,000. The City is the guarantor for those loans, and uses CDBG to pay down the loan.
 - Please refer to the information available on HUD's website at <https://www.hudexchange.info/programs/section-108>
 - ~~One (1) job is required to be created for each \$35,000 in financial assistance provided and 51% of the jobs must be taken by low and moderate income level persons.~~
 - Section 108 Program - PA Department of Community & Economic Development

"As long as the applicant can meet the collateral requirements and tax-exempt financing is not involved, Section 108 Loan Guarantees can be in a subordinated position (but, usually, not lower than 2nd priority)."
 - It depends if the rate is floating or fixed. Please see the information from HUD's website at <https://www.hudexchange.info/programs/section-108/>
Further, the developer is required to pay all of the City's fees and the City's legal costs associated with the Section 108 Loan Guarantee program
 - Not at the current time. Our City of Reading is in possession of the agreement. Subject to the need the City Administration may access the funds.

Q2. Please explain the 2 mortgages held by Penn Square MT that are identified in the title report and whether they will be removed?

A2. Any debit forgiveness requires City Council approval.

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- Q3. In addition to the information in the RFQ, is the City in possession of any reports that evaluated the structural integrity of the buildings and/or subsurface conditions?
- A3. Not at the time of preparing a response to this addenda. The City is in the process of selecting a firm to digitize archived documents. Once the process is completed, selected digitized document can be released.
- Q4. Are there CDBG funds, City of Reading capital improvements funding and/or ARP funding available to utilize for the redevelopment of this property?
- A4. City of Reading has until the end of 2024 to allocate ARP funds.
- Q5. Section G- What is the reference to the 'Alliance'?
- A5. Greater Reading Chamber Alliance (GRCA)
- Q6. Will other responses to the RFQ be shared with 'winning' responder if the project proceeds to negotiation stage?
- A6. Under Section 708(b)26 of the Right-to-Know Law the City is only required to provide proposals after the "award of the contract or prior to the opening and rejection of all bids." Further the other proposals would likely be preempted from disclosure under Section 708(b)(22) which allows the City to keep confidential "the contents of real estate appraisals, engineering or feasibility estimates, environmental reviews, audits or evaluations made for or by an agency relative to...[t]he leasing, acquiring or disposing of real property or an interest in real property."
- Q7. Because of the existing Section 108 funds and the prior use of other federal funds, will the Section 106 process be triggered in the development phase and, if so, who's responsibility is it to undertake that process? (Ex. Will the City of Reading bear responsibility or the developer?)
- A7. Please see the information from HUD's website at <https://www.hudexchange.info/programs/section-108/>
- Q8. Does the City of Reading have a Memorandum of Understanding with either state or federal historic preservation review agencies?
- A8. The City currently does not have a MOU with the SHPO or the ACHP for the buildings in question however in proceeding through the HARB and Section 106 review processes it is expected that an MOU will be developed.
- Q9. Are there any environmental reports and/or are you aware of any environmental issues in any of these building? We would like to know this in advance, as we are working on submitting you our offer.
- A9. Not at the time of preparing a response to this addenda. Please refer to the answer for question 3.
- Q10. Page 20. Evaluation and Selection Criteria states in #3 that Quality and Compatibility will

be significant evaluation criteria, but no further details are listed and the point evaluation sheet has no points listed for this line item. How is the Quality and Compatibility being evaluated and how many points can be awarded for this item.

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- A10. City is requesting Developers to provide their qualifications emphasizing ability to create good paying jobs, attract commercial facilities to increase foot traffic.
- Q11. Page 20. Evaluation and Selection Criteria in #9 talks about 'contingencies and exceptions to the Agreement', to what 'Agreement' are we to review and provide our 'contingencies and exceptions'?
- A11. Developers presenting their qualification may stipulate specific exclusions. The City may consider such exclusion or contingencies of deemed to the benefit of economic development and revitalization of downtown district.

I, HEREBY CERTIFY THAT THE CHANGES COVERED BY THIS ADDENDUM HAVE BEEN TAKEN INTO ACCOUNT.

Firm Name (Type or Print) _____

Authorized Signature _____

Title _____

Name (Type or Print) _____

Date _____