

**MINUTES FROM THE MONTHLY MEETING OF THE READING REDEVELOPMENT
AUTHORITY OF THE CITY OF READING HELD ON 24th FEBRUARY 2010**

The Redevelopment Authority of the City of Reading held its monthly meeting in the Redevelopment Authority Conference room of City Hall, 815 Washington Street, Reading, Berks County, Pennsylvania, on 20th January 2010.

The following members were present:

Ms. Michele Lauter	Chairwoman
Mr. Dan Luckey	Member
Mr. Theo. Auman	Member
Mr. Geo. Viener	Member

Absent: Mr. Coles

Adam Mukerji, Executive Director, Dennis Witwer, Executive Assistant, Keith Mooney, Esq., Vaughn Spencer, City Council President, Daniel Wright, CD Specialist, Ken Pick, County of Berks, Linda Kelleher, City Clerk, Lee Olsen, Blight Property Review Boar Chairman, Maria Andino and Jose A. Peratta of 6th and Bingaman Church was also present.

Noting that four members were in attendance for a quorum at 5:33 p.m., the Chairwoman called the meeting to order.

Blight Property Review Committee

Mr. Mukerji introduced Mr. Lee Olsen, Chairman of the BPRC. Mr. Mukerji gave a brief run down of the two main issues that needed to be covered during the meeting. Firstly, he explained that in 2009 the BPRC had certified 12 properties as "blighted". He stated that the RRA, in its deliberations, had given him clear instructions that RRA would not take over any properties until which time there was a signed agreement between the City and the RRA or sufficient funds set aside so

that the RRA can discharge their responsibility for acquiring, maintaining and disposing the properties for their highest and best use as expeditiously as possible. The RRA does not want to become a "land bank". Secondly, Mr. Mukerji stated there is a great need for a maintenance agreement, because the RRA in no way wanted to have any problems with vacant properties or land as they had with the "Benner's Court" project.

Ms. Kelleher passed out a packet of paperwork which identified the blighter properties.

Mr. Olsen explained the series of steps and inspections which the BPRC must take in order to certify a property as blighted. He stated that these steps can take anywhere from 12 to 18 months to complete. Each property will be reviewed twice before it will be certified as blighted. He reiterated that the BPRC, in the year 2009, had certified 12 properties and 3 of those properties had already been torn down, per Mr. Steve Franco, because they were a health hazard to the community.

Mr. Olsen asked everyone to have a look at the handout and review the guide which the BPRC uses in declaring a property blighted. The committee gives each owner of the properties an opportunity to sign a rehabilitation agreement, stating that they will in fact do the best that they can to bring the property in a habitable condition. What the committee had found is that 9 times out of ten is that not only are the properties abandoned, they are delinquent in taxes, they are delinquent in utilities, they have been sighted by PMI of the City for trash, weeds, etc.

Mr. Olsen stated that it is the BPRC's understanding, based on the Ordinance that the property, upon the certificate of blight is determined; it gets turned over to the RRA for final disposition. He pointed out that there are two other steps that the Planning Commission takes while reviewing each property. The Planning Commission, at times must decide if the property is better suited as residential or commercial should the property be rehabbed. Once that has been determined, then the list is handed over to City Council to make the final determination. The BPRC, has had discussions regarding funds, once the final determination has been made and it would be time to turn the properties over to the RRA, where are the funds to take care of the properties while they are being appraised, title searches and other due

diligence are being taken care of. During this time period, the properties are still going to be sitting abandoned, collection trash and still creating code violations. When it comes time for disposition a property can either be demolished or it can be rehabbed.

If it has been determined that a property is stable enough to be rehabbed, the BPRC has identified three entities in the City of Reading, Our City Reading (OCR), Neighborhood Housing Services (NHS) and Habitat for Humanity, that can handle such rehabs. If there were to be a developer who would be interested in a particular property, then an agreement can be worked out with that specific developer.

Mr. Olsen assured the board that the BPRC would like nothing more than to have the funding in place as soon as possible so that the BPRC can move on to the properties in 2010. Since the 2009 process went so smoothly, the BPRC have decided to increase the amount of properties to about 25-50. There are about 1,200 properties that have been certified as being blight potential, in a 2007 survey.

Mr. Mukerji stated that he had a few questions, the first being that once the BPRC has gone through the various steps and finally had gotten the certification on the property, which is the final step for the BPRC, the properties are then to be given to the RRA so that they can start the eminent domain process. Is the RRA obliged to take all blight certified properties or will the RRA be able to determine which properties that they are interested in taking over? He stated that RRA does not wish to become a "land bank" for blighted properties. If in 2009 there are 12 properties and in 2010 another 50, the RRA, if obliged to take the properties will be left with 62 properties, not to mention any properties in the following years.

Ms. Kelleher stated that the best way to get answers to his question would be to contact the Allentown Redevelopment Authority. Mr. Mukerji agreed, stating that he had spoken to them on several occasions. He stated that his biggest concern is getting a working multi-year commitment and making sure that there are enough funds for all of these properties.

Mr. Mukerji also asked if the Planning Commission will be determining what they feel to be the highest and best use for the properties. It is understood that they will be determining if a

property would be better left as a residential or commercial property. This will allow the RRA to know what the end use of a property should be, otherwise the RRA ends up looking like a real estate holding company awaiting for a developer to come along and make a bid so that something can be done with it.

Mr. Luckey stated that there are a few other issues that go along with holding the properties. He told Mr. Mukerji that he (Mr. Mukerji) must get a list of the properties that the BPRC is working on and market them. Part of Mr. Mukerji's job should be to try and market the properties for something in the future; this should be something that is happening right away and then work on getting the agreements in hand.

Mr. Luckey reminded everyone that he sits on the BPRC as the representative of the RRA. He stated that the RRA needs to be doing something now to get the process moving. He stated that there are already three properties which are in the land repository which are slated to be demolished. These three properties are properties that the RRA should take, but there also needs to be an agreement for funding, nothing can be accomplished until that is executed. He mentioned that the City and RRA's solicitor's will be meeting in the next few days to work on the agreements.

Mr. Luckey pointed out that there is a lot of work that needs to be accomplished on the RRA's side of this project and that the RRA simply doesn't have the staff or the funds to carry out all of the duties. He asked Mr. Mooney if the blighted designation on a property lasts for 10 years.

Mr. Mooney answered affirmatively, stating that as long as the property owner does not make any attempts to rehab the property, the designation will last 10 years.

Mr. Mukerji asked Mr. Luckey how the RRA is supposed to start marketing properties that they do not hold title too. In order to get title of a property the RRA must go through the eminent domain process.

Mr. Luckey stated that Mr. Mukerji should take a look at the list of properties and try to determine what would look attractive to developers.

Mr. Mukerji said that he understood what Mr. Luckey was saying, but still as a legal stand point, how could he market a property that the RRA does not own?

Mr. Mooney asked Mr. Olsen how far in the process has the BPRC gotten with the first 12 properties.

Mr. Olsen stated that all 12 properties have been designated blighted. At this point, the BPRC's part of the process is finished as far as the first 12 properties are concerned.

Mr. Luckey stated that all the properties are abandoned.

Mr. Mooney explained, briefly, the condemnation law and what recourses the property owners could take.

Ms. Kelleher reminded everyone that Mr. Marty Mayes, the previous CD Director, had set aside \$178,000 for the first 12 properties.

Mr. Wright stated that he believed that there is 125,000 set aside from CDBG-R and \$75,000 from CDBG.

Mr. Mukerji agreed however stated that he was told by another CD staff member that \$60,000 of the \$75,000 had already been used for demolition.

Mr. Olsen stated that one of the most important things that must happen with the blighted properties is finding an end use for them. This will prevent land banking.

Mr. Mukerji agreed. He said that the sooner there are agreements, the sooner the process on the RRA's side can begin and the properties can be sold off or rehabbed.

Mr. Olsen pointed out that in the Ordinance it does not strictly limit to residential properties, commercial properties can be considered for the blight process. He also stated that there are three major issues at hand, the first being the agreements between the City of Reading and the RRA, secondly the money must be set aside for a long duration to insure that money will always be available and a staffer person needs to be hired to assist the BPRC, RRA and also to help Steve

Franco with reviewing the properties that need to be determined appropriate for demolition. Once these issues are taken care of, the process should be smooth.

Mr. Mukerji agreed. He introduced Mr. Ken Pick from the county's Redevelopment Authority. He stated that Mr. Pick uses monies other than CDBG. The county has transfer monies or Act 137 money.

Mr. Pick explained his A.D.D. program. He stated that the county is very willing and enthusiastic in helping the City with the A.D.D. program for years. The program has taken about 200 properties for the City. The one thing that many people don't realize and don't take into consideration is the cost of maintaining one property. To maintain just one property can cost anywhere up \$2,500 a month. This is a cost that is sometimes forgotten and is a big expense. CDBG funds can not be used for maintenance and upkeep of properties.

Ms. Lauter pointed out that another issue that will have to be looked into when determining the best use for the properties is the zoning. With recent issues of projects and zoning, she stated that she did not want to come in to problems in the middle of a project which could bring the project to a halt.

Mr. Auman agreed, stated that everyone needs to focus on what the final outcome will be, the RRA is not the "Resale Authority". Is there a specific plan in place for all of the properties? What is the final vision once all these properties have been declared "blighted"?

Mr. Luckey stated that at this point the BPRC is concentrating in the GoggleWorks area and the Buttonwood Gateway area of the City as these have been the center of redevelopment for a few years.

Mr. Auman said that the RRA's vision is to create long term value by creating communities. That can not happen by just buying a row home here and there and conglomerating this without some sort of end vision.

Ms. Kelleher stated that Harrisburg did that very thing with Strawberry Square. They took an entire blighted neighborhood and brought it back and turned it into a nice community. She also stated that the eminent domain process takes about 18 months to complete.

Mr. Mooney and Ms. Kelleher discussed the BPRC' s timeline and how far into the timeline they were. Mr. Mooney pointed out that there were items on the list the stated the RRA is to take care of, but they have not been asked to do any of those items. Ms. Kelleher stated that staff members in the City Clerk' s office have taken care of the clerical work.

Before closing, Mr. Wright asked if there were any items that could be hammered out now. He would like to see a time line as to when the lawyers could have the agreements ready to be executed.

Mr. Mooney stated that he and Ms. Michelle Mayfield would be meeting soon to hammer out an agreement.

6th and Bingaman Parking Lot

Ms. Maria Andino and Rev. Jose A. Peratta were introduced to the board. They had been before the board approximately 2 years ago regarding the rental of the parking lot at 6th and Bingaman Street for a church that Rev. Peratta owns. This parking lot is now rented by Rev. Acosta per a RRA agreement that was signed in July of 2009.

Mr. Mukerji updated the board on their behalf. Ms. Andino and Rev. Peratta had already approached Rev. Acosta asking him if their parishioners could share the lot. Rev. Acosta' s church members and Rev. Peratta' s church members congregate on two separate days, so there would be no issue with parking for either church. After they spoke Rev. Acosta had advised that they should come before the RRA board to ask about a sub lease.

The board was also reminded of the matter of zoning for Rev. Peratta' s church. They have been unable to obtain a zoning permit due to the fact that they do not have permanent off street parking and in order to obtain a zoning permit, they would have to have a 99 year lease for the parking lot. The RRA would not be able to guarantee a 99 year lease.

Mr. Mooney advised that if they were to enter into a sub lease with Rev. Acosta, the agreement would have to be modified to specify which days each church could park on the lot. He also pointed out that Rev. Acosta has a month to month lease which would not satisfy the

zoning matter, as they would need a 99 year lease to obtain the zoning permit.

The matter of insuring the parking lot was also discussed. Currently Rev. Acosta is carrying the insurance per his lease agreement. It would have to be discussed with Rev. Acosta how he would want to handle that matter if he were to enter into a sub lease agreement with the other church.

Minutes and Bills payable

The minutes were reviewed and were unanimously approved.

Mr. Witwer distributed the bills payable and financial report and after a brief overview both were approved.

Mr. Mukerji told the board that he wants to look into other insurance possibilities. For two employees, there are no insurance discounts. He would like Mr. Mooney to look into getting the RRA back into the City's insurance plan. Mr. Mooney stated that he could also look into the County's insurance plan as they have their own consortium. He stated that he would look into this as he could not be sure if they would allow an authority to partake in their consortium.

Council President Spencer stated that he too would look into this matter as he could not understand why the RRA employees would have been removed for the City's insurance program when the City pays for the Water Authority's employees insurance.

Mr. Mukerji presented to the Board a renewal contract for CIDC, the consultant whom the City and the RRA uses for all of their HUD 108's and other grant and bond applications. He gave a brief history of the relationship between the entities. The board approved the new 2010 contract and the Chairwoman signed on behalf of the RRA.

Mr. Mukerji gave an update on the Build America Bonds (BAB). He stated that things are going very well and that soon he'll be able to market the bonds.

The Chairwoman stated that she would like to discuss the matter of SuperSuds again. She stated that this issue is rather disturbing to her and felt that the matter must be taken up with Council again.

Mr. Mukerji agreed. He stated that not enough has been said regarding this matter. He has had conversations with other RRA members and they all feel that a meeting with the City Council should be had. The RRA does not understand why City Council would have filed a petition in Common Plea's Court to overturn the Zoning Hearing Board's decision.

Council President Spencer explained to the RRA what had taken place to lead City Council to its decision. He told the board that he himself went to that Zoning Hearing Board meeting and spoke in favor of the SuperSuds project. He advised the board the Mr. Andrew Miller, the City's planner, sent out correspondence to the council members questioning whether or not this should have been granted a variance. He told the board the he did not support City Council's decision but as President he had to sign off on the order.

Chairwoman Lauter stated that now once again we are still sitting, holding this parcel of land after they worked hard to reach a deal with the owners of SuperSuds, which would have brought in tax revenue to the city and employed several people from the neighbor.

President Spencer advised the board the he felt it would be a good idea for RRA to approach council to discuss this in more depth.

Mr. Auman asked why Council didn't table the matter and reach out to the RRA to get more accurate information on the project rather than taking the word of Mr. Miller and making a snap decision.

President Spencer stated that the issue was that Mr. Miller had waited until the very last possible minute to go before Council on the matter because there are 30 days to appeal a decision and that date was getting ready to expire, which is why council voted on it so quickly.

Chairwoman Lauter stated that she felt that someone should have come to Mr. Mukerji or the RRA members and discussed this matter before it went to council or before council voted. The RRA and City Council should always be on the same page when it comes to City projects,

especially projects that will bring in revenue to the city. The two entities should always have an understanding of what the intentions are of one another. Someone dropped the ball on this matter and it should not happen again. She suggestion that the RRA looking into declaring this area of 6th and Bingaman and perhaps a few other areas in the City, Redevelopment Area' s. This way the RRA would have control over the zoning.

Mr. Mukerji agreed, stating that if the RRA had control over the zoning and already had it in place, this kind of issue would not occur again.

Hotel/Garage Environmental Cleanup Update

Mr. Mukerji stated that the Reading Parking Authority had submitted the final bills for the clean up at the parking garage site. The approximate amount of the bills came to \$65,000.00 which he felt was very reasonable after all the work that needed to be done.

Mr. Viener made a motion to approve the bills from RPA which was moved by Mr. Auman. All members were in favor.

Hotel Developer' s Agreement

Mr. Mooney informed the board that he had received the agreement and gave it a review and submitted comments on the agreement. He stated that there are a few items lacking. There are a few key items that need to be changed. At this time there was no action needed to be taken by the board. He also explained that the RRA will own the land and the hotel and lease it to a developer.

Mr. Mukerji explained to the board that there will be no liability once the hotel is built. The bond holders who hold the BAB' s will be assuming the total liability. The way he has structured the hotel financing is that it has to succeed. All the sales taxes that will be generated from the hotel will all be given back over a 20 year time span. A conservative estimate would be around \$600,000 a year.

Mr. Mooney stated that he could send out the draft agreement if anyone wished to see it, noting however that it is still being worked on and is only a draft.

Mr. Mukerji gave a very brief updated on the SBA program. He informed the board that he had closed on the Keystone Software project in Centre Park.

There being no further business to be brought before the board, Mr. Luckey made a motion to adjourn the meeting all members were in favor.

The next regular monthly meeting of the Reading Redevelopment Authority will be held on Wednesday, 17th March 2010 at 5:30 p.m. in the Redevelopment Authority Conference Room 2-53, 815 Washington St., Reading, PA.

Respectfully submitted by:

Executive Assistant