

**MINUTES FROM A SPECIAL MEETING OF THE READING
REDEVELOPMENT AUTHORITY OF THE CITY OF READING
HELD ON 18th JULY 2018**

The Redevelopment Authority of the City of Reading held a meeting at 815 Washington Street, Penn Rm. in the City of Reading, County of Berks, and Commonwealth of Pennsylvania, on 18th day of July, 2018.

The meeting was called to order at 3:11 p.m. by Mr. Jacobson, Vice-Chairman and on roll call, the following were present:

Mr. Melvyn Jacobson,	Vice-Chairman
Ms. Pam Shupp	Treasurer
Mr. Juan Zabala,	Member
Mr. Glenn Steckman	Member

Absent:

Mr. Chris Heinly,	Chairman
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Also present were:

Mr. Dennis Witwer, Executive Assistant
Mr. Keith Mooney, Barley, Snyder
Mr. Adam Mukerji, RRA Consultant

Other attendees:

Mr. Alex Jackson

Upon roll call, Mr. Witwer declared a quorum.

Consent Agenda:

Board approved.

Finance Report:

Ms. Shupp, Treasurer, distributed financial reports to her fellow board members for their review. She advised the board that the “land sales” line item on the report is income that will change from year to year and

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should not be relied upon for doing a yearly budget. She also stated that she and Mr. Witwer are continuing to work on the month reports and will be modified as time goes on.

Mr. Steckman stated that he was still confused over the sale of the Bookbindery Apartments and why the building was sold if it was a source of income for the board. He stated that he has heard from outside sources that the building was generating money which the authority could have used.

Mr. Mooney and Mr. Witwer both explained that all money that was generated through rent was put back into repairs of the building. Before the building was sold, it was still in need of a new roof, windows, heating and air units and several other repairs.

Mr. Steckman said that he would still like to know how much total rents were for a month. Mr. Mooney stated that the information should all be in the audit.

Mr. Zabala explained to Mr. Steckman his understanding of the sale of the building, which he was opposed to.

Mr. Mooney discussed the sale of Kenhorst Blvd. to Mary's Shelter and the steps taken to finalize that sale.

Ms. Shupp also presented a memo regarding her questions of the draft audit from Blosky & Associates.

Memorandum to: RRA Board
From: Pamela Shupp, RRA Board Treasurer
Date: June 18, 2018
Re: RRA Draft Audit 2017 comments

I reviewed the draft audit with a CFO who is also a CPA and has conducted audits of authorities. We came up with the following questions/concerns.

- The report is not complete. The report on internal control over financial reporting and on compliance and other matters notes that there was a significant deficiency in internal control identified. This deficiency was not described in the report or in a schedule of findings and questioned costs. There should be a description of the finding as well as a response from management to the finding.
- Are there other internal control deficiencies or management letter comments besides the significant deficiency mentioned in the report?
- Financial statement issues/questions/comments
 - Long-term debt is shown entirely as current in the amount of \$1,599,328. Does this mean the debt is due within the next 12 months? Cash balance is not currently sufficient to cover this
 - Financial position shows negative working capital (current liabilities exceed current assets)
 - Is there a pension or 401(k) plan? There is nothing in the footnotes. If defined benefit plan, what is the liability?
- General concern regarding the chart of accounts/trial balance
 - What trial balance information was given to the auditors in order to perform the audit? Was it an actual trial balance or do the auditors prepare it? This could be an audit independence issue.

- The internal reporting doesn't appear to include payroll information. How is monthly reporting prepared? What is the source of the information? Is payroll recorded in a separate bank account? How does it get recorded on the trial balance?

She stated that she would like to have Mr. Blosky attend the August meeting to address her concerns.

Mr. Steckman said that the audit needs to be submitted to the City Auditor for its inclusion to the City's audit. Mr. Witwer stated that he always makes sure that he gives the approved report to Mr. Cituk each year.

Ms. Shupp stated that she is in complete and total disbelief that the previous Executive Director, Mr. Mukerji, could have thought that the audit, submitted as it had been for years, was an acceptable audit.

Mr. Witwer assured the board that he will have Mr. Blosky attend the August meeting so that they may address their audit concerns with him directly.

312 Heckman's Ct. - 39 S. 2nd St:

Mr. Steckman made a motion to approve the sale of 312 Heckman's Court for the amount of \$750.00 plus closing costs, with the understanding that the new owner must have the property re-platted into one property with her existing property. Ms. Shupp seconded the motion and all members present were in favor.

Mr. Steckman also made the motion to approve the sale offer of \$1,800.00 plus closing costs for 39 S. 2nd St., with a developer's agreement of 18 months for property rehabilitation.

Mr. Zabala seconded the motion. He stated that he will abstain from the vote as he brought the property to the attention of Mr. Lugo, the gentleman whose offer is being accepted. He also asked what would happen if for some unseen reason Mr. Lugo did not have the property fully rehabilitated within the 18 months.

Mr. Mooney stated that an extension could be given, provided that the new owner can prove that he has made significant progress with the rehab, but that if the board was not satisfied with the work and feels that the rehabilitation will not be completed, the authority can and will take back the property with any and all repairs made at the expense of Mr. Lugo.

A vote to approve the sale was taken with 3 members in favor with an abstention from Mr. Zabala.

RRA owned properties:

Mr. Steckman asked the authority members how the current properties are being marketed for sale. He stated that he has been to a few of the larger properties and did not see one “for sale” sign or contact information for anyone who may be interested in the property.

Mr. Witwer stated that the larger properties are listed on “Loopnet” and “Co-star” websites.

Ms. Shupp stated that she would like to see a proper list of properties own by the RRA, to which Mr. Witwer stated that he can create the list from list put together by the Planning department many years back.

Mr. Zabala stated that he would like to see the properties sold. He stated that he didn’t want to see the authority in the same situation it found itself in last year, which lead to the sale of the Bookbindery. It was his suggestion to have real estate brokers get involved to help sell the properties faster. He said that the properties should be added to the MLS (multiple listing service).

Ms. Shupp stated that she felt the need to hold a workshop session to review the list of available properties the authority owns. The board has to strategically look at what they own and what is generating income and take some time looking at what is there we can prioritize the list and start creating marketing packages on what we want to see developed.

Mr. Mooney said many of the larger properties are intended for development with a specific goal in mind. The purpose is to do projects that benefit the city and that’s why those look like special deals.

Mr. Steckman told that his fellow board members that the City of Reading has maintained the Riverview Industrial Park.

BPRC Representative:

Mr. Witwer made aware to the board that the BPRC is in need of a representative on its commission from the RRA.

Mr. Zabala stated that he would be interested, but he would like to more about what the BPRC actually does. He said that he attended a meeting a couple of times and didn’t get the impression that the commission was very active.

The board as a whole agreed to take the request for a representative under advisement.

Greening of Penn St:

Mr. Jacobson stated that this project would have to be placed on hold as there is no funding to support the effort.

3rd & Spruce building:

Mr. Jacobson advised the board that he was down to the property with Mr. Witwer to examine the repairs needed to the building. He stated that the cost for a new roof and lentil for the garage door is quite costly and feels that there is not enough money at this time to make repairs.

Mr. Steckman asked what the rent is on the property, to which Mr. Witwer stated that the County of Berks Adult Probation pays \$8,500 annually.

Mr. Witwer also reminded the board that the RRA has never paid for any repairs to the building. He stated that when the front portion of the roof was repaired, it was done so by the Public Works department and that was five years ago, that portion of the roof would not need to be repaired.

Bylaws:

Mr. Mooney advised the board that he is continuing to work on the revisions to the bylaws as directed by the board.

Mr. Steckman stated that he would like to meet with Mr. Mooney before the August meeting to review some of the items in the City's by laws that could be adapted into the RRA's bylaws.

Public Comment:

At this time, Mr. Alex Jackson was introduced to the board by Mr. Zabala. Mr. Jackson briefly told the board that he is a real estate broker for Coldwell Banker, specializing in first time home ownership. He stated that he would like to offer any assistance if needed by the board to help sell homes in the city.

Executive Session:

At this time the board entered into executive session to discuss legal matters, staff review and sale of properties.

Regular Session:

Upon returning to regular session, Mr. Steckman excused himself for another meeting, stating that he votes affirmatively to the motions that will be made by Ms. Shupp.

Ms. Shupp made a motion to approve resolution 1-2018 and seconded by Mr. Zabala.

REDEVELOPMENT AUTHORITY OF THE CITY OF READING
BERKS COUNTY, PENNSYLVANIA,

RESOLUTION NO. 1 - 2018

A RESOLUTION OF THE REDEVELOPMENT AUTHORITY OF THE CITY OF READING AUTHORIZING KEITH MOONEY, SOLICITOR OF THE REDEVELOPMENT AUTHORITY OF THE CITY OF READING TO EXECUTE CLOSING AND SETTLEMENT DOCUMENTS WITH OUR CITY OF READING, INC. FOR THE PURCHASE AND ACQUISITION OF PROPERTIES IN THE BUTTONWOOD GATEWAY REDEVELOPMENT AREA TO FACILITATE THE COOPERATIVE DEVELOPMENT WITH DELAWARE VALLEY DEVELOPMENT CORPORATION OF A RESIDENTIAL HOUSING DEVELOPMENT.

WHEREAS, the Redevelopment Authority of the City of Reading (hereinafter the "Redevelopment Authority") is interested in acquiring property in the Buttonwood Gateway Redevelopment Area owned by Our City Of Reading, Inc. (hereinafter "OCR"); and

WHEREAS OCR is desirous of conveying such properties to the Redevelopment Authority for the purchase price of \$1.00 and payment of all closing costs associated with the transfer; and

NOW THEREFORE, BE IT RESOLVED BY THE REDEVELOPMENT AUTHORITY OF THE CITY OF READING:

That Keith Mooney, Solicitor of the Redevelopment Authority is hereby authorized and directed to attend closing and settlement with Our City of Reading, Inc. for the purchase of the Properties set forth in exhibit "A", for the price of One Thousand Dollars (\$1.00) and any Closing cost associated with said purchase.

FURTHERMORE, Keith Mooney, Solicitor of the Redevelopment Authority, is hereby authorized and directed to execute any and all documents necessary to complete the acquisition of the Premises from Our City of Reading, Inc.

DULY ADOPTED as a RESOLUTION this _____ day of _____, 2018, by the members of the Board of the Redevelopment Authority of the City of Reading, Berks County, Pennsylvania, in lawful session duly assembled.

Upon roll call, included Mr. Steckman, Ms. Shupp and Mr. Jacobson were in favor, Mr. Zabala a nay. 3y - 1n

Ms. Shupp made a motion to authorize the Chairman or Vice-Chairman to execute the modified loan agreement from Fulton Bank for the Riverview Industrial site which will extend the loan to December 31, 2018

and authorizing the authority to make a principle payment due at the time of executing the loan modification of \$400,000.

Mr. Zabala seconded the motion and all members were in favor.

Memo to: RRA Board
From: Pamela Shupp, RRA Board Member
Date: July 18, 2018
Re: Loan Modification with Fulton Bank for the Riverview site

As per the authorization provided to me by the RRA Board at the June 20th meeting, I have had several conversations with Tracy Fletcher, Vice President, Commercial Community Development Lending Fulton Bank, N.A. regarding the Riverview site.

As you are aware, the most recent loan modification expired on June 30, 2018. At the June 20th meeting, the former Executive Director informed us that Fulton was looking for a \$600,000 principal pay down along with keeping the current Fulton Bank CD in place. I confirmed that with Mr. Fletcher.

In sharing our current financial position, I was able to request that the principal payment of \$600,000 be lowered so that the RRA would not become insolvent.

The request from Fulton is now for a \$400,000 principal payment due at the time of execution of the loan modification (execution of which would happen within the next two weeks) extending the loan through December 31, 2018. The bank is also ordering an appraisal of the site – which will take about 6 weeks.

I recommend accepting this negotiated amount of principal payment and executing the loan modification agreement.

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

Respectfully submitted by:

Executive Assistant

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