

**MINUTES OF THE REDEVELOPMENT AUTHORITY OF  
THE CITY OF READING HELD ON 20<sup>th</sup> OF OCTOBER 2022**

The Redevelopment Authority of the City of Reading held Virtual Regular meeting on Zoom computer application on 20<sup>th</sup> day of October 2022.

The meeting was called to order at 5:00 p.m. by Solicitor, Melissa Krishock, and on roll call, the following were present:

<b>Mr. John H. Miller Jr.,</b>	<b>Chairman</b>
<b>Mr. Fred Thompson,</b>	<b>Vice-Chairman</b>
<b>Mr. Goslyn Fleming,</b>	<b>Member</b>

**Absent:**

**Mr. Thomas McMahon, Treasurer/Secretary, excused**

**Also present were:**

**Mr. Jamal Abodalo, Executive Director**  
**Ms. Rafaela Lopez, Asset Manager**  
**Ms. Melissa Krishock, Esq., Bingaman Hess**  
**Ms. Sara Hailstone, Hailstone Economic, attended via Zoom**  
**Ryan Spak, Spak Group, attended via Zoom**  
**Jennifer Tintenfass, Esq., Spak Group, attended via Zoom**  
**Dan Deen, Spak Group, attended via Zoom**  
**Sheila Perez**  
**Evelyn Morrison**

**Chairman Miller asked for a motion to amend agenda to add the following to section VII.**

- **Hailstone timeline**
- **GCRA Update**
- **Snow removal**
- **Contractor Baez update**
- **City's work at 212 S 8<sup>th</sup> St**
- **DBOC situation**

**Mr. Thompson made the motion and Mr. Fleming seconded. Motion passed unanimously.**

**Consent Agenda Approval:**

**The Frist order of business is to approve the minutes for the last two months of August and September. Mr. Thompson made the motion and Chairman Miller seconded. Motion passed unanimously.**

20<sup>th</sup> October, 2022

**Public Comment:**

Under Public Session the Chairman offered the Spak Development Group to present their proposal for the renovation for 301 Washington Street and 124 N 4<sup>th</sup> Street. Mr. Spak introduced himself and his team. Mr. Deen handles the finance aspect of Spak and Ms. Tintenfass is their attorney.

Spak Group provided a summary of their qualification to handle projects from design, construction to property maintenance. Initially Spak Group met with various entities throughout the neighboring community to understand the need. One of the community's requests is a connection with GoogleWorks Center and Alvernia. He believes 124 N 4<sup>th</sup> Street is significantly built well, besides the current condition. It is more difficult to convert 301 Washington Street into apartments but he believes it's repairable. He would like to add another floor to this building and make it a mixed use property.

Mr. Fleming asked, what Spak Group's current status is. Ms. Tintenfass responded they have been working on this for a while. They started with a letter of intent and an Operating agreement was prepared by Ms. Krishock and herself. Currently they are finalizing the Operating agreement. Two financial options are listed on the Operational agreement, which are conventional and HUD. Mr. Deen informed the board if they decide to proceed with the conventional financing, the rates are trending higher at this time. Due to loans being underwritten more stringently, this option provides less money and is more expensive. Equity requirements are much higher and parties might not get what they deserve. This option puts pressure to sell or refinance. The second option of HUD financing relies on the developer's track record. With this option 82% to 88% of cost can be received offering both parties owning more equity.

Mr. Fleming asked if RRA ventures in this partnership and decides to get out, how they can go about doing so. Ms. Tintenfass informed the board there's language on the agreement regarding this. Spak Group has no reason for this partnership to not work out and can't see the city backing out. Mr. Fleming asked if something drastic were to happen, how we can get out of the agreement. Ms. Tintenfass repeated there is language on the agreement regarding this but maybe guardrail can be entered. Ms. Krishock said this question can be addressed at a later time. Due to the need to understand this joint venture in more specific details, the board agreed to schedule a follow meeting with Spak Group. At the time of the meeting a date and time for follow up discussion was not specified. Mr. Spak finished his presentation and informed board they have purchased two properties in the City of Reading and are working on opening properties and asked about their schedule, due to having two winters until project is completed. Mr. Spak plans on cleaning and securing both properties.

The Second part of the Public Session, Ms. Morrison was given five (5) minutes to speak. In her presentation Ms. Morrison expressed her concerns with this deal. She

doesn't know how Spak Group came into the picture. She would like to know how this development will draw to hire people from Berks County or how will it benefit local community. Ms. Perez questioned how Spak Group will manage parking at these properties.

#### **Finance Report:**

Mr. Abodalo asked for a motion to approve 2023 budget. Mr. Thompson made the motion and Mr. Fleming seconded. Motion passed unanimously.

#### **Approval of Bills Payable:**

Mr. Abodalo asked to table this month's finances. Chairman Miller had questions regarding Spak Group's invoice and requested the minutes in which the previous board had agreed to compensate Spak Group for the market analysis on 124 N 4<sup>th</sup> Street and 301 Washington Street.

Chairman Miller questioned Ms. Krishock's invoice for her attendance at the previous Chairman, Ernest Schlegel's hearing. Mr. Abodalo informed the board that he requested Ms. Krishock to attend due to being listed on the lawsuit. RRA wasn't listed. Ms. Krishock informed the board she didn't charge her regular hourly rate and charged the board less for her time spent at the hearing.

#### **Property Update**

Mr. Abodalo informed the board the City will have the appraisal on 301 S 3<sup>rd</sup> St completed by November 4<sup>th</sup>. Mr. Thompson asked why the delay. Mr. Abodalo responded a reason was not given.

Mr. Abodalo informed the board he was pleased with the four quotes received for the tree removal and stump grinding at 128 Schuylkill Ave. They all are very detailed on the work being performed. Chairman Miller wasn't in agreement with Public Works providing the quotes and with not having the concrete work included. He requested to reach out to each contractor and have them include the concrete work. Updated quotes should be presented to the board at next month's meeting.

Mr. Abodalo informed the board of a complaint the city received regarding 32 Cedar Street being dirty, having garbage and homeless hanging out in the area. Skyline View Realty LLC, owner of 50 N 9<sup>th</sup> Street had expressed interest in this property to a previous board member. The Reading School district located at 49 N 8<sup>th</sup> Street is in agreement with Skyline View Realty LLC purchasing it. Chairman Miller would like to way all factors and would like to discuss together parcels of land that can be addressed as well. Mr. Fleming said a decision needs to be made and not more discussions. It has been dragging for a long time. Chairman Miller replied this will be discussed at the next Workshop meeting and if needed, a Special meeting will be scheduled.

## Old Business

Mr. Thompson doesn't agree with the amount listed on the agreement submitted by Hope Works to secure RRA properties. He asked where the numbers came from. Chairman Miller replied the numbers were agreed upon during the last board meeting. Agreement has been updated to reflect removal of deposit requested by Hope Works and properties were added as well. Mr. Abodalo added Hope Works does a great job and was one of the bidders for the City's property maintenance RFP. Winter is near and homeless people will begin going into our properties. Mr. Thompson isn't in agreement with the numbers listed on the agreement but will agree to approve it to have properties secured. Mr. Thompson made the motion to approve Hope Works agreement of \$7,500.00 and Mr. Fleming seconded. Motion passed unanimously.

Chairman Miller said in the interest of time, we will address the items he added to the agenda via email with staff.

## New Business

Mr. Abodalo asked for a motion to approve Ms. Yomary Castro, to handle financial services for RRA. Ms. Castro will work about two hours a month, except when audit is in process. It would cost a total of \$2,400 and RRA should receive a credit of \$2,600. The position Ms. Castro held with the City of Fiscal Officer was filled but he is busy catching up with other things. Chairman Miller asked for a motion to approve hiring Ms. Castro to handle RRA's financial tasks. Mr. Thompson made the motion and Mr. Fleming seconded. Motion passed unanimously.

## Executive session at 7:10pm

## Regular session at 7:54pm

Mr. Abodalo asked for a motion to authorize Ms. Krishock to spend no more than two hours to discuss 427 Tulpehocken. Mr. Fleming made the motion and Mr. Thompson seconded. Motion passed unanimously.

Chairman Miller reminded board of workshop on Thursday, November 3<sup>rd</sup> at 2:00pm. He suggested Mr. Spak not be present but for Hailstone and Ms. Krishock to attend.

## Adjournment

There being no further business to be brought before the Board, a motion to adjourn the meeting was made, and all members were in favor.

Respectfully submitted by:

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Asset Manager

20<sup>th</sup> October, 2022