

**MINUTES FROM A SPECIAL MEETING OF THE READING
REDEVELOPMENT AUTHORITY OF THE CITY OF READING
HELD ON 20th JUNE 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 20th day of June, 2018.

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

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

Also present were:

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

Other attendees:

Mr. Charles Boylan, CEO, Berks Packing Co.
Mr. Christopher Deleon, revitalizereading.org
Mr. David Lugo

Upon roll call, Mr. Witwer declared a quorum.

Public Comment:

Mr. Christopher Deleon introduced himself to the board. He informed them of a website and initiatives that he has started to revitalize the City of Reading. The website is revitalizereading.org. He stated that he is a 7 year Army combat medic veteran. He stated that he would like to do whatever he can to help improve the neighborhoods of the city.

Mr. Steckman told Mr. Deleon that he would like to meet with him at a later date if he was available and to contact his office to make an appointment.

Mr. Charles Boylan, CEO of the Berks Packing, Company addressed the board informing them that he would be very interested in leasing a strip of land down by his factory that the RRA owns. 411 S. 3rd Street is a piece of land that would be ideal for his employee parking.

Mr. Boylan gave a history of his company which was started by his father and that he has worked at for 85 years. He stated that with the upcoming bridge repair and the future expansion of his factory, he will be needing parking for his employees. He told the board that he currently has around 170 employees.

Mr. Steckman thanked Mr. Boylan for his family's dedication to the City of Reading and expressed his support for the lease idea. He suggested that two board members meet with Mr. Boylan in the near future to negotiate a lease agreement.

Mr. David Lugo introduced himself to the board. He stated that he had made an official offer to purchase 39 S. 2nd Street and would like to rehab the home for resale.

Mr. Witwer advised the board that Mr. Lugo was the gentleman that he had taken to several RRA properties on Mr. Zabala's request. Mr. Witwer told the board the offer for purchase was in the packet of documents he had given them.

Mr. Steckman stated that the board would discuss this matter in Executive session and would make a decision at the next board meeting.

Finance Report:

Ms. Shupp advised the board that since the May meeting she and Mr. Witwer have been working together to create proper financial reports and to work on an annual budget. She stated that as of last month Mr. Witwer has started using QuickBooks, which has been an enormous help.

Ms. Shupp handed out finance reports to the board as well as a draft budget. She and the board reviewed the reports. She noted that the RRA is still waiting for two months' worth of rental payments from the Parking Authority in the amount of \$8,000.00.

Mr. Witwer stated that he had sent an e-mail reminder to the Executive Director regarding the payments and anticipates a check to be received soon.

Ms. Shupp stated that she had signed Mr. Witwer up for training classes for QuickBooks which is a four week training session that he will attend weekly. The cost for his attendance is \$220.00.

Ms. Shupp prepared a memo to the board regarding the annual audit which was as follows:

Memorandum to: RRA Board

From: Pamela Shupp, RRA Board Member

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?

Ms. Shupp stated that she would like to invite the auditor to the next RRA meeting to discuss the issues with the audit.

Election of Officers:

At this time Chairman Heinly called for an election of officers.

After a brief discussion, Mr. Steckman put forth the following nominations:

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Mr. Heinly – Chairman
Mr. Jacobson – Vice Chairman
Ms. Shupp – Treasurer/Assist. Secretary

Mr. Zabala seconded the nominations and all members of the board were in favor.

Buttonwood Gateway Housing Development:

Mr. Steckman told the board that in the Chairman's absence, he signed several legal documents for the housing project. He asked Mr. Mooney if there was anything that needed to be done officially to be sure that documents would not be rejected.

Mr. Mooney stated that a ratification should be voted on, giving Mr. Steckman the authority to sign the documents.

Mr. Jacobson made a motion approving the signature of Mr. Steckman on documents for the housing project. Ms. Shupp seconded the motion, Mr. Steckman abstained from the vote and Mr. Zabala voted affirmatively.

Directors Report:

Mr. Mukerji distributed his report to the board. It read as follows:

Memorandum

To: RRA Board
From: Adam Mukerji
Subject: All Outstanding Activity as requested by the Board
Date: June 14, 2018

- As part of our ongoing discussions regarding the 50 acre site and as directed by acting Chairman, Mel Jacobson at the last Board meeting, I followed up with Tracy Fletcher, VP Fulton Bank regarding the RRA's outstanding loan in the amount of \$1.6MM. At a luncheon meeting on June 13, 2018 between Tracy Fletcher, Keith Mooney, Kent Wrobel and I, we were told that Fulton Bank would consider extending the loan for another six months on an interest only basis provided the principal amount is reduced by \$600,000 and the RRA continues to maintain a CD (present balance \$241,000) with Fulton that they will utilize to debit directly for the monthly interest. Fulton had originally asked to be paid off in full as they did not want to carry this loan on their books any longer.

- At the request of Dr Chacko of Reading Hospital (Purchaser of 615 Kenhorst Boulevard) I arranged a meeting with Greg Bogia to discuss the development of the site into a multi-family housing development with a strip mall along Kenhorst Boulevard.

- Also toured the site with representatives of Holiday Inn Express to explore the development of a 70 room HIE hotel. The footprint for such a hotel is normally 2 to 3 acres.
- I have been working with John Turner and his group to assist them with grant funding and also to access geotechnical and surveying services at a reasonable cost for the proposed skate park at the parcel 32 site. They paid BEI (Greg Bogia \$3,000) to survey the site on River Road which turned out to be unsuitable for this use due to underground water pipes and Gas lines.
- I am working closely with the representatives of OCR and Keith Mooney to facilitate the title work and conveyance of all the properties they own at the Buttonwood Gateway site to DVDC (Delaware Valley Development Corporation) for \$1.00
- Worked with Glen Worgan of DVDC to assist him in procuring environmental and site engineering services. Mr. Worgan was very appreciative of our efforts in providing support letters from Senator Schwank, representative Caltagirone and calls to Brian Hudson, Executive Dir. of PHFA which were a catalyst in his securing the LIHTC allocation from PHFA for the Buttonwood Gateway housing project. Glen has engaged Liberty Environmental to do the environmental assessment and Ludgate Engineering to do the survey and site engineering. DEP's consent order and agreement for the Buttonwood Gateway area (circa 2004/5) allows only industrial uses. The consent order and agreement has to be changed and requisite environmental clearance procedures have to be implemented to allow for housing. Liberty is in the process of working with DEP to initiate the cleanup assessment.
- We are working with a developer who is under contract to purchase the Hillside Pool site on N 14th Street. They plan to construct 227 storage units at the site. They currently own 620 units in the City and suburbs. Glen Worgan originally had an option to acquire the site which they lost after they stopped paying the \$5,000 per month required by the option agreement.
- During my tenure as Executive Director we did not enter into any verbal arrangements for use of RRA owned properties. All use of RRA property was approved by the Board and documented by RRA counsel. There are no verbal agreements for use of RRA properties.
- To the best of my knowledge there are no "legally binding and or executed agreements between the RRA and any other party that contains current and/or future obligations or responsibilities - financial or otherwise of the RRA."

Adam Mukerji

312 Heckman's Ct:

Mr. Witwer advised the board that the title work has been prepared for the sale of 312 Heckman's Ct. He reminded the board that he negotiated the price of sale for \$750.

Mr. Heinly asked how large the land was. Mr. Witwer stated that it's a smaller piece of land that once had a burned out home on it and the neighbor plans to turn it into a garden in the back of her home.

Mr. Steckman asked for this vote to be tabled until the following meeting. He stated that he would like to research the county assessment on

the property. Mr. Jacobson seconded the motion. Upon vote Ms. Shupp and Mr. Zabala voted no to the motion with Messrs. Steckman, Jacobson and Heinly voting yes. The motion carried.

Bylaws:

Mr. Mooney distributed a draft review of the bylaws which he edited at the board's request. The board reviewed and discussed the revisions.

Ms. Shupp stated that she would like the "order of business" to be removed from the bylaws and Mr. Steckman stated that a roll call vote on motions could be revised to eliminate the roll call for each vote.

Mr. Zabala stated that he would still like to see a minority and local mandate for contract procurement added to the bylaws.

Mr. Mooney stated that he will continue to revise the bylaws.

Executive Session:

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

Regular Session:

Upon returning to regular session, Ms. Shupp made a motion for Mr. Mooney to prepare a 14 day written notice to Mr. Mukerji for the termination of the contract between the RRA and Mr. Mukerji. Mr. Steckman seconded the motion and all members were in favor.

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

Respectfully submitted by:

Executive Assistant