



CITY COUNCIL

Work Session

Work Session
Penn Room

Monday, December 19, 2011
7:00 P.M.

Although Council Work Sessions are open to the public, public comment is not permitted. However, citizens are encouraged to attend and observe the work sessions. Comment from citizens or professionals during the work session may be solicited on agenda topics via invitation by the Council President.

- I. Call to Order**
- II. Managing Director's Report**
- III. Council Staff Report**
- IV. Recommendation of Redistricting Committee**
- V. Downtown 20/20 Report**
- VI. Presentation of Olivet Project in Pendora Park**
- VI. Adjourn**

**City of Reading
City Council
Work Session
Monday, October 17, 2011**

Councilors Attending: V. Spencer, F. Acosta, M. Goodman-Hinnershitz, S. Marmarou, D. Reed, D. Sterner, J. Waltman

Others Attending: L. Kelleher, C. Geffken, C. Younger, A. Boscov, D. Robinson, D. Wright, J. Kromer, R. Natale, D. Kersley, F. Denbowski, S. Welz

Vaughn D. Spencer, President of Council, called the Work Session to order at approximately 7:30 pm.

Managing Director's Report

Mr. Geffken read the report distributed to Council at the meeting covering the following:

- Update on the North Front Street paving project
- Start of the City's Fall Leaf Collection Program
- Eligibility for \$4.5M in disaster relief from FEMA for conditions caused by Hurricane Irene and Tropical Storm Lee
- Noting the completion of the draft Housing permit and Zoning amendment ordinances and noting that 29,979 of the homes currently occupied in Reading, 17,276 are rental properties

Ms. Reed inquired about the traffic problems at Riverside Elementary School caused by the North Front Street Paving Project. Mr. Geffken stated that the traffic problems have been resolved.

NSP2 Update

Mr. Robinson stated that the City received a \$5M NSP2 grant from the federal government approximately three (3) years ago. He stated that only two (2) communities in Pennsylvania received the NSP2 grant; Reading and Philadelphia. He stated that a consortium was formed in the grant application. The consortium members are the Reading Housing Authority, Our City Reading, and the Community

Development office who handles the administrative portion of the program. He stated that the HUD grant requires the majority of the grant to be used in a defined area selected by HUD. HUD chose the Ricktown area after reviewing the census data. The City was permitted to select one (1) additional area that qualified and the Mineral Spring Road area was chosen.

Mr. Boscov's stated that to-date three (3) NSP2 homes have sold, three (3) homes are awaiting settlement, twelve (12) homes are ready for marketing, and eight (8) homes are under construction. He also noted that seven (7) homes are in the acquisition process. He stated that Sovereign Bank has picked up most of the mortgages. He stated that the program requires the purchaser to put \$500 down and take eight (8) weeks of housing education. He stated that the profits from sales are recycled into the grant fund.

Mr. Boscov's stated that a select number of homes can be rehabilitated outside of the defined area.

Ms. Goodman-Hinnershitz inquired about the selection of the area. Mr. Wright stated that the area was selected by HUD after the City's census tracts for low-income eligibility was reviewed. HUD selected census tracts 10, 11, 12, and 13. The Mineral Spring Road area is tract 18. He stated that the City is considering applying for an amendment to the grant program to allow some of the money to be used for demolition. He stated that currently the fund is only being used for acquisition and rehabilitation.

Ms. Goodman-Hinnershitz agreed with the concept of amending the grant program to allow demolition as many of the homes on the census tracts are devalued to a point where rehabilitation is more costly than the home is worth.

Mr. Marmarou and Ms. Reed noted the need for the City to also support strong neighborhoods. They noted that focusing all the City's resources in one area can create problems in other areas, as one (1) blighted building in a stable neighborhood can bring the neighborhood down quickly.

Ms. Goodman-Hinnershitz noted the need to compare the available funding sources against the housing strategy to determine their best use.

Ms. Reed noted the need for Community Development to explore available programs and funding sources that can be used to de-convert rental properties to owner-occupied properties.

Amendment to Housing and Zoning Ordinance

Mr. Kersley and Mr. Welz stated that currently 1,479 properties are stuck in the Zoning backlog created by the original housing permit process. They stated that the housing permit amendment clarifies various issues within the ordinance, strengthens the penalties and provides the means to withdraw Zoning permits from homes that fall out of compliance.

Mr. Kersley stated that the ordinances were planned and drafted by a work group composed of Ms. Butler, Ms. Kelleher, the Zoning Administrator, Mr. Natale, Mr. Welz, and himself. He noted that the City has also done other things to improve the housing process such as increasing the frequency of housing inspections, implementing the Quality of Life ticketing program, and automating the housing process. He stated that the group will be convening again soon to discuss the means to limit the conversion of single-family homes into rental properties.

Mr. Welz expressed the belief that the successful implementation of the ordinance will provide fair enforcement and help stabilize rental housing. He noted that the ordinance changes the annual registration process by requiring an annual permit. He stated that an annual application will be mailed to the landlord and when completing the application the landlord will be affirming that his property meets all the City codes requirements.

Mr. Kersley explained the parameters of the 1,479 properties that are in the Zoning backlog. He stated that approximately one-half of these properties will be permitted as they will meet the City's requirements; however, approximately 780 properties will require Conditional Use hearings. He stated that before permits are issued to any properties an initial inspection will occur to make sure that the number of units at the rental property agrees with the number recognized by the City.

Mr. Welz noted the escalated no-show fee and compliance penalties. He stated that the ordinance also addresses the registration of vacant properties. He noted that the review of the Zoning ordinance raised the issue of requiring a Conditional Use procedure. Within the procedure, Council can select the means for a Conditional Use hearing, such as using an independent attorney, an individual member of Council, or the full body of Council.

Ms. Kelleher distributed the list of backlog properties.

Mr. Welz stated that the group is suggesting using an independent attorney to handle properties for one (1) through four (4) units, have individual members of Council hold hearings for properties with five (5) to six (6) units, and require full Conditional Use

hearings by the full body of Council for the remaining properties.

Mr. Waltman expressed the belief that the ordinance has the tools to somewhat correct the breakdown that occurred in the former AHO process.

Mr. Marmarou inquired about the City's ability to properly enforce the ordinance. Ms. Kelleher and Mr. Geffken stated that the Codes office plans to hire an additional four (4) Property Maintenance Inspectors to handle inspections and two (2) Inspectors to attend to the pre-settlement inspection and the Blighted Property process.

Ms. Goodman-Hinnershitz suggested educating other agencies about the City's housing requirements so they can identify properties that do not comply.

Ms. Goodman-Hinnershitz suggested that each individual District Councilor handle hearings for properties within their own District.

Mr. Waltman expressed his belief in the approach both ordinances take; however, he suggested reviewing the implementation process before the ordinances are enacted.

Ms. Goodman-Hinnershitz inquired about the enactment timeline. Ms. Kelleher stated that the Public Hearing for the Zoning amendment is scheduled for October 18th at 5pm in Council Chambers, making the ordinances eligible for enactment at the Regular Meeting of Council scheduled for Monday, October 24th.

Review 2012 CDBG Action Plan

Copies of the CDBG Action Plan were distributed. Mr. Geffken stated that the new draft budget reflects input from the Mayor and Managing Director. He reviewed the various components contained in the Action Plan. The Action Plan provides funding in the following areas:

- CDBG \$2.8M
- HOME (Our City Reading, Habitat for Humanity, NHS) \$1.7M
- ESG \$170K
- 108 loan payments \$628K

Ms. Reed objected to providing BCTV with a contribution of \$74K. She stated that she

supports the service provided by BCTV; however the City could be pushing people towards its website if the City had purchased the Granicus equipment for the Penn Room instead. She also questioned funding organizations who obtain the majority of their annual revenue from fundraising activities.

Mr. Acosta questioned the reduction in funding for the Reading Public Library. He expressed the belief that the lack of full funding may create the need for reductions in operational hours and lay-offs. Ms. Kelleher noted that the CDBG budget contains funding for building improvements for the various Reading Public Library branches.

The group next discussed various funding initiatives.

Ms. Reed stated that need that Council needs to remember the ranking of the City's core services by the Administration, City Council, and the public when considering the City's General Fund budget and CDBG Action Plan.

The Work Session adjourned at approximately 9:20pm.

Respectfully submitted by Linda A. Kelleher CMC, City Clerk



Council Staff Report

11/01/11 through 11/30/11

Council Staff

Linda Kelleher, City Clerk

Michelle Katzenmoyer, Deputy City Clerk

Maritza Loaiza, Administrative Assistant

Michelle Reinhart, Intern

Constituent Service

The following table is a rough tabulation of the number and type of issues addressed by the Council Office:

Calls for Directory Assistance

Call Type	Number of Calls
Solid Waste	1
Codes	28
Tax	6
Mayor	4
Police	14
Fire	5
Community Development	1
Planning & Zoning	1
Human Resources	1
Accounting/Finance	1
Law	3
Managing Director	6
RAWA	14
Public Works	5
IT	3
Parking Authority	2
Services Center	12
Human Relations Commission	4
Parks/Recreation	0
Streets	0
Building and Trades	3

Purchasing	7
Treasury	3
Auditor	0
Sanitary Sewers	2
Total Calls	126

<u>Message for Council</u>	<u>Complaints</u>	<u>Non-City Directory Assistance</u>	<u>Calls Handled In-Office</u>	<u>Total Calls</u>	<u>Walk-Ins</u>	<u>Email Requests</u>	<u>Email Complaints</u>	<u>Total Email</u>	<u>Total Constituent Service</u>
26	11	26	324	513	87	889	447	1336	1936

Houses Identified As Missing Housing Permits, Business Licenses, or Zoning

Areas Covered: MDJ Cases
Property transactions
Citizen complaints
Assessment Appeals

Total (Since Feb. 2008): **Approx. 11,361**

Staff Activities

Between 11/01/11 and 11/30/11 Council staff accomplished the following tasks:

Drafted and Prepared

Linda:

- Zoning Amendment Ordinance re housing backlog
- Promotion Resolutions Sheidy, Gelsinger, Kloc Parr
- Police Promotion Amendment Ordinance
- PMD Fund Transfer Ord
- Reducing Number of Command Staff Ordinance
- Update Caum Home History
- Update Zoning Change Application
- Amend RFP re Recodification
- Process to handle backlog
- BPRC notices, orders, agendas, minutes
- Required annual meeting ads for City Council, EAC, BPRC, BOH, BOE, Shade Tree Commission, CAB
- Position Function Sheet for BPRC staff

Michelle K:

- BAC Expiration letters
- BAC Background Checks
- BAC Background Issues letters
- Complaint Updates
- Solicitation Permit Database Update
- Accounts Payable
- Staff Report
- Meeting Summaries
- Meeting Agendas – including ipad preparations
- Financial Interest Statements
- Update website Boards, Authorities and Commissions
- Office Supply orders
- 10 Year Park and Open Space Plan survey compilation
- Recreation Commission Agenda
- Review “Public Skatepark Development Guide”
- BAC memo to liaisons regarding removal of inactive members
- Review RFP responses for Recodification
- Review Economic Development Strategy
- Commendations
 - America Recycles Day
 - Sandra Stief
- Appointment/Reappointment Resolutions
 - George Seidel
 - Dan Gallagher
 - David Moodhart

Maritza:

- Copy and distribute all memos, handouts, and agendas per City Clerk to Council and other departments
- Scan legislation
- File all paperwork (i.e., contracts, minutes, agendas, bills, ordinances, resolutions, etc.) accordingly
- Distribute incoming mail to office staff and council members
- Register meeting speakers as requested
- Prepare and mail Thank You letter for invocators at City Council meetings
- Prepare and mail Thank You letters to speakers
- Answer constituent questions to best of my ability, forwarded complaints to appropriate departments, and updated complaint log
- Assisted constituents with legislative information they were researching or requesting
- Mail all necessary handouts/paperwork to BAC members
- Translate any needed fliers and documents

- Locate, Scan, and/or Copy requested legislation for various departments, other entities, or constituents.
- Type and correct dictation done by City Clerk
- Complete accounts payable forms and update budget
- Prepare Council agenda packets
- Prepare Board of Health agenda packets
- Prepare Board of Health minutes
- Provide IT with live update information for online codified ordinances
- Complete all certified and first class mailings for BPRC
- Scan all agenda and additional information for Administrative Oversight Committee and BPRC to access during meetings
- Scan and archive old legislation into DocStar

Michelle R:

- Copy and distribute all memos, handouts, and agendas per City Clerk to Council and all other departments as necessary
- File all paperwork (ie. contracts, minutes, agendas, invoices, ordinances, resolutions, etc.) accordingly
- Scan and archive Reading Eagle articles
- Distribute incoming mail to office staff and Council members
- Mail all necessary handouts/paperwork to BAC members
- Research candidate properties for BPRC process and mail correspondence
- Prepare Council agenda packets
- Answer constituent questions to best of my ability, forwarded complaints to appropriate departments and updated complaint log
- Assist the Codes Office with the organization of the SOP and update letters

All staff:

- Committee of the Whole minutes, Committee meeting minutes and Regular minutes
- Drafted correspondence and memos for members of Council

Researched

Linda:

- Orange Stones/Firetree History
- Residential Conservation Districts
- Zoning re appeal process
- BPL, Per Captia, EIT tax collection in other cities

Michelle K:

- Solid Waste Ordinances

Maritza:

- None

Michelle R:

- None

Meetings Attended

Linda:

- 11/2 - Managing Director re BPRC Staffing
- 11/3 - Rental Housing w/ Housing Work Group
State Legislators re Caum Home
Chamber Women-to-Women
- 11/6 - Rental Permit w/ Housing Group
- 11/7 - Crime Mtg w/ Police Command
- 11/8 - Historic District
BCAP
- 11/9 - CORE w/ R-BAR
Zoning Amendment Waltman, Demming
- 11/9 - CORE w/ R-BAR
Act 90 Class
- 11/14 - Promotion Oath to Sgt Sheidy and Gelsing
- 11/15 - Presentation @ Housing Alliance State Conference w/
R-BAR re CORE and BPRC
Waitress at Queen City Event
- 11/16 - Chief Heim and E. Weiss re housing and crime
T. Butler re review BPRC Property Packets
County Treasurer re Act 90 Tools and Tax Sales
HARB re creation of Heights Historic District
- 11/17 - Inauguration Mtg
BPRC
CAB
- 11/18 - Comprehensive Plan
Housing Strategy w/ Housing Agencies
Eminent Domain
- 11/19 - Transition Committee
- 11/21 - Albright President re Caum Home
Housing Permit w/ Housing Group
- 11/29 - Promotion Oath Capt Kloc and Lt Parr
Comprehensive Plan
CORE w/ R-BAR
Transition Mtg

Michelle K:

- 11/7 – Committee of the Whole
- 11/7 – Administrative Oversight Committee
- 11/8 – RFP opening – GIS
- 11/8 - RFP opening – Recodification

11/9 – Conservancy State of the Environment Breakfast
11/14 – Committee of the Whole
11/17 – Bid opening – Demolition of 124 N 4th St
11/21 – Public Works Committee
11/22 – Environmental Advisory Council
11/28 – Committee of the Whole
11/29 – Board of Ethics
11/30 – Bid opening – Trash Services

Maritza: None

Michelle R: None

Requests for Information – 4

Activities of Boards, Authorities and Commissions

Environmental Advisory Council – The EAC heard updates on the Bernhart Park remediation and the Smart Growth Alliance. In addition, they heard a presentation by Jim Kurtz of Reading Electric Renewables regarding solar energy options for residential and commercial uses.

Park and Recreation Advisory Committee – The PARC did not meet in November.

Board of Ethics – The Board of Ethics heard an update on the addition of the “Integrity in Government” addition to the Code of Ethics and met in executive session regarding a pending complaint.

Board of Health – The Board of Health met in November and discussed the following:

- Possible Bed Bug Legislation
- Possible Tattoo Legislation
- Member status/vacancies

Blighted Property Review Committee – Chuck Liedike from R-BAR and the City Clerk made a presentation at the Housing Alliance’s Statewide Conference regarding the blighted property process and the new CORE Program. The presentation generated a lot of interest. The City Clerk attended two meetings with the Realtors CORE Task Group in November. Both meetings were very positive. The realtors are pleased with the approach the City has decided on regarding focusing CORE in outer Reading while the Housing Agencies work within the center area. BPRC reps, the City Clerk and Attorney Butler met with the City’s housing agencies to discuss the need for a coordinated housing approach that expands the NSP2 area toward other inner-city areas. The housing agencies were asked to commit to rehab approximately five (5) properties outside the NSP2 area annually. A copy of the BPRC Certification list was also distributed to the Housing Agencies and they were asked to begin selecting properties from that list. The group also discussed the properties that are currently on the County Treasurer’s Repository Sale list. Some of these properties have been on this list since the early 1990’s. All agreed that the City should purchase these properties for a nominal fee and demolish the building on the lots.

The Administration asked the BRPC to slow the certification process down while the automation of the BPRC paperwork is being processed. Therefore the BPRC will focus its next cycle solely on properties for the CORE program.

Reading LRA – The Navy required the City to obtain a survey of the Navy Marine Center that will show the area that will be subdivided for Mary’s Shelter. We are awaiting the results of the survey.

Redistricting Committee - The Redistricting Committee will be presenting their recommendation at the December 19th Work Session. City Council will need to hold a public hearing to obtain input on the recommendation no later than 45 days after the recommendation is received.

Proposed Redistricting Information

Existing Conditions					Plus/Minus
District	Population	% Total	Optimal		
1	13,899	15.78%	-781		
2	14,107	16.02%	-573		
3	15,226	17.29%	546		
4	15,416	17.50%	736		
5	15,052	17.09%	372		
6	14,382	16.33%	-298		
		88,082			

Optimal Population Equalization	14,680	16.67%
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Proposed Changes								
Existing District	Ward	Precinct	Proposed District	Population	Gain/(Loss)	Adjusted Population	% Total	
1	4	1	6	1558				
1	5		6	836				
2	3	1	1	2651				
2	9	5	3	1703				
3	3	2	2	2405				
3	8		2	2374				
4	13	1	3	871				
6	12	1	3	2053				
1					257	14,156	16.07%	-524
2					425	14,532	16.50%	-148
3					-152	15,074	17.11%	394
4					-871	14,545	16.51%	-135
5					No Change	15,052	17.09%	372
6					341	14,723	16.72%	43
						88,082		

Census Information

District	Census 2000 Population	% Total 2000 Population	Census 2010 Population	% Total 2010 Population	Census 2010 Latino Pop.	% District Latino Pop.
1	13,174	16.22%	13,899	15.78%	7,180	51.66%
2	13,145	16.19%	14,107	16.02%	7,438	52.73%
3	13,732	16.91%	15,226	17.29%	10,209	67.05%
4	13,731	16.91%	15,416	17.50%	7,950	51.57%
5	13,625	16.78%	15,052	17.09%	9,318	61.91%
6	13,800	16.99%	14,382	16.33%	9,135	63.52%
Totals	81,207	100.00%	88,082	100.00%	51,230	58.16%

Optimal Population Equalization	14,680	16.67%
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GROUND LEASE

THIS LEASE AGREEMENT (“Lease”) dated this _____ day of _____, 2011, between the **CITY OF READING**, 815 Washington Street, Reading, Pennsylvania (“City” and “Lessor”) and **THE OLIVET BOYS AND GIRLS CLUB OF READING AND BERKS COUNTY**, a Pennsylvania non-profit Corporation, 1161 Pershing Blvd., Reading, Berks County, Pennsylvania (“Olivet” and “Lessee”).

CITY AND OLIVET may be referred to in the singular as “Party” or in the collective as “Parties”.

BACKGROUND

WHEREAS, the City owns real property located in the City of Reading, Berks County, Pennsylvania, known as Pandora Park (“Subject Property”) more fully described in Exhibit “A” attached hereto and made a part hereof, as though fully set forth and length herein; and

WHEREAS, the City desires to lease a portion of the Subject Property to the Olivet and the Olivet desires to develop the portion of the Subject Property for use as an Olivet facility for the youth of the City of Reading.

NOW, THEREFORE, in consideration of mutual averments and promises set forth herein, the Parties hereto, intending to be legally bound hereby agree as follows:

WITNESSETH:

ARTICLE 1 DEFINITIONS

- Section 1.1 “Base Rent” means the rental for the Subject Property as set forth in Section 3.1.
- Section 1.2 “Improvements” means all structures, fixtures, equipment, buildings and all Other improvements whatsoever now or hereinafter constructed on the Subject Property.
- Section 1.3 “Subject Property” means the property and all appurtenances thereto, more Particularly described in Exhibit “A”: annexed hereto, located in the City of Reading, County of Berks, Commonwealth of Pennsylvania.
- Section 1.4 “Term” shall mean the Initial Term and any and all Renewal Terms.

ARTICLE 2
TERM

Section 2.1 INITIAL TERM

In consideration of and subject to the rents, covenants and agreements hereinafter set forth, the City hereby demises and leases to the Olivet, the Subject Property and the Olivet hereby takes and leases from the City the Subject Property to have and to hold the Subject Property to the Olivet its successors and assigns, for the Term, commencing when groundbreaking ceremony for the Olivet facility occurs (Rent Commencement Date) and terminating twenty-nine (29) years and eleven (11) months from the Rent Commencement Date, subject to, however the following exceptions to title:

(a) Any and all covenants, easements, liens, encumbrances and other matters of record and zoning and building laws, ordinances, regulations and codes affecting or governing the Subject Property and all matters that may be disclosed by inspection or survey, as of the effective date of this lease provided that the same neither restricts nor interferes with the use and enjoyment of the Lessee.

Section 2.2 RENEWAL TERM

Provided that the Olivet shall not be in default of its obligations pursuant to this Lease, the Olivet shall have the option to renew this Lease (“Renewal Option”) for an additional term of twenty-nine (29) years (“Renewal Term”). The Renewal Option shall be exercised by Olivet in writing to the City at least six (6) months prior to the expiration of the Initial Term. Base Rent during any Renewal Term shall be calculated in accordance with the provisions of Article 3, below. All other provisions of this Lease, which are applicable during the Initial Term, shall continue to apply during the Renewal Term, unless the Parties agree in writing to amend any provision of this Lease for the Renewal Term.

ARTICLE 3
RENT

Section 3.1 BASE RENT

The Olivet covenants and agrees to pay to the City One Dollar (\$1.00) annually with the first payment due at the commencement of the lease.

ARTICLE 4
IDEMNIFICATION AND INSURANCE

4.1 Except for any claim resulting from the negligent or intentional action, inaction or omission of City, its agents, servants and/or employees, for which it shall be the responsibility of the City to remediate, the Olivet shall, at its sole cost and expense, indemnify and save harmless the City during the Term of this Lease:

(a) From and against any and all claims arising from the conduct or management of any work or thing whatsoever done in and about, the Subject Property and Improvements during the Term, or the assigning or subletting of any part thereof;

(b) From and against any and all claims arising from any condition of the Subject Property or the Improvements, or arising by reason of injury to person or property occurring on the Subject Property, the Improvements or upon and under the sidewalks, including that of any sub-lessees of the Olivet.

(c) From and against any claim arising from any breach or default on the part of the Olivet pursuant to the terms of this Lease; and

(d) From any against any negligent act or omission of the Olivet, or any of its agents, contractors, servants, employees or licensees, occurring in or about the Subject Property and Improvements or upon and under the sidewalks.

The Olivet shall defend the City against any of the foregoing by counsel selected by the Olivet. The City shall promptly notify the Olivet of any of the foregoing known to the City but failure of the City so to do shall not impair the obligations of the Olivet hereunder.

4.2 LIABILITY INSURANCE

The Olivet agrees to maintain at all times during the term of this Lease Comprehensive general public liability insurance in which the City shall be named as an additional insured with minimum limits of liability of One Million Dollars (\$1,000,000.00) single limit coverage. Such policy shall cover the entire Subject Property, including sidewalks, driveways and ways adjoining the Subject Property, and all Improvements and construction thereof. All insurance policies required by this provision shall be obtained by the Olivet at the Olivet's expense and shall be placed with companies qualified to do business within the Commonwealth of Pennsylvania and shall include a waiver of subrogation by the insurance carrier. Said insurance policies shall provide for a least sixty (60) days notice to the City before cancellation. Copies of certificates of policies of insurance shall be delivered to the School District prior to the execution of this Lease.

4.3 WAIVER OF SUBROGATION

All policies covering real or personal property which either Party obtains pursuant to the terms Article 4 shall include a clause or endorsements denying the insurer any rights of subrogation against the other Party to the extent rights have been waived by the insured before the occurrence of injury or loss, if same are obtainable without reasonable cost.

ARTICLE 5
USE MANAGEMENT AND DISPOSITION OF THE SUBJECT
PROPERTY, COMPLIANCE WITH LAWS, ETC.

5.1 PERMITS

The Olivet shall procure, maintain and comply with all permits, licenses and other Authorizations required for any use of the Subject Property or any part thereof.

5.2 OLIVET'S RIGHT TO CONSTRUCT BUILDING AND OTHER
IMPROVEMENTS

The Olivet shall have the right to construct structures, buildings and Improvements on the Subject Property, at the Olivet's sole cost and expense. The City has the right, but not the obligation, to review any building and/or Improvements plans. The City has the right, but not the obligation, to disapprove any such building or Improvements plans. The City's approval shall not be unreasonably withheld. In connection with any construction, the Olivet shall be permitted to grade, level and fill the land, remove trees and shrubs, install roadways and walkways, and install utilities, provided all of the foregoing serve the Improvements erected on the Subject Property. The City shall have no liability for any costs or expenses in connection with the construction of Improvements on the Subject Property.

5.3 CITY ASSISTANCE WITH BUILDING PERMITS

The City shall assist the Olivet in applying for building permits and approval of Planning Commission for the construction of building and improvements on the Subject Property.

ARTICLE 6
LIENS

6.1 PROHIBITION AGAINST LIENS

The Olivet shall not create, suffer to exist or permit any mortgage, lien, charge or Encumbrance (collectively "Liens") to be filed against the Subject Property or any part thereof or against the Olivet's leasehold estate in the Subject Property, except as expressly permitted hereunder. If any lien or encumbrance shall at any time be filed or imposed against the Subject Property or the rights or interest of the City in the Subject Property, the Olivet shall cause the lien or encumbrance to be discharged of record within forty-five (45) days after notice of filing or imposition by payment, deposit bond or as otherwise permitted by law.

6.2 NO CONSENT OF THE CITY TO LIENS

Nothing contained in this Lease shall be deemed or construed as constituting the

Consent of or request by the City, express or implied, to:

(a) Any contractor, subcontractor, laborer or materialman for the performance of any labor or the furnishing of any materials for any specific improvement, alteration to or report of the Subject Property, Improvements or any part thereof, nor as giving the Olivet a right, power or authority to contract for or permit the rendering of any services or the furnishing of any materials that would give rise to the filing of any such lien against the Subject Property or any part thereof or against the Olivet's leasehold estate therein; or

(b) The imposition of any liens on the City's interest in the Subject Property by any party whatsoever. The Olivet covenants and agrees that all Improvements will be completed free and clear of all liens and claims of contractors, subcontractors, mechanics, laborers and materialmen, and other claimants. The Olivet further covenants and agrees to protect, indemnify, defend and hold harmless the City from and against all bills and claims, liens and rights to liens for labor and materials and architect's, contractors and subcontractor's claims, and all fees, claims and expenses incident to the construction and completion of any Improvements, including without limitation, any attorney's fees and court costs which may be incurred by the City in connection therewith. The Olivet shall require all contractors to sign and execute valid Waivers or Liens before construction of any kind begins on the Subject Property. The Olivet and/or the contractor shall be responsible for filing all properly executed Waivers of Liens with the responsible authorities and for any and all costs of recording associated therewith.

ARTICLE 7 UTILITIES, STORAGE AND DISPOSAL MAINTENANCE

7.1 UTILITIES

The Olivet shall pay or cause to be paid promptly when due, all charges for water, sewer, electricity, gas, telephone or any other utility services furnished to the Subject Property. All utility services provided to the Subject Property shall be separately metered from those provided to the City and all corresponding charges incurred by the Olivet at the Subject Property shall be billed to the Olivet directly. The Olivet shall be responsible for any tapping fees, connection fee or similar charge, if any, for connection to the City's preexisting sanitary sewer or water lines.

7.2 STORAGE AND DISPOSAL

(a) The Olivet shall provide a complete and proper arrangement for the Adequate sanitary handling and disposal, away from the Subject Property, of all trash, garbage and other refuse caused as a result of the operation of its business and the use of the Subject Property. The Olivet shall provide and use suitable covered metal receptacles for all such garbage, trash and other refuse. Piling of boxes, carton, barrels or other similar items, in an unsightly or unsafe manner, on or about the Subject Property shall not be permitted. All trash and debris shall be screened from public view in a manner that shall be required by the City, in the City's sole and absolute discretion.

(b) The Olivet shall not store nor shall the Olivet permit or suffer the storage of any toxic or hazardous materials or any pollutant or contaminant on the Subject Property other than in the normal and customary operation of its business and swimming pool.

(c) No volatile or explosive solids, liquids, or substances shall be stored and/or used by the Olivet or permitted by the Olivet to be stored and/or used on the Subject Property.

7.3 MAINTENANCE OF SUBJECT PROPERTY AND IMPROVEMENTS

The Olivet shall keep the Subject Property and all Improvements in good repair and condition (except as otherwise provided herein) and at the end or other expiration of the term of this Lease deliver up the Subject Property and all Improvements thereupon in good condition, reasonable wear and tear excepted. The Olivet shall, at its sole cost and expense, ensure the Subject Property and all Improvements comply with all requirements of all municipal, state and federal authorities now in force or which may hereafter be in force. In the event the Subject Property and all Improvements, or any part thereof, are damaged or destroyed by any cause whatsoever, the Olivet may elect either of the following options:

(a) Within sixty (60) days of the event of casualty, the Olivet shall commence and diligently pursue to complete the repair, restoration or replacement of the damaged or destroyed Improvement(s), and this Lease shall remain in full force and effect; or

(b) The Olivet may terminate this Lease on forty-five (45) days written notice to the City. In the event that the Olivet terminates pursuant to this Section 7.3, any insurance proceeds received by the Olivet pertaining to damage to or destruction of property owned by the City and leased and insured by the Olivet shall be immediately forwarded to the City upon receipt by the Olivet.

ARTICLE 8 INSPECTION BY THE CITY

The City and its authorized representatives shall have the right to enter and inspect the Subject Property and Improvements at all reasonable times during normal business hours, provided such entry shall not interfere with the conduct of business thereon.

ARTICLE 9 DEFAULT PROVISIONS AND CONDITIONAL LIMITATIONS

9.1 EVENT OF DEFAULT

An Event of Default shall have occurred if any one of the following events shall have occurred:

(a) Default shall be made in the payment of the Base Rent when due and such default shall continue for a period of thirty (30) days following written notice;

(b) The failure of the Olivet to commence development of the Subject Property, and to diligently pursue all necessary governmental approvals therefor.

(c) The Olivet shall:

- (1) Apply for or consent to the appointment of a receiver, trustee or Liquidator of itself or of all or a substantial part of its assets;
- (2) Admit in writing its inability to pay its debts as they mature; or
- (3) Make a general assignment for the benefit of creditors;

(d) If any petition is filed by or against the Olivet under any section or chapter of the present or any future Federal Bankruptcy Code or under any similar law or statute of the United States or any state thereof, which is not permanently discharged, dismissed, stayed, or vacated, as the case may be, within one hundred twenty (120) days of its commencement or the Olivet shall be adjudicated bankrupt or insolvent in proceedings filed under any section or chapter of the present or any future Federal Bankruptcy Code or under any similar law or statute of the United States or any state thereof;

(e) An order, judgment or decree shall be entered without application, approval or consent of the Olivet, by any court of competent jurisdiction, approving a petition seeking reorganization of the Olivet, or of all or a substantial part of its assets, and such order, judgment or decree shall continue, without a stay, and in effect for any period of sixty (60) consecutive days, provided that no event of default shall occur so long as the Olivet is pursuing an appeal of any such order, judgment or decree;

(f) If the Olivet shall do or permit to be done anything which creates a lien upon the City's interest in the Subject Property and any such lien is not discharged or bonded within forty-five (45) days after notice of filing; and

(g) If the Olivet shall assign, mortgage or otherwise transfer this Lease, or sublet the whole or any part of the Subject Property or the Improvements or any interest therein, otherwise than as expressly permitted hereunder, or if this Lease or the estate of the Olivet hereunder shall be transferred, or passed to, or developed upon, any person, firm or corporation other than the Olivet, except in the manner permitted in this Lease.

9.2 REMEDIES OF THE CITY

Upon the occurrence of any such event of default, the City shall have the right at the City's election, to pursue, in addition to and cumulative of any other rights the City may have, at law or in equity, any one or more of the following remedies without any notice or demand whatsoever:

(a) Enter upon and take possession of the Subject Property and expel or remove the Olivet and any other person who may be occupying said premises or any part thereof without being liable for prosecution or any claim for damages therefore, and re-let the premises and

receive the rent therefore, and the Olivet agrees to pay to the City on demand any deficiency that may arise by reason of such re-letting and any reasonable attorney's fees incurred as a result of such breach.

9.3 EFFECT OF WAIVER OR FOREBEARANCE BY THE CITY

No waiver by the City of any breach by the Olivet of any of its obligations, Agreements, covenants hereunder shall be a waiver of any subsequent breach or of any obligations, agreement or covenant, nor shall any forbearance by the City to seek a remedy for any breach by the Olivet be a waiver by the City of its rights and remedies with respect to such subsequent breach.

ARTICLE 10 CUMULATIVE REMEDIES – NO WAIVER

10.1 The specific remedies to which the City may resort under the terms of this Lease are cumulative and are not intended to be exclusive of any other remedies or means of redress to which it may be lawfully entitled in case of any Event of Default. The failure of the City to insist in any one or more cases upon the strict performance of any of the covenants of this Lease, or to exercise any option herein contained, shall not be construed as a waiver or relinquishment for the future of such covenant or option. A receipt by the City of Rent with knowledge of the occurrence of an Event of Default shall not be deemed a waiver thereof, and no waiver, change, modification or discharge by either Party hereto of any provision of this Lease shall be deemed to have been made or shall be effective unless expressed in writing and signed by the Party against whom such waiver, change, modification or discharge is sought. In addition to the other remedies provided in this Lease, the City shall be entitled to the restraint by injunction of the violation, or attempted or threatened violation, of any of the covenants, conditions or provisions of this Lease or to a decree compelling specific performance of any of the covenants, conditions or provisions.

ARTICLE 11 QUIET ENJOYMENT

11.1 The City covenants and agrees that the Olivet, upon paying the Rent and all other sums required to be paid by the Olivet hereunder and observing and keeping the covenants, agreements and conditions of this Lease on its part to be kept, shall and may lawfully, peaceably and quietly hold, occupy and enjoy the Subject Property during the term of this Lease without hindrance or molestation by or from anyone claiming by, through or under the City.

ARTICLE 12 NOTICES

12.1 All notices, demands, consents, requests and other communications hereunder which may be or are required to be given by either Party, shall be in writing and shall be deemed to

have been properly given when sent by United States registered or certified mail, postage prepaid, addressed to the Parties hereto, at the following addresses or at such other address as either Party may, from time to time, designate in a notice to the other:

To the Olivet:

Olivet Boys & Girls Club of Reading & Berks County
1161 Pershing Blvd.
Reading, Pennsylvania 19611

With a copy to:
John M. Stott, Esquire
50 North Fifth Street
P. O. Box 8321
Reading, PA 19603

City of Reading
City Hall
815 Washington Street
Reading, Pennsylvania 19601

Charles Younger, Esquire
City Hall
815 Washington Street
Reading, Pennsylvania 19601

Each Party hereto shall have the right, by giving not less than five (5) days prior written notice to the other parties hereto, to change any address of such. Party for the purpose of notices under this Section 12.1.

ARTICLE 13 ALTERATION, CONSTRUCTION AND OWNERSHIP OF IMPROVEMENTS

13.1 TITLE TO THE IMPROVEMENTS

All Improvements shall be owned by the Olivet until the expiration of the Term; provided, that:

- (a) The terms and provisions of this Lease shall apply to all such Improvements; and
- (b) All such Improvements subject to reasonable wear and tear shall be surrendered to and become the absolute property of the City upon the termination of the Term, whether by expiration of time or otherwise.

Notwithstanding the foregoing, the Olivet shall have the right to remove from the Subject Property and Improvements all moveable trade fixtures, movable equipment, and articles of personal property used or procured for use in connection with the operation of its business on or before the expiration date of this Lease, provided that the Olivet shall promptly repair, or cause to be repaired, any damage resulting to the Subject Property or Improvements by reason of this removal. Any and all materials, equipment and chemicals that are essential to operation and maintenance of the swimming pool(s) at the Olivet facility are excluded from those items of property that the Olivet is allowed to remove upon expiration of the Term and shall remain at the Subject Property after the expiration of the Term. Any trade fixtures, equipment, or articles of personal property of the Olivet that remain at or on the Subject Property after the expiration date shall be deemed to have been abandoned by the Olivet, and may either be retained by the City as its property or disposed of by the City without accountability to the Olivet for the value of these trade fixtures, equipment, or articles of personal property, or any proceeds derived from the sale of these items. Provided that the Olivet shall pay to the City, the cost to remove and/or dispose of any such trade fixtures, equipment or personal property.

ARTICLE 14 INVALIDITY OR PARTICULAR PROVISIONS

14.1 If any term or provision of this Lease, or the application thereof, to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby and each term and provision of this Lease shall be valid and enforceable to the fullest extent permitted by law.

ARTICLE 15 COVENANTS TO BIND AND BENEFIT RESPECTIVE PARTIES

15.1 The covenants and agreements herein contained shall bind and inure to the benefits of the City and the Olivet, and their respective successors and assigns.

ARTICLE 16 NO OFFSETS

16.1 The Olivet represents and warrants that it has no deductions, offsets or defenses to the enforcement of any remedies the City may have by operation of law or in the event of default by the Olivet in the performance or observance of any of the terms, covenants and conditions of this Lease.

ARTICLE 17
CAPTIONS AND HEADINGS

17.1 The captions and headings throughout this Lease are for convenience and reference only and the words contained therein shall in no way be held or deemed to define, limit, describe, explain, modify, amplify or add to the interpretation, construction or meaning of any provision of or the scope or intent of this Lease nor in any way affect this Lease.

ARTICLE 18
CONDEMNATION PROCEEDS

18.1 ENTIRE TAKING

Should the entire Subject Property be “taken” (which term as used in this Article 18 shall include any conveyance in avoidance or settlement of eminent domain, condemnation, or other similar proceedings) by any governmental authority, corporation, or other entity under the right of eminent domain, condemnation, or similar right, then this Lease shall terminate as of the date of taking of possession by the condemning authority, and the City, the Olivet and any Leasehold Mortgagee may each pursue the award therefor based on the Improvements located on the Subject Property and the agreements amongst such parties in interest. As used herein, the term “award” shall mean any and all awards, damages or settlements which may be paid or made in connection with any taking of possession by any condemning authority of all or any portion of the Subject Property.

18.2 PARTIAL TAKING

Should a portion of the Subject Property be taken by any governmental authority, corporation or other entity under the right of eminent domain, condemnation or similar right, this Lease shall nevertheless continue in effect as to the remainder of the Subject Property unless, in the City and the Olivet’s judgment, so much of the Subject Property shall terminate as of the date of taking of possession by the condemning authority in the same manner as if the whole of the Subject Property had thus been taken, and the ward therefore shall be distributed as provided in Section 18.1 and 18.3, as necessary. In the event of a partial taking where this Lease is not terminated, the Base Rent payable during the remainder of the Term after taking of possession by the condemning authority shall be reduced on a just and proportionate basis having due regard to the relative value and square footage of the portion of the Subject Property thus taken as compared to the remainder thereof and taking into consideration the extent, if any, to which the Olivet’s use of the remainder of the Subject Property shall have been impaired or interfered with by reason of such partial taking.

18.3 AWARD IN PARTIAL TAKING

If a part of the Subject Property is taken and this Lease is not terminated as a result thereof, then the Olivet shall remove, repair and refurbish the remainder of the Subject Property in order to put them in a usable condition and the award shall be deposited with the Leasehold

Mortgagee, City and the Olivet and disbursed for payment of such restoration, repair and refurbishment work.

18.4 TEMPORARY POSSESSION

If the whole or any portion of the Subject Property shall be taken for temporary use or occupancy, the Term shall not be reduced or affected and the Olivet shall continue to pay the entire Rent hereunder in full. Except to the extent the Olivet is prevented from so doing pursuant to the terms of the order of the condemning authority, the Olivet shall continue to perform and observe all of the other covenants, agreements, terms and provisions of this Lease. In the event of any temporary taking, the Olivet shall be entitled to receive the entire amount of an award therefore unless the period of temporary use or occupancy shall extend beyond the expiration of the Term, in which case such award, after payment to the City therefrom for the estimated cost of restoration of the Subject Property to the extent that any such awards is intended to compensate for damage to the Subject Property, shall be apportioned between the Olivet and the City as of the day of expiration of the Term in the same ratio that the part of the entire period for such compensation is made falling before the day of expiration and that part falling after, bear to such entire period. If the portion of the award payable to the Olivet is made in a lump sum or is payable to the Oliver other than in equal monthly installments, the City shall have the right to collect such portion hereof as shall be sufficient to meet:

(a) The payments due to the City from the Olivet under the terms of this Lease during the period of such temporary use or occupancy; and

(b) The estimated restoration of the Subject Property, if such taking is for a period not extending beyond the expiration of the Term, the Olivet shall obtain possession and shall proceed to restore the Subject Property as nearly as may be reasonably possible to the condition existing immediately prior to such taking.

ARTICLE 19 CONSENT

19.1 Except as otherwise expressly stated to the contrary, whenever the consent of the City is required under this Lease, the City's consent shall not be unreasonably withheld.

ARTICLE 20 SALE OF IMPROVEMENTS – ASSIGNMENT AND SUBLETTING

20.1 This Lease and the term and estate granted by this Lease, or any part of this Lease or that term and estate, may be subleased or assigned by the Olivet subject to the City's prior written consent, which consent shall not be unreasonably withheld. However, no assignment or subletting shall release or discharge the Olivet from the terms of this Lease without the prior written consent of the City, which consent shall not be unreasonably withheld.

ARTICLE 21
MISCELLANEOUS

21.1 SUCCESSORS AND ASSIGNS

The words “School District” as used in this instrument shall extend to and include the City as well as any and all persons, who at any time or from time to time during the term of this Lease, shall succeed to the interest of the City in the Subject Property; and all of the covenants, agreements, conditions and stipulations herein contained which inure to the benefit of and are binding upon, shall also inure to the benefit of and shall be, jointly and severally binding upon the successor, assigns and grantees of the City, and each of them, and any and all persons who at any time or from time to time during the term of this Lease shall succeed to the interest of the City in the Subject Property.

21.2 MODIFICATIONS

This Lease may be modified only by written agreement signed by the City and the Olivet.

21.3 DESCRIPTIVE HEADINGS

The descriptive headings of this Lease are inserted for convenience in reference only and do not in any way limit or amplify the terms and provisions of this Lease.

21.4 NO JOINT VENTURE

The relationship between the City and the Olivet at all times shall remain solely that of the City and the Olivet and shall not be deemed a partnership or joint venture.

21.5 DISCLAIMER OF WARRANTIES

The Olivet acknowledges that it has inspected the Subject Property and is familiar with its condition and is entering into this Lease based on that inspection and in reliance on the written representations and warranties of the City as set forth in this Lease. Subject to the City’s representations and warranties, the Olivet accepts the property in “AS IS” condition and acknowledges and agrees that the City has not made and does not hereby make any oral or written representations, warranties or covenants of any kind or character whatsoever with respect to the Subject Property, wither expressed or implied, except as set forth in this Lease. The Olivet hereby represents that, except as otherwise represented and warranted in writing by the City in this Lease, it is not relying upon any warranties, promises, guarantees or representations made by the City or any one acting or claiming to act on behalf of the City in entering into this lease.

21.6 MEMORANDUM OF LEASE

The City and the Olivet agree that they shall, at any time at the request of the other,

Promptly execute a memorandum or short form of this Lease, in recordable form, setting forth a description of the Subject Property, the term of this Lease, and any other provisions herein, or the substance thereof as either party desires.

21.7 HOLDING OVER

Any holding over by the Olivet of the Subject Property after the expiration of the Term shall operate and be construed as a tenancy from day to day at a daily rental equal to four times the daily rental payable during the thirty (30) day period immediately prior to such determination , and the Olivet agrees to surrender the Subject Property after the termination of the Term immediately upon demand by the City.

21.8 GOVERNING LAW

This Lease shall be governed by, construed and enforced in accordance with the Laws of the Commonwealth of Pennsylvania.

21.9 COUNTERPARTS

This Lease may be signed in any number of counterparts, each of which shall be an original for all purposes, but all of which taken together shall constitute but one agreement.

21.10 SEVERABILITY

The invalidity or unenforceability of any particular provision or part of any Provision of this Lease shall not effect the other provisions or parts hereof. If any provision is determined to be invalid or unenforceable by a court of competent jurisdiction, the balance of the Lease will remain in effect.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be executed as of the day and year first above written.

CITY OF READING

THE OLIVET BOYS AND GIRLS CLUB OF
READING AND BERKS COUNTY
