

**Redevelopment Authority
Regular Meeting
September 20, 2010**

1. Call to order

Mr. Burkholder convened the meeting at 7:10 pm in Council Chambers and led the salute to the flag.

Members Present: Jack Burkholder, Matthew Baker, Harry Colon, Jon Kasitz,

Staff present: Wayne Reed, Kirby Hudson, Stacy Bjorhus, Ruthann Mowday

Mr. Burkholder announced the RDA held executive session on September 20, 2010 prior to the Regular scheduled meeting.

Mr. Burkholder announced Mr. Disciullo would not be in attendance.

2. Approval of Minutes

Mr. Burkholder made a motion to approve the minutes with corrections; Mr. Colon seconded the motion. Motion passed 4-0.

3. Receive Accounts Payable

Mr. Kasitz made a motion to approve the accounts payables and bill Comfort Care for the amount of \$220.01 paid to Bruce Worrell; Mr. Burkholder seconded the motion. Motion passed 4-0. The payable are as follows:

ADP	\$ 147.91
U-COMP	\$ 597.50
PECO	\$ 574.44
National Construction Rental	\$ 327.36
T & M Associates	\$ 444.53
Bruce Worrell	\$ 220.01
PAWC	\$ 749.82
John Carnes	\$ 256.50
Exit Elite	\$ 1,093.14
Wayne Reed	\$ 1,000.00
Rob Barry	\$ 1,000.00
Stacy Bjorhus	\$ 1,000.00
Kirby Hudson	\$ 1,000.00
<u>Ruthann Mowday</u>	<u>\$ 1,000.00</u>
Total	\$ 9,411.21

Mr. Baker asked staff to review the Solid Waste/Private Hauler Bills for the Redevelopment Authority.

4. Additions, Deletions and Modifications

Mr. Burkholder added item (r) Comfort Care- splitting the bill for the electrical fees and (s) Downtown Revival Lease read and examined by an outside attorney.

5. Presentation

1. RDA Audit

Mr. Hogan explained the financial highlights. At December 31, 2009, the liabilities of the authority exceeded its assets by \$1,631,994 and the Authority's net assets increased by \$150,101. In August 2009, The Authority sold a 22 acre site along Route 82 and 30 to Oliver, Tyrone and Pulver Corporation to construct a hotel office complex. The Authority received proceeds of \$250,000, net of related project costs. In November 2009, the City paid the principal due on the Guaranteed Urban Redevelopment Note- Series of 2004, on behalf of the Authority on the amount of \$6,999,156, and issued a promissory note to the Authority in the same amount which is to be repaid from the proceeds from the properties held for sale. Management identified and sold four properties in 2009 for \$125,200 in areas that were considered not vital to the redevelopment activities of the City in an effort to generate positive cash flow and pay down outstanding obligations. A reduction in the variable interest rates on the Guaranteed Urban Redevelopment Note- Series of 2004 resulted in a decrease in interest expense of \$182,103 during 2009.

The Authorities total liabilities as of December 31, 2009 were \$7,260,303, of which \$6,999,156 or 96.4% was the note payable to the City. During the year 2009, the Authorities deficit of net assets increased by \$150,101.

The Authorities revenues for 2009 consisted primarily on rental income. The current assets for the Authority are \$5,628,309 and the current liability is \$7,260,303. The net assets (deficit is \$1,631,994. The total operating revenues were \$134,406. The operating expenses were \$249,348. The non operating revenues/expenses were (35,159).

2. National Velodrome

No one was in attendance for the presentation for the National Velodrome. Mr. Reed announced the Developer Criteria was completed for the Velodrome Project. Mr. Burkholder explained this is the first developer criterion that has been received.

6. Citizens Comments

John Pawlowski - resident

Mr. Pawlowski stated it is hard to tell where the actions items begin. Mr. Pawlowski urged the members to seriously consider all developers. He asked members to please do something with the flats. The Property was to be a tax base, now all it is, is a liability. The previous Council rejected the proposal from Mr. McNeil. Penguin Industries has begun development in East Caln. Mr. Burkholder

stated item 9b on the agenda will make a difference and some of Mr. Pawlowski's big concerns will be addressed.

Mr. Kasitz made a motion to close citizens' hearings on agenda items; Mr. Colon seconded the motion. Motion passed 4-0.

7. Old Business

a. Act II Final Report Review

In February 2010 the RDA board reached a majority vote approving a consulting firm to complete the ACT II Cleanup Plan for the Flats. Proposals were solicited from CMX, Buchart Horn and Marshall GeoScience. The proposals were: CMX declined, Buchart Horn \$13,730 and Marshall GeoScience \$13,000. In the interest of time, via email, the RDA Board awarded the ACT II Cleanup Plan to Marshall GeoScience in the amount of \$13,000. The Vote was 3-1-0. Mr. Colon was the dissenting vote and Mr. Stonewall did not respond. Mr. Reed explained the information was provided and approved via an email vote. Mr. Colon explained the numbers were originally provided to create the report, not the numbers to be used for the work. Mr. Hudson explained the process underling the ACT II report.

Mr. Kasitz made a motion to validate the vote taken by the members in February 2010; Mr. Burkholder seconded the motion. Motion failed 2-2. Mr. Colon and Mr. Baker were the dissenting vote.

b. Mosaic Escrow Update

Mr. Reed explained the escrow was requested and received by Mosaic Development Partners. Mr. Burkholder stated the Flats are back in play.

c. Brandywine Dam Update

Mr. Reed announced that he and Mr. Barry met with Arcelor Mittal to discuss the ownership of the Brandywine Creek Dam. It has been determined that the Dam is 75% owned by the RDA and 25% owned by Arcelor Mittal. Arcelor Mittal has offered at their expense, to furbish to the RDA an engineering inspection of the Dam. The inspection should be completed in the next week or so. Should the Dam need to be removed and/or repaired the RDA in partnership with Arcelor Mittal will seek grants to address necessary action.

d. RDA Strategic/Business Plan Update

Mr. Baker explained Mr. Barry, Mr. Reed, Mr. Colon and Mr. Grabus have met to discuss the business plan. The idea is to work together to develop a business plan. The strategic plan is yo update items on the website and provide a mission statement on who were are and what we intend to do. Mr. Colon explained the plan is to use the RDA to its full capacity with every angle allowable and use the powers the RDA has. Mr. Reed explained it takes time to look at

the business plan and figure out where we are and where we intend to go. The strategic plan is how we get to where we need to be. This is important for the future of the RDA.

8. New Business

a. Consider Lease Approvals

i. 101 East Lincoln Highway

Mr. Reed explained there is a party interested in renting the facility. Mr. Hudson explained he received an email regarding the space for rent located at the Lincoln Center. Mr. Hudson explained the agenda for this evening had lease for approval for the Lincoln Properties. Mr. Hudson suggested using the office located at 209 East Lincoln Highway for office related business. The proposed tenant did not provide Mr. Hudson with the type of office work. Mr. Colon asked if the proposed tenants go through Exit Elite.

Mr. Colon asked if the last decision before renting the property was to have Mr. Molina go through the property and report back to the RDA with the inspection report. Mr. Reed stated the tenant has offered to maintain the property and to take as is. Mr. Baker explained the issue was not the HVAC system but the roof. The discussion was how we wanted to move forward with the repairs. Mr. Colon stated the issue was to fix the place up and not have the tenants make the repairs and to make the properties profitable. Mr. Colon stated the RDA members were to receive the leases to make sure the rent was favorable to the RDA as per the taxes, maintenance fees. Mr. Colon stated the RDA did not receive an inspection report for the property. Mr. Ehman explained the condition of the property. The RDA is slow in moving forward with having problems maintained. The tenants have come in and spent their money to fix the repairs. The paperwork was received in March for the Lease. Mr. Waller explained all the repairs done on the property located at 101 East Lincoln Highway. Mr. Ehman stated Exit Elite signed off on the lease, after the lease was signed, he was notified the RDA Board is to approve the leases. Mr. Reale explained that there are properties that the RDA rents that should be closed up until the issues are resolved. There are safety issues. Exit Elite has to wait for board approval, if the board does not approve, then the proposed tenant will start to look elsewhere for property. Exit Elite does not want to be held liable for the safety of the residents, when repairs are required. Mr. Reale explained the process of the rental receipts. Mr. Ehman explained the termination clause, triple net, commercial lease for the property Mr. Burkholder read the motion from the June 2010 RDA meeting.

Mr. Kasitz made a motion to approve the grandfathered lease for 101 East Lincoln Highway; Mr. Burkholder seconded the motion. Motion passed 2-1-1. Mr. Colon was the dissenting vote and Mr. Baker abstained.

ii. 109 East Lincoln Highway

Mr. Burkholder announced the tenants proposed a dance studio for 109 East Lincoln Highway. Mr. Ehman explained the dance studio is currently in Thorndale and is moving the primary location to Coatesville. Hewitt Tax has cleaned out all of their records. Mr. Colon questioned the rental income to the expenses paid by the RDA. Mr. Colon stated the RDA needs to restructure the leases.

Mr. Burkholder made a motion to approve the lease for 109 East Lincoln Highway; Mr. Kasitz seconded the motion. Motion passed 3-1. Mr. Colon was the dissenting vote.

iii. 209 East Lincoln Highway

The lease is for a little grocery store in the old Main Street Office. Mr. Reed suggested not placing a grocery store in this location. There are several little grocery places in the area. Mr. Reed explained another offer for the space was received this afternoon. Mr. Reed provided a brief overview of the additional offer for the space. Mr. Burkholder stated we have cornered the market on little grocery stores in the City. The members asked Exit Elite to entertain the offer from the other party.

Mr. Baker made a motion to table the approval until the next meeting; Mr. Kasitz seconded the motion. Motion passed 4-0.

iv. Krapf Buses

Ms. Bjorhus suggested \$1,500 per month. Ms. Bjorhus explained three comparables. Mr. Reed concerned about going to \$1,500 increase which is a 50% increase. If increase too much Krapf may move somewhere else. Mr. Baker asked the comps around this area. Mr. Reed explained Parkesburg pays the same thing. Mr. Colon asked what other locations Krapf can go to. Mr. Kasitz stated \$1,500 is a big increase. Mr. Reale explained the lease has terminated. Mr. Burkholder stated the RDA depends on the income. Krapf has offered \$1,100 per month. Mr. Baker stated that a \$100 increase per month is dirt cheap. The amount should be more of an increase. Mr. Ehman stated that Krapf has a contract with the School District and could not go back and ask for more money. Mr. Colon stated we could ask for a little more.

Mr. Colon made a motion to enter into an agreement with Krapf Buses for \$1,250 per month with a 3% increase escalator and add 60 day sales clause; Mr. Baker seconded the motion. Motion passed 4-0.

b. Service Agreement with the Chester County Economic Development Council (CCED)

Mr. Burkholder announced the CCEDC will be working with the RDA to market the properties. Mr. Baker asked Mr. Smith the floating scale for the hourly rates. Mr. Baker asked for the range

documented as per the staff. The staff members should be identified per their position with the flat fee. Mr. Reed asked Mr. Grabus to breakdown the rate as per the staff members. Mr. Grabus suggested emailing Mr. Smith with the request for the proposal fees for the staff. Mr. Reed asked for the agreement approval pending the issuance of the hourly rates. Mr. Kasitz asked if the RDA will be apprised of the fees or billed once it has been completed. Mr. Grabus suggested asking for an estimate prior to the work. Mr. Colon stated the RDA is adding more fees and how can we discuss the overlapping services of staff and the CCEDC. Mr. Reed explained the CCEDC is addition to what's being done now not equal to the staff. CCEDC will not take over for the staff that is removed. The CCEDC could fill in for members. Mr. Colon stated the RDA could have an Executive Director and a Finance Director. Mr. Burkholder suggested talking about staff during the budget. Mr. Burkholder thanked City Council for their endorsement.

Mr. Kasitz made a motion to approve the service agreement with the Chestier County Economic Development Council pending issuance of hourly rates to the office; Mr. Burkholder seconded the motion. Motion passed 4-0

c. National Velodrome Developers Criteria Response

Mr. Reed asked CCEDC to review the information. Mr. Grabus stated staff reviewed the response on the \$20 million project. Questions were raised requiring a grant from the state. It is an interesting project. There was competition for the project from Caln Township recently. The Flats site is a better site than the Caln Township site. Mr. Burkholder stated the RDA will need approval from Council for the project. Mr. Colon suggested a special meeting before the next Council meeting. Mr. Grabus stated he would try to provide the RDA members with the agreement for the special meeting. They need a 90 day agreement with control of the property. Mr. Colon stated there is a still a lot to do here.

d. Access Road Easement Agreement

Mr. O'Donnell explained the Access Road Agreement for the Pulver Hotel

The Access Agreement is shown as attached but paperwork is not attached. Mr. O'Donnell had considerable concerns of where the road is to be placed. Mr. Colon stated the contract shows the access road can be moved. Mr. O'Donnell stated he does not feel that the City will have access once the Hotel is developed. Mr. Reed stated the drawing shows the access road next to Manor Road. This is the lowest level to put a bridge over. Mr. Kasitz asked for the plan to be emailed to the members.

Mr. Colon made a motion to approval of the Access Road Agreement subject to the approval of the Executive Director, Assistant Director and City Engineer at the time it is located; Mr. Kasitz seconded the motion. Motion passed 4-0.

e. Reciprocal Easement Declaration

Mr. O'Donnell explained the Reciprocal Easement Declaration is for the utilities and rights of way.

Mr. Kasitz made a motion to approve the Reciprocal Easement Declaration; Mr. Burkholder seconded the motion. Motion passed 4-0.,

f. RDA/DCD EARN Center Settlement

Mr. O'Donnell asked if this was the number offered by the EARN Center. The last payment was received in June 2009. The amount provided by DCD was missing three months on their proposed amount.

Mr. Baker made a motion to authorize the proposed settlement of \$16,815.00; Mr. Colon seconded the motion. Motion passed 4-0.

Mr. Baker made a motion to recess until 6:30 pm on September 21, 2010; Mr. Colon seconded the motion. Motion passed 4-0.

The meeting was reconvened on September 21, 2010 at 6:35 pm.

Members Present: Jack Burkholder, Matthew Baker, Harry Colon, Joseph Disciullo

Staff present: Wayne Reed, Kirby Hudson, Stacy Bjorhus, Ruthann Mowday

Mr. Disciullo noted that Mr. Burkholder would be running the meeting since he was not privy to information from the meeting on September 20, 2010. Mr. Burkholder announced Mr. Kasitz would not be in attendance this evening.

g. RDA Property Insurance Proposal

Mr. Baker explained the proposal does not show liability. There should be a deck page. Mr. Baker asked what actual liability policy are there for the RDA properties and questioned an umbrella policy. Mr. Disciullo stated there is no liability limit shown on the policy provided in the packet. Mr. Colon asked for Lincoln Center, Church Street and the Record Building to be added to the Policy. Mr. Baker stated the umbrella policy should be \$8-10 million.

No action was taken, pending more information for the next meeting.

h. RDA Inspection Proposal

Mr. Colon asked if Mr. Molina could inspect the properties. Mr. Hudson explained Mr. Molina is currently working on other projects and the Codes Department is under major pressure to get others done. Mr. Reed stated Mr. Molina is certified to do some of the inspections, but cannot provide all the inspections required. He is not certified for structural engineer. Mr. Colon stated Mr. Molina could address the situations and then give them to an engineer. 75% of the inspections can be done in house. He can point out the suspected items to the Board. Mr. Hudson stated the fire fighters are willing to do inspections. Mr. Reed stated they are only able to do fire inspections. Mr. Disciullo asked if the proposal from CZOP was for each individual building or all buildings as a whole. The T & M proposal was for \$15,000 and CZOP submitted a proposal for \$1,700 to \$2,100. The members asked staff to check with CZOP on the whether the proposal is per property or all. If it is per property, the members asked for the item to be brought before them before any action taken.

Mr. Disciullo made a motion to approve CZOP based on verifying the price actual as stated for the 13 properties; Mr. Colon seconded the motion. Motion passed 4-0.

i. Consider DCED Flat's Predevelopment RFP

Mr. Disciullo questioned the \$19,000 surplus on the grant. There is no mention of the hydraulic, utility or concrete pads. Mr. Colon stated the traffic study is not as important as the environmental study. The traffic study will be outdated. Can the money be used for marketing? Mr. Reed stated the Traffic Study would be an asset. Mr. Disciullo stated a traffic study was done years ago. Mr. Disciullo asked to defer to the next meeting to discuss with Mr. Barry. Mr. Disciullo asked for the geo tech study to remain in the grant. The memo states that in order to remove the geotech analysis and add marketing to the Flats will require DCED approval. The authority members agreed to defer the action until the next meeting when Mr. Barry will be present for questions.

j. RDA Money Market

Ms. Bjorhus explained Meridian Bank is offering 1% for funds annualized. The RDA will receive an estimated \$50 per month in interest. First Niagara Bank will continue to provide the RDA's banking services. First Niagara only offers .44% for funds annualized. The RDA will receive three in and three outs for transfer per month with no fee. Mr. Disciullo asked if the RDA we be penalized for low fees. Ms. Bjorhus replied no. Mr. Burkholder asked of Council needs to approve the moving of the money. Mr. Reed replied the everyday banking services have not changed from First Niagara Bank.

Mr. Baker made a motion to approve funds to be transferred to the Meridian Bank Money Market; Mr. Colon seconded the motion. Motion passed 4-0.

Mr. Disciullo made a motion to authorize the Chairman, Treasurer, Executive Director and the Finance Director as signers on the Money Market Account; Mr. Burkholder seconded the motion. Motion passed 4-0.

k. RDA Request to defer 2010 Interest Payment to the City of Coatesville

The RDA is requesting the interest payment that is due for the calendar year 2010, be deferred for one year. The 2010 interest payment can be processed in the near future. The RDA is in the process of reassessing the strategies and goals of the Authority, and making efforts to move towards keeping positive pressure on the current projects.

Mr. Disciullo made a motion to draft a letter to City Council to defer the loan payment of \$275.00 due to the City; Mr. Colon seconded the motion. Motion passed 4-0.

l. Approval of Downtown Revival Maintenance Fees

The RDA stopped payment on the maintenance fees in October 2009 to the Downtown Revival until the mold remediation was completed at the EARN Center and other issues were resolved with remaining properties. The RDA occurred maintenance fees and loss of rent due to the Downtown Revivals lack of maintenance. The amount due to the Downtown Revival from October 2009 to present minus the fees and rental income loss is \$3,843.10. Mr. Colon asked for the RDA to add an Administrative fee from the RDA in the amount of \$750.00.

Mr. Disciullo made a motion to pay Downtown Revival the amount due minus the fees, rental income loss, and \$750.00 administrative fee from the RDA equal to the amount of \$3093.80; Mr. Baker seconded the motion. Motion passed 4-0.

m. Consider Resolution to designate a RDA staff member to be the Right to Know Officer

Mr. Disciullo made a motion to designate Ruthann Mowday as the Right to Know Officer for the RDA; Mr. Burkholder seconded the motion. Motion passed 4-0.

Mr. Baker made a motion to adopt the amended Resolution for the Right to Know Policy for the RDA; Mr. Colon seconded the motion. Motion passed 4-0.

n. Consider RFQ for Property Manager

At the last meeting the Board directed staff to draft a Request for Qualification (RFQ) for property management;

Mr. Colon asked for the addition of marketing properties for sale or rent to be added to the proposal. The property manager should attend one meeting a month or supply a standard report to the RDA Board. Mr. Carnes stated the Proposal requires a disclaimer clause stating the RDA reserves the right to reject any and all proposals.

Mr. Colon made the motion to approve the RFP for the Property Manager including advertising, marketing properties for sale and rent, update the Board and the disclaimer clause with the due date November 1, 2010 at 2:00 pm; Mr. Baker seconded the motion. Motion passed 4-0.

o. Consider RFQ for RDA Solicitor

At the last meeting staff was asked to finalize the draft for the RFQ for the RDA solicitor. Mr. Carnes the City Solicitor has reviewed and approved the draft for advertising.

Mr. Baker made the motion to release the RFQ for RDA Solicitor due November 1, 2010 at 10:00 am; Mr. Colon seconded the motion. Motion passed 4-0.

p. Consider tour of RDA properties

Mr. Baker requested a tour of the RDA properties by the Board. Mr. Burkholder agreed with Mr. Baker that the members need to see the properties. Mr. Carnes explained no deliberation or discussion on the use of the property can happen during the tour. Mr. Reed asked Ms. Mowday to email members with dates for availability.

q. Discussion regarding Board Member Mr. Baker's "Open Issues for Discussion"

Mr. Baker explained some of the open items for discussion are currently being addressed. There have been several meeting regarding the strategic/business plan for the RDA. The job descriptions of the employees have been provided to the members. The Board is working on the organization structure of the RDA. The governance, risk management and compliance process will be ensured the organization follow the relevant laws regulations and business rules. Mr. Baker explained the website is currently out of date. The studies need to be updated. Mr. Baker showed the members examples of other authority's websites. Mr. Reed suggested Mr. Baker contact Mr. Marking regarding the implementation of the new website regarding the RDA pages. Mr. Baker stated he would contact Mr. Marking and Mr. Rounds.

r. Comfort Care – Split Bill

Mr. Disciullo explained that Comfort Care should be notified electrical work will be done on their property. Comfort Care should be responsible for the fees. Mr. Hudson explained a letter was received from the Fire Chief that some of the repairs are the responsibility of the RDA. The fees should be split between the RDA and Comfort Care. RDA is responsible for the apartments and some of the issues addressed in the Fire Chiefs letter regarding Comfort Care.

Mr. Burkholder made the motion to move forward with the fire alarm system at 312 Fleetwood Street; Mr. Disciullo seconded the motion. Motion passed 4-0.

s. Review Downtown Revival Lease – read and examined by outside attorney

Mr. Carnes suggested having the current solicitor to write an interpreted letter regarding the Downtown Revival Agreement. Mr. Burkholder stated no one can say what the benefit it is to the RDA. Mr. Carnes suggested a memo from Mr. O'Donnell on how it operates. Ms. Bjorhus questioned the taxes on the properties.

t. Lease for 209 East Lincoln Highway

Mr. Reed explained a firm has contacted him regarding leasing the property at 209 East Lincoln Highway. The firm had requested a 4% monthly commission. Mr. Reed stated the firm agreed on 3% monthly commission and \$10 per square foot. Mr. Reed stated he will forward all calls to Exit Elite to negotiate the lease for 209 East Lincoln Highway.

Ms. Mowday explained that she was incorrect in explaining the taxes for Downtown Revival. The RDA pays the taxes on the commercial property. The taxes are based on a percentage for each commercial property.

Mr. Colon stated all the information should have been read from the minutes not just the motion pertaining to the leases for 101 East Lincoln Highway and 109 East Lincoln Highway. Mr. Colon read the minutes. All the information was not shared prior to the vote. Mr. Burkholder stated Mr. Colon has a valid point and read what he was presented.

9. Citizens' Comments

There were no citizens' comments

10. Next Meeting

Mr. Burkholder announced the next meeting will be Monday, October 18, 2010.

11. Adjournment

Mr. Disciullo made the motion to adjourn at 9:45 pm; Mr. Baker seconded the motion. Motion passed 4-0.

Respectfully Submitted,

Jon Kasitz
Secretary