



**REDEVELOPMENT AUTHORITY MEETING  
FEBRUARY 18, 2014  
7:00 PM**

Board Members Present; Joe Disciullo, Jack Burkholder, Joe Kandler, Tyrone Harley  
Board Members Absent: Donald Folks  
Staff Members: Ruthann Mowday  
RDA Solicitor: Lou Kodumal

Chairman Disciullo opened the meeting at 7:15 pm and announced an Executive Session was held February earlier this evening to discuss legal, Real estate and personnel.

**Approval of Minutes – January 21, 2014**

Mr. Kandler made a motion to approve the January 21, 2014 meeting minutes; Vice Chairman Burkholder seconded the motion. Motion passed 4-0.

**Approval of Accounts Payables**

The RDA's accounts payables are being paid by Brite Realty, as part of their management services. Brite Realty reported additional invoices paid in their monthly statement. A small number of payables came to City Hall for payment, and they were processed by the RDA staff. The list is noted below:

|                  |                       |          |
|------------------|-----------------------|----------|
| Vincent Mancini  | RDA Solicitor Billing | 3,676.46 |
| Daily Local News | Ads                   | 77.42    |
| Berkheimer       | County Tax            | 4,379.09 |

**Additions, Deletions and Modifications**

Chairman Disciullo added to new business d) Johnson Resolution; e) Pennoni Phase 2; f) Chetty Enforcement; g) defer interest payment; h) Pulver RCAP; i) Call for Action; j) Heavey Group

**Presentations**

BBD Audit – Carl Hogan

Mr. Hogan explained At December 31, 2012, the liabilities of the Authority exceeded assets by \$2,955,465.

During 2012, the Authority's deficit in net position increased by \$552,991. The increase in the deficit can be attributed to insufficient cash flows generated by the Authority to pay for the interest expense on the note payable to the City as it becomes due and the write off for accounting purposes only of project advances related to the Third Avenue Towers tax increment project in the amount of \$503,616. The project advances have been written off for accounting purposes only, due to the impaired nature of the asset, which reflects the developer's failure to make progress on the construction of the Third Avenue Towers project. The Authority, by undertaking such write off for its own accounting purposes, is not waiving or limiting any of its rights and/or remedies, whether contractual or otherwise, and the Authority makes a reservation of all of its legal and/or equitable rights and remedies, against the developer of the Third Avenue Towers project, the affected real estate, and/or otherwise.

The City has agreed to not demand repayment of its note receivable from the Authority and to defer interest accrued on the note as of December 31, 2012 for a period of one year.

The Authority acted as a passthrough entity for a \$5,750,000 Redevelopment Capital Assistance Program grant from the Commonwealth of Pennsylvania. The grant was distributed to a developer ("*Coatesville Inn Associates*") for the purpose of constructing a Courtyard Marriott Hotel.

The Authority has been awarded a \$2,248,000 grant from the Pennsylvania Department of Transportation and a \$700,000 grant from the Chester County Department of Community Development for the acquisition and demolition of property to be utilized in the Coatesville Train Station redevelopment project. During 2012, the Authority received and expended \$352,005 relative to these two grants.

The Authority's total assets as of December 31, 2012 were \$5,255,693, of which \$4,287,373 or 81.58% consisted of property held for resale. The Authority's total liabilities as of December 31, 2012 were \$8,211,158, of which \$7,841,526 or 95.50% was due under the note payable agreement with the City of Coatesville.

The Authority's operating revenues for 2012 consisted primarily of rental income (\$88,098 or 87.19%). The Authority's operating expenses for 2012 consisted primarily of professional services (\$86,611 or 34.62%) and relocation and housing assistance related to the Coatesville Train Station redevelopment project (\$53,831 or 21.52%). The decrease in 2012 operating expenses when compared to 2011 is directly attributable to the impairment loss recognized on the 301 and 312 Fleetwood Street properties in the amount of \$518,398 recognized in 2011. During 2012, the Authority wrote off project advances for accounting purposes only related to the Third Avenue Towers tax increment project in the amount of \$503,616.

The Authority has acquired certain parcels of land in targeted blighted areas within the City limits to develop as part of its redevelopment activities.

During 2012, the Authority acquired four parcels of land with grant funding from the Pennsylvania Department of Transportation and the Chester County Department of Community Development in the amount of \$265,870. The properties on these parcels of land are to be demolished and the land will be used as part of the proposed site for the Coatesville Train Station redevelopment project.

As of December 31, 2012, the Authority owned 49 parcels of land totaling 53.1291 acres recorded at a total value of \$4,287,373.

Approximately 30 acres owned by the Authority consists of an area known as the 'Flats'. The total cost of the Flats including all costs associated with preparing the property for resale totals approximately \$2.5 million.

At December 31, 2012, the Authority had a deficit in net position of \$2,955,465. The deficit can be attributed to delays in the City's revitalization program due to extensive regulatory requirements imposed by government agencies and unfavorable economic conditions. In addition, the Authority has suffered recurring losses from operations and has exhausted its borrowing availability

In response to these conditions, management plans to (a) sell the property held for resale; (b) generate development revenue sources through tax increments and government funding; and (c) generate sufficient cash flows to pay liabilities as they become due. Furthermore, the City has agreed to not demand repayment of the note payable and to defer interest accrued on the note payable as of December 31, 2012 for a period of one year.

Chairman Disciullo made a motion to approve the 2012 audit with narrative changes regarding the Third Avenue Towers Tax Increment write off for accounting purposes only and not waiving or limiting any of its rights and/or remedies, whether contractual or otherwise, and the Authority makes a reservation of all of its legal and/or equitable rights and remedies, against the developer of the Third Avenue Towers project, the affected real estate, and/or otherwise; Mr. Harley seconded the motion. Motion passed 4-0.

## Citizens Comments on Agenda Items

There were no citizens' comments at this time.

## New Business

a. Consider invoice submitted from Pennoni Associates

Chairman Disciullo announced Pennoni Associates has submitted three invoices for payment. The RDA will need to submit the invoices to PennDot for payment once approved by the Board. A presentation was provided at the February meeting.

Mr. Kandler made a motion to approve the submitting invoices from Pennoni Associates in the amount of \$121,061.50 to Penn Dot; Vice Chairman Jack Burkholder seconded the motion. Motion passed 4-0.

b. Consider 90 day extension on Pennoni Associates agreement.

Chairman Disciullo explained the current contract is expected to expire and Pennoni has asked for an extension to complete their work.

Chairman Disciullo made a motion to approve a 90 day extension ending June 30, 2014 in the Pennoni Associates Agreement; Vice Chairman Burkholder seconded the motion. Motion passed 4-0.

c. Consider request for transfer of vacant strip of ground located at 117 East Lincoln Highway to Redevelopment Authority of the City of Coatesville

Chairman Disciullo explained the property is located between the Lincoln Center and the old Lipkin's Furniture Store. The Redevelopment Authority currently owns 101 – 111 East Lincoln Highway.

Chairman Disciullo made a motion to forward a request to City Council for transfer of the vacant strip of ground located at 117 East Lincoln Highway to the Redevelopment Authority of the City of Coatesville; Mr. Harley seconded the motion. Motion passed 4-0.

d. Consider Johnson Resolution

Mr. Harley made a motion to approve the Resolution authorizing the acquisition of 344 Fleetwood Street; Mr. Kandler seconded the motion. Motion passed 4-0.

e. Consider Pennoni Phase 2 Task 1

Chairman Disciullo made a motion to approve Pennoni Phase 2 Task1; Mr. Kandler seconded the motion. Motion passed 4-0.

f. Consider Chetty Enforcement

Chairman Disciullo made a motion to move forward with lis pendens and Chetty enforcement; Mr. Harley seconded the motion. Motion passed 4-0.

g. Consider request to Council to defer Interest

Chairman Disciullo explained the Authority asked the City Council annually to defer the interest payment on the loan.

Chairman Disciullo made a motion to forward a request to Council requesting the City to defer the loan interest payment for one year ending December 31, 2014; Vice Chairman Burkholder seconded the motion. Motion passed 4-0.

h. Consider Pulver RCAP

Mr. Kandler made a motion to approve the Reimbursement of Tax Increment Financing (TIF) Project Costs of Redevelopment Authority - Hotel & Office Redevelopment Project at Routes U.S. 30 and PA 82 agreement; Mr. Harley seconded the motion. Motion passed 4-0.

i. Consider Call for Action

Chairman Disciullo made a motion to approve the solicitor to draft a response on the RDA's position on the Call for Action to be submitted to City Council; Mr. Kandler seconded the motion. Motion passed 4-0.

j. Consider Heavey Group Agreement

Chairman Disciullo asked the Solicitor to contact Mr. Heavey regarding the letter of intent.

Mr. Harley made a motion to decline the letter of intent submitted by the Heavey Group for 2046-2046 East Lincoln Highway; Chairman Disciullo seconded the motion. Motion passed 4-0.

**Citizens Comments**

There were no citizens' comments at this time.

Chairman Disciullo announced the next meeting is on March 17, 2014

**Adjournment**

Mr. Hardy made a motion to adjourn the meeting at 8:05 pm; Mr. Kandler seconded the motion. Motion passed 4-0.

Respectfully submitted,  
Joseph Disciullo, Chairman