



**REDEVELOPMENT AUTHORITY
MEETING MINUTES
JULY 20, 2015**

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

Chairman DiSciullo opened the meeting at 7:00 pm and announced an Executive Session was held earlier this evening to discuss real estate and litigation and will continue the executive session after the public meeting.

Approval of Minutes –

Mr. Harley made a motion to approve the June 15, 2015 meeting minutes; Mr. Kandler seconded the motion. Motion passed 4-0-1. Mr. Folks abstained.

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	3,137.62
Ashaw Demolition	Demolition	74,895.00
Pennoni Associates	Train Station	23,021.46
UCOMP	2 nd Qtr	101.52
City of Coatesville	3 rd Qtr Share	1,000.00
CRMP FPUSA	Postage	60.90
Commonwealth Fin	Grant fee	100.00
<u>Buckley Brion McGuire</u>	<u>Train Station Legal</u>	<u>1,977.19</u>
		\$3,664.89

Chairman DiSciullo made a motion to approve the accounts payables less checks 1115 & 1116 to Ashaw Demolition totaling \$24,470.00 and request prevailing wage records; Mr. Folks seconded the motion. Motion passed 5-0.

Additions, Deletions and Modifications

Chairman DiSciullo added item #5) Waiver of last month rent for Park Cleaners; #6) Approve resolution for DCED MTF Grant

Presentations

Carl Hogan – 2014 Audit

Mr. Hogan provided the Authority members with a synopsis of the financial statements for year ended December 31, 2014.

The financial highlights at December 31, 2014 showed the liabilities of the Authority exceeded assets by \$2,364,706. During 2014, the Authority's deficit in net position increased by \$85,154. 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 Authority recognized an impairment loss of \$264,041 on the 101-109 East Lincoln Highway property which resulted from a carrying amount of the property that exceeded its fair market value which was offset by grant funding from the Pennsylvania Department of Transportation for the Coatesville Train Station redevelopment project in the amount of \$534,029.

The city has agreed to not demand repayment of its net received full from the authority and to defer interest accrued on the note as of December 31, 2014 for a period of one year in addition, the city has extended the term of the note through December 31, 2019 under the same terms; 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 Accu's acquisition and demolition of property to be utilized in the Coatesville train station redevelopment project. As of December 31, 2014 the authority has expended 2,277,227.

The authority has acquired certain parcels of land and targeted platted areas within the city limits to develop as part of its redevelopment activities. In 2014, the authority has acquired parcels of land and paid for related costs with grant funding from the Pennsylvania Department of Transportation and the Chester County Department of community development in the amount of \$494,424. The properties on these parcels of land are to be demolished in land would be used as part of the proposed site for the Coatesville train station redevelopment project. As of December 31, 2014 the authority has acquired 19 properties and incurred costs totaling approximately 1.75 million which is included in property held for resale related to this project. As of December 31, 2014 the authority has 64 parcels of land totaling 55.0091 acres recorded at a total value of \$5,514,037

The authority entered into a guaranteed urban redevelopment note series of 2004 with the bank dated August 3, 2004 for the provided for barring up to \$7 million. In November 2009, the city pay the principal due on the guaranteed urban development note series of 2004 of \$6,999,156 on behalf of the authority, and the authority issued a promissory note to the city in the same amount. The note payable to the city bears interest at 4% in the interest is payable when demanded by the city, but not more frequently than quarterly and not less frequently than annually. The principal was due in its entirety on November 30, 2014. The note is secured by a first mortgage lien on all properties held for resale. At the time of the sale the property held for resale by the authority, a payment of at least 95% of the net proceeds from the sale must be paid to the city in order to reduce the principal balance of the note. In return for such payment, the city must release the sole property held for resale from the mortgage lien issued to secure this note. The city is extended the term of the note through December 31, 2019 under the same terms.

The financial analysis is the net position may serve over time as a useful indicator of an entity's final financial condition. In the case of the authority, liabilities and deferred inflows of resources exceeded assets by \$2,364,706 at December 31, 2014. The authority's total assets of December 31, 2014 were \$6,051,860 of which \$5,514,037 and 91.11% consisted of property held for resale. The authority's total liabilities and deferred and inflows of resources as of December 31, 2014 were \$8,416,566 of which \$8,401,458 or 98.82% was due under the note payable agreement with the City of Coatesville. During 2014, the authority's deficit net position increased by \$84,154.

The authority's operating revenues for 2014 consisted primarily of rental incomes (\$94,837 or 95.51%) The authority's operating expenses for 2014 consisted primarily of an impairment loss on property held for resale (\$264,041 or 57.24%) and professional services (\$79,861 or 17.31%). The increase in 2014 operating expenses is directly attributable to the impairment loss recognized on the 101-109 East Lincoln Hwy. property. Intergovernmental revenues in 2014 and 2013 consisted primarily of grant funding from the Pennsylvania Department of Transportation and Chester County Department of Community Development for the Coatesville Train Station Redevelopment Project

At December 31, 2014 the authority had a deficit net position of \$2,364,706. 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 record 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 financing; 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 deferred interest accrued on the note payable as of December 31, 2014 for a period of one year. The city has also extended the term of the note through December 31, 2019.

Citizens Comments on Agenda Items

There were no citizens' comments on agenda items only at this time.

New Business

1. Receive and consider 6th Amendment with DEPG Associates
Chairman DiSciullo made a motion to table the 6th Amendment with DEPG Associates until the August meeting; Vice Chairman seconded the motion. Motion tabled until next meeting.
2. Receive and consider sale agreement for 7th Avenue and Lincoln Highway properties
Mr., Folks made a motion to approve a sale agreement for 701-703 East Lincoln Highway and 706 East Diamond Street properties for the amount of \$60,000 contingent on the termination of the City-RDA parking lot lease; Chairman DiSciullo seconded the motion. Motion passed 5-0.
3. Receive and consider letter to City of Coatesville requesting consent for the City parking lot leases to be terminated and the parcels sold to the buyer.
Chairman DiSciullo motioned to approve a letter requesting the termination of the parking lot lease with the City for the parking lots located at 701-703 East Lincoln Highway and 706 East Diamond Street; Vice Chairman Burkholder seconded the motion. Motion passed 5-0.
4. Receive and consider Tax Exemption status on sold parcels
Chairman DiSciullo made a motion to move forward with the request for Tax Exemptions on the vacant RDA properties; Mr. Folks seconded the motion. Motion passed 5-0.
5. Receive and consider waiver of last month rent from Park Cleaners
Mr. Folks made a motion to approve granting the tenant's requests to waive the rent for the month of August and to allow the removal of the wall as described in your email with the photo, conditioned upon the tenant providing copies of the PERC dry cleaning related records required to be maintained by PA DEP/EPA; Mr. Harley seconded the motion. Motion passed 5-0.
6. Receive and consider Resolution for DCED MTF Grant
Chairman DiSciullo made a motion to approve a Resolution for the Coatesville Train Station – DCED MTF Grant; Mr. Harley seconded the motion. Motion passed 5-0.
7. Receive and consider Check in the amount of \$100 to the Commonwealth Financing Authority.
Chairman DiSciullo made a motion to approve the payment of \$100 fee to the Commonwealth Financing Authority for the DCED MTF Grant; Mr. Harley seconded the motion. Motion passed 5-0.

Citizens Comments

There were no citizens' comments at this time.

Chairman DiSciullo announced the next meeting will be August 17, 2015

Adjournment

Mr. Harley made a motion to adjourn the meeting and go into executive session at 7:35 pm; Mr. Folks seconded the motion. Motion passed 5-0.