

READING PARKING AUTHORITY

Minutes of Reading Parking Authority Board Meeting – September 26, 2018

I. Executive Session.

The Reading Parking Authority (“RPA”) Board of Directors met in executive session prior to the start of the regular board meeting to discuss pending litigation.

II. Call to Order.

The regular board meeting (“Meeting”) was called to order at 5:32 p.m. It was held in the Penn Room, Reading City Hall, 815 Washington Street, Reading, PA 19601.

III. Individuals Present for the Meeting.

All members of the RPA Board of Directors were present for the Meeting: Bill Murray, Larry Miller, Linda Burns-Glover and Misael Marmolejos (Mr. Marmolejos arrived at the meeting at 6:07 p.m.).

The following individuals were also present for the Meeting: Thomas J. MacDougal, IV, RPA Executive Director; Charles Younger, Deputy Director; Mahlon J Boyer, General Solicitor; Daniel Kelly, Reading Eagle; Mayor Wally Scott; David M. Cituk, City of Reading Auditor; City of Reading Councilwoman Marcia Goodman-Hinnershitz; City of Reading Councilman Brian Twyman; Mitch Kriebel and Kristin Kriebel from Gourmand; and Chris Turtell and Megan Thompson from Herbein + Company, Inc.

IV. Pledge of Allegiance to the Flag.

V. Moment of Silence.

VI. Public Comment. None

VII. Minutes.

Mr. Miller made a motion to approve the minutes of the August 22, 2018 RPA Board Meeting. Second by Ms. Burns-Glover. Motion passed unanimously.

VIII. RPA Accounts Payable.

Mr. Miller made a motion to approve the RPA accounts payable in the total amount of \$164,391.02. Second by Ms. Burns-Glover. Motion passed unanimously.

IX. Audit Report.

Chris Turtell and Megan Thompson presented the Herbein + Company, Inc. Audit Report. Herbein provided an analysis of the RPA's financial condition and the RPA's performance as of and for the years ended December 31, 2017 and 2016. Mr. Turtell said that Herbein was able to provide a clean and unmodified opinion.

Mr. Turtell was pleased to report that the RPA's accounts receivable had decreased approximately \$140,000.00. This decrease was tied to more timely invoicing and collections from the RPA's commercial customers. However, Mr. Turtell did note a continuing struggle for the RPA throughout 2017 and into 2018 in regard to individual permit holders. It was also noted that there were several areas where billing was not performed timely and accurately, mostly with individuals and companies on auto-debit programs. He recommended the increased communication and standardizing of billing procedures that the RPA put in place for corporate/commercial customers for individual accounts.

Mr. Turtell stated that there is a lack of a good process for posting payments in the RPA system, which has led to challenges in identifying collectable outstanding balances. However, the RPA has retained a consultant who is working through ledger activity with a goal of establishing internal controls for billing and collections.

The RPA has improved its collection process for civil violations through more timely communication of amounts owed and following current policies for the booting and towing of cars in 2018.

Approximately 20 years ago, at a time when the RPA was not in "good shape", it obtained financing that required a reserve of \$5,269,414.00 per a Trust Indenture with U.S. Bank. The RPA's final payment in regard to this particular Trust Indenture will be in November 2020 in the amount of \$2,815,000.00. This payment can be satisfied with the restricted cash the RPA has been required to hold and the remainder of the RPA's accounts will then be unrestricted.

The RPA's accounts payable had a decrease of over \$670,000.00. It was noted that the prior year contained an \$800,000.00 payment to the City of Reading.

The RPA has experienced a revenue decrease of 2% from the prior year. There is no specific identifiable reason for this although it could be in part due to the change from the criminal to civil collection system as well as a decrease in commercial permits.

Mr. Murray noted that there is lost revenue to the RPA because there are uncollected violations that remain in the criminal/judicial system. He noted that the unpaid violations should be transferred from the criminal/judicial system to the RPA for collection. Mr. Miller agreed, noting that any such violations would be amounts that the RPA should collect.

Mr. Turtell confirmed for Mr. Miller that unpaid violations do not appear as an A/R for the RPA. Instead, the funds are only noted as revenue when collected. Mayor Scott said it is necessary to determine if the criminal/judicial has collected any of these unpaid violations. Osmer S. Deming, Esquire is going to make a request that the unpaid violations get transferred from the criminal/judicial system to the RPA.

Mr. Turtell noted an increase of expenses of approximately 2%. Computer expenses represented the largest increase from the prior year with new software from Kelly Ryan. This was a budgeted item. Kelly Ryan is assisting the RPA in collecting unpaid violations.

Mr. Turtell noted the need for better internal controls. There are several general ledger accounts that need to be reconciled at the year end because they were not reconciled during the year. A turnover in office staff and a lack of standard procedures in the office led to these areas needing material adjustments.

Mr. Turtell made recommendations in regard to RPA financial reporting. The noted lack of reconciliations for key balance sheet accounts led to significant adjustments at the year end. This does not allow the information to be accurate enough for proper governance/management decisions.

A consultant has been retained by the RPA to assist in these noted matters. The consultant has already requested information from Herbein in regard to the work she is performing. The consultant is assisting the RPA with better document keeping. She is working on cash receipts and specifically in regard to the counter service and special events.

As to financial reporting, there needs to be internal records of the RPA that match the financial reports provided to the Board of Directors. Mr. Murray specifically noted that he and the entire RPA Board share the sentiment that good data is necessary to make good decisions.

Mr. Turtell specifically noted the need for a qualified financial individual at the RPA and to have specific policies and procedures in place for governance and financial matters.

Mr. Murray noted to Mr. Turtell that RBC and a proposed individual for bond counsel had visited the RPA Board at its August 2018 Board Meeting. RBC had suggested at that time that the RPA had positive cash flow and was in a solid financial position. Mr. Murray asked Mr. Turtell if that was correct. Mr. Turtell responded by noting that the RPA has \$3,800,000.00 in present

cash flow and noted the freeing of available funds in 2020, in regard to the Trust Indenture. Mr. Turtell therefore agreed that the RPA is in a present solid financial position.

Mr. Murray asked Mr. Cituk if he had any questions in regard to the Herbein Audit Report. Mr. Cituk said he would review the Audit Report and may present questions in 30 days. Mr. Murray noted his appreciation for any feedback Mr. Cituk wanted to provide.

Ms. Hinnershitz noted a concern with the RPA bookkeeping and the need for stable finances. However, she was pleased that there is a present action plan by the RPA to address these financial concerns. She also suggested that the RPA should look at its prior Audit Reports to note old problems and to confirm that the RPA is addressing them.

Mr. Miller made a motion to accept the Audit Report of Herbein + Company. Ms. Burns-Glover seconded the motion. The motion passed unanimously.

X. General Solicitor's Report.

A. The Solicitor presented a proposed agreement between the RPA and SMG, the organization that operates the Santander Area and the Santander Performing Arts Center on behalf of the Berks County Convention Center Authority. The agreement would be effective from July 1, 2018 through June 30, 2023. The agreement sets rates for SMG event staff and day time parking. The agreement also permits revenue sharing between the RPA and SMG. In the proposed agreement, the percentage revenue sharing decreases over time. The revenue sharing percentages are lower than in prior agreements with SMG. The RPA Executive Director has determined that the RPA will save over \$150,000.00 over the course of the proposed agreement due to the decreased percentages. Mr. Miller made a motion to approve the agreement subject to the final review and approval of the Solicitor. Mr. Murray seconded the motion. The motion passed unanimously.

B. The Solicitor presented an Independent Contractor Agreement to retain Jill Marino as a financial consultant for the RPA. She was recommended by Herbein + Company. Her engagement will be limited, approximately 13 weeks although she is willing to stay longer if necessary. Ms. Marino specializes in assisting nonprofits with financial matters. She would assist with the present internal financial needs of the RPA. Among other things, she will assist in creating internal policies and procedures for the RPA's finances. Mr. Miller made a motion to approve the retention of Ms. Marino. Ms. Burns-Glover seconded the motion. The motion passed unanimously.

XI. Executive Director Report.

A. Gourmand.

Mitch and Kristen Kreibel appeared on behalf of Gourmand. As to business, Mr. Kreibel said, “so far so good.” Gourmand has been open at the Reed & Court Garage for roughly one month. There is a steady flow of customers. The Greater Reading Chamber Alliance, which is located next to the Garage, has been using Gourmand for catering events. Mrs. Kreibel said that Gourmand expects to sell lottery tickets in about one month. Mr. Murray noted that he is happy for their success. Ms. Hinnershitz noted the excellent timing of Gourmand moving into the Garage. This is especially true due to the closing of the Italian Bakery.

B. Kelly Ryan.

Kelly Ryan has begun collection campaigns. Kelly Ryan sent out roughly 5,500 notices in its first collection campaign. Two more campaigns are scheduled for October and November. The initial campaign generated roughly 476 payments not including those individuals that began to pay in person at the RPA.

The RPA is working with Kelly Ryan to find new ways to permit individuals to make payments. They are working on after-hours and online payments. The RPA is considering a payment kiosk. There is no cost to set it up. A suggested location is Reading City Hall. This provides a safe location that is open 24 hours for individuals to make payment. The kiosk could also be set up to permit water and trash bill payments. Mayor Scott asked the Executive Director about the cancellation of credit card payments wherein individuals make an initial payment to clear a violation but later cancel the payment. In response, the Executive Director said that Kelly Ryan now alerts the RPA about cancelled payments such as that. This permits the RPA to avoid those same individuals attempting to make and then cancel payments. Mr. Marmolejos asked if there is any extra cost to having the kiosk and the Executive Director confirmed that there is not.

C. PARCS RFP.

The PARCS RFP was issued. The RFP concerns the installation of new gates at all of the RPA Parking Garages. There was a bid tour that occurred with approximately 20 individuals appearing for that tour on behalf of interested vendors. The Executive Director walked with these interested vendors to all of the RPA Garages. Some vendors have submitted questions in regard to the PARCS RFP that the Executive Director is working on answering. The RFP will be updated with answers to these questions.

D. RPA-101.

A course is being offered to citizens of Reading. It consists of three classes that will be held on a Saturday. Different RPA policies and procedures will be discussed at those classes such as the appeal process and parking signs. Included with these classes will be free driving instruction

to assist individuals in learning how to properly parallel park. The first course will permit a maximum of 10 people. It is scheduled to start on October 13, 2018.

E. Night Schedule.

The RPA is working on a night schedule. Once a month, a hearing officer will hear civil appeals up to 8:00 p.m. The RPA will be open up to that time and will accept payments during that time. RPA management will be in place for those extended hours.

F. DoubleTree.

The Executive Director provided an email message to the Board of Directors. The Reading Police Department met with the District Attorney in regard to a reported matter at the DoubleTree Hotel. The District Attorney is not going to investigate the matter further and has determined that the issue is a civil not criminal matter. Mr. Murray said that it is necessary to determine who the individual is on a video taken at the Convention Center Garage. The video shows an individual using a luggage rack to “trick” the gate system to release chaser cards. Mr. Murray asked for the assistance of the public to identify the individual in the video. Mr. Murray noted that the RPA will pursue civil litigation for the losses it suffers at the Convention Center Garage. He also noted that the Garage costs the RPA approximately \$1,400,000.00 per year to maintain and operate.

The Executive Director specifically noted that the video is proof of the previous alleged failure of the gates of the Convention Center Garage. The gates were not operating correctly due to the use of invalid chaser cards.

The Executive Director also noted that an individual had called the RPA about a problem at the Convention Center Garage. That individual did not want to get in trouble because they had wanted to pay for their parking to leave the Garage but were instructed not to. An undisclosed DoubleTree employee permitted them to leave without paying.

Mr. Miller and Mr. Murray both noted a concern with this particular incident and in general. The RPA is incurring costs due to some of the practices occurring at the Convention Center Garage. Further, Mr. Murray noted that the use of the gates is being undermined at the Convention Center Garage. He does not support new gates at the Convention Center Garage due to the practices that have been discovered there by the RPA.

Mr. Miller made a motion to release the video showing the individual using the luggage cart at the Convention Center Garage to gain the assistance of the public in identifying this individual. Mr. Marmolejos seconded the motion. The motion passed unanimously.

Ms. Hinnershitz noted an offer to assist with this matter. She offered to help resolve the pending matters/litigation between the RPA and the DoubleTree. She does not “want a mess”. The Executive Director noted that the RPA is trying to work with the Doubletree. The Executive Director recently invited Derek Brown of the DoubleTree to the noted RFP tour of the RPA Parking Garages.

XII. Deputy Director Report.

The Deputy Director is working on the residential parking permit matter. He is working on an ordinance in that regard.

The Deputy Director is preparing an RFP for a bond counsel. The RPA is exploring the issuance of a bond to refinance some of its debt and for capital improvements. The RFP will be issued soon. Mr. Miller presented a motion to approve the issuance of an RFP for bond counsel. Ms. Burns-Glover seconded the motion. The motion passed unanimously.

XIII. Board Member Reports.

A. Mr. Murray. Mr. Murray requested a continual list of audit issues and how they are being addressed.

B. Ms. Glover. None.

C. Mr. Marmolejos. None.

D. Mr. Miller. Mr. Miller requested a progress report from Herbein in approximately 3-4 months.

XIV. Old Business. None

XV. New Business. None

Meeting adjourned at 7:05 p.m.