

READING PARKING AUTHORITY

**Minutes of Reading Parking Authority
Board Meeting – June 5, 2019**

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. Meeting Called to Order.

The regular board meeting (“Meeting”) was called to order at 5:42 p.m. It was held at the Reading Parking Authority, 613 Franklin Street, Reading, PA 19602.

III. Individuals Present for the Meeting.

RPA Board Members:

Linda Burns-Glover, Chairperson

Bill Murray, Secretary

Lawrence Miller, Vice Chairperson

Others Present: Thomas J. MacDougal, IV, RPA Executive Director; Michael McGrath, RPA Finance Manager; James Frank, RPA Facilities Manager; Mahlon J. Boyer, Esquire, General Solicitor; Mark Vergenes, Mirus Consultants; Scott Kramer, RBC Consultants.

Members of Public: Jeremy Long, Reading Eagle; Christine MacDougal; Detective Joseph Brown; Eric Montalvo; Cristobal Arroyo; Sheila Perez; Pastor Evelyn Morrison; Efrain Berovides; Manuel Molina.

IV. Pledge of Allegiance.

V. Moment of Silence.

VI. Public Comment.

A. Pastor Evelyn Morrison. Pastor Morrison is concerned with the RPA’s past decisions and its past financial issues. She would like a dissolution of the RPA. She wants the RPA to be managed by the City. She also wants a dissolution of RAWA and the Reading Redevelopment Authority. Mr. Murray said that the RPA Board took City Council’s discussion regarding dissolution very seriously and will be responding.

B. Sheila Perez. Ms. Perez said it is not her intent to end RPA employees' jobs when seeking a dissolution of the RPA. She would want the RPA's current employees to be employees of the City. Mr. Murray noted that the RPA's employees are a concern for the Board and what effect a dissolution would have upon them.

C. Efrain Berovides. Mr. Berovides was concerned about a recent parking violation he received. It was recommended that he meet with Mr. MacDougal at a later date to discuss his concerns. Mr. Berovides agreed to do so.

VII. Approval of Meeting Minutes.

Mr. Lawrence Miller made a motion to approve the minutes of the April 24, 2019 RPA Board Meeting. Second by Mrs. Linda Burns-Glover. Motion passed unanimously.

VIII. Approval of Accounts Payable.

Mr. Lawrence Miller made a motion to approve the RPA accounts payable invoices via the RPA's general fund for May 2019 in the total amount of \$490,736.45. Second by Mrs. Burns-Glover. Motion passed unanimously.

IX. Labor Solicitor Report. None.

X. Solicitor's Report.

A. Berks County Extension Agreement. The Solicitor presented an Extension Agreement from Berks County. At the RPA's regular board meeting on April 24, 2019, the Solicitor had presented a proposed parking agreement between the RPA and Berks County. The agreement was approved by the Board at that time. It provided a three year agreement with Berks County for 558 parking spaces to be allocated between the Convention Center Garage and Popular & Walnut Garage at the discretion of the RPA. The RPA was going to charge \$58.00 per space. Subsequently, Berks County requested that the RPA agree to an Extension Agreement that would extend a prior parking agreement between Berks County and the RPA rather than create a new one. The Solicitor reviewed the proposed Extension Agreement and confirmed that the Extension Agreement contains the same terms as the parking agreement that was approved at the last RPA Board Meeting. The Extension Agreement provides for a continuation of the parking agreement for three years with 558 spaces for Berks County to be allocated between the Convention Center Garage and Popular & Walnut Garage at the discretion of the RPA and at \$58.00 per space. Mr. Lawrence Miller made a motion to approve the Extension Agreement. Second by Mrs. Linda Burns-Glover. Motion passed unanimously.

B. Reading Eagle. The Solicitor confirmed that the Reading Eagle filed a Chapter 11 Bankruptcy on March 20, 2019. There was an outstanding balance owed by the Reading Eagle to the RPA for January, February and March 2019 when the bankruptcy case was filed. An order was issued on May 22, 2019, that approved a payment from the Reading Eagle to the RPA in the total amount of \$10,800.00 towards the noted arrears. Mr. McGrath confirmed that the RPA has already received the funds.

C. 2nd & Washington. There is a lease agreement between the Reading Redevelopment Authority and the RPA for a roughly one acre parcel of property at 2nd & Washington. The Lease is dated May 1, 2016 and has a 25-year term. There is an option in the Lease that permits the RPA to pay the balance of the Lease to the Reading Redevelopment Authority. When the total balance is paid, the Redevelopment Authority is required to transfer the one acre parcel of property to the RPA. Mr. Lawrence Miller made a motion to pay the current Lease balance. Second by Mrs. Linda Burns-Glover. The motion passed unanimously. The RPA will pay the Lease balance to the Reading Redevelopment Authority to trigger the transfer of the property to the RPA.

D. Spot Hero Marketing Services Agreement. The Solicitor presented a proposed contract between the RPA and SpotHero, Inc. Mr. MacDougal explained that the new gates being installed at the RPA's parking garages will allow customers to pay for a parking space before they get to the garage. Spot Hero allows customers to purchase a parking space before events or for specific purposes. It is one time parking not permanent parking. Customers can hold a space, although not a particular space, in a parking garage. It will allow guaranteed payments to the RPA even if the customer does not use the space. It will also provide real time usage numbers to customers wishing to reserve a parking space. Payments can be made via credit card. There will be a link on the Santander Arena website that allows customers to reserve parking spaces through Spot Hero.

The Solicitor confirmed his review of the proposed Spot Hero Marketing Services Agreement. Although the agreement calls for a one-year term, it permits either party to cancel the agreement upon 30 days notice. Essentially, the agreement is month-to-month. Mr. Lawrence Miller made a motion to approve the Spot Hero Marketing Services Agreement. Second by Mrs. Burns-Glover. Motion passed unanimously.

XI. Executive Director Report.

A. RBC. Scott Kramer from RBC Consultants addressed the Board. He said that bids for the RPA's planned financing were sent to nineteen banks. There have been four responses. Some of the banks have issued initial Term Sheets that RBC plans to discuss with them. Mr. Kramer presented a 2019 cash flow calculation. There is approximately \$2.2 Million Dollars in a clearing account at U.S. Bank. This represents the funds that were received from the previously discussed Debt Service Fund minus debt service payments in May 2019 on certain of the RPA's bonds, which reduced the account from \$2.4 Million Dollars to \$2.2 Million Dollars. After certain expenditures, including the new gate project and vehicle purchases, as more fully stated on the 2019 Cash Flow Calculation, it is anticipated that there will be a total cash flow of \$2.4 Million Dollars remaining at or around November 15, 2019.

Mr. James Frank confirmed that the RPA desperately needs new vehicles. They are continuing to make "Band-Aid repairs" on old vehicles, some of which date back to 1989 and 1990.

The Cash Flow Calculation indicates a payment for security cameras in the amount of \$450,000.00. Mr. Vergenes noted that is a very conservative amount for the purchase of security camera systems for all of the garages.

Attached to the Cash Flow Calculation was a Cash Flow Study, dated to 12/31/2035. It assumes an available annual cash flow of approximately \$3.7 Million Dollars in 2020 and in each year through 2035. Mr. Kramer confirmed that any expenditures the RPA plans to make from its available cash flow, such as a payment to the City of Reading, should be carefully made. The RPA does not want to back itself into a corner. It needs to keep in mind increased expenses that may occur over time.

Mr. Kramer confirmed that RBC will be ready at the end of June with final bank proposals for review by the RPA Board. He wants to present more than one bank proposal at that time, but noted that one particular bank, unnamed, is being aggressive in its pursuit of this matter.

Mr. Murray said that the RPA's planned refinancing is desperately needed because of high balloon payments that the RPA is currently obligated to make. A restructure of the RPA's debt is necessary to reduce these large payments that are set to occur over the next few years. Mr. Murray noted that the RPA would not be able to make those payments based upon its current cash flow.

The RPA presently has about \$22 Million Dollars in total debt and it is going to need approximately \$12 to \$16 Million Dollars to complete the planned repairs for the garages. There will be a need for funds over and above the planned amount to be borrowed for the repairs, which is \$10.6 Million.

Mr. Murray noted and confirmed that the available funds of the RPA, as well as its borrowed funds, are being spent on improvements to its assets. Mr. McGrath noted that the RPA needs to move forward with repairs at the garages as previously recommended by Desman.

Discussion was held in regard to increasing the repayment term for new financing from 15 to 20 and/or 25 years. Mr. Kramer did not recommend an increase of the repayment term. This will create higher interest rates. Mr. Kramer recommended a repayment term of 15 years as best for the RPA.

Mr. Kramer was asked if there is a credit rating for the RPA. He noted that the lending is being pursued in the private market and there is no public credit rating for the RPA required for the financing. The proposed lenders have reviewed the RPA's Audit Reports and wish to move forward based upon that information.

B. Garage Bid Results. Mr. MacDougal said that the RPA opened the bids that had been submitted for the garage repairs on June 5, 2019. There were no bids for the mechanical aspect of the project and that will be rebid. Further, there were two bids for the general contract portion of the project. However, neither bid conformed with the bid requirements. Therefore,

the general contract portion of the project is going to be rebid. There were two successful bidders for the electrical and plumbing aspects of the project and those bids will be accepted.

C. HUB. Work to install new gates at the 2nd & Washington garage will begin on June 10, 2019. It will take approximately two weeks for the installation to occur. The RPA is working with the IMAX Theatre to reduce any interference this may cause.

D. Parkeon-Software Update. There is going to be a software update. This update will occur at the kiosks. This will permit pay by plate. This eliminates the need for a customer to obtain a paper receipt at the kiosk and then return to their car to put that receipt on their dashboard. Instead, the customer will be able to enter their license plate information. When a parking employee scans the license plate, it will show that payment has been made. This eliminates the need for a customer to return to their car. They just pay and go.

E. LPR. The LPR is being used for residential parking enforcement. This eliminates the need for hang tags in the vehicles. Only the vehicle plate information is needed. Mr. Charles Younger is working to catalog all of the residential permits.

Mr. MacDougal noted that the LPR went online on April 22, 2019. The LPR is working well. It has increased revenue for the RPA by \$380.00 per day. It is anticipated that the LPR will pay for itself in approximately six months. Mr. MacDougal noted that the RPA continues to accept payment plans for parking violations.

Mrs. Linda Burns-Glover asked about the residential parking permits. She is concerned for elderly citizens that may not be computer savvy or may not have access to computers. Mr. MacDougal confirmed that no one has to use a computer for residential parking. Instead, citizens come to the RPA to provide their information and to confirm their residential parking. Mr. McGrath also noted that residents can pay by phone. The cost for a residential parking permit is \$30.00 per year for the first year and then \$25.00 per year every year thereafter. Mr. MacDougal confirmed that it is a rolling year and not based upon a calendar year. Each individual is charged for the year in which they began parking in the residential permit area.

XII. Finance Manager Report.

A. April YTD Financial Statements. Mr. McGrath said that the RPA's year to date revenue is approximately \$73,000.00 over budget. This increase of revenue is attributed to violations. However, revenue for the parking garages and kiosks is lower. Year to date, expenses are approximately \$100,000.00 under budget. Mr. McGrath said that things are trending positive for the RPA. Revenue is up and expenses are down. He noted that the expense for repairs and maintenance is over budget. However, the cost for repairs and maintenance should decrease after the garage repairs are completed.

B. Internally Prepared 2018 Financials. Mr. McGrath was pleased to present a completed Financial Statement for 2018. Total revenue for 2018 compared to 2017 was approximately \$300,000.00 lower. Expenses in 2018 compared to 2017 had been reduced by

approximately \$80,000.00. Mr. McGrath expects that 2019 will trend the same as 2018 with event revenue being down but revenue for violations being higher.

Mr. Murray asked if the civil process is working better than the previous criminal process. Mr. MacDougal said that the RPA is still investigating that question. Mr. Younger recently received information from Berks County that is needed to confirm the difference between the criminal and the civil process. Unfortunately, the RPA has thus far been unable to get necessary information from its previous service provider before Kelly Ryan.

Mr. MacDougal believes that the civil process is better. There are boots and barnacles that are used and there are payment plans that are permitted. The civil process is better and more fair because there are no arrests.

Mr. Murray said that Mr. McGrath has done a very good job in presenting the information and completing the 2018 financials. He said that good information allows the Board to make good decisions.

C. Herbein-status of 2018 Audit. Mr. McGrath said that he was “stunned” that Herbein was only at the RPA for two days during its recent visit. In the past, Herbein would have to be at the RPA for several weeks. He anticipates that Herbein is going to provide a very positive Audit Report.

XIII. Board Member Report.

A. Linda Burns-Glover. Mrs. Burns-Glover noted a welcome to Pastor Morrison.

B. Lawrence Miller. None

C. Bill Murray. Mr. Murray discussed the need for special counsel in regard to an employment issue. Mr. Lawrence Miller made a motion to retain special counsel for an employment matter. Mrs. Burns-Glover seconded the motion. The motion passed unanimously.

XIV. Old Business. None.

XV. New Business. None.

XVI. Motion to Adjourn. Mr. Lawrence Miller made a motion to adjourn at 7:00 p.m. Mrs. Burns-Glover seconded the motion. The Motion passed unanimously.

The RPA’s next regular Board Meeting shall be held on Wednesday, June 26, 2019 at 5:30 p.m. at Reading City Hall, Penn Room, 815 Washington Street, Reading, PA 19601.