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COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT
HARRISBURG, PA 17120

April 8, 2002

OFFICE OF SECRETARY

Nan Balmer, Director
Redevelopment Authority of the City of Reading
City Hall, 815 Washington Street
Reading, PA 19603

RE: Infrastructure Development
Program (IDP) -- (\$1,250,000)
Buttonwood Gateway Project

Attachment
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Dear Ms. Balmer:

I am pleased to inform you that your request for an Infrastructure Development Program grant has been approved. On behalf of the Commonwealth of Pennsylvania, acting through the Department of Community and Economic Development, I hereby transmit to the Redevelopment Authority of the City of Reading (*the "Applicant"*) an offer for grant assistance in the amount not to exceed ONE MILLION TWO HUNDRED AND FIFTY THOUSAND DOLLARS (\$1,250,000) under the provisions of the Infrastructure Development Program. The grant will be used for demolition of the existing buildings and for grading activities at West Buttonwood and Tulpehocken Streets, City of Reading, Berks County (*the "Project"*) on behalf of the Redevelopment Authority of the City of Reading, who is also acting as (*the "Developer"*).

This grant offer is contingent upon receipt by the Department of the public advertisement for bids, bid tabulations, and the executed contracts for all Project-related construction, equipment, and materials. All contracts must contain a certificate of insurance, performance and payment bonds, and the nondiscrimination provision enclosed.

The Pennsylvania Prevailing Wage Act (43P.S. 165-4) is applicable to this Project and the Grant Recipient is responsible for including prevailing wage rates in all construction contracts pertaining to the Project.

This grant offer is extended based upon the following representations made by the Developer in the Infrastructure Development Program application submitted by the Applicant:

1. There are currently 0 employees at the Project site and the Developer will cause to be created within five years from the date of this letter, 50 full-time jobs at the Project site; and
2. The Developer will attract investment of at least TWO MILLION FIVE HUNDRED THOUSAND DOLLARS (\$2,500,000) in private match to the Project site within five years.

If the Developer fails to cause to be created the number of jobs specified above or fails to attract the amount of private investment specified above, the Developer shall be liable for a penalty equal to the full amount of the grant awarded to the Applicant, unless the penalty is waived because failure is due to circumstances outside the control of the Developer.

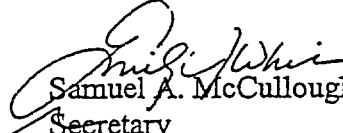
Attachment "A" further describes the procedure to access the IDP funds after all of the above conditions are met.

If you should have any questions regarding this grant, please contact the Center for Business Financing Office, Grants Division at (717) 787-7120. Please sign the commitment letter and return to Scott Dunkelberger, Chief Operating Officer; Center for Business Financing Office, 4th Floor, Commonwealth Keystone Building, Harrisburg, Pennsylvania 17120. Our receipt of the signed commitment letter will constitute your authorization to commence construction and incur costs for reimbursement.

A representative from the Department's Communications Office may be contacting your company in the next several weeks to discuss the public announcement of the Infrastructure Development Program approval. Please do not make any public announcements regarding this grant approval without first coordinating with the Department. Should you have any questions or wish to discuss the announcement, please contact the Department's Communications Office at (717) 783-1132.

I would like to congratulate you on behalf of the Schweiker Administration for promoting the economic development of your community and trust this grant will aid your efforts.

Sincerely,


Samuel A. McCullough
Secretary

Enclosures (2)

The foregoing conditions are hereby agreed to and accepted this _____ day of _____, 2002.

ATTEST:

REDEVELOPMENT AUTHORITY OF THE
CITY OF READING

Secretary

(SEAL)

FEDERAL TAX IDENTIFICATION NUMBER

NONDISCRIMINATION/SEXUAL HARASSMENT CLAUSE

During the term of the Contract, the Grantee agrees as follows:

1. In the hiring of any employee(s) for the manufacture of supplies, performance of work, or any other activity required under the Contract or any subcontract, the Grantee, subcontractor, or any person acting on behalf of the Grantee or subcontractor shall not, by reason of gender, race, creed, or color, discriminate against any citizen of this Commonwealth who is qualified and available to perform the work to which the employment relates.
2. Neither the Grantee nor any subcontractor nor any person on their behalf shall in any manner discriminate against or intimidate any employee involved in the manufacture of supplies, the performance of work, or any other activity required under the Contract on account of gender, race, creed, or color.
3. The Grantee and subcontractors shall establish and maintain a written sexual harassment policy and shall inform their employees of the policy. The policy must contain a notice that sexual harassment will not be tolerated and employees who practice it will be disciplined.
4. The Grantee shall not discriminate by reason of gender, race, creed, or color against any subcontractor or supplier who is qualified to perform the work to which the Contract relates.
5. The Grantee and each subcontractor shall furnish all necessary employment documents and records to and permit access to their books, records, and accounts by the contracting agency and the Bureau of Contract Administration and Business Development, for purposes of investigation, to ascertain compliance with provisions of this Nondiscrimination/Sexual Harassment Clause. If the Grantee or any subcontractor does not possess documents or records reflecting the necessary information requested, the Grantee or subcontractor shall furnish such information on reporting forms supplied by the contracting agency or the Bureau of Contract Administration and Business Development.
6. The Grantee shall include the provisions of this Nondiscrimination/Sexual Harassment Clause in every subcontract so that such provisions will be binding upon each subcontractor.
7. The Commonwealth may cancel or terminate the Contract, and all money due or to become due under the Contract may be forfeited for a violation of the terms and conditions of this Nondiscrimination/Sexual Harassment Clause. In addition, the agency may proceed with debarment or suspension and may place the Grantee in the Contractor Responsibility File.

ATTACHMENT A

INFRASTRUCTURE DEVELOPMENT PROGRAM INSTRUCTIONS FOR RECEIVING GRANT FUNDS

As indicated in your grant offer letter from Secretary McCullough, the grant offer is contingent upon receipt and execution of documents as stated in your letter. Failure to accomplish this may result in the rescindment of your grant offer, as required by applicable law. Listed below are the steps you must follow.

GRANT AGREEMENT

Sign the grant offer letter and return it to this office as soon as possible. Establish a separate interest bearing Project account for deposit of all Project-related funds.

Upon our receipt of the signed grant offer letter, a grant agreement will be forwarded to you for execution by the authorized official(s). The signed grant agreement must be returned for execution by the appropriate Commonwealth agencies. The signature process requires approximately 45 days. One fully executed copy of the grant agreement will be returned to you with a copy of a payment request form for requesting payment.

Payment of Funds

Submit bid advertisements, bid tabulations and executed construction contracts, which must include the nondiscrimination clause (enclosed) and any other documents required in the grant offer letter to this office.

The Pennsylvania Prevailing Wage Act requires that the specifications for every contract for public work to which a public body is a party contain a provision that the prevailing wage rate be paid to workmen employed in the performance of the contract.

The grantee agrees to provide public liability, property damage and workmen's compensation insurance, against any and all claims arising out of the construction, rehabilitation, alteration, expansion or improvement of water facilities, sewage disposal facilities and access roads which are to any extent financed by the funds from this Grant. The grantee agrees to maintain such insurance and to name the Department as a named insured on such policies of insurance. Further, the grantee agrees to notify the Department of any change or cancellation of such insurance policies.

When you have submitted the required documents to this office, complete the payment request form following the sample provided and return it to this office. The payment request will take from 4-6 weeks to process.

PAYMENT REQUESTS

The Department requires the applicant to provide completed payment request forms and accompanying invoices verifying the costs incurred for the Project.

The applicant will first provide a payment request form requesting payment covering anticipated costs for the 90-day period immediately following the submission of the payment request and reimbursement of any other eligible costs incurred after the acceptance of the grant offer.

The applicant should continue to submit payment requests every 90 days requesting payments for anticipated costs over the 3-month periods. Each subsequent payment request must be accompanied by paid invoices verifying costs incurred during the previous 90-day period. Final paid invoices must be submitted following the completion of the Project for costs incurred prior to June 30, 2004. Costs incurred after June 30, 2004, are not eligible for reimbursement.

The following are the procedures for submitting payment requests.

Step One

Prepare payment request form for submission to this office. To determine eligible costs, refer to the Infrastructure Development Program Guidelines.

Step Two

Attach copies of all supporting invoices for costs listed on the payment request form. Invoices must be marked either "Paid" or "For costs to be incurred in the next 90 days" and dated.

NOTE:Fees for securing other financing, as well as interest charges on borrowed funds, are not eligible for reimbursement.

FINAL INSTRUCTIONS

All payment requests and invoices must be submitted no later than August 1, 2004.

Should you have any questions, do not hesitate to contact this office.

Pennsylvania Department of Community
and Economic Development
Center for Business Financing – Grants Division
400 North Street – 4th Floor
Harrisburg, Pennsylvania 17120
(717) 787-7120