

ANIZDA Board Meeting Minutes
February 6, 2019
America On Wheels Museum
5 N. Front Street, Allentown, PA

Attendees: Seymour Traub, Esq., Pedro Torres, Gregory Dudkin, David Mickenberg, Nelson Diaz and Tiffany Polek

Board Staff: Jerome Frank (Solicitor), Steve Bamford (Executive Director), and Michelle Reid (Executive Assistant)

Members of the media and public were present.

1. Call to Order

The meeting was called to order by Sy Traub, Chairperson, at 5:00 p.m. A quorum was met and the meeting proceeded accordingly.

2. Approval of January 2, 2019 Meeting Minutes

A motion to approve the January 2nd meeting minutes was made by D. Mickenberg, seconded by G. Dudkin and unanimously approved.

3. Public Comment on all Matters to be Acted Upon—Members of the public were present but comments were deferred until matters were to be acted upon. Members of the media were present

4. Engagement of Barbacane, Thornton & Company LLP for 2018 audit – Resolution R2019-181

- a. S Bamford requested approval to engage Barbacane, Thornton & Company LLP and execute the engagement letter for the audit of ANIZDA financial statements for the year ending December 31, 2018.
- b. D. Mickenberg moved to approve Resolution R2019-181. G. Dudkin seconded, and upon no comment from the public was unanimously approved.

5. Executive Director Report

- a. S. Bamford reported that ANIZDA is interested in establishing a Communications Plan to market the NIZ as a desirable location for business relocation and expansion as well as real estate development and investment. ANIZDA's 2019 marketing budget is \$150,000. Lehigh Mining & Navigation will assist ANIZDA in the effort to refine a plan at a cost of approximately \$4,750. The Communications Plan including strategy, tactics, budget, and timeline for messaging and identity development and awareness and lead generation will be presented to the board at a future meeting.

A motion to adjourn the meeting was made, seconded and approved.

Next ANIZDA Board Meeting: Wednesday, March 6, 2019 at 5:00 PM at the America On Wheels Museum at 5 N. Front Street, Allentown PA 18102.

Respectfully Submitted,



Pedro Torres

Secretary

**ALLENTOWN NEIGHBORHOOD IMPROVEMENT ZONE
DEVELOPMENT AUTHORITY**

RESOLUTION NO. R-2019-181

BE IT RESOLVED, that the Allentown Neighborhood Improvement Zone Development Authority (the "Authority") hereby authorizes its Executive Director to enter into on behalf of the Authority the engagement letter with Barbacane, Thornton LLP, attached hereto as Exhibit "A", to perform the financial services for the Authority in accordance with the engagement letter for the calendar year ending December 31, 2018 at an estimated cost of \$28,100.00.


END OF RESOLUTION

CERTIFICATION

I, Pedro L. Torres, Jr., Secretary of the Allentown Neighborhood Improvement Zone Development Authority, do hereby certify that the foregoing is a true and correct copy of the Resolution R-2019-181 of the Board of Directors of the Authority passed at a duly convened meeting of said Board on the 6th day of February, 2019. Authority members present and voting were as follows:

<u>Vote</u>	<u>Yes</u>	<u>No</u>	<u>Abstain</u>
Seymour Traub, Esq.	✓		
Nelson A. Diaz	✓		
Gregory N. Dudkin	✓		
Vacant, to be appointed	-----	-----	-----
David Mickenberg	✓		
Tiffany Polek	<i>absent</i>		
John Stanley, Esq.	<i>absent</i>		
Pedro L. Torres, Jr.	✓		
John Williams, Jr., Esq.	<i>absent</i>		

IN WITNESS WHEREOF, I hereunto set my hand and seal on this 6th day of February, 2019.


Secretary

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January 14, 2019

Mr. Steve Bamford
Executive Director
Allentown Neighborhood Improvement Zone Development Authority
5 North Front Street
Allentown, PA 18102-5303

Dear Mr. Bamford:

The following represents our understanding of the services we will provide Allentown Neighborhood Improvement Zone Development Authority.

You have requested that we audit the financial statements of Allentown Neighborhood Improvement Zone Development Authority, which comprise the statement of net position as of December 31, 2018, and the related statements of revenue, expenses, and changes in net position and cash flows for the year then ended, and the related notes, which collectively comprise Allentown Neighborhood Improvement Zone Development Authority basic financial statements as listed in the table of contents.

We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter. Our audit will be conducted with the objective of our expressing an opinion on each opinion unit applicable to those basic financial statements.

Accounting principles generally accepted in the United States of America, (U.S. GAAP,) as promulgated by the Governmental Accounting Standards Board (GASB) require that certain required supplementary information (RSI), such as the management's discussion and analysis (MD&A) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the required supplementary information (RSI) in accordance with auditing standards generally accepted in the United States of America, (U.S. GAAS). These limited procedures will consist primarily of inquiries of management regarding their methods of measurement and presentation, and comparing the information for consistency with management's responses to our inquiries. We will not express an opinion or provide any form of assurance on the RSI. The following RSI is required by U.S. GAAP. This RSI will be subjected to certain limited procedures but will not be audited:

- Management's Discussion and Analysis

Auditor Responsibilities

We will conduct our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the basic financial statements, whether due to fraud or error, misappropriation of assets, or violations of laws, governmental regulations, grant agreements, or contractual agreements.

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& COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

An audit also includes evaluating the appropriateness of accounting policies used, and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the basic financial statements. If appropriate, our procedures will therefore include tests of documentary evidence that support the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of cash, investments, and certain other assets and liabilities by correspondence with creditors and financial institutions. As part of our audit process, we will request written representations from your attorneys, and they may bill you for responding. At the conclusion of our audit, we will also request certain written representations from you about the basic financial statements and related matters.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements (whether caused by errors, fraudulent financial reporting, misappropriation of assets, or violations of laws or governmental regulations) may not be detected exists, even though the audit is properly planned and performed in accordance with auditing standards generally accepted in the United States of America.

In making our risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the basic financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the basic financial statements that we have identified during the audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any other periods.

We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the basic financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

Compliance with Laws and Regulations

As previously discussed, as part of obtaining reasonable assurance about whether the basic financial statements are free from material misstatement, we will perform tests of Allentown Neighborhood Improvement Zone Development Authority's compliance with the provisions of applicable laws, regulations, contracts, and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

Other Services

We will also assist in preparing adjusting journal entries and the basic financial statements of Allentown Neighborhood Improvement Zone Development Authority in conformity with accounting principles generally accepted in the United States of America. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure to take any action that could be construed as assuming management responsibilities.

Management Responsibilities

Our audit will be conducted on the basis that management acknowledge and understand that they have responsibility:

- a. For the preparation and fair presentation of the basic financial statements in accordance with accounting principles generally accepted in the United States of America.
- b. For the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the basic financial statements that are free from material misstatement, whether due to error, fraudulent financial reporting, misappropriation of assets, or violations of laws, governmental regulations, grant agreements, or contractual agreements; and

- c. To provide us with:
 - i. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the basic financial statements such as records, documentation, and other matters;
 - ii. Additional information that we may request from management for the purpose of the audit; and
 - iii. Unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence.
- d. For including the auditor's report in any document containing the basic financial statements that indicates that such basic financial statements have been audited by the entity's auditor;
- e. For identifying and ensuring that the entity complies with the laws and regulations applicable to its activities;
- f. For adjusting the basic financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the current year period(s) under audit are immaterial, both individually and in the aggregate, to the basic financial statements as a whole; and
- g. For maintaining adequate records, selecting and applying accounting principles, and safeguarding assets.

With respect to any nonattest services we perform, Allentown Neighborhood Improvement Zone Development Authority's management is responsible for (a) making all management decisions and performing all management functions; (b) assigning a competent individual to oversee the services; (c) evaluating the adequacy of the services performed; (d) evaluating and accepting responsibility for the results of the services performed; and (e) establishing and maintaining internal controls, including monitoring ongoing activities.

As part of our audit process, we will request from management written confirmation concerning representations made to us in connection with the audit. You agree that we shall not be responsible for any claim that may arise out of or relate to any of the written or oral representations relied upon by us in issuing our report to you.

In addition, you further agree to indemnify and hold us harmless from any claim, demand, or potential liability; and you agree to tender a defense (including providing counsel) on our behalf, reasonably acceptable to us, to defend against any claim, demand, or potential liability arising out of our services performed under this engagement asserted, brought, or commenced against us by any third party relating to or pertaining to any false or misleading representations by any officer, director, or member of your management team. If you fail to tender a defense, you agree to pay all of our costs and attorneys' fees incurred by us incident to defending against any such claim, demand, or potential liability asserted, brought, or commenced against us by any third party. Additionally, you agree to reimburse us for any settlement reached by us or any monetary award paid by us (unless you have tendered the defense required herein) in the event any such claim, demand, or potential liability is asserted, brought, or commenced against us by any third party.

You agree that any claim, dispute, or cause of action that may arise out of this engagement or relate, in any way, to this engagement, prior to any claim or cause of action being brought in any court or in any other proceeding, must first be brought to the attention of our Managing Partner by written notice ("Informal Dispute Notice"), and you agree to give the Managing Partner at least twenty (20) days after receipt of your Informal Dispute Notice to resolve any such claim or dispute ("Informal Dispute Procedure").

After the expiration of the Informal Dispute Procedure, you agree that any dispute not resolved must be submitted to mandatory mediation and that the parties will engage in the mediation process in good faith. The mandatory mediation process shall be initiated by a written demand given by either party to the other party in the engagement which describes the nature and basis of the dispute or disputes to be mediated and what relief and/or damages are sought. A mediation demand must be made within one hundred eighty (180) days after the date of the Informal Dispute Notice. Mediation shall be conducted in accordance with the Commercial Mediation Rules of the American Arbitration Association existing as of the date of the mediation demand ("Mediation Rules"). The parties

may agree to the selection of a mediator. However, if the parties are unable to agree to the selection of a mediator within twenty (20) days of the mediation demand (or such later time as the parties may mutually agree), such mediator shall be selected in accordance with the Mediation Rules. The Mediator selected must have a minimum of ten (10) years related experience. You shall advance the costs of the mediation, and we agree to reimburse you for one-half of such costs at the conclusion of the mediation process or as may otherwise be mutually agreed during the mediation process. The mediation shall be confidential.

Any court action or other litigation shall be conducted only within the County of Lehigh, Pennsylvania. Pennsylvania law shall apply irrespective of any conflicts of laws rules. You agree and consent to personal jurisdiction in the federal and state courts located in Lehigh County, Pennsylvania. The parties both agree to waive any right to a trial by jury in any dispute.

Any claim or litigation arising out of this engagement, except solely for any claims by us for payment of amounts due to us under our invoices, must be commenced within one (1) year from the completion of the engagement, notwithstanding any statute of limitations or other statutory provision to the contrary. It is expressly understood that the completion of the engagement contemplated herein shall be deemed to have occurred upon delivery of our audit report to you. However, this period shall be deemed extended for ninety (90) days after the conclusion of the mediation process if the parties were engaged in the mediation process on the date that the period to commence any claim or litigation expires.

We shall not be liable for any punitive, exemplary, or non-economic damages of any sort.

An auditor is required to be "independent" under applicable professional guidelines. If, at any time, our independence is questioned, challenged, or otherwise at risk, we reserve the right to immediately discontinue any further services until such time as such independence issue is resolved to our satisfaction. You agree that you shall have no claim against us for any breach of this agreement if we, in good faith, cease performing work under this engagement due to any issue of independence.

You agree, during the term of this engagement and for a period of six (6) months following the conclusion of this engagement, not to discuss with or otherwise solicit for employment, hire, and/or appoint any person employed by us without our prior written consent. This prohibition shall apply to each and all entities controlled by you or any of your management team. If we give permission for you to engage in any act that you would otherwise be in violation of this prohibition, you agree to pay for all additional services that we reasonably deem to be necessary in order to maintain our independence. If you engage in any act that would be in violation of this prohibition, any reports issued by us shall be automatically deemed withdrawn and void.

The parties agree that no third-party beneficiaries are intended to be created by this engagement or by the work performed by us in connection with this engagement. However, without limiting the applicability of the foregoing, it is expressly understood that any person or entity claiming to be a third-party beneficiary of our services under this engagement shall be bound by all of the provisions of this engagement.

In the event we are required to respond to any subpoena, court order, or other legal process directing us to produce documents and/or testimony (deposition, grand jury, trial, or otherwise) related to knowledge or information we obtained and/or prepared related to, out of, or during the course of this engagement, you agree to compensate us for all time expended by us, in the same manner as set forth above in connection with such response and to reimburse us all costs incurred in connection with such response at our usual rates in effect at such time. We will notify you of the receipt of any such subpoena, court order, or other legal process, unless prohibited by law, by forwarding same to your last known address in our billing records. Unless we receive from you, at least a week before the response deadline in any such subpoena, court order, or other legal process, a court order quashing or other evidence satisfactory to us in our sole discretion that such response deadline is extended, we will respond to such subpoena, court order, or other legal process.

Reporting

We will issue a written report upon completion of our audit of Allentown Neighborhood Improvement Zone Development Authority's basic financial statements. Our report will be addressed to the governing body of Allentown Neighborhood Improvement Zone Development Authority. We cannot provide assurance that an

unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion, add an emphasis-of-matter or other-matter paragraph(s), or withdraw from the engagement.

Other

We understand that your employees will prepare all confirmations we request and will locate any documents or support for any other transactions we select for testing.

If you intend to publish or otherwise reproduce the basic financial statements and make reference to our firm, you agree to provide us with printers' proofs or masters for our review and approval before printing. You also agree to provide us with a copy of the final reproduced material for our approval before it is distributed.

Provisions of Engagement Administration, Timing, and Price

During the course of the engagement, we may communicate with you or your personnel via fax or e-mail, and you should be aware that communication in those mediums contains a risk of misdirected or intercepted communications.

Steven N. Kutsufflakis, CPA is the engagement partner for the audit services specified in this letter. His responsibilities include supervising Barbacane, Thornton & Company LLP's services performed as part of this engagement and signing or authorizing another qualified firm representative to sign the audit report. To ensure that Barbacane, Thornton & Company LLP's independence is not impaired under the AICPA Code of Professional Conduct, you agree to inform the engagement partner before entering into any substantive employment discussion with any of our personnel.

Our price for these services will be at our standard hourly rates plus out-of-pocket expenses. We estimate that our price for the above services will be \$ 28,100. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these services will be rendered each month as work progresses and are payable on presentation. Interest is charged at the rate of 1½ percent per month on past due invoices. In accordance with our firm policies, work may be suspended if your account becomes 90 days or more overdue and will not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report(s). You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination. The suspension or termination of our work may result in adverse consequences to you including your failure to meet deadlines imposed by governments, lenders, or other third parties. You agree that we will not be responsible for your failure to meet such deadlines, or for penalties or interest that may be assessed against you resulting from such failure. The above price is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If additional time is necessary, we will discuss it with you and arrive at a new price estimate.

You may request that we perform additional services not contemplated by this engagement letter. If this occurs, we will communicate with you regarding the scope of the additional services and the estimated price. We also may issue a separate engagement letter covering the additional services. In the absence of any other written communication from us documenting such additional services, our services will continue to be governed by the terms of this engagement letter.

Our audit engagement ends on delivery of our audit report. Any follow-up services that might be required will be a separate, new engagement. The terms and conditions of that new engagement will be governed by a new, specific engagement letter for that service.

You agree to inform us of facts that may affect the basic financial statements of which you may become aware during the period from the date of the auditor's report to the date the financial statements are issued.

We agree to retain our audit documentation or work papers for a period of at least seven years from the date of our report.

At the conclusion of our audit engagement, we will communicate to the Board of Directors the following significant findings from the audit:

- Our view about the qualitative aspects of the entity's significant accounting practices;
- Significant difficulties, if any, encountered during the audit;
- Uncorrected misstatements, other than those we believe are trivial, if any;
- Disagreements with management, if any;
- Other findings or issues, if any, arising from the audit that are, in our professional judgment, significant and relevant to those charged with governance regarding their oversight of the financial reporting process;
- Material, corrected misstatements that were brought to the attention of management as a result of our audit procedures;
- Representations we requested from management;
- Management's consultations with other accountants, if any; and
- Significant issues, if any, arising from the audit that were discussed, or the subject of correspondence, with management.

The audit documentation for this engagement is the property of Barbacane, Thornton & Company LLP and constitutes confidential information. However, we may be requested to make certain audit documentation available to a regulator or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office pursuant to authority given to it by law or regulation, or to peer reviewers. If requested, access to such audit documentation will be provided under the supervision of Barbacane, Thornton & Company LLP's personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies of information contained therein to others, including other governmental agencies.

At this time, and for the period of this engagement we certify that we are not employed by, contracting with or providing services for the City of Allentown or any Developer under agreement with the Allentown Neighborhood Improvement Zone Development Authority.

Please sign and return the attached copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the basic financial statements including our respective responsibilities.

We appreciate the opportunity to be your financial statement auditors and look forward to working with you and your staff.

Very truly yours,

Barbacane, Thornton & Company LLP

BARBACANE THORNTON & COMPANY LLP

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Enclosure

RESPONSE:

This letter correctly sets forth the understanding of Allentown Neighborhood Improvement Zone Development Authority.

Approved by



Steven Bamford, Executive Director

Date

February 6, 2019