

W-B files \$14 million lien against authority

By James Conmy
The Sunday Voice

The Wilkes-Barre City Redevelopment Authority was formed in 1996 to provide a vehicle to obtain funding for capital projects and protect taxpayers from financial risk associated with such endeavors.

It has not gone as planned.

Taxpayers actually ended up advancing the independent agency about \$5 million for project costs over the last six years, according to Wilkes-Barre Finance Officer John Koval.

The city also owes another \$9.8 million because of outstanding debt it guaranteed to construct the South Main Street call center, Koval said.

Prior to Friday, the city had little legal ground to recover those funds. As a result, the city filed a \$14.8 million open-end mortgage at the Luzerne County Recorder of Deeds office against the authority. It legally entitles the city



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City solicitor

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to proceeds on the sale of authority-owned land.

It also allows the city to seize assets of the authority if it fails to satisfy its obligations.

"This should have been done years ago," Mayor Tom Leighton said Saturday. "As soon as the city started paying the RA's debt back in 2002, this should have been filed.

"This instrument will protect our taxpayers and is public notice the RA owes the city money and we will get it back."

For example, if the call center is sold, the redevelopment authority cannot transfer valid title to the purchaser unless it satisfies the mortgage with the city, said Wilkes-Barre Solici-

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tor Bill Vinsko, the architect of the open-end mortgage.

"If we sold the call center today we would recover all of the funds we advanced for not only the call center, but potentially for all other projects, depending on the purchase price," Vinsko said. "The city is putting a lien on the redevelopment authority for all of the money it spent to finance the agency over the years and for which it is obligated in the future."

In addition, the city would have a claim on profits from the lease of authority-owned land or property.

Authority Chairman Bill Brace and Vice Chairman Richard Muessig signed the mortgage and the board authorized the agreement late last year. "The city had been fronting all this money for the RA without protecting the taxpayers," Leighton said. "This guarantees we'll get compensated when the call center is sold or leased.

"It protects the taxpayers of the City of Wilkes-Barre. It is something that needed to be done."

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