

MOGEL, SPEIDEL, BOBB & KERSHNER  
A PROFESSIONAL CORPORATION  
By: Alan S. Readinger, Esq.  
Identification No. 09200  
520 Walnut Street, P.O. Box 8581  
Reading, PA 19603  
610-376-1515  
Chairman, Board of View

**IN RE: CONDEMNATION BY THE  
TOWNSHIP OF EXETER, BERKS COUNTY,  
PENNSYLVANIA OF PROPERTY OF  
READING COUNTRY CLUB & INN, INC.**

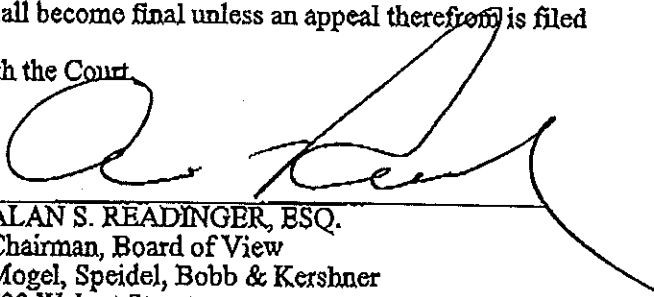
**: IN THE COURT OF COMMON PLEAS  
: OF BERKS COUNTY, PENNSYLVANIA  
: CIVIL ACTION - LAW  
:  
: No. 05-13529  
: Assigned: Jeffrey L. Schmehl, J.**

**NOTICE OF INTENT TO FILE REPORT OF BOARD OF VIEW  
PURSUANT TO THE PENNSYLVANIA EMINENT DOMAIN CODE**

As Chairman of the Board of View in the above-captioned case, I am hereby providing you with notice that I will be filing the Report of the Board of View with the Court on June 5, 2007.

You are further hereby notified that said report shall become final unless an appeal therefrom is filed within thirty (30) days from the date the report is filed with the Court.

Dated: 5/23/07

  
ALAN S. READINGER, ESQ.  
Chairman, Board of View  
Mogel, Speidel, Bobb & Kershner  
520 Walnut Street  
P.O. Box 8581  
Reading, PA 19603-8581  
(610) 376-1515

IN RE: CONDEMNATION BY THE  
TOWNSHIP OF EXETER, BERKS  
COUNTY, PENNSYLVANIA OF  
PROPERTY OF READING COUNTRY  
CLUB & INN, INC.

: IN THE COURT OF COMMON PLEAS  
: OF BERKS COUNTY, PENNSYLVANIA  
: CIVIL ACTION - LAW  
:  
: No. 05-13529  
: Assigned: Jeffrey L. Schmehl, J.

**ORDER**

AND NOW, TO WIT, this \_\_\_\_\_ day of \_\_\_\_\_, 2007, upon review of the Report of Board of View filed in the above-captioned case, it is hereby ordered and decreed that the Report is approved for filing, effective \_\_\_\_\_, 2007, the date that the Report was filed with the office of the Prothonotary of Berks County.

**BY THE COURT:**

\_\_\_\_\_  
J.

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Chairman, Board of View

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IN RE: CONDEMNATION BY THE : IN THE COURT OF COMMON PLEAS  
TOWNSHIP OF EXETER, BERKS : OF BERKS COUNTY, PENNSYLVANIA  
COUNTY, PENNSYLVANIA OF : CIVIL ACTION - LAW  
PROPERTY OF READING COUNTRY :  
CLUB & INN, INC. : No. 05-13529  
: Assigned: Jeffrey L. Schmehl, J.

**REPORT OF BOARD OF VIEW**

TO THE HONORABLE, THE JUDGE OF SAID COURT:

The undersigned Board of View respectfully reports that:

**BACKGROUND**

1. Condemnor, Exeter Township, ("Township") filed a Declaration of Taking on September 20, 2005, of the Condemnee's Reading Country Club & Inn, Inc. ("Club") real estate consisting of approximately one hundred thirty-four (134) acres ("Realty").
2. Township subsequently amended its taking on February 9, 2006, to include an additional party namely, Reading Golf Associates, Inc., which party will also be included by the designation of "Club" since it is identically owned and controlled as The Reading Country Club & Inn, Inc.
3. Township in its amendment included in its take all of the tangible and intangible personal property owned by the Club ("Personalty").
4. The parties have stipulated that possession of the Realty and Personalty was tendered from the Club to the Township effective January 15, 2006, by the Club's letter to the Township dated November 21, 2005.

5. The parties have stipulated that just compensation for both the Realty and the Personalty was paid by the Township to the Club on the following dates:

a.	November 23, 2005	-	\$3,500,000.00
b.	January 17, 2006	-	\$1,000,000.00
c.	February 21, 2006	-	\$800,000.00
d.	January 31, 2007	-	<u>\$2,225,000.00</u>
	Total	-	<u>\$7,525,000.00</u>

6. The parties have stipulated that the description of the Realty as set forth in the Declaration of Taking and the illustrative plan titled "Heritage Hills" which is attached hereto, marked Exhibit "A" and made a part hereof accurately describes the Realty ("Plan").

7. On March 20, 2006, your Honorable Court on Petition of the Club appointed Richard M. Bauman, Mitchell Darcourt and Alan S. Readinger a Board of View ("Board") to assess the just compensation payable to the Club by the Township for the Realty and Personalty involved in the proceedings.

8. The Board conducted a view of the premises on November 21, 2006, at 9:00 a.m. after due notice of the date was provided to all parties as per the Proof of Service attached hereto, marked Exhibit "B", and made a part hereof.

9. The Board conducted numerous hearings subsequent to said view.

10. The parties stipulated that the Club alone is the only entity that has any interest in the Realty and Personalty.

11. The parties stipulated that all experts appearing on behalf of the parties are qualified to testify to all matters within their respective areas of expertise.

#### CONCLUSIONS OF LAW AND FINDINGS OF FACT

12. Prior to the within condemnation action (9/20/05), a real estate development firm ("Developer") having a substantial track record of expertise in this business entered into an Agreement of

Sale in December of 2004 to acquire the Realty and Personalty. As provided by the Agreement of Sale, a due diligence examination period was afforded to the Developer after which the latter settled upon the Agreement on August 22, 2005.

13. From August 22, 2005, to the date possession was transferred to the Township (1/15/06), the Club not only operated the Realty and Personalty as a public golf course and restaurant/banquet facility but formulated its development plan.

14. This development plan was to terminate the golf operation and construct a residential real estate development wherein the residential community called Heritage Hills would utilize some ill defined portion of the existing clubhouse as a members' exercise/meeting/recreational facility. The remaining ill defined portion would be utilized as a restaurant/banquet business open to the public at large.

15. This development work resulted in the Developer filing with the Township on July 6, 2006, its preliminary subdivision plan which primarily is set forth in what has been attached to this report as Exhibit "A" and referred to as the Plan.

16. This preliminary subdivision plan never was finalized as an approved final subdivision plan since the Township on September 20, 2005, condemned the Realty.

17. As a guide to your Honorable Court, the Board of View will provide a list of the primary issues that were presented to the Board during the numerous hearings:

a. Zoning Density Issue.

The Plan included five hundred twenty-five (525) dwelling units of which two (2) were singles and the remainder were townhouses. According to the Developer, this was one hundred forty-one (141) townhouse units less than technically permissible under the applicable zoning and subdivision ordinances of the Township. The Developer opted to develop not the maximum but what they considered was ". . . the best marketable and buildable plan".

The Township took issue with this density issue. Its position was that the

density as proposed definitely would have been violative of the Township Zoning and Subdivision Ordinance permitting somewhere in the range of four hundred sixty (460) to four hundred eighty-eight (488) units. The final number was not determined because this condemnation proceeding interrupted the development of the finalized plan.

The Board concluded that the Developer would have been willing to accept less than its preliminary plan but that the range of four hundred eighty-eight (488) to five hundred twenty-five (525) really did not make a significant difference in the Board's decision since there was ample opportunity for the Developer to raise his projected pricing to make up any deficiency since this was a large development and more open space would simply create more "premium" lots which would have permitted an increase in the pricing of the units.

b. Tapping Fee Issue.

The Developer presented an Agreement dated June 4, 1973, between the former owners of the Realty and the Township's Authority ("Authority") which the Board marks as Exhibit "C" and makes it a part hereof. Developer argues that this Agreement would have produced a cost savings in the neighborhood of One Million Five Hundred Thousand Dollars (\$1,500,000.00) since the Authority's current tapping fee was One Thousand Five Hundred Forty-five Dollars (\$1,545.00) per residential unit. The resolution of this issue would add considerable value to its Realty.

The Township presented the solicitor of the Authority as its expert witness to address the interpretation of the Agreement (Exhibit "C") and he has opined that the current tapping fee was One Thousand Five Hundred Forty-five Dollars (\$1,545.00) which in his legal opinion was not waived by the Agreement set forth in Exhibit "C".

The Board concludes that the position of the Authority's solicitor properly set forth the appropriate fee that would have been imposed and collected for each dwelling unit.

c. Worth of Realty Issue.

The president of the Developer opined that the Realty before the take was

Twenty-one Million Dollars (\$21,000,000.00) which was arrived at by a net residential valuation of Forty Thousand Dollars (\$40,000.00) multiplied by five hundred twenty-five (525) units that it argued would be ultimately permitted under the applicable zoning and subdivision regulations of the Township. He further opined that the value after the take was zero (\$0.00).

The Developer employed two real estate experts to give appraisal analysis to the Realty.

At this juncture it was stipulated by both parties that the Realty's highest and best usage was as a residential development.

The first expert utilized by the Developer was Mark Abissi of the Indian Valley Appraisal Company. He opined that by utilizing a combination of two methods of appraisal, namely the sale comparison approach and the subdivision development approach, which is a variation of the income approach, his valuation was Eighteen Million Three Hundred Thousand Dollars (\$18,300,000.00) before the take and zero (\$0.00) subsequent to the take.

The second expert was Douglas Haring who opined that the valuation provided by Mr. Abissi was on target from his own independent analysis.

The Township obtained the services of Michael J. Samuels as its expert who utilized a combination of the comparable sales approach and income-subdivision approach and opined that the before take value of the Realty was Seven Million Five Hundred Twenty-five Thousand Dollars (\$7,525,000.00) and zero (\$0.00) after the take.

The Board concludes that the Realty was worth Eleven Million Five Hundred Thousand Dollars (\$11,500,000.00) before the take and zero after the take.

The Board renders its opinion after studying the varying market comparables presented by the experts, the varying costs to replace the Clubhouse, the varying concepts of utilizing the Clubhouse post development, and the varying expert testimony as to what the infrastructure of the development would cost. Another issue factored in the Board's decision was what the "absorption" time

period would be to obtain final plan approval and the length of time to construct and sell the units.

d. Worth of Personalty Issue.

i. Golf Course Equipment. The Club utilized the services of Richard Terry Buchen who the Board concludes is an expert in the valuation of golf course equipment. He opined that the fair market value of this equipment was Three Hundred Six Thousand One Hundred Fifteen Dollars (\$306,115.00).

The Township utilized the services of Jason Lenhart who, the Board concludes, is an expert in the valuation of this equipment. He opined that this equipment's value was Eighty-four Thousand One Hundred Sixty-five Dollars (\$84,165.00)

The Board concludes that the value of the above equipment was Two Hundred Thousand Dollars (\$200,000.00).

ii. Golf Course Chemical Supplies Issue. The Board concludes that Mr. Buchen is also an expert in the valuation of the chemicals utilized in the operation of a golf course. He opines that the value of this chemical inventory is Three Thousand Dollars (\$3,000.00).

The Township's expert Jason Lenhart also valued the chemicals at the same sum.

The Board concludes that the value of the golf course chemicals was Three Thousand Dollars (\$3,000.00).

iii. Liquor Inventory Issue. The Club utilized the services of Ronald Gorodesky who the Board concludes is an expert in the valuation of liquor. He opined that this inventory was valued at Twelve Thousand Nine Hundred Forty Dollars (\$12,940.00).

The Township utilized the services of Raymond Frederick Snyder who the Board concludes is an expert in the valuation of liquor. He opined that this liquor inventory as worth Twelve Thousand Five Hundred Ninety-six Dollars (\$12,596.00).

The Board concludes that the value of the liquor inventory was Twelve



Thousand Nine Hundred Forty Dollars (\$12,940.00).

iv. Clubhouse Equipment (excluding kitchen equipment and service items china, glass, silverware, bar equipment). The Club utilized the services of Ronald Gorodesky who the Board concludes is an expert in the evaluation of the above equipment. He opined that this equipment was worth One Hundred Eighty-seven Thousand Three Hundred Thirteen Dollars (\$187,313.00).

The Township utilized the services of Raymond Frederick Snyder who the Board concludes is an expert in the evaluation of this equipment. He opined that the equipment was worth Twenty-five Thousand Four Hundred Sixty-eight Dollars (\$25,468.00).

The Board concludes that the value of this equipment was One Hundred Ten Thousand Dollars (\$110,000.00).

v. Kitchen Equipment and Service Items, China, Glass, Silverware and Bar Equipment. The Club utilized the services of Ronald Gorodesky who the Board concludes is an expert in the evaluation of the above equipment. He opined that this equipment was worth Thirty-two Thousand One Hundred Thirty-three Dollars (\$32,133.00).

The Township utilized the services of Raymond Frederick Snyder who the Board concludes is an expert in the evaluation of this equipment. He opined that the equipment was worth Twenty-three Thousand Nine Hundred Twenty-six Dollars (\$23,926.00).

The Board concludes that the value of this equipment was Twenty-seven Thousand Dollars (\$27,000.00).

vi. Food Inventory. The Club utilized the services of Ronald Gorodesky who the Board concludes is an expert in the evaluation of food inventory. He opined this food inventory was valued at Thirteen Thousand Two Hundred Eight Dollars (\$13,208.00).

The Township's expert, Raymond Frederick Snyder and Jason Lenhart, did not opine a different value for this item of inventory.

The Board concludes that the value of the food inventory was Thirteen

Thousand Two Hundred Eight Dollars (\$13,208.00).

vii. Goodwill and the Name, Reading Country Club. The Board concludes that such a claim, if any, would fail for lack of proof as to its fair market value for its alleged condemnation; and in addition, the Board finds no authorization to take these assets by eminent domain under Pennsylvania's Eminent Domain Code.

viii. Security Deposits for Banquets. The Board concludes that any security deposits have in fact been turned over by the Club to the Township or to the individuals who initially made the deposits. To the extent this was not done, the Board believes an appropriate cause of action exists for the individual depositors to make such a claim successfully. If the Township gave credit for these deposits, they would have an appropriate cause of action. This asset is not condemnable under the Pennsylvania Eminent Domain Code.

ix. Value of the Dislocated Restaurant Business. The Club utilized the services of Ronald Gorodesky who the Board concludes is an expert. He opined that the value of the restaurant/banquet business was over a million dollars. The Club, however, failed to produce any credible evidence that this restaurant/banquet facility could not have been relocated.

For this failure, the Board concludes that the Club has failed to satisfy the necessary level of proof required by 26 Pa.C.S. Section 902(a). Even if Ronald Gorodesky's gross profit statement for the business in 2004 and 2005 is correct, some reasonable allowance for rent should have been utilized by this expert in order to arrive at a fair "average annual net earnings".

Mr. Gorodesky testified that the capitalized and discounted value of the restaurant/banquet business alone generated a value to the clubhouse as an asset worth Two Million One Hundred Thirty Thousand Dollars (\$2,130,000.00). Certainly such a valuation was considered by the Board in its valuation under the Realty section of this Report.

In summary, the damages listed in Paragraph 17.o. through 17.d. are as follows:

c.	Realty	11,500,000.00
d.i.	Golf Course Equipment	200,000.00
d.ii.	Golf Course Chemicals	3,000.00
d.iii.	Liquor Inventory	12,940.00
d.iv.	Clubhouse Equipment	110,000.00
d.v.	Kitchen Equipment	27,000.00
d.vi.	Food Inventory	<u>13,208.00</u>
	Total	<u>\$11,866,148.00</u>

18. The Board takes judicial notice of the expertise of the Club's numerous appraisal experts and attorneys that represented its interests in this matter and award the maximum amount permitted under the Pennsylvania Eminent Domain Code for this personnel, namely the sum of Four Thousand Dollars (\$4,000.00).

19. Delay damages will be calculated from the date of tender of possession (January 15, 2006) to the date of payment of the damages hereinbefore set forth in paragraph 17 of this Report under the applicable rule set forth in the Pennsylvania Rules of Civil Procedure after providing the credits and their corresponding payment dates as set forth in paragraph 5 of this Report.

Dated: 5/23/07

Respectfully submitted,

  
ALAN S. READINGER, Chairman

  
RICHARD BAUMAN

  
MITCHELL DAR COURT