



The Intergovernmental Cooperation Authority
for Harrisburg
2205 Forest Hills Drive #10
Harrisburg, PA 17112

December 28, 2020

The Honorable Patrick M. Browne
Chair, Appropriations Committee
Senate Box 203016
Harrisburg PA 17120-3016

The Honorable Vincent J. Hughes
Democratic Chair, Appropriations Committee
Senate Box 203007
Harrisburg PA 17120-3007

The Honorable Stan Saylor
Chair, Appropriations Committee
245 Main Capitol Building
PO Box 202094
Harrisburg PA 17120-2094

The Honorable Matthew D. Bradford
Democratic Chair, Appropriations Committee
512E Main Capitol Building
PO Box 202070
Harrisburg PA 17120-2070

***Re: Intergovernmental Cooperation Authority for Harrisburg, Submission for General Assembly,
Pursuant to Act of October 24, 2018, P.L. 751, No. 124***

Dear Senator Browne:

On behalf of the Intergovernmental Cooperation Authority for Harrisburg, please find enclosed the annual report of the ICA as required pursuant to the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the Third Class (Act of October 24, 2018, P.L. 751, No. 124):

Section 207. Annual Report to be filed and annual audits

By December 31 following the end of each fiscal year of an authority, the authority shall file an annual report with the chairperson and minority chairperson of the Appropriations Committee of the Senate and chairperson and minority chairperson of the Appropriations Committee of the House of Representatives, that make provisions for the accounting of revenues and expenses. The report shall be signed by the chairperson of the board. The authority shall have its books, account and records audited annually in accordance with generally accepted auditing standards by an independent auditor who must be a certified public accountant, and a copy of the audit report shall be attached to and be made part of the authority's annual report. A concise financial statement shall be published annually in the Pennsylvania Bulletin.

We look forward to our accomplishments in Year Three, which began on July 1, 2020, and will continue to fulfill our obligations under the Act moving forward. Should you require anything further from the Authority or any clarification on any aspect of this submission, please do not hesitate to contact me at (301) 767-6618.

Sincerely,



Audry Carter
Chairperson

c.c. Members of the Intergovernmental Cooperation Authority for Harrisburg

Enclosure



The Intergovernmental Cooperation Authority
for Harrisburg
2205 Forest Hills Drive #10
Harrisburg, PA 17112

**Annual Report
For Fiscal Year
2019-2020**

The Intergovernmental Cooperation Authority for Harrisburg (ICA) was created by an act of the General Assembly of the Commonwealth of Pennsylvania. The Authority's general purpose is to assist the City of Harrisburg in achieving financial stability

The Intergovernmental Cooperation Authority for Harrisburg (the Authority) is a public authority and instrumentality of the Commonwealth of Pennsylvania. The Authority was created for the general purpose of fostering the fiscal integrity of the City of Harrisburg, pursuant to the Intergovernmental Cooperation Authorities Act for Cities of the Third Class (Act of October 24, 2018, P.L. 751, No. 124).

The Authority, composed of members experienced in finance and management, advises the City of Harrisburg, the General Assembly and the Governor concerning solutions to fiscal problems the City of Harrisburg may face.

A governing board composed of five appointed members exercises the powers and duties of the Authority. All five members are residents of the City and/or have their primary place of business or employment in the city. In addition, there are two ex officio, non-voting members of the board representing the City and the Secretary of the Budget.

The governing board of the Authority retains an Authority Manager and Independent General Counsel to assist them in their mission.

In September 2019, Chair David Schankweiler resigned from the Authority. He was replaced as Chair Audry Carter and his seat was filled by Douglas Hill in November 2019.

In April 2020, Bruce Weber, ex-officio representative of the City of Harrisburg, resigned his position of Director of Finance, and was replaced by Neil Grover as the City representative to the Authority on an interim basis

In July 2020, Authority Member Tina Nixon resigned from the Authority. She has not yet been replaced by Senate Minority Leader Jay Costa.

In July 2020, John Raymond, ex-officio representative of the Secretary of the Budget, was replaced by Mark Ryan.

Summary:

The second year of the operation was defined by the Authority's continued efforts to ratify an intergovernmental agreement with the City as well as forge a collaborative relationship. One complicating factor was the onset of the health emergency caused by the COVID-19 pandemic.

In November 2020, the General Assembly extended the temporary extraordinary taxing authority granted to the City. The extension eliminated the impending deadline of the end of the additional revenues so necessary to the City's financial recovery. It sets a course for fiscal stability and exit from Act 47, distressed community status, but does not end the role that the Intergovernmental Cooperation Authority for Harrisburg ("the Authority") plays in the review of the City's fiscal affairs.

In May 2019, the Authority accepted the initial submission of Mayor Eric Papenfuse's Five-Year Financial Plan, with substantive comments regarding its content and organization. The document, which pursuant to **Act 124 of 2018**, is to be updated each year, has not effectively provided an opportunity for the parties to collaborate nor has it established a practical tool for financial planning or a forecast of future activities.

In April 2020, the ICA discussed a request for an extension of the revision of the Five-Year Financial Plan in 2020. It is the responsibility of the Authority "To assist the assisted city in avoiding defaults, eliminating and financing deficits and debts, maintaining sound budgetary practices and avoiding the interruption of municipal services." (Section 203(b)(2)) of Act 124 of 2018). The Board of the ICA accepted the 2019 Mayor's Five-Year Financial Plan, the first such plan as required by Act 124, on May 28, 2019. Pursuant to the Act, "During each subsequent fiscal year, the chief fiscal officer of the assisted city shall, at least 100 days prior to the beginning of the assisted city's fiscal year or on another date as the authority may approve upon the request of the assisted city, prepare and submit its proposed five-year plan." (Section 209(e)(2) of Act 124 of 2018).

On February 26, 2020, Mayor Papenfuse requested a delay in order to, from that point forward, submit the annual draft of the update of the Mayor's Five-Year Financial Plan to the ICA Board for its review at the end of April on an annual basis. The Authority agreed that this submission deadline seemed more reasonable as opposed to the 100 days prior to the beginning of the assisted city's fiscal year as called for in the Act.

On April 21, 2020, Mayor Papenfuse requested by email "given the economic uncertainty of the current pandemic, we won't be able to make decent financial projections until the end of the third quarter at the earliest, so the City hereby requests an extension on the 5-year plan submission until October 31, 2020."

The ICA Board approved the extension to October 31, 2020. Subsequently, an additional extension for the final 2020 update was set for December 14, 2020. This deadline marked a period of over 18 months since the original Five-Year Plan was approved by the ICA Board.

Finally, on December 16, 2020, the Authority disapproved the first attempt at an update to the 2019 Plan.

The proposed Plan did demonstrate a stable fiscal position, with a solid General Fund balance and relatively resilient revenues in spite of the global pandemic and economic crisis. However,

Authority Members were concerned that while the Plan acknowledged the effects of COVID-19 on the current fiscal year and reasonably pushes off any consideration of recovery for affected funds and services until the 2022 fiscal year, no examination was offered of what actions would be warranted should a worst-case scenario occur.

Speaking on behalf of the ICA, Chair Audry Carter commented: “The ICA thanks the General Assembly for its extraordinary support of the City of Harrisburg’s fiscal recovery. In fulfillment of our mandate, we look forward to continuing to work with all stakeholders on initiatives to strengthen the City’s finances, pursue operational excellence, and promote economic development.”

Legislation, amendments to the State Fiscal Code, adopted as part of the Commonwealth’s 2020 mid-year budget revisions, includes provisions to resolve a looming deadline for the temporary taxing authority given to the City of Harrisburg as part of the exit strategy from its Act 47 fiscal distress status.

The provisions extend Harrisburg’s ability to levy an enhanced Local Services Tax (LST) on all people who work in the city for 15 years; the first 10 years at \$3-per-week, or \$156 and for the five years after that, not to exceed \$2-per-week, or \$104. After that, it would revert to the same \$1-per-week rate that generally applies to municipalities statewide. It also permits the city to retain its 2 percent Earned Income Tax (EIT) on city residents in perpetuity, which is double the rate permitted in other Third-Class Cities throughout the Commonwealth.

The authorizations for both the LST and EIT were previously set to expire in 2025.

Unfortunately, over the last year, the City and the ICA Board have had virtually no progress on completing the Intergovernmental Cooperation Agreement (“the Agreement”), which Act 124 of 2018 envisioned would be one of the first items accomplished in the relationship between the City and the Authority.

As a result, the Authority has not had sufficient opportunities to coordinate, collaborate, or participate in the fiscal review of City activities, as was recommended by Act 124 of 2018.

In conclusion, the ICA Board has met almost monthly over the last year despite the COVID-19 health emergency. Their meetings, held virtually, did conform to the Governor’s recommendation for the continuation of public meetings despite the pandemic. During these meetings, a number of important and consequential issues involving the City’s financial recovery were discussed.

Issues that remain in the forefront of concern to the ICA Board include the current status of the Harrisburg parking arrangement, long-term debt concerns associated with an as-of-yet unsettled term sheet with the municipal bond insurer Ambac, the expansion of City municipal trash service into neighboring municipalities, the adoption of the 2021 budget, a significant expansion to the number of city employees, and the rapid depletion of the City’s fund balance/cash reserves.

These issues were discussed with a number of representatives including Charles DeBrunner, the City Controller, Dan Miller, City Treasurer, Marita Kelley, Act 47 Coordinator from the Pennsylvania Department of Community and Economic Development, and expert witnesses such as Steven Goldfield, Senior Counselor at Public Resources Advisory Group and Principal of

Municipal Advisor Solutions, LLC. In addition, the President and Vice President of City Council were updated regularly.

Given the City's impending exit from Act 47 status, the ICA will focus its energies on securing an ongoing collaborative relationship with Mayor Papenfuse and ratifying an Agreement before the City's status changes.

ICA Board Chair Audry Carter, and the other appointed members of the board, are available to meet with and brief the General Assembly on strategies that the Commonwealth can adopt, to encourage and facilitate a more collaborative relationship between the City and the Authority. Finally, the Authority Manager, Jeffrey Stonehill, remains an available resource to all the parties to encourage the adoption of best management practices for City operations.

Governance 2019-2020:

Audry K. Carter

Chairperson

Ms. Carter runs AQuire LLC, a consulting firm specializing in helping nonprofit organizations enhance their operations and maximize fundraising potential. She is a resident of the Italian Lake neighborhood in Harrisburg. She was appointed to the governing board of the Authority by Governor Tom Wolf.

H. Ralph Vartan

Vice-Chairperson

Mr. Vartan is Chief Executive Officer of Vartan Group, Inc., a multi-disciplinary real estate investment company. Mr. Vartan resides in midtown Harrisburg. He was appointed to the governing board of the Authority by Representative Mike Turzai, Speaker of the House of Representatives.

Kathy Speaker MacNett

Authority Secretary/Treasurer

Ms. MacNett is an Attorney and Managing Partner at the law firm Skarlatos & Zonarich with offices in Harrisburg. Ms. MacNett lives in Harrisburg. Representative Frank Dermody, Minority Leader, appointed her to the governing board of the Authority.

Douglas Hill

Authority Member

Mr. Hill is the retired executive director of the County Commissioners Association of Pennsylvania (CCAP), a post he held for nearly 36 years, from 1984 to the end of 2019. Prior to that he was director of research and later chief lobbyist for the Pennsylvania State Association of Boroughs. He was appointed to the governing board of the Authority by Senator Joe Scarnati, President Pro Tempore.

Vacant

The seat previously held by Ms. Tina Nixon will be replaced by an appointment to the Governing board of the Authority by Senate Minority Leader Jay Costa.

Neil Grover, City Solicitor

Authority Member Ex-Officio

Interim appointment awaiting replacement of the City Director of Finance position, currently vacant. City of Harrisburg

Mark Raymond

Authority Member Ex-Officio

Special Advisor to the Secretary of the Budget
Commonwealth of Pennsylvania

Resignation of Tina Nixon from ICA Board:

On July 2, 2020, The Intergovernmental Cooperation Authority for Harrisburg (ICA) regrettably received the resignation of founding Member of the Board, Tina Nixon. Ms. Nixon is the Vice President of Mission Effectiveness and Chief Diversity Officer for UPMC/Pinnacle Health in Harrisburg. She had spent 15 years with the YWCA of Greater Harrisburg, including serving as the CEO of the organization. Senate Minority Leader Jay Costa appointed her to the governing board of the ICA.

In her resignation letter, Ms. Nixon expressed gratitude for the opportunity to serve, as well as frustration with the City of Harrisburg Administration. “Please know that it is a true honor to be appointed to a Board with the sole focus of helping the City of Harrisburg move forward with a strong financial plan,” stated Ms. Nixon. “All committee members came to the Authority without a political agenda and with a strong desire to help and wanting the best for our beloved City of Harrisburg. However, we have not been able to move the needle in any direction as it relates to forging an Agreement with the City,” added Ms. Nixon.

Audry Carter, Chair of the Board, added “I am not surprised, but am disheartened, that her primary reason for wanting to terminate her relationship is frustration with the "unwillingness of the City Leadership to work in partnership with the ICA to address some serious financial issues.”

It is unfortunate that the relationship between the ICA and the City has been so counter-productive, but the Board will continue its work and honor their commitment to the Citizens of Harrisburg.

Ms. Nixon added, “In all the volunteer work that I continue to do and have done in this community, I have always made a commitment to help influence change in a positive manner... Please know that this decision was very difficult, however, I will use my time and talent in other areas to continue to work to make the City of Harrisburg a welcoming place for all to live, work and play.”

Ms. Carter summarized the resignation, “Tina has been an amazing member of our team and an outstanding advocate for the betterment of Harrisburg.”

Following the resignation of Ms. Nixon, ICA Board Member Kathy Speaker MacNett, was selected as the new Secretary/Treasurer. Ms. Nixon’s seat remains vacant at this time.

Appointment of Executive Director and Independent Counsel:

On May 12, 2019, the Authority appointed Jeffrey Engle, Esq., as its independent Counsel and Jeffrey M. Stonehill, as its Executive Director. Both professionals are engaged under professional services agreements as contractual employees.

Mr. Stonehill is currently the Borough Manager/Director of Utilities for the Borough of Chambersburg. As a result, the Chambersburg Town Council was required to adopt a resolution authorizing the lending of Mr. Stonehill's services to the Authority.

On November 19, 2020, Jeff Engle resigned as independent Counsel. He stated his departure was for personal reasons and the ICA Board is currently seeking a replacement via a Request for Proposals process.

Adopted and Submitted Year Three Budget:

A Year Two budget was adopted at the May 22, 2019 meeting. On May 29, 2019, the Year Two budget was submitted to the General Assembly.

A Year Three budget was adopted at the June 24, 2020 meeting. On June 29, 2020, the Year Three budget was submitted to the General Assembly.

Due to the COVID-19 pandemic, the Commonwealth of Pennsylvania adopted a 5/12ths budget for the fiscal year 2020-2021. As a result, the allocation to the Intergovernmental Cooperation Authority for Harrisburg from the Pennsylvania Department of Community and Economic Development was split into two allocations. The first represented \$42,000 of the \$100,000 annual operating budget provided to the Authority. It is the expectation of the ICA Board that a subsequent allocation of \$58,000 will be remitted now that the balance of the Commonwealth's 2020-2021 budget has been approved.

The Governor's Center for Local Government Services (GCLGS) is the liaison between the Authority and the Commonwealth of Pennsylvania.

Year Three Budget as Adopted:

INTERGOVERNMENTAL COOPERATION AUTHORITY FOR
HARRISBURG

2020-2021 BUDGET REQUEST FISCAL YEAR THREE

(As Approved June 24, 2020)

REVENUE

Appropriation by the General Assembly Act 124 of 2018 ¹	\$ 100,000
Interest earnings Est.	\$ 20
Program Revenue - Estimate	\$ 21,080
TOTAL REVENUE	\$ 121,100

EXPENSES

Authority Manager (Contract)	\$ 54,600
Program Expenses (Details Below):	
Economic Development Symposium	\$ 26,500
Listening Session Events	\$ 1,500
Legal Services (Contract)	\$ 20,000
Contract Services	\$ 4,000
Insurance (Details Below):	
General Liability Insurance	\$ 4,500
Governing Board Public Officials Insurance	\$ 1,000
Website Improvements	\$ 3,000
Memberships/Subscriptions	\$ 2,000
Audit Services (Contract)	\$ 1,500
Legal Advertisement	\$ 1,500
Information Technology Licensees	\$ 1,000
TOTAL EXPENSES	\$ 121,100
SURPLUS/DEFICIT	\$ -
Fund Balance From Previous Year	\$ 82,869
Reserve for Future Year Spending	\$ 82,869

¹ - Due to the unique 2020-2021 budget implementation by the General Assembly, the initial allocation for the Authority shall be \$42,000. It is anticipated the balance will be later in the fiscal year.

By-Laws of the Authority:

The Authority formally adopted their by-laws on March 26, 2019:

**BYLAWS OF THE
INTERGOVERNMENTAL COOPERATION AUTHORITY FOR HARRISBURG**

ARTICLE I

GENERAL POWERS: INTERPRETATION OF BYLAWS

1.01 General Powers. The general powers of the Intergovernmental Cooperation Authority for Harrisburg (the “Authority”) shall be as set forth in the Pennsylvania Intergovernmental Authority Act for Cities of the Third Class as set forth in House Bill No. 2557, Session of 2018.

1.02 Interpretation of Bylaws. All words, terms and provisions of these bylaws of the Authority (the “Bylaws”) shall be interpreted and defined by and in accordance with the Act, as amended from time to time hereafter. All references in these Bylaws to statutory provisions shall be deemed to incorporate amendments to such provisions and to corresponding provisions of any subsequent law.

ARTICLE II

OFFICES

2.01 Principal Office. The principal office of the Authority shall be located at such place as the governing board of the Authority (the “Board”) may designate. The Board may establish such other office or offices as may be necessary for the purpose of performing the Authority’s duties and functions.

2.02 Books and Records. Except as otherwise provided for by resolution or as the business of the Authority may require, the corporate seal and all books and records of the Authority shall be kept in the principal office designated in 2.01.

ARTICLE III

GOVERNING BODY

3.01 Membership. The powers of the Authority shall be exercised by the Board which shall be composed of five (5) appointed members, who shall not be elected public officials, and two (2) ex officio members. The members of the Board shall be as follows:

- (a) One member appointed by the Governor of the Commonwealth of Pennsylvania;
- (b) One member appointed by the President pro tempore of the Senate of the Commonwealth of Pennsylvania;
- (c) One member appointed by the Minority Leader of the Senate of the Commonwealth of Pennsylvania;
- (d) One member appointed by the Speaker of the House of Representatives of the Commonwealth of Pennsylvania;
- (e) One member appointed by the Minority Leader of the House of Representatives of the Commonwealth of Pennsylvania;

(f) The Secretary of the Budget of the Commonwealth of Pennsylvania as an ex officio member; and

(g) The Director of Finance of the City of Harrisburg as an ex officio member.

All members of the Board shall be residents of the Commonwealth of Pennsylvania and, except for the Secretary of the Budget, shall either be residents of Harrisburg or have their primary places of business or employment in Harrisburg.

3.02 Terms. The term of a Board member shall begin on the date of appointment for a period of five (5) years. A member's term shall be coterminous with that of the appointing authority.

3.03 Vacancies. A vacancy shall occur upon the death, resignation, disqualification, removal or expiration of the term of a member. Whenever such vacancy occurs on the Board, whether prior to or on the expiration date of a term, the appointing authority designated in Section 3.01 which originally appointed the Board member whose seat has become vacant is required, pursuant to Section 2 of the Act, to appoint a successor member within thirty (30) days of the occurrence of the vacancy. A member appointed to fill a vacancy occurring prior to the expiration of a term shall serve the unexpired term.

3.04 Removal. A member shall serve at the pleasure of his or her appointing authority.

3.05 Ex Officio Members. The ex officio members of the Board may not vote and shall not be counted for purposes of establishing a quorum. The ex officio members may designate in writing a representative of their respective offices to attend meetings of the Board on their behalf and such representatives shall retain such authority until the authority is expressly revoked by the appropriate ex officio member.

3.06 Majority. A majority of the Board shall constitute a quorum for the purposes of conducting the business of the Board and for all other purposes.

3.07 Compensation. The members of the Board shall serve without compensation or remuneration for their services but shall be entitled to reimbursement of all reasonable and necessary actual expenses.

3.08 Liability. The rights of creditors of the Authority shall be solely against the Authority and no member of the Board shall be liable personally on any obligations of the Authority. Any and all rights granted pursuant to this Section 3.08 shall be in addition to any rights granted to members of the Board pursuant to the sovereign immunity provisions of Section 9.01.

3.09 Committees. The Board shall establish such Committees as it deems necessary. No committee is authorized to take any official action on behalf of the Board or the Authority.

ARTICLE IV MEETINGS

4.01 Place of Meeting. The Board may hold its publicly advertised meetings at the principal office of the Authority or at such other place as may be determined by the Board, provided that all meetings shall be held at a location accessible by the public.

4.02 Regular Meetings. The Board shall meet as frequently as it deems appropriate, but at least once during each quarter of the Authority's fiscal year.

4.03 Annual Meeting. The annual meeting of the Authority shall be the first regular meeting of each fiscal year of the Authority.

4.04 Special Meetings. Special meetings of the Board shall be held if a request for such a meeting is submitted to the Chairperson by at least two (2) members of the Board. Such a request shall state the general nature of the business to be transacted at such special meeting.

4.05 Notice of Meeting. At its first regular meeting of each fiscal year, the Board shall establish a schedule of its remaining regular meetings for the fiscal year. No further notice of such regularly scheduled meetings need be given to any member of the Board, except that any member not in attendance of the meeting at which the schedule was adopted shall be notified in writing or by email of such schedule at least three (3) days prior to the next regular meeting. Written or emailed notice of any special meeting shall be given to each member of the Board at least twenty-four (24) hours prior to the day named for the special meeting.

4.06 Participation in Meetings by Telephone. To the extent permitted by law, any member may participate in any meetings of the Board, may be counted for the purpose of determining a quorum thereof, and may exercise all rights and privileges to which he or she might be entitled were he or she personally in attendance (including the right to vote) by means of telephone or similar communication equipment by which all persons attending the meeting can hear each other.

4.07 Public Notice of Meeting. All meetings of the Board shall be open to the public. As soon as practical following the first regular meeting of each fiscal year, but in no event later than three (3) days prior to the next regularly scheduled meeting, the Secretary of the Board or designee shall give public notice, in the manner hereinafter provided, of the remaining regularly scheduled meetings of the Board for the fiscal year. The Secretary or designee shall also give public notice of each special meeting and rescheduled regular or special meeting at least twenty-four (24) hours prior to the time thereof, showing the date, time and place thereof. Public notice shall consist of the following: (a) publishing such notice in a newspaper of general circulation in the political subdivision where the meeting will be held, and (b) posting a copy of such notice prominently at the main municipal building and at the actual place of meeting (at the time of the meeting). The Secretary or designee shall provide a copy of all public notices to any newspaper, radio station and/or television station which may request the same. Nothing herein, however, shall prevent the Board from holding executive sessions to which the public is not admitted, but no official act shall be taken or official policy adopted at any such executive session, except as otherwise permitted by law.

4.08 Quorum. A majority of the Board shall constitute a quorum for the purpose of conducting business of the Board and for all other purposes. The ex officio members of the Board shall not be counted for purposes of establishing a quorum. All actions of the Board shall be taken by a majority of the Board.

4.09 Computing Time Periods. In computing the number of days during any period for purposes of these Bylaws, such period shall be computed so as to exclude the first and include the last day of such period. All days shall be counted including Saturday, Sunday, or any day made a legal holiday by the laws of the Commonwealth of Pennsylvania or of the United States (a "Holiday"); provided, however, that if the final day of any time period falls on a Saturday, Sunday or Holiday, then the final day shall be deemed to be the next day which is not a Saturday, Sunday or Holiday. In

computing the number of days for the purpose of giving notice of any meeting, the date upon which the notice is given shall not be counted but the day set for the meeting shall be counted. Notice given twenty-four (24) hours before the time set for a meeting shall be deemed one day's notice.

ARTICLE V OFFICERS

5.01 Officers. The Officers of the Authority shall be the Chairperson, the Vice Chairperson, the Secretary/Treasurer, and such other officers as the Board may determine. The members of the Board shall elect these Officers from among themselves. A majority of the Board shall appoint and may remove the Executive Director. The Board may elect or appoint such other officers, assistant officers, agents, and employees as the needs of the Authority may require, who need not be members of the Board. A member of the Board may hold more than one office of the Board at any time.

5.02 Tenure of Office. Except for the Executive Director, all officers who are members of the Board shall be elected to a (2) year term and until their respective successor shall have been duly elected or until they have ceased to be members of the Board. Members may be re-elected to a subsequent two year term.

5.03 Chairperson. The Chairperson shall have a general management role over the affairs of the Authority, shall conduct all meetings of the Board, and shall, in general, perform all duties incident to the office of the Chairperson and such other duties as assigned by the Board.

5.04 Vice Chairperson. The Vice Chairperson shall have all powers and duties of the Chairperson in the absence of the Chairperson and shall perform such other duties as may be assigned by the Board. Should both the Chairperson and Vice Chairperson be absent from any meeting of the Board, the members present shall appoint a Chairperson pro tempore.

5.05 Secretary/Treasurer. The Secretary/Treasurer shall act as clerk of all meetings of the Board, shall record all the proceedings of such meetings in a book for that purpose, shall give such notice as may be required of all meetings, shall record all votes and have custody of all books and records including financial, provide for the custody of the funds of the Authority and shall perform all other duties incident to the office and such other duties as may be assigned by the Board.

5.06 Other Officers. In addition to the Chairperson and Vice Chairperson, the members shall elect other officers as they may determine.

5.07 Executive Director. The Executive Director, who shall be appointed by a majority of the Board, shall be the chief operating officer of the Authority and, subject to the supervision and control of the Board, shall have the general supervision and direction of the business affairs of the Authority. He or she may execute on behalf of the Authority contracts entered into in the ordinary course of business and any other duly authorized contracts, and shall have such other powers and perform such other duties as may be delegated to him or her by a majority of the Board.

5.08 Removal of Officers. Any officer of the Authority may be removed by a majority of the Board. If an officer who is a member of the Board loses his or her membership on the Board for any reason, such officer shall cease to hold his or her office; provided, however, that the Board shall

not be precluded from reappointing such officer provided that the office held is not one for which membership on the Board is a prerequisite.

5.09 Vacancies. A vacancy in any office shall occur upon the death, resignation, disqualification, removal or expiration of the term of an officer. A majority of the Board shall have the power to fill any vacancies occurring for whatever reason in any office including the Executive Director. All vacancies shall be filled as soon as practicable.

ARTICLE VI EMPLOYEES

6.01 Other Employees and Professional Services. The Board may employ such other agents, contractors, employees, technical experts, legal counsel and consultants as it may from time to time determine, to serve at the will of the Board and for such compensation as the Board may direct and as approved by a majority of the Board.

ARTICLE VII AUDITS, FISCAL YEAR, MONIES OF THE AUTHORITY

7.01 Audit. The Authority shall file an annual report with the Chairperson and Minority Chairperson of the Appropriation Committee of the Senate of the Commonwealth of Pennsylvania and the Chairperson and Minority Chairperson the Appropriations Committee of the House of Representatives of the Commonwealth of Pennsylvania, in which annual report shall make provisions for the accounting of revenue and expenses of the Authority. The Authority shall have its books, accounts, and all records audited annually in accordance with generally accepted accounting standards by an independent auditor who shall be a certified public accountant, and a copy of the audit report shall be attached to and made a part of the Authority's annual report. A concise financial statement shall be published annually in the *Pennsylvania Bulletin*. The Chairperson and Minority Chairperson of the Appropriation Committee of the Senate of the Commonwealth of Pennsylvania and the Chairperson and Minority Chairperson of the Appropriation Committee of the House of Representatives of the Commonwealth of Pennsylvania shall have the right to examine, from time to time and at any time, the books, accounts and records of the Authority.

7.02 Fiscal Year. The fiscal year of the Authority shall end on June 30 of each year.

7.03 Monies of the Authority. All monies from the Authority, from whatever source derived, shall be paid to the Secretary/Treasurer of the Authority. The Board shall invest the funds of the Authority in a manner consistent with sound business practice, subject to the restrictions contained in the Act and any other applicable statute or regulation.

ARTICLE VIII CORPORATE SEAL

8.01 Corporate Seal. A seal with the words "Intergovernmental Cooperation Authority for Harrisburg, Pennsylvania Corporate Seal – 2019" upon it shall be the common and corporate seal of the Authority. Such seal may be used by causing it to be impressed upon, affixed to, or reproduced in fact similarly or otherwise to any documents or other writing.

ARTICLE IX
SOVEREIGN IMMUNITY: INDEMNIFICATION

9.01 Sovereign Immunity. The Authority and its members, officers, officials, contractors and employees shall enjoy sovereign and official immunity, as provided in 1 Pa. Cons. Stat. Ann. §2310 (relating to sovereign immunity reaffirmed; specific waiver), and shall remain immune from suit except as provided by and subject to the provisions of 42 Pa. Cons. Stat. Ann. §8501 (relating to definitions) through §8528 (relating to limitations on damages). Notwithstanding the provisions of 42 Pa. Cons. Stat. Ann. §8525, the Authority, through its legal counsel, shall defend actions brought against the Authority or its members, officers, officials, contractors and employees when acting within the scope of their official duties.

9.02 Indemnity. The Authority shall indemnify any member or officer of the Authority who was or is an “Authorized Representative” of the Authority (which shall mean, for purposes of this Article IX, a member or officer of the Authority, including the Executive Director, or such person serving at the request of the Authority as a director, officer, partner, fiduciary or trustee of another corporation, partnership, joint venture, trust, employee benefit plan, or other enterprise) and who was or is a “party” (which shall include for purposes of this Article IX the giving of testimony or similar involvement) or is threatened to be made a party to an “proceeding” (which shall mean for purposes of this Article IX any threatened, pending or completed action, suit, appeal or other proceeding of any nature, whether civil, criminal, administrative or investigative, whether formal or informal, and whether brought by or in the right of the authority or otherwise) by reason of the fact that such person was or is an Authorized Representative of the Authority to the fullest extent permitted by Law, including without limitation indemnification against expenses (which shall include for purposes of this Article IX attorneys’ fees and disbursements), damages, punitive damages, judgments, penalties, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such proceeding, unless the act or failure to act giving rise to the claim is finally determined by a court to have constituted willful misconduct or recklessness. If an Authorized Representative is not entitled to indemnification in respect of a portion of any liabilities to which such person may be subject, the Authority shall nonetheless indemnify such person to the maximum extent permitted by law for the remaining portion of the liabilities.

9.03 Advancement of Expenses. The Authority shall pay the expenses (including attorneys’ fees and disbursements) actually and reasonably incurred in defending a proceeding on behalf of any person entitled to indemnification under Section 9.02 in advance of the final disposition of such proceeding upon receipt of an undertaking by or on behalf of such person to repay such amount if it shall ultimately be determined that such person is not entitled to be indemnified by the Authority as authorized in this Article IX. The financial ability of such Authorized Representative to make such repayment shall not be a prerequisite to the making of an advance.

9.04 Employee Benefit Plan. For purposes of this Article IX, the Authority shall be deemed to request a member or officer to serve as fiduciary with respect to an employee benefit plan where the performance by such person of duties to the Authority also imposes duties on, or otherwise involves services by, such person as a fiduciary with respect to the plan; excise taxes assessed on an Authorized Representative with respect to any transaction with an employee benefit plan shall be

deemed “fines”; and action taken or omitted by such person with respect to an employee benefit plan in the performance of duties for a purpose reasonably believed to be in the interest of the participants and beneficiaries of the plan shall be deemed to be for a purpose which is not opposed to the best interests of Authority.

9.05 Security for Indemnification Obligations. To further effect, satisfy, or secure the indemnification obligations provided herein or otherwise, the Authority may maintain insurances, obtain a letter of credit, act as self-insurer, create a reserve, trust, escrow, cash collateral or other fund or account, enter into indemnification agreements, pledge or grant a security interest in any assets or properties of the Authority, or use any other mechanism or arrangement whatsoever in such amounts, at such costs, and upon such other terms and conditions as the Board shall deem appropriate.

9.06 Reliance Upon Provisions. Each person who shall act as an Authorized Representative of the Authority shall be deemed to be doing so in reliance upon the rights to indemnification provided in this Article IX.

9.07 Amendment or Repeal. All rights to indemnification under this Article IX shall be deemed a contract between the Authority and the person entitled to indemnification under this Article IX pursuant to which the Authority and each such person intend to be legally bound. Any repeal, amendment or modification hereof shall be prospective only and shall not limit, but may expand, any rights of obligation in respect of any proceeding whether commenced prior to or after such change to the extent such proceedings pertains to actions or failures to act occurring prior to such change.

9.08 Scope of Article. The indemnification, as authorized by this Article IX, shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any statute, agreement or otherwise, both as to action in any official capacity and as to action in any other capacity while holding such office. The indemnification and advancement of expense may be provided under any statute, agreement or otherwise, both as to action in an official capacity and as to action in any other capacity while holding office. The indemnification and advancement of expenses provided in, or granted pursuant to, this Article IX shall continue as to a person who has ceased to be a member or an officer in respect of proceedings pertaining to actions or failures to act occurring while such person was serving as a member or an officer, and shall inure to the benefit of such person’s heirs, executors and administrators.

ARTICLE X CONFLICTS OF INTEREST

10.01 Conflicts of Interest. All members, officers and employees of the Authority shall be subject to the provisions of the Act of October 4, 1978, P.L. 83, No. 170, referred to as the Public Official And Employee Ethics Law, 65 Pa. C.S. chapter 11 (relating to ethics and financial disclosure), and the Act of July 19, 1957, P.L. 1017, No. 451, known as the State Adverse Interest Act. For the purposes of application of such acts, employees of the Authority (including, but without limitation, the Executive Director) shall be regarded as public employees of the Commonwealth of

Pennsylvania, and members and officers of the Authority shall be regarded as public officials of the Commonwealth of Pennsylvania, whether or not they receive compensation.

**ARTICLE XI
WAIVER OF NOTICE**

11.01 Waiver of Notice. Any notice required to be given under these Bylaws may be effectively waived by the person entitled to such notice by written waiver signed before or after the meeting to which such notice related or by attendance at such meeting otherwise than for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called or convened.

**ARTICLE XII
AMENDMENTS OF BYLAWS**

12.01 Amendments. These Bylaws may be altered, amended, or repealed, and new Bylaws may be adopted by a Majority of the Board, at any meeting after fifteen (15) days' prior written notice of such an intention has been provided by the Secretary to each member of the Board; provided further, that no amendment may be made in contravention of the Act or any other applicable statute or regulation.

Submission of the Authority's Year Two Financial Statement:

The accounting firm Zeleofske and Axelrod has prepared the attached financial statement summarizing Year Two financial activities for the Authority.

**INTERGOVERNMENTAL COOPERATIVE AUTHORITY
FOR HARRISBURG, PENNSYLVANIA**

FINANCIAL STATEMENT

FOR THE YEAR END JUNE 30, 2020

INTERGOVERNMENTAL COOPERATIVE AUTHORITY
FOR HARRISBURG, PENNSYLVANIA
FOR THE YEAR END JUNE 30, 2020

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Zelenkofske Axlerod LLC

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Intergovernmental Cooperation Authority for Harrisburg
Harrisburg, Pennsylvania

Report on the Financial Statement

We have audited the accompanying Statement of Cash Receipts, Cash Disbursements, and Cash Balances (the "financial statement") of the Intergovernmental Cooperation Authority for Harrisburg (the "Authority"), as of and for the year end June 30, 2020.

Management's Responsibility for the Financial Statement

The Authority's management is responsible for the preparation and fair presentation of the financial statement in accordance with the cash basis of accounting described in the Basis of Accounting paragraph below; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted 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 financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement 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. Accordingly, we express no such opinion. 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 financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion on the Omission of the Notes to the Financial Statement

Management has not included notes to the financial statement. The Cash Basis of Accounting requires that notes to the financial statement be included. This departure does not impact the Statement of Cash Receipts, Cash Disbursement, and Cash Balances.



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Qualified Opinion on the Notes to the Statement

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph on the Notes to the Statement, the financial statement referred to above presents fairly, in all material respects, the respective cash balance of the Authority, as of June 30, 2020, and the respective changes in the cash balances for the year end June 30, 2020 in accordance with the cash basis of accounting.

Opinion

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash balances of the Authority, as of June 30, 2020, and the cash receipts and cash disbursements for the year end June 30, 2020 on the basis of accounting described below.

Basis of Accounting

The Authority's financial statement has been prepared on the cash basis. This basis recognizes receipts and disbursements when they result from cash transactions. The cash basis of accounting is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Zelenkofske Axlerod LLC

ZELENKOFKSKE AXELROD LLC

Harrisburg, Pennsylvania
December 16, 2020

INTERGOVERNMENTAL COOPERATION AUTHORITY FOR HARRISBURG
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CASH BALANCES
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

PAGE 3

Cash Receipts:

Intergovernmental	\$ 100,000
Interest Income	<u>18</u>
Total Cash Receipts	<u>100,018</u>

Cash Disbursements:

Authority Manager Services	56,700
Legal Advertisement	1,039
Legal Services	22,276
Insurance	5,490
Audit	1,500
Web Services	6,370
Overpayment of Services	<u>5,250</u>
Total Cash Disbursements	<u>98,625</u>

Excess of Cash Receipts over Cash Disbursements 1,393

Cash - Beginning of Year 81,462

Cash - End of Year \$ 82,855