

*Intergovernmental Cooperation Authority for Harrisburg  
Minutes of the Governing Board Special Meeting  
March 5, 2021  
Via Teleconference on the Zoom Meeting Platform  
**hbgica.org***

<b>Members Present</b>	Ms. Audry Carter, Mr. Douglas Hill, Ms. Kathy Speaker MacNett, and Mr. H. Ralph Vartan	
<b>Ex-Officio Members Present</b>	Mr. Mark Ryan, Office of the Secretary of the Budget, and Mr. Dan Connelly, City of Harrisburg	
<b>Staff Present</b>	Mr. Jeffrey Stonehill, Authority Manager, and Anna Marie Sossong, Independent General Counsel	
<b>Welcome by the Board Chair</b>	<p>At 11:00 a.m., Ms. Carter welcome the Board to this special meeting convened to obtain the Authority’s reaction to the 2020 update to the Mayor’s Five-Year Financial Plan received on February 19, 2021.</p> <p>Based upon good faith actions of City, the Authority notified the Secretary of the Budget by correspondence dated February 25<sup>th</sup> that the City was back in compliance having submitted an updated plan document. Secretary Swails responded on February 26<sup>th</sup> and to quote her letter, “the Commonwealth will not withhold funds from the City of Harrisburg and its entities, and it will resume payments in the normal course of business.”</p> <p>Ms. Carter mentioned that in advance of today’s meetings, Board members comments were collected and collated by the Authority Manager. They were shared with Dan Connelly, member ex-officio, and representative of the City of Harrisburg.</p>	
<b>Discussion regarding the Mayor’s Five-Year Financial Plan</b>	<p>Mr. Connelly gave a review of responses to the Board’s comments, which had been submitted.</p> <p>He stated, “thank you for the input on the draft of the City submitted on February 19<sup>th</sup>, the thorough review of the document, and the thoughtfulness of the comments.” He added that “The City is ready to address everything in one shape or form by the next round of the Five-Year Plan, which is due at the end of April.”</p>	Motion to accept the restated and amended 2020 Mayor’s Five-Year Plan, and supporting documents, dated March 10, 2021; approved 4-0.

	<p>Mr. Connelly said that both the Plan and the City are “on the right course.”</p> <p>He pointed out that the uncertainty of the revenue cliff has been resolved by state legislation.</p> <p>Mr. Connelly mentioned that the City is making a lot of progress in negotiations for a deal with Ambac, the bond insurer, to restructure the City’s remaining debt obligations. He added “that will save the City millions of dollars and allow the City to reenter the debt markets again.”</p> <p>All of this flows through the Five-Year Plan, which he added, “demonstrates the ability of the City to maintain structural balance.”</p> <p>He concluded by saying that the next submission of the document will be on April 30, 2021.</p> <p>Mr. Hill stated, “Dan I appreciate the time that you and Jeffrey took, and I understand as well the short turnaround time between receiving the comments for review and then our meeting today. So, I think I'm comfortable with the City’s indicated intent that most of this is going to be addressed when we get into the April plan’s submission for 2021.”</p> <p>He added, “we've had some dialogue on the City's accounting methodology and the City's attempting to do something between what the largest municipalities do, which is running their accounting system on modified accrual, and with the smallest cities do, which run on a cash basis, but then still render their reports to GASB and GAAP standards.” Mr. Hill referenced the upgrade of the financial management software and the hire of the new Director of Finance as related to this ongoing issue.</p> <p>Mr. Connelly responded that the idea behind modified accrual basis of accounting is to help a municipality understand where it stands in terms of the operating performance and its current</p>	<p>Motion to Issue Correspondence; approved 4-0.</p>
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finances. He went on to explain the view from inside the Finance Department.

He added that the rating agencies would be mostly concerned with the City's financial performance versus their budget and their plan to address audit deficiencies.

Mr. Vartan asked, "regarding the possibility of new borrowing instead of currently budgeted action of using fund balance, to defease the stadium bonds?" Mr. Connelly explained.

He added that the City will be taking a harder look at fund balance levels and the fund balance policies, as well as deferred capital.

Mr. Vartan asked Mr. Connelly to share the City's plans going forward.

Mr. Connelly stated that the City anticipates another year of declining fund balance just to keep carrying the debt associated with Ambac.

Ms. MacNett thanked Mr. Connelly for joining the ICA Board. She indicated support to approve the current Five-Year Plan, but reluctantly. She explained "I have been very pleased with the cooperation we've seen recently from the City and I think that's making a real difference." She added, "I will take the City at its word that it is going to address the comments with regard to some of the concerns we have about this plan. I think we really need to get this 2020 plan in the rearview mirror." She concluded with her concern about a number of large increases in personnel and personnel expenses in the 2021 budget.

Ms. Carter agreed with Ms. MacNett. She added, "we are mindful of the next submission." She added that there are a few things that the City would want to remedy. Some of the clerical or incorrect totals because it is a standalone submission, and we all agree that it's an ever-evolving document. However, there is an opportunity to make corrections.

The Board emphasized that this is the 2020 plan even though the final submission date will be in March 2021. Mr. Stonehill agreed that he would make sure that was clear on the document and on the website. Ms. Sossong wanted to clarify that this is the amended and restated 2020 plan.

Mr. Stonehill confirmed that a cleanup version will be presented to the Board and will be delivered in the next two or three days and posted on the website. Ms. Carter asked that the supporting/clarifying documents be included as appendices to the plan document. The plan document and those appendices documents constitute the entire submission.

Mr. Vartan offered a motion to approve the submission before the Board, the updated Five-Year Financial Plan for 2020, as submitted on February 19, 2021, and to be restated and amended on March 10, 2021, as the final submission of the City of Harrisburg; and further, incorporate all the various materials submitted by the City of Harrisburg in appendix to the plan document. The motion was amended to include all the supporting information.

Having received a second by Ms. MacNett, the motion was adopted.

Ms. Carter followed up with a motion to authorize the Chair and the Authority Manager to review the March 10, 2021 document, and to respond with correspondence to Mayor Papenfuse indicating its acceptance.

Having received a second by Ms. MacNett, the motion was adopted.

Ms. Carter thanked Mr. Connelly for his help keeping open the lines of communication.

Ms. MacNett asked Mr. Connelly to indicate how the 2021 plan may deviate from the 2020 plan in order to expedite approval.

	<p>Mr. Stonehill indicated that he and the Chair were working on the Authority’s Annual Report.</p> <p>Ms. MacNett would like to reach an agreement on the Intergovernmental Agreement. Ms. Sossong gave a brief review of items associated with that agreement.</p> <p>Mr. Vartan commented on the April 2021 submission. He added that “the February 19<sup>th</sup> submission that we approved would have been amazing initial draft as opposed to the final one.” He explained, “we’re working together towards a submission in April that has an alignment of views and a vision for all the components of the plan Equally important is addressing within the narrative a lot of the views and critiques that Authority members have identified and shared with the City..” He concluded by asking about next steps.</p> <p>Mr. Stonehill indicated that there was an initial good meeting that was facilitated by Mr. Hill. Mr. Hill was supportive of whatever keeps things moving.</p> <p>Ms. Sossong and Mr. Stonehill discussed reporting by the City to the ICA Board. The Board provided ideas to improve communication.</p>	
<b>Other Business</b>	There was none.	
<b>Public Comments</b>	There was a document request from Mr. Epstein.	
<b>Adjourn</b>	At 12:01 p.m., on a motion by Ms. MacNett, with a second by Mr. Vartan, the Authority adjourned.	Adjournment approved 4-0

Respectfully submitted:

*Jeffrey Stonehill*

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Jeffrey Stonehill, Authority Manager

ICA for Harrisburg