

Council of the City of York, PA

Session 1995

Bill No. 2

Ordinance No. 2

INTRODUCED BY:  Mary L. Beier

DATE: 1-3-95
January 3, 1995

A N O R D I N A N C E

An Ordinance of the City of York, Pennsylvania, authorizing the creation of the City of York General Authority, setting forth the proposed Articles of Incorporation, authorizing advertisements and the proper officers of the City of York to execute and file said Articles of Incorporation and repealing all Ordinances or parts of Ordinances inconsistent herewith.

WHEREAS, the City Council of the City of York (the "City") has determined that it is desirable for the health, safety and welfare of the people in the City to create an authority under the provisions of the Municipality Authorities Act of 1945, Act of May 2, 1945, P.L. 382, No. 164, as amended (the "Act"), for all of the purposes enumerated in the Act;

WHEREAS, a public hearing was timely held pursuant to the requirements of the Act to enable members of the public to express their views on the subject; and

WHEREAS, the City Council of the City desires to authorize the undertaking of all actions necessary to the creation of such authority;

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City as follows:

Section 1. There is hereby to be created under the Act an Authority to be known as the "City of York General Authority".

Section 2. The Authority shall be for all of the purposes authorized by the Act and shall have and exercise all powers granted to such authorities under the aforesaid act, without limitation, except for approval by the City of certain projects to be undertaken by such Authority as specified in Section 3 hereof.

Section 3. The City expressly reserves the right which exists under the Act to approve any plan of the Authority as to making business improvements or providing administrative services, as those terms are defined in the Act.

Section 4. (a) The Authority shall be governed by a Board which shall consist of seven (7) members.

(b) The initial members names and addresses and terms shall be set forth in and shall commence on the filing of Articles of Incorporation of the Authority, each such initial term running for the number of years indicated from the first Monday in January next succeeding the date of incorporation.

(c) Each member of the Board shall be a taxpayer in, maintain a business in, or be a citizen of the City of York or be a taxpayer in, maintain a business in, or be a citizen of a municipality into which one or more projects of the Authority extends or is to extend or to which one or more of said projects has been or is to be leased.

(d) Whenever a vacancy has occurred by reason of the expiration of the term of any member, the Mayor shall have the power to nominate and the City Council shall have the power to appoint a member for a term of five years from the date of expiration of the prior term.

(e) The Mayor shall have the power to nominate and the City Council shall have the power to appoint a replacement to fill the unexpired term of a member.

Section 5. The proper officers of the City are hereby authorized and instructed to cause to be published a Notice of Intention to File Articles of Incorporation required by the Act and, upon proper execution and advertising, to file Articles of Incorporation for the Authority which shall contain such provisions as are required under the Act and which shall be in the form of the Articles attached hereto as Appendix A and incorporated herein as if fully set forth in this Section 5.

Section 6. The proper officers of the City are hereby authorized and instructed to execute any and all documents and certificates, and to take any and all other actions, necessary and proper to create the Authority pursuant to the Act.

Section 7. All prior Ordinances or parts thereof inconsistent herewith are hereby repealed.

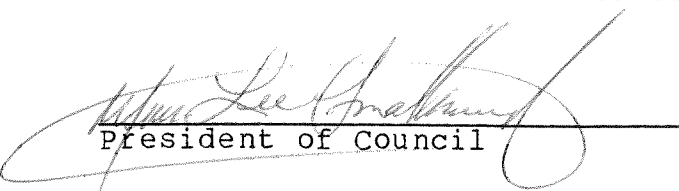
Bill No. 2, Ordinance No. 2, Session 1995

PASSED FINALLY: January 17, 1995

BY THE FOLLOWING VOTE:

YEAS: Amoros, Beier, Crenshaw, Brady, Smallwood-5

NAYS None



President of Council

ATTEST:



City Clerk

Presented to the Mayor for approval this 18th day of January, 1995.

APPROVED

1-18-95
(date)



MAYOR

VETOED

(date)

MAYOR

9541-079

COMMONWEALTH OF PENNSYLVANIA



Department of State

TO ALL WHOM THESE PRESENTS SHALL COME, GREETING:

BE IT KNOWN THAT,

CERTIFICATE OF INCORPORATION

has been granted to City of York, Pennsylvania

evidencing the incorporation of CITY OF YORK GENERAL AUTHORITY

under the authority of the Act of May 2, 1945 (P.L. 382, No. 164), known as the Municipal Authorities Act of 1945.



Filed this 23rd day
of February
1995

ACTING

[Signature]
Secretary of the Commonwealth

jsk

PENNSYLVANIA DEPARTMENT OF STATE
CORPORATION BUREAU
ROOM 308 NORTH OFFICE BUILDING
P.O. BOX 8722
HARRISBURG, PA 17105-8722

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CITY OF YORK GENERAL AUTHORITY

THE CORPORATION BUREAU IS HAPPY TO SEND YOU YOUR FILED DOCUMENT. PLEASE NOTE THE FILE DATE AND THE SIGNATURE OF THE SECRETARY OF THE COMMONWEALTH. THE CORPORATION BUREAU IS HERE TO SERVE YOU AND WANTS TO THANK YOU FOR DOING BUSINESS IN PENNSYLVANIA. IF YOU HAVE ANY QUESTIONS PERTAINING TO THE CORPORATION BUREAU, CALL (717) 787-1057.

ENTITY NUMBER: 2623177

MICROFILM NUMBER: 09511

0849-0859

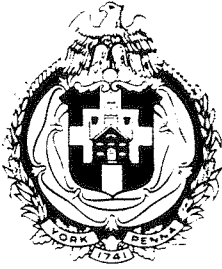
THOMPSON J MCCULLOUGH
THE CITY OF YORK PENNSYLVANIA
1 MARKETWAY WEST 3RD FL
YORK, PA 17401-1231

NOTICE OF INTENTION TO INCORPORATE

The City of York, Pennsylvania (the "City") will conduct a public hearing on Tuesday, January 17, 1995 at 7:00 p.m. in the York City Council Chambers, One West Marketway, Third Floor, York, Pennsylvania 17401, to receive comments concerning the intention of the City Council to adopt an Ordinance authorizing the creation of the City of York General Authority (the "Authority") pursuant to the provisions of the Municipality Authorities Act of 1945, approved May 2, 1945, P.L. 382 , No. 164, as amended (the "Act"). The proposed Ordinance authorizes the creation of and the filing of articles of incorporation for the Authority. The Authority will be created for all of the purposes authorized by the Act and shall have and exercise all powers granted to such authorities under the Act, without limitation, except for approval by the City of certain projects to be undertaken by such authority as specified in the Act. The Authority shall be governed by a seven (7) member board of directors nominated by the Mayor and appointed by the City Council.

Copies of the complete Ordinance can be obtained during regular business hours from the office of the ~~Chief~~ Clerk, One West Marketway, Third Floor, York, PA, 17401. *City*

Done by Solicitor's office



THE CITY OF YORK, PENNSYLVANIA

1 Marketway West 3rd Floor York, PA 17401-1231

(717) 849-2250

CHARLES H. ROBERTSON
Mayor

THOMPSON J. MCCULLOUGH
City Solicitor

DONALD B. HOYT
Assistant City Solicitor

STEVEN M. HOVIS
Assistant City Solicitor

Tracey L. McSherry
Legal Assistant

January 19, 1995

William Lee Smallwood
1301 Wogan Road
York, PA 17404

RE: City of York General Authority

Dear Lee:

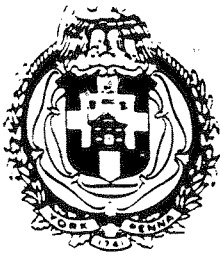
Here are two originals of the Articles of Incorporation which were approved on January 17, 1995. Please sign each and return them in the enclosed stamped envelope which is addressed to the City Clerk. She will then attest and return them to me. The Mayor will then approve them and return them to me for filing with the Secretary of the Commonwealth on February 1, 1995.

Very truly yours,


Thompson J. McCullough
City Solicitor

TJM/tlm

cc: Charles H. Robertson, Mayor
R. Eric Menzer, Director of Economic Development
Miriam Neff, City Clerk



THE CITY OF YORK, PENNSYLVANIA
OFFICE OF ECONOMIC DEVELOPMENT
1 MARKETWAY WEST, YORK, PA 17401-1231

CHARLES H. ROBERTSON
Mayor

December 2, 1994

TO: Wm. Lee Smallwood, President
Members of York City Council

FROM: R. Eric Menzer, Director
Office of Economic Development

SUBJECT: Proposed General Authority

You have on the December 6 Council agenda an ordinance, for first reading, which creates a City of York General Authority. This memo will give you background on the proposal and an explanation of the purpose for the creation of the Authority.

The Municipality Authorities Act of 1945 gives municipalities the legal right to establish various types of municipal authorities for various purposes (see enclosed copy of Municipal Authorities Act for more detail). Commonly, these have been created when local governments see the need to work together on projects which cross municipal boundaries. Typical examples are transportation authorities and sewer authorities.

The Act also gives municipalities the power to appoint general authorities to engage in various projects. In recent years, many municipalities have discovered the broad range of powers these authorities have to engage in activities which can benefit the municipality. Most specifically, these authorities can "cross" municipal lines to develop and/or finance projects which are outside of the boundaries of the City. The "profit" from these projects is brought back to the home municipality.

In the case of the City of York, we are an old, "landlocked" City with few open development sites. While we need to work to further develop and redevelop our property tax base, we also need to recognize that there is a natural limit to how much and how quickly that tax base can grow. We need a mechanism to share in the wealth that is being created outside of our borders. The General Authority is just such a mechanism.

General authorities are mechanisms for this activity because frequently a major development project involves both public and private financing. Frequently, a private interest needs a mechanism to issue tax-exempt debt. The general authority is used for such a purpose and earns significant fees just for being

a conduit for such debt. General authorities can also take an equity position in a project. There are even occasions when one public entity needs another to issue debt for it, for various legal reasons. For instance, the Harrisburg General Authority issued debt for a new state prison in Greene County on behalf of the state. The fees for that were brought back for the benefit of the City of Harrisburg.

General authority debt issuance goes beyond just real estate projects. For instance, municipal general authorities sometimes consolidate school debt from a number of small districts. This benefits the school districts, because their bond issues would be too small to be cost-effective, and it benefits the authority because, again, it charges a fee for the service. Again, the Harrisburg General Authority has done this in York County.

Finally, a general authority will benefit our economic development effort, because it can be used to have the City involved in economic development projects while at the same time shielding the taxpayers from any financial impact should a project go wrong. For instance, if a general authority issues debt for a project and the project gets in trouble financially, the recourse for the bond holders is limited to the authority, even if the City had given the authority money for the project in the first place.

The procedure for creating the authority is pretty simple. The ordinance will be introduced Tuesday night. A public hearing must be advertised 30 days in advance and held prior to final passage. Such a hearing will be scheduled. Final passage for this ordinance would be projected for January 17. On the agenda that same evening would be the appointments of the first seven members of the authority board. By law, they are nominated by the Mayor and confirmed by Council. We are working on putting those nominations together now. The authority will be "staffed" initially by my office in cooperation with the Business Administration department. The City Solicitor's office will handle the authority's legal affairs for the time being.

Tom McCullough or I would be happy to discuss further with you any aspect of this. Please feel free to contact with of us if you have any questions.

REM

cc: Mayor Robertson
Tom McCullough

1 Before the

2 COUNCIL OF THE CITY OF YORK, PENNSYLVANIA

3
4 PUBLIC HEARING: To receive comments concerning the
5 intention of the City Council to adopt
6 an Ordinance authorizing the creation
7 of the City of York General Authority

8 Reporter's transcript of hearing
9 held at City Council Chambers,
10 One West Market Street,
York, Pennsylvania

11 ON TUESDAY, JANUARY 17, 1995

12 beginning at 7:10 p.m.
13 before

14 WILLIAM LEE SMALLWOOD, President
15 ABRAHAM AMOROS, Vice President
16 MARILU BEIER
RAYMOND CRENSHAW
CAROL DOWNS BRADY

17 -o0o-

18 Appearances:

19 THOMPSON J. McCULLOUGH, ESQUIRE
20 Assistant City Solicitor

21 Also present:

22 MIRIAM L. NEFF, City Clerk

23 -o0o-

1 COUNCIL PRESIDENT: I call this public meeting to
2 order. First order of business is I'm going to read the
3 notice of intent to corporate.

4 "The City of York, Pennsylvania (the "City") will
5 conduct a public hearing on Tuesday, January 17, 1995 at
6 7:00 p.m. in the York City Council Chambers, One West
7 Marketway, Third Floor, York, Pennsylvania, 17401, to
8 receive comments concerning the intention of the City
9 Council to adopt an Ordinance authorizing the creation of
10 the City of York General Authority (the "Authority")
11 pursuant to the provisions of the Municipality Authorities
12 Act of 1945, approved May 2, 1945, Public Law 382, No. 164,
13 as amended (the "Act"). The proposed Ordinance authorizes
14 the creation of and the filing of articles of incorporation
15 for the Authority. The Authority will be created for all of
16 the purposes authorized by the Act and shall have and
17 exercise all powers granted to such authorities under the
18 Act, without limitation, except for approval by the City of
19 certain projects to be undertaken by such authority as
20 specified in the Act. The Authority shall be governed by a
21 seven (7) member board of directors nominated by the Mayor
22 and appointed by the City Counsel.

23 "Copies of the complete Ordinance have been on
24 file in the City Clerk's Office here at One Marketway West.
25 This public notice was published in the newspapers beginning

1 with the latter week of December, up until today.

2 With that, we open the meeting. No one is here
3 from the administration. I'd like to ask the solicitor if
4 he has any comments relative to this ordinance.

5 MR. McCULLOUGH: I think the only thing that I
6 want to say is that this is at the moment a proposal to
7 create an Authority. There are not yet specific projects
8 that the Authority will undertake. My understanding is
9 though, because I prepared it, that the Authority members
10 have been nominated by the Mayor and part of the proposal
11 tonight will be for City Council to take action aproving the
12 initial seven Authority members.

13 The confidence, the reliance that the community
14 has in those individuals is part of the strength of an
15 authority. Each of those seven individuals is personally
16 known to me. I have done business of one kind or another, I
17 think with six of the seven, and I always feel that's a way
18 of testing their reliability and their vision, as well as
19 their honesty. I know the seventh one, and I think all
20 seven of them are the level-headed kind of people, yet the
21 kind that can grasp the opportunities that are available out
22 there that would make them excellent authority members and
23 would, if the Authority is created, make it a vehicle for
24 moving ahead in the City of York.

25 Basically an authority is a -- it's like a

1 corporation. It's created really to provide sort of
2 creative ideas and creative projects, and I have seen some
3 proposed questions, and really many of the questions all
4 drive down to the same thing: What makes an authority a
5 more attractive vehicle for trying to raise money for the
6 City than other vehicles? And it seems to me that what it
7 is is, one, you get interested, experienced, creative people
8 working together and putting together projects that make
9 business sense, and that really is the function of an
10 authority and I think that's going to be the charge of these
11 seven if this Authority is put together.

12 The Authority then, if it puts together a package
13 that makes sense, a project that makes sense, the Authority
14 then is able to seek to get financing for that project to
15 generate presumably money back for us or to generate
16 services that we need in the City. If they have done their
17 homework right, they will find investors that have
18 confidence in them and will lend the money to the Authority.
19 If they have not, then that project may never move off the
20 ground.

21 The controls that the City has over the
22 activities of that Authority it seems to me are at least
23 two: One, the City will be the primer for any pump and the
24 City will be the one that will say yes or no to any initial
25 request for money, whether it be large or small, and the

1 City will be the first ones that will say "Show me" to the
2 Authority.

3 The second control that the City will have will
4 be that the Authority is structured so that each year at
5 least one member of the Authority will be up for
6 reappointment. This is not some sort of self-governing,
7 self-ruling elite here. The City will have a chance to put
8 at least one member on the board. If there's a seven-member
9 board, they're in for five-year terms that are staggered
10 from the start, so on two of those years the City will --
11 there will be two spots that will be up for reappointment in
12 any one year. The other three years there will be one spot
13 that will be up.

14 Part of the function of the City, as well as
15 saying yes or no for any requests for money or
16 participation, will be saying yes or no to membership on the
17 Authority.

18 And that's pretty much about it.

19 COUNCIL PRESIDENT: Thank you, Tom.

20 Any questions or comments from Members of
21 Council?

22 Okay, this is the opportunity for the public to
23 ask Council any questions relative to the proposed bill.

24 MR. ERB: My name is Robert Erb, and I live at
25 323 College Avenue.

1 Now, on this seven-member board that the Mayor
2 nominates and then you vote on it, is this strictly
3 volunteer or do they get paid for this?

4 COUNCIL PRESIDENT: It's strictly volunteer.
5 There's no monetary situation for members of the board.

6 MR. ERB: Also on this Board will it just deal
7 with business or does it also deal with neighborhoods,
8 projects, possibly going on in a neighborhood somewhere?

9 COUNCIL PRESIDENT: They can reach out to any
10 kind of project that they feel is feasible and they are
11 willing to try to borrow money to ensure that the project
12 gets off and going.

13 MR. ERB: Now, this is going to be a nonprofit
14 organization?

15 COUNCIL PRESIDENT: It is an Authority, which is
16 an extension of the City, although all authorities operate
17 independent of the local jurisdiction.

18 MR. McCULLOUGH: Now, on that point you realize
19 part of the reason to have an authority is to generate
20 money. That's one of the things that the City wants to do.
21 Not just do good, but get money, because every time we
22 generate a dollar extra, that's a dollar we don't have to
23 tax you.

24 So to talk about it as being a nonprofit
25 organization, yes, it is, because that money will not go

1 into Lee Smallwood's pocket, it will not go into Abe Amoros'
2 pocket, it will go into the City. So it's nonprofit in that
3 sense. But it's designed to be a collection of effective
4 business people who know what they're doing and who can make
5 some money for us in the City. That's the whole reason for
6 having an authority.

7 MR. ERB: That's all I needed to know. Thank
8 you.

9 COUNCIL PRESIDENT: Anyone else?

10 MS. SMITH: My name is Toni Smith. Can you hear
11 me? My throat is --

12 MR. McCULLOUGH: We can hear you, Toni.

13 COUNCIL PRESIDENT: Come up closer to the table.

14 MS. SMITH: First of all I do support the deal
15 for the general authority and I do feel that the people you
16 picked are fine people and I know some of them personally.

17 I do have a few questions which you already had,
18 I gave it to you. Now, you did answer two of them, but you
19 did not answer one. "How does the York City General
20 Authority plan to issue bonds but not use the City's credit
21 or tax base to act as collateral in the bond issue?"

22 Now, this has to go on record, because that's the
23 part I'm most concerned. Not just myself. I'm here to
24 represent all other people that call me and ask me to,
25 please, they are concerned about this very much. "Toni,

1 would you please represent us." So citizens in my
2 neighborhood, most of it, and so --

3 MR. McCULLOUGH: The important point here is the
4 Authority does not have the power to pledge the City's
5 taxing power. The Authority cannot do that. These five are
6 the only ones who can. The Authority can't.

7 If they come to -- they would have to come to
8 City Council with a project and say, "In order to get bonds
9 approved we have to pledge the taxing power." City Council
10 then would say yes or no, and these are five individuals
11 right here, five good people, and it would be on their
12 shoulders then to say yes or no.

13 The Authority can't say, "Oh, by the way, we just
14 pledged \$5 million of the City's taxing power." They can't
15 do it.

16 MS. SMITH: I know that, I know that. But what I
17 mean is supposing we are not going to make money, supposing
18 we invest in the wrong way, who is going to pay?

19 MR. McCULLOUGH: The Authority.

20 MS. SMITH: Is it going to be the City?

21 MR. McCULLOUGH: The Authority, unless City
22 Council has pledged its taxing power. City Council would
23 have to do that in order for the City or the tax payers to
24 be liable.

25 MS. SMITH: What is City Council going to do?

1 MR. McCULLOUGH: But if they don't --

2 COUNCIL PRESIDENT: It depends on whatever
3 project is coming up and what's happening at that particular
4 time.

5 MR. McCULLOUGH: Right.

6 COUNCIL PRESIDENT: You cannot project now what's
7 going to happen tomorrow or what's going to happen 20 years
8 down the line, but one thing for sure, we will not put
9 ourselves, from my point of view, in the position of an
10 Orange County, California.

11 MS. SMITH: That's what I was worried about.
12 That's exactly right. What happened to them, which is one
13 of the wealthies counties in California, in the United
14 States.

15 COUNCIL PRESIDENT: That was a different story.

16 MS. SMITH: That's a different story what
17 happened, I understand. But the thing that we are concerned
18 is that part, that the City is not going --

19 COUNCIL PRESIDENT: Sure.

20 MS. SMITH: -- you know, stuck with the bill,
21 which we can't afford.

22 COUNCIL PRESIDENT: Understandable.

23 MS. SMITH: Okay. Thank you.

24 COUNCIL PRESIDENT: Anyone else?

25 MR. MARCIANO: I just have one question. Jim

1 Marciano. That there is the possibility that City Council
2 might approve the City's backing of the Authority, provided
3 that the Authority came to the City Council and asked for
4 its backing, so that there is the potential that the City
5 might, with City Council approval, extend their credit or
6 extend their tax base as collateral against an Authority
7 project, that is a possibility?

8 MR. McCULLOUGH: Jim, before Lee answers that,
9 you understand that is always a possibility? There is a
10 Municipal Unit Debt Act, so that the City Council could
11 always pledge the taxing power --

12 MR. MARCIANO: Sure, sure, sure.

13 MR. McCULLOUGH: -- regardless of whether there
14 is an authority there or not. I mean, that's why it is so
15 terribly important for people to pay attention to elections
16 because sometimes they fail to understand the power that
17 these five individuals have, and thank goodness we have five
18 individuals that I have confidence in here. But the voters
19 have always got to understand the tremendous power that is
20 conferred upon this Council.

21 MR. MARCIANO: Sure. I just want to be clear on
22 this myself that there is potential that City Council might
23 at sometime approve the credit backing of the Authority for
24 its activities.

25 MR. McCULLOUGH: Regardless of whether there is

1 an authority or not, they could pledge that, as long as they
2 comply with the provisions of the Municipal Unit Debt Credit
3 Act, yeah.

4 MR. MARCIANO: That's all I have.

5 COUNCIL PRESIDENT: Anyone else?

6 (Pause)

7 COUNCIL PRESIDENT: No other comments. This
8 public hearing is adjourned.

9 (Time noted: 7:20 p.m.)

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C E R T I F I C A T I O N

COMMONWEALTH OF PENNSYLVANIA)
) ss.
COUNTY OF YORK)

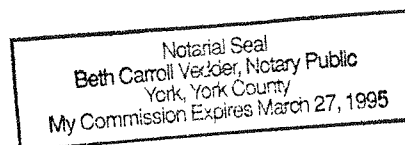
I, Beth Carroll, Registered Professional Reporter-Notary Public, duly commissioned and qualified in the County of York, Commonwealth of Pennsylvania, do hereby certify that I was present upon the hearing of the above matter and thereupon reported stenographically the proceedings herein and the examination was reduced to writing under my supervision; that the transcript is a true record of the testimony given by the witness.

I further certify that I am neither attorney or counsel for, nor related to or employed by, any of the parties in which this action is taken, and further that I am not a relative or employee of any attorney or counsel employed by the parties hereto or financially interested in the action.

In witness whereof, I have hereunto set my hand and affixed my notarial seal this 8th day of February, 1995.


BETH CARROLL, RPR
Notary Public

Reported by:
Beth Carroll
PO Box 7724
York, PA 17404.



-o0o-

PENNSYLVANIA DEPARTMENT OF STATE
CORPORATION BUREAU
ROOM 308 NORTH OFFICE BUILDING
P.O. BOX 8722
HARRISBURG, PA 17105-8722

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CITY OF YORK GENERAL AUTHORITY

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