AN ORDINANCE

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)

Charles J. Robertson
MAYOR

VETOED

(date)

MAYOR
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.

SECRETARY OF THE COMMONWEALTH

jsk

ACTING
Secretary of the Commonwealth
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.
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,

[Signature]
Thompson J. McCullough
City Solicitor

TJM/tlm

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

COUNCIL OF THE CITY OF YORK, PENNSYLVANIA

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

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

ON TUESDAY, JANUARY 17, 1995

beginning at 7:10 p.m. before

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

Appearances:

THOMPSON J. McCULLOUGH, ESQUIRE
Assistant City Solicitor

Also present:

MIRIAM L. NEFF, City Clerk

CARROLL & FUHRMAN (717)846-9778
COUNCIL PRESIDENT: I call this public meeting to order. First order of business is I'm going to read the notice of intent to corporate.

"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, Public Law 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 Counsel.

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

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with the latter week of December, up until today.

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

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

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

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

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

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

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

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

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

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

And that's pretty much about it.

COUNCIL PRESIDENT: Thank you, Tom.

Any questions or comments from Members of Council?

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

MR. ERB: My name is Robert Erb, and I live at 323 College Avenue.
Now, on this seven-member board that the Mayor nominates and then yous vote on it, is this strictly volunteer or do they get paid for this?

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

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

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

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

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

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

So to talk about it as being a nonprofit organization, yes, it is, because that money will not go
into Lee Smallwood’s pocket, it will not go into Abe Amoros’ pocket, it will go into the City. So it’s nonprofit in that sense. But it’s designed to be a collection of effective business people who know what they’re doing and who can make some money for us in the City. That’s the whole reason for having an authority.

MR. ERB: That’s all I needed to know. Thank you.

COUNCIL PRESIDENT: Anyone else?

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

MR. MCCULLOUGH: We can hear you, Toni.

COUNCIL PRESIDENT: Come up closer to the table.

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

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

Now, this has to go on record, because that’s the part I’m most concerned. Not just myself. I’m here to represent all other people that call me and ask me to, please, they are concerned about this very much. "Toni,
would you please represent us." So citizens in my neighborhood, most of it, and so --

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

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

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

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

MR. McCULLOUGH: The Authority.

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

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

MS. SMITH: What is City Council going to do?
MR. McCULLOUGH: But if they don't --

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

MR. McCULLOUGH: Right.

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

MS. SMITH: That's what I was worried about.

That's exactly right. What happened to them, which is one of the wealthiest counties in California, in the United States.

COUNCIL PRESIDENT: That was a different story.

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

COUNCIL PRESIDENT: Sure.

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

COUNCIL PRESIDENT: Understandable.

MS. SMITH: Okay. Thank you.

COUNCIL PRESIDENT: Anyone else?

MR. MARCIANO: I just have one question. Jim
Marciano. That there is the possibility that City Council might approve the City's backing of the Authority, provided that the Authority came to the City Council and asked for its backing, so that there is the potential that the City might, with City Council approval, extend their credit or extend their tax base as collateral against an Authority project, that is a possibility?

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

MR. MARCIANO: Sure, sure, sure.

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

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

MR. McCULLOUGH: Regardless of whether there is
an authority or not, they could pledge that, as long as they
comply with the provisions of the Municipal Unit Debt Credit
Act, yeah.

MR. MARCIANO: That's all I have.

COUNCIL PRESIDENT: Anyone else?

(Pause)

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

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

-o0o-
CERTIFICATION

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 therupon 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.

CARROLL & FUHRMAN (717)846-9778
CITY OF YORK GENERAL AUTHORITY

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