

MINUTES
INITIAL MEETING OF IMPACT HARRISBURG
March 10, 2015, 2 P.M.
Pennsylvania Housing Finance Agency
211 North Front Street
Harrisburg, PA 17105

Officers of the Board Present:

Neil Grover, Chair
Doug Hill, Vice-Chair
Les Ford, Secretary
Brittany Brock, Treasurer

Board of Directors Present:

Brian Hudson, Sr., Director
Dale Laninga, Director
Gloria Martin-Roberts, Director
Jackie Parker, Director
Karl Singleton, Director

Others Present:

Vance Antonacci, McNeese Wallace & Nurick LLC
Fred Reddig, Coordinator for the City of Harrisburg
Anne Morrow, Recording Secretary

Mr. Grover called the meeting to order at 2:05 p.m.

Mr. Grover welcomed everyone to the meeting and thanked Mr. Antonacci from McNeese Wallace & Nurick LLC for attending. Mr. Antonacci was asked to be present to brief the Directors on the formal incorporation process under the Pennsylvania non-profit corporation law and 501(c)(3) status of the Internal Revenue Service for Impact Harrisburg ("the Board"). Introductions from all attendees were made for Mr. Antonacci's benefit.

I. State Non-Profit Incorporation and IRS 501(c)(3) Application/Approval Process

Mr. Grover asked Mr. Antonacci to provide the Board with the next steps that will need to be taken to formalize the non-profit corporation as well as what the Board's rights and powers are with a non-profit under state and federal guidelines.

Mr. Antonacci noted the following steps would be necessary to formalize a non-profit corporation:

- The Board will need to file Articles of Incorporation with the Department of the State; current filing fee is \$125.00, which McNeese Wallace & Nurick would advance;
- The Articles of Incorporation would be published in the appropriate newspapers and business journals, and
- A minute book of the Board's meetings would need to be kept.

Mr. Antonacci noted Impact Harrisburg will then be a non-profit corporation under Pennsylvania law. Once this occurs the Board would apply to the IRS to be qualified as a 501(c)(3) organization. The current filing fee is \$850.00 and involves the filing of IRS Form 1023.

Mr. Antonacci also informed the Board that an informational tax return, IRS Form 990, must be filed each year. This form discloses who the Board gave grants to or shows whatever the Board did with its resources. It's very important these rules are followed or the Board's tax exempt status may be jeopardized.

Mr. Antonacci asked the Board to review the draft Articles of Incorporation and the draft Bylaws that were provided by Harrisburg Strong Task Force and approved by Commonwealth Court. It's necessary for the Board to be comfortable with what the Articles of Incorporation authorizes and how the Bylaws are structured. Once the Board is comfortable, Mr. Antonacci will file them with the IRS.

Mr. Antonacci noted once this filing takes place and is reviewed and approved by the IRS the Board would receive their tax-exempt status. They would need to organize their board, set up a bank account or a brokerage account to receive the money that's currently sitting in an escrow account. Business could then begin.

Mr. Antonacci also noted the turnaround time to receive approval from the IRS could take a couple months or in some cases, up to a year. He was hopeful the Board would receive approval within 4-5 months.

Mr. Reddig asked if the State and IRS Federal processes were concurrent or consecutive.

Mr. Antonacci replied the Board would be incorporated in about 3 business days once he filed with the Department of State under the Pennsylvania non-profit law. The IRS filing must be done within 27 months of incorporation and is retroactive back to the date of incorporation.

Mr. Reddig inquired once the Board is incorporated what can the Board do and what can't the Board do until they get the IRS approval.

Mr. Antonacci noted the Board should operate as if they were to be approved. The Board should have discussions on what they want to do with its resources once the funds are in place. Once incorporated, funds can be transferred from the escrow account to a depository. Some administrative costs could then be paid.

Mr. Antonacci noted the Board will want to hire an Executive Director and should consider interviewing for an investment manager. Mr. Antonacci is hopeful the process will parallel between the IRS approval and the Boards organizational start-up.

Mr. Grover inquired if there were any investments that the Board could not place the money into. He further elaborated by saying his expectation is that the Board's funds would not be invested very long. Consequently, it would not necessarily require selecting a financial manager and incurring that charge. The Board could create an investment policy themselves. Mr. Hudson agreed that the Board could create their own investment policy based on what they expect to do with the funds.

Mr. Reddig noted the Task Force had developed a draft investment policy that was part of the Court filing. The fundamental principal behind it was to provide parameters to limit risk, insure diversification and within these parameters earn a yield commensurate with the amount of risk being taken.

Mr. Antonacci noted the Bylaws are currently created with staggered Board terms, which is typically not a requirement. However, if the Board decides to go with staggered Board terms they will need to figure out what Board Directors will hold which terms.

Mr. Grover inquired what was needed for the Board to authorize the Bylaws. Mr. Antonacci noted he will draft a Board Resolution to include the Bylaws and will send it out to all the Directors for their review, input and approval. Mr. Grover noted if the Bylaws are adopted, but then the Board decides to make changes to the Bylaws, a majority vote of the Board would be required for the changes to be effective.

Mr. Antonacci noted he will also send out a Letter of Representation to the Board to engage his services.

Mr. Grover noted the importance of getting Board insurance in place. He inquired with Mr. Antonacci if there was anything special the Board needs to do to insure the Directors once the incorporation is filed with the Commonwealth. Mr. Antonacci agreed the Directors should have D&O coverage.

II. Meeting Procedures – transparency

Mr. Grover will advance the Board's concerns to Mr. Antonacci regarding the process of being transparent and whether the Board will follow the Sunshine Act and the Right-To-Know Law regarding the advertisements of Board meetings and website postings of meeting minutes, even though it is not required.

Mr. Reddig offered, in the short-term, to post the Board minutes to the DCED Act 47 website until a solution was reached.

III. Other Business

It was moved by Mr. Grover and seconded by Mr. Hudson that:

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"The minutes from the initial meeting of Impact Harrisburg on February 17, 2015 are approved."

MOTION CARRIED UNANIMOUSLY

Mr. Grover noted a petition to provide a disclosure relating to the State Ethics Act will be filed with Commonwealth Court on behalf of the Directors, who are also public city officials.

Meeting and office space availability

Ms. Brock reported Startup did not have the availability of a meeting room; however, they could provide office space in the near future for a monthly rent of approximately \$700.

Ms. Martin-Roberts reported the Dixon Center has availability for a meeting room and office space. Space is available for a monthly rent of approximately \$1,600. The cost includes space for 2 people; cubicles, delivery of mail, IT services and support, phones for each cubicle, computers, a multifunctioning device (printer/copier/scanner), access to the building and a meeting room for the Board of Directors to meet.

Mr. Ford noted he would like to present a different perspective for Impact Harrisburg, one that would have a visible, on the ground, city presence. He recommended that the Board look at a building at 323 Reilly Street, Harrisburg. This may not be the right building for the Board; however, this is an example of what he envisions for the Board to have visibility.

Mr. Hudson noted he will look into the background on this building and will report back to the Board at the next meeting.

Mr. Singleton reported Harrisburg University (HU) was contacted but currently did not have any space availability. HACC was also contacted; however, his meeting was cancelled due to inclement weather. Mr. Singleton scheduled another meeting next week with HACC. He also reached out to several businesses in Strawberry Square. He will report all his findings at the next Board meeting.

Ms. Brock noted she will create a draft RFP for a depository and will present it at the next Board meeting.

Ms. Parker noted she will draft a job description for an Executive Director and will present it at the next Board meeting.

Unfinished Business:

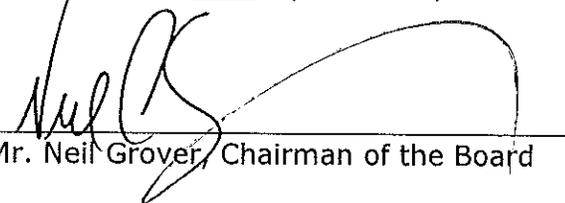
Further discussion is needed regarding obtaining board insurance and on the transparency of Board meetings. Both are tabled to the next meeting.

The Chair motioned to adjourn the meeting at 3:06 p.m. Mr. Hill seconded.

Meeting minutes submitted by Recording Secretary, Anne Morrow.

The next meeting will be held at the Pennsylvania Housing Finance Agency on Tuesday, March 24, 2015, at 2 p.m.

Approved this 24th day of March, 2015.


Mr. Neil Grover, Chairman of the Board


Mr. Les Ford, Secretary