

MINUTES
MEETING OF IMPACT HARRISBURG
February 20, 2018, 10:30 a.m.
Pennsylvania Housing Finance Agency
211 North Front Street, Harrisburg

Officers of the Board Present:

Neil Grover, Chair
Brian Hudson, Secretary

Board of Directors Present:

Dale Laninga, Director
Gloria Martin-Roberts, Director
Russ Montgomery, Director
Jackie Parker, Director
Karl Singleton, Director

Others Present:

Sheila Dow-Ford, Executive Director
Larry Segal, Compliance Team
Beverly Hutzal, DCED Policy Specialist
Anne Morrow, Recording Secretary

Officers of the Board Absent:

Doug Hill, Vice-Chair
Brittany Brock, Treasurer

The Secretary called the meeting to order at 10:49 a.m.

Mr. Grover arrived at the meeting at 10:57 a.m. Mr. Singleton arrived at the meeting at 10:59 a.m. The Board members not in attendance were excused from the meeting.

1. Community Frist Fund Presentation

Community Frist Fund (CFF) President and CEO, Dan Betancourt, met with the Board to further discuss the revolving loan project funded by Impact Harrisburg in the amount of \$350,000. The revolving loan project is designed to assist disadvantaged businesses; with a focus on minority and women owned businesses whose main revenue is produced from activities that improve the quality of life and provide economic development opportunities that have a positive impact within the city. Specific guideline criteria were created to help small businesses start and/or grow their businesses in the city.

Ms. Parker inquired on the dollar range of a loan and confirmed the interest rate would not exceed 5%.

- Borrowers can get a loan between \$1,000 to \$200,000
- Interest rate will not exceed 5%
- Underwriting is flexible

Mr. Montgomery inquired on the technical assistance an applicant would receive.

- Technical Assistance/Business Counseling is provided to clients through CFF.

Mr. Hudson inquired how delinquent or troubled loans are handled.

- The Borrower will work with the Collections staff; Communication is necessary [from the borrower] to work through issues.

Ms. Parker expressed concern and inquired how CFF reaches the business community who are the dreamers or who are just beginning to create a business but needs some hand holding to get to the next phase.

- CFF relies on local partners to assist in the initial training.
- Impact Harrisburg is creating an Educational Tool Box to assistance in the initial stage.
- Collaboration is necessary to target entrepreneurs.

Mr. Betancourt advised microloans and small business loan reporting will be shared with Impact Harrisburg for monitoring and tracking purposes.

Executive Director Dow-Ford noted the grant contract is currently with McNees Wallace & Nurick for review and finalization. Impact Harrisburg and Community First Fund agreed the signing of the grant contract will take place on Tuesday, March 20 at the next Board meeting. A press release will also take place. City Council will also be notified.

Mr. Betancourt thanked Impact Harrisburg for the grant award in the amount of \$350,000 and the Pennsylvania Housing Finance Agency (PHFA) for becoming a partner and contributing \$650,000 to the revolving loan project; making the total amount of the revolving loan \$1,000,000. The City of Harrisburg is also considering contributing to the revolving loan in the future.

Ms. Parker inquired how the revolving loan will be marketed.

- Marketing brochures will be distributed along with updates to CFF's website. Ms. Parker noted the importance to partner and market "doing business in the City of Harrisburg".

Executive Director Dow-Ford noted through our partnering, an advisory team has been created, which includes members of the lending community. Mr. Singleton noted at the Finance Committee meeting he would like to see other people from the community also be a part of the advisory team. Mr. Laninga also had mentioned he would like to see other people from the community who Impact Harrisburg is extending a hand to be a part of the advisory team as well.

The Executive Director noted a meeting will take place on Friday, with Melissa Stone from CREDC, along with Ms. Brock and Ms. Parker, to finalize the "educational tool box" for getting the partners in place on the educational piece. The tool box will consist of information that potential borrowers will be able to use or help provide guidance to those who are thinking about starting a business.

Mr. Singleton expressed concern with some of the groups that are coming to the table who historically perpetuated or blocked out some of the business groups Impact Harrisburg is now trying to reach out to. He expressed the importance of the group to stay open to help those who want to start a business in the city be successful.

The Executive Director reiterated the partnership with those on the advisory team are an open group, which Impact Harrisburg is heading. The advisory group is open and in place for assisting new borrowers with a beginning point to grow their businesses to be fruitful in the city. A mentor relationship is initially important for providing guidance to new businesses.

The Secretary also noted Impact Harrisburg is creating its own model and setting the parameters for an educational tool box to be around for years to come.

This ended Community First Fund's presentation.

Before proceeding to the next item on the agenda, the Executive Director introduced Beverly Hutzel, GCLGS Policy Specialist from DCED, who attended the meeting. Ms. Hutzel provided a short overview on her background with the Department of Community and Economic Development.

2. Regular Meeting Minutes of January 16, 2018

It was moved by Ms. Martin-Roberts and seconded by Mr. Montgomery that:

"The minutes from Impact Harrisburg's Board of Directors regular meeting of January 16, 2018, be approved as printed."

MOTION CARRIED UNANIMOUSLY

3. Treasurer's Report & Finance Committee Report

In the Treasurer's absence, Executive Director Dow-Ford provided a brief update on the February 12th Finance Committee meeting. A copy of the 2017 financial statement, management letter, audit communication letter, Form 990 and charity registration statement were distributed.

The Finance Committee Chair gave a brief overview of the audit. The most important component of the audit is the management letter. Page 2 of the management letter outlines two points identified by the auditors – 1.) Documenting Functional Expense Allocation – the organization should track by functional expense category or have a written policy to allocating certain costs to functional expense category. The suggestion by the auditor is that the Organization adopt a methodology to allocate expenses to provide a consistent and logical rationale for reporting expenses by function. Currently, this information is provided by the Executive Director with no supporting documentation. Executive Director Dow-Ford spoke with the auditor to request a copy of a draft policy, which was received. As a follow-up by Executive Director Dow-Ford, further guidance was requested. A response from the auditor is pending. 2.) Documenting Approval for Cash Disbursements – Executive Director Dow-Ford called the auditor to discuss this item. The Boards practice is to bring invoices before the Board for approval, regardless of the amount, and that there are annual fiscal expenses approved for the entire year. During the audit there was one disbursement selected for testing where Board approval was not noted in the Board meeting minutes for \$20.

The Secretary noted the Finance Committee discussed that the Finance Chair and Executive Director would respond to the auditor regarding these findings. The Board's response will note the amount of the disbursement the auditor is referring to [that was not approved by the Board in the minutes] was in the amount of \$20.

Executive Director Dow-Ford noted on page 1 of the management letter, paragraph 2 says, "However, during our audit we became aware of **several** matters that are opportunities for strengthening internal controls and operating efficiencies." Two matters don't constitute "several" matters. This terminology will be requested to be taken out of the management letter because it leads the reader in the wrong direction. Otherwise, Impact Harrisburg had a clean audit.

Mr. Singleton recommended striking out "several" and replacing the language with "two" matters. The Board agreed.

Executive Director Dow-Ford noted a recommendation was made by the Finance Committee to approve the fiscal year 2017 financial audit.

The Secretary requested a Motion to accept the fiscal year 2017 audit and management letter, as amended.

It was moved by Mr. Singleton and seconded by Mr. Laninga that:

"The Board accept the fiscal year 2017 audit and management letter, as amended, by Maher Duessel."

MOTION CARRIED UNANIMOUSLY

ACTION ITEM: Executive Director Dow-Ford and Ms. Brock will respond to the auditor regarding the management letter by the next Board meeting on March 20. The responses will be circulated to the Board once completed.

Executive Director Dow-Ford reminded the Board there has not been any formal action taken by the Board to name the revolving loan fund. After further discussion on the naming of the fund, the Board agreed to name the revolving loan fund the "Harrisburg Business Opportunity Fund".

Mr. Hudson asked for a Motion to accept the name of the revolving loan fund as the "Harrisburg Business Opportunity Fund".

It was moved by Mr. Laninga and seconded by Ms. Martin-Roberts that:

"The Board agreed to name the revolving loan fund as the "Harrisburg Business Opportunity Fund."

MOTION CARRIED UNANIMOUSLY

4. Executive Director Report

Executive Director Dow-Ford reported that she was present for the ribbon cutting for the Hummel Street home. Executive Director Dow-Ford noted Mayor Papenfuse acknowledged Impact Harrisburg as a partner with the Hummel Street home project. The townhouse is part of the overall project that Impact Harrisburg is funding. Ms. Parker also added that one of the highlights of the project is that the homeowner will save over \$10,000 through the Local Economic Revitalization Tax Assistance (LERTA) program.

Mr. Segal provided an update on the status of the Grantee projects. An updated matrix was distributed.

- Four of the projects are completed – City of Harrisburg Microsoft Office 365, Paxton Ministries, Harrisburg River Rescue and WebPage FX.
- Seven projects are either in construction or will be in construction.
 - TLC Construction and Renovations project is 90% complete and 90% paid. The final invoice will be received soon.
 - Tri-County HDC is ready to begin project. Still trying to make up the difference from the grant award and the bid received.
 - Reynolds Construction is on campus at Camp Curtin YMCA and ready to begin project.
 - East Shore YMCA will begin work next week.
 - City of Harrisburg Multi-Modal project is underway. An invoice has been received for payment. Two invoices, the City will pay directly the subcontract and request for reimbursement. The third draw will be requested to pay the City directly.
 - The Compliance Team with Tri-County Community Action to discuss the project. Work is tentatively scheduled for May.
 - Gamut Theatre is scheduled to begin work in April.
- Salvation Army wants to maintain the proposed scope and is exploring other sources of funds.

ACTION: Executive Director Dow-Ford will contact Salvation Army in writing to request a project status update for reporting back to the Board.

- Redevelopment Authority project is pending. Waiting for a sign-off from the school district regarding the increase in fees.

Executive Director Dow-Ford plans to meet with City Council to provide an update on Impact Harrisburg projects. An invite will be circulated to the Board with the date and time.

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IMPACT HARRISBURG GRANT AWARDS

Grantee Name	Dollar Amount	Date of Executed Contracts from Grantee	Date of Fully Executed Contracts
City of Harrisburg Microsoft Office 365	\$250,000.00	4/5/2017	4/18/2017
Infrastructure Contingency Grant TOTAL:	\$250,000.00		
Capital Region Water Multi-Modal Collaborative Facility	\$2,743,645.25	12/20/2017	2/7/2018
City of Harrisburg Multi-Modal Collaborative Facility	\$2,743,645.25	4/3/2017	4/18/2017
Infrastructure Improvement Grants TOTAL:	\$5,487,290.50		
Community First Fund	\$350,000.00	Pending	
East Shore YMCA	\$138,592.00	4/11/2017	6/20/2017
Gamut Theatre	\$250,000.00	Pending	
Tri-County Community Action Commission	\$204,759.00	3/31/2017	3/31/2017
Tri-County Housing Development Corporation	\$350,000.00	4/24/2017	6/20/2017
Community Building Grants TOTAL:	\$1,293,351.00		
City of Harrisburg, Playground Resurfacing	\$250,000.00	10/22/2017	10/25/2017
Harrisburg Redevelopment Authority	\$500,000.00	4/27/2017	5/2/2017
Harrisburg River Rescue	\$81,369.00	1/26/2017	4/4/2017
Paxton Street Home Benevolent Society	\$100,000.00	2/2/2017	2/14/2017
Salvation Army	\$500,000.00	12/5/2016	4/4/2017
TLC Construction and Renovations	\$500,000.00	12/14/2016	4/4/2017
Webpage FX, Inc.	\$500,000.00	3/28/2017	4/4/2017
YMCA-Camp Curtin	\$500,000.00	Executed	Pending
Large Economic Development Grants TOTAL:	\$2,931,369.00		

5. Other Business

The Secretary asked to go in to executive session.

It was moved by Mr. Laninga and seconded by Ms. Martin-Roberts that:

“The Board voted to go into executive session for the discussion of the Executive Director contract and compensation. The executive session began at 12:14 p.m. and ended at 12:33 p.m.”

MOTION CARRIED UNANIMOUSLY

Ms. Parker expressed a concern, after discussions with Mr. Betancourt, with how to address the imminent need to help new entrepreneurs get started with the initial steps of beginning a business.

Ms. Morrow provided information on DCED’s “One Stop Shop”, one of Governor Wolf’s initiatives to assist and help entrepreneurs and small business grow in Pennsylvania. For further information go to www.business.pa.gov.

There being no other business to discuss, the Secretary adjourned the meeting at 12:39 p.m.

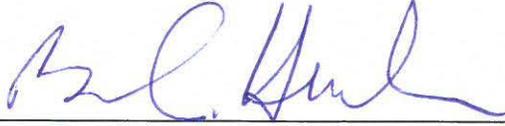
Meeting minutes were submitted by Recording Secretary, Anne Morrow.

The next Board meeting is scheduled for April 17, 2018 at 10:30 a.m. at the Pennsylvania Housing Finance Agency, 211 North Front Street, Harrisburg, PA.

Approved this 20th day of March 2018.



Mr. Neil Grover, Chair



Mr. Brian Hudson, Secretary

