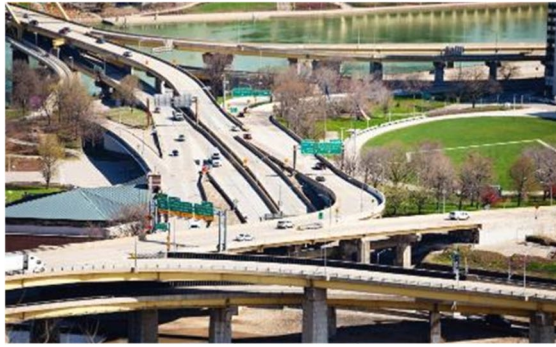


Southwestern Pennsylvania Corporation



Corporation Board of Directors and Executive Committee Meeting

December 16th, 2024

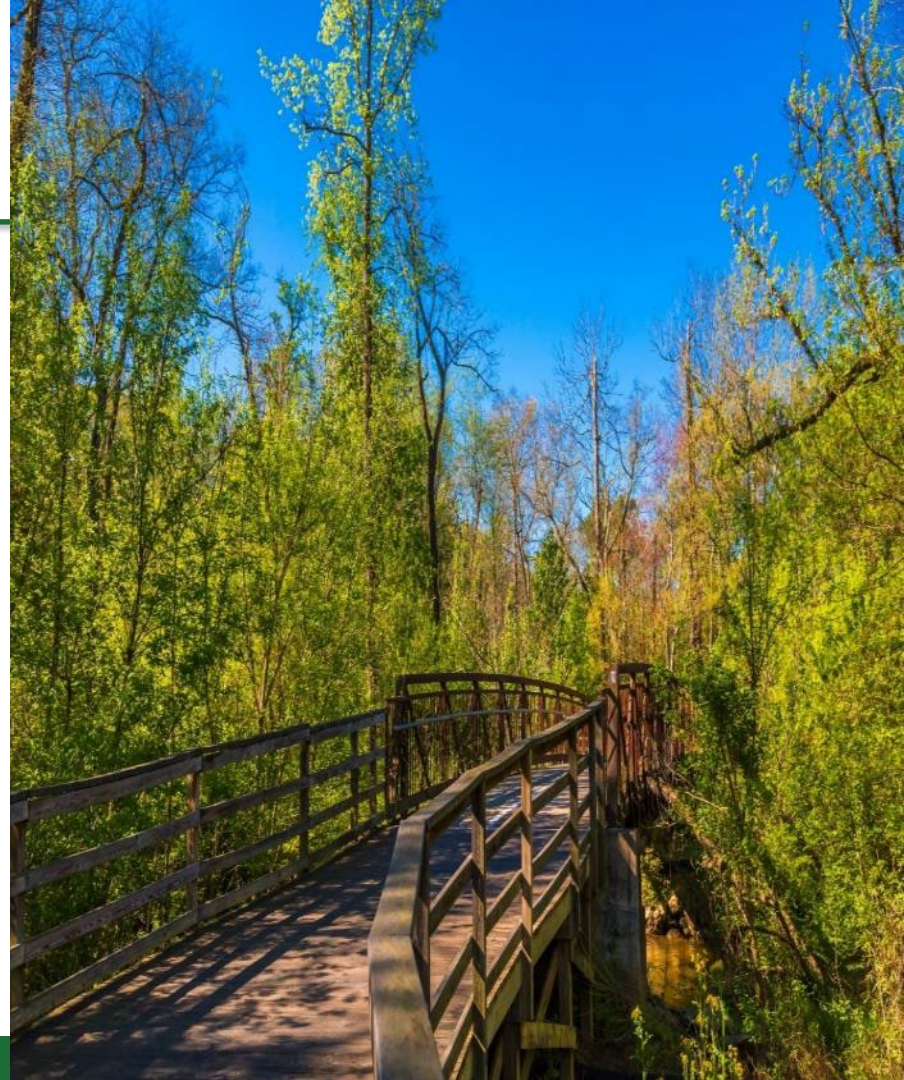


Opening Agenda Items

Welcome and Introductions & Call to Order

- Quorum
- Conflict of Interest Declarations on Action Items
- Action on Minutes from October 28th, 2024 meeting

Public Comment



Summary of 2023-2024 Audit Report and Review of Southwestern Pennsylvania Corporation's 990 Form

*Tim Morgus and Michelle Hoke
Maher Duessel, CPAs*

Agenda Item: 4



MaherDuessel

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SPC Audit Committee Meeting

TIM MORGUS, CPA, CFE, CGFM, MANAGING PARTNER

MICHELLE HOKE, CPA, SENIOR MANAGER

December 16, 2024

Audit Deliverables

- ❑ Communications to those Charged with Governance
- ❑ Single Audit Financial Report
- ❑ 990 – SWPA Corporation

Communications to Those Charged with Governance

- ❑ Our Responsibilities under Auditing Standards Generally Accepted in the United State of America, Government Auditing Standards and Uniform Guidance
- ❑ Significant Accounting Policies
- ❑ Accounting Estimates
- ❑ Disclosures
- ❑ Difficulties Encountered in Performing the Audit
- ❑ Corrected and Uncorrected Misstatements

Communications to Those Charged with Governance (continued)

- ❑ Disagreements with Management
- ❑ Management Representations
- ❑ Management Consultations with Other Independent Accountants
- ❑ Items Discussed Prior to Retention of Independent Auditors
- ❑ Other Matters

Single Audit Financial Statements

- ❑ Independent Auditor's Report

- ❑ Management's Discussion and Analysis

- ❑ Fund Financial Statements
 - Revenues up \$7.5M or 67.2% (Grant Activity)
 - Expenditures up \$7.9M or 66.3% (Grant Activity)
 - Negative (\$569,429) general fund balance (overall negative fund balance \$114,639)

Statement of Financial Position

<u>Assets</u>	<u>Governmental Activities</u>	<u>2023</u>
Cash and cash equivalents:		
Operating	\$ 309,593	\$ 96,613
Restricted	540,418	506,490
Revolving loan funds:		
Uncommitted	1,499,528	1,613,644
Total cash and cash equivalents	<u>2,349,539</u>	<u>2,216,747</u>
Accounts receivable	4,817,508	3,626,342
Prepaid expenses	313	59,004
Other assets	110,919	168,579
Loans receivable:		
Appalachian Regional Commission - RLF	1,814,644	1,923,774
Economic Development Administration - RLF	801,505	941,669
Economic Development Administration - RLF CARES Act	867,686	500,013
PIDA/SBF Loan Fund	2,854,831	2,988,893
Total loans receivable	<u>6,338,666</u>	<u>6,354,349</u>
Right-to-use assets, net of accumulated amortization	5,761,791	6,186,673
Capital assets, net of accumulated depreciation	1,020,867	750,819
Total Assets	<u>20,399,603</u>	<u>19,362,513</u>

Statement of Financial Position

Liabilities		
Accounts payable	3,123,764	2,054,526
Accrued salaries and fringe benefits	566,702	305,580
Grant advances	1,602,677	1,883,547
Unearned revenue	568,303	655,187
Notes payable - PIDA/SBF loan programs	2,854,831	2,988,893
Accrued liabilities	133,493	69,543
Loan payable - Due within one year	53,230	-
Loan payable - Due in more than one year	656,095	-
Lease liability - Due within in one year	872,139	592,201
Lease liability - Due in more than one year	5,094,369	5,645,347
Unearned revenues of revolving loan funds	4,881,814	4,761,120
Total Liabilities	20,407,417	18,955,944

Statement of Revenues, Expenditures, and Changes in Fund Balance

	Southwestern Pennsylvania Corporation	Southwestern Pennsylvania Commission		
	General Fund	Special Revenue Fund	Total	2023
Revenues:				
Federal grants	\$ -	\$ 13,335,347	\$ 13,335,347	\$ 7,253,481
State grants	-	1,783,450	1,783,450	1,523,276
SPC member contributions	-	932,867	932,867	902,004
In-kind service contributions	-	1,994,218	1,994,218	976,140
Contributions	191,979	291,987	483,966	313,419
Loan program fees	-	-	-	100,277
Interest income and other	-	110,784	110,784	81,245
Total revenues	191,979	18,448,653	18,640,632	11,149,842

Statement of Revenues, Expenditures, and Changes in Fund Balance

Capital expenditures	844,627	-	844,627	7,827,047
Debt Service:				
Principal retirement of loan, finance purchases, and leases	498,065	-	498,065	-
Interest on loan, finance purchases, and leases	81,678	-	81,678	-
Total expenditures	19,786,475	-	19,786,475	18,976,889
Excess (Deficiency) of Revenues Over Expenditures	(19,594,496)	18,448,653	(1,145,843)	(7,827,047)
Other Financing Sources (Uses):				
Transfers in	18,879,460	430,807	19,310,267	11,736,554
Transfers out	(430,807)	(18,879,460)	(19,310,267)	(11,736,554)
Loan proceeds	750,000	-	750,000	-
Leases	574,579	-	574,579	7,076,228
Total other financing sources (uses)	19,773,232	(18,448,653)	1,324,579	7,076,228
Net Change in Fund Balance	178,736	-	178,736	(750,819)
Fund Balance:				
Beginning of year	(748,165)	454,790	(293,375)	457,444
End of year	<u>\$ (569,429)</u>	<u>\$ 454,790</u>	<u>\$ (114,639)</u>	<u>\$ (293,375)</u>

Single Audit Financial Statements

- ❑ Footnotes to the Financial Statements
 - Adopted/Pending accounting standards (FN 2)
 - Loans Payable (FN 11)

- ❑ Supplementary Information – SEFA

- ❑ Reporting by Uniform Guidance

990 – SWPA Corporation

- ❑ Extended to May 15, 2025
- ❑ Sch A – Supporting Org
- ❑ Sch B - Public Disclosure copy blinds donor names/addresses
- ❑ Sch C – Political , D, J, R and O

990 – SWPA Corporation

- ❑ Sch D – Footnotes to 990
- ❑ Sch J – Compensation Information
- ❑ Sch R – Related Organizations
- ❑ Sch O - Misc

Contact Information

- ❑ Tim Morgus, CPA, CFE, CGFM, Managing Partner
tmorgus@md-cpas.com Phone: 412-535-5502

- ❑ Michelle Hoke, CPA, Senior Manager
mhoke@md-cpas.com Phone: 412-535-5526

Financial Report

Ailisa Sobien, Finance Director

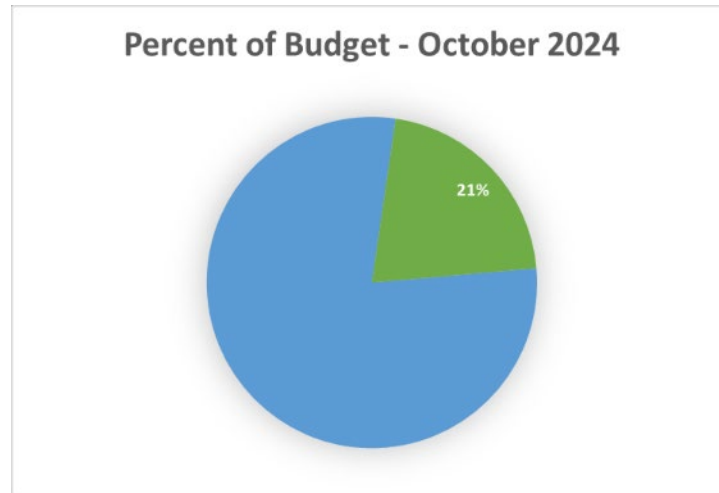
Agenda Item: 5



Financial Report

FY 24-25 Budget Status – October 31, 2024

- FY24-25 Budget \$22,949,860
- Revenue and Expenses: \$4,890,230
- Percent of Budget: 21%



Move Into Executive Session



Corporation Board Members

Allegheny County - Executive Sara Innamorato

Armstrong County - Commissioner Pat Fabian

Beaver County - Commissioner Dan Camp

Butler County - Commissioner Leslie Osche

Fayette County - Commissioner Vince Vicites

Greene County - Commissioner Betsy McClure

Indiana County - VACANT

Lawrence County - Commissioner Dan Kennedy

City of Pittsburgh - Mayor Ed Gainey

Washington County - Commissioner Nick Sherman

Westmoreland County - Commissioner Sean Kertes

Resolution No. 10-24, to Approve the PIDA Loan for Welly, LLC

*Jennifer Lasser,
Director of Workforce & Economic Development*

Agenda Item: 6



Move Out Of Executive Session



Update and Discussion of SPC By-laws

Dusty Elias Kirk, Board Solicitor

Agenda Item: 7



ReedSmith

Southwestern Pennsylvania
Corporation and Commission –

Summary of Updates to
Articles of Agreement and
Bylaws

Part I
Summary of Changes to
Amended and Restated
Articles of Agreement and
Bylaws of Southwestern
Pennsylvania Commission

General Overview of Changes



General Changes.

Clean up and edits made for clarity, including the new address, and to reflect the amendments to the original Articles.

Changes to Article 11 - Agency

Added sentence that the updated Articles would control over any conflicting Bylaws of the Southwestern PA Corporation.

Changes to Article 1 - Purpose

Added SPC's purpose, as stated on the SPC's website and SPC's Designation as a Metropolitan Planning Organization ("MPO").

Changes to Article 13 - Bylaws

Made various updates to Bylaws, including updating Section 13.13 (Voting Power), Section 13.17 (Terms), and Section 12.23 (Informal Action by the Commissioners).

Changes to Article 2 - Definitions

Added definition of MPO and Transportation Technical.

Changes to Article 16 - Adoption

Clarified that the new Amended and Restated Articles would supersede the original Articles.

Changes to Article 7 - Commissioners

Clarified that, of the 5 Commissioners appointed by a Member County, 3 would be County Commissioners and 2 would be either private citizens resident in the County or elected officials from a local government.

Article 1 – Purposes

New Section 1.2 (Purpose) is added to specify the purposes for which the Commission would be established:

- A. Establish policy for continuing, comprehensive and cooperative transportation planning processes in the region including development of the Transportation Improvement Plan.
- B. Identify priority needs of local communities to foster economic development.
- C. Provide environmental planning and programming with the governmental entities in the region for a variety of infrastructure, sustainability, resiliency, and climate-related issues to maximize existing resources.
- D. Provide support for small businesses and start ups to assist them in starting, developing and expanding their businesses.
- E. Assign special standing committees, or ad hoc working groups to specific assignments.
- F. Establish priorities for the development of regional planning for governmental entities.
- G. Approve planning projects and programs of capital expenditures and construction projects, including the annual Transportation Improvement Plan.
- H. Perform and approve other plans and programs as may be required by State and federal regulations, and executive orders and directives.

Article 1 – Commission’s Designation as a Metropolitan Planning Organization (“MPO”)

New Section 1.3 (MPO Technical Function) is added to provide as follows:

A. The Commission is designated as a Metropolitan Planning Organization, or “MPO”, with the technical function to establish, monitor and review the results of the technical process for urban transportation planning in Southwestern Pennsylvania.

B. In connection with the above-described technical function as an MPO, the Commission would:

- design 1. establish the technical details of the technical transportation process;
2. review and certify the satisfactory completion of the process; and
- ad 3. prepare the required MPO technical recommendations in either hoc working groups, special or standing committees, or at MPO meetings.

Article 7 – Commissioners

Section 7.1 is revised to provide that the governing body of each Member county may appoint five (5) Commissioners, as follows:

- A. Three (3) of whom will be County commissioners of the Member's governing body.
- B. Two (2) of whom will be either private citizens residing in the appointing Member county or elected officials from a local government located in the Member county.

Article 13 - Bylaws

Section	Change
13.13 – Voting Power	Clarifies that every Commissioner would be entitled to one (1) vote, except for those designated as Non-Voting Commissioners.
13.17 – Terms	Adds language that an Executive Committee will be elected at every second annual meeting of the Commissioners, with each member of the Executive Committee to serve for two (2) years thereafter until his or her successor is elected.
13.23 – Informal Action by the Commissioners	Adds a provision that, in the event of exigent circumstances as determined by the Board Chair, action of the Executive Committee may be taken at an informal meeting. Any such action may be ratified and acknowledged at a subsequent formal meeting of the Executive Committee.

Part II
Summary of Changes to
Amended Bylaws of
Southwestern Pennsylvania
Corporation

General Overview of Changes



General Changes

Clean up and edits were made to reflect amendments to original Bylaws, including the new address.

Changes to Article II - Members

- Updated language to reflect multiple Members of the Corporation, rather than a sole Member.
- Updated Notice provisions.
- Updated language entitling each Commissioner to a vote.
- Updated language so that each Commissioner is that is entitled to a vote under the Articles is similarly entitled to a vote as a Member
- Removed provisions that made the Commissioners entitled to a vote in the event of certain specified corporate events affecting the Sole Member.

Changes to Article III - Directors

- Clarified that the Commission members that make up the Board are elected from the Commissioners appointed by each of the member local governments which have formed the Commission.
- Clarified that all regular meetings shall be held in accordance with the notice requirements in the Bylaws.
- Specified that Article III applies to the Chairman of the Board of Directors.

Changes to Article IV - Officers

- Added a second Vice-Chairman of the Board as an elected officer
 - Updated officer and assistant officer terms to 2 years.
-

Article II – Members – Principal Changes

- Updated language to reflect a change from “sole Member” to “Members of the Corporation”, as the Corporation consists of the same governmental entities that comprise the Commission.
- Updated to allow the President or the Board to call a special meeting of the Members. (Art II, sec. 4)
- Updated notice provision to allow notice of meetings by mail or email. (Art. II, sec. 5)
- Changed quorum provision to be comprise of officers rather than directors. (Art. II, sec. 7)
- Updated language to indicate that any action taken at a formal meeting may be taken without such meeting by means of a written consent signed by all officers of the Board and notifying the Members of the same. (Art II, sec. 10)
- Updated language so that each of the Commissioners entitled to a vote as provided in the Articles of Agreement is similarly entitled to a vote as a Member. (Art. II, sec. 11)
- Removed provision which makes certain significant corporate events affecting the “sole Member” create additional rights among the Commissioners. (former Art. II, sec. 13)

Article III – Directors – Principal Changes

- Clarify that the Board of Directors will consist of the 11 members of the Commission (each elected from among the Commissioners appointed by each of the Commission members, plus the President of the Corporation, who shall be an ex-officio member of the Board. (Art III, sec. 1)
- Clarify that, in addition to its annual organizational meeting, the Board may hold regular meetings at other times and places as may be determined by e-mail or written notices to the Board. (Art III, sec. 6, 8)
- Clarify that additional Board reports (besides the annual report) may be sent to the Board members at the discretion of the Chairman. (Art. II, sec. 12)

Article IV – Officers – Principal Changes

- Added a second Vice-Chairman of the Board as an elected official. (Art IV, sec. 1)
- Clarify that each officer and assistant officer will hold office for a 2 year term, beginning at their appointment and ending when their successor is elected (Art IV, sec. 3)

Resolution No. 11-24 to Approve the updated SPC By-laws

Dusty Elias Kirk, Board Solicitor

Agenda Item: 8



Resolution No. 12-24 to Approve Commissioner Betsy McClure as the 2nd Vice Chair of the Corporation

Agenda Item: 9



Other Business

Agenda Item: 10



**Next Meeting Date:
February 24th, 2025**

Agenda Item: 11



Adjourn

Agenda Item: 12

