

MINUTES

MUNICIPAL FINANCIAL RECOVERY ADVISORY COMMITTEE FOR THE CITY OF CHESTER May 25, 2021 1:00 p.m.

**Chester City Hall
Council Chambers
1 Fourth Street, 2nd Floor
Chester, PA 19013
And VIA ZOOM**

Present: Michael T. Doweary, Receiver
Kelly Diaz, County of Delaware, Office of the Controller, Sr. Accountant
Mayor Thaddeus Kirkland
Kim Bracey, DCED, Executive Director for the Governor's Center for Local Government Services
Vijay Kapoor, Chief of Staff to the Receiver
Cody Deal, Executive Assistant

Absent: William Jacobs, City Councilman

The Municipal Financial Recovery Advisory Committee meeting began at 1:00 p.m. The meeting was streamed on the Chester City's Facebook page at <https://www.facebook.com/cityofchester/>.

Minutes of May 11 MFRAC Meetings

The Receiver asked if there were any changes or addendums to the May 11, 2021 Municipal Financial Recovery Advisory Committee meeting minutes.

Hearing none, the Receiver asked for a motion to accept the minutes of May 11th.

It was moved by Ms. Diaz and seconded by Director Bracey that:

"The May 11, 2021 minutes of the Municipal Financial Recovery Advisory Committee be accepted as written."

MOTION CARRIED UNANIMOUSLY

Reports

The Receiver called upon Mr. Kapoor to provide an update on the recovery plan as well as give his presentation on the retiree benefit situation in the City of Chester. He began by detailing a few items for the committee, starting with the finance group. Mr. Kapoor discussed the refinancing of the City's 2017 bonds, which should hopefully lead to about a \$400,000 savings in this year's budget. The second item discussed by Mr. Kapoor was the City's Minimum Municipal Obligation for its pension fund which is being worked on currently by both the Receiver's team and the City's Actuary. Regarding workforce, the Receiver's team continues work on consolidating the labor contracts with both the police and fire unions and stated the updated

organizational chart that has been developed by the City along with the Receiver's team. The employee job descriptions and handbook are also near completion.

Mr. Kapoor mentioned a few other items regarding the pension and retiree benefits. Currently the Receiver's team and the City are working closely together to determine if there are any offsets owed to the police pension fund by collecting tax info from the disability pensioners. The pension fund should be offset by individuals who receive any additional income post retirement. Most pensioners have replied, with the deadline being May 31st.

Mr. Kapoor also explained the healthcare eligibility audit that the City and the Receiver's team are currently conducting as well. This audit will be due July 1st. Mr. Kapoor also stated the ongoing fire study should be completed next month as well, along with further discussions of the grass cutting and public parks situations developing as well. He suggested the idea of using the public works as the discussion for the next MFRAC meeting.

The Receiver opened the floor to the committee for any questions, which there were none.

Receiver Update

The Receiver made note of the recent Act 47 Meeting held the day before this committee meeting, which is for additional funding for the COO position as well as a RECAST study to assist businesses and vendors in the area to continue to grow within the central business district. The third item being presented for Act 47 funding is the Municipal Comprehensive Plan, which will be an extensive process to include partnership with the County in bringing on a vendor who is able to deliver the plan.

The Receiver followed up by providing his contact information to the public, as well as stating he is available for onsite meetings in the City for 2-3 days per week. He stated he is also open to any contact via phone or email at mdowearly@pa.gov. He also mentioned the receivership website, www.chestereceivership.com.

The Receiver's last item was discussion of the recently held Receiver's Open Office hours held last week. He thanked for all those who participated and welcomed any further questions from the public as well. He also mentioned that his vendor the Quarks Group is working with the Rondae Hollis Jefferson foundation on the next Receivership Summit focused on development of the City of Chester.

He opened the floor for any questions, which there were none.

Pension Plan Presentation

The Receiver passed the floor to Mr. Kapoor for his Retiree Benefit Presentation, which can be found on the receivership website.

Mr. Kapoor's presentation centered around the current pension issue that is severely impacting the finances of the City, as well as the steps being taken to turn the situation around. The current pension plans are critically underfunded, especially the police fund, however steps are being taken to get a closer look at the true status of the fund and what can be done to fix it.

After completing the presentation, Mr. Kapoor opened the floor for any committee comments. Director Bracey acknowledged the amount of work that needed to be done here and commended Mayor Kirkland on what he has done since taking over in the City, as well as the whole team for the work being done and what is still going to be attempted.

The Receiver thanked Director Bracey for her input and asked Mayor Kirkland if he had any comments to add. Mayor Kirkland thanked Mr. Kapoor for the extensive presentation, and stated he felt it was good for this info to be out in the public forum so everyone can be aware of the situation. He then asked if there was a specific point in time that Mr. Kapoor was able to say this issue started. Mr. Kapoor responded by saying it has been a long developing issue, commending what the Mayor and City had done with their recent changes to the retiree benefits in 2017. Mr. Kapoor also made it clear that the City is not necessarily using the money in the wrong areas, the income is just not there. Mayor Kirkland again thanked Mr. Kapoor for his report and sharing this info.

The Receiver then asked Ms. Diaz if she had anything to add. Ms. Diaz asked if the Receiver's team was looking at the specific investments within the pension plan that could possibly be modified for better performance. Mr. Kapoor explained that their team continues to assess this situation, and that currently the fund is essentially all cash due to the need for liquidity.

Mayor Kirkland asked for clarity that the incoming Federal dollars soon to be coming in could not be used for the pension issue, to which Mr. Kapoor confirmed.

Director Bracey had one follow up question about the number of pensioners being 422. Mr. Kapoor explained that it is the number of dependents that they are verifying are currently receiving retirement benefits.

The Receiver then commented to Ms. Diaz previous point that it is correct that the investments have not been performing up to what is expected, and his team is anxious to receive the next update on the status of the fund. He ended by asking Mr. Kapoor to forward the presentation the committee.

Public Comments

The Receiver noted 7 public comments received with some more variety than have been previously received. The first 5 comments pertained the ongoing sale of the CWA still being litigated, after which the Receivers Team will examine next steps to be taken.

The last two comments pertained to both the City and the County. It was asked if the city or county had taken actions to address the environmental concerns of the community. Ms. Diaz responded on behalf of the city that she was not aware if any resolutions had been made but she would verify it for the public commentor. Mayor Kirkland stated that the City Council is in the process of establishing an environmental committee along with the Health Department which will begin work in the near future to address some of these issues, at which point the City will reach out to the residents for their input as well.

The Receiver then discussed the last public comment which included 3 questions. First, he answered a question regarding the incoming Federal ARP funding to which the City should be receiving \$31.8 Million. He explained that his team is looking into the requirements and legal uses for the funds. This planning effort is just beginning. The second part of this comment

pertained to the process of residents acquiring City-owned properties, is there a bid process, and where are the available properties listed. He asked Mayor Kirkland to respond, to which he stated the best person for answering these questions is Lisa Gaffney and the City's Redevelopment Authority. He also mentioned that if there are sheriff sales, he directed the public commentor to the Delaware County Courthouse where the sales are conducted, and the properties are listed. The Receiver asked Mayor Kirkland if he could gather a response to this comment from Ms. Gaffney, to which he agreed. The last question included in this comment was if there are timeclocks in city hall for employees, to which Mayor Kirkland responded that employees sign in to work and there is not a clocking in process aside from that.

Member Comments

The receiver first asked Mayor Kirkland if he had any final comments for the committee, to which responded by again thanking Mr. Kapoor for his work and presentation.

The Receiver thanked Mayor Kirkland and passed the floor to Director Bracey. She mentioned the Act 47 hearing and said it was good to see both the City and the Receiver's team working collaboratively for this request and stated her hope for the request to be reviewed quickly. She said the state is happy to be able to host the hearing and be a part of the request.

The Receiver thanked Director Bracey and the DCED, before passing the floor to Ms. Diaz for any final comments. She thanked Mr. Kapoor again for his findings and presentation as well which is very beneficial for the public.

The Receiver again stated that his team is always open to anyone from the public who would like to reach out for any further questions or clarifications.

There being no further business to discuss, the Receiver adjourned the meeting at 2:11 p.m.

The next Municipal Financial Recovery Advisory Committee meeting is scheduled for Tuesday, June 8th at 1:00 p.m. at Chester City Hall, City Council Chambers, 1 Fourth Street, 2nd Floor, Chester, PA 19013, and streamed VIA ZOOM through the City's Facebook page.

Approved this 8th Day of June 2021.

Michael T. Doweary
Receiver for the City of Chester

Secretary – Cody Deal