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## Citizen Action Alert: WRRP Votes Coming Up in May

1 message

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**Katherine Watt** <kw.investigations.llc@gmail.com>

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[Posted at Steady State College today, source documents in attached folder; info below will be incorporated into Part 10 of Bailiwick News series.]

COG officials are preparing for two decision points in the public debates on what to do about the approaching June 1, 2017 final drawdown date for the Fulton Bank loan money originally borrowed on June 1, 2011 and renegotiated several times in the intervening six years.

On Thursday, May 11 at 8:30 a.m. at the COG building (2643 Gateway Drive), there will be a joint meeting of the COG Finance Committee, the COG Parks Capital Committee, and the Centre Region Parks & Recreation Authority board.

The members of the three committees will be reviewing recommendations from finance consultant Chris Gibbons, of Concord Public Finances, who was retained April 13 by the COG Finance Committee (for \$5,000) to begin private negotiations with Fulton Bank representatives, most likely including Jean Galliano, the bank officer who signed the original loan documents in 2011, about extending the loan drawdown date again.

The members of those three committees are likely to attempt to select a financing option to present to the Parks Authority for discussion on May 18 (12:15 p.m. at Holmes Foster Park Lower Pavilion, 901 Westerly Parkway) and to the General Forum and Parks Authority for a vote on May 22, during a joint meeting beginning at 7 p.m. at the COG building (2643 Gateway Drive).

Ahead of those meetings, concerned citizens can email elected and appointed representatives at the addresses listed below. Public comment will be taken at all three meetings, and concerned citizens should attend and speak at as many as possible.

It would also be very helpful if at least four volunteers could attend the May 22 General Forum meeting to witness the "unit" votes – a procedure described in more detail below – and record the votes of each representative. The goal of the monitoring is to be able to hold elected representatives accountable for their individual votes during local elections.

### BACKGROUND

These debates began in July 2016 as the COG General Forum reviewed a Stahl Sheaffer feasibility study for the project. However, July 25, 2016 was the last time the General Forum members were permitted to discuss the many complex issues involved in the decision as a regional coordinating body, because the topic has been restricted to "information-only" items on the September, October, November, January, February, March and April General Forum

agendas. (The August and December General Forum meetings were cancelled.)

For detailed background, please read the first nine parts of the 10-part [series on water and farmland protection](#); Part 10 is still in progress.

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### What kind of park are we talking about?

At the April 24 COG General Forum meeting, Centre Region Parks & Recreation Director Pam Salokangas gave a presentation on Whitehall Road Regional Park.

Among other things, she described the revised design plan selected earlier in April by the ad hoc WRRP working group. Under the amended "Option 1A" design, the Parks Authority, acting as a land developer using public funds, would build on 38 acres of the original 75-acre Phase 1 site.

Contractors would grade the area and install three playing fields, one practice field, 250-275 parking spaces and a playground, plus a walking trail. Off-site work would include gravel access road construction, installation of water and electrical lines, and upgrades to three nearby traffic intersections. There is no funding for installation of a sewage pump station to serve flush toilets, so portable toilets would be brought onto the site for public use after the park opened.

If the fields are grass, the total budget for the scaled back "1A" project is about \$800,000 over the available \$4.8 million in loan-based public funding from COG taxpayers. If two of the fields are artificial turf with electric lights, that adds about another \$2.7 million, making the total projected overrun about \$3.5 million and the total project cost about \$8.3 million.

Salokangas also presented a pay-to-play kicker. To make up the funding shortfall without asking COG taxpayers for more (because some electeds have made clear that they're tapped out), Salokangas has been making the rounds to private entities – mostly soccer, lacrosse and other rectangular sports clubs, and the Central PA Convention and Visitor's Bureau – asking for "donations."

But her contacts with those private "donors" – including what she's offering them in terms of access and what they're offering her in terms of cash – are "proprietary" information that she's not at liberty to share with local elected officials or the general public.

In response to a question from Ferguson Township Supervisor Peter Buckland, Salokangas admitted that the tentative verbal agreements give the private "donors" about 30-40% use of the playing fields, leaving 60-70% for Centre Region Parks & Recreation programs and general public use. Further, general public groups interested in using the fields would likely have to pay a rental fee.

### How Much Money are We Talking About?

After an Oct. 13 meeting, I asked COG Finance Director Joe Viglione for data about the budget impacts if the General Forum votes to halt spending of the Fulton Bank loan without moving forward with the Whitehall Road project, and without seeking an extension, instead returning the unspent balance to Fulton Bank and paying off only the principal and interest for the funds spent up to this point on Oak Hall Regional Park Phase 1 and Hess Field. The principal and interest on those completed projects will be paid off by roughly December 2019.

If the Whitehall Road project moves forward, for the 12 budget years between January 2020 and December 2031, the five participating municipalities will pay about \$6.2 million in principal (\$4.8 million) plus interest (\$1.4 million). That

equals about \$520,000 per year for the region. The \$6.2 million total would be paid by the municipalities roughly as follows: \$1.75 million by Ferguson Township, \$1.46 million by State College, \$1.32 million by Patton Township; \$1.13 million by College Township, and \$590,000 by Harris Township.

#### What will the General Forum and Parks Authority be voting on in May?

The question before the Parks Authority will likely be some version of:

“Should the Parks Authority ask elected representatives via General Forum and unit votes, to put taxpayers on the hook for \$4.8 million in principal repayments, plus at least \$1.4 million in interest payments (if the interest rate remains at the previous level), for a total of \$6.2 million to fund Parks Authority construction and 60-70% use of three soccer fields, one practice field, some portable toilets and 250-275 parking spaces at the end of a dirt road in the middle of a cornfield on top of the drinking water recharge area for the Harter and Thomas wellfields in the Slab Cabin Run watershed?”

The question before General Forum will likely be some version of:

“Should the legislators of the participating municipalities put their taxpayers on the hook for \$4.8 million in principal repayments, plus at least \$1.4 million in interest payments (if the interest rate remains at the previous level), for a total of \$6.2 million to fund Parks Authority construction and 60-70% use of three soccer fields, one practice field, some portable toilets and 250-275 parking spaces at the end of a dirt road in the middle of a cornfield on top of the drinking water recharge area for the Harter and Thomas wellfields in the Slab Cabin Run watershed?”

#### COG Committees – Advisory or Decision-makers?

COG committees – in this case the Finance Committee and Parks Capital Committee – are advisory only; they cannot commit public resources on their own.

Under the COG structure and bylaws, these committees are intended to be the forum in which municipalities discuss proposals in detail and resolve differences of opinion to reach mutually acceptable compromises.

However – and this is key – the COG bylaws do not require the municipal representatives to each committee to formally or informally assess the positions of their municipal board colleagues before casting votes on advisory recommendations.

In practice, some representatives *do* bring issues back to their municipal boards for full discussion and votes; College Township Council has a specific, detailed form used by representatives to transfer important developments from COG committees to municipal legislators to promote informed discussion and advisory votes.

Some do not. In this case, Steve Miller is the Ferguson Township representative to the Finance Committee and the chair of the Ferguson Township Board of Supervisors. Since August 2016, the Ferguson Township supervisors have not been allowed to fully discuss the WRRP project issues on the public record, because Miller has kept the issue off the supervisors’ agendas. Thus, there is no public record of whether or not a majority of the Ferguson legislators support moving forward with the park as currently proposed.

#### Taxing Authority – Does General Forum have it?

General Forum does not have taxing authority directly.

The taxing authority of the municipalities is exercised during “unit votes.” The General Forum meeting recesses, and the representatives convene in their own municipal “unit” meetings in various corners of the meeting room, consider motions, and vote on them. Then they reconvene the General Forum meeting.

When COG bylaws provisions call for a “unanimous” vote, it generally means that the municipalities must recess into unit votes, and within each unit, the motion must get a majority or better: three out of five for the townships, four out of seven for the State College Borough Council.

Since the regional parks joint articles of agreement requires unanimous consent of the participating municipalities for financing decisions, if at least three legislators from one municipality, or four in the case of State College, vote against further funding, the funding resolution will not be approved.

In any case, the final vote tallies will likely be reported by unit vote – such as 5 to 0, 4 to 1, or 3 to 2 – not by individual legislator.

#### Taxing Authority – Can participating municipalities delegate it? Does the Parks Authority have it?

Taxing authority cannot legally be delegated away by a legislature.

The Parks Authority does not have *any* taxing authority.

However, since the General Forum and the participating municipalities authorized the merger of the Centre Regional Recreation Authority and the Centre Region Parks & Recreation Board in 2013, renaming the merged entity the Centre Region Parks & Recreation Authority, General Forum motions to renegotiate the terms of the Fulton Bank loan have been worded as General Forum “recommends” that Parks Authority renegotiate.

Prior to that 2013 change, General Forum motions were worded to have the General forum “authorize” the Parks Authority to negotiate with the bank.

In other words, the tail has been wagging the dog.

The actual taxing authorities (participating municipal legislatures) have been “recommending” that an advisory board without taxing authority (the Parks Authority) encumber public taxpayer monies.

#### Is the Parks Authority creditworthy?

In the course of my research, I’ve reviewed the original June 1, 2011 loan documents and the Sept. 11, 2014 minutes of the COG Finance Committee meeting, at which a Maher Duessel auditor appeared and answered some legislator questions about irregularities in accounting within the Parks Authority books for FY2013.

I also recently received and reviewed the FY2015 Maher Duessel audit documents (dated July 20, 2016) for the Parks Authority. I requested them after asking COG staff repeatedly for the legal significance of no General Forum action at all, without getting any response. My question was: if General Forum doesn’t entertain any motions on the Fulton Bank loan before June 1, is the default case that Fulton Bank simply takes back the money on June 1? My guess is the answer is “yes.”

The FY2015 audit package included a document which included the following statements:

“Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

To meet the financial reporting requirements of the Commonwealth of Pennsylvania, the Schedules are prepared by the Authority on the basis of the instructions provided by DCED, which is a basis of accounting other than accounting principles generally accepted in the United States of America. These requirements permit the Schedules to be prepared without financial statement disclosures, without cash flows, and without Management's Discussion and Analysis. The effects on the Schedules of the variances between the regulatory basis of accounting described above and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

#### Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the Schedules referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Authority as of December 31, 2015 and the results of its operations for the year then ended."

From investopedia:

"An adverse opinion is a professional opinion made by an auditor indicating that a company's financial statements are misrepresented, misstated, and do not accurately reflect its financial performance and health. Adverse opinions are usually given after an auditor's report, which can be internal or independent of the company.

...Adverse opinions are not a good thing for companies because it implies wrongdoing. An adverse opinion is a red flag for investors and can have major negative effects on stock prices. Auditors will usually give a red flag if the financial statements are significantly different from generally accepted accounting principals (GAAP)."

Based on that information and information I've collected in the course of my reporting on these issues over the last two years, I believe that there are significant accounting irregularities that should, at minimum, give the public and elected officials – not to mention Fulton Bank loan officers and investors – pause when considering extending the Fulton Bank loan.

I have reached out to Maher Duessel auditors to ask for an independent governmental auditor review of the loan documents, in conjunction with the 2015 audit materials, to provide the general public and the elected officials who comprise the COG General Forum with information relevant to their decision about whether to re-commit taxpayer funds at this time for the proposed Whitehall Road Regional Park project. Copy of the email, laying out the irregularities in more detail: [5.2.17 Watt Email to COG Auditors](#)

#### **CRITICAL ANALYSIS**

Back on July 20, 2016, Patton Township supervisor George Downsborough stated: "The existing plan is broken" and advocated that the General Forum direct the Parks Authority to square the books, retire the loan and conduct a regional assessment of needs and resources to inform development of a new plan.

I concurred with Downsborough's analysis and recommendations then, and I still do.

It's a piece of low-hanging budgetary fruit for cash-strapped municipalities struggling to balance rising expenses for existing programs and infrastructure, against flat tax revenues.

Further, I find the argument that 2001, 2006 and 2011 General Forum votes bind the hands of 2017 General Forum members, despite the many changes to financial conditions and ecological risk-awareness and risk-tolerance that have happened in the last 16 years, to be unpersuasive and dangerous to principles of good governance and

ecological protection.

In my view, it would be sound government decision-making if General Forum members decide not to spend public money on the wrong plan, for the wrong park, in the wrong place, at the wrong time.

## CONTACT INFORMATION FOR YOUR REPRESENTATIVES

COG Finance Committee – Part of Joint Meeting May 11; likely to vote on a “recommendation” to General Forum

- Bud Graham, Chair and Harris Township Supervisor Rep. – [cgraham@harristownship.org](mailto:cgraham@harristownship.org)
- Rich Francke, College Township Council Rep – [rfrancke@collegetownship.org](mailto:rfrancke@collegetownship.org)
- Steve Miller – Ferguson Township Supervisor Rep – [smiller@twp.ferguson.pa.us](mailto:smiller@twp.ferguson.pa.us)
- George Downs brough – Patton Township Supervisor Rep – [gdownsjr@comcast.net](mailto:gdownsjr@comcast.net)
- Evan Myers – State College Borough Council Rep. – [emyers@statecollegepa.us](mailto:emyers@statecollegepa.us)
- Todd Kirsten – Halfmoon Township Supervisor Rep (Must abstain from votes on Parks Capital issues, because Halfmoon Township is not a participating municipality in the regional parks program.)

COG Parks Capital Committee – Part of Joint Meeting May 11; likely to vote on a “recommendation” to General Forum

- Carla Stilson, Chair and College Township Council Rep – [cstilson@collegetownship.org](mailto:cstilson@collegetownship.org)
- Tom Daubert, State College Borough Council Rep. – [tdaubert@statecollegepa.us](mailto:tdaubert@statecollegepa.us)
- Dan Trevino, Patton Township Supervisor Rep. – [abonda@yahoo.com](mailto:abonda@yahoo.com)
- Bruce Lord – Harris Township Supervisor Rep. – [blord@harristownship.org](mailto:blord@harristownship.org)
- Rita Graef – Ferguson Township Supervisor Rep. – [rgraef@twp.ferguson.pa.us](mailto:rgraef@twp.ferguson.pa.us)

Centre Region Parks & Recreation Authority Board – Part of Joint Meeting May 11, Solo Meeting May 18 and Joint Meeting with General Forum May 22.

- Chris Hurley, Chair and Patton Township rep – [cmh1@psu.edu](mailto:cmh1@psu.edu)
- Sue Mascolo, Vice Chair and Ferguson Township rep – [smascolo@comcast.net](mailto:smascolo@comcast.net)
- Diane Ishler, Harris Township rep - [ish4612573@comcast.net](mailto:ish4612573@comcast.net)
- Kathy Matason, College Township rep – [kdm1@psu.edu](mailto:kdm1@psu.edu)
- Jim Dunn, State College rep – [jwd6@psu.edu](mailto:jwd6@psu.edu)
- Shannon Messick, SCASD rep – [sem29@scasd.org](mailto:sem29@scasd.org)

State College Borough Council – Part of General Forum Meeting May 22

- Cathy Dauler – [cdauler@statecollegepa.us](mailto:cdauler@statecollegepa.us)
- David Brown – [dbrown@statecollegepa.us](mailto:dbrown@statecollegepa.us)
- Evan Myers – [emyers@statecollegepa.us](mailto:emyers@statecollegepa.us)
- Janet Engeman – [jengeman@statecollegepa.us](mailto:jengeman@statecollegepa.us)
- Jesse Barlow – [jbarlow@statecollegepa.us](mailto:jbarlow@statecollegepa.us)
- Theresa Lafer – [tlafer@statecollegepa.us](mailto:tlafer@statecollegepa.us)
- Tom Daubert – [tdaubert@statecollegepa.us](mailto:tdaubert@statecollegepa.us)

Ferguson Township Board of Supervisors – Part of General Forum Meeting May 22

- Janet Whitaker – [jwhitaker@twp.ferguson.pa.us](mailto:jwhitaker@twp.ferguson.pa.us)
- Laura Dininni – [ldininni@twp.ferguson.pa.us](mailto:ldininni@twp.ferguson.pa.us)
- Peter Buckland – [pbuckland@twp.ferguson.pa.us](mailto:pbuckland@twp.ferguson.pa.us)
- Rita Graef – [rgraef@twp.ferguson.pa.us](mailto:rgraef@twp.ferguson.pa.us)
- Steve Miller – [smiller@twp.ferguson.pa.us](mailto:smiller@twp.ferguson.pa.us)

Patton Township Board of Supervisors – Part of General Forum Meeting May 22

- Elliot Abrams – [elliotabrams@gmail.com](mailto:elliotabrams@gmail.com)
- George Downsbrough – [gdownsjr@comcast.net](mailto:gdownsjr@comcast.net)
- Jeff Luck – [Jfl4@psu.edu](mailto:Jfl4@psu.edu)
- Walt Wise – [W\\_wise@comcast.net](mailto:W_wise@comcast.net)
- Dan Trevino – [abonda@yahoo.com](mailto:abonda@yahoo.com)

College Township Council – Part of General Forum Meeting May 22

- Anthony Fragola – [afragola@collegetownship.org](mailto:afragola@collegetownship.org)
- Carla Stilson – [cstilson@collegetownship.org](mailto:cstilson@collegetownship.org)
- Eric Bernier – [eberner@collegetownship.org](mailto:eberner@collegetownship.org)
- Rich Francke – [rfrancke@collegetownship.org](mailto:rfrancke@collegetownship.org)
- Steven Lyncha – [slyncha@collegetownship.org](mailto:slyncha@collegetownship.org)

Harris Township Board of Supervisors – Part of General Forum Meeting May 22

- Bruce Lord – [blord@harristownship.org](mailto:blord@harristownship.org)
- Bud Graham – [cgraham@harristownship.org](mailto:cgraham@harristownship.org)
- Denny Hameister – [dhameister@harristownship.org](mailto:dhameister@harristownship.org)
- Frank Harden – [fharden@harristownship.org](mailto:fharden@harristownship.org)
- Nigel Wilson – [nwilson@harristownship.org](mailto:nwilson@harristownship.org)

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**5.2.17 Email to Legislators - Attachments.zip**  
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