

AN ORDINANCE

Authorizing City Officials to file Articles of Incorporation to establish a Non-Profit Corporation that shall be called The Philadelphia Poverty Action Fund for the purpose of reducing poverty in Philadelphia.

WHEREAS, The City of Philadelphia's Five Year Financial and Strategic Plan for Fiscal Years 2021-2025 approaches long-term recovery from the COVID-19 crisis with a focus on keeping Philadelphians safe, healthy, and educated; with a racial equity lens; and with an emphasis on partnerships that leverage external resources to fund and deliver services; and

WHEREAS, City Council's Special Committee on Poverty Reduction and Prevention brought together leaders in business, philanthropy, academics, non-profits, and the Mayor's office, to set forth a Philadelphia Poverty Action Plan to address the nation's highest poverty rate among large cities through a moonshot moment in partnership between our public and private sectors; and

WHEREAS, The Philadelphia Poverty Action Fund, as governed by experienced representatives of the public and private sectors, will leverage the resources, strengths, and expertise of those respective sectors, to provide efficient and direct programs and services that demonstrably reduce poverty, and to publicly report on those programs and services through an independent knowledge center that is responsible for outcomes and data measurement; now, therefore

THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:

SECTION 1. The Mayor and the President of City Council are hereby authorized to file, as incorporators, articles of incorporation for The Philadelphia Poverty Fund with the Secretary of the Commonwealth of Pennsylvania. The Articles of Incorporation shall be substantially in the form set forth in Exhibit "A," attached hereto.

SECTION 2. The Chief Clerk of City Council shall keep Exhibit "A" to this ordinance on file and make it available to the Public for inspection and copying during regular office hours.

SECTION 3. This ordinance shall take effect immediately.

EXHIBIT A

**ARTICLES OF INCORPORATION
OF
THE PHILADELPHIA POVERTY ACTION FUND**

1. The name of the Corporation is:

The Philadelphia Poverty Action Fund

2. The location and post office address of the registered office of the Corporation in this Commonwealth is:

1800 JFK Boulevard, Suite 1200
Philadelphia, Pennsylvania 19103

3. A. The Corporation is incorporated under the Pennsylvania Nonprofit Corporation Law of 1988 (as amended) exclusively for: charitable and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, or the corresponding provisions of any future United States Internal Revenue Law (the “Code”), including, to leverage philanthropic funding and engaging citizens and businesses in a collaborative initiative to combat poverty and ensure an equitable economy for all Philadelphia residents. The Corporation is empowered to exercise all rights and powers conferred by the Commonwealth of Pennsylvania upon nonprofit corporations, except as set forth herein.

No part of the net earnings of the Corporation shall inure to the benefit of, or be distributable to, its directors, officers, or other private persons, except that the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of its exempt purposes. Except as otherwise provided by Section 501(h) of the Code, no substantial part of the activities of the Corporation shall consist of carrying on propaganda, or otherwise attempting, to influence legislation. The Corporation shall not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of (or in opposition to) any candidate for public office. Notwithstanding any other provision of these articles, the Corporation shall not carry on any activities not permitted to be carried on (a) by a corporation exempt from Federal income tax under Section 501(m) of the Code as an organization described in Section 501(c)(3) of the Code, or (b) by a corporation contributions to which are deductible under Section 170(a) of the Code as being to an organization referred to in Section 170(c)(2) of the Code.

B. The Corporation shall use and apply the assets of the Corporation, including all income therefrom, exclusively within the United States or any of its possessions and exclusively for the purposes for which the Corporation is organized.

C. The Corporation does not contemplate pecuniary gain or profit, incidental or otherwise, and no part of the net earnings of the Corporation shall inure to the benefit of, or be distributable to, its members, trustees, directors, officers, or other private persons, except that the Corporation shall be authorized and empowered to pay reasonable compensation for services

rendered and to make payments and distributions in furtherance of the purposes set forth in this Article 3.

4. Notwithstanding any other provision in these Articles, at all times when the corporation is a private foundation within the meaning of Section 509 of the Code, it shall be subject to the following additional restrictions:

A. The Corporation shall distribute its income for each tax year at such time and in such manner as not to become subject to the tax on undistributed income imposed by Section 4942 of the Code.

B. The Corporation shall not engage in any act of self-dealing as defined in Section 4941(d) of the Code.

C. The Corporation shall not retain any excess business holdings as defined in Section 4943(c) of the Code.

D. The Corporation shall not make any investments in such manner as to subject it to tax under Section 4944 of the Code.

E. The Corporation shall not make any taxable expenditures as defined in Section 4945(d) of the Code.

5. The Corporation shall have no members.

A. (i) The business and affairs of the Corporation shall be managed by a Board of fifteen (15) Directors. There shall be two classes of Directors:

(1) City Directors; and

(2) Private Funding Directors.

(ii) There shall be four (4) City Directors, two (2) of whom shall be appointed by the Mayor of the City of Philadelphia (the "Mayoral Directors") and two (2) of whom shall be appointed by the President of the Philadelphia City Council (or a member of the Council designated by such President) (the "Council Directors").

(iii) There shall be eleven (11) Private Funding Directors who shall be appointed as follows: (A) four (4) of the Private Funding Directors shall be appointed by United Way of Greater Philadelphia and Southern New Jersey ("United Way") (the "United Way Appointed Directors"), (B) four (4) of the Private Funding Directors shall be appointed by United Way with the approval by resolution of the Philadelphia City Council (the "Jointly Appointed Private Funding Directors"), and (C) three (3) Private Funding Directors shall be appointed by the majority vote of the Board (the "Board Appointed Private Funding Directors").

(iv) Any Director may be removed at any time with or without cause by the person or entity that appointed such Director, provided that a Jointly Appointed Private

Funding Director may only be removed by United Way with approval by resolution of the Philadelphia City Council.

(v) Vacancies in the Board of Directors, occurring by reason of death, resignation, disqualification, removal or otherwise, shall be filled as follows:

(1) If a Council Director, by the President of the Council (or a member of the Council designated by such President);

(2) If a Mayoral Director, by the appointment of the Mayor of the City of Philadelphia;

(3) If a United Way Appointed Director, by the appointment of United Way;

(4) If a Jointly Appointed Private Funding Director, by the appointment of the United Way with the approval by resolution of the Philadelphia City Council; and

(5) If a Board Appointed Private Funding Director, by the majority vote of the Board.

6. A majority of the entire Board shall constitute a quorum for the transaction of business. The act of the majority present at a meeting at which a quorum is present shall be the act of the Board.

7. The Corporation is organized on a nonstock basis and shall not be authorized to issue capital stock.

8. The name and address, including street and number, if any, of each of the incorporators is as follows: Bill Golderer, 1800 JFK Boulevard, Suite 1200, Philadelphia, Pennsylvania 19103.

9. The term for which the Corporation is to exist is perpetual.

10. A. A Director of this Corporation shall not be personally liable for monetary damages as such for any action taken, or any failure to take any action, unless:

(1) the Director has breached or failed to perform the duties of his or her office under 15 Pa. C.S.A. Section 5712, as amended from time to time; and

(2) the breach or failure to perform constitutes self-dealing, willful misconduct or recklessness.

B. This article shall not limit a Director's liability for monetary damages to the extent prohibited by the provisions of the Pennsylvania Nonprofit Corporation Law of 1988.

11. Upon the dissolution of the Corporation, the Board shall, after paying or making provisions for the payment of all of the liabilities of the Corporation, dispose of all of the assets of the Corporation exclusively for the exempt purposes of the Corporation in such manner, or to such organization or organizations organized and operated exclusively for religious, charitable, or educational purposes which at the time qualify as an exempt organization or organizations under Section 501(c)(3) of the Code as the Board of Directors shall determine, or to the City of Philadelphia, Pennsylvania, for a public purpose. Any assets not so distributed by the Board shall be distributed by the Court of Common Pleas of the county in which the Corporation's principal office is then located, exclusively for the Corporation's exempt purposes.

12. Amendment to these articles may be made only following the adoption of a resolution by the Board of Directors by the affirmative vote of a majority of the total number of Directors in each class of Directors.