

*Intergovernmental Cooperation Authority for Harrisburg
Minutes of the Governing Board Meeting
January 27, 2020
Via Teleconference on the Zoom Meeting Platform
hbgica.org*

Members Present	Ms. Audry Carter, Mr. Douglas Hill, Ms. Kathy Speaker MacNett, and Mr. H. Ralph Vartan	
Ex-Officio Members Present	Mr. Mark Ryan, Office of the Secretary of the Budget	
Staff Present	Mr. Jeffrey Stonehill, Authority Manager	
Call to Order	Mr. Stonehill reminded the participants that the meeting was being recorded and a copy of the meeting will be available on the Authority's YouTube.com page after the meeting is concluded. He asked that those not speaking mute their microphones. Ms. Carter called the meeting to order at 4:01 p.m. All current Board members were present.	
Approval of December 16, 2020 Minutes	Ms. Carter presented the minutes, which had been reviewed by hers and Ms. MacNett; on a motion to approve by Mr. Vartan, seconded by Mr. Hill.	Minutes; approved 4-0
Approval of December 17, 2020 Minutes	The December 17, 2020 meeting was a special meeting held with the City of Harrisburg Audit Committee. Ms. Carter presented the minutes, which had been reviewed by her and Ms. MacNett; on a motion to approve by Ms. MacNett, seconded by Mr. Vartan.	Minutes; approved 4-0
Review of Bills Paid	Mr. Stonehill reviewed the bills paid report since the last regular meeting of the Authority stating that this is the report as of January 27, 2021, and the Authority has a fund balance of \$87,007.36. Mr. Stonehill stated that the ICA would be issuing a request to the Pennsylvania Department of Community and Economic Development for remittance of the remaining balance of funding for the current fiscal year.	
Annual Business Report, Section 207 Report	Mr. Stonehill reported that the required Section 207 Report was filed with designated members of the General Assembly by December 31, 2020 as required by Act 124 of 2018. A statement of business operations will appear in the upcoming Pennsylvania Bulletin.	
Report of the Chairperson	Ms. Carter said that the Board is still down one board member while we wait for Senator Costa's appointment. She added that she has been in	

touch and we believe that an appointment may be imminent. Ms. Carter stated that Neil Grover is not here today, and the Mayor notified the Board that no one from the City would be in attendance at today's meeting. She added, "today we got the Controller's report and if you haven't had a chance to review it, I want to share a couple of interesting facts. One is that general revenue exceeded expenditures including year-end encumbrances by \$1.1 million. In an era of COVID, that is certainly good news." She went on to say that the December infusion of \$5 million from the public safety subsidy and the \$7.8 million award of the CARES Act funding certainly helped. She concluded by saying without this funding the City would have been in "dire straits."

Revenue was down just over 5% from 2019. Revenue was down in the Neighborhood Services Fund resulting in a year-end deficit of \$1.7 million. Soberingly, Ms. Carter noted the statement from the Controller's Office that had all the budgeted expenditures been spent, the City would have overspent revenues by \$12.4 million. The City would have covered that deficit by using fund balance and the City fund balance would have been down to \$17 million rather than \$29 million. Ms. Carter reiterated that the ICA has urged caution as the City Council approved the 2021 Budget for just such a reason.

Ms. Carter let the Board know that the City and the Board will be working on finalizing the Intergovernmental Cooperation Agreement.

Ms. Carter wanted to summarize the steps that have led to today's discussion of the Mayor's Five-Year Financial Plan.

She stated, "all along we have encouraged the City to utilize Jeffrey because of his talent as well as the bridge that he would provide with the ICA in making sure that the financial plan could be accepted."

She added, "on October 30th the plan was due, and the City submitted a proposed revision to the initial five-year financial plan. On November 18th the City through Neil Grover suggested that the City prefers that the October 30th submission be considered a draft version and ask for an extension to provide a final revision. That same

night we were meeting, and the Authority Board considered this and agreed to approve the submission as draft and allowed an extension until December 14th for the City to submit a final document. The Authority Board agreed to the Mayor's request and agreed to allow his request to present the plan to the ICA at a special meeting on December 2nd. On December 2nd, the Board convened to discuss the plan, having been notified the 1st of December by the Mayor that neither the Mayor nor anyone from the City would be in attendance. On December 14th, the City submitted their final revised Five-Year Financial Plan for 2020. At the regular Board Meeting on December 16th, the Board, having had time since the original draft version was submitted and two days for the second submission, met in public and voted to disapprove the Plan.”

Ms. Carter added, “on December 21st the Board sent a letter identifying specifically the reasons for disapproval, as well as sharing additional areas of concern. We encouraged the City again to work directly with Jeffrey for coordination assistance on addressing these concerns. On January 4th, I received a letter from special counsel to the City of Harrisburg, Maureen McBride, stating that since the Authority had not identified a specific dollar amount of deficit in its disapproval of the plan, the City would not be forwarding a revised plan. On January 6th, a response was sent to the Mayor acknowledging counsel McBride's letter requesting that he revisit the letter that we sent him December 21st and directing him specifically to his own plan Section 8.1, to see the deficit mentioned in the letter; specifically, referring to the Neighborhood Services Fund. There was no response from the City until January 15th. On that date, I received another letter from attorney McBride, this time invoking that the Authority had failed to take action regarding a financial plan within 30 days and thus asserted that the plan shall be deemed as approved.”

Ms. Carter summarized the circumstances by stating that “on January 19th, I sent a letter to the Mayor indicating that we indeed had responded, and we stood by our official response of December 21st; and, thus confirmed that the City remained

	<p>out of compliance as of today, having not revised the December 14th version of the Mayor’s Five-Year Financial Plan.”</p>	
<p>Next steps regarding the Mayor’s Five-Year Financial Plan</p>	<p>Ms. Carter stated that the issue before the ICA Board was to provide direction on behalf of the Board as to the Chair’s assertion that the City was out of compliance; and further, to authorize next steps the Board wished to take. She opened the floor to discussion.</p> <p>Mr. Vartan stated that the specific reasons discussed at the Board’s December meeting and summarized in the December 21st notification letter were serious. The outlook for a major fund operating at a deficit for five consecutive years and going broke at the end is serious.</p> <p>He added that, the posture of the City that the plan is compliant, let alone a good plan, is alarming. The City’s posture is not cooperative.</p> <p>Ms. MacNett stated that she appreciated the opportunity to acknowledge that the Chair’s statements were in keeping with the consensus of the Board as a whole. She suggested that the Board ratify the Chair’s previous sentiments, that we believe the submitted Five-Year Plan is not appropriately drafted.</p> <p>Mr. Hill agreed. He added that the Chair represented the position of the Authority well in previous communications. He went on to say that he is bothered that the City indicates that the Neighborhood Services Fund is balanced when the numbers clearly indicate a structural deficit, balanced only by using cash-on-hand in the fund balance. He is also distressed that the City is stressing the part of Act 124 that states the Authority should produce the amount of the imbalance, when clearly the City’s submission demonstrates the imbalance.</p> <p>Ms. Carter reminded the Board that while the Neighborhood Services Fund may seem balanced for the year 2020 just ended, it in fact, according to the Controller’s Report, it had a deficit of \$1.7 million that was filled by using fund balance.</p>	<p>A motion to certify that the City of Harrisburg is not in compliance with the financial plan for failure to provide revisions to the financial plan and thus not having a financial plan in place at this time; approved 4-0</p>

Ms. Carter added that the Board was concerned that no plans were submitted in order to review the intergovernmental trash collection arrangements entered into by the City. Specifically, the Steelton agreement, which began at the end of 2019, and the new agreements with Paxtang and Penbrook, which were approved at the end of 2020. There is nothing upon which to judge the impact on the finances in the Neighborhood Services Fund. Finally, Ms. Carter added that the Board had issues with the capital projects narrative, actual costs, listed in the plan.

Ms. Carter explained that her correspondence to the Mayor stated that the City of Harrisburg was out of compliance. Citing that the City will not submit a revision to the Five-Year Financial Plan triggered the status. Therefore no current plan in effect..

Ms. Carter stated that “I’d like to ask for a motion to certify that the City of Harrisburg is not in compliance with the financial plan for failure to provide revisions and thus not having a financial plan in place at this time. This is done in line with the Act Section 210(e)(1) and (2). Accordingly, if the motion passes, the Authority will certify to the Secretary of the Budget that the City is out of compliance. A copy would be shared with the Speaker of the House of Representatives and the President Pro Tempore of the Senate.”

Mr. Vartan made the motion and asked whether the 2019 plan remains the plan that is still in effect? Mr. Stonehill stated that he is not an attorney, but that while the 2019 plan remains in effect, it is also true that the adopted 2021 budget modifies a Mayor’s Five-Year Plan. So clearly, that 2019 plan has been twice modified, and is therefore inaccurate. Ms. Carter explained that it is also really only a four-year plan at this point.

Mr. Vartan urged the City to come to the table and submitted a revised Five-Year plan so that the action to certify the City out of compliance can be revoked. Mr. Vartan clarified that he was making

	<p>the motion to certify that the City was out of compliance for failure to submit a revised Five-Year Plan.</p> <p>Mr. Hill seconded the motion.</p> <p>Ms. MacNett requested that in the decertification correspondence the Board relay their hope that the City work together with the ICA to resubmit the plan and earn compliance. Ms. Carter agreed.</p> <p>The motion was approved.</p> <p>Ms. Carter asked the Board “Are there were other things that we should be doing at this time related to these issues?”</p>	
<p>Authorization to Prepare a Request for Proposals to Hire a Financial Consultant</p>	<p>Mr. Vartan explained “Due to the projected structural deficit in the Neighborhood Services Fund, the magnitude of the problem, and the City’s argument that somehow those numbers showing a structural deficit of over \$1,000,000 per year is balanced, I think it's important to bring an independent qualified party to provide some consulting services to tell us the truth of the matter; with financial management of the Neighborhood Services Fund.”</p> <p>He added, “with respect to the Steelton agreement, the actual numbers provided by the City and the supporting information were clearly bogus and clearly underestimated expenses for that intermunicipal services agreement.” Further, there were no projections provided for the additional intermunicipal service contracts as well as no capital plan explained in the Neighborhood Services Fund. They are showing millions of dollars in capital spending with no details.”</p> <p>Mr. Vartan added that it is important for the taxpayers, ratepayers, and citizens to know about these business activities.</p> <p>He concluded by adding that Jeffrey had suggested motion wording “to obtain a proposal to engage professional services for the purpose of reviewing the budgetary affairs, essential management, and then to provide findings and</p>	<p>Motion to prepare a Request for Proposals and Advertise for Consulting Services; Approved 4-0</p>

	<p>recommendations associated with the Neighborhood Services Fund; and, including any intermunicipal agreements with the other municipalities.”</p> <p>Mr. Vartan said, “The authority has not only the power, but also the duty to obtain reports and information on important matters, make factual findings, and hopefully make recommendations to the City concerning budgetary and fiscal affairs.”</p> <p>Mr. Vartan added that “we also have the power to hire professionals, including professional services as appropriate, so I would ask my fellow members of the board for supported this motion to obtain proposals pursuant to this matter.”</p> <p>Ms. Carter asked for a second. Ms. MacNett provided the second. Ms. Carter asked for discussion.</p> <p>Mr. Stonehill noted that the Act 47 Coordinator used a variety of firms including Novak Consulting and the Pennsylvania Economy League during the development of the Strong Plan.</p> <p>The motion was approved.</p> <p>Mr. Stonehill was designated to pull together a draft RFP.</p> <p>Ms. Carter added, “I know we all came into this wanting to help the City of Harrisburg and wanting to lend whatever talents we could and lend the resources that the Authority could muster. Unfortunately, it's not met with receptiveness and so we continue in a spirit of optimism that it will change, it must change.”</p>	
<p>Act 47 Coordinator’s End of 2020 Report</p>	<p>Ms. Carter introduced Marita Kelley, Pennsylvania Department of Community and Economic Development, who is the Act 47 Coordinator for the City of Harrisburg.</p> <p>Ms. Kelley stated that many of us sat through the marathon 15 hours of budget hearings before the City Council. She shared that the 2021 General Fund revenue projections total \$79,296,323.00</p>	

	<p>and that is approximately 2% over the previous year. The total 2021 General Fund expense projections totaled \$79,230,188.00, which is approximately 2.1% over the previous year.</p> <p>Ms. Kelley added “in the most recent cash balances that were sent to me on January 11th, the closing balance for the General Fund was \$30.9 million and for the Neighborhood Services Fund on January 11th, closing balance was \$6.2 million.”</p> <p>Ms. Kelley stated that the payroll in 2021 for both the General Fund and the Neighborhood Services Fund remains the same as last year. The bi-weekly payrolls for the General Fund is approximately \$950,000, and the Neighborhood Service Fund is approximately \$150,000.</p> <p>She added that she has distributed her fourth quarter year end Act 47 report to the Board.</p> <p>Ms. Carter thanked Marita Kelley as well as acknowledged Beverly Hutzel from the Pennsylvania Department of Community and Economic Development, who attended the meeting.</p>	
<p>Report on Behalf of the Subcommittee to Search for a New General Counsel</p>	<p>Mr. Hill reported on behalf of the Subcommittee that he and Ms. MacNett staffed.</p> <p>Mr. Hill noted that Counsel Jeff Engle had resigned for personal reasons and the subcommittee was named to seek a replacement.</p> <p>The subcommittee developed a Request for Proposals (RFP), which was advertised in a newspaper for general circulation, placed upon the ICA website, and additionally sent to a pre-selected list of over forty possible candidates from the Harrisburg area.</p> <p>The subcommittee received proposals from six responsible and responsive proposers. They were reviewed and scored by each member independently and they agreed to interview representatives of those two firms who rose to the top.</p>	<p>Motion to authorize Ms. Carter to execute a Representation Letter with Johnson Duffie Stewart & Weidner, P.C., of Lemoyne, Pennsylvania; Approved 3-0, with one abstention</p>

Mr. Hill said that he was pleased to present to the Board the recommendation on behalf of the subcommittee that the ICA enter into a professional services agreement with Ms. Anna Marie Sossong and the firm, Johnson Duffie Stewart & Weidner, P.C., of Lemoyne, Pennsylvania. A proposal was distributed to the Board. Mr. Hill offered to answer any questions.

Hearing none, Mr. Hill made a motion to authorize Ms. Carter to execute a Representation Letter with Johnson Duffie Stewart & Weidner, P.C., of Lemoyne, Pennsylvania, with the submitted proposal as an exhibit.

Ms. MacNett added, for the good of the order, that she wanted to disclose that previously Ms. Sossong and Ms. MacNett practiced law together, and although it has been ten years ago (not since October 2011), and they are friends, she wanted to make reveal it to the Board. While she supports the appointment, she will recuse herself from the vote. Ms. Carter said it was likely unnecessary, but she respects it nonetheless.

Ms. Carter asked if Mr. Vartan had any questions. He responded that he wanted to disclose that the Vartan Group, where he works, has worked with Johnson Duffie. He wanted to insure that it passes the "conflicts check." He added that he had been uninvolved in the selection process. Mr. Hill said that all respondents already conducted a preliminary conflicts check and they asserted there were no issues.

Mr. Vartan seconded the motion. The motion was approved.

Mr. Stonehill will complete the agreement and will post it on the ICA website.

Mr. Stonehill disclosed that Ms. Sossong was his personal and family's attorney. As Mr. Stonehill is not a member of the Board this is not a conflict of interest.

Ms. Carter thanked Mr. Hill and Ms. MacNett for this process and coming up with such a great

	candidate. Ms. Carter and Ms. MacNett thanked all the other applicants.	
Other Business	<p>Ms. Carter noted that April is around the corner, and with that is the requirement that the ICA submit the Annual Section 203 Report on the status of the City of Harrisburg. Ms. Carter made a motion to permit her, Mr. Vartan, and Mr. Stonehill to draft the report and submit it to the Board for a preview before the deadline of April 30, 2021.</p> <p>Mr. Hill seconded the motion. The motion was approved.</p> <p>Ms. Carter gave an update on the COH 2019 Audit. The Board is invited to an upcoming Audit Committee meeting.</p>	<p>Motion to authorize Ms. Carter, Mr. Vartan, and Mr. Stonehill, to draft the Annual Section 207 Report on behalf of the ICA; Approved 4-0</p>
Public Comments	Mr. Eric Epstein submitted various Right to Know requests, and Mr. Stonehill will respond.	
Adjourn	At 6:03 p.m., on a motion by Mr. Hill, with a second by Ms. MacNett, the Authority adjourned.	Adjournment approved 4-0

Respectfully submitted:



Jeffrey Stonehill, Authority Manager

ICA for Harrisburg

APPENDIX DOCUMENTS

Summary of Bills Paid – Intergovernmental Cooperation Authority for Harrisburg

Report – January 27, 2021

- | | | |
|--|------------|------------------|
| • Digital Ocean
<i>Website software licenses</i> | \$10.60 | January 1, 2021 |
| • Digital Ocean
<i>Web Host</i> | \$5.72 | January 1, 2021 |
| • PA Media Group
<i>Legal Advertisement</i> | \$208.00 | January 19, 2021 |
| • Factory 44, Inc.
<i>IT Services</i> | \$300.00 | January 27, 2021 |
| • Factory 44, Inc.
<i>IT Services</i> | \$18.00 | January 27, 2021 |
| • Zelekofske Axelrod LLC
<i>2019-2020 ICA Audit</i> | \$1,500.00 | January 27, 2021 |
| • MESH PA LLC
<i>Authority Manager</i> | \$5,250.00 | January 27, 2021 |

Starting balance: \$94,499.06

Ending balance: \$87,007.36

- | | |
|---------------------------|--------|
| • Interest earnings Y-T-D | \$ -0- |
| • Fees Y-T-D | \$ -0- |

Respectfully submitted this 15th day of January, 2021.

/s/ Sean Christopher Campbell
SEAN CHRISTOPHER CAMPBELL
Assistant Counsel
Attorney ID No. 321246
Department of Community & Economic
Development
Commonwealth Keystone Building
400 North Street, 4th Floor
Harrisburg, PA 17120
(717) 720-1345 (phone)
(717) 772-3103 (fax)
seancampbe@pa.gov

Date: January 15, 2021

To: The Honorable Bonnie Brigance Leadbetter

From: Marita J. Kelley, MPA, City of Harrisburg, Recovery Coordinator



Re: 2020 Fourth Quarter Update on the Coordinator's Strong Plan Implementation

I am pleased to provide the Court with the quarterly update on the status of the implementation of the Receiver's Recovery Plan, as confirmed by the Court on March 9, 2012; on the Modified Plan, the Harrisburg Strong Plan ("Strong Plan"), confirmed by the Court on September 23, 2013 and the Strong Plan Modifications, as confirmed by the Court on July 20, 2016. This will be the twenty-eighth report to the Court since the appointment of the Recovery Coordinator by C. Alan Walker, effective March 1, 2014.

As the Coordinator, in accordance with Act 47, the Municipalities Financial Recovery Program, as amended by Act 199 of 2014, the Recovery Coordinator Team provided the Final Act 47 Exit Plan for the City of Harrisburg on August 8, 2018. The Act 47 Exit plan was not adopted by the Harrisburg City Council prior to its effective annulment by the passage of House Bill 2557, which became Act 124 on October 24, 2018. Under the new law, the Coordinator and Strong Plan shall remain in place until the Intergovernmental Cooperation Agreement (ICA) Executive Board and Executive Director are appointed, after which the ICA shall execute an Intergovernmental Cooperation Agreement with the City. Pursuant to section 706(1) of Act 124, the Strong Plan shall continue until the agreement has been executed by the ICA and the City. Under section 706(2), the City's Act 47 Distressed Status shall automatically terminate once the Intergovernmental Cooperation Agreement is fully in place.

However, the City and the Harrisburg Intergovernmental Cooperation Authority (the "ICA") have not yet executed the Intergovernmental Cooperation Agreement, as of December 31, 2020. Although Act 124 envisioned a quick transition to ICA oversight, nearly two and a half years have passed since its passage and this Court should consider terminating the City of Harrisburg's distressed status and DCED's responsibilities under Act 47, as it deems appropriate.

This memorandum provides the Court with a summary of actions that have occurred and issues that are involved with the continued implementation of the Strong Plan, including the modifications thereto, through the Fourth Quarter of 2020, which concluded on December 31, 2020.

With the anticipation of the rescission of the City's Act 47 distressed status in the future, on July 15, 2019, DCED suspended the contracts for the Act 47 Consulting team that has been working with the Act 47 Coordinator since the inception of the Receivership. The Act 47 Coordinator continues to perform her duties as assigned which largely includes biweekly check run reviews and cash flow status analysis. She also coordinates and cooperates with Mayor Eric Papenfuse, the City Council President, Wanda Williams, Finance Chair, Ben Allatt, Business Administrator, Marc Wholley, and Accounting Manager, Bryan McCutcheon, regularly to maintain input and status of the Strong Plan Activity until the Intergovernmental Cooperative Agreement is finalized and the City Exits Act 47. She has reviewed and provided input on the 2021 Final Adopted Annual Budget

to Secretary Dennis Davin, Department of Community and Economic Development, as is required under the provisions of Act 47 of 1987, as amended.

During the past three months, (October, November, December) the Coordinator has been working with the City of Harrisburg's Mayor, Finance Department (Accounting Office), and City Council President, and Council Members to continue to monitor the budgetary and other related financial management activities through the end of the Fourth Quarter of fiscal year 2020.

The City's General Fund, available cash balance as of December 31, 2020 (the most recent data available) stands at \$31.2 million dollars. For the same timeframe, the Neighborhood Service Fund available cash balance is \$6.7 million dollars.

On May 21, 2018 the Commonwealth of Pennsylvania, et al., filed a complaint against seven professional firms based on the Harrisburg incinerator project and the series of financing transactions. The case is filed in the Commonwealth Court at 368 MD 2018. The Petitioners are represented by Harris, Wiltshire & Grannis LLP. In early September 2019, the Commonwealth Court held oral argument on preliminary objections filed by the seven professional firms seeking to dismiss the complaint. The parties are awaiting a Court decision.

Please review the report provided here forward.

Office of the Receiver/Coordinator

It has now been just over six years and eleven months since your Honor issued an order on February 25, 2014 to vacate the Office of the Receiver, return the City to the underlying provisions of Act 47, and for DCED's Secretary appointed a Coordinator to oversee the further implementation of the Court confirmed Strong Plan. As part of the order vacating the Receivership, the Court retained jurisdiction over the further implementation of the City of Harrisburg's Act 47 Strong Plan. Consistent with the Court's order and to keep the Court apprised of the Recovery plan's status and Harrisburg's Recovery, I am providing this Fourth Quarter 2020 report on the City's progress with further implementation activities.

The Fourth Quarter of 2020 continues to be impacted by the pandemic nearly ten months since the Governor commenced stay at home orders for the City of Harrisburg and the County of Dauphin. The City of Harrisburg was effectively shuttered from March 22, 2020 to June 1, 2020 as the Governor and the Health Department Secretary have struggled with containing the COVID-19 pandemic. All non-essential businesses within the City limits were closed. This of course, included the Commonwealth of Pennsylvania's Capital Complex where several thousand workers have been working remotely since March 16, 2020, to effectively reduce the risk of COVID-19 spread and save lives. The City entered the Green Phase on May 29, 2020 allowing an ease of business restrictions and permitting businesses to operate under strict health guidelines defined by Secretary Rachel Levine, Department of Health. The long-term impact of these closures and restrictions to the economy is not clearly known; however, it will take some time for full economic recovery for the City and the Region. As we enter the Fourth Quarter of 2020, the situation for the Pandemic has, sadly, worsened.

For the City of Harrisburg, the economic impact of this situation remains a great concern, and its full impact will likely be felt for months and even years to come. Both the Federal and State Governments have taken steps to assist local government economies by providing Federal CARES ACT funding to provide support for businesses and related business activities. The economic stability programs for small and large businesses will hopefully keep the economy stabilized during

this crisis. Given these robust relief efforts, the City Officials along with the Impact Harrisburg Board Members, believed that it was most prudent to examine the Federal/State Economic and Business stimulus packages in order to determine what gaps would remain for the local government to likely fill.

Subsequently, the City of Harrisburg's Mayor and City Council joined forces to assure that small businesses (especially the Sole-Proprietor or small Family-Owned Businesses that might not benefit from the federal and state programs) can remain viable throughout the pandemic. In an unprecedented move, the Pennsylvania Department of Community and Economic Development represented by the City of Harrisburg's Act 47 Recovery Coordinator, the Dauphin County Commissioners, the Mayor, City Council, Capital Regional Economic Development Corporation (CREDC), and Impact Harrisburg, Board of Directors formed an alliance to create the City of Harrisburg, Special Committee on Covid-19 Response for Small Businesses.

As the result of this collaborative effort, the Neighborhood Business Stabilization Program (NBSP) was formed. This program was a joint effort by the City of Harrisburg and Impact Harrisburg Board. As part of this program, individuals that qualify could receive grant(s) up to \$10,000. These grants were offered to the City of Harrisburg's Neighborhood Businesses that were fiscally impacted as the result of the COVID-19 Pandemic. The primary goal of this program was to leverage available dollars to assist Neighborhood Businesses to survive as this health crisis continued. The Neighborhood Business Stabilization Program assisted 315 small "mom and pop" businesses and local non-profit entities for up to \$5,000 each. All monies were dispersed in May of 2020. The emergency cash flow that this grant provided helped these small business and non-profit employers sustain their business during this crisis. This joint effort provided business and non-profits sustaining funds that permitted the employer to pay necessary workers, fill inventory, and continue business after the shuttering during COVID-19.

Those eligible for the program must have been City of Harrisburg's licensed businesses located within the City corporate limits. A strong preference was given to businesses which are owned and operated by City residents. Also, a preference was given to Minority Owned Businesses (MBE) and/or Women Owned Businesses (WBE).

Applicant businesses should have under \$100,000 in the most recently reported annual gross revenue and at least half of the grants will be directed to businesses with annual gross receipts of under \$500,000. These businesses must also demonstrate or project a reduction in monthly revenue of more than 25% as a result of COVID-19. These grants must also be used in promoting the interests of this program and of the business. This program may be used in conjunction with SBA loan or grant; however, the exact benefit cannot be duplicated.

The grants must have been used for emergency operating funds for neighborhood businesses that have been closed or their customer base severely reduced due to the health crisis. Eligible funding may be used to pay mortgages, utilities, payroll, vendor supplies, and other outstanding vendor invoices.

The program, remarkably, commenced on April 20, 2020 and the applications were considered on a rolling basis, until the funds were depleted. Applications were reviewed by the Special Committee on COVID-19 Response for Small Businesses and a decision was conveyed to the applicant by May 7, 2020 and funds were released shortly thereafter.

As the City continues to mitigate this critical fiscal and economic challenge, it is evident that the leadership at the City of Harrisburg, the Mayor and City Council, along with the Board of Directors of Impact Harrisburg have demonstrated an immense desire to assist the City Neighborhood Businesses. The above program took less than a month to be formulated and executed. These actions displayed the true capacity for the City's leadership to assist in resolving daunting fiscal and economic issues and related crisis. The City continues to provide assistance to local business as the pandemic persists.

During the Fourth Quarter of 2020, the Recovery Coordinator continued to oversee the implementation of the Act 47 Strong Plan's modifications. The modifications provide financial analysis and input, along with attendant recommendations that will advance the City's recovery towards the ultimate Rescission or Exit of its Act 47 designation.

The capital improvement programming for services that are essential to improve the City's quality of life and economic vitality, were incorporated into the 2021 Approved Budget. In fact, the Mayor and City Council have committed funding for capital improvements and investments of the City's assets. Most of the capital improvements are for IT, Public Works, Municipal Building facilities, and Public Safety facilities. Where possible the City Officials have made every effort to seek federal, state, and local grant funding to assist in the execution of the capital programs proposed.

As Coordinator, I prepare Cash Flow Estimates based on the City's Check Run activity. During the Fourth Quarter I have reviewed five City of Harrisburg's Check Run and Cash Flow reports. I continue to monitor the implementation of the Strong Plan Modifications and the proposed Act 47 Final Exit Plan until the planned exit from Act 47 is executed.

The following sections of the report provide an updated summary of progress of the Harrisburg Strong Plan made with respect to:

- Impact Harrisburg – Non-Profit for Infrastructure and Economic Development
- Fiscal Issues
- Operational Matters
- Trimont Parking Report

Impact Harrisburg

As mentioned earlier in this report, the Impact Harrisburg, Board of Directors has taken significant steps to assist during the COVID-19 Pandemic. In addition to their normal duties, the Impact Harrisburg's Boards' call to action, during this social and economic challenge, was extraordinary. The Board immediately met to discuss the COVID-19 Pandemic crisis and the related shuttering of City of Harrisburg's businesses. It is evidenced above just how serious thus Board's commitment is to the City of Harrisburg. Every Impact Board member and the Executive Director rallied to the need of the neighborhood business community.

The Impact Harrisburg Board has made a commitment to continue to respond to small business needs during this crisis so that the "core," businesses in the City, that make up the economic vitality of the City and Region, can successfully continue to provide important services.

Despite the crisis, Impact Harrisburg Board continued to move forward with Infrastructure and Economic Development project grants that the Board has awarded. The Board is responsible for the administration of the \$12.3 million set aside as part of the parking transaction to fund both

economic development and infrastructure initiatives to aid the City in strengthening its tax base and addressing critical infrastructure needs, thus enhancing the quality of life for City residents.

The Impact Harrisburg board met in December 2020 to further discuss future projects and the closing of the existing grants found below.

At the September 2020 Impact Harrisburg's Board meeting the board voted to approve extensions of outstanding grant agreements, for one year, until September 2021.

The following grantees have projects that are in various phases of implementation, and are thus subject to the grant extension referenced, above:

1. The Tri-county Community Action Commission;
2. The East Shore YMCA;
3. The Harrisburg Redevelopment Authority;

Projects Funded/Grant Amount/Project Status as of December 31, 2020:

Completed Projects:

1. City of Harrisburg Microsoft Office 365 (\$250,000 grant)
2. TLC Construction and Renovations (\$500,000 grant)
3. Webpage FX (\$500,000 grant)
4. Paxton Street Home Benevolent Society (\$100,000 grant)
5. Harrisburg River Rescue (\$81,369 grant)
6. Gamut Theatre (\$250,000 grant)
7. YMCA Camp Curtin (\$500,000 grant)
8. City of Harrisburg Playground Resurfacing (\$250,000 grant)
9. Tri-County Housing Development Corporation (\$370,000 grant)
10. Capital Region Water/City of Harrisburg Multi-Modal Collaborative Facility (\$5,797,701.17 grant)
11. Salvation Army for new facility multi-purpose facility (\$500,000)
12. Harrisburg Redevelopment Authority (\$500,000 grant)
13. East Shore YMCA (\$138,592 grant)
14. Tri-County Community Action Commission (\$204,759 grant)
15. Community First Fund (\$350,000 grant)
16. The City of Harrisburg/Capital Region Water Parks Project
17. The City of Harrisburg/Capital Region Water Multimodal Project.

A uniform grant agreement was developed and has been entered into by all grantees with the exception of Community First Fund with which Impact Harrisburg established a stand-alone agreement because of the unique nature of the purposes of the small business grants (less than \$5,000) which will be utilized with the grant funding.

In addition, to ensure close adherence with all grant program requirements and any applicable state, local or federal laws, the board developed a Request for Proposal under which the organization retained the services of two compliance professionals with extensive expertise in the grants management area. The two individuals work in close coordination with the Executive Director to provide oversight and technical assistance to grantees as is necessary and appropriate. The team and Executive Director developed various program templates and processes for working with grantees in a uniform and consistent manner. To date, the compliance consulting team

attends many board meetings and provides consistent updates on all projects through a shared drive electronic medium (accessible by grantees and board members) as well as via written reports. After serving in this capacity for one year the board deemed it prudent to extend the compliance contract for one year, given the high quality and value of the work performed by the compliance consultants and the remaining number of grantees with future project start dates.

Impact Harrisburg's 2020 Annual Report to the Community has been prepared and is awaiting final review by the Board before the full report is released. This report will itemize the many successful projects the Board of Directors has undertaken.

The Harrisburg Business Opportunity Fund

Impact Harrisburg has decided to shift the focus of this program from a low interest loan to a small grant program (less than \$5,000) that can assist businesses with their initial start-up costs. The Board is drafting strict guidelines to assure the proper spending for this programmatic change.

Harrisburg Supplemental Growth Fund

Introduction

In addition to repaying hundreds of millions of dollars in debt of the City, the Strong Plan envisioned an additional approximation of \$26 million infusion of cash that will benefit the City. Of this amount, \$3.3 million dollars would be deposited into an OPEB Trust Fund, and the remaining \$22.7 million would be used for economic development and infrastructure. To achieve a portion of these goals, PennDOT committed the City of Harrisburg to provide \$12.0 million annually over a seven-year period toward infrastructure repair in addition to existing funding commitments.

After closing on the Strong Plan transactions, it was determined to establish ***Impact Harrisburg*** which would combine the Infrastructure and Economic Development aspects of the plan into one fund. Impact Harrisburg's progress is carefully outlined above.

PennDOT funding. The City received formal approval from PennDOT through grant funding to undertake much of the street related improvements. The project included significant modernization of the Third Street corridor in the City from Market to Division Streets. This project was finished in 2020. This project included a complete overlay of Third Street as well as ADA compliance walkways and Traffic Calming intersections. Additional PennDOT funding has been secured for several road projects scheduled for the Spring of 2021, some of the road projects were delayed due to the Pandemic.

Future Transfers to OPEB Trust and Impact Harrisburg.

1. OPEB Trust – Now that the Escrow Agreement has been terminated and proceeds maintained thereunder have been distributed, the OPEB Trust Fund documents will need to be finalized. Recently, Mr. Grover, the City Solicitor, informed me that the City is making significant progress in developing the OPEB Trust documents. The OPEB Trust has \$3,300,000 that was slated in the Strong Plan to be available for such purpose.

2. Supplemental Funds – Supplemental Funds include any recoveries from pursuit of Incinerator Claims. Supplemental Funds may eventually also include payments of surplus note amounts to the City pursuant to the parking transaction indenture.

Fiscal Matters

In recent developments, on November 24, 2020, the Commonwealth of Pennsylvania's State General Assembly approved legislation, which was signed by Governor Tom Wolf, to provide amendments to the State Fiscal Code, adopted as part of the Commonwealth's mid-year budget revisions. The amendments include provisions to resolve a looming deadline for the temporary taxing authority given to the City of Harrisburg as part of the exit strategy from its Act 47 fiscal distress status.

The provisions extend Harrisburg's ability to levy an enhanced Local Services Tax (LST) on all people who work in the city for 15 years; the first 10 years at \$3-per-week, or \$156 and for the five years after that, not to exceed \$2-per-week, or \$104. After that, it would revert to the same \$1-per-week rate that generally applies to municipalities statewide. It also permits the city to retain its 2% (percent) Earned Income Tax (EIT) on city residents in perpetuity, which is double the rate permitted in other Third-Class Cities throughout the Commonwealth.

The authorizations for both the LST and EIT were previously set to expire in 2025.

This extension of the taxing authority will allow the City much more flexibility while fiscally moving forward as the City will no longer have the great concern of these taxing sources ending abruptly. The City can now count on those revenues for future financial planning.

The 2021 General Fund Revenues (Sources) totals \$79,296,323. The 2020 Amended Budget (after budget amendments and budget reallocations) represents General Fund Revenues of \$77,616,853.48. The 2021 General Fund Revenues (Sources) represent an increase of 2.2% over the amended and reallocated 2020 General Fund Budgeted Revenues.

The 2021 General Fund Expenses (Uses) totals \$79,233,886. The 2020 General Fund Budget Expenses (Uses) totals \$77,616,226.12. The 2021 General Fund Expenses (Uses) represent an increase of 2.1% higher than the 2020 General Fund Amended Approved Expenses Budget.

The Neighborhood Services Fund Budget in 2021 for the Revenues and Expenses totals \$17,956,800.

On December 31, 2021, the City's General Fund available cash balance was approximately \$31.2 million. The Neighborhood Services Fund (NSF) had an available cash balance of \$6.7 million.

The City's bi-weekly General Fund payroll averaged \$950,000 for the Fourth Quarter and the Neighborhood Services Fund bi-weekly payroll averaged \$150,000 for the Fourth Quarter.

The Coordinator reviews City payables for both the General Fund and Neighborhood Services Fund on a bi-weekly basis. During the Fourth Quarter, there were five bi-weekly check runs which were reviewed, and comments were provided to the City.

Due to the significant variances anticipated as a result of the COVID-19 financial crisis, the General Fund and Neighborhood Services Fund's revenues and expenses will fluctuate, and it will be difficult and challenging to render appropriate estimates or forecasts for Fiscal Year 2021 Budget. Ultimately, the COVID-19 fiscal crisis will impact revenues and expenditures for this year and the coming fiscal year. It is possible, as the Pandemic continues into Fiscal Year 2021, it could likely impact fiscal year's 2022 revenues and expenditures forecasts.

The Strong Plan modifications included several recommendations related to capital improvements. As the City's recovery progresses, it will have to fund capital projects through a combination of grant funds, borrowing, and pay-as-you-go (PAYGO). The 2021 Approved Budget has taken advantage of federal, state, and local grants, some COVID-19 related and likewise will use a portion of its fund balance on a PAYGO basis to address targeted capital needs primarily in the IT, Administration, Public Safety and Public Works Departments.

During the Fourth Quarter of 2020, the City continued to provide the appropriate Material Event Notices on EMMA related to debt obligations and has maintained compliance with Securities and Exchange Commission (SEC) reporting requirements.

The City's 2021 Budget was approved by Harrisburg's City Council at the Legislative Session on December 21, 2020.

Operational Issues

During the Fourth Quarter of 2020, the City of Harrisburg with the support of the Recovery Coordinator, made further progress on a number of key Strong Plan operational initiatives. A progress report regarding these areas, as well as other key Strong Plan operational priorities and initiatives, is detailed below.

The City received an Act 47 grant in the amount of \$465,380 to support implementation of four key Strong Plan initiatives relating to augmentation of managerial capacity. The primary areas of focus relate to the utilization of Act 47 grant resources to augment managerial capacity; enhance IT infrastructure development, strategic planning, project management capacity; and creating lasting improvements in the City's refuse and recycling collection operation. This grant closed on June 30, 2020. This grant has greatly assisted the City with managerial capacity.

Operating Departments/Offices

The City of Harrisburg has made progress on several important initiatives in the City's operating departments. A summary of the status of those active projects and initiatives is detailed below.

Finance and Administration

In the area of finance, administration, and support services, the City has made progress in a number of key areas and is working on several ongoing projects. The City Administrator is focusing on the development of a strategic operating plan for the City which will include a new organization chart. The City Business Administrator is working to clarify and prioritize operating, management, and resource challenges. This is especially important in the City's key support services areas such as Finance, Human Resources, and IT. These will be priority areas of focus for the City's administrative functions going forward. The Business Administrator is still seeking to fill the Finance Director position as of the date of the adoption of the 2021 budget.

Updates to the City's Strategic Management Plan were incorporated into the 2021 Budget Process. The Act 47 Coordinator's will review the plan for compliance with the City's Strong Plan and broader Act 47 plan initiatives.

The Finance Bureau and Controller's Officer continue to work closely to monitor and improve the purchasing control processes. The City is currently seeking to improve the contract review and management process, which is an important element of the purchasing process.

Information Technology

The age and condition of the City's Information Technology infrastructure continue to be a major structural challenge for the City; however, notable progress has been made. The City signed an agreement with CODY to migrate the mainframe from METRO and Dispatch database and the In-Synch database to the CODY system. The data migration will be completed this year. In addition, the City has started looking for a vendor to migrate the City finance and revenue databases to a new system. The other system is the Personnel Management System. The data migration for the entire system will take several more years to complete. The City is hoping to employ and implement a new Financial Management system for the City.

Community and Economic Development

In the Community and Economic Development area, the City has seen much progress. At the end of 2016, a \$3.5 million state Redevelopment Assistance Capital Program (RACP) grant was awarded to developers to assist with an \$8 million investment in commercial and residential revitalization in mid-town. A second RACP grant of \$3 million was awarded to the City to launch the revitalization of an entire neighborhood in Allison Hill (MulDer Square) with new streetscaping, affordable apartments, and retail stores. The MulDer Square housing project is in its final phase and has been extended until the end of Fiscal Year 2020, December 31, 2020 to allow for the completion of the project.

Police Bureau

Late in Fiscal Year 2020, the City Police Commissioner, has been engaged in fielding citizen's questions about social justice issues in the wake of the George Floyd's killing in Minneapolis, in May of 2020. The City's Police Department is a Nationally Accredited Police Department that monitors closely police officer's activities for multiple reporting purposes.

The City is scheduled to provide Hazard Pay to Police Officers who were active during the Pandemic. The City has been approved for funding from Dauphin County through the County COVID-19 Block Grant for funding provided through the Federal CARES Act. These funds were used to pay first responders during the 2020 pandemic health crisis.

Within the Police Bureau, staffing levels continue to be the primary challenge for the Bureau. In addition, it is anticipated that during fiscal year 2021, the Bureau could lose up to 40% of police personnel due to anticipated retirements. The Police Chief is concerned about the potential notable loss of tenured employees due to retirement. This is the reason that the new FOP contract includes both wage and benefit enhancements for patrolmen. The new contract was passed in December 2019.

The 2021 Budget added a Community Policing Program and related staff to enhance the Civil and Orderly management of community services related to police and civilian interaction with the neighborhood communities and their leaders. This is a welcome addition to the Police Bureau which clearly addresses the social justice issues that arose during the summer of 2020.

Fire Bureau

The Fire Bureau is making progress in a number of key areas as well. Currently, the Bureau is staffed with 81 bargaining unit members, two management chiefs, and one management administrative assistant. Total complement is budgeted at 86 personnel. The Bureau will continue to administer civil service exams to encourage new hiring's.

The Fire Bureau Personnel also received the 2020 Hazard Pay for first responders who were active during the pandemic.

Neighborhood Services Department

The Neighborhood Services Department has been actively engaged in a number of key projects in the refuse and recycling, maintenance, and infrastructure development areas. The City has a contract with the Borough of Steelton to pick up its trash and recycling. This is a major advancement of using the City's resources to assist a neighboring community.

Many of the Neighborhood Services Department Personnel are also critical to the City's necessary operations and they also received hazard pay.

Traffic and Engineering

The Traffic and Engineering Division has made progress updating the City's traffic signal infrastructure. Funding for the remaining signals is included in 2021 budget.

Lastly, the City completed its Vision Zero Action Plan, this commitment is designed to eliminate traffic fatalities and serious injuries in the City within 10 years. This was a recommendation in both versions of the draft comprehensive plans. Thus far, the City has received strong support from the public and PennDOT. As the City develops their Vision Zero Action Plan through a grassroots effort with neighborhood groups and the community coming together for the common purpose of traffic safety, they expect to not only save lives but to positively impact community goodwill and City livability. The Plan is to be fully implemented by 2028.

Solicitor's Office

The Commonwealth of Pennsylvania, et al., filed a complaint against seven professional firms based on the Harrisburg incinerator project and series of financing transactions. The case is filed in the Commonwealth Court at 368 MD 2018. The Petitioners are represented by Harris, Wiltshire & Grannis LLP. In early September 2019, the Commonwealth Court held oral argument on preliminary objections filed by the seven professional firms seeking to dismiss the complaint. The parties are awaiting a Court decision.

Park Harrisburg Fiscal Year 2020 Operating and Capital Budgets Projections

As a result, of the CODID-19 Pandemic (i.e. government restrictions, remote work/school, reduced travel and entertainment plus a general conservative, stay at home approach to safety) there has been continue lower usage and revenues for the parking system in the Fourth Quarter. On March 16, 2020, Governor Wolf issued an Executive Order relating to sheltering in place to protect against the 2020 pandemic. The State Capitol effectively closed its offices in the Harrisburg Central Office on March 16, 2020 and these offices remain closed. Consequently, the demand for parking in the City of Harrisburg's Park System has been reduced significantly during the months of April through December, and perhaps longer as the Pandemic has not yet been fully contained. As a result, demand for parking in the Park Harrisburg system has been significantly reduced.

Reduced demand resulted in lower revenues and a shortfall for the January 2021 debt service payment date, the \$1.67 Million shortfall of interest and principal payments was advanced from the debt service reserve contracts.

John Gass from Trimont Real Estate is communicating and seeking advice with the Pennsylvania Economic Development Financing Agency (PEDFA), and the Credit Enhancers, Assured Guaranty and Dauphin County, on this matter. He is also providing representatives from the City of Harrisburg and the Harrisburg Parking Authority with the monthly cash flow results.

The comments below consider the reduced revenues, expenses, and other factors related to issues described above.

Projected Revenue and Expenditures

The Projected 2020, Fourth Quarter (October, November, December) revenues were approximately 27% below for the Fourth Quarter for 2019 revenues. Preliminarily, September 2020 revenues were 30.0% less than the December 2019 revenues.

The 2020 Fourth Quarter operating expenses through December decreased approximately 5.0% from the same period in 2019. The reductions included lower expenses associated with system usage such as back transaction fees and data fees.

The 2020 operating budget has been approved by the Credit Enhancers. The 2020 operating budget reflects increases in Meter Rates from \$3 per hour to \$4 per hour in the Central Business District, increase in monthly garage contract parking rate from \$210 to \$217 per month and increase in ticket rates from \$30 to \$40 per ticket. Payments under the DGS lease will increase per the terms of the lease. The 2020 budgeted operating expenses will increase by 5% from the 2019 budgeted operating expenses. An interim Capital Budget for 2020 is in place in the amount of \$1,250,000 equal to the amount in the CDM Smith report for 2020.

Note the increase in Meter, Monthly Garage Contract, and Ticket rates that were expected to be announced in March of 2020 have been put on hold pending further review of the effects of the COVID-19 virus on parking demand.

Through December 31, 2020, the City has been paid \$231,331 which represents \$825,927 less than the fully scheduled amount due. Through December 1, 2020, HPA has been paid \$287,388 that represents \$1,026,070 less than the full scheduled amount due. The City was paid approximately \$730,000 in parking tax for the Fourth Quarter of 2020.

Through December 31, 2020, no funds have been deposited for Performance Fee or for PEDFA fees.

Through December 31, 2020, no funds have been deposited in the Capital Reserve. The balance in the Capital Reserve account as of 12/31/2020 was \$2,000,000.

Capital & Operational Improvements

Capital Improvement Projects completed in 2020 include concrete repair at Chestnut Street Garage, barrier cable replacement at the 5th Street Garage, and elevator repair at the Chestnut Street, 5th Street, River Street, and Walnut Street Garages.

The project entered an energy saving contract and it has saved \$18,000 Year-To-Date through December of 2020.

5-7 Free Parking program

Dauphin County, the City of Harrisburg and the Harrisburg Downtown Improvement District (the "DID") agreed to fund a pilot program where the three parties pay Park Harrisburg in an amount equal to \$270,000 in return for free meter parking in the DID area from 5-7pm Monday through Saturday. The \$270,000 amount is the estimated meter revenue which the system collected from the DID area for the 5-7 pm time period. The program commenced on April 1, 2018 and will be reviewed for renewal each year.

Note that as there were relatively small amounts of Meter revenues during the Third and Fourth Quarters of 2020; therefore, a reduced amount for the free 5-7 Parking Program will be calculated and provided to participants.

ParkMobile

ParkMobile, the parking application provider for the meter system, had approximately 80,000 transactions for the period through September 30, 2020.

(The remainder of this page was intentionally left blank)

**City of Harrisburg
Parking Revenues
Table 1**

Group	Account Description	2014	2015	2016	2017	2018	2019	9/30/20
Parking Taxes	MBP PARKING TAXES CURRENT	3,100,722	3,289,446	3,769,704	3,668,788	3,942,440	4,265,145	2,738,592
Parking Taxes	MBP PARKING FEE	16,721	11,573	13,724	12,580	14,774	9,000	9,706
Parking Fees	PARKING LICENSE FEE-PRIOR	3,266	2,131	710	4,076	0	368	0
Parking Fees	PARKING LICENSE FEE-PENAL	3,477	2,007	3,010	3,284	1,459	2,073	0
Parking Fees	TOWING FEES	28,360	21,665	22,595	20,706	21,144	13,705	8,110
Parking Fees	METER BAG RENTAL	62,834	21,504	24,116	49,312	53,848	31,912	38,484
Parking Fees	FEES, FINE AND COSTS	72,570	49,535	42,244	13,627	28,866	28,751	48,319
Parking Fees	BOOTING FEES	14,595	8,850	3,300	2,925	1,575	2,850	0
Parking Tickets	PARK TICKETS-VIO FINE	475,248	463,641	447,119	376,923	420,396	381,107	173,899
Ground Lease Payment	PRIORITY PARKING DISTR.	900,000	527,900	1,093,623	974,526	1,460,125	1,275,290	287,388
Priority Parking Distribution	PRIORITY PARKING DISTR.	1,100,000	636,951	1,717,788	1,457,735	2,097,494	2,241,682	231,331
Rental Income	HPA RENTAL INCOME	20,800	0	0	0	0	---	0
HPA Coordinate d Pkg	HBG PRK AUTH COORD PKG	0	0	0	0	0	---	0
	Total Parking Revenue	5,798,593	5,035,203	7,137,933	6,584,482	8,052,120	8,251,882	3,535,829

**Ground lease payments and Priority Parking payments were inflated in 2018 due to the global settlement reached by all parties (creditors, City, County, PEDFA) in resolving discrepancies with the parking bond indenture.

Accruals

The Trustee has provided an opinion on language in the bond indenture related to the waterfall payments. PK Harris, the Asset Manager, engaged CDM Smith to update the capital study in order to factor in capital requirements for the system as part of a term sheet. Subsequent to the completion of the updated capital study, AGM and Dauphin County, in their role as credit enhancers and creditors, prepared a proposed term sheet for discussion. Several positive meetings were held between the creditors and the City to discuss the term sheet. It is the Coordinator's belief that a mutually acceptable resolution that balances the needs of the parking system and the City can be reached by the parties.

Capital and Operational Improvements

Capital Improvement projects include:

1. Concrete repairs and generator replacement at the Locust, Market Square, Chestnut and Walnut Street Garages. A new roof for the Chestnut Street Garage was installed.
2. Repaving of the 7th Street Lot and sealcoating of the 10th Street Lot and Mulberry Street Lots. As a result, of additional research on cost saving measures by the Operator, SP+, the final cost of repaving the 7th Street lot was \$300,000 below estimates in the Capital Study.
3. A new 10-year Capital Study has been completed and will be utilized for identification of capital improvements by year for the future.

Resource Recovery Facility

Results for 2014 – 2020

The Lancaster County Solid Waste Management Authority (LCSWMA) has operated the resource recovery facility since December 2013. Tonnage from the City, delivered to the Susquehanna Resource Management Complex (SRMC), exceeded the City's minimum required 35,000 tons in 2014, 2015, 2016, 2017, 2018, 2019, and 2020. As of the end of the Fourth Quarter, December 31, 2020, year to date, tonnage from the City disposed of at the Susquehanna Resource Management Complex (SRMC) was approximately 316,781 tons.

The City also receives an annual Host Fee from SRMC.

Resource Recovery Facility COVID-19 Update

According to the report provided on January 12, 2021 by Ms. Sandoe, Chief Commercial Officer, LCSWMA, the impact of COVID-19 was significant for LCSWMA's operations. Following the guidance from Commonwealth agencies, staff began a stringent cleaning protocol very early in the cycle of the COVID-19 Pandemic. Areas of heavy customer usage, such as the scale house, were cleaned hourly and often more frequently. Now that Dauphin County is in the Green Phase the Facility was able to open for customer deliveries on Saturday. Concurrently, revised facility hours have been implemented, based on customer usage data and business need.

Substantial planned outage work was completed during summer months and they include minor two-day boiler cleaning outages. December 2020 was very busy with major planned outages, as some of the work originally scheduled for spring was pushed to the fall due to contractor availability.

For the safety of staff and the community, LCSWMA discontinued the collection by weighmasters of paper manifests. Customer-facing staff are also practicing social distancing and wearing facial masks for their safety. No cash will be accepted by customers.

Harristown Development Corporation(HDC)

Harristown Development Corporation (HDC) continues to actively pursue additional development opportunities in Strawberry Square and the surrounding neighborhood. Strawberry Square itself is a great redevelopment story based on the 17-year Commonwealth lease for the Commonwealth Tower.

Brad Jones, Director of Harristown Development Corporation (HDC), has provided detailed information concerning events and projects for Harristown Development and the Central Business District that surrounds it. Unfortunately, things were dramatically different in the first half of the calendar year due to the full-blown pandemic that impacted Strawberry Square as most of Center City was shut down until early June 2020. This shut down has greatly impacted Strawberry Square and Harristown Development Corporation activities. Brad provided a brief update for the Fourth Quarter activity for HDC.

Strawberry Square

Strawberry Square re-opened on June 1, following a 10 ½ week closure due to the pandemic. Vendors have been open on a limited basis since that time; however, foot traffic through the Square is extremely light. We have been advised that state employees will not be returning to their offices prior to July 1, 2021.

Fit on Market, a new 3,000 Square Foot boutique fitness center, opened on November 9, 2020. State-of-the-Art, bi-polar ionization equipment has been installed to help maintain healthy air quality throughout the facility. A limited number of memberships are currently available.

New Murals

Three new murals were installed on Harristown properties in October 2020:

York artist, Dizz Gavins, known for his free-flowing, abstract art style, created a vibrant and colorful work along Blackberry Street at the rear of 28 Dewberry.

Tara Chickey's abstract landscape at the corner of Dewberry and Blackberry Streets was inspired by dreams and travel memories.

Emily Matusz, of Gettysburg, created a stunning peregrine falcon among the state flower, mountain laurel, on the wall under the Chestnut Street Garage along Blackberry Street.

The Menaker Apartment project is now underway to renovate 17 S. 2nd Street into 29 apartment units. Interior demolition has been completed, and a contractor has been selected. Construction will begin in early 2021, with completion anticipated by 1st Quarter 2022.

Other News

The recent announcement regarding the increase in garage parking fees continues to slowly erode the ability of Harristown and other private landlords to renew and/or sign new office leases in the downtown. With the current pricing for garage parking, this cost adds approximately \$4-6 per square foot to every office lease in downtown Harrisburg, thus making the downtown office market much less competitive.

Lease Renewals

The following tenants have renewed their leases in Strawberry Square:

Amma Jo	Pugliese
CAT	Associates
Ideas & Objects	RGS
PPL	Temple
	University

New Tenants

Pedego Harrisburg – Electric Bikes has signed a lease for 2,500 square feet @ 17 N. 3rd
Boneshire Brew Works has signed a lease for 1,000 square feet at 13 S. 3rd Street.

Tenants Leaving

A number of tenants have been unable to weather the pandemic and have ended their leases (either through termination or expiration):

Bagel Lovers	Modern Jewelers
Blue Door Vaping	Subway
Aunt Annie's	

New Projects

CASA completed 10,000 square feet, \$1.7 million renovation on the 3rd floor of Strawberry Square and opened to students on August 31st.

Harrisburg University is taking over 8,000 square feet of classroom space returned to us by Temple University.

Due to the cancellation of the international student work and travel program at the International House, the decision was made to turn those units into market-rate apartments.

- 318/320 Chestnut Street is now Dewberry Station – 11 fully-furnished, moderately priced units which are all-inclusive.

- 312/314 Chestnut Street is now International Place – 14 fully-furnished 1 and 2-bedroom units which are all-inclusive.

Senator's Stadium Bonds

The park permit/lease with the Harrisburg Senators for the City Island stadium remains an issue as the City has had to make up the difference in debt service from what the permit revenue provides. This amounted to between \$180,000 and \$200,000 annually and has continued to be a growing obligation. This has been a considerable burden on the City as the Pandemic enters its eighth month. The goal of the Receiver, and now Coordinator, was for the City to enter a new permit/lease that insured adequate revenues paid from operations of the Stadium to fulfill the debt service obligations on the stadium bonds without further burdening City taxpayers. The City and Coordinator met on several occasions to discuss options and staffing for reaching out to the parties involved. The City has now assumed responsibility for the "Senators' Stadium" financing matters which concerns the repayment of the bonds for the stadium.

Wastewater and Storm Water Compliance – Partial Consent Decree

The US Department of Justice and the US Environmental Protection Agency ("EPA"), along with the Pennsylvania Department of Environmental Protection ("DEP"), viewed the transfer favorably due to the capacity and expertise at CRW that would ensure the system's compliance with the Clean Water Act and Chesapeake Bay requirements.

Fortunately, CRW has complied with all milestones of the Partial Consent Decree entered by CRW, the City, the State Department of Environmental Protection, the US Environmental Protection Agency, and the US Department of Justice. The potential fines and penalties that would have been imposed on the City appear to have been avoided.

Forensic Claims

To date, many parties have been impacted by the Strong Plan and participated in the resolution of the City's debt related issues. This includes City residents who are faced with higher taxes, City employees who suffered wage freezes and made other concessions; creditors of the City and Authority, including AGM, Dauphin County, and AMBAC; and other creditors who were involved in the renovations to the Resource Recovery Facility and the monetization of City assets. Parties that have not participated to date in the City's recovery are the various professionals who were involved in the financing transactions related to the Resource Recovery Facility. Pursuant to the provisions of the Strong Plan, the Receiver and now the Coordinator have continued to actively pursue the forensic claims.

On May 21, 2018, the Commonwealth of Pennsylvania on behalf of the City of Harrisburg has filed the Incinerator Lawsuit Complaint against seven firms that provided professional guidance and advice to the City of Harrisburg on the Incinerator Project for engineering and financing. The law firm of Harris, Wiltshire & Grannis, LLP are representing the Commonwealth. In early September 2019, the Commonwealth Court held oral argument on preliminary objections filed by the seven professional firms seeking to dismiss the complaint. The parties are awaiting a Court decision.

Concurrently, a separate claim related to the Harrisburg Parking Authority (HPA) and Harrisburg University has also been pursued. This claim relates to the payment of \$3.6 million that was to be

made at plan consummation in order to obtain free and clear title to the Harrisburg Parking Authority facilities at Harrisburg University. Under an agreement with HPA, this claim was assigned to the City through the Office of the Coordinator. Counsel selected by AGM and Dauphin County determined to opt out of representation of the Coordinator in the complaint originally filed by that counsel in the Dauphin County Court of Common Pleas. As a result, the Coordinator selected Harris, Wiltshire & Grannis to represent him in this matter.

(The remainder of this page was intentionally left blank)

Summary

As I author the Fourth Quarterly update of 2020, the many concerns relating to the COVID-19 Pandemic continue to bring challenges to the City that the City Officials could not have anticipated in the development of the City of Harrisburg's 2020 and 2021 Budgets. In March 2020, during the Pandemic, sound and decisive action of Governor Tom Wolf of Pennsylvania and the Secretary Rachel Levine, Department of Health has helped the citizens of the City and State shelter in place and reduce the potential spread of the very dangerous virus. Daily numbers of newly infected and, sadly, the deaths that have occurred, remind us that without the swift action by the leadership of the Commonwealth the situation could have been far worse.

The local government leadership had immediately taken action to protect the welfare of the people they represent. The Dauphin County Commissioners, Mayor Papenfuse, Mayor of Harrisburg and the City of Harrisburg's City Council members have joined forces to address immediate issues of the business community. The Impact Harrisburg, Board of Directors, an entity formed by the City of Harrisburg's Act 47 Recovery Strong Plan, have also acted bravely and decisively. The local government entities partnered to form the Neighborhood Business Stabilization Program to assist City of Harrisburg's neighborhood businesses that are struggling through the Pandemic forced closures. I was asked to participate with the County, City, and Impact Harrisburg's Boards' leadership to play a role in advising the organizations on how this program fits appropriately into the Strong Plan objectives which to encourage and promote economic stability. A total of \$1.25 Million Dollars was dispersed to small businesses and non-profit entities throughout the City. All funds were distributed to the recipients by the end of May 2020.

These cooperative efforts by the Elected Officials helped to form sound and effective policies that can and will benefit the small neighborhood businesses within the City of Harrisburg during this Pandemic emergency. The uncertainty that exists under this health and economic crisis requires calm, reasonable, and strong guidance from these officials.

I want to express my appreciation for the leadership exhibited by the City's Elected Officials. As the Coordinator, for the past three and one-half years, I have overseen the Harrisburg Strong Plan and its' related activity. This has given me a chance to understand and become quite familiar with the City's Operational and Financial Management needs. The City's Elected and Appointed Officials have been very cooperative and have permitted me to closely monitor the City's Strong Plan progress.

The Final Act 47 Exit Plan provided direction on a number of issues which include financial revenue and expenditure projections for 2018-2021. The Final Exit Plan was submitted to the Mayor and City Council on August 8, 2018 after a period of written and oral public comment. The Act 47 Exit plan was **not** adopted by City Council because it was effectively annulled by House Bill 2557, which became Act 124. On October 24, 2018, the Act was signed into law and established the Intergovernmental Cooperation Authority (ICA) for the City of Harrisburg. Under the new law, the Coordinator and Strong Plan shall remain in place until the ICA Executive Board and Executive Director are appointed, after which the ICA shall execute an Intergovernmental Cooperation Agreement (ICA) with the City. Pursuant to section 706(1) of Act 124, the Strong Plan shall continue until the agreement has been executed by the ICA and the City. Under section 706(2), the City's Act 47 distressed status shall automatically terminate once the agreement has been fully executed. If the parties so desire, the next step is for the full ICA agreement to be adopted by the ICA Board, the Mayor, and the Harrisburg City Council. Further, the 2020 ICA five-year financial forecast and report submitted by Mayor Papenfuse to the ICA Board was rejected by the ICA Board of Directors on December 16, 2021. Objections to the plan were noted and the Mayor

had fifteen days from December 16, 2020 to respond to the objections. On January 5, 2021, Mayor Papenfuse indicated to the ICA Board that he will not be making any changes to the report or provide any amendments. The ICA Board will meet on January 27, 2021 for further action.

The enactment of the Strong Plan modifications, when it was adopted in September of 2013, was a critical next step in the City's recovery and its move towards a path of sustainability and a Rescission from Act 47. The modifications recognize the current financial position of the City and provide a fiscal roadmap for City officials to advance their recovery until the ICA, Board of Directors enters and formally adopts Intergovernmental Cooperation Agreement with the City.

Although challenges remain, the City has made significant progress on many fronts. Through the December 31, 2020 (the most recent reports available to me), the General Fund shows a cash balance of \$31.2 million dollar and the City's Neighborhood Services Fund shows a cash balance of \$6.7 million dollars. The City's fiscal condition is currently reasonably stable under the current situation. The City did not need to pursue a Tax and Revenue Anticipation Note (TRAN) for Fiscal Year 2021.

The City has taken a number of steps to restore its fiscal credibility in the financial marketplace including keeping their audits up-to-date (although the 2019 Audit is running late it is expected by January 15, 2021), securing compliance with SEC disclosure requirements, making timely debt service payments, and bringing all payables into a current status. The City made another payment in September 2020, so it will not need to rely on AMBAC to make its payments. The City hired Marathon Capital, as their Financial Advisors to assist with the negotiations with AMBAC. The Mayor, City Council, Financial Advisors, and AMBAC have reached a tentative agreement to refund the AMBAC Bond Deal. The Coordinator has reviewed the proposal and feels it is fair and equitable should the City move forward with a final deal with AMBAC. The Harrisburg Receiver negotiated the first two agreements with AMBAC on behalf of the City. The City is eagerly approaching the time when it can fully re-enter the bond marketplace to assist in financing much needed capital infrastructure for the future.

Restructuring City operations has played a key role in the City's positive current fiscal position. As mentioned earlier, the ability to retain the extraordinary taxes, as the results of the November 2020 amendment to the PA Fiscal Code, should provide an opportunity to stabilize the current income flow for the City. Fortunately, this amendment will permit the City to appropriately manage its future resources by securing this income source for future operations.

As mentioned earlier, the COVID-19 Pandemic has impacted revenues significantly especially as it relates to the Commonwealth of Pennsylvania's Capital Complex being shuttered. Parking and restaurant businesses have been greatly impacted throughout the Harrisburg's Central Business District. The City had taken a particularly hard hit from the loss of Parking Revenue in Fiscal Year 2020. It is anticipated that the Commonwealth employees will not return until the Pandemic is under significant control, likely in July of 2021.

DCED's Redevelopment Assistance Capital Program (RACP) grant for revitalization efforts in both Midtown and Allison Hill will further incentivize economic activity, all of which serves to strengthen the City's tax base and economic development. It is important that the City continue to build on these successes and partner with governmental and community stakeholders to further advance revitalization efforts.

I, as the Coordinator, will continue to work with Mayor Papenfuse and his Administration, as well as Wanda Williams, President, Harrisburg City Council and other City Elected and Appointed

Officials to assist the City until the Rescission from Act 47, Municipalities Financial Recovery Program. Regular interaction with the City Administration on issues involving finance, budget, tax collection, IT issues, planning, sanitation, public safety, parking and human resources are an important element to the City's recovery. The Coordinator was advised by City Officials on the 2021 Annual Budget. This included capital improvement programming, increasing the City's management capacity (City's Finance Director Position is currently vacant), and to continue to enact "GFOA Best Management Practices," financial management policies which include: the Fund Balance Policy and the Debt Management Policy. These policies were adopted by City Council two years ago.

As the Recovery Coordinator, I want to recognize the significant progress that has occurred since Harrisburg entered the Act 47 Program in 2010. Looking forward, the City has many challenges as the COVID-19 Pandemic has stymied many businesses and several economic concerns remain on the horizon. The North Atlantic Region has been hard hit economically. Mayor Papenfuse and the Harrisburg City Council have begun to address many of the challenges from a Human Services and Economic Development perspective. Once the pandemic and its impact begin to subside, the City of Harrisburg's Elected Officials stand ready to address each issue and seek remedies for returning to its strong economic performance of the past decade.

Now more than ever, Harrisburg is a shining example of how, by working collaboratively, engaging in partnerships, and sharing in both the pain and success, a City can transition from near bankruptcy to a City that is fiscally sound and on the road to full fiscal recovery. The hope is that this COVID-19 Pandemic crisis will make the City of Harrisburg and its citizens stronger and even more resilient. I am proud to be part of this new fiscal renaissance for the City of Harrisburg.

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

DENNIS M. DAVIN, IN HIS CAPACITY
AS SECRETARY FOR THE
DEPARTMENT OF COMMUNITY AND
ECONOMIC DEVELOPMENT,

Petitioner,

v.

CITY OF HARRISBURG,

Respondent.

Docket No. 569 MD 2011

CERTIFICATE OF CONFIDENTIALITY

I certify that this filing complies with the provisions of the “Public Access Policy of the Unified Judicial System of Pennsylvania: Case Records of the Appellate and Trial Courts that require filing confidential information and documents differently than non-confidential information and documents.

Respectfully submitted,

BY: /s/ Sean Christopher Campbell
SEAN CHRISTOPHER CAMPBELL
Assistant Counsel
Attorney ID No. 321246
Department of Community & Economic
Development
Commonwealth Keystone Building
400 North Street, 4th Floor
Harrisburg, PA 17120
(717) 720-1345 (phone)
(717) 772-3103 (fax)
seancampbe@pa.gov

*Counsel for Petitioner, Dennis M. Davin, in his
official capacity as Secretary at the
Department of Community and Economic
Development*

CERTIFICATE OF SERVICE

I, Sean Campbell, hereby certify that on this 8th day of October 2020, the foregoing **Status Report of the Coordinator for the City of Harrisburg** has been served upon counsel in the manner indicated below, which service satisfies the requirements of Pennsylvania Rule of Appellate Procedure 121:

Via U.S. First Class Mail:

Neil Grover, Solicitor
Tiffanie Baldock, Deputy City Solicitor
City of Harrisburg
10 N 2nd Street
Harrisburg, PA 17110
Phone: 717-260-9651
Solicitor, City of Harrisburg

Scott T. Wyland, Esq.
Edward Lee Stinnett, II, Esq.
Salzmann Hughes PC
112 Market Street, Floor 8
Harrisburg PA 17101
Phone: 717-234-6700
*Counsel for certain Suburban
Municipalities*

Mark Kaufman, Esquire
King & Spalding
1180 Peachtree Street, NE
Atlanta, GA 30308
Phone: 404-527-4000
Counsel for the Office of the Receiver

Daniel L. Sullivan
Sullivan Rogers & Feichtel
100 Sterling Parkway, Suite 100
Mechanicsburg, PA 17050
Phone: 717-243-6222
Counsel for County of Dauphin

Dan Miller
10 N. Second Street
Suite 403
Harrisburg, PA 17101
Phone: 717-255-3060
Pro se

Ronald L. Finck
Charles B. Zwally
Mette, Evans & Woodside
3401 N. Front Street
P.O. Box 5950
Harrisburg, PA 17110
Phone: 717-232-5000
Counsel for County of Dauphin

Markian Roman Slobodian
Law Offices of Markian R. Slobodian
801 N. 2nd Street
Harrisburg, PA 17102-3213
Phone: 717-232-5180
*Counsel for Ambac Assurance
Corporation*

Lee E. Morrison
420 Lamp Post Lane
Camp Hill, PA 17011
Phone: 717-761-6090
Counsel for Harrisburg City Council

Matthew M. Haar
Paul M. Hummer
James S. Gkonos
Saul Ewing LLP
Centre Square West
1500 Market Street, 38th Floor
Philadelphia, PA 19102-2186
*Counsel for Assured Guaranty
Municipal Corp.*

Marck Joachim
Arent Fox LLP
1050 Connecticut Avenue, NW
Washington, DC 20036
Phone: 202-857-6018
*Counsel for Ambac Assurance
Corporation*

Date: January 15, 2021

/s/ Sean Christopher Campbell
SEAN CHRISTOPHER CAMPBELL
Assistant Counsel
Attorney ID No. 321246
Department of Community & Economic
Development
Commonwealth Keystone Building
400 North Street, 4th Floor
Harrisburg, PA 17120
(717) 720-1345 (phone)
(717) 772-3103 (fax)
seancampbe@pa.gov