

*Intergovernmental Cooperation Authority for Harrisburg
Minutes of the Governing Board Special Meeting
April 28, 2021
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, and Mr. Dan Connelly, City of Harrisburg	
Staff Present	Mr. Jeffrey Stonehill, Authority Manager, and Ms. Anna Marie Sossong, Independent General Counsel	
Welcome by the Board Chair	Mr. Stonehill noted that the meeting was being recorded and would be placed on the Authority YouTube page afterwards. Ms. Carter welcomed everyone.	
Approval of March 24, 2021 Minutes	Ms. Carter presented the minutes from the March meeting, which had been reviewed by her and Ms. MacNett; on a motion to approve by Ms. MacNett, seconded by Mr. Hill.	Minutes; approved 4-0
Review of Bills Paid	Mr. Stonehill reviewed the bills paid since the last regular meeting of the Authority stating that as of April 28, 2021 the Authority has a fund balance of \$116,612.41. Mr. Stonehill noted that the Pennsylvania Department of Community and Economic Development had provided the Authority with their balance of the Year Three Funding from the Commonwealth of Pennsylvania. A check for \$58,000 was deposited.	
Update by the City of Harrisburg on Financial Activities	Ms. Carter welcomed Dan Connelly who spoke on behalf of the City of Harrisburg. He noted that, "the City and Ambac have reached an agreement regarding the forbearance liability associated with 1997 E & F General Obligation bonds. If you recall the City defaulted on their debt years ago and Ambac agreed to make payments on debt service on behalf of the City; and the City started accruing a liability associated with those payments. The liability has grown out to \$25.5 million. The City and Ambac engaged in negotiations to address that liability on mutually agreed terms. A proposal was introduced to City Council last night, a resolution for their	

consideration. The agreement would include the City agreeing to defease the Series 2005 A-2 Stadium bonds that were issued by the City Redevelopment Authority and guaranteed by the City. Last year with covid, the City made the full debt payment on these bonds for the stadium on City Island. The City had been making partial payments anyway.”

Mr. Connelly added that, “in an exchange for the City defeasing this debt, Ambac is going to apply a credit to City’s forbearance liability, which is accruing at 6.75%.”

In conclusion, he added that, “the credit will equal about \$1.8 million; technically it’s 38% of the par amount outstanding at the time. Ambac will also give credit on the City’s forbearance liability, on everything up to \$4 million in prepayments. They will match City payments with an additional 38% up to \$4 million. If the City maximizes that benefit it would be not just \$4 million in paying down 6.75% debt but also about \$1.52 million of additional credit towards the outstanding debt owed by the City.”

The City would be expected to execute the payments before the end of this calendar year.

The City also agrees to prioritize this debt above any new debt or new refinance of the balance of the debt left over.

The other development was the introduction to Council last night to engage Stifel, Nicolaus & Company as underwriters to be part of the financing team to refinance the city liability and reenter the debt marketplace.

Mr. Vartan asked when Mr. Connelly describe the agreements are prioritized, can he explain what that means? Mr. Connelly explained that the City would not issue new General Obligation debt while the balance of the forbearance is outstanding. This would not preclude the refinance of the balance of the forbearance liability.

	<p>Ms. Carter asked whether the City had any more clarity on the American Rescue Plan Act. Mr. Neil Grover, City Solicitor, explained that other than the amount that the City was to receive, the final guidelines would not be available until May 10 or May 17, 2021.</p> <p>Mr. Stonehill clarified what would occur with the stadium debt.</p> <p>Mr. Connelly confirmed that the City would present the draft 2021 Mayor's Five-Year Financial Plan by the end of the week.</p>	
<p>Update by the Act 47 Coordinator on the First Quarter 2021 Financial Performance of the City</p>	<p>Ms. Carter introduced Ms. Marita Kelley from the Pennsylvania Department of Community and Economic Development, who is the Act 47 Coordinator for the City. Ms. Carter noted that Ms. Kelley is a tireless advocate for the City and an ever-present advisor to the ICA Board.</p> <p>Ms. Kelley stated that, "I completed and submitted to the Commonwealth Court on my first quarter status report. During the first quarter of the year, the City was able to execute fully formation of the OPEB Trust. The City Council has approved formation of the Trust. There is about \$3.3 million to be deposited in the Trust." Ms. Kelley thanked the diligence of the Mayor, City Council, and staff in forming the Trust as was required by the Strong Plan.</p> <p>Ms. Kelley added that, "The City's General Fund fund balance at the end of the quarter was robust at about \$39 million. Early in the fiscal year, the Neighborhood Services Fund fund balance stood at \$6.8 million. The City's fund balance is relatively healthy. In the report, you all can review several components. The various activities associated with LCSWA and with Tremont Capital, who is the parking concierge is summarized."</p> <p>Overall, the City sits in a reasonably good position.</p> <p>Mr. Stonehill clarified the condition of the parking scheme and the issues that still plague parking finances.</p>	

	<p>Ms. Kelley confirmed Commonwealth offices will reopen for in-person staff as of July 1, 2021.</p> <p>The hope is the City is past the worst of the situation and as the reopening proceeds, revenues will return somewhat.</p>	
<p>Submission of the Section 203 Annual Report</p>	<p>Ms. Carter called on Mr. Vartan.</p> <p>Mr. Vartan stated, “one of the reporting obligations under Act 124, is one we've been calling this one the Section 203 Report It is produced annually and is due 120 days from the end of the City's fiscal year. It is submitted the leadership of the General Assembly and the Governor. Jeffrey and a subcommittee had created a report draft and the Chair made changes. Jeffrey sent out a draft to the authority members one at a time. Today, depending on feedback, I would like to ask the concurrence on the report in order to submit it.”</p> <p>A motion by Mr. Vartan, a second by Ms. MacNett, the ICA Board provided concurrence on the draft report and authorized its submission to the designated officials at the Commonwealth.</p> <p>Mr. Connelly stated he had a question about the report and Ms. Carter encouraged him to contact her to ask his question.</p> <p>The motion passed.</p>	<p>Concurrence to Adopt the Section 203 Annual Report: approved 4-0</p>
<p>Report of the Chairperson</p>	<p>Ms. Carter stated that, “this has to do with the intergovernmental agreement that City Council had some discussion about yesterday. The ICA and the City have been working on this since November 2019 when we first submitted a draft to the City. Our first draft numbered 30 pages. It was fully respectful of the borders of Act 124. Through much negotiation and accommodation to the City's requests, we submitted a confidential revised proposed agreement to the City in February; and it numbered only 13 pages, coming in just over 40% of our original. I want you to know that we carefully chose words and our points of importance as we kept whittling down. Last night, Neil Grover submitted our draft in its entirety for acceptance by City Council as Resolution 31 at their working session. In it he incorporated a request for some</p>	<p>Authorization to Execute the Intergovernmental Cooperation Agreement with the City of Harrisburg, as presented by Counsel: approved 4-0</p>

latitude to negotiate on a topic which our counsel had already shared the ICA's opinion. At the legislative meeting following their working session, the City Council immediately and unanimously approved the resolution and the agreement as presented. It is important for the ICA to adopt officially the agreement as presented, as our final agreement; to do so I would like to ask for a motion."

In response, on a motion by Mr. Vartan, "A motion of the ICA Board to authorizing the Authority to finalize and enter into the Intergovernmental Cooperation Agreement with the City of Harrisburg, as has been presented in the final draft prepared by our counsel." With a second by Ms. MacNett.

Mr. Hill commented that, "first, I do appreciate the work that's going into the agreement, paring it down to its essentials, as presented to the City Council ultimately. Second, I think it was appropriate to pare it down because it needed to provide clarity where we mutually needed to understand things like definitional matters or procedural matters where the statute might not have been clear enough. Finally, also to recognize some circumstances where the language of the statute differed in some ways from the real world that we're dealing with."

It was pointed out there is some differing language in Section 4.05.D of the Agreement suggested by the City Solicitor. The resolution approved by the City Council permits the City to sign the agreement whichever way the language is ultimately written. It really comes down to changing one word: "Authority's needs" to "the parties' needs."

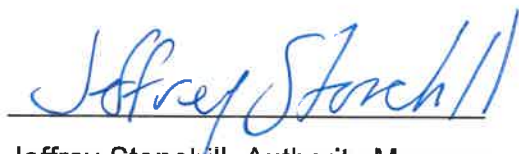
There was some discussion about the difference in the wording.

It was pointed out that final City approval requires a subsequent approval of an Ordinance. Mr. Vartan pointed it was his intent to work out any dispute over future document requests with the City.

	<p>The motion passed.</p>	
<p>Update on the Process of Executing the Intergovernmental Cooperation Agreement</p>	<p>Ms. Sossong explained that, “there is pending in Commonwealth Court, in front of Judge Ledbetter, a series of matters involving the City, the County, debt requirements, litigation, and the Harrisburg Strong Plan. Under the terms of Act 124, the signing of this Agreement is one of the requirements for the removal of the City from distressed city status. Once that Agreement is signed, by operation of law, the City is automatically removed as an Act 47. In Commonwealth Court all the extraneously issues remain will be parsed out, however that is. Finally, once the court issues its final order, the City and the ICA may execute the final intergovernmental agreement; and, then DCED can process removing the City from distressed city status.”</p> <p>It should not take long until the issue goes before Commonwealth Court.</p> <p>The Agreement will not be executed until the proper time is determined in the legal process, as Neil Grover explained, to permit the Agreement to be signed.</p> <p>Mr. Grover pointed out that an Ordinance is necessary for the City to execute the Agreement.</p> <p>He added that PA DCED must hold a hearing prior to the City exiting Act 47 distressed city status.</p> <p>Mr. Grover added emphasis to his request to change the one word in Section 4.05.D. Ms. Sossong asked Mr. Grover to watch the video of the previous discussion.[Mr. Grover had lost connectivity for a matter of minutes.]</p> <p>Ms. MacNett clarified the delay being required. She further requested clarification on the delay be communicated to the General Assembly and the Governor. Ms. Carter said a letter along those lines would be sent next week.</p>	

Other Business	There was none.	
Public Comments	Mr. Stonehill read a series of questions from a citizen.	
Adjourn	At 4:51 p.m., on a motion by Mr. Hill, with a second by Mr. Vartan, 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 – April 28, 2021

• Commonwealth of Pennsylvania	+\$58,000	April 16, 2021	DEPOSIT
• Digital Ocean <i>Website software licenses</i>	\$10.60	April 1, 2021	
• Digital Ocean <i>Web Host</i>	\$5.72	April 1, 2021	
• Zoom <i>Web subscription</i>	\$8.99	April 16, 2021	
• PA Media Group <i>Legal advertisements</i>	\$466.23	April 16, 2021	
• Startup Harrisburg <i>Virtual Office Monthly Subscription</i>	\$81.21	April 16, 2021	
• Johnson & Duffie <i>Independent General Counsel</i>	\$2,450.00	April 28, 2021	
• MESH PA LLC <i>Authority Manager</i>	\$4,200.00	April 28, 2021	

Starting balance: \$65,818.84

Ending balance: \$116,612.41

• Interest earnings Y-T-D	\$4.39
• Fees Y-T-D	\$0

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

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

Petitioner, :

v. : NO. 569 MD 2011

CITY OF HARRISBURG :

Respondent. :

**STATUS REPORT OF THE COORDINATOR FOR THE CITY OF
 HARRISBURG**

Marita J. Kelley, Coordinator for the City of Harrisburg (the “Coordinator”),
 by and through the Office of Chief Counsel for the Department of Community and
 Economic Development, respectfully submits the following Status Report regarding
 the implementation of the Harrisburg Strong Recovery Plan, as confirmed by this
 Honorable Court on September 23, 2013.

Respectfully submitted this 15th day of April, 2021 by,

/s/ Sean Christopher Campbell

SEAN CHRISTOPHER CAMPBELL

Assistant Counsel

Attorney ID No. 321246

Department of Community & Economic
Development

Commonwealth Keystone Building

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Harrisburg, PA 17120

(717) 720-1345 (phone)

(717) 772-3103 (fax)

seancampbe@pa.gov

Date: April 15, 2021

To: The Honorable Bonnie Brigance Leadbetter

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

Re: 2021 First Quarter Update on the Coordinator's Act 47 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-ninth 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.

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 First Quarter of 2021, which concluded on March 31, 2021.

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 Allat, Business Administrator, Marc Wholley, and Accounting Manager, Bryan McCutcheon, regularly to maintain input and monitor the status of the Strong Plan Activity until 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 (January, February, March), the Coordinator has been working with the City of Harrisburg's Mayor, Finance Department (Accounting Office), City Council President, and Council Members to continue to monitor the budgetary and other related financial management activities through the end of the First Quarter of fiscal year 2021.

The City's General Fund, available cash balance as of March 31, 2021 (the most recent data available) stands at \$39 million dollars. For the same timeframe, the Neighborhood Service Fund available cash balance is \$6.8 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 seven years, and one month 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 First Quarter 2021 report on the City's progress with further implementation activities.

The First Quarter of 2021 continues to be impacted by the pandemic, although twelve months have passed since the Governor commenced the 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 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 First Quarter of 2021, the situation for the Pandemic has not greatly improved. The Progress on the COVID-19 Vaccine has greatly improved and there is hope that by the end of 2021 a return to normalcy will occur.

For the City of Harrisburg, the economic impact of this situation remains a 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, and later the American Rescue Act, enacted on March 11, 2021, funding to provide support for businesses and related business activities. The economic stability programs for small and large businesses will hopefully keep the economy neutralized as the crisis continues.

Last year at this time, 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) could 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 350 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.

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 Fall of 2020 the City of Harrisburg and the Harrisburg Chamber of Commerce and the Capital Regional Economic Development Corporation (CREDC) provided additional financial assistance to small businesses within the City of Harrisburg. The continued effort, by the City to stand and assist with its small business community, is proof that the Mayor and City Council are committed to providing a full economic recovery to small businesses, during these challenging times.

On March 11, 2021, President Joseph Biden signed into law the American Rescue Act (ARA). This far reaching law will greatly benefit municipal governments in their efforts to recovery from the economic impacts of the Pandemic. The City of Harrisburg is poised to receive \$48.86 million dollars as part of the ARA. This assistance will allow municipalities to regain economic vitality and neutralize the many negative impacts on governmental operations due to the COVID-19 shut down and related economic downturn.

During the First Quarter of 2021, the Recovery Coordinator continued to oversee the implementation of the Act 47 Strong Plan modifications. The modifications provide financial analysis and input, along with attendant other recommendations, that will advance the City's recovery towards the ultimate rescission of its Act 47 designation. The modifications recognize the current financial position of the City and it provides a fiscal roadmap for City officials to advance their recovery until the ICA enters into an Intergovernmental Cooperation Agreement with the

City. Until such time, however, the Strong Plan remains in place and the City retains its Act 47, Municipalities Financial Recovery Status.

As Coordinator, I prepare Cash Flow Estimates based on the City's Check Run activity. During the First 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 this 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.

The board received the final statistics on the administration of the Neighborhood Business Stabilization Program: Impact Harrisburg provided grants in the amount of \$5,000 each to 350 small businesses in the city. The final amount disbursed: \$1,750,000.

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 March 2021 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;
4. The City of Harrisburg/Capital Region Water Multimodal Project.

Impact Harrisburg Completed Projects:

Projects Funded/Grant Amount/Project Status as of March 31, 2021:

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. City of Harrisburg Microsoft Office 365 (\$250,000 grant)
18. TLC Construction and Renovations (\$500,000 grant)
19. Webpage FX (\$500,000 grant)
20. Paxton Street Home Benevolent Society (\$100,000 grant)
21. Harrisburg River Rescue (\$81,369 grant)
22. Gamut Theatre (\$250,000 grant)
23. YMCA Camp Curtin (\$500,000 grant)
24. City of Harrisburg Playground Resurfacing (\$250,000 grant)
25. Tri-County Housing Development Corporation (\$370,000 grant)
26. Capital Region Water/City of Harrisburg Multi-Modal Collaborative Facility (\$5,797,701.17 grant)
27. Salvation Army for new facility multi-purpose facility (\$500,000)
28. Harrisburg Redevelopment Authority (\$500,000 grant)
29. East Shore YMCA (\$138,592 grant)
30. Tri-County Community Action Commission (\$204,759 grant)
31. Community First Fund (\$350,000 grant)
32. The City of Harrisburg/Capital Region Water Parks 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 one compliance professional with extensive expertise in the grant's management area. This individual works 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 professional 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 consultant and the remaining number of grantees with future project completion 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.

Impact Harrisburg concluded its audit for the fiscal year ending June 30, 2020.

The organization is exploring how best to manage the funds remaining in its two funding categories: Economic Development fund and the Infrastructure fund. This discussion is based upon the expectation that by the end of FY 2021 all grants will be fully paid to grantees under the program currently being administered by the organization.

The board is exploring options that align with its charter and other organizing documents. Among the options being explored is the introduction of a second, smaller funding round in the Economic Development fund category.

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 has drafted 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 – The Escrow Agreement has been terminated and proceeds maintained thereunder have been distributed. On March 23, 2021, the City of Harrisburg’s City Council, unanimously passed the OPEB Trust Fund Ordinance. The OPEB Ordinance was one of the final requirements of the Strong Plan that is now in place and will be administered by the Mayor’s Administration. Documents will need to be finalized. 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 the purpose of the primary funding for the OPEB trust.

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

Fiscal Matters

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.

As of February 28, 2021, the 2021 Amended General Fund Revenues (Sources) totals \$81,839,509. The 2020 Amended Budget (after budget amendments and budget reallocations) represents General Fund Revenues of \$77,616,854. The 2021 Amended General Fund Revenues (Sources) represent an increase of 5.44% over the amended and reallocated 2020 Amended General Fund Budgeted Revenues.

As of February 28, 2021, the 2021 Amended General Fund Expenses (Uses) totals \$81,777,073. The 2020 Amended General Fund Budget Expenses (Uses) totals \$77,616,226. The 2021

Amended General Fund Expenses (Uses) represent an increase of 5.45% higher than the 2020 Amended General Fund Approved Expenses Budget.

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

On March 31, 2021, the City's General Fund available cash balance was approximately \$39 million. The Neighborhood Services Fund (NSF) had an available cash balance of \$6.8 million.

The City's bi-weekly General Fund payroll averaged \$1,075,000 for the First Quarter and the Neighborhood Services Fund bi-weekly payroll averaged \$175,000 for the First Quarter.

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

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 First Quarter of 2021, 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 First Quarter of 2021, 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 the strategic operating plan. 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, Public Safety, 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.

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

The Finance Bureau, Treasurer, 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.

As mentioned above, the OPEB Trust Ordinance passed the City of Harrisburg's City Council on March 23, 2021. The Mayor and the Business Administrator are working towards its full implementation in the coming months.

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 that will need upgraded 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 during Fiscal Year 2021.

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 this phase was recently completed.

Police Bureau

The City Police Commissioner continues to be 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 officers' activities for multiple reporting purposes.

The City provided Hazard Pay to Police Officers who were active during the Pandemic. The City has received 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 uniformed personnel due to anticipated retirements. The Police Chief is concerned about the potential notable loss of tenured uniformed officer employees due to retirement. This was 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 Community Service Aides (CSA) 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 Trash Collecting contract with the Borough of Steelton, Borough of Penbrook, and the Borough of Paxtang to pick up the trash and recycling for the Boroughs. This is a major advancement of using the City's resources to assist neighboring communities.

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 2021 Operating and Capital Budgets Projections

As a result of the COVID-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 First Quarter 2021. 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 past year, 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.

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.

Due the ongoing effects of the COVID-19 virus, there has been continued lower usage and revenues for the parking system during the First Quarter of 2021. The First Quarter of 2021 Revenues were lower than the First Quarter of 2020 with total revenues below levels required to meet the debt service accrual coverage on all debt.

The reduced demand for parking resulted in lower revenues that produced a shortfall for funding of Series B and C debt service totaling approximately \$1.67 million dollars as of December 31, 2020. For the January 1, 2021 debt-service payment date, the \$1.67 million dollars shortfall of interest and principal payments was advanced from the debt service reserve contracts.

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

Projected Revenue and Expenditures

Projected 2021 First Quarter revenues were approximately 27% below 2020 First Quarter revenues.

The 2021 First Quarter operating expense was level with 2020's First Quarter.

The 2021 operating budget has been approved by the Credit Enhancers. The 2021 operating budget reflects increases in Meter Rates from \$3 to \$4 per hour in the Central Business District, increase in the 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 Department of General Services lease will increase per the terms of the lease. The 2021 budgeted operating expenses will decrease by 6% from 2020 budgeted operating expenses. The 2021 capital budget in the amount of \$675,000 has been approved.

Through March 31, 2021, the City has been paid \$0 that represents \$470,000 less than the full scheduled amount due. Through April 2021, Harrisburg Parking Authority has been paid \$0 that represents \$571,666.66 less than the full scheduled amount due. The City was paid approximately \$700,000 in parking tax for Q1 2021.

Through April 2021, no funds have been deposited for Performance Fees or for PEDFA fees. Through April 2021, no funds have been deposited in the Capital Reserve. The balance in the Capital Reserve account as of 3/31/2021 was approximately \$2,000,000.

Capital & Operational Improvements

Capital Improvement projects planned for 2021 include concrete repair at the Chestnut Street garage, Walnut Street garage, Locust Street garage and 5th Street garage.

The project entered into an energy saving contract and has saved \$4,500 YTD through March 2021.

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 First Quarter of 2021; therefore, a reduced amount for the free 5-7 Parking Program will be calculated and provided to participants.

**City of Harrisburg
Parking Revenues
Table 1**

Group	Account Description	2014	2015	2016	2017	2018	2019	2020
Parking Taxes	MBP PARKING TAXES CURRENT	3,100,722	3,289,446	3,769,704	3,668,788	3,942,440	4,265,145	3,511,843
Parking Taxes	MBP PARKING FEE	16,721	11,573	13,724	12,580	14,774	9,000	11,327
Parking Fees	PARKING LICENSE FEE-PRIOR	3,266	2,131	710	4,076	0	368	2,033
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	20,7060/ 2020	21,144	13,705	11,750
Parking Fees	METER BAG RENTAL	62,834	21,504	24,116	49,312	53,848	31,912	86,356
Parking Fees	FEES, FINE AND COSTS	72,570	49,535	42,244	13,627	28,866	28,751	52,655
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	259,533
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	4,454,215

**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.

Resource Recovery Facility

Results for 2014 – 2021

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 First Quarter, March 31, 2021, year to date, tonnage from the City disposed of at the Susquehanna Resource Management Complex (SRMC) was approximately 8,849 tons.

The City also receives an annual Host Fee from SRMC.

Resource Recovery Facility COVID-19 Update

Ms. Sandoe, Chief Commercial Officer, LCSWMA, stated that the impact of COVID-19 was significant for LCSWMA's operations during fiscal year 2020. 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. Concurrently, revised facility hours have been implemented, based on customer usage data and business need.

December 2020 was very busy with major planned outages, as some of the work originally scheduled for spring was pushed to the late 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)

Strawberry Square

Strawberry Square hosted a COVID-19 testing site in the former Strawberry Gifts retail space beginning Tuesday, March 16, 2021; testing will continue through April 10th. The site is a partnership among the PA Dept. of Health, Dauphin County Emergency Management, the City of Harrisburg, Strawberry Square, and AMI Expeditionary Healthcare.

Cue-Nique Lottery II has moved to a new space in the Square. As one of Strawberry Square's longest running tenants, and one of the Pennsylvania Lottery's top-selling stores, Cue-Nique has opened an expanded space just inside the Walnut Street entrance.

Fit on Market, a new boutique fitness center, opened adjacent to the Rite Aid at the end of 2020. With expanded hours and an exterior entrance, the center offers more convenience and new Matrix workout equipment.

Lease Renewals

Chef Chen's and Little Amps have renewed their leases in Strawberry Square. El Sol has also renewed their lease at 18 S. 3rd.

New Tenants

Boneshire Brew Works will open Taps@SoMa in early April at 13 S. Third Street (former Sip@SoMa).

Projects

DTLR (formerly Sneaker Villa) is renovating and expanding their retail space at 333 Market. The retailer will increase their store size by an additional 3,000 square feet; they expect to re-open in the newly updated space by mid-April. During renovation, DTLR moved to a temporary home in the old Rite Aid at 309 Market to continue operations.

Harristown has expanded the conversion of student housing that was initiated in 2020 (Dewberry Station @ 318 Chestnut and International Place @ 314 Chestnut), with 29 South Third Street – International House. The first phase of this conversion, including 19 studio, 1 and 2-bedroom apartments, will open in April 2021. The second phase is currently under conversion and will be available for lease later in the summer. All three of these Chestnut & Third Street locations can be leased as fully furnished units (if desired), and the rents are all-inclusive: electric, basic cable, internet, water, sewer, trash. The rents for all units qualify for affordable and workforce housing, a need that has been increasing in the City.

The Menaker Apartment project is now underway to renovate 17 S. 2nd Street into 28 apartment units. Construction is expected to commence in 2nd quarter 2021. Harristown has compiled a list of 28 projects that are under development and/or construction throughout the City over the next three years. A total of more than \$600 million worth of projects are in the pipeline or under construction, which is more than has been invested in the City in many years.

In January 2021, Harristown was the recipient of the 2020 Dauphin County Premier Project Award for Growing Our Communities for our investment and development in the SoMa Neighborhood.

Harristown and its investment partners have acquired 112 Market Street (the Veterans' Building) as of March 30, 2021 and will be working on plans to convert the structure into a mix of commercial, office, and residential units over the next several years.

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 concern 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.

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Summary

As I author the First Quarterly update of 2021, 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 2021 Budget. 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.

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 \$1.75 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. The City followed-up with additional financial assistance to the small businesses within its limit in the Fall 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 the 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 four 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.

On March 23, 2021, the City of Harrisburg's City Council approved an Ordinance to form an Other Post Employment Retirement Trust Fund (OPEB). This is one of the major objectives of the Strong Plan. Now that the OPEB Trust Fund Ordinance is in place, the Mayor and Business Administrator will work together execute the terms of the OPEB Trust Fund Ordinance.

Although challenges remain, especially under the current health threat, the City has made significant progress on many fronts. Through the March 31, 2021 (the most recent reports available to me), the General Fund shows a cash balance of \$39 million dollar and the City's Neighborhood Services Fund shows a cash balance of \$6.8 million dollars. The City's fiscal condition is steadily improving. 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, 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 to renegotiate its current bond arrangements. The Mayor, City Council, Financial Advisors, and AMBAC have reached a tentative agreement to refund the AMBAC Bond Agreement. 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 2020 amendment to the PA Fiscal Code, should provide an opportunity to stabilize the current income flow for the City. Fortunately, this amendment will further permit the City to properly manage its future resources.

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 three 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. Mayor Papenfuse and the Harrisburg City Council have significantly addressed the many challenges from a Human Services and Economic Development perspective.

As many of the City's fiscal, administrative, and economic challenges have been met, the Mayor and City Council can move into a new phase of fiscal health. The City's financial progress over the past ten years is nothing short of extraordinary. The Department of Community and Economic Development has been able to provide assistance and guidance to help lead the City towards the ultimate rescission from the Municipalities Fiscal Recovery Program, Act 47.

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 economically improved. 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,

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CERTIFICATE OF SERVICE

I, Sean Campbell, hereby certify that on this 15th day of April 2021, 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:

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Date: April 15, 2021

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City of Harrisburg



Update on Amended Settlement Agreement between the City of Harrisburg and Ambac

April 28, 2021



Debt Restructuring Opportunity Key Debt Components

G.O. Debt and Forbearance Liability

- In 1997, the City issued non-callable General Obligation debt to refund other outstanding bonds
- Bonds insured by Ambac, mature in 2022
- In 2012, the City defaulted on the Bonds and Ambac agreed to make scheduled principal and interest payments on the Bonds
- The City incurred a forbearance debt that is now about \$25.5 million and accrues interest at 6.75%

G.O. Guarantee – Harrisburg Redevelopment Authority, Series 2005 A-2 Bonds

- The City provides a guarantee on non-callable taxable bonds issued by the HRA in 2005 to renovate the minor league baseball stadium
- Bonds insured by Ambac, mature in 2030
- The City made the full debt service payment in 2020; future payments are unclear
- About \$6.0 million of principal and interest payment will remain on the bonds after the May 15, 2021, debt service payment



Key Ambac Amended and Restated Settlement Agreement Terms

The City and Ambac have negotiated an amendment to its settlement agreement that includes the following:

- City agrees to defease the HRA Series of 2005 A-2 Bonds by December 31, 2021
- Ambac applies a credit equal to 38% of the outstanding par amount of the Series 2005 A-2 Bonds towards the forbearance liability (credit will equal \$1,768,900)
- City will receive 38% addition credit for prepayments up to \$4 million made by December 31, 2021, towards the forbearance liability (up to \$1.52 million benefit)
- City agrees to prioritize the retirement of the Ambac forbearance liability
- If City does not defease the Series 2005 A-2 Bonds by December 31, interest rate on the forbearance liability increases from 6.75% to 7.75%
- Agreement is pending City Council and Commonwealth Court approval
- The City intends to engage Stifel Nicolaus as underwriter for the anticipated financing later this year
- City targeting late summer/early fall to close financing

RESOLUTION No. 29 of 2021

Moved by: _____

A Resolution of the City Council of the City of Harrisburg authorizing and approving the Third Amended and Restated Settlement Agreement between the City of Harrisburg and Ambac Assurance Corporation.

WHEREAS, on November 25, 1997, the City of Harrisburg (the "City") enacted Ordinance No. 21-1997 authorizing the issuance of: (i) General Obligation Refunding Bonds, Series D of 1997 in the aggregate principal amount of \$24,891,771.10 (the "Series D Bonds") and (ii) General Obligation Refunding Notes, Series F of 1997 in the aggregate principal amount of \$26,632,302.75 (the "Series F Notes") (together herein referred to as the "1997 Series D and F Bonds"), which the City subsequently issued; and

WHEREAS, on November 24, 2004, the City enacted Ordinance No. 36-2004 authorizing and approving a project of the Redevelopment Authority of the City of Harrisburg (the "Authority") regarding the expansion and upgrade of Commerce Bank Park (now FNB Field) so as to fund, in part, a Stadium Project; and

WHEREAS, the City through Ordinance No. 36-2004 authorized and directed the incurrence of Lease Rental Debt in a maximum amount not to exceed \$18,000,000.00, which the Authority subsequently did issue, upon and with the backing of the City, through a Guaranty Agreement, a true and correct copy of which is attached hereto as Exhibit A; and

WHEREAS, the outstanding debt obligation authorized and remaining under the Guaranty Agreement are referred to as the Federally Taxable Guaranteed Variable Rate Revenue Bonds (the "Stadium Project"), Series A-2 bonds of 2005 (the "2005 Bonds"), issued by the Authority; and

WHEREAS, in December 2010, under the authority of the Municipalities Financial Recover Act of 1987, 53 P.S. § 11701.101 *et seq.*, as amended ("Act 47"), the Secretary of the Department of Community and Economic Development ("DCED") designated the City a distressed municipality in large part because of an inability to satisfy significant portions of the City's debt obligators; and

WHEREAS, in October 2011, the Governor of the Commonwealth of Pennsylvania declared the City to be in state of fiscal emergency under newly adopted amendments to Act 47 which, by operation of law, empowered the Secretary of DCED to seek judicial confirmation of a Receiver for the City in order to develop a sound financial recovery plan; and

WHEREAS, the Office of Receiver (the "Receiver") for Harrisburg determined that for Annual Budget Years 2012 and 2013, the City was financially unable to timely meet and pay the general obligations due on the 1997 Series D and F Bonds; and

WHEREAS, the Receiver provided the requisite notice to Ambac Assurance Corporation ("Ambac"), as the Bond Insurer, to advise that the City's financial crisis would necessitate a default on the immediate debt obligations; and

WHEREAS, in accordance with the terms of original borrowing and the related agreement providing for bond insurance, Ambac acted to cover the defaults and make all payments to the City's bondholders; and

WHEREAS, on or about April 12, 2012, Ambac filed a complaint against the City among others in the Court of Common Pleas of Dauphin County, Pennsylvania, seeking relief for the losses associated with the initial default; and

WHEREAS, throughout the course of receivership, the City's fiscal crisis prevented the City from making the scheduled payments due on the 1997 Series D and F Bonds, thereby requiring Ambac to cover the additional events of default and thereby pay the City's bondholders; and

WHEREAS, in order to fulfill the intent of the City's financial recovery plan and satisfy certain related obligations, the Receiver undertook negotiation of a settlement on behalf of the City with Ambac to resolve the litigation and the contractual obligations triggered by the City's 2012 and 2013 defaults on its debt service obligations; and

WHEREAS, on September 23, 2013, in the course of approving modifications to the financial recovery plan under Act 47, the Commonwealth Court of Pennsylvania granted the Receiver's application to implement the Harrisburg Strong Plan, which included the approval of an *Amended and Restated Settlement Agreement* between the City and Ambac; and

WHEREAS, on December 17, 2013, the Office of Receiver filed a *Notice of Filing of Certain Additional Supplemental Exhibits To The Modified Recovery Plan and Request For Approval and Finding of Efficacy of Plan Documents* with the Commonwealth Court, which included the *Second Amended and Restated Settlement Agreement* between the City and Ambac, which established the current repayment terms between the City and Ambac, a true and correct copy thereof being attached hereto as Exhibit B; and

WHEREAS, on December 20, 2013, the Commonwealth Court granted the request and approved the supplemental exhibits, including the current settlement agreement; and

WHEREAS, after the primary components of the modified recovery plan were consummated, the Commonwealth Court granted an application to vacate the Order that placed a receiver over the City, effective March 1, 2014; and

WHEREAS, the City thereafter has engaged in ongoing efforts to secure a lasting financial recovery and better account for intervening legislative and financial developments that impact the fiscal health of the City and its essential operations, which efforts included the assistance of its professional financial advisers, who undertook an extensive period of re-negotiation of the terms of the current settlement agreement with Ambac; and

WHEREAS, on March 6, 2020, the Governor of the Commonwealth of Pennsylvania issued a Proclamation of Disaster Emergency, proclaiming the existence of a disaster emergency throughout the Commonwealth in accordance with the provisions of Subsection 7301(c) of the Emergency Management Services Code, 35 Pa.C.S. § 7101, *et seq.*, thereupon authorizing the Secretary of Health to implement broad restrictions to mitigate the serious health risks associated with the emerging worldwide coronavirus pandemic; and

WHEREAS, the City realized fiscal and operational disruptions associated with the pandemic, which introduced great uncertainty in most aspects of daily life and triggered the direct loss and diminution of certain streams of revenue to the City, including but not limited to the loss of revenue from the cancellation of the entire 2020 minor league baseball season for the Harrisburg Senators; and

WHEREAS, notwithstanding the direct loss of Harrisburg Senators revenue, the City applied other resources to timely satisfy the 2020 debt service payments related to the Series 2005 A-2 Bonds for the Stadium Project; and

WHEREAS, Ambac also serves as the Bond Insurer for the 2005 Bonds for the Stadium Project; and

WHEREAS, the City and Ambac, by their respective representatives, determined it would be in their mutual best interest to renegotiate aspects of the current settlement agreement and including therein terms and conditions for the defeasance of the 2005 Bonds; and

WHEREAS, the City and Ambac, by their respective representatives, each acknowledged an intent to enter into an amended agreement consistent with a Term Sheet Proposal of November 4, 2020 (“Term Sheet”); and

WHEREAS, on December 14, 2020, the Council for the City of Harrisburg (“Council”) voted to approve Resolution No. 90 of 2020, authorizing the City to negotiate a modification of the Second Amended and Restated Settlement Agreement between the City and Ambac, consistent with the Term Sheet, the relevant portions of which is attached hereto as Exhibit C; and

WHEREAS, in accordance with the authorization provided in Resolution No. 90 of 2020, the City negotiated a *Third Amended and Restated Settlement Agreement between the City of Harrisburg and Ambac Assurance Corporation*, a true and correct FORM OF copy of which is attached hereto as Exhibit D; and

WHEREAS, the Council finds the negotiated agreement to be in the best interest of the City, consistent with the objectives of Act 47, the City’s approved Act 47 Recovery Plan, as amended, and the City’s obligations under *Intergovernmental Cooperation Authorities Act for Cities of the Third Class*, 53 P.S. § 42101, *et seq.* (Act 124 of 2018); and

WHEREAS, the Council hereby approves the terms of the *Third Amended and Restated Settlement Agreement between the City of Harrisburg and Ambac Assurance Corporation*.

NOW, THEREFORE, BE IT AND IT IS HEREBY RESOLVED BY THE COUNCIL OF THE CITY OF HARRISBURG as follows:

1. The Council of the City of Harrisburg hereby approves and authorizes the execution of the *Third Amended and Restated Settlement Agreement* between the City of Harrisburg and Ambac Assurance Corporation, which shall: (1) modify and further resolve City obligations arising from the 2012 and 2013 defaults on the 1997 Series D and F Bonds and (2) provide for the City to facilitate a defeasance of the 2005 Bonds for the Stadium Project, in terms materially consistent with the FORM OF Agreement attached hereto as Exhibit D.

2. The Council for the City of Harrisburg acknowledges and confirms that the amended agreement is subject to the approval of the Commonwealth Court of Pennsylvania, by an application in the pending matter *Dennis M. Davin v. City of Harrisburg*, 569 M.D. 2011, that Honorable Court having previously authorized and approved the current settlement agreement in the series of Orders confirming the settlement of claims by creditors and recovery plan and amendments thereto in 2012 and 2013.

3. The Mayor, City Controller, Business Administrator, City Solicitor and all other appropriate City officials are authorized, directed, and instructed to take all steps necessary or appropriate to effectuate the purposes of this Resolution.

Seconded by: _____

EXHIBIT A

STADIUM GUARANTY AGREEMENT

THIS STADIUM GUARANTY AGREEMENT, dated as of the 1st day of January, 2005 (the "Stadium Guaranty"), by and among CITY OF HARRISBURG, Dauphin County, Pennsylvania, a municipal corporation of the Commonwealth of Pennsylvania, as guarantor (the "City"), of the REDEVELOPMENT AUTHORITY OF THE CITY OF HARRISBURG, a redevelopment authority of the Commonwealth of Pennsylvania, (the "Authority") and COMMERCE BANK/PENNSYLVANIA, NATIONAL ASSOCIATION, with a corporate trust office located in Philadelphia, Pennsylvania as trustee under that certain trust indenture dated as of January 1, 2005 between itself and the Authority (the "Trustee").

WITNESSETH:

WHEREAS, the City is a municipal corporation of the Commonwealth of Pennsylvania (the "Commonwealth") and is a "local government unit" under provisions of the Act of the General Assembly of the Commonwealth, as reenacted, amended and supplemented, from time to time, known as the Local Government Unit Debt Act (the "Debt Act"); and

WHEREAS, the Authority is a body corporate and politic existing under the laws of the Commonwealth pursuant to the Pennsylvania Urban Redevelopment Law, Act of May 24, 1945, P.L. 991, as amended and supplemented (the "Act"), created by the City in 1949; and

WHEREAS, the Authority, as authorized by and in accordance with the Act, has approved and adopted a Commercial and Industrial Redevelopment Program (the "Program") for the Authority's entire field of operation, consisting of the City, including City Island; and

WHEREAS, the Authority, pursuant to the Program and other activities of the Authority undertaken pursuant to the Act, has and continues to undertake the public purposes of the Act including the elimination of and prevention of blighted areas through economic and socially sound redevelopment of such areas and otherwise encouraging the provision of a decent living environment and adequate places for employment of the people of this City; and

WHEREAS, the City is a "state public body" within the meaning of the Redevelopment Cooperation Law, the Act of May 24, 1945, as amended, 35 P.S. § 1741 et seq. (the "Redevelopment Cooperation Law"); and

WHEREAS, the Redevelopment Cooperation Law permits state public bodies to provide certain types of assistance in connection with the operation and redevelopment activities of redevelopment authorities, for the purposes set forth in the Act; and

WHEREAS, in 1995 in order to avoid the relocation of the Harrisburg Senators, a Class AA minor league baseball franchise (the "Senators"), the City agreed to purchase the Senators, which was authorized and approved by Harrisburg City Council (the "Council") by Resolution No. 58-1995; and

WHEREAS, the City, pursuant to authorization set forth in Resolution No. 58-1995, created Harrisburg Civic Baseball Club, Inc. ("HCBC"), a Pennsylvania corporation, for the purposes of (i) owning and operating the Senators and (ii) operating Commerce Bank Park, formerly RiverSide Stadium, on City Island where the Senators play their home games (the "Stadium"); and

WHEREAS, the City, which owns 100% of the stock in HCBC, assigned its rights to the Senators to HCBC and entered into a Stadium Facility Agreement with HCBC originally dated June 10, 1998, as amended (the "Stadium Facility Agreement") for the Stadium; and

WHEREAS, the City originally built the Stadium (which opened for the 1987 baseball season), and HCBC has operated and maintained the Stadium since 1996; and

WHEREAS, the renovation and upgrade of the Stadium (the "Stadium Project") is necessary for HCBC to have a baseball venue that meets baseball standards and the amenities now offered at almost all of the stadiums in the Class AA Eastern League of Professional Baseball Clubs, of which the Senators is a member; and

WHEREAS, HCBC has engaged experienced national and local professional firms concerning the design and engineering of the Stadium Project and the Authority, the City and HCBC have received from them cost estimates and advice for the undertaking of the Stadium Project; and

WHEREAS, construction of the Stadium Project is estimated to cost approximately \$30.375 million (exclusive of financing costs and reserves) and the City has applied for a grant from the Commonwealth for \$16,997,102 for the Stadium Project (the "Commonwealth Matching Grant") and must secure matching funds in an equal amount; and

WHEREAS, the Authority has agreed to administer the Commonwealth Matching Grant pursuant to a grant agreement to be entered into by the City and the Commonwealth; and

WHEREAS, HCBC has determined to borrow \$18 million to complete the funding for the Stadium Project (the "Stadium Loan"), including reserve fund, capitalized interest and other financing costs; and

WHEREAS, the Stadium Loan is being obtained from the Authority, which will issue bonds and loan the proceeds to HCBC; and

WHEREAS, to fund the Stadium Loan, the Authority proposes to issue initially \$9,000,000 of its Federally Taxable Guaranteed Variable Rate Revenue Bonds (Stadium Project), Series A-1 of 2005 (the "2005 A-1 Bonds") and subsequently \$9,000,000 of its Federally Taxable Guaranteed Revenue Bonds (Stadium Project), Series A-2 of 2005 (the "2005 A-2 Bonds") (collectively, the "2005-A Bonds") for the purposes of undertaking a project (the "Project") consisting of (1) providing funds for the Stadium Project, (2) the funding of a separate debt service reserve fund for each series of 2005-A Bonds, capitalized interest and other necessary reserves with respect to the 2005-A Bonds, and (3) the payment of the costs of

issuance of the 2005-A Bonds including credit and liquidity facility fees with respect to the 2005 A-1 Bonds and municipal bond insurance for the 2005 A-2 Bonds; and

WHEREAS, the 2005-A Bonds will be issued and secured under the terms of the Indenture; and

WHEREAS, the Authority will loan the proceeds of the 2005-A Bonds as and when issued to HCBC pursuant to the Loan and Security Agreement, dated as of January 1, 2005 (as supplemented from time to time, the "Loan Agreement") between the Authority and HCBC to finance a portion of the costs of the Stadium Project, and HCBC will repay such loan to the Authority in installments in amounts sufficient to allow the Authority to pay the principal of, premium, if any, and interest on the 2005-A Bonds, when due; and

WHEREAS, the 2005-A Bonds will be secured by, among other things, the Stadium Revenues (as hereinafter defined) derived by the Authority from HCBC and assigned to the Trustee, including the installment payments to be made by HCBC under the Loan Agreement; and

WHEREAS, the "Stadium Revenues" will include existing revenues and revenues projected to arise from the new and improved Stadium including revenues from skybox/suites sales, club level seating, expanded picnic areas and additional and expanded concession areas, a new, year-round, novelty store located at the entrance of the Stadium, increased advertising possibilities and a recently signed Naming Rights Agreement with Commerce Bank/Harrisburg, National Association; and

WHEREAS, the City has issued a Stadium Park Permit dated April 16, 2004 to a minor league baseball franchise affiliated with the Baltimore Orioles (the "Orioles Franchise") under which upon the sale and relocation of the Senators franchise, the Orioles Franchise would play its home games at the Stadium; and

WHEREAS, if the Orioles Franchise relocates to the Stadium, it will be entitled to the revenues derived from skybox, club, picnic, concession, advertising, novelty and ticket sales at the Stadium; however, the Orioles Franchise will pay HCBC, as assignee of the City's rights under the Park Permit, an annual fee for the use of the Stadium plus a per ticket fee and receive naming rights revenues and will pledge these Stadium Revenues along with the net proceeds from the sale of the Senators (the "Net Franchise Proceeds") (which shall also constitute "Stadium Revenues") to the Authority, so that the Authority can redeem all or a portion of the 2005 A-1 Bonds from the Net Franchise Proceeds and continue to pay the remaining amounts due on the Stadium Loan; and

WHEREAS, as additional security for the 2005-A Bonds, the City, the Authority and the Trustee are entering into this Stadium Guaranty under which the City agrees to guarantee the payment of the principal of and interest on the 2005-A Bonds, when due; and

WHEREAS, HCBC is providing to the Authority a direct-pay letter of credit (the "Initial Credit Facility") issued by Citizens Bank of Pennsylvania (the "Initial Credit Facility Issuer") to provide both liquidity and credit enhancement with respect to the 2005-A-1 Bonds pursuant to

the terms of the Indenture and the Reimbursement Agreement dated as of January 1, 2005 between HCBC and the Initial Credit Facility Issuer (the "CF Reimbursement Agreement");

WHEREAS, the Authority expects to obtain a policy of municipal bond insurance from Ambac Assurance Corporation with respect to the payment of principal of and interest on the 2005-A-2 Bonds, when due; and

WHEREAS, the Authority is assigning its rights and benefits under the Loan Agreement (except the Unassigned Authority's Rights) to the Trustee as security for the 2005-A Bonds and any Additional Bonds issued under the Indenture; and

WHEREAS, the Council of the City has determined that the Authority's and HCBC's undertaking of the Stadium Project is in the best interests of the City and of the health and welfare of its residents and approved the Stadium Project and requested the Authority and HCBC to undertake the Stadium Project; and

WHEREAS, the Council of the City has determined that the retention and operation of minor league baseball in the City furthers the promotion of trade, commerce and economic development within the City and preserves the infrastructure investment made by the City on City Island, as authorized and permitted by the Optional Charter Law; and

WHEREAS, this City, as an inducement to the Authority and HCBC to undertake the Stadium Project and to accept the Stadium Loan and as an inducement to the Authority to make the Stadium Loan and thereby to achieve interest cost and other savings to the Authority and HCBC and to the residents and taxpayers of this City, desires to enter into: (i) the Stadium Reimbursement Agreement dated as of January 1, 2005 (the "Stadium Reimbursement Agreement"); and (ii) this Stadium Guaranty, all as permitted by and in accordance with the terms and conditions of the Debt Act; and

WHEREAS, capitalized terms not defined herein shall have the meaning set forth in the Indenture or the CF Reimbursement Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and promises herein contained, and intending to be legally bound hereby, the parties agree as follows:

ARTICLE I

Definitions

SECTION 1.01 Terms and Phrases. In addition to the terms and phrases which may be elsewhere defined in this Stadium Guaranty, terms and phrases defined in this Section 1.01, for all purposes of this Stadium Guaranty, as herein defined, shall have the meanings herein specified, unless the context clearly otherwise requires:

"Authority" shall mean, at any given time, the Redevelopment Authority of the City of Harrisburg.

"Board" shall mean, at any given time, the governing body of HCBC.

"Bondholders" shall mean the holders of the 2005-A Bonds.

"City" shall mean, at any given time, the City of Harrisburg.

"Commonwealth" shall mean the Commonwealth of Pennsylvania.

"Council" shall mean the governing body of the City.

"Debt Act" shall mean the Act of the General Assembly of the Commonwealth, known as the Local Government Unit Debt Act, approved April 28, 1978, Act No. 52, as re-enacted and codified by Act No. 177, approved December 19, 1996, and as amended and supplemented from time to time.

"Debt Service" shall mean, with respect to any Fiscal Year, the sum of the following: (a) amounts required to pay principal of and interest on the 2005-A Bonds (which is not to be paid from amounts on deposit and available in any sinking fund or redemption, retirement or similar fund or account) during such Fiscal Year; and (b) amounts required to be deposited in such Fiscal Year to the credit of any sinking fund established for the 2005-A Bonds.

"Debt Service Fund" shall mean that certain fund of the Authority established under the Indenture.

"Fiscal Year" shall mean the fiscal year of the City as provided by laws of the Commonwealth.

"Stadium Guaranty" shall mean this agreement and all modifications, alterations, amendments and supplements hereto made and delivered in accordance with the provisions hereof, which phrase sometimes is referred to in this document by use of such words as "hereto," "hereby," "herein," "hereof" or "hereunder."

"Stadium Reimbursement Agreement" shall mean the Reimbursement Agreement dated as of the date hereof between the City and HCBC and all modifications, amendments, extensions and substitutions therefor.

"Reserve Fund" shall mean that special fund of the Authority to be established into which shall be deposited \$900,000.

required to be paid in full over a five-year period. Since it cannot be predicted, when, if ever, this latter case would commence, the maximum amount payable in any year has been shown in each year of the term of the 2005 A-1 Bonds. Exhibit A-3 sets forth the maximum amounts to be paid by the City on the 2005 A-2 Bonds. Nothing contained in this Stadium Guaranty shall in any way be construed to imply that the City shall be or become liable or responsible for any other debt or obligation of the Authority.

The City hereby acknowledges and agrees to the subrogation rights of the Bond Insurer and Credit Facility Issuer as set forth in the Indenture. The City further agrees to and acknowledges its obligation to reimburse the Bond Insurer for payments made by the Bond Insurer of interest on or principal of the 2005 A-2 Bonds to the registered owners of the 2005 A-2 Bonds pursuant to the Policy and the Indenture, including draws on any municipal bond debt service reserve insurance policy in the Debt Service Reserve Account established under the Indenture.

SECTION 3.02 Costs, Fees, Expenses and Charges. Except as may be expressly provided herein or elsewhere, including with respect to payment of costs, fees and expenses of the Bond Insurer, any Credit Facility Issuer and any remarketing agent for the 2005 A-1 Bonds, the City shall not be responsible or liable to the Authority or Trustee for the payment of any other costs, fees, expenses or charges arising in connection with the issuance and sale of the 2005-A Bonds, or the enforcement of any rights of the Authority against any other person.

SECTION 3.03 Manner of Payment. All payments required to be made by the City under this Stadium Guaranty shall be made in lawful money of the United States of America at the designated office of the Trustee and at the times specified in the Indenture and the 2005-A Bonds for the payment of Debt Service on the 2005-A Bonds.

SECTION 3.04 Separate Causes of Action. Each and every default in payment of Debt Service shall give rise to a separate cause of action under this Stadium Guaranty and separate suits may be instituted pursuant to this Stadium Guaranty, from time to time, as each cause of action shall arise.

SECTION 3.05 Amounts to be Included in Budget. The City covenants to and with the Authority and the registered owners, from time to time, of the 2005-A Bonds that the City shall (a) include the amounts payable in respect of this Stadium Guaranty for each Fiscal Year in which such sums are payable in its budget for that Fiscal Year, and (b) appropriate such amounts from its general revenues for payment to the Trustee of its obligations hereunder, and (c) duly and punctually pay or cause to be paid from any of its revenues or funds to the Trustee such amounts, payable in respect of this Stadium Guaranty, at the times and in the manner provided for herein, at the designated office of the Trustee, according to the true intent and meaning hereof. For such budgeting, appropriation and payment, the City pledges its full faith, credit and taxing power. As provided in the Debt Act, this covenant shall be enforceable specifically against the City.

In accordance with the terms and conditions of, and as more fully set forth in the Indenture on November 1, 2005 and on November 1 of each Fiscal Year thereafter the Trustee

shall give written notice to the Authority, HCBC and the City (i) of the amounts on deposit in the Bond Fund; (ii) of any balance calculated to exist in the Bond Fund after payment of Debt Service on the immediately following November 15; (iii) of Debt Service expected to be paid on the 2005-A Bonds in the next Fiscal Year, calculated in accordance with the definition of Debt Service Requirements in the Indenture; (iv) of available balances expected to exist in each Debt Service Reserve Fund Account after payment of Debt Service on the immediately following November 15; and (v) of the difference remaining when (ii) and (iv) combined are subtracted from (iii) above (the "Deficiency"). The City forthwith shall include in its budget an amount equal to the Deficiency.

At any time when payments are required to be made by the City hereunder, to the extent that sufficient money shall not be available in the City's then current budget, and if the City shall be unable to incur debt lawfully in the current Fiscal Year for the purpose of paying such Debt Service or to issue tax anticipation notes or otherwise to satisfy its obligations hereunder, the City shall include any amounts so payable in its budget for the next succeeding Fiscal Year and shall appropriate such amounts to the payment of such obligations and duly and punctually shall pay or shall cause to be paid the obligations incurred hereunder in the manner herein stated according to the true intent and meaning hereof, and for such budgeting, appropriation and payment the City does pledge its full faith, credit and taxing power. As provided in the Debt Act, this covenant shall be enforceable specifically against the City.

SECTION 3.06 The Authority to Establish and Maintain Reserve Fund. The Authority covenants and agrees to establish and maintain a Reserve Fund as more fully set forth in the Indenture. The Authority further covenants and agrees that it shall promptly: (i) notify the City in writing (and cause the Trustee to notify the City) of any transfers or withdrawals which may be made from the Reserve Fund Account pertaining to either the 2005 A-1 or the 2005 A-2 Bonds for the purpose of making payment of Debt Service at any time due or to become due on 2005-A Bonds and (ii) make up any deficiency in each Reserve Fund Account (whether such deficiency arises from a withdrawal of moneys for the payment of Debt Service on the 2005-A Bonds, from a decrease in the value of investments held therein or otherwise) by a deposit with the Trustee of any available Indenture funds permitted to be used for such purposes or cause HCBC to fund such deficiency as soon as practicable after it becomes aware of such deficiency.

SECTION 3.07. Obligations of City Absolute and Unconditional. The obligations of the City under this Stadium Guaranty shall be absolute, irrevocable and unconditional, irrespective of any other agreement or instrument to which the City shall be a party, and shall remain in full force and effect until all Debt Service during each Fiscal Year in which the 2005-A Bonds remains outstanding shall have been paid, or shall have been provided for in accordance with the Indenture and all payments due and owing the Bond Insurer and the Credit Facility Issuer as subrogees of Bondholders have been paid in full, and such obligations of the City shall not be affected, modified, diminished or impaired upon the happening, from time to time, of any event, including, without limitation, any of the following (whether or not with notice to or the consent of the City in accordance with the provisions hereof):

A. The failure of the Authority to perform any obligation contained in this Stadium Guaranty or in any other agreement, for any reason whatsoever, including, without limiting the

generality of the foregoing, the occurrence of an insufficiency of funds, negligence or willful misconduct on the part of the Authority or its agents, employees or independent contractors, legal action of any nature which shall prohibit the operations of the Authority, or delay or prevent the Stadium Project, labor disputes, war, insurrection, natural catastrophe or laws, rules or regulations of any body, governmental or otherwise, having proper jurisdiction;

B. The compromise, settlement, release or termination of any or all of the obligations, covenants or agreements of the Authority under the Stadium Reimbursement Agreement;

C. The failure of the City to receive notice of the occurrence of a default under terms and provisions of this Stadium Guaranty, the Indenture, any remarketing agreement with the remarketing agent for the 2005 A-1 Bonds (the "Remarketing Agreement"), any Credit Facility pertaining to the 2005 A-1 Bonds or the Stadium Reimbursement Agreement;

D. The validity, enforceability or termination of the Stadium Reimbursement Agreement, Indenture, Remarketing Agreement, Credit Facility or CF Reimbursement Agreement;

E. The failure of the Authority to make any payment to the City under the Stadium Reimbursement Agreement;

F. The neglect or failure of the Authority to exercise or to preserve any rights or rights of action against any party, person or property;

G. The failure of the Authority to have enforced, on prior appropriate occasions, any right or right of action against any party, person or property;

H. The compromise, settlement, release, alteration, indulgence or any other change or modification of any obligation or liability of the Authority under the Stadium Reimbursement Agreement, Indenture, Remarketing Agreement, Credit Facility or CF Reimbursement Agreement regardless of the nature of such obligation or liability and regardless of the extent to which such obligation or liability shall have been modified, compromised or otherwise changed;

I. The waiver of the payment, performance or observance by the Authority or the City of any obligations, covenants or agreements contained in the Stadium Reimbursement Agreement, Indenture, Remarketing Agreement, Credit Facility or CF Reimbursement Agreement or this Stadium Guaranty;

J. The extension of the time for payment of the Debt Service on the 2005-A Bonds or any part thereof owing or payable under this Stadium Guaranty or of the time for performance of any other obligations, covenants or agreements under or arising out of the Stadium Reimbursement Agreement, Indenture, Remarketing Agreement, Credit Facility or CF Reimbursement Agreement or this Stadium Guaranty;

K. The waiver by the City, or the modification or amendment (whether material or otherwise) of any obligation, covenant or agreement of the Authority set forth in the Stadium Reimbursement Agreement;

L. The taking of, or the omission to take, any action referred to in the Stadium Reimbursement Agreement, Indenture, Remarketing Agreement, Credit Facility, CF Reimbursement Agreement or this Stadium Guaranty;

M. Any failure, omission or delay on the part of the Authority to enforce, to assert or to exercise any right, power or remedy conferred upon or vested in the Authority hereunder or under the Indenture, Remarketing Agreement, Credit Facility, CF Reimbursement Agreement or the Stadium Reimbursement Agreement, or to enforce, to assert or to exercise any other right, or rights on the part of the Authority or any Bondholder;

N. The voluntary or involuntary liquidation, dissolution, sale or other disposition of all or substantially all the assets, marshalling of assets and liabilities, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition with creditors or readjustments or other similar proceedings relating to the City, HCBC or the Authority or any of the assets of either, or any allegation or contest of the validity of this Stadium Guaranty in any such proceeding;

O. The release or discharge of the City, to the extent permitted by law, from performance or observance of any obligation, covenant or agreement contained in this Stadium Guaranty, by operation of law;

P. The default or failure of the City fully to perform any of its obligations set forth in this Stadium Guaranty;

Q. The voluntary or involuntary repossession or surrender of the Stadium;

R. Any other defense normally available to a guarantor;

S. Any failure by the Authority or HCBC to comply with any of the covenants, agreements or undertakings set forth herein or in the Remarketing Agreement, the Indenture, a Credit Facility or any breach by the Authority of any representation or warranty set forth herein or in the Remarketing Agreement, a Credit Facility, CF Reimbursement Agreement or the Indenture;

T. The payment by the Bond Insurer pursuant to the Policy; or

U. Any failure by HCBC to comply with any of the covenants, agreements or undertakings set forth in the Loan Agreement or any breach by HCBC of any representation or warranty set forth in the Loan Agreement.

SECTION 3.08. Obligations of City Not Affected by Bankruptcy, etc. The obligations of the City hereunder shall not be affected by any bankruptcy, arrangement of

creditors, reorganization or other similar proceedings of the Authority or the City or HCBC; and, to the extent applicable, the City specifically waives any right or benefit which could accrue to it by reason of any such proceeding and agrees that the same shall not affect the liability of the City hereunder, regardless of the effect that such proceedings may have with respect to the obligations of the Authority. In the event any payment on the 2005-A Bonds is subject to a "clawback", the obligations of the City hereunder shall be fully reinstated with respect thereto.

SECTION 3.09 Obligations of City Not Subject to Setoff, Counterclaims, etc. The obligations of the City hereunder shall not be subject to any setoff, counterclaim or defense resulting from any breach or any alleged breach by the Authority of any obligation to the City, whether said obligation arises under this Stadium Guaranty, the Stadium Reimbursement Agreement or from any other transaction between the Authority and the City, regardless of the nature of such transaction, or otherwise.

SECTION 3.10 Trustee Authorized to Proceed. In the event of a default in payment of Debt Service on the 2005-A Bonds when and as the same shall become due and payable, whether at the stated maturity thereof or by acceleration or by redemption, the Trustee may proceed, and if requested to do so by the Bond Insurer, or the Credit Facility Issuer, the Trustee shall be obligated to proceed hereunder directly against the City without proceeding against or exhausting any other remedies which it may have against HCBC, the Authority or their respective assets.

Before taking any action hereunder, the Trustee may require that a satisfactory indemnity bond shall be furnished by the Bondholders for the reimbursement of all reasonable costs and expenses which it may incur and to protect it against all liability, except liability which is adjudicated to have resulted from its gross negligence or willful misconduct, by reason of any actions so taken.

The City agrees to pay all costs, fees and expenses, including, to the extent permitted by law, all court costs and reasonable attorney fees and expenses which may be incurred by the Bondholders, the Bond Insurer, the Credit Facility Issuer or Trustee in enforcing or attempting to enforce this Stadium Guaranty against it, following any default on the part of the City hereunder, whether the same shall be enforced by suit or otherwise.

SECTION 3.11 Waiver of Notice of Reliance. The City expressly waives notice, in writing or otherwise, from the Bondholders, the Credit Facility Issuer and the Bond Insurer of their acceptance and reliance upon this Stadium Guaranty.

SECTION 3.12 Enforcement by Third Parties. This Stadium Guaranty is entered into by the City for the benefit of the Bondholders, the Credit Facility Issuer and the Bond Insurer, all of whom shall be entitled to enforce performance and observance hereof by the City to the same extent as if they were parties signatory hereto, in accordance with the laws of the Commonwealth. With respect to the 2005 A-1 Bonds, the Credit Facility Issuer shall control all enforcement and remedies so long as the Credit Facility is in effect and the Credit Facility Issuer is not in default thereunder. With respect to the 2005 A-2 Bonds only, the Bond Insurer shall

control all enforcement and remedies so long as the Bond Insurance Policy is in effect and the Bond Insurer is not in default thereunder.

SECTION 3.13. Separate or Cumulative Enforcement. Terms of this Stadium Guaranty may be enforced as to any one or more breaches, either separately or cumulatively.

SECTION 3.14 Payment by City.

(a) So long as any 2005-A Bonds shall be issued and outstanding, in the event that, as provided in Section 12.03 of the Indenture, the Trustee shall have made the transfers to the Debt Service Fund (Bond Fund) as provided in Section 12.01 of the Indenture and shall have determined that there is a deficiency therein, the Trustee shall so notify the City in the manner provided in Section 12.03, which notice shall specify the amount of the deficiency in such Debt Service Fund (Bond Fund) and such other matters as provided in Section 12.03 of the Indenture, and shall instruct the City to make deposit with the Trustee of the specified amounts no later than six days prior to the next Interest Payment Date, which may be a date set for a mandatory sinking fund redemption of a portion of the 2005-A Bonds, or other date to which maturity of the 2005-A Bonds has been accelerated (an "Acceleration Payment Date"), as appropriate, so that the Trustee shall be able to make payment of principal of and interest on the 2005-A Bonds, as scheduled on the next Interest Payment Date or Acceleration Payment Date, as appropriate.

(b) If, on the seventh day prior to any Interest Payment Date, which may be a date set for a mandatory sinking fund redemption of a portion of the 2005-A Bonds, or any Acceleration Payment Date, the Trustee shall determine that there shall not be sufficient funds in the Debt Service Fund (Bond Fund) to pay the principal of and interest on the 2005-A Bonds on such Interest Payment Date or Acceleration Payment Date, the Trustee shall promptly notify the City by 12:00 noon on such seventh day by telephone or facsimile, promptly confirmed in writing, of such deficiency, and the City shall promptly pay to the Trustee at least six days prior to such Interest Payment Date, which may be a date set for a mandatory sinking fund redemption of a portion of the 2005-A Bonds, or Acceleration Payment Date an amount which will satisfy such deficiency and which, together with other moneys available to the Trustee in the Debt Service Fund (Bond Fund) will be sufficient to permit the Trustee to make such payments of principal of and interest on the 2005-A Bonds on such Interest Payment Date or Acceleration Payment Date.

(c) To the extent that it makes any payments of Debt Service on the 2005-A Bonds, the City shall become subrogated to all right, title and interest of the person receiving such payments. The City's rights to reimbursement for payments of Debt Service shall be as set forth in the Stadium Reimbursement Agreement, and any such reimbursement shall be subordinate to payment of Debt Service on the 2005-A Bonds. As long as the Bond Insurer or the Credit Facility Issuer is the Directing Party, as such phrase is defined in the Indenture, the City waives its rights of subrogation and its equitable and legal remedies in connection therewith to the extent such rights may be asserted by the City against the Bond Insurer or the Credit Facility Issuer until the 2005-A Bonds are no longer Outstanding. The City recognizes that it has no rights under the Bond Insurance Policy or the Credit Facility.

SECTION 3.15 Discharge of Obligations. The obligations of the City hereunder shall be satisfied in full and discharged when (a) the principal, premium, if any, and interest on the 2005-A Bonds have been paid or provided for as specified in the 2005-A Bonds and the Indenture, (b) the 2005-A Bonds shall have been discharged in accordance with their terms and (c) all other payments required hereunder including payments to the Bond Insurer, Credit Facility Issuer and Remarketing Agent and to the City under the Stadium Reimbursement Agreement have been made.

SECTION 3.16 Rights to Direct Remedies. The Trustee acknowledges that the Directing Party or Parties, as such phrase is defined in the Indenture, will have the right to direct remedies and actions if an Event of Default occurs under the Indenture in accordance with the terms of the Indenture.

ARTICLE IV

Miscellaneous

SECTION 4.01 Increased Obligations of City; Amendment. No amendment, change, modification, alteration or termination of the 2005-A Bonds shall be effective which would in any way increase obligations of the City under this Stadium Guaranty, without obtaining the prior written consent of the City (such consent to be given by the City pursuant to an ordinance duly enacted by the Council).

SECTION 4.02 Time When Obligations Arise. Obligations of the City hereunder shall arise absolutely, irrevocably and unconditionally when the 2005 A-1 Bonds shall have been issued and delivered by the Authority.

SECTION 4.03 The Authority to Punctually Perform. The Authority covenants with the City that it will duly and punctually perform every covenant and agreement undertaken by it under the Loan Agreement, Indenture and 2005-A Bonds.

SECTION 4.04 Remedies of the Authority. In the event of default by the City in the punctual discharge of its obligations hereunder, the Authority shall be entitled to exercise such remedies as are provided under the Debt Act, together with any other remedies which otherwise may be provided at law or in equity or by other statutes.

SECTION 4.05 Cumulative Remedies; Waiver. No remedy conferred upon or reserved to the Authority, Bondholders or Trustee hereunder is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Stadium Guaranty or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default, omission or failure of performance hereunder shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised, from time to time, and as often as may be deemed expedient. In order to entitle the Authority, Bondholders or Trustee to exercise any remedy reserved in this Stadium Guaranty, it

shall not be necessary to give any notice, other than such notice as herein expressly may be required. In the event any provision contained in this Stadium Guaranty should be breached by any party and thereafter duly waived by the other party so empowered to act, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder. No waiver, amendment, release or modification hereof shall be established by conduct, custom or course of dealing, but shall be established solely by an instrument, in writing, duly executed by the appropriate parties and the Credit Facility Issuer if the 2005 A-1 Bonds are outstanding and the Credit Facility is in full force and effect without default by the Credit Facility Issuer, and by the Bond Insurer, if the 2005 A-2 Bonds are outstanding and the Bond Insurance Policy is in full force and effect without default by the Bond Insurer. Notwithstanding any other provision hereof to the contrary, no recourse shall be had for the payment of the principal of, premium, if any, or interest on the 2005-A Bonds, or for any claim based hereon or on the Ordinance of the City authorizing and approving the execution and delivery of this Stadium Guaranty, against any member, officer or employee, past, present or future, of the City or of any successor body; as such, either directly or through the City or any such successor body, under any constitutional provision, statute or rule of law, or by the enforcement of any assessment or by any legal or equitable proceeding or otherwise, and all such liability of such members, officers or employees is released as a condition of and as consideration for the issuance of this Stadium Guaranty.

SECTION 4.06 Entire Agreement; Multiple Counterparts. This Stadium Guaranty constitutes the entire agreement, and supersedes all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof; and this Stadium Guaranty may be executed, simultaneously, in multiple counterparts, each of which counterparts, together, shall constitute but one and the same instrument.

SECTION 4.07 Severability. The provisions of this Stadium Guaranty shall be severable; and in the event of the invalidity or unenforceability of any one or more phrases, sentences, clauses, Articles, Sections or parts contained in this Stadium Guaranty, such invalidity or unenforceability shall not affect the validity or enforceability of remaining portions of this Stadium Guaranty or any remaining parts thereof.

SECTION 4.08 Amendment. This Stadium Guaranty may be amended and/or supplemented, from time to time, by a written document duly executed by the parties hereto and by the Credit Facility Issuer, if the 2005 A-1 Bonds are outstanding and the Credit Facility is in full force and effect without default by the Credit Facility Issuer, and by the Bond Insurer if the 2005 A-2 Bonds are outstanding and the Bond Insurance Policy is in full force and effect without default by the Bond Insurer; provided, however, that no amendment and/or supplement shall be made which shall diminish or discontinue the obligations of the City.

SECTION 4.09 Choice of Law. This Agreement shall be construed in accordance with and shall be governed by the laws of the Commonwealth.

SECTION 4.10. Third-Party Beneficiary. The Bond Insurer and the Credit Facility Issuer shall each be a third party beneficiary of this Stadium Guaranty.

SECTION 4.11. Information to Be Provided. The Bond Insurer and the Credit Facility Issuer shall each be provided with the following information: annual audited financial statements of the City within 270 days after the end of the City's fiscal year (together with a certification of the City that it is not aware of any default or Event of Default under this Stadium Guaranty); and the City's annual budget within 30 days after the approval thereof together with such other information, data or reports as the Bond Insurer or the Credit Facility Issuer shall reasonably request from time to time.

SECTION 4.12. Notice. All notices or other communications provided for in this Stadium Guaranty shall be in writing and shall be delivered personally, or sent by certified or registered mail or overnight delivery service providing receipt against delivery (such as Federal Express), to the respective parties as follows:

if to the Authority: Redevelopment Authority of the City of Harrisburg
The Rev. Martin Luther King, Jr.
City Government Center
10 North Second Street, Room 206
Harrisburg, PA 17101
Attention: Executive Director

if to the City: Office of the Mayor, City of Harrisburg
The Rev. Dr. Martin Luther King, Jr.
City Government Center
10 North Second Street, Suite 405
Harrisburg, PA 17101

with a copy to the City
Solicitor: City of Harrisburg
The Rev. Dr. Martin Luther King, Jr.
City Government Center
10 North Second Street, 4th Floor
Harrisburg, PA 17101
Attention: Steven Dade, Esq.

if to the Trustee: Commerce Bank/Pennsylvania, National Association
3 Crossgate Drive
Mechanicsburg, Pa 17050
Attention:
Corporate Trust Department

if to HCBC: Harrisburg Civic Baseball Club, Inc.
Commerce Bank Park
Harrisburg City Island
P.O. Box 15705
Harrisburg, PA 17105
Attention: Chairman

if to the Bond Insurer:

Ambac Assurance Corporation
One State Street Plaza
New York, NY 10004
Attention: Public Finance

if to the Credit Facility
Issuer:

Citizens Bank of Pennsylvania
2 North 2nd Street - 12th Floor
Harrisburg, PA 17101-2050
Attention: J. Michael Troutman

Any party may change the designated recipient or address by written notice delivered to the other parties as required by this Section.

A copy of each notice, direction, certificate, request or other communication given hereunder to the Authority, HCBC, the Trustee, the City, the Credit Facility Issuer or the Bond Insurer shall also be given to the others.

IN WITNESS WHEREOF, the parties hereto, each intending to be legally bound, pursuant to proper authorization of their respective governing bodies, each causes this Stadium Guaranty to be executed by its respective duly authorized officer or officers and if requisite to be attested by its respective duly authorized officer and its respective official or corporate seal to be affixed to this Stadium Guaranty, all as of the day and year first above written.

CITY OF HARRISBURG,
Dauphin County, Pennsylvania

Attest: Vicki J. Williams
City Clerk

By: [Signature]
Mayor

(SEAL)

By: [Signature]
Controller

Approved as to Form and Legality

[Signature]
City Solicitor

**REDEVELOPMENT AUTHORITY OF
THE CITY OF HARRISBURG**

Attest: _____
Secretary

By: _____
Chair

**COMMERCE BANN/PENNSYLVANIA,
NATIONAL ASSOCIATION**

By: [Signature]
ASST. VICE PRESIDENT

IN WITNESS WHEREOF, the parties hereto, each intending to be legally bound, pursuant to proper authorization of their respective governing bodies, each causes this Stadium Guaranty to be executed by its respective duly authorized officer or officers and if requisite to be attested by its respective duly authorized officer and its respective official or corporate seal to be affixed to this Stadium Guaranty, all as of the day and year first above written.

CITY OF HARRISBURG,
Dauphin County, Pennsylvania

Attest: _____
City Clerk

By: _____
Mayor

(SEAL)

By: _____
Controller

Approved as to Form and Legality

City Solicitor

REDEVELOPMENT AUTHORITY OF
THE CITY OF HARRISBURG

Attest: *[Signature]*
Secretary *Asst.*

By: *[Signature]*
Chair

COMMERCE BANN/PENNSYLVANIA,
NATIONAL ASSOCIATION

By: *[Signature]*
ASST. VICE PRESIDENT

EXHIBITS A-1 through A-3

Tables of Maximum Annual Lease Rental Debt Payment Amounts
REDEVELOPMENT AUTHORITY OF THE CITY OF HARRISBURG

EXHIBIT A-1

**Federally Taxable Guaranteed
Variable Rate Revenue Bonds (Stadium
Project) Series A-1 of 2005**

No Credit Facility Bonds

EXHIBIT A-2

**Federally Taxable Guaranteed
Variable Rate Revenue Bonds (Stadium
Project) Series A-1 of 2005**

Credit Facility Bonds

HARRISBURG REDEVELOPMENT AUTHORITY
COMMERCE BANK PARK PROJECT
SERIES A-1 OF 2004
VDRB's

At Maximum NON-Bond Rate
5 year term out loans

Exhibit C-2

<u>Year</u>	<u>Maximum Annual Payment</u>
2005	\$9,694,863.75
2006	9,694,863.75
2007	9,694,863.75
2008	9,694,863.75
2009	9,694,863.75
2010	9,694,863.75
2011	9,694,863.75
2012	9,694,863.75
2013	9,694,863.75
2014	9,694,863.75
2015	9,694,863.75
2016	9,694,863.75
2017	9,694,863.75
2018	9,694,863.75
2019	9,694,863.75
2020	9,694,863.75
2021	9,694,863.75
2022	9,694,863.75
2023	9,694,863.75
2024	9,694,863.75
2025	9,694,863.75
2026	9,694,863.75
2027	9,694,863.75
2028	9,694,863.75
2029	9,694,863.75
2030	9,694,863.75

EXHIBIT A-3

**Federal Taxable Guaranteed Revenue
Bonds (Stadium Project) Series A-2 of 2005**

HARRISBURG REDEVELOPMENT AUTHORITY
 COMMERCE BANK PARK PROJECT
 SERIES A-2 OF 2004

Series A-1 and A-2

Exhibit C-3

1	2	3	4	5	6	7
Date	Principal	Rate	Interest	Capitalized Interest	Debt Service	ANNUAL Debt Service
5/15/06			261,346.35		261,346.35	
11/15/06			261,346.35		261,346.35	522,692.70
5/15/06	100,000	4.000%	261,346.35		381,346.35	
11/15/06			259,346.35		259,346.35	620,692.70
5/15/07	185,000	4.250%	259,346.35		444,346.35	
11/15/07			255,415.10		255,415.10	699,761.45
5/15/08	195,000	4.500%	255,415.10		450,415.10	
11/15/08			251,027.60		251,027.60	701,442.70
5/15/09	200,000	4.750%	251,027.60		451,027.60	
11/15/09			246,277.60		246,277.60	697,305.20
5/15/10	210,000	5.000%	246,277.60		456,277.60	
11/15/10			241,027.60		241,027.60	697,305.20
5/15/11	225,000	5.100%	241,027.60		466,027.60	
11/15/11			235,290.10		235,290.10	701,317.70
5/15/12	235,000	5.200%	235,290.10		470,290.10	
11/15/12			229,180.10		229,180.10	699,470.20
5/15/13	250,000	5.300%	229,180.10		479,180.10	
11/15/13			222,555.10		222,555.10	701,735.20
5/15/14	260,000	5.400%	222,555.10		482,555.10	
11/15/14			215,535.10		215,535.10	698,090.20
5/15/15	275,000	5.500%	215,535.10		490,535.10	
11/15/15			207,972.60		207,972.60	698,507.70
5/15/16	290,000	5.600%	207,972.60		497,972.60	
11/15/16			199,852.60		199,852.60	697,825.20
5/15/17	310,000	5.700%	199,852.60		509,852.60	
11/15/17			191,017.60		191,017.60	700,870.20
5/15/18	325,000	5.800%	191,017.60		516,017.60	
11/15/18			181,592.60		181,592.60	697,610.20
5/15/19	345,000	5.900%	181,592.60		526,592.60	
11/15/19			171,415.10		171,415.10	698,007.70
5/15/20	370,000	6.000%	171,415.10		541,415.10	
11/15/20			160,315.10		160,315.10	701,730.20
5/15/21	390,000	6.000%	160,315.10		550,315.10	
11/15/21			148,615.10		148,615.10	698,930.20
5/15/22	415,000	6.000%	148,615.10		563,615.10	
11/15/22			136,165.10		136,165.10	699,780.20
5/15/23	440,000	6.000%	136,165.10		576,165.10	
11/15/23			122,965.10		122,965.10	699,130.20
5/15/24	470,000	6.100%	122,965.10		592,965.10	
11/15/24			108,630.10		108,630.10	701,595.20
5/15/25	500,000	6.100%	108,630.10		608,630.10	
11/15/25			93,380.10		93,380.10	702,010.20
5/15/26	530,000	6.100%	93,380.10		623,380.10	
11/15/26			77,215.10		77,215.10	700,595.20
5/15/27	565,000	6.200%	77,215.10		642,215.10	
11/15/27			59,700.10		59,700.10	701,915.20
5/15/28	600,000	6.200%	59,700.10		659,700.10	
11/15/28			41,100.10		41,100.10	700,800.20
5/15/29	635,000	6.252%	41,100.10		676,100.10	
11/15/29			21,250.00		21,250.00	697,350.10
5/15/30	680,000	6.250%	21,250.00		701,250.00	
11/15/30			0.00		0.00	701,250.00
	9,000,000		8,937,721	0	17,937,721	17,937,721

EXHIBIT B

SECOND AMENDED AND RESTATED SETTLEMENT AGREEMENT

This Second Amended and Restated Settlement Agreement (the "Agreement"), dated as of April 1, 2013, amends and restates the Amended and Restated Settlement Agreement (the "Amended and Restated Settlement Agreement"), effective as of April 1, 2013, by and among the Receiver on behalf of the CITY OF HARRISBURG, a municipal corporation of the Commonwealth of Pennsylvania (the "City") and AMBAC ASSURANCE CORPORATION, a Wisconsin stock insurance corporation (the "Insurer") (each a "Party" and collectively the "Parties"). Capitalized terms used but not otherwise defined herein shall have the meanings set forth in Article II below.

RECITALS

A. On November 25, 1997, the City enacted Ordinance No. 21-1997 (the "Ordinance") authorizing the issue of (i) General Obligation Refunding Bonds, Series D of 1997 (the "Series D Bonds") in the aggregate principal amount of \$24,891,771.10 and (ii) General Obligation Refunding Notes, Series F of 1997 in the aggregate principal amount of \$26,632,302.75 (the "Series F Notes"), and together with the Series D Bonds, the "Bonds"). The City subsequently issued the Bonds

B. The Insurer issued that Financial Guaranty Insurance Policy Number 14431BE with an effective date of December 30, 1997 (the "Insurance Policy"), pursuant to which the Insurer agreed to make scheduled payments of principal or interest on the Bonds.

C. On April 6, 2012, the Insurer filed a complaint against the City and others in the Court of Common Pleas of Dauphin County, Pennsylvania, thereby commencing Case No. 2012-cv-2840-cv (the "Action").

D. The City is in default under the Bonds pursuant to Sections 10 and 12 of the Ordinance. The Insurer has made payments under the Insurance Policy to pay holders of Bonds.

E. The Parties and their counsel engaged in good faith, arms' length settlement discussions regarding a consensual resolution of potential disputes between and among the Parties arising out of or related to the Bonds and the Insurance Policy.

F. Based on the occurrence of certain events since the execution of the Amended and Restated Settlement Agreement, the Parties desire to amend and restate the Amended and Restated Settlement Agreement. The Parties and their counsel engaged in good faith, arms' length settlement discussions regarding such amendment and restatement.

G. As part of the Parties' negotiated settlement as reflected in this Agreement, the City will be authorized and shall enter into this Agreement, which will result in additional liquidity and other concessions for the benefit of the City.

H. The City will be obligated to pay interest under the Bonds at the imputed rate of 5.48% per annum. The City's payment obligations under this Agreement to reimburse the Insurer for payments made pursuant to the Insurance Policy accrue at an interest rate of 6.75% per annum.

NOW, THEREFORE, the Parties, in consideration of the promises, covenants and agreements herein described and for other good and valuable consideration acknowledged by each of them to be satisfactory and adequate, and intending to be legally bound, do hereby mutually agree as follows:

ARTICLE I CONFIRMATION OF EXISTING DEFAULT

Section 1.1. The City hereby acknowledges that its failures to make the required debt service and sinking fund payments under the Bonds on March 15, 2012, September 15, 2012, and March 15, 2013 constitute a default (the "Existing Default") in the City's obligations under the Ordinance, the Bonds and other applicable law.

ARTICLE II DEFINITIONS

Section 2.1. Recitals. The recitals set forth above are incorporated by reference and are explicitly made a part of this Agreement.

Section 2.2. Definitions. In addition to the capitalized terms defined in the preamble and recitals, the following definitions shall apply to and constitute part of this Agreement and all schedules, exhibits and annexes hereto:

"Bond Payment" shall mean the regularly scheduled principal and interest payments under the Bonds.

"Compliant Recovery Plan" shall mean a recovery plan, as that term is defined in the Municipalities Financial Recovery Act, providing, *inter alia*, for terms consistent with this Agreement, including treatment of the Bonds and the Insurer as set forth hereinafter, BIT Increase, and the Parking Garage Transaction, and requiring the City, upon the plan's confirmation, to execute and deliver all documents required to implement such recovery plan, including to implement the treatment of the Bonds and the Insurer.

"Conditions to Forbearance" shall mean the conditions to forbearance under this Agreement, as defined in Section 3.1(b) herein.

"Effective Date" shall mean the day of the execution and delivery of this Agreement by each of the entities identified on the signature pages of this Agreement.

"EIT" shall mean the earned income tax assessed by the City.

"EIT Increase" shall mean an increase of one percent (1%) in the EIT, which increase shall continue through the year ending December 31, 2016.

"Final Order" shall mean an order or judgment of a court of competent jurisdiction with respect to the applicable subject matter which has not been reversed, stayed, modified or amended and as to which (a) any right to appeal or seek certiorari, review, reargument, stay or rehearing has expired and no appeal or petition for certiorari, review, reargument, stay or rehearing is pending, or (b) an appeal has been taken or petition for certiorari, review, reargument, stay or rehearing has been filed and (i) such appeal or petition for certiorari, review, reargument, stay or rehearing has been resolved by the highest court to which the order or judgment was appealed or from which certiorari, review, reargument, stay or rehearing was sought or (ii) the time to appeal further or seek certiorari, review, reargument, stay or rehearing has expired and no such further appeal or petition for certiorari, review, reargument, stay or rehearing is pending.

"General Fund Payment Schedule" shall mean that certain General Fund Payment Schedule annexed hereto as Schedule 1, provided however that Ambac may unilaterally modify the General Fund Payment Schedule to reflect the changes in the amount of obligations of the City resulting from the operation of Sections 3.1(b)(ii) and 3.9(b) of this Agreement, and amortize such changed amount of obligations of the City on a level basis in a modified General Fund Payment Schedule. The City shall be bound by such modified General Fund Payment Schedule without the need for the City's consent provided the modification is consistent with the terms of this Agreement. Whenever this Agreement calls for amortization on a level basis, the amortization shall be performed and incorporated into a modified General Fund Payment Schedule subject to the following parameters:

- (a) Interest shall accrue at the rate of 6.75% per annum;
- (b) Interest shall compound on interest semi-annually, on March 15 and September 15 of each year; and
- (c) Day count shall be 30 / 360.

"General Fund Payment" shall mean the portion of the Bond Payment to be paid by the City in accordance with the General Fund Payment Schedule.

"Parking Garage Transaction" shall mean the sale or long term leasing of certain parking garages and certain other assets owned by Harrisburg Parking Authority, part of the proceeds of which shall be paid to the City upon closing.

"Paying Agent" shall mean The Bank of New York Mellon Trust Company, its successors and assignees, solely in its capacity as Paying Agent under the Bonds.

"Receiver" shall mean the receiver for the City appointed pursuant to the Municipalities Financial Recovery Act.

Section 2.3. Interpretation. The Parties have participated jointly in the negotiation and drafting of this Agreement. If an ambiguity or question of intent or interpretation arises, this Agreement will be construed as if drafted jointly by the Parties hereto and no presumption or burden of proof will arise favoring or disfavoring any Party hereto because of the authorship of any provision of this Agreement.

Section 2.4. General Rules of Construction. For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) Defined terms in the singular shall include the plural as well as the singular, and vice versa.

(b) All accounting terms not otherwise defined herein shall have the meanings assigned to them, and all computations herein provided for shall be made, in accordance with generally accepted accounting principles. All references herein to "generally accepted accounting principles" refer to such principles as they exist at the date of application there.

(c) All references in this instrument to designated "Articles", "Sections" and other subdivisions are to the designated Articles, Sections and subdivisions of this instrument as originally executed.

(d) The terms "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section or other subdivision.

(e) All references in this instrument to a separate instrument are to such separate instrument as the same may be amended or supplemented from time to time pursuant to the applicable provisions thereof.

(f) The term "person" shall include any individual, corporation, partnership, limited liability company, joint venture, association, trust, unincorporated organization and any government or agency or political subdivision thereof.

ARTICLE III SETTLEMENT TERMS

Section 3.1. Forbearance.

(a) Subject to the express provisions of this Agreement, the Insurer agrees to forbear from exercising its rights and remedies under the Bonds, the Ordinance and other applicable law.

(b) The agreement to forbear is conditioned upon and subject to the following Conditions of Forbearance:

(i) The City shall make General Fund Payments, except for the General Fund Payments due on March 1, 2013 (the "March 2013 Payment") and September 1, 2013 (the "September 2013 Payment," and together with the March 2013 Payment, the "Deferred Payments"), in the respective amounts due from the City as set forth in the General Fund Payment Schedule. Each General Fund Payment other than the Deferred Payments shall be paid by the City, in immediately available funds, on the respective "Payment Dates" set forth in the General Fund Payment Schedule (such dates defined herein as "Payment Dates"). Provided the City makes all General Fund Payments other than the Deferred Payments and pays the Deferred Payments, with interest, pursuant to Sections 3.1(b)(ii) and 3.1(b)(iii), then notwithstanding anything to the contrary in this Agreement, the City's failure to make any portion of the Deferred Payments on their respective Payment Dates shall not constitute an event of default under this Agreement, shall not constitute non-compliance with Conditions of Forbearance, and shall not terminate the Insurer's obligation to forbear from exercising its rights and remedies under the Bonds, the Ordinance and other applicable law.

(ii) The City shall pay the Deferred Payments, together with interest accrued at the rate of 6.75% per annum on the September 2013 Payment from September 1, 2013 until the September 2013 Payment is made, on or before the earlier of five (5) days of the funding of the Parking Garage Transaction or December 27, 2013.

(iii) Interest on the March 2013 Payment shall accrue at the rate of 6.75% per annum from March 1, 2013 until the March 2013 Payment is made (the "March 2013 Payment Interest Amount"). The March 2013 Payment Interest Amount shall be amortized on a level basis over the term of, and paid pursuant to, the General Fund Payment Schedule.

(iv) The General Fund Payments that relate to Payment Dates which occur on or before September 15, 2022, shall be paid by the City directly to the Paying Agent. Once the Bond holders (other than Insurer) are paid in full, then the General Fund Payments that relate to Payment Dates which occur after September 15, 2022, shall be paid by the City directly to the Insurer for its own account as reimbursement for amounts owing to the Insurer on account of payments made pursuant to the Insurance Policy (such payments, the "Insurer Payments").

(v) Except with written consent of the Insurer, the City shall not during the term of this Agreement grant a lien or security interest in, or

otherwise encumber, any of its general fund revenues, including its tax revenue, other than to secure tax anticipation notes to be issued by the City; provided however that the City may issue additional bonds or incur additional indebtedness backed by a pledge of its full faith and credit, or give full faith and credit guarantees for such bonds and indebtedness. Nothing in this Agreement prohibits the City from incurring debt not backed by its full faith and credit. For the avoidance of doubt, general fund revenues of the City shall not be deemed to include any funds to be received by the City as residual revenues of the Parking Garage Transaction.

(vi) The City shall execute and deliver any and all documents, as requested by the Insurer, required by the Compliant Recovery Plan to implement the provisions of this Agreement.

(vii) The City shall enact the HIT Increase through action taken by the City Council.

Section 3.2. Dismissal of the Action. Within 15 days of the Effective Date, the Insurer shall cause its counsel to file a stipulation of dismissal without prejudice, providing for the dismissal of all claims that have been asserted in the Action. For the avoidance of doubt, the dismissal of the Action pursuant to this Section 3.2 shall be without prejudice to the Insurer's right to re-assert claims previously asserted in the Action pursuant to Section 3.5(b).

Section 3.3. Waiver of Defenses Based on Passage of Time. The City hereby waives all defenses, whether equitable or at law, including statute of limitations and laches, based on the passage of time between April 6, 2012 and subsequent assertion by the Insurer of any claims related to (i) the Bonds or the Ordinance, including without limitation claims previously asserted in the Action; or (ii) enforcement of the City's obligations under this Agreement.

Section 3.4. Continued Payments Under Insurance Policy. In accordance with the Insurance Policy, Insurer shall pay such amounts as are necessary to make scheduled payments of principal and interest on the Bonds after giving effect to other amounts available for debt service. The Insurer maintains that the City has no rights under, and no rights to enforce, the Insurance Policy, and nothing in this Agreement shall be interpreted as Insurer's acknowledgement that the City has any such rights. However, the City may assert claims for breach of this Agreement against the Insurer based on the Insurer's non-performance of its obligations under this Section 3.4. Nothing in this Agreement shall be construed to

(a) Confer upon the City any additional rights under, or any additional rights to enforce, the Insurance Policy that the City would not otherwise have in the absence of this Agreement; or

(b) Limit rights, if any, that the City may presently have under the Insurance Policy.

Section 3.5. Non-Performance. Only upon any noncompliance by the City with any of the Conditions of Forbearance or noncompliance with any of the other provisions of this Agreement, the Ordinance, the Bonds or other applicable law, the Insurer shall have all of the following rights and remedies. Each right and remedy provided in this Section 3.5 is distinct from all other rights or remedies under this Agreement, the Bonds, the Ordinance, or otherwise afforded by applicable law, and each shall be cumulative and may be exercised concurrently, independently, or successively, in any order. Any single or partial exercise of any right or remedy hereunder shall not preclude any further exercise thereof or the exercise of any further right or remedy.

(a) To commence a legal action against the City to enforce the terms of this Agreement.

(b) To commence a legal action against the City to enforce the City's obligations under the Bonds, the Ordinance or other applicable law. Without limiting the foregoing, such legal action may re-assert the claims previously asserted in the Action and seek an Order of Mandamus. The City reserves its rights to assert defenses to such legal action.

Section 3.6. No Waiver. The execution and delivery of this Agreement by the Insurer shall not constitute a waiver by the Insurer of any default under the Ordinance, the Bonds or other applicable law, including, but not limited to, the Existing Default. Nothing in this Agreement constitutes a general waiver of any provisions under the Bonds, the Ordinance or other applicable law or a waiver of any future breach of its obligations under the Bonds, the Ordinance or other applicable law by the City. This Agreement only obligates the Insurer to forbear from taking action due to the Existing Default in the manner, and subject to the conditions, stated in this Agreement.

Section 3.7. No Defenses. The City represents that as of the time of the execution and delivery of this Agreement, it is unaware of any defenses against any of its obligations under the Bonds and the Ordinance, or any claims, defenses, counterclaims, offsets or recoupments against the Insurer for any reason whatsoever arising out of the Bonds or the relationship between the Parties resulting from the Bonds.

Section 3.8. Bankruptcy. In the event the City files a petition seeking protection under, and thereby commences a case pursuant to, chapter 9 of title 11 of the United States Code, 11 U.S.C. §§ 101 *et seq.* (the "Bankruptcy Case"):

(a) The City shall include the terms of this Agreement in the plan of adjustment filed pursuant to 11 U.S.C. § 941 and, except to the extent the court presiding over the Bankruptcy Case prohibits, shall honor and perform this Agreement during the pendency of the Bankruptcy Case;

(b) The Insurer shall vote in favor of such plan unless it is inconsistent with the terms of this Agreement or the City has failed to comply with Section 3.8(a) hereof, provided however that nothing in this Agreement shall affect or

limit the Insurer's rights, including voting rights, as insurer, subrogee, assignee or holder of indebtedness or an obligation of the City other than the Bonds; and

(c) The provisions of Sections 5.1 and 5.2 of this Agreement shall become null and void.

Section 3.9. Prepayment. The City may prepay the Insurer Payments in whole or in part and from time to time on the fifteenth (15th) day of any month, provided that only one such prepayment is permitted in any one year period and the amount of the prepayment shall be no less than \$1,000,000. The prepayment shall be applied as follows:

(a) The Insurer shall calculate the portions of the prepayment amount attributable to principal (the "Principal Prepayment Amount") and interest (the "Interest Prepayment Amount") such that the Interest Payment Amount is equal to the interest accrued on the Principal Prepayment Amount at the rate of 6.75% per annum through the date of the prepayment; and

(b) The Insurer shall reduce the total amount of the General Fund Payments outstanding prior to the prepayment by the Principal Prepayment Amount and shall amortize the resulting outstanding amount of the General Fund Payments on a level basis over the remaining term of the General Fund Payment Schedule.

ARTICLE IV REPRESENTATIONS AND WARRANTIES

Section 4.1. Mutual Representations and Warranties. Each Party makes the following representations, warranties and covenants (on a several basis, with respect to such Party only) to each of the other Parties

(a) Each Party has all requisite power to execute this Agreement and to consummate the transactions contemplated hereby.

(b) Each Party has full requisite power and authority to execute and deliver and to perform its obligations under this Agreement, and the execution, delivery and performance hereof, and the instruments and documents required to be executed by it in connection herewith (i) have been duly and validly authorized by it and (ii) are not in contravention of its organizational documents if any, applicable law, or any agreements specifically applicable to it.

(c) Each person signing this Agreement warrants that he or she is legally competent and authorized to execute this Agreement on behalf of the Party whose name is subscribed at or above such person's signature.

(d) The Parties have not made any statement or representation to each other regarding any facts relied upon by them in entering into this Agreement.

and each of them specifically does not rely upon any statement, representation or promise of the other Parties hereto or any other person in entering into this Agreement, except as expressly stated herein. Each party has relied upon its own investigation and analysis of the facts and not on any statement or representation made by any other party in choosing to enter into this Agreement and the transactions contemplated herein.

(e) The Parties and their respective attorneys have made such investigation of the facts pertaining to this Agreement and all of the matters pertaining thereto as they deem necessary.

Section 4.2. The City's Representations and Warranties. The City makes the following representations, warranties and covenants to the Insurer:

(a) The Receiver has the authority, including pursuant to the Municipalities Financial Recovery Act, applicable law, and all relevant judicial proceeding, to bind the City to the obligations under his Agreement.

(b) The City has not granted a lien or security interest in, and has not otherwise encumbered, any of its general fund revenues, including its tax revenue, except as detailed in Schedule 2 hereto.

ARTICLE V TERMINATION

Section 5.1. Termination of Agreement. Notwithstanding anything to the contrary in this Agreement, this Agreement may be terminated by the Insurer at its sole option and discretion, in the event that:

(a) The Receiver fails, on or prior to August 30, 2013, to submit to a court of competent jurisdiction for approval a Compliant Recovery Plan; or

(b) The Receiver fails, on or prior to October 10, 2013, to cause to be issued by Commonwealth Court an order approving the Compliant Recovery Plan (the "Approval Order"); or

(c) The Approval Order is not appealed and the City fails, on or prior to November 15, 2013, to have, through action taken by the City Council and the Mayor, enacted the EIT Increase, with the enactment of such EIT Increase to be subject only to: (i) the entry of the Approval Order; (ii) the consummation of the Parking Garage Transaction, pursuant to the Complaint Recovery Order; and (iii) the monetization of that certain resource recovery facility located in the City, pursuant to the Complaint Recovery Order.

(d) The Approval Order is appealed and:

(i) The Approval Order fails, on or prior to December 15, 2013, to become a Final Order; or

(ii) The City fails, on or prior to December 26, 2013, to have enacted the HIT Increase.

(e) The Parking Garage Transaction is not consummated on or before December 26, 2013.

(f) The monetization of that certain resource recovery facility located in the City does not occur on or before December 26, 2013.

(g) "The AGM/Dauphin County Conditions to the Plan's Consummation," as that term is defined in the recovery plan to be filed with a court of competent jurisdiction pursuant to Section 5.1(a), do not occur and their non-occurrence is not waived by both Assured Guaranty Municipal Corp. and Dauphin County, on or before December 26, 2013.

Section 5.2. Effect of Termination. Except as otherwise provided herein, in the event of the termination of this Agreement pursuant to Section 5.1, this Agreement shall become null and void and be deemed of no force and effect, with no liability on the part of any Party hereto (or of any of its directors, officers, employees, consultants, contractors, agents, legal and financial advisors or other representatives), and no Party shall have any obligations to any other Party arising out of this Agreement, and this Agreement shall be of no force and effect, except for Sections 1.1 and 3.3 which shall remain in full force and effect. Upon termination, neither this Agreement nor any terms or provisions set forth herein shall be admissible in any dispute, litigation, proceeding or controversy among the Parties and nothing contained herein shall constitute or be deemed to be an admission by any Party as to any matter, it being understood that the statements and resolutions reached herein were as a result of negotiations and compromises of the respective positions of the Parties. Upon such termination, no Party shall seek to take discovery concerning this Agreement or admit this Agreement or any part of it into evidence against any other Party hereto, except as necessary to prove the terms of this Agreement in an action to enforce it.

ARTICLE VI MISCELLANEOUS

Section 6.1. Amendments. This Agreement may not be modified, amended or supplemented except by a written agreement executed by each Party to be affected, by such modification, amendment or supplement.

Section 6.2. Good Faith Negotiations. The Parties recognize and acknowledge that each of the Parties hereto is represented by counsel, and such Party received independent legal advice with respect to the advisability of entering into this Agreement. Each of the Parties acknowledges that the negotiations leading up to this Agreement were conducted regularly and at arm's length; this Agreement is made and executed by and of each Party's own free will; that each knows all of the relevant facts and his or its rights in connection therewith, and that he or it has not been improperly

influenced or induced to make this settlement as a result of any act or action on the part of any party or employee, agent, attorney or representative of any party to this Agreement. The Parties further acknowledge that they entered into this Agreement because of their desire to avoid the further expense and inconvenience of litigation and other disputes, and to compromise permanently and settle the claims between the Parties settled by the execution of this Agreement.

Section 6.3. Third Party Beneficiaries. Nothing in this Agreement, express or implied, is intended or shall be construed to confer upon, or to give to, any Person other than the Parties hereto and their respective successors and assigns, any right, remedy or claim under or by reason of this Agreement or any covenant, condition or stipulation thereof; and the covenants, stipulations and agreements contained in this Agreement are and shall be for the sole and exclusive benefit of the Parties hereto and their respective successors and assigns.

Section 6.4. Governing Law; Retention of Jurisdiction; Service of Process. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Pennsylvania, without giving effect to any principles of conflicts of law and applicable federal law. In the event any action, suit or proceeding is commenced pursuant to Section 3.5, the Parties hereby agree and consent that service of process may be made, and personal jurisdiction over any Party hereto in any such action, suit or proceeding may be obtained, by service of a copy of the summons, complaint and other pleadings required to commence such action, suit or proceeding upon the Party at the address of such Party set forth in Section 6.11 hereof, unless another address has been designated by such Party in a notice given to the other Parties in accordance with Section 6.11 hereof.

Section 6.5. Fees and Expenses.

(a) If the Insurer brings an action against the City based on the City's breach of any payment obligations imposed by this Agreement and obtains any monetary recovery, the City shall be liable to the Insurer for all the reasonable expenses incurred by the Insurer in prosecuting such action, including reasonable attorneys' fees and expenses.

(b) Except as provided in Section 6.5(a), if the City or Insurer brings an action against the other Party based upon a breach by the City or Insurer of its obligations under this Agreement, the prevailing Party shall be entitled to all reasonable expenses incurred, including reasonable attorneys' fees and expenses.

Section 6.6. Reimbursement of Attorney's Fees. The City shall reimburse the Insurer for its fees and expenses including its attorney's fees and expenses accrued through March 15, 2013 in the amount of \$400,000 (the "Fees"). The Fees shall be deemed additional principal due and owing by the City to the Insurer, shall accrue

interest at the rate of 6.75% per annum from March 15, 2013, and shall be paid pursuant to the General Fund Payment Schedule.

Section 6.7. Headings. The headings of the Articles and Sections of this Agreement are inserted for convenience only and are not part of this Agreement and do not in any way limit or modify the terms or provisions of this Agreement and shall not affect the interpretation hereof.

Section 6.8. Binding Agreement Successors and Assigns; Joint and Several Obligations. This Agreement shall be binding only upon the execution and delivery of this Agreement by the Parties listed on the signature pages hereto. This Agreement is intended to bind and inure to the benefit of the Parties and their respective successors, assigns, administrators, constituents and representatives. The agreements, representations, covenants and obligations of the Parties under this Agreement are several only and not joint in any respect and none shall be responsible for the performance or breach of this Agreement by another.

Section 6.9. Entire Agreement. This Agreement shall constitute the full and entire agreement among the Parties with regard to the subject hereof, and supersedes all prior negotiations, representations, promises or warranties (oral or otherwise) made by any Party with respect to the subject matter hereof. No Party has entered into this Agreement in reliance on any other Party's prior representation, promise or warranty (oral or otherwise) except for those that may be expressly set forth in this Agreement.

Section 6.10. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original copy of this Agreement and all of which, when taken together, shall constitute one and the same Agreement. Copies of executed counterparts transmitted by telecopy or other electronic transmission service shall be considered original executed counterparts, provided receipt of copies of such counterparts is confirmed.

Section 6.11. Notices. All demands, notices, requests, consents, and other communications hereunder shall be in writing and shall be deemed to have been duly given (a) when personally delivered by courier service or messenger, (b) upon actual receipt (as established by confirmation of receipt or otherwise) during normal business hours, otherwise on the first business day thereafter if transmitted electronically (by e-mail transmission), by facsimile or telecopier, with confirmation of receipt, or (c) three (3) Business Days after being duly deposited in the mail, by certified or registered mail, postage prepaid-return receipt requested, to the following addresses, or such other addresses as may be furnished hereafter by notice in writing, to the following Parties:

If to the City, to:

City of Harrisburg
The Reverend Martin Luther King, Jr. City Government Center
10 North Second Street

Harrisburg, Pennsylvania 17107
Fax: (717) 255-3036

with a copy given in like manner to:

McKenna Long & Aldridge LLP
303 Peachtree Street, NE
Suite 5300
Atlanta, Georgia 30308
Attention: Mark S. Kaufman
Fax: (404) 527-4198
Email: mkaufman@mckennalong.com

If to the Insurer, to:

Ambac Assurance Corporation
One State Street Plaza
New York, New York 10004
Attention: Public Finance Surveillance Department and
General Counsel's Office
Fax: (212) 208-3384
Email: jailman@ambac.com and Notices@ambac.com

with a copy given in like manner to:

Arent Fox LLP
1675 Broadway
New York, New York 10019
Attention: David L. Dubrow, Esq.
Fax: (212) 484-3990
Email: david.dubrow@arentfox.com

Section 6.12. **Further Assurances.** Each of the Parties hereto agrees to execute and deliver, or to cause to be executed and delivered, all such instruments, and to take all such action as the other Parties may reasonably request in order to effectuate the intent and purposes of, and to carry out the terms of, this Agreement

[SIGNATURE PAGES S-1 AND S-2 TO FOLLOW]

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed
as of the date set forth above.

RECEIVER FOR, AND ON BEHALF OF,
THE CITY OF HARRISBURG,
PENNSYLVANIA

By: *William E. Lynch*
Name: William E. Lynch

AMBAC ASSURANCE CORPORATION,
as Insurer

By: *Joan Allman*
Name: Joan Allman
Title: Managing Director

Schedule 1
General Fund Payment Schedule

Date	General Fund Payment
9/15/2012	-
9/15/2012	-
9/15/2013	4,670,000
9/15/2013	1,500,000
9/15/2014	4,670,000
9/15/2014	3,000,000
9/15/2015	4,670,000
9/15/2015	3,000,000
9/15/2016	4,670,000
9/15/2016	3,000,000
9/15/2017	4,668,000
9/15/2017	2,000,000
9/15/2018	4,660,000
9/15/2018	2,000,000
9/15/2019	4,660,000
9/15/2019	2,065,360
9/15/2020	710,000
9/15/2020	6,015,360
9/15/2021	483,000
9/15/2021	6,235,360
9/15/2022	250,000
9/15/2022	6,465,360
9/15/2023	2,899,010
9/15/2023	2,466,350
9/15/2024	2,899,010
9/15/2024	2,466,350
9/15/2025	2,899,010
9/15/2025	2,466,350
9/15/2026	2,899,010
9/15/2026	2,466,350
9/15/2027	2,899,010
9/15/2027	2,466,350
9/15/2028	2,899,010
9/15/2028	2,466,350
9/15/2029	2,899,010
9/15/2029	2,466,350
9/15/2030	2,899,010
9/15/2030	2,466,350
9/15/2031	2,899,010
9/15/2031	2,466,350
9/15/2032	2,899,010
9/15/2032	2,466,350

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EXHIBIT C

RESOLUTION No. ⁹⁰ of 2020

Moved by: Allatt

A Resolution of the City Council of the City of Harrisburg approving the provisions of a term sheet to modify and amend the Second Amended and Restated Settlement Agreement between the City of Harrisburg and Ambac Assurance Corporation.

WHEREAS, on November 25, 1997, the City of Harrisburg enacted Ordinance No. 21-1997 authorizing the issuance of: (i) General Obligation Refunding Bonds, Series D of 1997 in the aggregate principal amount of \$24,891,772.10 (the "Series D Bonds") and (ii) General Obligation Refunding Notes, Series F of 1997 in the aggregate principal amount of \$26,632,302.75 (the "Series F Notes") (together herein referred to as the "1997 Series D and F Bonds"), which the City subsequently issued; and

WHEREAS, on November 24, 2004, the City of Harrisburg enacted Ordinance No. 36-2004 authorizing and approving a project of the Redevelopment Authority of the City of Harrisburg (the Authority) regarding the expansion and upgrade of Commerce Bank Park (now FNB Field) so as to fund, in part, a Stadium Project; and

WHEREAS, the City through Ordinance No. 36-2004 authorized and directed the incurrence of Lease Rental Debt in a maximum amount not to exceed \$18,000,000, which Debt the Authority subsequently did issue, upon and with the backing of the City, through a Guaranty Agreement, a true and correct copy of which is attached hereto as Exhibit A; and

WHEREAS, the outstanding debt obligation authorized and remaining under the Guaranty Agreement are referred to as the Federally Taxable Guaranteed Revenue Bonds ("Stadium Project"), Series 2005 A-2 bonds of 2005 (the "Series 2005 A-2 Bonds"), issued by the Redevelopment Authority of the City of Harrisburg; and

WHEREAS, the City of Harrisburg ("City") was designated a distressed municipality by the Secretary of the Department of Community and Economic Development ("DCED") in December 2010, under the Municipalities Financial Recovery Act of 1987, 53 P.S. § 11701.101, *et seq.*, as amended ("Act 47"), in large part because of an inability to satisfy significant portions of the City's debt obligations; and

WHEREAS, in October 2011, the Governor of the Commonwealth of Pennsylvania declared the City of Harrisburg to be in state of fiscal emergency under newly adopted amendments to Act 47, which by operation of law empowered the Secretary of DCED to seek judicial confirmation of a Receiver for Harrisburg in order to develop a sound financial recovery plan; and

WHEREAS, the Office of Receiver for Harrisburg determined that for Annual Budget Years 2012 and 2013, the City was financially unable to timely meet and pay the general obligations due on the 1997 Series D and F Bonds; and

WHEREAS, the Receiver provided the requisite notice to Ambac Assurance Corporation ("Ambac"), as the Bond Insurer, to advise that the City's financial crisis would necessitate a default on the immediate debt obligations; and

WHEREAS, in accordance with the terms of original borrowing and the related agreement providing for bond insurance, Ambac acted to cover the defaults and make all payments to the City's bondholders; and

WHEREAS, on or about April 12, 2012, Ambac filed a complaint against the City and others in the Court of Common Pleas of Dauphin County, Pennsylvania, seeking relief for the losses associated with the initial default; and

WHEREAS, throughout the course of receivership, the City's fiscal crisis prevented the scheduled payments due on the 1997 Series D and F Bonds, requiring Ambac to cover the additional events of default and thereby pay the City's bondholders; and

WHEREAS, in order to fulfill the intent of the City's financial recovery plan and satisfy certain related obligations, the Receiver undertook to negotiate a settlement on behalf of the City with Ambac to resolve the litigation and the contractual obligations triggered by the City's 2012 and 2013 defaults on its debt service obligations; and

WHEREAS, on September 23, 2013, in the course of approving modifications to the financial recovery plan under Act 47, the Commonwealth Court of Pennsylvania granted the Receiver's application to implement the Harrisburg Strong Plan, which included the approval of an *Amended and Restated Settlement Agreement* between the City of Harrisburg and Ambac Assurance Corporation; and

WHEREAS, on December 17, 2013, the Office of Receiver filed a *Notice of Filing of Certain Additional Supplemental Exhibits To The Modified Recovery Plan and Request For Approval and Finding of Efficacy of Plan Documents* with the Commonwealth Court, which included the *Second Amended and Restated Settlement Agreement* between the City of Harrisburg and Ambac Assurance Corporation, which established the current repayment terms between the City and Ambac, a true and correct copy thereof being attached hereto as Exhibit B; and

WHEREAS, on December 20, 2013, the Court granted the request and approved the supplemental exhibits, including the current settlement agreement; and

WHEREAS, after the primary components of the modified recovery plan were consummated, the Commonwealth Court granted an application to vacate the Order that placed a receiver over the City, effective March 1, 2014; and

WHEREAS, the City thereafter has engaged in ongoing efforts to secure a lasting financial recovery and better account for intervening legislative and financial developments that impact the fiscal health of the City and its essential operations; these efforts included the assistance of its professional financial advisers, who undertook an extensive period of re-negotiation of the terms of the current settlement agreement with Ambac; and

WHEREAS, on December 17, 2019, the Council of the City of Harrisburg adopted Resolution 96 – 2019 to approve a mutually agreed Term Sheet between Ambac and the City and authorized the negotiation of the final terms and conditions of a revised Settlement Agreement; and

WHEREAS, on February 25, 2020, at a regularly scheduled Legislative Session, the City introduced Resolution 15 of 2020, which proffered for consideration a proposed amended Settlement Agreement, which had specified timeframes for completion; and

WHEREAS, prior to the Council being able to publicly consider and review that proposed amended settlement agreement with Ambac, on March 6, 2020, the Governor of the Commonwealth of Pennsylvania issued a Proclamation of Disaster Emergency, proclaiming the existence of a disaster emergency throughout the Commonwealth in accordance with the provisions of Subsection 7301(c) of the Emergency Management Services Code, 35 Pa.C.S. § 7101, *et seq.*, and thereupon authorizing the Secretary of Health to implement broad restrictions

to mitigate the serious health risks associated with the emerging worldwide coronavirus pandemic; and

WHEREAS, the City realized fiscal and operational disruptions associated with the pandemic that made the negotiated timeframes under the proposed amended agreement with Ambac impossible to satisfy; and

WHEREAS, pandemic-related disruptions have introduced great uncertainty in most aspects of daily life and triggered the direct loss and diminution of certain streams of revenue to the City, including but not limited to the loss of anticipated and budgeted revenues from the cancellation of the entire minor league baseball season for the Harrisburg Senators; and

WHEREAS, notwithstanding the direct loss of Harrisburg Senators revenue, the City applied other resources to timely satisfy the 2020 debt service obligations related to the Series 2005 A-2 Bonds for the Stadium Project; and

WHEREAS, the Bond Insurer for the Series 2005 A-2 Bonds for the Stadium Project is Ambac Assurance Corporation; and

WHEREAS, after further consideration, the City and Ambac, by their respective representatives, determined it would be in their mutual best interests to renegotiate the proposed amendment to the current settlement agreement, including therein the addition of a term to cause the defeasance of the Stadium Bonds, the general details of which have been set forth in a new Term Sheet, a true and correct copy of which is attached hereto as Exhibit C and incorporated herein; and

WHEREAS, the Council for the City of Harrisburg has determined that an amendment to the *Second Amended and Restated Settlement Agreement* between the City of Harrisburg and Ambac Assurance Corporation, consistent with the revised Term Sheet, would be in the best interest of the City.

NOW, THEREFORE, BE IT AND IT IS HEREBY RESOLVED BY THE COUNCIL OF THE CITY OF HARRISBURG as follows:

1. The Council of the City of Harrisburg hereby approves and authorizes the execution of the Term Sheet Proposal of November 4, 2020, between the City of Harrisburg and Ambac Assurance Corporation.

2. The City shall take all necessary or appropriate actions to negotiate an amendment to the *Second Amended and Restated Settlement Agreement* between the City of Harrisburg and Ambac Assurance Corporation to modify and further resolve City obligations arising from the 2012 and 2013 defaults on the 1997 Series D and F Bonds, which shall include therein additional terms to cause the defeasance of the Series 2005 A-2 Bonds and related obligations for the Stadium Project in accordance with the Guaranty Agreement.

3. The Mayor, City Controller, City Solicitor and all other appropriate City officials are authorized, directed, and instructed to take all steps necessary or appropriate to effectuate the purposes of this Resolution.

4. The anticipated amended agreement shall be subject to the approval and ratification of the Council prior to execution or submission to the Commonwealth Court for any requisite approvals.

5. Upon adoption, the foregoing provisions of this Resolution shall be deemed to supplant the previous authorization this Council provided upon the adoption of Resolution 96 of 2019, including any further proceedings under the executed version of the Term Sheet Proposal of November 15, 2019, or the resulting proposed amended settlement agreement that has been incorporated and made part of Resolution 19 of 2020.

Seconded by: _____

Williams

Passed by City Council - December 10, 2020

Wanda L. D. Williams
President of City Council

Attest Chardelle [Signature]
Deputy City Clerk

Approved
 Returned to City Council with objections

YEAS		NAYS
<input checked="" type="checkbox"/>	MR. ALLATT	
<input checked="" type="checkbox"/>	MS. BOWERS	
<input checked="" type="checkbox"/>	MS. DANIELS	
<input checked="" type="checkbox"/>	MS. GREEN	
<input checked="" type="checkbox"/>	MR. MADSEN	
<input checked="" type="checkbox"/>	MR. MAJORS	
<input checked="" type="checkbox"/>	MS. WILLIAMS	
Yeas	<u>7</u>	
Nays	<u>0</u>	

**Exhibit C – TERM SHEET OF
NOVEMBER 4, 2020***

***[Exhibits A and B to Res 90 – 2020 Not Reproduced**

Identical to Exh A and B to Res 29 – 2021]

**TERM SHEET
PROPOSAL OF NOVEMBER 4, 2020¹**

**SUMMARY OF TERMS OF PROPOSED AMENDMENT (the "Amendment")
to the
SECOND AMENDED AND RESTATED SETTLEMENT AGREEMENT
DATED AS OF APRIL 1, 2013 (the "Agreement")
between
AMBAC ASSURANCE CORPORATION (the "Insurer")
and
CITY OF HARRISBURG (the "City")**

Amount due by the City to the Insurer under the Agreement as of September 15, 2020:	\$24,634,484 (the " <u>City Liability</u> ")
Effective Date	[TBD]
Defeasance:	<p>On or before the date which is three (3) months following the Effective Date (the "<u>Defeasance Date</u>"), the City shall legally defease, with documentation in form and substance acceptable to the Insurer, all of the outstanding Federally Taxable Guaranteed Variable Rate Revenue Bonds (Stadium Project), Series 2005 A-2 bonds of 2005 (the "<u>Series 2005A-2 Bonds</u>") (and any related obligations) issued by the Redevelopment Authority of the City of Harrisburg (the "<u>Defeasance</u>").</p> <p>Upon successfully executing the Defeasance, an amount equal to 38% of the outstanding par amount of the Series 2005A-2 Bonds defeased shall be deemed a Prepayment of the City Liability made by the City effective as of the Defeasance Date, as contemplated in Section 3.9 of the Agreement (a "<u>Prepayment</u>") but SHALL NOT be multiplied by any factors identified in the amended Section 3.9(c) as detailed below.</p>

¹ The Term Sheet represents an outline of proposed modifications to an existing, judicially approved 2013 Settlement Agreement. It has been undertaken in anticipation of the parties entering into a modified settlement agreement, the terms and documentation of which shall be subject to additional internal approvals for each party, as well as agency reviews and the final public approvals of the Harrisburg City Council and the Commonwealth Court of Pennsylvania. Therefore, this Term Sheet is not a binding agreement or commitment by the parties but rather an indication of an intent to pursue a transaction consistent with this Term Sheet.

<p>New Section 3.9(c): Prepayment</p>	<p>Subject to timely effectiveness of the Defeasance, Prepayment amounts made by the City to the Insurer no later than one year after the Effective Date, up to a total of \$4,000,000, shall be multiplied by the following factors and the result shall be used to determine Interest Prepayment Amount and the Principal Prepayment Amount.</p> <table border="1" data-bbox="630 489 1323 661"> <thead> <tr> <th data-bbox="630 489 1092 531">Prepayment made:</th> <th data-bbox="1101 489 1323 531">Factor:</th> </tr> </thead> <tbody> <tr> <td data-bbox="630 552 1092 594">On or before the Effective Date</td> <td data-bbox="1101 552 1323 594">1.38</td> </tr> <tr> <td data-bbox="630 594 1092 636">Up to one year from the Effective Date</td> <td data-bbox="1101 594 1323 636">1.30</td> </tr> </tbody> </table> <p>For the avoidance of doubt, the above prepayment factors shall not apply to:</p> <p>(a) any Prepayment in excess of an aggregate Prepayment amount of \$4,000,000; or</p> <p>(b) any Prepayment made after the first anniversary of the Effective Date; or</p> <p>(c) any Prepayment whatsoever in the event the Defeasance does not occur on or before the Defeasance Date; any Prepayment credited based on the application of the above factors prior to the Defeasance Date shall be retroactively adjusted to eliminate the application of the above factors if Defeasance Fails to occur on or before the Defeasance Date.</p>	Prepayment made:	Factor:	On or before the Effective Date	1.38	Up to one year from the Effective Date	1.30
Prepayment made:	Factor:						
On or before the Effective Date	1.38						
Up to one year from the Effective Date	1.30						
<p>New Section 3.10: Transfer by Insurer</p>	<p>Notwithstanding anything to contrary herein, the Insurer may sell, assign, convey, pledge, lien, or otherwise transfer its rights under this Agreement (but not its obligations), including without limitation, its rights to payments and prepayments, without the consent of the City.</p>						

The parties hereto agree to amend the Agreement, as soon as reasonably practicable, consistent with the terms set forth above.

AMBAC ASSURANCE CORPORATION

CITY OF HARRISBURG

By: _____
Title: _____
Date: _____

By: _____
Title: _____
Date: _____

**TERM SHEET
PROPOSAL OF NOVEMBER 4, 2020**

**SUMMARY OF TERMS OF PROPOSED AMENDMENT (the "Amendment")
to the
SECOND AMENDED AND RESTATED SETTLEMENT AGREEMENT
DATED AS OF APRIL 1, 2013**

ADDITIONAL SIGNATURE PAGE

CITY OF HARRISBURG*

By: _____
Charlie DeBrunner
Controller

Date: _____

APPROVED AS TO FORM AND LEGALITY:

By: _____
Law Bureau

Date: _____

*The City of Harrisburg is governed under Pennsylvania's Optional Third Class City Charter Law, 53 P.S. § 41101, *et seq.* Section 53 P.S. § 41413(c) of the law requires that "all bonds, notes, contracts and written obligations of the city shall be executed on its behalf by the mayor and the controller."

EXHIBIT D

THIRD AMENDED AND RESTATED SETTLEMENT AGREEMENT

This Third Amended and Restated Settlement Agreement (as may be amended, modified, supplemented, or amended and restated from time to time, the "**Agreement**"), dated as of _____, 2021 (the "**Effective Date**"), amends and restates the Second Amended and Restated Settlement Agreement (the "**Second Amended and Restated Settlement Agreement**"), effective as of April 1, 2013, by and among the now former Receiver on behalf of the CITY OF HARRISBURG, a municipal corporation of the Commonwealth of Pennsylvania (the "**City**") and AMBAC ASSURANCE CORPORATION, a Wisconsin stock insurance corporation (the "**Insurer**") (each a "**Party**" and collectively the "**Parties**"). Capitalized terms used but not otherwise defined herein shall have the meanings set forth in Article II below.

RECITALS

PART I: 1997 GENERAL OBLIGATION BONDS

A. On November 25, 1997, the City enacted Ordinance No. 21-1997 (the "**1997 Ordinance**") authorizing the issue of (i) General Obligation Refunding Bonds, Series D of 1997 (the "**Series D Bonds**") in the aggregate principal amount of \$24,891,771.10 and (ii) General Obligation Refunding Notes, Series F of 1997 in the aggregate principal amount of \$26,632,302.75 (the "**Series F Notes**"), and together with the Series D Bonds, the "**1997 Bonds**"). The City subsequently issued the 1997 Bonds.

B. The Insurer issued that certain Financial Guaranty Insurance Policy Number 14431BE with an effective date of December 30, 1997 (the "**1997 Insurance Policy**"), pursuant to which the Insurer agreed to make scheduled payments of principal or interest on the 1997 Bonds as required under the 1997 Insurance Policy.

C. On April 6, 2012, the Insurer filed a complaint against the City and others in the Court of Common Pleas of Dauphin County, Pennsylvania, thereby commencing Case No. 2012-cv-2840-cv (the "**Action**").

D. The City defaulted under the 1997 Bonds pursuant to Sections 10 and 12 of the 1997 Ordinance. The Insurer made payments under the 1997 Insurance Policy to holders of the 1997 Bonds.

E. The Parties and their counsel engaged in good faith, arms' length settlement discussions regarding a consensual resolution of potential disputes between and among the Parties arising out of or related to the 1997 Bonds and the 1997 Insurance Policy, ultimately agreeing to be bound by the terms of the Second Amended and Restated Settlement Agreement.

PART II: 2005 STADIUM BONDS

F. On November 23, 2004, the City enacted Ordinance No. 36-2004 (the "**2005 Ordinance**"), authorizing the execution and delivery of its guaranty with regard to the issuance by the Redevelopment Authority of the City of Harrisburg (the "**Redevelopment Authority**") of Federally Taxable Guaranteed Variable Rate Revenue Bonds (Stadium Project), Series A-2 of 2005 (the "**2005 Bonds**") in the aggregate principal amount of \$9,000,000.00. The Redevelopment Authority subsequently issued the 2005 Bonds under and pursuant to that Trust Indenture dated as of January 1, 2005, as supplemented by that First Supplemental Trust Indenture dated as of February 1, 2005 (collectively, the "**2005 Indenture**").

G. The Insurer issued that certain Financial Guaranty Insurance Policy Number 23461BE with an effective date of February 10, 2005, pursuant to which the Insurer agreed to make scheduled payments of principal or interest on the 2005 Bonds as required under such policy.

H. The 2005 Bonds have been timely paid through the Issuer and the City and Insurer has not been required to make payments thereon.

PART III: A THIRD AMENDED AND RESTATED AGREEMENT

I. Based on the occurrence of certain events since the execution of the Second Amended and Restated Settlement Agreement, the Parties desire to amend and restate the Second Amended and Restated Settlement Agreement by execution of this Agreement. The Parties and their counsel engaged in good faith, arms' length settlement discussions regarding such amendment and restatement.

J. The Parties now resolve to integrate an agreed resolution of the outstanding 2005 Bonds obligations as part of this Third Amendment, without suggestion of default on the obligations, for the convenience of the Parties.

K. As part of the Parties' negotiated settlement as reflected in this Agreement, the City will be authorized and shall enter into this Agreement, which will result in concessions for the benefit of the City.

NOW, THEREFORE, the Parties, in consideration of the promises, covenants and agreements herein described and for other good and valuable consideration acknowledged by each of them to be satisfactory and adequate, and intending to be legally bound, do hereby mutually agree as follows:

**ARTICLE I
CONFIRMATION OF DEFAULT**

Section 1.1. The City hereby acknowledges that its failures to make the required debt service and sinking fund payments under the 1997 Bonds on March 15, 2012, September 15, 2012, and March 15, 2013 constituted a default (the “**Default**”) in the City’s obligations under the 1997 Ordinance, the 1997 Bonds and other applicable law.

**ARTICLE II
DEFINITIONS**

Section 2.1. Incorporation of Preamble and Recitals. The preamble and recitals set forth above are incorporated by reference and are explicitly made a part of this Agreement.

Section 2.2. Definitions. In addition to the capitalized terms defined in the preamble and recitals, the following definitions shall apply to and constitute part of this Agreement and all schedules, exhibits and annexes hereto:

“**Adjustment Period**” shall mean the period of time commencing on the Effective Date and ending on the earlier of, as applicable, (a) the first date on which the City fails to make a payment required under Section 3.8 hereof as and when due, and (b) the first date on which the City fails to make a payment under the 1997 Bonds as and when due.

“**Applicable Interest Rate**” shall mean:

(a) Provided the Defeasance occurs on or prior to the Defeasance Date:

(i) For a period of three (3) years from the Effective Date the rate of 5.0% per annum.

(ii) After the third anniversary of the Effective Date, the rate of 6.75% per annum.

(b) Notwithstanding anything herein to the contrary, in the event (i) the City fails to make a payment required under Section 3.8 hereof on or before the applicable payment due date, (ii) the City fails to make any payment on the 1997 Bonds as and when due, (iii) the City fails to make any payment required under its guaranty of the 2005 Bonds as and when due, or (iv) the Defeasance does not occur on or prior to the Defeasance Date, the rate of 7.75% per annum at all times after the Effective Date, and retroactive to the Effective Date, subject to Section 3.10 hereof.

“**Bankruptcy Case**” shall have the meaning ascribed to it in Section 3.7 hereof.

“City Liability” shall mean (i) the total amount of all claim payments made by the Insurer pursuant to the 1997 Insurance Policy, plus (ii) any reimbursable fees and expenses incurred by the Insurer which are owed to the Insurer by the City under this Agreement (as amended, modified, supplemented, or amended and restated from time to time), plus (iii) interest accrued on the foregoing (and compounded on interest on the foregoing as applicable) through the Effective Date, less (iv) any amounts repaid by the City, (v) as may be adjusted from time to time after the Effective Date pursuant to the terms hereof, including without limitation by the inclusion of interest compounded hereunder. As of the Effective Date, the City Liability is [\$_____].

“Conditions to Forbearance” shall mean the conditions to forbearance under this Agreement, as defined in Section 3.1(b) hereof.

“Defeasance” shall mean the legal defeasance of all outstanding 2005 Bonds in accordance with Article X of the 2005 Indenture, pursuant to documents in the form and substance acceptable to the Insurer.

“Defeasance Date” shall mean December 31, 2021.

“Defeasance Prepayment” shall have the meaning ascribed to it in Section 3.9 hereof.

“Prepayment Factor” shall have the meaning ascribed to it in Section 3.11(a) hereof.

“Recovery Plan” shall mean the judicially approved recovery plan (as that term is defined in the Municipalities Financial Recovery Act (Act of Jul. 10, 1987, P.L. 246, No. 47)) for the City, as the same may be amended from time to time, providing, *inter alia*, for terms consistent with this Agreement, including the treatment of the 1997 Bonds and the Insurer as set forth herein.

Section 2.3. **Interpretation.** The Parties have participated jointly in the negotiation and drafting of this Agreement. If an ambiguity or question of intent or interpretation arises, this Agreement will be construed as if drafted jointly by the Parties hereto and no presumption or burden of proof will arise favoring or disfavoring any Party hereto because of the authorship of any provision of this Agreement.

Section 2.4. **General Rules of Construction.** For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) Defined terms in the singular shall include the plural as well as the singular, and vice versa.

(b) All accounting terms not otherwise defined herein shall have the meanings assigned to them, and all computations herein provided for shall be

made, in accordance with generally accepted accounting principles. All references herein to "generally accepted accounting principles" refer to such principles as they exist at the date of application there.

(c) All references in this instrument to designated "Articles", "Sections" and other subdivisions are to the designated Articles, Sections and subdivisions of this instrument as originally executed.

(d) The terms "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section or other subdivision.

(e) All references in this instrument to a separate instrument are to such separate instrument as the same may be amended or supplemented from time to time pursuant to the applicable provisions thereof.

(f) The term "person" shall include any individual, corporation, partnership, limited liability company, joint venture, association, trust, unincorporated organization and any government or agency or political subdivision thereof.

ARTICLE III SETTLEMENT TERMS

Section 3.1. Forbearance.

(a) Subject to the express provisions of this Agreement, the Insurer agrees to forbear from exercising its rights and remedies under the 1997 Bonds, the 1997 Ordinance and other applicable law.

(b) The agreement to forbear is conditioned upon and subject to the following Conditions of Forbearance, and the City covenants as follows:

(i) The City shall cause the Defeasance to occur on or prior to the Defeasance Date, and promptly after the occurrence of the Defeasance shall disclose that the Defeasance has occurred and that all 2005 Bonds have been legally defeased to maturity, in a disclosure that is in the form and substance acceptable to the Insurer, on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access website and to Bloomberg Municipal Markets.

(ii) The City shall make all payments on the 1997 Bonds as and when they become due.

(iii) The City shall make all payments due to the Insurer as and when they become due pursuant to Section 3.8 hereof.

(iv) Except with written consent of the Insurer (which consent the Insurer shall give or refuse within five (5) business days after receiving from the City a written request for consent and all information requested by the Insurer reasonably necessary to evaluate the request), so long as any portion of the City Liability remains outstanding, the City shall not issue any additional bonds or incur any additional indebtedness, or grant a lien or security interest in, or otherwise encumber, any of its general fund revenues, including its tax revenue; provided, however, that the City may effectuate the Defeasance in accordance with this Agreement and may issue Tax Anticipation Notes (as that term is defined in Government Unit Debt Act, 53 Pa. Con. Stat. Ann. § 8001 *et seq.*) with a maturity of no more than one (1) year from the date of issuance and in the total aggregate principal amount outstanding not to exceed \$5 million at any time.

(v) The City shall execute and deliver any and all documents, as requested by the Insurer, required by or in connection with the Recovery Plan or any related court order, including an order approving this Agreement, to implement the provisions of this Agreement.

Section 3.2. Waiver of Defenses Based on Passage of Time. The City hereby waives all defenses, whether equitable or at law, including statute of limitations and laches, based on the passage of time between April 6, 2012 and subsequent assertion by the Insurer of any claims related to (i) the 1997 Bonds or the 1997 Ordinance, including without limitation claims previously asserted in the Action; or (ii) enforcement of the City's obligations under this Agreement.

Section 3.3. City's Rights Under 1997 Insurance Policy. The Insurer maintains that the City has no rights under, and no rights to enforce, the 1997 Insurance Policy, and nothing in this Agreement shall be interpreted as Insurer's acknowledgement that the City has any such rights. However, the City may assert claims of breach of this Agreement against the Insurer based on the Insurer's non-performance of its obligations herein. Nothing in this Agreement shall be construed to

(a) Confer upon the City any additional rights under, or any additional rights to enforce, the 1997 Insurance Policy that the City would not otherwise have in the absence of this Agreement; or

(b) Limit rights, if any, that the City may presently have under the 1997 Insurance Policy.

Section 3.4. Non-Performance. Only upon any noncompliance by the City with any of the Conditions of Forbearance or noncompliance with any of the other provisions of this Agreement, the 1997 Ordinance, the 1997 Bonds or other applicable law, the Insurer shall have all of the following rights and remedies. Each right and remedy provided in this Section 3.4 is distinct from all other rights or remedies under this Agreement, the 1997 Bonds, the 1997 Ordinance, or otherwise afforded by applicable law, and each shall be cumulative and may be exercised concurrently, independently, or

successively, in any order. Any single or partial exercise of any right or remedy hereunder shall not preclude any further exercise thereof or the exercise of any further right or remedy.

(a) To commence a legal or equitable action against the City to enforce the terms of this Agreement.

(b) To commence a legal or equitable action against the City to enforce the City's obligations under the 1997 Bonds, the 1997 Ordinance or other applicable law. Without limiting the foregoing, such legal action may re-assert the claims previously asserted in the Action and seek an Order of Mandamus. Subject to Section 3.2, the City reserves its rights to assert defenses to such legal action.

Section 3.5. No Waiver. The execution and delivery of this Agreement by the Insurer shall not constitute a waiver by the Insurer of any default under the 1997 Ordinance, the 1997 Bonds or other applicable law, including, but not limited to, the Default or the continuation of the Default. Nothing in this Agreement constitutes a general waiver of any provisions under the 1997 Bonds, the 1997 Ordinance or other applicable law or a waiver of any future breach of its obligations under the 1997 Bonds, the 1997 Ordinance or other applicable law by the City. This Agreement only obligates the Insurer to forbear from taking action due to the Default in the manner, and subject to the conditions, stated in this Agreement.

Section 3.6. No Defenses. The City represents that as of the time of the execution and delivery of this Agreement, it is unaware of any defenses against any of its obligations under the 1997 Bonds and the 1997 Ordinance, or any claims, defenses, counterclaims, offsets or recoupments against the Insurer for any reason whatsoever arising out of the 1997 Bonds or the relationship between the Parties resulting from the 1997 Bonds.

Section 3.7. Bankruptcy. In the event the City files a petition seeking protection under, and thereby commences a case pursuant to, chapter 9 of title 11 of the United States Code, 11 U.S.C. §§ 101 *et seq.* (the "Bankruptcy Case"):

(a) The City shall include the terms of this Agreement in the plan of adjustment filed pursuant to 11 U.S.C. § 941 and, except to the extent the court presiding over the Bankruptcy Case prohibits, shall honor and perform this Agreement during the pendency of the Bankruptcy Case; and

(b) The Insurer shall vote in favor of such plan unless it is inconsistent with the terms of this Agreement or the City has failed to comply with Section 3.7(a) hereof, provided however that nothing in this Agreement shall affect or limit the Insurer's rights, including voting rights, as insurer, subrogee, assignee or holder of indebtedness or an obligation of the City other than the 1997 Bonds.

Section 3.8. Payments. The City shall pay the City Liability and interest accrued thereon to the Insurer according to the following terms and the wiring instructions in Schedule 1:

(a) Interest shall accrue on the then outstanding amount of the City Liability at the Applicable Interest Rate commencing on the Effective Date.

(b) Interest shall compound semi-annually, on March 15 and September 15 of each year, and any interest accrued as of such date that is not paid on such date shall be added to the City Liability as of such date.

(c) Day count shall be 30 / 360.

(d) On each of March 15, 2021 and March 15, 2022, the City shall make a payment of \$11,069.

(e) On each of September 15, 2021 and September 15, 2022, the City shall make a payment of \$76,429.

(f) On each of March 15 and September 15 of 2023, and on each March 15 and September 15 of each year thereafter, the City shall make a payment of \$1,944,452.61 until the City Liability and accrued interest thereon are extinguished (or if the amount of the City Liability and accrued interest are less than that amount on a payment date, such lesser amount as would be sufficient to extinguish the City Liability and accrued interest).

(g) Within forty-five (45) days after the Defeasance Date, if the City Liability or interest accrued thereon remains outstanding, then the Insurer shall provide the City with a calculation of the City Liability and accrued interest, and a payment schedule showing the remaining payments to be made pursuant to Section 3.8(f) hereof and the date upon which the City Liability and accrued interest will be extinguished, assuming the City makes all remaining payments required hereunder. The Insurer's calculation of the amount of the City Liability, interest accrued thereon, and payment schedule shall be binding on the City absent manifest error.

(h) Whenever the City makes a prepayment under Section 3.11 hereof, and provided that the City Liability or interest accrued thereon remains outstanding thereafter, the Insurer shall reduce the amount of the City Liability and accrued interest in accordance with Section 3.11 hereof and, within forty-five (45) days of the prepayment date, provide the City with a calculation of the amount of the City Liability and accrued interest, and a payment schedule showing the payments remaining to be made pursuant to Section 3.8(f) hereof and the date upon which the City Liability and accrued interest will be extinguished, assuming the City makes all remaining payments required hereunder. The Insurer's calculation of the City Liability, interest accrued thereon, and payment schedule shall be binding on the City absent manifest error.

(i) If the City fails to make a payment required under this Section 3.8, or a payment on the 1997 Bonds (or related obligations) as and when due, then, in addition to any rights and remedies the Insurer may have hereunder, or under the 1997 Bonds, the 1997 Ordinance or otherwise, the Insurer shall calculate the revised amount of the City Liability, subject to Section 3.10 hereof, and, within forty-five (45) days of the date of the missed payment, shall provide the City with a calculation of the amount of the City Liability and interest accrued thereon, and a payment schedule showing the remaining payments to be made pursuant to Section 3.8(f) hereof and the date upon which the City Liability and accrued interest will be extinguished, assuming the City makes all remaining payments required hereunder. The Insurer's calculation of the City Liability, interest accrued thereon, and payment schedule shall be binding on the City absent manifest error.

(j) The Insurer shall apply any payments received from the City pursuant to Section 3.8 or Section 3.11 hereof first to the accrued interest and apply the balance to reduce the City Liability.

Section 3.9. Defeasance Prepayment. The City shall cause the Defeasance to occur on or before the Defeasance Date. If the Defeasance occurs on or prior to the Defeasance Date, then following the Defeasance, an amount equal to 38% of the par amount of the 2005 Bonds so defeased shall be deemed a prepayment of the City Liability made by the City effective as of the Defeasance Date (the "Defeasance Prepayment"), as contemplated by Section 3.11(a) of this Agreement, but shall not be multiplied by the Prepayment Factor.

Section 3.10. Adjustment of City Liability In the Event of Missed Payment or Failure to Defeasance.

(a) If the City fails to make a payment required pursuant to Section 3.8 hereof, or fails to make a payment on the 1997 Bonds (or related obligations) as and when due, then, in addition to any rights and remedies the Insurer may have hereunder, or under the 1997 Bonds, the 1997 Ordinance or otherwise, the City Liability shall be adjusted as follows: the difference between (x) interest accrued hereunder during the Adjustment Period and (y) the amount of interest that would have accrued hereunder during the Adjustment Period at the Applicable Interest Rate shall be added to the City Liability as of the last day of the Adjustment Period.

(b) In the event the Defeasance does not occur on or prior to the Defeasance Date, then, in addition to any rights and remedies the Insurer may have hereunder, or under the 1997 Bonds, the 1997 Ordinance or otherwise, the City Liability shall be adjusted as follows: the difference between (x) interest accrued hereunder from the Effective Date to the Defeasance Date and (y) the amount of interest that would have accrued hereunder from the Effective Date to the Defeasance Date at the Applicable Interest Rate shall be added to the City Liability as of the Defeasance Date.

Section 3.11. Prepayment. The City may prepay any amount outstanding and owed by the City to the Insurer under the Agreement in whole or in part and from time to time on the fifteenth (15th) day of any month:

(a) Subject to the limitations in Sections 3.9 and 3.11(b) hereof, and provided that the Defeasance occurs on or prior to the Defeasance Date, prepayment amounts made by the City no later than the Defeasance Date, up to a total of \$4,000,000, shall be multiplied by 1.38 (the "**Prepayment Factor**") and the result shall be used to determine the amount by which the interest accrued on the City Liability and the City Liability are reduced.

(b) Notwithstanding anything to the contrary herein, the Prepayment Factor shall not apply to:

(i) Any prepayment made after an aggregate of \$4,000,000 of prepayments have been made hereunder;

(ii) Any prepayment made after the Defeasance Date;

(iii) The Defeasance Prepayment contemplated under Section 3.9 hereof; or

(iv) Any prepayment whatsoever in the event the Defeasance does not occur on or before the Defeasance Date; any prepayment credited based on the application of the Prepayment Factor prior to the Defeasance Date shall be retroactively adjusted to eliminate the application of the Prepayment Factor if Defeasance fails to occur on or before the Defeasance Date. For the avoidance of doubt, in the event Defeasance does not occur on or prior to the Defeasance Date, any interest that did not accrue on the City Liability as a result of the application of the Prepayment Factor prior to the Defeasance Date shall be added to the City Liability as of the Defeasance Date using the methodology of Section 3.10 hereof.

Section 3.12. Transfer by Insurer. Notwithstanding anything to the contrary herein, the Insurer may sell, assign, convey, pledge, lien, or otherwise transfer its rights (but not its obligations) under this Agreement, including, without limitation, its rights to payments and prepayments, without the consent of the City. The City agrees to execute and deliver all documents reasonably requested by the Insurer, including a promissory note reflecting the amounts due from the City hereunder and consistent with the terms hereof and all other documents and applications necessary to obtain any Committee on Uniform Securities Identification Procedures ("CUSIP") numbers, and otherwise cooperate with the Insurer, in each case in order to effectuate the provisions of this Section 3.12.

**ARTICLE IV
REPRESENTATIONS AND WARRANTIES**

Section 4.1. Mutual Representations and Warranties. Each Party makes the following representations, warranties and covenants (on a several basis, with respect to such Party only) to each of the other Parties

(a) Each Party has all requisite power to execute this Agreement and to consummate the transactions contemplated hereby.

(b) Each Party has full requisite power and authority to execute and deliver and to perform its obligations under this Agreement, and the execution, delivery and performance hereof, and the instruments and documents required to be executed by it in connection herewith (i) have been duly and validly authorized by it and (ii) are not in contravention of its organizational documents if any, applicable law, or any agreements specifically applicable to it.

(c) Each person signing this Agreement warrants that he or she is legally competent and authorized to execute this Agreement on behalf of the Party whose name is subscribed at or above such person's signature.

(d) The Parties have not made any statement or representation to each other regarding any facts relied upon by them in entering into this Agreement, and each of them specifically does not rely upon any statement, representation or promise of the other Parties hereto or any other person in entering into this Agreement, except as expressly stated herein. Each Party has relied upon its own investigation and analysis of the facts and not on any statement or representation made by any other party in choosing to enter into this Agreement and the transactions contemplated herein.

(e) The Parties and their respective attorneys have made such investigation of the facts pertaining to this Agreement and all of the matters pertaining thereto as they deem necessary.

Section 4.2. The City's Representations, Warranties, and Covenants. The City makes the following representations, warranties and covenants to the Insurer:

(a) The City has the authority, including pursuant to the Municipalities Financial Recovery Act, applicable law, and all relevant judicial proceedings, to enter into this Agreement.

(b) The City has not granted a lien or security interest in, and has not otherwise encumbered, any of its general fund revenues, including its tax revenue. For the avoidance of doubt, obligations issued or guaranteed by the City and backed solely by a pledge of its full faith, credit and taxing power shall not constitute a

lien or security interest in, or encumbrance of, the City's general fund revenues, including its tax revenue.

(c) The City's shall perform all disclosure obligations relating to the 1997 Bonds under applicable law and the bond documents, and, for as long as any of the City Liability remains outstanding, provide such disclosure to the Insurer.

ARTICLE V
[RESERVED]

ARTICLE VI
MISCELLANEOUS

Section 6.1. Amendments. This Agreement may not be modified, amended or supplemented except by a written agreement executed by each Party to be affected, by such modification, amendment or supplement.

Section 6.2. Good Faith Negotiations. The Parties recognize and acknowledge that each of the Parties hereto is represented by counsel, and such Party received independent legal advice with respect to the advisability of entering into this Agreement. Each of the Parties acknowledges that the negotiations leading up to this Agreement were conducted regularly and at arm's length; this Agreement is made and executed by and of each Party's own free will; that each knows all of the relevant facts and his or its rights in connection therewith, and that he or it has not been improperly influenced or induced to make this settlement as a result of any act or action on the part of any party or employee, agent, attorney or representative of any party to this Agreement. The Parties further acknowledge that they entered into this Agreement because of their desire to avoid the further expense and inconvenience of litigation and other disputes, and to compromise permanently and settle the claims between the Parties settled by the execution of this Agreement.

Section 6.3. Third Party Beneficiaries. Nothing in this Agreement, express or implied, is intended or shall be construed to confer upon, or to give to, any Person other than the Parties hereto and their respective successors and assigns, any right, remedy or claim under or by reason of this Agreement or any covenant, condition or stipulation thereof; and the covenants, stipulations and agreements contained in this Agreement are and shall be for the sole and exclusive benefit of the Parties hereto and their respective successors and assigns.

Section 6.4. Governing Law; Retention of Jurisdiction; Service of Process. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Pennsylvania, without giving effect to any principles of conflicts of law and applicable federal law. In the event any action, suit or proceeding is commenced pursuant to Section 3.4, the Parties hereby agree and consent that service of process may be made, and personal jurisdiction over any Party hereto in any such action, suit or proceeding may be obtained, by service of a copy of the summons, complaint and

other pleadings required to commence such action, suit or proceeding upon the Party at the address of such Party set forth in Section 6.10 hereof, unless another address has been designated by such Party in a notice given to the other Parties in accordance with Section 6.10 hereof.

Section 6.5. Fees and Expenses.

(a) If the Insurer brings an action against the City based on the City's breach of any payment obligations imposed by this Agreement and obtains any monetary recovery, the City shall be liable to the Insurer for all the reasonable expenses incurred by the Insurer in prosecuting such action, including reasonable attorneys' fees and expenses.

(b) Except as provided in Section 6.5(a), if the City or Insurer brings an action against the other Party based upon a breach by the City or Insurer of its obligations under this Agreement, the prevailing Party shall be entitled to all reasonable expenses incurred, including reasonable attorneys' fees and expenses.

Section 6.6. Headings. The headings of the Articles and Sections of this Agreement are inserted for convenience only and are not part of this Agreement and do not in any way limit or modify the terms or provisions of this Agreement and shall not affect the interpretation hereof.

Section 6.7. Binding Agreement Successors and Assigns; Joint and Several Obligations. This Agreement shall be binding only upon the execution and delivery of this Agreement by the Parties listed on the signature pages hereto. This Agreement is intended to bind and inure to the benefit of the Parties and their respective successors, assigns, administrators, constituents and representatives. The agreements, representations, covenants and obligations of the Parties under this Agreement are several only and not joint in any respect and none shall be responsible for the performance or breach of this Agreement by another.

Section 6.8. Entire Agreement. This Agreement shall constitute the full and entire agreement among the Parties with regard to the subject hereof, and supersedes all prior negotiations, representations, promises or warranties (oral or otherwise) made by any Party with respect to the subject matter hereof. No Party has entered into this Agreement in reliance on any other Party's prior representation, promise or warranty (oral or otherwise) except for those that may be expressly set forth in this Agreement.

Section 6.9. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original copy of this Agreement and all of which, when taken together, shall constitute one and the same Agreement. Copies of executed counterparts transmitted by telecopy or other electronic transmission service shall be considered original executed counterparts, provided receipt of copies of such counterparts is confirmed.

Section 6.10. Notices. All demands, notices, requests, consents, and other communications hereunder shall be in writing and shall be deemed to have been duly given (a) when personally delivered by courier service or messenger, (b) upon actual receipt (as established by confirmation of receipt or otherwise) during normal business hours, otherwise on the first business day thereafter if transmitted electronically (by e-mail transmission), by facsimile or telecopier, with confirmation of receipt, or (c) three (3) Business Days after being duly deposited in the mail, by certified or registered mail, postage prepaid-return receipt requested, to the following addresses, or such other addresses as may be furnished hereafter by notice in writing, to the following Parties:

If to the City, to:

City of Harrisburg
Neil A. Grover
City Solicitor
The Reverend Martin Luther King, Jr. City Government Center
10 North Second Street, Suite 402
Harrisburg, Pennsylvania 17107
Fax: (717) 255-3036

with a copy given in like manner to:

[CITY'S ATTORNEY]

If to the Insurer, to:

Ambac Assurance Corporation
One World Trade Center, 41st Floor
New York, New York 10007
Attention: Public Finance Surveillance Department and
General Counsel's Office
Fax: (212) 208-3384
Email: **[INSERT AMBAC CONTACT]** and
Notices@ambac.com

with a copy given in like manner to:

Arent Fox LLP
1675 Broadway
New York, New York 10019
Attention: Mark A. Angelov, Esq.
Fax: (212) 484-3990
Email: **mark.angelov@arentfox.com**

Section 6.11. Successors and Assigns. This Agreement and all of the obligations of the City hereunder shall inure to the benefit of the Insurer and its successors and assigns.

[FORM OF]

Section 6.12. Further Assurances. Each of the Parties hereto agrees to execute and deliver, or to cause to be executed and delivered, all such instruments, and to take all such action as the other Parties may reasonably request in order to effectuate the intent and purposes of, and to carry out the terms of, this Agreement.

[SIGNATURE PAGES TO FOLLOW]

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

[FORM OF]

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed as of the date set forth above.

CITY OF HARRISBURG, PENNSYLVANIA

By: _____
Mayor: Eric Papenfuse

By: _____
City Controller: Charlie DeBrunner

By: _____
Council President: Wanda Williams

Approved as to form and legality:

By: _____
City Solicitor: Neil A. Grover

AMBAC ASSURANCE CORPORATION, as
Insurer

By: _____
Name:
Title:

[FORM OF]
Schedule 1

Wiring Instructions

Bank: The Bank of New York Mellon

One Wall Street, NY, NY

ABA#: 021000018

Account: Ambac Assurance Corporation Operating Acct

Account#: 4385818400

Account Name: Harrisburg GO 1997 Series D and F

Policy#: 14431BE **SR#:** 34008

Attention: Joseph Sievers (212) 208-3277

INTER

OFFICE

MEMO

To: HARRISBURG CITY COUNCIL
From: Kirk Petroski, City Clerk
LEGISLATIVE APPROVAL FORM

Date:

LEGISLATIVE APPROVAL FORM/CERTIFICATE OF ACCEPTANCE

BILL NO. -2021 RESOLUTION NO. 29-2021

THE ABOVE LISTED ITEM WAS WRITTEN AND PREPARED FOR FINAL INTRODUCTION AT THE HARRISBURG CITY SOLICITOR' S OFFICE ON:

Neil Grover
City Solicitor

4.26.2021
Date

Requested by Department/Bureau: Mayor

Department/Bureau Contact Person: Mayor

For Action on or before:

The attached was received in the Office of the City Clerk for introduction on

Received by: _____

Date: _____

RESOLUTION NO. 31 - 2021

Moved by: _____

A Resolution authorizing the City of Harrisburg to enter into an intergovernmental cooperation agreement with the Intergovernmental Cooperation Authority for Harrisburg.

WHEREAS, the *Intergovernmental Authorities Act For Third Class Cities* ("Act 124") provided, in relevant part, for the establishment of the Intergovernmental Cooperation Authority for Harrisburg ("ICA for HBG"), whose newly created Board was first seated in 2019; and

WHEREAS, in accordance with Section 203 (d) of Act 124, the City and the ICA for HBG are expressly authorized to enter into one or more intergovernmental cooperation agreements at any time after 60 days from the initial organizational meeting of the organization; and

WHEREAS, the City and the ICA of HBG have undertaken a series of negotiations and considered various terms and conditions of proposals over a period of more than twenty (20) months in an effort to arrive at a mutually acceptable agreement between the governmental entities; and

WHEREAS, in the course of the efforts to arrive at an agreement, the Mayor designated and authorized the City Solicitor to negotiate an agreement on behalf of the City; and

WHEREAS, after extended discussions, the City was presented with a revised proposal for an initial Intergovernmental Cooperation Agreement on or about April 12, 2021, a true and correct copy of which is attached hereto as Exhibit A; and

WHEREAS, the City Solicitor recommends to the Mayor and City Council that two versions of the proposal submitted to the City through counsel for the ICA of HBG be approved, one with and one without a single proposed modification; and

WHEREAS, the final proposal submitted by the ICA of HBG included Paragraph 4.05, a provision regarding additional reporting requirements for the City, with part (D) thereof ultimately providing steps if the City determines it's unable to deliver newly requested reports to the ICA for HBG; and

WHEREAS, Paragraph 4.05 (D) concludes that if the City should notify the ICA of HBG it cannot deliver requested reports “the Authority . . . will assist in identifying a solution that meets the Authority’s needs”; and

WHEREAS, the City has proposed that the provision instead should be to meet “the Parties’ needs” as the mutual assent will better avoid future conflict and disputes; and

WHEREAS, Section 203(d)(2) and (3) of Act 124 provides that the agreement can be entered upon the adoption of an ordinance “authorizing and approving the . . . agreement” and a proposed ordinance is being contemporaneously introduced with this resolution; and

WHEREAS, the City intends to make an application to the Commonwealth Court of Pennsylvania for a final administrative order to formally lift the designation of “distressed municipality” under the Municipalities Financial Recovery Act, as amended, (Act 47), under the provisions of Act 114 of 2020, with or without the approval of an intergovernmental cooperation agreement with the ICA of HBG, but will continue to strive to secure approval of the agreement to present as part of that application to the Court; and

WHEREAS, the provisions of Section 706 of Act 124 provide that “distressed municipality” status under Act 47 terminates when the City enters into an intergovernmental cooperation agreement with the ICA for HBG; and,

WHEREAS, the City intends to execute and enter into the mutually approved intergovernmental cooperation agreement after the Court issues any final administrative order(s) to provide for the City’s orderly exit from Act 47; and

WHEREAS, the Council finds that the recommendation of the City Solicitor should be enacted, namely to approve the proposed agreement with the option for either of the foregoing provisions in Paragraph 4.05 (D), with a request to be made to the ICA of HBG Board to approve the change of a single word as a cooperative undertaking with the City to finalize an agreement .

NOW, THEREFORE, BE IT AND IT IS HEREBY RESOLVED BY THE COUNCIL OF THE CITY OF HARRISBURG, that the City of Harrisburg is hereby authorized to accept the proposed intergovernmental cooperation agreement with the Intergovernmental Cooperation Authority for Harrisburg, with or without the single word modification.

BE IT FURTHER RESOLVED that the Mayor, City Controller, City Solicitor and other appropriate City officials are authorized and directed to take all steps necessary to further effectuate the purpose of this Resolution.

I second this resolution _____

EXHIBIT A

INTERGOVERNMENTAL COOPERATION AGREEMENT

THIS INTERGOVERNMENTAL COOPERATION AGREEMENT (the "Agreement") made and entered into as of the _____ day of _____, 2021, by and between the INTERGOVERNMENTAL COOPERATION AUTHORITY FOR HARRISBURG, a body corporate and politic constituting a public authority and instrumentality of the Commonwealth of Pennsylvania (the "Authority"), and the CITY OF HARRISBURG, a city of the third class organized under the laws of the Commonwealth of Pennsylvania (the "Assisted City");

WITNESSETH:

WHEREAS, the General Assembly of the Commonwealth of Pennsylvania has enacted the Act of October 24, 2018, P.L. 751, No. 124, known as the "Intergovernmental Cooperation Authorities Act for Cities of the Third Class" (herein after "Act 124");

WHEREAS, the Commonwealth of Pennsylvania determined that consistent with the authorizations provided in Act 124, the Authority shall be formed for the City of Harrisburg;

WHEREAS, the Authority for Harrisburg was established as an instrumentality of the Commonwealth of Pennsylvania and a governing board of the Authority thereby duly appointed;

WHEREAS, Section 203(d) of Act 124 permits the Authority to enter into and implement an intergovernmental cooperation agreement;

WHEREAS, the Assisted City has encountered recurring financial difficulties;

WHEREAS, the parties believe that the financial difficulties of the Assisted City may be addressed and resolved through cooperation between them in crafting solutions, policies and initiatives for the Assisted City;

WHEREAS, the parties intend for this agreement to define and detail the duties and responsibilities of the parties to accomplish their mutual goals for the benefit of the Assisted City;

WHEREAS, the Assisted City and Authority further expressly acknowledge and agree that this Intergovernmental Agreement is intended to govern the manner and method of the exercise of the respective authority and powers of the Authority and the Assisted City under Act 124.

NOW, THEREFORE, in consideration of the mutual promises and covenants herein, the parties hereto agree as follows:

ARTICLE I DEFINITIONS

1.01 ADDITIONAL DEFINITIONS

In addition to any words and terms elsewhere defined in this Agreement or in Act 124, the following words and terms, when used in this Agreement, shall have the following respective meanings, unless the context clearly requires otherwise. Any words defined hereinbelow which are specifically defined in Act 124 are included to provide further clarification or expansion of any previous statutory definition, which such definitions shall apply to this Agreement and any amendments thereto.

“Financial Plan” shall mean the Mayor's Five-Year Financial Plan as submitted to the Authority as well as any amendment or amendments to any previously approved Financial Plan consistent with the definition of Financial Plan in accordance with the requirements of this Agreement and/or Act 124.

“Capital Improvement Plan” shall mean a plan that identifies long-term, capital-intensive projects which project's purpose is to build upon, add to, or improve a capital asset of the Assisted City. Capital projects are defined by their large scale and large cost relative to other investments that involve less planning and resources. A Capital Improvement Plan shall include identified capital projects, costs, and schedules for completion.

“Capital Project” shall mean a project that helps maintain or improve an asset of the Assisted City, often called infrastructure. To be included in the Capital Plan, a project must meet ONE of the following requirements (criteria): a) It is a new construction, expansion, renovation, or replacement project for an existing facility or facilities. The project must have a total cost of at least \$125,000 over the life of the project. Project costs can include the cost of land, engineering, architectural planning, and contract services needed to complete the project, or b) It is a purchase of major equipment (assets) costing \$50,000 or more with a useful life of at least 10 years, or c) It is a major maintenance or rehabilitation project for existing facilities with a cost of \$125,000 or more and an economic life of at least 10 years.

“Deficit.” A negative fund balance in any principal operating fund or funds of an assisted city or corporate entity existing at the beginning of a fiscal year of the assisted city or projected to exist as of the close of a fiscal year of the assisted city as may be more specifically identified, calculated and specified herein or in the financial plan of the Assisted city described in Act 124.

“Fund” or “Funds” shall mean the listing of Funds contained in the Assisted City's Budget Summary of Resource Allocation as published annually in the Approved Budget.

“Econometric model” shall mean the ordinary models routinely applied in budgeting and planning by the Assisted City and other local governments of similar organizational structure and fiscal characteristics.

1.02 RULES OF CONSTRUCTION

Unless the context of this Agreement clearly requires otherwise, references to the plural include the singular, the singular the plural, and the part of the whole. The words "hereof," "herein," "hereunder" and similar terms in this Agreement refer to this Agreement as a whole and not to any particular provision of this Agreement. The section and other headings contained in this Agreement and the table of contents preceding this Agreement are for reference purposes only and shall not control or affect the construction of this Agreement or the interpretation thereof in any respect.

Section, subsection, and exhibit references are to this Agreement unless otherwise specified. References in this Agreement to any section or subsection of the Act are to such sections or subsections of the Act as originally in effect.

1.03 INTENTION OF THE PARTIES

The Assisted City and Authority intend that this Agreement foster ongoing cooperation toward the party's mutual commitment to the long-term financial stability of Harrisburg. The parties acknowledge and agree that an open and honest sharing of information and planning will be required for the Assisted City to secure a level of stability in the permanent financial structure of the City in order to serve the health, safety and welfare of Harrisburg.

ARTICLE II FINANCIAL PLAN

2.01 ANNUAL SUBMISSION OF FINANCIAL PLAN

A. The Assisted City shall submit to the Authority a Financial Plan prepared in accordance with the requirements of Act 124, which shall be annually submitted on or before April 30 or at such time as otherwise agreed by the parties. The proposed annual budget and capital budget shall be submitted to the Authority no later than the same date the Mayor of the Assisted City submits the same to the City Council.

B. The Financial Plan and any Amendment thereto shall include revised projected revenues and expenditures of all Funds of the Assisted City for the current year and following four (4) fiscal years. The submission shall begin with the then-current fiscal year of the Assisted City and the next four (4) fiscal years thereafter.

C. Each Financial Plan shall include the components required by Act 124.

D. In accordance with Section 209 (b) (2) of Act 124, the Financial Plan components should reflect fiscally responsible options available to the Assisted City to:

- (1) Eliminate any projected deficit for the current fiscal year and for subsequent fiscal years;
- (2) Restore to special fund accounts money from those accounts that was used for

purposes other than those specifically authorized;

(3) Balance the current fiscal year budget and subsequent budgets in the Financial Plan through sound budgetary practices, including, but not limited to, reductions in expenditures, improvements in productivity, increases in revenues or a combination of these steps;

(4) Develop procedures to avoid a fiscal emergency condition in the future; and

(5) Enhance the ability of the assisted city to access short-term and long-term credit markets.

E. The Authority may request copies of, and the Assisted City shall supply, reports and documents regarding the revenues, expenditures, budgets, deficits, debts, costs, plans, operations, estimates and any other financial or budgetary matters of the Assisted City.

F. The Assisted City shall cooperate with the Authority when the Authority seeks additional reports and information.

2.02 STANDARDS FOR SUBMISSION OF FINANCIAL PLAN

A. Each submitted Financial Plan shall be prepared in accordance with the requirements of Act 124 and this Agreement. The Financial Plan shall reflect complete and accurate budgetary information of the Assisted City. All projections of revenues and expenditures in the Financial Plan shall be based on consistently applied, reasonable and appropriate assumptions and methods of estimation commonly used in municipal financial management. The Assisted City shall disclose its methodology along with any deviations from the common standard. The Authority may request from the controller of the Assisted City an opinion or certification in accordance with Section 209 of the Act.

B. The parties acknowledge that the Assisted City currently annually budgets and operates on a cash basis as required by law and historically only reports financial information in modified accrual analysis for audit purposes. The Assisted City agrees to continue to improve its financial reporting and budgeting capabilities throughout the term of this Agreement and to work toward improving its GASB compliance by undertaking improvements in its financial hardware and software, hiring of a finance director and increased staff training. The Assisted City shall work toward GASB compliance by 2025.

C. Estimates of revenues of the Assisted City to be received from the Commonwealth shall be based on historical patterns, currently available levels, or on levels proposed in a budget by the Governor. Estimates of revenues to be received from the Federal Government shall be based on historical patterns, currently available levels, or on levels proposed in a budget by the President of the United States or in a Congressional budget resolution. All other tax and non-tax revenues shall be based on current or proposed rates, charges or fees, historical patterns and generally recognized econometric models.

D. Appropriation estimates shall include, at a minimum, all obligations incurred during the fiscal year and estimated to be payable during the fiscal year or in the 24-month period following the close of the current fiscal year and all obligations of prior fiscal years not covered by encumbered funds from prior fiscal years.

E. Any deviations from these standards of estimating revenues and appropriations proposed to be used by the Assisted City shall be specifically disclosed and must be approved by a majority of the Authority Board, with the Assisted City providing reasonable detail to demonstrate the basis and necessity for the deviation.

F. All cash flow projections shall be based on prudent, reasonable, and appropriate assumptions as to sources and uses of cash, including, but not limited to, prudent, reasonable and appropriate assumptions as to the timing of receipt and expenditure thereof, and shall provide for operations of the Assisted City to be conducted within the resources so projected. All estimates shall take due account of the past and anticipated collection, expenditure, and service demand experience of the Assisted City and of current and projected economic conditions.

2.03 FORM OF FINANCIAL PLAN

A. Each Financial Plan shall include, consistent with the requirements of the Assisted City's governing law, the following:

- (1) For each of the first two fiscal years covered by the Financial Plan, information that reflects an assisted city's total expenditures by fund and by lump sum amount for each board, commission, department, or office of an assisted city;
- (2) For the remaining three fiscal years of the Financial Plan, information that reflects an assisted city's total expenditures by fund and by lump sum amount for major object classification;
- (3) Projections of all revenues and expenditures for five fiscal years, including, but not limited to, projected capital expenditures and short-term and long-term debt incurrence and cash flow forecasts by fund for the first year of the financial plan;
- (4) A schedule of projected capital commitments of the assisted city and proposed sources of funding for those commitments; and
- (5) A statement describing in reasonable detail the significant assumptions and methods of estimation used in arriving at the projections contained in the plan.

B. Each Financial Plan shall be in a form in compliance with the requirements of Act 124, Section 209 and as may be prescribed by the Authority under Section 210, unless the Parties agree to modify the form and scope thereof for mutual convenience.

2.04 SUPPLEMENTAL INFORMATION INCLUDED WITH FINANCIAL PLAN

A. Each submitted Financial Plan shall contain the following supplemental information:

(1) An updated schedule of debt service payments due or projected to become due in respect of all indebtedness of the Assisted City and all indebtedness of others supported in any manner by the Assisted City (by guaranty, lease, service agreement or otherwise) during each fiscal year of the Assisted City until the final scheduled maturity of such indebtedness, such schedule to set forth such debt service payments separately according to the general categories of direct general obligation debt, direct revenue debt, lease obligations, service agreement obligations and guaranty obligations; and

(2) A schedule of payments for legally mandated services included in the Financial Plan and due or projected to be due during the fiscal years of the Assisted City covered by the Financial Plan; and

(3) A statement describing, in reasonable detail, the significant assumptions and methods of estimation used in arriving at the projections contained in the Financial Plan; and

(4) A description of all initiatives or material changes in services or service levels to be provided in the Assisted City, including the anticipated source(s) of funding from the Resource Allocation Chart; and

(5) A statement by the Chief Fiscal Officer that the budgets described in Section 2.04 hereof:

- a) Are consistent with the Financial Plan;
- b) Contain funding adequate for debt service payments, legally mandated services and lease payments securing bonds of other government agencies or of any other entities;
- c) Are based upon prudent, reasonable, and appropriate assumptions and methods of estimation; and
- d) Comply with any balanced budget requirements contained in the governing law and ordinances of the Assisted City or State law.

B. Each Financial Plan submitted by the Assisted City to the Authority, the proposed operating budget, the Capital Improvement Plan, any indebtedness schedule, and supplemental information, as described herein, shall represent the annual filing by the Assisted City to the Authority.

2.05 AUTHORITY TO CONSULT WITH ASSISTED CITY DURING DEVELOPMENT OF THE FINANCIAL PLAN

The Assisted City shall consult with the Authority as it prepares its Financial Plan. The Authority may offer such assistance and advice as it deems appropriate. The parties may agree to abridge recurring portions of any Financial Plan to avoid redundancy or otherwise provide for incorporation by reference materials previously submitted by the Assisted City that are unchanged. To facilitate consultation between the Parties, the Chief Fiscal Officer or designee thereof shall cause a report to be made at a public meeting of the Authority regarding anticipated modifications to the upcoming Five Year Plan submission, if any, on the basis of the newly enacted Approved Budget of the Assisted City.

2.06. AUTHORITY TO REVIEW FINANCIAL PLAN AND/OR CHIEF FISCAL OFFICER'S PROPOSED BUDGETS

A. The Authority shall promptly review each Financial Plan and proposed annual operating budget and capital budget, as submitted by the Chief Fiscal Officer as provided in Act 124.

B. In the course of each review, the Authority's approval, rejection, determination of inconstancies in the presented materials or any deemed approval shall occur and be communicated in the manner provided for in Section 209 (g), (h) and (i) of Act 124, unless other timeframes are agreed in writing for the convenience of the parties.

ARTICLE III COMMUNITY AND ECONOMIC DEVELOPMENT PLAN

3.01 COMMUNITY AND ECONOMIC DEVELOPMENT PLAN

The Assisted City agrees to undertake the establishment of a Community and Economic Development Plan (CED Plan) for Harrisburg.

3.02 PURPOSE AND OBJECTIVE OF PLAN

A CED Plan for Harrisburg should be designed to grow the tax base, stabilize and improve neighborhoods, foster intergovernmental cooperation, provide for funding of a full-time Director of Community and Economic Development and other resources and continue the Assisted City's access to funding opportunities from state, federal, and any other sources available for community and economic development.

3.03 FORMATION OF PLAN

The Assisted City will develop the Plan to identify for strategic and tactical steps to undertake to adopt and implement long term planning for sustainable community and economic development. The Authority agrees to support these efforts and lend support through the services of the Authority Manager and input from Board members when requested by the City.

3.04 REVIEW OF THE PLAN

Quarterly, the Assisted City, through its Director of Economic Development, will make a presentation of the progress on the benchmarks of the Plan at a regularly scheduled meeting of the Authority. A summary of the annual activities and re-stated goals will be included in the annual submission of the City's Five Year Financial Plan. As a result of its review, the Authority may suggest revision or additions to the Assisted City for their consideration.

ARTICLE IV POST-SUBMISSION STEPS ON FINANCIAL PLAN

4.01 ACT 124 REPORTING

The Assisted City shall comply with the reporting requirements regarding the submission of plans, budgets, reports, plan revisions, supplemental reports and certifications in accordance with Sections 209 of Act 124 and as otherwise provided therein. The Assisted City shall also furnish such monthly reports as are regularly developed and supplied to city management and governing bodies, as may be requested by the Authority.

4.02 RESOLVING ISSUES OF COMPLIANCE AND COOPERATION OF THE ASSISTED CITY IN REVIEW AND, APPROVAL OF THE FINANCIAL PLAN

A. In the event that the Authority disapproves a proposed Financial Plan or proposed revisions thereof, the Authority shall promptly give written notice to the Assisted City specifying in reasonable detail the reasons for disapproval.

B. Within 15 days of the notification discussed in 4.02(A) above, the Assisted City shall submit a revised plan as required by Section 209, or seek additional recommendations on satisfying the criteria for approval by making a request in writing to the Authority.

C. If the Assisted City seeks additional recommendations as discussed in 4.02(B) above, the Authority shall provide written response with recommendations as the Authority deems necessary and shall take no action with respect to the Assisted City for failure to submit a revised plan earlier than 15 days after the giving of the response.

D. The Authority may reconsider its disapproval of the Assisted City's Financial Plan upon the submission of responsive additional information by the Assisted City and upon vote of a majority of the Board to reconsider.

4.03 RESOLVING ISSUES OF COMPLIANCE AND COOPERATION OF THE ASSISTED CITY DURING THE TERM OF AN APPROVED FINANCIAL PLAN

A. In the event that the Authority determines the Assisted City has failed to adhere to a previously approved Financial Plan, the Authority shall give written notice to the Assisted City

specifying in reasonable detail the nature of the nonconformity or variation with the approved Financial Plan, in accordance with Section 210 of the Act.

B. The Authority shall take no action if the issues identified in the notice are addressed as outlined in Section 210 (c). Otherwise, the provisions of Section 210 (e) shall control.

4.04 ASSISTED CITY ADOPTED BUDGETS

A. The Assisted City shall, on an Annual Basis, deliver to the Authority, the Approved Budget of the Assisted City, once adopted by the City Council.

B. Consistent with Section 210 (h) of Act 124, nothing in the Agreement shall be construed to limit the power of the Assisted City to determine, from time to time, within available funds of the Assisted City, the purposes for which expenditures will be made by the Assisted City and the amounts of the expenditures then permitted under a Financial Plan of the Assisted City, including the use of funds in accordance with the City's Fund Balance Policy.

4.05 ADDITIONAL REPORTING REQUIREMENTS OF THE ASSISTED CITY

A. The Assisted City shall as soon as practicable provide to the Authority additional informational reports from time to time concerning changed conditions or unexpected events which may affect the Assisted City's adherence to its then-current Financial Plan.

B. The Assisted City hereby agrees to deliver or cause to be delivered to the Authority, as soon as they become available, copies of financial or budgetary matters of the Assisted City as voted upon and approved by City Council.

C. The Assisted City shall regularly provide to the Authority, without specific request: a) copies of contracts in excess of \$250,000, b) contracts for a period in excess of three (3) years, c) intergovernmental or intermunicipal agreements, d) contracts involving debt or borrowing e) labor agreements, and f) Act 47 reports in format as provided to DCED, such reports to continue even after the reporting obligation to DCED ceases. Notwithstanding this modification, the Authority may still request copies of documents that do not meet these criteria as part of its review authority.

D. The Authority may request and obtain additional reports and information on any financial or budgetary matter within the Assisted City in form as are deemed necessary by the Authority. If the Assisted City is unable to deliver such reports and information, whether in content or in the form or format requested, it shall promptly notify the Authority who will assist in identifying a solution that meets the Authority's needs.

ARTICLE V MISCELLANEOUS PROVISIONS

5.01 TERM

The Agreement shall be effective immediately upon its adoption and full execution; and

further, shall remain effective until the expiration of the term of the Authority pursuant to the Laws of the Commonwealth.

5.02 GENERAL RIGHTS AND PROHIBITIONS

Nothing in the Agreement shall limit the rights or impair the obligations of the Assisted City to comply with the provisions of any contract in effect on the effective date of Act 124 (October 24, 2018), or shall in any way impair the rights of the obligees of the Assisted City with respect to any such contract.

5.03 COMPLIANCE WITH THE ACT; SEVERABILITY

A. The Assisted City and the Authority intend that this Agreement shall constitute an intergovernmental cooperation agreement within the meaning of Act 124 and hereby declare that the Agreement is entered into to accomplish the public purposes of Act 124. The Agreement shall be read, taken and construed in a manner consistent with Act 124, but to the extent of any conflict between any of the provisions of the Agreement and any of the provisions of Act 124, the provisions of Act 124 shall control. The Assisted City and the Authority each acknowledges that it is subject to the provisions of Act 124 and each agrees to observe and perform all provisions thereof applicable to it, whether or not such provisions are expressly referred to in the Agreement.

B. The provisions of the Agreement are intended to be severable. If any provision of the Agreement shall be held invalid or unenforceable in whole or in part, such provision shall be ineffective to the extent of such invalidity or unenforceability without in any manner affecting the validity or enforceability of the remaining provisions of the Agreement.

5.04 NOTICES

All notices, demands, requests, consents, approvals, certificates, waivers or other communications with respect to the Agreement (collectively, "notices") shall be in writing (including facsimile or electronic communication) and shall be effective if sent by certified or registered United States mail, postage prepaid, return receipt requested, or by overnight courier with signed receipt evidencing such delivery, or by same day delivery service with signed receipt evidencing such delivery, or by telecopy (with confirmation in writing mailed by first-class mail, postage prepaid), to the following parties:

<p>For the Authority: Audry K. Carter Chair ICA for Harrisburg</p> <p>Harrisburg, PA 171</p> <p>With a copy to: Anna Marie Sossong, Esq. Independent General Counsel ICA for Harrisburg 301 Market Street Lemoyne, PA 17043 asossong@johnsonduffie.com</p> <p>Jeffrey Stonehill, Authority Manager ICA for Harrisburg</p> <p>jstonehill19@gmail.com</p>	<p>For the Assisted City: The Hon. Eric Papenfuse, Mayor The City of Harrisburg, PA City Government Center, 10 N 2nd Street, Suite 402 Harrisburg, PA 17101</p> <p>With a copy to: Neil A. Grover, Esq. City Solicitor Tiffanie E. Baldock, Esq., Sr. Deputy Solicitor City Government Center 10 N 2nd Street, Suite 402 Harrisburg, PA 17101 ngrover@harrisburgpa.gov tebaldock@harrisburgpa.gov</p> <p>Charlie DeBrunner, City Controller City Government Center 10 N. 2nd Street, Suite 403 Harrisburg, PA 17101 cdebruner@harrisburgpa.gov</p> <p>The Hon. Wanda R.D. Williams City Council, President 10 N 2nd Street, Suite 304 Harrisburg, PA 17101</p>
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or to such other address or facsimile number as the party to receive notice may from time to time designate by written notice to the other party in the manner above described.

Any such properly given notice shall be effective on the earliest to occur of receipt, the third business day after mailing in the manner set forth herein, on the first business day after deposit with an overnight courier service, on the day of deposit with a same day delivery service or upon telephone confirmation of receipt of facsimile or email communication.

5.05 GOVERNING LAW

This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania.

5.06 VENUE AND JURISDICTION

In accordance with 42 Pa.C.S.A. § 761, all actions brought by any party to the Agreement, including the City, Chief Fiscal Officer, Authority, or the individual designee(s) of any such party shall be in the Commonwealth Court of Pennsylvania.

5.07 LEGISLATIVE APPROVALS

Approval by the Council for the City of Harrisburg is statutorily required, and this Agreement shall not be binding upon any party in the absence thereof. The Mayor as Chief Fiscal Officer under Act 124 through the Office of City Solicitor shall cause the submission of the necessary legislation for pre-approval of the City Council to be made. The parties acknowledge and agree that the requisite approved legislation authorizing this Agreement shall be appended hereto and incorporated into the Agreement by reference. The Agreement shall not be effective until approved and fully executed by all parties. No amendment hereto shall be effective unless in writing and fully executed after formal approval of the City Council and the Board of the Authority, by a majority of each body.

5.08 NO THIRD-PARTY BENEFICIARIES

Nothing in the Agreement shall be construed to constitute or create rights in any person not a party to the Agreement (as third-party beneficiary or otherwise), or to create obligations or responsibilities of the parties to such persons, or to permit any person other than the parties hereto and their respective successors and assigns to rely upon the covenants, conditions and agreements contained in the Agreement.

5.09 AMENDMENTS AND WAIVERS

This Agreement shall be amended only by written instrument duly executed by the Assisted City and the Authority. The Authority may in its discretion, to the extent consistent with the Act, waive compliance by the Assisted City with any provision of the Agreement or extend the time specified for performance by the Assisted City of any covenant or agreement on its part set forth herein, and such waiver or extension shall be effective only to the extent specifically set forth in writing and shall not, unless so specified, apply to any subsequent failure on the part of the Assisted City to observe or perform any such provision.

[SIGNATURE PAGE FOLLOWS]

CITY OF HARRISBURG, PENNSYLVANIA

Signature: _____

Date: _____

Mayor Eric Papenfuse, City of Harrisburg

Date: _____

Signature: _____
Charlie DeBrunner, City Controller

Approved as to Form & Legality

Date: _____

Signature: _____
Neil A. Grover, City Solicitor

**INTERGOVERNMENTAL COOPERATION
AUTHORITY FOR HARRISBURG**

Date: _____

Signature: _____

Audry K. Carter, Chair

:1267769

INTER

OFFICE

MEMO

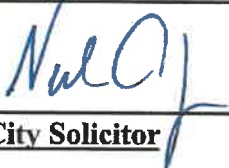
To: HARRISBURG CITY COUNCIL
From: Kirk Petroski, City Clerk
LEGISLATIVE APPROVAL FORM

Date:


LEGISLATIVE APPROVAL FORM/CERTIFICATE OF ACCEPTANCE

BILL NO. -2021 RESOLUTION NO. 31-2021

THE ABOVE LISTED ITEM WAS WRITTEN AND PREPARED FOR FINAL INTRODUCTION AT THE HARRISBURG CITY SOLICITOR'S OFFICE ON:



City Solicitor



Date

Requested by Department/Bureau: _____

Department/Bureau Contact Person: _____

For Action on or before:

The attached was received in the Office of the City Clerk for introduction on

Received by:  _____

Date:  _____

INTERGOVERNMENTAL COOPERATION AGREEMENT

THIS INTERGOVERNMENTAL COOPERATION AGREEMENT (the "Agreement") made and entered into as of the _____ day of _____, 2021, by and between the INTERGOVERNMENTAL COOPERATION AUTHORITY FOR HARRISBURG, a body corporate and politic constituting a public authority and instrumentality of the Commonwealth of Pennsylvania (the "Authority"), and the CITY OF HARRISBURG, a city of the third class organized under the laws of the Commonwealth of Pennsylvania (the "Assisted City");

WITNESSETH:

WHEREAS, the General Assembly of the Commonwealth of Pennsylvania has enacted the Act of October 24, 2018, P.L. 751, No. 124, known as the "Intergovernmental Cooperation Authorities Act for Cities of the Third Class" (herein after "Act 124");

WHEREAS, the Commonwealth of Pennsylvania determined that consistent with the authorizations provided in Act 124, the Authority shall be formed for the City of Harrisburg;

WHEREAS, the Authority for Harrisburg was established as an instrumentality of the Commonwealth of Pennsylvania and a governing board of the Authority thereby duly appointed;

WHEREAS, Section 203(d) of Act 124 permits the Authority to enter into and implement an intergovernmental cooperation agreement;

WHEREAS, the Assisted City has encountered recurring financial difficulties;

WHEREAS, the parties believe that the financial difficulties of the Assisted City may be addressed and resolved through cooperation between them in crafting solutions, policies and initiatives for the Assisted City;

WHEREAS, the parties intend for this agreement to define and detail the duties and responsibilities of the parties to accomplish their mutual goals for the benefit of the Assisted City;

WHEREAS, the Assisted City and Authority further expressly acknowledge and agree that this Intergovernmental Agreement is intended to govern the manner and method of the exercise of the respective authority and powers of the Authority and the Assisted City under Act 124.

NOW, THEREFORE, in consideration of the mutual promises and covenants herein, the parties hereto agree as follows:

**ARTICLE I
DEFINITIONS**

1.01 ADDITIONAL DEFINITIONS

In addition to any words and terms elsewhere defined in this Agreement or in Act 124, the following words and terms, when used in this Agreement, shall have the following respective meanings, unless the context clearly requires otherwise. Any words defined hereinbelow which are specifically defined in Act 124 are included to provide further clarification or expansion of any previous statutory definition, which such definitions shall apply to this Agreement and any amendments thereto.

“Financial Plan” shall mean the Mayor's Five-Year Financial Plan as submitted to the Authority as well as any amendment or amendments to any previously approved Financial Plan consistent with the definition of Financial Plan in accordance with the requirements of this Agreement and/or Act 124.

“Capital Improvement Plan” shall mean a plan that identifies long-term, capital-intensive projects which project’s purpose is to build upon, add to, or improve a capital asset of the Assisted City. Capital projects are defined by their large scale and large cost relative to other investments that involve less planning and resources. A Capital Improvement Plan shall include identified capital projects, costs, and schedules for completion.

“Capital Project” shall mean a project that helps maintain or improve an asset of the Assisted City, often called infrastructure. To be included in the Capital Plan, a project must meet ONE of the following requirements (criteria): a) It is a new construction, expansion, renovation, or replacement project for an existing facility or facilities. The project must have a total cost of at least \$125,000 over the life of the project. Project costs can include the cost of land, engineering, architectural planning, and contract services needed to complete the project, or b) It is a purchase of major equipment (assets) costing \$50,000 or more with a useful life of at least 10 years, or c) It is a major maintenance or rehabilitation project for existing facilities with a cost of \$125,000 or more and an economic life of at least 10 years.

“Deficit.” A negative fund balance in any principal operating fund or funds of an assisted city or corporate entity existing at the beginning of a fiscal year of the assisted city or projected to exist as of the close of a fiscal year of the assisted city as may be more specifically identified, calculated and specified herein or in the financial plan of the Assisted city described in Act 124.

“Fund” or “Funds” shall mean the listing of Funds contained in the Assisted City’s Budget Summary of Resource Allocation as published annually in the Approved Budget.

“Econometric model” shall mean the ordinary models routinely applied in budgeting and planning by the Assisted City and other local governments of similar organizational structure and fiscal characteristics.

1.02 RULES OF CONSTRUCTION

Unless the context of this Agreement clearly requires otherwise, references to the plural

include the singular, the singular the plural, and the part of the whole. The words “hereof,” “herein,” “hereunder” and similar terms in this Agreement refer to this Agreement as a whole and not to any particular provision of this Agreement. The section and other headings contained in this Agreement and the table of contents preceding this Agreement are for reference purposes only and shall not control or affect the construction of this Agreement or the interpretation thereof in any respect.

Section, subsection, and exhibit references are to this Agreement unless otherwise specified. References in this Agreement to any section or subsection of the Act are to such sections or subsections of the Act as originally in effect.

1.03 INTENTION OF THE PARTIES

The Assisted City and Authority intend that this Agreement foster ongoing cooperation toward the party’s mutual commitment to the long-term financial stability of Harrisburg. The parties acknowledge and agree that an open and honest sharing of information and planning will be required for the Assisted City to secure a level of stability in the permanent financial structure of the City in order to serve the health, safety and welfare of Harrisburg.

ARTICLE II FINANCIAL PLAN

2.01 ANNUAL SUBMISSION OF FINANCIAL PLAN

A. The Assisted City shall submit to the Authority a Financial Plan prepared in accordance with the requirements of Act 124, which shall be annually submitted on or before April 30 or at such time as otherwise agreed by the parties. The proposed annual budget and capital budget shall be submitted to the Authority no later than the same date the Mayor of the Assisted City submits the same to the City Council.

B. The Financial Plan and any Amendment thereto shall include revised projected revenues and expenditures of all Funds of the Assisted City for the current year and following four (4) fiscal years. The submission shall begin with the then-current fiscal year of the Assisted City and the next four (4) fiscal years thereafter.

C. Each Financial Plan shall include the components required by Act 124.

D. In accordance with Section 209 (b) (2) of Act 124, the Financial Plan components should reflect fiscally responsible options available to the Assisted City to:

- (1) Eliminate any projected deficit for the current fiscal year and for subsequent fiscal years;
- (2) Restore to special fund accounts money from those accounts that was used for purposes other than those specifically authorized;
- (3) Balance the current fiscal year budget and subsequent budgets in the Financial Plan through sound budgetary practices, including, but not limited to, reductions in expenditures, improvements in productivity, increases in revenues or a combination of these steps;
- (4) Develop procedures to avoid a fiscal emergency condition in the future; and

(5) Enhance the ability of the assisted city to access short-term and long-term credit markets.

E. The Authority may request copies of, and the Assisted City shall supply, reports and documents regarding the revenues, expenditures, budgets, deficits, debts, costs, plans, operations, estimates and any other financial or budgetary matters of the Assisted City.

F. The Assisted City shall cooperate with the Authority when the Authority seeks additional reports and information.

2.02 STANDARDS FOR SUBMISSION OF FINANCIAL PLAN

A. Each submitted Financial Plan shall be prepared in accordance with the requirements of Act 124 and this Agreement. The Financial Plan shall reflect complete and accurate budgetary information of the Assisted City. All projections of revenues and expenditures in the Financial Plan shall be based on consistently applied, reasonable and appropriate assumptions and methods of estimation commonly used in municipal financial management. The Assisted City shall disclose its methodology along with any deviations from the common standard. The Authority may request from the controller of the Assisted City an opinion or certification in accordance with Section 209 of the Act.

B. The parties acknowledge that the Assisted City currently annually budgets and operates on a cash basis as required by law and historically only reports financial information in modified accrual analysis for audit purposes. The Assisted City agrees to continue to improve its financial reporting and budgeting capabilities throughout the term of this Agreement and to work toward improving its GASB compliance by undertaking improvements in its financial hardware and software, hiring of a finance director and increased staff training. The Assisted City shall work toward GASB compliance by 2025.

C. Estimates of revenues of the Assisted City to be received from the Commonwealth shall be based on historical patterns, currently available levels, or on levels proposed in a budget by the Governor. Estimates of revenues to be received from the Federal Government shall be based on historical patterns, currently available levels, or on levels proposed in a budget by the President of the United States or in a Congressional budget resolution. All other tax and non-tax revenues shall be based on current or proposed rates, charges or fees, historical patterns and generally recognized econometric models.

D. Appropriation estimates shall include, at a minimum, all obligations incurred during the fiscal year and estimated to be payable during the fiscal year or in the 24-month period following the close of the current fiscal year and all obligations of prior fiscal years not covered by encumbered funds from prior fiscal years.

E. Any deviations from these standards of estimating revenues and appropriations proposed to be used by the Assisted City shall be specifically disclosed and must be approved by a majority of the Authority Board, with the Assisted City providing reasonable detail to demonstrate the basis and necessity for the deviation.

F. All cash flow projections shall be based on prudent, reasonable, and appropriate assumptions as to sources and uses of cash, including, but not limited to, prudent, reasonable and

appropriate assumptions as to the timing of receipt and expenditure thereof, and shall provide for operations of the Assisted City to be conducted within the resources so projected. All estimates shall take due account of the past and anticipated collection, expenditure, and service demand experience of the Assisted City and of current and projected economic conditions.

2.03 FORM OF FINANCIAL PLAN

A. Each Financial Plan shall include, consistent with the requirements of the Assisted City's governing law, the following:

- (1) For each of the first two fiscal years covered by the Financial Plan, information that reflects an assisted city's total expenditures by fund and by lump sum amount for each board, commission, department, or office of an assisted city;
- (2) For the remaining three fiscal years of the Financial Plan, information that reflects an assisted city's total expenditures by fund and by lump sum amount for major object classification;
- (3) Projections of all revenues and expenditures for five fiscal years, including, but not limited to, projected capital expenditures and short-term and long-term debt incurrence and cash flow forecasts by fund for the first year of the financial plan;
- (4) A schedule of projected capital commitments of the assisted city and proposed sources of funding for those commitments; and
- (5) A statement describing in reasonable detail the significant assumptions and methods of estimation used in arriving at the projections contained in the plan.

B. Each Financial Plan shall be in a form in compliance with the requirements of Act 124, Section 209 and as may be prescribed by the Authority under Section 210, unless the Parties agree to modify the form and scope thereof for mutual convenience.

2.04 SUPPLEMENTAL INFORMATION INCLUDED WITH FINANCIAL PLAN

A. Each submitted Financial Plan shall contain the following supplemental information:

- (1) An updated schedule of debt service payments due or projected to become due in respect of all indebtedness of the Assisted City and all indebtedness of others supported in any manner by the Assisted City (by guaranty, lease, service agreement or otherwise) during each fiscal year of the Assisted City until the final scheduled maturity of such indebtedness, such schedule to set forth such debt service payments separately according to the general categories of direct general obligation debt, direct revenue debt, lease obligations, service agreement obligations and guaranty obligations; and
- (2) A schedule of payments for legally mandated services included in the Financial Plan and due or projected to be due during the fiscal years of the Assisted City covered by the Financial Plan; and
- (3) A statement describing, in reasonable detail, the significant assumptions and methods of estimation used in arriving at the projections contained in the Financial Plan; and
- (4) A description of all initiatives or material changes in services or service levels to be

provided in the Assisted City, including the anticipated source(s) of funding from the Resource Allocation Chart; and

(5) A statement by the Chief Fiscal Officer that the budgets described in Section 2.04 hereof:

- a) Are consistent with the Financial Plan;
- b) Contain funding adequate for debt service payments, legally mandated services and lease payments securing bonds of other government agencies or of any other entities;
- c) Are based upon prudent, reasonable, and appropriate assumptions and methods of estimation; and
- d) Comply with any balanced budget requirements contained in the governing law and ordinances of the Assisted City or State law.

B. Each Financial Plan submitted by the Assisted City to the Authority, the proposed operating budget, the Capital Improvement Plan, any indebtedness schedule, and supplemental information, as described herein, shall represent the annual filing by the Assisted City to the Authority.

2.05 AUTHORITY TO CONSULT WITH ASSISTED CITY DURING DEVELOPMENT OF THE FINANCIAL PLAN

The Assisted City shall consult with the Authority as it prepares its Financial Plan. The Authority may offer such assistance and advice as it deems appropriate. The parties may agree to abridge recurring portions of any Financial Plan to avoid redundancy or otherwise provide for incorporation by reference materials previously submitted by the Assisted City that are unchanged. To facilitate consultation between the Parties, the Chief Fiscal Officer or designee thereof shall cause a report to be made at a public meeting of the Authority regarding anticipated modifications to the upcoming Five Year Plan submission, if any, on the basis of the newly enacted Approved Budget of the Assisted City.

2.06. AUTHORITY TO REVIEW FINANCIAL PLAN AND/OR CHIEF FISCAL OFFICER'S PROPOSED BUDGETS

A. The Authority shall promptly review each Financial Plan and proposed annual operating budget and capital budget, as submitted by the Chief Fiscal Officer as provided in Act 124.

B. In the course of each review, the Authority's approval, rejection, determination of inconsistencies in the presented materials or any deemed approval shall occur and be communicated in the manner provided for in Section 209 (g), (h) and (i) of Act 124, unless other timeframes are agreed in writing for the convenience of the parties.

ARTICLE III
COMMUNITY AND ECONOMIC DEVELOPMENT PLAN

3.01 COMMUNITY AND ECONOMIC DEVELOPMENT PLAN

The Assisted City agrees to undertake the establishment of a Community and Economic Development Plan (CED Plan) for Harrisburg.

3.02 PURPOSE AND OBJECTIVE OF PLAN

A CED Plan for Harrisburg should be designed to grow the tax base, stabilize and improve neighborhoods, foster intergovernmental cooperation, provide for funding of a full-time Director of Community and Economic Development and other resources and continue the Assisted City's access to funding opportunities from state, federal, and any other sources available for community and economic development.

3.03 FORMATION OF PLAN

The Assisted City will develop the Plan to identify for strategic and tactical steps to undertake to adopt and implement long term planning for sustainable community and economic development. The Authority agrees to support these efforts and lend support through the services of the Authority Manager and input from Board members when requested by the City.

3.04 REVIEW OF THE PLAN

Quarterly, the Assisted City, through its Director of Economic Development, will make a presentation of the progress on the benchmarks of the Plan at a regularly scheduled meeting of the Authority. A summary of the annual activities and re-stated goals will be included in the annual submission of the City's Five Year Financial Plan. As a result of its review, the Authority may suggest revision or additions to the Assisted City for their consideration.

ARTICLE IV
POST-SUBMISSION STEPS ON FINANCIAL PLAN

4.01 ACT 124 REPORTING

The Assisted City shall comply with the reporting requirements regarding the submission of plans, budgets, reports, plan revisions, supplemental reports and certifications in accordance with Sections 209 of Act 124 and as otherwise provided therein. The Assisted City shall also furnish such monthly reports as are regularly developed and supplied to city management and governing bodies, as may be requested by the Authority.

4.02 RESOLVING ISSUES OF COMPLIANCE AND COOPERATION OF THE ASSISTED CITY IN REVIEW AND, APPROVAL OF THE FINANCIAL PLAN

A. In the event that the Authority disapproves a proposed Financial Plan or proposed revisions thereof, the Authority shall promptly give written notice to the Assisted City specifying in reasonable detail the reasons for disapproval.

B. Within 15 days of the notification discussed in 4.02(A) above, the Assisted City shall submit a revised plan as required by Section 209, or seek additional recommendations on satisfying the criteria for approval by making a request in writing to the Authority.

C. If the Assisted City seeks additional recommendations as discussed in 4.02(B) above, the Authority shall provide written response with recommendations as the Authority deems necessary and shall take no action with respect to the Assisted City for failure to submit a revised plan earlier than 15 days after the giving of the response.

D. The Authority may reconsider its disapproval of the Assisted City's Financial Plan upon the submission of responsive additional information by the Assisted City and upon vote of a majority of the Board to reconsider.

4.03 RESOLVING ISSUES OF COMPLIANCE AND COOPERATION OF THE ASSISTED CITY DURING THE TERM OF AN APPROVED FINANCIAL PLAN

A. In the event that the Authority determines the Assisted City has failed to adhere to a previously approved Financial Plan, the Authority shall give written notice to the Assisted City specifying in reasonable detail the nature of the nonconformity or variation with the approved Financial Plan, in accordance with Section 210 of the Act.

B. The Authority shall take no action if the issues identified in the notice are addressed as outlined in Section 210 (c). Otherwise, the provisions of Section 210 (e) shall control.

4.04 ASSISTED CITY ADOPTED BUDGETS

A. The Assisted City shall, on an Annual Basis, deliver to the Authority, the Approved Budget of the Assisted City, once adopted by the City Council.

B. Consistent with Section 210 (h) of Act 124, nothing in the Agreement shall be construed to limit the power of the Assisted City to determine, from time to time, within available funds of the Assisted City, the purposes for which expenditures will be made by the Assisted City and the amounts of the expenditures then permitted under a Financial Plan of the Assisted City, including the use of funds in accordance with the City's Fund Balance Policy.

4.05 ADDITIONAL REPORTING REQUIREMENTS OF THE ASSISTED CITY

A. The Assisted City shall as soon as practicable provide to the Authority additional informational reports from time to time concerning changed conditions or unexpected events which may affect the Assisted City's adherence to its then-current Financial Plan.

B. The Assisted City hereby agrees to deliver or cause to be delivered to the Authority, as soon as they become available, copies of financial or budgetary matters of the Assisted City as voted upon and approved by City Council.

C. The Assisted City shall regularly provide to the Authority, without specific request: a) copies of contracts in excess of \$250,000, b) contracts for a period in excess of three (3) years, c) intergovernmental or intermunicipal agreements, d) contracts involving debt or borrowing e) labor agreements, and f) Act 47 reports in format as provided to DCED, such reports to continue even after the reporting obligation to DCED ceases. Notwithstanding this modification, the Authority may still request copies of documents that do not meet these criteria as part of its review authority.

D. The Authority may request and obtain additional reports and information on any financial or budgetary matter within the Assisted City in form as are deemed necessary by the Authority. If the Assisted City is unable to deliver such reports and information, whether in content or in the form or format requested, it shall promptly notify the Authority who will assist in identifying a solution that meets the Authority's needs.

**ARTICLE V
MISCELLANEOUS PROVISIONS**

5.01 TERM

The Agreement shall be effective immediately upon its adoption and full execution; and further, shall remain effective until the expiration of the term of the Authority pursuant to the Laws of the Commonwealth.

5.02 GENERAL RIGHTS AND PROHIBITIONS

Nothing in the Agreement shall limit the rights or impair the obligations of the Assisted City to comply with the provisions of any contract in effect on the effective date of Act 124 (October 24, 2018), or shall in any way impair the rights of the obligees of the Assisted City with respect to any such contract.

5.03 COMPLIANCE WITH THE ACT; SEVERABILITY

A. The Assisted City and the Authority intend that this Agreement shall constitute an intergovernmental cooperation agreement within the meaning of Act 124 and hereby declare that the Agreement is entered into to accomplish the public purposes of Act 124. The Agreement shall be read, taken and construed in a manner consistent with Act 124, but to the extent of any conflict between any of the provisions of the Agreement and any of the provisions of Act 124, the provisions of Act 124 shall control. The Assisted City and the Authority each acknowledges that it is subject to the provisions of Act 124 and each agrees to observe and perform all provisions thereof applicable to it, whether or not such provisions are expressly referred to in the Agreement.

B. The provisions of the Agreement are intended to be severable. If any provision of the Agreement shall be held invalid or unenforceable in whole or in part, such provision shall be ineffective to the extent of such invalidity or unenforceability without in any manner affecting the validity or enforceability of the remaining provisions of the Agreement.

5.04 NOTICES

All notices, demands, requests, consents, approvals, certificates, waivers or other communications with respect to the Agreement (collectively, "notices") shall be in writing (including facsimile or electronic communication) and shall be effective if sent by certified or registered United States mail, postage prepaid, return receipt requested, or by overnight courier with signed receipt evidencing such delivery, or by same day delivery service with signed receipt evidencing such delivery, or by telecopy (with confirmation in writing mailed by first-class mail, postage prepaid), to the following parties:

<p>For the Authority: Audry K. Carter Chair ICA for Harrisburg 2920 Green Street Harrisburg, PA 17110 ica.cartera@gmail.com</p> <p>With a copy to: Anna Marie Sossong, Esq. Independent General Counsel ICA for Harrisburg 301 Market Street Lemoyne, PA 17043 asossong@johnsonduffie.com</p> <p>Jeffrey Stonehill Authority Manager ICA for Harrisburg 922 N. Third Street Harrisburg, PA 17102 hbgica@gmail.com</p>	<p>For the Assisted City: The Hon. Eric Papenfuse, Mayor The City of Harrisburg, PA City Government Center, 10 N 2nd Street, Suite 402 Harrisburg, PA 17101</p> <p>With a copy to: Neil A. Grover, Esq. City Solicitor Tiffanie E. Baldock, Esq., Sr. Deputy Solicitor City Government Center 10 N 2nd Street, Suite 402 Harrisburg, PA 17101 ngrover@harrisburgpa.gov tebaldock@harrisburgpa.gov</p> <p>Charlie DeBrunner, City Controller City Government Center 10 N. 2nd Street, Suite 403 Harrisburg, PA 17101 cdebruner@harrisburgpa.gov</p> <p>The Hon. Wanda R.D. Williams City Council, President 10 N 2nd Street, Suite 304 Harrisburg, PA 17101</p>
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or to such other address or facsimile number as the party to receive notice may from time to time designate by written notice to the other party in the manner above described.

Any such properly given notice shall be effective on the earliest to occur of receipt, the third business day after mailing in the manner set forth herein, on the first business day after deposit with an overnight courier service, on the day of deposit with a same day delivery service or upon telephone confirmation of receipt of facsimile or email communication.

5.05 GOVERNING LAW

This Agreement shall be governed by and construed in accordance with the laws of the

Commonwealth of Pennsylvania.

5.06 VENUE AND JURISDICTION

In accordance with 42 Pa.C.S.A. § 761, all actions brought by any party to the Agreement, including the City, Chief Fiscal Officer, Authority, or the individual designee(s) of any such party shall be in the Commonwealth Court of Pennsylvania.

5.07 LEGISLATIVE APPROVALS

Approval by the Council for the City of Harrisburg is statutorily required, and this Agreement shall not be binding upon any party in the absence thereof. The Mayor as Chief Fiscal Officer under Act 124 through the Office of City Solicitor shall cause the submission of the necessary legislation for pre-approval of the City Council to be made. The parties acknowledge and agree that the requisite approved legislation authorizing this Agreement shall be appended hereto and incorporated into the Agreement by reference. The Agreement shall not be effective until approved and fully executed by all parties. No amendment hereto shall be effective unless in writing and fully executed after formal approval of the City Council and the Board of the Authority, by a majority of each body.

5.08 NO THIRD-PARTY BENEFICIARIES

Nothing in the Agreement shall be construed to constitute or create rights in any person not a party to the Agreement (as third-party beneficiary or otherwise), or to create obligations or responsibilities of the parties to such persons, or to permit any person other than the parties hereto and their respective successors and assigns to rely upon the covenants, conditions and agreements contained in the Agreement.

5.09 AMENDMENTS AND WAIVERS

This Agreement shall be amended only by written instrument duly executed by the Assisted City and the Authority. The Authority may in its discretion, to the extent consistent with the Act, waive compliance by the Assisted City with any provision of the Agreement or extend the time specified for performance by the Assisted City of any covenant or agreement on its part set forth herein, and such waiver or extension shall be effective only to the extent specifically set forth in writing and shall not, unless so specified, apply to any subsequent failure on the part of the Assisted City to observe or perform any such provision.

[SIGNATURE PAGE FOLLOWS]

CITY OF HARRISBURG, PENNSYLVANIA

Signature:

Mayor Eric Papenfuse, City of Harrisburg

Date

Signature:

Charlie DeBrunner, City Controller

Date

Approved as to Form & Legality

Signature: _____
Neil A. Grover, City Solicitor

Date

INTERGOVERNMENTAL COOPERATION AUTHORITY FOR HARRISBURG

Signature:

Audry K. Carter, Chair

Date

Revised 05/07/21 JMS