

Intergovernmental Cooperation Authority for Harrisburg

Minutes of the Governing Board

Regular Meeting

July 28, 2021

Temple University Harrisburg, Strawberry Square, Harrisburg PA

hbgica.org

Members in Attendance	Ms. Audry Carter Mr. Douglas Hill Ms. Karla Hodge Ms. Kathy Speaker MacNett	A Quorum Was Recognized
Ex-Officio Members in Attendance	Mr. Dan Connelly City of Harrisburg Mr. Mark Ryan Pennsylvania Office of the Budget	
In Attendance	Ms. Anna Marie Sossong Independent Counsel	
Meeting Begins		4:00 p.m.
Welcome by Audry Carter, Chair	Ms. Carter welcomed the attendees. She added, "this is an experiment. We are being recorded and we are without controls for the actual zoom. This is the first in-person meeting since February 2020. This is actually the first meeting then we get to the Karla, Anna Marie, and Mark in-person." In the future, there will be no zoom feed unless it is requested by one of the Board members to participate.	
Bills Paid Report as of July 21, 2021	Report enclosed as appendix.	
Presentation of the Year Four Budget	Ms. Carter presented a proposed budget for Fiscal Year 2021-2022 prepared by Mr. Stonehill. A motion to approve by Mr. Hill. A second by Ms. Speaker MacNett.	Approved 4-0
Report of the Chair, Audry Carter	Ms. Carter delivered some remarks including stating that, "regarding the exit from Act 47, I asked Neil Grover, City Solicitor, for an update as to where we stood and his response was that 'it's a work in progress, had a call with other counsel on the matter today, and we will be following up in two weeks.' As you know, we have an agreement pending that once the court renders its opinion, we will sign it with the City, which at that point it automatically exits Act 47.	

	<p>Speaking of Act 47, it is bittersweet to think that our Marita Kelley retired at the end of last week. She was a guide star for me as I began this adventure, sharing every bit of knowledge she felt might make the ICA and me more successful. Will be sending Marita a letter expressing our gratitude on behalf of the ICA, and with some license, on behalf of the citizens of Harrisburg. I know she will remain a friend to us and a promoter of Harrisburg going forward.”</p>	
Report of the City	<p>Mr. Connelly was invited to deliver some remarks, which covered several topics. Regarding an update on Ambac discussions, he noted that the City had concerns with the numbers provided by the Controller’s Office. He promised to reach out to that office to reconcile. Mr. Connelly spoke about the American Rescue Plan Act adding that there had been no further discussion.. He indicated he did not know the current status of OPEB Trust including when the Trustees would be appointed.. Mr. Connelly gave an update on the City audit report for 2020 and gave an update on City Financial software.</p>	
Discussion of Second Quarter Financial Reports	<p>Ms. Carter discussed the DCED Act 47 Report, the Act 47 Coordinator Second Quarter Report, and the most recent City check run report. Ms. Carter reminded the Board that they are on the precipice of signing the Intergovernmental Cooperation Agreement.</p>	
Other Business	None	
Public Comment	<p>Mr. Eric Epstein commented in-person praising the work of the ICA. Ms. Speaker MacNett made two comments including pointing out that Capital Region Water is now the operator of the City water system.</p>	
Close of Meeting	<p>Motion by Ms. Hodge. Second by Mr. Hill.</p>	Approved 4-0

Respectfully submitted:

Jeffrey Stonehill

Jeffrey M. Stonehill, Authority Manager

Appendix Documents

Summary of Bills Paid – Intergovernmental Cooperation Authority for Harrisburg

Report – July 28, 2021

- Digital Ocean \$10.60 July 1, 2021
Website software licenses
- Digital Ocean \$5.72 July 1, 2021
Web Host
- Startup Harrisburg \$95.00 July 1, 2021
Virtual Office Monthly Subscription
- Johnson & Duffie \$332.00 July 21, 2021
Independent General Counsel
- Pietragallo Gordon Alfano Bosick and Raspanti
Legal Services \$2,044.50 July 21, 2021
- MESH PA LLC \$4,200.00 July 21, 2021
Authority Manager

Starting balance: \$98,240.97

Ending balance: \$91,554.60

- Interest earnings Y-T-D \$9.82
- Fees Y-T-D \$0

HARRISBURG
2021-2022 BUDGET REQUEST FISCAL YEAR FOUR
(To Be Approved July 28, 2021)
(Effective July 1, 2021)

REVENUE

Appropriation by the General Assembly Act 124 of 2018	\$	100,000
Interest earnings Est.	\$	20
Program Revenue - Estimate	\$	5,000
TOTAL REVENUE	\$	105,020

EXPENSES

Authority Manager (Contract)	\$	54,600
Program Expenses (Details Below):		
*Economic Development Symposium	\$	5,000
*Listening Session Events	\$	5,000
Legal Services	\$	15,000
Contract Services	\$	8,220
Insurance (Details Below):		
*General Liability Insurance	\$	5,550
*Governing Board Public Officials Insurance	\$	1,000
Legal Advertisement	\$	3,000
Memberships/Subscriptions	\$	2,000
Office Space Rental	\$	2,000
Audit Services (Contract)	\$	1,500
Information Technology Licensees	\$	1,150
Information Technology Assistance	\$	<u>1,000</u>
TOTAL EXPENSES	\$	<u>105,020</u>

SURPLUS/DEFICIT

	\$	-
Fund Balance From Previous Year	\$	107,938
Reserve for Future Year Spending	\$	107,938



The Intergovernmental Cooperation Authority
for Harrisburg
922 N. 3rd Street
Harrisburg, PA 17102

July 28, 2021

Ms. Marita Kelley
2700 Roberts Valley Road
Harrisburg, PA 17110-1702

Dear Marita,

On behalf the Intergovernmental Cooperation Authority for Harrisburg Board, I want to send our congratulations upon your retirement from the Pennsylvania Department of Community and Economic Development. The City of Harrisburg has benefitted immensely from your watchful eye and guiding hand. In addition, our work at the ICA was made all the easier through your invaluable assistance and consultation as the Act 47 Coordinator for the City.

Your information was outstanding. Your advice and participation was professional and vital. We do not believe that the City could have been so successful in improving its financial condition without your work on behalf of the Commonwealth.

While we will miss you in your official capacity, we are happy that you have earned your retirement, and look forward following the next chapter in your career.

Please keep in touch.

Sincerely,

Audry K. Carter
Chair



The Intergovernmental Cooperation Authority
for Harrisburg
922 N 3rd Street
Harrisburg, PA 17102

August 12, 2021

Ms. Beverly Hutzel
Local Government Policy Specialist
Pennsylvania Department of Community & Economic Development
Governor's Center for Local Government Services
400 North Street, 4th Floor
Harrisburg, PA 17120

Contract #4000022622A

Dear Ms. Hutzel:

Pursuant to the First Amendment to the Memorandum of Understanding between the Intergovernmental Cooperation Authority for Harrisburg and the Pennsylvania Department of Community and Economic Development, fully executed on November 1, 2019, please find enclosed a request for the current fiscal year, our Year Four funding allocation, on behalf of the Authority.

This correspondence may be considered Invoice #050919-05.

Per the MOU for Operational Expenses: \$100,000 requested.

Please remit to my attention at the address:

Intergovernmental Cooperation Authority for Harrisburg
922 N. Third Street
Harrisburg, PA 17102

Should you require additional information from the Authority, do not hesitate to contact me at (717) 645-5431 or jstonehill19@gmail.com.

Sincerely,

Jeffrey Stonehill
Authority Manager
Intergovernmental Cooperation Authority for Harrisburg

Year Four Budget Enclosed

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

400 North Street, 4th Floor

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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