

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

C. ALAN WALKER, in his capacity as
Secretary for the Department of
Community and Economic Development,

No. 569 M.D. 2011

Petitioner,

v.

CITY OF HARRISBURG,

Respondent

[PROPOSED] ORDER

AND NOW, this _____ day of _____, 2014, upon consideration of Petitioner's APPLICATION TO VACATE THE RECEIVERSHIP FOR THE CITY OF HARRISBURG AND AUTHORIZE ONGOING IMPLEMENTATION OF THE HARRISBURG STRONG FISCAL RECOVERY PLAN BY A COORDINATOR IN ACCORDANCE WITH SECTION 221 OF ACT 47 (the "Application"), the Court hereby finds as follows:

1. On Petition of the Secretary of Community and Economic Development, this Court on December 2, 2011, declared the City of Harrisburg ("City") to be in receivership pursuant to Section 702(e)(2) of Act 47, 53 P.S. § 11701.702(e)(2), and immediately appointed a receiver.

2. By Order entered May 24, 2012, this Court found Major General William B. Lynch, USAF, Ret., to be qualified to serve as the Receiver for the City to fill a vacancy in that office, and on recommendation of the Secretary appointed Gen. Lynch to serve as Receiver.

3. By Order entered September 23, 2013, acting pursuant to Section 703(e) of Act 47, 53 P.S. § 11701.703(e), this Court confirmed the modified recovery plan, titled the "Harrisburg Strong Plan," that had been submitted by the Receiver.

4. By Orders dated December 20, 2013, this Court confirmed additional modifications to the Harrisburg Strong Plan, including but not limited to, various Exhibits to the Strong Plan that had been completed, modified, or amended in accordance with the Plan.

5. Critical components of the Harrisburg Strong Plan, namely the successful closing and funding of the monetizations of the City's incinerator and parking system, have been completed and the statutory criteria for the existence of a fiscal emergency have been abated.

6. The Secretary of the Department of Community and Economic Development has certified that (a) the City of Harrisburg is no longer subject to the financial distress that is prerequisite to the existence of a fiscal emergency and the imposition of a receivership as prescribed by Section 602(a) and Section 702(d)(3)

of Act 47; (b) the fiscal emergency that jeopardized the health, safety and welfare of the citizens of the City of Harrisburg has ended; (c) the Receiver for the City of Harrisburg is no longer necessary and vital to the ongoing effective implementation of the Harrisburg Strong Plan in the absence of a fiscal emergency; and (d) Frederick Reddig is qualified to serve as the Coordinator for the City of Harrisburg to oversee the continued implementation of the Harrisburg Strong Plan.

7. The Receiver is no longer vital and necessary to successful implementation of the remaining components of the Harrisburg Strong Plan in the absence of a fiscal emergency, and the remaining components of the Plan can be successfully implemented by a Coordinator appointed by the Secretary pursuant to Section 221 of Act 47.

For the foregoing reasons, the Application of the Secretary of DCED is hereby **GRANTED**. It is hereby **ORDERED AND DECREED** as follows:

1. The appointment of the Receiver for the City of Harrisburg and the resulting receivership of the City of Harrisburg are hereby **VACATED** effective March 1, 2014.

2. Ongoing implementation of the Harrisburg Strong Plan by a Coordinator appointed by the Secretary of DCED in accordance with Section 221

of Act 47 is hereby **AUTHORIZED AND DIRECTED** commencing March 1, 2014.

3. Jurisdiction over the enforcement of this Court's Order of September 23, 2013, confirming the provisions of the Harrisburg Strong Plan, and any subsequent modifications to the Plan, is hereby expressly **RETAINED** by this Court.

4. The effect of this Court's confirmation of the Harrisburg Strong Fiscal Recovery Plan by its Order of September 23, 2013 shall continue to have the same force and effect as prescribed by Section 704 of Act 47, notwithstanding the granting of the relief requested in the Secretary's Application, and shall continue to bind all those subject to or obligated by the provisions of the Harrisburg Strong Plan.

5. The Coordinator is **AUTHORIZED AND DIRECTED**, as contemplated by the Plan's provisions, and as the Receiver is so authorized under Sections 706, 708 and 709 of Act 47, to perform all functions and responsibilities in the Harrisburg Strong Plan otherwise designated for performance by the Receiver, including, without limitation, all obligations of the Receiver under the settlement agreements by and among Assured Guaranty Municipal Corporation and the County of Dauphin, the Receiver, and any other constituent parties to the

Harrisburg Strong Plan, as well as all functions and responsibilities that are otherwise reposed in the Receiver under Parts Seven and Nine of the Plan.

6. The Coordinator is further **AUTHORIZED AND DIRECTED** to seek enforcement of the Order confirming the Harrisburg Strong Fiscal Recovery Plan in the event any instance of non-compliance with the Plan's provisions should arise during implementation, including under Section 709(a) of Act 47. In addition, the City of Harrisburg is expressly **AUTHORIZED** to similarly retain its entitlement to pursue the relief provided for under Section 709(b) against the Coordinator, if necessary.

BY THE COURT:

BONNIE BRIGANCE LEADBETTER,
Judge

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

C. ALAN WALKER, in his capacity as
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Petitioner,

v.

CITY OF HARRISBURG,

Respondent

No. 569 M.D. 2011

FILED
COMMONWEALTH COURT
OF PENNSYLVANIA
2011 JAN 16 P 3 08

**APPLICATION TO VACATE THE RECEIVERSHIP FOR THE CITY OF
HARRISBURG AND AUTHORIZE ONGOING IMPLEMENTATION OF
THE HARRISBURG STRONG FISCAL RECOVERY PLAN BY A
COORDINATOR IN ACCORDANCE WITH
SECTION 221 OF ACT 47**

AND NOW, comes the Secretary of the Department of Community and Economic Development (“DCED”), C. Alan Walker (the “Secretary”), by and through his undersigned counsel, and in the exercise of the powers reposed in him by the Municipalities Financial Recovery Act, *as amended*, 53 P.S. § 11701.101 *et seq.* (“Act 47” or the “Act”), hereby requests that this Honorable Court vacate the receivership for the City of Harrisburg, Dauphin County (“City”), and authorize

ongoing administration and implementation of the Harrisburg Strong Plan (“Strong Plan”) by a Coordinator in accordance with Section 221 of Act 47. *See* 53 P.S. § 11701.221(b)-(d).

In support of the Application, Secretary Walker avers as follows:

I. INTRODUCTION

1. Section 601 of Act 47 defines a fiscal emergency as “[a] determination made by the Governor under section 602(b). Section 602(b) more specifically provides that a fiscal emergency exists if the distressed city “(1) (i) is insolvent or is projected to be insolvent within 180 days or less; or (ii) is unable to ensure the continued provision of vital and necessary services; and (2) (i) has failed to adopt or implement the coordinator's plan; or (ii) has failed to adopt or implement an alternative plan that the secretary has approved under section 246.” 53 P.S. § 11701.602(b)(1) & (2).

2. Thus, two circumstances must coalesce in order for a fiscal emergency to exist: (1) a distressed municipality/city must be insolvent or be unable to ensure the provision of vital and necessary services AND (2) have failed to adopt or implement a recovery plan in accordance with the Act. *Id.*

3. On August 31, 2011, a fiscal emergency as defined by section 602(b) of Act 47 arose in the City of Harrisburg when, with the City already insolvent and unable to ensure the provision of vital and necessary services, a majority of the

then Harrisburg City Council, already having rejected the Recovery Coordinator's Final Act 47 Plan, also rejected former Mayor Linda D. Thompson's Alternate Recovery Plan.

4. Since that time, and until the recent accomplishments described more fully below, the City of Harrisburg remained in a fiscal emergency. The City was insolvent, most evident from the City's inability to pay debt service on the crushing debt (approximately \$370 Million or more) that arose from its failed Resource Recovery Facility (hereinafter referred to as the "Incinerator debt"); the City was unable to ensure the continued provision of "vital and necessary services" as defined by Section 601 of the Act, the aforesaid Incinerator debt having resulted in imminent and pending creditor actions that threatened to drain the City's coffers and preclude the provision of fundamental emergency services to its citizens (including fire, police, waste, water, etc.); and the City had failed to adopt or implement any proposed plan of fiscal recovery.

5. In recognition of the threat that the City's fiscal emergency posed to its citizens, and as authorized by Section 602(b) of Act 47, Governor Corbett issued a Declaration of Fiscal Emergency on October 24, 2011, and an accompanying Concise Statement of Facts confirming the existence of the fiscal emergency as defined by Section 602(a) of the Act.

6. In turn, upon petition of the Secretary, on December 2, 2011, this Honorable Court (per James R. Kelley, Senior Judge) found that the statutory conditions for a receivership for the City of Harrisburg existed, including specifically the existence of a fiscal emergency, and granted the Secretary's request for the appointment of an initial receiver for the City for a period not to exceed two years in accordance with Section 710(a) of Act 47. *See* 53 P.S. § 11701.710(a).

II. THE EXISTENCE OF A FISCAL EMERGENCY AS DEFINED BY SECTION 602(b) OF ACT 47 IS A PREREQUISITE TO THE APPOINTMENT, AND ONGOING SERVICE, OF THE RECEIVER FOR THE CITY OF HARRISBURG.

7. The averments of paragraphs one (1) through six (6) are incorporated herein by reference as if set forth in full.

8. The existence of a fiscal emergency is a prerequisite to the appointment, and ongoing service, of a receiver for a fiscally distressed city of the third class, including the City of Harrisburg. *See* 53 P.S. § 11701.702(d)(3) (precluding an order appointing a receiver unless a “fiscal emergency under section 602(a) continues to exist”). *See also* 53 P.S. §§ 11701.601-610.

9. The General Assembly's expressed legislative intent in amending Act 47 in the fall of 2011 to include Chapter 6 (“FISCAL EMERGENCIES IN CITIES OF THE THIRD CLASS”) and Chapter 7 (“RECEIVERSHIP IN CITIES OF THE THIRD CLASS”) was to “[p]rovide for the exercise of the Commonwealth's

sovereign and plenary police power in emergency fiscal conditions...” 53 P.S. §§ 11701.102(b)(1)(iii) (emphasis added).

10. Accordingly, in the absence of a fiscal emergency, the appointment, or persistence, of a receivership in a fiscally distressed city of the third class, or any distressed municipal entity subject to Act 47, is unwarranted, and inconsistent with the intent of the receivership provisions of Act 47. Indeed, no other distressed city or municipality currently subject to Act 47 and in which no fiscal emergency exists is subject to the imposition of a receivership.

11. In addition to the existence of the fiscal emergency at the inception of the receivership as described in paragraphs four (4) through six (6) above, the fiscal emergency of the City of Harrisburg has existed each time this Honorable Court has taken subsequent action with respect to the tenure and duration of the receivership.

12. The fiscal emergency in the City of Harrisburg existed as of May 24, 2012, when, by further Order of the Honorable Bonnie Brigance Leadbetter, this Court appointed Major General William B. Lynch, USAF, Ret. (“Receiver”) as the Receiver for the City of Harrisburg “for a period not to exceed two years, until no longer than December 1, 2013, subject to extension under 710(b) of Act 47, 53 P.S. § 11701.710(b).” As of May 24, 2012, while the preliminary recovery plan approved by this Honorable Court was in place and certain provisions of that plan

had been implemented in respect to certain revenues and operating expenses of the City, the Incinerator debt remained unresolved and the City was unable to meet its financial obligations attendant thereto; creditor actions related to the City's inability to repay the Incinerator debt persisted; and the City had not implemented any proposed plan of fiscal recovery that addressed the Incinerator debt or created a balanced City budget.

13. Despite the confirmation of the Harrisburg Strong Plan on September 23, 2013, the City of Harrisburg remained in a fiscal emergency as of November 27, 2013. That was so because although preliminary implementation of the Strong Plan had begun as of November 27, 2013, the Plan had not been consummated, and the Incinerator debt and resulting creditor actions remained unresolved. As such, by further order of Judge Leadbetter, the term of the City's receivership was extended for another two years after finding that the Secretary had established, by a preponderance of the evidence, that further implementation of the Strong Plan was necessary to end the City's fiscal emergency. *See* 53 P.S. § 11701.710(b).

14. In seeking an extension of the receivership, the Secretary made clear his hope that the necessity for ongoing receivership of the City would expire long before the passage of two additional years, and made clear the linkage of the necessity for ongoing receivership to the persistence of the circumstances that gave rise to the fiscal emergency that existed in the City of Harrisburg. *See* Application

to Extend the Receivership for the City of Harrisburg filed November 18, 2013, ¶¶10-13.

15. The November, 2013 filing requesting an extension of the receivership, and to which no party objected, specifically forecasted the precise relief the Secretary now requests from this Honorable Court:

The Strong Plan contemplates a point in time when the fiscal emergency has ended and as a result the receivership has been vacated or terminated, at that time calling for ongoing Plan implementation to be accomplished by a Coordinator in accordance with the provisions of Section 221(b)-(d) of Act 47. *See Strong Plan: "Part Eleven: Plan Implementation and Retention of Jurisdiction"* at pp. 63-64.

See Application to Extend the Receivership for the City of Harrisburg, Filed November 18, 2013, ¶10.

16. In granting the Application to Extend the Receivership for the City of Harrisburg on November 27, 2013, this Honorable Court noted **"the absence of any opposition to this request"** and specifically linked its approval of the extension of the receivership to the persistence of the fiscal emergency of the City of Harrisburg, providing that "in view of the fact that the City of Harrisburg remains in a state of fiscal emergency, implementation of the fiscal recovery plan ("Harrisburg Strong Plan") is necessary to alleviate the fiscal emergency and Plan implementation requires the continued service of the Receiver..." *See Order dated November 27, 2013 (emphasis added).*

17. The Court's Order perfectly contemplates, and allows, the relief the Secretary now seeks by extending the receivership for a period of two years, "unless sooner terminated by operation of Act 47 or further Order." *Id.* (emphasis added).

III. THE FISCAL EMERGENCY IN THE CITY OF HARRISBURG HAS BEEN RESOLVED.

18. The averments of paragraphs one (1) through seventeen (17) are incorporated herein by reference as if set forth in full.

19. Since the extension of the receivership on November 27, 2013, significant benchmarks have been attained in implementing the Strong Plan, most notably the successful closing and funding of the Harrisburg Strong Plan's two keystone transactions – the monetization of the City's incinerator and parking system – both of which occurred on December 23, 2013.

20. The closing and funding of the incinerator and parking system transactions conclusively resolved the outstanding emergency fiscal conditions that had existed since 2011 and which gave rise to the fiscal emergency in the City of Harrisburg.

21. Specifically, the closing and funding of the aforesaid transactions had the effect of retiring the City's outstanding Incinerator debt and, consequently, rendering moot the imminent and pending creditor actions arising from the Incinerator debt that previously threatened to drain the City's coffers and preclude

the provision of vital and necessary services. Additionally, the consummation of the Plan also resulted in the infusion of sufficient monies into the City's general fund that would permit it to have a balanced budget through the recovery period ending December 31, 2016, if the City otherwise conducted its operations in conformity with the Plan.

22. The Receiver filed a Notice of Consummation of the Harrisburg Strong Plan on December 23, 2013, advising the Court that the Conditions to Consummation (as that term is defined in the Strong Plan) had been satisfied, indicating that the asset transactions were completed and are effective; the various settlement agreements that were material to the Strong Plan have all been executed and are now effective; and that the required payments or distributions to the City of Harrisburg and to the various creditors as contemplated by the Strong Plan had been made.

23. Thus, as of December 23, 2013, the statutory criteria set forth in section 602(b) of Act 47 no longer exist: the City is no longer insolvent or is projected to be insolvent within 180 days or less, nor is the City unable to ensure the continued provision of vital and necessary services, and the City has adopted, and is in the process of implementing, the court-confirmed Harrisburg Strong Plan. *See* 53 P.S. § 11701.602(b)(1)(i)-(ii) & (2).

24. While the City of Harrisburg still faces many challenges, most notably the continued implementation of various incremental components of the Strong Plan, designed to foster economic development and private investment in the City, thereby increasing its tax base, the conditions precedent to a fiscal emergency outlined in the Governor's Declaration of Fiscal Emergency and supporting Concise Statement of Facts dated October 24, 2011, no longer exist.

25. In recognition of the end of the fiscal emergency in the City of Harrisburg, and pursuant to Section 608(a) of Act 47, 53 P.S. § 11701.608(a), the Secretary has certified that the City of Harrisburg is no longer subject to the financial distress that is prerequisite to the existence of a fiscal emergency and the imposition of a receivership as prescribed by Section 602(a) and Section 702(d)(3) of Act 47; the economic conditions that lead to the Declaration of Fiscal Emergency have been alleviated as a result of the closing and funding of the Incinerator and parking system transactions; and the statutory criteria prerequisite to the existence of a fiscal emergency have abated. The Secretary's Notice and Certification is attached hereto as Exhibit "A". *See also* Strong Plan: "*Part Eleven: Plan Implementation and Retention of Jurisdiction*" at pp. 63-64.

IV. RELIEF SOUGHT— VACATION OF THE RECEIVERSHIP AND AUTHORIZATION FOR APPOINTMENT OF A COORDINATOR

26. The averments of paragraphs one (1) through twenty-five (25) are incorporated herein by reference as if set forth in full.

27. Because the fiscal emergency confronting the City of Harrisburg has been resolved, there is no statutory justification for the continued appointment or service of the Receiver for the City of Harrisburg. *See* 53 P.S. §§ 11701.601-610. Accordingly, as the official authorized to seek the appointment of a receiver in the first instance, 53 P.S. § 11701.702, seek extension of the receivership, 53 P.S. § 11701.710(b), and certify the end of the fiscal emergency, 53 P.S. § 11701.608(a), and in conformity with applicable provisions of the Strong Plan, this Court's Order confirming the Strong Plan, and the Order of November 27, 2013 granting the extension of the receivership, the Secretary of DCED now requests that this Honorable Court vacate the appointment of the Receiver for the City of Harrisburg effective March 1, 2014.

28. The Secretary recognizes that the closing and funding of the Incinerator and parking system transactions, while a monumental step in Harrisburg's fiscal recovery, is only one step. As such, ongoing implementation of all remaining initiatives and goals of the Strong Plan still require continued administration by a suitably appointed Act 47 official, as is the intent and design of the Act.

29. Although the fiscal emergency and the necessity for receivership have subsided, the City of Harrisburg remains fiscally distressed and subject to the provisions of Chapters 2 through 5 of Act 47, and will remain so until such time as

the Secretary issues a determination pursuant to Section 253 of Act 47 that the City's status as a distressed municipality has been rescinded. *See* 53 P.S. § 11701.253. *See also* Strong Plan: "*Part Eleven: Plan Implementation and Retention of Jurisdiction*" at pp. 63-64. In such non-Chapters 6 and 7 governed circumstances, the employment of a Coordinator is the manner in which Act 47 contemplates the administration and implementation of a recovery plan. *See* 53 P.S. § 11701.221-224.

30. Absent a fiscal emergency, Act 47 intends and authorizes a Coordinator to **"administer a plan designed to relieve the financial distress of the municipality which he has been appointed to serve."** 53 P.S. § 11701.221(d) (emphasis added). The Coordinator is appointed by the Secretary of DCED, may be an employee of the Department, and is compensated by the Department. 53 P.S. § 11701.221(a)-(c).

31. The Secretary, in moving to vacate the receivership of the City of Harrisburg, reiterates the Commonwealth's commitment and resolve to support the full and successful implementation of all the initiatives of the Harrisburg Strong Plan. In addition, the Secretary understands and appreciates the importance of continuity in those who have played vital roles in the formulation of the Harrisburg Strong Plan, and the consensus building that has been the cornerstone of the Plan's development and initial successful implementation.

32. To ensure the unimpeded and continuing implementation of the Harrisburg Strong Plan, were this Honorable Court to grant the relief requested herein, the Secretary intends to appoint Frederick Reddig, Special Assistant for Act 47 and Local Government Affairs at DCED and current Acting Administrator for the Office of the Receiver, to serve as the Coordinator responsible for administration and implementation of the Harrisburg Strong Plan. Mr. Reddig has been intimately involved in the management of Harrisburg's Act 47 participation since the City's initial application to enter Act 47 in 2010, and has worked in close concert with the Receiver and his team, City officials, and creditors in the development, negotiation, and support of the Harrisburg Strong Plan.

33. To further assure Mr. Reddig's successful administration and implementation of the Harrisburg Strong Plan in his intended capacity as the Coordinator, the same team of professionals (legal counsel, financial advisors, consulting firms) that have supported the Office of the Receiver throughout the resolution of the fiscal emergency will be assigned and further engaged to assist the Coordinator and will continue to foster all aspects of further Plan implementation in the same manner they now provide such service to the Receiver.

34. In requesting that the receivership be vacated in favor of the appointment of a Coordinator to administer implementation of the Harrisburg Strong Plan, the Secretary is cognizant of the importance that all constituent parties

to the Harrisburg Strong Plan – the City, its creditors, and the Commonwealth – be assured that the mandates of the Plan be certain, reliable and enforceable should an instance of non-compliance arise during implementation.

35. Section 704 of Act 47, which is unaffected by the relief requested in this Application, provides an initial measure of confidence in the enforceability of the Harrisburg Strong Plan by providing that the “confirmation of the recovery plan and any modification to the receiver’s plan under section 703 shall have the effect of...imposing on the elected and appointed officials of the distressed city or an authority a mandatory duty to undertake the acts set forth in the recovery plan...” 53 P.S. § 11701.704(a)(1). Thus, this Honorable Court’s Order dated September 23, 2013, confirming the modifications to the Receiver’s recovery plan known as the Harrisburg Strong Plan, has the ongoing effect of imposing obligatory compliance with the provisions of the Plan upon the elected and appointed officials of the City of Harrisburg and its authorities, irrespective of whether the receivership of the City is vacated.

36. In addition to the command of Section 704(a)(1), the Secretary requests that the Court, should it grant the relief requested herein, expressly retain jurisdiction over the enforcement of the September 23, 2013 Order confirming the Harrisburg Strong Plan, and to expressly authorize the Coordinator to seek enforcement of the Order in the event any instance of non-compliance with the

Strong Plan should arise during implementation, including under Section 709(a) of Act 47. Likewise, it is requested that the City similarly retain its entitlement to pursue the relief provided for under Section 709(b) against the Coordinator, if necessary.

37. In addition to maintaining jurisdiction over the enforcement of the Strong Plan and any subsequent modifications, it is further requested that the Coordinator be expressly authorized, as contemplated by the Plan's provisions, and as the Receiver is so authorized under Sections 706, 708 and 709 of Act 47, to perform all functions and responsibilities in the Harrisburg Strong Plan otherwise designated for performance by the Receiver, including, without limitation, all obligations of the Receiver under the settlement agreements by and among Assured Guaranty Municipal Corporation and the County of Dauphin, the Receiver, and any other constituent parties to the Harrisburg Strong Plan. *See* Strong Plan: "*Part Eleven: Plan Implementation and Retention of Jurisdiction*" at pp. 63-64. More specifically, it is expressly contemplated and intended that the Coordinator will perform all functions and responsibilities that are otherwise reposed in the Receiver under Parts Seven and Nine of the Plan. *See* Strong Plan: *Part Seven: Fundings for Economic Development, Infrastructure Improvements and For a Health Care Trust*" at pp. 53-59; *Part Nine: Pursuit of Incinerator-Related Claims*" at pp. 60-62.

38. The Secretary represents and certifies to this Honorable Court the following: (a) the fiscal emergency that jeopardized the health, safety and welfare of the citizens of the City of Harrisburg has ended; (b) the Receiver for the City of Harrisburg is no longer statutorily authorized, necessary or vital to the ongoing effective implementation of the Harrisburg Strong Plan in the absence of a fiscal emergency; and (c) Frederick Reddig is eminently qualified to serve as the Coordinator for the City of Harrisburg to oversee the continued and complete implementation of the Harrisburg Strong Plan.

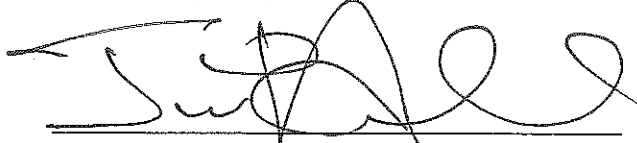
39. In the event the relief requested in this Application is granted, the Secretary requests that the effective date of the termination of the receivership be March 1, 2014, to allow adequate time for the orderly transition of the responsibilities of Plan implementation from the Receiver to the Coordinator.

40. The relief requested in the within Application has been coordinated with the Office of the Receiver, and the Receiver concurs in the requested relief as evidenced by the Certificate of Concurrence attached hereto as Exhibit "B".

WHEREFORE, for the reasons more fully set forth above, the Secretary of Community and Economic Development hereby requests that this Honorable Court (i) vacate the receivership for the City of Harrisburg, Dauphin County; (ii) authorize ongoing implementation of the Harrisburg Strong Plan by a Coordinator in accordance with Section 221 of Act 47; (iii) authorize the Coordinator to perform all the functions and responsibilities in the Harrisburg Strong Plan designated for performance by the Receiver for the City of Harrisburg; and (iv) retain jurisdiction over the enforcement of this Court's Order confirming and approving the Harrisburg Strong Plan to permit the Coordinator to seek enforcement of the Order and any component of the recovery plan in the event of non-compliance therewith.

Respectfully submitted,

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**Attorneys for C. Alan Walker, in his capacity as
Secretary of Community and Economic
Development**

DATE:

1/16/2014

IN THE COMMONWEALTH COURT OF PENNSLVANIA

C. ALAN WALKER, in his capacity :
as Secretary for the Department of :
Community and Economic Development, :
 :
Petitioner : NO. 569 MD 2011
 :
v. :
 :
CITY OF HARRISBURG, :
 :
Respondent :

VERIFICATION

The undersigned, C. Alan Walker, in his official capacity as Secretary of Community and Economic Development, hereby verifies that the facts set forth in the foregoing Application are true and correct to the best of his knowledge, information and belief and further states that false statements herein are made subject to the penalties of 18 Pa.C.S. Section 4904 relating to unsworn falsification to authorities.

Date: 1/16/14

C. Alan Walker
C. ALAN WALKER
Secretary of Community and Economic Development

EXHIBIT A

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

C. Alan Walker, in his capacity as
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No. 569 M.D. 2011

NOTICE AND CERTIFICATION

I, C. Alan Walker, in my capacity as Secretary of Community and Economic Development, and as the Petitioner and proponent of the Application contemporaneously filed herewith in the above-referenced matter, hereby provide written notice and certification pursuant to the authority vested in me by Section 608(a) of the Act of July 10, 1987 (P.L. 246, No.47), as amended, 53 P.S. §§ 11701.101 *et seq.* (Act 47), as follows:

1. I certify that the City of Harrisburg is no longer subject to the financial distress that is prerequisite to the existence of a fiscal emergency and the imposition of a receivership as prescribed by Section 602(a) and Section 702(d)(3) of Act 47.

2. The statutory criteria that existed at the time of the issuance of the Declaration of Fiscal Emergency – City of Harrisburg, Pennsylvania” (Declaration of Fiscal Emergency) signed by Governor Tom Corbett on October 24, 2011 and in effect since that date, have been alleviated as evidenced by the following:

a. The Court’s confirmation of the consensual Harrisburg Strong Plan¹ by Order of Court dated September 23, 2013, and the City of Harrisburg’s adoption and in process implementation of the said Plan; and

b. The successful completion of the closing and funding of the Incinerator Transaction and Parking Transaction, which are critical components of and more fully described in the Harrisburg Strong Plan.

c. The end of the fiscal emergency that jeopardized the health, safety and welfare of the citizens of the City of Harrisburg and, as a necessary consequence, the annulment of the Declaration of Fiscal Emergency.

3. Pursuant to and as contemplated by Part Eleven of the Harrisburg Strong Plan, I therefore have sought Court approval of the following:

a. The termination of the receivership of the City of Harrisburg to be effective March 1, 2014;

b. Authorization of my appointment of Frederick Reddig as the Coordinator, effective March 1, 2014, to oversee the continued implementation of

¹ Capitalized terms herein shall have the meaning ascribed to such terms in the Harrisburg Strong Plan.

the Harrisburg Strong Plan in accordance with the provisions of Section 221(b)-(d) of the Municipalities Financial Recovery Act, as amended (the "Act").

4. Notwithstanding my request that the receivership of the City of Harrisburg be vacated, the City of Harrisburg shall continue to be subject to Act 47, until such time as I have issued a determination pursuant to Section 253 of the Act that the City's status as financially distressed, as such term is contemplated by the provisions of Chapters 2, 3, and 4 of the Act, is rescinded.

Respectfully submitted,

DATE: 1/16/14

C. Alan Walker
C. Alan Walker
Secretary of Community and Economic
Development

EXHIBIT B

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

C. Alan Walker, in his capacity as
Secretary for the Department of
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v.

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CERTIFICATE OF CONCURRENCE

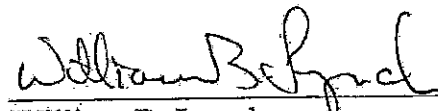
I, William B. Lynch, Receiver for the City of Harrisburg, have reviewed the averments set forth in the Application to Vacate the Receivership for the City of Harrisburg and Authorize Ongoing Implementation of the Harrisburg Strong Fiscal Recovery Plan by a Coordinator in Accordance with Section 221 of Act 47, and I have participated in the coordination of the course of action reflected in the Application in cooperation with the Pennsylvania Department of Community and Economic Development, and specifically Frederick Reddig, the Governor's Office of General Counsel, and my supporting team of financial and legal professionals.

I concur with the representations and certifications made by Secretary Walker in paragraph thirty-eight (38) of the Application, specifically that (a) the fiscal emergency that jeopardized the health, safety and welfare of the citizens of the City of Harrisburg has ended; (b) the Receiver for the City of Harrisburg is no longer statutorily authorized, necessary or vital to the ongoing effective implementation of the Harrisburg Strong Plan in the absence of a fiscal emergency; and (c) Frederick Reddig is eminently qualified to serve as the Coordinator for the City of Harrisburg to oversee the continued and complete implementation of the Harrisburg Strong Plan.

Accordingly, in my capacity as the Receiver for the City of Harrisburg, I endorse the averments of the Application filed by Secretary Walker and concur with the relief requested therein.

Respectfully submitted,

DATE: Jan 16, 2014



William B. Lynch
Receiver for the City of Harrisburg

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

C. ALAN WALKER, in his capacity as
Secretary for the Department of
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Respondent

CERTIFICATE OF SERVICE

The undersigned hereby certifies that on this 16th day of January, 2014, contemporaneously with filing with the Court, I served a true and correct copy of the foregoing APPLICATION TO VACATE THE RECEIVERSHIP FOR THE CITY OF HARRISBURG AND DIRECT ONGOING IMPLEMENTATION OF THE HARRISBURG STRONG FISCAL RECOVERY PLAN BY A COORDINATOR IN ACCORDANCE WITH SECTION 221 OF ACT 47 via confirmed electronic mail transmission as well as via first class mail, postage prepaid upon the individuals identified on Exhibit A hereto at the addressees indicated on Exhibit A.

EXHIBIT A

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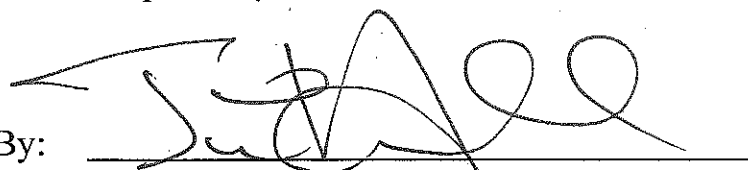
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Respectfully submitted,

Date: January 16, 2014

By:

A handwritten signature in black ink, appearing to read 'Jarad W. Handelman', written over a horizontal line.

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