

C. ALAN WALKER, IN HIS  
CAPACITY AS SECRETARY  
FOR THE DEPARTMENT OF  
COMMUNITY AND ECONOMIC  
DEVELOPMENT

V.

Respondent.

NO. 569 MD 2011

AND NOW, this                      day of                      , 2014, the

Coordinator having filed an APPLICATION FOR APPROVAL OF GOVERNANCE PROPOSAL AND ACTION PLAN PURSUANT TO THE HARRISBURG STRONG PLAN (the “Application”), it is hereby ORDERED, as follows:

1. The Coordinator shall publish notice of the filing of the Application in a newspaper of general circulation in Harrisburg, Dauphin County, Pennsylvania, which shall provide that any response to the Application shall be filed with the Court on or before \_\_\_\_\_, 2014, with a copy served on the Coordinator.

2. If any responses filed with the Court are determined by the Court to be in the nature of an objection to the Application, the Court shall schedule a hearing to consider the objection(s) filed to the Application.

BY THE COURT:

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BONNIE BRIGANCE LEADBETTER,

Judge

C. ALAN WALKER, IN HIS :  
CAPACITY AS SECRETARY :  
FOR THE DEPARTMENT OF :  
COMMUNITY AND ECONOMIC :  
DEVELOPMENT :

V.

CITY OF HARRISBURG

AND NOW, this \_\_\_\_\_ day of \_\_\_\_\_, 2014, upon consideration of the Coordinator's APPLICATION FOR APPROVAL OF GOVERNANCE PROPOSAL AND ACTION PLAN PURSUANT TO THE HARRISBURG STRONG PLAN (the "Application"), the Court hereby finds as follows:

1. By Order dated September 23, 2013, this Court confirmed the modified recovery plan for the City of Harrisburg (“Harrisburg Strong Plan”) submitted by Major General Lynch, the Court appointed Receiver for the City of Harrisburg (the “City”), pursuant to § 703(e) of Act 47.

2. 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 Harrisburg Strong Plan that had been completed, modified, or amended in accordance with the Plan.

3. The Order confirming the Harrisburg Strong Plan specifically authorized, “subject to the satisfaction or waiver of the Conditions to Consummation and the closing and funding of the Incinerator Transaction and the Parking Transaction, the creation, implementation and funding of each of the Strong EDC, Strong IIC and the Harrisburg OPEB Trust.”

4. On November 27, 2013, this Court ordered the continuation of Receivership for the City until December 1, 2015, or until further Order of the Court.

5. On February 25, 2014, this Court ordered that the Receivership of the City be terminated on March 1, 2014.

6. Also in the February 25, 2014 Order, this Court directed that the Secretary appoint a Coordinator in accordance with section 221 of Act 47 to be authorized and directed to oversee the ongoing implementation of the Harrisburg Strong Plan, effective March 1, 2014.

7. Frederick A. Reddig was appointed by the Secretary as Coordinator pursuant to the Court’s February 25, 2014 Order.

8. Pursuant to this Court's Order of February 25, 2014, the Coordinator is the successor to the Receiver for all purposes relating to the Harrisburg Strong Plan and agreements attendant thereto and the Coordinator was further authorized and directed, as contemplated by the Harrisburg Strong Plan's provisions, to perform all functions and responsibilities in the Harrisburg Strong Plan otherwise designated for performance by the Receiver.

9. Pursuant to this Court's Order of February 25, 2014, jurisdiction over the enforcement of the Order of September 23, 2013, confirming the provisions of the Harrisburg Strong Plan, and any subsequent modifications thereto, was expressly retained by this Court.

10. The Harrisburg Strong Plan authorized the establishment of a Task Force to:

- a. Further refine the purposes of Strong EDC and Strong IIC;
- b. Identify and assign priorities to Strong EDC's and Strong IIC's respective proposed activities;
- c. Make recommendations concerning certain governance features of Strong EDC and Strong IIC; and
- d. Create an action plan for each of Strong EDC and Strong IIC.

11. In January 2014, the Receiver made appointments to a nine member Task Force, which was tasked with completing the Governance Proposal and

Action Plan within four months to be submitted to the Receiver for review and approval.

12. The Task Force first met on March 10, 2014 and established three subcommittees that held numerous meetings and reported back to the Task Force to address the Governance Proposal, Action Plan, and public outreach.

13. The Task Force engaged legal counsel to provide assistance in the preparation of draft organizational documents.

14. The Task Force conducted two public meetings on May 29 and June 19 to receive public input on the Governance Proposal and Action Plan.

15. The Task Force's Governance Proposal and Action Plan has been reviewed, modified to the extent necessary in consultation with the Task Force, and approved by the Coordinator.

16. The Task Force specifically recognized in the Governance Proposal that "economic development and infrastructure improvements work hand-in-hand in supporting and spurring economic activity and that, by working in concert, these efforts may have a greater impact on the economy of the City."

17. The Governance Proposal and Action Plan recommends the incorporation of a single not-for-profit corporation, named IMPACT HARRISBURG, to efficiently coordinate the economic development and

infrastructure improvement efforts within the City as identified in the Harrisburg Strong Plan.

18. The Governance Proposal and Action Plan further provides that “The Task Force recommends the implementation and administration of one (1) funding program (the “Program”) for purposes of allocating and awarding the economic development funding and infrastructure improvement funding as set forth in the IMPACT HARRISBURG Program guidelines found at Appendix VI. The Program maintains the integrity of the two (2) separate funds and respective goals and objectives of the economic development fund and infrastructure improvement fund.”

19. Under the Harrisburg Strong Plan, \$16 million of proceeds from the Parking Monetization, denominated in the Plan as the Initial Harrisburg Growth Funding, upon formation of the Strong EDC, Strong IIC and the Harrisburg Trust, would be allocated among those entities such that the Strong EDC and Strong IIC would each receive \$6,153,846 and the Harrisburg OPEB Trust would receive \$3,692,308.

20. PennDOT has issued a written commitment, dated December 16, 2013 providing that it was amenable to providing \$2 million annually “in kind” or in cash to pay for road or bridge infrastructure work over a five-year period starting in 2014. It is anticipated that PennDOT will fully comply with its commitment, in

its December 16, 2013 letter, and, if so, the City of Harrisburg will receive the benefit of \$10 million in cash or “in kind” over the five-year period ending in 2018 and such cash proceeds or in-kind services will be used for improving the City’s infrastructure. As such, and assuming that PennDOT fully performs as contemplated, it is not anticipated that there will be additional funding of the economic development, infrastructure or OPEB Trust funds except to the extent that there are proceeds from the successful pursuit of incinerator claims.

21. Having considered the circumstances and the likelihood that there are not apt to be additional fundings for economic development, infrastructure improvement or to add to the OPEB Trust, the Task Force has recommended, and The Governance Proposal and Action Plan provides that the allocations of the \$16 Million among the three intended uses should be left as initially proposed in the Plan and confirmed by this Court.

22. Were there to be additional sums forthcoming from the \$6,666,667 Supplemental Harrisburg Growth Reserve Account to benefit one or more of the funds because PennDOT were not to fulfill all its \$10 Million of commitments, the Task Force recommends and the Governance Proposal and Action Plan provides that 20/26<sup>ths</sup> of additional funds would be distributed to IMPACT HARRISBURG, half of which would be deposited into the separately maintained economic



development fund and the other half deposited into the infrastructure improvement fund, and the remaining 6/26<sup>ths</sup> deposited into the OPEB Trust account.

23. The Task Force recommends and the Governance Proposal and Action Plan provides that 60% of the incinerator recovery distributions to be made from time to time would be made to IMPACT HARRISBURG, and half of that amount in turn would be allocated to each of the economic development and infrastructure improvement funds established by IMPACT HARRISBURG.

24. In furtherance of the overarching goal of achieving effective execution of a “resource-coordinated, comprehensive long term impact strategy for economic development and infrastructure in the City,” the Governance Proposal and Action Plan provides for the board of IMPACT HARRISBURG to approve a five-year action plan, which “will be consistent with and support the strategies of the comprehensive plans of the City and Capital Region Water.”

25. The Governance Proposal and Action Plan provides that “at such time as the IMPACT HARRISBURG board determines that IMPACT HARRISBURG is no longer required to exist or its available funds are so minimal that they are unable to make an impact, the IMPACT HARRISBURG board shall pay all liabilities and distribute any minimal property and assets to an existing not-for-profit with a similar mission, or to the City, contingent upon their use being only for the express purposes and goals of economic development and infrastructure

improvements, and not for the purpose of ordinary City operations or transfer to the City's General Fund, as set forth in accordance with the Harrisburg Strong Plan and the Articles of Incorporation of IMPACT HARRISBURG."

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

1. The Governance Proposal and Action Plan is **APPROVED**.
2. The Harrisburg Strong Plan, as previously modified, is **MODIFIED** to incorporate therein the Governance Proposal and Action Plan.
3. The Coordinator is **AUTHORIZED AND DIRECTED** to:
  - a. Cause IMPACT HARRISBURG to be formed under the Pennsylvania Nonprofit Corporation Law and of the \$100,000 from the economic development and infrastructure improvement trust accounts identified in the Harrisburg Strong Plan to fund the costs associated with the formation of IMPACT HARRISBURG, utilize up to \$25,000 for this purpose;
  - b. Distribute any remaining amount of the allocated \$100,000 to the costs associated with updating the Comprehensive Plan for the City of Harrisburg.
  - c. Cause the Articles of Incorporation of IMPACT HARRISBURG to provide for the members of the board of directors and to

be incorporated for the following charitable purposes (the "Charitable Purposes") within the meaning of section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code") to benefit the City:

i. to assist in and engage in the improvement of the infrastructure of the City as allowed by section 501(c)(3) of the Code, including but not limited to:

1. making grants and low interest loans to, or to subsidize grants or guaranty loans, made for the purpose of clearing, rebuilding, and rehabilitating blighted and deteriorated structures located in the City;

2. making grants and low interest loans to, or to subsidize grants or guaranty loans, made for the purpose of clearing, rebuilding, and rehabilitating blighted and deteriorated streets, sidewalks, light posts, and other aesthetic improvements located in the City; and

3. making grants and low interest loans to, or to subsidize grants or guaranty loans, made for the purpose of eliminating and preventing blight and deterioration of the City's infrastructure and to promote the general well-being and livelihood of the residents of the City.

ii. to assist in and engage in economic development within the City as allowed by section 501(c)(3) of the Code, including but not limited to:

1. making grants and low interest loans to, or to subsidize grants or guaranty loans made to, entrepreneurs and businesses that are located or operating in the City or intend to locate or operate in the City to assist in the creation of jobs for the City and the realization of tax revenues for the City;

2. making grants and low interest loans to, or to subsidize grants or guaranty loans made to, entrepreneurs and businesses that are located or operating in the City or intend to locate or operate in the City and have experienced difficulty in obtaining traditional financing because of the deteriorated nature of the City;

3. making grants and low interest loans to, or to subsidize grants or guaranty loans made to, entrepreneurs and businesses that are located or operating in the City or intend to locate or operate in the City which are owned or operated by a disadvantaged group, the unemployed, or the underemployed; and

4. making grants and low interest loans to, or to subsidize grants or guaranty loans made to, entrepreneurs and businesses that are located or operating in the City or intend to locate or operate in the City to provide job training.

iii. to encourage participation in the improvement of infrastructure in the City by residents of the City;

iv. to encourage participation in the economic development of the City by residents of the City;

v. to lessen the burdens of government for the City through the development of business in the City and the improvement of the City's infrastructure;

vi. to receive (by gift, bequest, grant, or otherwise) and administer funds for such Charitable Purposes, including but not limited to distributing such funds to other organizations that qualify as exempt organizations under section 501(c)(3) of the Code in further of the Charitable Purposes of such other exempt organization;

vii. to solicit and receive contributions, whether unrestricted or for designated purposes, consistent with the Charitable Purposes, and if designated or restricted, hold the same for such designated

Charitable Purposes or subject to such conditions as may be specified in the terms of the gift or grant;

viii. to otherwise operate exclusively for the Charitable Purposes set forth herein and, without otherwise limiting its powers, exercise all rights and powers conferred by the laws of the Commonwealth of Pennsylvania upon nonprofit corporations; and

ix. that under no circumstances shall funds from the economic development fund and infrastructure improvement fund be distributed to support or to underwrite the operations of any entity, or be transferred or loaned for any purpose to the City's General Fund or other account of the City or to any of the City's authorities or instrumentalities.

d. Cause IMPACT HARRISBURG to utilize and maintain a separate economic development fund and infrastructure improvement fund that maintain the respective goals and objectives of the Harrisburg Strong Plan for the Strong EDC and Strong IIC and that the allocation of funds received by IMPACT HARRISBURG for those purposes be in accordance with the formulae and in the amounts as set forth in the Application; and

e. Cause IMPACT HARRISBURG to implement a comprehensive and coordinated economic development and infrastructure improvement five-year action plan.

f. In furtherance of the above, the Coordinator will:

i. Cause IMPACT HARRISBURG to complete its organization and to file IRS Form 1023 and all related documents necessary to support application for recognition of exemption under Section 501 (c)(3) of the Code;

ii. Cause IMPACT HARRISBURG to complete any and all additionally required state and local registrations to conduct fundraising activities; and

iii. Cause IMPACT HARRISBURG to implement a comprehensive and coordinated economic development and infrastructure improvement five-year action plan.

BY THE COURT:

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BONNIE BRIGANCE LEADBETTER,

Judge

**IN THE COMMONWEALTH COURT OF PENNSYLVANIA**

C. ALAN WALKER, IN HIS  
CAPACITY AS SECRETARY  
FOR THE DEPARTMENT OF  
COMMUNITY AND ECONOMIC  
DEVELOPMENT

Petitioner,

V.

NO. 569 MD 2011

CITY OF HARRISBURG

Respondent.

**APPLICATION FOR APPROVAL OF GOVERNANCE PROPOSAL AND  
ACTION PLAN PURSUANT TO THE HARRISBURG STRONG PLAN**

AND NOW, comes the Coordinator for the City of Harrisburg, appointed by 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 furtherance of the duties imposed on him by section 221(d) of 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 approve the Governance Proposal and Action Plan in accordance with the implementation of the Harrisburg Strong Plan.



## **I. INTRODUCTION**

1. By Order dated September 23, 2013, this Court confirmed the modified recovery plan for the City of Harrisburg ("Harrisburg Strong Plan") submitted by Major General Lynch, the Court appointed Receiver for the City of Harrisburg (the "City"), pursuant to § 703(e) of Act 47.

2. 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 Harrisburg Strong Plan that had been completed, modified, or amended in accordance with the Plan.

3. The Order confirming the Harrisburg Strong Plan specifically authorized, "subject to the satisfaction or waiver of the Conditions to Consummation and the closing and funding of the Incinerator Transaction and the Parking Transaction, the creation, implementation and funding of each of the Strong EDC, Strong IIC and the Harrisburg OPEB Trust."

4. On November 27, 2013, this Court ordered the continuation of Receivership for the City until December 1, 2015, or until further Order of the Court.

5. On February 25, 2014, this Court ordered that the Receivership of the City be terminated on March 1, 2014.

6. Also in the February 25, 2014 Order, this Court directed that the Secretary appoint a Coordinator in accordance with section 221 of Act 47 to be authorized and directed to oversee the ongoing implementation of the Harrisburg Strong Plan, effective March 1, 2014.

7. Frederick A. Reddig was appointed by the Secretary as Coordinator pursuant to the Court's February 25, 2014 Order.

8. Pursuant to this Court's Order of February 25, 2014, the Coordinator is the successor to the Receiver for all purposes relating to the Harrisburg Strong Plan and agreements attendant thereto and the Coordinator was further authorized and directed, as contemplated by the Harrisburg Strong Plan's provisions, to perform all functions and responsibilities in the Harrisburg Strong Plan otherwise designated for performance by the Receiver.

9. Pursuant to this Court's Order of February 25, 2014, jurisdiction over the enforcement of the Order of September 23, 2013, confirming the provisions of the Harrisburg Strong Plan, and any subsequent modifications thereto, was expressly retained by this Court.

**II. RELIEF SOUGHT – APPROVAL OF THE GOVERNANCE PROPOSAL AND ACTION PLAN OF IMPACT HARRISBURG IN ACCORDANCE WITH THE IMPLEMENTATION OF THE HARRISBURG STRONG PLAN.**

10. The averments of paragraphs 1 through 9 are incorporated herein by reference as if set forth in full.

11. Part Seven of the Harrisburg Strong Plan calls for funding for economic development, infrastructure improvements and for a health care trust.

12. With respect to the objectives of economic development and infrastructure improvement, the Harrisburg Strong Plan authorized the establishment of two separate not-for-profits for the purpose of administering each objective.

13. The Harrisburg Strong Plan also authorized the use of up to \$100,000 from the economic development and infrastructure improvement trust accounts to “fund the costs associated with the formation of Strong EDC and Strong IIC and related costs[.]” Harrisburg Strong Plan at 56.

14. Strong EDC was “intended to be organized and operated for the purpose of engaging in a wide-range of economic development and related activities for the benefit of the City, including activities designed to revitalize and expand the City’s revenues through new sources of tax revenues by successful new and expanded business activity and investments in infrastructure and other improvements within the City.” Harrisburg Strong Plan at 53.

15. Strong IIC was “intended to be organized and operated for the purpose of engaging in a wide-range of maintenance, operation, repair and improvement projects related to City infrastructure, including a focus on

improvement of the quality of life in the City to encourage investment in the City by existing and new businesses and the resident population.” Id.

16. Both Strong EDC and Strong IIC were intended to “lessen the burdens of government, promote commerce, encourage economic development and employment, attract new businesses, combat community deterioration, encourage stabilization and stimulation of new job development and retention of jobs.” Id.

17. In furtherance of these goals, the Harrisburg Strong Plan called for the two organizations to “engage in some or all of the following functions: (i) development, whether through co-development with other organizations or investors or otherwise, acquisition, ownership, lease and divestiture of facilities to existing businesses, relocating businesses, or start-up local businesses; (ii) solicitation and acceptance of funding, including in the form of loans, grants, other financial assistance or issuance of debt obligations, from public and private sector entities engaged in economic development activities; (iii) provision of technical and grant assistance, low-interest loans or grants to individuals and businesses for creation, expansion and relocation to the City, including increasing the opportunities and capacity for minority and other disadvantaged groups, women-owned businesses and others; (iv) provision of resources and funding for local job training and development for the retention, expansion, creation and attraction of jobs and businesses to the City; and (v) investment in other entities, agencies and

organizations that provide funds to new and existing businesses that foster local job creation and diversity in the workforce, supplier chains and area assets.” Id at 53-54.

18. Part 5 G. of the Harrisburg Strong Plan provided for funding for Strong EDC and Strong IIC from Initial Harrisburg Growth Funding, Supplemental Harrisburg Growth Fundings, and possible additional source of funds to benefit the City derived from the successful pursuit of incinerator claims (the “Strong EDC and Strong IIC Funding”). Id at 34-37.

19. The Harrisburg Strong Plan provided that the Strong EDC and Strong IIC were to operate “such that, under their express governing documents, the amounts deposited in each of them and where applicable, the income generated by them, are not ever to be transferred or loaned for any purpose to the City’s General Fund or other account of the City or to any of the City’s authorities or instrumentalities. In that sense, the sums allocated to each respective entity are permanently to be used for the exclusive purpose of each such entity.” Id at 35.

20. Both organizations were envisioned by the Harrisburg Strong Plan to obtain section 501(c)(3) status in order to achieve exemptions from federal tax, Pennsylvania corporate income tax and certain other local taxes. Id.

21. The Harrisburg Strong Plan authorized the establishment of a Task Force to:

- a. Further refine the purposes of Strong EDC and Strong IIC;
- b. Identify and assign priorities to Strong EDC's and Strong IIC's respective proposed activities;
- c. Make recommendations concerning certain governance features of Strong EDC and Strong IIC; and
- d. Create an action plan for each of Strong EDC and Strong IIC.

Id at 53-54.

22. In January 2014, the Receiver made appointments to a nine member Task Force, which was tasked with completing the Governance Proposal and Action Plan within four months to be submitted to the Receiver for review and approval.

23. The Task Force first met on March 10, 2014 and established three subcommittees that held numerous meetings and reported back to the Task Force to address the Governance Proposal, Action Plan, and public outreach.

24. The Task Force engaged legal counsel to provide assistance in the preparation of draft organizational documents.

25. The Task Force conducted two public meetings on May 29 and June 19 to receive public input on the Governance Proposal and Action Plan.

26. The Task Force's Governance Proposal and Action Plan, attached hereto as Exhibit "A," has been reviewed, modified to the extent necessary in consultation with the Task Force, and approved by the Coordinator.

27. After analyzing Harrisburg's current condition, the Task Force specifically recognized in the Governance Proposal that "economic development and infrastructure improvements work hand-in-hand in supporting and spurring economic activity and that, by working in concert, these efforts may have a greater impact on the economy of the City." Governance Proposal and Action Plan at 3.

28. Consequently, the Governance Proposal and Action Plan recommends that rather than having two distinct entities, one focused on economic development and the other infrastructure improvements, there be incorporated a single not-for-profit corporation, named IMPACT HARRISBURG, to efficiently coordinate both the economic development and infrastructure improvement efforts within the City as identified in the Harrisburg Strong Plan.

29. The Governance Proposal and Action Plan further provides that "[t]he Task Force recommends the implementation and administration of one (1) funding program (the "Program") for purposes of allocating and awarding the economic development funding and infrastructure improvement funding as set forth in the IMPACT HARRISBURG Program guidelines found at Appendix VI." Governance Proposal and Action Plan at 6. Recognizing that in certain

circumstances a funding can be viewed in part as fostering both economic development and infrastructure improvement, the primary goal and objective of every funding should be reasonably evident and determinable. As such, the Program contemplates that the two (2) separate funds that were initially contemplated by the Harrisburg Strong Plan, one for economic development and the other for infrastructure improvements be maintained and further that the use of funds for each purpose be accounted for separately. Similarly, every project shall be denominated as either an infrastructure improvement or economic development project and the sums allocated for every expenditure for that project be attributed to either the economic development fund or the infrastructure improvement fund. Id. at 6.

30. Under the Harrisburg Strong Plan as initially filed on August 26, 2013, it was contemplated that upon the Plan's consummation, \$16 million of proceeds from the Parking Monetization, denominated in the Plan as the Initial Harrisburg Growth Funding, upon formation of the Strong EDC, Strong IIC and the Harrisburg Trust, would be allocated among those entities such that the Strong EDC and Strong IIC would each receive \$6,153,846 and the Harrisburg OPEB Trust would receive \$3,692,308. (Harrisburg Strong Plan, Part Five G.1., page 34.)



31. Of those sums, the Harrisburg Strong Plan specifically authorized up to \$100,000 to be used by the Receiver to fund the costs associated with the formation of the not-for-profits “and related costs.” (Harrisburg Strong Plan, Part Seven B.4., page 56). The anticipated total cost of the formation of IMPACT HARRISBURG is not expected to exceed \$25,000.

32. Critical to the success of IMPACT HARRISBURG is an update of the Comprehensive Plan. (See Harrisburg Strong Plan, Addendum 3, page 81). The Comprehensive Plan is intended to reflect the characteristics that the City is striving to achieve. The Comprehensive Plan is used as a guide for decisions and commitments which are made for future community character and economic development. As the Comprehensive Plan has not been updated since 1974, the Harrisburg Strong Plan identifies its revision as a development initiative priority.

33. The cost of revising the Comprehensive Plan is a concern for the City. The Coordinator has conferred with the Task Force and has received its concurrence to the Coordinator recommending that the remaining \$75,000 allocated to the costs of forming IMPACT HARRISBURG and related costs, be dedicated to costs associated with updating the Comprehensive Plan.

34. When filed, the Harrisburg Strong Plan further expressly contemplated the potential that additional sums from the Parking Monetization might be distributed to the EDC, the IIC and the Harrisburg OPEB Trust.

Specifically, pursuant to Part Five G.2. of the Plan, an additional \$6,666,667 of Parking Monetization Proceeds were set aside to be deposited in an escrow account known as the Supplemental Harrisburg Growth Reserve Account. As that part of the Plan sets forth in considerable detail, the possibility at the time the Plan was proposed was that the Pennsylvania General Assembly might annually appropriate up to \$2 million per year for five years from fuel tax revenues to the benefit of the City of Harrisburg, commencing in 2013. If it did so, those funds, aggregating up to \$10 million, would be supplementally deposited into the EDC, IIC and Harrisburg OPEB Trust in the same ratio as the initial respective distributions to those entities. Were that to fully occur over time, the Plan provided that the funds in the established escrow account would be distributed to Dauphin County and Assured Guaranty as additional recoveries on their claims. Detailed provisions for what would happen if the General Assembly only appropriated some of the contemplated funds were also set forth in the Strong Plan. If the General Assembly were never to make an appropriation of fuel tax revenues to Harrisburg over the contemplated five-year period, the Harrisburg Strong Plan called for all of the \$6,666,667 to be distributed to the EDC, IIC and OPEB Trust according to the established ratios. (Harrisburg Strong Plan, Part Five G.2., at page 35-37.)

35. Between the Plan's confirmation on September 23, 2013 and its consummation, events developed such that it became apparent that there would not

likely be legislation enacted by the General Assembly that would appropriate fuel tax proceeds of up to \$2 million a year for Harrisburg as had been contemplated as a possibility when the Strong Plan was confirmed. However, in lieu thereof, and as reported to this Court prior to the Plan's consummation, PennDOT had issued a written commitment, dated December 16, 2013, to the then-Receiver indicating that it was amenable to providing \$2 million annually "in kind" or in cash to pay for road or bridge infrastructure work starting in 2014. Based upon that representation, the Receiver, in his individual capacity and as Receiver for the City, and with the acquiescence of City Council, entered into a Settlement Agreement, dated December 19, 2013, and with Dauphin County and Assured Guaranty Municipal Corp. (the "Settlement Agreement"). That Settlement Agreement provided, *inter alia*, that if such PennDOT payments of cash or in-kind services were provided, they would be treated in the same manner as if fuel tax appropriations from the General Assembly, as contemplated by the Court-confirmed Plan, had been made.

36. It is currently expected that PennDOT will fully comply with its commitment, in its December 16, 2013 letter, and, if so, the City of Harrisburg will receive the benefit of \$10 million in cash or "in kind" over the five-year period ending in 2018 and such cash proceeds or in-kind services will be used for improving the City's infrastructure. As such, and assuming that PennDOT fully

performs as contemplated, it is not anticipated that there will be additional funding of the economic development, infrastructure or OPEB Trust funds except to the extent that there are proceeds from the successful pursuit of incinerator claims.

37. Having considered the circumstances and the likelihood that there are not apt to be additional fundings for economic development, infrastructure improvement or to add to the OPEB Trust, the Task Force has recommended, and the Governance Proposal and Action Plan provides that the allocations of the \$16 Million among the three intended uses and as referenced in Paragraph 29 above, should be left as initially proposed in the Plan and confirmed by this Court. Though not anticipated, were there to be additional sums forthcoming from the \$6,666,667 Supplemental Harrisburg Growth Reserve Account to benefit one or more of the funds because PennDOT were not to fulfill all its \$10 Million of commitments, the Task Force recommends and the Governance Proposal and Action Plan provides that 20/26<sup>ths</sup> of additional funds would be distributed to IMPACT HARRISBURG, half of which would be deposited into the separately maintained economic development fund and the other half deposited into the infrastructure improvement fund, and the remaining 6/26<sup>ths</sup> deposited into the OPEB Trust account.

38. Future distributions of proceeds from the successful pursuit of incinerator claims are not implicated by the PennDOT commitment, such proceeds

would be distributed in accordance with the Incinerator Claim Recovery Allocation Formula set forth in Part Five, Section G.3. of the Strong Plan, except that to properly conform to the creation of IMPACT HARRISBURG, the Task Force Recommends and the Governance Proposal and Action Plan provides that 60% of the incinerator recovery distributions to be made from time to time would be made to IMPACT HARRISBURG, and half of that amount in turn would be allocated to each of the economic development and infrastructure improvement funds established by IMPACT HARRISBURG. The other contemplated distributions of proceeds from recoveries on Incinerator Claims would remain unchanged.

39. By the express terms of the Settlement Agreement, Assured Guaranty Municipal Corp., County of Dauphin, have no objection to the allocation of proceeds between the economic development fund and the infrastructure improvement fund as set forth in this Application.

40. In furtherance of the overarching goal of achieving effective execution of a “resource-coordinated, comprehensive long term impact strategy for economic development and infrastructure in the City,” the Governance Proposal and Action Plan provides for the board of IMPACT HARRISBURG approving a five-year action plan, which “will be consistent with and support the strategies of the comprehensive plans of the City and Capital Region Water.” Governance Proposal and Action Plan at 9.

41. The Governance Proposal and Action Plan provides that “at such time as the IMPACT HARRISBURG board determines that IMPACT HARRISBURG is no longer required to exist or its available funds are so minimal that they are unable to make an impact, the IMPACT HARRISBURG board shall pay all liabilities and distribute any minimal property and assets to an existing not-for-profit with a similar mission, or to the City, contingent upon their use being only for the express purposes and goals of economic development and infrastructure improvements, and not for the purpose of ordinary City operations or transfer to the City’s General Fund, as set forth in accordance with the Harrisburg Strong Plan and the Articles of Incorporation of IMPACT HARRISBURG.” Governance Proposal and Action Plan at 5-6.

42. The Coordinator fully supports the Governance Proposal and Action Plan that provides:

- a. for the incorporation of IMPACT HARRISBURG for the following charitable purposes (the "Charitable Purposes") within the meaning of section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”) to benefit the City by:
  - i. permitting and authorizing IMPACT HARRISBURG to assist in and engage in the improvement of the infrastructure of the

City as allowed by section 501(c)(3) of the Code, including but not limited to:

1. making grants and low interest loans to, or to subsidize grants or guaranty loans, made for the purpose of clearing, rebuilding, and rehabilitating blighted and deteriorated structures located in the City;
  2. making grants and low interest loans to, or to subsidize grants or guaranty loans, made for the purpose of clearing, rebuilding, and rehabilitating blighted and deteriorated streets, sidewalks, light posts, and other aesthetic improvements located in the City; and
  3. making grants and low interest loans to, or to subsidize grants or guaranty loans, made for the purpose of eliminating and preventing blight and deterioration of the City's infrastructure and to promote the general well-being and livelihood of the residents of the City.
- ii. permitting and authorizing IMPACT HARRISBURG to assist in and engage in economic development within the City as allowed by section 501(c)(3) of the Code, including but not limited to:

1. making grants and low interest loans to, or to subsidize grants or guaranty loans made to, entrepreneurs and businesses that are located or operating in the City or intend to locate or operate in the City to assist in the creation of jobs for the City and the realization of tax revenues for the City;
2. making grants and low interest loans to, or to subsidize grants or guaranty loans made to, entrepreneurs and businesses that are located or operating in the City or intend to locate or operate in the City and have experienced difficulty in obtaining traditional financing because of the deteriorated nature of the City;
3. making grants and low interest loans to, or to subsidize grants or guaranty loans made to, entrepreneurs and businesses that are located or operating in the City or intend to locate or operate in the City which are owned or operated by a disadvantaged group, the unemployed, or the underemployed; and
4. making grants and low interest loans to, or to subsidize grants or guaranty loans made to, entrepreneurs and



businesses that are located or operating in the City or intend to locate or operate in the City to provide job training.

- iii. encouraging participation in the improvement of infrastructure in the City by residents of the City;
- iv. encouraging participation in the economic development of the City by residents of the City;
- v. lessening the burdens of government for the City through the development of business in the City and the improvement of the City's infrastructure;
- vi. authorizing IMPACT HARRISBURG to receive (by gift, bequest, grant, or otherwise) and administer funds for such Charitable Purposes, including but not limited to distributing such funds to other organizations that qualify as exempt organizations under section 501(c)(3) of the Code in further of the Charitable Purposes of such other exempt organization;
- vii. soliciting and receiving contributions, whether unrestricted or for designated purposes, consistent with the Charitable Purposes, and if designated or restricted, hold the same for such

designated Charitable Purposes or subject to such conditions as may be specified in the terms of the gift or grant; and

viii. otherwise operating exclusively for the Charitable Purposes set forth herein and, without otherwise limiting its powers, exercise all rights and powers conferred by the laws of the Commonwealth of Pennsylvania upon nonprofit corporations.

- b. that under no circumstances shall funds from the economic development fund and infrastructure improvement fund be distributed to support or to underwrite the operations of any entity, or be transferred or loaned for any purpose to the City's General Fund or other account of the City or to any of the City's authorities or instrumentalities.
- c. that IMPACT HARRISBURG utilize and maintain a separate economic development fund and infrastructure improvement fund that maintain the respective goals and objectives of the Harrisburg Strong Plan for the Strong EDC and Strong IIC and that the allocation of funds for those purposes be in accordance with the formulae and in the amounts as set forth in this Application; and

- d. that IMPACT HARRISBURG implement a comprehensive and coordinated economic development and infrastructure improvement five-year action plan.

43. Upon approval of the Court, the Coordinator will then:

- a. Cause IMPACT HARRISBURG to be formed under the Pennsylvania Nonprofit Corporation Law;
- b. Cause the Articles of Incorporation of IMPACT HARRISBURG to provide for the members of the board of directors;
- c. Cause IMPACT HARRISBURG to complete its organization and to file IRS Form 1023 and all related documents necessary to support application for recognition of exemption under Section 501 (c)(3) of the Code;
- d. Cause IMPACT HARRISBURG to complete any and all additionally required state and local registrations to conduct fundraising activities; and
- e. Cause IMPACT HARRISBURG to implement a five-year action plan.

44. Attached hereto as Exhibit "B" is the Certificate of Concurrence of the City of Harrisburg.

45. Attached hereto as Exhibit "C" is the Certificate of Concurrence of Dauphin County.

46. In order to afford an opportunity for the general public to provide a response to the Governance Proposal and Action Plan, the Coordinator will publish notice of the filing of this Application in the form attached hereto as Exhibit "D."

WHEREFORE, for the reasons more fully set forth above, the Coordinator for the City of Harrisburg hereby requests that this Honorable Court approve the Governance Proposal and Action Plan.

Respectfully submitted,

Dated: 10/3/14




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Attorneys for the Coordinator

### **Verification**

I, Frederick A. Reddig, Act 47 Coordinator for the City of Harrisburg, hereby verify that the statements made in the foregoing document are true and correct to the best of my knowledge, information and belief. I understand that the statements made herein are made subject to the penalties of 18 Pa.C.S. § 4904 (relating to unsworn falsifications to authorities).

  
\_\_\_\_\_  
Frederick A. Reddig  
Coordinator – City of Harrisburg

## Exhibit A

August 6, 2014

Fred A. Reddig  
Coordinator for the City of Harrisburg  
Department of Community and Economic Development  
Commonwealth Keystone Building  
400 North Street, 4<sup>th</sup> Floor  
Harrisburg, PA 17120

Dear Mr. Reddig,

Pursuant to the Harrisburg Strong Plan, we, the Harrisburg Strong Task Force (the "Task Force"), respectfully submit, for your consideration, the enclosed Governance Proposal and Action Plan, revised by the Task Force in response to your comments received on Wednesday, July 23, 2014. We respectfully request an opportunity to review and provide comment to the draft petition and form of order to be submitted for the Court's consideration.

We appreciate the opportunity to contribute to, and stand ready to continue to assist in, the City of Harrisburg's recovery as called upon.

If you have any questions with regards to this submission or if we can be of any further assistance, please feel free to contact us.

Respectfully submitted,

Harrisburg Strong Task Force

  
Les Ford, Co-Chair

  
Doug Hill, Co-Chair

## EXECUTIVE SUMMARY

The Harrisburg Strong Task Force (the “Task Force”) was appointed in January 2014 by the Receiver for the City of Harrisburg, Major General William B. Lynch pursuant to the Harrisburg Strong Plan, the provisions of which were confirmed by Court Order on September 23, 2013 by Commonwealth Court. Under the Harrisburg Strong Plan, the nine-member Task Force is constituted to develop a Governance Proposal and Action Plan for each of the two (2) not-for-profit corporations whose purposes would be to promote economic development and infrastructure improvements within the City of Harrisburg, respectively. Each corporation is intended to “lessen the burdens of government, promote commerce, encourage economic development and employment, attract new businesses, combat community deterioration, encourage stabilization and stimulation of new job development and retention of jobs.”<sup>1</sup>

The Task Force respectfully recommends the formation of one (1) not-for-profit Corporation which would allow for the efficient coordination of economic development and infrastructure improvement efforts as identified in the Harrisburg Strong Plan. The Task Force recommends the incorporation of a 501(c)(3) to be named “IMPACT HARRISBURG”, governed by a nine-member board of directors appointed by the Coordinator for the City of Harrisburg, with recommendations provided by Harrisburg City Council, the Mayor of Harrisburg and Dauphin County. Further, the Task Force recommends consideration of expertise in finance and accounting, not-for-profit administration, economic development grant making, engineering and infrastructure, prior service on similar boards with similar missions, City business community membership and City residency in the IMPACT HARRISBURG board composition.

The Task Force recommends that, at the direction of the Board, an Executive Director oversee the administration of a funding program which would provide for the separate accounting of funds, structure and performance of the economic development and infrastructure improvement goals as set forth in the Harrisburg Strong Plan. The Economic Development funds, currently in the approximate amount of \$6.15 million, would be awarded on a semi-annual basis with approximately 50% of the funds targeted for Large Project grants, 30% targeted for Community Building grants, and 20% targeted for Contingency grants. The Infrastructure Improvement funds, also at approximately \$6.15 million, would be awarded on a semi-annual basis with approximately 90% targeted for Infrastructure grants, and 10% targeted for Contingency grants. Designated for emergencies, application for Contingency funds could be made at any time by eligible applicants.

The Task Force recommends that IMPACT HARRISBURG provide public access to information and accountability of funds, leverage other public and private dollars, provide a fair and rational scoring process of applications, increase opportunities and capacity for minority-owned businesses and other disadvantaged groups, produce measurable outcomes, build the City tax base, create permanent jobs and job training opportunities, improve City operational efficiencies and enhance the quality of life in City neighborhoods.

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<sup>1</sup> Harrisburg Strong Plan, Filed August 26, 2013, Part Seven Fundings for economic development, infrastructure improvements and for a health care trust, B. Strong EDC and Strong IIC, 1. Introduction, page 53.



## INTRODUCTION

The Harrisburg Strong Plan, as filed by the Receiver of the City of Harrisburg, Major General William B. Lynch on August 26, 2013 and confirmed by the Court Order of Judge Leadbetter of Commonwealth Court on September 23, 2013, provided for certain funds in the amount of \$6,153,846 to be set aside for purposes of funding economic development and also \$6,153,846 for infrastructure improvements within the City of Harrisburg.<sup>2</sup> To oversee the administration and distribution of these funds, the Harrisburg Strong Plan calls for the incorporation of two (2) not-for-profit corporations: one for economic development and one for infrastructure improvements.<sup>3</sup> The purpose of these not-for-profit corporations is to “lessen the burdens of government, promote commerce, encourage economic development and employment, attract new businesses, combat community deterioration, encourage stabilization and stimulation of new job development and retention of jobs.”<sup>4</sup>

The Harrisburg Strong Plan further identifies the intention of the allocation of economic development funds as being for, at least in part, low interest loans, grants or a combination thereof to businesses that intend to locate or expand in Harrisburg for the purpose of supporting job creation and increasing property tax revenues for the City.<sup>5</sup> The allocation of infrastructure improvement funds is intended to provide for the maintenance, repair and improvement of City infrastructure, so as to encourage and enhance the quality of life, and business and resident investment in the City.<sup>6</sup> In addition, the Harrisburg Strong Plan explains that the amounts deposited and any future income produced by the entities should be utilized only for their respective express purposes, and “not ever to be transferred or loaned for any purpose to the City’s General Fund or other account of the City or to any of the City’s authorities or instrumentalities.”<sup>7</sup>

When filed, The Harrisburg Strong Plan contemplated the potential that additional sums from the Parking Monetization might be distributed to the EDC, the IIC and the Harrisburg OPEB Trust. Specifically, pursuant to Part Five G.2. of the Plan, an additional \$6,666,667 of Parking Monetization

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<sup>2</sup> Harrisburg Strong Plan, Filed August 26, 2013, Part Five How the Strong Plan benefits the City of Harrisburg, G. The Funding of Not-for-Profit Corporations for Economic Development and Infrastructure Improvements and for an OPEB Health Care Trust, 1. Description of the Initial Fundings and the Intended Use of the Funds to Benefit the City of Harrisburg, page 34.

<sup>3</sup> Ibid.

<sup>4</sup> Harrisburg Strong Plan, Filed August 26, 2013, Part Seven Fundings for economic development, infrastructure improvements and for a health care trust, B. Strong EDC and Strong IIC, 1. Introduction, page 53.

<sup>5</sup> Harrisburg Strong Plan, Filed August 26, 2013, Part Five How the Strong Plan benefits the City of Harrisburg, G. The Funding of Not-for-Profit Corporations for Economic Development and Infrastructure Improvements and for an OPEB Health Care Trust, 1. Description of the Initial Fundings and the Intended Use of the Funds to Benefit the City of Harrisburg, page 35.

<sup>6</sup> Harrisburg Strong Plan, Filed August 26, 2013, Part Seven Fundings for economic development, infrastructure improvements and for a health care trust, B. Strong EDC and Strong IIC, 1. Introduction, page 53.

<sup>7</sup> Harrisburg Strong Plan, Filed August 26, 2013, Part Five How the Strong Plan benefits the City of Harrisburg, G. The Funding of Not-for-Profit Corporations for Economic Development and Infrastructure Improvements and for an OPEB Health Care Trust, 1. Description of the Initial Fundings and the Intended Use of the Funds to Benefit the City of Harrisburg, page 35.

Proceeds were set aside to be deposited in an escrow account known as the Supplemental Harrisburg Growth Reserve Account. As that part of the Plan sets forth in considerable detail, the possibility at the time the Plan was proposed was that the Pennsylvania General Assembly might appropriate up to \$2 million per year for five years from liquid fuel tax revenues to the benefit of the City, commencing in 2013. If it did so, those funds, aggregating up to \$10 million, would be supplementally deposited into the EDC, IIC and Harrisburg OPEB Trust in the same ratio as the initial respective distributions to those entities. Were that to fully occur over time, the Plan provided that the funds in the established escrow account would be distributed to Dauphin County and Assured Guaranty as additional recoveries on their claims. Detailed provisions for what would happen if the General Assembly only appropriated some of the contemplated funds were also set forth in the Strong Plan. If the General Assembly were never to make an appropriation of fuel tax revenues to Harrisburg over the contemplated five-year period, the Harrisburg Strong Plan called for all of the \$6,666,667 to be distributed to the EDC, IIC and OPEB Trust according to the established ratios.

Between the Plan's confirmation on September 23, 2013 and its consummation, events developed such that it became apparent there would not be legislation enacted by the General Assembly that would appropriate liquid fuel tax funds for Harrisburg as had been contemplated in the Strong Plan. However, in lieu thereof, PennDOT issued a written commitment dated December 16, 2013, to the then-Receiver indicating that it was amenable to providing \$2 million annually "in kind" or in cash to pay for road or bridge infrastructure work starting in 2014. Based upon that representation, the Receiver for the City, and with the acquiescence of City Council, entered into a Settlement Agreement, dated December 19, 2013, with Dauphin County and Assured Guaranty Municipal Corp. (the "Settlement Agreement"). That Settlement Agreement provided that if such PennDOT payments of cash or in-kind services were provided, they would be treated in the same manner as if liquid fuel tax fund appropriations had been made.

It is expected that PennDOT will fully comply with its commitment, in its December 16, 2013 letter, and the City of Harrisburg will receive the benefit of \$10 million in cash or "in kind" over the five-year period ending in 2018 and such cash proceeds or in-kind services will be used for improving the City's infrastructure. As such, and assuming that PennDOT fully performs as contemplated, it is not anticipated that there will be additional funding of the economic development, infrastructure or OPEB Trust funds except to the extent that there are proceeds from the successful pursuit of incinerator claims.

Having considered the circumstances and the likelihood that there are not apt to be additional fundings for economic development, infrastructure improvement or to add to the OPEB Trust, the Task Force has recommended, and the Governance Proposal and Action Plan provides, that the allocations of the \$16 million among the three intended uses should be left as initially proposed in the Plan and confirmed by this Court. Though not anticipated, were there to be additional sums forthcoming from the \$6,666,667 Escrow Account to benefit one or more of the funds because PennDOT were not to fulfill all its \$10 million of commitments, the Task Force recommends and the Governance Proposal and Action Plan provides that 20/26<sup>th</sup> of additional funds would be distributed to IMPACT HARRISBURG, half of which

would be deposited into the separately maintained economic development fund and the other half deposited into the infrastructure improvement fund, and the remaining 6/26<sup>th</sup> deposited into the OPEB Trust account.

Future distributions of proceeds from the successful pursuit of incinerator claims are not implicated by the PennDOT commitment, such proceeds would be distributed in accordance with the Incinerator Claim Recovery Allocation Formula set forth in Part Five, Section G.3. of the Strong Plan, except that to properly conform to the creation of IMPACT HARRISBURG, the Task Force Recommends and the Governance Proposal and Action Plan provides that 60% of the incinerator recovery distributions to be made from time to time would be made to IMPACT HARRISBURG, and half of that amount in turn would be allocated to each of the economic development and infrastructure improvement funds established by IMPACT HARRISBURG. The other contemplated distributions of proceeds from recoveries on Incinerator Claims would remain unchanged.

By the express terms of the Settlement Agreement, Assured Guaranty Municipal Corp., County of Dauphin, have no objection to the allocation of proceeds between the economic development fund or the infrastructure improvement fund.

In furtherance of the goals stated above as set forth by the Harrisburg Strong Plan, the two (2) not-for-profit corporations are to "engage in some or all of the following functions: (i) development, whether through co-development with other organizations or investors or otherwise, acquisition, ownership, lease and divestiture of facilities to existing businesses, relocating businesses, or start-up local businesses; (ii) solicitation and acceptance of funding, including in the form of loans, grants, other financial assistance or issuance of debt obligations, from public and private sector entities engaged in economic development activities; (iii) provision of technical and grant assistance, low-interest loans or grants to individuals and businesses for creation, expansion and relocation to the City, including increasing the opportunities and capacity for minority and other disadvantaged groups, women-owned businesses and others; (iv) provision of resources and funding for local job training and development for the retention, expansion, creation and attraction of jobs and businesses to the City; and (v) investment in other entities, agencies and organizations that provide funds to new and existing businesses that foster local job creation and diversity in workforce, supplier chains and area assets."<sup>8</sup> The Harrisburg Strong Plan also provides that the actions of these entities should be completed in a manner that is "complementary to any such actions taken by others."<sup>9</sup>

In bringing these entities to fruition, the Harrisburg Strong Plan provides for the constitution of a nine-member task force, comprised of community and economic development stakeholders, to provide the framework for the two (2) not-for-profit corporations to oversee the administration and distribution of

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<sup>8</sup> Harrisburg Strong Plan, Filed August 26, 2013, Part Seven Fundings for economic development, infrastructure improvements and for a health care trust, B. Strong EDC and Strong IIC, 1. Introduction, pages 53-54.

<sup>9</sup> Harrisburg Strong Plan, Filed August 26, 2013, Part Seven Fundings for economic development, infrastructure improvements and for a health care trust, B. Strong EDC and Strong IIC, 1. Introduction, page 54.

funds. The Harrisburg Strong Plan directs the task force to refine the purposes and priorities of the not-for-profits, make governance recommendations and create an action plan for each not-for-profit entity that would "identify and prioritize strategic initiatives" aimed at "(i) repairing and improving the City's infrastructure, (ii) retaining and strengthening the City's existing businesses, (iii) attracting new business investment, (iv) maintaining and developing a quality affordable housing stock in the City, (v) providing attractive residential neighborhoods and commercial areas for City residents and visitors, and (vi) expanding the City's tax base."<sup>10</sup> Further direction is given to the task force in the form of Exhibit 8 to the Harrisburg Strong Plan Exhibit Book attached hereto at Appendix I.

The Receiver for the City of Harrisburg appointed the Harrisburg Strong Task Force (the "Task Force") in January of 2014. The members of the task force are Les Ford, Co-Chair; Doug Hill, Co-Chair; Laura Cullison, Vice Chair; Dave Black; Neil Grover; Jackie Parker; Karl Singleton; Pat Stringer and Shannon Williams. The first meeting of the Task Force was convened by the Receiver on March 10, 2014. Throughout the following four (4) months, the Task Force conducted regular meetings and subcommittee meetings, as well as two (2) public meetings to encourage public comment and participation. The public meetings were noticed and held in the evenings of May 29, 2014 and June 19, 2014, respectively. Draft documents of the Task Force's work were posted on the newpa.com website for public inspection and comment prior to the June 19, 2014 public meeting. From the Task Force's deliberations and in consideration of public comment received, the Task Force respectfully submits the following Governance Proposal and Action Plan to the Coordinator of the City of Harrisburg for consideration.

#### GOVERNANCE PROPOSAL

The Task Force respectfully recommends the incorporation of one (1) not-for-profit Corporation to efficiently coordinate the economic development and infrastructure improvement efforts within the City of Harrisburg as identified in the Harrisburg Strong Plan. The Task Force recognizes that economic development and infrastructure improvements work hand-in-hand in supporting and spurring economic activity, and that, by working in concert, these efforts may have a greater impact on the economy of the City. The Task Force recommends that the not-for-profit be named "IMPACT HARRISBURG"; to portray the positive impact the organization is to have upon the City's recovery and growth.

The Task Force recommends that the IMPACT HARRISBURG board take action in accordance with the purposes set forth in the Articles of Incorporation attached hereto at Appendix II (the "Articles") and the following guiding principles: (i) accountability of funds; (ii) leverage of other funds, both private and public; (iii) fair and rational scoring process of applications; (iv) inclusion: increasing opportunities and capacity for minority-owned businesses and other disadvantaged groups; (v) respect, preserve and grow the culture of Harrisburg's neighborhoods; (vi) fund projects, not operations; (vii) produce measurable outcomes; (viii) build the City tax base (real estate tax, earned income, etc.); (ix) create permanent jobs

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<sup>10</sup> Harrisburg Strong Plan, Filed August 26, 2013, Part Seven Fundings for economic development, infrastructure improvements and for a health care trust, B. Strong EDC and Strong IIC, 2. The Task Force, pages 54-55.

and job training opportunities (where possible for City residents); and (x) improve City operational efficiencies.

It is recommended that IMPACT HARRISBURG be governed by a nine-member board (the "Board") appointed by the Coordinator, in accordance with the intent of the Harrisburg Strong Plan<sup>11</sup>, with recommendations from Harrisburg City Council, the Mayor of Harrisburg and Dauphin County. The Task Force believes that the following should be considered when developing the composition of the Board, so as to ensure an engaged, informed and representative board membership: expertise in finance and accounting, not-for-profit administration, economic development grant making, engineering and infrastructure, prior service on similar boards with similar missions, City business community membership and City residency. Of the nine members, it is recommended that at least five (5) members are residents of the City, and that such residency would extend to and include owners of businesses located or operating within the City of Harrisburg, or their designees, without regard to where such owners or their designees reside. The procedures regarding appointment and removal of board members are contained within the Bylaws of IMPACT HARRISBURG attached hereto at Appendix III (the "Bylaws"). For purposes of operational continuity, the Bylaws allow the Board to take action with a board consisting of no less than seven (7), but no more than nine (9) directors. This range would account for the possibility that a director may resign, and would allow the Board to continue to take action while such vacancy exists (or up to two (2) vacancies exist). The Task Force recommends staggered five-year terms, with no more than two (2) terms ending in each year, as well as a term limit of two (2) consecutive terms. A board member may be removed, for cause only, by vote of the majority of the remaining Board as provided for in the Bylaws. The Task Force also recommends that no compensation be paid for service on the Board.

The voting procedures of the Board are also contained within the Bylaws and require a simple majority unless otherwise noted. In addition, certain procedures are identified in order to address the detection, monitoring and resolution of conflicts of interest in the course of the Board's activities and to protect the interest of IMPACT HARRISBURG. The Task Force submits a recommended Conflict of Interest policy attached hereto at Appendix IV. It is noted that the attached Conflict of Interest policy is the recommended policy of the Internal Revenue Service with an expansion of the identification of conflicts, as well as additional consideration to the prevention of nepotism. All Board members shall review and sign an acknowledgement of the Conflict of Interest policy in accordance with the provisions of the policy. Further, the Board recommends that IMPACT HARRISBURG incorporate a provision within all agreements the Board enters into, in which the entity represents that they have no actual knowledge or reasonable belief that a board member is receiving direct or indirect compensation from the transaction.

The Task Force recommends that several standing committees be formed by the Board. The officers of Chair, Vice Chair, Second Vice Chair, Secretary and Treasurer are provided for in the attached Bylaws, as

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<sup>11</sup> Harrisburg Strong Plan, Filed August 26, 2013, Part Seven Fundings for economic development, infrastructure improvements and for a health care trust, B. Strong EDC and Strong IIC, 4. Completion and Approval of the Governance Proposal and Action Plan, page 56.

well as the Board's ability to establish committees, as needed. The Task Force recommends the establishment of an Executive Committee, a Nominating Committee and a Finance & Audit Committee. The recommended members of the Executive Committee are the officers of the Board, as well as the Executive Director as an ex-officio, non-voting member. The recommended members of the Nominating Committee are the Chair and two (2) other members who are not officers. The recommended members of the Finance & Audit Committee are the Treasurer and two (2) board members who are not officers.

The Finance & Audit Committee would have the duty to recommend an external auditor; review the results of each annual external audit, and submit such to the Board for approval; develop financial and audit policies and procedures; review and recommend the proposed annual budget; and recommend, review and report on the investment of IMPACT HARRISBURG funds. In addition to the financial and audit policies and procedures mentioned above, the Task Force recommends that the Board consider and adopt an investment policy in substantial form to the Investment policy attached hereto at Appendix V. This recommended Investment policy is a conservative policy intended to protect and preserve principal by limiting risk, setting parameters for liquidity and diversification, and establishing standards and procedures for reviewing, monitoring and evaluating investment performance. The responsible parties for the administration of the funds are the Executive Director and any investment manager(s) and/or custodians selected by the Board.

The Task Force recommends the hiring of an Executive Director of IMPACT HARRISBURG, as provided for in the Bylaws, to conduct the daily operations of IMPACT HARRISBURG and to implement and administer, at the direction of the Board, the funding program as outlined in the Action Plan below. The Board will be responsible for negotiating reasonable compensation, as well as developing the responsibilities and expectations of the position. The Task Force submits that the salary of a qualified, full time Executive Director may be \$60,000 or more annually. The Task Force recommends that administrative costs be capped at 10% (approximately \$1.2 million) of the total \$12.3 million funding over the life of IMPACT HARRISBURG, not to exceed \$200,000 per year. Administrative costs are inclusive of salary and benefits for staff, outside counsel, investment, accounting, and auditing expenses, and overhead. The Task Force recognizes that it may be necessary for IMPACT HARRISBURG to incur higher administrative costs during the first year of operations for start-up costs. The Task Force recommends that the balance of the \$100,000 allocated to the Task Force be made available to IMPACT HARRISBURG for these additional expenditures during their first year of operations. In order to keep administrative costs low and allow for more funds to be applied toward projects, the Task Force recommends the utilization of shared or free space in Harrisburg City Hall or other government building located in downtown Harrisburg, as well as shared administrative services.

As part of the Executive Director's responsibilities, it is recommended that the Executive Director draft and oversee the Request for Proposal process for the retention of counsel, investment firm, accountants, and other advisors and consultants to the Board. The Executive Director should work with the Board, and all advisors and consultants selected by the Board, as appropriate, to: (i) develop and update necessary policies and procedures, including but not limited to financial, audit, investment and conflict of interest policies and procedures, and accounting controls; (ii) review the audit and prepare an annual budget for Board approval; (iii) keep separate accounts and ledgers for the administration of the

economic development funds and the infrastructure improvement funds, respectively; (iv) implement appropriate management information systems, including data collection tools and reporting; (v) develop annual reporting mechanisms and governance monitoring metrics for evaluation of goals and mission; (vi) implement, review and revise action plan(s); (vii) administer the funding program, including evaluation of applications and eligibility, and the monitoring and review of performance; and (viii) maintain website content for public communications on the funding program availability and award notifications, and meeting schedule and minutes. The Board should review, amend and adopt policies and procedures, annual reporting and governance monitoring metrics, and action plans with regard to the responsibilities listed above. The Task Force recommends that the annual report, include at a minimum, collection and reporting of the following measures: (i) number of applications; (ii) number and types of projects funded; (iii) amount of match leveraged (ratio and dollar amount); (iv) impact on City tax base; (v) number of permanent jobs created and/or retained; (vi) number of deteriorated or blighted properties redeveloped or removed; and (vii) inclusion of success stories for each project focusing on neighborhood impact. Further, it is recommended that the Executive Director and the Board explore opportunities to coordinate efforts and collaborate with existing not-for-profits with similar missions serving the City including but not limited to, the City of Harrisburg and its Department of Community and Economic Development, Dauphin County and its Department of Community and Economic Development, Harrisburg Redevelopment Authority, Harrisburg Land Bank, Pennsylvania Department of Transportation, State Department of Community and Economic Development, and Tri-County Regional Planning Commission.

The Task Force recommends IMPACT HARRISBURG adopt a transparent public information process. The Task Force recommends that IMPACT HARRISBURG develop a website in order to provide timely: (i) notice of application deadlines, eligibility and criteria; (ii) posting of meeting schedule and meeting minutes; (iii) posting of qualified applications and awards; and (iv) posting of annual report data. The Task Force recommends the following public information process: (1) timely posting of qualified applications received to the website, as well as notice of meeting(s) held in a public setting, at which those applications will be presented by staff to the Board for consideration; (2) meeting conducted with presentation made by staff and public comment on qualified applications; (3) timely posting of notice of meeting(s) held in a public setting, at which the Board will consider award of funds; (4) Board action to approve awards at meeting(s) held in a public setting; and (5) timely posting of awards made by the Board. Given the scope and resources available, the Task Force recognizes that the development of marketing materials, as well as internet and social media content, will be limited.

At such time as the IMPACT HARRISBURG board determines that IMPACT HARRISBURG is no longer required to exist or its available funds are so minimal that they are unable to make an impact, the IMPACT HARRISBURG board shall pay all liabilities and distribute any minimal property and assets to an existing not-for-profit with a similar mission, or to the City of Harrisburg, contingent upon their use being only for the express purposes and goals of economic development and infrastructure improvements, and not for the purpose of ordinary City operations or transfer to the City's General

Fund, as set forth in and in accordance with the Harrisburg Strong Plan<sup>12</sup> and the Articles of Incorporation of IMPACT HARRISBURG.

#### ACTION PLAN

The Task Force recommends the implementation and administration of one (1) funding program (the "Program") for purposes of allocating and awarding the economic development funding and infrastructure improvement funding as set forth in the IMPACT HARRISBURG Program Guidelines found at Appendix VI. The Program maintains the integrity of the two (2) separate funds and respective goals and objectives of the economic development fund and infrastructure improvement fund. Based upon the guiding principles listed above and the purposes identified in the Articles, the Program Guidelines set forth general guidelines that apply to all aspects of the Program. Applications must demonstrate an impact in one or more of the following areas: (i) building the City tax base; (ii) creating permanent jobs in the City; and (iii) improving operational efficiency, safety and livability of the City. Some of the other general requirements include: satisfactory demonstration of match; construction beginning within one (1) year of award; detailed budgets and long-term operational sustainability; identification of MBE contractors and subcontractors; and an independent audit being conducted within 180 days following project completion at the expense of the applicant.

The Program offers five (5) different opportunities for funding, each with their own specific guidelines that must be met in addition to the general guidelines, all of which are provided in the Program Guidelines set forth at Appendix VI. The economic development fund is divided among three (3) targeted program areas in accordance with the economic development objectives as outlined above, and as identified within the Harrisburg Strong Plan: Large Economic Development Project grants, Community Building grants, and Economic Development Contingency fund. The funding targets are 50% of the economic development fund for Large Economic Development Project grants, 30% for Community Building grants, and 20% for Economic Development Contingency fund. The infrastructure improvement fund also provides for contingency in addition to infrastructure grants, and has funding targets of 90% for Infrastructure Project grants and 10% for Infrastructure Contingency fund. Applications will be accepted on a semi-annual basis. However, Contingency funds are to be utilized for emergencies and can be applied for at any time by eligible applicants. Applications meeting the general and specific program requirements will be evaluated on the criteria in the applicable scoring matrix, found at Exhibit C of the Program Guidelines (see Appendix VI).

#### Economic Development Fund

The purpose of the Large Economic Development Project grants is to address redevelopment of larger blighted properties and areas in neighborhoods and business districts within the City through the

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<sup>12</sup> Harrisburg Strong Plan, Filed August 26, 2013, Part Five How the Strong Plan benefits the City of Harrisburg, G. The Funding of Not-for-Profit Corporations for Economic Development and Infrastructure Improvements and for an OPEB Health Care Trust, 1. Description of the Initial Fundings and the Intended Use of the Funds to Benefit the City of Harrisburg, page 35.



implementation of comprehensive strategies. Some examples of eligible uses are property acquisition, demolition, construction and site development. Grant amounts may range from \$50,000 to \$500,000. The match requirement for grants in the range of \$50,000 - \$250,000 is a minimum of 1:1, and for grants in the range of \$250,000 - \$500,000 is a minimum of 3:1. Eligible applicants include private sector individuals or businesses, not-for-profit organizations, not-for-profit economic development corporations, the City of Harrisburg, the Harrisburg Redevelopment Authority, Harrisburg Land Bank and similar authorities and agencies serving the City. The specific application guidelines include the following: certification from the City Planning Department that the project is consistent with the City's Comprehensive Plan, a letter of support from the City Department of Community and Economic Development, as well as letters of support from the neighborhood in which the project is proposed. Grant funds will be released on a reimbursement basis following the execution of a grant agreement, but not before all government approvals and proof of 100% of the match are demonstrated.

The purpose of Community Building grants is to accelerate activities to address blight and build community ownership in City neighborhoods, by offering grants to eligible applicants so as to facilitate funding to property owners for façade improvements in coordinated, geographically self-defined areas of the City, with a focus on long term neighborhood improvement strategies. These grants may be pursued in collaboration with Large Economic Development Project grants, but neither may be used as match for the other.

The eligible applicants for Community Building grants are not-for-profit organizations, not-for-profit economic development corporations serving the City, the City of Harrisburg, the Harrisburg Redevelopment Authority, Harrisburg Land Bank or private businesses with demonstrated community support. The applicant is responsible for development and implementation of a neighborhood strategy for a geographically self-defined area of the City, and the coordination of the individual property owners. The Task Force recommends that the applicant submit a multi-year neighborhood strategy of up to five years. Grant funds may be utilized by eligible applicants to provide grants or low interest loans to property owners. Eligible applicants are encouraged to provide low interest loans to property owners through the administration of a permanent revolving loan program, which would result in the leveraging of additional projects in the City. Joint bidding of all work is encouraged. The maximum funding amount is \$350,000, with a minimum match requirement of 1:1. Match is broadly defined, and may be demonstrated by expenditure on interior improvements, and utilization of weatherization, utility, aging services or similar program funding sources. The specific application guidelines for the Community Building grants include those highlighted above for Large Economic Development Project grants, as well as the submission of the neighborhood strategy and area map. The preferred method for the release of funds is on a reimbursement basis; however, this may be waived upon recommendation by the Executive Director and approval by the Board.

The purpose of the Economic Development Contingency fund is to address imminent public health and safety crisis situations, in which no other grant source is readily available. The fund is not available for normal operating expenses of the City. Eligible applicants are limited to the City, Dauphin County, Harrisburg Land Bank and redevelopment authorities serving the City for projects within the City. Funds may be used for grant match for any federal, state or local grant applications which require match, but

only for those applications or projects that qualify as an eligible use under the Program Guidelines. Some examples of eligible uses include: building collapse; public building repairs to ensure the continuation of critical public services to City residents and the business community and, which would otherwise result in the suspension of service; and special studies or plans to address imminent problems within the City. The maximum grant amount is \$250,000 with a minimum match of 1:1. However, the match may be waived by the Board upon the request of and demonstrated need of the applicant. Given the exigent nature of the projects, these funds may be applied for at any time.

#### Infrastructure Improvement Fund

The purpose of the Infrastructure Project grants is to provide for the repair, maintenance and improvement of City infrastructure, including sewer, water and transportation service within the City. Eligible uses include, but are not limited to: sewer lines and treatment facilities; water lines and treatment facilities; roads; bridges; traffic signals; public lighting; sidewalks; internet, broadband, and Wi-Fi service; and mass transit. Eligible applicants are Capital Region Water and the City. The match requirement is 1:1. Applicants must demonstrate that projects are consistent with the City's Comprehensive Plan. Funds may be released on a draw down basis for eligible expenses related to project construction, following satisfactory receipt of detailed documentation by IMPACT HARRISBURG.

The purpose of the Infrastructure Contingency fund is to address emergency infrastructure needs of the City for which there is no other grant source readily available. Eligible applicants are Capital Region Water and the City. The maximum grant amount is \$500,000 with no match required. As with all the foregoing funding programs, the specific application guidelines for the Infrastructure Contingency fund are provided in the Program Guidelines found at Appendix VI.

#### Project Application Review

All applications satisfying the general guidelines and respective, specific application guidelines will be evaluated fairly and rationally with the utilization of a scoring matrix. Examples of scoring matrices are found at Exhibit C of the Program Guidelines (see Appendix VI). The scoring matrix includes those line items identified as best demonstrating the satisfactory performance of the goals and purposes of the funds, and the desired impacts and benefits to the City, its residency and business community. Each scoring matrix is based upon a one hundred (100) point system, in which each line item is attributed a points level and the collective sum of all line items is 100. The prioritization of eligible projects will be determined based upon the highest accumulation of points. The criteria upon which each project will be evaluated are established by those goals previously identified by the Task Force and in accordance with the Harrisburg Strong Plan, as appropriate for each funding program, which include the following: (i) redevelopment of blighted property; (ii) increase to the City's tax base; (iii) permanent job creation; (iv) leveraging of funding through private investment and matching or other funding sources; (v) participation of minority-, women and veteran-owned businesses, and other disadvantaged groups; (vi) local business participation; (vii) neighborhood impact and engagement; (viii) coordination with other efforts; (ix) long term infrastructure improvement solutions; and (x) improvement to City operational efficiency. These criteria also support project funding and management accountability, as well as

measurable performance outcomes with regard to compliance and reporting, and the close out process, discussed below.

The definitions, goals and requirements for the participation of minority and other disadvantaged groups can be found at Exhibit B of the Program Guidelines (see Appendix VI). The definitions of minority-, women-, and veteran-owned business enterprises provide for at least 51% ownership and active control of business operations by minority group members. The target goal for all project applications is 38% for minority participation, and women- and veteran-owned business participation is also encouraged. Points in the scoring matrix will be awarded based upon the level of documented participation. Documentation of participation and demonstrated good faith efforts to identify and include minority and other disadvantaged groups should include the following types of information: (i) identification of all work carved out for solicitation, its respective dollar value and percentage of total contract; (ii) log of all solicitations, including dates, contact information, type(s) of work communicated, and dates of follow up communications; (iii) listing of company contact information, their respective quotes for work, the selected company, and reason(s) for selection; (iv) agencies that provided assistance for solicitations; (v) listing of all efforts to provide information on plans, specifications, and contract requirements to interested companies, and to provide assistance to interested companies in obtaining necessary bonding, insurance, credit and materials; and (vi) supporting documentation of information provided, i.e. copies of communications and telephone billing statements.

#### Project Administration

For purposes of the administration of the Program and the effective execution of the purposes of IMPACT HARRISBURG as identified in the Articles, the Executive Director will develop, at the direction and with the final approval of the Board, a five-year action plan for the operation of IMPACT HARRISBURG, which shall provide a resource-coordinated, comprehensive long term impact strategy for economic development and infrastructure in the City. The five-year action plan will be consistent with and support the strategies of the comprehensive plans of the City and Capital Region Water. The five-year action plan will act as the organization's operational plan, and as such, incorporate annual funding disbursement and program monitoring goals. Furthermore, the five-year action plan will provide, among other things, guidance for the development of an application package by the Executive Director. The application package will outline the application process, including a pre-application meeting for applicants with the Executive Director to review the application process, all application forms and deadlines, the compliance and reporting requirements, and the close out process and reporting requirements. With the assistance of the Board's selected counsel, grant agreements should be drafted, which incorporate provisions to address (i) construction beginning within one year of award; (ii) compliance with all laws, and government requirements and permitting; (iii) performance bond and liability insurance; (iv) maintenance of accurate records; (v) inspection of project site and all work, invoices, contracts, and relevant documents and information by IMPACT HARRISBURG; (vi) documented identification and utilization of minority-, women-, veteran- and other disadvantaged group-owned businesses as contractors and subcontractors; (vii) an independent audit within 180 days from project completion at the expense of applicant or a formal audit when deemed appropriate; and (viii) project close out requirements, including a claw back provision, as appropriate. The Executive Director shall

follow standard operating procedures for grant programs (with the assistance of the State Department of Community and Economic Development, as needed) and as such, shall maintain accurate accounting of funds encumbered in each of the Program's funds, conduct periodic inspections and compliance reviews of each funded project, monitor funding recipients' project progress, review submission of quotes and invoices, as well as requests for payment, and facilitate direct payment of eligible project expenditures, as appropriate.

To further ensure accountability of project funding and management, the Task Force recommends a close out report be required from all funding recipients for each funded project. The Executive Director will develop the close out process and related forms. The close out report shall include, at a minimum: (i) a final project sources and uses table as shown in the Program Guidelines; (ii) final documentation and data for the participation of minority-, women-, veteran- and other disadvantaged group-owned businesses, and demonstrated good faith efforts to meet participation goal; and (iii) measurable performance outcome data on the project's ability to meet Program Guidelines and scoring matrix criteria items—in particular, the impact on the City's tax base and City operational efficiencies produced, both in quantifiable numbers, and the number of permanent jobs created. Should a funding recipient fail to produce a timely close out report or violate the provisions of the grant agreement, IMPACT HARRISBURG may withhold funding for the project, deny future funding to the applicant and/or invoke the claw back provision.

By maintaining a focused effort on the economic development and infrastructure needs of the City, IMPACT HARRISBURG, as contemplated by the Harrisburg Strong Plan, has the opportunity to infuse the City with needed funding, spur economic activity, encourage private investment and enhance the quality of life for City residents and businesses alike. Through effective leadership in bridging communications, coordinating efforts, and achieving synergies, IMPACT HARRISBURG can inspire a new beginning and vision for the City of Harrisburg. The Task Force respectfully submits the preceding Governance Proposal and Action Plan for consideration in hopes that they may assist IMPACT HARRISBURG in providing a transparent, inclusive and results-driven approach toward achieving recovery and sustainable growth for the City of Harrisburg.

**APPENDIX I**

**HARRISBURG STRONG PLAN EXHIBIT BOOK**

**EXHIBIT 8**

## EXHIBIT 8

## **NECESSARY COMPONENTS OF THE TASK FORCE GOVERNANCE PROPOSAL AND ACTION PLAN**

More specifically, among other things, the Task Force will propose, as part of its Governance Proposal and Action Plan, the following for both Strong EDC and Strong IIC:

- the number and composition of an independent board of directors
- voting procedures for the board of directors
- eligibility requirements for board membership
- procedures regarding appointment and removal of board members
- establishment of standing committees of the board such as an executive committee
- development of committee charters for audit and finance committees and all other standing committees
- development of investment policies and procedures as part of the development of the finance committee charter
- development of audit committee policies and procedures
- development of public relations strategy and marketing of activities
- development of internet and social media policies and procedures
- development of board policies and procedures for making low-interest loans and/or equity investments, and eligibility criteria for applicants
- development of board policies and procedures for implementation, monitoring, review and revision, in each case as appropriate, of Strong EDC's and Strong IIC's 5-year action plans
- development of policies and procedures to monitor and review the performance of private contractors and other service providers to Strong EDC and Strong IIC

- development of grant application and policies and procedures for board use in the review of grant applications and the awarding and making of grants
- development of grant criteria to be used in requesting grant applications
- development of effective, IRS-mandated conflict of interest policies and procedures to detect, monitor and resolve conflicts of interest of board members with respect to conducting its activities
- development of policies and procedures for the retention of counsel, accountants and other advisors and consultants to the board of directors
- development of job descriptions for the executive officers who would report to the
- board of directors
- development of reasonable compensation arrangements for the executive officer job descriptions
- development of decision criteria for joint venture, co-development and direct investments in projects
- development of expenditure responsibility policies and procedures for receiving reports and ensuring accountability by recipients of Strong EDC or Strong IIC funds for their use of such funds and resources by grant and loan recipients, borrowers and equity investments
- development of annual budget criteria and budget variance criteria
- development of annual reporting mechanisms for the board to report annually on achievement of its annual goals
- development of governance monitoring metrics and self-evaluation procedures for the board of directors



- development criteria for distribution of liquidation proceeds when Strong EDC of Strong IIC, as applicable, is dissolved or liquidated
- development of appropriate accounting controls and management information systems.

APPENDIX II

ARTICLES OF INCORPORATION

IMPACT HARRISBURG

Microfilm Number \_\_\_\_\_

Filed with the Department  
of State on \_\_\_\_\_

Entity Number \_\_\_\_\_

\_\_\_\_\_  
Secretary of the Commonwealth

## ARTICLES OF INCORPORATION – DOMESTIC NONPROFIT CORPORATION

In compliance with the requirements of the Pennsylvania Nonprofit Corporation Law of 1988, as amended, 15 Pa. C.S.A. § 5105 et seq. (the "NCL"), the undersigned, desiring to incorporate a nonprofit corporation, hereby states that:

1. **Name.** The name of the corporation is IMPACT HARRISBURG (the "Corporation").

2. **Address.** The address of the Corporation's initial registered office in this Commonwealth is 10 North Second Street, Suite 402, Harrisburg, Pennsylvania 17101-1681.

3. **Purpose.** The Corporation is incorporated under the NCL for the following charitable purposes (the "Charitable Purposes") within the meaning of section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code") to benefit the City of Harrisburg, Pennsylvania (the "City"):

(a) to assist in and engage in the improvement of the infrastructure of the City as allowed by section 501(c)(3) of the Code, including but not limited to:

(i) making grants and low interest loans to, or to subsidize grants or guaranty loans, made for the purpose of clearing, rebuilding, and rehabilitating blighted and deteriorated structures located in the City;

(ii) making grants and low interest loans to, or to subsidize grants or guaranty loans, made for the purpose of clearing, rebuilding, and rehabilitating blighted and deteriorated streets, sidewalks, light posts, and other aesthetic improvements located in the City; and

(iii) making grants and low interest loans to, or to subsidize grants or guaranty loans, made for the purpose of eliminating and preventing blight and deterioration of the City's infrastructure and to promote the general well-being and livelihood of the residents of the City.

(b) to assist in and engage in economic development within the City as allowed by section 501(c)(3) of the Code, including but not limited to:

(i) making grants and low interest loans to, or to subsidize grants or guaranty loans made to, entrepreneurs and businesses that are located or operating in the

City or intend to locate or operate in the City to assist in the creation of jobs for the City and the realization of tax revenues for the City;

(ii) making grants and low interest loans to, or to subsidize grants or guaranty loans made to, entrepreneurs and businesses that are located or operating in the City or intend to locate or operate in the City and have experienced difficulty in obtaining traditional financing because of the deteriorated nature of the City;

(iii) making grants and low interest loans to, or to subsidize grants or guaranty loans made to, entrepreneurs and businesses that are located or operating in the City or intend to locate or operate in the City which are owned or operated by a disadvantaged group, the unemployed, or the underemployed; and

(iv) making grants and low interest loans to, or to subsidize grants or guaranty loans made to, entrepreneurs and businesses that are located or operating in the City or intend to locate or operate in the City to provide job training.

(c) to encourage participation in the improvement of infrastructure in the City by residents of the City;

(d) to encourage participation in the economic development of the City by residents of the City;

(e) to lessen the burdens of government for the City through the development of business in the City and the improvement of the City's infrastructure;

(f) to receive (by gift, bequest, grant, or otherwise) and administer funds for such Charitable Purposes, including but not limited to distributing such funds to other organizations that qualify as exempt organizations under section 501(c)(3) of the Code in further of the Charitable Purposes of such other exempt organization;

(g) to solicit and receive contributions, whether unrestricted or for designated purposes, consistent with the Charitable Purposes, and if designated or restricted, hold the same for such designated Charitable Purposes or subject to such conditions as may be specified in the terms of the gift or grant; and

(h) to otherwise operate exclusively for the Charitable Purposes set forth herein and, without otherwise limiting its powers, exercise all rights and powers conferred by the laws of the Commonwealth of Pennsylvania upon nonprofit corporations.

Notwithstanding the foregoing or any part of these Articles, under no circumstances shall funds be distributed to support or to underwrite the operations of any entity, or be transferred or loaned for any purpose to the City's General Fund or other account of the City or to any of the City's authorities or instrumentalities.

#### **4. Operation.**

(a) The Corporation does not contemplate pecuniary gain or profit, incidental or otherwise, and no part of the net earnings of the Corporation shall inure to the benefit of, or be distributable to, its directors, officers, or other private persons, except that the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the Charitable Purposes set forth herein.

(b) No substantial part of the activities of the Corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the Corporation shall not participate in, or intervene in (including the publishing or distribution of statements) any political campaign on behalf of any candidate for public office.

(c) Notwithstanding any other provision of these Articles, the Corporation shall not carry on any activities not permitted to be carried on (i) by a corporation exempt from federal income tax under Section 501(c)(3) of the Code, or (ii) by a corporation, contributions to which are deductible under Section 170(c)(2) of the Code.

(d) The Corporation shall, if applicable, distribute income (and principal to the extent necessary) for each taxable year at such time and in such manner as not to become subject to the tax on undistributed income imposed by section 4942 of the Code, or corresponding provisions of any subsequent federal tax laws. In addition, the Corporation shall not engage in any act of self-dealing as defined in section 4941(d) of the Code, or corresponding provisions of any subsequent federal tax laws; nor retain any excess business holdings as defined in section 4943(c) of the Code, or corresponding provisions of any subsequent federal tax laws; nor make any investments in such manner as to incur tax liability under section 4944 of the Code, or corresponding provisions of any subsequent federal tax laws; nor make any taxable expenditures as defined in section 4945(d) of the Code, or corresponding provisions of any subsequent federal tax laws.

5. **Term.** The term for which the Corporation is to exist is perpetual.

6. **Non-Stock Basis.** The Corporation is organized on a non-stock basis.

7. **Members.** The Corporation shall not have any members.

8. **Initial Directors.** The names and addresses of the persons who are the initial directors of the Corporation are as follows:

[TO BE DETERMINED]

9. **Dissolution or Liquidation.** In the event the Corporation is dissolved or liquidated, the Board of Directors, after paying or making provision for payment of all of the known and legally enforceable liabilities of the Corporation, shall distribute the Corporation's property and assets to the City or an existing non-profit corporation with a similar mission on the condition that such property and assets be used for one or more of the purposes set forth in Section 3, above. In no event shall the net property or assets inure to the benefit of any private

person and in no event shall a distribution be made to an organization that is not exempt from federal income tax under Section 501(c)(3) of the Code.

10. **Code References.** References in these Articles to a section of the Code shall be construed to refer both to such section and to such regulations promulgated thereunder, as they now exist or may hereafter be adopted or amended, and to any corresponding provisions and regulations on any subsequent federal income tax code.

11. **Personal Liability of Directors.**

(a) **Elimination of Liability.** To the fullest extent that the laws of the Commonwealth of Pennsylvania, as now in effect or as hereafter amended, permit elimination or limitation of the liability of directors, no director of the Corporation shall be personally liable for monetary damages for any action taken, or any failure to take any action, as a director.

(b) **Applicability.** The provisions of this Article shall be deemed to be a contract with each director of the Corporation who serves as such at any time while this Article is in effect and each such director shall be deemed to be so serving in reliance on the provisions of this Article. Any amendment or repeal of this Article or adoption of any bylaw or provision of the Articles of the Corporation which has the effect of increasing director liability shall operate prospectively only and shall not affect any action taken, or any failure to act, prior to the adoption of such amendment, repeal, bylaw, or provision.

12. **Incorporator.** The name and address of the incorporator is Vance E. Antonacci, Esquire, 570 Lausch Lane, Suite 200, Lancaster, Pennsylvania 17601.

IN WITNESS WHEREOF, the incorporator has signed these Articles of Incorporation this \_\_\_\_ day of \_\_\_\_\_, 2014.

Incorporator:

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Vance E. Antonacci, Esquire  
McNees Wallace & Nurick LLC  
570 Lausch Lane, Suite 200  
Lancaster, Pennsylvania 17601  
717-581-3701

APPENDIX III

BYLAWS OF  
IMPACT HARRISBURG

**BYLAWS  
OF  
IMPACT HARRISBURG**

**ARTICLE I**  
Office

The principal office of IMPACT HARRISBURG (the "Corporation") shall be 10 North Second Street, Suite 402, Harrisburg, Pennsylvania 17101-1681.

**ARTICLE II**  
Seal

The Corporation may have a corporate seal which shall have inscribed thereon the name of the Corporation, the year of its organization, and the words "Corporate Seal - Pennsylvania".

**ARTICLE III**  
Directors

**Section 1.     Board of Directors.**

(a)     The business and affairs of the Corporation shall be managed by a Board of Directors consisting of no less than seven but no more than nine directors. The directors shall be elected by the Board pursuant to such nominating and election process as the Board shall determine. Each director shall be a natural person of full age. At all times five or more of the directors must be residents of the City of Harrisburg and the term "resident" shall include the owner of a business located or operating in the City of Harrisburg (or the owner's designee) regardless of where the owner resides.

(b)     Except as set forth below, each director shall hold office for a period of five (5) years and until his or her successor shall have been appointed and qualified, or until his or her earlier death, resignation, or removal. No Director shall serve more than two (2) consecutive terms (regardless of length). All Directors shall be divided into five classes as equal in number as practical in order to stagger the terms of Directors and achieve continuity of governance of the Corporation as follows: Class I Directors, whose terms expire at the end of the first Annual Meeting of the Board of Directors and whose terms thereafter shall be for five (5) years; Class II Directors, whose terms expire at the end of the second Annual Meeting of the Board of Directors and whose terms thereafter shall be for five (5) years; Class III Directors, whose terms expire at the end of the third Annual Meeting of the Board of Directors and whose terms thereafter shall be for five (5) years; Class IV Directors, whose terms expire at the end of the fourth Annual Meeting of the Board of Directors and whose terms thereafter shall be for five (5) years; and Class V Directors, whose terms expire at the end of the fifth Annual Meeting of the Board of Directors and whose terms thereafter shall be for five (5) years. The number of Directors in each class will be fixed as determined by the Board of Directors.



Section 2. Officers of the Board.

(a) The officers of the Board shall be a Chair, Vice-Chair, Second Vice-Chair, and such other officers of the Board as the Board may from time to time deem advisable. No individual may hold more than one office at any time.

(b) The Chair shall preside at all meetings of the Corporation, shall act as Chairman of the Board, and shall perform all duties of such office as required by law or by the Board of Directors.

(c) The Vice-Chair shall perform all duties of such office as required by law, by the Chair, and by the Board of Directors. In the absence or disability of the Chair, the Vice-Chair shall perform the duties of the Chair, shall have all powers which the Chair might exercise.

(d) The Second Vice-Chair shall perform all duties of such office as required by law, by the Chair or Vice-Chair, and by the Board of Directors. In the absence of the Chair or Vice-Chair, the Second Vice-Chair shall perform either of the duties of such office.

Section 3. Vacancies. Vacancies in the Board of Directors, including those resulting from an increase in the number of directors, shall be filled by remaining members of the Board and each person so elected shall be a director for the remainder of the term of the director whose vacancy has been filled, unless earlier removed.

Section 4. Removal. Any director may be removed from office, for cause only, by a majority of the remaining Board provided there shall be at least two (2) directors voting for removal. Cause shall exist to remove a director and declare the director's office vacant if the director (a) is declared mentally incompetent by a court, (b) is convicted of a felony criminal offense, (c) pleads guilty or *nolo contendere* to a felony criminal offense, (d) engages in any conduct that is immoral, or (e) has more than three unexcused or five excused absences per fiscal year (an absence will be deemed unexcused if the absent Director failed to provide written notice to the Chair of his or her absence prior to the meeting at issue).

Section 5. Resignation. Any director may resign at any time upon written notice to the Corporation. The resignation shall be effective upon receipt thereof by the Corporation or at such subsequent time as may be specified in the notice of resignation.

Section 6. Meetings. The Board of Directors shall hold its annual meeting at such time and at such place as the Board of Directors may determine. Special meetings of the Board may be called by the Executive Director or a majority of directors. Meetings of the Board of Directors may be held at such places within the Commonwealth of Pennsylvania or elsewhere as a majority of the directors may from time to time direct.

Section 7. Notice.

(a) No notice of regular meetings of the Board of Directors need be given. A written notice of all special meetings of the Board of Directors specifying the place, day and hour shall be given to each director at least forty-eight (48) hours prior to the meeting, either personally or by sending a copy thereof, charges prepaid, to the Directors' address appearing on the books of the Corporation or supplied by the Director to the Corporation for the purpose of notice. Notice may be given by mail, telegraph, telegram, telecopy, overnight commercial delivery service or in any other manner permitted by applicable law and such notice shall be deemed to be given at the time such notice is dispatched. When a meeting of directors is adjourned, it shall not be necessary to give any notice of the adjourned meeting or of the business to be transacted at an adjourned meeting, other than by announcement at the meeting at which such adjournment is taken.

(b) Whenever any written notice is required to be given by statute or by these Bylaws, a waiver thereof in writing signed by the directors, entitled to such notice shall be deemed the equivalent of the giving of such notice. The business to be transacted shall be specified in the waiver of notice of such meeting. Attendance of a person at any meeting shall constitute a waiver of notice of such meeting, except when a person attends a meeting for the express purpose of objecting at the beginning of the meeting to the transaction of any business on the ground that the meeting was not lawfully called or convened.

Section 8. Quorum of and Action by Directors. One-half (1/2) of the directors in office shall be necessary to constitute a quorum for the transaction of business (but in no event less than two (2) directors) and the acts of a majority of the directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors except when a different vote is required by law, the Articles of Incorporation, or these Bylaws. If at any meeting a quorum shall not be present, the meeting may be adjourned from time to time until a quorum shall be present.

Section 9. Action by Consent. Any action which may be taken at a meeting of the Board of Directors may be taken without a meeting if a consent or consents in writing setting forth the action so taken shall be signed by all of the directors, and filed with the Secretary of the Corporation.

Section 10. Meetings By Conference Telephone. One (1) or more directors may participate in a meeting of the Board of Directors, or of a committee of the Board of Directors, by means of conference telephone or similar communications equipment which permits all persons participating in the meeting to hear each other, and all persons so participating shall be deemed present at the meeting.

Section 11. Committees. The Board of Directors may, by resolution adopted by a majority of the whole Board, designate one or more committees, each committee to consist of at least one (1) or more of the directors of the Corporation and such other persons (who need not be directors) appointed by the Board of Directors. The Board may designate one (1) or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. Any such committee to the extent provided in such resolution and permitted by law shall have and exercise the authority of the Board of Directors in

the management of the business and affairs of the Corporation. In the absence or disqualification of any member of such committee or committees, the member or members thereof present at any meeting and not disqualified from voting, whether or not constituting a quorum, may unanimously appoint another director to act at the meeting in the place of any such absent or disqualified member.

Section 12. Other Powers. In addition to the powers and authorities expressly conferred by these Bylaws, the Board of Directors may exercise all such powers of the Corporation and do all such lawful acts and things as are not prohibited by statute or by the Corporation's Articles of Incorporation or by these Bylaws.

Section 13. Compensation. No Director shall be compensated for his or her services on the Board of Directors.

#### ARTICLE IV Officers of the Corporation

Section 1. Officers of the Corporation. The Corporation shall have an Executive Director, a Secretary, and a Treasurer, each of whom shall be elected or appointed by the Board of Directors. The Board of Directors may also from time to time elect such other officers, assistant officers and agents, as it deems necessary or advisable. The Executive Director and Secretary shall be natural persons of full age, and if the Treasurer is a natural person, he or she must be of full age. The officers shall be elected by the Board of Directors at the annual meeting of the Board or from time to time as the Board shall determine. Unless otherwise determined by the Board, each officer shall hold office for a term of one (1) year and until his or her successor is elected and qualified or until his or her earlier death, resignation or removal. Any number of offices may be held by the same person. Officers shall have such authority and perform such duties in the management of the Corporation as is provided by or pursuant to these Bylaws or as determined by or pursuant to resolutions or orders of the Board of Directors. Members of the Board of Directors may serve as officers provided they do so without compensation.

Section 2. Executive Director. The Executive Director shall be the chief executive officer of the Corporation. Subject to the control of the Board of Directors, the Executive Director shall (a) have general and active management of the business of the Corporation, (b) see that all orders and resolutions of the Board of Directors are carried into effect, (c) have custody of the corporate seal or entrust the same to the Secretary, (d) act as the duly authorized representative of the Corporation in all matters except when the Board has formally designated some other person or group to act, and (e) in general perform all the usual duties incident to the office of Executive Director and such other duties as may be assigned by the Board of Directors.

Section 3. Vice President. The Vice President, if any, shall perform such duties as shall be assigned by the Board of Directors or Executive Director, and, in the absence or disability of the Executive Director, he or she shall perform the duties of the Executive Director.

Section 4. Secretary. The Secretary shall attend the meetings of the Board of Directors and keep minutes thereof in suitable books kept for that purpose. The Secretary shall give, or cause to be given, all notices as are required by law, or by the Articles of Incorporation, or by these Bylaws. The Secretary shall perform such other duties as may be prescribed by the Board of Directors or by the Executive Director, as well as all the usual duties incident to the office of Secretary.

Section 5. Treasurer. The Treasurer shall have custody of the corporate funds and securities and shall keep, or cause to be kept, full and accurate accounts of receipts and disbursements in books kept for that purpose. The Treasurer shall deposit all monies, and other valuable effects, in the name and to the credit of the Corporation, in such depository as the Board of Directors shall designate. As directed by the Board of Directors or the Executive Director, the Treasurer shall prepare financial reports and disburse monies of the Corporation, taking proper vouchers for such disbursements and shall render to the Executive Director and directors an account of all his or her transactions as Treasurer and of the financial condition of the Corporation. In addition, the Treasurer shall perform such other duties as may be prescribed by the Board of Directors or by the Executive Director, as well as all the usual duties incident to the office of Treasurer.

Section 6. Removal. Any officer, assistant officer or agent elected or appointed by the Board of Directors may be removed by the Board of Directors whenever, in its judgment, the best interest of the Corporation will be served thereby. The Board of Directors shall have the power to fill any vacancies in any office occurring in any manner.

Section 7. Resignation. Any officer, assistant officer or agent may resign at any time upon written notice to the Corporation. The resignation shall be effective upon receipt thereof by the Corporation or at such subsequent time as may be specified in the notice of resignation.

Section 8. Bond. The Corporation may secure the fidelity of any or all of the officers by bond or otherwise.

## ARTICLE V General Provisions

Section 1. Voting Shares of Other Corporations. Unless otherwise ordered by the Board of Directors, the Executive Director shall have full power and authority on behalf of the Corporation to vote either in person or by proxy at any meeting of shareholders of any corporation in which the Corporation may hold shares, and at any such meeting shall possess and may exercise all of the rights and powers incident to the ownership of such shares which, as the owner thereof, the Corporation might have possessed and exercised if present.

Section 2. Signing Checks, Notes, Etc. Unless otherwise provided by resolution of the Board of Directors, all checks, notes, or other obligations for the payment of money by the Corporation shall be signed by either the Executive Director or the Treasurer. The Executive Director and the Treasurer shall have power in the name and on behalf of the Corporation to

endorse for collection and deposit in any account maintained with any banking institution by the Corporation, all checks or other negotiable instruments payable to the order of the Corporation.

Section 3. Annual Report. The Executive Director and Treasurer shall cause to be prepared and shall present at each annual meeting of the Board of Directors following the close of the Corporation's fiscal year, an annual report, prepared in conformity with the requirements of Section 5553(c) of the NCL, as the same may be amended from time to time, and such report shall be filed with the minutes of the said meeting of the Board of Directors.

Section 4. Fiscal Year. The Corporation's fiscal year shall begin on July 1 and shall end on June 30 of each year.

## ARTICLE VI

### Investment of Corporate Funds

Section 1. In General. The Board of Directors may take, receive and hold, in trust, such property, real or personal, as may be given, devised to or otherwise vested in the Corporation, in trust, for such purposes, set forth in the trust instrument, as are consistent with the Articles of Incorporation and with the charitable purposes of the Corporation. The Board of Directors may take, receive and hold such other property, real or personal, as may be given, devised to or otherwise vested in the Corporation, outright, as part of the general assets of the Corporation and committed to its charitable purposes.

Section 2. Investment. The Corporation shall have the right to retain or sell all or any part of any securities or property, real or personal, given, devised to or otherwise vested in it, whether outright or in trust, and to invest and reinvest any funds held by it, according to the judgment of the Board of Directors consistent with the Articles of Incorporation. The Corporation may transfer all or any part of its assets in a revocable trust to a corporate trustee qualified under Section 5549(a) of the NCL.

## ARTICLE VII

### Operation as an Exempt Organization

Section 1. In General. The Corporation has been organized and shall be operated exclusively for religious, charitable, scientific, testing for public safety, literary and educational purposes or for the prevention of cruelty to children or animals. The Corporation shall at all times be operated in accordance with the Corporation's Articles of Incorporation. The Corporation shall not enter into any agreement, nor shall its directors or officers adopt any resolution or Bylaws, take any action, or carry on any activity by or on behalf of the Corporation, not permitted to be entered into, taken or carried on by (a) an organization that is described in Section 501(c)(3) of the Code, or (b) an organization, contributions to which are deductible under Section 170(c)(2) of the Code.

Section 2. Private Foundation Status. The Corporation shall, if applicable, distribute income (and principal to the extent necessary) for each taxable year at such time and in such

manner as not to become subject to the tax on undistributed income imposed by section 4942 of the Code, or corresponding provisions of any subsequent Federal tax laws. In addition, the Corporation shall not engage in any act of self-dealing as defined in section 4941(d) of the Code, or corresponding provisions of any subsequent Federal tax laws; nor retain any excess business holdings as defined in section 4943(c) of the Code, or corresponding provisions of any subsequent Federal tax laws; nor make any investments in such manner as to incur tax liability under section 4944 of the Code, or corresponding provisions of any subsequent Federal tax laws; nor make any taxable expenditures as defined in section 4945(d) of the Code, or corresponding provisions of any subsequent Federal tax laws.

## ARTICLE VIII

### Personal Liability, Indemnification and Insurance

Section 1. Personal Liability of Directors. A director shall not be personally liable for monetary damages for any action taken unless (1) the director has breached or failed to perform the duties of his or her office under Sections 5711 through 5717 of the NCL or corresponding provisions of any successor nonprofit corporation law, and (2) the breach or failure to perform constitutes self-dealing, willful misconduct or recklessness. The foregoing sentence shall not apply to the responsibility or liability of a director pursuant to any criminal statute or the liability of a director for the payment of taxes pursuant to federal, state and local law.

### Section 2. Indemnification.

(a) General Rule. Subject to the provisions of paragraph (b) below, the Corporation shall, to the fullest extent permitted under the laws of the Commonwealth of Pennsylvania as now or hereafter in effect, indemnify any person (and his or her heirs, executors and administrators) who was or is a party, witness or other participant, to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (including, without limitation, actions by or in the right of the Corporation), by reason of the fact that such person is or was a director or officer of the Corporation, or is or was serving at the request of the Corporation as a director or officer of another corporation, partnership, joint venture, trust or other enterprise, against all expenses (including attorneys' fees, court costs, transcript costs, fees of experts and witnesses, travel expenses and all other similar expenses), judgments, fines, penalties and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding.

(b) Standard of Conduct. Except as provided in paragraph (d) below, indemnification shall be provided under paragraph (a) above only if it is determined in accordance with the procedure set forth in paragraph (c) below that: (i) the person seeking indemnification acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Corporation (or met such other standard of conduct prescribed by applicable law at such time); and (ii) the act or failure to act giving rise to the claim for indemnification does not constitute willful misconduct or recklessness (or otherwise meets such standard as is prescribed by applicable law at such time). Notwithstanding the foregoing, no person shall be indemnified in any case in which the act or failure to act giving rise to the claim for indemnification is determined by a

court to have constituted willful misconduct or recklessness; nor shall any person be indemnified in any case where indemnification under this paragraph is impermissible by reason of federal law.

(c) Procedure. Except as provided under paragraph (d) below, indemnification under paragraph (a) above (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification is proper in the circumstances because the person seeking indemnification has met the applicable standard of conduct set forth in paragraph (b) above. All such determinations shall be made in accordance with the following procedure:

(i) Method of Determination: All determinations shall be made: (a) by the Board of Directors by majority vote of a quorum consisting of directors who were not parties to the action, suit or proceeding in respect of which indemnification is sought; or (b) in the event that such a quorum is not obtainable, or, even if obtainable, a majority of such quorum so directs, by Independent Counsel in a written opinion to the Board of Directors, a copy of which shall be delivered to the person seeking indemnification.

(ii) Selection and Payment of Independent Counsel: In the event that a determination is to be made by Independent Counsel, such Independent Counsel shall be selected by the Board of Directors and the law firm or person so selected shall be subject to the approval of the person seeking indemnification, which approval shall not be unreasonably withheld. The Corporation shall pay all reasonable fees and expenses of the Independent Counsel. For purposes of this paragraph, "Independent Counsel" shall mean a law firm, or a member of a law firm, that is experienced in matters of corporate law and that has not in the immediately preceding five years been retained to represent the Corporation, the person seeking indemnification or any other party to the action, suit or proceeding giving rise to the claim for indemnification.

(iii) No Presumption: The termination of any action, suit or proceeding referred to in paragraph (a) above or of any claim, issue or matter therein, by judgment, order, settlement, conviction, or upon a plea of *nolo contendere* or its equivalent, shall not of itself create a presumption that a person did not act in good faith and in a manner which such person reasonably believed to be in or not opposed to the best interests of the Corporation or that the act or failure to act giving rise to the claim for indemnification constitutes willful misconduct or negligence.

(d) Successful Defense. Notwithstanding any other provisions of this Article, to the extent that a person has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in paragraph (a) above or in defense of any claim, issue or matter therein, such person shall be indemnified by the Corporation against all expenses (including attorneys' fees, court costs, transcript costs, fees of experts and witnesses, travel expenses and all other similar expenses) actually and reasonably incurred by such person in connection therewith.

(e) Advance Payment of Expenses. Subject to such terms, conditions and limitations, if any, as the Board of Directors may in its discretion determine to be appropriate, the Corporation shall advance all reasonable expenses (including attorneys' fees, court costs, transcript costs, fees of experts and witnesses, travel expenses and all other similar expenses) reasonably incurred in connection with the defense of or other response to any action, suit or proceeding

referred to in paragraph (a) above upon receipt of an undertaking by or on behalf of the person seeking the advance to repay all amounts advanced if it shall ultimately be determined upon final disposition of such action, suit or proceeding that such person is not entitled to be indemnified by the Corporation under the provisions of this Article VIII. Notwithstanding the provisions of the preceding sentence, the Corporation shall not be required to make any advance payment of expenses (or to make any further advance if one or more advances shall have been previously made) in the event that a determination is made by the Board of Directors that the making of an advance or further advance would be inappropriate in the circumstances.

(f) No Duplication of Payments. The Corporation shall not be liable under this Article to make any payment of amounts otherwise indemnifiable hereunder if and to the extent that the person seeking indemnification has otherwise actually received payment under any insurance policy, contract, agreement or otherwise.

(g) Insurance. The Corporation may purchase and maintain at its own expense one or more policies of insurance to protect itself and to protect any director, officer, employee or agent of the Corporation or of another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss incurred by such person in such capacity, whether or not the Corporation would have the authority to indemnify such person against any such expense, liability or loss under this Article or under the laws of the Commonwealth of Pennsylvania.

(h) Indemnification Agreements. The Corporation shall have authority by vote of a majority of the Board of Directors to enter into an Indemnification Agreement with any person who may be indemnified by the Corporation pursuant to the provisions of this Article or otherwise. Any such Indemnification Agreement may contain such terms and conditions as a majority of the Board of Directors shall in the exercise of their discretion determine to be necessary or appropriate, provided that such terms and conditions may not be inconsistent with the substantive provisions of this Article. The fact that the Corporation has not entered into an Indemnification Agreement with any person shall not in any way limit the indemnification rights of such person under this Article or otherwise.

(i) Non-exclusivity. The right to indemnification and to the payment of expenses incurred in defending against or otherwise responding to any action, suit or proceeding in advance of its final disposition as set forth in this Article shall not be exclusive of any other rights which any person may now have or hereafter acquire under any agreement, vote of disinterested directors, or under any applicable law or under the Articles of Incorporation of the Corporation, or otherwise.

(j) Survival of Rights. The indemnification rights provided to a person under the provisions of this Article shall continue after such person ceases to be a director or officer of the Corporation or of another entity referred to paragraph (a) above, as to any action taken, any failure to take action, or any events which occurred while such person was a director or officer of the Corporation or of such an entity.

Section 3. Modification or Repeal. Any repeal, modification or adoption of any provision inconsistent with this Article VIII shall be prospective only, and neither the repeal



or modification of this Bylaw nor the adoption of any provision inconsistent with this Bylaw shall adversely affect any limitation on the personal liability of a director or officer of the Corporation existing at the time of such repeal or modification or the adoption of such inconsistent provision.

#### ARTICLE IX Amendments

These Bylaws may be altered or amended by a majority vote of the members of the Board of Directors at any regular or special meeting, unless a greater vote is required by the Articles of Incorporation of the Corporation or by law. If a bylaw amendment is proposed for action at a special meeting, notice of that purpose must be included in the meeting notice. Any change in the Bylaws shall take effect when adopted unless otherwise provided in the resolution effecting the change, except as restricted by Section 3 of Article VIII.

## APPENDIX IV

### IMPACT HARRISBURG CONFLICT OF INTEREST POLICY

## **IMPACT HARRISBURG**

### **CONFLICT OF INTEREST POLICY**

#### **Article I**

##### **Purpose**

The purpose of the conflict of interest policy (the "Policy") is to protect this tax-exempt organization's (the "Organization") interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Organization or might result in a possible excess benefit transaction (as defined by the Internal Revenue Code). This Policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

#### **Article II**

##### **Definitions**

1. Interested Person

Any director, principal officer, or member of a committee with governing board delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person.

2. Financial Interest

A person has a financial interest if the person has, directly or indirectly:

a. An ownership or investment interest in any entity with which the Organization has a transaction or arrangement,

b. A compensation arrangement with the Organization or with any entity or individual with which the Organization has a transaction or arrangement, or

c. A potential ownership or investment interest in, or potential compensation arrangement with, any entity or individual with which the Organization is negotiating a transaction or arrangement.

d. Serves as a director, officer, member, partner, manager, trustee, or beneficiary of any entity with which the Organization has a transaction or arrangement or potential transaction or arrangement.

e. A financial interest shall exist under Sections 2a-2d, above, in the event the spouse, sibling, child, or parent of the director, principal officer, or member of a committee with governing board delegated powers has a financial interest. The financial interest of the spouse, sibling, child, or parent shall be imputed to the director, principal officer, or member of a committee with governing board delegated powers.

Compensation includes direct and indirect remuneration as well as any gifts or favors. A financial interest is not necessarily a conflict of interest. Under Article III, Section 2, a person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

### **Article III** **Procedures**

#### **1. Duty to Disclose**

In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the directors and members of committees considering the proposed transaction or arrangement.

#### **2. Determining Whether a Conflict of Interest Exists**

After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the governing board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.

#### **3. Procedures for Addressing the Conflict of Interest**

a. An interested person may make a presentation at the governing board or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest. The interested person shall have no right to vote on the transaction or arrangement involving the possible conflict of interest.

b. The chairperson of the governing board or committee shall, if appropriate, appoint a disinterested person or committee of disinterested persons to investigate alternatives to the proposed transaction or arrangement.

c. After exercising due diligence, the governing board or committee shall determine whether the Organization can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.

d. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the governing board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Organization's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.

4. Violations of the Conflicts of Interest Policy

a. If the governing board or committee has reasonable cause to believe a member has failed to disclose an actual or possible conflict of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.

b. If, after hearing the member's response and after making further investigation as warranted by the circumstances, the governing board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

**Article IV**  
**Records of Proceedings**

The minutes of the governing board and all committees with board delegated powers shall contain:

a. The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the governing board's or committee's decision as to whether a conflict of interest in fact existed.

b. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

**Article V**  
**Compensation**

a. A voting member of the governing board who receives compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member's compensation.

b. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member's compensation.

c. No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Organization, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

d. For purposes of clarity, although a member of the governing board or any committee may, if this Policy is followed, receive compensation for services rendered, no Director shall be entitled to compensation for serving as a Director.

#### **Article VI** **Annual Statements**

Each director, principal officer, and member of a committee with governing board delegated powers shall sign a statement which affirms such person:

- a. Has received a copy of the Policy;
- b. Has read and understands the Policy;
- c. Has agreed to comply with the Policy; and

d. Understands the Organization is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

#### **Article VII** **Periodic Reviews**

To ensure the Organization operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

- a. Whether compensation arrangements and benefits are reasonable based on competent survey information and the result of arm's length bargaining.
- b. Whether partnerships, joint ventures, and arrangements with management organizations conform to the Organization's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

#### **Article VIII** **Use of Outside Experts**

When conducting the periodic reviews as provided for in Article VII, the Organization may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the governing board of its responsibility for ensuring periodic reviews are conducted.

## APPENDIX V

### IMPACT HARRISBURG INVESTMENT POLICY

**INVESTMENT POLICY**

**of**

**IMPACT HARRISBURG**  
**(for the Benefit of the City of Harrisburg)**

**for the**

**Economic Development & Infrastructure Funds**

**[     ] 2014**



## INTRODUCTION

### *PURPOSE*

The following Investment Policy for IMPACT HARRISBURG (the "Corporation") is intended to set forth the framework within which the Corporation's investment activities will be conducted. The Policy establishes parameters for investment activity which may be further restricted by the Corporation. The Policy provides parameters to limit risk, ensure diversification and within these parameters earn a yield commensurate with the amount of risk being taken.

In establishing this Policy, the Corporation recognizes the traditional relationship between risk and return and acknowledges that all investments whether they are for one day or for many years, involve a variety of risks related to maturity, duration, credit, market and reinvestment risk.

The Policy's purpose is to:

- 1) Present appropriate goals and objectives relating to the Economic Development & Infrastructure Funds (collectively, the "Fund").
- 2) Recognize and/or specify liquidity and diversification requirements and identify any legal constraints affecting investment management of the Fund.
- 3) Promulgate guidelines to which any authorized individual or firm shall adhere when determining investment strategies, making periodic investment decisions, and/or undertaking specific investment transactions relating to the Fund.
- 4) Establish standards and procedures for monitoring, measuring, reviewing, and evaluating any Investment Manager(s) and/or Fund Custodian's investment performance and/or safekeeping of assets in accordance with investment policies, goals, objectives, guidelines, and/or constraints.
- 5) Foster understanding and effective communication between the Corporation and any persons appointed, employed, designated or in any way called upon by the Corporation or staff to serve the Fund and its participants and/or beneficiaries.

### *FUND DESCRIPTION*

This Investment Policy governs the investment of the Economic Development & Infrastructure Funds (collectively, the "Fund").

### *PORTFOLIO MANAGEMENT PRECEPTS*

The Corporation endorses contemporary investment practices, based upon the construction of well diversified multi-asset portfolios, which facilitate control of investment risk and afford reasonably predictable long-term investment returns.

## *STANDARD OF CARE*

### *1. Prudent Person Standard*

The standard of care to be used by investment officials shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. The "prudent person" standard states that, "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived."

These guidelines are, as a part of this Policy, intended to present broad and balanced considerations to guide incumbent and successor boards and staffs, and all other parties concerned, seeking appropriate allocation, investment, safekeeping, monitoring and evaluation of the Fund.

### *2. Ethics and Conflicts of Interest*

Officers and employees of the Corporation involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Officers and employees of the Corporation shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio.

### *3. Delegation of Authority*

Authority to manage the investment assets is granted to the Corporation's Executive Director. Responsibility for the operation of the investment program is hereby delegated to the Executive Director, who shall act in accordance with established written procedures and internal controls for the operation of the investment program consistent with this Policy. No person may engage in an investment transaction except as provided under the terms of this Policy and the procedures established by the Executive Director. The Executive Director shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

## *RESPONSIBILITIES OF THE BOARD*

The Board of the Corporation is charged with overall responsibility for investment of the Fund. To assist the Executive Director in this function, the Corporation is authorized to appoint Investment Manager(s), including but not limited to for this purpose: banks, insurance companies, and firms registered under the Investment Advisers Act of 1940 and/or Pennsylvania law, to manage (including the power to acquire and dispose of) the Fund. Any appointed Investment Manager(s) must agree to act in accordance with all applicable state and federal laws and this document. The Corporation must also develop policies and guidelines regarding Fund investments. Policies and guidelines are inclusive of, but not restricted to:

- 1) Establishment of Investment Objectives, Investment Policy, Investment Guidelines, and Review procedures, as set forth herein.

- 2) Establishment of standards for measuring, monitoring, evaluating and comparing investment performance of the Fund to assure that investment returns are reviewed on a regular basis.
- 3) Establishment of authorization, reporting, control, review and general governance procedures to assure that Fund investment policies and guidelines are reviewed on a regular basis. All modifications of policies and/or guidelines shall be in writing, signed by appropriate Corporation signatories, and delivered forthwith to any Investment Manager(s) and/or Custodian(s) affected by such changes.
- 4) Establishment of, through contractual relationships with professional organizations, or by alternative means satisfactory to the Corporation, a Fund management structure which will assure appropriate investment management, custody, and compliance procedures to attempt to meet objectives in conformity with the Corporation's stated investment policies and guidelines.
- 5) It is the Corporation's intention to understand various measures of risk and to periodically review the risk tolerance it has for the Fund. This risk tolerance should be considered by the Executive Director and any Investment Consultant to assist with an efficient asset allocation. The assumed rate of return for the Fund shall be the estimated rate of return on the tactical and strategic asset allocation determined to be consistent with the Corporation's risk tolerance.
- 6) The Corporation shall examine this Policy from time to time and make appropriate revisions.
- 7) The Corporation may consult with legal counsel as necessary.

#### *RESPONSIBILITIES OF THE EXECUTIVE DIRECTOR*

When contemplating any investment, investment strategy or investment course of action, and/or any securities transaction, the Executive Director shall consider all relevant factual and circumstantial information and the impact of such information upon a particular investment, strategy, or program, and upon any investment portfolio of the Fund. Further, respecting investment strategies, and/or courses of action for the Fund, the Executive Director shall also consider:

- 1) Potential losses and gains
- 2) The composition of the portfolio with regard to:
  - a) Diversification
  - b) Risk
  - c) Liquidity and current return relative to the Fund's cash flow requirements

All investment performance data submitted to the Corporation or to any designee thereof directly or indirectly by or on behalf of any Investment Manager(s) shall, as applicable, be submitted, if

possible, in conformity with the Performance Presentation Standards and/or Global Investment Performance Standards promulgated by the CFA Institute.

The delegation of discretion for the management of the Fund or a portion of the Fund and responsibilities for investment decisions shall be limited by the provisions of this Statement. The Corporation may appoint an Investment Manager(s) to be responsible for the management of the Fund or a portion of the Fund.

#### *RESPONSIBILITIES OF THE FUND CUSTODIAN(S)*

Any Custodian(s) appointed by the Corporation shall be responsible for safekeeping of the Fund, including all security transaction settlements and deliveries, and for comprehensive recordkeeping and reporting, which shall include any custom recordkeeping, record retention, or reporting reasonably required by the Corporation or staff. Ready access to information by the Corporation and staff shall be a prime requisite of recordkeeping and reporting services. Transaction records shall be maintained on a trade date basis. Nationally accepted asset pricing should be daily and reported not less often than monthly.

Safety and continuity of operations shall be the primary objectives of any Custodian. Timely, accurate, and complete recordkeeping and reporting shall be the primary benchmarks for evaluation of Custodian performance.

Fund safekeeping and securities settlement procedures shall include direct Custodian participation in one or more appropriate securities depositories (e.g., Depository Trust Company, New York) and, as necessary, correspondent participation in other major depositories (e.g., the Federal Reserve System). The Fund's beneficial ownership of all assets shall be inviolate. Corporation or designated Investment Manager(s) authority to direct all investment transactions shall similarly be protected.

#### *RESPONSIBILITIES OF THE INVESTMENT CONSULTANT*

The Corporation may utilize the services of an investment consultant (the "Investment Consultant") for the purpose of performance review, asset allocation studies, manager screening and selection and topical studies, or any other service deemed necessary and agreed upon by the Corporation and Investment Consultant. The comments and recommendations of the Investment Consultant will be considered by the Corporation in conjunction with other available information for the purpose of making an informed and prudent decision.

## INVESTMENT OBJECTIVES

Investment Objectives represent anticipated results and are long-term in nature. Given the Corporation assumptions respecting current and projected cash flow need and capital market conditions, the Fund objectives are:

- 1) All transactions undertaken on behalf of this Fund shall be solely in the interest of the purpose of the Fund. Investments shall adhere to the prudent investor standards set forth earlier in this Statement, safeguards and diversification to which a prudent investor familiar with and managing this Fund under known or foreseeable circumstances would adhere. Liquidity and current return consistent with rationally anticipated cash flow requirements of the Fund, shall be governing factors in all investment considerations.
- 2) Consideration shall also be given to providing adequate and timely Fund cash flows to meet anticipated Fund disbursements, with sufficient reserves to meet unanticipated requirements.
- 3) Consideration shall be given to the Corporation's ability and willingness to accept uncertainty (risk). Sources of risk constantly change and managing risk requires a flexible approach to effectively identify, measure and communicate investment risk.

## INVESTMENT POLICY

Investment Policy delineates controls and the associated monitoring intended to enhance the likelihood of meeting Investment Objectives:

### *ASSET ALLOCATION*

Asset class allocation, resulting in a mix of assets, is intended to afford an appropriate approach toward Fund Investment Objectives while limiting investment risk by providing basic diversification. The percentages of asset classes (delineated in Attachment I) provide a framework through which the Fund's investments may be adjusted to meet economic and/or investment market conditions while remaining centered on the allocation target deemed appropriate to the Fund's Investment Objectives.

### *ALLOCATION MONITORING/REBALANCING*

The Corporation or its designee(s) shall review asset allocation quarterly to monitor Fund asset allocation targets. In the event that asset allocations fall moderately outside the ranges in the tables above, the appointed Custodian(s) may be notified and instructed by the Corporation to adjust cash flows to return the Fund to appropriate asset allocation levels. Should an allowable range be breached substantially, an Investment Manager(s) involved may be required by the Corporation to adjust assets immediately.

### *LIQUIDITY*

Emphasis shall, per Investment Objective, 2, above, be placed on providing adequate and timely Fund cash flow to permit disbursements from the Fund when due. The Corporation endeavors to meet the Fund's Investment Objectives through asset allocation and Investment Guidelines. Nevertheless, any Investment Manager(s) appointed by the Corporation shall be responsible for seeking from the Corporation or its designee(s) current information respecting Fund cash flow requirements and for assisting in meeting said requirements.

### *DIVERSIFICATION*

Fund investments must be diversified broadly to minimize the risk of substantial loss. This can be accomplished using fixed income bond funds or similar instruments as well as a well diversified portfolio. The Corporation recognizes that significant diversification is accomplished through asset allocation and the selection of investment management organizations.

### *MUTUAL AND OTHER COMMINGLED FUNDS*

Given the nature of mutual and other commingled funds, it is recognized that there may be deviations between the objectives, intent or specific requirement of this Statement and the stated objectives, intent or content of any mutual or other commingled fund. However, every effort shall be made, to the extent practical, prudent and appropriate, to select mutual or other commingled funds that have investment objectives and policies that are consistent with this Statement.

## INVESTMENT GUIDELINES

Investment Guidelines describe, for the guidance of the Executive Director and any Investment Manager(s) and for the information of the Fund Custodian(s), a range of permissible investment activities and choices while also delineating those which are not permissible. Investment Guidelines for the Fund appear below. Different guidelines and benchmarks may be assigned to individual Investment Managers by written authority of the Corporation.

The Corporation has determined, except as noted in the Mutual Funds guidelines that the following investments and investment practices are **not suitable** for the Fund. (Certain exceptions are delineated below, see Fixed Income Investment Guidelines.)

- 1) Buying or (short) selling securities on margin, and/or the use of any other form of leverage, including the lending of securities, unless approved in writing by the Corporation.
- 2) Privately placed or otherwise unregistered securities excepting fixed income securities, issued under SEC Rule 144(a), which are demonstrably marketable and otherwise within guidelines.
- 3) Direct investment in commodities or in any type of commodities contracts, forward, or futures trading activities, and all forms of portfolio hedging, excepting the limited use of stock options and/or currency hedges. Investments in mutual funds that invest in commodities are not considered direct investments.
- 4) Fixed income investments may not include deep discount or zero coupon (excepting U.S. Treasury) securities, derivative or synthetic securities, such as collateralized debt obligation (CDOs), credit default swaps (CDS), interest rate swaps and any total return swaps.

### *FIXED INCOME INVESTMENT GUIDELINES*

- 1) Suitable fixed income investments include, but are not limited to, U.S. Treasury and Agency securities, taxable municipal securities, marketable debt securities of U.S. corporations, U.S. certificates of deposit and banker's acceptances, and commercial paper or other generally utilized money market or cash equivalent investments, including money market mutual funds meeting the quality standards delineated below.
- 2) For portfolios of securities purchased directly or through the use of an Investment Manager, the security selections are subject to the following restrictions:
  - a) No issuer, other than the U.S. Government or other Federal agencies, may represent more than five (5) percent of the total market value of the fixed income portfolio.

- b) At no time shall margin or other leveraged transactions, short sales, forward or futures trading, or any form of portfolio hedging be employed in the management of fixed income investments without prior written approval of the Corporation.
- c) The average quality of fixed income securities purchased shall equal or exceed A2, the third broad investment grade as determined by Moody's.
- d) So called non investment grade bonds (below Baa) are permissible but may not constitute more than ten (10) percent of the fixed income portfolio.
- e) The effective duration of fixed income securities, said average including any investments considered to be reserve or cash equivalent assets specific to any fixed income portfolio, shall be no more than 25 percent greater or less than the effective duration of the policy benchmark.
- f) There shall be no limit upon investment in U.S. Treasury securities as a percentage of fixed income investments at cost or market value, except that any single coupon issue thereof may constitute no more than thirty (30) percent of any fixed income investments at market value and any single Treasury zero coupon issue ten (10) percent at market value.
- g) Federal Agency securities are limited to fifty (50) percent of fixed income investments at market value, twenty-five (25) percent per agency, and to ten (10) percent, at market value, per any single Federal Agency issue.

#### GUIDELINES FOR USE OF POOLED FUNDS:

Mutual funds, collective trusts and other types of commingled investment vehicles provide, under some circumstances, lower costs and better diversification than can be obtained with a separately managed fund pursuing the same investment objectives. However, commingled investment funds cannot customize investment policies and guidelines to the specific needs of individual clients. If appropriate, the Corporation is willing to accept the policies of such funds in order to achieve the lower costs and diversification benefits of commingled funds.

The restrictions and limitations described in this policy do not apply to any mutual funds in which the Corporation participates or invests except to the extent any such mutual fund is subject to similar guidelines, restrictions or limitations.

#### *GUIDELINES FOR USING INVESTMENT MANAGERS*

Subject to the asset allocation ranges set forth on the *attached*, or separate asset allocation ranges assigned specifically to any Investment Manager(s) by the Corporation, an Investment Manager is expected to undertake discretionary management of any Fund portfolio. Nevertheless, when responsible for any Fund investment portfolio, the Investment Manager(s) shall report immediately to the Corporation or its designees any shift between or decrease in market value of asset classes during any calendar quarter which equals or exceeds ten (10) percent of the market



value of the assets assigned to the Investment Manager(s). For the purpose described herein, cash and money market or cash equivalent securities shall be considered an asset class.

- 1) Full discretion, consistent with the Investment Objectives, Investment Policies, and Investment Guidelines set forth in this Statement, is granted to each Investment Manager retained to manage securities.
- 2) Each Investment Manager shall select investments in conformity with criteria normally applied in its decision making process and previously reviewed and approved by the Corporation.
- 3) The total annualized investment return from all investments of the Fund and each asset class of the Fund is expected to meet or exceed the total annualized return of the appropriate benchmark designated for rolling three (3) year periods.
- 4) Any security purchased in compliance with the quality, maturity, and/or diversification standards cited above, but no longer meeting a specific, per-security Investment Guideline standard, and/or by marginal effect causing portfolio non-compliance, may, in lieu of immediate sale, be reported to the Corporation with background information and an intended future course of action by any Investment Manager(s). The Corporation may, upon review, approve temporary or indefinite retention or, in the Corporation's best judgment, order disposition of the security and a return to full compliance with the Investment Guidelines. For any individual Investment Manager(s), securities retained under such circumstances shall constitute no more than five (5) percent of the market value of securities (5 percent "basket clause").
- 5) Any Investment Manager(s) managing active portfolios may be assigned indices or other types of benchmarks deemed suitable for them and agreed upon with the Corporation; as a general expectation those managers should exceed their assigned benchmarks, net of fees, on an annualized basis over periods of three (3) years or more.

## REVIEW PROCEDURES

All *Investment Policies, Objectives and Guidelines* contained in this Statement shall be reviewed by the Corporation annually, or whenever circumstances change to the extent that the earlier representations are ineffective or inappropriate. All concerned parties shall be notified, in writing, of any changes and/or additions to this Investment Policy.

- 1) Investment performance will be reviewed quarterly.
- 2) Fund asset class shall be compared to returns to benchmark indices or index composites.
- 3) Any Investment Manager(s) failing to keep pace with stated performance norms may be placed on probation and evaluated as to whether it is in the best interest of the Fund to have the Corporation retain the services of said Investment Manager(s).
- 4) The Corporation reserves the right to terminate a relationship with any Investment Manager(s) at any time, subject to the terms of any investment advisory agreement, if the Corporation determines that said action is warranted. In addition, the Corporation reserves the right to remove assets, in part, at any time, provided that contracted asset and/or minimums of any Investment Manager(s) are met.
- 5) Investment Manager(s) shall provide statements of assets under management to the Corporation quarterly, and shall also comply with reasonable additional requests from the Corporation, including details of any/all securities transactions and /or "soft dollar" payments if said payments are made at official Corporation request and/or arise from transactions involving the Fund's assets.
- 6) Investment Manager(s) shall meet at least annually, if requested by the Corporation, to review the Fund and any respective portfolio(s) with the Corporation, and to discuss investment results in the context of all of the goals Investment Objectives, and Investment Guidelines set forth in this Statement.

***SIGNATURES***

The effective date of this Investment Policy Statement is \_\_\_\_\_ 2014.

Adopted by the Corporation on \_\_\_\_\_ 2014.

NAME

\_\_\_\_\_  
[TITLE]

ATTESTED THIS \_\_\_\_ DATE  
OF \_\_\_\_\_, 2012

APPROVED THIS \_\_\_\_ DAY  
OF \_\_\_\_\_, 2012

\_\_\_\_\_  
[NAME]  
[TITLE]

**Attachment I**

**Asset Allocations**

[example only]

<b>Asset Class</b>	<b>Minimum %</b>	<b>Target %</b>	<b>Maximum %</b>	<b>Benchmark</b>
<b>Fixed Income</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	
US Treasury Inflation Protected Securities	0%	20%	30%	Barclay's Capital US TIPs Index
Short-term bonds or bond fund, bond index fund	0%	30%	40%	Barclay's Government/Credit 1-5 year Index
Short-term bonds or bond fund, bond index fund	20%	30%	80%	Barclay's Government 1-3 year Index
Cash	10%	20%	50%	ML 90-day T-Bill

## APPENDIX VI

### IMPACT HARRISBURG PROGRAM GUIDELINES

# **IMPACT HARRISBURG**

## **Program Guidelines**

**[     ] 2014**

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## **Purpose**

The Harrisburg Strong Plan set aside funding to help Harrisburg with economic development opportunities and infrastructure challenges through the establishment of a separate 501(c)(3). The economic development funds were established in the plan for the purpose of engaging in a wide range of economic development and related activities for the benefit of the City, including activities designed to revitalize and expand City revenues through new sources of tax revenues by successful, new and expanded business activities. The infrastructure component is intended to be for the purpose of engaging in a wide-range of maintenance, operation, repair and improvements projects related to City infrastructure.

The plan called for a Task Force to be created to help with the structure and the development of guidelines for the administration of these funds. The corporation to be formed is IMPACT HARRISBURG. IMPACT HARRISBURG is to provide grants for City projects that will leverage funds, which will be used with IMPACT HARRISBURG funds to create the maximum impact on Harrisburg's tax base (real estate, earned income and others), on jobs for City residents and will positively improve the operational efficiency of the City. The guidelines are designed to attract quality projects with maximum community impact that are construction ready and will achieve the goals outlined in the Harrisburg Strong Plan.

## **Guiding Principles**

- Accountability of funds
- Leverage of other funds both private and public
- Fair and rational scoring process
- Inclusion: increasing opportunities and capacity for minority and other disadvantaged groups
- Respect, preserve and grow the culture of Harrisburg's neighborhoods
- Fund projects, not operations
- Produce measurable outcomes
- Build the City Tax Base (Real Estate Tax, Earned Income, etc.)
- Create Jobs (where possible for City Residents)
- Improve City Operational Efficiencies

## **General Guideline Requirements for all Projects Seeking Funding from all Programs**

Project applications must demonstrate an impact of at least one of the following areas:

- Building the City Tax Base by adding to the Real Estate, Redevelopment of non-taxpaying, blighted properties into tax paying properties, Earned Income or other taxes paid directly to the City of Harrisburg
- Creating permanent jobs in the City, to the extent possible employing City residents
- Improving operational efficiency, safety and livability of the City of Harrisburg

Other General Requirements:

- Project applicants and affiliated businesses must be current with all federal, state and local taxes.

- Identification of project owner and industrial occupant. Three years of financials must be submitted by the owner of the project.
- Projects must have a verifiable match as required by each of the programs. Verification includes award and commitment letters from other funding sources, satisfactory demonstration of funds in a financial institution dedicated as match for an application, a bank letter of credit or other similar documentation. One half of the matching funds must be secured before the application is submitted and the other half must be demonstrated before funds can be disbursed for reimbursements.
- Project construction must begin within one year of awarding of funds, unless an extension is granted for cause by the IMPACT HARRISBURG Board of Directors.
- Projects are expected to comply with all applicable federal, state and city requirements including, but not limited to construction, grant administration, wage rates, compliance and reporting of expenditures and match requirements.
- Performance bond and liability insurance must be demonstrated naming IMPACT HARRISBURG as co-insured.
- Detailed budgets will be required by all programs. Budgets should be prepared by professionals (engineers, construction professionals, architects, etc.). Detailed budgets are needed to evaluate both the viability of the project and the readiness of the project to begin construction.
- Operational details beyond construction. Applications should outline how the project will be operated after completion, where funding for regular maintenance and capital improvements – the long term sustainability of the project – will be coming from and who will be responsible. Private sector and not for profit business plans are strongly suggested as part of the application.
- Project applicant is required to maintain full and accurate records on the project and ensure adequate control over parties involved in the project. IMPACT HARRISBURG requires access to these records as well as the ability to inspect all work, invoices, materials and other relevant records. Upon request of IMPACT HARRISBURG, the project applicant must furnish all data, reports, contracts, documents and other relevant information.
- Proof of construction permits and other governmental approvals must be provided to IMPACT HARRISBURG prior to the start of construction.
- Plans to use minority owned business subcontractors in project construction and identification of MBE contractors/sub-contractors involved in the project
- Project must be audited within 180 days from completion at the expense of the applicant.

#### **MBE Requirements**

- Project applicants are encouraged to work with Minority Business Enterprises as contractors or subcontractors on their project. Successful applicants will have to establish a goal for MBE participation and document their process in working toward achieving their goal.
- Project applicants are also encouraged to work with Women and Veteran owned businesses.



**Deadlines for Applications**

- Applications will be accepted semi-annually with differing deadlines for the three main programs operated by IMPACT HARRISBURG. Contingency program applications can be accepted at any time. Deadlines to be established by IMPACT HARRISBURG Board on recommendation of the IMPACT HARRISBURG Executive Director.

**Prevailing Wage**

- All grant funds are subject to Pennsylvania Prevailing Wage rules and regulations.

**Programs**

IMPACT HARRISBURG offers five programs for eligible applicants to apply for funding. Each program must meet the general requirements of the purpose, guiding principles and general guidelines as well as the program specific guidelines. They are listed below with a target amount of funds to be used:

- Economic Development
  - Large Project Grants – 50% target
  - Community Building Grants – 30% target
  - Contingency Fund – 20% target
- Infrastructure Development
  - Infrastructure Project Grants – 90% target
  - Contingency Fund – 10% target

**Evaluation**

Grant applications meeting the general and specific program guidelines as outlined will be evaluated using the general criteria outlined in the scoring matrices attached as Exhibit C.

### **Large Economic Development Project Guidelines**

This program is design to help redevelop larger problem or blighted properties in neighborhoods and business districts in Harrisburg that slow development. Typically these larger properties are challenging to address due to size and scope of the project or stall progress in areas. This program can also jump start activities on larger projects in areas of the City. These grants can be used in conjunction with Community Building grants and comprehensive strategies are recommended.

#### **Eligible Uses**

- Acquisition, Redevelopment of blighted sites, Demolition (blight removal), Construction, Site Development, On-site and site to main infrastructure improvements, environmental remediation

#### **Grant Limit and Match Requirement**

- The maximum grant amount is \$500,000.
- The minimum is \$50,000.
- Match requirement is detailed below:
  - \$50,000 to \$250,000 minimum 1:1
  - \$250,000 to \$500,000 minimum of 3:1

#### **Eligible Applicants**

Applicants may be private sector individuals or businesses, 501(c)(3) not for profits, not for profit economic development corporations, City of Harrisburg, Harrisburg Redevelopment Authority and similar Authorities focused on the City. A federal tax ID number is required. Applicants will be required to provide information to demonstrate their capacity to build the project and operate the project after construction for the foreseeable future.

#### **Application Guidelines**

The application for Large Project Grants shall include the following information in the format outlined below. In addition it is strongly recommended that applicants arrange a meeting and site tour with IMPACT HARRISBURG Executive Director prior to submitting an application to discuss eligibility and general requirements of the grant application and evaluation process.

1. Project Name; Developer of the Project with contact information (name, address, phone, email); Federal Tax ID Number; Site Address; Tax Map Parcel ID number; General Site Map
2. Address all issues required in the General Guidelines
3. Certification from the City Planning Department that project is consistent with the Harrisburg's Comprehensive Plan

*Harrisburg  
Land Bank ?*

4. A letter of support for the project from the City Department of Community and Economic Development
5. Project Narrative: A narrative of approximately 1,000 words providing details of the project, why IMPACT HARRISBURG funding is needed for the project and the plan for post construction operations of the project
6. General Sources and Uses Budget of the project
7. Project Timeline
8. Project Business Plan (Performa): Includes project budget with detailed construction estimates, designs to the extent available, financial viability of the plan, including construction financing
9. Letters of support from the city business district or neighborhood in which the project is proposed

#### **Process for Accessing Funds**

1. After a project is approved and a grant contract is executed by the Developer of the Project and IMPACT HARRISBURG, the IMPACT HARRISBURG Executive Director will work with the awardee on a timeline for release of funds.
2. In all cases, funds are released on a reimbursement basis, including expenditure of match funding. This will likely require a construction line of credit, mortgage or advance of equity into the project. Detailed invoices will be required along with sworn statement that invoices have not been submitted to another funding (grant) source for reimbursement.
3. All required city, state and federal approvals must be in place before funds are released.
4. 100% of match must be in place before disbursement of funds is allowed.
5. Projects will be required to demonstrate impact of project in the categories below through the first five years of the project. IMPACT HARRISBURG has the right to hold a subordinate mortgage, lien or other securitization pending proof of satisfactory compliance with impact requirements. Claw back provision of funds may also be required as part of a grant contract and may be implemented should goals not be achieved.
  - a. Building the City Tax Base by adding to the Real Estate through new construction or redevelopment of existing or blighted properties, Earned Income or other taxes paid directly to the City of Harrisburg
  - b. Creating jobs in the City, to the extent possible employing City residents
  - c. Improving operational efficiency, safety and livability of the City of Harrisburg
6. Project Monitoring: IMPACT HARRISBURG staff or representatives will have access to all records and project site during the time from execution of the grant contract to formal close out of the project. The applicant/grant recipient agrees to provide information on a timely basis and comply with all requirements set forth in these guidelines and grant contract.
7. Project Close Out: Each project will be required to submit a program report detailing the total project budget, the use of grant funds and identification of match requirements. IMPACT HARRISBURG reserves the right to require a formal audit of the project at the

expense of the applicant/grantee and furthermore may withhold funds or invoke claw back provisions should a timely Project Close Out Report not be submitted.

### **Community Building Program Guidelines**

This program is designed to accelerate activities already underway in Harrisburg neighborhoods by offering grants to eligible applicants so to facilitate funding to property owners for façade improvement over a period of years. Interaction with residents, property owners and neighborhood residents is required to formulate a coordinated effort that is fully supported by the neighborhood. Goals are improving the livability, visual appeal, safety and neighbor to neighbor interactions that rebuild relationships and ultimately ownership in Harrisburg neighborhoods contributing to a better, more livable city.

#### **Eligible Uses**

- Community Building Grants are designed to support five year neighborhood strategies in a geographically self-defined area of the City of Harrisburg that has been developed by a responsible party that is either a 501(c)(3), City of Harrisburg, or private sector developer.
- Application must represent a project with broad neighborhood support from residents, property owners and businesses, and reflect a broader strategy for long term neighborhood improvement. Applicants with existing neighborhood plans are encouraged to apply.
- Grants are to be awarded to eligible applicants, who will then be responsible for implementation of neighborhood improvement strategies primarily centered around façade improvement for residential and commercial properties in target areas addressing blight and creating ownership in the neighborhood.
- Applications should reflect strategies similar to those required in state DCED Main Street and Elm Street programs. Applicants are responsible for implementation activities with individual property owners and execution of activities outlined in the grant application.
- Joint bidding of all work is encouraged.
- Grant funds may be used by eligible applicants to provide grants or low interest loans to property owners. Eligible applicants are encouraged to administer a permanent revolving loan program to leverage additional projects in the City.

#### **Grant Limit and Match Requirement**

- The maximum grant amount is \$350,000.
- Match requirement is 1:1
  - Source of match is broadly defined, but must be demonstrated
  - Interior improvements are eligible match
  - Funds may be matched with weatherization, aging services, utility programs and similar sources

#### **Eligible Applicants**

Applicants may be not for profits 501(c)(3), not for profit economic development corporations serving the City, the City of Harrisburg, Harrisburg Redevelopment Authority or private corporations with demonstrated community support. A federal tax ID number is required.

Applicants will be required to provide information to demonstrate their capacity to complete the project and plans to maintain the neighborhood after the project is completed.

The application for Community Building Grants shall include the following information in the format outlined below. In addition it is strongly recommended that applicants arrange a meeting and site tour with IMPACT HARRISBURG Executive Director prior to submitting an application to discuss eligibility and general requirements of the application and evaluation process.

### **Application Guidelines**

Community Building Grants are designed to enhance Harrisburg's neighborhood livability. The program is designed to bring neighborhoods together and develop ownership in long term neighborhood improvement. Mixed use neighborhood (commercial and residential) projects are encouraged. Community Building Grants *may* be used in conjunction with Large Project Grants, but may not serve as match.

1. Project Name; Developer of the Project with contact information (name, address, phone, email); Federal Tax ID Number; Site Address; Tax Map Parcel ID number; General Site Map
2. Address all issues required in the General Guidelines
3. Certification from the City Planning Department that project is consistent with the Harrisburg's Comprehensive Plan
4. A letter of support for the project from the City Department of Community and Economic Development
5. Project Narrative: A narrative of approximately 1,000 words providing details of the project, why IMPACT HARRISBURG funding is needed for the project and the plan for post construction operations of the project
6. General Sources and Uses Budget of the project
7. Project Timeline
8. Neighborhood Strategy (Plan): Includes project budget with detailed construction estimates, designs to the extent available, financial viability of the plan, including construction financing
9. Neighborhood Map designating properties to be improved
10. Proof of Match (as required in General Guidelines)
11. Plan to include minority owned businesses in the construction of the project
12. Letters of support from property owners (all if possible)
13. Letters of support from residents (if not property owners)
14. Letters of support from the city business district or neighborhood in which the project is proposed

### **Process for Accessing Funds**

1. After a project is approved and a grant contract is executed by the applicant and IMPACT HARRISBURG, the IMPACT HARRISBURG Executive Director will work with the awardee on a timeline for release of funds.

2. It is preferred that funds are released to reimburse work completed, including expenditure of match funding. The IMPACT HARRISBURG Board may waive that requirement upon the recommendation of the IMPACT HARRISBURG Executive Director. Detailed invoices will be required along with sworn statement that work has not been submitted to another funding (grant) source for payment.
3. All commitments for private sector, city, state and federal approvals must be in place before funds are released.
4. Projects will be required to demonstrate impact of project in the categories below through the first five years of the project. IMPACT HARRISBURG has the right to hold a subordinate mortgage, lien or other securitization pending proof of satisfactory compliance with impact requirements. Claw back provision of funds may also be required as part of a grant contract and may be implemented should goals not be achieved.
  - a. Building the City Tax Base by adding to the Real Estate, Earned Income or other taxes paid directly to the City of Harrisburg
  - b. Creating jobs in the City, to the extent possible employing City residents
  - c. Improving operational efficiency, safety and livability of the City of Harrisburg
5. Project Monitoring: IMPACT HARRISBURG staff or representatives will have access to all records and project site during the time from execution of the grant contract to formal close out of the project. The applicant/grant recipient agrees to provide information on a timely basis and comply with all requirements set forth in these guidelines and grant contract.
6. Project Close Out: Each project will be required to submit a program report detailing the total project budget, the use of grant funds and identification of match requirements. IMPACT HARRISBURG reserves the right to require a formal audit of the project at the expense of the applicant/grantee and furthermore may withhold funds or invoke claw back provisions should a timely Project Close Out Report not be submitted.

## **Economic Development Contingency Fund**

### **Eligible Uses**

- Economic Development Contingency Fund Grants are to be used in cases of non-infrastructure related emergency needs for which there is no other grant source readily available causing stress on the City's General Fund. Funds are to be used to address unexpected problems that impact the health and safety of city residents that is not a normal operational expense of city government. Funds may be used as a grant match for any federal, state or local grant applications which require match, so long as such applications/projects are for eligible uses as identified in these IMPACT HARRISBURG Program Guidelines.
- Examples: building collapse (grants do not absolve property owner from legal and financial responsibility); public building repairs (critical need to keep doors to necessary service open); special studies and/or plans identified in municipal law or necessary to solve an imminent problem.

### **Grant Limit and Match Requirement**

- The maximum grant amount is \$250,000.
- Match requirement is 1:1, but may be waived for City Projects by the IMPACT HARRISBURG Board upon request of and demonstrated need by the City.

### **Eligible Applicants**

Applicants are limited to City of Harrisburg, Dauphin County (for projects in the City of Harrisburg) or the redevelopment authority serving the City of Harrisburg. These funds can be applied for at any time.

### **Application Guidelines**

1. Name of project, name (address, etc.) of applicant, address of project, tax map ID number
2. Short narrative identifying the project
3. Sources and Uses budget
4. Verified source of match requirement
5. Professional estimates to support the sources and uses statement



## **Infrastructure Project Guidelines**

### **Eligible Uses**

- Sewer lines and treatment facilities, Water lines and treatment facilities, Transportation (including roads, bridges, signals, sidewalks), Internet, broadband, wi-fi service, Mass Transit with direct benefit to Harrisburg City residents, City lighting (to improve efficiency and public safety), private property sewer/water problems (residential lateral replacement) and similar projects

### **Grant Limit and Match Requirement**

- The maximum grant amount is limited to funds available in the Infrastructure Fund.
- Match requirement is 1:1

### **Eligible Applicants**

Eligible applicants are limited to Capital Region Water and the City of Harrisburg.

### **Application Guidelines**

The application for Infrastructure Project Grants shall include the following information in the format outlined below. In addition it is strongly recommended that applicants arrange a meeting and site tour with IMPACT HARRISBURG Executive Director prior to submitting an application to discuss eligible and general requirements of the grant application and evaluation process.

1. Project Name; Project Applicant with contact information (name, address, phone, email); Federal Tax ID Number; Site Address; Tax Map Parcel ID number; General Site Map
2. Address all issues required in the General Guidelines
3. Proof that project is consistent with the Harrisburg's Comprehensive Plan and plans of Capital Region Water and City of Harrisburg.
4. Project Narrative: A narrative of approximately 1,000 words providing details of the project, why IMPACT HARRISBURG funding is needed for the project and the plan for post construction operations of the project
5. General Sources and Uses Budget of the project
6. Project Timeline
7. Project Plan: Includes project budget with detailed construction estimates, designs to the extent available, financial viability of the plan, including construction financing
8. Source and Proof of Match (as required in General Guidelines)
9. Plan to include minority owned businesses in the construction of the project
10. Letters of support from the city business district or neighborhood in which the project is proposed

### **Process for Accessing Funds**

1. After a project is approved and a grant contract is executed by the Developer of the Project and IMPACT HARRISBURG, the IMPACT HARRISBURG Executive Director will work with the awardee on a timeline for release of funds.
2. Funds will be released according to a draw down schedule established by the applicant and IMPACT HARRISBURG. Funds are to be released to pay for work and materials related to the project. They may not be held for more than ten (10) days by the applicant without permission of IMPACT HARRISBURG. Detailed receipts and other documentation will be required along with sworn statement that work has not been submitted to another funding (grant) source for payment.
3. All required city, state and federal approvals must be in place before funds are released.
4. Project Monitoring: IMPACT HARRISBURG staff or representatives will have access to all records and project site during the time from execution of the grant contract to formal close out of the project. The applicant/grant recipient agrees to provide information on a timely basis and comply with all requirements set forth in these guidelines and grant contract.
5. Project Close Out: Each project will be required to submit a program report detailing the total project budget, the use of grant funds and identification of match requirements. IMPACT HARRISBURG reserves the right to require a formal audit of the project at the expense of the applicant/grantee and furthermore may withhold funds or invoke claw back provisions should a timely Project Close Out Report not be submitted.

### **Infrastructure Contingency Fund Guidelines**

#### **Eligible Uses**

- Infrastructure Contingency Grants are to be used in cases of infrastructure related emergency needs for which there is no other grant source readily available causing stress on the City's General Fund.

#### **Grant Limit and Match Requirement**

- The maximum grant amount is \$500,000.
- There is no match requirement.

#### **Eligible Applicants**

The eligible applicants are the City of Harrisburg and Capital Region Water.

#### **Application Guidelines**

1. Name of project, name (address, etc.) of applicant, address of project, tax map ID number
2. Short narrative identifying the project
3. Sources and Uses budget
4. Verified source of match requirement
5. Professional estimates to support the sources and uses statement

## Exhibit A

### Example: General Sources and Uses Table

Sources and Uses tables are requested with each type of project funding application. Below is an example of a Source and Use table.

<b>Sources:</b>	
City CDBG	100,000
Private Equity	300,000
IMPACT HARRISBURG Grant	200,000
10 year loan from XYZ Bank	400,000
<b>TOTAL</b>	<b>1,000,000</b>
<b>Uses:</b>	
Property Acquisition	25,000
Environmental Assessment/Remediation	100,000
Demolition	150,000
Design/Engineering	100,000
Construction	575,000
Contingency	50,000
<b>TOTAL</b>	<b>1,000,000</b>

## **Exhibit B**

### **MBE Goals and Due Diligence Requirements Inclusion of Women and Veteran Owned Businesses**

Harrisburg is a community of diverse people, which is one of its strengths. Striving for inclusion and creating opportunities for Minority, Women and Veteran owned businesses is a priority for IMPACT HARRISBURG.

The scoring process of applications for IMPACT HARRISBURG funding will include additional points for those projects that include minority contractors, subcontractors and suppliers. Additional points will also be awarded to projects using women and veteran owned businesses.

#### **DEFINITIONS:**

**MINORITY BUSINESS ENTERPRISE:** sole proprietorship, partnership, joint venture, corporation, or entity owned and controlled by minority group members that meets the following criteria:

- a. At least 51% is owned by minority group members or women and no part of its ownership, operation or control is in the hands of the respective prime contractor of the relevant IMPACT HARRISBURG contract;
- b. Minority group members or women share in the risks and profits of the enterprise to the extent of their individual holdings;
- c. Minority group members' or women's participation in the business is active, as opposed to passive, and such participation is not dependent on the consent of non-minority group or primarily male members who may also have holdings in the business enterprise;
- d. The business enterprise has experience in the area to which it claims expertise; and
- e. The business enterprise was not organized solely to meet these requirements.

#### **MINORITY**

African Americans, Hispanic Americans, Asian Americans, Native Americans, American Aleuts, and other minorities as recognized by federal regulations.

#### **WOMEN OWNED BUSINESS ENTERPRISE**

A woman owned business enterprise must:

- Be at least 51%-owned and controlled by qualified women
- Be owned by a United States citizen or citizens
- Be in business for at least one year or have a two-year business plan reviewed by a Small Business Development Center (SBDC)
- Be independent of any other business entity or entities
- Be a for-profit business (non-profits cannot become certified)
- Provide and be qualified to provide the goods and services for which it is being certified
- Additionally, the woman owner must hold the highest position in the company

## **VETERAN OWNED BUSINESS ENTERPRISE**

- Be at least 51%-owned and controlled by qualified veteran
- Be owned by a United States citizen or citizens
- Be in business for at least one year or have a two-year business plan reviewed by a Small Business Development Center (SBDC)
- Be independent of any other business entity or entities
- Be a for-profit business (non-profits cannot become certified)
- Provide and be qualified to provide the goods and services for which it is being certified
- Additionally, the veteran owner must hold the highest position in the company

## **GOALS AND REQUIREMENTS**

The target goals for all project applications are 38% minority participation. Those applicants documenting minority participation will receive addition points in the grant scoring process. The inclusion of women owned businesses and veteran owned businesses is also encouraged in these projects. More points will be awarded to those who meet the 38% minority participation goal and additional points awarded for women owned businesses and veteran owned businesses. Scoring will only be awarded to those with documented participation in the project.

All applicants shall include a list of minority owned and women owned contractors or sub-contractors (or other meaningful participation in the project) that are participating in the project or are anticipated to participate in the process.

If the goal for minority participation in the project is not met, applicants must demonstrate that good faith efforts were made to identify and include minority contractors in the project. Documentation must be providing that include the following information and supporting documents, as necessary:

1. Items of work the project applicant have made available to DBE firms. Identify those items of work you might otherwise perform with your own forces and those items that have been broken down into economically feasible units to facilitate DBE participation. For each item listed, show the dollar value and percentage of the total contract. It is your responsibility to demonstrate that sufficient work to meet the goal was made available to DBE firms.
2. Names and contact information of certified DBEs and dates on which they were solicited to bid on the project. Include the items of work offered. Describe the methods used for following up initial solicitations to determine with certainty if the DBEs were interested, and the dates of the follow-up. Attach supporting documents such as copies of letters, memos, facsimiles sent, telephone logs, telephone billing statements, and other evidence of

solicitation. You are reminded to solicit certified DBEs through all reasonable and available means and provide sufficient time to allow DBEs to respond.

3. Name of selected firm and its status as a DBE for each item of work made available. Include name, address, and telephone number of each DBE that provided a quote and their price quote. If the firm selected for the item is not a DBE, provide the reasons for the selection.
4. Names of agencies and dates on which they were contacted to provide assistance in contacting, recruiting, and using DBE firms. If the agencies were contacted in writing, provide copies of supporting documents.
5. List of efforts made to provide interested DBEs with adequate information about the plans, specifications, and requirements of the contract to assist them in responding to a solicitation. If you have provided information, identify the name of the DBE assisted, the nature of the information provided, and date of contact. Provide copies of supporting documents, as appropriate.
6. List of efforts made to assist interested DBEs in obtaining bonding, lines of credit, insurance, necessary equipment, supplies, and materials, excluding supplies and equipment that the DBE subcontractor purchases or leases from the prime contractor or its affiliate. Identify the name of the DBE assisted, nature of the assistance offered, and date assistance was provided. Provide copies of supporting documents, as appropriate.
7. Any additional data to support demonstration of good faith efforts.

## Exhibit C

**Scoring Matrix for Large Economic Development Projects**

Criteria	Points
Quality of Project: Redevelopment of Existing or Blighted Properties, Neighborhood impact, coordination with other efforts	
Quality of Application, Project Business Plan	
Match (in excess of minimum requirements)	
Letters of Support & Neighborhood Engagement	
Applicant is City of Harrisburg	
Amount of private sector funding leveraged	
Positive Impact on Tax Base in quantifiable numbers	
New Permanent Jobs Created (in the City)	
MBE ownership and/or participation in the construction of the project	
Project Timeline – time to construction	
Applicant is a business located in City, or business located in City participating in the project	
Women owned business ownership and/or participation in the construction of the project	
Veteran business ownership and/or participation in the construction of the project	
Applicant is a minority, women or veteran owned business participating in the project	
<b>TOTAL</b>	<b>100</b>

**Scoring Matrix for Community Building Projects**

Criteria	Points
Quality of Project: Redevelopment of Existing or Blighted Properties; neighborhood improvement, strategy and cooperation among residents, property owners and businesses	
Quality of Application, Project Business Plan	
Match (in excess of minimum requirements)	
Letters of Support & Neighborhood Engagement	
Applicant is City of Harrisburg	
Amount of private sector funding leveraged	
New Permanent Jobs Created (in the City)	
Coordination with other efforts, projects in neighborhood	
MBE ownership and/or participation in the construction of the project	
Project Timeline – time to construction	
Women owned business ownership and/or participation in the construction of the project	
Veteran business ownership and/or participation in the construction of the project	
<b>TOTAL</b>	<b>100</b>

**Scoring Matrix for Infrastructure Projects**

Criteria	Points
Quality of Project in addressing infrastructure problem, or long part of long term improvement place	
Quality of Application, Project Business Plan	
Match (in excess of minimum requirements)	
Letters of Support, neighborhood engagement	
Private sector funding committed to project	
Improvement to operational efficiency, safety and livability of City or Capital Region Water System to benefit of citizens	
MBE participation in the construction of the project	
Project Timeline – time to construction	
Women owned business participation in the construction of the project	
Veteran business participation in the construction of the project	
<b>TOTAL</b>	<b>100</b>



### Close Out Report Table Example

Uses (examples)	Sources (examples)				Other	Total
	IMPACT HARRISBURG	Owner Equity	Bank Financing	Other Grant Sources		
Construction						
Furnishing						
HVAC						
Site Preparation						
<b>TOTAL</b>						

## Exhibit B

**IN THE COMMONWEALTH COURT OF PENNSYLVANIA**

C. ALAN WALKER, IN HIS  
CAPACITY AS SECRETARY  
FOR THE DEPARTMENT OF  
COMMUNITY AND ECONOMIC  
DEVELOPMENT

Petitioner,

v.

CITY OF HARRISBURG

Respondent.

NO. 569 MD 2011

**CERTIFICATE OF CONCURRENCE FOR THE CITY OF HARRISBURG**

AND NOW, comes the City of Harrisburg, by and through Neil A. Grover, Solicitor, for the City of Harrisburg, to concur with Petitioner's Application for Approval of Governance Proposal and Action Plan (the "Application") submitted pursuant to the Harrisburg Strong Plan. The City of Harrisburg participated in the formation of the Governance Proposal and Action Plan through Patricia Stringer and Les Ford, nominees submitted by the Harrisburg City Council and Neil A. Grover and Jackie Parker, nominees submitted by Mayor Eric Papenfuse. Two additional individuals, Karl Singleton and Shannon Williams, who were nominated to serve as City appointees, were also selected as appointees of Receiver Lynch. All have served as members of the Task Force assembled under the Harrisburg Strong Plan.

The City of Harrisburg has carefully reviewed the contents of this Application and concurs with the representations and certifications contained therein.

Accordingly, the City of Harrisburg endorses the averments of the Application filed by the Coordinator and concurs with the request for relief.

Respectfully submitted,

Dated: September 22, 2014

LAW BUREAU, CITY OF HARRISBURG

By: 

Neil A. Grover, Esquire ID: PA53142

OFFICE OF THE CITY SOLICITOR

The Rev. Dr. Martin Luther King, Jr.,

City Government Center

10 North Second St., Suite 402

Harrisburg, PA 17101

717-255-3065/ Fax: 717-255-3056

Email: [ngrover@cityofhbg.com](mailto:ngrover@cityofhbg.com)

## Exhibit C

**IN THE COMMONWEALTH COURT OF PENNSYLVANIA**

C. ALAN WALKER, IN HIS  
CAPACITY AS SECRETARY  
FOR THE DEPARTMENT OF  
COMMUNITY AND ECONOMIC  
DEVELOPMENT

Petitioner,

v.

CITY OF HARRISBURG

Respondent.

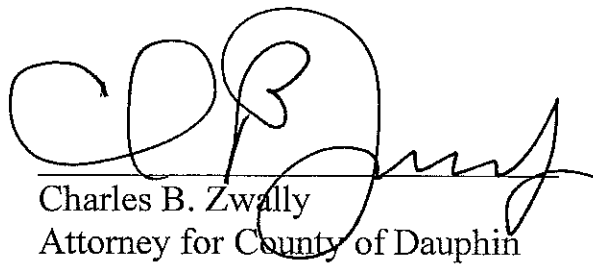
NO. 569 MD 2011

**CERTIFICATE OF CONCURRENCE FOR THE COUNTY OF DAUPHIN**

AND NOW, comes the County of Dauphin, by and through Charles B. Zwally, Attorney for the County of Dauphin, to concur with Petitioner's Application for Approval of Governance Proposal and Action Plan (the "Application") submitted pursuant to the Harrisburg Strong Plan. The County of Dauphin participated in the formation of the Governance Proposal and Action Plan through Laura Cullison and Doug Hill, appointees of the County, who served as members of the Task Force assembled under the Harrisburg Strong Plan. The County of Dauphin has carefully reviewed the contents of this Application and concurs with the representations and certifications contained therein.

Accordingly, the County of Dauphin endorses the averments of the Application filed by the Coordinator and concurs with the relief requested therein.

Dated: 9/22/14

  
Charles B. Zwally  
Attorney for County of Dauphin

## **Exhibit D**



## **NOTICE**

### **OFFICE OF THE COORDINATOR FOR THE CITY OF HARRISBURG**

#### **FILING OF APPLICATION FOR APPROVAL OF GOVERNANCE PROPOSAL AND ACTION PLAN PURSUANT TO THE HARRISBURG STRONG PLAN**

The Harrisburg Strong Task Force (the "Task Force") was appointed in January 2014 by the Receiver of the City of Harrisburg pursuant to the Harrisburg Strong Plan, the provisions of which were confirmed by Court Order on September 23, 2013 by the Commonwealth Court of Pennsylvania. Under the Harrisburg Strong Plan, the nine-member Task Force is constituted to develop a Governance Proposal and Action Plan for each of two (2) not-for-profit corporations whose purposes would be to promote economic development and infrastructure improvements within the City of Harrisburg. The Task Force has completed the Governance Proposal and Action Plan, which recommends the formation of one (1) not-for-profit corporation which would allow for the efficient coordination of economic development and infrastructure improvement efforts as identified in the Harrisburg Strong Plan.

**The Office of the Coordinator for the City of Harrisburg has filed with the Commonwealth Court of Pennsylvania an Application for Approval of Governance Proposal and Action Plan (the "Application") pursuant to the Harrisburg Strong Plan at No. 569 MD 2011.**

The Governance Proposal and Action Plan may be viewed at:

<http://www.newpa.com/local-government/act-47/hbg-receiver/task-force>

**Pursuant to an Order of Court dated \_\_\_\_\_, 2014, the Commonwealth Court directed that the Coordinator publish notice of the filing of the Application.**

**PURSUANT TO SAID ORDER, RESPONSES TO THE APPLICATION SHALL BE FILED WITH THE COURT ON OR BEFORE \_\_\_\_\_, 2014, WITH A COPY SERVED ON THE COORDINATOR.**

**A HEARING IS SCHEDULED FOR \_\_\_\_\_, 2014 AT \_\_\_\_ M. IN COURTROOM \_\_\_\_ OF THE COMMONWEALTH COURT OF PENNSYLVANIA TO CONSIDER ANY RESPONSES TO THE APPLICATION.**

Address of the Office of the Coordinator:

Fred Reddig, Coordinator  
Office of the Coordinator for the City of Harrisburg  
Department of Community and Economic Development  
Commonwealth Keystone Building  
400 North Street, 4th Floor  
Harrisburg, PA 17120-0225

### Certificate of Service

I, Christopher C. Houston, hereby certify that on this day I served the foregoing document upon the persons and in the manner indicated below, which service satisfies the requirements of Pa. R.A.P. 121:

Service by first class mail addressed as follows:

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*Solicitor, City of Harrisburg*

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*Attorneys for Fredrick A. Reddig, in his official capacity as Coordinator for the City of Harrisburg*

Dated: 10/3/14

  
\_\_\_\_\_  
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John M. Quain Jr.  
Attorney I.D.: 311983  
Governor's Office of General Counsel  
Department of Community and  
Economic Development  
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(717) 772-3103 (fax)  
[chouston@pa.gov](mailto:chouston@pa.gov)  
[jquain@pa.gov](mailto:jquain@pa.gov)

Attorneys for the Coordinator