

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 M.D. 2011
City of Harrisburg, :
Respondent :

ORDER

And now this 9th day of March, 2012, following review of the Recovery Plan for the City of Harrisburg [Plan] filed with this Court on February 6, 2012, as well as consideration of various applications filed with the Court or asserted by persons permitted to participate at the hearing on March 1, 2012, the Court finds that:

1. The Plan submitted February 6, 2012, is by its terms preliminary. The Receiver acknowledges that further investigation is necessary to determine the value of assets owned by the City, and the full extent of its structural deficit. Further, negotiations with creditors and other entities will be necessary to determine the City's ability to compromise its debt and stabilize its fiscal health going forward. Only thereafter can the Receiver bring to the Court a modified plan setting forth more specifically the particular actions proposed to alleviate the City's current fiscal emergency.

2. While undertaking these investigations and negotiations, the Receiver proposes taking certain steps, in cooperation with City officials, to increase revenue and reduce expenses through increased management efficiencies, while maintaining necessary services. These interim proposals are reasonable and well within his authority under Act 79 of 2011.¹

3. The Receiver has committed to return to this Court for approval before contracting to sell or lease assets of the City, and to submit periodic reports to the Court on the status of his ongoing efforts.

4. The Plan submitted February 6, 2012, is neither arbitrary nor capricious, and I do not find it to be wholly inadequate to alleviate the fiscal emergency of the City of Harrisburg.

Now, therefore, it is hereby ORDERED:

1. The Plan, as modified in open court on March 1, 2012, [regarding water and sewer transfer funds; see Exhibit 6] is hereby CONFIRMED.

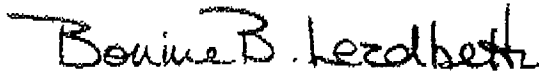
2. A ruling on the Application for Leave to Intervene by the Suburban Municipalities² is held in abeyance pending the receipt of a Response. Objections attached as an exhibit thereto were withdrawn without prejudice, with the Court's permission, during the hearing.

¹ The Act of October 20, 2011, P.L. 318. Act 79 amended the Municipalities Financial Recovery Act, the Act of July 10, 1987, P.L. 246, *as amended*, 53 P.S. §§ 11701.101 – 11701.712.

² Susquehanna Township, Susquehanna Township Authority, Lower Paxton Township, Lower Paxton Township Authority, Steelton Borough, Steelton Borough Authority, Swatara Township, Swatara Township Authority, Paxtang Borough, and the Borough of Penbrook.

3. A ruling on the Application for Leave to Intervene by Debt Watch Harrisburg and Neil A. Grover, Esquire [Debt Watch] is held in abeyance pending receipt of a Response thereto. Objections asserted by Debt Watch during participation at the hearing, to the extent they challenge the constitutionality of Act 79 of 2011, are DISMISSED WITHOUT PREJUDICE as not cognizable in the context of objections to a recovery plan filed by a Receiver duly confirmed by the Court under Act 79. The remaining Objections asserted by Debt Watch are DISMISSED WITHOUT PREJUDICE as premature.

4. The "Request to Enjoin the Receiver from Further Action Pending Submission and Court Approval of a Comprehensive Recovery Plan" filed by the Honorable Wanda Williams, the Honorable Dan Miller and the Honorable John R. Campbell is DENIED. The objections to the Plan stated within that application are DISMISSED WITHOUT PREJUDICE as premature.


BONNIE BRIGANCE LEADBETTER,
Judge

Certified from the Record

MAR 09 2012

And Order Exit