

**CITY OF JOHNSTOWN
CAMBRIA COUNTY, PENNSYLVANIA
ORDINANCE NO. 5312**

Bill No. 3 of 2021

**Introduced in Council
March 10, 2021**

AN ORDINANCE AUTHORIZING EXEMPTIONS, DEDUCTIONS, ABATEMENTS AND CREDITS FOR REAL PROPERTY, EARNED INCOME TAX, NET PROFITS, MERCANTILE AND BUSINESS PRIVILEGE TAXES WITHIN A SPECIFIC GEOGRAPHIC AREA IN THE CITY OF JOHNSTOWN DESIGNATED AS A PROPOSED KEYSTONE OPPORTUNITY ZONE (“KOZ”), IN ORDER TO FOSTER ECONOMIC OPPORTUNITIES, STIMULATE INDUSTRIAL, COMMERCIAL, AND RESIDENTIAL IMPROVEMENTS AND PREVENT PHYSICAL AND INFRASTRUCTURE DETERIORATION WITHIN AREAS OF CAMBRIA COUNTY, CITY OF JOHNSTOWN AND GREATER JOHNSTOWN SCHOOL DISTRICT JURISDICTION, COMMONWEALTH OF PENNSYLVANIA, UPON CERTAIN TERMS AND CONDITIONS.

WHEREAS, the City Council for the CITY OF JOHNSTOWN, Pennsylvania recognizes the need to encourage investment in a certain defined geographical area(s) within the City of Johnstown, Cambria County, as detailed by parcel number and address, and related maps bounded as set forth in Attachment “A” that are experiencing distress characterized by one or more of the following: high unemployment, low investment of new capital, blighted conditions, underutilized, obsolete or abandoned industrial commercial and residential structures, deteriorated tax base, and

WHEREAS, the Keystone Opportunity Zone, Keystone Opportunity Expansion Zone and Keystone Opportunity Improvement Zone Act (Act of October 6, 1998, P.L. 705, No. 92), as amended, hereinafter referred to as the “Act,” authorizes political subdivisions to apply to the Pennsylvania Department of Community and Economic Development (DCED) for designation of areas within the respective political subdivision as a KOZ

granting exemptions, deductions, abatements or credits from all local taxes identified in the Act; and

WHEREAS, approval of benefits provided in the Act will result in improving the economic, physical, and social conditions within the Proposed KOZ by stimulating existing businesses employment, creating new employment and diminishing blight; and

WHEREAS, it is expected that increased private and public-sector investors will reverse the disinvestment and conditions of blight within the Proposed KOZ by the time of its termination; and

WHEREAS, the Proposed KOZ is not more than the maximum allowed, 375 acres in the aggregate; and

WHEREAS, the Proposed KOZ is comprised of parcels which are deteriorated, underutilized or unoccupied and has been identified by sponsors such as Johnstown Area Regional Industries (JARI) as a priority area in which to encourage development; and

WHEREAS, the City understands and has been apprised that the County of Cambria and the Greater Johnstown School District are likewise supportive of and would intend to approve the proposed KOZ;

NOW, THEREFORE, IT IS HEREBY ENACTED AND ORDAINED the City Council for the City of Johnstown, Cambria County that effective as of January 1, 2022, but contingent upon DCED's approval of the application for the proposed new KOZ, the following provisions shall apply:

1. Real Property Tax on the Proposed KOZ is 100% exempt in accordance with the provisions and limitations hereinafter set forth in accordance with the Act, such exemption to begin on January 1, 2022 and to terminate December 31, 2031 (a ten-year period).
2. The following shall be exempt, relative to the subject parcels/tract, for the term, and any extension thereof, of the KOZ:
 - a. Business gross receipts tax for operations conducted by a Qualified Business within the expansion zone.
 - b. Business privilege tax.
 - c. Tax on the earned income received by a resident of the expansion zone.
 - d. Tax on the net profits of a Qualified Business attributable to business activity conducted within the zone, when imposed by the City of Johnstown.
 - e. Mercantile tax attributable to business activity by a Qualified Business conducted within the zone.

Benefits to begin on January 1, 2022 and to end on December 31, 2031 (ten-year period).

3. The provisions of the Act not herein enumerated, shall, nevertheless, be incorporated as part of this Ordinance by reference.
4. This ordinance shall be effective upon execution, conditioned upon the approval of the application by DCED.

ORDAINED and **ENACTED** this 12th day of May, 2021, by the Governing Body of the City of Johnstown in lawful session duly assembled.

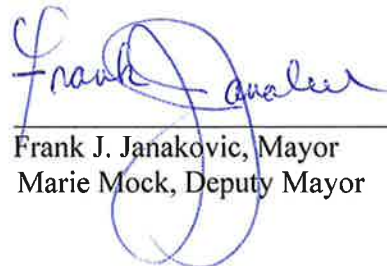
PASSED FINALLY IN COUNCIL:

May 12, 2021

By the following Vote:

Yeas: Mr. Capriotti, Mayor Janakovic, Rev. King, Mrs. Mock, Mr. Vitovich, Mr. Arnone, Mr. Britt. (7)

Nays: None (0)



Frank J. Janakovic, Mayor
Marie Mock, Deputy Mayor

Attest: I do hereby certify that the foregoing is a true and correct copy of Ordinance No. **5312** as the same adopted by the City Council of the City of Johnstown, Pennsylvania.


Nancy Cushing, City Clerk

AGREEMENT REGARDING PAYMENT OF REAL ESTATE TAXES

THIS AGREEMENT made this ___ day of _____, 2021, by and among the **CITY OF JOHNSTOWN**, a municipality located in Cambria County within the Commonwealth of Pennsylvania with its principal place of business located at 401 Main Street, Johnstown, Pennsylvania 15901 (the “City” or the “Taxing Entity”), and **DLP CONEMAUGH MEMORIAL MEDICAL CENTER, LLC, d/b/a, CONEMAUGH MEMORIAL MEDICAL CENTER.**, a Limited Liability Company with its principal place of business located at 1086 Franklin Street, Johnstown, Pennsylvania 15905, and all its subsidiaries (the “Participant”).

BACKGROUND

A. The Pennsylvania General Assembly has enacted Act No. 13 of 2019 (the “Act”), amending Act No. 92 of 1988, the Keystone Opportunity Zone Act, as amended, authorizing certain exemptions, abatements, credits and deductions of certain state and local taxes in certain areas of the Commonwealth, known as Keystone Opportunity Zones, Expansion Zones and Improvement Zones (collectively, “KOZ”), in order to promote economic development and job creation. The Act permits the Taxing Entity to designate certain additional properties located within the Taxing Entity as a new KOZ.

B. The Act requires that all taxing authorities with jurisdiction over a proposed KOZ enact an ordinance or resolution providing for exemptions, abatements, credits and/or deductions from certain local taxes within the proposed KOZ.

C. The Taxing Entity has determined that it is in the best interest of the Taxing Entity to make the designation of KOZ referenced above and to provide for the aforementioned abatements, credits, exemptions and deductions, provided that, with respect to the designated properties as a KOZ, the Participant makes payments and/or provides services to the Taxing Entity to offset partially the cost to the Taxing Entity of providing essential municipal services (“Payment in Lieu of Taxes” or “PILOT”).

D. Participant has purchased and leased certain real property located in a proposed KOZ. Subject to the Contingencies set forth below, Participant desires to participate in the PILOT in order to promote the public interest and to mitigate the impact on the Taxing Entity of the designated properties in the KOZ and to obtain and retain benefits attributable to the KOZ.

NOW THEREFORE, the Taxing Entity and the Participant, in consideration of the mutual undertakings set forth herein and for good and valuable consideration, receipt of which is hereby acknowledged, covenant and agree as follows:

1. The Background recitals above are incorporated herein.
2. Term. The term (the “Term”) of this Agreement shall commence on January 1, 2022 and shall continue for ten (10) calendar years and conclude on December 31, 2031, unless sooner terminated pursuant to the provisions hereof. The Term of this Agreement may be extended for an additional period that coincides with any extension of the KOZ upon mutual written agreement of the parties. This Agreement is contingent upon the absence of a change in Pennsylvania law that would result in the elimination of Keystone Opportunity Zones. However,

if the change in the law results in a continued abatement of taxes for the Participant, this Agreement shall remain in effect.

3. Properties Included in the Agreement. The Participant has purchased the real estate and improvements known as Tax Parcel ID #72-002. -115.000, consisting of approximately .36 acres, with an address of 315 Locust Street, Johnstown, Pennsylvania (Cambria County) (singularly, the “Locust Street Property”). Additionally, the Participant holds a leasehold interest in the real estate and improvements owned by Medical Properties Trust known as Tax Parcel ID # 78-009. -204.000 consisting of approximately 1.0 acres with an address of Flinn Street, Johnstown, Pennsylvania (Cambria County) (singularly, the “Flinn Street Property”) (collectively, the “Properties”).

4. Contingencies. This Agreement is contingent upon each of the following events (collectively, the “Contingencies”), the non-occurrence of which shall render this Agreement null and void upon notice from Participant:

(a) the designation of the Properties as a KOZ by Cambria County (the “County”), the Greater Johnstown School District (the “School District”), the City of Johnstown (the “City”), and the Commonwealth of Pennsylvania (the “Commonwealth”) no later than January 1, 2022; and

(b) the designation of the Properties as a KOZ for the initial period of no less than ten (10) years.

In the event of the non-occurrence of any or all of the Contingencies, Participant shall provide prompt notice to the parties pursuant to Section 15 below.

5. Taxing Entity Taxes Included in this Agreement., the Locust Street Property is presently assessed at \$247,120.00. The Taxing Entity imposed a real property tax of 52.4821 mills for calendar year 2021, the year prior to the Property being designated as a KOZ if the contingencies in Paragraph 4 are met. The real property taxes payable to the Taxing Entity for the Locust Street Property for calendar year 2021 without a preferential assessment would be \$12,969.38. The Flinn Street Property is presently assessed at \$920,750.00 The Taxing Entity imposed a real property tax of 52.4821 mills for calendar year 2021, the year prior to the Property being designated as a KOZ if the contingencies in Paragraph 4 are met. The real property taxes payable to the Taxing Entity for the Flinn Street Property for calendar year 2021 without a preferential assessment would be \$48,322.89.

6. Annual Contributions. During the Term of this Agreement, the Participant shall annually make contributions to the Taxing Entity in the aggregate amount of one hundred ten percent (110%) of the real property taxes on the Locust Street Property, and the Flinn Street Property, calculated in Paragraph 5 above (“Annual Contributions”) for the duration of the Term of this Agreement. The Participant shall pay the Taxing Entity by certified check made payable to the City of Johnstown and delivered to City of Johnstown, ATTN: Robert Ritter, 401 Main Street, Johnstown, PA 15901. The Taxing Entity may change the method of payment by providing written notice pursuant to Section 15 below. Notwithstanding anything herein to the contrary, as permitted under §820.310 of the Act, the Annual Contributions may be increased based on any taxpayer

assessment appeal, or as necessary to correct any errors or omissions in the Taxing Entity's assessment records, or following a countywide reassessment based on improvements to the Properties made prior to the approval of the KOZ designation or expansion. Furthermore, as permitted under §820.310 of the Act, the limitation on payments set forth under this paragraph may increase by the percentage increase in the payments that would occur if the property was not exempt from local real property taxes.

7. Assessment Appeals. Both the Taxing Entity and Participant shall have the right to challenge by appeal to the Cambria County Board of Assessment Appeals or any court of appropriate jurisdiction the final assessments on the Locust Street Property, and the Flinn Street Property (pursuant to an assignment of rights by Medical Properties Trust with respect to the Flinn Street Property), after Participant's completion of improvements. Thereafter, neither party shall have the right to file an appeal challenging the assessments, unless the assessments are changed because of a countywide reassessment, and/or a correction to any errors or omissions in the Taxing Entity's assessment records. Nothing in this paragraph shall prevent Participant or the Taxing Entity from actively participating in any assessment appeal filed by any other taxing authority during the term of this Agreement, and the participation in an assessment appeal filed by another taxing authority shall not be considered a breach of this Agreement or result in its termination.

8. Deed Restrictions. Participant agrees to include in any deed transferring or assigning any portion of the Locust Street Property during the Term of this Agreement a deed restriction referencing the obligations of this Agreement in a form and substance satisfactory to the County, the School District, and the City.

9. Taxing Entity's Undertaking. As long as no Event of Default shall have occurred and be continuing, the Taxing Entity, during the Term of the Agreement, shall not

- (a) seek to collect Real Estate taxes with respect to the Properties, or
- (b) seek to collect any Sales, Use and Occupancy, Business Privilege and/or Mercantile License Taxes with respect to the Properties, or
- (c) seek to collect any other taxes that are exempted, abated, credited or deducted in accordance with the Act.

10. Billing and Payment. Taxing Entity agrees to issue annual invoices to Participant for the payments for the Properties which are due hereunder as set forth in Sections 5 and 6 above. Each annual invoice shall be issued by the Taxing Entity when its regular real estate tax bills are issued to owners of other real property. Participant agrees to make payment within thirty (30) days from the date of the invoice.

11. Late Contributions. Because of the Taxing Entity's reliance on the Annual Contributions in its budgetary matters, the Taxing Entity may impose a ten percent (10%) late charge on the Annual Contributions in the event that Participant fails to make all or any portion of the Annual Contributions as required by Sections 6 and 10 hereof. For any principal or late charge that Participant fails to pay within sixty (60) days of the initial invoice, interest shall accrue on the unpaid balance at the rate of nine percent (9%) per annum compounded annually.

12. Event of Default. Each of the following shall constitute an Event of Default hereunder, if it continues for a period of thirty (30) days after written notice to Participant providing details of such failure:

(a) Participant's failure to pay any sum due to the Taxing Entity hereunder on the date such sum is due.

(b) Participant's failure to comply with any other provision of this Agreement.

(c) Participant's wrongful failure to pay any tax to the Taxing Entity. This provision shall not apply to any tax with respect to which the Participant is involved in good faith litigation or appeal with the Taxing Entity regarding the Participant's obligation to pay the tax or the amount of the tax.

(d) Participant's failure to continue to qualify for the tax abatement under the applicable KOZ legislation as amended, or under the Taxing Entity Ordinance designating the area, including the Properties, as the KOZ. If Participant fails so to qualify for a particular year, then Participant hereby agrees to pay the Taxing Entity the amount of local taxes foregone by the Taxing Entity pursuant to this Agreement or the amount of the Annual Contributions for the year, whichever is greater.

13. Remedies. Upon the occurrence of an Event of Default, the Taxing Entity, at its option, may:

(a) terminate this Agreement; and/or

(b) bring action against the Participant or the Properties to enforce the provisions of this Agreement and/or to collect any sums due hereunder, including but not limited to the amounts set forth in Sections 6, 11 and 12 above; and/or

(c) pursue any other remedy in law or equity to which Taxing Entity may be entitled.

14. No Admission. Nothing in this Agreement shall be construed as an admission on the part of the Taxing Entity or the Participant that the Participant does not qualify for tax exemptions, deductions, abatement, or credits provided to qualified businesses located in the KOZ.

15. Notice. All notices, requests and other communications under this Agreement shall be effectively given only if in writing and sent by United States registered or certified mail, return receipt requested, postage prepaid, or by a nationally recognized and receipted overnight courier service (such as Federal Express or UPS) guaranteeing next business day delivery, addressed as follows:

If intended for the City of Johnstown:

City of Johnstown
401 Main Street
Johnstown, PA 15901
Attn: Daniel Penatzer, Interim City Manager

If intended for Participant:

DLP Conemaugh Memorial Medical Center, LLC
1086 Franklin Street
Johnstown, PA 15905
Attn: Mr. David Paulosky, CFO

16. Miscellaneous. This Agreement represents the entire agreement between the parties hereto and shall not be modified in any manner except by written instrument executed by the parties and attached hereto. The Agreement and all disputes arising under the Agreement shall be governed, construed, and decided in accordance with the laws of the Commonwealth of Pennsylvania; all such actions relating to this Agreement shall be brought in the Court of Common Pleas of Cambria County. The parties do not intend to create, and nothing contained in the Agreement shall be construed as creating, a joint venture arrangement, or partnership between Taxing Entity and Participant. Nothing in the Agreement expressed or implied, is intended or shall be construed to confer upon or give to any person, firm, corporation, or legal entity, other than the parties, any rights, remedies, or other benefits under or by reason of the Agreement. The Agreement may be executed simultaneously in multiple counterparts, each of which shall be deemed an original, but all of which taken together shall constitute but one and the same instrument. The headings in the Agreement are for convenience only and are not a part of the Agreement. The headings do not in any way define, limit, describe, or amplify the provisions of the Agreement or the scope or intent of the provisions.

IN WITNESS WHEREOF, and intending to be legally bound hereby, the parties have caused these presents to be executed as of the date first above written.

DATED: May 12, 2021

CITY OF JOHNSTOWN

By: 

Name: Daniel Penatzer

Title: Interim City Manager

DLP CONEMAUGH MEMORIAL
MEDICAL CENTER, LLC, AND ITS
SUBSIDIARIES

DATED: _____

By: _____

Name: _____

Title: _____

City of Johnston - 18 Capita Fund
2021 Budget

Account Number	Account Description	Actual 2017	Actual 2018	Actual 2019	Budget 2020	Amendment 6/10/2020	Amended Budget 7/8/2020	Amendment Introduced 8/12/20 for Final Adoption 9/9/2020	Amended Budget as of 9/9/2020	2021 Budget	Amendment Introduced 2/10/21 for Final Adoption 3/10/2021	2021 Budget	Amendment Introduced 4/14/21 for Final Adoption 5/12/2021	2021 Budget
FINES AND RESTRICTIONS:														
CAPITAL														
Federal Capital & Operating Grants:														
18-351-34-565-00	FEWA Fire Grant				150,000		150,000		150,000	400,000		400,000		400,000
18-351-38-146-00	PA Small Water & Sewer Grant						150,000		150,000	400,000		400,000		400,000
	Total Federal Capital and Operating Grants				150,000		150,000		150,000	400,000		400,000		400,000
Local Capital & Operating Grants:														
18-357-38-022-00	Misc. Capital Project Revenue						110,000		110,000	55,000		55,000		55,000
18-357-38-025-00	DCEO Grant - HJA Associates				110,000		50,000		50,000	15,000		15,000		15,000
18-357-40-025-00	Loan from UDAG - 266-Clifton-Street 126 Clinton Street						30,000		30,000	55,000		55,000		55,000
18-357-46-025-00	FEWA and PEWA COVID Relief						30,000		30,000	15,000		15,000		15,000
18-357-38-381-00	Community Foundation Grant for Point Stadium									15,000		15,000		15,000
18-357-38-193-00	Sargent's Point Stadium Rental									15,000		15,000		15,000
18-357-50-000-00	Proceeds of Sale of Sewer Assets													
	Total Local Capital and Operating Grants				110,000		80,000		190,000	70,000		70,000		70,000
Transfers From:														
18-392-04-000-00	Transfers From General Fund	66,964	35,984		33,000		29,849		62,849	1,000,000		1,000,000		1,000,000
	Total Transfer From	66,964	35,984		33,000		29,849		62,849	1,000,000		1,000,000		1,000,000
	TOTAL REVENUE	66,964	35,984		293,000		109,849		402,849	1,470,000	0	1,470,000	0	1,470,000
EXPENSES														
Police Department:														
18-410-72-016-00	Annual Vehicle Replacement and Mobile Equipment									58,427		58,427		58,427
18-410-74-098-00	Upgrade Radio System									50,000		50,000		50,000
	Total Police Improvements									108,427		108,427		108,427
Comm&Econ Develop:														
18-460-34-013-00	Update City Website									15,000		15,000		15,000
18-460-33-072-00	Pick-Up Truck									12,000		12,000		12,000
18-460-31-341-00	Comp Plan									50,000		50,000		50,000
18-460-31-190-00	Land Banly Blight Consulting									50,000		50,000		50,000
	Total Comm & Econ Development									127,000		127,000		127,000
Fire Department:														
18-412-37-016-00	Fairfield Ave. Fire Station Remodel									60,000		60,000		60,000
18-412-74-072-00	3/4 Ton Pick-Up Truck with Cap & Light									12,000		12,000		12,000
18-412-74-098-00	Upgrade Radio System									50,000		50,000		50,000
18-412-74-016-00	New Fire Hoses									80,000		80,000		80,000
18-412-28-065-00	New Gear									33,800		33,800		33,800
	Total Fire Department									235,800		235,800		235,800
Public Works Department:														
18-434-33-073-00	Replacement of 1999 Inerna Dump Truck									24,000		24,000		24,000
18-434-37-070-00	Street Sweeper Repair									20,000		20,000		20,000
18-434-37-070-10	Pick-Up Truck and Salt Spreader									37,000		37,000		37,000
18-434-37-070-20	Salt Shed									35,000		35,000		35,000
	Total Public Works Department									44,000		44,000		44,000
Buildings Repairs:														
18-434-37-073-00	City Hall Renovations									50,000		50,000		50,000
18-434-37-049-00	City Hall Concrete Entry Way									50,000		50,000		50,000
18-434-37-109-00	Public Safety Building Renovation									50,000		50,000		50,000
18-434-37-341-00	Public Safety Building HVAC Repairs									86,405		86,405		86,405
18-434-37-263-00	Public Safety Building Garage Doors									50,000		50,000		50,000
	Total Buildings Repairs									72,000		72,000		72,000
	Total									116,000		116,000		116,000

City of Johnston - 18-Capital Fund
2021 Budget

Account Number	Account Description	Actual 2017	Actual 2018	Actual 2019	Budget 2020	Amendment	Amended Budget	Amendment Introduced 8/12/20 for Final Adoption	Amended Budget as of	2021 Budget	Amendment Introduced 2/10/21 for Final Adoption	2021 Budget 4/14/21 for Final Adoption	Amendment Introduced 12/7/21 for Final Adoption	2021 Budget
18-443-37-595-00	Parking Garage Maintenance									50,000		50,000		50,000
18-443-37-073-00	City Owned Sidewalks									100,000		100,000		100,000
18-443-72-073-00	Pave Washington Street Parking Lot									100,000		100,000		100,000
	Total Building Repairs									536,405		536,405		536,405
	Centers and Stadium Repairs:													
18-434-37-544-00	Pasquella Center Replacement of Carpeting									125,000		125,000		125,000
18-434-37-542-00	Pasquella Center Upgrade Technology									30,000		30,000		30,000
18-434-37-543-00	Pasquella Center General Repairs									50,000		50,000		50,000
18-457-37-349-00	Point Stadium Replacement of Turf									700,000		700,000		700,000
18-457-37-157-00	Point Stadium Replacement of Lighting									350,000		350,000		350,000
18-457-37-381-00	Point Stadium Video Scoreboard									70,000		70,000		70,000
18-458-37-393-00	Parks and Playgrounds Upgrades									100,000		100,000		100,000
18-434-37-544-00	Road Paving and Sidewalk Program									800,000		800,000		800,000
	Total Centers and Stadium Repairs									2,225,000		2,225,000		2,225,000
	Miscellaneous Expenses:													
18-489-28-196-00	Capital Project Miscellaneous Expenses	8,592	29,533		25,000		25,000			25,000		25,000		25,000
18-489-28-200-00	H/A Expenses - Asset Sales				110,000		110,000			110,000		110,000		110,000
18-489-25-205-00	Fire Expense FEMA Grant				158,000		158,000			158,000		158,000		158,000
18-489-25-210-00	Loan Expenses -346-Clifton-Street 126 Clinton Street				50,000		50,000			50,000		50,000		50,000
18-489-25-215-00	Chiller for City Hall Building				29,849		29,849			29,849		29,849		29,849
18-489-25-220-00	COVID Expenses for FEMA and FEMA				30,000		30,000			30,000		30,000		30,000
18-489-25-230-00	Deposit to Pension Funds				19,000,000		19,000,000			19,000,000		19,000,000		19,000,000
18-489-25-250-00	Professional fees for Sale of Assets				400,000		400,000			400,000		400,000		400,000
18-489-25-270-00	Purchase of two trucks for Public Works Dept				91,000		91,000			91,000		91,000		91,000
18-489-25-290-00	Repair of City Hall Roof and Gutters													
18-489-25-310-00	Repair of City Hall Masonry													
18-489-83-545-00	PA Small Water & Sewer Grant Match									77,031		77,031		77,031
18-489-28-546-00	Sam's Run Project									400,000		400,000		400,000
18-489-28-550-00	New Enterprise Software									125,000		125,000		125,000
	Total Capital Project Miscellaneous Expenses	8,592	29,533		293,000		402,849		19,491,000	19,893,849		477,031		328,747
	TOTAL EXPENSES	161,306	57,860	*	293,000		109,849		19,491,000	19,893,849		3,753,663		4,353,912
	Difference (Revenues over Expenses)	(34,342)	(21,867)	*	*		402,849		7,758,000	7,759,000		(2,288,663)		(2,888,912)
	Beginning Fund Balance									4,509,000		659,302		5,168,302
	Ending Fund Balance									2,225,337		2,613,137		2,284,390