

WS 7/11/07
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RESOLUTION #16-2007

WHEREAS, The Harrisburg Authority (the "Authority") is the owner of a certain mass burn solid waste disposal, resource recovery, steam generation and related facilities, including ash disposal facilities (the "Resource Recovery Facility") and certain assets, property and machinery for the cogeneration of electric energy (the "Cogeneration Facility" and, collectively with the Resource Recovery Facility, the "Facility") and undertook a comprehensive retrofit modernization of the Facility (the "Retrofit Project");

WHEREAS, in order to finance the Retrofit Project and certain working capital needs, the Authority issued \$125,000,000 aggregate principal amount of its Guaranteed Resource Recovery Facility Revenue Bonds, Series D of 2003 (the "2003D Bonds"), Guaranteed Federally Taxable Resource Recovery Facility Revenue Bonds, Series E of 2003 (the "2003E Bonds") and Guaranteed Federally Taxable Resource Recovery Facility Revenue Bonds, Series F of 2003 (the "2003F Bonds") under and pursuant to a Trust Indenture dated as of December 1, 2003, from the Authority to Commerce Bank/Pennsylvania, National Association, as trustee (the "Retrofit Indenture");

WHEREAS, in recognition of the essential public service that the Facility provides to both the City of Harrisburg (the "City") and the constituent municipalities of the County of Dauphin (the "County"), the County, pursuant to a County Bond Guaranty Agreement, dated as of December 1, 2003, agreed to guarantee the restoration of certain debt service reserve funds under the Retrofit Indenture with respect to the "2003D Bonds and the "2003E Bonds," which guaranty is secondary to the City's guaranty of the payment of debt service with respect to such bonds;

WHEREAS, the Authority has engaged Covanta Harrisburg, Inc. ("Covanta") to operate the Facility and to prepare a "construction plan" to complete, among other things, the Retrofit Project, and an affiliate of Covanta has agreed to provide ongoing management and professional services to the Authority as to the Facility (the "Management Agreement");

WHEREAS, pursuant to a Construction Management Agreement (the “Construction Management Agreement” and, collectively with the Management Agreement, the “Management Agreements”) with an affiliate of Covanta, Covanta has agreed to advance certain costs of completion of the Retrofit Project provided the Authority agrees to reimburse Covanta for such costs and advances in connection with completion of the Retrofit Project (the “Construction Advances”);

WHEREAS, as an inducement to Covanta to enter into the Management Agreements, Covanta requires the City and the County to enter into Guaranty Agreements, for its benefit, with respect to the full and prompt repayment of the Construction Advances when due and payable;

WHEREAS, the County has notified the Authority that its assistance in connection with completion of the Retrofit Project would be considered, but only upon the submission of a comprehensive recovery plan which has been approved by both the Authority and the City and only as a secondary guarantor behind a primary guaranty to be provided by the City;

WHEREAS, the Authority has prepared and submitted to the City and to the County an RRF Recovery Plan providing for the financing of the Construction Advances, the financing of cash working capital, the restructuring of certain obligations of the Facility and an increase in City waste disposal fees (the “Recovery Plan”);

WHEREAS, at a meeting held on July 3, 2007, City Council of the City of Harrisburg rejected, in part, the Recovery Plan through the rejection of the planned increases in City waste disposal fees and authorized a City guaranty secondary to a primary guaranty by the County; and

WHEREAS, the action of City Council on July 3, 2007, does not satisfy the conditions precedent to the County’s participation in the Recovery Plan.

NOW, THEREFORE, BE IT RESOLVED, that the County of Dauphin will participate in a recovery plan for the Facility, but only if its conditions are satisfied, that is: (1) the approval of a comprehensive recovery plan by both the Authority and the City, (2) a primary guaranty by

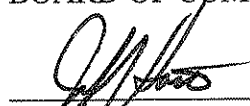
the City of any additional or restructured Facility debt prior to a secondary guaranty by the County and (3) such other terms and conditions as shall be acceptable to our advisors.

BE IT FURTHER RESOLVED, that the Chief Clerk shall be directed to forward a copy of this Resolution to representatives of the Authority and the City.

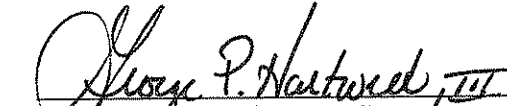
DAUPHIN COUNTY
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