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RESOLUTION
No. 24-2007

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, on or about June of 2007, the Authority 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, the City Council of the City of Harrisburg rejected, in part, the Recovery Plan by the rejection of the planned increases in City waste disposal fees and authorized a City Guarantee secondary to a primary guarantee by the County; and

WHEREAS, on July 11, 2007, this Board of Commissioners adopted Resolution 16-2007 stating that City Council’s action of July 3, 2007 does not satisfy the conditions precedent to the County’s participation in the Recovery Plan and adopted the following:

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

WHEREAS, by Ordinance No. 23- 2007 at a meeting held on August 9, 2007, the City Council of the City of Harrisburg, *inter alia*, approved its primary guaranty of Authority debt in the maximum principal amount of \$11,577,670 (substantially less than the amount of working capital for the Facility requested by the Authority) and imposed certain conditions to the extension of its primary guaranty including but not limited to the rejection of Authority planned increases in City waste disposal fees;

WHEREAS, by Ordinance No. 24- 2007 at a meeting held on August 9, 2007, the City Council of the City of Harrisburg, *inter alia*, approved its primary guaranty of Authority debt in the maximum principal amount of \$25,500,000 for Construction Advances, reducing the amount provided in the Recovery Plan for the completion of the Retrofit Project and imposed certain conditions to the extension of its primary guaranty, including but not limited to the rejection of Authority planned increases in City waste disposal fees; and

WHEREAS, the legislative action of City Council on August 9, 2007, through the enactment of Ordinance No. 23- 2007 and Ordinance No. 24- 2007 is incomplete and inadequate, does not satisfy the conditions precedent to the County’s participation in a Recovery Plan and will continue to exacerbate projected deficits in the operations of the Facility.

NOW, THEREFORE, BE IT RESOLVED, as follows:

1. **RESOLVED**, that the County of Dauphin, by Resolution 16-2007 of its Board of Commissioners, determined as follows: “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 guarantee by

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

2. **RESOLVED**, that the County desires to outline, for the benefit and guidance of the Authority and the City, the essential requirements of a comprehensive financial recovery plan which will be supported by the County, as follows:

- (a) this County will approve a secondary guaranty of an Authority loan from Covanta for Construction Advances in the principal amount of \$25,500,000, plus an adequate contingency in the amount of \$2,500,000 (or such other amount as Covanta and the County’s consulting engineers deem sufficient) for completion of the Retrofit Project;
- (b) this County will approve a secondary guaranty of an Authority loan to provide working capital to the Facility in an amount (together with Receipts and Revenues) to provide sufficient funding to meet the cash requirements of the Facility through the completion of the Retrofit Project, which the County estimates to be by the end of the 2008 calendar year;
- (c) this County determines, based upon the projections of operating revenues and expenses provided by Covanta and the Authority, that the cash working capital loan should be approximately \$23,000,000 and shall satisfy, together with Receipts and Revenues, the following requirements:
 - (i) all operating expenses of the Facility, currently outstanding and through the calendar year 2008;
 - (ii) debt service payments of the Facility required on November 1 and December 1 of 2007 and for the calendar year 2008;
 - (iii) payment in full of all outstanding County system fees (together with interest thereon), which fees have been collected by the Authority as agent for the County and which fees the Authority has failed to remit as required pursuant to its Agreements with the County; and
 - (iv) necessary costs and expenses of the working capital loan including any reasonable fees of the lender, the Authority’s financial advisor and Note Counsel and expenses of the professional advisors of the County;

- (d) The City shall acknowledge responsibility for the increased trash disposal fees approved by the Authority to become effective no later than January 1, 2008, or shall make other provisions for providing equivalent funds to the Facility in 2008 and subsequent years; and
- (e) The Authority and the City shall agree to such other terms and conditions consistent with discussions among counsel and acceptable to the County's advisors.

3. **RESOLVED**, that the County urges the Authority and the City to act as soon as possible to enact a comprehensive financial recovery plan consistent with the provisions of this Resolution. The Authority has estimated that the ongoing failure to address the completion of the Retrofit Project results in Facility losses of approximately \$1,000,000 per month. The \$23,000,000 estimate for the working capital loan is substantially increased over what would have been required months ago had a recovery plan been implemented. Unless immediate action is taken, the estimated working capital loan of \$23,000,000 will no longer be sufficient.

4. **RESOLVED**, that upon delivery of the secondary guarantees of the County in accordance with the above, the Authority and the City shall acknowledge and agree that the County shall not be requested to participate in any new or additional financing with respect to the Facility. The County hereby declares its intention to consider any reasonable proposal for the refinancing or restructuring of any existing debt guaranteed by the County.

5. **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.

CERTIFICATE

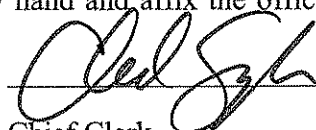
I, the undersigned Chief Clerk of the County of Dauphin County, Pennsylvania (the "County"), certify that: the foregoing is a true and correct copy of a Resolution that duly was adopted by affirmative vote of a majority of all members of the Council of the County at a meeting duly held on the 12th day of September, 2007; said Resolution duly has been recorded in the minute book of the Board of Commissioners of the County; a notice with respect to the intent to enact said Resolution has been published as required by law; said Ordinance was available for public inspection by any interested citizen requesting the same in accordance with the requirements of the Local Government Unit Debt Act of the Commonwealth of Pennsylvania and such notice; and said ordinance has not been amended, altered, modified or repealed as of the date of this Certificate.

I further certify that the Board of Commissioners of the County met the advance notice requirements of the Sunshine Act, Act No. 1998-93 of the General Assembly of the Commonwealth of Pennsylvania, approved October 15, 1998, as amended, by advertising the time and place of said meeting and by posting prominently a notice of said meeting at the principal office of the County or at the public building in which said meeting was held.

I further certify that: the total number of members of the Council of the County is three (3); the vote of members of the Board of Commissioners of the County upon said Ordinance was called and duly was recorded upon the minutes of said meeting; and members of the Board of Commissioners of the County voted upon said Ordinance in the following manner:

<u>Vote</u>	
Hon. Jeffrey T. Haste Chairman	<u>Aye</u>
Hon. Dominic DiFrancesco, II Vice Chairman	<u>Aye</u>
Hon. George P. Hartwick, III	<u>Aye</u>

12th IN WITNESS WHEREOF, I set my hand and affix the official seal of the County, this day of September, 2007.



Chief Clerk

(SEAL)