

LM 9/11/10
RAM

COUNTY OF DAUPHIN,

Pennsylvania

Resolution No. 32-2010

WITNESSETH:

WHEREAS, this County (the "County") is a third class county and is a "local government unit" under provisions of the Act of the General Assembly of the Commonwealth of Pennsylvania (the "Commonwealth"), as reenacted, amended and supplemented, from time to time, known as the Local Government Unit Debt Act (the "Debt Act"); and

WHEREAS, The Harrisburg Authority (the "Authority") is a body politic and corporate organized and existing under the Municipality Authorities Act, as amended and supplemented, 53 Pa. C.S. §5601 et seq., of the Commonwealth (the "Authorities Act"); and

WHEREAS, the City of Harrisburg (the "City") is a municipal corporation of the Commonwealth and is also a "local government unit" under provisions of the Debt Act; and

WHEREAS, the Authority owns and operates the Resource Recovery and Cogeneration Facility ("Facility") and has issued various series of bonds and notes (collectively, "Bonds") to fund costs of acquisition, maintenance and improvement thereof, including the retrofit and modernization thereof ("Retrofit"); and

WHEREAS the Authority undertook a project (the "Retrofit Completion Project") consisting of, among other things, financing the costs of completing the Retrofit, funding payments due under an Interim Agreement, funding other working capital needs and reserves during the undertaking of the Retrofit Completion Project, funding the acquisition of certain capital equipment and construction associated with the Facility and the restructuring of certain

indebtedness and other obligations previously incurred with respect to the Facility;
and

WHEREAS, the Authority financed the Retrofit Completion Project by issuing its Guaranteed Resource Recovery Facility Limited Obligation Notes, Series C of 2007, in the aggregate original principal amount of \$20,964,000 (the "2007 C Notes") and its Guaranteed Federally Taxable Resource Recovery Facility Limited Obligation Notes, Series D of 2007, in the aggregate original principal amount \$9,036,000 (the "2007D Notes", and collectively with the 2007 C Notes, the "2007 Notes"), under and pursuant to a Trust Indenture, dated as of December 15, 2007 (the "Indenture") between the Authority and Commerce Bank, National Association, as trustee, now by succession TD BANK, NATIONAL ASSOCIATION (the "Trustee") for the benefit of the purchaser of the 2007 Notes; and

WHEREAS, the City, as security for the benefit of the purchasers of the 2007 Notes provided its primary guarantee of an amount sufficient to make payment of the Stated Value at Maturity of the 2007 Notes by the incurrence of lease rental debt under the Debt Act by entering into a Guaranty Agreement, dated as of December 15, 2007 (the "City Guaranty Agreement") among the City, the Authority and the Trustee for the benefit of the purchasers of the 2007 Notes; and

WHEREAS, the County, provided its secondary guarantee of an amount sufficient to make payment of the Stated Value at Maturity of the 2007 Notes, by the incurrence of lease rental debt under the Debt Act by entering into a Guaranty Agreement dated as of December 15, 2007 (the "County Guaranty") among the County, the Authority and the Trustee for the benefit of the purchasers of the 2007 Notes; and

WHEREAS, the Authority has failed and is unable to provide adequate revenues from the Facility to pay to the Trustee an amount sufficient to permit the Trustee to make payment of the Stated Value at Maturity of the 2007 Notes on December 15, 2010; and

WHEREAS, the City by correspondence dated August 13, 2010 notified the Trustee that the City would not be able to satisfy its obligation to transfer funds to the Trustee on or before August 15, 2010 in an amount sufficient to permit the Trustee to make payment of the Stated Value at Maturity of the 2007 Notes on December 15, 2010; and

WHEREAS, the City's failure to transfer to the Trustee funds on or before August 15, 2010 in an amount sufficient to permit the Trustee to make payment of the Stated Value at Maturity of the 2007 Notes on December 15, 2010 constitutes an Event of Default under the City Guaranty Agreement and the Indenture; and

WHEREAS, as a result of the City's default this County is the "Directing Party" as such term is defined in the Indenture and as such, acting alone, has the right to direct all remedies granted by the Indenture, subject to the Trustee's right

to receive indemnification as provided in the Indenture; and

WHEREAS, after due consideration the County, as the Directing Party under the Indenture desires to instruct the Trustee to proceed, to protect and enforce the rights of the owners of the 2007 Notes to exercise rights and remedies provided under the Indenture, the Debt Act and the Authorities Act.

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of Dauphin County, Pennsylvania, and it is hereby adopted by the authority of the same, as follows:

1. To protect and enforce the rights of the owners of the 2007 Notes, this County, as the Directing Party, pursuant to section 9.14 of the Indenture directs the Trustee to file and prosecute an action in mandamus against the City Treasurer pursuant to § 8261 of the Debt Act and to take such other actions as authorized or provided under the Indenture, the Debt Act and the Authorities Act, as the County may direct from time to time.

2. As authorized and required by the Indenture, this County hereby approves an Indemnification Agreement for the benefit of the Trustee and to provide for payment of the Trustee's expenses in connection with the County's directions hereunder, which Indemnification Agreement shall be in such form as shall be approved by the County's Solicitor and the County's special counsel, Mette, Evans & Woodside, and upon such approval such Indemnification Agreement shall be executed and delivered by the Board of Commissioners.

3. In the event any provision, section, sentence, clause or part of this Resolution shall be held to be invalid, such invalidity shall not affect or impair any remaining provision, section, sentence, clause or part of this Resolution, it being the intent of this County that the remainder of this Resolution shall remain in full force and effect.

4. All resolutions or parts thereof, insofar as the same are inconsistent herewith, are repealed hereby.

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 _____ day of September, 2010; said Resolution duly has been recorded in the minute book of the Board of Commissioners of the County; and said Resolution 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:

Vote

Hon. Jeffrey T. Haste
Chairman

Yes

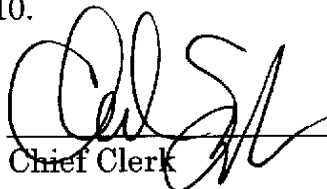
Hon. George P. Hartwick, III

Yes

Hon. Michael Pries

Yes

IN WITNESS WHEREOF, I set my hand and affix the official seal of the County, this 1 day of September, 2010.



Chief Clerk

(SEAL)