



ASSET PURCHASE AGREEMENT

dated as of

_____, 2013

by and between

THE HARRISBURG AUTHORITY

and

LANCASTER COUNTY SOLID WASTE MANAGEMENT AUTHORITY

REC'D ED & FILED
COMMONWEALTH COURT
OF PENNSYLVANIA
2013 AUG 26 P 3:55

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE 1	
DEFINITIONS AND INTERPRETATION.....	2
ARTICLE 2	
PURCHASE AND SALE; PURCHASE PRICE; ADJUSTMENTS.....	2
2.01.	Purchase and Sale of Acquired Assets. 2
2.02.	Excluded Assets. 4
2.03.	Purchase Price. 6
2.04.	Deposit and Escrow Agreement..... 6
2.05.	Payment of the Purchase Price and Closing Payments. 6
2.06.	Purchase Price Adjustments. 6
2.07.	Liabilities. 7
2.08.	Prorations and Settlement of Accounts. 9
ARTICLE 3	
REPRESENTATIONS AND WARRANTIES OF SELLER	10
3.01.	Existence and Power. 10
3.02.	Due Authorization; Enforceability. 10
3.03.	No Conflicts; Governmental Approvals. 11
3.04.	Legal Proceedings. 11
3.05.	No Undisclosed Liabilities. 11
3.06.	Material Contracts. 12
3.07.	Zoning and Permits. 12
3.08.	Labor Matters. 12
3.09.	Environmental Matters. 12
3.10.	Insurance. 13
3.11.	Title to Assets. 13
3.12.	Intellectual Property. 14
3.13.	Brokers' Fees. 14
3.14.	Condition of Facility. 14
ARTICLE 4	
REPRESENTATIONS AND WARRANTIES OF BUYER.....	14
4.01.	Existence and Power. 14
4.02.	Due Authorization; Enforceability. 14
4.03.	No Conflicts. 15
4.04.	No Brokers. 15
4.05.	Financial Ability. 15
4.06.	No Litigation. 15
4.07.	Independent Investigation. 15
4.08.	Additional Representations and Warranties of Buyer. 16
ARTICLE 5	
PRE-CLOSING COVENANTS	17
5.01.	Conduct by Seller. 17
5.02.	Commercially Reasonable Efforts; Consents; Governmental Filings. 18
5.03.	Access. 18
5.04.	Notice of Certain Events. 18
5.05.	Public Announcements. 19

5.06.	Survey.....	19
ARTICLE 6 ADDITIONAL AGREEMENTS		19
6.01.	Removal of DPW Facility Assets and Artifacts.	19
6.02.	Further Assurances.....	19
6.03.	No Claims Against Affiliates.....	19
6.04.	As-Is, Where-Is and With All Faults Condition.	20
6.05.	Casualty and Condemnation.	22
6.06.	Employee Payments.	22
6.07.	Post-Closing Employment.....	22
6.08.	Closure Bonds.....	23
6.09.	Operating Agreement.	23
ARTICLE 7 CONDITIONS TO THE CLOSING		24
7.01.	Conditions to the Obligations of Each Party.	24
7.02.	Conditions to the Obligations of Buyer.....	26
7.03.	Conditions to the Obligation of Seller.....	27
ARTICLE 8 CLOSING.....		28
8.01.	Closing.....	28
8.02.	Time and Place of Closing.....	28
8.03.	Deliveries by Seller.	28
8.04.	Deliveries by Buyer.....	29
ARTICLE 9 INDEMNIFICATION.....		30
9.01.	Indemnification by Buyer.....	30
9.02.	Indemnification by Seller.	31
9.03.	Survival.....	31
9.04.	Notice; Payment of Losses; Defense of Claims.....	32
9.05.	Duty to Mitigate.....	34
ARTICLE 10 TAX MATTERS		34
10.01.	Transfer Taxes.	34
10.02.	Treatment of the Transactions Contemplated by this Agreement.	34
10.03.	Treatment of Indemnification Payments.	35
10.04.	Reporting Requirements; Purchase Price Allocation.....	35
10.05.	No Withholding.	35
ARTICLE 11 TERMINATION.....		35
11.01.	Termination.....	35
11.02.	Effect of Termination.	36
11.03.	Payment of Deposit and Other Remedies Upon Termination.	36
ARTICLE 12 MISCELLANEOUS.....		37
12.01.	Notices.....	37
12.02.	Amendments; No Waivers.....	38
12.03.	Expenses.	38

12.04.	Successors and Assigns; Benefit.....	38
12.05.	No Third Party Beneficiary.	38
12.06.	Governing Law.	39
12.07.	Consent to Jurisdiction.	39
12.08.	Severability.	39
12.09.	Table of Contents; Headings.	39
12.10.	Counterparts; Effectiveness.	39
12.11.	Waiver of Jury Trial.	39
12.12.	Limitations on Liability.	40
12.13.	Entire Agreement.	40
12.14.	Transfer Documents.	40
12.15.	Time of the Essence.	40
12.16.	Disclosure.	40
12.17.	No Right of Setoff.	41

EXHIBITS

Exhibit A	Definitions
Exhibit B	Real Estate and Legal Descriptions
Exhibit C	Escrow Agreement
Exhibit D	Form of Special Warranty Deed
Exhibit E	Form of Bill of Sale
Exhibit F	Form of Assignment and Assumption Agreement
Exhibit G	Form of Certificate of Non-Foreign Status
Exhibit H	Sources and Uses: Pricing Model
Exhibit I	DGS Power Purchase Agreement
Exhibit J	County Agreements
Exhibit K	Restated City Disposal Agreement
Exhibit L	Form of Operating Agreement

DISCLOSURE SCHEDULES

Schedule 2.01(e)	Third Party Hauler Agreements
Schedule 2.01(f)	Machinery, Equipment, Fixtures and Other Personal Property
Schedule 2.01(g)	Spare Parts, Tools and Consumables Inventories
Schedule 2.01(h)	Motor Vehicles and Rolling Stock
Schedule 2.01(j)	Governmental Permits
Schedule 2.01(o)	Acquired IP
Schedule 2.02(j)	Excluded Items
Schedule 2.02(o)	Covanta Property
Schedule 3.03	No Conflicts; Governmental Approvals
Schedule 3.04	Legal Proceedings
Schedule 3.05	Liabilities
Schedule 3.06	Material Contracts
Schedule 3.07	Permits; Compliance with Laws

Schedule 3.09	Environmental Matters
Schedule 3.10	Insurance
Schedule 3.11	Title to Assets
Schedule 3.12	Intellectual Property
Schedule 3.13	Brokers' Fees
Schedule 6.01	DPW Equipment
Schedule 7.01(k)	Key Vendor Invoices

ASSET PURCHASE AGREEMENT

This ASSET PURCHASE AGREEMENT (this "Agreement") is entered into as of _____, 2013 by and between THE HARRISBURG AUTHORITY, a municipal authority created and existing under the laws of the Commonwealth of Pennsylvania ("Seller"), and the LANCASTER COUNTY SOLID WASTE MANAGEMENT AUTHORITY, a municipal authority created and existing under the laws of the Commonwealth of Pennsylvania ("Buyer") and is joined and approved by the Receiver for the City of Harrisburg ("Receiver"). Buyer or Seller, or both, may be referred to in this Agreement as the "Party" or the "Parties" as the context of the usage of such term may require.

BACKGROUND

A. Seller owns an eight hundred (800) ton per day, three (3) unit, mass burn, waste processing, electric generation and ash disposal facility located in the City of Harrisburg and Swatara Township, Dauphin County, Pennsylvania (as further described in Section 2.01(b) herein, the "Facility").

B. The Facility consists of various assets including: (i) a facility that accepts MSW (as defined below) from public and private haulers; (ii) burners which incinerate the collected MSW and which generate steam (the "Mass Burn Facility"); (iii) a turbine which is powered by the steam to generate electricity for sale and associated electrical equipment (the "Electrical Plant") and (iv) an ash landfill at which resulting ash is disposed or temporarily stored prior to shipment to other landfills (the "Ashfill") and associated metal recovery and recycling operations.

C. The Facility is situated on an approximately fifty-nine and one-half (59.5) acre tract of Real Estate owned by Seller, as more particularly described on Exhibit B attached hereto, which Real Estate, together with all improvements (including the Improvements, as described in Section 2.01(b) herein, but excluding the Dauphin County Recycling Center) and all other real property interests of Seller comprising the Facility, may be referred to herein as the "Real Property".

D. Seller accepts, processes and disposes of MSW, generates steam and electricity and undertakes associated operations and activities at the Facility (collectively the "MSW Services"). For the purposes of clarity, the MSW Services do not include the off-site transportation of steam. In furtherance of the implementation of a fiscal recovery plan (the "Recovery Plan") for the City of Harrisburg developed by the Receiver, Seller desires to sell, transfer and assign, and Buyer desires to purchase, the assets relating to the MSW Services (including the Facility and the Real Property), for the consideration and on the terms and conditions set forth in this Agreement.

E. Seller also provides sewer and water services to the City of Harrisburg and surrounding municipalities (the "Water/Sewer Services"). For the avoidance of doubt, and as documented in this Agreement, Seller is not conveying, and Buyer is not receiving, any assets of Seller relating primarily to the Water/Sewer Services.

TERMS AND CONDITIONS

NOW, THEREFORE, with the foregoing Background incorporated by reference and in consideration of the representations, warranties, covenants and agreements herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, intending to be legally bound hereby, the Parties agree as follows:

ARTICLE 1 DEFINITIONS AND INTERPRETATION

Capitalized terms used and not otherwise defined in this Agreement have the meanings set forth in Exhibit A attached hereto and are incorporated herein (such definitions to be equally applicable to both the singular and plural forms of the terms defined). When a reference is made in this Agreement to Sections, subsections, Schedules or Exhibits, such reference is to a Section, subsection, Schedule or Exhibit of this Agreement unless otherwise indicated. The words “include”, “includes” and “including”, when used herein, are deemed in each case to be followed by the words “without limitation”. The word “herein” and similar references mean, except where a specific Section or Article reference is expressly indicated, the entire Agreement rather than any specific Section or Article. The word “or” has, except as otherwise indicated, the inclusive meaning represented by the phrase “and/or”. For purposes of this Agreement, the phrases “made available” or “provided to,” when referring to information, documents or materials made available or provided to Buyer by or on behalf of Seller, shall include all information, documents and materials that are available to the public, located in the Dataroom (as defined herein) or otherwise provided to Buyer.

ARTICLE 2 PURCHASE AND SALE; PURCHASE PRICE; ADJUSTMENTS

2.01. Purchase and Sale of Acquired Assets. Upon the terms and subject to the conditions set forth in this Agreement, at the Closing, Seller shall sell, convey, assign, transfer and deliver to Buyer, and Buyer shall purchase and acquire from Seller, free and clear of any Encumbrances other than Permitted Encumbrances, all of Seller’s right, title, and interest in and to the Real Property and the Facility and all other tangible and intangible assets owned, leased or licensed by Seller used or useful to continuously and, in an uninterrupted fashion, operate the Facility and provide the MSW Services (collectively, the “Acquired Assets”), including but not limited to the following assets (but excluding the Excluded Assets as set forth in Section 2.02 below):

(a) the Real Estate (and other Real Property, to the extent so conveyable) by special warranty deed;

(b) the Facility including all buildings, structures (surface and subsurface), utilities and improvements located on, over or under the Real Estate, excluding the Dauphin County Recycling Center, but including (i) the Mass Burn Facility; (ii) the Electrical Plant; (iii) all other parts of the Facility; (iv) the DPW Facility, (v) the Ashfill (including but not limited to cells A1, B1, B2 and B3), (vi) the Dewatering and Drying Building and (vii) certain other associated site improvements related to the foregoing, including the MSW pits located on the

Real Estate and serving the Facility, and the EWRS (such items (i) through (vii), collectively, the "Improvements");

(c) to the extent not included as part of the foregoing, Seller's right, title and interest in all easements, appurtenances and other real property utilized or necessary for providing the MSW Services including, but not limited to, the operation of the Facility (including the roadways, access ways and other means of ingress and egress to and from the Facility);

(d) Seller's right, title and interest in the DCRC Ground Lease, and Seller's rights, if any, to the Dauphin County Recycling Center;

(e) the Contracts listed on Schedule 2.01(e) relating to MSW activities by private haulers (collectively, the "Third Party Hauler Agreements"); relating to the operation and management of the Facility (collectively, the "O&M Agreements"); or otherwise relating to the MSW Services including those Contracts entered into during the period between the date of this Agreement and the Closing Date that the Parties mutually agree in writing will be assumed by Buyer, (collectively, the "Assigned Contracts");

(f) the machinery, equipment, furniture, fixtures and tooling and other personal property primarily used or held for use in connection with the Facility or the MSW Services listed including those listed on Schedule 2.01(f) and located on the Real Property, whether or not affixed thereto;

(g) the spare parts, tools and consumable inventories of fuels, supplies, materials and spares primarily used or held for use in connection with the Facility or the MSW Services including those listed on Schedule 2.01(g) and located on the Real Property, whether or not affixed thereto;

(h) the motor vehicles and rolling stock used or held for use in connection with the Facility or the MSW Services listed on Schedule 2.01(h);

(i) that portion of the Steam Lines located within the boundaries of the Real Estate;

(j) the Governmental Permits listed on Schedule 2.01(j), to the extent such Governmental Permits are transferable under Law;

(k) the balance of any Closure Funds immediately prior to the Closing, provided that the transfer of Closure Funds shall be subject to Buyer's agreement to purchase all Ashfill cells located on the Real Estate and included in the Real Property without any further financial commitment from Seller or liability of any kind or nature, and with a return to Seller at Closing of any Unused Closure Funds;

(l) cash from Seller's bond indenture accounts ("Bond Indenture Funds") in an amount equal to the lesser of (i) Eight Million Dollars (\$8,000,000) or (ii) the remaining balance of such accounts;

(m) all assignable warranties, indemnities and guarantees given by third parties to the extent relating to the Acquired Assets;

(n) all of the following, to the extent in the possession of Seller: surveys, blue prints, drawings, plans and specifications (including structural, HVAC and mechanical plans and specifications), operation and maintenance manuals, as-built drawings, operating data, maintenance records, maps, equipment drawings, warranty information and other documentation relating to the Acquired Assets; and all soil tests and environmental assessments or reports relating to the Real Property; and such other existing books and records and documents used in connection with the performance and operation of the Facility or the MSW Services (all of the foregoing, the “Books and Records”);

(o) (i) the software developed or licensed by Seller relating to the operation and management of the Facility and the MSW Services as described on Schedule 2.01(o); (ii) to the extent assignable, all patent or other intellectual property rights required to use the technology and processes in the Facility, including the Mass Burn Facility, (iii) any Barlow patents (consisting of Patent Nos. 6,665,304; 5,044,288; and 4,955,296) and (iv) other proprietary or trade secret information disclosed on Schedule 2.01(o), to the extent Seller has rights to the same (collectively, the “Acquired IP”);

(p) the right or interest of Seller in any and all pending or approved applications for state or federal grants relating to the Facility and the MSW Services, including that certain Eight Million Dollar (\$8,000,000) Redevelopment Assistance Capital Program grant from the Commonwealth of Pennsylvania Department of Community and Economic Development (the “RACP Grant”); and

(q) all MSW contained in the Facility pit on the Closing Date.

2.02. Excluded Assets. Seller is not selling or transferring any right or interest in, and Buyer is not purchasing or assuming any obligations with respect to, the following assets (collectively, the “Excluded Assets”):

(a) Except as set forth in Section 2.01(l) (the Bond Indenture Funds) and Section 2.01(k) (Closure Funds), all cash, bank accounts, marketable securities, instruments and other investments or deposits of Seller or in which Seller may have an interest including Unused Closure Funds;

(b) all accounts and notes receivable of Seller (billed or unbilled), as of the Closing Date;

(c) any payment rights relating to or arising from the Facility as of the Closing Date to all of Seller’s billed or unbilled trade accounts receivables for MSW Services provided on or prior to the Closing Date;

(d) all other receivables relating to the Facility that are accrued, booked, or earned as of the Closing Date;

(e) all pre-paid expenses, refunds and any security deposits or other deposits to the extent not specifically relating to the Facility or the MSW Services;

(f) all insurance policies of Seller, whether or not related to the Facility, any refunds paid or payable in connection with the cancellation or discontinuance of any insurance policies and any claims made or to be made under any such insurance policies, including any and all proceeds thereof, except to the extent such claims relate to loss or damage to the Acquired Assets occurring prior to Closing and Seller has not already accrued or incurred expense and/or paid to repair or replace such damages or losses;

(g) all assets used primarily in connection with the corporate functions of Seller, including corporate charter, all documents subject to the attorney-client privilege, identification numbers, records, seals and minute books;

(h) except for rights under warranties, indemnities and guarantees for unasserted claims as described in Section 2.01(m), all claims of Seller, whether known or unknown, fixed or contingent, against third parties to the extent not arising from or relating to the Acquired Assets, or the MSW Services;

(i) all Intellectual Property not otherwise expressly conveyed to Buyer under Section 2.01(o);

(j) those “artifacts” and other excluded items located on the Real Property described on Schedule 2.02(j) attached hereto;

(k) that portion of the Steam Lines not located within the boundaries of the Real Estate;

(l) all rights in connection with, and assets of, the Employee Plans;

(m) any and all tangible or intangible assets relating primarily to Water/Sewer Services or as otherwise expressly set forth on Schedules 2.01(e) through (j) (for clarity, these Excluded Assets and services do not include the EWRS, which is an Acquired Asset);

(n) any personal property owned by third parties including, but not limited to, the City, whether or not located in, or related to, the Facility (it being understood that, to the extent Seller has any rights with respect to personal property owned by third parties that primarily are used in operation of the Facility or providing the MSW Services, such rights shall be Acquired Assets);

(o) the property owned by Covanta as listed on Schedule 2.02 (o) attached hereto; and

(p) the Dauphin County Recycling Center to the extent owned by the County.

The parties acknowledge and agree that Seller is only conveying to Buyer those certain tangible and intangible assets owned by Seller that are used or useful in connection with the operation of the Facility and the MSW Services, that Seller is not conveying to Buyer any of the

Excluded Assets and that, following Closing (as defined below), Buyer will not have any right, title or interest in or with respect to the Excluded Assets.

2.03. Purchase Price. Subject to the terms and conditions of this Agreement, the base purchase price for the Acquired Assets shall be One Hundred Thirty Million Seven Hundred Thirty-Six Thousand Three Hundred Sixty-Five Dollars (\$130,736,365) (the "Base Purchase Price"), as may be adjusted by the purchase price adjustment pursuant to Section 2.06 and Section 2.08 (the Base Purchase Price, as so adjusted, being referred to as the "Purchase Price").

2.04. Deposit and Escrow Agreement. On the date of this Agreement, Buyer shall post with Escrow Agent the Deposit. At Closing, the Deposit shall be applied against the Purchase Price. Interest and any other income earned from the investment of the Deposit shall be paid to the Party entitled to receive the Deposit pursuant to this Agreement and the Escrow Agreement and, if paid to Seller, shall also be applied against the Purchase Price.

2.05. Payment of the Purchase Price and Closing Payments.

(a) At Closing, subject to the terms and conditions set forth in this Agreement, in accordance with the Closing Statement, Buyer shall pay the Purchase Price less the Deposit to Seller or Seller's designee in consideration for the Acquired Assets.

(b) All such payments of the Purchase Price to Seller or Seller's designee at Closing shall be made by wire transfer of immediately available funds on the Closing Date to such accounts designated by Seller in a writing given at least two (2) Business Days prior to the Closing Date.

(c) The Purchase Price will be funded by a Five Million Dollar (\$5,000,000) equity contribution from Buyer (including the Deposit), the Twenty Four Million Dollar (\$24,000,000) Subordinate Note, and the balance from the Net Proceeds of the Acquisition Bonds.

(d) The Purchase Price will be paid at Closing in accordance with an agreed upon Closing Statement. It is anticipated that at Closing, among other payments, the vendors set forth on Schedule 7.01(k) shall be paid an amount agreed upon by such vendors and Seller (and the Receiver).

2.06. Purchase Price Adjustments.

(a) Acquisition Bonds. The Net Proceeds of the Acquisition Bonds will be an amount sufficient to fund the Purchase Price (i) less the sum of the Five Million Dollars (\$5,000,000) in Buyer equity and the Twenty Four Million Dollar (\$24,000,000) Subordinate Note, and (ii) plus the sum of Buyer's DSRF, Seller's Closing Costs; and Buyer's Costs of Issuance. As set forth in Buyer's Pricing Model, the Base Purchase Price is established assuming Buyer's issuance of twenty (20) year municipal bonds (the "Acquisition Bonds") yielding Net Proceeds of One Hundred Fourteen Million, Four Hundred Twenty-One Thousand, Twenty Two Dollars (\$114,421,022) ("Base Bond Amount") and having a True Interest Cost of Four and Fifty-Nine Hundredths percent (4.59%) (the "Base TIC"). In the event that the True Interest Cost on the date Buyer's bonds are priced ("Pricing Date TIC") is higher or lower than

the Base TIC, the Purchase Price shall be adjusted, on a dollar to dollar basis, to reflect adjustments to the Base Bond Amount. Such adjustment to the Base Bond Amount will be made so that the actual, annual debt service payment requirements by Buyer using the Pricing Date TIC result in annual debt service coverage no greater in any year than as set forth in Buyer's Pricing Model. The determination of the required adjustment, if any, to the Base Bond Amount (and, in turn, to the Purchase Price) will be made using the same methodology contained in Buyer's Pricing Model. The adjustment to the Base Bond Amount (and, in turn, the Purchase Price) shall be reasonably determined in good faith by Buyer and its financial advisors, and shall be subject to the good faith written approval of Seller, Receiver and their financial advisors, which approval shall not be unreasonably withheld or delayed.

(b) Transferred Cash. The Base Purchase Price assumes that, in accordance with Section 2.01(f) above, Seller transfers up to Eight Million Dollars (\$8,000,000) of cash from the Bond Indenture Funds, to Buyer. The Purchase Price will be reduced, on a dollar for dollar basis, to the extent that the actual cash transferred from Seller to Buyer at Closing is less than Eight Million Dollars (\$8,000,000). The Base Purchase Price assumes that the Closure Funds will equal or exceed the amount required by DEP for such closure funding under its bonding worksheets. If DEP approval has not been obtained (and, correspondingly, DEP has not finally determined the amount) before Closing, the amount of the Closure Funds will be determined by ARM Group (or other reputable engineering firm) under DEP's bonding worksheets and will be subject to the good faith, reasonable approval of Seller and the Receiver. The Purchase Price will be reduced, on a dollar-for-dollar basis, to the extent the Closure Funds are less than the amount required for such closure funding, as determined pursuant to the preceding two sentences. The Base Purchase Price assumes that the RACP Grant will be in the amount of Eight Million Dollars (\$8,000,000).

(c) Condition of the Acquired Assets. Neither Buyer's due diligence investigation nor the Independent Engineer's Report have identified significant Acquired Asset issues comprising material defects. In the event of a change resulting in a Material Adverse Effect upon the condition of the Acquired Assets after the date of this Agreement, Buyer and Seller shall in good faith negotiate an appropriate Purchase Price adjustment; provided, that no adjustment shall be made unless, and only to the extent that, the newly identified items exceed One Hundred Thousand Dollars (\$100,000) and in no event shall any Purchase Price adjustment exceed Three Million Dollars (\$3,000,000). If the adjustment would exceed Three Million Dollars (\$3,000,000), then Buyer shall have the right, exercisable by delivering written notice to Seller and Escrow Agent within ten (10) days after the determination of the scope of such adjustment, to either (i) terminate this Agreement, in which case neither Party shall have any further rights or obligations hereunder, and all funds (including the Deposit and all interest accrued thereon) and documents deposited in Escrow shall be returned to the Party depositing the same, or (ii) accept the Acquired Assets in with the Three Million Dollars (\$3,000,000) adjustment of the Purchase Price and proceed with the Closing.

2.07. Liabilities.

(a) Assumed Liabilities. On the Closing Date, Buyer shall assume only the obligations and Liabilities of Seller described below (collectively, the "Assumed Liabilities"):

- (i) all Liabilities and obligations arising or accruing on or after the Closing Date under the Assumed Contracts;
- (ii) Permitted Encumbrances relating to the Real Property;
- (iii) all Environmental Liabilities related to the Acquired Assets;
- (iv) all Liabilities and obligations relating to Environmental Permits or Governmental Permits, but not including for any fines or penalties for any breach of such permits arising or occurring prior to the Closing Date; and
- (v) any and all other obligations and Liabilities of any kind or nature, known, unknown, accrued, absolute, fixed, contingent or otherwise, accruing or arising, on and after the Closing Date, from the MSW Services or the Acquired Assets.

(b) **Excluded Liabilities.** Other than the Assumed Liabilities, Buyer does not assume and shall not be liable for any obligations or Liabilities of Seller (collectively, the "Excluded Liabilities"), including but not limited to the following;

- (i) all Liabilities and obligations of Seller arising or accruing before the Closing Date under the Assumed Contracts including amounts due to vendors under such agreements in connection with goods or services provided prior to the Closing Date;
- (ii) all Liabilities and obligations of Seller related to its bonds, credit facilities and any other secured financings;
- (iii) all Liabilities and obligations of Seller for Taxes that result from or have accrued in connection with the operation of the Facility by Seller prior to the Closing Date;
- (iv) all Liabilities and obligations of Seller related to amounts due and owing to CIT prior to the Closing Date;
- (v) all Liabilities and obligations of Seller that arise under Contracts, excluding the Assumed Contracts;
- (vi) all Liabilities for fees and commissions of any broker, finder or financial advisor payable in connection with the Contemplated Transactions unless engaged by Buyer (for clarity, Seller is not assuming Liabilities for fees and commissions of any broker, finder or financial advisor payable in connection with the Contemplated Transactions unless either engaged by Seller or specifically agreed to by Seller in writing);
- (vii) all Liabilities of Seller relating to or arising out of the Legal Proceedings described on Schedule 3.04 or any other Legal Proceeding against Seller, other than DEP Consent Orders under Section 7.02(f) and Liabilities assumed by Buyer under the Operating Agreement pursuant to Section 8.04(h);
- (viii) all Liabilities arising out of or relating to the termination of employment, or provision of benefits to and compensation of, Seller's Employees, including

claims for any breach of contract or agreement, personal injury, discrimination, mass layoff or plant closing, harassment or wrongful discharge, unfair labor practice, claims for benefits (including claims arising under ERISA or workers' compensation laws), or other violation of or obligations under any employment Law arising solely out of events occurring on or prior to the Closing Date;

(ix) all Liabilities arising out of or relating to the Excluded Assets including the Water/Sewer Services; and

(x) all Liabilities and obligations relating to any fines or penalties for any breach of permits arising or occurring prior to the Closing Date.

2.08. Prorations and Settlement of Accounts.

(a) All accounts receivable and accounts payable, including utility bills, steam revenues, electric revenues and other invoices will be prorated as of the Closing Date. Revenues and expenses for goods and services rendered or received on and prior to the Closing Date shall be attributable to Seller, and revenues and expenses for goods and services rendered or received after the Closing Date shall be attributable to Buyer. The Parties agree to cooperate on and after the Closing Date to ensure that both amounts and invoices received after the Closing Date are promptly forwarded to the appropriate Party and/or are promptly and properly divided between the Parties. Not more than two (2) Business Days following the Closing Date, Seller and Buyer shall jointly send a letter to each of the obligors of accounts receivable related to the Acquired Assets and each Assumed Contract counterparty informing such obligor and counterparty of the transfer of the Acquired Assets to Buyer and instructing them to remit all payments and other items in respect of the Acquired Assets, and to deliver all invoices and bills in respect of the Assumed Liabilities, to Buyer. Seller shall provide such documentation as Buyer may reasonably request to substantiate all accounts receivable and accounts payable to be prorated pursuant to this Section 2.08(a).

(b) Within sixty (60) days after the Closing Date, the Parties shall jointly compute a net amount due from one Party to the other based on the settlement of accounts and proration of revenues and expenses contemplated in Section 2.08(a) (the "Net Adjustment Amount"). Within five (5) Business Days after the Net Adjustment Amount is finalized by the Parties, the Party owing such Net Adjustment Amount shall make payment by wire transfer of immediately available funds to the account designated in advance in writing by the Party entitled to receive the payment.

(c) Buyer and Seller shall use good faith efforts to resolve any disagreement or dispute involving the determination of the Net Adjustment Amount, including any disputes relating to the collectability of any accounts receivable. If the Parties are unable to resolve any dispute in determining the Net Adjustment Amount within the sixty (60) day period following the Closing Date as provided in Section 2.08(b), Buyer and Seller shall jointly designate a mutually agreeable accounting firm (the "Resolving Accounting Firm") to resolve the dispute and to make a determination of the Net Adjustment Amount. The Net Adjustment Amount as of the Closing Date, as finally determined pursuant to this Section 2.08(c) (whether by agreement of Seller and Buyer or by determination of the Resolving Accounting Firm), is referred to herein as

the “Final Net Adjustment Amount”. The Resolving Accounting Firm’s determination of the Final Net Adjustment Amount shall be final and binding on the Parties. Any amounts payable pursuant to this Section 2.08 shall be made not later than five (5) Business Days after the determination of the Final Net Adjustment Amount by wire transfer of immediately available funds to an account designated in advance in writing by the Party entitled to receive the payment. The cost and expense of the Resolving Accounting Firm shall be borne solely one half by Buyer and one half by Seller.

(d) After Closing, Buyer and Seller shall each, and shall cause their respective employees and agents to, provide the other Party, the other Party’s accountants and the Resolving Accounting Firm, access at all reasonable times to their respective personnel and properties and all books and records relating to the MSW Services and the Acquired Assets and reasonably required in connection with the determination of the Net Adjustment Amount and/or the resolution of any disagreement or dispute under this Section 2.08. The terms of this Section 2.08 shall survive the Closing.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES OF SELLER

Except as otherwise set forth in the Disclosure Schedules, Seller represents and warrants to Buyer as of the date of this Agreement and as of the Closing Date as follows:

3.01. Existence and Power. Seller is a municipal authority duly formed pursuant to the Municipality Authorities Act, validly existing and in good standing under the Laws of the Commonwealth of Pennsylvania and has all power and authority to own and lease its properties and assets and to carry on its operations as now conducted, subject to oversight by the Receiver.

3.02. Due Authorization; Enforceability.

(a) ~~Subject to approval by the Receiver, Seller has all requisite power and authority to execute, deliver and perform its obligations under this Agreement and the other Transaction Documents to which it is a party and to consummate all of the Contemplated Transactions applicable to it. The execution, delivery and performance by Seller of this Agreement and the other Transaction Documents to which it is a party, and the consummation by Seller of the Contemplated Transactions applicable to it, are within Seller’s powers and have been duly and validly authorized by all necessary action under Seller’s Organizational Documents and applicable provisions of the Laws of the Commonwealth of Pennsylvania. This Agreement has been, and, as of the Closing Date, each other Transaction Document to which Seller is a party shall be, duly and validly executed and delivered by Seller. Except for matters to be resolved as provided in Article 7 of this Agreement, Seller is not aware of any proceeding, claim, or action that would prevent it from consummating all of the Contemplated Transactions applicable to it.~~

(b) This Agreement constitutes, and each other Transaction Document to which Seller is a party, when duly executed and delivered by the parties thereto and approved by the Receiver, shall constitute, a legal, valid and binding agreement of Seller enforceable against Seller in accordance with its terms, except as such enforcement is limited by bankruptcy,

insolvency and other similar Laws affecting the enforcement of creditors' rights generally and for limitations imposed by general principles of equity.

3.03. No Conflicts; Governmental Approvals. Except for the approval of the Receiver, the Commonwealth Court of Pennsylvania, and such other third party actions, consents or approvals to be satisfied or waived as a condition to the consummation of the Contemplated Transactions pursuant to Article 7 of this Agreement, or as otherwise as set forth on Schedule 3.03:

(a) the execution, delivery and performance by Seller of this Agreement and each other Transaction Document to which Seller is a party, and the consummation by Seller of the Contemplated Transactions applicable to it, do not, and shall not require any action, consent or approval of, or filing with, any Governmental Authority by or on behalf of Seller other than such consents, approvals or filings, the failure of which to be made or obtained would not have, or be reasonably expected to have, a Material Adverse Effect; and

(b) the execution, delivery and performance by Seller of this Agreement and each other Transaction Document to which Seller is a party, and the consummation by Seller of the Contemplated Transactions applicable to it, do not (i) contravene or conflict with the Organizational Documents of Seller, (ii) contravene or conflict with or constitute a violation of any provision of any Law binding upon or applicable to Seller or any of its respective properties or assets, (iii) require any consent, waiver or approval under, or constitute a default under or give rise to a right of termination, cancellation or acceleration of any right or obligation of Seller under any Contract binding upon Seller or any of its properties or assets or (iv) give rise to any right of first refusal, right of first offer, buy-sell right, option to purchase or other similar right of any Person with respect to any property or asset of Seller, except in each case as set forth in clauses (ii) through (iv) above, such event would not have, or be reasonably expected to have, a Material Adverse Effect.

3.04. Legal Proceedings. Except as set forth in Schedule 3.04, there are no claims, actions, suits or proceedings pending or, to the Knowledge of Seller, threatened by or against the MSW Services or the Acquired Assets or Seller related to the MSW Services or the Acquired Assets.

3.05. No Undisclosed Liabilities. To the Knowledge of Seller, except as set forth in Seller's Financial Statements, there are no material Liabilities of Seller relating to the MSW Services or the Acquired Assets, except for (a) Liabilities set forth on Schedule 3.05 or in the Material Contracts set forth on Schedule 3.06, (b) Liabilities incurred since Seller's Financial Statements in the ordinary course of business and made known to Buyer, (c) Liabilities for the fees and costs of attorneys, financial advisors, and consultants and other costs incurred in connection with the Contemplated Transactions, (d) Liabilities incurred under the terms of the Assigned Contracts, (e) Liabilities permitted under this Agreement and (f) Liabilities incurred in the ordinary course of business and which would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Seller is not liable for federal, state or local income Taxes by reason of the sale of the Acquired Assets.

3.06. Material Contracts. True and complete copies of all Material Contracts, including all material amendments and modifications thereto, have been made available to Buyer and are listed on Schedule 3.06. Each Material Contract is in full force and effect and constitutes the valid, legal, binding and enforceable obligation of Seller and, to the Knowledge of Seller, of the counterparties thereto. Except as set forth on Schedule 3.06, neither Seller nor, to the Knowledge of Seller, any other party thereto, is in breach or default of any material terms or conditions of any Material Contract. Except as specifically set forth on Schedule 3.06, (i) no counterparty to any Material Contract has canceled, has threatened in writing to cancel or, to the Knowledge of Seller, intends to cancel any such Material Contract and (ii) there are no renegotiations underway with respect to, or, to the Knowledge of Seller, any attempts or requests to renegotiate, any Material Contract with any Person.

3.07. Zoning and Permits. Except as set forth in Schedule 3.07, (i) the Real Estate is currently zoned for the Facility and the MSW Services, (ii) to the Knowledge of Seller, Seller has all Governmental Permits necessary for it to operate the Facility and to conduct the MSW Services as are presently conducted and has made all required registrations or filings with any Governmental Authority relating the Governmental Permits, except where the absence thereof, either individually or in the aggregate, could not be reasonably expected to have a Material Adverse Effect, and a true and correct list of all such Governmental Permits is set forth on Schedule 3.07, (iii) all such Governmental Permits relating to the MSW Services or the Acquired Assets are valid and in full force and effect in all material respects and (iv) to the Knowledge of Seller, Seller is in compliance with all Government Permits except where the non-compliance would not have a Material Adverse Effect. Except as set forth in Schedule 3.07, no proceedings against Seller are pending or, to the Knowledge of Seller, threatened seeking the revocation or suspension of any Governmental Permits.

3.08. Labor Matters. Seller has no employment agreements, consulting agreements, retention agreements, severance agreements, termination agreements, collective bargaining agreements (or other agreements with any labor organization) or other employment related contracts to which Seller is a party or is bound which will remain in effect after the Closing relating to the Facility. Seller is not delinquent in payments to any individuals whose employment responsibilities primarily relate to the MSW Services or the Acquired Assets and who usually perform such responsibilities (the "Employees") for any wages, salaries or other direct compensation for any services performed for Seller as of the date hereof or, to the Knowledge of Seller, amounts required to be reimbursed to such Employees. Seller is in compliance with all applicable Laws and regulations respecting labor, employment, fair employment practices, terms and conditions of employment, occupational safety and health, and wages and hours with respect to the Employees except where the failure to so comply, either individually or in the aggregate, could not be reasonably expected to have a Material Adverse Effect.

3.09. Environmental Matters.

(a) Schedule 3.09 sets forth a true and correct list of all Environmental Permits. Except as set forth in Schedule 3.09(a), (i) to the Knowledge of Seller, Seller has all Environmental Permits necessary for it to provide the MSW Services and own the Acquired Assets and has made all required registrations or filings with any Governmental Authority

relating to the Environmental Permits except where the absence thereof, either individually or in the aggregate, could not be reasonably expected to have a Material Adverse Effect, (ii) all such Environmental Permits relating to the MSW Services or the Acquired Assets are valid and in full force and effect and (iii) to the Knowledge of Seller, Seller is in compliance with all Environmental Permits, except where non-compliance would not have a Material Adverse Effect. Except as set forth in Schedule 3.09(a), no proceedings against Seller are pending or, to the Knowledge of Seller, threatened seeking the revocation or suspension of any Environmental Permits. Except as set forth on Schedule 3.09(a), to the Knowledge of Seller, Seller is in compliance with all applicable Environmental Laws with respect to the MSW Services or the Acquired Assets, except where the failure to comply would not have a Material Adverse Effect.

(b) To the Knowledge of Seller, Seller has made available to Buyer true and complete copies of any environmental audits, reports and assessments concerning the MSW Services and the Acquired Assets that are in Seller's possession, including reports, studies, analyses and tests in the possession of Seller pertaining to any Hazardous Materials in, on or under the Real Property or concerning compliance of the Acquired Assets with Environmental Laws. Seller makes no representation or warranty concerning the information in such audits, reports or assessments or the accuracy or completeness of such items. Further, Buyer may not rely on such audits, reports or assessments.

(c) Except as set forth on Schedule 3.09(c), during the past five (5) years, Seller has not received any written notice relating to any violation by it of any Environmental Law relating to the MSW Services or the Acquired Assets.

(d) Except as set forth on Schedule 3.09(d), Seller has not submitted to any Governmental Authority or other Person any written notice identifying any Release on, under or from the Real Property.

(e) The attached Schedules reference various allegations made by Eric Epstein (the "Epstein Allegations"), as well as "Other Environmental Allegations" referenced (and defined) in Schedules 3.05 and 3.09 (the "Other Environmental Allegations"). The Epstein Allegations and Other Environmental Allegations are referenced to provide notice to Buyer that such allegations have been made, but Seller makes no admission, representation or disclosure that the Epstein Allegations and Other Environmental Allegations are true, correct or material.

3.10. Insurance. Set forth on Schedule 3.10 is a complete and accurate list of all current insurance policies of Seller relating to the MSW Services and the Acquired Assets. All such insurance policies are in full force and effect and, to the Knowledge of Seller, Seller is not in default with respect to its obligations under any such insurance policies. Seller has not received any written notice of the cancellation or termination of such policies.

3.11. Title to Assets. Except as otherwise set forth on Schedule 3.11, Seller owns good and marketable title to the Improvements and personal property included in the Acquired Assets, free and clear of any Encumbrances other than the Permitted Encumbrances or Encumbrances to be discharged at Closing or, if personal property is leased or licensed, such leases or licenses have been disclosed to Buyer.

3.12. Intellectual Property.

(a) Seller is the owner or licensee of all right, title and interest in and to the Acquired IP, free and clear of all Encumbrances, and has the right to use, without payment to a third party, all of the Acquired IP other than in respect of licenses listed on Schedule 3.12 as requiring on-going payments.

(b) Except as otherwise set forth on Schedule 3.12, Seller has not received any written notice that the Acquired IP infringes upon any intellectual property rights of any Person.

3.13. Brokers' Fees. Except as otherwise set forth on Schedule 3.13, no broker, finder, investment banker or other person is entitled to any brokerage fee, finder's fee or other commission from Buyer or the Purchase Price in connection with the Contemplated Transactions based on any arrangements made by Seller.

3.14. Condition of Facility. Except as authorized by Section 2.06(c) or Section 6.05, at Closing the condition of the Acquired Assets shall not have materially changed, ordinary wear and tear excepted, from their condition at the time of execution of this Agreement to a degree sufficient to cause a Material Adverse Effect.

**ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF BUYER**

Buyer represents and warrants to Seller as of the date of this Agreement and as of the Closing Date as follows:

4.01. Existence and Power. Buyer is a municipal authority duly formed pursuant to the Municipality Authorities Act, validly existing and in good standing under the Laws of the Commonwealth of Pennsylvania and has all power and authority to own, lease and operate its properties and assets and to carry on its business as now conducted.

4.02. Due Authorization; Enforceability.

(a) In accordance with its enabling authorities and Organizational Documents, Buyer has all power and authority to execute, deliver and perform its obligations under this Agreement and the other Transaction Documents to which it is a party and to consummate all of the Contemplated Transactions applicable to it in order to purchase, own, and acquire the Acquired Assets. The execution, delivery and performance by Buyer of this Agreement and the other Transaction Documents to which it is a party, and the consummation by Buyer of the Contemplated Transactions applicable to it, are within Buyer's powers and have been duly and validly authorized by all necessary action under Buyer's Organizational Documents and applicable provisions of the Laws of the Commonwealth of Pennsylvania. This Agreement and the Escrow Agreement have been, and as of the Closing Date, each other Transaction Document to which Buyer is a party shall be, duly and validly executed and delivered by Buyer. Except for matters to be resolved as provided in Article 7 of this Agreement, Buyer is not aware of any proceeding, claim, or action that would prevent it from acquiring the Acquired Assets.

(b) This Agreement constitutes, and each other Transaction Document to which Buyer is a party, when duly executed and delivered by the parties thereto, shall constitute, a legal, valid and binding agreement of Buyer enforceable against Buyer in accordance with its terms, except as such enforcement is limited by bankruptcy, insolvency and other similar Laws affecting the enforcement of creditors' rights generally and for limitations imposed by general principles of equity.

4.03. No Conflicts.

(a) The execution, delivery and performance by Buyer of this Agreement and each other Transaction Document to which Buyer is a party, and the consummation by Buyer of the Contemplated Transactions applicable to it, do not and shall not require any action, consent or approval of, or filing with, any Governmental Authority by or on behalf of Buyer other than such consents, approvals or filings, the failure of which to be made or obtained would not have, or be reasonably expected to have, a Material Adverse Effect.

(b) The execution, delivery and performance by Buyer of this Agreement and each other Transaction Document to which Buyer is a party, and the consummation by Buyer of the Contemplated Transactions applicable to it do not (i) contravene or conflict with the Organizational Documents of Buyer, (ii) contravene or conflict with or constitute a violation of any provision of any Law binding upon or applicable to Buyer or any of its properties or assets, (iii) require any consent, waiver or approval or constitute a default under or give rise to a right of termination, cancellation or acceleration of any right or obligation of Buyer under any Contract binding upon Buyer or any of its properties or assets or (iv) result in the creation or imposition of any Lien on any property or asset of Buyer which would prohibit Buyer from consummating the Contemplated Transactions or performing any of Buyer's obligations hereunder.

4.04. No Brokers. No broker, finder, investment banker or other person is entitled to any brokerage fee, finder's fee or other commission in connection with the Contemplated Transactions based on any arrangements made by Buyer.

4.05. Financial Ability. Buyer has sufficient cash and, to the Knowledge of Buyer, financial ability to issue the Acquisition Bonds in the Base Bond Amount so that at Closing Buyer is able to pay in cash the Purchase Price in accordance with the terms of Article 2 of this Agreement and any other amounts to be paid by Buyer hereunder.

4.06. No Litigation. There are no actions pending or, to the Knowledge of Buyer, threatened which challenge the enforceability or validity of this Agreement and Buyer's ability to enter into this Agreement, or seek to enjoin or prohibit the consummation of the transactions contemplated hereby. Buyer is not subject to any judgment, decree, injunction or order of any Governmental Authority which would materially impair Buyer's ability to consummate the transactions contemplated hereby.

4.07. Independent Investigation.

(a) Buyer has conducted, and continues to conduct, its own independent due diligence investigation, review and analysis of the MSW Services and the Acquired Assets and acknowledges that it has been provided adequate access to the personnel, properties, assets,

premises, books and records, and other documents and data of Seller for such purpose. In making its decision to enter into this Agreement and to consummate the Contemplated Transactions, Buyer has relied, and will continue to rely, solely upon its own investigation and the express representations and warranties of Seller made in this Agreement and neither Seller nor any other Person has made any representation or warranty as to Seller, the Acquired Assets or this Agreement, except as expressly set forth herein.

(b) Neither Seller nor any of its directors, officers, employees, agents, Member Communities, Affiliates, consultants, counsel, accountants, investment bankers or representatives has made any representation or warranty, either express or implied, as to the accuracy or completeness of any of the information provided or made available to Buyer or its agents or representatives (other than the representations and warranties contained in this Agreement).

(c) In connection with Buyer's investigation of the Acquired Assets and the Facility, Buyer has received from Seller certain estimates, projections and other forecasts relating to its operations and the Facility and certain plan and budget information, including those set forth in the Dataroom. Seller makes no representation or warranty with respect to any such estimates, projections, forecasts, plans or budgets.

4.08. Additional Representations and Warranties of Buyer. Buyer represents and warrants to Seller that:

(a) Buyer is not now, nor shall it be at any time until Closing, a Person with whom a United States citizen, an entity organized under the laws of the United States or its territories or an entity having its principal place of business within the United States or any of its territories (collectively, a "U.S. Person") is prohibited from participating in the Contemplated Transactions under United States law, regulation, executive orders and lists published by the Office of Foreign Assets Control, Department of the Treasury ("OFAC") (including those executive orders and lists published by OFAC with respect to Persons that have been designated by executive order or by the sanction regulations of OFAC as Persons with whom U.S. Persons may not transact business or must limit their interactions to types approved by OFAC ("Specially Designated Nationals and Blocked Persons"), or otherwise;

(b) Buyer has taken, and shall continue to take until Closing, such measures as are required by Law to assure that the funds used to pay the Purchase Price are derived (i) from transactions that do not violate United States Law and, to the extent such funds originate outside the United States, do not violate the Laws of the jurisdiction in which they originated and (ii) from permissible sources under United States Law and, to the extent such funds originate outside the United States, under the Laws of the jurisdiction in which they originated;

(c) To the best of Buyer's Knowledge after due inquiry, neither Buyer nor, to Buyer's Knowledge, any Person providing funds to Buyer (i) is under investigation by any Governmental Authority for, or has been charged with or convicted of, money laundering, drug trafficking, terrorist related activities, any felonies or other crimes which in the United States would be predicate crimes to money laundering or any violation of any Anti-Money Laundering Laws, (ii) has been assessed civil or criminal penalties under any Anti-Money Laundering Laws

or (iii) has had any of its funds seized or forfeited in any action under any Anti-Money Laundering Laws; and

(d) Buyer is not undertaking the transactions contemplated by this Agreement including, but not limited to, paying the Purchase Price, in contravention of any applicable money laundering regulations or conventions of the United States, or on behalf of terrorists, terrorist organizations or narcotics traffickers, including those persons or entities that are included on any relevant lists maintained by the United Nations, the North Atlantic Treaty Organization, the Organization of Economic Cooperation and Development, the Financial Action Task Force, the U.S. Office of Foreign Assets Control, the U.S. Securities and Exchange Commission and the U.S. Internal Revenue Service, all as may be amended from time to time. Buyer is in compliance with all U.S. money-laundering or similar laws, rules and regulations applicable to Buyer.

ARTICLE 5 PRE-CLOSING COVENANTS

5.01. Conduct by Seller.

(a) Except as permitted by this Agreement, as required by Law or as otherwise consented to in writing by Buyer, which consent shall not be unreasonably withheld, conditioned or delayed, from the date of this Agreement until the Closing, Seller shall provide the MSW Services and maintain the Acquired Assets in the ordinary course of business and in material compliance with all applicable Laws. From the date of this Agreement until the Closing, except as required by Law, Seller will not, without the consent of Buyer, which consent shall not be unreasonably withheld or delayed:

(i) sell, lease, license, transfer or otherwise dispose of any of the Acquired Assets other than old or obsolete inventory or equipment in the ordinary course of business;

(ii) amend, extend or otherwise modify any Material Contract relating to the ownership or use of the Real Property or enter into any other lease or occupancy agreement affecting any portion of the Real Property except in the ordinary course of business;

(iii) except for repairing the turbine or those capital expenditures relating to the Facility set forth in the fiscal year 2013 capital budget of Seller, a copy of which has been provided to Buyer, or capital expenditures for which sufficient reserves have been established, incur or commit to incur any individual Liability in excess of One Hundred Thousand Dollars (\$100,000) or aggregate Liabilities in excess of One Million Dollars (\$1,000,000) relating to the Acquired Assets;

(iv) enter into any contract, agreement or other commitment giving any Person an option, right of first offer, or other similar rights with respect to the Acquired Assets or any of them; or

(v) voluntarily take or agree to commit to take any action that would make any representation or warranty of Seller hereunder inaccurate in any material respect on or at any time prior to the Closing Date.

(vi) Seller shall reasonably cooperate with Buyer and reasonably assist Buyer in obtaining necessary approvals for the transfer of Seller's existing Governmental Authorizations and Environmental Permits to Buyer, where permissible; provided, that the cost and expense of obtaining such Governmental Authorizations and Environmental Permits shall be borne by Buyer.

5.02. Commercially Reasonable Efforts; Consents; Governmental Filings.

(a) Subject to the terms and conditions of this Agreement, Seller shall use Commercially Reasonable Efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary or proper under applicable Law to satisfy the conditions set forth in Section 7.03, and Buyer shall use Commercially Reasonable Efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary or proper under applicable Law to satisfy the conditions set forth in Section 7.02.

5.03. Access.

(a) Prior to the Closing Date, during normal business hours and with reasonable prior notice to Seller, Buyer and its representatives shall have reasonable access, during reasonable times as mutually agreed upon by Buyer and Seller, to the Books and Records with respect to the Acquired Assets and the Real Property; provided, however, that such access shall not unreasonably interfere with the operations of Seller; provided, further, however, that the foregoing rights shall not (i) extend to any information that is privileged pursuant to the attorney-client privilege applicable to Seller or (ii) apply where access to such information violates the Law or the terms of any agreement with a third party.

(b) Except as required to the contrary by Law, the Confidentiality Agreement shall remain in full force and effect until the Closing. Effective upon the Closing, the Confidentiality Agreement shall automatically terminate without further action by the Parties. If this Agreement is terminated pursuant to Article 11, the Confidentiality Agreement shall continue in accordance with its terms. If Closing does not occur, the undertakings in this Section 5.03(b) shall survive the termination of this Agreement and shall continue for the maximum period permitted by Law.

5.04. Notice of Certain Events.

(a) Each of Seller and Buyer shall give written notice to the other Party and the Receiver of (i) any material development known to Seller or Buyer adversely affecting the MSW Services or the Acquired Assets, (ii) any written notice or other communication from any Person to Seller or Buyer alleging that the consent of such Person is or may be required in connection with the Contemplated Transactions, (iii) any written notice or other communication from any Governmental Authority to Seller or Buyer in connection with the Contemplated Transactions and (iv) any new actions, suits, or proceedings commenced or, to the Knowledge of

Seller or Buyer, threatened against Seller or Buyer impacting the consummation of the Contemplated Transactions.

(b) Buyer and Seller shall each give prompt written notice to the other Party of any material fact, condition or development that could reasonably be expected to adversely affect the ability to timely consummate, including a material delay in the ability to consummate, the Contemplated Transactions in accordance with this Agreement.

5.05. Public Announcements. On or prior to Closing, neither Party shall make any press release, public statement, or public announcement with respect to this Agreement or the Contemplated Transactions, without the prior written consent of the other Party and the Receiver; provided, that Seller or Buyer may make any press release, public statement or public announcement which Seller determines is required to be made under applicable Law.

5.06. Survey. Buyer has obtained and reviewed a survey of the Real Estate dated July 22, 2013 from Weber Surveyors, and is satisfied with its review of the survey.

ARTICLE 6 ADDITIONAL AGREEMENTS

6.01. Removal of DPW Facility Assets and Artifacts. As part of the Contemplated Transactions, the City (or, at Seller's option, Seller) shall enter into a binding agreement before Closing providing that, within six (6) months following the Closing Date, the City (or Seller) shall remove from the Real Property: (a) all "artifacts" and other items described on Schedule 2.02 attached hereto and (b) to the extent owned, used, or previously used by the City, all DPW Facility machinery, equipment, tooling, supplies and other personal property located on the Real Property, including but not limited to discarded materials and all items as set forth or described on Schedule 6.01. In consideration of the foregoing, Buyer will agree to pay the City (or Seller if Seller elects to enter into such agreement) the following amounts: (a) Three Hundred Thousand Dollars (\$300,000) if the relocation is completed within three (3) months following the Closing Date or (b) One Hundred Fifty Thousand Dollars (\$150,000) if the relocation is completed within six (6) months following the Closing Date.

6.02. Further Assurances. On and after the Closing Date, the Parties agree to execute and deliver such documents and other papers and take such further action as may be reasonably required to carry out the provisions of this Agreement and the other Transaction Documents and to make effective the Contemplated Transactions. Prior to and after the Closing Date, Buyer agrees to cooperate with Seller and the Receiver in providing such additional information and documentation relating to Buyer's legal or beneficial ownership, policies, procedures and sources of funds as Seller deems necessary or prudent to enable Seller to comply with Anti-Money Laundering Laws as now in existence or hereafter amended.

6.03. No Claims Against Affiliates. Absent fraud or intentional malfeasance, Buyer will not assert any claim (whether in contract or tort, under federal or state securities laws or otherwise) against Seller or any of its directors, officers, employees, agents, stockholders, Member Communities, Affiliates, consultants, counsel, accountants, investment bankers or representatives, the Receiver and its advisors, or hold Seller, the Receiver or any such Persons

liable, for any inaccuracies, misstatements or omissions with respect to information (other than, with respect to Seller, the representations and warranties contained in this Agreement, to the extent permitted under this Agreement) furnished by Seller, the Receiver or any such Persons concerning Seller, the MSW Services, the Acquired Assets or the Facility. Buyer acknowledges that there are uncertainties inherent in attempting to make estimates, projections, forecasts, plans and budgets, that Buyer is familiar with such uncertainties, that Buyer and its advisors are taking full responsibility for making their own evaluation of the adequacy and accuracy of all estimates, projections, forecasts, plans and budgets furnished to Buyer, including those set forth in the Dataroom, and that Buyer will not assert any claim against any of Seller's directors, officers, employees, agents, Member Communities, Affiliates, consultants, counsel, accountants, investment bankers or representatives, or hold any such Persons liable, with respect thereto. Accordingly, Seller and the Receiver make no representation or warranty with respect to any such estimates, projections, forecasts, plans or budgets.

6.04. As-Is, Where-Is and With All Faults Condition.

(a) BUYER SPECIFICALLY ACKNOWLEDGES AND AGREES THAT:

(i) (1) SELLER IS TRANSFERRING THE ACQUIRED ASSETS "AS IS, WHERE IS AND WITH ALL FAULTS" AND (2) EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES OF SELLER EXPRESSLY SET FORTH IN THIS AGREEMENT, BUYER IS NOT RELYING ON ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND WHATSOEVER, WHETHER ORAL OR WRITTEN, EXPRESS OR IMPLIED, STATUTORY OR OTHERWISE, FROM SELLER OR DIRECTORS, OFFICERS, MEMBER COMMUNITIES, EMPLOYEES, AGENTS, AFFILIATES, CONSULTANTS, COUNSEL, ACCOUNTANTS OR REPRESENTATIVES OF SELLER OR OF THE RECEIVER AS TO ANY MATTER, CONCERNING SELLER OR THE PROPERTIES OR ASSETS OF SELLER, OR SET FORTH, CONTAINED OR ADDRESSED IN ANY DUE DILIGENCE MATERIALS (INCLUDING THE COMPLETENESS THEREOF), INCLUDING WITHOUT LIMITATION (A) the quality, nature, habitability, merchantability, use, operation, value, marketability, adequacy or physical condition of the Real Property, including the Facility or any aspect or portion thereof, including, structural elements, foundation, roof, appurtenances, access, landscaping, parking facilities, electrical, mechanical, HVAC, plumbing, sewage, water and utility systems, facilities and appliances, soils, geology and groundwater, (B) the dimensions or lot size of the Real Estate or the square footage of any of the Improvements thereon, (C) the development or income potential, or rights of or relating to, the Real Property or the Facility or the fitness, suitability, value or adequacy of the Real Property or the Facility for any particular purpose, (D) the existence of any public restrictions on the use of the Real Property or the Facility, (E) the compliance of the Facility or its operation with any applicable Laws, (F) the ability of Buyer or any Affiliate to obtain any necessary Governmental Permits and Environmental Permits for the use or development of the Real Property or the Facility, (G) the presence, absence, condition or compliance of any Hazardous Materials on, in, under, above or about the Real Property or any adjoining or neighboring property, (H) the quality of any labor and materials used in any Improvements at the Real Property; (I) the intentions of any party with respect to the negotiation and/or execution of any lease or contract with respect to the Real Property or the Facility; and (J) the economics of, or the income and expenses, revenue or expense projections or other financial matters, relating to the operation of, the Real Property

or the Facility. Without limiting the generality of the foregoing, Buyer expressly acknowledges and agrees that, except with respect to matters set forth in this Agreement, Buyer is not relying on any representation or warranty of Seller, the Receiver, or any director, officer, Member Community, employee, agent, Affiliate, consultant, counsel, accountant or representative of any of them, whether implied, presumed or expressly provided, arising by virtue of any statute, regulation or common law right or remedy in favor of any of them. For the purpose of clarity, this Section 6.04(a) does not limit or abrogate the warranty, to the extent thereof, given by Seller in the Deed.

(b) BUYER ACKNOWLEDGES AND AGREES THAT, EXCEPT AS EXPRESSLY PROVIDED IN THIS AGREEMENT: (i) SELLER SHALL NOT HAVE ANY LIABILITY OR OTHER OBLIGATION WHATSOEVER WITH RESPECT TO ANY REPORTS AND/OR MATERIALS, INCLUDING THE REPORTS OF THE ENGINEERING FIRM OR ANY OTHER THIRD PARTY REPORTS, (A) OBTAINED BY OR ON BEHALF OF SELLER AND DELIVERED (OR OTHERWISE MADE AVAILABLE) TO BUYER, OR (B) OBTAINED BY OR ON BEHALF OF BUYER (OR ANY OF ITS AFFILIATES) AND (ii) SELLER HAS NO OBLIGATION TO MAKE ANY CHANGES, ALTERATIONS OR REPAIRS TO ANY PROPERTY (OR ANY PORTION THEREOF) OR TO CURE ANY VIOLATIONS OF LAW OR TO COMPLY WITH THE REQUIREMENTS OF ANY INSURER.

(c) Buyer, for itself and any of its successors and assigns and their Affiliates, hereby irrevocably and absolutely waives its right to recover from, and forever releases and discharges, and covenants not to file or otherwise pursue any legal action against, Seller, Receiver or their respective Affiliates, or any of their respective officers, directors, members, partners, shareholders, employees, agents or representatives, with respect to any and all suits, actions, proceedings, investigations, demands, claims, liabilities, fines, penalties, liens, judgments, losses, injuries, damages, settlement expenses or costs of whatever kind or nature, whether direct or indirect, known or unknown, contingent or otherwise (including any action or proceeding brought or threatened or ordered by any Governmental Authority), including attorneys' and experts' fees and expenses, and investigation and remediation costs (collectively, "Claims"), that may arise on account of or in any way be connected with the Acquired Assets, or any portion thereof, or the Real Property, or any portion thereof, including the physical, environmental and structural condition of the Facility or any Law or Environmental Permit applicable thereto, or any other matter arising under Environmental Laws or relating to the use, presence, discharge or release of or exposure to Hazardous Materials, whether before or after the date of this Agreement; provided, however, the foregoing release shall not abrogate or modify any express representations or warranties of Seller contained in this Agreement or any covenants of Seller contained herein. Buyer expressly waives the benefits of any provision or principle of federal or state law or regulation that may limit the scope or effect of the foregoing waiver and release.

(d) Buyer represents and warrants that it has completed its due diligence investigation of Seller and the Facility and that, except as specifically provided in this Agreement, absent fraud or intentional malfeasance, the results of Buyer's due diligence investigation at any time after such date with respect to the Acquired Assets or the MSW Services, including any environmental assessments performed on the Real Property, shall not

entitle Buyer to (i) terminate this Agreement or (ii) receive any reduction in, abatement of or credit against the Purchase Price.

(e) This Section 6.04 will survive the Closing, or, if the Closing does not occur, the termination of this Agreement.

6.05. Casualty and Condemnation.

(a) Condemnation. If, prior to the Closing Date, there occurs any condemnation with respect to all of the Real Property, or any material portion of the Real Property, then Buyer shall have the right, exercisable by delivering written notice to Seller, the Receiver, and Escrow Agent within ten (10) days after the determination of the scope of such taking, to either (i) terminate this Agreement, in which case neither Party shall have any further rights or obligations hereunder, and all funds (including the Escrow Deposit and all interest accrued thereon) and documents deposited in Escrow shall be returned to the Party depositing the same, or (ii) accept that portion of the Real Property which has not been taken by, or is not subject to taking by, a condemnation action in their then-existing condition and proceed with the Closing and Seller shall assign to Buyer its rights to any condemnation award received as a result of such event. Buyer's failure to deliver such notice within the time period specified above shall be deemed to constitute Buyer's irrevocable election to proceed to Closing.

(b) Casualty. If, prior to the Closing Date, there occurs any destruction of or damage or loss to a "material portion" of the Acquired Assets from any cause whatsoever (excluding scheduled repairs and maintenance), including any flood, accident or other casualty (where "material portion" means that Buyer would, because of such damage, be unable for a period greater than 90 days to provide the MSW Services, in substantially the same manner and with eighty percent (80%) or more of the waste intake and electrical output as currently being operated by Seller) then Buyer shall have the right, exercisable by delivering written notice to Seller and Escrow Agent within ten (10) days after the determination of the scope of such casualty event, to either (i) terminate this Agreement, in which case neither Party shall have any further rights or obligations hereunder, and all funds (including the Deposit and all interest accrued thereon) and documents deposited in Escrow shall be returned to the Party depositing the same, or (ii) accept the Acquired Assets in their then-existing condition, with an equitable adjustment of the Purchase Price agreed to by the Parties (but not to exceed Three Million Dollars \$3,000,000) and proceed with the Closing, in which case Seller shall assign to Buyer its rights to any insurance proceeds received as a result of such casualty event. Buyer's failure to deliver such notice within the time period specified shall be deemed to constitute Buyer's election to proceed to Closing.

6.06. Employee Payments. If any Employee's employment with Seller is terminated in connection with the Contemplated Transactions, then within thirty (30) days following the Closing Date, Seller shall pay to each such Employee the value of such Employee's accrued but unused annual leave, sick leave and compensatory time.

6.07. Post-Closing Employment. Buyer does not contemplate hiring any of Seller's Employees. If Buyer desires to employ any of Seller's Employees following the Closing Date, then Buyer shall notify Seller and such Employees within thirty (30) days of the date of this

Agreement that it either desires to offer employment to such Employees or that Buyer will accept applications for employment with Buyer from such Employees and advise Employees of its hiring procedures, which shall be in accordance with applicable Laws. If desired by Buyer, Seller shall make the Employees available for interviews upon reasonable advance notice, and Buyer agrees to schedule such interviews in a manner to avoid disruption to the MSW Services. Buyer shall conduct all other pre-employment screening or testing at a location other than the Facility, and Seller shall afford Employees reasonable time away from work to participate in such other pre-employment screening processes utilized by Buyer, provided that such testing procedures are scheduled in a manner to avoid disruption to the MSW Services.

6.08. Closure Bonds. Seller shall transfer to Buyer at Closing an amount of cash from the Closure Funds equal to approximately Three Million Four Hundred Fifty Thousand Dollars (\$3,450,000.00), subject to DEP's approval and confirmation by ARM Group, Inc. under DEP's bonding worksheets that this is a sufficient amount for Ashfill and Facility closure bonds. If DEP approval has not been obtained on or before Closing, the amount to be transferred to Buyer shall be determined by ARM Group, Inc. under DEP's bonding worksheets, which determination is subject to the good faith, reasonable approval by Seller and the Receiver. All funds transferred to Buyer under this Section 6.08 shall be used by Buyer to satisfy its obligations to provide security for closure of the Ashfill and Facility. If it is determined before Closing by DEP, or by ARM Group, Inc. pursuant to this Section 6.08, that less than Three Million Four Hundred Fifty Thousand Dollars (\$3,450,000.00) is needed to satisfy such closure funding obligations, or more generally, that there are Unused Closure Funds, then Seller shall retain and not transfer to Buyer the amount of such Unused Closure Funds.

6.09. Operating Agreement.

(a) To the extent that any Environmental Permits have not been transferred or reissued to Buyer before Closing and the parties believe such permits will not be transferred or reissued to Buyer immediately after Closing pursuant to standard DEP reissuance procedures for such transactions, then Buyer and Seller shall enter into an Operating Agreement, substantially in the form attached hereto as Exhibit L, intended to allow Buyer to operate the Facility and provide the MSW Services under Seller's Environmental Permits pursuant to the terms of such Operating Agreement until transferred to Buyer. If the Environmental Permits have not been transferred or reissued to Buyer before Closing, it shall be a condition of Closing that Seller and Buyer shall have entered into the Operating Agreement.

(b) If Closing occurs without all Environmental Permits having been transferred and/or reissued to Buyer, Buyer acknowledges and assumes any and all risk that any or all of such Environmental Permits will not be transferred, reissued or issued to it and/or that the transfer, reissuance or issuance of such Environmental Permits to Buyer will take longer than Buyer expects. Buyer assumes all responsibility to procure the transfer, reissuance and/or issuance of the Environmental Permits to Buyer, at its sole cost. After Closing, Seller will reasonably cooperate with Buyer's efforts as provided in the Operating Agreement.

ARTICLE 7
CONDITIONS TO THE CLOSING

7.01. Conditions to the Obligations of Each Party. The obligations of the Parties to consummate the Closing are subject to the satisfaction or waiver at or prior to the Closing of the following conditions:

(a) Commonwealth Court of Pennsylvania. An amendment to the Receiver's Recovery Plan shall have been approved by the Commonwealth Court of the Commonwealth of Pennsylvania which amendment, among other things, shall have approved this Agreement, the Contemplated Transactions, an agreement between the City and Buyer containing substantially the terms and conditions of the Restated City Disposal Agreement and certain other Transaction Documents specifically approved or otherwise contemplated as part of the Receiver's Recovery Plan, as the case may be.

(b) Power Purchase Agreement. The Borough and DGS shall have entered into a power purchase agreement on substantially the same terms and conditions as set forth in the DGS Power Purchase Agreement, with all necessary government legal counsel approvals, and the Borough and Buyer shall have entered into the Steam Agreement.

(c) RACP Grant. The Commonwealth of Pennsylvania shall have issued to Buyer an award, grant agreement, letter or other binding commitment agreeing (or provided other reasonable evidence of its agreement) to make available to Buyer the RACP grant in the amount of Eight Million Dollars (\$8,000,000) for the purpose of making capital improvements at the Facility, subject to the completion of annual audits and Buyer's expenditure of matching funds.

(d) Recycling Facility. Seller shall have assigned the DCRC Ground Lease to Buyer, the County and Buyer shall have consented to the assignment and assumption on substantially the same terms and conditions set forth on the County Agreements attached as Exhibit J, including among other things the elimination of the County System Fee, and Seller shall have been released from any liability under the DCRC Ground Lease.

(e) City and County Agreements. Seller shall have assigned the City Disposal Agreement to Buyer, the City and Buyer shall have consented to the assignment and assumption on substantially the same terms and conditions set forth on the Restated City Disposal Agreement attached as Exhibit K, Seller shall have been released from any liability under the City Disposal Agreement, and Buyer shall have entered into separate agreements with the County on substantially the same terms and conditions set forth in the County Agreements attached as Exhibit J.

(f) Municipal Waste and Ash Disposal Costs. The County and City, respectively, shall have taken appropriate action to approve the fees charged for the disposal of municipal solid waste originating in the County and City, respectively, at the rates set forth in the County Agreements and the Restated City Disposal Agreement. The foregoing shall include the County obtaining approval of a Plan Revision to the County's Act 101 County Solid Waste Management Plan (i) to name Buyer, as owner of the Facility, as the entity designated to act as

the designated disposal facility to receive all MSW generated within the County as provided in the County Agreements and (ii) to extend the expiration date of the County's flow control ordinance from 2023 to 2033. The County shall have taken appropriate action to approve reimbursement of Buyer's ash transportation and disposal costs through 2033 as provided in the County Agreements.

(g) Covanta. Covanta, Seller and Buyer shall have entered into a mutually acceptable agreement, pursuant to which, among other things, the MPSA shall be assigned to Buyer, with such modifications as Covanta and Buyer agree, and Covanta shall enter into the Covanta Release.

(h) Settlement of CIT Claims. CIT and Seller shall have entered into a mutually acceptable Agreement pursuant to which, among other things, CIT shall enter into a general release releasing Seller, successors in interest to Seller, Buyer and all other Persons from any and all claims it may have against Seller, Buyer and other Persons for matters relating to, or arising from, the Acquired Assets, including claims relating to amounts due to CIT from Seller.

(i) AGM. The Parties shall have received (i) all necessary consents or approvals of AGM with respect to the consummation of the Contemplated Transactions all on terms and conditions and in form and substance reasonably satisfactory to Buyer and Seller in their reasonable discretion and (ii) the AGM Release. The Parties shall have received all necessary consents from AGM with respect to the consummation of the Contemplated Transactions, all on terms and conditions and in form and substance reasonably satisfactory to Buyer and Seller in their reasonable discretion.

(j) Dauphin County. The County of Dauphin shall have (i) adopted a resolution or resolutions for an appropriate 2013 Nonsubstantial Revision to the County's Act 101 Plan, and Waste Flow Control Ordinance, and (ii) executed the County Release. Buyer shall be satisfied that such Act 101 Plan Revision shall have been approved or deemed approved by DEP. The Parties shall have received all necessary consents or approvals of the County with respect to the consummation of the Contemplated Transactions, all on terms and conditions and in form and substance reasonably satisfactory to Buyer and Seller in their reasonable discretion.

(k) Key Vendors. Vendors set forth on Schedule 7.01(k) attached hereto shall be paid in an amount agreed upon by such vendors and Seller (and the Receiver) from the proceeds of the Purchase Price, which payments would be made to satisfy amounts outstanding under those certain invoices delivered by such vendors to Seller; provided, that, each such vendor must execute a general release in favor of the Parties and Receiver in consideration for, and as a condition to receiving, any payment.

(l) Effluent Water and Sewer Services. Seller shall have transferred the EWRS to Buyer. Seller shall have entered into an agreement under which Seller provides Buyer, post-closing, with effluent water and sewer services, as reasonably needed for Buyer to operate the Facility and provide MSW Services post-closing, at market comparable, arms-length, negotiated effluent water and service rates. Seller shall cause Buyer to be released by PENNVEST from any obligations owed to PENNVEST relating to the EWRS, including without

limitation the One Hundred Thirty Three Thousand, One Hundred Seventy and 40/100's Dollars (\$133,170.40) loan.

(m) Subordinate Note. The County shall provide credit enhancements, as reasonably required by Buyer, to ensure that the Subordinate Note, in the amount of Twenty-Four Million Dollars (\$24,000,000), being issued by Buyer at Closing, is marketable. Proceeds from the issuance of the Subordinate Note will fund a portion of the Purchase Price. The Subordinate Note shall be in accordance with the County Agreements.

(n) Other Third Party Approvals. Each of the consents, waivers and approvals required in connection with the Contemplated Transactions identified on Schedule 3.03 shall have been obtained and shall be in full force and effect.

(o) No Prohibitions. No provision of any applicable Law and no applicable Order shall prohibit or restrain the consummation of the Contemplated Transactions; provided that the Parties shall use Commercially Reasonable Efforts to comply with such applicable Law or to have any such Order vacated.

(p) Approval of Purchase Price Adjustment. Any adjustment to the Base Bond Amount (and, in turn, the Purchase Price) requested by Buyer and its financial advisor in accordance with Section 2.06(a) hereof, shall have been approved by the financial advisors to Seller and Receiver and Buyer.

(q) City Resolutions. The City shall have adopted a resolution or resolutions approving the Contemplated Transactions and the approval appropriate under Municipality Act Section 5607(b)(3)(i).

(r) Swatara Township Resolution. The Township of Swatara shall have adopted a resolution for the approval appropriate under Municipality Act Section 5607(b)(3)(i).

(s) Lancaster County Resolutions. The County of Lancaster shall have adopted a resolution or resolutions for approvals appropriate under Municipality Act Section 5607(a)(11) and Municipality Act Section 5607(b)(2)(iv). Buyer shall be reasonably satisfied that the County's Act 101 Plan amendment will be duly and timely approved by DEP post-Closing.

7.02. Conditions to the Obligations of Buyer. In addition to the satisfaction of the conditions set forth in Section 7.01, the obligations of Buyer to consummate the Contemplated Transactions are subject to the satisfaction or waiver by Buyer at or prior to the Closing of the following further conditions:

(a) Seller's Obligations. Seller shall have performed and complied with, in all material respects, all of its covenants and obligations hereunder required to be performed or complied with by it on or prior to the Closing Date.

(b) Representations and Warranties. The representations and warranties of Seller contained in this Agreement shall be true and correct on and as of the Closing as if made at and as of such time (except to the extent that such representations and warranties are expressly

limited by their terms to another date, in which case such representations and warranties shall be true and correct as of such other date), except to the extent that the failure of any such representations and warranties to be so true and correct as of such times shall not have had, or be reasonably likely to have, a Material Adverse Effect; and Buyer shall have received a certificate signed on behalf of Seller by a duly authorized officer with respect to Seller's obligations, representations and warranties to the foregoing effect to the extent such conditions, representations and warranties are made by Seller and not a third party.

(c) Permits and Approvals. Except for those Governmental Permits which may be transferred under the Law from Seller to Buyer pursuant to this Agreement (including the Governmental Permits listed on Schedule 2.01(j)), Buyer shall have received all Governmental Permits necessary for it to own the Acquired Assets and to conduct all operations substantially in the manner conducted by Seller thereon.

(d) Closing Deliveries. Buyer shall have received all of the Closing deliveries to be provided by Seller in accordance with Section 8.03.

(e) Independent Engineer's Report. The Independent Engineer's Report concerning the Acquired Assets previously provided to Seller shall not have been modified in any way that would materially adversely affect Buyer's ability to issue Acquisition Bonds as contemplated by this Agreement.

(f) Certain Authorization Issues. Buyer shall be satisfied that the Real Estate shall be zoned for the Facility and the MSW Services, and any government zoning authorizations referenced on Schedule 3.07 shall have been addressed to Buyer's reasonable satisfaction.

(g) DEP Consent Orders and Escrows. Buyer shall be satisfied in its reasonable discretion that any outstanding DEP consent orders relating to the Facility have been satisfied or sufficient funds have been escrowed for such satisfaction.

7.03. Conditions to the Obligation of Seller. In addition to the satisfaction of the conditions set forth in Section 7.01, the obligations of Seller to consummate the Closing is subject to the satisfaction or waiver by Seller at or prior to the Closing of the following further conditions:

(a) Buyer's Obligations. Buyer shall have performed and complied with, in all material respects, all of its covenants and obligations hereunder required to be performed or complied with by it on or prior to the Closing Date.

(b) Representations and Warranties. The representations and warranties of Buyer contained in this Agreement shall be true and correct at, and as of, the Closing, as if made at and as of such time (except to the extent that such representations and warranties are expressly limited by their terms to another date, in which case such representations and warranties shall be true and correct as of such other date), except to the extent that the failure of any such representations and warranties to be so true and correct as of such times shall not have had, or be reasonably likely to have, a Material Adverse Effect on Buyer's ability to consummate the Contemplated Transactions (it being understood that the representations and warranties in Section 4.07 must be true and correct in all respects on and as of the Closing Date and shall have

remained true and correct at all times from the date of this Agreement through the Closing Date) and Seller shall have received a Certificate signed on behalf of Buyer by a duly authorized officer with respect to Buyer's obligations, representing and warranties to the foregoing extent to the extent such conditions, representations and warranties are made by Buyer and not a third party.

(c) Closing Deliveries. Seller and the Receiver shall have received all of the Closing deliveries to be provided by Buyer in accordance with Section 8.04.

(d) Closing of Other Transactions in Restructuring Plan. All transactions set forth in the Receiver's Recovery Plan, in its final form, approved by the Commonwealth Court of Pennsylvania, must have been consummated, or Seller must have reasonable assurance that such transactions will consummate simultaneously with closing of the Contemplated Transactions.

(e) Insurance. Seller has reviewed, and is reasonably satisfied with, Buyer's insurance coverages, including self insurance.

(f) General Releases. Seller's receipt of general releases, in form and substance reasonably acceptable to Seller, from its material Facility creditors, as well as releases from Contract counterparties under the Assigned Contracts.

ARTICLE 8 CLOSING

8.01. Closing. The closing of the Contemplated Transactions (the "Closing") shall take place on such date as may be agreed to by Buyer and Seller, but in no event more than thirty (30) calendar days after the date on which all conditions set forth in Article 7 shall have been satisfied or waived, which is expected to be November 18, 2013, which date may be extended by the Receiver, in the Receiver's reasonable discretion with three (3) weeks' prior written notice, to a date that is on or before December 15, 2013, or otherwise with by mutual written agreement of the Parties. The Closing shall be deemed to be effective as of 11:59 p.m., Eastern time, on the Closing Date. If possible, the Closing shall be on the last day of a calendar month. If the last day of the calendar month is a weekend day, closing shall be held on the following business day, but deemed to be effective as of 11:59 p.m., Eastern time, of the last day of the immediately preceding month.

8.02. Time and Place of Closing. The Closing shall be held at 10:00 a.m., Eastern time, on the Closing Date at such place as the Parties may agree in writing.

8.03. Deliveries by Seller. At the Closing, Seller shall deliver to Buyer the following:

(a) a Bill of Sale, for the Acquired Assets in the form of Exhibit E attached hereto, duly executed by Seller;

(b) an Assignment and Assumption Agreement, in the form of Exhibit F attached hereto (the "Assignment and Assumption Agreement"), duly executed by Seller,

transferring to Buyer (i) all right, title and interest in and to the Assigned Contracts and (ii) the obligations included in the Assumed Liabilities;

(c) a Special Warranty Deed, in the form of Exhibit D attached hereto, duly executed and acknowledged by Seller, transferring to Buyer all right, title and interest in and to the Real Estate and Improvements;

(d) the MPSA Release Agreement and the CIT Settlement Agreement, duly executed by Seller;

(e) the certificate of Seller referenced in Section 7.02(b);

(f) the certificate of Seller as to the incumbency of the officers, directors or other authorized Persons of Seller executing this Agreement and the other Transaction Documents to which it is a party on behalf of Seller;

(g) a duly executed certificate from Seller (for federal income tax purposes) that such Person is not a “foreign person” as defined in Section 1445 of the Code, substantially in the form of Exhibit G attached hereto;

(h) keys, security codes and similar security items related to the buildings and structures situated on the Real Estate and/or comprising a part of the Real Property and the Acquired Assets;

(i) motor vehicle title certificates for any and all motor vehicles comprising part of the Acquired Assets, endorsed by Seller, as required by applicable Law, to transfer title thereof to Buyer;

(j) evidence of payment, or escrow, of all remaining amounts due or to be due under outstanding DEP consent orders relating to the Facility;

(k) if all Environmental Permits have not been transferred to Buyer, the Operating Agreement executed by Seller;

(l) a closing statement agreed to by Buyer, Seller and the Receiver setting forth in reasonable detail the financial transactions contemplated by this Agreement including the payments to be made from the Purchase Price at Closing (the “Closing Statement”);

(m) an opinion of legal counsel to Seller reasonably satisfactory to Buyer’s counsel with respect to the matters set forth in Section 3.01, Section 3.02, Section 3.03, and Section 3.04; and

(n) such other documents and instruments as may be reasonably necessary to effect the intent of this Agreement and to consummate the Contemplated Transaction.

8.04. Deliveries by Buyer. At the Closing, Buyer shall deliver to Seller the following:

(a) the Purchase Price in accordance with Section 2.05(a);

- (b) the Assignment and Assumption Agreement, duly executed by Buyer;
- (c) the MPSA Release Agreement and the CIT Settlement Agreement, duly executed by Buyer;
- (d) the certificate of Buyer referenced in Section 7.03(b);
- (e) a certificate of Buyer as to the incumbency of the officers, directors or other authorized Persons of Buyer executing this Agreement and the other Transaction Documents to which it is a party on behalf of Buyer;
- (f) an opinion of legal counsel to Buyer reasonably satisfactory to Seller's counsel with respect to the matters set forth in Section 4.01, Section 4.02 and Section 4.03;
- (g) such other documents, certifications, and instruments as may be reasonably necessary to effect the intent of this Agreement and to consummate the Contemplated Transaction; and
- (h) if all Environmental Permits have not been transferred to Buyer, the Operating Agreement executed by Buyer.

ARTICLE 9 INDEMNIFICATION

9.01. Indemnification by Buyer. To the extent permitted by applicable Law (without waiving its sovereign immunity) and subject to the terms and conditions of this Article 9, from and after the Closing Date, Buyer shall indemnify, defend and hold harmless Seller, the Receiver, and their respective Affiliates, and each of their respective officers, directors, employees, agents or other representatives (individually, a "Seller Indemnitee" and collectively, the "Seller Indemnitees"), from and against any and all Losses incurred or suffered by any Seller Indemnitee based upon, arising out of, by reason of or otherwise in respect of or in connection with:

- (i) any breach of any (A) representation or warranty made by Buyer in this Agreement or in any certificate, document, writing or instrument delivered by Buyer pursuant to this Agreement or (B) covenant or obligation of Buyer in this Agreement or in any other certificate, document, writing or instrument delivered by Buyer pursuant to this Agreement;
- (ii) any Acquired Assets;
- (iii) any Assumed Liabilities; and
- (iv) any Liability arising out of the ownership, management or operation of the Real Property, including the Facility, or the MSW Services after the Closing Date.

9.02. Indemnification by Seller. To the extent permitted by applicable Law (without waiving its sovereign immunity), and subject to the terms and conditions of this Article 9, from and after the Closing Date, Seller shall indemnify, defend and hold harmless Buyer, and its officers, directors, employees, agents and representatives (individually, a “Buyer Indemnitee” and collectively, the “Buyer Indemnitees”) from and against any and all Losses incurred or suffered by any Buyer Indemnitee based upon, arising out of, by reason of or otherwise in respect of or in connection with:

(i) any breach of any (A) representation or warranty made by Seller in this Agreement or in any certificate, document, writing or instrument delivered by Seller pursuant to this Agreement or (B) covenant or obligation of Seller in this Agreement or in any other certificate, document, writing or instrument delivered by Seller pursuant to this Agreement;

(ii) any Excluded Assets;

(iii) any Excluded Liabilities; and

(iv) any Liability arising out of the ownership, management or operation of the Real Property, including the Facility, or the MSW Services prior to the Closing Date; provided, however, the indemnity provided by this Section 9.02(iv) shall not include Environmental Liabilities related to the Acquired Assets (including, without limitation, the Ashfill) other than any fines or penalties for actions or omissions by Seller prior to the Closing Date.

9.03. Survival.

(a) Except as provided in this Section 9.03(a), a violation of the representations and warranties of Seller and Buyer in Article 3 and Article 4, respectively, that arises by reason of fraud or intentional malfeasance shall survive the Closing Date for a period of two (2) years (the “Survival Period”). Notwithstanding the preceding sentence, (x) a violation of the representations and warranties of Seller set forth in Section 3.11 that relate to personal property (even if the violation does not involve fraud or intentional malfeasance) shall survive for the Survival Period, and (y) (1) the representations and warranties of Seller set forth in Sections 3.01 and 3.02(a), (2) the representations and warranties of Buyer set forth in Sections 4.01, 4.02(a) and 4.07 and (3) the title covenants of the Deed, whether explicit or implicit, each shall survive for the respective statute of limitations for such claims. All other representations, warranties or covenants in this Agreement shall terminate on the Closing Date unless such representation, warranty or covenant specifically states that it shall survive the Closing Date (for the purpose of clarity, the representations and warranties in Section 3.11 that do not relate to personal property including, but not limited to, the representations and warranties related to real property and other property customarily insured through title insurance, shall terminate on the Closing Date). The rights of a Seller Indemnitee to assert a claim under Section 9.01, and the rights of a Buyer Indemnitee to assert a claim under Section 9.02, shall survive during the Survival Period (or, in the case of Sections 3.01, 3.02(a), 4.01, 4.02(a) and 4.07 for the respective statutes of limitations for such claims), and thereafter shall terminate and expire, except with respect to Liabilities for any item as to which, prior to the expiration of the Survival Period, an Indemnified Party has properly asserted a claim in writing as required pursuant to the provision

of this Article 9, in which event the Liability for such claim shall continue until such claim has been finally settled, decided, or adjudicated.

(b) In the event Seller delivers to Buyer, in writing prior to the Closing Date, updated versions of any of the Disclosure Schedules referenced in Article 3 of this Agreement, and Buyer and Seller expressly agree to an equitable adjustment to the Purchase Price with respect to any matter included on such updated versions, or if Buyer accepts such updated versions pursuant to this Section 9.03(b), Buyer shall be deemed to have waived its rights to indemnification under Article 9 with respect to only the specific matter as to which the Parties agreed to an adjustment to the Purchase Price or which Buyer so agreed to accept. In the event the Parties agree to any such Purchase Price adjustment pursuant to the preceding sentence, the Parties shall evidence such agreement in writing, which writing shall clearly specify the matter that formed the basis of the Purchase Price adjustment.

9.04. Notice; Payment of Losses; Defense of Claims. For purposes of this Section 9.04, the term “Indemnifying Party” shall include Buyer and Seller with respect to matters arising under Section 9.01 or Section 9.02, respectively.

(a) If any Seller Indemnitee or Buyer Indemnitee (an “Indemnified Party”) is entitled to indemnification under this Article 9 and shall incur or suffer any Losses in respect of which indemnification may be sought under this Article 9 against the Indemnifying Party, the Indemnified Party shall assert a claim for indemnification by providing a written notice (the “Notice of Loss”) to the Indemnifying Party stating the nature and basis of such claim in the Notice of Loss. The Notice of Loss shall be provided to the Indemnifying Party and the Receiver as soon as practicable after the Indemnified Party becomes aware that it has incurred or suffered a Loss. Notwithstanding the foregoing, but subject to Section 9.03, any failure to provide the Indemnifying Party with a Notice of Loss, or any failure to provide a Notice of Loss in a timely manner as aforesaid, shall not relieve the Indemnifying Party from any Liability that it may have to the Indemnified Party under Section 9.01 or Section 9.02, respectively, except to the extent that the ability of the Indemnifying Party to defend such claim is materially prejudiced by the Indemnified Party’s failure to give such Notice of Loss. If the Notice of Loss relates to a Third Party Claim, the procedures set forth in Section 9.04(b) shall be applicable. If the Notice of Loss does not relate to a Third Party Claim, the Indemnifying Party and Indemnified Party shall use their Commercially Reasonable Efforts to settle (without an obligation to settle) such claim for indemnification. If the Indemnifying Party and Indemnified Party do not settle such dispute within thirty (30) days after the Indemnified Party’s receipt of the Indemnifying Party’s notice of objection, the Indemnifying Party and Indemnified Party shall be entitled to seek enforcement of their respective rights under this Article 9.

(b) Promptly after receipt by an Indemnified Party of notice of the assertion of any claim or the commencement of any action, suit or proceeding by a third Person (a “Third Party Claim”) in respect of which the Indemnified Party shall seek indemnification hereunder, the Indemnified Party shall so notify the Indemnifying Party in writing, with copy to the Receiver, but subject to Section 9.03, any failure to so notify the Indemnifying Party shall not relieve the Indemnifying Party from any Liability that it may have to the Indemnified Party under this Section 9.04 except to the extent that the ability of the Indemnifying Party to defend the Third Party Claim is materially prejudiced by the Indemnified Party’s failure to give such

notice. In no event shall the Indemnified Party admit any Liability with respect to such Third Party Claim or settle, compromise, pay or discharge such Third Party Claim without the prior written consent of the Indemnifying Party. The Indemnifying Party shall have the right to assume the defense (at the expense of the Indemnifying Party) of any such claim through counsel chosen by the Indemnifying Party by notifying the applicable Indemnified Party within thirty (30) days after the receipt by the Indemnifying Party of such notice from the Indemnified Party. If the Indemnifying Party assumes such defense, the Indemnified Party shall have the right to participate in the defense thereof and to employ counsel, at the Indemnified Party's own expense, separate from the counsel employed by the Indemnifying Party. The Indemnifying Party may not settle or otherwise dispose of any Third Party Claim without the prior written consent of the Indemnified Party (which consent shall not be unreasonably withheld, conditioned or delayed), unless such settlement includes only the payment of monetary damages (which are fully paid by the Indemnifying Party), does not impose any injunctive or equitable relief upon the Indemnified Party and does not require any admission or acknowledgment of liability or fault of the Indemnified Party in respect of such claim.

(c) After written notice by the Indemnified Party to an Indemnifying Party and the Receiver of the election by the Indemnifying Party to assume control of the defense of any such Third Party Claim, the Indemnifying Party shall not be liable to such Indemnified Party hereunder for any costs or fees subsequently incurred by such Indemnified Party in connection with the defense thereof. If the Indemnifying Party does not assume control of the defense of such Third Party Claim within thirty (30) days after the receipt by the Indemnifying Party of the notice required pursuant to Section 9.04(b), the Indemnified Party shall have the right to defend such claim in such manner as it may deem appropriate at the reasonable cost and expense of the Indemnifying Party.

(d) From and after the Closing, the remedies provided in this Article 9 shall constitute the sole and exclusive remedy for any claims with respect to any breach or inaccuracy of any representation, warranty, covenant or agreement set forth in this Agreement except with respect to any claim based on grounds of fraud. Notwithstanding any other provision of this Agreement, the rights and remedies contained in this Article 9 shall constitute the sole and exclusive means of recourse with respect to the Real Property or the Acquired Assets, and Buyer expressly waives any and all claims, rights or causes of action Buyer may have against Seller, now or in the future arising under, in connection with or relating to any Environmental Liabilities.

(e) If any fact, circumstance or condition forming a basis for a claim for indemnification under this Article 9 shall overlap with any fact, circumstance, condition or agreement or event forming the basis of any other claim for indemnification under this Article 9, there shall be no duplication in the calculation of the amount of the Losses.

(f) Notwithstanding anything to the contrary in this Agreement, except as set forth in Sections 3.01, 3.02, 3.11 (as to personal property), 4.01 and 4.02, neither Party, nor the Receiver, shall have any liability to the other Party for any breach of or inaccuracy in any representation or warranty made by either Party to the extent that the other Party, any of its Affiliates or any of its or their respective officers, employees, counsel or other representatives

had Knowledge at or before the Closing of the facts as a result of which such representation or warranty was breached or inaccurate.

9.05. Duty to Mitigate.

(a) Each Indemnified Party shall use its Commercially Reasonable Efforts to mitigate Losses for which indemnification may be sought pursuant to this Article 9, including (i) using its Commercially Reasonable Efforts to secure payment from insurance arrangements available and existing on or after the Closing Date (an “Insurance Payment”) and (ii) using its Commercially Reasonable Efforts to secure reimbursement, indemnity, or other payment from any third Person obligated by Contract or otherwise to reimburse, indemnify or pay the Indemnified Party with respect to such Losses (a “Third Party Payment”, and together with an Insurance Payment, a “Mitigation Payment”). Notwithstanding anything to the contrary contained herein, the recovery by an Indemnified Party from any Indemnifying Party shall not relieve the Indemnified Party of its obligation to mitigate Losses pursuant to this Section 9.05.

(b) Any amounts payable to an Indemnified Party with respect to any Losses pursuant to this Article 9 shall be reduced by the amount of the Mitigation Payment, if any, received by the Indemnified Party with respect to such Losses. In the event a payment is made to an Indemnified Party with respect to any Losses and, thereafter, the Indemnified Party receives a Mitigation Payment with respect to such Losses, the Indemnified Party shall reimburse the Indemnifying Party an amount equal to the lesser of (i) the Mitigation Payment and (ii) the amount so paid by the Indemnifying Party.

(c) Any amounts payable to an Indemnified Party with respect to any Losses pursuant to this Article 9 shall be reduced by the amount of any net Tax benefits available to the Indemnified Party as a result of the payment, incurrence, or accrual of such Losses.

ARTICLE 10
TAX MATTERS

10.01. Transfer Taxes. All transfer, documentary, excise, sales, bulk sales, use, stamp, filing, recordation, registration and other such Taxes and fees (including any penalties and interest with respect thereto) incurred or payable, if any, resulting from the Contemplated Transactions (the “Transfer Taxes”) shall be borne one-half by Buyer and one-half by Seller. Buyer shall timely and accurately file all necessary Tax Returns and other documentation when due with respect to all such Transfer Taxes, and Buyer shall use Commercially Reasonable Efforts to provide such Tax Returns to Seller at least fifteen (15) days prior to earlier of (a) the due date for such Tax Returns and (b) the time such Tax Returns are filed. Both Buyer and Seller believe that exemptions from Transfer Taxes apply to both Buyer and Seller. If either Party fails to produce appropriate documentation or certifications to claim such exemptions, that Party shall be responsible for the entire transfer tax that is payable or incurred due to such party's failure to produce appropriate documentation to claim an available exemption.

10.02. Treatment of the Transactions Contemplated by this Agreement. Unless otherwise required as a matter of applicable Law, the Parties hereto agree that, for all federal and state income Tax purposes, the purchase and sale of the Acquired Assets pursuant to this

Agreement shall be treated as a purchase and sale of the Acquired Assets in lieu of condemnation.

10.03. Treatment of Indemnification Payments. Any payment made by Buyer or any of their respective Affiliates pursuant to Article 9 shall, to the extent permissible under applicable Law, be treated as an adjustment to the Purchase Price for all Tax purposes.

10.04. Reporting Requirements; Purchase Price Allocation.

(a) Buyer shall be the “reporting person” under Section 6045(e) of the Code and Treasury Regulations Section 1.6045-4(e) in connection with the Contemplated Transactions and, in such capacity, shall timely and properly make any filings required to be filed with the IRS pursuant to Section 6045(e) of the Code and the Treasury Regulations promulgated thereunder. Buyer shall timely and properly complete any “designation statement” or similar document requested by Seller or required by Code Section 6045 and the Treasury Regulations promulgated thereunder with regard to its capacity as the “reporting person.”

(b) The Purchase Price shall be allocated in accordance with the applicable provisions of the Code. Buyer shall make such Purchase Price allocation determination in good faith and represents and warrants to Seller that the allocations will represent a fair and reasonable value for the assets valued. Seller shall, if required by applicable Law, report the transactions contemplated by this Agreement in accordance with the allocations determined by Buyer.

10.05. No Withholding. All payments made by Buyer (or any of its Affiliates) to Seller (and its successors or assigns) pursuant to this Agreement shall be made without reduction or set-off for withholding on account of any Tax law.

**ARTICLE 11
TERMINATION**

11.01. Termination. This Agreement may be terminated at any time prior to the Closing by:

(a) the mutual written consent of Buyer and Seller;

(b) either Buyer or Seller, by written notice of termination delivered to the other with copy to the Receiver, if the Closing Date has not occurred by December 31, 2013 (the “Termination Date”); provided, that no Party shall have the right to terminate this Agreement pursuant to this Section 11.01(b) if such Party is then in material breach of any of its representations, warranties, covenants or agreements contained in this Agreement;

(c) either Buyer or Seller in the event that any court or Governmental Authority of competent jurisdiction issues a final, non-appealable injunction prohibiting the Contemplated Transactions, or a bankruptcy, insolvency or similar proceeding is instituted by or against Seller which affects the ability of Seller to consummate the Contemplated Transactions, for a period in excess of six (6) months; provided, that the issuance of a final, non-appealable injunction shall not be attributable to the breach of this Agreement by the Party seeking termination pursuant to this Section 11.01(c);

(d) Seller or Buyer if there has been a material breach by the non-terminating Party of any representation, warranty, covenant or agreement on the part of the non-terminating Party contained in this Agreement such that the conditions set forth in Article 7 would not be satisfied and (i) such breach is not reasonably capable of being cured prior to the Termination Date, or (ii) in the case of a breach of a covenant or agreement, if such breach is reasonably capable of being cured prior to the Termination Date, such breach has not been cured within a period of thirty (30) days of the breaching Party being notified by the non-breaching Party of such breach (or such longer time not to exceed one hundred twenty (120) days if such breach is not capable of being cured in thirty (30) days and the breaching Party is acting continuously and diligently to cure such breach); provided, that neither Party shall have the right to terminate this Agreement pursuant to this Section 11.01(d) if such Party is then in material breach of any of its representations, warranties, covenants or agreements contained in this Agreement; or

(e) Seller or Buyer if all of the conditions precedent to the terminating Party's obligations to consummate the Closing set forth in Article 7 have been satisfied or waived by the non-terminating Party (other than if the failure to satisfy any such condition resulted from the failure of the non-terminating Party to comply with its obligations under this Agreement), and the non-terminating Party breaches its obligation to deliver its required closing deliveries at Closing pursuant to Section 8.03 or Section 8.04; provided, that neither Party shall have the right to terminate this Agreement pursuant to this Section 11.01(e) if such Party is then in material breach of any of its material representations, warranties, covenants or agreements contained in this Agreement.

11.02. Effect of Termination. In the event this Agreement is terminated as provided in Section 11.01, this Agreement shall be deemed null, void, and of no further force or effect, and the Parties hereto shall be released from all future obligations hereunder; provided, that the obligations of the Parties set forth in this Section 11.02, Section 11.03 and Article 12 and the Confidentiality Agreement shall survive such termination.

11.03. Payment of Deposit and Other Remedies Upon Termination.

(a) If this Agreement is terminated by Seller pursuant to Section 11.01(d) or Section 11.01(e), then, immediately upon such termination:

(i) the Deposit, together with any interest and earnings thereon, shall be paid to Seller not as liquidated damages and not as a penalty but rather as a non-refundable payment; and

(ii) Seller may pursue any other remedies available to it at law or in equity.

(b) Except as set forth in Section 11.03(a), if this Agreement is terminated in accordance with its terms, for any other reason, then the Deposit, together with any interest and earnings thereon, shall be returned to Buyer promptly following such termination.

(c) Each of Buyer and Seller agrees to deliver to the Escrow Agent written instructions signed by each Party directing the disposition of the Deposit as provided in this Section 11.03.

**ARTICLE 12
MISCELLANEOUS**

12.01. Notices. All notices, requests, claims, demands and other communications under this Agreement will be in writing and will be delivered personally, sent by overnight courier (providing proof of delivery) to the Parties or sent by facsimile (providing confirmation of transmission) at the following addresses or facsimile numbers (or at such other address or facsimile number for a Party as will be specified by like notice):

If to Seller:

The Harrisburg Authority
212 Locust Street, Suite 302
Harrisburg, Pennsylvania 17102
Facsimile: (717) 525-7688
Attention: Shannon G. Williams, P.E., Executive Director

with a copy (which shall not constitute notice) to:

Klehr Harrison Harvey Branzburg LLP
1835 Market Street, Suite 1400
Philadelphia, Pennsylvania 19103
Facsimile: (215) 568-6603
Attention: Douglas F. Schleicher, Esq.

If to Buyer:

Lancaster County Solid Waste Management Authority
1299 Harrisburg Pike
Lancaster, Pennsylvania 17603
Facsimile: (717) 397-9973
Attention: James D. Warner, Chief Executive Officer

with a copy (which shall not constitute notice) to:

Hartman Underhill & Brubaker, LLC
221 East Chestnut Street
Lancaster, Pennsylvania 17602
Facsimile: (717) 299-3160
Attention: Alexander Henderson III, Esq.

If to the Receiver:

Receiver for the City of Harrisburg
Executive Offices
401 Finance Building, 613 North Street
Harrisburg, PA 17120

Facsimile: 717-231-5558
Attention: Major General William B. Lynch, USAF, Ret.

with a copy (which shall not constitute notice) to:

McKenna Long & Aldridge LLP
303 Peachtree Street, NE
Suite 5300
Atlanta, GA 30308
Facsimile: (404) 527-4198
Attention: Joseph O. Blanco, Esq.

Each such notice, request, claim, demand or other communication shall be effective (a) if given by facsimile, when such facsimile is transmitted to the facsimile number specified in this Section 12.01 and the appropriate facsimile confirmation is received, or (b) if given by any other means, when delivered at the address specified in this Section 12.01.

12.02. Amendments; No Waivers.

(a) Any provision of this Agreement may be amended or waived prior to the Closing Date if, and only if, such amendment or waiver is in writing and signed, in the case of an amendment, by Seller and Buyer or, in the case of a waiver, by the Party against whom the waiver is to be effective.

(b) No failure or delay by any Party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

12.03. Expenses. Seller shall be solely responsible for all of Seller's costs and expenses incurred in connection with this Agreement. Buyer shall be solely responsible for all of Buyer's costs and expenses incurred in connection with this Agreement.

12.04. Successors and Assigns; Benefit. The provisions of this Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and permitted assigns. No Party may assign (other than by operation of law following the Closing), delegate or otherwise transfer any of its rights or obligations under this Agreement without the consent of the other Party.

12.05. No Third Party Beneficiary. This Agreement is not intended and shall not be construed to confer upon any Person other than the Parties hereto any rights or remedies hereunder; provided, that the City and its Receiver shall be a third party beneficiary of this Agreement for purposes of Section 6.02.

12.06. Governing Law. This Agreement and the legal relations between the Parties hereto arising hereunder shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania, without regard to the principles regarding the choice of law.

12.07. Consent to Jurisdiction. The Parties hereto agree that any suit, action, or proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Agreement or the Contemplated Transactions must be brought in the United States District Court for the Middle District of Pennsylvania or any state court sitting in Harrisburg, Pennsylvania, and each of the Parties hereby consent to the jurisdiction of such courts (and of the appropriate appellate courts therefrom) in any such suit, action or proceeding and irrevocably waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of the venue of any such suit, action or proceeding in any such court or that any such suit, action or proceeding which is brought in any such court has been brought in an inconvenient forum. Each Party agrees that service of process on such Party as provided in Section 12.01 shall be deemed effective service of process on such Party.

12.08. Severability. If any term or other provision of this Agreement is invalid, illegal, or incapable of being enforced by any rule of law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the Contemplated Transactions is not affected in any manner adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, Buyer and Seller shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that the Contemplated Transactions contemplated hereby are fulfilled to the extent possible.

12.09. Table of Contents; Headings. The table of contents and the headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

12.10. Counterparts; Effectiveness. This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Agreement shall become effective when each Party shall have received counterparts hereof signed by the other Party.

12.11. Waiver of Jury Trial. EACH OF THE PARTIES HERETO KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES ANY RIGHTS IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH, THIS AGREEMENT OR THE CONTEMPLATED TRANSACTIONS, OR ANY COURSE OF CONDUCT, COURSE OF DEALING OR STATEMENTS (WHETHER VERBAL OR WRITTEN) RELATING TO THE FOREGOING (INCLUDING ANY ACTION TO RESCIND OR CANCEL THIS AGREEMENT AND ANY CLAIMS OR DEFENSES ASSERTING THAT THIS AGREEMENT WAS FRAUDULENTLY INDUCED OR IS OTHERWISE VOID OR VOIDABLE). THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE PARTIES HERETO TO ENTER INTO THIS AGREEMENT AND SHALL SURVIVE THE CLOSING OR TERMINATION OF THIS AGREEMENT.

12.12. Limitations on Liability.

(a) NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS AGREEMENT, IN NO EVENT SHALL EITHER PARTY TO THIS AGREEMENT OR THE RECEIVER BE LIABLE FOR THE INDIRECT, SPECIAL, INCIDENTAL, CONSEQUENTIAL OR PUNITIVE DAMAGES OR LOST PROFITS OF THE OTHER PARTY, HOWEVER CAUSED AND ON ANY THEORY OF LIABILITY, ARISING OUT OF THE PERFORMANCE OF, OR THE FAILURE TO PERFORM, ANY OBLIGATION(S) SET FORTH HEREIN, EXCEPT FOR SUCH DAMAGES CLAIMED BY THIRD PARTIES UNDER ARTICLE 9.

(b) No present or future officer, director, manager, employee, advisor, agent or attorney of or in Seller or Buyer, nor the Receiver, shall have any personal liability, directly or indirectly, under or in connection with the Transaction Documents, or any amendments thereto, and the Parties and their successors and assigns and all other Persons shall look solely to the Parties' assets for the payment of any claim or for any performance, and the Parties hereby waive any and all such personal liability.

(c) No officer, director, employee, agent or other representative of Seller, Receiver or Buyer shall have any personal liability or obligation whatsoever with respect to any of the matters set forth in this Agreement and any other documents, agreements, or instruments related thereto or any of the representations made by Seller or Buyer being or becoming untrue, inaccurate or incomplete in any respect.

(d) The limitations on liability contained in this Section 12.12 are in addition to, and not in limitation of, any limitation on liability applicable to Seller or Buyer provided in any other provision of this Agreement or by Law or by any other Contract.

12.13. Entire Agreement. This Agreement, including the Exhibits hereto, the Confidentiality Agreement, and the other Transaction Documents constitute the entire agreement between the Parties with respect to the subject matter hereof and thereof and supersede all prior agreements and understandings, both oral and written, between the Parties with respect to the subject matter hereof and thereof.

12.14. Transfer Documents. No provision contained in any transfer document delivered pursuant to this Agreement or the Contemplated Transactions shall affect in any manner whatsoever any of the indemnification provisions contained herein.

12.15. Time of the Essence. Time is of the essence for this Agreement.

12.16. Disclosure. Any matter disclosed in any section or subsection of the Disclosure Schedules shall be deemed disclosed for the purposes of, and shall qualify, each representation and warranty in the section or subsection of this Agreement with the corresponding number, and any other representation or warranty in any other section or subsection of this Agreement where the relevance of such disclosure to such other representation and warranty is reasonably apparent, in each case even if there is no reference to the Disclosure Schedules in any such representation and warranty or the disclosure in the Disclosure Schedules does not reference the section or subsection of this Agreement in which it is set forth. The disclosure of a particular

item of information in the Disclosure Schedules shall not constitute an admission by Seller that such item is material, that such item has had or would have a Material Adverse Effect or that the disclosure of such item is required to be made under the terms of this Agreement.

12.17. No Right of Setoff. No Party nor any Affiliate thereof may deduct from, set off, holdback or otherwise reduce in any manner whatsoever any amount owed hereunder to the other Party hereto by any amount otherwise owed to it or any of its Affiliates.

[Remainder of Page Intentionally Left Blank; Signature Page Follows]

IN WITNESS WHEREOF, the Parties hereto have caused this Asset Purchase Agreement to be duly executed and delivered by their respective authorized officers as of the day and year first above written.

SELLER:

THE HARRISBURG AUTHORITY
By its duly authorized representative:

By: _____
Name: _____
Title: _____

BUYER:

LANCASTER COUNTY SOLID WASTE
MANAGEMENT AUTHORITY
By its duly authorized representative:

By: _____
Name: _____
Title: _____

ACKNOWLEDGED AND APPROVED BY:

THE RECEIVER FOR THE CITY OF
HARRISBURG

By: _____
Name: _____
Title: _____

EXHIBIT A

Definitions

For purposes of the foregoing Asset Purchase Agreement each of the following terms is defined as follows:

“Acquired Assets” is defined in Section 2.01.

“Acquired IP” is defined in Section 2.01(o).

“Acquisition Bonds” is defined in Section 2.06(a).

“Affiliate” means, with respect to any Person, any other Person which, directly or indirectly (including through one or more intermediaries), controls, is controlled by or is under common control with such Person. For purposes of this definition, the term “control” (including the terms “controlled by” and “under common control with”), as used with respect to any Person, shall mean the possession, directly or indirectly (including through one or more intermediaries), of the power to direct or cause the direction of the management and policies of such Person, through the ownership or control of voting securities, partnership interests or other equity interests, by contract, by authority granted by law, rule or regulation or otherwise.

“AGM” means Assured Guaranty Municipal Corp and Affiliates.

“AGM Release” means the general release executed by AGM releasing Seller, the City, their respective successors and Buyer from any and all claims it may have against Seller or the City or Buyer for matters relating to, or arising from, the Acquired Assets.

“Agreement” is defined in the Preamble of this Agreement.

“Anti-Money Laundering Laws” means laws, regulations and sanctions, state and federal, criminal and civil, that (i) limit the use of and/or seek the forfeiture of proceeds from illegal transactions, (ii) limit commercial transactions with designated countries or individuals believed to be terrorists, narcotics dealers or otherwise engaged in activities contrary to the interests or laws of the United States, (iii) require identification and documentation of the parties with whom a financial institution conducts business or (iv) are designed to disrupt the flow of funds to terrorist organizations. Such laws, regulations and sanctions shall be deemed to include the Patriot Act, the Bank Secrecy Act, 31 U.S.C. Section 5311 et seq., the Trading with the Enemy Act, 50 U.S.C. App. Section 1 et seq., the International Emergency Economic Powers Act, 50 U.S.C. Section 1701 et seq., and the sanction regulations promulgated pursuant thereto by the OFAC, as well as laws relating to prevention and detection of money laundering in 18 U.S.C. Sections 1956 and 1957.

“Ashfill” is defined in the Background paragraphs to this Agreement.

“Assigned Contracts” means (i) the Third Party Hauler Agreements and (ii) the O&M Agreements.

“Assignment and Assumption Agreement” is defined in Section 8.03(b).

“Assumed Liabilities” is defined in Section 2.07(a).

“Base Bond Amount” is defined in Section 2.06(a).

“Base Purchase Price” is defined in Section 2.03.

“Base TIC” is defined in Section 2.06(a).

“Bond Indenture Funds” is defined in Section 2.01(l).

“Books and Records” is defined in Section 2.01(n).

“Borough” means the Borough of Columbia, or such other municipality as Buyer may designate to serve as the seller of electricity under the Power Purchase Agreement.

“Business Day” means any day except Saturday, Sunday and any legal holiday or a day on which banking institutions in Philadelphia, Pennsylvania, generally are authorized or required by law or other governmental actions to close.

“Buyer” is defined in the Preamble of this Agreement.

“Buyer Indemnitee” or “Buyer Indemnites” is defined in Section 9.02.

“Buyer’s Costs of Issuance” means the fees charged to Buyer in connection with the issuance of the Acquisition Bonds including the fees of underwriters, underwriter’s counsel, bond counsel, financial advisors, bond trustee, bond trustee’s counsel, independent engineers report, rating agencies, printing and related miscellaneous expenses, estimated to be One Million Six Hundred Seventy Five Thousand Dollars (\$1,675,000). Buyer’s Costs of Issuance do not include Buyer’s due diligence or negotiation professional fees of engineering, legal, or accounting firms.

“Buyer’s DSRF” means debt service reserve fund created in connection with the Acquisition Bonds, in an amount equal to the least of (i) the maximum annual debt service requirements payable upon the Acquisition Bonds, (ii) one hundred and twenty five percent (125%) of the average annual debt service on the Acquisition Bonds, and (iii) ten percent (10%) of the original proceeds of the Acquisition Bonds. Buyer’s DSRF is estimated to be Nine Million Five Hundred Eight Thousand Five Hundred Dollars (\$9,508,500).

“Buyer’s Pricing Model” means that certain excel spreadsheet prepared by Buyer’s financial adviser and delivered to Receiver’s financial advisor, dated as of February 22, 2013, and attached hereto as Exhibit H.

“CIT” means CIT Capital USA, Inc. and Affiliates.

“CIT Settlement Agreement” means a settlement agreement among CIT and Seller, among other parties, settling all claims that CIT has in connection with the Acquired Assets.

“City” means City of Harrisburg, a Third Class City of the Commonwealth of Pennsylvania. Action by the City means the approval of the Mayor, the requisite majority of City Council and the City Solicitor.

“City Disposal Agreement” means the December 1, 1993 Municipal Solid Waste Agreement between Seller and the City of Harrisburg, as amended.

“Claims” is defined in Section 6.04(c).

“Closing” is defined in Section 8.01.

“Closing Date” is defined in Section 8.01.

“Closing Statement” is defined in Section 8.03(l).

“Closure Funds” means funds of Seller held with respect to the closure of the Ashfill and/or the decommissioning of the Facility whether in DEP restricted accounts, or securing letters of credit or otherwise.

“Code” means the Internal Revenue Code of 1986, as amended.

“Commercially Reasonable Efforts” means efforts which are designed to enable a party to satisfy a condition to, or otherwise assist in the consummation of, the Contemplated Transactions and which do not require the performing party to expend any funds or assume Liabilities other than expenditures and Liabilities which are customary and reasonable in nature and amount in the context of the Contemplated Transactions.

“Confidentiality Agreement” means the Confidentiality Agreement, dated as of February 24, 2012, by and between Buyer and Seller, as the same may be amended from time to time.

“Contemplated Transactions” means the transactions contemplated under this Agreement and the other Transaction Documents, including the purchase and sale of the Acquired Assets.

“Contracts” means, without limitation, any and all (whether written or oral, express or implied) contracts, agreements, franchises, leases, easements, rights of way, mortgages, bonds, notes, guaranties, liens, indebtedness or similar undertakings to which any Person is a party or to which or by which such Person or the property of such Person is subject or bound, excluding any Governmental Permits.

“County” means the County of Dauphin, a Third Class County of the Commonwealth of Pennsylvania. Approval of the County means approval of the requisite majority of the County Commissioners.

“County Agreements” means the Delegation and Assumption of Capacity Assurance Responsibilities Agreement between the County and Buyer and the Cooperation Agreement between the County and Buyer both of which attached as Exhibit J.

“County Release” means the general release executed by the County releasing Seller, the City, their respective successors and Buyer from any and all claims it may have against Seller and the City and Buyer for matters relating to, or arising from, the Acquired Assets.

“Covanta” means Covanta Harrisburg, Inc. and Affiliates.

“Covanta Loan” means that certain unsecured loan in the initial principal amount of approximately Twenty Million Nine Hundred Thousand Dollars (\$20,900,000) extended by Covanta to Seller on or about December 27, 2007 for the purpose of retrofitting the Facility.

“Covanta Release” means the general release executed by Covanta releasing Seller, successors in interest to Seller, Buyer and all other Persons from any and all claims it may have against Seller, Buyer and other Persons for matters relating to, or arising from, the Acquired Assets, including claims relating to the MPSA and Covanta Loan.

“Dataroom” means that certain virtual dataroom through which Seller and its representatives have provided various materials, documents, and information throughout Buyer’s due diligence review process.

“Dauphin County Recycling Center” means the building and associated improvements owned by the County and used by the County for the operation of a recycling program pursuant to the DCRC Ground Lease and located upon the Real Estate. The building and associated Improvements does not form a part of the Real Property.

“DCRC Ground Lease” means the lease from Seller to Dauphin County of the portion of the Real Estate upon which the Dauphin County Recycling Center is located.

“Deed” means the Special Warranty Deed attached as Exhibit D.

“DEP” means the Department of Environmental Resources of the Commonwealth of Pennsylvania.

“Deposit” means Five Hundred Thousand Dollars (\$500,000) deposited by Buyer with the Escrow Agent pursuant to the Escrow Agreement pursuant to Section 2.04 and all interest earned upon the Five Hundred Thousand Dollars (\$500,000).

“Dewatering and Drying Building” means the building located upon the Real Estate and the part of the Real Property used to dewater and dry sewage sludge.

“DGS” means the Department of General Services of the Commonwealth of Pennsylvania.

“DGS Power Purchase Agreement” means the Intermunicipal Power Purchase and Sale Agreement attached as Exhibit I.

“Disclosure Schedules” means the disclosure schedules of Seller delivered to Buyer on the date of this Agreement in connection with this Agreement.

“DPW Facility” means the structure located upon the Real Estate and the part of the Real Property and used by the City’s Department of Public Works for equipment and vehicle maintenance, storage and repair, and other related activities, but specifically excluding the contents of the DPW Facility.

“Electrical Plant” means the turbine located on the Real Estate and the part of the Real Property which uses steam to generate electricity for sale.

“Employee Plans” means all “employee benefit plans” within the meaning of Section 3(3) of ERISA, all formal written plans and all other compensation and benefit plans and contracts of Seller in effect as of the date hereof, including all pension, profit sharing, savings and thrift, bonus, stock bonus, stock option or other cash or equity-based incentive or deferred compensation, severance pay, and medical and life insurance plans in which any Employees of Seller participate.

“Employees” is defined in Section 3.08.

“Encumbrances” mean all claims, security interests, liens, pledges, charges, escrows, options, proxies, rights of first refusal, preemptive rights, mortgages, hypothecations, prior assignments, title retention agreements, indentures, security agreements or any other encumbrances or the use, transfer or ownership of any property.

“Environmental Laws” means the Comprehensive Environmental Response Compensation and Liability Act, 42 U.S.C. §§ 9601 et seq., the Resource Conservation and Recovery Act, 42 U.S.C. §§ 6901 et seq., the Toxic Substances Control Act, 15 U.S.C. §§ 2601 et seq., the Federal Water Pollution Control Act, 33 U.S.C. §§ 1251 et seq., the Safe Drinking Water Act, 42 U.S.C. §§ 3003 et seq., the Clean Air Act, 42 U.S.C. §§ 7401 et seq., the Emergency Planning and Community Right to Know Act, 42 U.S.C. §§ 11001 et seq., and any analogous federal, state or local statute, law, regulation, or ordinance regarding the protection of public health or the environment, including without limitation the Pennsylvania Solid Waste Management Act, 35 P.S. §§ 6018.101 et seq., the Pennsylvania Municipal Waste Planning, Recycling and Waste Reduction Act, 53 P.S. §§ 4000101 et seq. (“Act 101”), the Pennsylvania Clean Streams Law, 35 P.S. §§ 691.1 et seq., the Pennsylvania Air Pollution Control Act, 35 P.S. §§ 4001, et seq., the Pennsylvania Storage Tank and Spill Prevention Act, 35 P. S. §§ 6021.101 et seq., the Susquehanna River Basin Compact, P.L. 91-575 (84 Stat. 1509 et seq.), any other statutes, laws, regulations or ordinances under which the Facility Permits have been issued or which otherwise regulate the operations of the Facility or at or on the Real Estate, and any and all other laws pertaining to the protection of land, water, air, health, safety or the environment, whether now or in the future enacted, promulgated or issued, all as such statutes, laws, regulations and ordinances are or may be amended from time to time.

“Environmental Liabilities” means all Liabilities or Losses arising from environmental or public health conditions, the Release of Hazardous Materials into the environment, or compliance with Environmental Laws, Environmental Permits or Environmental Orders, whether based on contract, tort, implied or express warranty, strict liability or criminal or civil statute. Environmental Liabilities includes any Liabilities or Losses related to any Remediation, the cost to achieve compliance with Environmental Laws, Environmental Permits, or Environmental Orders, any Lien in favor of any Governmental Authority for Environmental Liabilities, or any agreement with a Governmental Authority regarding Environmental Liabilities.

“Environmental Order” means any judgment, order, award or decree of any federal, state, local or other court, tribunal or administrative agency related to any Environmental Liability and any award in any arbitration proceeding (or Contract entered into in any administrative, judicial or arbitration proceeding with any Governmental Authority) regarding an Environmental Liability.

“Environmental Permits” means all permits, licenses, approvals, immunities, entitlements and other authorizations issued pursuant to any Environmental Law that are needed for, used in connection with or otherwise relating to the development, construction, operation, use, or maintenance of the Facility.

“Epstein Allegations” is defined in Section 3.09(e).

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

“Escrow Agent” means Fulton Bank.

“Escrow Agreement” means that certain Escrow Agreement by and among Buyer, Seller and the Escrow Agent, in the form of Exhibit C attached hereto.

“EWRs” means that certain effluent water reuse system located on the Real Estate and forming a part of the Real Property.

“Excluded Assets” is defined in Section 2.02.

“Excluded Liabilities” is defined in Section 2.07(b).

“Facility” is defined in the Background paragraphs to this Agreement.

“Final Net Adjustment Amount” is defined in Section 2.08(c).

“Financial Statements” means the audited balance sheets of Seller as of December 31, 2011 and the related audited statements of income and cash flows for the period then ended, including notes thereto, together with the report thereon Seller’s independent certified public accountants.

“GAAP” means the United States generally accepted accounting principles and practices as in effect from time to time and applied consistently throughout the periods involved.

“Governmental Authority” means the government of any nation, state, city, locality or other political subdivision of any thereof, any agency, entity or instrumentality exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, regulation or compliance, including any state or local public utility commission and any corporation or other entity owned or controlled, through stock or capital ownership or otherwise, by any of the foregoing.

“Governmental Authorizations” means any approvals, concessions, consents, franchises, licenses, permits and other authorizations of all applicable Governmental Authorities necessary for the consummation of the Contemplated Transactions, in each case other than Environmental Permits.

“Governmental Permits” means all permits, licenses, approvals, immunities, entitlements and other authorizations, franchises, registrations, consents and certificates of need held or applied for by any Person from any Governmental Authority, including all filings, certificates of occupancy, operating permits, sign permits, development rights and approvals, zoning, building, safety and health approvals and rights and all other permits needed for, used in connection with or otherwise relating to the development, construction, operation, use or maintenance of the Facility, in each case other than Environmental Permits.

“Hazardous Materials” means any substance, the Release, emission, discharge, use, treatment, storage, or disposal of which is regulated or governed by, or subject to, any Environmental Law, including petroleum and petroleum derivatives.

“Improvements” is defined in Section 2.01(b).

“Indemnified Party” is defined in Section 9.04(a).

“Indemnifying Party” is defined in Section 9.04.

“Independent Engineer’s Report” means the report issued by HDR Engineering, Inc. in connection with issuance of the Acquisition Bonds.

“Insurance Payment” is defined in Section 9.05(a).

“Intellectual Property” means all trademarks, trademark applications and registrations, trade names, service marks, service names, domain names, symbols, logos, know-how, copyrights and other proprietary materials or intellectual property rights used or held for use by Seller.

“IRS” means the Internal Revenue Service of the United States of America.

“Knowledge” (i) with respect to Seller, means the actual (and not constructive, imputed or implied) knowledge of Shannon G. Williams, P.E., Executive Director of Seller, and Jack D. Lausch, Facility Director of Seller, and (ii) with respect to Buyer, means the actual (and not constructive, imputed or implied) knowledge of James D. Warner and Thomas F. Adams. No such person shall have any personal liability or obligation whatsoever with respect to any of the

matters set forth in this Agreement and any other documents, agreements, or instruments related thereto or any of the representations made by Seller or Buyer, as the case may be, being or becoming untrue, inaccurate or incomplete in any respect.

“Law” means any federal, state and local law, statute, ordinance, rule, regulation, code (including any zoning code, fire code or health and safety code), Governmental Permit, order, decree or similar edict enacted, adopted, issued or promulgated by or any Contract with, any Governmental Authority, including all Orders.

“Legal Proceedings” means a claim, action, suit or other legal proceeding formally instituted in a court or other legal, administrative or governmental tribunal or similar judicial or governmental body.

“Liabilities” means liabilities or obligations of any nature, whether asserted or unasserted, liquidated or unliquidated, absolute or contingent.

“Lien” means, with respect to any property or asset, any lien, security interest, mortgage, pledge, charge, claim, assessment, lease, right of first refusal, option, limitation on transfer or use or assignment or licensing, restrictive easement or any other encumbrance or restriction of any kind.

“Losses” means obligations, Taxes, Liabilities, losses, penalties, charges, actual damages, deficiencies, costs and expenses (whether or not arising out of third-party claims), including interest, penalties and other losses, court costs, reasonable attorneys’ fees and expenses and all amounts paid in investigation, defense or settlement of any of the foregoing; provided, however, in no event shall Losses include punitive, consequential, incremental or special damages or lost profits and the amount of any Losses will be determined net of amounts recovered under insurance policies or other collateral sources (such as contractual indemnities of any Person which are contained outside of this Agreement) with respect to a particular Loss.

“Mass Burn Facility” is defined in the Background paragraphs to this Agreement.

“Material Adverse Effect” means any matter, event, change or effect that is or would reasonably be expected to be materially adverse to the assets, properties, business, operations, liabilities, results of operation, or financial condition of Seller, the MSW Services or the Facility; provided, that a “Material Adverse Effect” shall exclude any adverse effect resulting from (A) changes or conditions in the United States economy (or in any region thereof) or financial markets generally, (B) commencement, continuation or escalation of acts of terrorism or war, material armed hostilities, or other material international or national calamity or act of terrorism directly or indirectly involving or affecting the United States, (C) the pendency, execution, delivery, performance or public announcement of this Agreement or the consummation of the Contemplated Transactions, (D) changes in GAAP (or any interpretations thereof), (E) any change or development resulting from the unreasonable failure of Buyer to consent to any of the actions proscribed in Section 5.01, (F) proposed changes in Law not specific to the MSW Services or the Facility, (G) changes in legal, regulatory, political, economic or business

conditions, generally (H) changes of which Buyer was aware of on the date of this Agreement, or (I) changes due to the resignation or termination of any Employee or of the Receiver.

“Material Contracts” means the Assumed Contracts and (i) which require annual payments in excess of Ten Thousand Dollars (\$10,000) per annum, (ii) which are not terminable upon less than one hundred twenty (120) days’ notice without premium or penalty or (iii) which otherwise provide or require a material service to or from Seller with respect to the Facility, a list of which is set forth on Schedule 3.06.

“Member Communities” means the City of Harrisburg and County of Lancaster.

“Mitigation Payment” is defined in Section 9.05(a).

“MPSA” means that certain Management and Professional Services Agreement, dated as of May 29, 2007, executed by and among Seller and Covanta, as amended from time to time.

“MPSA Release Agreement” means the general release which may be part of an amendment to the MPSA, releasing Seller and its successors from any and all claims it may have against Seller for matters relating to, or arising from, the MPSA and which includes the Covanta Release.

“MSW” means (a) any garbage, refuse, industrial lunchroom or office waste and other material, including solid, liquid, semisolid or contained gaseous material, resulting from operation of residential, municipal, commercial or institutional establishments and from community activities and (b) any sludge not meeting the definition of residual or hazardous waste in the Solid Waste Management Act from a municipal, commercial or institutional water supply treatment plant, wastewater treatment plant or air pollution control facility and (c) leaves, garden residues, grass clippings, shrubbery and tree trimmings, and similar material. MSW does not include recycled materials or composted materials, or truckloads composed primarily of leaves, garden residues, grass clippings, shrubbery and tree trimmings, and similar material.

“MSW Services” is defined in the Background paragraphs to this Agreement.

“Municipality Act” means the Municipality Authorities Act of 1945 as enacted in the Commonwealth of Pennsylvania, as amended.

“Net Adjustment Amount” is defined in Section 2.08(b).

“Net Proceeds” means the par amount of the applicable bonds, less any original issue discount, and plus any original issue premium.

“Notice of Loss” is defined in Section 9.04(a).

“O&M Agreements” is defined in Section 2.01(e).

“OFAC” is defined in Section 4.08(a).

“Operating Agreement” means the agreement, between Buyer and Seller, sufficient for DEP to allow Buyer to operate the Facility after Closing and provide the MSW Services under Seller’s Environmental Permits, as provided in Section 6.09.

“Order” means any judgment, order, award or decree of any federal, state, local or other court, tribunal or administrative agency, and any award in any arbitration proceeding (or Contract entered into in any administrative, judicial or arbitration proceeding with any Governmental Authority), in each case other than Environmental Orders.

“Organizational Documents” means, as to any Person, such Person’s (i) certificate or articles of incorporation or formation or similar corporate charter, limited liability company formation or other instruments of organization or formation, (ii) articles of association, bylaws or other similar instruments and (iii) shareholder agreements, limited liability company agreements or operating agreements and other similar governing corporate documents, in each case, including any amendments thereto and restatements thereof.

“Other Environmental Allegations” is defined in Section 3.09(e).

“Party” or “Parties” is defined in the Preamble to this Agreement.

“Patriot Act” means the USA Patriot Act of 2001, Pub. L. No. 107-56.

“Permitted Encumbrances” means (i) immaterial Liens for Taxes, assessments and other governmental charges not yet due and payable or delinquent or being contested in good faith, (ii) immaterial mechanics’, workmen’s, repairmen’s, warehousemen’s, carriers’ or other like Liens arising or incurred in the ordinary course of business, (iii) Encumbrances relating to utility easements serving the Facility or which are immaterial, (iv) Encumbrances otherwise relating to the Real Estate as disclosed on Schedule B-2 of that certain title report ordered by Buyer in furtherance of the Contemplated Transactions, (v) the DCRC Ground Lease and the interest of any tenant party thereto, together with the County’s interest in the improvements comprising the Dauphin County Recycling Center, and (vi) any Encumbrances which do not materially detract from the value of such Acquired Assets as now used, or materially interfere with the MSW Services or any present use of such Acquired Assets. The term Permitted Encumbrances does not include any Excluded Liability or lien related thereto.

“Person” means a natural person, a corporation, a limited liability company, a partnership, a joint venture, an association, a joint stock company, a trust, a trustee, an estate, an unincorporated organization, a real estate investment trust or any other entity or organization, including a government or political subdivision or any agency or instrumentality thereof.

“Pricing Date TIC” is defined in Section 2.06(a).

“Pricing Model” means the spreadsheet attached as Exhibit H.

“Purchase Price” is defined in Section 2.03.

“RACP Grant” is defined in Section 2.01(p).

“Real Estate” means the land described on Exhibit B attached hereto and all rights, privileges, easements and appurtenances to such land or the improvements located thereon, excluding the Dauphin County Recycling Center, including any air, development, water, hydrocarbon or mineral rights held by or leased by the owner thereof or appurtenant to the land or improvements and all rights or interest relating to all licenses, easements, rights-of-way, claims, rights or benefits, covenants, conditions and servitudes and other appurtenances used or connected with the beneficial use or enjoyment of such land or improvements and all rights or interests relating to any roads, alleys or parking areas adjacent to or servicing such land or improvements (including access ways to and from both 19th Street and Route 230) and any award made to or to be made in lieu thereof and any award for damage to any parcel by reason of a change of grade in any street, alley, road or avenue, as aforesaid.

“Real Property” is defined in the Background paragraphs to this Agreement.

“Receiver” means the holder of the Office of the Receiver for the City of Harrisburg, Receiver for the Commonwealth of Pennsylvania, appointed pursuant to the Municipalities Financial Recovery Act (Act 47), Act of July 10, 1987, P.L. 246, as amended, 53 P.S. §§11701-101-117011710. The Receiver is, as of the date of this Agreement, General William Lynch.

“Recovery Plan” is defined in the Background paragraphs to this Agreement.

“Release” means any presence, emission, spill, seepage, leak, escape, leaching, discharge, injection, pumping, pouring, emptying, dumping, disposal, migration, or release of Hazardous Materials from any source into or upon the environment, including the air, soil, improvements, surface water, groundwater, the sewer, septic system, storm drain, publicly owned treatment works, or waste treatment, storage, or disposal systems.

“Remediation” means any investigation, clean-up, removal action, remedial action, restoration, repair, response action, corrective action, monitoring, sampling and analysis, closure, or post-closure in connection with the suspected, threatened or actual Release of Hazardous Materials.

“Resolving Accounting Firm” is defined in Section 2.08(c).

“Restated City Disposal Agreement” means the Assignment, Amendment and Restatement of Municipal Waste Disposal Agreement between the City and Buyer attached as Exhibit K.

“Seller” is defined in the Preamble of this Agreement.

“Seller Indemnitee” or “Seller Indemnitees” is defined in Section 9.01.

“Seller’s Closing Costs” means certain fees and costs payable by Seller and/or the Receiver in connection with the sale contemplated by this Agreement in an amount not to exceed One Million Six Hundred Thousand Dollars (\$1,600,000).

“Specially Designated Nationals and Blocked Persons” is defined in Section 4.08(a).

“Steam Agreement” shall mean the agreement between Buyer and the Borough of Columbia under which the Borough leases the Electrical Plant from Buyer and Buyer sells steam to the Borough.

“Steam Lines” shall mean those certain steam lines originating from within the boundaries of the Real Estate.

“Subordinate Note” is defined in Section 7.01(m).

“Survival Period” is defined in Section 9.03(a).

“Tax(es)” means any tax, governmental fee or other like assessment or charge of any kind whatsoever (including withholding on amounts paid to or by any Person), together with any interest, penalty, addition to tax or additional amount imposed by any Governmental Authority responsible for the imposition of any such tax (domestic or foreign).

“Tax Return” means any return, report or similar statement required to be filed with respect to any Taxes (including any attached schedules and workpapers), including any information return or report, claims for refund, amended return and declaration of estimated Tax.

“Termination Date” is defined in Section 11.01(b).

“Third Party Claim” is defined in Section 9.04(b).

“Third Party Hauler Agreements” is defined in Section 2.01(e).

“Third Party Payment” is defined in Section 9.05(a).

“Third Party Reports” means, collectively, the third-party reports with respect to the Real Property received by or otherwise made available to Buyer in connection with this Agreement, including environmental reports, engineering reports, title commitments, surveys and zoning reports.

“Transaction Documents” means this Agreement, the Escrow Agreement, the MPSA Release Agreement, the CIT Settlement Agreement, the amended Receiver’s Recovery Plan as described in Section 7.01(a), the County Agreements between the County and Buyer, the Restated City Disposal Agreement between the City and Buyer, the Steam Agreement between Buyer and the Borough, the Power Purchase Agreement between the Borough and DGS, the resolution approving the amended County Act 101 Plan, the Subordinate Note, the AGM Release, the RACP Grant, the County Release, the Covanta Release and any other agreement, certificate, instrument or writing delivered in connection with this Agreement or the consummation of the Contemplated Transactions.

“Transfer Taxes” is defined in Section 10.01.

“Treasury Regulations” means, with respect to the Code or any specific section thereof, the regulations promulgated by the IRS (or any successor agency or regulatory body thereto) and pertaining to the Code or such specific section thereof.

“True Interest Cost” means the rate of interest, compounded semiannually, required to discount the payments of principal and interest to bondholders to the original purchase price.

“Unused Closure Funds” means the amount contained at Closing in Closure funds in excess of the amount required by DEP to be maintained to secure the closure obligations of the Ashfill and the decommissioning obligations of the Facility, as approved by DEP, or if DEP approval has not been obtained, as determined under Section 6.08.

“U.S. Person” is defined in Section 4.08(a).

“Water and Sewer Assets” means any and all assets owned by Seller and related to the Water and Sewer Services, excluding the EWRS.

“Water and Sewer Services” is defined in the Background paragraphs to this Agreement

EXHIBIT B

Real Estate and Legal Descriptions

That certain 59.5 acre parcel of real property owned by Seller located in the City of Harrisburg, Pennsylvania, and Swatara Township, Dauphin County, Pennsylvania, more fully described as follows:

[Attached]

EXHIBIT C

Escrow Agreement

[Attached]

EXHIBIT D

Form of Special Warranty Deed

[Attached]

Draft—August 23, 2013

EXHIBIT E

Form of Bill of Sale

[Attached]

EXHIBIT F

Form of Assignment and Assumption Agreement

[Attached]

EXHIBIT G

Form of Certificate of Non-Foreign Status

[Attached]

EXHIBIT H

Sources and Uses: Pricing Model

[Attached]

EXHIBIT I

DGS Power Purchase Agreement

[Attached]

EXHIBIT J

County Agreements

[Attached]

Draft—August 23, 2013

EXHIBIT K

Restated City Disposal Agreement

[Attached]

EXHIBIT L

Operating Agreement

[Attached]



Draft August 23, 2013

**ASSIGNMENT, AMENDMENT AND RESTATEMENT OF
MUNICIPAL WASTE DISPOSAL AGREEMENT**

Between

CITY OF HARRISBURG

and

**LANCASTER COUNTY
SOLID WASTE MANAGEMENT AUTHORITY**

Dated as of _____, 2013

TABLE OF CONTENTS

ARTICLE I TERM 2
Section 1.01 Commencement Date..... 2
Section 1.02 Termination before Commencement. 2
Section 1.03 Termination after Commencement. 2
Section 1.04 Termination Fee. 3
Section 1.05 Extension of Term..... 3

ARTICLE II CONDITIONS PRECEDENT 3
Section 2.01 General..... 3
Section 2.02 Conditions to City Obligations. 3
Section 2.03 Conditions to LCSWMA Obligations..... 4
Section 2.04 Satisfaction of Conditions Precedent. 5

ARTICLE III DELIVERY AND DISPOSAL OF REGULATED MUNICIPAL WASTE..... 5
Section 3.01 Overall Responsibilities..... 5
Section 3.02 Receiving Time..... 6
Section 3.03 Weighing of City Regulated Municipal Waste; Weigh Scale Records. 6
Section 3.04 Haulers. So that LCSWMA can comply with the preceding Section of this Agreement: 7
Section 3.05 Delivery of Waste. 8
Section 3.06 Hazardous Waste and Unacceptable Waste..... 8
Section 3.07 Residual Waste, Municipal Waste Sludge and Special Handling Municipal Waste. 8

ARTICLE IV TIPPING FEE 8
Section 4.01 Tipping Fees..... 8
Section 4.02 Host Fee. 9
Section 4.03 Billing and Payments. 9
Section 4.04 Shortfall Fee; Security for Payment; Tipping Fee Rebate. 9

ARTICLE V ADDITIONAL CITY OBLIGATIONS 10
Section 5.01 City Approvals..... 10
Section 5.02 Removal of City Property. 11
Section 5.03 Steam Lines..... 11
Section 5.04 Water and Sewer..... 11
Section 5.05 Cooperation..... 12

ARTICLE VI INDEMNIFICATION 12
Section 6.01 Indemnification by LCSWMA. 12
Section 6.02 Indemnification by the City..... 12

ARTICLE VII UNCONTROLLABLE CIRCUMSTANCES 13
Section 7.01 Excuse for Nonperformance. 13
Section 7.02 Mitigation..... 13
Section 7.03 Notices. 13

Draft August 23, 2013

Section 7.04 Adjustment to the Tipping Fee for Uncontrollable Circumstances. 13
Section 7.05 Arbitration..... 13

ARTICLE VIII EVENTS OF DEFAULT 13
Section 8.01 Events of Default by LCSWMA..... 13
Section 8.02 Events of Default by the City..... 14

ARTICLE IX REMEDIES 14
Section 9.01 Remedies of the City..... 14
Section 9.02 Remedies of LCSWMA..... 15
Section 9.03 Manner of Termination Payment..... 15

ARTICLE X DISPUTE RESOLUTION 16
Section 10.01 Scope..... 16
Section 10.02 Resolution..... 16

ARTICLE XI DEFINITIONS..... 16
Section 11.01 Definitions..... 16
Section 11.02 Terms Generally..... 23
Section 11.03 Notices Generally..... 23

ARTICLE XII MISCELLANEOUS..... 24
Section 12.01 Representations of the City..... 24
Section 12.02 Representations of LCSWMA..... 24
Section 12.03 Interest on Payments..... 25
Section 12.04 Compliance with Laws..... 25
Section 12.05 Assignment..... 25
Section 12.06 Notices..... 25
Section 12.07 Relationship of the Parties..... 26
Section 12.08 Waiver..... 26
Section 12.09 Section Captions; References..... 27
Section 12.10 Severability..... 27
Section 12.11 Amendment..... 27
Section 12.12 Agreement Governed by Commonwealth Law..... 27
Section 12.13 No Other Agreements..... 27
Section 12.14 Successors and Assigns..... 27
Section 12.15 Execution of Documents..... 27

SCHEDULE I -- TIPPING FEE SCHEDULE 29

Draft August 23, 2013

**ASSIGNMENT, AMENDMENT AND RESTATEMENT OF
MUNICIPAL WASTE DISPOSAL AGREEMENT**

THIS ASSIGNMENT, AMENDMENT, AND RESTATEMENT OF MUNICIPAL WASTE DISPOSAL AGREEMENT (this "Agreement") is made and entered into as of the ____ day of August, 2013, by and between the City of Harrisburg (the "City"), a Third Class City of the Commonwealth of Pennsylvania, and the Lancaster County Solid Waste Management Authority ("LCSWMA"), a municipal authority incorporated under the Authorities Act.

Background. The Harrisburg Materials Energy and Resource Recovery Facility (the "HMERRF" or "SRMC") is a solid waste acceptance, transfer and processing, steam and electric generation and ash disposal facility located at 1670 South 19th Street, Harrisburg, Pennsylvania, in the City of Harrisburg and Township of Swatara. The HMERRF was originally constructed, owned and operated by the City. The City sold the HMERRF to The Harrisburg Authority ("THA"), a municipal authority incorporated by the City under Authorities Act. THA owns the HMERRF as well as a sewer and water system serving the City and surrounding municipalities. THA is in financial distress due in part to high levels of debt upon the HMERRF (the "HMERRF Debt"). Most of the HMERRF Debt has been guaranteed by the City. In part due to the HMERRF Debt, a Receiver for the City (the "Receiver") has been appointed and is in the process of obtaining Court approval of a recovery plan for the City (the "Recovery Plan").

The HMERRF provides waste processing and disposal services to the City and others. On December 1, 1993, the City entered into a Municipal Solid Waste Disposal Agreement with THA, which was subsequently amended on June 4, 2003 to extend the term to 2036 and amended again on January 1, 2007 (as amended, the "THA Agreement"). The current City Regulated Municipal Waste Tipping Fee under the THA Agreement is Two Hundred Dollars (\$200.00) per Ton.

In order to provide efficient and effective municipal solid waste disposal services for the residents and businesses of the City, the HMERRF should be acquired and operated by LCSWMA (the "Acquisition"). The Acquisition and the other actions contemplated by the Recovery Plan will greatly contribute to the retirement in HMERRF Debt in excess of Three Hundred and Thirty Million Dollars (\$330,000,000) and to the return of the City to a sound financial footing.

In order for the Acquisition to generate a purchase price to THA sufficient to retire a significant portion of the HMERRF Debt and enable a successful Recovery Plan, it is necessary for, among other things, all certain solid waste generated within the City to be delivered, processed and disposed by LCSWMA under the long term rates as set forth in this Agreement. Without long term contracts the HMERRF has a very limited value. LCSWMA would not close under the Asset Purchase Agreement with THA at the Acquisition price stated in the Asset Purchase Agreement without the City's execution of this Agreement. Upon Acquisition, the HMERRF will be known as the Susquehanna Resource Management Complex.

Upon the Commencement Date, THA will assign the THA Agreement to LCSWMA, this Agreement will be an Amended and Restated THA Agreement, and THA will have no further responsibility under the THA Agreement. The City will collect, directly or indirectly, all City

Draft August 23, 2013

Regulated Municipal Waste and arrange for its delivery to the SRMC. At present, the City collects certain City Regulated Municipal Waste and certain commercial City Regulated Municipal Waste is collected by private haulers under contract with the generators. The City has issued a request for proposals for a contract (a "Collection Contract") with a private Hauler or Haulers to collect and deliver to the R certain residential City Regulated Municipal Waste on behalf of the City. At this time, it is not known whether or not the City will enter into a Collection Contract or whether the City will continue to collect residential City Regulated Municipal Waste with the City's own forces.

This Agreement is intended to set forth the terms and conditions under which under which the SRMC will continue to accept, process and dispose of all City Regulated Municipal Waste delivered to the SRMC and under which the City, or its designated agent, will pay to LCSWMA certain Tipping Fees for City Regulated Waste delivered by the City and certain Shortfall Fees if receipts from City Regulated Municipal Waste fall below that which should be received by delivery of the Base Tonnage.

Capitalized terms used in this Agreement shall be defined as set forth in Article XI of this Agreement.

NOW, THEREFORE, with the foregoing background incorporated by reference and in consideration of the mutual obligations undertaken in this Agreement, and in consideration of LCSWMA entering into the Asset Purchase Agreement, the City and LCSWMA agree as follows:

ARTICLE I
TERM

Section 1.01 Commencement Date. Delivery and acceptance of waste under this Agreement shall commence on the date LCSWMA closes upon the Acquisition (the "Commencement Date"), which is expected to be on or about October 16, 2013, and shall continue until the twentieth (20th) anniversary of the Commencement Date (the "End Date") unless terminated early pursuant to this Agreement. If the conditions precedent set forth in Article II are not met on or before October 16, 2013, and neither party has terminated this Agreement pursuant to Section 1.03, the Commencement Date shall be the date LCSWMA closes upon the Acquisition.

Section 1.02 Termination before Commencement. If the Acquisition and the Commencement Date have not occurred on or before December 31, 2013, then, if all of the conditions precedent set forth in the following Article II are not satisfied or are not waived by the Party whose obligations are conditioned thereon, then either Party may, by notice in writing to the other Party, terminate this Agreement as of the date of such notice. Nothing in this Section 1.02 shall be deemed to relieve the Parties of their obligations pursuant to Article II, including but not limited to Section 2.04(b).

Section 1.03 Termination after Commencement. On and after the Acquisition and the Commencement Date, the City may terminate this Agreement at any time upon one hundred and

Draft August 23, 2013

eighty (180) days prior written notice to LCSWMA, provided that the notice of termination is accompanied by the Termination Fee.

Section 1.04 Termination Fee. In consideration of LCSWMA entering into the Asset Purchase Agreement and completing the Acquisition, in the event that, after the Commencement Date, this Agreement terminates for any reason other than by written notice of termination without cause by LCSWMA, or by termination by the City under Article IX by written notice after an uncured Event of Default of LCSWMA, then, in such event, the City shall pay, on or before earlier of the date the City gives notice of termination or the date of termination (the "Termination Date"), a dollar amount (the "Termination Fee") which is equal to the net present value, using a discount rate of three percent (3%), of a daily cash flow stream calculated as follows:

(95.9 for each day between the Termination Date and the End Date inclusive)

times

(the Tipping Fee in dollars applicable to such day minus \$21.00).

Section 1.05 Extension of Term. As part of the Acquisition, in order to enable certain subordinated debt to be issued by LCSWMA to repay more of the SRMC Debt and allow the Recovery Plan to be implemented, the County may agree to extend Waste Flow Control beyond the End Date. If this Agreement is still in effect and the County extends Waste Flow Control of County Regulated Municipal Waste to the SRMC beyond the End Date, then this Agreement shall be extended for as long as such Waste Flow Control continues, up to a maximum of the tenth (10th) anniversary of the End Date. This Agreement may also be extended by mutual agreement of the parties. During any extended term after the End Date, the City Tipping Fee for City Regulated Municipal Waste shall be lowered to the same rate as the Tipping Fee for the remainder of County Regulated Municipal Waste, with no Tipping Fee Rebate.

ARTICLE II
CONDITIONS PRECEDENT

Section 2.01 General.

All rights, obligations and liabilities of the City and the LCSWMA under this Agreement on and after the Commencement Date shall be subject to the satisfaction of each of the respective conditions precedent set forth in Sections 2.02 and 2.03 on or before the Commencement Date.

Section 2.02 Conditions to City Obligations.

Unless waived by the City, the Commencement Date shall not occur unless each of the following conditions has been met to the City's satisfaction:

(a) LCSWMA shall have delivered to the City a certificate of an authorized officer of LCSWMA, dated as of the Commencement Date, to the effect that each of the representations of LCSWMA set forth in Section 12.02 are true and correct as if made on such

Draft August 23, 2013

date, and an opinion of counsel to LCSWMA, in customary form and acceptable to the City, to the effect set forth in clauses (a) through (d) of Section 12.02;

(b) all applicable permits and licenses necessary for the disposal of Municipal Waste at the SRMC shall be in full force and effect;

(c) the Acquisition shall have closed and LCSWMA shall own the SRMC.

Section 2.03 Conditions to LCSWMA Obligations.

Unless waived by LCSWMA, the Commencement Date shall not occur unless each of the following conditions has been met to LCSWMA's satisfaction:

(a) the Receiver shall have approved this Agreement and the Recovery Plan shall have been approved by the Commonwealth Court, all appeal periods having expired;

(b) the Mayor of the City and a majority of the City Council shall have approved this Agreement by resolution or ordinance, and shall have adopted a resolution or ordinance which approves the Acquisition, this Agreement, and the appropriate approval of the sale of electricity generated by the SRMC in accordance with Section 5607(b)(3)(i) of the Authorities Act;

(c) each condition to closing under the Asset Purchase Agreement shall be met or waived by LCSWMA;

(d) the Acquisition shall have closed and LCSWMA shall own the SRMC, provided that LCSWMA shall have no obligation to close the Acquisition unless all the terms and conditions of the Acquisition Agreement between LCSWMA and THA are met to LCSWMA's satisfaction;

(e) THA shall have assigned the THA Agreement to LCSMWA;

(f) the Deposit Account shall have been funded in accordance with this Agreement and the City shall have granted LCSWMA a pledge and first position security interest in the Parking Revenues;

(g) the City and the County shall have taken all necessary and appropriate steps to impose Waste Flow Control and the County Plan shall continue to require all County Regulated Municipal Waste to be delivered to the SRMC;

(h) the City shall have delivered to LCSWMA a certificate of the City, dated as of the Commencement Date, to the effect that each of the representations of the City set forth in Section 12.01 are true and correct as if made on such date, and an opinion of counsel to the City, in customary form, to the effect set forth in clauses (a) through (d) of Section 12.01;

(i) no action, suit, proceeding or official investigation shall have been commenced by any Person or federal, Commonwealth or local governmental authority or agency

other than LCSWMA in any federal, Commonwealth or local court, that seeks to enjoin, assess civil or criminal penalties against, assess civil damages against or obtain any judgment, order or consent decree with respect to the City or LCSWMA as a result of the City's participation or intended participation in any transaction contemplated by this Agreement if any such action, suit, proceeding or investigation would, if adversely determined, materially affect this Agreement, or the performance by the Parties of their respective obligations under this Agreement or the transactions contemplated by this Agreement; provided, however, that this paragraph (b) shall not apply to any action, suit, proceeding or official investigation the probable results of which will not in the opinion of counsel to the City materially adversely affect this Agreement, the performance by the City or LCSWMA of their obligations under this Agreement, or their participation or intended participation in any of the transactions contemplated by this Agreement;

(j) no change shall have occurred after the Contract Date in any applicable federal, Commonwealth or local law, or any applicable federal, Commonwealth or local rule, regulation or ordinance thereunder, or in the interpretation thereof by any applicable regulatory authority, that would make the execution or delivery by the City or LCSWMA of this Agreement, or would make compliance by the City or LCSWMA with the terms and conditions of this Agreement or the consummation by the City or LCSWMA of the transactions contemplated by this Agreement, a violation of such law, rule, regulation or ordinance; and

(k) LCSWMA shall have obtained the necessary federal, state and local permits or approvals necessary for the operation of the SRMC, and all applicable permits and licenses necessary for the processing and disposal of Municipal Waste at the SRMC, or, in the alternative, it shall be apparent that such permits, approvals and licenses will be issued in due course and LCSWMA and THA shall have entered into an operating agreement allowing LCSWMA to operate under THA's permits, approvals and licenses.

Section 2.04 Satisfaction of Conditions Precedent.

(a) The Parties shall exercise good faith and due diligence in satisfying the conditions precedent set forth in this Article II and each Party shall give prompt notice to the other Party when the foregoing conditions precedent to its obligation have been respectively satisfied or waived in writing by the Party whose obligation is conditioned thereon.

(b) Neither Party shall be relieved of its obligations under this Agreement by the failure to satisfy any condition precedent to the extent that the satisfaction of such condition is within such Party's control.

(c) LCSWMA and the City shall each provide executed acknowledgment to the other Party that the conditions precedent to their respective obligations under this Agreement have been met immediately upon the satisfaction or waiver of such conditions precedent.

ARTICLE III
DELIVERY AND DISPOSAL OF REGULATED MUNICIPAL WASTE

Section 3.01 Overall Responsibilities. During the Term:

Draft August 23, 2013

(a) LCSWMA shall accept City Regulated Municipal Waste in accordance with all the terms and provisions of this Agreement, including charging the Tipping Fee inclusive of the Host Fee as set forth in Article IV below.

(b) The City shall maintain and enforce Waste Flow Control that requires Haulers and all other Persons to deliver all City Regulated Municipal Waste to the SRMC. Any Collection Contract of the City shall require delivery of all City Regulated Municipal Waste to the SRMC and payment of the Tipping Fees.

(c) LCSWMA shall accept, transfer, process or dispose all City Regulated Municipal Waste delivered to the SRMC.

(d) The City will pay, or cause to be paid, the Tipping Fee set forth in Section 4.01 for City Regulated Municipal Waste in accordance with the terms of LCSWMA invoices, which shall provide for payment net thirty (30) days.

(e) LCSWMA shall obtain and maintain all necessary licenses and permits in order to enable it to perform its obligations under this Agreement.

(f) LCSWMA shall be responsible for transportation and disposal of incinerator ash generated by the SRMC.

Section 3.02 Receiving Time.

LCSWMA shall keep the SRMC open for receiving City Regulated Municipal Waste during the Receiving Time, excluding Legal Holidays. Subject to applicable Commonwealth regulations and any permit issued thereunder, LCSWMA may receive Municipal Waste at the SRMC at such additional times as LCSWMA and the Haulers or generators may agree. LCSWMA may, in LCSWMA's discretion, accept the delivery of Municipal Waste at times other than the Receiving Time.

Section 3.03 Weighing of City Regulated Municipal Waste; Weigh Scale Records.

(a) LCSWMA shall operate and maintain the weigh scales located at the SRMC for the purpose of determining the total Tons of City Regulated Municipal Waste delivered to the SRMC. Disputes with respect to the accuracy of weigh scale records shall be resolved pursuant to the provisions of Article X.

(b) Each vehicle delivering City Regulated Municipal Waste shall be weighed-in, and the weight and origin of all such City Regulated Municipal Waste and the identity of the Hauler delivering such City Regulated Municipal Waste shall be recorded and maintained by LCSWMA for purposes of the preparation of LCSWMA's invoices for disposal services. LCSWMA shall maintain a weight record containing the weight, date, time, any applicable permit number and vehicle identification of each vehicle entering and exiting the SRMC delivering City Regulated Municipal Waste. LCSWMA may determine the weight of such vehicles leaving the SRMC by either weighing-out such vehicles or by establishing and relying on a system of posted tare weight measurements with regard to such vehicles. To the extent that Unacceptable Waste is delivered to the SRMC by or on behalf of the City but is not

Draft August 23, 2013

disposed of, LCSWMA may separately weigh such Unacceptable Waste leaving the SRMC and the Tons of such Unacceptable Waste shall not be credited to the total number of Tons of City Regulated Municipal Waste delivered by or on behalf of the City during any such month.

(c) LCSWMA shall cause the SRMC scales to be tested and recalibrated as often as may be required by Commonwealth law. The City shall have the right to review all test records and results. If all weighing facilities are incapacitated or are being tested, LCSWMA shall estimate the quantity of City Regulated Municipal Waste on the basis of daily truck volumes and estimated data obtained from historical information pertinent to the City and LCSWMA. These estimates shall take the place of actual weighing records during the scale outage.

Section 3.04 Haulers. So that LCSWMA can comply with the preceding Section of this Agreement:

(a) The City shall thirty (30) days before the Commencement Date provide LCSWMA with a list of all Haulers who will be delivering City Regulated Municipal Waste to the SRMC and a means of quickly and efficiently identifying and verifying such Haulers, as follows:

(i) If City Regulated Municipal Waste is collected by City employees in City vehicles, such employees and vehicles shall be identified to LCSWMA by the City.

(ii) If City Regulated Municipal Waste is collected by a private Hauler or Haulers pursuant to a contract with the City, such private Hauler employees and vehicles shall be identified to LCSWMA by the City.

(iii) If Persons other than City employees or contracted Haulers are entitled to collect and deliver to the SRMC City Regulated Municipal Waste (other than City Regulated Municipal Waste which has been generated within such Person's residential household) then those Persons shall and their vehicles shall also be identified to LCSWMA by the City.

(b) LCSWMA shall be entitled to require that all the Persons identified in the preceding Section 3.04(a) abide by the SRMC Rules and Regulations and agree to affix a clearly visible LCSWMA identifying placard to the applicable delivery vehicle.

(c) Upon the request of LCSWMA, the City shall take such action as may be appropriate to require all Persons delivering City Regulated Municipal Waste to the SRMC to comply with the SRMC Rules and Regulations. Such action may include appropriate provisions in any City collection contracts, instructions to City employees, and ordinances. The City shall provide LCSWMA with all requested information, including contracts, concerning City contracted Haulers and City employees engaged in delivering City Regulated Municipal Waste to the SRMC.

(d) The SRMC Rules and Regulations may regulate safety, routing of delivery vehicles, traffic control, inspection of delivery vehicles, and other matters. LCSWMA Rules and Regulations may require each Hauler vehicle delivering City Regulated Municipal Waste to have

Draft August 23, 2013

its tare weight and, if applicable, LCSWMA identifying number conspicuously displayed on the exterior of the vehicle in a location designated by LCSWMA and reasonably visible to the operator of the scale house at the SRMC.

Section 3.05 Delivery of Waste.

(a) The SRMC Rules and Regulations may regulate all Persons delivering City Regulated Municipal Waste to the SRMC. The City shall provide any requested assistance to enforce the LCSWMA Rules and Regulations with respect to such Persons.

(b) LCSWMA reserves the right, after providing a Hauler with notice and a reasonable opportunity to correct improper performance, to eject a Hauler from, or refuse entry by a Hauler to, the SRMC, to reject deliveries and/or impose penalties and costs upon any Hauler for (i) failure to comply with all applicable rules, regulations and requirements, (ii) delivery of Unacceptable Waste or (iii) acting in any manner that could result in governmental enforcement action against LCSWMA or that endangers the health or safety of the public or LCSWMA's employees or citizens.

(c) With respect to the delivery of City Regulated Municipal Waste to the SRMC, the City and LCSWMA shall each cooperate with each other, and use their respective powers and authorities, to ensure compliance by Haulers with (i) the SRMC Rules and Regulations, and (ii) all applicable governmental rules, regulations and requirements.

(d) LCSWMA may reject deliveries of (i) truckloads composed primarily of Leaf Waste as that term is defined in the Act 101; (ii) solid waste other than Municipal Waste; and (iii) Municipal Waste delivered at other than the Receiving Time.

Section 3.06 Hazardous Waste and Unacceptable Waste.

The Parties shall mutually cooperate in connection with all matters regarding Hazardous Waste and Unacceptable Waste under this Agreement.

Section 3.07 Residual Waste, Municipal Waste Sludge and Special Handling Municipal Waste.

LCSWMA may, but is not required to, dispose of Residual Waste and/or Municipal Waste sludge and/or Special Handling Municipal Waste generated within the City.

ARTICLE IV
TIPPING FEE

Section 4.01 Tipping Fees.

(a) LCSWMA shall charge and the City, or its designated agent or Hauler, shall pay a Tipping Fee for City Regulated Municipal Waste in accordance with the Tipping Fee Schedule attached hereto as Schedule I. Notwithstanding that the City may designate an agent or Hauler to deliver City Regulated Municipal Waste and/or pay the applicable Tipping Fee, the City shall remain fully liable to pay all Tipping Fees and Shortfall Fees under this Agreement. In

Draft August 23, 2013

addition to the Tipping Fees shown on Schedule I, LCSWMA may charge minimum access fees for small vehicles, fees for mixed loads, fees for delivery of unacceptable waste, fees for unloading assistance, fees for violations of the SRMC Rules and Regulations, and other fees charged generally to users of the SRMC under the SRMC Rules and Regulations. The City acknowledges and agrees that the Tipping Fees and processing and disposal services provided by LCSWMA under this Agreement are actual and necessary costs for necessary services for the operation of the City.

(b) The Tipping Fee is inclusive of all current governmental fees upon the processing and disposal of waste, including the Host Fee. The Tipping Fee shall be increased or decreased by the amount of any increases or decreases in such governmental fees due to Change in Law, other than the Host Fee.

Section 4.02 Host Fee.

LCSWMA shall collect and remit to the City a Host Fee of initially One Dollar (\$1.00) per Ton of solid waste received at the SRMC. Beginning January 1, 2015, this Host Fee shall be adjusted annually on January 1 of each calendar year by multiplying the Host Fee used during the prior year times the then effective Consumer Price Index divided by the Consumer Price Index of the prior year. The Host Fee shall be paid by LCSWMA to the City on a quarterly basis. Each calendar year shall be divided into four equal three month quarters, and the Host Fee shall be paid within thirty (30) days after the end of each quarter.

Section 4.03 Billing and Payments.

LCSWMA or its representative or agent shall prepare and mail invoices to each Hauler subject to the Deposit Account for Tipping Fees charged during each month within ten (10) days of the end of such month. LCSWMA shall provide the City with a summary of such invoices which shall include: (i) the total Tons of City Regulated Municipal Waste delivered to the SRMC during each such month and (ii) the total receipts from Tipping Fees applicable to the preceding month.

Section 4.04 Shortfall Fee; Security for Payment; Tipping Fee Rebate.

(a) On January 1 of each calendar year, LCSWMA shall calculate the total Tons of City Regulated Municipal Waste received during the prior calendar year (each the "Annual Tonnage") and the total receipts for Tipping Fees during the prior calendar year. LCSWMA shall provide the City with a statement of the calendar year Annual Tonnage and receipts (the "Annual Statement") within thirty (30) days after each annual anniversary

(b) In the event that the Annual Tonnage for any calendar year is less than the minimum Thirty-Five Thousand (35,000) Tons required (the "Base Tonnage"), the City shall pay to LCSWMA a shortfall fee (the "Shortfall Fee"). The Shortfall Fee shall be calculated by taking the Base Tonnage, less the Annual Tonnage, multiplied by the then applicable Tipping Fee. The Shortfall Fee shall be due and payable from the City thirty (30) days after the rendering of the Annual Statement.

(c) In lieu of the payment of City Regulated Municipal Waste Tipping Fees at the time of delivery by City contracted Haulers or City employees, the following security shall be granted to LCSWMA.

(i) LCSWMA will create and maintain a segregated Deposit Account (the "Deposit Account"). The City shall ensure that at all times after the Commencement Date the Deposit Account contains a minimum balance of One Million Dollars (\$1,000,000). In the event that any Tipping Fee invoice is not paid within thirty (30) days of the due date, or in the event that the City shall fail to pay the Shortfall Fee within thirty (30) days of the due date, LCSWMA is hereby authorized to withdraw from the Deposit Account any amount necessary to satisfy such Tipping Fee invoice and/or such Shortfall Fee. In such event, the City shall replace the amount withdrawn within thirty (30) days of notice. LCSWMA's exercise of its rights pursuant to this Section 4.04(c) shall not in any way limit LCSWMA's right to recover any additional amounts due from the City as a result of failure of the City or its agents to provide timely payment under this Agreement.

(ii) The City is receiving certain annual payments (the "Parking Revenues") as a result of transactions concerning the facilities of the Harrisburg Parking Authority. The City shall pledge and grant LCSWMA a continuing security interest in the Parking Revenues to secure the City's payment of Tipping Fees and the Termination Fee.

(d) In the event that the Annual Tonnage for any calendar year is greater than Thirty-Eight Thousand (38,000) Tons (the "Rebate Tonnage"), LCSWMA shall pay to the City a Tipping Fee rebate (the "Tipping Fee Rebate"). The Tipping Fee Rebate shall be calculated by taking the Annual Tonnage, less the Rebate Tonnage, times One Hundred Dollars (\$100). The Tipping Fee Rebate shall be due and payable to the City thirty (30) days after the rendering of the Annual Statement.

(e) LCSWMA may set off against the Tipping Fee Rebate or the Host Fee any amounts due by the City to LCSWMA, with or without an Event of Default.

(f) For purposes of this Section 4.04, all calculations relating to any calendar year which is less than twelve (12) months because it is the first or last year of the term of this Agreement shall be prorated.

ARTICLE V
ADDITIONAL CITY OBLIGATIONS

Section 5.01 City Approvals.

(a) Prior to execution of this Agreement, the Mayor of the City and a majority of the City Council shall approve this Agreement by resolution or ordinance.

(b) Promptly after execution of this Agreement, the Mayor of the City and a majority of the City Council shall adopt a resolution or ordinance which approves the Acquisition, the Asset Purchase Agreement and this Agreement.

Draft August 23, 2013

(c) Promptly after execution of this Agreement, the Mayor of the City and a majority of the City Council shall adopt a resolution or ordinance which provides appropriate approval of the sale of electricity generated by the SRMC in accordance with Section 5607(b)(3)(i) of the Authorities Act.

(d) Promptly after execution of this Agreement, the City shall take any necessary and appropriate steps to impose Waste Flow Control and direct all City Regulated Municipal Waste generated within the boundaries of the City to the SRMC. The City acknowledges that the County Plan and the Dauphin County Municipal Waste Management Ordinance designate the SRMC as the delivery point until 2033 for all Regulated Municipal Waste generated within Dauphin County, including all Regulated Municipal Waste generated within the City, and agrees that the disposal of City Regulated Municipal Waste is governed by the County Plan and Dauphin County Municipal Waste Management Ordinance. The City acknowledges and agrees that LCSWMA may issue and enforce SRMC Rules and Regulations applicable to City Regulated Waste, Haulers, and the SRMC under the County Plan and the Dauphin County Municipal Waste Management Ordinance.

Section 5.02 Removal of City Property.

(a) The City shall remove all property of the City's Department of Public Works from the SRMC within six (6) months of the Commencement Date, including but not limited to equipment, supplies, inventory, and inoperable, discarded or waste materials.

(b) At the City's sole cost and expense, the City shall remove all other City property not purchased by LCSWMA as part of the SRMC, stored at the SRMC within thirty (30) days of the Commencement Date, including but not limited to, artifacts stored in the Drying and Dewatering Building.

(c) LCSWMA will pay the City One Hundred and Fifty Thousand Dollars (\$150,000) if the removal pursuant to Section 5.02(a) and 5.02(b) above is completed in a manner reasonably satisfactory to LCSWMA (the "Removal") within six months (6) months of the Commencement Date. LCSWMA shall pay to the City an additional early moving bonus of One Hundred and Fifty Thousand Dollars (\$150,000) if the Removal occurs within three months (3) months of the Commencement Date.

(d) The City shall commence Removal immediately upon the Commencement Date, shall coordinate Removal efforts with LCSWMA so as to avoid interference with LCSWMA's operation of, or damage to any part of, the SRMC, shall complete the Removal in a good and workman like manner, leaving all structures in broom clean condition and shall provide LCSWMA with written notice when the Removal is completed.

Section 5.03 Steam Lines. The City, THA or THA's successor shall take and maintain ownership of any portion of any steam lines connected to the SRMC that are located beyond the boundaries of tract upon which the SRMC is located.

Section 5.04 Water and Sewer. The City shall cause THA or THA's successor to provide to LCSWMA, for use at the SRMC, water, effluent water and sewer services as required by the Asset Purchase Agreement.

Draft August 23, 2013

Section 5.05 Cooperation. The City will cooperate in good faith with LCSWMA to accomplish the requirements of this Agreement.

ARTICLE VI
INDEMNIFICATION

Section 6.01 Indemnification by LCSWMA.

LCSWMA shall protect, indemnify, and hold harmless the City and its respective officials, employees and agents, (the "City Indemnified Parties") from and against all liabilities, actions, damages, claims, demands, judgments, losses, costs, expenses, suits, or actions and reasonable attorneys' fees, and shall defend the City Indemnified Parties in any suit, including appeals, for personal injury to, or death of, any Person or Persons, or for loss or damage to property arising out of (a) the acts or omissions of LCSWMA in the performance (or nonperformance) of LCSWMA's obligations under this Agreement, or (b) the acts or omissions, whether or not negligent, of LCSWMA in owning, operating or maintaining the SRMC during the term of this Agreement, or (c) the disposal by LCSWMA of the products of processing Regulated Municipal Waste. LCSWMA is not, however, required to protect, indemnify or hold harmless any City Indemnified Party for loss or claim resulting from performance (or nonperformance) of the City's obligations under this Agreement or the negligence or willful misconduct of any City Indemnified Party. LCSWMA's indemnity is for the exclusive benefit of City Indemnified Parties and in no event shall such indemnity inure to the benefit of any third Person. Notwithstanding the foregoing, nothing in this Section 6.01 shall require LCSWMA to indemnify any party with respect to environmental problems or liability with the SRMC prior to the Commencement Date.

Section 6.02 Indemnification by the City.

The City shall protect, indemnify, and hold harmless LCSWMA, its officers, directors and employees and their affiliates (including subsidiaries), and their respective officers, members, employees and agents (the "LCSWMA Indemnified Parties") from and against all liabilities, actions, damages, claims, demands, judgments, losses, costs, expenses, suits, or actions and reasonable attorneys' fees, and shall defend LCSWMA Indemnified Parties in any suit, including appeals, for personal injury to, or death of, any Person or Persons, or for loss or damage to property arising out of the acts or omissions of the City or Haulers in the performance (or nonperformance) of the City's obligations under this Agreement. The City is not, however, required to protect, indemnify or hold harmless any LCSWMA Indemnified Party for loss or claim resulting from performance (or nonperformance) of LCSWMA's obligations under this Agreement or the negligence or willful misconduct of any Contractor Indemnified Party. The City's indemnity is for the exclusive benefit of LCSWMA Indemnified Parties, and in no event shall such indemnity inure to the benefit of any third Person.

ARTICLE VII
UNCONTROLLABLE CIRCUMSTANCES

Section 7.01 Excuse for Nonperformance.

The failure of either Party to perform any obligation under this Agreement due to an Uncontrollable Circumstance shall not constitute a breach of any such obligation.

Section 7.02 Mitigation.

Each Party shall be obligated to take all reasonable steps to mitigate the adverse effect of any Uncontrollable Circumstance.

Section 7.03 Notices.

Each Party shall be obligated to provide prompt notice to the other Party of the occurrence of an Uncontrollable Circumstance and to specify the extent of the adverse effect of such event on the performance of such Party's obligations under the Agreement.

Section 7.04 Adjustment to the Tipping Fee for Uncontrollable Circumstances.

In the event that Uncontrollable Circumstances give rise to increased costs of operation or maintenance or requires capital investment in the SRMC, LCSWMA may increase the Tipping Fees by the amount of the increased costs upon notice to the City containing a detailed accounting and justification for a proposed Tipping Fee increase to compensate for the increased cost. Within thirty (30) days of receiving such notice, if the City disputes the Tipping Fee increase or the amount thereof, the dispute shall be resolved by good faith negotiations between the Parties. If no resolution has been reached after thirty (30) days of good faith negotiation between the Parties, either Party may elect to resolve such dispute pursuant to Section 7.05.

Section 7.05 Arbitration.

In the event the Party receiving notice of the occurrence of an Uncontrollable Circumstance shall dispute the claimed adverse effect, the dispute shall be resolved by arbitration pursuant to Article X.

ARTICLE VIII
EVENTS OF DEFAULT

Section 8.01 Events of Default by LCSWMA.

The following shall constitute Events of Default on the part of LCSWMA:

- (a) The repeated failure or refusal by LCSWMA to fulfill all or any of LCSWMA's obligations under this Agreement;
- (b) (i) LCSWMA's being or becoming insolvent or bankrupt or ceasing to pay its debts as they mature or making an arrangement for the benefit of its creditors or

Draft August 23, 2013

consenting to or acquiescing in the appointment of a receiver, trustee or liquidator for a substantial part of its property, or (ii) a bankruptcy, winding up, reorganization, insolvency, arrangement or similar proceeding instituted by or against LCSWMA under the laws of any jurisdiction, which proceeding has not been dismissed within thirty (30) days, or (iii) any action or answer by LCSWMA approving of, consenting to, or acquiescing in, any such proceeding, or (iv) the levy of any distress, execution or attachment upon the property of LCSWMA which shall substantially interfere with LCSWMA's performance under this Agreement;

(c) The failure of LCSWMA to operate the SRMC for a continuous period of one hundred and eighty (180) days. Operation as a transfer station is sufficient.

Section 8.02 Events of Default by the City.

The following shall constitute Events of Default on the part of the City:

(a) The repeated failure or refusal by the City to fulfill all or any of its obligations under this Agreement, other than the obligation to pay money when due;

(b) (i) The City's being or becoming insolvent or bankrupt or ceasing to pay its debts as they mature or making an arrangement with or for the benefit of its creditors or consenting to or acquiescing in the appointment of a receiver, trustee or liquidator for a substantial part of its property, or (ii) a bankruptcy, winding up, reorganization, insolvency, arrangement or similar proceeding instituted by or against the City under the laws of any jurisdiction, which proceeding has not been dismissed within thirty (30) days, or (iii) any action or answer by the City approving of, consenting to, or acquiescing in, any such proceeding, or (iv) the levy of any distress, execution or attachment upon the property of the City which shall substantially interfere with the City's performance under this Agreement; and

(c) The failure on the part of the City to pay all or any amounts owed to LCSWMA under this Agreement, within thirty (30) days following the date such amounts become due, or to make such other arrangements with LCSWMA as may be mutually agreed in writing.

ARTICLE IX
REMEDIES

Section 9.01 Remedies of the City.

(a) An Event of Default under Section 8.01(a) shall entitle the City to institute a legal proceeding seeking specific performance of this Agreement, and LCSWMA agrees that with respect to such action brought against LCSWMA by the City, that the award of damages at law is not an adequate remedy for an Event of Default under Section 8.01(a), nor the equivalent of the performance of LCSWMA's obligations under this Agreement.

(b) If, within a period of thirty (30) days after LCSWMA shall have received notice from the City that an Event of Default has occurred under Section 8.01, and LCSWMA has neither remedied, nor has commenced and continued to pursue with due diligence, a remedy for any such Event of Default, the City may terminate this Agreement upon thirty (30) days'

Draft August 23, 2013

prior written notice to LCSWMA unless such Event of Default is cured within such thirty (30) day period, or such longer period as may be reasonably required.

(c) An Event of Default of the character described in Section 8.01(b) of this Agreement shall not require notice by the City as provided above, but shall terminate this Agreement forthwith.

(d) This Section 9.01 shall survive the termination of this Agreement.

Section 9.02 Remedies of LCSWMA.

(a) An Event of Default under Section 8.02(a) shall entitle LCSWMA to institute a legal proceeding seeking specific performance of this Agreement, and the City agrees that with respect to such actions brought against the City by LCSWMA, that the award of damages at law is not an adequate remedy for an Event of Default under Section 8.02(a) of this Agreement, or the equivalent of the performance of the City's obligations under this Agreement.

(b) If, within a period of thirty (30) days after the City shall have received notice from the City that an Event of Default has occurred under Section 8.02(c), and the City has neither remedied, nor has commenced and continued to pursue with due diligence, a remedy for any such Event of Default, nor has commenced an appropriate proceeding to dispute the existence of an Event of Default, LCSWMA may terminate the Agreement upon ten (10) days' prior written notice to the City unless such Event of Default is cured within such ten (10) day period, and in the event of failure to cure, case the Termination Fee shall be due.

(c) An Event of Default described in Section 8.02(b) of this Agreement shall not require notice by LCSWMA as provided above, but shall terminate this Agreement forthwith, in which case the Termination Fee shall be due.

(d) This Section 9.02 shall survive the termination of this Agreement.

Section 9.03 Manner of Termination Payment.

Within thirty (30) days following the termination or expiration of this Agreement for any reason, the Parties shall use best efforts to reconcile all amounts then due and payable to either Party under the terms of this Agreement, including but not limited to the obligation to pay the Termination Fee. The total amount of the net outstanding unpaid balance which either Party may owe the other, the City or LCSWMA as the case may be, shall, within sixty (60) days after termination or expiration of this Agreement, be paid by the applicable Party. This Section 9.03 shall survive the termination of this Agreement.

ARTICLE X
DISPUTE RESOLUTION

Section 10.01 Scope.

In the event any controversy, claim or dispute between LCSWMA and the City shall arise with respect to the provisions of this Agreement or the transactions contemplated by this Agreement, the City and LCSWMA shall resolve the dispute in accordance with this Article X.

Section 10.02 Resolution.

(a) The dispute shall be, unless otherwise agreed to by the parties, exclusively referred to, and finally determined by, arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association by three (3) arbitrators. The appointment of the arbitrators shall be in accordance with the Commercial Arbitration Rules of the American Arbitration Association. The prevailing party shall be entitled to collect its arbitration costs, attorneys' fees, expert fees or any other costs arising from arbitration from the other party in accordance with the provisions permitting the award of the same under the Commercial Arbitration Rules of the American Arbitration Association. Any award of the arbitrators may be entered as a judgment in any court of competent jurisdiction.

(b) Nothing set forth in this Section 10.02 shall prevent the City and LCSWMA from settling any dispute by mutual agreement at any time.

ARTICLE XI
DEFINITIONS

Section 11.01 Definitions.

For purposes of this Agreement, the following words and phrases shall be given the respective interpretations and meanings set forth below.

"Acquisition" is the acquisition of the SRMC by LCSWMA as set forth in the second Background paragraph of this Agreement.

"Act 101" means the Municipal Waste Planning, Recycling and Waste Reduction Act, Commonwealth Act of July 28, 1988, No. 101, 53 P.S. §§ 4000.101, *et seq.*, and as subsequently modified.

"Agreement" means this Municipal Solid Waste Disposal Agreement between the City and the LCSWMA, as amended, supplemented or extended.

"Annual Statement" is defined in Section 4.04(a).

"Annual Tonnage" is defined in Section 4.04(a).

"Asset Purchase Agreement" means the agreement between LCSWMA and THA under which the Acquisition of the SRMC is to occur.

Draft August 23, 2013

“Authorities Act” means the Municipality Authorities Act of 1945 (Act of 1945, P.L. 382 No. 164).

“Base Tonnage” is defined in Section 4.04(b).

“Business Day” means each Monday, Tuesday, Wednesday, Thursday, Friday and Saturday which is not a Legal Holiday.

“C&D Waste” means all construction and/or demolition waste, except Hazardous Waste and Unacceptable Waste.

“Change in Law” means the occurrence after the Commencement Date of an event described in paragraph (a) below unless such event is excluded pursuant to paragraph (b) or paragraph (c) below.

(a) Change in Law means any of the following:

(i) the enactment, adoption, promulgation or modification of any federal, state or local law, ordinance, code, rule or regulation; or

(ii) the order or judgment of any federal, state or local court, administrative agency or other governmental body; or

(iii) the imposition of any conditions on the renewal (or the suspension, termination, interruption, revocation, modification, denial or failure of renewal) of any governmental license, approval or permit necessary for the operation or maintenance of the SRMC as contemplated under this Agreement; or

(iv) the adoption, promulgation, modification or interpretation in writing by the governmental agency or unit having appropriate jurisdiction of a written guideline or policy statement of the governmental agency or unit having appropriate jurisdiction.

(b) Any event described in paragraph (a) above shall not be a Change in Law unless:

(i) the event changes the cost or ability of the Party relying thereon to carry out its obligations under this Agreement; and

(ii) the event affects the collection, transport, storage or disposal of Municipal Waste, or the operation or maintenance of the SRMC as contemplated under this Agreement, and

(iii) the event established requirements which are more burdensome than or in addition to:

(A) the most stringent requirements in effect on the Commencement Date; and

Draft August 23, 2013

(B) any requirements (except requirements to comply with future laws, ordinances, codes, rules or regulations) contained in any existing governmental licenses, approvals or permits with respect to the SRMC.

(c) an event which would otherwise be a Change in Law pursuant to paragraph (a) and paragraph (b) above shall not be a Change in Law if:

(i) the event is caused by the fault of the Party relying thereon, or

(ii) the event is a change in federal, state, local or any other tax law, ordinance, code, rule or regulation or similar tax legislation, or by the Internal Revenue Service or the United States Treasury Department or other governmental agency in interpretation of existing tax laws and regulations promulgated or proposed with respect to existing federal, state, local or other tax laws, and does not discriminate against Persons who operate mass burn, resource recovery or Municipal Waste disposal facilities; or

(iii) the event is the failure to obtain a permit unless such failure is directly caused by one of the events set forth in paragraph (a)(i) or (a)(iii) above.

“City” means the City of Harrisburg, a duly established Third-Class City under the laws of the Commonwealth.

“City Indemnified Parties” is defined in Section 6.01.

“City Regulated Municipal Waste” means municipal waste generated within the City except C&D Waste, Residual Waste, Municipal Waste Sludge, or Special Handling Waste.

“Collection Contract” has the meaning set forth in the fifth background paragraph of this Agreement.

“Commencement Date” means the date established pursuant to the provisions of Article I.

“Commonwealth” means the Commonwealth of Pennsylvania and each of its appropriate administrative, contracting and regulatory agencies, departments, bureaus and offices.

“Consumer Price Index” shall have the meaning set forth in Schedule I.

“Contract Date” means the date of execution of this Agreement as set forth at the head of this Agreement.

“County” means the County of Dauphin, Commonwealth of Pennsylvania, and its Department of Solid Waste Management & Recycling.

“County Plan” means the Dauphin County 2013 Plan Revision to the Dauphin County Act 101 Municipal Waste Management Plan, as now or hereafter amended or revised.

Draft August 23, 2013

“County Regulated Municipal Waste” means all Regulated Municipal Waste, including City Regulated Municipal Waste.

“Deposit Account” is defined in Section 4.04(c)(i).

“Designated Facility” means the SRMC.

“End Date” means the date set forth in Section 1.01

“EPA” means the United States Environmental Protection Agency or its successor.

“Event of Default” means any one or more of those events described in Sections 8.01 and 8.02 of this Agreement.

“Hauler” or “Haulers” means a Person or Persons transporting Regulated Municipal Waste to the SRMC other than Regulated Municipal Waste generated within such Person’s own residential household.

“Hazardous Waste” means any material or substance which, as of the Commencement Date, and by reason of its composition or characteristics is (a) toxic or hazardous waste as defined in the Solid Waste Disposal Act, 42 U.S.C. §§ 6901 *et seq.*, as amended, replaced or superseded, and the regulations thereunder, (b) material regulated by the Toxic Substances Control Act, 15 U.S.C. §§ 2601 *et seq.*, as amended, replaced or superseded, and the regulations thereunder, (c) special nuclear or by-products material within the meaning of the Atomic Energy Act of 1954, 42 U.S.C. §§ 2011 *et seq.*, as amended, replaced or superseded, and the regulations thereunder, or (d) material regulated as a Hazardous Waste by the Solid Waste Management Act 35 P.S. §§ 6018.101 *et seq.* If any governmental agency or unit having appropriate jurisdiction shall determine that substances which were not, as of the Commencement Date, considered harmful, toxic, or dangerous, are harmful, toxic or dangerous, are hazardous or harmful to health when disposed of at the SRMC, then any such substances or materials shall thereafter be Hazardous Waste for purposes of this Agreement as of the effective date of any such determination.

“HMERRF” or “SRMC” means the waste processing, transfer, disposal, recycling and/or energy recovery facilities of LCSWMA located at 1670 South 19th Street, Harrisburg, Pennsylvania 17104, as described in the first “Background” paragraph above. The term shall include the entire site including a transfer station, recycling drop-off facilities and ash landfill cells.

“HMERRF Debt” means all debt of THA applicable to the SRMC as described in the “Background” paragraph above.

“Host Fee” means the per Ton fee paid the SRMC under the County Plan for disposing of the County’s Regulated Municipal Waste as set forth in Section 4.02 of this Agreement.

“LCSWMA” means the Lancaster County Solid Waste Management Authority or its successor.

Draft August 23, 2013

“LCSWMA Indemnified Parties” is defined in Section 6.02.

“Legal Holiday” means Martin Luther King Day, Presidents Day, Memorial Day, Good Friday, Independence Day, Labor Day, Veterans Day, Columbus Day, Thanksgiving Day (and subsequent day), Christmas Day (and the previous or subsequent business day as designated) and New Year’s Day or any other holiday as agreed to by the City under the terms and conditions of any applicable union collective bargaining agreement.

“Municipal Waste” means (a) any garbage, refuse, industrial lunchroom or office waste and other material, including solid, liquid, semisolid or contained gaseous material, resulting from operation of residential, municipal, commercial or institutional establishments and from community activities and (b) any sludge not meeting the definition of residual or hazardous waste in the Solid Waste Management Act from a municipal, commercial or institutional water supply treatment plant, wastewater treatment plant or air pollution control facility and (c) leaves, garden residues, grass clippings, shrubbery and tree trimmings, and similar material. Municipal Waste does not include recycled materials or composted materials, or truckloads composed primarily of leaves, garden residues, grass clippings, shrubbery and tree trimmings, and similar material.

“Parking Revenues” is defined in Section 4.04(d)(ii).

“Party” or “Parties” means LCSWMA and/or the City.

“Person” or “Persons” means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof.

“Receiver” has the meaning set forth in the second “Background” paragraph above.

“Receiving Time” means the period of operation of the SRMC consisting of 4:00 a.m. to 6:00 p.m. EST, Monday through Friday; 6:00 a.m. to 2:00 p.m. EST, Saturday, or such shorter period as may required by any permit applicable to the SRMC.

“Recovery Plan” means the recovery plan for the City as described in the first Background paragraph above.

“Regulated C&D Waste” means C&D Waste generated within the County and regulated by the County pursuant to the County’s Rules and Regulations.

“Regulated Municipal Waste” means Municipal Waste generated within the County except C&D Waste, Residual Waste, Sludge, or Special Handling Waste, as regulated by the County pursuant to the County Municipal Waste Management Ordinance.

“Regulated Waste” means Municipal Waste (except Residual Waste, Municipal Waste Sludge, or Special Handling Waste) and C&D Waste generated within the County and regulated by the County, including City Regulated Municipal Waste.

Draft August 23, 2013

“Removal” means the complete removal of the City’s property from the SRMC as set forth in Section 5.02.

“Residual Waste” means any garbage, refuse, other discarded material or other waste, including solid, liquid, semisolid or contained gaseous materials resulting from industrial, mining and agricultural operations and any sludge from an industrial, mining and agricultural operations and any sludge from an industrial, mining or agricultural water supply treatment facility, waste water treatment facility or air pollution control facility, provided that it is not hazardous. The term shall not include coal refuse as defined in the Commonwealth Act of September 24, 1968 (P.L. 1040, No. 318), known as the Coal Refuse Disposal Control Act. The term shall not include treatment sludges from coal mine drainage treatment plants, disposal of which is being carried on pursuant to and in compliance with a valid permit issued pursuant to the Commonwealth Act of June 22, 1937 (P.L. 1987, No. 394) known as The Clean Streams Law.

“Schedule” means any exhibit or schedule attached to this Agreement and incorporated in this Agreement, unless otherwise expressly indicated by the terms of this Agreement.

“Shortfall Fee” is defined in Section 4.04(c).

“Special Handling Municipal Waste” means Municipal Waste for which any governmental agency or unit having appropriate jurisdiction requires special approval (other than that generally required for Municipal Waste) prior to disposal in a permitted Municipal Waste disposal facility.

“SRMC” has the meaning set forth in the first background paragraph to this Agreement.

“SRMC Rules and Regulations” shall mean the rules and regulations issued by LCSWMA under the authority of the Dauphin County Municipal Waste Management Ordinance and the County Plan.

“Term” shall mean the period from the Commencement Date until the Termination Date, inclusive.

“Termination Date” means the date set forth in Section 1.04.

“Termination Fee” means the payment set forth in Section 1.04.

“THA” means The Harrisburg Authority as described in the first Background paragraph above.

“THA Agreement” means the December 1, 1993, Municipal Solid Waste Disposal Agreement between the City and THA, which was subsequently amended on June 4, 2003 to extend the term to 2036 and amended again on January 1, 2007, as amended.

“Tipping Fee” means the per ton gate rate for City Regulated Municipal Waste acceptance charged by LCSWMA, which shall include the applicable Host Fee. The Tipping Fees for the Term are set forth in Schedule I, the Tipping Fee Schedule, attached to this Agreement and made a part of this Agreement.

Draft August 23, 2013

“Tipping Fee Rebate” is defined in Section 4.4(d).

“Ton” means two thousand (2,000) pounds.

“Unacceptable Waste” means all of the following, except for trace amounts normally found in household or commercial waste:

(a) any material that by reason of its composition, characteristics or quantity is ineligible for disposal at the SRMC pursuant to the provisions of (i) the Resource Conservation and Recovery Act of 1976, 42 U.S.C. §§ 6901 *et seq.*, and the regulations thereunder, or (ii) any other applicable law, rule or regulation (including, but not limited to, the following laws and the regulations, if any, promulgated under each: the Federal Insecticide, Fungicide and Rodenticide Act, 7 U.S.C. §§ 136 *et seq.*; the Federal Water Pollution Control Act, 33 U.S.C. §§ 1251 *et seq.*; the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. §§ 9601 *et seq.*; the Hazardous Sites Cleanup Act, Act 108, enacted October 18, 1988; and any similar or substituted legislation or regulations or amendments to the foregoing, as well as any other laws coextensive with the foregoing);

(b) any other materials that any governmental agency or unit having appropriate jurisdiction has determined to be ineligible for disposal at the SRMC;

(c) any waste that the SRMC is precluded from accepting pursuant to any existing permit governing the SRMC or the Act or Act 97;

(d) Hazardous Waste;

(e) except as provided in Section 3.08, Residual Waste;

(f) except as provided in Section 3.08, Special Handling Municipal Waste including but not limited to, asbestos, sludge, infectious waste, and chemotherapeutic waste;

(g) an individual truckload of Municipal Waste which contains refrigerators, washing machines, dryers, window air conditioners, hot water heaters and other major home appliances in quantity and/or automobile tires in quantity; and

(h) any other material that presents an endangerment to the SRMC or the public health or safety.

“Uncontrollable Circumstance” means any act, event or condition, other than a labor strike, that has had, or may reasonably be expected to have, a direct material adverse effect on the rights or the obligations of a Party under this Agreement, or a direct material adverse effect on the operation of the SRMC, or on the delivery of Municipal Waste to the SRMC, if such act, event or condition is beyond the reasonable control of, and without the fault of, the Party relying thereon as justification for not performing an obligation or complying with any condition required of such Party under this Agreement. Such acts or events shall include, but shall not be limited to, the following:

Draft August 23, 2013

(a) an act of God (except reasonably expected weather conditions for the geographic area of the SRMC), hurricanes, tornados, epidemic, landslide, lightning, earthquake, flood, fire or explosion or similar occurrence; or an act of the public enemy, war, blockade, insurrection, riot, general unrest, or restraint of government and people, civil disturbance or similar occurrence;

(b) the order, or injunction and/or judgment of any federal, Commonwealth or local court, administrative agency or governmental body with jurisdiction over the performance of either Party's obligations under this Agreement; excepting decisions interpreting federal, Commonwealth and local tax laws; provided that such order or judgment shall not be the result of the negligent or willful action or inaction of the Party relying thereon and neither the contesting in good faith of any such order or judgment nor the failure to so contest shall be construed as a willful or negligent action or inaction of such Party; and

(c) a Change in Law.

Such acts or events shall not include failure to obtain a permit or license, or failure to obtain renewal, amendment or modification of a permit or license, which events shall not be an Uncontrollable Circumstance unless due to Change in Law.

"Waste Flow Control" means the authority, by law, ordinance, regulation, resolution, or other legally binding provision or legally binding official act of the City or the County to direct all Municipal Waste generated within the boundaries of the City or the County to one or more designated Municipal Waste processing or disposal facilities.

"Week" means a period commencing Sunday at 12:01 a.m. and ending on midnight of the following Saturday.

Section 11.02 Terms Generally.

Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation," except as the context may otherwise require. The words "approval" and "consent" shall be deemed to be followed by the phrase "which shall not be unreasonably withheld or unduly delayed" except as the context may otherwise require.

Section 11.03 Notices Generally.

Unless specifically provided elsewhere in this Agreement, at least fifteen (15) days prior written notice shall be required to be given of any breach of, or failure to fulfill any requirement of, this Agreement by a Party, in order to allow the Party receiving such notice to cure any such breach or to allow such Party time to prepare for, question or contest the fact that any such requirement of this Agreement has not been fulfilled.

ARTICLE XII
MISCELLANEOUS

Section 12.01 Representations of the City.

The City represents to LCSWMA that:

(a) the City is duly organized and existing in good standing under the laws of the Commonwealth and is duly qualified and authorized to carry on the governmental functions and operations as contemplated by this Agreement;

(b) the City has the requisite power, authority and legal right to enter into and perform its obligations set forth in this Agreement, and the execution, delivery and performance of this Agreement by the City (i) has been duly authorized, (ii) does not require the approval of any other governmental officer or body, other than those permits or approvals contemplated to be obtained before the Commencement Date, (iii) will not violate any judgment, order, law or regulation applicable to the City, and (iv) does not constitute a default under, or result in the creation of, any lien, charge, encumbrance or security interest upon any assets of the City under any agreement or instrument to which the City is a party or by which the City or its assets may be bound;

(c) this Agreement has been duly executed and delivered by the City and constitutes a legal, valid and binding obligation of the City, fully enforceable in accordance with its terms; and

(d) there is no action, suit or proceeding, at law or in equity, before or by any court or governmental authority, pending or, to the best of the City's knowledge, threatened against the City, wherein an unfavorable decision, ruling or finding would materially adversely affect the performance by the City of its obligations under this Agreement or the transactions contemplated by this Agreement, or which, in any way, would adversely affect the validity or enforceability of this Agreement, or any other agreement or instrument entered into by the City in connection with the transactions contemplated by this Agreement.

Section 12.02 Representations of LCSWMA.

LCSWMA represents to the City that:

(a) LCSWMA is duly organized and existing in good standing under the laws of the Commonwealth of Pennsylvania and is duly qualified and authorized to carry on the governmental functions and operations as contemplated by this Agreement;

(b) LCSWMA has the requisite power, authority and legal right to enter into and perform its obligations set forth in this Agreement, and the execution, delivery and performance of this Agreement, (i) has been duly authorized, (ii) does not require the approval of any other governmental officer or body, other than those permits or approvals contemplated to be obtained before the Commencement Date, (iii) will not violate any judgment, order, law or regulation applicable to LCSWMA or any provisions of LCSWMA's articles of incorporation or by-laws, and (iv) does not constitute a default under or result in the creation of, any lien, charge,

Draft August 23, 2013

encumbrance or security interest upon any assets of LCSWMA under any agreement or instrument to which LCSWMA is a party or by which LCSWMA or its assets may be bound;

(c) this Agreement has been duly executed and delivered and constitutes a legal, valid and binding obligation of LCSWMA, fully enforceable in accordance with its terms; and

(d) there is no action, suit or proceeding, at law or in equity, before or by any court or governmental authority, pending or, to the best of LCSWMA's knowledge, threatened against LCSWMA, wherein an unfavorable decision, ruling or finding would materially adversely affect the performance by LCSWMA of its obligations under this Agreement or the other transactions contemplated by this Agreement, or which, in any way, would adversely affect the validity or enforceability of this Agreement, or any other agreement or instrument entered into by LCSWMA in connection with the transactions contemplated by this Agreement.

Section 12.03 Interest on Payments.

All payments not made on the applicable due date shall bear interest from such date until the date payment is made at the lower of (a) the maximum rate permitted by Commonwealth law, or (b) the prime rate of The Chase Manhattan Bank, N.A., or in the event the Chase Manhattan Bank, N.A. no longer publishes a prime rate, the similar rate of a comparable bank.

Section 12.04 Compliance with Laws.

LCSWMA shall comply with all laws and regulations and permits issued thereunder in connection with the SRMC and governing disposal of Regulated Municipal Waste.

Section 12.05 Assignment.

This Agreement may be assigned by either Party for financing purposes, or to a successor governmental body, agency or authority. This Agreement may not be otherwise assigned by either Party without the prior written consent of the other Party, which shall not be unreasonably withheld.

Section 12.06 Notices.

All notices, demands, requests and other communications under this Agreement shall be deemed sufficient and properly given if in writing and delivered in person or by recognized carrier service to the following addresses or sent by certified or registered mail, postage prepaid with return receipt requested, at such addresses; provided, if such notices, demands, requests or other communications are sent by mail, they shall be deemed as given on the third day following such mailing which is not a Saturday, Sunday or day on which United States mail is not delivered:

Draft August 23, 2013

(a) If to LCSWMA:

The Lancaster County Solid Waste Management Authority
1299 Harrisburg Pike
Lancaster, Pennsylvania 17603-2515
Attention: Chief Executive Officer

with a copy to:

Alexander Henderson, III, Esquire
Hartman Underhill & Brubaker, LLC
221 East Chestnut Street
Lancaster, PA 17602

(b) If to the City:

City of Harrisburg
[address]

with a copy to:

[counsel]

Either Party may, by like notice, designate any further or different addresses to which subsequent notices shall be sent. Any notice under this Agreement signed on behalf of the notifying Party by a duly authorized attorney at law shall be valid and effective to the same extent as if signed on behalf of such Party by a duly authorized officer or employee.

Section 12.07 Relationship of the Parties.

Neither Party shall have any responsibility to perform services for or to assume contractual obligations which are the obligation of the other Party; and nothing in this Agreement shall constitute either Party as a partner, agent or representative of the other Party, or be deemed to create any fiduciary relationship between the Parties.

Section 12.08 Waiver.

Unless otherwise specifically provided by the terms of this Agreement, no delay or failure to exercise a right resulting from any breach of this Agreement shall impair such right or shall be construed to be a waiver of such right, but such right may be exercised from time to time and as often as may be deemed expedient. To be effective any waiver must be in writing and signed by the Party granting such waiver. If any representation, warranty or covenant contained in this Agreement is breached by either Party and thereafter waived by the other Party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive, either expressly or impliedly, any other breach under this Agreement.

Draft August 23, 2013

Section 12.09 Section Captions; References.

The table of contents, article and section headings and captions contained in this agreement are included for convenience only and shall not be considered a part of this Agreement or affect in any manner the construction or interpretation of this Agreement. Except as otherwise indicated, all references in this Agreement to Sections and Articles are to sections and articles of this Agreement.

Section 12.10 Severability.

In the event that any provision of this Agreement shall, for any reason, be determined to be invalid, illegal or unenforceable in any respect, the Parties shall negotiate in good faith and agree to such amendments, modifications or supplements of or to this Agreement or such other appropriate actions as shall, to the maximum extent practicable in light of such determination implement and give effect to the intentions of the Parties as reflected in this Agreement, and the other provisions of this Agreement, as so amended, modified, supplemented or otherwise affected by such action, shall remain in full force and effect.

Section 12.11 Amendment.

No amendment, modification or change to this Agreement shall be effective unless same shall be in writing and duly executed by the Parties.

Section 12.12 Agreement Governed by Commonwealth Law.

This Agreement shall be governed by the laws of the Commonwealth.

Section 12.13 No Other Agreements.

All negotiations and agreements prior to the date of this Agreement are superseded by this Agreement. This Agreement shall constitute the entire agreement between the City and LCSWMA with respect to the disposal services contemplated by this Agreement.

Section 12.14 Successors and Assigns.

This Agreement shall be binding upon and inure to the benefit of the respective successors, permitted assigns, administrators and trustees of the City and LCSWMA.

Section 12.15 Execution of Documents.

This Agreement may be executed in any number of duplicate originals, any of which shall be regarded for all purposes as an original and all of which shall constitute but one and the same instrument.

Draft August 23, 2013

IN WITNESS WHEREOF, the City and LCSWMA have caused this Agreement to be executed in their respective names, have caused their respective corporate seals to be affixed to this Agreement, have caused this Agreement to be attested, all by their duly authorized officers and representatives, and have caused this Agreement to be dated as of the date and year first written above.

CITY OF HARRISBURG

By: _____
Mayor

Attest: _____
President, City Council

Approved: _____
City Solicitor

LANCASTER COUNTY SOLID WASTE
MANAGEMENT AUTHORITY

Attest: _____
Secretary

By: _____
Chair

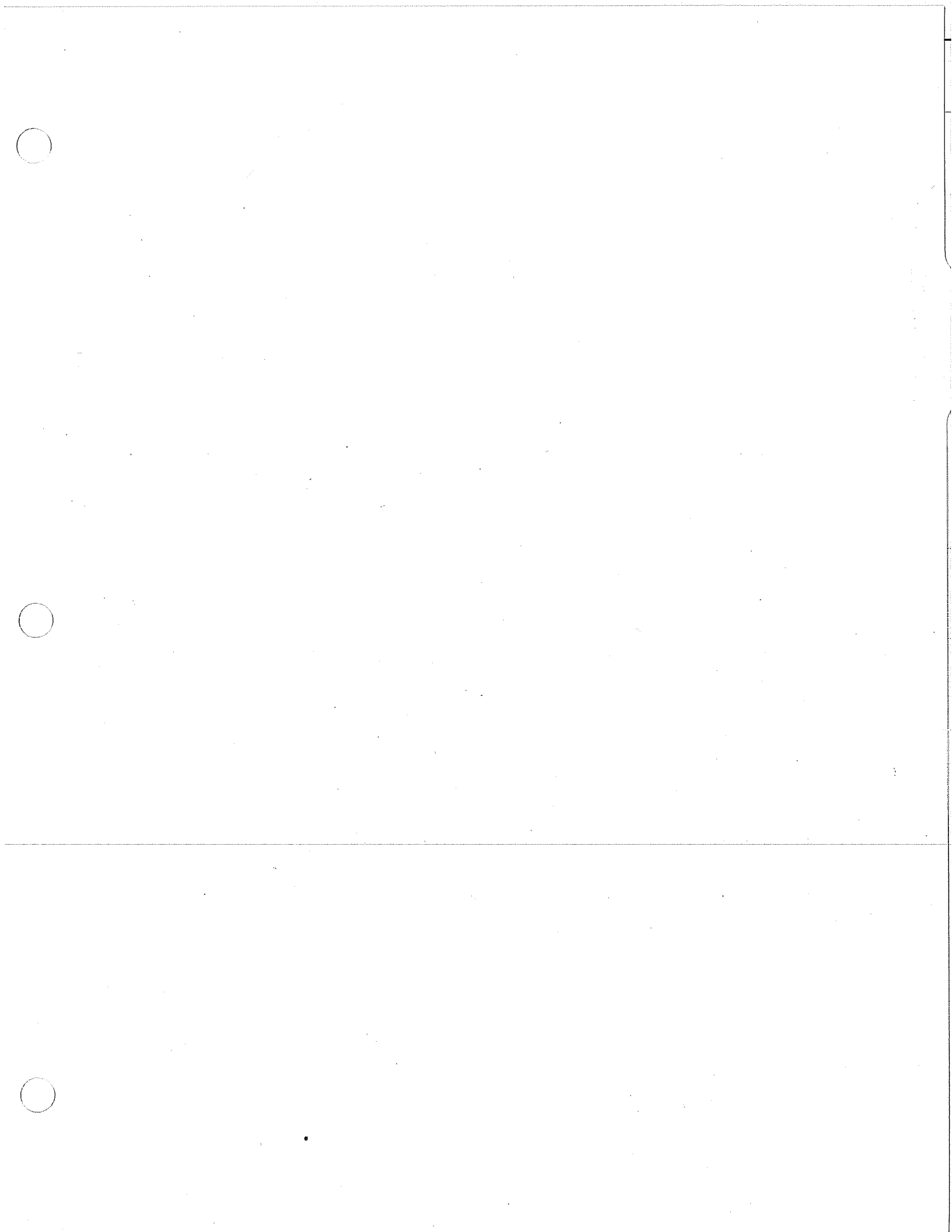
Draft August 23, 2013

SCHEDULE I -- TIPPING FEE SCHEDULE

The City Tipping Fees will be lowered from the current rate of \$200 to \$190 upon the Commencement Date. Tipping Fees will be fixed through calendar 2019 as shown on the chart below, while the rate during calendar years 2020 through 2033 inclusive will be adjusted on January 1st of each calendar year by the Consumer Price Index, using calendar year 2019 as the base year.

2013	\$190.00
2014	\$190.00
2015	\$190.00
2016	\$190.00
2017	\$190.00
2018	\$190.00
2019	\$195.00

For purposes of Schedule I and this Agreement, Consumer Price Index shall mean all Urban Consumers (Area: U.S. City Average; Item: All Items) as maintained by the U.S. Department of Labor, Bureau of Labor Statistics or by a mutually-agreeable similar index if such index is no longer available.



**Asset Transfer of the Harrisburg Parking Authority's Parking System
Summary Of Proposed Terms
August 26, 2013**

This Summary of Proposed Terms ("Term Sheet") is intended as an outline and does not purport to list or fully set forth all of the terms, conditions, covenants, warranties and other provisions that will be contained in an asset transfer agreement (the "Transfer Agreement") and other definitive documentation (together with the Transfer Agreement, the "Transaction Documents") for the proposed acquisition transaction (the "Transaction") contemplated hereby. The Transaction summarized in this Term Sheet is expressly qualified by and made subject to, among other conditions, the preparation and execution of the Transaction Documents in form and substance satisfactory to the Receiver ("Receiver") for the City of Harrisburg ("City") and the Harrisburg Parking Authority ("HPA", and together with City, the "Transferor"), on the one hand, and Pennsylvania Economic Development Financing Authority (the "Transferee"), on the other hand, which documentation will include provisions in addition to those set forth below. This Term Sheet is not intended to, and shall not, create a binding legal obligation on any of the parties, and if there is a discrepancy between this Term Sheet and the Transaction Documents, the terms of the Transaction Documents will control.

On October 10, 2012, the Receiver selected the Harrisburg First Team as the party to begin exclusive negotiations for the asset transfer. The Harrisburg First Team is comprised of the individual firms Guggenheim Securities LLC, an affiliate of Guggenheim Partners ("Guggenheim"), Piper Jaffray & Co. ("Piper"), AEW Capital Management, L.P. ("AEW") and Standard Parking Corporation's subsidiary Standard Parking SP Plus Municipal Services ("Standard"). Each firms' involvement is specified solely as provided herein.

Concurrently with the Transaction, the City anticipates entering into a settlement agreement (the "Settlement Agreement") with Dauphin County, Pennsylvania (the "County"), and Assured Guaranty Municipal Corp. ("AGM") (the County and AGM in their capacities as creditors of the City, the "RRF Creditors") with respect to certain obligations of the City related to bonds issued by The Harrisburg Authority to finance its Resource Recovery Facility. HPA and the City contemplate application of the net proceeds of the Transaction (after defeasance and/or satisfaction of existing HPA bond indebtedness and other obligations and payment of costs and expenses related to the Transaction), for the benefit of the City with a portion of such proceeds being used to pay certain amounts to the RRF Creditors pursuant to the Settlement Agreement. AGM and the County will be providing credit enhancement for certain of the bonds anticipated to be issued by the Transferee as part of the Transaction. In their capacities as credit enhancers for certain bonds, AGM and the County are sometimes referred to as the "Credit Enhancers."

Transfer and Modernization Agreement Terms¹

Overview of the Transaction	The Acquired Assets will be transferred to PEDFA - a governmental entity. The Transferee will issue tax-exempt bonds (the " <u>Bonds</u> ") in one or more series to finance the acquisition of the Acquired Assets. The Transferor will enter into an agreement (" <u>Transfer Agreement</u> ") with
------------------------------------	---

¹ The terms of the Transaction are still being reviewed by various parties, are subject to minor modification and revision, and may be supplemented in the course of review, negotiation and underwriting.

Asset Transfer of the Harrisburg Parking Authority's Parking System
Summary Of Proposed Terms
August 26, 2013

PEDFA setting forth the terms of the Transaction and the transfer of the Parking Assets. The Parking Assets consist of a leasehold interest in the lands and the improvements thereon comprising the off-street Parking Assets and the rights to use such lands and improvements to operate a parking system for the public benefit and a license and the delegation of the rights and powers to operate the on-street parking meters. Such delegation does not include enforcement powers.

The Transaction will be structured as an acquisition of a capital asset for federal income tax purposes and will be structured as a lease/license for state law purposes. THE OBLIGATIONS OF PEDFA UNDER THE TRANSACTION DOCUMENTS ARE NOT OBLIGATIONS OF THE COMMONWEALTH OF PENNSYLVANIA AND WILL BE NON-RECOURSE TO PEDFA AND LIMITED TO THE PARKING REVENUES.

Pursuant to the Transfer Agreement, PEDFA will enter into a lease with the HPA² having a stated term of 40 years³ for the garages and the parking lots (the "*Lease*") and a license and franchise (the "*Franchise*") with the City for the parking meters and having the same term as the Lease. The Franchise will delegate to PEDFA the right to collect parking violation revenues, set hours of operation, and set rates and fines. Upon repayment of all obligations with respect to the Bonds and the Indenture, and agreements with other parties⁴ and expiration or termination of the Transfer Agreement, Lease and Franchise, pursuant to the Lease and Franchise, the Parking Assets will revert to the City (as to the parking meters) and the HPA or its successor (as to all of the other assets) in accordance with the terms of the Lease and the Franchise.

Pursuant to the Lease, HPA will transfer rights to set rates and collect off-street parking revenues to PEDFA. Pursuant to the Franchise, the City will transfer to PEDFA rights to set rates and collect revenues for the parking meters. Initial rate adjustments are described below. PEDFA may provide for certain of its functions under the Transaction Documents (including the Franchise) to be performed by one or more qualified designees.

In order to maintain qualified management throughout the terms of the Lease and Franchise, PEDFA or its qualified designee will enter into an Asset Management Agreement with AEW as the initial Asset Manager, subject to qualified management agreement restrictions. As the Asset Manager, AEW will enter into, with the approval of PEDFA, a Parking Management Agreement with Standard as the initial Operator, also subject to qualified management agreement restrictions. The governmental agency to which the Enforcement Powers are delegated will also enter into a contract with the initial Operator for it to perform the functions of issuing citations and booting and towing vehicles. The Asset Management Agreement and the Parking Management Agreement will provide long term operating and maintenance standards for the Parking Assets. PEDFA will also enter into an agreement with a qualified designee pursuant to which PEDFA will delegate to the qualified designee, and the qualified designee will undertake to perform, certain administrative and approval functions of PEDFA under the Transaction Documents.

² The City presently has title to certain garages and lots that will be transferred to HPA to permit all garages and lots to be subject to one Lease agreement.

³ The term will be subject to extension if the bonds and other obligations of PEDFA have not been paid at the end of the 40 years. In addition, the term may be shortened by "turbo" redemption of the bonds and other obligations payable under the Indenture being fully redeemed and satisfied prior to the stated maturities.

⁴ The City (Transferors) contemplates assigning part of its rights to future payments in the Transaction to the RRF Creditors. The Transaction Documents will permit such assignments and direction to the Bond Trustee to make payments from agreed upon portions of the Transferors' stream of future payments directly to the RRF Creditors.

Asset Transfer of the Harrisburg Parking Authority's Parking System
Summary Of Proposed Terms
August 26, 2013

	<p>PEDFA will issue Parking Revenue Bonds (the "<u>Bonds</u>") to fund:</p> <ul style="list-style-type: none"> • Upfront payment of the cash portion of the Purchase Price to the Transferor⁵; • Initial contribution to a Capital Reserve Account; • Debt service reserve fund (cash funding will not be required if there is a debt service surety policy issued); • Reasonable operating reserves; • Premiums for property-related insurance; • Issuance, negotiation and diligence costs and underwriting fees; and • Other mutually agreed amounts. <p>The Transfer Agreement will provide for payment of the balance of the Purchase Price in the form of a note (the "<u>Note</u>") to the Transferor over time.</p>
Parking Assets	<p>10 parking garages with approximately 7,813 total spaces, 5 parking lots with approximately 1,306 spaces and parking meters assigned to approximately 1,250 metered parking spaces (final numbers and locations to be verified) throughout the Central Business District and adjoining areas of the City ("<u>Parking Assets</u>").</p> <p>Possible exclusions: City Island garage/lot, Mulberry/Dewberry Lot</p>
Acquired Assets	<p>The Parking Assets and associated assets (together the "<u>Acquired Assets</u>") consisting of:</p> <ul style="list-style-type: none"> • The Parking Assets; • Rights to collect enforcement fines and revenues (excluding adjudication fees and penalties); • All tangible and intangible property related to the operation of the Parking Assets, excluding furniture, office equipment, computers, supplies and other items used by the HPA in its administrative capacity and not used directly with any of the transferred Parking Assets and excluding air space rights over existing garages and parking lots which may be negotiated for at a future date; • All easements, licenses, permits, authorizations, and approvals appurtenances, and any other property rights utilized in or necessary for the operation of the Parking Assets; • Existing leases with respect to Parking Assets; • Existing contracts with respect to Parking Assets; • Certain accounts receivable; and • All other assets necessary and appropriate for the operation of the Parking Assets.
Objectives	<p>The objectives of the Transaction and PEDFA's management and operations under the underlying documents are as follows:</p> <ul style="list-style-type: none"> • Provide upfront and ongoing consideration to HPA, City and others • Operate and manage parking system so as to generate sufficient net revenues to fund all scheduled debt service, reserve deposits and Note payments • Provide affordable customer rates while utilizing appropriate urban and regional planning best practices with respect to parking and traffic management • Provide a high level of customer service and updated technology where cost-effective • Cooperate with City efforts to manage traffic and assure the effectiveness of the

⁵ HPA will use a portion of the Purchase Price for the defeasance and/or satisfaction of the Existing Debt.

Asset Transfer of the Harrisburg Parking Authority's Parking System
Summary Of Proposed Terms
August 26, 2013

	<p style="text-align: center;">residential permit parking system</p> <ul style="list-style-type: none"> • Insure long term operational flexibility for changing market dynamics, best practices, and technologies • Work with citizens and local businesses in support of specific customer parking needs
<p>Operation of Acquired Assets</p>	<p>Pursuant to the Transfer Agreement, Transferor will enter into the Lease with PEDFA to lease the off-street parking assets to PEDFA and to grant to PEDFA the rights to operate an off-street parking system for the public benefit. The City will grant the Franchise to PEDFA to operate the on-street parking system for the public benefit. Such grant does not include enforcement. PEDFA will implement the Lease and Franchise by contracting (directly or through its qualified designee) with AEW as initial Asset Manager (and having AEW contract with Standard as initial Operator). PEDFA may contract with a qualified designee to perform PEDFA's owner/lessee functions and to perform its functions under the Franchise.</p> <p>Enforcement powers will include the power to issue parking citations (for non-moving violations), and the power to boot and tow vehicles (the "<u>Enforcement Powers</u>"). The Enforcement Powers will be delegated by the City to another governmental agency or entity to be determined and such governmental agency will contract with Standard to perform the enforcement functions.</p>
<p>Disposition of Liabilities</p>	<p>The following liabilities will not be transferred as part of the transaction and PEDFA will be indemnified by the Transferor with respect to the following items:</p> <ol style="list-style-type: none"> 1. Existing HPA debt with associated liens on the Acquired Assets (the "<u>Existing Debt</u>"). 2. Pre-existing environmental liabilities, including but not limited to the current existence of, or prior events associated with, asbestos, underground conditions, Parking Assets operations, etc. Harrisburg First will commission an environmental review of the Parking Assets to assess pre-existing conditions. 3. Any existing payroll-related liabilities, including severance payment, accrued vacation, sick time, pension and other post-employment benefits ("<u>OPER</u>"). 4. Third party obligations unrelated to the Parking Assets, including Civil War Museum parking lot maintenance obligations and Penn National garage operations obligations. 5. Pending claims and litigation and other HPA liabilities not specifically assumed. Indemnity against claims not specifically assumed. 6. Existing labor agreements. 7. Contracts and amounts due for repair or construction work, except to the extent expressly assumed. 8. Other agreed upon items.
<p>Conditions Precedent</p>	<p>The following conditions must be satisfied to issue the Bonds and close the Transaction:</p> <ol style="list-style-type: none"> 1. Subject to certain limitations and exceptions, the HPA, City, and City agencies will agree not to compete with or impair the operations of the Parking Assets and the meters within the Non-Compete Area for garages, lots, and meters during the terms of the Lease and the Franchise. 2. Terms of the Transfer Agreement and the forms of the Lease and Franchise to be

Asset Transfer of the Harrisburg Parking Authority's Parking System
Summary Of Proposed Terms
August 26, 2013

	<p>consistent with:</p> <ol style="list-style-type: none"> a. economic assumptions used in Harrisburg First's cash flow projections; b. tax treatment for a governmental purpose tax-exempt acquisition financing; c. minimum enforcement standards for on-street meters and enforcement conducted by personnel employed by the Operator; and d. other items identified in the due diligence process. <ol style="list-style-type: none"> 3. PEDFA agreeing to act as issuer of the Bonds and enter into the Transfer Agreement, Lease, Franchise, Trust Indenture, Leasehold Mortgage, Bond Purchase Agreement, and other necessary documents. 4. HPA and AFSCME negotiating a transition agreement providing for a modification of the existing collective bargaining agreement with respect to Article 29 acceptable to the Receiver and the Operator. Employees of the Operator may be represented by AFSCME under one or more CBA's to be negotiated by the Operator after closing. Operator will offer employment to an agreed upon number of HPA employees on terms consistent with transition terms being negotiated between HPA and AFSCME. The Operator will also be offering employment to certain current City enforcement personnel on similar terms. Such similar agreements, if any, as may be appropriate with the City employee AFSCME bargaining unit will also be a condition precedent. 5. Completion of independent reviews of the Parking Assets for structural condition, environmental pre-conditions, and financial feasibility. 6. PEDFA's rights under the Lease and the lien of the Leasehold Mortgage will be subject only to such title encumbrances as are satisfactory to Harrisburg First and PEDFA. The lien of the Leasehold Mortgage will be insured as a first lien by a title company doing business in the Commonwealth of Pennsylvania so as to insure the liens created thereby in an amount not less than the principal amount of the Bonds. 7. Adoption of City resolutions and ordinances necessary to implement and/or authorize the transfer of City-owned garages and lots to HPA, and the Transfer Agreement, Lease and the Franchise (including initial and subsequent rate increases, Advisory Committee, meter additions, on street signage, enforcement delegation, initial and subsequent citation rate increases, towing, booting, free parking, residential permit expansions, zoning changes, etc.⁶). 8. The liens on the Acquired Assets associated with the Existing Debt will be satisfied and removed as a condition precedent to the closing so that the Acquired Assets are conveyed free and clear of liens, pledges of parking revenues, covenants, encumbrances and other similar restrictions, other than permitted exceptions agreed to by PEDFA. 9. Applicable requirements and conditions of AGM and/or the County to provide credit enhancement must be satisfied as a condition to closing. 10. Expiration of all appeal periods applicable to necessary court and governmental approvals.
Transition Period Covenants	<p>The City and HPA will cooperate in due diligence activities.</p> <p>HPA will operate the Parking Assets in a manner consistent with past practice, the Exclusive Negotiation Agreement between the Receiver and Harrisburg First, and HPA's standstill</p>

⁶ To be reviewed and revised as appropriate

Asset Transfer of the Harrisburg Parking Authority's Parking System
Summary Of Proposed Terms
August 26, 2013

	<p>arrangements with the Receiver.</p> <p>Satisfactory completion, with evidence of payment in full, of any existing repairs, contracts or work orders (including Walnut Street work) and escrow for payment for any incomplete work.</p> <p>HPA will provide advance notification of changes in contracts, employment, rates, parking taxes, capital improvements and change orders.</p> <p>Casualty loss prior to closing.</p> <p>No encumbrances, except those permitted.</p>
Reps and Warranties	Customary
Upfront Payment and Use of Proceeds	<p>The up-front portion of the purchase price (the "<u>Purchase Price</u>") will be funded from the proceeds of the Bonds.</p> <p>Bond proceeds will also fund a reasonably required debt service reserve fund (unless a debt service reserve fund surety policy is issued or no debt service reserve fund is required to market the particular series of bonds), a deposit to the Capital Reserve Account, working capital, capitalized interest and costs of issuance.</p> <p>Defeasance of HPA's existing bond indebtedness (the "<u>Existing Debt</u>") will be funded with a portion of the Purchase Price. The remainder of the Purchase Price will be used in accordance with the Receiver's Recovery Plan as approved by the Commonwealth Court.</p>
Parking Rates and Policy	<p>Off-Street rates – No off-street rate increases until January 1, 2014. Thereafter, the off-street schedule for monthly and transient rate increases is shown in Appendix B Initial Parking Rate Schedule.</p> <p>On-Street – No on-street rate increases until January 1, 2014. Thereafter, the on-street meter rates are shown in Appendix B Initial Parking Rate Schedule.</p> <p>On-Street Hours – Current meter hours are 9 hours each Monday through Friday.⁷ PEDFA will have the right to expand meter operation up to 11 hours each weekday and Saturday (meters will not be operated on Sundays and holidays) for the first five years of the Transfer Agreement. Thereafter, PEDFA will have the right to operate meters during a longer period.</p> <p>Enforcement Powers – A governmental agency ("<u>Enforcement Delegation Agency</u>") will be granted rights to enforce all non-moving violations observed in metered areas and in relevant areas with residential permit parking and will contract with the Operator to perform the functions to carry out the enforcement. On or before closing, meter violation rates will be set at \$30/citation with a \$20 late payment fee (up from \$14 citation currently with an \$11 penalty for late payers).⁷ Increases in meter violation citation rates will be adjusted to increases in 60-minute meter rates, such that such citation rates do not fall below 10 times the 60-minute meter rate within the CBD. Revenues associated with adjudication (other than the basic citation fine) will be retained by the City.</p> <p>The City will delegate to the governmental agency the right to tow or boot vehicles with multiple offenses or unpaid bills and collect associated revenues (net of any third party costs).</p> <p>Parking Policy within Non-Compete Area – PEDFA will work with the City to identify new residential permit parking areas (e.g. north of Forster), and the Enforcement Delegation Agency</p>

⁷ See Appendix B.

Asset Transfer of the Harrisburg Parking Authority's Parking System
Summary Of Proposed Terms
August 26, 2013

	<p>will have the right to enforce parking violations in relevant residential permit parking areas.</p> <p>PEDFA will retain the ability to adjust rates as appropriate based on market demand fluctuations over time and in accordance with Appendix B Initial Parking Rate Schedule. PEDFA will have the right to increase rates above those permitted in Appendix B Initial Parking Rate Schedule, but only to the extent necessary to meet the Rate Covenants. PEDFA's ability to reduce overall rates (but not individual rates) will be restricted if such reduction would impair its ability to meet the Rate Covenants and in the event of a bond default or breach of debt service coverage ratio covenants.</p>
<p>Advisory Committee</p>	<p>One representative of each of PEDFA or its qualified designee, the Asset Manager, the Operator, HPA, the City's Mayor, the City Council, and DGS, so long as the Commonwealth Lease is in effect, shall comprise the Advisory Committee. The Advisory Committee shall review annually and provide input with respect to the following:</p> <ul style="list-style-type: none"> • Proposed expansion or contraction of system or operations • Contractual compliance • Residential permit parking • Enforcement • Technology and capital improvements • Customer enhancements • Rates and budgets • Community relations and outreach <p>The Advisory Committee shall act in an advisory role to PEDFA (or its designee) in its operation of the Parking Assets.</p>
<p>System Maintenance Standard</p>	<p>The System Maintenance Standard will be to maintain operating standards to keep the parking garages, lots and meters in good condition and repair throughout the life of the Lease and Franchise.</p>
<p>Compensation Events</p>	<p>PEDFA will have the right to injunctive or other relief with respect to events constituting breaches of the Compensation Event Covenants.</p> <p><u>"Compensation Event Covenants"</u> will include actions or omissions by the City, HPA, the County or the Commonwealth that breach covenants with respect to the following actions or occurrences and exceed the Compensation Event Threshold:</p> <ul style="list-style-type: none"> • Reducing number or changing location of metered spaces (see exception to City Non-Compete) • Street closures and bagging exceeding an agreed-upon level of historical street closures • Increases in parking taxes • Discriminatory laws, taxes, or fees • Violation of the Non-Compete Covenant • Violation of the Non-Impair Covenant • Costs or damages arising from pre-existing environmental liabilities • Other potential CEs to be determined <p>The <u>"Compensation Event Threshold"</u> will be defined as Compensation Events which,</p>

Asset Transfer of the Harrisburg Parking Authority's Parking System
Summary Of Proposed Terms
August 26, 2013

	individually or collectively cause, or would be expected to cause, a to be determined percentage reduction in debt service coverage ⁸ in any " <i>Operating Year</i> " (the fiscal year for system operations and reporting) or an inability to meet the Rate Covenants.
Compensation Event Payments	To the extent one (or more) Compensation Events occurs (including cumulative impacts of related Compensation Events) that triggers the Compensation Event Threshold, in addition to being subject to injunctive relief, a Compensation Event Payment will be required. The HPA/City will be required to make a Compensation Event Payment in an amount equal to the loss incurred as a result of the Compensation Event(s). The City may elect to make payments from Additional Consideration otherwise payable to the City or any available moneys of the City. Compensation Event Payments will solely be used to fund a debt service or capital reserve for the benefit of the Bonds or to repay or defease outstanding debt.
City Non-Compete Covenant	The City, on behalf of itself and all City agencies, and HPA will covenant not to construct or operate competing garages or lots (or permit construction of new garages or lots) or new meters outside of Parking Assets and within the Non-Compete Area. Permitted exceptions are : <ul style="list-style-type: none"> • Parking related to new or renovated facilities will be exempted to the extent each newly created parking space is offset by a corresponding increase in occupancy in the Non-Compete Area related to the new facility • Street closures that do not exceed an agreed-upon level of historical street closures • Relocating parking meters from existing locations if the relocated metered space produces at least 90% of the gross revenue of the original space during the first six full calendar months following relocation, as compared to the same prior six month period from the previous calendar year, after adjustment for any differential in parking meter rates • HPA parking assets excluded from the Transaction • Other possible exceptions to be determined
City Non-impair Covenant	The City will covenant not to take any actions that cause or would be expected to cause a Compensation Event, that individually or together with other Compensation Events, triggers the Compensation Event Threshold.
Third Party Governmental Approvals to Effectiveness	Commonwealth Court OAG Commonwealth General Counsel HPA PEDFA City of Harrisburg (including ordinances regarding Franchise) City Council Secretary of Community and Economic Development
Modifications	PEDFA, after consultation with the Advisory Committee, may make such modifications in hours and scope of operations to reflect best practices in parking management and changing conditions in the City of Harrisburg.

⁸ To be reviewed and revised as appropriate

**Asset Transfer of the Harrisburg Parking Authority's Parking System
Summary Of Proposed Terms
August 26, 2013**

Lease	
Parties	HPA and PEDFA.
Leased Premises	<p>The Leased Premises consists of the underlying ground, together with any and all rights, powers, licenses, easements, rights of way privileges, franchises, and any and all interest in property, real, personal or implied existing thereon on the date of the Lease including the garages and the parking lots.</p> <p>The Lease will provide rights to operate the off-street parking system and the obligation to maintain the garages at the System Maintenance Standard.</p>
Permitted Uses	Sole and exclusive use of the Parking Assets for the parking of motor vehicles, and other ancillary uses, provided that the exclusivity of the on-street metered parking spaces will be subject to limited use by the City in the exercise of its police powers.
Term	From commencement, the term of the Lease shall extend for 40 years.
Base Rent and Licensing Fee	\$1/year.
Additional Consideration	<p>The City will be paid monthly a senior payment from revenues (the Senior Payment as described below in Bond Structure and Terms). In addition, payment of the balance of the Purchase Price ("<i>Additional Consideration</i>") remaining after payment of cash from the upfront proceeds will be made pursuant to the terms of the Note and the Indenture from Surplus Revenues.</p> <p>The Transferor shall be paid in each Operating Year, payments as part of the Purchase Price in the form of payments on the Note from a share of Surplus Revenues (defined below) until the Capital Reserve Account (defined below) equals its required levels (defined below). This initial percentage level of sharing is defined as "<i>Initial Additional Consideration Level</i>."</p> <p>In each Operating Year in which the Capital Reserve Account balance is at its required level, the payments as part of the Purchase Price in the form of payments on the Note will increase to 100% of the Surplus Revenues. If the Capital Reserve Account balance drops below its required level in any Operating Year, the payments to Transferor as part of the Purchase Price will drop to the Initial Additional Consideration Level until the Capital Reserve Account balance once again meets required levels.</p> <p>Payments on the Note shall only be payable to the extent there are Surplus Revenues available to pay Additional Consideration as set forth in the Bond Indenture or in the event the Indenture is no longer in effect, provided Surplus Revenues are available. PEDFA shall not be in default under the Lease, the Franchise, or the Note if Surplus Revenues are not available to pay any Additional Consideration.</p>
Parking Assets Residual	The Parking Assets Residual will comprise the Acquired Assets, as they exist at the end of the Lease and Franchise terms, and the remaining capital balances in the accounts held for the benefit of the Parking Assets including the Capital Reserve Account, as defined below.

Asset Transfer of the Harrisburg Parking Authority's Parking System
Summary Of Proposed Terms
August 26, 2013

Franchise⁹	
Parties	City of Harrisburg and PEDFA.
Term	The term of the Franchise shall be the same as the term of the Lease.
Hours	Current meter hours are 9 hours each Monday through Friday. Under the Franchise, PEDFA will have the right to expand meter operation up to 11 hours each weekday and Saturday (meters will not be operated on Sundays and Holidays) for the first five years of the Transfer Agreement. Thereafter, PEDFA will have the right to operate meters during a longer period.
Other Terms	<p>The Franchise will grant PEDFA rights to operate the on-street parking system, including the obligation to maintain the parking meters. The Franchise will delegate to PEDFA the exclusive right to collect and receive revenue from associated citations (exclusive of adjudication fees and penalties). The Franchise will provide citation rates to be raised to \$30 for meter violations (and \$20 for late payments) and for PEDFA to raise future citation rates for meter violations so that citation rates for meter violations at all times equal or exceed 10 times the 60-minute rate at CBD meters.</p> <p>The City will also agree with PEDFA to minimize other parking restrictions (e.g. permits, designated zones) and interruptions in service (e.g. temporary street closures, bagging events, special events) that have potential to materially adversely impact meter revenues, subject to certain exceptions. PEDFA and the City will agree to cooperate to support and maintain an effective residential parking permit system in the Non-Compete Area.</p> <p>The City will agree to continue to maintain the associated asphalt, striping (to be discontinued where appropriate), sidewalks etc. and provide clear access to meters, payment kiosks and associated spaces including snow removal.</p>
Other Contracts	
Bond Purchase Agreement	PEDFA will enter into a Bond Purchase Agreement with Guggenheim Securities, LLC and Piper and/or a loan agreement with a Guggenheim affiliate.
Asset Management Agreement	<p>PEDFA or its qualified designee will enter into an "<u>Asset Management Agreement</u>" with the AEW or a subsidiary of AEW (sometimes referred to as AEW or "<u>Asset Manager</u>"), as the initial Asset Manager, subject to qualified management agreement restrictions. AEW will have on-going asset level management responsibilities as the counterparty to the Asset Management Agreement. AEW will act as the portfolio and asset manager directing moderate- to long-term strategic planning with direct oversight of the Operator responsible for day-to-day operations. Under the Asset Management Agreement, Asset Manager will be responsible for setting budgets, procuring third party experts, interfacing with PEDFA and its qualified designee, procuring certain insurance, and managing the Parking Assets capital plan. Under certain circumstances, the Credit Enhancers will have the right to require replacement of the Asset Manager.</p> <p>A portion of the Asset Manager fee may be payable only if certain conditions are met. The portion of the Asset Manager fee subject to performance standards will be the maximum portion permitted under applicable tax considerations. The performance standards will be</p>

⁹ To be reviewed and structured to minimize bankruptcy risk.

**Asset Transfer of the Harrisburg Parking Authority's Parking System
Summary Of Proposed Terms
August 26, 2013**

	provided in the Asset Management Agreement.
Parking Management Agreement	<p>AEW will enter into a Parking Management Agreement with (Standard Parking SP Plus Municipal Services, or "Standard"), as the initial Operator, subject to qualified management agreement restrictions. Standard will have day-to-day on-street and off-street property-level as the initial Operator under the Parking Management Agreement. Under certain circumstances, the Credit Enhancers will have the right to require replacement of the Operator.</p> <p>A portion of the Operator fee may be payable only if certain conditions are met. The portion of the Operator fee subject to performance standards will be the maximum portion permitted under applicable tax considerations. The performance standards will be provided in the Parking Management Agreement.</p>
AGM Bond Insurance	<p>AGM will issue a municipal bond insurance policy and/or a debt service reserve fund surety policy to the Bond Trustee for the benefit of the holders of one or more series of the Enhanced Bonds. Pursuant to the Bond insurance policy, AGM will guarantee the timely payment of scheduled interest and principal on such series of Enhanced Bonds.</p> <p>PEDFA and AGM will enter into an Insurance and Reimbursement Agreement pursuant to which PEDFA will agree to reimburse AGM for payments made under the Bond insurance policy or the debt service reserve fund surety policy, plus interest, solely from Parking Revenues. THE OBLIGATIONS OF PEDFA UNDER THE INSURANCE AND REIMBURSEMENT AGREEMENT ARE NOT OBLIGATIONS OF THE COMMONWEALTH OF PENNSYLVANIA AND WILL BE NON-RECOURSE TO PEDFA AND LIMITED TO THE PARKING REVENUES AND THE ACQUIRED ASSETS. The Insurance and Reimbursement Agreement, the Indenture and the Intercreditor Agreement will address AGM's conditions to issuance of the Bond insurance policy, including notice and approval rights with respect to operations, budgets and other matters, and its rights and remedies in the event of default or breach of covenants.</p>
County Guaranty	<p>The County will provide a guaranty to the Bond Trustee for the benefit of the Bondholders of one or more series of the Enhanced Bonds. The guaranty will guarantee the timely payment of scheduled interest and principal on such series of Enhanced Bonds.</p> <p>PEDFA and the County will enter into a Reimbursement Agreement pursuant to which PEDFA will agree to reimburse the County for payments made under the Bond insurance policy, plus interest, solely from Parking Revenues. THE OBLIGATIONS OF PEDFA UNDER THE REIMBURSEMENT AGREEMENT ARE NOT OBLIGATIONS OF THE COMMONWEALTH OF PENNSYLVANIA AND WILL BE NON-RECOURSE TO PEDFA AND LIMITED TO THE PARKING REVENUES AND THE ACQUIRED ASSETS. The Reimbursement Agreement, the Indenture and the Intercreditor Agreement will address the County's conditions to issuance of its guaranty, including notice and approval rights with respect to operations, budgets and other matters, and its rights and remedies in the event of default or breach of covenants.</p>
Intercreditor Agreement	<p>AGM, the County, DGS, the Bond Trustee, and PEDFA, will enter into an Intercreditor Agreement providing for the respective rights and remedies of the parties in the event of a bond default or a default under the Insurance and Reimbursement Agreement and/or the Reimbursement Agreement.</p>
Bond Structure and Terms	
Bonds	<p>PEDFA will pay the up-front portion of the Purchase Price set forth in the Transfer Agreement,</p>

Asset Transfer of the Harrisburg Parking Authority's Parking System
Summary Of Proposed Terms
August 26, 2013

	<p>and fund required capital reserves, debt service reserves, reasonable operating reserves, working capital, capitalized interest, premiums for insurance, and costs of issuance, negotiation and due diligence from proceeds of the Bonds.</p> <p>Initial Capital Reserve balances will be determined from the results of the Independent Engineer's review, Standard's recommendations, and applicable tax law limitations.</p> <p>Two or more series of bonds will be issued pursuant to an indenture (the "<u>Indenture</u>") – the Commonwealth Parking Lease Secured Revenue Bonds (the "<u>Commonwealth Lease Bonds</u>") and two or more series of enhanced Parking System Revenue Bonds (the "<u>Enhanced Bonds</u>"), (and together the Commonwealth Lease Bonds and the Enhanced Bonds are the "<u>Bonds</u>"). It is expected that the Bonds will achieve minimum investment grade ratings.</p> <p>In addition, Harrisburg First acknowledges a potential need to monetize a portion of the Surplus Revenues to provide additional up front proceeds, and subject to credit structure and internal review, may agree to either place or buy such obligations.</p>
Security	<p>The Bonds will be secured by:</p> <ul style="list-style-type: none"> • A first lien Leasehold Mortgage for the benefit of the trustee under the Indenture ("<u>Bond Trustee</u>") (on behalf of the Bondholders) on PEDFA's interest in the Parking Assets (the "<u>Leasehold Mortgage</u>") but not the parking meters or metered spaces; • Assignment to the Bond Trustee (on behalf of the Bondholders) of certain rights of PEDFA under the financing documents, the Lease, the License, the Franchise, the Asset Management Agreement, and the Parking Management Agreement; • First lien on Revenues generated by the Parking Assets, including parking meters and the Commonwealth Lease; • First lien on parking meter and other enforcement revenues (exclusive of adjudication); and • Funds held under the Indenture, including operating and capital reserves set aside at closing or additional amounts accumulated overtime.
Debt Service Reserve Fund or Surety	<p>A surety and/or an amount funded from the Bonds may be held as a debt service reserve fund on behalf of the Commonwealth Lease Bonds and the Enhanced Bonds. Such amount would be drawn to address shortfalls in debt service payments due to Bondholders. In the final year of the Bond term, debt service reserve funds (other than any surety) will be used instead of Revenues to make debt service payments on the Bonds.</p>
Operating Reserve	<p>Up to 4 months of operating expenses, funded out of bond proceeds.</p>
Revenues	<p>"<u>Pledged Revenues</u>" will consist of:</p> <ul style="list-style-type: none"> • Parking Assets revenue (net of parking taxes or PILOT payments), including revenues from the Commonwealth Lease ("<u>Commonwealth Lease Revenues</u>")¹⁰ • Parking meter revenues, • Enforcement revenues, • Insurance proceeds,

¹⁰ Including revenues from the operation, management, and enforcement services that may be performed by Standard for DGS on Commonwealth-owned or leased parking facilities (not a part of the Parking Assets) under consideration

**Asset Transfer of the Harrisburg Parking Authority's Parking System
Summary Of Proposed Terms
August 26, 2013**

	<ul style="list-style-type: none"> • Condemnation awards, • Asset sales proceeds, • Interest earnings, and • Licensing Fees, Rents, advertising and other miscellaneous revenues.
Lock Box	All Pledged Revenues will be deposited into a " <u>Lock Box</u> " under the control of the Bond Trustee on behalf of the owners of the Bonds (" <u>Bondholders</u> "). The Indenture will govern disbursements pursuant to flow of funds and capital funds requisition procedures. The Bond Trustee will hold all indenture-created funds.
Flow of Funds	<p>From the Lock Box, parking taxes (or the equivalent payments in lieu of taxes), if not segregated from revenues before deposit to the Lockbox, will be paid to the City by the Operator as received and when due.</p> <p>From the Lockbox, Commonwealth Lease Revenues (but no other Revenues) will flow on a monthly basis in the following order of priority:</p> <ul style="list-style-type: none"> • Monthly installments of debt service on the Commonwealth Lease Bonds • Replenish debt service reserve fund/surety for Commonwealth Lease Bonds <p>Remaining funds from the Commonwealth Lease Revenues after the above transfers, together with any other Revenues, will be distributed from the Lockbox on a monthly basis in the following order of priority¹¹:</p> <ul style="list-style-type: none"> • Budgeted operating expenses • Budgeted operating reserve replenishment • Unforeseen operating expenditures (distribution of amounts above a predetermined level will need approval from PEDFA or its qualified designee) • Base Management Fees • Monthly installments of debt service on the Enhanced Bonds and other amounts due under the indenture • Additional Lease Rent and Senior Payment to the account of City • Performance Management Fees • Replenishment of Enhanced Bonds debt service reserve fund or surety • Payment of amounts due under the AGM Insurance and Indemnity Agreement and/or the County Guaranty, as appropriate • Surplus Revenues as allocated under Surplus Revenues and Allocation below • Excess Revenue distributed to PEDFA <p>Amounts designated as payable to the Transferor, HPA, or City may be subsequently assigned to others, subject to applicable securities laws, and it is contemplated that the Settlement Agreement may include such an assignment.</p>
Senior Payment	A " <u>Senior Payment</u> " from Pledged Revenues in the amount of \$1,500,000 per year, escalating at inflation, to the City.
Additional Lease	Additional rent under the Lease in the amount of \$500,000/year escalating at inflation for the

¹¹ Subject to revision based on bond counsel review, underwriting review, initial sizing of capital reserves, determination of terms of credit enhancement, and rating agency review.

**Asset Transfer of the Harrisburg Parking Authority's Parking System
Summary Of Proposed Terms
August 26, 2013**

Rent	first six years (the " <u>Additional Lease Rent</u> "), payable to the lessor in the flow of funds prior to application of Surplus Revenues.
Surplus Revenues and Allocation	<p>Revenues remaining after payment of the Additional Lease Rent up to the annual Surplus Revenues Cap are "<u>Surplus Revenues</u>."</p> <p>Surplus Revenues, if any, will be allocated and distributed as follows¹²:</p> <ul style="list-style-type: none"> • Initial Additional Consideration Level up to 25%¹³ of Surplus Revenues will be paid to the Transferor or as designated by the City, as payments on the Note; • Remaining Surplus Revenues (75%¹³) will be deposited to the Capital Reserve Account until the Capital Reserve Account balance equals the Capital Reserve Account Requirement; • Thereafter, 100% of the Surplus Revenues will be paid to the Transferor or as designated by the City, as payments on the Note, provided that at any time the Capital Reserve Account balance is less than the Capital Reserve Account Requirement, payments on the Note will drop to the Initial Additional Consideration level until such time as the Capital Reserve Account balance again achieves the Capital Reserve Account Requirement <p>"<u>Surplus Revenues Cap</u>" means sum of the amount payable each year under the Note plus the amount required to be deposited to meet the Capital Reserve Account Requirement. Revenues each year in excess of the Surplus Revenues Cap are "<u>Excess Revenues</u>" and will be distributed to PEDFA.</p>
Annual Operating Budget	<p>On or before each Operating Year, PEDFA or its qualified designee shall cause to be prepared and shall adopt an operating budget for management of the Parking Assets for the Operating Year (the "<u>Operating Budget</u>"). PEDFA will cause the Asset Manager to develop an Operating Budget that meets the requirements set forth below.</p> <p>The Operating Budget shall show in reasonable detail:</p> <ul style="list-style-type: none"> A. Annual debt service on Commonwealth Lease Bonds B. Amounts necessary to replenish the debt service reserve fund or surety for Commonwealth Lease Bonds C. Operating Expenses D. Projected operating reserve cash flows E. Base and Performance Management Fees F. Annual debt service on Enhanced Bonds G. Additional Lease Rent Payments and Senior Payment H. Amounts necessary to replenish the Enhanced Bonds debt service reserve fund or surety I. Amounts necessary to pay amounts due under the AGM Insurance and Indemnity Agreement and/or the County Reimbursement Agreement, as applicable J. Amounts projected to be expended from the Annual Capital Budget, amounts necessary to fund the current Operating Year's deposit into the Capital Reserve Account, and budgeted Capital Expenditures

¹² Subject to revision based on bond counsel review, underwriting review, initial sizing of capital reserves, determination of terms of credit enhancement and rating agency review.

¹³ Subject to final negotiation and underwriting review.

**Asset Transfer of the Harrisburg Parking Authority's Parking System
Summary Of Proposed Terms
August 26, 2013**

	<p>K. Projected Surplus Revenues L. Projected Excess Revenues</p> <p>The Operating Budget shall be developed such that estimated Revenues are expected to meet the Rate Covenants. PEDFA may amend the Operating Budget at any time, subject to certain restrictions.</p>
Annual Capital Budget	<p>On or before each Operating Year, PEDFA shall adopt a capital budget for management of the Parking Assets for such Operating Year (the "<u>Annual Capital Budget</u>"). The purpose of the Annual Capital Budget will be to ensure the Long Term Capital Plan is implemented and that sufficient funds are made available to do so. The Annual Capital Budget shall show in reasonable detail:</p> <ul style="list-style-type: none"> A. expected sources of moneys to fund the Long Term Capital Plan, including currently available funds, proceeds of Additional Bonds, if any, issued for capital purposes, the current year's Capital Reserve Deposit, the Capital Reserve Account balance, and if needed, schedules for meeting the Capital Reserve Account Requirement, and reasonable expectations of Surplus Revenues projected to be generated B. budgeted Capital Expenditures projected for the current Operating Year. <p>PEDFA may amend the Capital budget at any time, subject to certain limitations.</p>
Capital Reserve Account and the Capital Reserve Account Requirement	<p>The Capital Reserve Account will be created to fund initial and on-going capital needs of the Parking Assets during the life of the Lease and the License. The account will also maintain a minimum balance equal to the property insurance deductible. This fund will be pledged to the Bond Trustee for the benefit of the Bondholders.</p> <p>At closing, a portion of the proceeds of the Bonds will be set aside in a sum to cover initial upgrades and modernization of the System. This amount will be determined based on the Independent Engineer's Review, input from Standard and applicable tax law.</p> <p>The "<u>Capital Reserve Account Requirement</u>" will be the amount needed in the current Operating Year, certified by the Independent Engineer to be sufficient, together with deposits to the Capital Reserve Account from Surplus Revenues reasonably projected to be available in the future, to fund the Long Term Capital Plan, plus the amount of uninsured exposure (including deductibles).</p>
System Maintenance Standard	<p>Subject to the sufficiency of funds in the Capital Reserve Account, PEDFA will be required to maintain the Parking Assets in compliance with the System Maintenance Standard throughout the life of the Lease and License. The System Maintenance Standard will be an Operator responsibility, subject to the sufficiency of funds in the Capital Reserve Account, in the initial and each subsequent Parking Management Agreement.</p>
Long Term Capital Plan	<p>A "<u>Long Term Capital Plan</u>" will be prepared, based on physical assessments of the Parking Assets by an Independent Engineer, covering projected Capital Expenditures for repair, renovation and replacement of the Parking Assets in each of the next 10 years in order to maintain all aspects of the Parking Assets to the System Maintenance Standard. The physical assessment will be updated at least every 5 years by an Independent Engineer.</p> <p>The initial Long Term Capital Plan will be incorporated into the Lease and will be revised at least every three to five years thereafter. The Asset Manager will retain an Independent Engineer and will prepare the Long Term Capital Plan – with input from the Independent Engineer - as</p>

**Asset Transfer of the Harrisburg Parking Authority's Parking System
Summary Of Proposed Terms
August 26, 2013**

	<p>the level of capital expenditures projected in each of the next 10 years to be needed to maintain all aspects of the Parking Assets to the System Maintenance Standard. Consistent with the Rate Covenants, the Long Term Capital Plan will also certify the expected sources of moneys to fund the Long Term Capital Plan, including currently available funds in the Capital Reserve Account, proceeds of Additional Bonds and reasonable expectations of revenues projected to be generated. The Long Term Capital Plan will specify the required deposit to the Capital Reserve Account in the current year ("<u>Current Year's Capital Reserve Deposit</u>"), in order to satisfy the Capital Reserve Account Requirement.</p>
<p>Rate Covenants</p>	<p><u>Current Year Rate Covenant.</u> In each Operating Year, PEDFA will set, charge, modify as needed, and collect rates for parking facilities and collect other revenues generated by or associated with the Parking Assets ("<u>Current Year Rate Covenant</u>") such that:</p> <ol style="list-style-type: none"> 1. Revenues shall be sufficient to pay: <ol style="list-style-type: none"> A. Operating Expenses, B. Replenishment of the Operating Reserve C. Base and Performance Management Fees D. Annual debt service on Commonwealth Lease Bonds E. Additional Lease Rent payments and Senior Payment F. Replenish debt service reserve fund/surety for Commonwealth Lease Bonds G. Annual debt service on Enhanced Bonds and other amounts due under the Indenture H. Replenish Enhanced Bonds debt service reserve fund or surety I. The amount necessary to fund the Current Year's Capital Reserve Deposit into the Capital Reserve Account, including actual Capital Expenditures <p>AND</p> <ol style="list-style-type: none"> 2. Revenues less Operating Expenses (including payment of all amounts in the flow of funds waterfall that are senior to debt service on the Enhanced Bonds) shall equal or exceed 1.20¹⁴ times Enhanced Bonds debt service, <p>in the event Revenues are insufficient to meet the tests in both 1 and 2 above, PEDFA shall implement a rate increase or other actions reasonably projected to meet such tests.</p> <p><u>Prospective Rate Covenant.</u> Prior to the beginning of each Operating Year, PEDFA or its qualified designee, together with the Asset Manager, will cause to be prepared a projection that covers a 10-year period. Such projections will project revenues based on existing rates and operating costs, with adjustments for increases in revenues and expenses based on estimated market conditions at such time. The result will be an estimate of Net Revenues. The projections will take into account estimates of the Rate Covenant in each year ("<u>Prospective Rate Covenant</u>"), including actual debt service and projected Capital Expenditures based on the Long Term Capital Plan. The calculation will show the Capital Reserve Balance at the end of the 10-year period.</p> <p>In the event the projections show that either that the Current Year Rate Covenant will not be met in the current Operating Year or the Prospective Rate Covenant will not be met in any forecast year, or the Capital Reserve Account balance is less than the Capital Reserve Account Requirement at the end of any year in the 10-year period, PEDFA shall set and charge rates, as needed, collect other revenues generated by the Parking Assets and take other actions as necessary to either meet the Current Year Rate Covenant or bring the projected Capital Reserve</p>

¹⁴ Subject to final underwriting review.

**Asset Transfer of the Harrisburg Parking Authority's Parking System
Summary Of Proposed Terms
August 26, 2013**

	Account balance to a level equal to the Capital Reserve Account Requirement.
Additional Bonds	No additional bonds shall be permitted except (a) refunding for debt service savings on the Enhanced Bonds; (b) refunding for debt service savings on the Commonwealth Lease Bonds; (c) capital expenditures subject to agreed upon conditions and debt service tests; and (d) other additional bonds subject to agreed upon conditions and debt service tests, but in most instances, only with the consent of the Credit Enhancers.
Insurance	Insurance will be required for the full replacement cost of the Parking Assets. An insurance consultant will set forth the recommended insurance program at closing and again every five years and determine the Full Replacement Cost of the Parking Assets. Insurance companies will have minimum ratings from AM Best of "A-."
KEY FINANCIAL ASSUMPTIONS	
The following assumptions underscore the proposed purchase price. These assumptions remain subject to due diligence and verification by independent parties, as indicated.	
Gross Revenues	<p>The following factors are the basis for revenue estimates:</p> <ol style="list-style-type: none"> 1. Monthly Parking <ol style="list-style-type: none"> a. Utilization b. Parking Rates 2. Transient Parking <ol style="list-style-type: none"> a. Utilization b. Parking Rates 3. On-Street Meter Parking <ol style="list-style-type: none"> a. Utilization b. Meter Rates 4. Enforcement Revenues 5. Other Revenues 6. Parking Taxes
Commonwealth Parking Lease	<p>PEDFA will enter into a 30-year¹⁵ initial term parking lease agreement ("<u>Commonwealth Lease</u>") with the Commonwealth Department of General Services ("<u>DGS</u>") to provide parking for approximately 4,600 passes to Commonwealth employees at the Parking Assets.¹⁶ Option to renew for 10-year extension at 90% of then market parking rates with scheduled increases or inflation factor.</p> <p>The Parking Rate will be as follows:</p> <ul style="list-style-type: none"> • 2014: \$140 / mo / pass [one pass = access to one unreserved space]

¹⁵ Subject to final agreement.

¹⁶ A separate agreement between Standard and DGS may be entered into providing for the operation, management and maintenance of additional parking facilities owned, leased or managed by DGS or the Commonwealth.

Asset Transfer of the Harrisburg Parking Authority's Parking System
Summary Of Proposed Terms
August 26, 2013

	<ul style="list-style-type: none"> • 2015: \$150 / mo / pass • 2016: \$165 / mo / pass • 2017: \$180 / mo / pass <p>increasing each year thereafter by an agreed upon annual adjustment</p>
<p>Operating Expenses</p>	<p>The Harrisburg First financial model assumes:</p> <p>Payroll and related expenses reflect new wages at no less than 90% of current HPA wages, and an assumed reduction in benefits.</p> <p>Operator headcount at closing is expected to be up to 56 full time and part time positions (including enforcement personnel), based on the Separation Package described below. After 12 months, the Operator will maintain a headcount at least 31 full time equivalent positions for a specified period of time.</p> <p>Other operating expenses are projected in line with Standard's experience managing and operating similar sized off-street and on-street parking assets and other real estate assets. Utilities expense was based on the 2010 financial statement data, increased by 3% per annum for a three-year period to adjust to 2013 levels.</p>
<p>Labor Matters</p>	<p>Final labor matters will be structured to ensure Operator is not characterized as a successor to HPA for collective bargaining purposes.¹⁷</p> <p>All existing payroll-related liabilities (pension, OPEB, accrued vacation, unemployment, sick leave) of HPA employees will be fully satisfied or provided for at closing from existing HPA funds.</p> <p><u>Separation Package.</u> All or a portion of HPA bargaining unit employees will be offered a separation package for employees who are not hired by the Operator, payments for which will occur at closing using proceeds deducted from the Purchase Price or from existing HPA funds.</p> <p><u>Transition Period and new employment terms.</u> HPA and AFSCME will enter into a Transition Agreement that will make Article XXIX (Bargaining Unit Work) of the existing collective bargaining agreement inapplicable for the Transaction, confirm that the existing collective bargaining agreement will be inapplicable to Operator after closing, and add agreed upon terms that Operator will offer post-closing to HPA employees it hires. The Operator will offer employment to current HPA bargaining unit employees for specified positions based on weekly hours currently worked in those positions, and to City employees for parking enforcement officer positions. Any HPA employees who are not hired by Operator will be provided a separation package by HPA. The new terms of employment offered by Operator will include wages at no less than 90% of current wages for 12 months after closing, maximum employee contributions of 10% of health, prescription, dental, and vision insurance premiums for 12 months after closing. It is expected that the new employees hired by Operator will negotiate with respect to a collective bargaining agreement with Operator.</p> <p><u>Post-Transition Period.</u> After 12 months following closing, Operator may reduce headcount to 31 full time equivalent positions and will be required to maintain that minimum headcount for a specified period of time.</p>

¹⁷ To the extent necessary, the same issues will need to be addressed with respect to enforcement workers presently employed by the City who will be offered enforcement positions by Standard.

**Asset Transfer of the Harrisburg Parking Authority's Parking System
 Summary Of Proposed Terms
 August 26, 2013**

Existing Leases	Existing leases for the Parking Assets are identified on Appendix A. As other leases are identified, Harrisburg First will adjust revenues and expenses to reflect their contract terms, as appropriate.
Capital Investment Assumptions	<p>The schedule of capital investments is based on the level of capital improvements projected by the Independent Engineer, initially Desman, for garages plus the level of meter and garage technology improvements and future replacements as determined by Standard. Desman's initial report covers the physical conditions (structural, architectural, mechanical and electrical) and associated projected capital expenditures associated with each of the ten garages, and off-street surface lots and excluded garage equipment and on-street meters. In an important conclusion (different than CDM Smith), Desman projected that none of the garages will require a full replacement during the term. Desman capital expenditure projections (in 2013 dollars) were escalated by 3% per year for inflation.</p> <p>Standard projected the cost of on-street meter improvements and upgrades as well as garage technology upgrades (including flexible card access). On-street meters were assumed to be replaced with multi-station meters within the CBD and individual meters outside of the CBD. Meter and garage technology were assumed to be replaced every ten years. Capital expenditure projections for meter and garage technology replacements were escalated by 3% per year for inflation</p>

**Asset Transfer of the Harrisburg Parking Authority's Parking System
Summary Of Proposed Terms
August 26, 2013**

**Appendix A
HPA Existing Leases and Operating Agreements by Asset**

[To be determined at the conclusion of due diligence]

**Asset Transfer of the Harrisburg Parking Authority's Parking System
Summary Of Proposed Terms
August 26, 2013**

**Appendix B
Initial Parking Rate Schedule**

Monthly Unreserved Rates by Garage

	Locust	Market Sq	River	Chestnut	City Island	Fifth	H Univ	Seventh	South	Walnut
Category	High	Medium	Medium	High		High	Medium	High		High
HPA Rate	\$155	\$155	\$155	\$155	\$75	\$155	\$155	\$155	\$155	\$155
1/1/14 Rate	175	170	165	175	100	170	170	170	170	175
1/1/15 Rate	185	180	170	185	105	180	180	180	180	185
1/1/16 Rate	195	190	185	195	115	190	190	190	190	195
1/1/17 Rate	200	195	190	200	120	195	195	195	195	200

Monthly Reserved Rates by Garage

	Locust	Market Sq	River	Chestnut	City Island	Fifth	H Univ	Seventh	South	Walnut
Category	High	Medium	Medium	High		High	Medium	High		High
HPA Rate	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200

In the future, PEDFA monthly reserved rates will be 135% of the corresponding unreserved monthly rate, rounded to the nearest \$5/ month.

Monthly Unreserved Rates by Lot [TBD]

	Mulberry/ Dewberry	10 th Street	Mulberry
HPA Rate	NA	NA	\$95
1/1/14 Rate	TBD	TBD	100
1/1/15 Rate			105
1/1/16 Rate			115
1/1/17 Rate			120

**Asset Transfer of the Harrisburg Parking Authority's Parking System
Summary Of Proposed Terms
August 26, 2013**

Transient Rate Categories by Garage

	Locust	Market Sq	River	Chestnut	City Island	Fifth	H Univ	Seventh	South	Walnut
Category	High	Medium	Medium	High	City Island	High	Medium	High	South	High

Transient Rates

Hours	HPA		1/1/14 Rates				1/1/15 Rates			
	All	City Island	High	Medium	South	City Island	High	Medium	South	City Island
0.50			\$3.00	\$3.00	\$3.00		\$3.00	\$3.00	\$3.00	
2.00	\$5.00		7.00	7.00	5.00		8.00	8.00	6.00	
3.00	7.00		9.00	9.00	7.00		10.00	10.00	8.00	
4.00	8.00		11.00	11.00	8.00	\$5.00	12.00	12.00	9.00	6.00
5.00	9.00									
10.0			18.00	16.00	16.00		20.00	18.00	18.00	
11.0	16.00									
24.0	20.00	\$5.00	25.00	20.00	20.00	10.00	25.00	20.00	20.00	12.00

Transient Rates by Lot [TBD]

	Mulberry/ Dewberry	10 th Street	Mulberry
HPA Rate	NA	NA	Only monthlies
1/1/14 Rate			

Meter Rates

Minutes	HPA		1/1/14 Rates	
	CBD	Other	CBD	Other
10	\$0.25			
15		\$0.25	\$0.75	
30				\$0.75
60	1.50	1.00	3.00	1.50

**Asset Transfer of the Harrisburg Parking Authority's Parking System
Summary Of Proposed Terms
August 26, 2013**

Current Hours: Rates are in effect Monday – Friday, 8:00 am to 5:00 pm.

New Hours: PEDFA will have the right to expand meter operation up to 11 hours each weekday and Saturday (meters will not be operated on Sundays and Holidays) for the first five years of the Transfer Agreement. Thereafter, PEDFA will have the right to operate meters during a longer period.

Meter Enforcement

	Meter Violation	Late Payment
City Rate	\$14	\$11
Initial Rate	\$30	\$20

Permitted Escalation of Parking Rates

Beyond the rates specified above, PEDFA can increase rates in each rate category (e.g. monthly unreserved) up to the greater than 3% or CPI per annum (the "Annual Cap"). Allowable rate increases are cumulative, whether or not the full inflation-related allowance is taken in any year.

It is critical that the Operator, Asset Manager, and PEDFA be allowed to operate under a dynamic framework that provides for the ability to adjust rates at different garages at different intervals, allows for the creation and collapsing of rate categories, and allows for price differentiation between transient and monthly (reserved, for example) categories.

The greater of 3% or CPI per annum cap applies on an average system-wide basis. For monthly garage rates, average rate means the arithmetic average of monthly rates at all garages. For transient garage rates, average rate means the arithmetic average of the all rates at all garages, provided that PEDFA is allowed to expand or collapse rate subcategories (e.g., deleting the 3-4 hour rate, or adding an 8-10 hour rate) so long as the average rate is within the Annual Cap. For meter rates, average rate in a given area (e.g., CBD, non-CBD) means the arithmetic average of the highest per hour charges in the area.

Monthly rates will be rounded to the nearest \$5 per month. Transient rates will be rounded to the nearest \$1.00 per period. Meter rates will be rounded to the nearest \$0.25 per period.

PEDFA will have the right to raise future citation rates for meter violations so that citation rates for meter violations at all times equal or exceed 10 times the corresponding 60-minute rate at CBD meters. Citation rates will be rounded to the nearest \$5.

Note: the above rate schedules (and related averages) do not apply to any individual negotiated parking arrangements or contracts, such as the Commonwealth Parking Lease or valet parking.



**SECOND AMENDMENT TO THE COLLECTIVE BARGAINING AGREEMENT
BETWEEN THE CITY OF HARRISBURG AND FRATERNAL
ORDER OF POLICE CAPITAL CITY LODGE NO. 12**

The Collective Bargaining Agreement between the City Of Harrisburg and Fraternal Order Of Police Capital City Lodge No. 12 for the period January 1, 2004 through December 31, 2015 is amended as follows:

1. All amendments shall be effective upon ratification by the City except as set forth below.
2. ARTICLE III is amended by extending the term to December 31, 2016.
3. ARTICLE VIII Section 1: Salaries, Subsection A) is amended as follows:

Section 1: Salaries

Salaries for the established work week of forty (40) hours, including meal period of one-half (½) hour each day, shall be as follows:

A) For the term January 1, 2004 to December 31, ~~2015~~2016, base wages for employees hired prior to January 1, 2013 shall be as follows:

January 1, 2004 - 3% increase
January 1, 2005 - 2% increase
July 1, 2005 - 1% increase
January 1, 2006 - 1% increase
July 1, 2007 - 2% increase
January 1, 2008 - 3% increase
January 1, 2009 - 3% increase
January 1, 2010 - 4% increase
January 1, 2011 - 4% increase
January 1, 2012 - 3% increase
~~January 1, 2013 - 3% increase~~ January 1, 2013 - 0% increase
~~January 1, 2014 - 3% increase~~ January 1, 2014 - 0% increase
~~January 1, 2015 - 3% increase~~ January 1, 2015 - 1% increase
January 1, 2016 - 1% increase

NEED NEW PAY SCHEDULES

EXHIBIT A

For all employees hired on or after January 1, 2013, the following pay scale shall apply:

	<u>01/01/2013</u>	<u>01/01/2014</u>	<u>01/01/2015</u>	<u>01/01/2016</u>	
<u>Police Officer IV</u>	<u>61,358</u>	<u>61,358</u>	<u>61,972</u>	<u>62,591</u>	<u>100.0%</u>
<u>Police Officer III</u>	<u>55,222</u>	<u>55,222</u>	<u>55,774</u>	<u>56,332</u>	<u>90.0%</u>
<u>Police Officer II</u>	<u>52,154</u>	<u>52,154</u>	<u>52,676</u>	<u>53,202</u>	<u>85.0%</u>
<u>Police Officer I</u>	<u>49,086</u>	<u>49,086</u>	<u>49,577</u>	<u>50,073</u>	<u>80.0%</u>
<u>Police Officer Trainee</u>	<u>46,018</u>	<u>46,018</u>	<u>46,478</u>	<u>46,943</u>	<u>75.0%</u>

The Trainee rate of pay shall apply from date of employment through the end of the Field Training Officer Program. Upon satisfactory completion of the Field Training Officer Program, an officer shall be paid at the Police Officer I rate through the Probationary Period set forth in Article VI. Upon satisfactory completion of the Probationary Period, the officer shall be paid at the Police Officer II rate for 12 months, and then shall move to the Police Officer III rate for 12 months, and then shall move to the Police Officer IV rate thereafter.

4. ARTICLE VIII Section 3: Vacations is amended to cap the vacation accrual at 22 days of vacation for employees hired on or after January 1, 2013, as follows:

Section 3: Vacations

Employees with less than one (1) year of service shall, during the term of this Agreement, be entitled to vacations of ten (10) working days per year. The following schedule shall apply to is for employees hired prior to January 1, 2013 with more than (1) year of service:

Start of 2 nd year to end of 5 th year	16 working days
Start of 6 th year to end of 10 th year	19 working days
Start of 11 th year to end of 15 th year	22 working days
Start of 16 th year to end of 20 th year	25 working days
Start of 21 st year to and beyond	30 working days

The following schedule shall apply to employees hired on or after January 1, 2013, with more than one (1) year of service:

<u>Start of 2nd year to end of 5th year</u>	<u>16 working days</u>
<u>Start of 6th year to end of 10th year</u>	<u>19 working days</u>
<u>Start of 11th year and beyond</u>	<u>22 working days</u>

(Rest of Section 3 remains the same.)

5. ARTICLE VIII Section 4: Holidays and Personal Days is amended to reduce the number of named holidays from 10 to 7 and to provide that compensation for working a holiday shall be a DOM (Day of the Month) only, as follows:

Section 4: Holidays and Personal Days

Effective upon the date of ratification of this Agreement, each employee shall be entitled to ~~sixteen (16)~~thirteen (13) holidays during the term of this Agreement. If an employee in the bargaining unit is required to work on New Year's Day, ~~Martin Luther King Day, Washington's Birthday,~~ Easter, Memorial Day, July Fourth, Labor Day, ~~Columbus Day,~~ Thanksgiving Day, or Christmas Day, the employee shall be entitled to one (1) compensatory day off to be taken sometime during the calendar month in which the holiday falls, ~~or the employee shall, at the employee's option, be entitled to double pay for the hours worked. This option must be exercised at the time that monthly days off are selected.~~ The remaining six (6) holidays shall be considered as "H" days and shall be taken on a first come, first served basis, regardless of seniority, and may not be revoked by management. "H" days may only be selected after vacation selection is completed and is subject to manpower needs as determined by management. ~~Method of selection for Martin Luther King Day shall be either double pay for hours worked or a compensatory day which may be used anytime during the calendar year, however, it must be selected by September 30th, otherwise the day will be assigned by management.~~ Each employee in the Bargaining Unit during the term of this Agreement shall be entitled to three (3) personal days with said days to be taken at the employee's discretion during the year, subject to management's responsibility to maintain an efficient operation. If management determines that it is necessary to limit the number of employees on personal leave at the same time, the employee first requesting such leave shall be given a choice of personal leave in the event of any conflict in selection. Requests for emergency personal leave will be granted at any time with the understanding that an employee may be required to substantiate the emergency nature of the request and further, that it may be necessary in order to accommodate the emergency to reschedule requests of other employees for personal leave.

Upon separation of employment, holidays and personal days shall be prorated as follows:

First Quarter:	Holidays 1 ½ days, personal days ¾ day
Second Quarter:	Holidays 3 days, personal days 1 ½ days
Third Quarter:	Holidays 4 ½ days, personal days 2 ¼ days
Fourth Quarter:	Holidays 6 days, personal days 3 days

6. ARTICLE VIII Section 7: Drill, Schooling, Court Time and Telephone Standby Time is amended to allow for modification to an employee's shift to accommodate a scheduled court appearance as follows:

Section 7: Drill, Schooling, Court Time and Telephone Standby Time

Whenever an employee is directed by the Police Chief or Director of Public Safety to attend any drill or schooling during off-duty hours, he shall be compensated by equal compensatory time or pay, not less than two (2) hours. Dependent upon manpower needs, management may elect to change days off to accommodate training.

Time necessarily spent by members of the Police Bureau in court of any kind (including Magistrate's Court) shall be considered time on duty for which said employee shall receive pay at the applicable rate; and when time is during off-duty hours, a minimum of two (2) hours pay at such rates shall be paid. In light of the foregoing and the recommendation set forth at WF15 in the City's Act 47 Recovery Plan, the parties hereto agree that the City and the FOP will meet and negotiate mutually agreed upon changes and strategies which will permit the City to reduce the amount of court-related overtime payments made to employees.

Whenever any employee is directed by the Police Chief or his designee to be on telephone standby, such employee shall receive one-half (½) his/her regular rate of pay for each hour, but not less than the equivalent of three (3) hours of regular pay.

7. ARTICLE VIII Section 8: Longevity Pay is amended to freeze the longevity payments at present levels, as follows:

Section 8: Longevity Pay

During the term of this Agreement, each employee shall receive longevity, in addition to all other compensation, at the rate of one percent (1%) of his base pay for each year of service after the employee's third year of service up to a maximum of twelve percent (12%) through December 31, 2001, up to a maximum of 13% beginning January 1, 2002, subject however to the following:

Employees who are eligible for and receiving longevity as of the ratification of this Second Amendment shall have their longevity payment frozen at the current rate through December 31, 2016. Employees hired on or prior to December 31, 2012, who are not receiving longevity as of the ratification of this Second Amendment shall not be paid longevity during the term of this Agreement. Longevity pay shall not be paid to employees hired on or after January 1, 2013.

8. ARTICLE VIII Section 9: Medical and Hospital Insurance is amended as follows:

Section 9: Medical and Hospital Insurance

The City shall provide health care coverage for each employee and the members of his immediate family in accordance with the following; ~~with the City paying one hundred percent (100%) of the cost of such coverage in accordance with the current period of those providing coverage, as follows:~~

- A. Effective as soon as the parties are able to arrange implementation following ratification of this Second Amendment (but no earlier than July 1, 2013) the base health care plan provided to all active employees shall be Select PPO Blue – 100%/80% Co-insurance; \$250/\$500 In-Network Deductible; \$20/\$40 OV Co-pay; \$100 ER Co-pay. Highmark Classic Blue Coverage including all medically necessary tests, chemotherapy coverage and one routine pap smear per 12-month period;

B. Effective January 1, 2014, the base health care plan provided to all active employees shall be the PPO Blue – 90%/70% Co-insurance; \$250/\$500 In-Network Deductible; \$20/\$40 OV Co-pay; \$100 ER Co-pay; \$500/\$1000 OOP Max.

~~B. Highmark Class Blue Major Medical Coverage to provide maximum benefits of \$250,000.00 until January 1, 1990, wherein the maximum shall be one million dollars (\$1,000,000.00) with a one hundred dollar (\$100.00) deductible provision per person up to three hundred dollars (\$300.00) per family, and providing that the insurer shall pay eighty percent (80%) of the cost of services up to \$2,000.00 per calendar year. The first \$2,000.00 shall be co-insured at eighty percent (80%), one hundred percent (100%) thereafter, and outpatient nursing care for LPNs and renewable clause for prosthetic devices;~~

C. Effective upon ratification of this Second Amendment, all current employees shall contribute to the premium cost of medical and hospital insurance in accordance with the below schedule, which is based on the percentage of base salary earned by a 6-year patrol officer:

Percent of Base Salary of 6 Year Patrol Officer

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<u>Single coverage</u>	<u>1.0%</u>	<u>1.5%</u>	<u>2.0%</u>	<u>2.0%</u>
<u>2 person coverage</u>	<u>2.0%</u>	<u>2.5%</u>	<u>3.0%</u>	<u>4.0%</u>
<u>3 person coverage</u>	<u>2.5%</u>	<u>3.0%</u>	<u>4.0%</u>	<u>5.0%</u>
<u>4 or more person coverage</u>	<u>3.0%</u>	<u>4.0%</u>	<u>5.0%</u>	<u>6.0%</u>

All employee contributions shall be by payroll deductions.

~~C. 365 Mental/Nervous Days;~~

~~D. Pathology with zero deductible;~~

~~E. Medical Emergency;~~

~~F. Follow up care to accident;~~

~~G. Students to age 25;~~

D. Effective July 1, 2013, or as soon as the parties are able to arrange implementation following ratification of this Second Amendment, prescription co-payments for all employees shall be as follows for the term of this Agreement:

<u>Generic</u>	<u>\$25</u>
<u>Brand Restricted</u>	<u>\$50</u>
<u>Brand</u>	<u>\$75</u>

Where and when available, employees shall be required to purchase generic prescriptions and shall be required to select mail order delivery.

E. Beginning with the calendar year commencing January 1, 2015, if the City's increases in its medical and health insurance COBRA rates exceed six percent (6%) over the prior year's rates, the City and the FOP shall negotiate changes in the design of the health care plans to reduce the amount of the City's increases in its share of the costs of monthly contributions. For purposes of calculating increases in costs, the COBRA rates established by the City's third party administrator(s) shall be used, and the annual increase shall be determined based on the effective date of the plan year. In calculating the six percent (6%) increase, the percentage shall be based on the amount paid by the City and shall not include employee contributions. In the event the City and the FOP are unable to reach agreement on plan design changes, the plan design changes shall be subject to an expedited interest arbitration procedure. Either party may request the appointment of a neutral arbitrator selected pursuant to the arbitration step of the grievance procedure. The decision of the arbitrator on this issue, shall be issued within forty-five (45) calendar days of the notice of submission to arbitration.

F. During the term of this Agreement, the City may at any time change the base health care plan provided hereunder to PEBTF coverage. In the event the City elects to change to PEBTF coverage, the base year for calculating cost increases in health care costs which exceed 6% shall be reset to the plan year in which the change is made to PEBTF coverage.

G.H. The current dental coverage at 100% UCR, plus three riders with orthodontic coverage limited to \$2,500 lifetime maximum per person, will be provided by UCCI;

H.I. The current vision coverage will be provided by OptiChoice for the life of this contract;

J. ~~Effective October 1, 2004, Police Officers will have the option of selecting Highmark BCBS Select PPO Blue healthcare coverage. Police Officers selecting PPO Blue shall have the ability to change coverage back to traditional coverage, provided that product is available, during open enrollment periods in 2005 and 2006. If, however, a Police Officer who selects PPO Blue coverage does not elect~~

~~to change coverage back to traditional coverage by the end of the 2006 open enrollment period, he/she will not be permitted to elect traditional coverage in any subsequent open enrollment period.~~

~~Effective January 1, 2007, all existing officers who have traditional healthcare coverage will be moved to the PPO blue coverage. Coverage for students under the existing PPO will be improved to mirror that which is currently in place with the traditional coverage.~~

~~Officers hired on or after January 1, 2007, will receive PPO Blue 100.~~

~~Effective January 1, 2004, prescription drug co pays increased to \$5.00 for generic and \$10.00 for brand name drugs.~~

~~Effective January 1, 2008, prescription drug co pays for existing officers will increase to \$10.00 for generic and \$20.00 for brand name drugs.~~

~~Officers hired on or after January 1, 2007, will have prescription drug co-pays of:~~

	<u>Retail</u>	<u>Mail</u>
Generic	\$10.00	\$20.00
Brand Restricted	\$25.00	\$50.00
Brand	\$30.00	\$60.00

~~Brand Restricted means no generic substitute is available or a physician stipulates that the brand is medically necessary.~~

I.K. If a police officer dies in the line of duty, his or her surviving spouse shall receive the ~~then current~~ health care coverage under the same medical and health plans (including vision, dental and/or prescription drugs) provided to active employees in effect as of the date of the officer's death at the City's expense for the remainder of his/her life or until he/she remarries. The officer's children shall receive the ~~these~~ same benefits until the age of eighteen (18) or until the age of twenty-two (22) if they are full-time college students unless the surviving spouse remarries. All conditions and restrictions applied to current employees, such as co-payment amounts, prescription restrictions or changes in plan design or coverage, shall be applied to such surviving spouses and dependent children receiving medical and health plan coverage; and

J.L. The City shall, at its option, enroll in Highmark Blue Shield's pre-certification program.

Employees who document to the City that they are adequately covered by other health insurance may, upon such documentation and written request to the City, opt to receive an annual payment during the first pay of December in lieu of health coverage as set forth herein. The annual

payment shall be subject to taxes and other usual payroll deductions and shall be placed in a separate check reflecting a payment of \$50 per month for each month the employee elected to forego health care coverage as set forth herein during the preceding calendar year. Employees may re-enroll in the City's health insurance plan by giving the City thirty (30) days' advance written notice, provided that once an employee re-enrolls, he/she may not opt to withdraw again prior to the end of the then current contract year.

All police officers retired prior to January 1, 1987, shall be permitted to participate in the City's group medical insurance coverage at the City's expense. Such participation shall cease when the retired officer qualifies for Medicare and Medicaid benefits.

All police officers hired prior to January 1, 1987, and retiring subsequent to January 1, 1987, who have completed twenty (20) years of actual service shall continue to participate in the City's group health insurance (including family coverage) in effect at the time of retirement at the City's expense provided that the retired employee or his/her spouse does not have alternative health care coverage in the following six areas: (a) physician services; (b) hospital services; (c) major medical; (d) dental; (e) vision; (f) prescription. In those areas where alternative health care coverage is available, the City shall not be required to provide coverage in those areas. Such participation, where provided, shall cease when the retired officer qualifies for Medicare and Medicaid benefits.

All police officers hired subsequent to January 1, 1987, shall have the applicable health care coverage in effect as of the date of their retirement continued at the City's expense (including family coverage) where such officer retires and collects a City pension under the City's Police Pension Plan, supplemental healthcare coverage, now known as Signature 65, for all officers and spouses qualifying, receiving or eligible for Medicare coverage.

Effective ~~08/01/06~~ August 1, 2006, police officers who retire and collect a City pension benefit may choose from among the health care coverages in effect for police officers at the time they begin to collect a pension benefit. Any police officer hired prior to ~~01/01/87~~ January 1, 1987, who retires prior to ~~01/01/08~~ January 1, 2008, shall receive City-sponsored health care if they vest, regardless of whether or not they collect a pension benefit. Any officer hired prior to ~~01/01/87~~ January 1, 1987, who does not retire prior to January 1, 2008, shall be treated the same as officers hired after ~~01/01/87~~ January 1, 1987, which means that health care coverage will not be provided for police officers between the time they vest and the time they begin to collect a pension benefit.

Notwithstanding the provisions above, effective upon ratification of this Second Amendment, all current employees (defined for purposes of this provision as those hired prior to the ratification date) who retire thereafter, shall receive post-retirement health care in accordance with the following conditions and limitations:

- (a) Retirees and their dependents shall receive post-retirement health care coverage under the same health plan provided to active employees, which coverage may be modified to the extent the coverage for active employees is modified. All conditions and restrictions applied to current employees, such as co-payment amounts, prescription

restrictions or changes in plan design or coverage, shall be applied to retirees receiving post-retirement health care coverage.

- (b) In order to be and remain eligible to receive post-retirement health care coverage, retirees must be receiving their pension benefit and must remit a percentage of their pension in accordance with the following table. The remittances shall be paid monthly in advance by direct deduction from the pension payments and direct payment to the City; retirees shall sign all necessary paperwork to permit such direct deductions and payments; provided, further, that if such direct deductions and payments from the pension payments are not authorized as required by law then the parties shall negotiate another method to guarantee payment.

<u>Coverage Type</u>	<u>% Pension Contribution</u>
<u>Single</u>	<u>2%</u>
<u>2 persons</u>	<u>3%</u>
<u>3 persons</u>	<u>4%</u>
<u>4 or more persons</u>	<u>5%</u>

- (c) Retirees must meet all current eligibility and other requirements set forth above. All conditions and restrictions set forth above shall continue to apply.
- (d) Retirees and their dependents shall not be eligible for post-retirement health care benefits if the retiree or dependent has available health insurance coverage elsewhere at a reasonably comparable benefit level and at the same or lower cost, including for example available coverage through a spouse or other employer.
- (e) Retirees and their dependents shall be entitled to receive post-retirement health care under this Agreement only until the date said retiree reaches the age of Medicare eligibility. Following the attainment of Medicare eligibility, retirees shall be entitled to receive only cash reimbursement in an amount not to exceed \$250 per month for supplemental insurance purchased by the retiree, increasing up to a maximum of \$350 per month reimbursement under the following schedule.

<u>Maximum monthly reimbursement</u>	
<u>Thru 12/31/2016</u>	<u>\$250</u>
<u>2017</u>	<u>\$260</u>
<u>2018</u>	<u>\$270</u>
<u>2019</u>	<u>\$280</u>
<u>2020</u>	<u>\$290</u>
<u>2021</u>	<u>\$300</u>
<u>2022</u>	<u>\$310</u>
<u>2023</u>	<u>\$320</u>
<u>2024</u>	<u>\$330</u>
<u>2025</u>	<u>\$340</u>
<u>2026</u>	<u>\$350</u>

The post-retirement health care benefits provided in this Section shall apply only to those police officers hired prior to the ratification date of this Second Amendment. All police officers hired after the date of ratification of this Second Amendment shall not be eligible to receive post-retirement health care benefits.

9. ARTICLE VIII Section 11: Shift Differential and Pay Differential is amended to eliminate the payment of shift differential and to provide for investigator differential in steps, as follows:

Section 11: Shift Differential and Pay Differential

Effective upon ratification of this Second Amendment, employees shall not receive shift differential premium payments.

Employees shall receive, in addition to all other compensation, shift differential as follows:

- ~~A. Employees scheduled to work between the hours of 1500 — 2300 shall receive 0.50¢ per hour premium pay for all hours actually worked on such shift. This does not include an officer who works what is considered a normal daylight shift.~~
- ~~B. Employees scheduled to work between the hours of 2300 — 0700 shall receive 0.75¢ per hour premium pay for all hours actually worked on such shift.~~

Detective positions shall be filled by officers who have participated in a Career Development Program within the Criminal Investigation Division (CID). Selection will be made from among the three highest scores as determined by the total number of points accumulated from: the Officer's most recent evaluation prior to beginning a Career Development Program, the Officer's evaluation completed during the Officer's participation in a Career Development Program, and the oral interview with the Commanding Officer of the CID, the Lieutenant from the CID, the Deputy Chief and two independent interviewers selected from law enforcement personnel from outside jurisdictions. All officers wishing to participate in a Career Development Program will have the opportunity to do so.

Whenever such a position is to be filled, the City shall notify all permanent officers with two (2) or more years of service as Patrol Officers, who have participated in a Career Development Program within the Criminal Investigation Division of said vacancy whether or not they wish to be considered for such position. Officers assigned to the Detective position may be removed at any time for just cause.

Effective with the ratification of this Second Amendment, employees newly assigned to an Investigator position shall receive a differential at the rate of an additional 1% per year added to the base wage for each of the first 5 years of service in the position of investigator up to a total of a 5% differential, which will then equal the differential for corporals and detectives, as shown on the attached pay schedules.

10. ARTICLE VIII Section 12: Clothing, Maintenance and Ammunition Allowance is amended to reduce the clothing allowance effective January 1, 2013, and eliminate the maintenance allowance effective January 1, 2014, as follows:

Section 12: Clothing, Maintenance and Ammunition Allowance

- A. Effective January 1, 2013, the initial clothing allowance for a new employee shall be for a period of three (3) years, after the first two years, the employee shall receive a check in the amount an annual credit of Six Hundred twenty-five dollars (\$600 \$625.00). Officers will be permitted to purchase study materials from their clothing allowance. Standard study materials such as the PA Crimes Code, including the Rules of Criminal Procedure, and the PA Vehicle Code will be available at all times. Additional study materials will be made available for purchase as soon as they are decided upon. Each employee shall have the annual clothing allowance paid/credited in January of each year. If an employee leaves City service, he/she, in the year that he/she leaves, will be considered to have earned credits for uniformed clothing allowance upon completion of each full three (3) month period. At the time of separation, an employee shall pay in cash any amounts ordered in excess of his earned quarterly credits. Employees who are in non-uniform status shall receive their clothing allowance by January 31st of each year. All officers shall receive a copy of the billing for uniforms received.
- B. In addition, an officer will be granted three hundred twenty-five dollars (\$325.00) maintenance allowance per year. Said allowance shall be paid to the officers by April 30th of said year. The maintenance allowance shall be eliminated effective January 1, 2014. The City shall replace any items of official equipment which are damaged or destroyed in the "line of duty." In addition to the above, the City shall reimburse an officer for any "personal" property damaged in the "line of duty" up to a maximum of one hundred dollars (\$100) per item.
- C. In addition, the City shall provide to each employee one (1)three (3) boxes of factory loaded ammunition for target practice or an equal retail value in cash. Said ammunition or retail value shall be provided by June 30 of each year. The City shall also provide sufficient ammunition to fire one qualifying round (maximum one (1) box.)is provided for the specific purpose of Police Bureau sponsored yearly qualifications.; one box is provided for yearly qualification and two boxes are provided for target practice.
- D. The FOP, along with the City, shall meet and discuss the uniform and equipment list provided to all employees. The Chief of Police shall have final authority regarding the uniform and equipment list.
- E. Employees may shall be given the choice of purchasing through the maintenance allowance City supplier an off-duty weapon approved by the Chief of Police,

provided that the payment, including all applicable taxes, for such weapon shall be made by the Employee in advance.

- FE. A joint committee shall be maintained to cover uniform changes to equipment and any other items that are required for safety and health.
- GF. A police range shall be made available on a monthly basis of two days per month for continuous firearms education as a result of MPOETC.
- HG. New employees shall be equipped with all uniforms and all necessary items prior to completion of the FTO program.

11. ARTICLE IX Section 3: Sick Leave and ARTICLE VIII Section 5 are amended as follows:

ARTICLE IX Section 3: Sick Leave

- A. During the term of this Agreement~~Effective with the ratification of this Second Amendment~~, all employees in the Police Bureau shall be entitled to sick leave of ~~thirteen (13)~~twelve (12) working days in any one (1) year without diminution of salary and shall be entitled to accumulate sick leave to a maximum of two hundred twenty (220) days.
- B. Sick leave for three (3) or more consecutive working days, and/or sick leave usage in excess of three (3) days per calendar quarter, shall be granted only when a signed certification from the attending physician is submitted to the Police Chief upon the return to work of such employee. Failure to submit the signed certification shall be grounds for denial of the sick leave and potential discipline of the employee.
- C. The City reserves the right to have a physician of its choice visit and examine any person reporting off duty and claiming either sick leave or injury leave at any time, the cost of any such examination to be paid by the City.
- D. The City reserves the right to require production of a signed certificate from the attending physician of any employee in accordance with General Order 88-42, issued February 19, 1988, and amended March 20, 1989, and reissued as General Order 89-42. In addition, in those cases where a certificate may be required by the City, the City shall also have the right to have the employee examined by a City-designated physician at the City's expense.
- E. In furtherance of the recommendation set forth in POL 16 in the City's Act 47 Recovery Plan, the parties agree that the City shall be permitted to establish and implement a policy to address chronic use of sick leave by employees. The policy shall permit the City to impose sanctions in the event that certain criteria related

to chronic use of leave are met. Such criteria demonstrating chronic use of sick leave shall include, for example, (1) the use by an employee of more than twenty (20) sick days in a period of one (1) calendar year, where the employee has not otherwise received approval for an extended-period sick leave; (2) the occurrence of more than six (6) incidents or periods of sick day usage in a calendar year; (3) sick leave usage at a rate which exceeds by more than twenty percent (20%) the average sick leave usage of the remainder of the police force over the preceding calendar year or (4) a pattern of sick leave abuse, such as usage which occurs before and/or after holidays, vacations or other days off. Potential sanctions for abuse of leave can include exclusion for a fixed period of time from (1) special duty assignments and paid details, (2) overtime assignments (unless specifically requested and approved by the City) or temporary assignments to investigative units or other special assignments. Other sanctions may include potential employee discipline, disapproval of payment for sick leave where abuse of leave is established and a requirement that the employee obtain medical certification for each instance of sick leave usage. In establishing the policy called for in this paragraph, the City shall define and apply its conception of chronic use of sick leave in a manner which is in compliance with the provisions of this Agreement and all applicable state and federal laws, including the Family and Medical Leave Act and the Americans with Disabilities Act.

- EF. Where sickness in the immediate family requires the officer's absence from work, officers may use sick leave for that purpose. Immediate family shall be defined as the following persons residing in the member's household: husband, wife, child, or parent. The employer may require proof of such illness.
- FG. An employee who, on December 31st of any year, has accumulated sick leave in excess of sixty (60) days shall be permitted to sell back any leave in excess of sixty (60) days at fifty percent (50%) of the value of the leave, up to a maximum of twenty (20) days. The minimum number of days an Officer may sell back is ten (10) days. Officers wishing to sell back sick leave must notify the Chief of Police, in writing, of the number of sick leave days they intend to sell back, by no later than January 10th of the succeeding year. Officers who so notify the Chief will be compensated for the amount of leave sold back (at 50% of its value) by no later than the second pay period in February.
- GH. The clothing ~~and clothing maintenance~~ allowance for officers who extend their retirement date by using sick leave (to the extent permitted under Section I below) will be reduced by one-twelfth (1/12) for each month or part of a month that the officer uses sick leave to extend his/her retirement date. In addition, Police Officers who extend their retirement date by using sick leave will not be entitled to any clothing ~~or clothing maintenance~~ allowance for the year of their retirement. Any overpayment of the clothing ~~and/or clothing maintenance~~ allowance will be deducted from the officer's last paycheck or severance pay for earned but unused leave.

- I. Current employees (those hired prior to the date of ratification of this Second Amendment) who have any accumulated sick leave balance as of the date of ratification of this Second Amendment shall have that balance frozen as of the date of ratification up to a maximum 220 day accumulation. The frozen balance of accumulated sick leave may be used to extend the date of retirement (terminal leave) for retirements of current employees occurring before and including retirement on December 31, 2015. In no event shall the use of terminal leave extend a retirement date beyond December 31, 2015. Alternatively, current employees retiring on or before December 31, 2015 may receive payment upon retirement equaling Thirty Percent (30%) of the sick days' value for each day of the frozen balance of accumulated sick leave up to 220 days. For those employees retiring after December 31, 2015, no terminal leave shall be available, but the employee may sell back the accumulated frozen balance of sick leave at the rate of Fifty Percent (50%) for each day up to 220 days.

On and after the date of ratification of this Second Amendment, unused sick leave may be accumulated up to a maximum accumulation of 220 total sick days, including both the frozen balance and post-ratification accumulation. Any sick leave balance earned by employees following ratification of this Second Amendment shall not be available for terminal leave or pay-out (sell back) of any kind and shall be deleted from an employee's account upon separation from service. Any usage of sick leave shall first be subtracted from the balance accumulated after the effective date of ratification of this Second Amendment. After the exhaustion of that balance, any frozen sick leave balance shall then be used.

ARTICLE VIII Section 5: Separation Pay

~~Employees who are separated from employment as a result of retirement or reduction in force shall be paid one hundred (100) percent of accumulated and unused sick leave to a maximum of two hundred twenty (220) days at the then current salary rate of the employee, all of such pay to be determined at the regular straight time rate.~~

Payment of such separation leave pay in accordance with ARTICLE IX Section 3 Sick Leave Subsection (I) will be made by the City within thirty (30) days after the date of retirement or separation of such employee. In the event of death of any employee prior to retirement or separation, the widow/widower or estate of such employee shall be entitled to receive such terminal leave pay as would have been due to such employee had he/she retired or been separated at the date of death.

~~Employees hired after January 1, 1987, who are separated as a result of retirement or reduction in force shall be entitled to pay for unused, accumulated sick leave limited to thirty (30) percent of the accumulated leave to a maximum of two hundred twenty (220) days, at the then current salary rate of the employee, all of such leave to be determined at the regular straight time rate.~~

12. ARTICLE XXV Pension Vesting Rights is amended as follows:

ARTICLE XXV
Pension Vesting Rights

Members of the City of Harrisburg Police Pension Plan will be permitted to buy-back periods of military leave at any time during their active police service.

- A. Effective ~~01/02/01~~January 2, 2001, the former A and B plans will be fully merged so that all provisions of Plan A shall apply to all members of the City of Harrisburg Police Pension Plan.
- B. Effective ~~01/02/01~~January 2, 2001, the maximum retirement benefit will be increased to 62.5% of Final Average Salary after twenty-five (25) years of credited service and attainment of fifty (50) years of age.
- C. Officer contributions shall be required at the maximum rate allowed by applicable law.
- D. The City will provide a service-connected disability benefit payable upon work-related disability and inability to continue to function as a Harrisburg Police Officer. Said benefit shall be fifty percent (50%) of final average salary without reference to either age or length of service. In accordance with the Third Class City Code, the City shall be entitled to an offset for any workers' compensation benefits received by the officer.
- E. Under no circumstances will the members of the FOP be permitted to decrease the amount of their contribution levels currently in existence as of the date of this contract.
- F. In addition to all existing pension benefits, the pension benefits shall provide for vesting after twenty (20) years of service, which would allow an employee to retire with twenty (20) years of service. However, an employee would not begin to receive his pension benefits until he reached fifty (50) years of age.
- G. Effective ~~01/02/07~~January 2, 2007, the pension benefit will be as follows:

20 years = 50.0%	24 years = 60.0%
21 years = 52.5%	25 years = 62.5%
22 years = 55.0%	26 years = 65.0%
23 years = 57.5%	27 years = 70.0%
- H. Effective with the ratification of this Second Amendment, any employee who retires on or before December 31, 2015 shall receive an increase in the employee's Base Salary effective on the day preceding retirement as follows:

	<u>P.O.</u>	<u>Cpl./Det.</u>	<u>Sgt.</u>	<u>Lt.</u>
<u>2013:</u>	<u>\$63,198.68</u>	<u>\$66,358.62</u>	<u>\$69,676.55</u>	<u>\$73,160.24</u>
<u>2014:</u>	<u>\$65,094.65</u>	<u>\$68,349.38</u>	<u>\$71,766.85</u>	<u>\$75,355.19</u>
<u>2015:</u>	<u>\$67,047.49</u>	<u>\$70,399.86</u>	<u>\$73,919.85</u>	<u>\$77,615.84</u>

The appropriate contractual longevity rate indicated by years of service shall be added to the above Base Salary to calculate a retiring employee's Final Annual Salary, which shall be used for pension purposes only.

To take advantage of the Base Salary adjustment provided herein, a retiring employee shall be required to make a lump sum contribution toward the pension plan equaling the amount of employee contributions plus interest (as determined by the Plan actuary) which would otherwise have been paid if the salary increases provided for above had been paid prior to retirement in accordance with the First Amendment to The Basic Labor Agreement. A retiring employee who does not make the required lump sum contribution shall not be eligible for the increase to Base Salary provided herein for pension calculation purposes.

The parties agree that the application of this Paragraph H. and the Base Salary adjustments offered herein shall be subject to the City obtaining a cost study. Further, in the event the Auditor General of the Commonwealth of Pennsylvania or any court of competent jurisdiction determines that the Base Salary adjustments provided herein are unlawful, the FOP agrees to indemnify and hold the City harmless for any losses incurred by the FOP or its employees, current and retired.

I. The above provisions of this Article shall apply only to employees hired prior to the ratification of this Second Amendment. All individuals hired after the ratification date of this Second Amendment shall be provided base pension benefits in accordance with the Third Class City Code, as follows:

- (1) To be eligible for pension benefits, an employee must have a minimum of twenty (20) years of service and have attained age fifty (50).
- (2) The normal retirement benefit paid shall be fifty (50%) percent of annual pay calculated in accordance with § 4303 of the Third Class City Code (52 P.S. § 39303).
- (3) Payment of service increments shall be based upon years of service multiplied by one-fortieth (1/40th) of retirement allowance with the caps provided in § 4303(b)(1) of the Third Class City Code (53 P.S. § 39303 (b)(1)).
- (4) Payment of disability benefits shall be made consistent with the provisions of § 4303(d) of the Third Class City Code (53 P.S. § 39303(d)) for disability occurring from injuries not sustained in the line of duty.

- (5) Payment of disability benefits shall be made consistent with the provisions of § 4303.2 of the Third Class City Code (53 P.S. § 39303.2) for disability occurring from injuries sustained in the line of duty.

13. ARTICLE XXIX is amended to eliminate the residency requirement as follows:

ARTICLE XXIX
Residency

Effective upon the date of ratification of this Second Amendment, the residency requirement contained in prior Collective Bargaining Agreements between the parties is eliminated, and employees, regardless of hiring date, shall not be required to establish or maintain a residence within the corporate limits of the City of Harrisburg. Each police officer hired on or after March 27, 2001, shall establish a residency within the corporate limits of the City of Harrisburg within six (6) month from the date on which the officer completes his/her probationary period. Thereafter, the officer shall be required to maintain a residence within the corporate limits of the City of Harrisburg for the duration of his/her employment with the City of Harrisburg, in accordance with the definition set forth in Section 2-711 of the Codified Ordinances of the City of Harrisburg.

14. ARTICLE XXXII is added to provide for the civilianization of certain positions and transfer of booking functions as follows:

ARTICLE XXXII
Bargaining Unit Work

Section 1: Civilianizing of Certain Agreed Positions

The parties hereto agree that, effective upon ratification of this Second Amendment, the following positions may be civilianized at the City's discretion: Special Events Coordinator/Court Liaison, Accreditation Manager, City Hall Security, PAL Coordinator and Parking Enforcement Supervisor. The FOP agrees that it shall aid or consent, as necessary, in any action or proceeding brought by or deemed necessary by the City to formalize the removal of the above positions from the bargaining unit.

Section 2: Transfer of Booking Functions

The parties agree that upon the completion and opening of Dauphin County's booking facilities, all booking functions and activities for the City shall be transferred and relocated to Dauphin County's facilities, and the relevant Dauphin County personnel shall assume said duties. The parties specifically agree that the transfer of booking functions and activities provided herein shall not constitute a diversion of bargaining unit work, and specifically further agree that any employees who performed booking duties prior to the ratification of this Agreement may be reassigned to patrol duties.

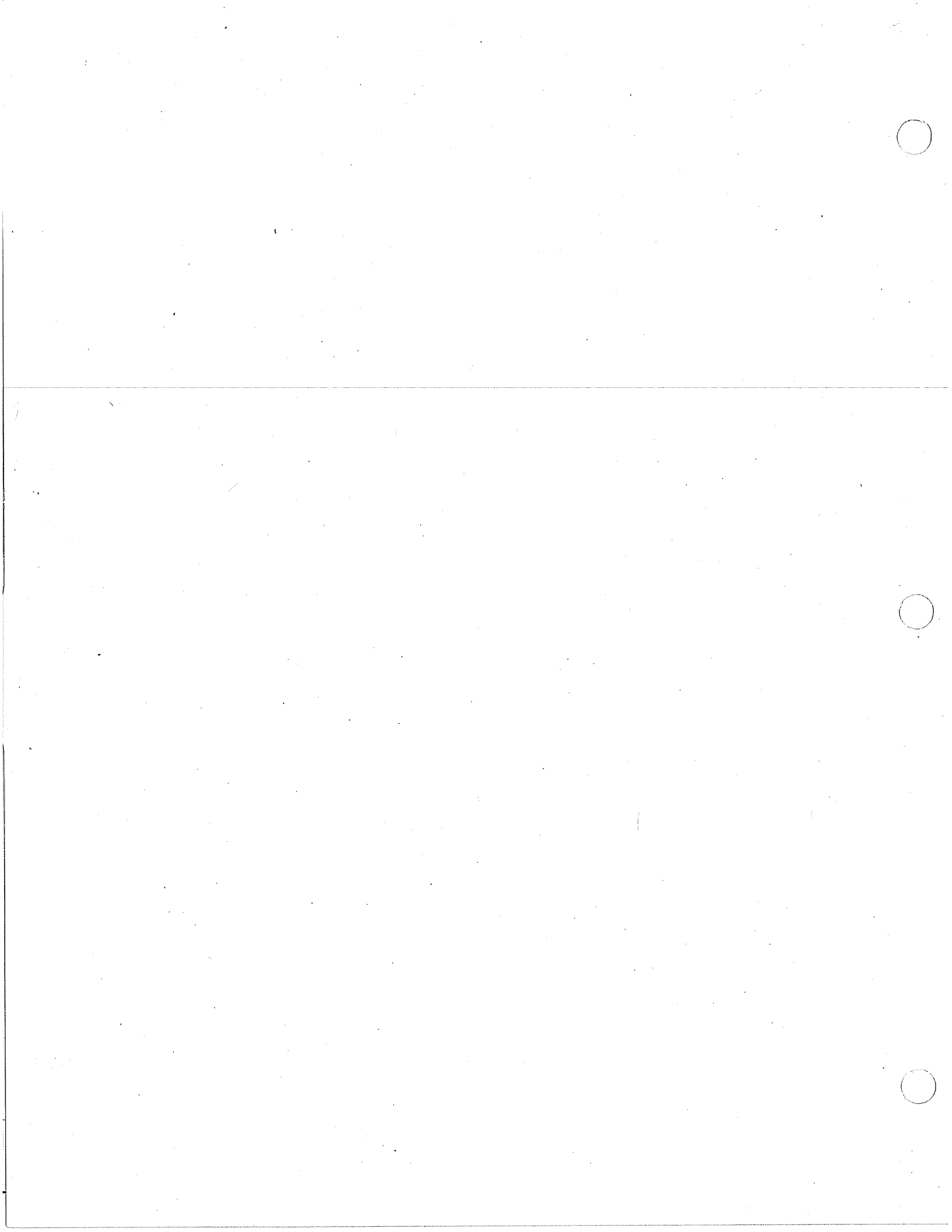
15. ARTICLE XXXIII is added to provide for restructuring of the patrol duty schedule as follows:

ARTICLE XXXIII
Restructuring of Patrol Duty Schedules

The City and the FOP agree that they will meet and negotiate mutually agreed upon changes to the patrol duty schedules, in order to implement savings, as discussed in POL01 of the Recovery Plan.

FRATERNAL ORDER OF POLICE

CITY OF HARRISBURG



DRAFT

**THIRD AMENDMENT TO THE BASIC LABOR AGREEMENT
BETWEEN
THE CITY OF HARRISBURG
AND
AMERICAN FEDERATION OF
STATE, COUNTY AND MUNICIPAL EMPLOYEES
DISTRICT COUNCIL 90, LOCAL 521**

The Basic Labor Agreement, as amended, between the City of Harrisburg (hereinafter usually the "City") and the American Federation of State, County and Municipal Employees District Council 90, Local 521, (hereinafter usually the "Union" or "AFSCME") commencing on January 1, 2007 and ending on December 31, 2014 is further amended as follows:

1. All amendments shall be effective upon ratification by the City except as set forth below. For purposes of this Agreement, ratification will be complete when the Agreement has been formally approved by all necessary representatives of the parties and all implementing legislation has been adopted.

2. Article XIII, Section 1 of the Basic Labor Agreement is hereby further amended to read as follows (additions indicated by underlining):

ARTICLE XIII
Vacations

Section 1.

A. All current City employees shall earn paid vacation leave in accordance with the Schedule A-1 that follows. Employees hired after the ratification of this Third Amendment shall earn paid vacation in accordance with Schedule A-2. All vacation leave that non-probationary employees earn in a calendar year will be made available on January 1st of that calendar year, provided that the employee is in an active status to earn leave. Probationary employees may only use earned vacation leave and, upon completion of the probationary period, such employees shall have available the applicable, prorated allotment of vacation leave in accordance with the following schedule:

SCHEDULE A-1

<u>Service Requirement</u>	<u>Allotment in Hours</u> <u>7.5-Hour/Day Employees</u>	<u>Allotment in Hours for</u> <u>8-Hour/Day or 12-Hour/Day</u> <u>Employees</u>
Month 1-12	5.00 hours per month	5.34 hours per month

EXHIBIT A

<u>Service Requirement</u>	<u>Allotment in Hours 7.5-Hour/Day Employees</u>	<u>Allotment in Hours for 8-Hour/Day or 12-Hour/Day Employees</u>
Months 13-36	6.88 hours per month	7.34 hours per month
Months 37-96	10.63 hours per month	11.34 hours per month
Months 97-168	15.00 hours per month	16.00 hours per month
Months 169-Separation	18.75 hours per month	20.00 hours per month

SCHEDULE A-2
Employees Hired Post-Ratification

<u>Service Requirement</u>	<u>Allotment in Hours 7.5-Hour/Day Employees</u>	<u>Allotment in Hours for 8-Hour/Day or 12-Hour/Day Employees</u>
<u>Month 1-12</u>	<u>5.00 hours per month</u>	<u>5.34 hours per month</u>
<u>Months 13-36</u>	<u>6.88 hours per month</u>	<u>7.34 hours per month</u>
<u>Months 37-96</u>	<u>10.63 hours per month</u>	<u>11.34 hours per month</u>
<u>Months 97- Separation</u>	<u>13.74 hours per month</u>	<u>14.67 hours per month</u>

All service requirements are calculated from the date of hire and vacation leave is earned on a monthly basis in accordance with the employee's seniority date.

B. Up to forty-five (45) days of vacation can be carried over into the next calendar year. Any employee who cannot adhere to the carry-over limitations set forth in this section because of work requirements may request the Bureau Director's approval to carry over additional vacation, which approval shall not be unreasonably withheld.

3. Article XIV, Section 3 of the Basic Labor Agreement is hereby amended to read as follows (additions indicated by underlining):

ARTICLE XIV
Sick Leave

Section 3.

A. In the event an employee with at least ten (10) years of service leaves the employ of the Employer for any reason, except termination for just cause, such employee shall be compensated for fifty percent (50%) of all sick leave that was accumulated up to a maximum of one hundred twenty (120) days. The maximum sick leave buy-back permitted under this provision is sixty (60) days. In the event an employee with at least five (5) years of service leaves the employ of the Employer for any reason, except termination for just cause, such employee shall be compensated for twenty-five percent (25%) of sick leave that was accumulated, up to a maximum of one hundred twenty (120) days. The maximum

sick leave buy-back permitted under this provision is thirty (30) days. All sick leave days will be bought back at the rate of the employee's base hourly wage as of December 31st of the year in which the days were accrued.

- B. In lieu of the compensation set forth in Section 3(A) above, an employee who, after being vested, leaves City employment, for any reason except termination for just cause, may elect to convert one hundred percent (100%) of all sick leave to pension service credits, except that no employee may convert sick leave to pension service credits for the purpose of meeting the Rule of 85 requirements pursuant to Section 11 (Article XXXIV) below. If the employee chooses this option, the Employer will make the required pension contributions on behalf of the employee for the amount of service credited.
- C. Any employee who has used more than his/her pro-rated and/or earned allotment shall have the value of the excess allotment used deducted from his/her final paycheck. If the value of the excess allotment is greater than the amount of the employee's final paycheck, the employee shall reimburse the Employer in a lump sum or sign a judgment note in the City's favor for the total amount due and execute a payment plan prior to receiving his/her final paycheck.

4. Article XVI of the Basic Labor Agreement is hereby amended to read as follows (additions indicated by underlining):

ARTICLE XVI
Compensation

Section 1. The compensation package for all bargaining unit employees shall be as follows:

1. 10/2007.....	\$750 Lump Sum Per Employee
2. 05/2008.....	\$1000 Lump Sum Per Employee
3. 01/01/2009.....	2%
4. 01/01/2010.....	3%
5. 01/01/2011.....	4%
5. 01/01/2012.....	3%
6. 01/01/2013.....	30%
7. 01/01/2014.....	30%
8. 01/01/2015.....	1%
9. 01/01/2016.....	1%

Section 2.

Employees shall receive longevity pay, in addition to their regular base pay salary, in an amount based on the following formula:

- 1. After five (5) years of service, employees shall receive a \$50.00 annual payment on the first pay date of December.

2. After ten (10) years of service, employees shall receive a \$100.00 annual payment on the first pay date of December.
3. After fifteen (15) years of service, employees shall receive a \$150.00 annual payment on the first pay date of December.

Such payment shall be subject to all applicable taxes.

Section 3. Effective 2008, employees shall receive longevity pay, in addition to their regular base pay salary, in an amount based on the following formula:

1. After five (5) years of service, employees shall receive one-quarter percent ($\frac{1}{4}$ %) of base pay;
2. After ten (10) years of service, employees shall receive one-half percent ($\frac{1}{2}$ %) of base pay;
3. After fifteen (15) years of service, employees shall receive three-quarters percent ($\frac{3}{4}$ %) of base pay;
4. After twenty (20) years of service, employees shall receive one percent (1%) of base pay.

Effective 2011, employees shall receive longevity pay, in addition to their regular base pay salary, in an amount based on the following formula:

1. After five (5) years of service, employees shall receive one-half percent ($\frac{1}{2}$ %) of base pay;
2. After ten (10) years of service, employees shall receive one percent (1%) of base pay;
3. After fifteen (15) years of service, employees shall receive one and one-half percent ($1 \frac{1}{2}$ %) of base pay;
4. After twenty (20) years of service, employees shall receive two percent (2%) of base pay.

Longevity payments will be made annually on the first pay date in December. Employees must have reached the years of service requirement by the Monday before paychecks are issued to be eligible for a longevity payment in that year. Longevity payments shall be subject to all applicable taxes.

Section 4.

Employees who are eligible for and receiving longevity as of the date of ratification of the Third Amendment shall have their longevity payment frozen at its then current rate through December 31, 2016. Employees hired on or prior to December 31, 2012 who are not receiving longevity as of the date of ratification of the Third Amendment shall not be paid longevity during the extended term of this Third Amendment. Longevity pay shall not be paid to any employees hired on or after ratification of this Third Amendment.

5. Article XXI Section 1 of the Basic Labor Agreement is hereby amended to read as follows (additions indicated by underlining):

ARTICLE XXI
Medical and Hospital Benefits

Section 1.

- (a) The City shall make available for the employees and his/her eligible dependents, including a domestic partner (at the time of the request, the employee must be in compliance with all requirements of the City's Domestic Partner Benefits Program to qualify for the benefit and such benefit will not be retroactively approved), the following medical coverage:

~~Effective January 1, 2005, all AFSCME employees will be enrolled in the PPO Blue 100 plan.~~

~~It is understood that there is no Major Medical coverage under the PPO Blue 100 plan.~~

~~The lifetime maximum for a PPO Blue 100 Plan, or its equivalent under another provider, is \$2,000,000.00.~~

~~For the life of this contract, to include extensions, all employees hired on or after September 1, 2007, will contribute a percentage of their base salary pay toward the cost of health care benefits as follows:~~

- | | |
|---|---------------|
| 1. Single Coverage: | 2% |
| 2. Two Person Coverage: | 4% |
| 3. Three Person Coverage: | 5% |
| 4. Four or More Person Coverage: | 6% |

1. Effective as soon as the parties are able to arrange implementation following ratification of the Third Amendment, the base health care plan provided to all active employees shall be Select PPO Blue – 100%/80% Co-insurance; \$250/\$500 In-Network Deductible; \$20/\$40 ~~Office Visit~~ ~~OV~~ Co-pay; \$100 ~~Emergency Room~~ ~~ER~~ Co-pay. Effective January 1, 2014, the base health care plan provided to all active employees shall be the PPO Blue –

90%/70% Co-insurance; \$250/\$500 In-Network Deductible; \$20/\$40 OV Co-pay; \$100 ER Co-pay; \$500/\$1000 Out-of-Pocket "OOP" Max ~~limit~~.

2. ~~Effective October 1, 2013~~ ~~the date of ratification of October 1, 2013~~, all employees shall contribute to the premium cost of medical and hospital insurance in accordance with the below schedule, which is based on the percentage of base salary earned by an employee. Bases salary shall not include longevity, shift differential or overtime.

Percent of Base Salary

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<u>Single coverage</u>	<u>1.0%</u>	<u>1.5%</u>	<u>2.0%</u>	<u>2.0%</u>
<u>2 person coverage</u>	<u>2.0%</u>	<u>2.5%</u>	<u>3.0%</u>	<u>4.0%</u>
<u>3 person coverage</u>	<u>2.5%</u>	<u>3.0%</u>	<u>4.0%</u>	<u>5.0%</u>
<u>4 or more person coverage</u>	<u>3.0%</u>	<u>4.0%</u>	<u>5.0%</u>	<u>6.0%</u>

All employee contributions shall be by payroll deductions. Such contributions will become effective on the employee's date of hire and will be deducted beginning with the employee's first paycheck. Employees hired on or after 9/1/07 shall have their contribution modified to the schedule above.

(b) Employees who document to the city that they are adequately covered by health insurance from a source other than the City may, upon such documentation and written request to the City, opt to receive a monthly payment of one hundred dollars (\$100.00) in lieu of receiving health insurance from the City pursuant to this Article. This payment shall be made on the first pay of every month.

Employees may re-enroll in the City's health insurance plan by giving the City thirty (30) days' advance written notice, provided that once an employee re-enrolls, he/she may not opt to withdraw again prior to the end of the then current contract year.

6. Article XXI Section 3 of the Basic Labor Agreement is hereby amended to read as follows (additions indicated by underlining):

ARTICLE XXI
Medical and Hospital Benefits

Section 3.

- (a) Employer shall have the right to purchase equivalent medical, hospital , and dental benefits from a different, qualified carrier. Employee benefits shall not be reduced as a result of any change of carrier(s).
- (b) In addition, the City may change the health insurance plan to PEBTF coverage if approved by PEBTF at any time during the term of the Agreement as extended by the Third Amendment and any subsequent amendments. In the event a change in the City's health insurance plan is made to move to PEBTF coverage, the base year for cost sharing for increases in health care costs provided for in Paragraph (c) below shall be re-set.
- (c) Beginning with the calendar year commencing January 1, 2015, if the City's increases in its medical and health insurance COBRA rates exceed six percent (6%) over the prior year's rates, the City and AFSCME shall negotiate changes in the design of the health care plans to reduce the amount of the City's increases in its share of the costs of monthly contributions. For purposes of calculating increases in costs, the COBRA rates established by the City's third party administrator(s) shall be used, and the annual increase shall be determined based on the effective date of the plan year. In calculating the six percent (6%) increase, the percentage shall be based on the amount paid by the City and shall not include employee contributions. In the event the City and AFSCME are unable to reach agreement on plan design changes, the plan design changes shall be subject to an expedited interest arbitration procedure. Either party may request the appointment of a neutral arbitrator selected pursuant to the arbitration step of the grievance procedure in Article XXVIII of this Agreement. The decision of the arbitrator on this issue shall be issued within forty-five (45) calendar days of the notice of submission to arbitration.

7. Article XXI Section 4 of the Basic Labor Agreement is hereby amended to read as follows (additions indicated by underlining):

ARTICLE XXI
Medical and Hospital Benefits

Section 4.

- (a) Effective ~~With the Union~~ ratification of the Third Amendment to the Agreement, ~~the~~ retirees eligible for coverage shall receive post-retirement health care coverage under the same health plan provided to active employees, which coverage may be modified to the extent the coverage for active employees is modified. All conditions and restrictions applied to current employees, such as

co-payment amounts or changes in plan design or coverage, shall be applied to retirees receiving post-retirement health care coverage.

(b) Effective upon ratification of the Third Amendment to the Agreement, for retirees retiring under the Rule of 85 retirement window provided for in Section 11 (Article XXXIV), the City shall pay one hundred (100%) percent of the cost of health insurance up to Medicare eligibility, provided that the retiree has attained the age of fifty-five (55) by 12/31/2013. Retirees retiring under the Rule of 85 retirement window who have not attained the age of fifty-five (55) by 12/31/2013 shall be eligible only for the 60% payment toward coverage provided for below up to Medicare eligibility.

(c) Effective upon ratification of the Third Amendment to the Agreement, for those retirees retiring at the age of sixty (60) with twenty (20) years of service, but who do not retire during the Rule of 85 retirement window, the employee shall pay an amount equal to the amount which the employee would pay for individual coverage as of the date of retirement. In order to be and remain eligible to receive post-retirement health care coverage, retirees must be receiving their pension benefit. The retiree's remittances for the cost of coverage shall be paid monthly in advance by direct deduction from the pension payments and direct payment to the City; retirees shall sign all necessary paperwork to permit such direct deductions and payments; provided, further, that if such direct deductions and payments from the pension payments are not authorized as required by law then the parties shall negotiate another method to guarantee payment. Upon reaching Medicare eligibility, a retiree shall be eligible only for the reimbursement provided for in subsection (f)(1) below. For the life of this contract, to include extensions, the City agrees to pay one hundred percent (100%) of the cost of health insurance for employees retiring on or after June 1, 2007, at the age of sixty (60) with twenty (20) years of service. This coverage does not include prescription drugs, dental or vision coverage.

(d) The City agrees to pay sixty percent (60%) of the cost of health insurance for employees retiring on or after January 1, 2002, with twenty (20) or more years of service or at least fifteen (15) years of service at age sixty-five (65). This coverage does not include prescription drug, dental or vision coverage. Upon reaching Medicare eligibility, a retiree shall be eligible only for the reimbursement provided for in subsection (f)(1) below.

(a)(e) Retirees who are not eligible for Medicare:

1. Coverage under this Section shall include the health care product in effect for the retiree only until the retiree is Medicare eligible. ~~When the employee becomes Medicare eligible, Signature 65 coverage will be provided, if the employee enrolls in Medicare Part A and Part B, as~~

~~required by the City's provider. Signature 65 coverage will not include Major Medical.~~

2. The retiree may elect to continue to cover his/her eligible dependents, until the dependents are Medicare eligible, by paying the full cost of the coverage.
3. The dependent's portion of the premium cost will be deducted from the retiree's monthly pension payment.
4. Dependent coverage will cease if the retiree fails to pay the required cost when due or when the dependent is Medicare eligible, regardless of whether the dependent enrolls in Medicare.
5. If the retiree should die, the surviving spouse and eligible dependents may continue coverage under the same conditions as when the retiree was alive, provided the surviving spouse or dependent pays the full cost of the coverage.

~~(b)(f)~~ Retirees who are eligible for Medicare:

1. ~~Coverage under this Section shall include a Medicare supplemental plan, known as Signature 65, if the employee enrolls Medicare Part A and Part B, as required by the City's provider. Effective upon the ratification of the Third Amendment to the Agreement, retirees eligible for coverage shall receive post-retirement health care under this Agreement only until the date said retiree reaches the age of Medicare eligibility. Following a retiree's attainment of Medicare eligibility, the entitlement to receive post-retirement health care shall cease and retirees shall be entitled to receive only cash reimbursement in an amount not to exceed \$250 per month for supplemental insurance purchased by the retiree, increasing up to a maximum of \$350 per month reimbursement under the following schedule:~~

Maximum monthly reimbursement

Thru 12/31/2016	\$250
2017	\$260
2018	\$270
2019	\$280
2020	\$290
2021	\$300
2022	\$310
2023	\$320
2024	\$330
2025	\$340
2026	\$350

AFSCME may file a grievance on behalf of a retiree under this section in accordance with the grievance and arbitration procedures set forth in the Basic Labor Agreement.

2. The retiree may elect to continue to cover his/her eligible dependents by paying the full cost of coverage.
3. The dependent portion of the premium cost will be deducted by the retiree's monthly pension payment.
4. Dependent coverage will cease if the retiree fails to pay the required cost when due or when the dependent is Medicare eligible, regardless of whether the dependent enrolls in Medicare.
5. If the retiree should die, the surviving spouse and eligible dependents may continue coverage under the same conditions as when the retiree was alive, provided the surviving spouse or dependent pays the full cost of coverage.

(e)(g) Retirees shall not be eligible for post-retirement health care benefits if the retiree has available health insurance coverage elsewhere at a reasonably comparable benefit level and at the same or lower cost, including ~~by way of example~~ available coverage through a spouse or other employer. In such circumstance, the retiree's coverage under the City's plan shall be suspended. Coverage under the City's plan may be reinstated upon proof of the termination of coverage or eligibility for such coverage under the alternative plan. AFSCME may file a grievance on behalf of a retiree whose coverage is suspended or denied reinstatement to the City's plan under this section in accordance with the grievance and arbitration procedures set forth in the CBA. ~~retiree may suspend coverage under the plan if the retiree and/or spouse become covered under the plan of another employer. Coverage may be reinstated only upon proof of the termination of coverage under the other employer's plan.~~

(h) Employees not meeting the above requirements may elect to continue the coverage set forth above by paying the full monthly cost via deduction from the monthly pension payment.

(i) The above provisions related to post-retirement health care shall not be applicable to any individuals hired after the date of ratification of the Third Amendment to the Agreement, and no post-retirement health care or reimbursement will be available to such employees.

8. Article XXII of the Basic Labor Agreement is hereby amended to read as follows (additions indicated by underlining):

ARTICLE XXII
Vision And Prescription Benefits

Section 1. The City shall provide vision benefits for each employee and his/her eligible dependents, including domestic partners (at the time of the request, the employee must be in compliance with all requirements of the City's Domestic Partner Benefit Program to qualify for the benefit and such benefit will not be retroactively approved), through the provider of choice, at no substantial reduction in the current benefit level.

Section 2. ~~The City shall provide prescription drug benefits through the provider of its choice, at no substantial reduction in the current benefit level, as follows:~~

- ~~1. Participating Pharmacy: 25% of the prescription cost per prescription~~
- ~~2. Mail Order: \$10 or 15%, whichever is less, for up to a 90-day supply~~

~~There shall be no co-pay for generic drugs.~~

Effective as soon as the parties are able to arrange implementation following ratification of this Third Amendment, prescription co-payments for all employees shall be as follows for the term of this Agreement:

<u>Generic</u>	<u>\$25</u>
<u>Brand Restricted</u>	<u>\$50</u>
<u>Brand</u>	<u>\$75</u>

Where and when available, employees shall be required to purchase generic prescriptions and shall be required to select mail order delivery.

~~The co-payments set forth above shall be the same for a 30-day supply from a participating pharmacy or a 90-day supply using mail order.~~

Participating pharmacy – 30 day supply
Mail order – 90 day supply

~~Where and when available, employees shall be required to purchase generic prescriptions and shall be required to select mail order delivery.~~

Section 3: All existing and future retirees will be provided with a pass-through prescription benefit which will apply to both retail and mail order programs.

Employees retiring on or after 06/01/07 will have the ability to purchase prescription drug coverage at the City's rates, provided the cost of such is deducted from the employee's

pension benefit and provided that it is understood that coverage may periodically change to mirror the coverage available to active employees.

~~Section 4: Prescription drug co-pays for employees hired on or after 09/01/07 shall be as follows:~~

	Retail ¹	Mail Order ²
1. Brand Restricted ³	\$25.00	\$50.00
2. Brand	\$30.00	\$60.00

~~—¹Up to maximum 30 day supply.~~

~~—²Up to maximum 90 day supply.~~

~~—³Resticted means that no generic substitute is available.~~

~~There shall be no co-pay for generic drugs.~~

9. Article XXXI Section 4 of the Basic Labor Agreement is hereby amended to read as follows (additions indicated by underlining):

ARTICLE XXXI
Miscellaneous

Section 4. Residency:

Effective upon the date of ratification of the Third Amendment to the Agreement, the residency requirement contained in prior Collective Bargaining Agreements and prior versions of the Agreement between the parties is eliminated and employees, regardless of hiring date, shall not be required to establish or maintain a residence within the corporate limits of the City of Harrisburg.

~~New members of the bargaining unit hired on or after March 1, 1999 will be required to live within the corporate limits of the City of Harrisburg within one (1) year of their date of hire. During their employment with the City of Harrisburg, bargaining unit members hired prior to March 1, 1999 will not be required to live within the corporate limits of the City of Harrisburg, nor to move into the corporate limits of the City of Harrisburg if they change residence.~~

~~The Residency Ordinance, Chapter 2-711, Subsection 2.7116 Exception B (Those Employees whose work stations are located more than fifteen (15) miles beyond the City limits shall be exempt from provisions of this chapter) shall be amended to apply equally to bargaining unit employees.~~

~~In addition, new members of the bargaining unit hired on or after 09/01/07 will be required to live within the corporate limits of the City of Harrisburg within twelve (12) months of the completion of their probationary period.~~

10. Article XXXI Section 11 of the Basic Labor Agreement is hereby added to read as follows (additions indicated by underlining):

ARTICLE XXXI
Miscellaneous

Section 11. Leave Payouts

Employees who retire under the Rule of 85 retirement window through December 31, 2014 and are otherwise entitled to a pay out of accrued leave pursuant to Article XIII or XIV of the Agreement shall receive such pay out as follows:

- Up to \$12,500 per employee no later than June 30, 2014
- Up to an additional \$12,500 per employee no later than June 30, 2015
- Any remaining payout no later than April 30, 2016

Pay outs of accrued leave for Water and Sewer employees being transferred to the Harrisburg Authority may occur sooner if necessary to utilize Water and Sewer funds or shall be paid out by The Harrisburg Authority upon transfer of the Water and Sewer operations to the Authority in accordance with an agreement between AFSCME and The Harrisburg Authority.

11. Article XXXIV Sections 5 and 6 of the Basic Labor Agreement are hereby added to read as follows (additions indicated by underlining):

ARTICLE XXXIV
Pension

Section 5. Early Retirement Window

Effective for the period of time beginning on the date of ratification of the Third Amendment to the Agreement and ending December 31, 2014, any employee who would meet a Rule of 85 (where a combination of an employee's age and years of service add up to 85) by no later than December 31, 2013 shall be eligible for normal retirement without an early retirement reduction being applied.

Section 6. Employee Contributions

The present five (5) percent employee contribution toward the pension shall be reduced to the percentage rates stated below for the following years only as follows:

- 2013 (effective 10/01/2013) – 3%

- 2014 – 3%
- 2015 – 4%
- 2016 – 4%

~~Article XXXV of the Basic Labor Agreement is hereby amended to read as follows:~~

Article XXXV Successors

Pursuant to an agreement reached between the City of Harrisburg and the Harrisburg Municipal Authority, the work performed by bargaining unit employees of the Department of Public Works, Bureaus of Water and Sewer will be transferred to the Harrisburg Municipal Authority. Bargaining unit employees of the Department of Public Works, Bureaus of Water and Sewer will be offered employment with the Harrisburg Municipal Authority pursuant to an agreement reached between AFSCME District Council 90 and the Harrisburg Municipal Authority.

In the event the Employer leases, transfers or assigns any of its facilities to other sub-divisions, corporations, or persons, and such sale, lease, transfer or assignment would result in the layoff, furlough or termination of employees covered by this Agreement, the Employer shall attempt in good faith to arrange for the placement of such employees with the new Employer. Tthe Employer shall notify the Union, in writing, at least thirty (30) days in advance of any such sale, lease, transfer, or agreement.

~~Article~~ Article XXXVI of the Basic Labor Agreement is hereby amended to read as follows (additions indicated by underlining):

ARTICLE XXXVI
TERM OF AGREEMENT

This Agreement shall be in full force and effect from January 1, 2007 through December 31, 20142016.

**FOR THE
CITY OF HARRISBURG:**

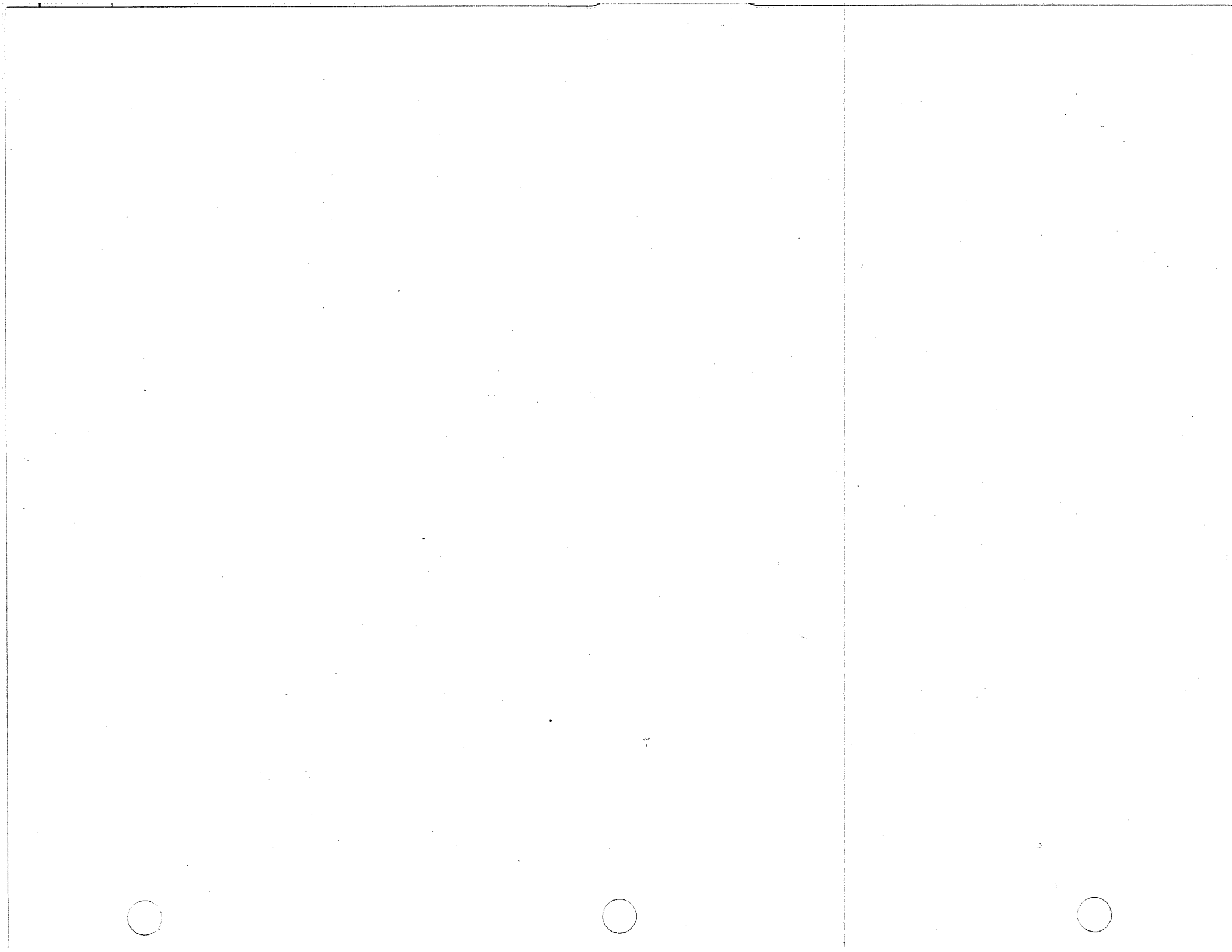
**FOR
AFSCME COUNCIL 90, LOCAL 521:**

MAYOR

DATE

DIRECTOR, COUNCIL 90

DATE



Suburban Claimants' Payment Schedule

Date	Payment
At Plan Consummation	\$ 4,500,000
2014	\$ 1,500,000
2015	\$ 1,500,000
2016	\$ 1,500,000
2017	\$ 1,000,000
2018	\$ 1,000,000
2019	\$ 225,000



Schedule of Contractors

Vendor	Amount	Date	COV/PO Number	Description
JEM Group, LLC	\$ 15,261.44	3/18/2010	COV-0015	Building Modifications
JEM Group, LLC	\$ 79,401.38	3/18/2010	COV-0038	Roofing
JEM Group, LLC	\$ 42,029.46	3/18/2010	COV-0039A	Siding
JEM Group, LLC	\$ 131,854.60	4/9/2010		
JEM Group, LLC	\$ 122,718.09	4/9/2010		
JEM Group, LLC	\$ 60,123.00	8/1/2010		
JEM Group, LLC	\$ 26,302.02	8/1/2010		
JEM Group, LLC	\$ 311,253.36	8/1/2010		
	<u>\$ 788,943.35</u>			
Innovative Engineering	\$ 34,379.63	3/18/2010	COV-0024A,0024B,0024C	Fuel Oil System
Innovative Engineering	\$ 3,070.94	4/9/2010		
Innovative Engineering	\$ 11,215.10	12/10/2011		
	<u>\$ 48,665.67</u>			
Jordan Contracting	\$ 25,026.46	3/18/2010	COV-0035	Structural Steel Platforms
Jordan Contracting	\$ 23,737.63	4/9/2010		
	<u>\$ 48,764.09</u>			
DM Coatings	\$ 58,528.53	3/18/2010	COV-0040	Painting
DM Coatings	\$ 83,742.22	8/1/2010		
	<u>\$ 142,270.75</u>			
D&S Contractors, Inc	\$ 27,378.19	3/18/2010	COV-0010B	Heat Trace and Freeze Protection
D&S Contractors, Inc	\$ 14,446.75	3/18/2010	COV-0069	Misc. Plant Lighting
	<u>\$ 41,824.94</u>			
SSM Industries	\$ 6,644.15	12/10/2009	COV-0030	Emergency Showers / Eyewash
SSM Industries	\$ 33,238.30	12/10/2011	COV-0024A,0024B,0024C	Fuel Oil System
	<u>\$ 39,882.45</u>			
Rogele, Inc	\$ 105,059.80	3/18/2010	COV-0018	Civil Site Work & Paving
Castline Energy Construction	\$ 211,143.25	3/18/2010	COV-0054,0055	Air Heater Tubes
Greiner Industries, Inc.	\$ 23,946.97	3/18/2010	COV-0067	Cable Tray Remediation

Midwestco Filter Resource, Inc.	\$	4,999.00	8/1/2010	COV-0046	Dust Monitors
C. G. Powertech, Inc.	\$	35,117.03	8/1/2010	COV-0061	Valves and Mechanical Materials
Paragon Industries & Supply, LLC	\$	115,280.03	8/1/2010	COV-0073	Clinker Roller
TOTAL		<u>\$ 1,605,897.33</u>			



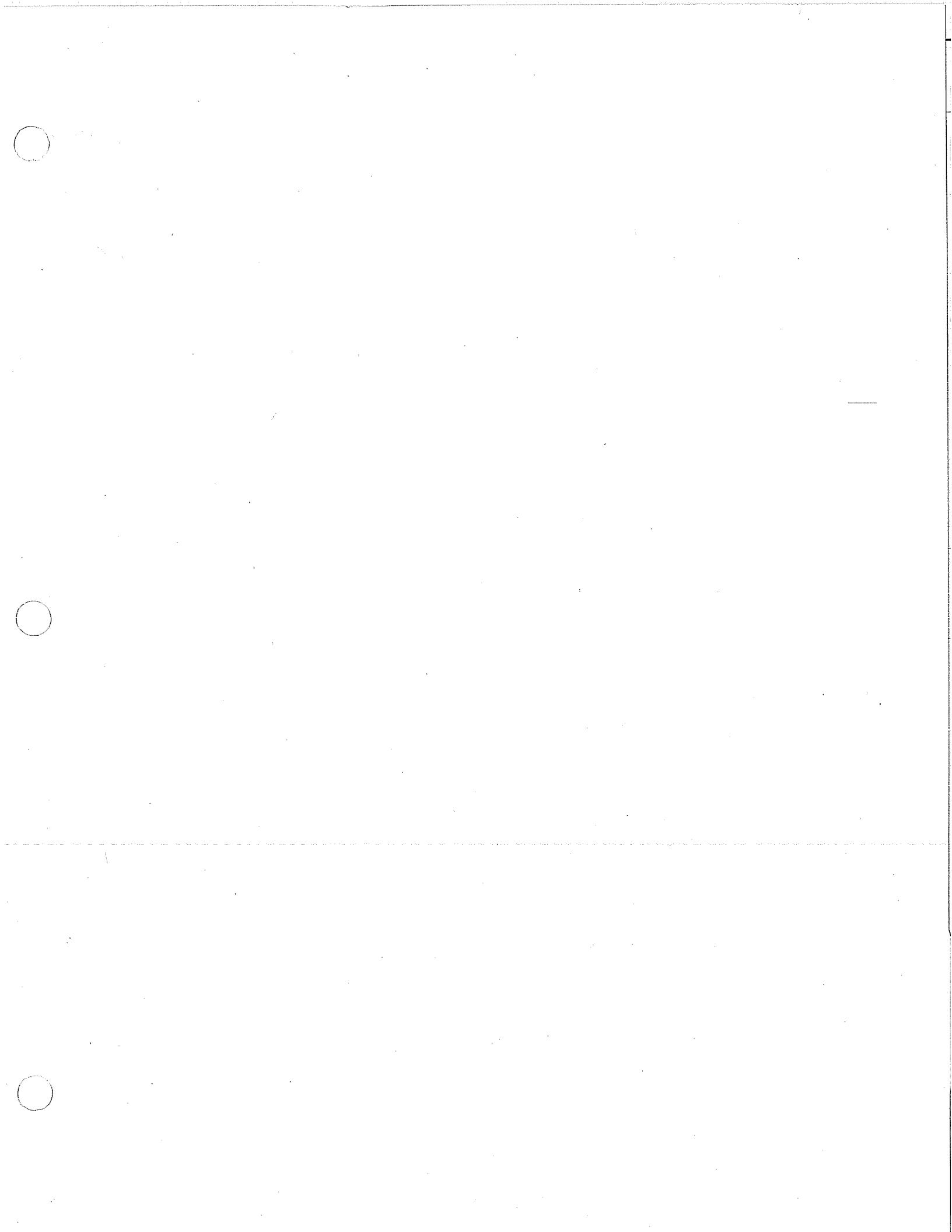
NECESSARY COMPONENTS OF THE TASK FORCE GOVERNANCE PROPOSAL AND ACTION PLAN

More specifically, among other things, the Task Force will propose, as part of its Governance Proposal and Action Plan, the following for both Strong EDC and Strong IIC:

- the number and composition of an independent board of directors
- voting procedures for the board of directors
- eligibility requirements for board membership
- procedures regarding appointment and removal of board members
- establishment of standing committees of the board such as an executive committee
- development of committee charters for audit and finance committees and all other standing committees
- development of investment policies and procedures as part of the development of the finance committee charter
- development of audit committee policies and procedures
- development of public relations strategy and marketing of activities
- development of internet and social media policies and procedures
- development of board policies and procedures for making low-interest loans and/or equity investments, and eligibility criteria for applicants
- development of board policies and procedures for implementation, monitoring, review and revision, in each case as appropriate, of Strong EDC's and Strong IIC's 5-year action plans
- development of policies and procedures to monitor and review the performance of private contractors and other service providers to Strong EDC and Strong IIC

- development of grant application and policies and procedures for board use in the review of grant applications and the awarding and making of grants
- development of grant criteria to be used in requesting grant applications
- development of effective, IRS-mandated conflict of interest policies and procedures to detect, monitor and resolve conflicts of interest of board members with respect to conducting its activities
- development of policies and procedures for the retention of counsel, accountants and other advisors and consultants to the board of directors
- development of job descriptions for the executive officers who would report to the board of directors
- development of reasonable compensation arrangements for the executive officer job descriptions
- development of decision criteria for joint venture, co-development and direct investments in projects
- development of expenditure responsibility policies and procedures for receiving reports and ensuring accountability by recipients of Strong EDC or Strong IIC funds for their use of such funds and resources by grant and loan recipients, borrowers and equity investments
- development of annual budget criteria and budget variance criteria
- development of annual reporting mechanisms for the board to report annually on achievement of its annual goals
- development of governance monitoring metrics and self-evaluation procedures for the board of directors

- development criteria for distribution of liquidation proceeds when Strong EDC of Strong IIC, as applicable, is dissolved or liquidated
- development of appropriate accounting controls and management information systems.



NECESSARY COMPONENTS OF THE TASK FORCE GOVERNANCE PROPOSAL AND ACTION PLAN

More specifically, among other things, the Task Force will propose, as part of its Governance Proposal and Action Plan, the following for both Strong EDC and Strong IIC:

- the number and composition of an independent board of directors
- voting procedures for the board of directors
- eligibility requirements for board membership
- procedures regarding appointment and removal of board members
- establishment of standing committees of the board such as an executive committee
- development of committee charters for audit and finance committees and all other standing committees
- development of investment policies and procedures as part of the development of the finance committee charter
- development of audit committee policies and procedures
- development of public relations strategy and marketing of activities
- development of internet and social media policies and procedures
- development of board policies and procedures for making low-interest loans and/or equity investments, and eligibility criteria for applicants
- development of board policies and procedures for implementation, monitoring, review and revision, in each case as appropriate, of Strong EDC's and Strong IIC's 5-year action plans

- development of policies and procedures to monitor and review the performance of private contractors and other service providers to Strong EDC and Strong IIC
- development of grant application and policies and procedures for board use in the review of grant applications and the awarding and making of grants
- development of grant criteria to be used in requesting grant applications
- development of effective, IRS-mandated conflict of interest policies and procedures to detect, monitor and resolve conflicts of interest of board members with respect to conducting its activities
- development of policies and procedures for the retention of counsel, accountants and other advisors and consultants to the board of directors
- development of job descriptions for the executive officers who would report to the board of directors
- development of reasonable compensation arrangements for the executive officer job descriptions
- development of decision criteria for joint venture, co-development and direct investments in projects
- development of expenditure responsibility policies and procedures for receiving reports and ensuring accountability by recipients of Strong EDC or Strong IIC funds for their use of such funds and resources by grant and loan recipients, borrowers and equity investments
- development of annual budget criteria and budget variance criteria
- development of annual reporting mechanisms for the board to report annually on achievement of its annual goals

- development of governance monitoring metrics and self-evaluation procedures for the board of directors
- development criteria for distribution of liquidation proceeds when Strong EDC of Strong IIC, as applicable, is dissolved or liquidated
- development of appropriate accounting controls and management information systems.