

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

C. Alan Walker, in his capacity as
Secretary for the Department of
Community and Economic
Development,

Petitioner,

v.

City of Harrisburg,

Respondent

No. 569 M.D. 2011

**NOTICE OF FILING OF CERTAIN ADDITIONAL SUPPLEMENTAL
EXHIBITS TO MODIFIED RECOVERY PLAN AND REQUEST FOR
APPROVAL AND FINDING OF EFFICACY OF PLAN DOCUMENTS**

On August 26, 2013, William B. Lynch, in his capacity as the receiver for the City of Harrisburg, Pennsylvania (together with any predecessor or successor thereof, the “Receiver”), caused to be filed with the Court in the above-styled action the modified recovery plan for the City of Harrisburg (the “**Harrisburg Strong Plan**” or “**Plan**”) and also caused to be filed certain exhibits to the Plan (collectively referred to as the “**Strong Plan Exhibit Book**”). Thereafter, on September 19, 2013, the Receiver filed certain amended and supplemental exhibits to the Plan (the “**First Supplemental Plan Documents**”).

NOTICE IS HEREBY GIVEN that, through counsel, the Receiver hereby causes to be filed certain additional supplemental exhibits to the Harrisburg Strong Plan, more fully identified below (the “**Second Supplemental Plan Documents**”).¹ The documents and agreements submitted as part of the Strong Plan Exhibit Book, the First Supplemental Plan Documents and the Second Supplemental Plan Documents are hereinafter collectively referred to as the Plan Documents.

In addition, in recognition and furtherance of this Court’s September 23, 2013 Order (“Plan Approval Order”) confirming the Plan, which approves the various key components of the Plan and provides, among other things that the Receiver and/or the City of Harrisburg (“City”), including all elected and appointed officials, as applicable, are “authorized and required to take action necessary to effectuate” the various key components of the Plan, “including, without limitation and as applicable, finalizing and executing any relevant agreements, resolutions, ordinances and any other necessary documentation”, Plan Approval Order at e.g. pp. 7-8, ¶¶ C-F, the Receiver respectfully asks the Court to approve the Second Supplemental Plan Documents, as executed and submitted to

¹ Additional agreements in furtherance of the Plan will be submitted to the Court in the near term.

the Court, as compliant with and in furtherance of the Plan and to affirm the force and effect of the Second Supplemental Plan Documents as submitted to the Court. A proposed form of order approving this request is attached hereto as **Exhibit A**.

The Second Supplemental Plan Documents are more specifically identified as follows:

- A. **Appendices to Bill No. 24-2013.** Bill No. 24-2013, an Ordinance regarding certain amendments to the City's Non-Uniform Municipal Pension Plan, was previously submitted as **Exhibit 12** to the Plan. Appendix A to that Ordinance (Cost Study Estimate) is attached hereto as **Exhibit 12-A**. Appendix B to that Ordinance, as final and executed, is attached hereto as **Exhibit 12-B**. **Exhibit 12-A** and **Exhibit 12-B** shall be incorporated as Exhibits A and B of **Exhibit 12** to the Harrisburg Strong Plan and included in the Strong Plan Exhibit Book.
- B. **Exhibits to Resolution 27 of 2013.** Resolution 27 of 2013 regarding the transaction pertaining to the Incinerator² and described in the Plan was previously submitted as **Exhibit 16** to the Plan. Exhibit A to that Resolution, referred to therein as the Restated Disposal Agreement, as final and executed, is attached hereto as **Exhibit 16-A**. Exhibit B to that

² Capitalized terms not defined herein shall have the meaning ascribed to such terms in the Plan.

Resolution, referred to therein as the Purchase Agreement, as final and executed, is attached hereto as Exhibit 16-B. Exhibit 16-A and Exhibit 16-B shall be incorporated as Exhibits A and B of Exhibit 16 to the Harrisburg Strong Plan and included in the Strong Plan Exhibit Book. Drafts of the Purchase Agreement and the Restated Disposal Agreement were previously submitted to the Court as Exhibit 1 and Exhibit 2 to the Plan, respectively.

- C. **Resolution 43 of 2013.** Resolution 43-2013 regarding the transaction pertaining to the Incinerator and described in the Plan is submitted pursuant to Part Four, Section C.3 of the Plan and is attached hereto as Exhibit 18. This Resolution shall be incorporated as Exhibit 18 to the Harrisburg Strong Plan and included as Exhibit 18 to the Strong Plan Exhibit Book. Attached as Exhibit A to Resolution 43 is the final and fully executed copy of the Addendum to Assignment, Amendment and Restatement of Municipal Waste Disposal Agreement.
- D. **SunTrust Settlement Agreement.** The Settlement Agreement, by and between SunTrust Leasing Corporation (“SunTrust”) and the Receiver (the “**SunTrust Settlement Agreement**”) and the first amendment to the SunTrust Settlement Agreement (“**SunTrust Settlement Agreement**”

Amendment", collectively with the SunTrust Settlement Agreement, the **"SunTrust Agreement"**) is attached hereto as **Exhibit 19**. The SunTrust Agreement shall be incorporated as **Exhibit 19** to the Harrisburg Strong Plan and included as **Exhibit 19** to the Strong Plan Exhibit Book. The SunTrust Settlement Agreement is submitted pursuant to Part Six, Section E of the Plan.

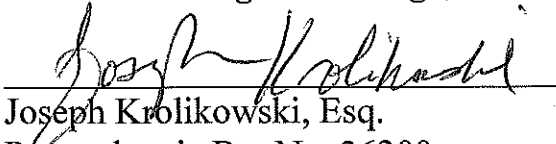
- E. Second Amended and Restated Settlement Agreement, by and between Ambac Assurance Corporation ("**Ambac**") and the Receiver, dated effective as of April 1, 2013 (the "**Second Amended Ambac Settlement Agreement**"). The Second Amended Ambac Settlement Agreement is attached hereto as **Exhibit 20**. It shall be incorporated as **Exhibit 20** to the Harrisburg Strong Plan and included as **Exhibit 20** to the Strong Plan Exhibit Book. The Second Amended Ambac Settlement Agreement is submitted pursuant to Part Six, Section E.1 of the Plan.

Respectfully submitted,

McKenna Long & Aldridge, LLP

Date: December 17, 2013

By:


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*wt Consent
by B. for
Chandler*

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**Attorneys for William B. Lynch, in his
official capacity as Receiver for the City
of Harrisburg**

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

C. Alan Walker, in his capacity as
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CERTIFICATE OF SERVICE

The undersigned hereby certifies that, through counsel, William B. Lynch, in his capacity as Receiver for the City of Harrisburg, caused true and correct copies of the **NOTICE OF FILING OF CERTAIN AMENDED AND SUPPLEMENTAL EXHIBITS TO MODIFIED RECOVERY PLAN AND REQUEST FOR APPROVAL AND FINDING OF EFFICACY OF PLAN DOCUMENTS** to be served, via first class mail, postage prepaid upon the individuals identified on Exhibit A hereto at the addressees indicated on Exhibit A.

Dated:

*December 17,
2013*

Respectfully submitted,

McKenna Long & Aldridge LLP

By:

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*w/ Consent
by B. J. ...
Cherish*

Attorneys for William B. Lynch, in his official capacity as Receiver for the City of Harrisburg

EXHIBIT A

The Honorable C. Alan Walker
 Department of Community and Economic
 Development
 Commonwealth Keystone Building
 400 North Street, 4th Floor
 Harrisburg, PA 17120
 (866) 466-3972

The Honorable Linda Thompson
 Mayor of the City of Harrisburg
 Dr. Martin Luther King, Jr.
 Government Center
 10 North 2nd Street
 Harrisburg, PA 17101
 (717) 255-3040

The Harrisburg City Council
 c/o Kirk Petroski, Chief City Clerk
 Office of City Clerk/City Council
 Dr. Martin Luther King, Jr. Government
 Center
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 Municipalities)*

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*(Attorneys for C. Alan Walker, DCED
 Secretary)*

<p>Jeffrey G. Weil Neal David Colton Stephen Aaron Miller Cozen O'Connor 1900 Market St Philadelphia, PA 19103 (215) 665-2060 <i>(Attorneys for C. Alan Walker, DCED Secretary)</i></p>	<p>Edward Lee Stinnett, II Salzmann Hughes PC 105 N. Front Street, Suite 205 Harrisburg, PA 17101 (717) 249-6333 <i>(Attorneys for certain Suburban Municipalities)</i></p>
<p>Nevin J. Mindlin 2550 N. 3rd Street Harrisburg, PA 17110 (717) 238-8705 <i>(Debt Watch Harrisburg)</i></p>	<p>Lee E. Morrison 420 Lamp Post Lane Camp Hill, PA 17011 (717) 761-9090 <i>(Attorney for Harrisburg City Council)</i></p>
<p>Markian Roman Slobodian Law Offices of Markian R. Slobodian 801 N 2nd St Harrisburg, PA 17102—3213 (717) 232-5180 <i>(Attorneys for Ambac Assurance Corporation)</i></p>	<p>Marck Joachin Arent Fox LLP 1050 Connecticut Ave., NW Washington, DC 20036 (202) 857-6018 <i>(Attorneys for Ambac Assurance Corporation)</i></p>
<p>Howard B. Klein Law Office of Howard Bruce Klein, P.C. 1700 Market Street, Suite 3025 Philadelphia, PA 19103 (215) 972-1411 <i>(Attorneys for David Unkovic)</i></p>	<p>Geoffrey R. Johnson Sprague & Sprague 1110 Wellington Road Jenkintown, PA 19046 (215) 490-7436 <i>(Attorneys for Mark D. Schwartz)</i></p>

<p>Daniel L. Sullivan Saidis, Flower & Lindsay Saidis Sullivan & Rogers 26 W High St Carlisle, PA 17013 (717) 243-6222 <i>(Attorneys for County of Dauphin)</i></p>	<p>Charles B. Zwally Ronald L. Finck Mette, Evans & Woodside 3401 N Front St PO Box 5950 Harrisburg, PA 17110 (717) 232-5000 <i>(Attorneys for County of Dauphin)</i></p>
<p>Paul M. Hummer Matthew M. Haar Saul Ewing LLP Centre Square West 1500 Market Street, 38th Floor Philadelphia, PA 19102-2186 (215) 972-7777 <i>(Attorneys for Assured Guaranty Municipal Corp.)</i></p>	<p>James S. Gkonos Saul Ewing LLP Centre Square West 1500 Market Street, 38th Floor Philadelphia, PA 19102-2186 (215) 972-8667 <i>(Attorneys for Assured Guaranty Municipal Corp.)</i></p>
<p>Daniel C. Miller Harrisburg City Controller City of Harrisburg 10 N. 2nd Street – Suite 403 Harrisburg, PA 17101 (717) 234-2250 <i>(Pro se)</i></p>	

EXHIBIT A

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

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City of Harrisburg,

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No. 569 M.D. 2011

**[PROPOSED] ORDER APPROVING PLAN DOCUMENTS AND
AFFIRMING EFFICACY OF PLAN DOCUMENTS**

AND NOW, this _____ day of December, 2013, upon consideration of the request by William B. Lynch, the Receiver for the City of Harrisburg (“Receiver”) in his Notice of Filing of Certain Amended and Supplemental Exhibits to Modified Recovery Plan and Request for Approval and Finding of Efficacy of Plan Documents (“Notice of Filing”), the Court hereby FINDS and CONCLUDES as follows:

A. The relief requested in the Notice of Filing is GRANTED.

B. In recognition and furtherance of this Court's September 23, 2013 Order ("Plan Approval Order") confirming the Harrisburg Strong Plan ("Plan"), which approves the various components of the Plan and provides, among other things that the Receiver and/or the City of Harrisburg ("City") are "authorized and required to take action necessary to effectuate" the various key components of the Plan, "including, without limitation and as applicable, finalizing and executing any relevant agreements, resolutions, ordinances and any other necessary documentation", Plan Approval Order at e.g. pp. 7-8, ¶¶ C-F, the Court hereby CONCLUDES and ORDERS:

1. in recognition and furtherance of the Plan Approval Order, the Second Supplemental Plan Documents¹ are hereby APPROVED as compliant with and in furtherance of the Plan and the Plan Approval Order; and
2. in recognition and furtherance of the Plan and the Plan Approval Order, the Court hereby affirms the force and effect of the Second Supplemental Plan Documents, as executed and submitted to the Court.

BONNIE BRIGANCE LEADBETTER,
Judge

¹ Capitalized terms not defined herein shall have the meaning of such terms set forth in the Notice of Filing.

EXHIBIT 12-A

April 3, 2013

Mr. Anthony M. Pinto
 Chief, Municipal Services Division
 Pennsylvania Municipal Retirement System
 Commonwealth of Pennsylvania
 1010 North 7th Street, Suite 301
 Eastgate Center
 Harrisburg, PA 17102

Re: Plan Name: Harrisburg City 22-030-2 N Cost Study Estimate

Dear Mr. Pinto:

At your request we have prepared the following cost study estimate for Harrisburg City. Our calculations assume any increase is adopted after January 1, 2013 and will first be valued as of January 1, 2015. Therefore, we have assumed that the increase in funding rates will be effective January 1, 2017.

Our report includes the following:

- Summary of the most recent demographic data and financial data for the participating employer based on the January 1, 2011 valuation
- Description of the current plan provisions in effect for the participating employer according to our records
- Description of the plan provisions that have been requested for modification
- Brief discussion of any assumptions or adjustments made in the processing of the results
- Detailed description of the change in the annual contribution required, based on the impact of the benefit changes requested
- Summary of the actuarial assumptions and methods currently in force and applied in arriving at these cost proposals

Pertinent Demographics & Financial Information as of January 1, 2011:

Membership Date:	1/1/1987	2011 Valuation Pay:	\$12,786,819
Active Members:	270	Average Credited Service:	15.83
Average Age:	49.05	Expected Retirement Age:	68 years
Surplus/(Unfunded) Status:	\$21,568,647	Active Amortization Period:	10 years
Net Assets Available for Active Benefits:	\$48,321,521	Active Amortization Factor:	7.9522



Highlights of Harrisburg City Plan A as of January 1, 2011 valuation:

Description	Base Plan
Normal Retirement Age:	Available upon attainment of age 60 with 20 years of credited service.
Vesting Service Required:	A member is 100% vested after 20 years of service or in the case of involuntary termination a member is 100% vested after 12 years of service.
Early Retirement Eligibility:	A voluntary early is not available. An involuntary early is available at age 60 with 12 years of service or age 55 with 20 years of service.
Benefit Accrual Rate:	2.50%
Final Average Salary (FAS):	FAS based upon basic compensation rate and time of retirement or the final highest 5 consecutive years annualized salary, whichever is higher.
Maximum Benefit:	50% of Final Average Salary
Service Credited:	From date of hire
Member Contribution Rate:	5.00%
Disability Benefits:	If unable to perform gainful employment 50% of FAS with at least 15 years service.
Death Benefit:	If eligible to retire or if retired at time of death, spouse receives 50% of member's benefit.
Killed in Service Death Benefit:	None Available
Service Increment Benefit:	For members who elected to contribute at a higher rate, a service increment for service in excess of 20 years is provided.
COLA:	None Available
Social Security Offset:	Based on contribution level.

Highlights of Harrisburg City Plan B as of January 1, 2011 valuation:

Description	Base Plan
Normal Retirement Age:	Available upon attainment of age 65.
Vesting Service Required:	A member is 100% vested after 10 years of service.
Early Retirement Eligibility:	Available at age 55 with 10 years of credited service.
Benefit Accrual Rate:	2.00%
Final Average Salary (FAS):	FAS based upon highest 3 years annualized salary.
Maximum Benefit:	75% of Final Average Salary
Service Credited:	From date of hire
Member Contribution Rate:	5.00%
In-service Disability Benefit:	A 50% of FAS disability benefit is provided to a member who is unable to perform gainful employment regardless of age or service. Offset by available Workers' Compensation benefits.
Non-service Disability Benefit:	A 30% of FAS disability benefit is provided to a member who has at least 10 years of service and who is unable to perform gainful employment.
Death Benefit	If eligible to retire at time of death, beneficiary receives present value of accrued benefit.
Killed in Service Death Benefit	None Available
Service Increment Benefit:	None available.
Service Incremental Accrual Rate:	None available.
COLA	None available.

Assumptions and Methods:

For purposes of determining the liabilities and costs associated with the Window Eligibility for Normal Retirement and the additional Window Benefit, all participants eligible for these options have been assumed to completely retire on January 1, 2011 to reflect the decrease to the normal cost. Active participants on January 1, 2014 will retain the benefit accrual rate of 2.0% for service earned before 2014 and will earn benefits at a rate of 2.25% of pay starting in 2014.

The results will vary depending on how many of the potential Window eligible participants elect the option. By assuming that all of the eligible participants choose the option we have determined the most expensive option.

For purposes of the Normal Cost dollar amounts, we have removed the Window eligible participants from the payroll under the assumption that they have retired. If Window eligible participants continue to work, additional costs of benefit accruals will be required of these participants.

To the extent that any changes have occurred to individual participants in the City of Harrisburg's pension plan subsequent to January 1, 2011, they have not been reflected for the purposes of this study.

Mr. Anthony M. Pinto

April 3, 2013

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We have divided the six requested results into two tables utilizing the different eligibilities to the participants provided under Rule of 80 and Rule of 85 as of December 31, 2013 for both Normal Retirement and the additional Window Benefit. There are 91 eligible participants under the Rule of 80 Proposals with a total payroll of \$4.20 million covered payroll (Proposals 1, 2 and 3). There are 65 eligible participants under the Rule of 85 Proposals with a total payroll of \$2.96 million covered payroll (Proposals 4, 5 and 6).

We have assumed a 4.50% salary scale in determining the delayed payment charge.

The actuarial discount rate of 5.5% approved by the Pennsylvania Municipal Retirement Board for valuations beginning January 1, 2013 has been applied to determine the results in this letter.

We think it is important to reiterate that if the Window benefits are granted they will be first valued as of January 1, 2015, and first impact the City's Minimum Municipal Obligation for the fiscal year beginning January 1, 2017. During this time the retirement benefit payments will reflect a potentially material number of additional retirees and create a degree of uncertainty pertaining to the funded status of the plan in the intervening years between adoption and measurement of the Window costs.

Changes to January 1, 2013 provisions under Rule of 80:

Description	Proposal 1	Proposal 2	Proposal 3
Window Eligibility:	Attainment of 80 points (Age + Service) by 12/31/2013	Attainment of 80 points (Age + Service) by 12/31/2013	Attainment of 80 points (Age + Service) by 12/31/2013
Normal Retirement Age:	Available upon attainment of Window Eligibility by 12/31/2013	Available upon attainment of Window Eligibility by 12/31/2013	Available upon attainment of Window Eligibility by 12/31/2013
Window Benefit:		An additional benefit of \$500/month payable until attainment of Medicare eligibility	An additional benefit of \$500/month payable until attainment of Medicare eligibility
Benefit Accrual Rate:			2.25% for service earned after 1/1/2014

Costs valued as of January 1, 2011 with Funding Commencement Date of January 1, 2017:

Description	1/1/2011 Valuation Original	1/1/2011 Valuation @ 5.5%	Proposal 1	Proposal 2	Proposal 3
Employer Cost¹					
A. Estimated covered payroll	\$12,786,819	\$12,786,819	\$8,584,668	\$8,584,668	\$8,584,668
B. Normal cost rate	3.53%	4.72%	4.76%	4.76%	5.17%
C. Normal cost (AxB)	\$451,451	\$603,538	\$408,686	\$408,686	\$443,436
D. Current unfunded	\$0	\$0	\$0	\$0	\$0
E. Current amortization	\$0	\$0	\$0	\$0	\$0
F. Current (surplus)	(\$21,568,647)	(\$21,568,647)	(\$21,568,647)	(\$21,568,647)	(\$21,568,647)
G. Ten percent of (surplus)	(\$2,156,865)	(\$2,156,865)	(\$2,156,865)	(\$2,156,865)	(\$2,156,865)
H. Change in unfunded or (surplus) due to new assumptions and	\$0	\$2,280,477	\$2,280,477	\$2,280,477	\$2,280,477
I. Change in unfunded or (surplus) under proposal	\$0	\$0	\$12,103,835	\$15,742,703	\$16,115,563
J. Net Unfunded/(Surplus)	(\$21,568,647)	(\$19,288,170)	(\$7,184,335)	(\$3,545,467)	(\$3,172,607)
K. Amortization Charge (10% net surplus or amortization of net unfunded)	(\$2,156,865)	(\$1,928,817)	(\$718,434)	(\$354,547)	(\$317,261)
L. Administration charge (\$20/member)	\$9,420	\$9,420	\$9,420	\$9,420	\$9,420
M. Amortization of delayed payment charges to 2017	\$0	\$0	\$574,037	\$704,504	\$831,946
N. Total employer charges (C+K+L+M)	\$0	\$0	\$273,709	\$768,063	\$967,541
Employee Cost²					
O. Member contribution rate	5.00%	5.00%	5.00%	5.00%	5.00%
P. Member contribution	\$639,341	\$639,341	\$429,233	\$429,233	\$429,233

Notes

- 1) Excess monies (interest) allocated to members' accounts and assets held in the retiree reserve are not included. Also, no consideration is given as to whether state aid or general fund monies are used to fund the employer cost.
- 2) Municipalities have the option to reduce or waive employee contributions on a yearly basis by action of the governing board. This study assumes no reduction in employee contributions.

Changes to January 1, 2013 provisions under Rule of 85:

Description	Proposal 4	Proposal 5	Proposal 6
Window Eligibility:	Attainment of 85 points (Age + Service) by 12/31/2013	Attainment of 85 points (Age + Service) by 12/31/2013	Attainment of 85 points (Age + Service) by 12/31/2013
Normal Retirement Age:	Available upon attainment of Window Eligibility by 12/31/2013	Available upon attainment of Window Eligibility by 12/31/2013	Available upon attainment of Window Eligibility by 12/31/2013
Window Benefit:		An additional benefit of \$500/month payable until attainment of Medicare eligibility	An additional benefit of \$500/month payable until attainment of Medicare eligibility
Benefit Accrual Rate:			2.25% for service earned after 1/1/2014

Costs valued as of January 1, 2011 with Funding Commencement Date of January 1, 2017:

Description	1/1/2011 Valuation Original	1/1/2011 Valuation @ 5.5%	Proposal 4	Proposal 5	Proposal 6
Employer Cost¹					
A. Estimated covered payroll	\$12,786,819	\$12,786,819	\$9,823,562	\$9,823,562	\$9,823,562
B. Normal cost rate	3.53%	4.72%	4.77%	4.77%	5.14%
C. Normal cost (AxB)	\$451,451	\$603,538	\$468,162	\$468,162	\$504,512
D. Current unfunded	\$0	\$0	\$0	\$0	\$0
E. Current amortization	\$0	\$0	\$0	\$0	\$0
F. Current (surplus)	(\$21,568,647)	(\$21,568,647)	(\$21,568,647)	(\$21,568,647)	(\$21,568,647)
G. Ten percent of (surplus)	(\$2,156,865)	(\$2,156,865)	(\$2,156,865)	(\$2,156,865)	(\$2,156,865)
H. Change in unfunded or (surplus) due to new assumptions and	\$0	\$2,280,477	\$2,280,477	\$2,280,477	\$2,280,477
I. Change in unfunded or (surplus) under proposal	\$0	\$0	\$9,058,089	\$11,517,870	\$11,958,472
J. Net Unfunded/(Surplus)	(\$21,568,647)	(\$19,288,170)	(\$10,230,081)	(\$7,770,300)	(\$7,329,698)
K. Amortization Charge (10% net surplus or amortization of net unfunded)	(\$2,156,865)	(\$1,928,817)	(\$1,023,008)	(\$777,030)	(\$732,970)
L. Administration charge (\$20/member)	\$9,420	\$9,420	\$9,420	\$9,420	\$9,420
M. Amortization of delayed payment charges to 2017	\$0	\$0	\$432,755	\$518,615	\$646,761
N. Total employer charges (C+K+L+M)	\$0	\$0	\$0	\$219,167	\$427,723
Employee Cost²					
O. Member contribution rate	5.00%	5.00%	5.00%	5.00%	5.00%
P. Member contribution	\$639,341	\$639,341	\$491,178	\$491,178	\$491,178

Notes

- 1) Excess monies (interest) allocated to members' accounts and assets held in the retiree reserve are not included. Also, no consideration is given as to whether state aid or general fund monies are used to fund the employer cost.
- 2) Municipalities have the option to reduce or waive employee contributions on a yearly basis by action of the governing board. This study assumes no reduction in employee contributions.

Mr. Anthony M. Pinto

April 3, 2013

Page 7

An explanation of the actuarial assumptions and methodology used is attached on the following pages.

The purpose of this report is to present a cost study estimate reflecting plan changes to the member municipality of the Pennsylvania Municipal Retirement System. This report is for the use of the member municipality and the Pennsylvania Municipal Retirement System in preparing cost increases in accordance with applicable law and accounting requirements.

In preparing our study, we relied on information supplied by PMRS. This information includes, but is not limited to, the plan provisions, employee data, and financial information. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice #23.

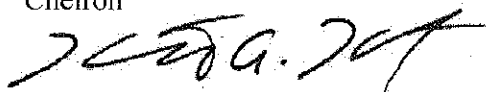
This cost study estimate was prepared exclusively for PMRS for the purpose described herein. This cost study estimate is not intended to benefit any third party, and Cheiron assumes no duty or liability to any such party.

This letter was prepared exclusively for the Pennsylvania Municipal Retirement System for the purpose of measuring the cost impact for this municipality. This letter is not intended to benefit any third party.

I hereby certify that, to the best of my knowledge, this report and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board. Furthermore, as a credentialed actuary, I meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this report. This report does not address any contractual or legal issues. I am not an attorney and my firm does not provide any legal services or advice.

Sincerely,

Cheiron



Kenneth A. Kent, FSA, FCA, EA

Principal Consulting Actuary

Attachments

Cc: James B. Allen

Kristine M. Cline

ACTUARIAL ASSUMPTIONS AND METHODS

Actuarial Assumptions:

The below current PMRS actuarial assumptions were used in this study.

A. Healthy Life Mortality: Sample rates are:

Age	Actives: (Males RP2000 +1; Females RP2000 +5)		Retirees: (RP2000 Sex-Distinct)	
	Male	Female	Male	Female
50	0.20%	0.11%	0.21%	0.17%
55	0.32	0.17	0.36	0.27
60	0.59	0.27	0.67	0.51
65	1.13	0.51	1.27	0.97
70	1.98	0.97	2.22	1.67
75	3.39	1.67	3.78	2.81
80	5.79	2.81	6.43	4.59
85	9.98	4.59	11.08	7.74

(a) Killed-in-Service Related Mortality Rates:

- (i) 15% of mortality is assumed to be service related for municipal plans
- (ii) 50% of mortalities are assumed to be service related for uniform plans

B. Disabled Life Mortality Rates: Mortality under RP-2000 mortality table for a life 10 years older.

C. Termination Rates Before Retirement:

Years of Service	Current Valuation Rate ¹			
	Municipal		Uniformed	
	Active Count	Active Count	Active Count	Active Count
	<25	25+	<25	25+
Less than 1	20.0%	20%	14%	13%
1 but less than 2	20.0	20	14	10
2 but less than 3	12.0	15	12	7
3 but less than 4	10.0	12	10	7
4 but less than 5	8.0	7	6	6
5 but less than 6	6.0	7	4	5
6 but less than 7	4.0	6	3	4
7 but less than 8	3.0	5	2	3
8 but less than 9	3.0	5	2	3
9 but less than 10	2.5	5	1	3
10 or more	2.5	3	1	3

¹ No termination rates are applied once the employee becomes eligible for voluntary early or normal retirement.

D. Disability Incidence Rates: 40% of 1964 OASDI (Social Security) Experience for Males for municipal plans. Sample rates are:

Age	Valuation Rate (%)
25	0.034%
35	0.059
45	0.144
55	0.404
65	0.928

Uniformed plans - 60% of 1964 OASDI (Social Security) Experience for Males. Sample rates are:

Age	Valuation Rate (%)
25	0.051%
35	0.088
45	0.216
55	0.605
65	1.393

(a) Service Related Disability Rates:

- (i) 15% of disablements are assumed to be service related for municipal plans,
- (ii) 50% of disablements are assumed to be service related for uniform plans

E. Workers Compensation: Service-related disability benefits payable from municipal plans are offset by 25% of final average salary.

F. Salary Scale:

Three year select rates include 3.0% inflation and age related scale for merit/seniority based on sample rates below plus 2% during the select period only then reverting to inflation and merit/seniority thereafter. Final actual salary plans assume an additional 6% at retirement.

Sample rates are as follows:

Age	Total Rate (%) [*] (including inflation)
25	8.3%
30	6.4
35	5.6
40	5.0
45	4.2
50	4.1
55	3.9
60	3.7
65	3.0

^{*} Add 2% for each of the first 3 years of service.

G. Retirement Age:

The age at which unreduced benefits are available. No early retirement is assumed. Specific assumptions regarding retirement age are:

(a) Municipal Members:

Members are assumed to retire over a range of ages as shown below:

Age	Current Rate of Normal Retirement ²
Under 46	5%
46 - 54	15
55 - 59	10
60 - 61	10
62	30
63 - 64	20
65	35
66 - 74	15
75	100

² Rates indicated are adjusted by adding 5% (and 10% for ages 60-62 under current rate assumptions) for the year in which the member is first eligible for normal retirement.

ACTUARIAL ASSUMPTIONS AND METHODS

(b) Uniformed Members:

Age	Current Rate of Normal Retirement ²
Under 50	0%
50	20
51 – 54	10
55	20
56 – 57	25
58 – 59	30
60	40
61 – 62	50
63	60
64	70
65	80
66+	100

H. Marital Status and Spouse's Age:³ 85 percent of members will be married at time of retirement and females are three years younger than their spouses.

I. Social Security Projections:

- (a) The Social Security Taxable Wage Base will increase by 3.5% compounded annually.
- (b) The Consumer Price Index will increase 3.0% compounded annually.
- (c) The Average Total Wages of All Workers will increase by 3.5% compounded annually.

J. Post-Retirement Cost of Living Increases:³ 3.0% per year, subject to plan limitations.

K. Net Investment Return: 5.5% compounded annually (net of investment and certain administration expenses) for funding purposes.

Actuarial Methods:

Contribution requirements are individually determined for each participating municipality, on an actuarial basis as described below, at least biannually. The frequency of actuarial valuation is determined by applicable Commonwealth statute (Act 44 of 2009, Act 205 of 1984, and Act 293 of 1972). The following actuarial methods were adopted effective January 1, 1985, unless indicated otherwise.

Actuarial Value of Assets:

Sum of all audited reserve accounts as of the valuation date, including Member, Municipal, Retired, and Disability Reserves, and a one-year administration expense reserve, plus the portion of any additional investment income to be distributed as "excess interest." The actuarial value can never be less than 90 percent of fair market value.

³ If applicable

⁴ If there are no active employees, the unfunded liability is amortized one year after the liability was established.

Each year, municipalities receive an excess interest allocation derived as a portion of new surplus created during the prior year. "Surplus" refers to the excess of fair market value over the actuarial value of assets. Once the preliminary actuarial asset value has been determined, a formula is used to allocate the new surplus. Generally, depending on the relative size of surplus to fair market value, between 10 percent and 90 percent of new surplus will become excess interest.

Actuarial Cost Method:

Entry Age Normal Actuarial Cost Method.

Entry age is defined as attained age less credited service. The normal cost rate is derived as a level percent of future compensation of current employees, on an individual basis. This rate is applied to the projected payroll and projected employee contributions are deducted. Actuarial gains (or losses), including the effect of contributions greater or lesser than the previously determined actuarial level, are reflected by decreases (or increases) in the unfunded actuarial accrued liability. Under Act 44 of 2009, the unfunded actuarial accrued liability is amortized as a level dollar amount over the lesser of:

- (a) (i) 30 years, with respect to the initial liability as of 1/1/85 (or first valuation);
- (ii) 20 years, with respect to actuarial gains and losses;
- (iii) 15 years, with respect to changes due to actuarial assumptions;
- (iv) 10 years, with respect to changes due to plan provisions;
- (v) 1 year, with respect to changes in benefits for currently retired members;
- (vi) 20 years, with respect to state mandated benefit changes; or
- (b) The average assumed working lifetime of active employees as of the date the liability was established.⁴

With the two exceptions which follow, the funding method is applied individually with respect to each municipality:

Retired and disabled members are paid monthly benefits from the System's Retired Reserve account, which at the time of retirement receives a transfer from the municipal and member accounts in an amount actuarially determined to be sufficient to pay all future benefits for the member (and, if applicable, a surviving beneficiary). Thus, post-retirement experience is pooled with the system. (However, this procedure does not apply to the legislated ad-hoc adjustments effective January 1, 1989.)

A disabled member's pension is met in part from the amount that can be provided by the value of that portion of the member's accrued benefit attributable to municipal contributions, with the balance of the pension being provided by the appropriate transfer from the Disability Reserve Account. The amount of annual transfer from the accumulated municipal contributions to the Disability Reserve Account is determined on the one year term cost basis, i.e. the expected cost of disabilities in the coming year.

EXHIBIT 12-B

PENNSYLVANIA MUNICIPAL RETIREMENT SYSTEM

MUNICIPAL PENSION PLAN

OF

THE CITY OF HARRISBURG,

DAUPHIN COUNTY

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ARTICLE I - PURPOSE

Section 1.1 The Retirement System

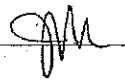
Pursuant to Article IV of the PMRL, the System shall provide for the administration of this Contract for Members of the Municipality.

Section 1.2 The Contract

Pursuant to PMRL Section 104 and Section 401, the Board has adopted standard template language which shall be utilized in the drafting of this Contract. A duly executed Contract shall be the plan document which shall be interpreted consistent with the requirements of the PMRL, the Board adopted regulations, and the Board adopted Policy Statements. In no event shall this Contract extend to a Member any rights beyond those specifically set forth in the PMRL.

Section 1.3 Federal Tax Qualification

The System is a tax-qualified multiple employer retirement system in which the PMRL permits each municipality to establish and maintain a tax-qualified retirement plan pursuant to IRC Section 401(a). This plan is established by the Municipality pursuant to the PMRL and is intended to provide benefits to employees of the Municipality and operate as a governmental plan pursuant to IRC Section 414(d).



ARTICLE II – DEFINITIONS

Section 2.1 Definitions

The following terms shall be defined as set forth below, provided, that each term defined in the PMRL shall have the meaning set forth therein and shall be interpreted consistent with its definition under the PMRL.

“Accumulated Deductions” means the total amount deducted from the Compensation of the Member as set forth in this Contract and paid over by the Municipality or paid by the Member or from any existing pension or retirement System directly into the Fund and credited to the Member’s Account, together with Regular Interest thereon, unless interest is specifically excluded in this Contract.

“Active Member” means a Member who is earning Credited Service under this Contract as a result of employment with a Municipality.

“Actuarially Equivalent” means annuities or lump sum amounts of equal present value determined by appropriate actuarial factors based on mortality tables and interest rates currently adopted and used by the Board.

“Actuary” means: (1) a member of the American Academy of Actuaries, or (2) an individual who has demonstrated to the satisfaction of the Insurance Commissioner of Pennsylvania that he or she has the educational background necessary for the practice of actuarial science and has had at least seven years of actuarial experience, or (3) a firm, partnership or corporation of which one or more members meets the requirements of subclauses (1) or (2) above.

“Alternate Payee” means any spouse, former spouse, child or dependent of a Member who is recognized by an Approved Domestic Relations Order as having a right to receive all or a portion of the monies payable to that Member.

“Annuitant” means any Member on or after the Effective Date of Retirement until the Member’s annuity is terminated.

“Approved Domestic Relations Order” means any Domestic Relations Order which has been approved by the System in accordance with the PMRL.

“Basic Benefit” means the Member’s accrued retirement benefit as calculated pursuant to Article VI Section 6.1.

“Beneficiary” means the person or persons last designated in writing to the Board by a Member or an Annuitant, or if one is not so designated, the estate or next of kin under 20 Pa.C.S. § 3101 (relating to payments to family and funeral directors), to the extent applicable, to receive any death benefit after the death of such Member or Annuitant.

"Board" means the Pennsylvania Municipal Retirement Board.

"Commonwealth" means the Commonwealth of Pennsylvania.

"Compensation" means remuneration actually received for services rendered as a Member including salary, overtime, longevity and shift differential payments, but excluding reimbursement for expenses incidental to employment. Payments received under the Act of June 2, 1915 (P.L. 736, No. 338), known as "The Pennsylvania Workmen's Compensation Act" shall not be included in Compensation. Compensation shall be adjusted as appropriate to comply with the terms of the PMRL and this Contract. For Members who are enrolled in a Plan that has adopted the provisions of IRC § 414(h), Compensation shall also include any such pickup contributions so designated.

Notwithstanding any provision to the contrary, a Member's Compensation shall not exceed the limitations under the IRC §401(a)(17) as adjusted in accordance with IRC §401(a)(17)(B). The adjustment in effect for a calendar year applies to any period, not exceeding twelve months, over which Compensation is determined (the "determination period") beginning in such calendar year. If a determination period consists of fewer than twelve months, the Compensation limit will be multiplied by a fraction, the numerator of which is the number of months in the determination period, and the denominator of which is twelve. The OBRA '93 annual Compensation limit is \$150,000, as adjusted by the Commissioner of Internal Revenue for increases in the cost of living in accordance with IRC Section 401(a)(17)(B). Effective for calendar years beginning on and after January 1, 2002, the Compensation limit shall be \$170,000 as adjusted. Effective for calendar years beginning on and after January 1, 2003, Compensation limit shall be \$200,000. The cost-of-living adjustment in effect for a calendar year applied to any period, not exceeding 12 months, over which compensation is determined (the "determination period") beginning in such calendar year. If a determination period consists of fewer than 12 months, the Compensation limit will be multiplied by a fraction, the numerator of which is the number of months in the determination period, and the denominator of which is 12.

"Contract" or "Plan" means the agreement between the Board and the Municipality providing for retirement benefits to the Members employed by the Municipality.

"Credited Service" means an increment of service by a Member to a Municipality as determined under the terms of Article IV, Section 4.1.

"Date of Termination of Service" means for an Active Member, the last day of employment in a status covered by the eligibility requirements of the Contract. For an Inactive Member, the date on which formal action is taken by the Municipality to separate the Member from employment.

"Disability Annuitant" means a Member on or after the Effective Date of Disability Retirement until the disability annuity is terminated.

"Domestic Relations Order" means any judgment, decree or order, including approval of a property settlement agreement, by a court of competent jurisdiction pursuant to a domestic relations law which relates to the marital property rights of the spouse or former spouse of a Member, including the right to receive all or a portion of the monies payable to that Member under the System in furtherance of the equitable distribution of marital assets. The term includes orders of support as that term is defined by 23 Pa. C.S. 4302 (relating to definitions) and orders for the enforcement of arrearages as provided by 23 Pa. C.S. § 3703 (relating to enforcement of arrearages).

"DROP" means the Deferred Retirement Option Plan adopted by the Board and set forth in Appendix A to this Contract, if one is so attached.

"DROP participant" means an Annuitant who has elected to participate in the DROP as may be provided under Article VII, Section 7.2 (b).

"Early Retirement Benefit" means the Member's Basic Benefit adjusted for commencement upon early retirement as may be provided under Article V, Section 5.2.

"Effective Date of Disability Retirement" means the date following the last day for which Compensation was paid or the date on which the Member filed an effective application for disability benefits, whichever is later.

"Effective Date of Retirement" means one of the following:

- (a) For a Member who files an application for an annuity within ninety days after the Date of Termination of Service, the later of:
 - (i) the first day following the Date of Termination of Service; or
 - (ii) the date specified on the application.
- (b) For a Member who does not file an application for an annuity within ninety days after the Date of Termination of Service, the later of:
 - (i) the date the application is filed; or
 - (ii) the date specified on the application.
- (c) For a Member who applies for a disability retirement, the date certified by the Board as the Effective Date of Disability Retirement.
- (d) For a DROP participant, the day before the effective date of DROP participation as determined in accordance with Appendix A to this Contract, if one is so attached.

"Eligible Retirement Plan" means any of the following: (a) an individual retirement account described in IRC Section 408(a); (b) an individual retirement annuity described in IRC Section 408(b); (c) an annuity plan described in IRC Section 403(a); (d) a qualified trust described in IRC Section 401(a); (e) an annuity contract described in IRC Section 403(b); and (f) an eligible plan under IRC Section 457(b) which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state, and which accepts the Member's Eligible Rollover Distribution. However, in the case of an Eligible Rollover Distribution to the non-spousal Beneficiary of a Member, an Eligible Retirement Plan is an individual retirement account or individual retirement annuity.

"Eligible Rollover Distribution" means any distribution of all or any portion of the balance of a qualified plan described in IRC Section 401(a) or 403(a), an annuity described in IRC Section 403(b), or an eligible deferred Compensation plan described in IRC Section 457(b) which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state. The above notwithstanding, an Eligible Rollover Distribution does not include: (a) any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the Member or the joint lives (or joint life expectancies) of the Member and the Member's Beneficiary, or for a specified period of ten years or more; (b) any distribution to the extent such distribution is required under IRC Section 401(a)(9); and (c) the portion of any distribution which consists of after-tax employee contributions.

"Equivalent Actuarial Value" means benefits which have equal present value when computed on the basis of interest and the mortality tables adopted by the Board and in use at the date the benefit becomes effective.

"Excess Interest" means the investment earnings on the Fund in excess of that required for allocation to Regular Interest and expenses.

"Final Salary" means for Plan A Members the annualized compensation rate at the time of retirement, or the average annual Compensation earned and paid during the Member's highest consecutive five (5) years of Credited Service, whichever is higher; and for Plan B Members the average annual Compensation earned and paid during the Plan B Member's highest consecutive three (3) years of Credited Service or if not so long employed, then the average annual Compensation earned and paid during the whole period of such employment.

"Fund" means the Pennsylvania Municipal Retirement Fund.

"Inactive Member" means a Member who is enrolled in the System but is no longer earning Credited Service under this Contract as a result of separation from or leave from employment with a Municipality.

"IRC" means the Internal Revenue Code of 1986, as designated and referred to in the Federal Tax Reform Act of 1986 (Public Law 99-514) as amended. A reference to "IRC Section ____" shall be deemed to refer to the identically numbered section and subsection or other subdivision of such section in 26 U.S.C. (relating to Internal Revenue Code), as such identically numbered section may be amended.

"Member" means an elected official or municipal employee who meets the eligibility requirements in Article III, Section 3.1 or 3.2 and is paid on a regular salary or per diem basis. The term shall not include elected officials and employees paid wholly on a fee basis. The term shall include, collectively, Plan A Members and Plan B Members unless otherwise stated.

"Member's Account" means the account to which shall be credited any Accumulated Deductions, municipal contributions made on behalf of the Member and Excess Interest.

"Member's Annuity" means that portion or component of the Basic Benefit which is of Equivalent Actuarial Value, at date of retirement, to the Accumulated Deductions of the Member.

"Member's Excess Investment Account" means the account maintained for each Member, to which shall be credited such Excess Interest deemed to be earned on Accumulated Deductions.

"Municipal Account" means the Account maintained for the Municipality, to which shall be credited the contributions made by it toward the benefits of the Members under the System.

"Municipality" means City of Harrisburg, Dauphin County.

"Original Member" means a Member who was employed by the Municipality as of the date the Municipality joined the System.

"Pennsylvania Municipal Retirement Law" means, 53 P. S. §881.101 et seq. A reference to "PMRL Section ____" shall be deemed to refer to the identically numbered subsection of 53 P.S. § 881 as may be amended.

"Plan A Member" means a Member who was hired before December 30, 1974.

"Plan B Member" means a Member who was hired on or after December 30, 1974 or a Member who was employed prior to December 30, 1974 and elected to become a Plan B Member in accordance with Ordinance No. 35 of 1984.

"PMRL" See the Pennsylvania Municipal Retirement Law.

"Policy Statement" means a statement of rule adopted by the Board as provided in Article XIII, Section 13.3 and as authorized by PMRL Section 104(10).

"Prior Service" means all service as an Original Member completed at the time the Municipality elected to join the System.

"Regular Interest" means the rate fixed by the board, from time to time, on the basis of earnings on investments to be applied to the Member's Accounts, Municipal Accounts and the Retired Member's Reserve Account.

"Retired Member's Reserve Account" means the account from which all Basic Benefits shall be paid for Superannuation, Early and disability retirements.

"Service Connected Disability" means total and permanent disability of a Member resulting from a condition arising out of and incurred in the course of employment, and which is compensable under the applicable provisions of the act of June 2, 1915 (P.L. 736, No. 338), known as "The Pennsylvania Workmen's Compensation Act," or the act of June 21, 1939 (P.L. 566, No. 284), known as "The Pennsylvania Occupational Disease Act."

"Superannuation Retirement Age" means the age set forth in Article V, Section 5.1.

"Superannuation Retirement Benefit" means the accrued unreduced Basic Benefit payable to a Member upon attainment of Superannuation Retirement Age.

"Survivor Annuitant" means any person who has been named by a Member under a joint and survivor annuity option to receive an annuity upon the death of such Member.

"System" means the Pennsylvania Municipal Retirement System, a multiple employer retirement system created pursuant to the PMRL.

"Total Disability Reserve Account" means the account to which shall be credited the contributions made by the Municipality toward the disability retirement of Members.

"USERRA" means the federal Uniformed Services Employment and Reemployment Rights Act of 1994 (Pub. L. 101-353, 38 U.S.C. §§ 4303 et seq.).

"Vested Member" means a Member after a stipulated age or with sufficient years of service, or both, as set forth in Article V, Section 5.3 who has terminated service with the Municipality and has elected to leave total Accumulated Deductions in the Fund and to defer receipt of a Basic Benefit, provided the election is made within 90 days after the Date of Termination of Service.

Section 2.2 Statutory Authority

The aforementioned definitions shall be interpreted consistent with the PMRL, Board adopted regulations, and Board adopted Policy Statements.

ARTICLE III – MEMBERSHIP

Section 3.1 Mandatory Membership

Membership for full-time officers and employees of the Municipality is mandatory.

Section 3.2 Optional Membership

- (a) Eligibility.-- Membership for elected officials and part-time employees is optional.
- (b) Election.-- To become a Member, an employee eligible under Section 3.2(a) must file an election with the System within one year after the employee first enters the service of the Municipality regardless of the employee's probationary status.
- (c) Declination of Optional Membership.-- If the employee eligible under Section 3.2(a) elects not to join, the declination of membership under this Contract shall be irrevocable and shall apply for the period of time the employee serves continuously in that optional category. If there is a break in service and the employee returns to service in any employment capacity, the employee shall not be eligible to purchase the optional membership time previously declined.

Section 3.3 Prohibited Membership

Membership for seasonal employees and temporary employees is prohibited, as is membership for individuals paid only on a fee basis.

ARTICLE IV – SERVICE

Section 4.1 Credited Service

- (a) Credited Service shall begin to accrue as of the Member's date of enrollment in the System.
- (b) The Member's date of enrollment in the System shall be the date the Municipality entered into the System or the Member's date of hire, whichever is more recent.
- (c) A Member who elects to receive a Superannuation Retirement Benefit or Early Retirement Benefit may elect with the Municipality at the time of retirement to receive additional Credited Service for unused accrued sick leave; provided, however that for every five whole (5) days of unused accrued sick leave, the Member will receive seven (7) days of Credited Service. Such additional Credited Service shall not affect the Member's Effective Date of Retirement but will only be used to calculate the Member's Basic Benefit. The Municipality shall provide certification to the Board of the amount of additional Credited Service the Member is entitled to receive together with the Member's filing for retirement with the Board.

Section 4.2 Prior Service

An Original Member shall be granted Credited Service for Prior Service from the date of hire, except for Members who were hired prior to December 30, 1974 and elected Plan B benefits in accordance with Ordinance No. 35 of 1984, who shall not be granted Credited Service for Prior Service.

Section 4.3 Purchase of Service

If a former Member of the Municipality returns to service with the Municipality and becomes a Member, the Member may restore to the Fund the amounts refunded under Article VII, Section 7.1. The Member's annuity rights shall be restored as they existed at the time of separation from service provided the Member pays the amount due plus Regular Interest up to the date of purchase in a lump sum within 30 days after billing, or through salary deductions amortized with Regular Interest through a repayment period of not more than 5 years.

Section 4.4 Intervening Military Service

- (a) Any Member who enters the uniformed services as defined by USERRA and returns to service as a Member within the authorized time period of the law, shall have the authorized time spent in such service credited to the Member's employment record for pension or retirement benefits if the Member makes the required member contributions.

- (b) The amount due from the Member shall be certified by the System and shall be paid by the Member in accordance with applicable law.
- (c) A Member may purchase credit for intervening military service only if discharge or separation from the service was granted under other than dishonorable conditions. A Member may not purchase military credit for any service that is covered by another retirement system administered and wholly or partially paid for by any other government agency or private employer.

Section 4.5 Non-Intervening Military Service

- (a) An Active Member may purchase credit for other than intervening military service performed for the United States in times of war, armed conflict or national emergency, so proclaimed by the President of the United States, for a period not to exceed five (5) years, provided the Member has completed five (5) years of service to the Municipality subsequent to such military service. Within ninety (90) days of enrollment in the System a Member shall file with the Municipality a notification of the Member's intent to purchase nonintervening military service. A Member who does not file such a notice shall not be eligible to purchase nonintervening military service. The Board shall immediately inform a Member who filed said notice of the cost to purchase the nonintervening military service. When the Member has completed five (5) years of service with the Municipality, the Member shall then have ninety (90) days to initiate the purchase of nonintervening military service.
- (b) The rate of interest charged a Member on purchase of credit for nonintervening military service shall be the Regular Interest in effect on the date of the Member's application.
- (c) An Active Member may purchase credit for nonintervening military service only if discharge or separation from the service was granted under other than dishonorable conditions. A Member may not purchase military credit for any service that is covered by another retirement system administered and wholly or partially paid for by any other government agency or private employer.

Section 4.6 USERRA Service / HEART Act

- (a) **Qualified Military Service.**-- Notwithstanding any provisions herein to the contrary, contributions, benefits and service credit with respect to "qualified military service" within the meaning of IRC Section 414(u)(5) will be provided in accordance with IRC Section 414(u).

(b) HEART Act Provisions.--

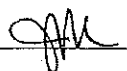
(i) Death benefits. In the case of a death or disability occurring on or after January 1, 2007, if a Member dies while performing qualified military service (as defined in IRC Section 414(u)), the survivors of the Member are entitled to any additional benefits (other than benefit accruals relating to the period of qualified military service) provided under the System as if the Member had resumed and then terminated employment on account of death.

(ii) Benefit accrual. For benefit accrual purposes, the System will treat an individual who dies or becomes disabled (as determined by the System) while performing qualified military service with respect to the Member as if the Member had resumed employment in accordance with the Member's reemployment rights under USERRA, on the day preceding death or disability (as the case may be) and terminated employment on the actual date of death or disability.

(iii) Determination of benefits. The System will determine the amount of member contributions of an individual treated as reemployed under this Section 4.6 for purposes of applying IRC Section 414(u)(8)(C) on the basis of the Member's average actual employee contributions for the lesser of: (i) the 12-month period of service with the Municipality immediately prior to qualified military service; or (ii) if service with the Municipality is less than such 12-month period, the actual length of continuous service with the Municipality.

(iv) Differential wage payments. For years beginning after December 31, 2008:

- (a) a Member receiving a differential wage payment, as defined by IRC Section 3401(h)(2), shall be treated as an employee of the employer making the payment;
- (b) the differential wage payment shall be treated as Compensation; and,
- (c) the System shall not be treated as failing to meet the requirements of any provision described in IRC Section 414(u)(1)(C) by reason of any contribution or benefit which is based on the differential wage payment.



Section 4.7 Portability

When a Member leaves the employ of the Municipality and enters within one year of separation into the employ of another municipality that has joined the System, the Member's service credits shall remain unimpaired. Should a Member from the employ of another municipality that has joined the System separate from service and within one year of separation be employed by the Municipality and qualify for membership under this Contract, the Member's service credits will remain unimpaired. In such cases, the municipal liability for past service shall be prorated by the System between the municipalities on an equitable basis.

ARTICLE V – ELIGIBILITY FOR BENEFITS

Section 5.1 Eligibility for Superannuation Retirement Benefit

- (a) A Plan A Member shall be eligible for a Superannuation Retirement Benefit upon attainment of Superannuation Retirement Age, which shall be:
 - (i) sixty (60) years of age; provided the Plan A Member has completed twenty (20) years of Credited Service; or
 - (ii) if involuntarily terminated, fifty-five (55) years of age; provided the Plan A Member has completed twenty (20) years of Credited Service.
- (b) A Plan B Member shall be eligible for a Superannuation Retirement Benefit upon attainment of Superannuation Retirement Age, which shall be sixty-five (65) years of age.
- (c) Retirement Window.- Effective through December 31, 2014, a Member, who by December 31, 2013 has attained an age, which when added to the Member's number of completed years of Credited Service, is equal to or greater than the number eighty-five (85), shall be eligible for a Superannuation Retirement Benefit.

Section 5.2 Eligibility for Early Retirement Benefit

- (a) Due to member demographics, not applicable for Plan A Members.
- (b) A Plan B Member who terminates service after ten (10) years of Credited Service and who has attained at least fifty-five (55) years of age may apply for an Early Retirement Benefit. The Early Retirement Benefit under this subsection (b) will be actuarially reduced for each year or partial year thereof prior to Superannuation Retirement Age for Plan B Members that early retirement takes place.

Section 5.3 Eligibility for a Vested Benefit

- (a) A Plan A Member shall vest upon the completion of twenty (20) years of Credited Service provided the Plan A Member files an application to vest with the Board within ninety (90) days of the Member's Date of Termination of Service. A Plan A Member who vests under this subsection shall receive a Superannuation Retirement Benefit upon attainment of sixty (60) years of age.
- (b) A Plan B Member shall vest upon the completion of ten (10) years of Credited Service provided the Member files an application to vest with the Board within ninety (90) days of the Member's Date of Termination of Service. A Plan B Member who vests under this subsection shall be entitled to a Superannuation Retirement Benefit upon attainment of Superannuation Retirement Age or an Early Retirement Benefit upon attainment of fifty-five (55) years of age that is actuarially reduced for each year or partial year thereof prior to Superannuation Retirement Age.
- (c) In the event that a Member fails to file within ninety (90) days of the Member's Date of Termination of Service, the Member shall be deemed ineligible for a vested benefit. The amount payable to the Member shall be determined in accordance with Article VII, Section 7.1.

ARTICLE VI – BENEFITS

Section 6.1 Basic Benefit

- (a) For Plan A Members, the annual Basic Benefit shall be fifty percent (50%) of the Plan A Member's Final Salary.
- (b) For Plan B Members, the annual Basic Benefit shall be calculated by multiplying the Plan B Member's Final Salary by all years of Credited Service and multiplied by the benefit accrual rate of two percent (2.0%). Provided however, in no event shall the annual Basic Benefit exceed seventy-five percent (75%) of the Plan B Member's Final Salary.

Section 6.2 Excess Interest Benefit

An annual Excess Interest benefit shall be equal to a single life annuity starting on the Effective Date of Retirement with a present value equal to the Member's Excess Investment Account.

Section 6.3 Service Increment

In addition to the Basic Benefit, an Annuitant who was a Plan A Member and who is certified by the Municipality as eligible to receive a service increment shall receive a yearly service increment to be determined by computing the number of whole years of Credited Service beyond twenty (20) years and multiplying this number by an amount equal to one and five-tenths percent (1.5%) of the Member's Final Salary provided such Annuitant made the required contributions set forth in Section 9.2(a)(iv).

Section 6.4 Cost of Living Adjustment

Not available.

Section 6.5 Maximum Benefit Limitations

- (a) General Limitation.-- Except as otherwise provided in this Contract, the annual retirement benefit payable to any Member shall not exceed the maximum permissible amount for the System year pursuant to IRC Section 415(b).
- (b) Adjustment of Limitations.--
- (i) To the extent the limitations set forth herein may be from time to time adjusted by statutes, regulations or other publications issued by the Internal Revenue Service, such adjusted amounts shall be substituted for the amounts set forth in this section, provided that no such adjustment shall reduce a Member's accrued benefit unless such adjustment is required to preserve the qualified status of the System or the applicable Plan.
- (ii) If a benefit is to be distributed in a form other than a single or straight life annuity or joint and survivor annuity (including any death benefit payable as a survivor's annuity), the actuarial equivalent (as determined pursuant to IRC Section 415(b)(2)(B)) of a single life annuity of such benefit must satisfy the limitations set forth in this section. Further adjustments may be made by the Board, as permitted by IRC Section 415 and the regulations promulgated thereunder, under the appropriate circumstances including, if authorized by the Board, receipt by the System of rollover contributions or assets or liabilities transferred from another qualified plan.
- (iii) In the event that a Member's benefit is to be distributed prior to age 62, the currently effective dollar amount in subsection (a) of this section shall be actuarially reduced to the actuarial equivalent (as determined pursuant to IRC Section 415(b)(2)(C)) of an annual benefit equal to the dollar amount commencing at age 62 in the manner as prescribed by IRC Section 415.
- (iv) In the event that a Member's benefit is to be distributed after age 65, the currently effective dollar amount in subsection (a) of this section shall be actuarially increased to the actuarial equivalent (as determined pursuant to IRC Section 415(b)(2)(D)) of an annual benefit equal to such dollar amount commencing at age 65 in the manner as prescribed by IRC Section 415.
- (v) With regard to any Member identified in IRC Section 415(b)(2)(H), this subsection (b) shall not serve to reduce the limitation set forth in subsection (a).
- (c) This section shall be interpreted consistent with the limitations on annual benefits set forth under IRC Section 415(b) and Treasury Regulations thereunder as applicable to governmental plans under IRC Section 414(d).

Section 6.6 Social Security Offset

There shall be an offset to the Basic Benefit equal to forty percent (40%) of the primary insurance amount of full Social Security benefits paid or payable to an Annuitant who was a Plan A Member and who is classified by the Municipality as a joint coverage member as per the Social Security Act, 42 U.S.C. § 301, et seq., subject to the following provisions:

- (a) Upon attainment of the age at which full Social Security benefits are payable or upon retirement of the Plan A Member after attaining such age, the Plan A Member's eligibility to the old age insurance benefits and the primary insurance amount of Social Security, upon which the reduction in the benefits shall be based, shall be computed by the Board in the manner specified in the Federal Social Security Act, except that in determining such eligibility and such amount, only Compensation for services performed in the employ of the Municipality shall be included.
- (b) Once the amount of the reduction from the Basic Benefit has been determined, it shall remain fixed, except that any decrease in the primary amount paid under the Social Security Act shall result in a corresponding decrease in the amount of the reduction of the Basic Benefit.
- (c) The total sum, including Social Security benefits, to be received upon retirement by the Plan A Member shall not be less than the benefits that would be paid by the System in absence of the Social Security benefits reduction.
- (d) The reduction shall not apply to a Disability Annuitant or an Annuitant who was a Plan B Member.

ARTICLE VII – OPTIONS UPON TERMINATION OF SERVICE

Section 7.1 Refund

A Member who terminates service may elect to receive the Accumulated Deductions and the Member's Excess Investment Account standing to the credit of the Member as of the Date of Termination of Service, in lieu of receipt of a benefit provided under Article VI.

Section 7.2 Optional Form of Payment

(a) Single Life Annuity.--

(i) Upon attainment of eligibility to receive a Superannuation Retirement Benefit or eligibility to elect an Early Retirement Benefit, a Member separating from service may elect to receive the benefits provided in Article VI. Such benefits shall be calculated in accordance with Article VI and shall be paid throughout the Member's life.

(ii) In the event of the death of an Annuitant who has elected to receive a single life annuity before the Annuitant has received in total annuity payments an amount equal to the full amount of the Accumulated Deductions plus Excess Interest standing to the Member's credit on the Effective Date of Retirement, the difference between the total payments made to the date of death and the Accumulated Deductions plus Excess Interest shall be paid to the Beneficiary.

(iii) A Plan A Member who has elected a single life annuity shall automatically be deemed to have elected the spouse's death benefit found in Article VIII, Section 8.3(c).

(b) Reduced Annuity Options.-- A Plan A Member who elected to waive the spouse's death benefit within ninety (90) days of enrollment in the System, or a Plan B Member may alternatively elect at the time of retirement to receive the Equivalent Actuarial Value in a lesser allowance, payable throughout life with provisions that:

(i) Option 1. A life annuity to the Member with a guaranteed total payment equal to the present value of the single life annuity on the Effective Date of Retirement. If, at death, the Member has received less than such present value as it was as of the Effective Date of Retirement, the unpaid balance shall be payable to the Beneficiary. If the balance is less than five thousand dollars (\$5,000), it shall be paid in a lump sum to the Beneficiary if living, or if the Beneficiary predeceased the Member or if no Beneficiary was named, then to the Member's estate. If the balance is five thousand dollars (\$5,000) or more, the Beneficiary may elect, by application duly acknowledged and filed with the Board to receive payment of such balance according to any one of the following provisions:

- (a) in a lump-sum payment; or,
 - (b) in an annuity having a present value equal to the balance payable; or,
 - (c) in a lump-sum payment and an annuity. Such annuity shall be of Equivalent Actuarial Value to the balance payable less the amount of the lump-sum payment specified by the Beneficiary.
- (ii) Option 2. Upon the Annuitant's death, the joint and survivor annuity shall be continued throughout the life of and paid to the Survivor Annuitant, if then living.
- (iii) Option 3. Upon the Annuitant's death, one-half of the joint and survivor annuity shall be continued throughout the life of and paid to the Survivor Annuitant, if then living.
- (iv) Option 4. Not Available.
- (v) Option 5. Not Available.
- (c) If a Member has elected a joint and survivor annuity option and the Member and Survivor Annuitant die before receiving in annuity payments the full amount of the total Accumulated Deductions and Excess Interest standing to the credit of the Member on the Effective Date of Retirement, the balance shall be paid to the Beneficiary.

Section 7.3 Required Minimum Distribution

In no event may a Member or Beneficiary be entitled to a form of payment which commences or is payable over a period which fails to satisfy the required distribution provisions of IRC Section 401(a)(9), including the incidental benefit distribution requirements. The Board shall adopt procedures as necessary to comply with IRC Section 401(a)(9) and Treasury Regulations thereunder as applicable to governmental plans.

Section 7.4 Direct Rollover

Notwithstanding any other provision, a Member, a Member's surviving spouse or a Member's former spouse who is an Alternate Payee under an Approved Domestic Relations Order pursuant to Article XI, Section 11.2 may elect, at the time and in the manner prescribed by the Board, to have any portion of an Eligible Rollover Distribution paid directly to an Eligible Retirement Plan utilizing a direct rollover.

Section 7.5 Disability Retirement

- (a) General Rule.--A Member may, upon application or on application of one acting on the Member's behalf, or upon application of a responsible official of the Municipality, be retired by the Board on a disability retirement if the medical examiner designated by the Board following a review of the application and any supporting medical records and other documentation submitted with the application certifies to the Board that the Member is unable to engage in any gainful employment and that said Member ought to be retired.
- (b) Once every year the Board may require a medical review of subsequent medical documentation of the Disability Annuitant, while still under Superannuation Retirement Age, by the medical examiner designated by the Board. Should the medical examiner recommend to the Board that such Disability Annuitant is no longer physically or mentally incapacitated and is able to engage in a gainful occupation, then the portion of the annuity funded from the Total Disability Reserve Account shall be discontinued.
- (c) Should a Disability Annuitant, while under Superannuation Retirement Age, refuse to submit to at least one medical review in any year, the disability retirement shall be discontinued until the withdrawal of such refusal, and should such refusal continue for one year, then all rights in and to any disability retirement or for early involuntary retirement as may be provided under the Contract, shall be forfeited.
- (d) Should a Disability Annuitant die before the amount payable under this section equals the amount of Accumulated Deductions plus the balance in the Member's Excess Investment Account as of the Effective Date of Disability Retirement, the Board shall pay to the Beneficiary (if living, or if the Beneficiary predeceased the Disability Annuitant, or no Beneficiary was named, then to the Disability Annuitant's estate) an amount equal to the difference between such amounts paid under this Section and the Accumulated Deductions and the balance in the Member's Excess Investment Account. If such difference is less than one hundred dollars (\$100) and no letters have been taken out on the estate within six (6) months after the Disability Annuitant's death, such difference may be paid to the undertaker or to any person or Municipality who or which shall have paid the claim of the undertaker.

(e) Plan A Members.—

- (i) A Plan A Member shall be eligible to apply for a disability retirement if the Plan A Member has completed fifteen (15) years of Credited Service.
- (ii) A Disability Annuitant who was a Plan A Member shall receive an annual benefit equal to fifty percent (50%) of the Disability Annuitant's Final Salary, plus the benefit provided in Article VI, Section 6.3.
- (iii) The Disability Annuitant's annuity shall not be affected by the amount of any payments for which the Disability Annuitant shall be eligible under the Act of June 2, 1915 (P.L. 736, No. 338), known as "The Pennsylvania Workmen's Compensation Act" or the Act of June 21, 1939 (P.L. 566, No. 284), known as "The Pennsylvania Occupational Disease Act."

(f) Plan B Members.—

- (i) Service Connected Disability.
 - (a) When the disability of a Plan B Member is determined to be a Service Connected Disability, no minimum period of Credited Service shall be required for eligibility to receive a disability retirement.
 - (b) A Service Connected Disability shall equal an annual benefit of fifty percent (50%) of the Disability Annuitant's Final Salary.
- (ii) Non-Service Connected Disability.
 - (a) When the disability of a Plan B Member is determined to be non-service connected, the Plan B Member shall be eligible to apply for a disability retirement if the Plan B Member has completed ten (10) years of Credited Service.
 - (b) A non-service connected disability shall equal an annual benefit of thirty percent (30%) of the Disability Annuitant's Final Salary.
- (iii) The portion of the disability annuity funded from the Total Disability Reserve Account for Plan B Members shall be reduced by the amount of any payments for which the Disability Annuitant shall be eligible under the Act of June 2, 1915 (P.L. 736, No. 338), known as "The Pennsylvania Workmen's Compensation Act" or the Act of June 21, 1939 (P.L. 566, No. 284), known as "The Pennsylvania Occupational Disease Act."

ARTICLE VIII – DEATH BENEFITS PRIOR TO RETIREMENT

Section 8.1 Eligibility

(a) For Plan A Members, an Active Member or Vested Member who has met the eligibility requirements for a Superannuation Retirement Benefit found in Article V, Section 5.1(a) will be deemed to have elected the spouse's death benefit found in Section 8.3(c) unless such Plan A Member filed with the Board a waiver of the spouse's death benefit within ninety (90) days of the Plan A Member's date of enrollment as determined under Article IV, Section 4.1.

(b) For Plan B Members, an Active Member or Vested Member who has:

(i) met the eligibility requirements for a Superannuation Retirement Benefit found in Article V, Section 5.1(b) or,

(ii) met the eligibility requirements for an Early Retirement Benefit found in Article V, Section 5.2(b)

may file a written application for retirement requesting that such retirement become effective at the time of death.

Section 8.2 Elections

When filing an application under this part, one of the options provided in Article VII, Section 7.2 may be elected. The application shall be held by the Board until (1) a later application for a retirement is filed or (2) the death of the Active Member or Vested Member prior to the Effective Date of Retirement.

Section 8.3 Death Benefit

(a) If any Active Member or Vested Member dies before becoming eligible for any benefits under this Contract, the balance of the Member's Account shall be paid to the Beneficiary.

(b) If an Active Member or Vested Member meets the eligibility requirements of Section 8.1 and files an application under this part, benefits shall become effective as if such Active Member or Vested Member had retired on the day immediately preceding death in accordance with the annuity option elected in the application.

- (c) If a waiver was not filed with the Board under this part by a Plan A Member, the surviving spouse (or in the absence of a spouse, any surviving children under the age of eighteen, or if attending college under or attaining the age of twenty-three) of the Plan A Member will receive a pension equal to one-half of the pension which such Active Member or Vested Member would have been eligible to receive if the individual had been retired at the time of death or, in the case of an Annuitant, a pension equal to one-half of the pension which the Annuitant was actually receiving. If there is no surviving spouse or children eligible for the benefit, the balance of the Plan A Member's Account on the date of death shall be paid to the Beneficiary.
- (d) If an option was not filed with the Board under this part by a Plan B Member, it shall be considered that such Active Member or Vested Member elected Option I as provided in Article VII Section 7.2(b)(i). In such event, payment under Option I shall be made to the Beneficiary.

ARTICLE IX – CONTRIBUTIONS

Section 9.1 Municipality Contributions

- (a) The Board will actuarially determine the normal cost of the benefits provided in this Contract and any liability associated with the actuarial experience of such benefits which shall be contributed annually by the Municipality. The Board shall determine and the Municipality shall be charged an additional amount to be contributed annually toward a reserve account for any disability benefit which may be payable under this Contract.
- (b) The amounts so determined shall be computed in accordance with the Municipal Pension Plan Funding Standard and Recovery Act, 53 P.S. §895.101 et seq., and the PMRL.

Section 9.2 Member Contributions

- (a) Plan A Members.—
 - (i) A Plan A Member classified by the Municipality as a single coverage member shall contribute an amount equal to four percent (4%) of Compensation.
 - (ii) A Plan A Member classified by the Municipality as a joint coverage member shall contribute an amount equal to four and five-tenths percent (4.5%) of Compensation on which Social Security taxes are payable, and six percent (6%) of Compensation in excess of that on which Social Security taxes are payable, as determined under the Social Security Act, 42 U.S.C. § 301, et seq.
 - (iii) A Plan A Member classified by the Municipality as a dual coverage member shall contribute an amount equal to six percent (6%) of Compensation.
 - (iv) A Plan A Member certified by the Municipality as eligible for the service increment set forth in Section 6.3 shall contribute an additional amount equal to five-tenths percent (0.5%) of Compensation.
 - (v) Contributions shall be deducted from payroll and transmitted to the System by the Municipality in accordance with the Board's policy regarding the treatment of member contributions.
 - (vi) Member contributions will be treated as taxed at the time they are made to the System, will be tracked separately, and will not be treated as taxable when paid out to the Member.

- (b) Plan B Members.—
- (i) Plan B Members shall contribute five percent (5%) of their Compensation. However, effective July 1 of the calendar year following the Plan B Member's completion of thirty-seven and five-tenths (37.5) years of Credited Service, the Plan B Member shall no longer be required to contribute.
 - (ii) Contributions shall be deducted from payroll and transmitted to the System by the Municipality in accordance with the Board's policy regarding the treatment of member contributions.
 - (iii) All mandatory member contributions made on or after January 1, 1999 by Plan B Members, shall be deemed "pick up" contributions and shall be treated as contributions made by the Municipality for purposes of IRC Section 414(h).
- (c) Beginning November 4, 2013 through to the end of the calendar year 2014 only, the required member contribution rate for all Members under subsections (a)(i)-(iii) and b(i) shall be three percent (3%) of compensation. For calendar years 2015 and 2016 only, the required member contribution rate for all Members under subsections (a)(i)-(iii) and b(i) shall be four percent (4%) of compensation.
- (d) If sufficient funds exist, the Municipality may annually elect to lower or waive the required member contribution rate by adopting a resolution and filing it with the Board.

ARTICLE X—RETURN TO SERVICE

Section 10.1 Annuitant

- (a) If an Annuitant, other than a Disability Annuitant, returns to service with the same Municipality, the annuity shall cease, and in the case of an annuity, other than a disability annuity, the present value of such annuity shall be frozen as of the date such annuity ceases.
- (b) Upon subsequent discontinuance of service, such Annuitant, other than a former Disability Annuitant, shall be entitled to an annuity which is Actuarially Equivalent to the sum of the present value of the annuity previously being paid and the present value of the annuity earned by further service and further deductions added upon reemployment.
- (c) The above notwithstanding, if the Annuitant is otherwise eligible to receive an in-service distribution of the annuity due to (i) attainment of normal retirement age as defined in the IRC, (ii) operation of IRC Section 401(a)(36); or (iii) operation of any other provision as may be adopted by the Board and consistent with the tax-qualification provisions of the IRC, the annuity shall continue to be paid through the period of such reemployment; but the Annuitant shall not be enrolled as a Member or receive credited service during any period of an in-service distribution.
- (d) The Municipality is required to notify the Board immediately of the reemployment status of any Annuitant.

Section 10.2 Former Members other than Annuitants

- (a) If a former Member of the Municipality returns to service with the Municipality and becomes a Member, the Member may restore to the Fund the amounts refunded under Article VII, Section 7.1 that represent that Member's previous service, and continue accruing Credited Service for service rendered subsequent to the return to service.
- (b) The Member's annuity rights shall be restored as they existed at the time of separation from service provided the Member pays the amount due plus Regular Interest up to the date of purchase in a lump sum within 30 days after billing, or through salary deductions amortized with Regular Interest through a repayment period of not more than 5 years.

ARTICLE XI – EXEMPTION OF BENEFITS

Section 11.1 General

The Basic Benefit, Accumulated Deductions and the moneys in the Fund shall be exempt from any State or municipal tax and shall be unassignable except to a Beneficiary.

Section 11.2 Domestic Relation Orders

Rights under this Contract shall be subject to attachment in favor of an Alternate Payee as set forth in an Approved Domestic Relations Order.

Section 11.3 Forfeiture

- (a) Rights under this Contract shall be subject to forfeiture as required under the act of July 8, 1978 (P.L.752, No.140), known as the "Public Employee Pension Forfeiture Act." Forfeitures under this clause or under any other provision of law may not be applied to increase the benefits that any member would otherwise receive under this act.
- (b) The Public Employee Pension Forfeiture Act states that all benefits payable to a public employee must be forfeited if the employee is convicted of, or pleads guilty or no defense to a crime related to public office or public employment enumerated in the Public Employee Pension Forfeiture Act.
- (c) In the event a Member is convicted of, pleads guilty or no defense to a forfeitable crime, the Member will be entitled to receive the retirement contributions the Member made, without Regular Interest or Excess Interest, unless a court of competent jurisdiction orders the Member's contributions to be paid as restitution to the Municipality.
- (d) All service and benefits forfeited by operation of the Public Employee Pension Forfeiture Act shall be ineligible for retirement coverage should the Member later gain public employment and qualify for membership in the System, regardless of the employing Municipality.

Section 11.4 Medical Premium Payments

The Board shall withhold medical premium payments from Annuitants' and Survivor Annuitants' monthly payments as directed by the Municipality. Such withheld premiums shall be forwarded to the Municipality on a monthly basis.

ARTICLE XII – PENNSYLVANIA MUNICIPAL RETIREMENT FUND

Section 12.1 General

The Pennsylvania Municipal Retirement Fund shall consist of contributions by municipalities from payroll deductions, from other contributions made by members through the employing municipality to the System, transfers made from municipal retirement or pension systems and investment earnings.

Section 12.2 Separate Accounts

The Board shall keep separate accounts for each municipality, except the Total Disability Reserve Account and the Retired Member's Reserve Account which shall be maintained as pooled accounts. The Municipality and the Members shall be liable to the Board for the amount of contributions required to cover the cost of the Basic Benefit and other benefits payable to such Members.

Section 12.3 Disability

Upon the granting of a disability retirement, there shall be transferred to the Retired Member's Reserve Account the amount of the Disability Annuitant's Member's Account, together with an amount from the Municipal Account to equal the amount of the equivalent actuarial value of the Basic Benefit, and such additional amount from the Total Disability Reserve Account as may be needed to provide the actuarial equivalent of the disability retirement to which the Disability Annuitant is entitled.

Section 12.4 Basic Benefit

Upon the granting of a Basic Benefit, there shall be transferred to the Retired Member's Reserve Account the amount of the Member's Account, plus an amount from the Municipal Account such that the sum will equal the Equivalent Actuarial Value to the annuity provided in Article VII, Section 7.2(a).

Section 12.5 Municipal Liability

The Regular Interest charges payable and the creation and maintenance of the necessary reserves for the payment of the benefits, as to the Municipality and its Members are hereby made the obligation of the Municipality in accordance with PMRL Section 111 and shall not otherwise attach to those assets of the Fund attributable to any other municipality and its members.

Section 12.6 Exclusive Benefit

The Fund is a trust, and the assets of the System are held in trust. No part of the assets of the System shall be used for or diverted to purposes other than for the exclusive benefit of the Members, their Survivor Annuitant or Beneficiaries prior to the satisfaction of all liabilities of the System with respect to them. The assets of the Fund shall be used only to pay:

- (a) Benefits to Members in accordance with the PMRL and this Contract; and,
- (b) Necessary and appropriate expenses of the System.

Section 12.7 Custody of the Fund

All moneys and securities in the Fund shall be placed in the custody of the State Treasurer as is required by PMRL Section 109.

Section 12.8 Management and Investment of the Fund

The members of the Board shall be trustees of the Fund, and shall have the exclusive management of said Fund, with full power to invest the moneys therein, subject to the terms, conditions, limitations and restrictions imposed by law upon fiduciaries. The Board shall have power to hold, purchase, sell, assign, transfer and dispose of any securities and investments in said Fund, as well as the proceeds of such investments, and of the money belonging to such Fund.

Section 12.9 Allocation of Regular Interest

The Board shall annually allocate Regular Interest to the credit of each Member's Account, Municipal Account, and the Retired Member's Reserve Account.

Section 12.10 Allocation of Excess Interest

- (a) The Board may, after deducting money to pay for Regular Interest and any appropriate expenses of the System, award Excess Interest to the Municipality in accordance with Board adopted policy.
- (b) Notwithstanding any other provision, Excess Interest shall not be allocated to the Member's Accounts and/or Retired Members' Reserve Account if the Municipality's funding status in relation to the benefit structure set forth under this Contract is less than 95% funded as of the most recent actuarial report filed pursuant to the Municipal Pension Plan Funding Standard and Recovery Act, 53 P.S. § 895.101 et seq.
- (c) In the event that the Municipality's funding status in relation to the benefit structure set forth under this Contract is less than 95% funded as of the most recent actuarial report filed pursuant to the Municipal Pension Plan Funding Standard and Recovery Act, 53 P.S. § 895.101 et seq., all Excess Interest awarded by the Board shall be allocated to the Municipal Account.

- (d) In the event that the Municipality's funding status in relation to the benefit structure set forth under this Contract is 95% funded or more as of the most recent actuarial report filed pursuant to the Municipal Pension Plan Funding Standard and Recovery Act, 53 P.S. § 895.101 et seq., Excess Interest awarded to the Municipality shall be allocated as follows:

100% to the Municipal Account,

0% to the Member's Account,

0% to the Retired Member's Reserve Account.

- (e) Reserved.

- (f) Reserved.

ARTICLE XIII -- ADMINISTRATION

Section 13.1 General Powers of the Board

In the administration of the System the Board has the exclusive authority under the PMRL to:

- (a) Contract for professional services, including but not limited to actuarial, investment and medical as it deems advisable;
- (b) Keep in convenient form such data as shall be deemed necessary for actuarial valuation purposes;
- (c) From time to time, through its Actuary, make an actuarial investigation into the mortality and service experience of the Members and Annuitants and of the various accounts created by the PMRL;
- (d) Adopt for the System one or more mortality tables and such other tables as shall be deemed necessary;
- (e) Certify annually the amount of appropriation which the Municipality shall pay into the Fund, which amounts shall be based on estimates furnished by the Actuary;
- (f) Prepare and distribute annual statements of accounts to each of the Active Members, showing the contributions made during the year, the interest earned and the total balance standing in the Member's Account at the end of the year;
- (g) Perform such other functions as are required for the execution of the PMRL and of any other Federal and State law and to administer and interpret this Contract to ensure that the System is maintained as tax qualified under the IRC.

Section 13.2 Limits on Benefit Structure

This Contract shall not provide benefits in excess of or provide for member contribution rates less than those available to the Municipality's class of employees covered by this Contract under existing law, including laws applicable to the establishment of pension plans.

Section 13.3 Policy Statements

- (a) Pursuant to PMRL Section 104(5), the Board has authority to adopt Policy Statements as necessary to administer the System and establish rules regarding the operation of the System. Policy Statements shall remain in full force and effect until superseded or otherwise revoked by the Board.

- (b) Any Policy Statement shall be deemed incorporated herein by reference regardless of its adoption date and shall be binding on the Municipality to the extent applicable.
- (c) Any Policy Statement may be retitled, amended, or supplemented from time to time by written notice to the Municipality.
- (d) The Board shall provide written notice to the Municipality within ninety (90) days of enactment of any new Policy Statement.

Section 13.4 Amendment of Contract

- (a) The Board and the Municipality shall have authority at any time to amend this Contract. No amendment or modification of this Contract shall have any force or effect unless it is in writing and signed by the parties hereto.
- (b) Notwithstanding any other provision, in no event shall an amendment to this Contract:
 - (i) authorize that any part of the Fund be used for or diverted to purposes other than the payments of benefits herein or appropriate administrative expenses; or
 - (ii) have the effect of decreasing a Member's benefit accrued under the System.
- (c) Benefit improvements shall be determined on a total plan basis and not on a benefit-by-benefit comparison nor on an individual-by-individual comparison.

Section 13.5 Benefits Claims Procedures

- (a) The Board is statutorily vested with the exclusive jurisdiction to administer and interpret this Contract in accordance with the PMRL. The parties hereby waive any claim or defense that such forum is not convenient or proper.
- (b) If a Member and/or Municipality believe that a right or benefit under this Contract has been improperly denied, a written request for a final determination must be filed with the System.
- (c) If the Member and/or Municipality disagrees with the final determination reached by the System, the Member and/or the Municipality has the right to file an appeal and request an administrative hearing before the Board. *See* 1 Pa. Code §§ 31.11, 31.15, 33.31, 33.34, and 35.20. The appeal and request for an administrative hearing must include a statement of the facts that forms the basis of the requested relief and all points of law that support the claim.

- (d) An administrative hearing is a process in which evidence is presented before an independent hearing examiner who makes a recommendation to the Board, following which the Board renders a final adjudication. All administrative hearings are conducted at the Board's headquarters in Harrisburg. The Board's final adjudication is subject to an appeal before the Commonwealth Court of Pennsylvania.
- (e) All appeals and requests for administrative hearings must be made in writing within 30 days of the date of the final determination and sent to:

**Appeal Docket Administrator
Pennsylvania Municipal Retirement Board
5 North Fifth Street
Harrisburg, PA 17101-1905**

- (f) If the appeal and request for an administrative hearing is not received by the Board within the thirty (30) day period, the Member and/or Municipality will no longer have the right to administratively appeal the denial of its request to the Board.

Section 13.6 Plan Withdrawal

- (a) **Withdrawal.**-- The Municipality may, for good cause, file an application with the Board for permission to withdraw from the system if it meets all of the following requirements:
 - (i) The Municipality has been enrolled in the System for a period of at least five years.
 - (ii) The Municipality has met all of its financial obligations to the System.
 - (iii) The Municipality has passed an ordinance signifying its intention to withdraw from the System.
 - (iv) The Municipality has certified to the Board that an affirmative vote approving withdrawal from the System had been obtained from at least seventy-five per cent of all Active Members, Inactive Members, Vested Members, Annuitants, and Survivor Annuitants.
 - (v) The Municipality has acknowledged its responsibility to assume and provide for all future benefit payments to the existing Active Members, Inactive Members, Vested Members, Annuitants, Survivor Annuitants, and their Beneficiaries effective upon the withdrawal.

- (vi) The application has specified a date for the withdrawal to become effective, provided if there are Annuitants and/or Survivor Annuitants in active pay status the effective date is the first day of a month no earlier than the month after which the Board is scheduled to take action on the withdrawal application.
- (b) In the event that the Municipality elects to terminate its participation in the System, a Member's Basic Benefit under this Contract shall be immediately vested to the extent funded as of the effective date of the withdrawal.
- (c) In the event the Municipality withdraws from the System, the Municipality shall only be entitled to the assets credited to the Municipal Account and the Members' Accounts in accordance with the provisions of the PMRL and Policy Statements. Assets that are actuarially determined by the Board's Actuary to be matched to the Municipality's Annuitants and Survivor Annuitants will also be returned to the Municipality in accordance with the PMRL and Policy Statements.

Section 13.7 Notice

Any notice, demand, direction, instruction, or other communication required or permitted hereunder shall be confirmed in writing and shall be sufficiently given for all purposes when sent (i) by registered U.S. mail, postage prepaid, (ii) by facsimile, with a copy sent by first-class U.S. mail (provided that if the date of dispatch is not a working day, the facsimile shall be deemed to have been received at the opening of business of the addressee on the next working day), (iii) by email to any party at the following email address or (iv) by delivering the same in person to any party at the following addresses or such other addresses as may be designated in writing from time to time by the parties:

BOARD: PENNSYLVANIA MUNICIPAL
RETIREMENT BOARD
Attn: Secretary
Suite 301 Eastgate Center
1010 North 7th Street
Harrisburg, Pennsylvania 17102
Fax: 717/783-8363
Email: RA-Staff@pa.gov

MUNICIPALITY: CITY OF HARRISBURG
Attn: Bureau of Human Resources Director
MLK City Gov't Center
10 North 2nd Street
Harrisburg, PA 17101
Fax: 717 / 255-7287

Section 13.8 Filings with the Board

- (a) Receipt.--Any filing, election or notice required to be made under this Contract or the PMRL by a Member must be made by written statement, duly attested, and filed in the office of the Board or deposited in the United States mail, addressed to the Board.
- (b) Timeliness.-- Subject to any exceptions provided for in the PMRL, the timeliness of any filing, election or notice required to be made under this Contract or the PMRL to the Board by a Member shall be governed by the actual receipt of the filing, election or notice rather than the date of mailing.
- (c) Municipal Certifications. --
 - (i) In the event the System receives an application for a benefit from a Member in which certification by the Municipality with regard to the data used to calculate such benefit is needed but such certification has not been made by the Municipality, the System shall issue a formal demand to the Municipality for such certification of the necessary data.
 - (ii) Any certification required to be made by the Municipality with regard to any application for benefits by a Member under this Contract shall be made by the Municipality within forty-five (45) days following the date of the System's formal demand.
 - (iii) Failure of the Municipality to provide such requested certification within the forty-five (45) day period shall result in the System utilizing the most current reliable data maintained by the System for the Member.

Section 13.9 Effective Date

This Contract shall be effective the seventh day of October, 2013.

Section 13.10 Entire Agreement

Except as hereinabove expressly provided, this Contract supersedes all prior contracts and undertakings, written or oral, between the same parties concerning the same subject matter.

Section 13.11 Applicable Law

This Contract shall be governed by and interpreted and enforced in accordance with the PMRL and, as applicable, Municipal Pension Plan Funding Standard and Recovery Act, 53 P.S. §895.101 et seq., as they shall, from time to time, be amended.

Section 13.12 Mistake in the Record

Should any change or mistake in records result in any Member, Beneficiary or Survivor Annuitant receiving from the System more or less than the individual would have been entitled to receive had the records been correct, then regardless of the intentional or unintentional nature of the error and upon the discovery of such error, the Board shall correct the error and so far as practicable adjust the payments which may be made for and to such person in such a manner that the actuarial equivalent of the benefit to which he was correctly entitled shall be paid.

Section 13.13 Binding Effect

This Contract inures to the benefit of and binds all parties hereto and their respective successors and assigns.

Section 13.14 Counterparts

This Contract may be executed in any number of separate counterparts, each of which shall be deemed an original, but the several counterparts shall together constitute but one and the same instrument.

Section 13.15 Severability

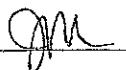
If any one or more of the covenants, agreements, provisions, or terms of this Contract shall be held contrary to any express provision of applicable law then such covenants, agreements, provisions, or terms shall be deemed severable from the remaining covenants, agreements, provisions, or terms of this Contract and shall in no way affect the validity or enforceability of the remainder of this Contract or the rights of the parties hereto.

Section 13.16 No Presumption Based upon Draftsmanship

For purposes of the interpretation and construction of this Contract and for the purpose of resolving any ambiguity herein, no inference or presumption shall be accorded to any party hereto based upon draftsmanship.

Section 13.17 Headings

The headings and captions in this Contract are for convenience and reference purposes only and shall not be construed or deemed to explain, modify, amplify, or aid in the interpretation, construction, or meaning of the provisions hereof.



Section 13.18 Liability

The Municipality shall hold and save harmless the Commonwealth, the Board, its officers, agents and employees and the System from any and all claims, demands, actions or liability of any nature based upon or arising out of any services performed by its employees, servants and agents under this Contract in a manner which is contrary to the written direction of the System or the Board and shall defend any and all actions brought against the System or the Board based upon such claims or demands.

IN WITNESS WHEREOF, we have hereunto set our hands and seal the day, month and year as written below.

ATTEST:

CITY OF HARRISBURG,
DAUPHIN COUNTY

BY: [Signature] 9-17-13
Secretary Date

BY: Wanda R. Williams 9-17-13
President of Council Date

ATTEST:

PENNSYLVANIA MUNICIPAL
RETIREMENT BOARD

BY: [Signature]
Secretary Date

BY: [Signature]
Chairman Date

Approved as to form and legality:

BY: 49-K-100
Office of Attorney General

BY: 49-K-100
Office of General Counsel

BY: [Signature]
Chief Counsel of the Board

CITY OF HARRISBURG

BY: Linda Thompson 9-17-13
Mayor Linda D. Thompson Date

BY: [Signature] 9-18-13
Dan Miller Date
City Controller

Approved as to Form
and legality:

BY: [Signature] 9/17/13
Law Bureau Date

Reviewed by PMRS Office of Chief Counsel [Signature]

2010 001 / 11/11

EXHIBIT 16-A

ASSET PURCHASE AGREEMENT

dated as of

September 17, 2013

by and between

THE HARRISBURG AUTHORITY

and

LANCASTER COUNTY SOLID WASTE MANAGEMENT AUTHORITY

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ASSET PURCHASE AGREEMENT

This ASSET PURCHASE AGREEMENT (this "Agreement") is entered into as of September 17, 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(l) 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(i)), 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 17101
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.

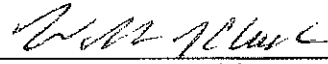
12.17. No Right of Setoff. No Party nor any Affiliate thereof may deduct from, set off, holdback or otherwise reduce in any manner whatsoever any amount owed hereunder to the other Party hereto by any amount otherwise owed to it or any of its Affiliates.

[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.

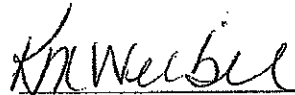
SELLER:

THE HARRISBURG AUTHORITY
By its duly authorized representative:

By: 
Name: William J. Cluck
Title: Chairperson


BUYER:

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

By: 
Name: Karen M. Weibel
Title: Chairperson

ACKNOWLEDGED AND APPROVED BY:

THE RECEIVER FOR THE CITY OF
HARRISBURG

By: 
Name: WILLIAM B. LYNCH
Title: RECEIVER

[Signature Page to Asset Purchase Agreement]

**DISCLOSURE SCHEDULES
TO THE
ASSET PURCHASE AGREEMENT
DATED AS OF _____, 2013
BY AND BETWEEN
THE HARRISBURG AUTHORITY
AND
LANCASTER COUNTY SOLID WASTE MANAGEMENT AUTHORITY**

The following are Disclosure Schedules (the "Schedules") to that certain Asset Purchase Agreement, dated as of _____, 2013 (the "Purchase Agreement"), by and between THE HARRISBURG AUTHORITY, a municipal authority created and existing under the laws of the Commonwealth of Pennsylvania ("Seller"), and LANCASTER COUNTY SOLID WASTE MANAGEMENT AUTHORITY, a municipal authority created and existing under the laws of the Commonwealth of Pennsylvania ("Buyer"). The section numbers in the Schedules correspond to the section numbers in the Purchase Agreement. Summaries of or references to actual documents attached hereto are qualified in their entirety by reference to such documents. The inclusion of any item on any Schedule attached hereto shall not constitute an admission that a violation, right of termination, default, liability or other obligation of any kind exists with respect to such item, but such reference rather is intended only to qualify certain representations and warranties in the Purchase Agreement and to set forth other information required by the Purchase Agreement. Also, the inclusion of any matter on any Schedule attached hereto shall not constitute an admission as to its materiality as it relates to any provision of the Purchase Agreement. If a document or matter is listed or described on any Schedule attached hereto, such listing or description shall suffice, without specific repetition and with or without cross-reference, as a response to any section of the Schedules if such response can be reasonably ascertained from such listing or description. Subject to the prior sentence, (i) any Schedule referenced in the Purchase Agreement and not included in the following Schedules shall be deemed to read "None" and (ii) any disclosure which the Purchase Agreement states will be set forth on a Schedule which is not set forth on any Schedule shall be deemed to read "None." Except as expressly set forth on the Schedules attached hereto, the definitions of the Purchase Agreement are incorporated herein by reference.

SCHEDULE 2.01(e)

Third Party Hauler Agreements

Third Party Hauler Agreements

1. Agreement for Transportation and Disposal of Non-Processible Waste, effective April 1, 2011, by and between EWS Ventures, LLC d/b/a Earthwatch Waste Systems and Seller.
2. Agreement for Delivery of Acceptable Municipal Solid Waste, effective April 1, 2011, by and between EWS Ventures, LLC d/b/a Earthwatch Waste Systems and Seller.
3. Agreement for Delivery of Acceptable Municipal Solid Waste, effective March 1, 2011, by and between Knight Environmental, LLC d/b/a Hillside Sanitation and Seller.
4. Agreement for Delivery of Acceptable Municipal Solid Waste, dated March 1, 2011, by and between Seller and North Schuylkill Transfer Station, LLC

Supplemental Waste Agreement

5. Specialty Waste Marketing and Sales Agreement, dated November 1, 2009, between Seller and Chesapeake Waste Solutions Inc.

HRRF Is an Approved Disposal Facility per County Municipal Waste Plans

6. Municipal Waste Disposal Capacity Agreement, dated as of August 25, 2010, by and between the County of Schuylkill, Pennsylvania, and Seller.
7. Municipal Waste Disposal Service Contract, dated as of August 2, 2010, by and between the County of Northumberland, Pennsylvania, and Seller
8. Municipal Waste Disposal Agreement, dated as of June 20, 2005, by and between the County of Perry, Pennsylvania, and Seller
9. Solid Waste Disposal Contract, dated as of August 9, 2012, by and between the Solid Waste Authority of Cumberland County and Seller

Designated Disposal Facility for MSW per County Plan and City Agreement

10. Municipal Waste Combustion Processing/Disposal Agreement, dated as of September 23, 2003, by and between Seller and the County of Dauphin, Pennsylvania.
11. Municipal Waste Disposal Agreement, dated December 9, 1993, between Seller and the City of Harrisburg (First Amendment December 1, 2000; Second Amendment June 4, 2003; Third Amendment January 1, 2007).

- **Note:** "Assigned Contracts" anticipated to be 2, 3, 4, 6, 7, 8, 9 and 11 (to be amended).
- **Disclosure Coverage:** All Contracts relating to solid waste disposal by private haulers

SCHEDULE 2.01(f)

Machinery, Equipment, Fixtures and Other Personal Property

1. See attachment "RRF 2011."
- **Disclosure Coverage: All machinery, equipment, furniture, fixtures and tooling and other personal property located on the Real Property, whether or not affixed thereto**

Asset	Property Description	Date Acquired	Memo 1	Book Cost
Group: Ash Handling System (20)				
484	Ash Dump Valves COV-0025 (3)	7/01/08	Qty 3 - Serial #12,4775, 12,4776 & 12,4777	63,314.89
493	VFD for Pugmill & Magnet HARR	10/01/08	Mfg - Schaeffler Yesco	7,313.71
494	Fly Ash Handling System (COV-00)	12/31/08	Mfg - Ash Tech	4,718,801.25
496	Vibratory Process Equipment COV	12/31/08	Mfg - Jost, Inc.	261,751.96
500	Magnetic Separator COV-0023	12/31/08	Manufacturer: Walker Magnetics Net'l Limited	129,949.00
			Ash Handling System (20)	5,181,150.81
Group: Boiler Tubes/Press Pcs(20)				
486	Critical Piping Repairs COV-0036	11/01/08	Mfg - Southeastern Mechanical Services	669,300.40
489	Valve & Mechanical Repair COV-04	11/01/08	Mfg C.G. Power Tech, Inc. - Millennium	121,805.86
499	Air Compressors	12/31/08	Mfg - Ingersoll Rand	213,715.53
501	Boiler Tube Panels COV-0026 & 04	12/31/08	Manufacturer: Southeastern Mechanical	362,706.99
502	Air heater Tubes COV-0054 & 005	12/31/08	Manufacturer: Chicago Tube & Iron	2,192,887.56
505	Refractory COV-0058	12/31/08	Manufacturer: McNeil Sales & Service	137,834.56
511	Differential Pressure Transmitters 0	10/01/08		7,615.98
515	Mag Flowmeters(Harr-052)	4/01/09		8,267.08
536	Burner Parts (COV-0072)	11/01/09		19,235.30
539	Water Quench Nozzles (COV-0057	6/01/09		6,328.00
548	Valves & Mechanical Equipment (1/01/10		97,524.00
			Boiler Tubes/Press Pcs(20)	3,837,221.26
Group: Building & Structure (59)				
52	Transfer Station - General (TS-1)	6/21/99	General Construction Contract	1,015,050.98
53	Transfer Station - Plumbing (TS-2)	6/21/99	Plumbing and Mechanical Contract	118,200.00
54	Transfer Station - Electrical (TS-3)	6/21/99	Electrical Contract	95,590.00
104	Compressor Shed	2/27/02	Vendor: Tam Systems	10,197.00
115	D & D Bldg Improvements	12/31/02	Improvements @ D & D Bldg	101,300.00
120	Transfer Station - Work Order #007	12/15/03	Engineering services for 12/1/03 - 12/31/03	5,521.00
134	Boilers	12/30/03		1,597,746.00
166	Boilers	12/31/04		2,329,660.00
167	Combustion System 7362.3	12/31/04		5,599,999.00
168	Const & Bulk Commodities 7362.4	12/31/04	Req #104, 114, 128, 134, 155, 176, 194, 228	2,450,613.00
169	Instrumentation 7362.5	12/31/04	Req #134 & 228	512,286.00
171	Refuse Cranes 7362.7	12/31/04	Req. Nos. 64 & 155	646,489.00
172	Solids Handling 7362.8	12/31/04	Req. #104, 134, 176 & 228	870,123.00
191	Site Work/Boiler Foundation	12/31/04	Req. #131, 136, 159, 179, 202 & 224	1,806,611.15
202	Series D Capitalized Interest	12/31/04	Auditor Entry	756,641.68
218	Retainage for FA #172	12/31/04	Auditor Entry	121,442.00
219	Retainage for FA #173	12/31/04	Auditor Entry	
222	Boilers	12/31/05	Req #237, 258, 288 & 293	
223	Const & Bulk Commodities 7362.4	12/31/05	Req #237, 258, 288, 293, 294	
224	Instrumentation 7362.5	12/31/05	Req. 288 & 293, 388	
226	Combustion System 7362.3	12/31/05	Req. 293	
229	APC Area Foundations 7364.1A	12/31/05	Req. 251, 279 & 300,317,340,370,391,411	
230	Turbine Bldg Modifications 7364.1	12/31/05	Req. 252, 278, 296, 333, 341,407 & 421	
231	Site Work/Boiler Foundation	12/31/05	Req. 239 & 299	
234	Cooling Tower 7364.06	12/31/05	Req. 234, 302 & 303	
235	PDC 7364.7A	12/31/05	Req. 284, 348 & 463	
236	LDC 7364.7B	12/31/05	Req. 285, 347 & 428	
240	Mechanical Balance of Plant 7364.1	12/31/05	Req. 240,350,277,297,316, 339,373,390,422-424	2,020,957.08
241	Substation Upgrade Switchyard 734	12/31/05	Req. 253, 298, 368, 364 & 410	354,563.52

Asset	Property Description	Date Acquired	Memo 1	Book Cost
Group: Building & Structure (50) (continued)				
259	Demolition Construction	12/31/05	Req. 254	87,962.31
266	Const & Bulk Commodities 7362.4	12/31/05	Req. #329, 344, 375, 388, 402 & 417	5,723,695.00
287	Start Up & Testing Units #1 & 2 - 1	12/31/05	Req. 389, 403 & 416	879,081.00
288	Start Up Testing Units 3 - 7363.B	12/31/05	Req. 389, 403 & 416	439,539.00
295	Retainage for FA #224	12/31/05	Auditor Entry	106,508.00
296	Retainage for FA #223	12/31/05	Auditor Entry	1,141,518.00
297	Retainage for FA #266	12/31/05	Auditor Entry	635,964.00
298	Retainage for FA #222	12/31/05	Auditor Entry	690,768.00
304	Series D Capitalized Interest	12/31/05	Auditor Entry	159,916.00
312	Admin Building - General	12/31/06	Jen Group, Inc. - Req. Nos 437,474,12E,478,498	1,141,736.27
313	Admin Building - HVAC	12/31/06	G.M. McCrossin - Req Nos. 435,436,460,9E	206,857.04
314	Admin Building - Plumbing	12/31/06	Harre Bros., Inc. - Req. 463,464,13E,499	184,276.38
315	Admin Building - Electrical	12/31/06	G.R. Spengaule - Req. 475,501,542,570	102,267.75
316	Admin Building - Roofing	12/31/06	G.M. McCrossin, Inc. - Req. 433,434,461	948,325.22
317	Admin Building - Siding	12/31/06	G.M. McCrossin, Inc. - Req. 432,462,11E	680,801.28
328	APC Area Foundations 7364.LA	12/31/06	Req. 21	65,948.82
336	Permanent Facility Lighting	12/31/06	Req. 679,680,715-717, 724	10,119.95
379	Series D Capitalized Interest	6/30/06	Auditor Entry	628,174.00
385	Admin Building - Electrical	2/17/07	Req. 739	20,741.25
485	Building Modifications COV-0015	12/31/08	Contractor: IRM Group	363,888.24
497	Plant Lighting COV-0017	12/31/08	Contractor: D & S Contractors	4,800,381.00
507	2007 RRF Completion Project - Od	12/31/08	Various Contractors & Manufacturers	9,998.00
516	Storage Rack Systems(Haax-053)	11/01/09		1,291,251.00
522	Insulation (COV-0010A)	11/01/09		307,642.00
523	Heat Trace & Freeze Protection (CC	11/01/09		121,116.00
527	Fire Protection	11/01/09		51,455.84
528	Emergency Showers/Eyewash (COV	11/01/09		118,141.92
529	Security System(COV-0042)	6/01/09		252,649.26
532	Warehouse (COV-0065)	6/01/09		237,190.00
535	Misc. Plant Lighting (COV-0069)	12/01/09		644,112.64
543	Misc. Structural Steel - Platforms (C	1/01/10		513,292.00
544	Roofing (COV-0058)	2/10/10		526,040.00
545	Siding (COV-0039A)	2/01/10		187,271.00
546	Painting (COV-0040)	2/01/10		6,644.80
551	Emergency Showers/Eyewash COV	3/7/10		58,520,166.32
Group: CEM System (10)				
487	New CEM Sample Lines COV-004	10/01/08	Mfg Dekoron Unitherm	12,633.75
Group: Communications Fixed (20)				
503	Telephone System COV-0055	12/31/08	Manufacturer: Econum	46,674.81
530	Furnace Cameras (COV-0049)	3/01/09		43,729.67
550	Phone, Data, Fax Lines for Warehouse	9/01/09	Communications Fixed (20)	6,730.00
Group: Communications Mobile 10				
504	Radios COV-0057	12/31/08	Manufacturer: Motorola	97,134.48
				15,830.85

Asset Property Description Date Acquired Memo 1 Book Cost

Group: Communications Mobile 10 (continued)

			15,830.85
156	Wireless Network Equipment	12/31/04	2,639.23
203	Series D Capitalized Interest	12/31/04	140.47
428	Software	11/30/07	2,400.00
	See Covanta Spreadsheet dated 12/12/08		
	Communication Equip. (5)		5,179.70

Group: Construction & Equip. (5)

131	Environmental Remediation Engine	12/30/03	Engineering 11/29/03 - 1/2/04	5,379.00
132	SNCR Engineering	12/30/03	Engineering services for 12/1/03 - 12/31/03	199,718.00
133	Project Insurance	12/30/03	Engineering for 12/1/03 - 12/31/03	181,562.00
151	Environmental Remediation	12/31/04	Req. 20, 40, 41, 63, 66, 74 & 219	180,303.95
152	Lead Based Paint Removal Project	12/31/04	Req. Nos. 160, 161, 162, 182, 186, 203, 225	8,953.84
153	Demolition Construction	12/31/04	Req. #43, 61, 62, 73, 81, 88, 94 & 107	1,740,037.32
154	Steam Line	12/31/04	Req. # 50, 60, 87, 153, 163 & 209	106,473.39
163	Stack Extension	12/31/04	Req. #45, 48, 54, 106, 130, 137, 157, 158	302,956.36
164	Balance of Plant 7362.1	12/31/04	Req. 64, 114, 128, 176, 194 & 228	534,519.00
165	Air Pollution Control System	12/31/04		128,712.00
170	Project Insurance 7362.6	12/31/04		181,562.00
173	SNCR	12/31/04		363,384.00
204	Series D Capitalized Interest	12/31/04	Auditor Entry	188,785.53
220	Air Pollution Control System	12/31/05	Req. # 258, 288 & 293	5,416,089.00
221	Balance of Plant 7362.1	12/31/05	Req. #237, 258, 288, 293, 294	1,320,294.25
225	SNCR 7362.9	12/31/05	Req. 237, 258 & 293	1,391,003.88
257	Environmental Remediation	12/31/05	Req. 220	2,745.00
258	Lead Based Paint Removal Project	12/31/05	Req. 290, 313, 359 & 394	6,739.60
260	Steam Line - Engineering	12/31/05	Req. 218, 235, 331 & 342	257,214.00
261	Natural Gas Extension	12/31/05	Req. 236	64,546.00
267	Balance of Plant 7362.1	12/31/05	Req. #329, 344, 375, 388, 402 & 417	1,903,731.00
268	Change Orders 7632.11	12/31/05	Req. #344	180,000.00
269	Equipment Adjustment #4 7362.10	12/31/05	Req. #344	2,250,000.00
280	SMS Amendment #8 - 7366.02	12/31/05	Req. 425, 455 & 456	936,410.36
281	Steam Line Construction 7366.11	12/31/05	Req. 354, 355, 379, 401, 409, 440 & 469	1,109,964.42
284	Stack Extension 7384.03	12/31/05	Req. 19 & 20	102,320.07
294	Retainage for FA #225	12/31/05	Auditor Entry	293,471.00
299	Retainage for FA #268	12/31/05	Auditor Entry	20,000.00
300	Retainage for FA #221	12/31/05	Auditor Entry	235,187.00
301	Retainage for FA #257	12/31/05	Auditor Entry	211,524.00
302	Retainage for FA #259	12/31/05	Auditor Entry	250,000.00
303	Retainage for FA #220	12/31/05	Auditor Entry	1,200,000.00
305	Series D Capitalized Interest	12/31/05	Auditor Entry	94,124.00
355	Steam Line Construction 7366.11	10/23/06	Req. 642	3,000.00
362	Temporary Labor Support 7368.5	12/31/06	Req. 652-653, 673-674 & 706	123,801.36
363	Ash Belts 7368.6	12/31/06	Req. 701-702, 721-722	45,192.82
366	Air Quality Stack Test Compliance	12/31/06	Req. 723	68,880.00
367	Plant Heating System 7368.11	12/31/06	Req. 693	26,938.23
380	Series D Capitalized Interest	6/30/06	Auditor	59,911.00
407	Steam Line Repair - G.R. Sponaug	5/23/07	Req. 773, 795-797, 815	82,429.37

RRF 2011

Asset	Property Description	Date Acquired	Memo 1	Book Cost
Group: Construction & Imp. (50) (continued)				
Group: Conveyor Systems (20)				
549	Clinker Roll (COV-0073)	2/01/09		489,365.00
				<u>489,365.00</u>
Group: Engineering/Legal (10)				
135	Legal Fees Development	12/31/04	Various Payments	134,881.00
136	Legal Fees 2004	12/31/04	Various Legal Fees	128,199.71
137	Reynolds Const Mgt	12/31/04	Reynolds Construction Mgt, Inc.	388,386.82
139	DRL Consulting	12/31/04	DRL Consulting - Req. Nos. 68, 76, 98	71,050.00
140	Workforce Utilization	12/31/04	Kirkland & Anderson	3,000.00
141	Barlow Engineering - Annual Rep	12/31/04	Annual Report	3,500.00
142	Legal Fees (Air Plan Approval)	12/31/04	Req. Nos. 127, 149, 152, 190, 199, 213	30,648.83
143	Legal Fees (Emergency Legislation)	12/31/04	Req. Nos. 153, 168, 178 & 217	20,119.68
144	EH - Risk Assessment	12/31/04	Req. Nos. 82, 102, 110, 111, 123, 132, 144	30,600.00
145	EH - Siting Analysis/MSP	12/31/04	Req. Nos. 82, 102, 109	5,064.25
146	EH - P/M Study Support	12/31/04	Req. Nos. 82, 102, 206 & 230	6,300.00
147	EH - Barlow Support	12/31/04	Req. #82, 102, 110, 132, 144, 164, 180	54,600.00
148	EH - FAA Permit	12/31/04		962.50
149	EH - Solid Waste Permit	12/31/04	Req. # 82, 102, 110, 132, 143, 144, 145, 164	89,138.50
150	EH - Phase I CEM Approval	12/31/04		8,400.00
157	Barlow - Site Survey - Old Work O	12/31/04	Req. #24 - Barlow Projects, Inc.	28,849.83
158	BNSR - Siting Analysis	12/31/04	Req. #77, 93 & 122	10,121.08
159	Builders Risk Insurance	12/31/04	Req. #59, 90, 91, 92 & 118	429,800.00
160	Finance Expenses	12/31/04	Req. #169, 170, 171, 172, 173, 174 & 205	160,238.32
161	Bank Management Fees - Series E	12/31/04		8,878.00
162	Bank Management Fees - Series F	12/31/04		14,533.00
174	Project Management/Controls 7363	12/31/04	Req. #26, 37, 65, 84, 103, 113, 129, 135, 156, 177	1,120,869.00
175	Site Rep/CM 7363.04	12/31/04	Req. #37, 65, 84, 103, 113, 129, 135, 156, 177	1,839,882.00
176	Engineering - P&ID's - 2nd Issue 736	12/31/04		34,186.00
177	Engineering - P&ID's - 3rd Issue 73	12/31/04		35,467.00
178	Engineering - Areal APC System 7	12/31/04	Req. 26, 37, 65, 84, 103 & 113	234,420.00
179	Engineering - Areal Combustor 734	12/31/04	Req. #26, 37, 65, 84, 103 & 113	199,260.00
180	Engineering - Areal Heat & Mass 7	12/31/04		34,867.00
181	Engineering - Civil 7363.26	12/31/04	Req. #37, 84, 113, 156, 177 & 195	411,550.00
182	Engineering - Concrete Pkg 7363.2	12/31/04		42,425.00
183	Engineering - Electrical 7363.28	12/31/04	Req. #26, 37, 113, 195	445,700.00
184	Engineering - Consultants 7363.29	12/31/04		45,908.00
185	Engineering - Prel. P&ID's 7363.31	12/31/04		31,588.00
186	Engineering - Equip RFP 7363.32	12/31/04	Req. #26, 37, 65, 135, 156, 177	122,553.00
187	Engineering - Piping Modeling/Des	12/31/04	Req. 26, 37, 65, 84, 103, 113 & 129	255,500.00
188	Engineering - Steel & Concrete 736	12/31/04		43,552.00
192	Electrical 7364.15	12/31/04		5,364.00
193	Legal Fees - ORMH	12/31/04		6,985.30
194	Barlow Projects Engineering	12/31/04		35,142.17
205	Series D Capitalized Interest	12/31/04	Auditor Entry	347,567.80
227	Project Management/Control 7363.1	12/31/05	Req. 238,259,289,295,330,343,376,389,403,416	1,345,382.00
228	Site Rep/CM 7363.04	12/31/05	Req. 238,259,289,295,330,343,376,389,403	1,672,620.00
242	Legal Fees 2005 - ORMH	12/31/05	Req. 241-242, 256-257, 276, 312, 319 & 365	14,750.30
243	Reynolds Construction Mgt 7365.3	12/31/05	Req. 244,264,291,307,321,349,366,381,400,418	71,000.00
244	DRL Consulting 7365.5	12/31/05	Req. 216,248,260,282,306,332,353,378,386	94,500.00

Asset	Property Description	Date Acquired	Memo 1	Book Cost
245	Workforce Utilization 7365.6	12/31/05	Req 215,249,261,283,309,335,350,371,385	38,000.00
246	Legal Fees (Air Plan Appeal) 7365.6	12/31/05	Req 243,255,275,311,318,371,372,387,399	89,990.80
247	Legal Fees (Energy Legislation) 7365.6	12/31/05	Req 253 & 262	10,107.69
248	Legal Fees (Power Purchase Agmt) 7365.6	12/31/05	Req 263,310,322,323,380,383,384	63,312.21
249	OES - Risk Assessment 7365.40	12/31/05	Req 247,267,327,361,414,431 & 467	5,337.50
250	OES - Barlow Support 7365.4B	12/31/05	Req 247,267,287,305,327,361,374,393,397,451	13,358.08
251	EEI - Barlow Support 7365.4A	12/31/05	Req 246,266,286,304,328,360,369 & 392	7,175.00
252	EEI - PIM Power Marketing 7365.4	12/31/05	Req 246,266 & 286	1,925.00
253	EEI Solid Waste Permit 7365.45	12/31/05	Req 246,266,286,304,328,360,396 & 413	23,975.00
254	OES - Phase I CEM Approval 7365	12/31/05	Req 247,267,287,327,361,374,431,467	21,962.50
255	OES - Air Plan Appeal 7365.49	12/31/05	Req 267,287,305,327,361,374 & 414	14,875.00
256	OES - FERC 7365.49	12/31/05	Req 287	2,450.00
263	Finance Expense	12/31/05	Req 268, 269, 273 & 292, 336	371,708.95
264	Bank Management Fees - Series E	12/31/05	Req 5, 6 & 7	2,159.00
265	Bank Management Fees - Series F	12/31/05	Req 5, 6, 7 & 8	7,042.00
272	Legal Fees 2005 - Foreman & Foret	12/31/05	Req 346, 365, 405, 415, 449, 468	30,140.00
273	Legal Fees 2005 ESCM	12/31/05	Req 26	1,449.00
274	Legal Fees 2005 - ESCM	12/31/05	Req 448	672.00
276	Legal Fees (Barlow Contracting) 73	12/31/05	Req 442, 443 & 459	44,870.65
277	Legal Fees (Energy & Steam Sales)	12/31/05	Req 444 & 460	2,750.00
278	Legal Fees (PUC/Ownership AEC/S/M)	12/31/05	Req 445-446	16,129.10
279	Legal Fees (PUC Air Energy) 7365	12/31/05	Req 447	986.50
282	OES - Start Up Issues 7365.51	12/31/05	Req 374,393,397,414,431,467	9,623.00
283	OES - Compliance Stack Test 7365	12/31/05	Req 393,397,414,431 & 467	4,462.50
285	Risk Assessment ENSR - 7365.4D	12/31/05	Req 16	696.95
286	Risk Assessment - Cambridge 7365	12/31/05	Req 450 & 470	2,791.06
306	Series D Capitalized Interest	12/31/05	Auditor Entry	25,402.00
318	Reynolds Construction Mgr 7365.3	12/31/06	Req 22E, 489, 597, 547, 584,585, 617-628	31,800.00
319	DRI Consulting 7365.5	12/31/06	Req 458,18E,481,521,532,563,586,604,630	120,487.50
320	Workforce Utilization 7365.6	12/31/06	Req 14E, 480,522,546,562,615,616	18,000.00
321	Workforce Utilization Summary Re	9/27/06	Req 551, 579 & 635 - Kirkland & Anderson	17,120.75
325	Joint Vendor Payments 7362.14	12/31/06	Req 527-531, 552-558	1,391,090.26
327	THA Contributions - Change Order	12/31/06	Req 580-581, 599-603, 618-619, 620A-621, 670	1,999,533.42
330	Legal Fees 2006 - Foreman & Foret	12/31/06	Req 575 & 617,730,681 & 692	90,282.00
331	Legal Fees 2006 - ESCM/M. Slobot	12/31/06	Req 512, 731	12,452.65
332	Permitting Expenses Other - 2006	12/31/06	Req 573, 577, 612 & 629	1,413.39
333	ARM Group - Feasibility Study 7365.9	9/27/06	Req 634	20,389.15
334	Reynolds Construction Mgr 7365.9	12/31/06	Req 482, 92,505,536,582-583,654-656	10,659.38
335	Legal Fees (PUC Implem/Air Energy)	12/31/06	Req 483, 493, 506, 537,657-658, 690	75,195.47
336	Legal Fees (Barlow Contracting) 73	12/31/06	Req 10F	3,567.95
337	Legal Fees (Power Purchase Agmt)	12/31/06	Req 338, 663	21,742.28
338	Legal Fees (Power Purchase Agmt)	12/31/06	Req 12E,487,508,533,564,587,645,667	912.50
339	OES - Risk Assessment 7365.4E	12/31/06	Req 17E,488,510,646,672 & 704	12,162.50
340	ENSR - Risk Assessment 7365	12/31/06	Req 11F,513,549,566,595,644,695,707&729	10,166.99
341	Cambridge - Risk Assessment 7365	12/31/06	Req 485,509,535 & 574	20,976.36
342	OES (Barlow Support) 7365-4B	12/31/06	Req 8E, 12E, 487, 508, 533, 587, 605	53,587.50
343	OES - Phase I CEM Approval 7365	12/31/06	Req 8E, 487, 508, 533, 564, 587,645,667	38,850.00
344	OES (Air Plan Approval) 7365.49	12/31/06	Req 8E, 487, 508, 533, 564, 587,645,667	18,812.50
345	OES (Start Up Issues) 7365.51	12/31/06	Req 8E, 487, 508, 533, 564, 587, 605	27,150.00
346	SMS Contract - Amekament #8 (73	2/22/06	Req 457 & 27E	376,686.34
347	Versitech (7366.03)	12/31/06	Req 495 & 496	125,000.00
348	Retlaw - Environmental Assessment	12/31/06	Req 485, 525 & 548	21,725.63
349	RSR - Appraisal 7367.5	7/26/06	Req 598	24,009.00
350	Builders Risk Insurance 7367.6	12/31/06	Req 511 & 561 + Credits Received in 2006	978.88
352	Bank Management Fees - Series F	12/31/06	Req 526 & 588	911.00
353	Consultant - Aberfoyle Associates 7	8/23/06	Req 614	4,738.74

Asset	Property Description	Date Acquired	Memo 1	Book Cost
Group: Engineering/Legal (10) (continued)				
354	SMS Settlement	11/30/06	Req. 659	24,143.74
357	Commerce Bank - Line of Credit 7:	12/31/06	Req. 732	2,035.65
381	Series D Capitalized Interest	6/30/06	Auditor Entry	1,018,908.00
386	Legal Fees 2007 - Foreman & Foter	1/24/07	Req. Nos. 726, 742, 764, 771, 791, 792, 806, 807, 808,	59,570.76
387	Legal Fees 2007 - ECGSM	1/01/07	Req. 747-740, 755, 759-762, 787-789, 802-803	35,826.08
388	Legal Fees 2007 - Goldberg Katzme	11/14/07	Req. Nos. 827 & 830	34,574.00
389	Consultant - ZHA International	4/18/07	Req. 756, 769 & 776	40,000.00
390	Legal Fees - AEC's/Met Ed	3/28/07	Req. Nos. 744, 766, 790, 804 & 814	4,872.00
391	Legal Fees 2007 - PJC Implementia	4/18/07	Req. 767	22.00
392	Legal Fees 2007 - Sale of Facility/C	3/28/07	Req. 752, 753, 765, 770, 805, 813, 826	63,034.55
393	B2 & B3 Engineering Trust Closur	11/14/07	Req. 828 & 829	2,471.00
394	Legal Fees 2007 - Bartow Litigator	3/28/07	Req. No. 743, 772, 783, 785-786, 800-801,	123,930.31
395	EEI - Risk Assessment	3/28/07	Req. 750, 751, 768 & 775	6,037.50
396	ENSR - Risk Assessment	2/12/07	Req. No. 740, 745 & 763	4,080.11
397	Cambridge - Risk Assessment	3/28/07	Req. Nos. 754, 757 & 784	19,346.59
398	ARM - Annual Report Landfill	5/23/07	Req. Nos. 774 & 794	6,599.55
399	ARM - Grade Staking Landfill	11/18/07	Req. 839	3,800.00
400	HDR Engineering - Independent Ev	6/27/07	Req. 778-779	7,684.75
401	HDR Engineering - Review RFP	6/27/07	Req. 771, 780, 798	25,144.46
402	EEI - Solid Waste Permit	3/28/07	Req. 750	1,000.00
403	OES - Phase I CEM Approval	3/28/07	Req. 750, 751	1,312.50
404	OES - Compliance Stack Test	3/28/07	Req. 750	2,100.00
405	OES - Covanta Punch List Items	3/28/07	Req. 750, 751, 768 & 775	21,262.50
406	OES - Permitting Expenses	7/25/07	Req. 793	1,500.00
409	Commerce Bank - Line of Credit 7:	4/18/07	Req. 758	2,035.65
410	Insurance Consultant - 2007	6/27/07	Req. 781-782, 799, 809, 819, 822	19,350.00
413	Builders Risk Insurance 7367.6	7/17/07	Credit from Marsh Settlement Rec'd 7/17/07	-805.22
				<u>17,011,445.36</u>
Group: Furniture & Fixtures (7)				<u>7</u>
485	Admin Bldg Furnishings COV-002:	11/01/08	Mfg - Harrisburg Office Furniture	25,526.00
492	Receptionist csk HARRX-010	8/01/08	Mfg - CMM, Inc.	5,950.84
534	Cable Tray Renovation (COV-006	10/01/09		291,143.40
				<u>322,620.24</u>
Group: Groundwork (15)				
498	Civil Site Work & Paving COV-00:	12/31/08	Contractor: Rogele, Inc.	1,624,128.85
				<u>1,624,128.85</u>

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Asset	Property Description	Date Acquired	Memo 1	Book Cost
Group: High Voltage Energy (40)				
524	Power Transformers	5/01/09		101,400.00
526	Lighting Protection	8/01/09		79,550.00
547	Desk Monitors (COV-0046)	2/10/10		18,074.00
				<u>199,024.00</u>
Group: HVAC (10)				
483	Fire Detection System COV-0022	9/01/08		23,938.00
540	Fuel Oil Systems - Equipment (COV)	2/01/10		15,404.00
541	Fuel Oil System - Mechanical (COV)	2/10/10		299,377.00
542	Fuel Oil System - Electrical (COV-I)	2/01/10		204,553.00
				<u>543,072.00</u>
Group: Light Vehicles Equip. 5-10				
490	Roll Off Containers (4) COV-0063	9/01/08	Qty 4 30 Yd Roll Off Containers- Serial 08934	23,000.00
			Light Vehicles Equip 5-10	<u>23,000.00</u>
Group: Office Equipment (15)				
26	Seale Computer Network	10/27/98		3,757.98
27	Tape Drive for Computer	12/17/98		795.00
29	Timekeeping System	7/01/97	Simplex, Voucher # 354240, Tag # 013156	3,733.95
40	Uninterruptible Power Supply	3/10/99	American Power Conversion, Mod # BP1000	354.00
41	Uninterruptible Power Supply	3/10/99	American Power Conversion, Mod # BP1000	354.00
42	Uninterruptible Power Supply	3/10/99	American Power Conversion, Mod # BP1000	354.00
56	Seale Computer Network - Phase II	6/17/99		21,101.40
82	Digital Camera	12/13/00	Kodak Model DC215 - Serial EKS01980762	349.00
88	Lexmark Color Jet Printer	2/15/01	Model Z52 - Serial #09340446931	240.00
155	Office & Trailer Rental Fees	12/31/04	Req. #25, 42, 55, 57, 75, 89, 108, 124, 142	11,913.00
206	Series D Capitalized Interest	12/31/04	Auditor Entry	634.08
262	Office & Trailer Rental Fees	12/31/05	Req. 245, 265, 274, 308, 320, 352, 367, 382	7,716.00
307	Series D Capitalized Interest	12/31/05	Auditor Entry	49.00
322	Office & Trailer Rental Fees	12/31/06	Req. 158, 484, 516, 534, 565, 592, 606	7,716.00
323	Computer System Upgrades 7367.1	8/23/06	Req. Nos. 514-515, 517-520, 545, 576	48,497.87
382	Series D Capitalized Interest	6/30/06	Auditor Entry	12,573.00
408	Office & Trailer Rentals	2/12/07	Req. 741, 746, 841-842 - GE Capital Modular	7,222.50
			Office Equipment (15)	<u>122,362.78</u>
Group: Office Equipment (7)				
491	Xerox Workcenter Copier COV-004	10/01/08	Xerox thru Gold-N-Copy, Inc.	13,000.00
			Office Equipment (7)	<u>13,000.00</u>
Group: Office Furnishing (15)				
39	Computer Hutch	4/03/99	SVC Furniture Services, Mod # 2737, Ser # N/A	170.00
			Office Furnishing (15)	<u>170.00</u>

Asset	Property Description	Date Acquired	Memo 1	Book Cost
9	Feed Tables Replacement	11/06/97		78,956.72
10	Feed Table Structural Steel	11/06/97		7,850.00
25	Capitalized Interest	1/21/98		106,985.42
31	Sandblaster	5/01/97		720.00
45	Portable Radio	5/04/99	Services Supply Co., Voucher # 350750	635.00
46	Fan, Standard 18 Inch	6/05/99	Ericsen, Mod # KR103 111R2B, Ser # 459117	38.40
47	Carbon Monoxide Monitor	9/30/99	Air King, Mod # 4CM639119, Serial # N/A	9,590.00
48	Carbon Monoxide Monitor	4/29/99	LAND Combustion, Ser # 991549, Mod # 9100	9,595.00
83	Portable Temperature Probe	12/20/00	LAND Combustion, Mod # 9100, Ser # 99517	159.00
86	3000 psi Pressure Washer	8/09/01	Omega Engineering, Inc. Model FHE-21	1,950.00
89	NORCO Hydraulic Porta-Power	1/08/01	Qty 1 - Model PG4-3000	690.00
90	Ideal-Sperry Digital Amp Meter	1/16/01	Qty 1 - Model 61-722	123.53
91	Personal Computer & Color Monitor	3/02/01	Model PC-PBU - Serial #PC-78-788BK	1,390.00
100	Compressor Models for Units 1 & 2	12/19/01	Qty 2 - Pd from Quoter #1201-38A	46,145.00
105	Hand-Held Portable 2-Way Radio	7/09/02	Qty 8 - Mfg. Ericsen Model CP 400 HS X	5,472.00
106	16 Inch Pedestal Fan	7/19/02	Qty 6 - Manufacturer - Air King	317.70
116	Stoker Grates & Compensators	3/27/03	Inv. #108467 (Sambre & Meuse)	104,783.40
117	Radiation Monitoring System	9/25/03	Req. Nos. 147, 167, 183-184	59,443.99
118	Rehab Package Boiler	9/25/03	Inv. #128416M - Req. #181	23,253.41
119	Portable Radiation Monitoring	10/22/03	Req. Nos. 169 182, 185-185	5,937.73
121	Digital Isotope Spectrometer	12/01/03	Inv. #1080192	8,190.00
189	Turbine Generator 7364.01	12/31/04	Req. 46, 47, 52, 119, 120, 138, 183, 208	1,763,442.00
190	Exchangers & Condensers 7364.03	12/31/04	Req. #47, 53, 139, 200 & 201	146,996.00
195	L2 Hosespower Effluent Pump	5/03/04	Qty 1 - Model 3BB83-4	279.00
199	2 Ton Chain Hoist	11/05/04	Qty 1 - Model 1VW59-6	347.62
200	1,000 Watt - 120 Volt Portable Light	9/09/04	Qty 2 - Model 4VM75-1	101,683.97
207	Series D Capitalized Interest	12/31/04	Auditor Entry	2,424,752.75
232	Turbine Generator 7364.01	12/31/05	Req. 232, 301, 394, 439 & 452	154,176.97
233	Exchangers & Condensers 7364.03	12/31/05	Req. 270, 356-388, 368 & 426	218,900.00
237	Large Power Transformer 7364.7C	12/31/05	Req. 280, 281 & 351	162,292.00
238	Medium Voltage Switchgear 7364.4	12/31/05	Req. 271, 314 & 398	38,050.00
239	SV6 High Voltage Breaker 7364.7E	12/31/05	Req. 272 & 326	43,384.00
270	Turbine Generator Crane 7364.02	12/31/05	Req. 345	169,968.00
271	Circulating Water Pumps 7364.05	12/31/05	Req. 324-325	165.60
289	Slump Pumps (2)	7/20/05	(2) Model 2F352-4 @ Cost of \$82.80 each	89.99
290	Slump Pump	8/30/05	Model N5-MSFR - Serial #691857	89.99
291	Slump Pump	1/06/05	Model N5-MSFR - Serial #148833	320.00
292	Kerosene Heater	11/17/05	Model No. DE B16SDT - Serial #18064189	320.00
293	Kerosene Heater	11/17/05	Model No. DE B16SDT - Serial #18064186	320.00
308	Series D Capitalized Interest	12/31/05	Auditor Entry	20,250.00
310	Refuse Crane 7362.7	5/19/05	Req. 293 - Bantow	80,811.13
311	Solids Handling 7362.8	5/19/05	Req. 293 - Bantow	108,765.38
319	Medium Voltage Switchgear 7364.4	12/31/06	Req. 550	3,000.00
358	Turbine Generator Repair 7367.15	12/31/06	Req. 734	79,961.41
359	Pulse Air System per Unit 7368.1	12/31/06	Req. 675-676, 686-687, 718	808.10
360	Fly Ash System per Unit 7368.2	12/31/06	Req. 677-678, 685 (Motor Technology, R. W.)	7,017.00
361	Over Burden Hoist 7368.4	12/31/06	Req. 688	7,184.70
364	Boiler Feedwater Pump 7368.7	12/31/06	Req. 709	1,962.86
365	CEMS Gases 7368.8	12/31/06	Req. 710-713	7,200.00
368	Scissor Lift	7/19/06	Model No. 2000 Mfg JLG Lift	211.50
369	DC Power Supply	12/07/06	Mfg Gwinstek Laboratory - Model GFS 3090D	376.88
371	Hand Truck	5/23/06	Model No. DOLLERN140	740.00
372	Honda Gas Powered Pump	5/16/06	Model No. 254919	525.00
377	Concrete Vibrator	9/07/06	Mfg Best Line Equipment - Model No. Stone	21,938.80
378	Reliance Air Condition Motor Repa	8/16/06	Repairs to Reliance Air Condition Motor	22,180.00
383	Series D Capitalized Interest	6/30/06	Auditor Entry	

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Group: Oper. & Maint. Equip. (20) (continued)				
411	KSB, Inc. - Pump	11/01/07	Req. 820-821, 834-838	71,847.00
436	Tires (Qty 8)	4/30/07	See Covanta Spreadsheet dated 12/12/08	12,007.00
533	Cable Reels (COV-0066)	6/01/09		40,810.00
552	Airheater #1	12/15/11		453,226.00
			Oper. & Maint. Equip. (20)	5,637,988.45
Group: Permitting (10)				
110	Permit Applications - Engineering	1/01/02	Permit Applications - Engineering	16,200.00
111	Radiation Plan Permit Application-	1/01/02		6,074.11
114	Community Environmental Project	10/23/02		37,500.00
122	Permitting Expenses - 2000 Const.	12/31/03		680.60
123	Design & Engineering Fees	4/23/03	Inv. #73086	717,365.85
124	Permitting Expenses - 2002 Const	12/31/03	Req. Nos. 116, 123, 136 & 138	588,978.03
125	Siting Analysis Fees/ENSR	12/15/03	Numerous Reqs Outlined on Lotus 2002 RRF File	23,790.68
126	Legal Fees 2003	12/30/03	Req. #114, 129, 145-146, 166, 191 & 204	201,553.43
127	Below Engineering - Deferred	12/30/03	Various Legal Fees	910,730.00
128	Engineering Fees	12/30/03	Engineering fees	2,005,594.00
129	Engineering Fees	12/30/03	Engineering fees for 12/1/03 - 12/31/03	803,229.00
130	Permitting Expenses	12/30/03	Req. #1-6, 8, 9 and 11	580,133.96
138	Permitting Expenses - Other	12/31/04	Various Vendors - EEM/Brinjac Engineering P/M	209,889.37
208	Series D Capitalized Interest	12/31/04	Auditor Entry	11,171.47
275	Permitting Expenses - Other 2005	12/31/05	Req. 315, 362 & 404	177,791.10
309	Series D Capitalized Interest	12/31/05	Auditor Entry	1,121.00
			Permitting (10)	6,294,802.80
Group: Plant Equipment (50)				
102	Porta-Pac Units for Unit #2	4/24/02	Manufacturer: Novit Americas, Inc. - Req. 9,	102,448.50
103	Air Receiver Reservoir for Unit #2	2/27/02	Mfg - ABE Berkeleigh Pump & Compressor Co.	3,498.35
107	Air Conditioner	6/13/02	Qty 1 - Model FAV18EDA	750.38
108	Air Conditioner	6/13/02	Qty 1 - Model No. FAV18EJLA	750.38
196	120 Volt Space Heater	10/10/04	Qty 2 - Model 3VU37-1	86.40
197	120 Volt Space Heater	10/10/04	Qty 2 - Model 3VU31-4	134.10
198	120 Volt Space Heater	10/10/04	Qty 4 - Model 3VU33-0	136.80
414	CH System	11/30/07	Per Covanta Spreadsheet dated 12/12/08	24,433.97
415	BFWPA	6/30/07	Per Covanta Spreadsheet dated 12/12/08	63,700.00
416	SCH Blade	2/28/07	Per Covanta Spreadsheet dated 12/12/08	6,317.81
417	WW Change Repair	5/31/07	Per Covanta Spreadsheet dated 12/12/08	19,170.25
418	Compressor Controller	5/31/07	Per Covanta Spreadsheet dated 12/12/08	4,604.85
419	Ussulf in conjunction w/BH Bags	10/31/07	Per Covanta Spreadsheet dated 12/12/08	4,320.00
420	AH Tubes	9/30/07	Per Covanta Spreadsheet dated 12/12/08	10,836.75
421	440 and 450 Belts	12/31/07	Per Covanta Spreadsheet dated 12/12/08	46,893.00
422	Mag Separator Belt	9/30/07	Per Covanta Spreadsheet dated 12/12/08	3,760.00
423	Citech Strover	9/30/07	Per Covanta Spreadsheet dated 12/12/08	14,980.80
424	Mag Belts (Qty 3)	12/31/07	Per Covanta Spreadsheet dated 12/12/08	5,927.00
425	Radure Disk	12/31/07	Per Covanta Spreadsheet dated 12/12/08	5,490.80
426	Drag Chain Brackets Project	10/31/07	Per Covanta Spreadsheet dated 12/12/08	12,770.76
427	AR Plate Feed Table	10/31/07	See Covanta Spreadsheet dated 12/12/08	2,912.00
429	Conveyor Support	4/30/07	See Covanta Spreadsheet dated 12/12/08	2,074.27
430	Controller	2/28/07	See Covanta Spreadsheet dated 12/12/08	6,753.00
431	MCC in conjunction with Greiner I	6/30/07	See Covanta Spreadsheet dated 12/12/08	9,891.00
432	Infrared Thermo	5/31/07	See Covanta Spreadsheet dated 12/12/08	25,096.86
433	Conveyor Repairs/Upgrade	11/30/07	See Covanta Spreadsheet dated 12/12/08	

Asset	Property Description	Date Acquired	Merric 1	Book Cost
434	Hvd Pump	6/30/07	See Covanta Spreadsheet dated 12/12/08	34,154.71
435	Baghouse Discharge Screw Greiner	12/31/07	See Covanta Spreadsheet dated 12/12/08	5,051.52
437	Baghouse Bags	11/30/07	See Covanta Spreadsheet dated 12/12/08	19,406.70
438	Pair of Greiner Electric Work UPS's	4/30/07	See Covanta Spreadsheet dated 12/12/08	3,459.35
439	Crane Pins	7/31/07	See Covanta Spreadsheet dated 12/12/08	5,152.00
440	Ash Supter Bigs	12/31/07	See Covanta Spreadsheet dated 12/12/08	13,315.48
441	SSHP Backlogs Labor Part	7/30/07	See Covanta Spreadsheet dated 12/12/08	27,709.61
442	Single Project Gate Drive	11/30/07	See Covanta Spreadsheet dated 12/12/08	12,280.00
443	Motor Pull	10/31/07	See Covanta Spreadsheet dated 12/12/08	10,906.65
444	Filter Media	9/30/07	See Covanta Spreadsheet dated 12/12/08	5,330.00
445	Rental Equipment for Capital Proje	5/31/07	See Covanta Spreadsheet dated 12/12/08	7,695.08
446	Tools	9/30/07	See Covanta Spreadsheet dated 12/12/08	2,288.00
447	Turbine	10/31/07	See Covanta Spreadsheet dated 12/12/08	563,361.05
448	Equipment	12/31/07	See Covanta Spreadsheet dated 12/12/08	6,900.00
449	Ash Ceme Project	5/30/07	See Covanta Spreadsheet dated 12/12/08	2,113.38
450	Elec Support to Wire System	12/31/07	See Covanta Spreadsheet dated 12/12/08	9,504.00
451	Elec Support for Plant Convenience	12/31/07	See Covanta Spreadsheet dated 12/12/08	16,832.70
452	Elec Support for Light Sys & Winin	12/31/07	See Covanta Spreadsheet dated 12/12/08	12,992.00
453	Major Equip Parts & Mod/Mag Bel	12/31/07	See Covanta Spreadsheet dated 12/12/08	9,795.60
454	Plant and Major Equip Modification	12/31/07	See Covanta Spreadsheet dated 12/12/08	3,486.25
455	Labor & Support for OPS and Plant	12/31/07	See Covanta Spreadsheet dated 12/12/08	1,934.00
456	Water System Valve	9/30/07	See Covanta Spreadsheet dated 12/12/08	3,223.53
457	Water System Control Panel	4/30/07	See Covanta Spreadsheet dated 12/12/08	10,600.00
458	Fly Ash System Dump Valve	11/30/07	See Covanta Spreadsheet dated 12/12/08	17,190.00
459	FI Silo Probes & Attachments	7/31/07	See Covanta Spreadsheet dated 12/12/08	10,636.89
460	FI Brackets/Supports & Ash Drop	7/31/07	See Covanta Spreadsheet dated 12/12/08	20,124.99
461	FI Steam Piping & Platforms	4/30/07	See Covanta Spreadsheet dated 12/12/08	38,795.04
462	Mech Labor Support for Equip Inst	6/30/07	See Covanta Spreadsheet dated 12/12/08	32,417.32
463	FI Facility Safety Handrails	6/30/07	See Covanta Spreadsheet dated 12/12/08	4,302.63
464	Relocate Perm Plant Equip & Safet	4/30/07	See Covanta Spreadsheet dated 12/12/08	16,874.38
465	FI Brackets Supports & Ash Drop	4/30/07	See Covanta Spreadsheet dated 12/12/08	15,531.24
466	Labor Support for Belt Replacement	2/28/07	See Covanta Spreadsheet dated 12/12/08	11,280.49
467	FI Piping & Elec Supports	5/31/07	See Covanta Spreadsheet dated 12/12/08	17,823.47
468	FI Safety Handrails & Platforms	4/30/07	See Covanta Spreadsheet dated 12/12/08	12,638.32
469	Labor Support & Fab for new Equip	6/30/07	See Covanta Spreadsheet dated 12/12/08	25,073.06
470	Install Drag Chain & Bull Gear	9/30/07	See Covanta Spreadsheet dated 12/12/08	15,598.84
471	FI Steam Chutes & Platforms	6/30/07	See Covanta Spreadsheet dated 12/12/08	20,834.47
472	Install Ash Belt	9/30/07	See Covanta Spreadsheet dated 12/12/08	5,104.71
473	Feed Chute Rod	5/31/07	See Covanta Spreadsheet dated 12/12/08	17,775.38
474	Mech Support Drag Chain & Rotar	9/30/07	See Covanta Spreadsheet dated 12/12/08	9,879.89
475	FI Addtl Equip Attach & Rod Out	9/30/07	See Covanta Spreadsheet dated 12/12/08	11,431.71
476	FI Plant Equipment & Racking	12/31/07	See Covanta Spreadsheet dated 12/12/08	9,824.43
477	Rental Equip for Plant Improvement	10/31/07	See Covanta Spreadsheet dated 12/12/08	6,817.95
478	Turbine Outage Support	6/30/07	See Covanta Spreadsheet dated 12/12/08	6,677.68
479	NRB Support	6/30/07	See Covanta Spreadsheet dated 12/12/08	3,137.61
480	Turbine Support	12/31/07	See Covanta Spreadsheet dated 12/12/08	2,027.35
481	Parts for Plant Equip Installation	6/30/07	See Covanta Spreadsheet dated 12/12/08	7,198.32
482	Low Pressure Feedwater Heater	5/31/07	See Covanta Spreadsheet dated 12/12/08	5,454.00
Plant Equipment (\$0)				1,571,486.01

Group: Prior Capital Additions
32 Prior Capital Additions 1,0193
15,381,421.00

Asset	Property Description	Date Acquired	Memo 1	Book Cost
<u>Group: Prior Capital Additions (continued)</u>				
<u>Group: Refuse Cranes/Compo (20)</u>				
506	Feed Chute Mechanical Repairs CC	12/31/08	Contractor: Casimre Energy Construction	557,543.29
			Refuse Cranes/Compo (20)	557,543.29
<u>Group: Superheaters (10)</u>				
488	Venturis COV-0060	10/01/08	Storm Technology Inc.-2 Under Fire @ \$6,660.75	29,643.02
508	Desuperheater Valve(HA-036)	12/31/08		10,320.00
510	Over Fire Air Venturis(HA-016)	8/01/08		29,643.02
			Superheaters (10)	69,606.04
<u>Group: Vehicle & Motor Equip (7)</u>				
85	45 Watt High Band Mobil - 2 Way	6/11/01	Qty 1 - Model F3205-02	429.00
374	Roll Off Box	8/14/06	Mfr Eagle Truck Equipment	13,482.30
375	Roll Off Box	8/14/06	Mfr Eagle Truck Equipment	13,482.30
376	Roll Off Box	8/14/06	Mfr Eagle Truck Equipment	13,482.30

	Verified on site
Conveyor Belting 084	
Cooling Tower -074	
Spare Geareducer Series 2400 - 5.50/1 CC2 # C24687	\$9,200.00 y
Marley Model NC8312K6GS s/n 249371A6 - 2400	
Geareducer	
Inner Pinion Shaft Bearing # 216507	\$140.82 y
Outer Pinion Shaft Bearing # C28099	\$103.20 y
Set of 5 O'ring Seals # C33280	\$23.65 y
Pinion Shaft Oil Seal # E48570	\$141.90 y
Burner Spare Parts -075	
2 1 Part # 060360 - M9184F-1034 H.W. Modutrol Motor	\$820.00 y
Crane Spare Parts - 076	
1 R68741F1 Bottom Block Assy - 4 x 1/2"	\$13,960.00 y
3 2 25Z263D1 Bearing - TNASWE - 4.25" Bore	\$3,076.00 y
4 4 18Z35552D2 Bearing Seal	\$128.00 y
Misc Vessels -075	
Misc Bearings and ash conveyor parts - 078	
Ash Belt A & B Parts	
20HP 3Ph, 1800RPM,TEFC,256T Frame, Cast Iron Motor	\$697.50 y
6 1 TA7315H40 Torque Arm Shaft Mount Reducer 40:1 ratio (Dodge)	\$6,082.98 y
7 1 TA7315TB x4.188 Torque Arm Shaft Mount Bushing (Dodge)	\$429.98 y
8 1 2C8.5SF x 1.63" Driver Sheave 2 Groove C Section QD Type (Master Drive)	\$101.08 y
9 1 2C16.0SF x 2.44" Driver Sheave 2 Groove C Section QD Type (Master Drive)	\$180.60 y
15 1 RS-2 Safety Stop Switch (Conveyor Components)	\$344.00 y
16 1 TA-2 Belt Drift Switch (Conveyor Components)	\$277.34 y
17 2 815-20EI -48 Impact Idlers (Superior Components)	\$1,081.78 y
18 2 815-20EA-48 Trough Training Idlers (Superior Components)	\$1,180.62 y
19 4 815-20E-48 Trough Idlers (Superior Components)	\$1,075.20 y
20 4 815-RET-48 Return Idlers (Superior Components)	\$436.80 y
21 2 815-RETA-48 Return Training Idlers (Superior Components)	\$1,034.36 y
22 2 JE2407F Head Bearing 4-7/16" Bore PB 4 Bit (Jones Bearing)	\$1,904.36 y
Grapple -079	
5 1 I4070B16M Electric Motor	\$7,339.00 y
Yokagowa - 080	
Reagent and Hydraulics - 081	
533888 Baldor IDNM3538 0.5 1725 TENV 230/460 56C	\$275.21 y
Hydraulics	
3 1 414069 Vickers PVQ13-A2R-SE1S-20-C14-12	\$813.05 y
4 1 1366252 Baldor CM3615T Motor 1 BALT 34 AL	\$328.32 y
Urea Motor - 082	
SMP 1.25x0.75x5 FPD - S Complete Pump and Motor	\$1,755.00 y
CEMS spare Parts - 083	
181001 Air Filter Insert, Per Case of 16	y
181002 Air Filter Insert, Per Case of 16	y
Silo Parts -085	
1 2" 320-WRE-HT 2" Fox Eductor \$1,880.00 \$1,880.00	\$1,880.00 y
Contrex Feeder Drive Motor Speed Pickup w/ Pickup	
3-2 Acrison Size DD Volumetric Feeder Auger \$730.00	\$730.00 y
4 1 127-0665 Acrison Volumetric Feeder Feed Tube Gasket \$58.12 \$58.12	\$58.12 y
Grate Parts - 087	

150 130288 Grate Tile Castings	\$81,300.00 y
2 300 130287 Grate Tile Keeper Clips	\$5,250.00 y
Sootblower spares - 088	
4 2.0" Lance Support Assembly \$77.50 \$6,975.00	\$6,975.00 y
10 2.5" Lance Support Assembly \$80.00 \$2,400.00	\$2,400.00 y
Ash Conveyor Belt and Vibrating Pan	
Rubber buffers qty 4 GTP 55X93.5	\$918.00 y
4 x Coil Springs FD,Z/D 21.0 x 124 x 197	\$740.00 y
1 X JOEST crank shaft drive JS 32-70, B 380	\$25,279.00 y
1 x V-belt pulley SPB 400 x 4 x 50	\$580.00 y
1 x V-belt pulley SPB	\$665.00 y
18"x18" RF Shoe	\$4,990.00 y
5HP 460V Electric motor 184T frame	\$2,029.50 y
SM Cyclo CHH6190DBY-SB	\$9,799.00 y
SP27 shear pin hub assembly	\$4,038.50 y
14mm double strand pulley, complete with taper lock bushing.	\$2,080.00 y
6"x24" double strand flight bar	\$931.80 y
M-12 R.E.D. Mixer shaft (driver)	\$7,304.00 y
M-12 R.E.D. Mixer shaft (driven)	\$7,140.00 y
1020G20 Gear coupling	\$984.00 y
M-12 Spur gear (Keyed in a matched pair)	\$2,665.00 y
M-12 Mixer paddle AR400"	\$6,216.60 y
Sheave complete with SH bushing	\$76.78 y
Sheave complete with Sk bushing	\$267.84 y
FGR Fan Motor, Reliance 125 HP	y

Verified on site

Conveyor Belting 084

1 225 Ft. 48" 440-1 1/4" x 3/32" Conflex Belting	\$8,673.75	n
2 440 Ft 48" 440-1 1/4" x 3/32" Conflex Belting	\$16,962.00	n

Cooling Tower -074

Lower GRP Fan Cylinder # D47350	\$4,000.00	n
Spare Geareducer Series 2400 - 5.50/1 CC2 # C24687	\$9,200.00	y
Spare Blade for 3658 - 36N - 45U # D90746	\$75.00	n
Marley Model NC8312K6GS s/n 249371A6 - 2400		

Geareducer

Inner Pinion Shaft Bearing # 216507	\$140.82	y
Outer Pinion Shaft Bearing # C28099	\$103.20	y
Set of 5 O'ring Seals # C33280	\$23.65	y
Pinion Shaft Oil Seal # E48570	\$141.90	y

Burner Spare Parts -075

1 Part # 320000 - 1092-PF 6000v 50/60 HZ Allanson Gas Ignition Transformer	\$95.00	n
2 1 Part # 060360 - M9184F-1034 H.W. Modutrol Motor	\$820.00	y
3 1 Part # 060640 - 198162EA Honeywell Internal Transf.	\$81.00	n
4 1 Part # 060980 AGA58.4 Landis & Gyr 3/8" Square Shaft	\$61.00	n

Crane Spare Parts - 076

1 R68741F1 Bottom Block Assy - 4 x 1/2"	\$13,960.00	y
2 2 7F229 Sheve - 15" P.D. - 1/2" Rope	\$9,788.00	n
3 2 25Z263D1 Bearing - TNASWE ~4.25" Bore	\$3,076.00	y
4 4 18Z35552D2 Bearing Seal	\$128.00	y
5 2 R40453D1 Sheve Pin	\$3,618.00	n
6 2 20Z3D19 Lock Nut	\$218.00	n
7 2 18ZiD58 Lock Washer	\$78.00	n
8 2 44Z1D14 Lube Fitting - Std 1/4" Hyd	\$7.00	n
9 2 18T14 Keeper Plate	\$90.00	n
10 2 18H6414D2 Spacer	\$390.00	n
11 4 20Q260D345 Hex Head Capscrew	\$9.20	n
12 4 20H1614D2 1/4 - 20 Heavy Hex Locknut	\$2.90	n

Misc Vessels -076

2 Sterling Deaerator # PNK18 18" Round Manway Gasket	\$251.43	n
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Misc Bearings and ash conveyor parts - 078

PLB6863FR x 3-15/16" = SAF22522 x 3-15/16" Fixed (SKF Brand)	\$769.90	n
PELB6863FR x 3-15/16" = SAFE22522 x 3-15/16" Float	\$769.90	n
PLB6851FR x 3-3/16" = FSAF22518 x 3-3/16" Fixed (SKF)	\$512.38	n
PELB6851FR x 3-3/16" = FSAFE 22518 x 3-3/16" Float (\$512.38	n

Ash Belt A & B Parts

20HP 3Ph, 1800RPM, TEFC, 256T Frame, Cast Iron Motor	\$697.50	y
6 1 TA7315H40 Torque Arm Shaft Mount Reducer 40:1 ratio (Dodge)	\$6,082.98	y
7 1 TA7315TB x4.188 Torque Arm Shaft Mount Bushing (Dodge)	\$429.98	y
8 1 2C8.5SF x 1.63" Driver Sheave 2 Groove C Section QD Type (Master Drive)	\$101.08	y
9 1 2C16.0SF x 2.44" Driver Sheave 2 Groove C Section QD Type (Master Drive)	\$180.60	y
10 2 C112 V Belt C Section (MBL)	\$50.40	n
MRBCM0003600 Replacement Blade for Primary Belt Cleaner (Arch	\$367.89	n
MRBCM0004800 Replacement Blade for Secondary Belt Cleaner (Arch	\$512.61	n
15 1 RS-2 Safety Stop Switch (Conveyor Components)	\$344.00	y
16 1 TA-2 Belt Drift Switch (Conveyor Components)	\$277.34	y
17 2 815-20EI -48 Impact Idlers (Superior Components)	\$1,081.78	y

18 2 815-20EA-48 Trough Training Idlers (Superior Components)	\$1,180.62	y
19 4 815-20E-48 Trough Idlers (Superior Components)	\$1,075.20	y
20 4 815-RET-48 Return Idlers (Superior Components)	\$436.80	y
21 2 815-RETA-48 Return Training Idlers (Superior Components)	\$1,034.36	y
22 2 JE2407F Head Bearing 4-7/16" Bore PB 4 Bit (Jones Bearing)	\$1,904.36	y
23 2 JE231SF Upturn Terminal Bearing 3-15/16" Bore PB 4 Bolt (Jones Bend Pulley Bearing 2-15/16" Bore PB 4 Bolt (Jones	\$1,268.48	n
2S 1 PBD-92712000 Zero Speed Switch (Siemens)	\$605.50	n
Grapple -079	\$558.13	n
1 I4068B46R Pump	\$7,359.00	n
2 1 330292 Hydraulic Cylinder	\$1,320.00	n
3 1 I4035085D Cylinder Seal Kit	\$96.00	n
4 1 I4068Z38 Return Line Filter	\$72.00	n
5 1 I4070B16M Electric Motor	\$7,339.00	y
6 1 H9999 Relief Valve	\$59.00	n
7 1 H9999 Poppet DPS2-16	\$59.00	n
8 1 H9999 Poppet DPS2-20	\$119.00	n
9 1 H9999 Counterbalance Valve	\$89.00	n
Yokogawa - 080		
Yokogawa Zirconia Oxygen/Humidity Detector	\$3,290.00	n
2 1 M12345E-A Yokogawa O2 Fly Ash Filter Thin Type for ZR22G	\$525.00	n
Reagent and Hydraulics - 081		
533888 Baldor IDNM3538 0.5 1725 TENV 230/460 56C	\$275.21	y
Hydraulics		
2 1 99999999 Vickers KDG4V-3S-2C 15N-m-u-H5-60	\$342.89	n
3 1 414069 Vickers PVQ13-A2R-SE1S-20-C14-12	\$813.05	y
4 1 1366252 Baldor CM3615T Motor 1 BALT 34 AL	\$328.32	y
5 1 532674 Vescor 1959 Pump/Motor Adapter 3 PCS IL	\$42.80	n
Vickers FI HF4RT15D3GB3XXBC03 Assy	\$219.67	n
7 1 3658968 Rexroth R433051754 2-1/2 Hyd Cylinder	\$1,077.52	n
8 1 1657071 Vickers V4051B3C03 Filter	\$38.63	n
Urea Motor - 082		
SMP 1.25x0.75x5 FPD - S Complete Pump and Motor	\$1,755.00	y
CEMS spare Parts - 083		
4 Maintenance Items for CLIR (per Analyzer) Including: \$1,181.00 \$4,724.00	\$4,724.00	n
F05-5023-A Internal fan Dust Filter		n
F05-IDN-10G Line Filter for Ozone Generator		n
F05-K-0011-B Charcoal Cartridge Kit		n
F05-SDN-A On-Line Activated Charcoal Filter		n
F05-SLLS-025-		n
NS Filter Millex 25Mm-5 UM		n
V02-N022-5-		n
0340 Pump Valve Set of 2		n
V02-N026-11-2-		n
A Teflon Pump Membrane (set of 2)		n
V04-PA-001 Grill Filter		n
F05-PERM-003-		n
A Permeation Dryer		n
2 1 MIR-C-K Maintenance Kit for MIR 9000 Including: \$457.00 \$457.00	\$457.00	n
F05-11-842 10 Millex Filters (Bag of 10)		n

V02-k-113-909-	n
A (2) Maintenance Kit for Air Pump	n
3 1 CA-SEC-SK Maintenance Kit for Probe Including: \$354.00 \$354.00	\$354.00 n
F05-5001-A (2) Ceramic Filter 20 micron	n
P06-0067-TEF (4) O Ring Diam 12 Cord 1,5 Viton	n
4 1 Chiller Including: \$935.00 \$935.00	\$935.00 n
433701 (4) 2 Micron Filter, Ceramic	n
113_909-A (4) Maintenance Kit for Air Pump	n
58202-10-0001 (1) Heat Sink Paste, 0.1 Ounce Container	n
Universal Analyzer Probe 270 and 270S Series Heated	\$340.00 n
Stack Filter Including: \$340.00	n
433701 (4) 2 Micron Filter, Ceramic	n
433702 (8) O Filter O ring, Viton #2-208	n
Durag Opacaty Monitor D-R 290 Opacaty Monitor	\$624.00 n
181001 Air Filter Insert, Per Case of 16	y
181002 Air Filter Insert, Per Case of 16	y
7 1 Puregas PCR-15B Regenerative Dryer Including:	\$92.00 n
60057-554 Sum Particulate and Afterfilter Filter Element	n
60057-556 .01 um Coalescing Filter Element	n
Silo Parts -085	
1 2" 320-WRE-HT 2" Fox Eductor \$1,880.00 \$1,880.00	\$1,880.00 y
Contrex Feeder Drive Motor Speed Pickup w/ Pickup	
Resistor \$250.00 \$250.00	\$250.00 n
3-2 Acrison Size DD Volumetric Feeder Auger \$730.00	\$730.00 y
4 1 127-0665 Acrison Volumetric Feeder Feed Tube Gasket \$58.12 \$58.12	\$58.12 y
Grate Parts - 087	
150 130288 Grate Tile Castings	\$81,300.00 y
2 300 130287 Grate Tile Keeper Clips	\$5,250.00 y
Sootblower spares - 088	
4 2.0" Lance Support Assembly \$77.50 \$6,975.00	\$6,975.00 y
10 2.5" Lance Support Assembly \$80.00 \$2,400.00	\$2,400.00 y
Ash Conveyor Belt and Vibrating Pan	
Rubber buffers qty 4 GTP 55X93.5	\$918.00 y
4 x Coil Springs FD.Z/D 21.0 x 124 x 197	\$740.00 y
4 x Coil Springs FD.Z/D 21.0 x 124 x 359	\$1,285.60 n
6 x leaf springs FD.B 6.0 x 50 x 450	\$750.00 n
6 x leaf springs FD.B 4.0 x 70 x 150	\$352.80 n
1 X JOEST crank shaft drive JS 32-70, B 380	\$25,279.00 y
1 x V-belt pulley SPB 400 x 4 x 50	\$580.00 y
1 x V-belt pulley SPB	\$665.00 y
4 x V-belts SPB	\$276.00 n
1 x Contisen 2 Controller	\$2,895.00 n
2 x pulley bushings	\$156.00 n
18"x18" rotary feeder shaft & rotor ass'y	\$5,260.00 n
18"x18" RF Shoe	\$4,990.00 y
2-1/4" dia. shaft seal	\$25.42 n
SHP 460V Electric motor 184T frame	\$2,029.50 y
SM Cyclo CHH6190DBY-SB	\$9,799.00 y
SP27 shear pin hub assembly	\$4,038.50 y
Sprocket 140B17H	\$451.00 n

Complete set of tooth segments for 14mm 10 tooth sprocket furnished with shoulder bolts and locknuts	\$2,000.00 n
14mm double strand pulley, complete with taper lock bushing	\$2,240.00 n
14mm double strand pulley, complete with taper lock bushing.	\$2,080.00 y
14mm connector w/bolt, nut & washer	\$380.00 n
6"x24" double strand flight bar	\$931.80 y
M-12 R.E.D. Mixer shaft (driver)	\$7,304.00 y
M-12 R.E.D. Mixer shaft (driven)	\$7,140.00 y
1020G20 Gear coupling	\$984.00 y
M-12 Spur gear (Keyed in a matched pair)	\$2,665.00 y
M-12 Mixer paddle AR400	\$6,216.60 y
Flange bearing 2-15/16" dia. (exp)	\$522.75 n
2-15/16" Pillow block (fixed)	\$473.55 n
Spray nozzle (brass)	\$200.00 n
Screw Clamp	\$9.40 n
2-7/16" dia. Shaft seal	\$24.30 n
External face seal	\$215.96 n
Tandem radial seal	\$202.28 n
Packing seal	\$87.84 n
Sheave complete with SH bushing	\$76.78 y
Sheave complete with Sk bushing	\$267.84 y
FGR Fan Motor, Reliance 125 HP	y

Verified on site

Conveyor Belting 084

Cooling Tower -074

Spare Geareducer Series 2400 - 5.50/1 CC2 # C24687 \$9,200.00 y

Marley Model NC8312K6GS s/n 249371A6 - 2400

Geareducer

Inner Pinion Shaft Bearing # 216507 \$140.82 y

Outer Pinion Shaft Bearing # C28099 \$103.20 y

Set of 5 O'ring Seals # C33280 \$23.65 y

Pinion Shaft Oil Seal # E48570 \$141.90 y

Burner Spare Parts -075

2 1 Part # 060360 - M9184F-1034 H.W. Modutrol Motor \$820.00 y

Crane Spare Parts - 076

1 R68741F1 Bottom Block Assy - 4 x 1/2" \$13,960.00 y

3 2 25Z263D1 Bearing - TNASWE - 4.25" Bore \$3,076.00 y

4 4 18Z35552D2 Bearing Seal \$128.00 y

Misc Vessels -076

Misc Bearings and ash conveyor parts - 078

Ash Belt A & B Parts

20HP 3Ph, 1800RPM, TEFC, 256T Frame, Cast Iron Motor \$697.50 y

6 1 TA7315H40 Torque Arm Shaft Mount Reducer 40:1 ratio (Dodge) \$6,082.98 y

7 1 TA7315TB x4.188 Torque Arm Shaft Mount Bushing (Dodge) \$429.98 y

8 1 2C8.5SF x 1.63" Driver Sheave 2 Groove C Section QD Type (Master Drive) \$101.08 y

9 1 2C16.0SF x 2.44" Driver Sheave 2 Groove C Section QD Type (Master Drive) \$180.60 y

15 1 RS-2 Safety Stop Switch (Conveyor Components) \$344.00 y

16 1 TA-2 Belt Drift Switch (Conveyor Components) \$277.34 y

17 2 815-20EI -48 Impact Idlers (Superior Components) \$1,081.78 y

18 2 815-20EA-48 Trough Training Idlers (Superior Components) \$1,180.62 y

19 4 815-20E-48 Trough Idlers (Superior Components) \$1,075.20 y

20 4 815-RET-48 Return idlers (Superior Components) \$436.80 y

21 2 815-RETA-48 Return Training Idlers (Superior Components) \$1,034.36 y

22 2 JE2407F Head Bearing 4-7/16" Bore PB 4 Bit (Jones Bearing) \$1,904.36 y

Grapple -079

5 1 14070816M Electric Motor \$7,339.00 y

Yokagowa - 080

Reagent and Hydraulics - 081

533888 Baldor IDNM3538 0.5 1725 TENV 230/460 56C \$275.21 y

Hydraulics

3 1 414069 Vickers PVQ13-A2R-SE15-20-C14-12 \$813.05 y

4 1 1366252 Baldor CM3615T Motor 1 BALT 34 AL \$328.32 y

Urea Motor - 082

SMP 1.25x0.75x5 FPD - S Complete Pump and Motor \$1,755.00 y

CEMS spare Parts - 083

181001 Air Filter Insert, Per Case of 16 y

181002 Air Filter Insert, Per Case of 16 y

Silo Parts -085

1 2" 320-WRE-HT 2" Fox Eductor \$1,880.00 \$1,880.00 \$1,880.00 y

Contrex Feeder Drive Motor Speed Pickup w/ Pickup

3-2 Acrison Size DD Volumetric Feeder Auger \$730.00 \$730.00 y

4 1 127-0665 Acrison Volumetric Feeder Feed Tube Gasket \$58.12 \$58.12 \$58.12 y

Grate Parts - 087

150 130288 Grate Tile Castings	\$81,300.00 y
2 300 130287 Grate Tile Keeper Clips	\$5,250.00 y
Sootblower spares - 088	
4 2.0" Lance Support Assembly \$77.50 \$6,975.00	\$6,975.00 y
10 2.5" Lance Support Assembly \$80.00 \$2,400.00	\$2,400.00 y
Ash Conveyor Belt and Vibrating Pan	
Rubber buffers qty 4 GTP 55X93.5	\$918.00 y
4 x Coil Springs FD.Z/D 21.0 x 124 x 197	\$740.00 y
1 X JOEST crank shaft drive JS 32-70, B 380	\$25,279.00 y
1 x V-belt pulley SPB 400 x 4 x 50	\$580.00 y
1 x V-belt pulley SPB	\$665.00 y
18"x18" RF Shoe	\$4,990.00 y
5HP 460V Electric motor 184T frame	\$2,029.50 y
SM Cyclo CHH6190DBY-SB	\$9,799.00 y
SP27 shear pin hub assembly	\$4,038.50 y
14mm double strand pulley, complete with taper lock bushing.	\$2,080.00 y
6"x24" double strand flight bar	\$931.80 y
M-12 R.E.D. Mixer shaft (driver)	\$7,304.00 y
M-12 R.E.D. Mixer shaft (driven)	\$7,140.00 y
1020G20 Gear coupling	\$984.00 y
M-12 Spur gear (Keyed in a matched pair)	\$2,665.00 y
M-12 Mixer paddle AR400	\$6,216.60 y
Sheave complete with SH bushing	\$76.78 y
Sheave complete with Sk bushing	\$267.84 y
FGR Fan Motor, Reliance 125 HP	y

Verified on site.

Conveyor Belting 084

1 225 Ft. 48" 440-1 1/4" x 3/32" Conflex Belting	\$8,673.75	n
2 440 Ft 48" 440-1 1/4" x 3/32" Conflex Belting	\$16,962.00	n

Cooling Tower -074

Lower GRP Fan Cylinder # D47350	\$4,000.00	n
Spare Geareducer Series 2400 - 5.50/1 CC2 # C24687	\$9,200.00	y
Spare Blade for 3658 - 36N - 45U # D90746	\$75.00	n
Marley Model NC8312K6GS s/n 249371A6 - 2400		

Geareducer

Inner Pinion Shaft Bearing # 216507	\$140.82	y
Outer Pinion Shaft Bearing # C28099	\$103.20	y
Set of 5 O'ring Seals # C33280	\$23.65	y
Pinion Shaft Oil Seal # E48570	\$141.90	y

Burner Spare Parts -075

1 Part # 320000 - 1092-PF 6000v 50/60 HZ Allanson Gas Ignition Transformer	\$95.00	n
2 1 Part # 060360 - M9184F-1034 H.W. Modutrol Motor	\$820.00	y
3 1 Part # 060640 - 198162EA Honeywell Internal Transf.	\$81.00	n
4 1 Part # 060980 AGA58.4 Landis & Gyr 3/8" Square Shaft	\$61.00	n

Crane Spare Parts - 076

1 R68741F1 Bottom Block Assy - 4 x 1/2"	\$13,960.00	y
2 2 7F229 Sheve - 15" P.D. - 1/2" Rope	\$9,788.00	n
3 2 25Z263D1 Bearing - TNASWE - 4.25" Bore	\$3,076.00	y
4 4 18Z35552D2 Bearing Seal	\$128.00	y
5 2 R40453D1 Sheve Pin	\$3,618.00	n
6 2 20Z3D19 Lock Nut	\$218.00	n
7 2 18ZID58 Lock Washer	\$78.00	n
8 2 44Z1D14 Lube Fitting - Std 1/4" Hyd	\$7.00	n
9 2 18T14 Keeper Plate	\$90.00	n
10 2 18H6414D2 Spacer	\$390.00	n
11 4 20Q260D345 Hex Head Capscrew	\$9.20	n
12 4 20H1614D2 1/4 - 20 Heavy Hex Locknut	\$2.90	n

Misc Vessels -076

2 Sterling Deaerator # PNK18 18" Round Manway Gasket	\$251.43	n
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Misc Bearings and ash conveyor parts - 078

PLB6863FR x 3-15/16" = SAF22522 x 3-15/16" Fixed (SKF Brand)	\$769.90	n
PELB6863FR x 3-15/16" = SAFE22522 x 3-15/16" Float	\$769.90	n
PLB6851FR x 3-3/16" = FSAF22518 x 3-3/16" Fixed (SKF)	\$512.38	n
PELB6851FR x 3-3/16" = FSAFE 22518 x 3-3/16" Float (\$512.38	n

Ash Belt A & B Parts

20HP 3Ph, 1800RPM, TEFC, 256T Frame, Cast Iron Motor	\$697.50	y
6 1 TA7315H40 Torque Arm Shaft Mount Reducer 40:1 ratio (Dodge)	\$6,082.98	y
7 1 TA7315TB x4.188 Torque Arm Shaft Mount Bushing (Dodge)	\$429.98	y
8 1 2C8.5SF x 1.63" Driver Sheave 2 Groove C Section QD Type (Master Drive)	\$101.08	y
9 1 2C16.0SF x 2.44" Driver Sheave 2 Groove C Section QD Type (Master Drive)	\$180.60	y
10 2 C112 V Belt C Section (MBL)	\$50.40	n
MRBCM0003600 Replacement Blade for Primary Belt Cleaner (Arch)	\$367.89	n
MRBCM0004800 Replacement Blade for Secondary Belt Cleaner (Arch)	\$512.61	n
15 1 RS-2 Safety Stop Switch (Conveyor Components)	\$344.00	y
16 1 TA-2 Belt Drift Switch (Conveyor Components)	\$277.34	y
17 2 815-20EI -48 Impact Idlers (Superior Components)	\$1,081.78	y

18 2 815-20EA-48 Trough Training Idlers (Superior Components)	\$1,180.62	y
19 4 815-20E-48 Trough Idlers (Superior Components)	\$1,075.20	y
20 4 815-RET-48 Return Idlers (Superior Components)	\$436.80	y
21 2 815-RETA-48 Return Training Idlers (Superior Components)	\$1,034.36	y
22 2 JE2407F Head Bearing 4-7/16" Bore PB 4 Bolt (Jones Bearing)	\$1,904.36	y
23 2 JE231SF Upturn Terminal Bearing 3-15/16" Bore PB 4 Bolt (Jones Bend Pulley Bearing 2-15/16" Bore PB 4 Bolt (Jones	\$1,268.48	n
25 1 PBD-92712000 Zero Speed Switch (Siemens)	\$605.50	n
Grapple -079		
1 I4068B46R Pump	\$7,359.00	n
2 1 330292 Hydraulic Cylinder	\$1,320.00	n
3 1 I4035085D Cylinder Seal Kit	\$96.00	n
4 1 I4068Z38 Return Line Filter	\$72.00	n
5 1 I4070B16M Electric Motor	\$7,339.00	y
6 1 H9999 Relief Valve	\$59.00	n
7 1 H9999 Poppet DPS2-16	\$59.00	n
8 1 H9999 Poppet DPS2-20	\$119.00	n
9 1 H9999 Counterbalance Valve	\$89.00	n
Yokagawa - 080		
Yokogawa Zirconia Oxygen/Humidity Detector	\$3,290.00	n
2 1 M1234SE-A Yokogawa O2 Fly Ash Filter Thin Type for ZR22G	\$525.00	n
Reagent and Hydraulics - 081		
533888 Baldor IDNM3538 0.5 1725 TENV 230/460 56C	\$275.21	y
Hydraulics		
2 1 999999999 Vickers KDG4V-3S-2C 15N-m-u-H5-60	\$342.89	n
3 1 414069 Vickers PVQ13-A2R-SE1S-20-C14-12	\$813.05	y
4 1 1366252 Baldor CM3615T Motor 1 BALT.34 AL	\$328.32	y
5 1 532674 Vescor 1959 Pump/Motor Adapter 3 PCS IL	\$42.80	n
Vickers FI HF4RT1SD3GB3XXBC03 Assy	\$219.67	n
7 1 3658968 Rexroth R433051754 2-1/2 Hyd Cylinder	\$1,077.52	n
8 1 1657071 Vickers V4051B3C03 Filter	\$38.63	n
Urea Motor - 082		
SMP 1.25x0.75x5 FPD - 5 Complete Pump and Motor	\$1,755.00	y
CEMS spare Parts - 083		
4 Maintenance Items for CLIR (per Analyzer) Including: \$1,181.00 \$4,724.00	\$4,724.00	n
F05-5023-A Internal fan Dust Filter		n
F05-IDN-10G Line Filter for Ozone Generator		n
F05-K-0011-B Charcoal Cartridge Kit		n
F05-SDN-A On-Line Activated Charcoal Filter		n
F05-SLLS-025-		n
NS Filter Millex 25Mm-5 UM		n
V02-N022-5-		n
0340 Pump Valve Set of 2		n
V02-N026-11-2-		n
A Teflon Pump Membrane (set of 2)		n
V04-PA-001 Grill Filter		n
F05-PERM-003-		n
A Permeation Dryer		n
2 1 MIR-C-K Maintenance Kit for MIR 9000 Including: \$457.00 \$457.00	\$457.00	n
F05-11-842 10 Millex Filters (Bag of 10)		n

V02-k-113-909-	n
A (2) Maintenance Kit for Air Pump	n
3 1 CA-SEC-SK Maintenance Kit for Probe Including: \$354.00 \$354.00	\$354.00 n
F05-5001-A (2) Ceramic Filter 20 micron	n
P06-0067-TEF (4) O Ring Diam 12 Cord 1,5 Viton	n
4 1 Chiller Including: \$935.00 \$935.00	\$935.00 n
433701 (4) 2 Micron Filter, Ceramic	n
113_909-A (4) Maintenance Kit for Air Pump	n
58202-10-0001 (1) Heat Sink Paste, 0.1 Ounce Container	n
Universal Analyzer Probe 270 and 270S Series Heated	\$340.00 n
Stack Filter Including: \$340.00	n
433701 (4) 2 Micron Filter, Ceramic	n
433702 (8) O Filter O ring, Viton #2-208	n
Durag Opacaty Monitor D-R 290 Opacaty Monitor	\$624.00 n
181001 Air Filter Insert, Per Case of 16	y
181002 Air Filter Insert, Per Case of 16	y
7 1 Puregas PCR-15B Regenerative Dryer Including:	\$92.00 n
60057-554 Sum Particulate and Afterfilter Filter Element	n
60057-556 .01 um Coalescing Filter Element	n
Silo Parts -085	
1 2" 320-WRE-HT 2" Fox Eductor \$1,880.00 \$1,880.00	\$1,880.00 y
Contrex Feeder Drive Motor Speed Pickup w/ Pickup	
Resistor \$250.00 \$250.00	\$250.00 n
3-2 Acrison Size DD Volumetric Feeder Auger \$730.00	\$730.00 y
4 1 127-0665 Acrison Volumetric Feeder Feed Tube Gasket \$58.12 \$58.12	\$58.12 y
Grate Parts - 087	
150 130288 Grate Tile Castings	\$81,300.00 y
2 300 130287 Grate Tile Keeper Clips	\$5,250.00 y
Sootblower spares - 088	
4 2.0" Lance Support Assembly \$77.50 \$6,975.00	\$6,975.00 y
10 2.5" Lance Support Assembly \$80.00 \$2,400.00	\$2,400.00 y
Ash Conveyor Belt and Vibrating Pan	
Rubber buffers qty 4 GTP 55X93.5	\$918.00 y
4 x Coil Springs FD.Z/D 21.0 x 124 x 197	\$740.00 y
4 x Coil Springs FD.Z/D 21.0 x 124 x 359	\$1,285.60 n
6 x leaf springs FD.B 6.0 x 50 x 450	\$750.00 n
6 x leaf springs FD.B 4.0 x 70 x 150	\$352.80 n
1 X JOEST crank shaft drive JS 32-70, B 380	\$25,279.00 y
1 x V-belt pulley SPB 400 x 4 x 50	\$580.00 y
1 x V-belt pulley SPB	\$665.00 y
4 x V-belts SPB	\$276.00 n
1 x Contisen 2 Controller	\$2,895.00 n
2 x pulley bushings	\$156.00 n
18"x18" rotary feeder shaft & rotor ass'y	\$5,260.00 n
18"x18" RF Shoe	\$4,990.00 y
2-1/4" dia. shaft seal	\$25.42 n
5HP 460V Electric motor 184T frame	\$2,029.50 y
SM Cyclo CHH6190DBY-SB	\$9,799.00 y
SP27 shear pin hub assembly	\$4,038.50 y
Sprocket 140B17H	\$451.00 n

Complete set of tooth segments for 14mm 10 tooth sprocket furnished with shoulder bolts and locknuts	\$2,000.00 n
14mm double strand pulley, complete with taper lock bushing	\$2,240.00 n
14mm double strand pulley, complete with taper lock bushing.	\$2,080.00 y
14mm connector w/bolt, nut & washer	\$380.00 n
6"x24" double strand flight bar	\$931.80 y
M-12 R.E.D. Mixer shaft (driver)	\$7,304.00 y
M-12 R.E.D. Mixer shaft (driven)	\$7,140.00 y
1020G20 Gear coupling	\$984.00 y
M-12 Spur gear (Keyed in a matched pair)	\$2,665.00 y.
M-12 Mixer paddle AR400	\$6,216.60 y
Flange bearing 2-15/16" dia. (exp)	\$522.75 n
2-15/16" Pillow block (fixed)	\$473.55 n
Spray nozzle (brass)	\$200.00 n
Screw Clamp	\$9.40 n
2-7/16" dia. Shaft seal	\$24.30 n
External face seal	\$215.96 n
Tandem radial seal	\$202.28 n
Packing seal	\$87.84 n
Sheave complete with SH bushing	\$76.78 y
Sheave complete with Sk bushing	\$267.84 y
FGR Fan Motor, Reliance 125 HP	y

SCHEDULE 2.01(h)

Motor Vehicles and Rolling Stock

1. Volvo Loader
 - a. Year: 2008
 - b. Make: Volvo
 - c. Model: L110-F
 - d. Type/description: Loader
 - e. Serial or VIN Number: 61793
2. Volvo Excavator
 - a. Year: 2008
 - b. Make: Volvo
 - c. Model: EW180C
 - d. Type/description: Excavator
 - e. Serial or VIN Number: 120695
3. Red Mack Rolloff Truck
 - a. Year: 2005
 - b. Make: Mack
 - c. Model: CT713
 - d. Type/description: Roll Off
 - e. Serial or VIN Number: 1M2AL02C26M004423
4. See items listed in Group 07, Vehicle & Motor Equipment, on RRF 2011 (attached to Scheduled 2.01(f)).
5. All other vehicles and rolling stock on site are owned/leased by (i) Covanta to perform services under the Management and Professional Services Agreement, (ii) THA and are inoperable and will be removed or disposed of, or (iii) by the City and will be removed.

- **Disclosure Coverage: All motor vehicles and rolling stock.**

SCHEDULE 2.01(g)

Spare Parts, Tools and Consumables Inventories

1. *See Schedule 2.02(o).*
 2. Seller also purchases fuel oil for heating the Public Works VMC building and the D&D Building. There is a tank located in the basement of the HRRF for VMC heating oil and a tank at the D&D Building for heating that structure.
 3. All other parts not listed on Schedule 2.02(o) "Harrisburg Site-Spare Parts" and inventories of chemicals, reagents, etc. on site have been purchased, and are owned, by Covanta in connection with their duties under the Management and Professional Services Agreement, the Administrative Services and Interim Operation and Maintenance Agreement or other agreements between Seller and Covanta.
- **Disclosure Coverage: All spare parts, tools and consumables inventories of fuels, supplies, materials and spares used or held for use in connection with the Facility and located on the Real Property, whether or not affixed thereto**

SCHEDULE 2.01(h)

Motor Vehicles and Rolling Stock

1. All motor vehicles and rolling stock on site (*see Schedule 2.02(o) "Schedule of Equipment and Vehicle Inventory" attachment*) are owned/leased by either: (i) Covanta to perform services under the Management and Professional Services Agreement, (ii) Seller for the purpose of site operations, or (iii) by the City for City services.

2. See attached Seller Equipment List.

- **Disclosure Coverage: All motor vehicles and rolling stock.**

**SCHEDULE OF EQUIPMENT AND VEHICLE INVENTORY OF
HRRF BY THE HARRISBURG AUTHORITY
DATED: JULY 3, 2013**

Equipment List

TYPE OF EQUIPMENT	MAKE	MODEL	YEAR	SERIAL/VIN #	HRS/MILES	PLATE #	COMMENTS
THA EQUIPMENT							
Excavator	Volvo	E180	2008	120695			Running - RRF Building
Loader	Volvo	L-110F	2008	61793			Running - RRF Building
Roll Off	Mack (Red)	CT713	2005	1M2AL02C26M004423			Running - RRF Building
Excavator	CAT	323BL	1986	2JR01590 Engine SN	17443.9/hrs		Running - RRF Building
Loader	Kawasaki	90Z IV-2	unknown	90035646 - THA	21640/hrs		Not running - Lay Dow Yard
		Wheel Loader		90C35646			
Forklift	Nissan	MP1F2A25LV - P1F2	unknown	9H2296	1,575		Running - RRF Building
Skid Loader	Volvo	MC60B	unknown	70100			Running - RRF Building
Taurus Station Wagon	Ford	Taurus Station Wagon	1998	IFAFP57U9WA193785		72265-MG	Running - VMC
Explorer XL	Ford	Explorer XL	1992	1FMDU34X7NUA6608 5		49598-MG	Not running - VMC
Mack Truck	Mack (Orange)	Truck/Tractor	1979	1M2AL02C26M004423		MG1424D	Not Running - VMC
Dump Truck	International	Dump Truck	1984	1HTLD1VR8EHA5463 8		46286-MG	Not running - Lay Down Yard
Payloader	Clark Michigan	125C Wheel Loader	1986	30809A39CB		NO PLATES	Not running - Lay Down Yard

SCHEDULE 2.01(i)

Governmental Permits

1. Certificates of Boiler or Pressure Vessel Operation: see "Covanta Harrisburg Pressure Vessel List" attached.
2. On May 22, 2013, a loss protection was conducted by Hartford Steam Boiler. All pressure units passed with the exception of for pressure vessels of PA616667, PA597306, and PA597307 because the name tags on the pressure relief valves were unreadable. New valves were ordered and have been installed. HSB has been notified to have the vessels certified.
3. Elevator Inspection issued June 10, 2013 for elevator located at 1670 South 19th Street.
4. For other permits, *see Schedule 3.09.*

- **Disclosure Coverage: All Governmental Permits**

Covanta Harrisburg Pressure Vessel List

Equipment Description	Equipment Location	Jurisdiction #	Last Inspection Date	Certificate Expiration	Inspection Result
U-1 Refuse water wall boiler	Boiler Building	PA291211B	41312	41677	Pass
U-2 Refuse water wall boiler	Boiler Building	PA291212B	41292	41657	Pass
U-3 Refuse water wall Boiler	Boiler Building	291213B	41319	41684	Pass
Cleaver Brooks Firetube	Boiler Building Basement	NB23987	?	?	Will talk to inspector when he is onsite to reinspect failed vessels
Cleaver Brooks Exp. Tk	Boiler Building Basement	PA424194	41416	41350	Pass (awaiting new Certificate)
Cleaver Brooks Exp. Tk	Boiler Building Basement	PA424195	41416	41350	Pass (awaiting new Certificate)
Cleaver Brooks Exp. Tk	Boiler Building Basement	PA424196	41416	41350	Pass (awaiting new Certificate)
Cleaver Brooks Exp. Tk	Boiler Building Basement	PA424197	41416	41350	Pass (awaiting new Certificate)
Cleaver Brooks Exp. Tk	Boiler Building Basement	PA424198	41416	41350	Pass (awaiting new Certificate)
Cleaver Brooks Exp. Tk	Boiler Building Basement	PA424199	41416	41350	Pass (awaiting new Certificate)
Instrument Air compressor moisture Separator (new IR)	New IR Building	PA605789	41416	41350	Pass (awaiting new Certificate)
Instrument Air compressor moisture Separator (new IR)	New IR Building	PA605790	41416	41350	Pass (awaiting new Certificate)
Instrument Air compressor Oil Separator (new IR)	New IR Building	PA605791	41416	41350	Pass (awaiting new Certificate)
Instrument Air compressor Oil Separator (new IR)	New IR Building	PA605792	41416	41350	Pass (awaiting new Certificate)
Instrument Air Dryer (New IR)	Boiler Building Basement	PA605793	41416	41350	Pass (awaiting new Certificate)
Instrument Air Dryer (New IR)	Boiler Building Basement	PA605794	41416	41350	Pass (awaiting new Certificate)
Instrument Air Receiver	Boiler Building Basement	PA605795	41416	41350	Pass (awaiting new Certificate)
Service air Compressor Oil Separator (Old IR)	Boiler Building Basement	PA605796	41416	41350	Pass (awaiting new Certificate)
Service air Compressor Oil Separator (Old IR)	Boiler Building Basement	PA605797	41416	41350	Pass (awaiting new Certificate)

Carbon Silo Air Receiver	APC Pad	PA616667	41416	?	Fail (need Relief vlv) reinspect	
Service Air Receiver	Maint. Roadway	PA564323	41416	41350	Pass (awaiting new Certificate)	
Service Air Receiver	Boiler Building Basement	PA597305	41416	41350	Pass (awaiting new Certificate)	
Instrument Air Dryer (OLD IR)	Feedpump Room	PA597306	41416	41350	Fail (need Relief vlv)reinspect	
Instrument Air Dryer (OLD IR)	Feedpump Room	PA597307	41416	41350	Fail (need Relief vlv)reinspect	
Elevator	Boiler Building		41445	41394		Need to find out final outcome of inspection

SCHEDULE 2.01(o)

Acquired IP

1. The PC Scale System software and equipment is owned by Seller and can be found on the RRF 2011 schedule, attached to Schedule 2.01(f), under Group: Office Equipment (15).

2. All of Seller's right, title and interest to that certain patented combustion technology patented under U.S. Patent Nos. 6,665,304; 5,044,288; 4,955,296 received pursuant to a sub-license from Barlow Projects, Inc.

3. Computer software in the Administration Building and supervisor/chief/maintenance area are owned by Covanta. *See Schedule 2.02(o)*.

- **Disclosure Coverage: All software developed or licensed by Seller relating to the operation and management of the Facility**

SCHEDULE 2.02(i)

Excluded Items

Drying & Dewatering (D&D) Building - First Floor:

1. All real and personal property located in Seller's Facility Site Manager Office.

Department of Public Works (DPW) Complex

2. All property including vehicles, equipment, tools, parts, supplies, and other real and personal property owned or leased by the City of Harrisburg and located in, on, or surrounding the DPW buildings and grounds. DPW buildings are the Vehicle Maintenance Center and Highway Building being leased to the City of Harrisburg by Seller. The DPW Complex and grounds are bordered by the asphalt areas surrounding the complex and so indicated on the attached site map.

HMERRF & Administration Building

3. All real and personal property and equipment owned or leased by Covanta in the HMERRF. *See Schedule 2.02(o).*
4. All computer hardware and software in the Administration Building and supervisor/chief/maintenance area, which is owned by Covanta.

Ash Landfill

5. All equipment and vehicles owned by Earthwatch's subcontractor KG Trucking for the performance of the Ash Management contract.

- **Disclosure Coverage: All "artifacts" and other excluded items located on the Real Property**

SCHEDULE 2.02(o)

Assets Owned by Covanta

1. See attached "Schedule of Equipment and Vehicle Inventory." This list details the mobile equipment and vehicles owned or leased by Covanta or Seller for operation of the HRRF.
2. See attached "Harrisburg-Site Spare Parts." This list is a detailed list of the spare parts inventory purchased by Seller during the Retrofit Completion project performed by Covanta. The parts are mainly in the site warehouse but there are a few items stored in various areas in the plant. Any other spare parts or supplies on site were purchased by Covanta
3. Covanta owns all of the IT hardware and software for daily operations located in the Administrative Building and supervisor/chief/maintenance area.

**SCHEDULE OF EQUIPMENT AND VEHICLE INVENTORY OF
HRRF BY THE HARRISBURG AUTHORITY
DATED: JULY 3, 2013**

COVANTA HARRISBURG, INC.
Equipment List

TYPE OF EQUIPMENT	MAKE	MODEL	YEAR	SERIAL/VIN #	HRS/MILES	PLATE #	COMMENTS
CONVANTA EQUIPMENT							
Dozer	CAT	D6H	1990	8288829	68700/hrs		Not running - Lay down Yard
Forklift	H-tundai	30D-7E	2013	HHN04CD0003764	5		Running - RRF Building
Street Sweeper	Stewart-Amos	Starfire S4	2012	7949L			Running - RRF Building
MiniSkidSteer	Bobcat	MT52	2013	A3WR15151			Running - RRF Building
High Reach Scissors)	JLG	2646E2	unknown	200073118			Running - RRF Building
High Reach(Manlift)	Genie	GR20	2010	S12508-2095			Running - RRF Building
CONVANTA RENTALS							
Roll Off Lease	Mack (White)	CV713	2007	63474	3866.4/miles n/a (off road)	n/a	Running - RRF Building

Verified on site

Conveyor Belting 084

1 225 Ft. 48" 440-1 1/4" x 3/32" Conflex Belting \$8,673.75 n
 2 440 Ft 48" 440-1 1/4" x 3/32" Conflex Belting \$16,962.00 n

Cooling Tower -074

Lower GRP Fan Cylinder # D47350 \$4,000.00 n
 Spare Geareducer Series 2400 - 5.50/1 CC2 # C24687 \$9,200.00 y
 Spare Blade for 3658 - 36N - 45U # D90746 \$75.00 n

Marley Model NC8312K6GS s/n 249371A6 - 2400

Geareducer

Inner Pinion Shaft Bearing # 216507 \$140.82 y
 Outer Pinion Shaft Bearing # C28099 \$103.20 y
 Set of 5 O'ring Seals # C33280 \$23.65 y
 Pinion Shaft Oil Seal # E48570 \$141.90 y

Burner Spare Parts -075

1 Part # 320000 - 1092-PF 6000v 50/60 HZ Allanson Gas Ignition Transformer \$95.00 n
 2 1 Part # 060360 - M9184F-1034 H.W. Modutrol Motor \$820.00 y
 3 1 Part # 060640 - 198162EA Honeywell Internal Transf. \$81.00 n
 4 1 Part # 060980 AGA58.4 Landis & Gyr 3/8" Square Shaft \$61.00 n

Crane Spare Parts - 076

1 R68741F1 Bottom Block Assy - 4 x 1/2" \$13,960.00 y
 2 2 7F229 Sheve - 15" P.D. - 1/2" Rope \$9,788.00 n
 3 2 25Z263D1 Bearing - TNASWE - 4.25" Bore. \$3,076.00 y
 4 4 18Z35552D2 Bearing Seal \$128.00 y
 5 2 R40453D1 Sheve Pin \$3,618.00 n
 6 2 20Z3D19 Lock Nut \$218.00 n
 7 2 18ZID58 Lock Washer \$78.00 n
 8 2 44ZID14 Lube Fitting - Std 1/4" Hyd \$7.00 n
 9 2 18T14 Keeper Plate \$90.00 n
 10 2 18H6414D2 Spacer \$390.00 n
 11 4 20Q260D345 Hex Head Capscrew \$9.20 n
 12 4 20H1614D2 1/4 - 20 Heavy Hex Locknut \$2.90 n

Misc Vessels -076

2 Sterling Deerator # PNK18 18" Round Manway Gasket \$251.43 n

Misc Bearings and ash conveyor parts - 078

PLB6863FR x 3-15/16" = SAF22522 x 3-15/16" Fixed (SKF Brand	\$769.90	n
PELB6863FR x 3-15/16" = SAFE22522 x 3-15/16" Float	\$769.90	n
PLB6851FR x 3-3/16" = FSAF22518 x 3-3/16" Fixed (SKF	\$512.38	n
PELB6851FR x 3-3/16" = FSAFE 22518 x 3-3/16" Float (\$512.38	n
Ash Belt A & B Parts		
20HP 3Ph, 1800RPM,TEFC,256T Frame, Cast Iron Motor	\$697.50	y
6 1 TA7315H40 Torque Arm Shaft Mount Reducer 40:1 ratio (Dodge)	\$6,082.98	y
7 1 TA7315TB x4.188 Torque Arm Shaft Mount Bushing (Dodge)	\$429.98	y
8 1 2C8.5SF x 1.63" Driver Sheave 2 Groove C Section QD Type (Master Drive)	\$101.08	y
9 1 2C16.0SF x 2.44" Driver Sheave 2 Groove C Section QD Type (Master Drive)	\$180.60	y
10 2 C112 V Belt C Section (MBL)	\$50.40	n
MRBCM0003600 Replacement Blade for Primary Belt Cleaner (Arch	\$367.89	n
MRBCM0004800 Replacement Blade for Secondary Belt Cleaner (Arch	\$512.61	n
15 1 RS-2 Safety Stop Switch (Conveyor Components)	\$344.00	y
16 1 TA-2 Belt Drift Switch (Conveyor Components)	\$277.34	y
17 2 815-20EI -48 Impact Idlers (Superior Components)	\$1,081.78	y
18 2 815-20EA-48 Trough Training Idlers (Superior Components)	\$1,180.62	y
19 4 815-20E-48 Trough Idlers (Superior Components)	\$1,075.20	y
20 4 815-RET-48 Return Idlers (Superior Components)	\$436.80	y
21 2 815-RETA-48 Return Training Idlers (Superior Components)	\$1,034.36	y
22 2 JE2407F Head Bearing 4-7/16" Bore PB 4 Bit (Jones Bearing)	\$1,904.36	y
23 2 JE231SF Upturn Terminal Bearing 3-15/16" Bore PB 4 Bolt(Jones	\$1,268.48	n
Bend Pulley Bearing 2-15/16" Bore PB 4 Bolt (Jones	\$605.50	n
25 1 PBD-92712000 Zero Speed Switch (Siemens)	\$558.13	n
Grapple -079		
1 I4068B46R Pump.	\$7,359.00	n
2 1 330292 Hydraulic Cylinder	\$1,320.00	n
3 1 I4035085D Cylinder Seal Kit	\$96.00	n
4 1 I4068Z38 Return Line Filter	\$72.00	n
5 1 I4070B16M Electric Motor	\$7,339.00	y
6 1 H9999 Relief Valve	\$59.00	n
7 1 H9999 Poppet DPS2-16	\$59.00	n
8 1 H9999 Poppet DPS2-20	\$119.00	n
9 1 H9999 Counterbalance Valve	\$89.00	n

Yokogawa - 080

Yokogawa Zirconia Oxygen/Humidity Detector \$3,290.00 n
2 1 M12345E-A Yokogawa O2 Fly Ash Filter Thin Type for ZR22G \$525.00 n

Reagent and Hydraulics - 081

533888 Baldor IDNM3538 0.5 1725 TENV 230/460 56C \$275.21 Y

Hydraulics

2 1 99999999 Vickers KDG4V-3S-2C 15N-m-u-H5-60 \$342.89 n
3 1 414069 Vickers PVQ13-A2R-SE1S-20-C14-12 \$813.05 Y
4 1 1366252 Baldor CM3615T Motor 1 BALT 34 AL \$328.32 Y
5 1 532674 Vescor 1959 Pump/Motor Adapter 3 PCS IL \$42.80 n
Vickers FI HF4RT1SD3GB3XXBC03 Assy \$219.67 n
7 1 3658968 Rexroth R433051754 2-1/2 Hyd Cylinder \$1,077.52 n
8 1 1657071 Vickers V4051B3C03 Filter \$38.63 n

Urea Motor - 082

SMP 1.25X0.75X5 FPD - S Complete Pump and Motor \$1,755.00 Y

CEMS spare Parts - 083

4 Maintenance Items for CLIR (per Analyzer) Including: \$1,181.00 \$4,724.00 n
F05-5023-A Internal fan Dust Filter n
F05-IDN-10G Line Filter for Ozone Generator n
F05-K-0011-B Charcoal Cartridge Kit n
F05-SDN-A On-Line Activated Charcoal Filter n
F05-SLLS-025- n
NS Filter Millex 25Mlm-5 UM n
V02-N022-5- n
0340 Pump Valve Set of 2 n
V02-N026-11-2- n
A Teflon Pump Membrane (set of 2) n
V04-PA-001 Grill Filter n
F05-PERM-003- n
A Permeation Dryer n
2 1 MIR-C-K Maintenance Kit for MIR 9000 Including: \$457.00 \$457.00 n
F05-11-842 10 Millex Filters (Bag of 10) n
V02-k-113-909- n
A (2) Maintenance Kit for Air Pump n

3 1 CA-SEC-SK Maintenance Kit for Probe Including: \$354.00	\$354.00	n
F05-5001-A (2) Ceramic Filter 20 micron		n
P06-0067-TEF (4) O Ring Diam 12 Cord 1,5 Viton		n
4 1 Chiller Including: \$935.00	\$935.00	n
433701 (4) 2 Micron Filter, Ceramic		n
113_909-A (4) Maintenance Kit for Air Pump		n
58202-10-0001 (1) Heat Sink Paste, 0.1 Ounce Container		n
Universal Analyzer Probe 270 and 270S Series Heated	\$340.00	n
Stack Filter Including: \$340.00		n
433701 (4) 2 Micron Filter, Ceramic		n
433702 (8) O Filter O ring, Viton #2-208		n
Durag Opacity Monitor D-R 290 Opacity Monitor	\$624.00	n
181001 Air Filter Insert, Per Case of 16		Y
181002 Air Filter Insert, Per Case of 16		Y
7 1 Puregas PCR-158 Regenerative Dryer Including:	\$92.00	n
60057-554 Sum Particulate and Afterfilter Filter Element		n
60057-556 .01 um Coalescing Filter Element		n
Silo Parts -085		
1 2" 320-WRE-HT 2" Fox Eductor \$1,880.00	\$1,880.00	Y
Contrex Feeder Drive Motor Speed Pickup w/ Pickup	\$250.00	n
Resistor \$250.00	\$730.00	Y
3-2 Acrison Size DD Volumetric Feeder Auger \$730.00		
4 1 127-0665 Acrison Volumetric Feeder Feed Tube Gasket \$58.12	\$58.12	Y
Grate Parts - 087		
150 130288 Grate Tile Castings	\$81,300.00	Y
2 300 130287 Grate Tile Keeper Clips	\$5,250.00	Y
Sootblower spares - 088		
4 2.0" Lance Support Assembly \$77.50	\$6,975.00	Y
10 2.5" Lance Support Assembly \$80.00	\$2,400.00	Y
Ash Conveyor Belt and Vibrating Pan		
Rubber buffers qty 4 GTP 55X93.5	\$918.00	Y
4 x Coil Springs FD.Z/D 21.0 x 124 x 197	\$740.00	Y
4 x Coil Springs FD.Z/D 21.0 x 124 x 359	\$1,285.60	n
6 x leaf springs FD.B 6.0 x 50 x 450	\$750.00	n

6 x leaf springs FD.B 4.0 x 70 x 150	\$352.80 n
1 X JOEST crank shaft drive JS 32-70, B 380	\$25,279.00 y
1 x V-belt pulley SPB 400 x 4 x 50	\$580.00 y
1 x V-belt pulley SPB	\$665.00 y
4 x V-belts SPB	\$276.00 n
1 x Contisen 2 Controller	\$2,895.00 n
2 x pulley bushings	\$156.00 n
18"x18" rotary feeder shaft & rotor ass'y	\$5,260.00 n
18"x18" RF Shoe	\$4,990.00 y
2-1/4" dia. shaft seal	\$25.42 n
SHP 460V Electric motor 184T frame	\$2,029.50 y
SM Cyclo CHH6190DBY-SB	\$9,799.00 y
SP27 shear pin hub assembly	\$4,038.50 y
Sprocket 140B17H	\$451.00 n
Complete set of tooth segments for 14mm 10 tooth sprocket furnished with shoulder bolts and locknuts	\$2,000.00 n
14mm double strand pulley, complete with taper lock bushing	\$2,240.00 n
14mm double strand pulley, complete with taper lock bushing.	\$2,080.00 y
14mm connector w/bolt, nut & washer	\$380.00 n
6"x24" double strand flight bar	\$931.80 y
M-12 R.E.D. Mixer shaft (driver)	\$7,304.00 y
M-12 R.E.D. Mixer shaft (driven)	\$7,140.00 y
1020G20 Gear coupling	\$984.00 y
M-12 Spur gear (Keyed in a matched pair)	\$2,665.00 y
M-12 Mixer paddle AR400	\$6,216.60 y
Flange bearing 2-15/16" dia. (exp)	\$522.75 n
2-15/16" Pillow block (fixed)	\$473.55 n
Spray nozzle (brass)	\$200.00 n
Screw Clamp	\$9.40 n
2-7/16" dia. Shaft seal	\$24.30 n
External face seal	\$215.96 n
Tandem radial seal	\$202.28 n
Packing seal	\$87.84 n
Sheave complete with SH bushing	\$76.78 y

Sheave complete with Sk bushing
FGR Fan Motor, Reliance 125 HP

\$267.84 Y
Y

SCHEDULE 3.03

No Conflicts; Governmental Approvals

1. Under a Consent Order and Agreement (the "COA") between Seller and the Commonwealth of Pennsylvania, Department of Environmental Protection ("DEP") dated September 27, 2010, Seller shall serve a copy of the COA upon Buyer at least thirty (30) days prior to the transfer contemplated by this Agreement and shall simultaneously inform the Southcentral Regional Office of the Department of Environmental Protection of such intent.

• **Disclosure Coverage:**

- **Action, consent or approval of, or filing with, any Governmental Authority required to consummate the Contemplated Transactions**
- **(i) Conflicts with the Organizational Documents of Seller, (ii) conflicts with provisions of any Law binding upon or applicable to Seller or any of its respective properties or assets, (iii) consents, waivers or approvals required under, or defaults under or agreements under which the Contemplated Transactions 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 and (iv) agreements giving 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 in connection with the consummation by Seller of the Contemplated Transactions.**

SCHEDULE 3.04

Legal Proceedings

Pending Litigation

1. *The Harrisburg Authority, et al. v. CIT Capital USA, Inc, et al.*, 08-CV-00180-JEJ (M.D. Pa.); on appeal at 12-3076 (3d Cir.).
2. *County of Dauphin, et al. v. The Harrisburg Authority, et al.*, 2009-CV-9271 (Dauphin County).
3. *County of Dauphin v. The Harrisburg Authority, et al.*, 2010-CV-14071(Dauphin County).
4. *TD Bank, National Association et al. v. The Harrisburg Authority, et al.* 2010-CV-11737 (Dauphin County); on appeal at 556 CD 2012 (Commonwealth Court).
5. *TD Bank, National Association et al. v. Wambach*, 2010-CV-11738 (Dauphin County).
6. *County of Dauphin v. The Harrisburg Authority, et al.*, 2011-CV-1618 (Dauphin County).
7. *JEM Group Ltd. v. The Harrisburg Authority*, 2011 – CV- 6958 (Dauphin County)(mandamus action. JEM has a judgment at 2011-CV-1768 – NT).
8. *Castine Energy Construction v. The Harrisburg Authority*, 1:12-cv-595 (M.D. Pa.) (stayed pending binding arbitration).

Threatened Litigation

1. Debt-related threatened litigation:

For each payment the County of Dauphin or AGM (the Bond Insurer) makes as guarantor and insurer, respectively, due to Seller's non-payment of its debt service, a claim may arise for reimbursement or subrogation under reimbursement agreements and bond insurance policies. Due to the prior litigation involving claims for reimbursement and subrogation, these potential claims could be considered to be ongoing threats of litigation. As of November 5, 2012, the County of Dauphin and AGM have made payments to cover Seller's debt service of \$48,737,813 and \$14,232,424.

2. Threatened litigation by those who completed the retrofit of the RRF:

Below are vendors who assisted in the completion of the RRF who have not been paid in full:

- a. C.G. Power Tech, Inc.
- b. Castine Energy Construction

- c. Chicago Tube and Iron
- d. D&S Contractors, Inc.
- e. D.M. Coatings,
- f. Ed-O Insulation, Inc.
- g. Goodman Conveyor, Co.
- h. Greiner Industries, Inc.
- i. Innovative Engineering Testing Construction
- j. JEM Group LLC
- k. Jordan Contracting
- l. MSC Industrial Supply
- m. Midwesco Filter Resources
- n. Paragon Industries
- o. Powerhouse
- p. Rogele, Inc.
- q. SSM Industries

Seller has stipulated to judgments as to Rogele (Dauphin County 2011-CV-2245-CV) and Innovative Engineering (Dauphin County – 2011 CV 7401NT; York County – 2011 SU 001658). Neither has moved, or threatened to move to enforce their judgments in mandamus. Some vendors, noted above, have instituted litigation. The remaining vendors, at one time or another, have demanded payments and threatened litigation.

3. Threatened litigation by the Forest Management Center:

Seller and the Forest Management Center are in a dispute over unpaid proceeds by FMC to Seller related to logging operations on Seller property around the DeHart Dam. Seller has a claim for unpaid proceeds while FMC is claiming that Seller owes them amounts associated with the construction of a logging road. It is doubtful that this proceeding would affect the asset at issue in this sale, but Seller may be a party in this litigation.

4. Potentially threatened litigation by others

Potential threats of litigation have been made by individuals relating to the conditions and activities at the Facility in the past, as set forth in the Historical Allegations and in the Other Environmental Allegations identified in Schedule 3.05.

- **Disclosure Coverage: Claims, actions, suits or proceedings pending or, to the Knowledge of Seller, threatened by or against or affecting Seller or the Acquired Assets**
- **Note: The only Legal Proceedings that create or relate to liens on the Acquired Assets are # 1 through # 7 above from Pending Litigation and # 2(a) and (q) of Threatened Litigation, all of which shall be released at Closing.**

SCHEDULE 3.05

Liabilities

1. Seller has received correspondence, inquiries and allegations from certain individuals alleging that there are actual or potential Liabilities relating to the Facility and/or its operation in the past, including without limitation allegations that the Facility has legacy environmental issues, that the Facility is a *de facto* hazardous waste site that was not properly operated and which will have to be cleaned up in the future, that the value of the Facility is linked to a cleanup standard, that portions of the Ashfill were not properly closed, that there is environmental contamination at the Facility property, that violations of environmental regulatory requirements and of Governmental Permits occurred at the Facility and that there are other alleged liabilities associated with environmental issues at or relating to the Facility (collectively, the "Historical Allegations"). The Historical Allegations include those set forth in:
 - a. Opinion and Order Sur Motion to Dismiss or To Allow Appeal Nunc Pro Tunc October 27, 1994.
 - b. Comments of Eric Epstein before the Dauphin County Commissioners dated August 1, 2012.
 - c. Letter from Dauphin County Office of Commissioners to Seller Chairman dated August 2, 2012.
 - d. Response from Jack Lausch to Chairman of Dauphin County Board dated September 25, 2012.
 - e. Letter Ms. Karen M. McKillip regarding a response to a Right-To-Know Inquiry dated November 7, 2012.
 - f. Pennsylvania Department of Environmental Protection Response dated November 28, 2012.
 - g. Denial Response Regarding Right-to-Know from Pennsylvania Department of Environmental Protection dated November 28, 2012.

Note: With respect to the Historical Allegations and the Other Environmental Allegations, see Section 3.09(e) of the Agreement.
2. In addition, other individuals have asserted actual or potential Liabilities relating to the Facility and/or its operation in the past including those set forth in (the "Other Environmental Allegations"):
 - a. Article entitled "LONG FORM: Lancaster and Harrisburg waste authorities conceal a toxic mountain 'time bomb'" by Bill Keisling dated May 16, 2013.

- b. Posting entitled "Hazardous waste for years dumped illegally at Harrisburg incinerator, DEP documents reveal" by Bill Keisling dated May 22, 2013.
 - c. Article entitled "DEP documents reveal long history of hazardous waste at Harrisburg incinerator" by Bill Keisling dated May 22, 2013.
 - d. Posting entitled "A thorough environmental site assessment is needed at the Harrisburg incinerator before the sale" by Bill Keisling dated May 30, 2013.
 - e. Archive for the 'Lancaster Acquisition of Harrisburg Incinerator' Category by Bill Keisling dated June 18, 2013.
 - f. Posting entitled "Adequacy of existing state environmental laws questioned in Harrisburg incinerator case" by Bill Keisling dated June 18, 2013.
3. Under a Consent Order and Agreement (the "2010 COA") between Seller and the Commonwealth of Pennsylvania, Department of Environmental Protection ("DEP") dated September 27, 2010, Seller is required to make payments to DEP or to perform community environmental projects. Seller has chosen to perform community environmental projects and Seller calculates that as of the end of the first quarter 2013 approximately \$39,000.00 worth of such projects remains to be performed on or before December 31, 2013. If it is determined that Seller does not satisfactorily complete the community environmental projects, it is subject to payment of up to \$100,000.00 to complete its obligations under the 2010 COA.
- **Disclosure Coverage: Material Liabilities of Seller relating to the Acquired Assets or relating directly to the operation of the Facility**

April 9, 2013

**Solid Waste Facility
List of unsecured creditors**

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
Castine 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

\$ 1,605,897.33

SCHEDULE 3.06

Material Contracts

1. Management and Professional Services Agreement, dated as of May 29, 2007, by and among Seller, Covanta Harrisburg, Inc. and The City of Harrisburg (as amended by the First Amendment to Management and Professional Services Agreement, dated as of December 27, 2007, by and between Seller and Covanta Harrisburg, Inc.).
2. Construction Management Agreement, dated as of May 29, 2007, by and between Seller and Covanta Energy Services, Inc. (as amended by the First Amendment to Construction Management Agreement, dated as of February 1, 2009, by and between Seller and Covanta Energy Services, Inc.) *Note: completed; however the outstanding Covanta loan relates to this agreement.*
3. Interconnection Service Agreement, dated as of March 31, 2005, by and among PJM Interconnection, L.L.C., Seller and PPL Electric Utilities Corporation (together with Declaration of Authority, dated as of December 3, 2009, by Covanta Energy Group, Inc. and Seller for the benefit of PJM Interconnection, L.L.C.)
4. Scheduling Services Agreement, effective as of December 10, 2009, by and between Covanta Energy Corporation and Seller.
5. Tri-Party Interim Funding Agreement, dated as of October 5, 2007, by and among Seller, the City of Harrisburg and the County of Dauphin, Pennsylvania.
6. Cooperation Agreement, dated as of October 12, 2007, by and among the City of Harrisburg, the County of Dauphin, Pennsylvania, Seller and Covanta Energy Services, Inc.
7. Reimbursement Agreement, dated as of November 27, 2007, by and among the City of Harrisburg, the County of Dauphin, Pennsylvania, and Seller.
8. Ground Lease, dated as of February 25, 2004, by and between Seller and the County of Dauphin, Pennsylvania.
9. Professional Services Agreement, dated as of November 27, 2000, by and between Seller and Barlow Projects, Inc. *Note: Agreement was terminated upon settlement of Barlow suit.*
10. Amended and Restated Agreement for the Sale and Installation of Equipment, dated as of December 31, 2003, by and between Seller and Barlow Projects Harrisburg, LLC (as amended by Amendment No. 1 dated October 27, 2004, Amendment No. 2 dated December 22, 2004, Amendment No. 3 dated April 2005, Amendment No. 4 dated 2005, Amendment No. 5 dated December 21, 2005, Amendment No. 6 dated November 22, 2005, Amendment No. 7 dated November 22, 2005, Amendment No. 8 dated December 21, 2005, Amendment No. 9 dated January 11, 2006 and Amendment No. 11 dated February 22, 2006) *Note: Agreement was terminated upon settlement of Barlow suit.*

11. Amended and Restated Professional Services Agreement, dated as of December 31, 2003, by and between Seller and Barlow Projects, Inc. (as amended by Amendment No. 1 dated October 27, 2004 and Amendment No. 2 dated December 22, 2004) *Note: Agreement was terminated upon settlement of Barlow suit.*
12. Interim Professional Services Agreement, dated as of December 30, 2003, by and between Seller and Barlow Projects, Inc. (as amended by a First Amendment dated January 29, 2004) *Note: Agreement was terminated upon settlement of Barlow suit.*
13. Master Natural Gas Sales Agreement (No. MK-110419-UGI), dated as of November 4, 2010, by and between UGI Energy Services, Inc. and Seller. *Energy continues to supply at market rate unless terminated 90 days prior to October 31, 2013.*
14. Natural Gas Main and Service Extension Agreement, dated as of February 23, 2005, by and between UGI Utilities, Inc. and Seller.
15. Letter Agreement (re: IS#2/DSO Extended Term Pricing), dated November 9, 2010, by and between UGI Utilities, Inc. and Seller.
16. Business Class Service Order Agreement, dated as of June 6, 2011, by and between Seller and Comcast Cable Communications Management, LLC and its operating affiliates.
17. Proposal, dated July 20, 2009, by and between Clean Machine and Seller.
18. Ferrous Materials Purchase and Sale Agreement, dated as of October 7, 2010, by and between Seller and American Ash Recycling Corp. of Pennsylvania. *Note: The initial term of the agreement has expired but the parties still are marketing ferrous materials under the terms of the agreement.*
19. Beneficial Use/Disposal Agreement, dated as of March 15, 2010, by and between Regional Waste Solutions, LLC and Seller.
20. Ash Management Agreement, dated as of March 15, 2010, by and between Seller and Earthwatch Waste Systems, Inc. (as amended by the Letter Agreement, dated November 17, 2010, by and between Earthwatch Waste Systems, Inc. and Seller).
21. Steam Purchase Agreement, dated as of July 23, 2003, by and between Seller and NRG Energy Center Harrisburg, Inc. (as amended by a First Amendment dated November 22, 2011). *Note: Inactive due to inability to supply steam based on steam line condition.*

- **Note:** "Assigned Contracts" anticipated to be 1 (to be amended), 3, 4, 8, 13, 15, and 18.
- **Disclosure Coverage:** All Material Contracts (all Assumed Contracts and all contracts (i) which are not terminable upon less than one hundred twenty (120)

days' notice without premium or penalty or (ii) which otherwise provide or require a material service to or from Seller with respect to the Facility) and all breaches or defaults of any material terms or conditions of any Material Contract

SCHEDULE 3.07

Permits; Compliance with Laws

1. *See Schedule 3.09 for a list of Environmental Permits.*
 2. Certain individuals have made the Historical Allegations and the Other Environmental Allegations regarding non-compliance with Governmental Permits at the Facility (*see Schedule 3.05*). The Historical Allegations and the Other Environmental Allegations potentially could be construed as a threat to seek revocation or suspension of Environmental Permits of Seller's.
 3. Seller and DEP signed the 2010 COA to resolve claims by DEP that Seller violated certain plan approval, permit and/or regulatory requirements relating to air emissions and monitoring. *See Schedule 3.05.*
 4. Seller and DEP signed a Consent Order and Agreement dated April 29, 2011 to resolve claims by DEP that Seller violated certain plan approval, permit and/or regulatory requirements relating to air emissions and monitoring.
 5. The portion of the Real Estate within the City of Harrisburg for a Mass Burn Facility, Electrical Plant, Ash Landfill and all related and ancillary uses, and all expansions thereof shall not be prohibited by the City Zoning Ordinance and use of the portion of the Real Estate within the Township of Swatara for an Ash Landfill and all related and ancillary uses, and all expansions thereof, shall not be prohibited by the Swatara Township Zoning Ordinance.
 6. Prior to Closing, the City Zoning Ordinance shall be amended with respect to the Facility as may be acceptable to the Buyer in Buyer's sole and absolute discretion. Prior to Closing, Swatara Township shall confirm that the entire portion of the Real Estate within the Township of Swatara may be used for an Ash Landfill and all related and ancillary uses by such confirmation of the same as may be acceptable to the Buyer in the Buyer's sole and absolute discretion.
- **Disclosure Coverage: List of all Governmental Permits necessary for Seller to own the Facility and to conduct its operations as are presently conducted thereon which Seller does not have and all required registrations or filings with any Governmental Authority relating the Governmental Permits which Seller has not made**
 - **Disclosure Coverage: Proceedings against Seller that are pending or, to the Knowledge of Seller, threatened seeking the revocation or suspension of any Governmental Permits.**

SCHEDULE 3.09

Environmental Matters

Schedule 3.09(a) Environmental Permits (note that some or all Environmental Permits have been modified since initial issuance, whether or not indicated as such, below).

1. Commonwealth of Pennsylvania Department of Environmental Protection Storage Tank Registration/Permit Certificate (Facility ID #: 22-62597, Tank IDs 1036061 (capacity 2,500), 1036062 (capacity 2,500) and 1036063 (capacity 4,150), Expires June 4, 2014)
2. Commonwealth of Pennsylvania Department of Environmental Protection Solid Waste Disposal and/or Processing Permit (as modified) (Permit No. 100992, Effective May 24, 2013 thru June 1, 2018)
3. Commonwealth of Pennsylvania Department of Environmental Protection Solid Waste Disposal and/or Processing Permit (as modified) (Permit No. 100759, Cell A)
4. Commonwealth of Pennsylvania Department of Environmental Protection Solid Waste Disposal and/or Processing Permit (as modified) (Permit No. 100758, Effective July 10, 2012 thru November 29, 2022)
5. Commonwealth of Pennsylvania Department of Environmental Protection Air Quality Plan Approval No. 22-05007B. This was a precursor to item #6 below.
6. Commonwealth of Pennsylvania Department of Environmental Protection Title V Operating Permit (Permit No. 22-05007, Effective September 1, 2012 thru August 31, 2017)
7. Susquehanna River Basin Commission Approval for Consumptive Water Use (Docket #: 19880201, Effective December 12, 2002 thru February 11, 2018)
8. City of Harrisburg Department of Public Works Bureau of Sewerage Industrial User Permit (Permit No. 122017-9, Effective December 21, 2012 thru December 20, 2017)
9. Commonwealth of Pennsylvania Department of Environmental Protection General Permit for Discharge of Stormwater from Industrial Activities (PAG-3) (NPDES Permit No. PAR403508, Expires May 31, 2017)
10. Commonwealth of Pennsylvania Department of Environmental Protection Authorization to Discharge Under the National Pollutant Discharge Elimination System (NPDES Permit No.: PAS 503501, Effective July 1, 2012 thru June 30, 2017). The permittee under DEP Water Quality Individual NPDES permit PAS503501 is Covanta Harrisburg Inc., 1670 South 19th Street, Harrisburg PA 17104.
11. Commonwealth of Pennsylvania Department of Environmental Protection Water Quality General Construction Permit (NPDES Permit No. PAG2-0022-04-029, Effective June 7, 2004)

12. RCRA Subtitle C Site Identification Form, dated June 17, 2010.

13. The Commonwealth of Pennsylvania Department of Environmental Protection has notified Seller of air emission non-compliances and potential penalties as reflected in the Quarterly Continuous Source Monitoring Reports for the period 2006 through 2013 (the "Air Emissions Issues").

14. Certain individuals have made the Historical Allegations and Other Environmental Allegations, either or both of which allege various violations of Environmental Law, failures to have and comply with Environmental Permits and/or the invalidity and/or ineffectiveness of the Environmental Permits, by Seller or at the Facility, and either or both of which may threaten proceedings. See Schedule 3.05 for additional information.

- **Disclosure Coverage: List of all Environmental Permits**

1. See attached.

- **Disclosure Coverage:**

- All Environmental Permits necessary for Seller to own and operate the Facility which Seller does not have and all required registrations or filings with any Governmental Authority relating to the Environmental Permits which Seller has not made
- Environmental Permits relating to the Facility which are not valid and in full force and effect
- Environmental Permits which Seller is not in compliance with
- Proceedings against Seller that are pending or, to the Knowledge of Seller, threatened seeking the revocation or suspension of any Environmental Permits
- Environmental Laws with respect to the Acquired Assets which Seller is not in compliance with

Schedule 3.09(c)

1. 2010 COA (see Schedule 3.05).
2. Consent Order and Agreement, dated April 29, 2011, by and between the Commonwealth of Pennsylvania Department of Environmental Protection and Seller. COA was satisfied by payment of a penalty.
3. Seller has received notice from DEP of the Air Emissions Issues. See subsection (a) of this Schedule 3.09, above.

4. Certain individuals have made the Historical Allegations and the Other Environmental Allegations. See Schedule 3.05.

- **Disclosure Coverage: Written notices receive by Seller in past 5 years relating to any violation by it of any Environmental Law relating to the operation of the Facility.**

Schedule 3.09(d)

1. Seller samples and monitors groundwater at and near, but outside the boundaries of, the Real Estate pursuant to requirements of regulation and the Pennsylvania Department of Environmental Protection. The sampling and monitoring is discussed in more detail in the Groundwater Assessment Report prepared by ARM Group Inc. dated July 7, 2011. Pursuant to the sampling, Seller has identified elevated concentrations of regulated substances including chlorides, sulfate and total dissolved solids in the leachate detection zone of the ash landfill and in certain groundwater monitoring wells, including at 1649 and 1651 S. Cameron Street, Harrisburg, PA (the "Off-Site Wells"). A recent inspection of piping that conveys leachate from the landfill to the associated treatment system and related manholes revealed that manhole MH B3-F (as designated on drawing SD2 by Brinjac, Kambic & Associates, 4/1994) was filled with liquid which was flowing onto the nearby ground and into an adjacent sediment/stormwater detention basin. After observing the filled manhole, Seller detected and cleaned out material causing a blockage in the leachate piping, which blockage may be the cause of liquid filling the manhole. Seller is undertaking additional work to remove material within the piping and prevent further blockage. The blockage also may explain recent elevated readings in the leachate detection zone and the Off-Site Wells. PADEP has been notified of the foregoing. The groundwater monitoring work is required to continue after Closing and will be an obligation of Buyer. See also information set forth in the Report, dated February 2006, of RETTEW Associates, Inc.

2. In addition, Seller provides air emissions, water emissions and other emission, discharge and release information to DEP on a regular basis as required by Environmental Permits and regulatory requirements.

- **Disclosure Coverage: Written notices submitted by Seller to any Governmental Authority or other Person identifying any Release on, under or from the Real Property.**

**The Harrisburg Authority
Harrisburg Resource Recovery Facility and Ash Landfill
Environmental Permits List**

<u>Permit Type</u>	<u>Facility</u>	<u>Permit No.</u>	<u>Effective Date</u>	<u>Expiration Date</u>
DEP Solid Waste	HRRF	100758	07/10/12	11/29/22
DEP Solid Waste	LF Cell B2&3	100992	05/24/13	06/01/18
DEP Solid Waste	LF Cell A	100759	05/13/73	Closed
DEP Title V Operating	HRRF	22-05007	09/01/12	08/31/17
DEP Water Quality General NPDES	LF	PAR403508	06/01/12	05/31/17
DEP Water Quality Individual NPDES	HRRF	PAS503501	07/01/12	06/30/17
DEP Water Quality General Construction	HRRF	PAG2-0022-04-029	06/07/04	Closed
HAWTF Industrial User	LF	122017-9	12/21/12	12/20/17
SRBC Consumptive Water Use	HRRF	19880201	12/12/02	02/11/18

Abbreviations:

HRRF - Harrisburg Resource Recovery Facility

LF - Ash Landfill

DEP - PA Department of Environmental Protection

HAWTF - Harrisburg Advanced Wastewater Treatment Facility

SRBC - Susquehanna River Basin Commission

CEMS AVAILABILITY ESTIMATED PENALTIES (2Q12 - 1Q13)

Unit	Paramete	Hrs	\$
1	CO	4	\$412
1	CO mass	50	\$641
1	Temp	5	\$416
2	CO	5	\$416
2	CO mass	9	\$432
2	Temp	0	\$0
3	CO	14	\$453
3	CO mass	34	\$550
			\$3,320

Unit	Paramet	Hrs	\$
1	CO	5	\$413
1	CO mass	6	\$420
1	Temp	1	\$400
2	CO	28	\$519
2	CO mass	28	\$519
2	Temp	2	\$404
3	CO	8	\$428
3	CO mass	37	\$566
3	Temp	2	\$404
			\$4,073

Unit	Paramet	Hrs	\$
1	CO	8	\$428
1	CO mass	8	\$428
1	Temp	1	\$404
2	CO	4	\$412
2	CO mass	7	\$424
2	Temp	3	\$408
3	CO	8	\$428
3	CO mass	11	\$440
3	Temp	2	\$408
Stack	Opacity	2	\$404
			\$4,184

Unit	Parameter	Hrs	\$
1	CO	14	\$453
1	CO mass	12	\$445
1	Temp	2	\$408
2	CO	10	\$436
2	CO mass	12	\$445
2	Temp	3	\$408
3	CO	7	\$424
3	CO mass	4	\$412
3	Temp	3	\$408
Stack	Opacity	1	\$400
			\$4,239

Permit Exceedances

Date	Unit	Parameter	\$
2/22/2013	1	CO	\$200
3/7/2013	1	CO	\$200

SCHEDULE 3.10

Insurance

1. See Attached.

- **Disclosure Coverage: List of all current insurance policies of Seller relating to the Acquired Assets**

Schedule of Insurance

2/6/2013

The Harrisburg Authority

Coverage	Carrier	Effective Date	Policy Number	Limits	Deductibles
General Liability	Arch Insurance Company	2/1/2013- 2/1/2014	EP0003634103	1,000,000 Premises Operations - Each Occurrence 2,000,000 Premises Operations - Aggregate 1,000,000 Products/Completed Operations - Each Occurrence 2,000,000 Products/Completed Operations - Aggregate 1,000,000 Personal and Advertising Injury 10,000 Medical Payments	
Commercial Auto	Arch Insurance Company	2/1/2013- 2/1/2014	CAB004640701	1,000,000 Liability - Per Accident Statutory PIP per person (symbol 5) 1,000,000 Uninsured/Underinsured Motorist 5,000 Medical Payments	\$ 1,000 Comprehensive/Collision
Workers Compensation	Hartford Insurance Company	2/1/2013- 2/1/2014	54 WEC CL2442	Statutory Workers' Compensation 1,000,000 Accident Limit 1,000,000 Disease - per person 1,000,000 Disease - Policy Aggregate	
Umbrella	Arch Insurance Company	2/1/2013- 2/1/2014	ULP003634203	3,000,000 Occurrence 3,000,000 Aggregate 3,000,000 Products/Completed Work Hazard Aggregate	
Property	National Union Fire Insurance Company of Pittsburgh (Charter)	09/07/2012- 09/07/2013	51628189	178,207,472 Policy Limit of Liability 18,924,000 Contingent Business Interruption (Named Contributing Properties) 1,000,000 Transit 5,000,000 Valuable Papers 10,000,000 Accounts Receivables Boiler & Machinery 30 Days Civil Authority 1,000,000 Land and Water Contaminant or Pollution Clean Up, Removal and Disposal Property Damage and Time Element 5,000,000 Miscellaneous Unnamed Locations-Real and Personal Property 5,000,000 Newly Acquired Locations (90 Days)	\$ 150,000 Per Occurrence, Property Damage 30 Days Per Occurrence, Time Element (Business Interruption/Contingent Business Interruptions/Extra Expense/Service Interruptions) 24 Hours Waiting Period, Service Interruption-Policy Deductibles apply after the waiting period
Property Continued					



AON

Schedule of Insurance

2/6/2013

The Harrisburg Authority

Coverage	Carrier	Effective Date	Policy Number	Limits	Exclusions
<p>Note: Refer to policy for additional info</p> <p>Business Owners Package Policy (Property, Employee Theft, Boiler & Machinery, Crime, & General Liability)**</p>	Hartford Fire Insurance	2/1/2013-2/1/2014	54 UUN KW2939	\$ 10,000,000	Service Interruption: Property Damage and Time Element
				\$ 10,000,000	Demolition Cost, Operation of Building Laws and Increased Cost of Construction.
				\$ 10,000,000	Debris Removal—10,000,000 or 25% of adjusted property damage—which ever is greater
				\$ 5,000,000	Equipment Breakdown
				\$ 5,000,000	Expediting Expense
				\$ 100,000,000	Earth Movement
				\$ 100,000,000	Earth Movement - Annual Aggregate: EXCEPT: Alaska, Hawaii, California, Puerto Rico, Pacific Northwest and New Madrid Seismic Zones
				\$ 100,000,000	Flood
				\$ 5,000,000	Flood - Annual Aggregate: Including: Miscellaneous Unnamed Locations - Annual Aggregate
				\$ 5,000,000	Newly Acquired Locations - Annual Aggregate
\$ 1,000,000	Flood Zones A & V - Annual Aggregate				
\$ 250,000	Employee Theft: Any One Coverage	\$ 1,000	By covered loss, in any one occurrence		
\$ 100,000,000	Boiler & Machinery: Equipment Breakdown (Lesser of \$100,000,000, the applicable building, business personal property and business interruption limits)	\$ 1,000	By covered loss, in any one occurrence		
\$ 100,000	Boiler & Machinery: Hazardous Substances	\$ 1,000	By covered loss, in any one occurrence		
\$ 100,000	Boiler & Machinery: Spoilage	\$ 1,000	By covered loss, in any one occurrence		
\$ 100,000	Boiler & Machinery: Expediting Expenses	\$ 1,000	By covered loss, in any one occurrence		
\$ 1,000,000	General Liability: Each Occurrence				
\$ 300,000	General Liability: Damage to premises rented by you, any one premises				
\$ 10,000	General Liability: Medical Expense Limit, any one person				
\$ 1,000,000	General Liability: Personal and Advertising Injury				
\$ 2,000,000	General Liability: General Aggregate Limit (Other than products-completed operations)				
\$ 2,000,000	General Liability: Completed Operations				
\$ 2,000,000	Aggregate	01620-1712	\$ 10,000	Each Wrongful Act Other than an Employer Practices Violation	
\$ 5,000,000	Policy Aggregate	PLS 1588652	\$ 10,000	Each Employment Practices Violation	
\$ 5,000,000	Coverage B Aggregate				
Public Officials and EPL** (Claims Made Coverage)	National Union Fire Insurance Company of Pittsburgh (Charter)	2/1/2013-2014	01620-1712		
Pollution Legal Liability	Charter Specialty Insurance Company	01/28/2011-01/28/2014	PLS 1588652		



AON

SCHEDULE 3.11

Title to Assets

1. None.

- **Disclosure Coverage: Improvements and personal property included in the Acquired Assets which Seller does not own good and marketable title to free and clear of any Encumbrances other than the Permitted Encumbrances.**

SCHEDULE 3.12

Intellectual Property

1. None not already listed.
 - **Disclosure Coverage: Licenses for which Seller is not the owner or licensee of all right, title and interest in and to the Acquired IP or does not have the right to use, without payment to a third party, such Acquired IP**
 - **Disclosure Coverage: Written notices received by Seller that the Acquired IP infringes upon any intellectual property rights of any Person**

SCHEDULE 3.13

Brokers' Fees

1. None.

- **Disclosure Coverage: Broker, finder, investment banker or other person entitled to any brokerage fee, finder's fee or other commission in connection with the Contemplated Transactions based on any arrangements made by Seller**

SCHEDULE 6.01

DPW Equipment

1. Department of Public Works (DPW) Complex

All property including vehicles, equipment, tools, parts, supplies, and other real and personal property owned or leased by the City of Harrisburg and located in, on, or surrounding the DPW buildings and grounds. DPW buildings are the Vehicle Maintenance Center and Highway Building being leased to the City of Harrisburg by Seller. The DPW Complex and grounds are bordered by the asphalt areas surrounding the complex and so indicated on the attached site map. See attached map with City VMC area outlined in red.

- **Disclosure Coverage: All machinery, equipment, tooling and other personal property owned by the City's Department of Public Works to be removed by the City from the Real Property as part of the Contemplated Transactions within six (6) months following the Closing Date.**

SCHEDULE 7.01(k)

Key Vendor Invoices

1. See attached. *Note: claims of vendors will be resolved through a settlement and release negotiated by AGM and the County prior to Closing.*
- **Disclosure Coverage: Vendors to be paid from the proceeds of the Purchase Price to satisfy amounts outstanding under those certain invoices delivered by such vendors to Seller**

April 9, 2013

Solid Waste Facility
List of unsecured creditors

<u>Vendor</u>	<u>Amount</u>	<u>Date</u>	<u>COV/PO Number</u>	<u>Description</u>
JEM Group, LLC	\$ 15,261.44	3/18/2010	COV-0015	Bulding 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
Castine 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>			

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.

K. Weibel

"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 Indemnitees" 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 (es) 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:

[INSERT REAL ESTATE METES & BOUNDS DESCRIPTION]

EXHIBIT A

Legal Description

ALL that certain piece or parcel of land situate in City of Harrisburg and Swatara Township, Dauphin County, Pennsylvania, being more particularly bounded and described as follows:

BEGINNING at a point, said point being a brass disc set in concrete at the road face of a stone wall on the east right-of-way line of Cameron Street, said point also being the westerly most corner of the herein described parcel; thence along the southern line of land now or formerly the City of Harrisburg (Cameron Park) the following twelve (12) courses and distances; NORTH 45 degrees 10 minutes 00 seconds EAST a distance of 697.50 feet from an iron rod found near the base of an old wood fence post; thence NORTH 09 degrees 20 minutes 00 seconds WEST a distance of 450.00 feet to a concrete monument set; thence 424.115 feet on a curve to the right having a central angle of 90 degrees 00 minutes 00 seconds, a radius of 270.00 feet, and a chord bearing NORTH 35 degrees 40 minutes 00 seconds EAST a distance of 381.84 feet to a concrete monument set at the mid-point of a semi-circle; thence continuing 424.115 feet on a curve to the right, having a central angle of 90 degrees 00 minutes 00 seconds, a radius of 270.00 feet, and a chord bearing SOUTH 54 degrees 20 minutes 00 seconds EAST a distance of 381.84 feet to a concrete monument set; thence SOUTH 09 degrees 20 minutes 00 seconds EAST a distance of 400.00 feet to a concrete monument set; thence NORTH 79 degrees 12 minutes 00 seconds EAST a distance of 135.00 feet to a concrete monument set; thence SOUTH 40 degrees 08 minutes 00 seconds EAST a distance of 130.89 feet to a point, said point being NORTH 20 degrees 04 minutes 10 seconds WEST a distance of 0.55 feet from a concrete monument found; thence NORTH 73 degrees 21 minutes 00 seconds EAST a distance of 219.20 feet to a concrete monument set; thence SOUTH 16 degrees 39 minutes 00 seconds EAST a distance of 100.00 feet to a concrete monument set on the beginning point of a curve; thence 240.91 feet on a curve to the left, having a central angle of 25 degrees 35 minutes 40 seconds, and a chord bearing NORTH 70 degrees 33 minutes 09 seconds EAST a distance of 238.91 feet to a concrete monument set on said curve and being at or near the boundary line between the City of Harrisburg on the west and Swatara Township on the east; thence continuing 379.06 feet along said curve to the left having a central angle of 40 degrees 16 minutes 18 seconds, a radius of 539.30 feet, and a chord bearing NORTH 37 degrees 37 minutes 10 seconds EAST a distance of 371.31 feet to a concrete monument set; thence NORTH 17 degrees 29 minutes 00 seconds EAST a distance of 116.40 feet to an iron rod set at a base of a tree, and being on the said western right-of-way line of 19th Street; thence along the western right-of-way line of 19th Street the following three (3) courses and distances; SOUTH 13 degrees 24 minutes 00 seconds EAST a distance of 220.00 feet to a concrete monument set at the corner of the division line between tract No. 1 and tract No. 2 in Deed Book I Volume 64, page 482; thence SOUTH 13 degrees 24 minutes 00 seconds EAST a distance of 417.89 feet to an iron rod found and replaced by a concrete monument set; thence 584.13 feet on a curve to the left, having a central angle of 33 degrees 28 minutes 00 seconds, a radius of 1,000.05 feet, and a chord bearing of SOUTH 30 degrees 08 minutes 00 seconds EAST a distance of 575.86 feet to an iron rod found and replaced by a concrete monument set, where the western right-of-way line intersects the northwesterly right-of-way line of Gibson Street, said point being SOUTH 85 degrees 39 minutes 28 seconds WEST a distance of 38.90 feet from a railroad spike found, where the physical center-line of

Gibson Street intersects the projection of the westerly concrete pavement edge of 19th Street; thence along the northwestern right-of-way line of Gibson Street the following two (2) courses and distances SOUTH 45 degrees 05 minutes 00 seconds WEST a distance of 950.61 feet to a point being a corner of tract No. 1 and tract No. 2 in Deed Book I Volume 64, page 482; thence SOUTH 45 degrees 05 minutes 00 seconds WEST a distance of 88.24 feet to a concrete monument set at the easterly most corner of land now or formerly Automotive Financial Services, Inc., said point being NORTH 45 degrees 29 minutes 15 seconds EAST a distance of 152.32 feet from an iron rod found; thence along the northeastern line of land now or formerly Automotive Financial Services, Inc. NORTH 50 degrees 39 minutes 00 seconds WEST a distance of 462.33 feet to an iron pipe found in concrete; thence along land now or formerly Automotive Financial Services, Inc., and William J. Rozman in part, SOUTH 43 degrees 11 minutes 20 seconds WEST a distance of 247.30 feet to an iron rod found; thence along land now or formerly Thomas J. Flynn in part, land now or formerly Downtown Car Wash in part, and land now or formerly Thomas Maslowski in part, NORTH 51 degrees 00 minutes 13 seconds WEST a distance of 462.78 feet to an iron rod found; thence along land now or formerly Pennsylvania Power and Light Company, Inc. the following three (3) courses and distances NORTH 42 degrees 58 minutes 06 seconds EAST a distance of 50.10 feet to a point near an existing well casing; thence NORTH 50 degrees 44 minutes 07 seconds WEST a distance of 385.57 feet to a concrete monument set; thence SOUTH 39 degrees 08 minutes 28 seconds WEST a distance of 50.00 feet to an iron rod found; thence along land now or formerly Pennsylvania Power and Light Company the following course SOUTH 39 degrees 08 minutes 28 seconds WEST a distance of 249.33 feet to an iron disc tablet found set in concrete; thence along the eastern right-of-way of Cameron Street the following six (6) courses and distances, NORTH 46 degrees 28 minutes 02 seconds WEST a distance of 148.11 feet to a brass disc set in concrete; thence NORTH 46 degrees 25 minutes 45 seconds EAST a distance of 32.40 feet to a concrete monument set; thence NORTH 42 degrees 00 minutes 08 seconds WEST a distance of 106.70 feet, to a point in Spring Creek; thence SOUTH 49 degrees 33 minutes 59 seconds WEST a distance of 26.00 feet to a brass disc set in concrete; thence NORTH 36 degrees 10 minutes 00 seconds WEST a distance of 209.90 feet to a railroad spike set in the Cameron Street entrance to the herein described parcel; thence - NORTH 33 degrees 00 minutes 00 seconds WEST a distance of 44.94 feet to the point or place of beginning. Containing 59.498 acres of land more or less.

EXHIBIT C

Escrow Agreement

[Attached]

ESCROW AGREEMENT

This ESCROW AGREEMENT (this "Agreement") is dated and made as of _____, 2013 by and among THE HARRISBURG AUTHORITY, a municipal authority created and existing under the laws of the Commonwealth of Pennsylvania ("Seller"), LANCASTER COUNTY SOLID WASTE MANAGEMENT AUTHORITY, a municipal authority created and existing under the laws of the Commonwealth of Pennsylvania ("Buyer"), and FULTON FINANCIAL ADVISORS, a division of Fulton Bank, N.A., as escrow agent (the "Escrow Agent").

WHEREAS, Seller and Buyer are parties to that certain Asset Purchase Agreement, dated as of _____, 2013 (the "Purchase Agreement"), pursuant to which Seller, among other things, has agreed to sell, transfer, assign and deliver all of its right, title and interest in and to the Acquired Assets (as defined in the Purchase Agreement) to Buyer;

WHEREAS, this Agreement is being entered into pursuant to Section 2.04 of the Purchase Agreement for the purpose of establishing a deposit escrow account in which to maintain the Deposit (as defined in the Purchase Agreement), which shall be applied against the Purchase Price (as defined in the Purchase Agreement) at the closing of the transactions contemplated by the Purchase Agreement; and

WHEREAS, the Escrow Agent is willing to act as escrow agent in respect of the Deposit Escrow Funds (as defined below) upon the terms and conditions contained herein.

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged by each of the parties hereto, the parties hereto, intending to be legally bound, do hereby agree as follows:

1. Definitions. Capitalized terms used in this Agreement shall have the meanings set forth below and elsewhere in this Agreement. Capitalized terms used but not otherwise defined in this Agreement shall have the meanings given to such terms under the Purchase Agreement

(a) "Deposit" means Five Hundred Thousand Dollars (\$500,000.00) deposited by Buyer with the Escrow Agent pursuant to Section 2.04 of the Purchase Agreement and Section 3 of this Agreement.

(b) "Deposit Escrow Funds" means the Deposit plus all interest, dividends and other earnings thereon received by or credited to the various accounts of the Escrow Agent, less any funds distributed or paid therefrom in accordance with this Agreement.

(c) "Joint Written Direction" means a written direction executed by Buyer and Seller to disburse all or a portion of the Deposit Escrow Funds or to take or refrain from taking an action pursuant to this Agreement.

2. Appointment of Escrow Agent. Seller and Buyer hereby appoint the Escrow Agent as escrow agent in accordance with the terms and conditions set forth herein, and the Escrow Agent hereby accepts such appointment, all upon the terms and conditions set forth in this Agreement.

3. Deposits in Escrow. In connection with and upon the execution and delivery of the Purchase Agreement, Buyer shall deliver the Deposit to the Escrow Agent, to be deposited with the Escrow Agent pursuant to the wire instructions set forth on Schedule 1 attached hereto. Buyer and Seller hereby authorize and direct the Escrow Agent to keep the Deposit Escrow Funds in its possession, pending the disbursement thereof in accordance with the terms of this Agreement, and the Escrow Agent accepts such Deposit Escrow Funds subject to the foregoing terms.

4. Disbursement of Deposit Escrow Funds. The Escrow Agent shall hold and safeguard the Deposit Escrow Funds in its possession until instructed hereunder to release the Deposit Escrow Funds in accordance with the terms of this Section 4.

(a) If deposited by Buyer, the Escrow Agent shall disburse the Deposit Escrow Funds at any time and from time to time, upon receipt of, and in accordance with, a Joint Written Direction containing wire instructions for such disbursement.

(b) If Seller is entitled to payment of the Deposit Escrow Funds pursuant to Sections 6.05(a), 6.05(b) or 11.03(a) of the Purchase Agreement, then Seller shall deliver to the Escrow Agent, the Buyer and Buyer's legal counsel in accordance with Section 11(d) of this Agreement a written notice (a "Seller Notice") certifying that Seller is entitled to payment in full of the Deposit Escrow Funds under the Purchase Agreement. If, within ten (10) Business Days after the delivery of a Seller Notice to Buyer and Buyer's legal counsel, the Escrow Agent receives a statement from Buyer approving the right of Seller to the Deposit Escrow Funds as set forth in the Seller Notice (a "Buyer Approval Notice"), then the Escrow Agent shall promptly pay to Seller all of the Deposit Escrow Funds.

(c) If Buyer is entitled to payment of the Deposit Escrow Funds pursuant to Sections 2.06(c), 6.05(a), 6.05(b), or 11.03(b) of the Purchase Agreement, then Buyer shall deliver to the Escrow Agent, the Seller and the Seller's legal counsel in accordance with Section 11(d) of this Agreement a written notice (a "Buyer Notice") certifying that Buyer is entitled to payment, in full or in part, of the Deposit Escrow Funds under the Purchase Agreement. If, within ten (10) Business Days after the delivery of a Buyer Notice to Seller and Seller's legal counsel, the Escrow Agent receives a statement from Seller approving the right of Buyer to the Deposit Escrow Funds as set forth in the Buyer Notice (a "Seller Approval Notice"), then the Escrow Agent shall promptly pay to Buyer all of the Deposit Escrow Funds.

(d) If, during either of the ten (10) Business Day periods referred to in Sections 4(b) and (c) above, the Escrow Agent does not receive either a Seller Approval Notice or a Buyer Approval Notice, as the case may be, then the Escrow Agent shall promptly notify (i) the Buyer and Buyer's legal counsel or (ii) the Seller and Seller's legal counsel, as the case may be, and continue to hold in escrow the Deposit Escrow Funds until receipt of (x) a Joint Written Direction or (y) a certified copy of a final, nonappealable order of a court of competent jurisdiction ordering the Escrow Agent to disburse the Deposit Escrow Funds. Upon receipt of such Joint Written Direction referred to in clause (x) above or final order referred to in clause (y) above, the Escrow Agent shall promptly comply with its terms.

5. Investment of the Deposit Escrow Funds. During the term of this Agreement, the Escrow Agent shall initially invest and reinvest the Deposit Escrow Funds in a money market deposit account ("MMDA") offered by the Escrow Agent, unless otherwise instructed in writing by Buyer and Seller to invest and reinvest the Deposit Escrow Funds and the proceeds thereof in a noninterest-bearing transaction account offered by the Escrow Agent, or a successor or similar investment offered by the Escrow Agent. The Escrow Agent shall have no responsibility for any investment losses resulting from the investment, reinvestment or liquidation of the Deposit Escrow Funds, except for losses resulting from the gross negligence or willful misconduct of the Escrow Agent. Any interest or other income received on such investment and reinvestment of the Deposit Escrow Funds shall become part of the Deposit Escrow Funds, and any losses incurred on such investment and reinvestment of the Deposit Escrow Funds shall be debited against the Deposit Escrow Funds. The Deposit Escrow Funds shall be invested and reinvested as set forth above unless the Escrow Agent is notified differently by a Joint Written Direction.

6. Termination. This Agreement shall terminate upon the distribution pursuant to Sections 3 and 4 above of all Deposit Escrow Funds from the accounts established hereunder. The provisions of Sections 7, 9 and 10 of this Agreement shall survive the termination of this Agreement and the earlier resignation or removal of the Escrow Agent.

7. Compensation of Escrow Agent. Buyer and Seller shall be jointly and severally liable to the Escrow Agent for its customary fees and expenses for all services rendered by it hereunder pursuant to the fee schedule set forth in Schedule 2 attached hereto. Buyer and Seller shall jointly and severally indemnify, defend and hold harmless the Escrow Agent on demand for all loss, liability, damage, disbursements, advances or expenses paid or incurred by it in the administration of its duties hereunder, including, but not limited to, all reasonable counsel, advisors' and agents' fees and disbursements and all taxes or other governmental charges. The obligations contained in this Section 7 shall survive the termination of this Agreement and the resignation or removal of the Escrow Agent.

8. Resignation of Escrow Agent. The Escrow Agent may resign and be discharged from its duties hereunder at any time by giving not less than thirty (30) calendar days' prior written notice of such resignation to Buyer and Seller in accordance with Section 11(d) of this Agreement. Thereafter, the Escrow Agent shall have no further obligation to Buyer and Seller except to hold the Deposit Escrow Funds as depository and not otherwise. Buyer and Seller may remove the Escrow Agent at any time by giving thirty (30) calendar days' prior written notice to the Escrow Agent in accordance with Section 11(d) of this Agreement. Upon such notice, a successor escrow agent shall be appointed by Buyer and Seller, who shall provide written notice of such to the resigning the Escrow Agent in accordance with Section 11(d) of this Agreement. Such successor escrow agent shall become the escrow agent hereunder upon the resignation or removal date specified in such notice. If Buyer and Seller are unable to agree upon a successor escrow agent within thirty (30) days after such notice, the Escrow Agent may apply to a court of competent jurisdiction for the appointment of a successor escrow agent or for other appropriate relief. Buyer and Seller shall be jointly and severally liable for the costs and expenses (including its reasonable attorneys' fees and expenses) incurred by the Escrow Agent in connection with such proceeding. Upon receipt of the identity of the successor escrow agent, the Escrow Agent shall deliver the Deposit Escrow Funds then held hereunder to the successor Escrow Agent. Upon its resignation and delivery of the Deposit Escrow Funds as set forth in this Section 8, the

Escrow Agent shall be discharged of and from any and all further obligations arising in connection with the Deposit Escrow Funds or this Agreement.

9. Indemnification of Escrow Agent. Buyer and Seller shall jointly and severally indemnify, defend and hold harmless the Escrow Agent and its officers, directors, managers, employees, representatives and agents from and against, and reimburse the Escrow Agent for, any and all claims, expenses, obligations, liabilities, losses, damages, injuries (to person, property or natural resources), penalties, stamp or other similar taxes, actions, suits, judgments, reasonable costs and expenses (including reasonable attorney's fees and expenses) of whatever kind or nature regardless of their merit, demanded, asserted or claimed against the Escrow Agent directly or indirectly relating to, or arising from, claims against the Escrow Agent by reason of its participation in the transactions contemplated hereby, including, without limitation, all reasonable costs required to be associated with claims for damages to persons or property, as well as reasonable attorneys' and consultants' fees and expenses and court costs except to the extent caused by the Escrow Agent's gross negligence or willful misconduct. The provisions of this Section 9 shall survive the termination of this Agreement and the earlier resignation or removal of the Escrow Agent.

10. Escrow Agent.

(a) The duties, responsibilities and obligations of the Escrow Agent shall be limited to those expressly set forth herein, and no duties, responsibilities or obligations shall be inferred or implied against the Escrow Agent. The Escrow Agent shall not be subject to, nor required to comply with, any other agreement to which Buyer or Seller is a party, even though reference thereto may be made herein, or to comply with any direction or instruction (other than those contained herein or delivered in accordance with this Agreement) from Buyer or Seller or an entity acting on its behalf. The Escrow Agent shall not be required to expend or risk any of its own funds or otherwise incur any liability, financial or otherwise, in the performance of any of its duties hereunder.

(b) If at any time the Escrow Agent is served with any judicial or administrative order, judgment, decree, writ or other form of judicial or administrative process which in any way affects the Deposit Escrow Funds (including, but not limited to, orders of attachment or garnishment or other forms of levies or injunctions or stays relating to the transfer of the Deposit Escrow Funds), then the Escrow Agent is authorized to comply therewith in any manner it or legal counsel of its own choosing deems appropriate, and if the Escrow Agent complies with any such judicial or administrative order, judgment, decree, writ or other forms of judicial or administrative process, then the Escrow Agent shall not be liable to any of the parties hereto or to any other person or entity even though such order, judgment, decree, writ or process may be subsequently modified or vacated or otherwise determined to have been without legal force or effect.

(c) The Escrow Agent shall not be liable for any action taken or omitted or for any loss or injury resulting from its actions or its performance or lack of performance of its duties hereunder in the absence of gross negligence or willful misconduct on its part. In no event shall the Escrow Agent be liable (i) for acting in accordance with or conclusively relying upon any instruction, notice, demand, certificate or document from Buyer or Seller or any entity acting

on behalf of Buyer or Seller, (ii) for any indirect, consequential, punitive or special damages, regardless of the form of action and whether or not any such damages were foreseeable or contemplated, (iii) for the acts or omissions of its nominees, correspondents, designees, agents, subagents or subcustodians in connection with the Escrow Agent's duties hereunder in the absence of gross negligence or willful misconduct on its part, (iv) for the investment or reinvestment of any cash held by it hereunder, in each case in good faith, in accordance with the terms hereof, including, without limitation, any liability for any delays (not resulting from its gross negligence or willful misconduct) in the investment or reinvestment of the Deposit Escrow Funds, or any loss of interest or income incident to any such delays, or (v) for an amount in excess of the value of the Deposit Escrow Funds, valued as of the date of deposit, but only to the extent of direct money damages.

(d) The Escrow Agent may consult with legal counsel of its own choosing as to any matter relating to this Agreement, and the Escrow Agent shall not incur any liability in acting in good faith in accordance with any advice from such counsel.

(e) The Escrow Agent shall not incur any liability for not performing any act or fulfilling any duty, obligation or responsibility hereunder by reason of any occurrence beyond the control of the Escrow Agent (including, but not limited to, any act or provision of any present or future law or regulation or governmental authority, any act of God or war, civil unrest, local or national disturbance or disaster, any act of terrorism, or the unavailability of the Federal Reserve Bank wire or facsimile or other wire or communication facility).

(f) The Escrow Agent shall be entitled to conclusively rely upon any order, judgment, certification, demand, notice, instrument or other writing delivered to it hereunder without being required to determine the authenticity or the correctness of any fact stated therein or the propriety or validity or the service thereof. The Escrow Agent may act in conclusive reliance upon any instrument or signature believed by it to be genuine and may assume that any person purporting to give receipt or advice to make any statement or execute any document in connection with the provisions hereof has been duly authorized to do so.

(g) The Escrow Agent shall not be responsible in any respect for the form, execution, validity, value or genuineness of documents or securities deposited hereunder, or for any description therein, or for the identity, authority or rights of persons executing or delivering or purporting to execute or deliver any such document, security or endorsement. The Escrow Agent shall not be called upon to advise any party as to the wisdom in selling or retaining or taking or refraining from any action with respect to any securities or other property deposited hereunder.

(h) At any time the Escrow Agent may request an instruction in writing from the Buyer and Seller and may, at its own option, include in such request the course of action it proposes to take and the date on which it proposes to act, regarding any matter arising in connection with its duties and obligations hereunder. The Escrow Agent shall not be liable for acting in accordance with such a proposal on or after the date specified therein, provided that the specified date shall be at least three (3) Business Days after Buyer and Seller receives the Escrow Agent's request for instructions and its proposed course of action, and provided further that, prior to so acting, the Escrow Agent has not received the written instructions requested.

(i) When the Escrow Agent acts on any information, instructions, communications (including, but not limited to, communications with respect to the delivery of securities or the wire transfer of funds) sent by facsimile, email or other form of electronic or data transmission, the Escrow Agent, absent gross negligence or willful misconduct, shall not be responsible or liable in the event such communication is not an authorized or authentic communication of Buyer or Seller or is not in the font or format Buyer and Seller sent or intended to send (whether due to fraud, distortion or otherwise). Buyer and Seller shall indemnify the Escrow Agent against any loss, liability, claim or expense (including legal fees and expenses) it may incur with its acting in accordance with any such communication.

(j) In the event of any ambiguity or uncertainty hereunder or in any notice, instruction or other communication received by the Escrow Agent hereunder, the Escrow Agent may, in its sole discretion, refrain from taking any action, other than to retain possession of the Deposit Escrow Funds, unless the Escrow Agent receives written instructions, signed by Buyer and Seller, which eliminates such ambiguity or uncertainty.

(k) In the event of any dispute between or conflicting claims among Buyer and Seller and any other person or entity with respect to the Deposit Escrow Funds, the Escrow Agent shall be entitled, in its sole discretion, to refuse to comply with any and all claims, demands or instructions with respect to such Deposit Escrow Funds so long as such dispute or conflict shall continue, and the Escrow Agent shall not be or become liable in any way to Buyer and Seller for failure or refusal to comply with such conflicting claims, demands or instructions. The Escrow Agent shall be entitled to refuse to act until either (i) such conflicting or adverse claims or demands shall have been determined by a final order, judgment or decree of a court of competent jurisdiction, which order, judgment or decree is not subject to appeal, or settled by agreement between the conflicting parties as evidenced in a writing satisfactory to the Escrow Agent or (ii) the Escrow Agent shall have received security or an indemnity satisfactory to it to hold it harmless from and against any and all losses which it may incur by reason of so acting. Any court order, judgment or decree shall be accompanied by a legal opinion by counsel for the presenting party, satisfactory to the Escrow Agent, to the effect that said order, judgment or decree represents a final adjudication of the rights of the parties by a court of competent jurisdiction, and that the time for appeal from such order, judgment or decree has expired without an appeal having been filed with such court. The Escrow Agent shall act on such court order and legal opinions without further question. The Escrow Agent may, in addition, elect, in its sole discretion, to commence an interpleader action or seek other judicial relief or orders as it may deem, in its sole discretion, necessary. The costs and expenses (including reasonable attorneys' fees and expenses) incurred in connection with such proceeding shall be paid by Buyer.

(l) The Escrow Agent does not have any interest in the Deposit Escrow Funds deposited hereunder but is serving as escrow holder only and having only possession thereof. Buyer and Seller shall be jointly and severally liable to pay or reimburse the Escrow Agent upon request for any transfer taxes, if any, or other taxes relating to the Deposit Escrow Funds incurred in connection herewith and shall indemnify and hold harmless the Escrow Agent from any amounts that it is obligated to pay in the way of such taxes, if any. Any payments of income from this Escrow Account shall be subject to withholding regulations then in force with respect to United States taxes. Buyer and Seller shall provide the Escrow Agent with appropriate W-9

forms for tax identification number certifications. It is understood that the Escrow Agent shall only be responsible for income reporting to Buyer and Seller with respect to income earned on the Deposit Escrow Funds and shall not be responsible for any other reporting. This Section 10(l) shall survive notwithstanding any termination of this Agreement or the resignation or removal of the Escrow Agent.

(m) The Escrow Agent shall provide to Buyer and Seller monthly statements setting forth the balance of the Deposit Escrow Funds, all interest earned and all distributions made, which statements shall be delivered to Buyer and Seller at their respective addresses set forth in Section 11(d).

11. Miscellaneous.

(a) As between Buyer and Seller, this Agreement is subject to and controlled by the terms of the Purchase Agreement. Nothing contained in this Agreement shall supersede, modify, limit, eliminate or otherwise affect any of the respective rights, duties and obligations of Buyer and Seller set forth in the Purchase Agreement. In the event of any inconsistency or conflict between the terms of the Purchase Agreement and the terms of this Agreement as such inconsistency or conflict pertains to the rights, duties and obligations of Buyer and Seller, the terms of the Purchase Agreement shall prevail.

(b) The headings of the sections of this Agreement have been inserted for convenience and shall not modify, define, limit or expand the express provisions of this Agreement.

(c) This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania without reference to the principles of conflict of laws. Except as otherwise expressly provided in this Agreement, 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 may 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 consents 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 not 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 11(d) of this Agreement shall be deemed effective service of process on such party.

(d) All notices, requests, claims, demands and other communications under this Agreement will be deemed received when delivered. 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 fax (providing confirmation of transmission) at the following addresses or fax numbers (or at such other address or fax number for a party as will be specified by like notice):

(i) If to Seller, to:

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.

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

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.

(ii) If to Buyer, to:

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.

(iii) If to the Escrow Agent:

Fulton Financial Advisors

Facsimile: _____

Attention: _____

(e) This Agreement and the rights and obligations hereunder of parties hereto may not be assigned except with the prior written consent of the other parties hereto. This Agreement shall be binding upon and inure to the benefit of each party's respective successors and permitted assigns. Except as expressly provided herein, no other person shall acquire or have any rights under or by virtue of this Agreement. This Agreement is intended to be for the sole benefit of the parties hereto, and (subject to the provisions of this Section 11(e)) their respective successors and assigns, and none of the provisions of this Agreement are intended to be, nor shall they be construed to be, for the benefit of any third person.

(f) This Agreement may not be amended, supplemented or otherwise modified without the prior written consent of the parties hereto.

(g) The parties hereto acknowledge that, in accordance with Section 326 of the USA PATRIOT Act, the Escrow Agent, like all financial institutions, is required to obtain, verify, and record information that identifies each person or legal entity that opens an account. The parties to this Agreement agree that they shall provide the Escrow Agent with such information as it may request in order for the Escrow Agent to satisfy the requirements of the USA PATRIOT Act.

(h) Nothing contained in this Agreement shall be deemed or construed to obligate Seller to execute or deliver the Purchase Agreement or perform any term or condition contained therein.

(i) The rights and remedies conferred upon the parties hereto shall be cumulative, and the exercise or waiver of any such right or remedy shall not preclude or inhibit the exercise of any additional rights or remedies. The waiver of any right or remedy hereunder shall not preclude the subsequent exercise of such right or remedy.

(j) The invalidity, illegality or unenforceability of any provision of this Agreement shall in no way affect the validity, legality or enforceability of any other provision; and if any provision is held to be unenforceable as a matter of law, the other provisions shall not be affected thereby and shall remain in full force and effect.

(k) This Agreement may be executed by PDF or facsimile signature and in two or more counterparts, each of which shall be an original, but all of which together shall constitute one and the same instrument.

(l) This Agreement embodies the entire agreement and understanding among the parties relating to the subject matter hereof.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Escrow Agreement 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: _____

ESCROW AGENT:

FULTON FINANCIAL ADVISORS,
a division of Fulton Bank, N.A.

By: _____
Name: _____
Title: _____

SCHEDULE 1

Escrow Agent Wire Instructions

Bank:	Fulton Bank
ABA Number:	031301422
Account Number:	013-196.964
Account Name:	LCSWMA HBGA ESCROW
Reference:	Fulton Financial Advisors

SCHEDULE 2

Escrow Agent Fees



FULTON FINANCIAL ADVISORS™

Making Success Personal™

August 23, 2013

Attn: Joseph B. Allen, Esq.
Hartman Underhill & Brubaker LLP
221 E. Chestnut Street
Lancaster PA 17602

RE: Escrow Agreement by and among The Harrisburg Authority and Lancaster County Solid Waste Management Authority

Dear Mr. Allen:

I would like to thank you for giving Fulton Financial Advisors the opportunity to serve as Escrow Agent for the deposit escrow among The Harrisburg Authority and Lancaster County Solid Waste Management Authority.

We will charge a one time fee of \$1,000.00 that would be applicable to a six month term that would cover our legal review, account set-up and escrow administration on an account of \$500,000.00. This fee is payable upon the execution of the escrow agreement. If the escrow structure is materially changed, a new proposal will be submitted at the time of execution.

The escrow funds will be invested in the Goldman Sachs Financial Square Trust Treasury Obligations Fund, or comparable fund. Money market funds are available for deposit or withdrawal on a daily basis. Fulton Financial Advisors, a division of Fulton Bank, N.A. (hereinafter referred to as "Fulton"), has access to several money market funds, which may be used in an account. The fund is available only to larger institutional customers such as Fulton. A copy of the Fund Prospectus is available to you at any time upon request. Fulton has entered into an arrangement with the fund companies, which allows Fulton to provide this fund to clients in their account. This fund pays Fulton a service fee to compensate it for administrative, operational and custody services associated with processing this fund for its customers. This service compensation paid to Fulton is currently up to .25% of the average daily balance of the entire fund. This service compensation is further described in the Fund Prospectus. Additionally, the fund company itself has agreed to compensate Fulton for its role in the marketing of its funds. The amount of the marketing compensation paid to Fulton could be up to .05% of the average daily balance of the entire fund. This marketing compensation is paid from the earnings of the mutual fund company, thereby not reducing the income Fulton's clients receive on their respective money market fund investment.

If you have any questions regarding this proposal, please feel free to contact me at (717) 291-2562.

Sincerely,

Stuart Juppenlatz
Senior Vice President

EXHIBIT D

Form of Special Warranty Deed

[Attached]

PREPARED BY:

Klehr Harrison Harvey Branzburg LLP
1835 Market Street, Suite 1400
Philadelphia, PA 19103
Attention: Jawad H. Salah, Esquire

RETURN RECORDED DOCUMENT TO:

Hartman Underhill & Brubaker, LLC
221 East Chestnut Street
Lancaster, PA 17602
Attention: Mark Stanley, Esquire

Tax Parcel Number: 01-066-002-000-0000; 63-043-001-000-0000
63-043-015-000-0000

SPECIAL WARRANTY DEED

THIS SPECIAL WARRANTY DEED is made as of the ____ day of _____, 2013, by THE HARRISBURG AUTHORITY, a municipal authority created and existing under the laws of the Commonwealth of Pennsylvania whose mailing address is 212 Locust Street, Suite 302, Harrisburg, Pennsylvania 17102 ("**Grantor**"), to and in favor of LANCASTER COUNTY SOLID WASTE MANAGEMENT AUTHORITY, a municipal authority created and existing under the laws of the Commonwealth of Pennsylvania whose mailing address is 1299 Harrisburg Pike, Lancaster, Pennsylvania 17603 ("**Grantee**").

WITNESSETH, that Grantor, in consideration of the sum of TEN AND 00/100 Dollars (\$10.00) and other good and valuable consideration the receipt and legal sufficiency of which are hereby acknowledged by Grantor, intending to be legally bound, does hereby grant, bargain, sell and convey unto the said Grantee, and its successors and assigns, all of Grantor's right, title and interest in and to the real property identified in the attached Exhibit A;

BEING, the same premises which the City of Harrisburg, by Deed dated December 23, 1993 and recorded on December 23, 1993 in Book No. 2134, Page 117 *et seq.* in the Office of the Recorder of Deeds for Dauphin County, Pennsylvania, granted and conveyed unto Grantor, in fee.

TOGETHER WITH all and singular the buildings, improvements, ways, woods, waters, watercourses, streets, alleys, driveways, passages, rights, liberties, privileges, hereditaments and appurtenances whatsoever thereunto belonging, or in any wise appertaining, and the reversions and remainders, rents, issues, and profits thereof, and of every part and parcel thereof; and all the estate, right, title, interest, use, possession, property, claim and demand whatsoever of the said Grantor, in law or in equity, or otherwise howsoever, of, in, and to the premises herein described and every part and parcel thereof.

UNDER AND SUBJECT TO any and all rights of the County of Dauphin to such improvements consisting of a "Materials Separation Facility" in accordance with that certain unrecorded Ground Lease dated as of February 25, 2004 entered into by the County of Dauphin and the Grantor.

AND FURTHER UNDER AND SUBJECT to the covenants, conditions, restrictions, and rights of way of record, to the extent valid, subsisting and enforceable.

TO HAVE AND TO HOLD all and singular the said lot or parcel of land above described, together with the buildings and improvements thereon erected (subject to the foregoing exceptions), the hereditaments and premises hereby granted, or mentioned and intended so to be, with the appurtenances, unto the said Grantee, its successors and assigns, to and for the only proper use and behoof of the said Grantee, its successors and assigns, forever.

AND the said Grantor, for itself and its successors and assigns, does covenant, promise and agree, to and with the said Grantee, its successors and assigns, by these presents, that it, the said Grantor, and its successors and assigns, all and singular the hereditaments and premises hereby granted or mentioned and intended so to be, with the appurtenances, unto the said Grantee, its successors and assigns, against the said Grantor and its successors and assigns, and against all and every person and persons whomsoever lawfully claiming or to claim the same or any part thereof, by, from or under it, them, or any of them, shall and will WARRANT and forever DEFEND.

[**COAL NOTICE:** THIS DEED DOES NOT SELL, CONVEY, TRANSFER, INCLUDE OR INSURE THE TITLE TO THE COAL AND RIGHT OF SUPPORT UNDERNEATH THE SURFACE LAND DESCRIBED OR REFERRED TO HEREIN, AND THE OWNER OR OWNERS OF SUCH COAL MAY HAVE THE COMPLETE RIGHT TO REMOVE ALL OF SUCH COAL AND, IN THAT CONNECTION, DAMAGE MAY RESULT TO THE SURFACE OF THE LAND AND ANY HOUSE, BUILDING OR OTHER STRUCTURE ON OR IN SUCH LAND. THE INCLUSION OF THIS NOTICE DOES NOT ENLARGE, RESTRICT OR MODIFY ANY LEGAL RIGHTS OR ESTATES OTHERWISE CREATED, TRANSFERRED, EXCEPTED OR RESERVED BY THIS INSTRUMENT.] **NOTE: This Coal Notice is to be removed from this Deed upon the recording of a Corrective Deed deleting this notice from the vesting deed into Grantor.**

SEWAGE FACILITY. The real property conveyed hereby is serviced by a community sewage system. The foregoing statement is set forth pursuant to the Pennsylvania Sewage Facilities Act of January 24, 1966, No. 537, P.L. 1535, as amended.

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

IN WITNESS WHEREOF, the said Grantor has executed this Special Warranty Deed on the day and year first above written.

GRANTOR:

THE HARRISBURG AUTHORITY
By its duly authorized representative:

By: _____
Name: _____
Title: _____

COMMONWEALTH OF PENNSYLVANIA :
 : SS
COUNTY OF _____ :

On the ____ day of _____, 2013, before me, the undersigned officer, personally appeared _____, who acknowledged himself/herself to be the duly authorized representative of The Harrisburg Authority, a municipal authority created and existing under the laws of the Commonwealth of Pennsylvania, and that he/she as such duly authorized representative, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing the name of the entity by himself/herself as such duly authorized representative.

IN WITNESS WHEREOF, I hereunto set my hand

Notary Public
My Commission Expires: _____

Certificate of Grantee's Address

It is hereby certified that the Tax Billing Address and Owner Mailing Address of Lancaster County Solid Waste Management Authority, a municipal authority created and existing under the laws of the Commonwealth of Pennsylvania, is 1299 Harrisburg Pike, Lancaster, Pennsylvania 17603.

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

By: _____
Name: _____
Title: _____

EXHIBIT A

Legal Description

ALL that certain piece or parcel of land situate in City of Harrisburg and Swatara Township, Dauphin County, Pennsylvania, being more particularly bounded and described as follows:

BEGINNING at a point, said point being a brass disc set in concrete at the road face of a stone wall on the east right-of-way line of Cameron Street, said point also being the westerly most corner of the herein described parcel; thence along the southern line of land now or formerly the City of Harrisburg (Cameron Park) the following twelve (12) courses and distances; NORTH 45 degrees 10 minutes 00 seconds EAST a distance of 697.50 feet from an iron rod found near the base of an old wood fence post; thence NORTH 09 degrees 20 minutes 00 seconds WEST a distance of 450.00 feet to a concrete monument set; thence 424.115 feet on a curve to the right having a central angle of 90 degrees 00 minutes 00 seconds, a radius of 270.00 feet, and a chord bearing NORTH 35 degrees 40 minutes 00 seconds EAST a distance of 381.84 feet to a concrete monument set at the mid-point of a semi-circle; thence continuing 424.115 feet on a curve to the right, having a central angle of 90 degrees 00 minutes 00 seconds, a radius of 270.00 feet, and a chord bearing SOUTH 54 degrees 20 minutes 00 seconds EAST a distance of 381.84 feet to a concrete monument set; thence SOUTH 09 degrees 20 minutes 00 seconds EAST a distance of 400.00 feet to a concrete monument set; thence NORTH 79 degrees 12 minutes 00 seconds EAST a distance of 135.00 feet to a concrete monument set; thence SOUTH 40 degrees 08 minutes 00 seconds EAST a distance of 130.89 feet to a point, said point being NORTH 20 degrees 04 minutes 10 seconds WEST a distance of 0.55 feet from a concrete monument found; thence NORTH 73 degrees 21 minutes 00 seconds EAST a distance of 219.20 feet to a concrete monument set; thence SOUTH 16 degrees 39 minutes 00 seconds EAST a distance of 100.00 feet to a concrete monument set on the beginning point of a curve; thence 240.91 feet on a curve to the left, having a central angle of 25 degrees 35 minutes 40 seconds, and a chord bearing NORTH 70 degrees 33 minutes 09 seconds EAST a distance of 238.91 feet to a concrete monument set on said curve and being at or near the boundary line between the City of Harrisburg on the west and Swatara Township on the east; thence continuing 379.06 feet along said curve to the left having a central angle of 40 degrees 16 minutes 18 seconds, a radius of 539.30 feet, and a chord bearing NORTH 37 degrees 37 minutes 10 seconds EAST a distance of 371.31 feet to a concrete monument set; thence NORTH 17 degrees 29 minutes 00 seconds EAST a distance of 116.40 feet to an iron rod set at a base of a tree, and being on the said western right-of-way line of 19th Street; thence along the western right-of-way line of 19th Street the following three (3) courses and distances; SOUTH 13 degrees 24 minutes 00 seconds EAST a distance of 220.00 feet to a concrete monument set at the corner of the division line between tract No. 1 and tract No. 2 in Deed Book I Volume 64, page 482; thence SOUTH 13 degrees 24 minutes 00 seconds EAST a distance of 417.89 feet to an iron rod found and replaced by a concrete monument set; thence 584.13 feet on a curve to the left, having a central angle of 33 degrees 28 minutes 00 seconds, a radius of 1,000.05 feet, and a chord bearing of SOUTH 30 degrees 08 minutes 00 seconds EAST a distance of 575.86 feet to an iron rod found and replaced by a concrete monument set, where the western right-of-way line intersects the northwesterly right-of-way line of Gibson Street, said point being SOUTH 85 degrees 39 minutes 28 seconds WEST a distance of 38.90 feet from a railroad spike found, where the physical center-line of

Gibson Street intersects the projection of the westerly concrete pavement edge of 19th Street; thence along the northwestern right-of-way line of Gibson Street the following two (2) courses and distances SOUTH 45 degrees 05 minutes 00 seconds WEST a distance of 950.61 feet to a point being a corner of tract No. 1 and tract No. 2 in Deed Book I Volume 64, page 482; thence SOUTH 45 degrees 05 minutes 00 seconds WEST a distance of 88.24 feet to a concrete monument set at the easterly most corner of land now or formerly Automotive Financial Services, Inc., said point being NORTH 45 degrees 29 minutes 15 seconds EAST a distance of 152.32 feet from an iron rod found; thence along the northeastern line of land now or formerly Automotive Financial Services, Inc. NORTH 50 degrees 39 minutes 00 seconds WEST a distance of 462.33 feet to an iron pipe found in concrete; thence along land now or formerly Automotive Financial Services, Inc., and William J. Rozman in part, SOUTH 43 degrees 11 minutes 20 seconds WEST a distance of 247.30 feet to an iron rod found; thence along land now or formerly Thomas J. Flynn in part, land now or formerly Downtown Car Wash in part, and land now or formerly Thomas Maslowski in part, NORTH 51 degrees 00 minutes 13 seconds WEST a distance of 462.78 feet to an iron rod found; thence along land now or formerly Pennsylvania Power and Light Company, Inc. the following three (3) courses and distances NORTH 42 degrees 58 minutes 06 seconds EAST a distance of 50.10 feet to a point near an existing well casing; thence NORTH 50 degrees 44 minutes 07 seconds WEST a distance of 385.57 feet to a concrete monument set; thence SOUTH 39 degrees 08 minutes 28 seconds WEST a distance of 50.00 feet to an iron rod found; thence along land now or formerly Pennsylvania Power and Light Company the following course SOUTH 39 degrees 08 minutes 28 seconds WEST a distance of 249.33 feet to an iron disc tablet found set in concrete; thence along the eastern right-of-way of Cameron Street the following six (6) courses and distances, NORTH 46 degrees 28 minutes 02 seconds WEST a distance of 148.11 feet to a brass disc set in concrete; thence NORTH 46 degrees 25 minutes 45 seconds EAST a distance of 32.40 feet to a concrete monument set; thence NORTH 42 degrees 00 minutes 08 seconds WEST a distance of 106.70 feet, to a point in Spring Creek; thence SOUTH 49 degrees 33 minutes 59 seconds WEST a distance of 26.00 feet to a brass disc set in concrete; thence NORTH 36 degrees 10 minutes 00 seconds WEST a distance of 209.90 feet to a railroad spike set in the Cameron Street entrance to the herein described parcel; thence - NORTH 33 degrees 00 minutes 00 seconds WEST a distance of 44.94 feet to the point or place of beginning. Containing 59.498 acres of land more or less.

EXHIBIT E

Form of Bill of Sale

[Attached]

BILL OF SALE

This BILL OF SALE (this "Bill of Sale") is dated as of _____, 2013 by THE HARRISBURG AUTHORITY, a municipal authority created and existing under the laws of the Commonwealth of Pennsylvania ("Seller"), in favor of LANCASTER COUNTY SOLID WASTE MANAGEMENT AUTHORITY, a municipal authority created and existing under the laws of the Commonwealth of Pennsylvania ("Buyer").

WHEREAS, Seller and Buyer are parties to that certain Asset Purchase Agreement, dated as of _____, 2013 (the "Purchase Agreement"), pursuant to which Seller, among other things, has agreed to sell, transfer, assign and deliver all of its right, title and interest in and to the Acquired Assets (as defined in the Purchase Agreement) to Buyer.

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein, for payment by Buyer to Seller of the Purchase Price (as defined in the Purchase Agreement) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, intending to be legally bound hereby, the parties hereto agree as follows:

1. Sale and Transfer of Acquired Assets. Seller hereby sells, transfers, assigns, conveys, grants and delivers to Buyer, effective as of the date hereof, all of Seller's right, title and interest in and to all of the Acquired Assets.
2. Further Actions. For no additional consideration, Seller covenants and agrees to take all steps reasonably necessary to establish the record of Buyer's title to the Acquired Assets and, at the request of Buyer, to execute and deliver further instruments of transfer and assignment and take such other action as Buyer may reasonably request to more effectively transfer and assign to and vest in Buyer each of the Acquired Assets.
3. Terms of the Purchase Agreement. The terms of the Purchase Agreement, including but not limited to Seller's representations, warranties, covenants, agreements and indemnities relating to the Acquired Assets, and limitations thereto, are incorporated herein by this reference. The parties acknowledge and agree that the representations, warranties, covenants, agreements and indemnities contained in the Purchase Agreement shall not be superseded hereby but shall remain in full force and effect to the full extent provided therein. In the event of any conflict or inconsistency between the terms of the Purchase Agreement and the terms hereof, the terms of the Purchase Agreement shall govern.
4. Headings. The headings contained in this Bill of Sale are intended solely for convenience and shall not affect the rights of the parties to this Bill of Sale.
5. Delivery. Facsimile and other electronically scanned signature of Seller shall be binding.
6. Governing Law. This Bill of Sale 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. Seller 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 Bill of Sale or

the matters contemplated hereby must be brought in the United States District Court for the Middle District of Pennsylvania or any state court sitting in Harrisburg, Pennsylvania, and Seller 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. Seller agrees that service of process on it as provided in Section 12.01 of the Purchase Agreement shall be deemed effective service of process on Seller.

[Signature Page Follows]

IN WITNESS WHEREOF, Seller has executed this Bill of Sale as of the day and year first above written.

THE HARRISBURG AUTHORITY
By its duly authorized representative:

By: _____
Name: _____
Title: _____

EXHIBIT F

Form of Assignment and Assumption Agreement

[Attached]

ASSIGNMENT AND ASSUMPTION AGREEMENT

This ASSIGNMENT AND ASSUMPTION AGREEMENT (this "Agreement") is dated and made 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 LANCASTER COUNTY SOLID WASTE MANAGEMENT AUTHORITY, a municipal authority created and existing under the laws of the Commonwealth of Pennsylvania ("Buyer").

WITNESSETH:

WHEREAS, Seller and Buyer are parties to that certain Asset Purchase Agreement, dated as of _____, 2013 (the "Purchase Agreement");

WHEREAS, in connection with the acquisition pursuant to the Purchase Agreement, Seller is assigning to Buyer all of Seller's right, title and interest in and to those Assumed Contracts set forth on Schedule A attached hereto and the Assumed Liabilities; and

WHEREAS, Seller desires to transfer and assign to Buyer all of Seller's right, title and interest in and to the Assumed Contracts and the Assumed Liabilities with respect thereto, and Buyer desires to assume Seller's obligations and liabilities with respect thereto.

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the parties agree as follows:

1. Capitalized Terms. Capitalized terms used but not otherwise defined herein shall have the meanings for such terms that are set forth in the Purchase Agreement.

2. Assignment and Assumption. Seller hereby assigns, sells, transfers and sets over (collectively, the "Assignment") to Buyer all of Seller's right, title, benefit, privilege and interest in and to, and all of Seller's obligations and liabilities in connection with or with respect to, the Assumed Contracts and Assumed Liabilities. Buyer hereby accepts the Assignment and assumes and agrees to perform all of the duties, obligations, terms, provisions and covenants, and to pay and discharge all of the liabilities of Seller with respect to, to be observed, performed, paid or discharged, arising in connection with or resulting from or which are the Assumed Liabilities with respect to the Assumed Contracts set forth on Schedule A attached hereto and, with respect to other liabilities of the Assumed Contracts and Assumed Liabilities from and after the Closing. Seller shall remain liable for, and Buyer assumes no liabilities of Seller with respect to, all of the obligations and liabilities of Seller which are not Assumed Liabilities.

3. Terms of the Purchase Agreement. Notwithstanding any other provisions of this instrument to the contrary, nothing contained herein shall in any way supersede, modify, replace, amend, change, rescind, waive, exceed, expand, enlarge or in any way affect the provisions, including warranties, covenants, agreements, conditions, representations or, in general any of the rights and remedies, and any of the obligations of Buyer or Seller set forth in the Purchase Agreement, including, without limitation, any indemnification specified therein. This Agreement is subject to and controlled by the terms of the Purchase Agreement.

4. Further Acts. Seller and Buyer shall execute and deliver to the other party, if the other party so requests, such further instruments, documents and agreements as may be reasonably necessary or appropriate to complete or further evidence either the foregoing assignment or the foregoing assumption.

5. Binding Obligation. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of each party to this Agreement as permitted by Section 12.04 of the Purchase Agreement.

6. Governing Law. This Agreement 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. Each of Seller and Buyer agrees 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 for recognition and enforcement of any judgment in respect hereof brought by any other party hereto or its successors or assigns 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 Seller and Buyer hereby consents 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 of Seller and Buyer agrees that service of process on it as provided in Section 12.01 of the Purchase Agreement shall be deemed effective service of process on it.

7. Amendment. This Agreement shall not be amended, supplemented or changed except by an agreement in writing that is signed by the parties hereto.

8. Counterparts. This Agreement may be executed in counterparts, each of which shall constitute an original and together shall constitute one and the same document. Facsimile and other electronically scanned signatures of the parties hereto shall be binding.

9. Headings. The headings contained in this Agreement are intended solely for convenience and shall not affect the rights of the parties to this Agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Assignment and Assumption Agreement as of the date 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: _____

SCHEDULE A

Assumed Contracts

[To Come]

EXHIBIT G

Form of Certificate of Non-Foreign Status

[Attached]

CERTIFICATE OF NON-FOREIGN STATUS

Section 1445 of the Internal Revenue Code of 1986, as amended (the "Code"), provides that under specified circumstances, a transferee of a United States real property interest must withhold tax if the transferor is a foreign person. For United States tax purposes (including Section 1445), the owner of a disregarded entity (which has legal title to a United States real property interest under local law) will be the transferor of the real property interest and not the disregarded entity. To inform LANCASTER COUNTY SOLID WASTE MANAGEMENT AUTHORITY, a municipal authority created and existing under the laws of the Commonwealth of Pennsylvania (the "Transferee"), that withholding of tax is not required upon the disposition of a United States real property interest by THE HARRISBURG AUTHORITY, a municipal authority created and existing under the laws of the Commonwealth of Pennsylvania (the "Transferor"), the undersigned hereby certifies the following:

1. The Transferor is not a foreign corporation, foreign partnership, foreign trust or foreign estate (as those terms are defined in the Code and Income Tax Regulations).
2. The Transferor is not a disregarded entity as defined in Section 1.1445-2(b)(2)(iii) of the United States Treasury Regulations.
3. The Transferor's United States taxpayer identification number is 23-6632234.
4. The Transferor's office address is 212 Locust Street, Suite 302, Harrisburg, Pennsylvania 17102.

The Transferor understands that this certification may be disclosed to the Internal Revenue Service by the Transferee and that any false statement contained herein could be punished by fine, imprisonment or both.

Under penalties of perjury, I declare that I have examined this certification and, to the best of my knowledge and belief, it is true, correct and complete, and I further declare that I have authority to sign this document on behalf of the Transferor.

Date: _____, 2013

THE HARRISBURG AUTHORITY
By its duly authorized representative:

By: _____
Name: _____
Title: _____

EXHIBIT H

Sources and Uses: Pricing Model

[Attached]

Sources & Uses
Lancaster County Solid Waste Management Authority
Revenue Bonds, Series 2013

SOURCES	Acquisition Bonds	Subordinate Bonds	Cash	Total
Par	108,725,000	24,000,000	-	132,725,000
Premium	5,696,022	-	-	5,696,022
RCAP	-	-	8,000,000	8,000,000
THA Indenture	-	-	8,000,000	8,000,000
Cash	-	-	5,956,000	5,956,000
Total	114,421,022	24,000,000	21,956,000	160,377,022

USES	Acquisition Bonds	Subordinate Bonds	Cash	Total
Acq. Price	101,886,365	23,850,000	5,000,000	130,736,365
Rehab Exp.	-	-	16,000,000	16,000,000
DSRF	9,471,500	-	-	9,471,500
Seller's Costs	1,600,000	-	-	1,600,000
COI	1,463,158	150,000	-	1,613,158
Diligence Costs	-	-	956,000	956,000
Total	114,421,022	24,000,000	21,956,000	160,377,022

* Will be reduced by \$500,000 deposit paid pursuant to Asset Purchase Agreement

Lancaster County Solid Waste Management Authority

Financing Assumptions

Initial Bond Sizing Assumptions

Dated Date: 7/31/2013
 Payment Dates: 12/15/2013

Financing Assumptions

Call Date: 12/15/2022
 Call Price: 100
 Min Coverage: 1.250
 Average Coverage: 1.418
 COI Variable: 0.75%
 COI Fixed: 605,000
 Seller's Costs: 1,600,000
 RCAP: 8,000,000
 Other Rehab Expense: 8,000,000
 First Interest Payment Date: 12/15/2013
 First Principal Payment Date: 12/15/2014
 Yr of First Prin. Pmt: 1
 Debt Service Reserve Fund: 10%
 Bond Issue Assumptions
 First Principal Payment Date: 12/15/2016
 Yr of First Prin. Pmt: 4

Other Costs

Cash: 5,000,000
 Due Diligence: 956,000

Subordinate Note

Subordinate Note Par: 24,000,000
 Cost of Issuance: 150,000

Cost of Issuance

Authority Counsel
 Underwriters Counsel: 65,000
 Bond Counsel: 75,000
 Financial Advisor: 45,000
 Trustee: 7,500
 Trustee Counsel: 10,000
 Independent Engineer: 250,000
 Rating Agencies: 130,000
 Priming: 2,500
 Miscellaneous: 20,000

Rating Agencies

Fitch: 55,000
 Moody's: 75,000
 S&P: 45,000

Coupon Assumptions

Period	Non-AMT
12/15/2013	5.00%
12/15/2014	5.00%
12/15/2015	5.00%
12/15/2016	5.00%
12/15/2017	5.00%
12/15/2018	5.00%
12/15/2019	5.00%
12/15/2020	5.00%
12/15/2021	5.00%
12/15/2022	5.00%
12/15/2023	5.00%
12/15/2024	5.00%
12/15/2025	5.00%
12/15/2026	5.00%
12/15/2027	5.00%
12/15/2028	5.00%
12/15/2029	5.00%
12/15/2030	5.00%
12/15/2031	5.00%
12/15/2032	5.00%

Rate Assumptions

Scale @ July 1

Non-AMT

Period	Active Rate	MMD	Spread
12/15/2013	0.85%	0.25%	0.60%
12/15/2014	1.30%	0.55%	0.75%
12/15/2015	1.80%	0.85%	0.91%
12/15/2016	2.15%	1.17%	0.98%
12/15/2017	2.60%	1.49%	1.01%
12/15/2018	2.89%	1.71%	1.09%
12/15/2019	3.10%	1.94%	1.16%
12/15/2020	3.35%	2.20%	1.15%
12/15/2021	3.65%	2.46%	1.19%
12/15/2022	3.80%	2.61%	1.19%
12/15/2023	3.95%	2.74%	1.21%
12/15/2024	4.45%	2.86%	
12/15/2025	4.45%	2.98%	
12/15/2026	4.45%	3.10%	1.22%
12/15/2027	4.75%	3.23%	
12/15/2028	4.75%	3.44%	
12/15/2029	4.75%	3.43%	
12/15/2030	4.75%	3.45%	
12/15/2031	4.75%	3.55%	
12/15/2032	4.75%	3.58%	1.17%

Rate Cushion

0.00%

Initial Sizing Checks

Coverage Escalation: GOOD
 TIC: GOOD

Bond Sizing Checks

Acquisition Price: GOOD
 TIC: GOOD

Notes

Annual surveillance fee
 No annual fee. Indicative rating fee is 75% of standard fee

Annual Fee

5,000

Date Corrected for Sizing Purposes

Date Corrected for Clawback Calculation

Year	Year Date	Months	Year Count	Revenue	Payment Date	Pmt Revenue	Date	Months	Principal	Interest	Annualized Principal	Annualized Interest	Annualized Debt
2013	9/15/2013	3	0	0	12/15/2013	2,485,450	9/15/2013	3	1,385,813	1,385,813	0	5,543,250	5,543,250
2013	12/15/2013	9	1	2,485,450			12/15/2013	9	4,157,438	4,157,438	0	5,543,250	5,543,250
2014	9/15/2014	3	1	7,456,351	12/15/2014	9,949,617	9/15/2014	3	565,000	1,385,813	2,095,000	5,522,063	7,617,063
2014	12/15/2014	9	2	2,993,266			12/15/2014	9	1,530,000	4,136,250	2,095,000	5,522,063	7,617,063
2015	9/15/2015	3	2	7,179,799	12/15/2015	9,552,742	9/15/2015	3	510,000	1,378,750	2,062,500	5,438,500	7,501,000
2015	12/15/2015	9	3	2,372,943			12/15/2015	9	1,552,500	4,059,750	2,062,500	5,438,500	7,501,000
2016	9/15/2016	3	3	7,118,828	12/15/2016	9,567,504	9/15/2016	3	517,500	1,353,250	2,385,000	5,335,375	7,720,375
2016	12/15/2016	9	4	2,448,675			12/15/2016	9	1,867,500	3,982,125	2,385,000	5,335,375	7,720,375
2017	9/15/2017	3	4	7,346,026	12/15/2017	10,073,774	9/15/2017	3	622,500	1,327,375	3,063,750	5,216,125	8,279,875
2017	12/15/2017	9	5	2,733,747			12/15/2017	9	2,441,250	3,888,750	3,063,750	5,216,125	8,279,875
2018	9/15/2018	3	5	8,201,242	12/15/2018	11,028,977	9/15/2018	3	813,750	1,296,250	3,566,250	5,062,938	8,629,188
2018	12/15/2018	9	6	2,827,735			12/15/2018	9	2,752,500	3,766,688	3,566,250	5,062,938	8,629,188
2019	9/15/2019	3	6	8,483,205	12/15/2019	11,490,505	9/15/2019	3	917,500	1,255,563	4,086,250	4,884,625	8,970,875
2019	12/15/2019	9	7	3,007,300			12/15/2019	9	3,168,750	3,629,063	4,086,250	4,884,625	8,970,875
2020	9/15/2020	3	7	9,021,901	12/15/2020	12,115,751	9/15/2020	3	1,056,250	1,209,688	4,487,500	4,680,313	9,167,813
2020	12/15/2020	9	8	3,093,850			12/15/2020	9	3,431,250	3,470,625	4,487,500	4,680,313	9,167,813
2021	9/15/2021	3	8	9,281,549	12/15/2021	12,435,830	9/15/2021	3	1,443,750	1,156,875	4,800,000	4,455,938	9,255,938
2021	12/15/2021	9	9	3,154,280			12/15/2021	9	3,656,250	3,299,063	4,800,000	4,455,938	9,255,938
2022	9/15/2022	3	9	9,462,841	12/15/2022	12,670,619	9/15/2022	3	1,218,750	1,089,688	5,107,500	4,215,938	9,323,438
2022	12/15/2022	9	10	3,207,777			12/15/2022	9	3,888,750	3,116,250	5,107,500	4,215,938	9,323,438
2023	9/15/2023	3	10	9,623,332	12/15/2023	12,907,425	9/15/2023	3	1,296,250	1,033,750	5,470,000	3,960,563	9,430,563
2023	12/15/2023	9	11	3,284,093			12/15/2023	9	4,173,750	2,921,813	5,470,000	3,960,563	9,430,563
2024	9/15/2024	3	11	9,852,278	12/15/2024	13,321,897	9/15/2024	3	1,391,250	973,938	5,880,000	3,687,063	9,567,063
2024	12/15/2024	9	12	3,369,619			12/15/2024	9	4,488,750	2,713,125	5,880,000	3,687,063	9,567,063
2025	9/15/2025	3	12	10,108,857	12/15/2025	13,565,957	9/15/2025	3	1,456,250	904,375	6,371,250	3,393,063	9,764,313
2025	12/15/2025	9	13	3,456,500			12/15/2025	9	4,875,000	2,488,688	6,371,250	3,393,063	9,764,313
2026	9/15/2026	3	13	10,369,500	12/15/2026	14,026,407	9/15/2026	3	1,625,000	829,563	7,028,750	3,074,500	10,103,250
2026	12/15/2026	9	14	3,656,907			12/15/2026	9	5,403,750	2,244,938	7,028,750	3,074,500	10,103,250
2027	9/15/2027	3	14	10,970,722	12/15/2027	14,730,104	9/15/2027	3	1,801,250	748,313	7,602,500	2,723,063	10,325,563
2027	12/15/2027	9	15	3,759,382			12/15/2027	9	5,801,250	1,974,750	7,602,500	2,723,063	10,325,563
2028	9/15/2028	3	15	11,278,147	12/15/2028	15,143,810	9/15/2028	3	1,933,750	658,250	8,155,000	2,342,938	10,487,938
2028	12/15/2028	9	16	3,865,662			12/15/2028	9	6,221,250	1,684,688	8,155,000	2,342,938	10,487,938
2029	9/15/2029	3	16	11,596,987	12/15/2029	15,572,863	9/15/2029	3	2,073,750	561,563	8,741,250	1,933,188	10,676,438
2029	12/15/2029	9	17	3,975,875			12/15/2029	9	6,667,500	1,375,625	8,741,250	1,933,188	10,676,438
2030	9/15/2030	3	17	11,927,626	12/15/2030	16,015,596	9/15/2030	3	2,222,500	457,875	9,358,750	1,498,125	10,856,875
2030	12/15/2030	9	18	4,087,970			12/15/2030	9	7,136,250	1,040,250	9,358,750	1,498,125	10,856,875
2031	9/15/2031	3	18	12,263,910	12/15/2031	16,468,204	9/15/2031	3	2,378,750	346,750	10,013,750	1,030,188	11,043,938
2031	12/15/2031	9	19	4,204,294			12/15/2031	9	7,695,000	683,438	10,013,750	1,030,188	11,043,938
2032	9/15/2032	3	19	12,612,883	12/15/2032	16,937,392	9/15/2032	3	2,545,000	227,813	10,590,000	428,938	11,018,938
2032	12/15/2032	9	20	4,324,510			12/15/2032	9	8,045,000	201,125	10,590,000	428,938	11,018,938
2033	9/15/2033	3	20	12,973,529	9/15/2033	12,973,529	9/15/2033	3	8,045,000	201,125	110,865,000	74,423,688	185,293,688
2033	12/15/2033	9	20	262,839,352		262,839,352	12/15/2033	9	110,865,000	74,423,688	110,865,000	74,423,688	185,293,688

Lancaster County Solid Waste Management Authority
HMERRF Sizing Model

Sizing Results

Coverage

Year	Date	Principled	Coussout	Yield	Price	Interest	Semi-Annual OS	Annual ES	WOI	ESIC	Face	Cash Flow	PN	Target Coverage
0.5	12/15/2013		0	5.00%	101.54	1,855,813	1,855,813	2,485,450	1,793x		0	114,582,171	1,831,240	
1.0	6/15/2014					2,771,623	2,771,623	3,846,617	1,613x		1	2,771,623	2,663,775	
1.5	12/15/2014	565,000	5.00%	1.80%	105.01	2,751,900	2,751,900	3,846,617	1,613x		2	3,846,617	3,134,679	1.250x
2.0	6/15/2015	2,040,000	5.00%	1.80%	107.40	2,706,500	2,706,500	3,846,617	1,254x		3	2,706,500	2,592,674	1.264x
2.5	12/15/2015	2,070,000	5.00%	1.35%	109.22	2,706,500	2,706,500	3,846,617	1,179x		4	2,706,500	2,375,585	1.278x
3.0	6/15/2016	2,490,000	5.00%	2.50%	110.29	2,654,750	2,654,750	3,846,617	1,192x		5	2,654,750	2,228,989	1.292x
3.5	12/15/2016	2,490,000	5.00%	2.80%	110.80	2,592,500	2,592,500	3,846,617	1,197x		6	2,592,500	2,078,187	1.307x
4.0	6/15/2017	3,255,000	5.00%	3.10%	110.91	2,511,125	2,511,125	3,846,617	1,322x		7	2,511,125	1,923,688	1.322x
4.5	12/15/2017	3,670,000	5.00%	3.35%	110.70	2,419,375	2,419,375	3,846,617	1,377x		8	2,419,375	1,771,211	1.396x
5.0	6/15/2018	4,225,000	5.00%	3.65%	109.86	2,313,750	2,313,750	3,846,617	1,331x		9	2,313,750	1,618,271	1.352x
5.5	12/15/2018	4,575,000	5.00%	3.80%	109.38	2,199,375	2,199,375	3,846,617	1,366x		10	2,199,375	1,470,508	1.366x
6.0	6/15/2019	5,185,000	5.00%	3.55%	106.15	2,077,500	2,077,500	3,846,617	1,382x		11	2,077,500	1,327,456	1.382x
6.5	12/15/2019	5,565,000	5.00%	4.45%	104.17	1,947,875	1,947,875	3,846,617	1,398x		12	1,947,875	1,186,468	1.397x
7.0	6/15/2020	5,985,000	5.00%	4.45%	104.17	1,808,750	1,808,750	3,846,617	1,413x		13	1,808,750	1,055,478	1.413x
7.5	12/15/2020	6,590,000	5.00%	4.45%	104.17	1,659,125	1,659,125	3,846,617	1,429x		14	1,659,125	925,231	1.429x
8.0	6/15/2021	7,205,000	5.00%	4.45%	104.17	1,496,625	1,496,625	3,846,617	1,444x		15	1,496,625	797,589	1.444x
8.5	12/15/2021	7,735,000	5.00%	4.75%	101.87	1,316,500	1,316,500	3,846,617	1,461x		16	1,316,500	670,492	1.461x
9.0	6/15/2022	8,295,000	5.00%	4.75%	101.87	1,123,125	1,123,125	3,846,617	1,477x		17	1,123,125	546,640	1.477x
9.5	12/15/2022	8,890,000	5.00%	4.75%	101.87	915,750	915,750	3,846,617	1,494x		18	915,750	425,842	1.494x
10.0	6/15/2023	9,515,000	5.00%	4.75%	101.87	693,500	693,500	3,846,617	1,510x		19	693,500	308,283	1.510x
10.5	12/15/2023	10,180,000	5.00%	4.75%	101.87	455,625	455,625	3,846,617	1,527x		20	455,625	193,545	1.527x
11.0	6/15/2024	10,945,000	5.00%	4.75%	101.87	204,125	204,125	3,846,617	1,578x		21	204,125	8,246,135	1.578x
11.5	12/15/2024	11,800,000	5.00%	4.75%	101.87			3,846,617			22		8,246,135	1.585x
12.0	6/15/2025	12,750,000	5.00%	4.75%	101.87								8,246,135	1.618x
12.5	12/15/2025	13,795,000	5.00%	4.75%	101.87									1.648x
13.0	6/15/2026	14,935,000	5.00%	4.75%	101.87									1.680x
13.5	12/15/2026	16,170,000	5.00%	4.75%	101.87									1.714x
14.0	6/15/2027	17,500,000	5.00%	4.75%	101.87									1.750x
14.5	12/15/2027	18,935,000	5.00%	4.75%	101.87									1.788x
15.0	6/15/2028	20,475,000	5.00%	4.75%	101.87									1.828x
15.5	12/15/2028	22,120,000	5.00%	4.75%	101.87									1.870x
16.0	6/15/2029	23,870,000	5.00%	4.75%	101.87									1.914x
16.5	12/15/2029	25,725,000	5.00%	4.75%	101.87									1.960x
17.0	6/15/2030	27,685,000	5.00%	4.75%	101.87									2.008x
17.5	12/15/2030	29,750,000	5.00%	4.75%	101.87									2.058x
18.0	6/15/2031	31,920,000	5.00%	4.75%	101.87									2.110x
18.5	12/15/2031	34,195,000	5.00%	4.75%	101.87									2.164x
19.0	6/15/2032	36,675,000	5.00%	4.75%	101.87									2.220x
19.5	12/15/2032	39,360,000	5.00%	4.75%	101.87									2.278x
20.0	6/15/2033	42,250,000	5.00%	4.75%	101.87									2.338x
		110,865,000			5,192,704	74,424,688	185,293,658	185,293,658	252,839,352			70,711,817	116,582,271	1.418x

ADJUSTMENTS

Start for coverage growth	110,865,000
Pr	5,192,704
Premium	8,000,000
HA Underwrite	8,000,000
COI	3,855,000
Cash	21,355,000
Total	138,013,704

EMERGENCY CASE

Per	110,865,000	110,865,000
COI	5,192,704	5,192,704
HA Underwrite	8,000,000	8,000,000
Premium	8,000,000	8,000,000
Total	132,057,704	132,057,704

USERS

Agg. Price	101,897,001	5,000,000	106,897,001
Rehab Exp.	11,095,250	16,000,000	27,095,250
OSRF	1,800,000	-	1,800,000
Seller's Cost	1,473,483	956,000	2,429,483
COI	116,556,704	21,355,000	137,911,704

YIELD CALCULATION

Per	120,865,000
+Hem/Obcount	5,192,704
-COI/DMV Discount	11,275,453
Target Value	114,782,251
Yield	4.586%

Goalseek

Goalseek #1	1.12%
Goalseek #2	0.00%

Minimum Coverage

Minimum Coverage	1.264x
Average Coverage	1.418x

Lancaster County Solid Waste Management Authority
HMERRF Sizing Model - New Re-Amortized Acquisition Debt

Sizing Results

Year	Date	Principal	Coupon	Yield	Price	Interest	Semi-Annual DS	Annual DS	DC WOI	DC DSC	Year	Cash Flows	PV
0.5	12/15/2013	0	5.00%	0.85%	101.54	1,359,063	1,359,063	1,359,063	2,485,450	1.829%	0	1,359,063	1,236,479
1.0	6/15/2014	0	5.00%	1.30%	105.02	2,718,125	2,718,125	2,718,125	5,436,250	1.812%	1	2,718,125	2,613,900
1.5	12/15/2014	0	5.00%	1.80%	107.40	2,718,125	2,718,125	2,718,125	5,436,250	1.757%	2	2,718,125	2,496,147
2.0	6/15/2015	0	5.00%	2.15%	108.22	2,718,125	2,718,125	2,718,125	5,436,250	1.704%	3	2,718,125	2,444,441
2.5	12/15/2015	4,083,000	5.00%	2.15%	108.22	2,718,125	2,718,125	2,718,125	5,436,250	1.651%	4	2,718,125	2,390,433
3.0	6/15/2016	4,083,000	5.00%	2.15%	108.22	2,718,125	2,718,125	2,718,125	5,436,250	1.600%	5	2,718,125	2,337,162
3.5	12/15/2016	4,235,000	5.00%	2.50%	110.23	2,612,750	2,612,750	2,612,750	5,225,500	1.550%	6	2,612,750	2,284,631
4.0	6/15/2017	4,235,000	5.00%	2.50%	110.23	2,612,750	2,612,750	2,612,750	5,225,500	1.500%	7	2,612,750	2,232,849
4.5	12/15/2017	4,445,000	5.00%	2.80%	110.90	2,513,375	2,513,375	2,513,375	5,026,750	1.450%	8	2,513,375	2,181,817
5.0	6/15/2018	4,445,000	5.00%	2.80%	110.90	2,513,375	2,513,375	2,513,375	5,026,750	1.400%	9	2,513,375	2,131,546
5.5	12/15/2018	4,670,000	5.00%	3.10%	110.91	2,400,250	2,400,250	2,400,250	4,800,500	1.350%	10	2,400,250	2,081,538
6.0	6/15/2019	4,670,000	5.00%	3.10%	110.91	2,400,250	2,400,250	2,400,250	4,800,500	1.300%	11	2,400,250	2,032,792
6.5	12/15/2019	4,900,000	5.00%	3.35%	110.70	2,283,500	2,283,500	2,283,500	4,567,000	1.250%	12	2,283,500	1,984,407
7.0	6/15/2020	4,900,000	5.00%	3.35%	110.70	2,283,500	2,283,500	2,283,500	4,567,000	1.200%	13	2,283,500	1,936,484
7.5	12/15/2020	5,145,000	5.00%	3.65%	109.66	2,161,000	2,161,000	2,161,000	4,322,000	1.150%	14	2,161,000	1,889,125
8.0	6/15/2021	5,145,000	5.00%	3.65%	109.66	2,161,000	2,161,000	2,161,000	4,322,000	1.100%	15	2,161,000	1,842,431
8.5	12/15/2021	5,405,000	5.00%	3.80%	109.38	2,032,375	2,032,375	2,032,375	4,064,750	1.050%	16	2,032,375	1,796,404
9.0	6/15/2022	5,405,000	5.00%	3.80%	109.38	2,032,375	2,032,375	2,032,375	4,064,750	1.000%	17	2,032,375	1,751,044
9.5	12/15/2022	5,675,000	5.00%	3.95%	108.15	1,897,250	1,897,250	1,897,250	3,794,500	0.950%	18	1,897,250	1,706,884
10.0	6/15/2023	5,675,000	5.00%	3.95%	108.15	1,897,250	1,897,250	1,897,250	3,794,500	0.900%	19	1,897,250	1,663,924
10.5	12/15/2023	5,980,000	5.00%	4.45%	104.17	1,755,375	1,755,375	1,755,375	3,510,750	0.850%	20	1,755,375	1,622,164
11.0	6/15/2024	5,980,000	5.00%	4.45%	104.17	1,755,375	1,755,375	1,755,375	3,510,750	0.800%	21	1,755,375	1,581,604
11.5	12/15/2024	6,255,000	5.00%	4.45%	104.17	1,606,375	1,606,375	1,606,375	3,212,750	0.750%	22	1,606,375	1,542,244
12.0	6/15/2025	6,255,000	5.00%	4.45%	104.17	1,606,375	1,606,375	1,606,375	3,212,750	0.700%	23	1,606,375	1,504,084
12.5	12/15/2025	6,570,000	5.00%	4.45%	104.17	1,458,000	1,458,000	1,458,000	2,916,000	0.650%	24	1,458,000	1,467,124
13.0	6/15/2026	6,570,000	5.00%	4.45%	104.17	1,458,000	1,458,000	1,458,000	2,916,000	0.600%	25	1,458,000	1,431,364
13.5	12/15/2026	6,900,000	5.00%	4.45%	104.17	1,285,750	1,285,750	1,285,750	2,571,500	0.550%	26	1,285,750	1,396,804
14.0	6/15/2027	6,900,000	5.00%	4.45%	104.17	1,285,750	1,285,750	1,285,750	2,571,500	0.500%	27	1,285,750	1,363,444
14.5	12/15/2027	7,240,000	5.00%	4.75%	101.87	1,113,250	1,113,250	1,113,250	2,226,500	0.450%	28	1,113,250	1,331,284
15.0	6/15/2028	7,240,000	5.00%	4.75%	101.87	1,113,250	1,113,250	1,113,250	2,226,500	0.400%	29	1,113,250	1,300,324
15.5	12/15/2028	7,605,000	5.00%	4.75%	101.87	992,250	992,250	992,250	1,984,500	0.350%	30	992,250	1,270,564
16.0	6/15/2029	7,605,000	5.00%	4.75%	101.87	992,250	992,250	992,250	1,984,500	0.300%	31	992,250	1,241,904
16.5	12/15/2029	7,985,000	5.00%	4.75%	101.87	872,125	872,125	872,125	1,744,250	0.250%	32	872,125	1,214,444
17.0	6/15/2030	7,985,000	5.00%	4.75%	101.87	872,125	872,125	872,125	1,744,250	0.200%	33	872,125	1,188,184
17.5	12/15/2030	8,385,000	5.00%	4.75%	101.87	742,125	742,125	742,125	1,484,250	0.150%	34	742,125	1,163,124
18.0	6/15/2031	8,385,000	5.00%	4.75%	101.87	742,125	742,125	742,125	1,484,250	0.100%	35	742,125	1,139,264
18.5	12/15/2031	8,805,000	5.00%	4.75%	101.87	612,125	612,125	612,125	1,224,250	0.050%	36	612,125	1,116,004
19.0	6/15/2032	8,805,000	5.00%	4.75%	101.87	612,125	612,125	612,125	1,224,250	0.000%	37	612,125	1,093,444
19.5	12/15/2032	9,210,000	5.00%	4.75%	101.87	482,125	482,125	482,125	964,250	0.000%	38	482,125	1,071,584
20.0	6/15/2033	9,210,000	5.00%	4.75%	101.87	482,125	482,125	482,125	964,250	0.000%	39	482,125	1,050,424
20.5	12/15/2033	9,615,000	5.00%	4.75%	101.87	352,125	352,125	352,125	704,250	0.000%	40	352,125	1,029,864
Total		308,725,000				69,220,313	177,943,313	267,163,352				112,957,885	

ADRESS	Bonds	Cash	Total
-Non-AMT			
No County			
SOURCES			
Par	108,725,000	-	108,725,000
Premium	5,696,022	-	5,696,022
RECAP	-	8,000,000	8,000,000
TWA Indenture	-	8,000,000	8,000,000
Cash	-	5,856,000	5,856,000
Total	114,421,022	21,856,000	136,277,022
USES			
Acn. Price	101,866,365	5,000,000	106,866,365
Rehab Exp.	-	16,000,000	16,000,000
DSRF	9,472,500	-	9,472,500
Seller's Costs	1,600,000	-	1,600,000
COI	1,462,158	956,000	2,418,158
Total	114,421,022	21,956,000	136,377,022

YIELD CALCULATION	Yield
Par	4.519%
+Premium (Discount)	
-COI/DSRF Discount	
Target Value	4.519%
Yield	4.519%

Goal Sheet	Goal Sheet #1	Goal Sheet #2
Goal Sheet #1	9,469,021	
Annual Debt Service	(4,656)	
Set to zero		
Goal Sheet #2		4.52%
Yield		0.00%
Set to zero		
Rounding Error		(4,656)
Rounding Error		

Electric Rate Structure	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Net Operating Income	\$13,136,371	\$13,478,476	\$13,825,999	\$14,627,629	\$15,037,530	\$15,462,650	\$15,903,501	\$16,351,880	\$16,817,177	\$17,298,039
Forecasted NOI	\$12,259,731	\$12,437,181	\$12,693,606	\$13,134,225	\$13,423,231	\$14,697,113	\$14,947,013	\$15,199,625	\$15,461,513	\$15,426,513
NOI Clawback Threshold										
Debt Service	\$9,430,563	\$9,567,063	\$9,764,313	\$10,103,250	\$10,325,563	\$10,497,938	\$10,676,438	\$10,856,875	\$11,043,938	\$11,018,938
Coverages										
Forecasted Coverage	1.393x	1.409x	1.416x	1.448x	1.456x	1.473x	1.490x	1.516x	1.523x	1.570x
Actual Coverage	1.394x	1.410x	1.428x	1.444x	1.462x	1.480x	1.498x	1.524x	1.534x	1.533x
Target Clawback Coverage	1.300x	1.300x	1.300x	1.300x	1.300x	1.400x	1.400x	1.400x	1.400x	1.400x
Forecast Maximum Clawback	\$876,639	\$1,041,294	\$1,132,393	\$1,493,404	\$1,614,298	\$765,537	\$956,489	\$1,259,398	\$1,355,664	\$1,871,526
Contracted Rates	\$0.0531	\$0.0548	\$0.0564	\$0.0581	\$0.0602	\$0.0624	\$0.0647	\$0.0669	\$0.0693	\$0.0717
Electric Expense to DGS (based on contracted rates)	\$6,016,010	\$6,221,857	\$6,436,404	\$6,640,280	\$6,894,983	\$7,157,094	\$7,427,857	\$7,697,563	\$7,976,715	\$8,263,204
Hypothetical Market Rates (for illustrative purposes only)	\$0.0631	\$0.0600	\$0.0464	\$0.0481	\$0.0700	\$0.0650	\$0.0650	\$0.0600	\$0.0600	\$0.0600
Hypothetical Market Electric Expense to DGS	\$7,256,500	\$6,900,000	\$5,336,000	\$5,531,500	\$8,050,000	\$7,475,000	\$7,475,000	\$6,900,000	\$6,900,000	\$6,900,000
Suspended Credit Adjustment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$797,563	-\$278,949	-\$508,322
Suspended Credit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$797,563	\$518,614	\$10,292
Escrow Account Adjustment	-\$1,240,490	-\$678,143	\$1,090,404	\$1,108,780	-\$1,159,017	-\$317,906	-\$47,143	\$0	\$1,355,664	\$1,871,526
Escrow Balance	-\$1,240,490	-\$1,918,633	-\$828,229	\$280,550	-\$874,466	-\$1,192,372	-\$1,239,515	-\$1,239,515	\$116,149	\$1,987,676
							DGS IS PAID	\$1,987,676		

*The \$13,740,448 Forecasted NOI is for illustrative purposes only to show that no payment is made to escrow account as LCSWMA did not meet debt service. Actual NOI forecasted by LCSWMA is \$15,740,448.

- Notes:
- 1). Escrow account will be established which LCSWMA will fund annually should the market rates be below the Contracted Rates, subject to the Target Clawback Coverage
 - 2). Escrow account will receive credits (not funding) should market rates exceed the Contracted Rates
 - 3). Escrow account funds, if any, will be distributed to DGS at the expiration of the contract after true up for final year of contract is made

SRMC Proforma - Purchase @ \$106.775 Million

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Total Transfer Expense	\$1,084,271	\$1,108,667	\$1,133,612	\$1,158,602	\$579,251	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Ash Disposal & Transfer Expenses	\$1,084,271	\$1,108,667	\$1,133,612	\$1,158,602	\$579,251	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Fees to Municipalities													
Swatara Township Per Ton Ash Fee (Ash Host)	\$0.00	\$0.00	\$0.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00
Swatara Township (Ash Host)	\$0	\$0	\$0	\$83,405	\$83,405	\$83,405	\$83,405	\$83,405	\$83,405	\$83,405	\$83,405	\$83,405	\$83,405
City Per Ton Host Fee (Inflated @ 2.25% for CPI)	\$1.00	\$1.02	\$1.05	\$1.07	\$1.09	\$1.12	\$1.14	\$1.17	\$1.19	\$1.22	\$1.25	\$1.28	\$1.31
City Total Host Fee	\$293,450	\$300,053	\$306,814	\$313,718	\$320,770	\$327,894	\$335,374	\$342,919	\$350,635	\$358,524	\$366,591	\$374,840	\$383,273
City Per Ton Rebate (over 36,000 tons)	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100
City Total Rebate	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000
City Electric Rebate - Eligible Rate	\$0.0002	\$0.0012	\$0.0029	\$0.0040	\$0.0057	\$0.0070	\$0.0084	\$0.0103	\$0.0112	\$0.0116	\$0.0131	\$0.0148	\$0.0164
City Total Electric Rebate	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Perry County Per Ton Admin Fee	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00
Perry County Total Admin Fee	\$26,000	\$26,000	\$26,000	\$26,000	\$26,000	\$26,000	\$26,000	\$26,000	\$26,000	\$26,000	\$26,000	\$26,000	\$26,000
Dauphin County Per Ton Admin Fee	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Dauphin County Total Admin Fee	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cumberland County Per Ton Admin Fee	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50
Cumberland County Total Admin Fee	\$59,000	\$59,000	\$59,000	\$59,000	\$59,000	\$59,000	\$59,000	\$59,000	\$59,000	\$59,000	\$59,000	\$59,000	\$59,000
Schuylkill County Per Ton Admin Fee	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00
Schuylkill County Total Admin Fee	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000
Total Host Fees to Municipalities	\$471,860	\$478,463	\$485,214	\$492,023	\$498,582	\$505,299	\$512,179	\$519,226	\$526,441	\$533,830	\$541,397	\$549,146	\$557,079
DEP Fees													
Recycling Fee Per Ton	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00
Total Recycling Fee	\$548,720	\$548,720	\$548,720	\$548,720	\$548,720	\$548,720	\$548,720	\$548,720	\$548,720	\$548,720	\$548,720	\$548,720	\$548,720
Ash 90 Fee Per Ton (Ash)	\$0.00	\$0.00	\$0.00	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00
Total Ash 90 Fee (Ash)	\$0	\$0	\$0	\$333,622	\$333,622	\$333,622	\$333,622	\$333,622	\$333,622	\$333,622	\$333,622	\$333,622	\$333,622
Env Stewardship Fund Fee Per Ton (Ash)	\$0.00	\$0.00	\$0.00	\$0.25	\$0.25	\$0.25	\$0.25	\$0.25	\$0.25	\$0.25	\$0.25	\$0.25	\$0.25
Total Env Stewardship Fund Fee (Ash)	\$0	\$0	\$0	\$20,851	\$20,851	\$20,851	\$20,851	\$20,851	\$20,851	\$20,851	\$20,851	\$20,851	\$20,851
Total DEP Fees	\$548,720	\$548,720	\$548,720	\$903,193	\$903,193	\$903,193	\$903,193	\$903,193	\$903,193	\$903,193	\$903,193	\$903,193	\$903,193
Total Utilities	\$1,259,600	\$1,328,841	\$1,368,740	\$1,380,312	\$1,420,571	\$1,452,534	\$1,485,216	\$1,518,633	\$1,552,803	\$1,587,741	\$1,623,468	\$1,659,999	\$1,697,343
Total Insurance	\$300,000	\$306,750	\$313,652	\$320,709	\$327,925	\$335,303	\$342,848	\$350,562	\$358,449	\$366,514	\$374,761	\$383,193	\$391,815
Total Permit Expenses	\$20,000	\$20,450	\$20,910	\$21,381	\$21,862	\$22,354	\$22,857	\$23,371	\$23,897	\$24,434	\$24,984	\$25,546	\$26,121
Total Site Wages	\$400,000	\$409,000	\$418,200	\$427,612	\$437,238	\$447,071	\$457,130	\$467,416	\$477,932	\$488,688	\$499,681	\$510,924	\$522,420
Total Site Maintenance	\$250,000	\$260,000	\$269,000	\$278,000	\$287,125	\$296,373	\$305,745	\$315,242	\$324,865	\$334,617	\$344,497	\$354,506	\$364,645
Total Misc Expenses (including Electric Admin)	\$180,000	\$184,000	\$188,191	\$192,425	\$196,765	\$201,192	\$205,709	\$210,337	\$215,070	\$219,909	\$224,857	\$229,816	\$235,089
TOTAL EXPENSES	\$18,863,167	\$19,239,582	\$19,614,322	\$20,730,886	\$20,109,043	\$19,829,073	\$20,332,612	\$20,751,501	\$21,172,618	\$21,600,758	\$22,044,004	\$22,489,599	\$22,963,940
1		2	3	4	5	6	7	8	9	10	11	12	13
8/15/2014		9/15/2015	9/15/2016	9/15/2017	9/15/2018	9/15/2019	9/15/2020	9/15/2021	9/15/2022	9/15/2023	9/15/2024	9/15/2025	9/15/2026
1/31/2016		1/31/2016	1/31/2017	1/31/2018	1/31/2019	1/31/2020	1/31/2021	1/31/2022	1/31/2023	1/31/2024	1/31/2025	1/31/2026	
7/31/2014		7/31/2015	7/31/2016	7/31/2017	7/31/2018	7/31/2019	7/31/2020	7/31/2021	7/31/2022	7/31/2023	7/31/2024	7/31/2025	7/31/2026
FINANCIAL SUMMARY													
Net Operating Income	\$9,941,801	\$0,573,085	\$8,491,771	\$8,784,702	\$10,094,889	\$11,310,040	\$12,039,282	\$12,875,389	\$12,817,122	\$12,831,110	\$13,136,371	\$12,478,476	\$13,825,999
Bond Principal	\$0	\$2,095,000	\$2,062,500	\$2,395,000	\$3,063,750	\$3,566,250	\$4,086,250	\$4,487,500	\$4,800,000	\$5,107,500	\$5,470,000	\$5,888,000	\$6,371,250
Bond Interest	\$5,543,250	\$5,522,063	\$5,438,500	\$5,335,375	\$5,216,125	\$5,082,938	\$4,984,825	\$4,880,313	\$4,755,036	\$4,615,936	\$4,500,563	\$4,387,063	\$4,389,063
Bond Debt Service	\$5,543,250	\$7,617,063	\$7,501,000	\$7,720,375	\$8,279,875	\$8,629,188	\$8,970,075	\$9,187,813	\$9,255,036	\$9,323,436	\$9,430,563	\$9,567,063	\$9,764,313
Debt Service Coverage	1.78	1.20	1.27	1.27	1.32	1.31	1.34	1.35	1.36	1.36	1.38	1.41	1.42
Subordinate Debt (Interest Only)	\$240,000	\$240,000	\$240,000	\$240,000	\$240,000	\$240,000	\$240,000	\$240,000	\$240,000	\$240,000	\$240,000	\$240,000	\$240,000
Site Remediation	\$750,000												
Capital Expenditures-RAOP Funds/Borrow	\$8,000,000	\$4,000,000	\$2,500,000	\$1,500,000									
Capital Expenditures-LGSWMA Project Cash				\$500,000	\$500,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000
NET SURPLUS	\$3,408,551	\$1,716,003	\$1,750,771	\$1,384,327	\$1,915,114	\$441,752	\$618,327	\$967,587	\$1,121,184	\$1,267,672	\$1,465,808	\$1,671,413	\$1,821,687

EXHIBIT I

DGS Power Purchase Agreement

[Attached]

Intergovernmental Power
Purchase and Sale Agreement

_____, 2013

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EXHIBIT E – CLOSING DS SCHEDULE

Intergovernmental Power Purchase and Sale Agreement

THIS INTERGOVERNMENTAL POWER PURCHASE AND SALE AGREEMENT is made this _____ day of _____, 2013, by and between the Commonwealth of Pennsylvania, acting through the Department of General Services (the "Commonwealth"), and the Borough of Columbia (the "Borough"), a political subdivision of the Commonwealth of Pennsylvania.

Background. The Lancaster County Solid Waste Management Authority (the "Authority"), a municipal authority organized and existing under the laws of the Commonwealth of Pennsylvania, is in the process of acquiring and shall own the 800 ton-per-day, three unit, mass burn, waste-to-energy facility (the "Facility") located in the City of Harrisburg and Swatara Township, Dauphin County, Pennsylvania. For purposes of this Agreement the Facility has two components, the Mass Burn Facility and the Electrical Plant.

Under the Pennsylvania Authorities Act, the Authority is empowered to own and operate the Mass Burn Facility and sell steam. The Authority leases the Electrical Plant to the Borough. The Authority sells steam generated by the Mass Burn Facility to the Borough to power the Electrical Plant. Under the Pennsylvania Borough Code, a borough is empowered to operate an electrical plant and sell Electricity and Capacity. The Commonwealth desires to purchase, and the Borough desires to sell, Electricity and Capacity to the Commonwealth for use at certain facilities of the Commonwealth under the terms and conditions of this Agreement.

The Commonwealth is a public procurement unit pursuant to Section 1901 of the Pennsylvania Procurement Code. The Borough is also a public procurement unit pursuant to Section 1901 of the Procurement Code. Pursuant to Section 1903 of the Procurement Code, the Borough, as a public procurement unit, may provide the Commonwealth, as another public procurement unit, with Electricity and Capacity, independent of the requirements for procurement set forth in the Procurement Code, §1903. The parties desire to enter into an agreement for the provision of Electricity and Capacity from the Borough to the Commonwealth in exchange for payment by the Commonwealth to compensate the Borough in accordance with Section 1903 of the Procurement Code.

Capitalized terms and acronyms when used in this Agreement shall have the meanings set forth in the attached Exhibit C unless the context shall clearly indicate to the contrary.

NOW, THEREFORE, with the foregoing Background paragraphs incorporated by reference as a material part of this Agreement, and for and in consideration of the mutual promises set forth below, the parties agree, with the intention of being legally bound, as follows:

SECTION I. GENERAL TERMS.

1.1 **Purpose.** The purpose of this Agreement is for the sale by the Borough of the Electricity and Capacity generated by the Electric Plant and purchase of such Electricity and

Capacity by the Commonwealth to be used by the DGS Portfolio on a long term consistent price basis.

1.2 **Binding Terms.** The Commonwealth and the Borough agree to be bound to the terms and conditions of this Agreement and Exhibits A through E, which are hereby incorporated as part of this Agreement.

1.3 **Standard Commonwealth Contract Provisions.** In operation of the Electric Plant, the Borough shall comply with the following standard Commonwealth contract provisions, which are attached as Exhibit B and made part of this Agreement: Nondiscrimination/Sexual Harassment Clause, Contractor Integrity Provisions, Contractor Responsibility Provisions, Provisions Concerning the Americans with Disabilities Act, and Covenant Against Contingent Fees.

1.4 **Term.** The term of this Agreement is twenty (20) Years, from the Effective Date in calendar year 2013 through the twentieth anniversary of the Effective Date in calendar year 2033. This Agreement will become effective upon execution by all necessary Commonwealth officials as required by law and the Authority's completion of the acquisition of the Facility.

1.5 **Notices.**

Notices to the Commonwealth shall be given as follows, or to such other address as may be provided in writing by the applicable party:

Commonwealth of Pennsylvania
Department of General Services, Bureau of Procurement
555 Walnut Street, Forum Place, 6th Floor
Harrisburg, PA 17101-1914
Attention: Greg Knerr
Phone: (717) 703-2935
Fax (717) 346-3820
E-mail: gknerr@pa.gov

Notices to the Borough shall be given both to:

Sam Sulkowski, Borough Manager
Borough of Columbia
308 Locust Street
Columbia, PA 17512
Phone: (717) 684-2467
Fax (717)
E-mail: Colamanager@comcast.net

and

James D. Warner, CEO
Lancaster County Solid Waste Management Authority
1299 Harrisburg Pike, P.O. Box 4425
Lancaster, PA 17604
Phone: (717) 397-9968
Fax (717) 397-9973
E-mail: jwarner@lcswma.org

1.6 **Contracting Officer.** The designated Commonwealth Contracting Officer ("CO") is Greg Knerr at (717) 703-2935. By written notice to the Borough, the CO may designate a representative who will serve as the point of contact for the Agreement during the term of the Agreement. The Commonwealth from time to time by written notice to the Borough may designate a new CO.

SECTION II. SALES, PURCHASES AND COSTS. Subject to the terms and conditions set forth in this Agreement:

2.1 **Electricity Sales and Purchases.** For the electric usage needs of the DGS Portfolio, subject to Section 4.1 below, the Borough shall provide to the Commonwealth and the Commonwealth shall purchase from the Borough:

(a) subject to Section 2.6 and 2.7 below, the Net Electric Output of the Electric Plant at the Contracted Electric Rate; and

(b) all Capacity available from the Electric Plant at the price set forth in Section 2.8.

2.2 **Borough Responsibilities and Costs.** Subject to Section 4.1 below, the Borough shall provide Electricity and Capacity to the Commonwealth by delivering electricity to the Delivery Point.

(a) Upon the Effective Date of this Agreement, the Borough shall notify the Electric Distribution Company of Borough's selection as the supplier to the Commonwealth as applicable.

(b) The Borough shall designate an Electric Manager (the "Electric Manager") to manage the Net Electric Output to the extent the Net Electric Output exceeds the DGS Portfolio usage ("Excess Net Electric Output") as provided in Section 2.7. The functions of the Electric Manager will include managing the Borough's Capacity as provided in Section 2.8. It is likely that the Borough will select the same entity as Electric Manager as the Commonwealth selects as Electricity Provider. If the Commonwealth's Electricity Provider and the Borough's Electric Manager are the same entity, then the Commonwealth will contract with the Electricity Provider/Electric Manager and the Borough and the Commonwealth will agree upon a reasonable fee to be paid by the Borough to the Commonwealth to cover the incremental costs of the Commonwealth's Electricity Provider performing the functions of the Borough's Electric Manager. It is anticipated that the Electric Manager and/or Electricity Provider would provide some or all of the following services on behalf of the Borough and/or the

Commonwealth: (i) wholesale services for the Borough including: (A) creation of a sub-account for the Borough with PJM; (B) entry into a Declaration of Authority agreement with energy marketer; (C) energy scheduling into the market; (D) assistance in qualifying the Borough as an energy source and capacity resource in the PJM base residual and incremental auctions; (E) settlement of all sales including excess power into the spot market; and (F) handling all transfers of titled power through wholesale agreements from the Borough to energy marketers; and (ii) retail services for the Commonwealth including: (A) providing all ancillaries; (B) add on costs for renewable portfolio standards; (C) billing; (D) procurement transaction for additional generation capacity above the amount supplied by the Borough; (E) procurement transactions for additional energy above the amount supplied by the Borough; and (F) all transmission needs.

(c) The Borough and the Authority will be responsible for any federal, state or local taxes upon their respective incomes.

2.3 Commonwealth Responsibilities and Costs.

(a) The Commonwealth will select, and shall cover the costs of, an Electricity Provider to provide any additional Electricity and capacity to: fulfill the needs of the DGS Portfolio; manage the scheduling of the Electrical Plant with PJM; purchase transmission and ancillary services, satisfy the Alternate Energy Portfolio Standards, provide billing services, provide any other necessary products; schedule any electricity produced by the Plant that is not needed to serve the DGS portfolio at any time into the PJM market; and administer the terms of this Agreement.

(b) As provided above, the Commonwealth's Electricity Provider may also be the Electric Manager, and in that event the Commonwealth shall contract with the Electricity Provider/Electric Manager. In any event, the Commonwealth' contract with the Electricity Provider shall provide that:

- (i) The Commonwealth, upon receiving the Electricity and Capacity at the Delivery Point, will immediately transfer such Electricity and Capacity to the Electricity Provider, which, as a conduit, will supply such Electricity and Capacity to the DGS Portfolio in addition to services provided in 2.3(a).
- (ii) The Commonwealth shall pay the cost of all transmission and distribution service. The Commonwealth shall pay all sales tax, use tax, gross receipts tax, or other tax imposed upon the sale of Electricity or Capacity, to the extent applicable to the Commonwealth as a governmental entity.
- (iii) The Electricity Provider is intended to constitute a "conduit", as that term is defined in 26 C.F.R. § 1.141-7(f)(4) and any successor regulations, for the exchange of output between the Commonwealth and the Borough, each a governmental entity. In

addition, the Commonwealth certifies that its contract with the Electricity Provider shall meet the following standards:

(A) The term of the contract, including all renewal options, shall not be longer than three (3) years; and

(B) The Commonwealth shall either (1) negotiate the terms of the contract with the Electricity Provider at arm's length and provide for the Electricity Provider to be compensated at fair value, or (2) provide in the contract with the Electricity Provider that the Electricity Provider be paid based on generally applicable and uniformly applied rates.

The requirements in sub-sections 2.3(b)(iii)(A) and (B) above are intended to satisfy the "short-term output contract" provisions set forth in 26 C.F.R. § 1.141-7(f)(3) and any successor regulations, such that the contract between the Commonwealth and the Electricity Provider will not be taken into account under the private business tests as set forth in Section 141 of the Internal Revenue Code of 1986, as amended, and all regulations thereunder.

2.4 Account Information and Metering. Exhibit A includes basic account information of the DGS Portfolio. Where hourly and/or interval metering exists, the Commonwealth and the Borough shall provide each other with such metering information upon request either electronically, by fax, or by mail on no more than a monthly basis. The Borough is not responsible for installation of hourly metering equipment, the necessary remote monitoring or other equipment, or interval metering equipment where such equipment is not presently installed. The Commonwealth shall not be required to read meters where hourly and/or interval metering does not exist.

2.5 Delivery Point. The Delivery Point for the Net Electric Output will be at the Facility, PNODE #50742. The Commonwealth shall take possession of the Electricity and Capacity from Borough for delivery to the DGS Portfolio at the Delivery Point. The Commonwealth's Electricity Provider, as a conduit, will deliver the Electricity and Capacity purchased at the Delivery Point to the DGS Portfolio.

2.6 Purchase Quantities. Based on historical DGS Portfolio usage levels, the Commonwealth intends to purchase from the Borough not less than approximately ninety-five percent (95%) of the Net Electric Output. The Commonwealth shall purchase at least ninety percent (90%) of the aggregate Net Electric Output in each applicable year.

(a) Except for the first and last Years, at least six (6) months before the expiration of each Year during the Term; (i) the Commonwealth shall provide a load estimate of the DGS Portfolio for the following Year, including consideration of usage and conservation issues; and (ii) the Borough shall provide an estimate of Net Electric Output for the following Year.

(b) If, for any Year, the load estimate is less than ninety-five percent (95%) of the Net Electric Output, then, unless not economically feasible, the Commonwealth will

endeavor to add facilities and/or accounts to the DGS Portfolio estimated to consume at least ninety-five percent (95%) of the Net Electric Output.

(c) If, for any Year, the load estimate is less than ninety percent (90%) of the Net Electric Output, then the Commonwealth shall add facilities and/or accounts to the DGS Portfolio estimated to consume at least ninety percent (90%) of the Net Electric Output.

(d) If, during any Year, the DGS Portfolio actual electric usage is less than ninety percent (90%) of the actual Net Electric Output, then for the following Year, the Commonwealth shall add facilities and/or accounts to the DGS Portfolio estimated to consume at least ninety percent (90%) of the Net Electric Output.

(e) The Borough will provide the Net Electric Output and Capacity to the Commonwealth as Non-firm Power. The Borough is not required or obligated to provide, and this Agreement does not include the sale of, any other ancillary product or service which is or may be produced by the Facility.

(f) Subject to the foregoing, the Borough will coordinate with the EDC, the Commonwealth's Electricity Provider (and, if different, the Borough's Electric Manager), and PJM as necessary to ensure reliable provision of Electricity and Capacity to the DGS Portfolio. Any environmental, energy or similar credits shall be for the benefit of the Authority.

2.7 Excess Quantities. The Commonwealth's designated Electricity Provider (or the Borough's Electric Manager if different) will take title and otherwise manage the Excess Net Electric Output that is not purchased by the Commonwealth for consumption by the DGS Portfolio. For such Excess Net Electric Output, the Commonwealth's Electricity Provider (or Borough's Electric Manager if different) shall administer the necessary market activity associated with such Excess Net Electric Output, which shall include payment for the Net Electric Output to the Borough at the PPL Zonal LMP price or an otherwise agreeable price mutually agreed to by the Electric Manager and the Borough. Such payment shall be on a monthly basis pursuant to the terms of Sections 3.13 and 3.14.

2.8 Capacity Purchase. In addition to the Electricity purchases under this Agreement, the Borough will sell and the Commonwealth will purchase all Capacity available from the Electrical Plant at a Capacity price equivalent to fifteen percent (15%) discount from the PJM Base Residual Auction Capacity price for the PPL Zone for the applicable Year, including Capacity that may be sold in the PJM incremental auctions (such as Capacity output increases that occur between the base residual auction and prior to the PJM delivery year). In the event there is no such auction, the Capacity price shall be based upon a successor or similar auction. The Borough and the Authority anticipate that Capacity may increase during the Term.

2.9 Title, Possession, and Control. Title to and risk of loss of all Electricity tendered for delivery shall pass to the Commonwealth upon receipt at the Delivery Point. The Borough warrants that it holds title to the Electricity, or has the right to sell the Electricity at the Delivery Point and that the Electricity is free from liens and adverse claims of any kind. The Borough shall indemnify the Commonwealth against any liens and claims arising with respect to the title to, or its rights to sell such Electricity to the DGS Portfolio. Notwithstanding that the

Electricity Provider/Electric Manager may manage the electric usage, invoicing and payment, such activities shall be only as an agent and conduit and the Electricity provided to the Commonwealth shall at all times be titled to either the Borough or the Commonwealth and payments for Electricity at all times shall be for benefit of the Borough or the Authority.

2.10 **Load Reduction and Demand Response.** Provided that the Commonwealth fully complies with Section 2.6, the Commonwealth will not be penalized for pursuing energy conservation projects, for the installation of renewable energy net-metering applications, or for participating in any FERC, PJM, or EDC demand response programs that reduce load requirements.

2.11 **Enrollment.** The Commonwealth will be responsible for switching accounts from its current electric supplier (EDC or third-party supplier) to the Borough and fulfilling any obligations with the EDC to that end. It is anticipated that the Commonwealth will contract with the Electricity Provider to provide those services.

SECTION III. PRICING AND INVOICING

3.1 **Invoicing and Borough Escrow Account.** The Commonwealth will receive monthly invoices for Electricity supplied by the Electrical Plant. The Commonwealth shall pay invoices in accordance with Section 3.14 by making payment to the Borough Escrow Account. Payments from the Borough Escrow Account will be made in accordance with an Escrow Agreement between the Borough and the Authority.

3.2 **Electricity Supply.** The Commonwealth shall receive, on a Non-firm Power basis, forecasted Electric Plant production schedules and Electric Plant scheduling by 11:00 am one day ahead of the delivery day with reconciliation to actual production in the real time PJM market. It is anticipated that the Commonwealth will contract with the Electricity Provider/Electric Manager to provide those services.

3.3 **KWh Price.** The Contracted Electric Rate, net of all taxes imposed upon the sale of Electricity, will be as set forth on the following Schedule:

2013 - \$0.04022	2023 - \$0.05312
2014 - \$0.04122	2024 - \$0.05477
2015 - \$0.04285	2025 - \$0.05641
2016 - \$0.04401	2026 - \$0.05814
2017 - \$0.04572	2027 - \$0.06023
2018 - \$0.04702	2028 - \$0.06240
2019 - \$0.04836	2029 - \$0.06465

2020 - \$0.05028	2030 - \$0.06691
2021 - \$0.05117	2031 - \$0.06926
2022 - \$0.05175	2032 - \$0.07169

3.4 **Payment Clawback.** The annual payments of the Commonwealth in Years 2023 through 2032 of the Term to the Borough will be subject to a clawback provision pursuant to the Steam Agreement under which the Authority will make certain payments into the Clawback Account if during the Clawback Period the Commonwealth pays the Borough in the aggregate an amount in excess of the amount which would have been paid had the Market Electric Rate been paid instead of the Contracted Electric Rate. The Steam Agreement between the Authority and the Borough requires the Authority to manage and fund the Clawback Account in accordance with the provisions of this Section III of this Agreement, with the Commonwealth as the intended beneficiary of the Clawback Account. The Borough has no responsibility for the Clawback Account except to the extent that payments can be made to the Clawback Account from the Borough Escrow Account.

3.5 **Clawback Account.** Prior to the Clawback Period, the Authority will establish, maintain and calculate the Clawback Account. All interest on the Clawback Account funds will be for the account of the Commonwealth. The Clawback Account will be a deposit account in the Commonwealth's name subject to the restrictions on governmental investments. Within sixty (60) days after the end of each Year, the Authority will provide the Commonwealth with a written statement of all Clawback Account activity for the previous Year. During the Clawback Period, deposits into the Clawback Account will be determined as follows:

(a) *Market Electric Rate.* A Market Electric Rate for each Year will be determined by using the monthly load weighted average of the hourly day-ahead PPL Zone price in cents per kWh. In the event there is no such price, the Market Electric Rate shall be based upon a successor or similar price.

(b) *Clawback Deposits.* The Authority will within forty-five (45) days after the end of each Year during the Clawback Period make a Clawback Deposit into the Clawback Account of a dollar amount equal to:

the number of kWh supplied to Commonwealth during the year multiplied by a number equal to:

the difference (if greater than zero) between:

- (i) the Contracted Electric Rate for the Year minus:
- (ii) the Market Electric Rate for the Year.

The foregoing notwithstanding, a Clawback Deposit shall not be required in any Year in which the Facility's actual Debt Service Coverage, as calculated at the end of such Year, is less than the Minimum Clawback Coverage for the corresponding Year, and the amount of the Clawback

Deposit shall not exceed the amount which, if deducted from Facility Net Operating Income, would reduce the actual Debt Service Coverage to the Minimum Clawback Coverage.

(c) *Clawback Credits.* As detailed in this sub-section, while the Commonwealth never has to provide funds to the Clawback Account, the Clawback Account can receive certain Clawback Credits which reduce the amount of funding the Authority is required to provide to the Clawback Account. The Authority will receive within forty-five (45) days after the end of each Year during the Clawback Period a Clawback Credit to the Clawback Account in each Year that the Market Electric Rate exceeds the Contracted Electric Rate in a dollar amount equal to:

the number of kWh provided to Commonwealth during the year multiplied by a number equal to:

the difference (if greater than zero) between:

- (i) the Market Electric Rate for the Year, minus
- (ii) the Contracted Electric Rate for the Year.

The foregoing notwithstanding, Commonwealth does not have to make any deposits into the Clawback Account even if Clawback Credits exceed Clawback Deposits.

(d) *Suspended Commonwealth Credits.* In any year that the Facility does not meet the Minimum Clawback Coverage and the Contracted Electric Rate exceeds Market Electric Rate, the Suspended Commonwealth Credit will be the amount which would have been paid as a Clawback Deposit but for the failure of the Facility to meet the Minimum Clawback Coverage. The Suspended Commonwealth Credit will be accrued as of forty-five (45) days after the end of each Year during the Clawback Period. The Clawback Deposit will be paid in future Years to the extent provided in the following sub-section (e). Any other provision of this Agreement notwithstanding, the Suspended Commonwealth Credit is applied to future Years only and no interest is earned upon Suspended Commonwealth Credits.

(e) *Clawback Proforma.* As provided in the preceding subsection (d), in each Year in which a previously created Suspended Commonwealth Credit remains in existence, some or all of the Suspended Commonwealth Credit will be paid by the Authority within forty-five (45) days after the end of the applicable Year as an Additional Deposit into the Clawback Account if, in such future Year, the actual Facility Debt Service Coverage exceeds the Minimum Clawback Coverage. The maximum amount of the Additional Deposit shall be equal to the dollar amount by which:

the actual debt service for such Year as shown on the Closing Debt Service Schedule, multiplied by a number equal to:

- (i) the actual Debt Service Coverage for such Year minus
- (ii) the Minimum Clawback Coverage for such Year,

exceeds the dollar amount of the Clawback Deposit to be paid by the Authority for such Year pursuant to subsection (b) above.

The Suspended Commonwealth Credit shall be reduced by the amount of the Additional Deposit and in any Year the amount of the Additional Deposit shall never exceed the remaining unpaid Suspended Commonwealth Credit. For purposes of illustration, the Clawback Proforma has been attached as Exhibit D which demonstrates how the Clawback Account would function under certain assumptions. The foregoing notwithstanding, the amount of the Additional Deposit shall not exceed the amount which, if deducted from Facility Net Operating Income, would reduce the actual Debt Service Coverage to the Minimum Clawback Coverage.

(f) *Payments to Commonwealth.* The balance of the Clawback Account, if any, and all accrued interest, will be paid to Commonwealth on or before the Account Termination Date. If aggregate Clawback Credits to the Authority exceed the aggregate Clawback Deposits at the Account Termination Date, the Commonwealth does not have to pay the remaining Clawback Credits. If any Suspended Commonwealth Credits remain at the Account Termination Date, the Authority does not have to pay the unpaid balance of the Suspended Commonwealth Credit.

3.6 Net Operating Income. In order to calculate Debt Service Coverage, the Facility Net Operating Income, with respect to any period, shall be Facility total operating revenues minus Facility total operating expenses, determined in accordance with Generally Accepted Accounting Principles, consistently applied. The foregoing notwithstanding:

(a) the following will not be deducted from Facility operating revenues to determine Net Operating Income: (i) capital expenditures, (ii) depreciation, (iii) amortization, (iv) subordinated debt payments; (v) reserves; and, (vi) except to the limited extent specifically provided in Section 3.5, Clawback Deposits and Additional Deposits; and

(b) the following will not be included in Facility operating revenues or operating expenses: (i) results of operations not included within the definition of Facility, such as recycling or future ashfill metal mining; (ii) results of operations outside of the Facility; (iii) results of the sale or other disposition, not in the ordinary course of business, of investments or fixed or capital assets, or resulting from early extinguishment of debt.

For purposes of the Clawback Proforma only, Facility Net Operating Income has been projected as follows:

2023 - \$12,652,541
2024 - \$12,982,784
2025 - \$13,318,264
2026 - \$14,107,464
2027 - \$14,503,990

2028 - \$14,915,368

2029 - \$15,342,099

2030 - \$15,776,131

2031 - \$16,226,680

2032 - \$16,692,415

3.7 Projected DS Schedule and Closing DS Schedule. The Projected DS Schedule shown below uses a projected true interest cost of 3.867% and a projected amount financed of \$123,757,138. In the first year interest only is paid. In subsequent years debt service increases gradually in order to maintain a more level Debt Service Coverage as Net Operating Income increases over time as shown below.

For purposes of calculating Facility Debt Service Coverage, at the closing of the Authority's purchase of the Facility, a fixed Closing DS Schedule will be prepared and attached as Exhibit E to this Agreement. The Closing DS Schedule will be prepared using debt service similar to that shown on the Projected DS Schedule, recalculated using the actual true interest cost of the bonds issued at Closing to acquire the Facility and the actual amount financed at Closing.

The actual debt service paid by the Authority will not match the Closing DS Schedule, because actual debt service will be structured taking into account the Authority's overall system debt service, which includes non-Facility debt. The actual aggregate debt service during the Clawback Period, as shown on the Closing bond documents, shall not exceed the aggregate debt service during the Clawback Period on the Closing DS Schedule. If the Authority refinances the debt at a lower interest rate, the Closing DS Schedule shall be recalculated using the lower interest rate.

2013 - \$2,761,625	2023 - \$9,081,500
2014 - \$8,563,250	2024 - \$9,207,750
2015 - \$8,416,250	2025 - \$9,329,500
2016 - \$8,574,000	2026 - \$9,766,000
2017 - \$8,556,250	2027 - \$9,920,500
2018 - \$8,296,000	2028 - \$10,080,250
2019 - \$8,730,000	2029 - \$10,243,750
2020 - \$8,873,750	2030 - \$10,409,500
2021 - \$8,935,250	2031 - \$10,576,000

2022 - \$8,997,750

2032 - \$10,746,750

3.8 Projected Debt Service Coverage. For purposes of the Clawback Proforma only, the following estimates have been made of Debt Service Coverage based upon the projections of Sections 3.6 and 3.7 above. For purposes of this Agreement, the Closing Debt Service Schedule shall determine Debt Service Coverage, without regard to increases or decreases in actual debt, actual interest rates, or actual amortization.

2023 - 1.393x

2024 - 1.410x

2025 - 1.428x

2026 - 1.445x

2027 - 1.462x

2028 - 1.480x

2029 - 1.498x

2030 - 1.516x

2031 - 1.534x

2032 - 1.553x

3.9 Minimum Clawback Coverage. For purposes of determining whether or not a Clawback Deposit will be made in any given Year, the Minimum Clawback Coverage during each Year shall be as follows:

2023 - 1.3x

2024 - 1.3x

2025 - 1.3x

2026 - 1.3x

2027 - 1.3x

2028 - 1.4x

2029 - 1.4x

2030 - 1.4x

2031 - 1.4x

2032 - 1.4x

3.10 Actual Debt Service Coverage. Actual Debt Service Coverage will be calculated within thirty (30) days after the end of each Year using the Closing DS Schedule prepared at closing and actual Net Operating Income of the Facility for that Year determined in accordance with Section 3.6 above.

3.11 Capacity Invoicing. The Borough shall invoice, and the Commonwealth shall pay for Capacity, in an amount equal to the Capacity of the Facility multiplied by the applicable Capacity Price in accordance with the payment procedures and timeframes specified in Sections 3.13 and 3.14.

3.12 Service Start Date. The service start date for each account in the DGS Portfolio shall be either the Effective Date or the next meter read date immediately following the Effective Date. The service end date for each account in the DGS Portfolio shall be the later of (i) the end of the Term, or (ii) the next meter read date immediately following the end of the Term. For each account that has a service start date that is the next meter read date immediately following the Effective Date and for each account added to the DGS Portfolio throughout the Term, the service end date shall be the next meter read date immediately following the end of the Term. Service to the DGS Portfolio will terminate on this end date, unless otherwise renewed.

3.13 Invoicing and Payment Method. The Borough shall furnish a monthly invoice, with the exception of items provided in Section 2.3, to the location specified by the CO. Where possible, the Borough is to invoice electronically for any items or services provided under this Agreement in a format reasonably acceptable to the Commonwealth. The Borough may receive payment for items or services provided by EFT at the Commonwealth's discretion.

3.14 Payment. The Commonwealth shall make payment by: (a) the date payment is due under the terms of this Agreement, (b) thirty (30) days after an invoice actually is received at the address specified at the time of award, or (c) the payment date specified on the invoice if later than the dates established by (a) and (b) above. If any payment is not made within fifteen (15) days after the required payment date, the Commonwealth shall pay interest as determined by the Secretary of Budget in Accordance with Act No. 266 of 1982 and regulations promulgated pursuant thereto.

3.15 Invoicing Instructions.

For agencies under the Governor's jurisdiction, invoices should be mailed to the Commonwealth's Utility Invoice Post Office Box at the following address:

Commonwealth Utility Invoice
*Location Code**
P.O. Box 69182
Harrisburg, PA 17106

A duplicate copy of the invoice/charges and account information shall be furnished to PSFEI via electronic transmission in a comma separated file or hard copy if necessary. Mail to the following address:

The Pennsylvania State University
Penn State Facilities Engineering Institute
Attn: Scott Harford
Marion Place, Suite 414
135 E. Nittany Avenue
State College, PA 16801
sSharford@cng.psu.edu

3.16 Adding Facilities to the DGS Portfolio. If facilities need to be added to the DGS Portfolio under Section 2.6, or if the Commonwealth desires to add facilities so as to utilize some of the Excess Net Electric Output, then the Commonwealth shall provide an estimate of the added facility's Electricity requirements, and the parties shall add the facility to Exhibit A. In an applicable EDC where the policy is to change account numbers upon enrollment with a third-party supplier; the facility will not be considered an addition even if a new account number is assigned. If the EDC deems appropriate to change an account number for a facility during the term of this Agreement, this will also not be considered an addition.

SECTION IV. CONDITIONS, LIABILITY, and INDEMNITIES

4.1 Conditions to this Agreement. This Agreement is subject to the fulfillment of the following conditions:

- (a) the Authority shall have acquired the Facility;
- (b) the Borough shall have obtained the guarantee of the Authority to the Commonwealth of the Borough's obligations under this Agreement;
- (c) the Borough shall have obtained the binding agreement of the Authority to fund the Clawback Account as required by this Agreement;
- (d) the Borough shall have obtained from the Pennsylvania Public Utility Commission the appropriate license necessary to act as an Electric Generation Supplier in order to perform its obligations under this Agreement; and
- (e) the Authority shall have agreed to indemnify and hold harmless: (i) the Commonwealth from any and all costs of operation, or liabilities associated with, the Electrical Plant or Borough; and (ii) the Borough from any and all costs of operation, or liabilities associated with, the Electrical Plant or the Authority in excess of funds deposited into the Borough Escrow Account.

4.2 Limitations to Borough Escrow Account. All costs of operation of the Electrical Plant, including but not limited to steam purchases, rent, administrative services, operating services, insurance, etc. will be paid from the Borough Escrow Account. The Commonwealth shall have no Electricity or Capacity payment obligation other than making the

payments required by this Agreement into the Escrow Account. The Borough shall have no obligation to fund the Borough Escrow Account other than the payments made into the Borough Escrow Account by the Commonwealth.

4.3 Liability of Commonwealth for Personal Injury. The Commonwealth shall assume all risk and liability for injury to or death of any person or damage to any property arising out of the Commonwealth's carrying out the provisions of this Agreement; provided, however, that said damage or injury results from the negligence of the Commonwealth, its agents or employees, and provided that judgment has been obtained against the Commonwealth. This provision shall not be construed to limit the sovereign immunity of the Commonwealth of Pennsylvania.

4.4 Indemnity of Authority. The Authority shall hold the Commonwealth harmless from and indemnify the Commonwealth against any and all third party claims, demands and actions injury to, or death of any person or damage to any property based upon or arising out of any activities performed by the Borough and its employees and agents under this agreement, provided the Commonwealth gives Borough prompt notice of any such claim of which it learns. This provision shall not be construed to limit the sovereign immunity of the Commonwealth of Pennsylvania.

4.5 Patent Indemnity. The Borough warrants that it is the sole owner of, or has entered into a suitable legal agreement concerning the design of the Electrical Plant, or the process provided or used in the performance of this Agreement, to the extent covered by a patent or other right duly authorized by state or federal law. The Authority shall defend any suit or proceeding brought against the Commonwealth on account of any alleged patent infringement in the United States of the items used in the performance of this Agreement. The Commonwealth shall provide prompt notification in writing of such suit or proceeding; full right, authorization and opportunity to conduct the defense thereof; and full information and all reasonable cooperation for the defense of same. As principles of governmental or public law are involved, the Commonwealth may participate in or choose to conduct, in its sole discretion, the defense of any such action. If the Commonwealth at the Borough's written request furnishes information and assistance, it shall be at the Borough's expense, but the responsibility for such expense shall be only that within the Borough's written authorization. The Authority shall indemnify and hold the Commonwealth harmless from all damages, costs, and expenses, including attorney's fees, that the Borough or the Commonwealth may pay or incur by reason of any infringement or violation of the rights occurring to any patent interests and rights in any items provided or used in the performance of this Agreement. The obligations under this Section 4.5 shall continue without time limit. No costs or expenses shall be incurred for the account of the Borough without its written consent.

4.6 Office of the Attorney General. Pursuant to the Commonwealth Attorneys Act (71 P.S. § 732-101, *et seq.*), the OAG has the sole authority to represent the Commonwealth in actions brought against the Commonwealth. The OAG may, however, in its sole discretion and under such terms as it deems appropriate, delegate its right of defense in accordance with the following provisions:

(a) If the OAG delegates defense of the suit to the Borough, the Authority shall pay all damages and costs awarded therein against the Commonwealth. The Commonwealth will cooperate with all reasonable requests of Borough made in the defense of such suits.

(b) In the event it requests that the Commonwealth provide information, assistance and support to the Borough in defending any such suit, the Authority shall reimburse the Commonwealth for all expenses (including attorneys' fees, if such are made necessary by the Borough's request) incurred by the Commonwealth for such support.

(c) In all events, the Commonwealth shall have the right to participate in the defense of any such suit or proceeding through counsel of its own choosing.

(d) If OAG does not delegate the defense of the suit, the Borough's obligation to indemnify ceases. The Borough will, at the Authority's expense, provide whatever cooperation OAG requests in the defense of the suit.

(e) The Commonwealth may, in its sole discretion, allow the Borough to control any related settlement negotiations. Notwithstanding any of the above, neither party shall enter into any settlement without the other party's written consent, which shall not be unreasonably withheld.

SECTION V. DEFAULT, TERMINATION AND REMEDIES

5.1 Default.

(a) *Borough Default.* After thirty (30) days prior written notice, with a reasonable opportunity to cure, the Commonwealth may, subject to the provisions of Section 6.11, Force Majeure, and in addition to its other rights under this Agreement, declare a Borough Default by written notice to the Borough, for any of the following reasons:

- (i) failure to deliver the Net Electric Output to the Delivery point, provided however so long as the Borough supplies all the Net Electric Output, the Borough will not be required to supply a minimum amount of electric from the Electrical Plant to the Commonwealth;
- (ii) failure to provide all the Capacity from the Electric Plant to the Commonwealth, provided however so long as the Borough supplies the entire Capacity of the Electrical Plant, the Borough will not be required to supply a minimum amount of Capacity to the Commonwealth;
- (iii) failure to maintain any licenses or permits required to provide Electricity to the Commonwealth;
- (iv) insolvency or bankruptcy of the Borough or the Authority;

- (v) assignment made for the benefit of creditors by the Borough or the Authority; or
- (vi) breach of any material provision of this Agreement.

(b) *Commonwealth Default.* After thirty (30) days prior written notice, with a reasonable opportunity to cure, the Borough, or the Authority on behalf of the Borough may, subject to the provisions of Section 6.11, Force Majeure, and in addition to its other rights under this Agreement, declare a Commonwealth Default by written notice to the Commonwealth, for any of the following reasons:

- (i) failure to make payment of any invoice or amount when due; or
- (ii) breach of any material provision of this Agreement.

(c) *No Waiver.* The failure of either party to exercise any rights or remedies provided in this Article V shall not be construed to be a waiver by the party of its rights and remedies in regard to such Default or any succeeding Default.

5.2 Termination Provisions. Except as otherwise provided in this Section 5.2, termination of this Agreement shall be effective forty-five (45) days after written notice of termination.

(a) *Commonwealth Termination.* The Commonwealth may terminate this Agreement through any of the following methods.

- (i) *Borough Default.* Upon ninety (90) days prior written notice with opportunity to cure, the Commonwealth shall have the right to terminate this Agreement upon Borough Default.
- (ii) *Non-Appropriation.* The Commonwealth shall give the Borough written prior notice as soon as possible but in any event no later than fifteen (15) days if funds are not appropriated or otherwise made available to support continuation of performance in a subsequent fiscal year period. The Commonwealth shall have the right to terminate this Agreement in such event, provided however that termination for non-appropriation shall not be available if the Commonwealth makes appropriations for other electric purchases for the DGS Portfolio. The notice of termination for non-appropriation shall be effective at the end of the fiscal period or such other date specified that funds are no longer available to support continued performance. Subject to funds being available from any appropriations available for that purpose, the Borough shall be reimbursed, subject to an overall cap of ten million dollars (\$10,000,000), for:

- (A) damages to the Authority resulting in increased interest costs or penalties or related costs from any

change in the taxability of the bonds issued to finance the Authority's acquisition of the Facility, and

- (B) an amount equal to, based on the actual Net Electric Output, the difference between the Market Electric Rate and the Contracted Electric Rate for each Year during the balance of the original Term, but not longer than five (5) years in total. In the event that the Net Electric Output is sold to a third party for an amount higher than the Market Electric Rate, then the damage amount shall be based on the difference between the Contracted Electric Rate and the actual average electric rate received upon sale of the Net Electric Output.

For the avoidance of doubt, the Commonwealth shall not be responsible for reimbursement under this subsection for any year for which the Commonwealth is liable for damages hereunder (one of the five contract years immediately succeeding the contract year in which notice of termination is given) if the Contracted Electric Rate for such year is lower than the Market Electric Rate or the actual electric rate received upon sale to a third party, as applicable.

(b) *Borough Termination.* Upon ninety (90) days prior written notice with opportunity to cure, the Borough may terminate this Agreement for Commonwealth Default.

5.3 Agreement Controversies.

(a) In the event of a controversy or claim arising from this Agreement, the Borough, or the Authority on behalf of the Borough, shall, within six (6) months after the cause of action accrues, file a written claim with the CO for a determination. The claim shall state all grounds upon which the Borough asserts a controversy exists.

(b) The CO shall review timely-filed claims and issue a final determination in writing regarding the claim. The final determination shall be issued within sixty (60) days of the receipt of the claim, unless extended by consent of the CO and the Borough. The CO shall send the CO's written determination to the Borough. If the CO fails to issue a final determination within the sixty (60) days (unless extended by consent of the parties), the claim shall be deemed denied. The CO's determination shall be the final decision of the Commonwealth.

(c) Within fifteen (15) days of the mailing date of the CO determination denying a claim or within seventy five (75) days of filing a claim if no extension is agreed to by the parties, whichever occurs first, the Borough may file a statement of claim with the Commonwealth Board of Claims. Pending a final judicial resolution of a controversy or claim, the Borough shall proceed diligently with the performance of this Agreement in a manner consistent with the determination of the CO and the Commonwealth shall compensate the Borough pursuant to the terms of this Agreement.

(d) Nothing in this Agreement shall prohibit the Borough or the Authority from seeking remedies in the Commonwealth Court or other Court of appropriate jurisdiction, either after an adverse description of the Board of Claims or if a decision by the Board of Claims is not timely received.

5.4 Remedies. In the event of a Default, the non-Defaulting party is not required to terminate this Agreement and may elect to continue this Agreement and seek damages, as set forth in this Section 5.4.

(a) In the event the Commonwealth terminates this Agreement pursuant to Section 5.2(a)(i) and except for acts or omissions under Section 6.11, Force Majeure, the Commonwealth may, in its discretion, procure, upon such terms and in such manner as it may deem appropriate, service similar to those terminated, and the Authority shall be liable to the Commonwealth for the difference, if any, between the purchase price paid by the Commonwealth, utilizing commercially reasonable efforts for replacement and the prices established in this Agreement, multiplied by the difference between the quantity specified under this Agreement and the quantity actually delivered by the Borough for such days.

(b) In the event the Borough terminates this Agreement pursuant to Section 5.2(b) and except for acts or omissions under Section 6.11, Force Majeure, the Commonwealth shall be liable to the Borough and the Authority for the amount and type of damages specified in Section 5.2(a)(ii) above.

The Commonwealth shall make monthly payments each month during the balance of the initial Term to the Borough and the Authority in the amounts calculated as set forth above.

SECTION VI. MISCELLANEOUS TERMS AND CONDITIONS

6.1 Independent Contractor. In performing the obligations required by this Agreement, the Borough will act as an independent contractor and not as an employee or agent of the Commonwealth.

6.2 Compliance with Law, Permit, and Licensure Requirements. The Borough shall comply with all federal, state, and local laws and regulations and local ordinances in the performance of this Agreement. The Borough shall procure, at the Authority's expense, all licenses and all permits necessary for the fulfillment of its obligations.

6.3 Environmental Provisions. In the performance of this Agreement, the Borough shall minimize pollution and shall strictly comply with all applicable environmental laws and regulations.

6.4 Warranty. The Borough warrants title and the right to all Electricity and Capacity sold hereunder. The Commonwealth acknowledges that it will enter into the Agreement based solely upon these express warranties. The Borough disclaims any other warranties, including the warranties of merchantability and fitness for a particular purpose.

6.5 Service from Distribution Company. During the Term of this Agreement the Commonwealth agrees to make and maintain the necessary arrangements so that the Electric Distribution Company and the Local Distribution Company provides service to the

Commonwealth. The Commonwealth is responsible for the distribution fees charged by the Electric Distribution Company and the Local Distribution Company as approved by the PUC unless specified otherwise in this Agreement.

6.6 Changes in Commodity Requirements. The Commonwealth shall provide written notice to the Borough of any significant changes, plus or minus ten (10) percent, in the Commonwealth's estimated requirements for Electricity, as soon as practicable, upon the Commonwealth's learning of such occurrence, but in no event later than fifteen (15) days of such modification. This includes modifications due to new facility construction, facility closings, strikes, or other events that significantly increase or decrease the agency's energy commodity needs. The Commonwealth's failure to provide such notice shall relieve the Borough of its obligation to pay any charges imposed by the distribution company resulting from such lack of notice.

6.7 Taxes. The Commonwealth is exempt from all excise taxes imposed by the Internal Revenue Service and has accordingly registered with the Internal Revenue Service to make tax free purchases under Registration no. 2374001-K. With the exception of purchases of the following items, no exemption certificates are required and none will be issued: undyed diesel fuel, tires, trucks, gas guzzler emergency vehicles, and sports fishing equipment. The Commonwealth is also exempt from Pennsylvania state sales tax, local sales tax, public transportation assistance taxes and fees, vehicle rental tax, and gross receipts tax. The Department of Revenue regulations provide that exemption certificates are not required for sales made to governmental entities and none will be issued. Nothing in this Section 6.7 is meant to exempt the Borough from the payment of any of these taxes or fees which are required to be paid with respect to the purchase, use, rental, or lease of tangible personal property or taxable services used or transferred in connection with the performance of a construction contract.

6.8 Right to Use Data. Each of the parties shall have unrestricted authority to reproduce, distribute, and use any submitted report, data, or material, and any software or modifications and any associated documentation that is designed or delivered to them as part of the performance of the Agreement; provided, however, that any data collected under the Agreement shall not be furnished to any other parties without written permission of the Commonwealth, which shall not be unreasonably withheld.

6.9 Assignment of Anti-Trust Claims. The Borough and the Commonwealth recognize that in actual economic practice, overcharges by the Borough's supplier resulting from violations of state or federal antitrust laws are in fact borne by the Commonwealth. As part of the consideration for the award of this Agreement, and intending to be legally bound, the Borough assigns to the Commonwealth all right, title and interest in and to any claims the Borough now has, or may acquire, under state or federal antitrust laws relating to the supplies and services which are subject of the Agreement.

6.10 Audit Provisions. The parties to this Agreement shall have the right, at reasonable times and at reasonable locations, to audit the books, documents and records of the other party to the extent that the books, documents and records relate to matters under this Agreement. The parties shall preserve books, documents, and records that relate data under this Agreement for a period of three (3) years from the end of the Term.

6.11 Force Majeure.

(a) Neither party will incur any liability to the other if its performance of any obligation under this Agreement is prevented or delayed by causes beyond its control and without the fault or negligence of either party. Causes beyond a party's control may include, but are not limited to, acts of God or war, changes in controlling law, regulations, orders, or the requirements of any governmental entity, severe weather conditions, civil disorders, natural disasters, fire, epidemics and quarantines, general strikes throughout the trade, and freight embargoes.

(b) The party seeking relief shall notify the other party orally within five (5) days and in writing within ten (10) days of the date on which the party becomes aware, or should have reasonably become aware, that such cause would prevent or delay its performance. Such notification shall (a) describe fully such cause(s) and its effect on performance, (b) state whether performance under this Agreement is prevented or delayed and (c) if performance is delayed, state a reasonable estimate of the duration of the delay. The party seeking relief shall have the burden of proving that such cause(s) delayed or prevented its performance despite its diligent efforts to perform and shall produce such supporting documentation as the Commonwealth may reasonably request. After receipt of such notification, the parties shall agree upon an adjustment to performance as reasonably necessary.

6.12 **Severability.** Should any term of this Agreement be rendered unlawful by a court of competent jurisdiction or any legislative act, then the parties shall give effect to the balance of this Agreement to the extent possible.

6.13 Assignability and Subcontracting.

(a) Subject to the terms and conditions of this Section 6.13, this Agreement shall be binding upon the parties and their respective successors and assigns.

(b) Nothing in this Agreement shall be interpreted to prevent or interfere with the Borough entering into a service agreement to operate the Electrical Plant with Covanta Harrisburg, Inc. or some other responsible third party performing similar services, or to prevent the Borough from entering into administrative contracts or contracts for the sale of Electricity.

(c) The Borough may not assign in whole or in part, this Agreement or its rights, duties obligations, or responsibilities hereunder without the prior written consent of the CO, which consent may be withheld at the sole and absolute discretion of the CO, except that the Borough may assign this Agreement to the Authority after advance written notice to the Commonwealth, provided that the Authority agrees in writing to be legally bound by all of the terms and conditions of this Agreement and to assume the duties, obligations, and responsibilities of the Borough.

(d) The Borough hereby irrevocably assigns its rights to payment to be received under this Agreement to the Borough Escrow Account, the Commonwealth consents to such assignment and agrees to make all payments under this Agreement to the Borough Escrow Account.

(e) The Commonwealth may not assign in whole or in part, this Agreement or its rights, duties obligations, or responsibilities hereunder without the prior written consent of the Borough, which consent may be withheld at the sole discretion of the Borough.

(f) The Authority is an intended third party beneficiary of this Agreement.

6.14 Releases to Media. No party shall issue any news releases about this Agreement without prior consent of the other party.

6.15 Applicable Law. This Agreement shall be governed by and interpreted and enforced in accordance with the laws of the Commonwealth of Pennsylvania (without regard to any conflict of laws provisions) and the decisions of the Pennsylvania courts. The parties consent to the jurisdiction of any court of the Commonwealth of Pennsylvania and any federal courts in Pennsylvania, waiving any claim or defense that such forum is not convenient or proper. The parties agree that any such court shall have in personam jurisdiction, and consent to service of process in any manner authorized by Pennsylvania law.

6.16 Integration. This Agreement and all exhibits and other attachments, and Awards issued, constitute the entire agreement between the parties and completely express their intent. It supersedes all prior agreements and all prior or contemporaneous agreements are hereby merged into this Agreement. No agent, representative, employee, or officer of either the Commonwealth or the Borough has authority to make, or has made, any statement, agreement, or representation, oral, or written, in connection with this Agreement, which in any way can be deemed to modify, add to or detract from, or otherwise change or alter its terms and conditions. No negotiations between the parties, nor any customer or usage, shall be permitted to modify or contradict any of the terms and conditions of this Agreement. No modifications, alterations, changes, or waiver to this Agreement or any of its terms shall be valid or binding unless accomplished by a written amendment signed by both parties.

6.17 Amendments. Any changes, corrections, or additions to this Agreement shall be in writing in the form of a supplemental agreement signed by both parties, setting forth therein the proposed change, correction, or addition.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the dates set forth below.

ATTEST:

BOROUGH OF COLUMBIA

Name: _____	By: _____
Title: _____	Name: _____
Date: _____	Title: _____
	Date: _____

COMMONWEALTH OF PENNSYLVANIA

APPROVED AS TO LEGALITY AND FORM

DEPARTMENT OF GENERAL SERVICES

OFFICE OF CHIEF COUNSEL

By: _____
Secretary

By: _____

Date: _____

Date: _____

OFFICE OF GENERAL COUNSEL

By: _____

Date: _____

OFFICE OF ATTORNEY GENERAL

By: _____

Date: _____

For purposes of evidencing consent to the provisions applicable to the
LANCASTER COUNTY SOLID WASTE MANAGEMENT AUTHORITY:

By: _____
(Vice) Chair

Date: _____

Attest: _____
(Assistant) Secretary

EXHIBIT A

DGS PORTFOLIO ACCOUNT INFORMATION

Capitol Complex	PPL Utilities	44848-15085
DGS Annex Complex	PPL Utilities	74590-86015
Rachel Carson State Office Building	PPL Utilities	60880-70004
Public Works Complex	PPL Utilities	63720-68003
22 nd & Forster Complex	PPL Utilities	63920-68009
Commonwealth Technology Center-CMIC	PPL Utilities	51499-82011
Commonwealth Technology Center-Network Control	PPL Utilities	74790-86002
Agriculture Building	PPL Utilities	74990-86008
Agriculture Diagnostic Laboratory	PPL Utilities	45590-86014
Governor's Residence	PPL Utilities	78190-78000
Scranton State Office Building	PPL Utilities	72991-29004
Publications Building	PPL Utilities	13260-68018
Print Shop	PPL Utilities	77910-62048
State Records Center	PPL Utilities	72531-27006
Forms & Publications Warehouse	PPL Utilities	04420-69007

EXHIBIT B

STANDARD COMMONWEALTH CONTRACT PROVISIONS

NONDISCRIMINATION/SEXUAL HARASSMENT CLAUSE

The Borough agrees with respect to activities under this Agreement:

1. In the hiring of any employee(s) for the manufacture of supplies, performance of work, or any other activity required under this Agreement or any subcontract, the Borough, each subcontractor, or any person acting on behalf of the Borough or subcontractor shall not, by reason of gender, race, creed, or color, discriminate against any citizen of this Commonwealth who is qualified and available to perform the work to which the employment relates.

2. Neither the Borough nor any subcontractor nor any person on their behalf shall in any manner discriminate against or intimidate any employee involved in the manufacture of supplies, the performance of work, or any other activity required under this Agreement on account of gender, race, creed, or color.

3. The Borough and each subcontractor shall establish and maintain a written sexual harassment policy and shall inform their employees of the policy. The policy must contain a notice that sexual harassment will not be tolerated and employees who practice it will be disciplined.

4. The Borough and each subcontractor shall not be discriminated by reason of gender, race, creed, or color against any subcontractor or supplier who is qualified to perform the work to which this Agreement relates.

5. The Borough and each subcontractor shall, within the time periods requested by the Commonwealth, furnish all necessary employment documents and records and permit access to their books, records, and accounts by the Commonwealth and the Bureau of Small Business Opportunities (BSBO), for the purpose of ascertaining compliance with provisions of this Nondiscrimination/Sexual Harassment Clause. Within fifteen (15) days after the Award, the Borough shall complete, sign and submit Form STD-21, the "Initial Contract Compliance Data" form.

6. The Borough shall include the provisions of this Nondiscrimination/Sexual Harassment Clause in every subcontract so that those provisions applicable to subcontractors will be binding upon each subcontractor.

7. Subject to Section V of the Agreement, the Commonwealth may cancel or terminate this Agreement and all money due or to become due under this Agreement may be forfeited for a violation of the terms and conditions of this Nondiscrimination/Sexual Harassment Clause. In addition, the Commonwealth may proceed with debarment or suspension and may place the Borough in the Contractor Responsibility File.

INTEGRITY PROVISIONS

It is essential that those who seek to contract with the Commonwealth observe high standards of honesty and integrity. They must conduct themselves in a manner that fosters public confidence in the integrity of the Commonwealth procurement process.

In furtherance of this policy, the Borough agrees to the following in connection with the performance of this Agreement:

1. The Borough shall maintain the highest standards of honesty and integrity during the performance of this Agreement and shall take no action in violation of state or federal laws or regulations or any other applicable laws or regulations, or other requirements applicable to the Borough or that govern contracting with the Commonwealth.

2. The Borough shall establish and implement a written business integrity policy, which includes, at a minimum, the requirements of these provisions as they relate to Borough employee activity with the Commonwealth and Commonwealth employees, and which is distributed and made known to all employees performing under this Agreement.

3. The Borough, its affiliates, agents and employees shall not influence, or attempt to influence, any Commonwealth employee to breach the standards of ethical conduct for Commonwealth employees set forth in the *Public Official and Employees Ethics Act, 65 Pa.C.S. §§1101 et seq.*; the *State Adverse Interest Act, 71 P.S. §776.1 et seq.*; and the *Governor's Code of Conduct, Executive Order 1980-18, 4Pa. Code §7.151 et seq.*, or to breach any other state or federal law or regulation.

4. The Borough, its affiliates, agents and employees shall not offer, give, or agree or promise to give any gratuity to a Commonwealth official or employee or to any other person at the direction or request of any Commonwealth official or employee.

5. The Borough, its affiliates, agents and employees shall not offer, give, or agree or promise to give any gratuity to a Commonwealth official or employee or to any other person, the acceptance of which would violate the *Governor's Code of Conduct, Executive Order 1980-18, 4 Pa. Code §7.151 et seq.* or any statute, regulation, statement of policy, management directive or any other published standard of the Commonwealth.

6. The Borough, its affiliates, agents and employees shall not, directly or indirectly, offer, confer, or agree to confer any pecuniary benefit on anyone as consideration for the decision, opinion, recommendation, vote, other exercise of discretion, or violation of a known legal duty by any Commonwealth official or employee.

7. The Borough, its affiliates, agents, employees, or anyone in privity with the Borough shall not accept or agree to accept from any person, any gratuity in connection with the performance of work under this Agreement, except as provided in this Agreement.

8. The Borough shall not have a financial interest in any other contractor, subcontractor, or supplier providing services, labor, or material in connection with this Agreement, unless the financial interest is disclosed to the Commonwealth in writing and the

Commonwealth consents to Borough's financial interest prior to Commonwealth execution of this Agreement. The Borough shall disclose the financial interest to the Commonwealth no later than the Borough's submission of this Agreement signed by the Borough.

9. Borough, its affiliates, agents and employees shall not disclose to others any information, documents, reports, data, or records provided to, or prepared by, the Borough under this Agreement without the prior written approval of the Commonwealth, except as required by the *Pennsylvania Right-to-Know Law, 65 P.S. §§ 67.101-3104*, or other applicable law or as otherwise provided in this Agreement. Any information, documents, reports, data, or records secured by Borough from the Commonwealth or a third party in connection with the performance of this Agreement shall be kept confidential unless disclosure of such information is:

- a) Approved in writing by the Commonwealth prior to its disclosure; or
- b) Directed by a court or other tribunal of competent jurisdiction unless this Agreement requires prior Commonwealth approval; or
- c) Required for compliance with federal or state securities laws or the requirements of national securities exchanges; or
- d) Necessary for purposes of Borough's internal assessment and review; or
- e) Deemed necessary by Borough in any action to enforce the provisions of this Agreement or to defend or prosecute claims by or against parties other than the Commonwealth; or
- f) Permitted by the valid authorization of a third party to whom the information, documents, reports, data, or records pertain; or
- g) Otherwise required by law.

10. The Borough certifies that neither it nor any of its officers, directors, associates, partners, limited partners or individual owners has been officially notified of, charged with, or convicted of any of the following and agrees to immediately notify the CO in writing if and when it or any officer, director, associate, partner, limited partner or individual owner has been officially notified of, charged with, convicted of, or officially notified of a governmental determination of any of the following:

- a) Commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements or receiving stolen property.
- b) Commission of fraud or a criminal offense or other improper conduct or knowledge of, approval of or acquiescence in such activities by the Borough or any affiliate, officer, director, associate, partner, limited partner, individual owner, or employee or other individual or entity associated with:
 - i) obtaining;

- ii) attempting to obtain; or
- iii) performing a public contract or subcontract.

The Borough's acceptance of the benefits derived from the conduct shall be deemed evidence of such knowledge, approval or acquiescence.

- c) Violation of federal or state antitrust statutes.
- d) Violation of any federal or state law regulating campaign contributions.
- e) Violation of any federal or state environmental law.
- f) Violation of any federal or state law regulating hours of labor, minimum wage standards or prevailing wage standards; discrimination in wages; or child labor violations.
- g) Violation of the *Act of June 2, 1915 (P.L. 736, No. 338)*, known as the *Workers' Compensation Act, 11 P.S. 1 et seq.*
- h) Violation of any federal or state law prohibiting discrimination in employment.
- i) Debarment by any agency or department of the federal government or by any other state.
- j) Any other crime involving moral turpitude or business honesty or integrity.

Subject to Section V, the Borough acknowledges that the Commonwealth may, in its sole discretion, terminate this Agreement for cause upon such notification or when the Commonwealth otherwise learns that Borough has been officially notified, charged, or convicted.

11. To the extent required by law, the Borough shall, (to the extent required by *Section 1641 of the Pennsylvania Election Code*) file a report of political contributions with the Secretary of the Commonwealth on or before February 15 of the next calendar year. The report must include an itemized list of all political contributions known to the Borough by virtue of the knowledge possessed by every officer, director, associate, partner, limited partner, or individual owner that has been made by:

- a) Any officer, director, associate, partner, limited partner, individual owner or members of the immediate family when the contributions exceed an aggregate of one thousand dollars (\$1,000) by any individual during the preceding year; or
- b) Any employee or members of his immediate family whose political contribution exceeded one thousand dollars (\$1,000) during the preceding year.

12. To obtain a copy of the reporting form, the Borough shall contact the Bureau of Commissions, Elections and Legislation, Division of Campaign Finance and Lobbying Disclosure, Room 210, North Office Building, Harrisburg, PA 17120.

The Borough shall comply with requirements of the *Lobbying Disclosure Act, 65 PaC.S. § 13A01 et seq.*, and the regulations promulgated pursuant to that law. Borough employee activities prior to or outside of formal Commonwealth procurement communication protocol are considered lobbying and subjects the Borough employees to the registration and reporting requirements of the law. Actions by outside lobbyists on the Borough's behalf, no matter the procurement stage, are not exempt and must be reported.

13. When the Borough has reason to believe that any breach of ethical standards as set forth in law, the Governor's Code of Conduct, or in these provisions has occurred or may occur, including but not limited to contact by a Commonwealth officer or employee which, if acted upon, would violate such ethical standards, the Borough shall immediately notify the CO or Commonwealth Inspector General in writing.

14. The Borough, by execution of this Agreement and by the submission of any bills, invoices or requests for payment pursuant to this Agreement, certifies and represents that it has not violated any of these Borough integrity provisions in connection with the submission of the bid or proposal, during any contract negotiations or during the Term.

15. The Borough shall cooperate with the Office of Inspector General in its investigation of any alleged Commonwealth employee breach of ethical standards and any alleged Borough non-compliance with these provisions. The Borough agrees to make identified Borough employees available for interviews at reasonable times and places. Borough, upon the inquiry or request of the Office of Inspector General, shall provide, or if appropriate, make promptly available for inspection or copying, any information of any type or form deemed relevant by the Inspector General to the Borough's integrity and compliance with these provisions. Such information may include, but shall not be limited to, the Borough's business or financial records, documents or files of any type or form that refers to or concern this Agreement.

16. Subject to Section V of this Agreement, for violation of any of these Integrity Provisions, the Commonwealth may terminate this Agreement and any other contract with Borough, claim liquidated damages in an amount equal to the value of anything received in breach of these provisions, claim damages for all additional costs and expenses incurred in obtaining another Borough to complete performance under this Agreement, and debar and suspend Borough from doing business with the Commonwealth. These rights and remedies are cumulative, and the use or non-use of any one shall not preclude the use of all or any other. These rights and remedies are in addition to those the Commonwealth may have under law, statute, regulation, or otherwise.

17. For purposes of these Integrity Provisions, the following terms shall have the meanings found in this Paragraph 17.

- a) "Confidential information" means information that a) is not already in the

public domain; b) is not available to the public upon request; c) is not or does not become generally known to the Borough from a third party without an obligation to maintain its confidentiality; d) has not become generally known to the public through an act or omission of the Borough; or e) has not been independently developed by the Borough without the use of confidential information of the Commonwealth.

b) "Consent" means written permission signed by a duly authorized officer or employee of the Commonwealth, provided that where the material facts have been disclosed, in writing, by pre-qualification, bid, proposal, or contractual terms, the Commonwealth shall be deemed to have consented by virtue of execution of this Agreement.

c) "Borough" means the Borough of Columbia.

d) "Financial interest" means:

i) Ownership of more than a five percent interest in any business; or

ii) Holding a position as an officer, director, trustee, partner, employee, or holding any position of management.

e) "Gratuity" means tendering, giving or providing anything of more than nominal monetary value including, but not limited to, cash, travel, entertainment, gifts, meals, lodging, loans, subscriptions, advances, deposits of money, services, employment, or contracts of any kind. The exceptions set forth in the Governor's Code of Conduct, Executive Order 1980-18, the 4 Pa. Code §7.153(b), shall apply.

f) "Immediate family" means a spouse and any unemancipated child.

g) "Non-bid basis" means a contract awarded or executed by the Commonwealth with Borough without seeking bids or proposals from any other potential bidder or offeror.

h) "Political contribution" means any payment, gift, subscription, assessment, contract, payment for services, dues, loan, forbearance, advance or deposit of money or any valuable thing, to a candidate for public office or to a political committee, including but not limited to a political action committee, made for the purpose of influencing any election in the Commonwealth of Pennsylvania or for paying debts incurred by or for a candidate or committee before or after any election.

RESPONSIBILITY PROVISIONS

For the purpose of these provisions, the term "Borough" is defined as any person, including, but not limited to, a bidder, offeror, loan recipient, grantee or lessor, who has furnished or performed or seeks to furnish or perform, goods, supplies, services, leased space, construction or other activity, under a contract, grant, lease, purchase order or reimbursement agreement with the Commonwealth. The term Borough includes a permittee, licensee, or any agency, political subdivision, instrumentality, public authority, or other public entity in the Commonwealth.

1. The Borough certifies, in writing, for itself and its subcontractors required to be disclosed or approved by the Commonwealth, that as of the date of its execution of this Agreement, that neither the Borough, nor any such subcontractors, are under suspension or debarment by the Commonwealth or any governmental entity, instrumentality, or authority and, if the Borough cannot so certify, then it agrees to submit, along with this Agreement, a written explanation of why such certification cannot be made.

2. The Borough also certifies, in writing, that as of the date of its execution of this Agreement it has no tax liabilities or other Commonwealth obligations, or has filed a timely administrative or judicial appeal if such liabilities or obligations exist, or is subject to a duly approved deferred payment plan if such liabilities exist.

3. The Borough's obligations pursuant to these provisions are ongoing from and after the effective date of this Agreement through the termination date thereof. Accordingly, the Borough shall have an obligation to inform the Commonwealth if, at any time during the Term of this Agreement, it becomes delinquent in the payment of taxes, or other Commonwealth obligations, or if it or, to the best knowledge of the Borough, any of its subcontractors are suspended or debarred by the Commonwealth, the federal government, or any other state or governmental entity. Such notification shall be made within 15 days of the date of suspension or debarment.

4. Subject to the provisions of Section V of the Agreement, the failure of the Borough to notify the Commonwealth of its suspension or debarment by the Commonwealth, any other state, or the federal government shall constitute an event of default of this Agreement with the Commonwealth.

5. The Borough agrees to reimburse the Commonwealth for the reasonable costs of investigation incurred by the Office of State Inspector General for investigations of the Borough's compliance with the terms of this or any other agreement between the Borough and the Commonwealth that results in the suspension or debarment of the Borough. Such costs shall include, but shall not be limited to, salaries of investigators, including overtime; travel and lodging expenses; and expert witness and documentary fees. The Borough shall not be responsible for investigative costs for investigations that do not result in the Borough's suspension or debarment.

6. The Borough may obtain a current list of suspended and debarred Commonwealth Boroughs by either searching the Internet at <http://www.dgs.state.pa.us/> or contacting the:

Department of General Services
Office of Chief Counsel
603 North Office Building
Harrisburg, PA 17125
Telephone No: (717) 783-6472
FAX No: (717) 787-9138

AMERICANS WITH DISABILITIES ACT

a. Pursuant to federal regulations promulgated under the authority of The Americans With Disabilities Act, 28 C.F.R. § 35.101 et seq., the Borough understands and agrees that it shall not cause any individual with a disability to be excluded from participation in this Agreement or from activities provided for under this Agreement on the basis of the disability. As a condition of accepting this Agreement, the Borough agrees to comply with the "General Prohibitions Against Discrimination," 28 C.F.R. § 35.130, and all other regulations promulgated under Title II of The Americans With Disabilities Act which are applicable to all benefits, services, programs, and activities provided by the Commonwealth through contracts with outside contractors.

b. The Borough shall be responsible for and agrees to indemnify and hold harmless the Commonwealth from all losses, damages, expenses, claims, demands, suits, and actions brought by any party against the Commonwealth as a result of the Borough's failure to comply with the provisions of subparagraph a. above.

COVENANT AGAINST CONTINGENT FEES

The Borough warrants that it has not employed or retained any company or person, other than a bona fide employee working solely for the Borough, to solicit or secure this Agreement, and that it has not paid or agreed to pay any company or person, other than a bona fide employee working solely for the Borough, any fee, commission, percentage, brokerage fee, gifts, or any other consideration, contingent upon or resulting from the award or making of this Agreement. Subject to Section V of this Agreement, for breach or violation of this warranty, the Commonwealth shall have the right to terminate this Agreement without liability or, in its discretion, to deduct from a purchase order price, or otherwise recover, the full amount of such fee, commission, percentage, brokerage fee, gift, or contingent fee.

EXHIBIT C

GLOSSARY OF TERMS

GENERAL DEFINITIONS: the following definitions apply to the words and phrases used in the foregoing Agreement, unless the text or usage clearly indicates otherwise.

Account Termination Date – The date forty-five (45) days after the end of the Term.

Additional Deposit – The additional Clawback Deposit to be made by the Authority pursuant to Section 3.5(e).

Aggregator - An entity licensed by the PUC that purchases Electricity and takes title to Electricity as an intermediary for sale to retail customers. An aggregator assembles customers into buying groups for the purpose of purchasing Electricity.

Agreement - This Intergovernmental Power Purchase and Sale Agreement between the Borough and the Commonwealth.

Authority - The Lancaster County Solid Waste Management Authority, a municipal authority organized and existing under the laws of the Commonwealth of Pennsylvania.

Borough – The Borough of Columbia.

Borough Default – Borough Default is described in Section 5.1(a).

Borough Escrow Account - An escrow account in the name of Borough administered by the Authority in accordance with the Steam Agreement into which all Electric Plant receipts are deposited and from which all Electric Plant expenses are paid.

Capacity - Capacity means capacity to generate Electricity as measured by the PJM UCAP, as it may be changed by PJM from time to time.

Clawback Account – An escrow account into which the Authority may be required to make certain payments due to the Clawback provisions of this Agreement as provided in Section 3.5.

Clawback Credit – The credit to the Clawback Account provided to the Authority pursuant to Section 3.5(c).

Clawback Deposits - The deposits by the Authority into the Clawback Account as required by Section 3.5(b).

Clawback Period - The annual payments of Commonwealth during the second ten years of the Term.

Clawback Proforma – An illustrative pro forma attached as Exhibit D solely to demonstrate how the Clawback Account would function under certain circumstances.

Closing DS Schedule – The fixed debt service schedule described in Section 3.7.

CO – The Contracting Officer who will serve as the point of contact for the Agreement during the Term of this Agreement. The Commonwealth from time to time may designate a new CO.

Commonwealth - The Commonwealth of Pennsylvania and all its agencies, departments and other units. The definition does not include political subdivisions or other municipal entities.

Commonwealth Default – Commonwealth Default is described in Section 5.1(b).

Contracted Electric Rate - The price per kWh, net of all taxes imposed upon the sale of Electricity, as set forth on the Schedule contained in Section 3.4 of this Agreement.

Debt Service Coverage - Debt service coverage is calculated by dividing the applicable annual Net Operating Income by the applicable annual debt service (principal and interest) as described in Section 3.6.

Delivery Point - The point on an electrical distribution system at which it delivers Electricity that was supplied. The Delivery Point is defined in Section 2.3.

Distribution Charges - Basic service charges for delivering Electricity from the transmission system over a distribution system to a customer's residence or business.

Distribution Company - The regulated portion of an electric company that constructs and maintains the wires that connects the transmission grid to the customer's residence or business where the power is used.

DGS Portfolio – The fifteen (15) Commonwealth building accounts listed in Exhibit A to this Agreement and any building accounts subsequently added to Exhibit A from time to time as provided in this Agreement.

Effective Date - The Effective Date is the date the Borough is to begin providing Electricity to the Delivery Point. The CO will fix the Effective Date after this Agreement is fully executed by the Borough and by the Commonwealth, and after all approvals required by Commonwealth contracting procedures are obtained. The Borough will not start performance under this Agreement prior to the Effective Date.

EFT – Transfer of funds by electronic funds transfer.

Electrical Plant – The portion of the Facility consisting of a turbine and associated equipment which uses steam created by the Mass Burn Facility to generate Electricity for sale.

Electric Distribution Company or EDC - The public utility providing facilities for the transmission and distribution of Electricity to retail customers.

Electric Generation Supplier or EGS - A firm or company that sells Electricity or related services to end-use customers using the transmission or distribution facilities of an electric distribution company.

Electric Manager – The entity designated by the Borough to provide services regarding the Net

Electric Output and the DGS Portfolio as described in Section 2.2 of this Agreement. The Borough may designate the Commonwealth's Electricity Provider as Electric Manager, in which case the contract will be with the Commonwealth, or the Borough may designate a separate entity, in which case the contract will be with the Borough.

Electricity - deregulated electricity that is purchased pursuant to this Agreement and that is delivered to the Delivery Point meter.

Electricity Provider - The term refers to the electric supplier entity designated and contracted by the Commonwealth to manage delivery of the Net Electric Output to the Commonwealth and other Energy Related Services for the DGS Portfolio as described in Section 2.3 of this Agreement.

EPA - United States Environmental Protection Agency.

Excess Net Electric Output - The Net Electric Output less the quantity of Electricity consumed by the DGS Portfolio as set forth in Section 2.2(b).

Facility - An 800 ton-per-day, three unit, mass burn, waste-to-energy facility owned by the Authority and located in the City of Harrisburg and Swatara Township, Dauphin County, Pennsylvania, including the Mass Burn Facility and the Electrical Plant.

Federal Energy Regulatory Commission or FERC - A quasi-independent regulatory agency within the Department of Energy having jurisdiction over interstate Electricity sales, wholesale electric rates, hydroelectric licensing, interstate gas pipelines and interstate gas sales under the Natural Gas Act, gas pipeline certification, and deregulation of the natural gas industry (FERC Order 436 and Order 636).

Firm Power - Power or power producing capacity intended to be available at all times during the period covered by a guaranteed commitment to deliver, even under adverse conditions.

Force Majeure - An act of God, strike, lockout, war, civil disturbance, explosion, breakage, accident to machinery or pipeline, failure of wells or sources of gas supply, federal, state or local law, binding order of a court or governmental agency or by any other cause beyond the reasonable control of the Commonwealth or the Borough or the Authority.

Grid - An arrangement of power lines connecting power plants and customers over a large area.

GRT - Means Gross Receipts Tax.

Kilowatt (kW) - One thousand watts of Electricity.

Kilowatt hour (kWh) - One thousand watts of Electricity used for one hour.

Market Electric Rate - Rates for Electricity as set forth in Section 3.5(a).

Marketer or Broker - An entity, licensed by the PUC, that acts as an agent or intermediary in the sale and purchase of Electricity and does not take title to the Electricity.

Mass Burn Facility – The portion of the Facility consisting of burners and associated equipment which incinerate waste to create heat used to generate steam.

Minimum Clawback Coverage – The minimum Debt Service Coverage set forth in Schedule 3.9.

Net Electric Output - The entire electric output of the Electrical Plant, less Electricity consumed in operating the Facility and other operations on the Facility site, including the Mass Burn Facility.

Net Operating Income – The net operating income used to calculate Debt Service Coverage as provided in Section 3.6.

Non-firm Power - A supply of power or power producing capacity having limited or no assured availability because it is supplied on a unit-contingent basis and the amount of electricity output thereunder is not assured or guaranteed.

OAG – Means the Office of the Attorney General of the Commonwealth.

PJM Interconnection LLC or PJM - A regional transmission organization that ensures the reliability of the electric power supply system in 13 mid-Atlantic states and the District of Columbia. PJM operates the wholesale Electricity market and manages a long-term regional electric transmission planning process to maintain the reliability of the power supply system.

PJM System - The transmission facilities located in the Mid-Atlantic region that are controlled by PJM.

Power Marketer - An individual or firm that sells Electricity that it either buys or generates on its own. Power marketers require certification by the Federal Energy Regulatory Commission (FERC).

Procurement Code – The Commonwealth Procurement Code, 62 Pa.C.S.A. §101 *et. seq.*

Projected DS Schedule – The projected debt service schedule described in Section 3.7.

Public Utilities Commission or PUC - State energy regulatory division that oversees tariffs and regulatory issues for all utilities. References to the PUC are considered the Pennsylvania Public Utility Commission unless otherwise stated.

Regional Transmission Organization or RTO - An organization regulated by the Federal Energy Regulatory Commission that owns and/or operates all or part of the transmission systems of several companies in order to ensure independence and non-discriminatory access for all users. Regional transmission organizations include independent system operators, transmission companies, and independent transmission companies.

Steam Agreement – The agreement between the Borough and the Authority pursuant to which the Authority leases the Electrical Plant to the Borough, sells steam to the Borough for use in the Electrical Plant, agrees to make the Clawback Deposits, and indemnifies the Borough against

certain claims and losses. In consideration of Borough's purchase of steam from the Authority, the Authority will guarantee all obligations of the Commonwealth to the Borough under this Agreement.

Suspended Commonwealth Credit – The suspended credit to the Clawback Account provided to the Commonwealth pursuant to Section 3.5(d).

Tariff - Formal documentation of local distribution company (utility) and protocols and prices, as approved by the PUC.

Term – The term of the Agreement is set forth in Section 1.4.

Transition Charges - These are charges that generally represent the costs of government policies, practices or mandates and otherwise would not exist in a competitive market. Recovery of these costs will not increase customer prices over current levels.

Watt - A unit of electric power. For example, a 100-watt bulb turned on for 10 hours would use 1,000 watts of Electricity or one kilowatt-hour.

Year - A "Year" is the twelve (12) month period beginning with the stated year (i.e. "2013" would be July 1, 2013 through June 30, 2014).

EXHIBIT D
CLAWBACK PROFORMA

Electric Rate Structure	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Net Operating Income	\$12,857,541	\$12,982,784	\$13,318,264	\$14,107,454	\$14,503,990	\$14,915,968	\$15,342,089	\$13,740,448*	\$16,226,680	\$16,692,415
Forecasted NOI	\$9,081,500	\$9,207,750	\$9,329,500	\$9,766,000	\$9,920,500	\$10,080,250	\$10,243,750	\$10,409,500	\$10,576,000	\$10,746,750
Debt Service										
Debt Service										
Coverages										
Forecasted Coverage	1.393x	1.410x	1.428x	1.415x	1.462x	1.480x	1.498x	1.516x	1.534x	1.553x
Actual Coverage	1.394x	1.410x	1.428x	1.444x	1.462x	1.480x	1.498x	1.516x	1.534x	1.553x
Target Clawback Coverage	1.300x	1.300x	1.300x	1.300x	1.380x	1.400x	1.400x	1.400x	1.400x	1.400x
Forecast Maximum Clawback	\$846,591	\$1,012,709	\$1,189,914	\$1,411,664	\$1,607,340	\$803,018	\$1,006,849	\$1,207,502	\$1,420,280	\$1,646,965
Contracted Rates	\$0.0531	\$0.0548	\$0.0564	\$0.0581	\$0.0602	\$0.0624	\$0.0647	\$0.0669	\$0.0693	\$0.0717
Electric Expense to DGS (based on contracted rates)	\$6,016,010	\$6,221,857	\$6,426,404	\$6,640,280	\$6,894,983	\$7,157,094	\$7,427,857	\$7,697,563	\$7,976,715	\$8,263,204
Hypothetical Market Rates (for illustrative purposes only)	\$0.0631	\$0.0660	\$0.0664	\$0.0481	\$0.0700	\$0.0650	\$0.0650	\$0.0600	\$0.0600	\$0.0600
Hypothetical Market Electric Expense to DGS	\$7,256,500	\$6,909,000	\$5,336,000	\$5,531,500	\$8,050,000	\$7,475,000	\$7,475,000	\$6,900,000	\$6,900,000	\$6,900,000
Suspended Credit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$797,563	\$453,999	\$170,238
Escrow Account Adjustment	-\$1,240,490	-\$678,143	\$1,090,404	\$1,108,780	-\$1,155,017	-\$317,906	-\$47,143	\$0	\$1,420,280	\$1,646,965
Escrow Balance	-\$1,240,490	-\$1,918,633	-\$828,229	\$280,550	-\$674,466	-\$1,192,372	-\$1,239,515	-\$1,239,515	\$180,765	\$1,827,730
									DGS IS PAID	\$1,827,730

*The \$13,740,448 Forecasted NOI is for illustrative purposes only to show that no payment is made to escrow account as LCSWMA did not meet debt service. Actual NOI forecasted by LCSWMA is \$15,740,448.

Notes:

1). Escrow account will be established which LCSWMA will fund annually should the market rates be below the Contracted Rates, subject to the Target Clawback Coverage

2). Escrow account will receive credits (not funding) should market rates exceed the Contracted Rates

3). Escrow account funds, if any, will be distributed to DGS at the expiration of the contract after true up for final year of contract is made

EXHIBIT E
CLOSING DS SCHEDULE

To Be Attached at Closing

EXHIBIT J

County Agreements

[Attached]

COOPERATION AGREEMENT

This Cooperation Agreement (this "Cooperation Agreement") is entered into as of the ____ day of ____, 2013, by and between the **LANCASTER COUNTY SOLID WASTE MANAGEMENT AUTHORITY** ("LCSWMA"), and Pennsylvania municipal authority, and **COUNTY OF DAUPHIN** (the "County"), a Pennsylvania third-class county.

Background

LCSWMA and the County have entered into a Delegation and Assumption of Capacity Assurance Responsibilities Agreement (the "Delegation Agreement"). A true and correct copy of the Delegation Agreement is attached to this Cooperation Agreement as Exhibit "A" and incorporated by reference as if set forth in full in this Cooperation Agreement. Capitalized terms not defined in Section 25 or elsewhere in this Cooperation Agreement shall be defined as set forth in the Delegation Agreement and the Amended Waste Management Ordinance of the County.

Regional cooperation in providing for solid waste management needs of both the County and Lancaster County is beneficial to the public. The Delegation Agreement provides for regional cooperation in assurance of adequate permitted processing and disposal capacity for municipal solid waste. This Cooperation Agreement provides for regional financial cooperation concerning the Designated RMW Facility. The County and LCSWMA intend that LCSWMA acquire the Designated RMW Facility under the terms of a Purchase Agreement (the "Purchase Agreement") among LCSWMA, THA and the Receiver. The acquisition will enable LCSWMA to fulfill its responsibilities under the Delegation Agreement. The Purchase Agreement generates a reasonable purchase price for the Designated RMW Facility. The Purchase Agreement is a key component of the Recovery Plan of the Receiver under which the County will not have any remaining obligation under the County's guaranty of certain bonds issued by THA in connection with the Designated RMW Facility.

In order for the Purchase Agreement to generate a purchase price sufficient to retire a significant portion of the Designated RMW Facility debt and enable a successful Recovery Plan, it is necessary for, among other things, all Regulated Municipal Waste to be delivered, processed and disposed by LCSWMA. To protect the County, LCSWMA has agreed to certain not to exceed per Ton Regulated Municipal Waste gate disposal charges ("Tip Fees") as set forth in this Cooperation Agreement. The County will not guarantee the Acquisition Bonds issued by LCSWMA to finance the acquisition of the Designated RMW Facility. In lieu of such guarantee, to enable LCSWMA to finance the Purchase Agreement, the County has agreed to certain financial cooperation in the operations of the Designated RMW Facility as set forth in this Cooperation Agreement. Without the Delegation Agreement, this Cooperation Agreement, and the Redevelopment Assistance Capital Grant (the "RACP Grant") to be provided by the Commonwealth of Pennsylvania, the Designated RMW Facility has very limited value. LCSWMA would not close under the Purchase Agreement with THA at the price stated in the Purchase Agreement without the agreements and RACP Grant.

With the foregoing background incorporated by reference, and intending to be legally bound by this Cooperation Agreement, LCSWMA and the County agree as follows:

Section 1. Conditions Precedent. Closing under the Purchase Agreement, and all the transactions and documents contemplated by the Purchase Agreement, is a condition precedent to the respective obligations of the County and LCSWMA under this Cooperation Agreement and the Delegation Agreement. The Term shall not commence unless each of the following conditions has been met:

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

(b) the 2013 Plan, as defined in the Delegation Agreement, shall have been approved, or deemed to have been approved, by DEP;

(c) the City of Harrisburg shall have entered into an agreement with LCSWMA agreeing to exercise Waste Flow Control to designate the Designated RMW Facility as the facility for the disposal, processing and transfer of Regulated Municipal Waste generated within the City of Harrisburg for the Term;

(d) each party shall have received an opinion of counsel to the other party, in customary form regarding Section 28 or 29 of this Cooperation Agreement, as applicable;

(e) no action, suit, proceeding or official investigation shall have been commenced by any Person or federal, Commonwealth or local governmental authority or agency 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 County or LCSWMA as a result of participation or intended participation in any transaction contemplated by this Cooperation Agreement if any such action, suit, proceeding or investigation would, if adversely determined, materially affect this Cooperation Agreement, or the performance by the Parties of their respective obligations under this Cooperation Agreement or the transactions contemplated by this Cooperation Agreement;

(f) 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 County or LCSWMA of this Cooperation Agreement, or would make compliance by the County or LCSWMA with the terms and conditions of this Cooperation Agreement or the consummation by the County or LCSWMA of the transactions contemplated by this Cooperation Agreement, a violation of such law, rule, regulation or ordinance; and

(g) LCSWMA shall have obtained the necessary federal, state and local permits or approvals necessary for the operation of the Designated RMW Facility, and all applicable permits and licenses necessary for the processing and disposal of Solid Waste at the Designated RMW Facility, or, in the alternative, shall have a reasonable expectation that such permits and approvals will issue in due course and shall have entered into an Operating Agreement with THA allowing LCSWMA to operate under the authority of THA's permits and approvals.

Section 2. Satisfaction of Conditions Precedent.

(a) The Parties shall exercise good faith and due diligence in satisfying the conditions precedent set forth in this Cooperation Agreement 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 Cooperation Agreement by the failure to satisfy any condition precedent to the extent that the satisfaction of such condition is within such Party's control.

Section 3. Term. The term of this Cooperation Agreement (the "Term") shall commence upon closing under the Purchase Agreement (the "Commencement Date") and continue until the twentieth (20th) anniversary of closing under the Purchase Agreement (the "End Date") or earlier Termination Date. Delivery and acceptance of waste under this Cooperation Agreement shall commence on the Commencement Date, which is expected to be on or about October 16, 2013, and shall continue during the Term.

Section 4. 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 this Cooperation Agreement 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 Cooperation Agreement as of the date of such notice, and this Cooperation Agreement shall be null and void *ab initio*. Nothing in this Section 4 shall be deemed to relieve the Parties of their obligations pursuant to Section 2.

Section 5. Termination after Commencement. On and after the Commencement Date, the Parties may terminate this Agreement only to the extent provided in Sections 20 and 21 as applicable.

Section 6. Capacity Delegation and Facility Designation. During the Term:

(a) the County and LCSWMA shall maintain and fulfill their respective obligations under the Delegation Agreement;

(b) the County shall direct all Regulated Municipal Waste to the Designated RMW Facility and the LCSWMA System;

(c) the County shall continue its current Waste Flow Control efforts and shall use best efforts to enforce such Waste Flow Control within the boundaries of the County, including but not limited to enforcing the 2013 Plan and the Amended Municipal Waste Management Ordinance, provided however that the City of Harrisburg shall have primary responsibility for enforcement of Waste Flow Control with respect to Regulated Municipal Waste generated within the City; and

(d) subject to the terms and conditions of this Cooperation Agreement, the SRMC Rules and Regulations, as adopted and revised by LCSWMA from time to time (the

“SRMC Rules and Regulations”), shall govern delivery of Solid Waste to the Designated RMW Facility and acceptance, processing, disposal and transfer of Solid Waste by the Designated RMW Facility.

Section 7. RACP Grant.

(i) In connection with acquisition and improvement of the Designated RMW Facility, LCSWMA has prepared a RACP Business Plan and RACP Application for an Eight Million Dollar (\$8,000,000) RACP Grant administered by the Office of the Budget. The County will execute the Application as the Applicant with LCSWMA as the Sub-applicant. LCSWMA will provide all information and effort necessary at LCSWMA's sole cost to prepare and process the Application.

(b) The County will execute the Grant Agreement as Grantee with LCSWMA as the sub-grantee. All RACP grant funds will pass through the County to LCSWMA. LCSWMA will provide all effort necessary at LCSWMA's sole cost to administer the RACP grant funds and respond to any audit or other requirements of the Redevelopment Capital Assistance Program.

(c) In the event any use of the RACP Grant funds is found to be ineligible, or any other problem with the RACP Grant arises, LCSWMA will indemnify and hold harmless the County from any claims of the Commonwealth of Pennsylvania concerning the RACP Grant, including but not limited to reasonable attorney's fees and costs in connection therewith in defense of suits, actions, claims and demands.

(d) The County and LCSWMA will execute the RACP Grant Cooperation Agreement in substantially the form attached as Exhibit “B” approving the acquisition of the Designated RMW Facility, outlining the respective responsibilities of the County as Applicant the LCSWMA as sub-Applicant/administrator, and obligating the County and LCSWMA to comply with RACP terms and conditions of the RACP Grant Agreement.

Section 8. Not to Exceed Tip Fees.

(a) During the term of this Cooperation Agreement, the Tip Fees charged by LCSWMA for Regulated Municipal Waste (other than Regulated Municipal Waste generated within the City of Harrisburg) shall not exceed the amounts set forth in this paragraph (the “Tip Fee Limit”) unless the County directs LCSWMA to charge a higher Tip Fee under Section 9(e) or Section 14 (f) or unless higher Tip Fees are required under this Cooperation Agreement under Section 15. The per Ton Tip Fee Limit each calendar year shall be: 2013 -- \$77.09; 2014 through 2016-- \$80; 2017 through 2019 -- \$85.00; and 2020 -- \$90.00. For calendar years 2021 through 2033 the Tip Fee Limit shall be changed on January 1st by the amount of the change in the Consumer Price Index from the previous January 1st. The Tip Fee Limit is inclusive of all current governmental fees upon the processing and disposal of waste, including any Host Fee. The County acknowledges and agrees that the Tip Fees and processing and disposal services provided by LCSWMA are actual and necessary costs for necessary services for the County's obligations under Act 101. LCSWMA shall give notice of the change in the Tip Fee due to the change in the Consumer Price Index as soon as the index is made available.

(b) To the extent provided in Section 9(e) and Section 14 (f), the County may increase the Tip Fee Limit once per calendar year with six (6) months advance written notice to LCSWMA.

(c) The Tip Fee Limit shall not apply to Tip Fees for Regulated Municipal Waste generated within the City of Harrisburg, which will be governed by a separate agreement between the City of Harrisburg and LCSWMA.

(d) Under the SRMC Rules and Regulations LCSWMA may charge Tip Fees in its reasonable discretion for Special Wastes and other matters. Tip Fees for C&D Waste shall be determined in accordance with the County's C&D Waste program procedures.

Section 9. Ash Disposal.

(a) During the first fifty-four (54) months of the Term, LCSWMA shall be fully responsible for all costs of transportation and disposal of ash ("Ash") generated by the Designated RMW Facility. Beginning on the fifty-fifth (55th) month of the Term, the County shall pay a monthly fee (the "Ash Fee") to LCSWMA. The monthly Ash payment shall equal the per Ton Ash Fee times the Tons of Ash generated during fifty-fifth (55th) month and each month thereafter, excluding Ash generated by processing of Solid Waste generated in Lancaster County. The weight of Ash generated by Lancaster County Waste shall be determined by multiplying the total Tons of Ash times a fraction the numerator of which is Tons of Lancaster County Waste processed and the denominator of which is total Tons of Solid Waste processed. The Ash Fee has two components: disposal and transportation.

(b) The disposal component of the Ash Fee shall initially be twelve dollars (\$12.00) as of 2013. The initial disposal component shall be adjusted by the change in the annual Consumer Price Index on January 1 of each year. It is anticipated that when the Ash Fee begins to be paid in fifty-fifth (55th) month of the Term, the disposal component of the Ash Fee will have been annually adjusted by the Consumer Price Index five (5) times to determine the disposal component.

(c) The transportation component of the Ash Fee will be the actual costs to LCSWMA for transporting Ash. The transportation component is estimated at thirteen dollars (\$13.00) per Ton in 2013. LCSWMA will bid Ash transportation services at the beginning of the forty-ninth (49th) month of the Term and provide the County with full information concerning the bid process and results. If LCSWMA determines that it would be less expensive to use LCSWMA forces to haul Ash, LCSWMA will provide the County with a breakdown of LCSWMA's costs and charges for transportation, including the return on invested capital, and offer the County a choice of paying the transportation costs through the bid process above or a lower Ash Fee based on transportation by LCSWMA.

(d) Upon closing under the Purchase Agreement, LCSWMA shall immediately commence an internal analysis of methods mitigating some of the Ash Fee by other disposal methods, including steps to make it possible to expand the on-site Ash Landfill within five (5) years. If LCSWMA's internal analysis concludes that it is reasonably likely that it is environmentally and economically feasible to expand the Ash Landfill, LCSWMA's staff shall

prepare cost estimates for four phases of Ash Landfill expansion: (i) design, (ii) permitting, (iii) construction, and (iv) operation, with an estimated range of a lower Ash Fee based on all costs of design, permitting, construction, and operation of new Ash Landfill cells, including but not limited to a reasonable return on invested capital, operation of the Ash Landfill, and on-site movement of Ash from the Designated RMW Facility to the Ash Landfill. If the County directs LCSWMA to proceed, LCSWMA shall engage an engineering firm to perform the design and cost estimate work for the Ash Landfill. The expense of the engineering firm's design and cost estimate work shall be paid fifty percent (50%) by the County and fifty percent (50%) LCSWMA. If at the completion of the design phase, the County directs LCSWMA to proceed, LCSWMA shall engage an engineering firm to perform the permitting work for the Ash Landfill. The expense of the engineering firm's permitting work shall be paid fifty percent (50%) by the County and fifty percent (50%) LCSWMA. If at the completion of the permitting phase, the County directs LCSWMA to proceed, LCSWMA shall construct and operate the expanded Ash Landfill, and the Ash Fee shall be adjusted so to be sufficient to, over the expected life of the expansion, with a reasonable return on invested capital, allow LCSWMA to reimburse the County for the County's share of the engineering design and permitting costs paid by the County, cover LCSWMA's share of the engineering design and permitting costs, cover construction costs, and pay the operating costs of the Ash Landfill, including on-site movement of Ash from the mass burn facility to the Ash Landfill.

(e) After the first fifty-four (54) months of the Term, the County may pursuant to Section 8(b) authorize an increase in the Tip Fee Limit on account of Ash Fee costs, provided that no such increase shall occur prior to the first day of the fifty-fifth (55th) month after the Commencement Date. If the County increases the Tip Fee Limit, LCSWMA shall increase the Tip Fee up to the Tip Fee Limit and each month thereafter LCSWMA shall calculate the additional revenues received from Regulated Municipal Waste due to the increase in the Tip Fee Limit and the monthly Ash Fee shall be reduced by an equal amount.

(f) LCSWMA will invoice the Ash Fee ten (10) days after the end of each month, and the County shall pay the Ash Fee within thirty (30) days of receipt of the invoice.

Section 10. Recycling.

(a) The County and LCSWMA are committed to the importance of Recycling in municipal waste management. Under the 2013 Plan and the Delegation Agreement the County is responsible for a county's duties under Act 101 with respect to Recycling and Source Separated Recyclable Materials.

(b) In order to assist in Recycling, LCSWMA will provide reasonable access during normal business hours to the Dauphin County Recycling Center (the "DCRC") located upon the Designated RMW Facility site. DCRC personnel and visitors shall comply with the reasonable directives of LCSWMA concerning DCRC access and use. As part of the Purchase Agreement, the existing DCRC ground lease (the "Ground Lease") from THA to the County shall be assigned to and assumed by LCSWMA and shall continue until the end of the Term so long as the DCRC is being used by the County for recycling purposes. Upon the termination of the Ground Lease, ownership of the DCRC building shall transfer to LCSWMA at no cost to

LCSWMA, provided that LCSWMA reimburses the County for any return of DEP grant funds required due to transfer of ownership of the DCRC building.

(c) As increased Recycling rates decrease the tonnage of Regulated Municipal Waste delivered to the Designated RMW Facility, the Tip Fee Limit may be adjusted pursuant to Section 14(f).

Section 11. Governmental Approvals. The County shall obtain approval from DEP of the 2013 Plan. The County shall adopt all necessary supporting ordinances and resolutions regulating the flow of municipal solid waste to the Designated RMW Facility and any and all other necessary amendments, ordinances, or other municipal or governmental actions necessary to fully comply with the statutory or regulatory requirements to fulfill this Cooperation Agreement, the Delegation Agreement and the Purchase Agreement.

Section 12. County System Fee. The continuing operation of the County Department of Solid Waste Management and Recycling (the "County Department") notwithstanding, the County shall eliminate any Dauphin County fee (currently \$4.90 per Ton) applicable to Solid Waste disposal or processing. No County System Fee or other fee upon Solid Waste delivered to the Designated RMW Facility shall be imposed by the County during the Term.

Section 13. Subordinated Loan. As provided in the Purchase Agreement, in addition to the Acquisition Bonds, LCSWMA will borrow certain additional funds (the "Subordinated Loan") in the amount of Twenty Four Million Dollars (\$24,000,000) used as part of the purchase price for the Designated RMW Facility.

(a) The Subordinated Loan will be interest only for the Term. LCSWMA will be responsible for interest of Two Hundred and Forty Thousand Dollars (\$240,000) per annum on the Subordinated Loan, payable semi-annually during the Term, and the balance of the interest will be the responsibility of the County. Semi-annually, at least twenty (20) days prior to the due date, LCSWMA will invoice the County for the County's share of the interest and the County will pay the County's share of the interest at least ten (10) days prior to the due date. LCSWMA will pay the interest on or before the due date.

(b) The Subordinated Loan will be non recourse as to the assets and revenues of LCSWMA. The principal and interest of the Subordinated Loan shall be guaranteed by the County. LCSWMA shall give the County at least fifteen (15) days prior notice of any anticipated failure to make payment of any part of the Subordinated Loan when due.

(c) The principal of the Subordinated Loan shall be repaid at the end of the Term as follows:

(i) If, prior to the end of the Term, the County takes all necessary steps, including but not limited to any appropriate Act 101 Plan Revision, to continue legally enforceable Waste Flow Control for ten (10) years after the end of the Term with County Tip Fees not less than the Tip Fees in the year preceding the end of the Term (the "Extension"), then LCSWMA will, at LCSWMA's option:

(A) repay the unpaid principal of the Subordinated Loan; or
(B) convey the Designated RMW Facility to the County, upon County repayment of the Subordinated Loan.

(ii) If the County legally cannot cause the Extension, then LCSWMA will, at the end of the Term, at LCSWMA's option:

(A) repay the unpaid principal of the Subordinated Loan; or
(B) convey the Designated RMW Facility to the County, upon County repayment of the Subordinated Loan.

(iii) If the County is legally able to cause the Extension, but fails to do so prior to the end of the Term, then the County shall repay the unpaid principal of the Subordinated Loan and LCSWMA shall retain ownership of the Designated RMW Facility.

For purposes of this Section 13(c), during the Extension, the Designated RMW Facility will accept Regulated Municipal Waste generated within the City of Harrisburg at Tip Fees equal to the Tip Fees charged to other County Regulated Municipal Waste.

Section 14. Regulated Waste Reports.

(a) As provided in the County Rules and Regulations, LCSWMA shall require each hauler of each load of Regulated Waste delivered to the Designated RMW Facility provide LCSWMA with a completed County Manifest Form. The completed County Manifest Form shall be delivered to the Designated RMW Facility scale house operator upon entering the Designated RMW Facility. LCSWMA will ensure that a County Manifest Form accompanies any load of Regulated Waste accepted by the Designated RMW Facility.

(b) LCSWMA will review each County Manifest Form, making sure it is properly completed, and process the form as necessary.

(c) On or before the twentieth (20th) day of each month, LCSWMA will provide a monthly report to the County Department setting forth the amount of Regulated Waste transported during the preceding month to the Designated RMW Facility. LCSWMA will make available to the County for review each County Manifest Form received. The monthly report will contain the date, origin, type, and quantity of Regulated Waste delivered to the Designated RMW Facility, and total monthly receipts from Regulated Municipal Waste. On January 20 of each calendar year during the Term, LCSWMA shall calculate from the monthly reports and provide to the Department an annual report ("Receipt Report") of the total receipts from Regulated Municipal Waste during the preceding calendar year which will also identify the aggregate annual reduction, if any, in the Ash Fee, by reason of an increase in the Tip Fee Limit under Section 9(c).

(d) LCSWMA's acquisition of the Designated RMW Facility was based upon certain levels of revenues from Regulated Municipal Waste. For calendar years after 2013, the

Receipt Report will identify the dollar amount by which the actual annual Regulated Municipal Waste receipts (not including any increase in such receipts by reason of an increase in the Tip Fee Limit under Section 9(e) of this Cooperation Agreement) are less than (a "Shortfall") or greater than (an "Excess") the Regulated Municipal Waste revenues ("RMW Revenues") set forth in this paragraph. The RMW Revenues for each calendar year shall be: 2014 and 2105 -- \$10,132,000; 2016 -- \$10,932,000; 2017 through 2019 -- \$11,615,250; and 2020 -- \$12,298,500. For calendar years 2021 through 2033 the RMW Revenues shall be changed on January 1st by the amount of the change in the Consumer Price Index from the previous January 1st. RMW Revenues shall be prorated for any partial year. In consideration of LCSWMA entering into this Agreement including the matters set forth in the Background paragraph to this Cooperation Agreement, provided that LCSWMA has not reduced Tip Fees below the Tip Fee Limit, then, in the event that, after calendar year 2013, there is a Shortfall in RMW Revenues, the County shall reimburse LCSWMA for the Shortfall.

(e) For purposes of calculating the Shortfall, the County shall be deemed to begin with a \$800,000 nominal credit. The nominal credit shall be increased by the amount of any Excess in any calendar year. On or about January 30 of each calendar year beginning in 2015, LCSWMA shall provide the County with an invoice indentifying the Shortfall through the end of the previous calendar year, taking into account: (i) the initial \$800,000 credit, (ii) any previous uncredited Excess, and (iii) any previous Shortfall payments. The County shall pay any remaining net Shortfall within thirty (30) days of receipt of the invoice. The \$800,000 credit and Excess credits are purely nominal, for the purpose of calculating any Shortfall, and are never to be paid by LCSWMA to the County.

(f) As increased Recycling rates cause a decrease in the annual Tonnage of Regulated Municipal Waste delivered to the Designated RMW Facility, the County may, pursuant to Section 8(b), increase the Tip Fee Limit so as decrease or eliminate any Shortfall.

Section 15. Adjustment to the Tip Fee Limit for Change in Law and Uncontrollable Circumstances.

(a) As the Tip Fee Limit is inclusive of all current governmental fees upon the processing and disposal of waste, including any Host Fee, the Tip Fee Limit shall be increased or decreased by the amount of any increases or decreases in such governmental fees due to Change in Law. For purposes of this Section 15 of this Cooperation Agreement, "Change in Law" means the occurrence after the Commencement Date of an event described in paragraph (i) below unless such event is excluded pursuant to paragraph (ii) or paragraph (iii) below.

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

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

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

(C) 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 Designated RMW Facility as contemplated under this Cooperation Agreement; or

(D) 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.

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

(A) the event changes the cost or ability of LCSWMA to carry out its obligations under this Cooperation Agreement; and

(B) the event affects the delivery of Solid Waste to the Designated RMW Facility, the operation or maintenance of the Designated RMW Facility, or transport, storage or disposal of Ash, as contemplated under this Cooperation Agreement, and

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

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

(E) 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 Designated RMW Facility.

(iii) 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:

(A) the event is caused by the fault of LCSWMA, or

(B) 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 Solid Waste disposal facilities; or

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

(b) In the event that Uncontrollable Circumstances give rise to increased costs of operation or maintenance or require unanticipated capital investment in the Designated RMW Facility, LCSWMA may increase the Tip Fee Limit by the amount of the increased costs upon

notice to the County containing a detailed accounting and justification for a proposed Tip Fee Limit increase to compensate for the increased cost.

(i) Within thirty (30) days of receiving such notice, if the County disputes the Tip Fee Limit 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, then the dispute shall be resolved by arbitration pursuant to Section 23. Tip Fees shall not be increased until the amount of the Tip Fee Limit increase has been determined either by agreement of the County and LCSWMA or arbitration and ninety (90) days prior written public notice has been given.

(ii) For purposes of this Section 15 "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 LCSWMA under this Cooperation Agreement, or a direct material adverse effect on the operation of the Designated RMW Facility, or on the transport, storage or disposal of Ash, or on the delivery of Solid Waste to the Designated RMW Facility, if such act, event or condition is beyond the reasonable control of, and without the fault of LCSWMA. Such acts or events shall include, but shall not be limited to, the following:

(A) an act of God (except reasonably expected weather conditions for the geographic area of the Designated RMW Facility), 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 LCSWMA's obligations under this Cooperation 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 LCSWMA 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 LCSWMA; 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.

Section 16. Maintenance of Designated RMW Facility. During the Term, LCSMWA shall operate and maintain the Designated RMW Facility in accordance with industry standards, subject to ordinary wear and tear, and shall maintain all permits necessary to operate the Designated RMW Facility.

Section 17. Necessary Documents and Agreements. Provided that the conditions precedent to the Purchase Agreement are fulfilled, LCSWMA and the County shall execute the documents and instruments required by this Cooperation Agreement, the Delegation Agreement and the Purchase Agreement.

Section 18. 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 Cooperation Agreement or the Delegation Agreement after written notice from the County of such failure with a reasonable opportunity to cure;

(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 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 Cooperation Agreement;

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

Section 19. Events of Default by the County. The following shall constitute Events of Default on the part of the County:

(a) The repeated failure or refusal by the County to fulfill all or any of its obligations under this Agreement (other than the obligation to pay money when due) or the Delegation Agreement after written notice from LCSWMA of such failure, with a reasonable opportunity to cure,

(b) (i) The County'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 County under the laws of any jurisdiction, which proceeding has not been dismissed within thirty (30) days, or (iii) any action or answer by the County 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 County which shall substantially interfere with the County's performance under this Cooperation Agreement; and

(c) The failure on the part of the County to pay all or any amounts owed to LCSWMA under this Cooperation Agreement, within thirty (30) days following the date of receipt of written notice from LCSWMA that such amounts are due.

Section 20. Remedies of the County.

(a) An Event of Default under Section 18 shall entitle the County to institute a legal proceeding seeking specific performance of this Cooperation Agreement, and LCSWMA agrees that with respect to such action brought against LCSWMA by the County, that the award of damages at law is not an adequate remedy for an Event of Default under Section 18, nor the equivalent of the performance of LCSWMA's obligations under this Cooperation Agreement, provided however that the ability to institute an action for specific performance does not preclude an action at law for damages, including consequential damages.

(b) If, within a period of thirty (30) days after LCSWMA shall have received notice from the County that an Event of Default has occurred under Section 18, and LCSWMA has neither remedied, nor has commenced and continued to pursue with due diligence, a remedy for any such Event of Default, the County may terminate this Cooperation Agreement upon thirty (30) days' 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.

Section 21. Remedies of LCSWMA.

(a) An Event of Default under Section 19 shall entitle LCSWMA to institute a legal proceeding seeking specific performance of this Cooperation Agreement, and the County agrees that with respect to such actions brought against the County by LCSWMA, that the award of damages at law is not an adequate remedy for an Event of Default under Section 19 of this Cooperation Agreement, or the equivalent of the performance of the County's obligations under this Cooperation Agreement, provided however that the ability to institute an action for specific performance does not preclude an action at law for damages, including consequential damages.

(b) If, within a period of thirty (30) days after the County shall have received notice from the County that an Event of Default has occurred under Section 19, and the County 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 Cooperation Agreement upon thirty (30) days' prior written notice to the County unless such Event of Default is cured within such thirty (30) day period, or such longer period as may be reasonably required.

Section 22. Manner of Termination Payment. Within thirty (30) days following the termination or expiration of this Cooperation 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 Cooperation Agreement. The total amount of the net outstanding unpaid balance which either Party may owe the other, the County or LCSWMA as the case may be, shall, within sixty (60) days after termination or expiration of this Cooperation Agreement, be paid by the applicable Party. This Section 22 shall survive the termination of this Cooperation Agreement.

Section 23. Dispute Resolution.

(a) In the event any controversy, claim or dispute between LCSWMA and the County shall arise with respect to the provisions of this Cooperation Agreement or the

transactions contemplated by this Cooperation Agreement, the County and LCSWMA shall resolve the dispute in accordance with this Section 23.

(b) LCSWMA and the County agree to endeavor first to resolve any such dispute by mediation before resorting to arbitration or litigation. A dispute shall be submitted to mediation by written notice to the other Party and any such mediation shall be conducted in accordance with the following:

(i) The Parties shall try to resolve their differences voluntarily with the aid of an impartial mediator, who will attempt to facilitate negotiations. The mediator shall be selected by agreement of the Parties. If the Parties cannot otherwise agree on a mediator, a mediator shall be designated by the American Arbitration Association at the request of a Party. Any mediator so designated must be acceptable to all Parties.

(ii) The mediation shall be treated as a settlement discussion and therefore shall be confidential. The mediator may not testify for any Party in any later proceeding relating to the dispute. No recording or transcript shall be made of the mediation proceedings.

(iii) Each Party shall bear its own costs in the mediation. The fees and expenses of the mediator shall be shared equally by the Parties.

(iv) If a Dispute has not been resolved within ninety (90) days after the written notice beginning the mediation process (or a longer period, if the parties agree to extend the mediation), the mediation shall terminate and the dispute will be settled by arbitration as set forth below.

(c) 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.

Section 24. Immunity. Nothing in this Cooperation Agreement shall be deemed a direct or indirect waiver of or limitation to any sovereign or governmental immunity, with respect to third parties, applicable to LCSWMA or the County or impose liability, with respect to third parties, on LCSWMA or the County from which it would otherwise be immune under applicable law.

Section 25. Definitions. For purposes of this Cooperation Agreement, the following words and phrases shall be given the respective interpretations and meanings set forth below.

"Acquisition Bonds" means the bonds to be issued by LCSWMA, secured by the revenues of the LCSWMA System, and used to acquire the Designated RMW Facility under the terms of the Purchase Agreement.

"Act 101" shall have the meaning set forth in the Delegation Agreement.

"Amended Municipal Waste Management Ordinance" shall have the meaning set forth in the Delegation Agreement.

"Ash" has the meaning set forth Section 9(a) of this Agreement.

"Ash Fee" has the meaning set forth Section 9(a) of this Agreement.

"Ash Landfill" means the ash landfill located on the site of the Designated RMW Facility.

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

"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.

"Contract Date" means the date of execution of this Cooperation Agreement as set forth at the head of this Cooperation Agreement.

"County Department" shall have the meaning set forth in Section 12 of this Agreement.

"Delegation Agreement" shall have the meaning set forth in the first background paragraph of this Cooperation Agreement.

"DEP" means the Department of Environmental Protection of the Commonwealth of Pennsylvania.

"Designated RMW Facility" shall have the meaning set forth in the Delegation Agreement.

"End Date" means the 20th anniversary of the Commencement Date, as set forth in Section 3.

"Event of Default" means any one or more of those events described in Sections 18 and 19 of this Cooperation Agreement.

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

"Party" or "Parties" means LCSWMA and/or the County.

"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.

"RACP Grant" shall have the meaning set forth in the third Background paragraph of this Cooperation Agreement.

"Receiver" means the Receiver for the City of Harrisburg, as set forth in the Delegation Agreement.

"Recovery Plan" means the Receiver's recovery plan for the City of Harrisburg.

"Regulated Municipal Waste" as defined in the Delegation Agreement, means Regulated Waste, excluding C&D Waste.

"Shortfall" has the meaning set forth in Section 14(d) of this Cooperation Agreement.

"SRMC Rules and Regulations" as set forth in the Delegation Agreement, means the LCSWMA Rules and Regulations, as they may be revised from time to time by LCSMWA, applicable to Regulated Municipal Waste and the Designated RMW Facility.

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

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

"THA" means The Harrisburg Authority.

"Tip Fee" means the per ton gate rate for Solid Waste acceptance charged by LCSWMA.

"Tip Fee Limit" has the meaning set forth in Section 8 of this Cooperation Agreement.

"Ton" means two thousand (2,000) pounds.

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

Section 26. 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 27. Notices Generally. Unless specifically provided elsewhere in this Cooperation 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 Cooperation 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 Cooperation Agreement has not been fulfilled.

Section 28. Representations of the County. The County represents to LCSWMA that:

(a) the County 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 Cooperation Agreement;

(b) the County has the requisite power, authority and legal right to enter into and perform its obligations set forth in this Cooperation Agreement, and the execution, delivery and performance of this Cooperation Agreement by the County (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 County, 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 County under any agreement or instrument to which the County is a party or by which the County or its assets may be bound;

(c) this Cooperation Agreement has been duly executed and delivered by the County and constitutes a legal, valid and binding obligation of the County for the Term, 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 County's knowledge, threatened against the County, wherein an unfavorable decision, ruling or finding would materially adversely affect the performance by the County of its obligations under this Cooperation Agreement or the transactions contemplated by this Cooperation Agreement, or which, in any way, would adversely affect the validity or enforceability of this Cooperation Agreement, or any other agreement or instrument entered into by the County in connection with the transactions contemplated by this Cooperation Agreement.

Section 29. Representations of LCSWMA. LCSWMA represents to the County 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 Cooperation Agreement;

(b) LCSWMA has the requisite power, authority and legal right to enter into and perform its obligations set forth in this Cooperation Agreement, and the execution, delivery

and performance of this Cooperation 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, 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 Cooperation Agreement has been duly executed and delivered and constitutes a legal, valid and binding obligation of LCSWMA for the Term, 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 Cooperation Agreement or the other transactions contemplated by this Cooperation Agreement, or which, in any way, would adversely affect the validity or enforceability of this Cooperation Agreement, or any other agreement or instrument entered into by LCSWMA in connection with the transactions contemplated by this Cooperation Agreement.

Section 30. 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 31. Compliance with Laws. LCSWMA shall comply with all laws and regulations and permits issued thereunder in connection with the Designated RMW Facility.

Section 32. Assignment. This Cooperation Agreement may be assigned by either Party for financing purposes, or to a successor governmental body, agency or authority. This Cooperation Agreement may not be otherwise assigned by either Party without the prior written consent of the other Party, which shall not be unreasonably withheld. This Cooperation Agreement shall be binding upon and inure to the benefit of the respective successors, permitted assigns, administrators and trustees of the County and LCSWMA. The Cooperation Agreement shall inure to the benefit of and be binding upon LCSWMA and the County and their respective successors and permitted assigns.

Section 33. Notices. All notices, demands, requests and other communications under this Cooperation 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:

(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 County:

Dauphin County Board of Commissioners
County Administrative Building
2 South Second Street
Harrisburg, PA 17101

with a copy to:

Dauphin County Solicitor
County Administrative Building
2 South Second Street
Harrisburg, PA 17101

with a copy to:

Thomas F. Smida, Esq.
Mette Evans & Woodside
3401 North Front Street
P.O. Box 5950
Harrisburg, PA 17110-0950

Either Party may, by like notice, designate any further or different addresses to which subsequent notices shall be sent. Any notice under this Cooperation 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 34. Relationship of the Parties. Except as specifically set forth in this Cooperation Agreement, 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 Cooperation 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 35. Waiver. Unless otherwise specifically provided by the terms of this Cooperation Agreement, no delay or failure to exercise a right resulting from any breach of this Cooperation 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 Cooperation 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 Cooperation Agreement.

Section 36. Section Captions; References. The table of contents, article and section headings and captions contained in this Cooperation Agreement are included for convenience only and shall not be considered a part of this Cooperation Agreement or affect in any manner the construction or interpretation of this Cooperation Agreement. Except as otherwise indicated, all references in this Cooperation Agreement to Sections and Articles are to sections and articles of this Cooperation Agreement.

Section 37. Severability. In the event that any provision of this Cooperation 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 Cooperation 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 Cooperation Agreement, and the other provisions of this Cooperation Agreement, as so amended, modified, supplemented or otherwise affected by such action, shall remain in full force and effect.

Section 38. Amendment. No amendment, modification or change to this Cooperation Agreement shall be effective unless same shall be in writing and duly executed by the Parties.

Section 39. No Other Agreements. All negotiations and agreements prior to the date of this Cooperation Agreement, including but not limited to the Memorandum of Understanding signed by legal counsel, are superseded by this Cooperation Agreement. This Cooperation Agreement shall constitute the entire agreement between the County and LCSWMA with respect to the disposal services contemplated by this Cooperation Agreement. This Cooperation Agreement constitutes the full and entire understanding and agreement between the parties hereto with regard to the subject matter hereof, and supersedes all prior agreements, understandings, inducements or conditions, express or implied, oral or written, except as contained herein. LCSWMA and the County further agree that this Cooperation Agreement shall not be modified, except by a written instrument signed by both LCSWMA and the County. All exhibits attached to this Cooperation Agreement are incorporated by reference and are a part hereof.

Section 40. Execution of Documents. This Cooperation 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.

Section 41. Force Majeure. Neither LCSWMA nor the County shall be responsible for delays or failures in performance resulting from matters beyond their reasonable control, including, without limitation, acts of God, strikes, lockouts, labor disruptions, riots, war, terrorist strikes, utility or supply interruptions, vandalism, epidemics, changes to governmental regulations, fire, flood or other casualty, communication line failures, power failures or surges, earthquakes, etc.

Section 42. Cost of Enforcement. If either LCSWMA or the County is required to engage in any proceedings, legal or otherwise to enforce its rights under this Cooperation Agreement, the prevailing party shall be entitled to recover from the other, in addition to any other sums due, its reasonable attorneys' fees, costs, and disbursements involved in said proceedings to the extent such party has prevailed.

Section 43. Survival. Section 16, Section 20, Section 21, Section 22 and Section 24 shall survive termination or expiration of this Cooperation Agreement.

Section 44. Governing Law and Jurisdiction. This Cooperation Agreement and its validity, interpretation, performance, and enforcement shall be governed by the internal laws of the Commonwealth of Pennsylvania, notwithstanding any conflict-of-law rules. Any disputes hereunder shall be litigated exclusively in the state or federal courts having jurisdiction over such disputes in Dauphin County, Pennsylvania, by non-jury trial, and LCSWMA and the County each hereby agree to such exclusive jurisdiction and waive all rights to a jury trial. The County and LCSWMA also each hereby agree that all service of process, including any instrument to initiate suit, shall be effective if served in accordance with Pennsylvania law.

Section 45. Waivers. No waiver by any party of any condition, or the breach of any term or covenant contained in this Cooperation Agreement, whether by conduct or otherwise, in any one or more instances, shall be deemed or construed as a further or continuing waiver of any such condition or breach or a waiver of any other condition.

Section 46. Interpretation. Headings contained in the Cooperation Agreement are for convenience of reference only and are not to be considered in construing the respective language of those documents. Words used herein, regardless of the number and gender specifically used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context indicates is appropriate. The word "including" when used herein is intended to be exemplary and inclusive of the word or phrase it modifies, and is not intended to be exclusive or limiting.

Section 47. Mutual Drafting. Both the County and LCSWMA have been represented or have had the opportunity to be represented by counsel in connection with this Cooperation Agreement, and thus this Cooperation Agreement shall not be construed against either party by reason of such party or its counsel having drafted this Cooperation Agreement.

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

COUNTY OF DAUPHIN

Dated: _____

By: _____, Chairman

By: _____

By: _____

Attest:

Chief Clerk

LANCASTER COUNTY SOLID WASTE MANAGEMENT AUTHORITY

Dated: _____

By: _____, Chairman

Attest: _____, Secretary

Exhibit "B"

Redevelopment Assistance Capital Program Grant Cooperation Agreement among the County of Dauphin, the Lancaster County Solid Waste Management Authority, and the Office of the Budget of the Commonwealth of Pennsylvania

**DELEGATION AND ASSUMPTION OF CAPACITY ASSURANCE
RESPONSIBILITIES AGREEMENT**

BETWEEN

THE LANCASTER COUNTY SOLID WASTE MANAGEMENT AUTHORITY

AND

THE COUNTY OF DAUPHIN

DATED AS OF SEPTEMBER __, 2013

**DELEGATION AND ASSUMPTION OF CAPACITY ASSURANCE
RESPONSIBILITIES AGREEMENT**

THIS DELEGATION AND ASSUMPTION OF CAPACITY ASSURANCE

RESPONSIBILITIES AGREEMENT (this "Agreement") is made as of the ____ day of September, 2013, by and between the Lancaster County Solid Waste Management Authority ("LCSWMA"), and the County of Dauphin (the "County").

BACKGROUND

WHEREAS, the Municipal Waste Planning, Recycling and Waste Reduction Act, Act of July 28, 1988, P.L. 528, No. 101 ("Act 101") was approved on July 28, 1988; and

WHEREAS, Act 101 gave the County (a) primary responsibility for planning for municipal waste management within its boundaries and (b) the primary power to control the flow of municipal waste generated within its boundaries; and

WHEREAS, pursuant to Act 101, the County implements and administers a County-wide Municipal Waste Management Plan (as revised, the "County Plan"); and

WHEREAS, the County Plan directs all Municipal Waste subject to the flow control of County ("Regulated Waste") to certain disposal facilities pursuant to the County's Municipal Waste Management Ordinance; and

WHEREAS, in January 2002, the County began preparation of a plan revision to consolidate prior revisions to the County Plan in one comprehensive planning document and identify its efforts to reach the goal of a 35% recycling rate by January 2003 using current waste generation calculations and demographic information (the "2002 Plan Revision"); and

WHEREAS, during the revision process, the County found that for many of the prior years, a majority of the waste generated for disposal in the County was being processed and disposed using municipal waste combustion capacity; and

WHEREAS, in November 2002, a draft Plan Revision was submitted to all municipalities in the County for review and comment and the County received several responses approving the draft Plan Revision, but requested that the County take additional efforts to control escalating transportation and disposal costs and, at the same time, continue its efforts to halt the proliferation of landfills in the County and beyond; and

WHEREAS, in response to those municipal comments, on December 17, 2002, the County approved the 2002 Plan Revision and directed its staff to investigate whether the County could enter into a long-term contract for Municipal Waste Combustion capacity to the County; and

WHEREAS, the County found the benefits to long-term Municipal Waste Combustion capacity include, among other reasons:

1. Assured Municipal Waste Combustion capacity would eliminate the County's dependence on new or expanded landfills for the disposal of waste, including the need for expansion of landfills in the County;
2. Historically, up to 70% of the County's Municipal Waste has been processed and disposed through Municipal Waste Combustion;
3. Use of Municipal Waste Combustion would reduce the amount of waste by up to 90% in volume and 75% in weight;
4. Since Municipal Waste Combustion facilities have the ability to provide long-term disposal capacity, the County could assure stable, long-term prices for the processing and disposal of waste;

5. Municipal Waste Combustion produces significant amounts of renewable energy in the form of electricity and steam and, pursuant to the Clean Air Act amendments, it is one of the cleanest sources of power in the world;

6. Municipal Waste Combustion could increase recycling rates in the County through front and back-end processing, and could offer the possibility of sludge, tire and residual waste disposal;

7. On average, recycling in communities with Municipal Waste Combustion facilities is 5% higher than communities that use other technologies;

As recognized by the General Assembly in Act 90 of 2002, the ash residue from 8.

8. Municipal Waste Combustion is safe for landfilling and, in fact, is being used more frequently for daily and final cover in landfills, and as aggregate in road base materials and building construction;

9. Use of Municipal Waste Combustion would minimize environmental liability under CERCLA for the generators of the waste (County residents and businesses);

10. Municipal Waste Combustion destroys harmful pathogens and bacteria and avoids groundwater pollution and migration of methane gas beyond acceptable levels;

11. Municipal Waste Combustion facilities provide higher-paying, skilled jobs; and

12. Other counties in the mid-state, such as York and Lancaster Counties, have successfully adopted similar waste management plans and objectives; and

WHEREAS, in early May 2003, County staff confirmed the benefits of the use of Municipal Waste Combustion as a means of disposal of the County's Municipal Waste and that such capacity could be assured by the issuance of a request for proposals for such capacity; and

WHEREAS, County staff recommended that the County issue a request for proposals directed to Municipal Waste Combustion facilities in and outside Pennsylvania, inviting such facilities to bid and provide capacity assurance and long-term fixed disposal prices for all Regulated Municipal Waste and, thereafter, the County could select a Municipal Waste Combustion processing/disposal contractor and amend the Plan; and

WHEREAS, the Harrisburg Materials and Energy Resource Recovery Facility (the "Designated RMW Facility" or the "HRRF") has the capacity to process and/or dispose of all the County's Regulated Municipal Waste; and

WHEREAS, in 2003, the owner of the Designated RMW Facility submitted a proposal and agreed to process and/or dispose of all Regulated Municipal Waste for a minimum term of twenty-five (25) years at a long term fixed disposal price; and

WHEREAS, the County accepted the proposal and on September 16, 2003 entered into a Municipal Waste Combustion Processing/Disposal Agreement providing for disposal and processing of the Designated RMW Facility (the "2003 Agreement") to begin in 2006; and

WHEREAS, on July 17, 2004, the 2004 Non-Substantial Plan Revision of the Dauphin County Solid Waste Management Plan (the "2004 Plan"), including the 2003 Agreement was deemed approved by the Department of Environmental Protection of the Commonwealth of Pennsylvania; and

WHEREAS, on October 19, 2005, the Substantial 2005 Plan Revision of the Dauphin County Solid Waste Management Plan (the "2005 Plan") was approved by the Department of Environmental Protection of the Commonwealth of Pennsylvania; and

WHEREAS, the Designated RMW Facility needed and began a substantial renovation and retrofit in order to fulfill the 2003 Agreement; and

WHEREAS, under Section 10.2 of the 2005 Plan the County has the duty to "monitor assured capacity" for Regulated Waste processing and disposal at the Designated RMW Facility, and accordingly, the County monitored the efforts to renovate and retrofit the Designated RMW Facility; and

WHEREAS, severe problems developed in the renovation and retrofit of the Designated RMW Facility and the County provided a guarantee of a portion of the retrofit bonds issued to finance the completion of the retrofit to project; and

WHEREAS, the original retrofit contractor proved unable to complete the task for the agreed cost; however, the retrofit project was ultimately completed by another contractor at great additional cost; and

WHEREAS, the increased level of retrofit debt upon the Designated RMW Facility made it impossible for the Designated RMW Facility to provide capacity assurance and long term fixed disposal prices; and

WHEREAS, the City of Harrisburg and the County, as guarantors of the retrofit bonds, were left with obligations to repay unsupportable levels of debt upon the Designated RMW Facility, which caused enormous financial difficulties for the City of Harrisburg, and to a lesser extent the County; and

WHEREAS, the Receiver for the City of Harrisburg (the "Receiver") and The Harrisburg Authority ("THA") engaged in a lengthy fair, open and competitive process to engage in a transaction to allow the Designated RMW Facility to assure capacity at fixed disposal prices, such potential transaction not being limited to a change in ownership, but also considering other methods of obtaining capital, such as leases or operating agreements; and

WHEREAS, as a result of these actions, on February 2, 2012, the Receiver and THA issued a Request for Qualifications for a Strategic Transaction for the Designated RMW Facility; on March 5, 2012, five entities submitted Statements of Qualification; on March 20, 2012, four of the five were deemed qualified to respond; and three of the four qualified respondents submitted proposals; and

WHEREAS, the County closely monitored the proposal process; and

WHEREAS, the result of that process was the determination by the County, THA and the Receiver that a public entity within Pennsylvania could best pay a price approaching the replacement value of the Designated RMW Facility and that LCSWMA, an experienced and financially strong adjacent solid waste authority, was the best choice to provide maximum benefit to the City of Harrisburg and Dauphin County and obtain a fair sale price for the Designated RMW Facility, and accordingly the proposal of LCSWMA was selected; and

WHEREAS, the Recovery Plan of the Receiver will provide for THA to sell to LCSWMA the Designated RMW Facility free of all existing debt; and

WHEREAS, after the purchase by LCSWMA, Dauphin County will continue to direct all Regulated Municipal Waste to the Designated RMW Facility under Dauphin County's Municipal Waste Management Ordinance; and

WHEREAS, Section 303(d) of Act 101 authorizes counties to enter into an agreement with another person, including a municipal authority, pursuant to which that person undertakes to fulfill some or all of the county's responsibilities under Act 101 for municipal waste planning and implementation of the approved county plan; and

WHEREAS, LCSWMA was established for the purpose of providing, and in the past has provided, the specialized knowledge, technical competence and administrative expertise for the effective, efficient, reliable and environmentally safe processing, combustion and disposal of Municipal Waste;

WHEREAS, the County has prepared (as a nonsubstantial revision to the 2005 Plan) the Dauphin County Municipal Waste Management Plan of 2013 (the "2013 Plan"); and

WHEREAS, the 2013 Plan provides that LCSWMA will assume and fulfill all of the County's rights, duties and obligations under Act 101 to "insure the availability of adequate permitted processing and disposal capacity for the municipal waste which is generated within its' boundaries" as required by Section 303(a) of Act 101; and

WHEREAS, the 2013 Plan will be effected and carried forth by (a) adopting the amended Dauphin County Municipal Waste Management Ordinance ("Amended Municipal Waste Management Ordinance") and (b) entering into this Delegation and Assumption of Capacity Assurance Responsibilities Agreement with LCSWMA; and

WHEREAS, the County will adopt and approve the Amended County Municipal Waste Management Ordinance approving the 2013 Plan (the "Ordinance");

NOW, THEREFORE, the County and LCSWMA, intending this to be a sealed instrument which is legally binding upon themselves and their respective successors and assigns, agree as follows:

Section 1. Definitions.

- (a) "Act 101". The Municipal Waste Planning, Recycling and Waste Reduction Act, Act of July 28, 1988, P.L. 528, No. 101, as now or hereafter amended.
- (b) "Amended Municipal Waste Management Ordinance" or "Ordinance" shall mean the ordinance to be amended by the County substantially in the form attached as Exhibit A to this Agreement.
- (c) "Acquisition Date". The date LCSWMA purchases the Designated RMW Facility from THA.
- (d) "County". The County of Dauphin, Pennsylvania.
- (e) "Designated RMW Facility". The mass burn, waste processing, steam and electric generation and ash disposal facility and solid waste transfer station located in the City of Harrisburg and Township of Swatara, County of Dauphin, Commonwealth of Pennsylvania, with an address of 1670 South 19th Street, known as the Harrisburg Materials and Energy Resource Recovery Facility, and which will be known under LCSWMA ownership as the Susquehanna Resource Management Complex.
- (f) "LCSWMA". The Lancaster County Solid Waste Management Authority, a municipal authority organized and existing under the Municipality Authorities Act of 1945, as amended.
- (g) "Municipality". A municipality within the County.
- (h) "2013 Plan". The 2013 Dauphin County Municipal Waste Management Plan, as now or hereafter amended.
- (i) "Recycling". The collection, separation, recovery and sale or reuse of metals, glass, paper, leaf waste, plastics and other materials which would otherwise be

disposed or processed as municipal waste or the mechanized separation and treatment of municipal waste (other than through combustion) and creation and recovery of reusable materials other than a fuel for the creation of energy.

(j) "Regulated C&D Waste". Construction and demolition waste not suitable for processing in a mass burn facility.

(k) "Regulated Waste". Regulated Municipal Waste and Regulated C&D Waste.

(l) "Regulated Municipal Waste". Any solid waste generated or collected within the County which is 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 any sludge not meeting the definition of residual or hazardous waste under Act 97 from a municipal, commercial or institutional water supply treatment plant, wastewater treatment plant or air pollution control facility. The term does not include Source Separated Recyclable Materials or C & D Waste.

(m) "Source Separated Recyclable Materials". Materials that (i) are separated from Regulated Waste at the point of origin in accordance with the 2013 Plan and (ii) are recycled.

(n) "SRMC Rules and Regulations". The rules and regulations adopted and revised from time to time by LCSWMA regarding acceptance of Regulated Waste to the Designated RMW Facility and related matters.

(o) "LCSWMA System". The municipal waste processing, combustion and disposal system, and every aspect thereof, owned or operated by or on behalf of

LCSWMA in implementation of the 2013 Plan, including without limitation, equipment, transfer stations, resource recovery facilities, landfills and the like.

Section 2. County Agreement to Adopt 2013 Plan.

(a) The County shall adopt the 2013 Plan. Under Section 502(h) of Act 101, the 2013 Plan will identify LCSWMA as the governmental entity responsible to insure the availability of adequate permitted processing and disposal capacity for Regulated Municipal Waste as required by Act 101, Section 303(a).

(b) During the term of this Agreement the County will not amend, revise, repeal, change or otherwise alter the 2013 Plan with respect to matters delegated to LCSWMA under this Agreement without the prior written consent of LCSWMA.

Section 3. County and LCSWMA Agreement Concerning Approval of 2013 Plan.

The County and LCSWMA shall use their best efforts to obtain approval of the 2013 Plan by the Department of Environmental Protection of the Commonwealth of Pennsylvania.

Section 4. County Agreement to Amend, Maintain and Enforce Ordinance.

(a) The County shall amend the existing Dauphin County Municipal Waste Management Ordinance, substantially in accordance with Exhibit A to this Agreement, which Ordinance shall provide that all Regulated Municipal Waste is to be delivered to the Designated RMW Facility and that LCSWMA is authorized to issue SRMC Rules and Regulations concerning acceptance of Regulated Municipal Waste and related matters.

(b) During the term of this Agreement, the County shall not amend, revise, repeal, change or otherwise alter the Amended Municipal Waste Management Ordinance

with respect to matters delegated to LCSWMA under this Agreement without the prior written consent of LCSWMA.

(c) During the term of this Agreement, the County shall enforce the Amended Municipal Waste Management Ordinance on behalf of itself and on behalf of LCSWMA.

Section 5. Delegation of Powers and Duties and Assumption of Responsibility by LCSWMA. Beginning on the Acquisition Date:

(a) The County hereby delegates to LCSWMA all rights, duties and obligations of the County under Act 101 to insure the availability of adequate permitted processing and disposal capacity for Regulated Municipal Waste as required by Act 101, Section 303(a), and for implementation of the 2013 Plan with respect to insuring the availability of adequate permitted processing and disposal capacity for Regulated Municipal Waste.

(b) LCSWMA hereby assumes and agrees to fulfill and carry forth all of the County's rights, duties and obligations under Act 101 to insure the availability of adequate permitted processing and disposal capacity for Regulated Municipal Waste as required by Act 101, Section 303(a), and for implementation of the 2013 Plan with respect to insuring the availability of adequate permitted processing and disposal capacity for Regulated Municipal Waste.

(c) In connection with LCSWMA's obligations under this Agreement:

(i) LCSWMA shall take all such actions and shall exercise all such powers as are necessary or appropriate to acquire, own, operate and manage the Designated RMW Facility as contemplated and required under the Amended Municipal Waste Management Ordinance and the 2013 Plan.

(ii) LCSWMA shall, from time to time, establish and charge such fees as shall be reasonable and adequate to ensure the safe, reliable, efficient, and effective acquisition, financing, operation and management of the LCSWMA System, not to exceed the fees to which the County agrees in writing.

(iii) Other than the specific delegation set forth above, the County will retain full rights and responsibilities for municipal waste management, planning and reporting, and implementing the County Plan, including but not limited to all responsibilities concerning Recycling, Source Separated Recyclable Materials and Regulated C & D Waste.

Section 6. Additional Covenants.

(a) The County and LCSWMA shall in good faith during the term of this Agreement take all such actions as may be necessary or appropriate to carry out the purposes of this Agreement.

(b) The County and LCSWMA shall enter into a Cooperation Agreement (the "Cooperation Agreement") to assist LCSWMA's financing of the acquisition of Designated RMW Facility and to grant the County the option to acquire the Designated RMW Facility from LCSWMA under certain circumstances.

(c) LCSWMA and the County shall use their best efforts to cause the acquisition of the Designated RMW Facility by LCSWMA, but if such acquisition does not occur by December 31, 2013, then this Agreement shall be null and void.

(d) If and to the extent that LCSWMA is determined by a court of competent jurisdiction not to be authorized to carry out any function or duty required by this Agreement, the responsibility to perform such function or duty shall devolve upon the County.

Section 7. Representations and Warranties. The County and LCSWMA represent and warrant that:

(a) Each has all requisite power and authority to enter into this Agreement, to engage in the transactions contemplated by this Agreement and to perform their respective obligations under this Agreement in accordance with the terms of this Agreement.

(b) The execution, delivery and performance of this Agreement have been duly authorized by all necessary action, and the undersigned officers of the County and LCSWMA have been empowered by all necessary action to execute and to deliver this Agreement.

(c) This Agreement constitutes a valid obligation, legally binding upon the County and LCSWMA and enforceable against them in accordance with the terms of this Agreement and in the manner in which valid contractual obligations are enforced generally.

Section 8. Term. This Agreement shall be for a term (a) beginning on the earlier of the date of approval of the 2013 Plan, or the date the 2013 Plan is deemed to be approved, by the Pennsylvania Department of Environmental Protection and (b) ending on December 31, 2033, unless extended pursuant to the Cooperation Agreement.

Section 9. Assignability. LCSWMA or the County may assign or pledge this Agreement in relation to the financing of the LCSWMA System, but no other assignment of this Agreement shall be authorized or permitted without the prior written consent of the non-assigning party.

Section 10. Waiver Not to Be Construed. No waiver by either party of any term or condition of this Agreement shall be deemed or construed to constitute a waiver of any other term or condition of the Agreement. Failure of either party to insist in any one or more instances upon strict performance of any of the terms, covenants, agreements or conditions of this Agreement shall not be considered a waiver or relinquishment of any such term, covenant, agreement or condition, but the same shall continue in full force and effect.

Section 11. Amendments. This Agreement shall not be modified or amended except by written instrument duly executed on behalf of the County and LCSWMA.

Section 12. Severability. If any provision of this Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability shall not affect the remainder of this Agreement; and this Agreement shall be construed and enforced consistent with its express purposes as if such invalid or unenforceable provision had not been contained in this Agreement.

Section 13. Duplicate Originals. This Agreement may be executed in counterparts, each of which shall be regarded for all purposes as a duplicate original.

Section 14. Indemnification. The County shall protect, indemnify and hold LCSWMA harmless from and against all liabilities, actions, damages, claims, demands, judgments, losses, expenses, suits, or attorneys fees and shall defend LCSWMA in any suit, including appeals, arising out of events or activities occurring in connection with this Agreement and which are caused by acts or omissions of the County. LCSWMA shall protect, indemnify and hold the County harmless from and against liabilities, actions, damages, claims, demands, judgments, losses, expenses, suits or attorneys fees and shall defend the County in any suit arising out of events or activities occurring in connection with this Agreement and which are

caused by acts or omissions of LCSWMA. These indemnification provisions are for the protection of the parties only and shall not establish any rights or liabilities in any other persons.

Section 15. Notices. All notices required under this Agreement shall be in writing and sent by certified or registered mail return receipt requested addressed as follows:

If to the County, to:

Dauphin County Board of Commissioners
County Administrative Building
2 South Second Street
Harrisburg, PA 17101

with copies to:

Dauphin County Solicitor
County Administrative Building
2 South Second Street
Harrisburg, PA 17101 and

If to LCSWMA, to:

Lancaster County Solid Waste Management Authority
1299 Harrisburg Pike
Lancaster, PA 17603

With copies to:

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

IN WITNESS WHEREOF, the County and LCSWMA have duly executed and delivered this Agreement.

COUNTY OF DAUPHIN

Dated: _____

By: _____, Chairman

By: _____

By: _____

Attest:

Chief Clerk

LANCASTER COUNTY SOLID
WASTE MANAGEMENT
AUTHORITY

Dated: _____

By: _____, Chairman

Attest: _____, Secretary

EXHIBIT A

ORDINANCE NO. _____

DAUPHIN COUNTY

MUNICIPAL WASTE MANAGEMENT ORDINANCE

AN ORDINANCE OF THE BOARD OF COUNTY COMMISSIONERS OF THE COUNTY OF DAUPHIN, PENNSYLVANIA, RESCINDING ORDINANCE 5-2005, AUTHORIZING AND APPROVING THE COUNTY'S MUNICIPAL SOLID WASTE MANAGEMENT PLAN AS REQUIRED BY ACT 101, PROVIDING FOR THE COMPREHENSIVE MANAGEMENT, INCLUDING THE PROCESSING, DISPOSAL AND RECYCLING OF MUNICIPAL SOLID WASTE AND CONSTRUCTION AND DEMOLITION WASTE GENERATED IN THE COUNTY, AND AUTHORIZING AN ASSURED MUNICIPAL WASTE CAPACITY AGREEMENT BETWEEN THE COUNTY AND THE LANCASTER SOLID WASTE MANAGEMENT AUTHORITY.

WHEREAS, the County of Dauphin, Pennsylvania (the "County"), is a county of the Commonwealth of Pennsylvania; and

WHEREAS, on June 27, 2003, the County issued a Request for Proposals (the "2003 RFP") for long-term municipal waste disposal capacity sufficient to dispose of all Regulated Municipal Waste in the County; and

WHEREAS, following all procedures, notice, and comments required by Act 101 (53 P.S. § 4000.1 *et seq.*), the County awarded the disposal contract to The Harrisburg Authority ("THA") for use of the Harrisburg Resource Recovery Facility (the "HRRF") for the disposal of all Regulated Municipal Waste; and

WHEREAS, in 2004 the County submitted to the Pennsylvania Department of Environmental Protection ("Department") its 2004 Non-substantial Plan Revision of its Waste Management Plan which designated the HRRF as the Designated Facility for the disposal of Regulated Municipal Waste; and

WHEREAS, as of July 17, 2004, the 2004 Non-substantial Plan Revision was approved by operation of law; and

WHEREAS, the 2004 Non-substantial Plan Revision to its Waste Management Plan provided for the designation of Facilities for the processing and disposal of Bypass Waste; and

WHEREAS, on September 27, 2005, after completion of all required procedures, public notice and comment required by Act 101, the County submitted its 2005 Substantial Plan Revision of its Waste Management Plan to the Department which provided for capacity assurance for Construction and Demolition Waste ("C&D Waste") such that C&D Waste would be a "Regulated Waste" of the County; and

WHEREAS, on October 19, 2005 the Department approved the 2005 Substantial Plan Revision of its Waste Management Plan; and

WHEREAS, on November 2, 2005 the County adopted Ordinance No. 5-2005 adopting the 2005 Substantial Plan Revision and authorizing the implementation and enforcement of the 2005 Substantial Plan Revision to its Waste Management Pan; and

WHEREAS, the Lancaster County Solid Waste Management Authority (LCSWMA) is a public body organized and existing under the laws of the Commonwealth of Pennsylvania; and

WHEREAS, the LCSWMA has, pursuant to an open and public process, overseen by the Receiver for the City of Harrisburg and THA, and closely monitored by the County, proposed to enter into an agreement with THA to purchase the HRRF; and

WHEREAS, the County intends that the HRRF remain the Designated Facility for the processing, transfer, and disposal of County Regulated Municipal Waste (the "Designated RMW Facility") as set forth in the 2004 Non-substantial Plan Revision and the 2005 Substantial Plan Revision of its Waste Management Plan; and

WHEREAS, LCSWMA also owns the Lancaster Resource Recovery Facility and the Frey Farm Landfill, both of which have been designated Bypass Facilities by the County pursuant to the Plan and Ordinance No. 5-2005; and

WHEREAS, in accordance with the determination of the benefit to the public of the use of a publicly-owned Facility for the processing and disposal of Regulated Municipal Waste, the County desires to continue to designate a publicly owned Facility as the Designated RMW Facility for the processing and disposal of Regulated Municipal Waste as set forth in the 2005 Substantial Plan Revision of its Waste Management Plan; and

WHEREAS, the facilities owned and/or to be owned by the LCSWMA, including the Lancaster Resource Recovery Facility, the Frey Farm Landfill, and the HRRF, are and will each be a publicly owned waste processing, transfer, and disposal Facility; and

WHEREAS, in order to provide for the administration and operation of the Facility owned, or to be owned, by the LCSWMA within the County, it is necessary and desirable to enter into an agreement with LCSWMA for use of this Facility for the processing and disposal of Regulated Municipal Waste; and

WHEREAS, written agreements between a county and other persons for municipal waste planning and implementation of a county-approved Waste Management Plan are explicitly authorized by Section 303(d) of Act 101 (53 P.S. § 4000.303(d)); and

WHEREAS, the County has determined that it is in the best interests of the citizens of the County, and consistent with the 2005 Substantial Plan Revision of its Waste Management Plan, to enter into an agreement with LCSWMA in which LCSWMA will be authorized to provide for the processing, transfer, and disposal of Regulated Municipal Waste at the HRRF and other solid waste Facilities owned by the LCSWMA to submit to the Department a 2013 Non-

substantial Plan Revision to the County's Waste Management Plan to update waste generation data and to provide a ten year projection of waste disposal needs within the County;

NOW, THEREFORE, it is hereby enacted and ordained by the County of Dauphin as follows:

Section 1. Definitions.

The following terms when capitalized shall have the meanings set forth below when used in this Ordinance:

"Act 101" The Municipal Waste Planning, Recycling and Waste Reduction Act, Act of July 28, 1988, P.L. 528, No. 101, as now or hereafter amended.

"Commissioners" The Board of Commissioners of the County of Dauphin, Commonwealth of Pennsylvania.

"C&D Waste" Construction and Demolition Waste defined in 25 Pa. Code §271.1 as solid waste resulting from the construction or demolition of buildings and other structures, including, but not limited to, wood, plaster, metals, asphaltic substances, bricks, block and unsegregated concrete. The term does not include the following if they are separate from other waste and are used as clean fill:

(i) Uncontaminated soil, rock, stone, gravel, brick and block, concrete and used asphalt.

(ii) Waste from land clearing, grubbing and excavation, including trees, brush, stumps and vegetative material.

"Construction and Demolition Waste Processing/Disposal Agreement(s)" The Agreements between the County and those Facilities designated by the County to process and/or dispose of Regulated C&D Waste.

"County" The County of Dauphin, Commonwealth of Pennsylvania.

"County Rules and Regulations" The rules and regulations of the County regarding the collection, storage, transportation and disposal of Solid Waste as adopted and revised from time to time by the County.

"Delegation and Assumption of Capacity Assurance Responsibilities Agreement" or "Delegation Agreement" The agreement entered into by and between the County and the

LCSWMA which provides for the disposal of Regulated Municipal Waste by the LCSWMA Facilities.

"DEP" or "Department" The Commonwealth of Pennsylvania, Department of Environmental Protection.

"Designated Facility" Any facility or site identified pursuant to this Ordinance as a location to which County residents, businesses or institutions shall deliver Regulated Waste for storage, transfer, processing or disposal.

"Designated RMW Facility" The HRRF, and upon acquisition by LCSWMA the SRMC, which is the Designated Facility for the processing, disposal and transfer of Regulated Municipal Waste.

"Disposal Agreement" The September 23, 2003 Municipal Waste Combustion Processing/Disposal Agreement between the County and THA.

"Facility" or "Facilities" Any one or more solid waste storage, collection, transfer, processing or disposal facility site or land, structures and other appurtenances or improvements where Municipal Waste disposal, processing or beneficial use is permitted or takes place.

"Harrisburg" The City of Harrisburg, County of Dauphin, Commonwealth of Pennsylvania.

"Harrisburg Resource Recovery Facility" or "HRRF" The Harrisburg Materials Energy Recycling and Resource Recovery Facility, a waste-to-energy Municipal Waste processing and disposal Facility and associated landfill, transfer station and other facilities owned by THA. When acquired by LCSWMA, the HRRF will be known as the Susquehanna Resource Management Complex ("SRMC").

"Haulers" Persons engaged in the collection, storage or transport of Municipal Waste or Source Separated Recyclable Materials or Solid Waste.

"Lancaster County Solid Waste Management Authority" or "LCSWMA" The municipality authority created and existing under the laws of the Commonwealth of Pennsylvania.

"LCSWMA Rules and Regulations" or "SRMC Rules and Regulations" The rules and regulations of LCSWMA regarding Regulated Municipal Waste and the Designated RMW Facility as adopted and revised from time to time by LCSWMA.

"LCSWMA System" The Facilities owned by LCSWMA used or useful for the processing and disposal of Regulated Waste including, but not limited to the SRMC, the

Lancaster Resource Recovery Facility, and the Frey Farm Landfill and appurtenant facilities, equipment, and vehicles

“Municipalities” Any one or more Municipalities, as the context may indicate, located within the County.

“Municipal Waste” 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 any sludge not meeting the definition of Residual Waste or Hazardous Waste from a municipal, commercial or institutional water supply treatment plant, wastewater treatment plant or air pollution control facility. The term does not include Source-Separated Recyclable Materials, or Hazardous Waste or Residual Waste. The term includes materials which could be recycled at the source, but are not.

“Person” Any individual, firm, partnership, corporation, association, institution, cooperative enterprise, Municipality, municipal authority, governmental entity or agency, or any other legal entity whatsoever which is recognized by law as the subject of rights and duties. The term “Person” shall include the officers and directors of any corporation or other legal entity having officers and directors.

“Plan” The Dauphin County Municipal Waste Management Plan, as now or hereafter amended.

“Registration or Registered” The registration by the County or LCSWMA of Haulers and vehicles used by Haulers for purposes of identification and to ensure that all Haulers transporting Solid Waste within the County comply with all applicable laws and regulations. Registration shall not be deemed to be the issuance of a license to operate.

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

“Regulated Municipal Waste” Municipal Waste generated within the County and regulated by the County pursuant to this Ordinance, the LCSWMA Rules and Regulations, and the County Rules and Regulations, provided that Municipal Waste generated within Swatara Township and Highspire Borough shall not be deemed to be Regulated Municipal Waste until the expiration of the initial term of their pre-existing contracts, on May 22, 2016 and May 21, 2016 respectively, and thereafter such Municipal Waste shall be Regulated Municipal Waste.

“Regulated Waste” Municipal Waste and C&D Waste generated within the County.

“Solid Waste” Waste generated within the County, including the following Wastes if generated within the County: Municipal Waste, Residual Waste, Sewage Sludge,

Infectious/Chemotherapeutic Waste, Resource Recovery Ash Residue, Source Separated Recyclable Materials, Leaf Waste as defined in Act 101, Municipal Solid Waste, Special Handling Municipal Solid Waste, Unacceptable Waste, Hazardous Waste, and all non-liquid Waste.

“Solid Waste Management System or System” The system by which the County manages the processing and disposal of Waste generated in the County pursuant to the Plan, including without limitation, equipment, vehicles, offices, staff, municipal waste combustors, landfills and the like.

“SRMC Rules and Regulations” The LCSWMA Rules and Regulations governing the use of the LCSWMA System.

Section 2. Approval of Delegation and Assumption of Capacity Assurance Responsibilities Agreement

The Board of Commissioners of Dauphin County hereby authorizes and approves the entry into the Delegation and Assumption of Capacity Assurance Responsibilities Agreement by and between the County and LCSWMA, as appended hereto as Appendix “A.”

Section 3. Designation of Facilities

(a) The HRRF, which upon acquisition by LCSWMA shall be called the SRMC, shall be the Designated RMW Facility for the processing and disposal of all Regulated Municipal Waste.

(b) Such Facilities as shall be selected by the County pursuant to the County Rules and Regulations shall be the Designated Facilities for the processing and disposal of all Regulated C&D Waste.

Section 4. Waste Processing and Disposal.

(a) All Regulated Municipal Waste generated in the County shall be collected and delivered to the Designated RMW Facility for processing and disposal.

(b) All Regulated C&D Waste generated in the County shall be collected and delivered to those Designated Facilities approved for C&D Waste transfer, processing, and disposal.

Section 5. Regulation of Waste Haulers

(a) No Person shall transport Regulated Waste generated within the County without a license or authorization issued by the Department under the Waste Transportation Safety Act (27 Pa.C.S. Chapter 62) if the vehicle is required to obtain a license or authorization by that statute.

(b) All Haulers or other Persons who transport Regulated Municipal Waste shall register with the LCSWMA following the procedures set forth in the LCSWMA Rules and Regulations.

(c) All Haulers or Persons who transport Regulated C&D Waste shall register with the County following the procedures set forth in the County Rules and Regulations.

(d) No Person who generates, owns or possesses Regulated Waste generated within the County shall, by contract for collection services or otherwise, cause, permit or assist in the storage, collection, or transportation of any Regulated Waste generated within the County by any Person who does not hold a Department-issued License (if so required) or who is not Registered with the LCSWMA of the County, as appropriate.

(e) No Person shall use, or cause, permit or assist in the use of, any vehicle or transportable container for storage, collection or transportation within the County of any Regulated Waste unless such vehicle or transportable container displays a proof of Registration, if registration is required by the County or LCSWMA.

(f) Notwithstanding the provisions of Paragraphs (a), (b), (c), (d) and (e) above, a Person may, without Registration, store or transport to a Designated Facility, Regulated Waste which was generated at such Person's residence or as otherwise may be allowed by the SRMC Rules and Regulations or County Rules and Regulations.

(g) All Persons who store, collect, or transport Regulated Waste generated within the County shall comply with the Rules and Regulations applicable to such activity as established by the LCSWMA and the County. Violation of the County Rules and Regulations or SRMC Rules and Regulations shall be a violation of this Ordinance and subject to such penalties as may be provided by law.

Section 6. Rules and Regulations.

(a) In order to carry out the power and duty to implement the Plan and this Ordinance, the County shall adopt and the County Department of Solid Waste Management and Recycling, or such other County official as may be directed by the Commissioners, shall implement and enforce the County Rules and Regulations as if such County Rules and

Regulations were set forth in full in this Ordinance. The County may amend such County Rules and Regulations from time to time as deemed necessary and such amended County Rules and Regulations shall be equally enforceable under this Ordinance.

(b) County Rules and Regulations:

(i) May specify such requirements for the storage, handling, processing, transportation, or disposal of Regulated Waste as are deemed necessary or convenient for the protection of public health and safety and the efficient, effective, reliable and safe operation of the System;

(ii) May govern the Registration of Haulers, including the process for application for Registration and issuance, administration and revocation of Registration, Registration display requirements, equipment and vehicle requirements, and any other matters deemed necessary or convenient by the County for the protection of public health and safety and the efficient, effective, reliable and safe operation of the System; and

(iii) Shall ensure the efficient, effective, reliable and safe operation of the System. Subject to any written agreements between the County and Facilities, the County Rules and Regulations may, among other things, impose recordkeeping, reporting, or other requirements on Designated Facilities, Haulers, or other Persons in order to ensure compliance with all applicable laws and regulations..

(c) SRMC Rules and Regulations;

In order to carry forth the power and duty to implement the Plan and this Ordinance, LCSWMA shall adopt the SRMC Rules and Regulations. The SRMC Rules and Regulations:

(i) Shall be established by LCSWMA to regulate the use of the SRMC and the LCSWMA Facilities, including without limitation the regulation and Registration of Haulers and any other Persons who deliver Regulated Waste to the SRMC and the LCSWMA Facilities;

(ii) Shall be deemed to be rules and regulations issued under the authority of the County and shall be enforceable by the County to the same extent as the County Rules and Regulations; and

(iii) Shall be enforceable by the County and LCSWMA, and the County hereby delegates to LCSWMA its rights, powers and authority and authorizes LCSWMA to act in the name of the County to enforce the provisions of the SRMC Rules and Regulations as if such Rules and Regulations were set forth in full in this Ordinance.

Section 7. Existing Contracts.

(a) Nothing in this Ordinance shall be construed to impair the obligations of any existing contract for the disposal of municipal solid waste, nor the effectiveness of existing municipal ordinances adopted to implement such existing contract prior to November 2, 2005.

(b) No renewal or modification of any existing contract, and no new contract for the processing or disposal of Regulated Waste shall be entered into after the initial effective date of the County's Municipal Waste Management Ordinance, which was November 2, 2005, unless such renewal or modification or new contract shall conform to the requirements of the Plan, this Ordinance and all County Rules and Regulations. Nothing in this Ordinance shall be deemed to prevent the City of Harrisburg from entering into a contract with LCSWMA for processing, transfer or disposal of Regulated Municipal Waste at the SRMC.

Section 8. No Additional Facilities.

No additional resource recovery or landfill Facility, other than the HRRF, which shall be known as the SRMC upon its acquisition by LCSWMA, shall be sited within the County unless such Facility is provided for in the Plan or otherwise complies with all applicable provisions of Section 507(a)(2) of Act 101 and all other applicable federal, state and local laws and regulations.

Section 9. Unlawful Activity.

It shall be unlawful for any Person to violate, or cause or permit or assist in the violation of, any provision of this Ordinance or of any provision of County Rules and Regulations or LCSWMA Rules and Regulations. All unlawful conduct shall also constitute a public nuisance.

Section 10. Penalties.

(a) Summary Offense. Any Person violating any provision of this Ordinance, or any provision of the County Rules and Regulations or of the LCSWMA Rules and Regulations, shall, upon conviction thereof in a summary proceeding, be sentenced for each violation to pay a fine of not more than \$1,000 and the costs of prosecution and restitution, if any, in default of the payment of such fine and costs, to undergo imprisonment for not more than ten days. Each violation of any provision of this Ordinance or of any provision of the County Rules and Regulations or of the SRMC Rules and Regulations, and each day that such a violation shall exist, shall constitute a separate violation and offense.

(b) Administrative Penalty Any Person who shall violate any provision of this Ordinance, or any provision of the County Rules and Regulations or of the SRMC Rules and

Regulations, shall be subject to an Administrative Penalty of not more than \$1,000 per violation. Persons subject to an Administrative Penalty shall be advised of the pending assessment and afforded a reasonable opportunity to question the proposed Penalty before the Commissioners before such penalty shall become effective. The County Rules and Regulations may establish a procedure for the assessment of Administrative penalties and the appeal therefrom.

Section 11. Injunctive Relief.

In addition to any other remedy provided in this Ordinance, the County may institute proceedings to restrain any violation of, or to require compliance with, this Ordinance, the Plan and/or the County Rules and Regulations.

Section 12. Concurrent Remedies.

The penalties and remedies set forth in this Ordinance are in addition to, not in lieu of, any fines, penalties or remedies provided by federal, state and local laws and regulations. The existence or exercise of any remedy shall not prevent the County from exercising any other remedy provided under this Ordinance or otherwise available at law or equity.

Section 13. Severability.

The provisions of this Ordinance are severable. If any provisions of this Ordinance or its application to any Person or circumstance is held invalid by a court of competent jurisdiction, such invalidity shall not affect any other provision or application of this Ordinance.

Section 14 Rescission

The Municipal Waste Management Ordinance, Ordinance 5-2005, enacted November 2, 2005, is hereby rescinded in its entirety and replaced by this Ordinance upon the Effective Date of this Ordinance.

Section 15. Effective Date.

This Ordinance shall become effective immediately, unless the 2013 Non-substantial Plan Revision has not been approved by the Department, in which case, it shall become effective on the earlier of the date of approval of the 2013 Non-substantial Plan Revision, or the date on which the 2013 Non-substantial Plan Revision is deemed to be approved by the Department.

ENACTED AND ORDAINED, this _____ day of _____ 2013 by the
Board of Commissioners of the County of Dauphin.

**COUNTY OF DAUPHIN
BOARD OF COMMISSIONERS**

Chairman

ATTEST:

Chief Clerk

EXHIBIT K

Restated City Disposal Agreement

[Attached]

ASSIGNMENT, AMENDMENT AND RESTATEMENT OF
MUNICIPAL WASTE DISPOSAL AGREEMENT

Between

CITY OF HARRISBURG

and

LANCASTER COUNTY
SOLID WASTE MANAGEMENT AUTHORITY

Dated as of August __, 2013

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**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

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

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

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 been 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 LCSWMA;

(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:

(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

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

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

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.

(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 Assct Purchase Agreement.

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

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'

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.

"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

(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.

"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.

"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.

"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.

“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:

(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,

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:

(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.

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.

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

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.

EXHIBIT L

Operating Agreement

[Attached]

TRANSITION OPERATING AGREEMENT

THIS TRANSITION OPERATING AGREEMENT (this "Transition Agreement" or this "Agreement") is executed and delivered effective as of _____, 2013, between The Harrisburg Authority, a municipal authority created and existing under the laws of the Commonwealth of Pennsylvania ("Transferor"), and the Lancaster County Solid Waste Management Authority, a municipal authority created and existing under the laws of the Commonwealth of Pennsylvania ("Transferee"), and along with Transferor, the "Parties".

RECITALS

A. Transferor and Transferee are parties to that certain Asset Purchase Agreement, dated as of August __, 2013, which provides for Transferor's sale of certain assets to Transferee, as more fully described therein (the "Purchase Agreement"), the obligations of which the Parties acknowledge, ratify and confirm.

B. Transferor 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) of the Purchase Agreement, the "Facility").

C. 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.

D. The Facility is situated on an approximately fifty-nine and one-half (59.5) acre tract of Real Estate owned by Transferor, as more particularly described in the Purchase Agreement, which Real Estate, together with all improvements (excluding the Dauphin County Recycling Center) and all other real property interests of Transferor comprising the Facility, may be referred to herein as the "Real Property".

E. Transferor accepts, processes and disposes of MSW, generates steam and electricity and undertakes associated operations and activities at the Facility (collectively the "MSW Services"). In furtherance of the implementation of a fiscal recovery plan (the "Recovery Plan") for the City of Harrisburg developed by the Receiver for the City of Harrisburg, Transferor has as of this day sold, transferred and assigned, and Transferee has purchased, the assets relating to the MSW Services (including the Facility and the Real Property), pursuant to the terms and conditions set forth in the Purchase Agreement.

F. Transferor 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 set forth in the Purchase Agreement, Transferor is not conveying, and Transferee is not receiving, any assets of Transferor relating primarily to the Water/Sewer Services.

G. The Parties seek to reach agreement to allow transfer of the assets relating to the MSW Services (including the Facility and the Real Property) pursuant to the Purchase Agreement

prior to the transfer and/or reissuance of the permits set forth on Schedule A attached hereto (the "Facility Permits"), each of which pertain to and are required for lawful operation of the Facility.

H. Transferor is the entity that operated the Facility and held the Facility Permits on and prior to entering into the Purchase Agreement.

I. The Parties desire to enter into this Transition Agreement to address the additional time needed to secure all necessary consents from any Governmental Authority (as defined herein) to transfer or re-issue the Facility Permits after Closing under the Purchase Agreement.

J. Transferor and Transferee desire to have Transferee conduct, consistent with this Agreement, the day-to-day operations (the "Operations") of the Facility during the Term of this Agreement.

K. The Parties do not intend Transferee's activities to trigger "operator" status for Transferee under any applicable Laws (as defined herein) at the Facility and Transferor will continue to be responsible for compliance with Facility Permits to each Governmental Authority as the permittee under the Facility Permits during the Term of this Agreement.

L. The Parties desire to clarify their respective obligations and responsibilities related to the Facility's Operations during the Term (as defined herein) of this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants contained in the Purchase Agreement, and the premises and the covenants set forth herein, the Parties hereby agree as follows:

ARTICLE 1 **GENERAL**

1.1 Capitalized Terms. Capitalized terms not defined in this Agreement shall have the meanings ascribed to them in the Purchase Agreement.

1.2 Term. The term of this Agreement shall begin on the date of Closing under the Purchase Agreement and shall continue until the earlier of (a) eighteen (18) months after the date of Closing under the Purchase Agreement, or (b) Transferee's obtaining transfer or reissuance of all of the Facility Permits (the "Term").

1.3 Duty To Consult and Cooperate; Communications With Governmental Authorities. The Parties shall cooperate with one another to achieve the purposes of this Agreement, provided that Transferor's cooperation shall not result in any costs to Transferor except to the extent of any activities specifically required to be undertaken by Transferor in this Agreement. If, during the Term of this Agreement, either Party receives any notice or inquiry from a Governmental Authority with jurisdiction over Environmental Laws that relates in any way to the Facility, its Operations or the Facility Permits, or learns of an actual, alleged or potential violation of any Applicable Law or Facility Permit, it shall have a duty promptly to notify and consult with the other. Similarly, the Parties shall promptly advise each other of the necessity for any written communication to a Governmental Authority that relates in any way to the Facility, its Operations or the Facility Permits, or of any meeting with a Governmental Authority relating to the Facility Permits, their transfer or

reissuance; provided, however, this obligation shall not apply to Transferee's communication with a Governmental Authority in the ordinary course of business of the Facility. Prior to submittal of such written communication, the Parties shall consult with each other and attempt to reach consensus on the content of such written communications. If the consultation results in a dispute between the Parties, the dispute shall be raised to Transferor's Executive Director, Shannon Williams, and Transferee's Chief Executive Officer, Jim Warner, or their designees, who shall render a prompt decision with respect thereto, provided, however, that if a Government Authority requires notification or information before a dispute is resolved, Transferee may submit its response notwithstanding Transferor's objection. Nothing in this Section 1.3 or any consultations that occur shall limit Transferee's obligations under Section 4.1 hereof. Transferee shall provide to Transferor from time to time and also upon Transferor's reasonable request information relating to the Facility, its Operations and the Facility Permits to enable Transferor to comply with applicable Law, the Facility Permits and this Agreement, to be reasonably informed about the Facility Permits and to maintain its general business goodwill. Transferor will be given reasonable advance notice of and may attend any meeting relating to the Facility Permits, their transfer or reissuance, provided that its role will be limited to monitoring and ensuring progress towards reissuance or transfer of the Facility Permits and compliance with this Agreement. Transferee will timely provide to Transferor copies of any material submissions to a Governmental Authority relating to the Facility Permits, their reissuance or transfer, including without limitation applications and other documents relating to such reissuance and transfer, as well as all communications from the Governmental Authority relating thereto, as well as all substantive communications between Transferee and any Governmental Authority in the ordinary course of business relating to the Facility Permits, the Facility, the Real Property or the Operations.

ARTICLE 2

RIGHTS AND OBLIGATIONS OF TRANSFEREE DURING TERM

2.1 Conduct of Facility's Operations. Transferee shall conduct and be responsible for, consistent with this Agreement, the Operations of the Facility during the Term of this Agreement. Transferee shall cause all Operations and all other activities at the Facility and Real Property to be in full compliance with all applicable Laws and the Facility Permits.

2.2 Facility Permit Transfers. Transferee shall use due diligence to obtain transfer and/or reissuance of the Facility Permits, including but not limited to, preparing and submitting applications for the transfer or re-issuance of existing Facility Permits, fulfilling state compliance disclosure requirements, and posting necessary financial assurances, all as applicable. Transferee shall timely respond to all reasonable requests from Transferor as to the status of Transferee's efforts to have the existing Facility Permits transferred or new Permits issued.

2.3 Financial Benefit. For avoidance of any doubt, all financial, accounting or economic results from the conduct of the Facility's Operations that arise or accrue during the Term of this Agreement shall be for the account of Transferee and shall be reported as such by Transferee. Transferor shall not account for or report such financial accounting or economic results of the Facility's Operations.

2.4 Payment of Expenses and Costs. For avoidance of any doubt, during the Term of this Agreement, Transferee shall be responsible for and pay any and all expenses and costs of any type relating to compliance with and activities pursuant to and requirements of the Facility Permits, as well as to the Facility and Real Property and their operation, and the Operations, including without limitation (a) all ordinary and direct operating and maintenance expenses, including without limitation taxes, insurance, and costs associated with environmental regulatory compliance of the Facility, (b) all reasonable expenses for capital items and (c) any other sums required by any Law, rule or Governmental Authority.

2.5 Liabilities. For avoidance of any doubt, subject to and without waiver, modification or limitation of the provisions of the Purchase Agreement, Transferee assumes all responsibility for any and all liabilities relating to the Facility Permits, as well as to the Facility, the Operations, and the Real Property, and Transferor shall have no such responsibility or liabilities, arising after the date of Closing under the Purchase Agreement.

ARTICLE 3

RIGHTS AND OBLIGATIONS OF TRANSFEROR DURING TERM

3.1 Retention of Permittee Status. Until Transferee obtains all necessary Facility Permits Transferor shall continue as permittee subject to all of the obligations and retain all of the responsibilities as permittee under the Facility Permits. With respect to required financial assurance mechanisms, the following subsections shall apply:

a. Unless the Parties otherwise agree, the requirement under Section 6.08 of the Purchase Agreement that Transferor transfer cash from the Closure Funds to Transferee at Closing shall be satisfied by Transferor retaining the cash and the Closure Funds in their present status, or an alternative status reasonably acceptable to the Parties, to provide the required Ashfill and Facility closure bonds until the transfer or reissuance of the applicable Ashfill and Facility permits to Transferee and Department approval of release of the closure bonds under Transferor's permits, at which time cash from the Closure Funds shall be transferred to Transferee as provided in Section 6.08 of the Purchase Agreement. Transferor's retention of cash pursuant to the preceding sentence will be deemed to satisfy the transfer requirements of Sections 2.01(k) and 2.06(b) of the Purchase Agreement provided such cash is used pursuant to the terms of this Agreement, and shall not affect calculation of the Base Purchase Price Section 2.06 of the Purchase Agreement. To the extent cash Transferor retains pursuant to the preceding provisions of this Section 3.1(a) is not sufficient to satisfy the financial assurance requirements of the Facility Permits, and the Base Purchase Price is reduced pursuant to Section 6.08 of the Purchase Agreement, Transferee will add to Transferor's financial assurance an amount equal to the reduction in the Base Purchase Price to satisfy such requirements, which will be held on the same basis as the Transferor's Financial Assurance. To the extent that the amount of Transferor's financial assurance requirement increases during the Term of this Agreement, Transferee shall timely add to Transferor's financial assurance the amount of the increase to enable it to comply with such requirement, and such amount will be held on the same basis as Transferor's Financial Assurance. To the extent that the amount of Transferor's financial assurance requirement decreases during the Term of this Agreement, upon approval by the

Department, cash in the amount of the reduction shall be transferred to Transferor as provided in Section 6.08 of the Purchase Agreement. For the purpose of clarity, increases and decreases in the financial assurance requirements that occur after Closing shall not affect the Base Purchase Price. The Parties may enter into an ancillary agreement relating to such cash if they deem it desirable to do so.

b. Transferor and Transferee may agree on mutually acceptable means of satisfying the financial assurance requirements of the Facility Permits other than those set forth in Section 3.1(a) hereof, provided they are approved by the Department and are at no cost to Transferor. At such time as Transferor and Transferee agree upon such alternative which is mutually acceptable to them and the Department, cash shall be delivered to Transferee to the extent it is no longer needed for financial assurance pursuant to Section 3.1(a) hereof and otherwise would have been delivered to Transferee at Closing under the Purchase Agreement.

c. At such time as a Facility Permit is transferred or reissued to Transferee with its own financial assurance mechanism and the Department approves the release of the financial assurance required for a Transferor Facility Permit, any financial assurance provided by Transferee for such Transferor Facility Permit pursuant to Sections 3.1(a) or (b) hereof, including any cash retained by Transferor under Section 3.1(a) hereof, shall be released and/or returned to Transferee, except to the extent the Purchase Agreement directs that it would not be transferred to Buyer.

d. Transferee shall be responsible for any and all costs, expenses and financial obligations as may be incurred by or apply to Transferor in complying with the obligations and responsibilities associated with the Facility Permits, and shall promptly pay or reimburse such sums to Transferor or otherwise assume such obligations promptly upon request by Transferor. The costs, expenses and financial obligations Transferee shall be responsible for include, without limitation, any insurance requirements relating to the Facility, the Real Property, the Operations or the Facility Permits, as well as any and all costs of maintaining financial assurance for the Facility Permits such as costs related to letters of credit and maintaining bank accounts or bank escrow accounts.

Nothing in this Section 3.1 shall be interpreted as limiting Transferee's obligations under Sections 2.1 or 4.1 of this Agreement.

3.2 Duty To Cooperate In Transferring Facility Permits. Transferor shall reasonably cooperate, at no cost to itself except as set forth herein, with Transferee's efforts to secure the transfer or reissuance of the Facility Permits as provided in Section 2.2 of this Agreement, including, without limitation, attending meetings with Governmental Authorities when Transferee deems Transferor's attendance essential, and shall execute such documents as reasonably requested by Transferee in connection with Transferee's efforts to obtain such Facility Permits, provided Transferor incurs no liability by such execution beyond the liability already incurred or retained by Transferor pursuant to the Purchase Agreement. Except as required by applicable Law or Permit, and then only following a period of consultation with Transferee, Transferor shall not file any Permit application or knowingly take or cause any other act or omission related to the Facility or its Operations that causes a material change in Facility Permit terms or conditions.

3.3 Right To Inspect And Be Present. During the Term of this Agreement, Transferor shall be entitled to inspect and have reasonable access to the Facility at all times during normal business hours and upon notice received by Transferee not less than one (1) day prior to the date of such inspection and access.

3.4 Insurance. Transferor will maintain such insurance as may be required under the Facility Permits or Applicable Laws attributable to its status as permittee under the Facility Permits, the cost of which shall be borne by Transferee. To the extent possible, at its cost, Transferee shall cause Transferor to be named as an additional named insured (or if not possible to be named as additional named insured, then as additional insured) for any coverages Transferee maintains relating to the Facility Permits, the Facility, the Operations or the Real Property which are different coverage types or greater amounts of coverage than those Transferor maintains. The Parties will cooperate to provide the foregoing coverages as cost-effectively as possible. The Parties each will provide certificates evidencing such coverages as are provided for the upon placement of such coverages.

ARTICLE 4 **INDEMNITIES**

4.1 Indemnification of Transferor. Transferee shall indemnify, defend (with counsel reasonably acceptable to Transferor) and save Transferor harmless from and against any and all claims, damages, liabilities, losses, actions, suits, proceedings, demands, fines or penalties, assessments, adjustments, costs and expenses, including without limitation, reasonable attorneys' fees ("Claims") of any kind incurred or suffered by Transferor relating to any and all actions, omissions, activities and operations at the Facility or Real Property, or relating to the Operations or the Facility Permits, from and after the Closing (as such term is defined in the Purchase Agreement), as well as for any breach of any term or condition of this Agreement by Transferee. The provisions of this Section 4.1 supplement and do not limit in any way the protections, rights and indemnities provided to Transferor by Transferee under the Purchase Agreement.

4.2 Survival. The rights or obligations provided in this ARTICLE 4 shall survive the Term of this Agreement.

ARTICLE 5 **MISCELLANEOUS**

5.1 Definitions. Unless otherwise specifically defined herein, each capitalized term used herein shall have the same meaning assigned to such term in the Purchase Agreement:

"Department" means the Pennsylvania Department of Environmental Protection.

"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.

"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.

"Laws" means any federal, state and local laws, statutes, ordinances, rules, regulations, codes (including any zoning, fire, or health and safety codes), governmental permits, orders, decrees or similar edicts enacted, adopted, issued or promulgated by, or any contract with, any Governmental Authority, including without limitation Environmental Laws.

"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, (b) any sludge not meeting the definition of residual or hazardous waste in the Pennsylvania 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.

"Permits" means all permits, grants, filings, notices of intent, exemptions, licenses, authorizations, registrations, franchises, consents, approvals and related applications of every kind from or with any federal, state, local or foreign Governmental Authority, including all permits issued by any Governmental Authority under or in connection with any Environmental Law.

5.2 Recitals. All recitals set forth in this Agreement are hereby incorporated by this reference into the terms of the Agreement.

5.3 Entire Agreement. Except for the Purchase Agreement, this Agreement is the final, complete and exclusive statement and expression of the agreement among the Parties with relation to its subject matter. This Agreement supersedes, and cannot be varied, contradicted or supplemented by evidence of, any prior or contemporaneous discussions, correspondence or oral or written agreements, understandings or contracts of any kind.

5.4 Amendment and Modification. This Agreement may be modified or amended only by a written instrument executed by both Parties.

5.5 Binding Effect. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by either Party without the prior written consent of the other.

5.6 Severability. In case any provision of this Agreement shall be deemed to be invalid, illegal or unenforceable, it shall, to the extent possible, be modified in such manner as to be valid, legal and enforceable but so as most nearly to retain the intent of the Parties. If such modification is not possible, such provision shall be severed from this Agreement. In either case the validity, legality and enforceability of the remaining provisions of this Agreement shall not in any way be affected or impaired thereby. Should the Agreement as a whole be found invalid or not to permit Transferee or Transferor to undertake the activities contemplated by this Agreement, the Parties shall promptly confer and agree in writing upon such alternative activities and arrangements as alleviate or satisfactorily address the offending conditions and which achieve the goals and purposes of this Agreement.

5.7 Additional Insured. Transferee shall add Transferor as an additional insured on all insurance policies it maintains covering the Facility, the Real Property and the Operations, and shall provide certificates evidencing such insurance at the commencement of the Term.

5.8 Notices. All notices or other communications required or permitted under this Agreement shall be in writing and may be given by depositing the same in the United States mail, addressed to the Party to be notified, postage prepaid and registered or certified with return receipt requested, by overnight courier, or by delivering the same in person to such Party, addressed as follows:

If to Transferor, addressed to:

James D. Warner
Chief Executive Officer
Lancaster County Solid Waste Management Authority
1299 Harrisburg Pike
Lancaster, PA 17603

with a copy to:

Alex Henderson, III, Esq.
Hartman Underhill & Brubaker, LLC
221 E. Chestnut Street
Lancaster, PA 17602

If to Transferee, addressed to:

Shannon Williams
Executive Director
The Harrisburg Authority
212 Locust Street
Suite 302

Harrisburg, PA 17101

with a copy to:

Douglas F. Schleicher, Esq.
Klehr Harrison Harvey Branzburg, LLP
1835 Market Street
Suite 1400
Philadelphia, PA 19103

Notice shall be deemed given and effective the day personally delivered, the day sent by overnight courier, subject to signature verification, and the day of deposit in the U.S. mail of a writing addressed and sent as provided above. Any Party may change the address for notice by notifying the other Party of such change in accordance with this Section 5.8.

5.9 Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the Commonwealth of Pennsylvania, without giving effect to any choice or conflict of law provision or rule (whether of the Commonwealth of Pennsylvania or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the Commonwealth of Pennsylvania.

5.10 Counterparts. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed to be an original and all of which together shall constitute but one and the same instrument.

(Signature Page Follows)

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be duly executed as of the date first above written.

TRANSFEROR:

THE HARRISBURG AUTHORITY

By: _____
Title: _____

TRANSFeree:

LANCASTER COUNTY SOLID WASTE
MANAGEMENT AUTHORITY

By: _____
Title: _____

SCHEDULE A

Facility Permits

[The permits to be listed on this schedule will include only those permits listed below which have not been transferred or reissued to Transferee as of the date of Closing under the Purchase Agreement]

Commonwealth of Pennsylvania Department of Environmental Protection Storage Tank Registration/Permit Certificate (Facility ID #: 22-62597, Tank IDs 1036061 (capacity 2,500), 1036062 (capacity 2,500) and 1036063 (capacity 4,150), Expires June 4, 2014)

Commonwealth of Pennsylvania Department of Environmental Protection Solid Waste Disposal and/or Processing Permit (as modified) (Permit No. 100992, Effective May 24, 2013 thru June 1, 2018)

Commonwealth of Pennsylvania Department of Environmental Protection Solid Waste Disposal and/or Processing Permit (as modified) (Permit No. 100759, Cell A)

Commonwealth of Pennsylvania Department of Environmental Protection Solid Waste Disposal and/or Processing Permit (as modified) (Permit No. 100758, Effective July 10, 2012 thru November 29, 2022)

Commonwealth of Pennsylvania Department of Environmental Protection Air Quality Plan Approval No. 22-05007B.

Commonwealth of Pennsylvania Department of Environmental Protection Title V Operating Permit (Permit No. 22-05007, Effective September 1, 2012 thru August 31, 2017)

Susquehanna River Basin Commission Approval for Consumptive Water Use (Docket #: 19880201, Effective December 12, 2002 thru February 11, 2018)

City of Harrisburg Department of Public Works Bureau of Sewerage Industrial User Permit (Permit No. 122017-9, Effective December 21, 2012 thru December 20, 2017)

Commonwealth of Pennsylvania Department of Environmental Protection General Permit for Discharge of Stormwater from Industrial Activities (PAG-3) (NPDES Permit No. PAR403508, Expires May 31, 2017)

Commonwealth of Pennsylvania Department of Environmental Protection Authorization to Discharge Under the National Pollutant Discharge Elimination System (NPDES Permit No.: PAS 503501, Effective July 1, 2012 thru June 30, 2017). The permittee under DEP Water Quality Individual NPDES permit PAS503501 is Covanta Harrisburg Inc., 1670 South 19th Street, Harrisburg PA 17104.

Commonwealth of Pennsylvania Department of Environmental Protection Water Quality General Construction Permit (NPDES Permit No. PAG2-0022-04-029, Effective June 7, 2004)

EXHIBIT 16-B

ASSIGNMENT, AMENDMENT AND RESTATEMENT OF
MUNICIPAL WASTE DISPOSAL AGREEMENT

Between

CITY OF HARRISBURG

and

LANCASTER COUNTY
SOLID WASTE MANAGEMENT AUTHORITY

Dated as of August __, 2013

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**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

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

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

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:

(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

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

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

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.

(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.

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

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'

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.

“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

(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.

"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.

"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.

"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.

"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:

(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,

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:

(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]

Mayor, City of Harrisburg
10 North Second Street, Suite 202
Harrisburg, PA 17101

with a copy to:

[counsel]

Harrisburg City Solicitor
10 North Second Street, Suite 402
Harrisburg, PA 17101

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.

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.

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.

By: William B Lynch
~~Dan Miller~~
~~City Controller~~
William B. Lynch
RECEIVER FOR THE
CITY OF HARRISBURG

Attest: Babara A. Hammel
Secretary

CITY OF HARRISBURG

By: Justin Wampson 10.16.13
Mayor

Attest: Wanda R. Williams
President, City Council

Approved: [Signature]
City Solicitor

LANCASTER COUNTY SOLID WASTE
MANAGEMENT AUTHORITY

By: KR Weibel
Chair

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.

EXHIBIT 18

RESOLUTION NO. 43 OF 2013

Moved by: Wanda R. D. Williams

A Resolution approving the Addendum to Assignment, Amendment and Restatement of Municipal Waste Disposal Agreement.

WHEREAS, as part of the Act 47 Recovery Plan process, The Harrisburg Authority ("THA") and the Receiver for the City of Harrisburg (the "Receiver"), through an open process consistent with the requirements of City Council Resolution No. 25 of 2010, selected the Lancaster County Solid Waste Management Authority (the "Solid Waste Authority") as the party with whom THA and the Receiver desired to negotiate the sale and purchase of the Harrisburg Resource Recovery Facility (the "RRF"); and

WHEREAS, the sale of the RRF pursuant to the Purchase Agreement and related agreements and actions, and the long term ownership of the RRF by the Solid Waste Authority (the "RRF Transaction") are a necessary part of the Act 47 Recovery Plan (the "Recovery Plan") and the financial recovery of the City of Harrisburg (the "City"); and

WHEREAS, THA and the Receiver negotiated an Asset Purchase Agreement (the "Purchase Agreement"), and City Council approved the transfer of the RRF to the Solid Waste Authority by passage of Resolution 27 of 2013 on September 16, 2013; and

WHEREAS, the City and THA were parties to a Municipal Solid Waste Disposal Agreement, as amended (the "THA Disposal Agreement"), with a term ending in 2036, which provides for disposal of waste generated within the City at the RRF, which THA Disposal Agreement is to be assigned to and assumed by the Solid Waste Authority; and

WHEREAS, an integral part of and precondition to the Purchase Agreement was the City's entry into a long term Assignment, Amendment and Restatement of Municipal Waste Disposal Agreement (the "Restated Disposal Agreement") approval of which was also effectuated by passage of Resolution 27 of 2013; and

WHEREAS, approval of the Restated Disposal Agreement was given "subject to such changes, insertions, or omissions as may be approved by the City signatories and the City Solicitor," and

WHEREAS, subsequent to passage of Resolution 27 of 2013, the City Solicitor engaged in discussions with counsel for the Solid Waste Authority that resulted in the drafting of an addendum to the Restated Disposal Agreement, entitled: Addendum to Assignment, Amendment and Restatement of Municipal Waste Disposal Agreement ("Addendum"), a copy of which is attached hereto as Exhibit "A"; and

WHEREAS, approval of this Resolution shall be conditioned upon (1) entry of an order by the Commonwealth Court approving the Harrisburg Strong Plan substantially in the form submitted to the Court; (2) consummation of the long term leasing of certain parking garages and certain other assets owned by the City and the Harrisburg Parking Authority, part of the proceeds of which shall be paid to the City upon closing, as more fully described in the Harrisburg Strong Plan; and (3) the substantial performance by all stakeholders with their respective material obligations under the Harrisburg Strong Plan; and

WHEREAS, the City Council is satisfied that, with respect to the RRF Transaction, all requirements of City Council Resolution No. 25 of 2010 have been met by the actions of the Receiver or waived by City Council.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF HARRISBURG, PENNSYLVANIA as follows:

1. The execution, delivery, and performance of the Addendum is hereby approved and authorized by the City Council. The Addendum shall be substantially in the form attached hereto as Exhibit "A", subject to such changes, insertions, or omissions as may be approved by the City signatories and the City Solicitor, and such execution shall be conclusive evidence of such approval.

2. Prior to closing under the Purchase Agreement, the City shall take and maintain all necessary or appropriate actions to implement the Restated Disposal Agreement and the Addendum, including but not limited to municipal solid waste collection, transportation and disposal ordinances, resolutions and contracts consistent with the Restated Disposal Agreement and all its provisions including but not limited to the term, fee schedule, minimum municipal solid waste tonnage, escrow accounts and security, host fee, and Rules and Regulations for the RRF to be issued by the Solid Waste Authority. The City acknowledges that disposal,

processing and transfer of waste at the RRF pursuant to the Restated Disposal Agreement and Addendum shall be governed by the waste flow control and facility designation of the Dauphin County Act 101 Municipal Waste Management Plan.

3. The City shall take and maintain all necessary or appropriate actions to implement the Purchase Agreement and the RRF Transaction to the extent applicable to the City, including but not limited to removal of all City owned public works department assets and artifacts from the site of the RRF, unless otherwise agreed to by the parties.

4. The Mayor, City Controller, City Treasurer, City Solicitor and all other appropriate City officials are authorized, directed and instructed to take all steps necessary or appropriate to effectuate the purposes of this Resolution.

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

6. All acts and doings of the officers of the City which are in conformity with the purposes and intents of this Resolution and in the furtherance of the execution, delivery and performances of the Purchase Agreement and the Restated Disposal Agreement shall be, and the same hereby are, in all respects approved and confirmed.

7. All resolutions and ordinances or parts thereof of the City's in conflict with the provisions herein contained are, to the extent of such conflicts, hereby superseded and repealed.

11. Approval of this Resolution shall be conditioned upon (1) entry of an order by the Commonwealth Court approving the Harrisburg Strong Plan substantially in the form submitted to the Court; (2) consummation of the long term leasing of certain parking garages and certain other assets owned by the City and the Harrisburg Parking Authority, part of the proceeds of which shall be paid to the City upon closing, as more fully described in the Harrisburg Strong Plan; and (3) the substantial performance by all stakeholders with their respective material obligations under the Harrisburg Strong Plan.

BE IT FURTHER RESOLVED that all appropriate City officials are authorized to take

all steps necessary to effectuate this Resolution.

I second this Resolution Gunda L. Reid

YEAS		NAYS
<input checked="" type="checkbox"/>	KOPLINSKI	
<input checked="" type="checkbox"/>	REID	<input checked="" type="checkbox"/>
<input checked="" type="checkbox"/>	SMITH	
<input checked="" type="checkbox"/>	SUMMERFORD	
<input checked="" type="checkbox"/>	WEBER	
<input checked="" type="checkbox"/>	WILSON	
<input checked="" type="checkbox"/>	WILLIAMS	
Yeas	6	
Nays	1	

City Council 11-12-13
Wanda R. D. Williams
President of City Council
City Clerk Ka Peters

EXHIBIT A

ADDENDUM TO
ASSIGNMENT, AMENDMENT AND RESTATEMENT OF
MUNICIPAL WASTE DISPOSAL AGREEMENT

THIS ADDENDUM (this "Addendum") to the Assignment, Amendment, and Restatement of Municipal Waste Disposal Agreement between the City of Harrisburg and the Lancaster County Solid Waste Management Authority (the "Disposal Agreement") is made and entered into as of the 18 day of October, 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. By Resolution No. 2013-10 the Board of Directors of LCSWMA on August 29, 2013 approved the Disposal Agreement. By Resolution 27-2013 the Council of the City on September 16, 2013 approved the Disposal Agreement and the agreement by which LCSWMA will acquire the Susquehanna Resource Management Complex (formerly the HMERRF) from The Harrisburg Authority ("THA"). It is anticipated that LCSWMA will acquire the Susquehanna Resource Management Complex on or about December 5, 2013 (the "Acquisition Date").

The "Background" to the Disposal Agreement states:

"The City will collect, directly or indirectly, all City 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 HMERRF 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."

At present, the City bills (separately for collection and disposal) and collects sanitation fees, with the sewer and water fees, and pays a portion of the proceeds of the disposal component of sanitation fees to THA. THA deposits the disposal portion the sanitation fees into a separate account (the "City Sanitation Disposal Fee Account"), deducts amounts owed to THA from the City Sanitation Fee Account, and from time to time pays amounts from the City Sanitation Fee Account to the City. The City Sanitation Fee Account, coupled with the City's Sanitation Account, has a present aggregate balance of \$2,137, 353.18.

The City is now in process of entering into a Collection and Disposal Contract for residential and commercial solid waste collection and disposal services with a responsible private hauler ("Contracted Hauler"), which contract is expected to begin (the "Contracted Hauler Start Date") in early 2014. The City is also in process of entering into an arrangement with THA (the "THA Agency") under which THA will become the City's "Billing Agent for the Utilities -- Water, Sewer and Sanitation" and as such will bill, collect and disburse all the monthly collection and disposal fees for municipal waste within the City. It is expected that the

arrangement will go into effect with respect to residential and certain commercial customers prior to December 1, 2013, and with respect to commercial customers not currently served by the City, prior to December 31, 2014.

When both the Collection Contract and the THA Billing Agent arrangements come into effect, it is anticipated that THA will monthly bill applicable sanitation fees, deposit the collections in a specified sanitation fee account maintained and controlled by THA (the "THA Sanitation Account"), and, after the Contracted Hauler Start Date, on behalf of the City, directly pay the Contracted Hauler the fees owed to Contracted Hauler by the City. The Contracted Hauler will deliver all municipal waste to LCSWMA and pay LCSWMA the applicable disposal fees as set forth in the Disposal Agreement. The Contracted Hauler Collection Contract will provide that the fees to Contracted Hauler are paid directly from the THA Sanitation Fee Account.

NOW, THEREFORE, with the Disposal Agreement and the foregoing Background incorporated by reference, and intending to be legally bound, in light of the foregoing changes to City practices concerning collection and disposal of municipal waste, the parties deem it appropriate to implement and fulfill the Disposal Agreement, for the City and the Authority to execute this Addendum to the Disposal Agreement as follows:

1. It is the intent of the parties that Article I, Term, of the Disposal Agreement means that the Disposal Agreement shall have a twenty (20) year term unless the parties mutually agree to extend the term under Section 1.05 of the Disposal Agreement.

2. It is the intent of the parties under Article IV, Section 4.04(c) of the Disposal Agreement that, so long as:

(a) the City enters into a multi-year Collection Contract with a Contracted Hauler beginning in early 2014, and continues such a Collection Contract each year with the Contracted Hauler or a similarly responsible private hauler during the twenty (20) year term of the Disposal Agreement; and

(b) the City enters into the THA Agency and maintains the THA Agency with THA, or a party to whom THA has validly assigned its contractual rights and obligations, during each year of the twenty (20) year term of the Disposal Agreement,

then, in lieu of the payment of City Regulated Municipal Waste Tipping Fees at the time of delivery by City Contracted Haulers or City employees or the alternate security set forth in Section 4.04(c) of the Disposal Agreement:

(i) Before the Acquisition Date, the THA Agency shall become effective, and the City shall transfer from the City Sanitation Account to the THA Sanitation Account as sum not less than an amount (the "Transfer Amount") equal to two months municipal waste disposal fees, calculated by using the average monthly City/THA disposal fees for the months December 2012 through November 2013;

(ii) Thereafter, all sanitation fee collections shall be deposited into the City Sanitation Account and, until the Contracted Hauler Start Date, THA shall pay LCSWMA's City disposal fees and the City's collection fees from the THA Sanitation Account;

(iii) After the Contracted Hauler Start Date, so long as Contracted Hauler is not in default of its disposal fee obligations to LCSWMA, THA shall pay Contracted Hauler's Collection and Disposal Contract fees from the THA Sanitation Account and Contracted Hauler will pay the LCSWMA disposal fees; and

(iv) After the Contracted Hauler Start Date, the City and LCSWMA shall in good faith agree upon the minimum amount which should be maintained in the THA Sanitation Account to secure the City's obligations to Contracted Hauler and LCSWMA, including but not limited to any anticipated Shortfall Fee.

3. If the Contracted Hauler Start Date is delayed or does not occur, or if in the future the City determines to once again collect solid waste with the City's own forces, then the provisions of Section 2(b)(ii) above shall continue to apply, all sanitation fee collections shall continue to be deposited into the THA Sanitation Account, THA shall first pay LCSWMA's City disposal fees from the City Sanitation Account and, subject to Section 5 below, then THA will pay the City's collection costs from the THA Sanitation Account.

4. Prior to the Acquisition Date, LCSWMA shall be granted a first position pledge and security agreement in the THA Sanitation Account pursuant to a Pledge Agreement among the bank, THA, the City and LCSWMA, provided however, that if the Contracted Hauler requires that the Contracted Hauler also be granted a lien upon the THA Sanitation Account, then LCSWMA will agree to a *pari passu* lien upon the THA Sanitation Account with the Contracted Hauler and will agree to an intercreditor paragraph in the Pledge Agreement providing that LCSWMA and the Contracted Hauler have parity liens and in the event of default by the City will be paid from the account as their interests may appear.

5. If the Contracted Hauler, or any subsequent Collection Contract hauler, or the City (if the City is acting as hauler instead of a Contracted Hauler), defaults under its obligations to LCSWMA, then, upon notice, LCSWMA may require that the default of the Contracted Hauler, or the City, as applicable, be cured by payment from the THA Sanitation Account ahead of the Contracted Hauler, or the City; as applicable. The THA Sanitation Account shall also be security for the Shortfall Fee.

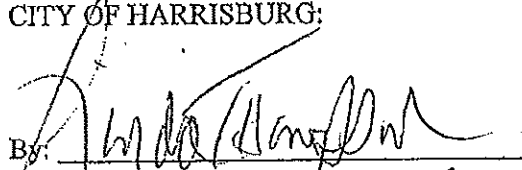
6. The City agrees to maintain residential and commercial sanitation fees at a level sufficient to fund the THA Sanitation Fee Account with sufficient funds to pay collection fees, disposal fees and provide security for any Shortfall Fee, and for that purpose the THA Sanitation Fee Account shall be deemed to be the Deposit Account referenced in Section 4.04(c) of the Agreement.

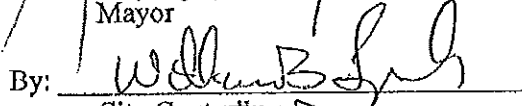
7. It is the intent of the parties that all binding terms of the Disposal Agreement are set forth in the Disposal Agreement and this Addendum, and that upon execution of the Disposal Agreement and this Addendum, all terms set forth in the Municipal Waste Disposal Agreement

(the "THA Agreement") between the Harrisburg Authority and the City of Harrisburg, not specifically incorporated into the Disposal Agreement or this Addendum are expressly superseded and no longer enforceable against any party.

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

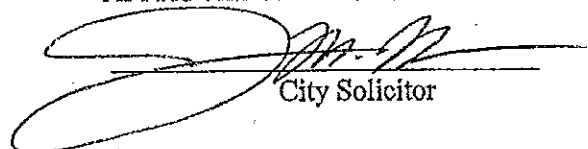
CITY OF HARRISBURG:

By: 
Mayor

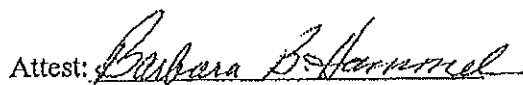
By: 
City Controller

Attest: 
President, City Council

APPROVED AS TO FORM & LEGALITY:


City Solicitor

LANCASTER COUNTY SOLID WASTE
MANAGEMENT AUTHORITY

Attest: 
Secretary

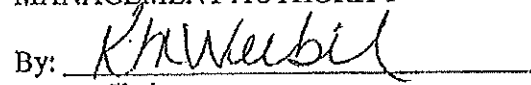
By: 
Chair

EXHIBIT 19

SETTLEMENT AGREEMENT

THIS SETTLEMENT AGREEMENT is made this 12th day of November, 2013 (the "Agreement"), by and between SUNTRUST LEASING CORPORATION ("SunTrust") and WILLIAM LYNCH, SOLELY IN HIS CAPACITY AS RECEIVER FOR THE CITY OF HARRISBURG (including any predecessor or successor thereof, the "Receiver"), on behalf of the CITY OF HARRISBURG, a municipal corporation of the Commonwealth of Pennsylvania (the "City") (collectively, the "Parties").

WHEREAS, as of November 1, 2004, the City entered into that certain Master Lease Agreement (Lease Number 12965) (the "Lease"), with Municipal Capital Corporation ("Municipal Capital"), pursuant to which the City was to and did obtain and finance certain equipment, as more particularly described in the Lease and related documents (the "Equipment");

WHEREAS, the City and Municipal Capital subsequently entered into numerous equipment schedules pursuant to which the city obtained certain Equipment and incurred certain payment obligations, including, without limitation, Equipment Schedule No. 4, executed by the City and Municipal Capital in October of 2007 (each such schedule individually an "Equipment Schedule," and collectively the "Equipment Schedules");

WHEREAS, on or about December 23, 2004, Municipal Capital assigned, among other things, its rights, title and interests in the Lease, the Equipment and any related documents, including the right to payment under the Lease and any related Equipment Schedules, to SunTrust and thereafter, contemporaneously with the execution of any Equipment Schedule, again assigned its rights, title and interests in the Lease, each Equipment Schedule, any related Equipment and any related documents to SunTrust;

WHEREAS, the City is currently indebted in the amount of approximately \$2.6 Million in respect to the Lease and Equipment Schedules, executed by and between the City, as lessee, and Municipal Capital, as lessor, which amounts are owed to SunTrust, as assignee of Municipal Capital;

WHEREAS, the City has been placed under receivership pursuant to 53 P.S. §11701.703, and such action is currently pending before the Pennsylvania Commonwealth Court (the "Court"), as Case No. 569 M.D. 2011 (the "Case");

WHEREAS, the Receiver wishes to resolve all claims related to the Lease, the Equipment, the Equipment Schedules, and any related documents as part of the Receiver's plan for a resolution of the financial distress faced by the City, such plan having been filed with the Court on August 26, 2013 (as such plan may be subsequently amended or modified, the "Harrisburg Strong Plan") and, similarly, SunTrust wishes to resolve the issues related to the Lease, the Equipment, the Equipment Schedules and any documents related to any of the foregoing;

NOW THEREFORE, the Parties, intending to be legally bound, and for other good and valuable consideration agree, as follows:

1. **Settlement Payments:** Subject to the Court's approval of the Harrisburg Strong Plan and the consummation and funding of the transactions contemplated therein, the City shall make the payments set forth on the payment schedule attached hereto as **Exhibit A** (the "Settlement Payment Schedule") in the respective amounts due from the City as set forth in the Settlement Payment Schedule (each payment a "Settlement Payment," and such payments collectively the "Settlement Payments"). Subject to the conditions set forth above, each Settlement Payment shall be paid by the City, in immediately available funds, on the respective

“Payment Date” set forth in the Settlement Payment Schedule (such dates defined herein individually as a “**Payment Date**” and collectively as the “**Payment Dates**”). The Settlement Payment Schedule and the Settlement Payments shall replace and supplant any other payment schedules or payment obligations due as a result of, under, or in connection with the Lease, the Equipment, the Equipment Schedule and/or any other related documents.

2. **Forbearance:** SunTrust shall forbear from exercising its rights, interests and remedies under or with respect to the Lease, the Equipment, the Equipment Schedules and/or any other related documents. This obligation to forbear shall terminate upon the termination of this Agreement pursuant to **Paragraph 7** hereof or, unless waived by SunTrust, the failure by the City to make a Settlement Payment on or before the Payment Date.

3. **Release by SunTrust:** Upon the payment by the City of the last Settlement Payment, SunTrust shall release the City and the Receiver as follows: SunTrust, on behalf of itself and, as applicable, its parent companies, shareholders, members, managers, directors, officers, subsidiaries, affiliates, predecessors-in-interests, successors-in-interest, assignors, assigns, elected and appointed officials, agents and each of their respective heirs, executors, administrators, assigns and successors-in-interest, and each and every one of them (collectively the “**SunTrust Releasing Parties**”) do hereby forever, fully, and completely waive, release, acquit and discharge the City and the Receiver and, as applicable, their respective predecessors-in-interests, successors-in-interest, assignors, assigns, elected and appointed officials, directors, officers, members, employees, agents, advisors, consultants, professionals, representatives, servants, heirs, and each of their respective heirs, executors, administrators, assigns and successors-in-interest, and each and every one of them (the “**Receiver/City Released Parties**”), of and from all, and all manner of, claims, actions, and causes of action, suits, debts, obligations,

promises, expenses, bills, interest, liens, liabilities, dues, accounts, bonds, covenants, contracts, agreements, costs, judgments, claims and demands whatsoever, in law or in equity, or otherwise, whether known or unknown, accrued or unaccrued, which the SunTrust Releasing Parties ever had, now has, or can, shall or may in the future have against the Receiver/City Released Parties for, or by reason of, or in connection with the Lease, the Equipment, the Equipment Schedules and/or any other related Lease documents. Without limiting the generality of the foregoing, SunTrust acknowledges, agrees and affirms that receipt of the Settlement Payments will and shall satisfy all payment obligations, whether principal, interest, fees, costs or otherwise, which may be due – past, present and future – arising from or related to the Lease, the Equipment, the Equipment Schedules and/or any other related documents, such that upon the effective date of this release, the City shall have and possess full and exclusive rights with respect to the Equipment, free and clear of any claims by SunTrust and/or Municipal Capital.

4. **Release by the Receiver and the City:** Upon the payment by the City of the last Settlement Payment, the Receiver on behalf of the City shall hereby release SunTrust as follows: the Receiver and the Receiver on behalf of the City and, as applicable, their respective predecessors-in-interests, successors-in-interest, assignors, assigns, elected and appointed officials, agents and each of their respective heirs, executors, administrators, assigns and successors-in-interest, and each and every one of them (the “**Receiver/City Releasing Parties**”) do hereby forever, fully, and completely release, acquit and discharge, SunTrust, on behalf of itself and, as applicable, its parent companies, shareholders, members, managers, directors, officers, subsidiaries, affiliates, predecessors-in-interests, successors-in-interest, assignors, assigns, elected and appointed officials, employees, agents, advisors, consultants, professionals, representatives, servants, heirs, and each of their respective heirs, executors, administrators,

assigns and successors-in-interest, and each and every one of them (collectively the “SunTrust Released Parties”) of and from all, and all manner of, claims, actions, and causes of action, suits, debts, obligations, promises, expenses, bills, interest, liens, liabilities, dues, accounts, bonds, covenants, contracts, agreements, costs, judgments, claims and demands whatsoever, in law or in equity, or otherwise, whether known or unknown, accrued or unaccrued, which Receiver/City Releasing Parties ever had, now has, or can, shall or may in the future have against the SunTrust Released Parties for, or by reason of, or in connection with the Lease, the Equipment, the Equipment Schedules and/or any other related Lease documents.

5. **No Conveyance:** The Parties each warrant that they have not assigned, transferred, conveyed or otherwise disposed of any claim, demand, cause of action, obligation or liability set forth in this Agreement.

6. **Authority:** The Parties each represent and warrant, on their own behalf, that they are authorized and empowered to execute this Agreement and that such execution is sufficient, pursuant to the terms hereof, to settle, compromise, waive and release the claims and interests settled, compromised, waived and/or released hereby. SunTrust further represents and warrants that, as reflected in the Acknowledgment and Certification, attached hereto as **Exhibit B**, it is the assignee of all of any and all of Municipal Capital's rights, title and interests in, related to, or arising from the Lease, the Equipment, the Equipment Schedules and/or any other related Lease documents, and as such Municipal Capital holds no further rights or interests therein.

7. **Termination:** Unless otherwise waived by the Receiver and SunTrust, this Agreement shall terminate upon the failure of the Receiver to cause the first Settlement Payment to be paid to SunTrust on or before December 15, 2013. Upon termination, the Parties shall have all claims and defenses as if this Agreement had not been executed.

8. **Counterparts:** This Agreement may be executed in one or more counterparts, all of which together shall constitute one agreement and the signature pages from any counterpart may be appended to any other counterpart to assemble fully-executed counterparts. Counterparts of this Agreement also may be exchanged via electronic transmission and any signature so transmitted shall be deemed to be an original signature for all purposes.

9. **Governing Law:** This Agreement and all matters arising out of our relating to this Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania.

10. **Amendment:** No provision in this Agreement may be amended or modified, except by an agreement in writing signed by the Parties hereto or their respective successors-in-interest.

11. **Construction:** Should any provision of this Agreement require interpretation, the parties to this Agreement agree that the judicial body interpreting or construing such provision shall not apply any assumption that the terms of this Agreement shall be more strictly construed against any party because of the rule of construction that an instrument is to be construed more strictly against the drafting party, each party hereby acknowledging and agreeing that all parties to this Agreement and, as they each deemed necessary and appropriate, their respective attorneys have participated in the preparation of this Agreement.

12. **No Admission:** Nothing in this Agreement shall be construed against either party as an admission of liability, or of the admission of any fact, or as a concession of any matters relating to the disputes resolved hereby.

13. **Entire Agreement:** This Agreement constitutes the entire agreement between the Parties hereto.

14. **Binding Nature:** Subject to any provision to the contrary contained in this Agreement, this Agreement shall be binding upon the Parties hereto and any other person or entity for which any interests are released hereby and shall inure to the benefit of the Parties and any other person or entity provided a release hereby.

IN WITNESS WHEREOF, and intending to be legally bound hereby, the Parties have voluntarily set their hands and seals by their authorized representatives as of the date written above.

WILLIAM LYNCH, SOLELY IN HIS
CAPACITY AS RECEIVER FOR THE CITY OF HARRISBURG SUNTRUST CAPITAL LEASING

By: William B Lynch
Name: William Lynch
Title: Receiver for the City of Harrisburg

By: _____
Name:
Title:

14. **Binding Nature:** Subject to any provision to the contrary contained in this Agreement, this Agreement shall be binding upon the Parties hereto and any other person or entity for which any interests are released hereby and shall inure to the benefit of the Parties and any other person or entity provided a release hereby.

IN WITNESS WHEREOF, and intending to be legally bound hereby, the Parties have voluntarily set their hands and seals by their authorized representatives as of the date written above.

WILLIAM LYNCH, SOLELY IN HIS
CAPACITY AS RECEIVER FOR THE CITY OF HARRISBURG : SUNTRUST CAPITAL LEASING

By: _____
Name: William Lynch
Title: Receiver for the City of Harrisburg

By: *Amanda Patis*
Name: *Amanda Patis*
Title: *SVP*

EXHIBIT A

SETTLEMENT PAYMENT SCHEDULE

<u>Date</u>	<u>Payment</u>
12/15/2013	1,355,943.60
1/15/2014	171,673.81
4/15/2014	343,347.62
10/15/2014	171,673.81
1/15/2015	29,598.27
4/15/2015	118,393.12
4/15/2016	118,393.12
4/15/2017	88,794.84

EXHIBIT B

Commonwealth of Pennsylvania)

)SS:

County of *Lehigh*)

ACKNOWLEDGEMENT AND CERTIFICATION

The undersigned, Joseph O'Brien, hereby acknowledges, agrees and certifies that, as set forth in the foregoing Settlement Agreement ("**Settlement Agreement**"), by and between SUNTRUST LEASING CORPORATION ("**SunTrust**") and WILLIAM LYNCH, SOLELY IN HIS CAPACITY AS RECEIVER FOR THE CITY OF HARRISBURG (including any predecessor or successor thereof, the "**Receiver**"), on behalf of the CITY OF HARRISBURG, a municipal corporation of the Commonwealth of Pennsylvania (the "**City**"), that Municipal Capital Corporation ("**Municipal Capital**"), the "Lessor" under the Lease and under all related Equipment Schedules, as defined in the Settlement Agreement, assigned any and all of its rights, title and interests in, related to, or arising from the Lease, the Equipment, the Equipment Schedules (each as defined in the Settlement Agreement) and/or any other related Lease documents to SunTrust. As such, Municipal Capital no longer holds any claims, demands, or interests in, related to or arising from the Lease, the Equipment, the Equipment Schedules and/or

any other related Lease documents.

Dated this 12th day of November, 2013.

MUNICIPAL CAPITAL CORPORATION

By: Joseph W O'Brien
Name: Joseph O' Brien
Title: President

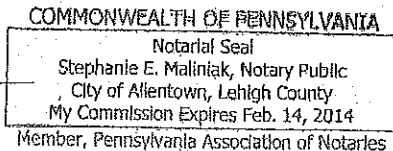
On this, the 12th day of November, 2013, before me a notary public, the undersigned officer, personally appeared Joseph O'Brien, known to me (or satisfactorily proven) to be the person whose name is subscribed to the within instrument, and acknowledged that he executed the same on behalf of Municipal Capital Corporation for the purposes therein contained.

In witness hereof, I hereunto set my hand and official seal.

Subscribed and sworn to before me
this 12th day of November, 2013.

Stephanie E. Maliniak
Notary Public

My commission expires: _____





FIRST AMENDMENT TO SETTLEMENT AGREEMENT

THIS FIRST AMENDMENT TO SETTLEMENT AGREEMENT is made as of this 13th day of December 2013 (the "Agreement"), by and between SUNTRUST LEASING CORPORATION ("SunTrust") and WILLIAM LYNCH, SOLELY IN HIS CAPACITY AS RECEIVER FOR THE CITY OF HARRISBURG (including any predecessor or successor thereof, the "Receiver"), on behalf of the CITY OF HARRISBURG, a municipal corporation of the Commonwealth of Pennsylvania (the "City") (collectively, the "Parties").

WHEREAS, as of November 12, 2013, the Parties entered into that certain Settlement Agreement, a true and correct copy of which is attached hereto as Exhibit A;¹

WHEREAS, based on certain events since the execution of the Settlement Agreement, the Parties desire to amend the Settlement Agreement as set forth herein;

NOW THEREFORE, the Parties, intending to be legally bound, and for other good and valuable consideration agree, as follows:

A. Exhibit A to the Settlement Agreement shall be amended and restated in its entirety and replaced with the Settlement Payment Schedule attached hereto as Exhibit B;

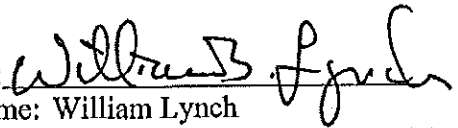
B. Paragraph 7 of the Settlement Agreement shall be amended and restated in its entirety to read as follows: 7. Termination: Unless otherwise waived by the Receiver and SunTrust, this Agreement shall terminate upon the failure of the Receiver to cause the first Settlement Payment to be paid to SunTrust on or before December 27, 2013. Upon termination, the Parties shall have all claims and defenses as if this Agreement had not been executed.

C. The terms of the Settlement Agreement shall otherwise remain unchanged and are incorporated herein by reference.

¹ Capitalized terms not defined herein shall have the meaning ascribed to such terms in the Settlement Agreement.

IN WITNESS WHEREOF, and intending to be legally bound hereby, the Parties have voluntarily set their hands and seals by their authorized representatives as of the date written above.

WILLIAM LYNCH, SOLELY IN HIS
CAPACITY AS RECEIVER FOR THE CITY OF HARRISBURG SUNTRUST CAPITAL LEASING

By: 
Name: William Lynch
Title: Receiver for the City of Harrisburg

By: _____
Name:
Title:

IN WITNESS WHEREOF, and intending to be legally bound hereby, the Parties have voluntarily set their hands and seals by their authorized representatives as of the date written above.

WILLIAM LYNCH, SOLELY IN HIS
CAPACITY AS RECEIVER FOR THE CITY
OF HARRISBURG

SUNTRUST CAPITAL LEASING

By: _____
Name: William Lynch
Title: Receiver for the City of Harrisburg

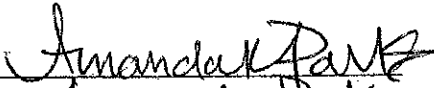
By: 
Name: Amanda Park
Title: SVP

EXHIBIT A

(SETTLEMENT AGREEMENT)

SETTLEMENT AGREEMENT

THIS SETTLEMENT AGREEMENT is made this 12th day of November, 2013 (the "Agreement"), by and between SUNTRUST LEASING CORPORATION ("SunTrust") and WILLIAM LYNCH, SOLELY IN HIS CAPACITY AS RECEIVER FOR THE CITY OF HARRISBURG (including any predecessor or successor thereof, the "Receiver"), on behalf of the CITY OF HARRISBURG, a municipal corporation of the Commonwealth of Pennsylvania (the "City") (collectively, the "Parties").

WHEREAS, as of November 1, 2004, the City entered into that certain Master Lease Agreement (Lease Number 12965) (the "Lease"), with Municipal Capital Corporation ("Municipal Capital"), pursuant to which the City was to and did obtain and finance certain equipment, as more particularly described in the Lease and related documents (the "Equipment");

WHEREAS, the City and Municipal Capital subsequently entered into numerous equipment schedules pursuant to which the city obtained certain Equipment and incurred certain payment obligations, including, without limitation, Equipment Schedule No. 4, executed by the City and Municipal Capital in October of 2007 (each such schedule individually an "Equipment Schedule," and collectively the "Equipment Schedules");

WHEREAS, on or about December 23, 2004, Municipal Capital assigned, among other things, its rights, title and interests in the Lease, the Equipment and any related documents, including the right to payment under the Lease and any related Equipment Schedules, to SunTrust and thereafter, contemporaneously with the execution of any Equipment Schedule, again assigned its rights, title and interests in the Lease, each Equipment Schedule, any related Equipment and any related documents to SunTrust;

WHEREAS, the City is currently indebted in the amount of approximately \$2.6 Million in respect to the Lease and Equipment Schedules, executed by and between the City, as lessee, and Municipal Capital, as lessor, which amounts are owed to SunTrust, as assignee of Municipal Capital;

WHEREAS, the City has been placed under receivership pursuant to 53 P.S. §11701.703, and such action is currently pending before the Pennsylvania Commonwealth Court (the “Court”), as Case No. 569 M.D. 2011 (the “Case”);

WHEREAS, the Receiver wishes to resolve all claims related to the Lease, the Equipment, the Equipment Schedules, and any related documents as part of the Receiver’s plan for a resolution of the financial distress faced by the City, such plan having been filed with the Court on August 26, 2013 (as such plan may be subsequently amended or modified, the “Harrisburg Strong Plan”) and, similarly, SunTrust wishes to resolve the issues related to the Lease, the Equipment, the Equipment Schedules and any documents related to any of the foregoing;

NOW THEREFORE, the Parties, intending to be legally bound, and for other good and valuable consideration agree, as follows:

1. **Settlement Payments**: Subject to the Court’s approval of the Harrisburg Strong Plan and the consummation and funding of the transactions contemplated therein, the City shall make the payments set forth on the payment schedule attached hereto as **Exhibit A** (the “Settlement Payment Schedule”) in the respective amounts due from the City as set forth in the Settlement Payment Schedule (each payment a “Settlement Payment,” and such payments collectively the “Settlement Payments”). Subject to the conditions set forth above, each Settlement Payment shall be paid by the City, in immediately available funds, on the respective

"Payment Date" set forth in the Settlement Payment Schedule (such dates defined herein individually as a "Payment Date" and collectively as the "Payment Dates"). The Settlement Payment Schedule and the Settlement Payments shall replace and supplant any other payment schedules or payment obligations due as a result of, under, or in connection with the Lease, the Equipment, the Equipment Schedule and/or any other related documents.

2. **Forbearance:** SunTrust shall forbear from exercising its rights, interests and remedies under or with respect to the Lease, the Equipment, the Equipment Schedules and/or any other related documents. This obligation to forbear shall terminate upon the termination of this Agreement pursuant to **Paragraph 7** hereof or, unless waived by SunTrust, the failure by the City to make a Settlement Payment on or before the Payment Date.

3. **Release by SunTrust:** Upon the payment by the City of the last Settlement Payment, SunTrust shall release the City and the Receiver as follows: SunTrust, on behalf of itself and, as applicable, its parent companies, shareholders, members, managers, directors, officers, subsidiaries, affiliates, predecessors-in-interests, successors-in-interest, assignors, assigns, elected and appointed officials, agents and each of their respective heirs, executors, administrators, assigns and successors-in-interest, and each and every one of them (collectively the "**SunTrust Releasing Parties**") do hereby forever, fully, and completely waive, release, acquit and discharge the City and the Receiver and, as applicable, their respective predecessors-in-interests, successors-in-interest, assignors, assigns, elected and appointed officials, directors, officers, members, employees, agents, advisors, consultants, professionals, representatives, servants, heirs, and each of their respective heirs, executors, administrators, assigns and successors-in-interest, and each and every one of them (the "**Receiver/City Released Parties**"), of and from all, and all manner of, claims, actions, and causes of action, suits, debts, obligations,

promises, expenses, bills, interest, liens, liabilities, dues, accounts, bonds, covenants, contracts, agreements, costs, judgments, claims and demands whatsoever, in law or in equity, or otherwise, whether known or unknown, accrued or unaccrued, which the SunTrust Releasing Parties ever had, now has, or can, shall or may in the future have against the Receiver/City Released Parties for, or by reason of, or in connection with the Lease, the Equipment, the Equipment Schedules and/or any other related Lease documents. Without limiting the generality of the foregoing, SunTrust acknowledges, agrees and affirms that receipt of the Settlement Payments will and shall satisfy all payment obligations, whether principal, interest, fees, costs or otherwise, which may be due – past, present and future – arising from or related to the Lease, the Equipment, the Equipment Schedules and/or any other related documents, such that upon the effective date of this release, the City shall have and possess full and exclusive rights with respect to the Equipment, free and clear of any claims by SunTrust and/or Municipal Capital.

4. **Release by the Receiver and the City:** Upon the payment by the City of the last Settlement Payment, the Receiver on behalf of the City shall hereby release SunTrust as follows: the Receiver and the Receiver on behalf of the City and, as applicable, their respective predecessors-in-interests, successors-in-interest, assignors, assigns, elected and appointed officials, agents and each of their respective heirs, executors, administrators, assigns and successors-in-interest, and each and every one of them (the “**Receiver/City Releasing Parties**”) do hereby forever, fully, and completely release, acquit and discharge, SunTrust, on behalf of itself and, as applicable, its parent companies, shareholders, members, managers, directors, officers, subsidiaries, affiliates, predecessors-in-interests, successors-in-interest, assignors, assigns, elected and appointed officials, employees, agents, advisors, consultants, professionals, representatives, servants, heirs, and each of their respective heirs, executors, administrators,

assigns and successors-in-interest, and each and every one of them (collectively the "SunTrust Released Parties") of and from all, and all manner of, claims, actions, and causes of action, suits, debts, obligations, promises, expenses, bills, interest, liens, liabilities, dues, accounts, bonds, covenants, contracts, agreements, costs, judgments, claims and demands whatsoever, in law or in equity, or otherwise, whether known or unknown, accrued or unaccrued, which Receiver/City Releasing Parties ever had, now has, or can, shall or may in the future have against the SunTrust Released Parties for, or by reason of, or in connection with the Lease, the Equipment, the Equipment Schedules and/or any other related Lease documents.

5. **No Conveyance:** The Parties each warrant that they have not assigned, transferred, conveyed or otherwise disposed of any claim, demand, cause of action, obligation or liability set forth in this Agreement.

6. **Authority:** The Parties each represent and warrant, on their own behalf, that they are authorized and empowered to execute this Agreement and that such execution is sufficient, pursuant to the terms hereof, to settle, compromise, waive and release the claims and interests settled, compromised, waived and/or released hereby. SunTrust further represents and warrants that, as reflected in the Acknowledgment and Certification, attached hereto as **Exhibit B**, it is the assignee of all of any and all of Municipal Capital's rights, title and interests in, related to, or arising from the Lease, the Equipment, the Equipment Schedules and/or any other related Lease documents, and as such Municipal Capital holds no further rights or interests therein.

7. **Termination:** Unless otherwise waived by the Receiver and SunTrust, this Agreement shall terminate upon the failure of the Receiver to cause the first Settlement Payment to be paid to SunTrust on or before December 15, 2013. Upon termination, the Parties shall have all claims and defenses as if this Agreement had not been executed.

8. **Counterparts:** This Agreement may be executed in one or more counterparts, all of which together shall constitute one agreement and the signature pages from any counterpart may be appended to any other counterpart to assemble fully-executed counterparts. Counterparts of this Agreement also may be exchanged via electronic transmission and any signature so transmitted shall be deemed to be an original signature for all purposes.

9. **Governing Law:** This Agreement and all matters arising out of our relating to this Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania.

10. **Amendment:** No provision in this Agreement may be amended or modified, except by an agreement in writing signed by the Parties hereto or their respective successors-in-interest.

11. **Construction:** Should any provision of this Agreement require interpretation, the parties to this Agreement agree that the judicial body interpreting or construing such provision shall not apply any assumption that the terms of this Agreement shall be more strictly construed against any party because of the rule of construction that an instrument is to be construed more strictly against the drafting party, each party hereby acknowledging and agreeing that all parties to this Agreement and, as they each deemed necessary and appropriate, their respective attorneys have participated in the preparation of this Agreement.

12. **No Admission:** Nothing in this Agreement shall be construed against either party as an admission of liability, or of the admission of any fact, or as a concession of any matters relating to the disputes resolved hereby.

13. **Entire Agreement:** This Agreement constitutes the entire agreement between the Parties hereto.

14. Binding Nature: Subject to any provision to the contrary contained in this Agreement, this Agreement shall be binding upon the Parties hereto and any other person or entity for which any interests are released hereby and shall inure to the benefit of the Parties and any other person or entity provided a release hereby.

IN WITNESS WHEREOF, and intending to be legally bound hereby, the Parties have voluntarily set their hands and seals by their authorized representatives as of the date written above.

WILLIAM LYNCH, SOLELY IN HIS
CAPACITY AS RECEIVER FOR THE CITY
OF HARRISBURG

SUNTRUST CAPITAL LEASING

By: William B Lynch
Name: William Lynch
Title: Receiver for the City of Harrisburg

By: _____
Name:
Title:

14. **Binding Nature**: Subject to any provision to the contrary contained in this Agreement, this Agreement shall be binding upon the Parties hereto and any other person or entity for which any interests are released hereby and shall inure to the benefit of the Parties and any other person or entity provided a release hereby.

IN WITNESS WHEREOF, and intending to be legally bound hereby, the Parties have voluntarily set their hands and seals by their authorized representatives as of the date written above.

WILLIAM LYNCH, SOLELY IN HIS
CAPACITY AS RECEIVER FOR THE CITY
OF HARRISBURG

SUNTRUST CAPITAL LEASING

By: _____
Name: William Lynch
Title: Receiver for the City of Harrisburg

By: Amanda Paris
Name: Amanda Paris
Title: SVP

EXHIBIT A

SETTLEMENT PAYMENT SCHEDULE

<u>Date</u>	<u>Payment</u>
12/15/2013	1,355,943.60
1/15/2014	171,673.81
4/15/2014	343,347.62
10/15/2014	171,673.81
1/15/2015	29,598.27
4/15/2015	118,393.12
4/15/2016	118,393.12
4/15/2017	88,794.84

EXHIBIT B

Commonwealth of Pennsylvania)

)SS:

County of *Lehigh*)

ACKNOWLEDGEMENT AND CERTIFICATION

The undersigned, Joseph O'Brien, hereby acknowledges, agrees and certifies that, as set forth in the foregoing Settlement Agreement ("**Settlement Agreement**"), by and between SUNTRUST LEASING CORPORATION ("**SunTrust**") and WILLIAM LYNCH, SOLELY IN HIS CAPACITY AS RECEIVER FOR THE CITY OF HARRISBURG (including any predecessor or successor thereof, the "**Receiver**"), on behalf of the CITY OF HARRISBURG, a municipal corporation of the Commonwealth of Pennsylvania (the "**City**"), that Municipal Capital Corporation ("**Municipal Capital**"), the "Lessor" under the Lease and under all related Equipment Schedules, as defined in the Settlement Agreement, assigned any and all of its rights, title and interests in, related to, or arising from the Lease, the Equipment, the Equipment Schedules (each as defined in the Settlement Agreement) and/or any other related Lease documents to SunTrust. As such, Municipal Capital no longer holds any claims, demands, or interests in, related to or arising from the Lease, the Equipment, the Equipment Schedules and/or

any other related Lease documents.

Dated this 12th day of November, 2013.

MUNICIPAL CAPITAL CORPORATION

By: Joseph W O'Brien
Name: Joseph O' Brien
Title: President

On this, the 12th day of November, 2013, before me a notary public, the undersigned officer, personally appeared Joseph O'Brien, known to me (or satisfactorily proven) to be the person whose name is subscribed to the within instrument, and acknowledged that he executed the same on behalf of Municipal Capital Corporation for the purposes therein contained.

In witness hereof, I hereunto set my hand and official seal.

Subscribed and sworn to before me
this 12th day of November, 2013.

Stephanie E Maliniak
Notary Public

My commission expires: _____

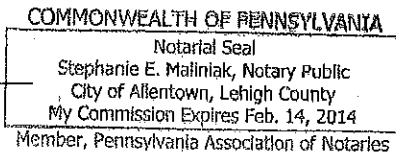


EXHIBIT B

(Settlement Payment Schedule)

SETTLEMENT PAYMENT SCHEDULE

<u>Date</u>	<u>Payment</u>
12/27/2013	1,355,943.60
1/15/2014	171,673.81
4/15/2014	343,347.62
10/15/2014	171,673.81
1/15/2015	29,598.27
4/15/2015	118,393.12
4/15/2016	118,393.12
4/15/2017	88,794.84

EXHIBIT 20

SECOND AMENDED AND RESTATED SETTLEMENT AGREEMENT

This Second Amended and Restated Settlement Agreement (the "Agreement"), dated as of April 1, 2013, amends and restates the Amended and Restated Settlement Agreement (the "Amended and Restated Settlement Agreement"), effective as of April 1, 2013, by and among the Receiver on behalf of the CITY OF HARRISBURG, a municipal corporation of the Commonwealth of Pennsylvania (the "City") and AMBAC ASSURANCE CORPORATION, a Wisconsin stock insurance corporation (the "Insurer") (each a "Party" and collectively the "Parties"). Capitalized terms used but not otherwise defined herein shall have the meanings set forth in Article II below.

RECITALS

- A. On November 25, 1997, the City enacted Ordinance No. 21-1997 (the "Ordinance") authorizing the issue of (i) General Obligation Refunding Bonds, Series D of 1997 (the "Series D Bonds") in the aggregate principal amount of \$24,891,771.10 and (ii) General Obligation Refunding Notes, Series F of 1997 in the aggregate principal amount of \$26,632,302.75 (the "Series F Notes", and together with the Series D Bonds, the "Bonds"). The City subsequently issued the Bonds
- B. The Insurer issued that Financial Guaranty Insurance Policy Number 14431BE with an effective date of December 30, 1997 (the "Insurance Policy"), pursuant to which the Insurer agreed to make scheduled payments of principal or interest on the Bonds.
- C. On April 6, 2012, the Insurer filed a complaint against the City and others in the Court of Common Pleas of Dauphin County, Pennsylvania, thereby commencing Case No. 2012-cv-2840-cv (the "Action").
- D. The City is in default under the Bonds pursuant to Sections 10 and 12 of the Ordinance. The Insurer has made payments under the Insurance Policy to pay holders of Bonds.
- E. The Parties and their counsel engaged in good faith, arms' length settlement discussions regarding a consensual resolution of potential disputes between and among the Parties arising out of or related to the Bonds and the Insurance Policy.
- F. Based on the occurrence of certain events since the execution of the Amended and Restated Settlement Agreement, the Parties desire to amend and restate the Amended and Restated Settlement Agreement. The Parties and their counsel engaged in good faith, arms' length settlement discussions regarding such amendment and restatement.

G. As part of the Parties' negotiated settlement as reflected in this Agreement, the City will be authorized and shall enter into this Agreement, which will result in additional liquidity and other concessions for the benefit of the City.

H. The City will be obligated to pay interest under the Bonds at the imputed rate of 5.48% per annum. The City's payment obligations under this Agreement to reimburse the Insurer for payments made pursuant to the Insurance Policy accrue at an interest rate of 6.75% per annum.

NOW, THEREFORE, the Parties, in consideration of the promises, covenants and agreements herein described and for other good and valuable consideration acknowledged by each of them to be satisfactory and adequate, and intending to be legally bound, do hereby mutually agree as follows:

ARTICLE I CONFIRMATION OF EXISTING DEFAULT

Section 1.1. The City hereby acknowledges that its failures to make the required debt service and sinking fund payments under the Bonds on March 15, 2012, September 15, 2012, and March 15, 2013 constitute a default (the "Existing Default") in the City's obligations under the Ordinance, the Bonds and other applicable law.

ARTICLE II DEFINITIONS

Section 2.1. Recitals. The recitals set forth above are incorporated by reference and are explicitly made a part of this Agreement.

Section 2.2. Definitions. In addition to the capitalized terms defined in the preamble and recitals, the following definitions shall apply to and constitute part of this Agreement and all schedules, exhibits and annexes hereto:

"Bond Payment" shall mean the regularly scheduled principal and interest payments under the Bonds.

"Compliant Recovery Plan" shall mean a recovery plan, as that term is defined in the Municipalities Financial Recovery Act, providing, *inter alia*, for terms consistent with this Agreement, including treatment of the Bonds and the Insurer as set forth hereinafter, EIT Increase, and the Parking Garage Transaction, and requiring the City, upon the plan's confirmation, to execute and deliver all documents required to implement such recovery plan, including to implement the treatment of the Bonds and the Insurer.

"Conditions to Forbearance" shall mean the conditions to forbearance under this Agreement, as defined in Section 3.1(b) herein.

“Effective Date” shall mean the day of the execution and delivery of this Agreement by each of the entities identified on the signature pages of this Agreement.

“EIT” shall mean the earned income tax assessed by the City.

“EIT Increase” shall mean an increase of one percent (1%) in the EIT, which increase shall continue through the year ending December 31, 2016.

“Final Order” shall mean an order or judgment of a court of competent jurisdiction with respect to the applicable subject matter which has not been reversed, stayed, modified or amended and as to which (a) any right to appeal or seek certiorari, review, reargument, stay or rehearing has expired and no appeal or petition for certiorari, review, reargument, stay or rehearing is pending, or (b) an appeal has been taken or petition for certiorari, review, reargument, stay or rehearing has been filed and (i) such appeal or petition for certiorari, review, reargument, stay or rehearing has been resolved by the highest court to which the order or judgment was appealed or from which certiorari, review, reargument, stay or rehearing was sought or (ii) the time to appeal further or seek certiorari, review, reargument, stay or rehearing has expired and no such further appeal or petition for certiorari, review, reargument, stay or rehearing is pending.

“General Fund Payment Schedule” shall mean that certain General Fund Payment Schedule annexed hereto as Schedule 1, provided however that Ambac may unilaterally modify the General Fund Payment Schedule to reflect the changes in the amount of obligations of the City resulting from the operation of Sections 3.1(b)(iii) and 3.9(b) of this Agreement, and amortize such changed amount of obligations of the City on a level basis in a modified General Fund Payment Schedule. The City shall be bound by such modified General Fund Payment Schedule without the need for the City’s consent provided the modification is consistent with the terms of this Agreement. Whenever this Agreement calls for amortization on a level basis, the amortization shall be performed and incorporated into a modified General Fund Payment Schedule subject to the following parameters:

- (a) Interest shall accrue at the rate of 6.75% per annum;
- (b) Interest shall compound on interest semi-annually, on March 15 and September 15 of each year; and
- (c) Day count shall be 30 / 360.

“General Fund Payment” shall mean the portion of the Bond Payment to be paid by the City in accordance with the General Fund Payment Schedule.

“Parking Garage Transaction” shall mean the sale or long term leasing of certain parking garages and certain other assets owned by Harrisburg Parking Authority, part of the proceeds of which shall be paid to the City upon closing.

“Paying Agent” shall mean The Bank of New York Mellon Trust Company, its successors and assignees, solely in its capacity as Paying Agent under the Bonds.

“Receiver” shall mean the receiver for the City appointed pursuant to the Municipalities Financial Recovery Act.

Section 2.3. Interpretation. The Parties have participated jointly in the negotiation and drafting of this Agreement. If an ambiguity or question of intent or interpretation arises, this Agreement will be construed as if drafted jointly by the Parties hereto and no presumption or burden of proof will arise favoring or disfavoring any Party hereto because of the authorship of any provision of this Agreement.

Section 2.4. General Rules of Construction. For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) Defined terms in the singular shall include the plural as well as the singular, and vice versa.

(b) All accounting terms not otherwise defined herein shall have the meanings assigned to them, and all computations herein provided for shall be made, in accordance with generally accepted accounting principles. All references herein to “generally accepted accounting principles” refer to such principles as they exist at the date of application there.

(c) All references in this instrument to designated “Articles”, “Sections” and other subdivisions are to the designated Articles, Sections and subdivisions of this instrument as originally executed.

(d) The terms “herein”, “hereof” and “hereunder” and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section or other subdivision.

(e) All references in this instrument to a separate instrument are to such separate instrument as the same may be amended or supplemented from time to time pursuant to the applicable provisions thereof.

(f) The term “person” shall include any individual, corporation, partnership, limited liability company, joint venture, association, trust, unincorporated organization and any government or agency or political subdivision thereof.

ARTICLE III SETTLEMENT TERMS

Section 3.1. Forbearance.

(a) Subject to the express provisions of this Agreement, the Insurer agrees to forebear from exercising its rights and remedies under the Bonds, the Ordinance and other applicable law.

(b) The agreement to forbear is conditioned upon and subject to the following Conditions of Forbearance:

(i) The City shall make General Fund Payments, except for the General Fund Payments due on March 1, 2013 (the "March 2013 Payment") and September 1, 2013 (the "September 2013 Payment," and together with the March 2013 Payment, the "Deferred Payments"), in the respective amounts due from the City as set forth in the General Fund Payment Schedule. Each General Fund Payment other than the Deferred Payments shall be paid by the City, in immediately available funds, on the respective "Payment Dates" set forth in the General Fund Payment Schedule (such dates defined herein as "Payment Dates"). Provided the City makes all General Fund Payments other than the Deferred Payments and pays the Deferred Payments, with interest, pursuant to Sections 3.1(b)(ii) and 3.1(b)(iii), then notwithstanding anything to the contrary in this Agreement, the City's failure to make any portion of the Deferred Payments on their respective Payment Dates shall not constitute an event of default under this Agreement, shall not constitute non-compliance with Conditions of Forbearance, and shall not terminate the Insurer's obligation to forebear from exercising its rights and remedies under the Bonds, the Ordinance and other applicable law.

(ii) The City shall pay the Deferred Payments, together with interest accrued at the rate of 6.75% per annum on the September 2013 Payment from September 1, 2013 until the September 2013 Payment is made, on or before the earlier of five (5) days of the funding of the Parking Garage Transaction or December 27, 2013.

(iii) Interest on the March 2013 Payment shall accrue at the rate of 6.75% per annum from March 1, 2013 until the March 2013 Payment is made (the "March 2013 Payment Interest Amount"). The March 2013 Payment Interest Amount shall be amortized on a level basis over the term of, and paid pursuant to, the General Fund Payment Schedule.

(iv) The General Fund Payments that relate to Payment Dates which occur on or before September 15, 2022, shall be paid by the City directly to the Paying Agent. Once the Bond holders (other than Insurer) are paid in full, then the General Fund Payments that relate to Payment Dates which occur after September 15, 2022, shall be paid by the City directly to the Insurer for its own account as reimbursement for amounts owing to the Insurer on account of payments made pursuant to the Insurance Policy (such payments, the "Insurer Payments").

(v) Except with written consent of the Insurer, the City shall not during the term of this Agreement grant a lien or security interest in, or

otherwise encumber, any of its general fund revenues, including its tax revenue, other than to secure tax anticipation notes to be issued by the City; provided however that the City may issue additional bonds or incur additional indebtedness backed by a pledge of its full faith and credit, or give full faith and credit guarantees for such bonds and indebtedness. Nothing in this Agreement prohibits the City from incurring debt not backed by its full faith and credit. For the avoidance of doubt, general fund revenues of the City shall not be deemed to include any funds to be received by the City as residual revenues of the Parking Garage Transaction.

(vi) The City shall execute and deliver any and all documents, as requested by the Insurer, required by the Compliant Recovery Plan to implement the provisions of this Agreement.

(vii) The City shall enact the EIT Increase through action taken by the City Council.

Section 3.2. Dismissal of the Action. Within 15 days of the Effective Date, the Insurer shall cause its counsel to file a stipulation of dismissal without prejudice, providing for the dismissal of all claims that have been asserted in the Action. For the avoidance of doubt, the dismissal of the Action pursuant to this Section 3.2 shall be without prejudice to the Insurer's right to re-assert claims previously asserted in the Action pursuant to Section 3.5(b).

Section 3.3. Waiver of Defenses Based on Passage of Time. The City hereby waives all defenses, whether equitable or at law, including statute of limitations and laches, based on the passage of time between April 6, 2012 and subsequent assertion by the Insurer of any claims related to (i) the Bonds or the Ordinance, including without limitation claims previously asserted in the Action; or (ii) enforcement of the City's obligations under this Agreement.

Section 3.4. Continued Payments Under Insurance Policy. In accordance with the Insurance Policy, Insurer shall pay such amounts as are necessary to make scheduled payments of principal and interest on the Bonds after giving effect to other amounts available for debt service. The Insurer maintains that the City has no rights under, and no rights to enforce, the Insurance Policy, and nothing in this Agreement shall be interpreted as Insurer's acknowledgement that the City has any such rights. However, the City may assert claims for breach of this Agreement against the Insurer based on the Insurer's non-performance of its obligations under this Section 3.4. Nothing in this Agreement shall be construed to

(a) Confer upon the City any additional rights under, or any additional rights to enforce, the Insurance Policy that the City would not otherwise have in the absence of this Agreement; or

(b) Limit rights, if any, that the City may presently have under the Insurance Policy.

Section 3.5. Non-Performance. Only upon any noncompliance by the City with any of the Conditions of Forbearance or noncompliance with any of the other provisions of this Agreement, the Ordinance, the Bonds or other applicable law, the Insurer shall have all of the following rights and remedies. Each right and remedy provided in this Section 3.5 is distinct from all other rights or remedies under this Agreement, the Bonds, the Ordinance, or otherwise afforded by applicable law, and each shall be cumulative and may be exercised concurrently, independently, or successively, in any order. Any single or partial exercise of any right or remedy hereunder shall not preclude any further exercise thereof or the exercise of any further right or remedy.

(a) To commence a legal action against the City to enforce the terms of this Agreement.

(b) To commence a legal action against the City to enforce the City's obligations under the Bonds, the Ordinance or other applicable law. Without limiting the foregoing, such legal action may re-assert the claims previously asserted in the Action and seek an Order of Mandamus. The City reserves its rights to assert defenses to such legal action.

Section 3.6. No Waiver. The execution and delivery of this Agreement by the Insurer shall not constitute a waiver by the Insurer of any default under the Ordinance, the Bonds or other applicable law, including, but not limited to, the Existing Default. Nothing in this Agreement constitutes a general waiver of any provisions under the Bonds, the Ordinance or other applicable law or a waiver of any future breach of its obligations under the Bonds, the Ordinance or other applicable law by the City. This Agreement only obligates the Insurer to forbear from taking action due to the Existing Default in the manner, and subject to the conditions, stated in this Agreement.

Section 3.7. No Defenses. The City represents that as of the time of the execution and delivery of this Agreement, it is unaware of any defenses against any of its obligations under the Bonds and the Ordinance, or any claims, defenses, counterclaims, offsets or recoupments against the Insurer for any reason whatsoever arising out of the Bonds or the relationship between the Parties resulting from the Bonds.

Section 3.8. Bankruptcy. In the event the City files a petition seeking protection under, and thereby commences a case pursuant to, chapter 9 of title 11 of the United States Code, 11 U.S.C. §§ 101 *et seq.* (the "Bankruptcy Case");

(a) The City shall include the terms of this Agreement in the plan of adjustment filed pursuant to 11 U.S.C. § 941 and, except to the extent the court presiding over the Bankruptcy Case prohibits, shall honor and perform this Agreement during the pendency of the Bankruptcy Case;

(b) The Insurer shall vote in favor of such plan unless it is inconsistent with the terms of this Agreement or the City has failed to comply with Section 3.8(a) hereof, provided however that nothing in this Agreement shall affect or

limit the Insurer's rights, including voting rights, as insurer, subrogee, assignee or holder of indebtedness or an obligation of the City other than the Bonds; and

(c) The provisions of Sections 5.1 and 5.2 of this Agreement shall become null and void.

Section 3.9. Prepayment. The City may prepay the Insurer Payments in whole or in part and from time to time on the fifteenth (15th) day of any month, provided that only one such prepayment is permitted in any one year period and the amount of the prepayment shall be no less than \$1,000,000. The prepayment shall be applied as follows:

(a) The Insurer shall calculate the portions of the prepayment amount attributable to principal (the "Principal Prepayment Amount") and interest (the "Interest Prepayment Amount") such that the Interest Payment Amount is equal to the interest accrued on the Principal Prepayment Amount at the rate of 6.75% per annum through the date of the prepayment; and

(b) The Insurer shall reduce the total amount of the General Fund Payments outstanding prior to the prepayment by the Principal Prepayment Amount and shall amortize the resulting outstanding amount of the General Fund Payments on a level basis over the remaining term of the General Fund Payment Schedule.

ARTICLE IV REPRESENTATIONS AND WARRANTIES

Section 4.1. Mutual Representations and Warranties. Each Party makes the following representations, warranties and covenants (on a several basis, with respect to such Party only) to each of the other Parties

(a) Each Party has all requisite power to execute this Agreement and to consummate the transactions contemplated hereby.

(b) Each Party has full requisite power and authority to execute and deliver and to perform its obligations under this Agreement, and the execution, delivery and performance hereof, and the instruments and documents required to be executed by it in connection herewith (i) have been duly and validly authorized by it and (ii) are not in contravention of its organizational documents if any, applicable law, or any agreements specifically applicable to it.

(c) Each person signing this Agreement warrants that he or she is legally competent and authorized to execute this Agreement on behalf of the Party whose name is subscribed at or above such person's signature.

(d) The Parties have not made any statement or representation to each other regarding any facts relied upon by them in entering into this Agreement,

and each of them specifically does not rely upon any statement, representation or promise of the other Parties hereto or any other person in entering into this Agreement, except as expressly stated herein. Each party has relied upon its own investigation and analysis of the facts and not on any statement or representation made by any other party in choosing to enter into this Agreement and the transactions contemplated herein.

(e) The Parties and their respective attorneys have made such investigation of the facts pertaining to this Agreement and all of the matters pertaining thereto as they deem necessary.

Section 4.2. The City's Representations and Warranties. The City makes the following representations, warranties and covenants to the Insurer:

(a) The Receiver has the authority, including pursuant to the Municipalities Financial Recovery Act, applicable law, and all relevant judicial proceeding, to bind the City to the obligations under his Agreement.

(b) The City has not granted a lien or security interest in, and has not otherwise encumbered, any of its general fund revenues, including its tax revenue, except as detailed in Schedule 2 hereto.

ARTICLE V TERMINATION

Section 5.1. Termination of Agreement. Notwithstanding anything to the contrary in this Agreement, this Agreement may be terminated by the Insurer at its sole option and discretion, in the event that:

(a) The Receiver fails, on or prior to August 30, 2013, to submit to a court of competent jurisdiction for approval a Compliant Recovery Plan; or

(b) The Receiver fails, on or prior to October 10, 2013, to cause to be issued by Commonwealth Court an order approving the Compliant Recovery Plan (the "Approval Order"); or

(c) The Approval Order is not appealed and the City fails, on or prior to November 15, 2013, to have, through action taken by the City Council and the Mayor, enacted the EIT Increase, with the enactment of such EIT Increase to be subject only to: (i) the entry of the Approval Order; (ii) the consummation of the Parking Garage Transaction, pursuant to the Complaint Recovery Order; and (iii) the monetization of that certain resource recovery facility located in the City, pursuant to the Complaint Recovery Order.

(d) The Approval Order is appealed and:

(i) The Approval Order fails, on or prior to December 15, 2013, to become a Final Order; or

(ii) The City fails, on or prior to December 26, 2013, to have enacted the EIT Increase.

(e) The Parking Garage Transaction is not consummated on or before December 26, 2013.

(f) The monetization of that certain resource recovery facility located in the City does not occur on or before December 26, 2013.

(g) “The AGM/Dauphin County Conditions to the Plan's Consummation,” as that term is defined in the recovery plan to be filed with a court of competent jurisdiction pursuant to Section 5.1(a), do not occur and their non-occurrence is not waived by both Assured Guaranty Municipal Corp. and Dauphin County, on or before December 26, 2013.

Section 5.2. Effect of Termination. Except as otherwise provided herein, in the event of the termination of this Agreement pursuant to Section 5.1, this Agreement shall become null and void and be deemed of no force and effect, with no liability on the part of any Party hereto (or of any of its directors, officers, employees, consultants, contractors, agents, legal and financial advisors or other representatives), and no Party shall have any obligations to any other Party arising out of this Agreement, and this Agreement shall be of no force and effect, except for Sections 1.1 and 3.3 which shall remain in full force and effect. Upon termination, neither this Agreement nor any terms or provisions set forth herein shall be admissible in any dispute, litigation, proceeding or controversy among the Parties and nothing contained herein shall constitute or be deemed to be an admission by any Party as to any matter, it being understood that the statements and resolutions reached herein were as a result of negotiations and compromises of the respective positions of the Parties. Upon such termination, no Party shall seek to take discovery concerning this Agreement or admit this Agreement or any part of it into evidence against any other Party hereto, except as necessary to prove the terms of this Agreement in an action to enforce it.

ARTICLE VI MISCELLANEOUS

Section 6.1. Amendments. This Agreement may not be modified, amended or supplemented except by a written agreement executed by each Party to be affected, by such modification, amendment or supplement.

Section 6.2. Good Faith Negotiations. The Parties recognize and acknowledge that each of the Parties hereto is represented by counsel, and such Party received independent legal advice with respect to the advisability of entering into this Agreement. Each of the Parties acknowledges that the negotiations leading up to this Agreement were conducted regularly and at arm's length; this Agreement is made and executed by and of each Party's own free will; that each knows all of the relevant facts and his or its rights in connection therewith, and that he or it has not been improperly

influenced or induced to make this settlement as a result of any act or action on the part of any party or employee, agent, attorney or representative of any party to this Agreement. The Parties further acknowledge that they entered into this Agreement because of their desire to avoid the further expense and inconvenience of litigation and other disputes, and to compromise permanently and settle the claims between the Parties settled by the execution of this Agreement.

Section 6.3. Third Party Beneficiaries. Nothing in this Agreement, express or implied, is intended or shall be construed to confer upon, or to give to, any Person other than the Parties hereto and their respective successors and assigns, any right, remedy or claim under or by reason of this Agreement or any covenant, condition or stipulation thereof; and the covenants, stipulations and agreements contained in this Agreement are and shall be for the sole and exclusive benefit of the Parties hereto and their respective successors and assigns.

Section 6.4. Governing Law; Retention of Jurisdiction; Service of Process. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Pennsylvania, without giving effect to any principles of conflicts of law and applicable federal law. In the event any action, suit or proceeding is commenced pursuant to Section 3.5, the Parties hereby agree and consent that service of process may be made, and personal jurisdiction over any Party hereto in any such action, suit or proceeding may be obtained, by service of a copy of the summons, complaint and other pleadings required to commence such action, suit or proceeding upon the Party at the address of such Party set forth in Section 6.11 hereof, unless another address has been designated by such Party in a notice given to the other Parties in accordance with Section 6.11 hereof.

Section 6.5. Fees and Expenses.

(a) If the Insurer brings an action against the City based on the City's breach of any payment obligations imposed by this Agreement and obtains any monetary recovery, the City shall be liable to the Insurer for all the reasonable expenses incurred by the Insurer in prosecuting such action, including reasonable attorneys' fees and expenses.

(b) Except as provided in Section 6.5(a), if the City or Insurer brings an action against the other Party based upon a breach by the City or Insurer of its obligations under this Agreement, the prevailing Party shall be entitled to all reasonable expenses incurred, including reasonable attorneys' fees and expenses.

Section 6.6. Reimbursement of Attorney's Fees. The City shall reimburse the Insurer for its fees and expenses including its attorney's fees and expenses accrued through March 15, 2013 in the amount of \$400,000 (the "Fees"). The Fees shall be deemed additional principal due and owing by the City to the Insurer, shall accrue

interest at the rate of 6.75% per annum from March 15, 2013, and shall be paid pursuant to the General Fund Payment Schedule.

Section 6.7. Headings. The headings of the Articles and Sections of this Agreement are inserted for convenience only and are not part of this Agreement and do not in any way limit or modify the terms or provisions of this Agreement and shall not affect the interpretation hereof.

Section 6.8. Binding Agreement Successors and Assigns; Joint and Several Obligations. This Agreement shall be binding only upon the execution and delivery of this Agreement by the Parties listed on the signature pages hereto. This Agreement is intended to bind and inure to the benefit of the Parties and their respective successors, assigns, administrators, constituents and representatives. The agreements, representations, covenants and obligations of the Parties under this Agreement are several only and not joint in any respect and none shall be responsible for the performance or breach of this Agreement by another.

Section 6.9. Entire Agreement. This Agreement shall constitute the full and entire agreement among the Parties with regard to the subject hereof, and supersedes all prior negotiations, representations, promises or warranties (oral or otherwise) made by any Party with respect to the subject matter hereof. No Party has entered into this Agreement in reliance on any other Party's prior representation, promise or warranty (oral or otherwise) except for those that may be expressly set forth in this Agreement.

Section 6.10. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original copy of this Agreement and all of which, when taken together, shall constitute one and the same Agreement. Copies of executed counterparts transmitted by telecopy or other electronic transmission service shall be considered original executed counterparts, provided receipt of copies of such counterparts is confirmed.

Section 6.11. Notices. All demands, notices, requests, consents, and other communications hereunder shall be in writing and shall be deemed to have been duly given (a), when personally delivered by courier service or messenger, (b) upon actual receipt (as established by confirmation of receipt or otherwise) during normal business hours, otherwise on the first business day thereafter if transmitted electronically (by e-mail transmission), by facsimile or telecopier, with confirmation of receipt, or (c) three (3) Business Days after being duly deposited in the mail, by certified or registered mail, postage prepaid-return receipt requested, to the following addresses, or such other addresses as may be furnished hereafter by notice in writing, to the following Parties:

If to the City, to:

City of Harrisburg
The Reverend Martin Luther King, Jr. City Government Center
10 North Second Street

Harrisburg, Pennsylvania 17107
Fax: (717) 255-3036

with a copy given in like manner to:

McKenna Long & Aldridge LLP
303 Peachtree Street, NE
Suite 5300
Atlanta, Georgia 30308
Attention: Mark S. Kaufman
Fax: (404) 527-4198
Email: mkaufman@mckennalong.com

If to the Insurer, to:

Ambac Assurance Corporation
One State Street Plaza
New York, New York 10004
Attention: Public Finance Surveillance Department and
General Counsel's Office
Fax: (212) 208-3384
Email: jallman@ambac.com and Notices@ambac.com

with a copy given in like manner to:

Arent Fox LLP
1675 Broadway
New York, New York 10019
Attention: David L. Dubrow, Esq.
Fax: (212) 484-3990
Email: david.dubrow@arentfox.com

Section 6.12. Further Assurances. Each of the Parties hereto agrees to execute and deliver, or to cause to be executed and delivered, all such instruments, and to take all such action as the other Parties may reasonably request in order to effectuate the intent and purposes of, and to carry out the terms of, this Agreement

[SIGNATURE PAGES S-1 AND S-2 TO FOLLOW]

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed
as of the date set forth above.

RECEIVER FOR, AND ON BEHALF OF,
THE CITY OF HARRISBURG,
PENNSYLVANIA

By: William B. Lynch
Name: William B. Lynch

AMBAC ASSURANCE CORPORATION,
as Insurer

By: Joan Allman
Name: Joan Allman
Title: Managing Director

Schedule 1
General Fund Payment Schedule

Date	General Fund Payment
3/15/2012	-
9/15/2012	-
3/15/2013	4,670,000
9/15/2013	1,300,000
3/15/2014	4,670,000
9/15/2014	3,000,000
3/15/2015	4,670,000
9/15/2015	3,000,000
3/15/2016	4,670,000
9/15/2016	3,000,000
3/15/2017	4,665,000
9/15/2017	2,000,000
3/15/2018	4,660,000
9/15/2018	2,000,000
3/15/2019	4,660,000
9/15/2019	2,065,360
3/15/2020	710,000
9/15/2020	6,015,360
3/15/2021	485,000
9/15/2021	6,235,360
3/15/2022	250,000
9/15/2022	6,465,360
3/15/2023	2,899,010
9/15/2023	2,466,350
3/15/2024	2,899,010
9/15/2024	2,466,350
3/15/2025	2,899,010
9/15/2025	2,466,350
3/15/2026	2,899,010
9/15/2026	2,466,350
3/15/2027	2,899,010
9/15/2027	2,466,350
3/15/2028	2,899,010
9/15/2028	2,466,350
3/15/2029	2,899,010
9/15/2029	2,466,350
3/15/2030	2,899,010
9/15/2030	2,466,350
3/15/2031	2,899,010
9/15/2031	2,466,350
3/15/2032	2,899,010
9/15/2032	2,466,350