



**NOTICE**

**YOU HAVE BEEN SUED IN COURT.** If you wish to defend against the claims set forth in the following pages, you must take action within twenty (20) days after this complaint and notice are served, by entering a written appearance personally or by attorney and filing in writing with the court your defenses or objections to the claims set forth against you. You are warned that if you fail to do so the case may proceed without you and a judgment may be entered against you by the court without further notice for any money claimed in the complaint or for any other claim or relief requested by the plaintiff. **YOU MAY LOSE MONEY OR PROPERTY OR OTHER RIGHTS IMPORTANT TO YOU.**

YOU SHOULD TAKE THIS PAPER TO YOUR LAWYER AT ONCE. IF YOU DO NOT HAVE A LAWYER, GO TO OR TELEPHONE THE OFFICE SET FORTH BELOW. THIS OFFICE CAN PROVIDE YOU WITH INFORMATION ABOUT HIRING A LAWYER.

IF YOU CANNOT AFFORD TO HIRE A LAWYER, THIS OFFICE MAY BE ABLE TO PROVIDE YOU WITH INFORMATION ABOUT AGENCIES THAT MAY OFFER LEGAL SERVICES TO ELIGIBLE PERSONS AT A REDUCED FEE OR NO FEE.

DAUPHIN COUNTY LAWYER REFERRAL SERVICE  
213 North Front Street  
Harrisburg, PA 17101  
(717) 232-7536

**NOTICE**  
**CONCERNING MEDIATION OF ACTIONS PENDING BEFORE**  
**THE COURT OF COMMON PLEAS OF DAUPHIN COUNTY**

The Judges of the Court of Common Pleas of Dauphin County believe that mediation of lawsuits is a very important component of dispute resolution. Virtually all lawsuits can benefit in some manner from mediation.

The Court has adopted Dauphin County Local Rule 1001 to encourage the use of mediation. This early alert enables litigants to determine the best time during the life of their lawsuit for a mediation session. The intent of this early alert is to help the parties act upon the requirement to consider good faith mediation at the optimal time.

The Dauphin County Bar Association provides mediation services and can be reached at 717-232-7536. Free mediation sessions for pro bono cases referred by MidPenn Legal Services are available through the DCBA.

## AVISO

USTED HA SIDO DEMANDADO/A EN CORTE. Si usted desea defenderse de las demandas que se presentan más adelante en las siguientes páginas, debe tomar acción dentro de los próximos veinte (20) días después de la notificación de esta Demanda y Aviso radicando personalmente o por medio de un abogado una comparecencia escrita y radicando en la Corte por escrito sus defensas de, y objeciones a, las demandas presentadas aquí en contra suya. Se le advierte de que si usted falla de tomar acción como se describe anteriormente, el caso puede proceder sin usted y un fallo por cualquier suma de dinero reclamada en la demanda o cualquier otra reclamación o remedio solicitado por el demandante puede ser dictado en contra suya por la Corte sin más aviso adicional. Usted puede perder dinero o propiedad u otros derechos importantes para usted.

USTED DEBE LLEVAR ESTE DOCUMENTO A SU ABOGADO INMEDIATAMENTE. SI USTED NO TIENE UN ABOGADO, LLAME O VAYA A LA SIGUIENTE OFICINA. ESTA OFICINA PUEDE PROVEERLE INFORMACION A CERCA DE COMO CONSEGUIR UN ABOGADO.

SI USTED NO PUEDE PAGAR POR LOS SERVICIOS DE UN ABOGADO, ES POSIBLE QUE ESTA OFICINA LE PUEDA PROVEER INFORMACION SOBRE AGENCIAS QUE OFREZCAN SERVICIOS LEGALES SIN CARGO O BAJO COSTO A PERSONAS QUE CUALIFICAN.

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## AVISO

### REFERENCIAS A LA MEDIACIÓN DE LAS ACCIONES PENDIENTES ANTES LA CORTE DE SOPPLICAS COMUNES DEL CONDADO DE DAUPHIN

Los jueces de la corte de súplicas comunes del condado de Dauphin creen que la mediación de pleitos es un componente muy importante de la resolución del conflicto. Virtualmente todos los pleitos pueden beneficiar de cierta manera de la mediación.

La code ha adoptado la regla local de condado de Dauphin 1001 para animar el use de la mediación. Esta alarma temprana permite a litigantes determinar la mejor época durante la vida de su pleito para una sesión de la

mediación. El intento de esta alarma temprana es actuar sobre la mediación de la buena fe en el tiempo óptimo.

La asociación de la barra del condado de Dauphin proporciona servicios de la mediación y se puede alcanzar en 717-232-7536. La sesión libre de la mediación para los favorables casos del bono se refirió por MidPenn que los servicios jurídicos están disponibles con el DCBA.

An adequate supply of forms containing the bilingual notices required by these Rules shall be furnished by the Dauphin County Bar Association to the office of the Prothonary and shall be available for use by litigants and their attorneys.

**FIRST AMENDED COMPLAINT**

AND NOW, come Plaintiffs, The County of Dauphin and Joseph and Jacalyn Lahr, by and through their attorneys, Mette, Evans & Woodside, and Saidis, Flower & Lindsay and make the following First Amended Complaint:

**PARTIES**

1. Plaintiff, The County of Dauphin (the "County") is a third class county of the Commonwealth of Pennsylvania existing under provisions of The County Code, 16 P.S. §101, et seq., with a business address at Second and Market Streets, Harrisburg, Dauphin County, Pennsylvania 17101.

2. Plaintiffs, Joseph and Jacalyn Lahr, are adult individuals, husband and wife, residing at 1037 South 18<sup>th</sup> Street, Harrisburg, Pennsylvania 17104. Mr. and Mrs. Lahr own their residence, which is located in the City of Harrisburg, and are taxpayers of the City of Harrisburg.

3. Defendant, City of Harrisburg (the "City") is a third class city of the Commonwealth of Pennsylvania, existing under provisions of the Third Class City Code, 53 P.S. §35101, et seq., and operating pursuant to the Optional Third Class City Charter Law, 53 P.S. §41101, et seq., with a business address at The Rev. Martin Luther King, Jr. City Government Center, Ten North Second Street, Harrisburg, Dauphin County, Pennsylvania 17101.

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4. Defendant, Linda D. Thompson, is an adult individual and Mayor of the City of Harrisburg, with a business address of The Rev. Martin Luther King, Jr. City Government Center, Ten North Second Street, Harrisburg, Dauphin County, Pennsylvania 17101.

5. Defendant, Daniel C. Miller, is an adult individual and Controller of the City of Harrisburg, with a business address of The Rev. Martin Luther King, Jr. City Government Center, Ten North Second Street, Harrisburg, Dauphin County, Pennsylvania 17101.

6. Defendant, Paul P. Wambach, is an adult individual and Treasurer of the City of Harrisburg with a business address of The Rev. Martin Luther King, Jr. City Government Center, Ten North Second Street, Harrisburg, Dauphin County, Pennsylvania 17101.

7. Defendant, Gloria Martin Roberts, is an adult individual, President and member of Harrisburg City Council, with a business address of The Rev. Martin Luther King, Jr. City Government Center, Ten North Second Street, Harrisburg, Dauphin County, Pennsylvania 17101.

8. Defendant, Patty Kim, is an adult individual, Vice-President and member of Harrisburg City Council, with a business address of The Rev. Martin Luther King, Jr. City Government Center, Ten North Second Street, Harrisburg, Dauphin County, Pennsylvania 17101.

9. Defendant, Susan Brown Wilson, is an adult individual and member of Harrisburg City Council, with a business address of The Rev. Martin Luther King, Jr. City Government Center, Ten North Second Street, Harrisburg, Dauphin County, Pennsylvania 17101.

10. Defendant, Brad Koplinski, is an adult individual and member of Harrisburg City Council, with a business address of The Rev. Martin Luther King, Jr. City Government Center, Ten North Second Street, Harrisburg, Dauphin County, Pennsylvania 17101.

11. Defendant, Wanda D. Williams, is an adult individual and member of Harrisburg City Council, with a business address of The Rev. Martin Luther King, Jr. City Government Center, Ten North Second Street, Harrisburg, Dauphin County, Pennsylvania 17101.

12. Defendant, Kelly Summerford, is an adult individual and member of Harrisburg City Council, with a business address of The Rev. Martin Luther King, Jr. City Government Center, Ten North Second Street, Harrisburg, Dauphin County, Pennsylvania 17101.

13. Defendant, Eugenia Smith, is an adult individual and member of Harrisburg City Council, with a business address of The Rev. Martin Luther King, Jr.

City Government Center, Ten North Second Street, Harrisburg, Dauphin County, Pennsylvania 17101. (The City and other Defendants in this action identified in paragraphs 4-13, inclusive, are referred to collectively at times herein as the “City Defendants.”)

### **BACKGROUND OF HARRISBURG INCINERATOR PROJECT**

14. In 1993, The Harrisburg Authority (the “Authority”) acquired from the City the Harrisburg Materials, Energy, Recycling and Recovery Facilities located at 1690 South Cameron Street, Harrisburg, Pennsylvania (the “Facility”).

15. Pursuant to a Solid Waste Management Agreement dated December 1, 1993, as amended (the “1993 Management Agreement”) between the City and the Authority, the City agreed to manage, operate and perform certain functions with respect to the Facility.

16. On January 9, 2001, the City entered into separate agreements with the Department of Environmental Protection and the Environmental Protection Agency, agreeing among other things: (i) to reduce the permitted throughput capacity of each of the Facility’s two combustion units to a maximum of 250 tons per day; and (ii) that by June 18, 2003 the Facility would either be extensively retrofitted so as to achieve compliance with revised federal air quality regulations or the municipal waste combustors would be closed until compliance was possible.

17. The Authority determined to fund a project (the “Retrofit Project”) consisting of the financing of improvements to the Facility, including the comprehensive retrofit/modernization of the Facility, bringing the Facility into compliance with federal and state air quality requirements and to upgrade the facility so that it could effectively process waste into steam and electrical energy using state-of-the-art combustion technology.

18. Subsequently, the Authority made arrangements with Barlow Projects, Inc., and subsidiary companies related to it and under its control (herein “Barlow”) to design a retrofitted Facility consisting of three new furnace boiler combustion units, each capable of burning 728 tons of municipal solid waste per day, a new steam turbine generator, new air pollution control systems and other associated plant and equipment.

19. In 2003, the Authority undertook financing (described more fully below) of the Retrofit Project and certain working capital needs of the Authority by the issuance of certain bonds (the “2003 Retrofit Bonds”) under and pursuant to a Trust Indenture, dated December 1, 2003 (the “2003 Retrofit Indenture”), from the Authority to Commerce Bank/Pennsylvania, National Association, as trustee, now by succession TD Bank (the “Retrofit Trustee”).

20. In May, 2004, the Authority and Barlow entered into an Agreement for Sale and Installation of Equipment, dated as of December 31, 2003 (the “Barlow Equipment Contract”) in which Barlow agreed to provide and install the proprietary and

other necessary and specialized equipment and provide services necessary to complete the Retrofit Project. Also on May 6, 2004, the Authority and Barlow entered into an Amended and Restated Professional Services Agreement (the “Barlow Services Contract”) dated as of December 31, 2003, in which Barlow promised to perform engineering procurement and construction management services in connection with the Retrofit Project. The Barlow Equipment Contract and Barlow Services Contract are hereinafter sometimes collectively referred to as the Barlow Contracts.

21. In 2003, prior to the Retrofit Project, the Facility was an outdated non-operating trash incinerator without valid operating permits under federal and state environmental laws.

22. In 2003, prior to the Retrofit Project and the financing thereof, the Facility was subject to substantial existing debt, most of which remains outstanding today in the approximate principal amount of \$102,816,000 (the “Existing Debt”). A summary of the Existing Debt of the Facility in 2003 and the principal amounts outstanding as of July 1, 2009 is set forth on Exhibit “A” attached to the original Complaint and made part hereof.

23. Of the Existing Debt, the Series A Bonds of 1998 in the principal amount of \$11,271,000 currently outstanding are secured by a Trust Indenture, dated as of August 1, 1998 (the “1998 Indenture”), between the Authority and Bank of New York Mellon Trust Co., N.A., as successor to Chase Manhattan Trust Company, N.A., as Trustee (the “1998 Trustee”). The Series A Bonds of 1998 and the lien of the 1998

Indenture with respect thereto have priority over the Retrofit Bonds issued under the Retrofit Indenture. The remaining Existing Debt is subordinate to the lien of the 1998 Indenture and the Series A Bonds of 1998 and is subordinate to the Retrofit Bonds and the lien of the Retrofit Indenture. The payment of principal and interest on all of the outstanding Existing Debt is guaranteed by the City only.

24. In 2003, the Authority and the City as manager of the Facility, proposed that the Retrofit Bonds be guaranteed by the City in full and, in part, by the County secondarily to the City Guaranty. In support of the issuance of the Retrofit Bonds and the guarantees by the City and by the County, respectively, the Authority, the City and their agents prepared a Self-Liquidating Debt Certification which was filed with the Department of Community and Economic Development as required by the Local Government Unit Debt Act, 53 Pa. C.S.A. § 8001, et seq. (the "Debt Act") and which projected that upon completion of the Retrofit Project, project revenues for the year 2006 and beyond (based upon an initial Tipping Fee of \$50 per ton with annual cost of living adjustments) would provide sufficient funds to pay project expenses and all debt service with respect to the Facility including the Retrofit Bonds and the Existing Debt. A true and correct copy of the Self-Liquidating Debt Certification filed on behalf of the Authority and the City with the Department of Community and Economic Development under provisions of the Debt Act is attached to the original Complaint as Exhibit "B" and made a part hereof.

25. The County extended its guaranty of a portion of the Retrofit Bonds in reliance upon, in part, the Self-Liquidating Debt Certification prepared and filed on behalf of the Authority and the City.

26. The financing for the 2003 Retrofit Project and certain working capital needs of the Authority (the “2003 Retrofit Financing”) was set forth in several interrelated documents involving, among others, the Authority, the City and the County.

27. The 2003 Retrofit Financing documents include the following:

- (1) **the 2003 Retrofit Indenture**, dated as of December 1, 2003, between the Authority and the Retrofit Trustee;
- (2) **a 2003 City Bond Guaranty Agreement** dated as of December 1, 2003, among the City, the Authority and the Retrofit Trustee whereby the City assumed a first guaranty position with respect to payment of Authority obligations under the Retrofit Indenture;
- (3) **a 2003 County Bond Guaranty Agreement** dated as of December 1, 2003, among the County, the Authority and the Retrofit Trustee whereby the County assumed a secondary guaranty position (behind the City) with respect to payment of certain of the Authority obligations under the Retrofit Indenture; and
- (4) **a 2003 Reimbursement Agreement** dated as of December 1, 2003, among the Authority, the City and the County intended to provide for, among other things, their respective rights and obligations with respect to, among others, the Retrofit Indenture, the 2003 City Bond Guaranty Agreement and the 2003 County Bond Guaranty Agreement.

28. The results projected by the Self-Liquidating Debt Certification, prepared on behalf of the Authority and the City, were never achieved, nor does it appear that they ever will be achieved.

29. The Authority, the City, as its agent, and Barlow failed to complete the Retrofit Project as contemplated under the Barlow Contracts. The Authority claims that the failures are the result of negligence and breaches of contract on the part of Barlow, including design flaws, engineering failures, specification of unsuitable equipment components, neglect for project management, delays in construction, unfinished construction work, lack of financial resources, and other errors and omissions. In 2007, the Authority filed an action against Barlow, et al., alleging breach of the Barlow Contracts and the failure of Barlow relative to the Retrofit Project. As a result, the Retrofit Project was not timely completed as contemplated and the retrofitted Facility failed to operate to capacity.

30. On December 31, 2006, the Authority terminated Barlow for failure to complete the Retrofit Project in accordance with the terms of the Barlow Contracts.

31. The problems encountered during the Retrofit Project resulted in the Facility experiencing numerous delays and being unable to operate at its intended design capacity or to generate the anticipated amount of revenues expected to be achieved upon the original scheduled completion.

32. Also on December 31, 2006, the Authority terminated the City as the operator of the Facility under the 1993 Management Agreement.

33. Since January 2, 2007, the Authority has engaged Covanta Energy Services, Inc. (“Covanta”) to operate the Facility and to complete the Retrofit Project pursuant to an Interim Agreement dated January 2, 2007, and a Management and Professional Services Agreement dated May 29, 2007 (herein collectively the “Covanta Agreements”).

### **THE 2007 FINANCING**

34. In 2007, the Authority determined to undertake a project (the “2007 Retrofit Completion Project”) consisting of, among other things, financing costs for completing the Retrofit Project, funding payments due to Covanta under the Covanta Agreements, funding other working capital needs and reserves during completion of the Retrofit Project, funding certain capital equipment and construction associated with the Facility, and the restructuring of certain indebtedness

35. In 2007 the Authority determined to undertake as a component (the “Working Capital Component”) of the 2007 Retrofit Completion Project the financing of: (i) certain working capital needs of the Facility pending the completion of the 2007 Retrofit Completion Project; (ii) reimbursement to the County of certain amounts previously advanced by the County to the Authority; (iii) to the extent determined to be necessary or desirable, the acquiring, constructing, and equipping of certain capital improvements to the Facility; and (iv) the costs of financing the Working Capital Component.

36. The Authority determined to finance the Working Capital Component of the 2007 Retrofit Completion Project by issuing its Guaranteed Resource Recovery Facility Limited Obligation Notes, Series C of 2007, in the initial stated value of \$20,961,574.40 (the “2007 C Notes”) and its Guaranteed Federally Taxable Resource Recovery Facility Limited Obligation Notes, Series D of 2007, in the initial stated value of \$9,033.234.45 (the “2007 D Notes,” and collectively with the 2007 C Notes, the “2007 Notes”).

37. The 2007 Notes were issued under and secured by a Trust Indenture dated as of December 15, 2007 (the “2007 Indenture”) between the Authority and Commerce Bank/Pennsylvania, National Association, as trustee, now by succession, TD Bank (the “2007 Trustee”). A true and correct copy of the 2007 Indenture is attached to the original Complaint as Exhibit “C” and made part hereof.

38. In connection with the issuance of the 2007 Notes and execution of the 2007 Indenture, the City entered into a Guaranty Agreement, dated as of December 15, 2007 (the “2007 City Guaranty”) among the City, the Authority and the 2007 Trustee whereby the City assumed a first guaranty position with respect to full and prompt payment of the principal of and interest on the 2007 Notes when and as such shall be due and payable. A true and correct copy of the 2007 City Guaranty is attached to the original Complaint as Exhibit “D” and made part hereof.

39. In connection with the issuance of the 2007 Notes and execution of the 2007 Indenture, the County entered into a Guaranty Agreement dated as of December 15, 2007 (the “2007 County Guaranty”) among the County, the Authority and the 2007 Trustee whereby the County assumed a second guaranty position (behind the City) with respect to full and prompt payment of the principal of and interest on the 2007 Notes when and as such shall be due and payable. A true and correct copy of the 2007 County Guaranty is attached to the original Complaint as Exhibit “E” and made part hereof.

40. The Authority, the City and the County entered into a Reimbursement Agreement dated as of November 27, 2007 (the “2007 Reimbursement Agreement”) which provided for, among other things, their respective rights and obligations with respect to the 2007 Indenture, the 2007 City Guaranty and the 2007 County Guaranty. A true and correct copy of the 2007 Reimbursement Agreement is attached to the original Complaint as Exhibit “F” and made part hereof.

41. The Series C 2007 Notes are scheduled to mature on December 15, 2010, and carry a Maturity Value of \$23,920,000.

42. The Series D 2007 Notes are scheduled to mature on December 15, 2010 and carry a Maturity Value of \$10,765,000.

43. Under the 2007 Notes and the 2007 Indenture, the Authority is required, among other things, to pay or cause to be paid the Maturity Value of the 2007 Notes, totaling \$34,685,000 on December 15, 2010.

44. Under the 2007 County Guaranty, the Authority covenanted with the County, among other things, that it would duly and punctually perform every covenant and agreement undertaken by it under the 2007 Notes and the 2007 Indenture.

45. Under the 2007 Reimbursement Agreement, the Authority agreed, among other things, to observe, in all respects, its obligations under the 2007 County Guaranty, the 2007 City Guaranty, the 2007 Notes and the 2007 Indenture.

### **CITY OBLIGATIONS**

46. Under the 2007 City Guaranty, the City guaranteed, unconditionally and irrevocably, to full and prompt payment of the amounts required to pay the stated value at maturity of the 2007 Notes (i.e., \$34,685,000).

47. Under the 2007 City Guaranty, the City covenanted: (a) to include the amounts payable in respect to the City Guaranty for each fiscal year in which such sums are payable in its budget for that fiscal year; (b) to appropriate such amounts from its general revenues for payment to the 2007 Trustee of its obligations under the 2007 City Guaranty; and (c) to duly and punctually pay or cause to be paid from any of its revenues

or funds such amounts, payable in respect of the 2007 City Guaranty, at the required time and place provided for in the 2007 City Guaranty.

48. Under the 2007 City Guaranty, for the budgeting, appropriation and payment obligations described above in paragraph 47, the City pledged “its full faith, credit and taxing power.”

49. Under § 3.05 of the 2007 City Guaranty, the Trustee is required to advise the City no later than November 1, 2009 of : (i) the amounts on deposit in the “2007 Notes Debt Service Accounts” (which are the accounts from which funds are to be drawn to pay the amounts due on the 2007 Notes at maturity on December 15, 2010); (ii) the Stated Value at Maturity of the 2007 C Notes and 2007 D Notes in the next fiscal year; and (iii) the deficiency between (i) and (ii) (the “Deficiency”).

50. Under the 2007 City Guaranty, the City is required to include in its budget for the fiscal year 2010, an amount equal to the Deficiency.

51. Upon information and belief the County avers that on October 30, 2009, the 2007 Trustee delivered to the City written notice in accordance with § 3.05 of the 2007 City Guaranty, to the effect that the amount of the Deficiency to be included in the City’s budget for the year 2010 is \$34,684,998.67. A true and correct copy of the Trustee’s Notice of October 30, 2009 is attached hereto as Exhibit “G” and made a part hereof.

52. Under § 3.13 of the 2007 City Guaranty, upon receipt by the City of the Notice referenced in paragraph 50 above, the City is obligated to transfer to the Trustee on or before August 15, 2010, *inter alia*, “an amount, when combined with amounts on deposit in the 2007 Notes Debt Service Accounts, will be sufficient to permit the Trustee to make the payment of the Stated Value at Maturity of the 2007 Notes on December 15, 2010, to the extent the 2007 Notes Debt Service Accounts at such time shall be deficient for such purpose....” (Section 3.13 of the 2007 City Guaranty).

53. The obligations of the City under the 2007 City Guaranty are “absolute, irrevocable and unconditional.”

54. The 2007 City Guaranty was expressly entered into by the City for benefit of, among others, the County, and the County is expressly entitled to enforce performance and observance of the obligations of the 2007 City Guaranty by the City to the same extent as if the County were a party signatory.

55. So long as the County is not in default under the 2007 County Guaranty, the County, in the event of a default by the City under the 2007 City Guaranty, is the Directing Party under the 2007 Indenture and, pursuant to the provisions of the 2007 City Guaranty, the County “shall control all enforcement and remedies” thereunder (§ 3.11 of the 2007 City Guaranty).

56. Pursuant to the 2007 Reimbursement Agreement, any failure by the City to comply with any of the terms, conditions or covenants of the 2007 City Guaranty, uncured for thirty (30) days after the City has knowledge of the failure, constitutes an Event of Default under the 2007 Reimbursement Agreement.

### **THE CITY'S 2010 BUDGET**

57. On or about November 24, 2009, former Mayor Stephen R. Reed submitted a proposed 2010 City Budget to City Council.

58. In his transmittal letter to City Council, Mayor Reed acknowledged:

For 2010, the City is now mandated to include replenishment of the drawn upon Debt Service Reserve Funds in the annual budget and further required to list the other facility debt expected to require a City payment. This includes the 2007 Working Capital Fund, the entirety of which is due for pay-off in 2010.

All these numbers are represented in the Debt Service Fund Agreement of the 2010 Proposed Budget.

59. The Debt Service Fund portion of Mayor Reed's Proposed 2010 Budget was set forth at pages 122-126. These pages are attached hereto for reference as Exhibit "H" and made a part hereof.

60. Mayor Reed's Proposed 2010 Budget identified and addressed City debt service obligations relating to the 2007 Financing of \$34,685.00, due in December, 2010. (See p. 126 of Exhibit "H").

61. Mayor Reed proposed that the 2007 Financing debt obligation of the City be paid (with other debt obligations) with revenue allegedly to be obtained through "Proceeds from Sale/Lease of Assets." (See p. 124 of Exhibit "H").

62. The Third Class City Code provides as follows with respect to the budgeting process required to be followed by City Council:

When all estimates for the receipts, liabilities, and expenditures for the ensuing year shall be made, council shall proceed to make the annual appropriations, and shall fix the tax rate at such figure as will, in combination with all other estimated receipts of the city, fully meet and cover the aggregate amount of such estimates of liabilities and expenditures for the ensuing year.

No appropriation, however, shall be made for any purpose until the interest accruing on the funded debt of the city and the principal of such part of said debt as may be coming due in that fiscal year, the salaries of officers, and the ordinary and necessary expenses of the city shall first be provided for, and no appropriation shall be made for any purpose in excess of the estimated receipts and revenues for the fiscal year for which such appropriations are made.

53 P.S. § 36811.

With respect to the City's full faith and credit obligations under the 2007 City Guaranty the Debt Act requires, *inter alia*, that the City budget the "... amount payable in respect to its guaranty. . . ." and that this covenant "... shall be specifically enforceable" 53 P.S. § 8104. The Debt Act also provides that if the City "... fails or refuses to make adequate

*provision* in its budget for any fiscal year for the sums payable in regard of any . . . guaranty . . .,” the Court by order of mandamus shall require the City Treasurer to pay the same. (Emphasis added.) 53 P.S. § 8261.

63. While Mayor Reed’s proposed 2010 Budget attempted to satisfy the covenants and requirements of the City’s Guaranty and the Debt Act, it did not contain “adequate provision” for payment, since there is no reasonable basis to estimate that the sale of assets would produce the projected revenue absent any specific sale contracts, lease agreements, appraisals or other evidence of the City’s ability to consummate such sales within the year 2010.

64. On or about December 22, 2009, City Council eliminated most of the Debt Service Fund payments proposed by Mayor Reed, including elimination of the debt service obligations relating to the 2007 Financing, and appropriated only \$11, 942, 814 for the Debt Service Fund.

65. City Council refused and failed to budget and appropriate the City’s 2010 debt service obligation relating to the 2007 Financing despite a clear legal obligation to do so.

66. Mayor Reed refused to sign the 2010 Budget Ordinance passed by City Council and it became law without mayoral signature.

67. On or about January 4, 2010, Mayor Reed's term as Mayor expired and Mayor Thompson was sworn in as City Mayor.

68. On or about January 26, 2010 Mayor Thompson submitted a proposed amended budget to City Council. With respect to the debt of the Facility, Mayor Thompson referenced an Emergency Financial Plan presented to the City by Management Partners, Inc. and proposed as follows:

The Plan includes steps to be taken to lease or sell City assets to generate cash to reduce and/or fund its debt obligations. The former Mayor proposed to recognize the potential value of those assets at a minimum of \$69,509,785 and to include them as a resource in the Debt Service Fund. While we do not know the value of those assets, we are willing to use that number for now and include it in the proposed budget. We are also willing to recognize our obligations to guarantee the debt service payments on the Resource Recovery Facility in the amount of \$68,559,784 because all proceeds and expenditures will, of course be utilized in accordance with the Emergency Financial Plan which will come before City Council within the next few weeks for your consideration for approval.

(Statement of Mayor Thompson to City Council, January 26, 2010, p. 2)

69. At a special meeting held on February 13, 2010, City Council rejected certain of Mayor Thompson's proposals to amend the City's 2010 Budget and adopted an Amended Budget which excluded all debt service payments with respect to the debt of the Facility, including the 2007 Notes.

70. City Council again failed to budget and appropriate the City's 2010 debt service guaranty obligations relating to the 2007 Financing despite its clear legal

obligation to do so, pursuant to the Third Class City Code, the Debt Act and the City Guaranty.

71. The City's failure to budget and appropriate funds to pay the 2007 Financing debt obligations due in December 2010, as reflected in the City's 2010 Budget and Budget Ordinance, is a violation of its legal obligations.

72. Plaintiffs do not have an adequate remedy at law.

### **COUNT I**

#### **COUNTY OF DAUPHIN V. CITY OF HARRISBURG**

#### **SPECIFIC PERFORMANCE**

73. The averments of paragraph 1 through 72 are hereby incorporated by reference as if set forth in full.

74. In order to prevent loss or damage to the County and to ensure that the City meets its obligations under the 2007 City Guaranty, 2007 Reimbursement Agreement, and under Pennsylvania law, the City must be compelled to:

- (a) include the amount of the Deficiency (\$34,684,998.67) per the 2007 Trustee's Notice (Exhibit "G") in its budget for 2010;
- (b) appropriate the amounts necessary to pay the Series 2007 Notes on or before the maturity date; and

- (c) pay or cause to be paid from any of its revenues or funds such amounts as necessary to pay the Series 2007 Notes in full on or before their maturity date.

WHEREFORE, the County respectfully requests that the Court enter an Order compelling the City to:

- (1) include the Deficiency (\$34,684,998.67) per the 2007 Trustee's Notice (Exhibit "G") to pay debt service on the Series 2007 Notes in its 2010 budget;
- (2) appropriate the amounts necessary to pay the Series 2007 Notes on or before their maturity date;
- (3) pay or cause to be paid from any of its revenues or funds such amounts as necessary to pay the Series 2007 Notes in full on or before their maturity date; and
- (4) pay to the County its costs and expenses, including attorneys fees, incurred in bringing this action per the 2007 City Guaranty.

The County further requests that this Court order such further and additional relief as may be appropriate.

**COUNT II**

**COUNTY OF DAUPHIN and JOSEPH and JACAYLN LAHR**

**v.**

**CITY OF HARRISBURG, MAYOR LINDA D. THOMPSON,  
PAUL P. WAMBACH, TREASURER,  
DANIEL C. MILLER, CONTROLLER,  
GLORIA MARTIN-ROBERTS, PRESIDENT, CITY COUNCIL,  
SUSAN BROWN WILSON,  
BRAD KOPLINSKI, WANDA D. WILLIAMS,  
PATTY KIM, KELLY SUMMERFORD and EUGENIA SMITH**

**MANDAMUS**

75. The averments of paragraph 1 through 74 are hereby incorporated by reference as if set forth in full.

76. This Count II is asserted in the alternative in the event the County is unable to compel specific performance as requested in Count I.

77. The Honorable Linda D. Thompson is the duly-elected Mayor of the City of Harrisburg, is responsible generally for exercise of the executive power of the City pursuant to 53 P.S. §41411, and is named as a defendant herein in her official capacity.

78. A specific duty and obligation of Mayor Thompson is to prepare an annual budget for the City and to submit the budget to City Council.

79. Mayor Thompson is empowered under the law to reopen the City's adopted 2010 Budget.

80. Paul P. Wambach is the duly-elected Treasurer of the City, and is responsible for, among other things, the collection and safekeeping of the city revenue, including taxes, payment over of public money as provided by general law, signing checks for goods and services, coordinating electronic funds transfer and receipt, and executing funding transfers for debt service programs on City bond issues outstanding, and is named as a defendant herein in his official capacity.

81. Daniel C. Miller is the duly-elected Controller of the City, and is responsible for, among other things, review and approval of City expenditures and obligations, and is named as a defendant herein in his official capacity.

82. Gloria Martin-Roberts, Susan Brown Wilson, Brad Koplinski, Wanda D. Williams, Patty Kim, Kelly Summerford and Eugenia Smith are the duly-elected Members of Harrisburg City Council (collectively the "City Council"), and are responsible, generally, for the exercise of legislative power of the City pursuant to 53 P.S. §41407, and are named as defendants herein in their respective official capacities.

83. A specific duty and obligation of City Council is to consider and adopt a City budget, subject to any adjustments made by City Council authorized by law.

84. In order to ensure compliance by the City Defendants of their obligations under the 2007 City Guaranty and the 2007 Reimbursement Agreement, and under Pennsylvania law including the Debt Act and the Third Class City Code, the Court must issue an Order of Mandamus requiring Mayor Thompson, Treasurer Wambach, Controller Miller and City Council to perform their respective mandatory duties under the 2007 City Guaranty and 2007 Reimbursement Agreement to:

- (a) include the Deficiency (\$34,684,998.67) per the 2007 Trustee's Notice (Exhibit "G") in the City's budget for 2010;
- (b) appropriate the amounts necessary to pay the Series 2007 Notes on or before their maturity date; and
- (c) pay or cause to be paid from any of its revenues or funds such amounts as necessary to pay the Series 2007 Notes on or before their maturity dates.

WHEREFORE, the Plaintiffs respectfully request that the Court issue an Order in Mandamus requiring the City Defendants to exercise their respective mandatory duties to:

- (1) include the Deficiency (\$34,684,998.67) per the 2007 Trustee's Notice (Exhibit "G") to pay debt service on the Series 2007 Notes in the City's 2010 budget;
- (2) appropriate the amounts necessary to pay the Series 2007 Notes on or before their maturity date;
- (3) pay or cause to be paid from any of its revenues or funds such amounts as necessary to pay the Series 2007 Notes in full on or before their maturity date; and
- (4) pay to the County its costs and expenses, including attorneys fees, incurred in bringing this action.

Plaintiffs further request that this Court order such further and additional relief as may be appropriate.

**COUNT III**

**COUNTY OF DAUPHIN AND JOSEPH and JACAYLN LAHR**

**V.**

**PAUL P. WAMBACH, TREASURER**

**MANDAMUS**

85. The averments of paragraphs 1 through 84 are hereby incorporated by reference as if set forth in full.

86. This Count III is asserted in the alternative in the event Plaintiffs do not receive the relief requested in Counts I and II.

87. The City is a local government unit within the meaning of the Debt Act, and particularly for the purposes set forth at 53 Pa. C.S.A. § 8261 titled "Failure to Budget Debt Service."

88. The 2007 City Guaranty is a guaranty of an authority obligation as set forth and described in 53 Pa. C.S.A. § 8261.

89. The County is a holder of, with the specific power and authority to enforce, the 2007 City Guaranty through operation of the instrument itself, as well as through the provision of the 2007 Reimbursement Agreement.

90. Plaintiffs, Mr. and Mrs. Lahr, are residents, property owners and taxpayers of the City.

91. The Honorable Paul P. Wambach is the duly elected Treasurer of the City of Harrisburg, is responsible generally for exercise of the functions and responsibilities of the City Treasurer pursuant to 53 P.S. § 36401 et seq. and the Optional Third Class City Charter Law, 53 P.S. § 41415(a) and is named as a Defendant herein in his official capacity.

92. The specific statutory duty and obligation of Treasurer Wambach is to pay from the “first tax monies or other available revenues or monies thereafter received” by the Treasurer amounts due under any guaranty of the City in the event the City fails to budget or appropriate such payments for the fiscal year pursuant to § 8261 of the Debt Act.

93. In the event the City fails to budget, appropriate or pay the amounts due under the 2007 City Guaranty, in the year 2010, the Court must issue an Order of Mandamus requiring Treasurer Wambach to perform his mandatory statutory duties under the 2007 City Guaranty and the Debt Act to pay or cause to be paid from “the first

tax monies or other available revenues or monies thereafter received” in the fiscal year 2010, such amounts as necessary to pay the Series 2007 Notes on or before their maturity dates.

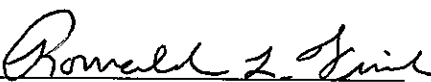
WHEREFORE, Plaintiffs respectfully requests that the Court issue an Order in Mandamus requiring Treasurer Wambach to exercise his mandatory statutory duty to:

- (1) pay or cause to be paid from “the first tax monies or other available revenues or monies thereafter received by the Treasurer in the fiscal year 2010, such amounts as necessary to pay the Series 2007 Notes in full on or before their maturity date; and
- (2) pay to the County its costs and expenses including attorneys’ fees incurred in bringing this action.

Plaintiffs further request that this Court order such further and additional relief as may be appropriate.

METTE, EVANS & WOODSIDE

Date: March 17, 2010

By:   
Charles B. Zwally, Esquire  
Sup. Ct. I.D. No. 07137  
Thomas F. Smida, Esquire  
Sup. Ct. I.D. No. 37027  
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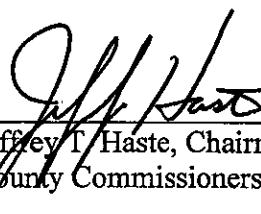
Of Counsel:

William T. Tully, Esquire, Solicitor  
Dauphin County Administration Bldg.  
2 South Second Street – 4<sup>th</sup> Floor  
Harrisburg, PA 17101

VERIFICATION

Jeffrey T. Haste deposes and says that he is Chairman of the County Commissioners of the County of Dauphin, and in that capacity is authorized on behalf of the County of Dauphin to make this Verification, and that the facts set forth in the foregoing First Amended Complaint are true and correct to the best of his knowledge, information and belief. This Verification is made subject to the penalties of 18 Pa. C.S.A. § 4904 relating to unsworn falsification to authorities.

Date:

  
\_\_\_\_\_  
Jeffrey T. Haste, Chairman  
County Commissioners, County of Dauphin

**VERIFICATION**

Joseph and Jacalyn Lahr depose and state that the facts set forth in the foregoing First Amended Complaint are true and correct to the best of their knowledge, information and belief. This Verification is made subject to the penalties of 18 Pa. C.S.A. § 4904 relating to unsworn falsification to authorities.

Date: *FEBRUARY 26, 2010*

  
\_\_\_\_\_  
Joseph Lahr

Date: *February 26, 2010*

  
\_\_\_\_\_  
Jacalyn Lahr

## **INDEX OF EXHIBITS**

### **Dauphin County v. The City of Harrisburg, et al.**

#### **EXHIBITS**

#### **EXHIBIT LETTER**

Summary of Existing Debt of Facility in 2003 and Principal Amounts Outstanding as of July 1, 2009	“A” (Attached to the Original Complaint)
Self-Liquidating Debt Certification	“B” (Attached to the Original Complaint)
2007 Trust Indenture	“C” (Attached to the Original Complaint)
2007 City Guaranty	“D” (Attached to the Original Complaint)
2007 County Guaranty	“E” (Attached to the Original Complaint)
2007 Reimbursement Agreement	“F” (Attached to the Original Complaint)
Trustee’s Notice of October 30, 2009	“G” (Attached to the Original Complaint)
Debt Service Fund portion of Mayor Reed’s Proposed 2010 Budget (pgs. 122-126)	“H”

EXHIBIT: 4

## DEBT SERVICE FUND

The Debt Service Fund is used to account for the accumulation of resources, principally transfers from the General Fund and State Liquid Fuels Tax Fund and proceeds from the sale or use of City assets, for the payment of general long-term obligation principal, interest, and related costs.

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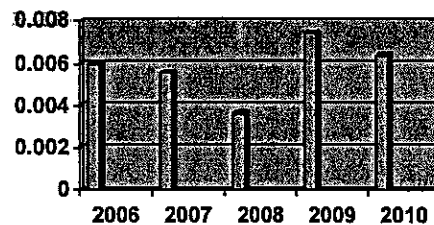
### OVERVIEW

The City currently has eight debt issues outstanding of a general obligation nature. These issues are ultimately secured by the full faith, credit and taxing power of the City. They bear interest, payable semiannually or annually, at rates varying from 1.59% to 7.75%. The first three of these debt issues are insured and have an "Aaa" rating from Moody's and an "AAA" rating from Standard & Poor's. The following is a description of the debt issues currently outstanding and the projects they financed:

1. **1995 Federally Taxable General Obligation Bonds, Series A and B.** This \$35,734,416 issue was approved by City Council on December 5, 1995, to fund the City's unfunded actuarial accrued pension liability with deposits to the applicable City pension plans and for the payment of all costs and expenses related to the issuance of the Bonds. The Series A Bonds (\$33,394,416) and Series B Bonds (\$2,340,000), dated December 15, 1995, have 15-year and 11-year terms, respectively, and are being repaid by General Fund real estate taxes, pension system state aid, liquid fuels tax receipts, and user fees from the Sewer Utility Fund on a pro-rata share basis. The Series B bonds were paid off during 2006.
2. **1997 General Obligation Refunding Bonds, Series D.** This \$24,891,722 issue was approved by City Council on November 25, 1997, to advance refund the City's \$22,195,000 General Obligation Bonds, Series B-1 of 1997 in whole, to fund certain capital projects of the City, and to pay costs of issuance related to the Bonds. The B-1 Bonds were issued to retire the City's \$15,000,000 G.O. Note, Series A of 1995, issued to the Emmaus Bond Pool Program (EPIII); and to pay for the costs and expenses of a National Civil War Museum, certain street repaving and repairs, and certain parking facilities. The Series D Bonds have a term of 25 years and are being repaid from General Fund real estate taxes.
3. **1997 General Obligation Refunding Notes, Series F.** This \$26,632,303 issue was approved by City Council on November 25, 1997, to currently refund all of the City's \$25,000,000 General Obligation Bonds, Series 1995, which proceeds paid in full on March 1, 1995; the City's \$25,000,000 G.O. Note, Series A of 1992, issued to Emmaus General Authority Bond Pool Program (EPII); to pay for costs and expenses of a National Civil War Museum, certain street/alley repaving/reconstruction and other certain capital projects of the City and to pay costs of issuance related to the Notes. The Notes, dated December 1, 1997, have a term of 25 years and are being repaid from General Fund real estate taxes.
4. **2003 General Obligation Notes, Series A, B and C.** These notes, totaling \$627,800, were approved by City Council on June 10, 2003, for the purpose of providing funds to apply for and towards various transportation infrastructure improvement projects including the Hamilton Street Intersection Project at Sixth Street, the State Street Intersection Project at Reservoir Park, and the purchase and installation of energy-saving LED traffic signal lenses for approximately 24 intersections in the City. These Notes have a term of 10 years and are being repaid from General Fund real estate taxes.
5. **2006 Series A-2 Revenue Bonds.** These bonds, totaling \$9.0 million, were approved by City Council on November 29, 2004, for the purpose of renovating the City's Commerce Bank Park Stadium. Renovations to the stadium, which originally opened for the 1987 baseball season, were necessary for the Harrisburg Senators to have a baseball venue that meets professional baseball standards and the amenities now offered at almost all of the stadiums in the Class AA Eastern league of Professional baseball clubs, of which the Harrisburg Senators is a member. The project is expected to cost approximately \$42 million and the City has applied to the Commonwealth of Pennsylvania for a grant to offset the cost. The baseball team was sold to Senators Partners LLC during 2007. General Fund Real Estate Taxes, proceeds from the park permit revenue, and revenue from the new and improved stadium will be used to pay the debt service on the bonds.

6. **2006 Lease Revenue Bonds, Series of 2006.** On December 15, 2006, the Harrisburg Redevelopment Authority, on behalf of the City of Harrisburg, issued \$7.2 lease revenue bonds to finance the leasing of the McCormick Public Service Center from the City and then subleasing of the building back to the City. The proceeds from the issuance were turned over to the City and the City is responsible for the debt service. Harrisburg City Council has authorized the sale of certain artifacts to pay down the debt service on these bonds.
7. **2007 Capital Lease.** On October 19, 2007, the City entered into a capital lease agreement to purchase \$8,748,385 of equipment. Proceeds will be used to purchase: \$266,000 of vehicles for the Department of Building and Housing; \$1,050,000 of computer equipment for various departments; \$1,100,000 of vehicles for the Fire Bureau; \$2,135,000 of equipment for the Bureau of Neighborhood Services; \$470,000 of vehicles for Sanitation; \$40,000 of equipment for the Vehicle Management Center; \$500,000 of vehicles and equipment for the Water Bureau; \$1,277,685 of vehicles and equipment for the Department of Parks and Recreation; \$1,599,700 of vehicles for the Bureau of Police; and \$310,000 of miscellaneous city-wide equipment. The lease has a five-year term and is being repaid from real estate taxes.
8. **2008 General Obligation Note.** On March 26, 2008, the city received a \$2.4 million Pennsylvania infrastructure bank loan to finance the cost of resurfacing various streets throughout the City. The note is being repaid from General Revenues of the City.
9. The City also guarantees various debt issues of one of its component units, The Harrisburg Authority (THA). The Harrisburg Authority issued various bonds and notes to finance the renovation and upgrade of a Resource Recovery Facility that it has contracted with Covanta Energy to operate. During 2009, THA had to utilize certain debt service reserves in conjunction with the City's and Dauphin County's guarantee to make the required debt service payments. The City expects to have to exercise those obligations again during the 2010 fiscal year. The attached schedule on the following page details the specific debt issues and the monthly amounts needed to fund the payments and re-establish the reserves.

**Debt Service Millages 2006-2010**



2006	0.005997
2007	0.005584
2008	0.003623
2009	0.007439
2010	0.006375

## DEBT MANAGEMENT

The City structures its debt service (principal, interest, and related costs) at a fixed level of expenditure by which to budget. Financing the debt somewhat evenly over the useful life of the project not only enables the cost to be spread equitably to all who benefit from the project, current and future, but also keeps expenditures relatively constant year after year.

Debt Service requirements, not otherwise provided for, are appropriated in the year in which they are due. As part of the annual tax levy ordinance, the City designates property tax millage sufficient to fund for the payment of debt service on general obligation indebtedness. As the chart indicates, for 2010, this levy is 6.375 mills, or \$0.6375 on each \$100.00 of assessed value. The City does not designate, nor is required to designate, additional millage to fund for future year debt service reserves.

For revenue bond indebtedness, current operating revenues (primarily utility user fees) are budgeted to fund the debt service requirement. Since the City operates the water and sewer systems, related revenue bond debt service is budgeted in each respective utility fund.

Historically, the City has only issued bonds for capital improvements (or refundings/refinancing related thereto) and notes for bond anticipation purposes. Short-term borrowing, such as lease/purchase contracts, is considered and occasionally utilized for financing capital equipment and rolling stock purchases when it is determined to be in the City's financial interest.

In recognition of the City's policy and procedures to provide continuing and improved financial disclosure to investors of City debt issues, the National Federation of Municipal Analysts granted its Award of Recognition to the City in 1993.

DEBT SERVICE FUND  
2010 BUDGET

	2006 Actual	2007 Actual	2008 Actual	2009 Approved Budget	2009 Projected	2010 Proposed Budget
<b>REVENUE ANALYSIS DETAIL</b>						
Interest on Savings Account	2,153	12,312	12,312	2,100	2,100	2,000
Interest on Other Investments	16	17	17	0	0	0
Park Permit - Commerce Bank Park	0	0	0	535,710	535,710	535,710
Gain on Sale of Investments	0	0	0	0	0	0
Gain on Sale/Lease of Assets	0	4,305,207	4,305,207	0	0	68,702,464
Miscellaneous	0	0	0	0	0	0
City Guarantee Fees	0	500,000	500,000	0	0	0
Transfers-General Fund	8,776,981	6,324,036	6,324,036	11,266,223	11,266,223	10,325,921
Transfers-Capital Projects Fund	0	0	0	0	0	0
Transfers-State Liquid Fuels Tax Fund	64,063	64,672	64,672	67,682	67,682	67,682
Transfers-Sanitation Fund	0	0	0	0	0	0
Special Parking Fees-City Island	0	0	0	65,000	0	61,500
<b>TOTAL REVENUE</b>	<b>8,843,213</b>	<b>11,206,243</b>	<b>11,206,243</b>	<b>11,936,715</b>	<b>11,871,715</b>	<b>79,695,277</b>
Fund Balance Appropriation	0	0	0	77,000	77,000	
<b>TOTAL RESOURCES</b>	<b>8,843,213</b>	<b>11,206,243</b>	<b>11,206,243</b>	<b>12,013,715</b>	<b>11,948,715</b>	<b>79,695,277</b>

<b>EXPENDITURE ANALYSIS DETAIL</b>						
Principal Retirements	6,719,635	6,539,371	6,539,371	6,495,353	6,495,353	6,495,933
Interest Expense	2,121,409	2,748,185	2,748,185	2,479,651	2,479,651	2,492,622
Transfers to Authorities (HRA)	0	0	0	1,613,194	1,613,194	1,528,742
Guarantee Obligation Payments (THA)	0	0	0	0	0	67,752,463
Capitalized Lease Payments (P&I)	0	0	0	1,425,517	1,425,517	1,425,517
<b>TOTAL EXPENDITURES</b>	<b>8,841,044</b>	<b>9,287,555</b>	<b>9,287,555</b>	<b>12,013,715</b>	<b>12,013,715</b>	<b>79,695,277</b>

**THE HARRISBURG AUTHORITY RESOURCE RECOVERY FACILITY GUARANTEED DEBT**

ISSUE	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
<u>Debt Service Guarantees:</u>													
Guaranteed Resource Recovery Facility Revenue Bonds, Series A of 1998	-	280,085	-	-	-	-	-	320,085	-	-	-	-	600,170
Guaranteed Resource Recovery Facility Notes, Series A of 2002	-	-	-	425,282	-	-	-	-	-	1,215,282	-	-	1,640,564
Guaranteed Resource Recovery Bonds, Series A of 2003	-	647,263	-	-	-	-	-	647,262	-	-	-	-	1,294,525
Guaranteed Resource Recovery Notes, Series B of 2003	-	538,073	-	-	-	-	-	632,598	-	-	-	-	1,170,671
Guaranteed Resource Recovery Notes, Series C of 2003	-	607,125	-	-	-	-	-	607,125	-	-	-	-	1,214,250
Guaranteed Resource Recovery Bonds Series D-1 of 2003	-	-	-	-	1,637,653	-	-	-	-	-	-	1,637,652	3,275,305 *
Guaranteed Resource Recovery Bonds Series D-2 of 2003	-	-	-	-	1,911,000	-	-	-	-	-	-	1,911,000	3,822,000 *
Guaranteed Resource Recovery Bonds Series E of 2003	-	-	-	-	322,103	-	-	-	-	-	-	1,777,102	2,099,205 *
Guaranteed Resource Recovery Bonds Series F of 2003	-	-	-	-	314,745	-	-	-	-	-	-	1,714,745	2,029,490
Covanta Loans Working Capital Loan of 2007	637,500	-	637,500	-	-	637,500	-	-	637,500	-	-	-	2,550,000
												34,685,000 *	34,685,000 *
													\$ 54,381,180
<u>Replenishment of Debt Service Reserves</u>													
Guaranteed Resource Recovery Facility Notes, Series A of 2002 (Replenishment)	66,659	66,659	66,659	66,659	66,659	66,659	66,659	66,659	66,659	66,659	133,322	-	799,912
Guaranteed Resource Recovery Bonds/Notes DSRF Series A, B, C of 2003 (Replenishment)	149,364	149,364	149,364	149,364	149,364	149,364	149,364	746,832	-	-	-	-	1,792,380
Guaranteed Resource Recovery Bonds DSRF Series D, E, F of 2003 (Replenishment)	252,333	252,333	252,334	252,334	252,333	1,765,153	-	-	-	-	-	-	3,026,820 *
Guaranteed Resource Recovery Bonds Series D of 2003 (Replenishment)	223,954	223,954	223,954	223,954	223,954	223,954	223,954	223,954	223,954	223,954	223,954	223,956	2,687,450 *
Guaranteed Resource Recovery Bonds Series E of 2003 (Replenishment)	58,974	58,974	58,974	58,974	58,974	58,974	58,974	58,974	58,974	58,974	58,974	58,973	707,687 *
Guaranteed Resource Recovery Bonds Series E of 2003 (Reimbursement)	86,279	86,279	86,279	86,279	86,279	86,279	86,279	86,279	86,279	86,279	86,279	86,274	1,035,343 *
Guaranteed Resource Recovery Bonds Series F of 2003 (Replenishment)	140,403	140,403	140,403	140,403	140,403	140,403	140,403	140,403	140,403	140,403	140,403	140,402	1,684,835
DS 2003 CAP (Reimbursement)	47,436	47,436	47,436	47,436	47,436	47,436	47,436	47,436	47,436	47,436	47,436	47,436	569,232 *
DS 2003 SWAP (Reimbursement)	88,969	88,969	88,969	88,969	88,969	88,969	88,969	88,969	88,969	88,969	88,969	88,965	1,067,624 *
													\$ 13,371,283
													\$ 67,752,463

\* Guaranteed By Both The City of Harrisburg and Dauphin County.

**CERTIFICATE OF SERVICE**


I certify that I am this date serving the foregoing document upon the person(s) indicated

below by hand-delivery at the following addresses:

Thomas B. Schmidt, III, Esquire  
Pepper Hamilton, LLP  
100 Market Street - Suite 200  
P.O. Box 1181  
Harrisburg, PA 17108-1181

Philip J. Harper, Esquire  
Deputy City Solicitor  
10 North Second Street - Suite 402  
Harrisburg, PA 17101-1681

METTE, EVANS & WOODSIDE

By:   
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Harrisburg, PA 17110  
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Attorneys for Plaintiff

Date: March 17, 2010