

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE MIDDLE DISTRICT OF PENNSYLVANIA**

**IN RE:** :  
 : **CASE NO. 1:11-bk-06938 -MDF**  
**City of Harrisburg** :  
 :  
 :  
**Purported Debtor** : **CHAPTER 9**  
 : **The Honorable Mary D. France**

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**BRIEF IN SUPPORT OF CREDITOR, COVANTA HARRISBURG INC.'S  
OBJECTIONS TO CHAPTER 9 BANKRUPTCY PETITION FILED  
BY PURPORTED DEBTOR, CITY OF HARRISBURG, PENNSYLVANIA**

Covanta Harrisburg, Inc, by and through its undersigned counsel, and pursuant to 11 U.S.C. Section 921(c), files this Brief in Support of Creditor Covanta Harrisburg, Inc.'s Objections to the Chapter 9 Bankruptcy Petition filed on October 11, 2011 by Purported Debtor, City of Harrisburg, at the above term and docket number, and in support thereof states as follows.

**I. THE CITY'S CHAPTER 9 BANKRUPTCY PETITION FAILS TO MEET THE REQUIREMENTS OF 11 U.S.C. § 921(C) AND SHOULD BE DISMISSED BECAUSE STATE LAW SPECIFICALLY PROHIBITS THE CITY FROM FILING FOR BANKRUPTCY**

Section 921(c) of the Bankruptcy Code, 11 U.S.C. Section 921(c), provides that “[a]fter any objection to the petition, the court, after notice and a hearing, may dismiss the petition if the debtor did not file the petition in good faith or if the petition does not meet the requirements of this title.” 11 U.S.C. § 921(c). The petition filed by the City of Harrisburg is invalid because Harrisburg is not eligible

to be a debtor under the Bankruptcy Code. Section 109(c) of the Bankruptcy Code prescribes the eligibility criteria for becoming a debtor under Chapter 9. To be eligible, an entity must be a municipality which, among other things, “is specifically authorized, in its capacity as a municipality or by name, to be a debtor under such chapter by State law, or by a governmental officer or organization empowered by State law to authorize such entity to be a debtor under such chapter...” 11 U.S.C. §109(c).

Pennsylvania state law prohibits the filing of the bankruptcy petition at issue. Specifically, Act 26 of 2011, 72 P.S. §1601-D.1 (2011), amended the Act of April 9, 1929 (P.L. 343, No. 176) (the “Fiscal Code”) so as to specifically prohibit an financially distressed “city of the third class” – a category of cities which includes Harrisburg – from filing a petition for relief under Chapter 9 of the Bankruptcy Code or any other federal bankruptcy law. Act 26 has amended the Fiscal Code to specifically deny cities of the third class that have been designated as financially distressed under the Financially Distressed Municipalities Act (Act of 1987, P.L. 246, No. 47), including the City, any such authority to file for bankruptcy until July 1, 2012. State law prohibits the City from filing this bankruptcy petition.

## **II. THE CITY'S CHAPTER 9 BANKRUPTCY PETITION SHOULD BE DISMISSED BECAUSE CITY COUNCIL LACKED AUTHORITY TO FILE IT**

Section 1-201.1(d) of the City's Ordinances states that "All proposed bills or resolutions shall be presented to the City Solicitor for approval as to form and legality prior to introduction." However, the Chapter 9 Bankruptcy Petition filed by the City was done solely at the behest of City Council, in direct contravention of the City Solicitor's legal opinion(s) to Council, and in a manner that is contrary to procedures established in the City's Ordinances. (True and correct copies of the applicable City Ordinances 1-201.1 (Legislative Process) and Chapter 2-303 (City Solicitor) containing Sections 2-303.1 through 2-303.3 are attached to Covanta's Objections as **Exhibit "A"** thereto).

## **III. CONCLUSION**

The Chapter 9 Bankruptcy Petition filed by the City fails to disclose the existence or effect of Act 26, and it lacks the required state approval for its filing. City Council also circumvented applicable City Ordinance requirements against the advice of its Solicitor. These actions demonstrate a lack of authority, as well as the absence of good faith, on the part of the City in the filing of the Petition. The Bankruptcy Code, in deference to the Tenth Amendment of the United States Constitution, does not permit this Honorable Court to accept jurisdiction of this

case, where the Petition represents an unlawful and invalid attempt by the City to evade the Commonwealth of Pennsylvania's power as a state sovereign to govern its own political subdivisions.

WHEREFORE, Covanta Harrisburg, Inc. respectfully requests that this Honorable Court dismiss the Chapter 9 Bankruptcy Petition filed by the City of Harrisburg.

Respectfully submitted,

**Serratelli, Schiffman, and Brown, P.C.**

Date: October 26, 2011

/s/ Paige Macdonald-Matthes  
Paige Macdonald-Matthes, Esquire  
Attorney I.D. #66266: PA  
Attorney for Covanta Harrisburg, Inc.  
Suite 201  
2080 Linglestown Road  
Harrisburg, PA 17110

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**CERTIFICATE OF SERVICE**

I, Paige Macdonald-Matthes, Esquire, of the firm of Serratelli, Schiffman, & Brown, P.C., hereby certify that I this day served a true and correct copy of the Brief in Support Of Creditor, Covanta Harrisburg Inc.'s Objections to Chapter 9 Bankruptcy Petition filed by Purported Debtor, City of Harrisburg, Pennsylvania upon the parties listed below by filing it with the Clerk of the Bankruptcy Court using the CM/ECF system, or by United States Mail, postage prepaid, addressed as follows:

Eric L. Brossman, Esq.  
Saul Ewing LLP  
7th Floor  
Harrisburg, PA 17101  
*Counsel to Assured Guaranty  
Municipal Corp.*

Clayton William Davidson, Esq.  
McNees Wallace and Nurick LLC  
100 Pine Street  
P.O. Box 1166  
Harrisburg, PA 17108  
*Counsel to the County of Dauphin*

Christopher E. Fisher, Esq.  
Tucker Arensberg, PC  
111 North Front Street  
P.O. Box 889  
Harrisburg, PA 17108  
*Counsel to the City of Harrisburg, and  
the Mayor*

Law Office of Neil A. Grover  
2201 North Second Street  
Harrisburg, PA 17110  
*Counsel to Debt Watch Harrisburg and  
Neil A. Grover*

Mark D. Schwartz, Esq.  
P.O. Box 330  
Bryn Mawr, PA 19010  
*Co-Counsel to the City of Harrisburg,  
City Council*

Steven M. Williams, Esq.  
Cohen Seglias Pallas Greenhall & Furman  
240 North Third Street  
7th Floor  
Harrisburg, PA 17101  
*Counsel to Herre Brothers, Inc. and  
Joseph Strong, Inc.*

Beverly Weiss Manne, Esq.  
Michael A. Shiner, Esq.  
Tucker Arensberg, PC  
1500 One PPG Place  
Pittsburgh, PA 15222  
*Counsel to the City of Harrisburg, and  
the Mayor*

Neal D. Colton, Esq.  
Stephen A. Miller, Esq.  
Jeffrey G. Weil, Esq.  
Cozen O'Connor  
1900 Market Street  
Philadelphia, PA 19103  
*Counsel to the Commonwealth of  
Pennsylvania*

Sarah L. Trum, Esq.  
Winston & Strawn LLP  
1111 Louisiana, 25th Floor  
Houston, TX 77002  
*Counsel to National Public Finance  
Guarantee Corporation*

Gregory Lee Taddonio, Esq.  
Reed Smith LLP  
Reed Smith Centre  
225 Fifth Avenue  
Suite 1200  
Pittsburgh, PA 15222  
*Co-Counsel to National Public Finance  
Guarantee Corporation*

Daniel G. Egan, Esq.  
George B. South, III, Esq.  
DLA Piper LLP  
1251 Avenue of the Americas  
New York, NY 10020-1104  
*Counsel to Syncora Guarantee Inc.*

Dawn M. Costa, Esq.  
Jennings Sigmond P.C.  
510 Walnut Street  
16th Floor  
Philadelphia, PA 19106  
*Counsel to International Association of  
Fire Fighters, Local Union No. 428*

Samuel S. Kohn, Esq.  
Lawrence A. Larose, Esq.  
Winston & Strawn LLP  
200 Park Avenue  
New York, NY 10166  
*Counsel to National Public Finance  
Guarantee Corporation*

John R. Bielski, Esq.  
Willig, Williams & Davidson  
1845 Walnut Street, 24th Floor  
Philadelphia, PA 19103  
*Counsel to the Fraternal Order of Police,  
Capital City Lodge No. 12*

Alaine S. Williams, Esq.  
Willig, Williams & Davidson  
1845 Walnut Street, 24th Floor  
Philadelphia, PA 19103  
*Counsel to the American Federation of  
State, County and Municipal Employees,  
District Council 9*

Margarte M. Manning, Esq.  
Klehr Harrison Harvey Branzburg LLP  
919 Market Street  
Wilmington, DE 1981  
*Counsel to The Harrisburg Authority*

Kathryn Evans Perkins, Esq.  
Patrick Joseph Troy, Esq.  
Klehr Harrison Harvey Branzburg LLP  
1835 Market Street  
Suite 1400  
Philadelphia, PA 19103  
*Co-Counsel to Syncora Guarantee Inc.*

IKON Financial Services  
Bankruptcy Administration  
P.O. Box 13708  
Macon, GA 31208-3807

United States Trustee  
P.O. Box 969  
Harrisburg, PA 17108

Date: October 26, 2011

/s/ Paige Macdonald-Matthes