

**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 \_\_\_ 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, 2012 (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.

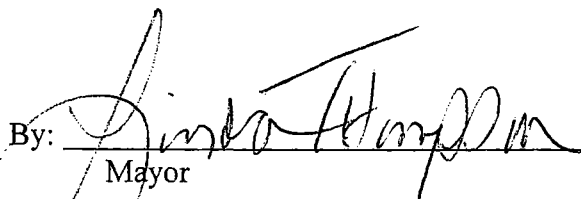
6. The City agrees to maintain residential and commercial sanitation fees at a level sufficient to fund the THA Sanitation Fee Account with sufficient funds to pay collection fees, disposal fees and provide security for any Shortfall Fee, and for that purpose the THA Sanitation Fee Account shall be deemed 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