

\$64,944,074.85

City of Harrisburg

Dauphin County, Pennsylvania

\$24,891,772.10 General Obligation Refunding Bonds, Series D
of 1997

\$12,840,000.00 Federally Taxable General Obligation Refunding
Bonds, Series E of 1997

\$26,632,302.75 General Obligation Refunding Notes, Series F of
1997

\$580,000.00 Federally Taxable General Obligation Refunding
Notes, Series G of 1997

December 30, 1997

Closing Memorandum

Date of Preclosing: December 29, 1997
1:30 p.m.
Eckert Seamans Cherin & Mellott, LLC
One South Market Square Building
213 Market Street
Harrisburg, Pennsylvania 17101

Date, Time and Place of Closing: December 30, 1997
9:00 a.m.
Eckert Seamans Cherin & Mellott, LLC
One South Market Square Building
213 Market Street
Harrisburg, Pennsylvania 17101

Background

The City of Harrisburg, Dauphin County, Pennsylvania (the "City"), has determined to undertake a project (the "Project") consisting of funding: (a) the retirement of all of the City's outstanding General Obligation Bonds, Series B1 of 1997 (the "1997B Bonds"); (b) the retirement of a portion of the City's outstanding Federally Taxable General Obligation Bonds, Series A of 1995 (the "1995A Taxable Bonds"); (c) the retirement of all of the City's outstanding General Obligation Bonds, Series of 1995 (the "1995 Bonds"); (d) the retirement of a portion of the City's outstanding General Obligation Bonds, Series A of 1995 (the "1995A Tax-Exempt Bonds"); (e) certain capital projects of the City; and (f) the payment of costs and expenses related to the issuance of the 1997 Bonds (defined below).

The City issued the 1997B Bonds in the aggregate principal amount of \$22,195,000 to finance (a) the cost of refunding the City's General Obligation Note, Series A of 1995 and General Obligation Note, Series B of 1995 (the "Emmaus III Notes"), originally issued in the principal amount of \$15,000,000, and the proceeds of which Emmaus III Project Note were used to

provide funds for various capital projects in the City (the "Emmaus III Projects") and (b) the cost of funding certain capital projects of the City including the Civil War Museum, street paving and Paxton Commons Parking.

The 1995A Taxable Bonds were issued by the City in the original principal amount of \$33,394,415.65 for the purpose of, among other things, funding the City's unfunded actuarial accrued pension fund liability with deposits to the City's pension funds.

The City issued the 1995 Bonds in the aggregate principal amount of \$25,000,000 for the purpose of providing funds for (a) retiring the City's General Obligation Note, Series A of 1992 and its General Obligation Note, Series B of 1992 (the "Emmaus II Notes"), and (b) funding various capital projects of the City (the "Emmaus II Projects").

The 1995A Tax-Exempt Bonds were issued by the City in the aggregate principal amount of \$12,455,000 for the purpose of providing funds for the advance refunding of the City's General Obligation Bonds, Series A of 1991, the proceeds of which Series A of 1991 Bonds were applied to refund indebtedness incurred by the City to finance certain capital projects of the City.

To finance the Project, the City is issuing its (i) \$24,891,772.10 General Obligation Refunding Bonds, Series D of 1997 (the "1997 D Bonds"), (ii) \$12,840,000.00 Federally Taxable General Obligation Refunding Bonds, Series E of 1997 (the "1997 E Bonds"), (iii) \$26,632,302.75 General Obligation Refunding Notes, Series F of 1997 (the "1997 F Notes"), and (iv) \$580,000 Federally Taxable General Obligation Refunding Notes, Series G of 1997 (the "1997 G Notes"). The 1997 D Bonds, the 1997 E Bonds, the 1997 F Notes and the 1997 G Notes are collectively referred to as the "1997 Bonds."

Proceeds of the 1997 D Bonds will be applied to refund in whole the City's 1997 B Bonds, presently outstanding in the principal amount of \$22,195,000, and to pay costs of issuing the Series D Bonds.

The City will deposit proceeds of the 1997 E Bonds in escrow, to be applied to the payment of the 1995A Taxable Bonds maturing on April 1, 1998 and maturing April 1, 2011 through April 1, 2019, inclusive.

The City will apply proceeds of the 1997 F Notes to redeem the 1995 Bonds on December 30, 1997, to finance certain capital projects of the City, and to pay the costs of issuing the 1997 F Notes.

Proceeds of the 1997 G Notes will be deposited in escrow and applied to refund in part of the 1995A Tax-Exempt Bonds, and to pay the costs of issuing the 1997 G Notes. The 1995A Tax-

Exempt Bonds to be refunded consist of \$560,000 principal amount of the \$1,245,000 principal amount scheduled to mature on April 15, 1998.

The City previously requested from The Harrisburg Authority (the "Authority") a loan (the "1997 C1 Loan"), under the Authority's program undertaken with the assistance of PNC Capital Markets, Inc. (the "PNC Caps Program") for the provision of loans to local government entities in Pennsylvania, such as the City. To evidence its obligation to pay the 1997 C1 Loan, the City previously authorized for issuance its \$25,805,000, aggregate principal amount, General Obligation Notes, Series C1 of 1997 (the "1997 C1 Notes"), which 1997 C1 Notes have been executed but not authenticated or issued. To fund the 1997 C1 Loan to the City, the Authority issued its Tax-Exempt Revenue Bonds (The City of Harrisburg Project), Series II of 1997 (Pool Bond Program) (the "Series II Bonds"). In connection with the issuance of the Series II Bonds, PNC Bank, National Association issued its Irrevocable Letter of Credit No. A-309040 in the name of the Trustee for the Series II Bonds at the request of the City, and MBIA Insurance Corporation ("MBIA") issued a policy of municipal bond insurance insuring the Series II Bonds.

The City, by an Ordinance enacted on November 25, 1997, has determined not to issue the 1997 C1 Notes, but instead, as permitted by the Indenture pursuant to which the Series II Bonds were issued, to request the Authority to substitute the City and its 1997 C1 Notes with another borrower and such borrower's obligations. By resolution duly adopted, the Harrisburg Parking Authority (the "Parking Authority") desires the Authority to substitute the Parking Authority and its Guaranteed Parking Revenue Bonds, Series I of 1997 in an aggregate principal amount not to exceed \$25,805,000 (the "Parking Authority Bonds"), for the City and the 1997 C1 Notes as the recipient of a loan of the proceeds allocated to the Series C1 Loan. The Authority has approved such request, and the City has authorized its guarantee of the Parking Authority Bonds in an aggregate principal amount not to exceed \$25,805,000.

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Parties

City:	City of Harrisburg, Dauphin County, Pennsylvania
City Solicitor:	Judith B. Schimmel, Esquire
Paying Agent, Registrar and Sinking Fund Depository:	PNC Bank, National Association
Financial Advisor:	Milt Lopus Associates, Inc.

Bond Counsel:	Eckert Seamans Cherin & Mellott, LLC
Underwriters:	Arthurs, Lestrangle & Company, Incorporated RRZ Public Markets, Inc. Mesirow Financial, Inc. AIBC Municipal Securities
Underwriters' Counsel:	Obermayer Rebmann Maxwell & Hoppel, LLP
Bond Insurer:	Ambac Assurance Corporation
1995 Bonds Paying Agent:	Dauphin Deposit Bank and Trust Company
1995A Taxable Bonds Escrow Agent:	Chase Manhattan Trust Company, National Association
1995A Tax-Exempt Bonds Escrow Agent:	Chase Manhattan Trust Company, National Association
1997B Bonds Escrow Agent:	PNC Bank, National Association
Verification Agent:	Causey, Demgen & Moore, Inc.
Parking Authority:	Harrisburg Parking Authority
LOC Bank:	PNC Bank, National Association
MBIA:	MBIA Insurance Corporation
Forward Supply Provider (1995A Taxable Bonds):	The Chase Manhattan Bank
Counsel to Forward Supply Provider (1995A Taxable Bonds):	Rogers & Wells
Forward Supply Provider (1997B Bonds):	Bear Stearns Capital Markets Inc.
Counsel to Forward Supply Provider (1997B Bonds):	Rogers & Wells

Source: Bond Document, City's Law Bureau