

**RESOLUTION NO. 1-2013**

**HARRISBURG REDEVELOPMENT AUTHORITY**

A RESOLUTION OF THE REDEVELOPMENT AUTHORITY OF THE CITY OF HARRISBURG, APPROVING A PROJECT CONSISTING OF A REFUNDING PLAN IN CONNECTION WITH THE ISSUANCE OF CERTIFICATES OF PARTICIPATION, SERIES OF 2013 IN ASSIGNED BASIC LEASE PAYMENTS OF THE COMMONWEALTH OF PENNSYLVANIA; AUTHORIZING EXECUTION AND DELIVERY OF AMENDMENTS TO THE SO1 LEASE AND THE SO2 LEASE, A TAX AGREEMENT AND A CERTIFICATE AND OTHER DOCUMENTS RELATING TO SAID PROJECT; AND AUTHORIZING OTHER NECESSARY ACTION RELATING TO SAID PROJECT.

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WHEREAS, the Redevelopment Authority of the City of Harrisburg (the "Authority") is a body corporate and politic of the Commonwealth of Pennsylvania (the "Commonwealth") created by resolution of the Council of the City of Harrisburg, Dauphin County, Pennsylvania (the "City"), under provisions of the Urban Redevelopment Law of the Commonwealth of Pennsylvania, approved May 24, 1945, PL. 991, as amended (the "Act"), for the purpose of, among other things, eliminating or preventing the spread of blighted conditions in the City; and

WHEREAS, Harristown Development Corporation ("HDC") and the Commonwealth have heretofore entered into a Lease dated as of October 14, 1975 (the "Original SO1 Lease"), pursuant to which HDC has leased to the Commonwealth the State Demised Premises (as defined in the Original SO1 Lease) located in State Office Building No. 1 ("SO1"), Harrisburg, Pennsylvania; and

WHEREAS, the Commonwealth and HDC also have entered into a second Lease dated as of October 14, 1975 (the "Original SO2 Lease"), pursuant to which HDC has leased to the Commonwealth the State Demised Premises (as defined in the Original SO2 Lease) located in State Office Building No. 2 ("SO2"), Harrisburg, Pennsylvania; and

WHEREAS, the Commonwealth, HDC and the City of Harrisburg (the "City") entered into an Amendment to Lease for State Office Building No. 1 dated as of July 1, 1991, as supplemented by the First Supplemental Agreement to Amendment to Lease for State Office Building No. 1 dated as of June 1, 1992 (collectively, the "Prior Amendment to SO1 Lease") in order to amend the Original SO1 Lease to reflect a restructuring project under which HDC and the City sold (solely for federal tax purposes and not a sale or a transfer of a real estate interest under state law) substantially all their rights and interests in the State Demised Premises in SO1 to the Commonwealth; and

WHEREAS, the Commonwealth, the City and HDC entered into an Amendment to Lease for State Office Building No. 2 dated as of July 1, 1991, as supplemented by the First

Supplemental Agreement to Amendment to Lease for State Office Building No. 2 dated as of June 1, 1992 (collectively, the "Prior Amendment to SO2 Lease") in order to amend the Original SO2 Lease to reflect a restructuring project under which HDC and the City sold (solely for federal tax purposes and not a sale or a transfer of a real estate interest under state law) substantially all their rights and interests in the State Demised Premises in SO2 to the Commonwealth; and

WHEREAS, HDC and the Commonwealth provided for the payment to HDC of a portion of the purchase price of the Commonwealth's acquisition of the State Demised Premises in SO1 and SO2 by: (a) establishing a trust and assigning to the escrow agent for said trust all of HDC's right, title and interest in and to the Original SO1 Lease, as amended by the Prior Amendment to SO1 Lease, the Original SO2 Lease, as amended by the Prior Amendment to SO2 Lease, and the Assigned Lease Payments thereunder and (b) directing the escrow agent for such trust to issue and deliver Certificates of Participation dated November 15, 1991 (the "1991 Certificates") pursuant to the Commonwealth of Pennsylvania Harristown Project Certificates of Participation Escrow Agreement dated as of July 1, 1991 (the "Original Escrow Agreement") between HDC and CoreStates Bank, N.A. as the original escrow agent (the original escrow agent together with its successors in interest, collectively, the "Escrow Agent"); and

WHEREAS, the 1991 Certificates evidenced a specified interest in the principal component and interest component of the Assigned Basic Lease Payments under and as defined in both the Original SO1 Lease, as amended by the Prior Amendment to SO1 Lease, and the Original SO2 Lease, as amended by the Prior Amendment to SO2 Lease, payable by the Commonwealth through the Department of General Services and assigned to the Escrow Agent; and

WHEREAS, as security for the 1991 Certificates, HDC and the Escrow Agent entered into the Assignment Relating to Leasehold Estates in Certain State Demised Premises Occupied by the Commonwealth of Pennsylvania and Rights Appurtenant Thereto dated as of July 1, 1991 (the "Original Assignment") which, among other matters, (a) provided for an absolute assignment to the Escrow Agent of all of HDC's rights with respect to the State Demised Premises in SO1 and SO2 including the corresponding portion of the Original SO1 Lease, as amended by the Prior Amendment to SO1 Lease, the Original SO2 Lease, as amended by the Prior Amendment to SO2 Lease, all Assigned Basic Lease Payments, and the interests in portions of the Ground Lease relating to SO1 and SO2 (the "Ground Lease") as set forth in the Agreement to Convey, Lease, Service Agreement and Redevelopment Contract dated October 14, 1975, as amended, among HDC, the Authority and the City, (b) granted a lien on and security interest in HDC's and the City's interest in the State Demised Premises in SO1 and SO2 to the Escrow Agent as collateral, and (c) constituted an assignment of HDC's interest in SO1, SO2 and the Ground Lease for the benefit of the Escrow Agent; and

WHEREAS, in December, 1998, the City sold and conveyed all of its right, title and interest in its real properly interest under the Ground Lease in SO1 and SO2 to the Authority; and

WHEREAS, in 2001 due to market conditions and declining interest rates, the Commonwealth, HDC and the Authority determined it was in the best interest of the parties to

refund the 1991 Certificates with proceeds from the issuance of Additional Certificates pursuant to and as defined in the Original Escrow Agreement; and

WHEREAS, in 2001, the Commonwealth, HDC and the Authority participated in such refunding and Additional Certificates were issued pursuant to Sections 4.01 and 4.02 of the Original Escrow Agreement and designated as Certificates of Participation, Series of 2001 (the "2001 Certificates"); and

WHEREAS, the proceeds derived from the issuance and sale of the 2001 Certificates were applied for and toward the following project: (i) the refunding of the 1991 Certificates; (ii) the funding of certain capital projects undertaken by the Commonwealth, or by the Authority or HDC on behalf of and for the benefit of the Commonwealth pursuant to a Cooperation Agreement dated as of November 1, 2001 among the Commonwealth, the Authority and HDC; (iii) the funding of necessary reserves under the Escrow Agreement; and (iv) the payment of the costs of issuance of the 2001 Certificates, including the cost of a municipal bond insurance premium; and

WHEREAS, in order to reflect the issuance of the 2001 Certificates: (i) the Commonwealth, HDC and the Authority executed and delivered (a) a 2001 Amendment to the SO1 Lease dated as of August 1, 2001, along with a First Supplemental Agreement to 2001 Amendment to SO1 Lease (collectively, the "2001 SO1 Lease Amendment"), amending and supplementing the Original SO1 Lease, as amended by the Prior Amendment to SO1 Lease and (b) a 2001 Amendment to the SO2 Lease dated as of August 1, 2001, along with a First Supplemental Agreement to 2001 Amendment to SO2 Lease (collectively, the "2001 SO2 Lease Amendment"), amending and supplementing the Original SO2 Lease, as amended by the Prior Amendment to SO2 Lease; and (ii) HDC and the Escrow Agent executed and delivered an Amendment to Assignment Agreement dated as of November 1, 2001 (the "Assignment Amendment"), ratifying and confirming the assignment by HDC to the Escrow Agent of the property described therein; and

WHEREAS, in order to avail itself of the current low interest rate environment, the Commonwealth desires to refinance the 2001 Certificates (the "Refunding Plan") and desires that Additional Certificates be issued pursuant to Sections 4.01 and 4.02 of the Original Escrow Agreement and be designated Certificates of Participation, Series of 2013 in the approximate amount of \$26,345,000 (the "2013 Certificates"); and

WHEREAS, in order to reflect the issuance of the 2013 Certificates: (i) the Commonwealth, HDC and the Authority will execute and deliver (a) a 2013 Amendment to the SO1 Lease (the "2013 SO1 Lease Amendment"), amending and supplementing the Original SO1 Lease, as amended by the Prior Amendment to SO1 Lease and as amended by the 2001 SO1 Lease Amendment, and (b) a 2013 Amendment to the SO2 Lease (the "2013 SO2 Lease Amendment"), amending and supplementing the Original SO2 Lease, as amended by the Prior Amendment to SO2 Lease and as amended by the 2001 SO2 Lease Amendment; and (ii) HDC and the Escrow Agent will execute and deliver a Second Amendment to Assignment Agreement (the "Second Assignment Amendment," and with the Original Assignment and the Assignment Amendment, the "Assignment"), ratifying and confirming the assignment by HDC to the Escrow Agent of the property described therein; and

WHEREAS, the 2013 Certificates will be issued under the Original Escrow Agreement, as amended and supplemented by a Supplemental Escrow Agreement, dated as of November 1, 2001 (the "Supplemental Escrow Agreement") and as further amended and supplemented by the Second Supplemental Escrow Agreement (the "Second Supplemental Escrow Agreement," and with the Original Escrow Agreement and the Supplemental Escrow Agreement, collectively, the "Escrow Agreement") between HDC and Manufacturers and Traders Trust Company, a New York banking corporation, successor in interest to Allfirst Bank, as Escrow Agent and as successor Escrow Agent to Chase Manhattan Trust Company, National Association, Mellon Bank, N.A. and CoreStates Bank, N.A.; and

WHEREAS, the proceeds to be derived from the issuance and sale of the 2013 Certificates will be applied for and toward the following project (the "2013 Project"): (i) the funding of the Refunding Plan; (ii) the funding of necessary reserves under the Escrow Agreement; and (iii) the payment of the costs of issuance of the 2013 Certificates, including the cost of any municipal bond insurance premium; and

WHEREAS, the 2013 Certificates are payable from the Assigned Basic Lease Payments comprised of an interest component and a principal component as hereinafter designated and quantified; and

WHEREAS, the Authority desires to approve the Refunding Plan and desires to authorize and approve the execution and delivery of the 2013 SO1 Lease Amendment, the 2013 SO2 Lease Amendment, a Tax Agreement and Certificate and such other documents, instruments and certificates as it deems necessary or appropriate to effectuate the purpose of this Resolution.

NOW, THEREFORE, BE IT RESOLVED by the Redevelopment Authority of the City of Harrisburg as follows:

1. Approval of Refunding Plan. The Authority hereby authorizes and approves the 2013 Project, including the Refunding Plan, all as described in the preambles of this Resolution.

2. Authorization of 2013 SO1 Lease Amendment. The Authority is hereby authorized to enter into the 2013 SO1 Lease Amendment with the Commonwealth and HDC. The form of the 2013 SO1 Lease Amendment presented at this meeting is hereby approved. The 2013 SO1 Lease Amendment shall be substantially in the form presented at this meeting with such additions, deletions and modifications as may be acceptable to the officer executing such document on behalf of the Authority and Special Counsel, the approval of such further additions, deletions and modifications to be conclusively evidenced by execution thereof in accordance with Paragraph 5 hereof.

3. Authorization of 2013 SO2 Lease Amendment. The Authority is hereby authorized to enter into the 2013 SO2 Lease Amendment with the Commonwealth and HDC. The form of the 2013 SO2 Lease Amendment presented at this meeting is hereby approved. The 2013 SO2 Lease Amendment shall be substantially in the form presented at this meeting with such additions, deletions and modifications as may be acceptable to the officer executing such document on behalf of the Authority and Special Counsel, the approval of such further additions, deletions and modifications to be conclusively evidenced by execution thereof in accordance with Paragraph 5 hereof.

4. Authorization of Tax Agreement and Certificate. The Authority hereby authorizes and directs the appropriate officers to execute and deliver a Tax Agreement and Certificate. The Tax Agreement and Certificate shall be in such form as Counsel to the Authority and Special Counsel may advise and as the proper officers of this Authority shall approve, such approval to be conclusively evidenced by their execution thereof in accordance with Paragraph 5 hereof.

5. Execution and Delivery of Documents. The Chairman or Vice Chairman or any other member of the Board of the Authority is hereby authorized to execute and deliver, in the name of the Authority and on its behalf, the following documents and to approve the final form and substance thereof, and any amendments or supplements thereto before or after the initial execution and delivery thereof, such approvals to be conclusively evidenced by the execution thereof, and the Secretary or any Assistant Secretary or any other member of the Board of the Authority is hereby authorized to affix to all of the following documents the seal of the Authority and to attest to the same:

- (a) The 2013 SO1 Lease Amendment;
- (b) The 2013 SO2 Lease Amendment;
- (c) The Tax Agreement and Certificate; and

(d) Such other documents, agreements, security agreements, financing statements, instruments and certifications as the executing officers determine to be reasonable and appropriate to complete the issuance of the 2013 Certificates, the Refunding Plan and the 2013 Project as authorized by this Resolution.

Copies of the foregoing documents, together with the other documents relating to the transactions authorized hereby, in final form as executed and delivered by the parties thereto, shall be filed in the official records of the Authority.

6. Binding Effect of Covenants and Agreements. All covenants, obligations and agreements of the Authority set forth in this Resolution and in the documents authorized hereby shall be deemed to be the covenants, obligations and agreements of the Authority to the full extent authorized or permitted by law, and all such covenants, obligations and agreements shall be binding upon the Authority and its successors from time to time and upon any board or body to which any powers or duties affecting the same shall be transferred by or in accordance with law. Except as otherwise provided in this Resolution, all rights, powers and privileges conferred and duties and liabilities imposed upon the Authority or the members thereof by the provisions of this Resolution or the documents authorized hereby shall be exercised or performed by such members, officers or other representatives of the Authority as may be required or permitted by law to exercise or perform the same. No covenant, obligation or agreement herein contained or contained in any documents authorized hereby shall be deemed to be a covenant, obligation or agreement of any member, officer, agent or employee of the Authority in his or her individual capacity and neither the members of the Authority nor any officer executing the documents authorized by this Resolution shall be liable personally thereunder or be subject to any personal liability or accountability by reason of the execution and delivery thereof.

7. Further Action. Any member of the Authority is hereby authorized and directed to execute such further documents and do such further things as may be necessary or proper to carry out the 2013 Project and the intent and purpose of this Resolution or any document herein authorized.

8. Repeal of Inconsistent Resolutions. All prior resolutions or parts thereof inconsistent herewith are hereby repealed to the extent of such inconsistency.

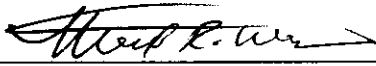
9. Effective Date. This Resolution shall take effect immediately.

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Adopted: February \_\_\_\_, 2013

Attest:

REDEVELOPMENT AUTHORITY OF THE  
CITY OF HARRISBURG

  
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By:   
\_\_\_\_\_ Chairman

(Seal)

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# Refunding of the 2001 Department of General Services Certificates of Participation

## Preliminary Transaction Overview

January 10, 2013

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### Summary of existing 2001 Certificates

**Certificates of Participation, Series of 2001**  
in Assigned Basic Lease Payments by the  
Commonwealth of Pennsylvania  
(Acting Through its Department of General Services)  
As Lessee  
Pursuant to Certain Leases with  
Harristown Development Corporation  
as Lessor

Issue Date	11/1/2001
Original Issued Par Amount	\$71,135,000
Final Maturity	5/1/2016
Payment Dates	Semi-annually: 5/1/2002 through 5/1/2016
Bond Insurer	FSA
Outstanding Par Amount	\$26,345,000
Remaining Average Interest Rate±	5.25%
Next payment on 5/1/2013	\$3,292,988



**Summary of proposed 2013 Certificates (Preliminary)**

**Certificates of Participation, Series of 2013**  
in Assigned Basic Lease Payments by the  
Commonwealth of Pennsylvania  
(Acting Through its Department of General Services)  
As Lessee  
Pursuant to Certain Leases with  
Harristown Development Corporation  
as Lessor

Issue Date	Prior to 5/1/2013
Final Maturity	5/1/2016
Payment Dates	Semi-annually: 5/1/2013 through 5/1/2016
Bond Insurer (tentatively)	Assured Guaranty (formerly FSA)
Par Amount	Amount necessary to pay off all outstanding 2001 COPs Range between approx. \$19 Million and \$28 Million (range dependent on Certificate pricing structure and if a new Debt Service Reserve Fund will be funded)
Refunding Documents	2 <sup>nd</sup> Supplemental Escrow Agreement which amends and supplements the existing Supplemental Escrow Agreement dated as of 11/1/2001
Estimated Average Interest Rate	Approx. 1.25% (based on current conditions and subject to change prior to final pricing of Certificates).
Estimated Debt Service Savings	Approx. \$1.7 Million (based on current conditions and subject to change prior to final pricing of Certificates). Debt Service savings (lowered Lease payments) will occur on 5/1/2013. All other payments will remain approximately the same as the 2001 Certificates.
Next payment on 5/1/2013	\$1,592,988 (based on assumptions above & for illustrative purposes equals existing payment of \$3,292,988 less \$1,700,000).

**Summary of Preliminary Timeline**

Document preparation	January and February
Submit documents to Bond Insurer	February
HRA Board Meeting (authorizing Resolution)	February 19
HDC Board Meeting (authorizing Resolution)	TBD – Late February
Pricing of 2013 Certificates (locking-in interest rates)	Late March
Closing	Approximately 1 week after Pricing
1 <sup>st</sup> Payment Date of 2013 Certificates	5/1/2013 with reduced payment Existing 5/1/13 payment of \$3,292,988 Estimated new 5/1/13 payment of \$1,592,988 (all other payments will be approximately the same as the existing 2001 Certificates)