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## Notice of Material Event

**The Harrisburg Authority  
(Dauphin County, Pennsylvania)**

**\$22,555,000**

**Guaranteed Federally Taxable Resource Recovery Facility  
Subordinate Revenue and Refunding Revenue Bonds, Series A of 2003  
("Series 2003A Bonds")**

**\$29,085,000**

**Guaranteed Federally Taxable Resource Recovery Facility  
Subordinate Revenue and Refunding Revenue Notes, Series B of 2003  
("Series 2003B Notes")**

and

**\$24,285,000**

**Guaranteed Resource Recovery Facility  
Subordinate Refunding Revenue Notes, Series C of 2003  
("Series 2003C Notes")**

Notice is hereby given by The Harrisburg Authority (the "Authority") and the City of Harrisburg (the "City") of (i) a **credit providers failure to perform**, and (ii) an **unscheduled draw on debt service reserves reflecting financial difficulties**. The City failed to perform its payment obligations under the Guaranty Agreement, dated as of June 4, 2003 (the "Guaranty Agreement"), among the City, the Authority and TD Bank, National Association, (successor to Commerce Bank, National Association and Commerce Bank/Pennsylvania, National Association) as trustee (the "Trustee"), in connection with the payment of interest due on the Series 2003A Bonds, the Series 2003B Notes and the Series 2003C Notes (collectively, the "Series 2003 ABC Obligations") on March 1, 2011. Such failure to perform by the City, as guarantor, resulted in an unscheduled draw on the 2003 Debt Service Reserve Account on February 23, 2011 for the payment of interest due on the Series 2003ABC Obligations on March 1, 2011. The amount of the draw on the 2003 Debt Service Reserve Account was as follows:

| <u>Series 2003A Bonds</u> | <u>Series 2003B Notes</u> | <u>Series 2003C Notes</u> | <u>Total</u>   |
|---------------------------|---------------------------|---------------------------|----------------|
| \$647,262.50              | \$147,612.04              | \$607,125.00              | \$1,401,999.54 |

The CUSIP numbers of the Series 2003ABC Obligations affected by this draw are listed below:

| <u>Series 2003A Bonds</u> | <u>Series 2003B Notes</u> | <u>Series 2003C Notes</u> |
|---------------------------|---------------------------|---------------------------|
| 41473EEP2<br>41473EEQ0    | 41473EER8                 | 41473EES6                 |

The 2003A Subaccount, the 2003B Subaccount and the 2003C Subaccount of the 2003 Debt Service Account established under Section 6.02(a) of the Trust Indenture (the "Series 2003ABC Indenture"), dated as of June 4, 2003, between the Authority and the Trustee, did not have sufficient funds on deposit to pay the scheduled interest payment of \$647,262.50 due on the Series 2003A Bonds, \$147,612.04 due on the Series 2003B Notes or \$607,125.00 due on the Series 2003C Notes on March 1, 2011. Pursuant to the terms of the Series 2003ABC Indenture and the Guaranty Agreement, the Trustee notified the Authority and the City of such deficiencies in the 2003A Subaccount, the 2003B Subaccount and the 2003C Subaccount of the 2003 Debt Service Account. The Series 2003ABC Indenture and the Guaranty Agreement provide that if there are insufficient revenues available from the operation of the Authority's

Resource Recovery Facility to pay debt service on the Series 2003ABC Obligations, then the Trustee is to draw upon the City Guaranty Agreement for the monies for debt service. The Trustee so notified the City of the respective deficiencies in the respective subaccounts of 2003 Debt Service Account for the March 1, 2011 debt service payment. However, the City notified the Trustee that the City was not able to transfer funds for the debt service payment due on the Series 2003ABC Obligations on March 1, 2011. Upon the failure of the City to advance monies as required under the Guaranty Agreement, the Trustee then transferred funds from the 2003 Debt Service Reserve Account of the Debt Service Reserve Fund to the 2003A Subaccount, the 2003B Subaccount and the 2003C Subaccount of the 2003 Debt Service Account in amounts sufficient to satisfy the respective deficiencies therein and to enable the Trustee to make the necessary payments of interest on the Series 2003ABC Obligations on March 1, 2011. The amount presently on deposit in the 2003 Series Debt Service Reserve Account is \$580,835.80.

Under their respective "Continuing Disclosure Undertaking" the Authority and the City, as applicable, are required to notify you of (i) a **credit providers failure to perform** and (ii) **unscheduled draws on debt service reserves reflecting financial difficulties**. Any questions concerning this communication can be directed to the Authority or the City, as follows:

To the Authority:  
Michele T.V. Torres  
Executive Director  
The Harrisburg Authority  
212 Locust Street – Suite 302  
Harrisburg, PA 17101  
Telephone No.: (717) 525-7677  
Fax No.: (717) 525-7688

To the City:  
Robert F. Kroboth  
Finance Director  
City of Harrisburg  
10 North Second Street  
Harrisburg, PA 17101  
Telephone No.: (717) 255-6507  
Fax No.: (717) 255-7251

No representation is made as to the correctness or accuracy of the CUSIP numbers either as printed on the Series 2003ABC Obligations as contained in this notice.

Date: March 1, 2011

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