

**AMENDMENT TO OFFICIAL STATEMENT DATED
DECEMBER 24, 2013**

amending the
OFFICIAL STATEMENT DATED DECEMBER 18, 2013,

\$286,553,663.70

**Pennsylvania Economic Development Financing Authority
Parking System Revenue Bonds
(Capitol Region Parking System)**

Consisting of:

**\$120,928,160.55
Senior Parking Revenue Bonds
(Capitol Region Parking System)
Series A of 2013**

**\$97,172,029.25
Junior Guaranteed Parking Revenue Bonds
(Capitol Region Parking System)
Series B of 2013**

**\$68,453,473.90
Junior Insured/Guaranteed Parking Revenue Bonds
(Capitol Region Parking System)
Series C of 2013**

The Official Statement, dated December 18, 2013 (the “Original Official Statement”), relating to the above-captioned Bonds is hereby amended as follows:

1. The tables on the inside cover page of the Original Official Statement captioned “\$20,713,160.55 Capital Appreciation Bonds, Series A-2”, “\$25,061,280.45 Capital Appreciation Bonds, Series B-2” and “\$23,668,473.90 Capital Appreciation Bonds, Series C-2”, respectively, are hereby amended and restated by adding a column captioned “Value At Maturity” and amending and restating the information under the column captioned “Price”, as follows:

\$20,713,160.55 Capital Appreciation Bonds, Series A-2

Maturity Date	Original Principal Amount	Value At Maturity	Interest Rate	Yield	Price***	CUSIP*
1/1/2016	\$111,040.55	\$115,000.00	1.740%	1.740%	96.557%	70870EAQ2
1/1/2017	838,480.75	895,000.00	2.170	2.170	93.685	70870EAR0
1/1/2018	1,111,784.05	1,235,000.00	2.630	2.630	90.023	70870EAS8
1/1/2019	1,336,322.20	1,565,000.00	3.170	3.170	85.388	70870EAT6

* The above CUSIP (Committee on Uniform Securities Identification Procedures) numbers have been assigned by an organization not affiliated with the Authority or the Underwriters, and such parties are not responsible for the selection or use of the CUSIP numbers. The CUSIP numbers are included solely for the convenience of bondholders and no representation is made as to the correctness of such CUSIP numbers. CUSIP numbers assigned to securities may be changed during the term of such securities based on a number of factors including, but not limited to, the refunding or defeasance of such issue or the use of secondary market financial products. Neither the Authority nor the Underwriters has agreed to, and there is no duty or obligation to, update this Official Statement to reflect any change or correction in the CUSIP numbers set forth above.

*** Percentage of the Maturity Value.

1/1/2020	1,510,618.20	1,895,000.00	3.800	3.800	79.716	70870EAU3
1/1/2021	1,564,583.35	2,105,000.00	4.270	4.270	74.327	70870EAV1
1/1/2027	1,978,166.75	4,165,000.00	5.800	5.800	47.495	70870EAE9
1/1/2028	1,937,197.60	4,420,000.00	5.970	5.970	43.828	70870EAF6
1/1/2029	1,902,484.80	4,685,000.00	6.090	6.090	40.608	70870EAG4
1/1/2030	1,864,712.00	4,960,000.00	6.200	6.200	37.595	70870EAH2
1/1/2031	1,825,930.40	5,240,000.00	6.290	6.290	34.846	70870EAJ8
1/1/2035	1,624,672.50	6,285,000.00	6.540	6.540	25.850	70870EAW9
1/1/2036	1,577,949.80	6,580,000.00	6.590	6.590	23.981	70870EAK5
1/1/2037	1,529,217.60	6,880,000.00	6.640	6.640	22.227	70870EAL3

\$25,061,280.45 Capital Appreciation Bonds, Series B-2

Maturity Date	Original Principal Amount	Value At Maturity	Interest Rate	Yield	Price***	CUSIP*
1/1/2028	\$1,532,678.40	\$3,280,000.00	5.500%	5.500%	46.728%	70870EBG3
1/1/2029	1,528,810.90	3,505,000.00	5.600	5.600	43.618	70870EBH1
1/1/2030	1,507,595.60	3,710,000.00	5.700	5.700	40.636	70870EBJ7
1/1/2031	1,481,172.00	3,920,000.00	5.800	5.800	37.785	70870EBK4
1/1/2032	1,459,350.00	4,140,000.00	5.870	5.870	35.250	70870EBL2
1/1/2033	1,436,172.30	4,365,000.00	5.930	5.930	32.902	70870EBM0
1/1/2034	1,409,516.25	4,595,000.00	5.990	5.990	30.675	70870EBN8
1/1/2035	1,396,828.50	4,890,000.00	6.050	6.050	28.565	70870EBP3
1/1/2036	1,371,239.00	5,150,000.00	6.100	6.100	26.626	70870EBQ1
1/1/2037	1,235,980.90	4,985,000.00	6.150	6.150	24.794	70870EBR9
1/1/2038	1,181,030.40	5,120,000.00	6.200	6.200	23.067	70870EBS7
1/1/2039	1,142,698.70	5,330,000.00	6.250	6.250	21.439	70870EBT5
1/1/2040	1,022,173.10	5,135,000.00	6.300	6.300	19.906	70870EBU2
1/1/2041	908,878.95	4,935,000.00	6.360	6.360	18.417	70870EBV0
1/1/2042	812,478.65	4,735,000.00	6.390	6.390	17.159	70870EBW8
1/1/2043	723,004.50	4,525,000.00	6.420	6.420	15.978	70870EBX6
1/1/2044	630,854.70	4,305,000.00	6.500	6.500	14.654	70870EBY4
1/1/2045	1,566,665.55	11,745,000.00	6.600	6.600	13.339	70870EBZ1
1/1/2046	1,423,376.55	11,745,000.00	6.700	6.700	12.119	70870ECA5
1/1/2047	1,290,775.50	11,745,000.00	6.800	6.800	10.990	70870EDJ5

* The above CUSIP (Committee on Uniform Securities Identification Procedures) numbers have been assigned by an organization not affiliated with the Authority or the Underwriters, and such parties are not responsible for the selection or use of the CUSIP numbers. The CUSIP numbers are included solely for the convenience of bondholders and no representation is made as to the correctness of such CUSIP numbers. CUSIP numbers assigned to securities may be changed during the term of such securities based on a number of factors including, but not limited to, the refunding or defeasance of such issue or the use of secondary market financial products. Neither the Authority nor the Underwriters has agreed to, and there is no duty or obligation to, update this Official Statement to reflect any change or correction in the CUSIP numbers set forth above.

*** Percentage of the Maturity Value.

\$23,668,473.90 Capital Appreciation Bonds, Series C-2

Maturity Date	Original Principal Amount	Value At Maturity	Interest Rate	Yield	Price***	CUSIP*
1/1/2034	\$1,731,603.75	\$5,645,000.00	5.990%	5.990%	30.675%	70870EDU0
1/1/2035	1,672,480.75	5,855,000.00	6.050	6.050	28.565	70870EDH9
1/1/2036	1,609,541.70	6,045,000.00	6.100	6.100	26.626	70870ECW7
1/1/2037	1,469,044.50	5,925,000.00	6.150	6.150	24.794	70870ECX5
1/1/2038	1,389,786.75	6,025,000.00	6.200	6.200	23.067	70870ECY3
1/1/2039	1,322,786.30	6,170,000.00	6.250	6.250	21.439	70870ECZ0
1/1/2040	1,201,327.10	6,035,000.00	6.300	6.300	19.906	70870EDA4
1/1/2041	1,084,761.30	5,890,000.00	6.360	6.360	18.417	70870EDB2
1/1/2042	985,784.55	5,745,000.00	6.390	6.390	17.159	70870EDC0
1/1/2043	893,969.10	5,595,000.00	6.420	6.420	15.978	70870EDD8
1/1/2044	797,177.60	5,440,000.00	6.500	6.500	14.654	70870EDE6
1/1/2045	1,437,277.25	10,775,000.00	6.600	6.600	13.339	70870EDF3
1/1/2046	1,305,822.25	10,775,000.00	6.700	6.700	12.119	70870EDG1

2. The information with respect to the term bond due January 1, 2049, under the caption “**\$2,010,748.80 Callable Capital Appreciation Bonds, Series B-3**” on the inside cover page of the Original Official Statement is hereby amended and restated by adding the Value At Maturity and amending and restating the information with respect to the Price of such bonds, as follows:

\$2,010,748.80 7.250% Term Bonds Due January 1, 2049; Value At Maturity \$24,355,000.00; Yield 7.250%; Price 8.256%; CUSIP* 70870ECB3

3. The information with respect to the term bonds due January 1, 2049 and July 1, 2053, respectively, under the caption “**\$23,668,473.90 Capital Appreciation Bonds, Series C-2**” on the inside cover page of the Original Official Statement is hereby amended and restated by adding the Value At Maturity for each term bond and amending and restating the information with respect to the Price of such bonds, as follows:

\$3,327,405.40 6.800% Term Bonds Due January 1, 2049 Value At Maturity \$34,610,000.00 Yield 6.800% Price 9.614% CUSIP* 70870EDL0

* The above CUSIP (Committee on Uniform Securities Identification Procedures) numbers have been assigned by an organization not affiliated with the Authority or the Underwriters, and such parties are not responsible for the selection or use of the CUSIP numbers. The CUSIP numbers are included solely for the convenience of bondholders and no representation is made as to the correctness of such CUSIP numbers. CUSIP numbers assigned to securities may be changed during the term of such securities based on a number of factors including, but not limited to, the refunding or defeasance of such issue or the use of secondary market financial products. Neither the Authority nor the Underwriters has agreed to, and there is no duty or obligation to, update this Official Statement to reflect any change or correction in the CUSIP numbers set forth above.

*** Percentage of the Maturity Value.

\$3,439,705.60 7.000% Term Bonds Due July 1, 2053 Value At Maturity \$52,180,000.00 Yield 7.000% Price 6.592% CUSIP* 70870EDQ9

Capitalized terms and phrases used in this Amendment to Official Statement shall have the meanings ascribed to them in the Original Official Statement.

THIS AMENDMENT TO OFFICIAL STATEMENT IS SUBJECT IN ALL RESPECTS TO THE COMPLETE INFORMATION CONTAINED IN THE ORIGINAL OFFICIAL STATEMENT. THIS AMENDMENT TO OFFICIAL STATEMENT IS REQUIRED TO BE PHYSICALLY AFFIXED TO, AND IS TO BE READ ONLY IN CONJUNCTION WITH, AND AS PART OF, THE ORIGINAL OFFICIAL STATEMENT. THIS AMENDMENT TO OFFICIAL STATEMENT SHOULD NOT BE SEPARATED FROM THE ORIGINAL OFFICIAL STATEMENT, AND THE ORIGINAL OFFICIAL STATEMENT, AS AMENDED BY THIS AMENDMENT, CONSTITUTES A SINGLE DOCUMENT WHICH MUST BE READ IN ITS ENTIRETY.

In the opinion of Bond Counsel and Special Tax Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Bonds, including interest in the form of original issue discount, is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel and Special Tax Counsel are also of the opinion that, under the laws of the Commonwealth of Pennsylvania, as enacted and construed on the date hereof, the Bonds are exempt from Pennsylvania personal property taxes and the interest on the Bonds is exempt from Pennsylvania income tax and Pennsylvania corporate net income tax. For a more complete description of such opinions of Bond Counsel and Special Tax Counsel, see "TAX MATTERS" herein.

\$286,553,663.70

**Pennsylvania Economic Development Financing Authority
Parking System Revenue Bonds
(Capitol Region Parking System)**

Consisting of:

\$120,928,160.55	\$97,172,029.25	\$68,453,473.90
Senior Insured Parking Revenue Bonds (Capitol Region Parking System) Series A of 2013	Junior Guaranteed Parking Revenue Bonds (Capitol Region Parking System) Series B of 2013	Junior Insured/Guaranteed Parking Revenue Bonds (Capitol Region Parking System) Series C of 2013

Dated: Date of Issuance

Due: as shown on inside cover

The Pennsylvania Economic Development Financing Authority (the "Authority") is issuing: (i) \$120,928,160.55, original aggregate principal amount, Senior Insured Parking Revenue Bonds (Capitol Region Parking System) Series A of 2013 consisting of \$100,215,000.00 Current Interest Bonds, Series A-1 (the "Series A-1 Bonds") and \$20,713,160.55 Capital Appreciation Bonds, Series A-2 (the "Series A-2 Bonds" and, together with the Series A-1 Bonds, the "Series A Bonds"); (ii) \$97,172,029.25, original aggregate principal amount, Junior Guaranteed Parking Revenue Bonds (Capitol Region Parking System), Series B of 2013, consisting of \$70,100,000.00 Current Interest Bonds, Series B-1 (the "Series B-1 Bonds"), \$25,061,280.45 Capital Appreciation Bonds, Series B-2 (the "Series B-2 Bonds") and \$2,010,748.80 Callable Capital Appreciation Bonds, Series B-3 (the "Series B-3 Bonds" and, together with the Series B-1 Bonds and the Series B-2 Bonds, the "Series B Bonds"); and (iii) \$68,453,473.90, original aggregate principal amount, Junior Insured/Guaranteed Parking Revenue Bonds (Capitol Region Parking System), Series C of 2013 consisting of \$44,785,000.00 Current Interest Bonds, Series C-1 (the "Series C-1 Bonds") and \$23,668,473.90 Capital Appreciation Bonds, Series C-2 (the "Series C-2 Bonds" and, together with the Series C-1 Bonds, the "Series C Bonds"). The Series A Bonds, the Series B Bonds and the Series C Bonds are collectively referred to herein as the "Bonds". The Bonds are being issued pursuant to a Trust Indenture, dated as of December 1, 2013 (the "Indenture"), by and between the Authority and U.S. Bank National Association, as trustee (the "Trustee").

The Bonds of each series and subseries will mature on the dates and in the amounts, and bear interest at the rate or rates, set forth on the inside front cover hereof. Interest on Bonds which are Current Interest Bonds (as defined and described herein) is payable semiannually on each January 1 and July 1, commencing on July 1, 2014. The Bonds will be issued as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC" or the "Securities Depository"), an automated depository for securities and a clearinghouse for securities transactions. Purchases of beneficial interests in the Bonds will be made in book-entry form (without certificates). Bonds constituting Current Interest Bonds will be issued in denominations of \$5,000 or any integral multiple thereof. Bonds constituting Capital Appreciation Bonds (as defined and described herein) will be issued in a Maturity Amount of \$5,000 and integral multiples of \$5,000 in excess thereof. So long as DTC, or its nominee, Cede & Co., is the registered owner of the Bonds, payments of the principal of, premium, if any, and interest on the Bonds will be made directly by the Trustee to Cede & Co., which will remit such payments to the beneficial owners of the Bonds. See "THE BONDS – The DTC Book-Entry-Only System" herein.

The Authority will use the proceeds of the Bonds, and other available moneys, to finance a project consisting of: (i) paying the cost of acquiring an interest in certain off-street parking garages and parking lots, together with metered parking spaces and devices and related parking assets owned or operated by the Harrisburg Parking Authority (the "Parking Authority"), as more fully described herein under the caption "THE CAPITOL REGION PARKING SYSTEM"; (ii) funding a deposit to the Capital Reserve Fund established under the Indenture; (iii) funding capitalized interest for the Bonds; and (iv) paying the costs of issuing the Bonds.

CERTAIN BONDS ARE SUBJECT TO OPTIONAL REDEMPTION PRIOR TO MATURITY, MANDATORY SINKING FUND REDEMPTION OR REDEMPTION FROM THE SINKING FUND ACCOUNT AS DESCRIBED HEREIN. See "THE BONDS – Redemption" herein. CERTAIN OF THE BONDS ARE NON-CALLABLE.

The Bonds are payable from and secured by the trust estate pledged under the Indenture consisting of: (i) all Revenues (as herein defined) and moneys and funds in the Funds and Accounts established and held under the Indenture, including a separate debt service reserve fund account for each series of the Bonds (but excluding the Rebate Fund and the Surplus Fund); (ii) a Leasehold Mortgage (as herein defined), from the Authority to the Trustee pursuant to which the Authority will grant a first lien to the Trustee on the Lease between the Parking Authority and the Authority (the "Lease") and in the Authority's right, title and interest in and to certain parking assets, consisting of garages, parking lots and related rights set forth in the Lease (the "Leased Premises"), all as described in the Lease; and (iii) an assignment from the Authority to the Trustee of certain rights of the Authority under the Assigned Documents (as defined herein). In addition, the Asset Manager (as defined herein) will assign to the Trustee its right, title and interest in and to the Parking Services Agreement and the Parking Enforcement Agreement (each as defined herein) and the Commonwealth of Pennsylvania Department of General Services will assign to the Trustee its right, title and interest in and to the Parking Enforcement Engagement Agreement (as defined herein). Initially, the Debt Service Reserve Fund Requirements for the Series A Bonds, the Series B Bonds and the Series C Bonds, respectively, are expected to be funded by separate Debt Service Reserve Fund Surety Policies to be issued by Assured Guaranty Municipal Corp. ("Assured Guaranty"). See "SECURITY FOR THE BONDS" herein.

Payment of the principal of and interest on the Series A Bonds shall be made from Revenues (as defined herein) prior to payment of Current Expenses (as defined herein) of the Parking System and any other payments being made under the Indenture. See "SECURITY FOR THE BONDS" herein. Payment of the principal of and interest on the Series B Bonds and the Series C Bonds is payable after the payment of the principal of and interest on the Series A Bonds and Current Expenses of the Parking System.

The scheduled payment of the principal of (or, in the case of Capital Appreciation Bonds, the accreted value) and interest on the Series A Bonds when due will be guaranteed under a municipal bond insurance policy (the "Series A Bond Insurance Policy") to be issued by Assured Guaranty concurrently with the delivery of the Series A Bonds.

Payment of the principal of and interest on the Series B Bonds is guaranteed by the County of Dauphin (the "County") pursuant to the Series B Bond Guaranty Agreement (the "Series B Bond Guaranty") which is secured by a pledge of the full faith, credit and taxing power of the County. See "SECURITY FOR THE BONDS – County Guaranty of the Series B Bonds" herein.

The scheduled payment of the principal of (or, in the case of Capital Appreciation Bonds, the accreted value) and interest on the Series C Bonds when due will be guaranteed under a municipal bond insurance policy (the "Series C Bond Insurance Policy") to be issued by Assured Guaranty concurrently with the delivery of the Series C Bonds. If Assured Guaranty fails to honor its obligations under the Series C Bond Insurance Policy, payment of the principal of and interest on the Series C Bonds is guaranteed by the County pursuant to the Series C Bond Guaranty Agreement (the "Series C Bond Guaranty"), which is secured by a pledge of the full faith, credit and taxing power of the County. See "SECURITY FOR THE BONDS – Series B Bond Guaranty and Series C Bond Guaranty" herein.



THE BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY, PAYABLE SOLELY FROM THE TRUST ESTATE. NEITHER THE COMMONWEALTH OF PENNSYLVANIA NOR ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE COUNTY UNDER THE SERIES B BOND GUARANTY AND THE SERIES C BOND GUARANTY WITH RESPECT TO THE SERIES B BONDS AND THE SERIES C BONDS, RESPECTIVELY) IS OBLIGATED TO PAY THE PRINCIPAL OR REDEMPTION PRICE OF OR THE INTEREST ON THE BONDS, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COMMONWEALTH OF PENNSYLVANIA OR ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE COUNTY UNDER THE SERIES B BOND GUARANTY AGREEMENT AND THE SERIES C BOND GUARANTY WITH RESPECT TO THE SERIES B BONDS AND THE SERIES C BONDS, RESPECTIVELY) IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE BONDS. THE AUTHORITY HAS NO TAXING POWER.

See "Risk Factors" herein for a description of certain risks associated with an investment in the Bonds.

The Bonds are offered when, as and if issued by the Authority, subject to the approval of the legality of the Bonds by Dilworth Paxson LLP, Philadelphia, Pennsylvania, Bond Counsel, and the delivery of an opinion of Kutak Rock, Washington, D.C., Special Tax Counsel, and certain other conditions. Certain legal matters will be passed upon for the Underwriters by Blank Rome LLP, Philadelphia, Pennsylvania. Certain legal matters will be passed upon for the Authority by the Office of Chief Counsel, Pennsylvania Department of Community and Economic Development, Harrisburg, Pennsylvania; for the County by Mette, Evans & Woodside, for the City by the City Solicitor, and for the Parking Authority by Pepper Hamilton LLP. It is expected that the Bonds in definitive form will be available for delivery to The Depository Trust Company in New York, New York on or about December 23, 2013.

This cover page contains certain information for quick reference only. It is not a summary of the Official Statement. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

Guggenheim Securities**Piper Jaffray & Co.**

BofA Merrill Lynch

Citigroup

Morgan Stanley

PNC Capital Markets LLC

Dated: December 18, 2013

Pennsylvania Economic Development Financing Authority

\$120,928,160.55 Senior Parking Revenue Bonds (Capitol Region Parking System) Series A of 2013

\$100,215,000.00 Current Interest Bonds, Series A-1

Maturity Date	Principal Amount	Interest Rate	Yield	Price	CUSIP*
1/1/2022	\$2,320,000.00	5.000%	3.530%	110.191%	70870EAM1
1/1/2023	2,660,000.00	5.000	3.760	109.412	70870EAN9
1/1/2024	3,020,000.00	4.000	3.940	100.492	70870EAP4
1/1/2025	3,375,000.00	4.000	4.190	98.335	70870EAA7
1/1/2026	3,755,000.00	4.250	4.330	99.255	70870EAB5

\$18,355,000 5.000% Term Bonds Due January 1, 2034 Yield 5.150% Price 98.138% CUSIP* 70870EAC3

\$66,730,000 5.250% Term Bonds Due January 1, 2044 Yield 5.420% Price 97.491% CUSIP* 70870EAD1

\$20,713,160.55 Capital Appreciation Bonds, Series A-2

Maturity Date	Original Principal Amount	Interest Rate	Yield	Price	CUSIP*
1/1/2016	\$111,040.55	1.740%	1.740%	100.000%	70870EAQ2
1/1/2017	838,480.75	2.170	2.170	100.000	70870EAR0
1/1/2018	1,111,784.05	2.630	2.630	100.000	70870EAS8
1/1/2019	1,336,322.20	3.170	3.170	100.000	70870EAT6
1/1/2020	1,510,618.20	3.800	3.800	100.000	70870EAU3
1/1/2021	1,564,583.35	4.270	4.270	100.000	70870EAV1
1/1/2027	1,978,166.75	5.800	5.800	100.000	70870EAE9
1/1/2028	1,937,197.60	5.970	5.970	100.000	70870EAF6
1/1/2029	1,902,484.80	6.090	6.090	100.000	70870EAG4
1/1/2030	1,864,712.00	6.200	6.200	100.000	70870EAH2
1/1/2031	1,825,930.40	6.290	6.290	100.000	70870EAJ8
1/1/2035	1,624,672.50	6.540	6.540	100.000	70870EAW9
1/1/2036	1,577,949.80	6.590	6.590	100.000	70870EAK5
1/1/2037	1,529,217.60	6.640	6.640	100.000	70870EAL3

* The above CUSIP (Committee on Uniform Securities Identification Procedures) numbers have been assigned by an organization not affiliated with the Authority or the Underwriters, and such parties are not responsible for the selection or use of the CUSIP numbers. The CUSIP numbers are included solely for the convenience of bondholders and no representation is made as to the correctness of such CUSIP numbers. CUSIP numbers assigned to securities may be changed during the term of such securities based on a number of factors including, but not limited to, the refunding or defeasance of such issue or the use of secondary market financial products. Neither the Authority nor the Underwriters has agreed to, and there is no duty or obligation to, update this Official Statement to reflect any change or correction in the CUSIP numbers set forth above.

\$97,172,029.25
Junior Guaranteed Parking Revenue Bonds
(Capitol Region Parking System)
Series B of 2013

\$70,100,000.00 Current Interest Bonds, Series B-1

Maturity Date	Principal Amount	Interest Rate	Yield	Price	CUSIP*
1/1/2017	\$140,000.00	5.000%	1.000%	111.878%	70870ECD9
1/1/2018	315,000.00	5.000	1.350	114.242	70870ECE7
1/1/2019	485,000.00	5.000	1.800	115.299	70870EAX7
1/1/2020	680,000.00	5.000	2.300	115.102	70870EAY5
1/1/2021	1,175,000.00	5.000	2.770	114.141	70870EAZ2
1/1/2022	1,410,000.00	5.000	3.110	113.326	70870EBA6
1/1/2023	1,655,000.00	5.000	3.340	112.838	70870EBB4
1/1/2024	1,925,000.00	5.000	3.550	112.137	70870EBC2
1/1/2025	2,220,000.00	5.500	3.750	114.507**	70870EBD0
1/1/2026	2,550,000.00	5.500	3.900	113.167**	70870EBE8
1/1/2027	2,900,000.00	5.500	4.100	111.410**	70870EBF5

\$54,645,000 6.000% Term Bonds Due July 1, 2053; Yield 5.350%; Price 104.990% ; CUSIP* 70870ECC1**

\$25,061,280.45 Capital Appreciation Bonds, Series B-2

Maturity Date	Original Principal Amount	Interest Rate	Yield	Price	CUSIP*
1/1/2028	\$1,532,678.40	5.500%	5.500%	100.000%	70870EBG3
1/1/2029	1,528,810.90	5.600	5.600	100.000	70870EBH1
1/1/2030	1,507,595.60	5.700	5.700	100.000	70870EBJ7
1/1/2031	1,481,172.00	5.800	5.800	100.000	70870EBK4
1/1/2032	1,459,350.00	5.870	5.870	100.000	70870EBL2
1/1/2033	1,436,172.30	5.930	5.930	100.000	70870EBM0
1/1/2034	1,409,516.25	5.990	5.990	100.000	70870EBN8
1/1/2035	1,396,828.50	6.050	6.050	100.000	70870EBP3
1/1/2036	1,371,239.00	6.100	6.100	100.000	70870EBQ1
1/1/2037	1,235,980.90	6.150	6.150	100.000	70870EBR9
1/1/2038	1,181,030.40	6.200	6.200	100.000	70870EBS7
1/1/2039	1,142,698.70	6.250	6.250	100.000	70870EBT5
1/1/2040	1,022,173.10	6.300	6.300	100.000	70870EBU2
1/1/2041	908,878.95	6.360	6.360	100.000	70870EBV0
1/1/2042	812,478.65	6.390	6.390	100.000	70870EBW8
1/1/2043	723,004.50	6.420	6.420	100.000	70870EBX6
1/1/2044	630,854.70	6.500	6.500	100.000	70870EBY4
1/1/2045	1,566,665.55	6.600	6.600	100.000	70870EBZ1
1/1/2046	1,423,376.55	6.700	6.700	100.000	70870ECA5
1/1/2047	1,290,775.50	6.800	6.800	100.000	70870EDJ5

* The above CUSIP (Committee on Uniform Securities Identification Procedures) numbers have been assigned by an organization not affiliated with the Authority or the Underwriters, and such parties are not responsible for the selection or use of the CUSIP numbers. The CUSIP numbers are included solely for the convenience of bondholders and no representation is made as to the correctness of such CUSIP numbers. CUSIP numbers assigned to securities may be changed during the term of such securities based on a number of factors including, but not limited to, the refunding or defeasance of such issue or the use of secondary market financial products. Neither the Authority nor the Underwriters has agreed to, and there is no duty or obligation to, update this Official Statement to reflect any change or correction in the CUSIP numbers set forth above.

** Priced to the January 1, 2024 call date.

\$2,010,748.80 Callable Capital Appreciation Bonds, Series B-3

\$2,010,748.80 7.250% Term Bonds Due January 1, 2049; Yield 7.250%; Price 100.000%; CUSIP* 70870ECB3

**\$68,453,473.90
Junior Insured/Guaranteed Parking Revenue Bonds
(Capitol Region Parking System)
Series C of 2013**

\$44,785,000.00 Current Interest Bonds, Series C-1

Maturity Date	Original Principal Amount	Interest Rate	Yield	Price	CUSIP*
1/1/2016	\$525,000.00	5.000%	0.700%	108.619%	70870EDR7
1/1/2017	650,000.00	5.000	1.000	111.878	70870EDS5
1/1/2018	805,000.00	5.000	1.350	114.242	70870EDT3
1/1/2019	955,000.00	5.000	1.800	115.299	70870ECF4
1/1/2020	1,130,000.00	5.000	2.300	115.102	70870ECG2
1/1/2021	1,515,000.00	5.000	2.770	114.141	70870ECHO
1/1/2022	1,715,000.00	5.000	3.110	113.326	70870ECJ6
1/1/2023	1,930,000.00	5.000	3.340	112.838	70870ECK3
1/1/2024	2,160,000.00	5.000	3.520	112.407	70870ECL1
1/1/2025	2,410,000.00	5.500	3.700	114.957**	70870ECM9
1/1/2026	2,690,000.00	5.500	3.900	113.167**	70870ECN7
1/1/2027	2,990,000.00	5.500	4.100	111.410**	70870ECP2
1/1/2028	3,310,000.00	5.500	4.220	110.371**	70870ECQ0
1/1/2029	3,655,000.00	5.500	4.340	109.345**	70870ECR8
1/1/2030	4,005,000.00	5.500	4.440	108.498**	70870ECS6
1/1/2031	4,375,000.00	5.500	4.520	107.827**	70870ECT4
1/1/2032	4,770,000.00	5.500	4.600	107.160**	70870ECU1
1/1/2033	5,195,000.00	5.500	4.660	106.664**	70870ECV9

* The above CUSIP (Committee on Uniform Securities Identification Procedures) numbers have been assigned by an organization not affiliated with the Authority or the Underwriters, and such parties are not responsible for the selection or use of the CUSIP numbers. The CUSIP numbers are included solely for the convenience of bondholders and no representation is made as to the correctness of such CUSIP numbers. CUSIP numbers assigned to securities may be changed during the term of such securities based on a number of factors including, but not limited to, the refunding or defeasance of such issue or the use of secondary market financial products. Neither the Authority nor the Underwriters has agreed to, and there is no duty or obligation to, update this Official Statement to reflect any change or correction in the CUSIP numbers set forth above.

** Priced to the January 1, 2024 call date.

\$23,668,473.90 Capital Appreciation Bonds, Series C-2

Maturity Date	Principal Amount	Interest Rate	Yield	Price	CUSIP*
1/1/2034	\$1,731,603.75	5.990%	5.990%	100.000%	70870EDU0
1/1/2035	1,672,480.75	6.050	6.050	100.000	70870EDH9
1/1/2036	1,609,541.70	6.100	6.100	100.000	70870ECW7
1/1/2037	1,469,044.50	6.150	6.150	100.000	70870ECX5
1/1/2038	1,389,786.75	6.200	6.200	100.000	70870ECY3
1/1/2039	1,322,786.30	6.250	6.250	100.000	70870ECZ0
1/1/2040	1,201,327.10	6.300	6.300	100.000	70870EDA4
1/1/2041	1,084,761.30	6.360	6.360	100.000	70870EDB2
1/1/2042	985,784.55	6.390	6.390	100.000	70870EDC0
1/1/2043	893,969.10	6.420	6.420	100.000	70870EDD8
1/1/2044	797,177.60	6.500	6.500	100.000	70870EDE6
1/1/2045	1,437,277.25	6.600	6.600	100.000	70870EDF3
1/1/2046	1,305,822.25	6.700	6.700	100.000	70870EDG1

\$3,327,405.40 6.800% Term Bonds Due January 1, 2049 Yield 6.800% Price 100.000% CUSIP* 70870EDL0

\$3,439,705.60 7.000% Term Bonds Due July 1, 2053 Yield 7.000% Price 100.000% CUSIP* 70870EDQ9

* The above CUSIP (Committee on Uniform Securities Identification Procedures) numbers have been assigned by an organization not affiliated with the Authority or the Underwriters, and such parties are not responsible for the selection or use of the CUSIP numbers. The CUSIP numbers are included solely for the convenience of bondholders and no representation is made as to the correctness of such CUSIP numbers. CUSIP numbers assigned to securities may be changed during the term of such securities based on a number of factors including, but not limited to, the refunding or defeasance of such issue or the use of secondary market financial products. Neither the Authority nor the Underwriters has agreed to, and there is no duty or obligation to, update this Official Statement to reflect any change or correction in the CUSIP numbers set forth above.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT LEVELS ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITERS MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGE OF THIS OFFICIAL STATEMENT, AND SUCH PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

This Official Statement does not constitute an offer to sell the Bonds in any jurisdiction to any person to whom it is unlawful to make such offer in such jurisdiction. No dealer, broker, salesman or other person has been authorized by the Authority or the Underwriters to give any information or to make any representation other than that contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized. Neither the delivery of this Official Statement nor the sale of any of the Bonds implies that the information herein is correct as of any time subsequent to the date hereof. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create the implication that there has been no change in the matters described herein since the date hereof.

This Official Statement is not to be construed as a contract with the purchasers of the Bonds. All summaries of statutes and documents are qualified in their entirety by reference to such statutes and documents, respectively, and do not purport to be complete statements of any or all of such provisions.

The information set forth herein has been provided by the Authority, the County, the Parking Authority, the City, Assured Guaranty, the Office of Receiver, the Asset Manager (as defined herein), the Operator (as defined herein) and by other sources which such parties believe are reliable, but it is not guaranteed as to its accuracy or completeness, and it is not to be construed as a representation by the Underwriters.

Assured Guaranty makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, Assured Guaranty has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding Assured Guaranty supplied by Assured Guaranty and presented under the heading "SERIES A BOND INSURANCE AND SERIES C BOND INSURANCE" and "Appendix R - Specimen Municipal Bond Insurance Policy".

This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or be used, as a whole or in part, for any other purpose.

The Bonds have not been registered under the Securities Act of 1933, as amended, in reliance upon an exemption contained therein, and have not been registered or qualified under the securities laws of any state.

If and when included in this Official Statement, the words "expects," "forecasts," "projects," "intends," "anticipates," "estimates," "assumes" and analogous expressions are intended to identify forward-looking statements and any such statements inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those that have been projected. Such risks and uncertainties which could affect the revenues and obligations of the Authority include, among others, changes in economic conditions, mandates from other governments and various other events, conditions and circumstances, many of which are beyond the control of the Authority. Such forward-looking statements speak only as of the date of this Official Statement. The Authority and the Underwriters disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any changes in the Authority's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

THE ORDER AND PLACEMENT OF MATERIALS IN THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES HERETO AND INFORMATION INCORPORATED HEREIN BY REFERENCE, ARE NOT TO BE DEEMED TO BE A DETERMINATION OF RELEVANCE, MATERIALITY OR IMPORTANCE, AND THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES HERETO AND

INFORMATION INCORPORATED HEREIN BY REFERENCE, MUST BE CONSIDERED IN ITS ENTIRETY. THE OFFERING OF THE BONDS IS MADE ONLY BY MEANS OF THIS ENTIRE OFFICIAL STATEMENT.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

This Preliminary Official Statement is the only version of the Preliminary Official Statement that has been authorized by the Authority to be distributed by the Underwriters. Any other documents purporting to be drafts or copies of this Preliminary Official Statement that are not identical to this Preliminary Official Statement have not been deemed final and were not authorized to be distributed on behalf of the Authority and were not issued by the Authority.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with and as part of its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTORY STATEMENT.....	1
THE CITY OF HARRISBURG.....	6
TRANSFER OF THE PARKING SYSTEM.....	7
THE CAPITOL REGION PARKING SYSTEM.....	12
OPERATION OF THE PARKING SYSTEM.....	16
CAPITAL IMPROVEMENTS TO THE PARKING SYSTEM.....	30
REVENUES OF THE PARKING SYSTEM.....	31
DGS PARKING LEASE.....	38
INDEPENDENT ENGINEER’S REPORT	39
DEFEASANCE OF PARKING AUTHORITY BONDS	40
SOURCES AND USES	41
SECURITY FOR THE BONDS	41
THE COUNTY OF DAUPHIN	53
SERIES A BOND INSURANCE AND SERIES C BOND INSURANCE.....	54
DEBT SERVICE SCHEDULE.....	57
THE BONDS	58
PENNSYLVANIA ECONOMIC DEVELOPMENT FINANCING AUTHORITY	68
RISK FACTORS.....	70
TAX MATTERS.....	76
CONTINUING DISCLOSURE.....	78
LITIGATION.....	79
LEGAL MATTERS.....	80
RATINGS	80
UNDERWRITING.....	81
CERTAIN RELATIONSHIPS BETWEEN PARTIES	81
MISCELLANEOUS	83
APPENDIX “A” – Definitions of Certain Terms	
APPENDIX “B” – Form of Indenture	
APPENDIX “C” – Form of Asset Transfer Agreement	
APPENDIX “D” – Form of Lease	
APPENDIX “E” – Form of PEDFA Intergovernmental Cooperation Agreement	
APPENDIX “F” – Form of DGS Intergovernmental Cooperation Agreement	

APPENDIX “G” – Financial Review of the Long-Term Lease of the Capitol Region Parking System – Independent Engineer’s Report

APPENDIX “H” – Form of Servicing Agreement

APPENDIX “I” – Form of Asset Management Agreement

APPENDIX “J” – Form of Parking Enforcement Engagement Agreement

APPENDIX “K” – Form of Parking Services Agreement

APPENDIX “L” – Form of Parking Enforcement Agreement

APPENDIX “M” – Form of DGS Parking Lease

APPENDIX “N” – Forms of Dauphin County Guaranties

APPENDIX “O” – Form of Leasehold Mortgage

APPENDIX “P” – Dauphin County Financial Statements for the Fiscal Years Ended December 31, 2012 and December 31, 2011

APPENDIX “Q” – Certain Information With Respect to the County of Dauphin

APPENDIX “R” – Specimen Municipal Bond Insurance Policy

APPENDIX “S” – Form of Authority Continuing Disclosure Undertaking

APPENDIX “T” – Form of Dauphin County Continuing Disclosure Agreement

APPENDIX “U” – Form of Bond Counsel Opinion

APPENDIX “V” – Form of Special Tax Counsel Opinion

[THIS PAGE INTENTIONALLY LEFT BLANK]

OFFICIAL STATEMENT

\$286,553,663.70

Pennsylvania Economic Development Financing Authority

Parking System Revenue Bonds

(Capitol Region Parking System)

Consisting of:

\$120,928,160.55

Senior Parking Revenue Bonds

(Capitol Region Parking System)

Series A of 2013

\$97,172,029.25

Junior Guaranteed Parking Revenue Bonds

(Capitol Region Parking System)

Series B of 2013

\$68,453,473.90

Junior Insured/Guaranteed Parking Revenue Bonds

(Capitol Region Parking System)

Series C of 2013

INTRODUCTORY STATEMENT

This Official Statement, including the cover page, inside cover page, and Appendices, is furnished in connection with the offering by the Pennsylvania Economic Development Financing Authority (the "Authority") of:

(i) \$120,928,160.55, original aggregate principal amount, Senior Parking Revenue Bonds (Capitol Region Parking System) Series A of 2013, consisting of \$100,215,000 Current Interest Bonds, Series A-1 (the "Series A-1 Bonds") and \$20,713,160.55 Capital Appreciation Bonds, Series A-2 (the "Series A-2 Bonds" and, together with the Series A-1 Bonds, the "Series A Bonds");

(ii) \$97,172,029.25, original aggregate principal amount, Junior Guaranteed Parking Revenue Bonds (Capitol Region Parking System), Series B of 2013, consisting of \$70,100,000 Current Interest Bonds, Series B-1 (the "Series B-1 Bonds"), \$25,061,280.45 Capital Appreciation Bonds, Series B-2 (the "Series B-2 Bonds") and \$2,010,748.80 Callable Capital Appreciation Bonds, Series B-3 (the "Series B-3 Bonds" and, together with the Series B-1 Bonds and the Series B-2 Bonds, the "Series B Bonds"); and

(iii) \$68,453,473.90, original aggregate principal amount, Junior Insured/Guaranteed Parking Revenue Bonds (Capitol Region Parking System), Series C of 2013, consisting of \$44,785,000 Current Interest Bonds, Series C-1 (the "Series C-1 Bonds") and \$23,668,473.90 Capital Appreciation Bonds, Series C-2 (the "Series C-2 Bonds" and, together with the Series C-1 Bonds, the "Series C Bonds").

The Series A Bonds, the Series B Bonds and the Series C Bonds are collectively referred to herein as the "Bonds". The Bonds are being issued pursuant to a Trust Indenture, dated as of December 1, 2013 (the "Indenture"), by and between the Authority and U.S. Bank National Association, as trustee (the "Trustee").

Capitalized terms used herein, and not otherwise defined, have the meanings ascribed thereto in the Indenture or in Appendix "A" attached hereto are made a part hereof.

The Authority

The Authority is a public instrumentality and body corporate and politic of the Commonwealth of Pennsylvania (the “Commonwealth”) created pursuant to the Pennsylvania Economic Development Financing Law, Act No. 102, approved August 23, 1967, P.L. 251, as amended, including the amendments effected by Act No. 48, approved July 10, 1987, P.L. 273 and Act No. 74, December 17, 1993, P.L. 490 (the “Act”) to provide financing for qualifying projects in the Commonwealth. See “PENNSYLVANIA ECONOMIC DEVELOPMENT FINANCING AUTHORITY” herein for certain information concerning the Authority. The Authority is not related to or under common control with the Harrisburg Parking Authority (the “Parking Authority”).

Authority for Issuance of the Bonds, the Transfer of the Parking System and County Guaranties

The Bonds are authorized to be issued pursuant to the Act and a resolution adopted by the Board of the Authority on December 4, 2013.

On November 12, 2013, the City Council of the City of Harrisburg (the “City”) enacted ordinances approving the Asset Transfer Agreement (as herein defined) and the Intergovernmental Cooperation Agreements (as herein defined) (collectively, the “Ordinances”). The Ordinances were signed by the Mayor of the City on November 13, 2013.

On November 26, 2013, the Board of the Parking Authority adopted a resolution approving the transfer of the Off-Street Parking System (as defined herein).

On October 16, 2013, the Local Government Commission reviewed and made recommendations on the Intergovernmental Cooperation Agreements in accordance with the requirements of Title 53 of the Pennsylvania Consolidated Statutes (Pa.C.S.) § 2314.

By Ordinance No. 7-2013, duly enacted dated October 30, 2013, the Board of Commissioners of the County of Dauphin (the “County”) authorized and approved the incurrence of lease rental debt for purposes of the Local Government Unit Debt Act, 53 Pa.C.S, Chapters 80-82, as amended (the “Debt Act”) through providing its guaranties for the Authority’s Series B Bonds and the Series C Bonds. On November 13, 2013, as authorized by Ordinance No. 7-2013, an Application to Deliver Guaranty Agreements was filed on behalf of the County in the Department of Community and Economic Development. A complete and accurate copy of the proceedings required by Section 8201(a) of the Debt Act consisting of a certified copy of Ordinance No. 7-2013, the debt statement and proofs of proper publication of the advertisement prior to its enactment and following final enactment of Ordinance No. 7-2013 were submitted for approval along with the appropriate statements required by Section 8026 of the Debt Act for exclusion of the amounts payable in respect of its guaranties from the appropriate debt limit of the County as self-liquidating debt.

Pursuant to Section 8204 of the Debt Act, the Department certified its approval to the County for the incurrence of lease rental debt (LRA No. – 131203-03 2013, dated December 3, 2013) and for the exclusion of self-liquidating debt (E No. – 131203-04 2013, dated December 3, 2013).

Purpose of the Issue

The Authority will use the proceeds of the Bonds, and other available moneys, to finance a project consisting of: (i) paying the cost of acquiring certain off-street parking garages and parking lots, together with metered parking spaces and devices, and related parking assets owned or operated by the Parking Authority as more fully described below under the captions “INTRODUCTORY STATEMENT – Acquisition of the Parking System” and “THE CAPITOL REGION PARKING SYSTEM” herein (the

“Parking System”); (ii) funding a deposit to the Capital Reserve Fund established under the Indenture; (iii) funding capitalized interest for the Bonds and (iv) paying the costs of issuing the Bonds.

The Parking System

The term “Parking System,” as such term is used herein and as used in the Indenture, means (i) (a) the Metered Parking Spaces, (b) the Metering Devices, normal meter poles, computer systems and software used in connection with the administration and operation of Metered Parking Spaces and the collection of Metered Parking Fees, and all improvements and personal property of any and every kind whatsoever forming a part of and used in connection with the operation and maintenance of the metering system associated with the Metered Parking Spaces (including all Metering Devices but excluding any interest in the streets, sidewalks, paving, sign poles, tripods, streetlights or similar real or personal property) and (c) for purposes of enforcement only, all of the Unmetered Parking Spaces, but excluding any interests in the streets, sidewalks, paving or similar real property (together, the “On-Street Parking System”); and (ii) the public parking system consisting of the parking facilities as described under the caption “THE CAPITOL REGION PARKING SYSTEM” herein (the “Parking Facilities”), all improvements, including paving, structures, signage (including all parking garage entry and exit signage), fixtures, equipment, and personal property of any and every kind whatsoever forming a part of and used in connection with such garages and lots from time to time, but excluding all rights (including oil, gas and mineral rights, air rights and development rights) retained by the Parking Authority as the fee simple owner of the Parking System Land and structures and improvements (the “Off-Street Parking System” and, together with the On-Street Parking System, the “Parking System”).

Acquisition of the Parking System

Concurrently with the issuance of the Bonds, the Parking System will be transferred to the Authority pursuant to an Asset Transfer Agreement for the City of Harrisburg Parking System, dated as of December 1, 2013, among the City, the Parking Authority and the Authority (the “Asset Transfer Agreement”) and a Lease, dated as of December 1, 2013, between the Parking Authority and the Authority (the “Lease”). Also concurrently with the issuance of the Bonds, (i) certain of the City’s functions, powers and responsibilities with respect to the On-Street Parking System, including, without limitation, all of the City’s right, title and interest in and to the revenues derived from the On-Street Parking System, will be delegated to the Authority pursuant to an Intergovernmental Cooperation Agreement, dated as of December 1, 2013, between the City and the Authority (the “PEDFA Intergovernmental Cooperation Agreement”), and (ii) the City’s Parking Enforcement Powers (as defined herein) will be delegated to the Commonwealth of Pennsylvania Department of General Services (“DGS”) pursuant to an Intergovernmental Cooperation Agreement, dated as of December 1, 2013, between the City and DGS (the “DGS Intergovernmental Cooperation Agreement” and, together with the PEDFA Intergovernmental Cooperation Agreement, the “Intergovernmental Cooperation Agreements”). See “TRANSFER OF THE PARKING SYSTEM” herein.

Security for the Bonds

The Bonds are limited obligations of the Authority, payable solely from and secured by the trust estate pledged under the Indenture (the “Trust Estate”) consisting of: (i) all Revenues (as hereinafter defined) and moneys and securities in the Funds and Accounts established and held under the Indenture, including a separate debt service reserve fund account for each series of the Bonds (but excluding the Rebate Fund and the Surplus Fund); (ii) a first priority Open-End Leasehold Mortgage, Security Agreement, Fixture Filing and Assignment of Leases and Rents, dated as of December 1, 2013, between the Authority, as mortgagor and assignor, as applicable, and the Trustee, as mortgagee and assignee, as applicable, for the benefit of the Owners of the Bonds (the “Leasehold Mortgage”) pursuant to which the Authority will grant a first lien to the Trustee in the Authority’s right, title and interest in and to the parking assets consisting of garages, parking lots and related rights (the “Leased Premises”) set forth and

described in the Lease, dated as of December 1, 2013, between the Parking Authority and the Authority (the "Lease"); and (iii) an Assignment, dated as of December 1, 2013, from the Authority to the Trustee (the "Assignment") of certain rights of the Authority under the Asset Transfer Agreement, the Lease, the DGS Parking Lease, the Asset Management Agreement and the PEDFA Intergovernmental Cooperation Agreement (all, as defined herein and collectively, the "Assigned Documents"). In addition, the Asset Manager (as defined herein) will assign to the Trustee its right, title and interest in and to the Parking Enforcement Operations Agreement and Parking Services Agreement (each as defined herein) and DGS will assign to the Trustee all of its right, title and interest in and to the Parking Enforcement Engagement Agreement (as defined herein) to the Trustee.

The term "Revenues", as used herein and used in the Indenture, means all revenues, receipts and income derived from the operation of the Parking System, including enforcement revenues, but excluding (i) parking or gross receipts taxes and other taxes collected from users and remitted to the applicable taxing authority, and (ii) the Parking Lease City Payments consisting of the amount determined as follows: total receipts for the specified period under the DGS Parking Lease divided by six.

Initially, the Debt Service Reserve Fund Requirements for the Series A Bonds, the Series B Bonds and the Series C Bonds, respectively, are expected to be funded by separate Debt Service Reserve Fund Surety Policies to be issued by Assured Guaranty Municipal Corp. ("Assured Guaranty").

The scheduled payment of the principal of and interest on the Series A Bonds shall be made from Revenues prior to Current Expenses or any other payments being made under the Indenture. However, the County of Dauphin (the "County") and Assured Guaranty will have the right to control the exercise of remedies under the Indenture if the Authority is not in default of payment of the Series A Bonds. See "SECURITY FOR THE BONDS" herein and "Appendix "B" – Form of Indenture" hereto. Payment of the principal of and interest on the Series B Bonds and the Series C Bonds is payable after the payment of the principal of and interest on the Series A Bonds and Current Expenses of the Parking System.

The scheduled payment of the principal of (or, in the case of Capital Appreciation Bonds, the accreted value) and interest on the Series A Bonds when due will be guaranteed under a municipal bond insurance policy (the "Series A Bond Insurance Policy") to be issued by Assured Guaranty concurrently with the delivery of the Series A Bonds. See "SECURITY FOR THE BONDS – Series A Bond Insurance Policy" and "SERIES A BOND INSURANCE AND SERIES C BOND INSURANCE" herein.

Payment of the principal of and interest on the Series B Bonds is guaranteed by the County pursuant to the Series B Bond Guaranty Agreement, dated as of December 1, 2013 among the County, the Authority and Trustee (the "Series B Bond Guaranty") which is secured by a pledge of the full faith, credit and taxing power of the County. See "SECURITY FOR THE BONDS – County Guarantee of the Series B Bonds" herein and "Appendix "N" – Form of Dauphin County Guaranties" hereto.

The scheduled payment of the principal of (or, in the case of Capital Appreciation Bonds, the accreted value) and interest on the Series C Bonds when due will be guaranteed under a municipal bond insurance policy (the "Series C Bond Insurance Policy") to be issued by Assured Guaranty concurrently with the delivery of the Series C Bonds. See "SECURITY FOR THE BONDS – Series C Bond Insurance Policy" and "SERIES A BOND INSURANCE AND SERIES C BOND INSURANCE" herein. If Assured Guaranty fails to honor its obligations under the Series C Bond Insurance Policy, payment of the principal of and interest on the Series C Bonds is guaranteed by the County pursuant to the Series C Bond Guaranty Agreement, dated as of December 1, 2013, among the County, the Authority and the Trustee (the "Series C Bond Guaranty"), which is secured by a pledge of the full faith, credit and taxing power of the County. See "SECURITY FOR THE BONDS – Series B Bond Guaranty and Series C Bond Guaranty" herein and "Appendix "M" – Form of Dauphin County Guaranties" hereto.

THE BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY, PAYABLE SOLELY FROM THE TRUST ESTATE. NEITHER THE COMMONWEALTH OF PENNSYLVANIA NOR ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE COUNTY UNDER THE SERIES B BOND GUARANTY AND THE SERIES C BOND GUARANTY WITH RESPECT TO THE SERIES B BONDS AND THE SERIES C BONDS, RESPECTIVELY) IS OBLIGATED TO PAY THE PRINCIPAL OR REDEMPTION PRICE OF OR THE INTEREST ON THE BONDS, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COMMONWEALTH OF PENNSYLVANIA OR ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE COUNTY UNDER THE SERIES B BOND GUARANTY AND THE SERIES C BOND GUARANTY WITH RESPECT TO THE SERIES B BONDS AND THE SERIES C BONDS, RESPECTIVELY) IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE BONDS. THE AUTHORITY HAS NO TAXING POWER.

Authority Notes

Simultaneously with the issuance of the Bonds, the Authority is issuing to the Parking Authority a note in the principal amount of \$20,000,000 (“Authority Note 1”), a note in the principal amount of 77,000,000 (“Authority Note 2”), a note in the principal amount of \$100,000,000 (“Authority Note 3”) and a note in the principal amount of \$100,000 (“Authority Note 4” and, together with Authority Note 1, Authority Note 2 and Authority Note 3, the “Authority Notes”). The Authority Notes are being issued pursuant to the Indenture and secured, on a subordinate basis, by the Trust Estate. The Authority Notes are not being offered by means of this Official Statement.

If and when included in this Official Statement, the words “expects,” “forecasts,” “projects,” “intends,” “anticipates,” “estimates,” “assumes” and analogous expressions are intended to identify forward-looking statements and any such statements inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those that have been projected. Such risks and uncertainties which could affect the revenues and obligations of the Authority include, among others, changes in economic conditions, mandates from other governments and various other events, conditions and circumstances, many of which are beyond the control of the Authority. Such forward-looking statements speak only as of the date of this Official Statement. The Authority and the Underwriters disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any changes in the Authority’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

This Official Statement contains descriptions and summaries of, among other matters, the Authority, the City, the Parking Authority, the Parking System, the Bonds, the Authority Notes, the Project, the Indenture, the Asset Transfer Agreement, the Asset Management Agreement, the Lease, the Assignment, the Leasehold Mortgage, the DGS Parking Lease, the Intergovernmental Cooperation Agreements, the Servicing Agreement, the Parking Services Agreement, the Parking Enforcement Engagement Agreement and the Parking Enforcement Agreement (each, as defined herein). Such descriptions and information do not purport to be comprehensive or definitive.

All references herein to the Indenture, the Asset Transfer Agreement, the Asset Management Agreement, the Lease, the Assignment, the Leasehold Mortgage, the DGS Parking Lease, the Intergovernmental Cooperation Agreements, the Servicing Agreement, the Parking Services Agreement, the Parking Enforcement Engagement Agreement and the Parking Enforcement Agreement are qualified in their entirety by reference to such documents, and references herein to the Bonds and the Authority Notes are qualified in their entirety by reference to the forms thereof included in the Indenture. Complete copies of certain of such documents are attached hereto as Appendices and made a part hereof.

Prospective Purchasers of the Bonds should read the forms of such documents in their entirety for a more complete understanding of their terms.

THE CITY OF HARRISBURG

As has been widely reported, the City has encountered serious financial distress, in part, as a result of significant indebtedness related to the Harrisburg Resource Recovery Facility (the “Resource Recovery Facility” or “RRF”) owned by The Harrisburg Authority. Pursuant to the Municipalities Financial Recovery Act of July 10, 1987 (the “Act 47”) a receiver (the “Receiver”) was appointed by the Governor of the Commonwealth of Pennsylvania.

The initial Receiver prepared a Recovery Plan For The City of Harrisburg Dated February 6, 2012 (the “Recovery Plan”) which recommended, among other things, a lease or sale of the parking assets owned and/or operated by the Parking Authority or the City and a sale of the Resource Recovery Facility in order to eliminate the debt and other obligations associated with the Resource Recovery Facility and to provide an on-going source of revenue to the general fund of the City to address its long-standing structural deficit. The Recovery Plan was confirmed by the Commonwealth Court on March 9, 2013.

Under the Recovery Plan, claims of the original credit enhancers of the bonds issued and outstanding for the Resource Recovery Facility (the “Resource Recovery Facility Bonds”) (which are currently in default) would be addressed and the City’s obligations as a guarantor on all of such bonds and related obligations would be eliminated. Approximately half of the outstanding amount of such bonds is guaranteed by the County and all of such bonds are insured by Assured Guaranty. The County and Assured Guaranty, in the capacities as guarantor or insurer of bonds issued to finance the Resource Recovery Facility, are referred to herein as the “RRF Credit Enhancers”.

Upon conclusion of negotiations with the RRF Credit Enhancers and other creditors of the City, the Receiver prepared “The Harrisburg Strong Plan” (the “Plan”). In accordance with Act 47, the Plan was confirmed by the Commonwealth Court on September 23, 2013. The Plan is available on the Office of the Receiver’s web site at:

http://www.portal.state.pa.us/portal/server.pt/document/1360663/harrisburg_strong_plan_8_26.pdf.

The Plan has been prepared by persons other than the Authority and the Underwriters and neither the Authority nor the Underwriters makes any representation or warranty as to the information contained therein. Reference to the availability of the Plan is provided so that prospective purchasers of the Bonds can, if they deem it appropriate, access additional information about the City, the Plan and the Parking System. The Plan is not incorporated by reference in this Official Statement. Prospective purchasers of the Bonds should rely only on the information contained in this Official Statement.

The Authority and the Underwriters have not independently reviewed or verified any of the information contained in the Plan and expressly disclaim any obligations to do so or to provide any notice of any amendment, change or update to the Plan subsequent to the date thereof.

The Plan was drafted by the Office of the Receiver with input from the City. The City does not hereby make any representation or warranty with respect to the Plan.

The transfer of the Parking System will occur simultaneously with the contemplated sale of the Resource Recovery Facility to the Lancaster County Solid Waste Management Authority (“LCSWMA”). Both must occur at the same time and the Bonds and bonds issued by LCSWMA to acquire the Resource Recovery Facility will be issued at the same time. As envisioned by the Plan and as more fully described below, the claims of the RRF Credit Enhancers with respect to the bonds issued to finance the Resource Recovery Facility will be settled simultaneously with the issuance of the Bonds and the City will receive

a general release from the RRF Credit Enhancers and other obligors with respect to the Resource Recovery Facility. Closing on the Bonds is conditioned, among other items, on the closing on the bonds issued by LCSWMA to acquire the Resource Recovery Facility.

Prior to the closing on the Bonds, in order to resolve their claims and disputes arising from financing, construction or operation of the Resource Recovery Facility, including related bond issues, Assured Guaranty and the County will enter into a settlement agreement with the City, The Harrisburg Authority and the Receiver, which only will be effective upon closing and the receipt of certain payments derived from the Resource Recovery Facility Bonds and certain payments made by the Authority to the Parking Authority and to the City as consideration for the acquisition of the Parking System, and which includes within its mutually agreed upon terms a complete, general release of the City and The Harrisburg Authority by Assured Guaranty and the County, along with a commitment by the City to direct the Parking Authority, upon the closing for the Bonds, to assign the Authority Notes to the County (Authority Note 1), AGM (Authority Note 2) and to the City (Authority Note 3 and Authority Note 4), respectively.

Simultaneously with the issuance of the Bonds, all debt outstanding relating to the Parking System will be redeemed or defeased and all existing pledges and liens on the revenues of the Parking System will be released, terminated and satisfied. See “DEFEASANCE OF PARKING AUTHORITY BONDS” herein.

The City of Harrisburg has no liability with respect to the Bonds.

TRANSFER OF THE PARKING SYSTEM

Transfer of the Capitol Region Parking System

Prior to the issuance of the Bonds, the Authority, the Parking Authority, and the City will enter into the Asset Transfer Agreement which, together with the Lease, will provide for the transfer of the Off-Street Parking System by the Parking Authority to the Authority for a 40-year term subject to extension as provided in the Asset Transfer Agreement (the “Term”). See “THE CAPITOL REGION PARKING SYSTEM – Off-Street Parking System Facilities” herein for a list of the Off-Street Parking System Facilities to be transferred to the Authority pursuant to the Asset Transfer Agreement. The Asset Transfer Agreement, together with the PEDFA Intergovernmental Cooperation Agreement and the DGS Intergovernmental Cooperation Agreement, also provides for the transfer of the On-Street Parking System and associated enforcement rights by the City. Following the transfer of the Off-Street Parking System and the On-Street Parking System and associated enforcement rights, the Parking System will be operated in accordance with the requirements set forth in the Asset Transfer Agreement and pursuant to the terms of the Asset Management Agreement, the Lease, the Parking Enforcement Engagement Agreement, the Parking Services Agreement and the Parking Enforcement Agreement (each, as defined herein). See “OPERATION OF THE PARKING SYSTEM” herein.

Asset Transfer Agreement

The Asset Transfer Agreement provides for payment of the Acquisition Price by the Authority to the Parking Authority at Closing. The Acquisition Price includes: (i) up front consideration of \$464,112,033.81 (subject to adjustment), comprised of (a) \$267,012,033.81 cash at Closing, and (b) delivery of the Authority Notes in the aggregate principal balance of approximately \$197,100,000, plus (ii) a portion of the payments during the term of the Asset Transfer Agreement, consisting of (x) the Rent payable to the Parking Authority under the Lease and (y) the City Payments payable to the City. The Authority Notes will be assigned by the Parking Authority as directed by the City, to Assured Guaranty, the County, and the City. See “THE CITY OF HARRISBURG” herein.

defined in the Asset Transfer Agreement), and breaches of representations and warranties by the City and the Parking Authority under the Asset Transfer Agreement. In addition to claims against the City and the Parking Authority, the Authority has the right to set-off against Authority Note 3 held by the City and to payment from amounts in the Holdback Account established and held under the Indenture. See “SECURITY FOR THE BONDS – Indenture – Holdback Account” herein.

The Asset Transfer Agreement requires the Authority to cause the Parking System to be operated in a First Class Manner, as defined therein and in Appendix “A” hereto, and to adopt, and to operate and maintain the Parking System in accordance with, Operating Standards and a Long Term Capital Plan. See “OPERATION OF THE PARKING SYSTEM” and “CAPITAL IMPROVEMENTS TO THE PARKING SYSTEM – Long-Term Capital Plan” herein. The Asset Transfer Agreement reserves to the City the exercise of its police powers. The Asset Transfer Agreement permits the Authority to set parking rates for the Parking System subject to restrictions and limitations set forth therein. See “OPERATION OF THE PARKING SYSTEM” herein. The Asset Transfer Agreement requires that certain financial and other reports be prepared and delivered to the City and the Parking Authority and provides certain audit rights to the City and the Parking Authority.

The Asset Transfer Agreement establishes an Advisory Committee comprised of a representative of each of the Capital Region Economic Development Corporation (as the representative of the Authority), the Asset Manager (as defined herein), the Operator (as defined herein), the Parking Authority, the Mayor of the City, the City Council, DGS, Assured Guaranty and the County. The Advisory Committee is intended to serve as a forum for communication and interaction among the parties with interests in the operations of the Parking System and as a vehicle for customer and public input with respect to the operation of the Parking System. The Advisory Committee has no decision-making authority, but is empowered solely to provide input to the parties.

The Asset Transfer Agreement permits the City to remove on-street metered parking spaces and substitute replacement spaces subject to certain required levels of revenue replacement. The Asset Transfer Agreement permits the City to close streets (and thus metered parking spaces) in order to conduct street repair and maintenance and to hold events such as parades, street fairs and festivals based on agreed upon historical levels of closures for such events as set forth in the Asset Transfer Agreement.

The Asset Transfer Agreement provides notice and cure periods for certain defaults by the parties and provides the remedies that are available to the parties upon a default by another party. The Asset Transfer Agreement also provides for notices and cure rights for the benefit of the Trustee as the beneficiary of the Leasehold Mortgage.

The Parking Authority and the City do not have the right to terminate the Asset Transfer Agreement in the event of an uncured default by the Authority at any time that an Event of Default has been declared under the Indenture and remedies are being pursued thereunder. Further, so long as any Bonds or the Authority Notes are Outstanding, the Parking Authority cannot terminate the Asset Transfer Agreement without paying to the Trustee the outstanding principal and interest (to the earliest date on which the Bonds can be optionally redeemed) on the Bonds and the principal portion of the Authority Notes not held by the Parking Authority or the City.

The foregoing is only a summary of certain provisions of the Asset Transfer Agreement and is qualified by reference to the entire document. The Asset Transfer Agreement is attached hereto as Appendix “C”. Prospective purchasers of the Bonds should read the Asset Transfer Agreement in its entirety for a more complete understanding of its terms.

Lease

The term of the Lease will commence on the date of closing and extend to December 31, 2053, subject to extension if any of the Bonds or any of the Authority Notes are not paid by such date, in which event, the Lease term will be extended until such obligations are paid in full. The Lease will be mortgaged to the Trustee as security for the Bonds and the Authority Notes pursuant to the Leasehold Mortgage. The parties will have contractual rights to enforce the Lease, but neither party will have a right to terminate the Lease in the event of a default. In the event that the Authority exercises the option to acquire the City Island Garage and a portion of the adjacent surface parking lot, these premises will be added to the Leased Premises under the Lease. See “TRANSFER OF THE PARKING SYSTEM – Excluded Off-Street Facilities” herein.

The Parking Authority does not have any right to terminate the Lease in the event of default by the Authority under the Lease. Any monetary judgment that may be obtained by the Parking Authority for damages arising from breach of the Lease does not constitute a lien on the Leasehold Estate and the right of the Parking Authority to collect or enforce any such judgment is limited to: (i) amounts specifically provided to be paid under the Indenture, (ii) at the termination of the Lease, reserve funds under the Indenture due to the Authority, and (iii) set-off against the Leasehold Value (as defined in the next paragraph) portion only of the Option Purchase Price in the event Lessor exercises the Purchase Option (see next paragraph).

The Lease includes an option in favor of the Parking Authority to purchase the Leasehold Estate under the Lease. Such option is exercisable only after December 31, 2043, and requires a purchase price equal to the sum of: (i) the full cost of redemption and/or defeasance of all of the outstanding Bonds; (ii) the outstanding balance of the Authority Notes; (iii) all outstanding obligations secured by the Indenture and all fees then due the Trustee and Lessee; (iv) the “Leasehold Value” (as defined in the following sentence); and (v) all costs incurred by the Trustee and Lessee in connection with the redemption and/or defeasance of the Bonds and the payment of the Authority Notes, including, but not limited to, attorneys’ fees. The “Leasehold Value” is the net present value of Lessee’s projected net cash flows from the Leasehold Estate for the remainder of the Term, taking into account projected capital expenditures and repair costs and all required reserve fund deposits under the Asset Transfer Agreement or the Indenture, except such reserve fund deposits, if any, as would remain the property of Lessee upon termination of the Lease. The discount rate utilized in the calculation of the net present value will be the then market capitalization rate (as determined by an appraiser) for the purchase and sale of long-term ground leasehold estates (as improved).

The foregoing is only a summary of certain provisions of the Lease and is qualified by reference to the entire document. The Lease is attached hereto as Appendix “D.” Prospective purchasers of the Bonds should read the Lease in its entirety for a more complete understanding of its terms.

Intergovernmental Cooperation Agreements

Concurrently with the issuance of the Bonds:

(i) pursuant to the PEDFA Intergovernmental Cooperation Agreement, the City will (a) transfer and delegate to the Authority, all of its functions, powers and responsibility with respect to the On-Street Parking System (except for (1) the Parking Enforcement Powers which the City is delegating to DGS pursuant to the DGS Intergovernmental Cooperation Agreement, and (2) the City’s Reserved Enforcement Powers, which the City is retaining); and (b) transfer, set over and assign to the Authority in connection with the transfer of the City’s functions, powers and responsibilities with respect to the On-Street Parking System, all of the City’s right, title and interest in and to the revenues derived from the On-Street Parking System, included Metered Parking Revenues and Parking Violation Revenues; and

(ii) pursuant to the DGS Intergovernmental Cooperation Agreement, the City will delegate to DGS the power to (a) issue parking tickets or citations for non-moving violations only of the parking rules and regulations with respect to the Parking Spaces and other Laws of the City with respect to the Parking System, and (b) boot and tow vehicles in violation of the parking rules and regulations with respect to the Parking Spaces and other Laws of the City with respect to the Parking System, in each case in accordance with the Enforcement Policies and Procedures set forth in the Asset Transfer Agreement (except for the City's Reserved Enforcement Powers). Under the Asset Transfer Agreement, the City retains the power to concurrently exercise Parking Enforcement Powers, but not to further delegate the Parking Enforcement Powers to any other person.

The terms of the Intergovernmental Cooperation Agreements are coterminous with the term of the Asset Transfer Agreement.

The foregoing is only a summary of certain provisions of the Intergovernmental Cooperation Agreements and is qualified by reference to each of the entire documents. The PEDFA Intergovernmental Cooperation Agreement and the DGS Intergovernmental Cooperation Agreement are attached here to as Appendix "E" and Appendix "F", respectively. Prospective purchasers of the Bonds should read the Intergovernmental Cooperation Agreements in their entireties for a more complete understanding of their terms.

Excluded Off-Street Facilities

Two Off-Street assets owned or operated by the Parking Authority will not be included in the asset transfer pursuant to the Asset Transfer Agreement. These assets are: the Mulberry/Dewberry lot (30 spaces) and the City Island Garage and Lots which are adjacent to downtown and accessible via the Market Street Bridge (1,395 spaces total, with 484 in the garage and 911 in two lots) (the "HPA Excluded Off-Street Parking Facilities"). Under the Asset Transfer Agreement, the City Island Garage and Lots may be transferred in the future to the Authority for a nominal amount and become part of the Lease and subject to the Asset Transfer Agreement. However, no assurance can be given that the City Island Garage and Lots will be transferred.

The Parking Authority

The Parking Authority is governed by a five-member Board, appointed by the Mayor of the City to serve without compensation for staggered terms of five years at the pleasure of the Mayor. A professional staff is employed to administer the Parking Authority's program and carry out decisions of the Board.

On and after closing on the Bonds, the Parking Authority, for so long as it remains in existence, expects to retain the services of its Executive Director and one or more staff members in order to:

- Serve as a liaison between the Asset Manager and Operator and City elected officials.
- Manage parking in the City Island Garage and Lots until and if the City Island Garage and Lots or the management thereof are transferred to the Authority.
- Provide parking related management services with respect to the HPA Excluded Off-Street Parking Facilities which are not transferred to the Authority.
- Provide other services deemed appropriate by the City and the Board of Directors of the Parking Authority but not in violation of the Parking Authority's obligations as set forth in the Asset Transfer Agreement.

Under the Asset Transfer Agreement, the Parking Authority has covenanted not to compete in the Competing Parking Area. See “TRANSFER OF THE PARKING SYSTEM – Asset Transfer Agreement” and the map entitled “Competing Parking Area” included under such caption for a description of the Competing Parking Area.

THE CAPITOL REGION PARKING SYSTEM

City of Harrisburg Central Business District Parking Overview

The table below reflects the breakdown of the total parking space inventory and the public parking space inventory in the central business district of the City (the “Central Business District”). For purposes of this Official Statement, the terms “public parking space” or “public spaces” include all spaces publicly or privately owned that are available for use by the public. The parking facilities in the Central Business District include all Parking Authority parking facilities, the HPA Excluded Off-Street Parking Facilities and various privately and publicly owned parking facilities. Those non-public spaces represent a blend of reserved parking for Commonwealth employees and other private employee parking and they have no direct effect on the demand for the Parking System facilities.

There is a total inventory of 24,320 total spaces in the Central Business District, including City Island and the Commonwealth of Pennsylvania Capitol Complex (the “Capitol Complex”). Of the 24,320 spaces, the Parking System consists of 7,694 Off-Street Parking System spaces, and 982 On-Street Parking System spaces (an additional 278 On-Street Parking System spaces are outside of the Central Business District). These spaces account for 36% of the total space inventory in the Central Business District, including City Island and the Capitol Complex. HPA Excluded Off-Street Parking Facilities consist of 1,425 spaces. The remaining 14,219 spaces are in various other facilities: 2,777 of these spaces are public spaces (including 307 non-metered on-street spaces) and 11,442 of these other spaces (41% of the total inventory) are in facilities that are not available to the public.

The Parking System Assets and Other Inventory in the Central Business District

	<u>Total Inventory</u>		<u>Public Inventory</u>	
	<u>Number of Spaces</u>	<u>Percent of Total Spaces</u>	<u>Number of Spaces</u>	<u>Percent of Total Spaces</u>
<u>Parking System Assets</u>				
Off-Street Parking System Facilities (Garages and Lots)	7,694	32%	7,694	58%
On-Street Parking System (Meters)*	<u>982</u>	<u>4%</u>	<u>982</u>	<u>7%</u>
Spaces Included in Parking System	8,676	36%	8,676	65%
HPA Excluded Off-Street Facilities	1,425	6%	1,425	11%
Other Facilities**	<u>14,219</u>	<u>58%</u>	<u>2,777</u>	<u>21%</u>
Total Central Business District Inventory	24,320	100%	13,248	100%

Source: DESMAN Associates Independent Engineer’s Report, included as Appendix “G” hereto.

* Does not include the 88 metered spaces that will be installed in select locations in the Central Business District pursuant to the Asset Transfer Agreement.

** “Other Facilities” are not owned by the City or the Parking Authority.

The 7,694 off-street spaces and 982 on-street spaces included in the Parking System represent 65% of the parking spaces available to the public. Other than the Parking System, there are significantly

fewer spaces available to the public within the Central Business District, including City Island and the Capitol Complex. Other than the HPA Excluded Off-Street Parking Facilities (11% of the public space inventory), there are only 2,777 public parking spaces (21% of the public space inventory) that potentially compete with the Parking System, many of which are small surface lots. The bulk of the spaces in the HPA Excluded Off-Street Parking Facilities is located on City Island and are not expected to have a significant competitive influence on the Parking System. See “Appendix “G” – Independent Engineer’s Report” attached hereto.

In addition to the inventory described above, an additional 88 metered spaces are planned to be installed in the mid-town area.

Off-Street Parking System Facilities

The following table lists the addresses of the Off-Street Parking System facilities and the HPA Excluded Off-Street Parking Facilities and total space inventory at such facilities. All of the listed off-street parking facilities are available to monthly and daily parkers except for three of the facilities (Mulberry/Dewberry Lot, Mulberry Street Lot and 10th Street Lot) which do not provide daily parking.

<u>Off-Street Parking System Facilities</u>	<u>Address</u>	<u>Inventory</u>
South Street Garage	220 South Street	736
7 th Street Garage and Lot	801-813 N. 7 th Street	1,334
Walnut Street Garage	215 Walnut Street	1,032
River Street Garage	218 N. Second Street	850
Chestnut Street Garage	322-326 Chestnut Street	1,088
Locust Street Garage	214 Locust Street	628
Market Square Garage	34 S. Second Street	577
5 th Street Garage	6-14 th N. Fifth Street	856
Mulberry Lot	3 rd and Mulberry	85
10 th Street Lot	10 th & Mulberry Street	128
Harrisburg University Garage	4 th & Market Street	<u>380</u>
Total Off-Street Parking System Spaces		<u>7,694</u>

HPA Excluded Off-Street Parking Facilities

City Island Garage and Lot*	Front St. & Market St., City Island	1,395
Mulberry/Dewberry Lot	Mulberry Street and Dewberry Streets	<u>30</u>
Total HPA Off-Street Excluded Parking Facilities		<u>1,425</u>

* The City Island Garage and Lots are not initially being transferred to the Authority. However, pursuant to the Asset Transfer Agreement, such assets may be transferred, or the management thereof, in the future, to the Authority for a nominal amount and become part of the Lease and subject to the Asset Transfer Agreement.

The Central Business District and the location of the Off-Street Parking System facilities are shown in the map below:

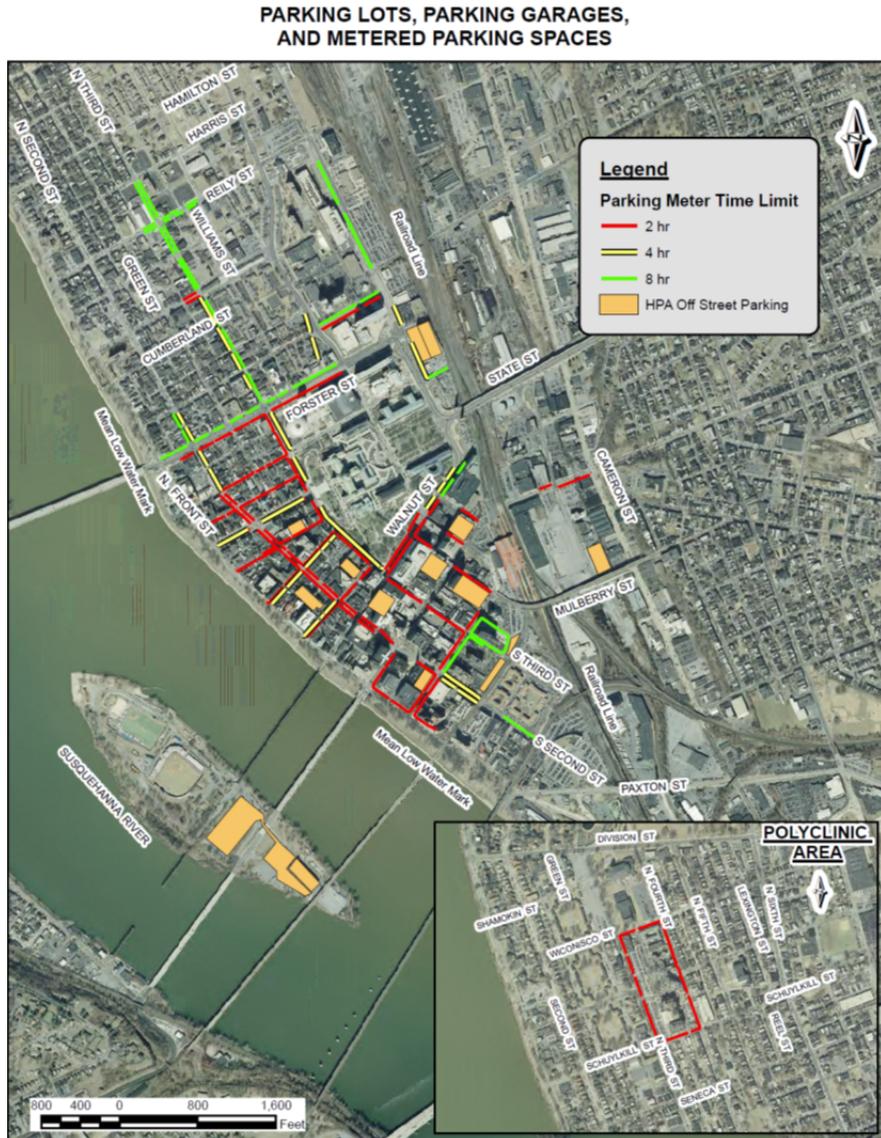
Harrisburg Study Area and Parking System Facilities



Source: DESMAN Associates Independent Engineer's Report, included as Appendix "G" hereto.

On-Street Parking System

The On-Street Parking System is comprised of 1,260 meters including 982 meters in the Central Business District and 278 meters outside the Central Business District. The following map shows the location of existing meters. In addition, eighty-eight (88) new metered parking spaces are permitted to be installed on Third Street from Verbeke to Harris Streets, and on Reilly Street going East to William Street and West to Susquehanna Street. These new parking spaces will be added to the On-Street Parking System.



Source: DESMAN Associates Independent Engineer's Report, included as Appendix "G" hereto.

OPERATION OF THE PARKING SYSTEM

Authority Obligations under the Asset Transfer Agreement

Under the Asset Transfer Agreement, the Authority is required to inter alia: (i) maintain and operate the Parking System in a First Class Manner (as defined therein) in accordance with Operating Standards set forth therein and the Long Term Capital Plans to be prepared and delivered by the Asset Manager and an Independent Engineer (as defined therein) as set forth in the Indenture and the Asset Management Agreement, and (ii) subject to specified rate restrictions, charge and collect parking fees for, and enforce and collect Parking Violation Revenues associated with the Parking System to provide sufficient Revenues to satisfy all expenses and obligations of the Parking System under the Asset Transfer Agreement, and in accordance with the Authority's covenants under the Indenture, including the Rate Covenant, consistent with business conditions from time to time existing and consistent with business and economic development in the City and the public good. See "TRANSFER OF THE PARKING SYSTEM – Asset Transfer Agreement" herein and "Appendix C – Form of Asset Transfer Agreement" hereto. The limitation on rate increases set forth in the Asset Transfer Agreement may be exceeded in order to comply with the Rate Covenant. See "SECURITY FOR THE BONDS – Indenture - Rate Covenant" herein for a description of the Rate Covenant applicable to the Bonds.

The Operating Standards set forth in the Asset Transfer Agreement and the Parking Services Agreement require the operator (the "Operator"), initially SP Plus Corporation (see "OPERATION OF THE PARKING SYSTEM – Description of SP Plus Corporation" below), to maintain and operate the Off-Street Parking System in a manner that will provide a clean, safe and efficient parking system to the public, users who are renting or leasing parking spaces, and public parking for governmental agencies, businesses, and other groups with offices, establishments and venues located in the area served by the off-street parking system. The Asset Manager and Operator are required to ensure that the Off-Street Parking System is operated in a First Class Manner and that the parking garages, parking lots, other improvements and equipment are maintained and repaired in a manner that will preserve and extend the useful lives of the structures, facilities and equipment. The Operating Standards include provisions relating to maintenance, inspection, response protocol and procedures, major repairs, facility rehabilitation and/or replacement, and provisions for future changes in law, and/or potential change in site function.

Servicing Agreement with the Capital Region Economic Development Corporation

The Authority has designated the Capital Region Economic Development Corporation ("CREDC"), a Pennsylvania nonprofit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code, as its "Qualified Designee," as such term is defined in the Asset Transfer Agreement (and as defined in Appendix "A" hereto). Pursuant to a Servicing Agreement, dated as of December 1, 2013, by and between the Authority and CREDC (the "Servicing Agreement"), CREDC will serve as the Authority's representative for purposes of acting on behalf of the Authority under certain provisions of the Asset Transfer Agreement, the Asset Management Agreement, the Indenture, the Lease and the PEDFA Intergovernmental Cooperation Agreement and to undertake such other duties as may be delegated to CREDC by the Authority in connection with the administration and management of the Parking System, all as more fully described in the Servicing Agreement.

CREDC was established on January 21, 1963 as the Harrisburg Area Industrial Development Corporation to promote and undertake economic development activities in Cumberland, Dauphin and Perry counties by supporting the work of the Harrisburg Regional Chamber of Commerce, which is the sole member of CREDC. The Harrisburg Regional Chamber was founded in 1883 as the Harrisburg Board of Trade. According to CREDC, since 2001, CREDC has assisted in 312 projects, and facilitated loans and other assistance in the amount of approximately \$292 million, helping local businesses create more than 12,400 jobs.

Under and pursuant to the Servicing Agreement, the Authority delegates to CREDC certain of its duties and obligations under the Asset Transfer Agreement, the Asset Management Agreement, the Indenture, the Lease and the PEDFA Intergovernmental Cooperation Agreement, including but not limited to the following:

- CREDC shall, on behalf of the Authority, operate and maintain or cause the operation and maintenance of the Parking System in conformance with the requirements of the above-described documents, and shall cause to be made such required repairs and replacements in conformance with all plans, standards and specifications referenced therein;
- CREDC shall work with the Authority, the Asset Manager and the Operator to develop all required operating standards for the Parking System;
- CREDC, on behalf of the Authority, shall cause to be provided and maintained, the insurance coverage requirements as specified in the above-described documents; and
- CREDC shall review all reports and budgets provided by the Asset Manager under the Asset Management Agreement and make any required recommendations to the Authority as may be appropriate or required.

Under the Servicing Agreement, the Authority acknowledges and agrees that CREDC is acting on its behalf and with the express authorization of the Authority to perform those duties and responsibilities as delegated to CREDC pursuant to the terms and conditions of the Servicing Agreement. As the Authority's designee under the Servicing Agreement, the Authority also acknowledges and agrees that CREDC has the power and authority to provide approvals, directions, requests, consents, authorizations and notices, and to otherwise act on behalf of the Authority pursuant to the requirements of the Servicing Agreement.

The Servicing Agreement specifically provides that it is not intended, and shall not be deemed, to confer any obligation on the Authority to designate a Qualified Designee under the Asset Transfer Agreement or to otherwise delegate any of its rights and responsibilities under the above-described documents.

The Servicing Agreement will commence on the date of closing and terminate on December 31, 2016, unless extended by mutual agreement.

The foregoing notwithstanding, the Authority may determine to terminate the Servicing Agreement and not replace CREDC with another Qualified Designee.

The foregoing is only a summary of certain provisions of the Servicing Agreement and is qualified by reference to the entire document. The Servicing Agreement is attached hereto as Appendix "H." Prospective purchasers of the Bonds should read the Servicing Agreement in its entirety.

Asset Management Agreement

Concurrently with the issuance of the Bonds, the Authority will enter into an Asset Management Agreement pursuant to which the Asset Manager (as herein defined) will provide certain management, operational, planning and advisory functions with respect to the Off-Street Parking System and the On-Street Parking System (collectively, the "Parking System"). Initially, PK Harris Advisors, Inc. (see "OPERATION OF THE PARKING SYSTEM – Description of Initial Asset Manager and Parking Consultant" herein) will serve as the asset manager under the Asset Management Agreement (the "Asset

Manager”). The Asset Management Agreement has an initial term of ten years, subject to extension by mutual agreement.

Under the Asset Management Agreement, the Asset Manager is required to, among other things: (i) provide moderate-term to long-term strategic planning relating to the Parking System, with direct oversight of and contracting responsibility with the parking operator responsible for the day-to-day operations of the Parking System; (ii) contract for, prepare, create, maintain and furnish (or oversee and review the preparation, creation, maintenance and furnishing of) accounting and reporting functions, financial statements, audits and such other reports and information as may be required by the Authority or pursuant to the Indenture, the Asset Transfer Agreement or the Lease, provide accounting of income and expenses and report on the financial status of the Parking System, operating budgets, capital budgets, annual budgets, business plans, long term capital plans and forecasts, all for and in connection with the operation and maintenance of the Parking System; (iii) make recommendations to the Authority with respect to the establishment of operating, maintenance, repair and replacement reserves and risk management policies and procedures with respect to the ongoing operation of the Parking System; (iv) subject to certain exceptions set forth in the Asset Management Agreement, assist in planning and implementation of development and redevelopment programs with respect to the Parking System; (v) maintain and operate, or cause the Operator to maintain and operate, the Parking System in accordance with the Asset Transfer Agreement, the Operating Standards (as defined in the Asset Transfer Agreement), the Long Term Capital Plan (as defined in the Asset Transfer Agreement) and applicable Laws; (vi) supervise, manage, maintain and, subject to required approvals, if any, pursuant to the Indenture, the Asset Transfer Agreement or the Lease, dispose of assets and make sale, exchange, expansion and other capital decisions with respect to the Parking System; (vii) negotiate and enter into agreements with respect to or affecting the Parking System; (viii) calculate amounts as described in, and perform duties required for disbursements pursuant to, the Indenture; (ix) charge, or cause the Operator to charge, the users of the services of the Parking System in accordance with procedures established pursuant to the Asset Management Agreement and the Asset Transfer Agreement, including collection of any overdue charges; (x) together with the Operator, develop and, if applicable, modify Operating Standards complying with the terms of the Asset Transfer Agreement; (xi) notify the Authority and the Qualified Designee if the Asset Manager should become aware of any violation or potential violation of the Competing Covenant or the Non-Impair Covenant (as such terms are defined, and as more particularly described, in the Asset Transfer Agreement); and notify the Authority, the Qualified Designee and the Advisory Committee at such time as Asset Manager has determined what remedies should be pursued with respect to any such violation; and (xii) furnish to the Trustee and Credit Facility Providers audited financial statements of the Parking System within one hundred and twenty (120) days after the close of each Operating Year and copies of unaudited financial statements of the Parking System within forty-five (45) days of the end of each fiscal quarter.

Pursuant to the term of the Asset Management Agreement, the Asset Manager is not responsible for (a) design or construction management with respect to development or redevelopment of the Parking System or any new parking facilities, (b) the installation, removal and repair of signage not relating to the Parking System, (c) any other obligation or responsibility not expressly delegated to or assumed by the Asset Manager pursuant to the terms of the Asset Management Agreement, or (d) the status, condition, defects, operation, repair, replacement, installation, upgrade, removal, replacement or modification of any component, equipment, machinery or systems of the Parking System, or the compliance thereof with any applicable Law, the Operating Standards or the terms of the Asset Management Agreement, as of the commencement date thereof, unless and then only to the extent specifically set forth in the Annual Operating Budget, Annual Capital Budget or Long Term Capital Plan, as applicable, prepared and approved pursuant to, and subject to, the terms of the Asset Management Agreement from and after the commencement date thereof.

Pursuant to the terms of the Asset Management Agreement, the Asset Manager will be paid a base Asset Management Fee and a Performance Management Fee. The base Asset Management Fee will

be paid monthly as a Current Expense in accordance with the terms of the Indenture. The Performance Management Fee will be paid within 30 days following each Interest Payment Date subject to the terms of the Indenture. To the extent that there are insufficient amounts to pay the Performance Management Fee in any monthly period, the Performance Management Fee will accrue and be paid in later periods as and to the extent amounts under the Indenture are available, subject to the following limitations. To the extent that Performance Management Fees are earned but not paid in any six month period following an Interest Payment Date, such earned but unpaid Performance Management Fee(s) will be carried over to the subsequent six month period and paid to the extent amounts under the Indenture are available and permitted to be applied to such payment. If there is any unpaid Performance Management Fee carried over from a prior six month period at the end of the subsequent six month period, the unpaid carryover Performance Management Fee will not continue to be carried over and will no longer be payable. Failure to pay the Performance Management Fee in any period is not an event of default under the terms of the Asset Management Agreement so long as the failure to pay results from insufficient amounts under the Indenture.

Under the Asset Management Agreement, the Authority has agreed (for itself and the Qualified Designee), that, so long as no Indenture Event of Default (as defined in the Indenture) shall have occurred and be continuing under the Indenture, in no event, without the prior written consent of Asset Manager, shall the Authority agree to any amendment to the Asset Transfer Agreement, the Indenture, the Ground Lease or any other transaction document that would materially increase the duties, obligations or liabilities of the Asset Manager or the Operator or materially affect the economic terms from those set forth in the Asset Management Agreement, or the Parking Services Agreement or the Parking Enforcement Agreement, as applicable (“Material Change”). In connection with any Material Change, Asset Manager and/or Operator may request that its compensation under its respective agreement(s) be reasonably adjusted to reflect any such additional duties or obligations or affected economic terms. If Asset Manager and/or Operator makes such request to the Authority and the Authority (acting reasonably and in good faith) does not grant such request, Asset Manager or Operator, as applicable, shall have the right to terminate its respective agreement(s). In connection with any proposed amendment, the Authority agrees to promptly provide to Asset Manager advance written notice and information, and to consult and reasonably cooperate with the Asset Manager and the Operator, with respect to any proposed amendment.

Subject to the terms of the Indenture and the Mortgage, the Authority has the right terminate the Asset Management Agreement upon written notice to Asset Manager upon the occurrence of certain specified events of default by the Asset Manager (subject, with respect to certain defaults, notice and/or cure periods). In addition, the Asset Management Agreement will terminate upon the termination of the Asset Transfer Agreement or if the Asset Manager is required to be replaced under the terms of the Indenture or upon request, upon the exercise of remedies under the Indenture.

The Asset Manager has the right to terminate the Asset Management Agreement upon not less than ninety (90) days written notice to the Authority if the Asset Manager is not paid or reimbursed for any amounts due to it pursuant to the terms of the Asset Management Agreement or in the Asset Manager’s sole discretion, with or without cause (provided that no termination by Asset Manager without cause shall be effective until the Authority has retained a replacement asset manager meeting the requirements of the Asset Transfer Agreement).

In the event of a termination of the Asset Management Agreement other than as a result of a default by Asset Manager, Asset Manager shall be paid or reimbursed, solely from Revenues, for all amounts due and owing to it under the Asset Management Agreement through the date of termination.

The Asset Management Agreement further provides that (a) Asset Manager may assign the Asset Management Agreement to any entity meeting the requirements of a replacement asset manager under the Asset Transfer Agreement owned or controlled by Asset Manager without the consent of (but with notice to) the Authority, and (b) subject to the terms of the Indenture and the Asset Transfer Agreement, the

Asset Management Agreement may, without the consent of (but with notice to) Asset Manager, be assigned by the Authority to the Trustee as security for the Bonds and, subject to the terms of the Indenture and the Asset Transfer Agreement, may, without the consent of (but with notice to) Asset Manager, be subsequently assigned to a successor, trustee or any other entity providing financing or serving as trustee for the benefit of entities or persons providing financing (including refinancing) for the Parking System or an entity which exercises remedies under or succeeds to the rights under the Financing Documents. Asset Manager also agrees that upon such assignment, it will provide the services under the Asset Management Agreement for the benefit of such assignee upon the terms set forth in the Asset Management Agreement or a new agreement containing substantially similar terms and conditions.

Pursuant to the Asset Management Agreement, the Asset Manager does not have any obligation to use its own funds to pay any amounts to perform its obligations under the Asset Management Agreement.

The foregoing is only a summary of certain provisions of the Asset Management Agreement and is qualified by reference to the entire document. The Asset Management Agreement is attached hereto as Appendix "I". Prospective purchasers of the Bonds should read the Asset Management Agreement in its entirety for a more complete understanding of its terms.

Description of Initial Asset Manager and Parking Consultant

Initial Asset Manager. PK Harris Advisors, Inc., the initial Asset Manager under the Asset Management Agreement (the "Initial Asset Manager"), is an affiliate of Trimont Real Estate Advisors, Inc. ("Trimont"). Trimont has provided comprehensive services to real estate lenders and investors since 1988. Trimont services include asset management, loan and equity servicing, treasury and accounting services, and portfolio risk analysis and consulting services. In its loan and equity servicing, Trimont has experience managing a diverse and complex portfolio of real estate assets, including bond issues, securitized debt, senior debt, mezzanine debt, equity transactions and REO assets. Trimont has approximately 200 employees among offices located in Atlanta, Georgia (home office); Irvine, California, New York, New York, London, England and the Netherlands. Trimont has managed approximately \$200 billion of invested capital for its clients on over 8,000 assets with \$400 billion of property value representing office, retail, industrial, hotel, residential and health care facilities.

Parking Consultant. West FSI, LLC (the "Parking Consultant") will serve as a parking consultant to the Asset Manager to assist the Asset Manager in the performance of its obligations under the Asset Management Agreement. Mr. Rick West is the principal of Parking Consultant and has an extensive background in parking management and operations, having spent over thirty (30) years in the parking industry with such companies as Central Parking, where he was a member of the Executive Committee with responsibilities for public private partnerships and municipal, parking, marketing, pricing and operational responsibility for the New York region (Central Parking's largest at the time).

The Asset Manager and Parking Consultant will enter into a Business Consulting Agreement dated on or about the date of issuance of the Bonds. The term of the Business Consulting Agreement is five years. The scope of services to be provided by Parking Consultant under the Business Consulting Agreement will include, among other things, consulting with and advising Asset Manager with respect to the development of transition plans, operating budgets, capital budgets, operating standards and other parking-related scope.

Parking Enforcement Engagement Agreement – On-Street Operations

Concurrently with the issuance of the Bonds, the Commonwealth of Pennsylvania, Department of General Services (“DGS”) will enter into a Parking Enforcement Engagement Agreement with the Asset Manager (the “Parking Enforcement Engagement Agreement”), pursuant to which Asset Manager will provide (or cause to be provided through an enforcement operator (“Enforcement Operator”)), certain parking enforcement and other services with respect to certain on-street parking spaces comprising the On-Street Parking System. The Parking Enforcement Engagement Agreement will have an initial term of ten years, subject to extension by mutual agreement. Under the Parking Enforcement Engagement Agreement, the Asset Manager is responsible to perform, or to engage an Enforcement Operator to perform, the Parking Enforcement Powers, including rendering the necessary services incidental thereto as required by applicable law and the Enforcement Policies (as defined in the Asset Transfer Agreement); assisting as necessary and as requested by the Advisory Committee in the planning, development and implementation of a City-wide parking and enforcement analysis; and hiring, compensating, and supervising a reasonable and customary number of experienced, qualified, neatly uniformed and courteous enforcement personnel who will fairly render and enforce the services required by the Parking Enforcement Engagement Agreement; provide enforcement of parking regulations by virtue of issuing non-moving parking citations, immobilization efforts and all other legally permissible requirements for parking enforcement included within the Parking Enforcement Powers; process and accept payments for payment violations and such other violations as directed by the Enforcement Manager; to the extent permitted by applicable law, assist the City with its adjudication and statutory process for the collection of unpaid citations, collection of citation revenue, and causing all collected revenues from citations to be deposited into the appropriate depository account; and subject to the terms of the Indenture and the Asset Transfer Agreement, provide or cause the Enforcement Operator to provide all equipment, supplies, software, and back office support necessary to properly perform the Parking Enforcement Powers.

Pursuant to the Parking Enforcement Engagement Agreement, Asset Manager shall be paid certain fees and paid or reimbursed for certain costs and expenses incurred by it as more particularly set forth in the Indenture and the Asset Management Agreement. DGS has no obligation to pay any fees or expenses to Asset Manager under the Parking Enforcement Engagement Agreement.

DGS has the right, at its sole option upon the advice of the Advisory Committee, to terminate the Parking Enforcement Engagement Agreement upon written notice of termination to Asset Manager upon the occurrence of certain specified events of default by the Asset Manager (subject, with respect to certain defaults, notice and/or cure periods).

The Asset Manager has the right to terminate the Parking Enforcement Engagement Agreement upon not less than ninety (90) days written notice to DGS and the Trustee if (a) the Asset Manager is not paid the fees, costs and expenses set forth therein within the time period(s) set forth in the Indenture or the Asset Management Agreement, as applicable, (b) the representation regarding DGS’s authority to engage Asset Manager to perform the Parking Enforcement Powers on behalf of DGS and the City is determined to be legally invalid by a court of competent jurisdiction, or (c) subject to the terms of the Indenture and the Asset Transfer Agreement, at the sole option of the Asset Manager for any other reason, with or without cause.

The Parking Enforcement Engagement Agreement further provides that (a) Asset Manager may assign the Parking Enforcement Engagement Agreement to any entity owned by, controlled by or under common ownership or control with the Asset Manager, and may transfer to or engage Enforcement Operator to perform its rights, obligations and responsibilities thereunder, without the consent of (but with notice to) the Asset Manager, and (b) the Parking Enforcement Engagement Agreement may, without the consent of (but with notice to) Asset Manager, be assigned by DGS to the Trustee as security

for the Bonds and, subject to the terms of the Indenture, may, without the consent of (but with notice to) Asset Manager, be subsequently assigned to a successor, trustee or any other entity providing financing or serving as trustee for the benefit of entities or persons providing financing (including refinancing) for the Parking System, provided that the Parking Enforcement Powers have been properly delegated by the City to such transferee party and such transferee party possesses the same rights and powers as DGS to engage Asset Manager to perform the Parking Enforcement Powers. Asset Manager also agrees that upon such assignment, it will provide the services under the Parking Enforcement Engagement Agreement for the benefit of such assignee upon the terms set forth in the Parking Enforcement Engagement Agreement or a new agreement containing substantially similar terms and conditions.

Asset Manager has agreed under the Parking Enforcement Engagement Agreement that DGS is acting solely as a conduit on behalf of the City with respect to the engagement of Asset Manager under the Parking Enforcement Engagement Agreement and that DGS will not be involved in any dispute, performance related issue, and/or breach of contract action involving the Asset Manager, the City or any other party relative to the Parking Enforcement Engagement Agreement. Accordingly, Asset Manager has agreed that it will not file, institute or bring any claim, lawsuit, dispute, arbitration, mediation or other action against DGS or the Commonwealth pertaining in any way to the Parking Enforcement Engagement Agreement, but that it will direct any such claim, lawsuit, dispute, arbitration, mediation or other action against the City, the Authority and/or a third party. The Parking Enforcement Engagement Agreement also provides for certain indemnities of DGS and the Commonwealth by Asset Manager in connection with a breach by Asset Manager of any of the foregoing and/or any dispute involving Asset Manager and/or the City and/or a default by Asset Manager pertaining to the Parking Enforcement Engagement Agreement.

SP Plus Corporation, formerly known as Standard Parking Corporation (“Standard Parking”), will serve as the Initial Enforcement Operator (the “Initial Enforcement Operator”) pursuant to a Parking Enforcement Agreement between Asset Manager and Standard (the “Parking Enforcement Agreement”). See “OPERATION OF THE PARKING SYSTEM – Parking Enforcement Agreement” and “Description of Standard Parking” below.

The foregoing is only a summary of certain provisions of the Parking Enforcement Engagement Agreement and is qualified by reference to the entire document. The Parking Enforcement Engagement Agreement is attached hereto as Appendix “J”. Prospective purchasers of the Bonds should read the Parking Enforcement Engagement Agreement in its entirety for a more complete understanding of its terms.

Parking Services Agreement – On-Street and Off-Street Operations

Concurrently with the issuance of the Bonds, the initial Asset Manager will enter into a Parking Services Agreement (the “Parking Services Agreement”) pursuant to which the Operator (as herein defined) will perform and provide all services and work (other than services and work expressly undertaken by the Asset Manager under the Parking Services Agreement) necessary to operate, maintain and repair the Parking System in a First Class Manner in accordance with the Parking Services Agreement. SP Plus Corporation will serve as the operator under the Parking Services Agreement (the “Operator”). See “OPERATION OF THE PARKING SYSTEM – Description of SP Plus Corporation” herein. The Parking Services Agreement has an initial term of ten years, subject to extension by mutual agreement of Asset Manager and Operator or earlier termination as provided in the Parking Services Agreement.

Under the Parking Services Agreement, Operator shall: (a) direct, perform and manage the day-to-day operation of the Parking System and render the usual and customary services incidental thereto; (b) employ sufficient experienced, qualified and neatly uniformed personnel to operate the Parking System, who will be courteous to the public and render the services required by the Parking Services Agreement;

(c) promote, advertise and endeavor to increase the volume, efficiency and quality of the Parking System and Operator's services rendered thereunder; (d) provide an off-site customer assistance monitoring service; (e) provide on-line transaction processing services associated with Operator's proprietary demand management system; (f) prepare and deliver to Asset Manager Operator's Operating Budget (as defined in the Parking Services Agreement) for each Operating Year; (g) cooperate with and provide input to Asset Manager with respect to the preparation of the Annual Capital Budget for each Operating Year; (h) cooperate with and provide input to Asset Manager with respect to capital expenditures for the Long-Term Capital Plan; (i) to the extent provided for in the approved Annual Operating Budget, to pay, when due, all monthly charges (including all applicable taxes and fees) relating to utilities, including gas, electricity, light, heat, power, telephone, water, sewer and all other utilities and other services used in the Parking System or supplied to the Parking System; (j) notify Asset Manager if Operator becomes aware of any violation or potential violation by the City or the Parking Authority of the Non-Compete Covenant or the Non-Impair Covenant; (k) with the cooperation and assistance of the Authority and the Asset Manager, to coordinate all Parking System operations with the Utilities and Persons having service lines, pipelines, transmission lines and other equipment, cables, systems and other apparatus in, on, under, over or adjacent to the Parking System; (l) with the cooperation and assistance of the Authority and Asset Manager, to coordinate all Parking System operations with any Affected Property; (m) refrain from permitting the use of the Parking System without making a charge based on established rates, fees and charges other than in the event of emergency, applicable Law or as directed in writing by Asset Manager; (n) promptly investigate and make a full written report to Asset Manager as to all alleged accidents and/or alleged claims for damages of which Operator becomes aware related to the operation, management, administration, and maintenance of the Parking System; (o) negotiate and enter into third-party agreements with respect to Operator's operations and obligations under the Parking Services Agreement; (p) monitor the state and ongoing evolution of all technologies used or that might be used to operate and maintain the Parking System in the most effective, efficient manner possible and inform Asset Manager in writing no less than annually; (q) administer the Assumed Contracts with the reasonable cooperation and assistance of Asset Manager; and (r) review and evaluate security and safety issues, systems and policies and working cooperatively with Asset Manager to identify and implement precautionary warnings, security devices, systems and measures, or security services.

Pursuant to the terms of the Parking Services Agreement, the Operator will be paid a Management Fee, a Parking Performance Fee and a one-time Incentive Fee as follows:

- (a) The Management Fee will be paid monthly as an Operating Expense. If parking facilities, other than the City Island parking facility are added to the Parking System during the term, the Management Fee shall be increased in accordance with the methodology in Section 4(a)(1) of the Parking Services Agreement.
- (b) The Parking Performance Fee will be paid as provided in the Indenture within thirty (30) days following each Interest Payment Date. During the Term of the Parking Services Agreement, if any additional parking facilities are added to and become a part of the Parking System under the Parking Services Agreement, the Parking Performance Fee shall be increased in accordance with the methodology in Section 4(d) of the Parking Services Agreement. To the extent that there are insufficient amounts available under the Indenture to pay the Parking Performance Fee when due, any unpaid balance of the Parking Performance Fee will accrue and be paid in later periods as and, to the extent, sufficient amounts are available under the Indenture. To the extent that the Parking Performance Fee is earned but not paid within six (6) months of the date due, such earned but unpaid Parking Performance Fee will be carried over to the subsequent six (6) month period and paid to the extent sufficient amounts are available under the Indenture and permitted to be applied to such payment. If there is any unpaid Parking Performance Fee carried over from a prior six (6) month period at the end of the subsequent six (6) month period, the unpaid carryover Parking Performance Fee will not continue to be carried over and will no longer be payable. Failure to pay the Parking

Performance Fee when due in any period is not a default under the Parking Services Agreement so long as the failure to make such payment results from insufficient amounts available under the Indenture to pay such amount.

- (c) The one-time Incentive Fee will be paid as an Operating Expense only if and when aggregate Modified Revenue exceeds the Threshold, as set forth in the Parking Services Agreement or as otherwise provided in the Parking Services Agreement in the event of early termination. The Incentive Fee will be paid within ninety (90) days after the end of the Operating Year during which the applicable Threshold is exceeded, based upon a certificate delivered by Operator to Asset Manager, Trustee, Authority and each Credit Facility Provider (within the time period set forth in the Indenture) setting forth the amount of the Incentive Fee pursuant to the Parking Services Agreement and including the basis upon which such amount was calculated. To the extent that there are insufficient amounts under the Indenture to pay the Incentive Fee when due, the Incentive Fee will accrue and be paid in later periods as, and to the extent, sufficient amounts under the Indenture are available and permitted under the Indenture to be applied to such payments. Failure to pay the Incentive Fee when due is not default under the Parking Services Agreement so long as the failure to pay results from insufficient amounts under the Indenture to pay such amounts.

Operator will be provided funds for Operating Expenses incurred by Operator in the performance of its duties, obligations and services pursuant to the Parking Services Agreement as more particularly set forth and defined therein, but solely to the extent set forth in Operator's Operating Budget for each Operating Year. On the Commencement Date of the Parking Services Agreement, Operator shall receive the Operating Advance and establish the Operating Fund. On a monthly basis, Operator shall receive the Monthly Operating Payments. Operator shall establish one or more bank accounts for the Operating Fund, Parking Revenue, and Parking Tax Liability, each to be administered in accordance with the terms of the Parking Services Agreement.

The Parking Services Agreement sets forth various provisions regarding employment opportunities with respect to existing employees of the Parking System.

In addition to any other termination rights under the Parking Services Agreement: (a) Either party may terminate the Parking Services Agreement, without cause or penalty, upon ninety (90) days' prior written notice, (b) Operator shall have the right to terminate the Parking Services Agreement, if: (1) Operator is not paid the Operating Advance on the Commencement Date; or (2) Operator is not paid any Monthly Operating Payment on the applicable Due Date and, after written notice from Operator to Asset Manager, the Authority, Trustee and the Credit Enhancers, such failure to pay is not cured on or before the following month's Due Date; (c) either party may terminate the Parking Services Agreement upon the breach by the other party of any covenant, term or condition thereof, provided the breaching party first receives written notice of such breach and fails to remedy same within thirty (30) days after receipt of written notice thereof, or if the breaching party fails to commence remedying such breach within said 30-day period if such breach cannot be reasonably remedied within thirty (30) days; (d) either party may terminate the Parking Services Agreement upon the breach by the other party (that continues beyond any applicable cure period thereunder) of any covenant, term or condition of the Parking Enforcement Agreement; (e) if the Parking Services Agreement terminates, the Parking Enforcement Agreement shall automatically terminate and vice versa; (f) either party may terminate the Parking Services Agreement in the event the other party or the Authority or the City or any party on their behalf, files a voluntary petition or similar pleading for bankruptcy, insolvency, receivership or makes an assignment for the benefit of creditors, with such termination to be effective upon giving written notice thereof, or (g) the Parking Services Agreement shall terminate upon written notice if (i) the termination of the Asset Management Agreement or (ii) the Operator is required to be replaced under the terms of the Indenture, or upon request, upon exercise of remedies under the Indenture. Except for a termination of the Parking Services Agreement by Operator pursuant to subparagraph (b) hereinabove, no termination of the Parking Services

Agreement by Operator shall be effective until Asset Manager has retained a replacement operator meeting the requirements of Section 3.5 of the Asset Transfer Agreement.

Operator shall not have any obligation to use its own funds to pay any Operating Expenses.

Operator hereby waives its right to set-off from any Parking Revenue (as defined in the Parking Services Agreement) to satisfy any obligations of Asset Manager to Operator under the Parking Services Agreement or otherwise due Operator with respect to the Parking System.

Operator shall not assign or transfer the Parking Services Agreement or its right, title or interest therein, without complying with the terms of Section 3.5 of the Asset Transfer Agreement and without the prior written consent of Asset Manager. Operator expressly acknowledges and agrees that, subject to the terms of the Indenture and the Asset Transfer Agreement, the Parking Services Agreement may, without the consent of (but with prior written notice to) Operator, be assigned by Asset Manager to the Trustee for the security of the holders of the Bonds and, subject to the terms of the Indenture and the Asset Transfer Agreement, may be subsequently assigned, without the consent of (but with prior written notice to) Operator, to a successor, trustee, or any other entity providing financing or serving as a trustee for the benefit of entities or individuals which provide financing of the Parking System, or with respect to any refinancing of the Bonds, or any other financing, or an entity which exercises remedies under or succeeds to the rights under the Financing Documents (as such term is defined in the Asset Transfer Agreement). Operator expressly agrees that upon such assignment, it will provide the services under the Parking Services Agreement for the benefit of such assignee upon the terms and conditions set forth in the Parking Services Agreement or will enter into a new agreement with such assignee containing substantially the same terms and conditions as are set forth in the Parking Services Agreement. Subject to the foregoing, the Parking Services Agreement shall be binding upon Asset Manager and upon Operator and their respective successors and assigns.

The foregoing is only a summary of certain provisions of the Parking Services Agreement and is qualified by reference to the entire document. The Parking Services Agreement is attached hereto as Appendix “K”. Prospective purchasers of the Bonds should read the Parking Services Agreement in its entirety for a more complete understanding of its terms.

Parking Enforcement Agreement – On-Street Operations

Concurrently with the issuance of the Bonds, the initial Asset Manager will enter into a Parking Enforcement Agreement (the “Parking Enforcement Agreement”) pursuant to which the Operator (as herein defined) will perform and provide parking enforcement services for the On-Street Parking System, including the Parking Enforcement Powers, in a First Class Manner in accordance with the Parking Enforcement Agreement. SP Plus Corporation will serve as the initial enforcement operator under the Parking Enforcement Agreement (the “Operator”). See “OPERATION OF THE PARKING SYSTEM – Description of SP Plus Corporation” herein. The Parking Enforcement Agreement has an initial term of ten years, subject to extension by mutual agreement of Asset Manager and Operator or earlier termination as provided in the Parking Enforcement Agreement.

Under the Parking Enforcement Agreement, Operator shall: (a) provide the enforcement services and render the necessary services incidental thereto, including those required by applicable Law and the Enforcement Policies and Procedures. Operator will initially subcontract certain Services to Complus Data Innovations, Inc., as a subcontractor, provided that such subcontract does not relieve or release Operator from its obligations, responsibilities or liabilities under the Parking Enforcement Agreement; (b) discharge its duties pursuant to the Parking Enforcement Agreement with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent professional enforcement operator, acting in a like capacity and familiar with such matters, would use in the conduct of on-street parking

enforcement of a like character, with like aims for the overall operation of the Parking System in accordance with the Parking Services Agreement; (c) serve on and perform duties with respect to the Advisory Committee; (d) hire, compensate, and supervise a reasonable and customary number of experienced and qualified enforcement personnel who will render the services required in a courteous and fair manner; (e) provide enforcement of parking regulations by virtue of issuing non-moving parking citations, immobilization efforts and all other legally permissible requirements for parking enforcement; (f) process and accept payments for payment violations and such other violations; (g) to the extent permitted by applicable Law, assist the City with its adjudication and statutory process for the collection of unpaid citations, collection of citation revenue, and causing all collected revenues from citations to be deposited into the appropriate depository account; (h) provide all supplies, software, equipment and back office support necessary to properly perform the services; (i) assign qualified personnel and devote such time as it shall deem advisable or appropriate to enable it to fully perform its obligations under the Parking Enforcement Agreement; and (j) prepare and deliver to Asset Manager Operator's Operating Budget (as defined in the Parking Enforcement Agreement) for each Operating Year.

Pursuant to the terms of the Parking Enforcement Agreement, the Operator will be paid a Management Fee and an Enforcement Performance Fee as follows

- (a) The Management Fee will be paid monthly as an Operating Expense. During the Term of the Parking Enforcement Agreement, parking Spaces may be added to and become a part of the Parking System under the Parking Enforcement Agreement and, consequently, in such event(s), the Management Fee shall be increased in accordance with the methodology in Section 4(a)(1) of the Parking Enforcement Agreement.
- (b) The Enforcement Performance Fee will be paid as provided in the Indenture within thirty (30) days following each Interest Payment Date. During the Term of the Parking Enforcement Agreement, parking Spaces may be added to and become a part of the Parking System under the Parking Enforcement Agreement and, consequently, in such event(s), the Enforcement Performance Fee shall be increased in accordance with the methodology in Section 4(b) of the Parking Enforcement Agreement. To the extent that there are insufficient amounts available under the Indenture to pay the Enforcement Performance Fee when due, any unpaid balance of the Enforcement Performance Fee will accrue and be paid in later periods as, and to the extent, sufficient amounts are available under the Indenture. To the extent that the Enforcement Performance Fee is earned but not paid within six (6) months of the date due, such earned but unpaid Enforcement Performance Fee will be carried over to the subsequent six (6) month period and paid to the extent sufficient amounts are available under the Indenture and permitted to be applied to such payments. If there is any unpaid Enforcement Performance Fee carried over from a prior six (6) month period at the end of the subsequent six (6) month period, the unpaid carryover Enforcement Performance Fee will not continue to be carried over and will no longer be payable. Failure to pay the Enforcement Performance Fee when due in any period is not a default under the Parking Enforcement Agreement so long as the failure to pay results from insufficient amounts available under the Indenture to pay such amount.

Operator will be provided funds for Operating Expenses incurred by Operator in the performance of its duties, obligations and services pursuant to the Parking Enforcement Agreement as more particularly set forth and defined therein, but solely to the extent set forth in Operator's Operating Budget for each Operating Year. On the Commencement Date of the Parking Enforcement Agreement, Operator shall receive the Operating Advance under the Parking Services Agreement and establish the Operating Fund. On a monthly basis, Operator shall receive the Monthly Operating Payments. Operator shall establish one or more bank accounts for Operating Fund, Enforcement Revenue and Parking Tax Liability, each to be administered in accordance with the terms of the Parking Enforcement Agreement.

In addition to any other termination rights under the Parking Enforcement Agreement: (a) Either party may terminate the Parking Enforcement Agreement, without cause or penalty, upon ninety (90) days' prior written notice, (b) Operator shall have the right to terminate the Parking Enforcement Agreement, if: (1) Operator is not paid the Operating Advance on the Commencement Date; or (2) Operator is not paid any Monthly Operating Payment on the applicable Due Date and, after written notice from Operator to Asset Manager, the Authority, Trustee and the Credit Enhancers, such failure to pay is not cured on or before the following month's Due Date; (c) either party may terminate the Parking Enforcement Agreement upon the breach by the other party of any covenant, term or condition therein, provided the breaching party first receives written notice of such breach and fails to remedy same within thirty (30) days after receipt of written notice thereof, or if the breaching party fails to commence remedying such breach within said 30-day period if such breach cannot be reasonably remedied within thirty (30) days; (d) either party may terminate the Parking Services Agreement upon the breach by the other party (that continues beyond any applicable cure period thereunder) of any covenant, term or condition of the Parking Enforcement Agreement; (e) if the Parking Services Agreement terminates, the Parking Enforcement Agreement shall automatically terminate and vice versa, (f) either party may terminate the Parking Enforcement Agreement in the event the other party or the Authority or the City or any party on their behalf, files a voluntary petition or similar pleading for bankruptcy, insolvency, receivership or makes an assignment for the benefit of creditors, with such termination to be effective upon giving written notice thereof, or (g) the Parking Enforcement Agreement shall terminate upon written notice (i) upon the termination of the Parking Enforcement Engagement Agreement or (ii) if the Operator is required to be replaced under the terms of the Indenture, or upon request, upon exercise of remedies under the Indenture. Except for a termination of the Parking Enforcement Agreement by Operator pursuant to subparagraph (b) hereinabove, no termination of the Parking Enforcement Agreement by Operator shall be effective until Asset Manager has retained a replacement operator meeting the requirements of Section 3.5 of the Asset Transfer Agreement.

Operator shall not have any obligation to use its own funds to pay any Operating Expenses.

Operator hereby waives its right to set-off from any Enforcement Revenue (as defined in the Parking Enforcement Agreement) to satisfy any obligations of Asset Manager to Operator under the Parking Enforcement Agreement or otherwise due Operator with respect to the Parking System.

Under the Parking Enforcement Agreement, Operator shall not assign or transfer the Parking Enforcement Agreement or its right, title or interest therein without complying with the terms of Section 3.5 of the Asset Transfer Agreement and without the prior written consent of Asset Manager. Operator expressly acknowledges and agrees that, subject to the terms of the Indenture and the Asset Transfer Agreement, the Parking Enforcement Agreement may, without the consent of (but with prior written notice to) Operator, be assigned by Asset Manager to the Trustee for the security of the holders of the Bonds and, subject to the terms of the Indenture and the Asset Transfer Agreement, may be subsequently assigned, without the consent of (but with prior written notice to) Operator, to a successor trustee, or any other entity providing financing or serving as a trustee for the benefit of entities or individuals which provide financing of the Parking System, or with respect to any refinancing of the Bonds, or other financing, or an entity which exercises remedies under or succeeds to the rights under the Financing Documents (as such term is defined in the Asset Transfer Agreement). Operator expressly agrees that upon such assignment, it will provide the Services for the benefit of such assignee upon the terms and conditions set forth in the Parking Enforcement Agreement or will enter into a new agreement with such assignee containing substantially the same terms and conditions as are set forth in the Parking Enforcement Agreement. Subject to the foregoing, the Parking Enforcement Agreement shall be binding upon Asset Manager and upon Operator and their respective successors and assigns.

The foregoing is only a summary of certain provisions of the Parking Enforcement Agreement and is qualified by reference to the entire document. The Parking Enforcement Agreement is attached hereto as Appendix “L”. Prospective purchasers of the Bonds should read the Parking Enforcement Agreement in its entirety for a more complete understanding of its terms.

Description of SP Plus Corporation

SP Plus Corporation, formerly Standard Parking Corporation, a publicly-held Delaware corporation (“SP Plus Corporation”), will serve as the initial operator under the Parking Services Agreement and the initial operator under the Parking Enforcement Agreement, respectively. SP Plus Corporation is one of the leading providers of parking management, ground transportation and other ancillary services to commercial, institutional and municipal clients in the United States, Puerto Rico and Canada. Its services include a comprehensive set of on-site parking management and ground transportation services, which consist of training, scheduling and supervising all service personnel as well as providing customer service, marketing, maintenance, security and accounting and revenue control functions necessary to facilitate the operation of its clients’ parking facilities. SP Plus Corporation also provides a range of ancillary services. As of December 31, 2012, SP Plus Corporation managed approximately 4,300 parking facility locations containing approximately 2.1 million parking spaces in approximately 456 cities, operated 262 parking-related service centers serving 75 airports, operated a fleet of approximately 700 shuttle buses carrying approximately 35 million passengers per year, operated 136 valet locations and employed a professional staff of approximately 25,000 people.

SP Plus Corporation has provided parking services since 1929. Its history and resulting experience have allowed it to develop and standardize a rigorous system of processes and controls that enable it to deliver consistent, transparent, value-added and high-quality parking facility management services. SP Plus Corporation serves a variety of industries and has end-market specific specialization in airports, healthcare facilities, hotels, municipalities and government facilities, commercial real estate, residential communities, retail and colleges and universities.

The following table describes representative municipal clients/operations of SP Plus Corporation:

LOCATION	DATES OF OPERATION	SCOPE OF OPERATION	NUMBER OF LOCATIONS MANAGED	TOTAL SPACE COUNT
City of Richmond, VA	2004-Present	Parking Enforcement, Meter Maintenance and Collection, Parking Garage and Surface Lot Management	5 Garages, 7 Surface Lots, On-Street Meters	5,400
City of Charlotte, NC	1998-Present	Parking Enforcement, Meter Maintenance and Collection	On-Street Meters	1,100
City of New Orleans, LA	2004-Present	Parking Enforcement, Meter Maintenance and Collection	On-Street Meters	4,100
City of Miami Beach, FL	2001-Present	Parking Enforcement, Meter Maintenance and Collection, Parking Garage Management	9 Parking Garages, On-Street Meters	14,500
City of Coral Gables, FL	1999-Present	Parking Garage Management	4 Parking Garages	1,600

LOCATION	DATES OF OPERATION	SCOPE OF OPERATION	NUMBER OF LOCATIONS MANAGED	TOTAL SPACE COUNT
City of Colorado Springs, CO	1998-Present	Parking Garage Management	3 Parking Garages, 2 Surface Lots	2,700
City of Newport Beach, CA	2011-Present	Parking Enforcement, Meter Maintenance and Collection, Surface Lot Management	2 Surface Lots, On-Street Meters	3,849
City of Santa Monica, CA	2009- Present	Parking Garage Management	13 Parking Garages, 32 Surface Lots	14,000
City of Great Falls, MO	1981-Present	Parking Enforcement, Meter Maintenance and Collection, Garage and Surface Lot Management	2 Parking Garages, 6 Surface Lots, On-Street Meters	2,300
City of Birmingham, MI	1954-Present	Parking Garage Management	5 Parking Garages	3,800
City of Scranton, PA	2012-Present	Parking Garage Management	5 Parking Garages	2,700

Replacement of Asset Manager

The Authority may select a replacement Asset Manager in accordance with the requirements of the Asset Transfer Agreement (including approval of the County and Assured Guaranty (the “Credit Facility Providers”) to the extent required therein), based on the following factors: (i) the ability of the proposed Asset Manager to manage or operate the Parking System in a manner that complies with the Operating Standards; (ii) the financial strength and integrity of the proposed Asset Manager; (iii) the background and reputation of the proposed Asset Manager; (iv) compliance with the Commonwealth Procurement Code to the extent required; and (v) the absence of status as a Disqualified Contractor under the Commonwealth’s Contractor Responsibility Program.

Replacement of Parking Operator

The Authority may select a replacement Operator in accordance with the requirements of the Asset Transfer Agreement (including approval of the Credit Facility Providers to the extent required therein), and the Asset Manager may select a replacement Operator in accordance with the requirements of the Asset Management Agreement (by reference to the Asset Transfer Agreement, including approval of the Credit Facility Providers to the extent required therein), in either case based on the following factors: (i) the ability of the proposed Operator to respectively manage or operate the Parking System in a manner that complies with the Operating Standards; (ii) the financial strength and integrity of the proposed Operator; (iii) the background and reputation of the proposed Operator; (iv) compliance with the Commonwealth Procurement Code to the extent required; and (v) the absence of status as a Disqualified Contractor under the Commonwealth’s Contractor Responsibility Program.

CAPITAL IMPROVEMENTS TO THE PARKING SYSTEM

To the extent of sufficient funds in the Capital Reserve Fund, the Authority is responsible under the Indenture for all capital improvements to the Parking System that are required to be completed in accordance with the Indenture, the Lease and the Asset Transfer Agreement.

Initial Capital Improvements

Under the Indenture, moneys in the Capital Reserve Fund are required to be disbursed to pay current capital expenditures shown in the Annual Capital Budget for the Parking System. At closing, \$9,000,000 from proceeds of the Bonds will be deposited in the Capital Reserve Fund. The balance needed to fund the Capital Reserve Fund Requirement will be funded from Revenues, subject to the flow of funds under the Indenture. See “SECURITY FOR THE BONDS – Indenture – Capital Reserve Fund” herein.

Pursuant to the terms of the Asset Management Agreement and Indenture, the Asset Manager will submit for approval to the Authority and the Credit Facility Providers an initial Annual Capital Budget that will include enhancements to the On-Street Parking System and Off-Street Parking System and structural repairs for the Off-Street Parking System, all as described below.

Planned initial On-Street Parking System technology improvements include replacing existing meters with multi-space pay stations for meters within the Central Business District and single space meters outside the Central Business District. All new meters will be credit card enabled. Approximately 88 new meters will be added in a mid-town location.

Planned initial improvements to Off-Street Parking System garages and lots include new entrance and exit equipment with intercom units. Planned structural repairs include concrete and miscellaneous repairs for many of the garages and resurfacing for one of the lots. See “INDEPENDENT ENGINEER’S REPORT” herein and in Appendix “G”.

Pursuant to the Asset Management Agreement, the Asset Manager is to be paid an annual Construction Manager’s Fee out of moneys in the Capital Reserve Fund.

Long Term Capital Plan

Under the Indenture, the Authority is required to cause the Asset Manager and an Independent Engineer to prepare a long term capital plan (the “Long Term Capital Plan”) based on physical assessments of the Parking Facilities by such Independent Engineer, covering projected Capital Expenditures for repair, renovation and replacement of the Parking Facilities in each of the next ten (10) Operating Years in order to maintain all aspects of the Parking Facilities in a First Class Manner.

Pursuant to the terms of the Asset Management Agreement, Indenture and Asset Transfer Agreement, the Asset Manager is required to submit the initial Long Term Capital Plan to the Authority and the Advisory Committee on or before March 31, 2014. The Advisory Committee will have thirty (30) days to review and comment on the Long Term Capital Plan. The Authority will cause the Asset Manager and Operator to adopt the Long Term Capital Plan (including any changes made after review of the advisory input and comments by the Advisory Committee) not later than May 31, 2014.

The Long Term Capital Plan is required to be revised annually and based on a new or updated physical assessment of the Parking Facilities by an Independent Engineer at least every three (3) years. Consistent with the Rate Covenants set forth in the Indenture, the Long Term Capital Plan will also detail the expected sources of moneys to fund the Long Term Capital Plan, including currently available funds

in the Capital Reserve Fund, proceeds of Additional Bonds, if any, and reasonable expectations of revenues projected to be generated.

REVENUES OF THE PARKING SYSTEM

There are four major sources of revenue for the Parking System: (1) revenues from Off-Street monthly contracted customers and transient parking customers; (2) revenues from On-Street parking; (3) enforcement revenues resulting from the collection of fines and charges for delinquent parking; and (4) revenues under the DGS Parking Lease. The Parking System also generates office rent and other miscellaneous revenues. The first three of the four major revenue sources are described below under this caption. The revenues generated under the DGS Parking Lease are described under the caption “DGS PARKING LEASE” below.

Off-Street Rates

Current Parking Authority Off-Street Parking Rates. The following tables show existing Parking Authority monthly and transient parking rates. Aside from the City Island Garage and Lots (which are HPA Excluded Off-Street Parking Facilities) monthly parking at all other Parking Authority garages currently costs \$155 per month for non-reserved parking and \$200 for reserved parking. Rates shown below include applicable parking taxes.

Existing Off-Street Monthly Parking Rates

Facility	Chestnut	Fifth	Market Square	Walnut	Locust	River	Seventh	South	Harrisburg University	Mulberry Lot	10 th Street Lot
Un-Reserved	\$155	\$155	\$155	\$155	\$155	\$155	\$155	\$155	\$155	\$95	\$85
Reserved	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$105	-

Source: DESMAN Associates Independent Engineer’s Report, included as Appendix “G” hereto.

All of the Off-Street facilities except for the 10th Street and Mulberry Street lots also allow for transient parkers at the following rates (including parking taxes):

Transient Stay Periods	<u><2 hrs</u>	<u>2-3 hrs</u>	<u>3-4 hrs</u>	<u>4-5 hrs</u>	5-11 <u>hrs</u>	11-24 <u>hrs</u>
Current Rates	\$5.00	\$7.00	\$8.00	\$9.00	\$16.00	\$20.00

Permitted Off-Street Parking Rates. The tables below set forth the monthly rates for Parking System garages and the Mulberry Lot from 2014 to 2017 and transient rates from 2014 to 2015, all as provided in the Asset Transfer Agreement. Monthly reserved rates will be 135% of the corresponding unreserved monthly rate, rounded to the nearest \$5/month. Rates shown below include parking taxes. Thereafter, the Asset Transfer Agreement permits the Authority to increase rates annually in a minimum amount equal to the greater of 3% or the increase in the Consumer Price Index, or higher if necessary to meet the Rate Covenant. On November 26, 2013, the Parking Authority adopted a resolution implementing all the parking rate increases for 2014 reflected in the following table, effective January 1, 2014.

Permitted Monthly Unreserved Rates for Parking System Facilities

Monthly Rates	Chestnut	Fifth	Market Square					River	Seventh	South	Harrisburg University	Mulberry Lot	10 th Street Lot
			Walnut	Locust	Walnut	Locust	Walnut						10 th Street Lot
2014	\$175	\$170	\$170	\$175	\$175	\$165	\$170	\$170	\$170	\$170	\$100	\$100	
2015	\$185	\$180	\$180	\$185	\$185	\$170	\$180	\$180	\$180	\$180	\$105	\$105	
2016	\$195	\$190	\$190	\$195	\$195	\$185	\$190	\$190	\$190	\$190	\$115	\$115	
2017	\$200	\$195	\$195	\$200	\$200	\$190	\$195	\$195	\$195	\$195	\$120	\$120	

Source: Asset Transfer Agreement – Schedule 5.

Permitted Transient Rates for Parking System Facilities

Time Elapsed	Chestnut		Fifth St.		Market Sq.		Walnut St.		Locust St.	
	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>
	0.50 hrs	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00
2.00	\$ 7.00	\$ 8.00	\$ 7.00	\$ 8.00	\$ 7.00	\$ 8.00	\$ 7.00	\$ 8.00	\$ 7.00	\$ 8.00
3.00	\$ 9.00	\$ 10.00	\$ 9.00	\$ 10.00	\$ 9.00	\$ 10.00	\$ 9.00	\$ 10.00	\$ 9.00	\$ 10.00
4.00	\$ 11.00	\$ 12.00	\$ 11.00	\$ 12.00	\$ 11.00	\$ 12.00	\$ 11.00	\$ 12.00	\$ 11.00	\$ 12.00
5.00	-	-	-	-	-	-	-	-	-	-
10.00	\$ 18.00	\$ 20.00	\$ 18.00	\$ 20.00	\$ 16.00	\$ 18.00	\$ 18.00	\$ 20.00	\$ 18.00	\$ 20.00
11.00	-	-	-	-	-	-	-	-	-	-
24.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 20.00	\$ 20.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00

Time Elapsed	River St.		Seventh St.		South St.		Harrisburg University		City Island*	
	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>
	0.50 hrs	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	-
2.00	\$ 7.00	\$ 8.00	\$ 7.00	\$ 8.00	\$ 5.00	\$ 6.00	\$ 7.00	\$ 8.00	-	-
3.00	\$ 9.00	\$ 10.00	\$ 9.00	\$ 10.00	\$ 7.00	\$ 8.00	\$ 9.00	\$ 10.00	-	-
4.00	\$ 11.00	\$ 12.00	\$ 11.00	\$ 12.00	\$ 8.00	\$ 9.00	\$ 11.00	\$ 12.00	\$ 5.00	\$ 6.00
5.00	-	-	-	-	-	-	-	-	-	-
10.00	\$ 16.00	\$ 18.00	\$ 18.00	\$ 20.00	\$ 16.00	\$ 18.00	\$ 16.00	\$ 18.00	-	-
11.00	-	-	-	-	-	-	-	-	-	-
24.00	\$ 20.00	\$ 20.00	\$ 25.00	\$ 25.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 10.00	\$ 12.00

Source: Asset Transfer Agreement – Schedule 5

* The City Island Garage and Lots are not initially being transferred to the Authority. However, pursuant to the Asset Transfer Agreement, such assets may be transferred to the Authority in the future for a nominal amount and become part of the Lease and subject to the Asset Transfer Agreement. If such transfer occurs, the rates indicated above (subject to increase as provided in the Asset Transfer Agreement) would apply to the City Island Garage and Lots.

Off-Street Parking Taxes

Parking taxes are due to the City for all off-street parking (monthly and transient), which rates include such taxes. The City increased parking taxes from 15% to 20% in 2012. Under the Asset Transfer Agreement, the City covenants not to increase the parking tax rate to more than 20%.

On-Street Rates

The following table illustrates current meter rates and meter rates as of January 1, 2014. Currently, on-street meter rates are in effect Monday through Friday, 8:00 a.m. to 5:00 p.m. Under the Asset Transfer Agreement, the Authority may expand new meter hours to up to 11 hours each weekday and Saturday (meters will not be operated on Sundays and Holidays) for the first five years from the date of issuance of the Bonds. Thereafter, the hours and days of operation will not be restricted.

Current and Permitted Meter Rates, Hours of Operations and Length of Stay

	Current Rates		Approved Rates in Effect on January 1, 2014	
	Central Business District Area	All Other Areas	Central Business District Area*	All Other Areas
	Rates Based on Length of Stay			
<10 Minutes	\$0.25			
<15 Minutes		\$0.25	\$0.75	
<30 Minutes				\$0.75
Every 60 Minutes up to Maximum Length of Stay	\$1.50	\$1.00	\$3.00	\$1.50
Hours of Operation	Mon.-Fri. 8AM-5PM	Mon.-Fri. 8AM-5PM	Mon.-Sat. 8AM-7PM	Mon.-Sat. 8AM-7PM

Source: Asset Transfer Agreement, Schedule 5

* Eighty-eight (88) new meters will be installed in select locations in the Central Business District. These new meters will have a ten (10) minutes free option. All other meters will be charged a base rate as shown.

Enforcement Revenues

The current and initial permitted Parking System enforcement rates are shown in the following table. These initial rates will be in effect upon issuance of the Bonds. Under the DGS Intergovernmental Cooperation Agreement, DGS will have the right to raise future citation rates for meter violations so that citation rates for meter violations at all times equal or exceed 10 times the corresponding 60-minute rate at Central Business District meters. Citation rates will be rounded to the nearest \$5.

Meter Enforcement Rates and Charges

	Meter Violation	Late Payment
Current Rate	\$14	\$11
Initial Rate	\$30	\$20

Source: Asset Transfer Agreement, Schedule 5

Historic Parking Revenues, Expenses and Net Operating Income

The following table presents selected information regarding historic revenue, expenses and net operating income of the Parking System. Off-Street revenues are net of taxes payable to the City. Since 2008, certain parking rates have increased, and monthly garage utilization rates have decreased and there have been other factors influencing revenues and expenses of the Parking Authority. From 2008 to 2012, the historical on-street meter revenue declined by 10.3%. For further discussion regarding historical revenues and expenses, see “Appendix “G” – Independent Engineer’s Report.”

Historic Parking Revenues and Expenses

<u>Revenue</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>CAGR*</u>
Public Parking	\$11,562,563	\$12,584,192	\$12,360,910	\$12,722,495	\$11,976,968	0.88%
State Parking	1,275,120	1,247,889	1,360,328	1,392,611	1,442,684	3.13%
Office Rent	69,428	67,718	65,456	67,029	73,951	1.59%
Other	<u>60,436</u>	<u>64,406</u>	<u>73,539</u>	<u>140,763</u>	<u>152,125</u>	25.96%
Total Revenues	\$12,967,547	\$13,964,205	\$13,860,233	\$14,322,898	\$13,645,728	1.28%
Expenses						
Salaries and Fringe Benefits	\$2,380,571	\$2,761,957	\$2,986,925	\$3,107,047	\$3,241,054	8.02%
Repairs, maintenance and Supplies	641,231	563,765	631,611	570,529	688,920	1.81%
Professional Services	737,511	368,080	594,769	728,424	832,536	3.08%
Depreciation and Amortization	3,192,501	3,190,765	3,346,605	3,977,939	3,967,859	5.59%
Insurance	217,627	253,670	196,019	195,115	202,120	-1.83%
Utilities	460,843	564,258	657,809	564,636	504,753	2.30%
Real Estate Taxes	56,314	52,908	52,900	56,622	57,000	0.30%
Rental	55,557	24,972	8,667	20,800	20,800	-21.78%
Other	<u>186,346</u>	<u>206,568</u>	<u>188,649</u>	<u>208,140</u>	<u>213,026</u>	3.40%
Total Expenses	\$7,928,501	\$7,986,943	\$8,663,954	\$9,429,252	\$9,728,068	5.25%
Operating Income	\$5,039,046	\$5,977,262	\$5,196,279	\$4,893,646	\$3,917,660	-6.10%

Source: Parking Authority Audited Financial Statements, except CAGR.

* Combined Annual Growth Rate

Historical parking ticket enforcement revenue is shown in the table above. Enforcement revenue declined 14.6% from 2008 to 2012. It is believed that such declines are due, in part, to a decline in enforcement personnel and in over-all on-street enforcement.

Historic Enforcement Parking Revenues

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>CAGR*</u>
Enforcement	\$1,280,050	\$1,131,991	\$1,228,749	\$1,128,749	\$1,093,142	-3.87

Source: The Harrisburg Strong Plan.

* Combined Annual Growth Rate

Projected Parking Revenues, Expenses and Net Operating Income

The tables below show the projected operating results of the Parking System for the periods shown and have been extracted from the Independent Engineer’s Report attached hereto as Appendix “G”. These projections are based on the estimates of annual revenues from the new parking rates and expenses and certain assumptions including, but not limited to, the implementation of the parking rates and charges set forth above and other improvements to the operation of the Parking System that are expected to increase revenues. Prospective purchasers of Bonds should read the Independent Engineer’s Report in its entirety. See “INDEPENDENT ENGINEER’S REPORT” herein and “Appendix G – Independent Engineer’s Report” for a more completed description of the assumptions on which the projections are based.

Actual operating results and net operating income may vary from the projections in the following tables and there may be material variances between the following projections and actual results during the forecast period. Neither the Underwriters nor the Authority represent that any of the projected increases in Parking Revenues will be attained or that actual Current Expenses will match the assumptions.

Projected Parking Revenue and Expenses

Year Ending December 31,	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>CAGR*</u>
Revenues						
On-Street	\$2,920,587	\$3,008,204	\$3,086,214	\$3,178,801	\$3,274,165	2.9%
Off-Street	10,338,642	9,479,347	9,859,163	10,222,481	10,529,156	0.5%
DGS Parking Lease	6,975,720	7,492,440	10,623,120	11,231,640	11,819,520	14.1%
Enforcement	2,183,250	2,248,748	2,316,210	2,385,696	2,457,267	3.0%
Other	<u>85,671</u>	<u>88,241</u>	<u>90,888</u>	<u>93,615</u>	<u>96,423</u>	3.0%
Total Revenues	\$22,503,870	\$22,316,980	\$25,975,595	\$27,112,233	\$28,176,531	5.8%
Parking Taxes	<u>\$2,885,727</u>	<u>\$2,828,631</u>	<u>\$3,413,714</u>	<u>\$3,575,687</u>	<u>\$3,724,779</u>	6.6%
Net Revenues	\$19,618,143	\$19,488,349	\$22,561,881	\$23,536,546	\$24,451,752	5.7%
Expenses						
Operating Expenses	\$5,638,174	\$4,560,099	\$4,692,642	\$4,998,324	\$4,988,861	-3.0%
Net Operating Income	\$13,979,969	\$14,928,249	\$17,869,239	\$18,548,223	\$19,462,891	8.6%

Source: DESMAN Associates Independent Engineer’s Report, included as Appendix “G” hereto.

* Combined Annual Growth Rate

Debt Service Charges and Projected Coverage Levels

The following table sets forth the principal of and interest on the Series A Bonds, as well as the projected coverage levels for the Series A Bonds.

Projected Series A Debt Service Coverage

Period Ending	Revenues	Series A Debt Service*	Series A Debt Service Coverage
2014	\$19,618,143	\$4,798,473	4.09*
2015	19,488,349	5,200,463	3.75
2016	22,561,881	5,980,463	3.77
2017	23,536,546	6,320,463	3.72
2018	24,451,752	6,650,463	3.68
2019	25,419,572	6,980,463	3.64
2020	26,228,935	7,190,463	3.65
2021	27,064,223	7,405,463	3.65
2022	27,926,272	7,629,463	3.66
2023	28,815,944	7,856,463	3.67
2024	29,734,130	8,090,663	3.68
2025	30,681,750	8,335,663	3.68
2026	31,659,752	8,586,075	3.69
2027	32,669,117	8,841,075	3.70
2028	33,710,857	9,106,075	3.70
2029	34,722,182	9,381,075	3.70
2030	35,763,848	9,661,075	3.70
2031	36,836,763	9,951,075	3.70
2032	37,941,866	10,249,575	3.70
2033	39,080,122	10,559,325	3.70
2034	40,252,526	9,788,325	4.11
2035	41,460,102	10,083,325	4.11
2036	42,703,905	10,383,325	4.11
2037	43,985,022	10,693,325	4.11
2038	45,304,572	11,015,850	4.11
2039	46,663,710	11,346,625	4.11
2040	48,063,621	11,688,288	4.11
2041	49,505,530	12,038,213	4.11
2042	50,990,695	12,398,775	4.11
2043	52,520,416	12,772,088	4.11

Source: DESMAN Independent Engineer's Report, included as Appendix "G" hereto.

* Annual debt service amount reflects July 1 of the indicated year and January 1 of the subsequent year. Annual debt service has been reduced by the application of \$400,000 of capitalized interest in 2014.

The following table sets forth the principal of and interest on the Series A Bonds, the Series B Bonds and the Series C Bonds, as well as the projected coverage levels for the Bonds against projected Net Operating Income.

Projected Aggregate Debt Service Coverage

Period Ending	Net Operating Income	Series A Debt Service	Series B Debt Service	Series C Debt Service	Aggregate Debt Service*	Aggregate Debt Service Coverage
2014	\$13,979,969	\$4,798,473	\$3,280,684	\$1,644,722	\$9,723,879	1.44*
2015	14,928,249	5,200,463	3,789,800	2,931,250	11,921,513	1.25*
2016	17,869,239	5,980,463	4,229,800	3,030,000	13,240,263	1.35
2017	18,698,223	6,320,463	4,397,800	3,152,500	13,870,763	1.35
2018	19,462,891	6,650,463	4,552,050	3,262,250	14,464,763	1.35
2019	20,275,149	6,980,463	4,722,800	3,389,500	15,092,763	1.34
2020	20,923,748	7,190,463	5,183,800	3,718,000	16,092,263	1.30
2021	21,592,888	7,405,463	5,360,050	3,842,250	16,607,763	1.30
2022	22,283,214	7,629,463	5,534,550	3,971,500	17,135,513	1.30
2023	22,995,393	7,856,463	5,721,800	4,105,000	17,683,263	1.30
2024	23,743,763	8,090,663	5,920,550	4,247,000	18,258,213	1.30
2025	24,516,471	8,335,663	6,128,450	4,394,450	18,858,563	1.30
2026	25,314,315	8,586,075	6,338,200	4,546,500	19,470,775	1.30
2027	26,138,117	8,841,075	6,558,700	4,702,050	20,101,825	1.30
2028	26,988,727	9,106,075	6,783,700	4,865,000	20,754,775	1.30
2029	27,803,188	9,381,075	6,988,700	5,013,975	21,383,750	1.30
2030	28,642,084	9,661,075	7,198,700	5,163,700	22,023,475	1.30
2031	29,506,147	9,951,075	7,418,700	5,318,075	22,687,850	1.30
2032	30,396,131	10,249,575	7,643,700	5,480,725	23,374,000	1.30
2033	31,312,815	10,559,325	7,873,700	5,645,000	24,078,025	1.30
2034	32,256,999	9,788,325	8,168,700	5,855,000	23,812,025	1.35
2035	33,229,509	10,083,325	8,428,700	6,045,000	24,557,025	1.35
2036	34,231,195	10,383,325	8,263,700	5,925,000	24,572,025	1.39
2037	35,262,930	10,693,325	8,398,700	6,025,000	25,117,025	1.40
2038	36,325,618	11,015,850	8,608,700	6,170,000	25,794,550	1.41
2039	37,420,187	11,346,625	8,413,700	6,035,000	25,795,325	1.45
2040	38,547,592	11,688,288	8,213,700	5,890,000	25,791,988	1.49
2041	39,708,820	12,038,213	8,013,700	5,745,000	25,796,913	1.54
2042	40,904,885	12,398,775	7,803,700	5,595,000	25,797,475	1.59
2043	42,136,831	12,772,088	7,583,700	5,440,000	25,795,788	1.63
2044	43,405,736	0	15,023,700	10,775,000	25,798,700	1.68
2045	44,712,708	0	15,023,700	10,775,000	25,798,700	1.73
2046	46,058,890	0	15,023,700	10,773,285	25,796,985	1.79
2047	47,445,456	0	15,021,763	10,774,771	25,796,534	1.84
2048	48,873,620	0	15,023,700	10,775,000	25,798,700	1.89
2049	50,344,629	0	15,023,700	10,771,993	25,795,693	1.95
2050	51,859,767	0	15,024,000	10,773,006	25,797,006	2.01
2051	53,420,360	0	15,022,000	10,773,673	25,795,673	2.07
2052	55,027,771	0	15,020,300	10,772,907	25,793,207	2.13
2053	56,683,404	0	3,368,100	2,585,000	5,953,100	9.52

Source: DESMAN Independent Engineer's Report, included as Appendix "G" hereto.

* Annual debt service amount reflects July 1 of the indicated year and January 1 of the subsequent year. Annual debt service has been reduced by the application of \$2,115,000 of capitalized interest in 2014 and \$300,000 of capitalized interest in 2015.

DGS PARKING LEASE

The Commonwealth of Pennsylvania, through its Department of General Services (“DGS”), and various Commonwealth agencies are significant users of parking services in the Parking System. DGS has an existing contract for 1,500 monthly unreserved spaces at the Fifth Street and Chestnut Street garages at discounted rates, as well as many smaller contracts, some of which are at facilities outside of the Parking System.

The DGS Parking Lease will consolidate and replace the Commonwealth’s numerous parking contracts. The DGS Parking Lease is for an initial term of 30 years and shall commence on the effective date (60 days following the date the DGS Vehicle Lease has been fully executed by the Authority and the Commonwealth and all approvals required by Commonwealth contracting procedures have been obtained). Upon the expiration of the term, the DGS Parking Lease shall automatically renew from month to month, until either party gives the other 30 days notice in writing of its intention to terminate. In the DGS Parking Lease, the Commonwealth has an option at the end of the 20th year of the term of the DGS Parking Lease, to reduce the aggregate number of spaces by not more than 10% of the original number of spaces leased under the DGS Parking Lease. Set forth below are the parking rates under the DGS Parking Lease through 2019. Thereafter, the rates will be increased annually at 3% per year as follows:

Calendar Year:	<u>1/1/14 -</u>	<u>7/1/14 -</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Rates per space	<u>6/30/14</u>	<u>12/31/14</u>						
per month:	\$130	\$140	\$140	\$145	\$180	\$190	\$200	\$210

The DGS Parking Lease initially covers 4,306 parking spaces and 4,714 contracted parking passes. Between January 1, 2014 and December 31, 2015, the Commonwealth may add up to 765 additional spaces and 840 contracted parking passes. On January 1, 2016, the number of spaces covered by the DGS Parking Lease will increase by 765 parking spaces and 840 contracted parking passes (to the extent that they have not been previously added). However, commencing on January 1, 2016, of the 765 additional parking spaces and 840 contracted parking passes, 45% will be designated as Discounted Contract Spaces and Discount Parking Passes and charged the Discounted Contract Rate. The Authority has the right to require the holders of Discount Parking Passes to park in specific Parking Facilities.

The DGS Parking Lease contains various events of defaults and remedies, which under certain circumstances, would permit the Commonwealth to terminate the DGS Parking Lease as to a particular Parking Facility or Parking Facilities affected by such default.

The obligation of the Commonwealth to make Rent Payments under the DGS Parking Lease is subject to annual appropriation. See: “RISK FACTORS – Appropriation Risk Under DGS Parking Lease” herein.

The foregoing is only a summary of certain provisions of the DGS Parking Lease and is qualified by reference to the entire document. The DGS Parking Lease is attached hereto as Appendix “M”. Prospective purchasers of the Bonds should read the DGS Parking Lease in its entirety for a more complete understanding of its terms.

INDEPENDENT ENGINEER'S REPORT

In connection with the issuance of the Bonds and the transfer of the Parking System to the Authority, DESMAN, Inc., doing business as DESMAN Associates (“DESMAN” or “DESMAN Associates”) has prepared a “Financial Review of the Long-Term Lease of the Capitol Region Public Parking System” (the “Independent Engineer’s Report”). The Independent Engineer’s Report is attached hereto as Appendix “G” and should be read in its entirety.

DESMAN is a national specialist in parking structure planning, design and restoration. DESMAN also offers a full range of services including: financial analysis, transportation engineering, master planning, economic feasibility studies, site/size selection analysis, cost estimating, parking functional design, architectural design, structural engineering, revenue/access control system design, condition survey/due diligence studies, parking consulting and restoration engineering. DESMAN has been in existence since 1973 and currently operates on a national basis out of nine principal offices. DESMAN has a total staff of over one-hundred people, comprised mostly of transportation and parking planners, architects and structural engineers.

DESMAN has made the following conclusions, as set forth in the Independent Engineer’s Report:

1. The Commonwealth of Pennsylvania has been impacted by the recent recession more than any other major Harrisburg employer. DESMAN believes that Commonwealth’s current staffing levels have reached equilibrium. There may be slight future employment growth for the Commonwealth, but it is assumed to be nominal. DESMAN believes that new employment growth may most likely come from other employers in the area.
2. The percentage of residents using a personal vehicle to commute to work is not expected to change significantly in the future, so forecasted population and employment growth should result in a steady, and even slightly growing, demand for parking within the City.
3. As has been proposed in the initial capital improvements, both the on-street and off-street parking technologies should be updated in Harrisburg in order to create a more efficient, secure, customer friendly and less costly system.
4. Desman believes Trimont and SP Plus Corporation are well qualified to perform satisfactorily their roles as the Initial Asset Manager and the Operator under the Parking System asset management and operating agreements.
5. The financial plan accurately reflects the terms and requirements of the Asset Transfer Agreement, the Indenture, the DGS Parking Lease and the Parking System asset management and operating agreements.
6. The model uses a reasonable set of assumptions, based in part on the experience of the Asset Manager and Operator with similar modernization plans in other cities, to develop its revenue forecast.
7. The financing plan provides for sufficient operating expenses to operate the first-class Parking System on a commercially reasonable basis.
8. The financing plan provides for sufficient capital funds to establish and maintain compliance with Operating Standards across all of the parking facilities.

9. The financial plan is feasible: the underlying assumptions in the plan are reasonable and the plan accurately reflects the Asset Transfer Agreement and the Indenture in all material respects.
10. Based upon our review of the projected financial performance of the assets of the Capitol Region Public Parking System, as well as follow-up conversations with those involved in preparing assumptions, DESMAN has determined that the revenue, expense and debt service coverage projections are reasonable.
11. Based upon our review of the projected capital needs of the assets of the Capitol Region Public Parking System, as well as follow-up conversations with their team, DESMAN has determined that the capital plan and estimated capital expenditures and system upgrades are reasonable.
12. Assuming implementation of the financing plan for the Parking System as currently planned and permitted rate increases are realized, revenues are projected to produce annual debt service coverage as follows:

Series A Bonds – with a minimum of 1.20x when measured against DGS Vehicle Lease revenues and 3.64x when measured against all revenues.

All Bonds – greater than the combined Debt Service Coverage Ratio requirement of 1.25x, with a minimum of 1.25x and averaging 1.57x through the end of the 40-year debt term.

DEFEASANCE OF PARKING AUTHORITY BONDS

The Parking Authority has currently outstanding ten series of bonds and a note in the aggregate principal amount of \$103,730,000 (the “Existing Parking Authority Bonds”). Concurrently with the issuance of the Bonds, a portion of the Purchase Price for the Parking System paid to the Parking Authority will be deposited with the various trustees for the Existing Parking Authority Bonds (the “Existing Bonds Trustees”) pursuant to certain Escrow Deposit Agreements dated as of the date of issuance of the Bonds (the “Escrow Deposit Agreements”) between the Parking Authority and the various Existing Bonds Trustees, as Escrow Agents. The amounts deposited with the Existing Bonds Trustees, together with certain funds then held by them under the applicable trust indentures, will be amounts sufficient, as hereinafter described, to pay the principal of and interest due on the Existing Parking Authority Bonds to the earliest practicable redemption dates for each series of the Existing Parking Authority Bonds. Upon the deposit of these funds with the Existing Bonds Trustees, the Existing Parking Authority Bonds will have been defeased and the liens of the related trust indentures will be released.

With respect to seven series of the Existing Parking Authority Bonds, the deposited amounts, together with certain funds already on deposit with the applicable Existing Bonds Trustees, will be sufficient without any investment to pay the principal of and interest due on such bonds as of their respective redemption dates within 30 days of such deposits. With respect to the four other series of Existing Parking Authority Bonds, such bonds are not subject to optional redemption for two to five years. The moneys deposited with the Existing Bond Trustees for these particular bonds, together with certain funds already on deposit with such trustees, will be invested as of the closing on the Bonds or shortly thereafter, in U.S. Treasury Securities, the principal and interest on which will be sufficient, and available at the required times, to pay the principal of and interest due on such Existing Parking Authority Bonds on the earliest practicable redemption dates for such bonds.

Maher Duessel, certified public accountants, as of closing on the Bonds will deliver a Verification Report calculating the sufficiency of the amounts deposited with the Existing Bonds Trustees to defease and redeem the Existing Parking Authority Bonds.

SOURCES AND USES

The estimated sources and uses of funds in connection with the issuance of the Bonds are expected to be as set forth below:

SOURCES	Amount
Original Principal Amount of 2013A Bonds	120,928,160.55
Less Net Original Issue Discount	(1,598,545.50)
Original Principal Amount of 2013B Bonds	97,172,029.25
Plus Original Issue Premium	4,754,034.15
Original Principal Amount of 2013C Bonds	68,453,473.90
Plus Original Issue Premium	4,623,562.35
Total	294,332,714.70
USES	
Costs of the Acquisition of the Parking Assets	\$267,012,033.81
Deposit to Bond Fund for Capitalized Interest on the Bonds	2,415,000.00
Deposit to Capital Reserve Fund	9,000,000.00
Costs of Issuance*	15,905,680.89
Total	\$294,332,714.70

* Includes Bond Counsel fees, Underwriters' Discount, Underwriters' Counsel fees, Trustee and Trustee's Counsel fees, bond issuance fees, premium for municipal bond insurance for the Series A Bonds, rating agency fees, printing costs, leasehold and mortgage title insurance premiums and miscellaneous fees.

In addition, pursuant to the Asset Transfer Agreement, the Parking Authority will deposit \$950,000 to be used to fund Current Expenses during the first six weeks following closing on the Bonds and from time to time thereafter.

SECURITY FOR THE BONDS

The Bonds are limited obligations of the Authority, payable from and secured by the Trust Estate pledged under the Indenture consisting of: (i) all Revenues and moneys and securities in the Funds and Accounts established and held under the Indenture (together with interest and income thereon), including a separate debt service reserve account for each series of the Bonds (but excluding the Rebate Fund and the Surplus Fund); (ii) the Leasehold Mortgage; and (iii) an assignment from the Authority to the Trustee of certain rights of the Authority under the Asset Transfer Agreement, the Lease, the DGS Parking Lease, the PEDFA Intergovernmental Cooperation Agreement and the Asset Management Agreement. In addition, the Asset Manager will assign to the Trustee its right, title and interest in and to the Parking Services Agreement and the Parking Enforcement Agreement and DGS will assign to the Trustee its right, title and interest in and to the Parking Enforcement Engagement Agreement. Initially, the Debt Service Reserve Fund Requirements for the Series A Bonds, the Series B Bonds and the Series C Bonds,

respectively, are expected to be funded by separate Debt Service Reserve Surety Fund Policies to be issued by Assured Guaranty Municipal Corp.

Priority of the Series A Bonds

Payment of the principal of and interest on the Series A Bonds will be made from Revenues prior to any other payments, including Current Expenses, being made under the Indenture. However, the Credit Facility Providers will have the right to control the exercise of remedies under the Indenture if the Authority is not in default of payment of the Series A Bonds and the rights of the holders of the Series A Bonds are limited if there is a default in payment of the Series A Bonds. Payment of the principal of and interest on the Series B Bonds and the Series C Bonds is payable after the payment of the principal of and interest on the Series A Bonds and Current Expenses of the Parking System.

Pursuant to the Indenture, if there is a Default in the payment of the principal of or interest on any of the Bonds or the failure of the Authority to perform any covenant, condition, agreement or provision if such failure is deemed to be an Indenture Event of Default as a result of notice given by the Required Percentage of Credit Facility Bonds (if the Required Percentage of Credit Facility Bonds direct the Trustee to give such notice) or 66-2/3% in principal amount of the Bonds then Outstanding (if such notice was directed by the Owners of at least 66-2/3% in principal amount of the Bonds then Outstanding), acceleration of the Series A Bonds requires the request of the Required Percentage of Credit Facility Bonds and Owners of not less than 25% in principal amount of the Series A Bonds then Outstanding. Accordingly, if a Default in the payment of the principal of or interest on the Series A Bonds occurs, holders of the Series A Bonds will not control whether the Series A Bonds are accelerated. If the Bonds, including the Series A Bonds, are accelerated, holders of Series A Bonds will only be paid (from the exercise of remedies by the Trustee) the principal of and interest on the Series A Bonds then due, unless in the exercise of remedies, the Parking Facilities are sold pursuant to the Leasehold Mortgage, or otherwise, in which event the Series A Bonds will be paid prior to any payment on the Series B Bonds or the Series C Bonds. See “Appendix B – Form of Indenture” attached hereto.

Series A Bond Insurance Policy

The scheduled payment of the principal of (or, in the case of Capital Appreciation Bonds, the accreted value) and interest on the Series A Bonds when due will be guaranteed under a municipal bond insurance (the “Series A Bond Insurance Policy”) to be issued by Assured Guaranty Municipal Corp. (“Assured Guaranty”) concurrently with the delivery of the Series A Bonds. See “SERIES A BOND INSURANCE AND SERIES C BOND INSURANCE” herein.

Series C Bond Insurance Policy

The scheduled payment of the principal of (or, in the case of Capital Appreciation Bonds, the accreted value) and interest on the Series C Bonds when due will be guaranteed under a municipal bond insurance (the “Series C Bond Insurance Policy”) to be issued by Assured Guaranty concurrently with the delivery of the Series C Bonds. See “SERIES A BOND INSURANCE AND SERIES C BOND INSURANCE” herein.

Series B Bond Guaranty and Series C Bond Guaranty

Under the terms of the Series B Bond Guaranty, the County unconditionally covenants that if the Authority at any time should fail to pay the full amount of all principal of and interest on the Series B Bonds when due, the County shall pay an amount sufficient to cure such deficiency. The County also guarantees the repayment of any amount drawn under the Debt Service Reserve Surety Bond securing the Series B Bonds, in accordance with the terms of the Debt Service Reserve Surety Bond Provider Insurance Agreement pursuant to which the Debt Service Reserve Surety Bond is issued. Under the terms

of the Series C Bond Guaranty, the County unconditionally covenants that, if (i) the Authority at any time should fail to pay the full amount of all principal of and interest on the Series C Bonds when due and (ii) Assured Guaranty shall fail to timely honor its obligations under the Series C Bond Insurance Policy, the County shall pay an amount sufficient to cure such deficiency. The County also guarantees the repayment of any amount drawn under the Debt Service Reserve Surety Bond securing the Series C Bonds, in accordance with terms of the Debt Service Reserve Surety Bond Provider Insurance Agreement pursuant to which the Debt Service Reserve Surety Bond is issued. The Series B Bond Guaranty and the Series C Bond Guaranty provide that the County shall (a) include the amounts payable in respect of the Series B Bond Guaranty and/or Series C Bond Guaranty for each fiscal year in which such sums are payable in its budget for that fiscal year, (b) appropriate such amounts, when due and payable, from its general revenues for payment to the Trustee, and (c) punctually pay from any of its revenues or funds to the Trustee such amounts as are payable in respect of the Series B Bond Guaranty and/or Series C Bond Guaranty so that the Trustee may pay the principal of and interest on the Series B Bonds and/or Series C Bonds, when due. For such budgeting, appropriation and payment, the County has pledged its full faith, credit and taxing power, and, as provided in the Debt Act, this covenant to pay pursuant to the Series B Bond Guaranty and Series C Bond Guaranty is enforceable specifically against the County.

The County has covenanted in Ordinance No. 7-2013, to and with the registered owners of the Series B Bonds and the Series C Bonds, in the event Assured Guaranty should fail to pay the full amount of all principal of and interest on the Series C Bonds when due to the registered owners of the Series C Bonds that: subject to the terms and conditions as more fully set forth in the Series B Bond Guaranty and the Series C Bond Guaranty, respectively, the County shall (i) include the amounts payable in respect of its guaranty for each fiscal year in which such sums are payable in its budget for each such year; (ii) appropriate such amounts from its general revenues, for the payment of amounts payable in respective of its guaranties; and (iii) duly and punctually pay or cause to be paid from such revenues, to the extent of its obligations under such guaranties, the amounts payable in respect of its guaranty, at the dates and places and in the manner stated in the guaranty according to the true intent and meaning thereof. For such budgeting and appropriation of payment, the County has pledged its full faith, credit and taxing power. This covenant is specifically enforceable in accordance with the provisions of the Debt Act.

The County is not required to appropriate moneys under the Series B Bond Guaranty or the Series C Bond Guaranty until moneys are due thereunder. Accordingly, the County, to the extent that it does not have sufficient moneys in its budget which can be used for appropriation to make payment under the applicable Guaranty will be required to appropriate such moneys in its next Fiscal Year.

If payments are required to be made by the County under the Series B Bond Guaranty and/or Series C Bond Guaranty, and sufficient funds shall not be available in the County's then current budget, and if the County shall be unable to issue tax anticipation notes or otherwise to satisfy its obligations under the Series B Bond Guaranty and/or the Series C Bond Guaranty, the County shall include any amounts so payable in its budget for the next succeeding fiscal year and shall appropriate such amounts to the payment of such obligations and punctually shall pay its obligations incurred under the Series B Bond Guaranty and/or the Series C Bond Guaranty, and for such budgeting, appropriation and payment the County pledges its full faith, credit and taxing power. As provided in the Debt Act, this covenant is enforceable specifically against the County.

If on the third Business Day preceding any Interest Payment Date, the Trustee, pursuant to the Indenture, does not have sufficient funds for the payment of the principal of or interest on the Series B Bonds due on the next succeeding Interest Payment Date or Principal Payment Date, the Trustee is required to give the County notice on such third Business Day preceding such Interest Payment Date of such failure and demand payment from the County under the Series B Bond Guaranty. Under the Series B Bond Guaranty, the County is required to make payment of the principal of or interest on the Series B Bonds to the Trustee not later than the next succeeding Interest Payment Date or Principal Payment Date.

If on the third Business Day preceding any Interest Payment Date, the Trustee, pursuant to the Indenture, does not have sufficient funds for the payment of the principal of or interest on the Series C Bonds due on the next succeeding Interest Payment Date or Principal Payment Date, it shall give Assured Guaranty and the County notice on such third Business Day preceding such Interest Payment Date, of such failure. If on or before each June 1 and December 1, Assured Guaranty does not certify in writing to the Trustee that it will make such payments on the next succeeding Interest Payment Date, the Trustee shall demand payment from the County under the Series C Bond Guaranty. The County shall make payment of any part of the interest or principal of the Series C Bonds to the Trustee under the Series C Bond Guaranty not later than the next succeeding Interest Payment Date or Principal Payment Date.

The foregoing is only a summary of certain provisions of the Series B Bond Guaranty and the Series C Bond Guaranty and is qualified by reference to each of the entire documents. The Series B Bond Guaranty and the Series C Bond Guaranty are attached hereto as Appendix “N”. Prospective purchasers of the Series B Bonds and Series C Bonds should read the Series B Bond Guaranty and the Series C Bond Guaranty, as applicable, in their entireties.

Leasehold Mortgage

In order to secure the Bonds under the Indenture and the performance of the Authority of all terms, conditions and covenants set forth in the Indenture, the Authority will execute and deliver to the Trustee, an Open-End Leasehold Mortgage and Security Agreement, dated as December 1, 2013 on the Lease and certain real estate comprising assets being acquired by the Authority from the Parking Authority under the Lease (the “Leasehold Mortgage”). Pursuant to the Leasehold Mortgage, the Authority grants a security interest to the Trustee in the Lease and assets and other property being acquired from the Parking Authority. If the Lease is terminated for any reason, or if the Lease is rejected or disaffirmed pursuant to any bankruptcy, insolvency or other law affecting creditors’ rights, or there is a default by the Authority under the Lease or the Trustee is enforcing any remedies under the Indenture, the Parking Authority shall give prompt notice thereof to the Trustee. The Parking Authority, upon written request of the Trustee, shall promptly execute and deliver to such Trustee a new lease naming the Trustee or its designee as the tenant under the Lease, for the remainder of the Term upon all of the terms, covenants, and conditions of the Lease, except for such provisions that must be modified to reflect such termination, rejection or disaffirmance and the passage of time.

In the event of a condemnation of, or casualty loss to, the property encumbered by the Leasehold Mortgage, condemnation or insurance proceeds shall be applied to rebuild or restore the property to the extent that the Authority and the Trustee receive a certification stating that restoration is economically feasible and provided the Prospective Rate Covenant will be met following such restoration. However, to the extent rebuilding or restoring is not feasible, the Trustee shall apply such proceeds to the redemption of the Bonds whether or not then due and payable, or if no bonds are outstanding, to the Authority Notes or any debt owing to the Trustee, whether or not then due and payable.

The foregoing is only a summary of certain provisions of the Leasehold Mortgage and is qualified by reference to the entire document. The Leasehold Mortgage is attached hereto as Appendix “O”. Prospective purchasers of the Bonds should read the Leasehold Mortgage in its entirety.

DGS Parking Lease

The DGS Parking Lease serves as security for the Bonds. See “DGS PARKING LEASE” herein, and “Appendix “M” – DGS Parking Lease” attached hereto.

Indenture

Bond Fund. The Indenture establishes a Bond Fund to be held by the Trustee, and within the Bond Fund: (i) a General Account, and therein a Series A Subaccount, a Series B Subaccount, and a Series C Subaccount, (ii) a Reimbursement Account, (iii) a Redemption Account, and (iv) a Sinking Fund Account.

Except as expressly provided in the Indenture, moneys in the General Account of the Bond Fund will be used solely for the payment of principal of, and premium, if any, and interest on, the Bonds as the same shall become due and payable. Moneys transferred to the Reimbursement Account of the Bond Fund as described in “SECURITY FOR THE BONDS – Indenture – Revenue Fund – Flow of Funds” below shall be used solely to reimburse the County and Assured Guaranty to the extent of sums owed in connection with and under the Series B Bond Guaranty, the Series C Bond Guaranty and the Series C Bond Insurance Policy, respectively.

Moneys in the Redemption Account of the Bond Fund shall be applied as described under the caption “THE BONDS – Redemption” herein.

Moneys on deposit in the Sinking Fund Account shall be applied to redeem Series B-3 Bonds as described under the caption “THE BONDS – Redemption – Sinking Fund Account Redemption” herein. If at any time all the Series B-3 Bonds shall have been purchased, redeemed or otherwise paid, the Trustee shall make no further transfers to the Sinking Fund Account.

Debt Service Reserve Fund. The Indenture establishes a Debt Service Reserve Fund and therein a Series A Account, a Series B Account and Series C Account. The Debt Service Reserve Fund Requirement for the Series A Bonds is \$12,772,088, the Series B Bonds is \$15,024,000 and the Series C Bonds is \$10,775,000. Initially, the Debt Service Reserve Fund Requirements for the Series A Bonds, Series B Bonds and the Series C Bonds, respectively are expected to be funded by Debt Service Reserve Fund Surety Policies to be issued by Assured Guaranty Municipal Corp.

All or a portion of the obligation to fund the Debt Service Reserve Fund or an Account therein may be fulfilled by depositing a Debt Service Reserve Surety Bond if (i) the Debt Service Reserve Surety Bond Provider of such Debt Service Reserve Surety Bond is rated at the time of delivery thereof in any of the three (3) highest rating categories by Moody’s, S&P or Fitch and, if rated by A.M. Best & Co., which is also rated by A.M. Best & Co. in its highest rating category, (ii) which has a term not less than the final maturity date of the Bonds with respect to which the coverage under the Debt Service Reserve Surety Bond was calculated (or may be drawn upon in full upon its expiration date if a substitute letter of credit or surety bond is not in place prior to its expiration date), and (iii) which is given to secure and which is payable on any Interest Payment Date in an amount equal to any portion of the balance then required to be maintained within the Debt Service Reserve Fund. Before any such Debt Service Reserve Surety Bond is substituted for cash or securities or deposited in lieu of cash or securities in the Debt Service Reserve Fund, certain information, opinions and certifications must be delivered to the Trustee in accordance with the Indenture.

The moneys in the Series A Account, Series B Account and the Series C Account of the Debt Service Reserve Fund may be used by the Trustee only to make up any deficiency in the Series A Subaccount, the Series B Subaccount and the Series C Subaccount, respectively, of the Bond Fund, or for the reimbursement and payment of the costs of any drawings under any Debt Service Reserve Surety Bond in such Account in the Debt Service Reserve Fund.

Transfers from an Account of the Debt Service Reserve Fund for the purpose of reimbursing draws on any Debt Service Surety Bond in such Account shall be made in the amounts and on the dates as an Authority Representative shall instruct the Trustee in writing from time to time. If an Account in the

Debt Service Reserve Fund contains cash, securities and a Debt Service Reserve Surety Bond available for payment of any Bonds, any cash or securities in such Account of the Debt Service Reserve Fund shall be applied for the purposes of the preceding sentence prior to a drawing on the Debt Service Reserve Surety Bond. If there is more than one Debt Service Reserve Surety Bond on deposit in a particular Account in the Debt Service Reserve Fund, any draws upon the Debt Service Reserve Surety Bond shall be made pro rata. Investment earnings in the Series A Account, the Series B Account and Series C Account of the Debt Service Reserve Fund shall remain in such Accounts until the balance in the respective Accounts is equal to the respective Debt Service Reserve Fund Requirement. To the extent that there are investment earnings in the Series A Account, the Series B Account or Series C Account of the Debt Service Reserve Fund which cause the balance in such subaccount to be in excess of the respective Debt Service Reserve Fund Requirement, the Trustee shall transfer such excess on a quarterly basis to the Revenue Fund. In connection with the issuance of any Additional Bonds, the supplemental indenture authorizing the issuance thereof may establish a new account in the Debt Service Reserve Fund for such series of Additional Bonds.

If at any time the amount on deposit in an Account within the Debt Service Reserve Fund is less than the applicable Debt Service Reserve Fund Requirement, such deficiency shall be eliminated within twelve (12) months from the date of the draw in twelve (12) equal monthly installments. The weighted average maturity of investments in the Debt Service Reserve Fund at any time may not exceed seven (7) years.

Under the Indenture, there is no obligation to replace a Debt Service Reserve Fund Surety Bond upon a ratings downgrade of a Debt Service Reserve Fund Surety Provider.

Operating Account. The Indenture requires the Authority to direct the Asset Manager to require the Operator, initially SP Plus Corporation, to establish an account known as the “Operating Account” which shall be held by the Operator in the name of the Operator outside of the Indenture. The Trustee is required to make transfers from the Revenue Fund, as described under the caption “SECURITY FOR THE BONDS – Indenture – Revenue Fund – Flow of Funds” below, on the first Business Day of each month:

(a) to the credit of the Operating Account an amount equal to (i) the amount shown by the Annual Operating Budget to be necessary to pay Current Expenses (less Administration Expenses and Asset Manager Expenses) for the ensuing month; or, if different, (ii) an amount certified in writing to the Trustee by an Authorized Operator Representative as being reasonably necessary to pay Current Expenses which are expected for such month, after taking into account the amount on deposit in the Operating Account, including the amount described in clause (i);

(b) to the Authority an amount equal to (i) the amount shown by the Annual Operating Budget to be necessary to pay Administration Expenses for the ensuing month; or, if different, (ii) an amount certified in writing to the Trustee by an Authorized Authority Representative as being reasonably necessary to pay Administration Expenses which are expected for such month; and

(c) to the Asset Manager an amount equal to (i) the amount shown by the Annual Operating Budget to be necessary to pay Asset Manager Expenses for the ensuing month; or, if different, (ii) an amount certified in writing to the Trustee by an Authorized Asset Manager Representative as being reasonably necessary to pay Asset Manager Expenses which are expected for such month.

The Authority is required to direct the Asset Manager to prohibit the Operator from applying sums on deposit in the Operating Account for any purpose except the payment of Current Expenses. In making payments from the Operating Account for Current Expenses, the Operator shall be deemed to be certifying that obligations in the stated amounts have been incurred with respect to the Parking System and that each item thereof was properly incurred in maintaining, repairing and operating the Parking

System, has not been paid previously and that such payments are properly budgeted in the Annual Operating Budget.

Capital Reserve Fund. The Indenture establishes a Capital Reserve Fund and therein, a General Account and an Authority Capital Reserve Account, to be held by the Trustee. Moneys are required to be disbursed to pay capital expenditures as shown in the Annual Capital Budget in the following order of priority: first, from the General Account of the Capital Reserve Fund, and second, from the Authority Capital Reserve Account. The Trustee is required to transfer amounts that when added to the balance in the Capital Reserve Fund would equal the Capital Reserve Requirement (as described below) from the Revenue Fund, as described below under the caption “SECURITY FOR THE BONDS – Indenture – Revenue Fund – Flow of Funds” on or before the first Business Day of each month, to the credit of the Capital Reserve Fund. The Trustee is also required to deposit to the credit of a separate account in the Capital Reserve Fund insurance proceeds and condemnation awards as provided in the Indenture which shall be applied to emergency repairs as required by the Indenture or, at the direction of the Authority, to optional redemption of Bonds.

Moneys in the Capital Reserve Fund will be disbursed to pay current capital expenditures shown in the Annual Capital Budget for the Parking System, and will be disbursed only for such purposes, except to the extent hereinafter provided. Such purposes shall include, but not be limited to, paying the cost of improving and reconstructing improvements and betterments to the Parking System. If on a Monthly Transfer Date, funds on deposit in the Revenue Fund are insufficient to make these transfers, monies on deposit in the Capital Reserve Fund shall be transferred to the Operating Account in amounts sufficient to make up any shortfall. Moneys in the Capital Reserve Fund shall be disbursed to pay the cost of emergency repairs to the Parking System upon submission to the Trustee and the Credit Facility Providers of a requisition therefor satisfying the requirements of the Indenture. Pursuant to the Asset Management Agreement, the Asset Manager is to be paid an annual Construction Management Fee to be paid from moneys in the Capital Reserve Fund.

The Trustee is required to disburse, upon the submission to the Trustee of the requisition as described in the Indenture, moneys in the Capital Reserve Fund to or upon the order of the Asset Manager from time to time, upon receipt by it of a written requisition executed by an Authorized Asset Manager Representative and as described in the Indenture. Amounts disbursed from the Capital Reserve Fund shall only include amounts which are, for federal income tax purposes, deemed to be capital expenditures or with the proper election would be deemed to be capital expenditures.

“*Capital Reserve Requirement*” means the greater of \$15,000,000 or the Measured Capital Reserve Requirement. Amounts on deposit in the Authority Capital Reserve Account of the Capital Reserve Fund are included in calculating whether funds on deposit in the Capital Reserve Fund satisfy the Capital Reserve Requirement until Authority Note 1 and Authority Note 2 are paid in full; thereafter, amounts on deposit in the Authority Capital Reserve Fund are not included in calculating whether funds on deposit in the Capital Reserve Fund satisfy the Capital Reserve Requirement.

“*Measured Capital Reserve Requirement*” means, based on the capital requirements set forth in the then current Long Term Capital Plan, and as calculated in the Long Term Capital Plan, the sum of (i) 100% of the capital requirements in the next subsequent Operating Year, (ii) 80% of the capital requirements in the second subsequent Operating Year, (iii) 60% of the capital requirements in the third subsequent Operating Year, (iv) 40% of the capital requirements in the fourth subsequent Operating Year, and (v) 20% of the capital requirements in the fifth subsequent Operating Year.

Holdback Fund. The Indenture establishes a Holdback Fund to be held by the Trustee and funded as described below under the caption “SECURITY FOR THE BONDS – Indenture – Revenue Fund – Flow of Funds”. To the extent moneys on deposit in the Revenue Fund are insufficient to make the transfers as described in clauses (i) through (xiv) under the caption “SECURITY FOR THE BONDS

– Indenture – Revenue Fund – Flow of Funds” below, sums on deposit in the Holdback Fund are required to be transferred by the Trustee monthly, to the Revenue Fund and applied in accordance with the provisions described below under the caption “SECURITY FOR THE BONDS – Indenture – Revenue Fund – Flow of Funds”. If moneys in the Holdback Fund are not applied as provided in the previous sentence, such moneys may be applied to certain indemnification payments and set-off under the Asset Transfer Agreement or applied as provided in clauses (xv) and (xvi) under the caption “SECURITY FOR THE BONDS – Indenture – Revenue Fund – Flow of Funds” below.

Surplus Fund. Moneys on deposit in the Surplus Fund are held in trust for the sole and exclusive benefit of the Owners of the Authority Notes and shall be applied by the Trustee to the payment of principal of the Authority Notes as the same shall become due and payable as described herein in clause (xvi)(B) under the caption “SECURITY FOR THE BONDS – Indenture – Revenue Fund – Flow of Funds” below.

Revenue Fund – Flow of Funds. Under the Indenture, all Revenues are required to be collected by or for the account of the Authority and deposited on a daily basis into the Revenue Fund and applied as described below. The Trustee is required to keep the funds held in the Revenue Fund segregated and discrete until transferred as provided in this Indenture.

The Trustee is required to make the following transfers of moneys on deposit in the Revenue Fund in the following order of priority on the Monthly Transfer Dates; provided, however, all transfers shall be made based on the balance in the Revenue Fund as of the close of business on the third Business Day preceding the Monthly Transfer Date:

(i) first, to the Series A Subaccount of the General Account of the Bond Fund on each Monthly Transfer Date commencing February 3, 2014, an amount equal to one-sixth ($1/6^{\text{th}}$) of the interest which is due and payable on the Series A Bonds on the next succeeding Interest Payment Date (net of funds representing capitalized interest on deposit in such Subaccount pursuant to the Indenture), which shall be used to pay interest on the Series A Bonds; provided however that with respect to the first Interest Payment Date following the issuance of the Series A Bonds, each monthly deposit, commencing February 3, 2014, shall be equal to $1/5^{\text{th}}$ of the interest which shall be due on such first Interest Payment Date;

(ii) second, to the Series A Subaccount of the General Account of the Bond Fund on each Monthly Transfer Date, commencing January 1, 2015, an amount equal to one-twelfth ($1/12^{\text{th}}$) of the principal amount (or Compounded Amount, as applicable) of the Series A Bonds due and payable on the next Principal Payment Date by reason of maturity, optional redemption or mandatory sinking fund redemption, which shall be used to make the principal payment on the Series A Bonds;

(iii) third, on each Monthly Transfer Date to the Series A Account of the Debt Service Reserve Fund the amount necessary to replenish the Debt Service Reserve Fund Requirement determined as described under the caption “SECURITY FOR THE BONDS – Indenture – Debt Service Reserve Fund” above;

(iv) fourth, to the Reimbursement Account of the Bond Fund on each Monthly Transfer Date, to Assured Guaranty to reimburse or pay Assured Guaranty for sums owed in connection with draws under the Series A Bond Insurance Policy;

(v) fifth, on each Monthly Transfer Date to the Operating Account, the amount determined as described under the caption “SECURITY FOR THE BONDS – Indenture – Operating Account” above;

(vi) sixth, to the Series B Subaccount and Series C Subaccount of the General Account of the Bond Fund, pro rata, on each Monthly Transfer Date an amount equal to one-sixth ($1/6^{\text{th}}$) of the interest which is due and payable on such Series B Bonds and Series C Bonds, respectively, on the next

succeeding Interest Payment Date (net of funds representing capitalized interest on deposit in such Subaccount pursuant to the Indenture, if any) which shall be used to pay interest on the Series B Bonds and Series C Bonds; provided however that with respect to the first Interest Payment Date following the issuance of the Series B Bonds and Series C Bonds, each monthly deposit, commencing February 3, 2014, shall be equal to 1/5th of the interest which shall be due on such first Interest Payment Date;

(vii) seventh, to the Series B Subaccount and Series C Subaccount of the General Account of the Bond Fund, pro rata, on each Monthly Transfer Date, commencing January 1, 2015, an amount equal to one-twelfth (1/12th) of the principal amount (or Compounded Amount, if applicable) of the Series B Bonds and Series C Bonds, respectively, due and payable on the next Principal Payment Date by reason of maturity, optional redemption or mandatory sinking fund redemption, which shall be used to make the principal payment on the Series B Bonds and Series C Bonds;

(viii) eighth, on each Monthly Transfer Date to the Series B Account and the Series C Account of the Debt Service Reserve Fund, pro rata, the amount, if any, the amount necessary to replenish the Debt Service Reserve Fund Requirement determined as described under the caption SECURITY FOR THE BONDS – Indenture – Debt Service Reserve Fund” above;

(ix) ninth, to the Reimbursement Account of the Bond Fund on each Monthly Transfer Date, pro rata, to Assured Guaranty and the County to reimburse or pay Assured Guaranty and the County for sums owed in connection with draws under the Series C Bond Insurance Policy, the Series B Bond Guaranty and the Series C Bond Guaranty, respectively;

(x) tenth, on each Monthly Transfer Date commencing February, 2014 through and including December, 2014, to the City, 1/11th of the City Payment for the Operating Year ending December 31, 2014, and to the Parking Authority, 1/11th of the Rent for the Operating Year ending December 31, 2014, and on each Monthly Transfer Date commencing January 2015, to the City, 1/12th of the City Payment for such Operating Year and to the Parking Authority, 1/12th of the Rent for such Operating Year; provided, further, if in any calendar month funds are insufficient to make such payments in full, available funds shall be allocated between the City and the Parking Authority, pro rata, based on amounts due; provided, however, if the Trustee receives written notice from the Authority stating that payments to the City and the Parking Authority are being set-off pursuant to Section 13.3(b) of the Asset Transfer Agreement, funds shall be transferred to the City or the Parking Authority pursuant to this clause “ninth” only to the extent provided in such written notice until such time as such written notice is withdrawn;

(xi) eleventh, on each Monthly Transfer Date commencing February, 2014 through and including December, 2014, to the Performance Fee Account, 1/11th of the Operator Performance Fee and 1/11th of the Asset Manager Performance Fee, and on each Monthly Transfer Date commencing January 2015, to the Performance Fee Account, 1/12th of the Operator Performance Fee and 1/12th of the Asset Manager Performance Fee;

(xii) twelfth, as directed by the Authority in writing, on the first Monthly Transfer Date occurring at least thirty (30) days after the end of each Bond Year, to the Rebate Fund to the extent that the amount on deposit therein is less than the Rebate Amount determined in accordance with the Tax Certificate and the Authority fails to make up such deficiency pursuant to the Tax Certificate, the amount necessary to make the amount on deposit in the Rebate Fund equal to the Rebate Amount;

(xiii) thirteenth, on each Monthly Transfer Date commencing February, 2014 through and including December, 2014, to the Authority, 1/11th of the Authority Payment, and on each Monthly Transfer Date commencing January 2015, to the Authority, 1/12th of the Authority Payment;

(xiv) fourteenth, on each Monthly Transfer Date, to the Authority Capital Reserve Fund, three percent (3%) of the amounts available after the transfer referred to in clause (xii), and to the General of

the Capital Reserve Fund, an amount that when added to the balance in the General Account of the Capital Reserve Fund would equal the Capital Reserve Requirement;

(xv) fifteenth, on the second Monthly Transfer Date following the end of each Operating Year, the balance of funds, if any, will be deposited in the Holdback Fund and held under the Indenture;

(xvi) sixteenth, to the extent that moneys are not otherwise disbursed from the Holdback Fund pursuant to the provisions of Section 5.15 of the Indenture, moneys from the Holdback Fund shall be held, or released and transferred on the first Monthly Transfer Date occurring at least ninety (90) days following the end of each Operating Year as follows:

(A) no moneys shall be released pursuant to this clause “sixteenth” in any Operating Year unless the Authority shall have caused the Asset Manager to deliver to the Trustee evidence that: (I) the Rate Covenant was met for the immediately preceding Operating Year as demonstrated by the Authority’s unaudited financial statements for the Parking System; (II) the Annual Operating Budget for the current Operating Year projects that the Rate Covenant will be met for such Operating Year, and (III) the Forecast delivered for such current Operating Year projects that the Prospective Rate Covenant will be met.

(B) if the requirements of (A) have been met, the Trustee shall advise the Asset Manager of the amount of moneys on deposit in the Holdback Fund (the “Holdback Available Amount”) and the Asset Manager shall make, and shall provide to the Trustee, the following calculations:

(I) the Asset Manager, shall on an annual basis, calculate the difference between the Debt Service Requirement on all Bonds in the Operating year preceding the Operating year prior to the year in which the calculation is being made, calculated as if no redemptions had occurred, and the Debt Service Requirement on all Bonds in the Operating Year prior to the Operating year in which the calculation is being made, taking into account the redemptions of Series B-3 Bonds pursuant to Section 3.3 of the Indenture (the difference being referred to as the “Debt Service Savings”). The difference, if positive, between the Holdback Available Amount and the Debt Service Savings is referred to as the “Distributable Amount”;

(II) an amount equal to the sum of (x) 25% of the Distributable Amount and (y) the Debt Service Savings shall be applied in the following order of priority:

first, (x) the amount determined in (II) above less the Offset Amount, shall be transferred to the Sinking Fund Account and applied to the redemption of Series B-3 Bonds in accordance with Section 3.3 of the Indenture until such time as there are no Series B-3 Bonds Outstanding, and (y) the Offset Amount shall be transferred to the Surplus Fund and applied to pay Authority Note 2 until Authority Note 2 is paid in full.

second, transferred to the Surplus Fund and applied to the payment of Authority Note 1 until Note 1 is paid in full;

third, applied as provided in (IV) below; provided however, unless the Trustee has received a certificate from the Asset Manager that no Covenant Dispute Notice (as defined in the Asset Transfer Agreement) has been issued under Section 13.5 of the Asset Transfer Agreement which has not been withdrawn, the amount determined in (II) above (other than the amount provided for in clause (y) of “first”) shall not be distributed as provided in “first,” “second” and “third” of this clause (II), but shall be retained in the Holdback Fund;

(III) 75% of the Distributable Amount shall be transferred and applied as follows: (a) 40% shall be applied in the following order of priority:

first, transferred to the Sinking Fund Account in an amount to redeem Series B-3 Bonds pursuant to Section 3.3 of the Indenture until such time as the Series B-3 Bonds are no longer Outstanding;

second, transferred to the Surplus Fund to pay Authority Note 1 until the Authority Note 1 is paid in full;

third, transferred to the Surplus Fund to pay Authority Note 2 until Authority Note 2 is paid in full; and

fourth, applied as provided in (IV) below; and

60% shall be applied in the following order of priority:

first, transferred to the Surplus Fund to pay Authority Note 2 until Authority Note 2 is paid in full;

second, transferred to the Surplus Fund to pay Authority Note 1 until Authority Note 1 is paid in full; and

third, applied as provided in (IV) below;

(IV) 100% of the amounts remaining after all amounts have been paid pursuant to (II) and (III) above shall be transferred to the Surplus Fund to pay the principal of Authority Note 3 then due and payable, including any overdue installments of principal, if any;

(V) any sums remaining after the payment provided for in IV above has been paid, shall be transferred to the Surplus Fund to pay Authority Note 4 until Authority Note 4 is paid in full; and;

(VI) any sums remaining after the payment provided for in V above has been paid, shall be paid to the Authority.

To the extent sufficient funds are not available to make the transfers described in clauses “(x)” or “(xiii)” above, such unpaid sums shall accrue and be payable in subsequent months until such time as paid in full. To the extent sufficient funds are not available to make the transfers described in clause (xi) above, such unpaid sums shall accrue and be payable in subsequent months to the extent permitted in the Indenture.

Rate Covenant. The Authority covenants in the Indenture that so long as any Bonds are Outstanding, the Authority, upon the recommendation of the Asset Manager, will establish, fix, charge and collect or will cause to be established, fixed, charged and collected rates, fees and the other charges for the use of and for the services furnished by the Parking System, and will, from time to time and as often as appears necessary, revise such rates, fees and other charges, so that in each Operating Year:

- (a) Revenues are at least sufficient to provide funds in an amount not less than: (a) Current Expenses; (b) the Debt Service Requirement on the Senior Bonds; (c) any payment by the Authority required pursuant to the Indenture to restore a Draw Deficiency in the Series A Account of the Debt Service Reserve Fund; (d) the Debt Service Requirement on the Junior Bonds; (e) any payment by the Authority required pursuant to the Indenture to restore any Draw Deficiency in the Series B Account or the Series C Account of the Debt Service Reserve Fund; (f) Asset Manager Performance Fee and Operator Performance Fee; (g) City Payments and Rent; (h) the sum payable to the Authority pursuant to the Indenture; and (i) the amounts needed to maintain the Capital Reserve Fund at the Measured Capital Reserve Requirement.

- (b) Revenues less Current Expenses is not less than 125% of the Debt Service Requirements on the Bonds for such Operating Year.

The foregoing is referred to as the “Rate Covenant”.

If at any time, the certificate of an Authorized Asset Manager Representative delivered to the Trustee pursuant to the Indenture indicates that the Rate Covenant was not met for the most recently completed Operating Year or is not projected to be met in the current Operating Year, the Authority shall, before the thirtieth day of following delivery of the certificate of the Authorized Asset Manager referred to above, appoint a Consultant, which Consultant shall be a management consultant, approved by AGM and the County, such approval not to be unreasonably withheld, to make recommendations as to a revision of the rates, fees and charges with respect to the methods of operation of the Parking System and/or recommendations related to operating costs which are projected to be sufficient to meet the Rate Covenant in the current Operating Year, and copies of such request and the recommendations of such Consultant shall be filed with the Trustee, the Authority and the Credit Facility Providers. Prior to or concurrently with the appointment of a Consultant, the Authority is required to provide written notice to Assured Guaranty and the County identifying the Consultant. In the event either Assured Guaranty or the County fails to approve the Consultant selected by the Authority, Assured Guaranty or the County, as applicable, shall provide written notice to the Authority within ten (10) Business Days of the Authority’s notice stating the reason for such disapproval. Failure to object to the appointed Consultant within ten (10) Business Days of written notification to Assured Guaranty or the County, as applicable shall be deemed approval of such Consultant.

Prospective Rate Covenant. The Authority covenants in the Indenture that, so long as any Bonds or the Authority Notes are Outstanding, the Asset Management Agreement will at all times require the Asset Manager, prior to the beginning of each Operating Year, to prepare a forecast (the “Forecast”) of projected Revenues and expenses (including capital expenditures based on the Long Term Capital Plan) for the five year period commencing with such Operating Year, including an estimate of the Authority’s ability to meet the Rate Covenant in each Operating Year of the Forecast (the Rate Covenant in each Operating Year of the Forecast being referred to herein as the “Prospective Rate Covenant”). The Forecast shall be based on existing parking rates, subject to adjustments permitted under the Asset Transfer Agreement, the Parking Lease or other governing documents related to rates and charges, and operating costs as adjusted by the Consumer Price Index and other factors deemed appropriate by the Asset Manager, the actual Debt Service Requirement in each year of the Forecast, and projected capital expenditures based on the Authority’s Long Term Capital Plan. The Forecast shall include the Capital Reserve Balance at the end of each Operating Year of the five-year period.

If based on the Forecast, the Authority will not meet the Prospective Rate Covenant in any year of the Forecast, or the balance in the Capital Reserve Fund at the end of any Operating Year will be less than the Measured Capital Reserve Requirement for such year, the Authority is required to retain a Consultant, which Consultant is a management consultant, acceptable to Assured Guaranty and the County, to make recommendations as to a revision of the rates, fees and charges with respect to the methods of operation of the Parking System and/or recommendations related to operating costs which are projected to be sufficient to meet the Prospective Rate Covenant and maintain the Measured Capital Reserve Requirement in the Capital Reserve Fund, and copies of such request and the recommendations of such Consultant are required to be filed with the Trustee, the Authority and the Credit Facility Providers.

Promptly upon the Authority’s receipt of the recommendations described above, as applicable, the Authority is required, subject to Applicable Laws and the Asset Transfer Agreement, to revise or cause to be revised the rates, fees and charges and methods of operation and shall take such other action as shall be in conformity with such recommendations. If the Authority complies with all such recommendations to the extent permitted by Applicable Laws, and Revenues for the Current Operating Year are at least equal to the sum of clauses (a) through (e) described under the caption “Rate Covenant”

above, the failure of the Authority to meet the Rate Covenant, in the current Operating Year or Forecast Year, or the failure to maintain the Measured Capital Reserve Requirement in any Forecast Year will not constitute an Indenture Event of Default.

The Authority is required to cause to be delivered to the Trustee and the Credit Facility Providers, on or before the thirtieth (30th) day following delivery of the annual financial statements required pursuant to the Indenture, a certificate of an Authorized Asset Manager Representative, demonstrating whether (i) (A) the Rate Covenant was met for the most recently completed Operating Year, (B) the Rate Covenant is projected to be met for the current Operating Year, and (C) the Prospective Rate Covenant is projected to be met for the five-year period commencing with the current Operating Year, or (ii) the Net Revenue Covenant was met for the most recently completed Operating Year, as applicable.

The Authority will charge or bill or cause the Asset Manager to charge or bill the users of the services of the Parking System in accordance with established procedures. The Authority agrees to take, or cause to be taken, all appropriate and commercially reasonable steps to enforce collection of any overdue charges by any remedy available at law or in equity. The Authority will not permit the use of the Parking System, or furnish any services of the Parking System, without making a charge based on the Authority's established rates, fees and charges except as follows: in connection with a declaration of emergency by federal or Commonwealth officials and use of the Parking System by first responders acting in their official capacities.

Additional Bonds

So long as any Bonds or the Authority Notes remain Outstanding, the Authority has covenanted that it will not issue additional Indebtedness (including, but not limited to, guarantees or derivatives in the form of credit default swaps or total-rate-of-return swaps or similar instruments) payable from the Revenues or secured by the Indenture or the Parking System, and that in no event while any of the Bonds or Authority Notes remain Outstanding, will the Authority further assign or pledge the Parking System or the Revenues, or otherwise encumber or dispose of such facilities or any part thereof, or the Revenues, except as is provided for in the Indenture. The Authority may issue Additional Bonds from time to time, upon satisfaction of certain conditions set forth in the Indenture, including the demonstration of 3.0x debt service coverage (based on gross revenues) of the current and proposed Bonds, solely for the purpose of financing Capital Additions, or to refund, through payment and redemption of all or a portion of any Series of Outstanding Bonds or the Authority Notes and paying all or any part of the costs and expenses in any way incident to the financing and redemption, including any redemption premium and interest.

The foregoing is only a summary of certain provisions of the Indenture and is qualified by reference to the entire document. The Indenture is attached hereto as Appendix "B." Prospective purchaser of the Bonds should read the Indenture in its entirety.

THE COUNTY OF DAUPHIN

The County's Financial Statements for the Fiscal Years ended December 31, 2012 and December 31, 2011 are attached hereto as Appendix "P".

For certain information with respect to the County, including the impact of the Recovery Plan on the County, please refer to Appendix "Q".

SERIES A BOND INSURANCE AND SERIES C BOND INSURANCE

Bond Insurance Policies

Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. (“Assured Guaranty”) will issue its Municipal Bond Insurance Policy for the Series A Bonds (the “Series A Bond Insurance Policy”) and its Municipal Bond Insurance Policy for the Series C Bonds (the “Series C Bond Insurance Policy”). The Series A Bond Insurance Policy guarantees the scheduled payment of principal of (or, in the case of Capital Appreciation Bonds, the accreted value) and interest on the Series A Bonds when due as set forth in the form of the Bond Insurance Policy included as Appendix “R” to this Official Statement. The Series C Bond Insurance Policy guarantees the scheduled payment of principal of (or, in the case of Capital Appreciation Bonds, the accreted value) and interest on the Series C Bonds when due as set forth in the form of the Bond Insurance Policy included as Appendix “R” to this Official Statement.

Neither the Series A Bond Insurance Policy nor the Series C Bond Insurance Policy is covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Assured Guaranty Municipal Corp.

Assured Guaranty is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. (“AGL”), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol “AGO”. AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and global public finance, infrastructure and structured finance markets. Neither AGL nor any of its shareholders or affiliates, other than Assured Guaranty, is obligated to pay any debts of Assured Guaranty or any claims under any insurance policy issued by Assured Guaranty.

Assured Guaranty’s financial strength is rated “AA-” (stable outlook) by Standard and Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business (“S&P”) and “A2” (stable outlook) by Moody’s Investors Service, Inc. (“Moody’s”). Each rating of Assured Guaranty should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of Assured Guaranty in its sole discretion. In addition, the rating agencies may at any time change Assured Guaranty’s long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by Assured Guaranty. Assured Guaranty only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by Assured Guaranty on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On June 12, 2013, S&P published a report in which it affirmed Assured Guaranty's "AA-" (stable outlook) financial strength rating. Assured Guaranty can give no assurance as to any further ratings action that S&P may take.

On January 17, 2013, Moody's issued a press release stating that it had downgraded Assured Guaranty's insurance financial strength rating to "A2" (stable outlook) from "Aa3". Assured Guaranty can give no assurance as to any further ratings action that Moody's may take.

For more information regarding Assured Guaranty's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2012.

Capitalization of Assured Guaranty

At September 30, 2013, Assured Guaranty's consolidated policyholders' surplus and contingency reserves were \$3,458,464,281 and its total net unearned premium reserve was approximately \$1,902,038,053, in each case, in accordance with statutory accounting principles.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to Assured Guaranty are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

- (i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2012 (filed by AGL with the SEC on March 1, 2013);
- (ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2013 (filed by AGL with the SEC on May 10, 2013);
- (iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2013 (filed by AGL with the SEC on August 9, 2013); and
- (iv) the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2013 (filed by AGL with the SEC on November 12, 2013).

All consolidated financial statements of Assured Guaranty and all other information relating to Assured Guaranty included in, or as Appendices to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at <http://www.sec.gov>, at AGL's website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Municipal Corp.: 31 West 52nd Street, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding Assured Guaranty included herein under the caption "SERIES A BOND INSURANCE AND SERIES C BOND INSURANCE – Assured Guaranty Municipal Corp." or included in a document incorporated by reference herein (collectively, the "Assured Guaranty

Information”) shall be modified or superseded to the extent that any subsequently included Assured Guaranty Information (either directly or through incorporation by reference) modifies or supersedes such previously included Assured Guaranty Information. Any Assured Guaranty Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

Assured Guaranty or one of its affiliates may purchase a portion of the Bonds or any uninsured bonds offered under this Official Statement and such purchases may constitute a significant proportion of the bonds offered. Assured Guaranty or such affiliate may hold such Bonds or uninsured bonds for investment or may sell or otherwise dispose of such Bonds or uninsured bonds at any time or from time to time.

Assured Guaranty makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, Assured Guaranty has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding Assured Guaranty supplied by Assured Guaranty and presented under the heading “SERIES A BOND INSURANCE AND SERIES C BOND INSURANCE”.

DEBT SERVICE SCHEDULE

The following table sets forth the debt service payments with respect to the Bonds:

Period Ending	Series A Bonds	Series B Bonds	Series C Bonds	Total
1/1/2015	\$5,198,472.78	\$4,180,684.44	\$2,459,722.22	\$11,838,879.44
1/1/2016	5,200,462.50	4,089,800.00	2,931,250.00	12,221,512.50
1/1/2017	5,980,462.50	4,229,800.00	3,030,000.00	13,240,262.50
1/1/2018	6,320,462.50	4,397,800.00	3,152,500.00	13,870,762.50
1/1/2019	6,650,462.50	4,552,050.00	3,262,250.00	14,464,762.50
1/1/2020	6,980,462.50	4,722,800.00	3,389,500.00	15,092,762.50
1/1/2021	7,190,462.50	5,183,800.00	3,718,000.00	16,092,262.50
1/1/2022	7,405,462.50	5,360,050.00	3,842,250.00	16,607,762.50
1/1/2023	7,629,462.50	5,534,550.00	3,971,500.00	17,135,512.50
1/1/2024	7,856,462.50	5,721,800.00	4,105,000.00	17,683,262.50
1/1/2025	8,090,662.50	5,920,550.00	4,247,000.00	18,258,212.50
1/1/2026	8,335,662.50	6,128,450.00	4,394,450.00	18,858,562.50
1/1/2027	8,586,075.00	6,338,200.00	4,546,500.00	19,470,775.00
1/1/2028	8,841,075.00	6,558,700.00	4,702,050.00	20,101,825.00
1/1/2029	9,106,075.00	6,783,700.00	4,865,000.00	20,754,775.00
1/1/2030	9,381,075.00	6,988,700.00	5,013,975.00	21,383,750.00
1/1/2031	9,661,075.00	7,198,700.00	5,163,700.00	22,023,475.00
1/1/2032	9,951,075.00	7,418,700.00	5,318,075.00	22,687,850.00
1/1/2033	10,249,575.00	7,643,700.00	5,480,725.00	23,374,000.00
1/1/2034	10,559,325.00	7,873,700.00	5,645,000.00	24,078,025.00
1/1/2035	9,788,325.00	8,168,700.00	5,855,000.00	23,812,025.00
1/1/2036	10,083,325.00	8,428,700.00	6,045,000.00	24,557,025.00
1/1/2037	10,383,325.00	8,263,700.00	5,925,000.00	24,572,025.00
1/1/2038	10,693,325.00	8,398,700.00	6,025,000.00	25,117,025.00
1/1/2039	11,015,850.00	8,608,700.00	6,170,000.00	25,794,550.00
1/1/2040	11,346,625.00	8,413,700.00	6,035,000.00	25,795,325.00
1/1/2041	11,688,287.50	8,213,700.00	5,890,000.00	25,791,987.50
1/1/2042	12,038,212.50	8,013,700.00	5,745,000.00	25,796,912.50
1/1/2043	12,398,775.00	7,803,700.00	5,595,000.00	25,797,475.00
1/1/2044	12,772,087.50	7,583,700.00	5,440,000.00	25,795,787.50
1/1/2045	-	15,023,700.00	10,775,000.00	25,798,700.00
1/1/2046	-	15,023,700.00	10,775,000.00	25,798,700.00
1/1/2047	-	15,023,700.00	10,773,285.15	25,796,985.15
1/1/2048	-	15,021,762.50	10,774,771.20	25,796,533.70
1/1/2049	-	15,023,700.00	10,775,000.00	25,798,700.00
1/1/2050	-	15,023,700.00	10,771,992.95	25,795,692.95
1/1/2051	-	15,024,000.00	10,773,006.15	25,797,006.15
1/1/2052	-	15,022,000.00	10,773,673.30	25,795,673.30
1/1/2053	-	15,020,300.00	10,772,907.00	25,793,207.00
1/1/2054	-	3,368,100.00	2,585,000.00	5,953,100.00
	\$271,382,447.78	\$337,297,896.94	\$241,513,082.97	\$850,193,427.69

THE BONDS

General Description

The Bonds are issued pursuant to a Resolution adopted by the Authority on December 4, 2013 and the Indenture. The Bonds are payable (except to the extent payable from the proceeds of the Bonds and the investment earnings thereon and under certain circumstances, the net proceeds of insurance or condemnation awards) as to principal, premium, if any, and interest, solely from the Revenues pledged under the Indenture. The Bonds will be dated the date of issuance of the Bonds and will bear interest from that date at the rates and mature on the dates set forth in this Official Statement.

The Bonds are issuable as book-entry-only bonds registered in the name of Cede & Co.

The Series A-1 Bonds, the Series B-1 Bonds and the Series C-1 Bonds are “Current Interest Bonds”. The Current Interest Bonds are issuable in denominations of \$5,000 and any integral multiples thereof.

Interest on the Current Interest Bonds will be payable semi-annually on the first day of each January 1 and July 1 (each an “Interest Payment Date”), commencing on July 1, 2014, until the final maturity of the Bonds. Interest on the Bonds will be computed on the basis of a 360-day year composed of twelve 30-day months.

Interest payments on the Current Interest Bonds (other than the final payment of interest due at the maturity or redemption of the Bonds) will be mailed by the Trustee, as Paying Agent (the “Paying Agent”) on the payment date to each registered Holder of the Bonds as it appears on the registration books of the Trustee on the fifteenth (15th) day of the calendar month preceding an Interest Payment Date (the “Record Date”), at the address listed for such holders on the books of the Trustee, as Registrar (the “Registrar”). Upon written request received not later than the applicable Record Date, any holder of Bonds aggregating \$1,000,000 or more shall be entitled to receive interest payments from the Trustee by wire transfer. The final payment of principal or redemption premium, if any, will be payable at the principal office of the Trustee or such other place as the Trustee and the registered Holder of the Bond may agree, upon surrender of the Bond for cancellation. The Trustee is the Registrar and Paying Agent for the Bonds.

The Series A-2 Bonds, the Series B-2 Bonds, the Series B-3 Bonds and the Series C-2 Bonds are Capital Appreciation Bonds and shall accrue interest from and including the Series Issue Date on each Compounding Date (as hereinafter defined), and will be treated as if accruing in equal daily amounts between Compounding Dates, until payment of the Maturity Amount or redemption price thereof shall have been made or provided for in accordance with the provisions of the Indenture, whether at maturity, upon redemption or otherwise. The Capital Appreciation Bonds are issuable in a Maturity Amount of \$5,000 and integral multiples of \$5,000 in excess thereof.

“Compounded Amount” means on any date, the Original Principal Amount of a Capital Appreciation Bond plus accretion of principal, based on compounding on each Compounding Date to the Maturity Date at the same interest rate as shall produce a compound amount on the Maturity Date equal to the principal amount hereof on the Maturity Date; provided that the Compounded Amount on any day which is not a Compounding Date shall be determined on the assumption that the Compounded Amount accrues in equal daily amounts between Compounding Dates.

“Compounding Date” means each January 1 and July 1, commencing July 1, 2014.

Payments of principal will be made at the corporate trust office of the Paying Agent, currently in St. Paul, Minnesota, or at the office designated for such payment by the Paying Agent for any successor Paying Agent, upon proper presentation of the Bonds.

Interest payment checks will be payable to the order of and all notices and information concerning the Bonds will be sent to, the registered owner of the Bonds at the address shown for such Holder on the Registrar's books. A change in the registered owner of the Bonds can only be effected by presenting the Bonds, in accordance with the provisions of the Indenture, to the Trustee at its office in St. Paul, Minnesota (or such other office of which the Registrar or any successor Registrar shall notify the Holders), together with the name, address and tax identification number of the new registered Holder. A registered Holder may notify the Registrar in writing of any change of address and such change shall be promptly recorded on the Registrar's books.

If any Bond is mutilated, lost, stolen or destroyed, the Registrar will deliver, subject to the provisions of the Indenture, a new bond of like maturity and aggregate principal amount. In the case of a lost, stolen or destroyed Bond, the Registrar will require satisfactory evidence of such loss, theft, or destruction and satisfactory indemnification. The Registrar may charge the holders of the Bonds with their fees and expenses in connection with replacing mutilated, lost, stolen or destroyed Bonds.

Capital Appreciation Bonds

Interest on the Series A-2 Bonds shall compound from the Series Issue Date on each Compounding Date as set forth in the schedule attached to the form of Series A-2 Bonds and shall be treated as accruing in equal daily amounts between Compounding Dates, until payable at maturity or earlier redemption. The Series A-2 Bonds shall mature on the dates set forth below:

Original Principal Amount	Interest Rate	Maturity Amount	Maturity
\$ 111,040.55	1.740%	\$ 115,000.00	1/1/2016
838,480.75	2.170	895,000.00	1/1/2017
1,111,784.05	2.630	1,235,000.00	1/1/2018
1,336,322.20	3.170	1,565,000.00	1/1/2019
1,510,618.20	3.800	1,895,000.00	1/1/2020
1,564,583.35	4.270	2,105,000.00	1/1/2021
1,978,166.75	5.800	4,165,000.00	1/1/2027
1,937,197.60	5.970	4,420,000.00	1/1/2028
1,902,484.80	6.090	4,685,000.00	1/1/2029
1,864,712.00	6.200	4,960,000.00	1/1/2030
1,825,930.40	6.290	5,240,000.00	1/1/2031
1,624,672.50	6.540	6,285,000.00	1/1/2035
1,577,949.80	6.590	6,580,000.00	1/1/2036
1,529,217.60	6.640	6,880,000.00	1/1/2037

Interest on the Series B-2 Bonds shall compound from the Series Issue Date on each Compounding Date as set forth in the schedule attached to the form of Series B-2 Bonds and shall be treated as accruing in equal daily amounts between Compounding Dates, until payable at maturity or earlier redemption. The Series B-2 Bonds shall mature on the dates set forth below:

Original Principal Amount	Interest Rate	Maturity Amount	Maturity
\$1,532,678.40	5.500%	\$ 3,280,000.00	1/1/2028
1,528,810.90	5.600	3,505,000.00	1/1/2029
1,507,595.60	5.700	3,710,000.00	1/1/2030
1,481,172.00	5.800	3,920,000.00	1/1/2031
1,459,350.00	5.870	4,140,000.00	1/1/2032
1,436,172.30	5.930	4,365,000.00	1/1/2033
1,409,516.25	5.990	4,595,000.00	1/1/2034
1,396,828.50	6.050	4,890,000.00	1/1/2035
1,371,239.00	6.100	5,150,000.00	1/1/2036
1,235,980.90	6.150	4,985,000.00	1/1/2037
1,181,030.40	6.200	5,120,000.00	1/1/2038
1,142,698.70	6.250	5,330,000.00	1/1/2039
1,022,173.10	6.300	5,135,000.00	1/1/2040
908,878.95	6.360	4,935,000.00	1/1/2041
812,478.65	6.390	4,735,000.00	1/1/2042
723,004.50	6.420	4,525,000.00	1/1/2043
630,854.70	6.500	4,305,000.00	1/1/2044
1,566,665.55	6.600	11,745,000.00	1/1/2045
1,423,376.55	6.700	11,745,000.00	1/1/2046
1,290,775.50	6.800	11,745,000.00	1/1/2047

The Series B-3 Bonds maturing on January 1, 2049 shall be issued in an original principal amount of \$2,010,748.80, shall have a Maturity Amount of \$24,355,000.00, and shall bear interest at a rate of 7.250% which shall compound from the Series Issue Date on each Compounding Date as set forth in the schedule attached to the form of Series B-3 Bonds and shall be treated as accruing in equal daily amounts between Compounding Dates, until payable at maturity or earlier redemption.

Interest on the Series C-2 Bonds maturing January 1, 2034 through January 1, 2046 shall compound from the Series Issue Date on each Compounding Date as set forth in the schedule attached to the form of Series C-2 Bonds and shall be treated as accruing in equal daily amounts between Compounding Dates, until payable at maturity or earlier redemption. The Series C-2 Bonds shall mature on the dates set forth below:

Original Principal Amount	Interest Rate	Maturity Amount	Maturity
\$1,731,603.75	5.990%	\$5,645,000.00	1/1/2034
1,672,480.75	6.050	5,855,000.00	1/1/2035
1,609,541.70	6.100	6,045,000.00	1/1/2036
1,469,044.50	6.150	5,925,000.00	1/1/2037
1,389,786.75	6.200	6,025,000.00	1/1/2038
1,322,786.30	6.250	6,170,000.00	1/1/2039
1,201,327.10	6.300	6,035,000.00	1/1/2040
1,084,761.30	6.360	5,890,000.00	1/1/2041
985,784.55	6.390	5,745,000.00	1/1/2042
893,969.10	6.420	5,595,000.00	1/1/2043
797,177.60	6.500	5,440,000.00	1/1/2044
1,437,277.25	6.600	10,775,000.00	1/1/2045
1,305,822.25	6.700	10,775,000.00	1/1/2046

The Series C-2 Bonds maturing on January 1, 2049 shall be issued in an original principal amount of \$3,327,405.40, shall have a Maturity Amount of \$34,610,000.00, and shall bear interest at a rate of 6.800% which shall compound from the Series Issue Date on each Compounding Date as set forth in the schedule attached to the form of Series C-2 Bonds and shall be treated as accruing in equal daily amounts between Compounding Dates, until payable at maturity or earlier redemption.

The Series C-2 Bonds maturing on July 1, 2053 shall be issued in an original principal amount of \$3,439,705.60, shall have a Maturity Amount of \$52,180,000.00, and shall bear interest at a rate of 7.000% which shall compound from the Series Issue Date on each Compounding Date as set forth in the schedule attached to the form of Series C-2 Bonds and shall be treated as accruing in equal daily amounts between Compounding Dates, until payable at maturity or earlier redemption. d

Redemption

Optional Redemption.

(a) The Series A-1 Bonds maturing on or after January 1, 2025 are subject to redemption prior to maturity at the option of the Authority at any time on or after January 1, 2024, as a whole or in part by lot at a Redemption Price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date.

(b) The Series B-1 Bonds maturing on or after January 1, 2025 are subject to redemption prior to maturity at the option of the Authority at any time on or after January 1, 2024, as a whole or in part by lot at a Redemption Price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date.

(c) The Series B-3 Bonds are subject to redemption prior to maturity at the option of the Authority at any time on or after January 1, 2029, as a whole or in part by lot at a Redemption Price equal to 100% of the Compounded Amount thereof.

(d) The Series C-1 Bonds maturing on or after January 1, 2025 are subject to redemption prior to maturity at the option of the Authority at any time on or after January 1, 2024, as a whole or in part by lot at a Redemption Price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date.

Mandatory Sinking Fund Redemption.

(a) The Series A-1 Bonds maturing on January 1, 2034 are subject to mandatory sinking fund redemption on January 1 in the years and in the principal amounts set forth below, at a Redemption Price equal to one hundred percent (100%) of the principal amount to be redeemed:

<u>Year</u>	<u>Principal Amount</u>
2032	\$5,530,000
2033	6,105,000
2034*	6,720,000

* Maturity.

(b) The Series A-1 Bonds maturing on January 1, 2044 are subject to mandatory sinking fund redemption on January 1 in the years and the principal amounts set forth below, at a Redemption Price equal to one hundred percent (100%) of the principal amount to be redeemed:

<u>Year</u>	<u>Principal Amount</u>
2038	\$7,190,000
2039	7,890,000
2040	8,635,000
2041	9,430,000
2042	10,275,000
2043	11,175,000
2044*	12,135,000

* Maturity.

(c) The Series B-1 Bonds maturing on July 1, 2053 are subject to mandatory sinking fund redemption on the dates and in the principal amounts set forth below, at a Redemption Price equal to one hundred percent (100%) of the principal amount to be redeemed:

<u>Year</u>	<u>Principal Amount</u>
1/1/2050	\$11,745,000
1/1/2051	12,450,000
1/1/2052	13,195,000
1/1/2053	13,985,000
7/1/2053*	3,270,000

*Final maturity.

(d) The Series B-3 Bonds maturing on January 1, 2049 are subject to mandatory sinking fund redemption on January 1 in the years and the Compounded Amounts set forth in the table below (with

corresponding Original Principal Amounts), at a Redemption Price equal to 100% of the Compounded Amount thereof:

Year	Original Principal Amount	Compounded Amount at Mandatory Redemption Date
2048	\$1,041,081.60	\$11,743,062.50
2049*	969,667.20	11,745,000.00

* Maturity.

(e) The Series C-2 Bonds maturing on January 1, 2049 are subject to mandatory sinking fund redemption prior to maturity on January 1 in the years and the Compounded Amounts set forth in the table below (with corresponding Original Principal Amounts), at a Redemption Price equal to one hundred percent (100%) of the Compounded Amount thereof:

Year	Original Principal Amount	Compounded Amount at Mandatory Redemption Date
2047	\$1,183,964.10	\$10,773,285.15
2048	1,107,532.80	10,774,771.20
2049*	1,035,908.50	10,775,000.00

* Maturity.

(f) The Series C-2 Bonds maturing on July 1, 2053 are subject to mandatory sinking fund redemption prior to maturity on the dates and in the Compounded Amounts set forth in the table below (with corresponding Original Principal Amounts), at a Redemption Price equal to one hundred percent (100%) of the Compounded Amount thereof:

Redemption Date	Original Principal Amount	Compounded Amount at Mandatory Redemption Date
1/1/2050	\$903,433.60	\$10,771,992.95
1/1/2051	843,446.40	10,773,006.15
1/1/2052	787,414.40	10,773,673.30
1/1/2053	735,008.00	10,772,907.00
7/1/2053*	170,403.20	2,585,000.00

* Final maturity.

Sinking Fund Account Redemption.

The Trustee shall, on January 1, and July 1 of each year commencing January 1, 2024, without further direction from the Authority, take all steps necessary in order to select in inverse order of maturity and by lot within a maturity, call for redemption and apply funds on deposit in the Sinking Fund Account to redeem the Series B-1 Bonds maturing on July 1, 2053 at a Redemption Price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date and the Series B-3 Bonds at a

Redemption Price of 100% of the Compounded Amount thereof; provided that, in lieu of redemption as aforesaid, the Trustee shall, at the direction of the Authority, apply moneys from time to time available in the Sinking Fund Account to purchase Series B-1 Bonds maturing on July 1, 2053 or Series B-3 Bonds at prices not higher than the aforesaid Redemption Price, but only to the extent that firm purchase commitments are received before the notice of redemption would otherwise be required to be given. Upon making any such purchase of Series B-1 Bonds maturing on July 1, 2053 or Series B-3 Bonds, the amount in the Sinking Fund Account otherwise required to be applied to the mandatory redemption of Series B-1 Bonds maturing on July 1, 2053 or Series B-3 Bonds, as applicable, shall be reduced by the par amount of Series B-1 Bonds or the Compounded Amount of Series B-3 Bonds so purchased. In the case of purchases at less than the aforesaid Redemption Price, the difference between the amount in the Sinking Fund Account representing the par amount of the Series B-1 Bonds maturing on July 1, 2053 or the Compounded Amount of the Series B-3 Bonds purchased and the purchase price shall be transferred to the Bond Fund.

Whenever Series B-1 Bonds maturing on July 1, 2053 or Series B-3 Bonds are to be purchased out of the Sinking Fund Account, if the Authority shall notify the Trustee in writing that the Authority wishes to arrange for such purchase, the Trustee shall comply with the Authority's directions provided they conform to this Indenture.

In lieu of paying the Debt Service Requirements necessary to allow any such mandatory redemption, the Authority may present to the Trustee, prior to the mailing of any required redemption notice, Series B-1 Bonds maturing on July 1, 2053 or Series B-3 Bonds from the Sinking Fund Account, which have been purchased by the Authority. In such event, the Debt Service Requirements on the Series B-1 Bonds maturing on July 1, 2053 or the Series B-3 Bonds for the period in which the purchased Series B-1 Bonds maturing on July 1, 2053 or Series B-3 Bonds are presented to the Trustee shall, for all purposes hereunder, be reduced by an amount equal to the par amount of any such Series B-1 Bonds maturing on July 1, 2053 or the aggregate Compounded Amount of any such Series B-3 Bonds, so presented.

Partial Redemption of Bonds.

The Bonds of a Series or sub-series which are callable may be redeemed in whole or in part or sub-series in Authorized Denominations, but in either event shall be solely from funds available for that purpose in accordance with the provisions of this Indenture. If less than all of a Series or sub-series of Bonds shall be called for redemption under any provision of the Indenture permitting such partial redemption, the Bonds in such Series or sub-series shall be redeemed from the maturities and in the principal amounts or Compounded Amount, as applicable, designated in writing to the Trustee by the Authority, and within each maturity by lot. In the case of a partial redemption, new Bonds representing the unredeemed balance of the principal amount or Compounded Amount, as applicable, of such Series or sub-series shall be issued to the Owner thereof, without charge therefor. If the Owner of any Bond or portion thereof in an Authorized Denomination selected for redemption shall fail to present such Bond to the Paying Agent for payment and exchange as aforesaid, such Bond shall, nevertheless, become due and payable on the date fixed for redemption to the extent of the principal amount or Compounded Amount, as applicable, called for redemption (and to that extent only).

Notwithstanding anything described herein or in the Indenture to the contrary, for so long as there shall have occurred and be continuing a payment Event of Default under section 8.1(a) or (b) of the Indenture, there shall be no redemption of less than all of the Bonds at the time Outstanding including no optional or mandatory sinking fund redemptions or sinking fund redemption as described under the caption "THE BONDS – Redemption – Sinking Fund Account Redemption".

Notice of Redemption. In the event any Bonds are called for redemption the Trustee shall give notice, in the name of the Authority, of the redemption of such Bonds, which notice shall (i) specify the

Bonds to be redeemed, including without limitation, the Series or sub-series, the CUSIP numbers thereof, the redemption date, the Redemption Price and the place or places where amounts due upon such redemption will be payable (which shall be the Corporate Trust Office of the Paying Agent) and, if less than all of the Bonds of a Series or sub-series are to be redeemed, the numbers of the Bonds, and the portions of the Bonds, so to be redeemed, (ii) state any condition to such redemption and (iii) state that from and after the redemption date and upon the satisfaction of any such condition, the Bonds to be redeemed shall cease to bear interest. Such notice may set forth any additional information relating to such redemption. Such notice shall be given by Mail at least twenty (20) days prior to the date fixed for redemption. If a notice of redemption shall be unconditional, or if the conditions of a conditional notice of redemption shall have been satisfied, then upon presentation and surrender of Bonds so called for redemption at the place or places of payment, such Bonds shall be redeemed.

With respect to any notice of redemption of Bonds in accordance with the provisions of the Indenture, unless, upon the giving of such notice, such Bonds shall be deemed to have been paid within the meaning of Article VII of the Indenture, such notice may state that such redemption shall be conditional upon the receipt by the Paying Agent, at the opening of business on or prior to the date fixed for such redemption, of available moneys sufficient pursuant to the terms hereof to pay the principal or Compounded Amount, as applicable, of, premium, if any, and interest on, such Bonds to be redeemed, and that if such moneys shall not have been so received said notice shall be of no force and effect and the Authority shall not be required to redeem such Bonds. In the event that such notice of redemption contains such a condition and such moneys are not so received, the redemption shall not be made and the Trustee shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received.

Any Bonds which have been duly selected for redemption and which are deemed to be paid in accordance with Article VII of the Indenture shall cease to bear interest from and after the specified date fixed for redemption.

The notice provided as described in the first paragraph of this subsection captioned as “Notice of Redemption” shall also be sent at the same time to two or more national information services that disseminate notices of redemption of obligations such as the Bonds; provided, however, failure to give all or any portion of such notice shall not in any manner defeat the effectiveness of a call for redemption if notice thereof is given to the Owners of the Bonds to be redeemed as prescribed above.

The DTC Book-Entry-Only System

The following information concerning DTC and DTC’s book-entry only system has been obtained from DTC. The Authority, the Underwriter and the Trustee make no representation as to the accuracy of such information.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each series or subseries and maturity of the Bonds, each in the aggregate principal amount of such series or subseries and maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provision of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with

DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for National Securities Clearing Corporation and Fixed Income Clearing Corporation, both of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a rating from Standard & Poor's of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of Bonds (a "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owners entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Trustee as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date.

Payments of principal, premium, if any, and interest on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or its agent, on payable date in accordance with their respective holdings shown on

DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Authority or its agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments of principal, premium, if any, and interest on the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or its agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Authority, and the Authority may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). Under either of such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

NEITHER THE AUTHORITY, THE UNDERWRITERS NOR THE TRUSTEE SHALL HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DTC PARTICIPANT OR ANY BENEFICIAL OWNER OR ANY OTHER PERSON NOT SHOWN ON THE REGISTRATION BOOKS OF THE TRUSTEE AS BEING A BONDHOLDER WITH RESPECT TO EITHER: (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; (2) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE BONDS; (3) THE DELIVERY OR THE TIMELINESS OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE INDENTURE TO BE GIVEN TO THE OWNER OF THE BONDS; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS BONDHOLDER.

THE INFORMATION IN THIS SECTION CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM DTC. THE AUTHORITY, THE UNDERWRITER AND THE TRUSTEE TAKE NO RESPONSIBILITY FOR THE ACCURACY OR COMPLETENESS THEREOF.

Transfer fees. For every transfer and exchange of Bonds, owners of such Bonds requesting such transfer or exchange may be charged a sum sufficient to cover any tax, governmental charge or transfer fees that may be imposed in relation thereto, which charge may include transfer fees imposed by the Trustee, DTC or the DTC Participant in connection with such transfers or exchanges.

PENNSYLVANIA ECONOMIC DEVELOPMENT FINANCING AUTHORITY

The Authority is a public instrumentality and body corporate and politic of the Commonwealth of Pennsylvania created pursuant to the Act to provide financing for qualifying projects (including, without limitation, industrial facilities, commercial facilities, health care facilities, pollution control facilities and public facilities) in the Commonwealth. The Authority provides such financing by issuing its limited obligation revenue bonds to make loans to finance qualified projects and to finance the acquisition or lease of qualified projects authorized and approved by local industrial and commercial development authorities, industrial development agencies and certain other governmental entities. The Authority has determined that the Project constitutes a “project” promoting the public purposes set forth in the Act. The Authority has approved the Project and authorized the issuance of the Bonds. The Authority has full power and authority to issue the Bonds and to perform its obligations under the Indenture. The Act provides that the Commonwealth of Pennsylvania will not limit or alter the rights vested in the Authority by the Act until the Bonds, together with the interest thereon, are fully discharged.

The Authority is governed by a Board of Directors composed of the Secretary of Community and Economic Development (who serves as Chairman), the Secretaries of Labor and Industry, Agriculture and Banking and eight members appointed by the Governor, subject to the advice and consent of the Senate of the Commonwealth, and four members appointed by the Majority Leader and the Minority Leader of the Senate and the House of Representatives of the Commonwealth. The current Board members and their terms of office, if applicable, are as follows:*

Honorable C. Alan Walker, Chairman Secretary of Community and Economic Development	Nicholas S. Haden Designated Term of Office expired June 30, 2013**
Honorable George Greig Secretary of Agriculture	Timothy H. Johnson, Director County of Allegheny Department of Admin. Services Designated Term of Office expired August 26, 2013**
Honorable Glenn E. Moyer Secretary of Banking	Robert E. Kane Designated Term of Office expires October 15, 2016
Honorable Julia K. Hearthway Secretary of Labor and Industry	George F. Komelsky Designated Term of Office expired June 13, 2013**
Richard Harper	Fred Rinaldi, Esquire Designated Term of Office expires September 24, 2017
Thomas Petrone	Franklin K. Schoeneman Designated Term of Office expires December 5, 2016
Ronald J. Brown	
Honorable Kim Ward Senate of Pennsylvania	
Allan M. Dabrow, Esquire Designated Term of Office expired June 13, 2013**	

* There is currently one vacancy on the Board.

** Board Members whose terms have expired continue to serve until reappointed or new members are appointed.

The staff of the Authority includes:

Stephen M. Drizos, Executive Director. Stephen Drizos is a veteran of the United States military. He was an officer in the Army and the Pennsylvania Army Reserve National Guard (PARNG). He joined the Commonwealth of Pennsylvania on February 9, 2004 as Director of the Center for Private Financing and was appointed Executive Director of the Authority on March 10, 2004. Mr. Drizos has also been appointed to the Pennsylvania Sustainable Energy Board, the Global Competitiveness Analysis, Strategy, and Marketing Work Plan Committee for the Commonwealth. He is a member of the Pennsylvania Sustainable Infrastructure Committee for the Commonwealth, as well as the Pennsylvania Energy Development Authority. He is also a past member of the Issuer Advisory Group of the Municipal Securities Rulemaking Board (MSRB), which develops rules regulating securities firms and banks involved in underwriting, trading, and selling municipal securities- bonds and notes issued by states, cities, and counties.

Prior to his current position with the Commonwealth, Mr. Drizos gained more than 30 years of diversified business experience in various financial and operational positions, with a concentration in public finance. Some of his roles in investment banking included senior investment banker and manager of fixed income and public finance. He provided such services as investment management, cash management, trading and sales of fixed income products, public finance, underwriting of tax-exempt securities, and consulting. Mr. Drizos was successful in the structuring and underwriting of more than \$20 billion in corporate and public finance activities.

Craig Petrasic, Assistant Director, Center for Private Financing. Craig Petrasic has been with the Department of Community and Economic Development (DCED) since 1995. He currently serves as Assistant Director of the Center for Private Financing, in which capacity he assists with the day-to-day management, operations, policy analysis and development for the Authority and several other programs. Prior to serving as Assistant Director, Mr. Petrasic was a Program Manager for the Authority, an Economic Development Analyst with the Pennsylvania Industrial Development Authority and a Legal Assistant in the Office of Chief Counsel for DCED. Mr. Petrasic received his Bachelor of Arts degree from Bloomsburg University and his Master of Arts degree in History from Indiana University of Pennsylvania.

Brian Deamer, Program Manager. Brian Deamer has been with the Department of Community and Economic Development (DCED) since December 1998. He currently serves as a Program Manager for the Center for Private Financing, in which capacity he assists with the day-to-day management, operations and policy analysis and development for office programs. He previously served as a Program Analyst in the Small Business Financing Office of DCED. Mr. Deamer received his Bachelor's degree from Millersville University.

Gail Boppe, Program Manager. Gail Boppe has been with Department of Community and Economic Development (DCED) since 2000. She currently serves as a Program Manager for the Center for Private Financing, in which capacity she assists with the day-to-day management, operations, policy analysis and development for the Industrial Development Authority program, Next Generation Farmer Loan Program, and SSBCI Program. Prior to serving as a Program Manager, Ms. Boppe was an Economic Development Analyst in the Small Business Financing Office and interned in the Office of International Business Development Office. Ms. Boppe received her Bachelor of Science degree from Lock Haven University.

The Authority has previously issued bonds for projects other than the Project and expects to issue additional series of bonds after the issuance of the Bonds described herein. Such prior bonds are, and such additional bonds, if issued, will be, secured under pledges of security separate from an unrelated to the pledges described herein with respect to the Bonds. The Bonds are special and limited obligations of the Authority. See "SECURITY FOR THE BONDS" herein.

THE BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY, PAYABLE SOLELY FROM THE TRUST ESTATE. NEITHER THE COMMONWEALTH OF PENNSYLVANIA NOR ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE COUNTY OF DAUPHIN UNDER THE SERIES B BOND GUARANTY AND THE SERIES C BOND GUARANTY WITH RESPECT TO THE SERIES B BONDS AND THE SERIES C BONDS, RESPECTIVELY) IS OBLIGATED TO PAY THE PRINCIPAL OR REDEMPTION PRICE OF OR THE INTEREST ON THE BONDS AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COMMONWEALTH OF PENNSYLVANIA OR ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE COUNTY OF DAUPHIN UNDER THE SERIES B BOND GUARANTY AND THE SERIES C BOND GUARANTY WITH RESPECT TO THE SERIES B BONDS AND THE SERIES C BONDS, RESPECTIVELY) IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE BONDS. THE AUTHORITY HAS NO TAXING POWER.

RISK FACTORS

INVESTMENT IN THE BONDS INVOLVES A DEGREE OF RISK. There are various factors which could adversely affect the sufficiency of the Trust Estate which might result in an inability to meet the debt service requirements on the Bonds or to pay the principal of and interest on the Bonds. The following is intended only as a summary of certain risk factors attendant to an investment in the Bonds and is not, and is not intended to be, exhaustive. In order to identify risk factors and make informed investment decisions, including a judgment as to whether the Bonds are an appropriate investment, potential investors should be thoroughly familiar with the entire Official Statement (including each Appendix).

General

The Bonds are limited obligations of the Authority and are payable solely from the Revenues derived from the operation of the Parking System and are secured by a pledge of the Trust Estate (including the Leasehold Mortgage) and an assignment of the Project Documents. No assets of the Authority (other than the Trust Estate) are pledged as security for the Bonds. No representation or assurance can be given to the effect that the Parking System will generate sufficient Revenues to meet the payment of debt service on the Bonds and Current Expenses of the Parking System. Future legislation, regulatory actions, economic conditions, competition from competing facilities, legal matters, and other conditions that are unpredictable, some of which are discussed below, could have an effect on the ability to pay debt service on the Bonds. In addition, under the Asset Transfer Agreement, the right to raise parking fees is limited and the Authority may not be able to raise parking fees in an amount that is sufficient to cover all obligations under the Indenture.

THE BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY, PAYABLE SOLELY FROM THE TRUST ESTATE. NEITHER THE COMMONWEALTH OF PENNSYLVANIA NOR ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE COUNTY OF DAUPHIN UNDER THE SERIES B BOND GUARANTY AND THE SERIES C BOND GUARANTY WITH RESPECT TO THE SERIES B BONDS AND THE SERIES C BONDS, RESPECTIVELY) IS OBLIGATED TO PAY THE PRINCIPAL OR REDEMPTION PRICE OF OR THE INTEREST ON THE BONDS, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COMMONWEALTH OF PENNSYLVANIA OR ANY POLITICAL

SUBDIVISION THEREOF (EXCEPT THE COUNTY OF DAUPHIN UNDER THE SERIES B BOND GUARANTY AND THE SERIES C BOND GUARANTY WITH RESPECT TO THE SERIES B BONDS AND THE SERIES C BONDS, RESPECTIVELY) IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE BONDS. THE AUTHORITY HAS NO TAXING POWER.

Reliance on Projections and Underlying Assumptions

The ultimate success of the Parking System and the ability of the Authority to satisfy all of its obligations, including the timely payment of principal and interest on the Bonds, depends on the existence of adequate demand for, and the efficient operation of, the Parking System. The Authority has received the Independent Engineer's Report on the Parking System from DESMAN Associates. The Independent Engineer's Report is included as Appendix "G" to this Official Statement. The conclusions of the DESMAN Associates in the Independent Engineer's Report are solely the opinions of the DESMAN Associates and are not a guarantee that projected or forecasted demand will exist or that the realization of the Revenues projected or forecasted therein will be achieved. There can be no assurances that the Parking System will be operated in accordance with the assumptions set forth in the Independent Engineer's Report.

The Independent Engineer's Report also contains a review of certain projections regarding Revenues, a review of the Parking System's projected Current Expenses and a discussion of the assumptions utilized in preparing those projections. DESMAN has, among other matters, assumed that the more efficient operation and enforcement of the Parking System will enhance Revenues and reduce Current Expenses to an extent not historically achieved by the Parking Authority. No assurance can be given and no representations are made that any of the assumptions considered by DESMAN for its report are correct, that the projections reviewed by DESMAN for its report will be achieved or that the conclusions and the forward-looking statements expressed herein (or included in the Independent Engineer's Report) will correspond with actual results. If, among other things, demand for the Parking System is lower than assumed or competition from other facilities is increased, actual Revenues will be less than projected, and perhaps materially less. Demand for the Parking System is driven both positively and negatively by a number of factors, including economic and demographic developments in the City and surrounding communities and availability of alternative modes of transportation and parking alternatives. See "Appendix "G" - Independent Engineer's Report".

The Independent Engineer's Report also makes certain assumptions and projections as to the capital needs of the Parking System over the term of the Bonds and the sufficiency of funds to establish and maintain compliance with Operating Standards across all of the Parking Facilities. While the Independent Engineer's Report has determined that the capital plan and estimated capital expenditures and system upgrades are reasonable, no assurance can be given as to whether such determination is correct or that sufficient moneys will be available in the Capital Reserve Fund as and when needed for such purposes. DESMAN has reviewed a number of prior engineering analyses and studies performed on behalf of the Parking Authority. One such study projected higher capital expenditures for several of the Parking System garages than similar projections made by DESMAN in its Physical Conditions Review and Evaluation of the Capitol Region Public Off-Street Parking System. See Appendix "G" hereto. The Capital Reserve Fund will not be fully funded on the date of the issuance of the Bonds and is not expected to be fully funded until 2036. See "RISK FACTORS – Capital Reserve Fund" herein.

Project Risks

Operating Risk. As with any parking system of this size and nature, operation of the Parking System could be affected by many factors, including the breakdown or failure of equipment or processes, the performance of the Parking System below expected levels of efficiency, inability to raise parking rates, failure to operate at design specification, failure by third parties to perform their obligations under

the Asset Management Agreement, the Parking Services Agreement, the Parking Enforcement Agreement or the Parking Enforcement Engagement Agreement (whether or not caused by force majeure), competition, labor disputes and catastrophic events including fires, explosions, increases in costs of supplies or services not under contract, earthquakes, droughts, extreme weather conditions, changes in law, delays in receipt or failure to obtain or maintain necessary permits, government exercise of eminent domain power or similar events. The occurrence of such events could significantly reduce Revenues and/or significantly increase Current Expenses and capital expenses, thereby jeopardizing the ability of the Parking System to pay debt service. No assurances can be given that there will not be events in the future that would negatively affect Revenues, Current Expenses or capital expenses. Neither the Asset Manager nor the Parking Operator is required to expend its own funds in performing its obligations. The Asset Transfer Agreement limits rate increases except if necessary to meet the Rate Covenant or the Prospective Rate Covenant set forth in the Indenture. Neither the Asset Manager nor the Parking Operator is required to expend their own funds to perform their respective obligations.

The various agreements with the Asset Manager, the Parking Operator and the Enforcement operator are for stated terms which are shorter than the final maturity date of the Bonds. No assurance can be given that the Asset Manager or the Parking Operator will continue to provide the services described herein for the entire term of the Bonds or that either or both can be replaced with others with similar experience in operating facilities of a type similar to the Parking Facilities. The replacement of either or both could adversely affect the Revenues or increase Current Expenses, or both, or result in the Parking Facilities not being maintained in accordance with the Operating Standards.

Force Majeure and Adequacy of Insurance; Condemnation. The Parking System is at risk from force majeure events such as an intervening act of God or public enemy, flooding, earthquake, or other natural disaster, war, act of terror, sabotage, civil commotion, interference by civil or military authorities, condemnation or confiscation of property or equipment by any governmental authority, nuclear or other explosion, radioactive or chemical contamination, fire, subsurface condition, public disorder, epidemic, quarantine restriction, strike, labor dispute or other labor protest, stop-work order or injunction issued by a governmental authority or governmental embargo. While the Authority is obligated to obtain and keep in force certain insurance with respect to the Parking System, no assurance can be made that such insurance coverage will be available in the future at commercially reasonable costs or that the amounts for which the Authority is insured will cover the cost of replacing a facility in the event of casualty loss.

The Parking System is also at risk of being subject to condemnation as part of eminent domain proceedings by a governmental authority or by any person, firm or corporation acting under governmental authority. As a result of such condemnation, property within the Parking System would cease to be subject to the Lease and controlled by the Authority and would therefore no longer be part of the Parking System. While eminent domain proceedings involve an award of just compensation for the loss of the condemned property, there can be no assurance that the amount of compensation received will be sufficient to return the Parking System to substantially the same value as existed immediately prior to the exercise of the power of eminent domain.

Pursuant to the Indenture, there are circumstances under which a Parking Facility would not be required to be repaired or restored following a casualty or condemnation.

The DGS Parking Lease. The DGS Parking Lease is for a term of 30 years and provides that in year 21, the Commonwealth may elect to reduce the number of parking spaces covered by the Lease by 10% of the original number set forth in the Lease. The assumptions set forth in the Independent Engineer's Report assume no reduction in the number of parking spaces and that the term of the Lease will be extended, under the same terms and conditions for an additional 10 years. If the number of parking spaces is reduced or the DGS Parking Lease is not extended, Revenues may be reduced. The DGS Parking Lease is also subject to annual appropriation and subject to early termination in certain circumstances. See "DGS PARKING LEASE" herein.

Future Governmental Actions. Federal, Commonwealth and local statutory and regulatory requirements applicable to the operation of the Parking System are subject to change, and no assurance can be given that the Authority will be able to comply with such changes. The Independent Engineer's Report has assumed that Federal, Commonwealth and local statutory and regulatory requirements will not change in a material fashion nor materially impact the Current Expenses of the Parking System. Further, there can be no assurance that: (i) existing laws will not be revised or reinterpreted; (ii) new laws will not be adopted or become applicable to the Parking System; (iii) the technology and equipment selected by the Authority, the Asset Manager or the Operator to comply with current and future laws will be implemented in a timely fashion or will meet such requirements upon implementation; or (iv) the Parking System will not be materially and adversely affected by future changes or in reinterpretation of laws. Any change in legal requirements could materially increase Current Expenses, impose additional capital costs on the Parking System, or reduce Revenues.

Parking Facilities are not General Purpose Facilities

The Lease of the Parking Facilities is mortgaged as security for the Bonds. The Parking Facilities are limited purpose facilities. Any foreclosure on the Leasehold Mortgage is subject to the Lease, which remains in effect until the Bonds and the Authority Notes are no longer Outstanding. Upon an exercise of remedies, it could be difficult to find a buyer or lessee for the Parking Facilities. Thus, upon any default and exercise of remedies, the Trustee may not realize an amount equal to the principal of and interest on Bonds outstanding.

Foreclosure on the Leasehold Mortgage on behalf of the holders of the Bonds may be subject to perfection and priority issues, to the need for third party approvals and consents and to practical problems associated with the realization of the security interest of the holders of the Bonds in the Parking Facilities.

The Leasehold Mortgage does not encumber the On-Street Parking Facilities. See "TRANSFER OF THE CAPITOL REGION PARKING SYSTEM" herein.

Appropriation Risk Under DGS Parking Lease

The DGS Parking Lease is expected to generate a significant portion of the Revenues on an annual basis through the term of the DGS Parking Lease. The obligation of DGS under the DGS Parking Lease to make Rent Payments is subject to there being sufficient appropriation by the General Assembly of the Commonwealth in each year to make the Rent Payments, and if such appropriations are not made, DGS has the right to terminate the DGS Parking Lease without penalty. While the DGS Parking Lease obligates the DGS to include in its budget request for each year amounts sufficient to make required Rent Payments, no assurance can be given that such requests will be included. If the DGS Parking Lease is terminated as a result of a failure of appropriation, DGS has agreed that it will not enter into any lease or other arrangements for the spaces covered by the DGS Parking Lease until the expiration of the Term of the DGS Parking Lease on March 1, 2043. The enforceability of such provision could be subject to a determination by a court of competent jurisdiction and no assurance can be given as to the outcome if a challenge is made.

Capital Reserve Fund

The Indenture requires the Capital Reserve Fund to be maintained at the Capital Reserve Fund Requirement (defined as the greater of \$15,000,000 or the Measured Capital Reserve Requirement). On the date of the issuance of the Bonds, \$9,000,000 from the proceeds of the Bonds will be deposited into the Capital Reserve Fund. The balance of the Capital Reserve Fund will be funded from Revenues, subject to the flow of funds under the Indenture. While the failure to fully fund the Capital Reserve Fund shall not constitute an Indenture Event of Default under the Indenture so long as the Rate Covenant and the Prospective Rate Covenant are being met, no assurance can be given that the Revenues will be

sufficient to fund the Capital Reserve Fund up to the Capital Reserve Fund Requirement and such failure could impact the ability of the Authority to undertake the capital improvements assumed in the Independent Engineer's Report. The Independent Engineer's Report assumes that the Capital Reserve Fund will be funded in the amount of the Capital Reserve Fund Requirement by 2036.

Assured Guaranty/County

As described elsewhere in the Official Statement, the County and Assured Guaranty are serving as Credit Facility Providers with respect to certain series of the Bonds and are receiving by assignment and at the direction of the City, Authority Note 1 and Authority Note 2, respectively, in settlement of certain claims which each has against the City and others. Authority Note 1 and Authority Note 2 are secured under the Indenture and until the Bonds are fully paid, are payable solely from moneys, if any, from time to time in the Surplus Fund.

In the Indenture, the Credit Facility Providers (defined therein as "Credit Enhancers") have retained certain consent rights which under certain circumstances can be exercised irrespective of the direction of the holders of the Bonds. Since the Credit Facility Providers are also creditors by virtue of Authority Note 1 and Authority Note 2, it is possible that the Credit Facility Providers, acting in the capacity as creditors, could exercise their consent rights in a manner which would affect the timing of an Indenture Event of Default, or acceleration or the exercise of other remedies on the Bonds or otherwise be adverse to the Bondholders. In such event, holders of the Series B Bonds and the Series C Bonds would be paid in accordance with the provisions of the Series C Bond Insurance Policy and/or the Series B Bond Guaranty or the Series C Bond Guaranty, as the case may be, and the holders of the Series A Bonds might not be able to accelerate the principal of the Series A Bonds.

Revenue Pledge

The security interest granted by the Indenture in Revenues from the operation of the Parking System may be affected by various matters, including without limitation: (i) federal bankruptcy laws which could, among other things, preclude enforceability of the security interest as to Revenues arising subsequent to the commencement of bankruptcy proceedings and limit such enforceability as to Revenues arising prior to such commencement to the extent a security interest therein would constitute a preference; (ii) rights of third parties in cash, securities and instruments not in possession of the Trustee, including accounts and general intangibles converted to cash; (iii) rights arising in favor of the United States of America or any agency thereof; (iv) present or future prohibitions against assignment in any federal statutes or regulations; (v) constructive trusts, equitable liens or other rights impressed or conferred by any state or federal court in the exercise of its equitable jurisdiction and rights of donors of property; (vi) claims that might obtain priority if continuation statements are not filed in accordance with applicable laws; (vii) the rights of holders of prior perfected security interests in equipment and other goods owned by the Authority in the operation of the Parking System and in the proceeds of sale of such property; and (viii) statutory liens. If an Event of Default does occur, it is uncertain whether either the Trustee or the Authority could successfully obtain an adequate remedy at law or in equity on behalf of the owners of the Bonds or whether the revenues would be available to pay the outstanding principal of and interest on the Bonds.

Revenues are collected by the Operator and remitted to the Trustee for deposit and application pursuant to the Indenture. The pledge of Revenues by the Authority under the Indenture does not extend to the Revenues prior to the transfer by the Operator.

Indemnification Risk; Enforcement Risk

Under the provisions of the Asset Transfer Agreement, the City is obligated to indemnify and hold harmless the Authority for breaches of the City's representations and warranties set forth therein and with respect to all Excluded Liabilities and all claims and liabilities (other than Assumed Liabilities), including environmental liabilities, which relate to all periods prior to the transfer of the Parking System to the Authority. No assurance can be given that if the Authority asserts a claim for indemnification under the Asset Transfer Agreement, the City will have sufficient funds to be able to make payment therefor. While the Indenture permits moneys in the Holdback Fund to be used for such purpose, the availability of such funds may be limited, or if insufficient moneys are available, and the claim must be paid to protect the assets of the Parking System, that the operations of the Parking System will not be adversely affected.

In the Asset Transfer Agreement, the City has covenanted not to compete and not to impair the operations of the Parking System by the Authority. As a result of existing zoning and other City laws, the ability of the City to prevent the construction of certain parking areas in the Competing Parking Area may be limited. In addition, the Authority's ability to enforce these covenants may be limited.

Enforceability of Remedies

The remedies available to Bondholders upon an Event of Default under the Indenture, the Asset Transfer Agreement, the Lease, the Leasehold Mortgage and the other project documents are in many respects dependent upon judicial action which is subject to discretion or delay. Under existing law and judicial decisions, including specifically the Bankruptcy Code (described below), the remedies specified in the Indenture, the Asset Transfer Agreement, the Lease, the Leasehold Mortgage and the other Project Documents may not be readily available or may be limited. A court may decide not to order specific performance. The various legal opinions to be delivered concurrently with the original delivery of the Bonds will be qualified as to enforceability of the various legal instruments by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws or legal or equitable principles affecting creditors' rights.

Potential Effects of Bankruptcy of the City

If the City were to file a bankruptcy petition under Chapter 9 of the Federal Bankruptcy Code, it is possible that the City could reject the Asset Transfer Agreement, the Lease and the PEDFA Intergovernmental Cooperation Agreement. In such event, certain rights and remedies set forth therein against the City might not be enforceable, the ability to occupy the Off-Street Parking Facilities and operate the On-Street Parking Facilities could be affected and the ability to produce Revenues sufficient to pay the Bonds might be materially and adversely affected.

The Indenture, subject to the provisions thereof, secures the Bonds and the Authority Notes. So long as the Bonds are Outstanding, the Authority Notes are payable solely from moneys, if any, from time to time, in the Surplus Fund. If a holder of an Authority Note were to file an applicable federal bankruptcy petition for itself, there is no way to predict whether the existence of such proceeding could affect the timing of the enforceability of remedies under the Indenture in the event of an Indenture Event of Default or could otherwise adversely affect the payment of the principal of and interest on the Bonds.

Tax-Exempt Status of Bonds

The Internal Revenue Service continues to devote resources to audits of tax exempt bonds. The Bonds may be, from time to time, subject to audits by the Internal Revenue Service. The Authority believes that the Bonds properly comply with the tax laws. In addition, Bond Counsel and Special Tax Counsel will render an opinion with respect to the tax-exempt status of the Bonds at the time of issuance,

as described under the caption “TAX MATTERS.” No ruling with respect to the tax-exempt status of the Bonds has been or will be sought from the Internal Revenue Service, however, and opinions of counsel are not binding on the Internal Revenue Service or the courts. There can be no assurance that an audit of the Bonds will not adversely affect the market for the Bonds or the tax exempt status of interest on the Bonds.

Bond Counsel Opinion

Under certain circumstances, the Indenture requires that Bond Counsel provide an opinion that contemplated actions do not have an adverse effect on the tax-exempt status of the Bonds. The opinions of Bond Counsel and Special Tax Counsel expressly disclaim any obligation to provide such opinions and no assurance can be given that such opinions can be obtained.

TAX MATTERS

The Bonds

General Matters. In the opinion of Bond Counsel and Special Tax Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Bonds (including any original issue discount properly allocable to an owner of a Bond) is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. The opinion described in the preceding sentence assumes the accuracy of certain representations and compliance by the Authority with covenants designed to satisfy the requirements of the Code that must be met subsequent to the issuance of the Bonds. Failure to comply with such covenants could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The Authority has covenanted to comply with such requirements. Bond Counsel and Special Tax Counsel express no opinion regarding other federal tax consequences arising with respect to the Bonds.

Notwithstanding Bond Counsel’s and Special Tax Counsel’s opinion that interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax, such interest will be included in adjusted current earnings of certain corporations, and such corporations are required to include in the calculation of alternative minimum taxable income 75% of the excess of such corporations’ adjusted current earnings over their alternative minimum taxable income (determined without regard to such adjustment and prior to reduction for certain net operating losses).

The accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the owners of the Bonds. The extent of these other tax consequences will depend on such owner’s particular tax status and other items of income or deduction. Bond Counsel and Special Tax Counsel express no opinion regarding any such consequences. Purchasers of the Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States of America), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers entitled to claim the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Bonds.

Bond Counsel and Special Tax Counsel are also of the opinion that, under the laws of the Commonwealth of Pennsylvania, as enacted and construed on the date hereof, the Bonds are exempt from Pennsylvania personal property taxes and the interest on the Bonds is exempt from Pennsylvania income

tax and Pennsylvania corporate net income tax, provided that any profits, gains or income derived from the sale, exchange or other disposition of the Bonds will be subject to Pennsylvania taxes within the Commonwealth. Bond Counsel and Special Tax Counsel express no opinion regarding other tax consequences arising with respect to the Bonds under the laws of the Commonwealth of Pennsylvania or any other state or jurisdiction.

Original Issue Discount. The Bonds that have an original yield above their respective interest rates, as shown on the inside cover of this Official Statement (collectively, the “Discount Bonds”), are being sold at an original issue discount. The difference between the initial public offering prices of such Discount Bonds and their stated amounts to be paid at maturity (including any accrued interest on the Capital Appreciation Bonds to be paid at maturity) constitutes original issue discount treated in the same manner for federal income tax purposes as interest, as described above.

The amount of original issue discount that is treated as having accrued with respect to a Discount Bond is added to the cost basis of the owner of the bond in determining, for federal income tax purposes, gain or loss upon disposition of such Discount Bond (including its sale, redemption or payment at maturity). Amounts received upon disposition of such Discount Bond that are attributable to accrued original issue discount will be treated as tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discount Bond, on days that are determined by reference to the maturity date of such Discount Bond. The amount treated as original issue discount on such Discount Bond for a particular semiannual accrual period is equal to (a) the product of (i) the yield to maturity for such Discount Bond (determined by compounding at the close of each accrual period) and (ii) the amount that would have been the tax basis of such Discount Bond at the beginning of the particular accrual period if held by the original purchaser, (b) less the amount of any interest payable for such Discount Bond during the accrual period. The tax basis for purposes of the preceding sentence is determined by adding to the initial public offering price on such Discount Bond the sum of the amounts that have been treated as original issue discount for such purposes during all prior periods. If such Discount Bond is sold between semiannual compounding dates, original issue discount that would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Owners of Discount Bonds should consult their tax advisors with respect to the determination and treatment of original issue discount accrued as of any date and with respect to the state and local tax consequences of owning a Discount Bond. Subsequent purchasers of Discount Bonds that purchase such bonds for a price that is higher or lower than the “adjusted issue price” of the bonds at the time of purchase should consult their tax advisors as to the effect on the accrual of original issue discount.

Original Issue Premium. The Bonds that have an original yield below their respective interest rates, as shown on the inside cover of this Official Statement (collectively, the “Premium Bonds”), are being sold at a premium. An amount equal to the excess of the issue price of a Premium Bond over its stated redemption price at maturity constitutes premium on such Premium Bond. A purchaser of a Premium Bond must amortize any premium over such Premium Bond’s term using constant yield principles, based on the purchaser’s yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, generally by amortizing the premium to the call date, based on the purchaser’s yield to the call date and giving effect to any call premium). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period, and the purchaser’s basis in such Premium Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser’s basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Premium Bonds should consult their tax advisors with respect to

the determination and treatment of premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Bond.

Backup Withholding. As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on tax-exempt obligations such as the Bonds is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments to any owner of the Bonds that fails to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Code. The reporting requirement does not in and of itself affect or alter the excludability of interest on the Bonds from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

Changes in Federal and State Tax Law

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to under this heading “TAX MATTERS” or adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds or the market value thereof would be impacted thereby. Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel and Special Tax Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and Bond Counsel and Special Tax Counsel express no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

PROSPECTIVE PURCHASERS OF THE BONDS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS PRIOR TO ANY PURCHASE OF THE BONDS AS TO THE IMPACT OF THE CODE UPON THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE BONDS.

CONTINUING DISCLOSURE

In order to assist the Underwriters in complying with the requirements of Rule 15c2-12 (the “Rule”) promulgated by the Securities and Exchange Commission, the Authority will enter into a continuing disclosure undertaking, the proposed form of which is attached to this Official Statement as Appendix “S”.

The Authority has entered into continuing disclosure undertakings with respect to the issuance of other debt obligations and is in compliance with all of its previous continuing disclosure undertakings.

The County will enter into a continuing disclosure agreement, the proposed form of which is attached hereto as Appendix “T”.

As of the date of this Official Statement, the County has made all filings required by its outstanding continuing disclosure agreements or certificates through and including the fiscal year ending December 31, 2012. However, with respect to the County’s audited financial statements, the County did not file the 2008, 2009, 2010, 2011 and 2012 audits until after the 275-day deadline in its prior continuing

disclosure agreements. The County has implemented procedures to allow for filing of audited financial statements prior to the 275-day deadline in its prior continuing disclosure agreements.

Under the proposed form of the County's continuing disclosure agreement, the County shall, or shall cause the Dissemination Agent to, not later than 30 days following receipt of the audited financial statements for the fiscal year ended the preceding December 31, commencing the year ending December 31, 2013, provide an Annual Report which is consistent with the requirements of Section 4 of the County continuing disclosure agreement.

LITIGATION

Certain Harrisburg citizens initiated an action in the United States District Court for the Middle District of Pennsylvania on December 1, 2011, which sought to have the Pennsylvania Financially Distressed Municipalities Act, as amended ("Act 47"), pursuant to which the Receiver is appointed and the Recovery Plan has been approved, invalidated as unconstitutional under the United States Constitution and the Pennsylvania Constitution. That action was dismissed by the District Court for lack of standing on May 2, 2012. The action (referred to herein as "*Williams v. Corbett*") was re-filed on June 26, 2012 by five members of the Harrisburg City Council, the City Controller, and the City Treasurer. The District Court dismissed *Williams v. Corbett* due to a lack of standing of the plaintiffs, and the plaintiffs appealed the dismissal to the United States Court of Appeals for the Third Circuit, which held oral argument on the matter on November 21, 2013. No decision has yet been rendered on the appeal. The Attorney General of the Commonwealth is representing the Governor and the Commonwealth in this case.

The Receiver is executing a settlement agreement with the County of Dauphin and Assured Guaranty, as creditors of The Harrisburg Authority and the City, in his capacity as Receiver and on behalf of the City. In the opinion of counsel to the Receiver, even if the Third Circuit was to determine that the plaintiffs/appellants in *Williams v. Corbett* to have standing and such plaintiffs were then successful on the merits, such determinations would not affect the validity and enforceability of such agreements against the parties thereto. It is a condition of closing for the Bonds that counsel to the Receiver deliver a legal opinion to the Authority and the Underwriters to that effect.

The Authority

As of the date of this Official Statement, there is, to the knowledge of the Authority, no action, suit or proceeding at law or in equity pending or threatened against the Authority to restrain or enjoin the issuance or sale of the Bonds or in any way contesting the validity or affecting the power of the Authority with respect to the issuance and sale of the Bonds or the documents or instruments executed by the Authority in connection therewith or the existence of the Authority or the right of the Authority to finance the Project.

The City

As of the date of this Official Statement, there is no action, suit or proceeding at law or in equity pending, or to the knowledge of the City, threatened against the City to restrain or enjoin the transfer of the Parking System to the Authority or the City's enforcement rights with respect thereto or in any way contesting the validity or affecting the power of the City with respect to the transfer of the Parking System of the City's enforcement rights with respect thereto or the documents or instruments executed by the City in connection therewith or the existence of the City.

The Parking Authority

As of the date of this Official Statement, there is no action, suit or proceeding at law or in equity pending, or to the knowledge of the Parking Authority, threatened against the Parking Authority to restrain or enjoin the transfer of the Parking System to the Authority or in any way contesting the validity or affecting the power of the Parking Authority with respect to the transfer of the Parking System or the documents or instruments executed by the Parking Authority in connection therewith or the existence of the Parking Authority or the right of the Parking Authority to transfer its interests in the Parking System.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale by the Authority of the Bonds will be passed upon by Dilworth Paxson LLP, Philadelphia, Pennsylvania, Bond Counsel and Kutak Rock, Washington, D.C., Special Tax Counsel. Copies of Bond Counsel's and Special Tax Counsel's approving opinions, forms of which are attached hereto as Appendix "U" and Appendix "V" respectively, will be available at the time of delivery of the Bonds. Certain legal matters will be passed upon for the Underwriters by Blank Rome LLP, Philadelphia, Pennsylvania, for the Authority by the Office of Chief Counsel, Pennsylvania Department of Community and Economic Development, Harrisburg, Pennsylvania; for the City by the City Solicitor, for the County by Mette, Evans & Woodside and for the Parking Authority by Pepper Hamilton LLP.

RATINGS

Moody's Investor Services ("Moody's"), Standard and Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P") and Fitch Ratings ("Fitch"), respectively, are expected to assign to the Series A Bonds their long-term municipal bond rating of "Baa3" (provisional), with a stable outlook, "BBB", with a stable outlook and "BBB-" with a stable outlook.

Moody's and S&P are expected to assign to the Series A Bonds their long-term municipal bond ratings of "A2" and "AA-", respectively, upon the issuance of the municipal bond insurance policy of Assured Guaranty for the Series A Bonds at the time of delivery of the Series A Bonds.

Moody's, S&P and Fitch are respectively expected to assign to the Series B Bonds their long-term municipal bond rating of "A1" (provisional), with a stable outlook, "AA", with a stable outlook, and "AA" with a stable outlook, based on the County of Dauphin's general obligation pledge.

Moody's, S&P and Fitch are respectively expected to assign to the Series C Bonds a long-term municipal bond rating of "A1" (provisional), with a stable outlook, "AA", with a stable outlook, and "AA" with a stable outlook, based upon the County of Dauphin's general obligation pledge.

These ratings reflect only the respective views of Moody's, S&P or Fitch, and an explanation thereof may be obtained from Moody's, S&P or Fitch. There is no assurance that said ratings will be maintained for any given period of time or that they will not be revised or withdrawn entirely by Moody's, S&P or Fitch if, in their sole judgment, circumstances so warrant. Any downward revision or withdrawal of such ratings on a series of the Bonds may have an adverse effect on the price at which Bonds of such series may be resold.

The Authority has not undertaken to maintain any rating on the Bonds.

UNDERWRITING

The Bonds will be purchased by the Underwriters at an aggregate purchase price of \$292,213,729.40, which reflects \$286,553,663.70, plus a net original issue premium of \$7,779,051.00 and less an underwriter's discount of \$2,118,985.30. The obligation of the Underwriters to accept delivery of the Bonds is subject to various conditions contained in the Bond Purchase Agreement.

The Bonds may be offered and sold to certain dealers, banks and others at prices lower than the initial offering prices, and such initial offering prices may be changed from time to time by

Piper Jaffray & Co. and Pershing LLC, a subsidiary of The Bank of New York Mellon Corporation, entered into an agreement (the "Agreement") which enables Pershing LLC to distribute certain new issue municipal securities underwritten by or allocated to the Piper Jaffray & Co., including the Bonds. Under the Agreement, Piper Jaffray & Co. will share with Pershing LLC a portion of the fee or commission paid to the Piper Jaffray & Co.

CERTAIN RELATIONSHIPS BETWEEN PARTIES

Ahmad, Zaffarese & Smyler, LLC, which is serving as special counsel to the City, is serving as defeasance counsel to the Parking Authority with respect to the outstanding bond obligations related to the Parking Facilities and also represents the Commonwealth of Pennsylvania in certain matters unrelated to the Bonds.

Guggenheim Securities, one of the Underwriters, is also serving as an underwriter of bonds to be issued by the Lancaster County Solid Waste Management Authority ("LCSWMA") to acquire the Resource Recovery Facility (the "LCSWMA Bonds"). See "THE CITY OF HARRISBURG" herein.

In connection with its proposal to the Receiver in response to a Request for Qualifications for the purpose of seeking qualifications from potential business associates to monetize and operate the parking assets of the HPA, Guggenheim Securities LLC ("Guggenheim Securities"), the senior managing underwriter for the Bonds, entered into a Consulting Agreement with AEW Capital Management, L.P. ("AEW") and SP Plus Municipal Services, a division of the Parking Operator. Pursuant to the Consulting Agreement, Guggenheim Securities engaged the Parking Operator as a consultant for the purpose of providing its resources and expertise in off-street and on-street parking operations to assist Guggenheim Securities in formulating a proposal with respect to the parking assets, if it was selected by the Receiver to participate in the proposal process. As consideration for the Parking Operator's services, upon the

selection of Guggenheim Securities and AEW, to participate in the proposal process relating to the parking assets, and upon completion by the Parking Operator of its obligations under the Consulting Agreement, Guggenheim Securities and AEW paid the sum of \$50,000 as a consulting fee to the Parking Operator.

In the Consulting Agreement, Guggenheim Securities and AEW agreed to use all commercially reasonable efforts to have the issuer of the Bonds (the Authority) retain the Operator under contract terms and consideration as set forth in the Consulting Agreement (which included a fixed annual management fee, a one-time incentive fee if certain benchmarks were met and an additional consulting fee payable at the time the Bonds were issued of fifteen (15) basis points of the total consideration), but did not guarantee that the Parking Operator would be selected or if selected, that the terms and conditions would be as set forth in the Consulting Agreement. The Consulting Agreement expressly states that all management agreement terms remain subject to final approval of the issuer of the Bonds (the Authority).

The terms and provisions of the Parking Services Agreement and the Parking Enforcement Agreement have been negotiated between the Asset Manager and the Parking Operator and not by Guggenheim Securities. The final terms of the Parking Services Agreement are set forth in Appendix “K” to this Official Statement and the final terms of the Parking Enforcement Agreement are set forth in Appendix “L” of this Official Statement.

No sum is payable to AEW pursuant to the Consulting Agreement.

Blank Rome LLP, counsel to the Underwriters, is also serving as counsel to Guggenheim Securities and the other underwriters, as the underwriters in connection with the sale of the LCSWMA Bonds, and from time to time represents others of the Underwriters in matters or financings which are unrelated to the issuance of the Bonds. Blank Rome LLP represents the Commonwealth of Pennsylvania in matters unrelated to the Bonds.

Mette, Evans & Woodside, counsel to the County, also represents the County in connection with the issuance and sale of the LCSWMA Bonds and in connection with the negotiations with the City, the Receiver and Assured Guaranty with respect to the Resource Recovery Facility indebtedness.

Saul Ewing LLP, counsel to Assured Guaranty, also represents Assured Guaranty in connection with the negotiations with the City, the Receiver and the County with respect to the Resource Recovery Facility indebtedness.

The County and Assured Guaranty, which are providing credit enhancement for certain of the Bonds, are creditors of the City, and will receive an assignment of Authority Note 1 and Authority Note 2 and will have certain consent and approval rights under the Indenture.

From time to time, in the normal course of business, The PNC Financial Services Group, Inc., doing business through its wholly-owned subsidiaries and/or affiliates, including PNC Capital Markets LLC, may have a credit, investment banking or other financial relationship with the Authority, unrelated to the issuance of the Bonds.

Morgan Stanley, parent company of Morgan Stanley & Co. LLC., an underwriter of the Bonds, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Bonds.

MISCELLANEOUS

The references herein to the Authority Resolution, the Indenture, the Lease, the Asset Transfer Agreement, the DGS Parking Lease, the Series B Bond Guaranty, the Series C Bond Guaranty, the Intergovernmental Cooperation Agreements, the Asset Management Agreement, the Assignment, the Leasehold Mortgage, the Servicing Agreement, the Parking Services Agreement, the Parking Enforcement Engagement Agreement and the Parking Enforcement Agreement, the Bonds and the Authority Notes are brief outlines of certain provisions thereof. Such outlines do not purport to be complete. For full and complete statements of such provisions, reference is made to the Authority Resolution, the Indenture, the Lease, the Asset Transfer Agreement, the DGS Parking Lease, the Series B Bond Guaranty, the Series C Bond Guaranty, the Intergovernmental Cooperation Agreements, the Asset Management Agreement, the Assignment, the Leasehold Mortgage, the Servicing Agreement, the Parking Enforcement Engagement Agreement, the Parking Services Agreement, the Parking Enforcement Agreement, the Bonds and the Authority Notes. Copies of certain of such documents are attached hereto.

The agreement of the Authority with the owners of the Bonds is fully set forth in the Indenture, and neither advertisements of the Bonds nor this Official Statement are to be construed as constituting an agreement with the owners of the Bonds. Statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as such and not as representations of fact.

The attached appendices are integral parts of this Official Statement and must be read together with all of the preceding information.

The delivery of this Official Statement has been duly approved by the Authority.

PENNSYLVANIA ECONOMIC
DEVELOPMENT FINANCING AUTHORITY

By: /s/ Stephen M. Drizos
Name: Stephen M. Drizos
Title: Executive Director

Appendix “A”

Definitions of Certain Terms

[THIS PAGE INTENTIONALLY LEFT BLANK]

Definitions of Certain Terms

"Administration Expenses" means all expenses of the Authority which are properly chargeable as administrative expenses in respect of the Indenture and any project financed with Bonds or Authority Notes, including all fees and expenses of the Authority's professional advisors reasonably necessary and fairly attributable to the Indenture or any such project, including without limiting the generality of the foregoing, compensation and reimbursement of expenses (including counsel fees) and advances payable to the Trustee, the Paying Agent, the Authenticating Agent, the Registrar, accountants, architects, rebate Consultants and any Consultant appointed by the Authority, all fees and expenses related to post-issuance compliance, inquiries of, or informal or formal audit by the Internal Revenue Service, and all expenses of the Authority under the Servicing Agreement; provided, however, Administration Expenses shall not include amounts payable to the Authority pursuant to Section 5.3(b)(xii) of the Indenture.

"Affected Property" means any public or private property, including any sign pole, street lamp, and other structure, including connecting hardware, that supports a Metering Device but was initially designed to serve other purposes, a building, park, highway, street, road, roadway, railroad, rail or other transit way, sidewalks, plazas, walkways, connectors (above and below grade) and any ancillary facilities related to any of the foregoing, under the jurisdiction and control of the City, any other Governmental Authority or any other Person that is located above, below, within the boundaries of, connects or intersects with, crosses over or under or is adjacent to any Metered Parking Spaces, Unmetered Parking Spaces, or Parking Facility or any part thereof.

"Annual Operating Budget" means the budget for the Project adopted by the Authority, upon the recommendation of the Asset Manager, in accordance with the Indenture, as such budget may be amended or supplemented from time to time in accordance with the Indenture.

"Asset Manager Performance Fee" shall have the meaning ascribed to the term Asset Management Fee in the Asset Management Agreement, and the amount thereof to be included in a certificate of an Authorized Asset Manager Representative provided to the Trustee and the Authority on or before the first day of each Operating Year.

"Assumed Contracts" means the contracts listed in Schedule A-3 of the Asset Transfer Agreement.

"Assumed Liabilities" means the following:

1. Assumed Contracts only; and
2. Monthly parking passes prorated at closing and other matters prorated at closing.

"Authority Distribution" means, in the Operating Year commencing January 1, 2014, the amount of \$200,000, and in each Operating Year thereafter, the amount of \$200,000, adjusted each year based on changes in the Consumer Price Index, as calculated by the Asset Manager.

"Authority Notes" means, collectively, Authority Note 1, Authority Note 2, Authority Note 3 and Authority Note 4.

"Authorized Asset Manager Representative" means each individual at the time designated to act on behalf of the Asset Manager, by written certificate furnished to the Authority, the Trustee and the Paying

A-1

(i) the construction, acquisition or operation of a Public Parking Lot or Public Parking Structure by or on behalf of the Parking Authority or City within the Competing Parking Area;

(ii) the development or operation of a Commercial Parking Lot or Commercial Parking Structure by any Person within the Competing Parking Area that was not in operation as of the date of this Agreement, except where such Commercial Parking Lot or Commercial Parking Structure

(1) is permitted by right under the Zoning Ordinance,

(2) is permitted by conditional use under the Zoning Ordinance and such conditional use has been granted by City Council (or appellate court of competent jurisdiction) pursuant to (y) a finding that all necessary criteria for such conditional use has been established and (z) all other applicable provisions of the Zoning Ordinance and the MPC,

(3) is permitted by special exception under the Zoning Ordinance and such special exception has been granted by the Zoning Hearing Board (or appellate court of competent jurisdiction) pursuant to (y) a finding that all necessary criteria for such special exception has been established and (z) all other applicable provisions of the Zoning Ordinance and the MPC, or

(4) is permitted by variance granted by the Zoning Hearing Board (or appellate court of competent jurisdiction) pursuant to (y) a finding that all necessary criteria for such variance has been established and (z) all other applicable provisions of the Zoning Ordinance and the MPC; or

(iii) in the event that City Council duly adopts an ordinance amending or repealing the Zoning Ordinance, the development or operation of a Commercial Parking Lot or Commercial Parking Structure by any Person within the Competing Parking Area that was not approved or in operation as of the date of the Asset Transfer Agreement and would not have been permitted under the Zoning Ordinance, except to the extent each created parking space is offset by a corresponding increase in residential or business occupancy in the Competing Parking Area.

"Covenant Dispute Notice" means a notice given by the City or the Parking Authority to the Pennsylvania Economic Development Financing Authority disputing the occurrence of any alleged violation of the Non-Compete Covenant or the Non-Impair Covenant or the amount of damage or Loss set forth in the Covenant Notice.

"Covenant Notice" means notice provided by the Authority to the Parking Authority, the City, the Trustee, and the Credit Facility Providers pursuant to the Asset Transfer Agreement concerning the occurrence of a breach of any covenant set forth in Article 13 of the Asset Transfer Agreement which affects or may affect the Authority's compliance with the Rate Covenant or the Prospective Rate Covenant.

"Current Expenses" means the reasonable and necessary current expenses of maintenance, repair and operation of the Parking System as reflected in the Annual Operating Budget, determined on a cash basis, including, without limiting the generality of the foregoing, parking management fees (but excluding the City Payments, the Authority Distribution, Rent, any item capitalizable under GAAP, Asset Manager Performance Fee and the Operator Performance Fee), all premiums for insurance and payments into any self-insurance reserve fund, all administrative and engineering expenses relating to maintenance, repair and operation of the Parking System, as reflected in the Annual Operating Budget, Administration

A-3

Agent containing the specimen signature of such individual and signed on behalf of the Asset Manager by a duly authorized officer of the Asset Manager.

"City Council" means the governing body of the City, authorized under the Zoning Ordinance and the MPC to grant conditional uses and adopt ordinances amending the Zoning Ordinance.

"City Island Option" means the option in the Asset Transfer Agreement under which the City Island Garage and Lots may be transferred to the Authority for a nominal amount and become part of the Lease and become subject to the Asset Transfer Agreement. The City Island Option will provide for the City Island Garage and an adjacent portion of the City Island Lot to be subdivided via a condominium regime or subdivision and upon exercise, added to the Leased Premises under the Lease. The Stadium Park Permit must be modified to permit the Authority to assume only those obligations of the City under the Stadium Park Permit that relate to the subdivided portion or condominium units that will be added to the Leased Premises under the Lease and any other obligations the Authority finds acceptable. The City Island Option will provide for the Authority to assume such obligations upon exercise of the option. Consideration for the grant of the City Island Option is included in the Acquisition Price. Consideration due to the City and the Parking Authority upon exercise of the option is the sum of \$100 and the assumption of obligations with respect to the Stadium Park Permit (relating only to the period of time following such assumption). Liability of the Transferee with respect to the assumed obligations must be limited as provided in the Asset Transfer Agreement. The City Island Option will be exercisable beginning January 1, 2015 and not later than December 31, 2020.

"City Payments" means the payments from Revenues by the Trustee on behalf of the Authority to the City pursuant to the Asset Transfer Agreement and in accordance with the Indenture in the initial amount of \$900,000 for the 2013 Operating Year (prorated for 2013 and any other partial year), increasing on the first day of each Operating Year to the amount shown in the Asset Transfer Agreement.

"Closing" means the consummation of the transfer and acquisition of the Assets and the Intergovernmental Transfer.

"Closing Consideration" means the approximately \$270,000,000 cash paid by the Authority to the Parking Authority at Closing as part of the Acquisition Price.

"Closing Date" means December 16, 2013 or such earlier date as agreed to by the Authority and the Parking Authority.

"Commercial Parking Lot" means a parcel of real property or portion thereof owned by any Person, except for the City, any public authority of the City, Parking Authority, any other governmental entity, or the Harrisburg Redevelopment Authority, used in whole or in part for the principal purpose of temporary or permanent storage by the public of vehicles for a stated consideration.

"Commercial Parking Structure" means a building or portion thereof owned by any Person, except for the City, any public authority of the City, Parking Authority, any other governmental entity, or the Harrisburg Redevelopment Authority, which encloses a space used in whole or in part for the principal purpose of temporary or permanent storage by the public of vehicles for a stated consideration.

"Competing Parking Action" means any action by the Parking Authority or the City that results or would result in:

Expenses, legal expenses and any other expenses as shown in the Annual Operating Budget for the Parking System.

"Enforcement Policies and Procedures" means the policies and procedures established by DGS, the City, the Asset Manager, and the Enforcement Operator for the administration and enforcement by the Enforcement Operator of parking rules and regulations that are designed to deter parking violations, including procedures for the issuance and collection of parking tickets and citations for non-moving violations of the parking rules and regulations with respect to the On-Street Parking System, by such means as permitted by Law, as set forth in Schedule 3 to the Asset Transfer Agreement, but excluding all Reserved Enforcement Powers.

"Enforcement Operator" means the Person appointed by the Parking Enforcement Delegation Agency in accordance with the Asset Transfer Agreement and the DGS Intergovernmental Cooperation Agreement to conduct Parking Enforcement Powers as described in the Asset Transfer Agreement.

"Environment" means soil, surface waters, ground waters, land, stream sediments, surface or subsurface strata and ambient air.

"Environmental Laws" means any Laws applicable to the Parking System or Parking System Operations regulating or imposing liability or standards of conduct concerning or relating to the regulation or use of Hazardous Substances, or the protection of human health or the Environment.

"First Class Manner" means, with respect to each component of the Parking System, operation and maintenance in compliance with Law and in an efficient and commercially reasonable manner in accordance with prevailing parking industry best practices (including best practices relating to cleanliness, attractiveness and safety) as implemented by prudent owner/operators of parking facilities comparable in scope, size, type, condition, location, nature and purpose.

"Governmental Authority" means any court, federal, state, local or foreign government, department, commission, board, bureau, agency or other regulatory, administrative, governmental or quasi-governmental authority and, unless expressly excluded, includes the City. The definition of Governmental Authority excludes the Authority.

"Hazardous Substances" means any solid, liquid, gas, odor, radiation or other substance or emission which is a contaminant, pollutant, dangerous substance, toxic substance, hazardous waste, subject waste, hazardous material or hazardous substance which is or becomes regulated by applicable Environmental Laws or which is classified as hazardous or toxic under applicable Environmental Laws (including gasoline, diesel fuel or other petroleum hydrocarbons, polychlorinated biphenyls, asbestos and urea formaldehyde foam insulation).

"Indenture Event of Default" means any occurrence of any of the following:

- (a) there is a default in the payment when due of interest on any Bond; or
- (b) there is a default in the payment of principal of or premium, if any, on any Bond when due, at maturity, upon acceleration or redemption or otherwise; or
- (c) the Authority, fails to observe and perform any covenant, condition, agreement or provision (except as specified in clauses (a) and (b) of this Section) and the covenant set forth in the Indenture) contained in the Bonds, the Indenture or the Mortgage on the part of the Authority,

A-4

to be observed or performed, which failure shall continue for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, shall have been given to the Authority, by the Trustee, which may give such notice in its discretion and shall give such notice at the written request of the Required Percentage of Credit Facility Bonds (if the Required Percentage of Credit Facility Bonds direct the Trustee to give such notice) or 66-2/3% in principal amount of the Bonds then Outstanding (if such notice was directed by the Owners of at least 66-2/3% in principal amount of the Bonds then Outstanding), unless the Trustee with the consent of the Required Percentage of Credit Facility Bonds or the Owners of a principal amount of Bonds not less than the principal amount of Bonds the Owners of which requested such notice, as the case may be, shall agree in writing to an extension of such period prior to its expiration; provided, however, that the Trustee, the Required Percentage of Credit Facility Bonds, or the Owners of such principal amount of Bonds, as the case may be, shall be deemed to have agreed to an extension of such period if corrective action is initiated by the Authority within such period and is being diligently pursued.

(d) notwithstanding anything to the contrary contained in the Indenture: (i) so long as payments of principal of or premium, if any, and interest on the Bonds are made as and when due, a default in the payment of principal of the Authority Notes, shall only constitute an Event of Default under the Indenture if (A) in accordance with Section 5.3(b)(xv)(B)(II), moneys on deposit in the Holdback Account to be transferred to the Surplus Fund to be applied to the payment of the Authority Notes were not so transferred and such moneys were not applied to payment of the Authority, and (B) moneys in the Surplus Fund are, in accordance with Section 5.3 of the Indenture, to be applied to payment of the Authority Notes and such moneys are not so applied, and (ii) so long as any Bonds are Outstanding, the only remedy available to the Owners of the Authority Notes shall be as set forth in Section 8.2 (f) hereof.

(e) the Authority fails to observe and perform the covenant set forth in Section 4.11 hereof, which failure has continued for thirty (30) days following written notice from the Credit Facility Providers to the Authority, with a copy to the Trustee, stating (i) the Authority has failed to enforce the covenant set forth in Section 4.11, demanding that the Authority comply with the covenant, and (ii)(A) the breach of one or more of the covenants set forth Article 13 is material and stating the reasons therefor, or (B) the breach is likely to result in non-compliance with the Prospective Rate Covenant and stating the reasons therefor (provided, however, if the Authority provides written notice to the Credit Facility Providers and the Trustee that it does not agree with (ii)(A) or (B) as set forth in such certificate, and is referring the matter to the Advisory Committee (as defined in the Asset Transfer Agreement), the thirty (30) day period referred to above shall be extended to sixty (60) days), and following expiration of such thirty (30) or sixty (60) day period, as applicable, the Required Percentage of Credit Facility Providers or the Owners of at least 66-2/3% in principal amount of the Bonds then Outstanding) provide written notice to the Trustee directing the Trustee to notify the Authority that the breach of Section 4.11 hereof has not been cured.

"Intergovernmental Transfer" means the City's grant to the Authority of all the City's powers, functions and responsibilities (except for the Parking Enforcement Powers and the Reserved Enforcement Powers) for the Term with respect to the On-Street Parking System and the City's irrevocable transfer to the Authority of all the City's rights, title and interest in and to the Revenues derived from the On-Street Parking System, including the Metered Parking Revenues and the Parking Violation Revenues for the Term.

A-5

"Operating Year" means (i) the period beginning on the Closing Date and ending on the next succeeding December 31; and (ii) thereafter the period from January 1 to December 31.

"Operator Performance Fee" shall mean the Operator Performance Fee (as defined in the Parking Services Agreement) plus the Operator Performance Fee (as defined in the Parking Enforcement Agreement), and the amount thereof shall be included in a certificate of an Authorized Asset Manager Representative provided to the Trustee and the Authority within thirty (30) days after each Interest Payment Date.

"Outstanding" or "Bonds Outstanding" or "Outstanding Bonds" in connection with Bonds, means, as of the time in question, all Bonds authenticated and delivered under the Indenture, except such thereof as:

(i) were theretofore cancelled or required to be cancelled under the Indenture;

(ii) with respect to which there shall have been or shall concurrently be deposited with the Trustee for the payment, redemption or purchase of which money or Government Obligations (the principal of and interest on which Government Obligations, when due, will provide sufficient money, without reinvestment, to fully pay such Bonds in accordance with the terms hereof); provided that, if such Bonds are being redeemed, the required notice of redemption shall have been given or provision satisfactory to the Trustee shall have been made therefor, and that if such Bonds are being purchased, there shall be a firm commitment for the purchase and sale thereof; and

(iii) for which other Bonds have been issued and delivered in substitution for other Bonds pursuant to the terms of the Indenture.

"Parking Bonds" means the obligations, other than the Authority Notes, issued by the Authority in connection with its payment to the Parking Authority of the Closing Consideration, together with any obligations issued to refund those obligations or issued to finance the Parking System pursuant to the Indenture.

"Parking Enforcement Powers" means the power to (i) issue parking tickets or citations for non-moving violations only of the parking rules and regulations with respect to the Parking Spaces and other Laws of the City of Harrisburg with respect to the Parking System, and (ii) boot and tow vehicles in violation of the parking rules and regulations with respect to the Parking Spaces and other Laws of the City of Harrisburg with respect to the Parking System, in each case in accordance with the Enforcement Policies and Procedures, but excluding any Reserved Enforcement Powers. The City retains the power to concurrently exercise Parking Enforcement Powers, but not to further delegate the Parking Enforcement Powers to any other person.

"Parking Facilities" means Parking Lots and Parking Garages.

"Parking System Land" means those parcels of real property upon which the parking garages and parking lots are located and as further described in the Memorandum of Lease.

"Parking System Operations" means (i) the operation, management and maintenance of the Parking System, (ii) the issuance, processing and collection of parking tickets or citations for non-moving violations of parking rules and regulations with respect to the Parking Spaces pursuant to the Asset Transfer Agreement, and (iii) all other actions relating to the Parking System that are performed by or on behalf of the Authority pursuant to the Asset Transfer Agreement.

A-7

"Law" means any order, writ, injunction, decree, judgment, law, ordinance, decision, binding opinion, ruling, policy, statute, code, rule or regulation of any Governmental Authority.

"Material Adverse Effect" means a material adverse effect on the business, financial condition or results of operations of the Parking System taken as a whole.

"Memorandum of Lease" means the memorandum of lease to be executed and delivered by the parties at Closing and filed with the Dauphin County Recorder's Office.

"Metered Parking Fee" means the fees established as consideration for the privilege of parking a motor vehicle at a Metered Parking Space all as set forth on Schedule 5 to the Asset Transfer Agreement, and as may be adjusted by the Authority pursuant to the terms of the Asset Transfer Agreement.

"Metered Parking Spaces" means those parking spaces within the Competing Parking Area where during certain periods of time, the City, requires the payment of a fee for parking a motor vehicle at that space or place for a limited period of time plus any such additional parking spaces designated within the Competing Parking Area pursuant to Sections 6.3 and 6.6 of the Asset Transfer Agreement. The locations of the existing Metered Parking Spaces are shown on Schedule 4 to the Asset Transfer Agreement.

"Metering Devices" means parking meters, pay and display stations, electronic metering devices, and other similar devices that may be used from time to time in connection with the Parking System Operations, including any shelters used to guard the devices and patrons from the elements utilized by the Authority in its discretion, but excluding Affected Property.

"MPC" means the Pennsylvania Municipalities Planning Code (Act of 1968, P.L. 805, No. 247), as amended, and as the same may be amended, restated and codified from time to time.

"Non-Compete Covenant" means the covenant between the Parking Authority and the City pursuant to the Asset Transfer Agreement not to take any action or omit to take any action that would constitute or would result in a Competing Parking Action.

"Non-Impair Covenant" means the covenant between the Parking Authority and the City pursuant to the Asset Transfer Agreement that neither party shall (i) allow street closures that exceed the agreed-upon level of historical street closures set forth in the Asset Transfer Agreement, (ii) exceed Metered Parking Spaces except in compliance with the Asset Transfer Agreement, (iii) take any action or actions at any time during the Term (including enacting any Law or imposing any new tax, fee, or charge), the effect of such action or actions, individually or in the aggregate is reasonably expected (a) to be principally borne by the Parking System or users of the Parking System, and (b) to have a Material Adverse Effect on the Parking System (whether as a result of decreased revenues, increased expenses or both), except where (x) such action is in response to any act or omission on the part of the Transferee that is illegal (other than an act or omission rendered illegal by virtue of a breach of the Non-Compete Covenant or the Non-Impair Covenant by the Parking Authority or the City), or (y) such action is otherwise permitted under the Asset Transfer Agreement including any remedy available hereunder; provided, however, that requirements generally applicable to public parking licenses or permits within the City are not prohibited actions; (iv) increase the parking tax rate to more than 20%; (v) exercise its condemnation rights with respect to the Parking System, except for condemnation actions that do not materially decrease the number of parking spaces in any individual Parking Facility or in the On-Street Parking System or materially impair the operation of any Parking Facility or of any material portion of the On-Street Parking System; (vi) take any action under 53 Pa.C.S. 5501, *et seq.*, or the governing statute of any successor entity to the Parking Authority that materially impairs the Parking System.

A-6

"Parking Violations Revenues" means the revenues derived from any Parking Violations issued during the Term, any related fines imposed by the court (other than actual court costs) collected for Parking Violations or citations for violations of parking rules and regulations and other non-moving violations issued by an Enforcement Operator or police officer.

"Person" means any individual (including, the heirs, beneficiaries, executors, legal representatives or administrators thereof), corporation, partnership, joint venture, trust, limited liability company, limited partnership, joint stock company, unincorporated association or other entity or a Governmental Authority.

"Project" means the project described under "INTRODUCTION – Purpose of the Issue" herein.

"Public Parking Lot" means a parcel of real property or portion thereof owned by the City, any public authority of the City, Parking Authority, any other governmental entity, or the Harrisburg Redevelopment Authority used in whole or in part for the principal purpose of temporary or permanent storage by the public of vehicles for a stated consideration.

"Public Parking Structure" means a building or portion thereof owned by the City, any public authority of the City, Transferee, the Harrisburg Redevelopment Authority, or any other governmental entity which encloses a space used in whole or in part for the principal purpose of temporary or permanent storage of vehicles by the public for a stated consideration.

"Public Way" means the streets, alleys, driveways and sidewalks owned by (or for the benefit of) the City.

"Qualified Designee" means the entity from time to time selected by the Authority to serve as its representative to oversee the administration and management of the Parking System, which is engaged under an agreement that qualifies and is consistent with the conditions set forth under Rev. Proc. 97-13 or any successor revenue procedure, regulation or other official pronouncement of the Internal Revenue Service so as to not result in private business use under § 141(b) of the Internal Revenue Code, and which shall not adversely affect the exclusion of gross income of the interest on the Parking Bonds, or another entity with respect to which the Authority has received an opinion of nationally recognized bond counsel that such entity may be the Qualified Designee without adversely affecting the tax exempt status of the Parking Bonds. Initially, the Qualified Designee is CREDC.

"Rent" means the rent payments by the Authority to the Parking Authority under the Lease in the amounts and at the times specified in Section 4.01 of the Lease.

"Rent Payments" means the rent payments payable under, and calculated in accordance with, the terms of the DGS Lease.

"Required Percentage of Credit Facility Bonds" means the parties entitled to vote 66-2/3% of the Bonds then Outstanding with respect to which the Authority has caused a Credit Facility to be provided.

"Reserved Enforcement Powers" means the exercise by the City of those police and regulatory powers with respect to the On-Street Parking System, including Metered Parking Spaces, and the regulation of traffic, traffic control and the use of the Public Way, including exclusive and reserved rights of the City to: (i) establish and revise from time to time all parking regulations, and fines with respect to the Public Way, excluding however, the Metered Parking Spaces; (ii) issue citations for all moving violations of the traffic laws; (iii) issue residential parking permits and enforce the City's residential permit program,

A-8

except within the Competing Parking Area, as to which the City has retained the right to concurrently enforce the residential permit program and the exclusive right to issue residential parking permits; (iv) enforcement of the snow route and emergency weather restrictions; and (v) enforcement of the street sweeping parking restrictions

"Stadium Park Permit" means that certain Stadium Park Permit dated on or about October 1, 2007, between the City and Senators Partners LLC.

"Unmetered Parking Spaces" means any on-street space within the Competing Parking Area that has neither a Metering Device nor is subject to a Metered Parking Fee.

"Zoning Hearing Board" means the Zoning Hearing Board of the City of Harrisburg, created pursuant to §7-305.1 of the Codified Ordinances of Harrisburg, Pennsylvania, as amended, and as authorized by the MPC.

"Zoning Ordinance" means Chapter 7 of the Codified Ordinances of Harrisburg, Pennsylvania, as amended and in effect on the date of the Asset Transfer Agreement.

[THIS PAGE INTENTIONALLY LEFT BLANK]

Appendix “B”
Form of Indenture

[THIS PAGE INTENTIONALLY LEFT BLANK]

TRUST INDENTURE

TABLE OF CONTENTS

(This table of contents is not part of the Trust Indenture and is only for convenience of reference.)

Page

TRUST INDENTURE

by and between

PENNSYLVANIA ECONOMIC DEVELOPMENT
FINANCING AUTHORITY

and

U.S. BANK NATIONAL ASSOCIATION, as Trustee

Dated as of December 1, 2013

Pennsylvania Economic Development Financing Authority
Senior Insured Parking Revenue Bonds
(Capitol Region Parking System)
Series A of 2013

Pennsylvania Economic Development Financing Authority
Junior Guaranteed Parking Revenue Bonds
(Capitol Region Parking System)
Series B of 2013

Pennsylvania Economic Development Financing Authority
Junior Insured/Guaranteed Parking Revenue Bonds
(Capitol Region Parking System)
Series C of 2013

Pennsylvania Economic Development Financing Authority
Subordinate Parking Revenue Notes
(Capitol Region Parking System)
Series of 2013

B-1

ARTICLE I. DEFINITIONS	11
ARTICLE II. THE BONDS AND AUTHORITY NOTES	31
2.1 Authority for and Issuance of 2013 Bonds and Additional Bonds	31
2.2 Form, Date, Interest Rates, Maturity and Payment of Interest on 2013 Bonds	31
2.3 Execution	36
2.4 Limited Obligations	37
2.5 Authentication	37
2.6 Book-Entry System	38
2.7 Mutilated, Lost, Stolen or Destroyed Bond and Authority Notes	40
2.8 Registration and Exchange of Bonds; Persons Treated as Owners	40
2.9 Destruction of Bonds	41
2.10 Other Obligations	41
2.11 Reserved	41
2.12 CUSIP Numbers	41
2.13 Authority Notes	41
ARTICLE III. REDEMPTION OF 2013 BONDS	43
3.1 Optional Redemption	43
3.2 Mandatory Sinking Fund Redemption	44
3.3 Sinking Fund Account Redemption	47
3.4 Selection of Bonds To Be Redeemed	48
3.5 Notice of Redemption	48
3.6 No Partial Redemption After Certain Indenture Events of Default	49
3.7 Payment of Redemption Price	49
3.8 Redemption Provisions Additional Bonds	49
ARTICLE IV. GENERAL COVENANTS AND REPRESENTATIONS	49
4.1 Payment of Principal, Premium, If Any, and Interest; No General Obligations	49
4.2 Performance of Covenants by the Authority; Due Execution	50
4.3 Recording and Filing; Instruments of Further Assurance	50
4.4 Rights Under Agreements	51
4.5 Arbitrage and Tax Covenants	51
4.6 No Disposition of Trust Estate	51
4.7 Access to Books	52
4.8 Source of Payment of Bonds and Authority Notes	52
4.9 Annual Operating Budget; Annual Capital Budget; Long Term Capital Plan	52
4.10 Rate Covenants	55
4.11 Covenant with respect to Article 13 of the Asset Transfer Agreement	58

B-2

4.12 Reserved	58
4.13 Additional Bonds; Other Project Debt	58
4.14 Financial Statements and Other Reporting	60
4.15 Appointment of Asset Manager	60
4.16 Security Interest Covenants and Representations	60
4.17 Application of Property Insurance Proceeds	61
4.18 Negative Pledge	61
4.19 Insurance	62
4.20 Right to Know Law	62
ARTICLE V. FUNDS AND ACCOUNTS	62
5.1 Creation of Funds	62
5.2 Deposit of Bond Proceeds; Application of Bond Proceeds	63
5.3 Revenue Fund; Payments into Revenue Fund; Application of Revenue Fund	64
5.4 Operating Account	68
5.5 Deposits and Transfers Into the Bond Fund; Use of Moneys in the Bond Fund	69
5.6 Debt Service Reserve Fund	70
5.7 Rebate Fund	71
5.8 Capital Reserve Fund	72
5.9 Reserved	73
5.10 Surplus Fund	73
5.11 Bonds Not Presented for Payment	74
5.12 Moneys Held in Trust	74
5.13 Payment to the Authority or City	74
5.14 Performance Fee Account	74
5.15 Holdback Fund	75
5.16 Reports to Asset Manager	75
ARTICLE VI. INVESTMENTS	75
6.1 Investment of Moneys	75
6.2 Investment Restrictions	77
6.3 Valuation of Funds; Valuation Deficiency	77
ARTICLE VII. DEFERRED	77
7.1 Defeasance	77
ARTICLE VIII. DEFAULTS AND REMEDIES	79
8.1 Events of Default	79
8.2 Acceleration; Other Remedies	80
8.3 Restoration to Former Position	82
8.4 Owners' Right to Direct Proceedings	82
8.5 Limitation on Owners' Right to Institute Proceedings	83
8.6 No Impairment of Right to Enforce Payment	83
8.7 Proceedings by Trustee without Possession of Bonds	83
8.8 No Remedy Exclusive	84
8.9 No Waiver of Remedies	84
8.10 Application of Moneys	84
8.11 Severability of Remedies	86
ARTICLE IX. TRUSTEE; PAYING AGENT; REGISTRAR	86
9.1 Acceptance of Trusts	86

B-3

9.2 No Responsibility for Recitals	87
9.3 Certain Rights of the Trustee and Limitations on Liability	87
9.4 Compensation, Expenses and Advances	89
9.5 Notice of Events of Default	90
9.6 Action by Trustee	90
9.7 Good Faith Reliance	91
9.8 Dealings in Bonds and with the Authority	91
9.9 Construction of Indenture	91
9.10 Resignation of Trustee, Registrar or Paying Agent	91
9.11 Removal of Trustee, Registrar or Paying Agent	92
9.12 Appointment of Successor Trustee or Paying Agent	92
9.13 Qualifications of Successor Trustee	93
9.14 Judicial Appointment of Successor Trustee or Paying Agent	93
9.15 Acceptance of Trusts by Successor Trustee or Paying Agent	93
9.16 Successor by Merger or Consolidation	93
9.17 Standard of Care	94
9.18 Intervention in Litigation of the Authority	94
9.19 Paying Agent	94
9.20 Qualifications of Paying Agent	94
9.21 Registrar	95
9.22 Several Capacities	95
ARTICLE X. EXECUTION OF INSTRUMENTS BY OWNERS AND PROOF OF OWNERSHIP OF BONDS AND AUTHORITY NOTES	95
10.1 Execution of Instruments; Proof of Ownership	95
ARTICLE XI. MODIFICATION OF INDENTURE AND FINANCING DOCUMENTS	96
11.1 Limitations	96
11.2 Supplemental Indentures Not Requiring Consent of Owners of Bonds	96
11.3 Supplemental Indentures Requiring Consent of Owners of Bond or Authority Notes	97
11.4 Effect of Supplemental Indenture	98
11.5 Amendment of Other Financing Documents Without Consent of Owners of Bond or Authority Notes	98
11.6 Amendment of Other Financing Documents Requiring Consent of Owners of Bonds	99
ARTICLE XII. CERTAIN PROVISIONS RELATING TO THE BOND INSURANCE POLICIES AND COUNTY GUARANTY	99
ARTICLE XIII. MISCELLANEOUS	109
13.1 Successors of the Authority	109
13.2 Parties in Interest	109
13.3 Severability	110
13.4 No Personal Liability of Authority Officials	110
13.5 Bonds Owned by the Authority	110
13.6 Counterparts	110
13.7 Governing Law	110
13.8 Notices	111

B-4

13.9	Holidays; Non Business Days	112
13.10	Unclaimed Money	112
13.11	References Deemed Void; Right to Consent and Approve	112
13.12	Obligations of Others Not Party to this Indenture	112
13.13	Certain References to Principal Amount Deemed to be Compounded Amount	112

EXHIBITS AND SCHEDULES
EXHIBIT A—FORMS OF BONDS AND AUTHORITY NOTES
EXHIBIT B—RIGHT TO KNOW LAW PROVISIONS
EXHIBIT C—FORM OF REQUISITION
SCHEDULE 1—CITY PAYMENTS
SCHEDULE 2—RENT
SCHEDULE 3—INSURANCE REQUIREMENTS

TRUST INDENTURE

THIS TRUST INDENTURE is made and entered into as of the 1st day of December, 2013 between the PENNSYLVANIA ECONOMIC DEVELOPMENT FINANCING AUTHORITY, a public instrumentality of the Commonwealth of Pennsylvania and a body politic and corporate created and existing under and by virtue of the Constitution and the laws of the Commonwealth of Pennsylvania (the "Authority"), and U.S. Bank National Association, a national banking association, duly organized, existing and authorized to accept and execute trusts of the character herein set out, as trustee (the "Trustee").

BACKGROUND OF INDENTURE

A. The Authority is a public instrumentality of the Commonwealth of Pennsylvania (the "Commonwealth") and a body corporate and politic organized and existing under the Pennsylvania Economic Development Financing Law (Act No. 102, approved August 23, 1967, P.L. 251, as amended, including the amendments effected by Act No. 48, approved July 10, 1987, P.L. 273, and Act No. 74, approved December 17, 1993, P.L. 490), as amended and supplemented from time to time (the "Act").

B. Under the Act, the Authority is authorized and empowered to acquire, hold, construct, improve, maintain, own, finance and lease projects, including facilities and activities which promote the purposes set forth in the Act and to make contracts of every name and nature necessary or convenient for carrying out projects.

C. The Act declares it to be in the public interest and policy of the Commonwealth to promote industrial, commercial and other economic development and to encourage economic development and efficiency within the Commonwealth by providing basic services and facilities and by providing financing for, *inter alia*, transportation systems and facilities of every kind, and facilities conducive to economic activity in the Commonwealth.

D. Under the Act, the Authority is authorized to issue bonds, to secure the payment of such bonds by pledge, mortgage or assignment of all or any part of the property of the Authority, its revenues and receipts therefrom or its revenues generally, and to provide for the rights of the holders of such bonds in accordance with the provisions of the Act.

E. In accordance with the Act, and pursuant to the terms and conditions of this Indenture (defined below), the Authority will issue its (i) Senior Insured Parking Revenue Bonds (Capitol Region Parking System), Series A of 2013 (the "Series A Bonds"), consisting of two sub-series, its Senior Insured Parking Revenue Bonds (Capitol Region Parking System) Current Interest Bonds, Series A-1 of 2013 in the aggregate principal amount of \$100,215,000 (the "Series A-1 Bonds") and its Senior Insured Parking Revenue Bonds (Capitol Region Parking System) Capital Appreciation Bonds, Series A-2 of 2013 in the Original Principal Amount (as defined herein) of \$20,713,160.55 (the "Series A-2 Bonds"), (ii) its Junior Guaranteed Parking Revenue Bonds (Capitol Region Parking System) Series B of 2013 (the "Series B Bonds"), consisting of three sub-series, its Junior Guaranteed Parking Revenue Bonds (Capitol Region Parking System) Current Interest Bonds, Series B-1 of 2013 in the aggregate principal amount of \$70,100,000 (the "Series B-1 Bonds"), its Junior Guaranteed Parking

Revenue Bonds (Capitol Region Parking System) Capital Appreciation Bonds, Series B-2 of 2013 in the Original Principal Amount of \$25,061,280.45 (the "Series B-2 Bonds"), and its Junior Guaranteed Parking Revenue Bonds (Capitol Region Parking System) Callable Capital Appreciation Bonds, Series B-3 of 2013 in the Original Principal Amount of \$2,010,748.80 (the "Series B-3 Bonds"), and (iii) its Junior Insured/Guaranteed Parking Revenue Bonds (Capitol Region Parking System), Series C of 2013 (the "Series C Bonds"), consisting of two sub-series, its Junior Insured/Guaranteed Parking Revenue Bonds (Capitol Region Parking System), Series C-1 of 2013 in the aggregate principal amount of \$44,785,000 (the "Series C-1 Bonds"), and its Junior Insured/Guaranteed Parking Revenue Bonds (Capitol Region Parking System) Current Interest Bonds, Series C-2 of 2013 (Capital Appreciation Bonds) in the Original Principal Amount of \$23,668,473.90 (the "Series C-2 Bonds"); the Series A Bonds, Series B Bonds and the Series C Bonds, are referred to collectively as the "2013 Bonds").

F. The Authority will use the proceeds of the 2013 Bonds for the purpose of financing (i) the cost of the acquisition of the Parking System (defined below), (ii) capitalized interest on the 2013 Bonds, (iii) making a deposit to the Capital Reserve Fund created under this Indenture, and (iv) paying the costs of issuing the 2013 Bonds (collectively, the "Project").

G. Simultaneously with the issuance of the 2013 Bonds, the Authority will issue the Authority Notes (as defined herein), consisting of four (4) promissory notes, in the aggregate principal amount of \$197,100,000 to pay a portion of the costs of acquiring the Parking System.

H. On or prior to the date of issuance of the 2013 Bonds and the Authority Notes, the Authority, the Harrisburg Parking Authority (the "Parking Authority") and the City of Harrisburg, Pennsylvania (the "City") will enter into an Asset Transfer Agreement (defined below) pursuant to which the City will transfer to the Authority certain assets consisting of on-street parking meters and related rights, all as more particularly described in the Asset Transfer Agreement.

I. Simultaneously with the issuance of the 2013 Bonds and the Authority Notes, the Authority and the Parking Authority will enter into a Lease (defined below) pursuant to which the Parking Authority, as lessor, will lease certain parking assets, consisting of garages, parking lots and related rights, all as more particularly described in the Lease (the "Leased Premises") to the Authority, as lessee.

J. Simultaneously with the issuance of the 2013 Bonds and the Authority Notes, the City and the Authority will enter into the PEDFA Intergovernmental Agreement (defined below) pursuant to which the City will delegate to the Authority certain rights relating to the on-street parking portion of the Parking System which is being conveyed pursuant to the Asset Transfer Agreement.

K. Simultaneously with the issuance of the 2013 Bonds and the Authority Notes, the City and the Department of General Service of the Commonwealth of Pennsylvania ("DGS") will enter into the DGS Intergovernmental Agreement (defined below) pursuant to which the City will delegate to DGS certain enforcement powers with respect to that portion of the Parking System which is being conveyed pursuant to the Asset Transfer Agreement, all as more particularly described in the DGS Intergovernmental Agreement.

L. Simultaneously with the issuance of the 2013 Bonds and the Authority Notes, the Authority and the Capital Region Economic Development Corporation ("CREDC") will enter into the Servicing Agreement (defined below) pursuant to which PEDFA will delegate to CREDC, and CREDC will assume certain responsibilities of the Authority relating to the Parking System, as lessee under the Lease, and as transferee under the Asset Transfer Agreement.

M. The County of Dauphin, Pennsylvania (the "County") will enter into a Series B Guaranty and a Series C Guaranty (each defined below) with the Trustee pursuant to which the County will guarantee payment of the principal of and interest on the Series B Bonds and the Series C Bonds, respectively, as and when due, all as more fully provided in the Series B Guaranty and the Series C Guaranty.

N. The scheduled payments of principal of and interest on the Series A Bonds and the Series C Bonds, as and when due, will be insured under separate insurance policies issued by AGM (as defined herein) concurrently with the issuance of the Series A Bonds and the Series C Bonds.

O. The 2013 Bonds and the Authority Notes will be secured by a pledge and assignment to the Trustee of certain rights of the Authority under the Lease, the Asset Transfer Agreement, the PEDFA Intergovernmental Agreement, the Parking Lease, the Asset Management Agreement, and the Servicing Agreement (as such terms are hereinafter defined).

P. Simultaneously with the issuance of the 2013 Bonds and the Authority Notes, the Authority and PK Harris Advisors, Inc. (the "Asset Manager"), will enter into the Asset Management Agreement (defined below) pursuant to which the Asset Manager will have certain management responsibilities with respect to the Parking System for a term provided therein and otherwise on the terms and conditions provided therein.

Q. Simultaneously with the issuance of the 2013 Bonds and the Authority Notes, DGS and the Asset Manager will enter into the Parking Enforcement Engagement Agreement (defined below) pursuant to which the Asset Manager will have certain enforcement responsibilities with respect to the Parking System for a term provided therein and otherwise on the terms and conditions provided therein.

R. Simultaneously with the issuance of the 2013 Bonds, the Asset Manager and SP Plus Parking Corporation (the "Operator") will enter into the Parking Services Agreement (defined below) pursuant to which Operator will initially operate and maintain the Parking System for a term provided therein and otherwise on the terms and conditions provided therein.

S. Simultaneously with the issuance of the 2013 Bonds and the Authority Notes, the Asset Manager and the Operator will enter into the Parking Enforcement Agreement (defined below) pursuant to which the Operator will have certain enforcement responsibilities with respect to the Parking System for a term provided therein and otherwise on the terms and conditions provided therein.

T. Simultaneously with the issuance of the 2013 Bonds, the Authority and DGS will enter into the Parking Lease (defined below) pursuant to which DGS will lease certain

parking spaces from the Authority for a term provided therein and otherwise on the terms and conditions provided therein.

U. All things necessary to make the 2013 Bonds and the Authority Notes, when authenticated by the Authenticating Agent and issued as provided in this Indenture, the valid, binding and legal obligations of the Authority according to the import thereof, and to constitute this Indenture a valid assignment and pledge of the Trust Estate (as defined below) for the payment of the principal of, premium, if any, and interest on the Senior Bonds, the Junior Bonds and the Authority Notes, all as more fully provided herein, the execution and delivery of this Indenture, and the execution and issuance of the 2013 Bonds and the Authority Notes, subject to the terms hereof, have in all respects been duly authorized.

NOW, THEREFORE, THIS TRUST INDENTURE W I T N E S S E T H:

GRANTING CLAUSES

The Authority, in consideration of the premises and the acceptance by the Trustee of the trusts hereby created and of the purchase and acceptance of the Bonds and the Authority Notes by the Owners thereof, and for other good and valuable consideration, the receipt of which is hereby acknowledged, and intending to be legally bound, in order to secure (i) the payment of the principal of, premium, if any, and interest on the Bonds according to their tenor and effect, (ii) the payment of the principal of, and interest on the Authority Notes, according to their tenor and effect and to the extent provided therein and herein, and (iii) the performance and observance by the Authority of all the covenants expressed or implied herein, and in the Bonds, the Authority Notes and in the Financing Documents to which it is a party, does hereby grant, bargain, sell, convey, mortgage, assign and pledge, without recourse, and grant a security interest in, the following to the Trustee and its successors in trust and assigns forever, for the benefit of the Owners as herein provided, for the securing of the performance of the obligations of the Authority hereinafter set forth:

GRANTING CLAUSE FIRST

All Revenues and moneys and securities from time to time held by the Trustee under the terms of this Indenture, together with the income and interest thereon, except for funds held in the Rebate Fund in trust for the United States of America and funds on deposit in the Surplus Fund.

GRANTING CLAUSE SECOND

The Mortgage.

GRANTING CLAUSE THIRD

For the benefit of the Owners of the Authority Notes only, all moneys and securities from time to time held by the Trustee in the Surplus Fund.

B-9

GRANTING CLAUSE FOURTH

The Authority's right, title and interest in the Asset Transfer Agreement, the Lease, the Parking Lease, the Asset Management Agreement and the PEDFA Intergovernmental Agreement.

GRANTING CLAUSE FIFTH

Any and all other property rights and interests of every kind or nature from time to time hereafter by delivery or by writing of any kind granted, bargained, sold, alienated, demised, released, conveyed, assigned, transferred, mortgaged, pledged, hypothecated or otherwise subjected hereto, as and for additional security herewith, and the Trustee is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof (the foregoing agreements, property rights, revenues and interests granted under the foregoing Granting Clauses being the "Trust Estate").

EXPRESSLY RESERVING, however, to the Authority the Unassigned Authority's Rights.

TO HAVE AND TO HOLD all and singular the Trust Estate, whether now owned or hereafter acquired, to the Trustee and its successors in trust and assigns forever;

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth for the equal and proportionate benefit, security and protection of all present and future Owners of the Bonds and the Authority Notes issued under and secured by this Indenture without privilege, priority or distinction as to the lien or otherwise of any of the Bonds over any of the other Bonds to the extent provided herein; provided, however, that payment of debt service on the Senior Bonds from the Trust Estate shall be superior to payment of debt service on the Junior Bonds; and, except as otherwise provided herein, debt service on the Junior Bonds shall be superior to payment of debt service on the Authority Notes;

PROVIDED, HOWEVER, that if the Authority, its successors or assigns, shall well and truly pay, or cause to be paid, the principal of, premium, if any, and interest on the Bonds and the Authority Notes due or to become due thereon, at the times and in the manner mentioned in the Bonds and the Authority Notes and as provided herein according to the true intent and meaning thereof, and if the Authority shall cause the payments to be made as required hereunder, or shall provide, as permitted hereby, for the payment thereof, and shall well and truly keep, perform and observe all the covenants and conditions pursuant to the terms of this Indenture, to be kept, performed and observed by it, and shall pay or cause to be paid to the Trustee all sums of money due or to become due in accordance with the terms and provisions hereof, then upon such final payments or deposits as provided in Article VII hereof, this Indenture and the rights hereby granted shall cease, terminate and be void and the Trustee shall thereupon cancel and discharge this Indenture, and the Authority shall prepare and the Trustee shall execute and deliver to the Authority such instruments in writing as shall be requisite to evidence the discharge hereof.

THIS TRUST INDENTURE FURTHER WITNESSETH, and it is expressly declared, that all Bonds and Authority Notes issued and secured hereunder are to be issued, authenticated and delivered and all of the Trust Estate is to be dealt with and disposed of, under,

B-10

upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes hereinafter expressed, and the Authority has agreed and covenanted, and does hereby agree and covenant, with the Trustee and with the respective Owners, from time to time, of the Bonds and Authority Notes, or any part thereof, as follows:

ARTICLE I. DEFINITIONS

The terms defined in this Article I shall have the meanings provided herein for all purposes of this Indenture, unless the context clearly requires otherwise. Capitalized terms used but not defined herein shall have the respective meanings given such terms in Article I of the Lease.

"Account" or "Accounts" means the trust accounts established and held by the Trustee in the Funds established and held by the Trustee hereunder.

"Act" means the Pennsylvania Economic Development Financing Law (Act No. 102, approved August 23, 1967, P.L. 251, as amended, including the amendments effected by Act No. 48, approved July 10, 1987, P.L. 273, and Act No. 74, approved December 17, 1993, P.L. 490), as amended and supplemented from time to time.

"Additional Bonds" means Additional Senior Bonds and Additional Junior Bonds.

"Additional Junior Bonds" means Additional Bonds issued as Junior Bonds from time to time pursuant to Sections 2.1 and 4.13 hereof.

"Additional Senior Bonds" means Additional Bonds issued as Senior Bonds from time to time pursuant to Sections 2.1 and 4.13 hereof.

"Administration Expenses" means all expenses of the Authority which are properly chargeable as administrative expenses in respect of this Indenture and any project financed with Bonds or Authority Notes, including all fees and expenses of the Authority's professional advisors reasonably necessary and fairly attributable to this Indenture or any such project, including without limiting the generality of the foregoing, compensation and reimbursement of expenses (including counsel fees) and advances payable to the Trustee, the Paying Agent, the Authenticating Agent, the Registrar, accountants, architects, rebate Consultants and any Consultant appointed by the Authority, all fees and expenses related to post-issuance compliance, inquiries of, or informal or formal audit by the Internal Revenue Service, and all expenses of the Authority under the Servicing Agreement; provided, however, Administration Expenses shall not include amounts payable to the Authority pursuant to Section 5.3(b)(xiii).

"Advisory Committee" shall have the meaning set forth in the Asset Transfer Agreement.

"Affiliate" of any Person shall mean any other Person which directly or indirectly controls, is controlled by or is under a common control with, such Person. The term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the

B-11

management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise. Notwithstanding the foregoing, no individual shall be deemed to be an Affiliate of a Person solely by reason of his or her being a director, committee member, officer or employee of such Person.

"AGM" means Assured Guaranty Municipal Corp. or any successor thereto.

"Annual Capital Budget" means the budget adopted by the Authority, upon the recommendation of the Asset Manager, in accordance with Section 4.9 hereof.

"Annual Operating Budget" means the budget for the Project adopted by the Authority, upon the recommendation of the Asset Manager, in accordance with Section 4.9 hereof, as such budget may be amended or supplemented from time to time in accordance with Section 4.9.

"Applicable Laws" means all applicable present and future laws, statutes, ordinances, rules, regulations, orders and requirements of all applicable federal, state and local governments, courts, departments, commissions, boards or agencies.

"Asset Management Agreement" means the Asset Management Agreement dated as of the date hereof between the Authority and the Asset Manager with respect to the Parking System, and any replacement asset management agreement between the Authority and any subsequent Asset Manager.

"Asset Manager Performance Fee" shall have the meaning ascribed to the term Performance Management Fee in the Asset Management Agreement, and the amount thereof to be included in a certificate of an Authorized Asset Manager Representative provided to the Trustee and the Authority within thirty (30) days after each Interest Payment Date.

"Asset Manager" means PK Harris Advisors, Inc., an affiliate of Trimont Real Estate Advisors, Inc., or any successor, assign or replacement as asset manager under the Asset Management Agreement.

"Asset Manager Expenses" means the Current Expenses of the Asset Manager.

"Asset Transfer Agreement" means the Asset Transfer Agreement dated as of December 1, 2013 between the Parking Authority and the Authority, and all amendments, modifications and supplements thereto.

"Assignment" means collectively, the Collateral Assignment of Asset Management Agreement and the Collateral Assignment, each dated as of December 23, 2013 and each from the Authority to the Trustee.

"Assigned Agreements" means the agreements assigned by the Authority to the Trustee pursuant to the Assignment and this Indenture.

"Assumed Variable Rate" means the average interest rate which Variable Rate Indebtedness would have borne for the preceding twelve months, as determined by an Independent Consultant basing such calculation on a recognized formula or index.

B-12

herein. **"Authenticating Agent"** means the Trustee acting in such capacity as provided

"Authority" means the Pennsylvania Economic Development Financing Authority, its successors and assigns.

"Authority Capital Reserve Account" means the subaccount of the Capital Reserve Fund created pursuant to Section 5.1(e) hereof.

"Authority Distribution" means, in the Operating Year commencing January 1, 2014, the amount of \$200,000, and in each Operating Year thereafter, the amount of \$200,000, adjusted each year based on changes in the Consumer Price Index, as calculated by the Asset Manager.

"Authority Note 1" means the Authority Note issued in the principal amount of \$20,000,000.

"Authority Note 2" means the Authority Note issued in the principal amount of \$77,000,000.

"Authority Note 3" means the Authority Note issued in the principal amount of \$100,000,000.

"Authority Note 4" means the Authority Note issued in the principal amount of \$100,000.

"Authority Notes" means, collectively, Authority Note 1, Authority Note 2, Authority Note 3 and Authority Note 4.

"Authorized Asset Manager Representative" means each individual at the time designated to act on behalf of the Asset Manager, by written certificate furnished to the Authority, the Trustee and the Paying Agent containing the specimen signature of such individual and signed on behalf of the Asset Manager by a duly authorized officer of the Asset Manager.

"Authorized Authority Representative" means any of the Chairman or Executive Director of the Authority, or such other Person as the Authority may from time to time designate in writing to the Trustee and the Paying Agent.

"Authorized Denomination" means, with respect to the 2013 Bonds constituting Current Interest Bonds, \$5,000 and integral multiples of \$5,000 in excess thereof, with respect to 2013 Bonds constituting Capital Appreciation Bond or Convertible Capital Appreciation Bonds, Maturity Amount of \$5,000 and integral multiples of \$5,000 in excess thereof, and with respect to any Additional Bonds, shall have the meaning set forth in the Supplemental Indenture pursuant to which such Additional Bonds are issued.

"Authorized Operator Representative" means each individual at the time designated to act on behalf of the Operator, by written certificate furnished to the Authority, the

B-13

"Bond Insurance Policies" means, collectively, the Series A Bond Insurance Policy and the Series C Bond Insurance Policy.

"Bond Payment Date" means any Interest Payment Date and any other date on which the principal of, premium, if any, and interest on the Bonds is to be paid to the Owners thereof, whether upon redemption, at maturity or upon acceleration of maturity of the Bonds.

"Bond Year" (i) with respect to the 2013 Bonds, means the period of one year or less ending on each June 30, with the first such Bond Year ending on June 30, 2014, and (ii) with respect to any Additional Bonds, shall have the meaning set forth in the Supplemental Indenture authorizing such Bonds.

"Business Day" means any day other than a Saturday, a Sunday or a day on which banks in the Commonwealth of Pennsylvania or banks in the city in which the Corporate Trust Offices of the Trustee and Paying Agent are located, are required or authorized by law (including executive order) to remain closed; provided, that with respect to any Additional Bonds, the term may have a different meaning as specified in the Supplemental Indenture pursuant to which such Series of Bonds are issued.

"Capital Addition" shall mean any addition, improvement or extraordinary repair to, or replacement of, any portion of the Parking System after the issuance of the 2013 Bonds, whether real, personal or mixed, the cost of which is properly capitalized under GAAP.

"Capital Appreciation Bond" means a fixed rate Bond, the interest on which is payable only at maturity or earlier redemption in amounts determined by reference to the Compounded Amount of such Bond.

"Capitalized Lease" means any lease of real or personal property which, in accordance with GAAP, is required to be capitalized on the balance sheet of the lessee.

"Capitalized Rentals" means, as of the date of determination, the amount at which the aggregate net rentals due and to become due under a Capitalized Lease would be reflected as a liability on a balance sheet of a Person who is the lessee.

"Capital Reserve Fund" means the trust fund by that name created pursuant to Section 5.1(e) hereof.

"Capital Reserve Requirement" means the greater of \$15,000,000 or the Measured Capital Reserve Requirement. Amounts on deposit in the Authority Capital Reserve Account of the Capital Reserve Fund are included in calculating whether funds on deposit in the Capital Reserve Fund satisfy the Capital Reserve Requirement until Authority Note 1 and Authority Note 2 are paid in full; thereafter amounts on deposit in the Authority Capital Reserve Account are not included in calculating whether funds on deposit in the Capital Reserve Fund satisfy the Capital Reserve Requirement.

"City" means the City of Harrisburg, Pennsylvania. Unless stated otherwise or the context dictates otherwise, "City" shall also include the City's successors and assigns.

B-15

Trustee and the Paying Agent containing the specimen signature of such individual and signed on behalf of the Operator by a duly authorized officer of the Operator.

"Balloon Indebtedness" means indebtedness 25% or more of whose principal matures in the same Operating Year and for which no sinking or analogous fund exists.

"Bankruptcy Code" means the Federal Bankruptcy Code of 1978, as amended from time to time.

"Bankruptcy Event" means, with respect to any Person:

- (i) such Person's general inability, or its admission in writing of its inability, to pay its debts as such debts become due;
- (ii) the application by such Person for, or its consent to the appointment of, or the taking of possession by, a receiver, custodian, trustee, examiner or liquidator of itself or of all or a substantial part of its property;
- (iii) the commencement by such Person of a voluntary case under the Bankruptcy Code;
- (iv) the filing of a petition by such Person seeking to take advantage as a debtor of any other law relating to bankruptcy, insolvency, reorganization, liquidation, dissolution, arrangement or winding-up, or composition or readjustment of debts; or
- (v) the commencement of a proceeding or case, without the application or consent of such Person, in any court of competent jurisdiction seeking (A) such Person's reorganization, dissolution, arrangement or winding-up, or the composition or readjustment of its debts; (B) the appointment of a receiver, custodian, trustee, examiner, liquidator or the like of such Person or of all or any substantial part of its property; or (C) similar relief with respect to such Person under any law relating to bankruptcy, insolvency, reorganization, winding-up or composition or adjustment of debts; and such proceeding or case shall continue undismissed, or any order, judgment or decree approving or ordering any of the foregoing shall be entered and continue unstayed and in effect, for a period of 90 or more days.

"Bond" or **"Bonds"** means the Series A Bonds, the Series B Bonds, the Series C Bonds, and any and all Additional Bonds issued pursuant to this Indenture.

"Bond Counsel" means, initially, Dilworth Paxson LLP, and shall include any other firm of nationally recognized bond counsel familiar with the transactions contemplated under this Indenture and not unacceptable to the Trustee and the Authority.

"Bond Fund" means the trust fund by that name created pursuant to Section 5.1(b) hereof.

B-14

"City Payments" means \$1,100,000 (prorated for any partial Operating Year) increasing on the first day of each Operating Year to the amount shown in [Schedule 1](#).

"Code" means the Internal Revenue Code of 1986, as amended, including, when appropriate, the statutory predecessor of the Code, and all applicable and binding regulations thereunder whether proposed, temporary or final, including binding regulations issued thereunder and proposed pursuant to the statutory predecessor of the Code, and in addition, all binding official rulings and judicial determinations applicable to the Bonds under the Code and under the statutory predecessor of the Code and any successor provisions to the relevant provisions of the Code or regulations.

"Commonwealth" shall have the meaning set forth in the recitals hereto.

"Compounded Amount" means on any date and with respect to any particular Capital Appreciation Bond or Convertible Capital Appreciation Bond, the Original Principal Amount of such Capital Appreciation Bond or Convertible Capital Appreciation plus accretion of principal, based on compounding on each Compounding Date to the date of maturity thereof (with respect to a Capital Appreciation Bond) or the Current Interest Commencement Date (with respect to a Convertible Capital Appreciation Bond) at the same interest rate as shall produce a compound amount on such date of maturity or Current Interest Commencement Date, as applicable, equal to the principal amount thereof on such date; provided that Compounded Amount on any day which is not a Compounding Date shall be determined on the assumption that the Compounded Amount accrues in equal daily amounts between Compounding Dates.

"Compounding Date" means, with respect to 2013 Bonds constituting Capital Appreciation Bonds, each January 1 and July 1, commencing July 1, 2014, and with respect to Additional Bonds, Compounding Date shall have the meaning set forth in the Supplemental Indenture relating thereto.

"Consultant" means a Person, who shall be Independent, appointed by the Authority, or, if such Consultant is engaged under Article VIII hereof, appointed by the Authority with the recommendation of the Advisory Committee, and in either case, not unsatisfactory to the Trustee, qualified to pass upon the matters under consideration and having a favorable reputation for skill and experience in such matters.

"Consumer Price Index" means the non-seasonally adjusted U.S. City Average All Items Consumer Price Index for All Urban Consumers as released monthly by the U.S. Department of Labor, Bureau of Labor Statistics.

"Convertible Capital Appreciation Bond" means any Bond as to which, prior to the Current Interest Commencement Date with respect thereto interest will not be paid on a current basis, but will be added to the principal on each Compounding Date, and after the Current Interest Commencement Date, interest will be paid on a current basis on the Compounded Amount as of the Current Interest Commencement Date.

"Corporate Trust Office of the Paying Agent" means the corporate trust office of the Paying Agent currently in St. Paul, Minnesota, or any other corporate trust office designated in writing by the Paying Agent to the Authority, the County, AGM and the Trustee.

B-16

"**Corporate Trust Office of the Registrar**" means the corporate trust office of the Registrar currently in St. Paul, Minnesota, or any other corporate trust office designated in writing by the Registrar to the Authority, the County, AGM and the Trustee.

"**Corporate Trust Office of the Trustee**" means the corporate trust office of the Trustee at the address set forth in Section 13.8 hereof, or any other corporate trust office of the Trustee so designated by the Trustee in writing to the Authority, the County, AGM and the Paying Agent.

"**Costs of Issuance**" with respect to any Series of Bonds, means all fees, costs and expenses incurred in connection with the issuance of such Series of Bonds.

"**County**" means the County of Dauphin, Pennsylvania. Unless stated otherwise or the context dictates otherwise, "County" shall also include the County's successors and assigns.

"**County Guaranty**" means, collectively, the Series B Guaranty and the Series C Guaranty.

"**County/Authority Reimbursement Agreement**" means the Reimbursement Agreement dated as of the date hereof between the Authority and the County relating to the Series B Bonds and the Series C Bonds, and all modifications, amendments and supplements thereto.

"**Credit Facility**" or "**Credit Facilities**" means, with respect to a Series of Bonds, the letter of credit, line of credit, municipal bond insurance policy, guaranty or other form of credit enhancement and/or liquidity support, if any, for such Series of Bonds, provided for in this Indenture or the applicable Supplemental Indenture, including any alternate Credit Facility with respect to such Series of Bonds delivered in accordance with provisions of this Indenture or any Supplemental Indenture providing for the issuance of such Series of Bonds, but excluding any Debt Service Reserve Surety Bond.

"**Credit Facility Provider**" means, with respect to a Series of Bonds, the provider of a Credit Facility, if any, for such Series of Bonds specified in this Indenture or any applicable Supplemental Indenture.

"**Current Expenses**" means the reasonable and necessary current expenses of maintenance, repair and operation of the Parking System as reflected in the Annual Operating Budget, determined on a cash basis, including, without limiting the generality of the foregoing, parking management fees (but excluding the City Payments, the Authority Distribution, Rent, any item capitalizable under GAAP, Asset Manager Performance Fee and the Operator Performance Fee), all premiums for insurance and payments into any self-insurance reserve fund, all administrative and engineering expenses relating to maintenance, repair and operation of the Parking System, as reflected in the Annual Operating Budget, Administration Expenses, legal expenses and any other expenses as shown in the Annual Operating Budget for the Parking System.

B-17

Indebtedness, the Assumed Variable Rate or the Hedged Rate, if applicable, provided that if any or all of such Variable Rate Indebtedness then constitutes a Pledged Bond, the interest rate to be used for the aforesaid computation with respect to the principal amount of such Pledged Bond shall be 125% of the rate then applicable to the Authority's Reimbursement Obligation under the applicable Reimbursement Agreement;

(e) if any Bond proposed to be issued will be Variable Rate Indebtedness, the interest rate on such Bond shall be assumed to be the Assumed Variable Rate or the Hedged Rate, if applicable; provided that if any or all such Variable Rate Indebtedness then constitutes a Pledged Bond, the interest rate to be used for the aforesaid computation with respect to the principal amount of such Pledged Bond shall be 125% of the rate then applicable to the Authority's Reimbursement Obligation under the applicable Reimbursement Agreement;

(g) with respect to any Hedged Indebtedness, the interest on such Indebtedness will be calculated at the Hedged Rate, if any; and

(h) with respect to obligations to any Credit Facility to the extent that such Credit Facility has not been used or drawn upon, or any drawing or use has been reimbursed in full to the provider, the principal and interest relating to such Credit Facility will not be included in the Debt Service Requirement.

"**Debt Service Reserve Fund**" means the trust fund by that name created pursuant to Section 5.1(c) hereof.

"**Debt Service Reserve Fund Requirement**" means, with respect to the Series A Bonds \$12,772,088, with respect to the Series B Bonds, \$15,024,000, and with respect to the Series C Bonds, \$10,775,000. With respect to any Additional Bonds, the Debt Service Reserve Fund Requirement (if any) for such Additional Bonds shall be defined and set forth in the applicable Supplemental Indenture.

"**Debt Service Reserve Surety Bond**" means a surety bond, irrevocable letter of credit or insurance policy credited to an Account in the Debt Service Reserve Fund in lieu of or in partial substitution for moneys and securities on deposit therein.

"**Debt Service Reserve Surety Bond Provider Insurance Agreement**" means an insurance agreement between the Authority and a Debt Service Reserve Surety Bond Provider relating to a Debt Service Reserve Surety Bond.

"**Debt Service Reserve Surety Bond Provider**" means the provider of a Debt Service Reserve Surety Bond.

"**Defeasance Investments**" means (i) cash deposits (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized by any collateral satisfying the provisions of 12 C.F.R. 9.10(b)(2)); and (ii) direct obligations of (including obligations issued or held in book entry form on the books of the Department of Treasury) the United States of America, which shall be non-callable and non-prepayable.

B-19

"**Current Interest Bonds**" means Bonds on which interest is payable semi-annually on each Interest Payment Date, and with respect to the 2013 Bonds shall mean the Series A-1 Bonds, the Series B-1 Bonds and the Series C-1 Bonds.

"**Current Interest Commencement Date**" means with respect to any Additional Bonds constituting Convertible Capital Appreciation Bonds, the date set forth in the Supplemental Indenture pursuant to which such Convertible Capital Appreciation Bonds are issued, which shall be the date on which the semiannual compounding of interest ceases; after such date interest is payable currently on the Compounded Amount on the ensuing Interest Payment Dates.

"**Dated Date**" means the date of authentication of any Bonds.

"**Debt Service Requirement**" shall mean (i) the amount of principal (or Maturity Amount) and interest becoming due with respect to Bonds Outstanding in an Operating Year, calculated by the Authority, the Asset Manager or a Consultant, plus (ii) Reimbursement Obligations payable by or on behalf of the Authority in such Operating Year (but only to the extent they are not duplicative of such principal (or Maturity Amount) and interest set forth in clause (i) above), plus (iii) the excess, if any, of amounts payable by or on behalf of the Authority in such Operating Year with respect to Hedge Agreements (but only to the extent that such excess would not be recognized as a result of the application of the assumptions set forth below) over amounts payable to the Authority in such Operating Year pursuant to a Hedge Agreements. The following assumptions shall be used to determine the Debt Service Requirement due in any Operating Year:

(a) there shall be excluded from the Debt Service Requirement for all purposes hereof any amounts which are payable (other than upon acceleration) exclusively from a fund or account other than the Bond Fund or the Debt Service Reserve Fund;

(b) payments of principal (or Maturity Amount) or interest which are due on the first day of an Operating Year shall be assumed to be due on the last day of the immediately preceding Operating Year;

(c) in determining the principal amount due with respect to Bonds in each Operating Year (unless a different subsection of this definition applies for purposes of determining principal maturities or amortization) payment shall be assumed to be made in accordance with any amortization schedule established for such debt, including any scheduled redemption of Capital Appreciation Bonds or Convertible Capital Appreciation Bonds on the basis of the Compounded Amount, and for such purpose the redemption payment shall be deemed a principal payment;

(d) if any of the Outstanding Series of Bonds constitutes a Balloon Indebtedness or Balloon Indebtedness and Variable Rate Indebtedness, or if Bonds then proposed to be issued would constitute Balloon Indebtedness or Balloon Indebtedness and Variable Rate Indebtedness, then such amounts as constitute Balloon Indebtedness shall be treated as if such Bonds were to be amortized in substantially equal annual installments of principal and interest over a term equal to the number of years then remaining to the final maturity of such Bonds; the interest rate used for such computation shall be: (i) in the case of Fixed Rate Indebtedness, the interest rate of such Bonds; and (ii) in the case of Variable Rate

B-18

"**DGS Intergovernmental Agreement**" means the Intergovernmental Cooperation Agreement between the City and DGS dated as of December 1, 2013, and all modifications, amendments and supplements thereto.

"**Disqualified Contractor**" means a Person which has been suspended or debarred by the Commonwealth under its Contractor Responsibility Program, Management Directive 215.9, as amended or as replaced by a successive directive, role, regulation or statute from time to time, or has been convicted by a court of competent jurisdiction of a crime for which a term of imprisonment of one year or more could have been imposed, and any Person controlled by a Person which has been so suspended, debarred or convicted.

"**Draw Deficiency**" means the amount, if any, by which amounts on deposit in a particular Account of the Debt Service Reserve Fund is less than the Debt Service Reserve Fund Requirement for such Account as a result of a draw by the Trustee pursuant to Section 5.6 hereof. Draw Deficiency shall include sums needed to reimburse a Debt Service Reserve Surety Bond Provider the amount of any draw under a Debt Service Reserve Surety Bond.

"**DTC**" means The Depository Trust Company, New York, New York and its successors.

"**Extraordinary Services**" and "**Extraordinary Expenses**" means all services rendered and all reasonable expenses properly incurred by the Trustee or any of its agents under this Indenture other than Ordinary Services and Ordinary Expenses.

"**Financing Documents**" means, collectively, this Indenture, the Lease, the Asset Transfer Agreement, the Mortgage, the Series B Guaranty, the Series C Guaranty, the PEDFA Intergovernmental Agreement, the DGS Intergovernmental Agreement, the Parking Lease, the Asset Management Agreement, the Parking Delegation Enforcement Agreement, the Parking Enforcement Agreement, the Parking Services Agreement, any Debt Service Reserve Surety Bond Provider Insurance Agreement, the Bond Insurance Policies, and all ancillary documents executed by the Authority in connection with the Authority's financing of the Project; and each is a Financing Document.

"**Fixed Rate Indebtedness**" means indebtedness whose interest rate is fixed to its stated maturity.

"**Fund**" or "**Funds**" means the trust funds established and held by the Trustee hereunder.

"**GAAP**" means generally accepted accounting principles in effect from time to time in the United States and applicable to governmental entities or corporations, as the case may be.

"**General Account**" means the Account by that name established within the Bond Fund pursuant to Section 5.1(b) hereof.

"**Government Obligations**" means (a) direct obligations of the United States of America (or of any agency thereof) for the payment of which the full faith and credit of the United States of America is pledged or (b) obligations issued by any agency controlled or

B-20

supervised by or acting as an instrumentality of the United States of America, the payment of the principal of and interest on which is fully and unconditionally guaranteed as a full faith and credit obligation of the United States of America (including any securities described in clause (a) or (b) issued or held in book-entry form on the books of the Department of Treasury in the United States of America).

"Guaranty" means all obligations of a Person guaranteeing, or in effect guaranteeing, any Indebtedness or other obligation of any Primary Obligor in any manner, whether directly or indirectly including but not limited to obligations incurred through an agreement, contingent or otherwise, by such Person: (1) to purchase such Indebtedness or obligation or any property constituting security therefor; (2) to advance or supply funds; (i) for the purchase or payment of such Indebtedness or obligation, or (ii) to maintain working capital or other balance sheet condition; (3) to purchase securities or other property or services primarily for the purpose of assuring the owner of such Indebtedness or obligation of the ability of the Primary Obligor to make payment of the Indebtedness or obligation; or (4) otherwise to assure the owner of such obligation loss in respect thereof.

"Hedge Agreement" means an agreement entered into in order to hedge the interest payable on all or any portion of Indebtedness, which agreement may include, without limitation, an interest rate swap, a forward or futures contract or an option (e.g., a call, put, cap, floor or collar) and which arrangement does not constitute an obligation to repay money borrowed, credit extended or the equivalent thereof.

"Hedge Indebtedness" means Indebtedness, all or any portion of which the interest payable is hedged by a Hedge Agreement.

"Hedged Rate" means the rate of interest to be paid by a provider of a Hedge Agreement.

"Indebtedness" means, for any Persons, (a) indebtedness incurred or assumed by such Person for borrowed money or for the acquisition, construction or improvement of property other than goods that are acquired in the ordinary course of business of such Persons; (b) Capitalized Rentals or Capitalized Lease obligations of such Person; and (c) all Guarantees of such Person.

"Indenture" means this Trust Indenture between the Authority and the Trustee, as amended or supplemented from time to time, relating to the issuance of the 2013 Bonds, the Additional Bonds, if any, and the Authority Notes.

"Indenture Event of Default" mean any occurrence or event specified in Section 8.1 hereof.

"Independent" means any Person who is not a member of the board of directors of the Authority or any Project Participant, or an officer or employee of the Authority or any Project Participant, or who is not a Person having a partner, director, officer, member or substantial stockholder who is a member of the board of directors of the Authority or any Project Participant, or an officer or employee of the Authority or any Project Participant; provided, however, that the fact that such Person is retained regularly by or transacts business with the Authority or any Project Participant shall not prevent such Person from being Independent within

B-21

"Maximum Annual Debt Service Requirement" means as of the relevant date of any calculation thereof, the maximum Debt Service Requirement in any subsequent Operating Year on the Bonds, or the Bonds of such Series, which are expected to be Outstanding at the time of such calculation.

"Measured Capital Reserve Requirement" means, based on the capital requirements set forth in the then current Long Term Capital Plan, and as calculated in the Long Term Capital Plan, the sum of (i) 100% of the capital requirements in the next subsequent Operating Year, (ii) 80% of the capital requirements in the second subsequent Operating Year, (iii) 60% of the capital requirements in the third subsequent Operating Year, (iv) 40% of the capital requirements in the fourth subsequent Operating Year, and (v) 20% of the capital requirements in the fifth subsequent Operating Year.

"Monthly Transfer Date" means the first Business Day of each month, commencing February 3, 2014.

"Moody's" means Moody's Investors Service, Inc., its successors and assigns, and, if such entity shall for any reason no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized rating agency designated by the Authority and not unacceptable to the Trustee.

"Mortgaged Property" shall have the meaning set forth in the Mortgage.

"Mortgage" means the first priority Open-End Leasehold Mortgage, Security Agreement, Fixture Filing and Assignment of Leases and Rents dated as of December 1, 2013, between the Authority, as mortgagor and assignor, as applicable, and the Trustee, as mortgagee and assignee, as applicable for the benefit of the Owners of the Bonds and the Authority Notes.

"Offset Amount" means the amount determined as a set-off in accordance with Sections 13.3(b) of the Asset Transfer Agreement.

"Operating Account" means the account established by the Operator outside of this Indenture as provided in Section 5.4 herein.

"Operating Year" means the period beginning on January 1 of each year, commencing January 1, 2014, and ending on December 31 of such year.

"Operator" has the meaning given to such term in the recitals hereto or any successor Operator.

"Operator Performance Fee" shall mean the Operator Performance Fee (as defined in the Parking Services Agreement) plus the Operator Performance Fee (as defined in the Parking Enforcement Agreement), and the amount thereof shall be included in a certificate of an Authorized Asset Manager Representative provided to the Trustee and the Authority within thirty (30) days after each Interest Payment Date.

"Ordinary Services" and **"Ordinary Expenses"** means those services normally rendered and those reasonable expenses normally incurred by a trustee but does not mean, without limitation, Extraordinary Expenses.

B-23

the meaning of this definition. As used in this definition, the term "Project Participant" shall include successors to any Project Participant, and Affiliates of any Project Participant.

"Interest Payment Date" with respect to the 2013 Bonds that constitute Current Interest Bonds, means each January 1 and July 1, commencing July 1, 2014 and continuing until the final payment of principal of, premium, if any, and interest on such 2013 Bonds. With respect to any Additional Bonds, Interest Payment Date shall have the meaning set forth in the Supplemental Indenture pursuant to which such Additional Bonds are issued.

"Interest Period" means, for all Bonds, the period from and including each Interest Payment Date to and including the day next preceding the next Interest Payment Date. The first Interest Period for any series of Bonds shall begin on (and include) the Dated Date of such Bonds.

"Junior Bonds" shall mean the Series B Bonds, the Series C Bonds and any Additional Bonds issued as Junior Bonds pursuant to a Supplemental Indenture. Junior Bonds are subordinate in right of payment from the Trust Estate to Senior Bonds.

"Lease" means the Lease, dated as of the date hereof, between the Parking Authority, as lessor, and the Authority, as lessee, under which the Authority has acquired a leasehold interest in the Leased Premises, and all modifications, amendments, and supplements thereto.

"Leased Premises" has the meaning given to such term in the recitals hereto.

"Lien" or "Liens" means any mortgage, lease or pledge of, security interest in or lien, charge, restriction or encumbrance on any property of the Person involved.

"Long Term Capital Plan" means each ten (10) year capital plan with respect to the Parking System prepared by or on behalf of the Authority as required by the Asset Transfer Agreement.

"Mail" means mail by prepaid first-class United States postage to Owners of the Bonds and the Authority Notes.

"Mandatory Sinking Fund Redemption" with respect to the 2013 Bonds, means the redemption of 2013 Bonds pursuant to Section 3.2 hereof, and with respect to each other Series of Bonds means a mandatory sinking fund redemption, if any, as described in the Supplemental Indenture pursuant to which such Series of Bonds are issued.

"Material Adverse Effect" means a material adverse effect on (i) the ability of the Authority to pay debt service on the Bonds, or (ii) the validity, enforceability or perfection of the Trustee's lien on and security interest in the Trust Estate.

"Maturity Amount" means, as to any Convertible Capital Appreciation Bond, the Compounded Amount as of the applicable Current Interest Commencement Date, and as to any Capital Appreciation Bonds, the amount due at maturity thereof.

B-22

"Original Principal Amount" means the principal amount of any Capital Appreciation Bond or Convertible Capital Appreciation Bond as of the date of original issuance.

"Outstanding" or "Bonds Outstanding" or "Outstanding Bonds" in connection with Bonds, means, as of the time in question, all Bonds authenticated and delivered hereunder, except such thereof as:

(i) were theretofore cancelled or required to be cancelled hereunder;

(ii) with respect to which there shall have been or shall concurrently be deposited with the Trustee for the payment, redemption or purchase of which money or Government Obligations (the principal of and interest on which Government Obligations, when due, will provide sufficient money, without reinvestment, to fully pay such Bonds in accordance with the terms hereof); provided that, if such Bonds are being redeemed, the required notice of redemption shall have been given or provision satisfactory to the Trustee shall have been made therefor, and that if such Bonds are being purchased, there shall be a firm commitment for the purchase and sale thereof; and

(iii) for which other Bonds have been issued and delivered in substitution for other Bonds pursuant to the terms hereof.

"Owner," "Owners," "Owner of Bonds" or "Owners of Bonds" means the Person or Persons in whose name any Bond or Authority Note is registered on the books of the Authority maintained by the Registrar.

"Parking Enforcement Engagement Agreement" means the Parking Enforcement Engagement Agreement dated as of the date hereof between DGS and the Asset Manager with respect to the Parking System, and any replacement parking enforcement engagement agreement between DGS and any subsequent Asset Manager.

"Parking Enforcement Agreement" means the Parking Enforcement Agreement dated as of the date hereof between the Asset Manager and the Operator with respect to the Parking System, and any replacement parking enforcement agreement between any subsequent Asset Manager and/or subsequent Operator.

"Parking Lease" means the Vehicle Parking Lease dated as of December 1, 2013 between the Authority and DGS relating to the lease of certain parking spaces constituting part of the Leased Premises, and all modifications, amendments and supplements thereto.

"Parking Lease City Payments" means the amount determined as follows: the total receipts for the specified period under the Parking Lease divided by six (6).

"Parking Services Agreement" means the Parking Services Agreement dated as of the date hereof between the Asset Manager and the Operator with respect to the Parking System, and any replacement parking operations agreement between the Asset Manager and any subsequent Operator.

"Parking System" has the meaning ascribed to such term in the Asset Transfer Agreement.

B-24

"**Paying Agent**" means, initially, the Trustee, and thereafter any successor Paying Agent appointed hereunder.

"**PEDEFA Intergovernmental Agreement**" means the Intergovernmental Cooperation Agreement between the City and the Authority dated as of the date hereof, and all modifications, amendments and supplements thereto.

"**Performance Fee Payment Date**" means that day, within three (3) Business Days following receipt of the certificate to be provided to the Trustee pursuant to Section 5.14 hereof, on which the Trustee transfers funds from the Performance Fee Account to the Asset Manager and the Operator for payment of the Asset Manager Performance Fee and the Operator Performance Fee, respectively.

"**Permitted Investments**" means any of the following, to the extent permitted by Pennsylvania law:

- (a) Government Obligations;
- (b) Debt obligations (i) which are issued by any state or political subdivision thereof or any agency or instrumentality of such a state or political subdivision, and (ii) which are, or the obligor on which is, at the time of purchase, rated by a Rating Agency and, as to any such Rating Agency, in any of its three (3) highest Rating Categories;
- (c) any bond, debenture, note, participation certificate or other similar obligation which is either (i) issued by the Federal National Mortgage Association, the Federal Home Loan Bank System, the Federal Home Loan Mortgage Corporation or the Student Loan Marketing Association, or (ii) backed by the full faith and credit of the United States of America;
- (d) deposit, money market or demand accounts, certificates of deposit, whether negotiable or nonnegotiable, issued by any bank, trust company or national banking association (including the Trustee and any Affiliate of the Trustee), provided that, unless issued by a Qualified Financial Institution, such certificates of deposit must be (i) continuously and fully insured by the Federal Deposit Insurance Corporation and (ii) continuously and fully secured, to the extent not insured by the Federal Deposit Insurance Corporation, by Government Obligations having a market value (exclusive of accrued interest, other than accrued interest paid in connection with the purchase of such securities) at all times at least equal to the principal amount of such certificates of deposit (or portion thereof not insured as aforesaid), which securities shall be lodged with the Trustee, or any Federal Reserve Bank, as custodian, by the issuer of such certificates of deposit;
- (e) bonds, notes, debentures, investment agreements or other evidences of indebtedness issued or guaranteed by a corporation or other financial institution which are, or the obligor on which is, at the time of purchase, rated by a Rating Agency and, as to any such Rating Agency, in any of its two(2) highest Rating Categories;
- (f) investments in money market funds (including money market funds for which the Trustee or an Affiliate performs a service and receives a fee) which are registered under the Investment Company Act of 1940, as amended, whose shares are registered under the

B-25

"**Pledged Bonds**" means Bonds that have been tendered and are being held by, or for the benefit of, a Credit Facility Provider.

"**Primary Obligor**" means the Person who is primarily obligated on an obligation which is guaranteed by another Person.

"**Principal Payment Date**" with respect to the 2013 Bonds means January 1 of each year, commencing January 1, 2016; provided, however, with respect to the Series B-3 Bonds maturing July 1, 2053, Principal Payment Date means July 1, 2053. With respect to any Additional Bonds, Principal Payment Date shall have the meaning set forth in the applicable Supplemental Indenture.

"**Project**" has the meaning given to such term in the recitals hereto.

"**Project Costs**" means any and all costs of the Project and any Capital Addition, provided that such costs are permitted by Applicable Laws to be funded from the proceeds of the Bonds; and provided that such costs constitute capital expenditures for federal income tax purposes. To the extent permitted by such Applicable Laws, Project Costs shall include, but not be limited to, the following: (i) cost of predevelopment, development, construction and equipping of a Capital Addition, (ii) the costs of feasibility studies, development, engineering, architectural, construction management, administration, inspection and other services relating to a Capital Addition, (iii) the costs of preparation of a Capital Addition site, (iv) the costs of any bonds or insurance coverage with respect to a Capital Addition, including but not limited to the insurance deductibles of the parties, (v) the fees and expenses of the Trustee in connection with the administration of this Indenture and the preparation, issuance and delivery of the Bonds and the Authority Note, including, without limitation, initial fees and expenses of the Trustee and its counsel, (vi) the costs of issuance of the Bonds and the Authority Notes, including, without limitation, discounts, commissions, financing charges and fees and expenses of underwriters, bond counsel and other attorneys, accountants, financial advisors and consultants, the costs of any other Credit Facility, the costs of audits, the costs of any registration of the and any qualification of this Indenture under the Trust Indenture Act of 1939, and (vii) the reimbursement of monies advanced or applied by the Authority for the payment of any item of costs of the Project or any Capital Addition, including, without limitation, actual, reasonable out-of-pocket expenses to the extent related to the issuance of the Bonds and the Authority Notes, and the creation, development, implementation and administration of the Project and any Capital Addition, including legal, construction, inspection and other consultant fees.

"**Project Participants**" means, collectively, the Authority, the Parking Authority, the City, CREDC, DGS, the Asset Manager and the Operator, and "**Project Participant**" means any one of them individually.

"**Qualified Financial Institution**" means a bank, trust company, national banking association, insurance company or other financial services company whose unsecured long term debt obligations or insurance claims paying abilities (as applicable) are rated by a Rating Agency and, as to any such Rating Agency, in any of its two (2) highest Rating Categories.

"**Rate Covenant**" shall mean the covenant required to be maintained pursuant to Section 4.10 hereof.

B-27

Securities Act of 1933, as amended, and which, at the time of purchase, are rated by a Rating Agency and, as to any such Rating Agency in any of its two (2) highest Rating Categories; and

(g) repurchase agreements with respect to and secured by Government Obligations, which agreements may be entered into with any Qualified Financial Institution or with primary government securities dealers which report to, trade with and are recognized as primary dealers by a Federal Reserve Bank and are members of the Securities Investors Protection Corporation, provided the Trustee has a perfected first security interest in the collateral, that the Trustee has possession of the collateral, or an agent of the Trustee has possession of the collateral in an account for the Trustee, and that the collateral is, to the knowledge of the Trustee, free and clear of third party claims.

The value of the above investments, other than cash, shall be determined as follows:

"Value," which shall be determined as of each Valuation date, means that the value of any investments shall be calculated as follows:

1. As to investments the bid and asked prices of which are published on a regular basis in The Wall Street Journal (or, if not there, then in The New York Times): the average of the bid and asked prices for such investments so published on or most recently prior to such time of determination;
2. As to investments the bid and asked prices of which are not published on a regular basis in The Wall Street Journal or The New York Times: the average bid price at such price at such time of determination for such investments by any two nationally recognized government securities dealers (selected by the Trustee in its absolute discretion) at the time making a market in such investments or the bid price published by a nationally recognized pricing service;
3. As to certificates of deposit and bankers acceptances, the face amount thereof, plus accrued interest; and
4. As to any investment not specified above, the value thereof established by prior agreement among the Authority and the Trustee.

"**Permitted Liens**" means (i) Liens for taxes, assessments or governmental charges or levies in each case not yet due and payable, (ii) the Lien of the Mortgage, (iii) the rights of parties under the Lease, the Asset Transfer Agreement, the Asset Management Agreement, the Parking Enforcement Engagement Agreement, the Parking Enforcement Agreement, the Parking Services Agreement, the Parking Lease and this Indenture and any subleases or assignments permitted under the Lease and this Indenture and (iv) the exceptions shown on Exhibit B to the Lease.

"**Person**" means an individual, a corporation, a partnership, a limited liability company, an association, a joint stock company, a trust, any unincorporated organization, a governmental body, any other political subdivision, municipality or municipal authority or any other group or entity.

B-26

"**Rating Agency**" means Moody's or S&P.

"**Rating Category**" means, with respect to a particular investment or credit facility or to the provider thereof, any of the principal rating categories which are assigned by a Rating Agency to investments, credit facilities or providers of the type in question; provided that distinctions within any such principal rating category (including distinctions identified by numerical symbols or symbols such as "+" or "-") shall be disregarded for purposes of any specific Rating Category or minimum Rating Category required hereunder.

"**Rebate Amount**" shall have the meaning provided in Section 5.7(a) hereof.

"**Rebate Default**" shall have the meaning set forth in Section 5.7(a) hereof.

"**Rebate Fund**" means the trust fund by that name created pursuant to Section 5.1(d) hereof.

"**Record Date**" means (a) with respect to the 2013 Bonds, the fifteenth (15th) day (whether or not a Business Day) of the calendar month preceding an Interest Payment Date, and (b) with respect to any Additional Bonds, the date specified in the Supplemental Indenture pursuant to which such Series of Bonds are issued.

"**Redemption Price**" with respect to a (i) Current Interest Bond, means the principal amount of such Bond plus the applicable premium, if any, and (ii) Capital Appreciation Bond or Convertible Capital Appreciation Bond, the Compounded Amount as of the redemption date, which amount is payable upon redemption of such Bond pursuant to the terms hereof.

"**Registrar**" means the Trustee acting in such capacity as provided herein.

"**Reimbursement Agreement**" shall mean any agreement between the Authority and one or more Credit Facility Providers pursuant to which, among other things, a Credit Facility is issued with respect to Bonds of one or more Series and the Authority agrees to reimburse such provider for any drawings made thereunder. For purposes of AGM, the provisions of Section 12.1 hereof constitute a Reimbursement Agreement.

"**Reimbursement Obligation**" shall mean an obligation of the Authority pursuant to a Reimbursement Agreement to repay any amounts drawn under a Credit Facility, to pay any interest on such drawn amounts pursuant to such Reimbursement Agreement and to pay any Credit Facility fee pursuant thereto.

"**Rent**" means the sum payable by the Authority as Rent under the Lease as set forth on Schedule 2 hereto.

"**Representation Letter**" means the blanket issuer letter of representations delivered by the Authority to DTC, or any successor letter thereto.

"**Required Percentage of Credit Facility Junior Bonds**" means the parties entitled to vote 66-2/3% of the Bonds then Outstanding with respect to which the Authority has caused a Credit Facility to be provided.

B-28

"**Revenue Fund**" means the trust fund by that name created pursuant to Section 5.1(a) hereof.

"**Revenues**" means all revenues, receipts and income derived from the operation of the Parking System, including enforcement revenues, but excluding (i) parking or gross receipts taxes and other taxes collected from users and remitted to the applicable taxing authority, and (ii) the Parking Lease City Payments.

"**Securities Depository**" means initially DTC and thereafter any successor securities depository for the Bonds.

"**Senior Bonds**" shall mean the Series A Bonds and any Additional Bonds issued as Senior Bonds pursuant to a Supplemental Indenture.

"**Series**" means any series of Bonds issued under this Indenture, including the Series A Bonds, the Series B Bonds and the Series C Bonds.

"**Series A Bond Insurance Policy**" means the bond insurance policy issued by AGM guaranteeing the scheduled payment of the principal of and interest on the Series A Bonds when due.

"**Series C Bond Insurance Policy**" means the bond insurance policy issued by AGM guaranteeing the scheduled payment of the principal of and interest on the Series C Bonds when due.

"**Series A Bonds**" has the meaning set forth in the recitals hereto.

"**Series B Bonds**" has the meaning set forth in the recitals hereto.

"**Series B Guaranty**" means the Guaranty Agreement relating to the Series B Bonds dated as of the date hereof, between the County and the Trustee, and all modifications, amendments and supplements thereto.

"**Series C Bonds**" has the meaning set forth in the recitals hereto.

"**Series C Guaranty**" means the Guaranty Agreement relating to the Series C Bonds dated as of the date hereof, between the County and the Trustee, and all modifications, amendments and supplements thereto.

"**Series Issue Date**" means, with respect to the 2013 Bonds, December 23, 2013.

"**Servicing Agreement**" means the Servicing Agreement dated as of December 1, 2013 between the Authority and CREDC or another qualified designee, and all modifications, amendments and supplements thereto.

"**S&P**" means Standard & Poor's Ratings Services, its successors and assigns and, if such entity shall for any reason no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized rating agency designated in writing by the Authority and not unacceptable to the Trustee.

ARTICLE II
THE BONDS AND AUTHORITY NOTES

2.1 Authority for and Issuance of 2013 Bonds and Additional Bonds.

(a) There is hereby authorized and created under this Indenture a series of bonds in the aggregate original principal amount of \$120,928,160.55, designated "Senior Insured Parking Revenue Bonds (Capitol Region Parking System) Series A of 2013" (the "Series A Bonds"), which shall be issued in two (2) sub-series, a series of bonds in the aggregate original principal amount of \$97,172,029.25, designated "Junior Guaranteed Parking Revenue Bonds (Capitol Region Parking System) Series B of 2013" (the "Series B Bonds"), which shall be issued in three (3) sub-series and a series of bonds in the aggregate original principal amount of \$68,453,473.90, designated "Junior Insured/Guaranteed Parking Revenue Bonds (Capitol Region Parking System) Series C of 2013", which shall be issued in two (2) sub-series. No bonds may be issued under the provisions of this Agreement except in accordance with this Article.

(b) Additional Bonds may be issued as one or more series from time to time on the same priority basis with the Senior Bonds or the Junior Bonds, as the case may be, to pay Project Costs in connection with capital improvements to the Parking System and to refund all or any part of the Outstanding Bonds or Authority Notes of any one or more series. Such Additional Bonds shall be issued under a Supplemental Indenture providing for the form and terms thereof, including interest rate or rates, maturity or maturities and redemption terms. Upon the execution and delivery of such Supplemental Indenture, the Authority will execute and deliver to the Trustee, and the Trustee will authenticate such Additional Bonds and deliver them to the original purchaser or purchasers as directed in writing by the Authority.

2.2 Form, Date, Interest Rates, Maturity and Payment of Interest on 2013 Bonds.

(a) The Series A-1 Bonds shall be issuable only as fully registered bonds in any Authorized Denomination, in the form as provided in Exhibit A-1 hereto. The Series A-1 Bonds shall be lettered "A-1-1" and shall be numbered separately from 1 consecutively upward. The Series A Bonds shall be subject to redemption as provided in Article III hereof and in the form attached hereto as Exhibit A-1. The Series A-1 Bonds shall have a Series Issue Date of December 23, 2013, the date of original issuance and first authentication and delivery against payment therefor.

(b) The Series A-1 Bonds shall bear interest at the rates per annum set forth below, payable on January 1 and July 1 of each year, commencing July 1, 2014, until maturity or final payment. The Series A-1 Bonds shall mature on January 1 of the years and in the amounts set forth below:

<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Maturity Year</u>
\$ 2,320,000	5.000%	2022
2,660,000	5.000	2023
3,020,000	4.000	2024
3,375,000	4.000	2025
3,755,000	4.250	2026
18,355,000	5.000	2034

"**Special Interest Payment Date**" means, with respect to any Series of Bonds, a day, selected by the Trustee, that is not more than thirty (30) days following the date of mailing of notice of payment of overdue interest on such Series of Bonds pursuant to Section 2.2(x) hereof.

"**Special Record Date**" means, with respect to any Series of Bonds, a day, selected by the Trustee, that is at least ten (10) days following the date of mailing of notice of payment of overdue interest on such Series of Bonds pursuant to Section 2.2(x) hereof.

"**Subaccount**" means any subaccount of any Account created under this Indenture.

"**Surplus Fund**" means the trust fund by that name created pursuant to Section 5.1(a) hereof.

"**Supplemental Indenture**" means any amendment to this Indenture executed in connection with the issuance of any Series of Bonds other than the 2013 Bonds.

"**Tax Certificate**" means the Tax Certificate and Agreement executed by the Authority on the date of issuance of the 2013 Bonds.

"**Trust Estate**" shall have that meaning assigned to such term under the Granting Clauses hereunder.

"**Trustee**" means U.S. Bank National Association, or any successor Trustee appointed hereunder.

"**2013 Insured Bonds**" means the Series A Bonds and the Series C Bonds.

"**Unassigned Authority's Rights**" means all of the rights of the Authority under, and on the terms and conditions of, the Lease, the Asset Transfer Agreement, the PEDFA Intergovernmental Agreement, the Parking Lease, the Asset Management Agreement or the Servicing Agreement (a) to receive its fee and reimbursement of its costs and expenses with respect to the initial issuance and delivery of any Series of Bonds; (b) in respect of the Asset Manager's release of liability and indemnity under any of the Financing Documents; (c) to be reimbursed for attorney's fees and expenses in connection with the enforcement of the Lease, the Asset Transfer Agreement, the PEDFA Intergovernmental Agreement, the Parking Lease, the Asset Management Agreement or the Servicing Agreement; and (d) to exercise certain remedies upon the violation of any Unassigned Authority's Rights.

"**Valuation**" means the valuation of Funds and Accounts pursuant to Section 6.3 hereof.

"**Valuation Deficiency**" means the amount, if any, by which the value of the investments in the Debt Service Reserve Fund is less than the Debt Service Reserve Requirement due to the decreased value of the investments in such Fund.

"**Variable Rate Indebtedness**" means indebtedness whose interest rate may change prior to its stated maturity.

<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Maturity Year</u>
66,730,000	5.250	2044

(c) The Series A-2 Bonds shall be issuable only as fully registered bonds in any Authorized Denomination, in the form as provided in Exhibit A-2 hereto. The Series A-2 Bonds shall be lettered "A-2-1" and shall be numbered separately from 1 consecutively upward. The Series A-2 Bonds shall be subject to redemption as provided in Article III hereof and in the form attached hereto as Exhibit A-2. The Series A-2 Bonds shall have a Series Issue Date which shall be December 23, 2013, the date of original issuance and first authentication and delivery against payment therefor.

(d) Interest on the Series A-2 Bonds shall compound from the Series Issue Date on each Compounding Date as set forth in the schedule attached to the form of Series A-2 Bonds and shall be treated as accruing in equal daily amounts between Compounding Dates, until payable at maturity or earlier redemption. The Series A-2 Bonds shall mature on January 1 of the years and in the amounts set forth below:

<u>Original Principal Amount</u>	<u>Interest Rate</u>	<u>Maturity Amount</u>	<u>Maturity Year</u>
\$ 111,040.55	1.740%	\$ 115,000.00	2016
838,480.75	2.170	895,000.00	2017
1,111,784.05	2.630	1,235,000.00	2018
1,336,322.20	3.170	1,565,000.00	2019
1,510,618.20	3.800	1,895,000.00	2020
1,564,583.35	4.270	2,105,000.00	2021
1,978,166.75	5.800	4,165,000.00	2027
1,937,197.60	5.970	4,420,000.00	2028
1,902,484.80	6.090	4,685,000.00	2029
1,864,712.00	6.200	4,960,000.00	2030
1,825,930.40	6.290	5,240,000.00	2031
1,624,672.50	6.540	6,285,000.00	2035
1,577,949.80	6.590	6,580,000.00	2036
1,529,217.60	6.640	6,880,000.00	2037

(e) The Series B-1 Bonds shall be issuable only as fully registered bonds in any Authorized Denomination, in the form as provided in Exhibit A-3 hereto. The Series B-1 Bonds shall be lettered "B-1-1" and shall be numbered separately from 1 consecutively upward. The Series B-1 Bonds shall be subject to redemption as provided in Article III hereof and in the form attached hereto as Exhibit A-3. The Series B-1 Bonds shall have a Series Issue Date of December 23, 2013, the date of original issuance and first authentication and delivery against payment therefor.

(f) The Series B-1 Bonds shall bear interest at the rates per annum set forth below, payable on January 1 and July 1 of each year, commencing July 1, 2014, until maturity or final payment. The Series B-1 Bonds shall mature at the times and in the amounts set forth below:

<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
\$ 140,000.00	5.000%	January 1, 2017
315,000.00	5.000	January 1, 2018
485,000.00	5.000	January 1, 2019
680,000.00	5.000	January 1, 2020
1,175,000.00	5.000	January 1, 2021
1,410,000.00	5.000	January 1, 2022
1,655,000.00	5.000	January 1, 2023
1,925,000.00	5.000	January 1, 2024
2,220,000.00	5.500	January 1, 2025
2,550,000.00	5.500	January 1, 2026
2,900,000.00	5.500	January 1, 2027
54,645,000	6.000	July 1, 2053

(g) The Series B-2 Bonds shall be issuable only as fully registered bonds in any Authorized Denomination, in the form as provided in Exhibit A-4 hereto. The Series B-2 Bonds shall be lettered "B-2-1" and shall be numbered separately from 1 consecutively upward. The Series B-2 Bonds shall be subject to redemption as provided in Article III hereof and in the form attached hereto as Exhibit A-4. The Series B-2 Bonds shall have a Series Issue Date of December 23, 2013, the date of original issuance and first authentication and delivery against payment therefor.

(h) Interest on the Series B-2 Bonds shall compound from the Series Issue Date on each Compounding Date as set forth in the schedule attached to the form of Series B-2 Bonds and shall be treated as accruing in equal daily amounts between Compounding Dates, until payable at maturity or earlier redemption. The Series B-2 Bonds shall mature on January 1 of the years and in the amounts set forth below:

<u>Original Principal Amount</u>	<u>Interest Rate</u>	<u>Maturity Amount</u>	<u>Maturity Year</u>
\$1,532,678.40	5.500%	\$ 3,280,000.00	2028
1,528,810.90	5.600	3,505,000.00	2029
1,507,595.60	5.700	3,710,000.00	2030
1,481,172.00	5.800	3,920,000.00	2031
1,459,350.00	5.870	4,140,000.00	2032
1,436,172.30	5.930	4,365,000.00	2033
1,409,516.25	5.990	4,595,000.00	2034
1,396,828.50	6.050	4,890,000.00	2035
1,371,239.00	6.100	5,150,000.00	2036
1,235,980.90	6.150	4,985,000.00	2037
1,181,030.40	6.200	5,120,000.00	2038
1,142,698.70	6.250	5,330,000.00	2039
1,022,173.10	6.300	5,135,000.00	2040
\$ 908,878.95	6.360%	\$ 4,935,000.00	2041
812,478.65	6.390	4,735,000.00	2042
723,004.50	6.420	4,525,000.00	2043

B-33

<u>Original Principal Amount</u>	<u>Interest Rate</u>	<u>Maturity Amount</u>	<u>Maturity Year</u>
630,854.70	6.500	4,305,000.00	2044
1,566,665.55	6.600	11,745,000.00	2045
1,423,376.55	6.700	11,745,000.00	2046
1,290,775.50	6.800	11,745,000.00	2047

(i) The Series B-3 Bonds shall be issuable only as fully registered bonds in any Authorized Denomination, in the form as provided in Exhibit A-5 hereto. The Series B-3 Bonds shall be lettered "B-3-1" and shall be numbered separately from 1 consecutively upward. The Series B-3 Bonds shall be subject to redemption as provided in Article III hereof and in the form attached hereto as Exhibit A-5. The Series B-3 Bonds shall have a Series Issue Date which shall be December 23, 2013, the date of original issuance and first authentication and delivery against payment therefor.

(j) Interest on the Series B-3 Bonds shall compound from the Series Issue Date on each Compounding Date as set forth in the schedule attached to the form of Series B-3 Bonds and shall be treated as accruing in equal daily amounts between Compounding Dates, until payable at maturity or earlier redemption. The Series B-3 Bonds shall mature on January 1 as set forth below:

<u>Original Principal Amount</u>	<u>Interest Rate</u>	<u>Maturity Amount</u>	<u>Maturity Year</u>
\$2,010,748.80	7.250%	\$23,488,062.50	2049

(k) The Series C-1 Bonds shall be issuable only as fully registered bonds in any Authorized Denomination, in the form as provided in Exhibit A-6 hereto. The Series C-1 Bonds shall be lettered "C-1-1" and shall be numbered separately from 1 consecutively upward. The Series C-1 Bonds shall be subject to redemption as provided in Article III hereof and in the form attached hereto as Exhibit A-6. The Series C-1 Bonds shall have a Series Issue Date of December 23, 2013, the date of original issuance and first authentication and delivery against payment therefor.

(l) The Series C-1 Bonds shall bear interest at the rates per annum set forth below, payable on January 1 and July 1 of each year, commencing July 1, 2014, until maturity or final payment. The Series C-1 Bonds shall mature on January 1 of the years and in the amounts set forth below:

<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Maturity Year</u>
\$ 525,000.00	5.000%	2016
650,000.00	5.000	2017
805,000.00	5.000	2018
\$ 955,000.00	5.000%	2019
1,130,000.00	5.000	2020
1,515,000.00	5.000	2021
1,715,000.00	5.000	2022
1,930,000.00	5.000	2023
2,160,000.00	5.000	2024

B-34

<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Maturity Year</u>
2,410,000.00	5.500	2025
2,690,000.00	5.500	2026
2,990,000.00	5.500	2027
3,310,000.00	5.500	2028
3,655,000.00	5.500	2029
4,005,000.00	5.500	2030
4,375,000.00	5.500	2031
4,770,000.00	5.500	2032
5,195,000.00	5.500	2033

(m) The Series C-2 Bonds shall be issuable only as fully registered bonds in any Authorized Denomination, in the form as provided in Exhibit A-7 hereto. The Series C-2 Bonds shall be lettered "C-2-1" and shall be numbered separately from 1 consecutively upward. The Series C-2 Bonds shall be subject to redemption as provided in Article III hereof and in the form attached hereto as Exhibit A-7. The Series C-2 Bonds shall have a Series Issue Date of December 23, 2013, the date of original issuance and first authentication and delivery against payment therefor.

(n) Interest on the Series C-2 Bonds shall compound from the Series Issue Date on each Compounding Date as set forth in the schedule attached to the form of Series C-2 Bonds and shall be treated as accruing in equal daily amounts between Compounding Dates, until payable at maturity or earlier redemption. The Series C-2 Bonds shall mature on the dates and in the amounts set forth below:

<u>Original Principal Amount</u>	<u>Interest Rate</u>	<u>Maturity Amount</u>	<u>Maturity Year</u>
\$1,731,603.75	5.990%	\$5,645,000.00	January 1, 2034
1,672,480.75	6.050	5,855,000.00	January 1, 2035
1,609,541.70	6.100	6,045,000.00	January 1, 2036
1,469,044.50	6.150	5,925,000.00	January 1, 2037
1,389,786.75	6.200	6,025,000.00	January 1, 2038
1,322,786.30	6.250	6,170,000.00	January 1, 2039
1,201,327.10	6.300	6,035,000.00	January 1, 2040
1,084,761.30	6.360	5,890,000.00	January 1, 2041
985,784.55	6.390	5,745,000.00	January 1, 2042
893,969.10	6.420	5,595,000.00	January 1, 2043
797,177.60	6.500	5,440,000.00	January 1, 2044
1,437,277.25	6.600	10,775,000.00	January 1, 2045
\$1,305,822.25	6.700%	\$10,775,000.00	January 1, 2046
3,327,405.40	6.800	32,323,056.35	January 1, 2049
3,439,705.60	7.000	45,676,579.40	July 1, 2053

(o) The Series A-1 Bonds, the Series B-1 Bonds and the Series C-1 Bonds are Current Interest Bonds and shall bear interest from and including the Dated Date thereof until payment of the principal or Redemption Price thereof shall have been made or provided for in

B-35

accordance with the provisions hereof, whether at maturity, upon redemption or otherwise. Series A-1 Bonds, Series B-1 Bonds and Series C-1 Bonds issued prior to the first Interest Payment Date following the Series Issue Date shall have a Dated Date of December 23, 2013. Series A-1 Bonds, Series B-1 Bonds and Series C-1 Bonds issued on or subsequent to the first Interest Payment Date following the Series Issue Date shall have a Dated Date which is the same as the Interest Payment Date next preceding the date of authentication thereof, unless such date of authentication shall be an Interest Payment Date to which interest on such Series A-1 Bonds, Series B-1 Bonds and Series C-1 Bonds has been paid in full or duly provided for, in which case they shall have a Dated Date which is the same as such date of authentication.

(p) Series A-2 Bonds, Series B-2 Bonds, Series B-3 Bonds and Series C-2 Bonds are Capital Appreciation Bonds and shall accrue interest from and including the Series Issue Date until payment of the Maturity Amount or Redemption Price thereof shall have been made or provided for in accordance with the provisions hereof, whether at maturity, upon redemption or otherwise.

(q) The principal of the 2013 Bonds shall be payable in lawful money of the United States of America at the Corporate Trust Office of the Paying Agent upon presentation of the 2013 Bonds. Payment of interest on the 2013 Bonds shall be made to the Owner thereof by check or draft mailed to the Owner on the applicable Interest Payment Date at his address as it appears on the registration books maintained by the Registrar on the Record Date (or, when applicable, Special Record Date), or at such other address as is furnished by the Owner of the 2013 Bonds to the Registrar in writing on or before the Record Date for the applicable payment; provided that interest on the 2013 Bonds may, at the written request of any Owner of 2013 Bonds in an aggregate principal amount of at least \$1,000,000, be payable by wire transfer to such Owner to the bank account number of any member bank of the Federal Reserve System on file with the Registrar as of the Record Date (or, when applicable, Special Record Date) for such payment provided that such written request is submitted to the Trustee at least five (5) Business Days before each applicable Interest Payment Date.

(r) Interest on the 2013 Bonds shall be computed upon the basis of a 360-day year of twelve 30-day months.

(s) If the available funds under this Indenture are insufficient on any scheduled Interest Payment Date to pay the interest then due, such interest shall thereupon cease to be payable to the Owners of Current Interest Bonds and, if applicable, Convertible Capital Appreciation Bonds shown on the registration books maintained by the Registrar as of the Record Date. If sufficient funds for the payment of such overdue interest thereafter become available, the Trustee shall promptly establish a Special Interest Payment Date for the payment of overdue interest and a Special Record Date for determining the owners of the 2013 Bonds entitled to such payments. Notice of each date so established shall be mailed to each Owner of the 2013 Bonds at least ten (10) days prior to the Special Record Date, but not more than thirty (30) days prior to the Special Interest Payment Date.

2.3 Execution.

The Bonds shall be executed on behalf of the Authority with the manual or facsimile signature of its Chairman or its Executive Director and shall have impressed or

B-36

imprinted thereon, by facsimile or otherwise, the official seal of the Authority, and be attested with the manual or facsimile signature of its Secretary or one of its Assistant Secretaries. In case any official of the Authority whose signature or whose facsimile signature shall appear on the Bonds shall cease to be such official before the authentication of such Bonds such signature or the facsimile signature thereof shall nevertheless be valid and sufficient for all purposes the same as if such official had remained in office until authentication; and any Bond may be signed on behalf of the Authority by such Persons as are at the time of execution of such Bond proper officials of the Authority, even though at the date of authentication of such Bonds such Person was not an official.

2.4 Limited Obligations.

The Bonds are not general obligations of the Authority, but are limited obligations payable solely from Bond proceeds, the Revenues and other moneys pledged thereto and held by the Paying Agent or the Trustee hereunder which constitute the Trust Estate. Such proceeds, Revenues and other moneys are hereby pledged and assigned as security for the equal and ratable payment of the Bonds, except as otherwise provided herein, and shall be used for no other purpose than to pay the principal of, premium, if any, and interest on the Bonds, except as may be otherwise expressly authorized in this Indenture. The Bonds shall not be deemed to constitute a debt or a pledge of the faith and credit of the Commonwealth or any political subdivision thereof (except the County under the Series B Guaranty with respect to the Series B Bonds and under the Series C Guaranty with respect to the Series C Bonds); and neither the Commonwealth nor any political subdivision thereof (except the County under the Series B Guaranty with respect to the Series B Bonds and under the Series C Guaranty with respect to the Series C Bonds), shall be liable or obligated to pay principal of, premium, if any, or interest on the Bonds or any other costs incident thereto; the Authority shall not be liable or obligated to pay principal of, premium if any, or interest on the Bonds or any other costs incident thereto, except from Bond proceeds, the Revenues and other moneys pledged therefor; and neither the faith and credit nor the taxing power of the Commonwealth or any political subdivision thereof (except the County under the Series B Guaranty with respect to the Series B Bonds and under the Series C Guaranty with respect to the Series C Bonds) is pledged to the payment of the principal of the Bonds or the interest thereon or other costs incident thereto. The Authority has no taxing power.

Notwithstanding any other provision of this Indenture, no Owner shall look to the Authority for damages suffered by such Owner as a result of the failure of the Authority to perform any covenant, undertaking or obligation under this Indenture, the Lease, the Asset Transfer Agreement, the PEDFA Intergovernmental Agreement, the Mortgage, the Servicing Agreement, the Assignment, the Bonds or any of the other documents executed in connection with the issuance of the Bonds or the financing of the Project therewith. Neither the members, officers or employees of the Authority nor any Persons executing the Bonds shall be liable personally on the Bonds by reason of such execution.

2.5 Authentication.

No Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this Indenture unless and until a certificate of authentication on such Bond or, in the case of the 2013 Bonds in substantially the form set forth in the forms attached hereto as [Exhibit A-1](#), [Exhibit A-2](#), [Exhibit A-3](#), [Exhibit A-4](#), [Exhibit A-5](#), [Exhibit A-6](#), or [Exhibit A-7](#), as

B-37

(c) The Authority and the Trustee may treat DTC (or its nominee) as the sole and exclusive Owner of the 2013 Bonds registered in its name for the purposes of payment of the principal or Redemption Price of or interest on the 2013 Bonds, selecting the 2013 Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Owners under this Indenture, registering the transfer of 2013 Bonds, obtaining any consent or other action to be taken by Owners and for all other purposes whatsoever; and neither the Authority nor the Trustee shall be affected by any notice to the contrary. Neither the Authority nor the Trustee shall have any responsibility or obligation to any participant in DTC, any Person claiming a beneficial ownership interest in the 2013 Bonds under or through DTC or any such participant, or any other Person which is not shown on the Register as being an Owner, with respect to: (1) the 2013 Bonds; (2) the accuracy of any records maintained by DTC or any such participant; (3) the payment by DTC or any such participant of any amount in respect of the principal or Redemption Price of or interest on the 2013 Bonds; (4) any notice which is permitted or required to be given to Owners under this Indenture; (5) the selection by DTC or any such participant of any Person to receive payment in the event of a partial redemption of the 2013 Bonds; and (6) any consent given or other action taken by DTC as Owner.

(d) So long as any 2013 Bonds are registered in the name of DTC or any nominee thereof, all notices required or permitted to be given to the Owners of such 2013 Bonds under the Indenture shall be given to DTC as provided in the Representation Letter.

(e) In connection with any notice or other communication to be provided to Owners pursuant to this Indenture by the Authority or the Trustee with respect to any consent or other action to be taken by the Owners, DTC shall consider the date of receipt of notice requesting such consent or other action as the record date for such consent or other action, provided that, the Authority or the Trustee may establish a Special Record Date for such consent or other action. The Authority or the Trustee shall give DTC notice of such Special Record Date not less than fifteen (15) calendar days in advance of such Special Record Date to the extent possible.

(f) The Authority has previously executed and delivered the Representation Letter to DTC. Any successor Trustee shall, in its written acceptance of its duties under this Indenture, agree to take any actions necessary from time to time to comply with the requirements of the Representation Letter.

(g) The book-entry system for registration of the ownership of the 2013 Bonds may be discontinued at any time if either (i) after written notice to the Authority and the Trustee, DTC determines to resign as securities depository for the 2013 Bonds, or (ii) after written notice to DTC and the Trustee, the Authority determines that continuation of the system of book-entry transfers through DTC (or through a successor securities depository) is not in the best interests of the Authority. In either of such events (unless in the case described in clause (ii) above, the Authority appoints a successor securities depository and DTC surrenders the 2013 Bonds held in the name of its nominee), the 2013 Bonds shall be delivered in registered certificate form to such Persons, and in such maturities and principal amounts, as may be designated by DTC, in writing, which designation shall include the address of the record holder and tax identification number of the new Owner, but without any liability on the part of the Authority or the Trustee for the accuracy of such designation. Whenever DTC requests the Authority and the Trustee to do so, the Authority and the Trustee shall cooperate with DTC in

B-39

applicable, shall have been duly executed by the Authenticating Agent and such executed certificate of the Authenticating Agent upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Indenture. The Authenticating Agent's certificate of authentication on any Bond shall be deemed to have been executed by it if signed by an authorized officer or signatory of the Authenticating Agent, but it shall not be necessary that the same officer or signatory sign the certificate of authentication on all of the Bonds issued hereunder.

The Trustee shall act as Authenticating Agent hereunder. The authentication and delivery of Bonds by the Authenticating Agent pursuant to this Section shall, for all purposes of this Indenture, be deemed to be the authentication and delivery by the Trustee. The Authenticating Agent shall be entitled to reasonable compensation and reimbursement for its reasonable expenses, and shall be entitled to the same protections afforded the Trustee by virtue of Article IX of this Indenture.

2.6 Book-Entry System.

(a) Notwithstanding the foregoing provisions of this Article, each Series of the 2013 Bonds shall be initially issued in the form of one fully-registered bond for the aggregate principal amount of the 2013 Bonds of each maturity of each such Series or sub-series, registered in the name of Cede & Co., as nominee of DTC, and shall be held by the Trustee on behalf of DTC pursuant to DTC's Fast Automated Transfer (FAST) Program. Except as provided in subsection (g) below, all of the 2013 Bonds shall be registered in the Register in the name of Cede & Co., as nominee of DTC; provided that, if DTC shall request in writing that the 2013 Bonds be registered in the name of a different nominee, the Trustee shall exchange all or any portion of the 2013 Bonds for an equal aggregate principal amount of 2013 Bonds registered in the name of such nominee or nominees of DTC. No Person other than DTC or its nominee shall be entitled to receive from the Authority or the Trustee either a Bond or any other evidence of ownership of the 2013 Bonds, or any right to receive any payment in respect thereof, unless DTC or its nominee shall transfer record ownership of all or any portion of the 2013 Bonds on the Register in connection with discontinuing the book-entry system as provided in subsection (g) below or otherwise.

(b) So long as any 2013 Bonds are registered in the name of DTC or any nominee thereof, all payments of the principal or Redemption Price of or interest on such 2013 Bonds shall be made to DTC or its nominee in accordance with the Representation Letter on the dates provided for such payments under this Indenture. Each such payment to DTC or its nominee shall be valid and effective to fully discharge all liability of the Authority and the Trustee with respect to the principal or Redemption Price of or interest on the 2013 Bonds to the extent of the sum or sums so paid. In the event of the redemption of less than all of the 2013 Bonds outstanding of any maturity of a Series or sub-series, the Trustee shall not require surrender by DTC or its nominee of the 2013 Bonds so redeemed, but DTC (or its nominee) may retain such 2013 Bonds and make an appropriate notation on the Bond certificate as to the amount of such partial redemption; provided that, DTC shall deliver to the Trustee, upon request, a written confirmation of such partial redemption and thereafter the records maintained by the Trustee shall be conclusive as to the amount of the 2013 Bonds of such Series or sub-series and maturity which have been redeemed.

B-38

taking appropriate action after reasonable notice to arrange for another securities depository to maintain custody of certificates evidencing the 2013 Bonds.

2.7 Mutilated, Lost, Stolen or Destroyed Bond and Authority Notes.

(a) In the event any Bond or Authority Note is mutilated, lost, stolen or destroyed, the Authority may execute and the Authenticating Agent may authenticate and deliver a new Bond of the same Series and sub-series or a new Authority Note, and in either case of like date, maturity and denomination as that of the Bond or Authority Note mutilated, lost, stolen or destroyed; provided that, in the case of any mutilated Bond or Authority Note, such mutilated Bond or Authority Note shall first be surrendered to the Authenticating Agent, and, in the case of any lost, stolen or destroyed Bond or Authority Note, there shall be first furnished to the Authority and the Authenticating Agent evidence of such loss, theft or destruction satisfactory to the Authority and the Authenticating Agent, together with an indemnity satisfactory to them. In the event any such Bond or Authority Note shall be about to mature or have matured or be called for redemption, instead of issuing a duplicate Bond or Authority Note, the Authority may direct the Paying Agent in writing to pay the same without surrender thereof and the Authority and the Authenticating Agent may charge the owner of such Bond or Authority Note their reasonable fees and expenses.

(b) All duplicate Bonds and Authority Notes issued and authenticated pursuant to this Section 2.7 shall constitute original, contractual obligations of the Authority (whether or not, in the case of paragraph above, lost or stolen Bonds or Authority Notes are at any time found by anyone) and shall be entitled to equal and proportionate rights and benefits hereunder as all other Outstanding Bonds and Authority Notes issued hereunder.

2.8 Registration and Exchange of Bonds; Persons Treated as Owners.

The Authority shall cause books for the registration and for the transfer of the Bonds as provided in this Indenture to be kept by the Trustee, which is constituted and appointed the Registrar of the Authority, pursuant to Section 9.21 hereof. At reasonable times upon prior written notice and under reasonable regulations established by the Trustee, such list may be inspected and copied by the Authority, the Trustee, or by Owners (or a designated representative thereof) of 15% or more in aggregate principal amount of Bonds then Outstanding.

Upon surrender for transfer of any Bond at its Corporate Trust Office, the Registrar shall deliver in the name of the transferee or transferees a new authenticated Bond or Bonds of the same Series or sub-series, in Authorized Denominations of the same maturity for the aggregate principal amount which the Owner is entitled to receive.

All Bonds presented for transfer or redemption (in case such Bonds are subject to purchase in lieu of such redemption) shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in form and with guaranty of signature set forth in the form of Bond or as may be satisfactory to the Authority, the Trustee, the Registrar and the Paying Agent, duly executed by the Owner or by his duly authorized attorney. The Trustee also may require payment from the Owner of any such Bond of a sum sufficient to cover any tax, or other governmental fee or charge that may be imposed in relation thereto. Such taxes, fees and charges shall be paid before any such new Bond shall be delivered.

B-40

The Authority and the Trustee shall not be required (a) to register the transfer of any Bonds during a period beginning on the Record Date (or, if applicable, Special Record Date) and ending at the close of business on the Business Day next preceding any Bond Payment Date, or (b) to transfer any Bonds selected, called or being called for redemption in whole or in part.

Bonds delivered upon any transfer as provided herein, or as provided in Section 2.7 hereof, shall be valid limited obligations of the Authority, evidencing the same debt as the Bonds surrendered, shall be secured by this Indenture and shall be entitled to all of the security and benefits hereof to the same extent as the Bonds surrendered.

The Authority, the Authenticating Agent, the Registrar, the Paying Agent and the Trustee may treat the Person in whose name a Bond is registered on the books of the Authority maintained by the Registrar as the absolute owner thereof for all purposes, whether or not such Bond shall be overdue, and shall not be bound by any notice to the contrary.

2.9 Destruction of Bonds.

Wherever any Outstanding Bond shall be delivered to the Trustee for cancellation pursuant to this Indenture upon payment of the principal amount, premium, if any, and interest represented thereby or for replacement pursuant to Section 2.7 hereof or transfer pursuant to Section 2.8 hereof, such Bond shall be canceled and destroyed by the Trustee and counterparts of a certificate of destruction evidencing such destruction shall be furnished by the Trustee to the Paying Agent and the Authority.

2.10 Other Obligations.

The Authority expressly reserves the right to issue, to the extent permissible under applicable law, obligations under another indenture or other indentures to provide additional funds to acquire, construct and equip the Parking System, or to refund all or any principal amount of the Bonds, or any combination of the foregoing.

2.11 Reserved.

2.12 CUSIP Numbers.

The Authority, solely for the convenience of the Owners of the 2013 Bonds, has caused CUSIP (Committee on Uniform Security Identification Procedures) numbers to be printed on such 2013 Bonds. No representation is made as to the correctness or accuracy of such numbers, either as printed on such 2013 Bonds or as contained in any notice of redemption, and neither the Authority nor the Trustee shall have any liability of any sort with respect thereto. Reliance with respect to any redemption notices with respect to any Bond may be placed only on the identification number printed thereon.

2.13 Authority Notes.

(a) There is hereby authorized and created under this Indenture four (4) promissory notes in the aggregate principal amount of \$197,100,000 designated "Pennsylvania Economic

neither the faith and credit nor the taxing power of the Commonwealth or any political subdivision thereof is pledged to the payment of the principal of the Authority Notes or other costs incident thereto. The Authority has no taxing power.

Notwithstanding any other provision of this Indenture, no owner of a Authority Note shall look to the Authority for damages suffered by such owner as a result of the failure of the Authority to perform any covenant, undertaking or obligation under this Indenture, the Lease, the Asset Transfer Agreement, the PEDFA Intergovernmental Agreement, the Mortgage, the Servicing Agreement, the Assignment, the Authority Notes or any of the other documents executed in connection with the issuance of the Authority Notes or the financing of the Project therewith. Neither the members, officers or employees of the Authority nor any Persons executing the Authority Notes shall be liable personally on the Authority Notes by reason of such execution.

(f) The Authority Notes shall not be valid or obligatory for any purpose or be entitled to any security or benefit under this Indenture unless and until a certificate of authentication on such Authority Note, in substantially the form set forth on Exhibit A-8 hereto, shall have been executed by the Authenticating Agent and such executed certificate of the Authenticating Agent shall be conclusive evidence that such Authority Note has been authenticated and delivered under this Indenture. The Trustee shall act as Authenticating Agent for the Authority Notes. The Authority shall cause the Trustee to keep books for the registration and transfer of the Authority Notes, as Registrar.

(g) The Authority, the Authenticating Agent, the Registrar, the Paying Agent and the Trustee may treat the Person in whose name a Authority Note is registered on the books of the Authority maintained by the Registrar as the absolute owner thereof for all purposes, whether or not such Authority Note shall be overdue, and shall not be bound by any notice to the contrary.

(h) Wherever any Outstanding Authority Note shall be delivered to the Trustee for cancellation pursuant to this Indenture upon payment of the principal amount such Authority Note shall be canceled and destroyed by the Trustee and counterparts of a certificate of destruction evidencing such destruction shall be furnished by the Trustee to the Paying Agent and the Authority.

**ARTICLE III.
REDEMPTION OF 2013 BONDS**

3.1 Optional Redemption.

(a) The Series A-1 Bonds maturing on or after January 1, 2025 are subject to redemption prior to maturity at the option of the Authority, at any time on or after January 1, 2024, as a whole or in part by lot at a Redemption Price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date.

(b) The Series B-1 Bonds maturing on or after January 1, 2025 are subject to redemption prior to maturity at the option of the Authority, at any time on or after January 1, 2024, as a whole or in part by lot at a Redemption Price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date.

Development Financing Authority Subordinate Parking Revenue Notes, Series P of 2013". The Authority Notes are expressly limited to \$197,100,000, as set forth in the preceding sentence.

(b) The Authority Notes shall be issued as four (4) notes: Authority Note 1 in the principal amount of \$20,000,000, Authority Note 2 in the principal amount of \$77,000,000, Authority Note 3 in the principal amount of \$100,000,000 and Authority Note 4 in the principal amount of \$100,000. The Authority Notes shall be lettered P-1 and shall be numbered separately from 1 consecutively upward. The Authority Notes shall be subject to prepayment as and to the extent provided in the forms thereof attached hereto as Exhibit A-8. The Authority Notes shall be dated December 23, 2013. The Authority Notes shall mature on December 31, 2053; provided, however, if the termination date of the Lease and the Asset Transfer Agreement are extended pursuant to the terms thereof, the maturity date of the Authority Notes shall automatically be extended to a date no later than the earlier of (i) the termination date of the Lease and (ii) the termination date of the Asset Transfer Agreement. If the maturity date of the Authority Notes is extended, the Authority shall cause to be prepared and deliver to the Trustee replacement Authority Notes reflecting the change in maturity date, and the Trustee shall authenticate such replacement Authority Notes upon delivery of the existing Authority Notes for cancellation; provided, however, the Trustee shall authenticate and deliver replacement Authority Notes only upon delivery of the existing Authority Notes.

(c) The principal of the Authority Notes shall be payable in lawful money of the United States of America. Principal payments from time to time shall be paid to the Owners of the Authority Notes as provided in the Authority Notes; provided, however, upon payment in full, whether at final maturity or earlier redemption, the Authority Notes shall be presented for payment and cancellation at the Corporate Trust Office of the Paying Agent.

(d) The Authority Notes shall be executed on behalf of the Authority with the manual or facsimile signature of its Chairman or its Executive Director and shall have impressed or imprinted thereon, by facsimile or otherwise, the official seal of the Authority, and be attested with the manual or facsimile signature of its Secretary or one of its Assistant Secretaries. In case any official of the Authority whose signature or whose facsimile signature shall appear on the Authority Notes shall cease to be such official before the authentication of such Authority Notes such signature or the facsimile signature thereof shall nevertheless be valid and sufficient for all purposes the same as if such official had remained in office until authentication; and any Authority Note may be signed on behalf of the Authority by such Persons as are at the time of execution of such Authority Note proper officials of the Authority, even though at the date of authentication of such Authority Note such Person was not an official.

(e) The Authority Notes are not general obligations of the Authority, but are limited obligations payable solely from amounts in the Surplus Fund and, upon payment in full of the Senior Bonds and the Junior Bonds, from the Revenues and other moneys pledged thereto and held by the Paying Agent or the Trustee hereunder which constitute the Trust Estate. The Authority Notes shall not be deemed to constitute a debt or a pledge of the faith and credit of the Commonwealth or any political subdivision thereof; and neither the Commonwealth nor any political subdivision thereof, shall be liable or obligated to pay principal of the Authority Notes or any other costs incident thereto; the Authority shall not be liable to pay principal of the Authority Notes or any other costs incident thereto, except from the Surplus Fund, the Revenues and other moneys pledged therefor, subject to the priorities and other provisions hereof; and

(c) The Series B-3 Bonds are subject to redemption prior to maturity at the option of the Authority, at any time on or after January 1, 2029, as a whole or in part by lot at a Redemption Price equal to 100% of the Compounded Amount thereof, plus accrued interest, if any, to the redemption date.

(d) The Series C-1 Bonds maturing on or after January 1, 2025 are subject to redemption prior to maturity at the option of the Authority, at any time on or after January 1, 2024, as a whole or in part by lot at a Redemption Price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date.

3.2 Mandatory Sinking Fund Redemption.

(a) The Series A-1 Bonds maturing January 1, 2034 and January 1, 2044 are subject to mandatory sinking fund redemption on January 1 in the years and the principal amounts set forth below, at a Redemption Price equal to one hundred percent (100%) of the principal amount to be redeemed:

Series A-1 Bonds-Term Bonds due January 1, 2034

<u>Year</u>	<u>Principal Amount</u>
2032	\$5,530,000
2033	6,105,000
2034*	6,720,000

*Stated maturity

Series A-1 Bonds-Term Bonds due January 1, 2044

<u>Year</u>	<u>Principal Amount</u>
2038	\$7,190,000
2039	7,890,000
2040	8,635,000
2041	9,430,000
2042	10,275,000
2043	11,175,000
2044	12,135,000

*Stated maturity

(b) The Series B-1 Bonds maturing July 1, 2053 are subject to mandatory sinking fund redemption on the dates and the principal amounts set forth below, at a Redemption Price equal to one hundred percent (100%) of the principal amount to be redeemed:

Series B-1 Bonds-Term Bonds due January 1, 2049

<u>Year</u>	<u>Principal Amount</u>
January 1, 2050	\$11,745,000
January 1, 2051	12,450,000
January 1, 2052	13,195,000
January 1, 2053	13,985,000
July 1, 2053*	3,270,000

*Stated maturity

(c) The Series B-3 Bonds maturing on January 1, 2049 shall be subject to mandatory sinking fund redemption by the Authority in part on January 1 of the respective years and in the Compounded Amounts set forth in the table below (with corresponding Original Principal Amounts), at a Redemption Price equal to 100% of the Compounded Amount thereof:

<u>Year</u>	<u>Original Principal Amount</u>	<u>Compounded Amount at Maturity Redemption Date</u>
2048	\$1,041,081.60	\$11,743,062.50
2049*	969,667.20	11,745,000.00

*Final Maturity

(d) Reserved.

(e) The Series C-2 Bonds maturing on January 1, 2049 and July 1, 2053 shall be subject to mandatory sinking fund redemption prior to maturity by the Authority in part on the dates and in the Compounded Amounts set forth in the table below (with corresponding initial principal amounts), at a Redemption Price equal to 100% of the Compounded Amount thereof:

Series C-2 Bonds maturing January 1, 2049

<u>Year</u>	<u>Original Principal Amount</u>	<u>Compounded Amount at Maturity Redemption Date</u>
January 1, 2047	\$1,183,964.10	\$10,773,285.15
January 1, 2048	1,107,532.80	10,774,771.20
January 1, 2049*	1,035,908.50	10,775,000.00

*Final Maturity

Series C-2 Bonds maturing July 1, 2053

<u>Year</u>	<u>Original Principal Amount</u>	<u>Compounded Amount at Maturity Redemption Date</u>
January 1, 2050	\$903,433.60	\$10,771,992.95
January 1, 2051	843,446.40	10,773,006.15
January 1, 2052	787,414.40	10,773,673.30
January 1, 2053	735,008.00	10,772,907.00
July 1, 2053*	170,403.20	2,585,000.00

*Final Maturity

(f) Any optional redemption of any Series of Bonds shall reduce the mandatory sinking fund redemption requirement for the such Series of Bonds remaining as of the date of such optional redemption in such order of the scheduled mandatory sinking fund redemptions of Bonds of such Series as the Authority shall direct the Trustee in writing, in an amount equal to the principal amount or Compounded Amount, as applicable, of Bonds of such Series and sub-series redeemed pursuant to such optional redemption.

(g) The Authority shall receive a credit in respect of the mandatory sinking fund redemption for any Bonds of a Series or sub-series which have been delivered to the Trustee on or before the 45th day next preceding any mandatory sinking fund redemption date for the Bonds of such Series or sub-series, and cancelled by the Trustee and not thereafter applied as a credit against any mandatory sinking fund redemption of Bonds of such Series or sub-series. Each Bond so delivered shall be credited by the Trustee at 100% of the principal amount or Compounded Amount, as applicable, thereof against the obligation of the Authority on such mandatory sinking fund redemption date for such Series or sub-series of Bonds and any excess over such amount shall be credited against future mandatory sinking fund redemptions in chronological order, and the principal amount or Compounded Amount, as applicable, of Bonds of such Series or sub-series to be redeemed by application of mandatory sinking fund redemption payments shall be accordingly reduced.

(h) In addition, the Authority may direct the Trustee in writing to purchase, not less than 45 days prior to a mandatory sinking fund redemption date for Bonds of a Series or sub-series, from amounts on deposit in the Bond Fund, Bonds of such Series or sub-series, provided that the purchase price of such Bonds, shall not exceed 100% of the principal amount or Compounded Amount, as applicable, thereof plus accrued interest to the date of purchase. Bonds so purchased shall be cancelled by the Trustee and credited against the next mandatory sinking fund redemption of such Series or sub-series of Bonds, which shall be reduced by such principal amount or Compounded Amount, as applicable, as set forth above. In connection with purchases of Bonds out of the Bond Fund as described above, the Trustee shall arrange for such purchases in such manner (through brokers or otherwise, and with or without receiving tenders) as it shall in its discretion determine after notice to and upon the advice of the Authority. The payment of the purchase price shall be made out of the moneys deposited in the Bond Fund.

3.3 Sinking Fund Account Redemption.

(a) The Trustee shall, on January 1 and July 1 of each year, commencing January 1, 2024, without further direction from the Authority, take all steps necessary in order to select in inverse order of maturity and by lot within a maturity, call for redemption and apply funds on deposit in the Sinking Fund Account, to the extent available, to redeem the Series B-1 Bonds maturing on July 1, 2053 (the "Series B-1 Term Bonds") and the Series B-3 Bonds at a Redemption Price of 100% of the Compounded Amount thereof; provided that, in lieu of redemption as aforesaid, the Trustee shall, at the direction of the Authority, apply moneys from time to time available in the Sinking Fund Account to purchase Series B-1 Term Bonds or Series B-3 Bonds at prices not higher than the aforesaid Redemption Price, but only to the extent that firm purchase commitments are received before the notice of redemption would otherwise be required to be given. Upon making any such purchase of Series B-1 Term Bonds or Series B-3 Bonds, the amount in the Sinking Fund Account otherwise required to be applied to the mandatory redemption of Series B-1 Term Bonds or Series B-3 Bonds, as applicable, shall be reduced by the par amount of the Series B-1 Term Bonds or the Compounded Amount of the Series B-3 Bonds so purchased. In the case of purchases at less than the aforesaid Redemption Price, the difference between the amount in the Sinking Fund Account representing the par amount of Series B-1 Bonds or the Compounded Amount of the Series B-3 Bonds, as applicable, purchased and the purchase price shall be transferred to the Bond Fund.

(b) Whenever Series B-1 Term Bonds or Series B-3 Bonds are to be purchased out of the Sinking Fund Account, if the Authority shall notify the Trustee in writing that the Authority wishes to arrange for such purchase, the Trustee shall comply with the Authority's directions provided they conform to this Indenture.

(c) In lieu of paying the Debt Service Requirements necessary to allow any such mandatory redemption, the Authority may present to the Trustee, prior to the mailing of any required redemption notice, Series B-1 Term Bonds or Series B-3 Bonds from the Sinking Fund Account, which have been purchased by the Authority. In such event, the Debt Service Requirements on the Series B-1 Term Bonds or the Series B-3 Bonds for the period in which the purchased Series B-1 Term Bonds or the Series B-3 Bonds are presented to the Trustee shall, for all purposes hereunder, be reduced by an amount equal to the par amount of any such Series B-1 Term Bonds or the aggregate Compounded Amount of any such Series B-3 Bonds, as applicable, so presented.

3.4 Selection of Bonds To Be Redeemed.

A redemption of Bonds either shall be a redemption of the whole of a Series or sub-series, or shall be a redemption of part of a Series or sub-series in Authorized Denominations, but in either event shall be solely from funds available for that purpose in accordance with the provisions of this Indenture. If less than all of a Series or sub-series of Bonds shall be called for redemption under any provision of this Indenture permitting such partial redemption, the Bonds in such Series or sub-series shall be redeemed from the maturities and in the principal amounts or Compounded Amount, as applicable, designated in writing to the Trustee by the Authority, and within each maturity by lot. Subject to Section 2.6 hereof, in the case of a partial redemption, new Bonds representing the unredeemed balance of the principal amount or Compounded Amount, as applicable, of such Series or sub-series shall be issued to the Owner thereof, without charge therefor. If the Owner of any Bond or portion thereof in an Authorized Denomination selected for redemption shall fail to present such Bond to the Paying Agent for payment and exchange as aforesaid, such Bond shall, nevertheless, become due and payable on the date fixed for redemption to the extent of the principal amount or Compounded Amount, as applicable, called for redemption (and to that extent only).

3.5 Notice of Redemption.

(a) In the event any Bonds are called for redemption the Trustee shall give notice, in the name of the Authority, of the redemption of such Bonds, which notice shall (i) specify the Bonds to be redeemed, including without limitation, the Series or sub-series, the CUSIP numbers thereof, the redemption date, the Redemption Price and the place or places where amounts due upon such redemption will be payable (which shall be the Corporate Trust Office of the Paying Agent) and, if less than all of the Bonds of a Series or sub-series are to be redeemed, the numbers of the Bonds, and the portions of the Bonds, so to be redeemed, (ii) state any condition to such redemption and (iii) state that from and after the redemption date and upon the satisfaction of any such condition, the Bonds to be redeemed shall cease to bear interest. Such notice may set forth any additional information relating to such redemption. Such notice shall be given by Mail at least twenty (20) days prior to the date fixed for redemption. If a notice of redemption shall be unconditional, or if the conditions of a conditional notice of redemption shall have been satisfied, then upon presentation and surrender of Bonds so called for redemption at the place or places of payment, such Bonds shall be redeemed.

(b) With respect to any notice of redemption of Bonds in accordance with the provisions hereof, unless, upon the giving of such notice, such Bonds shall be deemed to have been paid within the meaning of Article VII hereof, such notice may state that such redemption shall be conditional upon the receipt by the Paying Agent, at the opening of business on or prior to the date fixed for such redemption, of available moneys sufficient pursuant to the terms hereof to pay the principal or Compounded Amount, as applicable, of, premium, if any, and interest on, such Bonds to be redeemed, and that if such moneys shall not have been so received said notice shall be of no force and effect and the Authority shall not be required to redeem such Bonds. In the event that such notice of redemption contains such a condition and such moneys are not so received, the redemption shall not be made and the Trustee shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received.

(c) Any Bonds which have been duly selected for redemption and which are deemed to be paid in accordance with Article VII hereof shall cease to bear interest from and after the specified date fixed for redemption.

(d) The notice provided in (a) above shall also be sent at the same time to two or more national information services that disseminate notices of redemption of obligations such as the Bonds; provided, however, failure to give all or any portion of such notice shall not in any manner defeat the effectiveness of a call for redemption if notice thereof is given to the Owners of the Bonds to be redeemed as prescribed in paragraph (a) above

3.6 No Partial Redemption After Certain Indenture Events of Default.

Anything in this Indenture to the contrary notwithstanding, for so long as there shall have occurred and be continuing an Indenture Event of Default under Section 8.1(a) or (b) hereof, there shall be no redemption of less than all of the Bonds at the time Outstanding including no optional or mandatory sinking fund redemptions, or redemptions pursuant to Section 3.3 hereof.

3.7 Payment of Redemption Price.

Except as provided in Section 3.3 hereof, for the redemption of any of the Bonds, the Authority shall cause to be deposited in the Redemption Account of the Bond Fund for such Series of Bonds, solely out of the Revenues and any other moneys constituting part of the Trust Estate, an amount of moneys sufficient to pay the principal of, premium, if any, and interest to become due on the date fixed for such redemption. The obligation of the Authority to cause any such deposit to be made hereunder shall be reduced by the amount of moneys in the Bond Fund available for and used on such redemption date for payment of the principal of, premium, if any, and accrued interest on the Bonds to be redeemed within the meaning of Article VII hereof.

3.8 Redemption Provisions Additional Bonds.

Any Additional Bonds will be subject to such redemption provisions as shall be specified in the Supplemental Indenture pursuant to which such Series of Bonds are issued.

ARTICLE IV. GENERAL COVENANTS AND REPRESENTATIONS

4.1 Payment of Principal, Premium, If Any, and Interest; No General Obligations.

(a) The Authority covenants that it will promptly pay the principal of, premium, if any, and interest on, every Bond issued under this Indenture and the Authority Notes at the place, on the dates and in the manner provided herein and in the Bonds and the Authority Notes, as applicable, provided that the principal or Compounded Amount, as applicable, premium, if any, and interest are payable by the Authority solely from the Trust Estate, and nothing in the Bonds, the Authority Notes or this Indenture shall be considered as assigning or pledging any other funds or assets of the Authority other than the Trust Estate.

B-49

general credit, the full faith, or the taxing power of the Commonwealth or any political subdivision thereof, except the County, as provided in the Series B Guaranty and the Series C Guaranty. The Authority has no taxing power.

4.4 Rights Under Agreements.

The Asset Transfer Agreement, the Lease, the Parking Lease, the PEDFA Intergovernmental Agreement, the Asset Management Agreement, the Parking Enforcement Agreement, the Parking Services Agreement and the DGS Intergovernmental Agreement, duly executed counterparts of which have been filed with the Trustee and the Paying Agent, set forth the covenants and obligations of the parties thereto. Reference is hereby made to such documents for a detailed statement of such covenants and obligations of the parties thereto, and the Authority agrees that the Trustee may, and subject to Section 9.6 hereof shall, in its name or (to the extent required by law) in the name of the Authority, enforce all rights of the Authority (except Unassigned Authority's Rights) against the City, the Parking Authority, DGS, the Asset Manager, the Operator and CREDC under and pursuant to such documents for and on behalf of the Owners of Bonds and the Authority Notes, whether or not the Authority is in default hereunder. The Authority shall cooperate with the Trustee and the Credit Facility Providers in enforcing the respective covenants and obligations of the City, Parking Authority, DGS, the Asset Manager and CREDC as set forth in such documents.

4.5 Arbitrage and Tax Covenants.

The Authority shall not use or authorize the use of any proceeds of Bonds or any other funds of the Authority constituting part of the Trust Estate, directly or indirectly, to acquire any securities or obligations, and shall not use or authorize the use of any Revenues in any manner, and shall not take or authorize to be taken any other action or actions, which would cause any Bond to be an "arbitrage bond" within the meaning of Section 148 of the Code, or which would adversely affect the exemption from federal income taxation of interest on the 2013 Bonds and any Additional Bonds. The Authority covenants that the Asset Management Agreement will at all times require the Asset Manager to do and to perform and to cause the Operator to do and perform all acts and things permitted by law and necessary or desirable in order to assure that interest paid by the Authority on the 2013 Bonds and any Additional Bonds shall be exempt from federal income taxation in accordance with Section 103(a) of the Code.

4.6 No Disposition of Trust Estate.

Except with respect to the transactions contemplated hereby and except for Permitted Liens, the Authority covenants that it will not transfer or permit the transfer of the Parking System or any interest therein or part thereof (without intending to limit the generality of the foregoing, "transfer" as used herein shall, at any given time, include grant, convey, mortgage, encumber, pledge, hypothecate, lease or release, quitclaim, assign, and sell, and shall embrace the creation of an easement, servitude or license, the passage or creation of title, the passage or creation of any interest, the creation of any Lien or judgment of record against the Parking System, or any disposition thereof or any interest therein or part thereof, whether voluntary or involuntary or by operation of law); provided, however, the following transfers are permitted:

(a) equipment if (i) such equipment is inadequate, unprofitable, obsolete or worn out, or (ii) fair market value is received in return, or (iii) the market value of all such

B-51

(b) Each and every covenant made herein by the Authority is predicated upon the condition that the Bonds and the Authority Notes are limited obligations of the Authority as provided in Section 2.4 and Section 2.13(f), respectively, hereof.

4.2 Performance of Covenants by the Authority; Due Execution.

The Authority covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Indenture, in any and every Bond and the Authority Note executed, authenticated and delivered hereunder and in all of its proceedings pertaining hereto. The Authority represents that it is duly authorized under the Constitution and laws of the Commonwealth, including particularly the Act, to issue the Bonds and the Authority Notes and to execute this Indenture, to execute and deliver the Asset Transfer Agreement, the Lease, the Parking Lease, the Mortgage, the PEDFA Intergovernmental Agreement, the Asset Management Agreement, the County/Authority Reimbursement Agreement and the Servicing Agreement, and to pledge the amounts hereby pledged in the manner and to the extent herein set forth. The Authority further represents that all action on its part for the issuance of the Bonds and the Authority Notes, and the execution and delivery of this Indenture has been duly and effectively taken, and that the Bonds and the Authority Notes in the hands of the Owners thereof are and will be valid and enforceable obligations of the Authority according to the terms thereof and hereof.

4.3 Recording and Filing; Instruments of Further Assurance.

(a) The Authority agrees that the Trustee may defend the Authority's rights to the Revenues and other amounts due hereunder from whatever source, for the benefit of the Owners of the Bonds and the Authority Notes, against the claims and demands of all Persons whomsoever. The Authority covenants that it will do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, such indentures supplemental hereto and such further acts, instruments and transfers as the Trustee or the Paying Agent may reasonably require for the better assuring, transferring, pledging, assigning and confirming to the Trustee and the Paying Agent all and singular the rights assigned hereby and the amounts pledged hereby to the payment of the principal of premium, if any, and interest on the Bonds and the Authority Notes.

(b) The Authority will cause to be filed, the cost of which shall be payable from Revenues, all necessary financing statements related to this Indenture and all supplements hereto, and all supplements thereto, and such other documents as may be, in the opinion of counsel acceptable to the Trustee, necessary to be kept and filed in such manner and in such places as may be required by law in order to preserve and protect fully the security of the Owners of the Bonds and the Authority Notes and the rights of the Trustee and the Paying Agent hereunder. The Trustee or the Authority may, but shall not be required to, request, from time to time an opinion of counsel stating what actions are required at what times in order to preserve and protect the security interest of the Trustee.

(c) The Authority shall, upon the reasonable request of the Trustee or the Paying Agent, from time to time execute and deliver such further instruments and take such further action as may be reasonable and required to effectuate the purposes of this Indenture or any provisions hereof; provided, however, that no such instruments or actions shall pledge the

B-50

equipment disposed of in any Operating Year does not exceed five percent (5%) of the total market value of all equipment constituting part of the Parking System; and

(b) any other transfer with the approval of AGM and the County, provided however, the Authority also delivers to the Trustee (i) an opinion of Bond Counsel to the effect that such transfer does not adversely affect the exemption from federal income taxation of interest on the 2013 Bonds and any Additional Bonds, and (ii) a certificate of a Consultant demonstrating that Revenues in each of the two Operating Years following such transfer shall be sufficient to comply with Section 4.10(a) hereof.

Upon the Trustee's receipt of (i) a certificate of a Consultant appointed by the Authority certifying that such disposition is permitted by this Section 4.6 and setting forth the items recited in clause (a) or (b), as applicable, of this Section 4.6, and otherwise in form and substance satisfactory to the Trustee, delivered by the Authority, and (ii) with respect to transfers pursuant to (b) of this Section 4.6, an opinion of Bond Counsel, the Trustee shall then sell, lease, pledge, assign or otherwise encumber or dispose of the Authority's interest in the Parking System or Trust Estate as set forth in the written direction of the Authority to Trustee, the proceeds from any disposition permitted under this Section shall be deposited into the Revenue Fund and, if applicable, the Trustee shall release the lien of this Indenture and the Mortgage with respect to such assets so disposed.

4.7 Access to Books.

All books and documents in the possession of the Authority relating to the Parking System, the Revenues of the Authority, and the Trust Estate shall be open to inspection by such accountants or other agents as the Trustee, the Paying Agent or the Credit Facility Providers may from time to time designate during normal business hours upon reasonable notice.

4.8 Source of Payment of Bonds and Authority Notes.

The Bonds and the Authority Notes are not general obligations of the Authority but are limited obligations payable solely and only from the Trust Estate. The Trust Estate has been pledged and assigned as security for the Bonds and the Authority Notes, as provided herein, and shall be used for no other purpose than to pay the principal of, premium, if any, and interest on, the Bonds and the Authority Notes, except as may be otherwise expressly authorized in this Indenture. All other amounts held in accounts or funds established with respect to a particular Series pursuant to the provisions of Article V and the Supplemental Indenture providing for the terms of such Series shall be applied solely to make payments on such Series of Bonds.

4.9 Annual Operating Budget; Annual Capital Budget; Long Term Capital Plan.

(a) Annual Operating Budget. The Authority covenants that the Asset Management Agreement will at all times contain the following provisions with respect to the Annual Operating Budget:

(i) the Asset Manager shall prepare, or cause the Operator to prepare, on behalf of the Authority, on or before the forty-fifth (45th) day prior to the beginning of each Operating Year, an Annual Operating Budget;

B-52

(ii) such Annual Operating Budget shall be prepared on the basis of monthly requirements, so that it will be possible to determine the Current Expenses for each month during the Operating Year;

(iii) the Annual Operating Budget shall include the Operator Performance Fee and the Asset Manager Performance Fee in each year;

(iv) the Asset Manager shall provide copies of each Annual Operating Budget to the Authority, the Trustee, the Credit Facility Providers and the Parking Authority, on or before the forty-fifth (45th) day prior to the beginning of each Operating Year;

(v) if AGM or the County provides written notice to the Trustee and the Authority on or prior to the twentieth (20th) day prior to the commencement of an Operating Year that the proposed Annual Operating Budget is not approved, the Asset Manager shall prepare, or cause to be prepared, a revised Annual Operating Budget, which shall be provided to the Trustee, the Authority, the Credit Facility Providers and the Parking Authority on or prior to the tenth (10th) day prior to the commencement of such Operating Year; if AGM or the County provide written notice to the Trustee or the Authority prior to commencement of an Operating Year that such revised Annual Operating Budget is not approved, such revised Annual Operating Budget shall not go into effect;

(vi) if for any reason the Annual Operating Budget shall not have been prepared before the first day of any Operating Year, or AGM or the County has provided notice that such Annual Operating Budget is not approved, the budget for the preceding Operating Year, adjusted based on the Consumer Price Index, shall, until the preparation and/or approval of the Annual Operating Budget, be deemed to be in force and shall be treated as the Annual Operating Budget under the provisions of this Article; in such event, the Asset Manager shall promptly provide the Trustee with a certificate setting forth any adjustments to the transfers to the Operating Account, the Performance Fee Account and any additional information the Trustee deems necessary to permit it to carry out its duties under this Indenture, including, but not limited to, the transfers set forth in Section 5.3(c), and

(vii) the Asset Manager may prepare, or cause to be prepared, on behalf of the Authority, an amended or supplemental Annual Operating Budget at any time for the remainder of the then current Operating Year provided, however, that (A) except as provided in (x) below, an amended or supplemental Annual Operating Budget must be approved by AGM and the County, and (B) if the amended or supplemental Annual Operating Budget shows an increase in expenses of greater than five percent (5%) of originally budgeted expenses for the remainder of the Operating Year, the Asset Manager must provide, or cause to be provided, a certificate of a Consultant demonstrating that notwithstanding such increase, the increase shall not cause the Authority to be in violation of the Rate Covenant, or shall cause rates and charges from the operation of the Parking System to be increased so as to comply with the Rate Covenant; and the Asset Manager shall provide copies of any such amended or supplemental Annual Operating Budget to

B-53

Year that the proposed Annual Capital Budget is not approved, the Asset Manager shall prepare, or cause to be prepared, on behalf of the Authority, a revised Annual Capital Budget, which shall be provided to the Trustee, the Authority, the Credit Facility Providers and the Parking Authority on or prior to the tenth (10th) day prior to the commencement of such Operating Year; if AGM or the County provide written notice to the Trustee and the Authority prior to commencement of an Operating Year that such revised Annual Capital Budget is not approved, such revised Annual Capital Budget shall not go into effect;

(v) if for any reason the Annual Capital Budget shall not have been prepared before the first day of any Operating Year, or AGM or the County has provided notice that such Annual Capital Budget is not approved, the Annual Capital Budget shall, until the preparation and/or approval of the Annual Capital Budget, be deemed to be the Long Term Capital Plan for such Operating Year, and shall be treated as the Annual Capital Budget under the provisions of this Article; and

(vi) the Asset Manager may prepare, or cause to be prepared, on behalf of the Authority, amendments or supplements to the Annual Capital Budget at any time; provided, however, an amended or supplemental Annual Operating Budget must be approved by AGM and the County; and

(vii) the Annual Capital Budget shall be prepared on a cash basis.

(c) Long Term Capital Plan. The Authority covenants that the Asset Management Agreement will require the Asset Manager to prepare and deliver a Long Term Capital Plan to the Authority and the Trustee satisfying the requirements of the Asset Transfer Agreement and detailing, among other things, projected capital expenditures for repair, renovation and replacement of the Parking System in each of the next ten (10) Operating Years and expected sources of funds. The first Long Term Capital Plan shall be delivered to the Authority and the Trustee no later than May 31, 2014. The Long Term Capital Plan shall be revised at least every three (3) years as provided in the Asset Transfer Agreement.

4.10 Rate Covenants.

(a) Rate Covenant. So long as any Bonds are Outstanding hereunder, the Authority, upon the recommendation of the Asset Manager, will establish, fix, charge and collect or will cause to be established, fixed, charged and collected rates, fees and the other charges for the use of and for the services furnished by the Parking System, and will, from time to time and as often as appears necessary, revise such rates, fees and other charges, so that in each Operating Year:

(i) Revenues are at least sufficient to provide funds in an amount not less than:

- (A) Current Expenses;
- (B) the Debt Service Requirement on the Senior Bonds;
- (C) any payment by the Authority required by Section 5.6(c) to restore

a Draw Deficiency in the Series A Account of the Debt Service Reserve Fund;

B-55

the Authority, the Trustee, the Credit Facility Providers and the Parking Authority;

(viii) the revenues and expenses provided in the Annual Operating Budget in each Operating Year shall be projected to be sufficient to meet the Rate Covenant for such Operating Year;

(ix) the Annual Operating Budget shall be prepared on a cash basis;

(x) the Authority shall have the authority, upon recommendation of the Asset Manager, to adopt modifications to the Annual Operating Budget up to five percent (5%) of the total annual amount of the Annual Operating Budget then in effect for the remainder of the Operating Year; and

(xi) to the extent funds on deposit in the Revenue Fund were insufficient to make the transfers set forth in Section 5.3(b)(x), (xi) or (xii) of this Indenture and all or part of such sums remain unpaid at the end of the Operating Year, as set forth in a certificate delivered by the Trustee to the Authority and the Asset Manager pursuant to Section 5.3(d) hereof, the Asset Manager shall prepare and the Authority shall adopt modifications to the Annual Operating Budget in the following Operating Year to include such amounts due and unpaid. Such modification shall not require the consent of the Credit Facility Providers and shall not limit the Authority's right to adopt modifications to the Annual Operating Budget as provided in Section 4.9(a)(x) above.

(b) Annual Capital Budget. The Authority covenants that the Asset Management Agreement will at all times contain the following provisions with respect to the Annual Capital Budget (defined below):

(i) the Asset Manager will prepare, or cause to be prepared, on behalf of the Authority, a capital budget (the "Annual Capital Budget") on or before the forty-fifth (45th) day prior to the beginning of each Operating Year detailing (A) the planned capital expenditures relating to the Parking System for such Operating Year over a period of up to 10 years and the portion of capital expenditures expected to be funded from the Capital Reserve Fund, and (B) the expected beginning balance in the Capital Reserve Fund, the amounts expected to be transferred monthly by the Trustee from the Revenue Fund, and the expected year-end balance in the Capital Reserve Fund;

(ii) the Annual Capital Budget shall be reviewed and approved by an Independent Consultant, which shall be an engineer or engineering firm;

(iii) the Asset Manager shall provide copies of the Annual Capital Budget to the Authority, the Trustee, the Credit Facility Providers and the Parking Authority on or before the forty-fifth (45th) day prior to the commencement of each Operating Year;

(iv) if AGM or the County provide written notice to the Trustee and the Authority on or prior to the twentieth (20th) day prior to the commencement of an Operating

B-54

(D) the Debt Service Requirement on the Junior Bonds;

(E) any payment by the Authority required by Section 5.6(c) to restore any Draw Deficiency in the Series B Account or the Series C Account of the Debt Service Reserve Fund;

(F) Asset Manager Performance Fee and Operator Performance Fee (but excluding Asset Manager Performance Fees and Operator Performance Fees being paid pursuant to Section 5.3(d) hereof);

(G) City Payments and Rent;

(H) the sum payable to the Authority pursuant to Section 5.3(b)(xiii);

(I) the amounts needed to maintain the Capital Reserve Fund at the Measured Capital Reserve Requirement.

and,

(ii) Revenues less Current Expenses is not less than 125% of the Debt Service Requirements on the Bonds for such Operating Year.

The foregoing (i) and (ii) are referred to as the "Rate Covenant".

(iii) If at any time, the certificate of an Authorized Asset Manager Representative delivered to the Trustee pursuant to 4.10(e) below indicates that the Rate Covenant was not met for the most recently completed Operating Year or is not projected to be met in the current Operating Year, the Authority shall, before the thirtieth day of following delivery of the certificate of the Authorized Asset Manager referred to above, appoint a Consultant, which Consultant shall be a management consultant, approved by AGM and the County, such approval not to be unreasonably withheld, to make recommendations as to a revision of the rates, fees and charges with respect to the methods of operation of the Parking System and/or recommendations related to operating costs which are projected to be sufficient to meet the Rate Covenant in the current Operating Year, and copies of such request and the recommendations of such Consultant shall be filed with the Trustee, the Authority and the Credit Facility Providers. Prior to or concurrently with the appointment of a Consultant pursuant to this Section 4.10(a), the Authority shall provide written notice to AGM and the County identifying the Consultant. In the event either AGM or the County fails to approve the Consultant selected by the Authority, AGM or the County, as applicable, shall provide written notice to the Authority within ten (10) Business Days of the Authority's notice stating the reason for such disapproval. Failure to object to appointed Consultant within ten (10) Business Days of written notification to AGM or the County, as applicable shall be deemed approval of such Consultant.

(b) Prospective Rate Covenant.

B-56

(i) So long as any Bonds or the Authority Notes are Outstanding hereunder, the Authority covenants that the Asset Management Agreement will at all times require the Asset Manager, prior to the beginning of each Operating Year, to prepare a forecast (the "Forecast") of projected Revenues and expenses (including capital expenditures based on the Long Term Capital Plan) for the five year period commencing with such Operating Year, including an estimate of the Authority's ability to meet the Rate Covenant in each Operating Year of the Forecast (the Rate Covenant in each Operating Year of the Forecast being referred to herein as the "Prospective Rate Covenant"). The Forecast shall be based on existing parking rates, subject to adjustments permitted under the Asset Transfer Agreement, the Parking Lease or other governing documents related to rates and charges, and operating costs as adjusted by the Consumer Price Index and other factors deemed appropriate by the Asset Manager, the actual Debt Service Requirement in each year of the Forecast, and projected capital expenditures based on the Authority's Long Term Capital Plan. The Forecast shall include the Capital Reserve Balance at the end of each Operating Year of the five-year period.

(ii) If based on the Forecast, the Authority will not meet the Prospective Rate Covenant in any year of the Forecast, or the balance in the Capital Reserve Fund at the end of any Operating Year will be less than the Measured Capital Reserve Requirement for such year, the Authority shall retain a Consultant, which Consultant is a management consultant, acceptable to AGM and the County, to make recommendations as to a revision of the rates, fees and charges with respect to the methods of operation of the Parking System and/or recommendations related to operating costs which are projected to be sufficient to meet the Prospective Rate Covenant and maintain the Measured Capital Reserve Requirement in the Capital Reserve Fund, and copies of such request and the recommendations of such Consultant shall be filed with the Trustee, the Authority and the Credit Facility Providers.

(c) Promptly upon the Authority's receipt of the recommendations in (a)(iii) or (b)(ii) above, as applicable, the Authority shall, subject to Applicable Laws and the Asset Transfer Agreement, revise or cause to be revised the rates, fees and charges and methods of operation and shall take such other action as shall be in conformity with such recommendations. If the Authority shall comply with all such recommendations to the extent permitted by Applicable Laws, and Revenues for the Current Operating Year are at least equal to the sum of (i)(A) through (i)(E) above, the failure of the Authority to meet the Rate Covenant, in the current Operating Year or Forecast Year, or the failure to maintain the Measured Capital Reserve Requirement in any Forecast Year shall not constitute an Indenture Event of Default.

(d) In each Operating Year following payment in full of the Bonds, including any Reimbursement Obligations related thereto, the Authority agrees to establish, fix, charge and collect rates, fees and the other charges for the use of and for the services furnished by the Parking System such that Net Revenues (calculated for this purposes as Revenues less Current Expenses) for such Operating Year is at least equal to the average of Net Revenues for the three Operating Years immediately preceding such payment in full of the Bonds (the "Net Revenue Covenant").

(e) The Authority shall cause to be delivered to the Trustee and the Credit Facility Providers, on or before the thirtieth (30th) day following delivery of the annual financial

B-57

Revenues, or otherwise encumber or dispose of such facilities or any part thereof, or the Revenues, except as is provided for in this Indenture. The Authority may, upon satisfaction of the conditions set forth below in subsection (b) below, issue Additional Bonds from time to time solely for the purpose of financing Capital Additions, or to refund, through payment and redemption of all or a portion of any Series of Outstanding Bonds or the Authority Notes and paying all or any part of the costs and expenses in any way incident to the financing and redemption, including any redemption premium and interest.

Such Additional Bonds shall be issued pursuant to a Supplemental Indenture and shall be equally and ratably secured by this Indenture, as Senior Bonds, or Junior Bonds, as applicable, except to the extent that such Additional Bonds shall have such rights, preferences and other terms as shall be specified in the Supplemental Indenture providing for their issuance. However, such Additional Bonds shall not have a lien on or security interest in the Revenues which is prior to the lien and security interest in favor of the Outstanding Bonds issued under this Indenture or in the assets set aside in the Funds, or any accounts created within the Funds, which specifically secure a particular Series of Bonds Outstanding; provided, however, that Additional Senior bonds may have lien on or security interest in the Revenues that is prior to Junior Bonds. Notwithstanding the foregoing, no Additional Bonds shall be issued if an Indenture Event of Default has occurred and is continuing.

(b) Additional Bonds may be issued only after the following conditions, among others, have been satisfied:

(i) For Additional Bonds issued to refund Outstanding Bonds, the Maximum Annual Debt Service Requirement for the Additional Bonds and the total principal and interest payable on the Additional Bonds for the term thereof do not exceed the comparable amounts for the Bonds being refunded;

(ii) For Additional Senior Bonds, the Asset Manager delivers a certificate to the Trustee and the Credit Facility Providers to the effect that: (A) projected Revenues in each year of the remaining term of the Series A Bonds, divided by the Debt Service Requirement in each such year on all Senior Bonds to be Outstanding following the issuance of the proposed Senior Bonds (including the proposed Senior Bonds), is not less than 3:00 to 1:00;

(iii) In the case of the issuance of Additional Bonds for purpose of financing Capital Additions, the Trustee shall have been furnished a certificate of a Consultant stating that in its opinion, the proceeds of the sale of such Additional Bonds, together with other available funds, will be sufficient to pay the Project Costs of such Capital Addition;

(iv) The Authority enters into a Supplemental Indenture setting forth the form, terms and conditions of such Additional Bonds, creating appropriate accounts, making provision for any additions to the Debt Service Reserve Fund that may be required in connection with the issuance of such Additional Bonds, and such other appropriate matters as are not inconsistent with the terms of this Indenture;

B-59

statements pursuant to Section 4.14(a)(i) hereof, a certificate of an Authorized Asset Manager Representative, demonstrating whether (i) (A) the Rate Covenant was met for the most recently completed Operating Year, (B) the Rate Covenant is projected to be met for the current Operating Year, and (C) the Prospective Rate Covenant is projected to be met for the five-year period commencing with the current Operating Year, or (ii) the Net Revenue Covenant was met for the most recently completed Operating Year, as applicable.

(f) The Authority will charge or bill or cause the Asset Manager to charge or bill the users of the services of the Parking System in accordance with established procedures. The Authority agrees to take, or cause to be taken, all appropriate and commercially reasonable steps to enforce collection of any overdue charges by any remedy available at law or in equity. The Authority will not permit the use of the Parking System, or furnish any services of the Parking System, without making a charge based on the Authority's established rates, fees and charges except as follows: (a) in connection with a declaration of emergency by federal or Commonwealth officials, and (b) use of the Parking System by first responders acting in their official capacities.

4.11 Covenant with respect to Article 13 of the Asset Transfer Agreement. The Authority will, in its reasonable discretion, enforce, or cause to be enforced, its rights and remedies under Article 13 of the Asset Transfer Agreement. Notwithstanding the foregoing, unless the Required Percentage of Credit Facility Junior Bonds have consented to the enforcement of alternate remedies provided in the Asset Transfer Agreement (which consent will not be unreasonably withheld), the Authority covenants that (A) in the event of a breach of Section 13.1(a)(i) or Section 13.2(a)(iv) of the Asset Transfer Agreement entitling the Authority to exercise remedies pursuant to Section 13.3(b)(i) or 13.3(b)(vi) of the Asset Agreement, the Authority will enforce its remedies available under Section 13.3(a) of the Asset Transfer Agreement and its remedy for monetary damages and/or setoff against City Payments, and Rent, and the Authority Notes; and (B) in the case of any other breach of Sections 13.1(a) or 13.2(a) of the Asset Transfer Agreement where the amount of damages would exceed \$100,000, the Authority will exercise the remedies available to it under Section 13.3(a) and (b) of the Asset Transfer Agreement. In addition, the Authority covenants that it will not accept any curative action proposed pursuant to Section 13.6 of the Asset Transfer Agreement without the consent of the Required Percentage of Credit Facility Junior Bonds, which consent will not be unreasonably withheld. The Authority shall provide written notice to the Credit Facility Providers of the actions to be taken to enforce its rights and remedies under Article 13 of the Asset Transfer Agreement and the proposed actions taken or to be taken by the City or the Parking Authority in response thereto.

4.12 Reserved.

4.13 Additional Bonds; Other Project Debt.

(a) So long as any Bonds or the Authority Notes issued under this Indenture remain Outstanding, the Authority agrees that it will not issue additional Indebtedness (including, but not limited to, guarantees or derivatives in the form of credit default swaps or total-rate-of-return swaps or similar instruments) payable from the Revenues or secured by this Indenture or the Parking System, and that in no event while any of the Bonds or Authority Notes remain Outstanding will the Authority further assign or pledge the Parking System or the

B-58

(v) This Indenture, the Lease, the Asset Transfer Agreement, the Mortgage, the PEDFA Intergovernmental Cooperation Agreement, the DGS Intergovernmental Agreement, the Parking Lease, the Parking Delegation Enforcement Agreement, the Servicing Agreement and the Parking Enforcement Agreement are each in full force and effect and each has been amended and extended, if necessary, for a period of time of not less than the final maturity of all Bonds Outstanding after the issuance of any proposed Additional Bonds;

(vi) The Additional Bond proceeds are to be used to pay the Project Costs of Capital Additions, or refunding the Bonds;

(vii) None of the parties thereto are in default with respect to the Financing Documents; and,

(viii) The consent of AGM and the County has been obtained, such consent not to be unreasonably withheld.

4.14 Financial Statements and Other Reporting.

(a) The Authority shall cause to be maintained a standard and modern system of accounting in accordance with sound accounting practice and as required by law, and furnish or cause to be furnished to the Trustee and the Credit Facility Providers such information respecting the business, asset and financial condition of the Parking System as the Trustee or the Credit Facility Providers may reasonably request and, without request furnish to the Trustee, the Credit Facility Providers and the City:

(i) Within one hundred twenty (120) days after the close of each Operating Year, copies of audited financial statements for the Parking System, together with an unqualified opinion thereon of an independent certified public accountant not unacceptable to the Trustee; and

(ii) Within forty-five (45) days of the end of each fiscal quarter, copies of the unaudited financial statements of the Parking System.

All financial statements referred to herein shall be complete and correct in all material respects and shall be prepared in reasonable detail and on a basis in accordance with GAAP, applied consistently throughout all accounting periods; and shall be accompanied by a certificate of an Authorized Asset Manager Representative certifying that the accompanying financial statements are true and correct, and that no Indenture Event of Default has occurred and is continuing.

4.15 Appointment of Asset Manager. The Authority shall at all times cause the Parking System to be under the direction and supervision of an Asset Manager satisfying the requirements of Section 3.5(b) of the Asset Transfer Agreement.

4.16 Security Interest Covenants and Representations.

The Authority represents and warrants the following:

B-60

(a) Creation: This Indenture creates a valid and binding pledge and assignment of and security interest in, the Trust Estate in favor of the Trustee on behalf of the Owners of the Bonds and the Authority Notes, subject to the limitations set forth herein, as security for payment of the Bonds and, as provided herein, as security for the payment of the Authority Notes, enforceable by the Trustee in accordance with the terms hereof.

(b) Perfection: The Authority will file or cause to be filed all financing statements describing, and transferred such possession or control over, the Trust Estate (and for so long as any Bond is Outstanding or the Authority Notes have not been paid in full in accordance with their terms, the Authority will file, continue, and amend, or cause to be filed, continued and amended, all such financing statements and transfer such possession and control) as may be necessary to establish and maintain such priority in each jurisdiction in which the Trust Estate may be located or that may otherwise be applicable pursuant to the Pennsylvania Uniform Commercial Code.

(c) Priority: The Authority has not heretofore made a pledge of, granted a lien on or security interest in, or made an assignment or sale of the Trust Estate that ranks on parity with or prior to the pledge, assignment and security interest granted hereby. The Authority has not described the Trust Estate in a Uniform Commercial Code financing statement that will remain effective when the Bonds and the Authority Notes are issued. The Authority shall not hereafter make or suffer to exist any pledge or assignment of, lien on, or security interest in the Trust Estate that ranks prior to or on a parity with the pledge, assignment and security interest granted hereby, or file any financing statement describing any such pledge, assignment, lien, or security interest, except as expressly permitted hereby.

4.17 Application of Property Insurance Proceeds.

The Authority, pursuant to the Asset Management Agreement, shall cause the Asset Manager to notify the Trustee, the Credit Facility Providers and the Authority of any damage to or any destruction of any portion of the Parking System the replacement cost of which is in excess of \$500,000. Insurance proceeds received in respect of such occurrence shall be deposited in a separate account in the Capital Reserve Fund, and shall be applied as provided in the Mortgage.

4.18 Negative Pledge.

The Authority may not create or allow to exist any liens, encumbrances or charges upon any property or asset comprising part of the Parking System (except Permitted Liens), and the Authority shall satisfy, solely from Revenues, or cause to be discharged, or make adequate provision to satisfy, solely from Revenues or cause to be discharged, within sixty (60) days after the same shall accrue, all lawful claims and demands for labor, materials, supplies or other items which, if not satisfied, might by law become a lien upon any such property or asset. Nothing in this Section shall require the Authority to satisfy or discharge any such lien, encumbrance or charge so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings.

B-61

(e) A Capital Reserve Fund to be designated "Pennsylvania Economic Development Financing Authority Revenue Bonds (Capitol Region Parking System) Capital Reserve Fund, and therein, a Proceeds Account, a General Account and an Authority Capital Reserve Account."

(f) A Performance Fee Account to be designated "Pennsylvania Economic Development Financing Authority Parking Revenue Bonds (Capitol Region Parking System) Performance Fee Account".

(g) A Holdback Fund to be designated "Pennsylvania Economic Development Financing Authority Parking Revenue Bonds (Capitol Region Parking System) Holdback Fund".

(h) A Surplus Fund to be designated "Pennsylvania Economic Development Financing Authority Parking Revenue Bonds (Capitol Region Parking System) Surplus Fund".

In connection with the issuance of any Additional Bonds, the Authority may create such additional funds and accounts pursuant to the Supplemental Indenture pursuant to which such Series of Bonds are issued, as may be necessary and appropriate in connection with the issuance of such Series of Bonds.

5.2 Deposit of Bond Proceeds; Application of Bond Proceeds.

(a) The proceeds of the 2013 Bonds shall be deposited in a settlement account established by the Trustee and applied as follows:

(i) \$13,786,695.59 shall be applied to pay costs of issuance of the 2013 Bonds pursuant to a settlement statement delivered by the Authority to the Trustee at the time of issuance of the 2013 Bonds (the "Settlement Statement");

(ii) \$267,012,033.56 shall be paid to the Parking Authority as a portion of the acquisition price for the Parking System, and shall be disbursed by the Trustee in accordance with a Receipt for Acquisition Price and Direction Regarding Application of Acquisition Price executed by the Parking Authority;

(iii) \$9,000,000.00 shall be deposited in the Proceeds Account of the Capital Reserve Fund;

(iv) \$400,000.00 shall be deposited in the Series A Subaccount of the General Account of the Bond Fund to be applied to the payment of interest on the Series A Bonds;

(v) \$1,200,000.00 shall be deposited in the Series B Subaccount of the General Account of the Bond Fund to be applied to the payment of interest on the Series B Bonds;

B-63

4.19 Insurance.

The Authority shall cause to be maintained property and casualty (including business interruption) and liability (including professional liability) as provided in Schedule 3 attached hereto and made a part hereof. The insurance required to be maintained pursuant hereto shall be subject to the review of an Independent Insurance Consultant appointed by the Authority, subject to the approval of AGM and the County, such approval not to be unreasonably withheld. Prior to or concurrently with the appointment of a Consultant pursuant to this Section 4.19, the Authority shall provide written notice to AGM and the County identifying the Consultant. In the event either AGM or the County fails to approve the Consultant selected by the Authority, AGM or the County, as applicable, shall provide written notice to the Authority within ten (10) Business Days of the Authority's notice stating the reason for such disapproval. Failure to object to appointed Consultant within ten (10) Business Days of written notification to AGM or the County, as applicable shall be deemed approval of such Consultant. The Authority shall file with the Trustee within one hundred twenty (120) days after the completion of each Operating Year, a certificate of such Independent Insurance Consultant demonstrating compliance with the insurance required to be maintained by this Section 4.19. The Trustee is entitled, conclusively, to rely on such certificate.

4.20 Right to Know Law. In connection with this Indenture, the Bonds and the Authority Notes, the Authority, the Trustee for itself and on behalf of the Owners of Bonds acknowledge they are subject to the Pennsylvania Right-to Know Law 65 P.S. §§ 67.101-3104 and agree to comply with the provisions set forth in Exhibit B attached hereto.

ARTICLE V. FUNDS AND ACCOUNTS

5.1 Creation of Funds.

There are hereby created by the Authority and ordered established the following trust funds and trust accounts to be held by the Trustee or the Paying Agent.

(a) A Revenue Fund to be designated "Pennsylvania Economic Development Financing Authority Revenue Bonds (Capitol Region Parking System) Revenue Fund".

(b) A Bond Fund to be designated "Pennsylvania Economic Development Financing Authority Parking Revenue Bonds (Capitol Region Parking System) Bond Fund," and within the Bond Fund (i) a General Account, and therein a Series A Subaccount, a Series B Subaccount, and a Series C Subaccount, (ii) a Reimbursement Account, (iii) a Redemption Account, and a (iv) Sinking Fund Account.

(c) A Debt Service Reserve Fund to be designated "Pennsylvania Economic Development Financing Authority Parking Revenue Bonds (Capitol Region Parking System) Debt Service Reserve Fund," and therein a Series A Account, a Series B Account and Series C Account.

(d) A Rebate Fund to be designated "Pennsylvania Economic Development Financing Authority Parking Revenue Bonds (Capitol Region Parking System) Rebate Fund."

B-62

(vi) \$815,000.00 shall be deposited in the Series C Subaccount of the General Account of the Bond Fund to be applied to the payment of interest on the Series C Bonds; and

(vii) The balance shall be deposited in the Proceeds Account of the Capital Reserve Fund.

(b) The proceeds of any Additional Bonds shall be disbursed as set forth in the Supplemental Indenture relating thereto.

5.3 Revenue Fund; Payments into Revenue Fund; Application of Revenue Fund.

(a) All Revenues shall be collected by or for the account of the Authority and deposited on a daily basis into the Revenue Fund and applied as set forth below. There shall also be deposited into the Revenue Fund and the appropriate accounts therein any other moneys so directed by this Indenture. The Trustee shall keep the funds held in the Revenue Fund segregated and discrete until transferred as provided in this Indenture.

(b) The Trustee shall make the following transfers of moneys on deposit in the Revenue Fund in the following order of priority, on the Monthly Transfer Dates; provided, however, all transfers shall be made based on the balance in the Revenue Fund as of the close of business on the third Business Day preceding the Monthly Transfer Date:

(i) first, to the Series A Subaccount of the General Account of the Bond Fund on each Monthly Transfer Date an amount equal to one-sixth (1/6th) of the interest which is due and payable on the Series A Bonds on the next succeeding Interest Payment Date (net of funds representing capitalized interest on deposit in such Subaccount pursuant to Sections 5.2(a)(iv), if any), which shall be used to pay interest on the Series A Bonds; provided however that with respect to the first Interest Payment Date following the issuance of the Series A Bonds, each monthly deposit, commencing February 3, 2014, shall be equal to 1/5th of the interest which shall be due on such first Interest Payment Date

(ii) second, to the Series A Subaccount of the General Account of the Bond Fund on each Monthly Transfer Date, commencing January 1, 2015, an amount equal to one-twelfth (1/12th) of the principal amount (or Compounded Amount, as applicable) of the Series A Bonds due and payable on the next Principal Payment Date by reason of maturity, optional redemption or mandatory sinking fund redemption, which shall be used to make the principal payment on the Series A Bonds;

(iii) third, on each Monthly Transfer Date to the Series A Account of the Debt Service Reserve Fund the amount determined in accordance with Section 5.6(d) or Section 6.3(c) hereof;

(iv) fourth, to the Reimbursement Account of the Bond Fund on each Monthly Transfer Date, to AGM to reimburse or pay AGM for sums owed in connection with draws under the Series A Bond Insurance Policy;

B-64

(v) fifth, on each Monthly Transfer Date to the Operating Account (as described in Section 5.4 hereof), the amount determined in accordance with Section 5.4 hereof;

(vi) sixth, to the Series B Subaccount and Series C Subaccount of the General Account of the Bond Fund, pro rata, on each Monthly Transfer Date an amount equal to one-sixth (1/6th) of the interest which is due and payable on such Series B Bonds and Series C Bonds, respectively, on the next succeeding Interest Payment Date (net of funds representing capitalized interest on deposit in such Subaccount pursuant to Sections 5.2(a)(v) and (vi), if any), which shall be used to pay interest on the Series B Bonds and Series C Bonds; provided however that with respect to the first Interest Payment Date following the issuance of the Series B Bonds and Series C Bonds, each monthly deposit, commencing February 3, 2014, shall be equal to 1/5th of the interest which shall be due on such first Interest Payment Date

(vii) seventh, to the Series B Subaccount and Series C Subaccount of the General Account of the Bond Fund, pro rata, on each Monthly Transfer Date, commencing January 1, 2015, an amount equal to one-twelfth (1/12th) of the principal amount (or Compounded Amount, as applicable) of the Series B Bonds and Series C Bonds, respectively, due and payable on the next Principal Payment Date by reason of maturity, optional redemption or mandatory sinking fund redemption, which shall be used to make the principal payment on the Series B Bonds and Series C Bonds;

(viii) eighth, on each Monthly Transfer Date to the Series B Account and the Series C Account of the Debt Service Reserve Fund, pro rata, the amount, if any, the amount determined in accordance with Section 5.6(d) or Section 6.3(c) hereof;

(ix) ninth, to the Reimbursement Account of the Bond Fund on each Monthly Transfer Date, pro rata, to AGM and the County to reimburse or pay AGM and the County for sums owed in connection with draws under the Series C Bond Insurance Policy and the County Guaranty, respectively;

(x) tenth, on each Monthly Transfer Date commencing February, 2014 through and including December, 2014, to the City, 1/11th of the City Payment for the Operating Year ending December 31, 2014, and to the Parking Authority, 1/11th of the Rent for the Operating Year ending December 31, 2014, and on each Monthly Transfer Date commencing January 2015, to the City, 1/12th of the City Payment for such Operating Year and to the Parking Authority, 1/12th of the Rent for such Operating Year; provided, however, if in any calendar month funds are insufficient to make such payments in full, available funds shall be allocated between the City and the Parking Authority, pro rata, based on amounts due; provided, further, if the Trustee receives written notice from the Authority stating that payments to the City and the Parking Authority are being set-off pursuant to Section 13.3(b) of the Asset Transfer Agreement, funds shall be transferred to the City or the Parking Authority pursuant to this clause "ninth" only to the extent

B-65

(B) if the requirements of (A) have been met, the Trustee shall advise the Asset Manager of the amount of moneys on deposit in the Holdback Fund (the "Holdback Available Amount") and the Asset Manager shall make, and shall provide to the Trustee, the following calculations:

(I) the Asset Manager shall, on an annual basis, calculate the difference between the Debt Service Requirement on all 2013 Bonds in the Operating Year preceding the Operating Year in which the calculation is being made, calculated as if no redemptions pursuant to Section 3.3 had occurred, and the Debt Service Requirement on all 2013 Bonds in the Operating Year prior to the Operating Year in which the calculation is being made, taking into account the redemptions of Series B-3 Bonds pursuant to Section 3.3 (the difference being referred to as the "Debt Service Savings"). The difference, if positive, between the Holdback Available Amount and the Debt Service Savings is referred to as the "Distributable Amount";

(II) an amount equal to the sum of (x) 25% of the Distributable Amount and (y) the Debt Service Savings shall be applied in the following order of priority:

first, (x) the amount determined in (II) above less the Offset Amount, shall be transferred to the Sinking Fund Account and applied to the redemption of Series B-3 Bonds in accordance with Section 3.3 hereof until such time as there are no Series B-3 Bonds Outstanding, and (y) the Offset Amount shall be transferred to the Surplus Fund and applied to pay Authority Note 2 until Authority Note 2 is paid in full;

second, transferred to the Surplus Fund and applied to the payment of Authority Note 1 until Authority Note 1 is paid in full;

third, applied as provided in (IV) below;

provided however, unless the Trustee has received a certificate from Asset Manager stating that no Covenant Dispute Notice (as defined in the Asset Transfer Agreement) has been issued under Section 13.5 of the Asset Transfer Agreement, the amount determined in (II) above (other than the amount provided for in clause (y) of "first") shall not be distributed as provided in "first," "second" and "third" of this clause (II), but shall be retained in the Holdback Fund;

(III) 75% of the Distributable Amount shall be transferred and applied as follows: (a) 40% shall be applied in the following order of priority:

first, transferred to the Sinking Fund Account to redeem Series B-3 Bonds pursuant to Section 3.3 hereof until such time as the Series B-3 Bonds are no longer Outstanding;

B-67

provided in such written notice until such time as such written notice is withdrawn;

(xi) eleventh, on each Monthly Transfer Date commencing February, 2014 through and including December, 2014, to the Performance Fee Account, 1/11th of the Operator Performance Fee and 1/11th of the Asset Manager Performance Fee, and on each Monthly Transfer Date commencing January 2015, to the Performance Fee Account, 1/12th of the Operator Performance Fee and 1/12th of the Asset Manager Performance Fee;

(xii) twelfth, as directed by the Authority in writing, on the first Monthly Transfer Date occurring at least thirty (30) days of the end of each Bond Year, to the Rebate Fund to the extent that the amount on deposit therein is less than the Rebate Amount determined in accordance with the Tax Certificate and the Authority fails to make up such deficiency pursuant to the Tax Certificate, the amount necessary to make the amount on deposit in the Rebate Fund equal to the Rebate Amount;

(xiii) thirteenth, on each Monthly Transfer Date commencing February, 2014 through and including December, 2014, to the Authority, 1/11th of the Authority Distribution, and on each Monthly Transfer Date commencing January 2015, to the Authority, 1/12th of the Authority Distribution;

(xiv) fourteenth, on each Monthly Transfer Date, first, to the Authority Capital Reserve Account, three percent (3%) of the amounts available after the transfer referred to in clause (xiii), and thereafter, to the General Account of the Capital Reserve Fund, an amount that when added to the balance in the Proceeds Account of the Capital Reserve Fund plus the balance in the General Account of the Capital Reserve Fund would equal the Capital Reserve Requirement;

(xv) fifteenth, on the second Monthly Transfer Date following the end of each Operating Year, the balance of funds, if any, will be deposited in the Holdback Fund and held pursuant to Section 5.15;

(xvi) sixteenth, to the extent that moneys are not otherwise disbursed from the Holdback Fund pursuant to the provisions of Section 5.15, moneys from the Holdback Fund shall be held, or released and transferred on or prior to the first Monthly Transfer Date occurring at least ninety (90) days following the end of each Operating Year as follows:

(A) no moneys shall be released pursuant to this clause "sixteenth" in any Operating Year unless the Authority shall have caused the Asset Manager to deliver to the Trustee evidence that: (I) the Rate Covenant was met for the immediately preceding Operating Year as demonstrated by the Authority's unaudited financial statements for the Parking System; (II) the Annual Operating Budget for the current Operating Year projects that the Rate Covenant will be met for such Operating Year, and (III) the Forecast delivered for such current Operating Year projects that the Prospective Rate Covenant will be met.

B-66

second, transferred to the Surplus Fund to pay Authority Note 1 until the Authority Note 1 is paid in full;

third, transferred to the Surplus Fund to pay Authority Note 2 until Authority Note 2 is paid in full; and

fourth, applied as provided in (IV) below; and

(b) 60% shall be applied in the following order of priority:

first, transferred to the Surplus Fund to pay Authority Note 2 until Authority Note 2 is paid in full;

second, transferred to the Surplus Fund to pay Authority Note 1 until Authority Note 1 is paid in full; and

third, applied as provided in (IV) below;

(IV) 100% of the amounts remaining after all amounts have been paid pursuant to (II) and (III) above shall be transferred to the Surplus Fund to pay the principal of Authority Note 3 then due and payable, including any overdue installments of principal, if any;

(V) any sums remaining after the payment provided for in (IV) above has been paid, shall be transferred to the Surplus Fund to pay Authority Note 4 until Authority Note 4 is paid in full; and

(VI) any sums remaining after the payment provided for in (V) above has been paid, shall be paid to the Authority.

(c) The references in Section 5.3(b)(xvi)(B)(III)(a) and (b) to 40% and 60% may be revised from time to time upon delivery to the Trustee and the Authority, with a copy to the Asset Manager, of a written instrument signed by the Owners of Authority Note 1 and Authority Note 2.

(d) To the extent sufficient funds are not available to make the transfers described in clauses "(x)" or "(xiii)" above, such unpaid sums shall accrue and be payable in subsequent months until such time as paid in full. Subject to the provisions of Section 5.14 hereof, to the extent sufficient funds are not available to make the transfer described in clause "(xi)" above on any Monthly Transfer Date (the amount of each such transfer being referred to herein as a "Monthly Performance Fee Account Deposit"), the Monthly Performance Fee Account Deposit(s) shall accrue and transfers shall be made on subsequent Monthly Transfer Dates until such time as the Monthly Performance Fee Account Deposit(s) have been made in full.

5.4 Operating Account.

The Authority shall direct the Asset Manager to require the Operator to establish an account known as the "Operating Account" which shall be held by the Operator in the name of the Operator outside of this Indenture until applied as hereinafter directed. The Trustee shall

B-68

transfer from the Revenue Fund, as provided in Section 5.3(b)(v) hereof, on the first Business Day of each month:

(a) to the credit of the Operating Account an amount equal to (i) the amount shown by the Annual Operating Budget to be necessary to pay Current Expenses (less Administration Expenses and Asset Manager Expenses) for the ensuing month; or, if different, (ii) an amount certified in writing to the Trustee by an Authorized Operator Representative as being reasonably necessary to pay Current Expenses which are expected for such month, in either case, taking into account the amount on deposit in the Operating Account;

(b) to the Authority an amount equal to (i) the amount shown by the Annual Operating Budget to be necessary to pay Administration Expenses for the ensuing month; or, if different, (ii) an amount certified in writing to the Trustee by an Authorized Authority Representative as being reasonably necessary to pay Administration Expenses which are expected for such month; and

(c) to the Asset Manager an amount equal to (i) the amount shown by the Annual Operating Budget to be necessary to pay Asset Manager Expenses for the ensuing month; or, if different, (ii) an amount certified in writing to the Trustee by an Authorized Asset Manager Representative as being reasonably necessary to pay Asset Manager Expenses which are expected for such month.

The Authority shall direct the Asset Manager to prohibit the Operator from applying sums on deposit in the Operating Account for any purpose except the payment of Current Expenses. In making payments from the Operating Account for Current Expenses, the Operator shall be deemed to be certifying that obligations in the stated amounts have been incurred with respect to the Parking System and that each item thereof was properly incurred in maintaining, repairing and operating the Parking System, has not been paid previously and that such payments are properly budgeted in the Annual Operating Budget.

5.5 Deposits and Transfers Into the Bond Fund; Use of Moneys in the Bond Fund.

(a) The Trustee shall deposit into the General Account of the Bond Fund all amounts to be transferred from the Revenue Fund pursuant to Sections 5.3(b)(i), (ii), (vi), and (vii) and from the Debt Service Reserve Fund pursuant to Section 5.6.

(b) Except as expressly provided in this Indenture, moneys in the General Account of the Bond Fund shall be used solely for the payment of principal of, and premium, if any, and interest on, the Bonds as the same shall become due and payable. Moneys transferred to the Reimbursement Account of the Bond Fund pursuant to Section 5.3(b)(ix) shall be used solely to reimburse the County and AGM to the extent of sums paid under the County Guaranty and the Bond Insurance Policy, respectively. Moneys in the Redemption Account of the Bond Fund shall be applied in accordance with Section 3.7 hereof. The Trustee shall at all times maintain accurate records of deposits into the Bond Fund and the sources and timing of such deposits. The Paying Agent shall apply all moneys in the General Account of the Bond Fund on any Interest Payment Date, Special Interest Payment Date or Principal Payment Date in accordance with the provisions of this Indenture.

B-69

Debt Service Reserve Fund, there shall be filed with the Trustee (A) an opinion of Bond Counsel addressed to the Trustee to the effect that such substitution or deposit will not cause interest on then Outstanding Bonds to be includable in gross income for federal income tax purposes; (B) a certificate evidencing that at least thirty days prior notice of the proposed substitution or deposit of such Debt Service Reserve Surety Bond was given to any Rating Agency then rating any Bonds, including a description of such Debt Service Reserve Surety Bond and the proposed date of substitution or deposit; (C) the Debt Service Reserve Surety Bond issued to fulfill the obligation to fund the Debt Service Reserve Fund, together with an opinion of counsel to the issuer of the Debt Service Reserve Surety Bond addressed to the Trustee to the effect that the Debt Service Reserve Surety Bond is valid and enforceable in accordance with its terms; (D) written evidence that each company insuring the payment of any Bond has approved such Debt Service Reserve Surety Bond; and (E) evidence that such substitution or deposit will not result in a downgrade by any rating agency then rating any Bonds. Notwithstanding anything to the contrary contained in this Indenture, this Indenture may be amended without notice to or the consent of the owners of the Bonds to provide for any additional provisions required by the issuer(s) of such Debt Service Reserve Surety Bond; provided, however, there shall be first delivered an opinion of Bond Counsel addressed to the Trustee to the effect that such additional provisions will not cause interest on then Outstanding Bonds to be includable in gross income for federal income tax purposes.

(d) If at any time the amount on deposit in an Account within the Debt Service Reserve Fund is less than the applicable Debt Service Reserve Fund Requirement, such deficiency shall be eliminated within twelve (12) months from the date of the draw in twelve (12) equal monthly installments. If at any time moneys have been paid under a Debt Service Reserve Fund Surety Bond, such moneys shall be reimbursed to the related Debt Service Reserve Fund Surety Bond Provider, together with any additional moneys due under the related Debt Service Reserve Surety Bond Insurance Agreement, within twelve (12) months from the date of payment under such Debt Service Reserve Fund Surety Bond in twelve (12) equal monthly installments.

(e) The weighted average maturity of investments in the Debt Service Reserve Fund at any time may not exceed seven (7) years.

(f) The Trustee shall promptly notify the County of any draws on a Debt Service Reserve Fund Surety Bond relating to the Series B Bonds or the Series C Bonds.

5.7 Rebate Fund.

(a) In the Tax Certificate, the Authority agrees to engage a rebate Consultant to prepare and file reports with the Trustee, with respect to each Series of Bonds, (within thirty (30) days of the last day of (i) each Bond Year, and (ii) the date on which the last Bond matures or is redeemed) setting forth Rebate Amounts (defined below) calculated pursuant to the Tax Certificate. ("Rebate Amounts" shall mean the amount of arbitrage earnings required to be rebated to the United States Government as determined pursuant to the foregoing calculation and report.) If the Authority fails to prepare and file any such report or cause to be paid from the Revenue Fund any such amount required by the Tax Certificate (a "Rebate Default"), the Trustee shall give notice thereof to the Authority and the Paying Agent. Within sixty (60) days of the last day of (i) the fifth Bond Year, (ii) the last day of each succeeding Bond Year in which there are

B-71

(c) The Trustee shall establish as a part of the Bond Fund a Sinking Fund Account for the Series B-3 Bonds. Moneys on deposit in the Sinking Fund Account shall be applied to redeem Series B-3 Bonds as provided in Section 3.3 hereof. If at any time all the Series B-3 Bonds shall have been purchased, redeemed or otherwise paid, the Trustee shall make no further transfers to the Sinking Fund Account.

5.6 Debt Service Reserve Fund.

(a) Pursuant to Section 5.2 hereof, the Series A Account, Series B Account and the Series C Account of the Debt Service Reserve Fund shall be funded in an amount equal to the respective Debt Service Reserve Fund Requirement.

(b) The moneys in the Series A Account, Series B Account and the Series C Account of the Debt Service Reserve Fund shall be used by the Trustee only to make up any deficiency in the Series A Subaccount, the Series B Subaccount and the Series C Subaccount, respectively, of the Bond Fund, or for the reimbursement and payment of the costs of any drawings under any Debt Service Reserve Surety Bond in such Account in the Debt Service Reserve Fund. Transfers from an Account of the Debt Service Reserve Fund for the purpose of reimbursing draws on any Debt Service Surety Bond in such Account shall be made in the amounts and on the dates as an Authorized Authority Representative shall instruct the Trustee in writing from time to time. If an Account in the Debt Service Reserve Fund contains cash, securities and a Debt Service Reserve Surety Bond available for payment of any Bonds, any cash or securities in such Account of the Debt Service Reserve Fund shall be applied for the purposes of the preceding sentence prior to a drawing on the Debt Service Reserve Surety Bond. If there is more than one Debt Service Reserve Surety Bond on deposit in a particular Account in the Debt Service Reserve Fund, any draws upon the Debt Service Reserve Surety Bond shall be made pro rata. Investment earnings in the Series A Account, the Series B Account and Series C Account of the Debt Service Reserve Fund shall remain in such Accounts until the balance in the respective Accounts is equal to the respective Debt Service Reserve Fund Requirement. To the extent that there are investment earnings in the Series A Account, the Series B Account or Series C Account of the Debt Service Reserve Fund which cause the balance in such subaccount to be in excess of the respective Debt Service Reserve Fund Requirement, the Trustee shall transfer such excess on a quarterly basis to the Revenue Fund. In connection with the issuance of any Additional Bonds, the supplemental indenture authorizing the issuance thereof may establish a new account in the Debt Service Reserve Fund for such series of Additional Bonds.

(c) All or a portion of the obligation to fund the Debt Service Reserve Fund or an Account therein may be fulfilled by depositing a Debt Service Reserve Surety Bond (i) the Debt Service Reserve Surety Bond Provider of such Debt Service Reserve Surety Bond is rated at the time of delivery thereof in any of the three (3) highest rating categories by Moody's, S&P or Fitch and, if rated by A.M. Best & Co., which is also rated by A.M. Best & Co. in its highest rating category, (ii) which has a term not less than the final maturity date of the Bonds with respect to which the coverage under the Debt Service Reserve Surety Bond was calculated (or may be drawn upon in full upon its expiration date if a substitute letter of credit or surety bond is not in place prior to its expiration date), and (iii) which is given to secure and which is payable on any Interest Payment Date in an amount equal to any portion of the balance then required to be maintained within the Debt Service Reserve Fund. Before any such Debt Service Reserve Surety Bond is substituted for cash or securities or deposited in lieu of cash or securities in the

B-70

Bonds Outstanding and (iii) the date on which the last Bond matures or is redeemed), the Trustee shall transfer from the Rebate Fund to the United States Government the amount instructed by the Authority to satisfy Section 148(f) of the Code.

(b) With respect to the Rebate Fund, the Trustee shall prepare and file with the Authority a report or statement setting forth the total amounts invested during the preceding Bond Year, the investments made with the moneys in each such Account or Fund therein and the investment earnings resulting from the investments in each such Account or Fund, respectively, together with such additional information concerning such Account or Funds and the investments therein, respectively, as the Authority shall reasonably request in writing and which the Trustee has available.

(c) The Authority shall, to the extent practicable, instruct the Trustee in writing to keep all moneys in the Rebate Fund fully invested in Government Obligations and the Trustee shall disburse all moneys in the Rebate Fund to the United States Government at the times and in the manner set forth in the Tax Certificate.

(d) Moneys in the Rebate Fund, including investment earnings thereon, if any, shall not be subject to the pledge of this Indenture and shall not constitute part of the Trust Estate held for the benefit of the Owners of the Bonds or the Authority Notes.

5.8 Capital Reserve Fund.

(a) The Trustee shall transfer funds pursuant to Section 5.3(b)(xiv) from the Revenue Fund on or before the first Business Day of each month, to the credit of the Capital Reserve Fund.

(b) Moneys in the Capital Reserve Fund shall be disbursed to pay current capital expenditures shown in the Annual Capital Budget for the Parking System, including the Construction Management Fee, if any, and shall be disbursed only for such purposes, except to the extent hereinafter provided. Such purposes shall include, but not be limited to, paying the cost of improving and reconstructing improvements and betterments to the Parking System. Moneys in the General Account of the Capital Reserve Fund may also be transferred as provided in (h) below.

(c) If emergency repairs are required to the Parking System, the Trustee shall disburse moneys in the Capital Reserve Fund, in the order of priority set forth in clause (e) below, to pay the cost of emergency repairs to the Parking System upon submission to the Trustee and the Credit Facility Providers of a written requisition in substantially the form set forth in Exhibit C hereto, and, if the cost of such emergency repairs exceeds five percent (5%) of the Annual Capital Budget, the written consent of the Credit Facility Providers, such consent not to be unreasonably withheld.

(d) The Trustee shall disburse, upon the submission to the Trustee of the requisition hereinafter described, moneys in the Capital Reserve Fund to or upon the order of the Asset Manager from time to time, upon receipt by it of a written requisition in substantially the form set forth in Exhibit C hereto, executed by an Authorized Asset Manager Representative, which requisition shall state that with respect to each amount requested thereby: (A) the nature of the capital expenditure, (B) the name and address of each Person, firm or corporation to whom

B-72

amounts are to be paid, (C) the amount previously paid to such payee for such capital expenditure and the amount to be paid or disbursed, (D) that each obligation, item of cost or expense mentioned therein has been properly incurred and has been paid or is then due and payable as a capital expenditure of the Parking System, and has not been the basis of any previous payment from amounts deposited in the Capital Reserve Fund and (E) the capital expenditure that is the basis of the disbursement was included in the Annual Capital Budget for such Operating Year. Amounts disbursed from the Capital Reserve Fund shall only include amounts which are, for federal income tax purposes, deemed to be capital expenditures or with the proper election would be deemed to be capital expenditures. In disbursing funds from the Capital Reserve Fund pursuant to a requisition, the Trustee may rely on the written approval of an Authorized Asset Manager Representative without the need for further investigation with respect to the matters set forth in such requisition.

(e) Moneys shall be disbursed to pay capital expenditures as shown in the Annual Capital Budget or for emergency repairs in the following order of priority: first, the Proceeds Account of the Capital Reserve Fund, second, the General Account of the Capital Reserve Fund, and third, the Authority Capital Reserve Account; provided, however, if a separate account has been established pursuant to clause (g) below, such funds shall be applied to repair and restoration of the damaged portion of the Parking System prior to the application of other funds in the Capital Reserve Account.

(f) Upon payment in full of the Bonds, the Authority Notes, the Reimbursement Obligations, obligations owing under any Debt Service Reserve Fund Surety Bond Provider Insurance Agreement and all other obligations of the Authority under this Indenture, sums on deposit in the General Account of the Capital Reserve Fund shall be transferred to the Parking Authority or its successor, and sums on deposit in the Authority Capital Reserve Account of the Capital Reserve Fund shall be transferred to the Authority. In connection with any payment in full of the Bonds, sums on deposit in the Proceeds Account of the Capital Reserve Fund shall be applied to the payment of principal and interest on the Bonds.

(g) The Trustee shall also deposit to the credit of a separate account in the Capital Reserve Fund insurance proceeds and condemnation awards as provided in Section 4.17 hereof. Such moneys shall be applied as in the manner set forth in Section 5.8(c) herein or shall, at the direction of the Authority (and with the consent of the Required Percentage of Credit Facility Junior Bonds if the amount of such insurance proceeds or condemnation awards exceeds \$1,000,000, be applied to the redemption of Bonds.

(h) If on any Monthly Transfer Date, funds on deposit in the Revenue Fund are insufficient to make the transfer provided for in Section 5.3(b)(v), the Trustee shall transfer funds on deposit in the General Account of the Capital Reserve Fund to the Operating Account in an amount sufficient to make the transfer provided for in Section 5.3(b)(v).

5.9 Reserved.

5.10 Surplus Fund.

Moneys on deposit in the Surplus Fund are held in trust for the sole and exclusive benefit of the Owners of the Authority Notes and shall be applied by the Trustee to the payment

B-73

Enforcement Agreement. Such certificate shall include the basis upon which such amount was calculated. In addition, if the Asset Manager Performance Fee or the Operator Performance Fee was not paid, in whole or in part, on either or both of the two immediately preceding Performance Fee Payment Dates, due to insufficient funds being available in the Performance Fee Account, such certificate shall separately state the amount of any such unpaid Asset Manager Performance Fee or Operator Performance Fee and the Performance Fee Payment Date on which such amount was not paid. Funds available in the Performance Fee Account for payment of the Asset Manager Performance Fee and the Operator Performance Fee shall be applied first to amounts currently due and thereafter to amounts previously due and unpaid (and paying amounts due on an earlier Performance Fee Payment Date before paying amounts due on a later Performance Fee Payment Date). Any Asset Manager Performance Fee or Operator Performance Fee not paid on or prior to the second Performance Fee Payment Date succeeding the Performance Fee Payment Date on which such sum was originally due, shall be deemed to be no longer due and payable. Funds on deposit in the Performance Fee Account following each Performance Fee Payment Date shall be transferred by the Trustee to the Revenue Fund.

5.15 Holdback Fund.

Moneys in the Holdback Fund shall be applied as follows: First, to the extent moneys on deposit in the Revenue Fund are insufficient to make the transfers set forth in Section 5.3(b)(i) through (xiv) above, sums on deposit in the Holdback Fund shall be transferred by the Trustee monthly, to the Revenue Fund and applied in accordance with Section 5.3 hereof. Second, upon delivery to the Trustee of a certificate of an Authorized Authority Representative stating that an Indemnified Party (as defined in the Asset Transfer Agreement) is entitled to a payment pursuant to Article XII of the Asset Transfer Agreement, and stating the amount of such payment due, the Trustee shall transfer funds from the Holdback Fund to such Indemnified Party. Third, upon delivery to the Trustee of a certificate of an Authorized Authority Representative stating that the Authority is entitled to damages or set off pursuant to Section 13.3(b) of the Asset Transfer Agreement and stating the amount, the Trustee shall make such payment, and Fourth, to the extent not needed to make the transfers or payments set forth in "First" "Second" and "Third" of this paragraph, such funds shall be applied as provided in Section 5.3(b)(xvi) hereof. The transfers or payments set forth in "Second" and "Third" of this paragraph shall be made within three Business Days following the first Monthly Transfer Date occurring after receipt of the certificate of an Authorized Authority Representative.

5.16 Reports to Asset Manager. The Trustee shall provide the Asset Manager with information or access to information relating to fund and account balances, including all fund and account transactions. The Trustee shall also provide the Asset Manager with drafts of the monthly flow of funds prior to the first Business Day of each calendar month.

ARTICLE VI INVESTMENTS

6.1 Investment of Moneys.

(a) Subject to the provisions of this Indenture, moneys in the Revenue Fund, the Bond Fund, the Debt Service Reserve Fund, the Capital Reserve Fund, the Rebate Fund, the Performance Fee Account, the Holdback Fund and the Surplus Fund shall, at the written

B-75

of principal of the Authority Notes as the same shall become due and payable as provided in Section 5.3(b)(xvi)(B) hereof.

5.11 Bonds Not Presented for Payment.

In the event any Bond shall not be presented for payment when the principal thereof becomes due, either at maturity or at the date fixed for redemption thereof or the acceleration of maturity, if moneys sufficient to pay such Bonds are held by the Trustee or the Paying Agent, the Trustee and the Paying Agent shall segregate and hold such moneys in trust, uninvested and without liability for interest thereon, for the benefit of Owners of such Bonds who shall, except as provided in the following paragraph, thereafter be restricted exclusively to such fund or funds for the satisfaction of any claim of whatever nature on their part under this Indenture or relating to said Bonds.

5.12 Moneys Held in Trust.

All moneys required to be deposited with or paid to the Trustee and the Paying Agent, as the case may be, for deposit into the Funds established hereunder, and all moneys withdrawn from any Fund and held by the Trustee and the Paying Agent, as the case may be, shall be held by the Trustee or the Paying Agent, as the case may be, in trust, and such moneys shall, while so held, constitute part of the Trust Estate and be subject to the lien hereof, except as otherwise provided herein with respect to the Rebate Fund, and except that monies in the specific accounts of the Debt Service Reserve Fund shall be held solely for the benefit of those Series of Bonds with respect to which monies were deposited into such account of the Debt Service Reserve Fund, monies held for Bonds deemed paid shall be held solely for the benefit of the Owners of such Bonds, and monies in the Surplus Fund shall be held solely for the benefit of the Owners of the Authority Notes.

5.13 Payment to the Authority or City.

After the right, title and interest of the Trustee and the Paying Agent in and to the Trust Estate and all covenants, agreements and other obligations of the Authority to the Owners of Bonds and the Authority Notes shall have ceased, terminated and become void and shall have been satisfied and discharged in accordance with Article VII hereof, all Reimbursement Obligations have been satisfied and discharged, and all fees, expenses and other amounts payable to the Paying Agent and the Trustee pursuant to any provision hereof shall have been paid in full including counsel fees and expenses, if any, any moneys remaining in the Bond Fund (except for moneys held for Bonds deemed paid), the Revenue Fund, the Bond Fund, and the Debt Service Reserve Fund or any other fund or account created hereunder (other than the Capital Reserve Fund and the Rebate Fund) shall be paid promptly to the Authority. Any monies remaining in the Capital Reserve Fund shall be distributed as provided in Section 5.8(f) hereof.

5.14 Performance Fee Account.

The Authority shall cause the Asset Manager to deliver to the Trustee, the Authority and each Credit Facility Provider within thirty (30) days after each Interest Payment Date, a certificate setting forth the amount of any Asset Manager Performance Fee to be paid to the Asset Manager pursuant to the Asset Manager Agreement and any Operator Performance Fee to be paid to the Operator pursuant to the Parking Services Agreement and the Parking

B-74

direction of the Authority, be invested and reinvested, in the case of moneys in the Revenue Fund, the Bond Fund (except the Sinking Fund Account to the extent provided below), the Debt Service Reserve Fund, the Capital Reserve Fund, the Performance Fee Account, the Holdback Fund and the Surplus Fund in Permitted Investments, and in the case of moneys in the Rebate Fund, in Government Obligations. Subject to the further provisions of this Article VI, such investments shall be made by the Trustee or the Paying Agent, as the case may be, as directed and designated in writing by an Authorized Authority Representative. As and when any amounts thus invested may be needed for disbursements from the Revenue Fund, the Bond Fund, the Debt Service Reserve Fund, the Capital Reserve Fund, the Rebate Fund, the Performance Fee Account, the Holdback Fund or the Surplus Fund, the Trustee or the Paying Agent, as the case may be, shall cause a sufficient amount of such investments to be sold or otherwise converted into cash to the credit of such Fund. As long as no Indenture Event of Default shall have occurred and be continuing hereunder, the Authority shall have the right to designate, in writing, the investments to be sold and to otherwise direct, in writing, the Trustee or the Paying Agent, as the case may be, in the sale or conversion to cash of the investments made with the moneys in the Revenue Fund, the Bond Fund, the Debt Service Reserve Fund, the Capital Reserve Fund, the Rebate Fund, the Performance Fee Account, the Holdback Fund or the Surplus Fund; provided, that the Trustee shall be entitled to conclusively assume the absence of any such Indenture Event of Default unless it has notice thereof within the meaning of Section 9.5 hereof. The Authority shall direct no investment of any funds which would violate the covenants set forth in Sections 4.5 or 6.2 hereof. The Trustee shall not be responsible for ascertaining if the Authority's investment instructions comply with the covenants contained in Section 4.5 or 6.2. Earnings on any investments shall be credited, and losses shall be charged, to the Fund (and Account, if applicable) from which such investments were made. In making such investments, neither the Paying Agent nor the Trustee shall commingle any of the moneys or investments in any Fund or Account therein with moneys or investments in any other Fund or Account therein, as the case may be. The Trustee may make investments permitted by this Article through its own trust department or the trust department of any bank or trust company under common control with the Trustee. Investments will be made so as to mature or be subject to redemption at the option of the holder on or before the date or dates that the Trustee or the Authority, as appropriate, anticipates that moneys from the investments will be required; provided, however, investments in the Bond Fund and the Surplus Fund shall mature or be subject to redemption not later than the date on which the proceeds of such investments are expected to be required to pay debt service on the Bonds or Authority Notes, as applicable, and all investments in the Capital Reserve Fund shall mature or be subject to redemption within six (6) months of the date of acquisition thereof. Investments may be registered in the name of the Trustee and held by or under the control of the Trustee. The Trustee will sell and reduce to cash a sufficient amount of investments in each Fund or Account whenever the cash held by the Trustee in such Fund or Account is insufficient for the purpose of making any payment from such Fund or Account.

(b) Moneys on deposit in the Sinking Fund Account of the Bond Fund prior to the first date on which the Series B-3 Bonds can be called for optional redemption shall be invested only in Defeasance Investments, as directed in writing by the Authority.

B-76

6.2 Investment Restrictions.

Notwithstanding anything to the contrary contained in this Article VI, the Authority shall not direct the investment of moneys held in any of the Funds or Accounts established under this Indenture in contravention of the provisions of the Tax Certificate.

6.3 Valuation of Funds; Valuation Deficiency.

(a) The Trustee shall value the assets in each of the Funds and Accounts established hereunder as of each Interest Payment Date, and, with respect to the Debt Service Reserve Fund, the Trustee shall also value the assets on the date of any withdrawal therefrom, after taking into account all transfers or payments then required to be made from each Fund and Account. As soon as practicable after each such date of valuation, the Trustee shall furnish to the Authority a report of the status of each Fund and Account as of such date. In computing the assets of any Fund or Account, investments and accrued interest thereon shall be deemed a part thereof. Such investments shall be valued at the book value or the current market value thereof, whichever is the lower, or at the redemption price thereof, if then redeemable at the option of the owner of such investment.

(b) If, at any time, either the Series B Account or the Series C Account of the Debt Service Reserve Fund are funded with cash or securities, the Trustee shall provide to the County, a report of the status of such Accounts simultaneously with the report to the Authority provided pursuant to (a) above.

(c) If any valuation of the Debt Service Reserve Fund pursuant to subparagraph (a) above establishes that there is a Valuation Deficiency in such Fund, such Valuation Deficiency shall be restored within four (4) months from transfers in four (4) equal monthly installments from the Revenue Fund pursuant to Section 5.3(b)(iii) or (viii), as applicable.

(d) The Authority acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Authority the right or option to receive individual confirmation of security transactions at no additional cost as they occur, the Authority specifically waives the option to receive such confirmation to the extent permitted by law. The Trustee will furnish the Authority with periodic cash transaction statements that include detail for all investment transactions made by the Trustee hereunder.

ARTICLE VII. DEFEASANCE

7.1 Defeasance.

If the Authority shall pay or cause to be paid to the Owner of any Bond or Authority Note secured hereby the principal of, and premium, if any, and, as to Bonds, interest due and payable and thereafter to become due and payable on, such Bond or Authority Note, or any portion of such Bond in any Authorized Denomination, such Bond or portion thereof or Authority Note shall cease to be entitled to any lien, benefit or security under this Indenture. If the Authority shall pay or cause to be paid the principal of, and premium, if any, and interest due and payable on, all Outstanding Bonds (including any Reimbursement Obligations relating

B-77

thereto) and Authority Notes, and all sums thereafter to become due and payable thereon, and shall pay or cause to be paid all other sums payable hereunder by the Authority, and if the Authority shall pay or cause to be paid all other necessary and proper fees, compensation and expenses of the Trustee, the Registrar, the Authenticating Agent, the Paying Agent, the Credit Facility Providers and the Debt Service Reserve Fund Surety Bond Provider, then, and in that case, the right, title and interest of the Trustee in and to the Trust Estate (except the Rebate Fund) shall thereupon cease, terminate and become void. In such event, subject to the provisions of Section 5.13 hereof, the Trustee and the Paying Agent shall assign, transfer and turn over to the Authority the Trust Estate, including, without limitation, any surplus in the Bond Fund and any balance remaining in any other fund or account created under this Indenture, other than the Rebate Fund. Any Bond or Authority Note shall be deemed to be paid within the meaning of this Article VII and for all purposes of this Indenture when (a) payment of the principal of such Bonds or Authority Notes, plus premium, if any, and, as to Bonds, interest thereon to the due date thereof (whether such due date is by reason of maturity or upon redemption as provided herein) either (i) shall have been made or caused to be made in accordance with the terms thereof or (ii) shall have been provided for by irrevocably depositing with the Trustee in trust and irrevocably setting aside exclusively for such payment (A) moneys sufficient, without reinvestment, to make such payment and/or (B) Government Obligations, maturing as to principal and interest in such amounts and at such times as will insure the availability of sufficient moneys to make such payment, and (b) all necessary and proper fees, compensation and expenses of the Trustee, the Registrar, the Authenticating Agent and the Paying Agent pertaining to the Bonds or Authority Notes with respect to which such deposit is made shall have been paid or the payment thereof provided for to the satisfaction of the Trustee and the Paying Agent. At such times as a Bond or Authority Note shall be deemed to be paid hereunder, as aforesaid, such Bond or Authority Note shall no longer be secured by or entitled to the benefits of this Indenture, except for the purposes of any such payment from such moneys or Government Obligations.

Notwithstanding the foregoing paragraph, and in addition to the requirements of Section 7.2 hereof, as applicable, no deposit under clause (a)(ii) of the foregoing paragraph shall be deemed a payment of such Bonds as aforesaid until: (1) proper notice of redemption of such Bonds shall have been previously given in accordance with Section 3.5 hereof or, in the event said Bonds are not to be redeemed within the next succeeding sixty (60) days, until the Authority shall have given the Trustee and the Paying Agent on behalf of the Authority (i) irrevocable instructions, in form satisfactory to the Trustee and the Paying Agent, to notify, as soon as practicable, the owners of the Bonds in accordance with Section 3.5 hereof, that the deposit required by clause (a)(ii) of the foregoing paragraph has been made with the Trustee and the Paying Agent and that said Bonds are deemed to have been paid in accordance with this Article VII and stating the maturity or redemption date upon which moneys are to be available for the payment of the principal of said Bonds, plus interest thereon to the due date thereof and (ii) a report, in form satisfactory to the Trustee and the Paying Agent, prepared by an independent certified public accountant, selected by and at the expense of the Authority and not unacceptable to the Trustee and the Paying Agent, to the effect that the moneys and securities deposited pursuant to clause (a)(ii) of the foregoing paragraph shall mature as to principal and interest in such amounts and at such times as will insure the availability of sufficient moneys, without reinvestment, to pay the principal of, and premium, if any, and interest on, the Bonds to the due date thereof; or (2) the maturity of such Bonds.

B-78

Notwithstanding the foregoing paragraphs, the requirements of Sections 12.1(g) and 12.4(e) hereof shall be satisfied in connection with any defeasance of the Series B Bonds and the Series C Bonds.

ARTICLE VIII. DEFAULTS AND REMEDIES

8.1 Events of Default.

Each of the following events shall constitute and is referred to in this Indenture as an "Indenture Event of Default":

(a) there is a default in the payment when due of interest on any Bond; or

(b) there is a default in the payment of principal of or premium, if any, on any Bond when due, at maturity, upon acceleration or redemption or otherwise; or

(c) the Authority, fails to observe and perform any covenant, condition, agreement or provision (except as specified in clauses (a) and (b) of this Section and the covenant set forth in Section 4.11 hereof) contained in the Bonds, this Indenture or the Mortgage on the part of the Authority, to be observed or performed, which failure shall continue for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, shall have been given to the Authority, by the Trustee, which may give such notice in its discretion and shall give such notice at the written request of the Required Percentage of Credit Facility Junior Bonds (if the Required Percentage of Credit Facility Junior Bonds direct the Trustee to give such notice) or 66-2/3% in principal amount of the Bonds then Outstanding (if such notice was directed by the Owners of at least 66-2/3% in principal amount of the Bonds then Outstanding), unless the Trustee with the consent of the Required Percentage of Credit Facility Junior Bonds or the Owners of a principal amount of Bonds not less than the principal amount of Bonds the Owners of which requested such notice, as the case may be, shall agree in writing to an extension of such period prior to its expiration; provided, however, that the Trustee, the Required Percentage of Credit Facility Junior Bonds, or the Owners of such principal amount of Bonds, as the case may be, shall be deemed to have agreed to an extension of such period if corrective action is initiated by the Authority within such period and is being diligently pursued.

(d) notwithstanding anything to the contrary contained in this Article VIII: (i) so long as payments of principal of or premium, if any, and interest on the Bonds are made as and when due, a default in the payment of principal of the Authority Notes, shall only constitute an Event of Default hereunder if (A) in accordance with Section 5.3(b)(xvi)(B)(II), moneys on deposit in the Holdback Account to be transferred to the Surplus Fund to be applied to the payment of the Authority Notes were not so transferred and such moneys were not applied to payment of the Authority Notes, and (B) moneys in the Surplus Fund are, in accordance with Section 5.3 hereof, to be applied to payment of the Authority Notes and such moneys are not so applied, and (ii) so long as any Bonds are Outstanding, the only remedy available to the Owners of the Authority Notes shall be as set forth in Section 8.2 (f) hereof.

(e) the Authority fails to observe and perform the covenant set forth in Section 4.11 hereof, which failure has continued for thirty (30) days following written notice from the Credit Facility Providers to the Authority, with a copy to the Trustee, stating (i) the

B-79

Authority has failed to enforce the covenant set forth in Section 4.11, demanding that the Authority comply with the covenant, and (ii)(A) the breach of one or more of the covenants set forth Article 13 is material and stating the reasons therefor, or (B) the breach is likely to result in non-compliance with the Prospective Rate Covenant and stating the reasons therefor (provided, however, if the Authority provides written notice to the Credit Facility Providers and the Trustee that it does not agree with (ii)(A) or (B) as set forth in such certificate, and is referring the matter to the Advisory Committee for its recommendation, the thirty (30) day period referred to above shall be extended to sixty (60) days), and following expiration of such thirty (30) or sixty (60) day period, as applicable, the Required Percentage of Credit Facility Junior Bonds or the Owners of at least 66-2/3% in principal amount of the Bonds then Outstanding) provide written notice to the Trustee directing the Trustee to notify the Authority that the breach of Section 4.11 hereof has not been cured. The only remedy available to the Owners of the Bonds or the Credit Facility Providers for an Indenture Event of Default described in this Section 8.1(e) shall be as set forth in Section 8.2(g) hereof.

8.2 Acceleration; Other Remedies.

(a) Upon the occurrence and continuance of an Indenture Event of Default described in Section 8.1(a), (b) or (c) hereof, the Trustee may, and upon written request of the Required Percentage of Credit Facility Junior Bonds and Owners of not less than 25% in principal amount of the Senior Bonds then Outstanding, shall, by written notice to the Authority and the Paying Agent, declare the Bonds to be immediately due and payable. Upon a declaration that the Bonds are immediately due and payable, the Bonds and the Authority Notes shall, without further action become immediately due and payable, anything in this Indenture or in the Bonds or Authority Notes to the contrary notwithstanding, and the Trustee shall give notice to the Authority and the Paying Agent and, by Mail, to all Owners of Outstanding Bonds and Authority Notes that the Bonds and Authority Notes are immediately due and payable and that interest on the Bonds will cease to accrue on the date moneys sufficient to pay the Bonds plus interest accrued to such date are on deposit with the Trustee or the Paying Agent.

(b) The provisions of the preceding paragraph are subject to the condition that if, after the principal of the Bonds and Authority Notes shall have been so declared to be due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered as hereinafter provided, the Authority shall cause to be deposited with the Trustee a sum sufficient to pay all matured installments of interest upon all Bonds and any Reimbursement Obligations that have become due and payable, and the principal of, and premium, if any, and all Bonds which shall have become due otherwise than by reason of such declaration (with interest upon such principal and, to the extent permissible by law, on overdue installments of interest, at the rate per annum specified in the Bonds) and such amount as shall be sufficient to cover reasonable compensation and reimbursement of expenses payable to the Trustee and the Paying Agent, and all Indenture Events of Default hereunder other than nonpayment of the principal and premium, if any of Bonds and interest thereon which shall have become due by said declaration shall have been remedied, then, in every such case, such Indenture Event of Default shall be deemed waived and such declaration and its consequences rescinded and annulled, and the Trustee shall promptly give written notice of such waiver, rescission or annulment to the Authority and the Paying Agent, and shall give notice thereof by Mail to all Owners of Outstanding Bonds and the Authority Notes; but no such waiver, rescission

B-80

and annulment shall extend to or affect any subsequent Indenture Event of Default or impair any right or remedy consequent thereon.

(c) Subject to Sections 8.2(f) and (g) below, upon the occurrence and continuance of any Indenture Event of Default, and regardless of whether or not the Trustee has accelerated the Bonds and the Authority Notes pursuant to (a) above, then and in every such case the Trustee (and any trustee appointed pursuant to Section 8 of the Act) in its discretion may, and upon (i) the written direction of the Required Percentage of Credit Facility Junior Bonds and (ii) either (A) the written direction of the Owners of not less than 25% in principal amount of the Senior Bonds, or (B) delivery to the Trustee of a certificate of a Consultant or an opinion of Bond Counsel, in either case to the effect that the exercise of the contemplated remedy will not, in and of itself, adversely affect the security for or payment of the Senior Bonds, and (iii) receipt of indemnity to the Trustee's satisfaction, shall, in its own name and as the Trustee of an express trust:

(i) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Owners of Bonds and the Authority Notes, and require the Authority to carry out or cause to be carried out any agreements with or for the benefit of the Owners of Bonds and the Authority Notes and to perform its or their duties under the Act and any Financing Document, provided that any such remedy may be taken only to the extent permitted under the applicable provisions of such Financing Document;

(ii) bring suit upon the Bonds and the Authority Notes;

(iii) by action or suit in equity require the Authority to account as if it were the trustee of an express trust for the Owners of the Bonds and the Authority Notes;

(iv) enforce any and all remedies under the Mortgage;

(v) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Owners of the Bonds or the Authority Notes;

(vi) enforce any rights or remedies under any or all of the other Financing Documents;

(vii) compel the replacement of the Asset Manager and/or the Operator;

(viii) by mandamus, or other suit, action or proceeding at law or in equity, enforce the provisions of Section 5.3(b)(xvi)(B), and require the Authority to cause the provisions of Section 5.3(b)(xvi)(B) to be performed; or

(ix) compel the enforcement of the Authority's rights under Article XIII of the Asset Transfer Agreement.

(d) The Trustee shall be under no obligation to pursue any remedies herein or in the Mortgage if in the opinion of the Trustee such action would result in a risk of financial liability for the Trustee and the Trustee has not received indemnity from Owners that is satisfactory to Trustee in the Trustee's sole judgment.

B-81

liabilities to be incurred therein or thereby, to direct the time, method and place of conducting all remedial proceedings available to the Trustee under this Indenture or exercising any trust or power conferred on the Trustee by this Indenture.

8.5 Limitation on Owners' Right to Institute Proceedings.

No Owner of Bonds shall have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust or power hereunder, or any other remedy hereunder or on said Bonds or Authority Notes, unless such Owner of Bonds previously shall have given to the Trustee written notice of an Indenture Event of Default as hereinabove provided and unless also (i) a written request has been made by (i) the Required Percentage of Credit Facility Junior Bonds and (ii) either (A) a written request has been made by the Owners of not less than 25% in principal amount of the Senior Bonds then Outstanding, or (B) there has been delivered to the Trustee a certificate of a Consultant or an opinion of Bond Counsel, in either case to the effect that the exercise of the contemplated remedy will not, in and of itself, adversely affect the security for or payment of the Senior Bonds, to institute said suit, action or proceeding under Section 8.2, and the Trustee shall have had a reasonable opportunity to proceed to institute the same in either its or their name, and the Trustee shall have been offered security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall not have complied with such request within a reasonable time. Such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Trustee, to be conditions precedent to the institution of said suit, action or proceeding; it being understood and intended that no one or more of the Owners of Bonds shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this Indenture, or to enforce any right hereunder or under the Bonds or Authority Notes, except in the manner herein provided, and that all suits, actions and proceedings at law or in equity shall be instituted, conducted and maintained in the manner herein provided and for the equal benefit of all Authority and the Owners of Bonds and Authority Notes, to the extent provided herein.

The right of any Owner of Bonds to institute any suit, action or proceeding in equity or at law for the execution of any trust or power hereunder, or any other remedy hereunder is in all events subject to the limitations set forth in Section 8.2 hereof.

8.6 No Impairment of Right to Enforce Payment.

Notwithstanding any other provision in this Indenture, the right of any Owner of Bonds or Authority Notes to receive payment of the principal of and premium, if any, and interest on such Bond or Authority Notes, on or after the respective due dates expressed therein, or to institute suit for the enforcement of any such payment on or after such respective date, shall not be impaired or affected without the consent of such Owner of Bonds or Owner of Authority Notes, as applicable.

8.7 Proceedings by Trustee without Possession of Bonds.

All rights of action under this Indenture or under any of the Bonds or Authority Notes secured hereby which are enforceable by the Trustee may be enforced by it without the possession of any of the Bonds or Authority Notes, or the production thereof at the trial or other proceedings relative thereto, and any such suit, action or proceeding instituted by the Trustee

B-83

(e) If any Indenture Event of Default has occurred and is continuing, the Trustee, before or after declaring the principal of the Bonds and the Authority Notes immediately due and payable: (i) may enforce each and every right granted to the Authority under any Financing Document, and all other leases, subleases, agreements or contracts and any supplements or amendments thereto executed as provided in Article XI hereof, and (ii) insofar as such right may be lawfully conferred upon the Trustee, may, by its agents or attorneys, with or without process of law, enter on and take possession of all or any part of the Leased Premises, together with all records, documents, books, papers and accounts of the Authority, the Asset Manager, or the Operator relating thereto, and may as the attorney in fact or agent of the Authority, being thereunto hereby duly authorized, or in its own name as Trustee, hold, manage and operate such Leased Premises and collect the amounts payable by reason of such operation, to be applied in the same manner as Revenues under this Indenture.

(f) Upon the occurrence of an Event of Default described in Section 8.1(d) hereof, the sole remedy available to Owners of the Authority Notes is the remedy set forth in 8.2(c)(viii) above.

(g) Upon the occurrence of an Event of Default described in Section 8.1(e) hereof, the sole remedy available to the Credit Facility Providers or the Owners of the Bonds is the remedy set forth in 8.2(c)(ix) above.

8.3 Restoration to Former Position.

In the event that any proceeding taken by the Trustee to enforce any right under this Indenture shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, then the Authority, the Trustee, the Paying Agent and the Owners of Bonds and Authority Notes shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies and powers of the Trustee and the Paying Agent shall continue as though no such proceeding had been taken.

8.4 Owners' Right to Direct Proceedings.

(a) Anything in this Indenture to the contrary notwithstanding, if an Indenture Event of Default under Section 8.1(a) shall have occurred and be continuing, upon delivery to the Trustee of (i) an instrument in writing executed by the Required Percentage of Credit Facility Junior Bonds and (ii) either (A) an instrument in writing executed by the Owners of not less than 25% in principal amount of the Senior Bonds then Outstanding, or (B) a certificate of a Consultant or an opinion of Bond Counsel, in either case to the effect that the exercise of the contemplated remedy will not, in and of itself, adversely affect the security for or payment of the Senior Bonds, and by offering to the Trustee security and indemnity satisfactory to the Trustee in its sole discretion against the costs, expenses and liabilities to be incurred therein or thereby, the parties executing such instrument(s) shall have the right to direct the time, method and place of conducting all remedial proceedings available to the Trustee under this Indenture or exercising any trust or power conferred on the Trustee by this Indenture.

(b) If at any time, no Bonds are Outstanding under this Indenture, the Owners of all the Authority Notes then Outstanding hereunder shall have the right, by an instrument in writing executed and delivered to the Trustee and by offering to the Trustee security and indemnity satisfactory to the Trustee in its sole discretion against the costs, expenses and

B-82

shall be brought in its name for the benefit of the Owners of the Bonds and the Authority Notes, to the extent provided in this Indenture.

8.8 No Remedy Exclusive.

No remedy herein conferred upon or reserved to the Trustee or to Owners of Bonds or the Authority Notes is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder or under the Mortgage, as applicable, or now or hereafter existing at law or in equity or by statute; provided, however, that any conditions set forth herein to the taking of any remedy to enforce the provisions of this Indenture, the Bonds, the Authority Notes, the Mortgage shall also be conditions to seeking any remedies under any of the foregoing pursuant to this Section 8.8.

8.9 No Waiver of Remedies.

No delay or omission of the Trustee or of any Owner of Bonds or Authority Notes to exercise any right or power accruing upon the occurrence of any Indenture Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Indenture Event of Default, or an acquiescence therein; and every power and remedy given by this Article VIII to the Trustee, to the Owners of Bonds or the Owners of the Authority Notes, respectively, may be exercised from time to time and as often as may be deemed expedient.

8.10 Application of Moneys.

(a) Any moneys held or received by the Trustee, by the Paying Agent, by any receiver or by any Owner of Bonds or Authority Notes (except moneys on deposit in the Surplus Fund) pursuant to any right given or action taken under the provisions of this Article VIII, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred and estimated to be incurred or made by the Trustee and the Paying Agent, shall be deposited in the Bond Fund. All moneys so deposited in the Bond Fund during the continuance of an Indenture Event of Default (other than moneys for the payment of Bonds which had matured or otherwise become payable prior to such Indenture Event of Default or for the payment of interest due prior to such Indenture Event of Default) shall be applied as follows:

(i) first, to the payment to the persons entitled thereto of all installments of interest then due on the Senior Bonds, with interest on overdue installments, if lawful, at their respective rates from the respective dates upon which they became due, in the order of maturity and, if the amount available shall not be sufficient to pay in full any particular installment of interest, then to the payment ratably, according to the amounts due on such installment;

(ii) second, to the payment to the persons entitled thereto of the unpaid principal of the Senior Bonds which shall have become due with interest on such Senior Bonds at their respective rates from the respective dates upon which they became due and, if the amount available shall not be sufficient to pay in full the Senior Bonds due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal and interest due on such date, in each case to the persons entitled thereto, without any discrimination or privilege; and, subject to Section 8.10(b) below,

B-84

(iii) third, to the payment to the persons entitled thereto of all installments of interest then due on the Junior Bonds, with interest on overdue installments, if lawful, at their respective rates from the respective dates upon which they became due, in the order of maturity and, if the amount available shall not be sufficient to pay in full any particular installment of interest, then to the payment ratably, according to the amounts due on such installment; and

(iv) fourth, to the payment to the persons entitled thereto of the unpaid principal of the Junior Bonds which shall have become due with interest on such Junior Bonds at their respective rates from the respective dates upon which they became due and, if the amount available shall not be sufficient to pay in full the Junior Bonds due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal and interest due on such date, in each case to the persons entitled thereto, without any discrimination or privilege; and

(v) fifth, pro rata, to the payment of obligations due and owing under any Debt Service Reserve Fund Surety Bond Provider Insurance Agreement; and

(vi) sixth, pro rata, to the payment of Reimbursement Obligations; and

(vii) seventh, to the payment to the persons entitled thereto of the unpaid principal of the Authority Note 1 and Authority Note 2 which shall have become due and, if the amount available shall not be sufficient to pay in full the sums due on Authority Note 1 and Authority Note 2 on any particular date, then 40% of the moneys available pursuant to this clause (vi) shall be applied to the payment of the unpaid principal of Authority Note 1 and the balance of such available moneys shall be applied to the payment of the unpaid principal of Authority Note 2; provided, however, if AGM and the County have delivered a written instrument to the Trustee in accordance with Section 5.3(c) hereof, the percentages referred to above (40% to be applied to the payment of Authority Note 1 and 60% to the payment of Authority Note 2) shall be adjusted as provided in such written instrument; and

(viii) eighth, to the payment to the persons entitled thereto of the unpaid principal of Authority Note 3 and Authority Note 4 which shall have become due; and

(ix) ninth, to the payment of any other amounts then owing hereunder.

(b) Notwithstanding the priority of payments set forth in (a) above, if the Trustee exercises its rights under the Mortgage to sell or dispose of the leasehold interest in the Leased Premises in a transaction that results in the payment of an upfront or lump sum payment, funds shall not be applied as provided in clauses "third" through "ninth" above until all Outstanding Senior Bonds have been paid in full.

(c) All moneys on deposit in the Surplus Fund shall be applied to the payment to the persons entitled thereto of the unpaid principal of the Authority Notes which shall have become due and, if the amount available shall not be sufficient to pay in full the Authority Notes due on any particular date, then 40% of the moneys available pursuant to this clause (b) shall be applied to the payment of the unpaid principal of Authority Note 1 and the balance of such available moneys shall be applied to the payment of the unpaid principal of Authority Note 2 until Authority Note 1 and Authority Note 2 are paid in full; provided, however, if AGM and the County have delivered a written instrument to the Trustee in accordance with Section 5.3(c)

B-85

9.2 No Responsibility for Recitals.

The recitals, statements and representations contained in this Indenture or in the Bonds, save only the Trustee's or Authenticating Agent's authentication upon the Bonds and Authority Notes, shall be taken and construed as made by and on the part of the Authority, and not by the Trustee or the Paying Agent, and neither the Trustee nor the Paying Agent assumes, or shall have, any responsibility or obligation for the correctness thereof.

9.3 Certain Rights of the Trustee and Limitations on Liability.

(a) The Trustee and the Paying Agent may execute any of the trusts or powers hereof and perform the duties required of either of them hereunder by or through attorneys, agents, receivers or employees, and shall be entitled to rely upon the advice of counsel concerning all matters of trust and their duties hereunder and may pay reasonable compensation in all cases to all those attorneys, agents, receivers and employees reasonably used by it in connection with the Trusts hereof. The Trustee and the Paying Agent shall not be answerable for the default or misconduct and shall be free of all liability for any act taken or not taken in reliance on such advice of any such attorney (who may be an attorney or attorneys for the Authority), agent or employee selected by either of them with reasonable care.

(b) Neither the Trustee nor the Paying Agent shall be answerable for the exercise of any discretion or power under this Indenture for any error of judgment made in good faith by any of its officers, or for anything whatsoever in connection with the trust created hereby, except only for its own gross negligence or willful misconduct; except that: (i) this Subsection (b) shall not be construed to affect the limitation of the Trustee's duties and obligations provided in Section 9.1 hereof or the Trustee's right to rely on the truth and accuracy of statements and opinions as provided in Section 9.7 hereof; (ii) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of Bonds or Authority Notes as provided in Section 8.2 or 8.4 hereof, as applicable, relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture; and (iii) no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity satisfactory to it in its sole discretion against such risk or liability is not reasonably assured to it; provided that this clause (iii) shall not relieve the Trustee of its duties to make payments on the Bonds and Authority Notes when due as required hereunder or under any Supplemental Indenture and to take the steps required hereunder in connection with redemptions.

(c) The Trustee shall not be responsible for (i) the validity, priority, recording, rerecording, filing or refiling of this Indenture or any Supplemental Indenture, (ii) any instrument or document of further assurance or collateral assignment, (iii) the preparation, filing or refiling of any financing statements, amendments thereto or continuation statements, (iv) the validity of the execution by the Authority of this Indenture, any Supplemental Indenture or instruments or documents of further assurance, (v) the sufficiency of the security for the Bonds and the Authority Notes issued hereunder or intended to be secured hereby, (vi) the value of or title to the Parking System, or insurance of the Parking System or collection of insurance moneys,

B-87

hereof, the percentages referred to above (40% to be applied to the payment of Authority Note 1 and 60% to the payment of Authority Note 2) shall be adjusted as provided in such written instrument. Upon payment in full of Authority Note 1 and Authority Note 2, all moneys on deposit in the Surplus Fund shall be applied to the payment of principal due on such date on Authority Note 3 and Authority Note 4.

Whenever moneys are to be applied pursuant to the provisions of this Section 8.10, such moneys shall be applied at such times, and from time to time, as the Paying Agent or the Trustee, as the case may be, shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Paying Agent or the Trustee shall apply such funds, it shall fix the date (which shall be an Interest Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal and interest to be paid on such date shall cease to accrue. The Paying Agent or the Trustee, as the case may be, shall give notice of the deposit with it of any such moneys and of the fixing of any such date by Mail, at the expense of the Authority, to all Owners of such Bonds and Authority Notes and shall not be required to make payment to any Owner of Bonds and Authority Notes until such Bond or Authority Note shall be presented to the Paying Agent or the Trustee, as the case may be, for appropriate endorsement or for cancellation if fully paid. Payments made pursuant to this section shall be made to any fiscal agent or trustee as may be designated by the Owners of the Authority Notes.

Whenever all principal of Bonds and Authority Notes and interest and premium, if any, thereon have been paid under the provisions of this Indenture and all expenses and charges of the Trustee and all amounts owing to the Credit Facility Providers have been paid, any balance remaining shall be applied to pay other obligations, if any, under any of the Financing Documents and the balance, if any, shall be paid to or at the written direction of the Authority or as a court of competent jurisdiction may direct.

8.11 Severability of Remedies.

It is the purpose and intention of this Article VIII to provide rights and remedies to the Trustee and the Owners of Bonds and Authority Notes which may be lawfully granted under the provisions of the Act, but should any right or remedy herein granted be held to be unlawful, the Trustee and the Owners of Bonds and Authority Notes shall be entitled, as above set forth, to every other right and remedy provided in this Indenture and by law.

ARTICLE IX. TRUSTEE; PAYING AGENT; REGISTRAR

9.1 Acceptance of Trusts.

The Trustee and the Paying Agent hereby respectively accept and agree to execute the trusts hereby created, but only upon the additional terms set forth in this Article IX, to all of which the Authority agrees and the respective Owners of Bonds and Authority Notes agree by their acceptance of delivery of any of the Bonds and Authority Notes. The Trustee and the Paying Agent shall each designate to the other and to the Authority their respective Principal Offices. No implied covenants, duties or other allegations shall be read into this Indenture against the Trustee or the Paying Agent.

B-86

(vii) the maintenance of the security hereof, (viii) the use of any funds disbursed by the Trustee in accordance with the provisions of this Indenture, or (ix) any information in any offering memorandum or other disclosure documents distributed with respect to Bonds.

(d) The Trustee shall not be bound to ascertain or inquire as to the observance or performance of any covenants, agreements or obligations on the part of the Authority; but the Trustee may require of the Authority full information and advice as to the observance or performance of those covenants, agreements and obligations. The Trustee shall have no obligation to observe any of the covenants or perform any of the duties of the Authority under the Asset Transfer Agreement, the Asset Management Agreement, the PEDFA Intergovernmental Agreement, the Lease, the Parking Lease or the Servicing Agreement.

(e) Except as otherwise expressly provided herein, the Trustee shall not be obligated and may not be required to give or furnish any notice, demand, report, request, reply, statement, advice or opinion to the Owners, or the Authority, and the Trustee shall not incur any liability for its failure or refusal to give or furnish the same unless obligated to do so by the express provisions hereof.

(f) The Trustee shall not be accountable for the application by the Authority or any other Person of the proceeds of any Bonds authenticated or delivered hereunder.

(g) Any action taken by the Trustee pursuant to this Indenture upon the request or authority or consent of any Person who is the Owner of any Bonds or Authority Notes at the time of making the request or giving the authority or consent, shall be conclusive and binding upon all future Owners of the same Bond or Authority Notes and of Bonds and Authority Notes issued in exchange therefor or in place thereof.

(h) As to the existence or nonexistence of any fact for which the Authority may be responsible or as to the sufficiency or validity of any instrument, document, report, paper or proceeding, the Trustee shall be entitled to rely upon a certificate signed on behalf of the Authority by an Authorized Authority Representative or Authorized Asset Manager Representative, as sufficient evidence of the facts recited therein. Prior to the occurrence of an Indenture Event of Default of which the Trustee has been notified, as provided in Section 9.5, or of which by that Section the Trustee is deemed to have notice, the Trustee may accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient; provided that the Trustee in its discretion may require and obtain any further evidence which it deems to be necessary or advisable; and provided further that the Trustee shall not be bound to secure any further evidence. The Trustee may accept a certificate of the officer, or an assistant thereto, having charge of the appropriate records, to the effect that a resolution has been adopted by the Authority in the form recited in that certificate, as conclusive evidence that the resolution has been duly adopted and is in full force and effect.

(i) During normal business hours, the Trustee and its duly authorized agents, attorneys, experts, engineers, accountants and representatives (i) may inspect and copy fully all books, papers and records of the Authority pertaining to the Parking System, the Bonds and the Authority Notes, and (ii) may make any memoranda from and in regard thereto as the Trustee may desire.

B-88

(j) The Trustee shall not be required to give any bond or surety with respect to the execution of these trusts and powers or otherwise in respect of the premises.

(k) Notwithstanding anything contained elsewhere in this Indenture to the contrary, the Trustee may demand any showings, certificates, reports, opinions, appraisals and other information, and any corporate action and evidence thereof, in addition to that required by the terms hereof, as a condition to the authentication of any Bonds or Authority Notes or the taking of any action whatsoever within the purview of this Indenture, if the Trustee deems it to be desirable for the purpose of establishing the right of the Authority to the authentication of any Bonds or Authority Notes or the right of any Person to the taking of any other action by the Trustee; provided that the Trustee shall not be required to make any such demand.

(l) Unless otherwise provided herein, all moneys received by the Trustee under this Indenture shall be held in trust for the purposes for which those moneys were received, until those moneys are used, applied or invested as provided herein; provided that those moneys need not be segregated from other moneys, except to the extent required by this Indenture or by law. The Trustee shall not have any liability for interest on any moneys received hereunder, except to the extent expressly provided herein or agreed with the Authority.

(m) Notwithstanding any provision of this Indenture to the contrary, the Trustee shall not be liable or responsible for the accuracy of any calculation or determination which may be required in connection with or for the purpose of complying with Section 148 of the Code, including, without limitation, the calculation of amounts required to be paid to the United States under the provisions of 148 of the Code, the maximum amount which may be invested in "nonpurpose obligations" as defined in the Code and the fair market value of any investments made hereunder, and the sole obligation of the Trustee with respect to the investments of funds hereunder shall be to invest the moneys received by the Trustee as provided herein pursuant to the written instructions of the Authority.

(n) The Trustee shall not be responsible for any loss or decrease in value in any investment: (i) made by the Trustee in accordance with the provisions of this Indenture; (ii) resulting from any sale made by the Trustee to fund a payment or distribution required hereunder; or (iii) resulting from a failure by the Authority to provide written investment directions.

(o) The permissive rights of the Trustee to take actions enumerated in this Indenture shall not be construed as duties.

(p) The Trustee shall have the right to appoint, or seek court-appointment of, agents, experts or representatives to act on its behalf under any Financing Document. The costs incident to such appointment, including the ongoing fees and expenses of such agents, experts or representatives, shall constitute Administration Expenses and shall be paid by the Authority and the terms of such appointment shall provide that the Trustee assumes no liability with respect to the performance of such agent, expert or representative.

9.4 Compensation, Expenses and Advances.

The Trustee, the Paying Agent, the Authenticating Agent and the Registrar under this Indenture shall be entitled to reasonable compensation for their Ordinary Services and

B-89

9.7 Good Faith Reliance.

The Trustee, the Registrar, the Authenticating Agent and the Paying Agent shall be protected and shall incur no liability in, and shall not be responsible for any loss or damage from, its acting or failing to act or proceeding in good faith upon: (i) any resolution, notice, telegram, telex or facsimile transmission, request, consent, waiver, certificate, statement, affidavit, voucher, bond, requisition or other paper or document which it shall in good faith believe to be genuine and to have been passed or signed by the proper board, body or Person or to have been prepared and furnished pursuant to any of the provisions of this Indenture or upon (ii) the written opinion of any attorney, engineer, accountant or other expert believed by the Trustee, the Registrar, the Authenticating Agent or the Paying Agent, as the case may be, to be qualified in relation to the subject matter. The Trustee, the Registrar, the Authenticating Agent or the Paying Agent shall be under no duty (but may at its discretion) to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements and opinions. Neither the Trustee, the Registrar, the Authenticating Agent nor the Paying Agent shall be bound to recognize any Person as an Owner of Bonds or to take any action at such Person's request unless the Bond owned by such Person shall be deposited with the Trustee or satisfactory evidence of the ownership of such Bond shall be furnished to such entity.

9.8 Dealings in Bonds and with the Authority.

The Trustee, the Paying Agent, the Registrar or the Authenticating Agent, in their individual capacity, may in good faith buy, sell, own, hold and deal in any of the Bonds issued hereunder and may join in any action which any Owner of Bonds may be entitled to take with like effect as if they did not act in any capacity hereunder. The Trustee, the Paying Agent, the Registrar or the Authenticating Agent, in their individual capacity, either as principal or agent, may also engage in or be interested in any financial or other transaction with the Authority, and may act as depository, trustee or agent for any committee or body of Owners of Bonds or Authority Notes secured hereby or other obligations of the Authority, as freely as if they did not act in any capacity hereunder; provided that the Trustee, the Paying Agent, the Registrar and the Authenticating Agent shall not have any right of set-off with respect to any amounts held pursuant to this Indenture by virtue of any such financial or other transaction.

9.9 Construction of Indenture.

The Trustee may construe any of the provisions of this Indenture insofar as the same may appear to be ambiguous or inconsistent with any other provision hereof, and any construction of any such provisions hereof by the Trustee or the Paying Agent in good faith shall be binding upon the Owners of the Bonds, the Authority Notes and the Authority.

9.10 Resignation of Trustee, Registrar or Paying Agent.

The Trustee, Registrar or the Paying Agent may resign and be discharged of the trusts created by this Indenture by executing any instrument in writing resigning such trust and specifying the date when such resignation shall take effect, and filing the same with the Authority, and the Trustee or the Paying Agent, as the case may be, not less than forty-five (45) days before the date specified in such instrument when such resignation shall take effect, and by giving notice of such resignation by Mail, not less than three weeks prior to such resignation

B-91

Extraordinary Services (if an Indenture Event of Default has occurred and is continuing) rendered hereunder (not limited by any provision of law in regard to the compensation of the trustee of an express trust) and to reimbursement for their actual out-of-pocket Ordinary Expenses and the Extraordinary Expenses (if an Indenture Event of Default has occurred and is continuing) (including counsel fees and expenses and the allocated costs and expenses in-house counsel and legal staff) reasonably incurred in connection therewith except as a result of their gross negligence or willful misconduct. If the Authority shall fail to perform any of the covenants or agreements contained in this Indenture, other than the covenants or agreements in respect of the payment of the principal of, premium, if any, and interest on the Bonds and Authority Notes, the Trustee may, in its discretion and without notice to the Owners of Bonds and Authority Notes, at any time and from time to time, make advances to effect performance of the same on behalf of the Authority, but the Trustee shall be under no obligation so to do; and any and all such advances may bear interest at a rate per annum not exceeding the rate of interest then in effect and as announced by the Trustee as its prime lending rate for domestic commercial loans in the city in which is located the Principal Office of the Trustee.

9.5 Notice of Events of Default.

The Trustee and the Paying Agent shall not be required to take notice, or be deemed to have notice, of any Indenture Event of Default, other than an Indenture Event of Default under clause (a) or (b) of Section 8.1 hereof, unless an officer, agent or employee responsible for matters relating to the Bonds and the Authority Notes shall have actual knowledge of such Indenture Event of Default, or the Trustee or the Paying Agent, as the case may be, shall have been specifically notified in writing of such Indenture Event of Default by the Authority, the Required Percentage of Credit Facility Junior Bonds or 66-2/3% in principal amount of the Bonds then Outstanding (or the Owners of the Authority Notes as provided in Section 8.4(b)) then Outstanding. The Trustee may, however, at any time, in its discretion, require of the Authority full information and advice as to the performance of any of the covenants, conditions and agreements contained herein.

9.6 Action by Trustee.

Except with respect to the Trustee's obligations under Section 9.5 hereof, the Trustee shall be under no obligation to take any action in respect of any Indenture Event of Default or toward the enforcement of any of the trusts hereby created, or to enforce any rights of the Authority or to assume any of the duties of the Authority, the Asset Manager or the Operator under any Financing Document, or to institute, appear in or defend any suit or other proceeding in connection therewith, unless requested in writing so to do by Owners of at least 66-2/3% in principal amount of the Senior Bonds then Outstanding, or the Required Percentage of Credit Facility Junior Bonds, or (as provided in Section 8.4(b)), the Owners of the Authority Notes) and, if in its opinion such action may tend to involve it in expense or liability, unless furnished, from time to time as often as it may require, with security and indemnity satisfactory to it in its sole discretion; but the foregoing provisions are intended only for the protection of the Trustee, and shall not affect any discretion or power given by any provisions of this Indenture to the Trustee to take action in respect of any Indenture Event of Default without such notice or request from the Owners of Bonds or Authority Notes or the Required Percentage of Credit Facility Junior Bonds, or without such security or indemnity.

B-90

date, to all Owners of Bonds and Authority Notes and the Credit Facility Providers. Such resignation shall take effect on the day specified in such instrument and notice, unless (i) previously a successor Trustee or Paying Agent shall have been appointed as hereinafter provided, in which event such resignation shall take effect immediately upon the appointment of such successor Trustee or Paying Agent or (ii) no successor Trustee or Paying Agent shall have been appointed, in which case the resignation shall not become effective until a successor has been appointed either by the Authority or pursuant to Section 9.14 hereof.

9.11 Removal of Trustee, Registrar or Paying Agent.

The Trustee, Registrar or Paying Agent may be removed at any time by the Owners of at least 66-2/3% in principal amount of the Outstanding Bonds (or Authority Notes as provided in Section 8.4(b)) then Outstanding, upon 45 days written notice to the Trustee, Registrar or Paying Agent, as the case may be, by filing with the Trustee, Registrar or Paying Agent so removed, and with the Authority, the Registrar and the Paying Agent or the Trustee, as the case may be, an instrument or instruments in writing, appointing a successor, or an instrument or instruments in writing, consenting to the appointment by the Authority of a successor and accompanied by an instrument of appointment by the Authority of such successor.

9.12 Appointment of Successor Trustee or Paying Agent.

In case at any time the Trustee or the Paying Agent shall be removed, or be dissolved, or if its property be taken under the control of any state or federal administrative body because of insolvency or bankruptcy, or for any other reason, then a vacancy shall forthwith and ipso facto exist in the office of the Paying Agent or the Trustee, as the case may be, and a successor may be appointed, and in case at any time the Trustee or Paying Agent shall resign, then a successor may be appointed, by filing with the Authority, the Registrar, and the Paying Agent or the Trustee, as the case may be, an instrument in writing, executed by the Owners of not less than a majority in principal amount of Bonds then Outstanding (or Authority Notes as provided in Section 8.4(b)). Copies of such instrument shall be promptly delivered by the Authority to the predecessor Trustee or Paying Agent and to the Trustee or the Paying Agent so appointed. Until a successor Trustee or Paying Agent shall be appointed by the Owners of Bonds (or Authority Notes as provided in Section 8.4(b)) as herein authorized, the Authority shall appoint a successor Trustee or Paying Agent. After any appointment by the Authority, it shall cause notice of such appointment to be given to the Registrar and the Paying Agent or the Trustee, as the case may be, and to be given by Mail to all Owners of Bonds and Authority Notes. Any new Trustee or Paying Agent so appointed by the Authority shall immediately and without further act be superseded by the Trustee or Paying Agent appointed by the Owners of Bonds (or Authority Notes as provided in Section 8.4(b)) in the manner above provided. In the event that the Paying Agent shall resign or be removed, or be dissolved, or if the property or affairs of the Paying Agent shall be taken under the control of any state or federal court or administrative body because of bankruptcy or insolvency, or for any other reason, and a successor Paying Agent shall not have been appointed as provided herein, the Trustee shall ipso facto be deemed to be the Paying Agent for all purposes of this Indenture until the appointment of a successor Paying Agent as provided herein.

B-92

9.13 Qualifications of Successor Trustee.

Every successor Trustee (a) shall be a bank or trust company duly organized under the laws of the United States or any state or territory thereof authorized by applicable law to perform all the duties imposed upon it by this Indenture, (b) shall have a combined capital stock, surplus and undivided profits of at least \$100,000,000, (c) shall be permitted under the Act and other applicable law to perform the duties of Trustee, if there can be located, with reasonable effort, such an institution willing and able to accept the trust hereof on reasonable and customary terms, and (d) shall not be a Disqualified Contractor. The qualifications of a successor Paying Agent are set forth in Section 9.20 hereof.

9.14 Judicial Appointment of Successor Trustee or Paying Agent.

In case at any time the Trustee or the Paying Agent shall resign and no appointment of a successor Trustee or Paying Agent shall be made pursuant to the foregoing provisions of this Article IX prior to the date specified in the notice of resignation as the date when such resignation is to take effect, the resigning Trustee or Paying Agent may, at the expense of the Authority, forthwith apply to a court of competent jurisdiction for the appointment of a successor Trustee or Paying Agent. If no appointment of a successor Trustee or Paying Agent shall be made pursuant to the foregoing provisions of this Article IX within six months after the date specified in the notice of resignation as the date when such resignation is to take effect, any Owner of Bonds (or Authority Notes as provided in Section 8.4(b)) may apply to any court of competent jurisdiction to appoint a successor Trustee or Paying Agent. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe, appoint a successor Trustee or Paying Agent.

9.15 Acceptance of Trusts by Successor Trustee or Paying Agent.

Any successor Trustee or Paying Agent appointed hereunder shall execute, acknowledge and deliver to the Authority an instrument accepting such appointment hereunder, and thereupon such successor Trustee or Paying Agent, without any further act, deed or conveyance, shall become duly vested with all the estates, property, rights, powers, trusts, duties and obligations of its predecessor in the trust hereunder, with like effect as if originally named Trustee or Paying Agent herein. Upon request of such Trustee or Paying Agent, such predecessor Trustee or Paying Agent and the Authority shall execute and deliver an instrument transferring to such successor Trustee or Paying Agent all the estates, property, rights, powers and trusts hereunder of such predecessor Trustee or Paying Agent and, subject to the provisions of Section 9.4 hereof, such predecessor Trustee or Paying Agent shall pay over to the successor Trustee or Paying Agent all moneys and other assets at the time held by it hereunder.

9.16 Successor by Merger or Consolidation.

Any corporation or association into which any Trustee or Paying Agent hereunder may be merged or converted or with which it may be consolidated, or any corporation or association resulting from any merger or consolidation to which any Trustee or Paying Agent hereunder shall be a party or any corporation or association to which any Trustee or Paying Agent shall sell all or substantially all of its corporate trust business, shall be the successor Trustee or Paying Agent under this Indenture, without the execution or filing of any paper or any

B-93

9.21 Registrar.

The Authority hereby appoints the Trustee (including any successor Trustee) the Registrar for the Bonds and Authority Notes, subject to the conditions set forth in Section 9.22 hereof. The Registrar shall signify its acceptance of the duties imposed upon it hereunder by accepting its duties as Trustee hereunder. The Registrar will keep such books and records as shall be consistent with its customary practice and to make such books and records available for inspection by the Authority and the Trustee upon prior written request at all reasonable times during normal business hours.

The Authority shall cooperate with the Trustee and the Paying Agent to cause the necessary arrangements to be made and to be thereafter continued whereby Bonds, executed by the Authority and authenticated by the Authenticating Agent, shall be made available for exchange, registration and registration of transfer at the designated corporate trust office of the Paying Agent. The Authority shall cooperate with the Trustee, the Registrar and the Paying Agent to cause the necessary agreements to be made and thereafter continued whereby the Registrar shall be furnished such records and other information, at such times, as shall be required to enable the Registrar to perform the duties and obligations imposed upon it hereunder.

9.22 Several Capacities.

Anything in this Indenture to the contrary notwithstanding, the same entity may serve hereunder as the Trustee, the Paying Agent, the Registrar, and the Authenticating Agent and in any other combination of such capacities, to the extent permitted by law; provided that the Trustee shall also be the Registrar and the Authenticating Agent.

ARTICLE X.
EXECUTION OF INSTRUMENTS BY OWNERS
AND PROOF OF OWNERSHIP OF BONDS AND AUTHORITY NOTES

10.1 Execution of Instruments: Proof of Ownership.

Any request, direction, consent or other instrument in writing required or permitted by this Indenture to be signed or executed by Owners of Bonds or Authority Notes or on their behalf by an attorney-in-fact may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Owners in person or by an agent or attorney-in-fact appointed by an instrument in writing or as provided in the Bonds or Authority Notes, as applicable. Proof of the execution of any such instrument and of the ownership of Bonds and Authority Notes shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee and the Paying Agent with regard to any action taken by either of them under such instrument if made in the following manner:

(a) The fact and date of the execution by any Person of any such instrument may be proved by the certificate of any officer in any jurisdiction who, by the laws thereof, has power to take acknowledgments within such jurisdiction, to the effect that the Person signing such instrument acknowledged before him the execution thereof, or by an affidavit of a witness to such execution.

B-95

further act on the part of the parties hereto, anything in this Indenture to the contrary notwithstanding.

9.17 Standard of Care.

Subject to the limitations set forth in Section 8.4 hereof, the Trustee shall, during the existence of an Indenture Event of Default of which the Trustee has notice as provided in Section 9.5 hereof, exercise such of the rights and powers vested in it by this Indenture and use the same degree of skill and care in their exercise as a prudent Person would use and exercise under the circumstances in the conduct of such Person's own affairs.

9.18 Intervention in Litigation of the Authority.

In any judicial proceeding to which the Authority is a party and which in the opinion of the Trustee and its counsel has a substantial bearing on the interests of the Owners of Bonds and Authority Notes, the Trustee may intervene on behalf of the Owners of Bonds and Authority Notes and shall do so upon receipt of indemnity satisfactory to it, at the written request of the Owners of Bonds of at least 66-2/3% in principal amount of the Bonds (or Authority Notes as provided in Section 8.4(b)) then Outstanding and if permitted by the court having jurisdiction in the premises.

9.19 Paying Agent.

The Trustee initially is appointed as Paying Agent under this Indenture. The Paying Agent shall signify its acceptance of the duties imposed upon it hereunder by accepting its duties as Trustee hereunder. The Paying Agent shall:

(a) hold all sums held by it for the payment of the principal of, premium, if any, or interest on, Bonds in trust for the benefit of the Owners thereof until such sums shall be paid to such Owners of Bonds or otherwise disposed of as herein provided;

(b) keep such books and records as shall be consistent with its customary practice, and, upon prior written request, make such books and records available for inspection by the Authority and the Trustee at all reasonable times during normal business hours; and

(c) upon the written request of the Trustee, forthwith deliver to the Trustee all sums so held in trust by the Paying Agent.

9.20 Qualifications of Paying Agent.

The Paying Agent shall be a bank, trust company or a corporation duly organized under the laws of the United States of America or any state or territory thereof, which is authorized by law to perform all the duties imposed upon it by this Indenture and has a combined capital stock, surplus and undivided profits of at least \$100,000,000, whose senior long-term debt securities and short-term debt securities (or, if such entity has no outstanding long-term debt securities and short-term debt securities, whose parent corporation's senior long-term debt securities and short-term debt securities) are rated "Baa-3" and "P-3" or higher by, or otherwise acceptable to, Moody's, and who shall not be a Disqualified Contractor.

B-94

(b) The ownership of Bonds and Authority Notes shall be proved by the registration books kept under the provisions of Sections 2.8 and 2.13 hereof.

Nothing contained in this Article X shall be construed as limiting the Trustee or the Paying Agent to such proof, it being intended that the Trustee or the Paying Agent may accept any other evidence of matters herein stated which it may deem sufficient. Any request, consent of, or assignment by any Owner of Bonds or Authority notes shall bind every future Owner of the same Bond or Authority Note or any Bond or Bonds or Authority Notes issued in lieu thereof in respect of anything done by the Trustee, the Paying Agent or the Authority in pursuance of such request or consent.

ARTICLE XI.
MODIFICATION OF INDENTURE AND FINANCING DOCUMENTS

11.1 Limitations.

Neither this Indenture nor any other Financing Document shall be modified or amended in any respect subsequent to the first delivery of fully executed and authenticated Bonds except as provided in and in accordance with and subject to the provisions of this Article XI.

11.2 Supplemental Indentures Not Requiring Consent of Owners of Bonds.

The Authority and the Trustee may, from time to time and at any time, without the prior consent of or notice to the Owners of Bonds or the Authority Notes, enter into Supplemental Indentures as follows:

(a) to cure any ambiguity, inconsistency or formal defect or omission in this Indenture;

(b) to grant to the Trustee for the benefit of the Owners additional rights, remedies, powers or authority;

(c) to confirm, as further assurance, any pledge of or lien on the Revenues of the Authority or of any other moneys, securities or funds subject to the lien of this Indenture;

(d) to modify, alter, amend or supplement this Indenture in any other respect which in the judgment of the Trustee is not materially adverse to the Owners of the Bonds or the Authority Notes;

(e) to modify this Indenture or the Bonds of any Series to permit qualification under the Trust Indenture Act of 1939, as amended, or any similar federal statute at the time in effect, or to permit the qualification of the Bonds of any Series for sale under the securities laws of any state of the United States;

(f) to evidence the succession of a new Trustee or the appointment by the Trustee or the Authority of a co-trustee; or

(g) to issue Additional Bonds.

B-96

Before the Authority and the Trustee and the Paying Agent shall enter into any Supplemental Indenture pursuant to this Section 11.2, there shall have been delivered to the Trustee and the Paying Agent an opinion of Bond Counsel to the effect that such supplemental indenture is authorized or permitted by this Indenture and the Act, complies with their respective terms, will, upon the execution and delivery thereof, be valid and binding upon the Authority in accordance with its terms and will not adversely affect the exclusion from gross income of interest paid on the Bonds of any Series for purposes of federal income taxation.

11.3 Supplemental Indentures Requiring Consent of Owners of Bond or Authority Notes.

(a) Except for any Supplemental Indenture entered into pursuant to Section 11.2 hereof, subject to the terms and provisions contained in this Section 11.3 and not otherwise, Owners of (a) at least a majority in principal amount of the Bonds then Outstanding or (b) in case there is more than one series of Bonds Outstanding and less than all of the several series of Bonds then Outstanding are affected by the amendment or supplement, the Owners of at least a majority in principal amount of the Bonds of each series so affected then Outstanding shall have the right from time to time to consent to and approve the execution and delivery by the Authority and the Trustee of any Supplemental Indenture deemed necessary or desirable by the Authority for the purposes of modifying, altering, amending, supplementing or rescinding, any of the terms or provisions contained in this Indenture; provided, however, that, unless approved in writing by the Owners of all the Bonds then Outstanding, nothing herein contained shall permit, or be construed as permitting, (i) a change in the times, amounts or currency of payment of the principal of, premium, if any, or interest on any Bond or a reduction in the principal amount or Redemption Price of any Outstanding Bond or the rate of interest thereon, or (ii) the creation of a claim or lien upon, or a pledge of, the Revenues of the Authority ranking prior to or on a parity with the claim, lien or pledge created by this Indenture, or (iii) a reduction in the aggregate principal amount of Bonds the consent of the Owners of which is required for any such Supplemental Indenture or which is required, under Section 11.6 hereof, for any modification, alteration, amendment or supplement to the Financing Documents; and further provided that, unless approved in writing by the Owners of all the Authority Notes then Outstanding, nothing contained herein shall permit, or be construed as permitting, (i) a change in the times, amounts or currency of payment of the principal of any Authority Note or a reduction in the principal amount or Redemption Price of any Outstanding Authority Note, or (ii) the creation of a claim or lien upon, or a pledge of, the Surplus Fund, ranking prior to or on a parity with the claim, lien or pledge created by this Indenture in favor of the Owners of the Authority Notes, or (iii) a reduction in the aggregate principal amount of Authority Notes the consent of the Owners of which is required for any such Supplemental Indenture or which is required, under Section 11.6 hereof, for any modification, alteration, amendment or supplement to the Financing Documents, or affect the timing of deposits into the Surplus Fund or the priority or amount of payments into the Surplus Fund.

(b) When the Trustee determines that the requisite number of consents has been obtained for a Supplemental Indenture which requires Owner consent, it shall, within ninety (90) days, file a certificate to that effect in its records and mail or cause to be mailed notice to the Owners. No action or proceeding to invalidate the amendment shall be instituted or maintained unless it is commenced within sixty (60) days after such mailing. The Trustee will promptly certify to the Authority that it has mailed or caused to be mailed evidence that such notice was

B-97

11.6 Amendment of Other Financing Documents Requiring Consent of Owners of Bonds.

Except in the case of modifications, alterations, amendments or supplements referred to in Section 11.5 hereof, neither of the parties thereto shall enter into, and the Trustee shall not consent to, any amendment, change or modification of the other Financing Documents, without the written approval or consent of the Owners of at least a majority in principal amount of the Bonds then Outstanding, given and procured as provided in Section 11.3 hereof. If at any time the parties to the other Financing Documents shall request the consent of the Trustee to any such proposed modification, alteration, amendment or supplement, the Trustee shall cause notice thereof to be given in the same manner as provided by Section 11.3 hereof with respect to Supplemental Indentures. Such notice shall briefly set forth the nature of such proposed modification, alteration, amendment or supplement and shall state that copies of the instrument embodying the same are on file at the Corporate Trust Office of the Trustee for inspection by all Owners of Outstanding Bonds and Authority Notes. The Authority may enter into, and the Trustee may consent to, any such proposed modification, alteration, amendment or supplement subject to the same conditions and with the same effect as provided in Section 11.3 hereof with respect to Supplemental Indentures.

ARTICLE XII.

CERTAIN PROVISIONS RELATING TO THE BOND INSURANCE POLICIES AND COUNTY GUARANTY

12.1 Concerning the Bond Insurance Policies.

(a) The prior written consent of AGM shall be a condition precedent to the deposit of any credit instrument provided in lieu of a cash deposit into the Series A Account or the Series C Account of the Debt Service Reserve Fund, if any. Notwithstanding anything to the contrary set forth in the Indenture, amounts on deposit in the Series A Account of the Debt Service Reserve Fund shall be applied solely to the payment of debt service due on the Series A Bonds and amounts on deposit in the Series C Account of the Debt Service Reserve Fund shall be applied solely to the payment of debt service due on the Series C Bonds.

(b) AGM shall be deemed to be the sole holder of the 2013 Insured Bonds for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the holders of the 2013 Insured Bonds insured by it are entitled to take pursuant to the section or article of the Indenture pertaining to (i) defaults and remedies, (ii) modification of this Indenture and the Financing Documents, (iii) the duties and obligations of the Trustee, and (iv) consent rights expressly granted to AGM under this Indenture. Remedies granted to the Owners of 2013 Insured Bonds shall expressly include mandamus.

(c) In the event the maturity of the 2013 Insured Bonds is accelerated, AGM may elect, in its sole discretion, to pay accelerated principal and interest accrued, on such principal to the date of acceleration (to the extent unpaid by the Authority) and the Trustee shall be required to accept such amounts. Upon payment of such accelerated principal and interest accrued to the acceleration date as provided above, AGM's obligations under the Bond Insurance Policies with respect to such 2013 Insured Bonds shall be fully discharged.

B-99

given in the manner required hereby. A consent to an amendment may be revoked by a notice given by the Owner and received by the Trustee prior to the Trustee's certification that the requisite consents have been obtained.

(c) At such time as there are no Bonds Outstanding under this Indenture, all references to Owners of Bonds in Section 11.3(a) hereof shall be deemed to refer to Owners of Authority Notes.

11.4 Effect of Supplemental Indenture.

Upon the execution and delivery of any Supplemental Indenture pursuant to the provisions of this Article XI, this Indenture shall be, and be deemed to be, modified and amended in accordance therewith, and the respective rights, duties and obligations under this Indenture of the Authority, the Trustee, the Paying Agent and all Owners of Outstanding Bonds and Authority Notes shall thereafter be determined, exercised and enforced under this Indenture subject in all respects to such modifications and amendments.

11.5 Amendment of Other Financing Documents Without Consent of Owners of Bond or Authority Notes.

Without the consent of or notice to the Owners of Bonds or Authority Notes, the other Financing Documents may be modified, altered, amended or supplemented by the parties thereto, the other Financing Documents, and the Trustee may consent thereto, (i) in any manner which does not change economic terms contained in such or (ii) as may be required (a) by the provisions of any Financing Document and this Indenture, (b) for the purpose of curing any formal defect, omission, inconsistency or ambiguity therein or (c) in connection with any other change therein which is not materially adverse to the Owners of Bonds, the Authority Notes and the Trustee. In addition to, and not in limitation of, the previous sentence, the Authority may enter into a replacement Asset Management Agreement and the Asset Manager may enter into a replacement Parking Services Agreement without the consent of or notice to the Owners of Bonds and Authority Notes so long as (i) the scope of the proposed replacement Asset Management Agreement or Parking Services Agreement, as the case may be, is substantially similar to the Asset Management Agreement or Parking Services Agreement being replaced, and (ii) the replacement Asset Management Agreement or Parking Services Agreement complies with the terms of this Indenture and the Asset Transfer Agreement.

Before the Authority shall enter into, and the Trustee shall consent to, any modification, alteration, amendment or supplement to any of the other Financing Documents pursuant to this Section, there shall have been delivered to the Trustee (i) an opinion of Bond Counsel stating that such modification, alteration, amendment or supplement is authorized or permitted by this Indenture and the Act, complies with their respective terms, will, upon the execution and delivery thereof, be valid and binding upon the Authority in accordance with its terms and will not adversely affect the exclusion from gross income of interest on the Bonds from federal income taxation and (ii) an opinion of counsel to the parties to such Financing Document, stating that such modification, alteration, amendment or supplement will, upon execution and delivery thereof, be valid and binding upon the such party, in accordance with its terms.

B-98

(d) No grace period for a covenant default shall exceed 30 days or be extended for more than 60 days, without the prior written consent of AGM.

(e) The exercise of any provision of the Indenture which permits the purchase of 2013 Insured Bonds in lieu of redemption shall require the prior written approval of AGM if any 2013 Insured Bond so purchased is not cancelled upon purchase.

(f) The rights granted to AGM under the Indenture or any other Related Document to request, consent to or direct any action are rights granted to AGM in consideration of its issuance of the Bond Insurance Policies. Any exercise by AGM of such rights is merely an exercise of AGM's contractual rights and shall not be construed or deemed to be taken for the benefit, or on behalf, of the Owners of 2013 Insured Bonds and such action does not evidence any position of AGM, affirmative or negative, as to whether the consent of the Owners of 2013 Insured Bonds or any other person is required in addition to the consent of AGM.

(g) Only (1) cash, (2) non callable direct obligations of the United States of America ("Treasuries"), (3) evidences of ownership of proportionate interests in future interest and principal payments on Treasuries held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated, (4) subject to the prior written consent of AGM, pre-refunded municipal obligations rated "AAA" and "Aaa" by S&P and Moody's, respectively, or (5) subject to the prior written consent of AGM, securities eligible for "AAA" defeasance under then existing criteria of S & P or any combination thereof, shall be used to effect defeasance of the 2013 Insured Bonds unless AGM otherwise approves.

To accomplish defeasance, the Authority shall cause to be delivered (i) a report of an independent firm of nationally recognized certified public accountants or such other accountant as shall be acceptable to AGM ("Accountant") verifying the sufficiency of the escrow established to pay the Series A Bonds or the Series C Bonds, as applicable, in full on the maturity or redemption date ("Verification"), (ii) an Escrow Deposit Agreement (which shall be acceptable in form and substance to AGM), and (iii) an opinion of nationally recognized bond counsel to the effect that the Series A Bonds, or the Series C Bonds are no longer "Outstanding" under the Indenture; each Verification and defeasance opinion shall be acceptable in form and substance, and addressed, to the Authority, Trustee and AGM. AGM shall be provided with final drafts of the above referenced documentation not less than five Business Days prior to the funding of the escrow.

2013 Insured Bonds shall be deemed "Outstanding" under the Indenture unless and until they are in fact paid and retired or the above criteria are met.

(h) Amounts paid by AGM under the Bond Insurance Policies shall not be deemed paid for purposes of the Indenture and the 2013 Insured Bonds relating to such payments shall remain Outstanding and continue to be due and owing until paid by the Authority in accordance with the Indenture. The Indenture shall not be discharged unless all amounts due or to become due to AGM have been paid in full or duly provided for.

B-100

(i) The Authority covenants and agrees to take such action (including, as applicable, filing of UCC financing statements and continuations thereof) as is necessary from time to time to preserve the priority of the pledge of the Trust Estate under applicable law.

(j) Claims Upon the Bond Insurance Policy and Payments by and to AGM.

If, on the third Business Day prior to the related scheduled interest payment date or principal payment date ("2013 Insured Bonds Payment Date") there is not on deposit with the Trustee, after making all transfers and deposits required under the Indenture, moneys sufficient to pay the principal of and interest on the 2013 Insured Bonds due on such 2013 Insured Bonds Payment Date, the Trustee shall give notice to AGM and to its designated agent (if any) (the "Insurer's Fiscal Agent") by telephone or teletype of the amount of such deficiency by 12:00 noon, New York City time, on such Business Day. If, on the second Business Day prior to the related 2013 Insured Bonds Payment Date, there continues to be a deficiency in the amount available to pay the principal of and interest on the Series A Bonds or Series C Bonds due on such 2013 Insured Bonds Payment Date, the Trustee shall make a claim under the Series A Bond Insurance Policy or the Series C Bond Insurance Policy, as applicable, and give notice to AGM and AGM's Fiscal Agent (if any) by telephone of the amount of such deficiency, and the allocation of such deficiency between the amount required to pay interest on the Series A Bonds or the Series C Bonds, as applicable, and the amount required to pay principal of the Series A Bonds or the Series C Bonds, as applicable, confirmed in writing to AGM and AGM's Fiscal Agent by 12:00 noon, New York City time, on such second Business Day by filling in the form of Notice of Claim and Certificate delivered with the Bond Insurance Policies.

When AGM has paid principal or interest, or both, on any 2013 Insured Bond, such 2013 Insured Bond shall not be considered paid and shall remain outstanding under this Indenture and, at the request of AGM and upon receipt of documentation concerning such payment satisfactory to the Trustee, the Trustee shall register the ownership of such 2013 Insured Bond to AGM.

The Trustee shall keep a complete and accurate record of all funds deposited by AGM into the Policy Payments Account (defined below) and the allocation of such funds to payment of interest on and principal of any 2013 Insured Bond. AGM shall have the right to inspect such records at reasonable times upon reasonable notice to the Trustee.

Upon payment of a claim under the Bond Insurance Policy, the Trustee shall establish a separate trust account for the benefit of Owners of the Series A Bonds, or the Series C Bonds, as applicable, referred to herein as the "Series A Policy Payments Account" or the "Series C Policy Payments Account," as the case may be, and collectively, as the "Policy Payments Accounts," and over which the Trustee shall have exclusive control and sole right of withdrawal. The Trustee shall receive any amount paid under the Bond Insurance Policies in trust on behalf of Owners of the 2013 Insured Bonds and shall deposit any such amount in the applicable Policy Payments Account and distribute such amount only for purposes of making the payments for which a claim was made. Such amounts shall be disbursed by the Trustee to Owners of the 2013 Insured Bonds in the same manner as principal and interest payments are to be made with respect to the 2013 Insured Bonds under the sections hereof regarding payment of 2013 Insured Bonds. It shall not be necessary for such payments to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service with other funds available to make such

B-101

(n) AGM shall be entitled to pay principal or interest on the 2013 Insured Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Authority (as such terms are defined in the Bond Insurance Policies) and any amounts due on the 2013 Insured Bonds as a result of acceleration of the maturity thereof in accordance with this Indenture, whether or not AGM has received a Notice of Nonpayment (as such terms are defined in the Bond Insurance Policies) or a claim upon the Bond Insurance Policies.

(o) The notice address of AGM is: Assured Guaranty Municipal Corp., 31 West 52nd Street, New York, New York 10019, Attention: Managing Director – Surveillance, Re: Policy No. 215897-N and/or 215899-N, Telephone: (212) 826 0100; Teletypewriter: (212) 339 3556. In each case in which notice or other communication refers to an Event of Default, then a copy of such notice or other communication shall also be sent to the attention of the General Counsel and shall be marked to indicate "URGENT MATERIAL ENCLOSED."

(p) AGM shall be provided with the following information by the Authority or Trustee, as the case may be:

(i) Notice of any draw upon the Debt Service Reserve Fund within two Business Days after knowledge thereof other than (i) withdrawals of amounts in excess of the Debt Service Reserve Requirement and (ii) withdrawals in connection with a refunding of the Series A Bonds or the Series C Bonds;

(ii) Notice of any default known to the Trustee or Authority within five Business Days after knowledge thereof;

(iii) Prior notice of the advance refunding or redemption of any of the Series A Bonds or the Series C Bonds, including the principal amount, maturities and CUSIP numbers thereof;

(iv) Notice of the resignation or removal of the Trustee and Bond Registrar and the appointment of, and acceptance of duties by, any successor thereto;

(v) Notice of the commencement of any proceeding by or against the Authority or Obligor commenced under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding");

(vi) Notice of the making of any claim in connection with any Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment of principal of, or interest on, the 2013 Insured Bonds;

(vii) A full original transcript of all proceedings relating to the execution of any amendment, supplement, or waiver to the Related Documents; and

(viii) All reports, notices and correspondence to be delivered to Owners of the Series C Bonds under the terms of the Financing Documents.

(ix) To the extent that the Authority has entered into a continuing disclosure agreement, covenant or undertaking with respect to the 2013 Insured Bonds, all

B-103

payments. Notwithstanding anything herein to the contrary, the Authority agrees to pay to AGM (i) a sum equal to the total of all amounts paid by AGM under the Bond Insurance Policies (the "Insurer Advances"); and (ii) interest on such Insurer Advances from the date paid by AGM until payment thereof in full, payable to AGM at the Late Payment Rate per annum (collectively, the "Insurer Reimbursement Amounts"). "Late Payment Rate" means the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in The City of New York, as its prime or base lending rate (any change in such rate of interest to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3%, and (ii) the then applicable highest rate of interest on the Series A Bonds or the Series C Bonds, as applicable, and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. The Insurer Reimbursement Amounts shall be calculated by AGM and written notice thereof provided to the Authority and the Trustee. The Authority hereby covenants and agrees that Reimbursement Obligations owed to AGM relating to the Series A Bond Insurance Policy are secured by a lien on and pledge of the Trust Estate and payable from such Trust Estate on a parity with debt service due on the Series A Bonds, and Reimbursement Obligations owed to AGM relating to the Series C Bond Insurance Policy are secured by a lien on and pledge of the Trust Estate and payable from such Trust Estate on a parity with debt service due on the Series C Bonds.

Funds held in the Policy Payments Accounts shall not be invested by the Trustee and may not be applied to satisfy any costs, expenses or liabilities of the Trustee. Any funds remaining in the Policy Payments Account following a 2013 Insured Bonds Payment Date shall promptly be remitted to AGM.

(k) AGM shall, to the extent it makes any payment of principal or interest on the 2013 Insured Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Bond Insurance Policies. Each obligation of the Authority to AGM under this Indenture shall survive discharge or termination of this Indenture.

(l) The Authority shall pay or reimburse AGM, but solely from the Trust Estate, any and all charges, fees, costs and expenses that AGM may reasonably pay or incur in connection with (i) the administration, enforcement, defense or preservation of any rights or security in any Assigned Agreement; (ii) the pursuit of any remedies under the Indenture or any Assigned Agreement or otherwise afforded by law or equity, (iii) any amendment, waiver or other action with respect to, or related to, this Indenture or any Assigned Agreement whether or not executed or completed, or (iv) any litigation or other dispute arising from AGM's enforcement of its rights under this Indenture or the Assigned Agreements, other than costs resulting from the failure of AGM to honor its obligations under the Bond Insurance Policies. AGM reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of the Indenture or any Assigned Agreement.

(m) After payment of reasonable expenses of the Trustee, the application of funds realized upon default shall be applied to the payment of expenses of the Authority or rebate only after the payment of past due and current debt service on the 2013 Insured Bonds and amounts required to restore the Series A Account and the Series C Account of the Debt Service Reserve Fund to the Debt Service Reserve Requirement for the Series A Bonds and the Series C Bonds, respectively.

B-102

information furnished pursuant to such agreements shall also be provided to AGM, simultaneously with the furnishing of such information.

(x) AGM shall have the right to receive such additional information relating to the 2013 Insured Bonds or the Parking System as it may reasonably request.

(q) The Authority will permit AGM to discuss the affairs, finances and accounts of the Authority or any information AGM may reasonably request regarding the security for the 2013 Insured Bonds with appropriate officers of the Authority and will use commercially reasonable efforts to enable AGM to have access to the facilities, books and records of the Authority during normal business hours upon reasonable prior notice.

(r) Notwithstanding satisfaction of the other conditions to the issuance of Additional Bonds set forth in the Indenture, no such issuance may occur (1) if an Event of Default (or any event which, once all notice or grace periods have passed, would constitute an Event of Default) exists unless such default shall be cured upon such issuance and (2) unless the Debt Service Reserve Fund is fully funded at the Debt Service Reserve Requirement (including the proposed issue) upon the issuance of such Additional Bonds, in either case unless otherwise permitted by AGM.

(s) In determining whether any amendment, consent, waiver or other action to be taken, or any failure to take action, under the Indenture would adversely affect the security for the Series A Bonds or the Series C Bonds or the rights of the Owners of the Series A Bonds or the Series C Bonds, the Trustee shall consider the effect of any such amendment, consent, waiver, action or inaction as if there were no Series A Bond Insurance Policy or Series B Bond Insurance Policy, as applicable.

(t) No contract shall be entered into or any action taken by which the rights of AGM or security for or sources of payment of the 2013 Insured Bonds may be impaired or prejudiced in any material respect except upon obtaining the prior written consent of AGM.

(u) Any interest rate exchange agreement ("Swap Agreement") entered into by the Authority shall meet the following conditions: (i) the Swap Agreement must be entered into to manage interest costs related to, or a hedge against (a) assets then held, or (b) debt then outstanding, or (iii) debt reasonably expected to be issued within the next twelve (12) months, and (ii) the Swap Agreement shall not contain any leverage element or multiplier component greater than 1.0x unless there is a matching hedge arrangement which effectively off-sets the exposure from any such element or component. In connection with any Swap Agreement relating to the Series A Bonds, unless otherwise consented to in writing by AGM, any uninsured net settlement, breakage or other termination amount then in effect shall be subordinate to debt service on the Series A Bonds and on any debt on parity with the Series A Bonds. In connection with any Swap Agreement relating to the Series C Bonds, unless otherwise consented to in writing by AGM, any uninsured net settlement, breakage or other termination amount then in effect shall be subordinate to debt service on the Series C Bonds and on any debt on parity with the Series C Bonds. The Authority shall not terminate a Swap Agreement unless it demonstrates to the satisfaction of AGM prior to the payment of any such termination amount that such payment will not cause the Authority to be in default under the Related Documents, including but not limited to, any monetary obligations thereunder. All counterparties or guarantors to any

B-104

Swap Agreement must have a rating of at least "A-" and "A3" by Standard & Poor's ("S&P") and Moody's Investors Service ("Moody's"). If the counterparty or guarantor's rating falls below "A-" or "A3" by either S&P or Moody's, the counterparty or guarantor shall execute a credit support annex to the Swap Agreement, which credit support annex shall be acceptable to AGM. If the counterparty or the guarantor's long term unsecured rating falls below "Baa1" or "BBB+" by either Moody's or S&P, a replacement counterparty or guarantor, acceptable to AGM, shall be required.

(v) Any amendment, supplement, modification to, or waiver of, the Indenture or any other transaction document, including any underlying security agreement (each a "Related Document"), that requires the consent of Owners of the 2013 Insured Bonds or adversely affects the rights and interests of AGM shall be subject to the prior written consent of AGM.

(w) The Authority will cause the Asset Manager to deliver all copies of all reports delivered to or prepared by the Asset Manager under the Financing Documents to AGM.

12.2 AGM Subrogation and Reimbursement Rights. The provisions in this Indenture regarding rights, consents, approvals, directions, appointments or requests by AGM shall be deemed to not require or permit such consents, approvals, directions, appointments or requests by AGM, and AGM shall not be deemed to be the holder of the Series A Bonds or the Series C Bonds, as applicable, for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the Owners of the Series A Bonds or the Series C Bonds are entitled to take hereunder during any time in which: (i) AGM is in default in its obligation to make payments under the Series A Bond Insurance Policy or the Series C Bond Insurance Policy, as applicable, or the Debt Service Reserve Surety Policy relating to the Series A Bonds or the Series C Bonds, as applicable, when due and such default has not been cured by AGM, (ii) the Series A Bond Insurance Policy or the Series C Bond Insurance Policy, as applicable, or a Debt Service Reserve Surety Policy relating to the Series A Bonds or the Series C Bonds, as applicable, shall at any time for any reason cease to be valid and binding on AGM, or shall be declared to be null and void, in each case by a final, non-appealable order of a court of competent jurisdiction, or the validity or enforceability of any provision thereof is being contested in writing by AGM or any governmental agency or authority acting as a receiver or similar capacity for AGM, or if AGM is denying further liability or obligation under the Series A Bond Insurance Policy or the Series C Bond Insurance Policy, as applicable, or a Debt Service Reserve Surety Policy relating to the Series A Bonds or the Series C Bonds, as applicable; (iii) a proceeding has been instituted in a court having jurisdiction in the premises seeking an order for relief, rehabilitation, reorganization, conservation, liquidation or dissolution in respect of AGM under Article 16 of the Insurance Law of the State of New York or any successor provision thereto or similar provision of law and such proceeding is not terminated for a period of 90 consecutive days or such court enters an order granting the relief sought in such proceeding (each a "Material Event of Default by AGM"); or (iv) the Series A Bonds or the Series C Bonds, as applicable, are no longer Outstanding and any amounts due or to become due to AGM have been paid in full; provided that to the extent that AGM has made any payment of principal or of interest on the Series A Bonds under the Series A Bond Insurance Policy or on the Series C Bonds under the Series C Bond Insurance Policy or the Debt Service Reserve Surety Policy relating to the Series A Bonds or the Series C Bonds, it shall retain its rights of subrogation and reimbursement under this Indenture.

B-105

owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated, (4) subject to the prior written consent of the County pre refunded municipal obligations rated "AAA" and "Aaa" by S&P and Moody's, respectively, or (5) subject to the prior written consent of the County, securities eligible for "AAA" defeasance under then existing criteria of S & P or any combination thereof, shall be used to effect defeasance of the Series B Bonds or the Series C Bonds unless the County otherwise approves.

To accomplish defeasance of the Series B Bonds or the Series C Bonds, the Authority shall cause to be delivered (i) a report of an independent firm of nationally recognized certified public accountants or such other accountant as shall be acceptable to the County ("Accountant") verifying the sufficiency of the escrow established to pay the Series B Bonds or the Series C Bonds, as applicable, in full on the maturity or redemption date ("Verification"), (ii) an Escrow Deposit Agreement (which shall be acceptable in form and substance to the County, and (iii) an opinion of nationally recognized bond counsel to the effect that the Series B Bonds or the Series C Bonds, as applicable, are no longer "Outstanding" under the Indenture. Each Verification and defeasance opinion shall be acceptable in form and substance, and addressed, to the Authority, Trustee and the County. The County shall be provided with final drafts of the above referenced documentation not less than five Business Days prior to the funding of the escrow.

(f) If, on the third Business Day prior to the related scheduled interest payment date or principal payment date ("Payment Date") there is not on deposit with the Trustee, after making all transfers and deposits required under this Indenture, moneys sufficient to pay the principal of an interest on the Series B Bonds or the Series C Bonds, as applicable, due on such Payment Date, the Trustee shall give notice to the County by telephone or teletype of the amount of such deficiency by 12:00 noon, New York City time, on such Business Day. If, on the second Business Day prior to the related Payment Date, there continues to be a deficiency in the amount available to pay the principal of and interest on the Series B Bonds and/or the Series C Bonds due on such Payment Date, the Trustee shall make a claim under the Series B Guaranty and/or the Series C Guaranty and give notice to the County by telephone of the amount of such deficiency, and the allocation of such deficiency between the amount required to pay principal of the Series B Bonds and/or the Series C Bonds, confirmed in writing to the County by 12:00 noon, New York City Time, on such second Business Day.

When the County has paid principal or interest, or both, on any Series B Bond or Series C Bond, such Series B Bond or Series C Bond shall not be considered paid and shall remain outstanding under this Indenture and, at the request of the County and upon receipt of documentation concerning such payment satisfactory to the Trustee, the Trustee shall register the ownership of such Series B Bond or Series C Bond to the County.

The Trustee shall keep a complete and accurate record of all funds deposited by the County into the Guaranty Payments Accounts (defined below) and the allocation of such funds to payment of interest on and principal of any Series B Bond or Series C Bond. The County shall have the right to inspect such records at reasonable times upon reasonable notice to the Trustee.

Upon payment of a claim under the Series B Guaranty and/or the Series C Guaranty, as applicable, the Trustee shall establish a separate special purpose trust account for the benefit of

B-107

12.3 Consequences of a Material Event of Default by AGM with respect to the Series Bond Insurance Policy. Upon any Material Event of Default by AGM, and so long as the County has not defaulted on its obligations under the Series C Guaranty, the County shall be deemed to be the sole holder of the Series C Bonds for the purpose of exercising any voting rights or privilege or giving any consent or direction or taking any other action that the holder of the Series C Bonds are entitled to take pursuant to any section or article of this Indenture and the County shall exercise any and all rights, remedies or privileges as provided in this Indenture and the Series C Guaranty with respect to the Series C Bonds without the joinder or consent of AGM.

12.4 Concerning the County Guaranty. The following provisions shall govern the rights and remedies of the County pursuant to the County Guaranty with respect to the Series B Bonds and, upon any Material Event of Default by AGM, the Series C Bonds notwithstanding anything to the contrary set forth in this Indenture:

(a) The prior written consent of the County shall be a condition precedent to the deposit of any Debt Service Reserve Fund Surety Bond provided in lieu of a cash deposit into the Series B Account or Series C Account of the Debt Service Reserve Fund, if any. Notwithstanding anything to the contrary set forth in the Indenture, amounts on deposit in the Series B Account and the Series C Account of the Debt Service Reserve Fund shall be applied solely to the payment of debt service due on the Series B Bonds and Series C Bonds, respectively.

(b) The County shall be deemed to be the sole holder of the Series B Bonds or the Series C Bonds for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the holders of the Series B Bonds and Series C Bonds guaranteed by the County are entitled to take pertaining to (i) defaults and remedies, (ii) modification of this Indenture and the Financing Documents, (iii) the duties and obligations of the Trustee, and (iv) consent rights expressly granted to the County under this Indenture.

(c) If the remedy of acceleration is declared, the County shall pay accelerated principal and interest accrued, on such principal to the date of acceleration (to the extent unpaid by the Authority) and the Trustee shall be required to accept such amounts. Upon payment of such accelerated principal and interest accrued to the acceleration date as provided above, the County's obligations under the Series B Guaranty with respect to the Series B Bonds and under the Series C Guaranty with respect to the Series C Bonds shall be fully discharged.

(d) The rights granted to the County under the Indenture to request, consent to or direct any action are rights granted to the County in consideration of its issuance of the County Guaranty. Any exercise by the County of such rights is merely an exercise of the County's contractual rights and shall not be construed or deemed to be taken for the benefit, or on behalf, of the Owners of Series B Bonds or the Series C Bonds and such action does not evidence any position of the County, affirmative or negative, as to whether the consent of the Owners of Series B Bonds or the Series C Bonds or any other person is required in addition to the consent of the County.

(e) Only (1) cash, (2) non callable direct obligations of the United States of America ("Treasuries"), (3) evidences of ownership of proportionate interests in future interest and principal payments on Treasuries held by a bank or trust company as custodian, under which the

B-106

Owners of the Series B Bonds referred to herein as the "Series B Guaranty Payments Account" and for the benefit of the Owners of the Series C Bonds referred to herein as the "Series C Guaranty Payments Account" over which the Trustee shall have exclusive control and sole right of withdrawal. The Trustee shall receive any amount paid under the Series B Guaranty and/or Series C Guaranty in trust on behalf of Owners of the Series B Bonds and/or Series C Bonds, as applicable, and shall deposit any such amount in the respective guaranty payments account and distribute such amount only for purposes of making the payments for which a claim was made. Such amounts shall be disbursed by the Trustee to Owners of the Series B Bonds or the Series C Bonds, as applicable, in the same manner as principal and interest payments are to be made with respect to the Series B Bonds or the Series C Bonds under the sections hereof regarding payment of Series B Bonds or Series C Bonds. It shall not be necessary for such payments to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service with other funds available to make such payments.

Funds held in the Series B Guaranty Payments Account and/or the Series C Guaranty Payments Account shall not be invested by the Trustee and may not be applied to satisfy any costs, expenses or liabilities of the Trustee. Any funds remaining in the Series B Guaranty Payments Account and/or the Series C Guaranty Payments Account following a Payment Date shall promptly be remitted to the County.

(g) Amounts paid by the County under the County Guaranty shall not be deemed paid for purposes of the Indenture, and the Series B Bonds or the Series C Bonds relating to such payments shall remain Outstanding and continue to be due and owing until paid by the Authority in accordance with the Indenture. The Indenture shall not be discharged unless all amounts due or to become due to the County have been paid in full or duly provided for.

(h) The Authority will cause the Asset Manager to deliver all copies of all reports delivered to or prepared by the Asset Manager under the Financing Documents to the County.

12.5 County Subrogation and Reimbursement Rights.

The provisions in this Indenture regarding rights, consents, approvals, directions, appointments or requests by the County shall be deemed to not require or permit such consents, approvals, directions, appointments or requests by the County, and the County shall not be deemed to be the holder of the Series B Bonds and/or the Series C Bonds for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the Owners of the Series B Bonds and/or the Series C Bonds are entitled to take hereunder during any time in which: (i) the County is in default in its obligation to make payments under the Series B Guaranty or the Series C Guaranty when due and such default has not been cured by the County, (ii) the Series B Guaranty or the Series C Guaranty shall at any time for any reason cease to be valid and binding on the County, or shall be declared to be null and void, in each case by a final, non-appealable order of a court of competent jurisdiction, or the validity or enforceability of any provision thereof is being contested in writing by the County or any governmental agency or authority acting as a receiver or similar capacity for the County, or if the County is denying further liability or obligation under the Series B Guaranty or the Series C Guaranty; (iii) a Bankruptcy Event occurs with respect to the County; or (iv) the Series B Bonds and the Series C Bonds are no longer Outstanding and any amounts due or to become due to the County have been paid in full.

B-108

To the extent the County makes any payment of debt service on the Series B Bonds or the Series C Bonds, it shall become subrogated to all right, title and interest of the person receiving such payments. The County's rights to reimbursement for payments of debt service shall be as set forth herein, in the Series B Guaranty, the Series C Guaranty or in any reimbursement agreement but shall be subordinate to payment of debt service on the Series A Bonds. Notwithstanding that the Series B Bonds or the Series C Bonds are no longer Outstanding and any amounts due or to become due to the County have been paid in full, to the extent the County has made any payment of debt service on the Series B Bonds or the Series C Bonds pursuant to the Series B Guaranty or the Series C Guaranty, as applicable, it shall retain its rights of subrogation and reimbursement under this Indenture. To the extent the County makes any payment of debt service on the Series C Bonds, it shall become subrogated to all right, title and interest of the person receiving such payment with respect to claims against AGM under the Series C Bond Insurance Policy.

12.6 Limited Obligations. Notwithstanding anything to the contrary contained in this Article XII, the Authority's obligations under this Article XII (the "Article XII Obligations") are not general obligations of the Authority, but are limited obligations payable solely from Bond proceeds, the Revenues and other moneys pledged thereto and held by the Paying Agent or the Trustee hereunder which constitute the Trust Estate. The Article XII Obligations shall not be deemed to constitute a debt or a pledge of the faith and credit of the Commonwealth or any political subdivision thereof; and neither the Commonwealth nor any political subdivision thereof, shall be liable or obligated to pay the Article XII Obligations; the Authority shall not be liable or obligated to pay Article XII Obligations, except from Bond proceeds, the Revenues and other moneys pledged therefor; and neither the faith and credit nor the taxing power of the Commonwealth or any political subdivision thereof is pledged to the payment of the principal of the Bonds or the interest thereon or other costs incident thereto.

ARTICLE XIII
MISCELLANEOUS

13.1 Successors of the Authority.

In the event of the dissolution of the Authority, all the covenants, stipulations, promises and agreements in this Indenture contained by or on behalf of, or for the benefit of, the Authority, shall bind or inure to the benefit of the successors of the Authority from time to time and any entity, board, commission, agency or instrumentality to whom or to which any power or duty of the Authority shall be transferred.

13.2 Parties in Interest.

Except as herein otherwise specifically provided, nothing in this Indenture expressed or implied is intended or shall be construed to confer upon any Person, firm or corporation other than the Authority, the Paying Agent, the Registrar, the Authenticating Agent, the Trustee, the Owners of Bonds and Authority Notes issued hereunder and the Credit Facility Providers any right, remedy or claim under or by reason of this Indenture, this Indenture being intended to be for the sole and exclusive benefit of the Authority, the Paying Agent, the Authenticating Agent, the Registrar, the Trustee, and the Owners of Bonds and Authority Notes issued hereunder and the Credit Facility Providers.

B-109

13.8 Notices.

Except as otherwise provided in this Indenture, all notices, certificates, requests, requisitions or other communications by the Authority, the Asset Manager, the Operator, the County, AGM, the Trustee, the Paying Agent, the Registrar, or the Authenticating Agent pursuant to this Indenture shall be in writing and shall be sufficiently given either by certified mail, postage prepaid (to be deemed effective three days after writing), by overnight courier (to be deemed effective upon receipt) or by telegram, telecopier or telephone (to be deemed effective upon receipt) subsequently confirmed in writing, addressed as follows:

Authority: Pennsylvania Economic Development Financing Authority
Commonwealth Keystone Building
400 North Street, 4th Floor
Harrisburg, PA 17120-0225

Trustee, Paying Agent and Registrar: U.S. Bank Global Corporate Trust Services
Two Liberty Place
50 S. 16th Street, Suite 2000
Mail Station: EX-PA-WBSP
Philadelphia, PA 19102
Ph: 215-761-9317
Fx: 215-761-9412
e-mail: george.rayzis@usbank.com
Pennsylvania Economic Development Financing Authority
Commonwealth Keystone Building
400 North Street, 4th Floor
Harrisburg, PA 17120-0225

Asset Manager: Monarch Tower
3424 Peachtree Road NE
Suite 2200
Atlanta, GA 30326

Operator: SP Plus Parking Corporation
200 E. Randolph Street
Suite 7700
Chicago, IL 60601

County: County of Dauphin
2 South Second Street
Harrisburg, PA 17101

AGM: As provided in Section 12.1(o) hereof.

B-111

13.3 Severability.

In case any one or more of the provisions of this Indenture, the other Financing Documents or the Bonds or Authority Notes issued hereunder shall, for any reason, be held to be illegal or invalid, such illegality or invalidity shall not affect any other provisions of this Indenture, the other Financing Documents or such Bonds or Authority Notes, and this Indenture, the other Financing Documents and such Bonds and Authority Notes shall be construed and enforced as if such illegal or invalid provisions had not been contained herein or therein.

13.4 No Personal Liability of Authority Officials.

No covenant or agreement contained in the Bonds, the Authority Notes or in this Indenture shall be deemed to be the covenant or agreement of any member, director, official, officer, agent or employee of, or counsel to, the Authority in his individual capacity, and neither the members of the Authority nor any official executing the Bonds or the Authority Notes shall be liable personally on the Bonds or the Authority Notes or be subject to any personal liability or accountability by reason of the issuance thereof.

13.5 Bonds Owned by the Authority.

In determining whether Owners of the requisite aggregate principal amount of the Bonds have concurred in any direction, consent or waiver under this Indenture, Bonds which are owned by the Authority or by any Person directly or indirectly controlling or controlled by or under direct or indirect common control with the Authority (unless the Authority or such Person owns all Bonds which are then Outstanding, determined without regard to this Section 13.5) shall be disregarded and deemed not to be Outstanding for the purpose of any such determination, except that, for the purpose of determining whether the Trustee shall be protected in relying on any such direction, consent or waiver, only Bonds which the Trustee knows are so owned shall be so disregarded. Any Bonds so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Bonds and that the pledgee is not the Authority or any Person directly or indirectly controlling or controlled by or under direct or indirect common control with the Authority. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee.

13.6 Counterparts.

This Indenture may be executed in any number of counterparts, each of which, when so executed and delivered, shall be an original; but such counterparts shall together constitute but one and the same Indenture.

13.7 Governing Law.

The laws of the Commonwealth, without regard to its principles of conflicts of laws, shall govern the construction and enforcement of this Indenture and of all Bonds and Authority Notes issued hereunder.

B-110

Any of the foregoing may, by notice given hereunder to each of the others, designate any further or different addresses or phone numbers to which subsequent notices, certificates, requests or other communications shall be sent hereunder.

13.9 Holidays; Non Business Days.

If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Indenture, shall not be a Business Day, such payment may, unless otherwise provided in this Indenture, be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if done on the nominal date provided in this Indenture, and no interest shall accrue for the period after such nominal date.

13.10 Unclaimed Money.

The Trustee shall, upon receipt of a written request to do so, deliver to or as directed by the Authority in writing any funds remaining unclaimed for five (5) years after payment thereof to the Trustee to which the Authority is entitled under the provisions of this Indenture. Upon such disposition, all liability of the Trustee with respect to such funds shall cease, and Owners shall thereafter look solely to the Authority or solely to the Person to whom the Authority directed such delivery for payment of any amounts then due. In the absence of any such written request, the Trustee shall from time to time deliver such unclaimed funds to or as directed by pertinent escheat authority, as identified by the Trustee in its sole discretion, pursuant to and in accordance with applicable unclaimed property laws, rules or regulations. Any such delivery shall be in accordance with the customary practices and procedures of the Trustee as the escheat authority. All moneys held by the Trustee and subject to this Section shall be held uninvested and without liability for interest thereon.

13.11 References Deemed Void; Right to Consent and Approve. If at any time no Bonds are Outstanding under this Indenture, all references herein to the consent or approval of AGM and the County, the Credit Facility Providers and to Required Percentage of Credit Facility Junior Bonds, shall be deemed to mean all of the Owners of the Authority Notes.

13.12 Obligations of Others Not Party to this Indenture.

Wherever any covenants, agreements, obligations, duties or undertakings of any Project Participant or any other Person not a party to this Indenture are so stated, used or provided for in this Indenture, it is acknowledged, agreed and understood that the Authority shall cause such Project Participant or such other Person to perform such covenant, agreement, obligation, duty or undertaking, as applicable, pursuant to the applicable Financing Document, if any, to which such Project Participant or such other Person and the Authority are parties.

13.13 Certain References to Principal Amount Deemed to be Compounded Amount. For purposes of calculating ownership of Bonds for purposes of consents and directions hereunder, references to principal amount of Bonds Outstanding shall, with respect to Capital Appreciation Bonds and Convertible Capital Appreciation Bonds, be deemed to be the Compounded Amount as of the date in question.

B-112

IN WITNESS WHEREOF, the Pennsylvania Economic Development Financing Authority has caused this Trust Indenture to be executed by its Chairman or Executive Director and its official seal to be impressed hereon, and U.S. Bank National Association has caused this Trust Indenture to be executed in its behalf by one of its authorized officers, all as of the day, month and year first above written.

EXHIBIT A
FORMS OF 2013 BONDS

(SEAL) PENNSYLVANIA ECONOMIC DEVELOPMENT
FINANCING AUTHORITY

Attest:

Assistant Secretary

By _____
Executive Director

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By _____
Authorized Officer

B-113

B-114

FORM OF AUTHORITY NOTES

EXHIBIT B
RIGHT-TO-KNOW LAW

a. The Pennsylvania Right-to-Know Law, 65 P.S. §§ 67.101-3104, ("RTKL") applies to this Contract. For the purpose of these provisions, the term "the Commonwealth" shall refer to the contracting Commonwealth agency.

b. If the Commonwealth needs the Contractor's assistance in any matter arising out of the RTKL related to this Contract, it shall notify the Contractor using the legal contact information provided in this Contract. The Contractor, at any time, may designate a different contact for such purpose upon reasonable prior notice to the Commonwealth.

c. Upon written notification from the Commonwealth that it requires the Contractor's assistance in responding to a request under the RTKL for information related to this Contract that may be in the Contractor's possession, constituting, or alleged to constitute, a public record in accordance with the RTKL ("Requested Information"), the Contractor shall:

1. Provide the Commonwealth, within ten (10) calendar days after receipt of written notification, access to, and copies of, any document or information in the Contractor's possession arising out of this Contract that the Commonwealth reasonably believes is Requested Information and may be a public record under the RTKL; and

2. Provide such other assistance as the Commonwealth may reasonably request, in order to comply with the RTKL with respect to this Contract.

d. If the Contractor considers the Requested Information to include a request for a Trade Secret or Confidential Proprietary Information, as those terms are defined by the RTKL, or other information that the Contractor considers exempt from production under the RTKL, the Contractor must notify the Commonwealth and provide, within seven (7) calendar days of receiving the written notification, a written statement signed by a representative of the Contractor explaining why the requested material is exempt from public disclosure under the RTKL.

e. The Commonwealth will rely upon the written statement from the Contractor in denying a RTKL request for the Requested Information unless the Commonwealth determines that the Requested Information is clearly not protected from disclosure under the RTKL. Should the Commonwealth determine that the Requested Information is clearly not exempt from disclosure, the Contractor shall provide the Requested Information within five (5) Business Days of receipt of written notification of the Commonwealth's determination.

f. If the Contractor fails to provide the Requested Information within the time period required by these provisions, the Contractor shall indemnify and hold the Commonwealth harmless for any damages, penalties, costs, detriment or harm that the Commonwealth may incur as a result of the Contractor's failure, including any statutory damages assessed against the Commonwealth.

B-115

B-116

g. The Commonwealth will reimburse the Contractor for any costs associated with complying with these provisions only to the extent allowed under the fee schedule established by the Office of Open Records or as otherwise provided by the RTKL if the fee schedule is inapplicable.

h. The Contractor may file a legal challenge to any Commonwealth decision to release a record to the public with the Office of Open Records, or in the Pennsylvania Courts, however, the Contractor shall indemnify the Commonwealth for any legal expenses incurred by the Commonwealth as a result of such a challenge and shall hold the Commonwealth harmless for any damages, penalties, costs, detriment or harm that the Commonwealth may incur as a result of the Contractor's failure, including any statutory damages assessed against the Commonwealth, regardless of the outcome of such legal challenge. As between the parties, the Contractor agrees to waive all rights or remedies that may be available to it as a result of the Commonwealth's disclosure of Requested Information pursuant to the RTKL.

i. The Contractor's duties relating to the RTKL are continuing duties that survive the expiration of this Contract and shall continue as long as the Contractor has Requested Information in its possession.

**EXHIBIT C
FORM OF REQUISITION**

§ _____
**Pennsylvania Economic Development Financing Authority
Parking System Revenue Bonds
(Capitol Region Parking System)
Series of 2013**

Requisition Form

Date: _____
Requisition No: _____

TO: US Bank National Association, as trustee (the "Trustee"), for the benefit of the owners of the above referenced series of bonds (the "Bonds").

Ladies and Gentlemen:

Pursuant to the provisions of the Section 5.8(d) of the Trust Indenture (the "Indenture") between the Pennsylvania Economic Development Financing Authority and the Trustee, dated as of December 1, 2013 securing the above referenced series of Bonds, you are hereby requested make the payment listed herein. All capitalized terms not otherwise defined herein shall have the meanings set forth in the Indenture.

As an Authorized Representative of the PK Harris Advisors, Inc. (the "Asset Manager") I hereby approve such payment and certify as follows:

Description of the capital expenditure:

Name[s] and address[es] of the payee[s]:

The amount previously paid to [each/the] payee listed above for such capital expenditure and the amount to be paid or disbursed is:

Each obligation, item of cost or expense mentioned herein has been properly incurred and has been paid or is due and payable as a capital expenditure of the Parking System, and has not been the basis of any previous payment from amounts deposited in the Capital Reserve Fund.

The capital expenditure that is the basis of the disbursement is included in the Annual Capital Budget for the current Operating Year.

B-117

B-118

PK Harris Advisors, Inc.
as Asset Manager

SCHEDULE 1
CITY PAYMENTS

By: _____
Authorized Representative

Date: _____

Approved by:

U.S. BANK NATIONAL ASSOCIATION
as Trustee

BY: _____
Authorized Officer

Date: _____

B-119

B-120

RENT

B-121

requested to do so by the Parking Authority, the Authority shall provide or cause to be provided to the Parking Authority and the City Certificates of Insurance with respect to such insurance coverages or such other evidence of insurance, as may be reasonably acceptable in form and content to the City.

Other Insurance Obtained by the Transferee. If the Parking Authority or its Contractors obtain any property, liability or other insurance coverages in addition to the Required Coverages ("Additional Coverages"), then the Authority or its Contractors shall (i) notify the Parking Authority as to such Additional Coverages, (ii) provide the Parking Authority with any documentation relating to the Additional Coverages, including Certificates of Insurance, that the Parking Authority reasonably requests and (iii) at the Parking Authority's election, acting reasonably, cause the Parking Authority and the City, their respective employees, agents and Representatives to be named as additional insureds and cause the Parking Authority to be named as loss payee, as applicable, under such Additional Coverages, if that is normally allowed in accordance with good industry practice and subject to the provisions of the Indenture and Mortgage.

Commercial Availability. To the extent any of the Required Coverages or additional requirements hereunder are not available on a commercially reasonable basis, the Authority shall obtain insurance that is available on a commercially reasonable basis that best approximates the Required Coverages or additional requirements hereunder, but said substitute coverage shall, at the Parking Authority's request, be subject to review of an independent insurance consultant, and such independent insurance consultant shall have delivered to the Parking Authority and the City its opinion to the effect that the substitute coverages meet the above-stated criteria.

B-123

INSURANCE REQUIREMENTS

Capitalized terms used in this Schedule 3 and not otherwise defined in the Indenture or in this Schedule 3 shall have the meaning ascribed to them in the Asset Transfer Agreement.

Notice of Cancellation or Violation. The Authority shall endeavor to cause to be provided at least ten (10) Days prior written notice to the Parking Authority in the event coverage is canceled or non-renewed. The Parking Authority shall be permitted (but not obligated) to pay any delinquent premiums before the cancellation date specified by the insurer in any notice of cancellation for non-payment of premium in order to maintain such coverage in full force and effect and the Authority shall reimburse the Parking Authority for any delinquent premiums paid by the Parking Authority on demand.

Five Year Adjustment. The amounts of coverage required by Section 11.1 of the Asset Transfer Agreement shall be reasonably adjusted every five (5) years (subject to Section 11.2(h) of the Asset Transfer Agreement) to ensure that the Required Coverages continue to provide adequate coverage of the Parking System and Parking System Operations. The recommendations of any insurance consultant utilized by the Authority pursuant to the Indenture shall be used for these adjustments if available and undertaken pursuant to the Indenture.

Waiver of Subrogation by Insurers. Each of the Required Coverages provided by the Authority shall, where legally permitted and customarily available at standard rates, include a waiver by the insurer of its Claims and rights of subrogation against the Parking Authority and the City, their respective employees, agents and Representatives.

Transferor's Right to Insure. If the Authority fails to obtain and maintain or cause to be obtained and maintained the insurance required by Article 11 of the Asset Transfer Agreement, the Parking Authority and the City shall have the right (without any obligation to do so), upon ten (10) Business Days' notice to the Authority in a non-emergency situation or forthwith in an emergency situation and without assuming any obligation in connection therewith, to effect such insurance and all costs and expenses of the Parking Authority and the City in connection therewith shall be payable by the Authority (solely from Revenues) to the Parking Authority and the City on demand. Such insurance taken out by the Parking Authority or the City shall not relieve the Authority of its obligations to insure under the Asset Transfer Agreement and the Parking Authority and the City shall not be liable for any loss or damage suffered by the Authority in connection therewith.

Insurance Requirements of Contractors. The Parking Authority with respect to the Off-Street Parking System, and the City with respect to the On-Street Parking System, may require in each contract with any Contractor performing work in and for the Parking System that such Contractor obtain coverages comparable to the Required Coverages that are reasonably appropriate in their limits and other terms and conditions to the nature of the contract with the Contractor. Such coverages shall insure the interests of the Parking Authority, its employees, agents and Representatives, the Authority, the City, the Trustee, the Qualified Designee, the Asset Manager, the Operator, and any other Contractors in respect of the applicable work being performed and shall be subject to the same (or comparable) coverage and administrative requirements as are imposed on the Authority pursuant to the Asset Transfer Agreement. When

B-122

[THIS PAGE INTENTIONALLY LEFT BLANK]

Appendix “C”

Form of Asset Transfer Agreement

[THIS PAGE INTENTIONALLY LEFT BLANK]

TABLE OF CONTENTS

Page

ARTICLE 1 DEFINITIONS AND INTERPRETATION8

 Section 1.1. Definitions.....8

 Section 1.2. Number and Gender.....24

 Section 1.3. Headings24

 Section 1.4. References to this Agreement.....24

 Section 1.5. References to Any Person.....25

 Section 1.6. Meaning of Including, Shall and Will25

 Section 1.7. Meaning of Discretion25

 Section 1.8. Meaning of Notice25

 Section 1.9. Consents and Approvals25

 Section 1.10. Trade Meanings25

 Section 1.11. Laws25

 Section 1.12. Generally Accepted Governmental Accounting Principles25

 Section 1.13. Calculation of Time25

 Section 1.14. Approvals, Consents and Performance25

 Section 1.15. Incorporation of Schedules26

ARTICLE 2 THE TRANSACTION; CLOSING; CONDITIONS PRECEDENT;
COVENANTS26

 Section 2.1. Transfer and Acquisition.....26

 Section 2.2. Closing28

 Section 2.3. Conditions Precedent; Termination28

 Section 2.4. Covenants.....31

 Section 2.5. Intended Treatment for Federal and State Income Tax Purposes35

 Section 2.6. Closing Deliveries.....35

 Section 2.7. Memorandum of Lease35

 Section 2.8. No General Obligations35

ARTICLE 3 TERMS OF THE LEASE AND THE INTERGOVERNMENTAL
TRANSFER36

 Section 3.1. Right to Use and Present Condition.....36

 Section 3.2. The Lease36

 Section 3.3. The Intergovernmental Transfer36

 Section 7.1. Reports49

 Section 7.2. Information50

 Section 7.3. Inspection; Audit and Review Rights of the Transferor51

ARTICLE 8 REPRESENTATIONS AND WARRANTIES51

 Section 8.1. Representations and Warranties of the Transferor.....51

 Section 8.2. Representations and Warranties of the City.....54

 Section 8.3. Representations and Warranties of the Transferee55

 Section 8.4. Non-Waiver.....56

 Section 8.5. Survival.....57

ARTICLE 9 FINANCE OBLIGATIONS57

 Section 9.1. Transferee's Obligations57

 Section 9.2. Transferor's Obligations57

 Section 9.3. City's Obligations.....57

ARTICLE 10 COMPLIANCE WITH LAWS57

 Section 10.1. Compliance with Laws57

 Section 10.1. Right-to-Know Law58

ARTICLE 11 INSURANCE.....58

 Section 11.1. Insurance Coverage Required58

 Section 11.2. Additional Requirements58

 Section 11.3. Insurance and Condemnation Proceeds60

ARTICLE 12 HOLD HARMLESS60

 Section 12.1. By Transferor.....60

 Section 12.2. Notice; Payment of Losses; Defense of Claims.....61

ARTICLE 13 ADVERSE ACTIONS62

 Section 13.1. Non-Compete Covenant.....62

 Section 13.2. Non-Impair Covenant63

 Section 13.3. Relief for Violation of Covenants64

 Section 13.4. Covenant Notice.....65

 Section 13.5. Covenant Dispute.....65

 Section 13.6. Remedies for Violation of Covenants.....65

ARTICLE 14 DEFAULTS66

 Section 14.1. Default by the Transferee.....66

 Section 14.2. Defaults by the Transferor69

**ASSET TRANSFER AGREEMENT
FOR THE CITY OF HARRISBURG PARKING SYSTEM**

Dated as of
December __, 2013

by and among

HARRISBURG PARKING AUTHORITY, as Transferor

and

PENNSYLVANIA ECONOMIC DEVELOPMENT FINANCING AUTHORITY, as Transferee

and

CITY OF HARRISBURG, PENNSYLVANIA

Section 3.4. Parking System Operations.....37

Section 3.5. Operator Engagement; Asset Manager38

Section 3.6. Authorizations; Qualifications39

Section 3.7. No Encumbrances39

Section 3.8. Tax Exempt Parking Bonds40

Section 3.9. Payment of Taxes.....40

Section 3.10. Utilities.....40

Section 3.11. Notices of Defaults and Claims41

Section 3.12. Reversion of Off-Street Parking System.....41

Section 3.13. Termination of the Intergovernmental Transfer42

Section 3.14. Police, Fire, Emergency, and Public Safety Access Rights42

Section 3.15. Air Rights.....42

Section 3.16. City Island.....43

ARTICLE 4 CAPITAL IMPROVEMENTS43

 Section 4.1. Transferee Responsibility for Capital Improvements43

 Section 4.2. Authorizations Related to Capital Improvements44

 Section 4.3. Required Capital Improvements44

ARTICLE 5 OPERATING STANDARDS AND ADVISORY COMMITTEE.....44

 Section 5.1. Operating Standards.....44

 Section 5.2. Long Term Capital Plan.....44

 Section 5.3. Modifications of Schedule 245

 Section 5.4. Public Input.....46

 Section 5.5. Advisory Committee Governance.....46

ARTICLE 6 METERED PARKING REVENUE, OFF-STREET PARKING FACILITY
REVENUE AND PARKING VIOLATION REVENUES.....46

 Section 6.1. Parking Revenue46

 Section 6.2. Parking Fee and Period of Operation Adjustments.....47

 Section 6.3. Removal/Replacement of Metered Parking Spaces.....48

 Section 6.4. Notice48

 Section 6.5. Temporary Closure; Temporary Closure Fees.....48

 Section 6.6. Additional Metered Parking Spaces.....49

 Section 6.7. Mitigation of Temporary Closure49

ARTICLE 7 REPORTING; AUDITS; INSPECTIONS.....49

Section 14.3. Consequences of Termination or Expiration of the Term	70
ARTICLE 15 RESTRICTIONS ON TRANSFERS	72
Section 15.1. Transfers by the Transferee	72
Section 15.2. Assignment by the Transferor.....	72
Section 15.3. Assignment by Transferee.....	73
ARTICLE 16 LENDERS.....	73
Section 16.1. Leasehold Mortgages	73
Section 16.2. Notices to Leasehold Mortgagees	74
Section 16.3. Leasehold Mortgagee's Right to Cure	74
Section 16.4. Rights of the Leasehold Mortgagee	75
Section 16.5. Termination of this Agreement; New Agreement	75
Section 16.6. Transferor's Right to Purchase Leasehold Mortgage	76
Section 16.7. Assignment and Assumption Agreement.....	77
ARTICLE 17 [RESERVED]	79
ARTICLE 18 MISCELLANEOUS	79
Section 18.1. Notice 79	
Section 18.2. Entire Agreement	81
Section 18.3. Amendment.....	81
Section 18.4. Waiver of Rights	82
Section 18.5. Severability	82
Section 18.6. Governing Law	82
Section 18.7. Submission to Jurisdiction.....	82
Section 18.8. Further Acts	82
Section 18.9. Expiration of the Indenture.....	83
Section 18.10. [Reserved].....	83
Section 18.11. Inurement and Binding Effect.....	83
Section 18.12. No Partnership or Third Party Beneficiaries.....	83
Section 18.13. No General Obligations	83
Section 18.14. Cumulative Remedies	84
Section 18.15. Counterparts; Electronic Execution	84

THIS ASSET TRANSFER AGREEMENT (the "Agreement") is made and entered into as of the ___ day of December, 2013, by and among the Harrisburg Parking Authority, a Pennsylvania parking authority, organized and existing under the laws of the Commonwealth of Pennsylvania (the "Transferor"), and the Pennsylvania Economic Development Financing Authority, a public body corporate and politic and an instrumentality of the Commonwealth of Pennsylvania ("Commonwealth"), organized and existing under the laws of the Commonwealth (the "Transferee"), and the City of Harrisburg, Pennsylvania, a third class city incorporated under the laws of the Commonwealth (the "City").

RECITALS

WHEREAS, the Transferor owns the Off-Street Parking System which serves residents and visitors to the City; and

WHEREAS, the City owns the On-Street Parking System in or about the areas in which the Off-Street Parking System is located; and

WHEREAS, the Transferor was organized by the City under and pursuant to the laws of the Commonwealth; and

WHEREAS, the Transferor currently operates the Off-Street Parking System and the On-Street Parking System and the City currently owns the On-Street Parking System; and

WHEREAS, the Transferor and the City mutually desire to provide for the continued operation of the Off-Street Parking System and the On-Street Parking System in a manner which provides upfront moneys to the Transferor and safe, efficient and profitable operation of the Parking System for the Transferor, the City and its residents and visitors; and

WHEREAS, the sale and transfer of the Parking System as provided in or pursuant to this Agreement will provide immediate funds to the Transferor and the City and permit efficient operation of the Parking System; and

WHEREAS, the Transferee is willing to lease from the Transferor and the Transferor is willing to Lease to the Transferee, the underlying ground on which the Off-Street Parking System is located, the garage structures and other improvements thereon, and acquire all right, title and interest in substantially all of the other assets of the Off-Street Parking System, as provided in this Agreement, and that certain Lease Agreement, dated as of the same date as this Agreement, by and between Transferor, as Lessor, and Transferee, as Lessee (the "Lease"); and

WHEREAS, in consideration of the acquisition price to be paid to the Transferor and in accordance with the terms of the PEDFA Intergovernmental Cooperation Agreement with the Transferee, the City is willing, pursuant to Article IX, Section 5, of the Constitution of the Commonwealth of Pennsylvania, and the Pennsylvania Intergovernmental Cooperation Law, 53 Pa. C.S. §§2301 *et seq.* (collectively, the "Intergovernmental Legislation") to transfer and delegate all of its functions, powers and responsibility with respect to the On-Street Parking System to the Transferee (except (i) the Parking Enforcement Powers which the City is delegating to DGS pursuant to the DGS Intergovernmental Cooperation Agreement, and (ii) the City's Reserved

SCHEDULES

Schedule 1	Assumed Assets and Assumed Liabilities
	A-1 Assumed Assets
	A-2 Assumed Liabilities
	A-3 Assumed Contracts
Schedule 2	Operating Standards
Schedule 3	Enforcement Policies
Schedule 4	Competing Parking Area and Metered Parking Spaces
Schedule 5	Parking Rates and Rate Setting
Schedule 6	Excluded Assets and Excluded Liabilities
Schedule 7	Available Positions
Schedule 8	Financial Information
Schedule 9	Exceptions to Representations
Schedule 10	Right-to-Know Law
Schedule 11	Closing and Post-Closing Cooperation
Schedule 12	City Payment
Schedule 13	[Reserved]
Schedule 14	Advisory Committee Governance
Schedule 15	[Reserved]
Schedule 16	City Island Option to Lease
Schedule 17	Historical Level of Street Closures
Schedule 18	Form of Authority Note

Enforcement Powers, which the City is retaining) in order to assure the operation of the Parking System in a First Class Manner for the benefit of the City and its citizens and visitors; and

WHEREAS, the Transferee has initially designated the Capital Region Economic Development Corporation, a non-profit corporation organized under the laws of the Commonwealth ("CREDC"), as a Qualified Designee, to serve as Transferee's representative for purposes of acting on behalf of the Transferee as contemplated pursuant to the terms of this Agreement and the documents executed pursuant hereto.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby mutually acknowledged, the Parties (as defined herein), intending to be legally bound hereby, agree as follows:

ARTICLE I

DEFINITIONS AND INTERPRETATION

Section 1.1. Definitions. Unless otherwise specified or the context otherwise requires, for the purposes of this Agreement the following terms have the following meanings:

"Acquisition Price" means the aggregate consideration to be paid by the Transferee pursuant to Section 2.1(a).

"Additional Coverages" has the meaning ascribed thereto in Section 11.2(g).

"Advisory Committee" means the respective designee of each of the Qualified Designee, the Asset Manager, the Off-Street Operator, the On-Street Operator, the Transferor, the City's Mayor, the City Council, AGM, the County, and the Department of General Services (so long as the Parking Lease is in effect) which, is expected to provide advisory input to the Transferee as to (i) proposed expansion or contraction of the Parking System; (ii) compliance with the Franchise; (iii) residential permit parking; (iv) enforcement of on-street parking; (v) changes in technology and proposed capital improvements; (vi) community relations and outreach; (vii) establishment of rates and budgets; and (viii) the Operating Standards and Long Term Capital Plan.

"Affected Property" means any public or private property, including any sign pole, street lamp, and other structure, including connecting hardware, that supports a Metering Device but was initially designed to serve other purposes, a building, park, highway, street, road, roadway, railroad, rail or other transit way, sidewalks, plazas, walkways, connectors (above and below grade) and any ancillary facilities related to any of the foregoing, under the jurisdiction and control of the City, any other Governmental Authority or any other Person that is located above, below, within the boundaries of, connects or intersects with, crosses over or under or is adjacent to any Metered Parking Spaces, Unmetered Parking Spaces, or Parking Facility or any part thereof.

"Affiliate" when used to indicate a relationship with a specified Person, means a Person that, directly or indirectly, through one or more intermediaries has a ten percent (10%) or more voting or economic interest in such specified Person or controls, is controlled by or is under common control with (which shall include, with respect to a managed fund or trust, the right to direct or cause the direction of the management and policies of such managed fund or trust as manager, advisor,

supervisor, sponsor or trustee pursuant to relevant contractual arrangements) such specified Person, and a Person shall be deemed to be controlled by another Person, if controlled in any manner whatsoever that results in control in fact by that other Person (or that other Person and any Person or Persons with whom that other Person is acting jointly or in concert), whether directly or indirectly and whether through share ownership, a trust, a contract or otherwise (for purposes of this definition, a managed fund or trust shall be deemed to be an Affiliate of the Person managing, supervising, sponsoring or advising such fund or trust and a limited partner in a managed fund or trust shall be deemed to be an Affiliate of such fund or trust and of the Person managing, supervising, sponsoring or advising such fund or trust).

“Agreement” means this Asset Transfer Agreement (including all Schedules referred to herein), as amended from time to time in accordance with the terms hereof.

“Annual Capital Budget” has the meaning given it in Section 7.1(c).

“Annual Operating Budget” has the meaning ascribed thereto in Section 7.1(c).

“Approval”, “Approved”, “Approves”, “Approved by the Transferor” and similar expressions mean approved or consented to by the Transferor or City in accordance with the provisions of Section 1.14.

“Assets” means the assets of the Parking System as set forth on Schedule 1.

“Asset Manager” means the Initial Asset Manager, or any other subsequent Person serving as an asset manager for the Parking System and Parking System Operations in accordance with this Agreement, the Lease and the Indenture. The term does not include a Qualified Designee.

“Asset Management Agreement” means any agreement, contract, or commitment by which the Transferee, directly or indirectly, engages an Asset Manager, that qualifies and is consistent with the conditions set forth under Rev. Proc. 97-13 or any successor revenue procedure, regulation or other official pronouncement of the Internal Revenue Service so as to not result in private business use under § 141(b) of the Internal Revenue Code. Any agreement between Transferee and its Qualified Designee is not an Asset Management Agreement. The Transferee and the Initial Asset Manager will enter into that certain Asset Management Agreement to be dated as of December 1, 2013.

“Assignee” means any Person who obtains the Transferee Interest pursuant to a Transfer permitted in Article 15.

“Assumed Contracts” means those Parking System Contracts that will be assigned to the Transferee at the Time of Closing and are listed on Schedule 1(A-3).

“Assumed Liabilities” has the meaning ascribed thereto in Section 2.1.

“Assignment and Assumption Agreement” has the meaning ascribed thereto in Section 16.7(c).

C-9

“City Documents” means the Asset Transfer Agreement, the PEDFA Intergovernmental Cooperation Agreement, the DGS Intergovernmental Cooperation Agreement, and the 2013 Harrisburg Downtown Parking Cooperation Agreement.

“City Ordinances and Resolutions” means (i) Ordinance No. 30-2013, An Ordinance of the City Council of the City of Harrisburg Authorizing the City to Enter Into an Agreement Delegating to the Pennsylvania Economic Development Financing Authority Certain Rights and Powers With Respect to Its On-Street Parking System Consisting of Collection of Meter Revenues, Rate-Setting, and Other Non-Enforcement Matters, and Approving the Pennsylvania Economic Development Financing Authority Entering Into a Contract With the Initial Manager of the Parking System to Provide Certain Functions If Approved by the Board of PEDFA; and Related Matters; (ii) Ordinance No. 31-2013, An Ordinance of the City Council of the City of Harrisburg Authorizing the City to Enter into an Intergovernmental Cooperation Agreement Delegating to the Pennsylvania Department of General Service (“DGS”) Certain Enforcement Powers with Respect to On-Street Parking and Approving DGS Entering into a Contract with the Initial Manager of the Parking System to Provide Certain Enforcement Functions, and Related Matters; and (iii) Ordinance No. 32-2013, An Ordinance of the City Council of the City of Harrisburg Authorizing the City and Harrisburg Parking Authority to Enter Into an Asset Transfer Agreement with the Pennsylvania Economic Development Financing Authority, the Transfer of City-Owned Off-Street Parking Assets and Other Rights to the Harrisburg Parking Authority, and Related Matters.

“City Payments” means the payments from Revenues by the Trustee on behalf of the Transferee to the City pursuant to Section 3.3 and in accordance with the Indenture in the initial amount of \$900,000 for the 2013 Operating Year (prorated for 2013 and any other partial year), increasing on the first day of each Operating Year to the amount shown in Schedule 12.

“Claim” means any demand, action, cause of action, suit, proceeding, arbitration, lien, claim, judgment or settlement or compromise relating thereto which may give rise to a right to a payment obligation.

“Closing” has the meaning ascribed thereto in Section 2.2(a).

“Closing Consideration” has the meaning ascribed thereto in Section 2.1.

“Closing Date” has the meaning ascribed thereto in Section 2.2(a).

“Closing Period” means the period from the date hereof up to and including the Time of Closing.

“Commercial Parking Lot” means a parcel of real property or portion thereof owned by any Person, except for the City, any public authority of the City, Transferor, any other governmental entity, or the Harrisburg Redevelopment Authority, used in whole or in part for the principal purpose of temporary or permanent storage by the public of vehicles for a stated consideration.

“Commercial Parking Structure” means a building or portion thereof owned by any Person, except for the City, any public authority of the City, Transferor, any other governmental entity, or the Harrisburg Redevelopment Authority, which encloses a space used in whole or in part for the

C-11

“Audit and Review” and similar expressions mean, with respect to any matter or thing relating to the Parking System, the Parking System Operations or this Agreement, the performance by or on behalf of the Transferor of such reviews, investigations, inspections and audits relating to such matter or thing as the Transferor may reasonably determine to be necessary in the circumstances, conducted in each case in accordance with applicable United States industry accepted practices, if any, or as required by Law, but in accordance with the provisions of this Agreement and authorized by this Agreement.

“Authority Notes” means those four certain Pennsylvania Economic Development Financing Authority Surplus Notes issued by the Transferee pursuant to Section 2.13 of the Indenture, in the aggregate principal amount determined as provided in Section 2.1, for the benefit of the Transferor, substantially in the form of the “Authority Note” attached as Schedule 18, together with all replacements thereof.

“Authorization” means any approval, certificate of approval, authorization, consent, waiver, variance, exemption, declaratory order, exception, license, filing, registration, permit, notarization or other requirement of any Person that applies to the Parking System or is reasonably required from time to time for the Parking System Operations.

“Available Positions” means the positions (and hours) set forth on Schedule 7.

“Available Supervisory Positions” means the positions (and hours) set forth on Schedule 7.

“Business Day” means any Day that is not a Saturday, a Sunday or a Day observed as a holiday by the City, the Commonwealth or the United States government or a day on which banks in the city in which the corporate trust offices of the Indenture Trustee are located, are required or authorized by law (including executive order) to close.

“Capital Improvement” means (i) any improvement to the structural, electrical, electronic, or mechanical components of the Parking Facilities, (ii) technology upgrades to Metering Devices, (iii) any maintenance, repair or replacement expenditure in excess of \$100,000, Adjusted for Inflation, in the aggregate during any month, with respect to the Parking System; (iv) any other repairs, replacements, improvements, or other work to the Parking System set forth in the Annual Capital Budget; and (v) the Required Capital Improvements.

“Capital Reserve Fund” has the meaning ascribed thereto in the Indenture.

“Capital Reserve Requirement” means the greater of \$15,000,000 or the “Measured Capital Reserve Requirement” as that term is defined in the Indenture.

“City” has the meaning ascribed thereto in the preamble to this Agreement.

“City Council” means the governing body of the City, authorized under the Zoning Ordinance and the MPC to grant conditional uses and adopt ordinances amending the Zoning Ordinance.

C-10

principal purpose of temporary or permanent storage by the public of vehicles for a stated consideration.

“Competing Parking Action” has the meaning ascribed to it in Section 13.1.

“Competing Parking Area” means the area of the City described on Schedule 4.

“Consent” means any approval, consent, ratification, waiver, exemption, franchise, license, permit, novation, certificate of occupancy or other authorization, of any Person, including any Consent issued, granted, given, or otherwise made available by or under the authority of any Governmental Authority or pursuant to any applicable Law.

“Contractor” means any entity with whom a Person contracts to perform work or supply materials or labor in relation to the Parking System, including any subcontractor of any tier, supplier or materialman directly or indirectly employed pursuant to a subcontract with a Contractor.

“Covenant Dispute Notice” has the meaning given it in Section 13.5.

“Covenant Notice” has the meaning given it in Section 13.4.

“CREDC” has the meaning ascribed to that term in the Recitals.

“Credit Facility Providers” has the meaning ascribed to that term in the Indenture.

“Day” means a calendar day, beginning at 12:01 a.m. Prevailing Eastern Time.

“Debt Service Reserve Fund” has the meaning ascribed thereto in the Indenture.

“DGS” means the Commonwealth Department of General Services.

“DGS Intergovernmental Cooperation Agreement” means the agreement between the City and DGS, providing for the irrevocable delegation of the Parking Enforcement Powers by the City to DGS.

“Disqualified Contractor” means a Person which has been suspended or debarred by the Commonwealth under its Contractor Responsibility Program, Management Directive 215.9, as amended or as replaced by a successive directive, rule, regulation or statute from time to time, or has been convicted by a court of competent jurisdiction of a crime for which a term of imprisonment of one year or more could have been imposed, and any Person controlled by a Person which has been so suspended, debarred or convicted.

“Emergency” means a situation that is urgent and calls for immediate action, which, if such action is not taken, is reasonably likely to result in or create a serious risk of imminent harm or physical damage to any or all of the Parking System or any natural Person.

“Encumbrance” means any mortgage, lien, judgment, execution, pledge, charge, security interest, restriction, easement, servitude, option, reservation, lease, claim, trust, deemed trust or

C-12

encumbrance of any nature whatsoever, whether arising by operation of law, judicial process, contract, agreement or otherwise created.

“**Enforcement Operator**” means the Person appointed by the Parking Enforcement Delegation Agency in accordance with this Agreement and the DGS Intergovernmental Cooperation Agreement to conduct Parking Enforcement Powers as described in [Section 3.4\(d\)](#).

“**Enforcement Policies and Procedures**” means the policies and procedures established by DGS, the City, the Asset Manager, and the Enforcement Operator for the administration and enforcement by the Enforcement Operator of parking rules and regulations that are designed to deter parking violations, including procedures for the issuance and collection of parking tickets and citations for non-moving violations of the parking rules and regulations with respect to the On-Street Parking System, by such means as permitted by Law, as set forth in [Schedule 3](#), but excluding all Reserved Enforcement Powers.

“**Engineering Firm**” means an independent firm of professional engineers that has exhibited experience with the kinds of Parking Facilities and Metering Devices within the Parking System and having a recognized reputation for skill and experience in the design, construction, reconstruction, maintenance and repair of public parking garages and metering devices engaged by the Asset Manager pursuant to the Asset Management Agreement; provided, however, the engineering firm cannot be related to or affiliated with the Transferee, Qualified Designee, Operator or Asset Manager.

“**Environment**” means soil, surface waters, ground waters, land, stream sediments, surface or subsurface strata and ambient air.

“**Environmental Laws**” means any Laws applicable to the Parking System or Parking System Operations regulating or imposing liability or standards of conduct concerning or relating to the regulation or use of Hazardous Substances, or the protection of human health or the Environment.

“**Excluded Assets**” has the meaning ascribed thereto in [Section 2.1](#).

“**Excluded Liabilities**” has the meaning ascribed thereto in [Section 2.1](#).

“**First Class Manner**” means, with respect to each component of the Parking System, operation and maintenance in compliance with Law and in an efficient and commercially reasonable manner in accordance with prevailing parking industry best practices (including best practices relating to cleanliness, attractiveness and safety) as implemented by prudent owner/operators of parking facilities comparable in scope, size, type, condition, location, nature and purpose.

“**Force Majeure**” means any event beyond the reasonable control of the Transferee (and including the Asset Manager or Operator), the Transferor, or the City, as applicable, that delays, interrupts or limits the performance of a Party’s obligations hereunder including an intervening act of God or public enemy, war, invasion, armed conflict, act of foreign enemy, blockade, revolution, act of terror, sabotage, civil commotions, condemnation, interference by civil or military authorities, nuclear or other explosion, radioactive or chemical contamination or ionizing radiation, fire or other casualty, tornado, flooding, earthquake or other natural disaster, riot or other public disorder, epidemic, quarantine restriction, strike, labor dispute or other labor protest, stop-work order or

C-13

“**Initial Asset Manager**” means PK Harris Advisors, Inc., a Georgia corporation, an affiliate of Trimont Real Estate Advisors, Inc.

“**Initial Enforcement Operator**” means Standard Parking Corporation.

“**Initial Off-Street Operator**” means Standard Parking Corporation.

“**Initial On-Street Operator**” means Standard Parking Corporation.

“**Intergovernmental Legislation**” has the meaning ascribed to it in the Preamble to this Agreement.

“**Intergovernmental Transfer**” has the meaning ascribed to it in [Section 3.3](#).

“**Law**” means any order, writ, injunction, decree, judgment, law, ordinance, decision, binding opinion, ruling, policy, statute, code, rule or regulation of any Governmental Authority.

“**Lease**” has the meaning ascribed to it in the Preamble to this Agreement.

“**Leasehold Mortgage(s)**” has the meaning set forth in the Indenture for the term “Mortgage.”

“**Leasehold Mortgagee**” means the Trustee or its assignee of its interest as the holder of the Leasehold Mortgage.

“**Leasehold Mortgagee’s Notice**” has the meaning ascribed to it in [Section 16.2\(a\)](#).

“**Lessor**” means the Transferor and its permitted successors and assigns under the Lease.

“**Long Term Capital Plan**” has the meaning ascribed to it in [Section 5.2\(a\)](#).

“**Loss**” or “**Losses**” means, with respect to any Person, any loss, liability, damage, penalty, charge or out-of-pocket and documented cost or expense actually suffered or incurred by such Person, but excluding any punitive, special, indirect and consequential damages and any contingent liability until such liability becomes actual.

“**Material Adverse Effect**” means a material adverse effect on the business, financial condition or results of operations of the Parking System taken as a whole.

“**Memorandum of Lease**” has the meaning ascribed thereto in [Section 2.7](#).

“**Metered Parking Fee**” means the fees established as consideration for the privilege of parking a motor vehicle at a Metered Parking Space all as set forth on [Schedule 5](#), and as may be adjusted by the Transferee pursuant to the terms of this Agreement.

“**Metered Parking Revenue**” means, during the Term, the revenues derived from Metered Parking Fees, not including any Parking Violation Revenue related thereto.

“**Metered Parking Spaces**” means those parking spaces within the Competing Parking Area where during certain periods of time, the City, requires the payment of a fee for parking a motor

C-15

injunction issued by a Governmental Authority, governmental embargo, except to the extent that the consequence of such event is otherwise specifically dealt with in this Agreement or arises by reason of (i) the negligence or willful misconduct of the Parties, (ii) any act or omission by the Parties in breach of the provisions of this Agreement, (iii) lack of insufficiency of funds or failure to make payment of monies or provide required security on the part of the Transferee or (iv) any strike, labor dispute or other labor protest involving any Person retained, employed or hired by the Transferee or its Representatives to supply materials or services for or in connection with the Parking System Operations or any strike, labor dispute or labor protest pertaining to the Transferee that is caused by or attributable to any act (including any pricing or other practice or method of operation) or omission of the Transferee or its Representatives.

“**Governmental Authority**” means any court, federal, state, local or foreign government, department, commission, board, bureau, agency or other regulatory, administrative, governmental or quasi-governmental authority and, unless expressly excluded, includes the City. The definition of Governmental Authority excludes the Transferee.

“**Hazardous Substance**” means any solid, liquid, gas, odor, radiation or other substance or emission which is a contaminant, pollutant, dangerous substance, toxic substance, hazardous waste, subject waste, hazardous material or hazardous substance which is or becomes regulated by applicable Environmental Laws or which is classified as hazardous or toxic under applicable Environmental Laws (including gasoline, diesel fuel or other petroleum hydrocarbons, polychlorinated biphenyls, asbestos and urea formaldehyde foam insulation).

“**Indemnified Party**” has the meaning ascribed to it in [Section 12.2\(a\)](#).

“**Indenture**” means the Trust Indenture, between the Transferee and the Trustee, providing for the issuance of the Parking Bonds.

“**Indenture Obligations**” means the Authority Notes, the Parking Bonds, and all other obligations under the Indenture.

“**Index**” means the United States Bureau of Labor Statistics, Consumer Price Index, all Urban Consumers, Northeast Cities Index, all items, as found in Table 11 of the CPI Detailed Report published by the U.S. Department of Labor, Bureau of Labor Statistics and for calculations using this index, the CPI-U, NE Cities Index reported four months prior to the first day of each Operating Year shall be used to determine the amount of any increases based on the Index; provided, that if the Index is changed so that the base year of the Index changes, the Index shall be converted in accordance with the conversion factor published by the U.S. Department of Labor, Bureau of Labor Statistics; provided further that if the Index is discontinued or revised during the Term, such other index or computation with which it is replaced shall be used in order to obtain substantially the same result as would be obtained if the Index had not been discontinued or revised.

“**Information**” means any and all information relating to the Parking System Operations in the Transferee’s possession or control or available to the Transferee pursuant to the Asset Management Agreement, the Parking Services Agreement, or the Parking Enforcement Engagement Agreement.

C-14

vehicle at that space or place for a limited period of time plus any such additional parking spaces designated within the Competing Parking Area pursuant to [Sections 6.3 and 6.6](#). The locations of the existing Metered Parking Spaces are shown on [Schedule 4](#).

“**Metering Devices**” means the parking meters, pay and display stations, electronic metering devices, and other similar devices that may be used from time to time in connection with the Parking System Operations, including any shelters used to guard the devices and patrons from the elements utilized by Transferee in its discretion, but excluding Affected Property.

“**MPC**” means the Pennsylvania Municipalities Planning Code (Act of 1968, P.L. 805, No. 247), as amended, and as the same may be amended, restated and codified from time to time.

“**New Agreement**” has the meaning ascribed thereto in [Section 16.5\(a\)](#).

“**Non-Compete Covenant**” has the meaning ascribed thereto in [Section 13.1\(a\)](#).

“**Non-Impair Covenant**” has the meaning ascribed thereto in [Section 13.2\(a\)](#).

“**Notice of Loss**” has the meaning ascribed thereto in [Section 12.2\(a\)](#).

“**Off-Street Operator**” means the Initial Off-Street Operator, or any other Person subsequently engaged by the Asset Manager pursuant to the Asset Management Agreement to operate the Off-Street Parking System.

“**Off-Street Parking Facility Revenue**” means the revenues derived from the Off-Street Parking System collected by the Transferee with respect to the operation of the Parking Garages and Parking Lots, excluding any Parking Violation Revenue related thereto.

“**Off-Street Parking Fee**” means the fees established as consideration for the privilege of parking a motor vehicle at the Parking Garages or Parking Lots all as set forth on [Schedule 5](#), and as may be adjusted by the Transferee pursuant to the terms of this Agreement.

“**Off-Street Parking Services**” means the services to be provided by or on behalf of the Transferee, or the Off-Street Operator (pursuant to the Parking Services Agreement), with respect to the Off-Street Parking System under this Agreement.

“**Off-Street Parking System**” means the public parking system consisting of the Parking Facilities as described on [Schedule 1\(A-1\)](#), all improvements, including paving, structures, signage (including all parking garage entry and exit signage), fixtures, equipment, and personal property of any and every kind whatsoever forming a part of and used in connection with such garages and lots from time to time, and any property acquired pursuant to the City Island Option or otherwise becoming a part of the “Leased Premises” under the Lease, but excluding all rights (including oil, gas and mineral rights, air rights and development rights) retained by the Transferor as the fee simple owner of the Parking System Land and structures and improvements.

“**On-Street Operator**” means the Initial On-Street Operator, or any other Person subsequently engaged by the Asset Manager in accordance with the terms of this Agreement, the Lease and the Indenture to operate the On-Street Parking System.

C-16

“On-Street Parking Services” means the services to be provided by or on behalf of the Transferee, by the Asset Manager and the On-Street Operator (pursuant to Asset Management Agreement and the Parking Services Agreement), with respect to the On-Street Parking System under this Agreement.

“On-Street Parking System” means (i) the Metered Parking Spaces, (ii) the Metering Devices, normal meter poles, computer systems and software used in connection with the administration and operation of Metered Parking Spaces and the collection of Metered Parking Fees, and all improvements and personal property of any and every kind whatsoever forming a part of and used in connection with the operation and maintenance of the metering system associated with the Metered Parking Spaces (including all Metering Devices but excluding any interest in the streets, sidewalks, paving, sign poles, tripods, streetlights or similar real or personal property), (iii) any additional Metered Parking Spaces added from time to time, and (iv) for purposes of enforcement only, all of the Unmetered Parking Spaces, but excluding any interests in the streets, sidewalks, paving or similar real property.

“Operating Standards” has the meaning ascribed to it in Section 5.1.

“Operating Year” means (i) the period beginning on the Closing Date and ending on the next succeeding December 31; and (ii) thereafter the period from January 1 to December 31.

“Operator” has the meaning ascribed to it in Section 3.5(a).

“Other System Revenue” has the meaning ascribed thereto in Section 6.1(e).

“Parking Bonds” means the obligations, other than the Authority Notes, issued by the Transferee in connection with its payment to the Transferor of the Closing Consideration, together with any obligations issued to refund those obligations or issued to finance the Parking System pursuant to the Indenture.

“Parking Enforcement Delegation Agency” means the Commonwealth Department of General Services or any successor agency as a party to the DGS Intergovernmental Cooperation Agreement.

“Parking Enforcement Engagement Agreement” means any agreement entered into between the Parking Enforcement Delegation Agency and the Asset Manager relating to the management or conduct of the parking enforcement services under the grant of the Parking Enforcement Powers.

“Parking Enforcement Operations Agreement” means any agreement entered into between the Asset Manager and the Enforcement Operator relating to the conduct of the parking enforcement services pursuant to the Parking Enforcement Powers.

“Parking Enforcement Powers” means the power to (i) issue parking tickets or citations for non-moving violations only of the parking rules and regulations with respect to the Parking Spaces and other Laws of the City of Harrisburg with respect to the Parking System, and (ii) boot and tow vehicles in violation of the parking rules and regulations with respect to the Parking Spaces and other Laws of the City of Harrisburg with respect to the Parking System, in each case in accordance with the Enforcement Policies and Procedures set forth in Schedule 3, but excluding any Reserved

C-17

“Parking Violations” means any ticket or citation issued by the City or by the Enforcement Operator (excluding moving violations) in the Competing Parking Area in accordance with the Enforcement Policies and Procedures.

“Parking Violation Revenue” means the revenues derived from any Parking Violations issued during the Term, any related fines imposed by the court (other than actual court costs) collected for Parking Violations or citations for violations of parking rules and regulations and other non-moving violations issued by an Enforcement Operator or police officer. The Schedule for Parking Fines is set forth on Schedule 3.

“Party” means a party to this Agreement and “Parties” means some or all of them as appropriate.

“PEDEFA Intergovernmental Cooperation Agreement” means the agreement between the City and the Transferee providing for the transfer and delegation to Transferee of the City’s powers, functions and responsibilities (except the Parking Enforcement Powers and the Reserved Enforcement Powers) with respect to the On-Street Parking System and of the authority to set parking rates for the Parking System.

“Period of Operation” means, (i) with respect to each Metered Parking Space, the Days and the period or periods of time during each Day the parking of a motor vehicle in that Metered Parking Space is permitted and the payment of a Metered Parking Fee for use of that Metered Parking Space is required as described in Schedule 5; and (ii) with respect to the Parking Facilities, the Days and period or periods of time during each Day that the parking of a motor vehicle in a Parking Garage or Parking Lot is permitted as set forth in Schedule 5.

“Permitted Transferor Encumbrance” means, with respect to the Parking System: (i) the Transferee Interest; (ii) any Encumbrance that is being contested, or being caused to be contested, by the Transferor and disclosed in writing to the Transferee (but only for so long as such contest effectively postpones foreclosure of any such Encumbrance); (iii) any easement, covenant, condition, right-of-way, or other matters of record, or any zoning, building, environmental, health or safety Law relating to the development, use or operation of the Parking System (or other similar reservation, right and restriction) or other defects and irregularities in the title to the Parking System existing on the Closing Date and accepted by Transferee; (iv) the police and regulatory powers of the Commonwealth of Pennsylvania, the City, and Dauphin County with respect to the Parking System, and the regulation of traffic control and use of the Public Way, including the Reserved Enforcement Powers; (v) any right reserved to or vested in any Governmental Authority by any statutory provision or under common law; (vi) any other Encumbrance permitted hereunder; (vii) any Encumbrances created, incurred, assumed or suffered to exist by the Transferee or any Person claiming through it and permitted by this Agreement or the Lease; (viii) any rights reserved to or vested in the Transferor by any statutory provision; and (ix) any amendment, extension, renewal or replacement of any of the foregoing. Notwithstanding the foregoing, no encumbrance that would materially adversely affect the security interests granted to the Trustee pursuant to the Indenture or the Leasehold Mortgage as security for the Parking Bonds shall constitute a Permitted Transferor Encumbrance.

C-19

Enforcement Powers. The City retains the power to concurrently exercise Parking Enforcement Powers, but not to further delegate the Parking Enforcement Powers to any other person.

“Parking Facilities” means Parking Lots and Parking Garages.

“Parking Fees” means the Metered Parking Fee and the Off-Street Parking Fee.

“Parking Garages” means the parking garages described in Schedule 1(A-1) located on one or more parcels of Parking System Land.

“Parking Lease” means the Vehicle Parking Lease by and between the Transferee, as Lessor, and the Commonwealth acting through DGS, as Lessee, providing for the letting of spaces in the Off-Street Parking System.

“Parking Lots” means the parking lots described in Schedule 1(A-1) located on and including one or more parcels of Parking System Land.

“Parking Services Agreement” means any material agreement, contract or commitment to which the Asset Manager is a party relating to the Parking System Operations as in force from time to time (including the Parking Enforcement Engagement Agreement, the Parking Enforcement Operations Agreement, and any warranties or guaranties), but excluding the Lease, any Leasehold Mortgage and financing documents related thereto.

“Parking Services” means the On-Street Parking Services and Off-Street Parking Services.

“Parking Spaces” means the Metered Parking Spaces and off-street parking spaces comprising part of the Off-Street Parking System from time to time, but excluding Unmetered Parking Spaces.

“Parking System” means the On-Street Parking System and Off-Street Parking System.

“Parking System Condition Report” has the meaning ascribed to it in Section 4.1.

“Parking System Contracts” means the agreements to which the Transferor is a party relating to the use and operations of the Parking System, including the Assumed Contracts and the Parking System Contracts that are Excluded Liabilities and are listed on Schedule 6.

“Parking System Land” means those parcels of real property upon which the Parking Garages and Parking Lots are located and as further described in the Memorandum of Lease.

“Parking System Operations” means (i) the operation, management and maintenance of the Parking System, (ii) the issuance, processing and collection of parking tickets or citations for non-moving violations of parking rules and regulations with respect to the Parking Spaces pursuant to this Agreement, and (iii) all other actions relating to the Parking System that are performed by or on behalf of the Transferee pursuant to this Agreement.

C-18

“Permitted Transferee Encumbrance” means, with respect to the Transferee Interest: (i) any Encumbrance that is being contested in accordance with Section 3.7(a) (but only for so long as such contest effectively postpones foreclosure of any such Encumbrance); (ii) any (A) lien or security interest for obligations not yet due and payable to a Contractor or other Person, (B) any statutory lien, deposit or other non-service lien or (C) lien, deposit or pledge to secure mandatory statutory obligations or performance of bids, tenders, contracts (other than for the repayment of borrowed money) or leases, or for purposes of like general nature, any of which are incurred in the ordinary course of business of the Parking System Operations and either (A) not delinquent or (B) which are being contested by the Transferee in accordance with Section 3.7(a) (but only for so long as such contest effectively postpones enforcement of any such Encumbrance); (iii) inchoate materialmen’s, mechanics’, workmen’s, repairmen’s, employees’, carriers’, warehousemen’s, or other like Encumbrances arising in the ordinary course of business of the Parking System or the Transferee’s performance of any of its rights or obligations hereunder, and either (A) not delinquent or (B) which are being contested by the Transferee in accordance with Section 3.7(a) (but only for so long as such contest effectively postpones enforcement of any such Encumbrance); (iv) any right reserved to or vested in any Governmental Authority by any statutory provision or under common law; (v) any other Encumbrance created by the Transferee and permitted hereunder; (vi) liens incurred in the ordinary course of business in connection with workers’ compensation, unemployment insurance, social security and other governmental rules and that do not in the aggregate materially impair the use, value or operation of the Parking System; (vii) any Encumbrance, security interest or pledge imposed upon the Transferee as to Transferee’s assets arising from borrowings, financings, leases or similar transactions in the ordinary course of business (including any leasehold mortgage (and financing statements or other means of perfection thereto) or any Encumbrance created, incurred, or assumed pursuant to the Indenture in connection with the issuance of the Parking Bonds to the extent expressly permitted by the Indenture); and (viii) any amendment, extension, renewal or replacement of any of the foregoing.

“Person” means any individual (including, the heirs, beneficiaries, executors, legal representatives or administrators thereof), corporation, partnership, joint venture, trust, limited liability company, limited partnership, joint stock company, unincorporated association or other entity or a Governmental Authority.

“Prevailing Eastern Time” means Eastern Standard Time or Eastern Daylight Time, as applicable in the Commonwealth on the relevant day.

“Procurement Code” means the Commonwealth Procurement Code, 62 Pa.C.S. §101 *et seq.*

“Professional Engineer” means an engineer qualified and licensed as a professional engineer and an employee of an Engineering Firm.

“Property Taxes” means any ad valorem property tax attributable to the Parking System or the Transferee Interest, including any ad valorem tax on real property and improvements, building, structures, fixtures and tangible personal property.

“Prospective Rate Covenant” has the meaning ascribed thereto in the Indenture.

C-20

“**Public Improvement**” means any construction, reconstruction, improvement, enlargement, alteration, or repair of a building, highway, drainage system, water system, road, street, sidewalk, sidewalk area, alley, sewer, ditch, sewage disposal plant, water works, and all other structures or works of any nature by a public authority. Public Improvements include street improvements that enable the public use of the City’s street network by both automobile and public non-automobile modes of transportation (e.g., transportation by pedestrian way, bicycle, public bus, or public streetcar).

“**Public Parking Lot**” means a parcel of real property or portion thereof owned by the City, any public authority of the City, Transferor, any other governmental entity, or the Harrisburg Redevelopment Authority used in whole or in part for the principal purpose of temporary or permanent storage by the public of vehicles for a stated consideration.

“**Public Parking Structure**” means a building or portion thereof owned by the City, any public authority of the City, Transferor, the Harrisburg Redevelopment Authority, or any other governmental entity which encloses a space used in whole or in part for the principal purpose of temporary or permanent storage of vehicles by the public for a stated consideration.

“**Public Way**” means the streets, alleys, driveways and sidewalks owned by (or for the benefit of) the City.

“**Qualified Designee**” means the entity from time to time selected by the Transferee to serve as its representative to oversee the administration and management of the Parking System, which is engaged under an agreement that qualifies and is consistent with the conditions set forth under Rev. Proc. 97-13 or any successor revenue procedure, regulation or other official pronouncement of the Internal Revenue Service so as to not result in private business use under § 141(b) of the Internal Revenue Code, and which shall not adversely affect the exclusion of gross income of the interest on the Parking Bonds, or another entity with respect to which Transferee has received an opinion of nationally recognized bond counsel that such entity may be the Qualified Designee without adversely affecting the tax exempt status of the Parking Bonds. Initially, the Qualified Designee is CREDC. The Transferee and CREDC will enter into that certain Parking Services Agreement (the “**Servicing Agreement**”), an agreement that satisfies the requirements of the next preceding sentence.

“**Rate Covenant**” has the meaning ascribed thereto in the Indenture.

“**Rating Agency**” means any of Standard & Poor’s Ratings Services, Moody’s Investors Service, Inc., or Fitch Investors Service, Inc., or any similar entity, or any of their respective successors.

“**Recovery Plan**” means Harrisburg Strong Plan, filed on August 26, 2013 and approved by the Pennsylvania Commonwealth Court by its Order entered September 23, 2013.

“**Rent**” has the meaning given it in the Lease.

“**Representative**” means, with respect to any Person, any director, officer, employee, official, partner, member, owner, agent, lawyer, accountant, auditor, professional advisor, consultant, engineer, Contractor, other Person for whom such Person is at law responsible or other

C-21

lawfully assessed with respect to or against the Off-Street Parking System with respect to periods on or after the Closing Date.

“**Tax Exempt Parking Bonds**” means any Parking Bonds the interest on which is excluded from gross income for federal income tax purposes as of the date of issuance.

“**Temporary Closure**” means any interruption to, or any suspension of, Parking System Operations with respect to a Parking Space during the Period of Operation of such Parking Space for certain commercial purposes where a Temporary Closure Fee is or may be charged.

“**Temporary Closure Fee**” means with respect to a Temporary Closure of an On-Street Parking Space due to the request of any Person, other than the Parties, seeking a Temporary Closure for approved purposes, a fee as set forth in the City’s municipal code for Temporary Closure of such Metered Parking Spaces for a stated period.

“**Term**” means with respect to each of the Intergovernmental Transfer, the Lease and this Agreement, a period of approximately 40 years expiring on December 31 2053; provided however, in the event the Indenture Obligations have not been satisfied in full on or before December 31, 2053, the Term shall automatically extend for additional successive periods of one (1) calendar month until such time as the Indenture Obligations shall have been fully satisfied, and shall end on the last day of the first calendar month in which no Indenture Obligations are outstanding.

“**Third Party Claim**” has the meaning ascribed thereto in [Section 12.2\(b\)](#).

“**Time of Closing**” means 10:00 a.m. Prevailing Eastern Time on the Closing Date or such other time on that date as the Transferor and the Transferee agree in writing that the Closing shall take place.

“**Title Policy**” has the meaning ascribed thereto in [Section 2.4\(a\)\(iii\)](#).

“**Transaction**” means the transfer of, and acquisition of, the Assets and the Intergovernmental Transfer and the effectiveness of the PEDFA Intergovernmental Cooperation Agreement, the DGS Intergovernmental Cooperation Agreement, and the Lease.

“**Transaction Document(s)**” means any or all of the documents entered into by Transferee in connection with the Transaction, including this Agreement, the Lease, the Indenture, the PEDFA Intergovernmental Cooperation Agreement, the Parking Lease, the Asset Management Agreement, the Servicing Agreement, and the Authority Notes.

“**Transfer**” means to sell, convey, assign, lease, sublease, mortgage, encumber, pledge, transfer or otherwise dispose of.

“**Transferee Default**” has the meaning ascribed thereto in [Section 14.1\(a\)](#).

“**Transferee Indemnitee(s)**” has the meaning ascribed thereto in [Section 12.1](#).

“**Transferee Interest**” means the interest of the Transferee in the Parking System created by this Agreement, the PEDFA Intergovernmental Cooperation Agreement, and the Lease and the rights

C-23

representative of such Person or any professional advisor, consultant or engineer designated by such Person as its “**Representative**.”

“**Required Capital Improvements**” has the meaning given that term in the Lease.

“**Required Coverages**” has the meaning ascribed thereto in [Section 11.1](#).

“**Reserved Enforcement Powers**” means the exercise by the City of those police and regulatory powers with respect to the On-Street Parking System, including Metered Parking Spaces, and the regulation of traffic, traffic control and the use of the Public Way, including exclusive and reserved rights of the City to: (i) establish and revise from time to time all parking regulations, and fines with respect to the Public Way, excluding however, the Metered Parking Spaces; (ii) issue citations for all moving violations of the traffic laws; (iii) issue residential parking permits and enforce the City’s residential permit program, except within the Competing Parking Area, as to which the City has retained the right to concurrently enforce the residential permit program and the exclusive right to issue residential parking permits; (iv) enforcement of the snow route and emergency weather restrictions; and (v) enforcement of the street sweeping parking restrictions.

“**Revenues**” means all revenues, receipts and income derived from the operation of the Parking System (excluding parking or gross receipts taxes and other taxes collected from users or imposed on users and remitted to the applicable taxing authority). Revenues shall also include the revenues of the Parking System that are pro-rated and transferred to the Transferee pursuant to [Section 2.2\(b\)](#).

“**Reversion Date**” means the Business Day immediately following the date on which this Agreement expires or is terminated.

“**Schedule**” means a schedule attached hereto and incorporated in this Agreement, unless otherwise expressly indicated by the terms of this Agreement.

“**Schedule of Parking Fees**” means (i) the fee schedule for Metered Parking Spaces; and (ii) the schedule of rates and charges for use of the Parking Facilities, both as set forth in [Schedule 5](#).

“**Surplus Fund**” has the meaning ascribed thereto in the Indenture.

“**Surplus Revenues**” means amounts deposited in the Surplus Fund as provided in the Indenture.

“**Taxes**” means any federal, state, local or foreign income, gross receipts, commercial activity, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental, customs duties, permit fees, capital stock, franchise, profits, withholding, social security, unemployment, disability, real property, personal property, parking, sales, use, transfer, registration, value added, alternative or add-on minimum, estimated or other tax, levy, impost, stamp tax, duty, fee, withholding or similar imposition of any kind payable, levied, collected, withheld or assessed at any time, including any interest, penalty or addition thereto, whether disputed or not; including special assessments and other lawful assessments in the nature of taxes with respect to or against the Parking System or any applicable service payments or payments in lieu of taxes

C-22

of the Transferee under or pursuant to this Agreement, the PEDFA Intergovernmental Cooperation Agreement, or the Lease.

“**Transferee Request**” means a written request in respect of the Parking System prepared by or on behalf of the Transferee and addressed to the Transferor and the City seeking to make a fundamental change in the dimensions or location of any part of the Parking System or seeking any modification or change to the Operating Standards pursuant to [Section 6.2](#); provided, however, that a Transferee Request need not be submitted in connection with operations, maintenance or repair of the Parking System in the ordinary course or any other aspects of Parking System Operations permitted or reserved to the Transferee under this Agreement.

“**Transferor Default**” has the meaning ascribed to it in [Section 14.2\(a\)](#).

“**Transferor’s Option**” has the meaning ascribed thereto in [Section 16.7\(a\)](#).

“**Trustee**” means the commercial bank or trust company with trust powers, designated by the Transferee, which serves from time to time as Trustee pursuant to the Indenture.

“**Underwriter**” means Guggenheim Securities, LLC, on behalf of itself and Piper Jaffray & Co.

“**Unmetered Parking Spaces**” means any on-street space within the Competing Parking Area that has neither a Metering Device nor is subject to a Metered Parking Fee.

“**Year**” means the calendar year.

“**Zoning Ordinance**” means Chapter 7 of the Codified Ordinances of Harrisburg, Pennsylvania, as amended and in effect on the date of this Agreement.

“**Zoning Hearing Board**” means the Zoning Hearing Board of the City of Harrisburg, created pursuant to §7-305.1 of the Codified Ordinances of Harrisburg, Pennsylvania, as amended, and as authorized by the MPC.

Section 1.2. Number and Gender. In this Agreement words in the singular include the plural and vice versa and words in one gender include all genders.

Section 1.3. Headings. The division of this Agreement into articles, sections and other subdivisions is for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The headings in this Agreement are not intended to be full or precise descriptions of the text to which they refer and shall not be considered part of this Agreement.

Section 1.4. References to this Agreement. The words “herein,” “hereby,” “hereof,” “hereto” and “hereunder” and words of similar import refer to this Agreement as a whole and not to any particular portion of it. The words “Article,” “Section,” “paragraph,” “sentence,” “clause” and “Schedule” mean and refer to the specified article, section, paragraph, sentence, clause or schedule of or to this Agreement.

C-24

Section 1.5. References to Any Person. A reference in this Agreement to any Person at any time refers to such Person's permitted successors and assignees.

Section 1.6. Meaning of Including, Shall and Will. In this Agreement, the words "include," "includes" or "including" mean "include without limitation," "includes without limitation" and "including without limitation," respectively, and the words following "include," "includes" or "including" shall not be considered to set forth an exhaustive list. The words "shall" and "will" have the same meaning.

Section 1.7. Meaning of Discretion. Unless otherwise stated in this Agreement, the word "discretion" with respect to any Person means the sole and absolute discretion of such Person.

Section 1.8. Meaning of Notice. In this Agreement, the word "notice" means "written notice," unless specified otherwise.

Section 1.9. Consents and Approvals. Unless specified otherwise, wherever the provisions of this Agreement require or provide for or permit an approval or consent by any Party, such approval or consent, and any request therefor, must be in writing (unless waived in writing by the applicable other Party). To the extent such approval or consent is to be given, it shall not be unreasonably withheld, conditioned, or delayed.

Section 1.10. Trade Meanings. Unless otherwise defined herein, words or abbreviations that have well-known trade meanings are used herein in accordance with those meanings.

Section 1.11. Laws. Unless specified in the definitions or otherwise in this Agreement, references to a Law are considered to be a reference to (i) such Law as it may be amended from time to time, (ii) all regulations and rules pertaining to or promulgated pursuant to such Law, (iii) the successor to the Law resulting from recodification or similar reorganizing of Laws and (iv) all future Laws pertaining to the same or similar subject matter.

Section 1.12. Generally Accepted Governmental Accounting Principles. All accounting and financial terms used herein, unless specifically provided to the contrary, shall be interpreted and applied in accordance with generally accepted governmental accounting principles in the United States of America, consistently applied.

Section 1.13. Calculation of Time. For purposes of this Agreement, a period of Days shall be deemed to begin on the first Day after the event that began the period and to end at 5:00 p.m. (Prevailing Eastern Time) on the last Day of the period. If, however, the last Day of the period does not fall on a Business Day, the period shall be deemed to end at 5:00 p.m. (Prevailing Eastern Time) on the next Business Day.

Section 1.14. Approvals, Consents and Performance.

(a) *Procedures.* Wherever the provisions of this Agreement require or provide for or permit an approval or consent by the Transferor or City, unless a time period is specifically set forth elsewhere herein, the Transferor or the City, as applicable, shall provide approval or consent no later than ten (10) Business Days following receipt of the Transferee's request, provided, however, that if

C-25

Transferor. The "Acquisition Price" is the upfront consideration of \$467,000,000¹, subject to adjustment as provided in Section 2.1(b), plus a portion of the City Payments and the Rent payable under the Lease. The upfront portion of the Acquisition Price, including the Authority Notes, shall be payable solely from the proceeds of the Parking Bonds and from Revenues as follows:

(1) payment of the sum of \$270,000,000² (subject to adjustments as provided in Section 2.1(b)) shall be payable in immediately available funds on the Closing Date (the "Closing Consideration") to the Transferor; and

(2) delivery to the Transferor on the Closing Date of the Authority Notes in the aggregate principal amount of \$197,100,000² (subject to adjustment as provided in Section 2.1(b)).

(b) The Parties acknowledge and agree that the upfront portion of the Acquisition Price will be \$467,000,000² and will be adjusted at Closing based on actual bond interest rates in the tax-exempt municipal bond markets at Closing. The Parties further acknowledge that the allocation between the cash portion of the Acquisition Price and the aggregate principal amount of the Authority Notes to be paid and delivered at the Time of Closing may differ from the allocated amounts set forth herein depending upon the actual terms of the sale of the Parking Bonds. The Parties agree at the Time of Closing to adjust the allocation of the cash portion of the Acquisition Price and the aggregate principal amount of the Authority Notes to reflect the actual proceeds from the sale of the Parking Bonds. The adjustment to the aggregate principal balance of the Authority Notes will be effectuated by adjusting only the Authority Note with the largest principal balance.

(c) The City and DGS, as the Parking Enforcement Delegation Agency, shall execute and deliver the DGS Intergovernmental Cooperation Agreement.

(d) The City and Transferee shall execute and deliver the PEDFA Intergovernmental Cooperation Agreement.

(e) The transfer of the Parking System as provided pursuant to this Agreement shall be made to the Transferee free and clear of all liens and encumbrances, other than Permitted Transferor Encumbrances, and shall vest in the Transferee, a valid leasehold or other interest therein, free and clear of all liens and encumbrances, other than Permitted Transferor Encumbrances.

(f) The Transferor shall assign and convey the Assets constituting tangible personal property by bill of sale to the Transferee, free and clear of all liens and encumbrances. The City

¹ Final confirmation of the Acquisition Price depends upon an on-going value analysis and review of the Parking System. In addition, the upfront cash portion of the Acquisition Price depends upon market conditions and tax-exempt bond rates at the time the Parking Bonds are sold. The Closing Consideration (cash) of \$270,000,000 is a projection based on current market rates and conditions. This amount could increase or decrease. The total of the Authority Notes will be the difference between the upfront portion of the Acquisition Price and the Closing Consideration (cash).

C-27

the Transferor should fail to respond within the aforesaid period, the Transferee may deem such a failure to respond a disapproval of the matter of which such approval or consent is being sought. Notwithstanding the foregoing, if any such approval or consent by the Transferor or the City requires action by Board of Directors of Transferor or the City Council of the City, the time period for response shall be thirty (30) calendar days.

(b) *Authority of the Transferor.* Wherever this Agreement provides that an act is to be taken or performed or approval or consent is to be given by the Transferor, such act may be taken or performed or approval or consent may be given by the Executive Director (or in his or her absence, any officially designated designee thereof) so long as the Transferor remains in existence, and thereafter, by the City by its Mayor (or any officially designated official of the City), and the Transferee may conclusively rely thereon in all respects.

(c) *Authority of the Transferee.* Wherever this Agreement provides that an act is to be taken or performed or approval or consent is to be given by the Transferee, such act or consent or approval may be taken or performed by the Transferee or by the Qualified Designee of the Transferee, and the Transferor and the City may rely thereon in all respects.

Section 1.15. Incorporation of Schedules. The Schedules are integral to, and are made a part of, this Agreement. In the event of any conflict between the terms of this Agreement and the terms of the Schedules, the terms of this Agreement shall control. Capitalized terms used but not defined in the Schedules have the meaning given them in this Agreement.

ARTICLE 2

THE TRANSACTION; CLOSING; CONDITIONS PRECEDENT; COVENANTS

Section 2.1. Transfer and Acquisition

(a) Upon the terms and subject to the satisfaction of conditions set forth in this Agreement, on the Closing Date, effective at the Time of Closing:

(i) The Transferee shall acquire from the Transferor that portion of the Assets constituting the Off-Street Parking System as set forth on Schedule 1(A-1), excluding the assets set forth in Schedule 6 (the "Excluded Assets").

(ii) The Transferor and the Transferee shall enter into the Lease.

(iii) The Transferee shall assume the liabilities set forth on Schedule 1(A-2) (the "Assumed Liabilities") excluding the liabilities set forth on Schedule 6 (the "Excluded Liabilities").

(iv) The Transferee shall pay the Acquisition Price for the Parking System, which includes the Intergovernmental Transfer and the ownership of the Revenues, to the

C-26

shall assign and convey by quitclaim bill of sale any interest it may have in any of the Assets constituting tangible personal property.

(g) The City agrees that the payment and delivery of the upfront portion of the Acquisition Price to the Transferor at Closing, and the payment to the City of the City Payment, will constitute good and valuable consideration to the City for the City's covenants and agreements herein, the Intergovernmental Transfer, and the execution and delivery of the DGS Intergovernmental Cooperation Agreement and the PEDFA Intergovernmental Cooperation Agreement.

(h) The Parties agree that a portion of the Authority Notes in an amount set forth in the Tax Certificate and Agreement filed pursuant to the Indenture will be allocated to the acquisition of the leasehold estate under the Lease and any portion of the Parking System that constitutes private use facilities under Section 141 of the Internal Revenue Code of 1986. Such allocation will not reduce the Rent payable under the Lease. The Parties further agree that the City Payments will be allocated to the Intergovernmental Transfer. The Parties agree that all of their tax returns, informational returns and other filings with the Internal Revenue Service will be consistent with such allocations.

Section 2.2. Closing

(a) The consummation of the transfer and acquisition of the Assets and the Intergovernmental Transfer (the "Closing") shall take place on December 16, 2013 or such earlier date as agreed by the Transferee and the Transferor (the "Closing Date"). The Closing shall be held at the offices of Dilworth Paxson LLP, 1500 Market Street, Suite 3500E, Philadelphia, PA, or such other place which is agreed to in writing by the Transferor and the Transferee. At the Time of Closing, the Transferee shall deliver or cause to be delivered to the Transferor the Closing Consideration due on the Closing Date and the Authority Notes, and upon receipt of such payment the Transaction shall be effective.

(b) Revenues and Assumed Liabilities shall be prorated between the Transferor and the Transferee as of 11:59 p.m. on the Day immediately preceding the Closing Date based upon the actual number of Days in the month and a 365-day year and the required payment resulting from such proration shall be added to or subtracted from the Closing Consideration accordingly. If final prorations cannot be made at the Closing for any item being prorated under this Section 2.2(b), then the Transferor and the Transferee shall allocate such items on a fair and equitable basis, with final adjustment to be made as soon as reasonably possible after the Closing Date. The Transferor and the Transferee shall have reasonable access to, and the right to inspect and audit, the other's books to confirm the final prorations to the extent permitted by Law.

Section 2.3. Conditions Precedent; Termination

(a) *Conditions for the Benefit of the Transferee.* The Transferee shall be obligated to complete the Closing only if each of the following conditions has been satisfied in full at or before the Time of Closing, unless waived by the Transferee: (i) the representations and warranties of the Transferor set forth in Section 8.1, and of the City in Section 8.2, the DGS Intergovernmental Cooperation Agreement, and the PEDFA Intergovernmental Cooperation Agreement shall be true

C-28

and correct in all material respects on and as of the date hereof and at and as of the Time of Closing with the same force and effect as if made at and as of such time and date and the DGS Intergovernmental Cooperation Agreement and the PEDFA Intergovernmental Cooperation Agreement are in full force and effect; (ii) neither the Transferor nor the City shall be in material breach of any material covenant on its part contained in this Agreement which is to be performed or complied with by the Transferor or the City at or prior to the Time of Closing; (iii) the Transferor shall have obtained and delivered to the Transferee effective at the Time of Closing, valid, executed and enforceable assignments of (A) all Parking System Contracts that are Assumed Contracts, (B) other Assets to be transferred, and (C) Assumed Liabilities that are not to be terminated or amended, an approved settlement of prorated Taxes and other expenses, and a leasehold title policy or policies, in form and substance reasonably acceptable to the Transferee, insuring the leasehold interest of the Transferee (which will include an endorsement with the terms of the leasehold mortgage coverage), which policy or policies will reflect that the Transferor (as lessor) owns the good and marketable title to the Parking Facilities and Parking System Land, and has conveyed to the Transferee a valid and enforceable leasehold estate as described in the Lease and herein, subject only to Permitted Transferor Encumbrances and Permitted Transferee Encumbrances (the "Title Policy"); (iv) no material casualty shall have taken place with respect to the Parking System, (v) the Transferor shall have delivered and caused to be delivered to the Transferee and the Underwriter, legal opinions of counsel to the Transferor and the City; (vi) certified copies of the City Ordinances shall have been delivered to the Transferee; (vii) the Schedule of Parking Fees shall have been approved by the City and be in effect; (viii) the City Documents shall have been executed by the City and delivered to the Transferee; (ix) the Parking Enforcement Delegation Agency and the Asset Manager shall have executed and delivered the Parking Enforcement Engagement Agreement and the Asset Manager and the Enforcement Operator shall have executed and delivered the Parking Enforcement Operations Agreement; (x) all of the Transferor's outstanding bonds secured by any interest in the Parking System, including Revenues pledged to such bonds, are paid or defeased concurrently with the Closing as evidenced by certificates and opinions satisfactory to Transferee; and (xi) the Transferee shall have issued the Parking Bonds.

(b) *Conditions for the Benefit of the Transferor and the City.* The Transferor and the City shall be obligated to complete the Closing only if each of the following conditions precedent has been satisfied in full at or before the Time of Closing, unless waived by the Transferor and the City: (i) all representations and warranties of the Transferee in Section 8.3 shall be true and correct in all material respects on and as of the date hereof at and as of the Time of Closing with the same force and effect as if made at and as of such time; (ii) the Transferee shall not be in material breach of any material covenant on its part contained in this Agreement which is to be performed or complied with by the Transferee at or prior to the Time of Closing (including the failure of the Transferee to pay the Closing Consideration at Closing in accordance with the terms hereof); (iii) the Transferee shall have assumed the Assumed Liabilities; (iv) the Transferee shall have delivered to the Transferor and the City a legal opinion of counsel to the Transferee; (v) the Transferee shall have entered into an Asset Management Agreement with the Initial Asset Manager, (vi) the Initial Asset Manager shall have entered into a Parking Services Agreement with the Initial On-Street Operator and the Initial Off-Street Operator; (vii) the City shall have entered into a settlement agreement with AGM and the County pursuant to the Recovery Plan; (viii) the Transferee shall have delivered the fully executed Authority Notes; and (ix) the Transferee is contemporaneously issuing the Parking Bonds.

C-29

(v) by the City, upon notice to the Transferee, if any condition set forth in Section 2.3(b) or (c) is not satisfied at the Time of Closing; provided, however, that the City shall not have the right to terminate this Agreement under this Section 2.3(d)(v) if the City's failure to comply with any provision of this Agreement or other conduct has been the cause of, or resulted in, the failure of such condition or conditions to be satisfied.

(f) *Effect of Termination.* In the event of termination of this Agreement by either the Transferor or the Transferee as provided in herein this Agreement shall forthwith become void and there shall be no liability or obligation on the part of the Transferor or the Transferee or their respective Representatives or on the part of the Underwriter, the Asset Manager, the Off-Street Operator, the On-Street Operator, the Enforcement Operator, the Qualified Designee, or their respective Representatives.

Section 2.4. Covenants.

(a) *Cooperation.* During the Closing Period, the Parties shall cooperate with each other, the Qualified Designee, the Asset Manager, Operator, and Underwriter in order to permit the Closing to be consummated on the Closing Date, including with respect to the matters listed in Schedule 11. After the Closing Date, the Parties, the Qualified Designee, the Asset Manager and the Operator shall cooperate in a commercially reasonable manner regarding the transition of enforcement and operational control of the Parking System, including with respect to the matters listed in Schedule 11.

(b) *Reasonable Efforts.* During the Closing Period, each Party shall use all reasonable efforts (i) to take, or cause to be taken, all actions necessary to comply promptly with all requirements under this Agreement and all legal requirements which may be imposed on such Party to consummate the Transaction as promptly as practicable, including making any necessary filings, and (ii) to obtain (and to cooperate with the other Party to obtain) any Consent of any Governmental Authority or any other public or private third party which is required to be obtained or made by such Party in connection with the consummation of the Transaction. Subject to Section 2.4(g), each Party shall promptly cooperate with and, upon request by the other Party, promptly furnish any non-confidential or non-proprietary information to the other in connection with any such efforts by, or requirement imposed upon, any of them in connection with the foregoing.

(c) *Injunctions.* If any Governmental Authority of competent jurisdiction issues a preliminary or permanent injunction or temporary restraining order or other order before the Time of Closing which would prohibit or materially restrict or hinder the Closing, each Party shall use all reasonable efforts to have such injunction, decree or order dissolved or otherwise eliminated or to eliminate the condition that formed the basis for such injunction or order, in each case as promptly as possible and, in any event, prior to the Time of Closing.

(d) *Operation of the Parking System.* During the Closing Period, the Transferor shall operate the Parking System in the ordinary course in a manner consistent with past practice, which shall include using all reasonable efforts to preserve the goodwill of the Parking System and to maintain good business relationships with Persons having business dealings with the Parking System, to maintain the Parking System in substantially the same or better condition and repair as they exist on the date hereof and in accordance with past practice (ordinary wear and tear excepted),

(c) *Mutual Conditions.* The Transferor, the Transferee and the City shall be obligated to complete the Closing only if each of the following conditions precedent has been satisfied in full at or before the Time of Closing, unless waived by all of the Transferor, the Transferee, and the City: (i) there shall be no preliminary or permanent injunction or temporary restraining order or other order issued by a Governmental Authority of competent jurisdiction or other legal restraint or prohibition enjoining or preventing the consummation of the Transaction; (ii) there shall be no action taken, or any Law enacted, entered, enforced or deemed applicable to the Transaction by any Governmental Authority of competent jurisdiction that, in any such case, has resulted or (in the case of any pending review or proceeding, if adversely determined) could reasonably be expected to result in such Governmental Authority conditioning or restricting the consummation of the Transaction in a manner that would impose a material impairment or make the consummation of the Transaction illegal; (iii) there shall be no pending appeal (and all periods during which an appeal could be filed shall have expired) with respect to challenges to the consummation of the Transaction or any actions taken by the City with respect thereto; (iv) the Transferor and the Transferee shall have executed and delivered the Lease; and (v) the Credit Facility Providers have issued the insurance policies and guarantees provided for under the Indenture.

(d) *Waiver of Conditions.* No waiver of any of the conditions to Closing provided for in Section 2.3 shall be effective unless prior written notice of such waiver has been given to the Credit Facility Providers.

(e) *Termination.* This Agreement may be terminated at any time prior to the Closing:

(i) by mutual consent of the Transferor, the Transferee, and the City in a written instrument;

(ii) by any Party, upon notice to the other Parties, if any Governmental Authority (excluding the City) of competent jurisdiction shall have issued an order, decree or ruling or taken any other action permanently restraining, enjoining or otherwise prohibiting the Transaction, and such order, decree, ruling or other action has become final and nonappealable; provided, however, that the right to terminate this Agreement under this Section 2.3(e)(ii) shall not be available to any Party whose failure to comply with any provision of this Agreement or other conduct has been the cause of, or results in, such action;

(iii) by the Transferee, upon notice to the Transferor, if any condition set forth in Section 2.3(a) or (c) is not satisfied at the Time of Closing; provided, however, that the Transferee shall not have the right to terminate this Agreement under this Section 2.3(e)(iii) if the Transferee's failure to comply with any provision of this Agreement or other conduct has been the cause of, or resulted in, the failure of such condition or conditions to be satisfied;

(iv) by the Transferor, upon notice to the Transferee, if any condition set forth in Section 2.3(b) or (c) is not satisfied at the Time of Closing; provided, however, that the Transferor shall not have the right to terminate this Agreement under this Section 2.3(e)(iv) if the Transferor's failure to comply with any provision of this Agreement or other conduct has been the cause of, or resulted in, the failure of such condition or conditions to be satisfied; or

C-30

to perform (or cause to be performed) in all material respects all of the Transferor's obligations under the Assumed Contracts, not to incur or permit Encumbrances on the Parking System (other than Permitted Transferor Encumbrances) that are not satisfied by the Closing Date (or retained by the Transferor as Excluded Liabilities after the Closing Date), and to cause the Parking System to be operated in all material respects in accordance with all applicable Laws (except to the extent any non-compliance is being contested in good faith by appropriate proceedings and which are disclosed to Transferee and Underwriter prior to the execution of this Agreement or, if occurring during the Closing Period, within three (3) Days of the Transferor becoming aware of the non-compliance but in no event less than three (3) Days prior to Closing), all to the end that the Parking System as a going concern shall be unimpaired and delivered to the Transferee at the Time of Closing in the same condition as of the date hereof; provided, however, that the Transferor shall not amend, modify, renew, execute or otherwise negotiate any contracts relating to the Parking System or the Parking System Operations after the date hereof up to the Time of Closing without the prior written approval of the Transferee, provided, further, that no such written approval shall be required for any such contract that expires prior to Closing or is not a Parking System Contract. The Transferor, shall, up to and including the Time of Closing, be entitled to all of the cash or cash equivalents in or generated by the Parking System (subject to the terms of Section 2.2(b) in the case of any cash or cash equivalents that are paid prior to the Time of Closing but are allocable to periods after the Time of Closing). Without limiting the foregoing, the Transferor shall not terminate, amend, modify or agree to a waiver of the terms of any Authorization related to the Parking System after the date of this Agreement and before the Time of Closing without the consent of the Transferee, which shall not be unreasonably withheld, conditioned or delayed.

(e) *Parking System Contracts.* The Assumed Contracts shall be assigned by the Transferor to, and assumed by, the Transferee at the Time of Closing. All Parking System Contracts that are not Assumed Contracts shall be either (i) terminated by Transferor or (ii) amended so they no longer relate to any portion of the Parking System concurrently with or as soon as possible following Closing, but in any event not later than sixty (60) days following Closing. Any amounts due with respect to such terminations are Excluded Liabilities.

(f) *Disclosure of Changes.*

(i) During the Closing Period, each Party shall immediately disclose in writing to the other Party any matter which becomes known to it which is inconsistent in any material respect with any of the representations or warranties contained in Article 8. No such disclosure, however, shall cure any misrepresentation or breach of warranty for the purposes of Section 2.3 or Article 12; and

(ii) During the Closing Period, the Transferor may supplement or amend the Schedules hereto, including one or more supplements or amendments to correct any matter which would constitute a breach of any representation, warranty, covenant or obligation contained herein. No such supplement or amendment shall be deemed to cure any breach for purposes of Section 2.3(a), provided however, if Transferee does not object in writing to any such supplement or amendment prior to Closing, Transferee shall be deemed to have agreed to such supplement or amendment and Transferor shall have no further liability for such breach.

C-31

C-32

(g) **Access to Information.** During the Closing Period, but subject to confidentiality obligations binding on the Transferor with respect to any Person (provided that the Transferor has disclosed to the Transferee the existence of the applicable document that is subject to such confidentiality limitation in order to enable the Transferee to evaluate the materiality and significance of the lack of disclosure based on such limitations) the Transferor shall (i) give the Transferee and its Representatives reasonable access during normal business hours and on reasonable notice to the Parking System, subject to the Transferor's policies and regulations regarding safety and security and any other reasonable conditions imposed by the Transferor, (ii) permit the Transferee and its Representatives to make such inspections as they may reasonably request and (iii) to furnish the Transferee and its Representatives with such financial and operating data and other information that is available with respect to the Parking System as they may from time to time reasonably request. Subject to applicable Law, the Transferee shall hold and will cause its Representatives to hold in strict confidence all documents and information it obtains concerning the Parking System in connection with the Transaction. After the Closing Date, the Transferee shall at the request of the Transferor, in connection with claims or actions brought by or against third parties based upon events or circumstances concerning the Parking System prior to the Closing Date, (A) provide reasonable assistance in the collection of information or documents and (B) direct the Asset Manager and the Operator to make their employees available when reasonably requested by the Transferor.

(h) **Casualty Loss Prior to Closing.** If prior to the Time of Closing, a material casualty loss, destruction or damage to all or a portion of the Parking System has occurred, then the Transferee may terminate this Agreement.

(i) **Policies of Insurance.** During the Closing Period, the Transferor shall continue in force all applicable policies of insurance maintained by the Transferor in respect of the Parking System. At the Time of Closing, the Transferee, shall be responsible for obtaining insurance for the Parking System in accordance with the terms hereof.

(j) **Employees.** Transferee shall cause the Asset Manager to cause the Operator to offer employment to existing employees of Transferor and to up to seven employees of the City for Available Positions on or prior to the Closing Date, prior to offering an Available Position to someone who is not an existing employee of Transferor or the City, and in each case with respect to employees of the Transferor or the seven employees of the City, subject to and in accordance with the following conditions as part of new initial terms and conditions of employment set by Operator:

(i) the existing employee is qualified in the discretion of Operator for the Available Position to be offered;

(ii) wages will be offered at an hourly rate which will be a minimum of ninety percent (90%) of the employee's current base hourly rate if the employee is hired in the same position or classification or a higher paying classification; this wage rate provision shall be effective for a period of twelve (12) months, after which time wages rates may be modified in accordance with any collective bargaining agreement if one exists, or unilaterally by Operator if there is no collective bargaining representative;

(iii) existing employees who are eligible for health, prescription, dental and vision insurance will pay a maximum of ten percent (10%) of health, prescription, dental and vision insurance premiums for a plan selected by the employee from options as determined by Operator which are substantially equivalent to Transferor's current plan of benefits; this provision shall be effective for a period of twelve (12) months, after which time contributions and plan benefits may be modified by Operator.

Transferee shall cause the Asset Manager to cause Operator to maintain the positions, hours and wage rates of the Available Supervisory Positions for twelve (12) months following Closing; provided that this covenant shall apply to each Available Supervisory Position only for so long as each such position is filled by an existing supervisory employee of Transferor who is hired by Operator contemporaneously with the Closing hereunder.

Section 2.5. Intended Treatment for Federal and State Income Tax Purposes. This Agreement is intended for United States federal and state income tax purposes to be the acquisition by the Transferee of a leasehold interest in and to the Parking System including the Parking System Land, acquisition of certain personal property associated with the Parking System, and acquisition of the rights and interests comprising the Intergovernmental Transfer, all within the meaning of sections 197(d)(1)(D) and (F) of the Internal Revenue Code of 1986, and sections 1.197-2(b)(8) and (10) of the Income Tax Regulations thereunder, for and during the Term to provide Parking Services, and the assignment and transfer to the Transferee of all other section 197 intangibles (within the meaning of such in the Internal Revenue Code of 1986) held by the Transferor with respect to the Parking System and conveyed by this Agreement. The Transferor and the Transferee agree that the Closing Consideration will be allocated among the assets that the Transferee is obtaining the use of pursuant to this Agreement using the residual allocation provisions of Section 1060 of the Internal Revenue Code of 1986 as provided therein.

Section 2.6. Closing Deliveries. At the Time of Closing, each Party shall execute and deliver all agreements, bills of sale, assignments, meter licenses, endorsements, instruments and documents as are reasonably necessary in the opinion of the other Party to effect the Transaction (and in form and substance that are reasonably satisfactory to such other Party).

Section 2.7. Memorandum of Lease. At the time of Closing, the Parties shall execute and deliver a memorandum of lease (the "Memorandum of Lease") in the form attached to the Lease, which shall be filed with the Dauphin County Recorder's Office. To the extent that after Closing, changes are made to this Agreement with respect to the Term, Parking System Land, or other material matters set forth in the Memorandum of Lease, the Parties shall execute, deliver, and record an amendment to the recorded Memorandum of Lease reflecting such changes. The Parties agree not to record this Agreement or the Lease itself.

Section 2.8. No General Obligations. Notwithstanding anything herein or in the Lease and all other Transaction Documents to the contrary, the obligations, covenants, and agreements of the Transferee pursuant to this Agreement shall be limited non-recourse obligations of the Transferee, payable solely from proceeds of the Parking Bonds and the Revenues of the Parking System, shall not constitute a pledge of the faith and credit of the Transferee or of any assets of the Transferee other than Transferee's right, title and interest in and to the Parking System, and the Transferor shall have no claim against the Transferee for the performance of any obligation or for

(iii) if an existing employee is hired for a lower paying position or job classification and was hired by Transferor prior to September 1, 2003, the employee will be paid an hourly rate which will be a minimum of ninety percent (90%) of the employee's current base hourly rate; if the existing employee is hired for a lower paying position or classification and was hired by Transferor on or after September 1, 2003, the employee will be paid an hourly rate which will be the lesser of ninety percent (90%) of the employee's current base hourly rate or ninety percent (90%) of the base hourly rate of a bargaining unit employee in the same or similar classification; these wage rate provisions shall be effective for a period of twelve (12) months, after which time wage rates may be modified in accordance with any collective bargaining agreement if one exists, or unilaterally by Operator if there is no collective bargaining representative; and

(iv) existing employees who are eligible for health, prescription, dental and vision insurance will pay a maximum of ten percent (10%) of health, prescription, dental and vision insurance premiums for a plan selected by the employee from options as determined by Operator which are substantially equivalent to Transferor's current plan of benefits; this provision shall be effective for a period of twelve (12) months, after which time contributions and plan benefits may be modified in accordance with any collective bargaining agreement if one exists, or unilaterally by Operator if there is no collective bargaining representative.

Transferee shall cause the Asset Manager to cause the Operator to maintain the positions, hours and offered wage rates of the Available Positions for twelve (12) months following Closing; provided that this covenant shall apply to each Available Position only for so long as each such position is filled by an existing employee of Transferor or the seven existing employees of the City, and only for those existing employees who are hired by Operator contemporaneously with the Closing hereunder. For a period of twelve (12) months following the expiration of the 12-month period described in the previous sentence, Transferee shall cause the Asset Manager to cause the Operator to maintain at least thirty-one (31) full-time equivalent positions in its operation of the Parking System.

The provisions of this Section 2.4(j) only apply to bargaining unit positions.

(k) **Supervisory Employees.** Transferee shall cause the Asset Manager to cause the Operator to offer employment to the existing supervisory employees of Transferor for Available Supervisory Positions on or prior to the Closing Date, prior to offering an Available Supervisory Position to someone who is not an existing employee of Transferor, and in each case subject to and in accordance with the following conditions:

(i) the existing employee is qualified in the discretion of Operator for the Available Supervisory Position to be offered;

(ii) wages will be offered at an hourly rate which will be a minimum of Ninety Percent (90%) of the employee's current base hourly rate; this wage rate provision shall be effective for a period of twelve (12) months, after which time wages rates may be modified by Operator; and

payment of any amount due pursuant to this Agreement, the Lease or any other Transaction Document from any assets or revenues of the Transferee, other than Revenues and proceeds of the Parking Bonds.

THE OBLIGATIONS OF THE TRANSFEEE UNDER THIS AGREEMENT, THE LEASE AND ANY OTHER TRANSACTION DOCUMENTS ARE LIMITED OBLIGATIONS PAYABLE SOLELY FROM THE PROCEEDS OF THE BONDS AND REVENUES AND SUCH OBLIGATIONS SHALL NOT BE DEEMED AN OBLIGATION OF THE COMMONWEALTH OR ANY POLITICAL SUBDIVISION THEREOF. NEITHER THE COMMONWEALTH NOR ANY POLITICAL SUBDIVISION IS OR SHALL BE OBLIGATED TO MAKE ANY PAYMENTS UNDER THIS AGREEMENT, THE LEASE OR ANY OTHER TRANSACTION DOCUMENT. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COMMONWEALTH OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO ANY PAYMENT HEREUNDER, UNDER THE LEASE OR UNDER ANY OTHER TRANSACTION DOCUMENT. THE TRANSFEEE IS NOT A POLITICAL SUBDIVISION OF THE COMMONWEALTH AND HAS NO TAXING POWER.

ARTICLE 3

TERMS OF THE LEASE AND THE INTERGOVERNMENTAL TRANSFER

Section 3.1. Right to Use and Present Condition.

(a) **Right to Use.** The Transferor agrees that the Transferee shall, at all times during the Term, be entitled to and shall have the use of the Parking System and the rights and privileges granted to the Transferee hereunder, subject to the provisions contained in this Agreement and the Lease.

(b) Except as specifically set forth herein, the Transferee understands, agrees and acknowledges that the Transferee (i) by the execution of this Agreement, agrees to accept the Parking System "AS IS" at the Time of Closing and (ii) has inspected the Parking System and is aware of its condition and acknowledges that the Transferor neither has made nor is making any representation or warranty, express or implied, regarding the condition of the Parking System (or any part thereof) or its suitability for the Transferee's proposed use, except as expressly provided in this Agreement or the Lease.

Section 3.2. The Lease. The Transferor will lease the Off-Street Parking System and Parking System Land, including the Parking Garages and Parking Lots, to Transferee pursuant to the Lease for a stated term of approximately 40 years expiring December 31, 2053. The Term of the Lease will expire December 31, 2053, subject to extension if the Indenture Obligations have not been satisfied on or before December 31, 2053. The Transferee shall cause to be performed the Off-Street Parking Services in accordance with the Operating Standards during the Term of the Lease.

Section 3.3. The Intergovernmental Transfer.

(a) As authorized by the Intergovernmental Legislation, the City hereby irrevocably grants to the Transferee all of the City's powers, functions and responsibilities (except for the Parking Enforcement Powers and the Reserved Enforcement Powers) for the Term with respect to

the On-Street Parking System and further irrevocably transfers, assigns and sets over to the Transferee all of the City's rights, title and interest in and to the Revenues derived from the On-Street Parking System, including the Metered Parking Revenues and the Parking Violation Revenues for the Term (collectively, the "Intergovernmental Transfer"). The assignment and transfer of the Revenues as provided pursuant to this Agreement shall be made to the Transferee free and clear of all liens and encumbrances, and shall fully assign and convey all right, title and interest of the City in and to the Revenues to Transferee for the Term. The City and the Transferee will enter into the PEDFA Intergovernmental Cooperation Agreement in connection with the transfer of the powers, functions and responsibilities enumerated herein, including the delegation to the Transferee of the authority to set Metered Parking Fees. Also in connection with Intergovernmental Transfer and as authorized by the Intergovernmental Legislation, the City and DGS will enter into the DGS Intergovernmental Cooperation Agreement to transfer and delegate to DGS the Parking Enforcement Powers and DGS has further immediately entered into the Parking Enforcement Engagement Agreement with the Asset Manager.

(b) The City hereby irrevocably grants to the Transferee a license to enter upon, in, under, over and across the Public Way, only to the extent and at such times as shall be necessary or desirable for the Transferee or its Representatives (including the Asset Manager and the Operator) to access the Parking System in order to conduct Parking System Operations, including operating, maintaining, inspecting, constructing, repairing and managing the Parking System and all supporting structures and appurtenances thereto and interconnecting the same to any electric utility, telephonic or other communication lines, collecting Revenues, and installing monitoring or observation technology or equipment reasonably necessary for Parking System Operations. The rights granted to the Transferee in this Section 3.3(b) do not create a priority in favor of the Transferee over any other user of the Public Way and all provisions of Law, including applicable City permit requirements, relating to the conduct of a private business or franchise in that part of the Public Way that is part of an actual Parking Space in the Public Way.

(c) The Transferee will not be responsible for the installation, removal, and repair of signage not relating to the Parking System (such as signs regarding no standing/stopping, bus/traffic zones, traffic control, etc.).

(d) The Transferee shall cause to be performed the On-Street Parking Services in accordance with the Operating Standards during the Term of the Intergovernmental Transfer.

(e) In consideration of the Intergovernmental Transfer and subject to Section 2.8 and Article 5 of the Indenture, the Transferee agrees to make the City Payments to the City in equal monthly installments as provided in the Indenture.

Section 3.4. Parking System Operations.

(a) *Use.* Except as otherwise specifically provided herein and subject to the limitations in Section 2.8, the Transferee shall, at all times during the Term, (i) maintain and operate, or cause the Parking System to be maintained and operated, and perform or cause the Parking System Operations to be performed in a First Class Manner and in accordance with the Operating Standards and the Long Term Capital Plan, and (ii) subject to the rate restrictions in Schedule 5, and other provisions of this Agreement, operate the Parking System to provide sufficient Revenues to satisfy all expenses

C-37

(b) *Qualification.* The Transferee may select a replacement Operator or Asset Manager in accordance with the requirements of the Indenture (including approval of the Credit Facility Providers to the extent required therein) and the Leasehold Mortgage, based on the following factors: (i) the ability of the proposed Asset Manager or Operator to respectively manage or operate the Parking System in a manner that complies with the Operating Standards; (ii) the financial strength and integrity of the proposed Asset Manager or Operator; (iii) the background and reputation of the proposed Asset Manager or Operator; (iv) compliance with the Procurement Code to the extent required; and (v) the absence of status as a Disqualified Contractor.

Section 3.6. Authorizations; Qualifications.

(a) *Compliance.* The Transferee shall obtain or cause to be obtained, comply with or cause to be complied with, promptly renew or cause to be renewed, and maintain or cause to be maintained in good standing, all Authorizations; provided, however, that if the Transferee is, at any time during the Term, required to obtain any Authorization from a Governmental Authority (excluding the Transferor) that the Transferor was not required to obtain in connection with its operation of the Parking System prior to the Time of Closing, the City and the Transferor shall use its reasonable efforts to assist the Transferee in obtaining such Authorization at no cost to the Transferor.

(b) *Qualifications.* The Transferee will endeavor to maintain its existence during the Term.

Section 3.7. No Encumbrances.

(a) *By the Transferee.* The Transferee shall not do any act or thing that will create any Encumbrance (other than a Permitted Transferee Encumbrance) against the Parking System and shall promptly remove any Encumbrance (other than a Permitted Transferee Encumbrance or a Permitted Transferor Encumbrance) against the Parking System. The Transferee shall not be deemed to be in default hereunder if the Transferee continuously, diligently and in good faith contests any such involuntary Encumbrance, or the validity thereof (or causes such contest), by appropriate legal proceedings that shall operate to prevent such involuntary Encumbrance from adversely affecting the operation of the Parking System; provided that the Transferee has provided or caused to be provided notification to the Transferor that it is the intent of the Transferee to contest the validity or collection thereof or cause such contest.

(b) *By the Transferor.* The Transferor shall not do any act or thing that will create any Encumbrance (other than a Permitted Transferor Encumbrance) against the Parking System and shall promptly remove any Encumbrance (other than a Permitted Transferor Encumbrance or a Permitted Transferee Encumbrance) against the Parking System that came into existence as a result of an act of or omission by the Transferor or a Person claiming through the Transferor. The Transferor shall not be deemed to be in default hereunder if the Transferor continuously, diligently and in good faith contests any such involuntary Encumbrance, or the validity thereof (or causes such contest), by appropriate legal proceedings that shall operate to prevent such involuntary Encumbrance from adversely affecting the operation of the Parking System; provided that the Transferor has given advance notification to the Transferee that it is the intent of the Transferor to contest the validity or collection thereof or cause such contest.

C-39

and obligations of the Parking System under this Agreement, and in accordance with its covenants under the Indenture, including the Rate Covenant and the Prospective Rate Covenant, consistent with business conditions from time to time existing and consistent with business and economic development in the City and the public good. Maintenance and operation of the Parking System and performance of the Parking System Operations in accordance with the Operating Standards and Long Term Capital Plan shall be presumed to constitute maintenance, operation and performance in a First Class Manner.

(b) *Costs and Expenses.* Except as otherwise specifically provided herein, Transferee shall, at all times during the Term, pay or cause to be paid from Revenues and other moneys legally available therefor arising from Transferee's Interest in the Parking System, all costs and expenses relating to the Parking System Operations as and when the same are due and payable.

(c) *Assumed Liabilities.* The Transferee agrees to assume and discharge or perform when due, all Assumed Contracts and all Assumed Liabilities.

(d) *Issuance of Parking Tickets, Enforcement, and Adjudication.*

(i) With the exception of the Reserved Enforcement Powers, the Enforcement Operator and the City's designated law enforcement or parking enforcement officers have the exclusive right and responsibility to administer Parking Enforcement, in accordance with the Enforcement Policies and Procedures, the DGS Intergovernmental Cooperation Agreement, this Agreement and applicable Law.

(ii) The City is responsible for the adjudication related to Parking Enforcement.

(e) *Parking Rates After Parking Bonds No Longer Outstanding.* At such time as no Parking Bonds are "Outstanding" (as defined in the Indenture), but so long as any of the Authority Notes are outstanding, the Transferee covenants and agrees that parking rates for the Parking System shall comply with the "Net Revenue Covenant" as defined in the Indenture, unless otherwise consented to by the holders of the Authority Notes.

Section 3.5. Operator Engagement; Asset Manager.

(a) The Parking System Operations shall, at all times during the Term, be under the direction and supervision of an Asset Manager who shall supervise and manage an on-street operator and an off-street operator with the expertise, qualifications, experience, competence, skills and know-how to perform the Parking System Operations in accordance with this Agreement (collectively, the "Operator"). Any Parking Services Agreement shall provide that the Operator shall continue to serve as the Operator until the Asset Manager has designated another Person to be the Operator and such Person is qualified in accordance with Section 3.5(b). The Transferee shall not engage or appoint a replacement Asset Manager unless such replacement Asset Manager is qualified in accordance with Section 3.5(b). The Operator shall at all times be subject to the direction and supervision of the Transferee and/or its Qualified Designee through the Asset Manager. Any Asset Management Agreement or Parking Services Agreement between the Asset Manager and any Operator, or the Transferee and the Asset Manager, shall by its terms, but subject to the terms of this Agreement, terminate without penalty upon the termination of this Agreement or if the Asset Manager or Operator is required to be replaced under the terms of the Indenture.

C-38

(c) *Removal.* Each Party, if requested by the other Party and at such other Party's costs and expense (in the case of Transferee, solely from Revenues or proceeds of the Bonds), shall use its reasonable efforts to assist such other Party in attempting to remove any Encumbrance that has come into existence as a result of an act of or omission by such other Party.

Section 3.8. Tax Exempt Parking Bonds. Notwithstanding anything herein to the contrary, the Transferor, the Transferee, and the City each agree not to take any action that would have the effect of causing interest on any of the Tax Exempt Parking Bonds to be included in gross income for federal income tax purposes.

Section 3.9. Payment of Taxes.

(a) Except as otherwise provided in this Section 3.9(a) and subject to the limitations of Section 2.8, the Transferee shall pay or cause to be paid when due all Taxes payable during the Term in respect of the use or conduct of business with respect to the Parking System. The Transferee shall have the right to contest in good faith the validity or amount of any Taxes which it is responsible to collect and remit or cause to be collected and remitted, or to pay or cause to be paid under this Section 3.9(a) and the Transferor hereby agrees to cooperate with the Transferee's exercise of such right, provided that (i) the Transferee has given prior notice to the Transferor of each such contest, (ii) no contest by the Transferee may involve a reasonable possibility of forfeiture or sale of the Parking System, and (iii) upon the final determination of any contest by the Transferee, if the Transferee has not already done so, the Transferee shall pay or cause to be paid any amount found to be due, together with any costs, penalties and interest.

(b) Transferee shall cause the Asset Manager to cause the Operator to deduct from the payments received by or on behalf of Transferee under the Parking Lease (or any replacement, amendment, or supplement thereto) and under any other lease of parking spaces to any department, agency or division of the Commonwealth or other Commonwealth governmental entity, 20% (or such lesser percentage as may be equal to the City's then imposed parking tax) of each payment, such that such amount, together with the balance of the payment, equals the gross payments received (excluding however, any amounts for expense reimbursements or services other than for the rental of Parking Spaces) and to set aside such amounts (defined in the Indenture as the "Parking Lease City Payments") and pay them to the City. The City shall accept such payments and agrees not to assert that Transferee or the Operator is liable for or obligated to pay the City's parking tax with respect to such payments or revenues.

Section 3.10. Utilities.

(a) Subject to the limitations of Section 2.8, the Transferee shall pay or cause to be paid when due all charges (including all applicable Taxes and fees) for gas, electricity, light, heat, power, telephone, water, sewer, and all other utilities and services used in the Parking System Operations or supplied to the Parking System during the Term.

(b) *Utility Coordination.* The Transferee shall cause the Asset Manager to coordinate or ensure the coordination of all Parking System Operations with utilities and Persons having service lines, pipelines, transmission lines and other equipment, cables, systems and other apparatus in, on, under, over or adjacent to the Parking System. The Transferee shall cause the Asset Manager to

C-40

make provision for the removal or temporary or permanent relocation and restoration of utilities and other services and any lines, equipment, cables, systems and other apparatus that intersect, interfere with, interface with or otherwise affect the Parking System Operations and arrange for temporary rights of entry and access to utilities and other services to be made available that are necessary in connection with the Parking System Operations or as may exist under this Agreement or applicable Law; provided that the City shall cooperate with the Transferee and use best efforts to minimize the impact of work performed by the City with respect to the Transferee's obligations under this [Section 3.10\(b\)](#).

(c) **Affected Property Coordination.** The Transferee shall be responsible for coordinating or ensuring the coordination of all Parking System Operations with Affected Property. The Transferee shall arrange for temporary right-of-entry and access to the property of all relevant Governmental Authorities or other Persons as may be necessary in connection with the Parking System Operations or as may exist under this Agreement, the Lease or applicable Law. The Transferor and the City shall cooperate with the Transferee with respect to the Transferee's obligations under this [Section 3.10\(c\)](#).

Section 3.11. Notices of Defaults and Claims.

(a) **Notice by the Transferee.** The Transferee shall promptly give notice to the Transferor (i) if the Transferee becomes aware that a Transferee Default has occurred under this Agreement (provided, however, that the failure to give such notice shall not constitute an independent Transferee Default) and (ii) of all material claims, proceedings, disputes (including labor disputes) or litigation in respect of the Transferee pertaining to the Parking System, or the Parking System Operations (whether or not such claim, proceeding or litigation is covered by insurance) of which the Transferee is aware and which claim, proceeding, dispute or litigation is reasonably expected to adversely affect the operations of the Parking System or to affect the title to or result in an Encumbrance on the Parking System. The Transferee shall provide to or cause to be provided to the Transferor with all reasonable information requested by it from time to time concerning the status of such claims, proceedings or litigation.

(b) **Notice by the Transferor.** The Transferor shall promptly give notice to the Transferee (i) if the Transferor becomes aware that a Transferor Default has occurred under this Agreement (provided, however, that failure to give such notice shall not constitute an independent Transferor Default) and (ii) of all material claims, proceedings, disputes (including labor disputes) or litigation in respect of the Transferor pertaining to the Parking System, the Parking System Operations or the Transferee (whether or not such claim, proceeding or litigation is covered by insurance) of which the Transferor is aware. The Transferor shall provide the Transferee with all reasonable information requested by it from time to time concerning the status of such claims, proceedings or litigation.

Section 3.12. Reversion of Off-Street Parking System. At the end of the Term, the Transferee shall surrender and deliver, or cause to be surrendered and delivered, as provided in the Lease, to the Transferor all of its rights, title and interest in the Off-Street Parking System (including all improvements to the Off-Street Parking System and property added after the Time of Closing, all amounts, if any, on deposit in the Capital Reserve Fund, exclusive of the PEDFA Account of the Capital Reserve Fund, and all tangible and intangible personal property of the Transferee (including inventories)) that is included in the Off-Street Parking System, subject, however, as to any

C-41

Facilities. All easements and agreements necessary for support, access, shared utilities, common walls and the like shall also be subject to Transferee's advance review and approval.

Section 3.16. City Island. The City Island garage and parking lots are Excluded Assets. Nonetheless, the Parties agree that it is in their mutual interest that the City Island garage and a portion of the City Island surface parking lots be available to be added to the Parking System in the future. Adding the City Island garage and a portion of the surface parking lots to the Parking System will require, among other things, some form of subdivision of the real property comprising City Island, an amendment to that certain Stadium Park Permit dated as of October __, 2007, between the City and Senators Partners LLC, and the consent of Senators Partners LLC under the Stadium Park Permit. The Parties intend to negotiate an option to lease pursuant to which the City would transfer fee title to the City Island garage and a portion of the surface parking lots to the Transferor and the Transferor will grant an option to the Transferee permitting the Transferee to add the City Island garage and a portion of the surface parking lots to the Parking Facilities leased under the Lease, as described in more detail in [Schedule 16](#). The City agrees to proceed diligently and in good faith to negotiate the consent of Senators Partners LLC to such a transfer, to negotiate an amendment to the Stadium Park Permit that will permit the contemplated addition of the City Island garage and a portion of the surface parking lots to the Parking System, and to attempt to reach agreement with the Transferee and the Transferor on the detailed terms, conditions, and provisions of, the contemplated option to lease. The Parties will enter into the contemplated option to lease if acceptable terms, conditions and provisions thereof are agreed upon by the Parties; provided no failure to do so will constitute a default by any Party.

ARTICLE 4

CAPITAL IMPROVEMENTS

Section 4.1. Transferee Responsibility for Capital Improvements. Subject to the availability of sufficient funds as provided in the Indenture, including Revenues, the Transferee shall be responsible to cause to be made all capital repairs, replacements, and improvements with respect to the Parking System required to be completed during the Term in accordance with the terms of this Agreement and the Long Term Capital Plan. The Transferee shall cause the Asset Manager to engage an Engineering Firm to perform a physical assessment of the Parking System (including inspection of all major components) and to submit a report of its findings (the "[Parking System Condition Report](#)") to the Transferee and the Advisory Committee. The Parking System Condition Report shall be signed and sealed by a Professional Engineer and shall describe any defects that were found and any improvements required to comply with the Long Term Capital Plan or [Section 3.4\(a\)](#). The initial Parking System Condition Report shall be delivered to the Transferee and the Advisory Committee on or before December 31, 2015, and subsequent Parking Condition Reports shall be delivered to the Transferee and the Advisory Committee on or before December 31 of each third year thereafter. The Parking System Condition Report due December 31, 2048, and each Parking System Condition Report delivered thereafter, shall state whether, in the opinion of the Professional Engineer, each component of the Parking System will be functionally or physically obsolete at the expiration of the Term. The Asset Manager may obtain a Parking System Condition Report more frequently if required in its reasonable judgment. The Transferee shall cause the Asset Manager to prepare an Annual Capital Budget each year to maintain compliance with the Operating Standards.

C-43

intellectual property included in the Parking System, to any restrictions or prohibitions to disclosure, transfer or sharing thereof and any other rights of third parties with respect thereto, all in accordance with the provisions of [Section 14.3](#). In addition, the Transferee shall assign and convey (via bill of sale) to the Transferor, all Personal Property and all additions and replacements owned by the Transferee and used in connection with the operation of the Off-Street Parking System. With respect to any third party software utilized by the Transferee, Asset Manager, or Operator in the operation of the Off-Street Parking System at the time of the Reversion Date, the Transferee will cooperate with the Transferor to enable the Transferor to obtain appropriate license rights and terms to the Transferor for continued operation following reversion.

Section 3.13. Termination of the Intergovernmental Transfer. At the end of the Term, the Transferee shall surrender and deliver, or cause to be surrendered and delivered, to the Transferor all of its rights, title and interest in and under the Intergovernmental Transfer, the On-Street Parking System, the Revenues, and all tangible and intangible personal property of the Transferee (including inventories) that is included in the On-Street Parking System, subject, however, as to any intellectual property included in the On-Street Parking System, to any restrictions or prohibitions to disclosure, transfer or sharing thereof and any other rights of third parties with respect thereto, all in accordance with the provisions of [Section 14.3](#). With respect to any third party software utilized by the Transferee, Asset Manager, or Operator in the operation of the On-Street Parking System at the time of the Reversion Date, the Transferee will cooperate with the City to obtain appropriate license rights and terms to the City for continued operation following reversion.

Section 3.14. Police, Fire, Emergency, and Public Safety Access Rights. Notwithstanding any other provision of this Agreement, at all times during the Term and without notice or compensation to the Transferee (i) any police, fire, and emergency services and any other security or emergency personnel while on duty and acting in their official capacities and in response to an emergency, shall have access, in connection with those official capacities, to the Parking System; provided, however, that such access shall not permit the parking of vehicles, except in response to an emergency and (ii) the City shall have access to the Parking System as necessary for the protection of public safety; provided, however, that such access shall not permit the parking of vehicles, except in response to an emergency and (iii) any Governmental Authority with jurisdiction over the Parking System shall have access to the Parking System as necessary for emergency management and homeland security purposes, including the prevention of or response to a public safety emergency; provided, however, that such access shall not permit the parking of vehicles, except in response to an emergency.

Section 3.15. Air Rights. The Transferor hereby reserves, and is not demising, selling or leasing to Transferee, the right and easement to construct or forever maintain the air rights with respect to the Parking Facilities and other property within the Parking System, including (i) any and all space located above the surface grade of any such property upon which there are no improvements, as such surface grade exists as of the date of this Agreement, and (ii) any and all space located above any improvements within the Parking System as of the date hereof; provided that in no event shall the Transferor be permitted to exercise the reserved rights under this [Section 3.15](#) in a way that would materially interfere with the Parking System or Parking System Operations, or without the consent of the Transferee, which consent shall not be unreasonably withheld. The Transferee shall have the right to review and approve, in advance, all plans, plats, lots splits and similar engineering required for the creation of any air rights parcels with respect to the Parking

C-42

Section 4.2. Authorizations Related to Capital Improvements. The Transferee's obligation to perform the Required Capital Improvements and the Capital Improvements provided for in the Annual Capital Budget shall be subject to its receipt of any and all Authorizations as required by Applicable Law; provided such Authorizations shall not be unreasonably or untimely withheld or delayed.

Section 4.3. Required Capital Improvements. The Transferee shall make or cause to be made the Required Capital Improvements as provided in the Lease.

ARTICLE 5

OPERATING STANDARDS AND ADVISORY COMMITTEE

Section 5.1. Operating Standards.

(a) The Transferee shall cause the Asset Manager and the Operator to develop operating standards complying with the requirements set forth in [Schedule 2](#) ("Operating Standards"). The Operating Standards shall include a certificate signed and sealed by a Professional Engineer, stating that in the opinion of the Professional Engineer, the Operating Standards comply with the requirements set forth in [Schedule 2](#) and that maintenance and operation of the Parking System and performance of the Parking System Operations in accordance with the Operating Standards will constitute maintenance, operation and performance in a First Class Manner.

(b) On or before March 31, 2014, the Transferee shall cause the Asset Manager and the Operator to prepare or cause to be prepared the initial Operating Standards and deliver them to the Transferor and the Advisory Committee. The Transferee may cause the Operating Standards to be revised at any time as conditions warrant. Copies of every revision of the Operating Standards shall be delivered to the Transferor and the Advisory Committee.

(c) The Operating Standards, the Long Term Capital Plan, and all revisions shall be submitted to the Advisory Committee for advisory input and comment. The Advisory Committee will have thirty (30) days to review and comment upon the Operating Standards and Long Term Capital Plan. The Transferee shall cause the Asset Manager and the Operator to adopt the initial Operating Standards and initial Long Term Capital Plan (including any changes made after review of the advisory input and comments from the Advisory Committee) not later than May 31, 2014. The Transferee shall cause the Asset Manager to deliver copies of the final adopted Operating Standards and Long Term Capital Plan (both including the required certificate signed and sealed by a Professional Engineer) to the Transferor and the Advisory Committee.

Section 5.2. Long Term Capital Plan.

(a) The Transferee will cause the Asset Manager to prepare and deliver to the Transferor and the Advisory Committee a long term capital plan (the "[Long Term Capital Plan](#)") based on the Parking System Condition Reports (a copy of which shall be attached to the Long Term Capital Plan), covering projected Capital Expenditures for repair, renovation and replacement of the Parking Assets in each of the next ten (10) Operating Years (including years that may follow the expiration of the Term) in order to permit the Parking System to be operated and maintained in a First Class Manner during the entire ten-year period. Consistent with the Rate Covenant and Prospective Rate

C-44

Covenant, the Long Term Capital Plan will also detail the expected sources of moneys to fund the Long Term Capital Plan, including currently available funds in the Capital Reserve Fund, proceeds of Additional Bonds and reasonable expectations of revenues projected to be generated. The Long Term Capital Plan will specify the Current Year's Required Reserve Deposit (as defined in the Indenture) and the projected deposit for the next four years. The Long Term Capital Plan shall satisfy the requirements of the Indenture and the Lease. The Long Term Capital Plan and the revisions every three (3) years shall include a certificate signed and sealed by a Professional Engineer, stating that in the opinion of the Professional Engineer, the implementation of the proposed or revised Long Term Capital Plan, as the case may be, together with operation and maintenance of the Parking System in accordance with the Operating Standards, will enable the Parking System to be operated and maintained in a First Class Manner during the full ten-year period covered by the Long Term Capital Plan (including years that may follow the expiration of the Term).

(b) On or before March 31, 2014, the Transferee shall cause the Asset Manager to prepare or cause to be prepared the initial Long Term Capital Plan and deliver it to the Transferor and the Advisory Committee. The Advisory Committee will have thirty (30) days to review and comment upon the initial Long Term Capital Plan. The Transferee shall cause the Asset Manager and the Operator to adopt the initial Long Term Capital Plan (including any changes made after review of the advisory input and comments from the Advisory Committee) not later than May 31, 2014. A revised Long Term Capital Plan shall be prepared and delivered on or before March 31, 2016 (based on the Parking System Condition Report required to be delivered on or before December 31, 2015), and every three (3) years thereafter. The Long Term Capital Plan due March 31, 2019, and each Long Term Capital Plan adopted thereafter, shall provide for the performance of the following: (a) replacement, prior to the expiration of the Term, of all components of the Parking System, other than Parking Garages, projected by the Professional Engineer to be functionally or physically obsolete at the expiration of the Term; and (b) the demolition, leaving a clear buildable lot, during the first Operating Year after the expiration of the Term, of up to one Parking Garage, if any, projected by the Professional Engineer to be functionally or physically obsolete at the expiration of the Term, and in any event, not more than one. The Transferee may cause the Long Term Capital Plan to be revised at any time as conditions warrant. Copies of every revision of the Long Term Capital Plan shall be delivered to the Transferor and the Advisory Committee.

Section 5.3. Modifications of Schedule 2.

(a) Proposed modifications to the Off-Street Operating Standards elements of Schedule 2 shall be provided by the Asset Manager to the Advisory Committee for advisory input, which advisory input shall be provided by the Advisory Committee within sixty (60) days of submission of the proposed modifications. Proposed modifications of the Operating Standards shall include a certificate signed and sealed by a Professional Engineer, stating that in the opinion of the Professional Engineer, maintenance and operation of the Parking System and performance of the Parking System Operations in accordance with Operating Standards that comply with the requirements set forth in Schedule 2, as modified by the proposed modifications, will constitute maintenance, operation and performance in a First Class Manner. Modifications shall be subject to Approval by the Transferor, which Approval will not be unreasonably withheld, conditioned or delayed. The Transferor shall respond in writing to the Asset Manager and the Advisory Committee with respect to any proposed modifications of the Off-Street Operating Standards elements of Schedule 2 within 60 days of notice from the Asset Manager of the proposed changes (including

C-45

comments or recommendations of the Advisory Committee, if any) and if the Transferor disapproves of a proposed modification, the notice of disapproval shall be given in writing and shall specify in detail the Transferor's reasons for disapproval and any changes that would make the proposal acceptable to the Transferor. If the Transferor fails to respond with Approval or disapproval as required herein within the 60-day period, the Asset Manager may give another notice to the Transferor stating that the failure of the Transferor to approve or disapprove the proposed modifications within 15 days of the second notice shall constitute Approval. The Transferor's failure to give notice of approval or disapproval as required herein within said 15-day period shall be deemed Approval of the proposed modification. Copies of any final modifications shall be delivered to the Transferor and the Advisory Committee.

(b) Proposed modifications to the On-Street Operating Standards elements of Schedule 2 shall be provided by the Asset Manager to the Advisory Committee for advisory input, which shall be provided by the Advisory Committee within sixty (60) days of submission. Modifications shall be subject to Approval by the City, which Approval will not be unreasonably withheld, conditioned or delayed. The City shall respond in writing to the Asset Manager and the Advisory Committee with respect to any proposed modifications of the On-Street Operating Standards elements of Schedule 2 within 60 days of notice from the Asset Manager of the proposed changes (including comments or recommendations of the Advisory Committee, if any) and if the City disapproves of a proposed modification, the notice of disapproval shall be given in writing and shall specify in detail the City's reasons for disapproval and any changes that would make the proposal acceptable to the City. If the City fails to respond with Approval or disapproval as required herein within the 60-day period, the Asset Manager may give another notice to the City stating that the failure of the City to approve or disapprove the proposed modifications within 15 days of the second notice shall constitute Approval. The City's failure to give notice of approval or disapproval as required herein within said 15-day period shall be deemed Approval of the proposed modification. Copies of any final modifications shall be delivered to the City and the Advisory Committee.

Section 5.4. Public Input. The Transferee shall refer and direct public complaints, concerns and suggestions regarding the Parking System to the Advisory Committee for advisory input and public comment.

Section 5.5. Advisory Committee Governance. The Advisory Committee shall hold meetings and operate in accordance with the Advisory Committee Governance policies and procedures set forth in Schedule 14.

ARTICLE 6

METERED PARKING REVENUE, OFF-STREET PARKING FACILITY REVENUE AND PARKING VIOLATION REVENUES

Section 6.1. Parking Revenue.

(a) *Parking System Ordinance & Schedule of Parking Fees.* The Schedule of Parking Fees shall be in effect at or before the Time of Closing.

C-46

(b) *Metered Parking Revenue.* The Transferee shall, during the Term, (i) have the exclusive right to collect and retain all of the Metered Parking Revenue derived from the Metered Parking Fees, at rates not exceeding those permitted by the Schedule of Parking Fees then in effect, with respect to the parking of any vehicle at a Metered Parking Space in the On-Street Parking System in accordance with the provisions of this Agreement, and, (ii) have all right, title, entitlement and interest in all Metered Parking Revenues.

(c) *Off-Street Parking Facility Revenue.* The Transferee shall, during the Term, (i) have the right to collect and enforce payment of fees and charges, at rates not exceeding those permitted by the Schedule of Parking Fees then in effect, with respect to the parking of any vehicle in the Off-Street Parking System in accordance with the provisions of this Agreement, and (ii) have all right, title, entitlement and interest in all Off-Street Parking Facility Revenues.

(d) *Parking Violation Revenue.* Subject to the PEDFA Intergovernmental Cooperation Agreement and the Indenture, the Transferee shall, during the Term, have the right to collect and retain all of the Parking Violation Revenues derived from the Parking Enforcement conducted by the Enforcement Operator or the City's designated parking or law enforcement officers.

(e) *Other System Revenue.* Subject to the limitations set forth in this Agreement and the Indenture and subject to applicable Law, the Transferee may develop alternative sources of revenue derived from the Parking System, which may include the development of plans and programs to enhance rentals and revenue derived from advertisements (all such alternative sources being "Other System Revenue"). The Transferee may utilize space in the Parking Facilities for certain commercial activities and uses, including advertisements, electric charging stations and other new uses in order to generate Other System Revenue; provided that any use to generate Other System Revenue shall not adversely affect the tax-exempt status of the Parking Bonds.

Section 6.2. Parking Fee and Period of Operation Adjustments.

(a) *Changes in Metered Parking Fees.* On or after January 1, 2014, the Transferee may adjust the Metered Parking Fees; provided that increases shall not exceed the Metered Parking Fees permitted by Schedule 5. Any increase of the Metered Parking Fee in excess of the Metered Parking Fees permitted by Schedule 5 is subject to approval by the City; provided that as stated in Schedule 5, no approval is required for any increase that is necessary to achieve compliance with the Rate Covenant and the Prospective Rate Covenant.

(b) *Changes in Period of Operation.* The Transferee may adjust the Period of Operation for the Parking Spaces, provided, however, that the Transferee shall not increase or cause to be increased the hours of operation for the Metered Parking Spaces beyond 11 hours a day within the first 5 years of this Agreement, except as necessary to achieve compliance with the Rate Covenant and the Prospective Rate Covenant.

(c) *Adjustments in Off-Street Parking Fees.* On or after January 1, 2014, the Transferee may adjust the rates for Off-Street Parking; provided the increases shall not exceed the rates permitted under Schedule 5, except as may be necessary to achieve compliance with the Rate Covenant. Any increase of the rates for Off-Street Parking in excess of the rates permitted by Schedule 5 is subject to approval by the Transferor; provided that as stated in Schedule 5, no

C-47

approval is required for any increase that is necessary to achieve compliance with the Rate Covenant and the Prospective Rate Covenant.

(d) *Compliance with Rate Covenants.* Notwithstanding anything in this Agreement to the contrary, the Transferee can increase Parking Fees over any limits provided in Schedule 5 in amounts determined by the Transferee to be necessary, from time to time, to achieve compliance with the Rate Covenant and the Prospective Rate Covenant, without any approval or consent from the Transferor or the City.

Section 6.3. Removal/Replacement of Metered Parking Spaces. Upon not less than sixty (60) days notice as provided in Section 6.4, a Metered Parking Space may be removed from the On-Street Parking System by the City provided the City substitutes one or more Metered Parking Spaces within the Competing Parking Area that produce revenue equal to at least ninety percent (90%) of the gross revenue of the removed space during the first six full calendar months following substitution, as compared to the same prior six month period from the previous calendar year, after adjustment for any differential in parking meter rates. In the event the City removes more than five (5) Metered Parking Spaces at any one time or in any one Operating Year, the substituted Metered Parking Spaces must produce at least ninety-five percent (95%) of the gross revenue of the removed spaces during the comparable six-month period following substitution. In the event the City removes more than twenty-five (25) Metered Parking Spaces at any one time or in any one Operating Year, the substituted Metered Parking Spaces must produce at least one hundred percent (100%) of the gross revenue of the removed spaces during the comparable six-month period following substitution. If the substituted Metered Parking Spaces do not produce the required level of replacement gross revenues, the City shall either (i) return the removed space(s) to the On-Street Parking System and remove the substituted spaces, or (ii) add additional substituted spaces sufficient in the reasonable judgment of the Transferee to make up the revenue shortfall on a going forward basis. Such election by the City shall be made within forty-five (45) days of notice from the Asset Manager to the City of the gross revenue shortfall and shall be implemented within sixty (60) days of such notice from the Asset Manager to the City. Failure of the City to timely make the required election or timely permit the implementation of its election shall give the Transferee the right to offset against the City Payments all gross revenue shortfalls from the date of the Asset Manager's notice to the City of the shortfall until the date of implementation of the City's election.

Section 6.4. Notice. Notice of any designation or removal and replacement of a Metered Parking Space by the City pursuant to this Article 6 shall be provided in writing to the Transferee, the Qualified Designee, the Asset Manager, the Operator, and the Advisory Committee, prior to such designation or removal.

Section 6.5. Temporary Closure; Temporary Closure Fees. The City shall have the right to designate a Temporary Closure from time to time, of any Parking Space or Parking Spaces, subject to the Temporary Closure Fees and the terms of this Article 6. Subject to its obligations arising under the Indenture, the Transferee shall be entitled to cause to be collected and retained any applicable Temporary Closure Fee from any Person requesting such Temporary Closure, excluding the City.

C-48

Section 6.6. Additional Metered Parking Spaces.

(a) During the Term, the City may, in its reasonable discretion, designate and transfer to Transferee additional Metered Parking Spaces by notice to Transferee and each additional Metered Parking Space transferred pursuant to this Section 6.6 shall become part of the Parking System unless the Transferee gives notice of its refusal to accept the additional Metered Parking Spaces within twenty (20) days of the City's notice to the Transferee, and provided that the Transferee shall not unreasonably withhold its acceptance.

(b) The Transferee is authorized to add eighty-eight (88) parking spaces to the Meter Parking Spaces at the locations shown on the map attached as part of Schedule 4 and identified as "Proposed New Parking Meters." Such additional parking spaces shall provide a 15 minute "grace period" before users are required to pay the Metered Parking Fee. The Transferee shall provide not less than sixty (60) days prior notice to the City of its commencement of operation of the Metering Devices for such additional spaces, which notice shall include a detailed explanation of how the "grace period" will be implemented. If the City does not provide notice to the Transferee objecting to the details of the "grace period" implementation within thirty (30) days of its receipt of the notice, the City shall be deemed to have approved such details and the Transferee may proceed to install and operate the Metering Devices. The City shall not unreasonably object to the details of implementation and if it does object, it shall provide specific details of its objection.

Section 6.7. Mitigation of Temporary Closure. The Transferee and City shall each use its best efforts to provide the other with reasonable written notice of the Temporary Closure of any material portion of the Parking System. Upon receipt of such notice, the Parties shall negotiate in good faith to arrange to mitigate any potential damages or dissatisfaction to users of the Parking System caused by and during such Temporary Closure.

ARTICLE 7

REPORTING; AUDITS; INSPECTIONS

Section 7.1. Reports.

(a) *Environmental Incident Management and Notifications.* The Transferee shall provide notice or shall cause notice to be provided to the Transferor as promptly as possible, and, in any event, not later than two (2) Business Days following the Transferee, Qualified Designee, Asset Manager, or Operator becoming aware of the discharge, dumping, spilling (accidental or otherwise) of any reportable quantity, as defined under applicable Environmental Law, of Hazardous Substances which occurs with respect to the Parking System after the Closing, the time, the agencies involved, the damage that has occurred and the remedial action taken or to be taken. The Transferee shall, to the extent of available insurance proceeds or Revenues, pay or cause to be paid the costs and expenses of any remediation required as a result of any discharge, dumping or spilling of Hazardous Substances (whether or not of any reportable quantity). The foregoing shall not limit the Transferee's rights to indemnity under Section 12.1.

(b) *Financial Reports.* The Transferee shall deliver or cause to be delivered to the Transferor as soon as reasonably available after the end of each Operating Year but not later than

Agreement and the Operating Agreement. Such records and accounts shall reflect all items of revenue and expense allocable to the management, operation, maintenance, and disposition of the Assets, as well as information regarding the status of each the Assets. Such records and accounts shall be maintained for not less than the longer of (i) seven (7) years following the end of the Operating Year to which they relate, and (ii) such period as may be required by the Indenture or applicable Treasury Regulations.

Section 7.3. Inspection; Audit and Review Rights of the Transferor

(a) *Audit Right.* The Transferor may, at the Transferor's expense, at all reasonable times during normal business hours, upon ten (10) Business Days' prior notice but not more than once per year unless the Transferor has a good faith basis to request an Audit and Review, cause a Representative designated by it to carry out an Audit and Review of the Parking System Operations and the Information required to be maintained or delivered by the Transferee under this Agreement in connection with the performance of the Parking System Operations for the purpose of verifying the information contained therein and shall be entitled to make copies thereof and to take extracts therefrom, but, in any event, subject to Section 7.3(b). The Transferee shall, at reasonable times, make available or cause to be made available to the Transferor or its designated Representative such information and material, in the Transferee's possession or control or as available to it under the Parking Services Agreement, the Parking Management Enforcement Agreement, or the Asset Management Agreement and as may reasonably be required by the Transferor or its designated Representative for its purposes and otherwise provide such cooperation as may be reasonably required by the Transferor in connection with the same.

(b) *Inspection Right.* The Transferor, the City and their Representatives shall, at all reasonable times during normal business hours and upon reasonable prior notice, have access to the Parking System and every part thereof and the Transferee shall cause to be provided every reasonable assistance for inspecting the Parking System and the Parking System Operations for the purpose of auditing the Information or ascertaining compliance with this Agreement, the Lease, and applicable Law subject to reasonable restrictions on access to confidential and proprietary information as determined by the Transferee.

(c) *No Undue Interference.* In the course of performing its inspections, reviews, tests and audits hereunder, the Transferor and the City shall minimize the effect and duration of any disruption to or impairment of the Parking System Operations or the Transferee's rights or responsibilities under this Agreement, having regard to the nature of the inspections, reviews, tests and Audits being performed.

ARTICLE 8

REPRESENTATIONS AND WARRANTIES

Section 8.1. Representations and Warranties of the Transferor. The Transferor makes the following representations and warranties to the Transferee:

120 days thereafter, a copy of the audited balance sheets of the Parking System at the end of each such Operating Year and the related audited statements of income, and cash flows for the Operating Year, including, in each case, the notes thereto, together with the report thereon of the independent certified public accountants of the Parking System, in each case in a manner and containing information consistent with then current practices applicable to public parking systems.

(c) *Operating Budget & Capital Budget.* Prior to the beginning of each Operating Year, the Transferee shall deliver or cause to be delivered to the Transferor an annual operating budget (the "Annual Operating Budget") and annual capital budget (the "Annual Capital Budget") prepared by the Asset Manager with input from the Advisory Committee, for adoption by the Transferee. The Annual Operating Budget shall, after taking into account the projected Revenues and obligations arising under the Indenture, set forth an annual operating budget for the operation and management of the Parking System for the forthcoming Operating Year. The Annual Operating Budget shall project compliance with the Rate Covenant and satisfy any other requirements under the Indenture. The Annual Operating Budget shall project Surplus Revenues and if Surplus Revenues are not sufficient to cover scheduled payments due on the Authority Notes for such Operating Year, shall explain in reasonable detail why the operations of the Parking System are not expected to cover scheduled payments on the Authority Notes. The Annual Capital Budget shall show in reasonable detail: (i) planned Capital Improvements and budgeted capital expenditures; (ii) the Capital Reserve Fund balance and projected deposits from projected Surplus Revenues; (iii) a comparison to the Long Term Capital Plan. The Annual Capital Budget shall comply with the Long Term Capital Plan and satisfy any other requirements of the Indenture. If the Annual Capital Budget does not project compliance with the Capital Reserve Requirement, it shall explain in reasonable detail why the operations of the Parking System are not expected to comply with the Capital Reserve Requirement and shall include a plan for bringing the operations into compliance with the Capital Reserve Requirement.

Section 7.2. Information

(a) *Furnish Information.* The Transferee will cause the Asset Manager to provide to the Qualified Designee, the Transferor, the City, and the Advisory Committee, annual reports in addition to the reports required under Section 7.1, covering operating metrics, system utilization, customer service, such other reports as may be required under the Indenture and Asset Management Agreement, and such reports as are typically required from time to time by best practices to be provided to owners of parking systems.

(b) *Website.* The Asset Manager or the Operator may post all of the audited financial statements and such other reports and information as it deems appropriate, that is provided pursuant to Sections 7.1(b), (c), and (d) and Section 7.2(a), on a publicly available website for the Parking System. Such posted reports and information may provide less detail than the full reports and information provided that the full reports and information are made publicly available by the City, the Asset Manager or the Operator, and the website so notes.

(c) *Record Keeping.* The Transferee shall require that the Asset Manager and the Operator each maintain at its principal place of business or such other place as agreed to by the Parties, a complete and accurate set of files, books and records of all business activities and operations conducted in connection with their respective performance under the Asset Management

(a) *Organization.* The Transferor is a Pennsylvania parking authority, a body corporate and politic, organized and existing under Chapter 55 of Title 53 of the Consolidated Statutes of Pennsylvania.

(b) *Power and Authority.* The Transferor has (i) duly authorized and approved the execution and delivery of this Agreement and (ii) duly authorized and approved the performance by the Transferor of its obligations contained in this Agreement. The Transferor has the power and authority to enter into this Agreement and to do all acts and things and execute and deliver all other documents as are required hereunder to be done, observed or performed by it in accordance with the terms hereof. The Transferor has further caused to be taken or will cause to be taken prior to the Time of Closing all other action required to execute, deliver and perform its obligations under this Agreement.

(c) *Enforceability.* This Agreement constitutes a valid and legally binding obligation of the Transferor, enforceable against the Transferor in accordance with the terms hereof, subject only to applicable bankruptcy, insolvency and similar laws affecting the enforceability of the rights of creditors generally and to general principles of equity.

(d) *Title.* At the Time of Closing, the Transferor will have good and marketable title to the Off-Street Parking System, and, will be able to transfer or grant such interests to the Transferee as provided in this Agreement. Subject to any and all Permitted Transferor Encumbrances, there are no unrecorded restrictions, exceptions, easements, rights of way reservations, limitations, interests and other matters that materially adversely affect title to the Parking System.

(e) *No Conflicts.* The execution and delivery of this Agreement by the Transferor, the consummation of the transactions contemplated hereby (including the operation of the Parking System in accordance with the terms of this Agreement) and the performance by the Transferor of the terms, conditions and provisions hereof has not and will not contravene or violate or result in a breach of (with or without the giving of notice or lapse of time, or both) or acceleration of any material obligations of the Transferor under (i) any applicable Law or (ii) to the best of the Transferor's knowledge, any material agreement, instrument or document to which the Transferor is a party or by which it is bound.

(f) *Consents.* No Consent is required to be obtained by the Transferor from, and no notice or filing is required to be given by the Transferor to or made by the Transferor with, any Person (including any Governmental Authority) in connection with the execution, delivery and performance by the Transferor of this Agreement or the consummation of the transactions contemplated hereby, except for those Consents which have been obtained or will be obtained and notices and filings which have been given or made or will be given or made, on or before Closing.

(g) *Compliance with Law; Litigation; Environmental Matters.*

(i) The Transferor has operated and is operating the Parking System in compliance, in all material respects, with all applicable Laws and the Transferor is not in breach of any applicable Law that could have a Material Adverse Effect on the operations of the Parking System. The Transferor is in compliance, in all material respects, with the terms and conditions of all Authorizations from Governmental Authorities. No claim has been

made by any Governmental Authority to the effect that an Authorization that the Transferor has not obtained is necessary in respect to the operation of the Parking System. No additional Authorizations from any Governmental Authority are necessary for the operation of the Parking System as currently operated.

(ii) There is no action, suit or proceeding, at law or in equity, or before or by any Governmental Authority, pending nor, to the best of the Transferor's knowledge, threatened against the Transferor or the City prior to or at the Time of Closing, which could have a material adverse effect on the operations of the Parking System. There is no action, suit or proceeding, at Law or in equity, or before or by any Governmental Authority, pending nor, to the best of the Transferor's knowledge, threatened against the Transferor or the City which could materially affect the validity or enforceability of this Agreement or the Transferor's ability to perform its obligations hereunder.

(iii) To the best of Transferor's knowledge, except as disclosed in the environmental site assessment reports delivered to Transferee, there has been no release (including the migration of any release from other properties) of a Hazardous Substance at, on or under the Parking Facilities or the breach of any Environmental Laws that could have a Material Adverse Effect on the Parking System and the operation thereof, or the Transferee or its ability to comply with the Operating Standards, or could adversely affect the Revenues or which would require any expenditure of funds.

(h) **Financial Information.** The financial information of the Transferor relating to the Parking System described in Schedule 8, fairly presents (in accordance with accounting principles generally accepted in the United States, subject to any qualifications noted in such financial information and the audit opinions thereon) the revenues, operating expenses and net revenues of the Parking System as of the dates and for the periods stated in such financial information; provided that such financial information does not include any enforcement revenues or expenses. Except for the Parking System Contracts, the Assumed Liabilities, the Excluded Liabilities, and as set forth in such information referred to in Schedule 8, there are no other material liabilities of the Transferor with respect to the Parking System.

(i) **Parking System Contracts.** The Assumed Contracts identified on Schedule 1(A-3), and the Parking System Contracts identified as Excluded Liabilities on Schedule 6 represent, to the best of the Transferor's knowledge, all contracts and obligations relating to the Parking System, and are either capable of being assigned to the Transferee and are in full force and effect or will be terminated with respect to the Parking System. Except as disclosed on Schedule 9, the Transferor is not in material breach of its obligations under any Parking System Contract, and no act or event has occurred which, with notice or lapse of time, or both, would constitute a material breach thereof, to the best of Transferor's knowledge, no other party to any Parking System Contract is in material breach of its obligations under any Parking System Contract, and to the best of Transferor's knowledge, no act or event has occurred with respect to any such party, which with notice or lapse of time, or both, would be or is reasonably expected to constitute a material breach thereof. To the extent the Transferor determines after Closing that there are other contracts which relate to the Parking System but are not included on Schedule 1(A-3), the Transferor will give the Transferee notice of such contracts and, at the option of the Transferee, the Transferor will either (i) assign the

C-53

(c) **Enforceability.** This Agreement constitutes a valid and legally binding obligation of the City, enforceable against the City in accordance with the terms hereof, subject only to applicable bankruptcy, insolvency and similar laws affecting the enforceability of the rights of creditors generally and to general principles of equity.

(d) **No Conflicts.** The execution and delivery of this Agreement by the City, the consummation of the transactions contemplated hereby (including the operation of the Parking System in accordance with the terms of this Agreement) and the performance by the City of the terms, conditions and provisions hereof has not and will not contravene or violate or result in a breach of (with or without the giving of notice or lapse of time, or both) or acceleration of any material obligations of the City under (i) any applicable Law or (ii) to the best of the City's knowledge, any material agreement, instrument or document to which the City is a party or by which it is bound.

(e) **Consents.** No Consent is required to be obtained by the City from, and no notice or filing is required to be given by the City to or made by the City with, any Person (including any Governmental Authority) in connection with the execution, delivery and performance by the City of this Agreement or the consummation of the transactions contemplated hereby, except for those Consents which have been obtained or will be obtained and notices and filings which have been given or made or will be given or made, on or before Closing.

(f) **Litigation.** There is no action, suit or proceeding, at law or in equity, or before or by any Governmental Authority, pending nor, to the best of the City's knowledge, threatened against the Transferor or the City prior to or at the Time of Closing, which could have a material adverse effect on the operations of the Parking System. There is no action, suit or proceeding, at Law or in equity, or before or by any Governmental Authority, pending nor, to the best of the City's knowledge, threatened against the Transferor or the City which could materially affect the validity or enforceability of this Agreement or the City's ability to perform its obligations hereunder.

(g) **Absence of Changes.** Since December 31, 2012, there has not been any transaction or occurrence that has resulted or is reasonably likely to result in a Material Adverse Effect.

(h) **Brokers.** There is no investment banker, broker, finder or other intermediary which has been retained by or is authorized to act on behalf of the City who might be entitled to any fee or commission from the City in connection with the transactions contemplated by this Agreement.

(i) **Agreement Not Executory.** This Agreement is not an executory contract obligation of the City under the U.S. Bankruptcy Code and the City covenants and agrees not to assert that this Agreement is an executory contract under the U.S. Bankruptcy Code or any successor law.

Whenever a representation or warranty made by City is qualified as being "to the best of City's knowledge" or "to City's knowledge," knowledge means the current actual knowledge of the Mayor and the City Solicitor of the City.

Section 8.3. Representations and Warranties of the Transferee. The Transferee makes the following representations and warranties to the Transferor and the City:

contracts to the Transferee or (ii) terminate the contracts with respect to the Parking System at the Transferor's cost and expense.

(j) **Absence of Changes.** Since December 31, 2012, there has not been any transaction or occurrence that has resulted or is reasonably likely to result in a Material Adverse Effect. Since December 31, 2012, the Transferor, has operated, or has caused to be operated, the Parking System in the ordinary course of business.

(k) **Brokers.** There is no investment banker, broker, finder or other intermediary which has been retained by or is authorized to act on behalf of the Transferor who might be entitled to any fee or commission from the Transferor in connection with the transactions contemplated by this Agreement.

(l) **Material Assets and Liabilities.** The Assets, including the Excluded Assets, and the Assumed Liabilities and Excluded Liabilities constitute all of the material assets and liabilities of the Parking System.

(m) **Accuracy of Information.** The information regarding the Parking System that the Transferor provided to or caused to be provided to Transferee, its Qualified Designee, the Underwriter, the Initial Asset Manager, Initial On-Street Operator and the Initial Off-Street Operator included in the Official Statement for the Parking Bonds (other than projections, pro formas and other forward-looking information) was true and correct in all material respects and did not fail to include information which would make the information untrue or incorrect in any material respect.

(n) **Agreement Not Executory.** This Agreement is not an executory contract obligation of Transferor under the U.S. Bankruptcy Code and Transferor covenants and agrees not to assert that this Agreement is an executory contract under the U.S. Bankruptcy Code or any successor law.

Whenever a representation or warranty made by Transferor is qualified as being "to the best of Transferor's knowledge" or "to Transferor's knowledge," knowledge means the current actual knowledge of Richard D. Kotz, Executive Director of Transferor, Nancy Keim, Deputy Director of Transferor, and the members of Transferor's Board of Directors.

Section 8.2. Representations and Warranties of the City. The City makes the following representations and warranties to the Transferee:

(a) **Organization.** The City is a third class city incorporated under the Laws of the Commonwealth of Pennsylvania.

(b) **Power and Authority.** The City has (i) duly authorized and approved the execution and delivery of this Agreement and (ii) duly authorized and approved the performance by the City of its obligations contained in this Agreement. The City has the power and authority to enter into this Agreement and to do all acts and things and execute and deliver all other documents as are required hereunder to be done, observed or performed by it in accordance with the terms hereof. The City has further caused to be taken or will cause to be taken prior to the Time of Closing all other action required to execute, deliver and perform its obligations under this Agreement. The City Ordinances have been duly adopted by the City and are final and in full force and effect, and are not subject to appeal.

C-54

(a) **Organization.** The Transferee is a public body corporate and politic, organized and existing under the Pennsylvania Economic Development Financing Law.

(b) **Power and Authority.** The Transferee has the power and authority to enter into this Agreement and to do all acts and things and execute and deliver all other documents as are required hereunder to be done, observed or performed by it in accordance with the terms hereof.

(c) **Enforceability.** This Agreement has been duly authorized, executed and delivered by the Transferee and constitutes a valid and legally binding obligation of the Transferee, enforceable against it in accordance with the terms hereof, subject only to applicable bankruptcy, insolvency and similar laws affecting the enforceability of the rights of creditors generally and to general principles of equity.

(d) **No Conflicts.** The execution and delivery of this Agreement by the Transferee, the consummation of the transactions contemplated hereby and the performance by the Transferee of the terms, conditions and provisions hereof do not contravene or violate or result in a material breach of (with or without the giving of notice or lapse of time, or both) or acceleration of any material obligations of the Transferee under (i) any applicable Law, (ii) to the best of the Transferee's knowledge, any material agreement, instrument or document to which the Transferee is a party or by which it is bound or (iii) the articles, bylaws or governing documents of the Transferee.

(e) **Consents.** No Consent is required to be obtained by the Transferee from, and no notice or filing is required to be given by the Transferee to or made by the Transferee with, any Person (including any Governmental Authority) in connection with the execution and delivery by the Transferee of this Agreement or the consummation of the transactions contemplated hereby, except for such Consents which have been obtained and notices or filings which have been given or made as of the date hereof.

(f) **Compliance with Law; Litigation.** The Transferee is not in breach of any applicable Law that could have a material adverse effect on the Transferee's ability to perform its obligations under this Agreement. There is no action, suit or proceeding, at law or in equity, or before or by any Governmental Authority, pending nor, to the best of the Transferee's knowledge, threatened against the Transferee prior to or at the Time of Closing, which will have a material adverse effect on (i) the Transferee's ability to perform its obligations under this Agreement or (ii) as to the Transferee, the validity or enforceability of this Agreement.

(g) **Brokers.** Other than the Underwriter, there is no investment banker, broker, finder or other intermediary which has been retained by or is authorized to act on behalf of the Transferee who might be entitled to any fee or commission in connection with the transactions contemplated by this Agreement.

Section 8.4. Non-Waiver. No investigations made by or on behalf of any Party at any time shall have the effect of waiving, diminishing the scope of or otherwise affecting any representation or warranty made by the other Party in this Agreement or pursuant to this Agreement. No waiver by a Party of any condition, in whole or in part, shall operate as a waiver of any other condition.

C-55

C-56

Section 8.5. Survival.

(a) *Transferor's and City's Representations and Warranties.* The representations and warranties of the Transferor contained in Section 8.1 and of the City contained in Section 8.2 shall survive and continue in full force and effect for the benefit of the Transferee for the Term of this Agreement.

(b) *Transferee's Representations and Warranties.* The representations and warranties of the Transferee contained in Section 8.3 shall survive and continue in full force and effect for the benefit of the Transferor and the City for the Term of this Agreement.

ARTICLE 9

FINANCE OBLIGATIONS

Section 9.1. Transferee's Obligations. The Transferee shall issue the Parking Bonds to make the payment of the Closing Consideration.

Section 9.2. Transferor's Obligations. The Transferor shall, to the extent consistent with applicable Law and at the sole cost and expense of the Transferee (solely from Revenues), cooperate with the Transferee with respect to documentation reasonably necessary to obtain, maintain and replace financing for the performance of the obligations of the Transferee hereunder. The Transferor's cooperation may include reviewing, approval and executing documents which substantiate the terms of this Agreement and making information and material available to the entities providing the financing to facilitate financing to the extent permitted by applicable Law and contractual obligations with third parties and to the extent reasonable in the circumstances. If requested to do so by the Transferee, the Transferor shall use its reasonable efforts to cause the Transferor's independent public accountants to consent to the preparation, use and inclusion of certain financial information regarding the Parking System in connection with the Transferee's public or private offering of securities, as the case may be.

Section 9.3. City's Obligations. The City shall provide the Transferee with its approved Recovery Plan and any reports, notices or other information delivered pursuant thereto to the Commonwealth Court or other parties that is relevant to the operation of the Parking System.

ARTICLE 10

COMPLIANCE WITH LAWS

Section 10.1. Compliance with Laws. The Transferee shall at all times observe and comply, in all material respects, and cause the Operator and the Asset Manager to observe and comply, in all material respects, with all applicable Laws now existing or later in effect that may in any manner apply with respect to the performance of the Transferee's obligations under this Agreement. The foregoing shall not limit the Transferee's rights to indemnify under Section 12.1. The Transferee shall notify the Transferor within seven (7) days after receiving notice from a Governmental Authority that the Transferee may have violated any Laws or be in material non-compliance with any Laws.

C-57

delinquent premiums before the cancellation date specified by the insurer in any notice of cancellation for non-payment of premium in order to maintain such coverage in full force and effect and the Transferee shall reimburse the Transferor for any delinquent premiums paid by the Transferor on demand.

(c) *Five Year Adjustment.* The amounts of coverage required by Section 11.1 shall be reasonably adjusted every five (5) years (subject to Section 11.2(h)) to ensure that the Required Coverages continue to provide adequate coverage of the Parking System and Parking System Operations in accordance with the Indenture. The recommendations of any insurance consultant utilized by the Trustee pursuant to the Indenture shall be used for these adjustments if available and undertaken pursuant to the Indenture.

(d) *Waiver of Subrogation by Insurers.* Each of the Required Coverages provided by the Transferee shall, where legally permitted and customarily available at standard rates, include a waiver by the insurer of its Claims and rights of subrogation against the Transferor and the City, their respective employees, agents and Representatives.

(e) *Transferor's Right to Insure.* If the Transferee fails to obtain and maintain or cause to be obtained and maintained the insurance required by this Article 11, the Transferor and the City shall have the right (without any obligation to do so), upon ten (10) Business Days notice to the Transferee in a non-emergency situation or forthwith in an emergency situation and without assuming any obligation in connection therewith, to effect such insurance and all costs and expenses of the Transferor and the City in connection therewith shall be payable by the Transferee (solely from Revenues) to the Transferor and the City on demand. Such insurance taken out by the Transferor or the City shall not relieve the Transferee of its obligations to insure hereunder and the Transferor and the City shall not be liable for any loss or damage suffered by the Transferee in connection therewith.

(f) *Insurance Requirements of Contractors.* The Transferor with respect to the Off-Street Parking System, and the City with respect to the On-Street Parking System, may require in each contract with any Contractor performing work in and for the Parking System that such Contractor obtain coverages comparable to the Required Coverages that are reasonably appropriate in their limits and other terms and conditions to the nature of the contract with the Contractor. Such coverages shall insure the interests of the Transferor, its employees, agents and Representatives, the Transferee, the City, the Trustee, the Qualified Designee, the Asset Manager, the Operator, and any other Contractors in respect of the applicable work being performed and shall be subject to the same (or comparable) coverage and administrative requirements as are imposed on the Transferee pursuant to this Agreement. When requested to do so by the Transferor, the Transferee shall provide or cause to be provided to the Transferor and the City Certificates of Insurance with respect to such insurance coverages or such other evidence of insurance, as may be reasonably acceptable in form and content to the City.

(g) *Other Insurance Obtained by the Transferee.* If the Transferee or its Contractors obtain any property, liability or other insurance coverages in addition to the Required Coverages ("Additional Coverages"), then the Transferee or its Contractors shall (i) notify the Transferor as to such Additional Coverages, (ii) provide the Transferor with any documentation relating to the Additional Coverages, including Certificates of Insurance, that the Transferor reasonably requests

C-59

Section 10.1. Right-to-Know Law. In connection with this Agreement the Parties acknowledge they are subject to the Pennsylvania Right-to Know Law 65 P.S. §§ 67.101-3104 and agree to comply with the provisions set forth in Schedule 10. References in Schedule 10 to the "Contract" refer to this Agreement, to "the Commonwealth" refer to Transferee, and to the "Contractor" refer to the Transferor and the City.

ARTICLE 11

INSURANCE

Section 11.1. Insurance Coverage Required. The Transferee shall cause to be provided and maintained at the Transferee's expense (solely from Revenues), or cause to be maintained, during the Term, the insurance coverages and requirements specified in the Lease and in the Indenture, insuring the Parking System and all Parking System Operations (the "Required Coverages"). The Transferor and the City are to be included on all Required Coverages as additional insureds on a primary, non-contributory basis for any liability arising under or in connection with this Agreement and the Lease. The Transferor shall be named on all property and casualty policies under the Required Coverages as an additional insured and, subject to the rights of the Transferee under the Indenture and the Leasehold Mortgagee under the Leasehold Mortgage, as loss payee.

Section 11.2. Additional Requirements.

(a) *Obligations of Transferee.* The Transferee shall deliver or cause to be delivered to the Transferor, and any such City department designated in writing by the Transferor, original standard ACORD form Certificates of Insurance, or equivalent documentation reasonably acceptable to the Transferor, evidencing the Required Coverages on or before the Closing Date, and shall provide or cause to be provided, promptly following renewal and not more than five (5) Business Days following renewal of the then current coverages (or such other period as is agreed to by the Transferor), Renewal Certificates of Insurance, or such similar evidence, if such coverages have an expiration or renewal date occurring during the Term. The receipt of any certificate does not constitute agreement by the Transferor that the insurance requirements in this Agreement have been fully met or that the insurance policies indicated on the certificate are in compliance with all requirements of this Agreement. The failure of the Transferor to obtain certificates or other insurance evidence from the Transferee shall not be deemed to be a waiver by the Transferor. Except as otherwise expressly set forth herein, each Required Coverage may be reviewed by the Transferor for compliance with the terms of this Agreement. All Required Coverages shall be placed with insurers licensed to do business in the Commonwealth; provided that all such insurers, at a minimum, shall have a rating of A-(VII) or better by A.M. Best Company (unless the Transferor consents to waive this requirement). At the request of the Transferor or the City, the Transferee shall cause the City to be provided with certified copies of policies and all policy endorsements, except that with respect to blanket policies, copies of any schedules or endorsements and other proprietary information relating to other properties and operations may be redacted or other limited copies satisfactory to the Transferor and the City may be provided.

(b) *Notice of Cancellation or Violation.* The Transferee shall endeavor to cause to be provided at least ten (10) Days prior written notice to the Transferor in the event coverage is canceled or non-renewed. The Transferor shall be permitted (but not obligated) to pay any

C-58

and (iii) at the Transferor's election, acting reasonably, cause the Transferor and the City, their respective employees, agents and Representatives to be named as additional insureds and cause the Transferor to be named as loss payee, as applicable, under such Additional Coverages, if that is normally allowed in accordance with good industry practice and subject to the provisions of the Indenture and Leasehold Mortgage.

(h) *Commercial Availability.* To the extent any of the Required Coverages or additional requirements hereunder are not available on a commercially reasonable basis, the Transferee shall obtain insurance that is available on a commercially reasonable basis that best approximates the Required Coverages or additional requirements hereunder, but said substitute coverage shall, at the Transferor's request, be subject to review of an independent insurance consultant, and such independent insurance consultant shall have delivered to the Transferor and the City its opinion to the effect that the substitute coverages meet the above-stated criteria.

Section 11.3. Insurance and Condemnation Proceeds. The Transferee will comply with the requirements of the Indenture and any Leasehold Mortgage with respect to the application of insurance and condemnation proceeds.

ARTICLE 12

HOLD HARMLESS

Section 12.1. By Transferor. From and after the Closing Date, Transferor shall indemnify, defend and hold harmless Transferee, and its officers, board members, employees, agents and representatives, including but not limited to any Qualified Designee, the Parking Operator and the Asset Manager (individually, a "Transferee Indemnitee" and collectively, the "Transferee Indemnitees") from and against, and to the extent of, any and all Losses incurred or suffered by any Transferee Indemnitee arising from:

(a) any breach of any representation or warranty made by Transferor or the City in this Agreement or in any certificate, document, writing or instrument delivered by Transferor or the City pursuant to this Agreement;

(b) any Excluded Assets;

(c) any Excluded Liabilities; and

(d) any liability arising out of the ownership, management, or operation of the Parking System which arose prior to or relates to periods up to and including the Closing Date, except to the extent such liability was assumed by Transferee as an Assumed Liability or was covered by Closing proration.

The Qualified Designee, the Parking Operator and the Asset Manager are third party beneficiaries of this Article 12. The Transferee shall have setoff rights against amounts due the Transferor with respect to Losses under this Section 12.1 as to which it is entitled to indemnification.

C-60

Section 12.2. Notice: Payment of Losses; Defense of Claims.

(a) If any Transferee Indemnitee (an "Indemnified Party") is entitled to indemnification under this Article 12 and shall incur or suffer any Losses in respect of which indemnification may be sought under this Article 12 against the Transferor, the Transferee Indemnitee shall assert a claim for indemnification by providing a written notice (the "Notice of Loss") to the Transferor stating the nature and basis of such claim in the Notice of Loss. The Notice of Loss shall be provided to the Transferor as soon as practicable after the Transferee Indemnitee becomes aware that it has incurred or suffered a Loss. Notwithstanding the foregoing, any failure to provide the Transferor with a Notice of Loss, or any failure to provide a Notice of Loss in a timely manner as aforesaid, shall not relieve the Transferor from any Liability that it may have to the Transferee Indemnitee under Section 12.1, except to the extent that the ability of the Transferor to defend such claim is materially prejudiced by the Transferee Indemnitee's failure to give such Notice of Loss, and except that the Transferor shall be entitled to a claim to the extent the cost to the Transferor to defend such claim is materially increased. If the Notice of Loss relates to a Third Party Claim, the procedures set forth in Section 12.2(b) shall be applicable. If the Notice of Loss does not relate to a Third Party Claim, the Transferor and Transferee Indemnitee shall use their reasonable efforts to settle (without an obligation to settle) such claim for indemnification. If the Transferor and Transferee Indemnitee do not settle such dispute within thirty (30) days after the Transferee Indemnitee's receipt of the Transferor's notice of objection, the Transferor and Transferee Indemnitee shall be entitled to seek enforcement of their respective rights under this Article 12.

(b) Promptly after receipt by an Transferee Indemnitee of notice of the assertion of any claim or the commencement of any action, suit or proceeding by a third Person (a "Third Party Claim") in respect of which the Transferee Indemnitee shall seek indemnification hereunder, the Transferee Indemnitee shall so notify the Transferor in writing, but any failure to so notify the Transferor shall not relieve the Transferor from any Liability that it may have to the Transferee Indemnitee under this Section 12.2, except to the extent that the ability of the Transferor to defend the Third Party Claim is materially prejudiced by the Transferee Indemnitee's failure to give such notice. In no event shall the Transferee Indemnitee admit any liability with respect to such Third Party Claim or settle, compromise, pay or discharge such Third Party Claim without the prior written consent of the Transferor. The Transferor shall have the right to assume the defense (at the expense of the Transferor) of any such claim through counsel chosen by the Transferor by notifying the applicable Transferee Indemnitee within thirty (30) days after the receipt by the Transferor of such notice from the Transferee Indemnitee. If the Transferor assumes such defense, the Transferee Indemnitee shall have the right to participate in the defense thereof and to employ counsel, at the Transferee Indemnitee's own expense (payable from Revenues), separate from the counsel employed by the Transferor. The Transferor may not settle or otherwise dispose of any Third Party Claim without the prior written consent of the Transferee Indemnitee, unless such settlement includes only the payment of monetary damages (which are fully paid by the Transferor), does not impose any injunctive or equitable relief upon the Transferee Indemnitee and does not require any admission or acknowledgment of liability or fault of the Transferee Indemnitee in respect of such claim.

(c) After written notice by the Transferee Indemnitee to Transferor of the election by the Transferor to assume control of the defense of any such Third Party Claim, the Transferor shall not be liable to such Transferee Indemnitee hereunder for any costs or fees subsequently incurred by such Transferee Indemnitee in connection with the defense thereof. If the Transferor does not

(iii) in the event that City Council duly adopts an ordinance amending or repealing the Zoning Ordinance, the development or operation of a Commercial Parking Lot or Commercial Parking Structure by any Person within the Competing Parking Area that was not approved or in operation as of the date of this Agreement and would not have been permitted under the Zoning Ordinance, except to the extent each created parking space is offset by a corresponding increase in residential or business occupancy in the Competing Parking Area.

(b) Notwithstanding Section 13.1(a), none of the following constitutes a Competing Parking Action:

(i) the development, redevelopment, construction, maintenance, modification or change in the operation of any existing or new transportation facility (including a road, street or highway), or park or recreation facility (including harbor, marina, athletic field or any existing or new stadium), that does not materially increase the number of available parking spaces for an existing facility other than for increased usage arising from the changes to an existing facility or create parking spaces for a new facility other than for the uses generated by that new facility;

(ii) the maintenance, modification or change in the operation of any existing or new parking facility or mode of parking or metered parking spaces, provided there shall be no increase in the number of on-street or off-street parking spaces;

(iii) parking related to new or renovated facilities to the extent each newly created parking space is offset by a corresponding increase in residential or business occupancy in the Competing Parking Area related to the new or renovated facility; or

(iv) the maintenance, operation, renovation, modification or change in Excluded Assets, provided there shall be no increase in the number of on-street or off-street parking spaces with respect to the Excluded Assets.

(c) The Transferor and the City agree to give advance notice to the Transferee, the Asset Manager and the Advisory Committee of any actions that might constitute a Competing Parking Action in order to review the same and attempt to resolve any issue as to whether such action may constitute a Competing Parking Action.

Section 13.2. Non-Impair Covenant

(a) The Transferee and the City each hereby covenants and agrees (the "Non-Impair Covenant") that it shall not:

(i) allow street closures that exceed the agreed-upon level of historical street closures set forth in Schedule 17;

(ii) remove Metered Parking Spaces except in compliance with Section 6.3;

(iii) take any action or actions at any time during the Term (including enacting any Law or imposing any new tax, fee, or charge), the effect of such action or actions,

assume control of the defense of such Third Party Claim within thirty (30) days after the receipt by the Transferor of the notice required pursuant to Section 12.2(b), the Transferee Indemnitee shall have the right to defend such claim in such manner as it may deem appropriate at the reasonable cost and expense of the Transferor.

(d) To the extent that a Transferee Indemnitee is entitled to a payment from Transferor pursuant to this Article 12, such Transferee Indemnitee shall, in addition to all of the rights and remedies set forth in this Agreement or otherwise available to Transferee Indemnitee, have the right to set off against payments on the Authority Notes next becoming due and payable.

ARTICLE 13

ADVERSE ACTIONS

Section 13.1. Non-Compete Covenant.

(a) The Transferor and the City hereby each covenants and agrees (the "Non-Compete Covenant") that it shall not take any action or omit to take any action that would constitute or would result in a Competing Parking Action. "Competing Parking Action" means any action or omission to act by the Transferor or the City that results or would result in:

(i) the construction, acquisition or operation of a Public Parking Lot or Public Parking Structure by or on behalf of the Transferor or City within the Competing Parking Area;

(ii) the development or operation of a Commercial Parking Lot or Commercial Parking Structure by any Person within the Competing Parking Area that was not in operation as of the date of this Agreement, except where such Commercial Parking Lot or Commercial Parking Structure:

(1) is permitted by right under the Zoning Ordinance;

(2) is permitted by conditional use under the Zoning Ordinance and such conditional use has been granted by City Council (or appellate court of competent jurisdiction) pursuant to (y) a finding that all necessary criteria for such conditional use has been established and (z) all other applicable provisions of the Zoning Ordinance and the MPC;

(3) is permitted by special exception under the Zoning Ordinance and such special exception has been granted by the Zoning Hearing Board (or appellate court of competent jurisdiction) pursuant to (y) a finding that all necessary criteria for such special exception has been established and (z) all other applicable provisions of the Zoning Ordinance and the MPC; or

(4) is permitted by variance granted by the Zoning Hearing Board (or appellate court of competent jurisdiction) pursuant to (y) a finding that all necessary criteria for such variance has been established and (z) all other applicable provisions of the Zoning Ordinance and the MPC; or

individually or in the aggregate is reasonably expected (i) to be principally borne by the Parking System or users of the Parking System, and (ii) to have a Material Adverse Effect on the Parking System (whether as a result of decreased revenues, increased expenses or both), except where (x) such action is in response to any act or omission on the part of the Transferee that is illegal (other than an act or omission rendered illegal by virtue of a breach of the Non-Compete Covenant or the Non-Impair Covenant by the Transferor or the City), or (y) such action is otherwise permitted under this Agreement including any remedy available hereunder; provided, however, that requirements generally applicable to public parking licenses or permits within the City are not prohibited actions;

(iv) increase the parking tax rate to more than 20%;

(v) exercise its condemnation rights with respect to the Parking System, except for condemnation actions that do not materially decrease the number of parking spaces in any individual Parking Facility or in the On-Street Parking System or materially impair the operation of any Parking Facility or of any material portion of the On-Street Parking System; or

(vi) take any action under 53 Pa.C.S. 5501, et seq., or the governing statute of any successor entity to Transferor that materially impairs the Parking System.

(b) With respect to the issuance of conditional use permits for Commercial Parking Structures and Commercial Parking Lots, the City shall endeavor to continue existing practices.

(c) The Transferor and the City agree to give advance notice to the Transferee, the Asset Manager and the Advisory Committee of any actions that might constitute a breach of the Non-Impair Covenant in order to review the same and attempt to resolve any issue as to whether such action may constitute a breach of the Non-Impair Covenant. In addition, the City covenants to give notice to the Credit Facility Providers (via regular mail at the addresses for notice provided for such parties in the Indenture, including copies at additional addresses for such parties but without any requirement for copies to other parties) of all applications for conditional uses for Commercial Parking Lots or Commercial Parking Structures in the Competing Parking Area within 15 days of the filing of any such application with the City.

Section 13.3. Relief for Violation of Covenants.

(a) The Parties agree that any breach of the covenants set forth in this Article 13 shall entitle the Transferee to relief by way of mandamus, injunction or other specific performance, it being agreed and acknowledged by the Transferor and the City that any breach of these covenants will cause immediate and irreparable harm to the Transferee and the Parking System and it being further acknowledged that damages are an inadequate remedy for such breaches.

(b) In addition to the rights pursuant to Section 13.3(a) and subject to following the procedures in Sections 13.4, 13.5, and 13.6, the Transferee will be entitled to the following remedies for breach of the Non-Compete Covenant and the Non-Impair Covenant:

(i) for breach of Section 13.1(a)(i), monetary damages and setoff against City Payments, Rent and the Authority Notes;

- (ii) for breach of Section 13.1(a)(ii), setoff against the Authority Notes;
- (iii) for breach of Section 13.1(a)(iii), setoff against the Authority Notes;
- (iv) for breach of Section 13.2(a)(i), setoff against the Authority Notes;
- (v) for breach of Section 13.2(a)(iii), setoff against the Authority Notes;
- (vi) for breach of Section 13.2(a)(iv), monetary damages and setoff against City Payments, Rent and the Authority Notes; and
- (vii) for breach of Section 13.2(a)(v), setoff against the Authority Note.

The rights to setoff against the Authority Notes are limited to an aggregate setoff of principal in the amount of \$75,000,000. Any setoff rights are exercisable only against the Authority Note 3.

Section 13.4. Covenant Notice. In the event of the occurrence of a breach of any covenant set forth in this Article 13 which affects or may affect the Transferee's compliance with the Rate Covenant or the Prospective Rate Covenant, Transferee shall give the Transferor, the City, the Trustee, and the Credit Facility Providers notice (a "Covenant Notice") of the breach and its calculation of the effect on compliance. Upon the giving of a Covenant Notice, in accordance with the Indenture, any amounts which would otherwise be deposited into the Surplus Fund with respect to the Authority Note which would be subject to setoff will instead be retained in the Holdback Account in accordance with the Indenture. Such notice shall be given not later than sixty (60) days following the later of: (i) the occurrence of the breach; (ii) knowledge by the Transferee of the breach; or (iii) one hundred twenty (120) days following the last day of the first Operating Year in which such breach has materially adversely impacted compliance with the Rate Covenant and the Rate Covenant has not been met.

Section 13.5. Covenant Dispute. If the City or Transferor wishes to dispute the occurrence of any alleged violation of the Non-Compete Covenant or the Non-Impair Covenant or the amount of damage or Loss set forth in the Covenant Notice, then the City or Transferor shall give a notice of dispute (the "Covenant Dispute Notice") to the Transferee within ninety (90) days following the date of receipt of the Covenant Notice stating the grounds for such dispute. Notwithstanding the foregoing, the Trustee, in accordance with the Indenture, will not transfer any funds into the Surplus Fund to make any payments due under the Authority Notes or make payments of Rent or the City Payments, if applicable, to the extent of any asserted setoff right pending the resolution of any dispute and any amounts which would otherwise be deposited into the Surplus Fund or used to pay Rent or City Payments, if applicable, will instead be deposited into the Holdback Account. If the Covenant Notice has not been withdrawn within thirty (30) days following the date of receipt by the Transferee of the Covenant Dispute Notice, the matter shall be submitted to the dispute resolution procedure set forth in Section 14.2(c). This Section 13.5 shall not prohibit any Party from seeking injunctive relief in accordance with this Agreement.

Section 13.6. Remedies for Violation of Covenants. After giving the Transferor and the City the Covenant Notice under Section 13.4, the Transferee or the Trustee, in addition to exercising any remedies available to it under Section 13.3 and/or under Section 14.2 upon the

occurrence of a Transferor Default, and without waiving or forfeiting its right also to exercise any such remedies, immediately and without any required additional notice or the elapsing of any cure period, except for a cure period of three (3) Business Days during which the Transferor or City may institute curative action acceptable to the Transferee and the Trustee, may seek injunctive or other equitable relief to enjoin the Transferor or the City from taking or from omitting to take the actions or to reverse or rescind any previous actions or omissions that caused the Material Adverse Effect specified in the Covenant Notice. If any curative action proposed by the Transferor or the City requires approval by the Transferee, at the Transferor's or City's request the Transferee will, if required to so approve, convene an emergency meeting of its board of directors as soon as reasonably possible and will not seek injunctive or other equitable relief prior to convening such meeting. If any curative actions of the Transferor or City acceptable to Trustee require City Council approval, Trustee shall wait up to fourteen (14) days to file for injunctive or equitable relief in order to provide the City an opportunity to obtain the approval of City Council. Notwithstanding the foregoing cure and approval periods, the Transferee or Trustee may seek immediate relief if the Material Adverse Effect will be caused by a closure of all or part of the Parking System that is scheduled to occur prior to the expiration of the cure period. The Transferor or City may cause a Material Adverse Effect and the related violation of the Non-Compete Covenant or Non-Impair Covenant to be cured or deemed cured by: (i) reversing or rescinding the previous actions that caused the Material Adverse Effect specified in the Covenant Notice; or (ii) taking other actions that result in compliance with the Rate Covenant and the Prospective Rate Covenant subject to the reasonable approval of the Transferee, with such actions potentially including (A) reducing the amount of Parking Bonds outstanding, (B) pledging additional revenues to the Parking Bonds, (C) extending the Term in connection with a refinancing of the Parking Bonds and taking all actions necessary to cooperate in the refinancing of the Parking Bonds, or (D) other means; or (iii) some combination of the actions specified in clauses (i) and (ii), provided that the agreement described in clause (ii) shall be required even if the curative actions described in clause (i) are taken if and to the extent that those curative actions do not fully reverse or cure the specified damage or reduction in debt service coverage suffered prior to the curative actions specified in clause (i). No cure shall relieve the Transferor or the City of any liability for any damages accrued prior to any cure.

ARTICLE 14

DEFAULTS

Section 14.1. Default by the Transferee.

(a) *Events of Default.* The occurrence of any one or more of the following events during the Term shall constitute a "Transferee Default" under this Agreement:

(i) If the Transferee materially fails to comply with, perform or observe any material obligation, covenant, agreement, term or condition in this Agreement, and such failure continues unremedied for a period of ninety (90) days following notice thereof (giving particulars of the failure in reasonable detail) from the Transferor to the Transferee or for such longer period as may be reasonably necessary to cure such failure, provided, in the latter case, that the Transferee has demonstrated to the reasonable satisfaction of the Transferor, that (A) it is proceeding, and will proceed, with all due diligence to cure or cause to be cured such failure, (B) its actions can be reasonably expected to cure or cause to be

C-65

C-66

cured such failure within a reasonable period of time acceptable to the Transferee, and (C) such failure is in fact cured within such period of time;

(ii) if this Agreement or all or any portion of the Transferee Interest is Transferred in contravention of Article 15 and such Transfer or action continues unremedied for a period of ten (10) Business Days following notice thereof from the Transferor to the Transferee;

(iii) if the Transferee with respect to the Parking System (A) admits, in writing, that it is unable to pay its debts as such become due, (B) makes an assignment for the benefit of creditors, (C) files a voluntary petition under Title 9 of the U.S. Code, or if such petition is filed against it and an order for relief is entered, or if the Transferee files any petition or answer seeking, consenting to or acquiescing in any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under the present or any future U.S. Bankruptcy Code or any other present or future applicable Law, or shall seek or consent to or acquiesce in or suffer the appointment of any trustee, receiver, custodian, assignee, sequestrator, liquidator or other similar official of the Transferee, or of all or any substantial part of its properties (in each case, to the extent applicable to a political subdivision), or (D) takes any action in furtherance of any action described in this Section 14.2(a)(iii); or if within ninety (90) days after the commencement of any proceeding against the Transferee seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under the present or any future U.S. Bankruptcy Code or any other present or future applicable Law, such proceeding has not been dismissed, or if, within ninety (90) days after the appointment, without the consent or acquiescence of the Transferee, of any trustee, receiver, custodian, assignee, sequestrator, liquidator or other similar official of the Transferee or of all or any substantial part of its properties (in each case, to the extent applicable to a political subdivision), such appointment has not been vacated or stayed on appeal or otherwise, or if, within ninety (90) days after the expiration of any such stay, such appointment has not been vacated;

(iv) if a levy under execution or attachment has been made against all or any part of the Parking System or any interest therein as a result of any Encumbrance (other than a Permitted Transferee Encumbrance) created, incurred, assumed or suffered to exist by the Transferee or any Person claiming through it, and such execution or attachment has not been vacated, removed or stayed by court order, bonding or otherwise within sixty (60) days after the Transferee becomes aware of such levy, unless such levy resulted from actions or omissions of the Transferor or its Representatives;

(v) the Transferee repudiates in writing any of its material obligations under this Agreement; or

(vi) the Transferee fails to cause the Operator or Asset Manager to cure and correct any material deficiencies in compliance with the Operating Standards within sixty (60) days of written notice thereof by the Transferor.

Notwithstanding the foregoing, a Transferee Default shall not include any failure to perform its obligations under this Agreement to the extent such failure is the result of a Force Majeure.

C-67

(b) *Remedies of the Transferor Upon Transferee Default.* Upon the occurrence, and during the continuance, of a Transferee Default, the Transferor may, by notice to the Transferee and Trustee, declare the Transferee to be in default and may, subject to the provisions of Article 16, do any or all of the following as the Transferor, in its discretion, shall determine:

(i) The Transferor may, upon notice to Transferee and without terminating this Agreement, cure any such default and to the extent Revenues are available (subject to the priorities in the Indenture), the Transferee shall reimburse the Transferor (solely from Revenues) any and all costs related to such cure and/or correction; provided that any right of the Transferor to cure a Transferee Default shall be subject to the prior right to cure of the Trustee, the Credit Facility Providers and the Leasehold Mortgagee as provided in the Indenture or the Leasehold Mortgage;

(ii) The Transferor may terminate this Agreement by giving thirty (30) days' prior notice to the Transferee provided that while the Parking Bonds and the Authority Notes are outstanding such right to terminate shall only be the extent permitted pursuant to the Indenture and provided further, that Transferor shall pay to the Trustee on behalf of the holders of the Parking Bonds and the Authority Notes, in connection with such termination, an amount equal to the principal amount of the Parking Bonds and interest thereon to the earliest date on which the Parking Bonds can be optionally redeemed, and the outstanding principal amount of that portion of the Authority Notes which is not owned by Transferor or the City;

(iii) if the Transferee Default is by reason of the failure to pay any monies to another Person, the Transferor may (without obligation to do so), upon five (5) days notice to the Transferee, make payment on behalf of the Transferee of such monies, and any amount so paid by the Transferor shall be payable by the Transferee to the Transferor (solely from Revenues) within five (5) Business Days after demand therefor;

(iv) the Transferor may cure the Transferee Default (but this shall not obligate the Transferor to cure or attempt to cure any other Transferee Default or, after having commenced to cure or attempted to cure a Transferee Default, to continue to do so), and all costs and expenses reasonably incurred by the Transferor in curing or attempting to cure the Transferee Default, shall be payable by the Transferee (solely from Revenues or proceeds of the Parking Bonds) to the Transferor within five (5) Business Days after written demand therefor; provided, however, that (A) the Transferor shall not incur any liability to the Transferee for any act or omission of the Transferor or any other Person in the course of remedying or attempting to remedy any Transferee Default and (B) the Transferor's cure of any Transferee Default shall not affect the Transferor's rights against the Transferee by reason of the Transferee Default; the Transferor may seek specific performance, injunction or other equitable remedies, it being acknowledged that damages are an inadequate remedy for a Transferee Default; and

(v) the Transferor may seek to recover its Losses arising from such Transferee Default and any amounts due and payable under this Agreement (solely from Revenues or proceeds of the Parking Bonds); provided that any such recovery is subordinate to payment

C-68

of the Indenture Obligations except to the extent any such amount is entitled to a specific priority of payment in Article 5 of the Indenture, in which case the Indenture shall control;

provided that if an Event of Default has been declared under the Indenture and so long as remedies are being exercised thereunder, Transferor shall not exercise any remedies hereunder other than under subsections (i) or (iv) above.

Section 14.2. Defaults by the Transferor.

(a) *Events of Default.* The occurrence of any one or more of the following events during the Term shall constitute a "Transferor Default" under this Agreement:

(i) if the Transferor materially fails to comply with or observe any material obligation, covenant, agreement, term or condition in this Agreement and such failure continues unremedied for a period of thirty (30) days following notice thereof (giving particulars of the failure in reasonable detail) from the Transferee to the Transferor or for such longer period as may be reasonably necessary to cure such failure, provided, in the latter case, that the Transferor has demonstrated to the reasonable satisfaction of the Transferee, that (A) it is proceeding with all due diligence to cure or cause to be cured such failure, and (B) its actions can be reasonably expected to cure or cause to be cured such failure within a reasonable period of time acceptable to the Transferee, and (C) such failure is in fact cured within such period of time;

(ii) Subject to the provisions of the Indenture, if a levy under execution or attachment has been made against all or any part of the Parking System or the Transferee Interest as a result of any Encumbrance (other than a Permitted Transferor Encumbrance) created, incurred, assumed or suffered to exist by the Transferor or any Person claiming through it, and such execution or attachment has not been vacated, removed or stayed by court order, bonding or otherwise within a period of sixty (60) days, unless such levy resulted from actions or omissions of the Transferee or its Representatives or if all or a material part of the Parking System shall be subject to a condemnation or similar taking by the City or any agency thereof; and

(iii) Subject to the provisions of the Indenture, the Transferor takes any direct action that causes the interest on the Tax Exempt Parking Bonds to be included in gross income for federal income tax purposes.

(b) *Remedies of Transferee Upon Transferor Default.* Upon the occurrence, and during the continuance, of a Transferor Default, the Transferee may by notice to the Transferor declare the Transferor to be in default and may, subject to the provisions of Article 16, do any or all of the following as the Transferee, in its discretion, shall determine:

(i) Subject to the provisions of the Indenture for so long as Parking Bonds and the Authority Notes are outstanding, the Transferee may terminate this Agreement by giving ninety (90) days prior notice to the Transferor; provided, however, that the Transferor shall be entitled to cure a Transferor Default pursuant to Section 14.2(a)(i) by agreeing within such ninety (90)-day period to pay any Losses sustained by the Transferee as a result of such Transferor Default;

C-69

expenses and amounts incurred in connection with the Parking System Operations on and after the Reversion Date;

(e) the Transferor shall have the option by providing notice to the Transferee that the Transferor requires that the Transferee assign, without warranty or recourse to the Transferee, to the fullest extent permitted by Authorizations and applicable Law, all of its right, title and interest in, to and under (in each of the following cases, to the extent assignable) all or any of the Asset Management Agreement and the Operating Agreement then in effect and all Authorizations to the Transferor or its nominee for the remainder of their respective terms; provided, however, that if the Transferor exercises such option, the right, title and interest of the Transferee in, to and under the Asset Management Agreement and the Operating Agreement (to the extent Transferee has any direct right, title or interest in the Operating Agreement) and Authorizations shall be assigned to the Transferor or its nominee as of the Reversion Date and the Transferee shall surrender the Parking System to the Transferor and shall cause all Persons claiming under or through the Transferee to do likewise, and the Transferor shall assume in writing, pursuant to an assumption agreement satisfactory to the Transferee and the Asset Manager, the Transferee's obligations under the assigned Asset Management Agreement and the assigned Operating Agreement that arise in respect of, or relate to, any period of time falling on and after the Reversion Date; provided further that if the Transferor does not exercise such option with respect to any Asset Management Agreement or Operating Agreement, the Transferee shall terminate the Asset Management Agreement and require the Asset Manager to terminate the Operating Agreement;

(f) the Transferee, at its sole cost and expense (solely from Revenues), shall promptly deliver to the Transferor copies of all records and other documents relating to the Revenues that are in the possession of the Transferee or its Representatives and all other then existing records and information relating to the Parking System as the Transferor, acting reasonably, may request;

(g) the Transferee shall execute and deliver to the Transferor a transfer of title documents and other instruments reasonably required by the Transferor to evidence such termination;

(h) the Transferee shall assist the Transferor in such manner as the Transferor may require to ensure the orderly transition of control, operation, management, maintenance and rehabilitation of the Parking System, and shall, if appropriate and if requested by the Transferor, take all steps as may be necessary to enforce the provisions of the Asset Management Agreement and cause the Asset Manager to enforce the Operating Agreement pertaining to the surrender of the Parking System;

(i) the Transferor and the Transferee shall make appropriate adjustments, including adjustments relating to any Parking Services Agreement assigned to the Transferor, to Parking Fees and other similar charges collected on and after the Reversion Date that are incurred prior to the Reversion Date, and utilities, and any adjustments and payment therefor shall be made by the appropriate Party on the Reversion Date, but shall be subject to readjustment if necessary because of error in matters such as information, calculation, payments and omissions that are identified within the period of one hundred eighty (180) days following the Reversion Date; provided, however, that the Transferor and the Transferee acknowledge that certain adjustments or readjustments may have to be made when a third party provides to the Transferor or the Transferee a final adjustment amount

C-71

(ii) the Transferee may seek specific performance, injunction, or exercise any of its other rights and remedies provided for hereunder or at law or equity, it being acknowledged that damages are an inadequate remedy for a Transferor Default;

(iii) except as otherwise provided in this Agreement, the Transferee may seek to recover its Losses and any amounts due and payable under this Agreement and, in connection therewith, exercise any recourse available to any Person who is owed damages or a debt; and

(iv) Subject to the provisions of the Indenture and Section 16.5, the Transferee may return the Parking System to the Transferor upon payment by the Transferor of a sum sufficient to pay or defease, on the earliest permitted date, all outstanding Parking Bonds and the outstanding principal amount of that portion of the Authority Notes which is not owned by Transferor or the City, and any reasonable expenses of the Transferee.

(c) *Non-Binding Arbitration.* Any controversy or claim arising out of or relating to Sections 13.1 and 13.2 or the breach thereof, shall first be submitted to non-binding arbitration administered by the American Arbitration Association (AAA) under its Non-Binding Arbitration Rules before the Parties may initiate litigation or some other type of dispute resolution process; provided that if the arbitration shall be completed within sixty (60) days of its commencement and if it is not completed within that time frame, the Parties may at any time thereafter initiate litigation or other types of dispute resolution.

Section 14.3. Consequences of Termination or Expiration of the Term. Upon the termination or expiration of the Term, and subject to Section 16.5, the following provisions, as applicable, shall apply:

(a) the Transferee shall, without action whatsoever being necessary on the part of the Transferor, transfer to the Transferor (or the City if the Transferor is no longer in existence) the Off-Street Parking System (including all improvements to the Off-Street Parking System) and all tangible and intangible personal property of the Transferee (including inventories) that is included in the Parking System and used in connection with the Parking System Operations, free and clear of all Encumbrances other than (w) Encumbrances set forth in clause (iv) of the definition of Permitted Transferee Encumbrance, (x) Permitted Transferor Encumbrances, (y) those created by or suffered to exist or consented to (excluding any Permitted Transferee Encumbrance) by the Transferor or any Person claiming through it, and (z) with respect to any property added to the Parking System after the Time of Closing, Encumbrances and title defects affecting such property in existence on the date such property is added to the Parking System;

(b) the Transferee agrees that no notice from Transferor is required with respect to transfer of the Parking System on the Reversion Date;

(c) the Transferee shall, as of the Reversion Date, assume full responsibility for the Parking System Operations, and as of such date, the Transferee shall have no liability or responsibility for Parking System Operations occurring after the Reversion Date;

(d) the Transferee shall be responsible for all costs, expenses and other amounts incurred up to but not including the Reversion Date, and the Transferor shall be responsible for all costs,

C-70

in respect of a matter, and for such matters the adjustment and readjustment date shall each be correspondingly extended;

(j) the Transferee shall, in accordance with the Indenture, and without action whatsoever being necessary on the part of the Transferor, transfer or cause to be immediately wired or otherwise delivered to the Transferor, any and all amounts on deposit (subject to any offset for obligations of the Transferor or the City hereunder) in the Capital Reserve Fund, exclusive of the PEDFA Account of the Capital Reserve Fund, to the extent such amounts are free and clear of any pledge to, or lien for the benefit of, the bondholders; and

(k) all plans, drawings, specifications and models prepared in connection with construction at the Parking System and in the Transferee's possession and all "as-built" drawings shall become the sole and absolute property of the Transferor, and the Transferee shall promptly deliver to the Transferor all such plans, drawings, specifications and models and all such as-built drawings (but may keep copies of those plans, drawings, specifications and models that were developed by the Transferee or its Representatives).

This Section 14.3 shall survive the expiration or any earlier termination of this Agreement.

ARTICLE 15

RESTRICTIONS ON TRANSFERS

Section 15.1. Transfers by the Transferee.

(a) Except as provided pursuant to the Indenture and subject to receipt of an opinion of bond counsel that the proposed Transfer will not adversely impact the exemption of interest on the Tax Exempt Parking Bonds from federal income tax and satisfaction of any other conditions and requirements under the Indenture, the Transferee shall not Transfer, or otherwise permit the Transfer of, any or all of the Transferee Interest to or in favor of a new Transferee (other than to the Trustee in accordance with the Indenture), unless (i) the proposed new Transferee enters into an agreement with the Transferor and the City in form and substance satisfactory to the Transferor wherein the new Transferee acquires the rights and assumes the obligations of the Transferee and agrees to perform and observe all of the obligations and covenants of the Transferee under this Agreement; or (ii) the new Transferee is a Leasehold Mortgagee. Any Transfer not permitted under this Agreement shall be void.

(b) No Transfer of all or any of the Transferee Interest (except a Transfer to the Trustee, or its designee, in accordance with the Indenture or any Leasehold Mortgage) shall be made or have any force or effect if, at the time of such Transfer there has occurred a Transferee Default that has not been remedied or an event that with the lapse of time, the giving of notice, or otherwise would constitute a Transferee Default.

Section 15.2. Assignment by the Transferor. The Transferor shall have the right to Transfer all or any portion of the Authority Notes, but any such assignment shall not affect the Transferor's obligations under this Agreement. This Agreement may be transferred by the Transferor to the City in connection with a dissolution or winding up of the Transferor and upon

C-72

such Transfer, the City shall be obligated for all of Transferor's obligations hereunder, whether by operation of law, or otherwise. Any Transfer not permitted by this Agreement shall be void.

Section 15.3. Assignment by Transferee. The Transferee shall have the right to assign its rights hereunder to the Trustee as part of the source of payment and security for the Parking Bonds and the Authority Notes.

ARTICLE 16

LENDERS

Section 16.1. Leasehold Mortgages.

(a) The Transferee may, from time to time, grant (i) to the Trustee under the Indenture, or (ii) to any other entity (or entity which serves as a trustee for such entity) providing financing for or refinancing of the Parking Facilities, a Leasehold Mortgage encumbering Transferee's Interest or Transferee's interest in the Lease, together with an assignment of Revenues and a security interest in any personal property owned by Transferee, in order to secure the obligations of the Transferee under the Indenture (including the Authority Notes), and the performance of all of the terms, covenants and agreements on the Transferee's part to be performed or observed under all agreements securing the Transferee's obligations under the Indenture. No such Leasehold Mortgage, lien or security interest shall attach to Transferor's interest in this Agreement or Transferor's fee interest in the Parking System Land and Parking Facilities or to any personal property owned by Transferor. Transferee may have one or more Leasehold Mortgages at any time.

(b) No Person other than the Trustee under the Indenture (or the Credit Facility Providers and the holders of the Authority Notes to the extent provided under the Indenture) or another entity described in Section 16.1(a) shall be entitled to the benefits and protections accorded to a Leasehold Mortgagee in this Agreement or under a Leasehold Mortgage;

(c) Each Leasehold Mortgage must contain provisions substantially similar to the following terms and conditions:

(i) the Leasehold Mortgage may not cover any property of, or secure any debt issued by, or obligation of, any Person other than the Transferee, but may cover any cash reserves or deposits held in the name of the Transferee;

(ii) no Leasehold Mortgage or other instrument purporting to mortgage, pledge, encumber, or create a lien, charge or security interest on or against any or all of the Transferee's Interest or the Transferee's interest in the Lease shall extend to or encumber the fee simple interest in the Parking System Land or the Parking Facilities, the Transferor's or the City's interest under this Agreement or the Transferor's and the City's reversionary interests and estates pursuant to Sections 3.12 and 3.13;

(iii) Neither the Transferor nor the City shall have any liability whatsoever for payment of the principal sum secured by any Leasehold Mortgage, or any interest accrued thereon or any other sum secured thereby or accruing thereunder or the performance of any obligations secured by the Leasehold Mortgage; provided that the foregoing will not limit

C-73

Leasehold Mortgagee to cure any Transferee Default may be reimbursed from Revenues pursuant to the terms of the Indenture.

Section 16.4. Rights of the Leasehold Mortgagee. No Leasehold Mortgagee shall become liable under the provisions of this Agreement, or the Lease, unless and until such time as it becomes, and then only for as long as it remains, the Transferee under this Agreement or the lessee under the Lease. No Leasehold Mortgagee or designated Affiliate of a Leasehold Mortgagee shall have any personal liability under this Agreement or under the Lease even if it becomes Transferee or assumes the obligations of Transferee under this Agreement, and its liability shall be limited to its interest in this Agreement, the Transferee's Interest, and its interest in the Lease.

Section 16.5. Termination of this Agreement; New Agreement.

(a) If this Agreement is terminated for any reason, or if this Agreement is rejected or disaffirmed pursuant to any bankruptcy, insolvency or other law affecting creditors' rights, Transferor or the City shall give prompt notice thereof to the Trustee and each of the then Leasehold Mortgagees whose contact information the Transferor and the City have received in a Leasehold Mortgagee's Notice, in the manner provided by the notice provisions of this Agreement. Transferor and the City, upon written request of the Trustee or any such Leasehold Mortgagee (or if more than one Leasehold Mortgagee makes such request, the Leasehold Mortgagee whose Leasehold Mortgage has the most senior lien), made any time within thirty (30) days after the giving of such notice by Transferor or the City, shall promptly execute and deliver to the Trustee, or if no notice is received from the Trustee, such Leasehold Mortgagee, a new agreement (the "New Agreement"), naming the Trustee or such Leasehold Mortgagee or its designee as the Transferee under this Agreement, for the remainder of the Term upon all of the terms, covenants, and conditions of this Agreement, except for such provisions that must be modified to reflect such termination, rejection or disaffirmance and the passage of time, if the Trustee or such Leasehold Mortgagee shall pay to Transferor, but only out of Revenues in accordance with the Indenture, concurrently with the execution and delivery of such New Agreement, all unpaid City Payments then due under this Agreement (subject to the terms of the Indenture that may cause such payments not to be then due) up to and including the date of the commencement of the term of such New Agreement. The Trustee or such Leasehold Mortgagee or its designee shall execute and deliver to Transferor and the City such New Agreement within thirty (30) days after delivery of such New Agreement by Transferor and the City to the Trustee or such Leasehold Mortgagee. Upon execution and delivery of such New Agreement, the Trustee or such Leasehold Mortgagee shall cure or cause to be cured, but only out of Revenues and subject to the provisions of the Indenture, all defaults existing under this Agreement which are capable of being cured by the Trustee or such Leasehold Mortgagee or its designee promptly and with diligence after the delivery of such New Agreement.

(b) The New Agreement and the interests thereby created shall, subject to the terms and conditions of this Agreement, have the same priority as this Agreement with respect to any Encumbrance, including any fee mortgage or other lien, charge or encumbrance on Transferor's fee estate in the Parking System Land and the Parking Facilities and/or Transferor's and the City's interest in this Agreement, whether or not the same shall then be in existence.

C-75

any remedies against the Transferor or the City permitted hereunder, under the Indenture or the Authority Notes;

(iv) each Leasehold Mortgage shall provide that if the Transferee is in default under the Leasehold Mortgage and the Leasehold Mortgagee gives notice of such default to Transferee, then the Leasehold Mortgagee shall give notice of such default to Transferor and the City;

(v) subject to the terms of this Agreement, all rights acquired by a Leasehold Mortgagee under any Leasehold Mortgage shall be subject to the provisions of the Indenture and to all of the rights of Transferor and the City hereunder; and

(vi) a Leasehold Mortgagee shall not, by virtue of its Leasehold Mortgage, acquire any greater rights or interest in the Parking System Land, the Parking Facilities, the Lease, or the Revenues than Transferee has at any applicable time under this Agreement.

Section 16.2. Notices to Leasehold Mortgagees.

(a) The Transferee shall give the Transferor and the City prompt notice of each Leasehold Mortgage, together with contact information for notices to the Leasehold Mortgagee (such notice and/or any notice given by a Leasehold Mortgagee to Transferor of its contact information, collectively, the "Leasehold Mortgagee's Notice"). Transferee promptly shall furnish Transferor with a complete copy of each Leasehold Mortgage (including all documents and instruments comprising the Leasehold Mortgage) and all amendments, extensions, modifications and consolidations thereof, certified as such by Transferee.

(b) After receipt of a Leasehold Mortgage Notice, the Transferor and the City shall each give such Leasehold Mortgagee, in the manner provided by the notice provisions of this Agreement, a copy of each notice of default given by the Transferor or the City, as applicable, to the Transferee, at the same time that the Transferor or the City gives such notice of default to the Transferee. No such notice of default given by the Transferor or the City to the Transferee shall be effective unless and until a copy of such notice shall have been so given to each such Leasehold Mortgagee at the last address furnished to the Transferor and the City by notice. Notice to a Leasehold Mortgagee shall be deemed given on the date received by the Leasehold Mortgagee. The Leasehold Mortgagee shall have the right, but not the obligation, to cure such default or to cause such default to be cured, within the time periods set out in Sections 14.1 and 16.3, whichever is longer.

Section 16.3. Leasehold Mortgagee's Right to Cure. Each Leasehold Mortgagee shall have the right to cure or cause to be cured any Transferee default within a period of sixty (60) days after written notice from Transferor thereof, provided further that if a Leasehold Mortgagee's right to cure a Transferee default has not expired, and the Leasehold Mortgagee is acting diligently to cure such Transferee default, then Transferor shall not exercise any remedies against Transferee by reason of such Transferee default. Transferor shall accept any such performance by a Leasehold Mortgagee as though the same had been done or performed by Transferee. Any payment to be made or action to be taken by a Leasehold Mortgagee hereunder shall be deemed properly to have been made or taken by the Leasehold Mortgagee if such payment is made or action is taken by a nominee, agent or assignee of the rights of such Leasehold Mortgagee. Any amounts expended by the

C-74

(c) Concurrently with such Leasehold Mortgagee and the Transferor and the City entering into a New Agreement pursuant to this Section 16.5, the Transferor and such Leasehold Mortgagee shall enter into a "New Lease" as defined and provided in the Lease.

(d) The Transferor's and the City's agreement to enter into a New Agreement with the Trustee or a Leasehold Mortgagee shall be unaffected by the rejection of this Agreement in any bankruptcy proceeding by any of the Transferor, the City, or the Transferee. The provisions of this Article 16 shall survive the termination, rejection or disaffirmance of this Agreement and shall continue in full force and effect thereafter to the same extent as if this Article 16 were a separate and independent contract made by the Transferor, the City, the Transferee and the Leasehold Mortgagees. The provisions of this Article 16 are for the benefit of Leasehold Mortgagees and may be relied upon and shall be enforceable by Leasehold Mortgagees as if the Leasehold Mortgagees were a party to this Agreement.

(e) Nothing contained in this Section 16.5 shall be deemed to limit or affect the Transferor's and the City's interests in and to such Parking System upon the expiration of the Term of the New Agreement.

(f) If the circumstances described in Section 16.5(a) occur, and the Transferor or the City determines, based on the written legal advice of counsel, that termination of this Agreement and the entry into a New Agreement by and among the Transferor, the City and the Leasehold Mortgagee could violate applicable provisions of the Laws of the Commonwealth governing procurement by the Transferor or City or otherwise, then, in lieu of entering in a New Agreement and in satisfaction of its obligations under this Section 16.5, the Transferor agrees to enter into an Assignment and Assumption Agreement pursuant to Section 16.7.

Section 16.6. Transferor's Right to Purchase Leasehold Mortgage.

(a) If any default by the Transferee has occurred under a Leasehold Mortgage and has not been cured within applicable cure periods, or any act, condition or event has occurred which would permit a Leasehold Mortgagee to declare all or part of the indebtedness secured by a Leasehold Mortgage to be immediately due and payable (or, in the case of a Leasehold Mortgage that is a lease, to terminate the lease), then the Transferor shall have thirty (30) days after the date on which such Leasehold Mortgagee shall serve notice upon the Transferor in writing ("Leasehold Mortgagee's Notice") that such Leasehold Mortgagee intends to commence proceedings to foreclose the Leasehold Mortgage or, in the case of a Leasehold Mortgagee that is a Lessor, to terminate the lease (stating the calculation of the purchase price pursuant to Section 16.7(c)), during which thirty (30) day period the Transferor shall have the right and option (the "Transferor's Option") to purchase from all Leasehold Mortgagees their Leasehold Mortgages, upon the terms and subject to the conditions contained in this Section 16.6.

(b) The Transferor's Option shall be exercised by notice served upon the Transferee and all Leasehold Mortgagees within such thirty (30) day period. Time shall be of the essence as to the exercise of the Transferor's Option. If the Transferor's Option is duly and timely exercised, the Transferor shall purchase and all Leasehold Mortgagees shall assign their Leasehold Mortgages to the Transferor (or its designee) on the date which is sixty (60) days after the date on which a

C-76

Leasehold Mortgagee's Notice is served upon the Transferor. The closing shall take place at a mutually convenient time and place.

(c) The purchase price payable by the Transferor shall be equal to the aggregate amounts secured by such Leasehold Mortgages (including principal, interest, fees, and premiums, all other costs, expenses (including attorneys' fees) and any other amounts secured thereby, including all Indenture Obligations) as of the closing date of the purchase. The purchase price shall be paid in full in cash at closing by wire transfer or other immediately available funds.

(d) At the closing and upon payment in full of the purchase price each Leasehold Mortgagee shall assign its Leasehold Mortgage to the Transferor, together with any security interest held by it in the Transferee Interest, without recourse, representations, covenants or warranties of any kind, provided that such Leasehold Mortgages and security interests shall be deemed modified to secure the amount of the aggregate purchase price paid by the Transferor to all Leasehold Mortgagees (rather than the indebtedness theretofore secured thereby) payable on demand, with interest and upon the other items referred to in this Section 16.6(d). Each such assignment shall be in form for recordation or filing, as the case may be. The Transferor shall be responsible for paying any Taxes payable to any Governmental Authority upon such assignment. Such assignment shall be made subject to such state of title of the Parking System as shall exist at the date of exercise of the Transferor's Option.

(e) Any Leasehold Mortgage shall contain an agreement of the Leasehold Mortgagee to be bound by the provisions of this Section 16.6, and the Transferor and the City shall have the right to receive all notices of default under any Leasehold Mortgage.

Section 16.7. Assignment and Assumption Agreement.

(a) The provisions of this Section 16.7 shall be in effect whenever either (i) the Transferor has made the determination contemplated by Section 16.5(c) or (ii) the Leasehold Mortgagee has determined to proceed under this Section 16.7 in lieu of under Section 16.5.

(b) Without prejudice to the rights of a Leasehold Mortgagee under Section 16.3, if either (i) the Transferor and the City have given a notice of termination of this Agreement due to Transferee Default pursuant to Section 16.1(b), or (ii) this Agreement is rejected or disaffirmed pursuant to any bankruptcy Law or proceeding or other similar Law or proceedings affecting creditors' right generally with respect to a bankruptcy proceeding relating to the Transferee or otherwise, the Transferor and the City agree to cooperate with a Leasehold Mortgagee in order to effectuate such Leasehold Mortgagee's rights under the Leasehold Mortgage and the Indenture to step-in, assume or assign this Agreement, in accordance with the procedures, terms and conditions of this Section 16.7.

(c) Upon notification and satisfaction of all of the conditions and requirements in Section 16.7(d), the Transferor and the City agree that this Agreement shall not be deemed terminated, but may be assumed by a Leasehold Mortgagee or by a designee or nominee of such Leasehold Mortgagee which is controlled by the Leasehold Mortgagee (or by the holders of the Leasehold Mortgage Debt), for the remainder of the original stated Term of this Agreement, and as evidence of such assignment and assumption the Transferor agrees to execute an amended and restated long term

lease for the Parking System with such Leasehold Mortgagee as provided in the Lease (the "Assignment and Assumption Agreement").

(d) This Agreement may be so assigned and assumed pursuant to an Assignment and Assumption Agreement upon and subject to satisfaction of all of the following requirements and conditions:

(i) Such Leasehold Mortgagee must commit in writing to the Transferor and the City, in a notice delivered to the Transferor and the City within the later of sixty (60) days after the Transferor and the City deliver the termination notice to Leasehold Mortgagee or upon the termination of any cure period granted to such Leasehold Mortgagee pursuant to Section 16.3, or within sixty (60) days after the effective date of any rejection or disaffirmance of this Agreement in a bankruptcy proceeding, as the case may be, that such Leasehold Mortgagee (or its designee or nominee) will assume this Agreement and enter into the Assignment and Assumption Agreement, which notice is accompanied by a copy of such Assignment and Assumption Agreement duly executed and acknowledged by such Leasehold Mortgagee (or its designee or nominee).

(ii) Such Leasehold Mortgagee (or its designee or nominee) shall pay or cause to be paid to the Transferor, or makes provision for payment over the remaining Term, but only from Revenues and subject to the provisions of the Indenture, at the time that the Assignment and Assumption Agreement is fully executed, all amounts which, at the time of the execution and delivery thereof, would have been past-due or due and payable in accordance with the provisions of this Agreement.

(iii) Such Leasehold Mortgagee (or its designee or nominee) shall pay or cause to be paid to the Transferor and the City, or makes provision for payment, but only from Revenues and subject to the provisions of the Indenture, all reasonable costs and expenses (including legal fees), Taxes, fees, charges and disbursements paid or incurred by the Transferor or the City in connection with such defaults and notice of termination, the recovery of possession from the Transferee, and in connection with the preparation, execution and delivery of the Assignment and Assumption Agreement and related agreements and documents. The Transferor and the City shall provide an invoice to such Leasehold Mortgagee of such costs.

(v) Such Leasehold Mortgagee (or its designee or nominee), at the time of the notice provided under Section 16.7(d)(i), shall cure all other defaults, or makes provision for cure of all other defaults, but only from Revenues and subject to the provisions of the Indenture, under this Agreement (including all such defaults curable by the payment of money) existing immediately prior to the notice of termination issued pursuant to Section 16.5(a), or, if such defaults cannot be cured by the payment of money, such Leasehold Mortgagee (or its designee or nominee) shall commit to the Transferor and the City in the Assignment and Assumption Agreement to proceed both promptly and diligently (subject to the availability of Revenues), upon the execution of the Assignment and Assumption Agreement, to cure all such other defaults to the extent such defaults are capable of cure by a Person other than the original Transferee and, if possession is necessary in order to cure such other Transferee Defaults, to proceed both promptly and diligently (subject to

the availability of Revenues) to obtain the possession required to cure any such other defaults (and such obligation to cure shall be a covenant in the Assignment and Assumption Agreement).

(iv) All consents required under the Indenture are obtained and consents of the Credit Facility Providers are obtained.

(e) If a Leasehold Mortgagee gives the Transferor and the City a notice as provided in Section 16.7(d)(i), the Transferor and Leasehold Mortgagee agree to cooperate with respect to taking any appropriate actions required to regain and transfer possession of the Parking System, including (i) seeking surrender of possession in any bankruptcy proceedings; (ii) seeking relief from any automatic stay in bankruptcy provisions and pursuit of state law remedies to obtain possession and to foreclose on the Leasehold Mortgage interest and assume the Transferee's position as provided in Section 16.4 of this Agreement; provided that any costs incurred by the Transferor and the City under this provision shall be reimbursed but only from Revenues and subject to the provisions of the Indenture.

ARTICLE 17

[RESERVED]

ARTICLE 18

MISCELLANEOUS

Section 18.1. Notice. All notices, other communications and approvals required or permitted by this Agreement shall be in writing, shall state specifically that they are being given pursuant to this Agreement and shall be hand delivered, delivered by a nationally-recognized overnight courier, certified or registered mail (return receipt requested and postage prepaid), or e-mail, addressed as follows:

- (a) in the case of the Transferor:
- Harrisburg Parking Authority
(for USPS)
P.O. Box 1142
Harrisburg, Pa
17108-1142
Attn: Richard D. Kotz, Executive Director
(for other than USPS)
123 Walnut St, Suite 317
Harrisburg, Pa 17101
E-mail: rkotz@harrisburgparking.org

With a copy to:

Pepper Hamilton LLP
100 Market Street, Suite 200
Harrisburg, Pa 17108-1181
Attn: Timothy B. Anderson
E-mail: anderson@pepperlaw.com

- (b) in the case of the Transferee:

Pennsylvania Economic Development Financing Authority
c/o Department of Community and Economic Development
Commonwealth Keystone Building
400 North Street, 4th Floor
Harrisburg, Pa 17120
Attn: Executive Director
E-mail: sdrizos@pa.gov

With a copy to:

Office of Chief Counsel
Department of Community and Economic Development
Commonwealth Keystone Building
400 North Street, 4th Floor
Harrisburg, Pa 17120

(And with copies to the Qualified Designee, the Asset Manager, the Operator, AGM, and the County, which copies do not constitute notice to the Transferee, nor will the failure to provide such copies make notice to the Transferee defective or invalid)

- (c) in the case of the City:

Mayor, City of Harrisburg
Office of the Mayor
10 North Second Street, Suite 202
Harrisburg, PA 17101

and to:

President, Harrisburg City Council
Office of the City Clerk/City Council
10 North Second Street, Suite 1
Harrisburg, PA 17101

With a copy to:

Harrisburg City Solicitor
Law Bureau
10 North Second Street, Suite 402
Harrisburg, PA 17101
E-mail: jhess@cityofhbg.com

And a copy to:

Neil Grover, Esq.
2201 North Second Street
Harrisburg, PA 17110
E-mail: neilgroveresq@gmail.com

And a copy to:

Ahmad, Zaffarese & Smyler, LLC
One South Broad Street, Suite 1810
Philadelphia, PA 19107
Attn: Gerard Farrell and Denise Smyler
E-mail: gfarrell@azands.com and djsmyler@azands.com

or such other persons or addresses as either Party may from time to time designate by notice to the other. Any notice, report or other submission to the Advisory Committee shall be given to the Asset Manager. A notice, other communication or approval shall be deemed to have been sent and received (i) on the Day it is delivered, or if such Day is not a Business Day or if the notice is received after ordinary office hours (time of place of receipt), the notice, other overnight delivery, communication or approval shall be deemed to have been sent and received on the next Business Day, or (ii) on the date evidenced by receipt of U.S. registered or certified mail.

Section 18.2. Entire Agreement. This Agreement constitutes the entire agreement between the Parties pertaining to the subject matter hereof and supersedes all prior agreements, negotiations, discussions and understandings, written or oral, between the Parties. There are no representations, warranties, conditions or other agreements, whether direct or collateral, or express or implied, that form part of or affect this Agreement, or that induced any Party to enter into this Agreement or on which reliance is placed by any Party, except as specifically set forth in this Agreement. The Parties acknowledge and agree that (i) each has substantial business experience and is fully acquainted with the provisions of this Agreement, (ii) the provisions and language of this Agreement have been fully negotiated and (iii) no provision of this Agreement shall be construed in favor of any Party or against any Party by reason of such provision of this Agreement having been drafted on behalf of one Party rather than the other.

Section 18.3. Amendment. This Agreement may be amended, changed or supplemented only by a written agreement signed by the Parties and consented to by the Credit Facility Providers (provided that no Credit Facility Provider (i) that is in default under its Credit Facility, or (ii) whose Credit Facility has terminated with no obligations with respect thereto outstanding, will have a right to consent) to the extent that any such amendment may adversely

C-81

Section 18.9. Expiration of the Indenture. Upon the expiration or earlier termination of the Indenture, the Parties agree that any provision herein which refers to a definition or other provisions in the Indenture shall continue to refer to such definitions and provisions as if the Indenture was still in effect, unless and until otherwise agreed in writing by the Parties.

Section 18.10. [Reserved]

Section 18.11. Inurement and Binding Effect. This Agreement shall inure to the benefit of the Parties and their respective permitted successors and assigns, and be binding upon the Parties and their respective successors and assigns.

Section 18.12. No Partnership or Third Party Beneficiaries. Except as expressly provided herein to the contrary, nothing contained in this Agreement shall constitute or be deemed to create a partnership, joint venture or principal and agent relationship between the Transferor and the City and the Transferee, nor shall any term or provision hereof be construed in any way to grant, convey or create any rights or interests to any Person not a party to this Agreement, provided that (i) the Trustee shall have the right to enforce the provisions of this Agreement as an assignee of the Transferee pursuant to and in accordance with the Indenture, (ii) the Underwriter shall have the benefit of Sections 8.1 and 8.2, (iii) the Credit Facility Providers shall have the right to enforce any rights provided herein to the Credit Facility Providers, (iv) the Qualified Designee, the Asset Manager, and the Parking Operator shall have the benefit of Article 12.

Section 18.13. No General Obligations. Notwithstanding anything herein or in any other Transaction Document to the contrary, the obligations, covenants, and agreements of the Transferee pursuant to this Agreement and all of the other Transaction Documents shall be limited non-recourse obligations of the Transferee, payable solely from the proceeds of the Parking Bonds and the Revenues of the Parking System, shall not constitute a pledge of the faith and credit of the Transferee or of any assets of the Transferee other than Transferee's right, title and interest in and to the Parking System, and neither the Transferor nor the City shall have any claim against the Transferee for the performance of any obligation or for payment of any amount due pursuant to this Agreement or any other Transaction Document from any assets or revenues of the Transferee, other than the proceeds of the Parking Bonds and Revenues.

THE OBLIGATIONS OF THE TRANSFEEE UNDER THIS AGREEMENT AND ALL OTHER TRANSACTION DOCUMENTS ARE LIMITED OBLIGATIONS PAYABLE SOLELY FROM THE PROCEEDS OF THE PARKING BONDS AND REVENUES AND SUCH OBLIGATIONS SHALL NOT BE DEEMED AN OBLIGATION OF THE COMMONWEALTH OR ANY POLITICAL SUBDIVISION THEREOF. NEITHER THE COMMONWEALTH NOR ANY POLITICAL SUBDIVISION IS OR SHALL BE OBLIGATED TO MAKE ANY PAYMENTS UNDER THIS AGREEMENT OR ANY OTHER TRANSACTION DOCUMENTS. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COMMONWEALTH OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO ANY PAYMENT HEREUNDER. THE TRANSFEEE IS NOT A POLITICAL SUBDIVISION OF THE COMMONWEALTH AND HAS NO TAXING POWER.

C-83

affect the rights or interests of the Credit Facility Providers, and consented to by the holders of any outstanding Authority Notes to the extent any such amendment may adversely affect the rights or interests of the holders of the Authority Notes.

Section 18.4. Waiver of Rights. Any waiver of, or consent to depart from, the requirements of any provision of this Agreement shall be effective only if it is in writing and signed by the Party giving it, and only in the specific instance and for the specific purpose for which it has been given. No failure on the part of any Party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right. No single or partial exercise of any such right shall preclude any other or further exercise of such right or the exercise of any other right.

Section 18.5. Severability. Each provision of this Agreement shall be valid and enforceable to the fullest extent permitted by applicable Law. The invalidity of any one or more phrases, sentences, clauses or sections contained in this Agreement shall not affect the remaining portions of this Agreement or any part thereof. If any provision of this Agreement or the application thereof to any Person or circumstance is held or deemed to be or determined to be invalid, inoperative or unenforceable in any particular case in any particular jurisdiction or jurisdictions because it conflicts with any other provision or provisions hereof or of any applicable Law, or public policy, or for any other reason, (i) such circumstance shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or rendering any other provision or provisions herein contained invalid, inoperative or unenforceable to any extent whatever, and (ii) the Parties shall negotiate in good faith to amend this Agreement to implement the provisions set forth herein.

Section 18.6. Governing Law. This Agreement shall be governed by, and interpreted and enforced in accordance with, the laws of the Commonwealth of Pennsylvania (excluding any conflict of laws rule or principle which might refer such interpretation to the laws of another jurisdiction).

Section 18.7. Submission to Jurisdiction. Any action or proceeding against the Transferee, the Transferor or the City relating in any way to this Agreement may be brought and enforced in state courts in the Commonwealth of Pennsylvania located in Dauphin County, or the United States District Court for the Middle District of Pennsylvania, and each of the Transferee, the Transferor, and the City hereby irrevocably submits to the jurisdiction of such courts with regard to any such action or proceeding, and irrevocably waives, to the fullest extent permitted by applicable Law, any objection it may have now or hereafter have to the laying of venue of any such action or proceeding in such courts and any claim that any such action or proceeding brought in any such court has been brought in an inconvenient forum. Service of process may be made, either by registered or certified mail addressed as provided for in Section 18.1.

Section 18.8. Further Acts. The Parties shall do or cause to be done all such further acts and things as may be reasonably necessary or desirable to give full effect to this Agreement. Without limiting the foregoing, each Party will, at any time and from time to time, execute and deliver or cause to be executed and delivered such further instruments and assurances and take such further actions as may be reasonably requested by the other Party in order to cure any defect in the execution and/or delivery of this Agreement.

Section 18.14. Cumulative Remedies. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by Law.

Section 18.15. Counterparts; Electronic Execution. This Agreement may be executed in any number of counterparts which, taken together, shall constitute one and the same agreement. This Agreement shall be effective when it has been executed by each Party and delivered to both Parties. To evidence the fact that it has executed this Agreement, a Party may send a copy of its executed counterpart to the other Party by electronic transmission. Such Party shall be deemed to have executed and delivered this Agreement on the date it sent such electronic transmission. In such event, such Party shall forthwith deliver to the other Party an original counterpart of this Agreement executed by such Party.

(Intentionally Left Blank)

C-82

C-84

IN WITNESS WHEREOF, the Transferor has caused this Agreement to be duly executed on its behalf by its Executive Director and its Secretary (or Assistant Secretary), the City has caused this Agreement to be duly executed on its behalf by its Mayor and Controller, and the Transferee has caused this Agreement to be duly executed by its Chairman or Executive Director and attested by its Secretary or Assistant Secretary, all pursuant to due authorizations, as of the day and year first above-written.

TRANSFEEE

ATTEST:

PENNSYLVANIA ECONOMIC DEVELOPMENT FINANCING AUTHORITY

Approved as to form:
Pepper Hamilton LLP
Counsel to Transferor

TRANSFEROR
HARRISBURG PARKING AUTHORITY

Name:
(Assistant) Secretary

By: _____
Stephen M. Drizos, Executive Director

By: _____

By: _____ (SEAL)
Richard D. Kotz, Executive Director

By: _____ (SEAL)
Name:
(Assistant) Secretary

CITY
CITY OF HARRISBURG

By: _____
Mayor

By: _____
City Controller

C-85

C-86

SCHEDULE 1

Assets and Assumed liabilities

A-1 ASSETS

1. **Facility Name:** Walnut Street Garage
Address: 215 Walnut Street, Harrisburg, PA
Space Count: 1,032
2. **Facility Name:** Chestnut Street Garage
Address: 322-326 Chestnut Street, Harrisburg, PA
Space Count: 1,088
3. **Facility Name:** Fifth Street Garage
Address: 6-14 North Fifth Street, Harrisburg, PA
Space Count: 856
4. **Facility Name:** Locust Street Garage
Address: 214 Locust Street, Harrisburg, PA
Space Count: 628
5. **Facility Name:** Market Square Garage
Address: 34 South 2nd Street, Harrisburg, PA
Space Count: 577
6. **Facility Name:** River Street Garage
Address: 218 North 2nd Street, Harrisburg, PA
Space Count: 850
7. **Facility Name:** Seventh Street Garage & Surface Lot
Address: 801-813 North 7th Street, Harrisburg, PA
Space Count: 1,182 (garage), 152 (parking lot)
8. **Facility Name:** Mulberry Street Parking Lot
Address: 3rd & Mulberry Streets, Harrisburg, PA
Space Count: 85
9. **Facility Name:** 10th & Mulberry Parking Lot
Address: 10th & Mulberry Streets, Harrisburg, PA
Space Count: 128
10. **Facility Name:** South Street Garage
Address: 220 South Street, Harrisburg, PA
Space Count: 736

11. **Facility Name:** Harrisburg University Garage
Address: 326 Market Street, Harrisburg, PA
Space Count: 380
12. **On-Street Metered Parking Spaces**
Space Count: 1,260
13. **City Island Option**
14. **Cash in the sum of \$1,000,000 and all tangible and intangible personal property (excluding accounts receivable and any cash other than the \$1,000,000) owned and used by the Transferor in the operation of the Parking System, but not including any Excluded Assets**

C-87

C-88

A-2 ASSUMED LIABILITIES

1. Assumed Contracts only
2. Monthly parking passes prorated at closing and other matters prorated at closing

A-3 ASSUMED CONTRACTS

Document Title	Date (version)	Parties	Parking Facility
1 Agreement With Respect to Parking Facilities	10/14/1975	Harrisstown Development Corporation and The Commonwealth of Pennsylvania	
2 Contract	5/13/2008	The Harrisburg Parking Authority and Café Fresco and Level 2	
3 Letter Agreement re June 27, 1984 Lease and Operating Agreement - amending monthly rate	3/2/1992	Harrisstown Development Corporation and Parking Authority (re Zion Lutheran Church)	Chestnut Street Garage
4 [Intentionally Deleted]			
5 [Intentionally Deleted]			
6 [Intentionally Deleted]			
7 [Intentionally Deleted]			
8 Harrisburg Parking Authority Agreement (Ad Placement)	3/15/2002	Harrisburg Parking Authority and CSS	
9 Amendment #2 (to ATM Agreement)	11/00/11	Harrisburg Parking Authority and Pennsylvania State Employees Credit Union	Fifth Street Parking Garage ATM Services
10 Lease Addendum	4/16/2008	Harrisburg Parking Authority and Pennsylvania House of Representatives	Locust Street Garage (note 5 year term ended April 30, 2013)
11 Letter re amended and restated Market Square Hotel Project Parking Agreement (June 30, 1995)	7/27/2011	Harrisburg Parking Authority and Harrisburg Hotel Associates	Market Square
12 Letter re amended and restated Market Square Hotel Project Parking Agreement (June 30, 1995)	1/26/2012	Harrisburg Parking Authority and Harrisburg Hotel Associates	Market Square
13 Acknowledgment and Estoppel	6/26/2012	Harrisburg Parking Authority, Harrisburg Hotel Associates, L.P. and Harrisburg Investment LLC	Market Square
14 Amended and Restated Market Square Hotel Project Parking Agreement	6/30/1995	The City of Harrisburg, Redevelopment Authority of the City of Harrisburg, Harrisstown Development Corporation, Harrisburg Parking Authority, Richfield Hospitality Services, Inc. and Harrisburg Hotel Associates L.P.	Market Square

C-89

C-90

15 Market Square Hotel Project Parking Agreement	9/29/1988	The City of Harrisburg, Redevelopment Authority of the City of Harrisburg, Harrisstown Development Corporation, MHM, Inc., Harrisburg Parking Authority, and Harrisburg Hotel Associates L.P.	Market Square
16 Dauphin County Juror Parking Agreement	10/31/2011	Harrisburg Parking Authority and County of Dauphin Board of Commissioners	Market Square
17 Juror Parking Revenue 2010 2011 -			Market Square
18 Letter re DEP/DCNR Market Square Garage Parking Lease Amendment, Lease #91384	2/20/2008	Department of Conservation and Natural Resources and Department of Environmental Protection to Harrisburg Parking Authority	Market Square
19 Addendum to Parking Lease	7/1/2011	Harrisburg Parking Authority and Pinnacle Health System	Market Square (note term expires June 30, 2013)
20 Easement	9/18/2003	Harrisburg Parking Authority and Market Square Plaza LLC	Market Square
21 Letter amendment to agreement for parking at Market Square Garage	9/5/2008	Harrisburg Parking Authority and Market Square Presbyterian Church	Market Square
22 Addendum to the Parking Lease Agreement (partially executed)	11/1/2002	Harrisburg Parking Authority and Select Specialty Hospital - Central Pennsylvania, L.P.	Market Square
23 [Intentionally Deleted]			
24 [Intentionally Deleted]			
25 Resolution No. 50 (approving the extension of the Conditional Use Permit of spaces)	12/13/2011	Council of the City of Harrisburg	Penn National Garage (note term expires December 31, 2012)
26 Letter Agreement	7/26/2011	The Harrisburg Parking Authority and Penn National Insurance	Penn National Garage
27 Acceptance of Bid re window cleaning	2/25/2011	Harrisburg Parking Authority and Performance Services, Inc.	
28 Amendment #2 (to ATM Agreement)	11/3/2011	Harrisburg Parking Authority and Pennsylvania State Employees Credit Union	Chestnut Parking Garage and River Street Garage
29 Acceptance of Bid re elevator maintenance	12/12/2011	Harrisburg Parking Authority and Reading Elevator Service, Inc.	Seventh Street Garage
30 Agreement Between Owner and Contractor	10/5/2011	Harrisburg Parking Authority and Restoration East, LLC	Walnut Street
31 Settlement Agreement	8/25/1999	Harrisburg Parking Authority and Pennsylvania State Education Association	River Street
32 Letter re acceptance of bid re elevator preventative maintenance contract	2/24/2010	Harrisburg Parking Authority and Schindler Elevator Corporation	Walnut Street
33 Rent Payment Schedule (relating to Advanced Digital Advertising)	-		Seventh Street Garage
34 Billboard Lease Agreement	1/1/2011	Harrisburg Parking Authority and Advanced Digital Advertising	Seventh Street Garage
35 Parking Agreement (and letter dated August 4, 2005 to Public Realty Capital regarding assignment)	10/1/2002	Harrisburg Parking Authority and The Redevelopment Authority of the City of Harrisburg	Seventh Street Garage

C-91

36 Long Term Parking Lease Exchange Parking Spaces	3/27/2006	Harrisburg Parking Authority and Belco Community Credit Union	South Street
37 Agreement for Sale, Purchase and Leasing	2/25/2005	Harrisburg Parking Authority and Belco Community Credit Union	South Street
38 Lease Addendum	4/16/2008	Harrisburg Parking Authority and Pennsylvania House of Representatives	South Street (note: expires April 30, 2013)
39 Letter re parking agreement	10/16/2007	Harrisburg Parking Authority and Pine Street Presbyterian Church	South Street
40 Long Term Parking Lease Exchange Parking Spaces	3/27/2006	Harrisburg Parking Authority and Pennsylvania State Education Association	South Street
41 Long Term Parking Lease Option Parking Spaces	1/18/2008	Harrisburg Parking Authority and Pennsylvania State Education Association	South Street
42 Agreement for Sale, Purchase and Leasing	2/25/2005	Harrisburg Parking Authority and Pennsylvania State Education Association	South Street
43 Assignment of Partial Assignment and Assumption of Lease	10/31/2007	WC1 Hotel Partners, LP and 44 Harrisburg Hotel, LLC	South Street
44 First Amendment to Lease	12/___/2009	Harrisburg Parking Authority and Central Pennsylvania Blood Bank	Walnut Street
45 Second Amendment to Lease	12/11/2012	Harrisburg Parking Authority and Pennsylvania Blood Bank	Walnut Street
46 Amendment to Lease	5/1/1994	Harrisburg Parking Authority and Central Pennsylvania Blood Bank	Walnut Street
47 Lease, First Amendment to Lease, and Second Amendment to Lease	05/___/2005, 01/22/2009 and 04/28/2011	Harrisburg Parking Authority and Harrisburg Hotel Associates	Walnut Street
48 Parking Garage Lease and First Amendment to Parking Agreement	1/27/1992	Parking Authority of the City of Harrisburg and John O. Vartan t/d/b/a Independent American Investments	Walnut Street
49 Parking Agreement	7/12/1989	Parking Authority of the City of Harrisburg and John O. Vartan t/d/b/a Independent American Investments	Walnut Street
50 Memorandum of Parking Garage Lease Agreement	1/27/1992	Parking Authority of the City of Harrisburg and Walnut & Third, Inc.	Walnut Street
51 First Amendment to Lease	11/8/2012	Harrisburg Parking Authority and Open State of Harrisburg	Walnut Street
52 Lease	12/30/2011	Harrisburg Parking Authority and PA Utility Contractors Assn.	Walnut Street
53 Second Amendment to Lease	4/28/2011	Harrisburg Parking Authority and Harrisburg Hotel Associates	Walnut Street
54 Letter re evening parking rate for Temple students	12/7/2009	Harrisburg Parking Authority and Temple University	Walnut Street
55 Lease Agreement	12/20/2010	Harrisburg Parking Authority and Patrick G. Wentz, Jr. and Judith A. Wentz, Husband and Wife, DBA Thrifty Shopper	Walnut Street
56 Commercial Lease	9/6/2011	Harrisburg Parking Authority and City of Harrisburg	Walnut Street

C-92

57 Easement	9/19/2003	Harrisburg Parking Authority and Market Square Plaza, LLC	Walnut Street
58 Memorandum of Understanding	10/12/2005	Harrisburg Parking Authority and Market Square Plaza LLC	Walnut Street
59 Validation Stamp Agreement	8/26/2009	Harrisburg Parking Authority and C.A.S.A. (Capital Area School for the Arts)	All except River Street, Seventh Street and Harrisburg University Garages
60 Letter re parking services	10/16/2007	Harrisburg Parking Authority and The Cathedral Parish of Saint Patrick	
61 Letter re parking services	10/16/2007	Harrisburg Parking Authority and Grace United Methodist Church	

SCHEDULE 2

Operating Standards

REQUIREMENTS FOR OPERATING STANDARDS

OFF-STREET OPERATING STANDARDS

I GENERAL:

The Operating Standards will provide for the maintenance and operation of the Off-Street Parking System in a manner to provide a clean, safe and efficient parking system to the public, users who are renting or leasing parking spaces, and public parking for governmental agencies, businesses, and other groups with offices, establishments and venues located in the area served by the Off-Street Parking System. The Operating Standards will ensure that the Parking Garages, Parking Lots, other improvements and equipment are maintained and repaired in a manner to preserve and extend the useful lives of the structures, facilities and equipment.

The Operating Standards will provide for the following: Maintenance; Inspection and Response Protocol and Procedures; Major Repairs, Facility Rehabilitation and/or Replacement; and Future Changes in Law and Operational Changes; as set forth below.

II. SPECIFIC Provisions:

A. Routine Maintenance

Routine maintenance will include preventive, cyclical and incidental maintenance, as well as the provision of a maintenance response capability in the event of a minor emergency, etc. The Operator and Asset Manager will develop and implement schedule and tracking procedures for routine maintenance that will be available for quarterly review by the Transferor and Advisory Committee. The schedule and tracking procedures will generally conform with the provisions of Appendix A – Maintenance Schedule of the National Parking Association - Parking Consultants Council (NPA-PCC) maintenance manual. This responsibility will include a regular visual check on conditions and function. In general, those inspection functions which are identified in Appendix A of the NPA-PCC manual as being necessary on a quarterly or less frequent basis will be addressed under the provisions of the General and/or Priority inspections or in response to "Condition Alerts" as described in the Inspection section of these Standards.

B. Maintenance Plan

The Operating Standards will include a plan for routine maintenance. Maintenance responsibilities extend throughout each facility and include the site, extending to the perimeter roadway curb. The maintenance policy will be based on a proactive approach and on appropriate

response to maintenance issues that are observed. Cyclical replacement of components of mechanical or other systems, such as filters, etc., will be undertaken in a proactive manner as per the manufacturer's recommendations. Periodic replacement of minor fixtures such as hand towel dispensers, smoke detectors, etc., will be addressed as the need may arise.

C. Maintenance Schedules

1. Routine Maintenance will include:

- a. Routine maintenance conducted on a scheduled basis based on the NPA/PCC Parking Garage Maintenance Manual will include:
 - i. Floors, curbs, stairs
 - ii. Oil & grease drippings in driving areas, exits & entrances
 - iii. Glass surfaces & walls
 - iv. Empty trash receptacles, etc.
 - v. Overhead beams
- b. Doors and Hardware
 - i. Proper operation (sweeps, latches, panic hardware, tracks, hinges)
 - ii. Mechanized, Overhead door controls and auto function
- c. Electrical Systems (function and condition, typical)
 - i. Wiring, conduits & junction boxes, panel boards
 - ii. Electrical lighting system
- d. Lighting & Photo Cells
 - i. Check fixture, lamps, lens, wiring, photo cells, replace as necessary
- e. HVAC
 - i. Check mechanical units, ventilation fans, etc. for function and condition
 - ii. Cooling towers
 - iii. Pumps

- iv. Zone controls
- v. Motor controls
- vi. Pneumatic controls
- f. Fire Protection Systems Equipment and Facilities
 - i. Visual check on detectors, sprinkler systems, piping, alarms, fire pumps, emergency generators
 - ii. Fire alarm panels
- g. Parking Access & Revenue Control Equipment and Systems
 - i. Maintain Service Agreements – equipment provider, manuals, personnel with knowledge of equipment to address routine problems
- h. Plumbing Systems
 - i. Offices and workshops (or restrooms) where applicable, storm water collection systems, drains and drainage piping
 - ii. Water pump systems at Locust and Seventh Street Garages
- i. Signs (Graphics)
- j. Snow & Ice Control
 - i. Maintain snow removal & ice melting equipment. Establish and enforce safe practices and use only designated safe (structurally) locations for stock-piling snow and removing snow only with equipment determined to be safe in terms of axle loads and gross vehicle loads for use on parking decks. Establish and observe safe limitations for stockpiling snow, and for dealing with snow melt runoff, etc.
- k. Handicap Access
 - i. Maintain ADA compliance, designated spaces, signage
 - ii. Conduct adequate enforcement to ensure availability of handicap spaces for patrons displaying valid handicap access stickers
- l. Architectural Finishes (Panels, coatings)
- m. Landscaping (Grass, sidewalks, Trees & bush, planters)

- n. Painting of non-structural features, stair walls, colors by "Level", etc.
 - o. Elevators for general appearance and function - smoothness of operation, sound, and lighting
2. Preventive and Cyclical Maintenance
- a. Preventive and Cyclical Maintenance (Minor repairs and regular renewal or replacement of coatings, materials, fixtures and/or other minor equipment)
 - b. Preventive maintenance shall be performed on all parking garage elevators
 - c. Provision of a basic response capability for minor emergencies, etc. - Operator will maintain a basic response capability to respond to minor emergencies, etc. Such emergencies might include: 911 calls for help, spills, discovery of human waste or other bio hazards on the premises, accumulations of ice or snow, vermin or other pests, tripping or falling hazards, loss of illumination, etc. This capability will be maintained during all hours that the facilities are open to the public.

D. Inspection/Response Protocol and Procedures:

- 1. Inspection Types:
 - a. General Inspections (comprehensive) by an Engineering Firm engaged by the Asset Manager (three year cycle; structural, safety, mechanical systems, lighting, ADA compliance, etc.). The purpose of these inspections will be to identify, quantify and provide cost estimates related to any observed deficiencies related to structure, safety or function of the facilities. The inspectors will also be expected to identify any further studies or testing that are considered necessary to determine the extent or exact nature of potential deficiencies that have been observed. The previous annual inspections that have been provided to the Asset Manager and Operator will serve as a guide with respect to the level of detail, etc. Recommendations for capital expenditure may also include preventive measures or planned improvements intended to restore or improve the level of service of the facilities. The primary goals of this general inspection are to: 1) monitor and help insure the continued safe operation of the facilities and to preserve them in a serviceable condition; 2) to provide the benefit of a

C-97

obvious structural insufficiency threatens a partial failure of the structural component.

- c. A safety, security or access related Condition Alert would be issued in the event of a condition composing a present or imminent public danger.
- Prompt Interim Action (PIA) requirement: Prompt Interim Action (PIA) required will be indicated in a prominent place on the Condition Alert form in the event that, in the opinion of the issuer, action must be taken within the next twenty four (24) hours.

- 2. Notification and reporting requirements: The names and contact information for two persons with responsible charge at the Operator will be provided. Written notice of the Condition Alert (including a copy) will be provided to them. Copies will be provided to two designated persons at the Authority, in addition to the issuer. Upon agreement, this notice can be provided by email, with confirmation of verbal communication with the Asset Manager. A record of the verbal contact, with time and date will be noted on the Condition Alert form.
- 3. Required Response Time/Tracking: A log of all Condition Alerts and their status will be kept. A qualified representative of the Operator must visit the site of the designated "Condition", conduct a visual inspection and confirm the general nature and character of the Condition within 24 hours of receipt of notification. An initial response to a non-PIA Condition Alert will be developed within five (5) business days. This response must include a Work Plan that describes the steps to be taken to resolve or correct the problem. The Work Plan can include immediate or short-term safety measures and longer term final repairs, replacements, etc., as may be appropriate. In the event of a PIA Condition Alert, the initial response will be developed and initiated within 24 hours. A record will be maintained of when the temporary and/or final measures have been taken and the danger or potential threat has been effectively addressed.

F. Major Repair, Rehabilitation Or Demolition And Potential Replacement

- 1. Recommendations of the Professional Engineer
 - a. Open discussion to be conducted between the Asset Manager, the Operator, and the Engineering Firm before and after the periodic general inspection
 - b. Engineering Firm to make recommendations for updating long term expectations for major rehabilitations or replacement; and to

C-99

professional assessment; and to 3) assist in the development of the Annual Capital Budget for the following year.

- b. Annual Priority Inspections (focused on deterioration and recommended repairs, etc. identified in the previous annual inspection report and or by or through the Condition Alert process (see below))
 - c. Random, cursory or walk-through inspections
 - d. Emergency response inspections
2. Inspection Authority and Response Responsibility
- a. General and Annual Priority inspections to be conducted by an Engineering Firm engaged by the Asset Manager, acting with the full cooperation of the Operator
 - b. Random, cursory or walk-through inspections to be conducted by: representatives of the Asset Manager, engineers acting on behalf of the Asset Manager, other agencies or departments, for instance Fire or Police Departments, or elevator inspectors as mandated by law.
 - c. The Asset Manager and the Operator will assist and accommodate any such inspections, and will provide a timely response with respect to any actions that may have been taken or that are planned to be taken with respect to the findings or recommendations of each of these inspections.

E. Condition Alert

The Condition Alert is both a process for notification of a potentially serious condition and the form and format for transmitting as well as tracking that notification, the response to it and its resolution.

- 1. Types and sources of Condition Alerts (structural, safety, security, access related).
 - a. In general, condition alerts would be issued when any structural or safety issue is considered to require action within the next annual inspection cycle. It might be issued during a General Inspection, an Annual Priority inspection, or in response to an emergency situation or if the concern is brought to the attention of the Asset Manager or the Operator by a third party.
 - b. A structural Condition Alert would be issued: during the course of a facility inspection where structural deterioration, damage or an

C-98

provide cost estimates and schedule recommendations for shorter term needs (up to 3 years).

- c. The Asset Manager to provide intended modifications/improvements along with cost estimates for the following year.
 - d. Engineering Firm to summarize the projected capital cost estimates for the following years in the periodic physical assessment report. As may be required, engineer to develop capital cost projections for the "off years," following the Annual Priority Inspection
 - e. Notice to and discussion with Advisory Committee.
2. **Decision making authority.** With respect to required/planned capital expenditures, final decision making rests with Transferee in accordance with approved Annual Capital Budget and Long Term Capital Plan.

G. Changes In Laws And/Or For Operational Changes

The Operating Standards anticipate there will be some future changes in operating circumstances and/or in the laws that regulate the operations of parking facilities, for instance in terms of minimum access requirements (ADA, etc.), facility provisions for safety, elevator operation and inspection, etc. Appropriate changes in these instances will be made to the Operating Standards from time to time in accordance with the Asset Transfer Agreement, the Lease and the Indenture.

ON-STREET OPERATING STANDARDS

III. General:

The Operating Standards will provide for maintenance and operation of the On-Street Parking System in a manner to provide a clean, safe and efficient parking system to the public. The Operating Standards will ensure that the Metering Devices are maintained and repaired in a manner to preserve and extend the useful lives of the equipment. Each component of the On-Street Parking System will be capable of being operated and maintained at the expiration of the Term.

The Operating Standards will be developed with the understanding that Asset Manager and Operator will be replacing the existing single unit meters with new single and multi-space meters. For the purpose of this Schedule, on street parking meters refers to a single or multi space device that collects a parking fee and assigns a time limit to the parked vehicle.

The Operating Standards will provide for the following: meter locations, parking meter systems operations plan, meter maintenance and repairs, coordination, enforcement, customer service, signs and markings, meter installation standards and guidelines, parking meter system

C-100

records, removal of meter spaces for traffic safety and operation, and other topics, as set forth below.

Subject to available funds and commercial reasonableness, each component of the On-Street Parking System will be capable of being operated and maintained in a First Class Manner at the expiration of the Term.

IV. SPECIFIC PROVISIONS:

A. Meter Locations

The Operating Standards will depict the location of parking meters to be operated by Asset Manager and Operator.

B. Parking Meter System Operations Plan

The Operating Standards will include an on street parking meter system operations plan that describes operations and maintenance. The plan should include:

- Maintenance schedule
- Collection schedule
- Meter records
- Customer Service

C. Meter Maintenance and Repairs

Routine maintenance will include preventive, cyclical and incidental maintenance, as well as the provision of a maintenance response capability in the event of a minor emergency, etc. The Operating Standards will include a schedule and tracking procedures for routine maintenance which will exhibit a normal standard of care for parking meters. This responsibility will include a regular visual check on conditions and functions as well as a test to assure that the meters are working properly.

The On-Street Operating Standards will include a plan for routine maintenance. The maintenance plan will be one based on a proactive approach and on appropriate response to notices of parking meter maintenance issues that has been observed by staff, the public, or the City. It will include the following:

- Conduct routine inspections of the meter device inventory
- Maintain the meters to the manufacturers' specifications
- Repair broken and malfunctioning meters by the end of the second business day
- Establish the schedule and execute routine preventative maintenance

C-101

cooperation with the Commonwealth of Pennsylvania Department of Transportation, is solely responsible for all regulatory, warning, and guide signs on their streets. Asset Manager and Operator shall not change the traffic signs and markings along the City of Harrisburg and/or Commonwealth of Pennsylvania public right of way. If Asset Manager and Operator wish to make a change, it must be coordinated with the City of Harrisburg and Commonwealth of Pennsylvania.

The Operating Standards will provide for installing and maintaining all signs and placards related to the on street parking meters. Examples of such signs might include paid parking hours and signs indicating the location of the meter device. Asset Manager and Operator shall coordinate the meter system signs that are not installed on the meter devices with the City of Harrisburg Office of City Engineering, Traffic Engineering Department.

G. Meter Installation Standards and Guidelines

On street parking meters installed by Asset Manager and Operator should be coordinated with the City of Harrisburg Office of City Engineering. The following standards will be followed in connection with installation of parking meter devices:

- Single space meter devices shall be located at the front of the parking stall or where the front of the vehicle should be located
- Multi-space meter devices should be installed as near as possible to the center of the parking spaces it will serve
- Multi-space meter devices shall be installed on the same side of the street as the parking stalls
- Adequate signs should be installed to direct parkers to the multi-space meter device
- Multi-space meter devices will operate a maximum of eight (8) spaces; exceptions may be granted by the Transferor
- All parking meter poles will be installed between 0.5 and 1.0 feet from the curb or edge of pavement if no curb exist
- All parking meter poles will comply with ADA laws with regard to height of the device and money/credit card device
- For parking spaces that are striped, the spaces shall be 22 to 26 feet long, except at the ends where they can be 20 feet long

H. Parking Meter System Records

Asset Manager and Operator shall maintain good records and a database of the on street parking meter system to include:

- Location of the meter device including street, side of street, and city block

C-103

- Maintain written and electronic maintenance records
- Have a reasonable response time to repair malfunctioning meters
- Provide an annual meter condition report to Transferor

D. Coordination

The Operating Standards will provide for coordination between Asset Manager and Operator, Transferor, and the City. On-street metered parking spaces are in the public right of way, which is maintained by the City of Harrisburg Office of City Engineering, Traffic Engineering Department or Commonwealth of Pennsylvania. It is expected that maintenance on the streets and sidewalks containing parking meters will be required from time to time. The Operating Standards will provide for coordination with the maintenance crews and provide access to areas around their parking meters.

E. Customer Service

The On-Street Operating Standards will include a section on customer service. Key elements of customer service shall include:

- A system must be developed for handling complaints, questions, and inquiries.
- Providing customers with access to the parking operator via three options:
 - On line via the internet
 - By phone with the option to talk with a customer services representative
 - At the parking operator's office to talk with a customer service representative in person.
- Customer complaints and issues must be logged and records kept of them.
- Employees must be appropriately trained to provide exceptional customer service.
- Each parking meter device shall have an operator name and phone number that customers can call for complaints, questions, or concerns.
- All parking tickets must have the parking operator web site and telephone number
- Customer complaints and concerns will be addressed by the close of the next business day after receiving the complaint.

F. Signs and Markings

All regulatory parking and no parking signs and pavement markings associated with the parking meter system will be the sole responsibility of the City of Harrisburg Office of City Engineering, Traffic Engineering Department. The City of Harrisburg Office of City Engineering, in

C-102

- Type of meter device
- Number of spaces per meter device
- Meter device number
- Meter rates (cost per time period and maximum time period allowed)
- Maintenance performed (what was performed and when it was performed)
- Age of meter device and installation date
- Days and hours of operation
- Collection route and schedule

This information will be readily available to the Advisory Committee. An annual report will be provided to the Advisory Committee describing the meter inventory and maintenance that occurred during the previous year. Additionally, Asset Manager and Operator shall provide Transferor quarterly reports on parking meter usage in the areas with advanced technology and/or multi-space devices.

I. Removal of Meter Spaces for Traffic Safety and Operation

The City of Harrisburg's Office of City Engineering, Traffic Engineering Department has the right to remove metered on street parking spaces for traffic operations, safety, or to reassign the space for other uses like loading zones or bus stops in accordance with Section 6.3 of the Asset Transfer Agreement. Traffic operation issues could include adding turn lanes, creating a pedestrian crosswalk, or creating better sight distance at an intersection or driveway. If the City deems it necessary to remove on street metered parking spaces, it will coordinate the removal with Asset Manager and Operator.

J. Other Topics

The Operating Standards will cover the following additional topics:

- Bagging Meters for Special Events
- Compliance with Applicable Laws
- Residential Parking Permits
- Emergency Plan
- Equipment Plan
- Safety Plan
- Customer Payments

C-104

- Recycling
- Vehicle Use
- Handicap Parking
- Motorcycle Parking
- Staffing
- Parking Meter System Database Requirements
- Hours of Operation
- Incident Reporting Protocol
- Personnel (organizational and staffing chart for meter operations and maintenance)
- Meter Collection Route and Schedule

C-105

SCHEDULE 3

Enforcement Policies and Procedures

Enforcement policies and procedures may be modified from time to time to incorporate best practices and emerging technology. The Enforcement Operator's enforcement efforts have the goal of reducing unpaid meters and illegal parking through deterrence within the On-Street Parking System. The Enforcement Operator will implement enforcement activities to ensure compliance within residential permit parking areas.

The Enforcement Operator may utilize handheld technology, including photographic evidence, and license plate recognition technology to support ticket issuance.

Ticket Requirements

On each infraction, the Enforcement Operator shall indicate the time of the violation, the amount of the overtime parking charge, the place and manner in which such charge shall be paid, and vehicle identification information. The Enforcement Operator may adopt alternative forms of parking tickets based on new technology, such as electronic tickets, to the extent feasible.

Periods Of Stay

The Enforcement Operator may only issue one ticket for each consecutive separate segment of legal parking time, which time shall be the maximum amount of time allowable for parking in a particular metered zone to a vehicle that has parked in excess of the allowed limit. The Enforcement Operator may increase or decrease the period of stay for all or a portion of the Metered Parking Spaces upon the delivery of written notice of the change to the City.

Infraction Payment Procedure

The Enforcement Operator and the Asset Manager may create an online payment platform that is fully integrated with the other proposed parking payment systems, including cashless alternatives. The Enforcement Operator and the Asset Manager shall endeavor to provide parking patrons with a commercially reasonable range of payment options.

Enforcement Vehicles

All enforcement vehicles should be clearly marked and drivers must adhere to all established vehicle traffic safety and parking regulations.

On-Street Parking Enforcement Procedure

The Enforcement Operator may implement a booting program. The Enforcement Operator may place a boot on a vehicle after not less than three (3) unpaid citations have been incurred. The Enforcement Operator may continue the City's practice of using contractors to tow vehicles, the owners of which fail to make payments or secure administrative adjudication necessary to have a

C-106

boot removed from the vehicle within 48 hours of booting. Impound fees collected for vehicles impounded will be collected by the Enforcement Operator. The Enforcement Operator will require payment of all parking infractions for an impounded vehicle prior to its release.

Infraction Appeal Adjudication Procedure

To ensure the consistency of the on-street parking experience for the patrons of the City of Harrisburg's parking system, the Enforcement Operator and the Asset Manager shall rely on the adjudication policies and procedures of the City of Harrisburg program for appeals of citations and related infractions.

Broken Meter Appeals

The Asset Manager and the On-Street Parking Operator shall endeavor to ensure meters are fully operable to a commercially reasonable extent. The Enforcement Operator will handle all complaints related to parking infractions and adjudication where an infraction has been issued on a malfunctioning meter. The Enforcement Operator may adopt the practice of placing a "hold" on disputed infractions accompanied by a written appeal. Pursuant to such practice, while the hold is in place and an investigation of the claim is in process, a disputed infraction will not incur additional penalty. The Enforcement Operator and the Asset Manager will establish a procedure for testing meters and handling appeals.

Other Infraction Appeals

In instances other than a dispute over the operation of a parking meter, such as where there is an allegation that an infraction is in error or it contains erroneous information, a party may contact the Enforcement Operator or its representative online, by phone, or by written means. A representative should review the complaint and advise the appealing party in writing of the decision. If grounds exist for a dismissal of the infraction, the representative may have the power to dismiss the infraction and notify the appealing party. If no resolution is made to the satisfaction of the appealing party, the appealing party may request adjudication.

Applicable State Law

Notwithstanding anything to the contrary, enforcement shall be conducted in accordance with applicable laws of the Commonwealth and these enforcement policies and procedures shall be deemed modified as necessary to comply with such applicable state laws. No approvals are required for such modifications; however, the Enforcement Operator shall promptly provide notice of any such changes to the City and the Advisory Committee.

C-107

SCHEDULE 4

Competing Parking Area and Metered Parking Spaces

Maps showing (i) the Competing Parking Area and the existing locations of Metered Parking Spaces, and (ii) the additional proposed Metered Parking Spaces pursuant to [Section 6.6](#) are attached.

Boundary Description in CBD:

Beginning at the location where the north side of Paxton Street crosses over the Amtrak Railroad line proceed westward along the north side of Paxton Street to the mean low water mark of the left bank of the Susquehanna River; thence northward along the mean low water mark of the left bank of the Susquehanna River to the intersection of said left bank with the north side of Cumberland Street; thence eastward along the north side of Cumberland Street to the intersection with the west side of N. 2nd Street; thence northward along the west side of N. 2nd Street to the intersection with the north side of Harris Street; thence eastward along the north side of Harris Street to the intersection with the west side of Green Street; thence northward along the west side of Green Street to the intersection with the north side of Hamilton Street; thence eastward along the north side of Hamilton Street to the intersection with the west side of Williams Street; thence southward along the west side of Williams Street to the intersection of Harris Street on the north side; thence eastward along the north side of Harris Street to the railroad line right of way; thence southward along the west side of the railroad line right of way to the north side of the State Street bridge overpass; thence eastward along the north side of State Street bridge overpass to the location where State Street crosses Cameron Street to the east side; thence southward along the east side of Cameron Street to the location where Mulberry Street crosses over Cameron Street; thence westward along the south side of the Mulberry Street bridge overpass to the west side of the railroad right of way; thence southward along the west side of the Amtrak Railroad line right of way to the point of beginning at the overpass of the north side of Paxton Street.

All of City Island.

Boundary Description in Polyclinic Area:

Beginning at the location where the east side of Reel Street intersects the south side of Seneca Street proceed westward to the west side of N. 2nd Street; thence northward along the west side of N. 2nd Street to the intersection with the north side of Shamokin Street; thence eastward along the north side of Shamokin Street to the intersection with the east side of Green Street; thence northward along the east side of Green Street to the intersection with the north side of Division Street; thence eastward along the north side of Division Street to the intersection with the east side of Lexington Street; thence southward along the east side of Lexington Street to the intersection with the south side of Schuylkill Street; thence westward along the south side of Schuylkill Street to the intersection with the east side of Reel Street; thence southward along the east side of Reel Street to the point of beginning at the south side of Seneca Street.

C-108

COMPETING PARKING AREA



C-109

PARKING LOTS, PARKING GARAGES, AND METERED PARKING SPACES



C-110



C-111

SCHEDULE 5

Parking Rates and Rate Setting

PARKING RATE SCHEDULE

Monthly Unreserved Rates by Garage

	Locust	Market Sq	River	Chestnut	City Island Garage and Lot	Fifth	H Univ	Seventh Street Garage and Lot	South	Walnut
Category	High	Medium	Medium	High	City Island	High	Medium	High	South	High
HPA Rate	\$155	\$155	\$155	\$155	\$75	\$155	\$155	\$155	\$155	\$155
1/1/14 Rate	175	170	165	175	100	170	170	170	170	175
1/1/15 Rate	185	180	170	185	105	180	180	180	180	185
1/1/16 Rate	195	190	185	195	115	190	190	190	190	195
1/1/17 Rate	200	195	190	200	120	195	195	195	195	200

Monthly Reserved Rates by Garage

	Locust	Market Sq	River	Chestnut	City Island Garage and Lot	Fifth	H Univ	Seventh Street Garage and Lot	South	Walnut
Category	High	Medium	Medium	High	City Island	High	Medium	High	South	High
HPA Rate	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200

Monthly reserved rates will be 135% of the corresponding unreserved monthly rate, rounded to the nearest \$5/ month.

Monthly Unreserved Rates by Lot

	Mulberry/ Dewberry	10 th Street	Mulberry
HPA Rate	NA	\$85	\$95
1/1/14 Rate	NA	100	100
1/1/15 Rate	NA	105	105
1/1/16 Rate	NA	115	115
1/1/17 Rate	NA	120	120

Transient Rate Categories by Garage

	Locust	Market	River	Chestnut	City	Fifth	H Univ	Seventh	South	Walnut
--	--------	--------	-------	----------	------	-------	--------	---------	-------	--------

C-112

Category	Sq			Island			High	Medium	High	South	High
	High	Medium	Medium	High	City Island	High					

Permitted Escalation of Parking Rates

For periods after those specified above, parking rates may be increased in each rate category (e.g. monthly unreserved) up to the greater of 3% or the Index per annum (the "Annual Cap"). Allowable rate increases are cumulative, whether or not the full inflation-related allowance is taken in any year. PEDFA is permitted to establish other reasonable charges for services not identified in this Schedule 5.

PEDFA will be allowed to operate under a dynamic framework that provides for the ability to adjust rates at different garages at different intervals, allows for the creation, changing and collapsing of rate categories, and allows for price differentiation between transient and monthly (reserved, for example) categories.

The Annual Cap applies on an average system-wide basis. For monthly garage rates, average rate means the arithmetic average of monthly rates at all garages. For transient garage rates, average rate means the arithmetic average of the transient all rates at all garages, provided that PEDFA is allowed to expand or collapse rate subcategories (e.g., deleting the 3-4 hour rate, or adding an 8-10 hour rate) so long as the average rate is within the Annual Cap. For meter rates, average rate in a given area (e.g., CBD, non-CBD) means the arithmetic average of the highest per hour charges in the area.

Monthly rates will be rounded to the nearest \$5 per month. Transient rates will be rounded to the nearest \$1.00 per period. Meter rates will be rounded to the nearest \$0.25 per period.

The Parking Enforcement Delegation Agency will have the right to raise future citation rates for meter violations so that citation rates for meter violations at all times equal or exceed 10 times the corresponding 60-minute rate at CBD meters. Citation rates will be rounded to the nearest \$5.

Note: the above rate schedules (and related averages) do not apply to any individual negotiated parking arrangements or contracts, such as the Parking Lease or valet parking.

All limitations and rate restrictions in this Schedule 5 may be exceeded to the extent necessary to achieve compliance with the Rate Covenant and the Prospective Rate Covenant.

Transient Rates

Hours	HPA		1/1/14 Rates			1/1/15 Rates				
	All	City Island	High	Medium	South	City Island	High	Medium	South	City Island
0.50			\$3.00	\$3.00	\$3.00		\$3.00	\$3.00	\$3.00	
2.00	\$5.00		7.00	7.00	5.00		8.00	8.00	6.00	
3.00	7.00		9.00	9.00	7.00		10.00	10.00	8.00	
4.00	8.00		11.00	11.00	8.00	\$5.00	12.00	12.00	9.00	6.00
5.00	9.00									
10.0			18.00	16.00	16.00		20.00	18.00	18.00	
11.0	16.00									
24.0	20.00	\$5.00	25.00	20.00	20.00	10.00	25.00	20.00	20.00	12.00

Transient Rates by Lot

The HPA does not currently charge transient rates at lots. PEDFA will have the right to charge transient rates at lots that do not exceed the transient rates for Medium category garages.

Meter Rates

Minutes	HPA		1/1/14 Rates	
	CBD	Other	CBD	Other
10	\$0.25			
15		\$0.25		\$0.75
30				\$0.75
60	1.50	1.00	3.00	1.50

Current Hours: Rates are in effect Monday – Friday, 8:00 am to 5:00 pm.
 New Hours: Meter operation may be expanded up to 11 hours each weekday and Saturday (meters will not be operated on Sundays and Holidays) for the first five years from the date of Closing. Thereafter, the hours and days of operation will not be restricted.

Meter Enforcement

	Meter Violation	Late Payment
City Rate	\$14	\$11
Initial Rate	\$30	\$20

Violation and late payment rates are subject to applicable state law, such as 75 Pa.C.S. §3353(a).

SCHEDULE 6

Excluded Assets and Excluded Liabilities

EXCLUDED ASSETS

1. **Facility Name:** Mulberry/Dewberry Lot
Address: Mulberry and Dewberry Streets, Harrisburg, PA
Space Count: 30
2. **Facility Name:** City Island Garage and Lots
Address: City Island, Harrisburg, PA
Space Count: 1,395
3. Accounts receivable and all cash in excess of \$1,000,000
4. Chevrolet Tahoe vehicle
5. Reservoir Park Parking Facilities Operating Agreement dated as of October 15, 2000
6. Contents of HPA's Administrative Offices, except coin counting machine, meter-servicing carts, and Dell laptop computer

EXCLUDED LIABILITIES

1. Existing HPA debt with associated liens on the Acquired Assets (the "Existing Debt"). The liens on the Acquired Assets associated with the Existing Debt will be satisfied or removed as a condition precedent to the Purchase Agreement so that the Acquired Assets are conveyed free and clear of liens, pledges of parking revenues, covenants, encumbrances and other similar restrictions, other than permitted exceptions agreed to by PEDFA.
2. Pre-existing environmental conditions, Claims, losses, liabilities, fines, costs and expenses of investigation, remediation, or mitigation, including but not limited to the existence of, or prior events associated with, Hazardous Substances and underground conditions, regardless of when discovered, and any release of any Hazardous Substance or breach of Environmental Law with respect to the Parking System to the extent caused by the acts or omissions of the Transferor or the City after the Closing.
3. Any existing payroll-related liabilities, including severance payment, accrued vacation, sick time, pension and other post-employment benefits ("OPEB").
4. Third party obligations unrelated to the Parking Assets, including Civil War Museum parking lot maintenance obligations (Reservoir Park Parking Facilities Operating Agreement).
5. Pending claims and litigation and other HPA liabilities not specifically assumed.

6. Existing labor agreements.
7. Contracted work, change orders and other construction repairs, escrow or completed.
8. Contracts associated with the Mulberry/Dewberry Lot.
9. Stadium Park Permit for City Island (except to any extent subsequently assumed pursuant to the City Island Option).
10. Sixth Amendment to Cooperation Agreement for Downtown Coordinated Parking System (6/1/2000)
11. [Add contracts deleted from Assumed Contracts list]

SCHEDULE 7

Available Positions

**HARRISBURG PARKING AUTHORITY
EMPLOYEES**

Classification	HPA Hourly Rate	Weekly Hours	Full Time / Part Time	90% of current rate for same or similar position and for employees hired prior to 9/1/2003	Medical insurance coverage
Administrative Assistant	*	37.5	Full Time	*	Yes
Bookkeeper	*	37.5	Full Time	*	Yes
Customer Service	*	37.5	Full Time	*	Yes
Maintenance and Electronics	*	37.5	Full Time	*	Yes
Maintenance and Meters	*	37.5	Full Time	*	Yes

* Wage rate based on employee hired

Cashier, security guard/customer service rep, custodian and meter revenue collection positions - the positions will be for the same number of hours but may have different names

Cashier	\$14.50	40	Full Time	\$13.05	Yes
Cashier	\$14.83	40	Full Time	\$13.35	Yes
Cashier	\$14.21	30	Part Time	\$12.79	None
Cashier	\$14.21	40	Full Time	\$12.79	Yes
Cashier	\$14.83	40.5	Full Time	\$13.35	Yes
Cashier	\$13.89	30	Part Time	\$12.50	None
Cashier	\$13.89	30	Part Time	\$12.50	None
Cashier	\$13.89	30	Part Time	\$12.50	None
Cashier	\$14.50	40.25	Full Time	\$13.05	Yes
Cashier	\$13.89	30	Part Time	\$12.50	None
Cashier	\$13.89	25	Part Time	\$12.50	None
Cashier	\$14.50	32.5	Part Time	\$13.05	None
Cashier	\$14.21	24	Part Time	\$12.79	None
Cashier	\$13.62	30	Part Time	\$12.26	None
Cashier	\$13.62	31.75	Part Time	\$12.26	None
Cashier	\$13.62	20	Part Time	\$12.26	None
Cashier	\$13.62	30	Part Time	\$12.26	None
Cashier	\$12.85	30	Part Time	\$11.57	None
Cashier	\$12.85	17	Part Time	\$11.57	None
Cashier	\$13.43	24	Part Time	\$12.09	None
Cashier	\$12.85	30	Part Time	\$11.57	None
Cashier	\$12.85	0	Part Time	\$11.57	None
Cashier	\$13.70	37.5	Full Time	\$12.33	Yes
Cashier	\$12.87	37.5	Full Time	\$11.58	Yes

C-117

Cashier	\$12.87	37.5	Full Time	\$11.58	Yes
Cashier	\$12.61	30	Part Time	\$11.35	None
Cashier	\$11.88	30	Part Time	\$10.69	None
Cashier	\$11.88	37.5	Full Time	\$10.69	Yes
Cashier	\$11.88	30	Part Time	\$10.69	None
Cashier	\$12.85	30	Part Time	\$11.57	None
Cashier	\$11.88	15	Part Time	\$10.69	None
Porter	\$16.57	37.5	Full Time	\$14.91	Yes
Porter	\$16.26	37.5	Full Time	\$14.63	Yes
Porter	\$16.26	37.5	Full Time	\$14.63	Yes
Porter	\$16.26	37.5	Full Time	\$14.63	Yes
Porter	\$16.26	37.5	Full Time	\$14.63	Yes
Porter	\$15.85	20	Part Time	\$14.27	None
Porter	\$15.85	37.5	Full Time	\$14.27	Yes
Porter	\$15.85	37.5	Full Time	\$14.27	Yes
Porter	\$15.64	37.5	Full Time	\$14.08	Yes
Porter	\$15.64	15	Part Time	\$14.08	None
Meter Collection Attendant	\$15.04	15	Part Time	\$13.54	None
Meter Collection Attendant	\$14.34	15	Part Time	\$12.91	None

**CITY OF HARRISBURG PARKING
ENFORCEMENT EMPLOYEES**

Classification	City Hourly Rate	Weekly Hours	Full Part Time	90% of current rate for same or similar position and for employees hired prior to 9/1/2003	
Parking Enforcement On-Street Supervisor	\$17.89	40	Full Time	\$16.10	Yes
Parking Enforcement	\$17.89	40	Full Time	\$16.10	Yes
Parking Enforcement	\$17.89	40	Full Time	\$16.10	Yes
Parking Enforcement	\$17.39	40	Full Time	\$15.65	Yes
Parking Enforcement	\$17.39	40	Full Time	\$15.65	Yes
Parking Enforcement	\$17.39	40	Full Time	\$15.65	Yes
Meter Revenue Collection Spec.	\$13.98	40	Full Time	\$12.58	Yes

**AVAILABLE SUPERVISORY
POSITIONS
HARRISBURG PARKING AUTHORITY
EMPLOYEES**

Facilities Manager	*	37.5	Full Time	*	Yes
Night Manager	*	37.5	Full Time	*	Yes

* Wage rate based on employee hired

C-118

SCHEDULE 8

Financial Information

Harrisburg Parking Authority Fiscal Year Annual Reports, as prepared by CDM Smith (formerly Wilbur Smith), 2003-2013

Harrisburg Parking Authority, 2012 Approved Budget

Harrisburg Parking Authority, Monthly Treasurer's Reports, December 2010 through June 30, 2013

Coordinated Parking Fund, Audited Financial Statements, 2007-2012

Harrisburg Parking Authority, Audited Financial Statements, 2007-2012

Harrisburg Parking Authority, Memorandum dated September 2012, as prepared by CDM Smith

Harrisburg Parking Authority Monthly Billing Sheets, January 2011 through March 2013

Harrisburg Parking Authority Monthly Sale of Monthly Permits, January 2010 through August 2013

Harrisburg Parking Authority, Gross Revenue and Expenses per Parking Space Statistics, 2010-2012

Harrisburg Parking Authority, Five Year Meter Study, by Route, 2007-2011

City of Harrisburg 2008-2010 TracPark Paid Tickets at Meters Statistics

City of Harrisburg, 2009-2012 Parking Ticket Revenue Statistics

City of Harrisburg, 2009-2011 Paid Unpaid Ticket Statistics May 21, 2012

Harrisburg Parking Authority, Meter Run Information, revised March 22, 2013

Harrisburg Parking Authority, Fiscal Year Monthly Usage by Garage HPA Actual, July 2011 to June 2012

Harrisburg Parking Authority, Length of Stay Statistics, 2011-2012

Harrisburg Parking Authority, Revenue History Report Statistics, 2011-2012

Harrisburg Parking Authority, Monthly Customer Validation Charges 2012

C-119

SCHEDULE 9

Exceptions to Representations

Section 8.1(i) – Both parties have asserted defaults under existing agreements between Transferor and Harrisburg University relating to the Harrisburg University Garage. These defaults will be resolved by a settlement to be executed before Closing.

- historical non-performance under Reservoir Park Parking Facilities Operating Agreement

C-120

SCHEDULE 10

Right-to-Know Law

a. The Pennsylvania Right-to-Know Law, 65 P.S. §§ 67.101-3104, (“RTKL”) applies to this Contract. For the purpose of these provisions, the term “the Commonwealth” shall refer to the contracting Commonwealth agency.

b. If the Commonwealth needs the Contractor’s assistance in any matter arising out of the RTKL related to this Contract, it shall notify the Contractor using the legal contact information provided in this Contract. The Contractor, at any time, may designate a different contact for such purpose upon reasonable prior notice to the Commonwealth.

c. Upon written notification from the Commonwealth that it requires the Contractor’s assistance in responding to a request under the RTKL for information related to this Contract that may be in the Contractor’s possession, constituting, or alleged to constitute, a public record in accordance with the RTKL (“Requested Information”), the Contractor shall:

1. Provide the Commonwealth, within ten (10) calendar days after receipt of written notification, access to, and copies of, any document or information in the Contractor’s possession arising out of this Contract that the Commonwealth reasonably believes is Requested Information and may be a public record under the RTKL; and

2. Provide such other assistance as the Commonwealth may reasonably request, in order to comply with the RTKL with respect to this Contract.

d. If the Contractor considers the Requested Information to include a request for a Trade Secret or Confidential Proprietary Information, as those terms are defined by the RTKL, or other information that the Contractor considers exempt from production under the RTKL, the Contractor must notify the Commonwealth and provide, within seven (7) calendar days of receiving the written notification, a written statement signed by a representative of the Contractor explaining why the requested material is exempt from public disclosure under the RTKL.

e. The Commonwealth will rely upon the written statement from the Contractor in denying a RTKL request for the Requested Information unless the Commonwealth determines that the Requested Information is clearly not protected from disclosure under the RTKL. Should the Commonwealth determine that the Requested Information is clearly not exempt from disclosure, the Contractor shall provide the Requested Information within five (5) business days of receipt of written notification of the Commonwealth’s determination.

f. If the Contractor fails to provide the Requested Information within the time period required by these provisions, the Contractor shall indemnify and hold the Commonwealth harmless for any damages, penalties, costs, detriment or harm that the Commonwealth may incur as a result of the Contractor’s failure, including any statutory damages assessed against the Commonwealth.

g. The Commonwealth will reimburse the Contractor for any costs associated with complying with these provisions only to the extent allowed under the fee schedule established by the Office of Open Records or as otherwise provided by the RTKL if the fee schedule is inapplicable.

C-121

h. The Contractor may file a legal challenge to any Commonwealth decision to release a record to the public with the Office of Open Records, or in the Pennsylvania Courts, however, the Contractor shall indemnify the Commonwealth for any legal expenses incurred by the Commonwealth as a result of such a challenge and shall hold the Commonwealth harmless for any damages, penalties, costs, detriment or harm that the Commonwealth may incur as a result of the Contractor’s failure, including any statutory damages assessed against the Commonwealth, regardless of the outcome of such legal challenge. As between the parties, the Contractor agrees to waive all rights or remedies that may be available to it as a result of the Commonwealth’s disclosure of Requested Information pursuant to the RTKL.

i. The Contractor’s duties relating to the RTKL are continuing duties that survive the expiration of this Contract and shall continue as long as the Contractor has Requested Information in its possession.

C-122

SCHEDULE 11

CLOSING AND POST-CLOSING COOPERATION

The Parties shall cooperate with each other to ensure the orderly transition of control, operation, management, and maintenance of, and the right to collect Revenues in connection with, the Parking System at the Time of Closing. In order to assure such orderly transition and to provide information and documents related to the operations of the Parking System to the Operator, the Transferor and the City will use commercially reasonable efforts to exercise their rights under existing agreements with service providers. Prior to the Closing, the Transferor and the Operator will develop an information action plan to advise the public, lessees, licensees, and service providers concerning the transition of the Parking System from the Transferor to the Transferee, which plan will include contact information for customer services such as customer information telephone numbers and a customer information web site. Within 180 days after the Closing, all Transferor and City logos on Parking System signage and equipment will be replaced with logos of the Operator.

The Parties will continue to cooperate using commercially reasonable efforts post-Closing to provide a smooth transition of operations, including the exercise of Parking Enforcement Powers and the collection of Parking Violation Revenues. The Parties will continue to cooperate throughout the Term to ensure smooth, efficient and effective operations of the Parking System.

C-123

SCHEDULE 12

City Payments

Period Ending	City Payments	Rent	Total
12/31/2013	\$ 900,000	\$ 1,100,000	\$2,000,000
12/31/2014	\$ 900,000	\$ 1,100,000	2,000,000
12/31/2015	\$ 1,367,000	\$ 1,133,000	2,500,000
12/31/2016	\$ 1,833,010	\$ 1,166,990	3,000,000
12/31/2017	\$ 1,798,000	\$ 1,202,000	3,000,000
12/31/2018	\$ 1,762,331	\$ 1,238,060	3,000,390
12/31/2019	\$ 2,241,682	\$ 1,275,201	3,516,883
12/31/2020	\$ 1,057,258	\$ 1,313,458	2,370,715
12/31/2021	\$ 1,071,587	\$ 1,352,861	2,424,448
12/31/2022	\$ 1,086,345	\$ 1,393,447	2,479,792
12/31/2023	\$ 1,101,546	\$ 1,435,251	2,536,797
12/31/2024	\$ 1,117,204	\$ 1,478,308	2,595,512
12/31/2025	\$ 1,133,331	\$ 1,522,657	2,655,988
12/31/2026	\$ 1,149,941	\$ 1,568,337	2,718,278
12/31/2027	\$ 1,167,050	\$ 1,615,387	2,782,438
12/31/2028	\$ 1,184,673	\$ 1,663,849	2,848,522
12/31/2029	\$ 1,202,824	\$ 1,713,764	2,916,588
12/31/2030	\$ 1,221,520	\$ 1,765,177	2,986,697
12/31/2031	\$ 1,240,776	\$ 1,818,132	3,058,908
12/31/2032	\$ 1,260,610	\$ 1,872,676	3,133,287
12/31/2033	\$ 1,281,039	\$ 1,928,857	3,209,896
12/31/2034	\$ 1,302,081	\$ 1,986,722	3,288,804
12/31/2035	\$ 1,323,755	\$ 2,046,324	3,370,079
12/31/2036	\$ 1,346,078	\$ 2,107,714	3,453,792
12/31/2037	\$ 1,369,072	\$ 2,170,945	3,540,017
12/31/2038	\$ 1,392,755	\$ 2,236,074	3,628,828
12/31/2039	\$ 1,417,148	\$ 2,303,156	3,720,304
12/31/2040	\$ 1,442,274	\$ 2,372,250	3,814,524
12/31/2041	\$ 1,468,153	\$ 2,443,418	3,911,571
12/31/2042	\$ 1,494,808	\$ 2,516,720	4,011,529
12/31/2043	\$ 1,522,263	\$ 2,592,222	4,114,485
12/31/2044	\$ 1,550,542	\$ 2,669,989	4,220,531
12/31/2045	\$ 1,579,669	\$ 2,750,088	4,329,758
12/31/2046	\$ 1,609,670	\$ 2,832,591	4,442,261
12/31/2047	\$ 1,640,571	\$ 2,917,569	4,558,140
12/31/2048	\$ 1,672,399	\$ 3,005,096	4,677,495
12/31/2049	\$ 1,705,182	\$ 3,095,249	4,800,431
12/31/2050	\$ 1,738,948	\$ 3,188,106	4,927,055
12/31/2051	\$ 1,773,728	\$ 3,283,749	5,057,477
12/31/2052	\$ 1,809,550	\$ 3,382,262	5,191,812
12/31/2053	\$ 1,846,448	\$ 3,483,730	5,330,178

C-124

SCHEDULE 13

Reserved

C-125

System and its users; (ii) the social, economic, legal, or other effects of any action on the Parking System; (iii) the recommendations, counsel and advice of any Consultant or Engineering Firm appointed in connection with the Asset Transfer Agreement; and (iv) the goal of operating the Parking System to comply with the Rate Covenant and the Prospective Rate Covenant.

VIII. **Scope.** The Advisory Committee shall act in an advisory role to provide input to PEDFA, its Qualified Designee, the Asset Manager, and the Operator in their operation of the Parking System. The Advisory Committee shall review and provide input with respect to the following: (a) any proposed expansion or contraction of the Parking System or its operations; (b) contractual compliance; (c) residential permit parking; (d) parking enforcement; (e) technology and capital improvements; (f) customer service; (g) Operating Standards; (h) other matters specifically mentioned in the Asset Transfer Agreement; and (i) any other matters the Asset Manager desires to discuss with the Advisory Committee.

IX. **Notices.** The Asset Manager shall promptly give notice to all members of the Advisory Committee of all matters to be considered by the Advisory Committee as provided in the Asset Transfer Agreement. The Asset Manager will provide information to Committee members and schedule meetings so the Advisory Committee can timely respond to matters it is to consider. All notices to the Advisory Committee shall be given to the Asset Manager and the Asset Manager shall promptly provide such notices to the members of the Advisory Committee.

C-127

SCHEDULE 14

Advisory Committee Governance

Advisory Committee Rules of Governance

I. **Creation of Advisory Committee.** The Advisory Committee is established by the Asset Transfer Agreement to provide input to PEDFA, the Qualified Designee, the Asset Manager, and the Operator with respect to certain matters affecting the Parking System in accordance with the terms of the Asset Transfer Agreement. Capitalized terms used in these Rules have the meaning ascribed to them in the Asset Transfer Agreement. The Asset Manager will be responsible for administering the Advisory Committee.

II. **Committee Members.** The Advisory Committee shall be composed of one representative of each of the Qualified Designee, the Asset Manager, the Operator, HPA, the City's Mayor, the City Council, AGM, the County, and DGS, in each case subject to the limitations of the Asset Transfer Agreement. Each Member shall hold his or her seat on the Advisory Committee until a successor is duly appointed and qualified or until the Member's earlier death, resignation, disqualification or removal by the entity they represent.

III. **Resignation or Removal of Members.** Any Member may resign at any time by notice given in writing or by electronic transmission to the Asset Manager and the Qualified Designee. Such resignation shall take effect at the date of receipt of such notice by the Asset Manager or at such later time as is therein specified. Each party represented on the Committee may replace its representative at any time.

IV. **Powers & Responsibilities.** By an affirmative vote of the Members as set forth under Section VI of these Rules of Governance, the written resolutions of the Advisory Committee shall govern all matters which come before the Advisory Committee.

V. **Meetings.** The Advisory Committee shall meet upon the request of PEDFA, Asset Manager, or Mayor but not less than twice per Operating Year. Meetings of the Advisory Committee may be held on not less than ten (10) days notice (unless waived by all Members) and in the City of Harrisburg (unless a different location is approved by a majority of the Members). Initially, meetings are anticipated to be held at least quarterly.

VI. **Voting.** The vote of a majority of the Members shall be required for any recommendation of the Advisory Committee. A "minority" recommendation will be included if approved by at least three (3) members of the Advisory Committee.

VII. **Reasonable Vote.** In discharging his or her duties on the Committee, the Members shall act in the best interest of the Parking System, Bondholders, and users of the Parking System. In determining what is in the best interest of the Parking System, Bondholders, and users of the Parking System, the Members shall not be required to regard the Party who appointed it as a dominant or controlling interest or factor, but shall give due and reasonable consideration to all factors affecting or related to the Parking System, including, but not limited to: (i) long-term prospects and interests of the Parking

C-126

SCHEDULE 15

RESERVED

C-128

SCHEDULE 16

CITY ISLAND OPTION

The City Island Option will provide for the City Island Garage and an adjacent portion of the City Island Lot to be subdivided via a condominium regime or subdivision and upon exercise, added to the Leased Premises under the Lease. The Stadium Park Permit must be modified to permit the Transferee to assume only those obligations of the City under the Stadium Park Permit that relate to the subdivided portion or condominium units that will be added to the Leased Premises under the Lease and any other obligations the Transferee finds acceptable. The City Island Option will provide for the Transferee to assume such obligations upon exercise of the option. Consideration for the grant of the City Island Option is included in the Acquisition Price. Consideration due to the City and the Transferor upon exercise of the option is the sum of \$100 and the assumption of obligations with respect to the Stadium Park Permit (relating only to the period of time following such assumption). Liability of the Transferee with respect to the assumed obligations must be limited as provided in Sections 2.8 and 18.13 of the Asset Transfer Agreement. The City Island Option will be exercisable beginning January 1, 2015 and not later than December 31, 2020.

C-129

June:

Brewers Fest - 1 day - close Locust St from N 3rd St to N 2nd St; close N 3rd St from Walnut St to Pine St

Meters: Both sides Locust St 3rd to 2nd
N 3rd St from Walnut St to Pine St

July:

Bellevue Park Association - 1 day - close Pentwater, Bellevue Rd, Briarcliff Rd, Oakwood Rd, Valley Rd, Northfield Rd, Midland Ln

HBG Jazz Festival - 3-4 days - close N Front St from Forster St to Walnut St
Meters: All side streets from Walnut St to North St

United Way Trike Race - 1 day - close Market St from Front St to N 2nd St (5hrs)

HBG Mile - 1 day - close N Front St from Maclay St to Forster St

August:

National Night-Out - 1/2 day - close an average of 10 streets every year

Dauphin Co. Parks & Rec - 1 day - close Market St from Front St to N 2nd St
Meters: Market St from Front St to N 2nd St

Breast Cancer Car Show - 1 day - close N Front St from Forster St to Walnut St; close State St from N Front St to N 2nd St
Meters: State St from N 2nd St to Front St

September:

Kipona Festival - 3-4 days - close N Front St from Forster St to Walnut St; close State St - 1 day - Front St to N 2nd St (Chili cook-off)
Meters: All side streets from Locust St to North St

Zembo Car Show - 1 day - close N 3rd St from Division St to Wiconisco St
Woolstock - 1 day - close N Front St from Forster St to Walnut St

December:

New Year's Eve - 1 day - close N 2nd St from Chestnut St to Walnut
Meters: both sides Chestnut to Walnut
Market St from Front St to N 2nd St

C-131

SCHEDULE 17

HISTORICAL LEVEL OF STREET CLOSURES

Parades

March:

Saint Patrick's Day Parade - 1 day closure - close Walnut St from Fisher Plaza to N 2nd St; close N 2nd St from Market St to North St; close North St from N 2nd St to Commonwealth
Meters: both sides complete parade route; no meters from Market St to Walnut St.

July:

Pride Parade - 1 day - close North St from Front St to N 2nd St; close N Front St from Forster St to Walnut St (4 hrs).

Meters: North St from Front St to N 2nd St

November:

Holiday Parade - 1 day - close Market St Bridge; close Market St from N Front St to N 2nd St; close N 2nd St from Chestnut St to North St; close North St from 2nd St to Front St; close Front St from Forster St to Market St

Meters: Market St Front St to N 2nd St
N 2nd St from Market St to North St (both sides)
North St from N 2nd St to Front St (both sides)

Street Festivals and Fairs

May:

Allison Hill Festival - 1 day - close Derry St from 18th to 13th (2hrs); close S 13th St from Derry to Berryhill St (2hrs); close Berryhill St from Crescent St to S 13th St
No parking Signs: Berryhill St, Cameron St to 13 St

Cinco de Mayo - 1 day - close S 3rd St from Chestnut to Market
Meters: No Parking - S 3rd St Chestnut to Market

Artsfest - 3-4 days - close N Front St from Forster St to Walnut St
Meters: Front St from Market St to Chestnut St

Appalachian Brewers - 1 day - close Walnut St from Cameron St to 10th St

C-130

Approximately 120-125 Block Parties between May and September; however, Block Parties seldom result in closure of any streets with Metered Parking.

The number and exact nature of parades and street festivals or fairs may change from year-to-year, as well as the particular route of a parade or location of a festival or fair. The agreed upon historical level of parades shall include one additional parade each year in addition to three listed above and shall include a Governor's Inaugural Parade whenever it occurs. The agreed upon level of street festivals/fairs shall include two additional events in addition to the 16 listed above.

Closures for street repairs and repaving are only within the control of the City to some degree and shall only be deemed to exceed the historical level of closures to the extent a particular closure extends beyond physical boundaries reasonably required for such repairs or repaving or extends beyond the period of time reasonably required to effectuate such repairs or repaving.

C-132

SCHEDULE 18

FORM OF AUTHORITY NOTE

**FORM OF PENNSYLVANIA ECONOMIC DEVELOPMENT FINANCING
AUTHORITY SURPLUS NOTE(S)**

[\$20,000,000]² Surplus Note 1

[\$77,000,000]⁴ Surplus Note 2

[\$100,000,000]³ Surplus Note 3

[\$100,000] Surplus Note 4

Issuer: Pennsylvania Economic Development Financing Authority

Holder: Harrisburg Parking Authority

Effective Date: _____ 1, 2013

Maturity Date: December 31, 2053

FOR VALUE RECEIVED, the PENNSYLVANIA ECONOMIC DEVELOPMENT FINANCING AUTHORITY, a public instrumentality of the Commonwealth of Pennsylvania and a public body politic and corporate created and existing under and by virtue of the Constitution and the laws of the Commonwealth of Pennsylvania ("Issuer"), hereby promises to pay to, or upon the order of, the HARRISBURG PARKING AUTHORITY (hereinafter "HPA"), the principal sum of _____ (\$ _____), as adjusted in accordance with the terms hereof, and reasonable costs of collection of any overdue payment as hereinafter provided.

This Surplus Note (this "Note") is issued under and secured pursuant to that certain Trust Indenture by and between the Issuer and US Bank National Association (the "Trustee"), dated as of December __, 2013 (the "Indenture"). It is expressly understood and agreed that this Note shall be subject to the following terms and conditions:

1. **Purpose.** The principal sum under this Note is to provide payment of a portion of the Acquisition Price (as defined in the Indenture) of the Harrisburg Parking Authority's parking assets.

² The Notes 1 and 2 will have an aggregate total principal balance of \$97,000,000 with the split between the two subject to adjustment.

³ Subject to adjustment as provided in Sections 2.1(a) and (b) of the Asset Transfer Agreement.

C-133

Revenue Bonds (Capitol Region Parking Project) Sub-Series B-1 of 2013 in the aggregate principal amount of \$ _____ (the "Series B-1 Bonds"), its Junior Guaranteed Parking Revenue Bonds (Capitol Region Parking Project) Series B-2 of 2013 (Capital Appreciation Bonds) in the Original Principal Amount of \$ _____ (the "Series B-2 Bonds"), its Junior Guaranteed Parking Revenue Bonds (Capitol Region Parking Project) Series B-3 of 2013 (Convertible Capital Appreciation Bonds) in the Original Principal Amount of \$ _____ (the "Series B-3 Bonds"), and its Junior Guaranteed Parking Revenue Bonds (Capitol Region Parking Project) Series B-4 of 2013 (Callable Capital Appreciation Bonds) in the Original Principal Amount of \$ _____ (the "Series B-4 Bonds"), and (iii) its Junior Insured/Guaranteed Parking Revenue Bonds (Capitol Region Parking Project), Series C of 2013 (the "Series C Bonds"), consisting of three sub-series, its Junior Insured/Guaranteed Parking Revenue Bonds (Capitol Region Parking Project), Series C-1 of 2013 in the aggregate principal amount of \$ _____ (the "Series C-1 Bonds"), its Junior Insured/Guaranteed Parking Revenue Bonds (Capitol Region Parking Project), Series C-2 of 2013 (Capital Appreciation Bonds) in the Original Principal Amount of \$ _____ (the "Series C-2 Bonds") and its Junior Insured/Guaranteed Parking Revenue Bonds (Capitol Region Parking Project), Series C-3 of 2013 (Convertible Capital Appreciation Bonds) in the Original Principal Amount of \$ _____ (the "Series C-3 Bonds"; the Series A Bonds, Series B Bonds and the Series C Bonds, are referred to collectively as the "2013 Bonds"), in accordance with Section 5.3 of the Indenture.

7. **Place, Manner, and Allocation of Payment.** Payments hereunder shall be made to the holder of this Note or a fiscal agent designated in a written direction to the Trustee by such holder. Unless otherwise agreed by the Issuer and HPA, all payments made by the Issuer pursuant to this Note shall be applied first to costs of collection on any amounts past due under this Note, and then to the outstanding balance of this Note.

8. **Principal Repayment.** All payments made by the Issuer on account of the outstanding principal balance hereof shall be contemporaneously noted by the holder of this Note or its designee on Schedule A of this Note. The principal outstanding balance may be prepaid in whole or in part without premium or penalty.

[TO BE INCLUDED IN SURPLUS NOTE 3 ONLY]

9. **[Setoff.]** Issuer shall have the right to setoff against the principal balance of this Note such amounts as permitted under Section 13.3 of the Asset Transfer Agreement.]

9. **[Reserved]**

10. **Miscellaneous Provisions.**

A. The Issuer waives presentment for payment, demand, notice of nonpayment, notice of dishonor, protest of any dishonor, notice of protest and protest of this Note, and all other notices in connection with the delivery, acceptance, performance, default or enforcement of the payment of this Note, and agrees that its liability shall not be in any manner affected by any indulgence, extension of time, renewal, waiver or modification granted or consented to by the holder. The Issuer agrees that payment

C-135

2. **Payment of Principal.** Subject to the terms and provisions of the Indenture, the principal sum shall be paid to HPA (or its assignee or transferee pursuant to Section 14 hereof) by the Issuer, beginning on the first business day of November, 2014, and on the first Business Day of each November thereafter, until this Note is paid in full, [FOR NOTES 1 AND 2: from funds available for payment of this Note from the Surplus Fund as provided in Section 5.3(b)(xv) of the Indenture] [FOR NOTE 3: in accordance with Schedule I attached hereto,⁴ but subject to the availability of funds for payment of this Note from the Surplus Fund as provided in Section 5.3(b)(xv) of the Indenture] [FOR NOTE 4: upon termination of the Lease but subject to the availability of funds for payment of this Note from the Surplus Fund as provided in Section 5.3(b)(xv) of the Indenture]. [FOR NOTE 3: Any payments due pursuant to Schedule I but not paid because no or insufficient funds are available in the Surplus Fund under the Indenture shall continue to be payable until funds are available in the Surplus Fund and are paid on this Note]. No interest shall be payable on this Note.

3. **Limitations on Payment of Principal.** In accordance with the Indenture, this Note shall only be payable from amounts available therefore in the Surplus Fund created pursuant to and maintained under the Indenture and to the extent permitted by the Indenture.

4. **Failure to Make a Payment.** To the extent that any scheduled payment under this Note is not made when due because funds are not available in the Surplus Fund under the Indenture, in whole or in part, the amount not paid shall be added to the next year's Principal Payment. Any failure to make a scheduled payment shall not, in and of itself, constitute an Event of Default or default under the Indenture if and to the extent funds are not available to make such payment in accordance with the terms of the Indenture.

5. **Limitations on Issuer.** Until such time as this Note is fully repaid, the Issuer may not sell, assign, or transfer any of the Parking Facilities (as defined in the Indenture) except as permitted under the Indenture and the Lease.

6. **Subordination.** The principal sum of this Note and all other claims under this Note shall be payable solely from amounts deposited into the Surplus Fund created by the Indenture after the payment of amounts due on, and are subordinate to, the: (i) Senior Parking Revenue Bonds (Capitol Region Parking Project), Series A of 2013 (the "Series A Bonds"), consisting of two sub-series, its Senior Parking Revenue Bonds (Capitol Region Parking Project) Sub-Series A-1 of 2013 in the aggregate principal amount of \$ _____ (the "Series A-1 Bonds") and its Senior Parking Revenue Bonds (Capitol Region Parking Project) Series A-2 of 2013 (Capital Appreciation Bonds) in the Original Principal Amount (as defined herein) of \$ _____ (the "Series A-2 Bonds"), in the aggregate principal amount of \$ _____, (ii) its Junior Guaranteed Parking Revenue Bonds (Capitol Region Parking Project) Series B of 2013 (the "Series B Bonds"), consisting of four sub-series, its Junior Guaranteed Parking

⁴ Schedule I will be attached to the Surplus Note 3 within 10 days following closing and will be adjusted based upon the final principal balance of the Surplus Note 3 and projected available funds in the Surplus Fund after final determination of debt service on the Parking Bonds.

C-134

will be made hereunder without setoff [FOR SURPLUS NOTE 3 ONLY: except as provided in Section 9 hereof].]

B. The principal of this Note constitutes a legal liability of the Issuer payable from amounts deposited into the Surplus Fund to the extent provided in the Indenture.

C. Until repaid in full, financial statements of the Parking System filed or published by the Issuer shall show as a footnote thereto the amount then unpaid.

D. Notwithstanding anything herein or in any other Document to the contrary, the obligations, covenants, and agreements of the Issuer pursuant to this Note shall be limited non-recourse obligations of the Issuer, payable solely from the Revenues of the Parking System, shall not constitute a pledge of the faith and credit of the Issuer or of any assets of the Issuer other than Issuer's right, title and interest in and to the Parking System, and HPA shall have no claim against the Issuer for the performance of any obligation or for payment of any amount due pursuant to this Note from any assets or revenues of the Issuer, other than the Revenues.

THE OBLIGATIONS OF THE ISSUER UNDER THIS NOTE ARE LIMITED OBLIGATIONS PAYABLE SOLELY FROM REVENUES AND SUCH OBLIGATIONS SHALL NOT BE DEEMED AN OBLIGATION OF THE COMMONWEALTH OR ANY POLITICAL SUBDIVISION THEREOF. NEITHER THE COMMONWEALTH NOR ANY POLITICAL SUBDIVISION IS NOR SHALL BE OBLIGATED TO MAKE ANY PAYMENTS UNDER THIS NOTE. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COMMONWEALTH OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO ANY PAYMENT HEREUNDER. THE ISSUER IS NOT A POLITICAL SUBDIVISION OF THE COMMONWEALTH AND HAS NO TAXING POWER.

13. **Entire Agreement.** Except as set forth in the Indenture, this instrument sets forth the entire agreement of the Issuer and HPA with respect to the terms of this Note. This Note may not be amended or modified, unless prior approval is given to such modification or amendment, in writing, by HPA and the Issuer; provided that no such amendment or modification shall have any force or effect until any and all filings and other conditions then required under applicable law have been made or satisfied.

14. **Transfer or Assignment.** This Note may be transferred or assigned as permitted by the Indenture and thereafter the assignee or transferee shall have all of the rights of HPA hereunder, including the right to enforce and collect all amounts payable hereunder.

15. **Governing Law.** This Note is made and delivered in the Commonwealth of Pennsylvania and shall be governed by and construed and interpreted in accordance with the laws of the Commonwealth of Pennsylvania, including its statutes of limitations but without regard to its conflicts of law rules. This Note shall be binding upon the Issuer, its successors and assigns.

16. **Interpretation.** The Section headings contained in this Note are for reference purposes only and shall not affect in any way the meaning or interpretation of this Note. No provision of this Note shall be construed to require the Issuer, HPA or the Trustee, or any of their

C-136

[THIS PAGE INTENTIONALLY LEFT BLANK]

Appendix “D”

Form of Lease

[THIS PAGE INTENTIONALLY LEFT BLANK]

TABLE OF CONTENTS

Page

ARTICLE I DEFINITIONS7
 SECTION 1.01. Definitions Generally.....7
 SECTION 1.02. Defined Terms7
ARTICLE II DEMISE OF LEASED PREMISES13
 SECTION 2.01. Demise of Leased Premises13
 SECTION 2.02. "AS IS" Condition.....13
 SECTION 2.03. Permitted Use.....13
ARTICLE III TERM.....14
 SECTION 3.01. Term.....14
ARTICLE IV RENT.....14
 SECTION 4.01. Base Rent14
 SECTION 4.02. Additional Rent.....**Error! Bookmark not defined.**
 SECTION 4.03. Additional Rent Payment Dates.....**Error! Bookmark not defined.**
ARTICLE V TAXES..... **ERROR! BOOKMARK NOT DEFINED.**
 SECTION 5.01. Payment of Taxes.....15
ARTICLE VI RESERVED RIGHTS; ALTERATIONS16
 SECTION 6.01. Certain Rights Reserved by Lessor.....16
 SECTION 6.02. Alterations.....16
ARTICLE VII PARKING RATES; MANAGEMENT.....16
 SECTION 7.01. Parking Rates16
 SECTION 7.02. Period of Operation.....16
 SECTION 7.03. Parking Operations.....16
ARTICLE VIII DESTRUCTION, DAMAGE AND EMINENT DOMAIN17
 SECTION 8.01. Destruction, Damage and Eminent Domain17
ARTICLE IX INSURANCE17
 SECTION 9.01. Insurance Coverage Required.....**Error! Bookmark not defined.**
 SECTION 9.02. Additional Requirements.19
ARTICLE X OPTION TO PURCHASE.....21
 SECTION 10.01. Lessor Option to Purchase21
ARTICLE XI DEFAULTS AND REMEDIES.....23

LEASE BETWEEN
HARRISBURG PARKING AUTHORITY, as Lessor
 and
PENNSYLVANIA ECONOMIC DEVELOPMENT FINANCING AUTHORITY,
 as Lessee
 Dated as of
December 1, 2013

SECTION 11.01. Defaults by Lessee23
 SECTION 11.02. Defaults by Lessor24
ARTICLE XII RESTRICTION ON TRANSFER; NO ENCUMBRANCES25
 SECTION 12.01. Restrictions on Transfers of Leased Premises25
 SECTION 12.02. Restriction on Encumbrances by Lessee.....25
 SECTION 12.03. Subleasing25
 SECTION 12.04. Restriction on Encumbrances by Lessor.....25
 SECTION 12.05. General Restriction25
ARTICLE XIII TITLE TO AND SURRENDER OF LEASED PREMISES26
 SECTION 13.01. Surrender.....26
 SECTION 13.02. Title to the Leased Premises26
ARTICLE XIV ESTOPPEL CERTIFICATES26
 SECTION 14.01. Lessee Estoppel.....26
 SECTION 14.02. Lessor Estoppel.....27
ARTICLE XV LEASEHOLD MORTGAGES; MORTGAGEE PROTECTIONS.....27
 SECTION 15.01. Leasehold Mortgages.....27
 SECTION 15.02. Leasehold Mortgagee's Right to Cure**Error! Bookmark not defined.**
 SECTION 15.03. Rights of Leasehold Mortgagee.....**Error! Bookmark not defined.**
 SECTION 15.04. Termination; New Lease.....**Error! Bookmark not defined.**
ARTICLE XVI SIGNS.....31
 SECTION 16.01. Signs.....31
ARTICLE XVII REPRESENTATIONS, WARRANTIES AND COVENANTS.....31
 SECTION 17.01. Representations of Lessee.....31
 SECTION 17.02. Representations of Lessor32
ARTICLE XVIII QUIET ENJOYMENT33
 SECTION 18.01. Quiet Enjoyment.....33
 SECTION 18.02. Lessor's Right to Enter33
 SECTION 18.03. Police, Fire, Emergency, and Public Safety Access Rights34
ARTICLE XIX INDEMNIFICATION; LIMITATION OF LIABILITY34
 SECTION 19.01. Release; Limitation of Lessee's Liability34
 SECTION 19.02. Indemnity of Lessee34
 SECTION 19.03. Indemnity of Indenture Trustee35
 SECTION 19.04. Limitation of Lessor's Liability.....37

ARTICLE XX NOTICES.....37
 SECTION 20.01. Notices37
ARTICLE XXI MISCELLANEOUS PROVISIONS38
 SECTION 21.01. Recordation38
 SECTION 21.02. Successors39
 SECTION 21.03. Non-Merger.....39
 SECTION 21.04. Consents.....39
 SECTION 21.05. Expiration of Lessee; Expiration of Lessor39
 SECTION 21.06. Expiration of the Indenture.....**Error! Bookmark not defined.**
 SECTION 21.07. Governing Law39
 SECTION 21.08. Severability39
 SECTION 21.09. Captions39
 SECTION 21.10. Waiver of Jury Trial.....40
 SECTION 21.11. Entire Agreement40

LEASE

THIS LEASE (this "Lease") is made and entered into as of the 1st day of December, 2013 (the "Dated Date"), by and between the HARRISBURG PARKING AUTHORITY ("Lessor"), a Pennsylvania parking authority, organized and existing under the laws of the Commonwealth of Pennsylvania, as lessor, and the PENNSYLVANIA ECONOMIC DEVELOPMENT FINANCING AUTHORITY ("Lessee"), a body corporate and politic and an instrumentality of the Commonwealth of Pennsylvania, organized and existing under the laws of the Commonwealth of Pennsylvania, as lessee.

BACKGROUND OF LEASE

A. Lessee is a public instrumentality of the Commonwealth of Pennsylvania (the "Commonwealth") and a public body corporate and politic organized and existing under the Pennsylvania Economic Development Financing Law (Act No. 102, approved August 23, 1967, P.L. 251, as amended, including the amendments effected by Act No. 48, approved July 10, 1987, P.L. 273, and Act No. 74, approved December 17, 1993, P.L. 490), as amended and supplemented from time to time (the "EDF Act").

B. Under the EDF Act, Lessee is authorized and empowered to acquire hold, construct, improve, maintain, own, finance and lease projects, including facilities and activities which promote the purposes set forth in the EDF Act and to make contracts of every name and nature necessary or convenient for carrying out projects.

C. The EDF Act declares it to be in the public interest and policy of the Commonwealth to promote industrial, commercial and other economic development and to encourage economic development and efficiency within the Commonwealth by providing basic services and facilities and by providing financing for, inter alia, transportation systems and facilities of every kind, and facilities conducive to economic activity in the Commonwealth.

D. Under the EDF Act, Lessee is authorized to issue bonds, to secure the payment of such bonds by pledge, mortgage or assignment of all or any part of the property of Lessee, its revenues and receipts therefrom or its revenues generally, and to provide for the rights of the holders of such bonds in accordance with the provisions of the EDF Act.

E. Lessor, the City of Harrisburg (the "City"), and Lessee have entered into that certain Asset Transfer Agreement dated as of December 1, 2013 (the "Asset Transfer Agreement"), pursuant to which the Lessor has agreed, inter alia, to lease certain Parking Facilities owned by the Lessor (including certain Parking Facilities to be acquired by Lessor from the City) to Lessee.

F. In accordance with the EDF Act, and pursuant to the terms and conditions of the Indenture (as said term is hereinafter defined), Lessee will issue its Pennsylvania Economic Development Financing Authority Parking Revenue Bonds (Capitol Region Parking Project), Series A, Series B, and Series C of 2013 (the "Parking Bonds") in the aggregate principal amount of approximately \$270,000,000. Lessee will use all or a portion of the proceeds of the Parking Bonds for the purpose of (i) financing a portion of the cost of acquiring the Parking Facilities; (ii) funding a

D-5

M. Simultaneously with the issuance of the Parking Bonds, Lessee and the Capitol Region Economic Development Council ("CREDC") as the initial Qualified Designee will enter into a Servicing Agreement (the "Servicing Agreement") pursuant to which Qualified Designee will administer and manage on behalf of Lessee the relationship between Lessee and Asset Manager and Parking Operator with respect to the Parking Facilities for a term provided therein and on the terms and conditions provided therein.

N. Simultaneously with the issuance of the Parking Bonds, Lessee will enter into that certain Asset Management Agreement (the "Asset Management Agreement") pursuant to which PK Harris Advisors, Inc., a Georgia corporation, an affiliate of Trimont Real Estate Advisors, Inc. ("Initial Asset Manager"), will serve as asset manager of the Parking Facilities for a term provided therein and on the terms and conditions provided therein.

O. Simultaneously with the issuance of the Parking Bonds, Asset Manager and Standard Parking Corporation (together with any replacement parking operator, "Parking Operator"), will enter into a Parking Services Agreement (a "Parking Services Agreement") pursuant to which Parking Operator will operate and maintain the Parking Facilities for a term provided therein and otherwise on the terms and conditions provided therein.

NOW, THEREFORE, in consideration of a portion of the "Acquisition Price" (as defined in the Asset Transfer Agreement) paid by Lessee to Lessor pursuant to the Asset Transfer Agreement concurrently with the effectiveness of this Lease, including delivery of the "Authority Notes, and other good and valuable consideration, receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound hereby, the parties hereto agree as follows:

ARTICLE I DEFINITIONS AND INCORPORATION; INDENTURE

SECTION 1.01. **Definitions Generally.** As used in this Lease, (i) the plural includes the singular and the singular includes the plural, and words of any gender mean and include any other gender, (ii) the words "include," "includes" or "including" mean "include without limitation," "includes without limitation" and "including without limitation," respectively, and the words following "include," "includes" or "including" shall not be considered to set forth an exhaustive list, and (iii) the words "shall" and "will" have the same meaning.

SECTION 1.02. **Defined Terms.** Wherever used in this Lease, the following terms have the following meanings:

"Additional Bonds" has the meaning given it in the Indenture.

"Additional Coverages" has the meaning given it in Section 9.02.7.

"Affiliate" when used to indicate a relationship with a specified Person, means a Person that, directly or indirectly, through one or more intermediaries has a ten percent (10%) or more voting or economic interest in such specified Person or controls, is controlled by or is under common control with (which shall include, with respect to a managed fund or trust, the right to direct or cause the direction of the management and policies of such managed fund or trust as manager, advisor, supervisor, sponsor or trustee pursuant to relevant contractual arrangements) such specified Person,

D-7

Capital Reserve Fund; (iii) financing capitalized interest on Series B and Series C of 2013; and (iv) paying all or a portion of costs of issuance of the Parking Bonds (collectively, the "Project").

G. Concurrently with the issuance of the Parking Bonds, Lessee and Lessor have entered into this Lease pursuant to which Lessor, as lessor, is leasing to Lessee, as lessee, the land described in Exhibits "A-1" through "A- " hereto and all real property and improvements situated thereon (collectively, the "Parking Facilities") together with any and all fixtures, appliances, machinery, equipment and signage of any nature whatsoever which are now or hereinafter installed in, attached to or situated in or upon the Parking Facilities, and any and all tenements, hereditaments and appurtenances belonging to the Parking Facilities or any part thereof, or in any appertaining thereto, and all streets, alleys, passages, ways, water courses, easements and covenants now existing or hereinafter created for the benefit of the Parking Facilities and all rights to enforce the same, and all other rights, liberties and privileges of whatsoever kind or character pertaining to the Parking Facilities (collectively with the Parking Facilities, the "Leased Premises").

H. Assured Guaranty Municipal Corp. ("AGM") has agreed to provide credit enhancement with respect to Series C of 2013 of the Parking Bonds in the form of a municipal bond insurance policy and with respect to Series A of 2013, Series B of 2013, and Series C of 2013 of the Parking Bonds, in the form of a separate debt service reserve fund surety policy for each series of the Parking Bonds. Dauphin County, Pennsylvania (the "County") has agreed to provide credit enhancement with respect to Series B of 2013 and Series C of 2013 of the Parking Bonds in the form of a separate guaranty for each series of Parking Bonds (secondary to the AGM municipal bond insurance policy for Series C of 2013).

I. Lessee and Lessor intend that the Parking Bonds will constitute tax exempt bonds, so that interest on such Parking Bonds will not be included in the gross income of the recipients thereof under the Code. [MODIFY IF ANY PORTION OF THE PARKING BONDS ARE TAXABLE]

J. The Parking Bonds will be issued pursuant to that certain Trust Indenture dated as of the date hereof (the "Indenture"), between Lessee and U.S. Bank National Association, as trustee (together with any successor trustee, the "Indenture Trustee"), pursuant to which Lessee is issuing the Parking Bonds.

K. As the source of payment for and as security for the Parking Bonds, the Authority Notes, and any Additional Bonds (as defined in the Indenture) and its obligations under the Indenture, Lessee will deliver to the Indenture Trustee, inter alia, a first priority assignment of all Revenues dated as of the Dated Date (the "Revenues Assignment"), a first priority Open-End Leasehold Mortgage and Security Agreement, dated as of the Dated Date (the "Initial Leasehold Mortgage") on Lessee's Leasehold Estate (as said term is hereinafter defined), and a pledge and assignment of certain rights of Lessee under the Asset Transfer Agreement, the Parking Services Agreement, the Asset Management Agreement, the PEDFA Intergovernmental Cooperation Agreement entered into by Lessee and the City.

L. The leasehold estate created under this Lease, together with Lessee's title and interest in the Parking Facilities and other components of the Leased Premises, are sometimes herein collectively referred to as the "Leasehold Estate".

D-6

and a Person shall be deemed to be controlled by another Person, if controlled in any manner whatsoever that results in control in fact by that other Person (or that other Person and any Person or Persons with whom that other Person is acting jointly or in concert), whether directly or indirectly and whether through share ownership, a trust, a contract or otherwise (for purposes of this definition, a managed fund or trust shall be deemed to be an Affiliate of the Person managing, supervising, sponsoring or advising such fund or trust and a limited partner in a managed fund or trust shall be deemed to be an Affiliate of such fund or trust and of the Person managing, supervising, sponsoring or advising such fund or trust).

"Applicable Laws" means all applicable present and future orders, writs, injunctions, decrees, judgments, laws, ordinances, decisions, binding opinions, rulings, policies, statutes, codes, rules or regulations of all applicable federal, state and local governments, courts, departments, commissions, boards or agencies.

"Asset Management Agreement" means, the Asset Management Agreement between Lessee and the Asset Manager or any successor Asset Manager. The Asset Management Agreement shall qualify and be consistent with the conditions set forth under Rev. Proc. 97-13 or any successor revenue procedure, regulation or other official pronouncement of the Internal Revenue Service as to not result in private business use under § 141(b) of the Internal Revenue Code. Any agreement between Lessee and its Qualified Designee is not an Asset Management Agreement.

"Asset Manager" means the Asset Manager, or any other subsequent Person engaged by Lessee as a successor to the Initial Asset Manager for the Parking Facilities in accordance with this Lease, the Asset Transfer Agreement and the Indenture. The term does not include a Qualified Designee.

"Authority Notes" means those three certain Pennsylvania Economic Development Financing Authority Surplus Notes issued by Lessee pursuant to Section 2.13 of the Indenture, in the aggregate principal amount determined as provided in Section 2.1 of the Asset Transfer Agreement, for the benefit of Lessor, substantially in the form of the "Authority Note" attached as Schedule 18 to the Asset Transfer Agreement, together with all replacements thereof.

"Business Day" means any Day that is not a Saturday, a Sunday or a Day observed as a holiday by the City, the Commonwealth or the United States government or a day on which banks in the city in which the corporate trust offices of the Indenture Trustee are located, are required or authorized by law (including executive order) to close.

"City" has the meaning given it in the preamble to this Lease.

"Code" means the Internal Revenue Code of 1986, as the same may be amended from time to time and including all applicable Treasury regulations.

"Commencement Date" means the "Closing Date" as defined in the Asset Transfer Agreement.

"Commonwealth" has the meaning given it in the Recitals.

D-8

“**Commonwealth Lease**” means that certain Vehicle Parking Lease providing for the lease of spaces in certain of the Parking Facilities by and between Lessee, as lessor, and the Commonwealth, as lessee.

“**Dated Date**” has the meaning given it in the heading of this Lease.

“**Day**” means a calendar day, beginning at 12:01 a.m. Prevailing Eastern Time.

“**Designated Obligations**” has the meaning given it in [Section 3.01](#).

“**EDF Act**” has the meaning given it in the Recitals.

“**Emergency**” means a situation that is urgent and calls for immediate action, which, if such action is not taken, is reasonably likely to result in or create a serious risk of imminent harm or physical damage to any or all of the Parking Facilities or any natural Person.

“**Encumbrance**” means any mortgage, lien, judgment, execution, pledge, charge, security interest, restriction, easement, servitude, option, reservation, lease, sublease, claim, trust, deemed trust or encumbrance of any nature whatsoever, whether arising by operation of law, judicial process, contract, agreement or otherwise created, excluding leases and subleases entered into by Lessee as permitted by [Section 10.2](#) hereof.

“**Environment**” means soil, surface waters, ground waters, land, improvements, stream sediments, surface or subsurface strata and ambient air.

“**Environmental Approvals**” shall mean any approvals of any Governmental Authority, registration, identification numbers, bonds or other financial assurances and any other governmental order, directive or action pursuant to or required under any Environmental Law.

“**Environmental Claim**” shall mean any action, suit, proceeding, investigation, notice, claim, complaint, demand, request for information or other communication (written or oral) by any Person (including any Governmental Authority, citizens group or employee or former employee of such Person) alleging, asserting or claiming any actual or potential: (a) violation of Environmental Law, (b) liability under any Environmental Law or (c) liability for investigatory costs, cleanup costs, governmental response costs, natural resources damages, property damages, personal injuries, fines or penalties arising out of, based on, or resulting from, the presence or release into the environment of any Hazardous Substances to, at or from the Leased Premises.

“**Environmental Law**” means any Applicable Law regulating or imposing liability or standards of conduct concerning or relating to (i) the regulation, use or protection of human health or the Environment or (ii) the regulation, use or exposure to Hazardous Substances.

“**Financing Documents**” means the Indenture, this Lease, the Leasehold Mortgage, the Indenture Assignments, the Asset Management Agreement, the Parking Services Agreement, Collateral Assignment and Subordination of Parking Services Agreement, Collateral Assignment and Subordination of Asset Management Agreement, Assignment of Leases and Rents from Lessee to Indenture Trustee, Collateral Assignment and Security Agreement in Respect of Contracts, Licenses

D-9

“**Parking Bonds**” has the meaning given it in the Recitals and includes all refunding bonds issued to refund the Parking Bonds and all Additional Bonds.

“**Parking Facilities**” has the meaning given it in the Recitals.

“**Parking Operator**” has the meaning given it in the Recitals, and includes any successor or permitted assigns.

“**Parking Services Agreement**” has the meaning given it in the Recitals.

“**Party**” means a party to this Lease and “**Parties**” means both of them.

“**Permitted Encumbrances**” has the meaning given it in Section 2.01 hereof.

“**Permitted Lessee Encumbrance**” means, with respect to the Leasehold Estate: (i) the Permitted Encumbrances, (ii) any Encumbrance that is being contested in accordance with [Section 5.01\(a\)](#) (but only for so long as such contest effectively postpones enforcement of any such Encumbrance); (iii) any (A) lien or security interest for obligations not yet due and payable to a contractor or other Person, (B) statutory lien, deposit or other non-service lien or (C) lien, deposit or pledge to secure mandatory statutory obligations or performance of bids, tenders, contracts (other than for the repayment of borrowed money) or leases, or for purposes of like general nature, any of which are incurred in the ordinary course of business of the Parking Facilities and either (I) not delinquent or (II) which are being contested by Lessee (but only for so long as such contest effectively postpones enforcement of any such Encumbrance); (iv) inchoate materialmen’s, mechanics’, workmen’s, repairmen’s, employees’, carriers’, warehousemen’s, or other like Encumbrances arising in the ordinary course of business of the Parking Facilities or Lessee’s performance of any of its rights or obligations hereunder, and either (I) not delinquent or (II) which are being contested by Lessee (but only for so long as such contest effectively postpones enforcement of any such Encumbrance); (v) any right reserved to or vested in any Governmental Authority by any statutory provision or under common law; (vi) any other Encumbrance created by Lessee and permitted hereunder; (vii) liens incurred in the ordinary course of business in connection with workers’ compensation, unemployment insurance, social security and other governmental rules and that do not in the aggregate materially impair the use, value or operation of the Parking Facilities; (viii) any Encumbrance, security interest or pledge imposed upon Lessee as to Lessee’s assets arising from borrowings, financings, leases or similar transactions in the ordinary course of business (including any leasehold mortgage (and financing statements or other means of perfection thereto) or any Encumbrance created, incurred, or assumed pursuant to the Indenture in connection with the issuance of the Parking Bonds); and (ix) any amendment, extension, renewal or replacement of any of the foregoing.

“**Permitted Lessor Encumbrance**” means, with respect to the fee interest in the Leased Premises: (i) the Permitted Encumbrances; (ii) the Leasehold Estate; (iii) any Encumbrance that is being contested, or being caused to be contested, by Lessor and disclosed in writing to Lessee (but only for so long as such contest effectively postpones enforcement of any such Encumbrance); and (iv) any Encumbrances created, incurred, assumed or suffered to exist by Lessee or any Person claiming through it.

“**Permitted Uses**” has the meaning given it in [Section 2.03](#).

D-11

and Permits, and all ancillary documents executed by Lessor, Indenture Trustee or Lessee in connection with Lessee’s financing of the Project; and each is a Financing Document.

“**Foreclosure Notice**” has the meaning given it in [Section 15.06\(a\)](#).

“**Governmental Authority**” means any court, federal, state, local or foreign government, department, commission, board, bureau, agency or other regulatory, administrative, governmental or quasi-governmental authority and, unless expressly excluded, includes the City. The definition of Governmental Authority excludes Lessee.

“**Hazardous Substance**” means any solid, liquid, gas, odor, radiation or other substance or emission which is a contaminant, pollutant, dangerous substance, toxic substance, hazardous waste, subject waste, hazardous material or hazardous substance or that might pose a hazard to health or safety or the generation, manufacture, refining, production, processing, treatment, storage, handling, transportation, transfer, use, disposal, release, discharge, spoilage, seepage or filtration of which is or shall be restricted, prohibited or penalized by any Environmental Law or which is or becomes regulated by applicable Environmental Laws or which is classified as hazardous or toxic under applicable Environmental Laws (including gasoline, diesel fuel or other petroleum hydrocarbons, polychlorinated biphenyls, asbestos and urea formaldehyde foam insulation, asbestos and radon gas).

“**Indenture**” has the meaning given it in the Recitals.

“**Initial Leasehold Mortgage**” has the meaning given it in the Recitals.

“**Lease**” means this Lease between Lessor and Lessee.

“**Leased Premises**” has the meaning given it in the Recitals.

“**Leasehold Estate**” has the meaning given it in the Recitals.

“**Leasehold Mortgage**” has the meaning given it in [Section 15.01\(a\)](#).

“**Leasehold Mortgagee**” means the holder of a Leasehold Mortgage.

“**Leasehold Mortgagee’s Notice**” has the meaning given it in [Section 15.02\(a\)](#).

“**Leasehold Value**” has the meaning given it in [Section 10.01\(b\)](#).

“**Lessee**” has the meaning given it in the preamble.

“**Lessor**” has the meaning given it in the preamble.

“**Lessor’s Option**” has the meaning given it in [Section 15.06\(a\)](#).

“**New Lease**” has the meaning given it in [Section 15.05\(a\)](#).

“**Operating Year**” means (i) the period beginning on the Commencement Date and ending on the following December 31, and (ii) each successive period of twelve calendar months thereafter beginning on January 1 and ending on December 31.

D-10

“**Person**” means any individual (including, the heirs, beneficiaries, executors, legal representatives or administrators thereof), corporation, partnership, joint venture, trust, limited liability company, limited partnership, joint stock company, unincorporated association or other entity or a Governmental Authority.

“**Prevailing Eastern Time**” means Eastern Standard Time or Eastern Daylight Time, as applicable in the Commonwealth on the relevant day.

“**Property Taxes**” means any ad valorem property tax attributable to the Parking Facilities or the Leasehold Estate, including an ad valorem tax on real property and improvements, building, structures, fixtures and tangible personal property and assessments for public improvements.

“**Purchase Option**” has the meaning given it in [Section 10.01](#).

“**Purchase Option Closing**” has the meaning given it in [Section 10.01](#).

“**Purchase Option Notice**” has the meaning given it in [Section 10.01](#).

“**Purchase Option Price**” has the meaning given it in [Section 10.01](#).

“**Qualified Designee**” means the entity from time to time selected by Lessee as its representative to administer and manage on behalf of Lessee the relationship between Lessee and Asset Manager and Parking Operator with respect to the Parking Facilities, which at all times shall be either a governmental entity or an organization determined to be exempt under Section 501(c)(3) of the Code, and is engaged under an agreement which shall not adversely affect the exclusion of the interest on the Parking Bonds from gross income for purposes of United States income tax, or another entity with respect to which Lessee has received an opinion of nationally recognized bond counsel that such entity may be the Qualified Designee without adversely affecting the tax exempt status of the Parking Bonds. Initially, the Qualified Designee is the Capitol Region Economic Development Council.

“**Rates**” means those amounts established, fixed, charged and collected for the use of and for the services furnished by the Parking Facilities.

“**Rate Covenants**” has the meaning given it in the Indenture.

“**Rent**” has the meaning given it in [Section 4.01](#).

“**Representative**” means, with respect to any Person, any director, officer, employee, official, partner, member, owner, agent, lawyer, accountant, auditor, professional advisor, consultant, engineer, Contractor, other Person for whom such Person is at law responsible or other representative of such Person or any professional advisor, consultant or engineer designated by such Person as its “Representative.”

“**Required Coverages**” has the meaning given it in [Section 9.01](#).

“**Required Period of Operation**” means the Days and period or periods of time during each Day that a Parking Garage or Parking Lot is required to be operated and open for public parking as set forth on [Exhibit “C”](#).

D-12

"Revenues" has the meaning given it in the Indenture.

"Servicing Agreement" has the meaning given it in the Recitals.

"Taxes" means any federal, state, local or foreign payroll, employment, withholding, social security, unemployment, disability, parking, or other similar tax payable, levied, collected, withheld or assessed against Lessee at any time with respect to the conduct of business with respect to the Parking Facilities, including any interest, penalty or addition thereto, whether disputed or not, excluding Property Taxes. If, due to a future change in the method of taxation, any other tax, however designated, is imposed in substitution for Taxes or any part thereof, then such other tax shall be included as "Taxes."

"Term" has the meaning given it in Section 3.01.

"Transfer" means to sell, convey, assign, mortgage, encumber, pledge, transfer or otherwise dispose of, excluding any such transfers by Lessee permitted by Sections 12.02, 12.03, and 12.05.

SECTION 1.03. Asset Transfer Agreement. Where sections or provisions of the Asset Transfer Agreement are specifically incorporated into this Lease by reference, (i) such incorporation by reference shall also incorporate the Asset Transfer Agreement's definitions of all defined terms used therein and the Asset Transfer Agreement's exhibits and schedules referenced therein; and (ii) each incorporated section or provision shall be interpreted herein as if the term "Transferor" reads "Lessor," "Transferee" reads "Lessee," "Agreement" reads "Lease," and "Parking System" and "Off-Street Parking System" reads "Leased Premises."

SECTION 1.04. Indenture. Lessee covenants and agrees that it will not amend, supplement, modify or restate Article 5 of the Indenture, the definition of any defined term used in Article 5 of the Indenture, or any other provision of the Indenture that would be materially adverse to Lessor, without the prior written consent of Lessor, which consent shall not be unreasonably withheld, conditioned or delayed.

ARTICLE II DEMISE OF LEASED PREMISES

SECTION 2.01. Demise of Leased Premises. Subject to the terms and conditions hereof, Lessor hereby demises and leases to Lessee, and Lessee hereby demises and leases from Lessor, upon the terms and provisions of this Lease, the Leased Premises, under and subject to the encumbrances set forth on Exhibit "B", hereto ("Permitted Encumbrances").

SECTION 2.02. "AS IS" Condition. Section 3.2 of the Asset Transfer Agreement is incorporated herein by reference.

SECTION 2.03. Permitted Use. The Leased Premises shall only be used for the construction, operation, maintenance, repair and replacement of the Parking Facilities for the parking of motor vehicles, for retail use, for such ancillary uses for which other similar parking facilities are now or hereinafter used, and such other uses as may be agreed to by the parties hereto, from time to time, all in accordance with Applicable Law, and all in accordance with the terms and conditions of this Lease, the Asset Transfer Agreement, and the Indenture (the "Permitted Use").

D-13

12/31/2034	\$ 1,986,722
12/31/2035	\$ 2,046,324
12/31/2036	\$ 2,107,714
12/31/2037	\$ 2,170,945
12/31/2038	\$ 2,236,074
12/31/2039	\$ 2,303,156
12/31/2040	\$ 2,372,250
12/31/2041	\$ 2,443,418
12/31/2042	\$ 2,516,720
12/31/2043	\$ 2,592,222
12/31/2044	\$ 2,669,989
12/31/2045	\$ 2,750,089
12/31/2046	\$ 2,832,591
12/31/2047	\$ 2,917,569
12/31/2048	\$ 3,005,096
12/31/2049	\$ 3,095,249
12/31/2050	\$ 3,188,106
12/31/2051	\$ 3,283,749
12/31/2052	\$ 3,382,262
12/31/2053	\$ 3,483,730

In any month in which funds are not available under the terms of the Indenture to make the payments of Rent then due, the obligation to make such payment shall accrue (without interest) and be due on the first day of the month in which funds are available to make such payment under the terms of the Indenture.

ARTICLE V OPERATIONS ON LEASED PREMISES

SECTION 5.01. Use. Section 3.4(a) of the Asset Transfer Agreement is incorporated herein by reference.

SECTION 5.02. Costs and Expenses. Section 3.4(b) of the Asset Transfer Agreement is incorporated herein by reference. It is intended that all costs, expenses and obligations under this Lease be borne by Lessee, subject to Section 11.01(b), and subject to Lessee's rights under Article XIX and under Article 12 of the Asset Transfer Agreement.

SECTION 5.03. Payment of Taxes. Section 3.9(a) of the Asset Transfer Agreement is incorporated herein by reference. Notwithstanding anything herein to the contrary, any amounts payable by Lessee on account of Taxes shall be payable solely out of Revenues under the Indenture and in no event shall Lessee have any liability for payment from any other source. Notwithstanding anything herein to the contrary, Lessee shall not be obligated to pay Property Taxes.

SECTION 5.04. Utilities. Section 3.10 of the Asset Transfer Agreement is incorporated herein by reference.

SECTION 5.05. Capital Improvements. Article 4 of the Asset Transfer Agreement is incorporated herein by reference.

D-15

SECTION 2.04. City Island Option. Lessee will have an option to acquire a leasehold interest in the City Island Garage and a portion of the adjacent surface lot pursuant to Section 3.16 of the Asset Transfer Agreement. In the event Lessee exercises said option, the City Island Garage and the agreed upon portion of the adjacent surface parking lot will be added to the Leased Premises under this Lease and this Lease will be amended to reflect such addition.

ARTICLE III TERM

SECTION 3.01. Term. The term ("Term") of this Lease shall commence on the Commencement Date and shall extend until December 31, 2013, and for forty (40) successive periods of twelve calendar months thereafter beginning January 1, 2014, and ending December 31, 2053; provided however, in the event the Parking Bonds, all other obligations with respect to or in connection with the Parking Bonds and the Authority Notes (collectively, the "Designated Obligations") have not been satisfied in full on or before December 31, 2053, the Term shall be extended for additional successive periods of one calendar month until such time as the Designated Obligations have been fully satisfied, and shall end on the last day of the calendar month next occurring after the date on which no Designated Obligations are outstanding.

ARTICLE IV RENT

SECTION 4.01. Rent. Lessee shall pay to Lessor rent in the following amounts for each Operating Year (prorated for less than a full year) during the Term of the Lease ("Rent"), payable in equal monthly installments on the first day of each calendar month:

Operating Year Ending	Rent
12/31/2013	\$ 1,100,000
12/31/2014	\$ 1,100,000
12/31/2015	\$ 1,133,000
12/31/2016	\$ 1,166,990
12/31/2017	\$ 1,202,000
12/31/2018	\$ 1,238,060
12/31/2019	\$ 1,275,201
12/31/2020	\$ 1,313,458
12/31/2021	\$ 1,352,861
12/31/2022	\$ 1,393,447
12/31/2023	\$ 1,435,251
12/31/2024	\$ 1,478,308
12/31/2025	\$ 1,522,657
12/31/2026	\$ 1,568,337
12/31/2027	\$ 1,615,387
12/31/2028	\$ 1,663,849
12/31/2029	\$ 1,713,764
12/31/2030	\$ 1,765,177
12/31/2031	\$ 1,818,132
12/31/2032	\$ 1,872,676
12/31/2033	\$ 1,928,857

D-14

SECTION 5.06. Operating Standards; Long Term Capital Plan. Sections 5.1, 5.2, and 5.3 of the Asset Transfer Agreement are incorporated herein by reference.

ARTICLE VI RESERVED RIGHTS; ALTERATIONS; LESSOR COVENANTS

SECTION 6.01. Air Rights Reserved by Lessor. Section 3.15 of the Asset Transfer Agreement is incorporated herein by reference; provided that the reference to "improvements" in clauses (i) and (ii) of the first sentence of said Section 3.15 is agreed by Lessor and Lessee to include all paving and surfacing materials, including concrete, asphalt and gravel.

SECTION 6.02. Parking Spaces in River Street Garage. Lessor hereby reserves the right to use three (3) parking spaces in the River Street Garage for the period ending on December 31, 2015.

SECTION 6.03. Alterations. Subject to the terms of this Lease, Lessee shall be entitled to freely alter, modify or improve any of the Parking Facilities without the consent of Lessor.

SECTION 6.04. Required Capital Improvements. Lessee shall make certain capital improvements and technology upgrades to the Leased Premises and to the On-Street Parking System as described in Exhibit "E" (the "Required Capital Improvements"). The Required Capital Improvements shall be substantially completed by the time frames set forth in Exhibit "E". The Required Capital Improvements shall be provided for in the Long Term Capital Plan. The improvements and upgrades to the On-Street Parking System are intended not only to increase revenues from the On-Street Parking System, but also to potentially enhance revenues from the Off-Street Parking System.

SECTION 6.05. Lessor Covenants. Lessor covenants and agrees to observe and perform its obligations under the "Non-Compete Covenant" set forth in Section 13.1 of the Asset Transfer Agreement and under the "Non-Impair Covenant" set forth in Section 13.2 of the Asset Transfer Agreement, and Sections 13.1 and 13.2 are incorporated herein by reference. Lessee's remedies for breach of these covenants are limited to those remedies provided in Section 13.3 of the Asset Transfer Agreement which section is incorporated herein by reference.

ARTICLE VII PARKING RATES; MANAGEMENT

SECTION 7.01. Rates. The Rates shall be set by Lessee in accordance with Exhibit "C", except as required by the Indenture to meet the Rate Covenants.

SECTION 7.02. Period of Operation. Lessee may operate the Parking Facilities during all days and times not prohibited by Applicable Laws, except as otherwise provided in Exhibit "C". Lessee shall operate the Parking Facilities during the Required Period of Operation specified on Exhibit "C", except under circumstances beyond Lessee's reasonable control.

SECTION 7.03. Parking Operations. Subject to the requirements of the Indenture and the Asset Transfer Agreement, Lessor and Lessee acknowledge that Asset Manager will enter into a

D-16

Parking Services Agreement with Parking Operator. Sections 3.5 and 3.6 of the Asset Transfer Agreement are incorporated herein by reference.

ARTICLE VIII DESTRUCTION, DAMAGE AND EMINENT DOMAIN

SECTION 8.01. Destruction, Damage and Eminent Domain. If any of the Parking Facilities shall be wholly or partially damaged or destroyed by fire or other casualty, or shall be wholly or partially condemned either permanently or temporarily for any public or quasi-public use or purpose, under any statute or by right of eminent domain, or by private purchase in lieu thereof, Lessee (at Lessee's expense but only to the extent of insurance proceeds, Revenues and reserves available and permitted to be used for such purposes under the Indenture) and Lessor covenant that they will take all actions and will do all things which may be necessary to enable recovery to be made upon such policies of insurance applicable to such damage or destruction or upon account of such taking, condemnation, damage or injury in order that moneys due on account of losses suffered may be collected and, all insurance and condemnation proceeds so recovered shall be paid directly to the Indenture Trustee and applied in accordance with the terms of the Indenture and the Leasehold Mortgage. Lessee will comply with the requirements of the Indenture and any Leasehold Mortgage with respect to the application of insurance and condemnation proceeds.

ARTICLE IX INSURANCE

SECTION 9.01. Insurance Coverage Required. Lessee shall cause to be provided and maintained at Lessee's expense (solely from Revenues), or cause to be maintained, during the Term, the insurance coverages and requirements specified below, insuring the Parking System and all Parking System Operations (the "**Required Coverages**"). Lessor, the Indenture Trustee, the Qualified Designee and the City shall be named on all liability policies under the Required Coverages (including liability coverage under Builder's Risk Insurance) as additional insureds on a primary, non-contributory basis for any costs, damages or liability arising under or in connection with this Lease, the Asset Transfer Agreement, or the Indenture, and shall be recognized as beneficiaries of the obligations to insure under this Lease, the Asset Transfer Agreement, and the Indenture, as applicable. Lessor shall be named on all property and casualty policies under the Required Coverages (including property and casualty coverage under Builder's Risk Insurance), subject to the claims of the Indenture Trustee and the Leasehold Mortgagee, as loss payee.

(a) Workers' Compensation and Employer's Liability. Lessee shall provide or cause to be provided the following insurance covering all employees of the Asset Manager, Parking Operator and Enforcement Operator (as defined in the Asset Transfer Agreement) who are providing services with respect to the Lease and the Asset Transfer Agreement: Workers' Compensation Insurance, as prescribed by applicable Law, and Employer's Liability Insurance coverage, with limits of not less than the greater of statutorily required limits or One Million (\$1,000,000) per accident or disease.

(b) Commercial General Liability. Lessee shall provide or cause to be provided Commercial General Liability Insurance with limits of not less than One Million Dollars (\$1,000,000) per occurrence, and Two Million Dollars (\$2,000,000)

D-17

(h) Property. The Lessee shall obtain or caused to be obtained insurance insuring against loss or damage customarily included under the so called "all risks" or "Special causes of loss" form at full replacement cost, covering all loss, damage or destruction to the Parking System, including improvements and betterments, which insurance may be provided on a blanket basis with reported building values, which shall include the value of the coverage for the Parking System required hereunder. Coverage shall include the following: equipment breakdown; collapse; water including overflow, leakage, sewer backup or seepage; utility interruption; debris removal; business ordinance or law for increased cost of construction and increased period or restoration (no less than One Million Dollars (\$1,000,000) per occurrence sublimit); extra expense; boiler and machinery; valuable papers; and terrorism and aggregated sublimits for flood (if in a NFIP special zone hazard, minimum limits shall equal maximum coverage available through NFIP/FEMA), and earthquake. Insurance shall apply for other hazards as, under good insurance practices, from time to time are customarily insured against for other property and buildings in the same market area and similar to the premises in nature, use, location and construction.

(i) Business Interruption Insurance. The Lessee shall obtain or cause to be obtained business interruption and loss of rents coverage for Revenues derived from the off street Parking Facilities only for actual loss sustained for a twelve-month period, including an extended period of 180 days of indemnity insurance.

(j) Additional Contractual Liability Insurance Coverage. In addition to the coverages required above, Lessee shall provide or cause to be provided adequate contractual liability insurance coverage which ensures that the Capital Improvements and maintenance obligations contracted for to satisfy the requirements of the Indenture, or of Section 3.13, Article 4, or Article 5 of the Asset Transfer Agreement, are performed in accordance with the provisions of this Lease, the Asset Transfer Agreement, and Applicable Law. Coverage shall include all loss, damage or destruction to the Parking Facilities.

(k) Lessee shall provide or cause to be provided such other insurance including but not limited to environmental liability, as may from time to time be reasonably required by the Indenture Trustee in order to protect its interests and as may be available to Lessee on commercially reasonable terms.

(l) The Lessee shall require the Asset Manager to cause the Parking Operator to obtain crime insurance providing insurance against liability for employee dishonesty and theft with limits of not less than \$1,000,000.

(m) Any required insurance may be in the form of blanket coverage, so long as such blanket policy does not reduce the limits nor diminish the coverage required herein and otherwise complies with the terms of this Lease and the Asset Transfer Agreement.

SECTION 9.02. Additional Requirements.

D-19

general aggregate and products/completed operations aggregate. Coverage shall include the following: all premises and operations, products/completed operations, explosion, collapse, underground, separation of insureds, defense, terrorism (to the extent commercially available) and contractual liability. Any general aggregate shall apply on a per location basis.

(c) Automobile Liability. Lessee shall provide or cause to be provided Automobile Liability Insurance with limits of not less than One Million Dollars (\$1,000,000) per occurrence and One Million Dollars (\$1,000,000) in the annual aggregate, or accident for bodily injury and property damage.

(d) Garagekeepers Legal Liability. Lessee shall provide, or cause to be provided, Garagekeepers Legal Liability Insurance with limits of not less than Five Million Dollars (\$5,000,000) for comprehensive perils, combined single limit, for bodily injury and property damage.

(e) Excess Liability or Umbrella. Lessee shall provide or cause to be provided excess liability or "umbrella" liability coverage for claims under the Employer's Liability, Commercial General Liability, Automobile Liability and Garagekeepers Legal Liability coverage set forth above, in excess of the limits set forth above, in the aggregate of not less Twenty-Five Million Dollars (\$25,000,000) per occurrence and in the annual aggregate.

(f) Builder's Risk. When Lessee undertakes or causes to be undertaken any construction to the Parking System, including improvements and betterments pursuant to this Lease, Lessee shall provide or cause to be provided, All Risk Builder's Risk Insurance at replacement cost for materials, supplies, equipment, machinery and fixtures that are or will be part of the Parking System in an amount equal to the project costs plus projected soft costs and loss of income to the extent not covered in section (h). Coverage shall include, but not be limited to, the following: right to partial occupancy, boiler and machinery, business income, valuable papers and other consequential loss, when applicable with aggregate sublimits for catastrophic perils of earthquake and flood - which are the best available on commercially reasonable terms.

(g) Professional Liability. When any architects, engineers, construction managers or any other professional consultants perform work in connection with this Lease, Lessee shall provide or cause such professional consultants to provide Professional Liability Insurance covering acts, errors or omissions shall be maintained with limits of not less than Two Million Dollars (\$2,000,000); provided, however, that design-and-construction architects and engineers performing work of a material nature with respect to any such construction project undertaken by Lessee pursuant to this Lease must maintain limits of not less than Five Million Dollars (\$5,000,000). Any contractual liability exclusion applying to the policy shall not apply to the extent the professional would otherwise be liable for loss under the policy in the absence of a contract. When policies are renewed or replaced, the policy retroactive date shall coincide with, or precede, start of work in connection with this Lease. A claims-made policy which is not renewed or replaced shall have an extended reporting period of two (2) years.

D-18

9.02.1 Obligations of Lessee. The Lessee shall deliver or cause to be delivered to the Lessor, and any City department designated in writing by the Lessor, original standard ACORD form certificates of insurance and all applicable loss payee and additional insured endorsements, or equivalent documentation reasonably acceptable to the Lessor, evidencing the Required Coverages on or before the Closing Date, and shall provide or cause to be provided, promptly following renewal and not more than Five (5) Business Days following renewal of the then current coverages (or such other period as is agreed to by the Lessor), renewal certificates of insurance and endorsements, or such equivalent documentation, if such coverages have an expiration or renewal date occurring during the Term. The receipt of any certificate does not constitute agreement by the Lessor that the insurance requirements in this Agreement have been fully met or that the insurance policies indicated on the certificate are in compliance with all requirements of this Agreement. The failure of the Lessor to obtain certificates of insurance or endorsements, or such equivalent documentation, from the Lessee shall not be deemed to be a waiver by the Lessor. Except as otherwise expressly set forth herein, each Required Coverage may be reviewed by the Lessor for compliance with the terms of this Agreement. All Required Coverages shall be placed with insurers licensed to do business in the Commonwealth; provided that all such insurers, at a minimum, shall have a rating of A-(VII) or better by A.M. Best Company (unless the Lessor waives this requirement). At the request of the Lessor or the City, the Lessee shall provide the City with certified copies of policies and all policy endorsements.

9.02.2 Notice of Cancellation or Violation. The Lessee shall provide at least ten (10) days prior written notice to the Lessor in the event coverage is canceled or non-renewed, and all certificates of insurance shall so provide. The Lessor shall be permitted (but not obligated) to pay any delinquent premiums before the cancellation date specified by the insurer in any notice of cancellation for non-payment of premium in order to maintain such coverage in full force and effect and the Lessee shall reimburse the Lessor for any delinquent premiums paid by the Lessor on demand.

9.02.3 Five Year Adjustment. The amounts of coverage required by Section 9.01 shall be reasonably adjusted (subject to Section 9.02.8) to ensure that the Required Coverages continue to provide adequate coverage of the Parking System and Parking System Operations each succeeding fifth anniversary of the Closing Date. The recommendations of any insurance consultant utilized by the Trustee pursuant to the Indenture shall be used for these adjustments if available and undertaken pursuant to the Indenture.

9.02.4 Waiver of Subrogation by Insurers. Each of the Required Coverages provided by the Lessee shall, where legally permitted and customarily available at standard rates, include a waiver by the insurer of its Claims and rights of subrogation against the Lessor, its employees, agents or Representatives.

9.02.5 Lessor's Right to Insure. If the Lessee fails to obtain and maintain or cause to be obtained and maintained the insurance required by this Article IX, the Lessor shall have the right (without any obligation to do so), upon ten (10) Business Days notice to the Lessee in a non-emergency situation or forthwith in an emergency situation and without assuming any obligation in connection therewith, to effect such insurance and all costs and expenses of the Lessor in connection therewith shall be payable by the Lessee to the Lessor on demand. Such insurance taken out by the

D-20

Lessor shall not relieve the Lessee of its obligations to insure hereunder and the City shall not be liable for any loss or damage suffered by the Lessee in connection therewith.

9.02.6 *Insurance Requirements of Contractors.* The Lessee may require in each contract with any Contractor performing work in and for the Parking System that such Contractor obtain coverages comparable to the Required Coverages that are reasonably appropriate in their limits and other terms and conditions to the nature of the contract with the Contractor. Such coverages shall insure the interests of the Lessor, its employees, agents and Representatives, the Lessee, the City, the Trustee, the Qualified Designee, the Asset Manager, the Operator, and any other Contractors in respect of the applicable work being performed and shall be subject to the same (or comparable) coverage and administrative requirements as are imposed on the Lessee pursuant to this Agreement. When requested to do so by the Lessor, the Lessee shall provide or cause to be provided to the Lessor and the City certificates of insurance and applicable endorsements, or equivalent documentation reasonably acceptable to the Lessor, with respect to such insurance coverages.

9.02.7 *Other Insurance Obtained by the Lessee.* If the Lessee or its Contractors obtain any property, liability or other insurance coverages in addition to the Required Coverages ("Additional Coverages"), then the Lessee or its Contractors shall (i) notify the Lessor as to such Additional Coverages, (ii) provide the Lessor with any documentation relating to the Additional Coverages, including certificates of insurance, that the Lessor reasonably requests and (iii) at the Lessor's election, acting reasonably, cause the Lessor and its employees, agents and Representatives to be named as additional insureds or loss payees, as applicable, under such Additional Coverages, if that is normally allowed in accordance with good industry practice.

9.02.8 *Commercial Availability.* To the extent any of the Required Coverages or additional requirements hereunder are not available on a commercially reasonable basis, the Lessee shall obtain insurance that is available on a commercially reasonable basis that best approximates the Required Coverages or additional requirements hereunder, but said substitute coverage shall, at the Lessor's request, be subject to review of an independent insurance consultant, and such independent insurance consultant shall have delivered to the Lessor its opinion to the effect that the substitute coverages meet the above-stated criteria.

SECTION 9.03. Insurance and Condemnation Proceeds. The Lessee will comply with the requirements of the Indenture and any Leasehold Mortgage with respect to the application of insurance and condemnation proceeds.

ARTICLE X OPTION TO PURCHASE

SECTION 10.01. Lessor Option to Purchase. Lessor shall have the right at any time after December 31, 2043, to purchase the Leasehold Estate ("**Purchase Option**") for an amount equal to the Purchase Option Price. Such right shall be exercised by Lessor sending written notice to Lessee ("**Purchase Option Notice**") of its intent to exercise the Purchase Option. The Purchase Option shall be upon and subject to the following terms and conditions:

(a) The "**Purchase Option Price**" shall be equal to the sum of: (i) the full cost of redemption and/or defeasance of all of the Parking Bonds; (ii) the

D-21

outstanding balance of the Authority Notes; (iii) all outstanding obligations secured by the Indenture and all fees then due the Indenture Trustee and Lessee, (iv) the Leasehold Value, and (v) all costs incurred by the Indenture Trustee and Lessee in connection with the redemption and/or defeasance of the Parking Bonds and the payment of the Authority Notes, including, but not limited to, attorneys' fees.

(b) The "**Leasehold Value**" shall be the net present value of Lessee's projected net cash flows from the Leasehold Estate for the remainder of the Term, taking into account projected capital expenditures and repair costs and all required reserve fund deposits under the Asset Transfer Agreement or the Indenture, except such reserve fund deposits as would remain the property of Lessee upon termination of the Lease. The discount rate utilized in the calculation of the net present value will be the then market capitalization rate (as determined by the appraiser) for the purchase and sale of long-term ground leasehold estates (as improved).

(c) If Lessor and Lessee are unable to agree on the Leasehold Value within sixty (60) days following the Purchase Option Notice, either Party may elect to have the Leasehold Value determined by appraisal. The Parties shall agree upon an appraiser (with MAI or equivalent qualifications) within fifteen (15) days and if they are unable to so agree within that time, either Party may seek the appointment of a qualified appraiser by the Commonwealth Court. The appraiser shall determine the Leasehold Value within forty-five (45) days of his or her appointment. The appraiser shall use projected capital repair, maintenance and other costs set forth in the current Long Term Capital Plan in his or her determination of the Leasehold Value. The Lessor shall pay the costs of the appraisal and Lessee's attorneys' fees and consultants' costs regardless of whether Lessor proceeds with closing of the Purchase Option. Upon the determination of the Leasehold Value, Lessor shall have sixty (60) days to give notice to Lessee of its election to proceed with the exercise of the Purchase Option and if Lessor elects to proceed, the closing of the sale of the Leasehold Estate to Lessor (the "**Purchase Option Closing**") shall occur sixty (60) days following Lessor's notice that it will proceed. If Lessor does not give Lessee notice of its election to proceed, Lessor will be deemed to have elected not to proceed with the exercise of the Purchase Option. If Lessor elects or is deemed to have elected not to proceed with the exercise of the Purchase Option, Lessor may not give another Purchase Option Notice for a period of one (1) year from the date of the notice that it will not proceed or the expiration of the period for giving such notice.

(d) After delivery of the Purchase Option Notice until closing on the sale of the Leasehold Estate, the terms and conditions of the Lease shall continue in full force and effect.

(e) Lessor agrees that the Leased Premises and the Leasehold Estate shall be acquired by Lessor pursuant to the Purchase Option "as is", where is, with all faults and without any representations or warranties whatsoever except that Lessee shall warrant that all documents to be executed and delivered by Lessee at the Purchase Option Closing are duly authorized and executed and that Lessee has the power and authority to execute and deliver such closing documents.

D-22

(f) At the Purchase Option Closing: (i) Lessee shall deliver a quit-claim bill of sale (and if requested by Lessor, a quitclaim deed) to the Parking Facilities and an assignment of the lessee's interest in this Lease as directed by Lessor, all in form and substance reasonably satisfactory to Lessor and Lessee; (ii) Lessee shall terminate the Servicing Agreement, the Asset Management Agreement and the Parking Services Agreement, and Lessor shall pay the cost of any termination fees; (iii) Lessor shall pay all costs of the acquisition of Leasehold Estate and of the Purchase Option closing, including any realty or other transfer taxes, title insurance premiums and recording costs. All documents to be executed and delivered at the Purchase Option Closing shall expressly provide that no present or future member, director, officer, agent or employee of Lessee, and no official executing the Purchase Option Closing documents on behalf of Lessee, shall be liable personally thereon or be subject to any personal liability or accountability by reason of the issuance thereof or by reason of the covenants, obligations or agreements of Lessee contained therein.

(g) The Purchase Option Price shall be paid to the Indenture Trustee at the Purchase Option Closing by wire transfer of currently available federal funds for deposit into such fund maintained pursuant to the Indenture as the Indenture Trustee shall designate and shall be applied at the written direction of Lessee either to redeem the outstanding Parking Bonds and to pay in full all other outstanding Indenture Obligations on the date of the Purchase Option Closing or, if the outstanding Parking Bonds are not yet subject to being redeemed, then to defease the outstanding Parking Bonds and to pay in full all other outstanding Indenture Obligations on the date of the Purchase Option Closing.

(h) Notwithstanding the foregoing provisions of this Article X, Lessor shall not be entitled to exercise the Purchase Option or to complete the Purchase Option Closing pursuant thereto if at the time of the exercise or on the date of the proposed Purchase Option Closing Lessor is in default of any of its material obligations pursuant to this Lease or the Asset Transfer Agreement.

ARTICLE XI DEFAULTS AND REMEDIES

SECTION 11.01. Defaults by Lessee.

(a) In the event of a default by Lessee hereunder, the liability of Lessee to Lessor shall be enforceable only out of its interest under this Lease, the Leasehold Estate and the Revenues (and only to the extent available for such purposes pursuant to the Indenture) and Lessee shall have no other liability and Lessor shall have no other recourse for such default or any other remedy or cause of action accruing against Lessee, its members, officers, directors, agents, counsel, and employees, past, present or future, or any of the property now or hereafter owned or leased by it or them. Lessor agrees that for so long as any Parking Bonds, Authority Notes or other obligations secured by the Indenture and Leasehold Mortgage are outstanding, no monetary judgment that may be obtained by Lessor against Lessee shall constitute a lien against Lessee's interest in this Lease, Revenues, or any other property which is security under

D-23

the Indenture or the Leasehold Mortgage and Lessor shall have no right to take any action to collect or enforce any such monetary judgment against Lessee except to the extent any such amount is entitled to a specific priority of payment in Article 5 of the Indenture, in which case the Indenture shall control. Otherwise, Lessor's sole remedy shall be to collect any such monetary judgment at the termination of the Lease from reserve funds under the Indenture due to Lessee at the termination of this Lease and/or to setoff against the Leasehold Value portion only of the Option Purchase Price in the event Lessor exercises the Purchase Option. Lessor shall have no right under any circumstance to terminate this Lease.

(b) THE OBLIGATIONS OF LESSEE UNDER THIS LEASE ARE LIMITED OBLIGATIONS PAYABLE SOLELY FROM THE LEASEHOLD ESTATE AND THE REVENUES (AND ONLY TO THE EXTENT AVAILABLE FOR SUCH PURPOSES UNDER THE INDENTURE) AND SUCH OBLIGATIONS SHALL NOT BE DEEMED AN OBLIGATION OF THE COMMONWEALTH OR ANY POLITICAL SUBDIVISION THEREOF. NEITHER THE COMMONWEALTH NOR ANY POLITICAL SUBDIVISION IS OR SHALL BE OBLIGATED TO MAKE ANY PAYMENTS REQUIRED OF LESSEE UNDER THIS LEASE, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COMMONWEALTH OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO ANY PAYMENT REQUIRED OF LESSEE HEREUNDER. LESSEE IS NOT A POLITICAL SUBDIVISION OF THE COMMONWEALTH AND HAS NO TAXING POWER.

(c) Upon the occurrence of a default by Lessee of any covenant, term or provision under this Lease which remains uncured for a period of thirty (30) days after written notice (or such longer period as may be reasonably required to cure such default if such default is not reasonably susceptible of being cured in 30 days, Lessee has given notice to Lessor that it has undertaken such cure, Lessee has commenced to cure during the initial 30 days, and Lessee diligently pursues such cure to completion) and at any time thereafter, Lessor shall have the right to institute and prosecute any and all proceedings against Lessee permitted by law or equity (but not to terminate this Lease), including an action to compel specific performance by Lessee of Lessee's obligations under this Lease, subject to the limitations of Lessee's liability in Sections 11.01(a) and (b).

SECTION 11.02. Defaults by Lessor. Upon the occurrence of a default by Lessor under this Lease or under the Asset Transfer Agreement which remains uncured for a period of thirty (30) days after written notice (or such longer period as may be reasonably required to cure such default if such default is not reasonably susceptible of being cured in 30 days, Lessor has given notice to Lessee that it has undertaken such cure, Lessor has commenced to cure during the initial 30 days, and Lessor diligently pursues such cure to completion) and at any time thereafter, Lessee shall have the right to institute and prosecute any and all proceedings against Lessor permitted by law or equity (but not to terminate this Lease), including an action to compel specific performance by Lessor of Lessor's obligations under this Lease and the right to set off against Rent any amounts due from Lessor hereunder. Any recovery by Lessee from Lessor in any such proceedings or in any settlement thereof, at Lessee's sole right and option, shall be immediately applied to the cost of performance of

D-24

the obligation(s) of Lessor for which such performance was sought or to the reimbursement of any party who performed Lessor's obligation(s).

**ARTICLE XII
RESTRICTION ON TRANSFER; NO ENCUMBRANCES; SUBLEASING**

SECTION 12.01. Restrictions on Transfers of Leased Premises. Lessor shall not Transfer this Lease or any interest therein or its fee interest in the Leased Premises or any part thereof except: (i) as expressly permitted in the Indenture; and (ii) Lessor shall be permitted to assign all, but not less than all, of its rights, interests and obligations hereunder to the City, provided that the City assumes in a writing satisfactory to Lessee all of the duties, liabilities and obligations of Lessor under this Lease and under the Asset Transfer Agreement, including all indemnification obligations. Any Transfer by Lessor other than as expressly permitted (including any Transfers that are voluntary or involuntary or are by operation of law) without Lessee's consent, which consent shall be at Lessee's sole and absolute discretion, shall be void.

SECTION 12.02. Restriction on Encumbrances by Lessee. Except for the Permitted Lessee Encumbrances, the Financing Documents to which Lessee is a party, the Leasehold Mortgage and Encumbrances that will not survive the expiration or termination of this Lease, Lessee shall not create or permit the creation of any Encumbrance on the Leased Premises or any part thereof or on the Leasehold Estate without the prior written consent of Lessor, which consent may be withheld at Lessor's sole and absolute discretion.

SECTION 12.03. Subleasing. Lessee shall not sublease all or substantially all of the Leased Premises without the prior written consent of Lessor, which consent may be withheld at Lessor's sole and absolute discretion, and without obtaining any consents required under the Indenture. Notwithstanding the foregoing, Lessee may enter into the Commonwealth Lease and modifications thereof and may lease or sublease or license all or a portion of the Parking Facilities solely for the purpose of the Permitted Use.

SECTION 12.04. Restriction on Encumbrances by Lessor. Except for the Permitted Lessor Encumbrances, Lessor shall not directly or indirectly create, incur, permit or suffer to exist any Encumbrances on the Leased Premises or any part of the fee interest of Lessor or Lessor's interest in this Lease without the prior written consent of Lessee, which consent may be withheld at Lessee's sole and absolute discretion. Any Encumbrance in violation of the provisions of this Section 12.04 shall be void.

SECTION 12.05. General Restriction. Lessee shall not, without the prior written consent of Lessor, which consent shall be at Lessor's sole and absolute discretion, Transfer this Lease or any interest herein. Any Transfers (including any Transfers that are involuntary or are by operation of law) without such consent shall be void. Notwithstanding the foregoing, Lessor hereby acknowledges and consents to: (i) the granting and existence of, and enforcement and realization upon, the Initial Leasehold Mortgage, any other Leasehold Mortgage, the Indenture Assignments and related pledges to the Indenture Trustee, the Servicing Agreement, the Asset Management Agreement, the Parking Services Agreement and the other Financing Documents; and (ii) any Transfers permitted by Article XV.

D-25

existing defenses or offsets which Lessee has against the enforcement of this Lease by Lessor; that no Rent has been paid in advance (or specifying any Rent that has been so paid); and any other reasonably requested matter affecting this Lease and any statements by Lessee affecting the correctness of the requested statements. It is intended that any such statement delivered pursuant to this Section may be relied upon by Lessor.

SECTION 14.02. Lessor Estoppel. Lessor shall, from time to time, within thirty (30) days after written request of Lessee or the Indenture Trustee, execute, acknowledge and deliver to Lessee or its designee a written statement stating the date this Lease was executed and the date it expires; the amount of Rent and the date to which Rent has been paid; and certifying that this Lease is in full force and effect and has not been assigned, modified, supplemented or amended in any way, except as noted therein, that this Lease represents the entire agreement between the parties; whether or not all conditions under this Lease to be performed by Lessee have been satisfied; that on the specified date whether or not there are known existing defenses or offsets which Lessor has against the enforcement of this Lease by Lessee; that no Rent has been paid in advance (or specifying any Rent that has been so paid); and any other reasonably requested matter affecting this Lease and any statements by Lessor affecting the correctness of the requested statements. It is intended that any such statement delivered pursuant to this Section may be relied upon by Lessee, the Indenture Trustee, a mortgagee of Lessee's Leasehold Estate or assignee of any mortgage upon the Leasehold Estate.

**ARTICLE XV
LEASEHOLD MORTGAGES; MORTGAGEE PROTECTIONS**

SECTION 15.01. Leasehold Mortgages.

(a) The Lessee may, from time to time, grant (i) to the Trustee under the Indenture, or (ii) to any other entity (or entity which serves as a trustee for such entity) providing financing for or refinancing of the Parking Facilities, a Leasehold Mortgage encumbering the Leasehold Estate or Lessee's interest in the Lease, together with an assignment of Revenues and a security interest in any personal property owned by Lessee, in order to secure the obligations of the Lessee under the Indenture (including the Authority Notes), and the performance of all of the terms, covenants and agreements on the Lessee's part to be performed or observed under all agreements securing the Lessee's obligations under the Indenture. No such Leasehold Mortgage, lien or security interest shall attach to Lessor's fee interest in the Leased Premises and Parking Facilities or to any personal property owned by Lessor. Lessee may have one or more Leasehold Mortgages at any time.

(b) No Person other than the Trustee under the Indenture (or the Credit Facility Providers and the holders of the Authority Notes to the extent provided under the Indenture) or another entity described in Section 15.01(a) shall be entitled to the benefits and protections accorded to a Leasehold Mortgagee in this Lease or under a Leasehold Mortgage;

(c) Each Leasehold Mortgage must contain provisions substantially similar to the following terms and conditions:

D-27

**ARTICLE XIII
TITLE TO AND SURRENDER OF LEASED PREMISES**

SECTION 13.01. Surrender.

(a) Except as otherwise provided in this Lease, upon the expiration of the Term (including upon a Purchase Option Closing), Lessee shall peaceably and quietly surrender and deliver up possession of the Leased Premises and any fixtures, structures and other improvements thereon, subject to and without any liability whatsoever on the part of Lessee for the then existing condition and state of repair of such property. In the event Lessee does not so surrender the Leased Premises, Lessor, upon or at any time after any such expiration or termination may enter upon and re-enter upon the Leased Premises and possess and repossess itself thereof, by summary proceedings, ejectment or otherwise as permitted by Applicable Law, and may dispossess Lessee and remove Lessee and all other persons and property from the Leased Premises and may have, hold and enjoy the Leased Premises.

(b) Upon the expiration of the Term (including upon a Purchase Option Closing), Lessee shall comply with Section 3.12 of the Asset Transfer Agreement, which section is incorporated herein by reference.

SECTION 13.02. Title to the Leased Premises.

(a) The parties acknowledge that at all times during the term of this Lease, Lessee shall have a leasehold estate in and to the Leased Premises and shall own all right, title and interest in and to the Revenues.

(b) Upon the expiration of the Term of this Lease, all title to the Leased Premises and all rights to the Revenues generated after such expiration shall automatically vest in Lessor without the need for any further action.

(c) Lessor shall execute and deliver to Lessee and the Indenture Trustee any instrument or assurances, and take any and all other actions necessary or appropriate in order to confirm, from time to time, the leasehold estate of Lessee in the Leased Premises, and the lien of the Leasehold Mortgage upon the Leasehold Estate.

**ARTICLE XIV
ESTOPPEL CERTIFICATES**

SECTION 14.01. Lessee Estoppel. Lessee shall, from time to time, within thirty (30) days after written request of Lessor, execute, acknowledge and deliver to Lessor or its designee a written statement stating the date this Lease was executed and the date it expires; the date Lessee entered into occupancy of the Leased Premises; the amount of Rent and the date to which Rent has been paid; and certifying that this Lease is in full force and effect and has not been assigned, modified, supplemented or amended in any way, except as noted therein; that this Lease represents the entire agreement between the parties; whether or not all conditions under this Lease to be performed by Lessor have been satisfied; whether or not on the specified date there are any known

D-26

(i) the Leasehold Mortgage may not cover any property of, or secure any debt issued by, or obligation of, any Person other than the Lessee, but may cover any cash reserves or deposits held in the name of the Lessee;

(ii) no Leasehold Mortgage or other instrument purporting to mortgage, pledge, encumber, or create a lien, charge or security interest on or against any or all of the Leasehold Estate or the Lessee's interest in the Lease shall extend to or encumber the fee simple interest in the Leased Premises or the Parking Facilities, the Lessor's interest under this Lease or the Lessor's reversionary interests and estates pursuant to Sections 3.12 and 3.13 of the Asset Transfer Agreement;

(iii) The Lessor shall have no liability whatsoever for payment of the principal sum secured by any Leasehold Mortgage, or any interest accrued thereon or any other sum secured thereby or accruing thereunder or the performance of any obligations secured by the Leasehold Mortgage; provided that the foregoing will not limit any remedies against the Lessor permitted hereunder, under the Asset Transfer Agreement, the Indenture or the Authority Notes;

(iv) each Leasehold Mortgage shall provide that if the Lessee is in default under the Leasehold Mortgage and the Leasehold Mortgagee gives notice of such default to Lessee, then the Leasehold Mortgagee shall give notice of such default to Lessor and the City;

(v) subject to the terms of this Lease and the Asset Transfer Agreement, all rights acquired by a Leasehold Mortgagee under any Leasehold Mortgage shall be subject to the provisions of the Indenture and to all of the rights of Lessor under this Lease and of the Lessor and the City under the Asset Transfer Agreement; and

(vi) a Leasehold Mortgagee shall not, by virtue of its Leasehold Mortgage, acquire any greater rights or interest in the Leased Premises, the Parking Facilities, the Lease, or the Revenues than Lessee has at any applicable time under this Lease.

SECTION 15.02. Notices to Leasehold Mortgagees.

(a) The Lessee shall give the Lessor and the City prompt notice of each Leasehold Mortgage, together with contact information for notices to the Leasehold Mortgagee (such notice and/or any notice given by a Leasehold Mortgagee to Lessor of its contact information, collectively, the "**Leasehold Mortgagee's Notice**"). Lessee promptly shall furnish Lessor with a complete copy of each Leasehold Mortgage (including all documents and instruments comprising the Leasehold Mortgage) and all amendments, extensions, modifications and consolidations thereof, certified as such by Lessee.

(b) After receipt of a Leasehold Mortgage Notice, the Lessor shall give such Leasehold Mortgagee, in the manner provided by the notice provisions of this Lease, a copy of each notice of default given by the Lessor, to the Lessee, at the same time that the Lessor gives such notice of default to the Lessee. No such notice of default given by the Lessor to the Lessee shall be effective unless and until a copy of such notice shall have been so given to each such Leasehold Mortgagee at the last address furnished to the Lessor by notice. Notice to a Leasehold Mortgagee shall be

D-28

deemed given on the date received by the Leasehold Mortgagee. The Leasehold Mortgagee shall have the right, but not the obligation, to cure such default or to cause such default to be cured, within the time periods set out in Sections 11.1 and 16.03, whichever is longer.

SECTION 15.03. Leasehold Mortgagee's Right to Cure. Each Leasehold Mortgagee shall have the right to cure or cause to be cured any Lessee default within a period of sixty (60) days after written notice from Lessor thereof, provided further that if a Leasehold Mortgagee's right to cure a Lessee default has not expired, and the Leasehold Mortgagee is acting diligently to cure such Lessee default, then Lessor shall not exercise any remedies against Lessee by reason of such Lessee default. Lessor shall accept any such performance by a Leasehold Mortgagee as though the same had been done or performed by Lessee. Any payment to be made or action to be taken by a Leasehold Mortgagee hereunder shall be deemed properly to have been made or taken by the Leasehold Mortgagee if such payment is made or action is taken by a nominee, agent or assignee of the rights of such Leasehold Mortgagee. Any amounts expended by the Leasehold Mortgagee to cure any Lessee Default may be reimbursed from Revenues pursuant to the terms of the Indenture.

SECTION 15.04. Rights of the Leasehold Mortgagee. No Leasehold Mortgagee shall become liable under the provisions of this Lease, unless and until such time as it becomes, and then only for as long as it remains, the Lessee under this Lease. No Leasehold Mortgagee or designated Affiliate of a Leasehold Mortgagee shall have any personal liability under this Lease even if it becomes Lessee or assumes the obligations of Lessee under this Lease, and its liability shall be limited to its interest in this Lease and the Leasehold Estate.

SECTION 15.05. New Lease.

(a) If this Lease is terminated for any reason, or if this Lease is rejected or disaffirmed pursuant to any bankruptcy, insolvency or other law affecting creditors' rights, Lessor shall give prompt notice thereof to the Trustee and each of the then Leasehold Mortgagees whose contact information the Lessor has received in a Leasehold Mortgagee's Notice, in the manner provided by the notice provisions of this Lease. Lessor, upon written request of the Trustee or any such Leasehold Mortgagee (or if more than one Leasehold Mortgagee makes such request, the Leasehold Mortgagee whose Leasehold Mortgage has the most senior lien), made any time within thirty (30) days after the giving of such notice by Lessor, shall promptly execute and deliver to the Trustee, or if no notice is received from the Trustee, such Leasehold Mortgagee, a new lease (the "**New Lease**"), naming the Trustee or such Leasehold Mortgagee or its designee as the Lessee under this Lease, for the remainder of the Term upon all of the terms, covenants, and conditions of this Lease, except for such provisions that must be modified to reflect such termination, rejection or disaffirmance and the passage of time, if the Trustee or such Leasehold Mortgagee shall pay to Lessor, but only out of Revenues in accordance with the Indenture, concurrently with the execution and delivery of such New Lease, all unpaid Rent then due under this Lease (subject to the terms of the Indenture that may cause such payments not to be then due) up to and including the date of the commencement of the term of such New Lease. The Trustee or such Leasehold Mortgagee or its designee shall execute and deliver to Lessor such New Lease within thirty (30) days after delivery of such New Lease by Lessor to the Trustee or such Leasehold Mortgagee. Upon execution and delivery of such New Lease, the Trustee or such Leasehold Mortgagee shall cure or cause to be cured, but only out of Revenues and subject to the provisions of the Indenture, all defaults existing under this Lease which

D-29

(b) The Lessor's Option shall be exercised by notice served upon the Lessee and all Leasehold Mortgagees within such thirty (30) day period. Time shall be of the essence as to the exercise of the Lessor's Option. If the Lessor's Option is duly and timely exercised, the Lessor shall purchase and all Leasehold Mortgagees shall assign their Leasehold Mortgages to the Lessor (or its designee) on the date which is sixty (60) days after the date on which a Foreclosure Notice is served upon the Lessor. The closing shall take place at a mutually convenient time and place.

(c) The purchase price payable by the Lessor shall be equal to the aggregate amounts secured by such Leasehold Mortgages (including principal, interest, fees, and premiums, all other costs, expenses (including attorneys' fees) and any other amounts secured thereby, including all obligations secured by the Indenture) as of the closing date of the purchase. The purchase price shall be paid in full in cash at closing by wire transfer or other immediately available funds.

(d) At the closing and upon payment in full of the purchase price each Leasehold Mortgagee shall assign its Leasehold Mortgage to the Lessor, together with any security interest held by it in the Leasehold Estate, without recourse, representations, covenants or warranties of any kind, provided that such Leasehold Mortgages and security interests shall be deemed modified to secure the amount of the aggregate purchase price paid by the Lessor to all Leasehold Mortgagees (rather than the indebtedness theretofore secured thereby) payable on demand, with interest and upon the other items referred to in this Section 15.06(d). Each such assignment shall be in form for recordation or filing, as the case may be. The Lessor shall be responsible for paying any Taxes payable to any Governmental Authority upon such assignment. Such assignment shall be made subject to such state of title of the Parking System as shall exist at the date of exercise of the Lessor's Option.

(e) Any Leasehold Mortgage shall contain an agreement of the Leasehold Mortgagee to be bound by the provisions of this Section 15.06, and the Lessor shall have the right to receive all notices of default under any Leasehold Mortgage.

**ARTICLE XVI
SIGNS**

SECTION 16.01. Signs. Subject to compliance with Applicable Law, Lessee shall have the right to erect, maintain or display any signs on the grounds or exterior of buildings on the Leased Premises. The term "signs" as used herein shall mean advertising signs, billboards, identification signs or symbols, posters, or any similar devices.

**ARTICLE XVII
REPRESENTATIONS, WARRANTIES AND COVENANTS**

SECTION 17.01. Representations of Lessee. Lessee represents, warrants and covenants to Lessor, all of which shall survive for the entire Term of this Lease, that:

(a) Organization. Lessee is a public body corporate and politic, duly organized and validly existing under the laws of the Commonwealth and the EDF Act.

D-31

are capable of being cured by the Trustee or such Leasehold Mortgagee or its designee promptly and with diligence after the delivery of such New Lease.

(b) The New Lease and the interests thereby created shall, subject to the terms and conditions of this Lease, have the same priority as this Lease with respect to any Encumbrance, including any fee mortgage or other lien, charge or encumbrance on Lessor's fee estate in the Leased Premises and the Parking Facilities and/or Lessor's interest in this Lease, whether or not the same shall then be in existence.

(c) Concurrently with such Leasehold Mortgagee and the Lessor entering into a New Lease pursuant to this Section 15.05, the Lessor and such Leasehold Mortgagee shall enter into a "New Agreement" as defined and provided in the Asset Transfer Agreement.

(d) The Lessor's agreement to enter into a New Lease with the Trustee or a Leasehold Mortgagee shall be unaffected by the rejection of this Lease in any bankruptcy proceeding by any of the Lessor, the City, or the Lessee. The provisions of this Article XV shall survive the termination, rejection or disaffirmance of this Lease and shall continue in full force and effect thereafter to the same extent as if this Article XV were a separate and independent contract made by the Lessor, the Lessee and the Leasehold Mortgagees. The provisions of this Article XV are for the benefit of Leasehold Mortgagees and may be relied upon and shall be enforceable by Leasehold Mortgagees as if the Leasehold Mortgagees were a party to this Lease.

(e) Nothing contained in this Section 15.05 shall be deemed to limit or affect the Lessor's interests in and to the Off-Street Parking System upon the expiration of the Term of the New Lease.

(f) If the circumstances described in Section 15.05(a) occur, and the Lessor determines, based on the written legal advice of counsel, that termination of this Lease and the entry into a New Lease by and among the Lessor and the Leasehold Mortgagee could violate applicable provisions of the Laws of the Commonwealth governing procurement by the Lessor or otherwise, then, in lieu of entering in a New Lease and in satisfaction of its obligations under this Section 15.05, the Lessor agrees to enter into an Assignment and Assumption Agreement as defined and provided in Section 16.7 of the Asset Transfer Agreement.

SECTION 15.06. Lessor's Right to Purchase Leasehold Mortgage.

(a) If any default by the Lessee has occurred under a Leasehold Mortgage and has not been cured within applicable cure periods, or any act, condition or event has occurred which would permit a Leasehold Mortgagee to declare all or part of the indebtedness secured by a Leasehold Mortgage to be immediately due and payable, then the Lessor shall have thirty (30) days after the date on which such Leasehold Mortgagee shall serve notice upon the Lessor in writing ("**Foreclosure Notice**") that such Leasehold Mortgagee intends to commence proceedings to foreclose the Leasehold Mortgage (stating the calculation of the purchase price pursuant to Section 16.7(c)), during which thirty (30) day period the Lessor shall have the right and option (the "**Lessor's Option**") to purchase from all Leasehold Mortgagees their Leasehold Mortgages, upon the terms and subject to the conditions contained in this Section 15.06.

D-30

Lessee has the power and authority to enter into this Lease and to do all acts and things and execute and deliver all other documents as are required hereunder to be done, observed or performed by it in accordance with the terms hereof.

(b) Authorization; No Conflict. Lessee has duly authorized, executed and delivered this Lease and neither Lessee's execution and delivery hereof nor its compliance with the terms hereof (i) does or will contravene its bylaws or any other governmental rule or law or the terms or conditions or any judgment or decree, agreement or instrument applicable to or binding on it or any of its assets, or (ii) does or will require the consent or approval of any person, entity or instrumentality which has not already been obtained.

(c) Enforceability. This Lease is a legal, valid and binding obligation of Lessee, enforceable against Lessee in accordance with its terms, except to the extent that enforceability may be limited by applicable bankruptcy, insolvency, moratorium, reorganization or other similar laws affecting creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

(d) Consents. No Consent is required to be obtained by the Lessee from, and no notice or filing is required to be given by the Lessee to, or made by the Lessee with, any Person (including any Governmental Authority) in connection with the execution and delivery by the Lessee of this Lease or the consummation of the transactions contemplated hereby, except for such Consents which have been obtained and notices or filings which have been given or made as of the date hereof.

(e) Compliance with Law; Litigation. The Lessee is not in breach of any Applicable Law that could have a material adverse effect on the Lessee's ability to perform its obligations under this Lease. There is no action, suit or proceeding, at law or in equity, or before or by any Governmental Authority, pending nor, to the best of the Lessee's knowledge, threatened against the Lessee prior to or at the Time of Closing, which will have a material adverse effect on (i) the Lessee's ability to perform its obligations under this Lease and the Asset Transfer Agreement, or (ii) as to the Lessee, the validity or enforceability of this Lease.

(f) Brokers. Other than the Underwriter, there is no investment banker, broker, finder or other intermediary which has been retained by or is authorized to act on behalf of the Lessee who might be entitled to any fee or commission in connection with the transactions contemplated by this Lease.

SECTION 17.02. Representations of Lessor. Lessor represents, warrants and covenants to Lessee, all of which shall survive for the entire term of this Lease, that:

(a) Organization. Lessor is a Pennsylvania parking authority, a body corporate and politic, organized and existing under Chapter 55 of Title 53 of the Consolidated Statutes of Pennsylvania is a parking authority organized under the laws of the Commonwealth. Lessor has the power and authority to enter into this Lease and to do all acts and things and execute and deliver all other documents as are required hereunder to be done, observed or performed by it in accordance with the terms hereof.

D-32

(b) Authorization. Lessor has duly authorized, executed and delivered this Lease. Neither Lessor's execution and delivery hereof nor its compliance with the terms hereof (i) does or will contravene its articles of incorporation or bylaws or any other governmental rule or law or the terms or conditions or any judgment or decree, agreement or instrument applicable to or binding on it or any of its assets, or (ii) does or will require the consent or approval of any person, entity or instrumentality which has not already been obtained.

(c) Enforceability. This Lease is a legal, valid and binding obligation of Lessor, enforceable against Lessor in accordance with its terms, except to the extent that enforceability may be limited by applicable bankruptcy, insolvency, moratorium, reorganization or other similar laws affecting creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

(d) Environmental. Except as set forth in the environmental reports listed on Exhibit "D" (the "Environmental Reports"), to the actual knowledge of Lessor, there has been no presence, generation, storage, disposal, or release of any Hazardous Substances in, from, to, on or under the Leased Premises. For the purpose of this Section 17.02(d), "to the actual knowledge of Lessor" shall mean facts within the actual knowledge of the Executive Director of Lessor who is familiar with the Leased Premises and has reviewed the Environmental Reports.

(e) Indenture and Asset Transfer Agreement. Lessor shall comply with all terms, conditions and covenants applicable to Lessor contained in the Indenture and the Asset Transfer Agreement, and shall not take any action or omit to take any action which would cause the occurrence of a default under the Indenture or the Asset Transfer Agreement.

(f) No Conflicts. The execution and delivery of this Lease by Lessor, the consummation of the transactions contemplated hereby (including the operation of the Parking System in accordance with the terms of this Lease) and the performance by Lessor of the terms, conditions and provisions hereof has not and will not contravene or violate or result in a breach of (with or without the giving of notice or lapse of time, or both) or acceleration of any material obligations of the Lessor under (i) any applicable Law or (ii) to the best of the Lessor's knowledge, any material agreement, instrument or document to which the Lessor is a party or by which it is bound.

ARTICLE XVIII QUIET ENJOYMENT

SECTION 18.01. Quiet Enjoyment. Lessor covenants that neither it nor any person acting by, through or under it will take or cause to be taken any action contrary to Lessee's rights under this Lease or otherwise in any way interfere with the right to the use, possession and quiet enjoyment of the Leased Premises by Lessee or any permitted sub-lessee, assignee or transferee in accordance with the terms hereof.

SECTION 18.02. Lessor's Right to Enter. Notwithstanding the provisions of Section 18.01, Lessor shall have the right, upon reasonable written notice to Lessee (or without any notice whatsoever in case of an Emergency), to enter upon the Leased Premises for the purpose of inspecting same. Except in the case of an Emergency, the privilege and right of entry shall be

D-33

(a) Lessor hereby agrees to indemnify, defend and hold harmless Lessee and the other Lessee Indemnitees, from and against any and all liabilities, losses, obligations, demands, claims (including, without limitation, any Environmental Claim), costs, expenses (including, without limitation, reasonable attorneys' fees and costs), proceedings, actions, causes of action, suits, claims (including, without limitation, any Environmental Claim), damages, judgments, penalties, the cost and expense of defending any of the foregoing and other legal proceedings arising from, relating to or in any way connected with this Lease, except with respect to Lessee's gross negligence, willful and wanton misconduct, or breach of this Lease. The foregoing obligations of Lessor shall survive the termination of this Lease.

(b) In case any action or proceeding is brought against Lessee or another Lessee Indemnitee in respect of which indemnity may be sought hereunder, the party seeking indemnity promptly shall give notice of that action or proceeding as soon as it has actual knowledge to Lessor, and Lessor upon receipt of that notice shall have the obligation and the right to assume the defense of the action or proceeding with counsel reasonably acceptable to the affected Lessee Indemnitees; provided, that failure of a party to give that notice shall not relieve Lessor from any of its obligations under this Section unless that failure shall have materially and adversely impaired the ability of Lessee to defend the action or proceeding by Lessor. At its own expense, a Lessee Indemnitee may employ separate counsel and participate in the defense.

(c) The indemnification set forth above is intended to and shall (i) include the indemnification of all affected directors, officers, agents and employees of Lessee respectively, and (ii) be enforceable by Lessee and the other Lessee Indemnitees, to the full extent permitted by law. However, the indemnification set forth herein does not and is not intended to give Lessee or the Indenture Trustee priority over any claims of the holders of the Parking Bonds.

(d) The insurance requirements set forth in this Lease or any of the other Financing Documents shall in no way be intended to modify, limit or reduce the indemnifications made in this Lease by Lessor to Lessee or the Indenture Trustee or to limit Lessor's liability under this Lease to the limits of the policies of insurance required to be maintained pursuant to the Financing Documents, provided that any insurance recoveries shall reduce any losses by Lessee or any Lessee Indemnitees. To the extent Lessor makes payments pursuant to this Section and the indemnity obligation is paid in full, Lessor shall be subrogated to the rights and remedies of Lessee and the other Lessee Indemnitees, but, except with respect to insurance proceeds, only after all Indenture Obligations have been paid in full.

(e) The provisions of this Section 19.02 shall survive the termination of this Lease for any reason.

SECTION 19.03. Indemnity of Indenture Trustee.

(a) Notwithstanding any other indemnity provision contained herein or in any other Financing Document, Lessor hereby agrees to indemnify and hold

D-35

exercised at reasonable times and at reasonable hours, and without unreasonable interruption or disruption to Lessee's activities and operations in the Leased Premises.

SECTION 18.03. Police, Fire, Emergency, and Public Safety Access Rights. Section 3.14 of the Asset Transfer Agreement is incorporated herein by reference.

ARTICLE XIX INDEMNIFICATION; LIMITATION OF LIABILITY

SECTION 19.01. Release; Limitation of Lessee's Liability.

(a) Lessor and each and every one of its officers, directors, employees, shareholders, attorneys and agents, and the respective heirs, executors, trustees, administrators, successors and assigns of any of the foregoing entities or persons and each and every one of its and their subsidiaries and Affiliates, and each and every one of the respective officers, directors, employees, shareholders, attorneys and agents, and the respective heirs, executors, trustees, administrators, successors and assigns of any of the foregoing entities or persons (hereinafter referred to, collectively, as "Lessor Parties"), do hereby absolutely and irrevocably remise, release and forever discharge Lessee and each and every one of its officers, directors, employees, agents, representatives, attorneys, parties, Affiliates, successors and assigns (hereinafter referred to, collectively, as the "Lessee Indemnitees"), of and from any and all claims (including, without limitation Environmental Claims), actions, causes of action, suits, debts, obligations, expenses (including, without limitation, reasonable attorneys' fees), bills, liens, liabilities, covenants, contracts, agreements, judgments and demands whatsoever, in law or in equity, or otherwise, whether known or unknown, accrued or unaccrued, which any of the Lessor Parties had, now has or may have against Lessee arising out of, related to, or in any way connected with the subject matter of this Lease, except for gross negligence, willful misconduct of Lessee, and breach of this Lease by Lessee. Subject to Sections 11.01 and 19.01(b), the foregoing shall not limit the rights of Lessor upon a default by Lessee hereunder.

(b) In the event of any default by Lessee hereunder, the liability of Lessee to Lessor shall be limited to and enforceable only out of its interest under this Lease, the "Intergovernmental Transfer" (as defined in the Asset Transfer Agreement), and the Revenues (to the extent that the provisions of the Indenture so permit), and there shall be no other recourse by Lessor against Lessee Indemnitees, past, present or future, or any of the property now or hereafter owned or leased by it or them under any circumstances whatsoever. No covenant, obligation or agreement of Lessee contained in this Lease shall be deemed to be a covenant, obligation or agreement of any present or future member, director, officer, agent, counsel, or employee of Lessee. Lessee shall and such persons shall be protected in its or their acting upon any paper or document believed by it or them to be genuine, and it or they may conclusively rely upon the advice of counsel and may (but need not) require further evidence of any fact or matter before taking any action.

SECTION 19.02. Indemnity of Lessee.

D-34

the Indenture Trustee and its directors, officers, agents and employees, their respective successors and assigns (collectively, the "Indenture Trustee Indemnitees") harmless from and against any and all claims (including, without limitation, any Environmental Claim), liabilities, losses, damages, fines, penalties and expenses, including out-of-pocket actual expenses, actual incidental expenses, reasonable legal fees and expenses, allocated costs and expenses of in-house counsel and legal staff and the costs and expenses of defending against any such claim ("Losses") that may be imposed on, incurred by or asserted against, the Indenture Trustee or any of the other Indenture Trustee Indemnitees or any of them for following any instruction or other direction upon which the Indenture Trustee or any other Indenture Trustee Indemnitees is authorized to rely pursuant to the terms of this Lease, the Parking Bonds, or other Financing Document. In addition to and not in limitation of the immediately preceding sentence, Lessor also agrees to indemnify and hold the Indenture Trustee and the other Indenture Trustee Indemnitees and each of them harmless from and against any and all Losses that may be imposed on, incurred by or asserted against the Indenture Trustee Indemnitees or any of them in connection with or arising out of the Indenture Trustee's performance under this Lease, or any other Financing Document other than, with respect to such performance only, Losses resulting from the gross negligence of Indenture Trustee Indemnitees. The indemnification set forth in this Section 19.03 is intended to and shall (i) include the indemnification of all affected directors, officers, agents and employees of the Indenture Trustee, respectively, and (ii) be enforceable by the Indenture Trustee and the other Indenture Trustee Indemnitees, to the full extent permitted by law. Anything herein to the contrary notwithstanding, in no event shall the Indenture Trustee or the other Indenture Trustee Indemnitees be liable for special, indirect or consequential loss or damage of any kind whatsoever (including but not limited to lost profits) even if the Indenture Trustee or the other Indenture Trustee Indemnitees have been advised of the likelihood of such loss or damage and regardless of the form of action.

(b) In case any action or proceeding is brought against the Indenture Trustee or another Indenture Trustee Indemnitee in respect of which indemnity may be sought hereunder, the party seeking indemnity promptly shall give notice of that action or proceeding to Lessor, and Lessor upon receipt of that notice shall have the obligation and the right to assume the defense of the action or proceeding with counsel reasonably acceptable to the affected Indenture Trustee and Indenture Trustee Indemnitees; provided, that failure of a party to give that notice shall not relieve Lessor from any of its obligations under this Section unless that failure prejudices the defense of the action or proceeding by Lessor. At its own expense, the Indenture Trustee or any other Indenture Trustee Indemnitee may employ separate counsel and participate in the defense.

(c) To the extent Lessor incurs expenses or pays for losses pursuant to this Section and the indemnification obligation is paid in full, Lessor shall be subrogated to the rights and remedies of the Indenture Trustee but only after all Indenture Obligations have been paid in full.

(d) Lessor acknowledges that its indemnification obligations set forth in this Lease are not limited and recourse may be had against the assets of

D-36

Lessor now held or hereinafter acquired by Lessor provided however, in no event shall the indemnification obligations in this Lease or any other Financing Document extend to or include any direct obligation on the part of Lessor to pay all or any part of the Parking Bonds.

(c) The provisions of this Section 19.03 shall survive the termination of this Lease and the Indenture, payment of the Parking Bonds, and the removal or resignation of the Indenture Trustee for any reason in accordance with the Indenture for any reason.

SECTION 19.04. Limitation of Lessor's Liability. Except with respect to indemnification by Lessor of Lessee and/or the Indenture Trustee pursuant to Sections 19.02 and 19.03 or as elsewhere provided in this Lease, for which there shall be no limitation (and Lessee and the Indenture Trustee shall have recourse to any and all assets now held or hereafter acquired for satisfaction of any claim, remedy or cause of action), Lessor's liability under this Lease shall be limited to its interest in the Leased Premises and Rent payable under this Lease and except as set forth above Lessee shall have no other recourse for such liability against any other assets of Lessor now held or hereinafter acquired by Lessor for satisfaction of any claim, remedy or cause of action accruing to Lessee. In the exercise of the power of Lessor pursuant to this Lease, no officials or employees shall be personally liable to Lessee for any action taken or omitted by it or them in good faith and believed by them to be authorized or within the discretion or rights or powers conferred in this Lease, provided the foregoing is not intended to modify or limit the indemnification obligations of Lessor. Lessor acknowledges that its indemnification obligations set forth in this Lease are not limited and are full recourse obligations of Lessor provided, however, in no event shall such the indemnification in this Lease or any other Financing Document extend to or include any direct obligation on the part of Lessor to pay all or any part of the Parking Bonds.

ARTICLE XX NOTICES

SECTION 20.01. Notices. All notices, requests and other communications under this Lease shall be in writing, shall be deemed given and effective (a) when made by personal delivery with a written receipt of delivery, (b) one (1) Business Day after being sent by a nationally recognized overnight courier for next-day delivery; (c) three (3) Business Days after being sent by United States registered or certified mail, postage prepaid, return receipt requested and (d) upon receipt of confirmation when made by e-mail, and, in each such case, shall be addressed as follows:

If to Lessor:

Harrisburg Parking Authority
(for USPS)
P.O. Box 1142
Harrisburg, Pa
17108-1142
Attn: Richard D. Kotz, Executive Director
(for other than USPS)
123 Walnut St, Suite 317

D-37

Harrisburg, Pa 17101
E-mail: rkotz@harrisburgparking.org

With a copy to:

Pepper Hamilton LLP
100 Market Street, Suite 200
Harrisburg, Pa 17108-1181
Attn: Timothy B. Anderson
E-mail: andersont@pepperlaw.com

If to Lessee:

Pennsylvania Economic Development Financing Authority
c/o Department of Community and Economic Development
Commonwealth Keystone Building
400 North Street, 4th Floor
Harrisburg, Pa 17120
Attn: Executive Director
E-mail: sdrizos@pa.gov

With a copy to:

Office of Chief Counsel
Department of Community and Economic Development
Commonwealth Keystone Building
400 North Street, 4th Floor
Harrisburg, Pa 17120

(And with copies to the Qualified Designee, the Asset Manager, the Operator, AGM, and the County, which copies do not constitute notice to the Lessee, nor will the failure to provide such copies make notice to the Lessee defective or invalid)

The parties to this Lease, or either of them, may designate in writing from time to time any changes in addresses or any addresses of substitute or supplementary persons in connection with said notices. Except as otherwise expressly provided herein, any provision herein that one party shall notify the other of some matter is to be construed as a requirement that notice is to be given in accordance with the provisions of this Section.

ARTICLE XXI MISCELLANEOUS PROVISIONS

SECTION 21.01. Recordation. The parties have executed and will have recorded a memorandum of lease respecting this Lease.

D-38

SECTION 21.02. Successors. The respective rights and obligations provided in this Lease shall bind and shall inure to the benefit of the parties hereto, their respective successors and assigns; provided, however, no rights shall inure to the benefit of any successors or assigns of Lessee (except for the Indenture Trustee) unless Lessor's written consent for the transfer to such successor or assignee has first been obtained as required in Article XII; and, provided further, no rights shall inure to the benefit of any successors or assigns of Lessor unless Lessee's written consent for the transfer to such successor or assignee has first been obtained as required in Article XII, except as otherwise specifically set forth therein.

SECTION 21.03. Non-Merger. There shall be no merger of this Lease nor of the leasehold estate created by this Lease with fee title to the Leased Premises or any part thereof by reason of the fact that the same person may own or acquire or hold, directly or indirectly, (a) this Lease or the Leasehold Estate or any interest in this Lease or in the Leasehold Estate, and (b) fee title to the Leased Premises or any part thereof or any interest in such fee title, and no such merger shall occur unless and until Lessor and Lessee and each mortgagee shall join in a written instrument effecting such merger and shall duly record the same.

SECTION 21.04. Consents. Except as otherwise specifically provided herein, whenever the consent, approval, satisfaction, discretion or determination of Lessor or Lessee is required under this Lease, such consent, approval, satisfaction or determination shall not be unreasonably withheld or delayed.

SECTION 21.05. Expiration of Lessee; Expiration of Lessor. In the event that during the Term of this Lease, the existence of Lessee is not continued, renewed or extended pursuant to Applicable Law and a successor to Lessee is not established pursuant to Applicable Law, all rights and obligations of Lessee under this Lease shall automatically vest in the Person to which Lessee's interests hereunder are transferred whether by operation of law or otherwise. In the event that during the Term of this Lease, the existence of Lessor is not continued, renewed or extended pursuant to Applicable Law and a successor to Lessor has not been established pursuant to Applicable Law, all rights and obligations of Lessor under this Lease shall automatically vest in the Person to which Lessee's interests hereunder are transferred whether by operation of law or otherwise. In any such event, Section 21.03 is applicable and this Lease shall remain in full force and effect.

SECTION 21.06. Right-to-Know Law. Section 10.1 of the Asset Transfer Agreement is incorporated herein by reference.

SECTION 21.07. Governing Law. This Lease shall be construed, governed and enforced in accordance with the laws of the Commonwealth of Pennsylvania.

SECTION 21.08. Severability. If any provisions of this Lease or portions thereof shall be held to be invalid, void or unenforceable, the remaining provisions of this Lease or portions thereof shall in no way be affected or impaired and such remaining provisions or portions thereof shall remain in full force and effect.

SECTION 21.09. Captions. Any heading preceding the text of the several Sections and Subsections hereof are inserted solely for the convenience of reference and shall not constitute a part of this Lease, nor shall they affect its meaning, construction or effect.

D-39

SECTION 21.10. Waiver of Jury Trial. It is mutually agreed that Lessor and Lessee hereby waive trial by jury in any action, proceeding or counterclaim brought by either of the parties hereto against the other as to any matters arising out of or in any way connected with this Lease.

SECTION 21.11. Entire Agreement. This Lease (including the Exhibits hereto) contains all the agreements, conditions, understandings, representations and warranties made between the parties hereto with respect to the subject matter hereof and supersedes all prior negotiations and proposals (either written or oral) with respect to the subject matter hereof. This Lease may not be modified or terminated orally or in any manner other than by an agreement in writing signed by both parties hereto or their respective successors in interest.

D-40

IN WITNESS WHEREOF, the parties hereto have caused this Lease to be executed by their duly authorized officers or representatives as of the day and year first above written.

LESSOR
HARRISBURG PARKING AUTHORITY

By: _____ (SEAL)
Sanford Long, Chairman

By: _____ (SEAL)
Jennifer Smallwood, Secretary

LESSEE
PENNSYLVANIA ECONOMIC
DEVELOPMENT FINANCING AUTHORITY

ATTEST:

Name:
(Assistant) Secretary

By: _____
Stephen M. Drizos, Executive Director

EXHIBITS

- Exhibit "A" Leased Premises**
- Exhibit "B" Permitted Encumbrances**
- Exhibit "C" Parking Rates and Period of Operation**
- Exhibit "D" Environmental Reports**
- Exhibit "E" Required Capital Improvements**

D-41

D-42

**Exhibit A
LEASED PREMISES**

[TO BE INSERTED FROM TITLE INSURANCE COMMITMENTS]

**EXHIBIT B
PERMITTED ENCUMBRANCES**

[TO BE INSERTED FROM TITLE INSURANCE COMMITMENTS]

D-43

D-44

**EXHIBIT C
PARKING RATES AND PERIOD OF OPERATION**

Monthly Unreserved Rates by Garage

	Locust	Market Sq	River	Chestnut	City Island Garage and Lot	Fifth	H Univ	Seventh Street Garage and Lot	South	Walnut
Category	High	Medium	Medium	High	City Island	High	Medium	High	South	High
HPA Rate	\$155	\$155	\$155	\$155	\$75	\$155	\$155	\$155	\$155	\$155
1/1/14 Rate	175	170	165	175	100	170	170	170	170	175
1/1/15 Rate	185	180	170	185	105	180	180	180	180	185
1/1/16 Rate	195	190	185	195	115	190	190	190	190	195
1/1/17 Rate	200	195	190	200	120	195	195	195	195	200

Monthly Reserved Rates by Garage

	Locust	Market Sq	River	Chestnut	City Island Garage and Lot	Fifth	H Univ	Seventh Street Garage and Lot	South	Walnut
Category	High	Medium	Medium	High	City Island	High	Medium	High	South	High
HPA Rate	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200

Monthly reserved rates will be 135% of the corresponding unreserved monthly rate, rounded to the nearest \$5/month.

Monthly Unreserved Rates by Lot

	Mulberry/Dewberry	10 th Street	Mulberry
HPA Rate	NA	\$85	\$95
1/1/14 Rate	NA	100	100
1/1/15 Rate	NA	105	105
1/1/16 Rate	NA	115	115
1/1/17 Rate	NA	120	120

Transient Rate Categories by Garage

	Locust	Market Sq	River	Chestnut	City Island	Fifth	H Univ	Seventh	South	Walnut
Category	High	Medium	Medium	High	City Island	High	Medium	High	South	High

PEDFA will be allowed to operate under a dynamic framework that provides for the ability to adjust rates at different garages at different intervals, allows for the creation, changing and collapsing of rate categories, and allows for price differentiation between transient and monthly (reserved, for example) categories.

The Annual Cap applies on an average system-wide basis. For monthly garage rates, average rate means the arithmetic average of monthly rates at all garages. For transient garage rates, average rate means the arithmetic average of the transient all rates at all garages, provided that PEDFA is allowed to expand or collapse rate subcategories (e.g., deleting the 3-4 hour rate, or adding an 8-10 hour rate) so long as the average rate is within the Annual Cap. For meter rates, average rate in a given area (e.g., CBD, non-CBD) means the arithmetic average of the highest per hour charges in the area.

Monthly rates will be rounded to the nearest \$5 per month. Transient rates will be rounded to the nearest \$1.00 per period. Meter rates will be rounded to the nearest \$0.25 per period.

The Parking Enforcement Delegation Agency will have the right to raise future citation rates for meter violations so that citation rates for meter violations at all times equal or exceed 10 times the corresponding 60-minute rate at CBD meters. Citation rates will be rounded to the nearest \$5.

Note: the above rate schedules (and related averages) do not apply to any individual negotiated parking arrangements or contracts, such as the Parking Lease or valet parking.

All limitations and rate restrictions in this Exhibit C may be exceeded to the extent necessary to achieve compliance with the Rate Covenant and the Prospective Rate Covenant.

Transient Rates

Hours	HPA			1/1/14 Rates			1/1/15 Rates			
	All	City Island	High	High	Medium	South	High	Medium	South	City Island
0.50				\$3.00	\$3.00	\$3.00		\$3.00	\$3.00	\$3.00
2.00	\$5.00			7.00	7.00	5.00		8.00	8.00	6.00
3.00	7.00			9.00	9.00	7.00		10.00	10.00	8.00
4.00	8.00			11.00	11.00	8.00	\$5.00	12.00	12.00	9.00
5.00	9.00									
10.0				18.00	16.00	16.00		20.00	18.00	18.00
11.0	16.00									
24.0	20.00	\$5.00		25.00	20.00	20.00	10.00	25.00	20.00	20.00

Transient Rates by Lot

The HPA does not currently charge transient rates at lots. PEDFA will have the right to charge transient rates at lots that do not exceed the transient rates for Medium category garages.

Meter Rates

Minutes	HPA		1/1/14 Rates	
	CBD	Other	CBD	Other
10	\$0.25			
15		\$0.25	\$0.75	
30				\$0.75
60	1.50	1.00	3.00	1.50

Current Hours: Rates are in effect Monday – Friday, 8:00 am to 5:00 pm.

New Hours: Meter operation may be expanded up to 11 hours each weekday and Saturday (meters will not be operated on Sundays and Holidays) for the first five years from the date of Closing. Thereafter, the hours and days of operation will not be restricted.

Meter Enforcement

City Rate	Meter Violation	Late Payment
Initial Rate	\$14	\$11
	\$30	\$20

Violation and late payment rates are subject to applicable state law, such as 75 Pa.C.S. §3353(a).

Permitted Escalation of Parking Rates

For periods after those specified above, parking rates may be increased in each rate category (e.g. monthly unreserved) up to the greater of 3% or the Index per annum (the "Annual Cap"). Allowable rate increases are cumulative, whether or not the full inflation-related allowance is taken in any year. PEDFA is permitted to establish other reasonable charges for services not identified in this Exhibit C.

**Exhibit D
ENVIRONMENTAL REPORTS**

Exhibit E

REQUIRED CAPITAL IMPROVEMENTS

Within twelve (12) months of Closing:

Off-Street Parking System

1. Installation of new pay-on-foot stations (POF Machines), entry stations, exit stations, card readers, cameras and a hotel coding station along with various gate replacements and improvements at an estimated cost of \$1,900,000. All payment devices will be credit/debit card enabled and integrated with Off-Street Operator's remote management center.

On-Street Parking

2. Removal of existing on-street meters and signs attached to the meters. Fabrication and installation of new signs estimated at a cost of \$50,000.

3. Installation of new multi-space units and single space units each credit/debit card enabled, to replace existing pay stations and meters. The estimated cost of the on-street equipment is \$1,300,000. The exact configuration of multi-space units and single space units across the system may change prior to the final install. Based on preliminary estimates, it is anticipated that approximately 111 multi-space units and approximately 496 single space units will be installed.

[THIS PAGE INTENTIONALLY LEFT BLANK]

4. Two vehicles equipped with License Plate Recognition (LPR) technology estimated at a cost of \$120,000.

5. One vehicle (light duty transit van) to be used for meter operations estimated at a cost of \$25,000.

Within thirty-six (36) months of Closing:

6. Per Desman Physical Conditions Review of the Long Term Concession and Lease of the Harrisburg Public Parking System, dated November 19, 2013, Years 1-2 garage improvements and repair capital totaling approximately \$2.6 million. While weather and use conditions might accelerate or delay some of these capital outlays, approximately \$2.465 million will be spent on structural, waterproofing and electrical and approximately \$114,000 for parking lot resurfacing.

[THIS PAGE INTENTIONALLY LEFT BLANK]

Appendix “E”

Form of PEDFA Intergovernmental Cooperation Agreement

[THIS PAGE INTENTIONALLY LEFT BLANK]

PEDFA INTERGOVERNMENTAL COOPERATION AGREEMENT

This Intergovernmental Cooperation Agreement ("Agreement") is made and entered into by and between the City of Harrisburg, Pennsylvania ("City") and the Pennsylvania Economic Development Financing Authority ("PEDFA") (hereinafter referred to collectively as "Parties").

WHEREAS, the City is a third class city incorporated under the Laws of the Commonwealth of Pennsylvania with its offices located at Martin Luther King Jr. Government Center, 10 North 2nd Street, Harrisburg, PA 17101.

WHEREAS, PEDFA, with its offices located at Commonwealth Keystone Building, 400 North Street, 4th Floor, Harrisburg, PA 17120, was created and is existing pursuant to the Pennsylvania Economic Development Financing Law, 73 Pa.C.S. Section 371, et seq.

WHEREAS, pursuant to Article IX, Section 5, of the Constitution of the Commonwealth of Pennsylvania, and the Pennsylvania Intergovernmental Cooperation Law, 53 Pa. C.S. §§2301 et seq. (collectively, the "Intergovernmental Legislation"), the City has determined, for good and valuable consideration, including direct and indirect up-front payments and periodic payments during the term of the Asset Transfer Agreement (hereinafter defined), to (i) transfer and delegate all of its functions, powers and responsibilities with respect to the City's on-street parking system to PEDFA (except for (a) parking enforcement powers which the City will transfer and delegate to the Department of General Services of the Commonwealth ("DGS") pursuant to the DGS Intergovernmental Cooperation Agreement, and (b) the City's reserved enforcement powers, which the City shall retain) in order to assure the provision of a first class parking system for the benefit of the City and its residents and visitors for the term specified herein and in the Asset Transfer Agreement, and (ii) to transfer, set over and assign to PEDFA, in connection with the transfer and delegation of the City's functions, powers and responsibilities with respect to the City's on-street parking system, all of the City's right, title and interest in and to the parking revenues derived from the City's on-street parking system, including Metered Parking Revenues and Parking Violation Revenues (as defined in the Asset Transfer Agreement).

WHEREAS, PEDFA, in its role pursuant to the Pennsylvania Economic Development Financing Law, desires to accept such transfer and delegation and operate or cause to be operated the designated on-street parking and will immediately contract or cause to be contracted with PK Harris Advisors, Inc., an affiliate of TriMont Real Estate Investments, Inc., or its affiliates or successors, as the initial asset manager of the Parking System (the "Asset Manager") to provide certain of such functions as provided in attached Exhibit A and the Asset Manager will immediately contract with the initial parking operator, or its affiliates or successors (the "Parking Operator").

WHEREAS, the Parties, together with the Harrisburg Parking Authority, are concurrently entering into that certain Asset Transfer Agreement, a copy of which is attached hereto as Exhibit B, to provide for the larger transaction of which the transfer of the on-street parking system is a part.

WHEREAS, the Parties to this Agreement desire to cooperate in on-street parking operations, including meter rate setting and other non-enforcement functions, within a portion of the City as described in attached Exhibit C and incorporated herein (the "Competing Parking Area") for the collective benefit of the City and its residents, and visitors to the City.

E-1

would impair its ability to meet the rate covenants and in the event of a bond default or breach of debt service coverage covenants.

B. Parking Fee and Period of Operation Adjustments.

(a) *Changes in Metered Parking Fees.*

(i) Adjustments in Metered Parking Fees. On or after January 1, 2014, PEDFA or its designee may adjust the metered parking fees; provided that increases shall not exceed the applicable metered parking fee cap, set forth in Exhibit E hereto, subject in each case to the requirements of the regular rate adjustment and the rate covenants requirements. Except in circumstances required to meet the rate covenants, any increase of the metered parking fee in excess of the applicable metered parking fee cap is subject to approval by the City.

(b) *Changes in Period of Operation.*

(i) Adjustments in Period of Operation. Following the initial adjustment date, PEDFA or its designee may adjust the period of operation for the parking spaces, provided, however, that PEDFA or its designee shall not increase the hours of operation for the metered parking spaces beyond 11 hours a day within the first five years of this Agreement.

(c) *Compliance with rate covenants.* Notwithstanding anything in this Agreement to the contrary, PEDFA or its designee can increase parking fees over any parking fee cap in amounts determined by PEDFA to be necessary, from time to time, to achieve compliance with any rate covenant in any indenture under which revenue bonds are issued and for the payment and security of which Parking Revenue is pledged.

C. Right of Entry and Access to the Public Way.

The City hereby grants to PEDFA and its designee a license to enter upon, in, under, over and across the public way, only to the extent and at such times as shall be necessary or desirable for PEDFA or its designee and through the Asset Manager or the Parking Operator, to access the on-street parking system in order to conduct or cause to be conducted parking system operations, including operating, maintaining, inspecting, constructing, repairing and managing the on-street parking system and all supporting structures and appurtenances thereto and interconnecting the same to any electric utility, telephonic or other communication lines, collecting parking revenue, and installing monitoring or observation technology or equipment reasonably necessary for parking system operations.

(i) The rights granted to PEDFA do not create a priority in favor of PEDFA over any other user of the public way and are subject to the Operating Standards attached hereto as Exhibit D and all provisions of law, including applicable City permit requirements, relating to the conduct of a private business or franchise in that part of the public way that is part of an actual parking space in the public way.

E-3

WHEREAS, Article IX, Section 5 of the Constitution of the Commonwealth of Pennsylvania authorizes and the Pennsylvania Intergovernmental Cooperation Law, Act 180 of 1972, as amended by Act 177 of 1996, 53 Pa.C.S. § 2301, et seq. (hereinafter the "Act"), endorses cooperative agreements for provision of public services, performance of government functions, and other government purposes by and between local governments of this Commonwealth and between local governments of this Commonwealth and the Commonwealth.

WHEREAS, the City has enacted an ordinance or a resolution consistent with the provisions of the Act (53 Pa.C.S. § 2305), and thus, is duly authorized to enter into this Agreement.

WHEREAS, PEDFA has adopted a resolution pursuant to the Pennsylvania Economic Development Financing Law, 73 Pa.C.S. Section 371, et seq. and it bylaws which duly authorizes its Chairman, Executive Director or other such officers to execute and deliver this Agreement.

AND NOW, THEREFORE, in consideration of the mutual covenants undertaken herein, and with the intent to be legally bound, the Parties hereby agree as follows:

- 1. Purpose, Objectives, and Organizational Structure. The purpose and objectives of the transfer and delegation are to increase the commerce, health, safety, and prosperity of the City and to implement the Act 47 Recovery Plan and the financial recovery of the City. The powers and scope of authority delegated by the City to PEDFA are the right to operate or cause to be operated on-street parking (excluding enforcement), including collecting meter revenues, and setting hours of operation for on-street parking within the Competing Parking Area.

- 2. Duties, Obligations, and Responsibilities.

A. General.

Management and Operation - PEDFA or its designee shall manage and operate or cause to be managed and operated the On-Street Parking consistent with the On-Street Parking System Operating Standards, which is attached hereto as Exhibit D and incorporated herein.

Parking Policy within the Competing Parking Area – PEDFA and/or its designee and the Asset Manager will work with the City to identify new residential permit parking areas (e.g. north of Forster), and PEDFA is granted the non-exclusive rights to enforce non-moving parking violations in residential permit parking areas.

PEDFA is hereby granted the authority to adjust meter rates as appropriate based on market demand fluctuations over time and in accordance with Exhibit E attached hereto and incorporated herein – the Schedule of On-Street Parking Fees, all covenanted to by PEDFA to meet rate covenants or debt service coverage covenants pursuant to any trust indenture pursuant to which PEDFA may issue its revenue bonds. PEDFA is hereby granted the right to increase meter and enforcement rates above those permitted in Exhibit E to the extent necessary to meet any rate covenants in any indenture securing bonds issued in connection with the transaction described in the Asset Transfer Agreement. PEDFA's ability to reduce overall meter and enforcement rates (but not individual rates) is restricted if such reduction

E-2

(ii) PEDFA will not be responsible for the installation, removal, and repair of signage not relating to the parking system (such as signs regarding no standing/stopping, bus/taxi zones, traffic control, etc.)

- 3. Duration. The duration of the term of the delegation is concurrent with the term of the Asset Transfer Agreement.

- 4. Resources.

- The manner and extent of financing of the parking transaction of which the delegation is a part are as set forth in the Asset Transfer Agreement;

- The organizational structure necessary to implement the delegation is as set forth in the Asset Transfer Agreement;

- The manner in which real and personal property shall be acquired, managed, licensed and disposed of by PEDFA or its designee are as set forth in the Asset Transfer Agreement; and

- No entity shall be created by this transfer and delegation, but the authority delegated herein shall be exercised by PEDFA or its designee (as defined in the Asset Transfer Agreement).

- 5. Insurance. The manner in which insurance shall be provided for all property impacted by this Agreement are set forth in the Asset Transfer Agreement.

- 6. Additional Parties. Any other local government may join in this Agreement upon written approval of the existing Parties hereto, and by following the Official Action Required, below.

- 7. Termination of Agreement. The Parties agree that neither Party to this Agreement may withdraw at any time from this Agreement until the date the Asset Transfer Agreement is terminated.

- 8. Notice. Any and all notices required between the Parties to this Agreement shall be deemed to have been duly given when said notice is either hand-delivered or mailed by United States Certified Mail, Return Receipt Requested, to the administrative office address of record set forth at the outset of this Agreement. Any Party may change its address of record by written notice of said change to all other Parties.

- 9. Exhibits. The following documents are attached hereto as exhibits, and are incorporated herein by reference:

- A. Asset Management Agreement between PEDFA and the Asset Manager
- B. Asset Transfer Agreement
- C. Competing Parking Area
- D. On-Street Parking System Operating Standards

E-4

E. Schedule of On-Street Parking Fees

- 10. Entire Agreement. This Agreement, along with the Exhibits incorporated herein by reference, comprise the entire agreement between the Parties related to the subject matter of this Agreement, and supersedes any prior agreement, oral or written, between the Parties on the subject matter hereof.
- 11. Amendment. This Agreement may only be amended in writing, by duly authorized representatives of the Parties, and approved by official action of the Parties.
- 12. Assignment and Delegation by PEDFA. PEDFA may assign any rights or benefits, and delegate any duties or obligations, that are set forth in this Agreement.
- 13. Severability. If any provision of this Agreement is determined to be legally invalid by a court of competent jurisdiction, such invalidity shall not affect the other provisions of the Agreement, and this Agreement shall continue to the full extent possible.
- 14. Non-Waiver. Failure by a Party to declare a breach of this Agreement for default of its terms does not constitute a waiver of any ongoing or subsequent breach or any other right under this Agreement.
- 15. Governing Law. This Agreement, and all rights and obligations of the Parties hereto, are governed and construed in accordance with the laws of the Commonwealth of Pennsylvania.
- 16. Official Action Required. Pursuant to the Act (53 Pa.C.S. § 2305), each Party to this Agreement is required to enact an ordinance or adopt a resolution authorizing the terms and execution of this Agreement.
- 17. Authority. The signatories below are duly authorized to enter into this Agreement as the representative of the respective Parties to this Agreement as follows:

City, Ordinance No. 30-2013 passed at a meeting of its Council on November 12, 2013.

PEDFA, Resolution passed at a meeting of its Board on December 4, 2013.
- 18. Commonwealth Held Harmless.

The City and its successors and assigns shall indemnify, defend, and hold harmless PEDFA and the Commonwealth of Pennsylvania and their employees and agents, from and against any and all losses, costs (including litigation costs and counsel fees), claims, suits, actions damages, and expenses, including but not limited to any claim or action alleging any loss of life, bodily injury, personal injury, invasion of privacy, discrimination, emotional damages or property damage, occasioned wholly or in part by the City's act or omission or the act or omission of the City's agents, contractors (including subcontractors and suppliers), officers, employees, servants or independent contractors related in any way to this Agreement and the City's performance under it.

If any claims, lawsuits, disputes, arbitrations, mediations or other actions are initiated against PEDFA and/or the Commonwealth of Pennsylvania by the City or a third party or parties pertaining

to the above, and it is determined by a court, arbitrator, administrative body or the Board of Claims that the City has breached and/or violated the terms of this Agreement by bringing claims, lawsuits, disputes, arbitrations, mediations or other actions against PEDFA and/or the Commonwealth of Pennsylvania or by the City failing to hold harmless and/or indemnify PEDFA and/or the Commonwealth of Pennsylvania, then the City shall be required to pay for the reasonable expenses and/or reasonable value of bringing and/or defending such actions by PEDFA and/or the Commonwealth of Pennsylvania, including without limitation attorneys' fees, disbursements and court costs in an amount to be determined by the court, arbitrator, administrative body or the Board of Claims. Pursuant to the Commonwealth Attorneys Act (71 P.S. § 732-101, et seq.), the Office of Attorney General (OAG) has the sole authority to represent the Commonwealth in actions brought against the Commonwealth. The OAG may, however, in its sole discretion and under such terms as it deems appropriate, delegate its right of defense.

Should the OAG delegate its right of defense to PEDFA through the Department of Community and Economic Development (DCED), the choice of selecting outside counsel to represent PEDFA or utilizing DCED attorneys employed by DCED and/or the Office of General Counsel shall solely be made by the Governor's General Counsel. The reasonable value of attorneys' fees shall be paid to PEDFA, even if the Governor's General Counsel assigns DCED or other Commonwealth attorneys. The Governor's General Counsel shall set the hourly rate for attorneys assigned to defend any legal action brought against PEDFA or the Commonwealth of Pennsylvania.

The City acknowledges that PEDFA and the Commonwealth of Pennsylvania enjoy sovereign immunity as provided in 1 Pa.C.S. § 2310 and further that PEDFA and the Commonwealth of Pennsylvania do not waive sovereign immunity by entering into this Agreement.

- 19. Effective Date. This Agreement shall become effective on the Closing Date under the Asset Transfer Agreement.
- 20. Inurement. This Agreement shall be binding upon and inure to the benefit of all successors in interest to the Parties hereto.
- 21. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original.

[Signatures Appear on Following Page]

IN WITNESS WHEREOF, and intending to be legally bound, the Parties hereto have hereby caused this Agreement to be executed by their duly authorized representatives.

CITY OF HARRISBURG

Attest: By: _____
Mayor

(Assistant) Secretary By: _____
City Controller

(SEAL) PENNSYLVANIA ECONOMIC DEVELOPMENT FINANCING AUTHORITY

Attest: By: _____
Assistant Secretary Executive Director

APPROVED AS TO FORM AND LEGALITY

OFFICE OF GENERAL COUNSEL OFFICE OF ATTORNEY GENERAL

By: _____ By: _____

Date: _____, _____ Date: _____, _____

EXHIBIT A TO PEDFA INTERGOVERNMENTAL COOPERATION AGREEMENT

MANAGEMENT AGREEMENT BETWEEN PEDFA AND THE ASSET MANAGER

The Management Agreement between PEDFA and the Asset Manager is included in this Official Statement as APPENDIX "I" and reference is hereby made to APPENDIX "I" for a copy of the Management Agreement.

**EXHIBIT B
TO PEDFA INTERGOVERNMENTAL COOPERATION AGREEMENT**

ASSET TRANSFER AGREEMENT

The Asset Transfer Agreement is included in this Official Statement as APPENDIX "C" and reference is hereby made to APPENDIX "C" for a copy of the Asset Transfer Agreement.

E-9

**EXHIBIT C
TO PEDFA INTERGOVERNMENTAL COOPERATION AGREEMENT**

COMPETING PARKING AREA

The Competing Parking Area is set forth in Schedule 4 to the Asset Transfer Agreement included in this Official Statement as APPENDIX "C" and reference is hereby made to Schedule 4 in APPENDIX "C" for a copy of the Competing Parking Area.

E-10

**EXHIBIT D
TO PEDFA INTERGOVERNMENTAL COOPERATION AGREEMENT**

REQUIREMENTS FOR OPERATING STANDARDS

The Operating Standards are set forth in Schedule 2 to the Asset Transfer Agreement included in this Official Statement as APPENDIX "C" and reference is hereby made to Schedule 2 in APPENDIX "C" for a copy of the Operating Standards.

E-11

**EXHIBIT E
TO PEDFA INTERGOVERNMENTAL COOPERATION AGREEMENT**

SCHEDULE OF ON-STREET PARKING FEES

The schedule of on-street parking fees are set forth in Schedule 5 to the Asset Transfer Agreement included in this Official Statement as APPENDIX "C" and reference is hereby made to Schedule 5 in APPENDIX "C" for a copy of the schedule of on-street parking fees.

E-12

[THIS PAGE INTENTIONALLY LEFT BLANK]

Appendix “F”

Form of DGS Intergovernmental Cooperation Agreement

[THIS PAGE INTENTIONALLY LEFT BLANK]

DGS INTERGOVERNMENTAL COOPERATION AGREEMENT

This Intergovernmental Cooperation Agreement ("Agreement") is made and entered into by and between the City of Harrisburg, Pennsylvania ("City") and the Pennsylvania Department of General Services ("DGS") (hereinafter referred to collectively as "Parties").

WHEREAS, the City is a third class city incorporated under the Laws of the Commonwealth of Pennsylvania with its offices located at Martin Luther King Jr. Government Center, 10 North 2nd Street, Harrisburg, PA 17101.

WHEREAS, DGS, with its offices located at Room 515 North Office Building, 401 North Street, Harrisburg, PA 17125, was created, is existing, and exercises its powers pursuant to 71 P.S. §§ 631, *et seq.*

WHEREAS, the City and DGS desire to cooperate in on-street parking enforcement within a portion of the City as described in attached Exhibit A and incorporated herein (the "Competing Parking Area") for the collective benefit of the residents of, and visitors to, the City.

WHEREAS, an Advisory Committee ("Advisory Committee"), as defined and established by that certain Asset Transfer Agreement for the City of Harrisburg Parking System, by and among the Harrisburg Parking Authority, the Pennsylvania Economic Development Financing Agency ("PEDFA"), and the City (the "Asset Transfer Agreement"), as provided in attached Exhibit B, is constituted so as to provide input on such matters to include, but not be limited to, enforcement of on-street parking.

WHEREAS, the City desires to transfer and delegate to DGS the right to conduct on-street parking enforcement during the term of this Agreement pursuant to the Enforcement Policies attached hereto as Exhibit C and the Fines and Charges as attached hereto as Exhibit D.

WHEREAS, DGS desires to accept such transfer and delegation and enforce or cause to be enforced on-street parking rules and will immediately contract with PK Harris Advisors, Inc., an affiliate of TriMont Real Estate Investments, Inc., or its affiliates or successors as the initial asset manager of the Parking System (the "Asset Manager") to provide enforcement of on-street parking rules with the power to set fines and approve enforcement policies being retained by DGS as provided in the agreement attached as Exhibit E.

WHEREAS, it is further contemplated that the Asset Manager will immediately contract with the initial operator of the on-street Parking System, SP Plus Municipal Services, or its affiliates or successors (the "Parking Operator"), to directly conduct the enforcement of the on-street parking rules.

WHEREAS, upon the removal or replacement of either the Asset Manager and/or the Parking Operator, each will, subject to the terms of the Asset Transfer Agreement, continue to provide their respective services until a replacement is selected; therefore DGS will not be responsible for performing their respective services.

F-1

The City hereby irrevocably delegates to DGS the exclusive (except as to the City's police) right to tow or boot vehicles in the Competing Parking Area that have multiple offenses for illegal or overtime or unpaid bills.

Subject to limitations set forth in Exhibit D – Fines and Charges, attached hereto and incorporated herein, the City hereby irrevocably delegates to DGS the exclusive right to change, modify and set fines and charges relating to enforcement in the Competing Parking Area. The City hereby irrevocably delegates to DGS the exclusive right to change and modify the Enforcement Policies set forth in Exhibit C – Enforcement Policies, attached hereto and incorporated herein. Changes and modifications to the Fines and Charges and to the Enforcement Policies shall be reviewed for advisory input prior to adoption with the Advisory Committee established for the Parking System pursuant to the Asset Transfer Agreement.

The City hereby reserves to its police force the concurrent right to enforce non-moving violations and to tow or boot vehicles (the "Reserved Enforcement Powers").

B. Issuance of Parking Tickets, Enforcement, and Adjudication.

(i) With the exception of the Reserved Enforcement Powers, DGS or its designee through the Operator, the Enforcement Operator, as defined in the Asset Transfer Agreement, and the City's designated law enforcement officers shall have the exclusive right and responsibility to administer parking enforcement, in accordance with the Enforcement Policies in Exhibit C, and applicable law. DGS or its designee shall establish, maintain, and undertake the Enforcement Policies consistent with applicable law and this Agreement. The City will cooperate with DGS or its designee in revising and updating the Enforcement Policies, provided, that any Enforcement Policies applicable to City employees are subject to approval by the City.

(ii) The City shall remain responsible for the adjudication related to parking enforcement.

C. Right of Entry and Access to the Public Way.

The City hereby grants to DGS and its designees a license to enter upon, in, under, over and across the public way, only to the extent and at such times as shall be necessary or desirable for DGS or its designees to access the Parking System in order to conduct on-street parking enforcement, including installing monitoring or observation technology or equipment reasonably necessary for on-street parking enforcement.

(i) The rights granted to DGS do not create a priority in favor of DGS over any other user of the public way and all provisions of law, including applicable City permit requirements, relating to the conduct of a private business or franchise in that part of the public way that is part of an actual parking space in the public way.

F-3

WHEREAS, DGS is accepting the transfer and delegation hereunder and will perform or cause to be performed its functions hereunder without compensation in order to assist in the operation of the Parking System.

WHEREAS, the City is separately transferring; setting over and assigning to PEDFA the right to collect and receive all revenues from the enforcement of on-street parking rules in the Competing Parking Area and all right, title, and interest of the City in and to all such revenues, and consequently, DGS will not be required to incur any expense or liability in connection with the transfer and delegation hereunder and all costs and expenses will be the responsibility of PEDFA, the Asset Manager, and the Parking Operator.

WHEREAS, Article IX, Section 5 of the Constitution of the Commonwealth of Pennsylvania authorizes and the Pennsylvania Intergovernmental Cooperation Law, Act 180 of 1972, as amended by Act 177 of 1996, 53 Pa.C.S. § 2301, *et seq.* (hereinafter the "Act"), endorses cooperative agreements for provision of public services, performance of government functions, and other government purposes by and between the Commonwealth and local governments of this Commonwealth.

WHEREAS, the City has enacted an ordinance consistent with the provisions of the Act (53 Pa.C.S. § 2305), and thus, the City is duly authorized to enter into this Agreement.

WHEREAS, DGS has the authority to enter into this Agreement without satisfying any requirements under the Act.

AND NOW, THEREFORE, in consideration of the mutual covenants undertaken herein, and with the intent to be legally bound, the Parties hereby agree as follows:

1. **Purpose, Objectives, and Organizational Structure.** The purpose and objectives of the grant and delegation are to increase the commerce, health, safety, and prosperity of the City and to implement the Act 47 Recovery Plan and the financial recovery of the City. The powers and scope of authority delegated by the City to DGS are on-street parking enforcement within the Competing Parking Area.

2. **Duties, Obligations, and Responsibilities.**

A. General.

Enforcement – DGS is hereby irrevocably granted and there are hereby transferred and delegated to DGS exclusive (except as to the City's police) rights to provide the following with respect to on-street parking within the Competing Parking Area: (i) moderate-term to long-term strategic planning relating to enforcement of the on-street parking within the Competing Parking Area, (ii) direct oversight of and contracting responsibility with the Asset Manager and the Parking Operator responsible for the day-to-day enforcement operations, (iii) preparation and oversight of annual budgets and business plans for the enforcement operations, and (iv) the making of recommendations with respect to risk management policies and procedures with respect to the enforcement for on-street parking within the Competing Parking Area. On or before the effective date, the City shall set meter violation rates at \$30/citation with a \$20 late payment fee.

(ii) DGS will not be responsible for the installation, removal, and repair of signage not relating to the parking system (such as signs regarding no standing/stopping, bus/taxi zones, traffic control, etc.).

D. Costs and Expenses.

DGS shall incur no costs or expenses in connection with its exercise of the rights and powers granted and delegated hereunder. Provision for all costs and expenses in connection with the exercise of the rights and powers granted and delegated hereunder and the conduct of the enforcement functions hereunder shall, subject to the terms of the Asset Transfer Agreement, be made by the Asset Manager and the Parking Operator and DGS shall have absolutely no responsibility or liability with respect to such costs and expenses.

3. **Duration.** The duration of the term of the grant and delegation hereunder is concurrent with the term of the Asset Transfer Agreement and shall expire concurrently with the expiration of the "Term" of the Asset Transfer Agreement as provided therein.

4. **Resources.** DGS does not require any resources or funds to exercise and carry out its functions under this Agreement because the Asset Manager and the Parking Operator or other parties as described in the Asset Transfer Agreement will provide all such resources. The resources required on the part of the Asset Manager, the Parking Operator, or the City and all other parties involved in any way in the exercise of the functions under this Agreement are provided for in or pursuant to the Asset Transfer Agreement.

• The manner and extent of financing of the parking transaction of which the delegation is a part are as set forth in the Asset Transfer Agreement;

• The organizational structure necessary to implement the delegation is as set forth in the Asset Transfer Agreement;

• No real or personal property shall be acquired, managed, licensed and disposed of by DGS; and

• No entity shall be created by the delegation, but the authority delegated herein shall be exercised by DGS or its designee (as defined in the Asset Transfer Agreement).

5. **Insurance.** The manner in which insurance shall be provided for all property impacted by this Agreement is set forth in the Asset Transfer Agreement. DGS shall be named an additional insured on all commercial general liability insurance policies and umbrella liability insurance policies with respect to the Parking System required under the Asset Transfer Agreement.

6. **Additional Parties.** Any other additional municipality may join in this Agreement upon written approval of the existing Parties hereto, and by following the Official Action Required, below.

F-4

7. Termination of Agreement. The Parties agree that neither Party to this Agreement may withdraw at any time from this Agreement until the date the Asset Transfer Agreement is terminated.
8. Notice. Any and all notices required between the Parties to this Agreement shall be deemed to have been duly given when said notice is either hand-delivered or mailed by United States Certified Mail, Return Receipt Requested, to the administrative office address of record set forth at the outset of this Agreement. Any Party may change its address of record by written notice of said change to all other Parties.
9. Exhibits. The following documents are attached hereto as exhibits, and are incorporated herein by reference:
 - A. Competing Parking Area
 - B. Asset Transfer Agreement
 - C. Enforcement Policies
 - D. Fines and Charges
 - E. Parking Enforcement Engagement Agreement Between DGS and the Asset Manager.
10. Entire Agreement. This Agreement, along with the Exhibits incorporated herein by reference, comprise the entire agreement between the Parties related to the subject matter of this Agreement, and supersedes any prior agreement, oral or written, between the Parties on the subject matter hereof.
11. Amendment. This Agreement may only be amended in writing, by duly authorized representatives of the Parties, and approved by official action of the Parties.
12. Assignment and Delegation by DGS. DGS may assign any rights or benefits, and delegate any duties or obligations, that are set forth in this Agreement.
13. Severability. If any provision of this Agreement is determined to be legally invalid by a court of competent jurisdiction, such invalidity shall not affect the other provisions of the Agreement, and this Agreement shall continue to the full extent possible.
14. Non-Waiver. Failure by a Party to declare a breach of this Agreement for default of its terms does not constitute a waiver of any ongoing or subsequent breach or any other right under this Agreement.
15. Governing Law. This Agreement, and all rights and obligations of the Parties hereto, are governed and construed in accordance with the laws of the Commonwealth of Pennsylvania.
16. Official Action Required. Pursuant to the Act (53 Pa.C.S. § 2305), the City is required to enact an ordinance or adopt a resolution authorizing the terms and execution of this

F-5

omission or the act or omission of the City's agents, contractors (including subcontractors and suppliers), officers, employees, servants or independent contractors related in any way to this Agreement and the City's performance under it.

If any claims, lawsuits, disputes, arbitrations, mediations or other actions are initiated against DGS and/or the Commonwealth of Pennsylvania by the City, the Asset Manager or a third party or parties pertaining to the above, and it is determined by a court, arbitrator, administrative body or the Board of Claims that the City has breached and/or violated the terms of this Agreement by bringing claims, lawsuits, disputes, arbitrations, mediations or other actions against DGS and/or the Commonwealth of Pennsylvania or by the City failing to hold harmless and/or indemnify DGS and/or the Commonwealth of Pennsylvania, then the City shall be required to pay for the reasonable expenses and/or reasonable value of bringing and/or defending such actions by DGS and/or the Commonwealth of Pennsylvania, including without limitation attorneys' fees, disbursements and court costs in an amount to be determined by the court, arbitrator, administrative body or the Board of Claims. Pursuant to the Commonwealth Attorneys Act (71 P.S. § 732-101, et seq.), the Office of Attorney General (OAG) has the sole authority to represent the Commonwealth in actions brought against the Commonwealth. The OAG may, however, in its sole discretion and under such terms as it deems appropriate, delegate its right of defense.

Should the OAG delegate its right of defense to DGS, the choice of selecting outside counsel to represent DGS or utilizing DGS' attorneys employed by DGS and/or the Office of General Counsel shall solely be made by the Governor's General Counsel. The reasonable value of attorneys' fees shall be paid to DGS, even if the Governor's General Counsel assigns DGS' or other Commonwealth attorneys. The Governor's General Counsel shall set the hourly rate for attorneys assigned to defend any legal action brought against DGS or the Commonwealth of Pennsylvania.

The City acknowledges that DGS and the Commonwealth of Pennsylvania enjoy sovereign immunity as provided in 1 Pa.C.S. § 2310 and further that DGS and the Commonwealth of Pennsylvania do not waive sovereign immunity by entering into this Agreement.

19. Effective Date. This Agreement shall become effective on the Closing Date under the Asset Transfer Agreement.
20. Inurement. This Agreement shall be binding upon and inure to the benefit of all successors in interest to the Parties hereto.
21. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original.

[Signatures Appear on Following Page]

F-7

Agreement. No official action is required in order for DGS to authorize the terms and execution of this Agreement.

17. Authority. The signatories of the City are duly authorized to enter into this Agreement as the representative of the City as follows:

City, Ordinance No. 31-2013 passed at a meeting of its Council on November 12, 2013.

18. Commonwealth Held Harmless.

The City, its successors and assigns (hereafter for purposes of this Section 18, the "City"), hereby acknowledges, as does the Asset Manager, within a separate Parking Enforcement Engagement Agreement between the Asset Manager and DGS, that DGS is contracting with the Asset Manager as to the responsibility to conduct all on-street parking enforcement activity under such agreement and that the Asset Manager will further contract with the Parking Operator to carry out on-street parking enforcement activities. DGS will not actively manage, control, audit or oversee the Asset Manager or the Parking Operator during the term of this Agreement; rather the enforcement activities of the Asset Manager and the Parking Operator will be reviewed by the Advisory Committee and may also be reviewed by PEDFA or its qualified designee to the extent relevant to the other duties and responsibilities of the Asset Manager and the Parking Operator to PEDFA under other agreements.

DGS requires, and the City hereby agrees, that DGS not be involved in any dispute, performance related issue, and/or breach of contract action involving the City, the Asset Manager, the Parking Operator or any other party relative to this Agreement. The City shall not file, institute, or bring in any manner, any claims, lawsuits, disputes, arbitrations, mediations or other actions against DGS and the Commonwealth of Pennsylvania pertaining in any way to this Agreement as between the City and DGS, or the services performed by the Asset Manager or the Parking Operator, relative to such Parking Enforcement Engagement Agreement between DGS and the Asset Manager. To the extent that the City has any claims, lawsuits, disputes, arbitrations, mediations or other actions pertaining to the services DGS is providing under this Agreement, the City shall direct those claims, lawsuits, disputes, arbitrations, mediations or other actions against the Asset Manager and/or a third party, not against DGS or the Commonwealth of Pennsylvania.

The City shall indemnify, defend, and hold harmless DGS and the Commonwealth of Pennsylvania and their employees and agents, from and against any and all losses, costs (including litigation costs and counsel fees), claims, suits, actions damages, and expenses in connection with any dispute, performance related issues and/or breach of contract action involving the City and/or the Asset Manager pertaining to the services, performance and/or compensation of the Asset Manager or other issues pertaining to the City or the Asset Manager relative to the parking enforcement. The City shall also indemnify, defend, and hold harmless DGS and the Commonwealth of Pennsylvania and their employees and agents, from and against any and all losses, costs (including litigation costs and counsel fees), claims, suits, actions damages, and expenses, including but not limited to any claim or action alleging any loss of life, bodily injury, personal injury, invasion of privacy, discrimination, emotional damages or property damage, occasioned wholly or in part by the City's act or

F-6

IN WITNESS WHEREOF, and intending to be legally bound, the Parties hereto have hereby caused this Agreement to be executed by their duly authorized representatives.

CITY OF HARRISBURG

By: _____
Mayor

Attest:

(Assistant) Secretary

By: _____
City Controller

COMMONWEALTH OF PENNSYLVANIA
Acting Through
DEPARTMENT OF GENERAL SERVICES

Attest:

By: _____
Printed Name: _____
Title: _____
Secretary of General Services

APPROVED AS TO FORM AND LEGALITY

OFFICE OF GENERAL COUNSEL

OFFICE OF ATTORNEY GENERAL

By: _____

By: _____

Date: _____, _____

Date: _____, _____

F-8

**EXHIBIT A
TO DGS INTERGOVERNMENTAL COOPERATION AGREEMENT**

COMPETING PARKING AREA

The Competing Parking Area is set forth in Schedule 4 to the Asset Transfer Agreement included in this Official Statement as APPENDIX "C" and reference is hereby made to Schedule 4 in APPENDIX "C" for a copy of the Competing Parking Area.

F-9

**EXHIBIT B
TO DGS INTERGOVERNMENTAL COOPERATION AGREEMENT**

ASSET TRANSFER AGREEMENT

The Asset Transfer Agreement is included in this Official Statement as APPENDIX "C" and reference is hereby made to APPENDIX "C" for a copy of the Asset Transfer Agreement.

F-10

**EXHIBIT C
TO DGS INTERGOVERNMENTAL COOPERATION AGREEMENT**

ENFORCEMENT POLICIES

The Enforcement Policies are set forth in Schedule 3 to the Asset Transfer Agreement included in this Official Statement as APPENDIX "C" and reference is hereby made to Schedule 3 in APPENDIX "C" for a copy of the Enforcement Policies.

F-11

**EXHIBIT D
TO DGS INTERGOVERNMENTAL COOPERATION AGREEMENT**

FINES AND CHARGES

The fines and charges are set forth in Schedule 5 to the Asset Transfer Agreement included in this Official Statement as APPENDIX "C" and reference is hereby made to Schedule 5 in APPENDIX "C" for a copy of the fines and charges.

F-12

**EXHIBIT E
TO DGS INTERGOVERNMENTAL COOPERATION AGREEMENT**

**PARKING ENFORCEMENT ENGAGEMENT AGREEMENT
BETWEEN DGS AND THE ASSET MANAGER**

The Parking Enforcement Engagement Agreement between DGS and the Asset Manager is included in this Official Statement as APPENDIX "J" and reference is hereby made to APPENDIX "J" for a copy of the Parking Enforcement Engagement Agreement.

[THIS PAGE INTENTIONALLY LEFT BLANK]

Appendix “G”

Financial Review of the Long-Term Lease of the Capitol Region Parking System

[THIS PAGE INTENTIONALLY LEFT BLANK]

Financial Review of the Long-Term Lease of the Capitol Region Public Parking System



*Prepared by:
Jerry Salzman
Eric Haggett*

DESMAN
ASSOCIATES
Chicago, Illinois

December 18, 2013

[THIS PAGE INTENTIONALLY LEFT BLANK]

**Financial Review of the Long-Term Lease of the
Capitol Region Public Parking System**

Table of Contents

	<i>Page</i>
1.0 INTRODUCTION	1
2.0 DESMAN.....	1
3.0 MARKET AREA.....	2
3.1 POPULATION	3
3.2 EMPLOYMENT.....	4
3.3 MAJOR INSTITUTIONS.....	6
3.4 CITY'S OVERALL FINANCIAL CONDITIONS	7
3.5 GROSS DOMESTIC PRODUCT	8
3.6 JOURNEY TO WORK.....	8
3.7 ALTERNATIVE MODES OF TRAVEL.....	8
3.8 CURRENT LAND USES.....	10
3.9 MARKET AREA TRENDS AND PROJECTIONS CONCLUSION.....	10
4.0 PARKING SYSTEM FACILITIES.....	11
4.1 INVENTORY OF COMPETING PARKING FACILITIES IN STUDY AREA	17
4.2 OCCUPANCY OF COMPETING AND PARKING SYSTEM FACILITIES IN STUDY AREA	17
4.3 MONTHLY PARKING PERMIT SALES.....	18
4.4 VALIDATION OF OCCUPANCY IN HPA PARKING FACILITIES.....	19
5.0 OVERVIEW OF U.S. PARKING INDUSTRY.....	20
5.1 PARKING TAXES.....	20
5.2 HPA & COMPETING FACILITY RATES	20
5.3 PARKING RATES IN COMPARABLE US CITIES AND THE PARKING SYSTEM.....	21
5.4 REVENUE COLLECTION TECHNOLOGY FOR PARKING.....	21
5.5 EXISTING & PLANNED REVENUE COLLECTION TECHNOLOGY SUMMARY.....	24
6.0 GENERAL INFORMATION FOR FINANCIAL MODELING	24
6.1 HISTORICAL ON-STREET PARKING SYSTEM REVENUES.....	24
6.2 HISTORICAL ENFORCEMENT REVENUES	25
6.3 HISTORICAL OFF-STREET PARKING SYSTEM REVENUES	25
6.4 HPA MONTHLY PARKING RATES	26
6.5 HPA TRANSIENT PARKING RATES.....	26

6.6	ELASTICITY OF PARKING RATES	26
7.0	DEMAND GROWTH	27
7.1	MONTHLY AND TRANSIENT PARKING DEMAND GROWTH.....	27
7.2	ON-STREET METER PARKING DEMAND GROWTH	27
8.0	QUALIFICATIONS OF TRIMONT AND STANDARD PARKING.....	28
8.1	ASSET MANAGER RESPONSIBILITIES	28
8.2	DESCRIPTION OF INITIAL ASSET MANAGER	28
8.3	OPERATOR RESPONSIBILITIES	29
8.4	DESCRIPTION OF INITIAL OPERATOR.....	30
8.5	DESMAN’S OPINION OF INITIAL ASSET MANAGER AND INITIAL OPERATOR	30
9.0	REVIEW OF PARKING REVENUE AND EXPENSE PROJECTIONS	30
9.1	PERMITTED MONTHLY PARKING RATES.....	31
9.2	PERMITTED TRANSIENT PARKING RATES	33
9.3	PERMITTED PARKING METER RATES	33
9.4	PARKING METER TECHNOLOGY	34
9.5	EXPANDED PARKING METER HOURS OF OPERATION	35
9.6	PARKING ENFORCEMENT	35
9.7	PARKING DEMAND GROWTH.....	36
9.8	REVIEW OF EXPENSE PROJECTIONS	36
9.9	REVENUE AND EXPENSE PROJECTION CONCLUSIONS.....	37
10.0	CAPITAL EXPENDITURES.....	38
11.0	SENSITIVITY ANALYSIS	41
12.0	CONCLUSIONS.....	42
13.0	ASSUMPTIONS.....	43

APPENDICES

**Financial Review of the Long-Term Lease of the
Capitol Region Public Parking System**

List of Tables

<i>Table</i>	<i>Page</i>
1. Harrisburg and Dauphin County Population Trends from 2000-2011	4
2. Historic Employment and Unemployment in the Harrisburg Metro Area.....	5
3. Harrisburg Major Employers	7
4. Historical Harrisburg-Carlisle Real GDP.....	8
5. Travel to Work: Harrisburg-Carlisle Metro Area and Dauphin County, 2011	9
6. 2011 Land Use in Dauphin County.....	11
7. Total Parking in the Study Area.....	12
8. Inventory of Parking System Facilities and Meters	13
9. Harrisburg CBD Total Parking Inventory and Occupancy	18
10. Historical Average Permits Sold Per Month 2007-2012.....	19
11. 2009 & 2013 Occupancy of HPA Parking Facilities	20
12. Parking Tax in Select U.S. Cities.....	21
13. Daily and Monthly Parking Rates in Select U.S. Cities.....	22
14. On-Street Historical Meter Revenues	25
15. Historical Parking Enforcement Revenues	25
16. Off-Street Facilities' Historical Revenues	26
17. Existing Monthly Parking Rates at HPA Parking Facilities	26
18. Existing Transient Parking Rates at HPA Parking Facilities	26
19. Monthly Rates for Unreserved DGS Parking.....	31
20. Monthly Rates for Parking System Facilities.....	32
21. Current and Permitted Transient Rates at Off-Street Parking System Facilities	33
22. Current vs. Permitted Parking Rates	34
23. Summary of Cash Flows	39
24. Off-Street Parking System Long-Term Maintenance Expense Projections.....	40
25. Sensitivity Analysis Summary	41

**Financial Review of the Long-Term Lease of the
Capitol Region Public Parking System**

List of Figures

<i>Figure</i>	<i>Page</i>
1. Map of the City of Harrisburg.....	2
2. Dauphin County Population Projections.....	5
3. Historical Unemployment Rate in the Harrisburg Metro Area vs. Pennsylvania.....	6
4. Harrisburg Study Area and Parking System Facilities.....	14
5. Existing Capitol Region Public Parking System.....	15
6. Competing Parking Area.....	16

1.0 Introduction

DESMAN Associates has been retained by AEW Capital Management (“AEW”) and Trimont Real Estate Advisors, Inc. (“Trimont”) to perform a market and revenue analysis of the downtown on-street and off-street Capitol Region Public Parking System (“Parking System” or “System”) that is transferred pursuant to the Asset Transfer Agreement from the City of Harrisburg and the Harrisburg Parking Authority (“HPA”) to the Pennsylvania Economic Development Financing Authority (“PEDFA”) and the lease from HPA to PEDFA.

The Parking System means the On-Street Parking System and the Off-Street Parking System. The Parking System was previously owned and/or operated by the HPA. The Off-Street Parking system analyzed in this report includes 11 off-street parking facilities, containing a total of 7,694 parking spaces. The On-Street Parking System includes 1,260 on-street metered parking spaces located throughout the Central Business District (“CBD”) and surrounding areas. Associated with the On-Street Parking System are the rights to enforce non-moving violations within a non-competitive area and collect associated Parking Violation Revenues.

Parking System operations for Off-Street, On Street and enforcement will be conducted by the Operator (initially Standard Parking Corporation, the “Operator” or “Standard”). Parking System operations will be under the direction and supervision of an Asset Manager (initially PK Harris, an affiliate of Trimont, the “Initial Asset Manager”).

The overall purpose of this study is to assess the existing physical and financial state of the System and its place in the competitive market, to evaluate the qualifications of the Operator and Asset Manager, to analyze the System’s opportunities for revenue growth and to evaluate long-term financial projections for the System. In its review, DESMAN performed a site visit to review the parking system, evaluated the long-term structural needs of the Off-Street Parking System, reviewed HPA financial and operating records including periodic reports prepared on behalf of HPA by CDM Smith, independently analyzed economic and demographic trends, reviewed operating and financial plans prepared by the Operator and Asset Manager, reviewed records of the City, and reviewed contracts and agreements associated with implementation of the Asset Transfer Agreement. In its review, DESMAN has also drawn on its knowledge of similar parking systems nationwide.

The City of Harrisburg’s population trends, employment, economic factors, journey to work practices, alternative modes of transportation, economic development initiatives, major institutions and employers determine the City’s current and future parking needs. This report outlines these critical factors, all of which reinforce the System’s integral role within the City’s economy, and then draws conclusions about the potential impact that these factors could have on future system revenues. The survey methodology used to analyze the System and the results are detailed in the following sections.

2.0 DESMAN Associates

DESMAN Associates is a national specialist in parking structure planning, design and restoration. We also offer a full range of services including: financial analysis, transportation

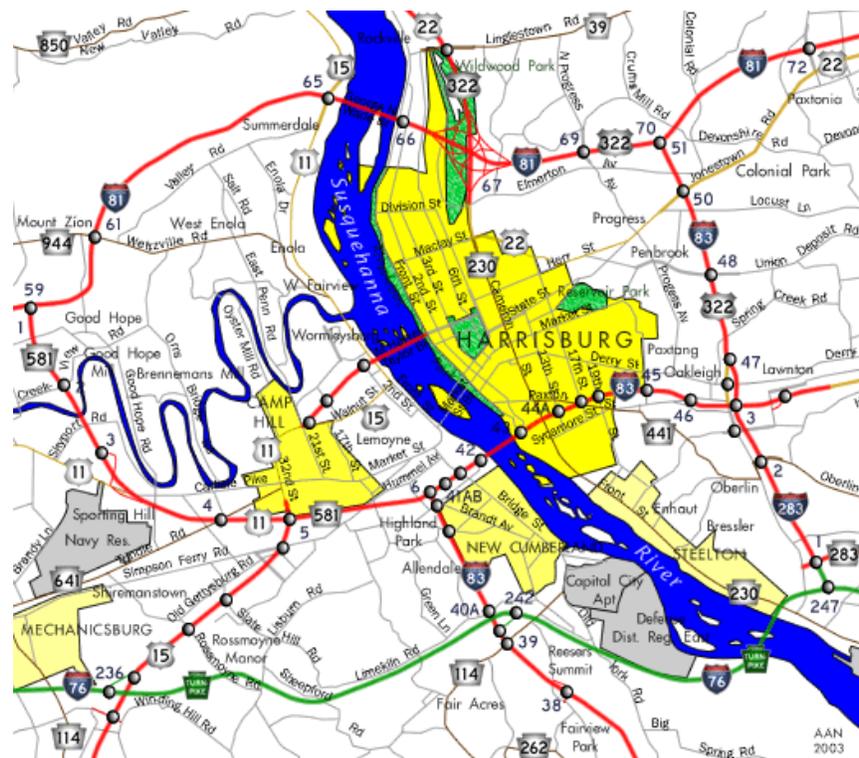
engineering, master planning, economic feasibility studies, site/size selection analysis, cost estimating, parking functional design, architectural design, structural engineering, revenue/access control system design, condition survey/due diligence studies, parking consulting and restoration engineering. We have been in existence since 1973 and currently operate on a national basis out of nine principal offices. We have a total staff of over one-hundred people, comprised mostly of transportation and parking planners, architects and structural engineers.

We have been involved in market and revenue studies for many private financing projects including the following: the Pittsburgh Parking System, the Los Angeles Parking System, Chicago Garages located at Millennium Park, the Chicago Parking Meter System, Midway Airport and The Ohio State University.

3.0 Market Area

Figure 1 displays a map of the City of Harrisburg. Harrisburg is located in central Pennsylvania between Pittsburgh and Philadelphia. Harrisburg is the geographic and urban center of the Harrisburg/Lebanon/Carlisle Combined Statistical Area (CSA) which includes Dauphin, Cumberland, Perry and Lebanon Counties. Based on the U.S. Census Bureau, the City of Harrisburg had a population of 49,673 in 2011 while Dauphin County had a population of 269,665 and the Harrisburg-Carlisle Metro Area has a population of 549,475. In the Commonwealth of Pennsylvania, Harrisburg has the third largest buying income and retail sales behind Philadelphia and Pittsburgh.

Figure 1 – Map of the City of Harrisburg



Source: Interstate-Guide

Harrisburg is the capital of Pennsylvania and the seat of Dauphin County. The City boasts a high volume of both state and federal government jobs in the Downtown area of Harrisburg. According to the U.S. Census Bureau there are currently about 47,799 government employees in the Harrisburg metropolitan area. Due to the large volume of government employees, historically, Harrisburg has been less susceptible to economic downturns than most major cities. This consistent source of employment in Harrisburg has historically made the parking system less susceptible to a substantial decrease in parking utilization. The Harrisburg metropolitan area also serves as the corporate headquarters for several international companies including: Hershey Foods Corp., Rite Aid, Inc, Harsco Corp. and the AMP Division of Tyco Electronics Corporation. The City of Harrisburg has a wide base of industries, with the majority of the industries being centered in the government and healthcare industries. According to the most recent Business QuickFacts data taken from the US Census Bureau, there are about 3,654 business establishments in Harrisburg.

The Mayor's Office of Economic Development ("MOED"), established in 1983, serves as a stimulus to generate new business and industrial activity in the City of Harrisburg. The Harrisburg Central Business District ("CBD") has experienced on-going development since 1982 with more than \$2.65 billion invested in new construction, rehabilitation and economic growth. The commitment by the City to generate economic development has been moderately successful. With the creation of the Downtown Improvement District and the implementation of a comprehensive Downtown signage program which will improve signage and allow visitors and residents to more easily navigate around the City. Ongoing aesthetic improvements to the downtown area continue to develop Harrisburg.

Future parking utilization in the City will be enhanced by the projected growth in the City's population, employment, vehicle use and major institutions. In order to understand the future success and growth of the System, the historical and projected data for the following factors were examined:

- Population
- Employment
- Journey to Work
- Alternative Modes of Transportation
- Major Institutions
- Future Development/Competition

3.1 Population

The population trend in Harrisburg is an essential part of the City's future growth and prosperity projections. The U.S. Census' last estimate for the City of Harrisburg and for the County of Dauphin was calculated for 2011 and 2012 and is detailed in **Table 1**, along with the actual figures for 2000-2010. The data in **Table 1** indicates that the City of Harrisburg experienced a steady population decline during most of the 2000s. On the other hand, Dauphin County showed a steady, albeit, slight population increase over that same time period. The significant population jump in 2010, for both Harrisburg and Dauphin County suggests that the annual population counts were likely understated and that the City actually experienced a very slight 0.67%

increase in population over the decade, while the County experienced a stronger 7.1% increase over the same period. Given that the populations of both the City of Harrisburg and the larger Dauphin County generate demand for parking in the City, the steady overall population growth in the County suggests that parking demand should remain steady as well.

Based on the Tri-County Regional Planning Commission’s (TCRPC) *2011 Regional Growth Management Plan* report (shown in **Figure 2**), Dauphin County is projected to have a very slight increase in population until the year 2035. In addition, nearby Cumberland County is actually projected to grow at a slightly faster rate than Dauphin County in this time period. Given its location as being directly west of Dauphin County and Harrisburg, Cumberland County generates some demand for parking in the City by commuters working at the State Capitol.

Table 1 - Harrisburg and Dauphin County Population Trends from 2000 - 2011

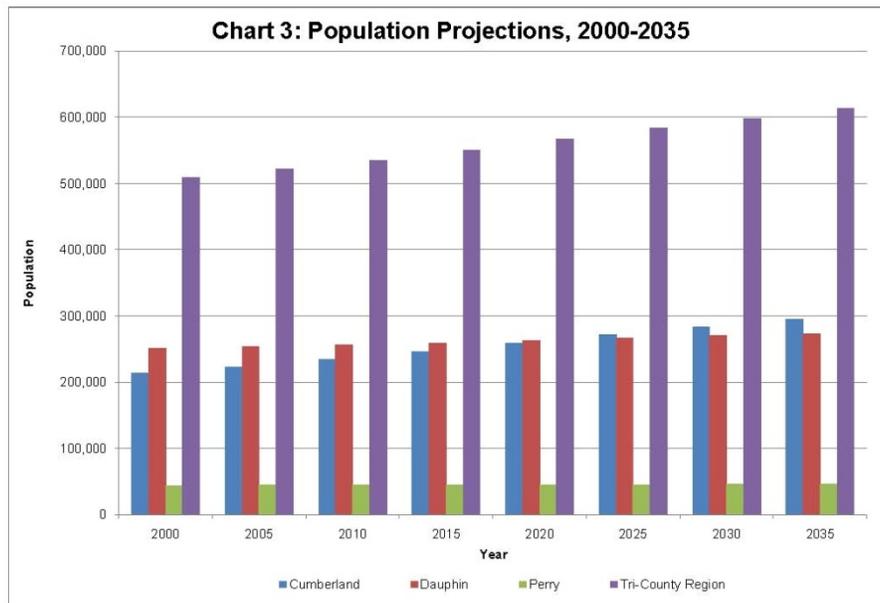
Year	Population			
	Harrisburg	Growth Rate	Dauphin County	Growth Rate
2000	48,950	-	251,798	-
2001	48,550	-0.82%	251,646	-0.06%
2002	48,374	-0.36%	252,616	0.39%
2003	48,062	-0.64%	252,932	0.13%
2004	47,528	-1.11%	252,699	-0.09%
2005	47,332	-0.41%	253,203	0.20%
2006	47,307	-0.05%	254,776	0.62%
2007	47,416	0.23%	256,864	0.82%
2008	47,464	0.10%	258,222	0.53%
2009	47,418	-0.10%	258,934	0.28%
2010	49,528	4.45%	268,100	3.54%
2011	49,673	0.29%	268,977	0.33%
2012	49,279	-0.79%	269,665	0.26%
Total Growth 2000 - 2012	329	0.67%	17,867	7.10%

Source: U.S. Census Bureau

3.2 Employment

Overall employment in an area is a key determinant of parking demand. This is especially true for a System that relies heavily on long-term employee parking, such as Harrisburg. **Table 2** lists the labor force, total employment and unemployment in the City from 2000 to 2012. Between 2000 and 2008, the employment grew at a modest 0.75% annual rate. Unemployment rose drastically in 2009, consistent with the national recession. The number of people employed is slowly recovering from the employment drop in 2009. In 2012, the unemployment rate decreased slightly from 7.2% in 2011 to 7.1%.

Figure 2 – Dauphin County Population Projections



Source: Tri-County Regional Planning Commission (TCRPC)

Table 2 – Historic Employment and Unemployment in the Harrisburg Metro Area

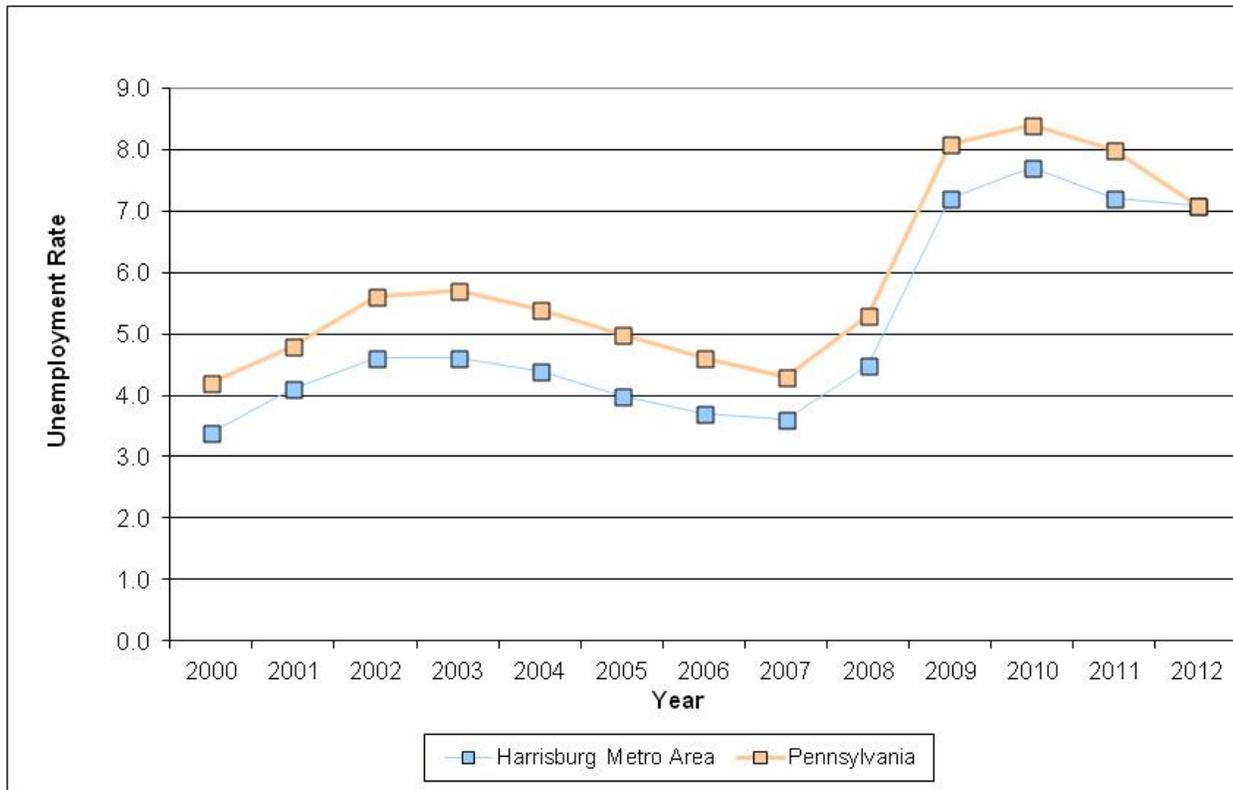
Year	Labor Force	Employment		Unemployment	
		#	%	#	%
2000	268,358	259,264	96.6	9,094	3.4
2001	272,180	261,151	95.9	11,029	4.1
2002	277,121	264,335	95.4	12,786	4.6
2003	273,204	260,562	95.4	12,642	4.6
2004	275,318	263,158	95.6	12,160	4.4
2005	278,699	267,438	96.0	11,261	4.0
2006	282,187	271,819	96.3	10,368	3.7
2007	283,000	272,827	96.4	10,173	3.6
2008	288,430	275,317	95.5	13,113	4.5
2009	287,680	267,064	92.8	20,616	7.2
2010	285,272	263,378	92.3	21,893	7.7
2011	284,676	264,107	92.8	20,569	7.2
2012	286,811	266,441	92.9	20,370	7.1

Source: U.S. Bureau of Economic Analysis

To gain a better understanding of how the unemployment rate in the Harrisburg compares with the Commonwealth of Pennsylvania, **Figure 3** illustrates that the Harrisburg Metro Area has continually had a lower overall unemployment rate than the Commonwealth, except in 2012 when the unemployment rate was equal. Although the unemployment rate curves have a positive relationship, the City’s unemployment rate is generally lower than the Commonwealth. The historically lower unemployment rate has been due to the City’s high concentration of government, healthcare and educational business sectors, which are fairly stable sectors. The

City, however, was not immune to the recession and the employment rate was affected with Commonwealth, County and City governmental workers being laid off. Since the recovery began in 2010, Harrisburg has shown steady, positive employment growth as represented in the table below. If the Commonwealth, County and City governments continue to experience improving fiscal conditions, the employment rate in Harrisburg should continue to improve gradually.

Figure 3 – Historical Unemployment Rate in the Harrisburg Metro Area vs. Pennsylvania



Source: U.S. Bureau of Labor Statistics

3.3 Major Institutions

Like many major metropolitan areas across the United States, the City of Harrisburg is host to a variety of higher-education facilities, healthcare facilities and government organizations. These institutions constitute some of the largest employers and are a critical part of the City’s economy. **Table 3** lists the top eight employers in the City of Harrisburg in 2011. The list also shows how the number of employees has changed since 2008. The list is dominated by healthcare, higher education and government industries. Of the eight employers, six are government sector employers, and are shown in bold in the table below, totaling 46,494 employees. The Commonwealth of Pennsylvania and the U.S. Government are the two largest employers in Harrisburg. The government, healthcare and education sectors have historically been highly stable and consistent sources of employment and economic development in the City. And, while seven of the eight largest employers have weathered the economic downturn with no net loss of jobs, the Commonwealth of Pennsylvania, the City’s largest employer, is down over 2,000 employees (8.5%) since 2008.

Table 3 – Harrisburg Major Employers

Name	Type of Business	2008	2011	% Change
		Employees	Employees	
Commonwealth of PA	Government	24,000	21,967	-8.5%
U.S. Government	Government	18,000	18,000	0.0%
Pinnacle Health System	Healthcare	4,100	4,246	3.6%
Capital Blue Cross	Health Insurance	2,164	2,260	4.4%
Dauphin County	Government	1,701	1,732	1.8%
Central Dauphin School District	Education	1,487	1,724	15.9%
Harrisburg Area Community College	Education	1,367	1,871	36.9%
Harrisburg City School District	Education	913	1,200	31.4%
Total Number of Employees		55,788	53,000	-5.0%
Total Number within Government		48,354	46,494	-3.8%

Source: Capital Region Economic Development Corporation

This decline in stable employment has affected the occupancy of garages. As can be seen in Tables 2 and 3, which show the population trend and historical GDP in Harrisburg and the surrounding areas, both the population and GDP have begun to increase and show gradual improvement. However, it is still inconclusive to say whether the recovery will be sustained.

In addition to the aforementioned government and health care organizations, Harrisburg is host to a variety of higher education institutions, including:

- Dixon University Center, located in Uptown
- Harrisburg Area Community College: the original campus of the college, the Harrisburg Campus, and Penn Center and Midtown campus which are branches of the Harrisburg Campus are located in Harrisburg. Newer campuses are located in Gettysburg, Lancaster, Lebanon and York
- Harrisburg University of Science and Technology, located in Center City
- Penn State Harrisburg Eastgate Center, located in Center City
- Temple University Harrisburg Campus, located in Center City
- Widener University Harrisburg Campus including its School of Law

3.4 City's Overall Financial Conditions

The City of Harrisburg's current financial issues are affecting businesses because of the perception of bankruptcy by business owners. Business owners who believe that Harrisburg is on the verge of bankruptcy will not want to open or continue operating their businesses and this may be hampering growth in Harrisburg. However, in order to eliminate this perception, State officials filed a plan, called "Harrisburg Strong Plan", August 26, 2013, intended to provide the City of Harrisburg financial stability. The plan includes proposals to sell the Harrisburg incinerator, which was a major contributor to the City's financial problems, as well as to lease the parking garages, lots, and meters, discussed herein. Proceeds from these transactions are expected to be used to settle multiple creditor claims and strengthen the City's ongoing finances. With decreased City liabilities, the City's financial health should improve and business owners

will be encouraged to continue to operate and maintain their establishments, as well as encourage growth in Harrisburg.

3.5 Gross Domestic Product

The historical Gross Domestic Product (the “GDP”) of the Harrisburg-Carlisle metro area is an indicator of the economic health and the standard of living in the region. GDP is defined as the market value of all final good and services that are produced in a region. The key drivers of the GDP are total consumer, investment, and government spending, as well as the value of exports less the value of imports. All of these factors increase productivity of the region, which will correspond to overall GDP growth. It is important to examine the historic GDP to gain a perspective on the historic productivity of the Harrisburg-Carlisle metro area and the trend for the future. **Table 4** shows the real growth in GDP of the Harrisburg-Carlisle metro area from 2001 to 2011. During this time, the real GDP has increased at an average annual rate of 2.6%. Due to the current economic downturn, the Harrisburg-Carlisle experienced a low growth rate of 0.2% and 1.8% in 2008 and 2009 respectively, but in 2011 it increased to pre-recession rates.

Table 4 – Historical Harrisburg-Carlisle Real GDP

Year	Real GDP (in US\$, Billions)	Growth Rate
2001	20.86	-
2002	21.57	3.4%
2003	22.47	4.2%
2004	23.63	5.2%
2005	24.49	3.6%
2006	25.67	4.8%
2007	26.90	4.8%
2008	26.96	0.2%
2009	27.44	1.8%
2010	27.86	1.5%
2011	28.60	2.7%
Average Annual Real Growth Rate		2.6%

Source: U.S Bureau of Economic Analysis

3.6 Journey to Work

The U.S. Census Bureau provides data, known as Journey to Work data, on the preferred method of transportation that residents use when commuting to work. That data, shown in **Table 5** and in the **Appendix**, indicated that in 2011, more than 90% of the residents in both Dauphin County and the Harrisburg-Carlisle Metro Area drove to work. This data indicated that the Parking System enjoys a very high potential customer base.

3.7 Alternative Modes of Travel

The City of Harrisburg provides public transportation options. The Cumberland-Dauphin-Harrisburg Transit Authority, also known as the Capital Area Transit (“CAT”) provides regularly scheduled bus service to the general public in Cumberland and Dauphin Counties and the City of Harrisburg. CAT currently has two divisions – a Fixed Route Bus Division and a Shared

Ride/Paratransit Division. Most of the fixed bus routes serve Downtown Harrisburg. A one-way bus ticket is \$1.75. CAT also offers monthly passes, student and senior discounts, as well as 11- and 20-ride discounted fare cards.

Table 5 - Travel to Work: Harrisburg-Carlisle Metro Area and Dauphin County, 2011

Mode Split	Harrisburg - Carlisle Metro Area		Dauphin County	
	Employees	Percentage	Employees	Percentage
Car, truck or van -- drove alone	217,648	81.8%	103,434	81.6%
Car, truck or van -- carpooled	23,240	8.7%	11,204	8.8%
Public transportation	3,891	1.5%	3,095	2.4%
Walked	8,681	3.3%	3,750	3.0%
Other	2,976	1.1%	1,892	1.5%
Worked at home	9,698	3.6%	3,378	2.7%
Total Employees	266,134	100.0%	126,753	100.0%
Total Drive to Work	240,888	90.5%	114,638	90.4%

Source: U.S. Census Bureau

The Capital Red Rose Corridor was the first corridor identified for development in a regional mass transit system. The corridor spans from Harrisburg to Lancaster, 37.4 miles, encompassing residential communities, employment centers, educational facilities, cultural amenities, and arts and recreation attractions. The line makes stops at Harrisburg Transportation Center, Harrisburg International Airport, Middletown, Elizabethtown, Mount Joy, and Lancaster. Amtrak's ridership has experienced major increases while serving the existing rail stations in Harrisburg and surrounding areas. PennDOT is currently working on plans to construct a new rail station near Harrisburg International Airport.

Daily bus services are provided by Greyhound, Bieber Tourways, Capitol Trailways, Fullington Trailways, and Susquehanna Trailways. They connect Harrisburg to Philadelphia, Pittsburgh, Scranton, York, and many other cities. The Harrisburg Transport Center serves as the City's intercity bus terminal.

Rabbit Transit operates an express bus service that travels between York, PA and Harrisburg, PA. The Rabbit Express allows patrons to pay \$3.50 for a one-way trip to Harrisburg and operates eight round trips on weekdays to the downtown. Greyhound Lines allow Harrisburg patrons to access many major cities across the U.S., though many times transfers are necessary. Some representative cities that can be accessed from Harrisburg are Chicago, New York, Pittsburgh, and Cleveland. Capital Trailways offers daily service from New York, NY and Reading, NY to Harrisburg. Harrisburg to Pittsburgh service can also be achieved through the Fullington Trailways service. Fullington Trailways provides intercity scheduled line run service from Central Pennsylvania to Pittsburgh, PA. Daily commuters can also access Harrisburg through Susquehanna Bus. With the necessary transfers, patrons can access downtown Harrisburg from New York, NY, Philadelphia, PA, Elmira, NY, and Lockhaven, PA.

Harrisburg is also a hub for Amtrak Rail service. Harrisburg is currently a stop on the Keystone and Pennsylvanian lines. In addition to Harrisburg, the Keystone line serves both Philadelphia

and New York City. The Pennsylvanian also serves Harrisburg, Philadelphia and New York, but extends service west to Pittsburgh, PA.

Many taxi services also serve the downtown area and surrounding communities. Largely taxi services are used from point to point within the city limits. However, there are incidences of commuters traveling to and from the Downtown area via taxi. Some of the providers include Kenny's Cab Service, American Taxi, New Yellow Cab, Keystone Cab Company, Capital City Cab, and Harrisburg City Cabs.

A regional bicycle/pedestrian transportation plan was developed in December 1997. This plan was updated in 2001, 2004 and again most recently in 2007. There has been a constant effort by the Tri-County Regional Planning Commission (TCRPC) to implement effective bike and pedestrian paths, which can also be utilized for daily commuting.

As the previous data in **Table 5** shows, only 2.4% of the residents of Dauphin County and only 1.5% of residents in the Harrisburg-Carlisle Metro Area use public transportation to commute to work. This suggests that people are likely to continue to drive in the Harrisburg-Carlisle Area and Dauphin County, providing a continued demand for parking.

3.8 Current Land Uses

The Dauphin County's existing land use is characterized by high density, mixed urban development in the western section adjacent to the Susquehanna River. This area encompasses the City of Harrisburg and adjoining urbanized boroughs of Penbrook, Paxtang, Steelton, Highspire, Middletown, and Hummelstown as well as Lower Paxton, Susquehanna and Swatara Townships. A more suburban appearance is prevalent in Derry and Lower Swatara Townships which are east and south of the City of Harrisburg. The following is a link to the Regional Growth Management Plan: <http://www.tcrpc-pa.org/RGMP>.

Table 6 shows the existing land use in Dauphin County, as of 2011. The table shows that approximately 33% is currently being used for agriculture. While about 82% of the land in Dauphin County is already developed, there is still room for growth since 17% of the land remains undeveloped, and only 5% of that representing hydrology (rivers and creeks).

3.9 Market Area Trends and Projections Conclusion

There was a slow, but nominal population growth between 2000 and 2012 in the City of Harrisburg, as well as the larger Dauphin County. This pattern of slow, but positive, population growth is forecasted to continue for the next several decades, in both Dauphin County, and the nearby Cumberland County. In addition, the local economy has started to recover from the recent economic downturn.

The Commonwealth of Pennsylvania, the largest employer in Harrisburg, has been impacted by the recent recession more than any other major Harrisburg employer. DESMAN believes that Commonwealth's current staffing levels have reached equilibrium. There may be slight future employment growth for the Commonwealth, but it is assumed to be nominal. DESMAN believes

that new employment growth may most likely come from other employers in the City and County.

Table 6 - 2011 Land Use in Dauphin County

Land Use	Dauphin (Acres)	%
Agriculture	116,836	33%
Residential	52,206	14.70%
Commercial Open Space	4,848	1.37%
Commercial Retail	3,176	0.89%
Commercial/Service	4,054	1.14%
Industrial	6,746	1.90%
Public/Semi-Public	90,584	25.51%
Transportation	13,350	3.76%
Mixed-Use	298	0.08%
Subtotal developed	292,098	82.27%
Undeveloped	43,197	12.17%
Hydrology	19,759	5.57%
Total Acres	355,054	100.00%

Source: Tri-County Regional Planning Commission (TCRPC)

In both the City of Harrisburg and the County, there is a very high dependence on personal vehicles for travel to work. An exceptionally high percentage of Harrisburg residents commute to work in cars. Only 2% use public transportation and 7% have other means of commuting. These percentages are not expected to change significantly in the future, so forecasted population and employment growth should result in a steady, and even slightly growing, demand for parking within the City of Harrisburg.

Any new non-residential developments may include captive private parking, and therefore would probably have no impact on the current parking demand. Based on steady or slightly growing demand for parking within the City of Harrisburg, DESMAN foresees steady to increasing levels of utilization for the Parking System.

4.0 Parking System Facilities

Off-Street Parking System facilities and most On-Street Parking System meters are located in the Harrisburg central business district (“CBD”). The CBD is bounded on the north by Forster and Herr Streets, on the east by Cameron Street, on the south by Mulberry and Vine Streets, and on the west by Front Street. An analysis of the parking capacity and occupancy of the Parking System facilities was performed. The parking occupancy statistics used in this report were obtained from the *Business Valuation* Report of the Harrisburg CBD conducted by Wilbur Smith Associates in 2011 and parking occupancy counts conducted by DESMAN in January 2013. The Harrisburg CBD, along with the location of Off-Street Parking System facilities, is shown in **Figure 4**.

Table 7 shows the breakdown of the total parking system and the public parking system in the City of Harrisburg CBD, including City Island and the Capitol Complex. Public spaces include all spaces publicly or privately owned that are available for use by the public. The total parking system includes all Parking System assets, two off-street assets owned or operated by the Harrisburg Parking Authority (HPA), and various privately and publicly owned parking facilities. There are a total of 24,320 total spaces in the CBD, including City Island and the Capitol Complex. Of the 24,320 spaces, 7,694 are Off-Street System spaces and 982 are On-Street System spaces. These System spaces account for 36% of the total spaces in the CBD. The remaining 15,644 spaces are in various other off-street parking facilities, as well as on-street. However, 11,072 of those other spaces (46% of the total inventory) are in facilities that are not available to the public. Those non-public spaces represent a blend of reserved parking for Commonwealth employees and other private employee parking and they have no direct effect on the demand for the System facilities.

Table 7 – Total Parking in the CBD

Total Study Area	Total Inventory		Public Inventory	
	Number of Spaces	Percent of Study Area	Number of Spaces	Percent of Study Area
Off-Street Parking System Facilities	7,694	32%	7,694	58%
HPA Excluded Off-Street Facilities	1,425	6%	1,425	11%
Other Off Street Facilities	13,849	57%	2,777	21%
Non-Metered On-Street Spaces	370	1%	370	3%
On-Street Parking System (Meters)	982	4%	982	7%
Total Inventory	24,320	100%	13,248	100%
Spaces Included in Parking System	8,676	36%	8,676	65%

Source: Wilbur Smith Associates Parking System Business Valuation, March 2011

The 7,694 off-street and 982 on-street spaces (8,676 total spaces) included in the Parking System facilities account for 65% of the public parking spaces located in the CBD. Other than the Parking system, there are significantly fewer spaces available to the public within the Central Business District including City Island and the Capitol Complex. Other than the two HPA Excluded Parking Facilities, there are only 3,147 public parking spaces (24% of the public inventory) which potentially compete with the Parking System, many of which are small surface lots or time-restricted on-street spaces. The bulk of the spaces within the HPA Excluded Parking Facilities are located on City Island (less convenient to downtown commuters) and are not expected to have a competitive influence on the Parking System. This suggests that the Parking System holds a quasi-monopoly of public parking in the study area. The Parking System controls the majority of the market and any across-the-board rate changes for the Parking System are likely to affect the entire market area. Any new developments in the study area that do not construct their own parking will likely rely primarily on the Parking System to support their parking demand.

Table 8 lists Off-Street Parking System addresses, current hours of operation and total inventory. All 12 of the Off-Street Parking System facilities are available for monthly and daily parkers except for two of the facilities (Mulberry Lot and 10th Street Lot) which do not provide daily parking.

Table 8 – Inventory of Parking System Facilities and Meters

Facility	Address	Transient	Monthly	Inventory
South Street Garage	220 South Street	Mon - Fri: 7AM - 7PM	24/7	736
7th Street Garage & Lot	801-813 N. 7th Street	Mon - Fri: 6AM - 7PM	24/7	1,334
Walnut Street Garage	215 Walnut Street	24/7	24/7	1,032
River Street Garage	218 N. Second Street	Mon-Wed: 6AM- Midnight, Thu-Fri: 6AM - 3AM, Sat- Sun: 7:30AM-3AM	24/7	850
Chestnut Street Garage	322-326 Chestnut Street	Mon-Fri: 5AM - 11PM, Holidays: 7:15AM - 11PM, Sat - Sun: 7:15AM - 11PM	24/7	1,088
Locust Street Garage	214 Locust Street	Mon - Fri: 5AM - 7PM	24/7	628
Market Square Garage	34 S. Second Street	Mon - Sun: 5AM - 7PM	24/7	577
5th Street Garage	6-14th N. Fifth Street	Mon - Fri: 5AM - 7PM	24/7	856
Mulberry Lot	3rd & Mulberry Street	None	24/7	85
10th Street Lot	10th & Mulberry Street	None	24/7	128
Harrisburg University Garage	4th & Market Street	Mon - Fri: 6AM - 9PM, Sat: 9AM - 6PM	24/7	380
Total Off-Street Parking System Spaces				7,694
On-Street Meters		Mon - Fri: 8AM - 5PM		1,260
Total Parking System Spaces				8,954

Source: Harrisburg Parking Authority

Figure 5 presents another depiction of the Parking System, specifically highlighting the On-Street Parking System. The On-Street Parking System is comprised of 1,260 meters including 982 meters in the Central Business District and 278 meters outside the Central Business District. The following map shows the location of existing meters and the Competing Parking Area. In addition, eighty-eight (88) new metered parking spaces are permitted to be installed on Third Street from Verbeke to Harris Streets, and on Reilly Street going east to William Street and West to Susquehanna Street. These new parking spaces will be added to the On-Street Parking System. These 88 meters are not included in either Table 7 or Table 8.

The map in **Figure 6** displays the Competing Parking Area.

Figure 4 - Harrisburg Study Area and Parking System Facilities



Source: DESMAN Associates

Figure 5 – Existing Capitol Region Public Parking System



Source: Asset Transfer Agreement, Schedule 4

Figure 6 – Competing Parking Area



Source: Asset Transfer Agreement, Schedule 4

HPA Excluded Off-Street Facilities

The two facilities currently owned or operated by the HPA excluded from the Asset Transfer are the Mulberry/Dewberry Street Lot (30 spaces) and the City Island Garage and Lot (1,395 spaces total, 484 in the garage and 911 in two lots). The City Island facilities are located on City Island adjacent to downtown and accessible via the Market Street Bridge. City Island facilities are less convenient for downtown commuters and rates are significantly discounted from those of downtown parking facilities. The parties to the ATA agree that it is in their mutual interest that the City Island garage and a portion of the City Island surface parking lots be available to be added to the Parking System in the future.

4.1 Inventory of Competing Parking Facilities in Study Area

It is important to understand the balance of the Parking System and the competing facilities within the study area. The study area is fairly well defined due to the area's physical attributes, which include the Norfolk Southern Railroad Line to the North, the major arterial Paxton Street to the East, the Susquehanna River to the South, and the major arterial Forster Street to the west. These study area boundaries reflect the general area of the CBD and the Non-Compete Area.

There are 160 other off-street parking facilities located in the study area. Of those parking facilities, 118 are private facilities owned by a business, company, etc. and intended for their employees or customers. Of the remaining public facilities (including those owned by the Commonwealth and Dauphin County), eight are available for monthly and hourly public parkers and thirty-four facilities are for monthly parkers exclusively.

4.2 Occupancy of Competing and Parking System Facilities in Study Area

The Wilbur Smith Associates, *Business Valuations* report, completed in March 2011, analyzed the parking occupancy for the 24,378 public and private parking spaces in their study area, which includes the CBD, City Island, and the Commonwealth of Pennsylvania Capitol Complex; this number varies from the figure provided in Table 7 due to the fact that a number of on-street spaces were located outside of their study area, particularly in the area surrounding the Polyclinic Medical Center. Notwithstanding the decline in monthly permits in Parking System garages between 2011 and 2012 (as shown in Table 10 below), DESMAN believes that the March 2011 Wilbur Smith report still represents an accurate portrayal of parking and occupancies throughout the Parking System.

Table 9 summarizes Wilbur Smith Associates' findings which were based on HPA facilities, which include the Parking System and the City Island Garage/Lot and the Mulberry/Dewberry Lot. (Note, the number of on-street spaces in this table differs slightly from the number presented in Table 7 because Table 10 includes non-revenue generating spaces such as handicapped spaces and unmetered parking permit zones, but not metered spaces outside the CBD; however, because 90% of the on-street spaces in Table 9 are metered spaces, the on-street data in the table is a reasonable proxy for all metered spaces in Harrisburg). As illustrated in Table 9, the spaces within the study area are, on average, about 79% occupied on weekdays, 39% occupied weeknights, and between 28% and 39% occupied during the weekend. The fact that the peak parking period in the CBD is during weekday business hours strongly suggests that the primary

parking patrons are weekday employees. Moreover, the lower utilization during weekday evenings and weekends suggests that the System has plenty of capacity to support future demand during these hours. In fact, there is still available capacity to support future weekday parking demand.

The data does show some differences between the on-street meters and the off-street spaces. During the peak weekday hours, meter utilization rates are about equal to the off-street utilization rates. However, on weeknights and weekends, the on-street meter occupancy is considerably higher than the off-street facilities. On-street meters are currently enforced between 8 AM and 5 PM Monday through Friday; after the transfer, on-street meter hours are permitted to increase. The data shows that once meters stop being enforced after 5 PM, patrons will move their cars from off-street facilities onto the streets, where there is free parking.

The data in Table 9 also illustrates some differences between the HPA and the other public and private on-street facilities. During the weeknights and weekend days, HPA facilities have slightly higher occupancies than the competing facilities. On weekend nights, however, the competing facilities have somewhat higher occupancy rates than HPA facilities. The variation in parking occupancy may be due to lack of demand. Once on-street meters stop charging, people move their cars on-street. (Note: Four Parking System garages were closed during weekend days and nights, but the occupancy counts excluded the closed garages.)

Table 9 – Harrisburg CBD Total Parking Inventory and Occupancy

Description	Inventory	Weekday	Weeknight	Weekend Day	Weekend Night
HPA Garages & Lots	9,119	78%	50%	56%*	20%*
On-Street Spaces	1,410**	78%	96%	70%	72%
Monthly Hourly Garages & Lots	2,470	64%	41%	45%	31%
Monthly Parking Garages & Lots	1,662	80%	46%	30%	23%
Restricted Private Garages & Lots	5,728	73%	30%	41%	29%
Commonwealth Off-Street	3,989	98%	N/A	N/A	N/A
Total	24,378	79%	39%	39%	28%

* Occupancy of open garages only

** Includes non-revenue generating spaces

Source: Wilbur Smith Associates Parking System Business Valuation, March 2011

4.3 Monthly Parking Permit Sales

Table 10 lists the average number of monthly permits sold from FY 2007 through FY 2013 for garages only. The 2008 data was not available. There were total of 5,468 monthly permits sold in FY 2013. These monthly permit numbers do not reflect the 750 Commonwealth monthly parkers in the Fifth Street Garage and the 750 Commonwealth monthly parkers in the Chestnut Street Garage (1,500 total) for which utilization trends have been steady. The number of monthly parkers parking at the Off-Street Parking System garages has dropped by 4.92% since 2007. The number of monthly parkers has been decreasing since 2010. As can be seen on the table, all garages, excluding the South Street and the University Garages, have experienced a decline in the number of permits sold since 2007. The decline is most likely explained by the decrease in the number of government employees.

Table 10 – Historical Average Permits Sold Per Month FY 2007-2013

Facility	Total Spaces	2007	2009 ¹	2010	2011	2012	2013	% Growth from 2007 to 2013 ²	FY 2014 thru October	% Growth 2013 - YTD 2014
South Street Garage	736	222	630	645	657	650	774	248.6%	596	-22.97%
7th Street Garage	1,334	1,447	1,412	1,445	1,417	1,413	1,413	-2.3%	1,330	-5.87%
Walnut Street Garage	1,032	724	748	726	726	726	515	-28.9%	562	9.16%
River Street Garage	850	1,134	703	655	656	585	569	-49.8%	577	1.41%
Chestnut Street Garage	1,088	575	561	513	480	439	407	-29.3%	390	-4.04%
Locust Street Garage	628	788	776	785	731	703	706	-10.4%	634	-10.17%
Market Square Garage	577	599	561	529	480	403	354	-41.0%	410	15.86%
5th Street Garage	856	262	276	257	258	259	259	-1.3%	265	2.32%
University Garage	380	-	123	423	467	472	473	283.2%	471	-0.30%
Total	7,481	5,751	5,790	5,977	5,871	5,649	5,468	-4.92%	5,235	-4.26%
Commonwealth Contract		1,500	1,500	1,500	1,500	1,500	1,500	0.00%	1,500	0.00%
Total Monthly Parkers		7,251	7,290	7,477	7,371	7,149	6,968	-3.90%	6,735	-3.34%
City Island Garage ³	484	-	437	400	247	181	177	-59.4%	150	-15.37%

1. 2008 data not available

2. Growth in University Garage permits measured from 2009-2013; facility opened in FY 2009

3. Growth in City Island permits measured from 2009-2013

Source: Harrisburg Parking Authority

4.4 Validation of Occupancy in HPA Parking Facilities

Occupancy counts were conducted by DESMAN between noon and 3 PM on Friday January 11, 2013 for all HPA garages and lots (i.e. the Parking System plus the two HPA Excluded Off-Street facilities). **Table 11** shows a summary of the percent occupancy of each garage and lot. The garages range in occupancy from 20% at the City Island Garage to 90% occupied at the Fifth Street Garage. When the most recent counts are compared to the counts done on the previous DESMAN report, (from a previous assignment in September 2009), the occupancy was usually lower in most of the facilities (with the exception of Fifth Street Garage) in 2013 than it was in 2009. We believe that the change in occupancy is the result of a decrease in government employees. The number of Commonwealth employees decreased by approximately 2,000 people since 2009, and the occupancy, as shown in the following table, dropped by approximately 1,300 spaces. As mentioned earlier, 91% of employees drive to work, which would lead to 1,850 fewer employees who utilize parking space; the difference between 1,850 and 1,300 shows that there was employee growth elsewhere to offset the Commonwealth’s employee loss.

Monthly permit trends identified above in Table 10 are not directly comparable to these occupancy counts. The occupancy counts reflect both monthly and transient (i.e. all) parkers for a short period of time, whereas the monthly permit data is only monthly parkers averaged over a long time period.

Table 11 – 2009 & 2013 Occupancy of HPA Parking Facilities

HPA Parking Facilities	Occupancy	
	1/11/2013	9/10/2009
Locust St. Garage	65%	80%
River St. Garage	25%	88%
Chestnut St. Garage	85%	85%
Market Square Garage	60%	69%
Mulberry St. Lot	0%	89%
Fifth St. Garage	90%	79%
Walnut St. Garage	50%	85%
Seventh St. Garage	75%	76%
Seventh St. Lot	60%	N/A
City Island Garage	20%	N/A
City Island Lot	10%	N/A
South St. Garage	50%	70%
Harrisburg University Garage	45%	51%
10th St. Lot	0%	54%
Dewberry/Mulberry St. Lot	50%	N/A

Source: DESMAN Associates

5.0 Overview of U.S. Parking Industry

In order to understand how the Harrisburg parking system compares to other systems in the U.S., a discussion of the parking rates, parking tax, and parking technologies in the U.S. is provided. Analyzing the existing average parking rates and parking taxes in the U.S. provides insight into how the parking rates and parking taxes in Harrisburg compare to other cities of various sizes. However, local conditions vary in each city, and are more relevant in determining suitable prices. Also, the parking technology trends in the U.S. are a key piece to a parking system and can be upgraded to provide greater customer service, increased revenue, and create an overall more attractive parking system.

5.1 Parking Taxes

In the City of Harrisburg, there is a 20% parking tax imposed on all off-street parking revenue (the tax was increased from 15% in January 2013). **Table 12** shows the parking tax of twelve U.S. cities. The average parking tax of these cities is approximately 17.1%. While, as the table shows, parking taxes can vary significantly from city to city, Harrisburg’s tax rate is essentially at the midpoint of this subset of cities. The variance in tax rates shown in Table 12, however, is an example of how local conditions can influence the parking rates in different cities.

5.2 HPA and Competing Facility Rates

In 2013, monthly parking at HPA parking facilities cost \$155 per month for non-reserved and \$200 for reserved monthly parking, except for the parking lots (10th Street Lot and Mulberry Lot) which cost \$95 per month for non-reserved and \$105 for reserved parking and City Island garage which cost \$75. Some competing parking facilities close to certain HPA facilities have a conditional use permit with the City pursuant to which they cannot charge less for parking than HPA rates. For those garages, the conditional use permit eliminates the competitive advantage of lowering prices that private parking facilities often use to draw customers to their facilities.

Table 12 - Parking Tax in Select U.S. Cities

City	Parking tax (%)
Baltimore, MA	20.0%
Berkeley, CA	10.0%
Cleveland, OH	8.0%
Detroit, MI	30.0%
Los Angeles, CA	10.6%
Miami, FL	20.0%
New Orleans, LA	12.5%
New York, NY	18.5%
Oakland, CA	10.0%
Pittsburgh, PA	31.0%
San Francisco, CA	25.0%
Santa Monica, CA	10.0%
Average Rate	17.1%
Harrisburg Rate	20%

Source: DESMAN Associates

5.3 Parking Rates in Comparable US Cities and the Parking System

Table 13 provides the parking rates in 2012 for select U.S. Cities. The data is based on the annual 2012 parking rate survey conducted by Colliers International North America, which is included in the **Appendix**, but not verified by DESMAN. The data shows that the average daily maximum 24 hour parking rate is \$17.66, while the daily maximum rate among the Parking System facilities will range from \$20.00 to \$25.00 in 2014 depending on the facility (See Section 9.2). The average national monthly unreserved parking rate was \$171.02 in 2012, while the Parking System unreserved parking rate will range from \$165.00 to \$175.00 in 2014 depending on facility (See Section 9.1). The average national monthly reserved parking rate was \$202.46 in 2012, while the Parking System reserved parking rate will range from \$220.00 to \$235.00 in 2014 depending on facility. This shows that the Parking System rates are comparable to the national average, after accounting for inflation. When comparing national parking rate data to Harrisburg, however, it is important to note that local conditions are more relevant in determining the proper price.

5.4 Revenue Collection Technology for Parking

Implementing new technologies can increase utilization, decrease revenue leakage and streamline the costs of operating and maintaining a parking system. Below is a summary of some of the revenue collection technologies that are available for on-street and off-street parking.

On-Street Parking

Pay Stations: The current trend for on-street parking in many communities across the US is towards Pay Station systems. On an average length street, one Pay Station can replace all of the single-space meters (i.e. 8 to 10 meters). These machines have numerous benefits, including reducing clutter along the sidewalks, fewer maintenance requirements, easing revenue collection, eliminating piggybacking, and providing multiple payment options (cash, coin and credit). Payment by credit card and by cash for on-street meters makes it easier for the consumer to pay for higher parking rates, as opposed to coin-only meters which can require the user to carry large amounts of change.

Table 13 – Daily and Monthly Parking Rates in Select U.S. Cities

	Transient		Monthly	
	Daily	Hourly	Unreserved	Reserved
Atlanta, GA	\$12.00	\$4.00	\$95.00	\$150.00
Bellevue, WA	\$18.00	\$2.00	\$195.00	\$325.00
Boston, MA	\$33.50	\$7.00	\$405.00	\$400.00
Charleston, SC	\$14.00	\$1.50	\$120.00	\$130.00
Chicago, IL	\$35.00	\$12.20	\$289.00	\$415.00
Cincinnati, OH	\$10.00	\$19.00	\$125.40	\$195.00
Columbia, SC	\$10.00	\$3.50	\$65.00	\$80.00
Columbus, OH	\$10.00	\$2.00	\$95.00	\$135.00
Dallas, TX	\$10.50	\$3.00	\$87.00	\$160.00
Denver, CO	\$16.00	\$4.60	\$180.00	\$225.00
Fresno, CA	\$9.00	\$8.00	\$80.00	\$80.00
Ft. Lauderdale, FL	\$15.00	\$1.50	\$78.00	\$138.00
Greenville, SC	\$6.00	\$1.00	\$67.70	\$82.50
Hartford, CT	\$19.00	\$0.75	\$189.74	\$189.74
Honolulu, HI	\$42.00	\$3.00	\$230.00	\$350.00
Houston, TX	\$15.00	\$6.50	\$160.00	\$255.00
Indianapolis, IN	\$13.00	\$4.50	\$115.00	\$107.00
Jacksonville, FL	\$8.56	\$5.00	\$90.00	\$107.00
Las Vegas, NV	-	-	\$65.00	\$95.00
Little Rock, AR	\$7.83	\$1.47	\$68.00	\$76.46
Los Angeles, CA	\$28.88	\$1.42	\$220.93	\$275.50
Miami, FL	\$17.00	\$12.50	\$125.00	\$150.00
New Haven, CT	\$17.10	\$4.00	\$137.00	-
New York, NY - Downtown	\$26.00	\$3.80	\$533.00	-
New York, NY - Midtown	\$38.00	\$20.00	\$562.00	-
Oakland, CA	\$15.50	\$19.00	\$195.00	\$255.00
Omaha, NE	\$15.00	\$4.00	\$70.00	\$70.00
Orlando, FL	\$12.00	\$6.00	\$70.00	\$125.00
Philadelphia, PA	\$25.50	\$2.00	\$313.25	\$357.63
Phoenix, AZ	\$12.00	\$13.00	\$55.00	\$67.50
Portland, OR	\$15.00	\$3.00	\$185.00	\$200.00
Raleigh, NC	\$10.00	\$5.00	\$105.00	\$135.00
Sacramento, CA	\$15.00	-	\$145.00	\$185.00
San Diego, CA	\$26.00	\$3.00	\$175.00	\$240.00
San Francisco, CA	\$29.00	\$8.00	\$375.00	\$450.00
San Jose, CA	\$15.00	\$10.00	\$115.00	\$200.00
Seattle, WA	\$27.00	\$3.00	\$285.00	\$350.00
Tampa, FL	\$11.00	\$9.00	\$125.00	\$190.00
Walnut Creek, CA	\$12.00	\$2.50	\$95.00	\$150.00
Washington, DC	\$19.00	\$4.00	\$270.00	\$525.00
West Palm Beach, FL	\$16.00	\$11.00	\$56.00	\$72.00
National Average	\$17.66	\$6.16	\$171.02	\$202.46
Parking System Average	\$20-\$25	\$5-\$7	\$165-\$175	\$220-\$235

Source: Colliers International North American Parking Rate Survey 2012

Pay-by-Phone: Pay-by-Phone technology is becoming increasingly popular among metered parking systems. This technology allows the patron to pay for parking by calling a toll free number and using an in-car meter. The patron pays for the amount of time that they will park and their credit card is automatically charged for this time. To enforce Pay-by-Phone parkers, the enforcement officers will have a handheld device which will tell them which cars on the block have not paid for parking and the vehicles which have an in-vehicle display. The in-vehicle display meter will show the enforcement officer the total time that the patron has paid for parking, essentially providing an electronic version of a paper receipt. This type of technology is very attractive to patrons who frequently utilize metered parking since the patron does not need to carry cash or a credit card.

Pre-Paid Smart Cards: In-vehicle meters used in many European cities as well as in Aspen, CO and Arlington, VA work together with pre-paid smart cards and allow drivers to start their meter with the card and turn it off when they return to their vehicle. This type of technology is very attractive to patrons who frequently utilize metered parking.

Parking Sensors: Parking systems are beginning to use on-street parking sensors that are attached to the street pavement and work electronically with multi-space parking machines to electronically send data to the operator's computer database. It can tell the operator, in real time, occupancy information and it can also determine how long patrons occupy a space. This data is useful in controlling and monitoring traffic levels, the length of stay of patrons and the overall occupancy of the System. This technology is even able to be set up in a way that parkers can locate an available on-street parking space in real-time. San Francisco, CA is planning to implement the parking sensor technology in certain areas of its on-street system. The software and equipment of parking revenue collection technology in the U.S. has continually become more sophisticated and customer-friendly over the years.

Off-Street Parking

Pay-on-Foot: The current trend has been towards a pay-on-foot technology¹ for off-street parking systems that offer transient/daily parking. The revenue technology and software supporting pay-on-foot technology allows for fewer errors and easier accounting. For transient parking facilities pay-on-foot technology creates a more efficient ingress and egress system, provides the consumer multiple payment options, and reduces the number of personnel needed to operate the facility. Overall, pay-on-foot technology requires an initial capital investment to upgrade the equipment and software, but the pay-off comes by requiring less personnel and experiencing fewer bookkeeping errors.

The current parking technology trend for monthly parkers is transponders and/or proximity cards. This type of parking technology allows for automated parking gates where the user either has to flash a card or have a transponder in their vehicle to enter and exit the parking facility. The parker would only have to pay a monthly fee to receive a proximity card and/or transponder to access the parking facility.

¹ Includes paying for parking at a pay station (no cashiers) before exiting the parking facility

Smartchip Coins: Smartchip coins are reusable plastic coin-sized chips that are electronically encoded with the duration that the customer parked. Upon exiting, the customer inserts the Smartchip into the Pay Station where the coin is read and the amount owed is calculated.

5.5 Existing and Planned Revenue Collection Technology Summary

Currently, the Parking System has single space coin operated meters and a few Smart Multi-Park Hawk 2000 meters for on-street parking. The Hawk 2000 meters are a pay-by-space system where the parker pays according to the on-street numbered space. These units can replace up to 8 single space meters, but do not provide multiple payment options (credit card and cash). Harrisburg has electronic meters that support the use of a pre-paid key (Cash Key). The Cash Key system allows patrons to pay for on-street parking without the use of coins.

In the parking facilities, CTR Zeag parking equipment is utilized. CTR is low end equipment that does have the capability to accept credit card payments and perform certain basic reporting functions; however, these functions have not been activated. Both the on-street and off-street parking technologies should be updated in Harrisburg in order to create a more efficient, secure, customer friendly and less costly system.

As Operator, Standard intends to update a large portion, if not all of, the existing technology both for the on-street as well as for the off-street parking. Pay stations like CRT's XC Payment Station will be placed in each garage. These units allow parking customers to pay with coin, cash, and credit or debit cards.

All on-street, single spaced meters in the CBD will be replaced by multi-space pay stations like Digital Payment Technologies, Luke II Multi-Pay Pay Station. These stations will allow parking customer to pay for their parking via coin, credit, or debit card. All of the single space meters outside the CBD will be replaced by single space credit card enabled meters like ISP. Similar to the pay stations, these meters will allow parking customers to pay for their parking via coin, credit, or debit cards or to pay by phone using services like Quick Pay or Pango.

6.0 General Information for Financial Modeling

6.1 Historical On-Street Parking System Revenues

Table 14 shows the historical on-street meter revenues and the revenue growth rates. From 1997 to 2011, the average annual growth rate was 0.8%. As evidenced by the table, meter revenues have been steadily decreasing since 2008, most likely due to the economic downturn that began in 2008.

Another possible explanation for the decrease in meter revenue since 2008 is the lack of enforcement. During DESMAN's site visits, no meter enforcement was observed although cars were parked on expired meters. If parking is not strictly enforced, than parkers will take more risks and not pay for their meters or park in the facilities.

The current meter rates of \$1.50 per hour have been in place in Harrisburg for more than ten (10) years as of 2013. From 1997 through 2003, the meter rates were \$1.00 per hour.

Table 14 – On-Street Historical Meter Revenues

Year	Meter Revenue	% Growth
1997	\$ 1,001,515	-
1998	\$ 1,016,244	1.5%
1999	\$ 1,023,051	0.7%
2000	\$ 1,042,228	1.9%
2001	\$ 1,102,135	5.7%
2002	\$ 1,126,264	2.2%
2003	\$ 1,126,921	0.1%
2004	\$ 1,206,837	7.1%
2005	\$ 1,187,987	-1.6%
2006	\$ 1,245,282	4.8%
2007	\$ 1,167,346	-6.3%
2008	\$ 1,234,578	5.8%
2009	\$ 1,186,867	-3.9%
2010	\$ 1,120,200	-5.6%
2011	\$ 1,112,300	-0.7%
2012	\$ 1,107,200	-0.5%
Compounded Annual Growth		0.67%

Source: CDM Smith Reports

6.2 Historical Enforcement Revenues

Historical parking ticket enforcement revenues are shown in **Table 15**. Enforcement revenue declined 14.6% from FY 2008 to FY 2012, presumably due to a combination of non-working meters, less-intense enforcement activity and reduced collections.

Table 15 – Historical Parking Enforcement Revenue

	2008	2009	2010	2011	2012	% Change
Ticket Revenue	\$1,280,050	\$1,131,991	\$1,228,749	\$1,128,749	\$1,093,142	-14.6%

Source: Harrisburg Strong Plan, August 26, 2013

6.3 Historical Off-Street Parking System Revenues

Table 16 shows the historical revenues for the Off-Street Parking System facilities. Revenues are net of the 15% city-wide parking tax (parking tax increased to 20% in January 2013). The average annual growth rate in revenues for monthly parkers from FY 2008 to FY 2012 was 0.88%. The growth in monthly revenue was influenced by monthly rate increases that occurred in 2009 and 2011. Commonwealth revenues, covered by a separate agreement, experienced average annual growth of 3.13% over the same period. This revenue summary excludes the 10th Street and 3rd/Mulberry lots and may not balance to audited financial statements.

The current monthly rates of \$155.00 per month for unreserved and \$200 per month for reserved parking spaces have been in place since 2012. This represents a 6.66% annual increase in

unreserved and an 5.1% annual increase in reserved monthly parking rates since 1997 (1997 rates \$75 unreserved and \$110 reserved per month).

Table 16 – Off-Street Facilities’ Historical Revenues

User Group	2008	2009	2010	2011	2012	CAGR
Public Parking	\$11,562,563	\$12,584,192	\$12,360,910	\$12,722,495	\$11,976,968	0.88%
State Parking	\$1,275,120	\$1,247,889	\$1,360,328	\$1,392,611	\$1,442,684	3.13%
Office Rent	\$69,428	\$67,718	\$65,456	\$67,029	\$73,951	1.59%
Other	\$60,436	\$64,406	\$73,539	\$140,763	\$152,125	25.96%
Total Revenues	\$12,967,547	\$13,964,205	\$13,860,233	\$14,322,898	\$13,645,728	1.28%

Source: HPA Audited Financial Statements 2008, 2009, 2010, 2011, and 2012

6.4 HPA Monthly Parking Rates

Table 17 shows the existing HPA parking rates. Aside from the City Island Garage/Lot and the surface lots, monthly parking at all other HPA parking facilities costs \$155 per month for non-reserved and \$200 for reserved parking.

Table 17 – Existing Monthly Parking Rates at HPA Parking Facilities

Facility	South Street Garage	7th Street Garage/Lot	Walnut Street Garage	River Street Garage	Chestnut Street Garage	Locust Street Garage	Market Square Garage	5th Street Garage	City Island Garage/Lot	Harrisburg University Garage	Mulberry Lot	10th Street Lot
Current Rates												
Non-Reserved	\$155.00	\$155.00	\$155.00	\$155.00	\$155.00	\$155.00	\$155.00	\$155.00	\$75.00	\$155.00	\$95.00	\$85.00
Reserved	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	-	\$200.00	\$105.00	-
State	\$139.50	\$155/\$200	\$155.00	\$155/\$200	\$70-\$200	\$155.00	\$155.00	\$70/\$155	\$75.00	\$155.00	\$95.00	-

Source: Harrisburg Parking Authority

6.5 HPA Transient Parking Rates

Table 18 provides the existing transient parking rates for the HPA parking facilities. All parking facilities offer transient parking except for the Mulberry and 10th Street lots.

The current hourly rates range from \$5.00 for two (2) hours to \$20.00 for eleven (11) to twenty-four (24) hours of parking at most of the garages. Blending all parking rate bands, the current rates represent a 6.1% annual increase in transient parking rates since 1997 (\$2.00 for two (2) hours to \$12.00 for eleven (11) to twenty-four (24) hours).

Table 18 – Existing Transient Parking Rates at HPA Parking Facilities

Length of Stay	<2 hrs	2-3 hrs	3-4 hrs	4-5 hrs	5-11 hrs	11-24 hrs
Current Rates	\$5.00	\$7.00	\$8.00	\$9.00	\$16.00	\$20.00

Source: Harrisburg Parking Authority

6.6 Elasticity of Parking Rates

In general, an increase in rates will have some effect on demand. To examine this relationship, it is essential to consider the price elasticity of demand (% change in quantity demanded ÷ % change in price) to see if the parking demand has a negative correlation to fee increases. The

Victoria Transport Policy Institute Report *Transportation Elasticities: How Prices and Other Factors Affect Travel Behavior* is an updated report on transportation elasticities. It states that demand elasticities can vary "...depending on demographic, geographic, travel choice and trip characteristics." For a system like Harrisburg, elasticity factors of 0.15-0.50 for monthly parkers and 0.25 for off-street transient parkers might be typical. However, in the case of Harrisburg, elasticity was not determined for each revenue type, rather, it was determined broadly across all revenue types. Assumed utilization for the Off-Street Parking System was adjusted by -0.5% in years 1-3, kept flat for years 4 and 5, increased by 0.5% for years 6-15 and kept flat thereafter.

Any monthly parking rate increases are not expected to cause any significant decrease in the parking demand since Parking System facilities represent the majority of the spaces in the CBD. Also, the parking system is currently heavily utilized and there is minimal capacity available in the non-HPA owned parking facilities.

7.0 Demand Growth

Due to the uncertainty surrounding the current economic recovery, as well as low population and job growth, it was assumed that no significant monthly or transient parking demand growth will occur in Harrisburg due to new development. Any new non-residential developments may include captive private parking and therefore would probably have no impact on the current parking demand. While it is nearly certain that development projects will occur in the future, DESMAN takes a conservative stance by assuming that parking demand growth will only occur as a result of anticipated population and employment growth in the area.

7.1 Monthly and Transient Parking Demand Growth

Aside from the potential additional future parking demand that could be generated by specific development and redevelopment projects in Harrisburg, there is an element of demand growth tied to employment and population growth. Growth in monthly parking demand has been tied to anticipated employment growth and transient parking demand growth has been tied to population growth projections.

According to data gathered from the U.S. Census Bureau and the Bureau of Labor Statistics, respectively, through 2030, the Harrisburg-Carlisle Metropolitan Statistical Area is expected to experience 0.8% annual employment growth and 0.7% annual population growth. These growth rates are expected to be reflected in the parking demand growth.

Assumed utilization for the Off-Street Parking System was adjusted by -0.5% in years 1-3, kept flat for years 4 and 5, increased by 0.5% for years 6-15 and kept flat thereafter.

7.2 On-Street Meter Parking Demand Growth

Parking occupancy counts of the meters observed in January 2013 show that, on average, they are currently 78% occupied during the weekday. Based on historical revenue data, the annual parking utilization of on-street meters increased an average of 1.00% per year from 2000-2012. Under the Asset Transfer Agreement, an additional 88 new meters will be installed in mid-town,

which will provide added capacity and revenue. Assuming a similar growth in meter utilization going forward, DESMAN concludes that the on-street parking system, as a whole, will have available capacity for at least the next 30 years.

Assumed utilization for the On-Street Parking System was kept flat throughout the 40-year term of the model, a conservative assumption in DESMAN's opinion.

8.0 Qualifications of Trimont and Standard Parking

Parking System operations for Off-Street, On Street and enforcement will be conducted by the Operator (initially Standard Parking Corporation, the "Operator"). Parking System operations will be under the direction and supervision of an Asset Manager (initially PK Harris, an affiliate of Trimont Real Estate Advisors, Inc. ("Trimont"), the "Initial Asset Manager").

8.1 Asset Manager Responsibilities

Off-Street and On-Street Operations Management: Under the Asset Management Agreement, the Asset Manager will provide the following services: (i) Asset Manager will be responsible for moderate-term to long-term strategic planning relating to the Facilities, with direct oversight of and contracting responsibility with the parking operator responsible for the day-to-day operations of the Facilities; (ii) Asset Manager will prepare or oversee the preparation of operating budgets, annual budgets and business plans for the operation and maintenance of the Facilities; (iii) Asset Manager will make recommendations to the Client with respect to the establishment of reserves for ongoing operations and maintenance; (iv) Asset Manager will make recommendations with respect to risk management policies and procedures with respect to the Facilities; and (v) Asset Manager will assist in planning and implementation of development/redevelopment programs with respect to the Facilities; however, Asset Manager will not, have responsibility for design or construction management with respect to development or redevelopment of the Facilities or any new parking facilities.

8.2 Description of Initial Asset Manager

PK Harris Advisors, Inc., a Georgia corporation, will serve as the Initial Asset Manager. PK Harris is an affiliate of Trimont Real Estate Advisors, Inc. ("Trimont"). Trimont will retain and oversee the Operator, provide accounting services, prepare operating and capital budgets, contract for capital repairs, place property insurance and administer duties of PEDFA under the transaction documents. Trimont has provided comprehensive services to real estate lenders and investors since 1988. Trimont services include asset management, loan and equity servicing, treasury and accounting services, and portfolio risk analysis and consulting services. In its loan and equity servicing, Trimont has experience managing a diverse and complex portfolio of real estate assets, including bond issues, securitized debt, senior debt, mezzanine debt, equity transactions and REO assets. Trimont has approximately 200 employees among offices located in Atlanta, Georgia (home office); Irvine, California, New York, New York, London, England and the Netherlands. Trimont has managed approximately \$200 billion of invested capital for its clients on over 8,000 assets with \$400 billion of property value representing office, retail, industrial, hotel, residential and health care facilities. Fitch rates TriMont 'CPS2' and 'CSS2' as

a primary servicer and special servicer and S&P rates TriMont “Strong” as a Construction Loan Servicer and Above Average as a Commercial Mortgage Special Servicer and Construction Loan Special Servicer.

Mr. Rick West will serve as a parking consultant to PK Harris providing advice on areas such as the transition plan, marketing plan and annual operating budget and capital budget preparation. Rick has an extensive background in parking management and operations.

8.3 Operator Responsibilities

On-Street and Off-Street Operations: Under the Management Agreement between Trimont and Standard, the Operator agrees, among other items, to the following:

- Operator shall operate and direct the operation of the Parking Facilities as parking facilities, and render the usual and customary services incidental thereto, in a professional, businesslike and efficient manner.
- Operator shall employ sufficient experienced and qualified personnel as necessary to provide the specified quality and level of service to carry on its parking operations in the Parking Facilities.
- Operator shall routinely maintain the parking equipment in good operating condition and repair.
- Operator shall collect from transient users of and monthly parkers at the Parking Facilities parking fees and other charges.
- Collect fees for the metered parking spaces from non-permit customers.
- Operator shall be responsible for the repair and maintenance of parking meters.
- Operator shall manage revenue collection and deposit of gross receipts duties at all Facilities.

On-Street Enforcement: Under the Parking Enforcement Agreement between Trimont and Standard, the Operator agrees, among other items, to the following:

- Operator shall operate and direct the enforcement operation in a professional, businesslike and efficient manner, and provide supervision and inspection adequate to properly manage the enforcement operation.
- Operator will provide enforcement of parking regulations by virtue of issuing parking citations, immobilization efforts and all other statutory requirements for parking enforcement. Operator shall process and accept payments for payment violations and such other violations.
- Operator will assist the City with its adjudication and statutory process for the collection of unpaid citations, collection of citation revenue, causing all collected revenues from citations to be deposited into the appropriate depository account.
- Operator will provide all equipment, supplies, software, and back office support necessary to properly enforce the Spaces.

8.4 Description of Initial Operator

Standard Parking Corporation is one of the leading providers of parking management, ground transportation and other ancillary services to commercial, institutional and municipal clients in the United States, Puerto Rico and Canada. Their services include a comprehensive set of on-site parking management and ground transportation services, which consist of training, scheduling and supervising all service personnel as well as providing customer service, marketing, maintenance, security and accounting and revenue control functions necessary to facilitate the operation of our clients' parking facilities. In addition, Standard provides a range of ancillary services such as airport shuttle operations, valet services, taxi and livery dispatch services and municipal meter revenue collection and enforcement services. As a given geographic market achieves a threshold operational size, a local office will typically be established in order to promote increased operating efficiency. As of December 31, 2012, including the recently-acquired Central Parking locations, Standard managed approximately 4,300 parking facility locations containing approximately 2.1 million parking spaces in approximately 456 cities, 262 parking-related service centers serving 75 airports, a fleet of approximately 700 shuttle buses carrying approximately 35 million passengers per year, 136 valet locations and employed a professional staff of approximately 25,000 people.

8.5 DESMAN's Opinion of Initial Asset Manager and Initial Operator

DESMAN believes Trimont and Standard Parking Corporation are well qualified to perform satisfactorily their roles as the Initial Asset Manager and the Operator under the Parking System asset management and operating agreements.

9.0 Review of Parking Revenue and Expense Projections

DESMAN reviewed the financial model showing the anticipated financial performance of the Capitol Region Public Parking System over the next 40 years, assuming operation and management of the System by Standard and Trimont, respectively, on behalf of the lessee, the Pennsylvania Economic Development Financing Authority (PEDFA).

Major inputs to this model were historical audited financial statements for the Capitol Region Public Parking System provided by the Harrisburg Parking Authority, and operating expense projections provided by Standard Parking. Assumptions about future parking rates to be charged to the System's customers are based on Schedule 5 of the Asset Transfer Agreement. Assumptions about future parking rates to be charged to the Pennsylvania Department of General Services (DGS) were based on review of the Vehicle Parking Lease between DGS and PEDFA. Assumptions about garage-related capital expenses were derived from DESMAN's structural analysis of the Off-Street Parking System garages (See Section 10.0).

Additionally, the Asset Transfer Agreement permits an initial schedule of, and inflation-based adjustments to, rates for monthly, transient, meters and enforcement violations. The initial rates are higher than rates currently charged by the Harrisburg Parking Authority but, as discussed in Section 5.3, are comparable to national averages. The Asset Transfer Agreement allows rate

increases above the permitted levels to the extent necessary to achieve compliance with the Rate Covenant of the Prospective Rate Covenant.

DESMAN reviewed the model as well as the underlying assumptions in order to determine the reasonableness of the financial performance projections.

A summary of some of the major assumptions behind the financial modeling are presented below, with the remaining assumptions presented in the **Appendix**.

9.1 Permitted Monthly Parking Rates

Due to the fact that a majority of the parking inventory of the Harrisburg Parking System is contained within the parking garages and surface parking lots, future parking revenues will be most influenced by parking rate increases for monthly and transient parkers utilizing these facilities. The financial model assumes that future parking rates charged for monthly parking will be governed by two rate scenarios: parking for Commonwealth of Pennsylvania employees and the other being parking for all other users.

Scheduled Monthly Rates for Commonwealth of Pennsylvania Employees

The Commonwealth of Pennsylvania, through its Department of General Services ("DGS") and on behalf of various Commonwealth agencies, is a significant user of parking services in the Parking System. For example, DGS currently has a significant contract (with discounted rates) for 1,500 monthly unreserved spaces at Fifth Street and Chestnut Street garages, as well as many smaller contracts, some of which are with facilities outside of the Parking System. The Vehicle Parking Lease will consolidate a large number of existing parking contracts among Commonwealth of PA agencies currently with the HPA or other parking providers.

In order to consolidate the Commonwealth's numerous parking contracts, DGS has entered into the Vehicle Parking Lease for a term of 30 years. Under the Vehicle Parking Lease, parking rates for Commonwealth agency employee parkers will be set through 2019, and thereafter will be increased annually at 3%.

DGS's unreserved monthly parking rates from 2014-2019 are set as shown in **Table 19**.

Table 19 – Monthly Rates for Unreserved DGS Parking

Year	Rates per Space
2014 (Jan.-Jun.)	\$130
2014 (Jul.-Dec.)	\$140
2015	\$145
2016	\$180
2017	\$190
2018	\$200
2019	\$210

Source: DGS Parking Lease

Thereafter, rates will increase at 3% per year. Reserved monthly parking up to 2% of total spaces will be permitted at no additional cost.

The parking agreement covers an initial 4,306 parking spaces (approximately 56% of off-street spaces within the system) and an additional 765 spaces beginning January 1, 2016. Of the additional 765 spaces, 421 spaces (462 parking passes) will be paid for at the rates indicated above and 344 spaces (378 parking passes) will pay discounted rates of \$100, \$110, and \$115 per month in 2016, 2017, and 2018, respectively, increasing by 3% per year thereafter. These passes will be limited to less-utilized facilities including the 10th Street Lot and, if subsequently included in the Parking System, City Island garage and lot.

In year 20 of the Vehicle Parking Lease, DGS has an option to reduce the number of spaces by 10%. The model assumes that DGS does not exercise this option. In year 30, DGS has an option to extend the lease term another 10 years. The model assumes that DGS exercises this option.

Permitted Monthly Rates for All Other Users

Table 20 shows the future proposed unreserved monthly rates for Parking System garages from 2013 to 2017 for the general public. Reserved monthly spaces have a 35% premium above the applicable unreserved rate. Thereafter, the Asset Transfer Agreement allows monthly rates to be increased at the greater of 3% or inflation.

Table 20 – Current and Permitted Monthly Rates for Parking System Facilities

Permitted Monthly Rate	Chestnut St.	Fifth St.	Market Square	Walnut St.	Locust St.	River St.	Seventh St.	South St.	Harrisburg University
Current	\$155	\$155	\$155	\$155	\$155	\$155	\$155	\$155	\$155
2014	\$175	\$170	\$170	\$175	\$175	\$165	\$170	\$170	\$170
2015	\$185	\$180	\$180	\$185	\$185	\$170	\$180	\$180	\$180
2016	\$195	\$190	\$190	\$195	\$195	\$185	\$190	\$190	\$190
2017	\$200	\$195	\$195	\$200	\$200	\$190	\$195	\$195	\$195

Source: Asset Transfer Agreement, Schedule 5

In a fundamental break from the current pricing approach, market rates will vary by individual garage and lot, with higher rates charged to those facilities with higher historic occupancies. Overall, the monthly rates are expected to increase by anywhere from 5-33% in the first year, 3-6% in the second year, 5-9% in the third year, 2-5% in the fourth year. Thereafter, monthly rates are allowed to increase at the higher of 3% per year (a growth rate that approximately matches the historical rate of inflation in the US) or inflation. While these initial rate increases may seem high at first glance, given the level of monthly parking rates currently charged by the HPA and Harrisburg’s place as the state capital of Pennsylvania, these proposed rates are well supported by parking rates that are commonly charged in other major U.S. cities (see Section 5.3). These factors lead DESMAN to conclude that the monthly parking rate increases are reasonable.

9.2 Permitted Transient Parking Rates

Over the long-term, transient parking rate increases in the model roughly match historical inflation, or 3%. However, given historical duration of stay pattern at the garages which show that these parkers, on average, spend 4 or more hours parked, a new distribution of transient parking rates is in place. Beginning in the second year, transient parking rates will be lower than their present levels for stays of less than 1 hour, while increasing for all other durations. Additionally, for the first three (3) years, greater increases in transient rates will occur at parking facilities that are currently the most desirable for transient parkers, such as 7th Street Garage, Locust Garage, Walnut Garage, etc. After the third year, transient parking rates are assumed to increase at the higher of 3% per year (a growth rate that approximately matches the historical rate of inflation in the US) or inflation. **Table 21** shows the proposed rates for 30 minutes to 24 hours for Parking System garages between 2013 and 2015.

Table 21 –Current and Permitted Transient Rates at Off-Street Parking System Facilities

Time Elapsed	Chestnut St.			Fifth St.			Market Square			Walnut St.			Locust St.		
	2013	2014	2015	2013	2014	2015	2013	2014	2015	2013	2014	2015	2013	2014	2015
0.50	-	\$ 3.00	\$ 3.00	-	\$ 3.00	\$ 3.00	-	\$ 3.00	\$ 3.00	-	\$ 3.00	\$ 3.00	-	\$ 3.00	\$ 3.00
2.00	\$ 5.00	\$ 7.00	\$ 8.00	\$ 5.00	\$ 7.00	\$ 8.00	\$ 5.00	\$ 7.00	\$ 8.00	\$ 5.00	\$ 7.00	\$ 8.00	\$ 5.00	\$ 7.00	\$ 8.00
3.00	\$ 7.00	\$ 9.00	\$ 10.00	\$ 7.00	\$ 9.00	\$ 10.00	\$ 7.00	\$ 9.00	\$ 10.00	\$ 7.00	\$ 9.00	\$ 10.00	\$ 7.00	\$ 9.00	\$ 10.00
4.00	\$ 8.00	\$ 11.00	\$ 12.00	\$ 8.00	\$ 11.00	\$ 12.00	\$ 8.00	\$ 11.00	\$ 12.00	\$ 8.00	\$ 11.00	\$ 12.00	\$ 8.00	\$ 11.00	\$ 12.00
5.00	\$ 9.00	-	-	\$ 9.00	-	-	\$ 9.00	-	-	\$ 9.00	-	-	\$ 9.00	-	-
10.00	-	\$ 18.00	\$ 20.00	-	\$ 18.00	\$ 20.00	-	\$ 16.00	\$ 18.00	-	\$ 18.00	\$ 20.00	-	\$ 18.00	\$ 20.00
11.00	\$ 16.00	-	-	\$ 16.00	-	-	\$ 16.00	-	-	\$ 16.00	-	-	\$ 16.00	-	-
24.00	\$ 20.00	\$ 25.00	\$ 25.00	\$ 20.00	\$ 25.00	\$ 25.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 25.00	\$ 25.00	\$ 20.00	\$ 25.00	\$ 25.00
Time Elapsed	River St.			Seventh St.			South St.			Harrisburg University					
	2013	2014	2015	2013	2014	2015	2013	2014	2015	2013	2014	2015			
0.50	-	\$ 3.00	\$ 3.00	-	\$ 3.00	\$ 3.00	-	\$ 3.00	\$ 3.00	-	\$ 3.00	\$ 3.00			
2.00	\$ 5.00	\$ 7.00	\$ 8.00	\$ 5.00	\$ 7.00	\$ 8.00	\$ 5.00	\$ 5.00	\$ 6.00	\$ 5.00	\$ 7.00	\$ 8.00			
3.00	\$ 7.00	\$ 9.00	\$ 10.00	\$ 7.00	\$ 9.00	\$ 10.00	\$ 7.00	\$ 7.00	\$ 8.00	\$ 7.00	\$ 9.00	\$ 10.00			
4.00	\$ 8.00	\$ 11.00	\$ 12.00	\$ 8.00	\$ 11.00	\$ 12.00	\$ 8.00	\$ 8.00	\$ 9.00	\$ 8.00	\$ 11.00	\$ 12.00			
5.00	\$ 9.00	-	-	\$ 9.00	-	-	\$ 9.00	-	-	\$ 9.00	-	-			
10.00	-	\$ 16.00	\$ 18.00	-	\$ 18.00	\$ 20.00	-	\$ 16.00	\$ 18.00	-	\$ 16.00	\$ 18.00			
11.00	\$ 16.00	-	-	\$ 16.00	-	-	\$ 16.00	-	-	\$ 16.00	-	-			
24.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 25.00	\$ 25.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00			

Source: Asset Transfer Agreement

Based on current activity levels, and on the need to increase transient parking rates to maintain the proper correlation with monthly parking rates (i.e. not raising transient rates so high that a transient parker will choose to instead purchase a monthly pass, but also not keeping them so low that a monthly parker will save money by paying as a transient every day), it is DESMAN’s opinion that the transient rate increases are reasonable.

9.3 Permitted Parking Meter Rates

As opposed to the 10- and 15-minute time intervals currently used to charge for metered parking, the new rate structure for the City’s parking meters bases charges on 15- and 30-minute intervals. The new rates are \$0.75 per 15 minutes/\$3.00 per hour at the 982 spaces in the CBD and \$0.75 per 30 minutes/\$1.50 per hour at the 278 spaces outside the CBD. **Table 22** below compares current HPA meter rates with those permitted under the Asset Transfer Agreement, effective January 1, 2014. Eighty-eight new meters will be installed in mid-town and will include a 10 minute free option.

Table 22 – Current vs. Permitted Parking Rates

Minutes	HPA		1/1/14 Rates	
	CBD	Other	CBD	Other
10	\$0.25			
15		\$0.25	\$0.75	
30				\$0.75
60	1.50	1.00	3.00	1.50

Source: Asset Transfer Agreement

Increasing meter rates will help insure that on-street parking spaces will be available for use by true short-term parking customers, instead of being occupied all day by parkers feeding the meter. Under the current rate structure, a vehicle could stay parked at a meter for all 9 hours during which the meters are enforced for either \$13.50 or \$9.00, depending on the meter’s location. The same 9 hours of parking at nearly every off-street facility currently costs \$16.00, giving long-term parkers no incentive to choose to park off-street versus on-street. It is DESMAN’s assessment that it is reasonable and necessary to increase the meter rates to properly manage parking demand.

As with monthly and transient rates, growth in metered parking rates in the long term is assumed to roughly match historical inflation of 3% per year. Not only is it reasonable to assume this average annual rate increase, it is necessary to continue increasing meter rates throughout the term by at least the same factor as off-street rates are increased. This is necessary in order to maintain the proper relationship between on-street rates and off-street, transient rates over the entire term.

9.4 Parking Meter Technology

The model assumes that all metered parking spaces in the On-Street System will be equipped with new parking meters (see Section 5.7). In the case of the CBD, the 982 metered spaces will be governed by approximately 123 multi-space pay stations covering 8-spaces per meter. Outside the CBD, the 278 spaces will be equipped with new single-space meters that accept coins as well as credit cards for the payment of parking fees. While the implementation of this upgraded equipment will cost upwards of \$1 million, there are several benefits to the bottom line in the long run.

By accepting credit cards as a payment method at all meters, customers will be more inclined to actually pay for all of the time they are parked, as well as add more time than they might if they were using coins. In addition, the upgraded meters will allow for more accurate tracking and reporting of revenues, which should eliminate any existing revenue leakage. Additionally, with brand new equipment, loss of revenue due to non-functioning meters should be all but eliminated. Finally, multi-space, pay-and-display meters allow for a greater number of vehicles to park in the same amount of space, while also eliminating the ability of one customer to park on time paid-for by a previous customer. (Since the meter will not display the amount of time paid-for by a previous customer, a new parker using the same space will be forced to pay for the time they actually plan to use, or risk receiving a citation.)

In other cities including Pittsburgh and Los Angeles, increased revenue attributable to upgraded parking meter technology has been upwards of 30-40% assuming no increases in rates. Based on this information, DESMAN believes that assuming a 25% increase in revenue resulting from the installation of the proposed parking meter technology is very reasonable.

9.5 Expanded Parking Meter Hours of Operation

At present, metered parking is enforced nine hours per day Monday-Friday, 8AM-5PM. The model assumes that the hours of operation will be extended by 2 hours on weekdays and that parking on Saturday will now require paying the meter; parking in an on-street metered space will only be free on Sundays and Holidays. Overall, the number of hours that parking meters are enforced will increase from 45 hour per week currently to 66 hours, an increase of approximately 47%. Logically, this should lead to an increase in the amount of revenue collected from on-street parking.

While the hours of operation are set to increase by 47%, it is unreasonable to assume that revenues will also rise by 47%. In some areas of the City, utilization of on-street parking is limited to regular weekday business hours; this is true around the Capitol and other government buildings. Additionally, it is not anticipated that there will consistently be the same demand for on-street parking during a Saturday as there may be during a weekday. Much of the demand captured during the additional hours of operation will be generated by restaurants, bars, and clubs located in the CBD.

Based on these factors, the model assumes that the 47% increase in parking meter operating hours will result in a 15% increase in parking meter revenue. This assumption seems conservative based on observed levels of parking demand.

9.6 Parking Enforcement

The model assumes that revenue generated through the enforcement of parking violations will increase significantly. This anticipated revenue gain is mainly attributable to four (4) factors: 1) increased hours of operation at the meters, by extending hours past 5:00 PM on weeknights and/or adding weekend hours, 2) increased fine amounts from \$14.00 to \$30.00 per citation for most meter-related infractions, 3) revenues associated with enforcement of all non-moving parking violations within the non-compete area, and 4) more diligent enforcement resulting in an increase in the violation capture rate. The logical effect of extending the hours during which parking meters are enforced is that an increased number of violations will be issued. Similarly, increasing the fine amount for each violation will increase the average revenue generated by each ticket that is issued. Currently, the cost of a citation, at \$14.00, is equal to the all-day meter rate but less expensive than parking in a garage for eight hours. Furthermore, an intensified enforcement effort will lead to a higher rate of capture of those parkers who fail to pay for their parking or who violate another parking ordinance. All of these elements should lead to an increase in Parking Violation Revenue, additional utilization in Off-Street Parking System facilities, and fewer parking violations.

Based on an analysis of enforcement data, these changes/improvements to the enforcement of parking violations will translate into parking violation revenue exceeding \$2 million by the second year. This amount compares to the slightly over \$1 million that was collected in 2012, the most recent complete year for which data was available.

Based on our review of the analysis, the projected increase in Parking Violation Revenue seems achievable and reasonable.

9.7 Parking Demand Growth

Prior to the recession which began in 2008, the City of Harrisburg's Parking System experienced slight growth in parking demand over the previous several years. With the onset of the recession, parking demand growth in the City of Harrisburg, as with most other major cities, declined. While the economy of Pennsylvania and the City of Harrisburg are continuing to recover, hiring has not occurred at a rapid pace nor has the associated recovery in parking demand.

Based on this fact, the financial model assumes a slight decline in parking demand during the first three years and only slight growth in demand in the subsequent years. The model assumes that demand for market-rate monthly and transient parking will decline 0.50% per year for three years, will remain flat for the next two years, and then grow at 0.50% per year through year 15. After year 15, demand is assumed to stabilize for the remainder of the 40-year term. For On-Street Parking System utilization, the model assumes no growth for the entire 40-year term.

Because it is still unclear whether or not the economic recovery will continue and if and when hiring by state and local governments will return to their pre-recession levels, DESMAN agrees with the conservative parking demand growth assumptions used in formulation of the financial projections. To assume that any significant parking demand growth will occur without the construction of a major employment generator (i.e. the corporate headquarters of a major company not already located in Harrisburg, a large mixed-use development, etc.) or the transfer of additional government agencies to Harrisburg, would be unwise in terms of attempting to determine the likely financial performance of the Parking System over the long term.

9.8 Review of Expense Projections

Future operating expenses will be most influenced by greater use of technology in place of personnel. The model currently assumes that all of the parking garages and surface lots will be equipped with automated transaction processing systems beginning in the first year. This technology will allow for significant reductions in the number of personnel required to operate the Parking System. Instead of staffing the parking garages and lots with cashiers that process payments, transient parking users will use automated pay stations or pay-in-lane machines to process their own parking transactions. Should a customer experience an issue, operations personnel will be available via intercom. In addition, a minimal compliment of staff will float between several parking facilities during the busiest hours of the day to deal with customer service issues in person.

Replacing personnel with advanced transaction processing technology is quickly becoming the standard in the parking industry. Most of the general public already has experience using similar technology – from automated teller machines to self-service checkout lanes at grocery stores – so the use of automated parking technology typically does not result in a significant reduction in the customer experience. This technology has also been shown to allow for more precise tracking and secure collection of parking revenues.

After the initial cost savings from reducing the number of personnel needed to operate the assets of the Capitol Region Public Parking System, all of the costs associated with the operation of the parking assets are assumed to increase over time. The model assumes that operating expenses will increase by approximately inflation or 3% each year throughout the 40-year term. Based on our knowledge of the operation of parking assets, DESMAN believes that it is reasonable to assume that, over the long term, operating expenses will grow by approximately inflation each year. In general terms, DESMAN finds the operating expense projections developed by Standard Parking and Trimont to be reasonable given the size and operational requirements of the on- and off-street parking system in Harrisburg.

9.9 Revenue and Expense Projection Conclusions

Based upon our review of the model of the projected financial performance of the assets of the Capitol Region Public Parking System, a summary of which is presented in **Table 23**, as well as follow-up conversations with their team, DESMAN has determined that:

- Trimont and Standard Parking Corporation are well qualified to perform satisfactorily their roles as the Initial Asset Manager and the Operator under the Parking System asset management and operating agreements.
- The financial plan accurately reflects the terms and requirements of the Asset Transfer Agreement, the Indenture, the Parking Vehicle Lease and the Parking System asset management and operating agreements.
- The model uses a reasonable set of assumptions, based in part on the experience of the Asset Manager and Operator with similar modernization plans in other cities, to develop its revenue forecast.
- The financing plan provides for sufficient operating expenses to operate the first-class Parking System on a commercially reasonable basis.
- The financing plan provides for sufficient capital funds to establish and maintain compliance with Operating Standards across all of the parking facilities.
- The financial plan is feasible: the underlying assumptions in the plan are reasonable and the plan accurately reflects the Asset Transfer Agreement and the Indenture in all material respects.

The full cash flow tables from the financial performance model are presented in the **Appendix**.

Assuming implementation of the financing plan for the Parking System and permitted rate increases are realized, revenues are projected to produce annual debt service coverage as follows:

1. **Senior Debt** – with a minimum of 1.20x when measured against DGS Vehicle Lease revenues and 3.64x when measured against all revenues.
2. **Combined Debt** – greater than the combined Debt Service Coverage Ratio requirement of 1.25x, with a minimum of 1.25x and averaging 1.57x through the end of the 40-year debt term.

10.0 Capital Expenditures

DESMAN completed a due diligence review of the Off-Street Parking System garages by performing visual surveys of the facilities during the weeks of January 7, 2013, January 14, 2013 and February 11, 2013. These visual assessments were performed to determine the current condition and expected future maintenance costs related to the structural, architectural, mechanical, and electrical systems of the off-street parking facilities. Additionally, DESMAN examined the surface conditions of the surface parking lots, as well as the condition of the parking access and revenue control equipment in the off-street facilities and the on-street parking meters.

Table 24 shows the anticipated capital expenditures related to the long-term maintenance of the structural, architectural, mechanical, and electrical systems of the off-street facilities in order to ensure that the facilities remain in their current operating condition for the 40-year term. The complete due diligence report “Physical Conditions Review and Evaluation of the Capitol Region Public Off-Street Parking System” is provided in the **Appendix**. It should be noted that the anticipated capital expenditures projected by DESMAN differ from those provided in the 2011 CDM Smith report which indicated, among other items, Walnut Street and Chestnut Street garages will be facing replacement within the 30 year study period. DESMAN assumed that with proper repair and on-going maintenance there would be no structural reason to replace any of the garages. There might be a functional or capacity or development reason to replace a garage, but it is our experience that garages such as these can be repaired and protected for the life of the bonds. Over the forty year period, the capital costs are lower to maintain verses rebuild.

Table 23 – Summary of Cash Flows

Harrisburg Parking										
CASH FLOW SUMMARY	2014	2015	2016	2017	2018	2023	2033	2043	2053	TOTAL
System Revenues										
Commonwealth Contract Revenues	\$ 6,975,720	\$ 7,492,440	\$ 10,623,120	\$ 11,231,640	\$ 11,819,520	\$ 13,957,437	\$ 18,757,628	\$ 25,208,683	\$ 33,878,362	\$ 797,932,813
Garage Revenues	\$ 10,338,642	\$ 9,479,347	\$ 9,859,163	\$ 10,222,481	\$ 10,529,156	\$ 12,514,399	\$ 17,242,989	\$ 23,173,135	\$ 31,142,756	\$ 736,943,124
Meters Revenues	\$ 2,920,587	\$ 3,008,204	\$ 3,086,214	\$ 3,178,801	\$ 3,274,165	\$ 3,795,654	\$ 5,101,042	\$ 6,855,374	\$ 9,213,049	\$ 219,369,664
Enforcement Revenues	\$ 2,183,250	\$ 2,248,748	\$ 2,316,210	\$ 2,385,696	\$ 2,457,267	\$ 2,848,646	\$ 3,828,342	\$ 5,144,972	\$ 6,914,412	\$ 164,619,800
Other Revenues	\$ 85,671	\$ 88,241	\$ 90,888	\$ 93,615	\$ 96,423	\$ 111,781	\$ 150,225	\$ 201,889	\$ 271,322	\$ 6,459,703
Total System Revenues	\$ 22,503,870	\$ 22,316,980	\$ 25,975,595	\$ 27,112,233	\$ 28,176,531	\$ 33,227,917	\$ 45,080,225	\$ 60,584,053	\$ 81,419,901	\$ 1,925,325,104
Parking Tax (@20%)	\$ (2,885,727)	\$ (2,828,631)	\$ (3,413,714)	\$ (3,575,687)	\$ (3,724,779)	\$ (4,411,973)	\$ (6,000,103)	\$ (8,063,636)	\$ (10,836,853)	\$ (255,812,656)
Revenues Net of Parking Tax	\$ 19,618,143	\$ 19,488,349	\$ 22,561,881	\$ 23,536,546	\$ 24,451,752	\$ 28,815,944	\$ 39,080,122	\$ 52,520,416	\$ 70,583,048	\$ 1,669,512,448
Senior Debt - Series A										
Series A Net Debt Service	\$ 4,798,473	\$ 5,200,463	\$ 5,980,463	\$ 6,320,463	\$ 6,650,463	\$ 7,856,463	\$ 10,559,325	\$ 12,772,088	\$ -	\$ 270,982,448
Commonwealth Net Revenue Coverage	121%	120%	148%	148%	148%	148%	148%	164%		
Gross Revenue Coverage	409%	375%	377%	372%	368%	367%	370%	411%		
Operating Expenses										
Operating Expenses	\$ 4,838,174	\$ 3,938,099	\$ 4,047,542	\$ 4,168,969	\$ 4,294,038	\$ 4,977,967	\$ 6,689,971	\$ 8,990,762	\$ 12,082,832	\$ 288,702,081
Management Fees (Senior)	\$ 800,000	\$ 622,000	\$ 645,100	\$ 819,355	\$ 694,823	\$ 842,584	\$ 1,077,336	\$ 1,392,823	\$ 1,816,812	\$ 45,732,737
System O&M Fees	\$ 5,638,174	\$ 4,560,099	\$ 4,692,642	\$ 4,988,324	\$ 4,988,861	\$ 5,820,551	\$ 7,767,307	\$ 10,383,585	\$ 13,899,643	\$ 334,434,818
NET OPERATING INCOME	\$ 9,181,496	\$ 9,727,787	\$ 11,888,776	\$ 12,227,760	\$ 12,812,429	\$ 15,138,931	\$ 20,753,490	\$ 29,364,744	\$ 56,683,404	\$ 1,064,095,182
Junior Debt - Series B & C										
Series B - Dauphin County Net Debt Service	\$ 3,280,684	\$ 3,789,800	\$ 4,229,800	\$ 4,397,800	\$ 4,552,050	\$ 5,721,800	\$ 7,873,700	\$ 7,583,700	\$ 3,368,100	\$ 336,097,897
Series C - AGM / Dauphin County Net Debt Service	\$ 1,644,722	\$ 2,931,250	\$ 3,030,000	\$ 3,152,500	\$ 3,262,250	\$ 4,105,000	\$ 5,656,063	\$ 5,440,000	\$ 2,585,000	\$ 240,709,146
Total Junior Debt Service	\$ 4,925,407	\$ 6,721,050	\$ 7,259,800	\$ 7,550,300	\$ 7,814,300	\$ 9,826,800	\$ 13,529,763	\$ 13,023,700	\$ 5,953,100	\$ 576,807,043
Debt Service Coverage	186%	145%	164%	162%	164%	154%	153%	225%	476%	
Total Debt Service Including Series A, B1 & B2	\$ 9,723,879	\$ 11,921,513	\$ 13,240,263	\$ 13,870,763	\$ 14,464,763	\$ 17,683,263	\$ 24,089,088	\$ 25,795,788	\$ 5,953,100	\$ 847,789,491
Debt Service Coverage	144%	125%	135%	134%	135%	130%	130%	163%	476%	
NOI AFTER DEBT SERVICE	\$ 4,256,090	\$ 3,006,737	\$ 4,628,976	\$ 4,677,460	\$ 4,998,129	\$ 5,312,131	\$ 7,223,727	\$ 16,341,044	\$ 50,730,304	\$ 487,288,139
Subordinated Expenses										
PEDFA	\$ 200,000	\$ 206,000	\$ 212,180	\$ 218,545	\$ 225,102	\$ 260,955	\$ 350,701	\$ 471,313	\$ 633,405	\$ 15,080,252
City Payments	\$ 2,000,000	\$ 2,500,000	\$ 3,000,000	\$ 3,000,000	\$ 3,000,390	\$ 2,536,797	\$ 3,209,896	\$ 4,114,485	\$ 5,330,178	\$ 140,124,207
Performance Based Asset Management Fee	\$ 50,000	\$ 52,500	\$ 55,125	\$ 57,881	\$ 60,775	\$ 77,566	\$ 104,243	\$ 140,094	\$ 188,274	\$ 4,429,856
Performance Based Parking Management Fee	\$ 60,000	\$ 63,000	\$ 66,150	\$ 69,458	\$ 72,930	\$ 93,080	\$ 125,091	\$ 168,112	\$ 225,929	\$ 5,315,828
Subordinated Expenses	\$ 2,310,000	\$ 2,821,500	\$ 3,333,455	\$ 3,345,884	\$ 3,359,198	\$ 2,968,398	\$ 3,789,931	\$ 4,894,004	\$ 6,377,786	\$ 164,950,143
SURPLUS CASHFLOWS	\$ 1,946,090	\$ 185,237	\$ 1,295,521	\$ 1,331,577	\$ 1,638,931	\$ 2,343,733	\$ 3,433,795	\$ 11,447,040	\$ 44,352,519	\$ 322,337,996
Capital Reserve (Including PEDFA Sub Account)										
BEGINNING BALANCE	\$ 9,000,000	\$ 6,275,372	\$ 5,163,023	\$ 5,133,886	\$ 5,099,223	\$ 8,976,446	\$ 14,614,636	\$ 17,950,880	\$ 15,000,000	\$ 481,648,018
Remainder to Capital Reserve Acct	\$ 1,946,090	\$ 185,237	\$ 1,295,521	\$ 1,331,577	\$ 1,638,931	\$ 2,343,733	\$ 3,433,795	\$ 11,447,040	\$ 44,352,519	\$ 322,337,996
Interest Earnings @ 1%/yr	\$ -	\$ 62,754	\$ 51,630	\$ 51,339	\$ 50,992	\$ 89,764	\$ 146,146	\$ 179,509	\$ 150,000	\$ 4,726,480
Projected Capital Expenditures	\$ (4,670,718)	\$ (1,360,339)	\$ (1,376,290)	\$ (1,417,578)	\$ (1,460,106)	\$ (2,354,416)	\$ (3,880,568)	\$ (3,553,537)	\$ (5,841,821)	\$ (137,500,517)
Return of Excess Balance - \$15MM Cap	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (5,202,453)	\$ (38,660,697)	\$ (183,563,959)
ENDING BALANCE	\$ 6,275,372	\$ 5,163,023	\$ 5,133,886	\$ 5,099,223	\$ 5,329,040	\$ 9,055,528	\$ 14,314,009	\$ 20,821,439	\$ 15,000,000	\$ 487,648,018
City Benefits										
Upfront Purchase Price	\$ 270,404,314	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 270,404,314
Senior City Consideration	\$ 2,000,000	\$ 2,500,000	\$ 3,000,000	\$ 3,000,000	\$ 3,000,390	\$ 2,536,797	\$ 3,209,896	\$ 4,114,485	\$ 5,330,178	\$ 140,124,207
Surplus Cashflows	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,202,453	\$ 38,660,697	\$ 183,563,959
BENEFITS FROM HARRISBURG FIRST	\$ 272,404,314	\$ 2,500,000	\$ 3,000,000	\$ 3,000,000	\$ 3,000,390	\$ 2,536,797	\$ 3,209,896	\$ 9,316,938	\$ 43,990,875	\$ 594,092,481
Parking Tax (@20%)	\$ 2,885,727	\$ 2,828,631	\$ 3,413,714	\$ 3,575,687	\$ 3,724,779	\$ 4,411,973	\$ 6,000,103	\$ 8,063,636	\$ 10,836,853	\$ 255,812,656
TOTAL BENEFITS	\$ 275,290,041	\$ 5,328,631	\$ 6,413,714	\$ 6,575,686	\$ 6,725,170	\$ 6,948,769	\$ 9,209,999	\$ 17,380,574	\$ 54,827,728	\$ 849,905,137

Source: DESMAN Associates

Table 24 – Off-Street Parking System Long-Term Maintenance Expense Projections

Due Diligence Surveys
of the
Harrisburg Public Parking Garage System
Harrisburg, Pennsylvania

OPINION OF EXPECTED CONSTRUCTION COST - August 2013

ITEM	DESCRIPTION	YEARS 1 TO 2	YEARS 3 TO 5	YEARS 6 TO 10	YEARS 11 TO 20	YEARS 21 TO 30	YEARS 31 TO 40
	Structural/Waterproofing	\$1,654,000	\$2,172,000	\$1,836,000	\$4,558,000	\$5,768,000	\$5,797,000
1	Full and Partial Depth Concrete Floor Slab Repairs	\$711,000	\$0	\$165,000	\$311,000	\$457,000	\$484,000
1b	Post-Tensioning System Repairs	\$30,000	\$0	\$8,000	\$12,000	\$20,000	\$20,000
2	Partial Depth Concrete Vertical Repairs	\$148,000	\$0	\$48,000	\$82,000	\$140,000	\$174,000
3	Partial Depth Concrete Overhead Repairs	\$588,000	\$0	\$197,000	\$344,000	\$573,000	\$682,000
4	Steel Repairs (tee-to-tee connectors, structural steel, barrier cables)	\$177,000	\$0	\$3,000	\$8,000	\$15,000	\$22,000
5	Expansion Joint Replacement	\$0	\$44,000	\$166,000	\$210,000	\$210,000	\$210,000
6	Joint Sealant Installation	\$0	\$344,000	\$248,000	\$552,000	\$552,000	\$552,000
7	Concrete Sealer Application	\$0	\$734,000	\$896,000	\$1,788,000	\$1,788,000	\$1,788,000
8	Elastomeric Waterproofing Membrane Application	\$0	\$1,050,000	\$105,000	\$1,251,000	\$2,013,000	\$1,865,000
	Architectural	\$71,500	\$362,000	\$159,000	\$1,333,000	\$2,438,000	\$2,558,000
9	Replace Architectural Features (Doors, Lobbies, etc.)	\$35,500	\$0	\$0	\$305,000	\$225,000	\$305,000
10	Miscellaneous Painting and Striping	\$0	\$137,000	\$159,000	\$317,000	\$317,000	\$317,000
11	Repair/Replace Elevators - cabs, cables, & controls	\$0	\$0	\$0	\$675,000	\$1,860,000	\$1,900,000
12	Add Elevator Machine Room Cooling	\$36,000	\$0	\$0	\$36,000	\$36,000	\$36,000
13	Elevator drives	\$0	\$150,000	\$0	\$0	\$0	\$0
14	Elevator motors	\$0	\$75,000	\$0	\$0	\$0	\$0
	Mechanical/Plumbing	\$0	\$29,500	\$137,000	\$1,386,500	\$627,000	\$1,699,503
15	Replace Drainage System	\$0	\$0	\$0	\$1,040,000	\$320,000	\$932,000
16	Replace Plumbing Fixtures	\$0	\$20,000	\$12,000	\$10,000	\$10,500	\$0
17	Replace Hose Bibb/Risers	\$0	\$0	\$0	\$76,000	\$0	\$55,000
18	Replace Sprinkler System	\$0	\$0	\$0	\$0	\$0	\$200,000
19	Replace Fire Protection Stand Pipes	\$0	\$0	\$0	\$190,000	\$130,000	\$150,000
20	Replace Tube Heaters	\$0	\$0	\$91,000	\$0	\$91,000	\$91,000
21	Replace Sump Pump	\$0	\$6,000	\$0	\$6,000	\$6,000	\$6,000
22	Replace Shop AC	\$0	\$0	\$15,000	\$15,000	\$0	\$150,003
23	Replace Booster Pump	\$0	\$0	\$0	\$0	\$0	\$35,000
24	Replace Fire Pump	\$0	\$0	\$0	\$0	\$20,000	\$25,000
25	Replace HVAC	\$0	\$3,500	\$16,000	\$19,500	\$19,500	\$19,500
26	Replace Elevator Lobby Heaters	\$0	\$0	\$3,000	\$30,000	\$30,000	\$36,000
	Electrical	\$50,000	\$20,000	\$1,049,600	\$1,722,400	\$1,538,100	\$2,685,000
27	Replace/Repair Lighting Fixtures	\$0	\$20,000	\$696,000	\$1,253,000	\$1,009,000	\$2,095,000
28	Replace Exit Lighting	\$0	\$0	\$38,600	\$66,000	\$20,600	\$99,000
29	Replace Battery Packs	\$0	\$0	\$33,000	\$9,000	\$33,000	\$33,000
30	Replace Fire Alarm	\$0	\$0	\$80,000	\$140,000	\$255,000	\$0
31	Repair/Replace Electrical Service	\$0	\$0	\$155,000	\$125,000	\$65,000	\$395,000
32	Replace Door Motors	\$0	\$0	\$47,000	\$24,400	\$55,500	\$63,000
33	Replace Generator	\$0	\$0	\$0	\$105,000	\$100,000	\$0
34	Wiring - Code Compliance	\$50,000	\$0	\$0	\$0	\$0	\$0
	SUB-TOTAL w/o City Island	\$1,775,500	\$2,583,500	\$3,181,600	\$8,999,900	\$10,371,100	\$12,739,503
	Mobilization, General Conditions, & Miscellaneous Work @ 10%	\$178,000	\$258,000	\$318,000	\$900,000	\$1,037,000	\$1,274,000
	Contingencies @ 20%	\$355,000	\$517,000	\$636,000	\$1,800,000	\$2,074,000	\$2,548,000
	Allowance for Engineering and Testing Fees @ 8%	\$142,000	\$207,000	\$255,000	\$720,000	\$830,000	\$1,019,000
	GARAGE TOTAL w/o City Island	\$2,450,500	\$3,565,500	\$4,390,600	\$12,419,900	\$14,312,100	\$17,580,503
	Lots w/o City Island	\$114,000	\$213,000	\$0	\$328,000	\$328,000	\$328,000
	Surface Lot Restructuring	\$104,000	\$194,000	\$0	\$298,000	\$298,000	\$298,000
	Contingency @ 10%	\$10,000	\$19,000	\$0	\$30,000	\$30,000	\$30,000
	FACILITY TOTAL w/o City Island	\$2,564,500	\$3,778,500	\$4,390,600	\$12,747,900	\$14,640,100	\$17,908,503
	CITY ISLAND SUB-TOTAL	\$11,000	\$155,000	\$149,000	\$488,500	\$369,000	\$846,500
	Mobilization, General Conditions, & Miscellaneous Work @ 10%	\$1,000	\$16,000	\$15,000	\$49,000	\$37,000	\$85,000
	Contingencies @ 20%	\$2,000	\$31,000	\$30,000	\$98,000	\$74,000	\$169,000
	Allowance for Engineering and Testing Fees @ 8%	\$1,000	\$12,000	\$12,000	\$39,000	\$30,000	\$68,000
	CITY ISLAND GARAGE TOTAL	\$15,000	\$214,000	\$206,000	\$674,500	\$510,000	\$1,168,500
	City Island Lots	\$0	\$422,000	\$482,000	\$904,000	\$904,000	\$904,000
	Surface Lot Restructuring	\$0	\$384,000	\$438,000	\$822,000	\$822,000	\$822,000
	Contingency @ 10%	\$0	\$38,000	\$44,000	\$82,000	\$82,000	\$82,000
	CITY ISLAND TOTAL	\$15,000	\$636,000	\$688,000	\$1,578,500	\$1,414,000	\$2,072,500
	TOTAL - ALL FACILITIES	\$2,579,500	\$4,414,500	\$5,078,600	\$14,326,400	\$16,054,100	\$19,981,003

Notes

- 1) Costs are expressed in 2013 dollars. Inflation and escalation have not been included in the cost estimates.
- 2) The figures are exclusive of annual budgets for operational issues such as light bulb replacement, janitorial services, equipment maintenance contracts, etc.
- 3) The figures are exclusive of revenue control system and security equipment changes, and any abatement of hazardous materials.
- 4) We estimate an additional cost of 10% to 15% if a single work item is divided over multiple years (Not included in the above cost estimate table).

Source: DESMAN Associates

11.0 Sensitivity Analysis

The model also provides a series of sensitivity analyses covering different revenue, expense and inflation situations. These scenarios are described below. The results are presented in **Table 25**.

- Base Case 3% Rev Growth / 3% Expense Growth
- Downside 2%-3% 10% CW reduction Y21 No Utilization Increase Case
- High Inflation 4%-4% Case
- Upside Case 3%-2% Case
- Breakeven 1.4%-3% CW reduction in Y21 No Utilization Increase Case
- Commonwealth Reduction in Year 21 and 31 Case

Table 25 – Sensitivity Analysis Summary

Scenario	Minimum Coverage	Average Coverage
Base Case (3% Revenue Growth / 3% Expense Growth)	1.25x	1.57x
Downside Case (2% revenue growth / 3% expense growth / 10% CW reduction opted in Y21 / no utilization increase)	1.09x	1.30x
High Inflation Case (4% revenue growth / 4% expense growth)	1.25x	1.75x
Upside Case (3% revenue growth / 2% expense growth)	1.26x	1.63x
Breakeven Case (1.40% revenue growth / 3% expense growth / no utilization increase / CW reduction opted in Y21)	1.00x	1.20x
Commonwealth doesn't renew in Y31 (assumes 10% reduction in Y21 / 70% of CW parkers remain in system after Y30)	1.25x	1.42x

Source: DESMAN Associates

12.0 Conclusions

The financial modeling and the capital expenditures of the subject parking system presented in this report represents a series of assumptions and estimates based on the analysis and research completed to date. DESMAN's conclusions are as follows:

1. The Commonwealth of Pennsylvania has been impacted by the recent recession more than any other major Harrisburg employer. DESMAN believes that Commonwealth's current staffing levels have reached equilibrium. There may be slight future employment growth for the Commonwealth, but it is assumed to be nominal. DESMAN believes that new employment growth may most likely come from other employers in the area.
2. The percentage of residents using a personal vehicle to commute to work is not expected to change significantly in the future, so forecasted population and employment growth should result in a steady, and even slightly growing, demand for parking within the City.
3. As has been proposed in the initial capital improvements, both the on-street and off-street parking technologies should be updated in Harrisburg in order to create a more efficient, secure, customer friendly and less costly system.
4. DESMAN believes Trimont and Standard Parking Corporation are well qualified to perform satisfactorily their roles as the Initial Asset Manager and the Operator under the Parking System asset management and operating agreements.
5. The financial plan accurately reflects the terms and requirements of the Asset Transfer Agreement, the Indenture, the Parking Vehicle Lease and the Parking System asset management and operating agreements.
6. The model uses a reasonable set of assumptions, based in part on the experience of the Asset Manager and Operator with similar modernization plans in other cities, to develop its revenue forecast.
7. The financing plan provides for sufficient operating expenses to operate the first-class Parking System on a commercially reasonable basis.
8. The financing plan provides for sufficient capital funds to establish and maintain compliance with Operating Standards across all of the parking facilities.
9. The financial plan is feasible: the underlying assumptions in the plan are reasonable and the plan accurately reflects the Asset Transfer Agreement and the Indenture in all material respects.
10. Based upon our review of the projected financial performance of the assets of the Capitol Region Public Parking System, as well as follow-up conversations with those involved in preparing assumptions, DESMAN has determined that the revenue, expense and debt service coverage projections are reasonable.
11. Based upon our review of the projected capital needs of the assets of the Capitol Region Public Parking System, as well as follow-up conversations with their team, DESMAN has determined that the capital plan and estimated capital expenditures and system upgrades are reasonable.

12. Assuming implementation of the financing plan for the Parking System and permitted rate increases are realized, revenues are projected to produce annual debt service coverage as follows: Senior Debt – with a minimum of 1.20x when measured against DGS Vehicle Lease revenues and 3.64x when measured against all revenues; Combined Debt – greater than the combined Debt Service Coverage Ratio requirement of 1.25x, with a minimum of 1.25x and averaging 1.57x through the end of the 40-year debt term.

13.0 Assumptions

The financial analysis of the subject parking system presented in this report represents a series of analyses and estimates based on certain underlying assumptions. The assumptions used in this report include the following:

1. *Proposed improvements to the existing parking system will be designed and constructed so that it will be acceptable to its patrons and so that there will be no impediments to its use.*
2. *The proposed parking system will contain the specified number of spaces plus the specified amount of commercial area.*
3. *The fees to be charged in the years projected in this analysis will be at the levels shown.*
4. *Operating costs of the parking system will not exceed the levels reflected in the estimates.*
5. *The parking system will be properly maintained during its service life to assure its continuing viability. Maintenance costs will be as estimated.*
6. *There will be no significant changes in the availability of motor fuel and transit competition during the period of the pro forma.*
7. *The level of economic activity in the metropolitan area and in the trade area of the parking system will continue to be normal, and parking demand and the demand for the commercial space will continue at normal levels during the period of the pro forma.*
8. *The financial information included in this report was prepared by DESMAN Associates. This information may not have been prepared in compliance with generally accepted accounting standards, and was not audited in any manner.*

[THIS PAGE INTENTIONALLY LEFT BLANK]



Appendices

Financial Review of the Long-Term Lease of the Capitol Region Public Parking System

Prepared By:
DESMAN Associates
Chicago, Illinois

December 2013

Table of Contents

1. Journey to Work
2. Collier's Parking Rate Survey
3. Assumptions for Financial Projections
4. Projected Annual Cash Flows Generated by the Capitol Region Public Parking System
5. Physical Conditions Review and Evaluation of the Capitol Region Public Off-Street Parking System

1. Journey to Work



DP03

SELECTED ECONOMIC CHARACTERISTICS

2011 American Community Survey 1-Year Estimates

Supporting documentation on code lists, subject definitions, data accuracy, and statistical testing can be found on the American Community Survey website in the Data and Documentation section.

Sample size and data quality measures (including coverage rates, allocation rates, and response rates) can be found on the American Community Survey website in the Methodology section.

Although the American Community Survey (ACS) produces population, demographic and housing unit estimates, it is the Census Bureau's Population Estimates Program that produces and disseminates the official estimates of the population for the nation, states, counties, cities and towns and estimates of housing units for states and counties.

Subject	Harrisburg-Carlisle, PA Metro Area			
	Estimate	Margin of Error	Percent	Percent Margin of Error
EMPLOYMENT STATUS				
Population 16 years and over	446,922	+/-961	446,922	(X)
In labor force	297,678	+/-4,167	66.6%	+/-0.9
Civilian labor force	297,239	+/-4,189	66.5%	+/-0.9
Employed	273,190	+/-4,349	61.1%	+/-1.0
Unemployed	24,049	+/-2,511	5.4%	+/-0.6
Armed Forces	439	+/-233	0.1%	+/-0.1
Not in labor force	149,244	+/-4,200	33.4%	+/-0.9
Civilian labor force	297,239	+/-4,189	297,239	(X)
Percent Unemployed	(X)	(X)	8.1%	+/-0.8
Females 16 years and over				
In labor force	142,515	+/-2,882	61.5%	+/-1.2
Civilian labor force	142,489	+/-2,877	61.5%	+/-1.2
Employed	131,495	+/-2,902	56.8%	+/-1.2
Own children under 6 years				
All parents in family in labor force	27,336	+/-1,844	74.7%	+/-3.9
Own children 6 to 17 years				
All parents in family in labor force	62,982	+/-2,366	79.2%	+/-2.7
COMMUTING TO WORK				
Workers 16 years and over	266,134	+/-4,683	266,134	(X)
Car, truck, or van -- drove alone	217,648	+/-5,071	81.8%	+/-1.4
Car, truck, or van -- carpooled	23,240	+/-2,665	8.7%	+/-1.0
Public transportation (excluding taxicab)	3,891	+/-1,112	1.5%	+/-0.4
Walked	8,681	+/-1,442	3.3%	+/-0.5
Other means	2,976	+/-1,542	1.1%	+/-0.6
Worked at home	9,698	+/-1,996	3.6%	+/-0.7
Mean travel time to work (minutes)	21.9	+/-0.5	(X)	(X)
OCCUPATION				
Civilian employed population 16 years and over	273,190	+/-4,349	273,190	(X)

2. Collier's Parking Rate Survey

2012 PARKING RATE SURVEY



Parking Rates Show Modest Growth

JAMES COOK Director of Research | USA

JEFF SIMONSON Senior Research Analyst | USA

NORTH AMERICAN COMPARISON TOP 25 MONTHLY PARKING RATES* (USD)

New York – Midtown	562.00
New York – Downtown	533.00
Calgary, AB	439.93
Boston, MA	405.00
San Francisco, CA	375.00
Montreal, QC	318.78
Philadelphia, PA	313.25
Toronto, ON	304.75
Chicago, IL	289.00
Seattle, WA	285.00
Edmonton, AB	284.14
Washington, DC	270.00
Vancouver, BC	267.59
Honolulu, HI	230.00
Los Angeles, CA	220.93
Ottawa, ON	216.72
Oakland, CA	195.00
Bellevue, WA	195.00
Hartford, CT	189.74
Portland, OR	185.00
Denver, CO	180.00
Victoria, BC	178.00
Regina, SK	175.78
San Diego, CA	175.00
Minneapolis, MN	175.00

*Monthly unreserved median rates

Reflecting slow growth trends in the greater economy, the cost of downtown daily parking rates increased by an average of 1.6 percent year-over-year in 2012. Fees remained flat or grew slightly in most North American cities. Only nine cities in the U.S. and Canada saw a drop in daily rates. This positive trend reflects the overall economic narrative of recent years. In 2010, daily parking rates dropped by 1.4 percent. Rates stabilized in 2011, showing a small increase of 0.8 percent. This price increase in 2012 shows garage owners and operators beginning to test the waters with modest rate increases as demand slowly rises.

The cost for monthly unreserved parking grew by 2.5 percent. Only 10 cities saw decreases in monthly unreserved rates, including Toronto, Boston and Vancouver. Hourly parking rates grew as well, increasing by an average 3.7 percent. Fifteen North American markets saw increases, including Chicago, Washington DC and San Francisco.

North American office markets have seen modest positive absorption each quarter since Q2 2010. With more office space leasing, we generally expect monthly parking to see a higher demand, which results in higher prices. Meanwhile, consumer gasoline costs have seen peaks and valleys in the past year, with lower prices early in the year now making way for recent price jumps. With gasoline futures climbing, we expect consumers to see even further cost hikes at the pump. This could prompt

more urban commuters to carpool or take public transportation, decreasing demand for paid parking and dropping rates. However, continued positive demand for office space will help to counteract the effects of gasoline prices.

Colliers' parking rate survey includes 56 central business districts across North America. (U.S.: 44, Canada: 12)



continued on page 3

CBD PARKING RATE SURVEY | 2012 | NORTH AMERICA

DAILY PARKING RATE (USD)

UNITED STATES

MARKET	DAILY PARKING RATE (USD)				HOURLY PARKING RATE (USD)			
	LOW	MEDIAN	HIGH	% CHANGE VS. 2011	LOW	MEDIAN	HIGH	% CHANGE VS. 2011
Atlanta, GA	4.00	12.00	22.00	0.0%	1.00	4.00	8.00	0.0%
Bakersfield, CA	6.00	8.00	10.00	0.0%	1.75	2.00	3.50	0.0%
Bellevue, WA	14.00	18.00	20.00	4.3%	3.00	7.00	7.00	16.7%
Boise, ID	12.00	12.00	12.00	0.0%	1.50	1.50	1.50	0.0%
Boston, MA	19.00	33.50	44.00	-1.5%	3.00	12.00	26.00	0.0%
Charleston, SC	10.00	14.00	16.00	16.7%	1.00	2.00	4.00	0.0%
Chicago, IL	23.00	35.00	58.00	9.4%	10.00	19.00	28.00	11.8%
Cincinnati, OH	6.00	10.00	15.00	0.0%	1.00	3.50	6.50	0.0%
Columbia, SC	7.00	10.00	12.00	0.0%	1.00	2.00	3.00	60.0%
Columbus, OH	4.00	10.00	15.00	0.0%	1.00	3.00	8.00	0.0%
Dallas, TX	3.00	10.50	21.00	2.4%	1.00	4.60	10.00	2.2%
Denver, CO	12.00	16.00	24.00	0.0%	2.00	8.00	10.00	0.0%
Fresno, CA	8.00	9.00	10.00	0.0%	1.00	1.50	3.00	0.0%
Ft. Lauderdale, FL	10.00	15.00	25.00	0.0%	0.50	1.00	3.00	0.0%
Greenville, SC	6.00	6.00	6.00	0.0%	0.50	0.75	1.50	-25.0%
Hartford, CT	14.00	19.00	30.00	0.0%	2.00	3.00	5.00	0.0%
Honolulu, HI	21.00	42.00	75.00	10.5%	1.50	6.50	10.00	8.3%
Houston, TX	5.00	15.00	30.00	3.4%	3.00	4.50	13.00	0.0%
Indianapolis, IN	5.00	13.00	40.00	8.3%	1.00	5.00	13.00	25.0%
Jacksonville, FL	6.42	8.56	12.84	0.0%	1.07	1.47	4.00	0.0%
Little Rock, AR	3.26	7.83	10.85	6.4%	1.09	1.42	1.50	10.1%
Los Angeles, CA	5.50	28.88	50.00	-3.7%	1.00	12.50	25.00	0.0%
Miami, FL	5.00	17.00	19.00	0.0%	3.00	5.00	6.00	0.0%
Minneapolis, MN	3.50	13.00	25.00	8.3%	2.00	4.00	8.00	0.0%
New Haven, CT	14.00	17.10	18.00	0.0%	3.00	3.80	4.00	0.0%
New York – Downtown	16.00	26.00	41.00	-13.3%	13.00	20.00	27.00	0.0%
New York – Midtown	12.00	38.00	75.00	-7.3%	7.00	19.00	40.00	-13.6%
Oakland, CA	10.00	15.50	30.00	-13.9%	2.25	4.00	6.00	0.0%
Omaha, NE	4.00	15.00	30.00	0.0%	1.00	6.00	10.00	0.0%
Orlando, FL	8.00	12.00	25.00	-20.0%	1.00	2.00	6.00	0.0%
Philadelphia, PA	20.00	25.50	39.00	-1.9%	9.50	13.00	17.00	0.0%
Phoenix, AZ	9.00	12.00	18.00	50.0%	2.00	3.00	3.00	20.0%
Portland, OR	7.00	15.00	35.00	0.0%	1.50	5.00	12.00	0.0%
Raleigh, NC	7.00	10.00	12.00	0.0%	-	-	-	-
Sacramento, CA	6.00	15.00	24.00	0.0%	1.00	3.00	5.25	0.0%
San Diego, CA	18.00	26.00	30.00	0.0%	6.00	8.00	10.00	0.0%
San Francisco, CA	8.00	29.00	48.00	11.5%	2.50	10.00	18.00	11.1%
San Jose/Silicon Valley, CA	5.00	15.00	20.00	0.0%	2.25	3.00	3.75	0.0%
Seattle, WA	14.00	27.00	35.00	8.0%	5.00	9.00	13.00	0.0%
Tampa, FL	7.00	11.00	20.00	0.0%	1.20	2.50	3.50	11.1%
Walnut Creek/Pleasanton	5.00	12.00	22.00	0.0%	1.00	4.00	8.00	0.0%
Washington, DC	17.00	19.00	22.00	5.6%	9.00	11.00	12.00	10.0%
West Palm Beach, FL	15.00	16.00	20.00	0.0%	0.75	1.00	1.50	0.0%
U.S. NATIONAL AVERAGE	9.64	17.19	27.13	2.9%	2.71	5.77	9.73	3.9%

CANADA

MARKET	DAILY PARKING RATE (CAD)				HOURLY PARKING RATE (CAD)			
	LOW	MEDIAN	HIGH	% CHANGE FROM 2011	LOW	MEDIAN	HIGH	% CHANGE FROM 2011
Calgary, AB	20.43	25.00	31.07	0.0%	5.88	7.00	10.00	0.0%
Edmonton, AB	8.00	18.00	28.00	0.0%	3.00	5.00	5.00	0.0%
Halifax, NS	10.00	16.75	25.00	24.1%	3.00	3.42	4.00	14.0%
Montreal, QC	15.00	19.50	21.50	8.3%	7.50	9.00	10.50	0.0%
Ottawa, ON	13.00	16.00	20.00	6.7%	4.00	7.00	7.00	27.3%
Regina, SK	7.00	10.00	11.00	0.0%	2.00	2.00	3.00	0.0%
Saskatoon, SK	7.50	9.25	12.00	0.0%	2.00	2.50	3.00	0.0%
Toronto, ON	10.00	23.00	32.00	0.0%	4.50	8.00	21.00	-11.1%
Vancouver, BC	10.00	19.75	32.00	-1.3%	3.50	7.00	9.00	0.0%
Victoria, BC	10.75	12.75	13.50	-5.6%	1.00	2.25	2.25	50.0%
Waterloo Region	10.00	13.00	18.00	8.3%	2.00	2.88	3.00	4.7%
Winnipeg, MB	8.50	9.50	12.50	5.6%	2.00	4.25	4.75	6.3%
CANADA NATIONAL AVERAGE	10.85	16.04	21.38	3.4%	3.37	5.03	6.88	3.5%

Parking Rates Show Modest Growth

Continued from page 1

UNITED STATES

- Monthly unreserved parking rates increased year-over-year by \$5.47 or 3.4 percent.
- The average monthly U.S. median unreserved parking rate is \$166.26 USD.
- Daily rates increased by 2.9 percent to an average of \$17.19, up from \$16.71.
- The five most expensive median unreserved parking rates in the U.S. are Midtown Manhattan (\$562), Downtown Manhattan (\$533), Boston (\$405), San Francisco (\$375) and Philadelphia (\$313).
- The five least expensive are Las Vegas (\$65), Columbia, SC (\$65), West Palm Beach (\$56), Phoenix (\$55) and Bakersfield (\$55).
- One-third of all U.S. markets have waiting lists for new parking customers. The average wait time is 9.3 months.
- Only 13 percent of markets characterize weekday parking availability as “abundant”, with parking garages consistently less than 60% full. The majority of markets (55 percent) characterize parking availability as fair, with parking garages 60-80% full on weekdays and on weekends during special events.
- Just six of the U.S. markets surveyed expect new parking to be constructed in the next two years.

CANADA

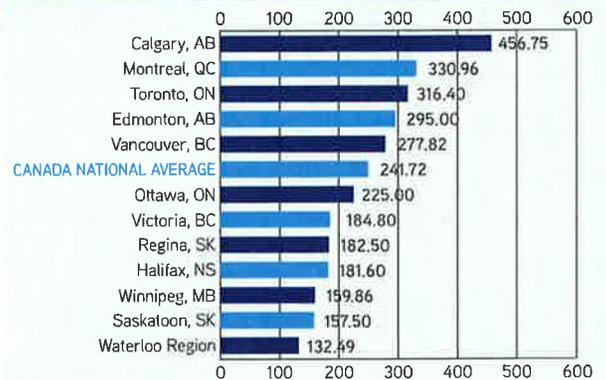
- Monthly unreserved parking rates in Canada increased by \$6.39 CAD, a 2.7 percent gain over the past year. Monthly rates increased similarly in the 2010-2011 period.
- The monthly average median unreserved parking rate in Canada is now \$241.72 CAD, up from \$235.33 in 2011.
- Canadian daily rates increased by 3.4 percent.
- All Canadian markets reported garages with wait lists. Average wait time is 7.8 months.
- Downtown median daily parking rates in Canada average \$16.04 CAD.
- The five most expensive parking districts in Canada, as represented by median unreserved monthly rates, are Calgary (\$457 CAD), Montreal (\$331), Toronto (\$316), Edmonton (\$295) and Vancouver (\$278).
- Five of the Canadian markets surveyed (Calgary, Ottawa, Saskatoon, Winnipeg and Waterloo Region) expect new parking garages to be added in the next two years.

UNITED STATES MONTHLY PARKING RATES* (USD)



*Monthly unreserved median rates

CANADA MONTHLY PARKING RATES* (CAD)



*Monthly unreserved median rates

3. Assumptions for Financial Projections

ASSUMPTIONS FOR FINANCIAL PROJECTIONS

Off-Street Revenues (Garages and Lots)

Permitted monthly unreserved and transient rates by garage and lot are taken from the Asset Transfer Agreement Schedule 5 (see Table 20 and Table 21, herein). Reserved rates are 35% higher than unreserved rates. Rates are permitted to increase at the greater of 3% or CPI Urban Index, but are assumed to increase at 3% per year. Utilization levels for each facility are assumed to be at current levels. Utilization rates for the first 3 years are expected to be negative at 0.5%, kept flat for years 4 and 5, increased at 0.5% per year for years 6-15 and kept flat thereafter.

Monthly rates under the DGS Vehicle Parking Lease are specified in Exhibit D from 2014 to 2019. After that, rates will increase at 3% per year. Reserved monthly parking up to 2% of total spaces will be permitted at no additional cost. Initially, DGS will utilize 4,306 spaces. In year 3, DGS will utilize 421 additional parking spaces and 344 parking spaces priced at discounted rates. Under the Vehicle Parking Lease, DGS has the right to lower its spaces by 10% after the 20th year. These projections do not assume this reduction. The model further assumes that DGS renews the lease for another 10-year period in year 30.

Off-Street revenues are reduced by the factor $[1-(1/(1+\text{tax rate}))]$, with the tax rate equal to 20%, to account for parking taxes payable to the City of Harrisburg.

On-Street Revenues (Meters)

Permitted meter rates and hours are identified in the Asset Transfer Agreement Schedule 5 (see Table 22, herein). Meter rates are doubled in the CBD and increased 50% outside of the CBD. Hours are increased up to 2 hours per day and on Saturdays. Existing enforcement revenues are adjusted upwards by the increased meter rates and hours of operation to get to projected revenues (see Sections 9.3, 9.4 and 9.5, herein). Rates are permitted to increase at the greater of 3% or CPI Urban Index, but are assumed to increase at 3% per year. For the projections, utilization levels for meters are assumed to remain at current levels, and are not assumed to grow during the entire term.

Enforcement Revenues

Permitted violations rates are identified in the Asset Transfer Agreement Schedule 5 (see Section 9.6, herein). Fine amounts more than double and the fee for late payments is also increased. The Parking Enforcement Delegation Agency will have the right to raise future citation rates for meter violations so that citation rates for meter violations at all times equal or exceed 10 times the corresponding 60-minute rate at CBD meters. Citation rates will be rounded to the nearest \$5. Enforcement revenues are projected to double based on the permitted rate changes. No growth in enforcement activity is assumed for the projections.

Series A Debt Service Expenses

Debt service on Series A Bonds has been provided by Guggenheim Securities, and is payable from gross revenues (excluding taxes). In 2014, annual debt service reflects the application of \$400,000 of capitalized interest.

Operating Expenses

As provided in the Asset Transfer Agreement (2.4(j)), it is assumed existing employees will generally be paid wages 90% of existing levels and benefits substantially similar to existing levels for a period of 12 months. Thereafter, wages and benefits are assumed to be reduced, reflecting efficiencies and modified wages and benefits after the initial 12 month period. In subsequent years, labor wages and benefits are assumed to increase at a rate of 3% per year.

Other operating expenses have been estimated by Standard based on historical expense levels and Standard's experience. Other operating expenses include repairs and maintenance, utilities, data processing, property (provided by Trimont) and liability insurance, and other miscellaneous items. Issuer expenses include annual fees for the independent consultant, audit, and trustee. An operating expense contingency of \$100,000 per year is also included. Management fees and estimated expenses to Standard and Trimont as provided in their respective operating and management agreements are also payable as an operating expense. Trimont and Standard's management fee escalates at 5% per year through year 10 and 3% thereafter. All operating expenses are assumed to increase at a rate of 3% per year.

Series B and Series C Debt Service Expenses

Debt service on Series B and Series C Bonds has been provided by Guggenheim Securities, and is payable after payment of operating expenses. Annual debt service reflects the application of \$1,715,000 of capitalized interest in 2014 and \$300,000 in 2015.

Subordinated Expenses

As provided in the Asset Transfer Agreement (Schedule 12), the City Payment and Rent are paid as subordinated expenses pursuant to the schedule which is fixed through 2053. Performance management fees to Standard and Trimont as provided in their respective operating and management agreements are assumed to increase at a rate of 5% for through year 10 and 3% thereafter. The PEDFA fee is also included at \$200,000 per year escalating at 3% per year.

Capital Reserve Fund Deposits

As required in the Indenture flow of funds, remaining amounts after payment of subordinated expenses is deposited in the Capital Reserve Fund for the payment of capital expenses for the Parking system until the Capital Reserve Requirement is fully funded. The Capital Reserve Requirement means the greater of \$15,000,000 or the Measured Capital Reserve Requirement. The Measured Capital Reserve Requirement based on the capital requirements set forth in the then current Long Term Capital Plan, and as calculated in the Long Term Capital Plan, the sum of (i) 100% of the capital requirements in the next subsequent Operating Year, (ii) 80% of the capital requirements in the second subsequent Operating Year, (iii) 60% of the capital requirements in the third subsequent Operating Year, (iv) 40% of the capital requirements in the fourth subsequent Operating Year, and (v) 20% of the capital requirements in the fifth subsequent Operating Year.

Capital Expenditures

Desman projects \$115 million total capital expenditures for garages and lots over the 40-year term. In addition to Desman's projection of capital expenditures for garages and lots, there is an additional \$3.2 million in year 1 and approximately every 10 years thereafter for meter

replacement and garage technology enhancement and upgrades, totaling \$22 million over the term.

Holdback Account

Moneys remaining after satisfaction of the Capital Reserve Requirement are deposited to the Holdback Account for subsequent distribution to note holders and certain amounts are used to optionally redeem certain Series B Bonds.

**4. Projected Annual Cash Flows
Generated by the Capitol Region
Public Parking System**

Harrisburg Parking *											
CASH FLOW SUMMARY											
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
<i>General Inflation Rate</i>	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
System Revenues											
Garage Revenues											
Transient	\$ 3,814,954	\$ 4,136,152	\$ 4,234,294	\$ 4,361,323	\$ 4,492,162	\$ 4,650,062	\$ 4,813,512	\$ 4,982,706	\$ 5,157,849	\$ 5,339,147	
Monthly	\$ 6,523,689	\$ 5,343,194	\$ 5,624,869	\$ 5,861,159	\$ 6,036,994	\$ 6,249,194	\$ 6,468,853	\$ 6,696,233	\$ 6,931,606	\$ 7,175,252	
Commonwealth											
Monthly	\$ 6,975,720	\$ 7,492,440	\$ 10,623,120	\$ 11,231,640	\$ 11,819,520	\$ 12,401,002	\$ 12,773,032	\$ 13,156,223	\$ 13,550,909	\$ 13,957,437	
Meters											
Meters	\$ 2,920,587	\$ 3,008,204	\$ 3,086,214	\$ 3,178,801	\$ 3,274,165	\$ 3,372,390	\$ 3,473,561	\$ 3,577,768	\$ 3,685,101	\$ 3,795,654	
Enforcement Revenues (2)	\$ 2,183,250	\$ 2,248,748	\$ 2,316,210	\$ 2,385,696	\$ 2,457,267	\$ 2,530,985	\$ 2,606,915	\$ 2,685,122	\$ 2,765,676	\$ 2,848,646	
Office Rent (Based on Audited Financials)	\$ 73,671	\$ 75,881	\$ 78,158	\$ 80,502	\$ 82,917	\$ 85,405	\$ 87,967	\$ 90,606	\$ 93,324	\$ 96,124	
Other (Based on Audited Financials)	\$ 12,000	\$ 12,360	\$ 12,731	\$ 13,113	\$ 13,506	\$ 13,911	\$ 14,329	\$ 14,758	\$ 15,201	\$ 15,657	
Total System Revenues	\$ 22,503,870	\$ 22,316,980	\$ 25,975,595	\$ 27,112,233	\$ 28,176,531	\$ 29,302,948	\$ 30,238,168	\$ 31,203,417	\$ 32,199,666	\$ 33,227,917	
Parking Tax (@20%)	\$ (2,885,727)	\$ (2,828,631)	\$ (3,413,714)	\$ (3,575,687)	\$ (3,724,779)	\$ (3,883,376)	\$ (4,009,233)	\$ (4,139,194)	\$ (4,273,394)	\$ (4,411,973)	
Revenues Net of Parking Tax	\$ 19,618,143	\$ 19,488,349	\$ 22,561,881	\$ 23,536,546	\$ 24,451,752	\$ 25,419,572	\$ 26,228,935	\$ 27,064,223	\$ 27,926,272	\$ 28,815,944	
Series A Net Debt Service											
Series A Net Debt Service	4,798,473	5,200,463	5,980,463	6,320,463	6,650,463	6,980,463	7,190,463	7,405,463	7,629,463	7,856,463	
Net Commonwealth Revenue / Series A Debt Service	121%	120%	148%	148%	148%	148%	148%	148%	148%	148%	
Total Net Revenues / Series A Debt Service	409%	375%	377%	372%	368%	364%	365%	365%	366%	367%	
Operational Expenses											
Labor and Operational Costs											
Salaries & Wages	\$ 1,565,375	\$ 900,627	\$ 927,646	\$ 955,475	\$ 984,139	\$ 1,013,664	\$ 1,044,073	\$ 1,075,396	\$ 1,107,658	\$ 1,140,887	
Payroll taxes & Burden	\$ 136,663	\$ 78,628	\$ 80,987	\$ 83,417	\$ 85,919	\$ 88,497	\$ 91,151	\$ 93,886	\$ 96,703	\$ 99,604	
Health, Welfare & Pension	\$ 394,000	\$ 226,685	\$ 233,485	\$ 240,490	\$ 247,705	\$ 255,136	\$ 262,790	\$ 270,674	\$ 278,794	\$ 287,158	
Workers Compensation	\$ 124,447	\$ 71,600	\$ 73,748	\$ 75,960	\$ 78,239	\$ 80,586	\$ 83,004	\$ 85,494	\$ 88,059	\$ 90,701	
Labor Costs	\$ 2,220,485	\$ 1,277,540	\$ 1,315,866	\$ 1,355,342	\$ 1,396,002	\$ 1,437,882	\$ 1,481,019	\$ 1,525,449	\$ 1,571,213	\$ 1,618,349	
Operations											
Uniforms & Laundry	\$ 15,618	\$ 16,087	\$ 16,569	\$ 17,066	\$ 17,578	\$ 18,106	\$ 18,649	\$ 19,208	\$ 19,785	\$ 20,378	
Central Monitoring Services	\$ 45,513	\$ 46,878	\$ 48,284	\$ 49,733	\$ 51,225	\$ 52,762	\$ 54,344	\$ 55,975	\$ 57,654	\$ 59,384	
Amenities & Supplies	\$ 64,322	\$ 66,252	\$ 68,240	\$ 70,287	\$ 72,395	\$ 74,567	\$ 76,804	\$ 79,108	\$ 81,482	\$ 83,926	
Repairs & Maintenance	\$ 543,190	\$ 559,486	\$ 576,271	\$ 593,559	\$ 611,366	\$ 629,706	\$ 648,598	\$ 668,056	\$ 688,097	\$ 708,740	
Printing	\$ 16,210	\$ 16,697	\$ 17,198	\$ 17,714	\$ 18,245	\$ 18,792	\$ 19,356	\$ 19,937	\$ 20,535	\$ 21,151	
Liability Insurance	\$ 162,903	\$ 167,790	\$ 172,824	\$ 178,008	\$ 183,349	\$ 188,849	\$ 194,514	\$ 200,350	\$ 206,360	\$ 212,551	
Vehicle and Equipment Financing	\$ 12,731	\$ 13,113	\$ 13,506	\$ 13,911	\$ 14,329	\$ 14,758	\$ 15,201	\$ 15,657	\$ 16,127	\$ 16,611	
Rental Expense	\$ 67,664	\$ 69,694	\$ 71,785	\$ 73,939	\$ 76,157	\$ 78,441	\$ 80,795	\$ 83,218	\$ 85,715	\$ 88,286	
Property Insurance	\$ 143,222	\$ 147,518	\$ 151,944	\$ 156,502	\$ 161,197	\$ 166,033	\$ 171,014	\$ 176,144	\$ 181,429	\$ 186,872	
Utilities	\$ 500,635	\$ 515,654	\$ 531,123	\$ 547,057	\$ 563,469	\$ 580,373	\$ 597,784	\$ 615,718	\$ 634,189	\$ 653,215	
Postage & Freight	\$ 2,419	\$ 2,491	\$ 2,566	\$ 2,643	\$ 2,722	\$ 2,804	\$ 2,888	\$ 2,975	\$ 3,064	\$ 3,156	
Telephone	\$ 24,825	\$ 25,570	\$ 26,337	\$ 27,127	\$ 27,941	\$ 28,779	\$ 29,642	\$ 30,532	\$ 31,448	\$ 32,391	
Data Processing	\$ 333,006	\$ 342,996	\$ 353,286	\$ 363,885	\$ 374,801	\$ 386,045	\$ 397,627	\$ 409,556	\$ 421,842	\$ 434,497	
Employee Processing	\$ 1,973	\$ 2,033	\$ 2,094	\$ 2,156	\$ 2,221	\$ 2,288	\$ 2,356	\$ 2,427	\$ 2,500	\$ 2,575	
General Expense	\$ 40,875	\$ 42,102	\$ 43,365	\$ 44,666	\$ 46,006	\$ 47,386	\$ 48,807	\$ 50,272	\$ 51,780	\$ 53,333	
Auto Damage and Other Claims	\$ 7,957	\$ 8,195	\$ 8,441	\$ 8,695	\$ 8,955	\$ 9,224	\$ 9,501	\$ 9,786	\$ 10,079	\$ 10,382	
Credit Card Processing & Citation Management	\$ 132,154	\$ 136,119	\$ 140,202	\$ 144,408	\$ 148,741	\$ 153,203	\$ 157,799	\$ 162,533	\$ 167,409	\$ 172,431	
Real Estate Taxes	\$ 60,471	\$ 62,285	\$ 64,154	\$ 66,079	\$ 68,061	\$ 70,103	\$ 72,206	\$ 74,372	\$ 76,603	\$ 78,901	
Issuer Expenses / Op Expenses	\$ 342,000	\$ 316,600	\$ 317,398	\$ 326,920	\$ 336,728	\$ 346,829	\$ 357,234	\$ 367,951	\$ 378,990	\$ 390,360	
Operational Costs	\$ 2,517,689	\$ 2,557,560	\$ 2,625,586	\$ 2,704,354	\$ 2,785,485	\$ 2,869,049	\$ 2,955,121	\$ 3,043,774	\$ 3,135,088	\$ 3,229,140	
System O&M Fees	\$ 4,738,174	\$ 3,835,099	\$ 3,941,452	\$ 4,059,696	\$ 4,181,487	\$ 4,306,932	\$ 4,436,139	\$ 4,569,224	\$ 4,706,300	\$ 4,847,489	
Management Fees											
Base Asset Management Fee (80% of Total)	\$ 560,000	\$ 370,000	\$ 380,500	\$ 391,525	\$ 403,101	\$ 415,256	\$ 428,019	\$ 441,420	\$ 455,491	\$ 470,266	
Base Parking Management Fee (80% of Total)	\$ 240,000	\$ 252,000	\$ 264,600	\$ 277,830	\$ 291,722	\$ 306,308	\$ 321,623	\$ 337,704	\$ 354,589	\$ 372,319	
Base Management Fees	\$ 800,000	\$ 622,000	\$ 645,100	\$ 669,355	\$ 694,823	\$ 721,564	\$ 749,642	\$ 779,124	\$ 810,080	\$ 842,584	
Performance Based Asset Management Fee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Performance Based Parking Management Fee	\$ -	\$ -	\$ -	\$ 150,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Performance Based Management Fees	\$ -	\$ -	\$ -	\$ 150,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Total Operating Expenses	\$ 5,538,174	\$ 4,457,099	\$ 4,586,552	\$ 4,879,051	\$ 4,876,310	\$ 5,028,495	\$ 5,185,782	\$ 5,348,348	\$ 5,516,381	\$ 5,690,074	
Contingency											
Contingency	\$ 100,000	\$ 103,000	\$ 106,090	\$ 109,273	\$ 112,551	\$ 115,927	\$ 119,405	\$ 122,987	\$ 126,677	\$ 130,477	
NET OPERATING INCOME	\$ 9,181,496	\$ 9,727,787	\$ 11,888,776	\$ 12,227,760	\$ 12,812,429	\$ 13,294,687	\$ 13,733,286	\$ 14,187,426	\$ 14,653,752	\$ 15,138,931	
Debt Service											
Series B - Dauphin County Net Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Series C - AGM / Dauphin County Net Debt Service	\$ 3,280,684	\$ 3,789,800	\$ 4,229,800	\$ 4,397,800	\$ 4,552,050	\$ 4,722,800	\$ 4,883,800	\$ 5,050,050	\$ 5,221,550	\$ 5,398,550	
Series C - AGM / Dauphin County Net Debt Service	\$ 1,644,722	\$ 2,931,250	\$ 3,030,000	\$ 3,152,500	\$ 3,262,250	\$ 3,389,500	\$ 3,518,000	\$ 3,647,250	\$ 3,776,250	\$ 3,905,250	
Total Debt Service	\$ 4,925,407	\$ 6,721,050	\$ 7,259,800	\$ 7,550,300	\$ 7,814,300	\$ 8,112,300	\$ 8,401,800	\$ 8,705,250	\$ 9,026,800	\$ 9,383,800	
Use of Net Operating Income											
Net Operating Income	\$ 9,181,496	\$ 9,727,787	\$ 11,888,776	\$ 12,227,760	\$ 12,812,429	\$ 13,294,687	\$ 13,733,286	\$ 14,187,426	\$ 14,653,752	\$ 15,138,931	
Less: Senior Lien Bonds - Series 1 DS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Excess Revenues	\$ 9,181,496	\$ 9,727,787	\$ 11,888,776	\$ 12,227,760	\$ 12,812,429	\$ 13,294,687	\$ 13,733,286	\$ 14,187,426	\$ 14,653,752	\$ 15,138,931	
DS Coverage											
Net Operating Income	\$ 9,181,496	\$ 9,727,787	\$ 11,888,776	\$ 12,227,760	\$ 12,812,429	\$ 13,294,687	\$ 13,733,286	\$ 14,187,426	\$ 14,653,752	\$ 15,138,931	
Less: Senior Lien Bonds - Series 1 & 2 DS	\$ (3,280,684)	\$ (3,789,800)	\$ (4,229,800)	\$ (4,397,800)	\$ (4,552,050)	\$ (4,722,800)	\$ (4,883,800)	\$ (5,050,050)	\$ (5,221,550)	\$ (5,398,550)	
Excess Revenues	\$ 5,900,812	\$ 5,937,987	\$ 7,658,976	\$ 7,829,960	\$ 8,260,379	\$ 8,571,887	\$ 8,849,486	\$ 9,136,376	\$ 9,432,202	\$ 9,740,381	
DS Coverage	280%	257%	281%	278%	281%	282%	265%	265%	265%	265%	
Net Operating Income	\$ 9,181,496	\$ 9,727,787	\$ 11,888,776	\$ 12,227,760	\$ 12,812,429	\$ 13,294,687	\$ 13,733,286	\$ 14,187,426	\$ 14,653,752	\$ 15,138,931	
Less: Senior Lien and Junior Lien DS	\$ (4,925,407)	\$ (6,721,050)	\$ (7,259,800)	\$ (7,550,300)	\$ (7,814,300)	\$ (8,112,300)	\$ (8,401,800)	\$ (8,705,250)	\$ (9,026,800)	\$ (9,383,800)	
Excess Revenues	\$ 4,256,090	\$ 3,006,737	\$ 4,628,976	\$ 4,677,460	\$ 4,998,129	\$ 5,182,387	\$ 5,331,486	\$ 5,482,176	\$ 5,626,952	\$ 5,755,131	
DS Coverage	186%	145%	164%	162%	164%	164%	154%	154%	154%	154%	
DSRF Earnings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Net Debt Service	\$ 4,925,407	\$ 6,721,050	\$ 7,259,800	\$ 7,550,300	\$ 7,814,300	\$ 8,112,300	\$ 8,401,800	\$ 8,705,250	\$ 9,026,800	\$ 9,383,800	
NOI AFTER DEBT SERVICE	\$ 4,256,090	\$ 3,006,737	\$ 4,628,976	\$ 4,677,460	\$ 4,998,129	\$ 5,182,387	\$ 5,331,486	\$ 5,482,176	\$ 5,626,952	\$ 5,755,131	
Subordinated Expenses											
PEDFA	\$ 200,000	\$ 206,000	\$ 212,180	\$ 218,545	\$ 225,102	\$ 231,855	\$ 238,810	\$ 245,975	\$ 253,354	\$ 260,955	
City Ground Lease Pmts											
City \$1.5m Payment	\$ 1,500,000	\$ 1,545,000	\$ 1,591,350								

Harrisburg Parking *											
CASH FLOW SUMMARY											
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	
General Inflation Rate	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
System Revenues											
Garage Revenues											
Transient	\$ 5,526,818	\$ 5,721,086	\$ 5,922,182	\$ 6,130,346	\$ 6,345,828	\$ 6,536,203	\$ 6,732,289	\$ 6,934,258	\$ 7,142,285	\$ 7,356,554	
Monthly Commonwealth	\$ 7,427,462	\$ 7,688,537	\$ 7,958,789	\$ 8,238,541	\$ 8,528,125	\$ 8,783,969	\$ 9,047,488	\$ 9,318,913	\$ 9,598,480	\$ 9,886,435	
Monthly Meters	\$ 14,376,160	\$ 14,807,444	\$ 15,251,668	\$ 15,709,218	\$ 16,180,494	\$ 16,665,909	\$ 17,165,886	\$ 17,680,863	\$ 18,211,289	\$ 18,757,628	
Meters	\$ 3,909,524	\$ 4,026,809	\$ 4,147,614	\$ 4,272,042	\$ 4,400,203	\$ 4,532,210	\$ 4,668,176	\$ 4,808,221	\$ 4,952,468	\$ 5,101,042	
Enforcement Revenues (2)	\$ 2,934,105	\$ 3,022,129	\$ 3,112,792	\$ 3,206,176	\$ 3,302,362	\$ 3,401,432	\$ 3,503,475	\$ 3,608,580	\$ 3,716,837	\$ 3,828,342	
Office Rent (Based on Audited Financials)	\$ 99,008	\$ 101,978	\$ 105,037	\$ 108,188	\$ 111,434	\$ 114,777	\$ 118,220	\$ 121,767	\$ 125,420	\$ 129,183	
Other (Based on Audited Financials)	\$ 16,127	\$ 16,611	\$ 17,109	\$ 17,622	\$ 18,151	\$ 18,696	\$ 19,256	\$ 19,834	\$ 20,429	\$ 21,042	
Total System Revenues	\$ 34,289,203	\$ 35,384,594	\$ 36,515,191	\$ 37,682,134	\$ 38,886,598	\$ 40,053,196	\$ 41,254,792	\$ 42,492,436	\$ 43,767,209	\$ 45,080,225	
Parking Tax (@20%)	\$ (4,555,073)	\$ (4,702,845)	\$ (4,855,440)	\$ (5,013,017)	\$ (5,175,741)	\$ (5,331,014)	\$ (5,490,944)	\$ (5,655,672)	\$ (5,825,342)	\$ (6,000,103)	
Revenues Net of Parking Tax	\$ 29,734,130	\$ 30,681,750	\$ 31,659,752	\$ 32,669,117	\$ 33,710,857	\$ 34,722,182	\$ 35,763,848	\$ 36,836,763	\$ 37,941,866	\$ 39,080,122	
Operational Expenses											
Labor and Operational Costs											
Salaries & Wages	\$ 1,175,114	\$ 1,210,367	\$ 1,246,678	\$ 1,284,079	\$ 1,322,601	\$ 1,362,279	\$ 1,403,147	\$ 1,445,242	\$ 1,488,599	\$ 1,533,257	
Payroll taxes & Burden	\$ 102,592	\$ 105,670	\$ 108,840	\$ 112,105	\$ 115,468	\$ 118,932	\$ 122,500	\$ 126,175	\$ 129,960	\$ 133,859	
Health, Welfare & Pension	\$ 295,772	\$ 304,646	\$ 313,785	\$ 323,198	\$ 332,894	\$ 342,881	\$ 353,168	\$ 363,763	\$ 374,676	\$ 385,916	
Workers Compensation	\$ 93,422	\$ 96,224	\$ 99,111	\$ 102,084	\$ 105,147	\$ 108,301	\$ 111,550	\$ 114,897	\$ 118,344	\$ 121,894	
Labor Costs	\$ 1,666,900	\$ 1,716,907	\$ 1,768,414	\$ 1,821,466	\$ 1,876,110	\$ 1,932,394	\$ 1,990,365	\$ 2,050,076	\$ 2,111,579	\$ 2,174,926	
Operations											
Uniforms & Laundry	\$ 20,989	\$ 21,619	\$ 22,268	\$ 22,936	\$ 23,624	\$ 24,333	\$ 25,063	\$ 25,814	\$ 26,589	\$ 27,387	
Central Monitoring Services	\$ 61,165	\$ 63,000	\$ 64,890	\$ 66,837	\$ 68,842	\$ 70,907	\$ 73,034	\$ 75,225	\$ 77,482	\$ 79,807	
Amenities & Supplies	\$ 86,444	\$ 89,037	\$ 91,708	\$ 94,460	\$ 97,293	\$ 100,212	\$ 103,219	\$ 106,315	\$ 109,505	\$ 112,790	
Repairs & Maintenance	\$ 730,002	\$ 751,902	\$ 774,460	\$ 797,693	\$ 821,624	\$ 846,273	\$ 871,661	\$ 897,811	\$ 924,745	\$ 952,488	
Printing	\$ 21,785	\$ 22,439	\$ 23,112	\$ 23,806	\$ 24,520	\$ 25,255	\$ 26,013	\$ 26,793	\$ 27,597	\$ 28,425	
Liability Insurance	\$ 218,928	\$ 225,496	\$ 232,260	\$ 239,228	\$ 246,405	\$ 253,797	\$ 261,411	\$ 269,253	\$ 277,331	\$ 285,651	
Vehicle and Equipment Financing	\$ 17,109	\$ 17,622	\$ 18,151	\$ 18,696	\$ 19,256	\$ 19,834	\$ 20,429	\$ 21,042	\$ 21,673	\$ 22,324	
Rental Expense	\$ 90,935	\$ 93,663	\$ 96,473	\$ 99,367	\$ 102,348	\$ 105,419	\$ 108,581	\$ 111,839	\$ 115,194	\$ 118,650	
Property Insurance	\$ 192,478	\$ 198,252	\$ 204,200	\$ 210,326	\$ 216,635	\$ 223,134	\$ 229,828	\$ 236,723	\$ 243,825	\$ 251,140	
Utilities	\$ 672,811	\$ 692,996	\$ 713,786	\$ 735,199	\$ 757,255	\$ 779,973	\$ 803,372	\$ 827,473	\$ 852,297	\$ 877,866	
Postage & Freight	\$ 3,251	\$ 3,348	\$ 3,449	\$ 3,552	\$ 3,659	\$ 3,768	\$ 3,882	\$ 3,998	\$ 4,118	\$ 4,241	
Telephone	\$ 33,363	\$ 34,364	\$ 35,395	\$ 36,456	\$ 37,550	\$ 38,677	\$ 39,837	\$ 41,032	\$ 42,263	\$ 43,531	
Data Processing	\$ 447,532	\$ 460,958	\$ 474,787	\$ 489,031	\$ 503,702	\$ 518,813	\$ 534,377	\$ 550,408	\$ 566,921	\$ 583,928	
Employee Processing	\$ 2,652	\$ 2,732	\$ 2,813	\$ 2,898	\$ 2,985	\$ 3,074	\$ 3,167	\$ 3,262	\$ 3,359	\$ 3,460	
General Expense	\$ 54,933	\$ 56,581	\$ 58,279	\$ 60,027	\$ 61,828	\$ 63,683	\$ 65,593	\$ 67,561	\$ 69,588	\$ 71,675	
Auto Damage and Other Claims	\$ 10,693	\$ 11,014	\$ 11,344	\$ 11,685	\$ 12,035	\$ 12,396	\$ 12,768	\$ 13,151	\$ 13,546	\$ 13,952	
Credit Card Processing & Citation Management	\$ 177,604	\$ 182,932	\$ 188,420	\$ 194,073	\$ 199,895	\$ 205,892	\$ 212,069	\$ 218,431	\$ 224,984	\$ 231,733	
Real Estate Taxes	\$ 81,268	\$ 83,706	\$ 86,218	\$ 88,804	\$ 91,468	\$ 94,212	\$ 97,039	\$ 99,950	\$ 102,948	\$ 106,037	
Issuer Expenses / Op Expenses	\$ 402,070	\$ 414,132	\$ 426,556	\$ 439,353	\$ 452,534	\$ 466,110	\$ 480,093	\$ 494,496	\$ 509,331	\$ 524,611	
Operational Costs	\$ 3,326,014	\$ 3,425,795	\$ 3,528,569	\$ 3,634,426	\$ 3,743,459	\$ 3,855,762	\$ 3,971,435	\$ 4,090,578	\$ 4,213,296	\$ 4,339,694	
System O&M Fees	\$ 4,992,914	\$ 5,142,701	\$ 5,296,983	\$ 5,455,892	\$ 5,619,569	\$ 5,788,156	\$ 5,961,800	\$ 6,140,655	\$ 6,324,874	\$ 6,514,620	
Management Fees											
Base Asset Management Fee (80% of Total)	\$ 479,574	\$ 489,161	\$ 499,036	\$ 509,207	\$ 519,683	\$ 530,473	\$ 541,588	\$ 553,035	\$ 564,826	\$ 576,971	
Base Parking Management Fee (80% of Total)	\$ 383,488	\$ 394,993	\$ 406,843	\$ 419,048	\$ 431,619	\$ 444,568	\$ 457,905	\$ 471,642	\$ 485,792	\$ 500,365	
Base Management Fees	\$ 863,062	\$ 884,154	\$ 905,879	\$ 928,255	\$ 951,302	\$ 975,041	\$ 999,493	\$ 1,024,678	\$ 1,050,618	\$ 1,077,336	
Performance Based Asset Management Fee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Performance Based Parking Management Fee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Performance Based Management Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Total Operating Expenses	\$ 5,855,976	\$ 6,026,855	\$ 6,202,861	\$ 6,384,147	\$ 6,570,871	\$ 6,763,197	\$ 6,961,293	\$ 7,165,332	\$ 7,375,492	\$ 7,591,957	
Contingency											
Contingency	\$ 134,392	\$ 138,423	\$ 142,576	\$ 146,853	\$ 151,259	\$ 155,797	\$ 160,471	\$ 165,285	\$ 170,243	\$ 175,351	
NET OPERATING INCOME	\$ 15,653,100	\$ 16,180,808	\$ 16,728,240	\$ 17,297,042	\$ 17,882,652	\$ 18,422,113	\$ 18,981,009	\$ 19,555,072	\$ 20,146,556	\$ 20,753,490	
Debt Service											
Series B - Dauphin County Net Debt Service	\$ 5,920,550	\$ 6,128,450	\$ 6,338,200	\$ 6,558,700	\$ 6,783,700	\$ 6,988,700	\$ 7,198,700	\$ 7,418,700	\$ 7,643,700	\$ 7,873,700	
Series C - AGM / Dauphin County Net Debt Service	\$ 4,247,000	\$ 4,394,450	\$ 4,546,500	\$ 4,702,050	\$ 4,865,000	\$ 5,013,975	\$ 5,163,700	\$ 5,318,075	\$ 5,480,725	\$ 5,650,063	
Total Debt Service	\$ 10,167,550	\$ 10,522,900	\$ 10,884,700	\$ 11,260,750	\$ 11,648,700	\$ 12,002,675	\$ 12,362,400	\$ 12,736,775	\$ 13,124,425	\$ 13,523,763	
Use of Net Operating Income											
Net Operating Income	\$ 15,653,100	\$ 16,180,808	\$ 16,728,240	\$ 17,297,042	\$ 17,882,652	\$ 18,422,113	\$ 18,981,009	\$ 19,555,072	\$ 20,146,556	\$ 20,753,490	
Less: Senior Lien Bonds - Series 1 DS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Excess Revenues	\$ 15,653,100	\$ 16,180,808	\$ 16,728,240	\$ 17,297,042	\$ 17,882,652	\$ 18,422,113	\$ 18,981,009	\$ 19,555,072	\$ 20,146,556	\$ 20,753,490	
DS Coverage											
Net Operating Income	\$ 15,653,100	\$ 16,180,808	\$ 16,728,240	\$ 17,297,042	\$ 17,882,652	\$ 18,422,113	\$ 18,981,009	\$ 19,555,072	\$ 20,146,556	\$ 20,753,490	
Less: Senior Lien Bonds - Series 1 & 2 DS	\$ (5,920,550)	\$ (6,128,450)	\$ (6,338,200)	\$ (6,558,700)	\$ (6,783,700)	\$ (6,988,700)	\$ (7,198,700)	\$ (7,418,700)	\$ (7,643,700)	\$ (7,873,700)	
Excess Revenues	\$ 9,732,550	\$ 10,052,358	\$ 10,390,040	\$ 10,738,342	\$ 11,098,952	\$ 11,433,413	\$ 11,782,309	\$ 12,136,372	\$ 12,502,856	\$ 12,879,790	
DS Coverage	264%	264%	264%	264%	264%	264%	264%	264%	264%	264%	
Net Operating Income	\$ 15,653,100	\$ 16,180,808	\$ 16,728,240	\$ 17,297,042	\$ 17,882,652	\$ 18,422,113	\$ 18,981,009	\$ 19,555,072	\$ 20,146,556	\$ 20,753,490	
Less: Senior Lien and Junior Lien DS	\$ (10,167,550)	\$ (10,522,900)	\$ (10,884,700)	\$ (11,260,750)	\$ (11,648,700)	\$ (12,002,675)	\$ (12,362,400)	\$ (12,736,775)	\$ (13,124,425)	\$ (13,523,763)	
Excess Revenues	\$ 5,485,550	\$ 5,657,908	\$ 5,843,540	\$ 6,036,292	\$ 6,233,952	\$ 6,419,438	\$ 6,618,609	\$ 6,818,297	\$ 7,022,131	\$ 7,223,727	
DS Coverage	154%	154%	154%	154%	154%	153%	154%	154%	154%	153%	
DSRF Earnings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Net Debt Service	\$ 10,167,550	\$ 10,522,900	\$ 10,884,700	\$ 11,260,750	\$ 11,648,700	\$ 12,002,675	\$ 12,362,400	\$ 12,736,775	\$ 13,124,425	\$ 13,523,763	
NOI AFTER DEBT SERVICE	\$ 5,485,550	\$ 5,657,908	\$ 5,843,540	\$ 6,036,292	\$ 6,233,952	\$ 6,419,438	\$ 6,618,609	\$ 6,818,297	\$ 7,022,131	\$ 7,223,727	
Subordinated Expenses											
PEDFA	\$ 268,783	\$ 276,847	\$ 285,152	\$ 293,707	\$ 302,518	\$ 311,593	\$ 320,941	\$ 330,570	\$ 340,487	\$ 350,701	
City Ground Lease Pmts											
City \$1.5m Payment	\$ 2,015,875	\$ 2,076,351	\$ 2,138,641	\$ 2,202,801	\$ 2,268,885	\$ 2,336,951	\$ 2,407,060	\$ 2,479,271	\$ 2,553,650	\$ 2,630,259	
City Ground Lease Payment @ \$500,000 in yr 1	\$ 579,637	\$ 579,637	\$ 579,637	\$ 579,637	\$ 579,637	\$ 579,637	\$ 579,637	\$ 579,637	\$ 579,637	\$ 579,637	
Surplus Share - Add. Ground Rent	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Performance Management Fees											
Performance Based Asset Management Fee (20%)	\$ 79,893	\$ 82,290	\$ 84,759	\$ 87,302	\$ 89,921	\$ 92,618	\$ 95,397	\$ 98,259	\$ 101,207	\$ 104,243	

Harrisburg Parking *

CASH FLOW SUMMARY

	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043
<i>General Inflation Rate</i>	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
System Revenues										
Garage Revenues										
Transient	\$ 7,577,251	\$ 7,804,568	\$ 8,038,705	\$ 8,279,866	\$ 8,528,262	\$ 8,784,110	\$ 9,047,634	\$ 9,319,063	\$ 9,598,634	\$ 9,886,593
Monthly	\$ 10,183,028	\$ 10,488,519	\$ 10,803,174	\$ 11,127,269	\$ 11,461,087	\$ 11,804,920	\$ 12,159,068	\$ 12,523,840	\$ 12,899,555	\$ 13,286,542
Commonwealth										
Monthly	\$ 19,320,356	\$ 19,899,967	\$ 20,496,966	\$ 21,111,875	\$ 21,745,231	\$ 22,397,588	\$ 23,069,516	\$ 23,761,601	\$ 24,474,449	\$ 25,208,683
Meters										
Meters	\$ 5,254,073	\$ 5,411,695	\$ 5,574,046	\$ 5,741,267	\$ 5,913,506	\$ 6,090,911	\$ 6,273,638	\$ 6,461,847	\$ 6,655,703	\$ 6,855,374
Enforcement Revenues (2)	\$ 3,943,192	\$ 4,061,488	\$ 4,183,333	\$ 4,308,833	\$ 4,438,098	\$ 4,571,241	\$ 4,708,378	\$ 4,849,629	\$ 4,995,118	\$ 5,144,972
Office Rent (Based on Audited Financials)	\$ 133,058	\$ 137,050	\$ 141,161	\$ 145,396	\$ 149,758	\$ 154,251	\$ 158,878	\$ 163,645	\$ 168,554	\$ 173,611
Other (Based on Audited Financials)	\$ 21,673	\$ 22,324	\$ 22,993	\$ 23,683	\$ 24,394	\$ 25,125	\$ 25,879	\$ 26,655	\$ 27,455	\$ 28,279
Total System Revenues	\$ 46,432,632	\$ 47,825,611	\$ 49,260,379	\$ 50,738,190	\$ 52,260,336	\$ 53,828,146	\$ 55,442,990	\$ 57,106,280	\$ 58,819,469	\$ 60,584,053
Parking Tax (@20%)	\$ (6,180,106)	\$ (6,365,509)	\$ (6,556,474)	\$ (6,753,168)	\$ (6,955,764)	\$ (7,164,436)	\$ (7,379,370)	\$ (7,600,751)	\$ (7,828,773)	\$ (8,063,636)
Revenues Net of Parking Tax	\$ 40,252,526	\$ 41,460,102	\$ 42,703,905	\$ 43,985,022	\$ 45,304,572	\$ 46,663,710	\$ 48,063,621	\$ 49,505,530	\$ 50,990,695	\$ 52,520,416
Operational Expenses										
Labor and Operational Costs										
Salaries & Wages	\$ 1,579,255	\$ 1,626,632	\$ 1,675,431	\$ 1,725,694	\$ 1,777,465	\$ 1,830,789	\$ 1,885,713	\$ 1,942,284	\$ 2,000,553	\$ 2,060,569
Payroll taxes & Burden	\$ 137,875	\$ 142,011	\$ 146,271	\$ 150,659	\$ 155,179	\$ 159,835	\$ 164,630	\$ 169,569	\$ 174,656	\$ 179,895
Health, Welfare & Pension	\$ 397,493	\$ 409,418	\$ 421,701	\$ 434,352	\$ 447,382	\$ 460,804	\$ 474,628	\$ 488,867	\$ 503,533	\$ 518,639
Workers Compensation	\$ 125,551	\$ 129,317	\$ 133,197	\$ 137,193	\$ 141,308	\$ 145,548	\$ 149,914	\$ 154,412	\$ 159,044	\$ 163,815
Labor Costs	\$ 2,240,174	\$ 2,307,379	\$ 2,376,600	\$ 2,447,898	\$ 2,521,335	\$ 2,596,975	\$ 2,674,885	\$ 2,755,131	\$ 2,837,785	\$ 2,922,919
Operations										
Uniforms & Laundry	\$ 28,208	\$ 29,054	\$ 29,926	\$ 30,824	\$ 31,748	\$ 32,701	\$ 33,682	\$ 34,692	\$ 35,733	\$ 36,805
Central Monitoring Services	\$ 82,201	\$ 84,667	\$ 87,207	\$ 89,823	\$ 92,518	\$ 95,293	\$ 98,152	\$ 101,097	\$ 104,130	\$ 107,253
Amenities & Supplies	\$ 116,173	\$ 119,659	\$ 123,248	\$ 126,946	\$ 130,754	\$ 134,677	\$ 138,717	\$ 142,879	\$ 147,165	\$ 151,580
Repairs & Maintenance	\$ 981,062	\$ 1,010,494	\$ 1,040,809	\$ 1,072,033	\$ 1,104,194	\$ 1,137,320	\$ 1,171,440	\$ 1,206,583	\$ 1,242,780	\$ 1,280,064
Printing	\$ 29,278	\$ 30,156	\$ 31,061	\$ 31,993	\$ 32,952	\$ 33,941	\$ 34,959	\$ 36,008	\$ 37,088	\$ 38,201
Liability Insurance	\$ 294,221	\$ 303,047	\$ 312,139	\$ 321,503	\$ 331,148	\$ 341,082	\$ 351,315	\$ 361,854	\$ 372,710	\$ 383,891
Vehicle and Equipment Financing	\$ 22,993	\$ 23,683	\$ 24,394	\$ 25,125	\$ 25,879	\$ 26,655	\$ 27,455	\$ 28,279	\$ 29,127	\$ 30,001
Rental Expense	\$ 122,209	\$ 125,875	\$ 129,652	\$ 133,541	\$ 137,547	\$ 141,674	\$ 145,924	\$ 150,302	\$ 154,811	\$ 159,455
Property Insurance	\$ 258,674	\$ 266,434	\$ 274,427	\$ 282,660	\$ 291,140	\$ 299,874	\$ 308,870	\$ 318,136	\$ 327,680	\$ 337,511
Utilities	\$ 904,202	\$ 931,328	\$ 959,268	\$ 988,046	\$ 1,017,688	\$ 1,048,218	\$ 1,079,665	\$ 1,112,055	\$ 1,145,416	\$ 1,179,779
Postage & Freight	\$ 4,369	\$ 4,500	\$ 4,635	\$ 4,774	\$ 4,917	\$ 5,065	\$ 5,216	\$ 5,373	\$ 5,534	\$ 5,700
Telephone	\$ 44,837	\$ 46,182	\$ 47,567	\$ 48,994	\$ 50,464	\$ 51,978	\$ 53,538	\$ 55,144	\$ 56,798	\$ 58,502
Data Processing	\$ 601,446	\$ 619,489	\$ 638,074	\$ 657,216	\$ 676,933	\$ 697,241	\$ 718,158	\$ 739,703	\$ 761,894	\$ 784,751
Employee Processing	\$ 3,564	\$ 3,671	\$ 3,781	\$ 3,895	\$ 4,011	\$ 4,132	\$ 4,256	\$ 4,383	\$ 4,515	\$ 4,650
General Expense	\$ 73,826	\$ 76,040	\$ 78,322	\$ 80,671	\$ 83,091	\$ 85,584	\$ 88,152	\$ 90,796	\$ 93,520	\$ 96,326
Auto Damage and Other Claims	\$ 14,371	\$ 14,802	\$ 15,246	\$ 15,703	\$ 16,174	\$ 16,660	\$ 17,159	\$ 17,674	\$ 18,204	\$ 18,751
Credit Card Processing & Citation Management	\$ 238,685	\$ 245,846	\$ 253,221	\$ 260,818	\$ 268,642	\$ 276,701	\$ 285,003	\$ 293,553	\$ 302,359	\$ 311,430
Real Estate Taxes	\$ 109,218	\$ 112,494	\$ 115,869	\$ 119,345	\$ 122,926	\$ 126,613	\$ 130,412	\$ 134,324	\$ 138,354	\$ 142,505
Issuer Expenses / Op Expenses	\$ 540,349	\$ 556,559	\$ 573,256	\$ 590,454	\$ 608,167	\$ 626,412	\$ 645,205	\$ 664,561	\$ 684,498	\$ 705,033
Operational Costs	\$ 4,469,885	\$ 4,603,982	\$ 4,742,101	\$ 4,884,364	\$ 5,030,895	\$ 5,181,822	\$ 5,337,277	\$ 5,497,395	\$ 5,662,317	\$ 5,832,186
System O&M Fees	\$ 6,710,059	\$ 6,911,361	\$ 7,118,702	\$ 7,332,263	\$ 7,552,230	\$ 7,778,797	\$ 8,012,161	\$ 8,252,526	\$ 8,500,102	\$ 8,755,105
Management Fees										
Base Asset Management Fee (80% of Total)	\$ 589,480	\$ 602,365	\$ 615,636	\$ 629,305	\$ 643,384	\$ 657,885	\$ 672,822	\$ 688,206	\$ 704,053	\$ 720,374
Base Parking Management Fee (80% of Total)	\$ 515,376	\$ 530,838	\$ 546,763	\$ 563,166	\$ 580,061	\$ 597,462	\$ 615,386	\$ 633,848	\$ 652,863	\$ 672,449
Base Management Fees	\$ 1,104,856	\$ 1,133,202	\$ 1,162,398	\$ 1,192,470	\$ 1,223,444	\$ 1,255,348	\$ 1,288,208	\$ 1,322,054	\$ 1,356,916	\$ 1,392,823
Performance Based Asset Management Fee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Performance Based Parking Management Fee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Performance Based Management Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Operating Expenses	\$ 7,814,915	\$ 8,044,563	\$ 8,281,100	\$ 8,524,733	\$ 8,775,675	\$ 9,034,145	\$ 9,300,369	\$ 9,574,580	\$ 9,857,018	\$ 10,147,928
Contingency										
Contingency	\$ 180,611	\$ 186,029	\$ 191,610	\$ 197,359	\$ 203,279	\$ 209,378	\$ 215,659	\$ 222,129	\$ 228,793	\$ 235,657
NET OPERATING INCOME	\$ 22,468,674	\$ 23,146,184	\$ 23,847,870	\$ 24,569,605	\$ 25,309,768	\$ 26,073,562	\$ 26,859,305	\$ 27,670,608	\$ 28,506,110	\$ 29,364,744
Debt Service										
Series B - Dauphin County Net Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Series C - AGM / Dauphin County Net Debt Service	\$ 8,168,700	\$ 8,428,700	\$ 8,263,700	\$ 8,398,700	\$ 8,608,700	\$ 8,413,700	\$ 8,213,700	\$ 8,013,700	\$ 7,803,700	\$ 7,583,700
Total Debt Service	\$ 14,023,700	\$ 14,473,700	\$ 14,188,700	\$ 14,423,700	\$ 14,778,700	\$ 14,448,700	\$ 14,103,700	\$ 13,758,700	\$ 13,398,700	\$ 13,023,700
Use of Net Operating Income										
Net Operating Income	\$ 22,468,674	\$ 23,146,184	\$ 23,847,870	\$ 24,569,605	\$ 25,309,768	\$ 26,073,562	\$ 26,859,305	\$ 27,670,608	\$ 28,506,110	\$ 29,364,744
less: Senior Lien Bonds - Series 1 DS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Excess Revenues	\$ 22,468,674	\$ 23,146,184	\$ 23,847,870	\$ 24,569,605	\$ 25,309,768	\$ 26,073,562	\$ 26,859,305	\$ 27,670,608	\$ 28,506,110	\$ 29,364,744
DS Coverage										
Net Operating Income	\$ 22,468,674	\$ 23,146,184	\$ 23,847,870	\$ 24,569,605	\$ 25,309,768	\$ 26,073,562	\$ 26,859,305	\$ 27,670,608	\$ 28,506,110	\$ 29,364,744
less: Senior Lien Bonds - Series 1 & 2 DS	\$ (8,168,700)	\$ (8,428,700)	\$ (8,263,700)	\$ (8,398,700)	\$ (8,608,700)	\$ (8,413,700)	\$ (8,213,700)	\$ (8,013,700)	\$ (7,803,700)	\$ (7,583,700)
Excess Revenues	\$ 14,299,974	\$ 14,717,484	\$ 15,584,170	\$ 16,170,905	\$ 16,701,068	\$ 17,659,862	\$ 18,645,605	\$ 19,656,908	\$ 20,702,410	\$ 21,781,044
DS Coverage	275%	275%	289%	293%	294%	310%	327%	345%	365%	387%
Net Operating Income	\$ 22,468,674	\$ 23,146,184	\$ 23,847,870	\$ 24,569,605	\$ 25,309,768	\$ 26,073,562	\$ 26,859,305	\$ 27,670,608	\$ 28,506,110	\$ 29,364,744
less: Senior Lien and Junior Lien DS	\$ (14,023,700)	\$ (14,473,700)	\$ (14,188,700)	\$ (14,423,700)	\$ (14,778,700)	\$ (14,448,700)	\$ (14,103,700)	\$ (13,758,700)	\$ (13,398,700)	\$ (13,023,700)
Excess Revenues	\$ 8,444,974	\$ 8,672,484	\$ 9,659,170	\$ 10,145,905	\$ 10,531,068	\$ 11,624,862	\$ 12,755,605	\$ 13,911,908	\$ 15,107,410	\$ 16,341,044
DS Coverage	160%	160%	168%	170%	171%	180%	190%	201%	213%	225%
DSRF Earnings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Debt Service	\$ 14,023,700	\$ 14,473,700	\$ 14,188,700	\$ 14,423,700	\$ 14,778,700	\$ 14,448,700	\$ 14,103,700	\$ 13,758,700	\$ 13,398,700	\$ 13,023,700
NOI AFTER DEBT SERVICE	\$ 8,444,974	\$ 8,672,484	\$ 9,659,170	\$ 10,145,905	\$ 10,531,068	\$ 11,624,862	\$ 12,755,605	\$ 13,911,908	\$ 15,107,410	\$ 16,341,044
Subordinated Expenses										
PEDFA	\$ 361,222	\$ 372,059	\$ 383,221	\$ 394,717	\$ 406,559	\$ 418,756	\$ 431,318	\$ 444,258	\$ 457,586	\$ 471,313
City Ground Lease Pmts										
City \$1.5m Payment	\$ 2,709,167	\$ 2,790,442	\$ 2,874,155	\$ 2,960,380	\$ 3,049,191	\$ 3,140,667	\$ 3,234,887	\$ 3,331,934	\$ 3,431,892	\$ 3,534,848
City Ground Lease Payment @ \$500,000 in yr 1	\$ 579,637	\$ 579,637	\$ 579,637	\$ 579,637	\$ 579,637	\$ 579,637	\$ 579,637	\$ 579,637	\$ 579,637	\$ 579,637
Surplus Share - Add. Ground Rent	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Performance Management Fees										
Performance Based Asset Management Fee (20%)	\$ 107,370	\$ 110,591	\$ 113,909	\$ 117,326	\$ 120,846	\$ 124,471	\$ 128,205	\$ 132,052	\$ 136,013	\$ 140,094
Performance Based Parking Management Fee (20%)	\$ 128,844	\$ 132,709	\$ 136,691	\$ 140,791	\$ 145,015	\$ 149,366	\$ 153,847	\$ 158,462	\$ 163,216	\$ 168,112
Performance Based Management Fees	\$ 236,214	\$ 243,301	\$ 250,600	\$ 258,118	\$ 265,					

Harrisburg Parking *

CASH FLOW SUMMARY	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	TOTAL
<i>General Inflation Rate</i>	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	
System Revenues											
Garage Revenues											
Transient	\$ 10,183,191	\$ 10,488,687	\$ 10,803,348	\$ 11,127,448	\$ 11,461,271	\$ 11,805,110	\$ 12,159,263	\$ 12,524,041	\$ 12,899,762	\$ 13,286,755	\$ 313,933,572
Monthly	\$ 13,685,138	\$ 14,095,692	\$ 14,518,563	\$ 14,954,120	\$ 15,402,743	\$ 15,864,825	\$ 16,340,770	\$ 16,830,993	\$ 17,335,923	\$ 17,856,001	\$ 423,009,552
Commonwealth											
Monthly	\$ 25,964,943	\$ 26,743,892	\$ 27,546,209	\$ 28,372,595	\$ 29,223,773	\$ 30,100,486	\$ 31,003,500	\$ 31,933,605	\$ 32,891,614	\$ 33,878,362	\$ 797,932,813
Meters											
Meters	\$ 7,061,035	\$ 7,272,866	\$ 7,491,052	\$ 7,715,783	\$ 7,947,257	\$ 8,185,675	\$ 8,431,245	\$ 8,684,182	\$ 8,944,708	\$ 9,213,049	\$ 219,369,664
Enforcement Revenues (2)	\$ 5,299,321	\$ 5,458,300	\$ 5,622,049	\$ 5,790,711	\$ 5,964,432	\$ 6,143,365	\$ 6,327,666	\$ 6,517,496	\$ 6,713,021	\$ 6,914,412	\$ 164,619,800
Office Rent (Based on Audited Financials)	\$ 178,819	\$ 184,183	\$ 189,709	\$ 195,400	\$ 201,262	\$ 207,300	\$ 213,519	\$ 219,925	\$ 226,522	\$ 233,318	\$ 5,554,888
Other (Based on Audited Financials)	\$ 29,127	\$ 30,001	\$ 30,901	\$ 31,828	\$ 32,783	\$ 33,766	\$ 34,779	\$ 35,823	\$ 36,897	\$ 38,004	\$ 904,815
Total System Revenues	\$ 62,401,574	\$ 64,273,621	\$ 66,201,830	\$ 68,187,885	\$ 70,233,522	\$ 72,340,527	\$ 74,510,743	\$ 76,746,065	\$ 79,048,447	\$ 81,419,901	\$ 1,925,325,104
Parking Tax (@20%)	\$ (8,305,545)	\$ (8,554,712)	\$ (8,811,353)	\$ (9,075,694)	\$ (9,347,965)	\$ (9,628,403)	\$ (9,917,256)	\$ (10,214,773)	\$ (10,521,216)	\$ (10,836,853)	\$ (255,812,656)
Revenues Net of Parking Tax	\$ 54,096,029	\$ 55,718,910	\$ 57,390,477	\$ 59,112,191	\$ 60,885,557	\$ 62,712,124	\$ 64,593,487	\$ 66,531,292	\$ 68,527,231	\$ 70,583,048	\$ 1,669,512,448
Series A Net Debt Service	0	0	0	0	0	0	0	0	0	0	270,982,448
<i>Net Commonwealth Revenue / Series A Debt Service</i>											
<i>Total Net Revenues / Series A Debt Service</i>											
<i>Cost Escalation Factor</i>	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	
Operational Expenses											
Labor and Operational Costs											
Salaries & Wages	\$ 2,122,386	\$ 2,186,058	\$ 2,251,640	\$ 2,319,189	\$ 2,388,765	\$ 2,460,428	\$ 2,534,240	\$ 2,610,268	\$ 2,688,576	\$ 2,769,233	\$ 66,621,472
Payroll taxes & Burden	\$ 185,292	\$ 190,851	\$ 196,576	\$ 202,474	\$ 208,548	\$ 214,804	\$ 221,249	\$ 227,886	\$ 234,723	\$ 241,764	\$ 5,816,301
Health, Welfare & Pension	\$ 534,198	\$ 550,224	\$ 566,731	\$ 583,732	\$ 601,244	\$ 619,282	\$ 637,860	\$ 656,996	\$ 676,706	\$ 697,007	\$ 16,768,411
Workers Compensation	\$ 168,730	\$ 173,792	\$ 179,005	\$ 184,376	\$ 189,907	\$ 195,604	\$ 201,472	\$ 207,516	\$ 213,742	\$ 220,154	\$ 5,296,407
Labor Costs	\$ 3,010,606	\$ 3,100,924	\$ 3,193,952	\$ 3,289,771	\$ 3,388,464	\$ 3,490,118	\$ 3,594,821	\$ 3,702,666	\$ 3,813,746	\$ 3,928,158	\$ 94,502,591
Operations											
Uniforms & Laundry	\$ 37,909	\$ 39,047	\$ 40,218	\$ 41,425	\$ 42,667	\$ 43,947	\$ 45,266	\$ 46,624	\$ 48,022	\$ 49,463	\$ 1,177,628
Central Monitoring Services	\$ 110,471	\$ 113,785	\$ 117,199	\$ 120,715	\$ 124,336	\$ 128,066	\$ 131,908	\$ 135,865	\$ 139,941	\$ 144,140	\$ 3,431,708
Amenities & Supplies	\$ 156,127	\$ 160,811	\$ 165,635	\$ 170,604	\$ 175,723	\$ 180,994	\$ 186,424	\$ 192,017	\$ 197,777	\$ 203,711	\$ 4,849,988
Repairs & Maintenance	\$ 1,318,466	\$ 1,358,020	\$ 1,398,760	\$ 1,440,723	\$ 1,483,945	\$ 1,528,463	\$ 1,574,317	\$ 1,621,546	\$ 1,670,193	\$ 1,720,298	\$ 40,957,237
Printing	\$ 39,347	\$ 40,527	\$ 41,743	\$ 42,996	\$ 44,285	\$ 45,614	\$ 46,982	\$ 48,392	\$ 49,844	\$ 51,339	\$ 1,222,287
Liability Insurance	\$ 395,408	\$ 407,270	\$ 419,488	\$ 432,073	\$ 445,035	\$ 458,386	\$ 472,138	\$ 486,302	\$ 500,891	\$ 515,918	\$ 12,283,075
Vehicle and Equipment Financing	\$ 30,901	\$ 31,828	\$ 32,783	\$ 33,766	\$ 34,779	\$ 35,823	\$ 36,897	\$ 38,004	\$ 39,144	\$ 40,319	\$ 959,918
Rental Expense	\$ 164,239	\$ 169,166	\$ 174,241	\$ 179,468	\$ 184,852	\$ 190,398	\$ 196,110	\$ 201,993	\$ 208,053	\$ 214,294	\$ 5,101,966
Property Insurance	\$ 347,636	\$ 358,065	\$ 368,807	\$ 379,871	\$ 391,268	\$ 403,006	\$ 415,096	\$ 427,549	\$ 440,375	\$ 453,586	\$ 10,799,082
Utilities	\$ 1,215,172	\$ 1,251,627	\$ 1,289,176	\$ 1,327,851	\$ 1,367,687	\$ 1,408,718	\$ 1,450,979	\$ 1,494,508	\$ 1,539,344	\$ 1,585,524	\$ 37,748,497
Postage & Freight	\$ 5,871	\$ 6,047	\$ 6,229	\$ 6,416	\$ 6,608	\$ 6,806	\$ 7,011	\$ 7,221	\$ 7,437	\$ 7,661	\$ 182,384
Telephone	\$ 60,257	\$ 62,065	\$ 63,927	\$ 65,844	\$ 67,820	\$ 69,854	\$ 71,950	\$ 74,108	\$ 76,332	\$ 78,622	\$ 1,871,841
Data Processing	\$ 808,293	\$ 832,542	\$ 857,518	\$ 883,244	\$ 909,741	\$ 937,033	\$ 965,144	\$ 994,099	\$ 1,023,922	\$ 1,054,639	\$ 25,109,080
Employee Processing	\$ 4,790	\$ 4,933	\$ 5,081	\$ 5,234	\$ 5,391	\$ 5,553	\$ 5,719	\$ 5,891	\$ 6,068	\$ 6,250	\$ 148,791
General Expense	\$ 99,215	\$ 102,192	\$ 105,258	\$ 108,415	\$ 111,668	\$ 115,018	\$ 118,468	\$ 122,022	\$ 125,683	\$ 129,454	\$ 3,082,058
Auto Damage and Other Claims	\$ 19,313	\$ 19,893	\$ 20,489	\$ 21,104	\$ 21,737	\$ 22,389	\$ 23,061	\$ 23,753	\$ 24,465	\$ 25,199	\$ 599,949
Credit Card Processing & Citation Management	\$ 320,773	\$ 330,396	\$ 340,308	\$ 350,517	\$ 361,033	\$ 371,864	\$ 383,020	\$ 394,510	\$ 406,345	\$ 418,536	\$ 9,964,591
Real Estate Taxes	\$ 146,780	\$ 151,183	\$ 155,719	\$ 160,390	\$ 165,202	\$ 170,158	\$ 175,263	\$ 180,521	\$ 185,936	\$ 191,514	\$ 4,559,612
Issuer Expenses / Op Expenses	\$ 726,184	\$ 747,969	\$ 770,408	\$ 793,521	\$ 817,326	\$ 841,846	\$ 867,101	\$ 893,114	\$ 919,908	\$ 947,505	\$ 22,609,671
Operational Costs	\$ 6,007,152	\$ 6,187,367	\$ 6,372,988	\$ 6,564,177	\$ 6,761,102	\$ 6,963,936	\$ 7,172,854	\$ 7,388,039	\$ 7,609,680	\$ 7,837,971	\$ 186,659,363
System O&M Fees	\$ 9,017,758	\$ 9,288,291	\$ 9,566,940	\$ 9,853,948	\$ 10,149,566	\$ 10,454,053	\$ 10,767,675	\$ 11,090,705	\$ 11,423,426	\$ 11,766,129	\$ 281,161,955
Management Fees											
Base Asset Management Fee (80% of Total)	\$ 737,185	\$ 754,501	\$ 772,336	\$ 790,706	\$ 809,627	\$ 829,116	\$ 849,190	\$ 869,865	\$ 891,161	\$ 913,096	\$ 24,319,426
Base Parking Management Fee (80% of Total)	\$ 692,623	\$ 713,401	\$ 734,803	\$ 756,847	\$ 779,553	\$ 802,939	\$ 827,028	\$ 851,838	\$ 877,394	\$ 903,715	\$ 21,263,311
Base Management Fees	\$ 1,429,808	\$ 1,467,902	\$ 1,507,139	\$ 1,547,554	\$ 1,589,180	\$ 1,632,056	\$ 1,676,217	\$ 1,721,704	\$ 1,768,555	\$ 1,816,812	\$ 45,582,737
Performance Based Asset Management Fee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Performance Based Parking Management Fee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 150,000
Performance Based Management Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 150,000
Total Operating Expenses	\$ 10,447,566	\$ 10,756,193	\$ 11,074,079	\$ 11,401,501	\$ 11,738,746	\$ 12,086,109	\$ 12,443,892	\$ 12,812,409	\$ 13,191,981	\$ 13,582,941	\$ 326,894,692
Contingency											
Contingency	\$ 242,726	\$ 250,008	\$ 257,508	\$ 265,234	\$ 273,191	\$ 281,386	\$ 289,828	\$ 298,523	\$ 307,478	\$ 316,703	\$ 7,540,126
NET OPERATING INCOME	\$ 43,405,736	\$ 44,712,708	\$ 46,058,890	\$ 47,445,456	\$ 48,873,620	\$ 50,344,629	\$ 51,859,767	\$ 53,420,360	\$ 55,027,771	\$ 56,683,404	\$ 1,064,095,182
Debt Service											
Series B - Dauphin County Net Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Series C - AGM / Dauphin County Net Debt Service	\$ 15,023,700	\$ 15,023,700	\$ 15,023,700	\$ 15,021,763	\$ 15,023,700	\$ 15,023,700	\$ 15,023,700	\$ 15,024,000	\$ 15,022,000	\$ 15,020,300	\$ 336,109,897
Series C - AGM / Dauphin County Net Debt Service	\$ 10,775,000	\$ 10,775,000	\$ 10,773,285	\$ 10,774,721	\$ 10,775,000	\$ 10,771,993	\$ 10,773,006	\$ 10,772,673	\$ 10,772,907	\$ 2,585,000	\$ 240,709,146
Total Debt Service	\$ 25,798,700	\$ 25,798,700	\$ 25,796,985	\$ 25,796,534	\$ 25,798,700	\$ 25,795,693	\$ 25,797,006	\$ 25,795,673	\$ 25,793,207	\$ 5,953,100	\$ 576,807,043
Use of Net Operating Income											
Net Operating Income	\$ 43,405,736	\$ 44,712,708	\$ 46,058,890	\$ 47,445,456	\$ 48,873,620	\$ 50,344,629	\$ 51,859,767	\$ 53,420,360	\$ 55,027,771	\$ 56,683,404	\$ 1,064,095,182
less: Senior Lien Bonds - Series 1 DS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Excess Revenues	\$ 43,405,736	\$ 44,712,708	\$ 46,058,890	\$ 47,445,456	\$ 48,873,620	\$ 50,344,629	\$ 51,859,767	\$ 53,420,360	\$ 55,027,771	\$ 56,683,404	\$ 1,064,095,182
DS Coverage											
Net Operating Income	\$ 43,405,736	\$ 44,712,708	\$ 46,058,890	\$ 47,445,456	\$ 48,873,620	\$ 50,344,629	\$ 51,859,767	\$ 53,420,360	\$ 55,027,771	\$ 56,683,404	\$ 1,064,095,182
less: Senior Lien Bonds - Series 1 & 2 DS	\$ (15,023,700)	\$ (15,023,700)	\$ (15,023,700)	\$ (15,021,763)	\$ (15,023,700)	\$ (15,023,700)	\$ (15,023,700)	\$ (15,024,000)	\$ (15,022,000)	\$ (15,020,300)	\$ (336,087,897)
Excess Revenues	\$ 28,382,036	\$ 29,689,008	\$ 31,035,190	\$ 32,423,693	\$ 33,849,920	\$ 35,320,929	\$ 36,835,767	\$ 38,398,360	\$ 40,007,471	\$ 53,315,304	\$ 727,997,285
DS Coverage	289%	298%	307%	316%	325%	335%	345%	356%	366%	383%	
Net Operating Income	\$ 43,405,736	\$ 44,712,708	\$ 46,058,890	\$ 47,445,456	\$ 48,873,620	\$ 50,344,629	\$ 51,859,767	\$ 53,420,360	\$ 55,027,771	\$ 56,683,404	\$ 1,064,095,182
less: Senior Lien and Junior Lien DS	\$ (25,798,700)	\$ (25,798,700)	\$ (25,796,985)	\$ (25,796,534)	\$ (25,798,700)	\$ (25,795,693)	\$ (25,797,006)	\$ (25,795,673)	\$ (25,793,207)	\$ (5,953,100)	\$ (576,807,043)
Excess Revenues	\$ 17,607,036	\$ 18,914,008	\$ 20,261,904	\$ 21,648,923	\$ 23,074,920	\$ 24,548,936	\$ 26,062,761	\$ 27,624,687	\$ 29,234,564	\$ 50,730,304	\$ 487,288,139
DS Coverage	168%	173%	179%	184%	189%	195%	201%	207%	2		

**5. Physical Conditions Review and
Evaluation of the Capitol Region
Public Off-Street Parking System**

Physical Conditions Review and Evaluation of the Capitol Region Public Off-Street Parking System



*Prepared by:
Ed Detullio
Jerry Salzman
Eric Haggett*

DESMAN
ASSOCIATES
Chicago, Illinois

December 18, 2013

Physical Conditions Review and Evaluation of the Capitol Region Public Off-Street Parking System

Table of Contents

	<i>Page</i>
INTRODUCTION	1
DESMAN ASSOCIATES	2
COMPARISON OF ANTICIPATED LONG-TERM CAPITAL MAINTENANCE COSTS: DESMAN ASSOCIATES VS. WILBUR SMITH (CDM SMITH) REPORT.....	3
WALNUT STREET GARAGE.....	8
RIVER STREET GARAGE	13
LOCUST STREET GARAGE.....	17
SOUTH STREET GARAGE.....	22
FIFTH STREET GARAGE	26
CHESTNUT STREET GARAGE	30
MARKET SQUARE GARAGE.....	35
HARRISBURG UNIVERSITY GARAGE	40
SEVENTH STREET GARAGE.....	45
SURFACE PARKING LOT.....	50
CITY ISLAND.....	52

Introduction

Contained herein is our Physical Conditions Due Diligence Review and Evaluation of the off-street assets of the Capitol Region Public Parking System (“Parking System”). The Off-Street Parking System transferred pursuant to the Asset Transfer Agreement from the City of Harrisburg (the “Asset Transfer”) to the Lessee, the Pennsylvania Economic Development Financing Authority (“PEDFA”), includes nine parking structures and three surface parking lots which contain a total of 7,694 parking spaces. While the initial Asset Transfer does not include the City Island Garage nor the City Island North and South Lots, it is anticipated that these assets will transfer to PEDFA within a few years after the closing of the transaction. For this reason, DESMAN’s due diligence review and the resulting capital expense projections include the City Island parking facilities.

The following image shows a map of the locations of all the garages and lots to be initially transferred to PEDFA. Not included within the scope of this due diligence survey are any metered on-street parking spaces or garage and lot equipment such as access control systems, pay stations, etc. This evaluation is part of a larger study for PEDFA to assess the existing physical and financial state of the Parking System and its place in the competitive market, to analyze the System’s opportunities for growth and development, and to formulate long-term financial projections.



The objective of this due diligence survey was to review the present condition of the parking structures and evaluate their overall structural integrity. From these evaluations, cost estimates

were developed based on our recommended repairs and our experience with these and similar structures. The cost estimates are broken into near term repairs (years 1 to 2 and years 3 to 5) and longer term repairs (years 6 to 10, years 11 to 20, years 21 to 30, and years 31 to 40). No “Immediate” or “Emergency” type repairs were noted during our surveys, other than some electrical code violations at the Walnut Street Garage. The near term repairs include repair items observed and noted during the survey walkthroughs. The intent of the long term repair costs is to ensure that the condition of the parking structure is maintained or improved at the end of the 40 year term. If maintained, it is our opinion that none of the structures will need to be demolished and replaced during the term.

While the due diligence surveys were performed with care by experienced persons, DESMAN makes no warranty that all defects or existing conditions were discovered. The purpose of the information presented here is to report on the present condition of the parking garages and is not to be used for construction. Our evaluations of the facilities are based on visual observations made at the time of the due diligence survey. The following terms shall apply in the overall evaluation of a structure:

- Very Good** Facility is in a “like new” state and is performing its function as intended.
- Good** Facility exhibits minor deterioration and is performing its function as intended.
- Fair** Facility exhibits greater deterioration and is performing its function as intended, but the rate of deterioration has accelerated.
- Poor** Facility is significantly deteriorated and is close to no longer performing its intended function.
- Obsolete** Facility has completely deteriorated and its current state represents a hazard to the users of the facility.

DESMAN Associates

DESMAN Associates is a national specialist in parking structure planning, design and restoration. We also offer a full range of services including financial analysis, transportation engineering, master planning, economic feasibility studies, site/size selection analysis, cost estimating, parking functional design, architectural design, structural engineering, revenue/access control system design, condition survey/due diligence studies, parking consulting, and restoration engineering. We have been in existence since 1973 and currently operate on a national basis out of nine principle offices. We have a total staff of over one-hundred employees, comprised mostly of transportation and parking planners, architects, and structural engineers. We have been involved in market and revenue studies for many private financing projects including the following: the Los Angeles Parking System, Chicago Garages located at Millennium Park, the Chicago Parking Meter System, Midway Airport, the Ohio State University Parking System, the Pittsburg Parking Authority system, and the San Juan Luis Muñoz Marín International

Airport. We have also performed due diligence surveys and financial analyses of the parking systems in many cities and for financing of many private developments.

Comparison of Anticipated Long-Term Capital Maintenance Costs: DESMAN Associates vs. Wilbur Smith (CDM Smith) Report

The long-term capital maintenance projections used for comparison with DESMAN's estimates were taken from the Harrisburg Parking Authority Parking System Business Valuation Report prepared by Wilbur Smith ("WS"; now known as CDM Smith) in March 2011. Their cost projections are included in Appendix A of that document and are for a term of 30 years. DESMAN based our initial cost projections on a 40 year term. Below we have compared the WS 30 year projections to DESMAN's 30 year projections.

We found that the repair cost estimates varied significantly at two of the garages, Chestnut and Walnut, varied somewhat less significantly at two others, Fifth and Locust, and varied by a minimal amount at the remaining six garages. The total repair cost for all parking garages as included in DESMAN's 30-year cost estimates (as described below) is approximately \$26.5 million. The total repair cost projected by Wilbur Smith is approximately \$96.8 million. Based on DESMAN's review of the garages, we have determined that \$64.8 million of Wilbur Smith's costs can be removed resulting in an adjusted total of \$32.5 million. After the adjustments described below, the Wilbur Smith adjusted costs are generally quite close to the DESMAN 30 year cost estimates at all garages. If the structures are maintained properly, it remains our opinion that none of the structures will need to be demolished and replaced.

We have listed the Wilbur Smith cost projections and the portion of DESMAN's cost estimates corresponding to 30 years for each facility. For the detailed comparisons below, the following terms are used:

- "WS cost" is Wilbur Smith's original cost for all repairs (structural, electrical, architectural, and mechanical) as stated in the March 2011 Report.
- "WS adj. cost" is Wilbur Smith's original cost adjusted as described in the "Description".
- "DESMAN cost" is DESMAN's cost estimate for a 30-year term. This was calculated by adding the first four columns of the "Sub-Total" row of the Desman cost estimate (column headings "Years 1-5", "Years 6-10", "Years 11-20", and "Years 21-30"). The column heading "Years 31-50" is not included in this discussion.
- "Description" DESMAN's explanation of the difference between "WS cost" and "DESMAN cost". Also includes select costs from both firms that were used to calculate "WS adj. cost".

Chestnut Street

WS cost: \$31.5 mil

WS adj. cost: \$3.8 mil

DESMAN cost: \$2.5 mil

Description: WS included \$26.1 mil for structure replacement in year 23 (2033). It is DESMAN’s opinion that with a proper maintenance program the structure will last through the 30 year term and beyond and cost should be subtracted from the WS cost. We describe it as in “Fair-to-Good” condition in the report which follows. There were no indications of serious distress or deterioration that would indicate the structure would deteriorate to the point of being obsolete and in need of replacement within the term.

Concrete is a very durable building material that, aside from outside factors, does not weaken over time. In fact, it gets stronger. The key to the longevity of a concrete structure, particularly one exposed to the harsh environment of the northeast United States, is controlling the flow of water and the chlorides contained within it from de-icing salts. We have included several measures to achieve this: periodic replacement of joint sealants and expansion joint seals, application of waterproofing membranes in critical areas, and replacement of the drainage system.

WS included \$2.5 mil for structural repairs in year 12 (2022). DESMAN included \$1.3 mil for structural repairs over the 30 year term. The difference, \$1.2 mil, should be subtracted from the WS cost.

WS included \$0.45 mil for elevator upgrades that DESMAN’s Mechanical/Electrical/Plumbing (“MEP”) consultant included later in the “Years 31-50” term. This cost should be subtracted from the WS cost, which yields the WS adj. cost.

Walnut Street

WS cost: \$32.0 mil

WS adj. cost: \$8.0 mil

DESMAN cost: \$7.6 mil

Description: WS included \$26.5 mil for structure replacement in year 17 (2027). It is DESMAN’s opinion that with a proper maintenance program the structure will last through the 30 year term and beyond and this cost should be subtracted from the WS cost. This garage was found to be in “Fair” condition based on our observations. The structural system consists of conventionally-reinforced slabs and beams that tend to deteriorate at a faster rate than other commonly used systems (precast or post-tensioned concrete), especially when left unprotected.

As previously explained, controlling the flow of water and the chlorides contained within it from de-icing salts is critical to the longevity of a parking garage. In addition to various concrete repairs, DESMAN has included the application of a waterproofing membrane to the entire structure at the beginning of the term in our cost projections. This will provide a 100% waterproof surface and prevent water from infiltrating the concrete. Proper maintenance and repairs of the membrane will mitigate future concrete repairs substantially.

WS included a total of \$3.2 mil for structural repairs in the first 7 years. No structural repairs were included after year 7 (2017). DESMAN included \$5.7 mil for the entire 30 year term. The difference, \$2.5 mil, should be added to the WS cost to come to the WS adj. cost.

Fifth Street

WS cost: \$7.7 mil

WS adj. cost: \$3.5 mil

DESMAN cost: \$2.3 mil

Description: WS included \$1.8 mil in year 17 (2027) for cladding replacement with asbestos-free material. DESMAN did not include cladding replacement costs and is of the opinion that the cladding will not need to be replaced as long as it is maintained. This cost is already included in DESMAN's estimates. This cost should be subtracted from the WS cost.

WS included \$3.5 mil for structural repairs in year 19 (2029). It is DESMAN's opinion that this estimate is too high considering that the condition of the structure is "Fair-to-Good" based on our observations. Further, the structural system consists of post-tensioned slabs and beams which significantly lower the future repair costs of the garage. DESMAN included \$1.1 mil in repairs for these elements over the 30 year term. The difference, \$2.4, mil should be subtracted from the WS cost, which yields the WS adj. cost.

Locust Street

WS cost: \$7.9 mil

WS adj. cost: \$2.9 mil

DESMAN cost: \$2.9 mil

Description: WS included \$5.0 mil in year 11 (2021) for deck replacement of the top three floors of this garage. DESMAN did not include deck replacement costs and is of the opinion that the top three floors will not need to be replaced as long as they are properly maintained. Based on observations

the garage is in “Fair-to-Good” condition. This cost should be subtracted from the WS cost, yielding the WS adj. cost.

River Street

WS cost: \$2.7 mil
DESMAN cost: \$2.1 mil
Description: None, costs relatively equal.

South Street

WS cost: \$1.9 mil
DESMAN cost: \$2.3 mil
Description: None, costs relatively equal.

Market Square

WS cost: \$4.0 mil
WS adj. cost: \$3.1 mil
DESMAN cost: \$1.7 mil
Description: WS included a \$2.0 mil cost in the final year (2040) for structural repairs. DESMAN included a cost of \$1.1 mil in the 30 year term and an additional \$0.8 mil in the 31-50 year term.

Harrisburg University

WS cost: \$2.5 mil
WS adj. cost: \$1.5 mil
DESMAN cost: \$1.3 mil
Description: WS included \$1.05 mil for elevator upgrade in year 28 (2038). DESMAN included \$1.0 mil for elevator upgrade in 31-50 year term.

Seventh Street

WS cost: \$5.4 mil
WS adj. cost: \$3.9 mil
DESMAN cost: \$2.6 mil
Description: WS included a total of \$2.3 mil for structural repairs in years 8 (2018) and 20 (2030). DESMAN feels these costs are high. DESMAN included structural repair costs of \$1.4 mil in the 30 year term and an additional \$1.0 mil in the 31-50 year term. WS included a total of \$0.9 mil for elevator work in years 11 (2021), 21 (2031), and 29 (2039). DESMAN included \$0.3 mil for the 30 year term.

City Island

WS cost: \$1.2 mil
DESMAN cost: \$1.2 mil
Description: None, costs relatively equal.

Due Diligence Surveys
of the
Harrisburg Public Parking Garage System
Harrisburg, Pennsylvania

OPINION OF EXPECTED CONSTRUCTION COST - August 2013

ITEM	DESCRIPTION	YEARS 1 TO 2	YEARS 3 TO 5	YEARS 6 TO 10	YEARS 11 TO 20	YEARS 21 TO 30	YEARS 31 TO 40
	Structural/Waterproofing	\$1,654,000	\$2,172,000	\$1,836,000	\$4,558,000	\$5,768,000	\$5,797,000
1	Full and Partial Depth Concrete Floor Slab Repairs	\$711,000	\$0	\$165,000	\$311,000	\$457,000	\$484,000
1b	Post-Tensioning System Repairs	\$30,000	\$0	\$8,000	\$12,000	\$20,000	\$20,000
2	Partial Depth Concrete Vertical Repairs	\$148,000	\$0	\$48,000	\$82,000	\$140,000	\$174,000
3	Partial Depth Concrete Overhead Repairs	\$588,000	\$0	\$197,000	\$344,000	\$573,000	\$682,000
4	Steel Repairs (tee-to-tee connectors, structural steel, barrier cables)	\$177,000	\$0	\$3,000	\$8,000	\$15,000	\$22,000
5	Expansion Joint Replacement	\$0	\$44,000	\$166,000	\$210,000	\$210,000	\$210,000
6	Joint Sealant Installation	\$0	\$344,000	\$248,000	\$552,000	\$552,000	\$552,000
7	Concrete Sealer Application	\$0	\$734,000	\$896,000	\$1,788,000	\$1,788,000	\$1,788,000
8	Elastomeric Waterproofing Membrane Application	\$0	\$1,050,000	\$105,000	\$1,251,000	\$2,013,000	\$1,865,000
	Architectural	\$71,500	\$362,000	\$159,000	\$1,333,000	\$2,438,000	\$2,558,000
9	Replace Architectural Features (Doors, Lobbies, etc.)	\$35,500	\$0	\$0	\$305,000	\$225,000	\$305,000
10	Miscellaneous Painting and Striping	\$0	\$137,000	\$159,000	\$317,000	\$317,000	\$317,000
11	Repair/Replace Elevators - cabs, cables, & controls	\$0	\$0	\$0	\$675,000	\$1,860,000	\$1,900,000
12	Add Elevator Machine Room Cooling	\$36,000	\$0	\$0	\$36,000	\$36,000	\$36,000
13	Elevator drives	\$0	\$150,000	\$0	\$0	\$0	\$0
14	Elevator motors	\$0	\$75,000	\$0	\$0	\$0	\$0
	Mechanical/Plumbing	\$0	\$29,500	\$137,000	\$1,386,500	\$627,000	\$1,699,503
15	Replace Drainage System	\$0	\$0	\$0	\$1,040,000	\$320,000	\$932,000
16	Replace Plumbing Fixtures	\$0	\$20,000	\$12,000	\$10,000	\$10,500	\$0
17	Replace Hose Bibb/Risers	\$0	\$0	\$0	\$76,000	\$0	\$55,000
18	Replace Sprinkler System	\$0	\$0	\$0	\$0	\$0	\$200,000
19	Replace Fire Protection Stand Pipes	\$0	\$0	\$0	\$190,000	\$130,000	\$150,000
20	Replace Tube Heaters	\$0	\$0	\$91,000	\$0	\$91,000	\$91,000
21	Replace Sump Pump	\$0	\$6,000	\$0	\$6,000	\$6,000	\$6,000
22	Replace Shop AC	\$0	\$0	\$15,000	\$15,000	\$0	\$150,003
23	Replace Booster Pump	\$0	\$0	\$0	\$0	\$0	\$35,000
24	Replace Fire Pump	\$0	\$0	\$0	\$0	\$20,000	\$25,000
25	Replace HVAC	\$0	\$3,500	\$16,000	\$19,500	\$19,500	\$19,500
26	Replace Elevator Lobby Heaters	\$0	\$0	\$3,000	\$30,000	\$30,000	\$36,000
	Electrical	\$50,000	\$20,000	\$1,049,600	\$1,722,400	\$1,538,100	\$2,685,000
27	Replace/Repair Lighting Fixtures	\$0	\$20,000	\$696,000	\$1,253,000	\$1,009,000	\$2,095,000
28	Replace Exit Lighting	\$0	\$0	\$38,600	\$66,000	\$20,600	\$99,000
29	Replace Battery Packs	\$0	\$0	\$33,000	\$9,000	\$33,000	\$33,000
30	Replace Fire Alarm	\$0	\$0	\$80,000	\$140,000	\$255,000	\$0
31	Repair/Replace Electrical Service	\$0	\$0	\$155,000	\$125,000	\$65,000	\$395,000
32	Replace Door Motors	\$0	\$0	\$47,000	\$24,400	\$55,500	\$63,000
33	Replace Generator	\$0	\$0	\$0	\$105,000	\$100,000	\$0
34	Wiring - Code Compliance	\$50,000	\$0	\$0	\$0	\$0	\$0
	SUB-TOTAL w/o City Island	\$1,775,500	\$2,583,500	\$3,181,600	\$8,999,900	\$10,371,100	\$12,739,503
	Mobilization, General Conditions, & Miscellaneous Work @ 10%	\$178,000	\$258,000	\$318,000	\$900,000	\$1,037,000	\$1,274,000
	Contingencies @ 20%	\$355,000	\$517,000	\$636,000	\$1,800,000	\$2,074,000	\$2,548,000
	Allowance for Engineering and Testing Fees @ 8%	\$142,000	\$207,000	\$255,000	\$720,000	\$830,000	\$1,019,000
	GARAGE TOTAL w/o City Island	\$2,450,500	\$3,565,500	\$4,390,600	\$12,419,900	\$14,312,100	\$17,580,503
	Lots w/o City Island	\$114,000	\$213,000	\$0	\$328,000	\$328,000	\$328,000
	Surface Lot Restructuring	\$104,000	\$194,000	\$0	\$298,000	\$298,000	\$298,000
	Contingency @ 10%	\$10,000	\$19,000	\$0	\$30,000	\$30,000	\$30,000
	FACILITY TOTAL w/o City Island	\$2,564,500	\$3,778,500	\$4,390,600	\$12,747,900	\$14,640,100	\$17,908,503
	CITY ISLAND SUB-TOTAL	\$11,000	\$155,000	\$149,000	\$488,500	\$369,000	\$846,500
	Mobilization, General Conditions, & Miscellaneous Work @ 10%	\$1,000	\$16,000	\$15,000	\$49,000	\$37,000	\$85,000
	Contingencies @ 20%	\$2,000	\$31,000	\$30,000	\$98,000	\$74,000	\$169,000
	Allowance for Engineering and Testing Fees @ 8%	\$1,000	\$12,000	\$12,000	\$39,000	\$30,000	\$68,000
	CITY ISLAND GARAGE TOTAL	\$15,000	\$214,000	\$206,000	\$674,500	\$510,000	\$1,168,500
	City Island Lots	\$0	\$422,000	\$482,000	\$904,000	\$904,000	\$904,000
	Surface Lot Restructuring	\$0	\$384,000	\$438,000	\$822,000	\$822,000	\$822,000
	Contingency @ 10%	\$0	\$38,000	\$44,000	\$82,000	\$82,000	\$82,000
	CITY ISLAND TOTAL	\$15,000	\$636,000	\$688,000	\$1,578,500	\$1,414,000	\$2,072,500
	TOTAL - ALL FACILITIES	\$2,579,500	\$4,414,500	\$5,078,600	\$14,326,400	\$16,054,100	\$19,981,003

Notes

- 1) Costs are expressed in 2013 dollars. Inflation and escalation have not been included in the cost estimates.
- 2) The figures are exclusive of annual budgets for operational issues such as light bulb replacement, janitorial services, equipment maintenance contracts, etc.
- 3) The figures are exclusive of revenue control system and security equipment changes, and any abatement of hazardous materials.
- 4) We estimate an additional cost of 10% to 15% if a single work item is divided over multiple years (Not included in the above cost estimate table).

Walnut Street Parking Garage



The Walnut Street parking garage is a twelve level parking structure built around 1970. It is located at 215 Walnut Street. It can be accessed through the entrance and exit gates on Walnut Street between Court St. and Second St. There are three entrance and exit gates which are reversible. The garage functions as a double-threaded helix with one-way traffic and a double-threaded helix exit ramp. Total parking in the garage is approximately 1,032 spaces. The structural system for the garage consists of cast-in-place, conventionally reinforced concrete slabs supported by cast-in-place,

conventionally reinforced concrete beams and columns. The total area of the garage is approximately 440,000 square feet.

The Walnut Street garage is physically connected to a neighboring garage. Access to that neighboring garage is via the Walnut Street Garage's entrance and exit ramps. However, access to the neighboring garage's Parking decks is restricted by separate card-key access gates. In addition, the stairs and elevator lobby of the neighboring garage are also restricted through card key access.

The garage is considered to be in "Fair" condition at this time. Although it appears that concrete repairs have been performed recently, a significant amount of concrete repairs remain in the near term. These repairs include full and partial depth floor slab repairs, partial depth slab vertical repairs (columns and walls), and partial depth overhead repairs (beams and slab soffit). It is recommended in the near term that all structural repairs be performed to improve the overall condition of the garage, make it safe for users, and improve its future durability.



Newer concrete floor slab repairs

Conventionally reinforced concrete tends to be porous and have more cracks than other structural systems which allow water and chlorides from de-icing salts to reach the embedded reinforcing steel



Column spall

causing corrosion. When corrosion occurs, the steel expands to many times its original volume causing pressure on the surrounding concrete. The concrete eventually cracks and spalls due to the pressure, resulting in loose concrete and exposed rebar as can be seen throughout the garage. The corrosion process is then compounded since the exposed rebar is directly exposed to the key components of the corrosion process.

It is recommended in the near term that the structurally supported floor slabs in the garage currently with inadequate protection have a new traffic-bearing waterproofing membrane applied to them. The existing

membrane on the lower floors of the garage is typically old and worn; the existing roof membrane is also worn and has been breached in many locations to perform floor slab repairs. The remaining garage floors, which comprise approximately half the floor area in the garage, currently do not have a waterproofing membrane applied to them.

The intent of the long term repair costs is to ensure that the condition of the parking structure is maintained or improved at the end of the 40 year term. Going forward, it is anticipated that concrete deterioration will continue at a higher than normal rate due to the original structural system being conventionally reinforced concrete. Conventionally reinforced parking structures of this vintage are susceptible to higher rates of concrete deterioration. This is because the original structure was constructed at a time when durability characteristics of concrete and corrosion protection of the embedded reinforcing steel were not well understood or non-existent. These include water-cement ratio, air content, chloride concentrations in the concrete mix design and epoxy-coating and concrete cover for the reinforcing steel.



Floor spall between previously repaired areas

Costs have been included with the anticipation that the garage will undergo a concrete repair program every 5 to 10 years.



Cracks in floor slab over beam

The application and maintenance of waterproofing membrane will significantly slow concrete deterioration but are not expected to stop it completely. The useful life of a waterproofing membrane is typically about 10 years before it needs to be re-coated or removed and replaced. Costs have been included to re-coat and/or remove and replace the waterproofing membrane as required every 10 years. Included in the waterproofing membrane application costs is the installation of a flexible sealant in cracks, and control, construction, and cove joints in the application areas.

There are three elevators which serve the garage. The cabs are rated at 3,000 lbs capacity each. The elevators are geared/traction type. The elevator speed is a little slower than the average of 300 fpm. The cabs are in a little less than fair condition. The elevator equipment room is located above the shaft. The elevators have Braille on the outside at each floor and the call buttons are at 42" high. Outside the cabs there is visual signaling with direction and a tone. The floor buttons have braille. Fire department control is in each cab and there is an emergency call button. The motors appear to be original and are approximately 40 years old. The service company felt that the motors are still in good condition. At some point, it appears that the controls and drives have been upgraded/modernized, most likely within the last ten years. Given the controls being ten years old and the motors being 40 years old but in good condition, the ages were blended and the estimated replacement will occur in the 11 to 20 year time frame. The replacement cost is based on average life expectancy and includes all controls, cables, cabs, motors, etc.

Three dry pipe risers with hose connections located at each floor are available for fire department use. The original documents do not show the dry pipe risers, which indicates that they were added, but an exact date is not known. Two restrooms and a janitor's closer are located adjacent to the exit booth. Fire drainage stacks with inlets at each level serve the garage. Two hose bibb risers are tied into the water service. The hose bibb riser pipes are designed to be drained down in freezing weather. Fire protection piping is schedule 40 Victualic. The costs shown assume full replacement of these systems with ongoing minor maintenance handled as an operating expense.

Booth HVAC is provided by a thru-wall heat pump. In addition, some small electric strip heaters are used to provide supplemental heat. Original prints indicate steam is provided from adjacent building to a steam to hot water heat exchanger and hot water is distributed to elevator lobby heaters and booth heaters.

The original parking garage has a 3,000 amp/208 volt electrical service located by the exit ramp. A Kohler 50 KW natural gas emergency generator provides 200 amps of emergency power. The gear and panels were made by Federal Pacific which is no longer in business. Single and multiple head sodium fixture pole lights provide lighting for the roof deck. Deck lights are square sodium, older style garage type fixtures. Stairs and elevator lobbies are lighted with linear fluorescent fixtures. Original plans indicated linear fluorescent lighting which was replaced some time ago based on the condition of the existing fixtures. DESMAN could not find documentation of this change or a date when the work was completed. The garage has several code violations in the electrical systems. On several levels, someone added convenience receptacles that are not wired properly to meet code. Most, if not all, roof pole lights have had their wiring cover removed and those need to be replaced.



Soffit spall along a crack in the slab

The garage has two (2) egress stairs. One stair is in the northwest corner and one is in the southeast corner. Each stair is enclosed with doors at each level. The doors are in fair condition with noticeable rust on the roof doors and also on many of the doors located under the parking deck.

Architectural items such as doors, frames, window sealants, finishes, line striping, etc. need to be repaired, replaced or maintained on a regular schedule. These items are typically caused due to normal wear and tear from use but could also be affected by the conditions within the structure such as leaks and deteriorated concrete. Costs for the identified items relating to the parking garage have been included at the anticipated time interval based on the observed conditions.

Walnut Street Parking Garage

Harrisburg, Pennsylvania

OPINION OF EXPECTED CONSTRUCTION COST - August 2013

ITEM	DESCRIPTION	EFFECTIVE USEFUL LIFE	UNIT PRICE	UNIT	YEARS 1 TO 2		YEARS 3 TO 5		YEARS 6 TO 10		YEARS 11 TO 20		YEARS 21 TO 30		YEARS 31 TO 40	
					QUANTITY	COST	QUANTITY	COST	QUANTITY	COST	QUANTITY	COST	QUANTITY	COST	QUANTITY	COST
	Structural/Waterproofing					\$945,000		\$1,004,000		\$198,000		\$1,307,000		\$2,291,000		\$1,785,000
1	Full and Partial Depth Concrete Floor Slab Repairs	varies	\$50.00	SF	10,465	\$524,000	0	\$0	2,183	\$110,000	4,389	\$220,000	5,486	\$275,000	4,796	\$240,000
2	Partial Depth Concrete Vertical Repairs	varies	\$75.00	SF	818	\$62,000	0	\$0	171	\$13,000	437	\$33,000	543	\$41,000	478	\$36,000
3	Partial Depth Concrete Overhead Repairs	varies	\$100.00	SF	3,581	\$359,000	0	\$0	747	\$75,000	1,758	\$176,000	2,194	\$220,000	1,918	\$192,000
4a	Elastomeric Waterproofing Membrane Application of Full System	10	\$3.00	SF	0	\$0	334,530	\$1,004,000	0	\$0	0	\$0	0	\$0	0	\$0
4b	Elastomeric Waterproofing Membrane Application of Topcoat Only	10	\$2.00	SF	0	\$0	0	\$0	0	\$0	438,560	\$878,000	0	\$0	219,280	\$439,000
4c	Remove/Replace Elastomeric Waterproofing Membrane Application Full System	10	\$4.00	SF	0	\$0	0	\$0	0	\$0	0	\$0	438,560	\$1,755,000	219,280	\$878,000
	Architectural					\$5,000		\$26,000		\$0		\$761,000		\$46,000		\$86,000
5	Replace Architectural Features (Doors, Lobbies, etc.)	varies	-	Lump	1	\$5,000	0	\$0	0	\$0	1	\$60,000	1	\$20,000	1	\$60,000
6	Miscellaneous Painting and Striping	varies	-	Lump	0	\$0	1	\$26,000	0	\$0	1	\$26,000	1	\$26,000	1	\$26,000
7	Repair/Replace Elevators - Cabs, Motors, Cables & Controls	30 - 40	\$225,000.00	Each	0	\$0	0	\$0	0	\$0	3	\$675,000	0	\$0	0	\$0
	Mechanical/Plumbing					\$0		\$0		\$12,000		\$545,000		\$0		\$0
8	Replace Drainage System	varies	\$88,000.00	Each	0	\$0	0	\$0	0	\$0	5	\$440,000	0	\$0	0	\$0
9	Replace Plumbing Fixtures	varies	\$2,000.00	Each	0	\$0	0	\$0	6	\$12,000	0	\$0	0	\$0	0	\$0
10	Replace Hose Bibb/Risers	varies	\$15,000.00	Each	0	\$0	0	\$0	0	\$0	2	\$30,000	0	\$0	0	\$0
11	Replace Fire Protection Stand Pipes	varies	\$25,000.00	Each	0	\$0	0	\$0	0	\$0	3	\$75,000	0	\$0	0	\$0
	Electrical					\$50,000		\$0		\$530,000		\$65,000		\$0		\$295,000
12	Replace/Repair Lighting Fixtures - Stairs, Decks, Roof & Lobbies	20 - 25	-	Lump	0	\$0	0	\$0	1	\$275,000	0	\$0	0	\$0	1	\$275,000
13	Replace Exit Lighting	20 - 25	\$285.00	Each	0	\$0	0	\$0	70	\$20,000	0	\$0	0	\$0	70	\$20,000
14	Wiring - Code Compliance	NA	NA	NA	NA	\$50,000	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0
15	Replace Fire Alarm	varies	\$80,000.00	Each	0	\$0	0	\$0	1	\$80,000	0	\$0	0	\$0	0	\$0
16	Replace Electrical Service	40 - 50	-	Lump	0	\$0	0	\$0	1	\$155,000	0	\$0	0	\$0	0	\$0
17	Replace Emergency Generator	varies	\$65,000.00	Each	0	\$0	0	\$0	0	\$0	1	\$65,000	0	\$0	0	\$0
	SUB-TOTAL					\$1,000,000		\$1,030,000		\$740,000		\$2,678,000		\$2,337,000		\$2,166,000
	Mobilization, General Conditions, & Miscellaneous Work @ 10%					\$100,000		\$103,000		\$74,000		\$268,000		\$234,000		\$217,000
	Contingencies @ 20%					\$200,000		\$206,000		\$148,000		\$536,000		\$467,000		\$433,000
	Allowance for Engineering and Testing Fees @ 8%					\$80,000		\$82,000		\$59,000		\$214,000		\$187,000		\$173,000
	TOTAL					\$1,380,000		\$1,421,000		\$1,021,000		\$3,696,000		\$3,225,000		\$2,989,000

Notes

- 1) Costs are expressed in 2013 dollars. Inflation and escalation have not been included in the cost estimates.
- 2) The figures are exclusive of annual budgets for operational issues such as light bulb replacement, janitorial services, equipment maintenance contracts, etc.
- 3) The figures are exclusive of revenue control system and security equipment changes, and any abatement of hazardous materials.
- 4) We estimate an additional cost of 10% to 15% if a single work item is divided over multiple years (Not included in the above cost estimate table).

River Street Parking Garage



The River Street Parking Garage is an 850 space parking structure built in 2001. The garage is located at 218 N Second St, and can be accessed through two entrance gates and two exit gates on Second Street between Locust Street and Pine Street. The nine level, two bay garage functions as a double-threaded helix. The structural system for the garage consists of precast, pre-stressed concrete double tee panels supported by precast, pre-stressed concrete beams and precast, conventionally reinforced concrete columns. The total area of the garage is

approximately 324,000 square feet.

The garage is considered to be in “Good” condition at this time and very little concrete repairs are required in the near term. Those repairs that are required in the near term include minor partial depth floor panel, soffit, beam, column and wall repairs. The tee-to-tee joint sealant is in need of replacement, particularly on the roof level. It was estimated that about one-fourth of the remaining tee-to-tee joint sealant is in need of replacement throughout the remainder of the garage. The expansion joint seals at the transition from slab-on-grade to supported double tee panels are also in need of replacement.

The intent of the long term repair costs is to ensure that the condition of the parking structure is maintained or improved at the end of the 40 year term. Going forward, it is anticipated that concrete deterioration will continue at a lower than normal rate. This is due to the structure being built using current codes and technology designed to enhance the durability of the concrete and prolong the life of the structure. These include using a precast concrete structural system, modern concrete mix design and admixtures, epoxy coated rebar, and



Deteriorated joint sealant



Deteriorated expansion joint

concrete cover. Costs have been included with the anticipation that the garage will undergo a concrete repair program every 5 to 10 years.

To minimize the long-term effects of water and chloride infiltration into the concrete, it is recommended that a clear penetrating concrete sealer be applied to the floor surfaces every five years. Penetrating sealers soak in and react with the concrete to form a surface that is repellent to water. The sealer would not change the color or texture of the concrete surface. Concrete sealers can be expected to last up to five years. The penetrating sealer does not provide a waterproof

surface and it does not seal or bridge cracks therefore any future cracking that would develop would need to be routed and sealed with a flexible polyurethane sealant. The sealer application costs include routing and sealing of cracks at the time of application.

There are three elevator cabs at this facility. The elevators are manufactured by Thyssen Krupp. The elevator speed is average at 350 fpm. Motors are 20 HP each. The cabs are in good condition. The garage is approximately 12 years old and all the controls and equipment appear to be original. The equipment room is located above the shafts. The elevators are geared traction type with 2100 lbs. capacity per cab. The elevators have a fire service that meets current code. The service company, Thyssen Krupp, recommends that the machine room have air conditioning added and DESMAN agrees that by doing so will protect and extend life of the more sophisticated electronic controls used in elevators today. The elevators have Braille on the outside at each level with the outside call button at 42". Outside the cab there is also lighted floor designation and a verbal announcement of direction of travel up or down. Inside the cab, the floor buttons have Braille as well as a verbal announcement of the floor in addition to a digital display of the floor. The cabs are equipped with emergency call buttons. The service company feels that everything is



Soffit spall and water stains at drain

in good to excellent condition and has no recommendations. Replacement is estimated to be in the 31 to 40 year time frame. The replacement cost is based on average life expectancy and includes all controls, cabs, cables, motors, etc.

The garage is covered by two dry pipe standpipes located in the stairs. The water piping enters at the street level and then drops one floor down and rises to the roof with hose connections at each floor for fire department use. The main Fire Department pumper connections are located outside the stairwells at grade.

The garage's HVAC includes gas fired radiant tube heaters which are used to melt snow and keep ice from forming at the entrance ramp. Ticket booths were present but not staffed at the time of the site visit. The booths had a thru-wall heat pump to condition them when they are staffed.

The building electric service is a 1,200 amp service located in the lowest level. Power, lighting, and the control panel are located in the same room. Lighting on the roof is provided by double head pole lights. The decks are lighted with round downlight sealed halogen fixtures. The front stairwell is lighted with sealed fluorescent tube lights and decorative linear fluorescent lights. Emergency egress lighting is provided with battery packs with exposed heads. The fire alarms consist of minimal pullstations and horn strobe signaling devices.

Three primary drainage stacks with multiple inlets off each provide drainage for the decks. The piping drops to the lowest level where it is connected to a manhole at the rear of the building. A sump pump is located in the lowest level and appears to be used to pump water from the foundation drainage. A toilet room lav and sink are located at the street level for staff use and are in fair condition. Two drainable hose bibb risers extend to the roof with hose bibb connections on each floor.

The garage has two (2) egress stairs – one on the north side in the middle and one on the south side in the middle. Both stairs are open except for the top and bottom. The top and bottom are aluminum storefront and the doors are in good condition. Note that the storefront encloses the north stair on all sides but the garage side and the south stair are enclosed on two sides.

Architectural items such as doors, frames, window sealants, finishes, line striping, etc. need to be repaired, replaced or maintained on a regular schedule. These items are typically caused due to normal wear and tear from use, but could also be affected by the conditions within the structure such as leaks and deteriorated concrete. Costs for the identified items relating to the parking garage have been included at the anticipated time interval based on the observed conditions.

River Street Parking Garage

Harrisburg, Pennsylvania

OPINION OF EXPECTED CONSTRUCTION COST - August 2013

ITEM	DESCRIPTION	EFFECTIVE USEFUL LIFE	UNIT PRICE	UNIT	YEARS 1 TO 2		YEARS 3 TO 5		YEARS 6 TO 10		YEARS 11 TO 20		YEARS 21 TO 30		YEARS 31 TO 40	
					QUANTITY	COST	QUANTITY	COST	QUANTITY	COST	QUANTITY	COST	QUANTITY	COST	QUANTITY	COST
	Structural/Waterproofing					\$16,000		\$77,000		\$242,000		\$491,000		\$552,000		\$592,000
1	Full and Partial Depth Concrete Floor Slab Repairs	varies	\$50.00	SF	108	\$6,000	0	\$0	162	\$9,000	243	\$13,000	549	\$28,000	752	\$38,000
2	Partial Depth Concrete Vertical Repairs	varies	\$75.00	SF	16	\$2,000	0	\$0	63	\$5,000	99	\$8,000	216	\$17,000	302	\$23,000
3	Partial Depth Concrete Overhead Repairs	varies	\$100.00	SF	72	\$8,000	0	\$0	198	\$20,000	288	\$29,000	657	\$66,000	900	\$90,000
4	Expansion Joint Replacement	10	\$120.00	LF	0	\$0	120	\$15,000	0	\$0	120	\$15,000	120	\$15,000	120	\$15,000
5	Joint Sealant Installation	10	\$7.00	LF	0	\$0	8,855	\$62,000	6,440	\$46,000	14,490	\$102,000	14,490	\$102,000	14,490	\$102,000
6	Concrete Sealer Application	5	\$0.50	SF	0	\$0	0	\$0	324,000	\$162,000	648,000	\$324,000	648,000	\$324,000	648,000	\$324,000
	Architectural					\$12,000		\$0		\$21,000		\$69,000		\$94,000		\$489,000
7	Replace Architectural Features (Doors, Lobbies, etc.)	varies	-	Lump	0	\$0	0	\$0	0	\$0	1	\$15,000	1	\$40,000	1	\$15,000
8	Miscellaneous Painting and Striping	varies	-	Lump	0	\$0	0	\$0	1	\$21,000	1	\$42,000	1	\$42,000	1	\$42,000
9	Repair/Replace Elevators - Cabs, Motors, Cables & Controls	30 - 40	\$140,000.00	Each	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	3	\$420,000
10	Add Elevator Machine Room Cooling	10-15	\$12,000.00	Each	1	\$12,000	0	\$0	0	\$0	1	\$12,000	1	\$12,000	1	\$12,000
	Mechanical/Plumbing					\$0		\$6,000		\$18,000		\$6,000		\$24,000		\$249,000
11	Replace Drainage System	varies	\$56,666.00	Each	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	3	\$170,000
12	Replace Hose Bibb/Risers	varies	\$7,500.00	Each	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	2	\$15,000
13	Replace Fire Protection Stand Pipes	varies	\$20,000.00	Each	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	2	\$40,000
14	Replace Tube Heaters	10 - 15	\$9,000.00	Each	0	\$0	0	\$0	2	\$18,000	0	\$0	2	\$18,000	2	\$18,000
15	Replace Sump Pump	10	\$6,000.00	Each	0	\$0	1	\$6,000	0	\$0	1	\$6,000	1	\$6,000	1	\$6,000
	Electrical					\$0		\$0		\$34,000		\$35,500		\$442,500		\$490,500
16	Replace/Repair Lighting Fixtures - Stairs, Decks, Roof & Lobbies	20 - 25	-	Lump	0	\$0	0	\$0	1	\$25,000	0	\$0	1	\$375,000	1	\$375,000
17	Replace Exit Lighting	20 - 25	\$285.00	Each	0	\$0	0	\$0	0	\$0	63	\$18,000	0	\$0	63	\$18,000
18	Replace Battery Packs	10 - 15	\$300.00	Each	0	\$0	0	\$0	30	\$9,000	30	\$9,000	30	\$9,000	30	\$9,000
19	Replace Fire Alarm	varies	-	Lump	0	\$0	0	\$0	0	\$0	0	\$0	1	\$50,000	0	\$0
20	Replace Electrical Service	40 - 50	-	Lump	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	1	\$80,000
21	Replace Door Motors	varies	\$4,250.00	Each	0	\$0	0	\$0	0	\$0	2	\$8,500	2	\$8,500	2	\$8,500
	SUB-TOTAL					\$28,000		\$83,000		\$315,000		\$601,500		\$1,112,500		\$1,820,500
	Mobilization, General Conditions, & Miscellaneous Work @ 10%					\$3,000		\$8,000		\$32,000		\$60,000		\$111,000		\$182,000
	Contingencies @ 20%					\$6,000		\$17,000		\$63,000		\$120,000		\$223,000		\$364,000
	Allowance for Engineering and Testing Fees @ 8%					\$2,000		\$7,000		\$25,000		\$48,000		\$89,000		\$146,000
	TOTAL					\$39,000		\$115,000		\$435,000		\$829,500		\$1,535,500		\$2,512,500

Notes

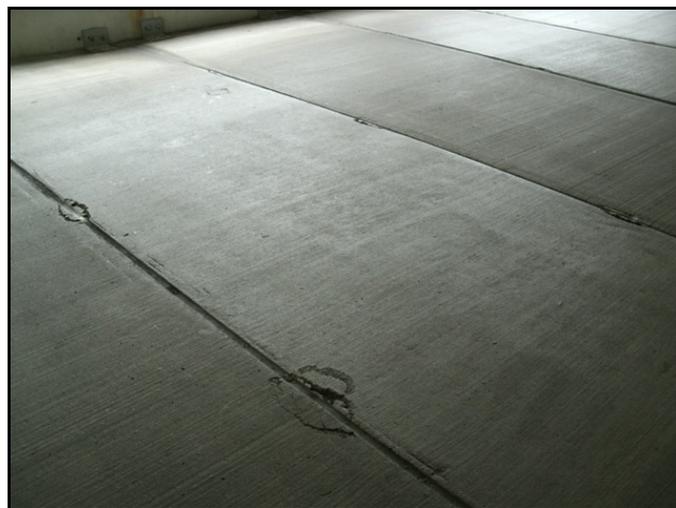
- 1) Costs are expressed in 2013 dollars. Inflation and escalation have not been included in the cost estimates.
- 2) The figures are exclusive of annual budgets for operational issues such as light bulb replacement, janitorial services, equipment maintenance contracts, etc.
- 3) The figures are exclusive of revenue control system and security equipment changes, and any abatement of hazardous materials.
- 4) We estimate an additional cost of 10% to 15% if a single work item is divided over multiple years (Not included in the above cost estimate table).

Locust Street Parking Garage



The Locust Street Parking Garage was built in 1990 and is a ten level parking structure. The garage is located on the corner of Locust Street and Court Street. It can be accessed through an entrance gate and an exit gate which are located on Locust Street between 3rd Street and Court Street. The two-bay garage functions as a double threaded helix. Total parking in the garage is approximately 628 spaces. The structural system for the garage consists of precast, prestressed concrete quad-tee floor panels supported by precast, prestressed concrete beams and precast, conventionally reinforced concrete columns. The total area of the garage is approximately 231,000 square feet.

The structure is currently considered to be in “Fair-to Good” condition at this time. The quad tee floor panels show the most deterioration at this time. In particular, many of the tee-to-tee connector locations have spalled concrete and potentially broken connectors. There are approximately 5,000 connectors in the garage and it is estimated that more than one-fourth of them show some type of deterioration. It appears that many of the locations had been repaired in the past but the repairs have failed. Additional concrete repairs and potentially tee-to-tee connection repairs are required at these locations.



Deteriorated concrete at tee-to-tee connectors

Two types of deterioration can occur at a tee-to-tee connection: concrete deterioration, which is identified by spalled concrete and/or broken tee-to-tee connectors, which are not easily identified prior to concrete repairs being performed. It is unknown at this time how many of the required concrete repairs will also uncover a deteriorated tee-to-tee connector that needs to be repaired. Based on our experience in precast parking structures, it is our judgment that about 10% of the concrete repair locations will yield a tee-to-tee connection repair. We budgeted for 144



Cracks in tee stems

connection repairs. Once the 144 connections and the 1,000 concrete locations are repaired, there would be little or no further deterioration of the remaining connectors. This is why no connector repairs are shown in years 3-5 and very few in each period thereafter.

The tee stems also displayed concrete deterioration. They too have been repaired in the past, but the deterioration is in both previously repaired locations as well as new locations. It appears the past repairs included strengthening the stems likely due to them being over-stressed. This primarily occurred on the upper levels. The repairs at these

locations would include removal and replacement of the deteriorated concrete as well as strengthening the stems as required. The remainder of the structural concrete elements such as beams, columns and walls were in much better condition.

The tee-to-tee joint sealant is in need of replacement, particularly on the roof level and at locations of concrete deterioration at tee-to-tee connectors. It was estimated that all the tee-to-tee sealant on the roof and about one-fourth of the remaining tee-to-tee joint sealant is in need of replacement.



Spalling in stems due to leaking water

The intent of the long term repair costs is to ensure that the condition of the parking structure is maintained or improved at the end of the 40 year term. Going forward, it is anticipated that concrete deterioration will continue at a higher than normal rate even though the structural system utilized typically reduces future repairs. It has been our opinion that concrete deterioration in this garage, particularly at the tee-to-tee connectors has occurred at a higher rate than typical precast concrete garages. Costs have been included with the

anticipation that the garage will undergo a concrete repair program every 5 to 10 years.

To minimize the long-term effects of water and chloride infiltration into the concrete, it is recommended that a clear penetrating concrete sealer be applied to the floor surfaces every five years. Penetrating sealers soak in and react with the concrete to form a surface that is repellent to water. The sealer would not change the color or texture of the concrete surface. Concrete sealers can be expected to last up to five years. The penetrating sealer does not provide a waterproof surface and it does not seal or bridge cracks therefore any future cracking that would develop would need to be routed and sealed with a flexible polyurethane sealant. The sealer application costs include routing and sealing of cracks at the time of application.

An epoxy coating similar to a commercially available garage or industrial floor coating has been applied to the floor over the beams. Although we do not believe it acts as a waterproofing membrane, it should be left in place but not maintained.

There are two elevators at this facility, which were manufactured by Dover. The elevator speed is slightly slower than average at 250 fpm. The garage is approximately 23 years old and the motors and drives appear to be original equipment. The service company stated that some of the controls have been updated but not completely. They also said that the motors are in good condition but the drives are in fair condition. The service company could not state if the drives might last 5, 10, 15, 20 years or beyond.

The cabs are in fair condition but could use better lighting. The elevators are geared traction type with 2,500 lbs. capacity per cab. The elevators have a fire service that meets the previous code. Any changes to the elevators would require them to be updated to the current code at that time. The service company, Thyssen Krupp, recommends that the machine room have air conditioning



Epoxy coating over beams

added and DESMAN agrees that doing so will protect and extend the life of the more sophisticated electronic controls used in elevators today. The elevators have Braille on the outside at each floor level and the call buttons are 42" high. Outside the cabs is a light showing travel direction and an audible tone. Inside the cab, floor buttons have Braille. A light notes the floor in addition to an audible tone upon arrival. An emergency phone is located in each cab. In the cost spread sheet, replacement occurs in the 21 to 30 year time frame, but because of the stated condition of the drives, DESMAN has projected that the drives will need to be replaced in the next couple of years. The

replacement cost is based on average life expectancy and includes all controls, cabs, cables, motors, etc.

The Locust Street garage is covered by two dry pipe standpipes with fire department hose connections at each floor. The standpipes can be pressurized with a fire pump. The fire pump is backed-up by the generator. This is the only garage, other than the Harrisburg University Garage, which has a fire pump. The two standpipes are cross connected at the 2nd level. The single fire department pumper connection is located by the northeast stair. The piping is painted scheduled 40 Victaulic. There are four primary drainage stacks with inlets which drain the parking decks. Trench drains are used at the decks to the roof and the entrance/exits to the garage. The drains go thru a master trap and oil interceptor before tying into the City's sewer system. There is one restroom which is located at the exit booth.

The staffed booth is conditioned with a thru-wall heat pump. Electric heaters are provided in the equipment rooms. The electrical service is an 800 amp 120/208 volt service. The switchgear is manufactured by Square D. A 20 KW diesel generator provides back-up power for emergency egress lighting and several other loads. Lighting on the roof deck is provided by multi-head halogen pole lights. Decks are lighted with sealed round downlight halogen garage fixtures. Stairs and interior pedestrian walks are lighted with a mix of decorative lights and linear fluorescent lighting. Fire alarm consists of a minimal number of pull stations and audio/visual alarms.

The garage has two (2) egress stairs. One stair is located on the southwest corner and one is located on the northeast corner. In addition, there is a flight of stairs by the elevators. All the stairwells are enclosed with painted steel doors and frames. The only exception is the northeast stair which has an aluminum store front door at the street level which is in good condition. The steel doors at the roof are in poor to fair condition. The remainder of the doors are covered by parking deck are in fair condition.

Architectural items such as doors, frames, window sealants, finishes, line striping, etc. need to be repaired, replaced or maintained on a regular schedule. These items are typically caused due to normal wear and tear from use but could also be affected by the conditions within the structure such as leaks and deteriorated concrete. Costs for the identified items relating to the parking garage have been included at the anticipated time interval based on the observed conditions.

Locust Street Parking Garage
Harrisburg, Pennsylvania
OPINION OF EXPECTED CONSTRUCTION COST - August 2013

ITEM	DESCRIPTION	EFFECTIVE USEFUL LIFE	UNIT PRICE	UNIT	YEARS 1 TO 2		YEARS 3 TO 5		YEARS 6 TO 10		YEARS 11 TO 20		YEARS 21 TO 30		YEARS 31 TO 40	
					QUANTITY	COST	QUANTITY	COST	QUANTITY	COST	QUANTITY	COST	QUANTITY	COST	QUANTITY	COST
	Structural/Waterproofing					\$156,000		\$230,000		\$241,000		\$476,000		\$517,000		\$531,000
1	Full and Partial Depth Concrete Floor Slab Repairs	varies	\$50.00	SF	1,318	\$66,000	0	\$0	174	\$9,000	261	\$14,000	455	\$23,000	513	\$26,000
2	Partial Depth Concrete Vertical Repairs	varies	\$75.00	SF	50	\$4,000	0	\$0	68	\$6,000	106	\$8,000	184	\$14,000	203	\$16,000
3	Partial Depth Concrete Overhead Repairs	varies	\$100.00	SF	499	\$50,000	0	\$0	203	\$21,000	310	\$31,000	542	\$55,000	614	\$62,000
4	Tee-to-Tee Connection Repairs	varies	\$250.00	Each	144	\$36,000	0	\$0	10	\$3,000	10	\$3,000	20	\$5,000	25	\$7,000
5	Joint Sealant Installation	10	\$7.00	LF	0	\$0	16,200	\$114,000	12,150	\$86,000	27,000	\$189,000	27,000	\$189,000	27,000	\$189,000
6	Concrete Sealer Application	5	\$0.50	SF	0	\$0	230,780	\$116,000	230,780	\$116,000	461,560	\$231,000	461,560	\$231,000	461,560	\$231,000
	Architectural					\$17,000		\$91,000		\$16,000		\$94,000		\$464,000		\$94,000
7	Replace Architectural Features (Doors, Lobbies, etc.)	varies	-	Lump	1	\$5,000	0	\$0	0	\$0	1	\$50,000	1	\$20,000	1	\$50,000
8	Miscellaneous Painting and Striping	varies	-	Lump	0	\$0	1	\$16,000	1	\$16,000	1	\$32,000	1	\$32,000	1	\$32,000
9	Repair/Replace Elevators - Cabs, Motors, Cables & Controls	30 - 40	\$200,000.00	Each	0	\$0	0	\$0	0	\$0	0	\$0	2	\$400,000	0	\$0
10	Elevator Drives	varies	\$39,500.00	Each	0	\$0	2	\$75,000	0	\$0	0	\$0	0	\$0	0	\$0
11	Add Elevator Machine Room Cooling	10-15	\$12,000.00	Each	1	\$12,000	0	\$0	0	\$0	1	\$12,000	1	\$12,000	1	\$12,000
	Mechanical/Plumbing					\$0		\$0		\$0		\$0		\$393,000		\$0
12	Replace Drainage System	varies	\$80,000.00	Each	0	\$0	0	\$0	0	\$0	0	\$0	4	\$320,000	0	\$0
13	Replace Plumbing Fixtures	varies	\$1,500.00	Each	0	\$0	0	\$0	0	\$0	0	\$0	2	\$3,000	0	\$0
14	Replace Fire Protection Stand Pipes	varies	\$25,000.00	Each	0	\$0	0	\$0	0	\$0	0	\$0	2	\$50,000	0	\$0
15	Replace Fire Pump	varies	\$20,000.00	Each	0	\$0	0	\$0	0	\$0	0	\$0	1	\$20,000	0	\$0
	Electrical					\$0		\$0		\$211,000		\$140,000		\$11,000		\$211,000
16	Replace/Repair Lighting Fixtures - Stairs, Decks, Roof & Lobbies	20 - 25	-	Lump	0	\$0	0	\$0	1	\$192,000	0	\$0	0	\$0	1	\$192,000
17	Replace Exit Lighting	20 - 25	\$285.00	Each	0	\$0	0	\$0	28	\$8,000	0	\$0	0	\$0	28	\$8,000
18	Replace Fire Alarm	varies	-	Lump	0	\$0	0	\$0	0	\$0	1	\$40,000	0	\$0	0	\$0
19	Replace Electrical Service	40 - 50	-	Lump	0	\$0	0	\$0	0	\$0	1	\$60,000	0	\$0	0	\$0
20	Replace Generator	varies	-	Lump	0	\$0	0	\$0	0	\$0	1	\$40,000	0	\$0	0	\$0
21	Replace Door Motors	varies	\$2,750.00	Each	0	\$0	0	\$0	4	\$11,000	0	\$0	4	\$11,000	4	\$11,000
	SUB-TOTAL					\$173,000		\$321,000		\$468,000		\$710,000		\$1,385,000		\$836,000
	Mobilization, General Conditions, & Miscellaneous Work @ 10%					\$17,000		\$32,000		\$47,000		\$71,000		\$139,000		\$84,000
	Contingencies @ 20%					\$35,000		\$64,000		\$94,000		\$142,000		\$277,000		\$167,000
	Allowance for Engineering and Testing Fees @ 8%					\$14,000		\$26,000		\$37,000		\$57,000		\$111,000		\$67,000
	TOTAL					\$239,000		\$443,000		\$646,000		\$980,000		\$1,912,000		\$1,154,000

Notes

- 1) Costs are expressed in 2013 dollars. Inflation and escalation have not been included in the cost estimates.
- 2) The figures are exclusive of annual budgets for operational issues such as light bulb replacement, janitorial services, equipment maintenance contracts, etc.
- 3) The figures are exclusive of revenue control system and security equipment changes, and any abatement of hazardous materials.
- 4) We estimate an additional cost of 10% to 15% if a single work item is divided over multiple years (Not included in the above cost estimate table).

South Street Parking Garage



The South Street Parking Garage is a twelve level parking structure built in 2008. The garage is located at 220 South Street. It can be accessed through several different entryways. There is an entrance gate and exit gate located on South Street in between Susquehanna Street and Spring Street. The exit gate is located closer to Spring Street and the entrance gate is located closer to Susquehanna Street. There are also three entrance gates and one exit gate located on Spring Street between South Street and State Street. The two-bay garage functions as a double-threaded helix with a total of approximately 750 parking spaces. The structural system for the garage consists of cast-in-place, post-tensioned concrete slabs supported by cast-in-place, post-tensioned concrete beams and cast-in-place, conventionally reinforced concrete columns. The total area of the garage is approximately 293,000 square feet.

The condition of the structure is “Very Good” at this time. The current condition of the garage is such that very little concrete repairs are required in the near term. These required near-term repairs include minor partial depth floor, beam, column, and wall repairs. The waterproofing membrane that was applied to the pour strips when the garage was built is in good condition and does not need to be recoated, removed or replaced in the near term. The expansion joints located within the structure do not need to be replaced at this time.

The intent of the long term repair costs is to ensure that the condition of the parking structure is maintained or improved at the end of the 40 year term. Going forward, it is anticipated that concrete deterioration will continue at a lower than normal rate. This is due to the structure being built using current codes and technology designed to enhance the durability of the concrete and prolong the life of the



Overall shot of typical bay



Waterproofing membrane over pour strip

structure. These include concrete mix design and admixtures, epoxy coated rebar, concrete cover, a fully encapsulated post-tensioning system, and having a waterproofing membrane applied to key locations from its inception. Costs have been included with the anticipation that the garage will undergo a concrete repair program every 5 to 10 years.

The maintenance of the waterproofing membrane at the pour strips will significantly slow concrete deterioration at those locations but is not expected to stop it completely. The useful life of a waterproofing membrane is typically about 10 years before it needs to be re-coated or removed and replaced. Costs have been included to re-coat and/or remove and replace the waterproofing membrane as required every 10 years starting in the six to ten year term.

The maintenance of the waterproofing membrane at the pour strips will significantly slow concrete deterioration at those locations but is not expected to stop it completely. The useful life of a

To minimize the long-term effects of water and chloride infiltration into the concrete in the remainder of the floor slab areas, it is recommended that a clear penetrating concrete sealer be applied to the remaining floor surfaces every five years. Penetrating sealers soak in and react with the concrete to form a surface that is repellent to water. The sealer would not change the color or texture of the concrete surface. Concrete sealers can be expected to last up to five years. The penetrating sealer does not provide a waterproof surface and it does not seal or bridge cracks therefore any future cracking that would develop would need to be routed and sealed with a flexible polyurethane sealant. The sealer application costs include routing and sealing of cracks at the time of application.

There are two elevators at this facility. Elevators are manufactured by Otis. The motors are 25 HP motors, 208 volt, three phase. The cabs are equipped with fire operation control and emergency call. Cabs are rated for 3,500 lbs. capacity. The elevator speed is average at 350 fpm. The cabs are in good condition. The elevators have



Expansion joint at entrance/exit area

Braille on the outside at each level with the outside call buttons at 42". On the inside of the cab the floor buttons have Braille. Verbal commands are given for cab direction and floor. In addition, there is a light for direction and an audible tone at the floor. A thru wall window A/C unit serves the machine room at the lowest level. The garage is approximately 5 years old. All the elevator equipment is in excellent condition and the service company had no recommendations. Replacement is estimated to be in the 31 to 40 year time frame. The replacement cost is based on average life expectancy and includes all controls, cabs, cables, motors, etc.

Two dry pipe standpipes with hose connections at each floor for fire department use provide the fire protection for the structure. Standpipes are located in the two (2) stairwells. Piping system is galvanized Victaulic. Only one fire department connection is present and it is located on the south side of the building with the two (2) standpipes interconnected. One restroom is located at the exit ramp for staff use. Two vertical risers with inlets at each deck provide drainage for the garage. Two drainable hose bibb risers with outlets at each floor are located in the garage. The hose bibb risers are connected to a small booster pump package.

A thru wall heat pump serves the staff booth. Gas fired radiant heaters serve both the entrance and exit ramps to melt snow and prevent ice from forming. Small electric heaters serve the equipment rooms. The building electric service is a 120/208 volt 800 amp service. A 75 KW emergency generator backs up the emergency lighting and various other loads. Lighting on the roof deck is provided by multi-head pole lights. Stairwells are lighted with decorative linear fluorescent fixtures. Large decorative "colonial" style lights are underneath the overhang at one of the entrances. A minimal fire alarm system is present in the building.

The garage has two (2) primary egress stairs and one (1) storefront enclosed single flight stair from roof to one level down. The single flight storefront enclosure is open, no door, and is in good condition and is located on the northeast corner. The southwest stair is a covered open stair at the roof level with no doors at any level. The northwest stair is enclosed only at the roof level with aluminum storefront and two entry doors. Both the enclosure and doors are in good condition.

Architectural items such as doors, frames, window sealants, finishes, line striping, etc. need to be repaired, replaced or maintained on a regular schedule. These items are typically caused due to normal wear and tear from use but could also be affected by the conditions within the structure such as leaks and deteriorated concrete. Costs for the identified items relating to the parking garage have been included at the anticipated time interval based on the observed conditions.

South Street Parking Garage
Harrisburg, Pennsylvania
OPINION OF EXPECTED CONSTRUCTION COST - August 2013

ITEM	DESCRIPTION	EFFECTIVE USEFUL LIFE	UNIT PRICE	UNIT	YEARS 1 TO 2		YEARS 3 TO 5		YEARS 6 TO 10		YEARS 11 TO 20		YEARS 21 TO 30		YEARS 31 TO 40	
					QUANTITY	COST	QUANTITY	COST	QUANTITY	COST	QUANTITY	COST	QUANTITY	COST	QUANTITY	COST
	Structural/Waterproofing					\$5,000		\$142,000		\$354,000		\$526,000		\$512,000		\$586,000
1	Full and Partial Depth Concrete Floor Slab Repairs	varies	\$50.00	SF	50	\$3,000	0	\$0	58	\$3,000	105	\$6,000	237	\$12,000	321	\$17,000
2	Partial Depth Concrete Vertical Repairs	varies	\$75.00	SF	10	\$1,000	0	\$0	13	\$1,000	25	\$2,000	58	\$5,000	78	\$6,000
3	Partial Depth Concrete Overhead Repairs	varies	\$100.00	SF	10	\$1,000	0	\$0	13	\$2,000	25	\$3,000	58	\$6,000	78	\$8,000
4	Expansion Joint Replacement	10	\$120.00	LF	0	\$0	0	\$0	1,382	\$166,000	1,382	\$166,000	1,382	\$166,000	1,382	\$166,000
5	Concrete Sealer Application	5	\$0.50	SF	0	\$0	282,064	\$142,000	282,064	\$142,000	564,128	\$283,000	564,128	\$283,000	564,128	\$283,000
6a	Elastomeric Waterproofing Membrane Application of Topcoat Only	10	\$3.00	SF	0	\$0	0	\$0	13,022	\$40,000	0	\$0	13,022	\$40,000	13,022	\$40,000
6b	Remove/Replace Elastomeric Waterproofing Membrane Application Full System	10	\$5.00	SF	0	\$0	0	\$0	0	\$0	13,022	\$66,000	0	\$0	13,022	\$66,000
	Architectural					\$0		\$19,000		\$19,000		\$53,000		\$73,000		\$533,000
7	Replace Architectural Features (Doors, Lobbies, etc.)	varies	-	Lump	0	\$0	0	\$0	0	\$0	1	\$15,000	1	\$35,000	1	\$15,000
8	Miscellaneous Painting and Striping	varies	-	Lump	0	\$0	1	\$19,000	1	\$19,000	1	\$38,000	1	\$38,000	1	\$38,000
9	Repair/Replace Elevators - Cabs, Motors, Cables & Controls	30 - 40	\$240,000.00	Each	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	2	\$480,000
	Mechanical/Plumbing					\$0		\$0		\$32,000		\$10,000		\$33,000		\$372,000
10	Replace Drainage System	varies	\$96,000.00	Each	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	2	\$192,000
11	Replace Plumbing Fixtures	varies	\$2,000.00	Each	0	\$0	0	\$0	0	\$0	0	\$0	2	\$4,000	0	\$0
12	Replace Hose Bibb/Risers	varies	\$20,000.00	Each	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	2	\$40,000
13	Replace Fire Protection Stand Pipes	varies	\$35,000.00	Each	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	2	\$70,000
14	Replace Tube Heaters	10 - 15	\$9,500.00	Each	0	\$0	0	\$0	2	\$19,000	0	\$0	2	\$19,000	2	\$19,000
15	Replace Booster Pump	varies	\$35,000.00	Each	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	1	\$35,000
16	Booth HVAC	10-12	\$10,000.00	lump	0	\$0	0	\$0	1	\$10,000	0	\$10,000	0	\$10,000	1	\$10,000
17	Misc. Electric Heaters	10	\$1,500.00	Each	0	\$0	0	\$0	2	\$3,000	0	\$0	0	\$0	4	\$6,000
	Electrical					\$0		\$0		\$12,000		\$480,000		\$62,000		\$497,000
18	Replace/Repair Lighting Fixtures - Stairs, Decks, Roof & Lobbies	20 - 25	-	Lump	0	\$0	0	\$0	0	\$0	1	\$410,000	0	\$0	1	\$410,000
19	Replace Exit Lighting	20 - 25	\$285.00	Each	0	\$0	0	\$0	0	\$0	35	\$10,000	0	\$0	35	\$10,000
20	Replace Fire Alarm	varies	-	Lump	0	\$0	0	\$0	0	\$0	1	\$60,000	0	\$0	0	\$0
21	Replace Electrical Service	40 - 50	-	Lump	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	1	\$65,000
22	Replace Door Motors	varies	\$3,000.00	Each	0	\$0	0	\$0	4	\$12,000	0	\$0	4	\$12,000	4	\$12,000
23	Replace Generator	varies	-	Lump	0	\$0	0	\$0	0	\$0	0	\$0	1	\$50,000	0	\$0
	SUB-TOTAL					\$5,000		\$161,000		\$417,000		\$1,069,000		\$680,000		\$1,988,000
	Mobilization, General Conditions, & Miscellaneous Work @ 10%					\$1,000		\$16,000		\$42,000		\$107,000		\$68,000		\$199,000
	Contingencies @ 20%					\$1,000		\$32,000		\$83,000		\$214,000		\$136,000		\$398,000
	Allowance for Engineering and Testing Fees @ 8%					\$1,000		\$13,000		\$33,000		\$86,000		\$54,000		\$159,000
	TOTAL					\$8,000		\$222,000		\$575,000		\$1,476,000		\$938,000		\$2,744,000

Notes

- 1) Costs are expressed in 2013 dollars. Inflation and escalation have not been included in the cost estimates.
- 2) The figures are exclusive of annual budgets for operational issues such as light bulb replacement, janitorial services, equipment maintenance contracts, etc.
- 3) The figures are exclusive of revenue control system and security equipment changes, and any abatement of hazardous materials.
- 4) We estimate an additional cost of 10% to 15% if a single work item is divided over multiple years (Not included in the above cost estimate table).

Fifth Street Parking Garage



The Fifth Street Parking Garage was built in 1979 and is an eight level parking structure. The garage is located at 6-14 N 5th Street. It can be accessed through two different entryways. There is one entrance gate and one exit gate located on Fifth Street between Strawberry Street and Walnut Street. Another entrance gate and exit gate are located on Aberdeen Street between Strawberry Street and Walnut Street. The garage operates as a double threaded helix with two way traffic. Total parking in the garage is approximately 856 spaces. The structural system for the garage consists of cast-in-place, post-

tensioned concrete slabs supported by cast-in-place, post-tensioned concrete beams and cast-in-place, and conventionally reinforced concrete columns. The total area of the garage is approximately 295,000 square feet.

The current condition of the garage is “Fair-to-Good”. There is a fair amount of concrete deterioration of the floor slabs, particularly over the beams. This is where reinforcing steel is closest to the top surface and is most likely to corrode. Relatively minor quantities of deterioration were also noted on the columns, walls, beams, and slab soffit.

Due to the era in which the garage was designed and built, it is likely that the post-tensioning system is not fully encapsulated and therefore could be deteriorated and compromised in some locations. It should be noted that no broken post-tensioning system components were observed during our survey. We have included estimated costs for post-tensioning repairs equivalent to approximately two repairs per supported level in the near term repairs. Typical post-tensioning system repairs include removing sections of concrete floor slab to access the post-tensioning cables, removing deteriorated sections of post-tensioning cable, splicing in new sections of cable, re-stressing the cable, and placing concrete in the openings.



Cracks and spalling over beam

The intent of the long term repair costs is to ensure that the condition of the parking structure is maintained or improved at the end of the 40 year term. Going forward, it is anticipated that concrete deterioration will continue at a below average rate. We came to this conclusion because although it is an older structure, the slabs and beams are post-tensioned which helps its longevity and it appears that the system is performing well. Costs have been included with the anticipation that the garage will undergo a concrete repair program every 5 to 10 years. Associated post-tensioning system repairs are included in the future as well.



Soffit spall

To minimize the long-term effects of water and chloride infiltration into the concrete, it is recommended that a clear penetrating concrete sealer be applied to the floor surfaces every five years. Penetrating sealers soak in and react with the concrete to form a surface that is repellent to water. The sealer would not change the color or texture of the concrete surface. Concrete sealers can be expected to last up to five years. The penetrating sealer does not provide a waterproof surface and it does not seal or bridge cracks. Therefore, any future cracking that would develop would need to be routed and sealed with a flexible polyurethane sealant. The sealer application costs include routing and sealing of cracks at the time of application.



Previous repairs over beam

There are two elevators at this facility. The elevators are a geared traction type manufactured by Kone/Resolve with 3,500 lbs. capacity per cab. The machine rooms are located on top of the shafts. The elevator speed is less than average at 200 fpm. Each cab utilizes a 25 HP motor. The cabs are in fair condition. The elevators have fire service controls and the service company has no current recommendations. The elevators have Braille on the outside at each floor level and the call buttons are at 42" high. Outside the cabs there is a lighted directional arrow and an audible tone.

Inside the cab the floor buttons have Braille. Inside the cab there is a digital floor designation monitor with travel direction and a tone on arrival. The cabs are equipped with emergency call buttons. The garage is approximately 34 years old. Similar to the Chestnut Street Garage, the service company thought the motors were original but the drives and controls had been upgraded in the last 5 to 10 years. They maintain that the elevators were in very good overall condition. Replacement is estimated to be in the 21 to 30 year time frame but DESMAN has projected that the motors will need to be replaced in the next couple years. The replacement cost is based on average life expectancy includes all controls, cabs, cables, motors, etc.

Booth HVAC is provided by an RV style heat pump. The electric service is a 480 volt/800 amp service. The service and electrical panels are in good condition. Lighting on the roof deck is provided by multiple head shoebox-style pole lights. Deck lighting is provided by sealed square halogen garage style fixtures with both an up-light and a down-light component. Stairs and elevator lobbies are lighted with sealed linear fluorescent fixtures. The main elevator lobby is lighted with 2/2 LED fixtures. Emergency and egress lighting is provided by battery packs with both integral and remote flood lights. A minimal fire alarm system is present in the building.

Two dry pipe standpipes with fire department hose connections located at all levels provide the fire fighting capabilities of the building. One fire department pumper connection is adjacent to the southeast stair and a second is located on the north side of the building. Fire protection piping is painted schedule 40 pipe.

Two primary drainage stacks with drains off each are located at all levels serve to drain the parking decks. The lower level foundation drains “day light” and drain to floor drains at the lowest elevation of the garage. A toilet is provided behind one of the booths. The garage has two (2) sets of primary egress stairs. One set of stairs is in the southeast corner and the other set is in the northeast corner. Both sets are open except at the roof for the southeast set of stairs and the street level for both sets. The northeast set of stairs is covered by a “shed” roof and has no door. The southeast roof door is rusted and in poor condition. Both street level doors are in good condition.

Architectural items such as doors, frames, window sealants, finishes, line striping, etc. need to be repaired, replaced or maintained on a regular schedule. These items are typically caused due to normal wear and tear from use but could also be affected by the conditions within the structure such as leaks and deteriorated concrete. Costs for the identified items relating to the parking garage have been included at the anticipated time interval based on the observed conditions.

5th Street Parking Garage

Harrisburg, Pennsylvania

OPINION OF EXPECTED CONSTRUCTION COST - August 2013

ITEM	DESCRIPTION	EFFECTIVE USEFUL LIFE	UNIT PRICE	UNIT	YEARS 1 TO 2		YEARS 3 TO 5		YEARS 6 TO 10		YEARS 11 TO 20		YEARS 21 TO 30		YEARS 31 TO 40	
					QUANTITY	COST	QUANTITY	COST	QUANTITY	COST	QUANTITY	COST	QUANTITY	COST	QUANTITY	COST
	Structural/Waterproofing					\$89,000		\$143,000		\$180,000		\$330,000		\$360,000		\$366,000
1a	Full and Partial Depth Concrete Floor Slab Repairs	varies	\$50.00	SF	570	\$29,000	0	\$0	118	\$6,000	324	\$17,000	595	\$30,000	624	\$32,000
1b	Post-Tensioning System Repairs	varies	-	Lump	1	\$30,000	0	\$0	1	\$8,000	1	\$12,000	1	\$20,000	1	\$20,000
2	Partial Depth Concrete Vertical Repairs	varies	\$75.00	SF	180	\$14,000	0	\$0	56	\$5,000	28	\$3,000	48	\$4,000	56	\$5,000
3	Partial Depth Concrete Overhead Repairs	varies	\$100.00	SF	158	\$16,000	0	\$0	172	\$18,000	116	\$12,000	200	\$20,000	226	\$23,000
4	Concrete Sealer Application	5	\$0.50	SF	0	\$0	285,440	\$143,000	285,440	\$143,000	570,880	\$286,000	570,880	\$286,000	570,880	\$286,000
	Architectural					\$2,500		\$51,000		\$21,000		\$82,000		\$377,000		\$82,000
5	Replace Architectural Features (Doors, Lobbies, etc.)	varies	-	Lump	1	\$2,500	0	\$0	0	\$0	1	\$40,000	1	\$15,000	1	\$40,000
6	Miscellaneous Painting and Striping	varies	-	Lump	0	\$0	1	\$21,000	1	\$21,000	1	\$42,000	1	\$42,000	1	\$42,000
7	Repair/Replace Elevators - Cabs, Motors, Cables & Controls	30 - 40	\$160,000.00	Each	0	\$0	0	\$0	0	\$0	0	\$0	2	\$320,000	0	\$0
8	Elevator Motor Replacement	varies	\$15,000.00	Each	0	\$0	2	\$30,000	0	\$0	0	\$0	0	\$0	0	\$0
	Mechanical/Plumbing					\$0		\$22,000		\$0		\$207,000		\$2,000		\$2,000
9	Replace Drainage System	varies	\$75,000.00	Each	0	\$0	0	\$0	0	\$0	2	\$150,000	0	\$0	0	\$0
10	Replace Plumbing Fixtures and Sanitary	varies	-	Lump	0	\$0	1	\$20,000	0	\$0	0	\$0	0	\$0	0	\$0
11	Replace Fire Protection Stand Pipes	varies	\$27,500.00	Each	0	\$0	0	\$0	0	\$0	2	\$55,000	0	\$0	0	\$0
12	Replace HVAC	varies	-	Lump	0	\$0	1	\$2,000	0	\$0	1	\$2,000	1	\$2,000	1	\$2,000
	Electrical					\$0		\$0		\$23,000		\$455,000		\$23,000		\$373,000
13	Replace/Repair Lighting Fixtures - Stairs, Decks, Roof & Lobbies	20 - 25	-	Lump	0	\$0	0	\$0	0	\$0	1	\$350,000	0	\$0	1	\$350,000
14	Replace Exit Lighting	20 - 25	\$285.00	Each	0	\$0	0	\$0	17	\$5,000	0	\$0	17	\$5,000	17	\$5,000
15	Replace Fire Alarm	varies	-	Lump	0	\$0	0	\$0	0	\$0	1	\$40,000	0	\$0	0	\$0
16	Replace Electrical Service	40 - 50	-	Lump	0	\$0	0	\$0	0	\$0	1	\$65,000	0	\$0	0	\$0
17	Replace Door Motors	varies	\$3,350.00	Each	0	\$0	0	\$0	3	\$10,000	0	\$0	3	\$10,000	3	\$10,000
18	Replace Battery Packs	varies	\$300.00	Each	0	\$0	0	\$0	26	\$8,000	0	\$0	26	\$8,000	26	\$8,000
	SUB-TOTAL					\$91,500		\$216,000		\$224,000		\$1,074,000		\$762,000		\$823,000
	Mobilization, General Conditions, & Miscellaneous Work @ 10%					\$9,000		\$22,000		\$22,000		\$107,000		\$76,000		\$82,000
	Contingencies @ 20%					\$18,000		\$43,000		\$45,000		\$215,000		\$152,000		\$165,000
	Allowance for Engineering and Testing Fees @ 8%					\$7,000		\$17,000		\$18,000		\$86,000		\$61,000		\$66,000
	TOTAL					\$125,500		\$298,000		\$309,000		\$1,482,000		\$1,051,000		\$1,136,000

Notes

- 1) Costs are expressed in 2013 dollars. Inflation and escalation have not been included in the cost estimates.
- 2) The figures are exclusive of annual budgets for operational issues such as light bulb replacement, janitorial services, equipment maintenance contracts, etc.
- 3) The figures are exclusive of revenue control system and security equipment changes, and any abatement of hazardous materials.
- 4) We estimate an additional cost of 10% to 15% if a single work item is divided over multiple years (Not included in the above cost estimate table).

Chestnut Street Parking Garage



The Chestnut Street Parking Garage was built in 1979 and is an eight level parking structure. The garage is located at the corner of Chestnut Street and 4th Street. There are several entryways. There is one pair of entrance and exit gates located on Chestnut Street between 4th and Dewberry Street. There is another pair of entrance and exit fates located on Dewberry Street between Blackberry Street and Chestnut Street. There is a third pair of entrance and exit gates located on Blackberry Street between Dewberry Street and 4th Street. There are a total of 6 entrance and exit

gates. The garage is three bays wide and functions as a double threaded helix. The two outside bays are ramped in one direction while the inside ramps in the opposite direction. Total parking in the garage is approximately 1,088 spaces. The structural system for the garage consists of precast, prestressed concrete double tee floor panels with a cast-in-place topping supported by precast, prestressed concrete beams and precast, conventionally reinforced concrete columns. The total area of the garage is approximately 376,000 square feet.

The structure is currently considered to be in “Fair-to Good” condition at this time. The garage recently underwent a structural repair project. The scope of the project included waterproofing membrane application, beam and stem crack injection, and concrete repairs to beams, stems and column haunches. Still, concrete deterioration was identified throughout the structure on floors, columns, walls, beams, stems and panel soffits although it was mostly minor in nature.

The tee-to-tee joint sealant is in need of replacement, particularly on the roof level and at various locations throughout the remainder of the garage. It was estimated that all the tee-to-tee sealant on the roof and about one-fourth of the remaining tee-to-tee joint sealant is in need of replacement.

The intent of the long term repair costs is to ensure that the condition of the parking structure is maintained or



Spall at tee-to-tee connector

improved at the end of the 40 year term. Going forward, it is anticipated that concrete deterioration will continue at a higher than normal rate even though the structural system utilized typically reduces future repairs. It is our opinion that concrete deterioration in this garage, particularly at the tee-to-tee connectors, occurs at a higher rate than typical precast concrete garages. Costs have been included with the anticipation that the garage will undergo a concrete repair program every 5 to 10 years.

It appears that a waterproofing membrane was applied to the floor surface over the beams during the recent repair program. Beam areas are the most common locations of water leaking in a precast garage due to the beams typically being a low point combined with the confluence of construction joints between the beams and double tee panels. The useful life of a waterproofing membrane is typically about 10 years before it needs to be re-coated or removed and replaced. Costs have been included to re-coat and/or remove and replace the waterproofing membrane as required every 10 years.

To minimize the long-term effects of water and chloride infiltration into the concrete, it is recommended that a clear penetrating concrete sealer be applied to the remainder of the floor surfaces every five years. Penetrating sealers soak in and react with the concrete to form a surface that is repellent to water. The sealer would not change the color or texture of the concrete surface. Concrete sealers can be expected to last up to five years. The penetrating sealer does not provide a waterproof surface and it does not seal or bridge cracks therefore any future cracking that would develop would need to be routed and sealed with a flexible polyurethane sealant. The sealer application costs include routing and sealing of cracks at the time of application.



Deterioration of double tee stem

The sealer application costs include routing and sealing of cracks at the time of application.

There are three cabs at this facility. Each cab is rated at 3,500 lbs. The cabs are in good condition. The equipment room is located above the shafts. The elevators are geared traction type manufactured by Kone/Resolve. The elevator speed is average at 350 fpm. Elevators are cable/traction type each powered by a 40 HP motor. The elevators do have fire service controls. There are no current recommendations from the service company. The elevators have Braille on the outside of the cabs at each floor and the call buttons are at 42" high. In addition, outside the cabs, there are lighted directional arrows and an audible tone. Inside, the floor buttons have Braille markings. A display inside shows the floor designation, direction of travel, and an audible tone when the desired floor is reached. An emergency call button is located in each cab. The

machine room is cooled by a DX fan coil and heated with an electric unit heater. The garage is approximately 34 years old. The service company believes that the motors were original but the controls and drives had been upgraded in the last 10 years. They believe the elevators were in very good overall condition. Replacement is estimated to be in the 21 to 30 year time frame, but is it likely that it will need to occur earlier rather than later in that time period. DESMAN has projected, however, that the elevator motors may need to be replaced in the next couple of years. The replacement cost is based on average life expectancy and includes all controls, cabs, cables, motors, etc.



Newer waterproofing over beam

The Chestnut Garage is covered by four dry pipe standpipes with hose connections for fire department use at each level. Two Fire Department pumper truck connections serve the four dry pipe standpipes. The two entrances are cross connected. There are six primary drainage stacks with multiple drainage inlets which provide drainage for all of the parking decks. It appears that

the drainage is tied to an oil interceptor prior to the piping that exists in the facility. Two drainable hose bibb risers extend to the roof with hose connections located at each level. We did not observe any toilet facilities. They may be located in the adjacent high rise building.



Water leaking through tee-to-tee joint

We could not access the shop area during our visit. It appears that the two split systems serve the shop and the associated heat pumps/condensing units are located in the garage. Two roof mounted RV type environmental units serve the gate ticket booths.

The electric panels for the garage are located in the loading dock area on the outside of the building. The main appears to be independently metered to separate it from the attached high rise structure. The main switch was not marked but the sub-panels totaled 725 amps and we are estimating the service to be at least 1,000 amps at 460 volt 3 phase. The panels are well covered

on the dock but have small amounts of surface rust. Lighting on the roof is provided by double shoes halogen pole lights. Deck lighting is provided by downlight square sealed halogen garage fixtures. Stairs, elevators, lobbies, etc., are lighted by a mixture of linear fluorescent lights and round decorative lights. Emergency and egress lighting is provided by emergency power panels. We did not see a generator but it may be located in the adjacent building. The fire alarm consists of a minimal pull stations and signaling devices.

The garage has two (2) primary egress stairs. One in the southwest corner and one on the north side in the middle of the structure. In addition, there are two single flight stairs that drop from the roof level to the parking deck below. One of the single flight stairs has two doors and the travel is between two roof deck elevations. The second single flight stair only has a door at the roof level and discharges thru an opening into the covered parking below. The four steel frame steel doors at the roof level are in poor condition with significant rust on the floors and/or frames. The elevator lobby doors are part of aluminum storefront. Several of these doors do not close and/or are difficult to open. It is likely that the frames need to be adjusted or replaced. Once the stairs are below the roof level, they are open to the garage except at the street level. The street level door is in fair condition.

Architectural items such as doors, frames, window sealants, finishes, line striping, etc. need to be repaired, replaced or maintained on a regular schedule. These items are typically caused due to normal wear and tear from use but could also be affected by the conditions within the structure such as leaks and deteriorated concrete. Costs for the identified items relating to the parking garage have been included at the anticipated time interval based on the observed conditions.

Chestnut Street Parking Garage
Harrisburg, Pennsylvania
OPINION OF EXPECTED CONSTRUCTION COST - August 2013

ITEM	DESCRIPTION	EFFECTIVE USEFUL LIFE	UNIT PRICE	UNIT	YEARS 1 TO 2		YEARS 3 TO 5		YEARS 6 TO 10		YEARS 11 TO 20		YEARS 21 TO 30		YEARS 31 TO 40	
					QUANTITY	COST	QUANTITY	COST	QUANTITY	COST	QUANTITY	COST	QUANTITY	COST	QUANTITY	COST
	Structural/Waterproofing					\$187,000		\$133,000		\$121,000		\$402,000		\$442,000		\$746,000
1	Full and Partial Depth Concrete Floor Slab Repairs	varies	\$50.00	SF	304	\$16,000	0	\$0	224	\$12,000	336	\$17,000	760	\$38,000	1,240	\$62,000
2	Partial Depth Concrete Vertical Repairs	varies	\$75.00	SF	766	\$58,000	0	\$0	112	\$9,000	168	\$13,000	384	\$29,000	620	\$47,000
3	Partial Depth Concrete Overhead Repairs	varies	\$100.00	SF	1,122	\$113,000	0	\$0	280	\$28,000	424	\$43,000	952	\$96,000	1,548	\$155,000
4	Expansion Joint Replacement	10	\$120.00	LF	0	\$0	125	\$15,000	0	\$0	125	\$15,000	125	\$15,000	125	\$15,000
5	Joint Sealant Installation	10	\$7.00	LF	0	\$0	15,069	\$106,000	10,232	\$72,000	23,022	\$162,000	23,022	\$162,000	23,022	\$162,000
6a	Elastomeric Waterproofing Membrane Application of Full System	10	\$3.00	SF	0	\$0	4,000	\$12,000	0	\$0	50,540	\$152,000	0	\$0	0	\$0
6b	Elastomeric Waterproofing Membrane Application of Topcoat Only	10	\$2.00	SF	0	\$0	0	\$0	0	\$0	0	\$0	50,540	\$102,000	50,540	\$102,000
6c	Remove/Replace Elastomeric Waterproofing Membrane Application Full System	10	\$4.00	SF	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	50,540	\$203,000
	Architectural					\$13,000		\$45,000		\$27,000		\$87,000		\$587,000		\$87,000
8	Replace Architectural Features (Doors, Lobbies, etc.)	varies	-	Lump	0	\$13,000	0	\$0	0	\$0	1	\$60,000	1	\$20,000	1	\$60,000
9	Miscellaneous Painting and Striping	varies	-	Lump	0	\$0	0	\$0	1	\$27,000	1	\$27,000	1	\$27,000	1	\$27,000
10	Repair/Replace Elevators - Cabs, Motors, Cables & Controls	30 - 40	\$180,000.00	Each	0	\$0	0	\$0	0	\$0	0	\$0	3	\$540,000	0	\$0
11	Elevator Motors	varies	\$15,000.00	Each	0	\$0	3	\$45,000	0	\$0	0	\$0	0	\$0	0	\$0
	Mechanical/Plumbing					\$0		\$0		\$21,000		\$367,000		\$86,000		\$156,003
12	Replace Drainage System	varies	\$64,000.00	Each	0	\$0	0	\$0	0	\$0	5	\$320,000	0	\$0	0	\$0
13	Replace Hose Bibb/Risers	varies	\$13,000.00	Each	0	\$0	0	\$0	0	\$0	2	\$26,000	0	\$0	0	\$0
14	Replace Fire Protection Stand Pipes	varies	\$20,000.00	Each	0	\$0	0	\$0	0	\$0	0	\$0	4	\$80,000	0	\$0
15	Replace Shop AC	10-15	\$7,500.00	Each	0	\$0	0	\$0	2	\$15,000	2	\$15,000	0	\$0	2	\$150,003
16	Booth HVAC	10	\$3,000.00	Each	0	\$0	0	\$0	2	\$6,000	2	\$6,000	2	\$6,000	2	\$6,000
	Electrical					\$0		\$15,000		\$0		\$521,000		\$60,000		\$621,000
17	Replace/Repair Lighting Fixtures - Stairs, Decks, Roof & Lobbies	20 - 25	-	Lump	0	\$0	1	\$15,000	0	\$0	1	\$493,000	0	\$0	1	\$493,000
18	Replace Exit Lighting	20 - 25	\$285.00	Each	0	\$0	0	\$0	0	\$0	98	\$28,000	0	\$0	98	\$28,000
19	Replace Fire Alarm	varies	-	Lump	0	\$0	0	\$0	0	\$0	0	\$0	1	\$60,000	0	\$0
20	Replace Electrical Service	40 - 50	-	Lump	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	1	\$100,000
	SUB-TOTAL					\$200,000		\$193,000		\$169,000		\$1,377,000		\$1,175,000		\$1,610,003
	Mobilization, General Conditions, & Miscellaneous Work @ 10%					\$20,000		\$19,000		\$17,000		\$138,000		\$118,000		\$161,000
	Contingencies @ 20%					\$40,000		\$39,000		\$34,000		\$275,000		\$235,000		\$322,000
	Allowance for Engineering and Testing Fees @ 8%					\$16,000		\$15,000		\$14,000		\$110,000		\$94,000		\$129,000
	TOTAL					\$276,000		\$266,000		\$234,000		\$1,900,000		\$1,622,000		\$2,222,003

Notes

- 1) Costs are expressed in 2013 dollars. Inflation and escalation have not been included in the cost estimates.
- 2) The figures are exclusive of annual budgets for operational issues such as light bulb replacement, janitorial services, equipment maintenance contracts, etc.
- 3) The figures are exclusive of revenue control system and security equipment changes, and any abatement of hazardous materials.
- 4) We estimate an additional cost of 10% to 15% if a single work item is divided over multiple years (Not included in the above cost estimate table).

Market Square Parking Garage



The Market Square Parking Garage is a 577 space parking structure built in 1992. The garage is located on the corner of Chestnut Street and Second Street. There are two ways to access the garage. A pair of entrance and exit gates is located on 2nd Street between Chestnut Street and Blackberry Street. The second pair is located on Chestnut Street between 2nd Street and River Street. The eight level, two bay garage functions as a double-threaded helix. The structural system for the garage consists of precast, pre-stressed concrete double tee panels supported by

precast, pre-stressed concrete beams and precast, conventionally reinforced concrete columns. The total area of the garage is approximately 191,000 square feet.

The condition of the garage is considered to be in “Good” condition at this time, although the panel soffits and some tee stems have begun to exhibit an increased amount of deterioration representative of “Fair” condition. The noted deterioration includes minor partial depth floor panel, beam, column and wall repairs. As stated, the panel soffits and stems exhibit a slightly larger than expected amount of deterioration in relation to the other structural members observed. This could be due to the casting process such as the reinforcing steel not being properly cleaned or being placed too close to the surface. It could also be due to conditions within the structure such as leaks due to failed sealant, too much movement in the joints, or failed tee-to-tee connectors. At this time, we are assuming that the observed conditions are mainly related to leaking and that is what we have included in the cost estimate.



Soffit deterioration at a tee-to-tee connector

The tee-to-tee joint sealant is in need of replacement, particularly on the roof level. It was estimated that about one-fourth of the remaining tee-to-tee joint sealant is in need of replacement throughout the remainder of the garage. The expansion joint seals at the transition from slab-on-grade to supported double tee panels are also in need of replacement.

The intent of the long term repair costs is to ensure that the condition of the parking structure is maintained or improved at the end of the 40 year term. Going forward, it is anticipated that concrete deterioration will continue at a lower than normal rate although slightly higher than the other parking garages with similar structural systems due to the panel soffit and tee stem deterioration noted during the survey. The lower than normal rate is due to the structure being built using current codes and technology designed to enhance the durability of the concrete and prolong the life of the structure. These include using a precast concrete structural system, modern concrete mix design and admixtures, epoxy coated rebar, and concrete cover. Costs have been included with the anticipation that the garage will undergo a concrete repair program every 5 to 10 years.



Double tee stem snall

To minimize the long-term effects of water and chloride infiltration into the concrete, it is recommended that a clear penetrating concrete sealer be applied to the floor surfaces every five years. Penetrating sealers soak in and react with the concrete to form a surface that is repellent to water. The sealer would not change the color or texture of the concrete surface. Concrete sealers can be expected to last up to five years. The penetrating sealer does not provide a waterproof

surface and it does not seal or bridge cracks therefore any future cracking that would develop would need to be routed and sealed with a flexible polyurethane sealant. The sealer application costs include routing and sealing of cracks at the time of application.

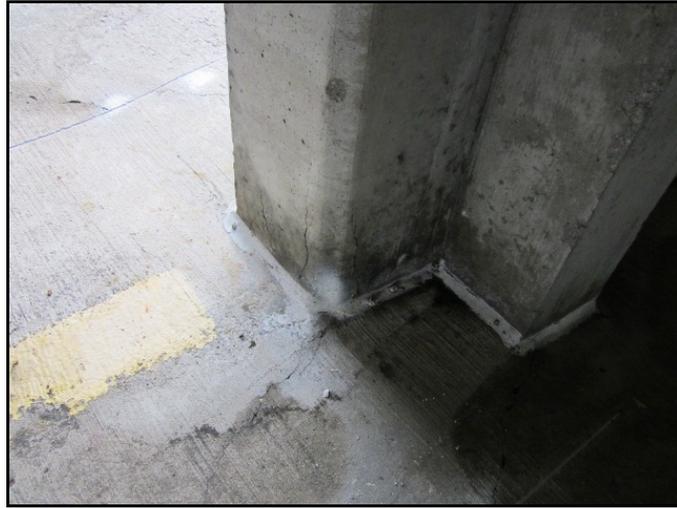


Evidence of leaking through tee-to-tee joint

There are two elevators at this facility. The elevator speed is average at 350 fpm. The elevators are geared/traction type manufactured by Dover. The equipment room is located above the shafts. The cabs are in fair condition. The elevators do have fire service that meets previous code and any update

would require the control to meet the code at that time. The service company, Thyssen Krupp,

recommends that cooling be added to the machine room and DESMAN believes that by doing so will protect and extend the life of the more sophisticated electronic controls used in elevators today. Elevators are 3,000 lbs capacity each. Elevators have Braille on the outside at each level with the outside call buttons at 42". On the inside of the cab, the floor buttons have Braille. No verbal commands are present. Inside, a screen notes each floor along with an audible tone. Outside the cabs, there is just a light and no audible tone. The cabs have a fire department control in addition to an emergency call phone. The garage is



Column spall

approximately 21 years old and the motors and drives appear to be original equipment. Similar to the Locust Street Garage, the service company believes that the drives are in fair condition and the motors are still in good condition. They could not quantify the remaining useful life. In the cost sheet, the replacement cost has been moved into the 21 to 30 year time frame. Again, similar to the Locust Street Garage, DESMAN has estimated that the drives will need to be upgraded or replaced within the next couple of years. The replacement cost is based on average life expectancy, and includes all controls, cabs, cables, motors, etc.

The garage is covered by two dry pipe fire protection risers located at the stairs. Each level has a hose connection for fire department use. There are two primary sanitary drain stacks with inlets at the street level up through the 7th tier. The "roof" tier is drained by two independent storm pipes and drain inlets. At the street level, the staff/exit booth has a restroom and mop basin. The domestic water service also serves two hose bibb risers that extend to the roof. These risers are dry piped and are drained in freezing conditions. The hose bibs are generally used for a water source to clean the decks. Two small water heaters provide hot water to the sink and mop basin.

Gas fired radiant tube heaters are used to melt snow and keep ice from forming at the interior of the entrance. The staff area is conditioned with a thru wall heat pump. Small exhaust fans serve the toilet and mechanical room. The building electric service is a 1,200 amp service located at the street level. The primary power and lighting panels are located in the same space. Lighting on the roof is provided by single shoe lights. The decks are lighted with down light sealed garage type halogen fixtures. Stairs are lighted with sealed fluorescent fixtures. Battery packs with exposed heads are used as emergency egress lights. Fire alarm consists of minimal pull stations and horn strobe signaling devices.

The garage has two (2) egress stairs. One stair is located in the southwest corner and one in the northeast corner. The northwest stair has aluminum storefront with a glass door which is in good condition with the rest of the stairs being open except at the street. The street door is steel and in fair condition. The southwest stairs are open except for the street exit door which is steel and in fair condition. At the roof level, the southwest stairs are covered with aluminum storefront but are not completely enclosed. The storefront is in good condition.

Architectural items such as doors, frames, window sealants, finishes, line striping, etc. need to be repaired, replaced or maintained on a regular schedule. These items are typically caused due to normal wear and tear from use but could also be affected by the conditions within the structure such as leaks and deteriorated concrete. Costs for the identified items relating to the parking garage have been included at the anticipated time interval based on the observed conditions.

Market Square Parking Garage
Harrisburg, Pennsylvania
OPINION OF EXPECTED CONSTRUCTION COST - August 2013

ITEM	DESCRIPTION	EFFECTIVE USEFUL LIFE	UNIT PRICE	UNIT	YEARS 1 TO 2		YEARS 3 TO 5		YEARS 6 TO 10		YEARS 11 TO 20		YEARS 21 TO 30		YEARS 31 TO 40	
					QUANTITY	COST	QUANTITY	COST	QUANTITY	COST	QUANTITY	COST	QUANTITY	COST	QUANTITY	COST
	Structural/Waterproofing					\$41,000		\$172,000		\$160,000		\$334,000		\$369,000		\$395,000
1	Full and Partial Depth Concrete Floor Slab Repairs	varies	\$50.00	SF	41	\$3,000	0	\$0	96	\$5,000	144	\$8,000	320	\$16,000	444	\$23,000
2	Partial Depth Concrete Vertical Repairs	varies	\$75.00	SF	22	\$2,000	0	\$0	40	\$3,000	56	\$5,000	128	\$10,000	176	\$14,000
3	Partial Depth Concrete Overhead Repairs	varies	\$100.00	SF	356	\$36,000	0	\$0	112	\$12,000	168	\$17,000	384	\$39,000	532	\$54,000
4	Expansion Joint Replacement	10	\$120.00	SF	0	\$0	110	\$14,000	0	\$0	110	\$14,000	110	\$14,000	110	\$14,000
5	Joint Sealant Installation	10	\$7.00	SF	0	\$0	8,800	\$62,000	6,160	\$44,000	14,080	\$99,000	14,080	\$99,000	14,080	\$99,000
6	Concrete Sealer Application	5	\$0.50	SF	0	\$0	190,896	\$96,000	190,896	\$96,000	381,792	\$191,000	381,792	\$191,000	381,792	\$191,000
	Architectural					\$17,000		\$90,000		\$15,000		\$57,000		\$397,000		\$57,000
7	Replace Architectural Features (Doors, Lobbies, etc.)	varies	-	Lump	0	\$5,000	0	\$0	0	\$0	1	\$15,000	1	\$35,000	1	\$15,000
8	Miscellaneous Painting and Striping	varies	-	Lump	0	\$0	1	\$15,000	1	\$15,000	1	\$30,000	1	\$30,000	1	\$30,000
9	Repair/Replace Elevators - Cabs, Motors, Cables & Controls	30 - 40	\$160,000.00	Each	0	\$0	0	\$0	0	\$0	0	\$0	0	\$320,000	2	\$0
10	Elevator Drives	varies	\$37,500.00	Each	0	\$0	2	\$75,000	0	\$0	0	\$0	0	\$0	0	\$0
11	Add Elevator Machine Room Cooling	10-15	\$12,000.00	Each	1	\$12,000	0	\$0	0	\$0	1	\$12,000	1	\$12,000	1	\$12,000
	Mechanical/Plumbing					\$0		\$0		\$54,000		\$220,000		\$54,000		\$54,000
12	Replace Drainage System	varies	\$32,500.00	Each	0	\$0	0	\$0	0	\$0	4	\$130,000	0	\$0	0	\$0
13	Replace Plumbing Fixtures	varies	\$2,000.00	Each	0	\$0	0	\$0	0	\$0	5	\$10,000	0	\$0	0	\$0
14	Replace Hose Bibb/Risers	varies	\$10,000.00	Each	0	\$0	0	\$0	0	\$0	2	\$20,000	0	\$0	0	\$0
15	Replace Fire Protection Stand Pipes	varies	\$30,000.00	Each	0	\$0	0	\$0	0	\$0	2	\$60,000	0	\$0	0	\$0
16	Replace Tube Heaters	10 - 15	\$9,000.00	Each	0	\$0	0	\$0	6	\$54,000	0	\$0	6	\$54,000	6	\$54,000
	Electrical					\$0		\$0		\$24,400		\$18,400		\$184,400		\$114,400
17	Replace/Repair Lighting Fixtures - Stairs, Deck, Roof & Lobbies	20 - 25	-	Lump	0	\$0	0	\$0	0	\$0	0	\$0	1	\$120,000	0	\$0
18	Replace Exit Lighting	20 - 25	\$285.00	Each	0	\$0	0	\$0	0	\$0	35	\$10,000	0	\$0	35	\$10,000
19	Replace Battery Packs	10 - 15	\$300.00	Each	0	\$0	0	\$0	53	\$16,000	0	\$0	53	\$16,000	53	\$16,000
20	Replace Fire Alarm	varies	-	Lump	0	\$0	0	\$0	0	\$0	0	\$0	1	\$40,000	0	\$0
21	Replace Electrical Service	40 - 50	-	Lump	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	1	\$80,000
22	Replace Door Motors	varies	\$2,800.00	Each	0	\$0	0	\$0	3	\$8,400	3	\$8,400	3	\$8,400	3	\$8,400
	SUB-TOTAL					\$58,000		\$262,000		\$253,400		\$629,400		\$1,004,400		\$620,400
	Mobilization, General Conditions, & Miscellaneous Work @ 10%					\$6,000		\$26,000		\$25,000		\$63,000		\$100,000		\$62,000
	Contingencies @ 20%					\$12,000		\$52,000		\$51,000		\$126,000		\$201,000		\$124,000
	Allowance for Engineering and Testing Fees @ 8%					\$5,000		\$21,000		\$20,000		\$50,000		\$80,000		\$50,000
	TOTAL					\$81,000		\$361,000		\$349,400		\$868,400		\$1,385,400		\$856,400

Notes

- 1) Costs are expressed in 2013 dollars. Inflation and escalation have not been included in the cost estimates.
- 2) The figures are exclusive of annual budgets for operational issues such as light bulb replacement, janitorial services, equipment maintenance contracts, etc.
- 3) The figures are exclusive of revenue control system and security equipment changes, and any abatement of hazardous materials.
- 4) We estimate an additional cost of 10% to 15% if a single work item is divided over multiple years (Not included in the above cost estimate table).

Harrisburg University Parking Garage



The Harrisburg University Parking Garage is a seven level parking structure built in 2008. The garage is located at the corner of Market Street and 4th Street. It can be accessed on 4th Street between Strawberry Street and Market Street. There is one entrance gate and one exit gate. All levels are structurally supported as there is occupied space below the lowest parking level. The garage functions as a single helix with flat parking levels with ramps between them. There are a total of approximately 380 parking spaces. The structural system for the garage consists of cast-in-place, post-tensioned concrete slabs cast onto metal decking and supported by structural steel beams and columns. The total area of the garage is approximately 176,000 square feet.

The parking garage represents the lower portion of a larger multi-story building. The garage is located on floors 3 through 9 of a 15-story building. The remaining floors are used as administrative offices and classrooms by Harrisburg University of Science and Technology. The building is jointly owned by a condominium association, with the garage and the education portions of the building representing the two unit holders. Common area expenses, including capital repairs and replacements, are shared on a 70/30 basis, with the garage unit responsible for 30% of the costs. Common area expenses related to building elements which exclusively serve either the parking or the education unit (so-called “limited common areas”) are the sole responsibility of those respective unit owners.

The condition of the structure is “Very Good” at this time. The current condition of the garage is such that very little structural repairs are required in the near term. The limited repairs include very minor partial depth floor repairs. No deterioration was noted on the structural steel, which was covered with fireproofing. A waterproofing membrane has been applied to the lowest level to prevent leaking into the occupied space and does not need to be recoated, remove, or replaced in the near term.



Floor crack along construction joint

The intent of the long term repair costs is to ensure that the condition of the parking structure is maintained or improved at the end of the 40 year term. Going forward, it is anticipated that concrete deterioration will continue at a lower than normal rate. This is due to the structure being built using current codes and technology designed to enhance the durability of the concrete and prolong the life of the structure. These include concrete mix design and admixtures, epoxy coated rebar, concrete cover, and a fully encapsulated post-tensioning system. The top level being covered and the use of structural steel framing also help the long-term durability characteristics of the structure. Costs have been included with the anticipation that the garage will undergo a concrete repair program every 5 to 10 years.

The maintenance of the waterproofing membrane over the occupied space is vital to protect the space below. The useful life of a waterproofing membrane is typically about 10 years before it needs to be re-coated or removed and replaced. Costs have been included to re-coat and/or remove and replace the waterproofing membrane as required every 10 years starting in the six to ten year term.

To minimize the long-term effects of water and chloride infiltration into the concrete in the remainder of the floor slab areas, it is recommended that a clear penetrating concrete sealer be applied to the floor surfaces every five years. Penetrating sealers soak in and react with the concrete to form a surface that is repellent to water. The sealer would not change the color or texture of the concrete surface. Concrete sealers can be expected to last up to five years. The penetrating sealer does not provide a waterproof surface and it does not seal or bridge cracks therefore any future cracking that would develop would need to be routed and sealed with a flexible polyurethane sealant. The sealer application costs include routing and sealing of cracks at the time of application.

There are six elevators, two banks of three elevators, serving this facility. In addition to serving the garage, they serve the University classroom building located above the garage. The garage is approximately 5 years old. The University did not allow access into the elevator machine room during both site visits. The controls were completely computerized and cabs are in excellent condition so it is assumed that the equipment is also in excellent condition. The maintenance staff does not know who maintains the



Structural steel framing with fireproofing

elevators, so no information was gathered. The cabs are in good condition. The elevator “call buttons” are located on free standing “posts” between the two banks of elevators. Once pressed, an elevator is assigned on the screen and you are directed to that cab. There are no floor buttons

in the cabs. Once input is done at the post, the elevator can only go to that floor based on the programming. The “posts” have a handicapped voice communication button. Braille floor designations are located outside the cabs. All floor designations and other commands are voice commands. Fully code compliant fire department controls are located in the cab along with an emergency call button. The cost for replacement is based on the number of levels of the garage and not the entire building. It is our assumption that the cost would be split based on the number of levels served. Based solely on the age and the visible condition of the cabs, it is estimated that the replacement will be in the 31 to 40 year time frame. The replacement cost is based on average life expectancy and includes all controls, cabs, cables, motors, etc. Costs are based on common elements being split 70/30, with the garage picking up 30%. Items that serve just like the garage are estimated at 100% cost to the garage.

There are two fire department standpipes with hose connections that are located in the emergency egress stairs. The garage is located beneath the classroom building above and is fully sprinkled with a dry pipe system. The sprinkler heads at the top level are concealed and the rest are upright exposed heads. Since the garage is part of a high rise, we assumed a fire pump is present but that it is associated with the whole building. The garage will be responsible for 30% of the costs.

Each of the elevator lobbies are provided with supplemental heaters. No documents were provided for this garage and the electrical distributions room was not accessible at the time of the site visit. It is assumed that the service and possible emergency generator are part of the total building. Some costs were assigned to the future replacement of the service to the garage portion, which is 30%, of the overall building service. Lighting for the parking decks is provided by sealed square halogen garage type fixtures with an up-light and down-light component.

Two stairwells serve as egress for the University building above and the garage. The stairs are in the middle of the north wall and south wall. Both stairs are enclosed with steel doors and frames are protected inside the building structure. All doors in the garage are in excellent condition. The security staff at the University would not allow measurements to be taken or pictures. They stated that the only part of the lobby that the Harrisburg Parking Authority owned was the pay kiosk.

Architectural items such as doors, frames, window sealants, finishes, line striping, etc. need to be repaired, replaced or maintained on a regular schedule. These items are typically caused due to normal wear and tear from use but could also be affected by the conditions within the structure such as leaks and deteriorated concrete. Costs for the identified items relating to the parking garage have been included at the anticipated time interval based on the observed conditions.

According to the current draft condominium documents, the garage unit owner is responsible for 30% of the eventual roof replacement costs. In DESMAN’s view, since a roof would not be needed if this were a free-standing parking structure, there is an argument to be made that the roof should be considered a “limited common area” under the condominium documents.

Consequently, DESMAN has not included any estimate for roof replacement in the repair and replacement cost estimated. If it is subsequently determined that the garage unit owner does need to share in the roof replacement costs, future repair costs for this property in the outer years will be somewhat higher.

Harrisburg University Parking Garage
Harrisburg, Pennsylvania
OPINION OF EXPECTED CONSTRUCTION COST - August 2013

ITEM	DESCRIPTION	EFFECTIVE USEFUL LIFE	UNIT PRICE	UNIT	YEARS 1 TO 2		YEARS 3 TO 5		YEARS 6 TO 10		YEARS 11 TO 20		YEARS 21 TO 30		YEARS 31 TO 40	
					QUANTITY	COST	QUANTITY	COST	QUANTITY	COST	QUANTITY	COST	QUANTITY	COST	QUANTITY	COST
	Structural/Waterproofing					\$3,000		\$73,000		\$142,000		\$286,000		\$232,000		\$272,000
1	Full and Partial Depth Concrete Floor Slab Repairs	varies	\$50.00	SF	20	\$1,000	0	\$0	36	\$2,000	50	\$3,000	107	\$6,000	132	\$7,000
2	Partial Depth Concrete Vertical Repairs	varies	\$75.00	SF	10	\$1,000	0	\$0	7	\$1,000	14	\$2,000	28	\$3,000	33	\$3,000
3	Partial Depth Concrete Overhead Repairs	varies	\$100.00	SF	10	\$1,000	0	\$0	7	\$1,000	14	\$2,000	28	\$3,000	33	\$4,000
4	Structural Steel Repairs	varies	-	Lump	0	\$0	0	\$0	0	\$0	1	\$5,000	1	\$10,000	1	\$15,000
5	Concrete Sealer Application	5	\$0.50	SF	0	\$0	144,324	\$73,000	144,324	\$73,000	288,648	\$145,000	288,648	\$145,000	288,648	\$145,000
6a	Elastomeric Waterproofing Membrane Application of Topcoat Only	10	\$2.00	SF	0	\$0	0	\$0	32,070	\$65,000	0	\$0	32,070	\$65,000	16,035	\$33,000
6b	Remove/Replace Elastomeric Waterproofing Membrane Application Full System	10	\$4.00	SF	0	\$0	0	\$0	0	\$0	32,070	\$129,000	0	\$0	16,035	\$65,000
	Architectural					\$0		\$10,000		\$10,000		\$30,000		\$45,000		\$1,030,000
7	Replace Architectural Features (Doors, Lobbies, etc.)	varies	-	Lump	0	\$0	0	\$0	0	\$0	1	\$10,000	1	\$25,000	1	\$10,000
8	Miscellaneous Painting and Striping	varies	-	Lump	0	\$0	1	\$10,000	1	\$10,000	1	\$20,000	1	\$20,000	1	\$20,000
9	Repair/Replace Elevators - Cab, Motors, Cables & Controls	30 - 40	\$166,600.00	Each	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	6	\$1,000,000
	Mechanical/Plumbing					\$0		\$0		\$0		\$30,000		\$30,000		\$865,000
10	Replace Drainage System	varies	\$71,250.00	Each	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	8	\$570,000
11	Replace Sprinkler System	varies	\$2.00	SF	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	100,000	\$200,000
12	Replace Fire Protection Stand Pipes	varies	\$20,000.00	Each	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	2	\$40,000
13	Replace Elevator Lobby Heaters	varies	\$1,500.00	Each	0	\$0	0	\$0	0	\$0	20	\$30,000	20	\$30,000	20	\$30,000
14	Fire Pump	varies	\$25,000.00	Each	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	1	\$25,000
	Electrical					\$0		\$0		\$0		\$7,500		\$370,000		\$77,500
15	Replace/Repair Lighting Fixtures - Stairs, Decks, Roof & Lobbies	20 - 25	\$2.15	SF	0	\$0	0	\$0	0	\$0	0	\$0	144,324	\$310,000	0	\$0
16	Replace Exit Lighting	20 - 25	\$285.00	Each	0	\$0	0	\$0	0	\$0	0	\$0	35	\$10,000	0	\$0
17	Replace Fire Alarm	varies	-	Lump	0	\$0	0	\$0	0	\$0	0	\$0	1	\$50,000	0	\$0
18	Replace Electrical Service	40 - 50	-	Lump	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	1	\$70,000
19	Replace Door Motors	varies	\$3,750.00	Each	0	\$0	0	\$0	0	\$0	2	\$7,500	0	\$0	2	\$7,500
	SUB-TOTAL					\$3,000		\$83,000		\$152,000		\$353,500		\$677,000		\$2,244,500
	Mobilization, General Conditions, & Miscellaneous Work @ 10%					\$0		\$8,000		\$15,000		\$35,000		\$68,000		\$224,000
	Contingencies @ 20%					\$1,000		\$17,000		\$30,000		\$71,000		\$135,000		\$449,000
	Allowance for Engineering and Testing Fees @ 8%					\$0		\$7,000		\$12,000		\$28,000		\$54,000		\$180,000
	TOTAL					\$4,000		\$115,000		\$209,000		\$487,500		\$934,000		\$3,097,500

Notes

- 1) Costs are expressed in 2013 dollars. Inflation and escalation have not been included in the cost estimates.
- 2) The figures are exclusive of annual budgets for operational issues such as light bulb replacement, janitorial services, equipment maintenance contracts, etc.
- 3) The figures are exclusive of revenue control system and security equipment changes, and any abatement of hazardous materials.
- 4) We estimate an additional cost of 10% to 15% if a single work item is divided over multiple years (Not included in the above cost estimate table).

Seventh Street Parking Garage



The Seventh Street Parking Garage was built in 1993 and is an eight level parking structure. The garage is located at the intersection of Forster Street and 7th Street. There are 4 entrance and exit gates located at the entry way, which is on 7th Street. The garage operates as a single helix with two way traffic. Total parking in the garage is approximately 1,182 spaces. The structural system for the garage consists of cast-in-place, post-tensioned concrete slabs supported by cast-in-place, post-tensioned concrete beams and cast-in-place, and conventionally reinforced concrete columns. The total area of the garage is

approximately 336,000 square feet.

The current condition of the garage is “Good” although there is a relatively large amount of floor spalls that are typically very small in size. They are typically located near column lines near beams, but not necessarily directly over them. This is usually a sign of inadequate concrete cover over the conventional reinforcing steel that is installed over beams in post-tensioned structures to help distribute forces. In fact, rebar was observed protruding from the slab. Concrete cover provides protection to the embedded reinforcing steel against water and chlorides that cause corrosion. More cover provides better protection. The American Concrete Institute currently specifies a minimum coverage of 1 ½” at these locations.

There does not seem to be any indication that the post-tensioning system has been adversely affected at this time. The age of the structure would tend to make it a fully encapsulated system which would also help to protect it. Therefore, no costs have been included for post-tensioning repairs. Only minor deterioration was noted on the other structural elements such as columns, walls, beams, and soffits.

The intent of the long term repair costs is to ensure that the condition of the parking structure is maintained or improved at the end of the 40 year term. Going forward, it is anticipated that concrete deterioration will continue at a below average rate. We came to this conclusion because although it is an older structure, it is post-tensioned which helps its longevity and it appears that the system is performing well. Costs have been included with the anticipation that the garage will undergo a concrete repair program every 5 to 10 years.

Costs have been included to apply a waterproofing membrane at the pour strips on each level. This will significantly slow concrete deterioration at those locations but is not expected to stop it completely. The useful life of a waterproofing membrane is typically about 10 years before it needs to be re-coated or removed and replaced. Costs have been included to re-coat and/or remove and replace the waterproofing membrane as required every 10 years starting in the six to ten year term.



Exposed rebar due to lack of concrete cover

To minimize the long-term effects of water and chloride infiltration into the concrete in the remainder of the floor slab areas, it is recommended that a clear penetrating concrete sealer be applied to the remaining floor surfaces every five years. Penetrating sealers soak in and react with the concrete to form a surface that is repellent to water. The sealer would not change the color or texture of the concrete surface. Concrete sealers can be expected to last up to five years. The penetrating sealer does not provide a waterproof surface and it does not seal or bridge cracks therefore any future cracking that would develop would need to be routed and sealed with a flexible polyurethane sealant. The sealer application costs include routing and sealing of cracks at the time of application.



Previous repairs in slab over beam

The lack of concrete cover over the embedded reinforcing steel cannot be remedied directly. The affected areas can be protected by applying a surface treatment such as a concrete sealer or a waterproofing membrane applied over all the beam strips in approximately ten foot wide strips. We felt the membrane was cost prohibitive in the long term because the nature of the deterioration is typically isolated in small shallow patches and the costs to perform those repairs are less than the cost of the membrane. As stated above, application of a concrete sealer will help to reduce the amount of future deterioration.



Corrosion of the barrier cables

The current condition of the vehicle barrier system is “Poor” due to corrosion of the steel cables. The system consists of seven cables that are spaced approximately six inches apart at the perimeter of the garage on the north, east, and south sides of the garage. The system is also installed along the middle of the long direction of the structure between bays. Its primary function is to prevent vehicles from driving off the elevated levels of the structure. At this time it is recommended that the entire system be replaced with a new galvanized system.

There are two elevators at this facility. The elevator speed is average at 350 fpm. The elevators are geared traction type with 2,500 lbs. capacity per cab. The cabs are in fair condition. The machine room is located above the shafts. The machine room has a three wall DX air conditioning unit. Elevators are cable/traction type 25 HP each. The elevators are manufactured by Reading. The elevator controls were modernized 2 years ago. There are no current recommendations from the service company. The elevators have Braille on the outside at each level with outside call buttons at 40”. There are no up/down lights outside the cabs, just an audible tone when the elevators arrive. Inside, the floor buttons have Braille, and there are no verbal commands just a tone upon arrival at the floor and an up/down directional arrow. Fire Department key access control is located in each cab along with an emergency call button. The garage is approximately 20 years old, but it was determined from the second field visit, that the controls and drives were fully upgraded within the last three years. The motors are still original and the service company felt that they were in good condition. With the motors being original along with the cabs, but having the controls and drives more recently upgraded, a blended rate was used to show replacement in the 21 to 30 year time frame, although it may be closer to 30 years. The replacement cost is



Soffit spall

based on average life expectancy and includes all controls, cabs, cables, motors, etc.

There are two fire protection dry pipe standpipes with fire department hose connections at each floor to protect the building. Fire Department pumper connections are located at grade level adjacent to the stairs. Piping is painted Victaulic piping. In terms of plumbing, there is a toilet room located under the lower ramp for staff use. Two vertical drainage risers with multiple inlets drain the roof as well as the covered parking decks. Central hose bibb risers are located in the garage and serve all levels. The risers are designed to be drained down in freezing conditions.

7th Street Garage's HVAC includes RV type heat pumps located in two of the exit booths. The buildings electric service is 480 volt, three phase at 400 amps. The sub-panels along with the main switch are located under the first level ramp. Equipment is manufactured by Square D and is in good condition. 25 KW diesel generator serves the emergency power needs. The belly tank is the only fuel supply. Both the generator and transfer switch are manufactured by Onan and are in good condition. Lighting on the roof is provided by horizontal projection pole lights. Parking decks are lighted with round downlight sealed garage type fixtures. Stair wells are lighted with motion activated linear fluorescent lights. Two 2 foot tubes stay on 24/7 and two 4 foot tubes only energize when motion is detected and then de-energize after a pre-programmed amount of time. Wall pack lights are used on the exterior of the building and at the stairs on the roof level. Fire alarm consists of minimum pull stations and audio visual alarm.

The garage has two (2) egress stairwells. One stairwell is in the northwest corner and one is in the southeast corner. Both stairs are enclosed with doors at all levels. Doors are painted steel doors and frames. The roof doors at both stairs are in poor condition. The remaining doors are somewhat protected by the parking deck and are in fair to good condition.

Architectural items such as doors, frames, window sealants, finishes, line striping, etc. need to be repaired, replaced or maintained on a regular schedule. These items are typically caused due to normal wear and tear from use but could also be affected by the conditions within the structure such as leaks and deteriorated concrete. Costs for the identified items relating to the parking garage have been included at the anticipated time interval based on the observed conditions.

7th Street Parking Garage

Harrisburg, Pennsylvania

OPINION OF EXPECTED CONSTRUCTION COST - August 2013

ITEM	DESCRIPTION	EFFECTIVE USEFUL LIFE	UNIT PRICE	UNIT	YEARS 1 TO 2		YEARS 3 TO 5		YEARS 6 TO 10		YEARS 11 TO 20		YEARS 21 TO 30		YEARS 31 TO 40	
					QUANTITY	COST	QUANTITY	COST	QUANTITY	COST	QUANTITY	COST	QUANTITY	COST	QUANTITY	COST
	Structural/Waterproofing					\$212,000		\$198,000		\$198,000		\$406,000		\$493,000		\$524,000
1	Full and Partial Depth Concrete Floor Slab Repairs	varies	\$50.00	SF	1,260	\$63,000	0	\$0	168	\$9,000	248	\$13,000	568	\$29,000	780	\$39,000
2	Partial Depth Concrete Vertical Repairs	varies	\$75.00	SF	50	\$4,000	0	\$0	64	\$5,000	104	\$8,000	224	\$17,000	312	\$24,000
3	Partial Depth Concrete Overhead Repairs	varies	\$100.00	SF	36	\$4,000	0	\$0	200	\$20,000	304	\$31,000	680	\$68,000	936	\$94,000
4	Concrete Sealer Application	2	\$0.50	SF	0	\$0	327,504	\$164,000	327,504	\$164,000	655,008	\$328,000	655,008	\$328,000	655,008	\$328,000
5a	Elastomeric Waterproofing Membrane Application of Full System	10	\$4.00	SF	0	\$0	8,400	\$34,000	0	\$0	0	\$0	0	\$0	0	\$0
5b	Elastomeric Waterproofing Membrane Application of Topcoat Only	10	\$3.00	SF	0	\$0	0	\$0	0	\$0	8,400	\$26,000	0	\$0	4,200	\$13,000
5c	Remove/Replace Elastomeric Waterproofing Membrane Application Full System	10	\$6.00	SF	0	\$0	0	\$0	0	\$0	0	\$0	8,400	\$51,000	4,200	\$26,000
6	Barrier Cable Repairs	varies	-	Lump	1	\$141,000	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0
	Architectural					\$5,000		\$30,000		\$30,000		\$100,000		\$355,000		\$100,000
7	Replace Architectural Features (Doors, Lobbies, etc.)	varies	-	Lump	0	\$5,000	0	\$0	0	\$0	1	\$40,000	1	\$15,000	1	\$40,000
8	Miscellaneous Painting and Striping	varies	-	Lump	0	\$0	1	\$30,000	1	\$30,000	1	\$60,000	1	\$60,000	1	\$60,000
9	Repair/Replace Elevators - Cabs, Motors, Cables & Controls	30 - 40	\$140,000.00	Each	0	\$0	0	\$0	0	\$0	0	\$0	2	\$280,000	0	\$0
	Mechanical/Plumbing					\$0		\$1,500		\$0		\$1,500		\$5,000		\$1,500
11	Replace Plumbing Fixtures	varies	\$1,750.00	Each	0	\$0	0	\$0	0	\$0	0	\$0	2	\$3,500	0	\$0
12	Remote Lounge HVAC	varies	\$1,500.00	Each	0	\$0	1	\$1,500	0	\$0	1	\$1,500	1	\$1,500	1	\$1,500
	Electrical					\$0		\$5,000		\$215,200		\$0		\$385,200		\$5,600
13	Replace/Repair Lighting Fixtures - Stairs, Decks, Roof & Lobbies	20 - 25	-	Lump	0	\$0	1	\$5,000	1	\$204,000	0	\$0	1	\$204,000	0	\$0
14	Replace Exit Lighting	20 - 25	\$285.00	Each	0	\$0	0	\$0	20	\$5,600	0	\$0	20	\$5,600	0	\$0
15	Replace Fire Alarm	varies	-	Lump	0	\$0	0	\$0	0	\$0	0	\$0	1	\$55,000	0	\$0
16	Replace Electrical Service	40 - 50	-	Lump	0	\$0	0	\$0	0	\$0	0	\$0	1	\$65,000	0	\$0
17	Replace Door Motors	varies	\$2,800.00	Each	0	\$0	0	\$0	2	\$5,600	0	\$0	2	\$5,600	2	\$5,600
18	Replace Generator	varies	\$50,000.00	Each	0	\$0	0	\$0	0	\$0	0	\$0	1	\$50,000	0	\$0
	SUB-TOTAL					\$217,000		\$234,500		\$443,200		\$507,500		\$1,238,200		\$631,100
	Mobilization, General Conditions, & Miscellaneous Work @ 10%					\$22,000		\$23,000		\$44,000		\$51,000		\$124,000		\$63,000
	Contingencies @ 20%					\$43,000		\$47,000		\$89,000		\$102,000		\$248,000		\$126,000
	Allowance for Engineering and Testing Fees @ 8%					\$17,000		\$19,000		\$35,000		\$41,000		\$99,000		\$50,000
	TOTAL					\$299,000		\$323,500		\$611,200		\$701,500		\$1,709,200		\$870,100

Notes

- 1) Costs are expressed in 2013 dollars. Inflation and escalation have not been included in the cost estimates.
- 2) The figures are exclusive of annual budgets for operational issues such as light bulb replacement, janitorial services, equipment maintenance contracts, etc.
- 3) The figures are exclusive of revenue control system and security equipment changes, and any abatement of hazardous materials.
- 4) We estimate an additional cost of 10% to 15% if a single work item is divided over multiple years (Not included in the above cost estimate table).

Surface Parking Lots

There are three surface parking lots that are part of the Harrisburg Parking System that will be transferred. The following is a list of the surface parking lots along with their locations:

- 7th Street Lot – located adjacent to the 7th Street garage
- Mulberry Lot – located at the southwest corner of Mulberry and N 3rd Street
- 10th Street Lot – located on S 10th Street between Market Street and Mulberry Street

During our on-site observations, all of the lots, except for the 10th Street Lot, were open and available for use by the public. The entrance to the 10th Street Lot was blocked by a chain and the Lot appeared to have been unused for some time.

According to our observations and the data provided, all of the surface parking lots serve permit parkers.

Access to the Mulberry Lot and the 7th Street Lot is restricted by gates, while no gates are present at the 10th Street Lot (at time when the 10th Street Lot is in use).

In general, the parking surfaces and curbing of the parking lots are in fair to good condition. However, a large portion of the space striping is in poor shape and will need to be repainted within a year or two. The costs associated with space striping, minor curb repairs, minor asphalt patching, signage, etc are not included in our capital repair cost estimates. These have been considered ongoing repair and maintenance costs and have been accounted for in the operating expenses of the parking system.

As mentioned, most of the surface area and curbs of the parking lots are in good shape. The exception to this statement is the 10th Street Lot which has significant deterioration of the surface as well as significant grade changes caused by what appears to be uneven settling. Due to the condition of this Lot, it was identified as the only parking lot that would require complete resurfacing within two years, assuming that it will be reopened for use by the public. The 7th Street Lot is in good enough shape that resurfacing does not need to occur until 6-10 years in the future. When each of these parking lots is resurfaced, it was assumed that additional resurfacing would need to occur every 10 years thereafter, based on approximate useful life of asphalt paving.

In formulating the long-term capital cost projections for parking lot resurfacing, we assumed that each time a lot is resurfaced, approximately 2” of paving material must be removed, the underlying surface must be leveled and cleaned, a tack coat applied, and new asphalt be laid to the same depth as was removed. The cost of this resurfacing was assumed at \$2.50/SF based on 2013 prices. To determine the total surface area of each parking lot, we assumed a factor of 325 SF per parking space. While a typical parking space is much smaller than 325 SF, the additional square footage accounts for the drive aisles, entrances and exits, etc.

Surface Parking Lots

Harrisburg, Pennsylvania

OPINION OF EXPECTED CONSTRUCTION COST - August 2013

Facility	Spaces	EFFECTIVE USEFUL LIFE	UNIT PRICE	UNIT	YEARS 1 TO 2		YEARS 3 TO 5		YEARS 6 TO 10		YEARS 11 TO 20		YEARS 21 TO 30		YEARS 31 TO 40	
					QUANTITY	COST	QUANTITY	COST	QUANTITY	COST	QUANTITY	COST	QUANTITY	COST	QUANTITY	COST
						\$104,000		\$578,000		\$438,000		\$1,120,000		\$1,120,000		\$1,120,000
7th Street Lot	152	10	\$2.50	SF	0	\$0	49,400	\$124,000	0	\$0	49,400	\$124,000	49,400	\$124,000	49,400	\$124,000
City Island North Lot	472	10	\$2.50	SF	0	\$0	153,400	\$384,000	0	\$0	153,400	\$384,000	153,400	\$384,000	153,400	\$384,000
City Island South Lot	539	10	\$2.50	SF	0	\$0	0	\$0	175,175	\$438,000	175,175	\$438,000	175,175	\$438,000	175,175	\$438,000
Mulberry Lot	85	10	\$2.50	SF	0	\$0	27,625	\$70,000	0	\$0	27,625	\$70,000	27,625	\$70,000	27,625	\$70,000
10th Street Lot	127	10	\$2.50	SF	41,275	\$104,000	0	\$0	0	\$0	41,275	\$104,000	41,275	\$104,000	41,275	\$104,000
						\$104,000		\$578,000		\$438,000		\$1,120,000		\$1,120,000		\$1,120,000
Contingencies @ 10%						\$10,000		\$58,000		\$44,000		\$112,000		\$112,000		\$112,000
						\$114,000		\$636,000		\$482,000		\$1,232,000		\$1,232,000		\$1,232,000

Notes

- 1) Costs are expressed in 2013 dollars. Inflation and escalation have not been included in the cost estimates.
- 2) The figures are exclusive of annual budgets for operational issues such as light bulb replacement, janitorial services, equipment maintenance contracts, etc.
- 3) The figures are exclusive of revenue control system and security equipment changes, and any abatement of hazardous materials.

City Island Parking Garage



The City Island Parking Garage is a 454 space parking structure built in 2002. The garage can be accessed through two different entryways. One is located on the north side of the garage and contains an entrance gate and an exit gate. There is another entryway located on the southwest corner of the garage which also contains one entrance gate and one exit gate. The three-and-a-half level, two bay garage functions as a single-threaded helix. The structural system for the garage consists of precast, pre-stressed concrete double tee panels supported by precast, pre-stressed

concrete beams and precast, conventionally reinforced concrete columns. The total area of the garage is approximately 189,000 square feet.

The garage is considered to be in “Good” condition at this time and very little concrete repairs are required in the near term. The few required repairs include minor partial depth floor panel, panel soffit, tee stem, beam, column and wall repairs. The tee-to-tee joint sealant is in need of replacement, particularly on the roof level. It was estimated that about one-fourth of the remaining tee-to-tee joint sealant is in need of replacement throughout the remainder of the garage. The expansion joint seals at the elevator and stair towers are also in need of replacement.

The intent of the long term repair costs is to ensure that the condition of the parking structure is maintained or improved at the end of the 40 year term. Going forward, it is anticipated that concrete deterioration will continue at a lower than normal rate. This is due to the structure being built using current codes and technology designed to enhance the durability of the concrete and prolong the life of the structure. These include using a precast concrete structural system, modern concrete mix design and admixtures, epoxy coated rebar, and concrete cover. Costs have been included with the anticipation that the garage will undergo a concrete repair program every 5 to 10 years.



Failed joint sealant on roof



Cracking and leaking in soffit

To minimize the long-term effects of water and chloride infiltration into the concrete, it is recommended that a clear penetrating concrete sealer be applied to the floor surfaces every five years. Penetrating sealers soak in and react with the concrete to form a surface that is repellent to water. The sealer would not change the color or texture of the concrete surface. Concrete sealers can be expected to last up to five years. The penetrating sealer does not provide a waterproof surface and it does not seal or bridge cracks therefore any future cracking that would develop would need to be routed

and sealed with a flexible polyurethane sealant. The sealer application costs include routing and sealing of cracks at the time of application.

There is a single elevator at this facility. The elevator speed is slow at 160 fpm. The elevator is a hydro type manufactured by Thyssen Krupp. The garage is 10 years old and it appears that all of the controls and hydro equipment are original. The service company stated that everything is in very good condition and did not make any recommendations for improvements. With the age of the equipment, it is estimated that replacement would not need to be considered until the 31 to 40 year time frame. The cab was in fair condition. The cab has a 3,000 lbs. capacity. The elevator does have fire service controls and the service company has no current recommendations. The elevator has Braille floor designations outside the cab and the call button is at 42". Inside the cab the floor call buttons are marked with Braille. The elevator meets current code for fire department control and has an emergency call button. The replacement cost is based on average life expectancy and includes all controls, cab, motors, etc.

The garage is covered by three dry pipe standpipes with hose connections for fire department use at each level. The Fire Department pumper connections are located at both stairwells. The two (2) pumper connections are cross



Crack in cast-in-place pour strip

connected at the lowest level. Three primary drainage stacks with drain inlets provide drainage for the parking decks. There are no toilet facilities at this garage. There is no “Booth” connected to the garage. The “Remote” booth did not appear to have any HVAC

The electric service is a 480 volt/400 amp three phase service. Lighting on the roof deck is provided by shoe box halogen pole lights. Deck lighting is provided by a sealed round halogen garage fixture that has an up-light and down-light component. Stairs and elevator lobby are lighted with decorative oval fixtures. Emergency lighting is provided by battery packs with attached flood lights with a few flood lights being remote. Several large flood lights are scattered around the perimeter of the building. A minimal fire alarm system is present in the structure. Pull stations and signaling devices are located at the stairs with a few signaling devices located away from the stairs.

Two stairwells serve the garage. One is located on the northwest side and one on the southeast side. Each stairwell is open to the garage except at the roof level where each is enclosed in an aluminum store front with glass doors. The doors and the store front are in good condition.

Architectural items such as doors, frames, window sealants, finishes, line striping, etc. need to be repaired, replaced or maintained on a regular schedule. These items are typically caused due to normal wear and tear from use but could also be affected by the conditions within the structure such as leaks and deteriorated concrete. Costs for the identified items relating to the parking garage have been included at the anticipated time interval based on the observed conditions.

City Island Parking Garage

Harrisburg, Pennsylvania

OPINION OF EXPECTED CONSTRUCTION COST - August 2013

ITEM	DESCRIPTION	EFFECTIVE USEFUL LIFE	UNIT PRICE	UNIT	YEARS 1 TO 2		YEARS 3 TO 5		YEARS 6 TO 10		YEARS 11 TO 20		YEARS 21 TO 30		YEARS 31 TO 40	
					QUANTITY	COST	QUANTITY	COST	QUANTITY	COST	QUANTITY	COST	QUANTITY	COST	QUANTITY	COST
Structural/Waterproofing						\$11,000		\$143,000		\$137,000		\$283,000		\$317,000		\$341,000
1	Full and Partial Depth Concrete Floor Slab Repairs	varies	\$50.00	SF	30	\$2,000	0	\$0	95	\$5,000	143	\$8,000	319	\$16,000	439	\$22,000
2	Partial Depth Concrete Vertical Repairs	varies	\$75.00	SF	96	\$8,000	0	\$0	38	\$3,000	56	\$5,000	126	\$10,000	175	\$14,000
3	Partial Depth Concrete Overhead Repairs	varies	\$100.00	SF	10	\$1,000	0	\$0	112	\$12,000	171	\$18,000	382	\$39,000	527	\$53,000
4	Expansion Joint Replacement	10	\$120.00	SF	0	\$0	30	\$4,000	0	\$0	30	\$4,000	30	\$4,000	30	\$4,000
5	Joint Sealant Installation	10	\$7.00	SF	0	\$0	6,240	\$44,000	3,120	\$22,000	8,320	\$59,000	8,320	\$59,000	8,320	\$59,000
6	Concrete Sealer Application	5	\$0.50	SF	0	\$0	189,000	\$95,000	189,000	\$95,000	378,000	\$189,000	378,000	\$189,000	378,000	\$189,000
Architectural						\$0		\$12,000		\$12,000		\$34,000		\$49,000		\$114,000
7	Replace Architectural Features (Doors, Lobbies, etc.)	varies	-	Lump	0	\$0	0	\$0	0	\$0	1	\$10,000	1	\$25,000	1	\$10,000
8	Miscellaneous Painting and Striping	varies	-	Lump	0	\$0	1	\$12,000	1	\$12,000	1	\$24,000	1	\$24,000	1	\$24,000
9	Repair/Replace Elevators - Cab, Motor, Cables & Controls	30 - 40	\$80,000.00	Each	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	1	\$80,000
Mechanical/Plumbing						\$0		\$0		\$0		\$3,000		\$3,000		\$133,000
10	Replace Drainage System	varies	\$33,300.00	Each	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	3	\$100,000
11	Replace Fire Protection Stand Pipes	varies	\$10,000.00	Each	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	3	\$30,000
12	Replace HVAC	10-15	\$1,500.00	Each	0	\$0	0	\$0	0	\$0	2	\$3,000	2	\$3,000	2	\$3,000
Electrical						\$0		\$0		\$0		\$168,500		\$0		\$258,500
13	Replace/Repair Lighting Fixtures - Stairs, Decks, Roof & Lobbies	20 - 25	-	Lump	0	\$0	0	\$0	0	\$0	1	\$145,000	0	\$0	1	\$145,000
14	Replace Exit Lighting	20 - 25	\$285.00	Each	0	\$0	0	\$0	0	\$0	12	\$3,500	0	\$0	12	\$3,500
15	Replace Fire Alarm	varies	-	Lump	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	1	\$40,000
16	Replace Electrical Service	40 - 50	-	Lump	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	1	\$50,000
17	Replace Battery Packs	varies	\$300.00	Each	0	\$0	0	\$0	0	\$0	66	\$20,000	0	\$0	66	\$20,000
SUB-TOTAL						\$11,000		\$155,000		\$149,000		\$488,500		\$369,000		\$846,500
Mobilization, General Conditions, & Miscellaneous Work @ 10%						\$1,000		\$16,000		\$15,000		\$49,000		\$37,000		\$85,000
Contingencies @ 20%						\$2,000		\$31,000		\$30,000		\$98,000		\$74,000		\$169,000
Allowance for Engineering and Testing Fees @ 8%						\$1,000		\$12,000		\$12,000		\$39,000		\$30,000		\$68,000
TOTAL						\$15,000		\$214,000		\$206,000		\$674,500		\$510,000		\$1,168,500

Notes

- 1) Costs are expressed in 2013 dollars. Inflation and escalation have not been included in the cost estimates.
- 2) The figures are exclusive of annual budgets for operational issues such as light bulb replacement, janitorial services, equipment maintenance contracts, etc.
- 3) The figures are exclusive of revenue control system and security equipment changes, and any abatement of hazardous materials.
- 4) We estimate an additional cost of 10% to 15% if a single work item is divided over multiple years (Not included in the above cost estimate table).

[THIS PAGE INTENTIONALLY LEFT BLANK]

Appendix ‘H’

Form of Servicing Agreement

[THIS PAGE INTENTIONALLY LEFT BLANK]

TABLE OF CONTENTS

Page

ARTICLE I DEFINITIONS5
ARTICLE II ENGAGEMENT6
ARTICLE III TERM6
ARTICLE IV DUTIES OF CREDC7
ARTICLE V CREDC FEES14
ARTICLE VI REPRESENTATIONS AND WARRANTIES14
ARTICLE VII TERMINATION RIGHTS15
ARTICLE VIII COVENANTS OF CREDC16
ARTICLE IX LIMITED LIABILITY16
ARTICLE X NOTICES17
ARTICLE XI MISCELLANEOUS PROVISIONS18

EXHIBIT A NONDISCRIMINATION/SEXUAL HARASSMENT
EXHIBIT B CONTRACTOR RESPONSIBILITY
EXHIBIT C THE AMERICANS WITH DISABILITIES ACT
EXHIBIT D RIGHT TO KNOW LAW
EXHIBIT E CONTRACTOR INTEGRITY

**FORM OF
SERVICING AGREEMENT
BETWEEN
PENNSYLVANIA ECONOMIC DEVELOPMENT FINANCING AUTHORITY
and
CAPITAL REGION ECONOMIC DEVELOPMENT CORPORATION
dated as of
December 1, 2013**

H-1

H-2

SERVICING AGREEMENT

THIS SERVICING AGREEMENT (this "Agreement") is made and entered into as of the 1st day of December, 2013 (the "Effective Date"), by and between the PENNSYLVANIA ECONOMIC DEVELOPMENT FINANCING AUTHORITY (the "Authority"), a body corporate and politic and an instrumentality of the Commonwealth of Pennsylvania, organized and existing under the laws of the Commonwealth of Pennsylvania, and the CAPITAL REGION ECONOMIC DEVELOPMENT CORPORATION ("CREDC"), a nonprofit corporation organized and existing under the Pennsylvania Nonprofit Corporation Law of 1988, Act of May, 1933, P.L. 289, as amended (15 Pa.C.S. §5901 et seq.) of the Commonwealth of Pennsylvania and qualified under Section 501(c)(3) of the Internal Revenue Code of 1986.

BACKGROUND OF SERVICING AGREEMENT

A. The Authority is a public instrumentality of the Commonwealth of Pennsylvania (the "Commonwealth") and a public body corporate and politic organized and existing under the Pennsylvania Economic Development Financing Law (Act No. 102, approved August 23, 1967, P.L. 251, as amended, including the amendments effected by Act No. 48, approved July 10, 1987, P.L. 273, and Act No. 74, approved December 17, 1993, P.L. 490), as amended and supplemented from time to time (the "Act").

B. Under the Act, the Authority is authorized and empowered to acquire, hold, construct, improve, maintain, own, finance and lease projects, including facilities and activities which promote the purposes set forth in the Act and to make contracts of every name and nature necessary or convenient for carrying out projects.

C. The Act declares it to be in the public interest and policy of the Commonwealth to promote industrial, commercial and other economic development and to encourage economic development and efficiency within the Commonwealth by providing basic services and facilities and by providing financing for, inter alia, transportation systems and facilities of every kind, and facilities conducive to economic activity in the Commonwealth.

D. Under the Act, the Authority is authorized to issue bonds, to secure the payment of such bonds by pledge, mortgage or assignment of all or any part of the property of the Authority, its revenues and receipts therefrom or its revenues generally, and to provide for the rights of the holders of such bonds in accordance with the provisions of the Act.

E. CREDC is a nonprofit corporation organized and existing under the Pennsylvania Nonprofit Corporation Law of 1988, Act of May, 1933, P.L. 289, as amended (15 Pa.C.S. §5901 et seq.) of the Commonwealth and qualified under Section 501(c)(3) of the Internal Revenue Code of 1986, for the purposes of economic development and job creation purposes which include assisting state and local government in economic development and job creation in the area served by the Harrisburg Regional Chamber.

F. The Harrisburg Parking Authority (the "Parking Authority"), the City of Harrisburg (the "City"), and the Authority have entered into that certain Asset Transfer Agreement dated as of December 1, 2013 (the "Asset Transfer Agreement"), pursuant to which

H-3

the Parking Authority has agreed, inter alia, to lease certain Parking Facilities (as said term is hereinafter defined) owned by the Parking Authority (including certain Parking Facilities to be acquired by the Parking Authority from the City) to the Authority, pursuant to the Lease dated as of December 1, 2013 (the "Lease"). Under and pursuant to the Lease, the Parking Authority, as lessor, is leasing to the Authority, as lessee, the land and improvements described in the Lease (collectively, the "Parking Facilities") together with any and all fixtures, appliances, machinery, equipment and signage of any nature whatsoever which are now or hereinafter installed in, attached to or situated in or upon the Parking Facilities, and any and all tenements, hereditaments and appurtenances belonging to the Parking Facilities or any part thereof, or in any way appertaining thereto, and all streets, alleys, passages, ways, water courses, easements and covenants now existing or hereinafter created for the benefit of the Parking Facilities and all rights to enforce the same, and all other rights, liberties and privileges of whatsoever kind or character pertaining to the Parking Facilities (collectively with the Parking Facilities, the "Leased Premises").

G. In accordance with the Act, and pursuant to the terms and conditions of the Indenture (as said term is hereinafter defined), the Authority will issue one or more series, and one or more sub-series, of its federally taxable or tax-exempt, senior or junior lien Parking Revenue Bonds, Series of 2013 (collectively, the "2013 Bonds").

H. The Authority will use the proceeds of the 2013 Bonds for the purpose of financing (i) a portion of the cost of the acquisition of the Parking Facilities, (ii) capitalized interest with respect to certain series of the 2013 Bonds, and (iii) paying a portion of costs of issuance of the 2013 Bonds (the "Project").

I. Simultaneously with the issuance of the 2013 Bonds, the Authority will issue certain Authority Notes (the "Authority Notes," and together with the 2013 Bonds, the "Parking Bonds") consisting of four (4) promissory notes, to pay a portion of the costs of acquiring the Parking Facilities.

J. In order to provide funds required to finance a portion of the costs of the Project, the Authority has entered into a certain Trust Indenture dated as of the date hereof (the "Indenture"), between the Authority and U.S. Bank National Association, as trustee (the "Indenture Trustee"), pursuant to which the Authority is issuing the Parking Bonds.

K. Concurrently with the issuance of the Parking Bonds, the City and the Authority will enter into the PEDFA Intergovernmental Cooperation Agreement (the "PEDFA Intergovernmental Agreement") pursuant to which the City will delegate to the Authority certain rights relating to the operation of the On-Street Parking System (as such term is defined in the Asset Transfer Agreement) which is being conveyed pursuant to the Asset Transfer Agreement.

L. Concurrently with the issuance of the Parking Bonds, the City and the Department of General Service of the Commonwealth ("DGS") will enter into the DGS Intergovernmental Agreement pursuant to which the City will delegate to DGS certain enforcement powers with respect to certain portions of the On-Street Parking System (as such term is defined in the Asset

H-4

Transfer Agreement) which is being conveyed pursuant to the Asset Transfer Agreement, all as more particularly described therein.

M. Concurrently with the issuance of the Parking Bonds, the Authority will enter into that certain Asset Management Agreement (the "**Asset Management Agreement**") pursuant to which PK Harris Advisors, Inc., a Georgia corporation ("**Asset Manager**"), an affiliate of Trimont Real Estate Advisors, Inc., will serve as asset manager of the Parking Facilities for a term provided therein and on the terms and conditions provided therein.

N. Concurrently with the issuance of the Parking Bonds, DGS and the Asset Manager will enter into that certain Parking Enforcement Engagement Agreement pursuant to which the Asset Manager will have rights and obligations relating to the management and conduct of parking enforcement services, all as more particularly set forth therein.

O. Concurrently with the issuance of the Parking Bonds, Asset Manager and Standard Parking Corporation (together with any replacement parking operator, the "**Operator**"), will enter into (i) a Parking Services Operations Agreement pursuant to which the Operator will undertake certain enforcement responsibilities relative to certain portions of the Parking System (as such term is defined therein); and (ii) a Parking Management Agreement pursuant to which the Operator will undertake certain operational responsibilities relative to the Parking System (as such term is defined therein), each for a term provided therein and otherwise on the terms and conditions provided therein.

P. The Authority desires to designate CREDC as the "Qualified Designee," as such term is defined in the Asset Transfer Agreement (the "Qualified Designee"), pursuant to which CREDC will administer and manage on behalf of the Authority the relationship among the Authority, the Asset Manager and the Operator with respect to the Parking Facilities and to otherwise delegate certain other duties and responsibilities to CREDC for a term provided herein and on the terms and conditions provided herein.

NOW, THEREFORE, for good and valuable consideration, receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound hereby, the parties hereto agree as follows:

ARTICLE I DEFINITIONS

SECTION 1.01. Definitions Generally. As used in this Agreement, (i) the plural includes the singular and the singular includes the plural, and words of any gender mean and include any other gender, (ii) the words "include," "includes" or "including" mean "include without limitation," "includes without limitation" and "including without limitation," respectively, and the words following "include," "includes" or "including" shall not be considered to set forth an exhaustive list, (iii) the words "shall" and "will" have the same meaning, and (iv) all words and terms used in this Agreement, and not defined above or elsewhere herein, shall have the same meanings as set forth in the Indenture, the Asset Transfer Agreement, the Lease, the PEDFA Intergovernmental Agreement or the Asset Management Agreement, if defined therein, and as otherwise specified herein.

H-5

ARTICLE IV DUTIES OF CREDC

SECTION 4.01. Asset Transfer Agreement. As the Qualified Designee under the Asset Transfer Agreement, CREDC shall perform the duties of Qualified Designee as set forth therein, and such other duties of the Authority under the Asset Transfer Agreement, as hereby delegated herein to CREDC by the Authority, specifically including, but not limited to, the following:

(a) A designee of CREDC shall serve on the Advisory Committee.

(b) CREDC shall cooperate with the City, the Asset Manager and the Operator, in commercially reasonable manner regarding the transition of enforcement and operational control of the Parking Facilities, including with respect to the matters specifically listed in the applicable schedules to the Asset Transfer Agreement.

(c) Subject to the limitations set forth in the Asset Transfer Agreement, CREDC shall, on behalf of the Authority, maintain and operate, or cause the Parking Facilities to be maintained and operated, all in conformance with the requirements of Section 3.4 of the Asset Transfer Agreement; and subject to the provisions of the Asset Transfer Agreement, operate the Parking Facilities to provide sufficient Revenues (as such term is defined in the Asset Transfer Agreement) to satisfy all expenses and obligations of the Parking Facilities under the Asset Transfer Agreement, and in accordance with its covenants under the Indenture, consistent with business conditions from time to time existing and consistent with business and economic development in the City and the public good.

(d) CREDC shall assist the Authority in the selection of a replacement Operator or Asset Manager, if applicable, in accordance with the requirements of Section 3.5 of the Asset Transfer Agreement.

(e) CREDC shall, on behalf of the Authority, obtain or cause to be obtained all Authorizations (as such term is defined in the Asset Transfer Agreement), as required by Section 3.6 of the Asset Transfer Agreement.

(f) CREDC shall assist the Authority in the payment of all Taxes (as such term is defined in the Asset Transfer Agreement) under and pursuant to the provisions of Section 3.9 of the Asset Transfer Agreement and the payment of all Utilities (as such term is defined in the Asset Transfer Agreement) under and pursuant to the provisions of Section 3.10 of the Asset Transfer Agreement.

(g) CREDC shall promptly notify the Authority if it becomes aware of any Transferee Default (as such term is defined in the Asset Transfer Agreement) under the Asset Transfer Agreement, in accordance with the requirements of Section 3.11 of the Asset Transfer Agreement.

H-7

ARTICLE II ENGAGEMENT

SECTION 2.01. Appointment. The Authority hereby engages the services of CREDC, and CREDC hereby accepts the engagement, to serve as the Qualified Designee under the Asset Transfer Agreement and to serve as the representative of the Authority to oversee the administration and management of the Parking Facilities, all as more fully described herein. The Authority expressly delegates to CREDC, and CREDC accepts such delegation on behalf of the Authority, the right and responsibility to perform all acts of the Qualified Designee as set forth in the Asset Transfer Agreement and the right and responsibility to perform such other acts of the Authority as set forth herein.

SECTION 2.02. Engagement of Consultants and Other Professionals. The Authority acknowledges that CREDC may engage, from time to time, such consultants or other professionals (collectively, the "**Consultants**") as it deems necessary for the performance of its duties under this Agreement, provided no such engagement will release CREDC from any liability it may have hereunder.

SECTION 2.03. Qualified Management Contract. The Authority and CREDC expressly intend that this Agreement constitute a qualified management contract pursuant to Internal Revenue Procedure 97-13 and any successor guidance hereafter promulgated by the Internal Revenue Service. Accordingly, notwithstanding Section 3.01 of this Agreement, the Authority and CREDC agree that the Initial Term shall terminate and not automatically renew, unless the Authority, prior to the expiration of the Initial Term, is provided with an opinion of nationally recognized bond counsel (upon which CREDC is expressly permitted to rely) for the issuance of tax-exempt municipal bonds, to the effect that such automatic renewal does not adversely affect the tax exempt status of the Parking Bonds.

ARTICLE III TERM

SECTION 3.01. Term. The term of this Agreement (the "**Term**") shall commence on the Commencement Date of the Lease (as such term is defined in the Lease) and shall expire on December 31, 2016 (the "**Initial Term**"). Notwithstanding the same, and subject to the mutual agreement of the Authority and CREDC, in the event all Parking Bonds and all other obligations with respect to or in connection with the Parking Bonds (the "**Obligations**") have not been satisfied in full on or before the expiration of the Initial Term, the term of this Agreement may be extended, if at all, for an additional period of three years, and subject to the mutual agreement of the Authority and CREDC as to each subsequent extension, successive periods of three years each thereafter (each, an "Extended Term," and together with the Initial Term, the "**Term**"), until such time as the Obligations have been fully satisfied. To the extent applicable, the last Extended Term shall end on the last day of the calendar month next occurring after the date on which no Obligations are outstanding.

H-6

(h) CREDC, on behalf of the Authority, shall cause to be made all capital repairs, replacements, and improvements with respect to the Parking Facilities required to be completed in accordance with the terms of the Asset Transfer Agreement and the Long Term Capital Plan (as such term is defined in the Asset Transfer Agreement) in accordance with the requirements of Article IV of the Asset Transfer Agreement. The Authority shall furnish to CREDC all reports submitted to the Authority by the Asset Manager as required by Section 4.1 of the Asset Transfer Agreement. Further, CREDC shall cause the Asset Manager to prepare an Annual Capital Budget each year to maintain compliance with the Operating Standards (as such terms are defined in, and pursuant to the terms of, the Asset Transfer Agreement). Further, CREDC shall cause to be made the Capital Improvements (as such term is defined in the Asset Transfer Agreement) and the Required Capital Improvements, as referenced in Section 4.3 of the Asset Transfer Agreement.

(i) CREDC shall work with the Authority, the Asset Manager and the Operator to develop all Operating Standards as required by Section 5.1 of the Asset Transfer Agreement, and within the time frames as set forth therein, and the Long Term Capital Plan as required by Section 5.2 of the Asset Transfer Agreement, within the time frames set forth therein. Should CREDC receive any direct public complaints, concerns and suggestions regarding the Parking Facilities, such complaints, concerns and suggestions shall be referred to the Advisory Committee for advisory input and public comment.

(j) CREDC shall assist the Authority, as directed by the Authority, in the collection and retention of all fees and charges as described in Section 6.1 of the Asset Transfer Agreement and in the adjustment of all fees and Periods of Operation (as such term is defined in the Asset Transfer Agreement) as described in Section 6.2 of the Asset Transfer Agreement. CREDC shall also assist the Authority, as directed by the Authority, in the adjustment of Meter Parking Spaces (as such term is defined in the Asset Transfer Agreement) as described in Section 6.6 of the Asset Transfer Agreement.

(k) CREDC shall assist the Authority in providing all environmental notifications required under Section 7.1 of the Asset Management Agreement. CREDC shall also assist the Authority in delivering or causing to be delivered the audited balance sheets of the Parking Facilities and the Annual Operating Budget and Annual Capital Budget (as each term is defined in the Asset Transfer Agreement), as more fully described in Section 7.1 of the Asset Transfer Agreement. CREDC shall make timely recommendations to the Authority, regarding the Authority adoption of the Annual Operating Budget and Annual Capital Budget, as required by Section 7.1(c) of the Asset Transfer Agreement.

(l) CREDC will assist the Authority in any Audit and Review (as each term is defined in the Asset Transfer Agreement) undertaken by the Parking Authority pursuant to the provisions of Section 7.3(a) of the Asset Transfer Agreement.

H-8

(m) CREDC, on behalf of the Authority, will observe and comply, in all material respects, and cause the Operator and the Asset Manager to observe and comply, in all material respects, with all applicable Laws (as each term is defined in the Asset Transfer Agreement) now existing or later in effect that may in any manner apply with respect to the performance of the Authority's obligations under the Asset Transfer Agreement. CREDC shall assist the Authority in providing to the Parking Authority any notices required under Section 10.1 of the Asset Transfer Agreement, within the time periods required by such Section 10.1.

(n) CREDC, on behalf of the Authority, shall cause to be provided and maintained, at the Authority's expense (and solely from the Revenues, as defined and described in the Asset Transfer Agreement), the insurance coverages and requirements specified in the Lease and the Indenture, and as described in Section 11.1 of the Asset Transfer Agreement. Further, CREDC shall deliver or cause to be delivered such additional insurance certificates or other documentation as required by Section 11.2 of the Asset Transfer Agreement and shall otherwise undertake the compliance with all other requirements of Section 11.2 of the Asset Transfer Agreement on behalf of the Authority.

SECTION 4.02. Asset Management Agreement. CREDC shall perform certain of the duties of the Authority under the Asset Management Agreement, as herein delegated to CREDC by the Authority, specifically including, but not limited to, the following:

(a) CREDC acknowledges that it is the authorized representative and "Qualified Designee," as described in paragraph 14(b) of the Asset Management Agreement.

(b) CREDC shall consider all recommendations made to the Authority by the Asset Manager and shall advise the Authority of its position as to such recommendations.

(c) CREDC shall cooperate with the Asset Manager and the Operator in its coordination of (i) Parking Facility operations with the Utilities and Persons (as such terms are defined in the Asset Transfer Agreement), as described in paragraph 2(u) of the Asset Management Agreement, and (ii) Parking Facility operations with any Affected Property (as such term is defined in the Asset Transfer Agreement), as described in Paragraph 2(v) of the Asset Management Agreement.

(d) CREDC shall review all reports provided by the Asset Manager to the Authority under and pursuant to paragraph 2(x) of the Asset Management Agreement and shall make recommendations to the Authority regarding such reports, as appropriate.

(e) CREDC shall review the Annual Capital Budget (as such term is defined in the Asset Management Agreement) and the Annual Operating Budget (as such term is defined in the Asset Management Agreement) as prepared by

H-9

(c) CREDC shall make recommendations to the Authority with regard to the setting of parking rates, as required by Section 7.01 of the Lease. Further, CREDC shall assist the Authority in the operation of the Parking Facilities, as set forth in Sections 7.02 and 7.03 of the Lease.

(d) CREDC shall cooperate with the Authority and with the Parking Authority to take all action as may be required under Section 8.01 of the Lease, should any part of the Parking Facilities be wholly or partially damaged or destroyed by fire or other casualty.

(e) CREDC, on behalf of the Authority, shall cause to be provided and maintained at the Authority's own expense, or cause to be maintained, solely from Revenues (as such term is defined in the Lease), during the Term of the Lease (as such term is defined in the Lease), the insurance coverages and requirements specified in Section 9.01 of the Lease and defined as "Required Coverages," insuring the Parking System and all Parking System Operations (as such terms are defined in the Lease). Further, CREDC shall deliver or cause to be delivered such additional insurance certificates or other documentation as required by Section 9.02 of the Lease and shall otherwise undertake the compliance with all other requirements of Section 9.02 of the Lease on behalf of the Authority.

(f) CREDC shall assist the Authority, as may be required, in the erection, maintenance or display of any signs, as undertaken in conformance with the requirements of Section 16.01 of the Lease.

SECTION 4.04. Indenture. CREDC shall perform certain of the duties of the Authority under the Indenture, as herein delegated to CREDC by the Authority, specifically including, but not limited to, the following:

(a) CREDC shall cooperate with the Authority to cause the Asset Management Agreement to contain those requirements as to the Annual Operating Budget and as to the Annual Capital Budget (as each such term is defined in the Indenture) as required by Section 4.9 of the Indenture.

(b) CREDC will undertake recommendations to the Authority, with the advice of the Asset Manager, as to the establishment and revision of rates, fees and other charges for the use of and for the services furnished by the Parking Facilities in each Operating Year (as such term is defined in the Indenture) so that the "Rate Covenant" requirements of Section 4.10 of the Indenture are satisfied. Further, CREDC shall cooperate with the Authority to cause the Asset Manager to prepare those "Forecasts" as required by Section 4.10(b)(i) of the Indenture to determine if the "Prospective Rate Covenant" will be satisfied. CREDC will also cooperate with the Authority in retaining any consultants as required by Section 4.10(b)(ii) and to make recommendations to the Authority as to any appropriate revisions to the rates, fees and charges with respect to the methods of operation of the Parking Facilities based on the reports of such consultants, in accordance with the requirements of Section 4.10(c) of the Indenture. Additionally, CREDC will

H-11

the Asset Manager and shall make appropriate recommendations to the Authority regarding the approval or disapproval of the same. CREDC shall otherwise cooperate with the Asset Manager in connection with the approval process. CREDC shall review all Forecasts (as such term is defined in the Asset Management Agreement) and shall make any recommendations to the Authority regarding such Forecasts as may be appropriate or required.

(f) CREDC shall review the Parking System Condition Report (as such term is defined in the Asset Management Agreement) and the Long Term Capital Plan, including any Parking System Condition Reports attached thereto, and shall make any recommendations to the Authority regarding the Long Term Capital Plan as may be appropriate or required.

(g) CREDC shall review all financial statements and other reports submitted by the Asset Manager pursuant to the requirements of paragraph 4 of the Asset Management Agreement and shall make any recommendations to the Authority regarding such financial statements and other reports as may be appropriate or required. CREDC agrees to cooperate with the Asset Manager in connection with its preparation of such financial statements and other reports.

(h) CREDC shall review the Operating Standards (as such term is defined in the Asset Management Agreement) and shall make any recommendations to the Authority regarding the Operating Standards as may be appropriate or required.

(i) CREDC shall assist the Authority in undertaking its obligations under paragraph 7 of the Asset Management Agreement, as to proposed modifications to Operating Standards, as defined in the Asset Management Agreement.

(j) CREDC shall make recommendations to the Authority regarding the selection of a replacement Operator (as such term is defined in the Asset Management Agreement) by the Asset Manager, if applicable.

(k) CREDC, as the "Qualified Designee" of the Authority, acknowledges and agrees to comply with the provisions of paragraph 24 of the Asset Management Agreement.

SECTION 4.03. Lease. CREDC shall perform certain of the duties of the Authority under the Lease, as herein delegated to CREDC by the Authority, specifically including, but not limited to, the following:

(a) CREDC shall assist the Authority in undertaking its obligations under Sections 5.03 through 5.06 of the Lease, which incorporate by reference certain provisions of the Asset Transfer Agreement.

(b) CREDC shall assist the Authority, as may be required, in undertaking its obligations under Section 6.04 of the Lease.

H-10

undertake recommendations to the Authority to establish, fix, charge and collect rate, fees and other charges for the use of and for the services furnished by the Parking Facilities so that the "Net Revenue Covenant" is satisfied pursuant to the requirements of Section 4.10(d) of the Indenture. CREDC will assist the Authority in providing the certificate of the Authorized Asset Manager Representative (as such term is defined in the Indenture) as required by Section 4.10(e) of the Indenture. CREDC, on behalf of the Authority, will also cause the Asset Manager to charge or bill the users of the Parking Facilities, and to enforce collection of any overdue charges, in accordance with the requirements of Section 4.10(f).

(c) CREDC shall assist the Authority, as may be required, to enforce or cause to be enforced the requirements of Article 13 of the Asset Transfer Agreement, to the extent required by Section 4.11 of the Indenture.

(d) CREDC, on behalf of the Authority, will cause to be maintained a standard and modern system of accounting in accordance with the requirements of Section 4.14 of the Indenture and shall furnish such information to the Trustee and other Credit Facility Providers (as such term is defined in the Indenture) in accordance with the requirements of Section 4.14 of the Indenture.

(e) CREDC, on behalf of the Authority, will cause the Asset Manager to undertake all required notifications as required by Section 4.17 of the Indenture.

(f) CREDC, on behalf of the Authority, shall cause to be maintained such insurance as required by Section 4.19 of the Indenture. Further, CREDC shall, on behalf of the Authority, file such certificates as and when required by the provisions of Section 4.19 of the Indenture.

SECTION 4.05. PEDFA Intergovernmental Agreement. CREDC, as the designee of the Authority, shall perform the duties, obligations and responsibilities of the Authority under paragraph 2 of the PEDFA Intergovernmental Agreement, as herein delegated to CREDC by the Authority, specifically including, but not limited to, the following:

(a) CREDC shall cause to be managed and operated the On-Street Parking (as such term is defined in the PEDFA Intergovernmental Agreement) consistent with such standards as set forth in the PEDFA Intergovernmental Agreement.

(b) CREDC will work with the Asset Manager and the City to identify new residential permit parking areas, as set forth in the PEDFA Intergovernmental Agreement.

(c) CREDC shall make or cause to be made recommendations to the Authority regarding the adjustment of meter rates as appropriate based on market demand fluctuations over time and in accordance with the PEDFA Intergovernmental Agreement, in order for the Authority to meet rate covenants or debt service coverage covenants pursuant to any trust indenture

H-12

(including the Indenture) pursuant to which the Authority may issue its revenue bonds. CREDC shall also make recommendations to the Authority regarding the increase of meter and enforcement rates above those permitted in the PEDFA Intergovernmental Agreement to the extent necessary to meet any rate covenants in any indenture (including the Indenture) securing bonds issued in connection with the transaction described in the Asset Transfer Agreement.

(d) CREDC shall make recommendations to the Authority regarding the adjustment of metered parking fees and changes in periods of operation, to the extent required by the PEDFA Intergovernmental Agreement.

(e) CREDC shall make recommendations to the Authority regarding the increase in parking fees over any parking fee cap in amounts determined to be necessary, from time to time, to achieve compliance with any rate covenant in any indenture (including the Indenture) under which revenue bonds are issued and for the payment and security of which Parking Revenue (as such term is defined in the PEDFA Intergovernmental Agreement) is pledged.

SECTION 4.06. Other Duties of CREDC. CREDC shall perform such other duties of the Authority under the Asset Transfer Agreement, the Asset Management Agreement, the Lease, the Indenture, the PEDFA Intergovernmental Agreement and such other documents as executed by the Authority in connection with the issuance and delivery by the Authority of the 2013 Bonds (collectively, the "Documents") as delegated to CREDC by the Authority and accepted by CREDC. The Authority acknowledges that CREDC may undertake such other duties and responsibilities as requested by the Asset Manager or the Operator in furtherance of the requirements of the Documents.

SECTION 4.07. Authority of CREDC.

(a) The Authority acknowledges, agrees and confirms that CREDC is acting on behalf of and with the express authorization of the Authority to perform those duties and responsibilities as delegated to CREDC pursuant to the terms and conditions of this Agreement. As the Authority's designee hereunder, the Authority acknowledges and agrees that CREDC has the power and authority to provide approvals, directions, requests, consents, authorizations and notices, and to otherwise act on behalf of the Authority pursuant to the requirements of this Agreement. The Authority acknowledges, agrees and confirms that any of the parties to the Documents, other than the Authority, may rely upon all actions undertaken by CREDC hereunder, as if undertaken by the Authority.

(b) CREDC shall not, absent an express future written authorization from that the Authority that is agreed to and accepted by CREDC, have authority to enter into any contract or other agreement on the Authority's behalf. Should the Authority authorize CREDC to enter into any such contract or agreement, the Authority acknowledges, agrees and confirms that CREDC may legally bind the

H-13

default under, or result in any violation of, any agreement or instrument to which the Authority is subject; and (d) the person(s) executing this Agreement on behalf of Authority have been duly authorized to execute and deliver this Agreement on behalf of Authority.

SECTION 6.02. Representations and Warranties of CREDC. CREDC hereby represents and warrants to the Authority that: (a) CREDC is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization; (b) CREDC is fully authorized under the instruments and laws governing CREDC to enter into and perform this Agreement; (c) the execution and performance of this Agreement will not conflict with, or result in a breach of the terms, conditions, or provisions of, or constitute a default under, or result in any violation of, any agreement or instrument to which CREDC is a party or may be subject; (d) the person(s) executing this Agreement on behalf of CREDC have been duly authorized to execute and deliver this Agreement on behalf of CREDC; and (e) CREDC is not a "Disqualified Contractor" as such term is defined in the Indenture.

ARTICLE VII TERMINATION RIGHTS

SECTION 7.01. Termination by the Authority. As the sole and exclusive option of the Authority, this Agreement may be terminated upon written notice of such termination to CREDC for any reason, or no reason upon 120 days' notice, or if any of the following events shall have occurred: (a) CREDC shall have failed to perform any of its duties, obligations or responsibilities under this Agreement, and, after written notice from the Authority of such violation, shall have failed to cure such default within thirty (30) days (or, if such default is not reasonably susceptible of being cured within 30 days, shall have failed to promptly commence the cure of such default, if such default is capable of being cured and thereafter diligently prosecuted to completion the cure of such default); (b) a petition shall have been filed against CREDC for an involuntary proceeding under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, and such petition shall not have been dismissed within 90 days of filing; or a court having jurisdiction shall have appointed a receiver, liquidator or similar official of CREDC for any substantial portion of its property, or ordered the winding up or liquidation of its affairs, and such appointment or order shall not have been rescinded or vacated within ninety (90) days of such appointment or order; or (c) CREDC shall have commenced a voluntary proceeding under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, which proceeding shall not have been dismissed within ninety (90) days of the commencement thereof, or (d) CREDC shall have made any general assignment for the benefit of creditors. CREDC also acknowledges that the Authority may terminate this Agreement without any penalty whatsoever in the event of an "Event of Default" under the Indenture. Upon any such termination, CREDC shall reasonably cooperate in the transfer of its duties (and of all relevant documentation and other information) to a new Authority designee or designees as may be selected by the Authority.

SECTION 7.02. Termination by CREDC. CREDC shall have the right to terminate this Agreement upon not less than ninety (90) days written notice to the Authority if CREDC is not paid or reimbursed for any amounts due to it pursuant to the terms of this Agreement.

H-15

Authority with respect to those duties and obligations as described in such contract or agreement as if the Authority were acting on its own behalf.

SECTION 4.08. Availability of Funds. Notwithstanding the responsibilities of CREDC as set forth herein, all of the duties, responsibilities and obligations of CREDC will be performed by CREDC with the funds made available to it under the applicable funds and accounts of the Indenture. The performance of the responsibilities of CREDC is conditioned upon the Authority, or the Trustee on behalf of the Authority, making available to CREDC sufficient funds to perform such responsibilities. CREDC shall have no duty or obligation under any circumstance to pay or fund any sums from CREDC's own funds.

ARTICLE V CREDC FEES

SECTION 5.01. Fees of CREDC. In consideration of the performance of CREDC's services under this Agreement, and subject to the provisions of Section 4.08 herein, CREDC shall be paid such reasonable fees as proposed by CREDC in each year of the Term. Initially, the fee of CREDC shall be \$8,000.00 per month, payable in advance on the first business day of each month commencing on January 2, 2014. In addition, CREDC shall be paid a pro rated monthly fee, based on such initial amount, for the period from December 23, 2013 through January 2, 2014.

SECTION 5.02. Expenses. In addition to its fees as set forth in Section 5.01 herein, and subject to the provisions of Section 4.08 herein, CREDC shall be paid for its actual and direct expenses incurred by it in the performance of its duties under this Agreement. The expenses of CREDC shall be paid monthly.

SECTION 5.03. Consultants. Subject to the provisions of Section 4.08 herein, all Consultants retained by CREDC, including counsel to CREDC, shall be paid monthly.

SECTION 5.04. Administrative Expenses. The fees and expenses of CREDC, and the fees of any Consultants to CREDC, including its counsel, shall constitute Administrative Expenses (as such term is defined in the Indenture), shall be incorporated and reflected in the Annual Operating Budget, as prepared by the Asset Manager and submitted to the Authority for approval during each year of the Term, all as set forth in the Documents, and shall be paid in accordance with the Indenture. CREDC shall submit its proposed fees and expenses, and the proposed fees of any Consultants, to the Asset Manager for incorporation in the Annual Operating Budget no later than seventy five (75) days before the end of each calendar year.

ARTICLE VI REPRESENTATIONS AND WARRANTIES

SECTION 6.01. Representations and Warranties of Authority. The Authority hereby represents and warrants to CREDC that: (a) the Authority is a public instrumentality and public body corporate and politic organized under the Act; (b) the Authority is fully authorized under the instruments and laws governing the Authority to enter into and perform this Agreement; (c) the execution and performance of this Agreement by the Authority will not conflict with, or result in a breach of the terms, conditions, or provisions of, or constitute a

H-14

ARTICLE VIII COVENANTS OF CREDC

SECTION 8.01. Nondiscrimination/Sexual Harassment. During the Term of this Agreement, CREDC, as the "Contractor," agrees to comply with the provisions of Exhibit A to this Agreement.

SECTION 8.02. Contractor Responsibility Provisions. During the Term of this Agreement, CREDC, as the "Contractor," agrees to comply with the provisions of Exhibit B to this Agreement.

SECTION 8.03. Provisions Concerning The Americans With Disabilities Act. During the Term of this Agreement, CREDC, as the "Contractor," agrees to comply with the provisions of Exhibit C to this Agreement.

SECTION 8.04. Right to Know Law. During the Term of this Agreement, CREDC, as the "Contractor," agrees to comply with provisions of Exhibit D to this Agreement.

SECTION 8.05. Contractor Integrity Provisions. During the Term of this Agreement, CREDC, as the "Contractor," agrees to comply with the provisions of Exhibit E of this Agreement.

ARTICLE IX LIMITED LIABILITY

SECTION 9.01. Limited Liability. No personal recourse shall be had for any claim based on this Agreement against any member, officer or employee, past, present or future, of CREDC or of any successor body as such, either directly or through CREDC or any such successor body, under any constitutional provision, statute or rule of law or by the enforcement of any assessment or penalty or otherwise. There shall be no recourse under the Agreement or otherwise against CREDC or any other property now or hereafter owned by it and, upon entry of any judgment, the judgment creditor or creditors shall request the appropriate prothonotary (or any successor official) to mark the judgment index accordingly. CREDC shall have no liability for any failure to fulfill, or breach by the Authority of, any of the Authority's obligations under the Documents or otherwise.

SECTION 9.02. Authority Not Liable. Notwithstanding anything as set forth in this Agreement to the contrary, CREDC acknowledges and agrees that the Authority shall have no liability whatsoever with respect to or in connection with this Agreement, including the payment of any of CREDC's fees and expenses, or the payment of the fees of any Consultants.

H-16

ARTICLE X
NOTICES

SECTION 10.01. Notices. All notices, requests and other communications under this Agreement shall be in writing, shall be deemed given and effective (a) when made by personal delivery with a written receipt of delivery, (b) one (1) Business Day after being sent by a nationally recognized overnight courier for next-day delivery; (c) three (3) Business Days after being sent by United States registered or certified mail, postage prepaid, return receipt requested and (d) upon receipt of confirmation when made by e-mail, and, in each such case, shall be addressed as follows:

If to the Authority:

Pennsylvania Economic Development Financing Authority
c/o Department of Community and Economic Development
Commonwealth Keystone Building
400 North Street, 4th Floor
Harrisburg, Pa 17120
Attn: Executive Director
E-mail: sdrizos@pa.gov

With a copy to:

Office of Chief Counsel
Department of Community and Economic Development
Commonwealth Keystone Building
400 North Street, 4th Floor
Harrisburg, Pa 17120

If to CREDC:

Capital Region Economic Development Corporation
3211 North Front Street
Suite 201
Harrisburg, Pa 17110-1342
Attn: President and CEO
E-mail: dblack@hbgrc.org

With a copy to:

McNees Wallace & Nurick LLC
570 Lausch Lane, Suite 200
Lancaster, Pa 17601-3057
E-mail: dkreiser@mwn.com

The parties to this Agreement, or either of them, may designate in writing from time to time any changes in addresses or any addresses of substitute or supplementary persons in connection with said notices. Except as otherwise expressly provided herein, any provision herein that one party

H-17

shall notify the other of some matter is to be construed as a requirement that notice is to be given in accordance with the provisions of this Section.

ARTICLE XI
MISCELLANEOUS PROVISIONS

SECTION 11.01. Governing Law. This Agreement shall be construed, governed and enforced in accordance with the laws of the Commonwealth of Pennsylvania.

SECTION 11.02. Amendments. This Agreement (including the Exhibits, which are deemed an integral part hereof) may be amended only by a written instrument signed by the Authority and CREDC. No delay on the part of any party in exercising any right, power or privilege under this Agreement shall operate as a waiver thereof, nor shall any waiver on the part of any party of any right, power or privilege under this Agreement, nor any single or partial exercise of any right, power or privilege hereunder, preclude any other or further exercise thereof or the exercise of any other right, power or privilege under this Agreement.

SECTION 11.03. No Third Party Beneficiaries. This Agreement is not intended, and shall not be deemed, to confer any rights or remedies upon any person other than the parties that are signatories hereto and their respective successors and permitted assigns or to otherwise create any third party beneficiary hereto.

SECTION 11.04. Authority's Designee. This Agreement is not intended, and shall not be deemed, to confer any obligation on the Authority to designate a Qualified Designee under the Asset Transfer Agreement or to otherwise delegate any of its rights and responsibilities under the Documents.

SECTION 11.05. Severability. If any provisions of this Agreement or portions thereof shall be held to be invalid, void or unenforceable, the remaining provisions of this Agreement or portions thereof shall in no way be affected or impaired and such remaining provisions or portions thereof shall remain in full force and effect.

SECTION 11.06. Captions. Any heading preceding the text of the several Sections and Subsections hereof are inserted solely for the convenience of reference and shall not constitute a part of this Agreement, nor shall they affect its meaning, construction or effect.

SECTION 11.07. Entire Agreement. This Agreement (including the Exhibits hereto) contains all the agreements, conditions, understandings, representations and warranties made between the parties hereto with respect to the subject matter hereof and supersedes all prior negotiations and proposals (either written or oral) with respect to the subject matter hereof. This Agreement may not be modified or terminated orally or in any manner other than by an agreement in writing signed by both parties hereto or their respective successors in interest.

SECTION 11.08. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, and all of which, taken together, shall constitute on and the same agreement.

H-18

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound, have caused this Agreement to be executed by their duly authorized officers or representatives as of the day and year first above written.

ATTEST:

PENNSYLVANIA ECONOMIC
DEVELOPMENT FINANCING
AUTHORITY

By: _____
Executive Director

Assistant Secretary

ATTEST:

CAPITAL REGION ECONOMIC
DEVELOPMENT CORPORATION

By: _____
[President]

[Vice President]

H-19

EXHIBIT A
Nondiscrimination/Sexual Harassment

The Contractor agrees:

1. In the hiring of any employee(s) for the manufacture of supplies, performance of work, or any other activity required under the contract or any subcontract, the Contractor, each subcontractor, or any person acting on behalf of the Contractor or subcontractor shall not, by reason of gender, race, creed, or color, discriminate against any citizen of this Commonwealth who is qualified and available to perform the work to which the employment relates.
2. Neither the Contractor nor any subcontractor nor any person on their behalf shall in any manner discriminate against or intimidate any employee involved in the manufacture of supplies, the performance of work, or any other activity required under the contract on account of gender, race, creed, or color.
3. The Contractor and each subcontractor shall establish and maintain a written sexual harassment policy and shall inform their employees of the policy. The policy must contain a notice that sexual harassment will not be tolerated and employees who practice it will be disciplined.
4. The Contractor and each subcontractor shall not discriminate by reason of gender, race, creed, or color against any subcontractor or supplier who is qualified to perform the work to which the contracts relates.
5. The Contractor and each subcontractor shall, within the time periods requested by the Commonwealth, furnish all necessary employment documents and records and permit access to their books, records, and accounts by the contracting agency and the Bureau of Minority and Women Business Opportunities (BMWBO), for purpose of ascertaining compliance with provisions of this Nondiscrimination/Sexual Harassment Clause. Within fifteen (15) days after award of any contract, the Contractor shall be required to complete, sign and submit Form STD-21, the "Initial Contract Compliance Data" form. If the contract is a construction contract, then the Contractor shall be required to complete, sign and submit Form STD-28, the "Monthly Contract Compliance Report for Construction Contractors", each month no later than the 15th of the month following the reporting period beginning with the initial job conference and continuing through the completion of the project. Those contractors who have fewer than five employees or whose employees are all from the same family or who have completed the Form STD-21 within the past 12 months may, within the 15 days, request an exemption from the Form STD-21 submission requirement from the contracting agency.
6. The Contractor shall include the provisions of this Nondiscrimination/Sexual Harassment Clause in every subcontract so that those provisions applicable to subcontractors will be binding upon each subcontractor.
7. The Commonwealth may cancel or terminate the contract and all money due or to become due under the contract may be forfeited for a violation of the terms and conditions of this Nondiscrimination/Sexual Harassment Clause. In addition, the agency may proceed with debarment or suspension and may place the Contractor in the Contractor Responsibility File.

H-20

EXHIBIT B
Contractor Responsibility

For the purpose of these provisions, the term Contractor is defined as any person, including, but not limited to, a bidder, offeror, loan recipient, grantee, or subgrantee, who has furnished or seeks to furnish goods, supplies, services, or leased space, or who has performed or seeks to perform construction activity under contract, subcontract, grant, or subgrant with the Commonwealth, or with a person under contract, subcontract, grant, or subgrant with the Commonwealth or its state-affiliated entities, and state-related institutions. The term Contractor may include a permittee, licensee, or any agency, political subdivision, instrumentality, public authority, or other entity of the Commonwealth.

1. The Contractor must certify, in writing, for itself and all its subcontractors, that as of the date of its execution of any Commonwealth contract, that neither the Contractor, nor any subcontractors, nor any suppliers are under suspension or debarment by the Commonwealth or any governmental entity, instrumentality, or authority and, if the Contractor cannot so certify, then it agrees to submit, along with the bid/proposal, a written explanation of why such certification cannot be made.
2. The Contractor must also certify, in writing, that as of the date of its execution, of any Commonwealth contract it has no tax liabilities or other Commonwealth obligations.
3. The Contractor's obligations pursuant to these provisions are ongoing from and after the effective date of the contract through the termination date thereof. Accordingly, the Contractor shall have an obligation to inform the contracting agency if, at any time during the term of the Contract, it becomes delinquent in the payment of taxes, or other Commonwealth obligations, or if it or any of its subcontractors are suspended or debarred by the Commonwealth, the federal government, or any other state or governmental entity. Such notification shall be made within 15 days of the date of suspension or debarment.
4. The failure of the Contractor to notify the contracting agency of its suspension or debarment by the Commonwealth, any other state, or the federal government shall constitute an event of default of the Contract with the Commonwealth.
5. The Contractor agrees to reimburse the Commonwealth for the reasonable costs of investigation incurred by the Office of State Inspector General for investigations of the Contractor's compliance with the terms of this or any other agreement between the Contractor and the Commonwealth, which results in the suspension or debarment of the Contractor. Such costs shall include, but shall not be limited to, salaries of investigators, including overtime; travel and lodging expenses; and expert witness and documentary fees. The Contractor shall not be responsible for investigative costs for investigations that do not result in the Contractor's suspension or debarment.
6. The Contractor may obtain a current list of suspended and debarred Commonwealth Contractors by either searching the internet at <http://www.dgs.state.pa.us/debarment.htm> or contacting the:
Department of General Services
Office of Chief Counsel
603 North Office Building
Harrisburg, PA 17125
Telephone No: (717) 783-6472
FAX No: (717) 787-9138

H-21

EXHIBIT D
Right to Know Law

- a. The Pennsylvania Right-to-Know Law, 65 P.S. §§ 67.101-3104, ("RTKL") applies to this Contract. For the purpose of these provisions, the term "the Commonwealth" shall refer to the contracting Commonwealth agency.
- b. If the Commonwealth needs the Contractor's assistance in any matter arising out of the RTKL related to this Contract, it shall notify the Contractor using the legal contact information provided in this Contract. The Contractor, at any time, may designate a different contact for such purpose upon reasonable prior notice to the Commonwealth.
- c. Upon written notification from the Commonwealth that it requires the Contractor's assistance in responding to a request under the RTKL for information related to this Contract that may be in the Contractor's possession, constituting, or alleged to constitute, a public record in accordance with the RTKL ("Requested Information"), the Contractor shall:
 1. Provide the Commonwealth, within ten (10) calendar days after receipt of written notification, access to, and copies of, any document or information in the Contractor's possession arising out of this Contract that the Commonwealth reasonably believes is Requested Information and may be a public record under the RTKL; and
 2. Provide such other assistance as the Commonwealth may reasonably request, in order to comply with the RTKL with respect to this Contract.
- d. If the Contractor considers the Requested Information to include a request for a Trade Secret or Confidential Proprietary Information, as those terms are defined by the RTKL, or other information that the Contractor considers exempt from production under the RTKL, the Contractor must notify the Commonwealth and provide, within seven (7) calendar days of receiving the written notification, a written statement signed by a representative of the Contractor explaining why the requested material is exempt from public disclosure under the RTKL.
- e. The Commonwealth will rely upon the written statement from the Contractor in denying a RTKL request for the Requested Information unless the Commonwealth determines that the Requested Information is clearly not protected from disclosure under the RTKL. Should the Commonwealth determine that the Requested Information is clearly not exempt from disclosure, the Contractor shall provide the Requested Information within five (5) business days of receipt of written notification of the Commonwealth's determination.
- f. If the Contractor fails to provide the Requested Information within the time period required by these provisions, the Contractor shall indemnify and hold the Commonwealth harmless for any damages, penalties, costs, detriment or harm that the Commonwealth may incur as a result of the Contractor's failure, including any statutory damages assessed against the Commonwealth.

H-23

EXHIBIT C
The Americans with Disabilities Act

During the term of this contract, the Contractor agrees as follows:

1. Pursuant to federal regulations promulgated under the authority of *The Americans With Disabilities Act*, 28 C.F.R. §35.101 et seq., the Contractor understands and agrees that no individual with a disability shall, on the basis of the disability, be excluded from participation in this contract or from activities provided for under this contract. As a condition of accepting and executing this contract, the Contractor agrees to comply with the "General Prohibitions Against Discrimination," 28 C.F.R. §35.130, and all other regulations promulgated under Title II of *The Americans With Disabilities Act* which are applicable to the benefits, services, programs, and activities provided by the Commonwealth of Pennsylvania through contracts with outside contractors.
2. The Contractor shall be responsible for and agrees to indemnify and hold harmless the Commonwealth of Pennsylvania from all losses, damages, expenses, claims, demands, suits, and actions brought by any party against the Commonwealth of Pennsylvania as a result of the Contractor's failure to comply with the provisions of paragraph 1 above.

H-22

- g. The Commonwealth will reimburse the Contractor for any costs associated with complying with these provisions only to the extent allowed under the fee schedule established by the Office of Open Records or as otherwise provided by the RTKL if the fee schedule is inapplicable.
- h. The Contractor may file a legal challenge to any Commonwealth decision to release a record to the public with the Office of Open Records, or in the Pennsylvania Courts, however, the Contractor shall indemnify the Commonwealth for any legal expenses incurred by the Commonwealth as a result of such a challenge and shall hold the Commonwealth harmless for any damages, penalties, costs, detriment or harm that the Commonwealth may incur as a result of the Contractor's failure, including any statutory damages assessed against the Commonwealth, regardless of the outcome of such legal challenge. As between the parties, the Contractor agrees to waive all rights or remedies that may be available to it as a result of the Commonwealth's disclosure of Requested Information pursuant to the RTKL.
- i. The Contractor's duties relating to the RTKL are continuing duties that survive the expiration of this Contract and shall continue as long as the Contractor has Requested Information in its possession.

H-24

EXHIBIT E
Contractor Integrity

It is essential that those who seek to contract with the Commonwealth observe high standards of honesty and integrity. They must conduct themselves in a manner that fosters public confidence in the integrity of the Commonwealth procurement process.

In furtherance of this policy, Contractor agrees to the following:

1. Contractor shall maintain the highest standards of honesty and integrity during the performance of this contract and shall take no action in violation of state or federal laws or regulations or any other applicable laws or regulations, or other requirements applicable to Contractor or that govern contracting with the Commonwealth.
2. Contractor shall establish and implement a written business integrity policy, which includes, at a minimum, the requirements of these provisions as they relate to Contractor employee activity with the Commonwealth and Commonwealth employees, and which is distributed and made known to all Contractor employees.
3. Contractor, its affiliates, agents and employees shall not influence, or attempt to influence, any Commonwealth employee to breach the standards of ethical conduct for Commonwealth employees set forth in the *Public Official and Employees Ethics Act, 65 Pa.C.S. §§1101 et seq.*; the *State Adverse Interest Act, 71 P.S. §776.1 et seq.*; and the *Governor's Code of Conduct, Executive Order 1980-18, 4 Pa. Code §7.151 et seq.*, or to breach any other state or federal law or regulation.
4. Contractor, its affiliates, agents and employees shall not offer, give, or agree or promise to give any gratuity to a Commonwealth official or employee or to any other person at the direction or request of any Commonwealth official or employee.
5. Contractor, its affiliates, agents and employees shall not offer, give, or agree or promise to give any gratuity to a Commonwealth official or employee or to any other person, the acceptance of which would violate the *Governor's Code of Conduct, Executive Order 1980-18, 4 Pa. Code §7.151 et seq.* or any statute, regulation, statement of policy, management directive or any other published standard of the Commonwealth.
6. Contractor, its affiliates, agents and employees shall not, directly or indirectly, offer, confer, or agree to confer any pecuniary benefit on anyone as consideration for the decision, opinion, recommendation, vote, other exercise of discretion, or violation of a known legal duty by any Commonwealth official or employee.
7. Contractor, its affiliates, agents, employees, or anyone in privity with him or her shall not accept or agree to accept from any person, any gratuity in connection with the performance of work under the contract, except as provided in the contract.
8. Contractor shall not have a financial interest in any other contractor, subcontractor, or supplier providing services, labor, or material on this project, unless the financial interest is disclosed to the Commonwealth in writing and the Commonwealth consents to Contractor's financial interest prior to Commonwealth execution of the contract. Contractor shall disclose the financial interest to the Commonwealth at the time of bid or proposal submission, or if no bids or proposals are solicited, no later than Contractor's submission of the contract signed by Contractor.
9. Contractor, its affiliates, agents and employees shall not disclose to others any information, documents, reports, data, or records provided to, or prepared by, Contractor under this contract without the prior written approval of the Commonwealth, except as required by the *Pennsylvania Right-to-Know Law, 65 P.S. §§ 67.101-3104*, or other applicable law or as otherwise provided in this contract. Any information, documents, reports, data, or records secured by Contractor from the Commonwealth or a third party in connection with the performance of this contract shall be kept confidential unless disclosure of such information is:
 - a. Approved in writing by the Commonwealth prior to its disclosure; or
 - b. Directed by a court or other tribunal of competent jurisdiction unless the contract requires prior Commonwealth approval; or
 - c. Required for compliance with federal or state securities laws or the requirements of national securities exchanges; or

H-25

14. Contractor, by submission of its bid or proposal and/or execution of this contract and by the submission of any bills, invoices or requests for payment pursuant to the contract, certifies and represents that it has not violated any of these contractor integrity provisions in connection with the submission of the bid or proposal, during any contract negotiations or during the term of the contract.
15. Contractor shall cooperate with the Office of Inspector General in its investigation of any alleged Commonwealth employee breach of ethical standards and any alleged Contractor non-compliance with these provisions. Contractor agrees to make identified Contractor employees available for interviews at reasonable times and places. Contractor, upon the inquiry or request of the Office of Inspector General, shall provide, or if appropriate, make promptly available for inspection or copying, any information of any type or form deemed relevant by the Inspector General to Contractor's integrity and compliance with these provisions. Such information may include, but shall not be limited to, Contractor's business or financial records, documents or files of any type or form that refers to or concern this contract.
16. For violation of any of these Contractor Integrity Provisions, the Commonwealth may terminate this and any other contract with Contractor, claim liquidated damages in an amount equal to the value of anything received in breach of these provisions, claim damages for all additional costs and expenses incurred in obtaining another contractor to complete performance under this contract, and debar and suspend Contractor from doing business with the Commonwealth. These rights and remedies are cumulative, and the use or non-use of any one shall not preclude the use of all or any other. These rights and remedies are in addition to those the Commonwealth may have under law, statute, regulation, or otherwise.
17. For purposes of these Contractor Integrity Provisions, the following terms shall have the meanings found in this Paragraph 17.
 - a. "Confidential information" means information that a) is not already in the public domain; b) is not available to the public upon request; c) is not or does not become generally known to Contractor from a third party without an obligation to maintain its confidentiality; d) has not become generally known to the public through a act or omission of Contractor; or e) has not been independently developed by Contractor without the use of confidential information of the Commonwealth.
 - b. "Consent" means written permission signed by a duly authorized officer or employee of the Commonwealth, provided that where the material facts have been disclosed, in writing, by pre-qualification, bid, proposal, or contractual terms, the Commonwealth shall be deemed to have consented by virtue of execution of this contract.
 - c. "Contractor" means the individual or entity that has entered into this contract with the Commonwealth, including those directors, officers, partners, managers, and owners having more than a five percent interest in Contractor.
 - d. "Financial interest" means:
 - (1) Ownership of more than a five percent interest in any business; or
 - (2) Holding a position as an officer, director, trustee, partner, employee, or holding any position of management.
 - e. "Gratuity" means tendering, giving or providing anything of more than nominal monetary value including, but not limited to, cash, travel, entertainment, gifts, meals, lodging, loans, subscriptions, advances, deposits of money, services, employment, or contracts of any kind. The exceptions set forth in the *Governor's Code of Conduct, Executive Order 1980-18, the 4 Pa. Code §7.153(b)*, shall apply.
 - f. "Immediate family" means a spouse and any unemancipated child.
 - g. "Non-bid basis" means a contract awarded or executed by the Commonwealth with Contractor without seeking bids or proposals from any other potential bidder or offeror.
 - h. "Political contribution" means any payment, gift, subscription, assessment, contract, payment for services, dues, loan, forbearance, advance or deposit of money or any valuable thing, to a candidate for public office or to a political committee, including but not limited to a political action committee, made for the purpose of influencing any election in the Commonwealth of Pennsylvania or for paying debts incurred by or for a candidate or committee before or after any election.

H-27

- d. Necessary for purposes of Contractor's internal assessment and review; or
 - e. Deemed necessary by Contractor in any action to enforce the provisions of this contract or to defend or prosecute claims by or against parties other than the Commonwealth; or
 - f. Permitted by the valid authorization of a third party to whom the information, documents, reports, data, or records pertain; or
 - g. Otherwise required by law.
10. Contractor certifies that neither it nor any of its officers, directors, associates, partners, limited partners or individual owners has been officially notified of, charged with, or convicted of any of the following and agrees to immediately notify the Commonwealth agency contracting officer in writing if and when it or any officer, director, associate, partner, limited partner or individual owner has been officially notified of, charged with, convicted of, or officially notified of a governmental determination of any of the following:
 - a. Commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements or receiving stolen property.
 - b. Commission of fraud or a criminal offense or other improper conduct or knowledge of, approval of or acquiescence in such activities by Contractor or any affiliate, officer, director, associate, partner, limited partner, individual owner, or employee or other individual or entity associated with:
 - (1) obtaining;
 - (2) attempting to obtain; or
 - (3) performing a public contract or subcontract.Contractor's acceptance of the benefits derived from the conduct shall be deemed evidence of such knowledge, approval or acquiescence.
 - c. Violation of federal or state antitrust statutes.
 - d. Violation of any federal or state law regulating campaign contributions.
 - e. Violation of any federal or state environmental law.
 - f. Violation of any federal or state law regulating hours of labor, minimum wage standards or prevailing wage standards; discrimination in wages; or child labor violations.
 - g. Violation of the *Act of June 2, 1915 (P.L. 336, No. 338)*, known as the *Workers' Compensation Act, 77 P.S. 1 et seq.*
 - h. Violation of any federal or state law prohibiting discrimination in employment.
 - i. Debarment by any agency or department of the federal government or by any other state.
 - j. Any other crime involving moral turpitude or business honesty or integrity.Contractor acknowledges that the Commonwealth may, in its sole discretion, terminate the contract for cause upon such notification or when the Commonwealth otherwise learns that Contractor has been officially notified, charged, or convicted.
 11. If this contract was awarded to Contractor on a non-bid basis, Contractor must, (as required by *Section 1641 of the Pennsylvania Election Code*) file a report of political contributions with the Secretary of the Commonwealth on or before February 15 of the next calendar year. The report must include an itemized list of all political contributions known to Contractor by virtue of the knowledge possessed by every officer, director, associate, partner, limited partner, or individual owner that has been made by:
 - a. Any officer, director, associate, partner, limited partner, individual owner or members of the immediate family when the contributions exceed an aggregate of one thousand dollars (\$1,000) by any individual during the preceding year; or
 - b. Any employee or members of his immediate family whose political contribution exceeded one thousand dollars (\$1,000) during the preceding year.To obtain a copy of the reporting form, Contractor shall contact the Bureau of Commissions, Elections and Legislation, Division of Campaign Finance and Lobbying Disclosure, Room 210, North Office Building, Harrisburg, PA 17120.
 12. Contractor shall comply with requirements of the *Lobbying Disclosure Act, 65 Pa.C.S. § 13A01 et seq.*, and the regulations promulgated pursuant to that law. Contractor employee activities prior to or outside of formal Commonwealth procurement communication protocol are considered lobbying and subjects the Contractor employees to the registration and reporting requirements of the law. Actions by outside lobbyists on Contractor's behalf, no matter the procurement stage, are not exempt and must be reported.
 13. When Contractor has reason to believe that any breach of ethical standards as set forth in law, the Governor's Code of Conduct, or in these provisions has occurred or may occur, including but not limited to contact by a Commonwealth officer or employee which, if acted upon, would violate such ethical standards, Contractor shall immediately notify the Commonwealth contracting officer or Commonwealth Inspector General in writing.

[THIS PAGE INTENTIONALLY LEFT BLANK]

Appendix “I”

Form of Asset Management Agreement

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX I
ASSET MANAGEMENT AGREEMENT

THIS ASSET MANAGEMENT AGREEMENT (this "**Agreement**"), is dated as of December 1, 2013 (for reference purposes only), by and between the **PENNSYLVANIA ECONOMIC DEVELOPMENT FINANCING AUTHORITY** (the "**Authority**"), having an address at c/o Department of Community and Economic Development, Commonwealth Keystone Building, 400 North Street, 4th Floor, Harrisburg, Pennsylvania 17120, and **PK HARRIS ADVISORS, INC.**, a Georgia corporation ("**Asset Manager**"), having an address at Monarch Tower, 3424 Peachtree Road NE, Suite 2200, Atlanta, Georgia 30326.

WITNESSETH:

WHEREAS, the City of Harrisburg (the "**City**") and the Authority have entered into an Intergovernmental Cooperation Agreement dated as of December 1, 2013 (the "**PEDFA Intergovernmental Cooperation Agreement**"), pursuant to which the City has agreed to transfer to the Authority its on-street parking operations, including on-street parking spaces and the delegation by the City to the Authority of parking meter collection, meter rate-setting authority and other non-enforcement functions, all as more particularly set forth in the PEDFA Intergovernmental Cooperation Agreement; and

WHEREAS, the City and the Commonwealth of Pennsylvania Department of General Services ("**DGS**") have entered into an Intergovernmental Cooperation Agreement dated as of December 1, 2013 (the "**DGS Intergovernmental Cooperation Agreement**"), pursuant to which the City has agreed to transfer to DGS certain on-street parking enforcement rights and operations, all as more particularly set forth in the DGS Intergovernmental Cooperation Agreement; and

WHEREAS, in accordance with the terms of that certain Trust Indenture by and between the Authority and U.S. Bank National Association, as trustee (the "**Trustee**") dated as of December 1, 2013 (the "**Indenture**") relating to the issuance by the Authority of various series of parking revenue bonds (the "**Bonds**"), the Authority, Harrisburg Parking Authority (the "**Parking Authority**") and the City are parties to an Asset Transfer Agreement dated as of December 1, 2013 (the "**Asset Transfer Agreement**") pursuant to which the City has agreed to transfer to the Authority, and the Authority has agreed to accept, certain assets consisting of on-street parking meters and related rights (the "**On-Street Parking System**"), all as more particularly described in the Asset Transfer Agreement; and

WHEREAS, in accordance with the terms of the Asset Transfer Agreement, the Parking Authority, as Lessor, and the Authority, as Lessee, are parties to that certain Lease dated as of December 1, 2013 (the "**Lease**") pursuant to which the Parking Authority has agreed to lease to the Authority, and the Authority has agreed to lease from the Parking Authority, certain assets

consisting of parking garages and parking lots as more fully described on Exhibit "A" attached hereto and made a part hereof, located on and including one or more parcels of land (collectively, the "**Off-Street Parking System**"), all as more particularly set forth in the Lease; and

WHEREAS, Asset Manager has been selected as the asset manager for the On-Street Parking System and the Off-Street Parking System; and

WHEREAS, in accordance with the terms of the DGS Intergovernmental Cooperation Agreement, DGS and Asset Manager are parties to that certain Parking Enforcement Engagement Agreement dated the date hereof (the "**Parking Enforcement Engagement Agreement**") pursuant to which DGS has engaged Asset Manager to undertake certain rights and obligations relating to the management and conduct of parking enforcement services, all as more particularly set forth in the Parking Enforcement Engagement Agreement; and

WHEREAS, the On-Street Parking System and the Off-Street Parking System may be collectively referred to herein as the "**Parking System**"; and

WHEREAS, the Parking System includes on-street metered parking spaces, as well as off-street parking spaces comprising part of the Off-Street Parking System from time to time (collectively, the "**Parking Spaces**"), but excluding Unmetered Parking Spaces (as such term is defined in the Asset Transfer Agreement); and

WHEREAS, the Authority desires to engage Asset Manager to provide asset management and related services with respect to the Parking System, and Asset Manager desires to provide such services and accept such engagement; and

WHEREAS, capitalized terms used but not defined herein shall, unless otherwise indicated herein, have the means ascribed thereto in the Asset Transfer Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, and intending to be legally bound hereby, the parties hereto hereby agree as follows:

1. Appointment; Term.

(a) The Authority hereby engages Asset Manager, and Asset Manager hereby accepts such engagement, to provide asset management services and to assist the Authority with respect to the Parking System, upon and subject to the terms of this Agreement.

(b) The initial term of this Agreement shall be for a period of approximately ten (10) years, commencing on the "Closing Date" (as defined in the Asset Transfer Agreement) (the "**Commencement Date**") and continuing through and including December 31, 2023 (the "**Initial Term**"). Thereafter, subject to the provisions of Section 1(c) hereof, and provided that the Asset Manager is not in default of its obligations hereunder, this Agreement shall automatically renew from year-to-year until either party

I-2

gives written notice of non-renewal at least ninety (90) days prior to the expiration of the Initial Term or the then-current renewal term, unless terminated earlier as provided in this Agreement. The Initial Term and any renewal term under and subject to the terms of this Agreement shall collectively be referred to as the "**Term**." The term "**Operating Year**" shall mean a calendar year (i) with the first Operating Year commencing on the Commencement Date and ending on December 31, 2013, and (ii) the period beginning on January 1 of each calendar year thereafter and ending on December 31 of each succeeding full calendar year, commencing January 1, 2014.

(c) The parties hereto expressly intend that this Agreement constitute a qualified management contract pursuant to Internal Revenue Procedure 97-13 and any successor guidance hereafter promulgated by the Internal Revenue Service. Accordingly, notwithstanding Section 1(b) of this Agreement, Asset Manager and the Authority agree that the Initial Term shall terminate and not automatically renew, unless the Authority, prior to the expiration of the Initial Term, is provided with an opinion of nationally recognized bond counsel (upon which Asset Manager is expressly permitted to rely) for the issuance of tax-exempt municipal bonds, to the effect that such automatic renewal does not adversely affect the tax exempt status of the Bonds.

2. Asset Manager's General Responsibilities

(a) Asset Manager's general responsibilities under this Agreement are as follows:

- i. To be responsible for moderate-term to long-term strategic planning relating to the Parking System, with direct oversight of and contracting responsibility with the parking operator responsible for the day-to-day operations of the Parking System (other than certain enforcement obligations which have been granted to Asset Manager by DGS pursuant to the Parking Enforcement Engagement Agreement and, in turn, by Asset Manager to the parking operator pursuant to that certain Parking Enforcement Agreement [as such term is defined in the Asset Transfer Agreement]);
- ii. To prepare or oversee the preparation of operating budgets, capital budgets, annual budgets and business plans for the operation and maintenance of the Parking System, including reasonable and necessary expenses of maintenance, repair and operation of the Parking System (including, without limitation, parking management fees, insurance premiums, administrative and engineering expenses relating to maintenance, repair and operation of the Parking System, legal expenses, administration expenses and any other expenses included in such operating budgets, annual budgets and business plans);

- iii. To make recommendations to the Authority with respect to the establishment of reserves for ongoing operations, maintenance, repair and replacement for the Parking System;
- iv. To make recommendations to the Authority with respect to risk management policies and procedures with respect to the Parking System;
- v. To assist in the planning and implementation of development and redevelopment programs with respect to the Parking System; provided, however, Asset Manager will not have responsibility for (i) design or construction management with respect to development or redevelopment of the Parking System or any new parking facilities, (ii) the installation, removal, and repair of signage not relating to the Parking System (such as signs regarding no standing/stopping, bus/taxi zones, traffic control and similar signage), or (iii) any other obligation or responsibility not expressly delegated to or assumed by Asset Manager pursuant to the terms of this Agreement;
- vi. To retain, at reasonable rates, legal counsel, architects, accountants, insurance consultants, engineers, environmental specialists and other professionals, agents and consultants;
- vii. Subject to any approvals that may be required pursuant to the terms of the Indenture and/or the Asset Transfer Agreement, to consummate transactions on behalf and in the name of the Authority, or through the Qualified Designee, or all actions that Asset Manager deems advisable or appropriate thereto, including without limitation, executing such documents or instruments as may be advisable or appropriate within the scope of the matters expressly delegated to and assumed by Asset Manager pursuant to the terms of this Agreement;
- viii. To maintain and operate, or cause the Operator to maintain and operate, the Parking System in accordance with the Asset Transfer Agreement, the Operating Standards, the Long Term Capital Plan and applicable Law (as such terms are defined in the Asset Transfer Agreement);
- ix. To supervise, manage, maintain and, subject to required approvals, if any, pursuant to the Indenture, the Asset Transfer Agreement or the Lease, dispose of assets, including without limitation, directing the expenditure of funds by the Authority for the maintenance of the Parking System and for improvements thereto, approving operating

budgets, supervising parking operator(s), and calculating amounts as described in the Indenture,

- x. To negotiate and enter into agreements with respect to or affecting the Parking System (including, but not limited to, leases, easements, licenses, maintenance, management, operating and service agreements and construction contracts) pursuant to a procedure, process or system to be developed and implemented from time to time by the Authority, Asset Manager and Operator (each working cooperatively and in good faith);
- xi. Subject to required approvals, if any, pursuant to the Indenture, the Asset Transfer Agreement or the Lease, to make all sale, exchange, expansion and other capital decisions with respect to the Parking System and, in connection therewith, dispose of any property, plant and equipment ("PP&E") if (i) the PP&E is inadequate, unprofitable, obsolete or worn out, (ii) fair market value is received in return, or (iii) the market value of all PP&E disposed of in any operating year does not exceed five percent (5%) of the total market value of all PP&E included within the Parking System;
- xii. To oversee the accounting and reporting functions as are required for the proper management of the Parking System, to create and maintain financial statements that will include revenue and expense information, contract for audits and prepare or cause to be prepared such reports as may be required by the Authority or pursuant to the Indenture, the Asset Transfer Agreement or the Lease in connection with the operation of the Parking System, review the accounting of income and expenses and report on the financial status of the Parking System;
- xiii. To perform the duties as required for disbursements pursuant to Section 5 of the Indenture, including monthly disbursements pursuant to the Annual Operating Budget, Capital Reserve Fund account disbursements, and calculations associated with the monthly Revenue Fund disbursements as described in Section 5.2 of the Indenture;
- xiv. To comply with the Americans with Disabilities Act provisions attached to this Agreement as Exhibit "I";
- xv. To the extent provided for in the Annual Operating Budget, and only using funds provided pursuant to the Indenture, to pay, or cause the Operator (as hereinafter defined) to pay, when due, all charges (including all applicable taxes and fees) relating to utilities, including

I-5

gas, electricity, light, heat, power, telephone, water, sewer and all other utilities and other services used in the Parking System or supplied to the Parking System during the Initial Term and any renewal thereof (the "Utilities");

- xvi. With the cooperation and assistance of the Authority, to coordinate, or cause the Operator to coordinate, all Parking System operations with the Utilities and Persons having service lines, pipelines, transmission lines and other equipment, cables, systems and other apparatus in, on, under, over or adjacent to the Parking System;
- xvii. With the cooperation and assistance of the Authority, to coordinate, or cause the Operator to coordinate, all Parking System operations with any Affected Property (as such term is defined in the Asset Transfer Agreement);
- xviii. To charge, or cause the Operator to charge, the users of the services of the Parking System in accordance with procedures established pursuant to this Agreement and the Asset Transfer Agreement, and to take, or cause the Operator to take, all commercially reasonable steps pursuant to the Parking Enforcement Engagement Agreement or the Parking Enforcement Agreement, as applicable, to enforce collection of any overdue charges by any remedy available at law or equity. The Asset Manager shall not permit, and shall cause the Operator to refrain from permitting, the use of the Parking System without making a charge based on established rates, fees and charges; and
- xix. To promptly investigate and make a full written report to the Authority as to all alleged accidents and/or alleged claims for damages of which Asset Manager becomes aware related to the operation, management, administration, and maintenance of the Parking System, including any personal injury and/or property damage claimed by any third party; and Asset Manager shall promptly forward to the Authority any complaint, summons, subpoena, or other legal documents served upon Asset Manager and cooperate with the Authority in any proceedings pertaining to the same.

(b) In carrying out and performing Asset Manager's general responsibilities, specific duties, and other obligations under this Agreement, except as expressly limited hereunder, Asset Manager shall have the authority to take any and all actions to the extent Asset Manager considers such action advisable or appropriate.

I-6

(c) In carrying out and performing Asset Manager's general responsibilities, specific duties, and other obligations under this Agreement, Asset Manager agrees:

- i. To comply with the Nondiscrimination/Sexual Harassment Standards set forth on Exhibit "E", attached hereto, as from time to time modified pursuant to the Indenture, the Asset Transfer Agreement or the Lease, and to cause comparable nondiscrimination/sexual harassment provisions to be inserted into all project contracts (including any management agreement with the initial operator and any such successor operators of the Parking System);
- ii. To comply with the Pennsylvania Right to Know Law, §§ 65 P.S. 67.101-3104 and to comply with the provisions set forth in Exhibit "F" attached hereto and to cause such provisions to be part of any management agreement with the initial operator and any such successor operators of the Parking System;
- iii. To refrain from hiring and/or contracting with a Person (as such term is defined in the Indenture) who has been suspended or debarred by the Commonwealth of Pennsylvania under its Contractor Responsibility Program, Management Directive 215.9, as amended from time to time, or has been convicted by a court of competent jurisdiction of a crime for which a term of imprisonment of one year or more could have been imposed, and any Person controlled by a Person which has been so suspended, debarred or convicted;
- iv. To agree to the Contractor Responsibility provisions attached to this Agreement as Exhibit "G";
- v. To agree to the Contractor Integrity provisions attached to this Agreement as Exhibit "H" and, in connection therewith, Asset Manager hereby represents, warrants and covenants, to the best of its knowledge, that it currently has no interest and shall not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance of its obligations hereunder; and
- vi. To refrain from doing or permitting (and require the Operator to refrain from doing or permitting) anything to be done that would cause interest paid by the Authority on the Bonds to lose its exemption from federal income taxation in accordance with Section 103(a) of the Internal Revenue Code of 1986, as amended (the "Code") based upon the use of the Parking System in accordance with Section 142(a)(3) of the Code.

I-7

3. **Asset Manager's Specific Duties.** The Asset Manager shall perform (or cause to be performed) the following specific duties:

(a) **Annual Capital Budget.**

(i) Asset Manager shall prepare and submit to the Authority for approval on or before the thirtieth (30th) day prior to the beginning of each Operating Year during the Initial Term hereof, and any renewal term (if applicable), a capital budget prepared in accordance with GAAP (as such term is defined in the Indenture), applied on a consistent basis (the "Annual Capital Budget") for the Parking System, formulated in accordance with the provisions of the Indenture detailing (A) planned capital expenditures relating to the Parking System over a period of up to ten (10) years and the portion of capital expenditures expected to be funded from the Capital Reserve Fund (as such term is defined in the Indenture), (B) any construction management fee (the "Construction Management Fee") to be paid to any Person in such Operating Year, and (C) the expected beginning balance in the Capital Reserve Fund, the amounts expected to be transferred monthly by the Trustee from the Revenue Fund and the expected year-end balance in the Capital Reserve Fund. The Annual Capital Budget shall be sufficient to permit the Parking System to be maintained and operated in accordance with the Operating Standards;

(ii) Asset Manager shall cause the Annual Capital Budget to be reviewed by an Engineering Firm (as defined in the Indenture);

(iii) Asset Manager shall provide copies of the Annual Capital Budget to the Authority, the Qualified Designee, the Trustee, the City, the Credit Facility Providers (as such term is defined in the Indenture) and the Parking Authority on or before the thirtieth (30th) day prior to the commencement of each Operating Year;

(iv) If the Authority, or the Qualified Designee, shall provide written notice on or prior to the twentieth (20th) day prior to the commencement of an Operating Year that the proposed Annual Capital Budget is not approved, the Asset Manager shall prepare, or cause to be prepared, an amended Annual Capital Budget, which shall be provided to the Authority, the Qualified Designee, the Trustee, the City, the Credit Facility Providers and the Parking Authority on or prior to the tenth (10th) day prior to the commencement of such Operating Year. If the Authority provides written notice to the Asset Manager prior to commencement of an Operating Year that such revised Annual Capital Budget is not approved, such revised Annual Capital Budget shall not go into effect; and

(v) The Asset Manager may prepare, or cause to be prepared, amendments or supplements to the Annual Capital Budget at any time; provided,

I-8

however, an amended or supplemental Annual Capital Budget must be approved by the Authority or the Qualified Designee.

(b) Annual Operating Budget.

(i) the Asset Manager shall prepare, or cause the Operator to prepare, on or before the thirtieth (30th) day prior to the beginning of each Operating Year, a budget for such Operating Year (the "Annual Operating Budget");

(ii) such Annual Operating Budget shall be prepared on the basis of monthly requirements, so that it will be possible to determine the Current Expenses (as defined in the Indenture) for each month during the Operating Year and shall include the Performance Management Fee and the Operator Performance Fee in each Operating Year;

(iii) the Asset Manager shall provide copies of each Annual Operating Budget to the Authority, the Qualified Designee, the Trustee, the City, the Credit Facility Providers and the Parking Authority, on or before the thirtieth (30th) day prior to the beginning of each Operating Year;

(iv) if the Authority or the Qualified Designee provides written notice to the Asset Manager on or prior to the twentieth (20th) day prior to the commencement of an Operating Year that the proposed Annual Operating Budget is not approved, the Asset Manager shall prepare, or cause to be prepared, an amended Annual Operating Budget, which shall be provided to the Authority, the Qualified Designee, the Trustee, the City, the Credit Facility Providers and the Parking Authority on or prior to the tenth (10th) day prior to the commencement of such Operating Year. If the Authority provides written notice to the Asset Manager prior to commencement of an Operating Year that such revised Annual Operating Budget is not approved, such revised Annual Operating Budget shall not go into effect; and

(v) if for any reason the Annual Operating Budget shall not have been prepared or approved before the first day of any Operating Year, the budget for the preceding Operating Year shall, until the approval of the new Annual Operating Budget, be deemed to be in force and shall be treated as the Annual Operating Budget hereunder;

(vi) the Asset Manager may prepare, or cause to be prepared, an amended or supplemental Annual Operating Budget at any time for the remainder of the current Operating Year, provided, however, that (A) except as provided in (ix) below, an amended and supplemental Annual Operating Budget must be approved by the Authority or the Qualified Designee, and (B) if the amended or supplemented Annual Operating Budget shows an increase in expenses of greater than five percent (5%) of originally budgeted expenses for the remainder of the Operating Year, the Asset Manager must secure a certificate of a Consultant (as such term is defined in the Indenture)

I-9

(e) Capital Repair and Annual Capital Budget. Subject to the availability of sufficient funds as provided in the Indenture, including Revenues, the Asset Manager shall be responsible to cause to be made all capital repairs, replacements, and improvements with respect to the Parking System required to be completed during the Term in accordance with the terms of this Agreement and the Long Term Capital Plan. The Asset Manager shall engage an Engineering Firm to perform a physical assessment of the Parking System (including inspection of all major components) and submit a report of its findings (the "Parking System Condition Report") to the Authority and the Advisory Committee. The Parking System Condition Report shall be signed and sealed by a Professional Engineer and shall describe any defects, that were found and any improvements required to comply with the Long Term Capital Plan. The initial Parking System Condition Report shall be delivered to the Authority and the Advisory Committee on or before December 31, 2015, and subsequent Parking System Condition Reports shall be delivered to the Authority and the Advisory Committee on or before December 31 of each third (3rd) year thereafter. The Parking System Condition Report due December 31, 2048, and each Parking System Condition Report delivered thereafter, shall state whether, in the opinion of the Professional Engineer, each component of the Parking System will be functionally or physically obsolete at the expiration of the Term. The Asset Manager may, but shall not be obligated to, obtain a Parking System Condition Report more frequently if required in its reasonable judgment.

(f) Long Term Capital Plan

(i) The Asset Manager shall prepare and deliver to the Authority and the Advisory Committee a long term capital plan (the "Long Term Capital Plan") based on the Parking System Condition Reports (a copy of which shall be attached to the Long Term Capital Plan), covering projected capital expenditures for repair, renovation and replacement of the Parking System in each of the next ten (10) Operating Years (including years that may follow the expiration of the Term of the Asset Transfer Agreement) in order to permit the Parking System to be operated and maintained in a First Class Manner during the entire ten (10) year period. Consistent with the Rate Covenant and Prospective Rate Covenant, the Long Term Capital Plan will also detail the expected sources of moneys to fund the Long Term Capital Plan, including currently available funds in the Capital Reserve Fund, proceeds of Additional Bonds and reasonable expectations of revenues projected to be generated. The Long Term Capital Plan will specify the current Operating Year's Capital Reserve Requirement (as defined in the Indenture) and the projected deposit for the next four (4) years. The Long Term Capital Plan shall satisfy the requirements of the Indenture and the Lease. The Long Term Capital Plan and the revisions every three (3) years shall include a certificate signed and sealed by a Professional Engineer, stating that in the opinion of the Professional Engineer, the implementation of the proposed or revised Long Term Capital Plan, as the case may be, together with operation and maintenance of the Parking System in accordance with the Operating Standards, will enable the Parking System to be operated and maintained in a First Class Manner during the full ten (10) year period covered by the

I-11

demonstrating that notwithstanding such increase, the increase does not cause the Authority to be in violation of the Rate Covenant (as such term is defined in the Indenture), or that the amendment or supplement causes rates and charges from the operation of the Parking System to be increased so as to comply with the Rate Covenant; and the Asset Manager shall provide copies of any such amended or supplemental Annual Operating Budget to the Authority, the Qualified Designee, the Trustee, the City, the Credit Facility Providers and the Parking Authority;

(vii) the revenues and expenses provided in the Annual Operating Budget in each Operating Year shall be projected to be sufficient to meet the Rate Covenant for such Operating Year;

(viii) the Annual Operating Budget shall be prepared on a cash basis; and

(ix) The Asset Manager shall have the authority to adopt modifications to the Annual Operating Budget for the remainder of the Operating Year up to 5% of the total annual amount of the Annual Operating Budget originally adopted for such Operating Year.

(d) Forecasts. Asset Manager shall, prior to the beginning of each Operating Year, prepare a forecast (the "Forecast") of projected Revenues and expenses (including capital expenditures based on the Long Term Capital Plan) for the five (5) year period commencing with such Operating Year, including an estimate of the Authority's ability to meet the Rate Covenant in each Operating Year of the Forecast (the Rate Covenant in each Operating Year of the Forecast being referred to herein as the "Prospective Rate Covenant"). The Forecast shall be based on existing parking rates, subject to adjustments permitted under the Asset Transfer Agreement, the Lease or other governing documents related to rates and charges, and operating costs as adjusted by the Consumer Price Index and other factors deemed appropriate by the Asset Manager, the actual Debt Service Requirement in each year of the Forecast, and project capital expenditures based on the Long Term Capital Plan. The Forecast shall include the Capital Reserve Fund balance at the end of each Operating Year of the five-year period. The Asset Manager shall deliver to the Authority, the Trustee and the Credit Facility Providers, on or before the thirtieth (30th) day following delivery of the annual financial statements required pursuant to Section 4 of this Agreement, a certificate of an Authorized Asset Manager Representative, demonstrating whether (i) (A) the Rate Covenant was met for the most recently completed Operating Year, (B) the Rate Covenant is projected to be met for the current Operating Year, and (C) the Prospective Rate Covenant is projected to be met for the five-year period commencing with the current Operating Year, or (ii) the Net Revenue Covenant (as defined in the Indenture) was met for the most recently completed Operating Year, as applicable.

I-10

Long Term Capital Plan (including years that may follow the expiration of the Term of the Asset Transfer Agreement).

(ii) On or before March 31, 2014, the Asset Manager shall prepare or cause to be prepared the initial Long Term Capital Plan and deliver it to the Authority and the Advisory Committee. The Advisory Committee will have thirty (30) days to review and comment upon the initial Long Term Capital Plan. The Asset Manager and the Operator will adopt (with the approval of the Authority or the Qualified Designee) the initial Long Term Capital Plan (including any changes made after review of the advisory input and comments from the Advisory Committee) not later than May 31, 2014. A revised Long Term Capital Plan shall be prepared and delivered on or before March 31, 2016 (based on the Parking System Condition Report required to be delivered on or before December 31, 2015), and every three (3) years thereafter. The Long Term Capital Plan due March 31, 2049, and each Long Term Capital Plan adopted thereafter, shall provide for the performance of the following: (a) replacement, prior to the expiration of the Term, of all components of the Parking System, other than Parking Garages, projected by the Professional Engineer to be functionally or physically obsolete at the expiration of the Term; and (b) the demolition, leaving a clear buildable lot, during the first Operating Year after the expiration of the Term, of up to one Parking Garage, if any, projected by the Professional Engineer to be functionally or physically obsolete at the expiration of the Term, and in any event, not more than one. The Asset Manager may cause the Long Term Capital Plan to be revised at any time as conditions warrant. Copies of every revision of the Long Term Capital Plan shall be delivered to the Authority and the Advisory Committee.

(g) Adverse Actions. If the Asset Manager becomes aware of any violation or potential violation by the City or the Parking Authority of the Non-Compete Covenant or the Non-Impair Covenant in Article 13 of the Asset Transfer Agreement, it will notify the Authority and the Qualified Designee of any such violation or potential violation, and, at such time as Asset Manager has determined what remedies should be pursued with respect to any such violation, it will notify the Authority, the Qualified Designee, and the Advisory Committee of such determination.

(h) Existing Parking System(s). Notwithstanding anything to the contrary contained in this Agreement, in no event shall Asset Manager or Operator have any obligation, responsibility or liability for the status, condition, defects, operation, repair, replacement, installation, upgrade, removal, replacement or modification of any component, equipment, machinery or systems of the Parking System, or the compliance thereof with applicable Law, the Operating Standards or the terms of this Agreement, as of the Commencement Date, unless and then only to the extent specifically set forth in the Annual Operating Budget, Annual Capital Budget or Long Term Capital Plan, as applicable, prepared and approved pursuant to, and subject to, the terms of this Agreement from and after the Commencement Date of this Agreement.

I-12

4. Financial Statements and Other Reporting.

(a) The Asset Manager shall maintain or cause to be maintained a standard and modern system of accounting in accordance with sound accounting practice and as required by Law, and furnish or cause to be furnished to the Authority, the Trustee, the Credit Facility Providers, the Parking Authority and the City such information respecting the business, assets and financial condition of the Parking System as the Authority, the Trustee, the Credit Facility Providers, the Parking Authority or the City may reasonably request and, without request, furnish to the Authority, the Trustee, the Credit Facility Providers, the Parking Authority and the City:

(i) Within one hundred twenty (120) days after the close of each Operating Year, copies of audited financial statements for the Parking System, together with an unqualified opinion thereon of an independent certified public accountant not unacceptable to the Trustee;

(ii) Within forty-five (45) days of the end of each fiscal quarter, copies of the unaudited financial statements of the Parking System to include (a) an executive summary of the status and performance of the Parking System; (b) financial statements, including income statement, balance sheet and statement of cash flow for the Parking System; (c) a summary of the operating results and performance of the Parking System; and (d) the financial information required pursuant to the Indenture; and

(iii) Such other reports and information as Asset Manager determines is appropriate for the Authority to comply with the Authority's obligations under Section 7.2 of the Asset Transfer Agreement.

(b) All financial statements referred to herein shall be complete and correct in all material respects and shall be prepared in reasonable detail and on a basis in accordance with GAAP, applied consistently throughout all accounting periods, and shall be accompanied by a certificate of an authorized officer of the Asset Manager certifying that the accompanying financial statements are true and correct. The Authority shall furnish, or cause to be furnished, to Asset Manager, upon request, such information as shall be reasonably required by Asset Manager to discharge its duties hereunder. Asset Manager shall confer with the Authority or the Qualified Designee on a quarterly basis to review the status of the Parking System.

(c) Asset Manager will post, or cause the Operator to post, on the publicly available website maintained by the Operator for the Parking System, the financial statements and such other operating reports as Asset Manager deems appropriate or as requested by the Authority or the Qualified Designee.

I-13

for advisory input, which advisory input shall be provided by the Advisory Committee within sixty (60) days of submission of the proposed modifications. Proposed modifications of the Operating Standards shall include a certificate signed and sealed by a Professional Engineer, stating that in the opinion of the Professional Engineer, maintenance and operation of the Parking System and performance of the Parking System Operations in accordance with Operating Standards that comply with the requirements set forth in Schedule 2 to the Asset Transfer Agreement (attached hereto as Exhibit "B"), as modified by the proposed modifications, will constitute maintenance, operation and performance in a First Class Manner. Modifications shall be subject to approval by the Parking Authority, which approval will not be unreasonably withheld, conditioned or delayed as provided in the Asset Transfer Agreement. The Parking Authority is required to respond in writing to the Asset Manager and the Advisory Committee with respect to any proposed modifications of the Off-Street Operating Standards elements of such Schedule 2 (attached hereto as Exhibit "B") within 60 days of notice from the Asset Manager of the proposed changes (including comments or recommendations of the Advisory Committee, if any) and if the Parking Authority disapproves of a proposed modification, the notice of disapproval is required to be given in writing and is required to specify in detail the Parking Authority's reasons for disapproval and any changes that would make the proposal acceptable to the Parking Authority. If the Parking Authority fails to respond with approval or disapproval as required herein within the 60-day period, the Asset Manager may give another notice to the Parking Authority stating that the failure of the Parking Authority to approve or disapprove the proposed modifications within 15 days of the second notice shall constitute approval. The Parking Authority's failure to give notice of approval or disapproval as required in Section 5.3 of the Asset Transfer Agreement within said 15-day period shall be deemed approval of the proposed modification. Copies of any final modifications shall be delivered to the Parking Authority and the Advisory Committee.

(b) Proposed modifications to the On-Street Operating Standards elements of Schedule 2 to the Asset Transfer Agreement (attached hereto as Exhibit "B") shall be provided by the Asset Manager to the Advisory Committee for advisory input, which shall be provided by the Advisory Committee within sixty (60) days of submission. Modifications shall be subject to approval by the City, which approval will not be unreasonably withheld, conditioned or delayed as provided in the Asset Transfer Agreement. The City is required to respond in writing to the Asset Manager and the Advisory Committee with respect to any proposed modifications of the On-Street Operating Standards elements of Schedule 2 to the Asset Transfer Agreement (attached hereto as Exhibit "B") within 60 days of notice from the Asset Manager of the proposed changes (including comments or recommendations of the Advisory Committee, if any) and if the City disapproves of a proposed modification, the notice of disapproval is required to be given in writing and is required to specify in detail the City's reasons for disapproval and any changes that would make the proposal acceptable to the City. If the City fails to respond with approval or disapproval as required herein within the 60-day period, the Asset Manager may give another notice to the City stating that the failure of

I-15

(d) Asset Manager will prepare and submit at the time required therein, all information required under the Authority's Continuing Disclosure Agreement dated as of December 1, 2013 with respect to the Bonds.

5. Advisory Committee

The Asset Manager will perform the duties with respect to the Advisory Committee (as defined in the Asset Transfer Agreement) as expressly assigned to Asset Manager in the Asset Transfer Agreement and specifically in Schedule 14 to the Asset Transfer Agreement.

6. Operating Standards.

(a) The Asset Manager and the Operator shall jointly develop Operating Standards complying with the terms of the Asset Transfer Agreement. The Operating Standards shall include a certificate signed and sealed by a Professional Engineer, stating that in the opinion of the Professional Engineer, the Operating Standards comply with the requirements of Schedule 2 of the Asset Transfer Agreement (attached hereto as Exhibit "B") and that maintenance and operation of the Parking System and performance of the Parking System Operations in accordance with the Operating Standards will constitute maintenance, operation and performance in a First Class Manner.

(b) On or before March 31, 2014, the Asset Manager and the Operator shall jointly prepare the initial Operating Standards and deliver them to the Authority and the Advisory Committee. The Asset Manager and Operator may cause the Operating Standards to be revised at any time as conditions warrant in accordance with the provisions of Section 7 of this Agreement. Copies of every revision of the Operating Standards shall be delivered to the Authority and the Advisory Committee.

(c) The Operating Standards and all revisions shall be submitted to the Advisory Committee for advisory input and comment. The Advisory Committee will have thirty (30) days to review and comment upon the Operating Standards. The Asset Manager and the Operator will adopt the initial Operating Standards (including any changes made after review of the advisory input and comments from the Advisory Committee) not later than May 31, 2014. The Asset Manager will deliver copies of the final adopted Operating Standards (including the required certificate signed and sealed by a Professional Engineer) to the Authority and the Advisory Committee.

7. Modifications of Operating Standards (Schedule 2 to Asset Transfer Agreement).

(a) Proposed modifications to the Off-Street Operating Standards elements of the Operating Standards attached as Schedule 2 to the Asset Transfer Agreement (attached hereto as Exhibit "B") shall be provided by the Asset Manager to the Advisory Committee

I-14

the City to approve or disapprove the proposed modifications within 15 days of the second notice shall constitute approval. The City's failure to give notice of approval or disapproval as required in Section 5.3 of the Asset Transfer Agreement within said 15-day period shall be deemed approval of the proposed modification. Copies of any final modifications shall be delivered to the City and the Advisory Committee.

(c) In no event shall any modifications of the Operating Standards increase Asset Manager's responsibilities, duties, obligations, liabilities or workload hereunder without the prior written consent of the Asset Manager and such amendment to this Agreement as Asset Manager may reasonably require.

8. Intentionally Omitted.

9. Parking Taxes; Parking Lease City Payments.

(a) Asset Manager shall cause the Operator to collect from customers of the Parking System (other than pursuant to the Parking Lease, or any replacement, amendment, or supplement thereto), as parking and gross receipts taxes and other taxes, an amount equal to twenty percent (20%) (or such lesser percentage as may be equal to the City's then imposed parking tax) of each payment made by such user for using the Parking System.

(b) With respect to the Parking Lease (or any replacement, amendment, or supplement thereto), Operator shall set aside an amount equal to the Parking Lease City Payments (as defined in the Indenture).

(c) Asset Manager shall cause Operator to pay directly to the City the amounts set forth in subsections (a) and (b) above collected by Operator.

10. Parking Operator

(a) Operation of the Parking System shall, at all times during the Initial Term and any renewal thereof, be under the direction and supervision of the Asset Manager who shall supervise and manage an Operator with the expertise, qualifications, experience, competence, skills and know-how to perform the Parking System operations in accordance with this Agreement. The Operator shall at all times be subject to the direction and supervision of the Asset Manager. The Asset Manager may select a replacement Operator in accordance with the requirements of the Indenture and the Leasehold Mortgage, based on the following factors: (i) the ability of the proposed Operator to manage or operate the Parking System in a manner that complies with the Operating Standards; (ii) the financial strength and integrity of the proposed Operator; (iii) the background and reputation of the proposed Operator; and (iv) the absence of status as a Disqualified Contractor.

I-16

(b) Identity of Operator. Initially, the parking operator for the Parking System will be SP Plus Corporation, formerly known as Standard Parking Corporation (the "Operator"). The Operator will be retained by Asset Manager pursuant to a separate agreement between the Asset Manager and the Operator (the "Parking Services Agreement"). In the event of termination of the Parking Services Agreement, the Asset Manager will notify the Authority of its selection of a replacement Operator meeting the criteria set forth in Section 10(a) above and will enter into an agreement with the replacement Operator in accordance with the provisions of, and subject to any approvals required by, the Indenture and/or the Asset Transfer Agreement.

(c) Operating Account(s). The Asset Manager shall require the Operator to establish one or more account(s) (in such quantity, of such type, in such name and for such purposes as may be determined by the Authority, the Asset Manager and the Operator consistent with the requirements of the Indenture, collectively, the "Operating Account(s)") which shall be held by the Operator in the name of the Operator until applied as directed by the Asset Manager or as set forth in the Parking Services Agreement. The Authority shall cause the Trustee to transfer from the Revenue Fund, as provided in the Indenture, on the first Business Day of each month to the credit of the Operating Account or to the Authority or Asset Manager for their expenses, as applicable, an amount equal to (a) the amount shown by the Annual Operating Budget to be necessary to pay Current Expenses for the ensuing month, and (b) an amount certified in writing to the Trustee by the Asset Manager with supporting certification from the Operator as being reasonably necessary to pay Current Expenses which are expected for such month, after taking into account the amount on deposit in the Operating Account, it being recognized that the Annual Operating Budget may have to be amended accordingly.

(d) The Asset Manager shall prohibit the Operator from applying sums on deposit in the Operating Account(s) for any purpose except the payment of the Current Expenses. The Parking Services Agreement shall provide that in making payments from the Operating Account for Current Expenses, the Operator will be deemed to certify that obligations in the stated amounts have been incurred with respect to the Parking System and that each item thereof was properly incurred in maintaining, repairing and operating the Parking System, has not been paid previously and that such payments are properly budgeted in the Annual Operating Budget.

(e) Asset Manager shall cause the Operator to offer employment to employees of the Parking Authority and the City upon and subject to the terms set forth in the Asset Transfer Agreement.

11. License to Enter the Public Way.

(a) The Asset Manager and the Operator are authorized, as representatives and agents of the Authority, pursuant to the license granted by the City to the Authority

I-17

ii. A Performance Management Fee of \$4,166.67 per month increased by five percent (5%) at the beginning of each Operating Year which shall be paid as provided in the Indenture within thirty (30) days following each Interest Payment Date, subject to the terms of the Indenture and delivery of a certificate by the Asset Manager confirming such. To the extent that there are insufficient amounts under the Indenture to pay the Performance Management Fee in any monthly period, the Performance Management Fee will accrue and be paid in later periods as and to the extent amounts under the Indenture are available and permitted to be used for such payment. To the extent that Performance Management Fees are earned hereunder but not paid within any six (6) month period following an Interest Payment Date, such earned but unpaid Performance Fee(s) will be carried over to the subsequent six (6) month period and paid as and to the extent amounts under the Indenture are available and permitted to be used for such payment. If there is any unpaid Performance Management Fee carried over from a prior six (6) month period at then end of the subsequent six (6) month period, the unpaid carryover Performance Management Fee will not continue to be carried over and will no longer be payable. Failure to pay the Performance Management Fee in any period is not a default under the terms of this Agreement, so long as such failure to pay results from insufficient amounts under the Indenture.

iii. Intentionally Omitted.

iv. A Setup, Document Review and Due Diligence Fee at closing equal to \$75,000 for the Asset Manager and \$40,000 for its consultant plus reimbursement of expenses for the Asset Manager and consultant to include legal, travel and other out of pocket expenses.

(b) In addition to the Management Fees, Asset Manager shall be provided funds for its Current Expenses incurred by it in the performance of its duties hereunder pursuant to the Annual Operating Budget. Such expenses shall be paid monthly in amounts set forth in the Annual Operating Budget, and as provided by the Indenture. Such expenses shall not include any personnel or overhead expenses or "mark-up" of actual expenses.

(c) Payments of any Management Fees and Asset Manager's Current Expenses shall be made solely from amounts available therefor under the Indenture, and shall be subject to the payment priorities set forth in the Indenture.

(d) If applicable, Asset Manager shall deliver to the Trustee, the Authority and each Credit Facility Provider within the time period set forth in the Indenture, a certificate setting forth the amount to be paid to the Asset Manager as a "Performance Management Fee" pursuant to this Agreement and to the Operator as an "Operator Performance Fee" pursuant to the Parking Enforcement Agreement and the Parking Services Agreement. Such certificate shall include the basis upon which such amount was calculated. In addition, if the Asset Manager's "Performance Fee" or the Operator's "Operator Performance Fee" was not paid, in whole or in part due to insufficient funds

I-19

in Section 3.3(b) of the Asset Transfer Agreement, to enter upon, in, under, over and across the Public Way (as such term is defined in the Asset Transfer Agreement), to the extent and at such times as shall be necessary or desirable for the Asset Manager or its representatives (including the Operator) to access the Parking System in order to conduct Parking System operations, including operating, maintaining, inspecting, constructing, repairing, and managing the Parking System and all supporting structures and appurtenances thereto and interconnecting the same to any electric utility, telephonic or other communication lines, collecting revenues, and installing monitoring or observation technology or equipment reasonably necessary for Parking System operations. All provisions of Law, including applicable City permit requirements, relating to the conduct of a private business or franchise in that part of the Public Way apply to Asset Manager and the Operator, provided that the Authority shall use commercially reasonable efforts to assist the Asset Manager and/or the Operator in the exercise of such rights so as to permit Asset Manager and/or the Operator to fulfill their obligations under this Agreement, the Parking Services Agreement, the Parking Enforcement Engagement Agreement and the Parking Enforcement Agreement, as applicable.

(b) The Authority shall cooperate with the Asset Manager and/or the Operator, and use commercially reasonable efforts to implement and enforce on behalf of the Asset Manager and/or the Operator the provisions of Section 3.10 (Utilities) of the Asset Transfer Agreement, so as to permit Asset Manager and/or the Operator to fulfill its/their obligations under this Agreement.

12. Insurance

(a) Asset Manager shall, as a Current Expense (as such term is defined in the Indenture) under the Indenture, provide or cause the Operator to provide and maintain insurance with respect to the Parking System, in amounts and with coverage as set forth on Exhibit "D" attached hereto.

(b) Asset Manager shall notify the Authority, the Trustee and the Credit Facility Providers of any damage to or any destruction of any portion of the Parking System in accordance with the terms of the Indenture. Insurance proceeds received in respect of such occurrence shall be deposited in a separate account in the Capital Reserve Fund, and shall be applied in accordance with the terms of the Indenture and the Mortgage.

13. Management Fee, Expenses.

(a) For its services pursuant to this Agreement, Asset Manager shall be paid management fees (the "Management Fees") as follows:

i. A base Asset Management Fee of \$16,667 per month increased by five percent (5%) at the beginning of each Operating Year, payable as a Current Expense under the Indenture.

I-18

being available under the Indenture, such certificate shall separately state the amount of any such unpaid amounts and the date(s) on which such amounts were not paid. Following receipt of such certificate, the Authority shall cause the Trustee to transfer to the Asset Manager and the Operator, from moneys on deposit under the Indenture (to the extent sufficient), the amounts set forth in such certificate.

14. Authorized Representative.

(a) The Asset Manager and Authority shall each designate an authorized representative or representatives to act on their behalf for purposes of carrying out their duties and responsibilities pursuant to this Agreement, and any instruction, direction, or notification given in connection with this Agreement shall be given by such authorized representative and confirmed promptly in writing. The Asset Manager or Authority, as the case may be, shall from time to time certify to the other party the name or names of the person or persons authorized to act on behalf of the Asset Manager or Authority, as the case may be, and shall furnish to the other party a specimen of the signatures of such person or persons. Any individual so certified shall be deemed to be the authorized representative of the Asset Manager or Authority, as the case may be. When any individual so certified shall cease to have authority to act on behalf of the Asset Manager or Authority, as the case may be, the Asset Manager or Authority, as the case may be, shall promptly give notice of that fact to the other party, but until such notice is received, Authority or the Asset Manager, as applicable, may continue to recognize such individual as an authorized representative of the other party. The initial authorized representative, and specimen of her/his signature for Authority are set forth on Exhibit "J" attached hereto and for the Asset Manager are set forth on Exhibit "K" attached hereto.

(b) The Authority and the Asset Manager hereby recognize and agree that, pursuant to that certain Servicing Agreement dated of even date herewith (the "Servicing Agreement") between the Authority and the Capital Region Economic Development Corporation ("CREDC"), the Authority has designated CREDC as the "Qualified Designee" (as such term is defined in the Asset Transfer Agreement), pursuant to which (i) CREDC will administer and manage on behalf of the Authority the relationship among the Authority, the Asset Manager and the Operator with respect to the Parking System, and (ii) the Authority will otherwise delegate certain other duties and responsibilities to CREDC for a term and on the terms and conditions set forth in the Servicing Agreement. The Authority hereby acknowledges, agrees and confirms that CREDC is acting on behalf of and with the express authorization of the Authority with respect to all matters set forth in the Servicing Agreement, that, notwithstanding the delegation of any duties or responsibilities by the Authority to CREDC under or pursuant to the Servicing Agreement, the Authority shall remain primarily liable and responsible for the terms and provisions of this Agreement. As the Authority's Qualified Designee, CREDC shall have the power to provide approvals, directions, requests, consents, authorizations, notices, act on behalf of PEDFA and otherwise take actions and legally bind PEDFA with respect to matters under this Agreement as if PEDFA and had itself acted, and the Asset Manager

I-20

and, so long as the Servicing Agreement remains in effect, the Operator shall be entitled to rely without further inquiry on such actions by CREDC as binding on PEDFA. PEDFA agrees that any actions, communications, requests, deliveries, notices, or other actions taken by Asset Manager and/or Operator under this Agreement to or with CREDC shall be deemed to have been given to or performed for PEDFA.

15. Record Keeping The Asset Manager and the Operator shall each maintain at its principal place of business, a complete and accurate set of files, books and records of all business activities and operations. Such records and accounts shall reflect all items of revenue and expense allocable to the management, operation, maintenance, and disposition of the Assets, as well as information regarding the status of each the Assets. Such records and accounts shall be maintained following the end of the Operating Year to which they relate for seven (7) years or the time period required by Law, whichever is longer.

16. Audit of Books and Records At its option, the Authority may at any time cause the books and financial operations of the Project to be audited by an independent auditor to be selected by Authority. Asset Manager agrees to cooperate with such auditor and to make any of its facilities available to such auditor during normal business hours upon prior written notice. Any audit shall be performed at the expense of the Authority.

17. Consultant Review The Asset Manager shall engage recognized reputable third party consultants with experience in reviewing parking assets and operations, at the times provided in the Indenture, to determine the physical condition of the Parking System and to provide an estimate of capital needs (both near- and long-term). The Asset Manager shall also engage, from time to time, structural engineers, insurance consultants and financial consultants as it deems necessary. Payments to consultants engaged by Asset Manager hereunder shall be deemed Current Expenses.

18. Standard of Care Asset Manager shall discharge its duties pursuant to this Agreement with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent professional asset manager acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims, and in accordance with this Agreement. Asset Manager represents and warrants that it possesses the requisite skill and expertise to serve as an asset manager and to perform the duties and obligations set forth in this Agreement.

19. Compliance with Laws

(a) Asset Manager shall not knowingly engage in any action that would violate, in any material respect, any law, rule, regulation or statement of policy of any governmental authority having jurisdiction over the Parking System.

(b) Asset Manager shall not be liable for (or alterations, improvements or other remedial measures necessary to cure) violations of environmental, building or other

I-21

laws and regulations unless solely and directly caused by the gross negligence or intentional misconduct of Asset Manager, its employees, contractors or agents first occurring after the Commencement Date; provided, however, that Asset Manager shall (i) exercise its good faith, reasonable efforts to comply with such regulations (subject to payment pursuant to the terms of this Agreement), and (ii) promptly notify the Authority of violations or hazards discovered by Asset Manager. Asset Manager shall not be obligated to initiate a process of discovery requiring environmental testing or inspections not normally performed in the routine operation of the Parking System, unless required by applicable law or specifically requested to do so by the Authority in writing and at the Authority's expense.

20. Assumed Contracts Asset Manager shall perform or cause the Operator to perform the duties as described in the contracts identified on Exhibit "C" relating to the Parking System.

21. Availability of Funds All of the duties and obligations of Asset Manager to be performed by Asset Manager will be performed by Asset Manager with the funds made available to it under the applicable funds and accounts of the Indenture. The performance of the responsibilities of Asset Manager is conditioned upon the Authority, or the Trustee on behalf of the Authority, making available to Asset Manager sufficient funds, but solely from Revenues, to perform such responsibilities. Asset Manager shall have no duty or obligation under any circumstance to pay or fund any sums hereunder from Asset Manager's own funds.

22. Representations and Warranties of Authority The Authority hereby represents and warrants to Asset Manager that: (a) the Authority is a public instrumentality and public body corporate and politic organized under the Pennsylvania Economic Development Financing Law, as amended; (b) the Authority is fully authorized under the instruments and laws governing the Authority to enter into and perform this Agreement; (c) the execution and performance of this Agreement by the Authority will not conflict with, or result in a breach of the terms, conditions, or provisions of, or constitute a default under, or result in any violation of, any agreement or instrument to which the Authority is subject; and (d) the person(s) executing this Agreement on behalf of Authority have been duly authorized to execute and deliver this Agreement on behalf of Authority.

23. Representations and Warranties of Asset Manager Asset Manager hereby represents and warrants to the Authority that: (a) Asset Manager is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization; (b) Asset Manager is fully authorized under the instruments and laws governing Asset Manager to enter into and perform this Agreement; (c) the execution and performance of this Agreement will not conflict with, or result in a breach of the terms, conditions, or provisions of, or constitute a default under, or result in any violation of, any agreement or instrument to which Asset Manager is a party or may be subject; and

I-22

(d) the person(s) executing this Agreement on behalf of Asset Manager have been duly authorized to execute and deliver this Agreement on behalf of Asset Manager.

24. Authority Covenants The Authority (for itself and the Qualified Designee) covenants to Asset Manager that, so long as no Indenture Event of Default (as defined in the Indenture) shall have occurred and be continuing under the Indenture, in no event, without the prior written consent of Asset Manager, shall the Authority agree to any amendment to the Asset Transfer Agreement, Indenture, Ground Lease or any other transaction document that would materially increase the duties, obligations or liabilities of the Asset Manager or the Operator or materially affect the economic terms from those set forth in this Agreement, or the Parking Services Agreement or Parking Enforcement Agreement, as applicable ("Material Change"). In connection with any Material Change, Asset Manager and/or Operator may request that its compensation under its respective agreement(s) be reasonably adjusted to reflect any such additional duties or obligations or affected economic terms. If Asset Manager and/or Operator makes such request to the Authority and the Authority (acting reasonably and in good faith) does not grant such request, Asset Manager or Operator, as applicable, shall have the right to terminate its respective agreement(s). In connection with any proposed amendment to the foregoing documents, the Authority shall promptly provide to Asset Manager advance written notice of any proposed amendment, copies of any documents, instruments or other information relating to any such proposed amendment, and shall consult and cooperate in good faith with Asset Manager and Operator in connection therewith.

25. Other Activities Asset Manager shall assign or cause the Operator to assign qualified personnel and shall devote such time as it shall deem reasonably advisable or appropriate to enable Asset Manager to fully perform its obligations hereunder. It is understood that Asset Manager provides asset management services for other clients. It is further understood that Asset Manager may take action on behalf of other clients, itself or its affiliates that differs from action taken on behalf of the Authority, so long as such actions do not adversely affect the operations of the Parking System.

26. Termination Rights

(a) At the sole option of the Authority, this Agreement may be terminated upon written notice of such termination to Asset Manager if any of the following events shall have occurred: (a) Asset Manager shall have violated any provision of this Agreement or breached any representation or warranty set forth herein, and, after written notice from the Authority of such violation, shall have failed to cure such default within thirty (30) days (or, if such default is not reasonably susceptible of being cured within 30 days, shall have failed to promptly commence the cure of such default, if such default is capable of being cured and thereafter diligently prosecuted to completion the cure of such default); (b) a petition shall have been filed against Asset Manager for an involuntary proceeding under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, and such petition shall not have been dismissed within 90 days of

I-23

filing; or a court having jurisdiction shall have appointed a receiver, liquidator or similar official of Asset Manager for any substantial portion of its property, or ordered the winding up or liquidation of its affairs, and such appointment or order shall not have been rescinded or vacated within ninety (90) days of such appointment or order; or (c) Asset Manager shall have commenced a voluntary proceeding under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, which proceeding shall not have been dismissed within ninety (90) days of the commencement thereof, or (d) Asset Manager shall have made any general assignment for the benefit of creditors. Upon any such termination, Asset Manager shall reasonably cooperate in the transfer of its duties (and of all relevant documentation and other information) to a new asset manager or managers identified by the Authority.

(b) This Agreement shall terminate upon the termination of the Asset Transfer Agreement or if the Asset Manager is required to be replaced under the terms of the Indenture, or upon request, upon the exercise of remedies under the Indenture.

(c) Asset Manager shall have the right to terminate this Agreement upon not less than ninety (90) days written notice to the Authority if Asset Manager is not paid or reimbursed for any amounts due to it pursuant to the terms of this Agreement, or in Asset Manager's sole discretion, with or without cause (provided that no termination by Asset Manager without cause shall be effective until the Authority has retained a replacement asset manager meeting the requirements of Section 3.5(b) of the Asset Transfer Agreement).

(d) Concurrently with the effective date of the termination of this Agreement, Asset Manager shall deliver to the Authority (or shall relinquish Asset Manager's control over) all funds in all accounts related to the Parking System; and Asset Manager's signature and other rights concerning such accounts shall terminate (and Asset Manager shall reasonably cooperate to accomplish the termination of such rights). Within thirty (30) days after termination, Asset Manager shall deliver to the Authority:

(i) A final accounting, reflecting the balance of income and expenses pertaining to the Parking System as of the date of termination.

(ii) All original contracts, receipts or deposits, unpaid bills and other papers or documents in Asset Manager's custody or control necessary to the management of the Parking System.

(e) Asset Manager shall be entitled to retain copies of or have reasonable access upon request to all documents referred to herein, reasonably necessary in connection with the winding up of Asset Manager's obligations under this Agreement.

(f) In the event of any termination of this Agreement other than pursuant to Section 26(a) above, Asset Manager shall be paid or reimbursed, solely from Revenues,

I-24

for all amounts due and owing to it hereunder through the date of termination. The provisions of this subparagraph (f) shall survive the termination of this Agreement.

27. Asset Manager Hold Harmless. From and after the Commencement Date, Asset Manager shall save and hold harmless the Authority from and against any and all claims by the Authority in respect of or arising solely and directly from the gross negligence or intentional misconduct of Asset Manager or its employees resulting in a breach of Asset Manager's obligations hereunder that continues beyond any applicable notice and/or cure period; *provided, that*, in no event shall Asset Manager have any liability for any indirect, incidental, consequential or punitive damages incurred by the Authority. The obligations of Asset Manager hereunder shall survive the expiration or earlier termination of this Agreement.

28. Miscellaneous.

(a) Amendments. This Agreement (including the Exhibits, which are deemed an integral part hereof) may be amended only by a written instrument signed by the Authority and Asset Manager. No delay on the part of any party in exercising any right, power or privilege under this Agreement shall operate as a waiver thereof, nor shall any waiver on the part of any party of any right, power or privilege under this Agreement, nor any single or partial exercise of any right, power or privilege hereunder, preclude any other or further exercise thereof or the exercise of any other right, power or privilege under this Agreement.

(b) Severability. If any one or more of the covenants, agreements, provisions or terms of this Agreement shall be held contrary to any express provision of law or contrary to policy of express law, though not expressly prohibited or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements, provisions or terms shall be deemed severable from the remaining covenants, agreements, provisions or terms of this Agreement and in no way shall affect the validity or enforceability of the other provisions of this Agreement.

(c) Successors and Assigns. The Asset Manager may assign this Agreement to any entity meeting the requirements of Section 3.5(b) of the Asset Transfer Agreement owned or controlled by the Asset Manager without the necessity of the consent of the Authority (and the Asset Manager shall promptly notify the Authority of any such assignment). The Asset Manager expressly acknowledges and agrees that, subject to the terms of the Indenture and the Asset Transfer Agreement, this Agreement may, without the consent of (but with prior written notice to) the Asset Manager, be assigned by the Authority to the Trustee for the security of the holders of the Bonds and, subject to the terms of the Indenture and the Asset Transfer Agreement, may be subsequently assigned, without the consent of (but with prior written notice to) the Asset Manager, to a successor, trustee, or any other entity providing financing or serving as a trustee for the benefit of entities or individuals which provide financing of the Parking System, or with

I-25

Office of Chief Counsel
Department of Community and Economic Development
Commonwealth Keystone Building
400 North Street, 4th Floor
Harrisburg, Pa 17120

if to the Asset Manager, to:

PK Harris Advisors, Inc.
Monarch Tower
3424 Peachtree Road NE, Suite 2200
Atlanta, Georgia 30326
Attn: John Gass
With a copy to: Greg Winchester
Facsimile: 404-954-5382
Email: jgass@trimontrea.com
gwinchester@trimontrea.com

with a copy to:

Richard A. Fineman, Esquire
Nachmias Morris & Alt, P.C.
20 Ash Street, Suite 200
Conshohocken, Pennsylvania 19428
Facsimile: (610) 629-6659
Email: rfineman@nmacp.net

Any party may alter the address or telecopy number to which communications are to be sent by giving notice of such change of address in conformity with the provisions of this Section 28(e) for the giving of notice.

(f) No Third Party Beneficiaries. Except for the rights of assignment set forth in Section 28(c) hereof, this Agreement is not intended, and shall not be deemed, to confer any rights or remedies upon any person other than the parties that are signatories hereto and their respective successors and permitted assigns or to otherwise create any third party beneficiary hereto. Notwithstanding the foregoing, but subject to the terms of the Indenture and the Asset Transfer Agreement, the parties hereby agree that the Trustee may, in its name or (to the extent required by law) in the name of the Authority, enforce all rights of the Authority against the Asset Manager under and pursuant to this Agreement for and on behalf of the owners of the Bonds, whether or not the Authority is in default under the Indenture. The Authority shall cooperate with the Trustee in enforcing the covenants and obligations of the Asset Manager hereunder.

I-27

respect to any refinancing of the Bonds, or any other financing, or an entity which exercises remedies under or succeeds to the rights under the Financing Documents. The Asset Manager expressly agrees that upon such assignment, it will provide the services hereunder for the benefit of such assignee upon the terms and conditions set forth in this Agreement or will enter into a new agreement with such assignee containing substantially the same terms and conditions as are set forth in this Agreement. Subject to the foregoing, this Agreement shall be binding upon the Authority and upon Asset Manager and their respective successors and assigns.

(d) Limited Liability of Authority. The liability of the Authority under this Agreement and the Trustee, as assignee of the Authority under this Agreement, shall be limited as set forth in the Indenture. The Asset Manager expressly recognizes such limitation of liability and that no obligations shall be paid hereunder or under the Indenture, other than as set forth in the Indenture, and further recognizes that payment of obligations to the Asset Manager hereunder or with respect to the Parking System is further subject to, and limited by, the provisions of the Indenture. The provisions of this subparagraph (d) shall survive the expiration or earlier termination of this Agreement.

(e) Notices. Unless expressly provided otherwise herein, all notices, requests, demands, and other communications required or permitted under this Agreement shall be in writing (including by telecopy or electronic mail) and shall be deemed to have been duly given, made and received (i) when delivered against receipt or upon actual receipt of registered or certified mail, postage prepaid, return receipt requested, (ii) if sent by an internationally reputable overnight air courier, one business day after mailing, (iii) in the case of telecopy notice, when received in legible form or (iv) in the case of electronic mail, with a copy sent as provided in clause (i) or (ii) of this sentence, when transmitted, in each case addressed as set forth below:

if to the Authority to:

Pennsylvania Economic Development Financing
Authority
c/o Department of Community and Economic
Development
Commonwealth Keystone Building
400 North Street, 4th Floor
Harrisburg, Pa 17120
Attn: Executive Director
E-mail: sdrizos@pa.gov

with a copy to:

I-26

(g) Integration, Incorporation by Reference. This Agreement must be read in conjunction with the Indenture, the Asset Transfer Agreement, the PEDFA Intergovernmental Cooperation Agreement and the Lease and, except where expressly referred to herein, there are no further or other agreements or understandings, written or oral, in effect between or among the parties relating to the subject matter hereof. All Exhibits hereto shall be deemed incorporated herein by the references thereto made herein.

(h) Governing Law. This Agreement and the rights of the parties hereto shall be governed by and interpreted in accordance with the laws of the Commonwealth of Pennsylvania.

(i) Inspection. The Authority or its designee shall have the right to inspect the Parking System during reasonable times during normal business hours and upon reasonable notice, and, upon the request of Asset Manager and/or Operator, accompanied by a representative of Asset Manager and/or Operator, as applicable.

(j) Rights of Harrisburg Parking Authority under Asset Transfer Agreement The Asset Manager will reasonably cooperate with the Authority in providing the Harrisburg Parking Authority with all rights under the Asset Transfer Agreement to include furnishing of information, right to audit and right to inspect.

(k) Estoppel Certificates. Each party hereto, at any time and from time to time during the term of this Agreement, shall promptly, but in no event later than ten (10) business days after written request by the other party hereto or by Trustee, execute, acknowledge and deliver to such requesting party or to any person designated by such requesting party, a certificate stating: (i) that this Agreement is unmodified and in full force and effect (or if there have been modifications, that this Agreement is in full force and effect as modified, and identifying the modification agreements); (ii) the date to which any sum due and payable pursuant to this Agreement has been paid; (iii) whether or not there is any other existing default by either party hereto with respect to which a notice of default has been served, and if there is any such default, specifying the nature and extent thereto; (iv) whether or not there are any setoffs, defenses or counterclaims against enforcement of the obligations to be performed hereunder existing in favor of the party executing such certificate; and (v) any other information relating to this Agreement reasonably requested by the requesting party.

(l) Liability of Asset Manager. Notwithstanding anything to the contrary set forth or implied herein, Authority agrees to look solely to Asset Manager for the duties, obligations, responsibilities and liabilities of Asset Manager hereunder and, unless caused solely and directly by Asset Manager's breach of this Agreement or the gross negligence, willful misconduct, malfeasance or fraud of Asset Manager, its employees, contractors and/or agents, then only to the extent of any funds made available to Asset Manager under the applicable funds and account of the Indenture. Notwithstanding anything to the contrary contained herein, in no event shall the affiliates, partners, members,

I-28

shareholders, officers, directors, employees, lenders, contractors, agents or representatives (or any permitted successor or assign of any of the foregoing), as such, be liable or responsible for any duty, obligation, responsibility or liability of Asset Manager hereunder. Without in any way limiting the foregoing, in no event shall Asset Manager or any of its affiliates, partners, members, shareholders, officers, directors, employees, lenders, contractors, agents or representatives (or any permitted successor or assign of any of the foregoing), as such, be liable or responsible for any punitive, exemplary, incidental, indirect, special or consequential damages claimed by Authority, arising under or in connection with this Agreement, including, without limitation, damages for loss of profits, whether based upon contract, tort, breach of warranty or any other legal or equitable grounds. The provisions of this subparagraph (l) shall survive the expiration or earlier termination of this Agreement.

(m) Force Majeure. Any delays in the performance of any obligations by either party to this Agreement shall be excused to the extent that such delays are caused by Force Majeure (as such term is defined in the Asset Transfer Agreement), and any time periods required for performance shall be extended accordingly.

(n) Relationship of Parties. The relationship between Authority and Asset Manager under this Agreement shall be that of principal and agent, respectively. In taking any action under this Agreement, Asset Manager shall be acting only as agent for Authority, and nothing in this Agreement shall be construed as creating a partnership, joint venture or any other relationship requiring Asset Manager to bear any portion of losses arising out of or connected with the Parking System, and Asset Manager shall not be considered an employee of Authority. Neither party shall have the power to bind or obligate the other except as expressly set forth in this Agreement.

(o) Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, and all of which, taken together, shall constitute on and the same agreement.

[Signatures on following page]

Exhibit A

Parking Garages and Parking Lots

IN WITNESS WHEREOF, the parties, intending to be legally bound, have executed this Agreement as of the day and year first above written.

Pennsylvania Economic Development Financing Authority

By: _____
Name:
Title:

PK Harris Advisors, Inc.

By: _____
Name:
Title:

Exhibit B

Operating Standards

See Schedule 2 of Asset Transfer Agreement (Attached hereto)

Exhibit C

Assumed Contracts

Exhibit D

Insurance Requirements

Appendix I - Exhibit C

Appendix I - Exhibit D

Exhibit E

Nondiscrimination/Sexual Harassment Standards

Exhibit F

Pennsylvania Right to Know Law

Appendix C - Exhibit E

Appendix I - Exhibit F

Exhibit G

Contractor Responsibility Provisions

Exhibit H

Contractor Integrity Provisions

Appendix I - Exhibit G

Appendix I - Exhibit H

Exhibit I

Americans with Disabilities Act Provisions

Exhibit J

Authority Authorized Representative

Appendix I - Exhibit I

Appendix I - Exhibit J

Exhibit K

Asset Manager Authorized Representative

Appendix I - Exhibit K

[THIS PAGE INTENTIONALLY LEFT BLANK]

Appendix “J”

Form of Parking Enforcement Engagement Agreement

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX J

PARKING ENFORCEMENT ENGAGEMENT AGREEMENT

This Parking Enforcement Engagement Agreement (the "Agreement") is made the 1st day of December, 2013 (for reference purposes only) by and between the Commonwealth of Pennsylvania, Department of General Services ("DGS") with offices at 515 North Office Building, Harrisburg, Pennsylvania 17125-0001, and PK HARRIS ADVISORS, INC., a Georgia corporation ("Asset Manager"), having an address at Monarch Tower, 3424 Peachtree Road NE, Suite 2200, Atlanta, Georgia 30326.

WITNESSETH

WHEREAS, pursuant to an Intergovernmental Cooperation Agreement dated the 1st day of December, 2013, between the City of Harrisburg (the "City") and DGS (the "DGS ICA"), the City has delegated to DGS the obligation, management and conduct of certain parking enforcement services with respect to certain on-street parking spaces in the City as set forth on Exhibit A attached hereto (the "Spaces"). The Spaces are under the control of the Pennsylvania Economic Development Financing Authority ("PEDFA") by virtue of an Intergovernmental Transfer (pursuant to and as defined in that certain Asset Transfer Agreement dated as of even date herewith by and among Harrisburg Parking Authority, PEDFA and the City (the "Asset Transfer Agreement")) by the City to PEDFA in connection with PEDFA's acquisition of certain parking assets in the City, including the Spaces (collectively, the "Facilities"); and

WHEREAS, the acquisition of the Facilities was financed by PEDFA's issuance of various series of parking revenue bonds (collectively, the "Bonds") under a Trust Indenture (the "Indenture") by and between PEDFA and U.S. Bank National Association, as trustee (the "Trustee") dated as of December 1, 2013; and

WHEREAS, Asset Manager is serving as asset manager to PEDFA in connection with the Facilities pursuant to that certain Asset Management Agreement dated the 1st day of December, 2013 by and between PEDFA and Asset Manager (the "Asset Management Agreement"); and

WHEREAS, as an asset manager, Asset Manager possesses, or will engage a parking enforcement operator (defined in the Asset Transfer Agreement, and referred to in this Agreement, as the "Enforcement Operator") an Enforcement Operator which possesses, the requisite skill and expertise to perform the Parking Enforcement Powers (as defined in the Asset Transfer Agreement); and

WHEREAS, DGS desires to engage Asset Manager, or cause Asset Manager to engage Enforcement Operator to perform, the Parking Enforcement Powers with respect to the Spaces, and Asset Manager desires to accept such engagement; and

WHEREAS, an Advisory Committee ("Advisory Committee"), as defined in and established by the Asset Transfer Agreement is constituted so as to provide input on such matters to include, but not be limited to, Parking Enforcement Powers.

December 31, 2023 (the "Initial Term"). Thereafter, subject to Section 1(c) hereof and provided that the Asset Manager is not in default of its obligations hereunder beyond any applicable notice and/or cure period, and provided that neither party notifies the other by written notice of its intent to cancel this Agreement as may be permitted by the terms hereof, this Agreement shall automatically renew from year-to-year until either party gives written notice of non-renewal at least One Hundred Twenty (120) days prior to the expiration of the Initial Term or the then-current renewal term, unless terminated earlier as provided in this Agreement.

(c) The parties hereto expressly intend that this Agreement constitute a qualified management contract pursuant to Internal Revenue Procedure 97-13 and any successor guidance hereafter promulgated by the Internal Revenue Service. Accordingly, notwithstanding Section 1(b) of this Agreement, Asset Manager and DGS agree that the Initial Term shall terminate and not automatically renew, unless PEDFA and Asset Manager, prior to the expiration of the Initial Term, are provided with an opinion of nationally recognized bond counsel for the issuance of tax-exempt municipal bonds, to the effect that such automatic renewal does not adversely affect the tax exempt status of the Bonds.

2. **Authority.** Asset Manager may, in carrying out its duties, take any action to the extent that Asset Manager considers such action advisable or appropriate.

3. **Enforcement Operator.** In the performance of its obligations hereunder, Asset Manager shall be responsible for engaging an Enforcement Operator to perform the Parking Enforcement Powers for the Spaces. Initially, the Enforcement Operator will be Standard Parking Corporation. The Enforcement Operator will be retained by Asset Manager pursuant to a separate agreement between Asset Manager and the Enforcement Operator (the "Parking Enforcement Agreement"). In the event of termination of the Parking Enforcement Agreement, Asset Manager will make a recommendation to the Advisory Committee with respect to a replacement Enforcement Operator and will negotiate a proposed agreement with the replacement Enforcement Operator, subject to the terms of the Indenture and the Asset Transfer Agreement.

4. **Insurance.** Asset Manager or Enforcement Operator shall provide and maintain insurance coverage of the types and in the amounts required by and satisfying the terms and requirements of the Indenture and, as applicable, the Asset Management Agreement or the Parking Enforcement Agreement. Responsibility for the cost of obtaining and maintaining such insurance shall be as set forth in the Indenture and, as applicable, the Asset Management Agreement or the Parking Enforcement Agreement.

5. **Management Fee, Expenses.**

(a) For its services pursuant to this Agreement, Asset Manager shall be paid certain fees and paid or reimbursed for certain costs and expenses incurred by it in the performance of its duties pursuant to and as more particularly set forth in the Indenture and the Asset Management Agreement.

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained, and intending to be legally bound hereby, the parties hereby agree as follows:

1. **Appointment; Term.**

(a) **Appointment.** DGS hereby engages Asset Manager, and Asset Manager hereby accepts such engagement from DGS, to perform the Parking Enforcement Powers with respect to the Spaces. Asset Manager will provide, or engage the Enforcement Operator to provide, the following services with respect to the Spaces:

- i. Operate and direct the Parking Enforcement Powers and render the necessary services incidental thereto as required by applicable law and the Enforcement Policies (as defined in the Asset Transfer Agreement);
- ii. Assist as necessary and as requested by the Advisory Committee in the planning, development and implementation of a City-wide parking and enforcement analysis;
- iii. Hire, compensate, and supervise a reasonable and customary number of experienced and qualified enforcement personnel who will render the services required by this Agreement. Such employees will be neatly uniformed and courteous to the public, and will conduct courteous and fair enforcement of the Parking Enforcement Powers;
- iv. Provide enforcement of parking regulations by virtue of issuing non-moving parking citations, immobilization efforts and all other legally permissible requirements for parking enforcement included within the Parking Enforcement Powers;
- v. Process and accept payments for payment violations and such other violations as directed by the Asset Manager;
- vi. To the extent permitted by applicable law, assist the City with its adjudication and statutory process for the collection of unpaid citations, collection of citation revenue, and causing all collected revenues from citations to be deposited into the appropriate depository account; and
- vii. Subject to the terms of the Indenture and the Asset Transfer Agreement, provide or cause the Enforcement Operator to provide all equipment, supplies, software, and back office support necessary to properly perform the Parking Enforcement Powers.

(b) **Term.** The initial term of this Agreement shall be for a period of Ten (10) years, commencing on the "Closing Date" (as defined in the Asset Transfer Agreement) (the "Commencement Date") and continuing through and including

J-2

(b) There shall be no obligation on the part of DGS to pay any fees or expenses to Asset Manager hereunder.

6. **Standard of Care.** Asset Manager shall discharge, or require the Enforcement Operator to discharge, its duties pursuant to this Agreement with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent professional real estate asset manager acting in a like capacity and familiar with such matters would use in the conduct of on-street parking enforcement of a like character, with like aims for the over-all operation of the Spaces and in accordance with this Agreement. Asset Manager possesses, or will engage an Enforcement Operator which possesses, the requisite skill and expertise to perform the Parking Enforcement Powers.

7. **Compliance with Laws.** Asset Manager shall not knowingly engage in any action that would violate, in any material respect, any law, rule, regulation or statement of policy of any governmental authority having jurisdiction over the Spaces.

8. **Representations and Warranties of Asset Manager and DGS.**

(a) Asset Manager hereby represents and warrants to DGS that: (a) Asset Manager is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization; (b) Asset Manager is fully authorized under the instruments and laws governing Asset Manager to enter into and perform this Agreement; (c) the execution and performance of this Agreement will not conflict with, or result in a breach of the terms, conditions, or provisions of, or constitute a default under, or result in any violation of, any agreement or instrument to which Asset Manager is a party or may be subject.

(b) DGS hereby represents and warrants to Asset Manager that DGS is fully authorized and possesses all requisite right, power and authority to enter into this Agreement and to engage Asset Manager to perform on behalf of DGS and the City the Parking Enforcement Powers.

9. **Other Activities.** Asset Manager shall, or shall require Enforcement Operator to, assign qualified personnel and shall devote such time as it shall deem advisable or appropriate to enable it to fully to perform its obligations hereunder. It is understood that Asset Manager provides asset management services for other clients. It is further understood that Asset Manager may take action on behalf of other clients, itself or its affiliates that differs from action taken on behalf of DGS, so long as such actions do not adversely affect the operations of the Spaces as required by this Agreement.

10. **Termination Rights.**

(a) At the sole option of DGS, upon the advice of the Advisory Committee, this Agreement may be terminated upon written notice of such termination to Asset Manager if any of the following events shall have occurred: (a) Asset Manager shall have violated any provision of this Agreement or breached any representation or warranty set forth herein, and, after written notice from DGS, upon the advice of the Advisory Committee, of such violation, shall have failed to cure such default within thirty (30) days (or, if such default is not reasonably

J-4

susceptible of being cured with 30 days, shall have failed to promptly commence the cure of such default, if such default is capable of being cured and thereafter diligently prosecuted to completion of the cure of such default; (b) a petition shall have been filed against Asset Manager for an involuntary proceeding under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, and such petition shall not have been dismissed within ninety (90) days of filing; or a court having jurisdiction shall have appointed a receiver, liquidator or similar official of Asset Manager for any substantial portion of its property, or ordered the winding upon or liquidation of its affairs, and such appointment or order shall not have been rescinded or vacated within ninety (90) days of such appointment or order; or (c) Asset Manager shall have commenced a voluntary proceeding under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or shall have made any general assignment for the benefit of creditors, and the same shall not have been dismissed or vacated within ninety (90) days following commencement. In the event of any such termination, Asset Manager shall cooperate in the transfer of its duties (and of all relevant documentation and other information) to a replacement entity identified to succeed Asset Manager with respect to the duties set forth in this Agreement.

(b) Asset Manager shall have the right to terminate this Agreement upon not less than ninety (90) days written notice to DGS and the Trustee if (i) Asset Manager is not paid the fees, costs and expenses as set forth in Section 5(a) hereof within the time period(s) set forth in the Indenture or the Asset Management Agreement, as applicable, (ii) the representation and warranty by DGS in Section 8(b) hereinabove is determined legally invalid by a court of competent jurisdiction, or (iii) subject to the terms of the Indenture and the Asset Transfer Agreement, at the sole option of Asset Manager, for any other reason, with or without cause.

11. Commonwealth Held Harmless.

(a) Asset Manager, its successors and assigns (hereafter for purposes of Section 11, "Asset Manager Parties") hereby acknowledges, as does the City within the DGS ICA, that DGS is acting solely as a conduit on behalf of the City as to the engagement of Asset Manager hereunder with respect to the Parking Enforcement Powers. DGS will not directly manage, control, audit or oversee Asset Manager in any manner during the term of this Agreement.

(b) DGS requires, and Asset Manager Parties hereby agree, that DGS not be involved in any dispute, performance related issue, and/or breach of contract action involving Asset Manager Parties, the City, or any other party relative to this Agreement. The Asset Manager Parties shall not file, institute, or bring in any manner, any claims, lawsuits, disputes, arbitrations, mediations or other actions against DGS or the Commonwealth of Pennsylvania pertaining in any way to this Agreement as between DGS and Asset Manager, the services provided by Asset Manager related to this Agreement, the performance by Asset Manager related to the Agreement or involving any disputes or claims that Asset Manager Parties has with the City, or other parties, related in any way to the services provided by Asset Manager under this Agreement. To the extent that Asset Manager Parties have any claims, lawsuits, disputes, arbitrations, mediations or other actions pertaining to the terms of this Agreement, it shall direct those claims, lawsuits, disputes, arbitrations, mediations or other actions against the City, PEDFA and/or a third party, not against DGS and the Commonwealth of Pennsylvania.

J-5

12. Miscellaneous.

(a) Amendments. This Agreement may be amended only by a written instrument signed by DGS and Asset Manager and executed in a manner consistent with this Agreement. No delay on the part of any party in exercising any right, power or privilege under this Agreement shall operate as a waiver thereof, nor shall any waiver on the part of any party of any right, power or privilege under this Agreement, nor any single or partial exercise of any right, power or privilege hereunder, preclude any other or further exercise thereof or the exercise of any other right, power or privilege under this Agreement.

(b) Severability. If any one or more of the covenants, agreements, provisions or terms of this Agreement shall be held contrary to any express provision of law or contrary to policy of express law, though not expressly prohibited or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements, provisions or terms shall be deemed severable from the remaining covenants, agreements, provisions or terms of this Agreement and in no way shall affect the validity or enforceability of the other provisions of this Agreement.

(c) Successors and Assigns. Asset Manager may assign this Agreement to any entity owned by, controlled by or under common ownership and/or control with Asset Manager, and may transfer to or engage Enforcement Operator to perform its rights, obligations and responsibilities hereunder, without the necessity of the consent of DGS or the Advisory Committee (and Asset Manager shall promptly notify DGS of any such assignment). Asset Manager expressly acknowledges and agrees that this Agreement may, without the consent of (but with written notice to) Asset Manager, be collaterally assigned by DGS to the Trustee for the security of the holders of the Bonds and, subject to the terms of the Indenture, may be subsequently assigned, without the consent of (but with written notice to) Asset Manager, to a successor, trustee, or any other entity providing financing or serving as a trustee for the benefit of entities or individuals which provide financing of the Facilities, or with respect to any refinancing of the Bonds, or any other financing, provided that the Parking Enforcement Powers have been properly delegated by the City to such transferee party and such transferee party possesses the same rights and powers as DGS to engage Asset Manager to perform the Parking Enforcement Powers. Asset Manager expressly agrees that upon such assignment and express assumption by such assignee of the obligations of DGS under this Agreement, it will provide the services hereunder for the benefit of such assignee upon the terms and conditions set forth in this Agreement or will enter into a new agreement with such assignee containing substantially the same terms and conditions as are set forth in this Agreement. Subject to the foregoing, this Agreement shall be binding upon DGS and Asset Manager and their respective successors and permitted assigns.

(d) Limited Liability.

(i) Asset Manager expressly recognizes that payments to Asset Manager hereunder are subject to, and limited by, the provisions of the Indenture, including but not limited to the flow of funds thereunder.

J-7

(c) Asset Manager Parties shall indemnify, defend, and hold harmless DGS and the Commonwealth of Pennsylvania and their employees and agents, from and against any and all losses, costs (including litigation costs and reasonable counsel fees), claims, suits, actions damages, and expenses in connection with any dispute involving Asset Manager and/or the City and/or a default by Asset Manager pertaining to the services, performance and/or compensation of Asset Manager or other issues pertaining to Asset Manager under this Agreement. Asset Manager Parties shall also indemnify, defend, and hold harmless DGS and the Commonwealth of Pennsylvania and their employees and agents, from and against any and all losses, costs (including litigation costs and reasonable counsel fees), claims, suits, actions damages, and expenses, including but not limited to any claim or action alleging any loss of life, bodily injury, personal injury, invasion of privacy, discrimination, emotional damages or property damage, occasioned wholly or in part by Asset Manager's act or omission (to the extent Asset Manager had the obligation to act) or the act or omission (to the extent Asset Manager had the obligation to act) of Asset Manager's agents, contractors (including subcontractors and suppliers), officers, employees or servants related in any way to this Agreement and Asset Manager's performance under it.

(d) If any claims, lawsuits, disputes, arbitrations, mediations or other actions are initiated against DGS and/or the Commonwealth of Pennsylvania by Asset Manager, the City or a third party or parties pertaining to the above, and it is determined by a court, arbitrator, administrative body or the Board of Claims that Asset Manager has breached and/or violated the terms of this Agreement by bringing claims, lawsuits, disputes, arbitrations, mediations or other actions against DGS and/or the Commonwealth of Pennsylvania or by Asset Manager Parties failing to hold harmless and/or indemnify DGS and/or the Commonwealth of Pennsylvania, then Asset Manager shall be required to pay for the reasonable expenses actually incurred by DGS and/or the Commonwealth of Pennsylvania in bringing and/or defending such actions by DGS and/or the Commonwealth of Pennsylvania, including without limitation reasonable attorneys' fees, disbursements and court costs in an amount to be determined by the court, arbitrator, administrative body or the Board of Claims. Pursuant to the Commonwealth Attorneys Act (71 P.S. § 732-101, et seq.), the Office of Attorney General (OAG) has the sole authority to represent the Commonwealth in actions brought against the Commonwealth. The OAG may, however, in its sole discretion and under such terms as it deems appropriate, delegate its right of defense.

Should the OAG delegate its right of defense to DGS, the choice of selecting outside counsel to represent DGS or utilizing DGS attorneys employed by DGS and/or the Office of General Counsel shall solely be made by the Governor's General Counsel. The reasonable value of attorneys' fees shall be paid to DGS, even if the Governor's General Counsel assigns DGS or other Commonwealth attorneys. The Governor's General Counsel shall set the hourly rate for attorneys assigned to defend any legal action brought against DGS or the Commonwealth of Pennsylvania.

(e) Asset Manager acknowledges that DGS and the Commonwealth of Pennsylvania enjoy sovereign immunity as provided in 1 Pa.C.S. § 2310 and further that DGS and the Commonwealth of Pennsylvania do not waive sovereign immunity solely by virtue of entering into this Agreement.

J-6

(ii) All of the duties and obligations of Asset Manager to be performed by Asset Manager hereunder will be performed by Asset Manager with the funds made available to it under the applicable funds and account of the Indenture. The performance of the responsibilities of Asset Manager is conditioned upon the Authority, or the Trustee on behalf of the Authority, making available to Asset Manager sufficient funds to perform such responsibilities. Asset Manager shall have no duty or obligation under any circumstance to pay or fund any sums hereunder from Asset Manager's own funds.

(iii) Notwithstanding anything to the contrary set forth or implied herein, DGS agrees to look solely to Asset Manager for the duties, obligations, responsibilities and liabilities of Asset Manager hereunder and then only to the extent of any funds made available to Asset Manager under the applicable funds and account of the Indenture, unless caused solely and directly by the gross negligence, willful misconduct, malfeasance or fraud of Asset Manager, its employees, contractors and/or agents. Notwithstanding anything to the contrary contained herein, in no event shall the affiliates, partners, members, shareholders, officers, directors, employees, lenders, contractors, agents or representatives (or any permitted successor or assign of any of the foregoing), as such, be liable or responsible for any duty, obligation, responsibility or liability of Asset Manager hereunder. Without in any way limiting the foregoing, in no event shall Asset Manager or any of its affiliates, partners, members, shareholders, officers, directors, employees, lenders, contractors, agents or representatives (or any permitted successor or assign of any of the foregoing), as such, be liable or responsible for any punitive, exemplary, incidental, indirect, special or consequential damages claimed by DGS, arising under or in connection with this Agreement, including, without limitation, damages for loss of profits, whether based upon contract, tort, breach of warranty or any other legal or equitable grounds.

(e) Notices. Unless expressly provided otherwise herein, all notices, requests, demands, and other communications required or permitted under this Agreement shall be in writing (including by telecopy or electronic mail) and shall be deemed to have been duly given, made and received (i) when delivered against receipt or upon actual receipt of registered or certified mail, postage prepaid, return receipt requested, (ii) if sent by an internationally reputable overnight air courier, one business day after mailing, (iii) in the case of telecopy notice, when received in legible form or (iv) in the case of electronic mail, with a copy sent as provided in clause (i) or (ii) of this sentence, when transmitted, in each case addressed as set forth below:

J-8

if to DGS to:

Secretary of the Department of General Services
Department of General Services
515 North Office Building
Harrisburg PA, 17125
Facsimile: (717) 772-2026
Email: gs-secretary@pa.gov

if to Asset Manager:

PK Harris Advisors, Inc.
3424 Peachtree Road NE, Suite 2200
Atlanta, Georgia 30326
Attn: John Gass
With a copy to: Greg Winchester
Facsimile: 404-954-5382
Email: jgass@trimontrea.com
gwinchester@trimontrea.com

Any party may alter the address or telecopy number to which communications are to be sent by giving notice of such change of address in conformity with the provisions of this Section 12(f) for the giving of notice.

(f) No Third Party Beneficiaries. Except for the rights of assignment set forth in Section 12(d) hereof, this Agreement is not intended, and shall not be deemed, to confer any rights or remedies upon any person other than the parties that are signatories hereto and their respective successors and permitted assigns or to otherwise create any third party beneficiary hereto.

(g) Integration, Incorporation by Reference. This Agreement embodies the entire understanding of the parties with respect to the subject matter hereof; and, save where expressly referred to herein, there are no further or other agreements or understandings, written or oral, in effect between or among the parties relating to the subject matter hereof.

[Signatures on following page]

J-9

IN WITNESS WHEREOF, THE PARTIES HAVE HEREUNTO SET THEIR HANDS AND SEALS THIS _____ OF DECEMBER, 2013.

COMMONWEALTH OF PENNSYLVANIA,
DEPARTMENT OF GENERAL SERVICES

By: _____
Name:
Title:

PK HARRIS ADVISORS, INC.

By: _____
Name:
Title:

APPROVED AS TO FORM AND LEGALITY:

OFFICE OF GENERAL COUNSEL

OFFICE OF ATTORNEY GENERAL

By: _____

By: _____

Date: _____, _____

Date: _____, _____

J-10

EXHIBIT A

Spaces

See Attached

Parking Meters Identified in Red (2 hr), Yellow (4 hr) and Green (8 hr)

and

Proposed New Parking Meters

[THIS PAGE INTENTIONALLY LEFT BLANK]

Appendix “K”

Form of Parking Services Agreement

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX "K"

PARKING SERVICES AGREEMENT

This PARKING SERVICES AGREEMENT (this "Agreement") dated December 1, 2013 (for references purposes only), is by and between PK HARRIS ADVISORS, INC., a Georgia corporation ("Asset Manager"), having an address at Monarch Tower, 3424 Peachtree Road NE, Suite 2200, Atlanta, Georgia 30326, and SP PLUS CORPORATION, a Delaware corporation, formerly known as Standard Parking Corporation ("Operator"), having an address at 200 E. Randolph Street, Suite 7700, Chicago, Illinois 60601.

WITNESSETH

WHEREAS, the City of Harrisburg (the "City") and the Pennsylvania Economic Development Financing Authority (the "Authority") have entered into an Intergovernmental Cooperation Agreement dated as of December 1, 2013 (the "PEDFA Intergovernmental Cooperation Agreement"), pursuant to which the City has agreed to transfer to the Authority its on-street parking operations, including on-street parking spaces and the delegation by the City to the Authority of parking meter collection, meter rate-setting authority and other non-enforcement functions, all as more particularly set forth in the PEDFA Intergovernmental Cooperation Agreement; and

WHEREAS, the Authority, Harrisburg Parking Authority (the "Parking Authority") and the City are parties to an Asset Transfer Agreement dated as of December 1, 2013 (the "Asset Transfer Agreement") pursuant to which the City has agreed to transfer to the Authority, and the Authority has agreed to accept, certain assets consisting of on-street parking meters and related rights (the "On-Street Parking System"), all as more particularly described in the Asset Transfer Agreement; and

WHEREAS, in accordance with the terms of the Asset Transfer Agreement, the Parking Authority, as Lessor, and the Authority, as Lessee, are parties to that certain Lease dated as of December 1, 2013 (the "Lease") pursuant to which the Parking Authority has agreed to lease to the Authority, and the Authority has agreed to lease from the Authority, certain assets consisting of parking garages and parking lots as more fully described on Exhibit "A", attached hereto and made a part hereof, located on and including one or more parcels of land (collectively, the "Off-Street Parking System,"); and

WHEREAS, the Off-Street Parking System shall specifically exclude the City Island parking lot and parking garage, located at City-Island-Riverside Stadium in Harrisburg, Pennsylvania (the "City Island Facilities") and the Penn National Garage, located at 2 North 2nd Street in Harrisburg, Pennsylvania, which Operator may contract separately with the Parking Authority for the management and operation thereof; provided, however, the City Island Facilities may become integrated into this Agreement and part of the Off-Street Parking System pursuant to the terms of the Asset Transfer Agreement; and

WHEREAS, the On-Street Parking System and the Off-Street Parking System may be collectively referred to herein as the "Parking System"; and

K-1

any instruction, direction, or notification given in connection with this Agreement shall be given by such authorized representative and confirmed promptly in writing. Asset Manager or Operator, as the case may be, shall from time to time certify to the other party the name or names of the person or persons authorized to act on behalf of the Asset Manager or Operator, as the case may be, and shall furnish to the other party a specimen of the signatures of such person or persons. Any individual so certified shall be deemed to be the authorized representative of the Asset Manager or Operator, as the case may be. When any individual so certified shall cease to have authority to act on behalf of Asset Manager or Operator, as the case may be, Asset Manager or Operator, as the case may be, shall promptly give written notice of that fact to the other party, but until such written notice is received, Asset Manager or Operator, as applicable, may continue to recognize such individual as an authorized representative of the other party.

2. TERM

(a) The initial term of this Agreement shall be for a period of approximately ten (10) years commencing on the Closing Date (as defined in the Asset Transfer Agreement) (the "Commencement Date") and continuing through and including December 31, 2023 (the "Initial Term"), unless terminated earlier as provided in this Agreement. Thereafter, subject to the provisions of Section 2(b) below, and provided Operator is not in default of its obligations hereunder, this Agreement shall automatically renew from year-to-year until either party gives written notice of non-renewal at least sixty (60) days prior to the expiration of the Initial Term or the then-current renewal term, unless terminated earlier as provided in this Agreement. The Initial term and any renewal term under and subject to the terms of this Agreement shall collectively be referred to as the "Term." The term "Operating Year" shall mean a calendar year (i) with the first Operating Year commencing on the Commencement Date and ending on December 31, 2013, and (ii) the period beginning on January 1 of each calendar year thereafter and ending on December 31 of each succeeding full calendar year, commencing January 1, 2014.

(b) The parties hereto expressly intend that this Agreement constitute a qualified management contract pursuant to Internal Revenue Procedure 97-13 and any successor guidance hereafter promulgated by the Internal Revenue Service. Accordingly, notwithstanding Section 2(a) of this Agreement, Asset Manager and Operator agree that the Initial Term shall terminate and not automatically renew, unless the Authority, prior to the expiration of the Initial Term, is provided with an opinion of nationally recognized bond counsel (upon which Asset Manager and Operator are expressly permitted to rely) for the issuance of tax-exempt municipal bonds, to the effect that such automatic renewal does not adversely affect the tax exempt status of the Bonds.

3. OPERATOR'S OBLIGATIONS AND SERVICES; BUDGET Operator hereby covenants and agrees that, throughout the Term, it will be solely responsible to perform and provide all services and work (other than such services and work expressly undertaken by Asset Manager hereunder) necessary to operate, maintain and repair the Parking System in a First Class Manner in accordance with this Agreement, the Asset Transfer Agreement, the Operating Standards and applicable Law (as each such term is defined in the Asset Transfer Agreement) ("Operator's Scope of Work"), which obligations, undertakings and responsibilities are as follows:

(a) Direct, perform and manage the day-to-day operation of the Parking System and render the usual and customary services incidental thereto;

K-3

WHEREAS, the Authority and the Capitol Region Economic Development Corporation ("CREDC") have entered into a Servicing Agreement (the "Servicing Agreement") dated as of December 1, 2013, pursuant to which the Authority has designated CREDC as its "Qualified Designee" (as such term is defined in the Asset Transfer Agreement) to serve as the Authority's representative and to which the Authority has delegated certain duties and responsibilities relating to the Parking System; and

WHEREAS, the Parking System includes on-street metered parking spaces, as well as off-street parking spaces comprising part of the Off-Street Parking System from time to time (collectively, the "Parking Spaces"), but excluding Unmetered Parking Spaces (as such term is defined in the Asset Transfer Agreement); and

WHEREAS, pursuant to the terms of the Asset Transfer Agreement, the Authority and Asset Manager have entered into that certain Asset Management Agreement dated as of December 1, 2013 (the "Asset Management Agreement"), pursuant to which the Authority has engaged Asset Manager to provide asset management and related services with respect to the Parking System; and

WHEREAS, pursuant to the terms of the Asset Transfer Agreement and the Asset Management Agreement, Asset Manager is required to engage, supervise and manage an operator with the expertise, qualifications, experience, competence, skills and know-how to perform the Parking System operations in accordance with the terms of the Asset Transfer Agreement and the Asset Management Agreement; and

WHEREAS, Operator possesses the expertise, qualifications, experience, competence, skills and know-how to perform the Parking System operations in accordance with the terms of the Asset Transfer Agreement and the Asset Management Agreement and, accordingly, Asset Manager desires to engage Operator to provide parking operation and management services with respect to the Parking System, and Operator desires to provide such services and accept such engagement, upon the terms, covenants and conditions herein set forth; and

WHEREAS, simultaneously herewith, Asset Manager and Operator have entered into that certain Parking Enforcement Agreement dated of even date herewith (the "Parking Enforcement Agreement"), pursuant to which Asset Manager has granted to Operator rights and obligations relating to the management and conduct of parking enforcement services, all as more particularly set forth in the Parking Enforcement Agreement; and

WHEREAS, in connection with the acquisition of the Parking System, the Authority is entering into that certain Trust Indenture by and between the Authority and U.S. Bank National Association, as trustee (the "Trustee") dated as of December 1, 2013 (the "Indenture") relating to the issuance by the Authority of various series of parking revenue bonds (the "Bonds").

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, and intending to be legally bound hereby, the parties hereto agree as follows:

1. APPOINTMENT; INDEPENDENT CONTRACTOR Asset Manager hereby engages Operator, and Operator hereby accepts such engagement, as the exclusive operator during the Term (hereinafter defined) to administer, manage and operate certain aspects of the Parking System, upon and subject to the terms of this Agreement. Operator acknowledges and agrees that it is an independent contractor of Asset Manager, and no Person (as defined in the Asset Transfer Agreement) used, employed or engaged by Operator to provide goods or services for Operator will be deemed to be an employee of Asset Manager. Asset Manager and Operator shall each designate an authorized representative or representatives to act on their behalf for purposes of carrying out their duties and responsibilities pursuant to this Agreement, and

K-2

- (b) Employ sufficient experienced, qualified and neatly uniformed personnel to operate the Parking System, who will be courteous to the public and render the services required by this Agreement;
- (c) Promote, advertise and endeavor to increase the volume, efficiency and quality of the Parking System and Operator's services rendered hereunder;
- (d) Provide an off-site customer assistance monitoring service to remotely assist parking customers with equipment and/or customer service questions they may have while using the Off-Street Parking System (the "Central Monitoring Service");
- (e) Provide on-line transaction processing services associated with Operator's proprietary demand management system ("CNP Services") that, among other things, allows Asset Manager to market and promote the Parking System to the general public and allows customers to purchase parking electronically on a designated web site. Operator will provide CNP Services pursuant to Exhibit "B", which is attached to and incorporated within this Agreement. The parties may modify the terms of CNP Services from time to time upon written agreement in the form of an update to Exhibit "B", which, as updated, shall supersede all previous versions. Asset Manager acknowledges and agrees Operator is the operator of all right, title and interest in and to the CNP Services, including all data collected by Operator, web sites owned by Operator, all work product related to CNP Services, and all appurtenant patent, copyright, trademark, trade secret and other intellectual property rights associated with the foregoing. Asset Manager further agrees that all work product related to CNP Services is confidential, and Asset Manager shall not discuss such information, unless otherwise approved in writing by Operator or is otherwise required to be disclosed pursuant to applicable Law, a court order or in a judicial, administrative or other proceeding or is or becomes a matter of public record or public knowledge through no fault of Asset Manager.
- (f) **Operating Budget Procedure:**
 - (1) Operator shall prepare and deliver to Asset Manager on or before the seventy-fifth (75th) day prior to the beginning of each Operating Year, a budget prepared on a cash basis, reflecting the anticipated Parking Revenue and Operating Expenses (defined herein) which Operator expects to receive and incur, respectively, in connection with the operation of the Parking System for the immediately succeeding Operating Year (the "Operator's Operating Budget"). The Operator's Operating Budget submitted by Operator shall be prepared on the basis of monthly requirements, so that it will be possible to determine the Current Expenses of Operator (including, but not limited to, Operator's Management Fee) and the Operator Performance Fee (as defined below) for each month during the Operating Year. Within thirty (30) days following receipt of Operator's Operating Budget, the Asset Manager shall advise the Operator by written notice if it disapproves (subject to Section 20 of this Agreement) the Operator's Operating Budget in whole or in part. Within ten (10) days following receipt of such written notice from Asset Manager, Operator shall prepare and submit to Asset Manager a revised or amended Operator's Operating Budget addressing Asset Manager's objections to the Operator's Operating Budget. Within fifteen (15) days following receipt of such revised or

K-4

amended Operator's Operating Budget, Asset Manager shall advise Operator in writing whether such Operator's Operating Budget (subject to Section 20 of this Agreement) is approved or disapproved (in whole or in part). If Asset Manager advises Operator that the proposed Operator's Operating Budget is disapproved, such Operator's Operating Budget shall not be incorporated by Asset Manager into the Annual Operating Budget submitted to the Authority, the Qualified Designee (as defined in the Asset Transfer Agreement), the Trustee, the City, the Credit Facility Providers (as defined in the Asset Transfer Agreement) and the Parking Authority pursuant to the terms of the Asset Management Agreement, and the Operator's Operating Budget for the preceding Operating Year, increased by the annual percentage increase in Consumer Price Index (as such term is defined in the Indenture), shall, until the approval of the new Operator's Operating Budget, be treated as the Operator's Operating Budget hereunder and shall be deemed to be in force (and included in the Annual Operating Budget).

- (2) Asset Manager agrees to prepare and deliver to the Authority, the Parking Authority, the Qualified Designee, the Trustee, the City, the Credit Facility Providers, the Annual Operating Budget (as defined in the Asset Management Agreement), which, subject to the provisions of subsection (i) hereinabove, shall incorporate the approved Operator's Operating Budget for such Operating Year, in accordance with the terms and provisions of the Asset Management Agreement. The Annual Operating Budget shall be reviewed and approved or disapproved, as applicable, and revised or amended, as applicable, in accordance with the terms of the Asset Management Agreement. Asset Manager shall keep Operator reasonably informed of the status of the Annual Operating Budget review and approval process under the Asset Management Agreement, notifying Operator if (i) the Annual Operating Budget has been approved, (ii) the Annual Operating Budget has been denied, or (iii) if any further information is needed.
- (3) Operator shall have the authority to reallocate line items within the Operator's Operating Budget, subject to Asset Manager's approval, so long as the reallocations do not increase the total Operator's Operating Budget amount. If at any time during the Operating Year covered by an approved Operator's Operating Budget it appears that the actual total of all Operating Expenses likely to be incurred during same period will exceed the Operator's Operating Budget's projected total, Operator shall so advise Asset Manager, and Operator and Asset Manager shall jointly discuss what actions, if any, may be taken to minimize the Operating Expenses without substantially impairing the operation of the Parking System.
- (4) At any time during the Operating Year, Operator shall have the authority to adopt modifications to Operator's Operating Budget in an amount up to five percent (5%) of the then-current Operator's Operating Budget amount for the remainder of the current Operating Year, provided, however, that any such modifications shall be subject to Asset Manager's written approval (subject to Section 20 of this Agreement). Any modifications to Operator's Operating Budget that are greater than five percent (5%) may require the preparation of an amended or supplemental Operator's

K-5

best of its knowledge, that it currently has no interest and shall not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance of its obligations hereunder in accordance with such Contractor Integrity Policies;

- (l) To comply with the Americans with Disabilities Act provisions attached to this Agreement as **Exhibit "G"** from an operational standpoint (the **"ADA" Provisions**), except that any structural or capital repairs, replacements, alterations, improvements and additions to or of the Parking System required by the ADA Provisions shall be accomplished in accordance with Section 9 of this Agreement;
- (m) At least seventy five (75) days before the beginning of each Operating Year during the Term, cooperate with and provide input to Asset Manager with respect to the preparation of the Annual Capital Budget for the immediately succeeding Operating Year;
- (n) Cooperate with and provide input to Asset Manager with respect to capital expenditures for the Long-Term Capital Plan;
- (o) To the extent provided for in the approved Annual Operating Budget, to pay, when due, all monthly charges (including all applicable taxes and fees) relating to utilities, including gas, electricity, light, heat, power, telephone, water, sewer and all other utilities and other services used in the Parking System or supplied to the Parking System during the Term (collectively, **"Utilities"**);
- (p) Notify Asset Manager if Operator becomes aware of any violation or potential violation by the City or the Parking Authority of the Non-Compete Covenant or the Non-Impair Covenant (as such terms are defined in Section 13 of the Asset Transfer Agreement);
- (q) With the cooperation and assistance of the Authority and the Asset Manager, to coordinate all Parking System operations with the Utilities and Persons having service lines, pipelines, transmission lines and other equipment, cables, systems and other apparatus in, on, under, over or adjacent to the Parking System;
- (r) Refrain from causing or permitting, and if caused by Operator or its employees, agents, representatives or contractors, remove, as applicable, any Encumbrance (as defined in the Asset Transfer Agreement) against the Parking System (including, but not limited to, the Parking Facilities);
- (s) With the cooperation and assistance of the Authority and Asset Manager, to coordinate, all Parking System operations with any Affected Property (as defined in the Asset Transfer Agreement);
- (t) Refrain from permitting the use of the Parking System without making a charge based on established rates, fees and charges other than in the event of emergency, applicable Law or as directed in writing by Asset Manager;
- (u) To promptly investigate and make a full written report to Asset Manager as to all alleged accidents or claims for damages of which Operator becomes aware related to the operation, management, administration, and maintenance of the

K-7

Operating Budget, which Operator may prepare at any time for the remainder of the current Operating Year, provided, however, that (A) an amended or supplemental Operator's Operating Budget must be approved by Asset Manager (subject to Section 20 of this Agreement) and, as part of an amended or supplemental Annual Operating Budget, the Authority or the Qualified Designee, and (B) if the Annual Operating Budget shows an increase in expenses of greater than five percent (5%) of originally budgeted expenses for the remainder of the Operating Year, Operator acknowledges and agrees that the Asset Manager must secure a certificate of a Consultant (as defined in the Indenture) demonstrating that the revised Annual Operating Budget meets the requirements under the Indenture for such approval, the Asset Manager delivers to the Authority and the Credit Facility Providers (as such term is defined in the Indenture), the amended or supplemented Annual Operating Budget for approval, takes all necessary actions to obtain such approval from the Authority and the Credit Facility Providers, and provides copies of any such amended or supplemental Annual Operating Budget to the Authority, the Qualified Designee, the City, the Trustee, the Credit Facility Providers and the Parking Authority.

- (5) Asset Manager shall not submit an amended or supplemental Annual Operating Budget to the Authority (or the City, the Qualified Designee, the Trustee, the Credit Facility Providers or the Parking Authority) changing the approved Operator's Operating Budget portion thereof without Operator's prior written consent.
- (g) To comply with the nondiscrimination/sexual harassment standards set forth on **Exhibit "C"**, attached hereto and incorporated herein, as from time to time modified (the **"Nondiscrimination/Sexual Harassment Standards"**) and provided to Operator by Asset Manager. Operator shall cause comparable nondiscrimination/sexual harassment provisions to be inserted into all subcontracts for services or work;
- (h) To comply with the Pennsylvania Right to Know Law, §§ 65 P.S. 67.101-3104 and to comply with the provisions set forth in **Exhibit "D"** attached hereto and incorporated herein;
- (i) To refrain from knowingly hiring and/or contracting with a Person (as such term is defined in the Asset Management Agreement) who has been suspended or debarred by the Commonwealth of Pennsylvania under its Contractor Responsibility Program, Management Directive 215.9, as amended from time to time, or has been convicted by a court of competent jurisdiction of a crime for which a term of imprisonment of one year or more could have been imposed, and any Person controlled by a Person which has been so suspended, debarred or convicted;
- (j) To comply with the contractor responsibility provisions attached to this Agreement as **Exhibit "E"**;
- (k) To comply with the contractor integrity policies attached to this Agreement as **Exhibit "F"** and, in connection therewith (collectively, the **"Contractor Integrity Policies"**), Operator hereby represents, warrants and covenants, to the

K-6

Parking System, including any personal injury and/or property damage claimed by any third party; and Operator shall promptly forward to Asset Manager any complaint, summons, subpoena, or other legal documents served upon or received by Operator with respect thereto and cooperate with Asset Manager in any proceedings pertaining to the same;

- (v) To refrain from doing or permitting anything to be done that would cause interest paid by the Authority on the Bonds to lose its exemption from federal income taxation in accordance with Section 103(a) of the Internal Revenue Code of 1986, as amended (the **"Code"**) based upon the use of the Parking System in accordance with Section 142(a)(3) of the Code;
- (w) To negotiate and enter into third-party agreements with respect to Operator's operations and obligations under this Agreement (including, but not limited to, parking licenses, routing maintenance contracts, and service agreements) pursuant to a procedure, process or system to be developed and implemented from time to time by the Authority, Asset Manager and Operator (each working cooperatively and in good faith);
- (x) Monitor the state and ongoing evolution of all technologies used or that might be used to operate and maintain the Parking System in the most effective, efficient manner possible that meets or exceeds all applicable requirements of this Agreement and shall inform Asset Manager in writing, no less often than annually, technologies as Operator would recommend be adopted and incorporated into the Parking System which Operator believes could reliably improve or enhance the quality, effectiveness or efficiency of the Parking System and/or its operation or maintenance;
- (y) As an Operating Expense, administer the Assumed Contracts with the reasonable cooperation and assistance of Asset Manager. **"Assumed Contracts"** means the Parking System contracts that have been assigned to the Authority and are listed on **Exhibit "H"** attached to this Agreement;
- (z) Review and evaluate security and safety issues, systems and policies, as well as insurance claims, identifying exposure, recommending any analyses or studies which may be performed for an in-depth analysis on security or safety, and working cooperatively with Asset Manager to identify and implement precautionary warnings, security devices, systems and measures, or security services as may be required or prudent to protect patrons and vehicles in and about the Parking System (with Asset Manager expressly acknowledging that Operator does not have expertise as a guard or security service, and does not employ personnel specifically for that purpose, nor do Operator's employees undertake the obligation to guard or protect customers against the criminal or intentional acts of third parties); and
- (aa) Serve on and perform the duties with respect to the Advisory Committee (as defined in the Asset Transfer Agreement) as expressly designated for Operator in the Asset Transfer Agreement and specifically in Schedule 14 to the Asset Transfer Agreement.

4. OPERATING EXPENSES; PARKING PERFORMANCE FEE AND INCENTIVE FEE.

K-8

- (a) Operator shall be provided funds for its Current Expenses incurred by Operator in the performance of its duties, obligations and services pursuant to this Agreement (collectively, "**Operating Expenses**"). Operating Expenses shall include the following (but only to the extent set forth in the approved Annual Operating Budget):
- (1) A base management fee (the "**Management Fee**") of \$17,250.00 per month during each Operating Year of the Term, prorated for any partial month within the Term. In each Operating Year (and as set forth in each approved Annual Operating Budget for such Operating Year), the Management Fee shall be increased by five percent (5%). During the Term of this Agreement, spaces in addition to those shown on **Exhibit "A"** as comprising the Parking System as of the Closing Date may be added to and become a part of the Off-Street Parking System. If additional parking spaces are added to the Off-Street Parking System after the Closing Date, Asset Manager shall provide Operator with at least thirty (30) days' prior written notice of the numbers and locations of such additional parking spaces, and only to the extent any related Operating Expenses for such additional spaces are included in the approved Annual Operating Budget, Operator will be obligated (without any discretion) to accept and manage such additional spaces as part of the Off-Street Parking System under this Agreement. Following the addition of any spaces, the parties shall update **Exhibit "A"** to provide a complete listing of all Parking Spaces that from time to time comprise the Parking System. With respect to any additional Parking Facility (other than the City Island Facilities, if applicable) added after the Closing Date, Operator's Management Fee shall be increased on an annual basis by a specified dollar amount as follows. The amount of the increase for the first Operating Year (prorated for any partial Operating Year) shall be the greater of (i) \$12,000.00, or \$25.00 times the number of additional spaces in the Parking Facility (the "**Base Management Rate**"), and the Base Management Rate shall increase by five percent (5%) in each subsequent Operating Year. With respect to any net additional on-street metered parking spaces added after the Closing Date, Operator's Management Fee under the Parking Enforcement Agreement shall be adjusted as set forth therein. Notwithstanding any contrary terms in this Agreement or any other agreement or exhibit referenced herein, the Management Fee is an Operating Expense that shall be included in Operator's Operating Budget.
- (2) A one-time incentive fee (the "**Incentive Fee**") equal to \$150,000.00 if and when aggregate Modified Revenue (defined below) exceeds \$19,894,698.00 during the term of this Agreement (the "**Threshold**"). If this Agreement is terminated prior to the expiration of the Initial Term, Modified Revenue collected by Operator during the Initial Term to date shall be extrapolated over the remainder of the Initial Term, and if as extrapolated Modified Revenue exceeds the Threshold, then Operator will be paid the

K-9

service payments (interest and principal), and any ground lease rental payments.

- (d) Operator shall be paid a performance fee of \$4,250.00 per month (the "**Parking Performance Fee**"), increased by five percent (5%) at the beginning of each Operating Year, which shall be paid as provided in the Indenture within thirty (30) days following each Interest Payment Date. With respect to any Parking Facility (other than the City Island Facilities, if applicable) added to the Parking System after the Closing Date, Operator's Parking Performance Fee shall be increased on an annual basis by a specified dollar amount: the amount for the first Operating Year (prorated for any partial Operating Year) shall be the greater of (i) \$3,000.00, or \$4.38 times the number of additional spaces in the Parking Facility (the "**Base Performance Rate**"). The Base Performance Rate shall increase by five percent (5%) in each subsequent Operating Year. To the extent that there are insufficient amounts available under the Indenture to pay the Parking Performance Fee when due, any unpaid balance of the Parking Performance Fee will accrue and be paid in later periods as, and to the extent, sufficient amounts are available under the Indenture and permitted under the Indenture to be applied to such payment. With respect to any net additional on-street metered parking spaces added after the Closing Date, the Enforcement Performance Fee under the Parking Enforcement Agreement shall be adjusted as set forth therein. To the extent that the Parking Performance Fee is earned hereunder but not paid within six (6) months of the date due, such earned but unpaid Parking Performance Fee will be carried over to the subsequent six (6) month period and paid, as and to the extent, sufficient amounts are available under the Indenture and permitted under the Indenture to be applied to such payment. If there is any unpaid Parking Performance Fee carried over from a prior six (6) month period at the end of the subsequent six (6) month period, the unpaid carryover Parking Performance Fee will not continue to be carried over and will no longer be payable. Failure to pay the Parking Performance Fee when due in any period is not a default under this Agreement so long as the failure to make such payment results from insufficient amounts available under the Indenture to pay such amount. To the extent that amounts available under Indenture are insufficient to pay the Parking Performance Fee and Asset Manager's Performance Management Fee (as such term is defined in the Asset Management Agreement) in full, the available amounts under the Indenture shall be divided equally by Operator and Asset Manager so that each party receives fifty percent (50%) of such amounts. The Parking Performance Fee and the Enforcement Performance Fee (as defined in the Parking Enforcement Agreement), shall collectively be referred to as the "**Operator Performance Fee**."
- (e) Notwithstanding anything in this Agreement to the contrary, Operating Expenses shall not include any profit mark-up. In addition, with the exception of the Management Fee and the Incentive Fee (if any), each Operator's Operating Budget shall include the basis of allocation for any indirect costs that are included as Operating Expenses, such as whether based on a percentage of Operator's payroll, the number of parking spaces, or some other methodology set forth in an Operator's Operating Budget, or

K-11

Incentive Fee. The Incentive Fee shall be paid as an Operating Expense within ninety (90) days after the end of the Operating Year during which the Threshold is exceeded. "**Modified Revenue**" shall mean Parking Revenue plus any enforcement revenue under the Parking Enforcement Agreement (the "**Enforcement Revenue**"). Operator shall deliver to the Asset Manager, the Trustee, the Authority and each Credit Facility Provider within the time period set forth in the Indenture, a certificate setting forth the amount of the Incentive Fee pursuant to this Agreement and including the basis upon which such amount was calculated. Following receipt of such certificate from Operator, the Authority and Trustee are required to transfer to Operator from moneys on deposit under the Indenture, to the extent sufficient, the amounts set forth in such certificate. To the extent that there are insufficient amounts under the Indenture to pay the Incentive Fee when due, the Incentive Fee will accrue and be paid in later periods as, and to the extent, sufficient amounts under the Indenture are available and permitted under the Indenture to be applied to such payments. Failure to pay the Incentive Fee when due is not a default under this Agreement so long as the failure to pay results from insufficient amounts under the Indenture to pay such amounts.

- (3) Provided the same are included in the approved Annual Operating Budget for the subject Operating Year, Operating Expenses may include all costs, charges and administrative expenses for: salaries and wages (including, without limitation, off-site salary allocations for a facilities manager(s), senior manager(s), and bookkeeper(s)) and associated payroll burden (including, without limitation, payroll taxes and fringe benefits); licenses and permits; first month's change funds/petty cash advanced by Operator (if applicable); compliance with governmental laws, regulations and payment card industry standards, as well as any costs related to the maintenance of such compliance throughout the Term (other than resulting from a breach or default of such law, regulation or standard by Operator); uniforms, supplies and tools; cleaning, maintenance and repair to be performed by Operator; a Central Monitoring Service charge; telephone; Utilities (except to the extent paid directly by Asset Manager); bookkeeping; automobile allowances; employee recruitment, training and ongoing employee relations; computerized accounts receivable service; banking and credit card system services; postage and freight; tickets, paper and reporting forms; accounts payable and insurance claims processing; health insurance, workers' compensation insurance, general liability insurance and comprehensive crime insurance coverage; and deductibles established by Operator for insured losses attributable to the Parking System (plus reasonable attorney's fees and court costs to defend Asset Manager and/or Operator in actions brought to recover damages for such losses).
- (c) Operating Expenses shall not include (i) the costs of capital or structural maintenance and repair required of Asset Manager hereunder, and (ii) depreciation, building insurance, real estate taxes and assessments, debt

K-10

in associated written explanations provided to Asset Manager in connection therewith.

5. **OPERATING ADVANCE AND PARKING REVENUE.**

- (a) **Operating Fund.**
- (1) On the Commencement Date, Asset Manager shall cause an operating advance in an amount equal to \$775,000.00, for: (i) Operating Expenses set forth in the initial Operator's Operating Budget for December 2013, plus (ii) the first two (2) full calendar months of Operating Expenses under the 2014 Operator's Operating Budget (i.e., January 2014 and February 2014) (collectively, the "**Operating Advance**") to be advanced to Operator by electronic funds transfer to a bank account designated by Operator (the "**Operating Fund**").
- (2) Commencing on February 1, 2014 (or, if such date is not a business day, the next succeeding business day), Asset Manager shall cause the amount of each month's Operating Expenses set forth in the then-current Budget (each a "**Monthly Operating Payment**") and collectively, "**Monthly Operating Payments**") to be advanced to Operator by electronic funds transfer from amounts available under the Indenture to the Operating Fund on or before the first day of each month in advance (the "**Due Date**").
- (3) Operator is prohibited from applying sums in deposit in the Operating Fund for any purpose except for the payment of Operating Expenses. In making payments from the Operating Fund, Operator shall be considered to be certifying that obligations in the stated amounts have been incurred with respect to the Parking System and that each item thereof was properly incurred in maintaining, repairing and operating the Parking System and that such amounts have not been paid previously and included in and consistent with the approved Annual Operating Budget. Notwithstanding any contrary terms in this Agreement, Operator shall only be required to pay Operating Expenses from Monthly Operating Payments deposited into the Operating Fund pursuant to Section 5(a)(2) above, and Operator shall not have any obligation whatsoever to use its own funds to pay any Operating Expenses.
- (4) At the end of each Operating Year, Operator shall provide to Asset Manager a summary of Operator's cash position and if the amount of cash held by Operator is more than two (2) months of Operating Expense, Operator and Asset Manager will review the amount of cash required for the subsequent Operating Year and determine if any excess cash held by Operator should be returned to the Indenture Revenue account. If both Asset Manager and Operator agree on such cash amount to be returned, Operator shall send the funds to the Trustee for deposit in the Indenture Revenue account within fifteen (15) business days of the date of such agreement by Asset Manager and Operator.
- (5) Within forty-five (45) days after expiration or earlier termination of this Agreement, Operator shall remit any Operating Fund balance to any party designated in writing by Asset Manager, after payment to Operator for any

K-12

Operating Expenses. In the event the Operating Fund is insufficient to pay Operator in full for Operator's Operating Expenses, such amounts will accrue and shall be payable as and to the extent available from amounts under the Indenture.

- (b) All Parking Revenue (defined below) shall be collected, deposited and transferred in the following order:
- (1) First, Operator shall collect and deposit all Parking Revenue into Operator's revenue deposit account (the "**Parking Revenue Account**"). All Operator bank accounts shall be with a financial institution reasonably acceptable to Trustee, it being agreed by the parties that any Qualified Financial Institution (as defined in the Indenture) shall be deemed approved.
 - (2) Second, Operator shall then transfer the amount of Parking Tax (defined below) attributable to Parking Revenue from the Parking Revenue Account (the "**Parking Tax Liability**") to Operator's tax account (the "**Parking Tax Account**") for purposes of remitting Parking Tax directly to the taxing authorities.
 - (3) Third, Operator shall then transfer the, on a daily basis, the balance of Parking Revenue in the Parking Revenue Account (less the Parking Tax Liability) to a revenue fund established by the Trustee in accordance with written instructions from Asset Manager (the "**Revenue Fund**").
- (c) "**Parking Revenue**" shall mean all cash earned and collected by Operator for the parking and storage of motor vehicles at the Parking System whether on an hourly, daily, weekly, or monthly basis less (a) except with respect to the Parking Lease (as defined in the Indenture), any applicable sales, parking, use, excise, gross receipts or other tax or charge due the taxing authorities (collectively, "**Parking Tax**"), which shall be at least equal to twenty percent (20%) of Parking Revenue, unless otherwise required in accordance with applicable laws or regulations, (b) with respect to the Parking Lease, the Parking Lease City Payments (as such term is defined in the Indenture), (c) the Parking credit card processing fees or any online parking reservation service fees, and (d) all refunds, discounts and allowances made by Operator to its customers. Enforcement Revenue shall be collected, handled and paid in accordance with the Parking Enforcement Agreement.
- (d) Operator shall be responsible for payment directly to the tax collector of any Parking Tax and the Parking Lease City Payments, respectively, collected by Operator. Operator shall defend, indemnify and hold harmless Asset Manager and its employees, agents, affiliates and representatives, with respect to any and all loss, costs (including attorney's fees), penalties, and all other liability whatsoever arising out of any breach of Operator's payment obligations set forth herein. The provisions of this Section 4(d) shall survive the expiration or earlier termination of this Agreement.
- (e) Operator agrees that it will not under any circumstances pay any Operating Expenses from the Parking Revenue Account. Operator hereby waives its right to set-off from any Parking Revenue to satisfy any obligations of Asset Manager to Operator under this Agreement or otherwise due Operator with respect to the Parking System.

K-13

Automobile Liability and Garagekeepers Legal Liability coverage set forth above, in excess of the limits set forth above, in the aggregate of not less than One Hundred Million Dollars (\$100,000,000) per occurrence and in the annual aggregate;

- (6) Comprehensive crime insurance including employee theft, premise, transit and depositor's forgery coverage with limits as to any given occurrence of not less than \$1,000,000; and
 - (7) Any Required Coverages may be in the form of blanket coverage, so long as such blanket policy does not reduce the limits nor diminish the coverage required herein and otherwise complies with the terms of this Agreement.
- (b) Additional Requirements.
- (1) *Obligations of Operator.* On or before the Closing Date, Operator shall deliver or cause to be delivered to Asset Manager, or any other party designated in writing by Asset Manager, original standard ACORD form Certificates of Insurance, or equivalent documentation reasonably acceptable to Asset Manager, evidencing the Required Coverages, and, if such coverages have an expiration or renewal date occurring during the Term, shall provide or cause to be provided, promptly following renewal and not more than five (5) business days following renewal of the then current coverages (or such other period as is agreed to by Asset Manager), Renewal Certificates of Insurance or equivalent documentation reasonably acceptable to Asset Manager. The receipt of any certificate or other equivalent documentation does not constitute agreement by Asset Manager that the insurance requirements in this Agreement have been fully met or that the insurance policies indicated on the certificate or other equivalent documentation are in compliance with all requirements of this Agreement. The failure of Asset Manager to obtain certificates or other equivalent documentation from Operator shall not be deemed to be a waiver by Asset Manager of Operator's obligations hereunder with respect thereto. Except as otherwise expressly set forth herein, each Required Coverage may be reviewed by Asset Manager for compliance with the terms of this Agreement. All Required Coverages shall be placed with insurers licensed to do business in the Commonwealth; provided that all such insurers, at a minimum, shall have a rating of A-:VII or better by A.M. Best Company (unless Asset Manager waives or modifies this requirement in writing). At the request of Asset Manager or the City, Operator shall cause the City to be provided with certified copies of policies and all policy endorsements, except that with respect to blanket policies, copies of any schedules or endorsements and other proprietary information relating to other properties and operations may be redacted or other limited copies satisfactory to Asset Manager and the City may be provided.
 - (2) *Five Year Adjustment.* The amounts of coverage required by Section 6(a) shall be reasonably adjusted every five (5) years (subject to the provisions of Section 6.2(b)(7)) to ensure that the Required Coverages continue to provide adequate coverage of the obligations, responsibilities

K-15

- (f) Operator agrees that all Parking Revenue shall be held for the benefit of the Trustee for the holder of the Parking Bonds.

6. OPERATOR'S INSURANCE COVERAGES. Operator shall obtain, provide and maintain (as an Operating Expense, to the extent included within the approved Operator's Operating Budget), the insurance coverages and requirements specified below (the "**Required Coverages**");

- (a) Required Coverages:
- (1) Workers' Compensation and Employer's Liability. Workers' Compensation Insurance, as prescribed by applicable Law, covering all employees of Operator who are providing or performing services with respect to this Agreement and Employer's Liability Insurance coverage with limits of (a) not less than the greater of statutorily required limits, or (b) \$1,000,000 per accident or disease;
 - (2) Commercial General Liability (Primary and Umbrella). Commercial General Liability Insurance with limits of not less than \$1,000,000.00 per occurrence, \$2,000,000.00 general aggregate. Coverage shall include the following: all premises and operations, products/completed operations, explosion, collapse, underground, separation of insureds, defense, terrorism (to the extent commercially available) and contractual liability. The Parking Authority, Authority, the Trustee, the Qualified Designee, the City, and Asset Manager are to be included as additional insureds on a primary, non-contributory basis for any liability arising under or in connection with this Agreement. Any general aggregate shall apply on a per location basis;
 - (3) Automobile Liability (Primary and Umbrella). When any motor vehicles (owned, non-owned or hired) are used in connection with work to be performed or services to be rendered, Automobile Liability Insurance with limits of not less than One Million Dollars (\$1,000,000) per occurrence and One Million Dollars (\$1,000,000) in the annual aggregate, or accident for bodily injury and property damage. Parking Authority, Authority, Trustee, the Qualified Designee, Asset Manager, and the City are to be included as additional insureds on a primary, non-contributory basis;
 - (4) Garagekeepers Legal Liability. Garagekeepers Legal Liability Insurance with limits of not less than Five Million Dollars (\$5,000,000) for comprehensive perils and Five Million Dollars (\$5,000,000) for collision, which limits may be met through a combination of primary and excess or umbrella policies, combined single limit, for bodily injury and property damage. Parking Authority, Authority, Trustee, the Qualified Designee, Asset Manager, and the City shall be named as additional insureds on a primary, non-contributory basis for any liability arising under this Agreement;
 - (5) Excess Liability or Umbrella. Lessee shall provide or cause to be provided excess liability or "umbrella" liability coverage for claims under the Employer's Liability, Commercial General Liability,

K-14

and liabilities of Operator under this Agreement. The recommendations of any insurance consultant utilized by Asset Manager shall be used for these adjustments.

- (3) *Waiver of Subrogation by Insurers.* Each of the Required Coverages provided by Operator shall, where legally permitted and customarily available at standard rates, include a waiver by the insurer of its claims and rights of subrogation against Asset Manager, the Authority and the City, and their respective employees, agents, representatives and contractors.
- (4) *Right to Insure.* Operator shall provide or cause to be provided at least fifteen (15) days prior written notice to Asset Manager in the event coverage is canceled, materially changed or not renewed. If Operator fails to obtain and maintain or cause to be obtained and maintained the insurance required by this Section 6(a), or if any such Required Coverage is canceled or not renewed as a result of Operator's failure to pay the premium(s) or other amount(s) therefor, Asset Manager, Authority and the City shall each have the right (without any obligation to do so), upon ten (10) business days notice to Operator in a non-emergency situation or forthwith without notice in an emergency situation and without assuming any obligation in connection therewith, to effect such insurance or pay any delinquent or unpaid premiums before cancellation or non-renewal, and all costs and expenses of Asset Manager, Authority and/or the City in connection therewith shall be payable by Operator to Asset Manager, Authority and/or the City, as applicable, on demand. Such insurance obtained by Asset Manager, Authority or the City shall not relieve Operator of its obligations, and Asset Manager, the Authority and the City shall not be liable for any loss or damage suffered by Operator in connection therewith.
- (5) *Insurance Requirements of Contractors.* If the Authority with respect to the Off-Street Parking System or the City with respect to the On-Street Parking System, requires Asset Manager to cause any contractor performing work in and for the Parking System to obtain coverages comparable to the Required Coverages, such coverages shall insure the interests of the Operator and shall be subject to the same (or comparable) coverage and administrative requirements as are imposed on Operator pursuant to this Agreement.
- (6) *Other Insurance Obtained by Operator.* If Operator or its contractors obtain any property, liability or other insurance coverages in addition to the Required Coverages ("**Additional Coverages**"), then Operator or its contractors shall (i) notify Asset Manager as to such Additional Coverages, (ii) provide Asset Manager with any documentation relating to the Additional Coverages, including Certificates of Insurance, that Asset Manager reasonably requests and (iii) at Asset Manager's election, acting reasonably, cause Asset Manager, Authority and the City, and their respective employees, agents and representatives, to be named as additional insureds and cause the City to be named as loss payee, as applicable, under such Additional Coverages, if that is normally allowed in accordance with good industry practice and subject to the provisions

K-16

of the Indenture and the Leasehold Mortgage (as such term is defined in the Asset Transfer Agreement).

- (7) **Commercial Availability.** To the extent any of the Required Coverages or additional requirements hereunder are not available on a commercially reasonable basis, Operator shall obtain insurance that is available on a commercially reasonable basis that best approximates the Required Coverages or additional requirements hereunder, but said substitute coverage shall, at Asset Manager's request, be subject to review of an independent insurance consultant, and such independent insurance consultant shall have delivered to Asset Manager, the Authority and the City its opinion to the effect that the substitute coverages meet the above-stated criteria.
7. **MONTHLY REPORTING; BOOKS AND RECORDS; INSPECTION AND AUDIT.**
- (a) **Monthly Reporting.** Within fifteen (15) days after the end of each calendar month in each Operating Year, Operator shall provide to Asset Manager a complete accounting on a cash basis (together with all available information that may be necessary to allow Asset Manager to convert Operator's monthly statement from a cash-basis to accrual basis for Asset Manager's reporting requirements under the Asset Management Agreement, Asset Transfer Agreement and the Indenture) showing all Parking Revenues, and actual Operating Expenses for the immediately preceding calendar month, together with any reasonable supporting documentation (including, without limitation, bank account statements) requested by Asset Manager. In addition, Operator will, upon Asset Manager's written request from time to time, provide additional reports and information (including, without limitation, analytical reports) with respect to the Parking System in form and content reasonably acceptable to Asset Manager and specified in such written request.
- (b) **Books and Records.** Asset Manager and Operator shall each maintain at its principal place of business, a complete and accurate set of files, books and records of all business activities and operations relating to the Parking System. Such records and accounts shall reflect all items of revenue and expense allocable to the management, operation, maintenance and disposition of the Parking System, as well as information relating to the status of the Parking System. Such records and accounts shall be maintained for not less than seven (7) years following the end of each Operating Year to which they relate or the time period required by Law, whichever is longer (provided, however, that Operator shall not be required to retain parking tickets for more than one hundred eighty days (180), unless such parking ticket is then the subject of a dispute, appeal, adjudication or enforcement proceeding or the period for allowed to bring or raise any such dispute, appeal, adjudication or enforcement proceeding has not yet expired).
- (c) **Inspection and Audit.** Operator shall permit Asset Manager, and each and every other Person entitled to inspect, review and/or audit books and records relating to the Parking System (including, but not limited to, the City, Parking Authority, Trustee, the Authority and the Credit Enhancers) to inspect Operator's records at Operator's offices during reasonable business hours. Expressly excluded from the records available for inspection are any records or portion thereof containing proprietary or confidential information. Operator shall reasonably cooperate with the Person(s) performing or conducting the audit or inspection.

K-17

suffered as a result of negligence of either party or their employees or agents, are hereby released and discharged, and any and all subrogation rights or claims are hereby waived to the extent of the actual insurance coverage carried or required to be carried by the parties, in either case irrespective of applicable deductibles. All such insurance policies shall contain a clause or endorsement providing that the insurance shall not be prejudiced if the insured has waived its rights of recovery (including subrogation rights) against any person or company prior to the date of loss, destruction or damage. The provisions of this Section 12 shall survive the expiration or earlier termination of this Agreement.

13. **LICENSES AND PERMITS.** Operator shall obtain and maintain all licenses and permits required by an operator of parking facilities by any governmental body or agency having jurisdiction over Operator's operations of the Parking System and will abide by the terms of such licenses and permits. Any license or permit fees incurred by Operator shall be deemed an Operating Expense to the extent included in the approved Operator's Operating Budget.

14. **COMPLIANCE WITH LAWS.** Operator shall not: (a) knowingly engage in any action that would violate, in any material respect, any law, rule, regulation or statement of policy of any governmental authority having jurisdiction over the Parking System ("Law"), or (b) use or permit the use of all or any part of the Parking System for any use or purpose which is (i) forbidden by or in violation of any Law, or (ii) may be dangerous to life, limb or property.

15. **EMPLOYEES.**

- (a) **Independent Contractor.** Consistent with Operator's status as an independent contractor of Asset Manager, Operator will bear sole responsibility for selecting, employing and paying all personnel providing goods or services to Operator or used by Operator to perform for Operator under this Agreement. Operator will pay and report all income, employment withholding, social security taxes, unemployment taxes, and any other taxes or withholdings applicable to any such Person, and for any health or disability insurance, retirement benefits, or any other welfare, pension or other benefits, if any, to which any such Person may be entitled.
- (b) **Employees.** Operator represents and warrants to Asset Manager (and upon which Parking Authority, the City and the Authority may rely) that, before the Closing Date (as defined in the Asset Transfer Agreement), Operator offered employment to existing employees of Parking Authority and to at least seven existing employees of the City for Available Positions (hereinafter defined) before any such Available Positions were offered to someone who was not then an existing employee of Parking Authority or the City, in each case subject to and in accordance with the following conditions as part of new initial terms and conditions of employment set by Operator:
- (1) the existing employee was qualified in the discretion of Operator for the Available Position offered;
- (2) wages to be paid by Operator will be at an hourly rate which is a minimum of ninety percent (90%) of the employee's then-current base hourly rate if the employee was hired in the same position or classification or a higher paying classification; this wage rate provision shall be effective for a period of twelve (12) months, after which time wages rates may be modified in accordance with any collective

K-19

8. **INTELLECTUAL PROPERTY.** Operator hereby grants to Asset Manager, during the term of this Agreement only, a non-assignable, non-exclusive right and license to use Operator's intellectual property, including but not limited to its trade names, trademarks and any and all on-site parking amenities programs (the "Intellectual Property"), to the extent related to Operator's administration, management and operation of the Parking System. Upon termination of this Agreement for any reason, Operator shall have the right, at its sole cost and expense, to remove the Intellectual Property from the Parking System, and Asset Manager shall refrain from all further use of the Intellectual Property.

9. **ASSET MANAGER'S OBLIGATIONS.** Asset Manager's obligations with respect to the Parking System shall be to make or cause to be made all structural repairs, capital repairs, replacements and improvements with respect to the Parking System required to be completed during the Term in accordance with the approved Annual Capital Budget (as defined in the Asset Transfer Agreement) and the Long-Term Capital Plan (subject to the availability of sufficient funds in the Indenture, including Revenues). Operator shall cooperate with Asset Manager identifying and performing its obligations hereunder, but under no circumstances whatsoever, shall Operator be required to enter into any third-party contracts in connection with Asset Manager's obligations under this Section 9, including, but not limited to, engineer, architectural or design-related services. In connection with the foregoing, Asset Manager may obtain or procure any engineering, architect, environmental or consultant inspections, studies or reports required to be obtained by Asset Manager pursuant to the terms of the Asset Management Agreement. Asset Manager agrees that any contract between Asset Manager and a third party contractor for work on behalf of Asset Manager at the Parking System shall require (i) the third party contractor to indemnify, save and hold Asset Manager and Operator harmless from and against and free and clear of all claims, suits, actions, and damages which may arise, occur or result from work performed by said third party contractor, and (ii) to require the third party contractor to name Asset Manager and Operator as additional insureds on the third party contractor's policies of insurance and furnish Asset Manager and Operator with a certificate of insurance evidencing such coverages (as more particularly set forth in Section 6(b)(5) hereinabove).

10. **INDEMNIFICATION.** Operator shall defend, indemnify and hold harmless Asset Manager and its employees, shareholders, directors, employees, affiliates, agents and contractors from and against any and all actions, costs, expenses, losses, liability, claims, judgments, damages and demands (collectively, "Losses") caused by Operator's breach of this Agreement or caused by the negligence, intentional misconduct, malfeasance or fraud of Operator. Asset Manager shall defend, indemnify and hold harmless Operator from and against any and all Losses caused by Asset Manager's breach of this Agreement or caused by the Asset Manager's negligence, intentional misconduct, malfeasance or fraud by Asset Manager of this Agreement. The provisions of this Section 10 shall survive the expiration or earlier termination of this Agreement.

11. **ASSET MANAGER'S INSURANCE.** Asset Manager shall, as a Current Expense (as defined in and pursuant to the Indenture), provide and maintain insurance with respect to the Parking System in amounts and with coverage as required of Asset Manager under the Asset Management Agreement. To the extent that Asset Manager provides any liability insurance relating to the Parking System, Asset Manager shall include Operator as an additional insured under such policies.

12. **RELEASE AND WAIVER OF SUBROGATION.** In addition to and without limiting the provisions of Section 6(b)(3) of this Agreement, to the extent of the insurance coverage provided or required to be provided herein, in the event all or any part of the Parking System (including any buildings, improvements or other real or personal property thereon) are damaged or destroyed by fire or other casualty, the rights or claims of either party or its employees, agents, successors or assigns against the other with respect to liability for such loss, destruction or damage resulting therefrom, including loss, destruction or damage

K-18

bargaining agreement if one exists, or unilaterally by Operator if there is no collective bargaining representative;

- (3) if an existing employee was hired for a lower paying position or job classification and was hired by Parking Authority prior to September 1, 2003, the employee will be paid by Operator an hourly rate which will be a minimum of ninety percent (90%) of the employee's current base hourly rate; if the existing employee was hired for a lower paying position or classification and was hired by Parking Authority on or after September 1, 2003, the employee will be paid an hourly rate which will be the lesser of ninety percent (90%) of the employee's then-current base hourly rate or ninety percent (90%) of the base hourly rate of a bargaining unit employee in the same or similar classification; these wage rate provisions shall be effective for a period of twelve (12) months, after which time wage rates may be modified in accordance with any collective bargaining agreement if one exists, or unilaterally by Operator if there is no collective bargaining representative; and
- (4) existing employees who are eligible for health, prescription, dental and vision insurance will pay a maximum of ten percent (10%) of health, prescription, dental and vision insurance premiums for a plan selected by the employee from options as determined by Operator which are substantially equivalent to Parking Authority's current plan of benefits; this provision shall be effective for a period of twelve (12) months, after which time contributions and plan benefits may be modified in accordance with any collective bargaining agreement if one exists, or unilaterally by Operator if there is no collective bargaining representative.
- (5) Operator shall maintain the positions, hours and offered wage rates of the Available Positions for twelve (12) months following the Closing Date; provided that this covenant shall apply to each Available Position only for so long as each such position was filled by a then-existing employee of Parking Authority or the seven then-existing employees of the City, and only for those then-existing employees who were hired by Operator as of the Closing Date. For a period of twelve (12) months following the expiration of the 12-month period described in the previous sentence, Operator shall maintain at least thirty-one (31) full-time equivalent positions in its operation of the Parking System.
- (6) The provisions of this Section 15(b) only apply to bargaining unit positions; and
- (7) "Available Positions" means the positions (and hours) set forth on **Exhibit "I"**, attached hereto and made a part hereof.
- (c) **Supervisory Employees.** Operator represents and warrants to Asset Manager (and upon which Parking Authority and the Authority may rely) that, before the Closing Date, Operator offered employment to the then-existing supervisory employees of Parking Authority for Available Supervisory Positions (hereinafter defined) before any such Available Supervisory Positions were offered to

K-20

someone who was not a then-existing employee of Parking Authority, in each case subject to and in accordance with the following conditions:

- (1) the existing employee is qualified in the discretion of Operator for the Available Supervisory Position offered;
- (2) wages were offered at an hourly rate which is a minimum of ninety percent (90%) of the employee's then-current base hourly rate; this wage rate provision shall be effective for a period of twelve (12) months, after which time wages rates may be modified by Operator; and
- (3) existing employees who are eligible for health, prescription, dental and vision insurance will pay a maximum of ten percent (10%) of health, prescription, dental and vision insurance premiums for a plan selected by the employee from options as determined by Operator which are substantially equivalent to Parking Authority's current plan of benefits; this provision shall be effective for a period of twelve (12) months, after which time contributions and plan benefits may be modified by Operator.
- (4) Operator shall maintain the positions, hours and wage rates of the Available Supervisory Positions for twelve (12) months following the Closing Date; provided that this covenant shall apply to each Available Supervisory Position only for so long as each such position is filled by a then-existing supervisory employee of Parking Authority who was hired by Operator effective as of the Closing Date.
- (5) "Available Supervisory Positions" means the positions (and hours) set forth on Exhibit "I".

16. **LOSS OR DAMAGE TO PARKING SYSTEM.** Any loss of or damage to the Parking System (or any part thereof) as the result of a taking under the power of eminent domain, or by fire, storm or other casualty shall be subject to and addressed in accordance with the terms of the Indenture, the Mortgage and the Parking Lease (as such term is defined in the Asset Transfer Agreement).

17. **RELATIONSHIP OF THE PARTIES.** No partnership or joint venture between the parties is created by this Agreement, it being agreed that, without limiting the provisions of Section 1 of this Agreement, Operator is an independent contractor and is not an employee of Asset Manager.

18. **FORCE MAJEURE.** Any delays in the performance of any obligations by either party to this Agreement shall be excused to the extent that such delays are caused by Force Majeure (as such term is defined in the Asset Transfer Agreement), and any time periods required for performance shall be extended accordingly.

19. **GOVERNING LAW.** This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania.

20. **APPROVALS.** Whenever the approval of either party is required herein, such approval shall not be unreasonably withheld or delayed, unless a different standard is otherwise expressly set forth herein or, as to Asset Manager, such approval is subject to a different standard or the approval of another Person pursuant to the terms of the Indenture or the Asset Transfer Agreement.

K-21

benefit of creditors, with such termination to be effective upon giving written notice thereof.

- (f) This Agreement shall terminate upon (i) the termination of the Asset Management Agreement, or (ii) if the Operator is required to be replaced under the terms of the Indenture, or upon request, upon exercise of remedies under the Indenture. Asset Manager will provide written notice to Operator of any such termination.
- (g) If this Agreement terminates, the Parking Enforcement Agreement shall automatically terminate and vice versa.
- (h) Upon termination or expiration of this Agreement, for a period no longer than thirty (30) days' after termination or expiration of this Agreement, Operator shall make commercially reasonable efforts to cooperate with Asset Manager and the party designated by Asset Manager as successor operator to facilitate smooth transition of the operation of the Parking System; provided, however, that Operator may be reimbursed (in the same manner and subject to the same terms for payment of Operating Expenses) for any related transition costs or expenses so long as the termination of this Agreement is not the result of a default by Operator hereunder or under the Parking Enforcement Agreement.
- (i) Except for a termination of this Agreement by Operator pursuant to Section 23(b) hereinabove, no termination of this Agreement by Operator shall be effective until Asset Manager has retained a replacement operator meeting the requirements of Section 3.5 of the Asset Transfer Agreement.

24. **OPERATING STANDARDS.**

- (a) Asset Manager and Operator shall develop operating standards (the **Operating Standards**"), in the form attached hereto and incorporated herein as **Exhibit "K"** (which is identical to Schedule 2 attached to the Asset Transfer Agreement) complying with the terms of the Asset Transfer Agreement and this Section 24. As a Current Expense, Asset Manager shall cause the Operating Standards to include a certificate signed and sealed by a Professional Engineer (as such term is defined in the Asset Management Agreement), stating that in the opinion of the Professional Engineer, the Operating Standards comply with the requirements of Schedule 2 of the Asset Transfer Agreement and that maintenance and operation of the Parking System and performance of the Parking System operations in accordance with the Operating Standards will constitute maintenance, operation and performance in a First Class Manner.
- (b) On or before March 31, 2014, Asset Manager and Operator shall jointly prepare the initial Operating Standards and deliver them to the Authority and the Advisory Committee. The initial Operating Standards shall be agreed upon in writing by Operator and Asset Manager before being submitted to the Authority or the Advisory Committee. Asset Manager and Operator may cause the Operating Standards to be revised at any time as conditions warrant. Copies of every revision of the Operating Standards (agreed upon in writing by Asset Manager and Operator) shall be delivered to the Authority and the Advisory Committee.

K-23

21. **WAIVERS.** No waiver of default by either party of any term, covenant or condition hereof to be performed or observed by the other party shall be construed as, or operate as, a waiver of any subsequent default of the same or any other term, covenant or condition hereof.

22. **SEVERABILITY.** If any provision hereof is held to be invalid by a court of competent jurisdiction, such invalidity shall not affect any other provision hereof, provided such invalidity does not materially prejudice either party in its rights and obligations contained in the valid provisions of this Agreement.

23. **TERMINATION.** Notwithstanding any terms in this Agreement to the contrary:

- (a) Either party may terminate this Agreement, without cause or penalty, upon ninety (90) days' prior written notice.
- (b) Notwithstanding any contrary terms in this Agreement, or any other agreement or exhibit referenced herein, Operator shall have the right to terminate this Agreement, if:
 - (1) Operator is not paid the Operating Advance on the Commencement Date; or
 - (2) Operator is not paid any Monthly Operating Payment on the applicable Due Date and, after written notice from Operator to Asset Manager, Authority, Trustee and the Credit Facility Providers, failure to pay is not cured on or before the following month's Due Date. Operator shall provide prompt written notice of any such failure to pay, but any delay to do so will not in any way waive or modify Operator's right to receive payment or right to terminate this Agreement. Asset Manager shall provide Operator with addresses for notices to the Authority, Trustee and Credit Enhancers on or prior to the Commencement Date, which shall be provided in accordance with Section 28 below.

For example, if the Monthly Operating Payment for February is not paid by February 1st (i.e., the Due Date), Operator shall give written notice of failure to pay to the parties required above, and Operator shall have the right to terminate this Agreement on or after March 1st if the February Monthly Operating Payment is not paid by March 1st.
- (c) Either party may terminate this Agreement upon the breach by the other party of any covenant, term or condition hereof, provided the breaching party first receives written notice of such breach and fails to remedy same within thirty (30) days after receipt of written notice thereof, or if the breaching party fails to commence remedying such breach within said 30-day period if such breach cannot be reasonably remedied within thirty (30) days.
- (d) Either party may terminate this Agreement upon the breach by the other party (that continues beyond any applicable cure period thereunder) of any covenant, term or condition of the Parking Enforcement Agreement.
- (e) Either party may terminate this Agreement in the event the other party or the Authority or the City or any party on their behalf, files a voluntary petition or similar pleading for bankruptcy, insolvency, receivership or makes an assignment for the

K-22

- (c) The Operating Standards and all revisions shall be submitted to the Advisory Committee for advisory input and comment. Pursuant to the Asset Transfer Agreement and the Asset Management Agreement, the Advisory Committee will have thirty (30) days to review and comment upon the Operating Standards. Asset Manager and Operator will adopt the initial Operating Standards (including any changes made after review of the advisory input and comments from the Advisory Committee and agreed upon in writing by Asset Manager and Operator) not later than May 31, 2014. Asset Manager will deliver copies of the final adopted Operating Standards (including the required certificate signed and sealed by a Professional Engineer) to the Authority and the Advisory Committee.
- (d) Asset Manager shall keep Operator reasonably informed of the status of the Operating Standards approval, notifying Operator if (i) the proposed Operating Standards have been approved, (ii) the proposed Operating Standards have been denied, or (iii) if any further information is needed.

25. **MODIFICATIONS OF OPERATING STANDARDS.**

- (a) Proposed modifications to the Off-Street Operating Standards elements of the Operating Standards attached as Schedule 2 to the Asset Transfer Agreement shall be provided by Asset Manager to the Advisory Committee (provided such modifications are first agreed upon by Operator and Asset Manager in writing) for advisory input, which advisory input, pursuant to the Asset Transfer Agreement and the Asset Management Agreement, is to be provided by the Advisory Committee within sixty (60) days of submission of the proposed modifications. Proposed modifications of the Operating Standards shall include a certificate signed and sealed by a Professional Engineer (which shall be obtained by Asset Manager as a Current Expense), stating that in the opinion of the Professional Engineer, maintenance and operation of the Parking System and performance of the Parking System operations in accordance with Operating Standards that comply with the requirements set forth in Schedule 2 to the Asset Transfer Agreement, as modified by the proposed modifications, will constitute maintenance, operation and performance in a First Class Manner. Modifications shall be subject to approval by the Parking Authority, which approval, pursuant to the Asset Management Agreement, will not be unreasonably withheld, conditioned or delayed. The Parking Authority is required to respond in writing to Asset Manager and the Advisory Committee with respect to any proposed modifications of the Off-Street Operating Standards elements of Schedule 2 to the Asset Management Agreement within sixty (60) days of notice from Asset Manager of the proposed changes (including comments or recommendations of the Advisory Committee, if any) and if the Parking Authority disapproves of a proposed modification, the notice of disapproval is required to be given in writing and is required to specify in detail the Parking Authority's reasons for disapproval and any changes that would make the proposal acceptable to the Parking Authority. If the Parking Authority fails to respond with approval or disapproval as required herein within the 60-day period, Asset Manager may give another notice to the Parking Authority stating that the failure of the Parking Authority to approve or disapprove the proposed modifications within fifteen (15) days of the second notice shall constitute approval. The Parking Authority's failure to give notice of approval or disapproval as required in Section 5.3 of the Asset Transfer Agreement within said 15-day period shall be deemed approval of the proposed modification. Copies of any final modifications shall be delivered

K-24

to the City and the Advisory Committee. Asset Manager shall keep Operator reasonably informed of the status of, and will promptly provide to Operator, all proposed modifications, certificates, reports, notifications, responses or other correspondence relating to the modifications of the Off-Street Operating Standards.

- (b) Proposed modifications to the On-Street Operating Standards elements of Schedule 2 of the Asset Transfer Agreement shall be provided by Asset Manager to the Advisory Committee (provided such modifications are first agreed upon by Operator and Asset Manager in writing) for advisory input, which shall be provided by the Advisory Committee within sixty (60) days of submission. Modifications shall be subject to approval by the City, which approval will not be unreasonably withheld, conditioned or delayed. The City is required to respond in writing to Asset Manager and the Advisory Committee with respect to any proposed modifications of the On-Street Operating Standards elements of Schedule 2 within sixty (60) days of notice from Asset Manager of the proposed changes (including comments or recommendations of the Advisory Committee, if any) and if the City disapproves of a proposed modification, the notice of disapproval is required to be given in writing and is required to specify in detail the City's reasons for disapproval and any changes that would make the proposal acceptable to the City. If the City fails to respond with approval or disapproval as required herein within the 60-day period, Asset Manager may give another notice to the City stating that the failure of the City to approve or disapprove the proposed modifications within fifteen (15) days of the second notice shall constitute approval. The City's failure to give notice of approval or disapproval as required in Section 5.3 of the Asset Transfer Agreement within said 15-day period shall be deemed approval of the proposed modification. Copies of any final modifications shall be delivered to the City and the Advisory Committee. Asset Manager shall keep Operator reasonably informed of the status of, and will promptly provide to Operator, all proposed modifications, certificates, reports, notifications, responses or other correspondence relating to the modifications of the Off-Street Operating Standards.

26. LICENSE TO ENTER THE PUBLIC WAY. The Operator is authorized, as a representative and agent of the Authority, pursuant to the license granted by the City to the Authority in Section 3.3(b) of the Asset Transfer Agreement, to enter upon, in, under, over and across the Public Way (as such term is defined in the Asset Transfer Agreement), to the extent and at such times as shall be necessary or desirable to Operator to access the Parking System in order to conduct Parking System operations, including operating, maintaining, inspecting, constructing, repairing, and managing the Parking System and all supporting structures and appurtenances thereto and interconnecting the same to any electric utility, telephonic or other communication lines, collecting revenues, and installing monitoring or observation technology or equipment reasonably necessary for Parking System operations. All provisions of Law, including applicable City permit requirements, relating to the conduct of a private business or franchise in that part of the Public Way apply to Operator, provided that the Authority has agreed in the Asset Management Agreement to use commercially reasonable efforts to assist the Operator in the exercise of such rights to as to permit Operator to fulfill its obligations under this Agreement and the Parking Enforcement Agreement. In addition, the Authority has agreed in the Asset Management Agreement to use commercially reasonable efforts on behalf of Operator the provisions of Section 3.10 (Utilities) of the Asset Transfer Agreement so as to permit the Operator to exercise its rights and fulfill its obligations under this Agreement.

K-25

29. ENTIRE AGREEMENT. This Agreement, together with all exhibits hereto, constitutes the entire agreement between the parties, and supersedes all representations, statements or prior agreements and understandings both written and oral with respect to the matters contained in this Agreement and exhibits hereto. No person has been authorized to give any information or make any representation not contained in this Agreement. This Agreement may be amended only by written agreement of the parties.

30. PARTIES BOUND. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their heirs, successors, executors, administrators, legal representatives and permitted assigns.

31. NEITHER PARTY DEEMED DRAFTER. The parties to this Agreement have had sufficient time to consult legal counsel and negotiate changes regarding the terms hereof. Therefore, neither party shall be deemed the drafter of this Agreement and, as such, this Agreement shall not be construed against either party due to the drafting hereof.

32. ATTORNEY FEES. In the event that either party hereto should (i) retain legal counsel and/or institute any suit against the other for violation of this Agreement or to enforce any of the covenants or conditions herein, or (ii) intervene in any suit in which the other is a party to enforce or protect its interest or rights hereunder, the prevailing party in any such suit shall be entitled to all of its costs, expenses and reasonable fees of its attorney(s) in connection therewith. The rights and obligations of this Section 32 shall survive the termination or expiration of this Agreement.

33. AVAILABILITY OF FUNDS.

- (a) All of the duties and obligations of Asset Manager under this Agreement will be performed by Asset Manager with the funds made available to it under the applicable funds and accounts of the Indenture. The performance of the responsibilities of Asset Manager is conditioned upon the Authority, or the Trustee on behalf of the Authority, making available to Asset Manager sufficient funds to perform such responsibilities. Asset Manager shall have no duty or obligation under any circumstance to pay or fund any sums hereunder from Asset Manager's own funds.
- (b) All of the duties and obligations of Operator under this Agreement will be performed by Operator with the funds made available to it under the applicable funds and accounts of the Indenture. The performance of the responsibilities of Operator is conditioned upon the Authority, or the Trustee on behalf of the Authority, making available to Operator sufficient funds to perform such responsibilities. Except as expressly set forth herein, Operator shall have no duty or obligation under any circumstance to pay or fund any sums hereunder from Operator's own funds.

34. LIABILITY OF ASSET MANAGER. Except as otherwise provided in Section 10 of this Agreement, Operator agrees to look solely to Asset Manager for the duties, obligations, responsibilities and liabilities of Asset Manager hereunder and then only to the extent of any funds made available to Asset Manager under the applicable funds and accounts of the Indenture, and to Asset Manager's insurance. Notwithstanding anything to the contrary contained herein, in no event shall the affiliates, partners, members, shareholders, officers, directors, employees, lenders, contractors, agents or representatives (or any permitted successor or assign of any of the foregoing), as such, of Asset Manager be liable or responsible for any duty, obligation, responsibility or liability of Asset Manager hereunder. Without in any way limiting the foregoing, in no event shall Asset Manager or any of its affiliates,

K-27

27. ASSIGNMENT. Operator shall not assign or transfer this Agreement or its right, title or interest herein without complying with the terms of Section 3.5 of the Asset Transfer Agreement and without the prior written consent of Asset Manager. Operator expressly acknowledges and agrees that, subject to the terms of the Indenture and the Asset Transfer Agreement, this Agreement may, without the consent of (but with prior written notice to) Operator, be assigned by Asset Manager to the Trustee for the security of the holders of the Bonds and, subject to the terms of the Indenture and the Asset Transfer Agreement, may be subsequently assigned, without the consent of (but with prior written notice to) Operator, to a successor, trustee, or any other entity providing financing or serving as a trustee for the benefit of entities or individuals which provide financing of the Parking System, or with respect to any refinancing of the Bonds, or any other financing, or an entity which exercises remedies under or succeeds to the rights under the Financing Documents (as such term is defined in the Asset Transfer Agreement). Operator expressly agrees that upon such assignment, it will provide the services hereunder for the benefit of such assignee upon the terms and conditions set forth in this Agreement or will enter into a new agreement with such assignee containing substantially the same terms and conditions as are set forth in this Agreement. Subject to the foregoing, this Agreement shall be binding upon Asset Manager and upon Operator and their respective successors and assigns. Any assignment in contravention hereof shall be void.

28. NOTICES. Any notice or communication required to be given to or served upon either party hereto shall be given or served by personal service or by express delivery or by mailing the same, postage prepaid, by United States registered or certified mail, return receipt requested, to the following addresses:

TO ASSET MANAGER: PK Harris Advisors, Inc.
Attn: John Gass
With a copy to: Greg Winchester
Monarch Tower
3424 Peachtree Road NE, Suite 2200
Atlanta, GA 30326

With a copy to: Nachmias Morris & Alt, P.C.
20 Ash Street, Suite 200
Conshohocken, PA 19428

TO OPERATOR: SP Plus Corporation
Attn: Legal Department
200 E. Randolph Street, Suite 7700
Chicago, IL 60601

With copies to: SP Plus Corporation
Attn: Steven A. Warshauer
Executive Vice President
200 E. Randolph Street, Suite 5475
Chicago, IL 60601

SP Plus Corporation
Attn: Chris Sherman, Senior Vice President
1225 Eye Street, NW, Suite C-100
Washington, DC 20005

Either party may designate a substitute address at any time hereafter by written notice thereof to the other party.

K-26

partners, members, shareholders, officers, directors, employees, lenders, contractors, agents or representatives (or any permitted successor or assign of any of the foregoing), as such, be liable or responsible for any punitive, exemplary, incidental, indirect, special or consequential damages claimed by Operator, arising under or in connection with this Agreement, including, without limitation, damages for loss of profits, whether based upon contract, tort, breach of warranty or any other legal or equitable grounds. The provisions of this Section 34 shall survive the expiration or earlier termination of this Agreement.

35. LIABILITY OF OPERATOR. Except as otherwise provided in Section 10 of this Agreement, Asset Manager agrees to look solely to Operator for the duties, obligations, responsibilities and liabilities of Operator hereunder and then only to the extent of any funds made available to Operator under the applicable funds and accounts of the Indenture, and to Operator's insurance. Notwithstanding anything to the contrary contained herein, in no event shall the affiliates, partners, members, shareholders, officers, directors, employees, lenders, contractors, agents or representatives (or any permitted successor or assign of any of the foregoing), as such, of Operator be liable or responsible for any duty, obligation, responsibility or liability of Operator hereunder. Without in any way limiting the foregoing, in no event shall Operator or any of its affiliates, partners, members, shareholders, officers, directors, employees, lenders, contractors, agents or representatives (or any permitted successor or assign of any of the foregoing), as such, be liable or responsible for any punitive, exemplary, incidental, indirect, special or consequential damages claimed by Asset Manager, arising under or in connection with this Agreement, including, without limitation, damages for loss of profits, whether based upon contract, tort, breach of warranty or any other legal or equitable grounds. The provisions of this Section 35 shall survive the expiration or earlier termination of this Agreement.

36. AUTHORITY.

- (a) Asset Manager represents and warrants that it has full authority to enter into this Agreement with Operator, that the individual signing this Agreement on behalf of Asset Manager has been empowered with full authority to act on behalf of Asset Manager in connection with this Agreement, and that execution of and performance under this Agreement has been duly authorized by Asset Manager.
- (b) Operator represents and warrants that it has full authority to enter into this Agreement with Asset Manager, that the individual signing this Agreement on behalf of Operator has been empowered with full authority to act on behalf of Operator in connection with this Agreement, and that execution of and performance under this Agreement has been duly authorized by Operator.

37. DEFINITIONS. To the extent that any capitalized defined term ("Defined Term") is not defined herein, the Defined Term shall have the meaning given in the Indenture or the Asset Transfer Agreement, as applicable.

38. COUNTERPARTS AND DELIVERY OF SIGNATURES. This Agreement may be executed in any number of separate counterparts, each of which shall together be deemed an original, but the several counterparts shall together constitute but one and the same Agreement. A facsimile, portable document format (PDF) file or other reproduction of this Agreement (or the signature page of this Agreement) may be executed by one or more parties hereto, and an executed copy of this Agreement (or the signature page of this Agreement) may be delivered by one or both parties by facsimile or by electronic mail in a PDF file or by similar electronic transmission device pursuant to which the signature of or on behalf of such party can be seen, and such execution and delivery shall be considered valid, binding and effective for all purposes. At the written request of either party, the parties agree to execute an original of this Agreement with original signatures.

K-28

[Signature Page to Follow]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

ASSET MANAGER:

OPERATOR:

PK Harris Advisors, Inc.

SP Plus Corporation

By: _____
Name: _____
Title: _____

By: _____
Steven A. Warshauer
Executive Vice President

K-29

K-30

EXHIBIT A

Off-Street and On-Street Parking System

1. **Facility Name:** Walnut Street Garage
Address: 215 Walnut Street, Harrisburg, PA
Space Count: 1,032
2. **Facility Name:** Chestnut Street Garage
Address: 322-326 Chestnut Street, Harrisburg, PA
Space Count: 1,088
3. **Facility Name:** Fifth Street Garage
Address: 6-14 North Fifth Street, Harrisburg, PA
Space Count: 856
4. **Facility Name:** Locust Street Garage
Address: 214 Locust Street, Harrisburg, PA
Space Count: 628
5. **Facility Name:** Market Square Garage
Address: 34 South 2nd Street, Harrisburg, PA
Space Count: 577
6. **Facility Name:** River Street Garage
Address: 218 North 2nd Street, Harrisburg, PA
Space Count: 850
7. **Facility Name:** Seventh Street Garage & Surface Lot
Address: 801-813 North 7th Street, Harrisburg, PA
Space Count: 1,182
8. **Facility Name:** Mulberry Street Parking Lot
Address: 3rd & Mulberry Streets, Harrisburg, PA
Space Count: 85
9. **Facility Name:** 10th & Mulberry Parking Lot
Address: 10th & Mulberry Streets, Harrisburg, PA
Space Count: 128
10. **Facility Name:** South Street
Address: 220 South Street, Harrisburg, PA
Space Count: 750
11. **Facility Name:** Harrisburg University Garage
Address: 336 Market Street, Harrisburg, PA
Space Count: 380
12. On-Street Metered Parking Spaces
Space Count: 1,348 (which includes 88 "Midtown" metered parking spaces)

K-31

EXHIBIT B

CNP Services

1. Operator has a proprietary Internet-based demand management system (the "Reservation System") that, among other things, allows clients to market and promote their parking facilities to the general public and allows parking customers (collectively, "Customers") to purchase parking at such parking facilities through Operator's website (the "CNP Services").
2. Operator shall provide a customized bundle of CNP Services for the Off-Street Parking System, which, at a minimum, will include promoting the use of the Off-Street Parking System through one or more websites and allowing Customers to reserve parking at the Off-Street Parking System. Specifically, each Customer will be electronically routed to the Reservation System where they will be guided through a series of step-by-step instructions to purchase a Parking Permit (defined below).
3. A "Parking Permit" is a pre-paid parking permit with a bar code to be scanned upon arrival at one of the parking lots or parking garages in the Off-Street Parking System, which will grant the Customer a license to park one (1) vehicle at one parking lot or parking garage in the Off-Street Parking System for a specified period of time. At the Customer's option, the Parking Permit will either be in the form of a physical permit mailed to the Customer, an electronic print-at-home permit emailed to the Customer, or a digital image that can be displayed from a Customer's smart phone.
4. In order for Operator to provide Parking Permits, Operator shall maintain an agreed-upon number of parking spaces at each applicable parking lot or parking garage in the Off-Street Parking System reserved exclusively for use by Customers purchasing Parking Permits through the Reservation System (the "Inventory").
5. All Parking Revenue attributable to the sale of Parking Permits will be collected, deposited and transferred in accordance with the Agreement, with any parking reservation services fees charged to Customers being retained by Operator.
6. Operator shall have the right to use all Data (defined below) in connection with the CNP Services and to license its use to third parties. The term "Data", as used herein means any information related to Customers, including names, addresses, email addresses, phone numbers, ticket and/or Parking Permit purchasing information, in any form or medium, including visual, written, hardware, software, documents.

K-32

EXHIBIT C

NONDISCRIMINATION/SEXUAL HARASSMENT STANDARDS

NONDISCRIMINATION/SEXUAL HARASSMENT CLAUSE [Contracts]

The Contractor agrees:

1. In the hiring of any employee(s) for the manufacture of supplies, performance of work, or any other activity required under the contract or any subcontract, the Contractor, each subcontractor, or any person acting on behalf of the Contractor or subcontractor shall not, by reason of gender, race, creed, or color, discriminate against any citizen of this Commonwealth who is qualified and available to perform the work to which the employment relates.
2. Neither the Contractor nor any subcontractor nor any person on their behalf shall in any manner discriminate against or intimidate any employee involved in the manufacture of supplies, the performance of work, or any other activity required under the contract on account of gender, race, creed, or color.
3. The Contractor and each subcontractor shall establish and maintain a written sexual harassment policy and shall inform their employees of the policy. The policy must contain a notice that sexual harassment will not be tolerated and employees who practice it will be disciplined.
4. The Contractor and each subcontractor shall not discriminate by reason of gender, race, creed, or color against any subcontractor or supplier who is qualified to perform the work to which the contract relates.
5. The Contractor and each subcontractor shall, within the time periods requested by the Commonwealth, furnish all necessary employment documents and records and permit access to their books, records, and accounts by the contracting agency and the Bureau of Minority and Women Business Opportunities (BMWBO), for purpose of ascertaining compliance with provisions of this Nondiscrimination/Sexual Harassment Clause. Within fifteen (15) days after award of any contract, the Contractor shall be required to complete, sign and submit Form STD-21, the "Initial Contract Compliance Data" form. If the contract is a construction contract, then the Contractor shall be required to complete, sign and submit Form STD-28, the "Monthly Contract Compliance Report for Construction Contractors", each month no later than the 15th of the month following the reporting period beginning with the initial job conference and continuing through the completion of the project. Those contractors who have fewer than five employees or whose employees are all from the same family or who have completed the Form STD-21 within the past 12 months may, within the 15 days, request an exemption from the Form STD-21 submission requirement from the contracting agency.
6. The Contractor shall include the provisions of this Nondiscrimination/Sexual Harassment Clause in every subcontract so that those provisions applicable to subcontractors will be binding upon each subcontractor.
7. The Commonwealth may cancel or terminate the contract and all money due or to become due under the contract may be forfeited for a violation of the terms and conditions of this Nondiscrimination/Sexual Harassment Clause. In addition, the agency may proceed with debarment or suspension and may place the Contractor in the Contractor Responsibility File.

K-33

harm that the Commonwealth may incur as a result of the Contractor's failure, including any statutory damages assessed against the Commonwealth, regardless of the outcome of such legal challenge. As between the parties, the Contractor agrees to waive all rights or remedies that may be available to it as a result of the Commonwealth's disclosure of Requested Information pursuant to the RTKL.

- i. The Contractor's duties relating to the RTKL are continuing duties that survive the expiration of this Contract and shall continue as long as the Contractor has Requested Information in its possession.

K-35

EXHIBIT D

PENNSYLVANIA RIGHT TO KNOW LAW

a. The Pennsylvania Right-to-Know Law, 65 P.S. §§ 67.101-3104, ("RTKL") applies to this Contract. For the purpose of these provisions, the term "the Commonwealth" shall refer to the contracting Commonwealth agency.

b. If the Commonwealth needs the Contractor's assistance in any matter arising out of the RTKL related to this Contract, it shall notify the Contractor using the legal contact information provided in this Contract. The Contractor, at any time, may designate a different contact for such purpose upon reasonable prior notice to the Commonwealth.

c. Upon written notification from the Commonwealth that it requires the Contractor's assistance in responding to a request under the RTKL for information related to this Contract that may be in the Contractor's possession, constituting, or alleged to constitute, a public record in accordance with the RTKL ("Requested Information"), the Contractor shall:

1. Provide the Commonwealth, within ten (10) calendar days after receipt of written notification, access to, and copies of, any document or information in the Contractor's possession arising out of this Contract that the Commonwealth reasonably believes is Requested Information and may be a public record under the RTKL; and

2. Provide such other assistance as the Commonwealth may reasonably request, in order to comply with the RTKL with respect to this Contract.

d. If the Contractor considers the Requested Information to include a request for a Trade Secret or Confidential Proprietary Information, as those terms are defined by the RTKL, or other information that the Contractor considers exempt from production under the RTKL, the Contractor must notify the Commonwealth and provide, within seven (7) calendar days of receiving the written notification, a written statement signed by a representative of the Contractor explaining why the requested material is exempt from public disclosure under the RTKL.

e. The Commonwealth will rely upon the written statement from the Contractor in denying a RTKL request for the Requested Information unless the Commonwealth determines that the Requested Information is clearly not protected from disclosure under the RTKL. Should the Commonwealth determine that the Requested Information is clearly not exempt from disclosure, the Contractor shall provide the Requested Information within five (5) business days of receipt of written notification of the Commonwealth's determination.

f. If the Contractor fails to provide the Requested Information within the time period required by these provisions, the Contractor shall indemnify and hold the Commonwealth harmless for any damages, penalties, costs, detriment or harm that the Commonwealth may incur as a result of the Contractor's failure, including any statutory damages assessed against the Commonwealth.

g. The Commonwealth will reimburse the Contractor for any costs associated with complying with these provisions only to the extent allowed under the fee schedule established by the Office of Open Records or as otherwise provided by the RTKL if the fee schedule is inapplicable.

h. The Contractor may file a legal challenge to any Commonwealth decision to release a record to the public with the Office of Open Records, or in the Pennsylvania Courts, however, the Contractor shall indemnify the Commonwealth for any legal expenses incurred by the Commonwealth as a result of such a challenge and shall hold the Commonwealth harmless for any damages, penalties, costs, detriment or

K-34

EXHIBIT E

CONTRACTOR RESPONSIBILITY PROVISIONS

For the purpose of these provisions, the term Contractor is defined as any person, including, but not limited to, a bidder, offeror, loan recipient, grantee, or subgrantee, who has furnished or seeks to furnish goods, supplies, services, or leased space, or who has performed or seeks to perform construction activity under contract, subcontract, grant, or subgrant with the Commonwealth, or with a person under contract, subcontract, grant, or subgrant with the Commonwealth or its state-affiliated entities, and state-related institutions. The term Contractor may include a permittee, licensee, or any agency, political subdivision, instrumentality, public authority, or other entity of the Commonwealth.

1. The Contractor must certify, in writing, for itself and all its subcontractors, that as of the date of its execution of any Commonwealth contract, that neither the Contractor, nor any subcontractors, nor any suppliers are under suspension or debarment by the Commonwealth or any governmental entity, instrumentality, or authority and, if the Contractor cannot so certify, then it agrees to submit, along with the bid/proposal, a written explanation of why such certification cannot be made.

2. The Contractor must also certify, in writing, that as of the date of its execution, of any Commonwealth contract it has no tax liabilities or other Commonwealth obligations.

3. The Contractor's obligations pursuant to these provisions are ongoing from and after the effective date of the contract through the termination date thereof. Accordingly, the Contractor shall have an obligation to inform the contracting agency if, at any time during the term of the Contract, it becomes delinquent in the payment of taxes, or other Commonwealth obligations, or if it or any of its subcontractors are suspended or debarred by the Commonwealth, the federal government, or any other state or governmental entity. Such notification shall be made within 15 days of the date of suspension or debarment.

4. The failure of the Contractor to notify the contracting agency of its suspension or debarment by the Commonwealth, any other state, or the federal government shall constitute an event of default of the Contract with the Commonwealth.

5. The Contractor agrees to reimburse the Commonwealth for the reasonable costs of investigation incurred by the Office of State Inspector General for investigations of the Contractor's compliance with the terms of this or any other agreement between the Contractor and the Commonwealth, which results in the suspension or debarment of the Contractor. Such costs shall include, but shall not be limited to, salaries of investigators, including overtime; travel and lodging expenses; and expert witness and documentary fees. The Contractor shall not be responsible for investigative costs for investigations that do not result in the Contractor's suspension or debarment.

6. The Contractor may obtain a current list of suspended and debarred Commonwealth Contractors by either searching the internet at <http://www.dgs.state.pa.us/debarment.htm> or contacting the:

Department of General Services, Office of Chief Counsel, 603 North Office Building, Harrisburg, PA 17125, Telephone No: (717) 783-6472, FAX No: (717) 787-9138

K-36

EXHIBIT F

CONTRACTOR INTEGRITY PROVISIONS

Revised 5/4/2011

It is essential that those who seek to contract with the Commonwealth of Pennsylvania ("Commonwealth") observe high standards of honesty and integrity. They must conduct themselves in a manner that fosters public confidence in the integrity of the Commonwealth procurement process.

In furtherance of this policy, Contractor agrees to the following:

1. Contractor shall maintain the highest standards of honesty and integrity during the performance of this contract and shall take no action in violation of state or federal laws or regulations or any other applicable laws or regulations, or other requirements applicable to Contractor or that govern contracting with the Commonwealth.
2. Contractor shall establish and implement a written business integrity policy, which includes, at a minimum, the requirements of these provisions as they relate to Contractor employee activity with the Commonwealth and Commonwealth employees, and which is distributed and made known to all Contractor employees.
3. Contractor, its affiliates, agents and employees shall not influence, or attempt to influence, any Commonwealth employee to breach the standards of ethical conduct for Commonwealth employees set forth in the *Public Official and Employees Ethics Act, 65 Pa.C.S. §§1101 et seq.*; the *State Adverse Interest Act, 71 P.S. §776.1 et seq.*; and the *Governor's Code of Conduct, Executive Order 1980-18, 4 Pa. Code §7.151 et seq.*, or to breach any other state or federal law or regulation.
4. Contractor, its affiliates, agents and employees shall not offer, give, or agree or promise to give any gratuity to a Commonwealth official or employee or to any other person at the direction or request of any Commonwealth official or employee.
5. Contractor, its affiliates, agents and employees shall not offer, give, or agree or promise to give any gratuity to a Commonwealth official or employee or to any other person, the acceptance of which would violate the *Governor's Code of Conduct, Executive Order 1980-18, 4 Pa. Code §7.151 et seq.* or any statute, regulation, statement of policy, management directive or any other published standard of the Commonwealth.
6. Contractor, its affiliates, agents and employees shall not, directly or indirectly, offer, confer, or agree to confer any pecuniary benefit on anyone as consideration for the decision, opinion, recommendation, vote, other exercise of discretion, or violation of a known legal duty by any Commonwealth official or employee.
7. Contractor, its affiliates, agents, employees, or anyone in privity with him or her shall not accept or agree to accept from any person, any gratuity in connection with the performance of work under the contract, except as provided in the contract.
8. Contractor shall not have a financial interest in any other contractor, subcontractor, or supplier providing services, labor, or material on this project, unless the financial interest is disclosed to the Commonwealth in writing and the Commonwealth consents to Contractor's financial interest

K-37

Contractor's acceptance of the benefits derived from the conduct shall be deemed evidence of such knowledge, approval or acquiescence.

- c. Violation of federal or state antitrust statutes.
- d. Violation of any federal or state law regulating campaign contributions.
- e. Violation of any federal or state environmental law.
- f. Violation of any federal or state law regulating hours of labor, minimum wage standards or prevailing wage standards; discrimination in wages; or child labor violations.
- g. Violation of the *Act of June 2, 1915 (P.L.736, No. 338)*, known as the *Workers' Compensation Act, 77 P.S. 1 et seq.*
- h. Violation of any federal or state law prohibiting discrimination in employment.
- i. Debarment by any agency or department of the federal government or by any other state.
- j. Any other crime involving moral turpitude or business honesty or integrity.

Contractor acknowledges that the Commonwealth may, in its sole discretion, terminate the contract for cause upon such notification or when the Commonwealth otherwise learns that Contractor has been officially notified, charged, or convicted.

11. If this contract was awarded to Contractor on a non-bid basis, Contractor must, (as required by *Section 1641 of the Pennsylvania Election Code*) file a report of political contributions with the Secretary of the Commonwealth on or before February 15 of the next calendar year. The report must include an itemized list of all political contributions known to Contractor by virtue of the knowledge possessed by every officer, director, associate, partner, limited partner, or individual owner that has been made by:
 - a. Any officer, director, associate, partner, limited partner, individual owner or members of the immediate family when the contributions exceed an aggregate of one thousand dollars (\$1,000) by any individual during the preceding year; or
 - b. Any employee or members of his immediate family whose political contribution exceeded one thousand dollars (\$1,000) during the preceding year.

To obtain a copy of the reporting form, Contractor shall contact the Bureau of Commissions, Elections and Legislation, Division of Campaign Finance and Lobbying Disclosure, Room 210, North Office Building, Harrisburg, PA 17120.

12. Contractor shall comply with requirements of the *Lobbying Disclosure Act, 65 Pa.C.S. § 13A01 et seq.*, and the regulations promulgated pursuant to that law. Contractor employee activities prior to or outside of formal Commonwealth procurement communication protocol are considered lobbying and subjects the Contractor employees to the registration and reporting requirements of the law. Actions by outside lobbyists on Contractor's behalf, no matter the procurement stage, are not exempt and must be reported.
13. When Contractor has reason to believe that any breach of ethical standards as set forth in law, the Governor's Code of Conduct, or in these provisions has occurred or may occur, including but not

K-39

prior to Commonwealth execution of the contract. Contractor shall disclose the financial interest to the Commonwealth at the time of bid or proposal submission, or if no bids or proposals are solicited, no later than Contractor's submission of the contract signed by Contractor.

9. Contractor, its affiliates, agents and employees shall not disclose to others any information, documents, reports, data, or records provided to, or prepared by, Contractor under this contract without the prior written approval of the Commonwealth, except as required by the *Pennsylvania Right-to-Know Law, 65 P.S. §§ 67.101-3104*, or other applicable law or as otherwise provided in this contract. Any information, documents, reports, data, or records secured by Contractor from the Commonwealth or a third party in connection with the performance of this contract shall be kept confidential unless disclosure of such information is:
 - a. Approved in writing by the Commonwealth prior to its disclosure; or
 - b. Directed by a court or other tribunal of competent jurisdiction unless the contract requires prior Commonwealth approval; or
 - c. Required for compliance with federal or state securities laws or the requirements of national securities exchanges; or
 - d. Necessary for purposes of Contractor's internal assessment and review; or
 - e. Deemed necessary by Contractor in any action to enforce the provisions of this contract or to defend or prosecute claims by or against parties other than the Commonwealth; or
 - f. Permitted by the valid authorization of a third party to whom the information, documents, reports, data, or records pertain; or
 - g. Otherwise required by law.
10. Contractor certifies that neither it nor any of its officers, directors, associates, partners, limited partners or individual owners has been officially notified of, charged with, or convicted of any of the following and agrees to immediately notify the Commonwealth agency contracting officer in writing if and when it or any officer, director, associate, partner, limited partner or individual owner has been officially notified of, charged with, convicted of, or officially notified of a governmental determination of any of the following:
 - a. Commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements or receiving stolen property.
 - b. Commission of fraud or a criminal offense or other improper conduct or knowledge of, approval of or acquiescence in such activities by Contractor or any affiliate, officer, director, associate, partner, limited partner, individual owner, or employee or other individual or entity associated with:
 - (1) obtaining;
 - (2) attempting to obtain; or
 - (3) performing a public contract or subcontract.

K-38

limited to contact by a Commonwealth officer or employee which, if acted upon, would violate such ethical standards, Contractor shall immediately notify the Commonwealth contracting officer or Commonwealth Inspector General in writing.

14. Contractor, by submission of its bid or proposal and/or execution of this contract and by the submission of any bills, invoices or requests for payment pursuant to the contract, certifies and represents that it has not violated any of these contractor integrity provisions in connection with the submission of the bid or proposal, during any contract negotiations or during the term of the contract.
15. Contractor shall cooperate with the Office of Inspector General in its investigation of any alleged Commonwealth employee breach of ethical standards and any alleged Contractor non-compliance with these provisions. Contractor agrees to make identified Contractor employees available for interviews at reasonable times and places. Contractor, upon the inquiry or request of the Office of Inspector General, shall provide, or if appropriate, make promptly available for inspection or copying, any information of any type or form deemed relevant by the Inspector General to Contractor's integrity and compliance with these provisions. Such information may include, but shall not be limited to, Contractor's business or financial records, documents or files of any type or form that refers to or concern this contract.
16. For violation of any of these Contractor Integrity Provisions, the Commonwealth may terminate this and any other contract with Contractor, claim liquidated damages in an amount equal to the value of anything received in breach of these provisions, claim damages for all additional costs and expenses incurred in obtaining another contractor to complete performance under this contract, and debar and suspend Contractor from doing business with the Commonwealth. These rights and remedies are cumulative, and the use or non-use of any one shall not preclude the use of all or any other. These rights and remedies are in addition to those the Commonwealth may have under law, statute, regulation, or otherwise.
17. For purposes of these Contractor Integrity Provisions, the following terms shall have the meanings found in this Paragraph 17.
 - a. "Confidential information" means information that a) is not already in the public domain; b) is not available to the public upon request; c) is not or does not become generally known to Contractor from a third party without an obligation to maintain its confidentiality; d) has not become generally known to the public through an act or omission of Contractor; or e) has not been independently developed by Contractor without the use of confidential information of the Commonwealth.
 - b. "Consent" means written permission signed by a duly authorized officer or employee of the Commonwealth, provided that where the material facts have been disclosed, in writing, by pre-qualification, bid, proposal, or contractual terms, the Commonwealth shall be deemed to have consented by virtue of execution of this contract.
 - c. "Contractor" means the individual or entity that has entered into this contract with the Commonwealth, including those directors, officers, partners, managers, and owners having more than a five percent interest in Contractor.
 - d. "Financial interest" means:
 - (1) Ownership of more than a five percent interest in any business; or

K-40

(2) Holding a position as an officer, director, trustee, partner, employee, or holding any position of management.

- e. "Gratuity" means tendering, giving or providing anything of more than nominal monetary value including, but not limited to, cash, travel, entertainment, gifts, meals, lodging, loans, subscriptions, advances, deposits of money, services, employment, or contracts of any kind. The exceptions set forth in the *Governor's Code of Conduct, Executive Order 1980-18*, the 4 Pa. Code §7.153(b), shall apply.
- f. "Immediate family" means a spouse and any unemancipated child.
- g. "Non-bid basis" means a contract awarded or executed by the Commonwealth with Contractor without seeking bids or proposals from any other potential bidder or offeror.
- h. "Political contribution" means any payment, gift, subscription, assessment, contract, payment for services, dues, loan, forbearance, advance or deposit of money or any valuable thing, to a candidate for public office or to a political committee, including but not limited to a political action committee, made for the purpose of influencing any election in the Commonwealth of Pennsylvania or for paying debts incurred by or for a candidate or committee before or after any election.

EXHIBIT G

PROVISIONS CONCERNING THE AMERICANS WITH DISABILITIES ACT

1. Pursuant to federal regulations promulgated under the authority of *The Americans With Disabilities Act*, 28 C.F.R. §35.101 et seq., the Contractor understands and agrees that no individual with a disability shall, on the basis of the disability, be excluded from participation in this contract or from activities provided for under this contract. As a condition of accepting and executing this contract, the Contractor agrees to comply with the "General Prohibitions Against Discrimination," 28 C.F.R. §35.130, and all other regulations promulgated under Title II of *The Americans With Disabilities Act* which are applicable to the benefits, services, programs, and activities provided by the Commonwealth of Pennsylvania through contracts with outside contractors.

2. The Contractor shall be responsible for and agrees to indemnify and hold harmless the Commonwealth of Pennsylvania from all losses, damages, expenses, claims, demands, suits, and actions brought by any party against the Commonwealth of Pennsylvania as a result of the Contractor's failure to comply with the provisions of paragraph 1 above.

K-41

K-42

EXHIBIT H

ASSUMED CONTRACTS

Document Title	Date (version)	Parties	Parking Facility
1 Agreement With Respect to Parking Facilities	10/14/1975	Harristown Development Corporation and The Commonwealth of Pennsylvania	
2 Contract	5/13/2008	The Harrisburg Parking Authority and Café Fresco and Level 2	
3 Letter Agreement re June 27, 1984 Lease and Operating Agreement - amending monthly rate	3/2/1992	Harristown Development Corporation and Parking Authority (re Zion Lutheran Church)	Chestnut Street Garage
4 [Intentionally Deleted]			
5 [Intentionally Deleted]			
6 [Intentionally Deleted]			
7 [Intentionally Deleted]			
8 Harrisburg Parking Authority Agreement (Ad Placement)	3/15/2002	Harrisburg Parking Authority and CSS	
9 Amendment #2 (to ATM Agreement)	11/00/11	Harrisburg Parking Authority and Pennsylvania State Employees Credit Union	Fifth Street Parking Garage ATM Services
10 Lease Addendum	4/16/2008	Harrisburg Parking Authority and Pennsylvania House of Representatives	Locust Street Garage (note 5 year term ended April 30, 2013)
11 Letter re amended and restated Market Square Hotel Project Parking Agreement (June 30, 1995)	7/27/2011	Harrisburg Parking Authority and Harrisburg Hotel Associates	Market Square
12 Letter re amended and restated Market Square Hotel Project Parking Agreement (June 30, 1995)	1/26/2012	Harrisburg Parking Authority and Harrisburg Hotel Associates	Market Square
13 Acknowledgment and Estoppel	6/26/2012	Harrisburg Parking Authority, Harrisburg Hotel Associates, L.P. and Harrisburg Investment LLC	Market Square

14 Amended and Restated Market Square Hotel Project Parking Agreement	6/30/1995	The City of Harrisburg, Redevelopment Authority of the City of Harrisburg, Harristown Development Corporation, Harrisburg Parking Authority, Richfield Hospitality Services, Inc. and Harrisburg Hotel Associates L.P.	Market Square
15 Market Square Hotel Project Parking Agreement	9/29/1988	The City of Harrisburg, Redevelopment Authority of the City of Harrisburg, Harristown Development Corporation, MHM, Inc., Harrisburg Parking Authority, and Harrisburg Hotel Associates L.P.	Market Square
16 Dauphin County Juror Parking Agreement	10/31/2011	Harrisburg Parking Authority and County of Dauphin Board of Commissioners	Market Square
17 Juror Parking Revenue 2010 - 2011			Market Square
18 Letter re DEP/DCNR Market Square Garage Parking Lease Amendment, Lease #91384	2/20/2008	Department of Conservation and Natural Resources and Department of Environmental Protection to Harrisburg Parking Authority	Market Square
19 Addendum to Parking Lease	7/1/2011	Harrisburg Parking Authority and Pinnacle Health System	Market Square (note term expires June 30, 2013)
20 Easement	9/18/2003	Harrisburg Parking Authority and Market Square Plaza LLC	Market Square
21 Letter amendment to agreement for parking at Market Square Garage	9/5/2008	Harrisburg Parking Authority and Market Square Presbyterian Church	Market Square
22 Addendum to the Parking Lease Agreement (partially executed)	11/1/2002	Harrisburg Parking Authority and Select Specialty Hospital - Central Pennsylvania, L.P.	Market Square
23 [Intentionally Deleted]			
24 [Intentionally Deleted]			
25 Resolution No. 50 (approving the extension of the Conditional Use Permit of spaces)	12/13/2011	Council of the City of Harrisburg	Penn National Garage (note term expires December 31, 2012)
26 Letter Agreement	7/26/2011	The Harrisburg Parking Authority and Penn National Insurance	Penn National Garage
27 Acceptance of Bid re window cleaning	2/25/2011	Harrisburg Parking Authority and Performance Services, Inc.	
28 Amendment #2 (to ATM Agreement)	11/3/2011	Harrisburg Parking Authority and Pennsylvania State Employees Credit Union	Chestnut Parking Garage and River Street Garage
29 Acceptance of Bid re elevator maintenance	12/12/2011	Harrisburg Parking Authority and Reading Elevator Service, Inc.	Seventh Street Garage
30 Agreement Between Owner and Contractor	10/5/2011	Harrisburg Parking Authority and Restoration East, LLC	Walnut Street

K-43

K-44

31	Settlement Agreement	8/25/1999	Harrisburg Parking Authority and Pennsylvania State Education Association	River Street	49	Parking Agreement	7/12/1989	Parking Authority of the City of Harrisburg and John O. Vartan t/d/b/a Independent American Investments	Walnut Street
32	Letter re acceptance of bid re elevator preventative maintenance contract	2/24/2010	Harrisburg Parking Authority and Schindler Elevator Corporation	Walnut Street	50	Memorandum of Parking Garage Lease Agreement	1/27/1992	Parking Authority of the City of Harrisburg and Walnut & Third, Inc.	Walnut Street
33	Rent Payment Schedule (relating to Advanced Digital Advertising)	-		Seventh Street Garage	51	First Amendment to Lease	11/8/2012	Harrisburg Parking Authority and Open State of Harrisburg	Walnut Street
34	Billboard Lease Agreement	1/1/2011	Harrisburg Parking Authority and Advanced Digital Advertising	Seventh Street Garage	52	Lease	12/30/2011	Harrisburg Parking Authority and PA Utility Contractors Assn.	Walnut Street
35	Parking Agreement (and letter dated August 4, 2005 to Public Realty Capital regarding assignment)	10/1/2002	Harrisburg Parking Authority and The Redevelopment Authority of the City of Harrisburg	Seventh Street Garage	53	Second Amendment to Lease	4/28/2011	Harrisburg Parking Authority and Harrisburg Hotel Associates	Walnut Street
36	Long Term Parking Lease Exchange Parking Spaces	3/27/2006	Harrisburg Parking Authority and Belco Community Credit Union	South Street	54	Letter re evening parking rate for Temple students	12/7/2009	Harrisburg Parking Authority and Temple University	Walnut Street
37	Agreement for Sale, Purchase and Leasing	2/25/2005	Harrisburg Parking Authority and Belco Community Credit Union	South Street	55	Lease Agreement	12/20/2010	Harrisburg Parking Authority and Patrick G. Wentz, Jr. and Judith A. Wentz, Husband and Wife, DBA Thrifty Shopper	Walnut Street
38	Lease Addendum	4/16/2008	Harrisburg Parking Authority and Pennsylvania House of Representatives	South Street (note: expires April 30, 2013)	56	Commercial Lease	9/6/2011	Harrisburg Parking Authority and City of Harrisburg	Walnut Street
39	Letter re parking agreement	10/16/2007	Harrisburg Parking Authority and Pine Street Presbyterian Church	South Street	57	Easement	9/19/2003	Harrisburg Parking Authority and Market Square Plaza, LLC	Walnut Street
40	Long Term Parking Lease Exchange Parking Spaces	3/27/2006	Harrisburg Parking Authority and Pennsylvania State Education Association	South Street	58	Memorandum of Understanding	10/12/2005	Harrisburg Parking Authority and Market Square Plaza LLC	Walnut Street
41	Long Term Parking Lease Option Parking Spaces	1/18/2008	Harrisburg Parking Authority and Pennsylvania State Education Association	South Street	59	Validation Stamp Agreement	8/26/2009	Harrisburg Parking Authority and C.A.S.A. (Capital Area School for the Arts)	All except River Street, Seventh Street and Harrisburg University Garages
42	Agreement for Sale, Purchase and Leasing	2/25/2005	Harrisburg Parking Authority and Pennsylvania State Education Association	South Street	60	Letter re parking services	10/16/2007	Harrisburg Parking Authority and The Cathedral Parish of Saint Patrick	
43	Assignment of Partial Assignment and Assumption of Lease	10/31/2007	WCI Hotel Partners, LP and 44 Harrisburg Hotel, LLC	South Street	61	Letter re parking services	10/16/2007	Harrisburg Parking Authority and Grace United Methodist Church	
44	First Amendment to Lease	12/___/2009	Harrisburg Parking Authority and Central Pennsylvania Blood Bank	Walnut Street					
45	Second Amendment to Lease	12/11/2012	Harrisburg Parking Authority and Pennsylvania Blood Bank	Walnut Street					
46	Amendment to Lease	5/1/1994	Harrisburg Parking Authority and Central Pennsylvania Blood Bank	Walnut Street					
47	Lease, First Amendment to Lease, and Second Amendment to Lease	05/___/2005 01/2220/09 and 04/28/2011	Harrisburg Parking Authority and Harrisburg Hotel Associates	Walnut Street					
48	Parking Garage Lease and First Amendment to Parking Agreement	1/27/1992	Parking Authority of the City of Harrisburg and John O. Vartan t/d/b/a Independent American Investments	Walnut Street					

K-45

K-46

EXHIBIT I

Available Positions

HARRISBURG PARKING AUTHORITY EMPLOYEES Classification

	HPA Hourly Rate	Weekly Hours	Full Time / Part Time	90% of current rate for same or similar position and for employees hired prior to 9/1/2003	Medical insurance coverage
Administrative Assistant	*	37.5	Full Time	*	Yes
Bookkeeper	*	37.5	Full Time	*	Yes
Customer Service	*	37.5	Full Time	*	Yes
Maintenance and Electronics	*	37.5	Full Time	*	Yes
Maintenance and Meters	*	37.5	Full Time	*	Yes

* Wage rate based on employee hired

Cashier, security guard/customer service rep, custodian and meter revenue collection positions - the positions will be for the same number of hours but may have different names

Cashier	\$14.50	40	Full Time	\$13.05	Yes
Cashier	\$14.83	40	Full Time	\$13.35	Yes
Cashier	\$14.21	30	Part Time	\$12.79	None
Cashier	\$14.21	40	Full Time	\$12.79	Yes
Cashier	\$14.83	40.5	Full Time	\$13.35	Yes
Cashier	\$13.89	30	Part Time	\$12.50	None
Cashier	\$13.89	30	Part Time	\$12.50	None
Cashier	\$13.89	30	Part Time	\$12.50	None
Cashier	\$14.50	40.25	Full Time	\$13.05	Yes
Cashier	\$13.89	30	Part Time	\$12.50	None
Cashier	\$13.89	25	Part Time	\$12.50	None
Cashier	\$14.50	32.5	Part Time	\$13.05	None
Cashier	\$14.21	24	Part Time	\$12.79	None
Cashier	\$13.62	30	Part Time	\$12.26	None
Cashier	\$13.62	31.75	Part Time	\$12.26	None
Cashier	\$13.62	20	Part Time	\$12.26	None
Cashier	\$13.62	30	Part Time	\$12.26	None
Cashier	\$12.85	30	Part Time	\$11.57	None
Cashier	\$12.85	17	Part Time	\$11.57	None
Cashier	\$13.43	24	Part Time	\$12.09	None
Cashier	\$12.85	30	Part Time	\$11.57	None
Cashier	\$12.85	0	Part Time	\$11.57	None
Cashier	\$13.70	37.5	Full Time	\$12.33	Yes
Cashier	\$12.87	37.5	Full Time	\$11.58	Yes
Cashier	\$12.87	37.5	Full Time	\$11.58	Yes

K-47

Cashier	\$12.61	30	Part Time	\$11.35	None
Cashier	\$11.88	30	Part Time	\$10.69	None
Cashier	\$11.88	37.5	Full Time	\$10.69	Yes
Cashier	\$11.88	30	Part Time	\$10.69	None
Cashier	\$12.85	30	Part Time	\$11.57	None
Cashier	\$11.88	15	Part Time	\$10.69	None
Porter	\$16.57	37.5	Full Time	\$14.91	Yes
Porter	\$16.26	37.5	Full Time	\$14.63	Yes
Porter	\$16.26	37.5	Full Time	\$14.63	Yes
Porter	\$16.26	37.5	Full Time	\$14.63	Yes
Porter	\$16.26	37.5	Full Time	\$14.63	Yes
Porter	\$15.85	20	Part Time	\$14.27	None
Porter	\$15.85	37.5	Full Time	\$14.27	Yes
Porter	\$15.85	37.5	Full Time	\$14.27	Yes
Porter	\$15.64	37.5	Full Time	\$14.08	Yes
Porter	\$15.64	15	Part Time	\$14.08	None
Meter Collection Attendant	\$15.04	15	Part Time	\$13.54	None
Meter Collection Attendant	\$14.34	15	Part Time	\$12.91	None

CITY OF HARRISBURG PARKING ENFORCEMENT EMPLOYEES Classification

	City Hourly Rate	Weekly Hours	Full Part Time	90% of current rate for same or similar position and for employees hired prior to 9/1/2003	
Parking Enforcement On-Street Supervisor	\$17.89	40	Full Time	\$16.10	Yes
Parking Enforcement	\$17.89	40	Full Time	\$16.10	Yes
Parking Enforcement	\$17.89	40	Full Time	\$16.10	Yes
Parking Enforcement	\$17.39	40	Full Time	\$15.65	Yes
Parking Enforcement	\$17.39	40	Full Time	\$15.65	Yes
Parking Enforcement	\$17.39	40	Full Time	\$15.65	Yes
Meter Revenue Collection Spec.	\$13.98	40	Full Time	\$12.58	Yes

AVAILABLE SUPERVISORY POSITIONS HARRISBURG PARKING AUTHORITY EMPLOYEES

Facilities Manager	*	37.5	Full Time	*	Yes
Night Manager	*	37.5	Full Time	*	Yes

* Wage rate based on employee hired

K-48

EXHIBIT J

Available Supervisory Positions

EXHIBIT K

Operating Standards

[THIS PAGE INTENTIONALLY LEFT BLANK]

Appendix “L”

Form of Parking Enforcement Agreement

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX "L"

PARKING ENFORCEMENT AGREEMENT

This PARKING ENFORCEMENT AGREEMENT (this "Agreement") dated December 1, 2013 (for references purposes only), is by and between PK HARRIS ADVISORS, INC., a Georgia corporation ("Asset Manager"), having an address at Monarch Tower, 3424 Peachtree Road NE, Suite 2200, Atlanta, Georgia 30326, and SP PLUS CORPORATION, a Delaware corporation, formerly known as Standard Parking Corporation ("Operator"), having an address at 200 E. Randolph Street, Suite 7700, Chicago, Illinois 60601.

WITNESSETH

WHEREAS, the City of Harrisburg (the "City") and the Pennsylvania Economic Development Financing Authority (the "Authority") have entered into an Intergovernmental Cooperation Agreement dated as of December 1, 2013 (the "PEDFA Intergovernmental Cooperation Agreement"), pursuant to which the City has agreed to transfer to the Authority its on-street parking operations, including on-street parking spaces and the delegation by the City to the Authority of parking meter collection, meter rate-setting authority and other non-enforcement functions, all as more particularly set forth in the PEDFA Intergovernmental Cooperation Agreement;

WHEREAS, the City and the Commonwealth of Pennsylvania, Department of General Service ("DGS") have entered into an Intergovernmental Cooperation Agreement (the "DGS Intergovernmental Cooperation Agreement"), pursuant to which the City has agreed to delegate to DGS certain on-street parking enforcement rights and operations, all as more particularly set forth therein;

WHEREAS, the Authority, Harrisburg Parking Authority (the "Parking Authority") and the City are parties to an Asset Transfer Agreement dated as of December 1, 2013 (the "Asset Transfer Agreement") pursuant to which the City has agreed to transfer to the Authority, and the Authority has agreed to accept, certain assets consisting of the on-street parking spaces in the City as set forth on Exhibit "A" attached hereto (the "Spaces"), on-street parking meters and related rights (the "On-Street Parking System"), all as more particularly described in the Asset Transfer Agreement;

WHEREAS, in accordance with the terms of the Asset Transfer Agreement, the Parking Authority, as Lessor, and the Authority, as Lessee, are parties to that certain Lease dated as of December 1, 2013 (the "Lease") pursuant to which the Parking Authority has agreed to lease to the Authority, and the Authority has agreed to lease from the Authority, certain assets consisting of parking garages and parking lots, located on and including one or more parcels of land (collectively, the "Off-Street Parking System");

WHEREAS, the On-Street Parking System and the Off-Street Parking System may be collectively referred to herein as the "Parking System";

WHEREAS, the Authority and the Capitol Region Economic Development Corporation ("CREDC") have entered into a Servicing Agreement (the "Servicing Agreement") dated as of December 1, 2013, pursuant to which the Authority has designated CREDC as its "Qualified Designee" (as such term is defined in the Asset Transfer Agreement) to serve as the Authority's representative and to which the Authority has delegated certain duties and responsibilities relating to the Parking System;

L-1

names of the person or persons authorized to act on behalf of the Asset Manager or Operator, as the case may be, and shall furnish to the other party a specimen of the signatures of such person or persons. Any individual so certified shall be deemed to be the authorized representative of the Asset Manager or Operator, as the case may be. When any individual so certified shall cease to have authority to act on behalf of Asset Manager or Operator, as the case may be, Asset Manager or Operator, as the case may be, shall promptly give written notice of that fact to the other party, but until such written notice is received, Asset Manager or Operator, as applicable, may continue to recognize such individual as an authorized representative of the other party.

2. TERM

- (a) The initial term of this Agreement shall be for a period of approximately ten (10) years commencing on the Closing Date (as defined in the Asset Transfer Agreement) (the "Commencement Date") and continuing through and including December 31, 2023 (the "Initial Term"), unless terminated earlier as provided in this Agreement. Thereafter, subject to the provisions of Section 2(b) below, and provided Operator is not in default of its obligations hereunder, this Agreement shall automatically renew from year-to-year until either party gives written notice of non-renewal at least sixty (60) days prior to the expiration of the Initial Term or the then-current renewal term, unless terminated earlier as provided in this Agreement. The Initial term and any renewal term under and subject to the terms of this Agreement shall collectively be referred to as the "Term." The term "Operating Year" shall mean a calendar year (i) with the first Operating Year commencing on the Commencement Date and ending on December 31, 2013, and (ii) the period beginning on January 1 of each calendar year thereafter and ending on December 31 of each succeeding full calendar year, commencing January 1, 2014.
- (b) The parties hereto expressly intend that this Agreement constitute a qualified management contract pursuant to Internal Revenue Procedure 97-13 and any successor guidance hereafter promulgated by the Internal Revenue Service. Accordingly, notwithstanding Section 2(a) of this Agreement, Asset Manager and Operator agree that the Initial Term shall terminate and not automatically renew, unless the Authority, prior to the expiration of the Initial Term, is provided with an opinion of nationally recognized bond counsel (upon which Asset Manager and Operator are expressly permitted to rely) for the issuance of tax-exempt municipal bonds, to the effect that such automatic renewal does not adversely affect the tax exempt status of the Bonds.

3. OPERATOR'S OBLIGATIONS AND SERVICES; BUDGET Operator hereby covenants and agrees that, throughout the Term, it will be solely responsible to perform and provide parking enforcement services for the On-Street Parking System (other than such services and work expressly undertaken by Asset Manager hereunder, but including the Parking Enforcement Powers (as defined in the Asset Transfer Agreement) in a First Class Manner in accordance with this Agreement, the Asset Transfer Agreement, the Operating Standards, the Enforcement Policies and Procedures, and applicable Law (as each such term is defined in the Asset Transfer Agreement) (collectively, the "Services"), which obligations, undertakings and responsibilities are as follows:

- (a) Provide the Services and render the necessary services incidental thereto, including those required by applicable Law and the Enforcement Policies and Procedures, in the form attached hereto and incorporated herein as Exhibit "B," (which is identical to Schedule 3 attached to the Asset Transfer Agreement). The Enforcement Policies and Procedures and any related modifications shall be

L-3

WHEREAS, the Parking System includes on-street metered parking spaces, as well as off-street parking spaces comprising part of the Off-Street Parking System from time to time (collectively, the "Parking Spaces"), but excluding Unmetered Parking Spaces (as such term is defined in the Asset Transfer Agreement);

WHEREAS, DGS and Asset Manager have entered into an Parking Enforcement Engagement Agreement (the "Parking Enforcement Engagement Agreement"), pursuant to which DGS has engaged Asset Manager to conduct certain rights and obligations relating to the management and conduct of parking enforcement services, all as more particularly set forth therein;

WHEREAS, pursuant to the terms of the Asset Transfer Agreement, the Authority and Asset Manager have entered into that certain Asset Management Agreement dated as of December 1, 2013 (the "Asset Management Agreement"), pursuant to which the Authority has engaged Asset Manager to provide asset management and related services with respect to the Parking System;

WHEREAS, pursuant to the terms of the Asset Transfer Agreement and the Parking Enforcement Engagement Agreement, Asset Manager is required to engage, supervise and manage an operator with the expertise, qualifications, experience, competence, skills and know-how to perform the parking enforcement services for the On-Street Parking System operations in accordance with the terms of the Asset Transfer Agreement and the Parking Enforcement Engagement Agreement;

WHEREAS, Operator possesses the expertise, qualifications, experience, competence, skills and know-how to perform the Services (as defined herein) for the On-Street Parking System enforcement operations and, accordingly, Asset Manager desires to engage Operator to provide the Services with respect to the On-Street Parking System, and Operator desires to provide such services and accept such engagement, upon the terms, covenants and conditions herein set forth; and

WHEREAS, simultaneously herewith, Asset Manager and Operator have entered into that certain Parking Services Agreement dated of even date herewith (the "Parking Services Agreement"), pursuant to which Asset Manager has granted to Operator rights and obligations relating to the management and conduct of parking services, all as more particularly set forth in the Parking Services Agreement; and

WHEREAS, in connection with the acquisition of the Parking System, the Authority is entering into that certain Trust Indenture by and between the Authority and U.S. Bank National Association, as trustee (the "Trustee") dated as of December 1, 2013 (the "Indenture") relating to the issuance by the Authority of various series of parking revenue bonds (the "Bonds").

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, and intending to be legally bound hereby, the parties hereto agree as follows:

1. APPOINTMENT; INDEPENDENT CONTRACTOR

Asset Manager hereby engages Operator, and Operator hereby accepts such engagement, as the exclusive parking enforcement operator during the Term (hereinafter defined) to provide the Services with respect to the On-Street Parking System, upon and subject to the terms of this Agreement. Operator acknowledges and agrees that it is an independent contractor of Asset Manager, and no Person (as defined in the Asset Transfer Agreement) used, employed or engaged by Operator to provide goods or services for or to act on behalf of Operator will be deemed to be an employee of Asset Manager. Asset Manager and Operator shall each designate an authorized representative or representatives to act on their behalf for purposes of carrying out their duties and responsibilities pursuant to this Agreement, and any instruction, direction, or notification given in connection with this Agreement shall be given by such authorized representative and confirmed promptly in writing. Asset Manager or Operator, as the case may be, shall from time to time certify to the other party the name or

L-2

agreed upon by Operator in writing before being adopted. Operator may delegate certain Services to a subcontractor(s) to perform on behalf of Operator, subject to Asset Manager's prior written consent. Initially, Operator intends to delegate certain Services to Complis Data Innovations, Inc. as a subcontractor, and Asset Manager approves of such delegation. No such delegation shall relieve or release Operator from its obligations, responsibilities, or liabilities under this Agreement.

- (b) Discharge its duties pursuant to this Agreement with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent professional enforcement operator acting in a like capacity and familiar with such matters would use in the conduct of on-street parking enforcement of a like character, with like aims for the over-all operation of the Spaces and in accordance with this Agreement. Operator shall not knowingly engage in any action that would violate, in any material respect, any law, rule, regulation or statement of policy of any governmental authority having jurisdiction over the Spaces.
- (c) Serve on and perform the duties with respect to the Advisory Committee (as defined in the Asset Transfer Agreement) as expressly designated for Operator in the Asset Transfer Agreement and specifically in Schedule 14 to the Asset Transfer Agreement.
- (d) Hire, compensate, and supervise a reasonable and customary number of experienced and qualified enforcement personnel who will render the services required by this Agreement. Such employees will be neatly uniformed and courteous to the public, and will conduct courteous and fair enforcement of the Services.
- (e) Provide enforcement of parking regulations by virtue of issuing non-moving parking citations, immobilization efforts and all other legally permissible requirements for parking enforcement in connection with the Services.
- (f) Process and accept payments for payment violations and such other violations.
- (g) To the extent permitted by applicable Law, assist the City with its adjudication and statutory process for the collection of unpaid citations, collection of citation revenue, and causing all collected revenues from citations to be deposited into the appropriate depository account.
- (h) Provide all supplies, software, equipment, and back office support necessary to properly perform the Services.
- (j) Assign qualified personnel and shall devote such time as it shall deem advisable or appropriate to enable it to fully to perform its obligations hereunder. It is understood that Operator provides parking services and Services for other clients. It is further understood that Operator may take action on behalf of other clients, itself or its affiliates that differs from action taken under this Agreement, so long as such actions do not adversely affect the operations of the Spaces as required by this Agreement.
- (k) Operating Budget Procedure:

L-4

- (1) Operator shall prepare and deliver to Asset Manager on or before the seventy-fifth (75th) day prior to the beginning of each Operating Year, a budget prepared on a cash basis, reflecting the anticipated Enforcement Revenue and Operating Expenses (defined herein) which Operator expects to receive and incur, respectively, in connection with the operation of the On-Street Parking System for the immediately succeeding Operating Year (the "Operator's Operating Budget"). The Operator's Operating Budget submitted by Operator shall be prepared on the basis of monthly requirements, so that it will be possible to determine the Current Expenses of Operator (including, but not limited to, Operator's Management Fee) and the Operator Performance Fee (defined below) for each month during the Operating Year. Within thirty (30) days following receipt of Operator's Operating Budget, the Asset Manager shall advise the Operator by written notice if it disapproves (subject to Section 19 of this Agreement) the Operator's Operating Budget in whole or in part. Within ten (10) days following receipt of such written notice from Asset Manager, Operator shall prepare and submit to Asset Manager a revised or amended Operator's Operating Budget addressing Asset Manager's objections to the Operator's Operating Budget. Within fifteen (15) days following receipt of such revised or amended Operator's Operating Budget, Asset Manager shall advise Operator in writing whether such Operator's Operating Budget (subject to Section 19 of this Agreement) is approved or disapproved (in whole or in part). If Asset Manager advises Operator that the proposed Operator's Operating Budget is disapproved, such Operator's Operating Budget shall not be incorporated by Asset Manager into the Annual Operating Budget submitted to the Authority, the Qualified Designee (as defined in the Asset Transfer Agreement), the Trustee, the City, the Credit Facility Providers (as defined in the Asset Transfer Agreement) and the Parking Authority pursuant to the terms of the Asset Management Agreement, and the Operator's Operating Budget for the preceding Operating Year, increased by the annual percentage increase in Consumer Price Index (as such term is defined in the Indenture), shall, until the approval of the new Operator's Operating Budget, be treated as the Operator's Operating Budget hereunder and shall be deemed to be in force (and included in the Annual Operating Budget).
- (2) Asset Manager agrees to prepare and deliver to the Authority, the Parking Authority, the Qualified Designee, the Trustee, the City, the Credit Facility Providers, the Annual Operating Budget (as defined in the Asset Management Agreement), which, subject to the provisions of subsection (1) hereinabove, shall incorporate the approved Operator's Operating Budget for such Operating Year, in accordance with the terms and provisions of the Asset Management Agreement. The Annual Operating Budget shall be reviewed and approved or disapproved, as applicable, and revised or amended, as applicable, in accordance with the terms of the Asset Management Agreement. Asset Manager shall keep Operator reasonably informed of the status of the Annual Operating Budget review and approval process under the Asset Management Agreement, notifying Operator if (i) the Annual Operating Budget has been approved, (ii) the Annual Operating Budget has been denied, or (iii) if any further information is needed.

L-5

- (m) To comply with the Pennsylvania Right to Know Law, §§ 65 P.S. 67.101-3104 and to comply with the provisions set forth in **Exhibit "D"** attached hereto and incorporated herein.
- (n) To refrain from knowingly hiring and/or contracting with a Person (as such term is defined in the Asset Management Agreement) who has been suspended or debarred by the Commonwealth of Pennsylvania under its Contractor Responsibility Program, Management Directive 215.9, as amended from time to time, or has been convicted by a court of competent jurisdiction of a crime for which a term of imprisonment of one year or more could have been imposed, and any Person controlled by a Person which has been so suspended, debarred or convicted.
- (o) To comply with the contractor responsibility provisions attached to this Agreement as **Exhibit "E,"**
- (p) To comply with the contractor integrity policies attached to this Agreement as **Exhibit "F"** and, in connection therewith (collectively, the "**Contractor Integrity Policies**"), Operator hereby represents, warrants and covenants, to the best of its knowledge, that it currently has no interest and shall not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance of its obligations hereunder in accordance with such Contractor Integrity Policies.
- (q) To comply with the Americans with Disabilities Act provisions attached to this Agreement as **Exhibit "G"** from an operational standpoint (the "**ADA Provisions**"), except that any structural or capital repairs, replacements, alterations, improvements and additions to or of Parking Facilities required by the ADA Provisions shall be accomplished in accordance with Section 9 of this Agreement.
- (r) To refrain from doing or permitting anything to be done that would cause interest paid by the Authority on the Bonds to lose its exemption from federal income taxation in accordance with Section 103(a) of the Internal Revenue Code of 1986, as amended (the "**Code**") based upon the use of the On-Street Parking System in accordance with Section 142(a)(3) of the Code.

4. OPERATING EXPENSES AND ENFORCEMENT PERFORMANCE FEE.

- (a) Operator shall be provided funds for its Current Expenses incurred by Operator in the performance of its duties, obligations and services pursuant to this Agreement (collectively, "**Operating Expenses**"). Operating Expenses shall include the following (but only to the extent set forth in the approved Annual Operating Budget):
- (1) A base management fee (the "**Management Fee**") of \$2,750.00 per month during each Operating Year of the Term, prorated for any partial month within the Term. In each Operating Year (and as set forth in each approved Annual Operating Budget for such Operating Year), the Management Fee shall be increased by five percent (5%). During the Term of this Agreement, spaces in addition to those shown on **Exhibit "A"** as

L-7

- (3) Operator shall have the authority to reallocate line items within the Operator's Operating Budget, subject to Asset Manager's approval, so long as the reallocations do not increase the total Operator's Operating Budget amount. If at any time during the Operating Year covered by an approved Operator's Operating Budget it appears that the actual total of all Operating Expenses likely to be incurred during same period will exceed the Operator's Operating Budget's projected total, Operator shall so advise Asset Manager, and Operator and Asset Manager shall jointly discuss what actions, if any, may be taken to minimize the Operating Expenses without substantially impairing the operation of the On-Street Parking System.
- (4) At any time during the Operating Year, Operator shall have the authority to adopt modifications to Operator's Operating Budget in an amount up to five percent (5%) of the then-current Operator's Operating Budget amount for the remainder of the current Operating Year; provided, however, that any such modifications shall be subject to Asset Manager's written approval (subject to Section 19 of this Agreement). Any modifications to Operator's Operating Budget that are greater than five percent (5%) may require the preparation of an amended or supplemental Operator's Operating Budget, which Operator may prepare at any time for the remainder of the current Operating Year, provided, however, that (A) an amended or supplemental Operator's Operating Budget must be approved by Asset Manager (subject to Section 19 of this Agreement) and, as part of an amended or supplemental Annual Operating Budget, the Authority or the Qualified Designee, and (B) if the Annual Operating Budget shows an increase in expenses of greater than five percent (5%) of originally budgeted expenses for the remainder of the Operating Year, Operator acknowledges and agrees that the Asset Manager must secure a certificate of a Consultant (as defined in the Indenture) demonstrating that the revised Annual Operating Budget meets the requirements under the Indenture for such approval, the Asset Manager must deliver to the Authority and the Credit Facility Providers (as such term is defined in the Indenture) the amended or supplemented Annual Operating Budget for approval, take all necessary actions to obtain such approval from the Authority and the Credit Facility Providers, and provide copies of any such amended or supplemental Annual Operating Budget to the Authority, the Qualified Designee, the City, the Trustee, the Credit Facility Providers and the Parking Authority.
- (5) Asset Manager shall not submit an amended or supplemental Annual Operating Budget to the Authority (or the City, the Qualified Designee, the Trustee, the Credit Facility Providers or the Parking Authority) changing the approved Operator's Operating Budget portion thereof without Operator's prior written consent.
- (I) To comply with the nondiscrimination/sexual harassment standards set forth on **Exhibit "C,"** attached hereto and incorporated herein, as from time to time modified (the "**Nondiscrimination/Sexual Harassment Standards**") and provided to Operator by Asset Manager. Operator shall cause comparable nondiscrimination/sexual harassment provisions to be inserted into all subcontracts for services or work.

L-6

comprising the On-Street Parking System as of the Closing Date may be added to and become a part of the On-Street Parking System after the Closing Date. If additional parking spaces are added to the On-Street Parking System after the Closing Date, Asset Manager shall provide Operator with at least thirty (30) days' prior written notice of the numbers and locations of such additional parking spaces, and only to the extent any related Operating Expenses for such additional spaces are included in the approved Annual Operating Budget. Operator will be obligated (without any discretion) to accept and manage such additional spaces as part of the On-Street Parking System under this Agreement. Following the addition of any spaces added after the Closing Date, the parties shall update **Exhibit "A"** to provide an accurate count of all Parking Spaces that from time to time comprise the On-Street Parking System. With respect to net additional Spaces added after the Closing Date, Operator's Management Fee shall be increased on an annual basis by a specified dollar amount per each net additional Space. The amount for the first Operating Year (prorated for any partial Operating Year) shall be \$25.00 per each net additional Space (the "**Base Management Rate**"). The Base Management Rate shall increase by five percent (5%) in each subsequent Operating Year. With respect to any Parking Facility added after the Closing Date, Operator's Management Fee under the Parking Services Agreement shall be adjusted as set forth therein. Notwithstanding any contrary terms in this Agreement or any other agreement or exhibit referenced herein, the Management Fee is an Operating Expense that shall be included in Operator's Operating Budget.

- (2) Provided the same are included in the approved Annual Operating Budget for the subject Operating Year, Operating Expenses may include all costs, charges and administrative expenses for: salaries and wages (including, without limitation, off-site salary allocations for a facilities manager(s), senior manager(s), and bookkeeper(s)) and associated payroll burden (including, without limitation, payroll taxes and fringe benefits); licenses and permits; first month's change funds/petty cash advanced by Operator (if applicable); compliance with governmental laws, regulations and payment card industry standards, as well as any costs related to the maintenance of such compliance throughout the Term (other than resulting from a breach or default of such law, regulation or standard by Operator); uniforms, supplies and tools; cleaning, maintenance and repair to be performed by Operator; telephone; wireless data plans (if applicable); bookkeeping; automobile allowances; employee recruitment, training and ongoing employee relations; computerized accounts receivable service; the Equipment, banking and credit card system services; equipment upgrades (if applicable); costs incurred with vendors for subcontracted services; license plate search fees; postage and freight; tickets, paper and reporting forms; accounts payable and insurance claims processing; health insurance, workers' compensation insurance, automobile insurance (if applicable), general liability insurance and comprehensive crime insurance coverage; and deductibles established by Operator for insured losses attributable to the On-Street Parking System (plus reasonable attorney's fees and court costs to defend Asset Manager and/or Operator in actions brought to recover damages for such losses).

L-8

- (2) Operating Expenses shall not include (i) the costs of capital or structural maintenance and repair required of Asset Manager hereunder, and (ii) depreciation, building insurance, real estate taxes and assessments, debt service payments (interest and principal), and any ground lease rental payments.
- (b) Operator shall be paid a performance fee of \$750.00 per month (the "**Enforcement Performance Fee**"), increased by five percent (5%) at the beginning of each Operating Year, which shall be paid as provided in the Indenture within thirty (30) days following each Interest Payment Date. With respect to net additional Spaces added after the Closing Date, the Enforcement Performance Fee shall be increased for each Operating Year by a specified dollar amount per each net additional Space added after the Closing Date as follows. The amount for the first Operating Year (prorated for any partial Operating Year) shall be \$4.38 per each net additional Space added after the Closing Date (the "**Base Performance Rate**"). The Base Performance Rate shall increase by five percent (5%) in each subsequent Operating Year. With respect to any additional Parking Facility added after the Closing Date, the Parking Performance Fee under the Parking Services Agreement shall be adjusted as set forth therein. To the extent that there are insufficient amounts available under the Indenture to pay the Enforcement Performance Fee when due, any unpaid balance of the Enforcement Performance Fee will accrue and be paid in later periods as, and to the extent, sufficient amounts are available under the Indenture and are permitted to be applied to such payment. To the extent that the Enforcement Performance Fee is earned hereunder but not paid within six (6) months of the date due, such earned but unpaid Enforcement Performance Fee will be carried over to the subsequent six (6) month period and paid to the extent sufficient amounts are available under the Indenture. If there is any unpaid Enforcement Performance Fee carried over from a prior six (6) month period at the end of the subsequent six (6) month period, the unpaid carryover Enforcement Performance Fee will not continue to be carried over and will no longer be payable. Failure to pay the Enforcement Performance Fee when due in any period is not a default under this Agreement so long as the failure to make such payment results from insufficient amounts available under the Indenture to pay such amount. To the extent that amounts available under Indenture are insufficient to pay the Enforcement Performance Fee and Asset Manager's Performance Management Fee (as defined in the Asset Management Agreement) in full, the available amounts under the Indenture shall be divided equally by Operator and Asset Manager so that each party receives fifty percent (50%) of such amounts. The Enforcement Performance Fee and the Parking Performance Fee (as defined in the Parking Services Agreement), shall collectively be referred to as the "**Operator Performance Fee.**"
- (c) Notwithstanding anything in this Agreement to the contrary, Operating Expenses shall not include any profit mark-up. In addition, with the exception of the Management Fee and the Incentive Fee (if any), each Operator's Operating Budget shall include the basis of allocation for any indirect costs that are included as Operating Expenses, such as whether based on a percentage of Operator's payroll, the number of parking spaces, or some other methodology set forth in each Operator's Operating Budget, or in associated written explanations provided to Asset Manager in connection therewith.

5. OPERATING ADVANCE AND ENFORCEMENT REVENUE

L-9

- (1) First, Operator shall collect and deposit all Enforcement Revenue into Operator's revenue deposit account (the "**Enforcement Revenue Account**"). All Operator bank accounts shall be with a financial institution reasonably acceptable to Trustee, it being agreed by the parties that any Qualified Financial Institution (as defined in the Indenture) shall be deemed approved.
- (2) Second, if applicable, Operator shall then transfer the amount of Parking Tax (defined below) attributable to Enforcement Revenue from the Enforcement Revenue Account (the "**Parking Tax Liability**") to Operator's tax account (the "**Parking Tax Account**") for purposes of remitting Parking Tax directly to the taxing authorities.
- (3) Third, Operator shall then transfer the, on a daily basis, the balance of Enforcement Revenue in the Enforcement Revenue Account (less the Parking Tax Liability) to a revenue fund established by the Trustee in accordance with written instructions from Asset Manager (the "**Revenue Fund**").
- (c) "**Enforcement Revenue**" shall mean all cash earned and collected by Operator for the parking and storage of motor vehicles whether on an hourly, daily, weekly, or monthly basis in connection with the Services, including, without limitation, citation issuance, management of citation processing services and citation collections less (a) except with respect to the Parking Lease (as defined in the Indenture), any applicable sales, parking, use, excise, gross receipts or other tax or charge due the taxing authorities (collectively, "**Parking Tax**"), which shall be at least equal to twenty percent (20%) of Enforcement Revenue, unless otherwise required in accordance with applicable laws or regulations, (b) if applicable, with respect to the Parking Lease, the Parking Lease City Payments (as such term is defined in the Indenture), (c) the credit card processing fees or any online parking reservation service fees, (d) convenience fees charged to customers by third parties, and (e) all refunds, discounts and allowances made by Operator to its customers. Parking revenue collected under the Parking Services Agreement shall be collected, handled and paid in accordance with the Parking Services Agreement.
- (d) Operator shall be responsible for payment directly to the tax collector of any Parking Tax and the Parking Lease City Payments, respectively, collected by Operator. Operator shall defend, indemnify and hold harmless Asset Manager and its employees, agents, affiliates and representatives, with respect to any and all loss, costs (including attorney's fees), penalties, and all other liability whatsoever arising out of any breach of Operator's payment obligations set forth herein. The provisions of this Section 5(d) shall survive the expiration or earlier termination of this Agreement.
- (e) Operator agrees that it will not under any circumstances pay any Operating Expenses from the Enforcement Revenue Accounts. Operator hereby waives its right to set-off from any Enforcement Revenue to satisfy any obligations of Asset Manager to Operator under this Agreement or otherwise due Operator with respect to the Parking System.
- (f) Operator agrees that all Enforcement Revenue shall be held for the benefit of the Trustee for the holder of the Parking Bonds.

L-11

(a) Operating Fund

- (1) On the Commencement Date, Asset Manager shall cause the Operating Advance (as defined in the Parking Services Agreement) to be advanced to Operator by electronic funds transfer to the Operating Fund (as defined in the Parking Services Agreement).
- (2) Commencing on February 1, 2014 (or, if such date is not a business day, the next succeeding business day), Asset Manager shall cause the amount of each month's Operating Expenses set forth in the then-current Budget (each a "**Monthly Operating Payment**") and collectively, "**Monthly Operating Payments**") to be advanced to Operator by electronic funds transfer from amounts under the Indenture to the Operating Fund on or before the first day of each month in advance (the "**Due Date**").
- (3) Operator is prohibited from applying sums in deposit in the Operating Fund for any purpose except for the payment of Operating Expenses. In making payments from the Operating Fund, Operator shall be considered to be certifying that obligations in the stated amounts have been incurred with respect to the On-Street Parking System and that each item thereof was properly incurred in maintaining, repairing and operating the On-Street Parking System and that such amounts have not been paid previously and included in and consistent with the approved Annual Operating Budget. Notwithstanding any contrary terms in this Agreement, Operator shall only be required to pay Operating Expenses from Monthly Operating Payments deposited into the Operating Fund pursuant to Section 5(a)(2) above, and Operator shall not have any obligation whatsoever to use its own funds to pay any Operating Expenses.
- (4) At the end of each Operating Year, Operator shall provide to Asset Manager a summary of Operator's cash position and if the amount of cash held by Operator is more than two (2) months of Operating Expense, Operator and Asset Manager will review the amount of cash required for the subsequent Operating Year and determine if any excess cash held by Operator should be returned to the Indenture Revenue account. If both Asset Manager and Operator agree on such cash amount to be returned, Operator shall send the funds to the Trustee for deposit in the Indenture Revenue account within fifteen (15) business days of the date of such agreement by Asset Manager and Operator.
- (5) Within forty-five (45) days after expiration or earlier termination of this Agreement, Operator shall remit any Operating Fund balance to any party designated in writing by Asset Manager, after payment to Operator for any Operating Expenses. In the event the Operating Fund is insufficient to pay Operator in full for Operator's Operating Expenses, such amounts will accrue and shall be payable as and to the extent available from amounts under the Indenture.
- (b) All Enforcement Revenue (defined below) shall be collected, deposited and transferred in the following order:

L-10

6. OPERATOR'S INSURANCE COVERAGES Operator shall obtain, provide and maintain (as an Operating Expense, to the extent included within the approved Operator's Operating Budget), the insurance coverages and requirements specified below (the "**Required Coverages**"):

(a) Required Coverages:

- (1) Workers' Compensation and Employer's Liability. Workers' Compensation Insurance, as prescribed by applicable Law, covering all employees of Operator who are providing or performing services with respect to this Agreement and Employer's Liability Insurance coverage with limits of (a) not less than the greater of statutorily required limits, or (b) \$1,000,000 per accident or disease;
- (2) Commercial General Liability (Primary and Umbrella). Commercial General Liability Insurance with limits of not less than \$1,000,000.00 per occurrence, \$2,000,000.00 general aggregate. Coverage shall include the following: all premises and operations, products/completed operations, explosion, collapse, underground, separation of insureds, defense, terrorism (to the extent commercially available) and contractual liability. The Parking Authority, Authority, the Trustee, the Qualified Designee, the City, and Asset Manager are to be included as additional insureds on a primary, non-contributory basis for any liability arising under or in connection with this Agreement. Any general aggregate shall apply on a per location basis;
- (3) Automobile Liability (Primary and Umbrella). When any motor vehicles (owned, non-owned or hired) are used in connection with work to be performed or services to be rendered, Automobile Liability Insurance with limits of not less than One Million Dollars (\$1,000,000) per occurrence and One Million Dollars (\$1,000,000) in the annual aggregate, or accident for bodily injury and property damage. Parking Authority, Authority, Trustee, the Qualified Designee, Asset Manager, and the City are to be included as additional insureds on a primary, non-contributory basis;
- (4) Garagekeepers Legal Liability. Garagekeepers Legal Liability Insurance with limits of not less than Five Million Dollars (\$5,000,000) for comprehensive perils and Five Million Dollars (\$5,000,000) for collision, which limits may be met through a combination of primary and excess or umbrella policies, combined single limit, for bodily injury and property damage. Parking Authority, Authority, Trustee, the Qualified Designee, Asset Manager, and the City shall be named as additional insureds on a primary, non-contributory basis for any liability arising under this Agreement;
- (5) Excess Liability or Umbrella. Lessee shall provide or cause to be provided excess liability or "umbrella" liability coverage for claims under the Employer's Liability, Commercial General Liability, and Automobile Liability and Garagekeepers Legal Liability coverage set forth above, in excess of the limits set forth above, in the aggregate of

L-12

not less than One Hundred Million Dollars (\$100,000,000) per occurrence and in the annual aggregate;

- (6) Comprehensive crime insurance including employee theft, premise, transit and depositor's forgery coverage with limits as to any given occurrence of not less than \$1,000,000; and
 - (7) Any Required Coverages may be in the form of blanket coverage, so long as such blanket policy does not reduce the limits nor diminish the coverage required herein and otherwise complies with the terms of this Agreement.
- (b) **Additional Requirements.**
- (1) **Obligations of Operator.** On or before the Closing Date, Operator shall deliver or cause to be delivered to Asset Manager, or any other party designated in writing by Asset Manager, original standard ACORD form Certificates of Insurance, or equivalent documentation reasonably acceptable to Asset Manager, evidencing the Required Coverages, and, if such coverages have an expiration or renewal date occurring during the Term, shall provide or cause to be provided, promptly following renewal and not more than five (5) business days following renewal of the then current coverages (or such other period as is agreed to by Asset Manager), Renewal Certificates of Insurance or equivalent documentation reasonably acceptable to Asset Manager. The receipt of any certificate or other equivalent documentation does not constitute agreement by Asset Manager that the insurance requirements in this Agreement have been fully met or that the insurance policies indicated on the certificate or other equivalent documentation are in compliance with all requirements of this Agreement. The failure of Asset Manager to obtain certificates or other equivalent documentation from Operator shall not be deemed to be a waiver by Asset Manager of Operator's obligations hereunder with respect thereto. Except as otherwise expressly set forth herein, each Required Coverage may be reviewed by Asset Manager for compliance with the terms of this Agreement. All Required Coverages shall be placed with insurers licensed to do business in the Commonwealth; provided that all such insurers, at a minimum, shall have a rating of A-:VII or better by A.M. Best Company (unless Asset Manager waives or modifies this requirement in writing). At the request of Asset Manager or the City, Operator shall cause the City to be provided with certified copies of policies and all policy endorsements, except that with respect to blanket policies, copies of any schedules or endorsements and other proprietary information relating to other properties and operations may be redacted or other limited copies satisfactory to Asset Manager and the City may be provided.
 - (2) **Five Year Adjustment.** The amounts of coverage required by Section 6(a) shall be reasonably adjusted every five (5) years (subject to the provisions of Section 6.2(b)(7)) to ensure that the Required Coverages continue to provide adequate coverage of the obligations, responsibilities and liabilities of Operator under this Agreement. The recommendations

L-13

- (7) **Commercial Availability.** To the extent any of the Required Coverages or additional requirements hereunder are not available on a commercially reasonable basis, Operator shall obtain insurance that is available on a commercially reasonable basis that best approximates the Required Coverages or additional requirements hereunder, but said substitute coverage shall, at Asset Manager's request, be subject to review of an independent insurance consultant, and such independent insurance consultant shall have delivered to Asset Manager, the Authority and the City its opinion to the effect that the substitute coverages meet the above-stated criteria.
7. **MONTHLY REPORTING; BOOKS AND RECORDS; INSPECTION AND AUDIT.**
- (a) **Monthly Reporting.** Within fifteen (15) days after the end of each calendar month in each Operating Year, Operator shall provide to Asset Manager a complete accounting on a cash basis (together with all available information that may be necessary to allow Asset Manager to convert Operator's monthly statement from a cash-basis to an accrual basis for Asset Manager's reporting requirements under the Asset Management Agreement, Asset Transfer Agreement and the Indenture) showing all Enforcement Revenue, and actual Operating Expenses for the immediately preceding calendar month, together with any reasonable supporting documentation (including, without limitation, bank account statements) requested by Asset Manager. In addition, Operator will, upon Asset Manager's written request from time to time, provide additional reports and information (including, without limitation, analytical reports) with respect to the On-Street Parking System in form and content reasonably acceptable to Asset Manager and specified in such written request.
 - (b) **Books and Records.** Asset Manager and Operator shall each maintain at its principal place of business, a complete and accurate set of files, books and records of all business activities and operations relating to the On-Street Parking System. Such records and accounts shall reflect all items of revenue and expense allocable to the management, operation, maintenance and disposition of the On-Street Parking System, as well as information relating to the status of the On-Street Parking System. Such records and accounts shall be maintained for not less than seven (7) years following the end of each Operating Year to which they relate or the time period required by Law, whichever is longer (provided, however, that Operator shall not be required to retain tickets and license plate search results for more than one hundred eighty days (180), unless such ticket or license plate search result is then the subject of a dispute, appeal, adjudication or enforcement proceeding or the period for allowed to bring or raise any such dispute, appeal, adjudication or enforcement proceeding has not yet expired).
 - (c) **Inspection and Audit.** Operator shall permit Asset Manager, and each and every other Person entitled to inspect, review and/or audit books and records relating to the On-Street Parking System (including, but not limited to, the City, Parking Authority, Trustee, the Authority and the Credit Enhancers) to inspect Operator's records at Operator's offices during reasonable business hours. Expressly excluded from the records available for inspection are any records or portion thereof containing proprietary or confidential information. Operator shall reasonably cooperate with the Person(s) performing or conducting the audit or inspection.

L-15

of any insurance consultant utilized by Asset Manager shall be used for these adjustments.

- (3) **Waiver of Subrogation by Insurers.** Each of the Required Coverages provided by Operator shall, where legally permitted and customarily available at standard rates, include a waiver by the insurer of its claims and rights of subrogation against Asset Manager, the Authority and the City, and their respective employees, agents, representatives and contractors.
- (4) **Right to Insure.** Operator shall provide or cause to be provided at least fifteen (15) days prior written notice to Asset Manager in the event coverage is canceled, materially changed or not renewed. If Operator fails to obtain and maintain or cause to be obtained and maintained the insurance required by this Section 6(a), or if any such Required Coverage is canceled or not renewed as a result of Operator's failure to pay the premium(s) or other amount(s) therefor, Asset Manager, Authority and the City shall each have the right (without any obligation to do so), upon ten (10) business days notice to Operator in a non-emergency situation or forthwith without notice in an emergency situation and without assuming any obligation in connection therewith, to effect such insurance or pay any delinquent or unpaid premiums before cancellation or non-renewal, and all costs and expenses of Asset Manager, Authority and/or the City in connection therewith shall be payable by Operator to Asset Manager, Authority and/or the City, as applicable, on demand. Such insurance obtained by Asset Manager, Authority or the City shall not relieve Operator of its obligations, and Asset Manager, the Authority and the City shall not be liable for any loss or damage suffered by Operator in connection therewith.
- (5) **Insurance Requirements of Contractors.** If the City with respect to the On-Street Parking System, requires Asset Manager to cause any contractor performing work in and for the On-Street Parking System to obtain coverages comparable to the Required Coverages, such coverages shall insure the interests of the Operator and shall be subject to the same (or comparable) coverage and administrative requirements as are imposed on Operator pursuant to this Agreement.
- (6) **Other Insurance Obtained by Operator.** If Operator or its contractors obtain any property, liability or other insurance coverages in addition to the Required Coverages ("Additional Coverages"), then Operator or its contractors shall (i) notify Asset Manager as to such Additional Coverages, (ii) provide Asset Manager with any documentation relating to the Additional Coverages, including Certificates of Insurance, that Asset Manager reasonably requests and (iii) at Asset Manager's election, acting reasonably, cause DGS, Asset Manager, Authority and the City, and their respective employees, agents and representatives, to be named as additional insureds and cause the City to be named as loss payee, as applicable, under such Additional Coverages, if that is normally allowed in accordance with good industry practice and subject to the provisions of the Indenture and the Leasehold Mortgage (as such term is defined in the Asset Transfer Agreement).

L-14

8. **INTELLECTUAL PROPERTY.** Operator hereby grants to Asset Manager, during the term of this Agreement only, a non-assignable, non-exclusive right and license to use Operator's intellectual property, including but not limited to its trade names, trademarks and any and all on-site parking amenities programs (the "Intellectual Property"), to the extent related to Operator's provision of Services hereunder for the On-Street Parking System. Upon termination of this Agreement for any reason, Operator shall have the right, at its sole cost and expense, to remove the Intellectual Property from the On-Street Parking System, and Asset Manager shall refrain from all further use of the Intellectual Property.

9. **ASSET MANAGER'S OBLIGATIONS.** Asset Manager's obligations with respect to the Parking System shall be to make or cause to be made all structural repairs, capital repairs, replacements and improvements with respect to the Parking System required to be completed during the Term in accordance with the approved Annual Capital Budget (as defined in the Asset Transfer Agreement) and the Long-Term Capital Plan (subject to the availability of sufficient funds in the Indenture, including Revenues). Operator shall cooperate with Asset Manager identifying and performing its obligations hereunder, but under no circumstances whatsoever, shall Operator be required to enter into any third-party contracts in connection with Asset Manager's obligations under this Section 9, including, but not limited to, engineer, architectural or design-related services. In connection with the foregoing, Asset Manager may obtain or procure any engineering, architect, environmental or consultant inspections, studies or reports required to be obtained by Asset Manager pursuant to the terms of the Asset Management Agreement. Asset Manager agrees that any contract between Asset Manager and a third party contractor for work on behalf of Asset Manager at the Parking System shall require (i) the third party contractor to indemnify, save and hold Asset Manager and Operator harmless from and against and free and clear of all claims, suits, actions, and damages which may arise, occur or result from work performed by said third party contractor, and (ii) to require the third party contractor to name Asset Manager and Operator as additional insureds on the third party contractor's policies of insurance and furnish Asset Manager and Operator with a certificate of insurance evidencing such coverages (as more particularly set forth in Section 6(b)(5) hereinabove).

10. **INDEMNIFICATION.** Operator shall defend, indemnify and hold harmless Asset Manager and its employees, shareholders, directors, employees, affiliates, agents and contractors from and against any and all actions, costs, expenses, losses, liability, claims, judgments, damages and demands (collectively, "Losses") caused by Operator's breach of this Agreement or caused by the negligence, intentional misconduct, malfeasance or fraud of Operator. Asset Manager shall defend, indemnify and hold harmless Operator from and against any and all Losses caused by Asset Manager's breach of this Agreement or caused by the Asset Manager's negligence, intentional misconduct, malfeasance or fraud by Asset Manager of this Agreement. The provisions of this Section 10 shall survive the expiration or earlier termination of this Agreement.

11. **ASSET MANAGER'S INSURANCE.** Asset Manager shall, as a Current Expense (as defined in and pursuant to the Indenture), provide and maintain insurance with respect to the Parking System in amounts and with coverage as required of Asset Manager under the Asset Management Agreement. To the extent that Asset Manager provides any liability insurance relating to the Parking System, Asset Manager shall include Operator as an additional insured under such policies.

12. **RELEASE AND WAIVER OF SUBROGATION.** In addition to and without limiting the provisions of Section 6(b)(3) of this Agreement, to the extent of the insurance coverage provided or required to be provided herein, in the event all or any part of the Parking System (including any buildings, improvements or other real or personal property thereon) are damaged or destroyed by fire or other casualty, the rights or claims of either party or its employees, agents, successors or assigns against the other with respect to liability for such loss, destruction or damage resulting therefrom, including loss, destruction or damage suffered as a result of negligence of either party or their employees or agents, are hereby released and

L-16

discharged, and any and all subrogation rights or claims are hereby waived to the extent of the actual insurance coverage carried or required to be carried by the parties, in either case irrespective of applicable deductibles. All such insurance policies shall contain a clause or endorsement providing that the insurance shall not be prejudiced if the insured has waived its rights of recovery (including subrogation rights) against any person or company prior to the date of loss, destruction or damage. The provisions of this Section 12 shall survive the expiration or earlier termination of this Agreement.

13. LICENSES AND PERMITS. Operator shall obtain and maintain all licenses and permits required by an operator of parking facilities by any governmental body or agency having jurisdiction over Operator's operations of the On-Street Parking System and will abide by the terms of such licenses and permits. Any license or permit fees incurred by Operator shall be deemed an Operating Expense to the extent included in the approved Operator's Operating Budget.

14. COMPLIANCE WITH LAWS. Operator shall not: (a) knowingly engage in any action that would violate, in any material respect, any law, rule, regulation or statement of policy of any governmental authority having jurisdiction over the On-Street Parking System ("Law"), or (b) use or permit the use of all or any part of the On-Street Parking System for any use or purpose which is (i) forbidden by or in violation of any Law, or (ii) may be dangerous to life, limb or property.

15. LOSS OR DAMAGE TO PARKING SYSTEM. Any loss of or damage to the Parking System (or any part thereof) as the result of a taking under the power of eminent domain, or by fire, storm or other casualty shall be subject to and addressed in accordance with the terms of the Indenture, the Mortgage and the Parking Lease (as such term is defined in the Asset Transfer Agreement).

16. RELATIONSHIP OF THE PARTIES. No partnership or joint venture between the parties is created by this Agreement, it being agreed that, without limiting the provisions of Section 1 of this Agreement, Operator is an independent contractor and is not an employee of Asset Manager.

17. FORCE MAJEURE. Any delays in the performance of any obligations by either party to this Agreement shall be excused to the extent that such delays are caused by Force Majeure (as such term is defined in the Asset Transfer Agreement), and any time periods required for shall be extended accordingly.

18. GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania.

19. APPROVALS. Whenever the approval of either party is required herein, such approval shall not be unreasonably withheld or delayed, unless a different standard is otherwise expressly set forth herein or, as to Asset Manager, such approval is subject to a different standard or the approval of another Person pursuant to the terms of the Indenture or the Asset Transfer Agreement.

20. WAIVERS. No waiver of default by either party of any term, covenant or condition hereof to be performed or observed by the other party shall be construed as, or operate as, a waiver of any subsequent default of the same or any other term, covenant or condition hereof.

21. SEVERABILITY. If any provision hereof is held to be invalid by a court of competent jurisdiction, such invalidity shall not affect any other provision hereof, provided such invalidity does not materially prejudice either party in its rights and obligations contained in the valid provisions of this Agreement.

22. TERMINATION. Notwithstanding any terms in this Agreement to the contrary:

L-17

(h) Upon termination or expiration of this Agreement, for a period no longer than thirty (30) days' after termination or expiration of this Agreement, Operator shall make commercially reasonable efforts to cooperate with Asset Manager and the party designated by Asset Manager as successor operator to facilitate smooth transition of the Services in connection with the Spaces; provided, however, that Operator may be reimbursed (in the same manner and subject to the same terms for payment of Operating Expenses) for any related transition costs or expenses so long as the termination of this Agreement is not the result of a default by Operator hereunder or under the Parking Services Agreement.

(i) Except for a termination of this Agreement by Operator pursuant to Section 22(b) hereinabove, no termination of this Agreement by Operator shall be effective until Asset Manager has retained a replacement operator meeting the requirements of Section 3.5 of the Asset Transfer Agreement.

23. LICENSE TO ENTER THE PUBLIC WAY. The Operator is authorized, as a representative and agent of the Authority, pursuant to the license granted by the City to the Authority in Section 3.3(b) of the Asset Transfer Agreement, to enter upon, in, under, over and across the Public Way (as such term is defined in the Asset Transfer Agreement), to the extent and at such times as shall be necessary or desirable to Operator to access the On-Street Parking System in order to provide the Services, and all supporting structures and appurtenances thereto and interconnecting the same to any electric utility, telephonic or other communication lines, collecting revenues, and installing monitoring or observation technology or equipment reasonably necessary for the Services. All provisions of Law, including applicable City permit requirements, relating to the conduct of a private business or franchise in that part of the Public Way apply to Operator, provided that the Authority has agreed in the Asset Management Agreement to use commercially reasonable efforts to assist the Operator in the exercise of such rights to as to permit Operator to fulfill its obligations under this Agreement and the Parking Services Agreement. In addition, the Authority has agreed in the Asset Management Agreement to use commercially reasonable efforts on behalf of Operator the provisions of Section 3.10 (Utilities) of the Asset Transfer Agreement so as to permit the Operator to exercise its rights and fulfill its obligations under this Agreement.

24. ASSIGNMENT. Operator shall not assign or transfer this Agreement or its right, title or interest herein without complying with the terms of Section 3.5 of the Asset Transfer Agreement and without the prior written consent of Asset Manager. Operator expressly acknowledges and agrees that, subject to the terms of the Indenture and the Asset Transfer Agreement, this Agreement may, without the consent of (but with prior written notice to) Operator, be assigned by Asset Manager to the Trustee for the security of the holders of the Bonds and, subject to the terms of the Indenture and the Asset Transfer Agreement, may be subsequently assigned, without the consent of (but with prior written notice to) Operator, to a successor, trustee, or any other entity providing financing or serving as a trustee for the benefit of entities or individuals which provide financing of the Parking System, or with respect to any refinancing of the Bonds, or any other financing, or an entity which exercises remedies under or succeeds to the rights under the Financing Documents (as such term is defined in the Asset Transfer Agreement). Operator expressly agrees that upon such assignment, it will provide the Services hereunder for the benefit of such assignee upon the terms and conditions set forth in this Agreement or will enter into a new agreement with such assignee containing substantially the same terms and conditions as are set forth in this Agreement. Subject to the foregoing, this Agreement shall be binding upon Asset Manager and upon Operator and their respective successors and assigns. Any assignment in contravention hereof shall be void.

25. NOTICES. Any notice or communication required to be given to or served upon either party hereto shall be given or served by personal service or by express delivery or by mailing the same,

L-19

- (a) Either party may terminate this Agreement, without cause or penalty, upon ninety (90) days' prior written notice.
- (b) Notwithstanding any contrary terms in this Agreement, or any other agreement or exhibit referenced herein, Operator shall have the right to terminate this Agreement, if:
 - (1) Operator is not paid the Operating Advance on the Commencement Date; or
 - (2) Operator is not paid any Monthly Operating Payment on the applicable Due Date and, after written notice from Operator to Asset Manager, Authority, Trustee and the Credit Enhancers, failure to pay is not cured on or before the following month's Due Date. Operator shall provide prompt written notice of any such failure to pay, but any delay to do so will not in any way waive or modify Operator's right to receive payment or right to terminate this Agreement. Asset Manager shall provide Operator with addresses for notices to the Authority, Trustee and Credit Enhancers on or prior to the Commencement Date, which shall be provided in accordance with Section 25 below.

For example, if the Monthly Operating Payment for February is not paid by February 1st (i.e., the Due Date), Operator shall give written notice of failure to pay to the parties required above, and Operator shall have the right to terminate this Agreement on or after March 1st if the February Monthly Operating Payment is not paid by March 1st.
- (c) Either party may terminate this Agreement upon the breach by the other party of any covenant, term or condition hereof, provided the breaching party first receives written notice of such breach and fails to remedy same within thirty (30) days after receipt of written notice thereof, or if the breaching party fails to commence remedying such breach within said 30-day period if such breach cannot be reasonably remedied within thirty (30) days.
- (d) Either party may terminate this Agreement upon the breach by the other party (that continues beyond any applicable cure period thereunder) of any covenant, term or condition of the Parking Services Agreement.
- (e) Either party may terminate this Agreement in the event the other party or the Authority or the City or any party on their behalf, files a voluntary petition or similar pleading for bankruptcy, insolvency, receivership or makes an assignment for the benefit of creditors, with such termination to be effective upon giving written notice thereof.
- (f) This Agreement shall terminate upon (i) the termination of the Parking Enforcement Engagement Agreement, or (ii) if the Operator is required to be replaced under the terms of the Indenture, or upon request, upon exercise of remedies under the Indenture. Asset Manager will provide written notice to Operator of any such termination.
- (g) If this Agreement terminates, the Parking Services Agreement shall automatically terminate and vice versa.

L-18

postage prepaid, by United States registered or certified mail, return receipt requested, to the following addresses:

- TO ASSET MANAGER: PK Harris Advisors, Inc.
Attn: John Gass
With a copy to: Greg Winchester
Monarch Tower
3424 Peachtree Road NE, Suite 2200
Atlanta, GA 30326
- With a copy to: Nachmias Morris & Alt, P.C.
20 Ash Street, Suite 200
Conshohocken, PA 19428
- TO OPERATOR: SP Plus Corporation
Attn: Legal Department
200 E. Randolph Street, Suite 7700
Chicago, IL 60601
- With copies to: SP Plus Corporation
Attn: Steven A. Warshauer
Executive Vice President
200 E. Randolph Street, Suite 5475
Chicago, IL 60601
- SP Plus Corporation
Attn: Chris Sherman, Senior Vice President
1225 Eye Street, NW, Suite C-100
Washington, DC 20005

Either party may designate a substitute address at any time hereafter by written notice thereof to the other party.

26. ENTIRE AGREEMENT. This Agreement, together with all exhibits hereto, constitutes the entire agreement between the parties, and supersedes all representations, statements or prior agreements and understandings both written and oral with respect to the matters contained in this Agreement and exhibits hereto. No person has been authorized to give any information or make any representation not contained in this Agreement. This Agreement may be amended only by written agreement of the parties.

27. PARTIES BOUND. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their heirs, successors, executors, administrators, legal representatives and permitted assigns.

28. NEITHER PARTY DEEMED DRAFTER. The parties to this Agreement have had sufficient time to consult legal counsel and negotiate changes regarding the terms hereof. Therefore, neither party shall be deemed the drafter of this Agreement and, as such, this Agreement shall not be construed against either party due to the drafting hereof.

29. ATTORNEY FEES. In the event that either party hereto should (i) retain legal counsel and/or institute any suit against the other for violation of this Agreement or to enforce any of the covenants or conditions herein, or (ii) intervene in any suit in which the other is a party to enforce or protect its interest or rights hereunder, the prevailing party in any such suit shall be entitled to all of its

L-20

costs, expenses and reasonable fees of its attorney(s) in connection therewith. The rights and obligations of this Section 29 shall survive the termination or expiration of this Agreement.

30. AVAILABILITY OF FUNDS.

- (a) All of the duties and obligations of Asset Manager under this Agreement will be performed by Asset Manager with the funds made available to it under the applicable funds and accounts of the Indenture. The performance of the responsibilities of Asset Manager is conditioned upon the Authority, or the Trustee on behalf of the Authority, making available to Asset Manager sufficient funds to perform such responsibilities. Asset Manager shall have no duty or obligation under any circumstance to pay or fund any sums hereunder from Asset Manager's own funds.
- (b) All of the duties and obligations of Operator under this Agreement will be performed by Operator with the funds made available to it under the applicable funds and accounts of the Indenture. The performance of the responsibilities of Operator is conditioned upon the Authority, or the Trustee on behalf of the Authority, making available to Operator sufficient funds to perform such responsibilities. Except as expressly set forth herein, Operator shall have no duty or obligation under any circumstance to pay or fund any sums hereunder from Operator's own funds.

31. LIABILITY OF ASSET MANAGER. Except as otherwise provided in Section 10 of this Agreement, Operator agrees to look solely to Asset Manager for the duties, obligations, responsibilities and liabilities of Asset Manager hereunder and then only to the extent of any funds made available to Asset Manager under the applicable funds and accounts of the Indenture, and to Asset Manager's insurance. Notwithstanding anything to the contrary contained herein, in no event shall the affiliates, partners, members, shareholders, officers, directors, employees, lenders, contractors, agents or representatives (or any permitted successor or assign of any of the foregoing), as such, of Asset Manager be liable or responsible for any duty, obligation, responsibility or liability of Asset Manager hereunder. Without in any way limiting the foregoing, in no event shall Asset Manager or any of its affiliates, partners, members, shareholders, officers, directors, employees, lenders, contractors, agents or representatives (or any permitted successor or assign of any of the foregoing), as such, be liable or responsible for any punitive, exemplary, incidental, indirect, special or consequential damages claimed by Operator, arising under or in connection with this Agreement, including, without limitation, damages for loss of profits, whether based upon contract, tort, breach of warranty or any other legal or equitable grounds. The provisions of this Section 31 shall survive the expiration or earlier termination of this Agreement.

32. LIABILITY OF OPERATOR. Except as otherwise provided in Section 10 of this Agreement, Asset Manager agrees to look solely to Operator for the duties, obligations, responsibilities and liabilities of Operator hereunder and then only to the extent of any funds made available to Operator under the applicable funds and accounts of the Indenture, and to Operator's insurance. Notwithstanding anything to the contrary contained herein, in no event shall the affiliates, partners, members, shareholders, officers, directors, employees, lenders, contractors, agents or representatives (or any permitted successor or assign of any of the foregoing), as such, of Operator be liable or responsible for any duty, obligation, responsibility or liability of Operator hereunder. Without in any way limiting the foregoing, in no event shall Operator or any of its affiliates, partners, members, shareholders, officers, directors, employees, lenders, contractors, agents or representatives (or any permitted successor or assign of any of the foregoing), as such, be liable or responsible for any punitive, exemplary, incidental, indirect, special or consequential damages claimed by Asset Manager, arising under or in connection with this Agreement.

including, without limitation, damages for loss of profits, whether based upon contract, tort, breach of warranty or any other legal or equitable grounds. The provisions of this Section 32 shall survive the expiration or earlier termination of this Agreement.

33. AUTHORITY.

- (a) Asset Manager represents and warrants that it has full authority to enter into this Agreement with Operator, that the individual signing this Agreement on behalf of Asset Manager has been empowered with full authority to act on behalf of Asset Manager in connection with this Agreement, and that execution of and performance under this Agreement has been duly authorized by Asset Manager.
- (b) Operator represents and warrants that it has full authority to enter into this Agreement with Asset Manager, that the individual signing this Agreement on behalf of Operator has been empowered with full authority to act on behalf of Operator in connection with this Agreement, and that execution of and performance under this Agreement has been duly authorized by Operator.

34. DEFINITIONS. To the extent that any capitalized defined term ("**Defined Term**") is not defined herein, the Defined Term shall have the meaning given in the Indenture or the Asset Transfer Agreement, as applicable.

35. COUNTERPARTS AND DELIVERY OF SIGNATURES. This Agreement may be executed in any number of separate counterparts, each of which shall together be deemed an original, but the several counterparts shall together constitute but one and the same Agreement. A facsimile, portable document format (PDF) file or other reproduction of this Agreement (or the signature page of this Agreement) may be executed by one or more parties hereto, and an executed copy of this Agreement (or the signature page of this Agreement) may be delivered by one or both parties by facsimile or by electronic mail in a PDF file or by similar electronic transmission device pursuant to which the signature of or on behalf of such party can be seen, and such execution and delivery shall be considered valid, binding and effective for all purposes. At the written request of either party, the parties agree to execute an original of this Agreement with original signatures.

[Signature Page to Follow]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

ASSET MANAGER:
PK Harris Advisors, Inc.

OPERATOR:
SP Plus Corporation

By: _____
Name: _____
Title: _____

By: _____
Steven A. Warshauer
Executive Vice President

EXHIBIT A

On-Street Parking System

- 1. On-Street Metered Parking Spots
Space Count: 1348 (which includes 88 "Midtown" metered parking spaces)

EXHIBIT B

Enforcement Policies and Procedures

Enforcement policies and procedures may be modified from time to time to incorporate best practices and emerging technology. The Enforcement Operator's enforcement efforts have the goal of reducing unpaid meters and illegal parking through deterrence within the On-Street Parking System. The Enforcement Operator will implement enforcement activities to ensure compliance within residential permit parking areas.

The Enforcement Operator may utilize handheld technology, including photographic evidence, and license plate recognition technology to support ticket issuance.

Ticket Requirements

On each infraction, the Enforcement Operator shall indicate the time of the violation, the amount of the overtime parking charge, the place and manner in which such charge shall be paid, and vehicle identification information. The Enforcement Operator may adopt alternative forms of parking tickets based on new technology, such as electronic tickets, to the extent feasible.

Periods Of Stay

The Enforcement Operator may only issue one ticket for each consecutive separate segment of legal parking time, which time shall be the maximum amount of time allowable for parking in a particular metered zone to a vehicle that has parked in excess of the allowed limit. The Enforcement Operator may increase or decrease the period of stay for all or a portion of the Metered Parking Spaces upon the delivery of written notice of the change to the City.

Infraction Payment Procedure

The Enforcement Operator and the Asset Manager may create an online payment platform that is fully integrated with the other proposed parking payment systems, including cashless alternatives. The Enforcement Operator and the Asset Manager shall endeavor to provide parking patrons with a commercially reasonable range of payment options.

Enforcement Vehicles

All enforcement vehicles should be clearly marked and drivers must adhere to all established vehicle traffic safety and parking regulations.

On-Street Parking Enforcement Procedure

The Enforcement Operator may implement a booting program. The Enforcement Operator may place a boot on a vehicle after not less than three (3) unpaid citations have been incurred. The Enforcement Operator may continue the City's practice of using contractors to tow vehicles, the owners of which fail to make payments or secure administrative adjudication necessary to have a boot removed from the vehicle within 48 hours of booting. Impound fees collected for vehicles impounded will be collected by the Enforcement Operator. The Enforcement Operator will require payment of all parking infractions for an impounded vehicle prior to its release.

Infraction Appeal Adjudication Procedure

To ensure the consistency of the on-street parking experience for the patrons of the City of Harrisburg's parking system, the Enforcement Operator and the Asset Manager shall rely on the adjudication policies and procedures of the City of Harrisburg program for appeals of citations and related infractions.

Broken Meter Appeals

The Asset Manager and the On-Street Parking Operator shall endeavor to ensure meters are fully operable to a commercially reasonable extent. The Enforcement Operator will handle all complaints related to parking infractions and adjudication where an infraction has been issued on a malfunctioning meter. The Enforcement Operator may adopt the practice of placing a "hold" on disputed infractions accompanied by a written appeal. Pursuant to such practice, while the hold is in place and an investigation of the claim is in process, a disputed infraction will not incur additional penalty. The Enforcement Operator and the Asset Manager will establish a procedure for testing meters and handling appeals.

Other Infraction Appeals

In instances other than a dispute over the operation of a parking meter, such as where there is an allegation that an infraction is in error or it contains erroneous information, a party may contact the Enforcement Operator or its representative online, by phone, or by written means. A representative should review the complaint and advise the appealing party in writing of the decision. If grounds exist for a dismissal of the infraction, the representative may have the power to dismiss the infraction and notify the appealing party. If no resolution is made to the satisfaction of the appealing party, the appealing party may request adjudication.

Applicable State Law

Notwithstanding anything to the contrary, enforcement shall be conducted in accordance with applicable laws of the Commonwealth and these enforcement policies and procedures shall be deemed modified as necessary to comply with such applicable state laws. No approvals are required for such modifications; however, the Enforcement Operator shall promptly provide notice of any such changes to the City and the Advisory Committee.

EXHIBIT C

NONDISCRIMINATION/SEXUAL HARASSMENT STANDARDS

NONDISCRIMINATION/SEXUAL HARASSMENT CLAUSE [Contracts]

The Contractor agrees:

1. In the hiring of any employee(s) for the manufacture of supplies, performance of work, or any other activity required under the contract or any subcontract, the Contractor, each subcontractor, or any person acting on behalf of the Contractor or subcontractor shall not, by reason of gender, race, creed, or color, discriminate against any citizen of this Commonwealth who is qualified and available to perform the work to which the employment relates.
2. Neither the Contractor nor any subcontractor nor any person on their behalf shall in any manner discriminate against or intimidate any employee involved in the manufacture of supplies, the performance of work, or any other activity required under the contract on account of gender, race, creed, or color.
3. The Contractor and each subcontractor shall establish and maintain a written sexual harassment policy and shall inform their employees of the policy. The policy must contain a notice that sexual harassment will not be tolerated and employees who practice it will be disciplined.
4. The Contractor and each subcontractor shall not discriminate by reason of gender, race, creed, or color against any subcontractor or supplier who is qualified to perform the work to which the contracts relates.
5. The Contractor and each subcontractor shall, within the time periods requested by the Commonwealth, furnish all necessary employment documents and records and permit access to their books, records, and accounts by the contracting agency and the Bureau of Minority and Women Business Opportunities (BMWBO), for purpose of ascertaining compliance with provisions of this Nondiscrimination/Sexual Harassment Clause. Within fifteen (15) days after award of any contract, the Contractor shall be required to complete, sign and submit Form STD-21, the "Initial Contract Compliance Data" form. If the contract is a construction contract, then the Contractor shall be required to complete, sign and submit Form STD-28, the "Monthly Contract Compliance Report for Construction Contractors", each month no later than the 15th of the month following the reporting period beginning with the initial job conference and continuing through the completion of the project. Those contractors who have fewer than five employees or whose employees are all from the same family or who have completed the Form STD-21 within the past 12 months may, within the 15 days, request an exemption from the Form STD-21 submission requirement from the contracting agency.
6. The Contractor shall include the provisions of this Nondiscrimination/Sexual Harassment Clause in every subcontract so that those provisions applicable to subcontractors will be binding upon each subcontractor.
7. The Commonwealth may cancel or terminate the contract and all money due or to become due under the contract may be forfeited for a violation of the terms and conditions of this Nondiscrimination/Sexual Harassment Clause. In addition, the agency may proceed with debarment or suspension and may place the Contractor in the Contractor Responsibility File.

EXHIBIT D

PENNSYLVANIA RIGHT TO KNOW LAW

- a. The Pennsylvania Right-to-Know Law, 65 P.S. §§ 67.101-3104, ("RTKL") applies to this Contract. For the purpose of these provisions, the term "the Commonwealth" shall refer to the contracting Commonwealth agency.
- b. If the Commonwealth needs the Contractor's assistance in any matter arising out of the RTKL related to this Contract, it shall notify the Contractor using the legal contact information provided in this Contract. The Contractor, at any time, may designate a different contact for such purpose upon reasonable prior notice to the Commonwealth.
- c. Upon written notification from the Commonwealth that it requires the Contractor's assistance in responding to a request under the RTKL for information related to this Contract that may be in the Contractor's possession, constituting, or alleged to constitute, a public record in accordance with the RTKL ("Requested Information"), the Contractor shall:
 1. Provide the Commonwealth, within ten (10) calendar days after receipt of written notification, access to, and copies of, any document or information in the Contractor's possession arising out of this Contract that the Commonwealth reasonably believes is Requested Information and may be a public record under the RTKL; and
 2. Provide such other assistance as the Commonwealth may reasonably request, in order to comply with the RTKL with respect to this Contract.
- d. If the Contractor considers the Requested Information to include a request for a Trade Secret or Confidential Proprietary Information, as those terms are defined by the RTKL, or other information that the Contractor considers exempt from production under the RTKL, the Contractor must notify the Commonwealth and provide, within seven (7) calendar days of receiving the written notification, a written statement signed by a representative of the Contractor explaining why the requested material is exempt from public disclosure under the RTKL.
- e. The Commonwealth will rely upon the written statement from the Contractor in denying a RTKL request for the Requested Information unless the Commonwealth determines that the Requested Information is clearly not protected from disclosure under the RTKL. Should the Commonwealth determine that the Requested Information is clearly not exempt from disclosure, the Contractor shall provide the Requested Information within five (5) business days of receipt of written notification of the Commonwealth's determination.
- f. If the Contractor fails to provide the Requested Information within the time period required by these provisions, the Contractor shall indemnify and hold the Commonwealth harmless for any damages, penalties, costs, detriment or harm that the Commonwealth may incur as a result of the Contractor's failure, including any statutory damages assessed against the Commonwealth.
- g. The Commonwealth will reimburse the Contractor for any costs associated with complying with these provisions only to the extent allowed under the fee schedule established by the Office of Open Records or as otherwise provided by the RTKL if the fee schedule is inapplicable.
- h. The Contractor may file a legal challenge to any Commonwealth decision to release a record to the public with the Office of Open Records, or in the Pennsylvania Courts, however, the Contractor shall indemnify the Commonwealth for any legal expenses incurred by the Commonwealth as a result of such a challenge and shall hold the Commonwealth harmless for any damages, penalties, costs, detriment or

harm that the Commonwealth may incur as a result of the Contractor's failure, including any statutory damages assessed against the Commonwealth, regardless of the outcome of such legal challenge. As between the parties, the Contractor agrees to waive all rights or remedies that may be available to it as a result of the Commonwealth's disclosure of Requested Information pursuant to the RTKL.

i. The Contractor's duties relating to the RTKL are continuing duties that survive the expiration of this Contract and shall continue as long as the Contractor has Requested Information in its possession

EXHIBIT E

CONTRACTOR RESPONSIBILITY PROVISIONS

For the purpose of these provisions, the term Contractor is defined as any person, including, but not limited to, a bidder, offeror, loan recipient, grantee, or subgrantee, who has furnished or seeks to furnish goods, supplies, services, or leased space, or who has performed or seeks to perform construction activity under contract, subcontract, grant, or subgrant with the Commonwealth, or with a person under contract, subcontract, grant, or subgrant with the Commonwealth or its state-affiliated entities, and state-related institutions. The term Contractor may include a permittee, licensee, or any agency, political subdivision, instrumentality, public authority, or other entity of the Commonwealth.

1. The Contractor must certify, in writing, for itself and all its subcontractors, that as of the date of its execution of any Commonwealth contract, that neither the Contractor, nor any subcontractors, nor any suppliers are under suspension or debarment by the Commonwealth or any governmental entity, instrumentality, or authority and, if the Contractor cannot so certify, then it agrees to submit, along with the bid/proposal, a written explanation of why such certification cannot be made.

2. The Contractor must also certify, in writing, that as of the date of its execution, of any Commonwealth contract it has no tax liabilities or other Commonwealth obligations.

3. The Contractor's obligations pursuant to these provisions are ongoing from and after the effective date of the contract through the termination date thereof. Accordingly, the Contractor shall have an obligation to inform the contracting agency if, at any time during the term of the Contract, it becomes delinquent in the payment of taxes, or other Commonwealth obligations, or if it or any of its subcontractors are suspended or debarred by the Commonwealth, the federal government, or any other state or governmental entity. Such notification shall be made within 15 days of the date of suspension or debarment.

4. The failure of the Contractor to notify the contracting agency of its suspension or debarment by the Commonwealth, any other state, or the federal government shall constitute an event of default of the Contract with the Commonwealth.

5. The Contractor agrees to reimburse the Commonwealth for the reasonable costs of investigation incurred by the Office of State Inspector General for investigations of the Contractor's compliance with the terms of this or any other agreement between the Contractor and the Commonwealth, which results in the suspension or debarment of the Contractor. Such costs shall include, but shall not be limited to, salaries of investigators, including overtime; travel and lodging expenses; and expert witness and documentary fees. The Contractor shall not be responsible for investigative costs for investigations that do not result in the Contractor's suspension or debarment.

6. The Contractor may obtain a current list of suspended and debarred Commonwealth Contractors by either searching the internet at <http://www.dgs.state.pa.us/debarment.htm> or contacting the:

Department of General Services, Office of Chief Counsel, 603 North Office Building, Harrisburg, PA 17125, Telephone No: (717) 783-6472, FAX No: (717) 787-9138

L-29

L-30

EXHIBIT F

CONTRACTOR INTEGRITY PROVISIONS

Revised 5/4/2011

It is essential that those who seek to contract with the Commonwealth of Pennsylvania ("Commonwealth") observe high standards of honesty and integrity. They must conduct themselves in a manner that fosters public confidence in the integrity of the Commonwealth procurement process.

In furtherance of this policy, Contractor agrees to the following:

1. Contractor shall maintain the highest standards of honesty and integrity during the performance of this contract and shall take no action in violation of state or federal laws or regulations or any other applicable laws or regulations, or other requirements applicable to Contractor or that govern contracting with the Commonwealth.
2. Contractor shall establish and implement a written business integrity policy, which includes, at a minimum, the requirements of these provisions as they relate to Contractor employee activity with the Commonwealth and Commonwealth employees, and which is distributed and made known to all Contractor employees.
3. Contractor, its affiliates, agents and employees shall not influence, or attempt to influence, any Commonwealth employee to breach the standards of ethical conduct for Commonwealth employees set forth in the *Public Official and Employees Ethics Act, 65 Pa.C.S. §§1101 et seq.*; the *State Adverse Interest Act, 71 P.S. §776.1 et seq.*; and the *Governor's Code of Conduct, Executive Order 1980-18, 4 Pa. Code §7.151 et seq.*, or to breach any other state or federal law or regulation.
4. Contractor, its affiliates, agents and employees shall not offer, give, or agree or promise to give any gratuity to a Commonwealth official or employee or to any other person at the direction or request of any Commonwealth official or employee.
5. Contractor, its affiliates, agents and employees shall not offer, give, or agree or promise to give any gratuity to a Commonwealth official or employee or to any other person, the acceptance of which would violate the *Governor's Code of Conduct, Executive Order 1980-18, 4 Pa. Code §7.151 et seq.* or any statute, regulation, statement of policy, management directive or any other published standard of the Commonwealth.
6. Contractor, its affiliates, agents and employees shall not, directly or indirectly, offer, confer, or agree to confer any pecuniary benefit on anyone as consideration for the decision, opinion, recommendation, vote, other exercise of discretion, or violation of a known legal duty by any Commonwealth official or employee.
7. Contractor, its affiliates, agents, employees, or anyone in privity with him or her shall not accept or agree to accept from any person, any gratuity in connection with the performance of work under the contract, except as provided in the contract.
8. Contractor shall not have a financial interest in any other contractor, subcontractor, or supplier providing services, labor, or material on this project, unless the financial interest is disclosed to the Commonwealth in writing and the Commonwealth consents to Contractor's financial interest

L-31

prior to Commonwealth execution of the contract. Contractor shall disclose the financial interest to the Commonwealth at the time of bid or proposal submission, or if no bids or proposals are solicited, no later than Contractor's submission of the contract signed by Contractor.

9. Contractor, its affiliates, agents and employees shall not disclose to others any information, documents, reports, data, or records provided to, or prepared by, Contractor under this contract without the prior written approval of the Commonwealth, except as required by the *Pennsylvania Right-to-Know Law, 65 P.S. §§ 67.101-3104*, or other applicable law or as otherwise provided in this contract. Any information, documents, reports, data, or records secured by Contractor from the Commonwealth or a third party in connection with the performance of this contract shall be kept confidential unless disclosure of such information is:
 - a. Approved in writing by the Commonwealth prior to its disclosure; or
 - b. Directed by a court or other tribunal of competent jurisdiction unless the contract requires prior Commonwealth approval; or
 - c. Required for compliance with federal or state securities laws or the requirements of national securities exchanges; or
 - d. Necessary for purposes of Contractor's internal assessment and review; or
 - e. Deemed necessary by Contractor in any action to enforce the provisions of this contract or to defend or prosecute claims by or against parties other than the Commonwealth; or
 - f. Permitted by the valid authorization of a third party to whom the information, documents, reports, data, or records pertain; or
 - g. Otherwise required by law.
10. Contractor certifies that neither it nor any of its officers, directors, associates, partners, limited partners or individual owners has been officially notified of, charged with, or convicted of any of the following and agrees to immediately notify the Commonwealth agency contracting officer in writing if and when it or any officer, director, associate, partner, limited partner or individual owner has been officially notified of, charged with, convicted of, or officially notified of a governmental determination of any of the following:
 - a. Commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements or receiving stolen property.
 - b. Commission of fraud or a criminal offense or other improper conduct or knowledge of, approval of or acquiescence in such activities by Contractor or any affiliate, officer, director, associate, partner, limited partner, individual owner, or employee or other individual or entity associated with:
 - (1) obtaining;
 - (2) attempting to obtain; or
 - (3) performing a public contract or subcontract.

L-32

Contractor's acceptance of the benefits derived from the conduct shall be deemed evidence of such knowledge, approval or acquiescence.

- c. Violation of federal or state antitrust statutes.
- d. Violation of any federal or state law regulating campaign contributions.
- e. Violation of any federal or state environmental law.
- f. Violation of any federal or state law regulating hours of labor, minimum wage standards or prevailing wage standards; discrimination in wages; or child labor violations.
- g. Violation of the *Act of June 2, 1915 (P.L.736, No. 338)*, known as the *Workers' Compensation Act, 77 P.S. 1 et seq.*
- h. Violation of any federal or state law prohibiting discrimination in employment.
- i. Debarment by any agency or department of the federal government or by any other state.
- j. Any other crime involving moral turpitude or business honesty or integrity.

Contractor acknowledges that the Commonwealth may, in its sole discretion, terminate the contract for cause upon such notification or when the Commonwealth otherwise learns that Contractor has been officially notified, charged, or convicted.

11. If this contract was awarded to Contractor on a non-bid basis, Contractor must, (as required by *Section 1641 of the Pennsylvania Election Code*) file a report of political contributions with the Secretary of the Commonwealth on or before February 15 of the next calendar year. The report must include an itemized list of all political contributions known to Contractor by virtue of the knowledge possessed by every officer, director, associate, partner, limited partner, or individual owner that has been made by:

- a. Any officer, director, associate, partner, limited partner, individual owner or members of the immediate family when the contributions exceed an aggregate of one thousand dollars (\$1,000) by any individual during the preceding year; or
- b. Any employee or members of his immediate family whose political contribution exceeded one thousand dollars (\$1,000) during the preceding year.

To obtain a copy of the reporting form, Contractor shall contact the Bureau of Commissions, Elections and Legislation, Division of Campaign Finance and Lobbying Disclosure, Room 210, North Office Building, Harrisburg, PA 17120.

12. Contractor shall comply with requirements of the *Lobbying Disclosure Act, 65 Pa.C.S. § 13A01 et seq.*, and the regulations promulgated pursuant to that law. Contractor employee activities prior to or outside of formal Commonwealth procurement communication protocol are considered lobbying and subjects the Contractor employees to the registration and reporting requirements of the law. Actions by outside lobbyists on Contractor's behalf, no matter the procurement stage, are not exempt and must be reported.
13. When Contractor has reason to believe that any breach of ethical standards as set forth in law, the Governor's Code of Conduct, or in these provisions has occurred or may occur, including but not

L-33

limited to contact by a Commonwealth officer or employee which, if acted upon, would violate such ethical standards, Contractor shall immediately notify the Commonwealth contracting officer or Commonwealth Inspector General in writing.

14. Contractor, by submission of its bid or proposal and/or execution of this contract and by the submission of any bills, invoices or requests for payment pursuant to the contract, certifies and represents that it has not violated any of these contractor integrity provisions in connection with the submission of the bid or proposal, during any contract negotiations or during the term of the contract.
15. Contractor shall cooperate with the Office of Inspector General in its investigation of any alleged Commonwealth employee breach of ethical standards and any alleged Contractor non-compliance with these provisions. Contractor agrees to make identified Contractor employees available for interviews at reasonable times and places. Contractor, upon the inquiry or request of the Office of Inspector General, shall provide, or if appropriate, make promptly available for inspection or copying, any information of any type or form deemed relevant by the Inspector General to Contractor's integrity and compliance with these provisions. Such information may include, but shall not be limited to, Contractor's business or financial records, documents or files of any type or form that refers to or concern this contract.
16. For violation of any of these Contractor Integrity Provisions, the Commonwealth may terminate this and any other contract with Contractor, claim liquidated damages in an amount equal to the value of anything received in breach of these provisions, claim damages for all additional costs and expenses incurred in obtaining another contractor to complete performance under this contract, and debar and suspend Contractor from doing business with the Commonwealth. These rights and remedies are cumulative, and the use or non-use of any one shall not preclude the use of all or any other. These rights and remedies are in addition to those the Commonwealth may have under law, statute, regulation, or otherwise.
17. For purposes of these Contractor Integrity Provisions, the following terms shall have the meanings found in this Paragraph 17.

- a. "Confidential information" means information that a) is not already in the public domain; b) is not available to the public upon request; c) is not or does not become generally known to Contractor from a third party without an obligation to maintain its confidentiality; d) has not become generally known to the public through a act or omission of Contractor; or e) has not been independently developed by Contractor without the use of confidential information of the Commonwealth.
- b. "Consent" means written permission signed by a duly authorized officer or employee of the Commonwealth, provided that where the material facts have been disclosed, in writing, by pre-qualification, bid, proposal, or contractual terms, the Commonwealth shall be deemed to have consented by virtue of execution of this contract.
- c. "Contractor" means the individual or entity that has entered into this contract with the Commonwealth, including those directors, officers, partners, managers, and owners having more than a five percent interest in Contractor.
- d. "Financial interest" means:
 - (1) Ownership of more than a five percent interest in any business; or

L-34

- (2) Holding a position as an officer, director, trustee, partner, employee, or holding any position of management.

- e. "Gratuity" means tendering, giving or providing anything of more than nominal monetary value including, but not limited to, cash, travel, entertainment, gifts, meals, lodging, loans, subscriptions, advances, deposits of money, services, employment, or contracts of any kind. The exceptions set forth in the *Governor's Code of Conduct, Executive Order 1980-18*, the *4 Pa. Code §7.153(b)*, shall apply.
- f. "Immediate family" means a spouse and any unemancipated child.
- g. "Non-bid basis" means a contract awarded or executed by the Commonwealth with Contractor without seeking bids or proposals from any other potential bidder or offeror.
- h. "Political contribution" means any payment, gift, subscription, assessment, contract, payment for services, dues, loan, forbearance, advance or deposit of money or any valuable thing, to a candidate for public office or to a political committee, including but not limited to a political action committee, made for the purpose of influencing any election in the Commonwealth of Pennsylvania or for paying debts incurred by or for a candidate or committee before or after any election.

L-35

EXHIBIT G

PROVISIONS CONCERNING THE AMERICANS WITH DISABILITIES ACT

1. Pursuant to federal regulations promulgated under the authority of *The Americans With Disabilities Act, 28 C.F.R. §35.101 et seq.*, the Contractor understands and agrees that no individual with a disability shall, on the basis of the disability, be excluded from participation in this contract or from activities provided for under this contract. As a condition of accepting and executing this contract, the Contractor agrees to comply with the *"General Prohibitions Against Discrimination," 28 C.F.R. §35.130*, and all other regulations promulgated under Title II of *The Americans With Disabilities Act* which are applicable to the benefits, services, programs, and activities provided by the Commonwealth through contracts with outside contractors.

2. The Contractor shall be responsible for and agrees to indemnify and hold harmless the Commonwealth of Pennsylvania from all losses, damages, expenses, claims, demands, suits, and actions brought by any party against the Commonwealth of Pennsylvania as a result of the Contractor's failure to comply with the provisions of paragraph 1 above.

L-36

[THIS PAGE INTENTIONALLY LEFT BLANK]

Appendix “M”

Form of DGS Parking Lease

[THIS PAGE INTENTIONALLY LEFT BLANK]



VEHICLE PARKING LEASE

THIS VEHICLE PARKING LEASE ("Lease"), is executed this 16th day of December, 2013, by and between the Pennsylvania Economic Development Financing Authority ("Lessor") with offices at Commonwealth Keystone Building, 400 North Street, 4th Floor, Harrisburg, PA 17120 and the Pennsylvania Department of General Services ("Lessee" or the "Commonwealth") with offices at 515 North Office Building, Harrisburg, PA 17125-0001.

WITNESSETH:

WHEREAS, by the Act of April 9, 1929, P.L. 177, as amended, 71 P.S. Section 632(d), the Department of General Services is, with the approval of the Board of Commissioners of Public Grounds and Buildings, authorized and empowered to rent proper and adequate offices, rooms or accommodations for any department, board of commission which cannot be properly and adequately accommodated with offices, rooms and accommodations in the Capitol Buildings; and

WHEREAS, the Commonwealth currently contracts for a significant number of parking spaces from Harrisburg parking garages; and

WHEREAS, Lessee desires to enter into a consolidated and long-term contract for vehicle parking upon the terms and conditions of this Lease; and

WHEREAS, Lessor has acquired vehicle parking facilities in the City of Harrisburg, Pennsylvania, which it causes to be operated and which are located at the locations set forth on Exhibit "D" attached hereto, such acquisition having been made, inter alia, through the issuance of Harrisburg Parking System Revenue Bonds (the "Bonds"), issued by the Lessor under a Trust Indenture dated December 1, 2013 from the Lessor to U.S. Bank, National Association, as trustee; and

WHEREAS, Lessor is willing to enter into this Lease with Lessee for parking spaces at the Facilities under the terms and conditions set forth in this Lease.

NOW THEREFORE, intending to be legally bound hereby, Lessee and Lessor do hereby covenant and agree as follows:

1. Assignment of Parking.

(a) Assignment of Unreserved Parking Spaces. Lessor hereby leases to the Lessee and the Lessee hereby agrees to lease parking spaces at the Facilities as per

M-1

obtained. This Lease shall not be a legally binding contract until the Effective Date is affixed and the fully executed Lease has been sent to the Lessor. Notwithstanding the foregoing Term, the Lessee shall have a single option ("Option"), to be effective on the first day of the 21st year of the Term, to reduce the aggregate number of spaces covered by this Lease by not more than 10% of the original number of spaces leased pursuant to this Lease. Lessor shall give Lessee written notice of the Option not less than 180 days prior to the end of the 20th year of the Term. To exercise the Option, the Lessee shall give the Lessor not less than 90 days written notice prior to the end of the 20th year of the Term, setting forth the number of spaces which the Lessee wishes to reduce (not to exceed 10% of the spaces) and the Facilities in which such reductions shall occur; provided, however, that the reduction by Facility shall not reduce the Rent Payments then in effect by more than 10% in the aggregate. Further notwithstanding the foregoing Term, upon in each instance, not less than 180 days' prior written notice from the Lessee to the Lessor (i) at any time during the first 20 years of the Term, the Lessee shall have the right to request that the Lessor rent on a monthly basis, lease any of the spaces covered by this Lease and (ii) commencing on the first day of the 21st year of the Term, through and including the last day of the Term, the Lessee shall have the right to request that the Lessor rent, on a monthly basis, lease any of the spaces covered by this Lease, other than the number of spaces which the Lessee determines to reduce pursuant to the Option. To the extent that the Lessee so requests as provided herein, Lessee shall be relieved of the obligation to pay monthly Rent Payments thereon, at the applicable rents then in effect, only to the extent that, in each month, the Lessor is able to lease any of the spaces so requested, on a monthly basis, at the monthly rates for such spaces as from time to time in effect as per the attached, and only to the extent that the Lessor receives amounts in payment therefor.

4. Renewal. Provided neither party gives the other thirty (30) days notice that the Lease shall terminate, in that event, at the end of the Term this Lease shall continue and be automatically renewed from month to month until either party shall give the other thirty (30) days notice in writing of its intention to terminate the Lease.

5. Parking Rent. The rent for the use of each parking space will be as per the fee schedule set forth in Exhibit "D".

6. Rent Payments.

- a. Lessee shall make Rent payments electronically through Automated Clearing House ("ACH"). Lessor shall complete the Pennsylvania Electronic Payment Program (PEPP) Enrollment Form, which is available at: <https://www.vendorregistration.state.pa.us/cvnu/paper/Forms/ACH-EFTenrollmentform.pdf>.
- i. No later than 10 days after Lessor's receipt of the executed Lease, Lessor shall submit the completed PEPP Enrollment Form by fax to the Commonwealth of Pennsylvania, Vendor Data Management Unit, Payable Service Center at 717-214-0140, or by mail to the Commonwealth of Pennsylvania, Office

M-3

the attached Exhibit "D", as to the number of spaces at each Facility, the monthly rental amounts to be paid, from time to time, for each space and the other provisions which shall apply to the number of spaces. The total number of parking spaces at the Facilities, subject to reduction as provided in Section 2 of this Lease, shall be, in the aggregate, as per the attached Exhibit "D".

The parking spaces will be separated by clearly defined, painted lines and will be of sufficient size to accommodate a standard size four-door, American-made sedan.

The Lessee may make arrangements with Lessee's employees as to such employees' use (and may, impose charges on employees for such use) for spaces at each Facility; provided, however, that only Lessee shall be and continue to be liable for Rent Payments.

(b) Assignment of Reserved Parking Spaces. Lessor agrees to assign Lessee the use of not more than 2% of the aggregate number of spaces in the Facilities for reserved parking spaces, the number of spaces and locations being set forth on the attached Exhibit "D". The assigned spaces will be numbered and a sign will be prominently displayed that the assigned spaces are reserved and not available for public parking. All of the assigned spaces, to the extent possible, will be in the same one or more contiguous areas and will be adjacent to one another. Lessee will assign each space and, when a space is assigned to a Lessee employee, Lessee will provide Lessor: the assigned employee's name, the vehicle's make and model, the license plate number, and the employee's business telephone number for use in an emergency only.

2. Change In Number of Spaces. Lessor and Lessee may mutually agree to expand the number of spaces under this Lease at the same payment rates and terms and conditions, as set forth on Exhibit "D". In addition, the Lessee, at any time on or after January 1, 2014 through and including December 31, 2015, may add up to 765 additional spaces (840 parking passes) to the number of spaces covered by this Lease, at the Contract Parking Rates then and thereafter applicable to the respective Facilities in which such spaces are located, all as set forth on Exhibit "D". On January 1, 2016, the number of spaces covered by this Lease and the provisions of Exhibit "D" shall be automatically increased by 765 spaces (840 parking passes) less any spaces previously added by the Lessee during the period through and including December 31, 2015. On January 1, 2016, three hundred forty-four (344) parking spaces (378 parking passes) representing forty-five percent (45%) of the additional spaces added will be designated as "Discounted Contract Spaces" and be charged at the Discounted Contract Rate as set forth in Exhibit D for the Term. The remaining 421 spaces (462 parking passes) of the additional parking space will be added to "Contracted Spaces" and charged at the applicable Contract Parking Rate as set forth in Exhibit D.

3. Term. The term ("Term") of this Lease shall be for thirty (30) years and shall commence (the "Commencement Date") on the later of (i) the date the Facilities are acquired by the Lessor, or (ii) not later than 60 days after the Effective Date (as defined below) unless mutually agreed to in writing by the parties, and shall expire on December 31, 2043, subject to the other provisions of this Lease. The Effective Date shall be fixed by the Lessee after the Lease has been fully executed by the Lessor and by the Lessee, and all approvals required by Commonwealth contracting procedures have been

M-2

of Budget, Payable Services Center, 555 Walnut Street – 9th Floor, Harrisburg, PA 17101.

- ii. Lessor shall provide a unique invoice number to identify Lessee's payment of the monthly Rent. The unique invoice number will be listed on the Commonwealth of Pennsylvania's ACH remittance advice to enable Lessor to properly apply receipt of Lessee's Rent payments to the invoice number that corresponds to payment of the monthly Rent. It is the responsibility of the Lessor to ensure that the ACH information submitted is correct. Failure to timely submit and maintain accurate and complete ACH information may result in delays in Rent payments.
 - iii. It shall be the responsibility of the Lessor to ensure that the ACH information submitted is correct and to ensure the most current information is provided to the Vendor Data Management Unit throughout the term of the Lease.
 - iv. Lessor hereby acknowledges and agrees that failure to timely submit and maintain accurate and complete ACH information may result in delays in Rent.
- b. Lessee reserves the right, upon thirty (30) days prior written notice to Lessor, to offset future Rent payments to recover any prior Rent overpayment made by Lessee to Lessor.
- c. The provisions of this Section 6 shall be automatically and simultaneously amended if the Lessee changes the manner in which it makes Rent Payments and provides notice of such change to the Lessor.

7. Availability of Funds.

- a. Lease Payments to be Unconditional to the Extent of Legally Available Moneys; Acknowledgment of Assignment of Lease Payments by Lessor.
- i. Subject at all times and in all events to the provisions of Section 7(b) of this Lease, and conditioned on there being no Event of Default by Lessor hereunder which has occurred and is continuing, the obligations of Lessee to make Rent Payments, to pay any other amounts provided for in this Lease and to perform its obligations hereunder, shall otherwise be absolute and unconditional, and such Rent Payments and other amounts shall be so payable without any rights of set-off, recoupment or counterclaim the Lessee might have against the Lessor.

M-4

- ii. Lessee hereby consents to the assignment and any subsequent assignments of this Lease as provided in Section 29 of this Lease, as fully as if the same were set forth herein, and agrees to make all Rent Payments required to be made hereunder directly to the Trustee or subsequent entity or trustee to the extent that the Lessee has been advised of such assignment.
- b. Non-appropriation/Cancellation.
- i. It is understood and agreed between the parties hereto that if there is a failure of sufficient appropriation by the General Assembly to continue payment of the Rent Payments then the Lessee shall have the right to cancel this Lease by giving one month's notice in writing.
 - ii. Anything in this Lease to the contrary notwithstanding, the cost and expense of the performance by the Lessee of its obligations under this Lease and the incurrence of any liabilities of Lessee under this Lease, including, without limitation, the payment of all Rent Payments, shall in all respects be subject to and dependent upon appropriations being made from time to time by the Commonwealth for such purposes. Lessee may also at any time make any payments required hereunder from any other source legally available for the purpose.
 - iii. To carry out its duties and responsibilities hereunder, the Commonwealth shall include in its budget and rebudget requests for the next occurring Fiscal Year in order for the Lessee to request appropriations sufficient to make all of the Rent Payments scheduled to become due in the next occurring Fiscal Year.
 - iv. If, on the 30th day after the commencement of any Fiscal Year, sufficient funds have not been appropriated for the use of the Lessee for the purpose of paying all of the Rent Payments scheduled to be paid in such Fiscal Year, the Secretary of the Department of General Services shall cause to be delivered written notice thereof (a "notice of non-appropriation") to the Lessor within 10 calendar days after such 30th day. Upon the Lessor's receipt of a notice of non-appropriation, the Term shall terminate, either in whole or in part, as of the end of the Fiscal Year just ended; provided, however, such termination shall not become effective as of the end of such Fiscal Year just ended if, within 10 calendar days of the 30th day after the end of such Fiscal Year just completed, the Secretary shall cause to be delivered to the

M-5

- Use insurance due to a covered loss, including Leasehold Interest Coverage in favor of Lessee subject to a minimum limit of twice the Rent due for the first Lease Year. The period of coverage for this Loss of Use shall be, at a minimum, the length of the original construction period of the applicable construction project.
- iv. Property. At all other periods during the term of the Lease, Lessor shall provide "All-Risk" or equivalent property insurance covering the Building and appurtenant structures and improvements up to the full replacement cost thereof, including all fixtures, equipment, machinery and apparatus which constitute a permanent part of such Building, and other structures and improvements. If the coverage is available and commercially appropriate (with commercially appropriate sublimits), such property insurance shall insure against all risks of direct physical loss or damage including without limitation the perils of fire (with extended coverage), and physical loss or damage including theft, vandalism, malicious mischief, collapse, earthquake, flood, windstorm, and boiler/machinery. Such policy shall also include coverage for debris removal and the enforcement of any legal requirements requiring the upgrading, demolition, reconstruction or replacement of any portion of the Facilities as the result of a covered loss. Such policy shall permit partial occupancy as construction progresses.
- b. At all times when Lessor is obligated to maintain insurance coverage as provided in this Paragraph, Lessor shall comply with the following requirements:
- i. All policies will be issued by carriers having ratings of Best's Insurance Guide A- or better, or its substantial equivalent if such Guide is no longer published, and admitted or permitted to engage in the business of insurance in the Commonwealth of Pennsylvania for the past five years. If any coverage is provided by an unrated captive, such captive will have financial resources of equivalent standing to those meriting a rating of Best's Insurance Guide A- or better, with audited financials of the captive to be furnished annually to Lessee.
 - ii. Any non-standard policy or endorsement other than as specified herein must be approved in advance in writing by Lessee, which approval shall not be unreasonably withheld, conditioned or delayed. No policy will contain a deductible or self-insured retention in excess of the limits set forth above, unless mutually agreed by Lessor and Lessee in their sole discretion.

M-7

Lessor a written statement to the effect that he reasonably expects sufficient funds for the then-current Fiscal Year to be appropriated therefor, and in such event the Term shall continue into the then-current Fiscal Year so long, but only so long, as an appropriation becomes available from which to make the related Rent Payment at least thirty (30) days prior to each related Payment Date.

8. Insurance.

- a. At all times during the term of the Lease, Lessor shall procure and maintain, at its expense, the following types of insurance, issued by companies acceptable to Lessee and authorized to conduct such business under the laws of the Commonwealth of Pennsylvania:
 - i. Worker's Compensation Insurance for all of Lessor's employees and those of any contractor engaged in work at the Facilities, in accordance with the Worker's Compensation Act of 1915 and any supplements or amendments thereto.
 - ii. Public Liability Insurance to protect Lessee, Lessor and any and all contractors from claims for damages for personal injury (including bodily injury), sickness or disease, accidental death and damage to property, including loss of use resulting from property damage, which may arise from services performed by Lessor, its agents or employees under this Lease, or from an alleged defective, dangerous or uninhabitable condition of the Facilities. The limits of such insurance shall be in an amount not less than \$500,000 each person and \$2,000,000 each occurrence. Such policy shall name the Commonwealth of Pennsylvania as an additional insured.
 - iii. Builders Risk. During the period of any construction of the Facilities or the building (including, without limitation, the Work), Lessor shall purchase and maintain (or shall cause its general contractor to purchase and maintain) Builders Risk "All Risk" or equivalent policy form in the amount of the initial construction contract sum plus the value of subsequent contract modifications and the cost of materials supplied or installed by others, comprising the total value of the entire Building on a replacement cost basis without optional deductibles. Such property insurance shall also cover portions of the Work stored off the site and portions of the Work in transit. Such insurance shall, unless otherwise agreed in writing by all persons and entities that are beneficiaries of such insurance, (a) be maintained until the construction project is complete, (b) include at least the interests of Lessor, Lessee, and any and all contractors, and (c) include Loss of

M-6

- iii. If the forms of policies, endorsements, certificates, or evidence of insurance required hereunder are superseded or discontinued, Lessee will have the right to require Lessor to provide other substantially equivalent forms consistent with the standards observed by prudent and reputable owners of office buildings of the same class as the Building, in the locality of the Building. Evidence of the insurance coverage required to be maintained by Lessor hereunder, represented by certificates of insurance issued by the insurance carrier(s) and constituting actual evidence of coverage, must be furnished to Lessee, at the address set forth in Paragraph 13 "Notice," at least thirty (30) days prior to the Commencement Date, and at least thirty (30) days prior to the expiration of current policies. Such certificates will specify the additional insured status (as applicable) of the Commonwealth of Pennsylvania. Such certificates will state that persons and parties required to be named hereunder as additional insureds have been so named, and that such additional insureds will be notified in writing thirty (30) days prior to cancellation, material change, or non-renewal of insurance. The "endeavor to" language contained in any cancellation notice section of such certificate shall be deleted. Such certificates, or a separate writing issued by the insurer or its agent together with such certificate, shall set forth the amounts of deductibles and all self-insured retentions.
- iv. If Lessor fails to comply with its covenants made in this Paragraph, Lessee may, at its option, cause insurance as aforesaid to be issued, and in such event Lessor agrees to pay the premium for such insurance promptly upon Lessee's demand.
- v. Lessor may carry any insurance required by this Paragraph under a blanket policy, applicable to the property to be insured hereunder for the risks and in the amounts required pursuant to this Paragraph, provided that all requirements of this Paragraph shall be complied with in respect of such policy.
- vi. If requested in writing, Lessor shall provide to Lessee a certified copy of any and all insurance policies or endorsements required by this Lease, and Lessor shall provide such certified policies to Lessee within thirty (30) days after written request is made. These certificates shall contain a provision that the coverage afforded under the policies will not be canceled or changed until at least thirty (30) days' written notice has been given to Lessee.
- vii. All liability insurance to be maintained by Lessor shall be on an occurrence basis.

M-8

9. Damage/Destruction. In the event of damage to one or more of the Facilities, by fire, flood, lightning, or other Act of God, or act of terrorism rendering it impossible or substantially inconvenient for Lessee to continue to occupy or use the particular Facility for its operations, the Lessor, after notice from the Lessee of the condition shall have sixty (60) days to repair and/or restore the particular Facility to a tenable condition. If Lessor fails to repair and/or restore the particular Facility within said period of sixty (60) days, or if Lessor fails to make reasonable progress during the sixty (60) day period, as determined by Lessee in its sole discretion, Lessee may, at its option: a.) terminate this Lease as to the particular Facility by giving Lessor thirty (30) days' written termination notice or b.) after first giving Lessor fifteen (15) days' written notice, repair and restore the particular Facility to a tenable condition, and deduct such costs made in restoration of the particular Facility from the Rent due the Lessor. Unless replacement spaces are provided by the Lessor within a reasonable distance to the affected Facility, recognizing the Lessee's need to have available spaces for essential personnel of the Lessee, at Lessee's option, payment of Rent Payments shall abate as long as the particular Facility remains in an untenable condition after notice to Lessor and shall resume only after the condition has been substantially corrected. Such abatement of Rent Payments shall be prorated as follows: [number of spaces lost times the monthly rental then in effect for the spaces lost, times a fraction, the numerator of which is the number of days in a month that the spaces are lost and the denominator of which is the number of days in the affected month].

10. Regulations.

- a. With full understanding by Lessor of the intended use of the Facilities by Lessee, Lessor shall ensure that the Facilities conform to all applicable laws, codes, ordinances, rules and regulations (collectively, "Regulatory Requirements").
- b. Lessor, at its sole expense, shall promptly take action to comply with changes in any Regulatory Requirements when such changes occur during the term of this Lease and any renewal thereof.
- c. Lessor shall be responsible for the payment of any signage fees imposed by local governmental authorities.

11. Maintenance of Facility. Lessor agrees to maintain the Facilities pursuant to a commercially reasonable standard and to make all necessary repairs to the Facilities and, in particular, the parking spaces. Lessor agrees to timely, recognizing the Lessee's need to have available spaces for essential personnel of the Lessee, keep access to and from the parking spaces and the parking spaces themselves free and clear of snow and ice and any other obstacles or debris. Further, the ramps, approaches, and exterior and interior driving areas will be lighted to meet code standards at all times and will be maintained to be free of potholes, obstacles, and other similar impediments to safe driving in the Facility. Lessor shall use commercially reasonable efforts to remove snow and ice from sidewalks and parking areas within four hours after cessation of snow, sleet or icing weather. It is the Lessor's responsibility to correct all unsafe conditions relating to freezing and thawing.

M-9

or obligations, or responsibilities hereunder without the prior written consent of Lessee, which consent may be withheld at the sole and absolute discretion of Lessee.

16. Right to Know Law Requirements.

- a. The Pennsylvania Right-to-Know Law, 65 P.S. §§ 67.101-3104 ("RTKL"), applies to this Lease.
- b. If Lessee needs Lessor's assistance in any matter arising out of the RTKL related to this Lease, it shall notify Lessor using the legal contact information provided in this Lease. Lessor, at any time, may designate a different contact for such purpose upon reasonable prior written notice to Lessee.
- c. Upon written notification from Lessee that it requires Lessor's assistance in responding to a request under the RTKL for information in Lessor's possession, constituting, or alleged to constitute, a public record in accordance with the RTKL ("Requested Information"), Lessor shall:
 - i. Provide Lessee, within ten (10) calendar days after receipt of written notification, access to, and copies of, any document or information in Lessor's possession arising out of this Lease that Lessee reasonably believes is Requested Information and may be a public record under the RTKL; and
 - ii. Provide such other assistance as Lessee may reasonably request, in order to comply with the RTKL with respect to this Lease.
- d. If Lessor considers the Requested Information to include a request for a Trade Secret or Confidential Proprietary Information, as those terms are defined by the RTKL, or other information that the Lessor considers exempt from production under the RTKL, Lessor must notify Lessee and provide, within seven (7) calendar days of receiving the written notification, a written statement signed by a representative of Lessor, explaining why the requested material is exempt from public disclosure under the RTKL.
- e. Lessee will rely upon the written statement from Lessor in denying a RTKL request for the Requested Information unless Lessee determines that the Requested Information is clearly not protected from disclosure under the RTKL. Should Lessee determine that the Requested Information is clearly not exempt from disclosure, Lessor shall provide the Requested Information within five (5) business days of receipt of written notification of Lessee's determination.
- f. Lessee will reimburse Lessor for any costs associated with complying with these provisions only to the extent allowed under the fee

M-11

12. Removal of Illegally-Parked Vehicles. Lessor agrees to either provide or contract with a towing service to have vehicles removed that illegally park at the Facilities. Lessor agrees to be solely responsible for managing, setting, or contesting any claims that may occur as the result of a vehicle's removal or attempted removal.

13. Notice. Any notice or demand from Lessee to Lessor or from Lessor to Lessee shall be in writing and shall be delivered by hand or by deposit in United States mail, overnight, postage prepaid, via registered or certified mail. If to Lessor, in an envelope addressed to the attention of:

Pennsylvania Economic Development Financing Authority
 c/o Department of Community and Economic Development
 Commonwealth Keystone Building
 400 North Street, 4th Floor
 Harrisburg, PA 17120

With copies to:

PK Harris Advisors, Inc.
 [See Insert]

Standard Parking Corporation
 [See Insert]

Capitol Region Economic Development Corporation
 3211 North Front Street
 Suite 201
 Harrisburg, PA 17110-1342

If to Lessee, in an envelope addressed to the attention of:
 Secretary of the Department of General Services
 Department of General Services
 515 North Office Building
 Harrisburg, PA 17125

14. Additional Provisions. Attached to and made a part of this Lease, are Exhibit "A", Nondiscrimination/Sexual Harassment Clause; Exhibit "B", Contractor Integrity Provision; and Exhibit "C", Contractor Responsibility Provisions. "Contractor" as referenced in these exhibits shall refer to "Lessor" as set forth in this Lease. Such obligations shall be adhered to and performed by Lessor's designated representatives, including any asset manager or parking operator of the Facilities.

15. Assignment. This Lease shall be binding upon the heirs, executors, administrators, successors, or assigns of Lessor. Except as provided in Section 29 of this Lease, the Lessor may not assign, in whole or in part, this Lease, or its rights, duties

M-10

schedule established by the Office of Open Records or as otherwise provided by the RTKL if the fee schedule is inapplicable.

- g. Lessor may file a legal challenge to any Lessee decision to release a record to the public with the Office of Open Records, or in the Pennsylvania courts.
- h. Lessor's duties relating to the RTKL are continuing duties that survive the expiration of this Lease and shall continue as long as Lessor has Requested Information in its possession.

17. Americans With Disabilities Act. During the term of this Lease, Lessor agrees as follows:

- a. Pursuant to federal regulations promulgated under the authority of the Americans with Disabilities Act, 28 C.F.R. Section 35.101 et seq., Lessor understands and agrees that no individual with a disability shall, on the basis of the disability, be excluded from participation in this Lease or from activities provided for under this Lease. As a condition of accepting and executing the Lease, Lessor agrees to comply with the "General Prohibitions Against Discrimination," 28 C.F.R. Section 35.130, and all other regulations promulgated under Title II of the Americans with Disabilities Act which are applicable to the benefits, services programs, and activities provided by the Commonwealth of Pennsylvania through contracts with outside contractors.

18. Events of Default. Any one or more of the following events shall constitute an "Event of Default":

- a. Failure of Lessor to provide the services as stipulated in this Lease without disruption or interruption..
- b. Failure of Lessor to maintain the Premises in a safe and tenable condition.
- c. Failure of Lessor to provide peaceful and uninterrupted possession of the Premises by Lessee.
- d. Failure of Lessor to perform or observe any obligations set forth in this Lease.
- e. Failure of Lessor to notify Lessee of Lease Assignments prior to receiving Lessee's written approval to assign the Lease.
- f. Failure of Lessor to perform or observe any of the other covenants, terms or conditions contained in this Lease within thirty (30) days after written notice by Lessee; provided, however, if the Lessor has commenced to cure any such other covenants, terms and conditions,

M-12

Lessor shall have an additional 60 days to cure prior to the same constituting an Event of Default.

- g. In the event of non-appropriation of Rent Payments as provided in Section 7 hereof.
- h. Failure of the Lessee to pay any of Rent Payments within 10 days after the due date thereof, as set forth in Exhibit "D" hereto.

19. **Remedies of Lessee.** Upon the occurrence and continuance of an Event of Default by Lessor, Lessee may, after giving Lessor thirty (30) days' written notice, except as modified as forth herein, exercise one or more of the following remedies:

- a. If any Event of Default by Lessor results in a material disruption in Lessee's business operations at any Facility of longer than twenty four (24) hours and Lessee notified Lessor of the material disruption in Lessee's business operation with a request to cure within a shorter time period of thirty (30) days as to ensure that Lessee does not continue to experience disruption in their business operations and Lessor fails to cure within any such shorter time period stated in said notice, then Lessee may cure, with written notice to the Lessor, the Event of Default, which is a material disruption in Lessee's business operations, at Lessor's sole cost and expense.
 - i. Lessor shall reimburse Lessee for their reasonable costs and expenses, including but not limited to costs incurred due to a temporary move of Lessee, in connection with Lessee curing the Event of Default together with interest on the amount of such costs and expenses, including but not limited to costs incurred for any and all temporary relocation(s), as a result of the Event of Default, of Lessee, at a rate of ten percent (10%) per annum from the date such costs and expenses were incurred.
 - ii. Such reimbursement shall be made within ten (10) days after Lessor receives an invoice from Lessee detailing the costs and expenses of the cure.
 - iii. If Lessor fails to pay the Lessee the full amount, as evidenced in the invoice from Lessee, within ten (10) days after receipt of the invoice, then Lessee shall have the right to set off the full amount due to Lessor against the Rent Payments.
 - iv. Lessor shall continue to be liable to Lessee for any amounts Lessee elects not to offset against Rent Payments.
- b. If an Event of Default poses a risk of material injury or damage to persons or property, and a cure is reasonably necessary to prevent material injury or damage to persons or property, and Lessee so

M-13

- g. The thirty (30) day notice requirement imposed by Lessee in this Paragraph does not apply where the Event of Default results in Lessee's vacating a Facility. In such an event, the Lessor's thirty (30) day period to cure begins immediately upon the occurrence of the Event of Default notwithstanding that Lessor's written default notice may be sent subsequent to the occurrence of the Event of Default.
- h. The remedies of Lessee set forth in this Paragraph shall be in addition to all other remedies available at law or equity to Lessee for any default by Lessor under this Lease.

20. **Lessee Covenants.** If an Event of Default occurs under this Lease as a result of non-appropriation by the Commonwealth of Rent Payments, the Lessee covenants and agrees that it will not enter into any lease or other arrangements for the spaces covered by this Lease until the expiration of the Term (for such purposes, assuming that the Term of this Lease continues through and including December 31, 2043). This provision shall survive the termination of this Lease for any reason whatsoever.

21. **Remedies of Lessor.** If an Event of Default by Lessee occurs under this Lease, then Lessor, other than as a result of an Event of Default arising from non-appropriation of Rent Payments, shall have all rights, at law or in equity, to enforce the Lessor to make the Rent Payments and Lessor shall have the right to deny access to the Facilities to Lessee and Lessee's employees, agents and visitors.

22. **No Waiver of Rights.** The failure by Lessee to require performance of any provision of this Lease shall not affect Lessee's right to require performance at any time thereafter. Further, a waiver of any breach or default of this Lease shall not constitute a waiver of any subsequent breach or default or a waiver of the provision itself.

23. Disputes.

- a. In the event of a controversy or claim arising from the Lease,
 - i. Lessor shall, within six (6) months after the cause of action accrues, file a written claim with the Secretary of the Department of General Services, for a determination. The claim shall state all grounds upon which Lessor asserts a dispute exists.
 - ii. If Lessor fails to file a claim or files an untimely claim, Lessor acknowledges and agrees that they have waived their right to assert a claim in any forum.
- b. At the time the claim is filed, or within sixty (60) days thereafter, either party may request mediation through the Commonwealth Office of General Counsel Dispute Resolution Program.

M-15

notifies Lessor of this risk and the necessity to cure within a shorter time period of thirty (30) days, and Lessor fails to commence its cure within any such shorter time period stated in said notice to prevent material injury or damage, then Lessee may, after written notice to Lessor, cure the Event of Default which poses a risk of material injury or damage to persons or property.

- i. Lessor shall reimburse Lessee for their reasonable costs and expenses, including but not limited to costs incurred due to a temporary move of Lessee, in connection with Lessee curing the Event of Default together with interest on the amount of such costs and expenses, including but not limited to costs incurred for any and all temporary relocation(s), as a result of the Event of Default, of Lessee, at a rate of ten percent (10%) per annum from the date such costs and expenses were incurred.
- ii. Such reimbursement shall be made within ten (10) days after Lessor receives an invoice from Lessee detailing the costs and expenses of the cure.
- iii. If Lessor fails to pay the Lessee the full amount, as evidenced in the invoice from Lessee, within ten (10) days after receipt of the invoice, then Lessee shall have the right to set off the full amount due to Lessee against the Rent.
- iv. Lessor shall continue to be liable to Lessee for any amounts Lessee elects not to offset against Rent.
- c. Lessee shall not be liable to Lessor for the manner in which Lessee performs Lessor's obligations under this Paragraph, and Lessor releases Lessee of any liability of any nature related to such performance.
- d. Lessee's performance of a Lessor obligation under this Paragraph shall not relieve Lessor from thereafter performing that obligation.
- e. Terminate this Lease and the tenancy created hereby as to the particular Facility or Facilities in question, after a reasonable period of time to cure.
- f. Abate payment of Rent Payments as long as the Event of Default remains in effect. After corrective action has been completed by Lessor, Lessee shall pay Lessor the withheld Rent Payments less any costs and expenses, including but not limited to, costs incurred for any and all temporary relocation(s) of Lessee, as a result of the Event of Default suffered by Lessee.

M-14

- i. If Lessor or the Secretary of the Department of General Services requests mediation and the other party agrees, the Secretary of the Department of General Services shall promptly make arrangements for mediation.
- ii. Mediation shall be scheduled so as to not delay the issuance of the final determination beyond the required one hundred twenty (120) days after receipt of the claim if mediation is unsuccessful.
- c. If mediation is not agreed to or if a resolution is not reached through mediation, the Secretary of the Department of General Services shall review any timely-filed claim and issue a final determination, in writing, regarding the claim.
- d. The final determination shall be issued within one hundred twenty (120) days of the receipt of the claim, unless extended by consent of Lessee and the Lessor. The Secretary of the Department of General Services shall send his/her written determination to Lessor.
- i. If the Secretary of the Department of General Services fails to issue a final determination within one hundred twenty (120) days (unless extended by consent of the parties), the claim shall be deemed denied.
- ii. The determination of the Secretary of the Department of General Services shall be the final order of the Department of General Services.
- e. Within fifteen (15) days of the mailing date of the determination denying a claim, or within one hundred thirty five (135) days of filing a claim, if no extension is agreed to by the parties, whichever occurs first, Lessor may file a statement of claim with the Commonwealth Board of Claims, and pursue any other legal and equitable remedies available under applicable law or in equity.
- f. Pending a final judicial resolution of a controversy or claim, Lessor shall proceed diligently with the performance of this Lease in a manner consistent with the determination of the Secretary of the Department of General Services.
- g. Notwithstanding anything herein to the contrary, Lessee expressly reserves its rights to file any claim against Lessor in any forum of their choice including, but not limited to, the Commonwealth Board of Claims, Commonwealth Court, Dauphin County, or any other county court, and the U.S. District Court for the Middle District of Pennsylvania.

M-16

24. Execution. Lessor agrees and acknowledges that this Lease is subject to final execution by the Secretary of the Department of General Services and approval by the Board of Commissioners of Public Grounds and Buildings

25. Lease. Lessor and Lessee agree that this Agreement is a lease for parking spaces now or hereafter assigned and that this is a landlord-tenant relationship and nothing herein will be construed or interpreted to make this a license agreement.

26. Applicable Law. This Lease shall be governed by and interpreted and enforced in accordance with the laws of the Commonwealth of Pennsylvania (without regard to any conflict of laws provisions) and the decisions of the Pennsylvania courts. Lessor consents to the jurisdiction of any court of the Commonwealth of Pennsylvania and any federal courts in Pennsylvania, waiving any claim or defense that such forum is not convenient or proper. Lessor agrees that any such court shall have in personam jurisdiction over it, and consents to service of process in any manner authorized by Pennsylvania law.

27. Integration. This Lease, including all referenced exhibits, constitutes the entire Lease between the parties. No agent, representative, employee or officer of either the Lessee or Lessor has authority to make, or has made, any statement, agreement or representation, oral or written, in connection with the Lease which in any way can be deemed to modify, add to or detract from, or otherwise change or alter its terms and conditions. No negotiations between the parties, nor any custom or usage, shall be permitted to modify or contradict any of the terms and conditions of the Lease. Except as provided herein, no modifications, alterations, changes, or waiver to the Lease or any of its terms shall be valid or binding unless accomplished by a written amendment signed by both parties. All such amendments will be made using the appropriate Commonwealth form.

28. Review of Lease. The parties acknowledge that each party and its respective counsel have reviewed this Lease and that no rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall be employed in the interpretation of this Lease or any amendment or Exhibits hereto

29. Assignment of Lease. The Lessee acknowledges that the Lessor has incurred indebtedness in the form of the Bonds for the purpose of Acquiring the Facilities. The Lessee agrees that the Lessor may assign this Lease, its obligations hereunder and the revenues to be paid by the Lessee hereunder (i) to the trustee for the benefit of the holders of the Bonds; (ii) to any trustee for the benefit of any bondholders with respect to bonds issued to refund the Bonds; (iii) to any lender or other financial institution which provides funds with respect to the Facilities or to refund the Bonds or any refunding bonds; and (iv) to any entity which provides credit enhancement with respect to any of the foregoing. The Lessee agrees to perform its obligation under this Lease to any such assignee or to enter into a new lease with such assignee, containing substantially the same terms and provisions as are set forth herein.

30. Joinder By Other Commonwealth Related Entities. Lessor and Lessee agree that other non-Executive branch Commonwealth Boards, Commissions, Offices or

Agencies, hereafter Commonwealth Related Entities (CRE), may become participants in the Lease by executing a "Joinder Binder" in substantially the same form as found in the attached Exhibit "E" labeled "Joinder Binder". A CRE executing a Joinder Binder agrees to adhere to and be legally bound by the provisions of the Lease, including but not limited to, the term of the Lease and the rates provided therein for the number of parking spaces listed, and at the Facility referenced, on the Joinder Binder. Notwithstanding the foregoing, a CRE may expand the number of spaces by mutual agreement with the Lessor under this Lease at the same payment rates and terms and conditions, as set forth on Exhibit "D".

31. Lessor Liability Limited. The obligations of the Lessor under this Agreement are limited obligations of the Lessor, payable solely to the Parking Revenues, as defined in the Indenture and subject to the priorities and provisions of the Indenture.

M-17

M-18

IN WITNESS WHEREOF, the parties hereto have duly executed these presents, and intend to be legally bound thereby, the day and year first above written.

ATTEST:

LESSOR:

PENNSYLVANIA ECONOMIC DEVELOPMENT FINANCING AUTHORITY

By: _____
Printed Name: _____
Title: Executive Director

LESSEE:

COMMONWEALTH OF PENNSYLVANIA
Acting Through
DEPARTMENT OF GENERAL SERVICES

ATTEST:

By: _____
Printed Name: _____
Title: Secretary of General Services

BOARD OF COMMISSIONERS OF PUBLIC GROUNDS AND BUILDINGS

State Treasurer

Governor

APPROVED AS TO FORM AND LEGALITY:

OFFICE OF GENERAL COUNSEL

OFFICE OF ATTORNEY GENERAL

By: _____

By: _____

Date: _____, _____

Date: _____, _____

**EXHIBIT "A"
NONDISCRIMINATION/SEXUAL HARASSMENT CLAUSE**

During the term of the Contract, the Contractor agrees as follows:

- a. In the hiring of any employees for the manufacture of supplies, performance of work, or any other activity required under the Contract or any subcontract, the Contractor, subcontractor or any person acting on behalf of the Contractor or subcontractor shall not by reason of gender, race, creed, or color discriminate against any citizen of this Commonwealth who is qualified and available to perform the work to which the employment relates.
- b. Neither the Contractor nor any subcontractor nor any person on their behalf shall in any manner discriminate against or intimidate any employee involved in the manufacture of supplies, the performance of work or any other activity required under the Contract on account of gender, race, creed, or color.
- c. The Contractor and any subcontractors shall establish and maintain a written sexual harassment policy and shall inform their employees of the policy. The policy must contain a notice that sexual harassment will not be tolerated and employees who practice it will be disciplined.
- d. The Contractor shall not discriminate by reason of gender, race, creed, or color against any subcontractor or supplier who is qualified to perform the work to which the contract relates.
- e. The Contractor and each subcontractor shall furnish all necessary employment documents and records to and permit access to its books, records, and accounts by the contracting officer and the Department of General Services' Bureau of Contract Administration and Business Development for purposes of investigation to ascertain compliance with the provisions of this Nondiscrimination/Sexual Harassment Clause. If the Contractor or any subcontractor does not possess documents or records reflecting the necessary information requested, it shall furnish such information on reporting forms supplied by the contracting officer or the Bureau of Contract Administration and Business Development.
- f. The Contractor shall include the provisions of this Nondiscrimination/Sexual Harassment Clause in every subcontract so that such provisions will be binding upon each subcontractor.
- g. The Commonwealth may cancel or terminate the Contract, and all money due or to become due under the Contract may be forfeited for a violation of the terms and conditions of this Nondiscrimination/Sexual Harassment Clause. In addition, the

M-19

M-20

agency may proceed with debarment or suspension and may place the Contractor in the Contractor Responsibility File.

EXHIBIT "B"
CONTRACTOR INTEGRITY PROVISIONS

1. Definitions.
 - a. Confidential Information means information that is not public knowledge, or available to the public on request, disclosure of which would give an unfair, unethical, or illegal advantage to another desiring to contract with the Commonwealth.
 - b. Consent means written permission signed by a duly authorized officer or employee of the Commonwealth, provided that where the material facts have been disclosed, in writing, by prequalification, bid proposal, or contractual terms, the Commonwealth shall be deemed to have consented by virtue of execution of this Contract.
 - c. Contractor means the individual or entity that has entered into this Contract with the Commonwealth, including directors, officers, partners, managers, key employees, and owners of more than a 5% interest.
 - d. Financial Interest means:
 - 1) Ownership of more than a 5% interest in any business; or
 - 2) Holding a position as an officer, director, trustee, partner, employee, or the like, or holding any position of management.
 - e. Gratuity means any payment of more than nominal monetary value in the form of cash, travel, entertainment, gifts, meals, lodging, loans, subscriptions, advances, deposits of money, services, employment, or contracts of any kind.
2. The Contractor shall maintain the highest standards of integrity in the performance of this Contract and shall take no action in violation of state or federal laws, regulations, or other requirements that govern contracting with the Commonwealth.
3. The Contractor shall not disclose to others any confidential information gained by virtue of this Contract.
4. The Contractor shall not, in connection with this or any other agreement with the Commonwealth, directly or indirectly, offer, confer, or agree to confer any pecuniary benefit on anyone as consideration for the decision, opinion, recommendation, vote, other exercise of discretion, or violation of a known legal duty by any officer or employee of the Commonwealth.
5. The Contractor shall not, in connection with this or any other Contract with the Commonwealth, directly or indirectly, offer give or agree or promise to give to anyone any gratuity for the benefit of or at the direction or request of any officer or employee of the Commonwealth.

M-21

M-22

CONTRACTOR INTEGRITY PROVISIONS

PAGE 2

6. Except with the consent of the Commonwealth, neither the Contractor nor anyone in privity with him or her shall accept or agree to accept from, or give or agree to give to, any person, any gratuity from any person in connection with the performance of work under this Contract except as provided therein.
7. Except with the consent of the Commonwealth, the Contractor shall not have a financial interest in any other contractor, subcontractor, or supplier providing services, labor or material on this project.
8. The Contractor, upon being informed that any violation of these provisions has occurred or may occur, shall immediately notify the Commonwealth in writing.
9. The Contractor, by execution of this Contract and by the submission of any bills or invoices for payment pursuant thereto, certified and represents that he or she has not violated any of these provisions.
10. The Contractor, upon the inquiry or request of the Inspector General of the Commonwealth or any of that official's agents or representatives, shall provide, or if appropriate, make promptly available for inspection or copying, any information of any type or form deemed relevant by the Inspector General to the Contractor's integrity or responsibility, as those terms are defined by the Commonwealth's statutes, regulations, or management directives. Such information may include, but shall not be limited to, the Contractor's business or financial records, documents or files of any type or form which refer to or concern this Contract. Such information shall be retained by the contractor for a period of three years beyond the termination of this Contract unless otherwise provided by law.
11. For violation of any of the above provisions, the Commonwealth may terminate this and any other contract with the Contractor, claim liquidated damages in an amount equal to the value of anything received in breach of these provisions, claim damages for all expenses incurred in obtaining another contractor to complete performance hereunder, and debar and suspend the Contractor from doing business with the Commonwealth. These rights and remedies are cumulative, and the use or nonuse of any one shall not preclude the use of all or any other. These rights and remedies are in addition to those the Commonwealth may have under law, statute, regulation, or otherwise.

M-23

EXHIBIT "C"
CONTRACTOR RESPONSIBILITY PROVISIONS

For the purpose of these provisions, the term contractor is defined as any person, including, but not limited to, a bidder, offeror, loan recipient, grantee, or subgrantee, who has furnished or seeks to furnish goods, supplies, services, or leased space, or who has performed or seeks to perform construction activity under contract, subcontract, grant, or subgrant with the Commonwealth, or with a person under contract, subcontract, grant, or subgrant with the Commonwealth or its state-affiliated entities, and state-related institutions. The term contractor may include a permittee, licensee, or any agency, political subdivision, instrumentality, public authority, or other entity of the Commonwealth.

1. The contractor must certify, in writing, for itself and all its subcontractors, that as of the date of its execution of any Commonwealth contract, that neither the contractor, nor any subcontractors, nor any suppliers are under suspension or debarment by the Commonwealth or any governmental entity, instrumentality, or authority and, if the contractor cannot so certify, then it agrees to submit, along with the bid/proposal, a written explanation of why such certification cannot be made.
2. The contractor must also certify, in writing, that as of the date of its execution, of any Commonwealth contract it has no tax liabilities or other Commonwealth obligations.
3. The contractor's obligations pursuant to these provisions are ongoing from and after the effective date of the contract through the termination date thereof. Accordingly, the contractor shall have an obligation to inform the contracting agency if, at any time during the term of the contract, it becomes delinquent in the payment of taxes, or other Commonwealth obligations, or if it or any of its subcontractors are suspended or debarred by the Commonwealth, the federal government, or any other state or governmental entity. Such notification shall be made within 15 days of the date of suspension or debarment.
4. The failure of the contractor to notify the contracting agency of its suspension or debarment by the Commonwealth, any other state, or the federal government shall constitute an event of default of the contract with the Commonwealth.
5. The contractor agrees to reimburse the Commonwealth for the reasonable costs of investigation incurred by the Office of State Inspector General for investigations of the contractor's compliance with the terms of this or any other agreement between the contractor and the Commonwealth, which results in the suspension or debarment of the contractor. Such costs shall include, but shall not be limited to, salaries of investigators, including overtime; travel and lodging expenses; and expert witness and documentary fees. The contractor shall not be responsible for investigative costs for investigations that do not result in the contractor's suspension or debarment.

M-24

6. The contractor may obtain a current list of suspended and debarred Commonwealth contractors by either searching the internet at <http://www.dgs.state.pa.us/debarment.htm> or contacting the:

Department of General Services
Office of Chief Counsel
603 North Office Building
Harrisburg, PA 17125
Telephone No: (717) 787-6472
FAX No.: (717) 787-9138

Lease Extension Option	The Commonwealth, upon not less than 180 days prior written notice, will have the option to extend the Lease for an additional 10 year term commencing on the first day of the 31 st year following the Commencement Date. The Rent Payments in the first year of the renewal will be adjusted at such time to reflect 90% of the then weighted average actual unreserved monthly parking rates within the Facilities. During the extension period, the rates will be adjusted by the Annual Adjustment.
Base Contracted Parking Passes	Initially, 4,714 contracted parking passes at the Facilities. One pass will be provided to each parker.
Base Contracted Parking Spaces	Initially, a total of 4,306 parking spaces will be made available at the Facilities representing a parking efficiency ratio of approximately 1.10 parking passes per parking space. The Base Contract Spaces will be further allocated by Facility, as discussed below (the "Base Contracted Parking Spaces Facility Allocation"). The Commonwealth shall have the ability to utilize the Base Contracted Parking Spaces within the constraints of the Base Contracted Parking Spaces Facility Allocation without incurring any additional Rent Payments. Additional Rent Payments will accrue in the event average utilization exceeds the Base Contracted Parking Spaces, as detailed below.
Garage Access	Each pass will give the pass holder/parker unlimited 24-hour unreserved access to assigned, Facility-specific parking garages. The Commonwealth will have reserved use of not more than 2% of the aggregate number of spaces in the Facilities. It is anticipated that the initial allocation of parking passes by Facility will be approximate to the Commonwealth's current contracted use. For additional parkers currently parking outside the HPA system or those being added to the Lease as part of the move from a location outside Harrisburg, shortly after the Effective Date, the Commonwealth and the Parking Manager / Operator will mutually agree upon locations for the remaining parkers. The initial number of [reserved and unreserved] spaces allocated to the Commonwealth by garage is shown on Appendix A. The Commonwealth will have the flexibility to reallocate usage by Facility over time to allow for employee movement in and out of the system or other changes. Quarterly, the Commonwealth will have the option of adjusting its pass allocation by Facility within a set of parameters mutually agreeable to both parties. Conversely, to the extent that the Commonwealth consistently exceeds the targeted 90% utilization in any Facility, on a quarterly basis Lessor will have the option of requiring the Commonwealth to reallocate spaces from the over-utilized Facilities to

M-25

M-26

	other Facilities. Lessor will require and Lessee agrees that certain Facilities will maintain a minimum number of non-Commonwealth spaces (e.g. Walnut Street, Fifth Street) for transient and other monthly parkers to service other downtown businesses.
All-Access Alternative	In an effort to allow the Commonwealth to accommodate employees whose job requires them to migrate between different Commonwealth offices, at no additional cost, Lessor will provide the Commonwealth with a to-be-determined limited number of "All-Access" passes which will allow the pass holders to access all facilities at all times.
Contract Parking Rate	The "Rent Payments" for all Facilities, will be calculated by taking the total number of Contract Spaces time the Contracted Parking Rates which are as follows: <ul style="list-style-type: none"> 1/1/2014-6/30/2014: \$130 /mo / space 7/1/2014-12/31/2014: \$140 / mo / space 2015: \$145 / mo / space 2016: \$180 / mo / space 2017: \$190 / mo/ space 2018: \$200 / mo/space 2019: \$210 /mo/ space, Thereafter the Contract Parking Rate will be adjusted each year by the Annual Adjustment. Rent Payments shall be due in advance monthly on the 1 st day of each month commencing on the 1 st day of the month following the Commencement Date.
Discounted Contract Rate	The Discounted Contract Spaces as set forth in Section 2 of the Lease will be charged at the Discounted Contract Rates which are as follows: <ul style="list-style-type: none"> 2016: \$100 / mo / space 2017: \$110 / mo / space 2018: \$115 / mo / space Thereafter the Discounted Contract Parking Rate will be adjusted each year by the Annual Adjustment. The Lessor reserves the right to require the holders of the Discounted Parking Passes to park in specific Facilities which are expected to include the 10 th Street Lot and City Island Garage and Lot. The payments due under this section will be added to Rent Payments.
Annual Adjustment	The Annual Adjustment shall be 3% per year.
Parking Access Cards	The Commonwealth will provide monthly cards for each pass holder that are compatible with the technology utilized by the parking operator. The parking operator will be responsible for programming those cards for

M-27

	Facility access. To the extent that the Commonwealth cards are incompatible with the operator's system, the operator shall have the right to charge a reasonable fee for the issuance and/or replacement of access cards.
Utilization Overage	The contract contemplates that the Base Contracted Parking Spaces, as allocated to each garage, will represent the maximum average weekday daily utilization measured over each 3 month period of time for each garage ("Utilization Measurement Period"). If, during a Utilization Measurement Period for any particular garage, the average weekday utilization exceeds the Base Contracted Parking Spaces, then a charge equal to the Parking Rate applicable in the period of the Utilization Period will be charged for those spaces used during the Utilization Measurement Period above the Base Contracted Parking Spaces.
Utilization Overage Grace Period	The Commonwealth will be provided a one-year grace period to achieve the efficiency parking ratio Base Contracted Parking Passes/Base Contracted Parking Spaces utilizing the various Parking Access Alternatives provided by Lessor. No penalty or overage fees will be assessed for the first year of the Lease, however, the Utilization Measurement calculations will be provided to the Commonwealth during the first year. Lessor and the Commonwealth may mutually agree to an extension of up to three months if necessary to finalize utilization calculations.
Additional Parking Passes	Commonwealth will have the option to expand the total number of Base Contracted Parking Passes on a quarterly basis based on availability and set maximums by Facility, as reasonably determined by the operator. This may limit the number of additional passes available in certain garages. The parking rate charged for each Additional Parking Pass will be at the then applicable Contracted Parking Rate.
Additional Parking Spaces	Additional Parking Spaces will be made available to the Commonwealth at the Facilities using a parking efficiency ratio of 1.10 parking passes per parking space. The Facility-by-Facility allocation of Additional Parking Spaces for each Additional Parking Passes will be done at the Commonwealth's request based on availability. Lessor will require that certain garages maintain a minimum number of non-Commonwealth spaces (e.g. Walnut Street, Fifth Street) for transient and other monthly parkers to service other downtown businesses. Lessor shall not be required to turn away transient or non Commonwealth monthly parkers to meet the Additional Parking Space request.
Parking Access Cards	<ul style="list-style-type: none"> Dual Programming Function – Initially, and to the extent technologically feasible over the term of the agreement, each Parking Access Card will be compatible with the Commonwealth's facility access card system (i.e. one card gains access to both parking and Commonwealth facilities).

M-28

	<ul style="list-style-type: none"> Each individual parker will be issued a Parking Access Card regardless of the level of Parking Access assigned. Parking cards will be assigned to Facilities based on the classifications of the parker, as set forth above.
Reporting/Monitoring	Commonwealth will be provided with Access Control reports on a regular basis. Specific reports and frequency is to be determined by mutual agreement of the parties. Coverage will include card activity, usage level, violations, etc. The Commonwealth will also be provided web-based access to the operator's access control reporting system in order to be able to monitor parking usage.
Designated Areas	Designated parking areas can be made available within certain garages for various functions noted by the Commonwealth such as fleet vehicle parking.
Other	For visitors and other parkers not included under this long term contract, the operator will provide an ability to provide parkers with an on-line reservation system. This on-line web based system will not be exclusive to the Commonwealth.

EXHIBIT "E"

Joinder Binder

The {Insert name of CRE}, on this _____ day of _____, 20___, intending to be legally bound hereby, and pursuant to Paragraph 30 of the Lease "Joinder By Other Commonwealth and Commonwealth Related Entities", agrees to participate in, be bound by, and adhere to the terms of the Lease, subject to the terms and provisions thereof.

The Department of General Services shall assign {Insert number of spaces} parking spaces from the number of Base Contracted Parking Spaces listed in Exhibit "D" of the Lease, to the {Insert name of CRE}, at the Facility located at {Insert name of Facility}.

Joinder: {Insert Name of CRE}

By: _____

Date: _____

Lessor: Pennsylvania Economic Development Financing Authority

By: _____

Date: _____

Lessee: Pennsylvania Department of General Services

By: _____

Date: _____

Appendix “N”

Forms of Dauphin County Guaranties

[THIS PAGE INTENTIONALLY LEFT BLANK]

SERIES B BOND GUARANTY AGREEMENT

THIS SERIES B BOND GUARANTY AGREEMENT, dated as of the 1st day of December, 2013 (the "Series B Guaranty"), made and executed by the **COUNTY OF DAUPHIN**, Pennsylvania (the "County"), a Third Class County organized and existing under laws of the Commonwealth of Pennsylvania (the "Commonwealth"), and delivered to the **PENNSYLVANIA ECONOMIC DEVELOPMENT FINANCING AUTHORITY** (the "Authority"), a public instrumentality of the Commonwealth, and **U.S. BANK NATIONAL ASSOCIATION**, a national banking association, as Trustee (the "Trustee").

WITNESSETH:

WHEREAS, this County is a "local government unit", as defined in the Local Government Unit Debt Act, as codified and amended (the "Debt Act"); and

WHEREAS, the Authority is a body corporate and politic created and existing under the Pennsylvania Economic Development Financing Law, Act No. 102, approved August 23, 1967, P.L. 251, as amended, including the amendments effected by Act No. 48, approved July 10, 1987, P.L. 273, and Act No. 74, approved December 17, 1993, P.L. 490, as amended and supplemented from time to time (the "Act"); and

WHEREAS, the Authority has, pursuant to an Asset Transfer Agreement dated as of December 1, 2013 (the "Asset Transfer Agreement") by and between the Authority, the Harrisburg Parking Authority (the "HPA") and the City of Harrisburg (the "City"), determined to lease from the HPA (pursuant to a Lease dated as of December 1, 2013) the Off-Street Parking System (as defined in the Asset Transfer Agreement dated as of December 1, 2013), and to enter into a PEDFA Intergovernmental Cooperation Agreement with the City (authorized by the City on November 22, 2013) to operate the On-Street Parking System (as defined and as more fully set forth in the Asset Transfer Agreement and together with the Off-Street Parking System collectively referred to herein as the "Parking System"); and

N-1

of the principal of and interest on the Series B Bonds, as and when due, pursuant to power and authority set forth in the Debt Act, as more fully set forth below; and

NOW, THEREFORE, the County, intending to be legally bound, hereby covenants and agrees as follows:

1. The Series B Bonds will consist of four sub-series of bonds, said sub-series to be designated as (i) the Junior Guaranteed Parking Revenue Bonds (Capitol Region Parking Project), Series B-1 of 2013 in the aggregate principal amount of \$70,100,000.00 (the "Series B-1 Bonds"); (ii) the Junior Guaranteed Parking Revenue Bonds (Capitol Region Parking Project), Series B-2 of 2013 (Capital Appreciation Bonds) in the Original Principal Amount of \$25,061,280.45 (the "Series B-2 Bonds"); and (iii) the Junior Guaranteed Parking Revenue Bonds (Capitol Region Parking Project), Series B-3 of 2013 (Callable Capital Appreciation Bonds) in the Original Principal Amount of \$2,010,748.80 (the "Series B-3 Bonds") and collectively, the "Series B Bonds", each subseries to be dated the date of delivery thereof, the proceeds, together with other available funds, to be applied for and towards the Parking System Project.

2. This County hereby guarantees pursuant to Section 12.4 of the Indenture, the full payment of the principal of and interest on the Series B Bonds in the maximum principal amount of \$99,000,000, together with interest thereon; and, individually, in the maximum principal amount of \$70,100,000.00, together with interest thereon for the Series B-1 Bonds, in the maximum principal amount of \$25,061,280.45, together with interest thereon for the Series B-2 Bonds, and in the maximum principal amount of \$2,010,748.80, together with interest thereon for the Series B-3 Bonds, and in furtherance thereof covenants and agrees with the registered owners, from time to time, of the Series B Bonds that, when and as required to make payment pursuant to the Indenture, this County will pay the full amount of principal of and interest on the Series B Bonds, up to the maximum principal amount of \$97,172,029.25, together with interest thereon and subject to the debt service schedules set forth in paragraph 3 hereinbelow. The County

N-3

WHEREAS, under the Act, the Authority is authorized and has determined to finance the acquisition of the Parking System; and

WHEREAS, the Authority, pursuant to the Act, is authorized and empowered to acquire, hold, improve, maintain, finance and lease projects, including, *inter alia*, transportation systems and facilities; and

WHEREAS, the Authority has determined to enter into a certain Trust Indenture to be dated as of December 1, 2013 (the "Indenture"), by and between the Authority and U.S. Bank National Association, as Trustee (the "Trustee"), pursuant to which the Authority is obligated, *inter alia*, to issue its: i) Senior Parking Revenue Bonds (Capitol Region Parking Project) Series A of 2013 (the "Series A Bonds") in the aggregate principal amount of \$120,928,160.55; ii) Junior Guaranteed Parking Revenue Bonds (Capitol Region Parking Project) Series B of 2013 (the "Series B Bonds") in the aggregate principal amount not exceeding \$97,172,029.25; and iii) Junior Insured/Guaranteed Parking Revenue Bonds (Capitol Region Parking Project) Series C of 2013 (the "Series C Bonds" and together with the Series A Bonds and the Series B Bonds, the "Bonds") in the aggregate principal amount not exceeding \$68,453,473.90; and

WHEREAS, the Authority will use the proceeds of the Series B Bonds and the Series C Bonds (collectively, the "Junior Guaranteed Bonds") to finance: i) a portion of the cost of the acquisition of the Parking System; ii) capitalized interest on the Series B Bonds and the Series C Bonds; (iii) making a deposit to the Capital Reserve Fund created under the Indenture; and (iv) a portion of costs of issuance of the Bonds (collectively, the "Parking System Project"); and

WHEREAS, this County heretofore determined that it was in the public interest and welfare of its citizens that the Authority undertake the acquisition of the Parking System; and

WHEREAS, in order to further assist the Authority with sale and issuance of the Series B Bonds, this County has indicated its willingness to guarantee the full payment

N-2

also guarantees the repayment of any amount drawn under the Debt Service Reserve Surety Bond securing the Series B Bonds, in accordance with the terms of the Debt Service Reserve Surety Bond Provider Insurance Agreement pursuant to which the Debt Service Reserve Surety Bond is issued. In accordance with the terms and conditions of, and as more fully set forth in, the Indenture, no later than June 1, 2014 and no later than December 1 and June 1 thereafter of each Fiscal Year (as defined in the Indenture), the Trustee shall give written notice to the County of the amounts (i) of cash or securities on deposit in the Series B Bonds Debt Service Reserve Subaccount; (ii) which shall remain in the Series B Bonds Debt Service Reserve Subaccount after payment of Debt Service of the Series B Bonds on the immediately following Interest Payment Date or for the reimbursement and payment of the costs of any drawings under any Debt Service Reserve Fund Surety Bond in the Series B Bonds Debt Service Subaccount; (iii) Debt Service expected to be paid on the Series B Bonds in the next fiscal year, calculated in accordance with the definition of Debt Service Requirement in the Indenture; and (iv) of the deficiency, if any, between (ii) and (iii) above. Nothing contained in this Guaranty shall in any way be construed to imply that the County shall be or become liable or responsible for any other debt or obligations of the Authority.

Further, this County agrees and hereby covenants with the registered owners of the Series B Bonds that this County shall include the amount of debt service on the Series B Bonds, as and when payable pursuant to the Indenture, in the maximum principal amount not to exceed \$97,172,029.25, together with interest thereon and, individually, in the maximum principal amounts set forth above, together with interest thereon for the Series B-1 Bonds, the Series B-2 Bonds and the Series B-3 Bonds, and as set forth in the debt service schedules set forth in paragraph 3 hereinbelow, for each Fiscal Year (which term shall mean the fiscal year of this County, from time to time designated by law) in which such sums are payable in its budget for that Fiscal Year, that this County, shall appropriate from its general revenues and duly and punctually pay or cause to be paid

N-4

from its sinking fund established therefor or any other of its funds or revenues, the amount of such principal and interest on the dates and at the place and in the manner stated in the respective series of the Series B Bonds, according to the true intent and meaning hereof. For such budgeting, appropriation and payment this County hereby does pledge its full faith, credit and taxing power and hereby does agree that this covenant shall be specifically enforceable in accordance with applicable law.

3. This County agrees that the debt service in each Fiscal Year with respect to the Series B Bonds and, individually, with respect to the Series B-1 Bonds, the Series B-2 Bonds and the Series B-3 Bonds, to which the foregoing guarantee shall apply is set forth in Exhibit A attached hereto.

4. This Series B Guaranty is a guaranty of payment when due of the principal amount of and interest on the Series B Bonds in the maximum principal amount of \$97,172,029.25 together with interest thereon and not of collection and the County agrees that it shall not be necessary or required that the Trustee exercise any right, assert any claim or demand any remedy against the Authority before or as a condition to the obligation of the County hereunder.

5. The County's obligations hereunder shall not be affected, modified, diminished or impaired upon the happening, from time to time, of any event, including, without limitation, any of the following (whether or not with notice to or the consent of the County in accordance with the provisions hereof):

A. The failure of the Authority otherwise to perform any obligation contained in this Series B Guaranty or in any other agreement, for any reason whatsoever, including, without limiting the generality of the foregoing, the occurrence of an insufficiency of funds, negligence or willful misconduct on the part of the Authority or its agents, employees or independent contractors, legal action of any nature which shall prohibit the operations of the Authority or delay or prevent the Parking System Project or operation of

N-5

time for performance of any other obligations, covenants or agreements under or arising out of the Reimbursement Agreement or this Series B Guaranty;

K. The waiver by the Authority or the County or the modification or amendment (whether material or otherwise) of any obligation, covenant or agreement of the Authority set forth in the County/Authority Reimbursement Agreement;

L. The taking of, or the omission to take, any action referred to in the County/Authority Reimbursement Agreement or the Indenture;

M. Any failure, omission or delay on the part of the Authority to enforce, to assert or to exercise any right, power or remedy conferred upon or vested in the Authority hereunder or the Indenture, the County/Authority Reimbursement Agreement or to enforce, to assert or to exercise any other right, or rights on the part of the Authority or any bondholder;

N. The voluntary or involuntary liquidation, dissolution, sale or other disposition of all or substantially all the assets, marshalling of assets and liabilities, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition with creditors or readjustments or other similar proceedings relating to the Authority or the County or any of the assets of any thereof, or any allegation or contest of the validity of the Series B Guaranty in any such proceeding;

O. The release or discharge of the Authority, to the extent permitted by law, from performance or observance of any obligation, covenant or agreement contained in the Series B Guaranty, by operation of law;

P. Any failure by the Authority to comply with any of the covenants, agreements or undertakings set forth herein or in the Indenture, or any breach by the Authority of any representation or warranty set forth herein or in the Indenture;

Q. Any draw on the Debt Service Reserve Fund or Debt Service Reserve Surety Bond for the Bonds; or

N-7

the labor disputes, war, insurrection, natural catastrophe or laws, rules or regulations of any body, governmental or otherwise, having proper jurisdiction;

B. The compromise, settlement, release or termination of any or all of the obligations, covenants or agreements of the Authority under the County/Authority Reimbursement Agreement (the "County/Authority Reimbursement Agreement");

C. The failure of the County to receive notice of the occurrence of a default under terms and provisions of this Series B Guaranty, the Indenture or the County/Authority Reimbursement Agreement;

D. The validity, enforceability or termination of the County/Authority Reimbursement Agreement or the Indenture;

E. The failure of the Authority to make any payment to the County under the County/Authority Reimbursement Agreement;

F. The neglect or failure of the Authority to exercise or to preserve any rights or rights of action against any party, person or property;

G. The failure of the Authority to have enforced, on prior appropriate occasions, any right or right of action against any party, person or property;

H. The compromise, settlement, release, alteration, indulgence or any other change or modification of any obligation or liability of the Authority under the County/Authority Reimbursement Agreement or the Indenture, regardless of the nature of such obligation or liability and regardless of the extent to which such obligation or liability shall have been modified, compromised or otherwise changed;

I. The waiver of the payment, performance or observance by the Authority of the County of any obligations, covenants or agreements contained in the County/Authority Reimbursement Agreement or this Series B Guaranty;

J. The extension of the time for payment of the Debt Service on the Series B Bonds or any part thereof owing or payable under this Series B Guaranty or of the

N-6

R. The defenses of counter-claim, recoupment and set off or any other defense normally available to a guarantor.

6. The obligations of the County hereunder shall not be affected by any bankruptcy, arrangement of creditors, reorganization or other similar proceedings of the Authority or the County; and, to the extent applicable, the County specifically waives any right or benefit which could accrue to it by reason of any such proceeding and agrees that the same shall not affect the liability of the County hereunder, regardless of the effect that such proceedings may have with respect to the obligations of the Authority. In the event any payment on the Bonds is subject to a "clawback", the obligations of the County hereunder shall remain in full force and effect with respect thereto.

7. The obligations owed to the County in connection with any payments made under this Series B Guaranty are governed by that certain reimbursement agreement executed by and between this County, the Authority and the Trustee (the "County/Authority Reimbursement Agreement"), as authorized in Ordinance No. 7-2013 of the County enacted on October 30, 2013 authorizing the execution and delivery of this Series B Guaranty Agreement.

8. To the extent that it makes any payments of debt service on the Series B Bonds pursuant to this Series B Guaranty, the County shall become subrogated to all right, title and interest of the person receiving such payments. The County's rights to reimbursement for payments of debt service shall be as set forth in the Indenture or that certain County/Authority Reimbursement Agreement dated as of December 1, 2013. Notwithstanding that the Series B Bonds are no longer Outstanding (as defined in the Indenture) and any amounts due or to become due to the County have been paid in full, to the extent the County has made any payment of debt service on the Series B Bonds pursuant hereto, it shall retain its rights of subrogation and reimbursement under the Indenture and under the County/Authority Reimbursement Agreement.

N-8

9. The Trustee acknowledges that the County will have the right to direct remedies and action as provided in the Debt Act if an Event of Default occurs under the Indenture in the manner set forth in the Indenture. Said remedies include, but are not limited to, the remedy of acceleration, as permitted in Section 8263 of the Debt Act, in the event that there is a failure to make payment of interest, principal or premium, if any, on any Bond, when due, or in the event the Authority fails, and which failure continues for a period of thirty (30) days after written notice thereof, to observe and perform any other covenant, condition, agreement or provision contained in the Series B, the Indenture or the Mortgage on the part of the Authority. The Trustee further agrees that amounts received from the County hereunder shall be applied to pay principal and interest on the Series B Bonds and amounts owed the Debt Service Reserve Surety Bond Provider in accordance with the Indenture.

10. This Guaranty Agreement may not be assigned by the County nor may its obligations arising hereunder be in any manner whatsoever alienated by the County. This Series B Guaranty shall inure to the benefit of the registered owners from time to time of the Series B Bonds and the Debt Service Reserve Surety Bond Provider. The County acknowledges that the registered owners of the Series B Bonds and the Debt Service Reserve Surety Bond Provider shall materially rely on the existence of this Series B Guaranty and the County's due performance of its obligations hereunder.

11. Defined terms used herein and not otherwise defined shall have the meanings assigned to them in the Indenture.

THE REMAINDER OF THIS PAGE IS BLANK

N-9

IN WITNESS WHEREOF, the County of Dauphin, Pennsylvania, has caused this Guaranty Agreement to be executed in its behalf the Board of County Commissioners of the County and the official seal of the County to be hereunto affixed and attested by the Chief Clerk of the Board of County Commissioners and to be delivered to the Authority and to the Trustee as the paying agent of the Subordinate Guaranteed Bonds, which have accepted the same.

COUNTY OF DAUPHIN,
Pennsylvania

By: _____
Chairman, Board of
County Commissioners

ATTEST:

By: _____
Member, Board of
County Commissioners

Chief Clerk, Board of
County Commissioners

By: _____
Member, Board of
County Commissioners

N-10

SERIES C BOND GUARANTY AGREEMENT

ACCEPTANCE AND ACKNOWLEDGMENT

Pennsylvania Economic Development Financing Authority, as the issuer of, and U.S. Bank National Association, as Trustee for, the Subordinate Guaranteed Bonds, acknowledge receipt of an executed counterpart of the foregoing Series B Bond Guaranty Agreement, all as of December 1, 2013.

ATTEST: PENNSYLVANIA ECONOMIC DEVELOPMENT FINANCING AUTHORITY

(Assistant) Secretary
By: _____
Executive Director

(SEAL)

ATTEST: U.S. BANK NATIONAL ASSOCIATION

By: _____
(Vice) President

(SEAL)

N-11

THIS SERIES C BOND GUARANTY AGREEMENT, dated as of the 1st day of December, 2013 (the "Series C Guaranty"), made and executed by the **COUNTY OF DAUPHIN**, Pennsylvania (the "County"), a Third Class County organized and existing under laws of the Commonwealth of Pennsylvania (the "Commonwealth"), and delivered to the **PENNSYLVANIA ECONOMIC DEVELOPMENT FINANCING AUTHORITY** (the "Authority"), a public instrumentality of the Commonwealth, and **U.S. BANK NATIONAL ASSOCIATION**, a national banking association, as Trustee (the "Trustee").

WITNESSETH:

WHEREAS, this County is a "local government unit", as defined in the Local Government Unit Debt Act, as codified and amended (the "Debt Act"); and

WHEREAS, the Authority is a body corporate and politic created and existing under the Pennsylvania Economic Development Financing Law, Act No. 102, approved August 23, 1967, P.L. 251, as amended, including the amendments effected by Act No. 48, approved July 10, 1987, P.L. 273, and Act No. 74, approved December 17, 1993, P.L. 490, as amended and supplemented from time to time (the "Act"); and

WHEREAS, the Authority has, pursuant to an Asset Transfer Agreement dated as of December 1, 2013 (the "Asset Transfer Agreement") by and between the Authority, the Harrisburg Parking Authority (the "HPA") and the City of Harrisburg (the "City"), determined to lease from the HPA (pursuant to a Lease dated as of December 1, 2013) the Off-Street Parking System (as defined in the Asset Transfer Agreement dated as of December 1, 2013), and to enter into a PEDFA Intergovernmental Cooperation Agreement with the City (authorized by the City on November 22, 2013) to operate the On-Street Parking System (as defined and as more fully set forth in the Asset Transfer Agreement and together with the Off-Street Parking System collectively referred to herein as the "Parking System"); and

N-12

WHEREAS, the Authority, pursuant to the Act, is authorized and empowered to acquire, hold, improve, maintain, finance and lease projects, including, *inter alia*, transportation systems and facilities; and

WHEREAS, under the Act, the Authority is authorized and has determined to finance the acquisition of the Parking System; and

WHEREAS, the Authority has determined to enter into a certain Trust Indenture to be dated as of December 1, 2013 (the "Indenture"), by and between the Authority and U.S. Bank National Association, as Trustee (the "Trustee"), pursuant to which the Authority is obligated, *inter alia*, to issue its: (i) Parking Senior Revenue Bonds (Capitol Region Parking Project) Series A of 2013 (the "Series A Bonds") in the aggregate principal amount of \$120,928,160.55; ii) Junior Guaranteed Parking Revenue Bonds (Capitol Region Parking Project) Series B of 2013 (the "Series B Bonds") in the aggregate principal amount of \$97,172,029.25; and iii) Junior Insured/Guaranteed Parking Revenue Bonds (Capitol Region Parking Project) Series C of 2013 (the "Series C Bonds" and together with the Series A Bonds and the Series B Bonds, the "Bonds") in the aggregate principal amount of \$68,453,473.90; and

WHEREAS, the Authority will use the proceeds of the Series B Bonds and the Series C Bonds (collectively, the "Junior Guaranteed Bonds") to finance: (i) a portion of the cost of the acquisition of the Parking System; (ii) capitalized interest on the Series B and Series C Bonds (iii) making a deposit to the Capital Reserve Fund created under the Indenture; and (iv) a portion of costs of issuance of the Bonds (collectively, the "Parking System Project"); and

WHEREAS, this County heretofore determined that it was in the public interest and welfare of its citizens that the Authority undertake the acquisition of the Parking System; and

WHEREAS, in order to assist the Authority with the sale and issuance of the Series C Bonds, Assured Guaranty Municipal Corp., or its affiliate (the "Bond Insurer") has

N-13

thereon for the Series C-2 Bonds and in furtherance thereof covenants and agrees with the registered owners, from time to time, of the Series C Bonds that, when and as required to make payment pursuant to the Indenture, the County will pay the full amount of principal of and interest on the Series C Bonds, subject to the debt service schedules set forth in paragraph 3 hereinbelow. The County also guarantees the repayment of any amount drawn under the Debt Service Reserve Surety Bond securing the Series C Bonds, in accordance with the terms of the Debt Service Reserve Surety Bond Provider Insurance Agreement pursuant to which the Debt Service Reserve Surety Bond is issued. In accordance with the terms and conditions of, and as more fully set forth in, the Indenture, no later than June 15, 2014 and no later than December 15 and June 15 thereafter of each Fiscal Year (as defined in the Indenture), the Trustee shall give written notice to the County of the amounts (i) of cash or securities on deposit in the Series C Bonds Debt Service Reserve Subaccount created under the Indenture; (ii) which shall remain in the Series C Bonds Debt Service Reserve subaccount after payment of Debt Service of the Series C Bonds on the immediately following Interest Payment Date, as applicable, or for the reimbursement and payment of the costs of any drawings under any Debt Service Reserve Surety Bond in such subaccount; (iii) Debt Service, if any, expected to be paid by the Bond Insurer pursuant to the Bond Insurance Policy on the Series C Bonds on the immediately following Interest Payment Date; (iv) Debt Service, if any, the Bond Insurer either refuses or is unable to timely honor pursuant to the Bond Insurance Policy on the immediately following Interest Payment Date; and (v) Debt Service expected to be paid on the Series C Bonds in the next fiscal year, calculated in accordance with the definition of Debt Service Requirement in the Indenture. Nothing contained in this Guaranty shall in any way be construed to imply that the County shall be or become liable or responsible for any other debt or obligations of the Authority.

Further, this County agrees and hereby covenants with the registered owners of the Series C Bonds that this County shall include the amount of debt service on the Series

N-15

agreed to issue a municipal bond insurance policy to insure the timely payment of the principal of and interest on the Series C Bonds (the "Bond Insurance Policy"); and

WHEREAS, in order to further assist the Authority with sale and issuance of the Series C Bonds, this County has indicated its willingness to guarantee the full payment of the principal of and interest on the Series C Bonds, as and when due, pursuant to power and authority set forth in the Debt Act, in the event that the Bond Insurer does not timely honor its obligations in the Bond Insurance Policy, as more fully set forth below; and

NOW, THEREFORE, the County, intending to be legally bound, hereby covenants and agrees as follows:

1. The Series C Bonds will consist of three sub-series of bonds, said sub-series to be designated as (i) the Junior Insured/Guaranteed Parking Revenue Bonds (Capitol Region Parking Project) Series C-1 of 2013 in the aggregate principal amount of \$44,785,600.00 (the "Series C-1 Bonds"); and (ii) its Junior Insured/Guaranteed Parking Revenue Bonds (Capitol Region Parking Project) Series C-2 of 2013 (Capital Appreciation Bond) in the Original Principal Amount of \$23,668,473.90 (collectively the "Series C Bonds") each subseries to be dated the date of delivery thereof, the proceeds, together with other available funds, to be applied for and towards the Parking System Project.

2. In the event that the Bond Insurer fails to make debt service payments to the Authority under the terms of the Bond Insurance Policy for the Series C Bonds, collectively, and individually, for the Series C-1 Bonds, and/or Series C-2 Bonds as and when due, at the times and place, under the terms and conditions, and in the manner prescribed in the Series C-1 Bonds or the Series C-2 Bonds, as the case may be, the County hereby guarantees pursuant to Section 12.4 of the Indenture full payment of the principal of and interest on the Series C Bonds in the maximum principal amount of \$68,453,473.90 together with interest thereon; and, individually, in the maximum principal amount of \$44,785,000.00 together with interest thereon for the Series C-1 Bonds and in the maximum principal amount of \$23,668,473.90 together with interest

N-14

C Bonds, in the maximum principal amount not to exceed \$68,453,473.90 together with interest thereon and, individually, in the maximum principal amounts set forth above together with interest thereon for the Series C-1 Bonds and the Series C-2 Bonds and as set forth in the debt service schedules set forth in paragraph 3 hereinbelow, for each Fiscal Year (which term shall mean the fiscal year of this County, from time to time designated by law) in which such sums are payable in its budget for that Fiscal Year, that this County, shall appropriate from its general revenues and duly and punctually pay or cause to be paid from its sinking fund established therefor or any other of its funds or revenues, the amount of such principal and interest on the dates and at the place and in the manner stated in the respective series of Series C Bonds, according to the true intent and meaning hereof. For such budgeting, appropriation and payment this County hereby does pledge its full faith, credit and taxing power and hereby does agree that this covenant shall be specifically enforceable in accordance with applicable law.

3. This County agrees that the debt service in each Fiscal Year with respect to the Series C Bonds and, individually, with respect to the Series C-1 Bonds and the Series C-2 Bonds to which the foregoing guarantee shall apply is set forth in Exhibit A attached hereto.

4. This Series C Guaranty is a guaranty of payment when due of the principal amount of and interest on the Series C Bonds in the maximum principal amount of \$68,453,473.90 together with interest thereon and not of collection and the County; provided, however, a specific condition to the performance of the County of its obligations hereunder is the Bond Insurer's failure to timely honor its obligations in the Bond Insurance Policy. The County agrees that it shall not be necessary or required that the Trustee exercise any right, assert any claim or demand any remedy against the Authority before or as a condition to the obligations of the County hereunder.

5. The County's obligations hereunder shall not be affected, modified, diminished or impaired upon the happening, from time to time, of any event, including,

N-16

without limitation, any of the following (whether or not with notice to or the consent of the County in accordance with the provisions hereof):

A. The failure of the Authority otherwise to perform any obligation contained in this Series C Guaranty or in any other agreement, for any reason whatsoever, including, without limiting the generality of the foregoing, the occurrence of an insufficiency of funds, negligence or willful misconduct on the part of the Authority or its agents, employees or independent contractors, legal action of any nature which shall prohibit the operations of the Authority or delay or prevent the Parking System Project or operation of the labor disputes, war, insurrection, natural catastrophe or laws, rules or regulations of any body, governmental or otherwise, having proper jurisdiction;

B. The compromise, settlement, release or termination of any or all of the obligations, covenants or agreements of the Authority or the Bond Insurer under the County/AGM Reimbursement Agreement (the "County/AGM Reimbursement Agreement");

C. The failure of the County to receive notice of the occurrence of a default under terms and provisions of this Series B Guaranty, the Indenture or the County/AGM Reimbursement Agreement;

D. The validity, enforceability or termination of the County/AGM Reimbursement Agreement or the Indenture;

E. The failure of the Authority or the Bond Insurer to make any payment to the County under the County/AGM Reimbursement Agreement;

F. The neglect or failure of the Authority or the Bond Insurer to exercise or to preserve any rights or rights of action against any party, person or property;

G. The failure of the Authority or the Bond Insurer to have enforced, on prior appropriate occasions, any right or right of action against any party, person or property;

H. The compromise, settlement, release, alteration, indulgence or any

N-17

any thereof, or any allegation or contest of the validity of the Series C Guaranty in any such proceeding;

O. The release or discharge of the Authority or the Bond Insurer to the extent permitted by law, from performance or observance of any obligation, covenant or agreement contained in the Series C Guaranty, by operation of law;

P. Any failure by the Authority or the Bond Insurer to comply with any of the covenants, agreements or undertakings set forth herein or in the Indenture, or any breach by the Authority or the Bond Insurer of any representation or warranty set forth herein or in the Indenture;

Q. The payment by the Bond Insurer pursuant to the Bond Insurance Policy;

R. Any draw on the Debt Service Reserve Fund or Debt Service Reserve Surety Bond for the Bonds; or

S. The defenses of counter-claim, recoupment or set-off or any other defense normally available to a guarantor.

6. The obligations of the County hereunder shall not be affected by any bankruptcy, arrangement of creditors, reorganization or other similar proceedings of the Authority, the Bond Insurer or the County; and, to the extent applicable, the County specifically waives any right or benefit which could accrue to it by reason of any such proceeding and agrees that the same shall not affect the liability of the County hereunder, regardless of the effect that such proceedings may have with respect to the obligations of the Authority or the Bond Insurer. In the event any payment on the Bonds is subject to a "clawback", the obligations of the County hereunder shall remain in full force and effect with respect thereto.

7. The obligations owed to the County in connection with any payments made under this Series C Guaranty are governed by that certain reimbursement agreement executed by and between this County the Bond Insurer (the "County/AGM

N-19

other change or modification of any obligation or liability of the Authority or AGM under the County/AGM Reimbursement Agreement or the Indenture, regardless of the nature of such obligation or liability and regardless of the extent to which such obligation or liability shall have been modified, compromised or otherwise changed;

I. The waiver of the payment, performance or observance by the Authority or the Bond Insurer of the County of any obligations, covenants or agreements contained in the County/AGM Reimbursement Agreement or this Series C Guaranty;

J. The extension of the time for payment of the Debt Service on the Series C Bonds or any part thereof owing or payable under this Series C Guaranty or of the time for performance of any other obligations, covenants or agreements under or arising out of this County/AGM Reimbursement Agreement or this Series C Guaranty;

K. The waiver by the Authority, the Bond Insurer or the County of the modification or amendment (whether material or otherwise) of any obligation, covenant or agreement of the Authority or the Bond Insurer set forth in the County/AGM Reimbursement Agreement;

L. The taking of, or the omission to take, any action referred to in the County/AGM Reimbursement Agreement or the Indenture;

M. Any failure, omission or delay on the part of the Authority to enforce, to assert or to exercise any right, power or remedy conferred upon or vested in the Authority hereunder or the Indenture, the County/AGM Reimbursement Agreement or to enforce, to assert or to exercise any other right, or rights on the part of the Authority or any bondholder;

N. The voluntary or involuntary liquidation, dissolution, sale or other disposition of all or substantially all the assets, marshalling of assets and liabilities, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition with creditors or readjustments or other similar proceedings relating to the Authority, the Bond Insurer or the County or any of the assets of

N-18

Reimbursement Agreement"), as authorized in Ordinance No. 7-2013 of the County enacted on October 30, 2013 authorizing the execution and delivery of this Guaranty Agreement.

8. To the extent that it makes any payments of debt service on the Series C Bonds pursuant to this Series C Guaranty, the County shall become subrogated to all right, title and interest of the person receiving such payments. The County's rights to reimbursement for payments of debt service shall be as set forth herein, the Indenture and in the County/AGM Reimbursement Agreement. Notwithstanding that the Series C Bonds are no longer Outstanding (as defined in the Indenture) and any amounts due or to become due to the County have been paid in full, to the extent the County has made any payment of debt service on the Series C Bonds pursuant hereto, it shall retain its rights of subrogation and reimbursement hereunder, under the Indenture and under the County/AGM Reimbursement Agreement. To the extent the County makes any payment of debt service on the Series C Bonds, it shall become subrogated to all right, title and interest of the person receiving such payment with respect to claims against the Bond Insurer under the Bond Insurance Policy.

9. The Trustee acknowledges that the County will have the right to direct remedies and action as provided in the Debt Act if an Event of Default occurs under the Indenture in the manner set forth in the Indenture. Said remedies include, but are not limited to, the remedy of acceleration, as permitted in Section 8263 of the Debt Act, in the event that there is a failure to make payment of interest, principal or premium, if any, on any Bond, when due, or in the event the Authority fails, and which failure continues for a period of thirty (30) days after written notice thereof, to observe and perform any other covenant, condition, agreement or provision contained in the Series C Bonds, the Indenture or the Mortgage on the part of the Authority. The Trustee acknowledges that the County will have the right to direct remedies and action if an Event of Default occurs under the Indenture in the manner set forth in the Indenture. The Trustee further agrees that amounts

N-20

received from the County hereunder shall be applied to pay principal and interest on the Series C Bonds and amounts owed the Debt Service Reserve Security Bond Provider in accordance with the Indenture.

10. This Guaranty Agreement may not be assigned by the County nor may its obligations arising hereunder be in any manner whatsoever alienated by the County. This Series C Guaranty shall inure to the benefit of the registered owners from time to time of the Series C Bonds and the Debt Service Reserve Surety Bond Provider. The County acknowledges that the registered owners of the Series C Bonds and the Debt Service Reserve Surety Bond Provider shall materially rely on the existence of this Series C Guaranty and the County's due performance of its obligations hereunder.

11. Defined terms used herein and not in otherwise defined shall have the meanings assigned to them in the Indenture.

(THE REMAINDER OF THIS PAGE IS BLANK)

N-21

IN WITNESS WHEREOF, the County of Dauphin, Pennsylvania, has caused this Guaranty Agreement to be executed in its behalf the Board of County Commissioners of the County and the official seal of the County to be hereunto affixed and attested by the Chief Clerk of the Board of County Commissioners and to be delivered to the Authority and to the Trustee as the paying agent of the Subordinate Guaranteed Bonds, which have accepted the same.

COUNTY OF DAUPHIN,
Pennsylvania

ATTEST:

By: -----
Chairman, Board of
County Commissioners

Chief Clerk, Board of
County Commissioners

By: -----
Member, Board of
County Commissioners

(SEAL)

By: -----
Member, Board of
County Commissioners

N-22

ACCEPTANCE AND ACKNOWLEDGMENT

Pennsylvania Economic Development Financing Authority, as the issuer of, and U.S. Bank National Association, as Trustee for, the Subordinate Guaranteed Bonds, acknowledge receipt of an executed counterpart of the foregoing Guaranty Agreement, all as of December 1, 2013.

ATTEST: PENNSYLVANIA ECONOMIC DEVELOPMENT
FINANCING AUTHORITY

----- By: -----
(Assistant) Secretary Executive Director

(SEAL)

[THIS PAGE INTENTIONALLY LEFT BLANK]

ATTEST: U.S. BANK NATIONAL ASSOCIATION

----- By: -----
(Vice) President

(SEAL)

N-23

EXHIBIT A

BOND DEBT SERVICE

Pennsylvania Economic Development Financing Authority
 SERIES B 2013 - Junior Dauphin County Guaranteed Parking Revenue Bonds
 (Capitol Region Parking System)

Dated Date 12/23/2013
 Delivery Date 12/23/2013

Period Ending	Principal	Coupon	Interest	Compounded Interest	Debt Service	Annual Debt Service
07/01/2014			2,135,784.44		2,135,784.44	
01/01/2015			2,044,900.00		2,044,900.00	4,180,684.44
07/01/2015			2,044,900.00		2,044,900.00	
01/01/2016			2,044,900.00		2,044,900.00	4,089,800.00
07/01/2016			2,044,900.00		2,044,900.00	
01/01/2017	140,000.00	5.000%	2,044,900.00		2,184,900.00	4,229,800.00
07/01/2017			2,041,400.00		2,041,400.00	
01/01/2018	315,000.00	5.000%	2,041,400.00		2,356,800.00	4,397,800.00
07/01/2018			2,033,525.00		2,033,525.00	
01/01/2019	485,000.00	5.000%	2,033,525.00		2,518,525.00	4,552,050.00
07/01/2019			2,021,400.00		2,021,400.00	
01/01/2020	680,000.00	5.000%	2,021,400.00		2,701,800.00	4,722,800.00
07/01/2020			2,004,400.00		2,004,400.00	
01/01/2021	1,175,000.00	5.000%	2,004,400.00		3,179,400.00	5,183,800.00
07/01/2021			1,975,025.00		1,975,025.00	
01/01/2022	1,410,000.00	5.000%	1,975,025.00		3,385,025.00	5,360,050.00
07/01/2022			1,939,775.00		1,939,775.00	
01/01/2023	1,655,000.00	5.000%	1,939,775.00		3,594,775.00	5,534,550.00
07/01/2023			1,898,400.00		1,898,400.00	
01/01/2024	1,925,000.00	5.000%	1,898,400.00		3,823,400.00	5,721,800.00
07/01/2024			1,850,275.00		1,850,275.00	
01/01/2025	2,220,000.00	5.500%	1,850,275.00		4,070,275.00	5,920,550.00
07/01/2025			1,785,225.00		1,789,225.00	
01/01/2026	2,550,000.00	5.500%	1,789,225.00		4,319,225.00	6,128,450.00
07/01/2026			1,719,100.00		1,719,100.00	
01/01/2027	2,900,000.00	5.500%	1,719,100.00		4,619,100.00	6,338,200.00
07/01/2027			1,639,350.00		1,639,350.00	
01/01/2028	1,512,678.40	5.500%	1,639,350.00	1,747,321.60	4,919,350.00	6,558,700.00
07/01/2028			1,639,350.00		1,639,350.00	
01/01/2029	1,528,810.90	5.600%	1,639,350.00	1,976,189.10	5,144,350.00	6,789,700.00
07/01/2029			1,639,350.00		1,639,350.00	
01/01/2030	1,507,595.60	5.700%	1,639,350.00	2,202,404.40	5,349,350.00	6,988,700.00
07/01/2030			1,639,350.00		1,639,350.00	
01/01/2031	1,481,177.00	5.800%	1,639,350.00	2,438,828.00	5,559,350.00	7,198,700.00
07/01/2031			1,639,350.00		1,639,350.00	
01/01/2032	1,458,350.00	5.870%	1,639,350.00	2,680,050.00	5,779,350.00	7,418,700.00
07/01/2032			1,639,350.00		1,639,350.00	
01/01/2033	1,436,172.30	5.930%	1,639,350.00	2,928,827.70	6,004,350.00	7,643,700.00
07/01/2033			1,639,350.00		1,639,350.00	
01/01/2034	1,409,516.25	5.990%	1,639,350.00	3,185,483.75	6,234,350.00	7,873,700.00
07/01/2034			1,639,350.00		1,639,350.00	
01/01/2035	1,396,828.50	6.050%	1,639,350.00	3,439,171.50	6,529,350.00	8,168,700.00
07/01/2035			1,639,350.00		1,639,350.00	
01/01/2036	1,371,239.00	6.100%	1,639,350.00	3,778,761.00	6,789,350.00	8,428,700.00
07/01/2036			1,639,350.00		1,639,350.00	
01/01/2037	1,235,980.90	6.150%	1,639,350.00	3,748,019.10	6,524,350.00	8,263,700.00
07/01/2037			1,639,350.00		1,639,350.00	
01/01/2038	1,181,030.40	6.200%	1,639,350.00	3,938,969.60	6,759,350.00	8,398,700.00
07/01/2038			1,639,350.00		1,639,350.00	
01/01/2039	1,142,098.70	6.250%	1,639,350.00	4,197,301.30	6,969,350.00	8,608,700.00
07/01/2039			1,639,350.00		1,639,350.00	
01/01/2040	1,022,173.10	6.300%	1,639,350.00	4,112,826.90	6,774,350.00	8,413,700.00
07/01/2040			1,639,350.00		1,639,350.00	
01/01/2041	908,878.95	6.350%	1,639,350.00	4,026,121.05	6,574,350.00	8,213,700.00

BOND DEBT SERVICE

Pennsylvania Economic Development Financing Authority
 SERIES B 2013 - Junior Dauphin County Guaranteed Parking Revenue Bonds
 (Capitol Region Parking System)

Period Ending	Principal	Coupon	Interest	Compounded Interest	Debt Service	Annual Debt Service
07/01/2041			1,639,350.00		1,639,350.00	
01/01/2042	812,478.05	6.390%	1,639,350.00	3,922,521.35	6,374,350.00	8,013,700.00
07/01/2042			1,639,350.00		1,639,350.00	
01/01/2043	723,004.50	6.420%	1,639,350.00	3,801,995.50	6,164,350.00	7,803,700.00
07/01/2043			1,639,350.00		1,639,350.00	
01/01/2044	630,854.70	6.500%	1,639,350.00	3,674,145.30	5,944,350.00	7,583,700.00
07/01/2044			1,639,350.00		1,639,350.00	
01/01/2045	1,566,665.55	6.600%	1,639,350.00	10,178,334.45	13,384,350.00	15,023,700.00
07/01/2045			1,639,350.00		1,639,350.00	
01/01/2046	1,423,376.55	6.700%	1,639,350.00	10,321,623.45	13,384,350.00	15,023,700.00
07/01/2046			1,639,350.00		1,639,350.00	
01/01/2047	1,290,775.50	6.800%	1,639,350.00	10,454,224.50	13,384,350.00	15,023,700.00
07/01/2047			1,639,350.00		1,639,350.00	
01/01/2048	1,041,081.60	7.250%	1,639,350.00	10,701,980.90	13,382,412.50	15,021,762.50
07/01/2048			1,639,350.00		1,639,350.00	
01/01/2049	969,667.20	7.250%	1,639,350.00	10,775,332.80	13,384,350.00	15,023,700.00
07/01/2049			1,639,350.00		1,639,350.00	
01/01/2050	11,745,000.00	6.000%	1,639,350.00		13,384,350.00	15,023,700.00
07/01/2050			1,287,000.00		1,287,000.00	
01/01/2051	12,450,000.00	6.000%	1,287,000.00		13,737,000.00	15,024,000.00
07/01/2051			913,500.00		913,500.00	
01/01/2052	13,195,000.00	6.000%	913,500.00		14,108,500.00	15,022,000.00
07/01/2052			517,000.00		517,000.00	
01/01/2053	13,985,000.00	6.000%	517,000.00		14,502,000.00	15,020,300.00
07/01/2053			98,100.00		98,100.00	
						3,368,100.00
97,172,029.25			131,849,834.44	108,276,033.25	337,297,896.94	337,297,896.94

EXHIBIT A

BOND DEBT SERVICE

Pennsylvania Economic Development Financing Authority
 SERIES C 2013 - AGM Insured / Dauphin County Guaranteed Parking Revenue Bonds
 (Capitol Region Parking System)

Dated Date 12/23/2013
 Delivery Date 12/23/2013

Period Ending	Principal	Coupon	Interest	Compounded Interest	Debt Service	Annual Debt Service
07/01/2014			1,256,587.22		1,256,587.22	
01/01/2015			1,203,125.00		1,203,125.00	2,459,722.22
07/01/2015			1,203,125.00		1,203,125.00	
01/01/2016	525,000.00	5.000%	1,203,125.00		1,728,125.00	2,931,250.00
07/01/2016			1,190,000.00		1,190,000.00	
01/01/2017	650,000.00	5.000%	1,190,000.00		1,840,000.00	3,030,000.00
07/01/2017			1,173,750.00		1,173,750.00	
01/01/2018	805,000.00	5.000%	1,173,750.00		1,978,750.00	3,152,500.00
07/01/2018			1,153,625.00		1,153,625.00	
01/01/2019	955,000.00	5.000%	1,153,625.00		2,108,625.00	3,262,250.00
07/01/2019			1,129,750.00		1,129,750.00	
01/01/2020	1,130,000.00	5.000%	1,129,750.00		2,259,750.00	3,389,500.00
07/01/2020			1,101,500.00		1,101,500.00	
01/01/2021	1,515,000.00	5.000%	1,101,500.00		2,616,500.00	3,718,000.00
07/01/2021			1,083,625.00		1,083,625.00	
01/01/2022	1,715,000.00	5.000%	1,083,625.00		2,778,625.00	3,842,250.00
07/01/2022			1,020,750.00		1,020,750.00	
01/01/2023	1,930,000.00	5.000%	1,020,750.00		2,950,750.00	3,971,500.00
07/01/2023			972,500.00		972,500.00	
01/01/2024	2,160,000.00	5.000%	972,500.00		3,132,500.00	4,105,000.00
07/01/2024			918,500.00		918,500.00	
01/01/2025	2,410,000.00	5.500%	918,500.00		3,328,500.00	4,247,000.00
07/01/2025			852,225.00		852,225.00	
01/01/2026	2,690,000.00	5.500%	852,225.00		3,542,225.00	4,394,450.00
07/01/2026			778,250.00		778,250.00	
01/01/2027	2,990,000.00	5.500%	778,250.00		3,768,250.00	4,546,500.00
07/01/2027			696,025.00		696,025.00	
01/01/2028	3,310,000.00	5.500%	696,025.00		4,006,025.00	4,702,050.00
07/01/2028			605,000.00		605,000.00	
01/01/2029	3,655,000.00	5.500%	605,000.00		4,260,000.00	4,865,000.00
07/01/2029			504,487.50		504,487.50	
01/01/2030	4,005,000.00	5.500%	504,487.50		4,509,487.50	5,013,975.00
07/01/2030			394,350.00		394,350.00	
01/01/2031	4,375,000.00	5.500%	394,350.00		4,769,350.00	5,163,700.00
07/01/2031			274,037.50		274,037.50	
01/01/2032	4,770,000.00	5.500%	274,037.50		5,044,037.50	5,318,075.00
07/01/2032			142,862.50		142,862.50	
01/01/2033	5,195,000.00	5.500%	142,862.50		5,337,862.50	5,480,725.00
01/01/2034	1,731,603.75	5.900%	3,913,296.25		5,645,000.00	5,645,000.00
01/01/2035	1,672,480.75	6.050%	4,182,519.25		5,855,000.00	5,855,000.00
01/01/2036	1,609,941.70	6.100%	4,435,458.30		6,045,000.00	6,045,000.00
01/01/2037	1,469,944.50	6.150%	4,655,955.50		5,935,000.00	5,935,000.00
01/01/2038	1,389,786.75	6.200%	4,835,213.25		6,025,000.00	6,025,000.00
01/01/2039	1,312,786.30	6.250%	4,847,213.70		6,170,000.00	6,170,000.00
01/01/2040	1,201,327.10	6.300%	4,833,672.90		6,035,000.00	6,035,000.00
01/01/2041	1,084,761.30	6.350%	4,805,238.70		5,890,000.00	5,890,000.00
01/01/2042	985,784.55	6.390%	4,759,215.45		5,74	

[THIS PAGE INTENTIONALLY LEFT BLANK]

Appendix “O”

Form of Leasehold Mortgage

[THIS PAGE INTENTIONALLY LEFT BLANK]

Prepared By:

Marc A. Feller, Esq.
Dilworth Paxson LLP
1500 Market Street, Suite 3500E
Philadelphia, Pennsylvania 19102
(215) 575-7054

Return To:

Adam D. Schneider, Esq.
Senior Vice President
Land Services USA, Inc.
1835 Market Street, Suite 420
Philadelphia, PA 19103
(215) 563-5468

**THIS IS AN OPEN-END
MORTGAGE SECURING FUTURE
ADVANCES UP TO A MAXIMUM
PRINCIPAL AMOUNT OF
\$483,653,663.70 PLUS ACCRUED
INTEREST AND OTHER
INDEBTEDNESS AS DESCRIBED
IN 42 PA.C.S.A. §8143**

**OPEN-END LEASEHOLD MORTGAGE
AND SECURITY AGREEMENT**

THIS OPEN-END LEASEHOLD MORTGAGE AND SECURITY AGREEMENT ("**Mortgage**") is made and entered into as of the 1st day of December, 2013 between the PENNSYLVANIA ECONOMIC DEVELOPMENT FINANCING AUTHORITY, a public instrumentality of the Commonwealth of Pennsylvania and a body politic and corporate created and existing under and by virtue of the Constitution and the laws of the Commonwealth of Pennsylvania (the "**Authority**"), and U.S. Bank National Association, a national banking association, duly organized, existing and authorized to accept and execute trusts of the character herein set out, as trustee (the "**Trustee**" or "**Mortgagee**").

BACKGROUND OF INDENTURE

A. The Authority is a public instrumentality of the Commonwealth of Pennsylvania (the "**Commonwealth**") and a body corporate and politic organized and existing under the Pennsylvania Economic Development Financing Law (Act No. 102, approved August 23, 1967, P.L. 251, as amended, including the amendments effected by Act No. 48, approved July 10, 1987, P.L. 273, and Act No. 74, approved December 17, 1993, P.L. 490), as amended and supplemented from time to time (the "**Act**").

O-1

O-2

ARTICLE 1- GRANTS OF SECURITY

Section 1.1 PROPERTY MORTGAGED. Authority does hereby irrevocably mortgage, grant, bargain, sell, pledge, assign, warrant, transfer and convey to Trustee, and grant a security interest to Trustee in, the following property, rights, interests and estates now owned, or hereafter acquired by Authority (collectively, the "**Property**"):

(a) Lease. That certain Lease dated as of December 23, 2013 by and between the Harrisburg Parking Authority, as lessor ("**Owner**"), and the Authority as tenant (the "**HPA Lease**") and the leasehold estate created thereby in the real property described therein and in **Exhibit A** attached hereto which is made a part hereof (the "**Leased Premises**"), including all assignments, modifications, extensions and renewals of the HPA Lease and all credits, deposits, options, privileges and rights of the Authority as tenant under the HPA Lease;

(b) Additional Land Interests. All additional lands, leasehold interests, estates and development rights hereafter acquired by the Authority as part of or for use in connection with the Leased Premises and the development of the Leased Premises that may, from time to time, by supplemental mortgage or otherwise be expressly made subject to the lien of this Mortgage;

(c) Improvements. The buildings, structures, fixtures, additions, enlargements, extensions, modifications, repairs, replacements and improvements now or hereafter erected or located on the Leased Premises, to the extent that such Improvements are the property of Authority under the terms of the Lease (the "**Improvements**");

(d) Easements. All easements, rights-of-way or use, rights, strips and gores of land, streets, ways, alleys, passages, sewer rights, water, water courses, water rights and powers, air rights and development rights, and all estates, rights, titles, interests, privileges, liberties, servitudes, tenements, hereditaments and appurtenances of any nature whatsoever, in any way now or hereafter belonging, relating or pertaining to the Leased Premises and/or the Improvements, including, but not limited to, those arising under and by virtue of the HPA Lease, and the reversion and reversions, remainder and remainders, and all land lying in the bed of any street, road or avenue, opened or proposed, in front of or adjoining the Leased Premises, to the center line thereof and all the estates, rights, titles, interests, dower and rights of dower, curtesy and rights of curtesy, property, possession, claim and demand whatsoever, both at law and in equity, of Authority of, in and to the Leased Premises and/or the Improvements, including, but not limited to, those arising under and by virtue of the HPA Lease, and every part and parcel thereof, with the appurtenances thereto;

(e) Fixtures and Personal Property. All machinery, equipment, fixtures (including, but not limited to, all heating, air conditioning, plumbing, lighting, communications and elevator fixtures) and other property of every kind and nature whatsoever owned by Authority, or in which Authority has or shall have an interest, now or hereafter located upon the Leased Premises and the Improvements, or appurtenant thereto, and usable in connection with the present or future operation and occupancy of the Leased Premises and the Improvements and all building equipment, furnishings, inventory, materials and supplies of any nature whatsoever owned by Authority, or in which Authority has or shall have an interest, now or hereafter

O-3

B. Under the Act, the Authority is authorized and empowered to acquire, hold, construct, improve, maintain, own, finance and lease projects, including facilities and activities which promote the purposes set forth in the Act and to make contracts of every name and nature necessary or convenient for carrying out projects.

C. The Act declares it to be in the public interest and policy of the Commonwealth to promote industrial, commercial and other economic development and to encourage economic development and efficiency within the Commonwealth by providing basic services and facilities and by providing financing for, inter alia, transportation systems and facilities of every kind, and facilities conducive to economic activity in the Commonwealth.

D. Under the Act, the Authority is authorized to issue bonds, to secure the payment of such bonds by pledge, mortgage or assignment of all or any part of the property of the Authority, its revenues and receipts therefrom or its revenues generally, and to provide for the rights of the holders of such bonds in accordance with the provisions of the Act.

E. In accordance with the Act, and pursuant to the terms and conditions of this Indenture (defined below), the Authority will issue its (i) Senior Parking Revenue Bonds (Capitol Region Parking Project), Series A of 2013 (the "**Series A Bonds**"), consisting of two sub-series, its Senior Parking Revenue Bonds (Capitol Region Parking Project) Series A-1 of 2013 in the aggregate principal amount of \$100,215,000.00 (the "**Series A-1 Bonds**") and its Senior Parking Revenue Bonds (Capitol Region Parking Project) Series A-2 of 2013 (Capital Appreciation Bonds) in the Original Principal Amount of \$20,713,160.55 (the "**Series A-2 Bonds**"), (ii) its Junior Guaranteed Parking Revenue Bonds (Capitol Region Parking Project) Series B of 2013 (the "**Series B Bonds**"), consisting of three sub-series, its Junior Guaranteed Parking Revenue Bonds (Capitol Region Parking Project) Sub-Series B-1 of 2013 in the aggregate principal amount of \$70,100,000.00 (the "**Series B-1 Bonds**"), its Junior Guaranteed Parking Revenue Bonds (Capitol Region Parking Project) Series B-2 of 2013 (Capital Appreciation Bonds) in the Original Principal Amount of \$25,061,280.45 (the "**Series B-2 Bonds**") and its Junior Guaranteed Parking Revenue Bonds (Capitol Region Parking Project) Series B-3 of 2013 (Callable Capital Appreciation Bonds) in the Original Principal Amount of \$2,010,784.80 (the "**Series B-3 Bonds**"), (iii) its Junior Insured/Guaranteed Parking Revenue Bonds (Capitol Region Parking Project), Series C of 2013 (the "**Series C Bonds**"), consisting of two sub-series, its Junior Insured/Guaranteed Parking Revenue Bonds (Capitol Region Parking Project), Series C-1 of 2013 in the aggregate principal amount of \$44,785,000.00 (the "**Series C-1 Bonds**") and its Junior Insured/Guaranteed Parking Revenue Bonds (Capitol Region Parking Project), Series C-2 of 2013 (Capital Appreciation Bonds) in the Original Principal Amount of \$23,668,473.90 (the "**Series C-2 Bonds**"); the Series A Bonds, Series B Bonds and the Series C Bonds, are referred to collectively as the "**2013 Bonds**") and (iv) its \$197,100,000 Subordinate Parking Revenue Notes (Capitol Region Parking Project) Series of 2013 ("the **Authority Notes**").

F. The Authority and the Trustee have executed an Indenture of even date herewith, the terms and provisions thereof being incorporated herein in full ("**Indenture**"). Any terms not defined herein shall be given the meaning ascribed to that term in the Indenture.

located upon the Leased Premises and the Improvements, or appurtenant thereto, or usable in connection with the present or future operation and occupancy of the Leased Premises and the Improvements (collectively, the "**Service Equipment**"), including the right, title and interest of Authority in and to any of the Service Equipment which may be subject to any security interests, as defined in the Uniform Commercial Code, as adopted and enacted by the state or states where any of the Property is located (the "**Uniform Commercial Code**"), superior in lien to the lien of this Mortgage, and all proceeds and products of all of the above;

(f) Leases and Rents. All leases (including the Commonwealth Lease as defined in the Indenture), subleases, rental agreements, license agreements and other agreements affecting the use, enjoyment or occupancy of the Leased Premises and/or the Improvements heretofore or hereafter entered into (and all extensions, amendments and modifications thereto), whether before or after the filing by or against Authority of any petition for relief under Creditors Rights Laws (the "**Leases**") and all right, title and interest of the Authority, its successors and assigns therein and thereunder, including, without limitation, all guarantees, letters of credit and any other credit support given by any guarantor, cash or securities deposited under the Lease to secure the performance by the lessees of their obligations thereunder and all rents, additional rents, revenues, issues and profits (including all oil and gas or other mineral royalties and bonuses) derived from the Leased Premises and the Improvements whether paid or accruing before or after the filing by or against the Authority of any petition for relief under the Creditors Rights Laws (the "**Rents**") and all proceeds from the sale or other disposition of the Leases and the right to receive and apply the Rents to the payment of the Debt;

(g) Insurance Proceeds. All present and future proceeds of and any unearned premiums on any insurance policies covering the Property, including, without limitation, the right to receive and apply the proceeds of any insurance, judgments, or settlements made in lieu thereof, for damage to the Property;

(h) Condemnation Awards. All awards or payments, including interest thereon, which may heretofore and hereafter be made with respect to the Property, whether from the exercise of the right of eminent domain (including, but not limited to any transfer made in lieu of or in anticipation of the exercise of the right), or for a change of grade, or for any other injury to or decrease in the value of the Property (with Insurance Proceeds, collectively the "**Proceeds**");

(i) Conversion. All proceeds of the conversion, voluntary or involuntary, of any of the foregoing including, without limitation, proceeds of insurance and condemnation awards, into cash or liquidation claims;

(j) Actions or Proceedings. The right, but not the obligation, in the name and on behalf of the Authority, to appear in and defend any action or proceeding brought with respect to the Property and to commence any action or proceeding to protect the interest of Trustee in the Property;

(k) Other Agreements. All agreements, contracts, certificates, instruments, franchises, permits, licenses, plans, specifications and other documents, now or hereafter entered into, and all rights therein and thereto, including, without limitation the Asset Transfer

O-4

Agreement (the "Asset Transfer Agreement"), PEDFA Intergovernmental Agreement, Asset Management Agreement (the "Asset Management Agreement"), Commonwealth Lease, Parking Enforcement Agreement, the Parking Delegation Enforcement Agreement, the Parking Enforcement Agreement and the Parking Services Agreement (collectively, the "Contracts") respecting or pertaining to the use, occupation, construction, management or operation of the Leased Premises and any part thereof and any Improvements or respecting any business or activity conducted on the Leased Premises and any part thereof and all right, title and interest of the Authority therein and thereunder, including, without limitation, (i) the right, upon the occurrence and during the continuance of an Event of Default, to receive and collect any sums payable to Authority thereunder, and (ii) all rights of use with respect to other premises of the Owner, including without limitation all rights to ingress, egress, regress and access for pedestrians and vehicles, and all rights for parking and use of other amenities controlled by Owner, whether on or off Owner's premises, available to Authority or the occupants of the Improvements, that may be enforceable by the Authority under or with respect to the HPA Lease;

(l) Intangibles. All of the Authority's accounts, escrows, chattel paper, deposits, trade names, trademarks, servicemarks, logos, copyrights, goodwill, books and records, and all other general intangibles related to or used in connection with the operation of the Property;

(m) Causes of Action. All causes of action and claims against any Person (including without limitation, all causes of action or claims arising in tort, by contract or for fraud or concealment of material fact) for damages or injury to the Property or in connection with any transaction financed in whole or in part by the proceeds of the 2013 Bonds ("Causes of Action"); and

(n) Other Rights. Any and all other rights of the Authority in and to any Property or under the HPA Lease.

Section 1.2 ASSIGNMENT OF LEASES AND RENTS. The Authority hereby absolutely and unconditionally assigns to Trustee the Authority's right, title and interest in and to all current and future Leases (including, without limitation, the HPA Lease) and Rents; it being intended by Authority that this assignment constitutes a present, absolute assignment and not an assignment for additional security only. Nevertheless, subject to the terms of this Section 1.2 and Section 3.8 and the provisions of the Indenture, Trustee grants to the Authority a revocable license to collect and receive the Rents. Authority shall hold the Rents sufficient to discharge all obligations under the Indenture.

Section 1.3 SECURITY AGREEMENT. This Mortgage is both a real property mortgage and a "security agreement" within the meaning of the Uniform Commercial Code. The Property includes both real and personal property and all other rights and interests, whether tangible or intangible in nature, of the Authority in the Property. By executing and delivering this Mortgage, the Authority hereby grants to Trustee, as security for the Obligations, a security interest in the Personal Property and other collateral given as security for the Obligations (whether denominated as part of the Property or otherwise) to the extent that under Applicable Laws the same would be governed by the Uniform Commercial Code (collectively, "UCC

O-5

(c) each obligation of the Authority contained in any renewal, extension, amendment, modification, consolidation, change of, or substitution or replacement for, all or any part of the Financing Documents.

(d) For purposes of this Mortgage, the term "Financing Documents" shall have the meaning ascribed to it in the Indenture but shall only apply to such documents to which the Authority is a party.

Section 2.3 PAYMENT OF DEBT. Authority shall pay the Debt at the time and in the manner provided in the Indenture and in this Mortgage. The Authority's obligations for the payment of the Debt and the performance of the Other Obligations shall be referred to collectively as the "Obligations."

Section 2.4 PERFORMANCE OF OTHER AGREEMENTS. The Authority shall observe and perform each and every term to be observed or performed by the Authority pursuant to the terms of any agreement or recorded instrument affecting or pertaining to the Property, or given by the Authority to Trustee for the purpose of further securing an Obligation and any amendments, modifications or changes thereto.

Section 2.5 PAYMENTS. Unless payments are made in the required amount in immediately available funds at the place specified in the Indenture, remittances in payment of all or any part of the Debt shall not, regardless of any receipt or credit issued therefor, constitute payment until the required amount is actually received by Trustee in funds immediately available at the place set forth in the Financing Documents (or any other place as Trustee, in Trustee's sole discretion, may have established by delivery of written notice thereof to the Authority) and shall be made and accepted subject to the condition that any check or draft may be handled for collection in accordance with the practice of the collecting bank or banks; provided, however, Trustee shall not be required to accept payment for any Obligation other than in collected funds. Acceptance by Trustee of any payment in an amount less than the amount then due shall be deemed an acceptance on account only, and the failure to pay the entire amount then due shall be and continue to be an Event of Default.

ARTICLE 3.- PROPERTY COVENANTS

Authority covenants and agrees that:

Section 3.1 PROPERTY USE. The Property shall be used only for lawful purposes consistent with the terms of the HPA Lease and consistent with the required operations of the Project as set forth in the Indenture, and for no other use without the prior written consent of the Authority.

Section 3.2 MANAGEMENT. The Property shall be managed by either: (i) the Authority or an entity retained by the Authority all as provided for in the Indenture..

Section 3.3 INSURANCE. The Authority shall cause to be maintained property and casualty (including business interruption) and liability (including professional liability) as provided in Schedule 3 attached to the Indenture, as such requirements may be amended from time to time. The Authority shall cause to be maintained property and casualty (including

O-7

Collateral") to the full extent that the Personal Property and other UCC Collateral may be subject to the Uniform Commercial Code.

Section 1.4 PLEDGE OF MONIES HELD. The Authority hereby grants a security interest in and pledges to Trustee any and all monies now or hereafter held by Trustee, including, without limitation, any sums deposited in an escrow or reserve fund, Net Proceeds and condemnation awards or payments described in Section 3.6, as additional security for the Obligations until expended or applied as provided in this Mortgage.

Section 1.5 CONDITION TO GRANT. TO HAVE AND TO HOLD the above granted and described Property to the use and benefit of Trustee, and the successors and assigns of Trustee, forever; PROVIDED, HOWEVER, these presents are upon the express condition that, if the Authority shall pay to Trustee the Debt at the time and in the manner provided in the Indenture and this Mortgage, shall perform the Other Obligations as set forth in this Mortgage and shall comply with each and every covenant and condition set forth herein and in the Indenture, these presents and the estate hereby granted shall cease, terminate and be void.

ARTICLE 2.- DEBT AND OBLIGATIONS SECURED/PAYMENT COVENANTS

Section 2.1 DEBT. This Mortgage and the grants, assignments and transfers made in Article 1 are given for the purpose of securing the payment of the following (collectively, "Debt"):

(a) all payment obligations of the Authority under the Indenture owed from time to time by Authority to Trustee, including without limitation all indebtedness evidenced by the 2013 Bonds and the Authority Notes; Reimbursement Obligations as defined in the Indenture, and obligations under Debt Service Reserve Surety Bond Provider Insurance Agreement, all subject to the priorities as set forth in the Indenture for such payment obligations;

(b) all sums advanced pursuant to this Mortgage to protect and preserve the Property and the lien and the security interest created hereby; and

(c) all sums advanced and costs and expenses incurred by Trustee in connection with the Debt or any part thereof, any renewal, extension, modification, replacement, restatement or increase of or substitution for the Debt or any part thereof, or the acquisition or perfection of the security therefor, whether made or incurred at the request of the Authority or Trustee.

Section 2.2 OTHER OBLIGATIONS. This Mortgage and the grants, assignments and transfers made in Article 1 are also given for the purpose of securing the performance of the following obligations owed by Authority to Trustee from time to time (the "Other Obligations"):

(a) each obligation of the Authority contained herein;

(b) each obligation of the Authority contained in the other Financing Documents; and

O-6

business interruption) and liability (including professional liability) as provided in Schedule 3 attached to the Indenture, as such requirements may be amended from time to time.

Section 3.4 PAYMENT OF TAXES, ETC.

(a) The Authority shall promptly pay, or cause to be paid, by their due date all applicable taxes, assessments, water rates, sewer rents, governmental impositions, and other charges, including, without limitation, vault charges and license fees for the use of vaults, chutes and similar areas adjoining the Leased Premises, now or hereafter levied or assessed or imposed against the Property or any part thereof, and all reimbursements required to be made to the Trustee under the HPA Lease therefor (the "Taxes") all ground rents payable under the HPA Lease, maintenance charges and similar charges, now or hereafter levied or assessed or imposed against the Property or any part thereof (the "Other Charges"), and all charges for utility services provided to the Property as same become due and payable. The Authority will cause to be delivered to the Trustee, promptly upon Trustee's request, evidence that the Taxes, Other Charges and utility service charges have been so paid or are not then delinquent. Authority shall not suffer and shall promptly cause to be paid and discharged any lien or charge whatsoever which may be or become a lien or charge against the Property. The Authority shall cause to be furnished to the Trustee paid receipts for the payment of the Taxes and Other Charges prior to the date the same shall become delinquent.

(b) After prior written notice to Trustee, the Authority, at its own expense from Revenues available under the Indenture for such purposes, may contest by appropriate legal proceeding, promptly initiated and conducted in good faith and with due diligence, the amount or validity or application in whole or in part of any of the Taxes, provided that (i) no Event of Default has occurred and is continuing under any of the Financing Documents, (ii) such proceeding shall suspend the collection of the Taxes from the Authority and from the Property or the Authority shall have paid all of the Taxes under protest, (iii) neither the Property nor any part thereof or interest therein will be in danger of being sold, forfeited, terminated, cancelled or lost and (iv) the Authority shall have furnished in the proceedings adequate security or reserves for the payment of the Taxes, together with all interest and penalties thereon, unless the Authority has paid all of the Taxes under protest, or the Authority shall have furnished the security as may be required in the proceeding to ensure the payment of any contested Taxes, together with all interest and penalties thereon, taking into consideration the amount in the Escrow Fund available for payment of Taxes.

Section 3.5 [INTENTIONALLY OMITTED].

Section 3.6 CONDEMNATION. The Authority shall promptly give Trustee notice of the actual or threatened commencement of any condemnation or eminent domain proceeding and shall deliver to Trustee copies of any and all notices and papers served in connection with such proceedings. Trustee may participate in any such proceedings to the extent permitted by law. Upon an Event of Default, the Authority shall deliver to Trustee all instruments requested by it to permit such participation. The Authority shall, at its expense, diligently prosecute, or cause to be prosecuted, any such proceedings and shall keep Trustee, its attorneys and experts apprised of the status of the prosecution or defense of the proceedings. Notwithstanding any taking by any public or quasi-public authority through eminent domain or otherwise (including,

O-8

but not limited to any transfer made in lieu of or in anticipation of the exercise of such taking), and whether or not any award or payment made in any condemnation or eminent domain proceeding (an "Award") is made available to the Authority for Restoration in accordance with Section 3.7, the Authority shall continue to pay the Debt at the time and in the manner provided for its payment in the Indenture and in this Mortgage and the Debt shall not be reduced until any Award shall have been actually received and applied by Trustee, after the deduction of expenses of collection, to the reduction or discharge of the Debt. Trustee shall not be limited to the interest paid on the Award by the condemning authority but shall be entitled to receive out of the Award interest at the rate or rates provided in the 2013 Bonds. If any 2013 Bonds or Authority Notes are outstanding, any Award payable to the Authority shall be paid directly to the Trustee, who shall segregate the award in an appropriate fund and account for application in accordance with the provisions of this Mortgage and, subject hereto, to the applicable provisions of the Indenture. Subject to Section 3.7 and notwithstanding any provision of any of the Financing Documents, Trustee may apply, or may require the Authority to apply (in which case the Authority shall apply) any Award, to the reduction or discharge of the 2013 Bonds, the Authority Notes, and any other Debt to Trustee, whether or not then due and payable.

Section 3.7 RESTORATION AFTER CASUALTY/CONDEMNATION.

(a) If the Property, or any portion thereof, shall be damaged or destroyed, in whole or in part, by fire or other casualty, or if the Property or any portion thereof is taken in any condemnation or eminent domain proceeding, the Authority shall give prompt notice of such damage or taking to Trustee. The Authority, upon receipt of a certification addressed to it and the Trustee stating that restoration is economically feasible and the Prospective Rate Covenant (as such term is defined in the Indenture) will be met following such restoration, shall promptly cause to be commenced and diligently proceed to restore, repair, replace or rebuild the Property (the "Restoration") in a workmanlike manner to the extent practicable to be of at least equal value and condition and substantially the same character as the Property was immediately prior to such fire or other casualty or taking, with such alterations as may be approved by the Authority. Notwithstanding any other provision of this Mortgage, to the extent that, at any time, all or any portion of the "Net Proceeds" (as defined below) are required to be paid to or held or applied by the Trustee pursuant to the provisions of the Indenture, the express provisions of the Indenture shall control over any inconsistent express provisions of this Mortgage as to such portion of the Net Proceeds; however, to the extent that, at any time, all or any portion of the Net Proceeds are not required to be paid to or held or applied by the Trustee pursuant to the provisions of the Indenture, the provisions of this Mortgage shall control.

(b) The term "Net Proceeds" for purposes of this Section 3.7 shall mean: (i) the net amount of all insurance proceeds under the Policies carried pursuant to Subsections 3.3 of this Mortgage as a result of such damage or destruction, after deduction of Trustee's or the Authority's reasonable costs and expenses (including, but not limited to reasonable legal fees), if any, in collecting the same, or (ii) the net amount of all Awards after deduction of Trustee's reasonable costs and expenses (including, but not limited to reasonable legal fees), if any, in collecting the same, whichever the case may be. In the event the Authority is not in possession of a certification addressed the Trustee and the Authority stating that it is not economically feasible to restore that portion of the Property which is subject to the casualty or taking or the Prospective Rate Covenant will not be met after such Restoration, then the Authority shall direct

O-9

Section 3.8 LEASES AND RENTS.

(a) The Authority may enter into leases (including the renewal or extension of existing Lease (a "Renewal Lease") without the prior written consent of Trustee.

(b) The Authority (i) shall not do or permit to be done anything to impair the value of any of the Leases as security for the Debt; (ii) upon request, shall promptly send copies to Trustee of all notices of default which the Authority shall send or receive thereunder; (iii) shall enforce all of the material terms, covenants and conditions contained in the Leases upon the part of the tenant thereunder to be observed or performed, (iv) shall not execute any other assignment of the Trustee's interest in any of the Leases or the Rents; and (v) shall not consent to any assignment of or subletting under any Leases not in accordance with their terms.

(c) The Authority may, without the consent of Trustee, amend, modify or waive the provisions of any Lease or terminate, reduce rents under, accept a surrender of space under, or shorten the term of, any Lease.

Section 3.9 MAINTENANCE AND USE OF PROPERTY. The Authority shall cause the Property to be maintained in a good and safe condition and repair. The Improvements and the Personal Property shall not be removed, demolished or materially altered (except for normal replacement of the Personal Property). Subject to the provisions of the Indenture, the Authority shall promptly cause to be repaired, replaced or rebuilt any part of the Property which may be destroyed by any casualty, or become damaged, worn or dilapidated or which may be affected by any proceeding of the character referred to in Section 3.6 and shall complete and pay for any structure at any time in the process of construction or repair on the Leased Premises. The Authority shall not initiate, join in, acquiesce in, or consent to any change in any private restrictive covenant, zoning law or other public or private restriction, limiting or defining the uses that may be made of the Property or any part thereof. If under applicable zoning provisions the use of all or any portion of the Property is or shall become a nonconforming use, the Authority will not cause or permit the nonconforming use to be discontinued or the nonconforming Improvement to be abandoned.

Section 3.10 WASTE. The Authority shall not commit or suffer any waste of the Property or make any change in the use of the Property which will in any way materially increase the risk of fire or other hazard arising out of the operation of the Property, or take any action that might invalidate or give cause for cancellation of any Policy, or do or permit to be done thereon anything that may in any way impair the value of the Property or the security of this Mortgage. Authority will not permit any drilling or exploration for or extraction, removal, or production of any minerals from the surface or the subsurface of the Leased Premises, regardless of the depth thereof or the method of mining or extraction thereof.

Section 3.11 COMPLIANCE WITH LAW.

(a) Authority shall promptly comply with all Applicable Laws affecting the Property, or the use thereof.

the Trustee to redeem all or a portion of the outstanding 2013 Bonds equal the amount of the Net Proceeds received by the Authority.

(c) The Net Proceeds held by Trustee until disbursed in accordance with the provisions of this Section 3.7 shall constitute additional security for the Obligations. The Net Proceeds other than the Rental Loss Proceeds shall be disbursed by Trustee to, or as directed by, Authority, in an amount equal to the costs actually incurred from time to time for work in place as part of the Restoration less any applicable retainage from time to time during the course of the Restoration, not more frequently than once per month, pursuant to the requirements of the Indenture. The Rental Loss Proceeds shall be deposited in the General Account of the Revenue Fund and disbursed by Trustee pursuant to the terms of the Indenture.

(d) The Authority shall assign to the Trustee its interest in the plans and specifications and all permits, licenses and approvals required or obtained in connection with the Restoration. The identity of the contractors, subcontractors and materialmen engaged in the Restoration, as well as the contracts under which they have been engaged, shall be subject to prior review and acceptance by the Restoration Consultant, such acceptance not to be unreasonably withheld or delayed. All costs and expenses incurred by Trustee in connection with making the Net Proceeds available for the Restoration including, without limitation, reasonable legal fees and disbursements and the fees of the Restoration Consultant, shall be paid by the Authority from Revenues available under the Indenture for such purpose.

(e) Except upon the occurrence and continuance of an Event of Default, the Authority shall settle any insurance claims with respect to the Net Proceeds that in the aggregate are less than the Availability Threshold. Trustee shall have the right but not the obligation to participate in and reasonably approve any settlement for insurance claims with respect to the Net Proceeds that in the aggregate are greater than the Availability Threshold. If an Event of Default shall have occurred and be continuing, the Authority hereby irrevocably empowers Trustee, in the name of the Authority as its true and lawful attorney-in-fact, to file and prosecute such claim and to collect and to make receipt for any such payment. If the Net Proceeds are received by Authority, such Net Proceeds shall, until the completion of the related work, be held in trust for Trustee and shall be segregated from other funds of the Authority to be used to pay for the cost of the Restoration in accordance with the terms hereof.

(f) The excess, if any, of the Net Proceeds deposited with Trustee after (i) the Asset Manager certifies to the Trustee that the Restoration has been completed in accordance with the provisions of this Section 3.7, and (ii) the receipt by Trustee of written certification by the Authority that all costs incurred in connection with the Restoration have been paid in full and all required permits, licenses, certificates of occupancy and other required approvals of governmental authorities having jurisdiction have been issued, shall be disbursed by Trustee to pursuant to the Indenture.

(g) All Net Proceeds not required (i) to be made available for the Restoration or (ii) to be disbursed as excess Net Proceeds pursuant to the Indenture shall be retained and applied by Trustee pursuant to the Indenture.

O-10

(b) Notwithstanding any provisions set forth herein or in any other document to which the Trustee's is a party, the Authority shall not alter the Property except as provided for in the Indenture.

(c) The Authority shall give prompt notice to Trustee of the receipt by the Authority of any notice related to a violation of any Applicable Laws and of the commencement of any proceedings or investigations that relate to compliance with Applicable Laws.

(d) After prior written notice to Trustee, the Authority, from funds available for such purpose held under the Indenture, may contest by appropriate legal proceeding, promptly initiated and conducted in good faith and with due diligence, the Applicable Laws affecting the Property, provided that the Authority certifies in writing to the Trustee that (i) no Event of Default has occurred and is continuing under the Indenture; (ii) neither the Property, any part thereof or interest therein, any of the tenants or occupants thereof, nor the Authority shall be affected in any material adverse way as a result of such proceeding; and (iii) non-compliance with the Applicable Laws shall not impose civil or criminal liability on the Authority or Trustee.

Section 3.12 PAYMENT FOR LABOR AND MATERIALS. Authority will promptly cause to be paid when due all bills and costs for labor, materials, and specifically fabricated materials incurred in connection with the Property and never permit to exist in respect of the Property or any part thereof any lien or security interest, even though inferior to the liens and the security interests hereof, and in any event never permit to be created or exist in respect of the Property or any part thereof any other or additional lien or security interest other than the liens or security interests hereof, except for the Permitted Exceptions.

ARTICLE 4- RESERVED

ARTICLE 5- REPRESENTATIONS, WARRANTIES AND COVENANTS

Authority represents, warrants and covenants to Trustee that:

Section 5.1 WARRANTY OF TITLE. The Authority has good title to the Property and has the right to mortgage, grant, bargain, sell, pledge, assign, warrant, transfer and convey the same and that Authority possesses an unencumbered leasehold estate in the Leased Premises and the Improvements and that it owns the Property free and clear of all liens, encumbrances and charges whatsoever except for those exceptions shown in the title insurance policy insuring the lien of this Mortgage (the "Permitted Exceptions"). The Authority further represents and warrants that (a) the HPA Lease is in full force and effect and has not been modified or amended in any manner whatsoever, (b) there are no defaults under the HPA Lease and no event has occurred which but for the passage of time, or notice, or both would constitute a default under the HPA Lease, (c) all rents, additional rents and other sums due and payable under the HPA Lease have been paid in full, and (d) neither the Authority nor the landlord under the HPA Lease has commenced any action or given or received any notice for the purpose of terminating the HPA Lease. The Authority shall forever warrant, defend and preserve the title and the validity and priority of the lien of this Mortgage and shall forever warrant and defend the same to Trustee against the claims of all persons whomsoever.

Section 5.2 LEGAL STATUS AND AUTHORITY. The Authority (a) is a public body, corporate and politic, existing under the laws of the Commonwealth of Pennsylvania; and (b) has all necessary approvals, governmental and otherwise, and full power and authority to own the leasehold estate in the Leased Premises created by the HPA Lease. The Authority has full power, authority and legal right to mortgage, grant, bargain, sell, pledge, assign, warrant, transfer and convey the Property pursuant to, and to keep and observe all of, the terms of this Mortgage.

Section 5.3 VALIDITY OF DOCUMENTS. (a) The execution, delivery and performance of the Financing Documents and the borrowing evidenced by the Debt (i) are within the power and authority of the Authority; (ii) have been authorized by all requisite organizational action; (iii) have received all necessary approvals and consents, corporate, governmental or otherwise; (iv) will not violate, conflict with, result in a breach of or constitute (with notice or lapse of time, or both) a material default under any provision of law, any order or judgment of any court or governmental authority, or other governing instrument of Authority, or any indenture, agreement or other instrument to which Authority is a party or by which it or any of its assets or the Property is or may be bound or affected; (v) will not result in the creation or imposition of any lien, charge or encumbrance whatsoever upon any of its assets, except the lien and security interest created hereby; and (vi) will not require any authorization or license from, or any filing with, any governmental or other body (except for the recordation of this Mortgage and (the separate Assignment of Lease and Rents given by the Authority to Trustee) in appropriate land records in the Commonwealth where the Property is located and except for Uniform Commercial Code filings relating to the security interest created hereby), (b) the Financing Documents have been duly executed and delivered by the Authority through the undersigned authorized representative of the Authority and (c) to the best of the Authority's knowledge, the Financing Documents constitute the legal, valid and binding obligations of the Authority.

Section 5.4 LITIGATION. There is no action, suit or proceeding, judicial, administrative or otherwise (including any condemnation or similar proceeding), pending or, to the best of the Authority's knowledge, threatened or contemplated against the Authority affecting the Property that has not been disclosed to Trustee.

Section 5.5 NO FOREIGN PERSON. Authority is not a "foreign person" within the meaning of Section 1445(f)(3) of the Internal Revenue Code of 1986, as amended and the related Treasury Department regulations.

ARTICLE 6.- OBLIGATIONS AND RELIANCE

Section 6.1 RELATIONSHIP OF AUTHORITY AND TRUSTEE. The relationship between the Authority and Trustee is solely that of debtor, and Trustee has no fiduciary or other special relationship with Authority, and no term or condition of any of the Financing Documents shall be construed so as to deem the relationship between the Authority and Trustee to be other than that of debtor.

O-13

of the Property, or any part thereof, for real estate tax purposes by reason of this Mortgage or the Debt.

(c) If at any time the United States of America, any State thereof or any subdivision of any such State shall require revenue or other stamps to be affixed to any of the Credit Documents or impose any other tax or charge on the same, Authority will pay for the same, with all interest and penalties thereon.

Section 7.4 ESTOPPEL CERTIFICATES.

(a) Within thirty (30) days after request by Trustee, Authority shall furnish Trustee or any proposed assignee with a statement, duly acknowledged and certified, setting forth (i) that, except as provided in such statement, there are no defaults or events which with the passage of time or the giving of notice or both, would constitute an event of default under any of the Financing Documents, (ii) that the Financing Documents are valid, legal and binding obligations and have not been modified or if modified, giving particulars of such modification, (iii) whether any offsets or defenses exist against the obligations secured hereby and, if any are alleged to exist, a detailed description thereof, (iv) that all Leases are in full force and effect, have not been materially modified from the form theretofore delivered to the Trustee from time to time, (v) the date to which the Rents thereunder have been paid pursuant to the Leases, (vi) whether or not, to the best knowledge of the Authority, any of the lessees under the Leases are in default under the Leases, and, if any of the lessees are in default, setting forth the specific nature of all such defaults, and (vii) the amount of security deposits, if any, held by the Authority under each Lease and that such amounts are consistent with the amounts required under each Lease.

(b) The Authority shall use its best efforts to deliver to Trustee, promptly upon request, duly executed estoppel certificates from any one or more lessees as required by Trustee attesting to such facts regarding a Lease and/or the HPA Lease as Trustee may require, including, but not limited to attestations that each Lease and/or the HPA Lease covered thereby is in full force and effect with no defaults thereunder on the part of any party and that the lessee claims no defense or offset against the full and timely performance of its obligations under each Lease and the HPA Lease.

Section 7.5 FINANCING STATEMENTS, AMENDMENTS, ETC. Authority will consent in writing to, or execute and deliver to the Trustee, prior to or contemporaneously with the effective date of any change, any financing statement or financing statement change required by law to establish or maintain the validity, perfection and priority of the security interest granted herein.

ARTICLE 8.- DUE ON SALE/ENCUMBRANCE

Section 8.1 NO SALE/ENCUMBRANCE. The Authority shall not cause or permit a Sale or Pledge of the Property or any part thereof or any legal or beneficial interest therein nor permit a Sale or Pledge of an interest in any Property or Persons without paying off all Obligations, except as permitted by the Indenture.

O-15

ARTICLE 7.- FURTHER ASSURANCES

Section 7.1 RECORDING OF MORTGAGE, ETC. The Authority forthwith upon the execution and delivery of this Mortgage and thereafter, from time to time, will cause this Mortgage creating a lien or security interest or evidencing the lien hereof upon the Property and each instrument of further assurance to be filed, registered or recorded in such manner and in such places as may be required by any present or future law in order to publish notice of and fully to protect and perfect the lien or security interest hereof upon, and the interest of Trustee in, the Property. The Authority will cause to be paid all applicable taxes, filing, registration or recording fees, and all expenses incident to the preparation, execution, acknowledgment and/or recording of any note or mortgage supplemental hereto, any security instrument with respect to the Property and any instrument of further assurance, and any modification or amendment of the foregoing documents, and all federal, state, county and municipal taxes, duties, imposts, assessments and charges arising out of or in connection with the execution and delivery of this Mortgage, any mortgage supplemental hereto, any security instrument with respect to the Property or any instrument of further assurance, and any modification or amendment of the foregoing documents, except where prohibited by law so to do.

Section 7.2 FURTHER ACTS, ETC. The Authority will, at the cost of the Authority, from Revenues under the Indenture available for such purpose, and without expense to Trustee, do, execute, acknowledge and deliver all and every such further acts, deeds, conveyances, mortgages, assignments, notices of assignments, transfers and assurances as Trustee shall, from time to time, reasonably require, for the better assuring, conveying, assigning, transferring, and confirming to Trustee the Property and rights hereby mortgaged, granted, bargained, sold, conveyed, confirmed, pledged, assigned, warranted and transferred or intended now or hereafter so to be, or which the Authority may be or may hereafter become bound to convey or assign to Trustee, or for carrying out the intention or facilitating the performance of the terms of this Mortgage, or Indenture, or for filing, registering or recording this Mortgage, or for complying with Applicable Laws. The Authority, on demand, will execute and deliver one or more financing statements, chattel mortgages or other instruments, to evidence or perfect more effectively the security interest of Trustee in the Property. The Authority grants to Trustee an irrevocable power of attorney coupled with an interest for the purpose of exercising and perfecting any and all rights and remedies available to Trustee pursuant to this Section 7.2.

Section 7.3 CHANGES IN TAX, DEBT CREDIT AND DOCUMENTARY STAMP LAWS.

(a) If any law is enacted or adopted or amended after the date of this Mortgage which deducts the Debt from the value of the Property for the purpose of taxation or which imposes a tax, either directly or indirectly, on the Debt or Trustee's interest in the Property, Authority will cause to be paid the tax, with interest and penalties thereon, if any, from Revenues under the Indenture available for such purpose.

(b) Authority will not claim or demand or be entitled to any credit or credits on account of the Debt for any part of the Taxes or Other Charges assessed against the Property, or any part thereof, and no deduction shall otherwise be made or claimed from the assessed value

O-14

ARTICLE 9.- PREPAYMENT /DEFEASANCE

Section 9.1 PREPAYMENT /DEFEASANCE BEFORE EVENT OF DEFAULT. The Debt may not be prepaid or defeased in whole or in part, except as provided for in the Indenture.

ARTICLE 10.- DEFAULT

Section 10.1 EVENTS OF DEFAULT. The occurrence of any one or more of the following events shall constitute an "Event of Default":

- (a) if any "Indenture Event of Default" occurs under the Indenture;
- (b) if there shall occur any default by the Authority, as tenant under the HPA Lease or the Indenture.

ARTICLE 11.- RIGHTS AND REMEDIES

Section 11.1 REMEDIES. Upon the occurrence of any Event of Default, the Authority agrees that Trustee may take such action, without notice or demand, as it deems advisable or is so directed and upon receipt of written direction from the required percentage of the Bondholders and others pursuant to the Indenture and adequate indemnity therefor, shall protect and enforce its rights against Authority and in and to the Property, including, but not limited to the following actions, each of which may be pursued concurrently or otherwise, at such time and in such order as Trustee or the directing bondholders and others may determine, in its or their sole discretion, without impairing or otherwise affecting the other rights and remedies of Trustee:

- (a) declare the entire unpaid Debt to be immediately due and payable;
- (b) institute proceedings, judicial or otherwise, for the complete foreclosure of this Mortgage under any Applicable Law in which case the Property or any interest therein may be sold for cash or upon credit in one or more parcels or in several interests or portions and in any order or manner;
- (c) with or without entry, to the extent permitted and pursuant to the procedures provided by Applicable Law, institute proceedings for the partial foreclosure of this Mortgage for the portion of the Debt then due and payable, subject to the continuing lien and security interest of this Mortgage for the balance of the Debt not then due, unimpaired and without loss of priority;
- (d) sell for cash or upon credit the Property or any part thereof and all estate, claim, demand, right, title and interest of the Authority therein and rights of redemption thereof, pursuant to power of sale or otherwise, at one or more sales, in one or more parcels, at such time and place, upon such terms and after such notice thereof as may be required or permitted by Applicable Law;

O-16

(e) institute an action, suit or proceeding in equity for the specific performance of any covenant, condition or agreement contained in the Indenture or Financing Documents;

(f) recover judgment either before, during or after any proceedings for the enforcement of this Mortgage;

(g) apply for the appointment of a receiver, trustee, liquidator or conservator of the Property, without notice and without regard for the adequacy of the security for the Debt and without regard for the solvency of the Authority or any Person liable for the payment of the Debt;

(h) subject to any Applicable Law, the license granted to the Authority under Section 1.2 shall automatically be revoked and Trustee may enter into or upon the Property, either personally or by its agents, nominees or attorneys and dispossess the Authority and its agents and servants therefrom, without liability for trespass, damages or otherwise and exclude the Authority and its agents or servants wholly therefrom, and take possession of all books, records, accounts, Rent Rolls, leases (including the form lease) subleases (including the form sublease) and rental and license agreements with the tenants, subtenants and licensees in possession of the Property or any part or parts thereof; tenants', subtenants' and licensees' money deposits or other property (including, without limitation, any letter of credit) given to secure tenants', subtenants' and licensees' obligations under leases, subleases or licenses, together with a list of the foregoing; all lists pertaining to current rent and license fee arrears; any and all architects' plans and specifications, licenses and permits, documents, books, records, accounts, surveys and property which relate to the management, leasing, operation, occupancy, ownership, insurance, maintenance, or service of or construction upon the Property and the Authority agrees to, or agrees to cause, the surrender possession of the foregoing and of the Property to Trustee upon demand, and thereupon Trustee may (i) use, operate, manage, control, insure, maintain, repair, restore and otherwise deal with all and every part of the Property and conduct the business thereat; (ii) complete any construction on the Property in such manner and form as Trustee deems advisable; (iii) make alterations, additions, renewals, replacements and improvements to or on the Property consistent with the rights and obligations of Trustee and/or the Authority under the HPA Lease; (iv) exercise all rights and powers of the Authority with respect to the Property, whether in the name of the Authority or otherwise, including without limitation, the right to make, cancel, enforce or modify Leases, obtain and evict tenants, and demand, sue for, collect and receive all Rents of the Property and every part thereof; (v) either require the Authority (A) to pay monthly in advance to Trustee, or any receiver appointed to collect the Rents, the fair and reasonable rental value for the use and occupation of such part of the Property as may be occupied by the Authority, or (B) to vacate and surrender possession of the Property to Trustee or to such receiver and, in default thereof, the Authority may be evicted by summary proceedings or otherwise; and (vi) apply the receipts from the Property to the payment of the Debt in the manner set forth in the Indenture;

(i) exercise any and all rights and remedies granted to a secured party upon default under the Uniform Commercial Code, including, without limiting the generality of the foregoing: (1) the right to take possession of the Personal Property and other UCC Collateral or any part thereof, and to take such other measures as Trustee may deem necessary for the care,

O-17

the extent permitted by law), with interest as provided in this Section 11.3, shall constitute a portion of the Debt and shall be due and payable to Trustee upon demand. All such costs and expenses incurred by Trustee shall be deemed to constitute a portion of the Debt and be secured by this Mortgage and the other Financing Documents and shall be immediately due and payable upon demand by Trustee therefor.

Section 11.4 ACTIONS AND PROCEEDINGS. Trustee has the right to appear in and defend any action or proceeding brought with respect to the Property, and after the occurrence and during the continuance of an Event of Default, to bring any action or proceeding, in the name and on behalf of the Authority, in order to protect its interest in the Property.

Section 11.5 RECOVERY OF SUMS REQUIRED TO BE PAID. Trustee shall have the right from time to time to take action to recover any sum or sums which constitute a part of the Debt as the same become due, without regard to whether or not the balance of the Debt shall be due, and without prejudice to the right of Trustee thereafter to bring an action of foreclosure, or any other action, for a default or defaults by Authority existing at the time such earlier action was commenced.

Section 11.6 EXAMINATION OF BOOKS AND RECORDS. Trustee, its agents, accountants and attorneys shall have the right upon prior written notice (unless an Event of Default exists, in which case no notice shall be necessary), to examine and audit, during reasonable business hours, the records, books, management and other papers of the Authority that pertain to the financial condition or the income, expenses and operation of the Property, at the Property or at any office regularly maintained by the Authority where the books and records are located. Trustee and its agents shall have the right upon notice to make copies and extracts from the foregoing records and other papers.

Section 11.7 OTHER RIGHTS, ETC.

(a) The failure of Trustee to insist upon strict performance of any term hereof shall not be deemed to be a waiver of any term of this Mortgage. The Authority shall not be relieved of the Authority's obligations hereunder by reason of (i) the failure of Trustee to comply with any request of the Authority to take any action to foreclose this Mortgage or otherwise enforce any of the provisions of the Financing Documents, (ii) the release, regardless of consideration, of the whole or any part of the Property, or of any Person liable for the Debt or any portion thereof, or (iii) any agreement or stipulation by Trustee extending the time of payment, changing the rate of interest, or otherwise modifying or supplementing the terms of the Financing Documents.

(b) It is agreed that the risk of loss or damage to the Property is on the Authority, and Trustee shall have no liability whatsoever for decline in value of the Property, for failure to maintain the Policies, or for failure to determine whether insurance in force is adequate as to the amount of risks insured. Possession by Trustee shall not be deemed an election of judicial relief, if any such possession is requested or obtained, with respect to any Property or collateral not in Trustee's possession.

O-19

protection and preservation of the Personal Property and other UCC Collateral, and (2) request Authority at its expense to assemble the Personal Property and other UCC Collateral and make it available to Trustee at a convenient place acceptable to Trustee. Any notice of sale, disposition or other intended action by Trustee with respect to the Personal Property and other UCC Collateral sent to Authority in accordance with the provisions hereof at least ten (10) days prior to such action, shall constitute commercially reasonable notice to the Authority;

(j) intentionally omitted;

(k) surrender the Policies maintained pursuant to Article 3, collect the unearned Insurance Premiums and apply such sums as a credit on the Debt in such priority and proportion as Trustee as required in the Indenture, in connection therewith, the Authority hereby appoints Trustee as agent and attorney-in-fact (which is coupled with an interest and is therefore irrevocable) for the Authority to collect any unearned Insurance Premiums;

(l) apply the undisbursed balance of any Net Proceeds, together with interest thereon, to the payment of the Debt in such order, priority and proportions as required in the Indenture;

(m) prohibit the Authority and anyone claiming for or through the Authority from making use of or withdrawing any sums from any lockbox, escrow or similar account;

(n) exercise all rights and remedies under any Causes of Action, whether before or after any sale of the Property by foreclosure, power of sale, or otherwise and apply the proceeds of any recovery to the Debt in accordance with Section 11.2 or to any deficiency under this Mortgage; or

(o) pursue such other remedies as Trustee may have under applicable state or federal law.

In the event of a sale, by foreclosure, power of sale, or otherwise, of less than all of the Property, this Mortgage shall continue as a lien and security interest on the remaining portion of the Property unimpaired and without loss of priority. Notwithstanding the provisions of this Section 11.1 to the contrary, if any Event of Default as described in clause (i) or (ii) of Subsection 10.1(f) shall occur, the entire unpaid Debt shall be automatically due and payable, without any further notice, demand or other action by Trustee.

Section 11.2 APPLICATION OF PROCEEDS. The purchase money, proceeds and avails of any disposition of the Property, or any part thereof, or any other sums collected by Trustee pursuant to the Financing Documents, shall be applied by Trustee.

Section 11.3 RIGHT TO CURE DEFAULTS. Upon the occurrence of any Event of Default, Trustee may, but without any obligation to do so and without notice to or demand on the Authority and without releasing the Authority from any obligation hereunder, make or do in such manner and to such extent as Trustee may deem necessary to protect the security hereof. Trustee is authorized to enter upon the Property for such purposes, or appear in, defend, or bring any action or proceeding to protect its interest in the Property or to foreclose this Mortgage or collect the Debt. The cost and expense of any cure hereunder (including reasonable legal fees to

O-18

(c) Trustee may resort for the payment of the Debt to any other security held by Trustee in such order and manner as Trustee, in its discretion, may elect. Trustee may take action to recover the Debt, or any portion thereof, or to enforce any covenant hereof without prejudice to the right of Trustee thereafter to foreclose this Mortgage. The rights of Trustee under this Mortgage shall be separate, distinct and cumulative and none shall be given effect to the exclusion of the others. No act of Trustee shall be construed as an election to proceed under any one provision herein to the exclusion of any other provision. Trustee shall not be limited exclusively to the rights and remedies herein stated but shall be entitled to every right and remedy now or hereafter afforded at law or in equity.

Section 11.8 [INTENTIONALLY OMITTED].

Section 11.9 [INTENTIONALLY OMITTED].

Section 11.10 RIGHT OF ENTRY. Trustee and its agents shall have the right to enter and inspect the Property upon reasonable notice, during regular business hours.

Section 11.11 [INTENTIONALLY OMITTED]

Section 11.12 FAILURE TO PROVIDE ACCURATE INFORMATION. In the event that the Authority (a) fails to timely provide any such reports, information, statements or other materials within five (5) days of Trustee's request, or (b) provides Trustee with any such reports, information, statements or other materials which are inaccurate or false in any material respect, or (c) fails to permit Trustee or its agents to inspect its books and records within five (5) days of Trustee's request, then for so long as each such occurrence described in the foregoing clauses (a) through (c) exists and in addition to Trustee's other remedies under the Financing Documents, notwithstanding any other provision of the Financing Documents Trustee shall be entitled to withhold any consent, approval or waiver that may be requested by the Authority, or otherwise contemplated or provided for under this Mortgage or any of the Financing Documents, or that Trustee may otherwise be obligated to provide under any of the Financing Documents.

ARTICLE 12- ENVIRONMENTAL HAZARDS

Section 12.1 TRUSTEE'S RIGHTS. Trustee and any other Person designated by Trustee, including but not limited to any representative of a governmental entity, and any environmental consultant, and any receiver appointed by any court of competent jurisdiction, shall have the right, but not the obligation, to enter upon the Property at all reasonable times to assess any and all aspects of the environmental condition of the Property and its use, including but not limited to conducting any environmental assessment or audit and taking samples of soil, groundwater or other water, air, or building materials, and conducting other invasive testing. Authority shall cooperate with and provide access to Trustee and any such person or entity designated by Trustee.

Section 12.2 OPERATIONS AND MAINTENANCE PROGRAMS. If recommended by an Environmental Report or any other environmental assessment or audit of the Property, the Authority shall direct the Asset Manager to operate and maintain a program with respect to the Property prepared by an environmental consultant, which program shall address any asbestos-containing material or lead based paint that may now or in the future be detected at

O-20

or on the Property. Without limiting the generality of the preceding sentence, the Authority may require (a) periodic notices or reports to the Authority in form, substance and at such intervals as the Authority may specify, (b) an amendment to such operations and maintenance program to address changing circumstances, laws or other matters, (c) at Authority's sole expense, supplemental examination of the Property by consultants specified by the Authority, (d) access to the Property by Trustee, its agents or servicer, to review and assess the environmental condition of the Property and Authority's compliance with any operations and maintenance program, and (e) variation of the operations and maintenance program in response to the reports provided by any such consultants.

Section 12.3 ENVIRONMENTAL DEFINITIONS. "Environmental Report" means the written reports resulting from the environmental site assessments of the Property delivered to Trustee.

ARTICLE 13.- WAIVERS

Section 13.1 WAIVER OF COUNTERCLAIM. Authority hereby waives the right to assert a counterclaim, other than a mandatory or compulsory counterclaim, in any action or proceeding brought against it by Trustee arising out of or in any way connected with this Mortgage.

Section 13.2 MARSHALLING AND OTHER MATTERS. Authority hereby waives, to the extent permitted by law, the benefit of all Applicable Laws now or hereafter in force regarding appraisal, valuation, stay, extension, reinstatement and redemption and all rights of marshalling in the event of any sale hereunder of the Property or any part thereof or any interest therein. Further, Authority hereby expressly waives any and all rights of redemption from sale under any order or decree of foreclosure of this Mortgage on behalf of Authority, and on behalf of each and every person acquiring any interest in or title to the Property subsequent to the date of this Mortgage and on behalf of all persons to the extent permitted by Applicable Law.

Section 13.3 WAIVER OF NOTICE. Authority shall not be entitled to any notices of any nature whatsoever from Trustee except with respect to matters for which this Mortgage specifically and expressly provides for the giving of notice by Trustee to Authority and except with respect to matters for which Trustee is required by Applicable Law to give notice.

Section 13.4 WAIVER OF STATUTE OF LIMITATIONS. Authority hereby expressly waives and releases to the extent permitted by law, the pleading of any statute of limitations as a defense to payment of the Debt or performance of its Other Obligations.

Section 13.5 SOLE DISCRETION OF TRUSTEE. Wherever pursuant to this Mortgage (a) Trustee exercises any right given to it to approve or disapprove, (b) any arrangement or term is to be satisfactory to Trustee, or (c) any other decision or determination is to be made by Trustee, the decision to approve or disapprove all decisions that arrangements or terms are satisfactory or not satisfactory, and all other decisions and determinations made by Trustee, shall be in the sole discretion of Trustee, except as may be otherwise expressly and specifically provided herein.

O-21

Authority Notes or the Indenture or be subject to any personal liability or accountability by reason of the issuance thereof. The Authority's liability under this Mortgage shall be limited to the Rents and the Revenues, as such terms are defined in the Indenture.

ARTICLE 19.- MISCELLANEOUS PROVISIONS

Section 19.1 NO ORAL CHANGE. This Mortgage, and any provisions hereof, may not be modified, amended, waived, extended, changed, discharged or terminated except as provided in the Indenture.

Section 19.2 LIABILITY. This Mortgage shall be binding upon and inure to the benefit of Authority and Trustee and their respective successors and assigns forever.

Section 19.3 INAPPLICABLE PROVISIONS. If any term, covenant or condition of the Financing Documents or this Mortgage is held to be invalid, illegal or unenforceable in any respect, the Financing Documents and this Mortgage shall be construed without such provision.

Section 19.4 DUPLICATE ORIGINALS; COUNTERPARTS. This Mortgage may be executed in any number of duplicate originals and each duplicate original shall be deemed to be an original. This Mortgage may be executed in several counterparts, each of which counterparts shall be deemed an original instrument and all of which together shall constitute a single Mortgage. The failure of any party hereto to execute this Mortgage, or any counterpart hereof, shall not relieve the other signatories from their obligations hereunder.

Section 19.5 HEADINGS, ETC. The headings and captions of various Articles and Sections of this Mortgage are for convenience of reference only and are not to be construed as defining or limiting, in any way, the scope or intent of the provisions hereof.

Section 19.6 NUMBER AND GENDER. Whenever the context may require, any pronouns used herein shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns and pronouns shall include the plural and vice versa.

ARTICLE 20.- SPECIAL OPEN-END MORTGAGE PROVISIONS

Section 20.1 INCONSISTENCIES. In the event of any inconsistencies between the terms and conditions of this Article 21 and the other provisions of this Mortgage, the terms and conditions of this Article 21 shall control and be binding.

Section 20.2 OPEN-END MORTGAGE. This is an "Open-End Mortgage" within the meaning of, and shall be entitled to all benefits as such, under 42 Pa C.S.A. § 8143 (the "Open-End Mortgage Statute").

(a) To the extent (i) this Mortgage secures a line of credit or other loan facility pursuant to which advances are made from time to time by Mortgagee to Mortgagor, and (ii) Mortgagee receives written notice pursuant to Section 8143(b) of the Open-End Mortgage Statute from a holder of a lien or encumbrance on the Property which is subordinate to the lien of the Mortgage, then and notwithstanding any provision to the contrary contained in any of the Financing Documents, Mortgagor agrees that Mortgagee shall not be responsible to make any

O-23

Section 13.6 WAIVER OF FORECLOSURE DEFENSE. Authority hereby waives any defense Authority might assert or have by reason of Trustee's failure to make any tenant or lessee of the Property a party defendant in any foreclosure proceeding or action instituted by Trustee.

Section 13.7 NO WAIVER OF SOVEREIGN IMMUNITY. Notwithstanding anything to the contrary in this Article 13, no waiver contained herein is or shall be deemed to be a waiver of any sovereign immunity defenses on the part of the Authority or the Commonwealth.

ARTICLE 14.- RESERVED

ARTICLE 15.- NOTICES

Section 15.1 NOTICES. All notices hereunder shall be valid if given in the manner and with the same effect as provided from time to time under the Indenture.

ARTICLE 16.- CHOICE OF LAW

Section 16.1 CHOICE OF LAW. This Mortgage and any determination of deficiency judgments shall be governed, construed, applied and enforced in accordance with the internal laws of the Commonwealth, without regard to rules of choice of law or conflicts of laws, and applicable laws of the United States of America.

Section 16.2 PROVISIONS SUBJECT TO LAW. All rights, powers and remedies provided in this Mortgage may be exercised only to the extent that the exercise thereof does not violate any Applicable Law and are intended to be limited to the extent necessary so that they will not render this Mortgage invalid, unenforceable or not entitled to be recorded, registered or filed under any Applicable Law.

ARTICLE 17.- COSTS

Section 17.1 LEGAL FEES FOR ENFORCEMENT. (a) Authority shall pay all reasonable legal fees incurred by Trustee in connection with (i) the preparation of the Financing Documents; and (b) the Authority shall pay to Trustee on demand any and all expenses, including legal fees incurred or paid by Trustee in protecting its interest in the Property or in collecting any amount payable under the Financing Documents, or in enforcing its rights hereunder with respect to the Property, whether or not any legal proceeding is commenced hereunder or thereunder, together with interest thereon at the Default Rate from the date paid or incurred by Trustee until such expenses are paid by Authority.

ARTICLE 18.- NO PERSONAL LIABILITY OF AUTHORITY OFFICIALS, LIABILITY LIMITED TO REVENUES

No covenant or agreement contained in the 2013 Bonds or the Authority Notes, the Indenture or in this Mortgage shall be deemed to be the covenant or agreement of any board member, director, official, officer, agent, counsel or employee of the Authority in his individual capacity, and neither the board members of the Authority nor any official executing the 2013 Bonds, the Authority Notes or the Indenture shall be liable personally on the 2013 Bonds or the

O-22

further advances to Mortgagor (and Mortgagee is released from all liability for failure to make such advances) if Mortgagee receives an opinion of counsel that any such advance requested by Mortgagor could be construed to be an unobligated advance under Section 8143(b) of the Open-End Mortgage Statute.

(b) To the extent (i) this Mortgage secures a loan facility the proceeds of which are used to provide funds to pay toward all or part of the cost of completing any erection, construction, alteration or repair of any part of the Property, and (ii) Mortgagee receives written notice pursuant to Section 8143(b) of the Open-End Mortgage Statute from a holder of a mechanic's lien for labor performed or to be performed or materials furnished or to be furnished for the erection, construction, alteration or repair of any part of the Property, then and notwithstanding any provision to the contrary contained in any of the Financing Documents, Mortgagor agrees that Mortgagee shall suspend (until such time as the lien is fully released) any further advances to Mortgagor (and Mortgagee is released from all liability for failure to make such advances) except advances which Authority certifies in writing to Trustee are for the purpose of paying toward all or part of the cost of completing any erection, construction, alteration or repair of any part of the Property the financing of which, in whole or in part, the Mortgage was given to secure.

(c) If Mortgagor should at any time elect to limit the Obligations secured by this Mortgage pursuant to Section 8143(c) of the Open-End Mortgage Statute, Mortgagor agrees that notice of such election shall (i) not be effective unless and until it is served upon Mortgagee in accordance with the requirements of Section 8143(d) of the Open-End Mortgage Statute and fully complies with the requirements for the giving of notices under any of the Financing Documents; (ii) release Mortgagee from all obligations to make any further advances under the Indenture and other Financing Documents notwithstanding anything to the contrary contained in such notice or the Financing Documents; (iii) constitute an Event of Default under the Financing Documents; and (iv) not be effective to limit Mortgagor's liability for payment and performance of all Obligations for which Mortgagor is responsible under this Mortgage or the other Financing Documents (including all reimbursement and indemnification agreements) whether such Obligations arise prior or subsequent to the date of such notice.

(d) Notices to the Mortgagee of any third party pursuant to the Open-End Mortgage Statute shall be given to the Mortgagee in writing at the Mortgagee's address first set forth above.

ARTICLE 21.- HPA LEASE PROVISIONS

Section 21.1 Pursuant to the HPA Lease, this Leasehold Mortgage contains the following terms and conditions:

(i) this Mortgage does not cover any property of, or secure any debt issued by, or obligation of, any Person other than the Authority;

(ii) this Mortgage does not purport to mortgage, pledge, encumber, or create a lien, charge or security interest on or against the fee simple interest in the Parking System Land or the Parking Facilities, the Owner's interest under the HPA Lease or the City's

O-24

reversionary interests and estates pursuant to Sections 3.12 and 3.13 of the Asset Transfer Agreement;

(iii) Except as hereinafter provided, neither the City nor Owner shall have any liability whatsoever for payment of the principal sum secured by this Mortgage, or any interest accrued thereon or any other sum secured thereby or accruing thereunder or the performance of any obligations secured by this Mortgage; provided that the foregoing will not limit any remedies against the City or the Owner permitted hereunder, under the Asset Transfer Agreement or under the Indenture;

(iv) this Mortgage provides that if the Authority is in default under the Mortgage and the Trustee gives notice of such default to Authority, then the Mortgagee shall give notice of such default to Owner and the City;

(v) all rights acquired by a Leasehold Mortgagee under any Leasehold Mortgage shall be subject to the provisions of the Indenture and to all of the rights of Trustee and the City hereunder; and

(vi) the Mortgagee has not, by virtue of this Mortgage, acquired any greater rights or interest in the Parking System Land, the Parking Facilities, the HPA Lease, or the Revenues than Authority has at any applicable time under the Lease.

Section 21.2 NOTICES TO MORTGAGEES.

(a) Authority shall give Owner prompt notice of each Mortgage, together with contact information for notices to the Mortgagee (such notice and/or any notice given by a Mortgagee of its contact information, collectively, the "Leasehold Mortgagee's Notice"). Authority promptly shall furnish Owner with a complete copy of the Mortgage (including all documents and instruments comprising the Mortgage) and all amendments, extensions, modifications and consolidations thereof, certified as such by Authority.

(b) After receipt of a Leasehold Mortgage Notice, Owner shall give such Mortgagee, in the manner provided by the notice provisions of the Lease, a copy of each notice of default given by Owner to Authority, at the same time that Owner gives such notice of default to Authority. No such notice of default given by Owner to Authority shall be effective unless and until a copy of such notice shall have been so given to the Mortgagee at the last address furnished to Owner by notice. Notice to a Mortgagee shall be deemed given on the date received by the Mortgagee. The Mortgagee shall have the right, but not the obligation, to cure such default or to cause such default to be cured, within the time periods set out in Sections 11.01(c) and 15.03 of the HPA Lease, whichever is longer.

Section 21.3 MORTGAGEE'S RIGHT TO CURE. Mortgagee shall have the right to cure or cause to be cured any Authority default within a period of sixty (60) days after written notice from Owner thereof, provided further that if a Mortgagee's right to cure a Authority default has not expired, and the Mortgagee is acting diligently to cure such Authority default, then Owner shall not exercise any remedies against Authority by reason of such Authority default. Owner shall accept any such performance by a Mortgagee as though the same had been done or performed by Authority. Any payment to be made or action to be taken by a Mortgagee

Authority. The provisions of this Article shall survive the termination, rejection or disaffirmance of the HPA Lease and shall continue in full force and effect thereafter to the same extent as if this Article were a separate and independent contract made by Owner, Authority and Mortgagees. The provisions of this Article are for the benefit of Mortgagee and may be relied upon and shall be enforceable by Mortgagee as if Mortgagee were a party to the HPA Lease.

Section 21.6 NO MERGER OF FEE AND LEASEHOLD ESTATES; RELEASES.

So long as any portion of the Debt shall remain unpaid, the fee title to the Leased Premises and the leasehold estate therein created pursuant to the provisions of the HPA Lease shall not merge but shall always be kept separate and distinct, notwithstanding the union of such estates in Authority, Owner, or in any other person by purchase, operation of law or otherwise.

Section 21.7 AUTHORITY'S ACQUISITION OF FEE ESTATE.

In the event that Authority, so long as any portion of the Debt remains unpaid, shall be the owner and holder of the fee title to the Leased Premises, the lien of this Mortgage shall be spread to cover Authority's fee title to the Leased Premises and said fee title shall be deemed to be included in the Property. Authority agrees, at its cost and expense, from Revenues under the Indenture available for such purpose, including without limitation, Trustee's reasonable attorney's fees, to (i) execute any and all documents or instruments necessary to subject its fee title to the Leased Premises to the lien of this Mortgage; and (ii) provide a title insurance policy which shall insure that the lien of this Mortgage is a first lien on Authority's fee title to the Leased Premises.

hereunder shall be deemed properly to have been made or taken by the Mortgagee if such payment is made or action is taken by a nominee, agent or assignee of the rights of such Mortgagee. Any amounts expended by the Mortgagee to cure any Event of Default by the Authority may be reimbursed from Revenues pursuant to the terms of the Indenture.

Section 21.4 RIGHTS OF MORTGAGEE. Mortgagee shall not become liable under the provisions of the HPA Lease unless and until such time as it becomes, and then only for as long as it remains, the Tenant of the Leasehold Estate created by the HPA Lease. Neither Mortgagee nor a designated Affiliate of Mortgagee shall have any personal liability under the Lease except to the extent of its interest in the HPA Lease and the Leasehold Estate, even if it becomes tenant or assumes the obligations of tenant under the HPA Lease.

Section 21.5 TERMINATION; NEW LEASE.

(a) If the HPA Lease is terminated for any reason, or if the HPA Lease is rejected or disaffirmed pursuant to any bankruptcy, insolvency or other law affecting creditors' rights, or there is a default by the Authority under the HPA Lease or the Trustee is enforcing any remedies under the Indenture, the Owner shall give prompt notice thereof to Mortgagee whose contact information Owner has received in a Leasehold Mortgagee's Notice, in the manner provided by the notice provisions hereof. The Owner, upon written request of Mortgagee, shall promptly execute and deliver to such Mortgagee a new lease of the Property (the "New Lease"), naming such Mortgagee or its designee as the Tenant under the HPA Lease, for the remainder of the Term upon all of the terms, covenants, and conditions of the HPA Lease, except for such provisions that must be modified to reflect such termination, rejection or disaffirmance and the passage of time, if such Mortgagee shall pay to Owner, concurrently with the execution and delivery of such New Lease, all unpaid Rent due under the HPA Lease if and to the extent funds are available for such purpose under the Indenture up to and including the date of the commencement of the term of such New Lease. Mortgagee or its designee shall execute and deliver to Owner such New Lease within thirty (30) days after delivery of such New Lease by Owner to Mortgagee. Upon execution and delivery of such New Lease, Mortgagee shall cure or cause to be cured all defaults existing under the HPA Lease, if and to the extent funds are available for such purpose under the Indenture, which are capable of being cured by such Mortgagee or its designee promptly and with diligence after the delivery of such New Lease.

(b) The New Lease and the leasehold estate thereby created shall, subject to the terms and conditions of this Lease, have the same priority as the original HPA Lease with respect to any Encumbrance, including any fee mortgage or other lien, charge or encumbrance on Owner's fee estate in the Property and/or Owner's interest in this Lease, whether or not the same shall then be in existence. Owner shall execute, and shall cause any holder of any such Encumbrance to execute, any instruments reasonably necessary to maintain such priority.

(c) Concurrently with Mortgagee and Owner entering into a New Lease pursuant to this section, such Mortgagee, Owner and the City shall enter into a "New Agreement" as defined and provided in Section 16.5 of the Asset Transfer Agreement.

(d) Owner's agreement to enter into a New Lease with a Mortgagee shall be unaffected by the rejection of the HPA Lease in any bankruptcy proceeding by either Owner or

IN WITNESS WHEREOF, the Pennsylvania Economic Development Financing Authority has caused this Mortgage to be executed by its Executive Director and its official seal to be impressed hereon, all as of the day, month and year first above written.

(SEAL)

PENNSYLVANIA ECONOMIC DEVELOPMENT FINANCING AUTHORITY

Attest:

Assistant Secretary

By: _____
Executive Director

CERTIFICATE OF MORTGAGEE

The undersigned certifies that the address of the Mortgagee is 50 South 16th Street, Philadelphia, Pennsylvania 19102.

On behalf of the Mortgagee

COMMONWEALTH OF PENNSYLVANIA :
: SS.:
COUNTY OF [_____] :

On this, the ____ day of _____, 2013 before me, the undersigned officer, personally appeared _____ who acknowledged himself/herself to be the _____ of Pennsylvania Economic Development Financing Authority and that he/she, as such officer, being authorized to do so, executed the foregoing instrument for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Notary Public
[Notarial Seal]
My Commission Expires:

O-29

O-30

COMMONWEALTH OF PENNSYLVANIA :
: SS.:
COUNTY OF [_____] :

**EXHIBIT A
(DESCRIPTION OF PROPERTY)**

On this, the ____ day of _____, 2013 before me, the undersigned officer, personally appeared _____ who acknowledged himself/herself to be the _____ of Pennsylvania Economic Development Financing Authority and that he/she, as such officer, being authorized to do so, executed the foregoing instrument for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Notary Public
[Notarial Seal]
My Commission Expires:

O-31

O-32

Appendix “P”

**Dauphin County Financial Statements for the Fiscal Years
Ended December 31, 2012 and December 31, 2011**

[THIS PAGE INTENTIONALLY LEFT BLANK]

**COUNTY OF DAUPHIN
HARRISBURG, PENNSYLVANIA**

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

COUNTY OF DAUPHIN, PENNSYLVANIA

YEAR ENDED DECEMBER 31, 2012

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report on Financial Statements	1 - 3
Management's Discussion and Analysis	4 - 19
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	20
Statement of Activities	21
Fund Financial Statements	
Balance Sheet – Governmental Funds	22 - 23
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	24
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	25
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	26
Statement of Net Position – Proprietary Funds	27
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	28
Statement of Cash Flows – Proprietary Funds	29 - 30
Statement of Fiduciary Net Position – Fiduciary Funds	31
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	32
Combining Statement of Net Position – Component Units	33
Combining Statement of Activities – Component Units	34
Notes to Financial Statements	35 -125
Required Supplementary Information	
Schedules of Employer Contributions and Funding Progress – Employees Retirement Plan	127
Schedule of Funding Progress – Postemployment Benefits Other than Pensions	128
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	129
Other Supplementary Information	
Combining Balance Sheet – Nonmajor Governmental Funds	131
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	132
Combining Balance Sheet – Nonmajor Special Revenue Funds	133 - 134
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds	135 - 136
Combining Statement of Net Position – Nonmajor Enterprise Funds	137
Combining Statement of Revenues, Expenses and Changes in Fund Net Position – Nonmajor Enterprise Funds	138
Combining Statement of Cash Flows – Nonmajor Enterprise Funds	139 - 140
Combining Statement of Assets and Liabilities – Agency Funds	141
Schedule of Departmental Expenditures – Budget and Actual General Fund	142 - 150

Zelenkofske Axelrod LLC

INDEPENDENT AUDITOR'S REPORT

Commissioners
County of Dauphin
Harrisburg, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the COUNTY OF DAUPHIN, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the COUNTY OF DAUPHIN's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the aggregate discretely presented component unit financial statements for the Dauphin County General Authority, which represents 75.77 percent and 50.16 percent, respectively of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by another auditor whose report has been furnished to us, and our opinion insofar as it relates to the amounts included for the Dauphin County General Authority is based solely on the report of the other auditor. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the Dauphin County General Authority and Dauphin County Industrial Development Authority were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Harrisburg	Lehigh Valley	Philadelphia	Pittsburgh
830 Sir Thomas Court, Suite 100 Harrisburg, PA 17109 717.561.9200 Fax 717.561.9202	1101 West Hamilton Street Allentown, PA 18101-1043 610.871.5077 Fax 717.561.9202	2370 York Road, Suite A-5 Jamison, PA 18929 215.918.2277 Fax 215.918.2302	3800 McKnight E. Drive, Suite 3805 Pittsburgh, PA 15237 412.367.7102 Fax 412.367.7103

Zelenkofske Axelrod LLC

Commissioners
County of Dauphin
Page 2

Opinions

In our opinion, based on our audit and the report of another auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the COUNTY OF DAUPHIN, as of December 31, 2012, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Adoption of Governmental Accounting Standards Board Principles

As discussed in Note 1 to the financial statements in 2012, the COUNTY OF DAUPHIN adopted the remaining provisions of GASB Statement No. 57, "OPEB Measurement by Agent Employers and Agent Multiple-Employer Plan", the provisions of No. 60 "Accounting and Financial Reporting for Service Concession Arrangements", No. 62 "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements", No. 63, "Financial Reporting of Deferred Inflows of Resources, and Net Positions", and No. 64 *Derivative Instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB Statement No. 53*".

Other Matters

Uncertainties Regarding Compliance with Bond Indentures – Aggregate Discretely Presented Component Unit

The financial statements referred to above include the financial data of the Dauphin County General Authority whose financial statements include an emphasis paragraph pertaining to uncertainties regarding compliance with Bond Indentures. As discussed in Note 26, the Pittsburgh Hyatt Hotel and Conference Center Fund made unscheduled withdrawals from the Bond Redemption and Improvement Fund and Bond Reserve Fund.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Employer Contributions and Funding Progress, Schedule of Funding Progress for Postemployment Benefits Other than Pensions, and budgetary comparison information on pages 4 through 19, 127, 128, and 129 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the COUNTY OF DAUPHIN's basic financial statements. The Combining Nonmajor Fund Financial Statements and the Schedule of Departmental Expenditures on pages 131 through 141 and page 142 through 150 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Zelenkofske Axelrod LLC

Commissioners
County of Dauphin
Page 3

The Combining Nonmajor Fund Financial Statements and the Schedule of Departmental Expenditures are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining Nonmajor Fund Financial Statements and the Schedule of Departmental Expenditures are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2013, on our consideration of the COUNTY OF DAUPHIN's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the COUNTY OF DAUPHIN's internal control over financial reporting and compliance.

Zelenkofske Axelrod LLC

ZELENKOFKSKE AXELROD LLC

Harrisburg, Pennsylvania
September 30, 2013

Management's Discussion & Analysis

Introduction

This section of the financial statements for the County of Dauphin (the County) presents a narrative overview and analysis of the County's financial performance for the fiscal year ended December 31, 2012. We recommend that it be read in conjunction with the accompanying basic financial statements and notes to financial statements in order to obtain a thorough understanding of the County's financial condition at December 31, 2012.

Financial Highlights

- Dauphin County's property tax rate of 6.876 mills was not raised in 2012.
- On December 14, 2011, the Board of Commissioners passed a \$184,493,314 General Fund Budget for 2012 maintaining the 6.876 millage rate. A budgeted drawdown on fund balance in the amount of \$20.9 million was necessary in order to cover the initial 2012 expenditure budget. There were two new positions added to the General Fund at a total cost of approximately \$129,000 including benefits. The cost of these two positions was offset by the elimination of some part-time positions and reductions in service costs.
- On February 27, 2012, the County paid \$1,500,000 to the trustee for the Harrisburg University 2007B Bonds. This payment was required per the terms of the County's guaranty on this issue as the University defaulted on its March 1, 2012 debt payment. The County's guaranty is limited to \$1.5 million in any calendar year through 2019.
- On October 16, 2012, the County terminated the 2005 Basis Swap and the 2011 Basis Swap. The termination of the 2005 swap resulted in a final net cash benefit to the County of approximately \$402,000 over its term, while the latter swap netted almost \$649,000 over its term.
- On November 15, 2012, three 'Fixed to Floating Rate Swap Options' with DEPFA Bank expired. The notional amount of the three options totaled \$40,055,000. These were put in place on 9/13/07, and the County received an upfront payment of \$1,001,000 at that time.
- In 2012, Dauphin County paid \$5,294,965 toward Harrisburg Incinerator Debt after defaults by the Harrisburg Authority and City on their obligations to make these payments.
- The County's credit rating from Standard & Poors was unchanged in 2012. It remains at 'AA/Stable Outlook'.
- At December 31, 2012 the General Fund's Unassigned Fund Balance was \$11,683,415. This is down from the \$22,492,245 balance at the end of 2011.
- The County's total net position decreased by \$17,862,227 in 2012. Unrestricted net position at year-end was \$24,586,963. The decrease in net position in the current year can be attributed to the recording of an allowance on the Incinerator Receivable in the amount of \$17,139,378. Based on information received subsequent to year-end, it is unlikely that the County will receive any additional funds that were paid as part of the Guarantee Agreement, outside of the principal on the debt that was incurred by the County.

Overview of the Financial Statements

The financial section of this report consists of four parts:

- Management's discussion and analysis (this section)
- Basic financial statements (including notes)
- Required supplementary information
- Supplementary information

Management's discussion and analysis is a guide to reading the financial statements and provides related information to help the reader to better understand the County government. The basic financial statements include notes that provide additional information essential to a full understanding of the financial data provided in the government-wide and fund financial statements. Required supplementary information is provided on the County's pension plan and budget to actual figures for the general fund. In addition to these required elements, an optional supplementary section is included with combining and other statements that provide particulars about non-major funds.

The basic financial statements present two different views of the County.

- **Government-wide financial statements**, the first two statements, provide information about the County's overall financial status as well as the financial status of the County's component units.
- **Fund financial statements**, the remaining statements, focus on individual parts of County government. They provide more detail on operations than the government-wide statements. There are three types of fund financial statements:
 - o Governmental funds statements show how general government services such as public safety were financed in the short term, as well as what remains for future spending.
 - o Proprietary fund statements offer short-term and long-term financial information about the activities the county operates like a business, such as the County's parking garage.
 - o Fiduciary funds statements reflect activities involving resources that are held by the County as a trustee or agent for the benefit of others, including employees of the County like the pension plan. Fiduciary funds are not reflected in the government-wide statements because the resources cannot be used to support the County's programs.

Table A-1 shows how the various parts of this annual report are arranged and how they are related to one another.

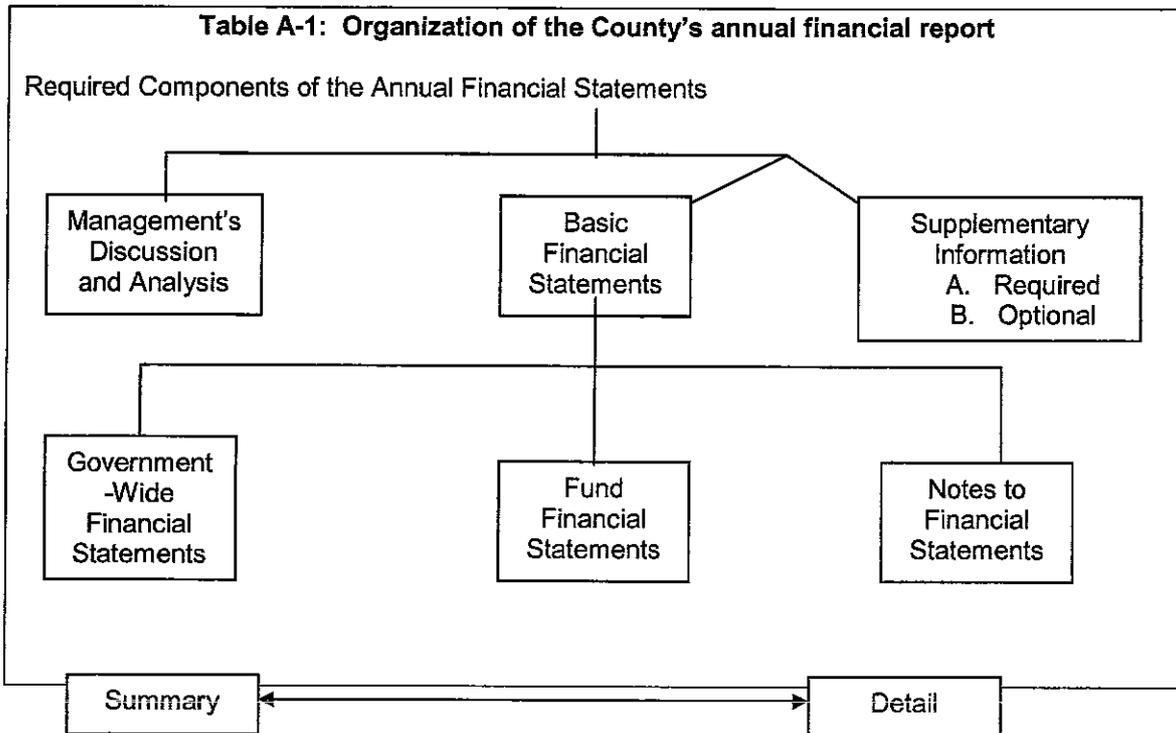


Table A-2 summarizes the major features of the County's financial statements, including the area of the County's activities they cover and the types of information they contain.

Table A-2: Major features of the government-wide and fund financial statements

	Government-wide Statements	Fund Financial Statements		
		Governmental	Proprietary	Fiduciary
Scope	Entire entity and component units (except fiduciary funds)	The day-to-day operating activities of the County, such as public safety and courts	The activities of the County, such as the Parking Garage.	Instances in which the County administers resources on behalf of others, such as the employee pension plan
Required Financial Statements	<ul style="list-style-type: none"> - Statement of net position - Statement of activities 	<ul style="list-style-type: none"> - Balance Sheet - Statement of revenues, expenditures and changes in fund balance 	<ul style="list-style-type: none"> - Statement of net position -Statement of revenues, expenses and changes in net position -Statement of cash flows 	<ul style="list-style-type: none"> - Statement of fiduciary net position - Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources measurement focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset and liability information	All assets and liabilities, both financial and capital, short-term and long-term	Current assets and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both financial and capital short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow and outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during the year or soon thereafter; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year; regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

The remainder of this overview explains the structure and contents of the government-wide and fund financial statements.

Government-wide Financial Statements

Government-wide financial statements report information about the County as a whole using accounting methods similar to those used by private-sector companies.

- The statement of net position includes all of the County's assets and liabilities, except fiduciary funds, with the difference between the two reported as net position. This statement serves a purpose similar to that of the balance sheet of a private-sector business.
- The statement of activities focuses on how the County's net position changed during the year. Because it separates program revenue (revenue generated by specific programs through charges for services, grants and contributions) from general revenue (revenue provided by taxes and other sources not tied to a particular program), it shows to what extent each program has to rely on local taxes for funding.

All changes to net position are reported using the accrual method of accounting, which requires that revenues be reported when they are earned and expenses be reported when the goods and/or services are received, regardless of when cash is received or paid.

Net position is one way to measure the County's financial position. Over time, increases or decreases in the County's net position is one indicator of whether the County financial position is improving or deteriorating. However, other non-financial factors such as changes in the County's real property tax base and general economic conditions must be considered to assess the overall position of the County.

The primary government and its component units are included in the government-wide financial statements. Component units reflect the activities of legally separate government entities over which the County can exercise influence and/or be obligated to provide financial support. The County has five discretely presented component units including the Conservation District; the General Authority; MH/ID Case Management Unit; Industrial Development Authority; and the Economic Development Corporation. Complete and detailed financial statements for the individual component units are available for public inspection in the County Controller's Office. (See Note 1, Notes to the Financial Statements.)

There are two categories of activities for the primary government.

- Governmental activities include the County's basic services such as general and judicial administration, corrections, public safety, public works, and human services. Property taxes and state and federal grants finance most of these activities.
- Business-type activities such as the County's parking facility and the EMA 911 Communications system charge a fee to customers to help cover the costs of services.

Net position of the governmental activities differs from the governmental fund balances because governmental fund level statements only report transactions using or providing current financial resources. Also, capital assets are reported as expenditures when financial resources (money) are expensed to purchase or build said assets. Likewise, the financial resources that may have been borrowed are considered revenue when they are received. The principal and interest payments are both considered expenditures when paid. Depreciation is not calculated as it does not provide or reduce current financial resources. Finally, capital assets and long-term debt do not affect fund balances.

Government-wide statements are reported using an economic resources measurement focus and full accrual basis of accounting that involves the following steps to format the statement of net position:

- Capitalize current outlays of capital assets
- Report long-term debt as a liability
- Depreciate capital assets and allocate the depreciation to the proper program/activities
- Calculate revenue and expense using the economic resources measurement focus and the accrual basis of accounting
- Allocate net position balances as follows:
 - o Net investment in capital assets
 - o Restricted net position is those with constraints placed on the use by external sources (creditors, grantors, contributors, or laws or regulations of governments) or imposed by law through constitutional provisions or enabling legislation
 - o Unrestricted net position is net position that does not meet any of the above restrictions

Fund Financial Statements

Fund financial statements provide more detailed information on the County's most significant funds, *not the County as a whole*. Funds are accounting devices, i.e., a group of related accounts, the County uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by state law. Other funds are established to control and manage resources designated for specific purposes. Fund financial statements are reported using current financial resources and modified accrual accounting established by the Government Accounting Standards Board (GASB) for governments.

The County has three kinds of funds:

- Governmental funds include most of the County's basic services and focus on: (1) the flow in and out of cash and other financial assets that can readily be converted into cash, and: (2) the balances left at year-end that are available for spending. These funds are reported using the modified accrual accounting basis, and a current financial resources measurement focus. Consequently, the governmental funds statements provide a detailed short-term view that helps determine the financial resources available in the near future to finance the County's programs.

The relationship between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is described in a reconciliation that follows the governmental fund financial statements.

The County adopts an annual budget for the General, certain special revenue, and capital project funds, as required by the state law. Budgetary comparisons of the County's major funds are presented as required supplementary information.

- Proprietary Funds report business-type programs and activities that charge fees designed to recover the cost of providing services. They report using full accrual accounting.

- Fiduciary Funds are funds for which the County is the trustee or fiduciary. These include the Employee Retirement Fund and certain agency funds, or clearing accounts for assets held by the County in its role as custodian until the funds are allocated to the private parties, organizations, or government agencies to which they belong. The County is responsible to ensure the assets reported in these funds are used for their intended purposes. This fiduciary activity is reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. These funds are excluded from the County's government-wide financial statements because the County cannot use these assets to finance its operations.

Implementation of GASB No. 34

The year ending December 31, 2002 marked the first year that the County reported its financial statements in accordance with GASB No. 34.

Government-Wide Financial Statements

Net Position

Dauphin County's total assets were \$250,591,879 at December 31, 2012. Of this amount, \$114,139,352 was capital assets and construction-in-progress.

GASB No. 34 requires that all capital assets, including infrastructure, be valued and reported within the governmental activities column of the government-wide financial statements, but allows infrastructure to be added over several years. In 2006, the County fully adopted the provisions of GASB No. 34.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>		<u>Total % Change</u>
	2011	2012	2011	2012	2011	2012	
Current & Other Assets	\$ 160,423,731	\$ 134,366,133	\$ 3,442,162	\$ 2,086,394	\$ 163,865,893	\$ 136,452,527	-16.7%
Capital Assets	104,948,821	107,845,107	7,260,601	6,294,245	112,209,422	114,139,352	1.7%
Total Assets	265,372,552	242,211,240	10,702,763	8,380,639	276,075,315	250,591,879	-9.2%
Long-Term Debt Outstanding	170,318,468	163,999,236	4,920,187	4,537,453	175,238,655	168,536,689	-3.8%
Other Liabilities	27,629,075	26,723,495	424,445	410,782	28,053,520	27,134,277	-3.3%
Total Liabilities	197,947,543	190,722,731	5,344,632	4,948,235	203,292,175	195,670,966	-3.7%
Net Position:							
Net Investment in Capital Assets	(2,074,093)	(695,268)	2,824,091	2,252,981	749,998	1,557,713	-107.7%
Restricted	34,245,154	28,776,237	-	-	34,245,154	28,776,237	-16.0%
Unrestricted	35,253,948	23,407,540	2,534,040	1,179,423	37,787,988	24,586,963	-34.9%
Total Net Position	\$ 67,425,009	\$ 51,488,509	\$ 5,358,131	\$ 3,432,404	\$ 72,783,140	\$ 54,920,913	-24.5%

The following statement of activities represents changes in net position for the year ended December 31, 2012. It shows revenues by source and expenses by function for governmental activities, business-type activities and the government as a whole.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>		<u>Total % Change</u>
	2011	2012	2011	2012	2011	2012	
Revenues							
Program Revenues							
Charges for Services	\$ 26,519,719	\$ 26,144,332	\$ 75,276,489	\$ 74,030,214	\$ 101,796,208	\$ 100,174,546	-1.6%
Operating Grants & Contributions	128,852,300	122,767,371	67,596	67,993	128,919,896	122,835,364	-4.7%
General Revenues							
Property Taxes	98,588,435	99,828,373	-	-	98,588,435	99,828,373	1.3%
Hotel Taxes	8,900,896	9,074,534	-	-	8,900,896	9,074,534	2.0%
In Lieu of Taxes	1,261,808	1,900,267	-	-	1,261,808	1,900,267	50.6%
Unrestricted Investment Earnings	353,772	239,826	26,286	12,582	380,058	252,408	-33.6%
Gain/Loss on Asset Disposal	6,900	11,311	-	389,426	6,900	400,737	5707.8%
(Depreciation)/Appreciation in Fair Market Value of Investments	4,339	60,535	-	-	4,339	60,535	1295.1%
Swap Proceeds	-	505,000	-	-	-	505,000	100.0%
Transfers From Component Units	637,609	619,624	-	-	637,609	619,624	-2.8%
Transfers In/(Out)	(665,116)	(802,494)	665,116	802,494	-	-	0.0%
Total Revenues	264,460,662	260,348,679	76,035,487	75,302,709	340,496,149	335,651,388	-1.4%
Program Expenses							
General Government	14,962,285	14,338,875	-	-	14,962,285	14,338,875	-4.2%
Judicial	58,308,574	59,152,254	-	-	58,308,574	59,152,254	1.4%
Public Safety	43,701,896	46,341,700	7,469,461	7,229,117	51,171,357	53,570,817	4.7%
Public Works	1,622,670	1,560,857	1,492,312	1,405,246	3,114,982	2,966,103	-4.8%
Human Services	114,333,808	108,020,146	68,097,179	67,076,128	182,430,987	175,096,274	-4.0%
Culture & Recreation	10,566,471	10,825,016	-	-	10,566,471	10,825,016	2.4%
Conservation & Development	18,143,699	13,332,389	-	-	18,143,699	13,332,389	-26.5%
Interest on Long Term Debt	4,187,999	5,574,564	-	-	4,187,999	5,574,564	33.1%
Other Programs	-	-	1,800,455	1,517,945	1,800,455	1,517,945	-15.7%
Loss on Guaranteed Debt Payments	-	17,139,378	-	-	-	17,139,378	100.0%
Total Program Expenses	265,827,402	276,285,179	78,859,407	77,228,436	344,686,809	353,513,615	2.6%
Change in Net Position	(1,366,740)	(15,936,500)	(2,823,920)	(1,925,727)	(4,190,660)	(17,862,227)	326.2%
Net Position - Beginning	68,791,749	67,425,009	8,182,051	5,358,131	76,973,800	72,783,140	-5.4%
Net Position - Ending	\$ 67,425,009	\$ 51,488,509	\$ 5,358,131	\$ 3,432,404	\$ 72,783,140	\$ 54,920,913	-24.5%

Net Program Expenses

Net program expenses indicate the amount of support required from taxes and other general revenues for a program of the government. In 2012, general property taxes brought in \$99,828,373. Table A-5 depicts the net program expenses for the year ended December 31, 2012.

Program	Total Cost of Services	Net Cost of Services
General Government	\$ 14,338,875	\$ 8,327,290
Judicial	59,152,254	42,134,612
Public Safety	53,570,817	40,683,253
Public Works	2,966,103	627,683
Human Services	175,096,274	9,756,328
Culture & Recreation	10,825,016	9,904,948
Conservation & Development	13,332,389	(3,845,508)
Interest on Long Term Debt	5,574,564	5,574,564
Other Programs	1,517,945	201,157
Loss on Guaranteed Debt Payments	17,139,378	17,139,378
Total	\$ 353,513,615	\$ 130,503,705

The County relied on property taxes and other general revenues to fund 36.9% of its governmental and business-type activities in 2012.

The property tax is based on the assessed value of real property. The County's 2012 millage rate of 6.876 is unchanged from 2011 and is well below the Commonwealth-set cap of 25 mills for operating costs.

Property taxes and other general revenues covered 58.1% of general government spending in 2012. The remainder of the cost was funded by grants and fees for specific services. 71.2% of judicial system spending came from the property tax and other general revenues with the remainder coming from grants, fines and court costs. Property taxes and other general revenue covered 75.9% of public safety costs with the remainder coming from grants and fees covering room and board at the county prison.

Public Works required tax and other general revenue dollars to cover 21.2% of its expenses in 2012. This area of the County's operations includes the management of a parking garage; the maintenance and replacement of county bridges; and the solid waste and recycling programs.

Program expenditures for Culture & Recreation, Interest on Long Term Debt, and Loss on Guaranteed Debt Payments were almost 100% funded by property taxes and other general revenues, while Human Services expenses required only 5.5% from these sources, with most of the remainder being picked up by state and federal grants.

Conservation and Development program expenditures did not require any tax dollars in 2012. This area of County Government includes Gaming monies from the Hollywood Casino located in Dauphin County which have pushed total expenses much higher in recent years.

Capital Assets

The County's investment in capital assets at December 31, 2012, net of accumulated depreciation, was \$114,139,352 which is up over \$1.9 million from 2011. Capital assets consist primarily of land, buildings and equipment. Table A-6 is a summary of capital assets at December 31, 2012.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>		Total % Change
	2011	2012	2011	2012	2011	2012	
Construction in Progress	\$ 10,847,916	\$ 16,894,452	\$ 11,016	\$ -	\$ 10,858,932	\$ 16,894,452	55.6%
Infrastructure - Construction-in-Progress	53,663	96,568	-	-	53,663	96,568	80.0%
Intangibles	211,827	401,838	-	-	211,827	401,838	89.7%
Land	498,551	498,551	111,492	111,492	610,043	610,043	0.0%
Infrastructure	17,031,217	17,031,217	-	-	17,031,217	17,031,217	0.0%
Buildings & Improvements	82,646,188	83,447,360	3,817,947	3,842,756	86,464,135	87,290,116	1.0%
Machinery & Equipment	48,857,344	49,452,488	12,466,141	10,425,093	61,323,485	59,877,581	-2.4%
Furniture & Fixtures	-	-	23,220	23,220	23,220	23,220	0.0%
Leasehold Assets	12,262,498	13,011,850	15,727,900	15,727,900	27,990,398	28,739,750	2.7%
Accumulated Depreciation	(67,460,383)	(72,989,217)	(24,897,115)	(23,836,216)	(92,357,498)	(96,825,433)	-4.8%
Total Capital Assets	\$ 104,948,821	\$ 107,845,107	\$ 7,260,601	\$ 6,294,245	\$ 112,209,422	\$ 114,139,352	1.7%

'Construction in Progress' (CIP) increased in 2012 as projects funded by the 2009 construction bonds neared completion. These projects include a Juvenile Judicial Center in the County's Human Services Building; a Female Work Release Center at the site of the County's Male Work Release Center; and a new Judicial Center at the site of the old female work release center.

The major capital assets in the 'Buildings & Improvements' section above consist of the Courthouse, Administration Building, Probation Complex, EMA Center, County Warehouse, and the County Prison. Smaller buildings are located at the County Park sites and the various MDJ Offices.

The 'Infrastructure' category houses the many county-owned bridges scattered throughout the County. Dauphin County does not own any roads.

Other detailed information about the County's capital assets can be found in Note 6, Notes to Financial Statements.

Debt Administration

Long Term Debt and Capital Leases:

At December 31, 2012, the County had \$168,536,689 of long-term debt outstanding. This was a decrease of \$6,701,966 from the previous year. Table A-7 details activity related to the long-term debt.

Type	Beginning Balance	Additions	Reductions	Ending Balance
Bonds & Notes Payable	\$ 152,511,500	\$ -	\$ (6,660,000)	\$ 145,851,500
Compensated Absences	8,003,695	389,959	-	8,393,654
Estimated Workers Comp. Claims	2,626,959	-	(631,434)	1,995,525
Other Postemployment Benefits	2,487,970	701,746	-	3,189,716
Capital Leases	9,608,531	817,977	(1,320,214)	9,106,294
Total Long Term Debt and Capital Leases	\$ 175,238,655	\$ 1,909,682	\$ (8,611,648)	\$ 168,536,689

The amount of indebtedness a county may incur is limited by Pennsylvania law to 300 percent (non-electoral) and 400 percent (net non-electoral and lease rental) of a three-year average of the total revenue received, exclusive of governmental grants for a specific purpose. The County's non-electoral debt limit at December 31, 2012 was over \$1 billion, and the total non-electoral debt outstanding was approximately \$146 million, well below the debt limit.

At year-end, the County had \$145,851,500 million in bonds and notes outstanding. This figure is down from 2011 as principal continues to be retired. There were no new money issues in 2012 that would have added to the outstanding debt.

More detailed information about the County's long-term liabilities is presented in Note 8 and Note 12 to the financial statements.

Bond Rating

The County's bond rating through Standard & Poors is 'AA Stable Outlook' as of December 31, 2012. The current combined net non-electoral and net lease rental debt limit is approximately \$1.3 billion.

Governmental Funds

The County of Dauphin uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of governmental funds is to provide information on near-term inflows, outflow, and balances of resources available for spending. Such information is useful in assessing the County's financing requirements. In particular, unreserved/undesignated fund balance may serve as a useful measure of the County's net resources available for spending at the end of the year.

The County's governmental funds include the general fund, special revenue funds, and the capital projects fund. The general fund is the chief operating fund for the County. Special revenue funds are restricted to specific legislated use, while construction and other projects funded primarily through bond issues are run through the Capital Projects Fund. The major funds are shown on the statement of revenues, expenditures and changes in fund balance in the financial statements.

Governmental Fund Revenues

Governmental fund revenues by source at December 31, 2012 and December 31, 2011 were as follows. Table A-8 also presents changes from 2011 to 2012.

Table A-8 County of Dauphin's Revenues by Source, Governmental Funds			
Source	2012	2011	Changes from 2011 to 2012
Property Taxes	\$ 99,745,703	\$ 98,746,079	\$ 999,624
Hotel Taxes	9,074,534	8,900,896	173,638
Intergovernmental	123,054,965	128,516,500	(5,461,535)
Charges for Services	20,586,292	20,900,323	(314,031)
License and Permits	111,168	79,916	31,252
Court Costs and Fines	5,117,532	5,271,488	(153,956)
Interest and Rents	320,398	427,856	(107,458)
Appreciation Fair Market Value Investments	60,535	4,339	56,196
Miscellaneous Revenue	1,861,441	1,791,516	69,925
Transfers from Component Units	619,624	637,609	(17,985)
Proceeds from Sale of Fixed Assets	11,311	6,900	4,411
Capital Lease Proceeds	817,977	378,741	439,236
Bonds/Notes Proceeds	-	15,655,000	(15,655,000)
Swap Proceeds	505,000	-	505,000
Net Premium on Bonds Issued	-	1,091,219	(1,091,219)
Operating Transfers In	20,788,649	15,286,068	5,502,581
Total Revenues	\$ 282,675,129	\$ 297,694,450	\$ (15,019,321)

Governmental fund revenues totaled \$282,675,129 for the year ended December 31, 2012. This is a decrease of \$15 million from the revenue total in 2011.

The 'Intergovernmental' revenue category continues to drop as reductions in State and Federal funding due to budget constraints are again the main factor.

There were no bond deals transacted in 2012 which accounts for the large decrease in the 'Bonds/Notes Proceeds' and 'Net Premium on Bonds Issued' categories. This is the main cause of the overall decrease in total revenues as well.

'Operating Transfers In' rose in 2012 due primarily to a transfer from the Children & Youth Fund back to the General Fund to reconcile the County's obligation through 6/30/12. The transfer from the Gaming Fund to the General Fund to cover the debt service payment on the EMA Radio Project Debt, also increased by approximately \$1 million.

Governmental Fund Expenditures

Governmental fund expenditures by function at December 31, 2012 and December 31, 2011 were as follows. Table A-9 also presents changes from 2011 to 2012.

Function	2012	2011	Changes from 2011 to 2012
General Government	\$ 13,632,054	\$ 13,310,093	\$ 321,961
Judicial	58,345,058	57,423,430	921,628
Public Safety	43,495,804	40,787,150	2,708,654
Public Works	1,179,281	1,578,056	(398,775)
Human Services	107,793,163	113,897,014	(6,103,851)
Culture & Recreation	10,766,861	10,585,517	181,344
Conservation & Development	13,489,492	18,137,502	(4,648,010)
Debt Service Principal	7,571,138	8,607,154	(1,036,016)
Debt Service Interest	5,045,163	5,284,554	(239,391)
Capital Projects	7,331,881	7,827,806	(495,925)
Payment to Refunded Bond Escrow Agent	-	16,465,000	(16,465,000)
Operating Transfers Out	21,591,143	15,951,184	5,639,959
Loss on Guaranteed Debt Payments	17,139,378	-	17,139,378
Total Expenditures	\$ 307,380,416	\$ 309,854,460	\$ (2,474,044)

Governmental fund expenditures totaled \$307,380,416 for the year ended December 31, 2012. This represents a decrease of approximately \$2.4 million from 2011.

As noted in the preceding section on governmental funds revenue, the 'Human Services' category continues to drop as the Federal and State agencies cut back on their allocations to the County.

The decrease in the 'Conservation & Development' section is due primarily to a timing difference in the \$3 million annual payments to East Hanover Township, the host municipality of the Penn National Gaming facility. In 2011, both the 2010 and 2011 annual payments of the gaming monies were made, and the 2012 payment wasn't made until 2013.

There were no debt issues in 2012 resulting in the large reduction in this area. This was also the main contributor to the overall reduction in total expenditures.

The cause of the large reduction in the 'Operating Transfers Out' category mirrors that in the preceding section on the 'Operating Transfers In'. These two categories relate to the same monies that are passed between funds.

The increase in the Loss on Guaranteed Debt Payments can be attributed to an Allowance on the Incinerator that was set up as it is unlikely that the County will receive additional funds that were paid as part of the Guarantee Agreement, outside of the principal on the debt that was incurred by the County.

Governmental Fund Balances

Table A-10 reflects ending balances for governmental funds and net position for proprietary funds at December 31, 2012.

Table A-10: 2012 Ending Fund Balances, Governmental Funds; Net Position, Proprietary Funds		
Fund	Governmental Funds	Proprietary Funds
General Fund	\$ 70,522,198	\$ -
Children & Youth Fund	-	-
Low Income Housing Fund	842,480	-
Gaming Fund	21,394,747	-
Capital Projects Fund	5,619,709	-
Other Governmental Funds	4,894,581	-
Health Choices Fund	-	42,369
Human Services Building Fund	-	(764,369)
Other Enterprise Funds	-	4,154,404
Total	\$ 103,273,715	\$ 3,432,404

The County's governmental funds reported a combined fund balance of \$103,273,715 at December 31, 2012. Of that total, \$11,683,415 was unassigned in the General Fund and is available to meet the County's current and future needs. This unassigned portion is a decrease of approximately \$10.8 million from the total at the end of 2011. The Proprietary Funds are showing a balance of \$3,432,404 at year-end.

A detailed breakdown of ending fund balance for the \$4,894,581 in 'Other Governmental Funds' and the \$4,154,404 in 'Other Enterprise Funds' can be found in the 'Other Supplementary Information' section of the financial statements.

Budgetary Highlights

The County budget director revises the budget on an ongoing basis. These revisions include common budget transfers from one line item to another, and amendments to the bottom-line of individual funds. The line item transfers are submitted by department directors, and if reasonable, are entered into the system. No commissioner approval is required for these types of budget revisions. Budget Amendments, which represent increases or decreases to the bottom-line of an individual fund, are entered as new sources of revenue are identified or unplanned operating expenditures become evident. New grants are a common source of budget amendments. The County Board of Commissioners approves these amendments on a quarterly basis.

On December 14, 2011 the Dauphin County Commissioners approved the 2012 General Fund Budget totaling \$184,493,314. It contained a drawdown of fund balance in the amount of \$20,871,756 to meet the initial budgeted expenditures. Throughout the year, budget amendments of \$1,460,182 were approved. The budget amendments resulted in a final General Fund budget for 2012 in the amount of \$185,953,496.

Economic Factors and Next Year's Budget

Economic Conditions

Unemployment in Dauphin County now stands at approximately 7.3%. Pennsylvania's average unemployment rate is 7.8 % and the national unemployment rate is 7.7%.

Homeownership in Dauphin County is at 65.3% with the median value of owner-occupied housing units being \$157,400. There is currently an estimated 269,665 residents within Dauphin County. The estimated median household income is \$53,771.

The County is home to many great companies such as the Hershey Company; with the completion of a new 300,000,000 production facility in Derry Township, HE&R, Milton S. Hershey/Penn State University Medical Center, Phoenix Development Corporation, Pinnacle Health System, Capital Blue Cross, Tyco, Arcelor Mittal, FedEx (developing an additional Transfer facility in Lower Swatara Township), and the Commonwealth of Pennsylvania.

Furthermore, the County houses many institutions of higher education. Penn State University has a four-year campus in Middletown and Harrisburg University is located in the heart of downtown Harrisburg. Harrisburg Area Community College (HACC) is also located in Harrisburg, while Dickinson University and Widener University are located in Dauphin County. Eastern University, Temple University, the University of Phoenix, and Albright University all maintain campuses in the Harrisburg area, offering select undergraduate and graduate degree programs. In addition, the Dixon University Center, also centrally located in Harrisburg, is a regional hub of undergraduate and graduate degree program where students can earn degrees from many statewide institutions such as Shippensburg University, Millersville University, Indiana University of PA, Elizabethtown University, East Stroudsburg University, West Chester University, Clarion University, and a few others.

Situated in the south-central Region of Pennsylvania, Dauphin County is strategically located close to major domestic and international markets. Within a 500 mile radius of the Region lies 40% of the United States population and more than 60% of Canada's population. This fact makes Dauphin County a major distribution hub for the movement of goods. It is estimated that approximately 61,000 freight carriers pass through the county daily and 33% of the nation's gross national product moves through Dauphin County.

These details have come together earning the Harrisburg-Carlisle MSA region many distinctions. SiteSelection.com ranked Harrisburg-Carlisle #6 on its top metro areas in 2010 for new and expanded facilities; Marketwatch.com ranked Harrisburg #9 on its Best US Cities to do business list (2010); Forbes ranked the area No. 5 among America's most livable cities(2010); Forbes also ranked the area No. 2 among America's best places to raise a family.(2010); and the Sports Business Journal named the area the #1 Minor League Sports Market (2011). These lists consider numerous factors such as low unemployment rates, shorter commute times, plentiful entertainment and recreation opportunities, etc.

To support these growth patterns, new economic development projects continue to evolve such as the expansion of TecPort, The Hershey Center for Applied Research, Hollywood Casino, The Swatara Market Place, and other ongoing developments and redevelopments of commercial space throughout the county. There are also proposals for the continued development of the mid-town and downtown sections of Harrisburg, including the construction of additional retail/office space, Federal Building will be relocated in the Mid-Town area, expansion of HACC Mid-Town campus. Advances also exist for a proposed regional rail service, Red Rose Capital Corridor and Corridor 2 (Premium Bus Service), Middletown Inter-Modal Center, and many alternative energy projects underway, including the Dauphin County IDA additional 1 Mega Watt Solar Farm Project bringing the Solar Farm to 2 Mega Watts by the end of this year. The Lykens Hotel 44 Mixed Income Rental Units Housing Development project called the Union Street Apartments will hopefully begin construction next year sometime. The expansion of two Rail Intermodal Centers (one in Harrisburg and one in Swatara Township) will help serve the expanding Creasant Corridor. Harrisburg International Airport continues to increase freight traffic

and maintain a stable passenger flow with the additions of Frontier Airlines and Allegiant Airlines. These developments will provide economic vitality for Dauphin County for years to come.

Next Year's Budget

On December 19, 2012, the Board of Commissioners passed a \$179,840,854 General Fund Budget for 2013 maintaining the 6.876 millage rate. A budgeted drawdown on fund balance in the amount of \$13.6 million was necessary in order to cover the initial 2013 expenditure budget. There were 27 new positions added to the General Fund to staff the new County Judicial Center which opened in May 2013. This facility houses the Night Court operation and serves as the main booking center for the entire County.

The County closed its Juvenile Shelter Program effective 1/1/13. This action will save considerable money as this service will now run through the private sector. 25 full-time positions and several part-time ones were eliminated with the closure of this facility.

In addition to the positions in the Juvenile Shelter program, over 40 other positions were eliminated as part of the 2013 budget process. This action reflects the ongoing effort to control personnel costs which are the largest expense in the General Fund. These eliminations will save over \$3,000,000 in 2013.

On February 26, 2013, the County paid \$1,500,000 to the trustee for the Harrisburg University 2007B Bonds. This payment was required per the terms of the County's guaranty on this issue as the University defaulted on its March 1, 2013 debt payment. The County's guaranty is limited to \$1.5 million in any calendar year through 2019. To date, \$3 million has been paid on this guaranty.

Dauphin County paid \$3.9 million toward Harrisburg Incinerator Debt from January through August after defaults by the Authority and City so far in 2013. The County continues to honor its obligations in this area.

In April 2013, the County settled on a \$15,905,000 federally taxable General Obligation Bond issue that refinanced the Series C & D Notes of 2004. This action resulted in a net present value savings of approximately \$1.1 million.

The County has 6 labor contracts with four separate unions that represent approximately 57% of all employees. During 2012 the County terminated a contract with the Teamsters representing 31 employees at the Schaffner Youth Center. The services at Schaffner were outsourced to Alternative Rehabilitation Communities (ARC) on January 1, 2013. Also in 2012 the County negotiated a four (4) year (2013 – 2017) contract with the Court Appointed Non-Professional employees represented by AFSCME. The County is currently negotiating with the County Detectives Association and the Pennsylvania Social Services Union for a successor agreement. Both contracts expire on 12-31-2013 and should be successfully completed by the end of the year. The contracts with the Court Appointed Professional employees, the Court Related Non-Professional employees and the employees at Dauphin County Prison, all represented by the Teamsters will not expire until December 31, 2013.

Contacting the County's Financial Management

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability. Questions concerning this financial information or requests for additional information should be directed to:

County of Dauphin
Budget & Finance Department
P.O. Box 1295
Harrisburg, PA 17108

COUNTY OF DAUPHIN
STATEMENT OF NET POSITION
DECEMBER 31, 2012

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<u>Assets</u>				
Cash and Cash Equivalents	\$ 33,899,887	\$ 1,447,473	\$ 35,347,360	\$ 3,064,737
Investments	8,719,719	315,558	9,035,277	2,929,360
Inventory	-	-	-	93,706
Receivables:				
Accounts, Net of Allowance	46,179,827	1,086,923	47,266,750	1,636,986
Taxes	8,269,956	-	8,269,956	-
Interest and Dividends	31,677	-	31,677	5,015
Program Loans	4,003,396	-	4,003,396	80,474
Deferred Loans	4,104,866	-	4,104,866	-
Internal Balances	982,736	(982,736)	-	-
Due From Other Governments	22,527,900	36,495	22,564,395	260,531
Due From Component Units	164,578	-	164,578	-
Investment in Direct Financing Leases, Current	-	-	-	812,331
Prepaid Expenses	1,145,633	-	1,145,633	402,779
Other Assets	1,022,724	103,475	1,126,199	-
Due From Related Party	-	-	-	204,003
Deferred Issuance Costs on Bonds, Net	-	-	-	920,319
Bond Issuance Costs	-	-	-	51,369
Bond Discount	-	-	-	1,215,896
Deferred Loss on Bonds	-	79,206	79,206	-
Deferred Interest from Refunding	1,988,548	-	1,988,548	-
Loans Receivable, Net of Current Portion	-	-	-	176,893
Investment in Direct Financing Leases, Net of Current Portion	-	-	-	7,072,872
Restricted Cash	1,255,287	-	1,255,287	16,292,826
Restricted Investments	69,399	-	69,399	16,097,220
Capital Assets, Not Being Depreciated	17,891,409	111,492	18,002,901	4,077,340
Capital Assets Being Depreciated, Net	89,953,698	6,182,753	96,136,451	66,132,970
Total Assets	242,211,240	8,380,639	250,591,879	121,527,627
<u>Liabilities</u>				
Accounts Payable	8,243,026	277,754	8,520,780	3,373,143
Accrued Liabilities	5,098,750	133,028	5,231,778	14,082,796
Unearned Revenues	8,544,007	-	8,544,007	595,502
Due to Primary Government	-	-	-	164,578
Funds Held in Escrow	453,789	-	453,789	-
Funds Held in Fiduciary Capacity	547,570	-	547,570	-
Security Deposits	-	-	-	8,841
Other Liabilities	3,836,353	-	3,836,353	-
Long-term liabilities				
Portion Due or payable within one year:				
Obligation Under Capital Lease	802,550	385,470	1,188,020	41,902
General Obligation Debt	8,125,000	-	8,125,000	4,192,509
Notes Payable	-	-	-	144,262
Loans Payable	-	-	-	53,125
Portion Due or payable after one year:				
Obligation Under Capital Lease	4,183,274	3,735,000	7,918,274	24,795
General Obligation Debt	137,726,500	-	137,726,500	113,653,869
Notes Payable	-	-	-	1,757,872
Loans Payable	-	-	-	1,748,801
Line of Credit	-	-	-	249,767
Deferred Charge on Debt Refunding, Net	-	-	-	(773,517)
Accrued Compensated Absences	7,976,671	416,983	8,393,654	-
Estimated Workers' Compensation Claims	1,995,525	-	1,995,525	-
Unfunded Other Postemployment Benefits	3,189,716	-	3,189,716	-
Total Liabilities	190,722,731	4,948,235	195,670,966	139,318,245
Net Position				
Net Investment in Capital Assets	(695,268)	2,252,981	1,557,713	(24,929,566)
Restricted for:				
Program Purposes	22,154,701	-	22,154,701	15,217,503
Debt Service	-	-	-	253,400
Capital Projects	5,619,709	-	5,619,709	-
Permanent Fund	1,001,827	-	1,001,827	-
Unrestricted	23,407,540	1,179,423	24,586,963	(8,331,955)
Total Net Position	\$ 51,488,509	\$ 3,432,404	\$ 54,920,913	\$ (17,790,618)

The accompanying notes are an integral part of the financial statements.

COUNTY OF DAUPHIN
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2012

Functions/Programs	Program Revenues					Net (Expense) Revenue and Changes in Net Position			Component Units
	Expenses	Indirect Expense Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities	Total	
Primary government:									
Governmental activities:									
General Government	\$ 24,629,938	\$ (10,291,063)	\$ 5,874,147	\$ 137,438	\$ -	\$ (8,327,290)	\$ -	\$ (8,327,290)	
Judicial	53,584,526	5,567,728	10,719,624	6,298,018	-	(42,134,612)	-	(42,134,612)	
Public Safety	44,663,848	1,877,852	6,730,187	2,024,115	-	(37,587,396)	-	(37,587,396)	
Public Works	1,558,538	2,319	-	846,997	-	(713,860)	-	(713,860)	
Human Services	106,417,603	1,602,543	2,093,552	96,089,660	-	(9,836,934)	-	(9,836,934)	
Culture and Recreation	10,334,029	490,987	186,806	733,262	-	(9,904,948)	-	(9,904,948)	
Conservation and Development	13,184,384	148,005	540,016	16,637,881	-	3,845,508	-	3,845,508	
Interest and Fiscal Charges on Long Term Debt	5,574,564	-	-	-	-	(5,574,564)	-	(5,574,564)	
Total government activities	259,947,430	(801,629)	26,144,332	122,767,371	-	(110,234,098)	-	(110,234,098)	
Business-type activities:									
Human Services - Health Choices Fund	67,066,573	9,555	67,166,734	-	-	-	80,606	80,606	
Public Works - Human Service Building	847,667	557,579	1,491,423	-	-	-	86,177	86,177	
Other Programs:									
Public Works - Solid Waste Fund	1,332,335	97,640	1,200,391	67,993	-	-	(161,601)	(161,601)	
Public Safety - Emergency 911	7,082,262	136,855	4,133,262	-	-	-	(3,095,855)	(3,095,855)	
Culture and Recreation - Fort Hunter	87,970	-	48,414	-	-	-	(39,556)	(39,556)	
Total Other Programs	8,512,567	234,495	5,382,057	67,993	-	-	(3,297,012)	(3,297,012)	
Total business-like activities	76,426,807	801,629	74,030,214	67,993	-	-	(3,130,229)	(3,130,229)	
Total Primary government	\$ 336,374,237	\$ -	\$ 100,174,546	\$ 122,835,364	\$ -	\$ (110,234,098)	\$ (3,130,229)	\$ (113,364,327)	
Component Units:									
Conservation District	\$ 249,360	\$ -	\$ 322,976	\$ 591,004	\$ -	\$ -	\$ -	\$ 664,800	
General Authority	30,055,066	-	27,867,188	-	-	-	-	(2,187,898)	
Mental Health/Mental Retardation	-	-	-	-	-	-	-	-	
Case Management Unit	10,246,390	-	201,880	9,774,634	-	-	-	(269,876)	
Industrial Development Authority	10,787,964	-	725,197	12,320,093	-	-	-	2,257,306	
Dauphin County Economic Development Corporation	3,432,157	-	300,138	3,594,368	-	-	-	462,349	
Total Component Units	\$ 54,770,997	\$ -	\$ 29,417,379	\$ 26,280,099	\$ -	\$ -	\$ -	\$ 926,481	
General revenues:									
Taxes:									
Property taxes, levied for general purposes						99,828,373		99,828,373	
Hotel taxes						9,074,534		9,074,534	
In-lieu of taxes						1,900,267		1,900,267	
Unrestricted investment income						239,826		239,826	
Gain / loss from asset disposal						11,311		11,311	
Appreciation in Fair Market Value of Investments						60,535		60,535	
Loss on Guaranteed Debt Payments						(17,136,378)		(17,136,378)	
Swap Proceeds						505,000		505,000	
Transfers from Component Unit						619,624		619,624	
Transfers from/(to) Primary Government						(802,494)		(802,494)	
Transfers in/(out)						802,494		802,494	
Total general revenues, special items, and transfers						94,297,598		94,297,598	
Change in net position						(15,936,500)		(15,936,500)	
Net position - beginning						57,425,009		57,425,009	
Net position - ending						\$ 51,488,509		\$ 51,488,509	
						\$ 3,432,404		\$ 3,432,404	
						\$ 54,920,913		\$ 54,920,913	
						(17,790,818)		(17,790,818)	

The accompanying notes are an integral part of the financial statements.

COUNTY OF DAUPHIN
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2012

Assets	General	Children and Youth	Low Income Housing	Gaming	Capital Projects	Other Governmental Funds	Total Governmental Funds
Cash and Cash Equivalents	\$ 14,384,385	\$ 2,500	\$ 524,328	\$ 8,768,439	\$ 5,152,511	\$ 5,067,724	\$ 33,899,887
Investments	4,193,267	-	115,970	2,396,434	956,312	2,354,546	10,016,529
Receivables							
Accounts, net	45,545,761	59,924	201,783	-	-	372,359	46,179,827
Taxes, net	8,269,956	-	-	-	-	-	8,269,956
Loans	-	-	-	3,700,000	-	303,396	4,003,396
Deferred Loans	-	-	4,104,866	-	-	-	4,104,866
Interest and Dividends	17,639	-	399	10,041	3,598	-	31,677
Due From Other Funds	8,888,361	-	-	-	-	-	8,888,361
Due From Other Governments	1,987,185	11,522,652	-	7,517,171	-	1,500,892	22,527,900
Due From Component Units	164,578	-	-	-	-	-	164,578
Prepaid Expenses	1,142,171	-	-	-	-	3,462	1,145,633
Other Assets	-	62,174	-	-	-	62,999	125,173
Restricted Assets							
Cash	1,255,287	-	-	-	-	-	1,255,287
Investments	69,399	-	-	-	-	-	69,399
Total Assets	\$ 85,917,989	\$ 11,647,250	\$ 4,947,346	\$ 22,392,085	\$ 6,112,421	\$ 9,665,378	\$ 140,682,469

The accompanying notes are an integral part of the financial statements.

COUNTY OF DAUPHIN
BALANCE SHEET
GOVERNMENTAL FUNDS (CONTINUED)
DECEMBER 31, 2012

	General	Children and Youth	Low Income Housing	Gaming	Capital Projects	Other Governmental Funds	Total Governmental Funds
Liabilities							
Accounts Payable	\$ 2,937,491	\$ 2,891,457	\$ -	\$ 5,662	\$ 492,712	\$ 1,915,704	\$ 8,243,026
Accrued Liabilities	3,835,240	151,882	-	-	-	248,266	4,235,388
Deferred Revenues	6,311,131	844,969	4,104,866	991,676	-	2,460,144	14,712,786
Due to Other Funds	-	7,758,942	-	-	-	146,683	7,905,625
Funds Held in Escrow	453,789	-	-	-	-	-	453,789
Funds Held in Fiduciary Capacity	547,570	-	-	-	-	-	547,570
Other Liabilities	1,310,570	-	-	-	-	-	1,310,570
Total Liabilities	15,395,791	11,647,250	4,104,866	997,338	492,712	4,770,797	37,408,754
Fund Balances:							
Nonspendable	45,251,837	-	-	3,700,000	-	275,280	49,227,117
Restricted	-	-	842,480	17,694,747	5,619,709	4,619,301	28,776,237
Assigned	13,586,946	-	-	-	-	-	13,586,946
Unassigned	11,683,415	-	-	-	-	-	11,683,415
Total Fund Balances	70,522,198	-	842,480	21,394,747	5,619,709	4,894,581	103,273,715
Total Liabilities and Fund Balances	\$ 85,917,989	\$ 11,647,250	\$ 4,947,346	\$ 22,392,085	\$ 6,112,421	\$ 9,665,378	\$ 140,652,469

The accompanying notes are an integral part of the financial statements.

COUNTY OF DAUPHIN
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET POSITION
 FOR THE YEAR ENDED DECEMBER 31, 2012

Total fund balances for governmental funds \$ 103,273,715

Total net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:

Land	498,551
Intangible Assets	401,838
Construction in progress - Infrastructure	96,568
Construction in progress	16,894,452
Infrastructure, net of \$6,689,736 accumulated depreciation	10,341,481
Buildings and improvements, net of \$44,002,194 accumulated depreciation	39,445,166
Machinery and Tools, net of \$12,699,784 accumulated depreciation	36,752,704
Leasehold assets, net of \$9,597,503 accumulated amortization	<u>3,414,347</u>

Total capital assets 107,845,107

The County is self insured for the costs of worker's compensation. The liability for workers' compensation is included in the statement of net position in the following amount:

(1,995,525)

Some of the County's taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred revenue in the funds.

6,168,779

Assets/Liabilities not available to pay for current period's expenditures and therefore not reported in the funds,

Investments in derivative instruments

(1,296,810)

Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities - both current and long-term - are reported in the statement of net position.

Balances at December 31, 2012 are:

Accrued interest on bonds	(863,362)
General obligation Debt	(145,851,500)
Less Deferred interest from refunding	1,988,548
Capital leases payable	(4,985,824)
Compensated absences	(7,976,671)
Deferred amount of bond issuance costs	897,551
Unamortized premiums/discounts	(2,525,783)
Unfunded Other Postemployment Benefits	(3,189,716)

(162,506,757)

Total net position of governmental activities

\$ 51,488,509

The accompanying notes are an integral part of the financial statements.

COUNTY OF DAUPHIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	General	Children and Youth	Low Income Housing	Gaming	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues							
Property Taxes	\$ 99,745,703	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 99,745,703
Hotel Taxes	-	-	-	-	-	9,074,534	9,074,534
Intergovernmental	37,220,140	32,371,289	348,182	13,250,203	393,960	39,471,191	123,054,965
Charges for Services	18,069,559	769,252	320,537	-	-	1,428,944	20,586,292
License and Permits	111,168	-	-	-	-	-	111,168
Court Costs and Fines	3,791,976	-	-	-	-	1,325,556	5,117,532
Interest and Rents	185,288	-	2,453	51,702	20,415	60,540	320,398
Appreciation in Fair Market Value of Investments	-	-	-	-	-	60,535	60,535
Miscellaneous Revenue	-	-	-	-	368,402	1,493,039	1,861,441
Total Revenues	159,123,834	33,140,541	671,172	13,301,905	782,777	52,912,339	259,932,568
Expenditures							
Current:							
General Government	13,632,054	-	-	-	-	-	13,632,054
Judicial	50,928,613	-	-	175,263	-	7,241,182	58,345,058
Public Safety	43,398,077	-	-	-	-	97,727	43,495,804
Public Works	-	-	-	-	-	1,179,281	1,179,281
Human Services	28,325,165	41,105,116	-	-	-	38,362,862	107,793,163
Culture and Recreation	2,145,684	-	-	-	-	8,621,177	10,766,861
Conservation and Development	4,623,413	-	575,488	8,119,317	-	171,274	13,489,492
Debt Service	6,998,388	-	-	-	-	572,750	7,571,138
Principle	5,002,642	-	-	-	-	42,521	5,045,163
Interest	-	-	-	-	-	-	-
Capital Projects	-	-	-	-	7,331,881	-	7,331,881
Total Expenditures	155,054,036	41,105,116	575,488	8,294,580	7,331,881	56,288,794	268,649,895
Excess of Revenues Over (Under) Expenditures	4,069,798	(7,964,575)	95,684	5,007,325	(6,549,104)	(3,376,455)	(8,717,327)
Other Financing Sources (Uses)							
Transfer In	6,050,958	10,848,186	-	-	368,285	3,521,220	20,788,649
Transfer Out	(15,607,709)	(2,883,611)	-	(2,944,153)	-	(155,670)	(21,591,143)
Transfers from Component Units	619,624	-	-	-	-	-	619,624
Loss on Guaranteed Debt Payments	(17,139,378)	-	-	-	-	-	(17,139,378)
Swap Proceeds	505,000	-	-	-	-	-	505,000
Proceeds (Loss) from Asset Disposal	6,550	-	-	-	-	-	6,550
Capital Lease Proceeds	817,977	-	-	-	-	4,761	11,311
Total Other Financing Sources(Uses)	(24,746,978)	7,964,575	-	(2,944,153)	368,285	3,370,311	(15,987,960)
Net change in fund balances	(20,677,180)	-	95,684	2,063,172	(6,180,819)	(6,144)	(24,705,287)
Fund Balances - Beginning of Year	91,199,378	-	746,796	19,331,575	11,800,528	4,900,725	127,979,002
Fund Balances - End of Year	\$ 70,522,198	\$ -	\$ 842,480	\$ 21,394,747	\$ 5,619,709	\$ 4,894,581	\$ 103,273,715

The accompanying notes are an integral part of the financial statements.

COUNTY OF DAUPHIN
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED DECEMBER 31, 2012

Net change in fund balances - total governmental funds \$ (24,705,287)

The change in net position reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$8,583,208) exceeded depreciation (\$5,686,922) and net book value of disposed fixed assets (\$0) in the current period. 2,896,286

Debt proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.

Debt issued:			
Capital Leases		(817,977)	
Repayments:			
General Obligation Debt		6,660,000	
Capital Leases		911,138	
Net adjustment		6,753,161	6,753,161

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. The differences for the items discussed above are:

Compensated absences expense	(328,079)	
Other postemployment benefits expense	(701,746)	
Investment loss from derivative instruments	(567,508)	
Amortization of debt premium/discount	420,697	
Amortization of bond issuance costs	(150,161)	
Amortization of deferred interest from refunding	(281,238)	
Accrued interest on long-term debt	48,809	
Combined adjustment	(1,559,226)	(1,559,226)

Under the modified accrual basis of accounting used in governmental funds, revenues are not reported until they become available. In the statement of activities, however, revenues are recorded regardless of when financial resources are available. This is the change in unearned real estate tax revenue from 12/31/11 to 12/31/12. 82,670

The County is self insured for the costs of worker's compensation. The increase in liability related to the worker's compensation is reported as an increase in expenditures of the governmental activities. 595,896

Change in net position of governmental activities \$ (15,936,500)

The accompanying notes are an integral part of the financial statements.

COUNTY OF DAUPHIN
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2012

	Health Choices Fund	Human Service Building	Other Enterprise Funds	Total
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 261,975	\$ 81,860	\$ 1,103,838	\$ 1,447,473
Investments		22,345	293,213	315,558
Accounts Receivables	-	6,271	1,080,652	1,086,923
Due from Other Governments	-	-	36,495	36,495
Other Assets	96	400	102,979	103,475
Total current assets	262,071	110,876	2,616,977	2,989,924
Noncurrent Assets				
Capital Assets, Not Being Depreciated	-	-	111,492	111,492
Capital Assets, Being Depreciated (Net)	-	3,212,980	2,969,773	6,182,753
Deferred Loss on Bonds, Net	-	79,206	-	79,206
Total noncurrent assets	-	3,292,186	3,081,265	6,373,451
Total assets	262,071	3,403,062	5,698,242	9,363,375
LIABILITIES				
Current liabilities:				
Accounts Payable	112,084	38,875	126,795	277,754
Accrued Liabilities	-	33,556	99,472	133,028
Due to Other Funds	107,618	-	875,118	982,736
Obligation Under Capital Lease	-	360,000	25,470	385,470
Total current liabilities	219,702	432,431	1,126,855	1,778,988
Noncurrent liabilities:				
Obligation Under Capital Lease	-	3,735,000	-	3,735,000
Accrued Workers Compensation	-	-	-	-
Accrued Compensated Absences	-	-	416,983	416,983
Total noncurrent liabilities	-	3,735,000	416,983	4,151,983
Total liabilities	219,702	4,167,431	1,543,838	5,930,971
NET POSITION				
Net Investment in Capital Assets	-	(802,814)	3,055,795	2,252,981
Unrestricted	42,369	38,445	1,098,609	1,179,423
Total net position	\$ 42,369	\$ (764,369)	\$ 4,154,404	\$ 3,432,404

The accompanying notes are an integral part of the financial statements.

COUNTY OF DAUPHIN
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	Health Choice Fund	Human Service Building	Other Enterprise Funds	Total
Operating Revenues				
Charges for Services	\$ 67,156,734	\$ 1,491,423	\$ 5,382,057	\$ 74,030,214
Total Operating Revenues	67,156,734	1,491,423	5,382,057	74,030,214
Operating Expenses				
Personnel Services	239,625	-	5,151,565	5,391,190
Contracted Services	35,576	109,776	746,069	891,421
Supplies and Materials	682	5,014	37,472	43,168
Repairs and Maintenance	-	87,757	1,533,304	1,621,061
Utilities	545	161,810	418,553	580,908
Other Services and Charges	32,902	557,579	437,833	1,028,314
Claims Expense	66,766,798	-	-	66,766,798
Depreciation and Amortization	-	343,835	418,331	762,166
Total Operating Expenses	67,076,128	1,265,771	8,743,127	77,085,026
Operating Income (Loss)	80,606	225,652	(3,361,070)	(3,054,812)
Nonoperating Revenues (Expenses)				
Interest Income	2,496	858	9,228	12,582
Interest Expense	-	(139,475)	(3,935)	(143,410)
Grants	-	-	67,993	67,993
Total Nonoperating Revenues (Expenses)	2,496	(138,617)	73,286	(62,835)
Income (Loss) Before Operating Transfers	83,102	87,035	(3,287,784)	(3,117,647)
Transfers In	-	-	890,323	890,323
Transfers Out	(87,829)	-	-	(87,829)
Gain on Disposal of Capital Assets	-	-	389,426	389,426
Total Transfers In (Out)	(87,829)	-	1,279,749	1,191,920
Change In Net Position	(4,727)	87,035	(2,008,035)	(1,925,727)
Total Net Position - Beginning of Year	47,096	(851,404)	6,162,439	5,358,131
Total Net Position - End of Year	\$ 42,369	\$ (764,369)	\$ 4,154,404	\$ 3,432,404

The accompanying notes are an integral part of the financial statements.

COUNTY OF DAUPHIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	Health Choice Fund	Human Service Building	Other Enterprise Funds	Totals
Cash Flows From Operating Activities				
Receipts from Health Choices Services	\$ 87,156,734	\$ -	\$ -	\$ 87,156,734
Receipts from Recycling Services	-	-	4,741,022	4,741,022
Receipts from Recreational Activities	-	-	48,414	48,414
Receipts from Space and Parking Rentals	-	1,488,052	-	1,488,052
Payments to Employees	(239,625)	-	(5,094,286)	(5,333,911)
Payments to Suppliers	35,610	(908,820)	(3,337,437)	(4,210,647)
Payments for Claims	(66,766,798)	-	-	(66,766,798)
Internal Activity - Payments (from) to other funds	12,390	-	875,118	887,508
Net Cash Provided by (Used in) Operating Activities	198,311	579,232	(2,767,169)	(1,989,626)
Cash Flow From Noncapital Financing Activities				
Operating Transfers In (Out)	(87,829)	-	890,323	802,494
Net Cash Provided by (Used in) Noncapital Financing Activities	(87,829)	-	890,323	802,494
Cash Flows from Capital and Related Financing Activities				
Purchase of Capital Assets, Net of Disposals	-	-	218,020	218,020
Gain on the Sale of Capital Assets	-	-	389,426	389,426
Grants	-	-	67,993	67,993
Interest Paid	-	(139,475)	(3,935)	(143,410)
Principal Payments on Capital Lease	-	(350,000)	(59,076)	(409,076)
Net Cash Used in Capital and Related Financing Activities	-	(489,475)	612,428	122,953
Cash Flows from Investing Activities				
Interest Income	2,496	858	9,228	12,582
Investments	-	(19,980)	167,020	147,040
Net Cash Provided by (Used in) Investing Activities	2,496	(19,122)	176,248	159,622
Net Increase (Decrease) in Cash and Cash Equivalents	112,978	70,635	(1,088,170)	(904,557)
Cash and Cash Equivalents, Beginning of Year	148,997	11,225	2,191,808	2,352,030
Cash and Cash Equivalents, End of Year	\$ 261,975	\$ 81,860	\$ 1,103,638	\$ 1,447,473

The accompanying notes are an integral part of the financial statements.

COUNTY OF DAUPHIN
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	Health Choice Fund	Human Service Building	Other Enterprise Funds	Totals
Reconciliation of Operating income (loss) to net cash provided by (used in) operating activities				
Operating Income (Loss)	\$ 80,606	\$ 225,652	\$ (3,361,070)	\$ (3,054,812)
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used In) Operating Activities				
Depreciation and Amortization Expense	-	343,835	418,331	762,166
Change in assets and liabilities				
Accounts Receivable	-	(2,971)	(592,621)	(595,592)
Other Assets	(96)	(400)	(1,079)	(1,575)
Accounts Payable	105,411	14,866	(163,127)	(42,850)
Accrued Expenses	-	(1,750)	(4,601)	(6,351)
Accrued Vacation and Sick Pay	-	-	61,880	61,880
Due To/Due From Other Funds	12,390	-	875,118	887,508
Net Cash Provided by (Used In) Operating Activities	<u>\$ 198,311</u>	<u>\$ 579,232</u>	<u>\$ (2,767,169)</u>	<u>\$ (1,989,626)</u>

The accompanying notes are an integral part of the financial statements.

COUNTY OF DAUPHIN
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2012

	Retirement Trust <u>Fund</u>	Agency <u>Funds</u>	<u>Totals</u>
ASSETS			
Cash and Cash Equivalents	\$ 3,429,411	\$ 7,764,515	\$ 11,193,926
Investments			
CDARS	70,280	604,858	675,138
U.S. Government Securities	26,841,310	-	26,841,310
Corporate Bonds	19,895,935	-	19,895,935
Common Stocks	43,246,788	-	43,246,788
Equity Funds	111,785,911	-	111,785,911
Savings, CD's and Time Deposits	5,882,835	-	5,882,835
Other	16,365,727	-	16,365,727
Total Investments	<u>224,088,786</u>	<u>604,858</u>	<u>224,693,644</u>
Interest and Dividends Receivable	345,804	-	345,804
Employee Contributions Receivable	<u>427</u>	<u>-</u>	<u>427</u>
Total Assets	<u>\$ 227,864,428</u>	<u>\$ 8,369,373</u>	<u>\$ 236,233,801</u>
LIABILITIES			
Accounts Payable	\$ -	\$ 962,159	\$ 962,159
Benefits Payable	431,561	-	431,561
Funds Held in Escrow	-	5,434,156	5,434,156
Due To Other Governments	<u>-</u>	<u>1,973,058</u>	<u>1,973,058</u>
Total Liabilities	<u>431,561</u>	<u>8,369,373</u>	<u>8,800,934</u>
NET POSITION			
Held in trust for pension benefits	<u>\$ 227,432,867</u>	<u>\$ -</u>	<u>\$ 227,432,867</u>

The accompanying notes are an integral part of the financial statements.

COUNTY OF DAUPHIN
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2012

	Retirement Trust Fund
Addition:	
Contributions:	
Employee	\$ 4,390,799
Employer	8,493,038
	12,883,837
Investment Income:	
Net Appreciation in Fair Value of Investments	19,946,453
Interest	1,401,470
Dividends	1,905,579
Miscellaneous Revenue	19,571
	23,273,073
Less: Investment Expense	525,421
	22,747,652
Total Additions	35,631,489
Deductions:	
Benefits	11,931,439
Refunds of Contributions	527,092
Administrative Expenses	172,848
	12,631,379
Net Increase	23,000,110
Net Position - Beginning of Year	204,432,757
Net Position - End of Year	\$ 227,432,867

The accompanying notes are an integral part of the financial statements.

COUNTY OF DAUPHIN
COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
DECEMBER 31, 2012

<u>Assets</u>	Conservation District	General Authority	Case Management Unit	Industrial Development Authority	Dauphin County Economic Development Corporation	<u>Total</u>
Cash and Cash Equivalents	\$ 526,157	\$ 1,680,015	\$ 21,091	\$ 811,970	\$ 25,504	\$ 3,084,737
Investments	685,741	2,243,619	-	-	-	2,929,360
Inventory	-	93,706	-	-	-	93,706
Receivables:						
Accounts, Net of Allowance	11,280	494,896	1,116,584	13,591	835	1,636,986
Interest and Dividends	3,439	1,576	-	-	-	5,015
Loans	-	-	-	80,474	-	80,474
Due from Other Governments	173,224	-	-	-	87,307	260,531
Investment in Direct Financing Leases, Current	-	668,069	-	144,262	-	812,331
Prepaid Expenses	4,447	278,456	95,228	20,439	4,209	402,779
Due from Related Party	-	-	-	24,519	179,484	204,003
Debt financing costs (net of accumulated amortization)	-	920,319	-	-	-	920,319
Bond Issuance Costs	-	-	-	23,577	27,792	51,369
Bond Discount	-	1,215,896	-	-	-	1,215,896
Loans Receivable, Net of Current Portion	-	-	-	176,893	-	176,893
Investment in Direct Financing Leases, net of Current Portion	-	5,315,000	-	1,757,872	-	7,072,872
Restricted Cash	-	3,407,176	-	9,601,852	3,283,798	16,292,826
Restricted Investments	-	16,097,220	-	-	-	16,097,220
Capital Assets, Not Being Depreciated	-	2,187,834	-	1,889,506	-	4,077,340
Capital Assets, Being Depreciated, Net	718,974	57,480,010	221,699	6,021,593	1,690,694	66,132,970
Total Assets	\$ 2,123,262	\$ 92,083,592	\$ 1,454,602	\$ 20,566,548	\$ 5,299,623	\$ 121,527,627
<u>Liabilities</u>						
Accounts Payable	\$ 16,996	\$ 1,466,480	\$ 93,493	\$ 1,717,905	\$ 78,269	\$ 3,373,143
Accrued Liabilities	-	13,312,877	713,869	-	56,050	14,082,796
Unearned Revenues	31,889	558,808	4,805	-	-	595,502
Due to Primary Government	164,578	-	-	-	-	164,578
Security Deposits	-	-	-	8,841	-	8,841
Long-term liabilities						
Portion Due or payable within one year:						
Capital Lease Obligation	-	41,902	-	-	-	41,902
General Obligation Debt	-	3,962,509	-	-	230,000	4,192,509
Notes Payable	-	-	-	144,262	-	144,262
Loans Payable	-	-	-	53,125	-	53,125
Portion Due or payable after one year:						
Capital Lease Obligation	-	24,795	-	-	-	24,795
General Obligation Debt	-	109,708,869	-	-	3,945,000	113,653,869
Notes Payable	-	-	-	1,757,872	-	1,757,872
Loans Payable	-	-	-	1,748,801	-	1,748,801
Line of Credit	-	-	220,000	29,767	-	249,767
Deferred Charge on Debt Refunding, Net	-	(773,517)	-	-	-	(773,517)
Total Liabilities	213,463	128,302,723	1,032,167	5,460,573	4,309,319	139,318,245
Net Position						
Net Investment in Capital Assets	718,974	(31,855,106)	221,699	6,109,173	(124,306)	(24,929,566)
Restricted for:						
Program Purposes	461,160	2,931,184	200,736	8,251,163	3,373,260	15,217,503
Debt Service	-	253,400	-	-	-	253,400
Unrestricted	729,665	(7,548,609)	-	745,639	(2,258,650)	(8,331,955)
Total Net Position	\$ 1,909,799	\$ (36,219,131)	\$ 422,435	\$ 15,105,975	\$ 990,304	\$ (17,790,618)

COUNTY OF DAUPHIN
COMBINING STATEMENT OF ACTIVITIES
COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 2012

	Program Revenues						Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Conservation District	General Authority	Case Management Unit	Industrial Development Authority	Dauphin County Economic Development Corporation	Total
Conservation District	\$ 249,380	\$ 322,976	\$ 591,004	\$ -	\$ 664,600	-	-	-	\$ 664,600	
General Authority	30,055,086	27,867,188	-	-	-	(2,187,898)	-	-	(2,187,898)	
Case Management Unit	10,246,390	201,880	9,774,634	-	-	-	(269,876)	-	(269,876)	
Industrial Development Authority	10,787,984	725,197	12,320,093	-	-	-	2,257,306	-	2,257,306	
Dauphin County Economic Development Corporation	3,432,157	300,138	3,594,368	-	-	-	-	462,349	462,349	
Tourism and Economic Development	\$ 54,770,997	\$ 29,417,379	\$ 26,280,099	\$ -	\$ 664,600	\$ (2,187,898)	\$ (269,876)	\$ 2,257,306	\$ 462,349	
Total Component Units										
General revenues:										
Unrestricted investment earnings					10,890	182,288	-	7,971	22,420	
Transfer from / (to) primary government					(619,624)	-	-	-	(619,624)	
Total general revenue, special items, transfers					(608,734)	182,288	-	7,971	22,420	
Change in net position					55,866	(2,005,610)	(269,876)	2,265,277	484,769	
Net position - beginning					1,853,933	(34,213,621)	692,311	12,840,698	505,535	
Net position - ending					\$ 1,909,799	\$ (36,219,131)	\$ 422,435	\$ 15,105,975	\$ 990,304	
									\$ (17,790,618)	

The accompanying notes are an integral part of the financial statements.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies follows:

A. Reporting Entity

The County of Dauphin (the "County") operates under the direction of an elected Board of Commissioners, and provides the following services: general administrative services, tax assessments and collections, judicial, public improvements, public safety and human services programs. The County follows the criteria promulgated by the Governmental Accounting Standards Board ("GASB") Statement No. 39 for purposes of determining the scope of its reporting entity. As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the County of Dauphin (the Primary Government) and its Component Units. The Component Units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

Discretely Presented Component Units

In conformity with accounting principles generally accepted in the United States of America, the financial statements of the Component Units discussed below have been included in the financial reporting entity as discretely presented Component Units.

Dauphin County Conservation District ("District"): The District was formed by the County Commissioners in 1952 pursuant to the Conservation District Law ("Law"). The ten-member board is made up of one County Commissioner and nine members appointed by the County Commissioners from a list of nominees received from organizations approved by the Commonwealth of Pennsylvania. The District was formed to manage the conservation of natural resources in the County. The Law gives the Commonwealth certain powers to supervise and direct the operations of the District. Employees of the District are County employees subject to the County Salary Board. The Law also gives the County Commissioners the ability to unilaterally disband the District if they believe a substantial portion of landowners desire such action.

The District operates and reports on a calendar year basis.

Dauphin County General Authority ("General Authority"): The General Authority was incorporated on March 17, 1984. It was created for the purpose of acquiring, financing, holding, constructing, improving, maintaining and operating, owning, and leasing, either in the capacity of lessor or lessee, projects of the kind and character contemplated by law for a general purpose authority. The General Authority's five-member board is appointed by the County Commissioners.

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

Discretely Presented Component Units (Continued)

Dauphin County General Authority ("General Authority") (Continued):

The County has guaranteed the General Authority Revenue Bonds Series of 2011 (golf course debt). The proceeds were used to refund the Series of 2005 bonds and pay the issuance costs. Series of 2005 bonds were used to advance refund the 1993 Series Bonds which financed the construction of the golf course operated by the General Authority. The General Authority has agreed to pay the County 90% of the revenues net of operating expenses and debt service earned in connection with the golf course. The County has also guaranteed the General Authority's 1992 Series Bonds (lease debt) related to the long-term lease of the human services building and the General Authority's 2009 Series Bonds, Series C (lease debt). The County Commissioners must approve all of the General Authority's bond issues, but neither the County nor the General Authority has an ongoing liability for these bond issues other than the golf course and lease debt.

The General Authority reports on a calendar year basis.

Case Management Unit (CMU): The CMU provides case management services to persons with mental illness and intellectual disabilities in the County of Dauphin. CMU performs intake and evaluation for all clients served by Dauphin County MH/ID program, plans and coordinates services for clients with direct service providers and monitors the progress of clients within the Dauphin County system. The MH/ID Program approves the CMU administrator and board member appointments. The County has the ability to dissolve the CMU. Revenues are primarily from contracts with the County.

The CMU operates on a fiscal year ending June 30.

Dauphin County Industrial Development Authority ("IDA"): The IDA was organized in 1967 as a standing authority of Dauphin County. It operates in compliance with the Industrial Development Authority Law, Act No. 102, August 23, 1967.

The IDA's serves as a financing vehicle for industrial development in Dauphin County. The IDA arranges financing through tax exempt and taxable bonds as well as mortgages for manufacturers, non-profits and companies establishing corporate headquarters in the County. The IDA participates in new construction and rehabilitation each year through its industrial recruitment and expansion projects. The IDA also owns several commercial properties which it leases.

The County pays for all significant management and administrative costs required to operate the IDA on a day-to-day basis. IDA's management and support staff are employees of the County. In addition the County has the sole power to appoint members of the IDA's Board of Directors and guarantees the IDA's debts.

The IDA operates and reports on a fiscal year ending September 30.

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

Discretely Presented Component Units (Continued)

Dauphin County Economic Development Corporation ("DCEDC"): The DCEDC is a nonprofit organization which operates in compliance with Section 7502 of the Nonprofit Corporation Law of 1972 and Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. The DCEDC, an economic development corporation, was established to partner in real estate development projects and to channel grant funding to communities and organizations in need of community and economic development assistance. The DCEDC also administers programs to promote tourism and regional development.

The DCEDC is administered by the County of Dauphin through the Dauphin County Department of Community and Economic Development. The Commissioners of Dauphin County have the sole power to appoint members of the DCEDC's Board of Directors. The County pays for all significant management and administrative costs required to operate the DCEDC on a day-to-day basis as the DCEDC's management and support staff are employees of the County. The County also provides significant operating revenue to the DCEDC, primarily through distributions of hotel tax collections.

The DCEDC operates and reports on a calendar year end basis.

B. Related Organizations

The Board of County Commissioners is also responsible for appointing the members of the governing boards of other organizations, but the County's accountability for these organizations does not extend beyond making appointments. The County does not designate management nor does it have the ability to significantly influence the operations of these entities. In addition, the County does not supply any funding (either directly or as a result of special financing relationships) and has no responsibility for fiscal matters for these entities (i.e., not responsible for deficits or entitled to surpluses, no guarantees of debt, etc.). These organizations include:

Authorities

Dauphin County Housing Authority
 Dauphin County Redevelopment Authority
 Dauphin County Hospital Authority
 Dauphin County Library System

Advisory Boards

Dauphin County Parks and Recreation
 Dauphin County Planning Commission
 Aging Advisory Council
 Child Care Advisory Committee
 Mental Health/Intellectual Disabilities Advisory Board
 Woodside Juvenile Detention Center Advisory Board
 Drugs and Alcohol Advisory Board
 Fort Hunter Board

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Joint Ventures

The County is a participant with other municipalities in joint ventures that provide services to the constituents of all the participants. The County has no interest in the equity of these organizations and therefore they should not be included in its financial reporting entity. Separately published audit reports of the Joint Ventures are available for public inspection in the Controller's Office. Condensed financial information relative to these entities is included in the notes herein:

<u>Name of Organization</u>	<u>Cumberland, Dauphin Harrisburg Transit Authority</u>	<u>Tri-County Regional Planning Commission</u>
Services Provided	Bus Services	Regional Planning
Dauphin County Board Representation	3 of 7 Members	9 of 31 Members
Fiscal Year	June 30, 2012	December 31, 2012
Current Assets	\$ 3,588,162	\$ 874,799
Total Assets	\$ 33,312,924	\$ 949,380
Net Position/Fund Balance	\$ 29,261,272	\$ 492,250
Operating Revenues	\$ 7,075,726	\$ 2,647,684
Operating Income (Loss)	\$ (15,488,342)	\$ 96,926
Net Income (Loss)	\$ (200,424)	\$ 98,587
Dauphin County Contribution to Operations	\$ 373,397	\$ -
Dauphin County Working Capital Advances	None	None

D. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include; 1) charges to customers or applicants who purchase, use, or directly benefit from the goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Government-Wide and Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as a separate column in the fund financial statements.

E. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resource measurement focus and the accrual basis of accounting, as are the proprietary funds and fiduciary funds financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability rather than an expenditure.

Governmental fund financial statements are reported using the current financial resource measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 365 days of the end of the current fiscal period with the exception of property taxes which must be received within 60 days of year end to be deemed available. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Licenses, operating and capital grants, and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable only when the cash is received by the County.

Under the current financial resources measurement focus, only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered to be a measure of "available spendable resources". Governmental funds operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during the period.

Because of their spending measurement focus, expenditure recognition for governmental fund types exclude amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended rather than as fund assets. The proceeds of long-term debt are recorded as another financing source rather than a fund liability. However, debt service expenditures, as well as expenditures related to compensated absences and claims for judgments, are recorded only when payment is due.

The County reports the following major governmental funds:

- The General Fund is the government's primary operating fund. It accounts for all financial revenues of the general government, except those required to be accounted for in another fund. Revenues of this fund are primarily derived from real estate taxes, state and federal grants, and fees for services. Many of the basic activities of the County are accounted for in this fund including operation of general County government, boards, commissions, the court systems, and health and welfare services.
- The Children and Youth Families Fund is used to account for specific revenue sources related to the provisions of Children and Youth that are restricted to expenditures for those specified purposes.
- The Low Income Housing Fund is used to account for specific revenues related to improving economic development opportunities and expanding the supply of low- and moderate-income housing. Revenues are restricted for those specified purposes.
- The Gaming Fund is used to account for revenue received from the operation of Hollywood Casino in East Hanover Township. These funds are to be used at the sole discretion of the Dauphin County Commissioners. The Gaming Advisory Committee advises the County on the need for municipal grants for health, safety, transportation, and other projects in the public interest generated as a result of gaming.
- The Capital Projects Fund is used to account for financial resources to be used for capital acquisitions and the related expenditures.

The County's enterprise funds are proprietary funds. In the fund financial statements, proprietary funds are presented using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. In the fund financial statements, proprietary funds are presented using the economic resources measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

Amounts paid to acquire capital assets are capitalized as assets in the fund financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the fund financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness are reported as a reduction of the related liabilities, rather than an expense.

The County reports the following major proprietary funds:

- Health Choices Fund accounts for the fiscal activities of the County Behavioral Health Program.
- Human Services Building Fund accounts for the fiscal activities of the County's Human Services Building.

These proprietary funds are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that costs of providing services to the general public on a continuing basis be financed or recovered primarily through user charges and cost reimbursement plans.

Additionally, the County reports the following fund types:

- The Pension Trust Fund accounts for the revenue (i.e. member contributions, County contributions, and net investment income) and the expenses (i.e. contributions refunded, retirement allowances and death benefits paid) of the Pension Trust Fund.
- The Agency Funds that consist of restricted revenues of the various row offices of the County. The row office funds, in essence are escrow funds maintained by the row offices for bail posted, funds held for sheriff sales, realty transfer taxes held and owed to other governmental entities and other funds received for disposition of legal action.

F. Assets, Liabilities, and Net Position or Fund Balances

1. Cash and Cash Equivalents

For purposes of the accompanying statement of cash flows, the County considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Assets, Liabilities, and Net Position or Fund Balances (Continued)

2. Receivables and Payables

• Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." All receivables are shown net of an allowance for doubtful accounts.

3. Investments

Investments for the County are reported at fair value.

4. Restricted Assets

Restricted Assets represent revenues set-aside for liquidation of specific obligations, as detailed in Note 4.

5. Capital Assets

Capital Assets, which include property, plant and equipment and infrastructure assets (e.g. bridges) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets with initial, individual costs that equal or exceed \$5,000 and estimated useful lives of over one year are recorded as capital assets. Capital assets are recorded at historical costs or estimated costs if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Depreciation is not recognized for intangible (eg. Easements) assets since they have an indefinite life.

Major outlays for capital assets and improvements are capitalized as projects are completed. Interest incurred during the construction phase of the capital asset of business-type activities is included as part of the capitalized value of the assets constructed.

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Assets, Liabilities, and Net Position or Fund Balances (Continued)

5. Capital Assets (continued)

Capital assets of the County are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Buildings and Improvements	40
Machinery and Equipment	3-20
Infrastructure	40
Leasehold Assets	5-20

6. Allowance for Doubtful Accounts

Accounts receivable have been reported net of allowance for doubtful accounts.

7. Compensated Absences

County policy permits employees to accumulate a limited amount of earned, but unused, vacation and sick leave. These benefits are payable to employees upon separation of services. All leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is recorded. The computed liability is in compliance with GASB 16, *Accounting for Compensated Absences*.

8. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as general government expenditures.

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Assets, Liabilities, and Net Position or Fund Balances (Continued)

9. Unearned and Deferred Revenues

Revenues that are received but not earned are deferred in the government-wide and enterprise fund financial statements. In the County's governmental funds, deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred and unearned revenues also arise when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the County has a legal claim to the resources, the liability for unearned revenue is removed from the governmental funds' balance sheet and revenue is recognized. The County deems revenues received within 365 days of year end to be available with the exception of property taxes, which must be received within 60 days of year end to be deemed available.

10. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions except quasi-external transactions and reimbursements are reported as transfers.

11. Net Position/Fund Balances

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- *Nonspendable Fund Balance* – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.
- *Restricted Fund Balance* – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Assets, Liabilities, and Net Position or Fund Balances (Continued)

11. Net Position/Fund Balances (Continued)

- *Committed Fund Balance* – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Commissioners. These amounts cannot be used for any other purpose unless the Board of Commissioners remove or change the specific use by taking the same type of action (resolution) that was employed when the funds were initially committed.
- *Assigned Fund Balance* – This classification includes amounts that are constrained by the County's intent to be used for a specific purpose but are neither restricted nor committed. The Board of Commissioners delegated the responsibility to approve/or remove assigned fund balance that reflect the Commissioner's intended use of the resources to the Budget Director.
- *Unassigned Fund Balance* – This classification represents amounts that are available for any purpose.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance and lastly unassigned fund balance.

The government-wide and business-type activities fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- *Net Investment in Capital Assets* – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- *Restricted Net Position* – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted Net Position* – This category represents net position of the County, not restricted for any project or other purpose.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the County's policy is to apply restricted net position first, then unrestricted net position as they are needed.

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Assets, Liabilities, and Net Position or Fund Balances (Continued)

12. Deferred Outflows / Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government did not have an item that qualifies for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government did not have an item that qualifies for reporting in this category.

13. Accounting Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

G. Adoption of Governmental Accounting Standards Board Statements

The County adopted the remaining provisions of GASB Issued Statement No. 57, "*OPEB Measurements by Agent Employers and Agent Multiple Employer Plans*" and the provisions of GASB Issued Statement No. 60, "*Accounting and Financial Reporting for Service Concession Arrangements*", GASB Issued Statement No. 62, "*Codification of Accounting and Financial Reporting Guidance Contained in Pre – November 30, 1989 FASB and AICPA Pronouncements*", GASB Issued Statement No. 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*", and GASB Issued Statement No. 64, "*Derivative Instruments: Application of Hedge Accounting Termination Provisions – an Amendment of GASB Statement No. 53*".

The adoption of GASB 63 resulted in the renaming of the residual measure of all other elements presented in a statement of financial position as "net position", rather than "net assets". The adoption of the other statements had no effect on previously reported amounts.

H. Pending Changes in Accounting Principles

In November 2010, the GASB Issued Statement No. 61, "*The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*". The County is required to adopt statement No. 61 for its calendar year 2013 financial statements.

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Pending Changes in Accounting Principles (Continued)

In March of 2012, the GASB Issued Statement No. 65, "*Items Previously Reported As Assets and Liabilities*". The County is required to adopt statement No. 65 for its calendar year 2013 financial statements.

In March of 2012, the GASB Issued Statement No. 66, "*Technical Corrections – 2012 – an amendment of GASB Statement No. 10 and No. 62*". The County is required to adopt statement No. 66 for its calendar year 2013 financial statements.

In June 2012, the GASB issued Statement No. 67, "*Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*". The County is required to adopt statement No. 67 for its calendar year 2014 financial statements.

In June 2012, the GASB issued Statement No. 68, "*Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*". The County is required to adopt statement No. 68 for its calendar year 2015 financial statements.

In January 2013, the GASB issued Statement No. 69, "*Government Combinations and Disposals of Government Operations*". The County is required to adopt statement No. 69 for its calendar year 2014 financial statements.

In April 2013 the GASB issued Statement No. 70, "*Accounting and Financial Reporting for Nonexchange Financial Guarantees*". The County is required to adopt Statement No. 70 for its calendar year 2014.

The County has not yet completed the various analysis required to estimate the financial statement impact of these new pronouncements.

I. Component Units - Summary of Significant Accounting Policies

Dauphin County Conservation District

Basis of Accounting

The financial statements of the District are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Capital Assets

Capital assets are recorded at cost. Depreciation is being provided on a straight line method over the estimated useful lives of the assets.

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Component Units - Summary of Significant Accounting Policies (Continued)

Dauphin County General Authority

Basis of Accounting

The General Authority financial statements are reported using the economic resources measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activities are included on their balance sheet. Net position is segregated into "net investment in capital assets", "restricted" and "unrestricted" components. The financial statements are reported using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Conduit Debt Issues

The General Authority participates in various bond issues for which it has limited liability. Acting solely in an agency capacity, the General Authority serves as a financing conduit, bringing the ultimate borrower and the ultimate lender together for which it receives an administrative fee. Although the General Authority is a party to the Trust indenture with the trustee, the agreements are structured such that there is no recourse against the General Authority in the case of default. As such, the corresponding debt is not reflected on the General Authority's balance sheet.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the General Authority considers all highly liquid investments of a maturity of three months or less when purchased to be cash equivalents.

Investments

Investments are stated at fair value.

Direct Financing Lease Transactions

The General Authority accounts for its leases with various agencies as direct financing leases.

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Component Units - Summary of Significant Accounting Policies (Continued)

Dauphin County General Authority (Continued)

Capital Assets

Capital Assets are recorded at cost. The General Authority provides for depreciation and amortization over the estimated useful lives of the assets using the straight-line method. Upon sale or retirement, the cost and related accumulated depreciation or amortization of such assets are removed from the accounts and any resulting gain or loss is credited or charged to income for the period. Expenditures for maintenance and repairs are charged to income as incurred. Capital assets are defined by the General Authority as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years.

Inventory

Inventory is valued at the lower of cost or market. Cost is determined on the first-in, first-out method. Inventory consists of consumable supplies used for operations and maintenance and also represents items for sale. Inventory is expensed when the items are used or sold.

Debt Financing Costs

Debt financing costs, representing issuance costs for the outstanding bonds, net of reimbursement, are amortized over the outstanding terms of the bonds using the effective interest method.

Bond Discount

Bond discounts, representing the underwriters' discount on bonds issued and/or the discount for bonds issued at less than par value, are amortized over the outstanding terms of the bonds using the effective interest method.

Restricted Assets

Restricted assets represent cash and investments maintained in accordance with bond resolutions, loan agreements, grant awards and other resolutions and formal actions of the General Authority or by agreement for the purpose of funding certain debt service payments, depreciation and contingency activities.

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Component Units - Summary of Significant Accounting Policies (Continued)

Dauphin County General Authority (Continued)

Net Position

Net Position is classified in the following three components: Net investment in capital assets; restricted and unrestricted net position. Net investment in capital assets, consists of all capital assets, net of accumulated depreciation and reduced by outstanding debt that is attributable to the acquisition, construction and improvement of those assets; debt related to unspent proceeds or other restricted cash and investments is excluded from the determination. Restricted consists of net position for which constraints are placed thereon by external parties, such as lenders, grantors, contributors, laws, regulations and enabling legislation, including self-imposed legal mandates, less any related liabilities. Unrestricted consists of all other net position which is not restricted for any project or other purpose.

For the time period that the revenue bonds are outstanding and the trust indenture is in effect in each fund, the net position of the fund are presented as restricted for fund operations.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from primary activities. For the General Authority, these revenues are charges for services, investment income and miscellaneous revenues. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the General Authority.

Case Management Unit

Basis of Presentation

The Case Management Unit's financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Revenue Recognition

Revenue from County program funded contracts is recognized as reimbursable costs are incurred as established by regulations promulgated by the Pennsylvania Department of Public Welfare. Reimbursable costs are reduced by other program income including third-party reimbursements, private payments, and interest income.

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Component Units - Summary of Significant Accounting Policies (Continued)

Case Management Unit (Continued)

Revenue Recognition (Continued)

Net patient service revenue consists of Healthchoices, medical assistance and client fees. These revenues are reported at the estimated net realizable amounts from patients, third-party payers, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payers. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and are adjusted in future periods as final settlements are determined.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Capital Assets

Capital assets of Case Management Unit include furniture and equipment and leasehold improvements and are reported in the financial statements at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Capital assets are defined as assets with an initial, individual cost of more than \$1,500 and an estimated useful life in excess of 3 years.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

Capital assets of Case Management Unit are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Furniture and Equipment	3-10
Leasehold Improvements	10

Income Taxes

The Case Management Unit has been recognized as a not-for-profit corporation which is exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code and also from state income taxes.

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Component Units - Summary of Significant Accounting Policies (Continued)

Case Management Unit (Continued)

Compensated Absences

The Case Management Unit policy permits employees to accumulate a limited amount of earned, but unused vacation and sick leave. These benefits are payable to employees upon separation of services. All leave pay is accrued when incurred in the financial statements. A liability for these amounts is recorded. The computed liability is in compliance with GASB 16, *Accounting for Compensated Absences*.

Dauphin County Industrial Development Authority ("IDA")

Basis of Accounting

The Dauphin County Industrial Development Authority operations are reported as a proprietary fund. This fund is used to account for activities which are associated with the financing of industrial development projects in the County of Dauphin. The financial statements are reported using the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

Cash and Cash Equivalents

The IDA considers all highly-liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Cash and cash equivalents at September 30, 2012 consist of cash held in bank accounts.

Restricted Assets

Restricted assets represent cash balances from gaming revenues which are restricted for the purpose of providing municipal grants. Restricted assets also consist of cash related to the revolving loan program which is restricted for the purpose of providing loans to businesses as well as security deposits for the property management fund. At September 30, 2012, the restricted cash balance was \$9,601,852.

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Component Units - Summary of Significant Accounting Policies (Continued)

Dauphin County Industrial Development Authority ("IDA") (Continued)

Capital Assets

Capital Assets which include office equipment and furnishings and buildings and building improvements, are recorded at original cost at the time title reverts to the IDA and said assets are in operating condition. The IDA records all capital outlays as capital assets. Capital assets are depreciated using the straight-line method over their estimated useful lives. Estimated useful lives for office equipment furnishings range from three to seven years. The estimated useful life for buildings and building improvements are forty years and fifteen years, respectively.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant estimates and assumptions in the IDA's financial statements related to the collectability of loans and other receivables and the useful lives of fixed assets. Actual results could differ from those estimates.

Long-Term Obligations

Long-term debt and other obligations are reported as noncurrent liabilities. Bond issuance costs in connection with issuing debt are a deferred charge and amortized to expense over the life of the bonds.

Loans Receivable

Loans receivable that management has the intent and ability to hold for the foreseeable future or until maturity or payoff are reported at outstanding principal. Account balances generally are written off when management judges such balances uncollectible, such as an account in bankruptcy. Management continually monitors and reviews loan receivable balances. Interest at rates ranging from 3-5% is charged on unpaid balances and is recognized in revenue upon receipt. The IDA's management evaluates the risk and, when determined to be necessary, provides an allowance for loans which may become uncollectible. Loans receivable are shown net of an allowance of \$79,939 at September 30, 2012.

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Component Units - Summary of Significant Accounting Policies (Continued)

Dauphin County Industrial Development Authority ("IDA") (Continued)

Direct Financing Lease Transactions

The IDA accounts for its leases with the County of Dauphin as direct financing leases in accordance with FASB No. 13.

Debt Related Costs

Debt related costs include issuance costs that have been capitalized and are amortized to interest expense using the straight-line method over the term of the associated debt.

Net Position

Net position is categorized as net investment in capital assets, restricted and unrestricted.

- a. *Net Investment in Capital Assets* – This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- b. *Restricted Net Position* – This category represents net position of the Authority that are restricted for project or other purposes.
- c. *Unrestricted Net Position* – This category represents net position of the Authority, not restricted for any project or other purpose.

Dauphin County Economic Development Corporation ("DCEDC")

Basis of Accounting

DCEDC's financial statements are presented on the accrual basis of accounting in accordance with the accounting principles generally accepted in the United States of America. Revenues are recognized when the related goods or services are delivered.

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Component Units - Summary of Significant Accounting Policies (Continued)

Dauphin County Economic Development Corporation ("DCEDC")
 (Continued)

Cash

DCEDC considers all highly-liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Restricted Assets

Restricted assets represent cash balances from hotel tax and grant program distributions received from Dauphin County. These distributions are restricted for the purpose of promoting tourism and regional development and for the CDBG, Home and Section 108 programs. At December 31, 2012 the restricted cash balance was \$3,283,798.

Capital Assets

Capital assets are recorded at their original cost and are depreciated on a straight-line basis over their estimated useful lives. Assets with an initial, individual cost that equal or exceed \$5,000 and estimated useful lives of over one year are recorded as capital assets and depreciated. Estimated useful lives are as follows:

Equipment and Furnishings	3-7 years
Buildings	39 years
Works of Art	7 years

Net Position

The financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- a. *Net Investment in Capital Assets* – This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- b. *Restricted Net Position* – This category represents the net position of the DCEDC that are restricted for project or other purposes.
- c. *Unrestricted Net Position* – This category represents net position of the DCEDC, not restricted for any project or other purpose.

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Component Units - Summary of Significant Accounting Policies (Continued)

Dauphin County Economic Development Corporation ("DCEDC")
(Continued)

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Accordingly, actual results could differ from those amounts.

Income Taxes

DCEDC is tax exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and files Form 990, Return of Organization Exempt from Income Tax with the Internal Revenue Service. Certain revenue deemed to be unrelated to a nonprofit corporation's tax-exempt purpose could be subject to federal income taxes, however management believes that there is no tax liability as of December 31, 2012.

NOTE 2: BUDGETARY DATA

County Budget Process

Formal budgetary accounting is employed as a management control for the General Fund, Certain Special Revenue Funds, and Capital Project Funds of the County. Annual operating budgets are adopted each year through the passage of an annual budget ordinance and accounting principles generally accepted in the United States of America are used to complete the budget. The County of Dauphin follows these procedures in establishing the budgetary data reflected in the financial statements:

- (1) During July and August, the department heads are supplied with current financial status reports for their programs which they are to use as a basis or guide for financial projections for the ensuing year. These proposed budgets are then submitted to the County Commissioners for review.
- (2) During September, the Finance Department interviews each department head to discuss their budgets as submitted and allow them to substantiate projected expenditures and recommends an expenditure amount.
- (3) The County Commissioners then interview each department head to discuss their budgets as submitted and allow them to substantiate projected expenditures.
- (4) Upon consolidation of the department and agency expenditure projections, the County Commissioners must ascertain the most viable method of financing them.

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 2: BUDGETARY DATA (CONTINUED)

County Budget Process (Continued)

- (5) Subsequently, the Director of Budget assembles the preliminary projections of revenues and expenditures into a final budget incorporating any revisions or adjustments resulting from the aforementioned County Commissioners' review.
- (6) By early December, the final budget is presented to the County Commissioners. Pursuant to budgetary requirements, as set forth in the County Code, public notice is given that the proposed budget is available for inspection for a period of 20 days.
- (7) After the 20-day inspection period but no later than December 31, the County Commissioners adopt the final budget by enacting an appropriate ordinance.
- (8) As required by the Commonwealth of Pennsylvania County Code, the proposed budget is made available for public inspection for at least 20 days prior to the date of adoption, with adoption required by December 31. Subsequent to the budget approval, the County Commissioners adopt the appropriation measures required to put the budget into effect and fix the rate of taxation. Within 15 days subsequent to the legal adoption of the budget, the County Commissioners file a copy of the budget with the Department of Community and Economic Development of the Commonwealth of Pennsylvania.

Legal Requirements

An annual budget is required to be legally adopted for the General Fund since real estate taxes are levied to finance its operations. Although not legally required, the County also adopts annual budgets for its Capital Projects Fund, and certain additional Special Revenue Funds (the Domestic Relations and Liquid Fuels Fund). Budgetary data is presented on the basis of accounting principles generally accepted in the United States of America for all funds that adopt annual budgets.

Level of Control

The County is legally required to maintain budgetary controls at the major function level. In practice, the County maintains budgetary control at the fund level.

Lapsing of Appropriations

Unexpended appropriations lapse at year-end.

Management Amendment Authority

During the course of the year, departmental needs may change, emergencies may occur, or additional revenue sources may arise. As a result, funds are occasionally transferred between line items of a department's budget or additional revenue may need to be budgeted for a specific project or grant. Adjustments to the budget are made on a line item basis during the year and are approved by the County Commissioners.

Financial analysis is provided monthly to management showing spending levels in comparison to the current budget. The budget is also reviewed by management with operating departments.

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 3: DEPOSIT AND INVESTMENT RISK

The County's investments at December 31, 2012 were as follows:

Governmental Funds	
CDARS	\$ 9,084,101
Fort Hunter Permanent Fund	
Fixed Income Mutual Funds - Bonds	502,781
Fixed Income Mutual Funds - Stocks	499,046
Total Permanent Fund	1,001,827
Total Governmental Funds	10,085,928
Investment Derivatives	(1,296,810)
Total Governmental Activities	8,789,118
Enterprise Funds	
CDARS	315,558
Total Enterprise Funds	315,558
Fiduciary Funds	
Retirement Fund	
CDARS	70,280
U.S. Government Securities	26,841,310
Corporate Bonds	19,895,935
Common Stocks	43,246,768
Equity Funds	111,785,911
Savings, CD's and Time Deposits	5,882,835
Other	16,365,727
Total Retirement Fund	224,088,786
Agency Fund	
CDARS	604,858
Total Fiduciary Funds	224,693,644
Total Investments	\$ 233,798,320

As of December 31, 2012, the County had the following debt investments and maturities within its excess operating fund accounts:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
Fixed Income Mutual Fund - Bonds	\$ 502,781	\$ 502,781	\$ -	\$ -	\$ -
Investment Derivatives	(1,296,810)	-	-	(484,699)	(812,111)
Total	\$ (794,029)	\$ 502,781	\$ -	\$ (484,699)	\$ (812,111)

The terms and fair values of the investment derivatives are described in Note 10.

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 3: DEPOSIT AND INVESTMENT RISK (CONTINUED)

As of December 31, 2012, the County had the following debt investments and maturities within its retirement plan accounts:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
U.S. Government Treasuries	\$ 22,475,494	\$ 2,903,714	\$ 13,814,862	\$ 5,248,910	\$ 508,008
U.S. Government Agencies	4,365,816	214,170	2,949,389	-	1,202,257
Corporate Bonds	19,895,935	442,480	10,458,209	6,194,492	2,800,754
Total	<u>\$ 46,737,245</u>	<u>\$ 3,560,364</u>	<u>\$ 27,222,460</u>	<u>\$ 11,443,402</u>	<u>\$ 4,511,019</u>

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the County's Operating Funds Investment Policy states that maturities shall be set to generally match the projected cash flow requirements for the County as determined by the County Controller.

The County's Retirement Plan Investment Policy Statement ("Retirement Investment Policy") states that emphasis shall be placed on providing adequate and timely investment cash flow to permit benefit payments from the Retirement Plan when due. The average effective duration of domestic intermediate fixed income securities shall be no more than 25 percent greater or less than the effective duration Barclays Bond Index.

The County is invested in two forward-starting fixed payor swaps with notional amounts totaling \$34,735,000. At December 31, 2012, the swaps had a total fair value of (\$1,296,810). See Note 10 for more detail on the terms of each swap.

Credit Risk. The County's Operating Investment Policy limits investments to direct obligations of the United States Government or its agencies or instrumentalities; other obligations that are either insured or guaranteed by the United States Government; deposits with banks within the Commonwealth of Pennsylvania properly insured in accordance with the requirements of the County Code or properly collateralized in accordance with the County Code and Act 72 of 1971 P.S. Section 3836-1, et seq.; or investments with the Pennsylvania Local Government Investment Trust ("PLGIT").

As of December 31, 2012, the County's operating investments had a credit rating as follows:

Investment Type	Credit Quality Rating	Percent of Investment Type
Fixed Income Mutual Funds	US Government	69%
Fixed Income Mutual Funds	Aaa	4%
Fixed Income Mutual Funds	Aa	4%
Fixed Income Mutual Funds	A	12%
Fixed Income Mutual Funds	Baa	11%

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2012

NOTE 3: DEPOSIT AND INVESTMENT RISK (CONTINUED)

The County's Retirement Investment Policy limits the average quality of fixed income securities to a minimum of "A2" or better, the third broad investment grade as determined by Moody's. The minimum quality of any single fixed income investment shall be investment grade, as defined by two out of three of the following rating agencies; Moody's, Standard and Poors, or Fitch. If an investment is made in commercial paper, the single standard shall be "A1", "P1", or "Prime".

Investment Type	Credit Quality Rating	Percent of Investment Type
U.S. Government Agencies	Aaa	97%
U.S. Government Agencies	Not Rated	3%
Corporate Bonds	Aa1	2%
Corporate Bonds	Aa2	8%
Corporate Bonds	Aa3	7%
Corporate Bonds	A1	17%
Corporate Bonds	A2	19%
Corporate Bonds	A3	13%
Corporate Bonds	Baa1	9%
Corporate Bonds	Baa2	14%
Corporate Bonds	Baa3	3%
Corporate Bonds	Not Rated	8%

Custodial Credit Risk. For deposits and investments, custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At December 31, 2012, \$45,867,044 of the County's deposits were exposed to custodial credit risk, as they are collateralized with securities held by the pledging financial institution and uninsured. None of the County's retirement investments were exposed to custodial credit risk at December 31, 2012.

Concentration of Credit Risk. The County's Operating Investment Policy does not allow a single issuer or guarantor to represent more than 10% of the total value of holdings at the time of acquisition.

The County's Retirement Investment Policy limits single investments in U.S. Treasury securities and zero coupon securities to 30% and 10%, respectively, of the domestic intermediate fixed income investments at market value. Agency securities are limited to 50% of fixed income investments at market value, 25% per agency and to 10% per any single issue. Other types of securities are limited to 5% for each single security.

At December 31, 2012, the County is not subject to concentration of credit risk.

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2012

NOTE 3: DEPOSIT AND INVESTMENT RISK (CONTINUED)

Component Units – Deposit and Investment Risk

Dauphin County Conservation District

Deposits and Investments

Custodial credit risk. For Deposits and investments custodial credit risk is the risk that in the event of a bank failure, the Conservation District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

As of December 31, 2012, the Conservation District's cash balance was \$425,485, and its bank balance was \$433,976. Of this bank balance, \$183,976 was exposed to custodial credit risk, as it was collateralized with securities held by the pledging financial institution and uninsured. The District's cash equivalents of \$100,672 were not subject to custodial credit risk, as they were invested in a state investment pool.

In addition, at December 31, 2012, the Conservation District held \$685,741 certificates of deposit which are classified as investments on the financial statements. Of the investments balance, \$262,824 are in fixed interest rate certificates of deposit which are subject to FDIC coverage, and therefore \$12,824 was exposed to custodial credit risk, as it was collateralized with securities held by the pledging financial institution and uninsured.

As of December 31, 2012, the District had the following debt investments and maturities that are classified as cash equivalents:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>			
		<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More Than 10</u>
State Investment Pool	\$ 100,672	\$ 100,672	\$ -	\$ -	\$ -

Interest rate risk. The District's Investment Policy does not limit investment maturities as a means of managing their exposure to fair value losses arising from increasing interest rates.

Credit risk. As of December 31, 2012 all of the District's investments in the state investment pool were rated AAA by Standard and Pooors.

Dauphin County General Authority

Deposits and Investments

Cash and investments are held by trustees, pursuant to provisions of various Trust Indentures, except for the Administrative Fund cash account and the Dauphin Highlands Golf Course cash account, which are administered by the General Authority's Executive Director.

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2012

NOTE 3: DEPOSIT AND INVESTMENT RISK (CONTINUED)

Component Units – Deposit and Investment Risk (Continued)

Dauphin County General Authority (Continued)

Deposits and Investments (Continued)

The Municipality Authorities Act provides for investment of governmental funds into certain authorized investment types, including U.S. Treasury bills, other short-term U.S. and Pennsylvania government obligations or their agencies or instrumentalities and insured or collateralized time deposits and certificates of deposit. The Act does not prescribe regulations relating to demand deposits.

Deposits

Custodial credit risk. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The General Authority does not have a deposit policy for custodial credit risk. At December 31, 2012, the book balance of the Authority's unrestricted deposits was \$1,680,015 and the bank balance was \$1,662,212. Of the unrestricted bank balance, \$1,000,000 was covered by federal depository insurance, and \$662,212 was collateralized under Act 72 of the 1971 session of the Pennsylvania General Assembly for the protection of public depositors. At December 31, 2012, the book balance of the Authority's restricted deposits was \$3,407,176 and the bank balance was \$3,410,831. Of the restricted bank balance, \$304,646 was covered by federal depository insurance, and \$3,106,185 was collateralized under Act 72.

Investments

Total General Authority investments reported on the balance sheet at December 31, 2012 are as follows:

	Fair Value
Unrestricted	
Money market funds	\$ 2,241,791
U.S. government obligations	1,828
	<u>\$ 2,243,619</u>
Restricted	
Money market funds	\$ 11,495,200
U.S. Government agency obligations	4,602,020
	<u>\$ 16,097,220</u>

Concentration of credit risk. The Authority places no limit on the amount the Authority may invest in any one issuer. More than 5 percent of the Authority's investments were held with the following issue:

	Fair Value	Percent of Investment
Federal National Mortgage Association	\$ 4,602,020	25.09%

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 3: DEPOSIT AND INVESTMENT RISK (CONTINUED)

Component Units – Deposit and Investment Risk (Continued)Dauphin County General Authority (Continued)Investments (Continued)

Credit Risk. The Authority does not have a formal policy that would limit investment choices with regard to credit risk. The Authority's investments had the following level of exposure to credit risk as of December 31, 2012:

	<u>Fair Value</u>	<u>Rating</u>
Unrestricted		
Money market funds	\$ 2,241,791	AAAm
U.S. government obligations	1,828	AA+
Restricted		
Money market funds	\$ 11,495,200	AAAm
U.S. Government agency obligations	4,602,020	AA+

Interest rate risk. The Authority does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The following is a list of the Authority's money market and fixed income investments and their related average maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>			
		<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>Greater Than 10</u>
Unrestricted					
Money market funds	\$ 2,241,791	\$ 2,241,791	\$ -	\$ -	\$ -
U.S. Government obligations	1,828	-	-	1,828	-
	<u>\$ 2,243,619</u>	<u>\$ 2,241,791</u>	<u>\$ -</u>	<u>\$ 1,828</u>	<u>\$ -</u>
Restricted					
Money market funds	\$ 11,495,200	\$ 11,495,200	\$ -	\$ -	\$ -
U.S. Government agency obligations	4,602,020	4,602,020	-	-	-
	<u>\$ 16,097,220</u>	<u>\$ 16,097,220</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Case Management UnitCash Concentrations

Custodial Credit Risk – For deposits, custodial credit risk is the risk that in the event of the failure of the counterparty, CMU will not be able to recover the value of its deposits that are in the possession of an outside party. As of June 30, 2012, CMU's cash balance was \$21,091 and its bank balance was \$46,590. Of the bank balance for June 30, 2012, none of the CMU's deposits were exposed to custodial credit risk.

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2012

NOTE 3: DEPOSIT AND INVESTMENT RISK (CONTINUED)

Component Units – Deposit and Investment Risk (Continued)

Dauphin County Industrial Development Authority (“IDA”)

Deposits

Custodial credit risk. For deposits, custodial credit risk is the risk that in the event of failure of the counterparty, the IDA will not be able to recover the value of its deposits or collateral securities that are in the possession of an outside party. At September 30, 2012, \$9,973,031 of the IDA’s deposits were exposed to custodial credit risk as they were uninsured, and are held by the counterparty’s trust department or agent but not in the IDA’s name. The IDA does not have a formal policy to limit its exposure to custodial credit risk.

Dauphin County Economic Development Corporation (“DCEDC”)

Deposits

Custodial Credit Risk. For deposits, custodial credit risk is the risk that in the event of failure of the counterparty, the DCEDC will not be able to recover the value of its deposits or collateral securities that are in the possession of an outside party. At December 31, 2012, \$2,482,620 of the DCEDC’s bank deposits were exposed to custodial credit risk as they were uninsured, and are held by the counterparty’s trust department or agent but not in the DCEDC’s name. The DCEDC does not have a formal policy to limit its exposure to custodial credit risk.

NOTE 4: RESTRICTED ASSETS

Assets whose use is limited to a specific purpose have been classified as “restricted” in the balance sheet. Restricted assets are composed of the following:

	Cash, Investments and <u>Accrued Interest</u>
Governmental Funds	
General Fund	
Amounts held in escrow for purposes including tax protest ordered liabilities	\$ 453,789
Amounts held in fiduciary capacity District Attorney’s Office	547,570
Amounts Reserved for Workers’ Compensation Liabilities	<u>323,327</u>
Total General Fund	<u>1,324,686</u>
Total Governmental Funds	<u>\$ 1,324,686</u>

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 5: RISK MANAGEMENT

The County is exposed to risk of loss related to self-insurance activities for workers' compensation. The County records the liability for the risk associated with the workers' compensation. The County has excess workers' compensation insurance with a self-insured retention per occurrence of \$800,000, and a maximum indemnity per occurrence of \$1,000,000.

As required by the Pennsylvania Department of Labor and Industry, the County has established a trust amount for workers' compensation. The cash balance at December 31, 2012, was \$323,327 and is included in the restricted cash/investments amount in the General Fund. The purpose of the account is to provide a source of funds for claimants entitled to benefits under Article III Section 305 of the Pennsylvania Workers' Compensation Act in case the County could not pay claims.

The County maintains workers' compensation reserves for claims incurred and claims incurred but not reported on the funds to which, per the County's estimate, they apply. Independent of these reserves, the County maintains a \$120,000 deposit with a third-party administrator to facilitate claim processing. This amount is recorded in the General Fund.

The accrued liability for workers' compensation claims is determined by an actuary in accordance with actuarial principles; such claims are discounted at 3.5% for workers' compensation. Accrued workers' compensation self-insurance liabilities at December 31, 2012, are summarized as follows:

<u>Governmental Activities</u>
\$ <u>1,995,525</u>

The following summary provides aggregate information on self-insurance liabilities, incurred claims, and payments during the years ended December 31, 2012 and 2011.

<u>2012</u>			
<u>January 1, 2012, Liability</u>	<u>Incurred Claims and Changes in Estimate</u>	<u>Payments</u>	<u>December 31, 2012, Liability</u>
<u>\$2,626,959</u>	<u>\$(524,933)</u>	<u>\$(106,501)</u>	<u>\$1,995,525</u>
<u>2011</u>			
<u>January 1, 2011, Liability</u>	<u>Incurred Claims and Changes in Estimate</u>	<u>Payments</u>	<u>December 31, 2011, Liability</u>
<u>\$2,407,200</u>	<u>\$440,662</u>	<u>\$(220,903)</u>	<u>\$2,626,959</u>

There have been no significant reductions in insurance coverage from coverage in the prior year and the amount of settlements have not exceeded insurance coverage for each of the past three years.

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2012

NOTE 5: RISK MANAGEMENT (CONTINUED)

Component Units – Risk Management

Case Management Unit

CMU has elected to self-insure itself for medical insurance for certain employees. CMU is liable for all claims up to an aggregate of \$1,571,645 or \$85,000 per individual for any one plan year. Once the deductible has been met, all future stop loss reimbursements for that contract year are payable. CMU purchased stop loss insurance to cover all claims incurred in excess of these deductible points. As of June 30, 2012, CMU has recorded a liability for claims incurred. No settlements exceeded insurance coverage for each of the past three years. The claims liability is included in accrued expenses on the financial statements.

Balance as of June 30, 2011	\$	109,212
Add: Incurred claims relating to:		
Current year		1,821,988
		1,931,200
Less: Payment of claims relating to:		
Prior years		109,212
Current year		1,668,512
		1,777,724
Balance as of June 30, 2012	\$	153,476

Dauphin County Industrial Development Authority ("IDA")

The IDA is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance. There were no significant reductions in insurance coverages during 2012. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 6: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2012 was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 498,551	\$ -	\$ -	\$ 498,551
Intangible Assets	211,827	190,011	-	401,838
Construction in Progress - Infrastructure	53,663	42,905	-	96,568
Construction in Progress	10,847,916	6,847,708	(801,172)	16,894,452
Total Capital Assets, Not Being Depreciated	11,611,957	7,080,624	(801,172)	17,891,409
Capital Assets, Being Depreciated				
Infrastructure	17,031,217	-	-	17,031,217
Buildings and Improvements	82,646,188	801,172	-	83,447,360
Machinery and Equipment	48,857,344	684,606	(89,462)	49,452,488
Leasehold Assets	12,262,498	817,978	(68,626)	13,011,850
Total Capital Assets, Being Depreciated	160,797,247	2,303,756	(158,088)	162,942,915
Less Accumulated Depreciation and Amortization For:				
Infrastructure	(6,265,254)	(424,482)	-	(6,689,736)
Buildings and Improvements	(42,678,821)	(1,323,373)	-	(44,002,194)
Machinery and Equipment	(9,698,793)	(3,090,453)	89,462	(12,699,784)
Leasehold Assets	(8,817,515)	(848,614)	68,626	(9,597,503)
Total Accumulated Depreciation and Amortization	(67,460,383)	(5,686,922)	158,088	(72,989,217)
Total Capital Assets, Being Depreciated, Net	93,336,864	(3,383,166)	-	89,953,698
Governmental Activities Capital Assets, Net	\$ 104,948,821	\$ 3,697,458	\$ (801,172)	\$ 107,845,107
Business-Type Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 111,492	\$ -	\$ -	\$ 111,492
Construction in Progress	11,016	-	(11,016)	-
Total Capital Assets, Not Being Depreciated	122,508	-	(11,016)	111,492
Capital Assets, Being Depreciated				
Buildings and Improvements	3,817,947	24,809	-	3,842,756
Machinery and Equipment	12,466,141	17,415	(2,058,463)	10,425,093
Furniture and Fixtures	23,220	-	-	23,220
Leasehold Assets	15,727,900	-	-	15,727,900
Total Capital Assets, Being Depreciated	32,035,208	42,224	(2,058,463)	30,018,969
Less Accumulated Depreciation and Amortization For:				
Buildings and Improvements	(1,975,329)	(96,558)	-	(2,071,887)
Machinery and Equipment	(10,882,180)	(265,859)	1,809,235	(9,338,804)
Furniture and Fixtures	(23,456)	236	-	(23,220)
Leasehold Assets	(12,016,150)	(386,155)	-	(12,402,305)
Total Accumulated Depreciation and Amortization	(24,897,115)	(748,336)	1,809,235	(23,836,216)
Total Capital Assets, Being Depreciated, Net	7,138,093	(706,112)	(249,228)	6,182,753
Business-Type Activities Capital Assets, Net	\$ 7,260,601	\$ (706,112)	\$ (260,244)	\$ 6,294,245

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2012

NOTE 6: CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions/programs of the primary government as follows:

<u>Governmental Activities:</u>	
General Government	\$ 929,836
Judiciary	1,010,131
Conservation and Development	14,610
Human Services	434,104
Culture and Recreation	70,715
Public Safety	2,803,045
Public Works	424,481
	<hr/>
Total Depreciation Expense – Governmental Activities	<u>\$ 5,686,922</u>
 <u>Business-Type Activities:</u>	
Public Works	\$ 86,304
Public Safety	274,858
Human Services	330,005
Culture and Recreation	57,169
	<hr/>
Total Depreciation Expense – Business-Type Activities	<u>\$ 748,336</u>

Component Units – Capital AssetsDauphin County Conservation District

Capital Assets consist of the following:

	<u>Cost</u>	<u>Estimated Useful Lives</u>
Land Improvements	\$ 110,095	20 years
Buildings and Improvements	1,200,553	20-40 years
Machinery and Equipment	152,018	3-6 years
Leasehold Assets	15,241	4 years
	<hr/>	
	1,477,907	
Less: Accumulated Amortization and Depreciation	<hr/>	
	758,933	
	<hr/>	
	<u>\$ 718,974</u>	

Depreciation expense for the year ended December 31, 2012 was \$37,067.

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 6: CAPITAL ASSETS (CONTINUED)

Component Units – Capital Assets (Continued)Dauphin County General Authority

Changes in Capital Assets of the business-type activities at December 31, 2012, consist of the following:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated				
Land	\$ 2,028,786	\$ -	\$ -	\$ 2,028,786
Construction in progress	269,117	159,048	(269,117)	159,048
Total capital assets, not being depreciated	2,297,903	159,048	(269,117)	2,187,834
Capital assets, being depreciated				
Land improvements	5,743,097	-	-	5,743,097
Buildings	95,947,853	583,931	-	96,531,784
Building improvements	365,983	-	(650)	365,333
Golf course equipment	962,288	140,214	(21,669)	1,080,833
Other equipment	1,588,596	66,444	-	1,655,040
Total capital assets, being depreciated	104,607,817	790,589	(22,319)	105,376,087
Less accumulated depreciation for:				
Land improvements	(3,102,322)	(191,437)	-	(3,293,759)
Buildings	(39,171,892)	(3,314,135)	-	(42,486,027)
Building improvements	(284,129)	(12,619)	650	(296,098)
Golf course equipment	(760,269)	(82,195)	21,669	(820,795)
Other equipment	(860,553)	(138,845)	-	(999,398)
Total accumulated depreciation and amortization	(44,179,165)	(3,739,231)	22,319	(47,896,077)
Capital assets, being depreciated, net	60,428,652	(2,948,642)	-	57,480,010
Capital assets, net	\$ 62,726,555	\$(2,789,594)	\$ (269,117)	\$59,667,844

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2012

NOTE 6: CAPITAL ASSETS (CONTINUED)

Component Units – Capital Assets (Continued)Dauphin County General Authority (Continued)

Depreciation and amortization was calculated on the straight-line method using the following useful lives:

	<u>Estimated Useful Life</u>
Land	-
Construction in progress	-
Land improvements	30 years
Buildings	30 years
Building improvements	15 years
Golf course equipment	7 years
Other equipment	7-10 years

Case Management Unit

Capital assets activity for the year ended June 30, 2012 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets being depreciated:				
Furniture and Equipment	\$1,564,591	\$ 66,794	\$ 402,383	\$ 1,229,002
Leasehold Improvements	99,750	-	-	99,750
Total Capital Assets, Being Depreciated	<u>1,664,341</u>	<u>66,794</u>	<u>402,383</u>	<u>1,328,752</u>
Less Accumulated Depreciation for:				
Furniture and Equipment	1,277,342	146,044	402,383	1,021,003
Leasehold Improvements	76,075	9,975	-	86,050
Total Accumulated Depreciation	<u>1,353,417</u>	<u>156,019</u>	<u>402,383</u>	<u>1,107,053</u>
Total Capital Assets, net	<u>\$ 310,924</u>	<u>\$ 89,225</u>	<u>\$ -</u>	<u>\$ 221,699</u>

CMU functions solely as designee in possession of the assets for the purpose of providing services under the County contract. Capital assets purchased are capitalized and depreciated over their estimated useful life for financial statement purposes.

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 6: CAPITAL ASSETS (CONTINUED)

Component Units – Capital Assets (Continued)Dauphin County Industrial Development Authority ("IDA")

The following is a summary of changes in capital assets for business-type activities for the year ended September 30, 2012:

	Balance October 1, 2011	Additions	Deletions	Balance September 30, 2012
Capital assets, not being Depreciated:				
Construction in progress	\$ 4,867,521	\$1,625,809	\$ (4,867,521)	\$ 1,625,809
Land	50,900	212,797	-	263,697
Total capital assets, not Depreciated	4,918,421	1,838,606	(4,867,521)	1,889,506
Capital assets, being depreciated:				
Buildings held for lease	474,354	-	-	474,354
Building improvements	1,518,257	-	-	1,518,257
Office furniture and equipment	14,521	-	-	14,521
Equipment - Solar farm phase I	-	4,829,816	-	4,829,816
Total capital assets, being depreciated	2,007,132	4,829,816	-	6,836,948
Less accumulated depreciation for:				
Buildings held for lease	(77,083)	(11,859)	-	(88,942)
Building improvements	(414,189)	(101,217)	-	(515,406)
Office furniture and equipment	(7,436)	(1,866)	-	(9,302)
Equipment – Solar farm phase I	-	(201,705)	-	(201,705)
Total accumulated depreciation	(498,708)	(316,647)	-	(815,355)
Total capital assets, being depreciated, net	1,508,424	4,513,169	-	6,021,593
Total capital assets, net	\$ 6,426,845	\$6,351,775	\$ (4,867,521)	\$ 7,911,099

Depreciation expense was \$316,647 for the year ended September 30, 2012.

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2012

NOTE 6: CAPITAL ASSETS (CONTINUED)

Component Units – Capital Assets (Continued)Dauphin County Economic Development Corporation (“DCEDC”)

The following is a summary of changes in capital assets for business-type activities for the year ended December 31, 2012:

	Balance January 1, 2012	Additions	Deletions	Balance December 31, 2012
Capital assets, being depreciated:				
Furniture and Equipment	\$ 19,927	\$ -	\$ -	\$ 19,927
Works of Art	8,011	-	-	8,011
Buildings	2,068,611	-	-	2,068,611
 Total capital assets, being depreciated	 2,096,549	 -	 -	 2,096,549
Less accumulated depreciation for:				
Furniture and Equipment	(19,927)	-	-	(19,927)
Works of Art	(8,011)	-	-	(8,011)
Buildings	(324,876)	(53,041)	-	(377,917)
 Total accumulated depreciation	 (352,814)	 (53,041)	 -	 (405,855)
 Total capital assets, being depreciated, net	 1,743,735	 (53,041)	 -	 1,690,694
 Total capital assets, net	 \$ 1,743,735	 \$ (53,041)	 \$ -	 \$ 1,690,694

Depreciation expense was \$53,041 for the year ended December 31, 2012.

NOTE 7: CONDUIT DEBT ISSUES

Component Unit - Conduit Debt IssuesDauphin County General Authority

The following Conduit debt issues were outstanding at December 31, 2012:

Dauphin County Library System	\$ 934,442
Pinnacle Health Systems	182,215,000
Pinnacle Health Systems	98,750,000
Pinnacle Health Systems	128,210,000
United Church of Christ Homes, Inc	28,748,874
	<u>\$ 438,858,316</u>

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 7: CONDUIT DEBT ISSUES (CONTINUED)

Component Unit - Conduit Debt Issues (Continued)

Dauphin County Industrial Development Authority ("IDA")

Variable Rate Demand Revenue Bonds (WITF, Inc. Project), Series of 2005

On September 23, 2005, the IDA issued Variable Rate Demand Revenue Bonds, Series of 2005 (the Bonds) in the aggregate principal amount of \$19,000,000. The IDA appointed Fulton Financial Advisors, N.A., to serve as trustee, bond registrar and paying agent for the Bonds. The bonds are limited obligations of the IDA, payable solely from the payments required to be made by WITF, Inc. (the Borrower) under a loan agreement by and between IDA and the Borrower (the Agreement.)

Pursuant to the Agreement, the IDA lent the full proceeds of the Bonds to the Borrower for the acquisition and construction of a public media center to be occupied and used by the Borrower, and payment of related costs and expenses, including a portion of the costs incurred to issue the Bonds. The Borrower is obligated to make payments in amounts equal to scheduled principal and interest on the Bonds, along with certain annual administrative expenses of the IDA, until the Bonds mature in 2026.

The IDA assigned all of its rights under the Agreement to the Trustee. Under the bond indenture and the Agreement, the Borrower is obligated to make the payments directly to the Trustee in amounts necessary to satisfy the debt service requirements of the Bonds. Accordingly, no recourse can be made against the IDA for payment of principal or interest on the Bonds.

In 2009 the IDA approved the refinancing of these bonds into a tax exempt private loan. The refinanced aggregate principal is \$18,000,000.

Lease Revenue Bonds, Series of 2005 (Pennsylvania Fish and Boat Commission)

On September 28, 2005, the IDA issued Lease Revenue Bonds, Series of 2005 (the Bonds) in the aggregate principal amount of \$4,220,000. The IDA appointed Manufacturers and Traders Trust Company, to serve as trustee, bond registrar and paying agent for the Bonds. The bonds are limited obligations of the IDA, payable solely from the payments required to be made by PA Fish and Boat Commission (the Borrower) under a lease/purchase agreement by and between IDA and the Borrower (the Agreement).

Pursuant to the Agreement, the IDA lent the full proceeds of the Bonds to the Borrower to advance refund Lease Revenue Bonds, Series of 1999, fund a debt service reserve fund, and pay Bond issuance costs. The Borrower is obligated to make payments in amounts equal to scheduled principal and interest on the Bonds, along with certain annual administrative expenses of the IDA, until the Bonds mature in 2015.

The IDA assigned all of its rights under the Agreement to the Trustee. Under the bond indenture and the Agreement, the Borrower is obligated to make timely payments directly to the Trustee in amounts necessary to satisfy the debt service requirement of the Bonds. Accordingly, no recourse can be made against the IDA for payment of principal or interest on the Bonds.

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 7: CONDUIT DEBT ISSUES (CONTINUED)

Component Unit - Conduit Debt Issues (Continued)

Dauphin County Industrial Development Authority ("IDA") (Continued)

Taxable Mortgage Revenue Bonds, Series 2006 Bentley Harrisburg Senior Living Facility)

On April 6, 2006, the Authority issued Taxable Mortgage Revenue Bonds, Series 2006 (the Bonds) in the aggregate principal amount of \$2,720,000. The IDA appointed Wells Fargo Bank, N.A. to serve as trustee, bond registrar and paying agent for the Bonds. The bonds are limited obligations of the Authority, payable solely from the payments required to be made by Harrisburg Senior Living, LLC and Bentley Harrisburg Senior Center, LLC (the Borrowers) under the loan agreement by and between IDA and the Borrowers (the Agreement).

Pursuant to the Agreement, the IDA lent the full proceeds of the Bonds to the Borrowers to refinance certain short-term debt incurred by the Borrowers to acquire the facility, to fund certain working capital needs for the facility, and to pay Bond issuance costs. The Borrower is obligated to make payments in amounts equal to scheduled principal and interest on the Bonds, along with certain annual administrative expenses of the IDA, until the Bonds mature in 2039.

The IDA assigned all of its rights under the Agreement to the Trustee. Under the bond indenture and the Agreement, the Borrower is obligated to make timely payments directly to the Trustee in amounts necessary to satisfy the debt service requirements of the Bonds. Accordingly, no recourse can be made against the IDA for payment of principal or interest on the Bonds.

Federally Taxable Tax Increment Financing Bond, Series of 2006 (The Harrisburg East Mall Tax Increment Financing District)

On June 30, 2006, the IDA issued a Tax Increment Financing Bond, Series of 2006 (the Bond) in the aggregate principal amount of \$3,200,000. The IDA appointed Manufacturers and Traders Trust Company, to serve as trustee, bond registrar and paying agent for the Bonds. The bonds are limited obligations of the IDA, payable solely from the Tax Increment Financing revenues (TIF revenues) under a reimbursement and trust agreement by and between IDA and the Trustee (the Agreement.)

Pursuant to the Agreement, the IDA will reimburse Feldman Lubert Adler Harrisburg, LP (the Company) for costs incurred and paid and eligible to be funded pursuant to the Tax Increment Financing Act, Act of July 11, 1990, P.L. 465, as amended and supplemented. The Trustee, via TIF revenues, is obligated to make payments in amounts equal to scheduled principal and interest to the Company, along with certain annual administrative expenses of the IDA, until the Bond matures in 2015.

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 7: CONDUIT DEBT ISSUES (CONTINUED)

Component Unit - Conduit Debt Issues (Continued)

Dauphin County Industrial Development Authority ("IDA") (Continued)

Federally Taxable Tax Increment Financing Bond, Series of 2006 (The Harrisburg East Mall Tax Increment Financing District) (Continued)

The IDA assigned, transferred and pledged all moneys held from time to time by the Trustee, the TIF Agreement and all pledged receipts under the Agreement to the Trustee. Under the bond indenture and the Agreement, the Trustee is obligated to make timely payments directly to the Company in amounts necessary to satisfy the debt service requirements of the Bond. Accordingly, no recourse can be made against the IDA for payment of principal or interest on the Bond.

Grant Revenue Note, Series of 2006 (High Pointe Commons)

In October 2006, the IDA received a grant in the amount of \$3,719,540 from the Pennsylvania Department of Community and Economic Development (DCED) under DCED's Infrastructure and Facilities Improvement Program (Program). The grant is payable in ten equal annual installments. The IDA, pursuant to the Program, issued Grant Revenue Note, Series of 2006 (Note) in the amount of \$3,055,025 in order to provide financing in anticipation of the receipt of the grant. In accordance with a Development IFIP Grant Agreement, the proceeds of the Note were provided to High Pointe Commons Holding, LP for the development of a retail sales center. Final maturity on the Note is October 2015. DCED will disburse the proceeds of the grant to the IDA. The proceeds, upon receipt, are to be applied for and toward the payment of debt service on the Series 2006 Note. High Pointe Commons Holding, LP executed a Guaranty Agreement for the Series 2006 Note, secured by a second lien on the High Pointe Commons Retail Center. Accordingly, no recourse can be made against the IDA for payment of principal or interest on the Note.

Mortgage Revenue Notes, Series of 2006 and 2007 (Hershey Christian School Association Project)

In November 2006, the IDA authorized the issuance of a Mortgage Revenue Note (Note) totaling \$6,000,000. Pursuant to a Loan Agreement, the IDA lent the full proceeds of the Note to a Pennsylvania non-profit corporation (Corporation) for the acquisition and construction of an educational facility. Final maturity on the Note is November 2030. The Note is secured by an Open-End Mortgage and Security Agreement from the Corporation. Accordingly, no recourse can be made against the IDA for payment of principal or interest on the Note.

In January 2007, the IDA issued a series of additional Mortgage Revenue Notes (2007 Notes) totaling \$700,000. Pursuant to the Supplemental Loan Agreement, the IDA lent the proceeds of the notes to the Corporation for the acquisition and construction of an educational facility. Final maturity on the Notes is November 2030. The Notes are secured by an Open-End Mortgage and Security Agreement from the Corporation. Accordingly, no recourse can be made against the IDA for payment of principal or interest on the Notes.

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 7: CONDUIT DEBT ISSUES (CONTINUED)

Component Unit - Conduit Debt Issues (Continued)

Dauphin County Industrial Development Authority ("IDA") (Continued)

Mortgage Revenue Note, Series of 2007 (Yellow Breeches Educational Center, Inc. Project)

In December 2007, the IDA authorized the issuance of a Mortgage Revenue Note (Note) totaling \$437,000 for the purpose of assisting a Pennsylvania non-profit corporation in the acquisition, of an existing educational facility, and the acquisition of the sewer treatment plant, which serves said educational facility. Final Maturity on the Note is December 2023. The note is secured by various assets of the borrower, accordingly, no recourse can be made against the IDA for payment of principal or interest on the Note.

Multifamily Housing Revenue Bonds, Series of 2008 (Central Pennsylvania MHA Associates LP Project)

In November 2008, the IDA authorized the issuance of Multifamily Housing Revenue Bonds (Bonds) totaling \$13,000,000. Pursuant to a Loan Agreement, the IDA lent the full proceeds of the Bond to a Limited Partnership (LP) for the acquisition, rehabilitation and equipping of land and land improvements and the marketing and leasing of leasable space in the improvements. Final maturity on the Bonds is December 2040. The Bonds are secured by an Open-End Mortgage, Assignment of Leases and Rents, and Security Agreement and from LP. Accordingly, no recourse can be made against the IDA for payment of principal or interest on the Bonds.

Mortgage Revenue Note, Series of 2008 (Visiting Nurse Association)

In December 2008, the IDA authorized the issuance of a Mortgage Revenue Note (Note) totaling \$766,000 for the purpose of assisting a Pennsylvania non-profit corporation (Corporation) in the acquisition and renovation of a facility and in refinancing of a line of credit of the Corporation. Final maturity on the Note is 2023. The Note is secured by a mortgage of the Corporation, and accordingly, no recourse can be made against the IDA for payment of principal or interest on the Note.

Commercial Mortgage Revenue Loan, Series of 2012 (Next Generation Farmer Loan Program)

In February 2012, the IDA authorized the issuance of a Commercial Mortgage Revenue Loan (Loan) totaling \$488,000 for the purpose of financing the purchase price being paid by the Beginning Farmer to the Seller for the Project, which is the fair value of the property identified in the acquisition to be used for farming purposes only. Final Maturity on the Loan is December 2032. The Note is secured by various assets of the borrower, accordingly, no recourse can be made against the IDA for payment of principal or interest on the Loan.

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 8: LONG-TERM DEBT

A summary of changes in long-term debt obligations excluding obligations under capital lease follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Bonds and notes payable:					
General obligation debt	\$ 152,511,500	\$ -	\$ 6,660,000	\$ 145,851,500	\$ 8,125,000
Total bonds and notes payable	152,511,500	-	6,660,000	145,851,500	8,125,000
Other liabilities:					
Compensated absences	7,648,592	328,079	-	7,976,671	-
Estimated workers compensation claims	2,591,421	-	595,896	1,995,525	-
Other postemployment benefits	2,487,970	701,746	-	3,189,716	-
Total other liabilities	12,727,983	1,029,825	595,896	13,161,912	-
Governmental Activities Long-Term Liabilities	\$ 165,239,483	\$ 1,029,825	\$ 7,255,896	\$ 159,013,412	\$ 8,125,000
Business-Type Activities:					
Other liabilities:					
Compensated absences	\$ 355,103	\$ 61,880	\$ -	\$ 416,983	\$ -
Estimated workers compensation claims	35,538	-	35,538	-	-
Total other liabilities	390,641	61,880	35,538	416,983	-
Business-Type Activities Long-Term Liabilities	\$ 390,641	\$ 61,880	\$ 35,538	\$ 416,983	\$ -

An analysis of debt service requirements to maturity on the Governmental Activities obligations follows:

Years Ended December 31:	Principal Requirements	Interest Requirements	Total Debt Service Requirements
2013	\$ 8,125,000	\$ 9,084,386	\$ 17,209,386
2014	43,196,500	8,780,135	51,976,635
2015	7,815,000	4,157,934	11,972,934
2016	8,145,000	3,820,197	11,965,197
2017	8,515,000	3,450,272	11,965,272
2018-2022	48,660,000	11,267,665	59,927,665
2023-2027	19,845,000	1,624,365	21,469,365
2028-2029	1,550,000	95,578	1,645,578
	\$145,851,500	\$ 42,280,532	\$188,132,032

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 8: LONG-TERM DEBT (CONTINUED)

Pertinent information regarding long-term debt obligations outstanding is presented below (Payable from General Fund tax revenues.):

<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Purpose</u>	<u>Balance Outstanding at December 31, 2012</u>
2004	\$ 39,760,000	General Obligation Bonds, Series 2004 and General Obligation Notes, Series C and D issued for defeasing General Obligation Bonds, Series of 1998, 1999, Series A of 2003 and to partially refund the Second Series of 2001 and to pay the cost of issuance related to the bond issue at a variable interest rate from 2.40%-5.40%. (Final Maturity in 2024).	\$ 16,430,000
2005	\$ 33,990,000	General Obligation Bonds, Series of B and C of 2005 issued to currently refund General Obligation Bonds, Series A of 2000; to advance refund General Obligation Bonds, Second Series of 2001; and to advance refund General Obligation Bonds, Series of 2002 at a variable interest rate from 2.65%-5.00%. (Final Maturity in 2024)	22,515,000
2006	\$ 16,450,000	General Obligation Bonds, Series of 2006 issued to fund the costs of the emergency communications project and to pay the cost of issuance related to the bond issue at a variable interest rate from 3.55%-5.00%. (Final Maturity 2023)	16,035,000
2009	\$ 21,965,000	General Obligation Bonds, Series of 2009 issued to fund the following projects: the Energy Project, the Work Release Center Project, the Juvenile Court Project and the Emergency Vehicle Storage Building Project and to pay the cost of issuance related to the bond issue at a variable interest rate from 3.000%-4.125%. (Final Maturity 2029)	19,860,000
2010	\$ 23,380,000	General Obligation Bonds, Series B and D of 2010 issued to currently refund General Obligation Notes, Series A and B of 2004 and General Obligation Bonds, Series of 2008 and to pay the cost of issuance related to the bond issue at a variable interest rate from 1.00%-5.00%. (Final Maturity, Series B – 2014; Series D – 2023)	20,715,000
2010	\$ 34,746,500	Federally Taxable Bond Anticipation Note issued to pay on the Guaranteed Resource Recovery Facility Limited Obligation Notes, Series C of 2007 and its Guaranteed Federally Taxable Resource Recovery Facility Limited Obligation Notes, Series D of 2007, issued by the Harrisburg Authority. The Note bears interest equal to the LIBOR rate or the Base Rate plus 25 basis points, not exceeding the maximum rate. The County received an extension on the note during 2012. (Final Maturity 2014)	34,746,500
2011	\$ 15,655,000	General Obligation Bonds, Series of 2011 issued to currently refund General Obligation Bond, Series A of 2002 and to pay cost of issuance related to the bond issue at a variable interest rate from 0.40%-5.00%. (Final Maturity 2024)	<u>15,550,000</u>
			<u>\$ 145,851,500</u>

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2012

NOTE 8: LONG-TERM DEBT (CONTINUED)

Interest rates on the above obligations range from 0.4% to 5.4%. The County has pledged its taxing power as security for outstanding general obligation debt.

In the current and prior years, the County defeased various general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the accompanying general purpose financial statements. At December 31, 2012, the principal amount outstanding relative to defeased debt was \$28,505,000.

Component Units - Long-term Debt

Dauphin County General Authority

Long-term debt outstanding at December 31, 2012, is as follows:

Office and Parking Revenue Bonds (Riverfront Office Center):

Series A of 1998	\$ 27,610,000
Series C of 1998-Capital Appreciation Bonds	14,200,637
Hotel and Conference Center Bonds (Hyatt Hotel Project) Series of 1998	54,945,000
Dauphin County Guaranteed Lease Revenue Bonds – Series C of 2009 (Building Bonds)	4,095,000
Lease Revenue Bonds (100 Chestnut Street) – Series D of 2009	1,875,000
Dauphin County Guaranteed Lease Revenue Bonds Series A and B of 2011 (Dauphin Highlands)	10,945,741
Capital Lease Payable (Dauphin Highlands)	66,697
	\$113,738,075

Long-term debt is shown on the balance sheet as follows:

Current portion of capital lease obligation	\$ 41,902
Current portion of long-term debt	3,962,509
Long-term debt, net of current portion	109,708,869
Capital lease payable, net of current portion	24,795
	\$113,738,075

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 8: LONG-TERM DEBT (CONTINUED)

Component Units - Long-term Debt (Continued)Dauphin County General Authority (Continued)

Long-term liability activity for the General Authority for the year ended December 31, 2012, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Long-term debt	\$116,550,364	\$984,409	\$(3,796,698)	\$113,738,075	\$4,004,411
Deferred charge	(991,537)	-	218,020	(773,517)	-
	<u>\$115,558,827</u>	<u>\$984,409</u>	<u>\$(3,578,678)</u>	<u>\$112,964,558</u>	<u>\$4,004,411</u>

Each of the General Authority's financing programs is described below. The General Authority has complied with the covenants contained in its debt agreements for the year ended December 31, 2012 except as described in Note 26.

Office and Parking Revenue Bonds – Series A, B and C of 1998 (Riverfront Office Center)

On June 30, 1998, the General Authority issued Office and Parking Revenue Bonds Series A, B, and C in the principal amounts of \$38,950,000, \$1,120,000, and \$5,235,436 respectively. The bond proceeds were used to acquire certain real estate and parking facilities in the City of Harrisburg, known as the "Riverfront Office Center," to fund a debt service reserve, and to pay the costs of issuance. The bonds were issued without a municipal bond guaranty insurance policy.

The bonds, as issued, consisted of Current Interest and Capital Appreciation Bonds. The Series A and B are Current Interest Bonds and the Series C are Capital Appreciation Bonds.

The Current Interest Bonds bear interest and mature as follows:

<u>Series A</u>				
<u>Years</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	6.00%	\$ 1,305,000	\$ 1,656,600	\$ 2,961,600
2014	6.00%	1,385,000	1,578,300	2,963,300
2015	6.00%	1,465,000	1,495,200	2,960,200
2016	6.00%	1,555,000	1,407,300	2,962,300
2017	6.00%	1,650,000	1,314,000	2,964,000
2018-2022	6.00%	9,845,000	4,962,600	14,807,600
2023-2025	6.00%	10,405,000	1,443,300	11,848,300
		<u>\$27,610,000</u>	<u>\$13,857,300</u>	<u>\$41,467,300</u>

Series B

There was no balance remaining on the Series B bonds at December 31, 2012.

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 8: LONG-TERM DEBT (CONTINUED)

Component Units - Long-term Debt (Continued)Dauphin County General Authority (Continued)Office and Parking Revenue Bonds – Series A, B and C of 1998 (Riverfront Office Center) (Continued)Series C

The Capital Appreciation Bonds, which have an effective yield of 7%, bear no stated interest and have stated initial principal values as follows:

<u>Maturity Dates</u>	<u>Stated Values at Issuance</u>	<u>Maturity Values</u>	<u>Discount</u>	<u>Accreted Value</u>
July 1, 2024	\$ 304,140	\$ 1,820,000	\$ 995,030	\$ 824,970
January 1, 2025	293,857	1,820,000	1,022,931	797,069
July 1, 2025	283,920	1,820,000	1,049,885	770,115
January 2, 2026	274,310	1,820,000	1,075,929	744,071
July 1, 2026	265,047	1,820,000	1,101,082	718,918
January 1, 2027	256,074	1,820,000	1,125,397	694,603
July 1, 2027	247,411	1,820,000	1,148,893	671,107
January 1, 2028	3,310,677	25,205,000	16,225,215	8,979,785
	<u>\$5,235,436</u>	<u>\$37,945,000</u>	<u>\$23,744,363</u>	<u>\$14,200,637</u>

As required by a mandatory sinking fund provision, the trustee deposited \$2,964,300 of bond proceeds to the Debt Service Reserve Account.

Hotel and Conference Center Revenue Bonds – Series of 1998 (Hyatt Hotel Project)

On July 1, 1998, the General Authority issued Hotel and Conference Center Revenue Bonds, Series 1998 in the principal amount of \$64,500,000. The bond proceeds were used to provide funds to design, construct, and equip the Hyatt Regency Pittsburgh International Airport Hotel and Conference Center, to capitalize interest through the construction period, to fund a debt service reserve, to fund an operating reserve, and pay the costs of issuance. The bonds were issued without a municipal bond guaranty insurance policy.

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 8: LONG-TERM DEBT (CONTINUED)

Component Units - Long-term Debt (Continued)Dauphin County General Authority (Continued)Hotel and Conference Center Revenue Bonds – Series of 1998 (Hyatt Hotel Project) (Continued)

The Bonds bear interest and mature as follows:

<u>Years</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	6.20%	\$ 1,770,000	\$ 3,351,720	\$ 5,121,720
2014	6.20%	1,885,000	3,238,415	5,123,415
2015	6.20%	2,000,000	3,117,980	5,117,980
2016	6.20%	2,125,000	2,990,105	5,115,105
2017	6.20%	2,255,000	2,854,325	5,109,325
2018-2022	6.20%	13,375,000	11,939,495	25,314,495
2023-2027	6.20%	17,955,000	7,126,125	25,081,125
2028-2029	6.20%	13,580,000	997,270	14,577,270
		<u>\$54,945,000</u>	<u>\$35,615,435</u>	<u>\$90,560,435</u>

As required by a mandatory sinking fund provision, the trustee deposited \$5,189,000 of bond proceeds to the Debt Service Reserve Account. However, as discussed in Note 26, unscheduled draws were made out of the Bond Reserve Fund.

Dauphin County Guaranteed Lease Revenue Bonds - Series C of 2009 (Building Bonds)

On November 21, 2001, the General Authority issued \$5,620,000 Dauphin County Guaranteed Lease Revenue Refunding Bonds – Series A of 2001 and \$4,750,000 Dauphin County Guaranteed Lease Revenue Bonds, Series B of 2001. The proceeds of Series A of 2001 were used to defease the County Building Bonds Series of 1997. At December 31, 2012, the balance outstanding on both the County Building Bonds Series of 1997 and the Dauphin County Guaranteed Lease Revenue Refunding Bonds, Series A of 2001 is zero.

The Series B of 2001 Bonds were issued to make renovations and improvements to a portion of the building; upgrade the electrical, plumbing and HVAC systems and installation of a new steam heating system to the property; and to pay the costs of issuance associated with issuing the bonds.

On November 12, 2009, the General Authority issued \$4,865,000 Dauphin County Guaranteed Lease Revenue Bonds – Series C of 2009. The proceeds of Series C of 2009 were used to currently refund Series B of 2001 and to pay the costs of issuance associated with issuing the bonds. The balance outstanding on the Series B of 2001 bonds at December 31, 2012 is zero.

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 8: LONG-TERM DEBT (CONTINUED)

Component Units - Long-term Debt (Continued)Dauphin County General Authority (Continued)Dauphin County Guaranteed Lease Revenue Bonds - Series C of 2009 (Building Bonds) (Continued)

The County has pledged its taxing power to support its lease rental payments related to both principal and interest due on the General Authority's Bonds. These bonds mature as follows:

<u>Years</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	2.25%	\$ 360,000	\$ 134,225	\$ 494,225
2014	2.50%	365,000	126,125	491,125
2015	3.00%	375,000	117,000	492,000
2016	3.00%	385,000	105,750	490,750
2017	3.20%	400,000	94,200	494,200
2018-2022	3.40%-3.88%	2,210,000	255,028	2,465,028
		<u>\$ 4,095,000</u>	<u>\$ 832,328</u>	<u>\$ 4,927,328</u>

Lease Revenue Bonds – Series D of 2009 (100 Chestnut Street)

On October 1, 2003, the General Authority issued Tax Exempt Lease Revenue Bonds, Series A in the principal amount of \$2,490,000 and Federally Taxable Lease Revenue Bonds, Series B in the principal amount of \$1,355,000. The Authority used the 2003 bond proceeds to advance refund the Lease Revenue Bonds, Series A and B of 1998, resulting in defeasance of the bonds. The bonds are insured by a municipal bond guaranty insurance policy.

On November 12, 2009, the General Authority issued Tax Exempt Lease Revenue Bonds, Series D of 2009, in the principal amount of \$2,570,000. The General Authority used the Series D bond proceeds to currently refund the 2003 Bonds Payable, Series A. As of December 31, 2012, the Series A and Series B of 2003 bonds had a zero balance.

The bonds bear interest and mature as follows:

Series D of 2009

<u>Years</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	2.00%	\$ 295,000	\$ 52,275	\$ 347,275
2014	2.30%	300,000	46,375	346,375
2015	2.70%	305,000	39,475	344,475
2016	3.00%	315,000	31,240	346,240
2017	3.20%	325,000	21,790	346,790
2018	3.40%	335,000	11,390	346,390
		<u>\$1,875,000</u>	<u>\$ 202,545</u>	<u>\$2,077,545</u>

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 8: LONG-TERM DEBT (CONTINUED)

Component Units - Long-term Debt (Continued)

Dauphin County General Authority (Continued)

Lease Revenue Bonds – Series A and B of 1998 (100 Chestnut Street)

On September 1, 1998, the General Authority issued Tax Exempt Lease Revenue Bonds, Series A in the principal amount of \$4,285,000 and Federally Taxable Lease Revenue Bonds, Series B in the principal amount of \$340,000. The bond proceeds were used to acquire certain real estate in the City of Harrisburg, known as "100 Chestnut Street," to fund certain renovations to the facility, to fund a debt service reserve, and to pay the costs of issuance. On October 1, 2003, the General Authority advance refunded the Series A of the 1998 Bonds, resulting in a defeasance of the bonds. As a result, the liability for those bonds has been removed from the Authority. The balance outstanding on the defeased Series A bonds on December 31, 2012 is \$1,845,000. The Series B bonds matured in 2006 and were paid in full.

Dauphin County Guaranteed Revenue Bonds – Series A and B of 2011 (Dauphin Highlands)

On January 6, 2005, the General Authority issued Tax Exempt County Guaranteed Revenue Refunding Bonds, Series A of 2005 and Taxable County Guaranteed Revenue Refunding Bonds, Series B of 2005 in the principal amount of \$8,565,000 and \$2,435,000, respectively. The bonds were insured by a municipal bond guaranty insurance policy. The net proceeds were used to advance refund the 1993 Series Capital Appreciation Bonds, advance refund the County Guaranteed Revenue Bonds, Series of 2003 and pay the costs of issuing the bonds. As a result, the liability for those bonds has been removed from the Authority. At December 31, 2012, the maturity value and accreted value of the bonds outstanding on the 1993 Series Capital Appreciation Bonds are \$10,860,000 and \$7,700,817, respectively. There is no balance outstanding on the County Guaranteed Revenue Bonds, Series of 2003, at December 31, 2012.

On September 30, 2011, the Authority issued Taxable County Guaranteed Revenue Refunding Bond, Series A of 2011 (Series A of 2011) and Taxable County Guaranteed Revenue Refunding Bond, Series B of 2011 (Series B of 2011), in the principal amounts of \$8,796,927 and \$2,355,154, respectively. The bonds are insured by a municipal bond guarantee insurance policy. The Authority used the proceeds of Series A 2011 to currently refund the Series A of 2005 and pay the cost of issuance. The net proceeds of Series B of 2011 were used to advance refund the Series B of 2005 and pay issuance costs. As a result, the liability for those bonds has been removed from the Authority. There is no balance outstanding on the County Guaranteed Revenue Bonds, Series B of 2005, at December 31, 2012.

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2012

NOTE 8: LONG-TERM DEBT (CONTINUED)

Component Units - Long-term Debt (Continued)Dauphin County General Authority (Continued)Dauphin County Guaranteed Revenue Bonds – Series A and B of 2011 (Dauphin Highlands) (Continued)

The interest rate on Series A of 2011 Bonds is variable. Per the bond agreements, the interest rates will change monthly and be calculated based on London Interbank Offered Rate (LIBOR) plus 1.75% not to exceed 12%. The interest rate on these bonds as of December 31, 2012 was 1.9635%. Dauphin County has pledged its full faith, credit and taxing power to guarantee the debt service payments related to both principal and interest due on the Series A of 2011 Revenue Refunding Bonds. Using the interest rate in effect at December 31, 2012, these bonds mature as follows:

<u>Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 86,197	\$ 172,975	\$ 259,172
2014	97,129	171,179	268,308
2015	109,448	169,156	278,604
2016	8,427,657	139,157	8,566,814
	<u>\$ 8,720,431</u>	<u>\$ 652,467</u>	<u>\$ 9,372,898</u>

The interest rate on Series B of 2011 Bonds is variable. Per the bond agreements the interest rates will change monthly and be calculated based on LIBOR plus 1.75%, not to exceed 12%. The interest rate on these bonds as of December 31, 2012 was 1.9635%. Dauphin County has pledged its full faith, credit, and taxing power to guarantee the debt service payments related to both principal and interest due on the Series B of 2011 Bonds. Using the interest rate in effect at December 31, 2012, these bonds mature as follows:

<u>Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 146,312	\$ 43,233	\$ 189,545
2014	164,868	40,185	205,053
2015	185,777	36,750	222,527
2016	1,728,353	27,674	1,756,027
	<u>\$ 2,225,310</u>	<u>\$ 147,842</u>	<u>\$ 2,373,152</u>

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2012

NOTE 8: LONG-TERM DEBT (CONTINUED)

Component Units - Long-term Debt (Continued)Dauphin County Industrial Development Authority ("IDA")Qualified Tax-Exempt Obligations

\$488,000 Guaranteed Lease Revenue Note, Series of 2004, due in monthly installments of \$4,855 through November 4, 2014 plus interest at 3.63%.

The proceeds of the note, dated November 4, 2004, were used for and towards the acquisition of a building situated at 1805 North Cameron Street in the City of Harrisburg, Dauphin County; and paying the costs and expenses related to the foregoing purposes and to the issuance of the Note.

Under a lease agreement dated November 4, 2004 between the IDA, as lessor, and the County, as lessee, the County is obligated to make monthly payments to or on behalf of the IDA in amounts required by the note. The County is currently making monthly payments directly to the bank. The County guarantees payment of principal and interest on the Note.

The following is a maturity schedule for the Guaranteed Lease Revenue Note, Series 2004:

Principal	Interest	Interest Rate	Maturity Date
\$ 54,927	\$ 3,338	3.63%	2013
56,858	1,406	3.63%	2014
9,669	42	3.63%	2015
<u>\$ 121,454</u>	<u>\$ 4,786</u>		

\$900,000 Guaranteed Lease Revenue Note, Series of 2006, due in monthly installments of \$5,677 through April 5, 2026 plus interest at 4.40%.

The proceeds of the note, dated April 5, 2006, were used for and towards the acquisition of a building situated at 1300 Rolleston Street in the City of Harrisburg, Dauphin County; and paying the costs and expenses related to the foregoing purposes and to the issuance of the Note.

Under a lease agreement dated April 5, 2006 between the IDA, as lessor, and the County, as lessee, the County is obligated to make monthly payments to or on behalf of the IDA in amounts required by the note. The County is currently making monthly payments directly to the bank. The County guarantees payment of principal and interest on the Note.

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2012

NOTE 8: LONG-TERM DEBT (CONTINUED)

Component Units - Long-term Debt (Continued)Dauphin County Industrial Development Authority ("IDA") (Continued)Qualified Tax-Exempt Obligations (Continued)\$900,000 Guaranteed Lease Revenue Note, Series of 2006 (Continued)

The following is a maturity schedule for the Guaranteed Lease Revenue Note, Series 2006:

<u>Principal</u>	<u>Interest</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
\$ 37,895	\$ 30,226	4.40%	2013
39,627	28,494	4.40%	2014
41,438	26,683	4.40%	2015
43,332	24,789	4.40%	2016
45,312	22,809	4.40%	2017
259,584	81,023	4.40%	2018 to 2022
225,140	18,961	4.40%	2023 to 2026
<u>\$ 692,328</u>	<u>\$ 232,985</u>		

\$410,651 Guaranteed Lease Revenue Note, Series 2007A, due in monthly installments of \$2,688 through August 16, 2027 plus interest at 4.83%.

The proceeds of the note, dated August 16, 2007, were used for and towards the acquisition of a building situated at 2125 Paxton Church Road in the City of Harrisburg, Dauphin County; and paying the costs and expenses related to the foregoing purposes and to the issuance of the Note.

Under a lease agreement dated August 16, 2007 between the Authority, as lessor, and the County, as lessee, the County is obligated to make monthly payments to or on behalf of the Authority in amounts required by the note. The County is currently making monthly payments directly to the bank. The County guarantees payment of principal and interest on the Note.

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2012

NOTE 8: LONG-TERM DEBT (CONTINUED)

Component Units - Long-term Debt (Continued)Dauphin County Industrial Development Authority ("IDA") (Continued)Qualified Tax-Exempt Obligations (Continued)\$410,651 Guaranteed Lease Revenue Note, Series 2007A (Continued)

The following is a maturity schedule for the Guaranteed Lease Revenue Note, Series 2007A:

<u>Principal</u>	<u>Interest</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
\$ 16,216	\$ 16,037	4.83%	2013
17,016	15,238	4.83%	2014
17,854	14,399	4.83%	2015
18,734	13,519	4.83%	2016
19,658	12,595	4.83%	2017
113,817	47,448	4.83%	2018 to 2022
136,680	16,522	4.83%	2023 to 2027
<u>\$ 339,975</u>	<u>\$ 135,758</u>		

\$900,000 Guaranteed Lease Revenue Note Series 2007, due in monthly installments of \$5,291 through November 29, 2027 plus interest at 4.89%.

The proceeds of the note, dated November 29, 2007, were used for and towards the acquisition of a building situated at 5925 Stevenson Avenue in Lower Paxton Township, Dauphin County, Pennsylvania; and paying the costs and expenses related to the foregoing purposes and the issuance of the Note.

Under a lease agreement dated November 29, 2007 between the IDA, as lessor, and the County, as lessee, the County is obligated to make monthly payments to or on behalf of the IDA in amounts required by the note. The County is currently making payments directly to the bank. The County guarantees payment of the principal and interest on the Note.

The following is a maturity schedule for the Guaranteed Lease Revenue Note, Series 2007:

<u>Principal</u>	<u>Interest</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
\$ 35,224	\$ 35,824	4.83%	2013
36,987	34,062	4.83%	2014
38,837	32,211	4.83%	2015
40,780	30,268	4.83%	2016
42,820	28,228	4.83%	2017
248,456	106,784	4.83%	2018 to 2022
305,273	38,126	4.83%	2023 to 2027
<u>\$ 748,377</u>	<u>\$ 305,503</u>		

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2012

NOTE 8: LONG-TERM DEBT (CONTINUED)

Component Units - Long-term Debt (Continued)Dauphin County Industrial Development Authority ("IDA") (Continued)Qualified Tax-Exempt Obligations (Continued)

\$1,900,000 Guaranteed Mortgage Revenue Series of 2010 interest due in monthly installments at a fixed rate of 5.65% APR for the first five years through December 1, 2015, and then float at Prime floor of 4% through the maturity of the Note on December 1, 2020.

The proceeds of the note, dated December 1, 2010, were used to pay issuance costs of \$26,197 and \$1,675,870 was used to refinance the outstanding principal balances of the Guaranteed Lease Revenue Note, Series of 2005, Loan Payable, Vartan Bank, and Guaranteed Construction Note, Series 2008. The remaining balance of \$197,933 was used to pay outstanding interest on the old debt and to fund the 2010 Renovation Project.

The following is a maturity schedule for the Guaranteed Mortgage Revenue Note Series 2010:

<u>Principal</u>	<u>Interest</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
\$ 53,125	\$ 93,406	5.65%	2013
61,349	98,503	5.65%	2014
64,957	94,895	5.65%	2015
68,520	91,332	5.65%	2016
72,807	87,045	5.65%	2017
<u>1,481,168</u>	<u>252,160</u>	5.65%	2018-2021
<u>\$1,801,926</u>	<u>\$ 717,341</u>		

The following is a summary of long-term debt for the year ended September 30, 2012:

	Balance October 1, 2011			Balance September 30, 2012	Due Within One Year
		Additions	Deletions		
Guaranteed lease revenue notes:					
Series of 2004	\$ 174,515	\$ -	\$ (53,061)	\$ 121,454	\$ 54,927
Series of 2006	728,567	-	(36,239)	692,328	37,895
Series of 2007	781,923	-	(33,546)	748,377	35,224
Series of 2007(A)	355,429	-	(15,454)	339,975	16,216
Subtotal	2,040,434	-	(138,300)	1,902,134	144,262
Guaranteed mortgage revenue note	1,860,808	-	(58,882)	1,801,926	53,125
Total	<u>\$ 3,901,242</u>	<u>\$ -</u>	<u>\$ (197,182)</u>	<u>\$3,704,060</u>	<u>\$ 197,387</u>

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 8: LONG-TERM DEBT (CONTINUED)

Component Units - Long-term Debt (Continued)Dauphin County Economic Development Corporation ("DCEDC")

The following is a summary of long-term debt for the year ended December 31, 2012:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
2004 Guaranteed Parking Revenue Note	\$ 1,870,000	\$ -	\$ (55,000)	\$ 1,815,000	\$ 70,000
Section 108 Note Payable	<u>2,520,000</u>	<u>-</u>	<u>(160,000)</u>	<u>2,360,000</u>	<u>160,000</u>
	<u>\$ 4,390,000</u>	<u>\$ -</u>	<u>\$ (215,000)</u>	<u>\$ 4,175,000</u>	<u>\$ 230,000</u>

Long-term debt at December 31, 2012, consisted of the following:

Note payable of \$2,200,000 to a bank, payable in variable annual installments plus interest not to exceed 10%, initial principal payment due 2006, final payment due December 2030. Interest rate at December 31, 2012 was 1.709%.	\$ 1,815,000
Section 108 Note payable in the amount of \$3,000,000 issued for the purpose of redeveloping a brownfield site at an approximate interest rate of 5.4% and final payment due August 2026.	<u>2,360,000</u>
	4,175,000
Less current portion	<u>(230,000)</u>
Long-term debt	<u>\$ 3,945,000</u>

Maturities of long-term debt are as follows:

<u>Maturity Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 230,000	\$ 159,334	\$ 389,334
2014	230,000	150,058	380,058
2015	235,000	140,750	375,750
2016	240,000	131,324	371,324
2017	252,000	121,781	373,781
2018 to 2022	1,320,000	447,692	1,767,692
2023 to 2027	1,248,000	163,857	1,411,857
2028 to 2030	420,000	15,039	435,039
	<u>\$ 4,175,000</u>	<u>\$ 1,329,835</u>	<u>\$ 5,504,835</u>

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 9: GUARANTEED DEBT

The County is currently the second guarantor of two Swaps that were issued through the Harrisburg Authority.

The first swap is related to the Resource Recovery Multi-Modal Bonds, Series D of 2003, originally issued in the amount of \$96,480,000. The synthetic variable swap (the "2003 Variable Swap") was executed in the amount of \$65,000,000. The 2003 Variable Swap was entered into with the Royal Bank of Canada (the Counterparty). The effective date of the 2003 Variable Swap was December 30, 2003 and the termination date is December 1, 2013. The Harrisburg Authority pays to the Counterparty SIFMA and receives from the Counterparty a fixed rate of 3.37%.

The second swap is related to the Resource Recovery Multi-Modal Bonds, Series D of 2003 (the "2003D Bonds"), originally issued in the amount of \$96,480,000. A 6% cap (the "2003D Cap") was purchased from the Royal Bank of Canada (the Counterparty), commenced in 2006 and expires in 2033. The Harrisburg Authority is obligated to make semiannual payments to the Counterparty in connection with the 2003D Cap in the amount of \$247,000.

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 10: INTEREST RATE SWAPS

The County is a party to contracts for various derivative instruments as discussed below.

At December 31, 2012, the County has the following derivative instruments outstanding:

	Notional Amount	Fair Value		Change in Fair Value	
		Fair Value at December 31, 2012 Classification	Amount	Classification	Amount
Governmental Activities					
Investment Derivatives:					
A 2015 Forward-Starting Fixed Payer Swap	\$ 20,330,000	Investment	\$ (812,111)	Interest Expense	\$ (418,409)
B 2016 Forward-Starting Fixed Payer Swap	\$ 14,405,000	Investment	(484,699)	Interest Expense	(226,057)
Total Investment Derivatives			\$ (1,296,810)		\$ (644,466)

2007 Fixed to Variable Rate Swaption. During 2012, the Counterparty did not exercise their option on the 2007 Fixed to Variable Rate Swaption, associated with the Series of 2005C General Obligation Bonds. The change in fair value of (\$29,619) is reflected as an adjustment to Interest Expense in the Governmental Funds Statement of Activities.

2011 Fixed to Variable Rate Swaption. During 2012, the Counterparty did not exercise their option on the 2011 Fixed to Variable Rate Swaption, associated with the Series of 2011 General Obligation Bonds. The change in fair value of (\$29,348) is reflected as an adjustment to Interest Expense in the Governmental Funds Statement of Activities.

2007 Fixed to Variable Rate Swaption. During 2012, the Counterparty did not exercise their option on the 2007 Fixed to Variable Rate Swaption, associated with the Series of 2005B General Obligation Bonds. The change in fair value of (\$11,440) is reflected as an adjustment to Interest Expense in the Governmental Funds Statement of Activities.

2005 Basis Swap. In October 2012, the County terminated the 2005 Basis Swap, associated with the Series D of 2004 General Obligation Note, with the Royal Bank of Canada. The County received \$125,000, net of transaction fees, from the termination of this Swap which is reflected as Swap Proceeds in the County's General Fund Statement of Revenues, Expenditures and Changes in Fund Balance and the Governmental Funds Statement of Activities. The change in fair value of (\$88,633) is reflected as an adjustment to Interest Expense in the Governmental Funds Statement of Activities.

2011 Basis Swap. In October 2012, the County terminated the 2011 Basis Swap, associated with portions of Series 2011, 2005C and 2006 General Obligation Bonds, with the Royal Bank of Canada. The County received \$380,000, net of transaction fees, from the termination of this Swap which is reflected as Swap Proceeds in the County's General Fund Statement of Revenues, Expenditures and Changes in Fund Balance and the Governmental Funds Statement of Activities. The change in fair value of \$92,998 is reflected as an adjustment to Interest Expense in the Governmental Funds Statement of Activities.

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2012

NOTE 10: INTEREST RATE SWAPS (CONTINUED)

Terms of the Investment Derivatives. The terms, fair values, and credit ratings of the investment derivatives as of December 31, 2012 were as follows.

Associated Bond Issue	Notional Amount	Effective Date	County Pays	County Receives	Swap Termination Date	Counterparty	Counterparty Credit Rating
<u>Fixed Payer Forward Starting Swaps:</u>							
A	Portion of Series 2005 B and 2005 C / 2015 Bonds	\$ 20,330,000	5/15/2015	notional balance * fixed rate of 2.252%	notional balance * 70% of 3-Month LIBOR	11/15/2024	RBC Aa3/AA-/AA
B	2006 Bonds / 2016 Bonds	\$ 14,405,000	5/15/2016	notional balance * fixed rate of 2.403%	notional balance * 70% of 3-Month LIBOR	11/15/2023	RBC Aa3/AA-/AA
		<u>\$ 34,735,000</u>					

Fair market value. The fair market value of the derivative investments were estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap.

Credit risk. As of December 31, 2012, the County was not exposed to credit risk for those investment derivatives with negative fair values. The County executes its derivative instruments with one counterparty that comprises 100% percent of its net exposure to credit risk. The Counterparty's credit ratings are shown in the table above.

The County's Master Swap Agreement contains netting provisions applicable to circumstances where the County enters into more than one derivative transaction with a single counterparty. Under these netting provisions, should one party become insolvent or otherwise default on its obligations, the close-out netting provisions permit the nondefaulting party to terminate all affected transactions and net any settlement amounts payable so that a single sum will be owed by, or owed to, the nondefaulting party.

Interest Rate Risk. On the County's Fixed Payer swaps, as LIBOR increases, the County's net payment on the swaps decrease.

Market Access Risk. Risk that the County cannot access the bond market or that the 2015 Bonds and 2016 Bonds do not settle due to unforeseen events.

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2012

NOTE 11: DIRECT FINANCING LEASES

Component Unit - Direct Financing LeasesDauphin County General Authority

The General Authority's County Building Bond Fund leasing operation consists of leasing a parking garage/office building to the County of Dauphin under a direct financing lease arrangement, with the lease assigned to a trustee as collateral for the County Building Bonds. Subsequent to leasing, the County designated the General Authority as agent to operate the facility. All operating costs remain the responsibility of the County and are accounted for on the County's records. In November 2009, the General Authority currently refunded the Revenue Bonds Series 2001 through the issuance of Guaranteed Lease Revenue Bonds, Series C of 2009. The term of the revised lease agreement is 20 years and expires in 2022.

The General Authority's 100 Chestnut Street Bond Fund leasing operation consists of leasing an office building to the County of Dauphin under a direct financing lease arrangement, with the lease assigned to a trustee as collateral for the Chestnut Street Revenue Bonds. The Chestnut Street Revenue Bonds were originally advanced refunded in 2003 through the issuance of Lease Revenue Bonds, Series A and B of 2003. In November 2009, the General Authority refunded the Lease Revenue Bonds, Series A of 2003 through the issuance of Tax Exempt Lease Revenue Bonds, Series D of 2009. The term of the revised lease agreement is 15 years and expires in 2018.

Following is a schedule of minimum lease payments for all direct financing leases:

<u>Years Ending December 31,</u>	<u>County Building Bond Fund</u>	<u>100 Chestnut Street Fund</u>	<u>Total</u>
2013	\$ 494,225	\$ 347,275	\$ 841,500
2014	491,125	346,375	837,500
2015	492,000	344,475	836,475
2016	490,750	346,240	836,990
2017	494,200	346,790	840,990
2018-2022	2,465,028	346,390	2,811,418
	\$ 4,927,328	\$ 2,077,545	\$ 7,004,873

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2012

NOTE 11: DIRECT FINANCING LEASES (CONTINUED)

Component Unit - Direct Financing Leases (Continued)

Dauphin County General Authority (Continued)

The net investment in direct financing leases consists of the following at December 31, 2012:

	County Building Bond Fund	100 Chestnut Street Fund	Total
Total Minimum Lease			
Payments to be Received	\$ 4,927,328	\$ 2,077,545	\$ 7,004,873
Less: Unearned Income	832,328	189,476	1,021,804
	<u>\$ 4,095,000</u>	<u>\$ 1,888,069</u>	<u>\$ 5,983,069</u>
Current Portion	\$ 360,000	\$ 308,069	\$ 668,069
Noncurrent Portion	3,735,000	1,580,000	5,315,000
	<u>\$ 4,095,000</u>	<u>\$ 1,888,069</u>	<u>\$ 5,983,069</u>

Dauphin County Industrial Development Authority ("IDA")

On November 4, 2004 the IDA entered into a lease agreement with the County of Dauphin for a building for a fifteen year term. The lease requires the County to make payments equal to the principal and interest of the IDA's Series of 2004 Guaranteed Lease Revenue Note used for the purchase of the building. The County has the right to purchase the leased buildings and equipment for the sum of one dollar, plus the amount, if any, required to pay in full the outstanding balance due under the IDA's Series of 2004 Guaranteed Lease Revenue Note. The amount of the lease outstanding at September 30, 2012 is \$121,454.

On April 5, 2006, the IDA entered into a lease agreement with the County of Dauphin for a building for a twenty year term. The lease requires the County to make payments equal to the principal and interest of the IDA's Series of 2006 Guaranteed Lease Revenue Note used for the purchase of the building. The County has the right to purchase the leased building for the sum of one dollar, plus the amount, if any, required to pay in full the outstanding balance due under the IDA's Series of 2006 Guaranteed Lease Revenue Note. The amount of the lease outstanding at September 30, 2012 is \$692,328.

On August 15, 2007 the IDA entered into a lease agreement with County of Dauphin for a building for a twenty year term. The lease requires the County to make payments equal to the principal and interest of the IDA's Series of 2007A Guaranteed Lease Revenue Note. The County has the right to purchase the leased building for the sum of one dollar, plus the amount, if any, required to pay in full the outstanding balance due under the IDA's Series of 2007A Guaranteed Lease Revenue Note. The amount of the lease outstanding at September 30, 2012 is \$339,975.

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 11: DIRECT FINANCING LEASES (CONTINUED)

Component Unit - Direct Financing Leases (Continued)Dauphin County Industrial Development Authority ("IDA") (Continued)

On November 29, 2007 the IDA entered into a lease agreement with the County of Dauphin for a building for a twenty-year term. The lease requires the County to make payments equal to the principal and interest of the IDA's Series 2007 Guaranteed Lease Revenue Note. The County has the right to purchase the leased building for the sum of one dollar, plus the amount, if any, required to pay in full the outstanding balance due under the IDA's Series 2007 Guaranteed Lease Revenue Note. The amount of the lease outstanding at September 30, 2011 is \$748,377.

Following is a schedule of minimum lease payments for the direct financing leases:

<u>Years Ending</u> <u>September 30,</u>	
2013	\$ 229,687
2014	229,688
2015	181,133
2016	171,422
2017	171,422
2018 – 2022	857,112
2023 – 2027	740,702
	<u>\$ 2,581,166</u>

The net investment in direct financing lease consists of the following at September 30, 2012:

Total Minimum Lease Payments to be Received	\$ 2,581,166
Less: Unearned Interest Income	<u>(679,032)</u>
	<u>\$ 1,902,134</u>
Current Portion	\$ 144,262
Noncurrent Portion	<u>1,757,872</u>
	<u>\$ 1,902,134</u>

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 12: CAPITAL LEASE OBLIGATIONS

The following is a summary of changes in capital lease obligations for the year ended December 31, 2012:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<u>Governmental Activities</u>					
Capital Leases	\$ 5,078,985	\$ 817,977	\$ (911,138)	\$ 4,985,824	\$ 802,550
Total Capital Lease Obligations	<u>\$ 5,078,985</u>	<u>\$ 817,977</u>	<u>\$ (911,138)</u>	<u>\$ 4,985,824</u>	<u>\$ 802,550</u>
<u>Business-Type Activities</u>					
Capital Leases					
Human Services Building	\$ 4,445,000	\$ -	\$ (350,000)	\$ 4,095,000	\$ 360,000
911 EMA	<u>84,546</u>	<u>-</u>	<u>(59,076)</u>	<u>25,470</u>	<u>25,470</u>
Total Capital Lease Obligations	<u>\$ 4,529,546</u>	<u>\$ -</u>	<u>\$ (409,076)</u>	<u>\$ 4,120,470</u>	<u>\$ 385,470</u>

Obligations under capital lease consists of a lease payable to the General Authority for the Human Services Building Fund that is accounted for as an Enterprise Fund bearing interest at rates from 1.00% to 3.875% and for the Chestnut Street Building that is accounted for in the Governmental Activities bearing interest rates from 1.00% to 3.40%, both of which were refunded in 2009. As a result of the refunding, the Human Service Building Fund recognized a loss of \$124,319 that is being amortized on the interest method over the term of the lease. The balance of the deferred loss at December 31, 2012 is \$79,206. Also, as a result of the Chestnut Street refunding, the County recognized a loss of \$68,278 that is being amortized on the interest method over the term of the lease. The balance of the deferred loss at December 31, 2012 is \$34,577 and is included in deferred interest from refunding on the Statement of Net Position.

The County also has four lease payables to the Industrial Development Authority for District Justice Offices that are accounted for in the Governmental Activities bearing interest rates from 3.46% to 4.89%. The County has also entered into capital lease agreements for computer equipment, office and other equipment, and a security system which are accounted for in the Governmental Activities. Also, the County has entered into capital lease agreements for computer equipment in the 911 EMA Fund that is accounted for as an Enterprise Fund.

In 2012, the County entered into four new capital leases all in Governmental Activities. Two leases were for IT Equipment in the amounts of \$85,178 and \$600,726, another for a Digital Copier in the amount of \$20,188, and the other lease was for IT Security Equipment in the amount of \$111,885.

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2012

NOTE 12: CAPITAL LEASE OBLIGATIONS (CONTINUED)

The following is a schedule of future minimum lease payments under the capital lease agreements, together with the present value of the net minimum lease payments as of December 31, 2012:

<u>Years Ending December 31</u>	<u>Governmental Activities</u>	<u>Human Services Building Enterprise Fund</u>	<u>911 EMA Fund</u>
2013	\$ 972,666	\$ 494,226	\$ 26,677
2014	887,876	491,126	-
2015	729,012	492,001	-
2016	673,303	490,751	-
2017	539,765	494,201	-
2018-2022	1,337,947	2,465,031	-
2023-2027	835,571	-	-
2028-2031	82,527	-	-
Total Minimum Lease Payments	6,058,667	4,927,336	26,677
Less: Amount Representing Interest	1,072,843	832,336	1,207
Total Present Value of Net Minimum Lease Payments	4,985,824	4,095,000	25,470
Less: Amounts Due within One Year	802,550	360,000	25,470
	\$ 4,183,274	\$ 3,735,000	\$ -

The assets associated with the capital leases are shown as Leasehold Assets within the Capital Asset Note (See Note 6).

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2012

NOTE 12: CAPITAL LEASE OBLIGATIONS (CONTINUED)

Component Unit- Capital Lease Obligation

Dauphin County General Authority

In 2009, Dauphin Highlands purchased golf carts under a long-term lease agreement that is classified as a capital lease. As of December 31, 2012, the Authority includes these golf carts at a cost of \$159,800, with accumulated depreciation of \$81,802.

In 2012, Dauphin Highlands purchased an aerator and sweeper under a long-term lease agreement that is classified as a capital lease. As of December 31, 2012, the General Authority includes this equipment at a cost of \$40,174, with accumulated depreciation of \$5,739.

The future minimum payments under this capital lease and the present value of the minimum lease payments at December 31, 2012 are as follows:

<u>Year Ended</u> <u>December 31,</u>	<u>Total</u>
2013	\$ 45,065
2014	8,971
2015	8,971
2016	8,970
Total Minimum lease payments	71,977
Less amount representing interest	(5,280)
Present value of future minimum lease payments	<u>\$ 66,697</u>

NOTE 13: LINE OF CREDIT

Component Unit – Line of Credit

Case Management Unit

At June 30, 2012, CMU had an \$800,000 line of credit with a bank secured by all accounts receivable which expires December 10, 2048. Interest on outstanding borrowings is due monthly at .5% above the bank's prime rate, which was 4.00% at June 30, 2012. There were \$4,240,000 in borrowings on the line and \$4,020,000 in repayments for the year ended June 30, 2012. The principle balance on the line as of June 30, 2012 was \$220,000.

Dauphin County Industrial Development Authority

During 2008, the IDA entered into a \$50,000 line of credit with PNC Bank, secured by gross revenues from the Trinity Harvest LLC project, which expires on September 1, 2013. Interest on outstanding borrowing is due monthly at the Lenders Prime Rate of 3.25% on September 30, 2012 less 2%. The outstanding principle balance on the Line at September 30, 2012 was \$29,767.

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2012

NOTE 14: FUND BALANCE / NET POSITION

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the County is bound to honor constraints on the specific purpose for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable

Prepaid items	\$ 1,145,633	
PCHIPC Settlement	9,363,166	
Incinerator loan	34,746,500	
Gaming loan	3,700,000	
Liquid fuels loan	271,818	\$ 49,227,117

Restricted

Low income housing	842,480	
Gaming	17,694,747	
Capital projects	5,619,709	
Fort Hunter trust fund	1,001,827	
State grant	311,338	
Liquid fuels	1,073,172	
Domestic relations	1,279,446	
Weatherization	33,887	
Hazardous materials	241,012	
Aging	105,408	
Drug act forfeited - state	233,612	
Drug act forfeited - federal	339,599	28,776,237

Assigned

2013 budgeted deficit	13,586,946
-----------------------	------------

Unassigned

Available for any purpose	<u>11,683,415</u>
	<u>\$ 103,273,715</u>

The restrictions of net position included in the Fiduciary Funds are as follows:

Fiduciary Funds

Future payments of members' benefits	<u>\$ 227,432,867</u>
--------------------------------------	-----------------------

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2012

NOTE 15: FUND BALANCES / NET POSITION (CONTINUED)

Component Units-Reserved Fund Balance/Net PositionDauphin County Economic Development Corporation ("DCEDC")

The restrictions of net position included in the financial statements represent portions of net position that are restricted for various purposes and are not available for the payment of other subsequent expenditures. The following restrictions are included in the financial statements.

Tourism and regional promotion	\$ 3,347,756
State of the County event	9,247
HOME Investment Partnerships Program	1,474
Team PA Calling Program	14,783
	<u>\$ 3,373,260</u>

NOTE 16: INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances consist of the following at December 31, 2012:

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
Governmental Funds:		
General Fund	\$ 8,888,361	\$ -
Special Revenue Funds		
Children and Youth Families Fund	-	7,758,942
ARRA Fund	-	89,084
Weatherization	-	57,599
Total Special Revenue Funds	-	7,905,625
Total Governmental Funds	<u>8,888,361</u>	<u>7,905,625</u>
Proprietary Funds :		
Enterprise Funds:		
Health Choices	-	107,618
911	-	875,118
Total Proprietary Funds	-	982,736
	<u>\$ 8,888,361</u>	<u>\$ 8,888,361</u>

Component Unit-Interfund Receivables and Payables

The County utilizes a pooled operating fund to enhance investment return, therefore, interfund receivables and payables are recorded to recognize amounts held by the General Fund in the pooled account on behalf of other funds. In addition, the General Fund has paid expenses on behalf of other funds, therefore, a corresponding interfund receivable and payable has been recorded.

	<u>Due From Component</u>	<u>Due to Primary Government</u>
Dauphin County Conservation District	<u>\$ 164,578</u>	<u>\$ 164,578</u>

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 17: INTERFUND OPERATING TRANSFERS

Interfund Transfers are executed as a result of the requirements for certain funds to fund a portion of the expenditures or expenses of other funds. Interfund operating transfers are as follows:

	<u>Transfers from Other Funds</u>	<u>Transfers to Other Funds</u>
Governmental Funds:		
General Fund	\$ 6,050,958	\$ 15,607,709
Special Revenue Funds		
Mental Health/Intellectual Disabilities Fund	940,374	26,263
Children and Youth Families Fund	10,848,186	2,883,611
Domestic Relations	2,140,487	-
Weatherization Program Fund	173,316	-
State Grants Fund	370	50,000
Human Services Development Fund	-	3,914
Aging Fund	90,000	19,535
Drug and Alcohol Fund	143,878	46,707
Hazardous Materials Fund	300	-
Liquid Fuels Fund	2,319	-
ARRA Fund	30,176	9,251
Gaming Fund	-	2,944,153
Total Special Revenue Funds	<u>14,369,406</u>	<u>5,983,434</u>
Capital Projects Fund	<u>368,285</u>	<u>-</u>
Total Governmental Funds	<u>20,788,649</u>	<u>21,591,143</u>
Proprietary Funds :		
Enterprise Funds:		
Health Choice Fund	-	87,829
Emergency 911	650,323	-
Solid Waste	<u>240,000</u>	<u>-</u>
Total Proprietary Funds	<u>890,323</u>	<u>87,829</u>
	<u>\$ 21,678,972</u>	<u>\$ 21,678,972</u>

Component Unit - Interfund Operating Transfers

	<u>Transfers from Component Units</u>	<u>Transfers to Primary Government</u>
Dauphin County Conservation District	<u>\$ 619,624</u>	<u>\$ 619,624</u>

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 18: PROPERTY TAXES

Real Estate Property Taxes

Real estate property taxes attach as an enforceable lien on property on January 1, based on the assessed value listed as of the prior December 31 for all real property located in the County. Assessed values are established by the County Assessment Board at approximately 100% of calculated market value. Taxes are billed on or about February 1, payable under the following terms: 2% discount, February 1 through March 31; face amount, April 1 through July 31, and 5% penalty June 1 through July 31, and a 10% penalty from August 1 through December 31. The County bills its own property taxes, which are collected by elected tax collectors. Real estate property taxes levied for 2012 are recorded as receivables, net of estimated uncollectibles. The net receivables collected during 2012 and expected to be collected within the first sixty (60) days of 2013 are recognized as revenue in 2012. Net receivables estimated to be collectible subsequent to March 31 are reflected in deferred revenue. Prior years' levies are recorded using these same principles, and remaining receivables are annually reevaluated as to collectability.

The rate of taxation in 2012 was 6.876 mills, for general purposes. In addition, a special tax of .35 mills was approved for the County Library System.

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 19: SEGMENT INFORMATION FOR ENTERPRISE FUNDS

Component Units – Segment Information for Enterprise FundsDauphin County General Authority

The General Authority has issued revenue bonds to finance various activities. The nonmajor enterprise funds consist of the County Building Bond Fund and 100 Chestnut Street Fund. However, investors in the revenue bonds rely solely on the revenue generated by the individual activities or the related guarantee, if applicable, for repayment. Summary financial information for the funds is presented below:

	<u>County Building Bond Fund</u>	<u>100 Chestnut Street Fund</u>	<u>Total Nonmajor Enterprise Funds</u>
CONDENSED BALANCE SHEET			
ASSETS			
Current assets	\$ 360,000	\$ 321,904	\$ 681,904
Noncurrent investment in direct financing lease	3,735,000	1,580,000	5,315,000
Restricted assets	66,922	1,005,719	1,072,641
Total assets	<u>\$ 4,161,922</u>	<u>\$ 2,907,623</u>	<u>\$ 7,069,545</u>
LIABILITIES			
Current liabilities	\$ 444,700	\$ 729,777	\$ 1,174,477
Noncurrent liabilities	3,735,000	1,580,000	5,315,000
Total liabilities	<u>4,179,700</u>	<u>2,309,777</u>	<u>6,489,477</u>
NET POSITION			
Restricted	-	597,846	597,846
Unrestricted	(17,778)	-	(17,778)
Total net position	<u>(17,778)</u>	<u>597,846</u>	<u>580,068</u>
Total liabilities and net position	<u>\$ 4,161,922</u>	<u>\$ 2,907,623</u>	<u>\$ 7,069,545</u>

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2012

NOTE 19: SEGMENT INFORMATION FOR ENTERPRISE FUNDS (CONTINUED)

Component Units – Segment Information for Enterprise Funds (Continued)Dauphin County General Authority (Continued)

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION	County Building <u>Bond Fund</u>	100 Chestnut Street <u>Fund</u>	Total Nonmajor Enterprise Funds
Operating revenues	\$ 161,232	\$ 342,050	\$ 503,282
Operating expenses	(159,482)	(341,736)	(501,218)
Operating Income	1,750	314	2,064
Net Position:			
Beginning of year	(19,528)	597,532	578,004
End of year	<u>\$ (17,778)</u>	<u>\$ 597,846</u>	<u>\$ 580,068</u>

CONDENSED
STATEMENT OF CASH
FLOWS

Net cash provided by (used in):			
Operating activities	\$ 489,468	\$ 323,170	\$ 812,638
Investing activities	7	14,902	14,909
Capital and related financing	-	(55,704)	(55,704)
Noncapital financing activities	(489,475)	(295,000)	(784,475)
Net decrease	-	(12,632)	(12,632)
Cash and cash equivalents –beginning	-	27,919	27,919
Cash and cash equivalents – ending	<u>\$ -</u>	<u>\$ 15,287</u>	<u>\$ 15,287</u>

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2012

NOTE 20: LEGAL COMPLIANCE

Net Position Deficit

For the year ended December 31, 2012, the following funds had a deficit net position balance:

Enterprise Funds:	
Human Service Building Fund	\$ 764,369

The above deficits resulted from additional expenses that will be paid through contributions by the General Fund.

Component Unit – Net Position DeficitDauphin County General Authority

The following funds of the General Authority had negative net position as of December 31, 2012:

<u>Fund</u>	<u>Amount</u>
Dauphin Highlands Golf Course	\$ 8,417,928
County Building Bonds	17,778
Riverfront Office Center	11,485,294
Pittsburgh Hyatt Hotel and Conference Center	24,092,589

Revenue, receipts, and property of each fund and the guarantee of debt, if applicable, are pledged as collateral on the bonds and are not cross collateralized.

NOTE 21: EMPLOYEES RETIREMENT PLAN

Plan Description

The Employees' Retirement Trust Fund Plan (the "Plan") is a contributory defined benefit single employer retirement plan covering substantially all full-time employees of the County and part-time employees exceeding 1,000 hours per year. The Plan is included in the financial statements of the County as a pension trust fund. The financial statements of the Retirement Trust Fund are prepared on the accrual basis of accounting. Plan members and employer contributions to the Plan are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2012

NOTE 21: EMPLOYEES RETIREMENT PLAN (CONTINUED)

Plan Description (Continued)

At December 31, 2012, the date of the latest valuation, employees covered by the Plan consisted of the following:

Retirees and Beneficiaries Receiving Benefits	1,019
Terminated Employees Entitled to Benefits but not yet Receiving Them	197
Active Plan Participants	1,524
Total Membership	2,740

Employees are required to contribute a portion of their salaries (5% of earnings in 2012) to the Plan and employees can elect to contribute up to 15% of their salaries. Per Act 96 of 1971, as amended, contribution requirements of the Plan members and the County may be amended by the General Assembly of the Commonwealth of Pennsylvania. Interest is credited each year in an amount allowed by the County Retirement Board to each member's account. Administrative costs of the Plan are financed through investment earnings.

The County does not issue a publicly available financial report for the Plan.

Investments

All investments of the pension trust fund are reported at fair value. Investments that do not have an established market value are reported at estimated fair value.

Funding Status and Progress

As of December 31, 2012, the most recent actuarial valuation date, the plan was 78.3 percent funded. The actuarial accrued liability for benefits was \$282.9 million, and the actuarial value of assets was \$221.5 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$61.3 million. The actuarial value of assets as a percentage of the actuarial accrued liability was 78.3%. The covered payroll was \$75.9 million, and the ratio of the UAAL to the covered payroll was 80.8%.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The entry age normal method is used to determine the annual required contribution for the County. Under this method, an actuarial accrued liability is determined as the actuarial present value of projected benefits for all participants minus the actuarial present value of future normal costs. The normal cost is determined as the annual amount required to fund between entry age and assumed exit age the actuarial present value of projected benefits for each active participant under the assumed retirement age.

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 21: EMPLOYEES RETIREMENT PLAN (CONTINUED)

Actuarial Methods and Assumptions

The annual required contribution was determined based on the most recent annual actuarial valuation dated December 31, 2012. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 7.5% per year compounded annually; (b) projected salary increases of 4.5% per year, and (c) an inflation rate of 3.00%. The actuarial value of assets equals the market value of assets adjusted for unrecognized gains and losses from prior years. Gains and losses are determined by calculating the expected asset return based on Plan assumptions and subtracting the actual Plan return. Gains and losses are phased in 20% per year over a 5-year period. The actuarial value of assets is adjusted, if necessary, to fall within a corridor of 80%-120% of market value of assets.

Year Ended December 31,	Annual Required Contribution (ARC)	Interest on Net Pension Asset	ARC Adjustment	Pension Cost	County Contribution	Percentage of Annual Pension Cost Contributed	Change in Net Pension Asset	Net Pension Asset
2012	\$ 8,493,038	\$ (1,439)	\$ (2,304)	\$ 8,493,903	\$ 8,493,038	99.99%	\$ 865	\$ (18,325)
2011	10,293,492	(1,507)	(2,409)	10,294,394	10,293,492	99.99%	902	(19,190)
2010	10,118,006	(1,578)	(2,532)	10,118,960	10,118,006	99.99%	954	(20,092)

Legally Required Reserves

At December 31, 2012, the County has a balance of \$60,322,197 in the Members' Annuity Reserve Account. This account is the total of the contributions deducted from the salaries of the active and terminated vested members of the retirement system and the IRC 414(h)(2) pickup contributions together with the interest additions as of December 31, 2012. Since these accumulations represent the present value as of December 31, 2012 of future benefits, the reserve balance and liability are equal and this reserve is fully funded.

The County has a balance of \$52,080,200 in the County Annuity Reserve Account as of December 31, 2012. This balance and the amounts expected to be credited in the future, plus investment earnings thereon, represent the reserves set aside for the payment of the County's share of the retirement allowances. This is the account out of which regular interest is credited to the member's annuity and retired members' reserve account, administrative expenses may be paid and the pension obligations of the County are funded.

When a County annuity is scheduled to commence for a particular member, sufficient monies are transferred from the County Annuity Reserve Account to the retired members' reserve account to provide for such County annuities actually entered upon. Thus, this reserve is always fully funded.

The Retired Members' Reserve Account is the account out of which monthly retirement allowances including cost-of-living increases and death benefits are paid. The balance in this account was \$96,493,919 as of December 31, 2012.

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2012

NOTE 22: POST-EMPLOYMENT BENEFIT PLAN

Plan Description. The County sponsors a post-employment benefits plan that covers health and life insurance benefits for eligible retirees. The County provides health and life insurance coverage for eligible retirees under the terms of agreements with the unions that represent them. Groups of retirees that are eligible for OPEB are: Shaffner, Court Related Teamster, Court AFSME, Probation Officers, Prison Guards, PSSU, CIT, and Captains and Lieutenants. The Plan does not issue a publicly available financial report.

Funding Policy. The contribution requirements of the County are established and may be amended through future union negotiations. The Plan does require contributions from some retirees. Retiree contributions depend upon the terms of the various union contracts. The County funds the Plan on a pay-as-you-go basis. For 2012, the County contributed \$1,061,577 to the plan for current premiums.

Annual OPEB Cost and Net OPEB Obligation. The County's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation to the Plan:

	Governmental Activities
Annual required contribution	\$ 1,807,701
Interest on net OPEB obligation	99,519
Adjustment to annual required contribution	<u>(143,897)</u>
Annual OPEB cost (expense)	1,763,323
Estimated contributions made	<u>(1,061,577)</u>
Increase in net OPEB obligation	701,746
Net OPEB obligation – beginning of year	<u>2,487,970</u>
Net OPEB obligation – end of year	<u>\$ 3,189,716</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contribution to the plan, and the net OPEB obligation for 2012 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2012	\$ 1,763,323	60.20%	\$3,189,716
12/31/2011	1,779,734	48.30%	2,487,970
12/31/2010	1,417,106	67.70%	1,567,886

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 22: POST-EMPLOYMENT BENEFIT PLAN (CONTINUED)

Funded Status and Funding Progress. As of January 1, 2011 the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$14,942,647 and there were no assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$14,942,647. The covered payroll (annual payroll of active employees covered by the plan) was \$75,798,908, and the ratio of the UAAL to the covered payroll was 19.7%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing costs between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2011, actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a 4.0% investment rate of return, which is the expected long-term investment yield on the investments that are expected to be used to finance the payments of benefits, a health care cost trend rate of 10% initially, and declines rapidly to an ultimate rate of 5%. The UAAL is being amortized using the level dollar method over a period of 30 years on an open basis.

Schedule of Funding Progress

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
1/1/2007	\$ -	\$ 6,868,259	\$ 6,868,259	0.00%	\$ 63,649,794	10.8%
1/1/2009	\$ -	\$ 11,290,422	\$ 11,290,422	0.00%	\$ 71,264,760	15.8%
1/1/2011	\$ -	\$ 14,942,647	\$ 14,942,647	0.00%	\$ 75,798,908	19.7%

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2012

NOTE 23: COMPENSATED ABSENCES

County policy applicable to vacation and sick pay for employees is as follows:

Vacation Pay

Time accrues at various rates based on length of service. Employees are encouraged to utilize earned vacation time by December 31 of each period; however, current practice allows for the carryover of 20 unused vacation days. Time carried over in this manner is considered vested.

Sick Pay

Employees earn 1¼ sick days for each month of service or 15 days per year. An employee may accumulate up to a maximum of 200 days. Time carried over in this manner is considered vested.

Applicable GASB pronouncements require accrual of sick and vacation pay that meet certain specific conditions. The County has determined that such conditions apply to vested vacation pay and accumulated sick pay of Governmental Funds and the Proprietary Fund. To the extent vacation and sick pay liabilities are expected to be incurred, they are accrued in the government-wide and proprietary fund financial statements.

NOTE 24: LEASES

Operating Leases

The County leases office space under several operating leases with expiration dates through 2030.

Future minimum lease payment requirements under the various leases are as follows:

2013	\$ 1,145,853
2014	675,828
2015	684,852
2016	696,492
2017	703,760
2018 – 2022	3,667,788
2023 – 2027	991,020
2028 – 2030	<u>91,713</u>
Total minimum payments required	<u>\$ 8,657,306</u>

Total rental expense for these leases during 2012 approximated \$1,782,410.

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 24: LEASES (CONTINUED)

Component Units – LeasesCase Management Unit

The Case Management Unit leased its principal office space. Rent expense totaled \$652,045 for the fiscal year ended June 30, 2012. The lease agreement was terminated and then renewed for a 11 year period ending in 2023. Monthly rent increases 1.90% at the beginning of each year.

CMU also has a lease on the Elizabethville, Pennsylvania office. The lease agreement is for a period of twenty-five years through 2033. Rent for this lease is based on a set price per square foot per year. These payments range from \$45,484 – \$69,632 and are payable monthly.

Future minimum lease payments under the above leases are as follows:

Year ending June 30,	Amount
2013	\$ 591,751
2014	528,081
2015	538,435
2016	548,983
2017	559,732
2018-2022	2,960,182
2023-2027	878,355
2028-2032	338,034
2033	35,080
	<u>\$6,978,633</u>

Dauphin County Economic Development Corporation ("DCEDC")

The DCEDC leases office space from the Dauphin County Industrial Development Authority under a year-to-year operating lease. Minimum rental payments at December 31, 2012, are as follows:

2013	<u>\$32,692</u>
Total	<u>\$32,692</u>

Rental expense totaled \$32,692 for the year ended December 31, 2012.

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 25: RELATED PARTY TRANSACTIONS

Component Units - Related Party TransactionsDauphin County General Authority

The General Authority is a component unit of Dauphin County. The General Authority has entered into certain lease financing arrangements with the County. Lease payments from the County to the General Authority for 2012 were \$585,132.

The County has been paying rent in excess of the lease requirement to the General Authority since 2000. The total amount of these overpayments is \$415,876 at December 31, 2012 and is reported as deferred revenue on the balance sheet. The County had a claim on such overpayments until February 17, 2010, when an indemnity agreement was signed.

The General Authority was awarded a 2011 Local Share Gaming Grant and a 2012 Local Share Gaming Grant from Dauphin County. During the year ended December 31, 2012, the General Authority incurred \$55,004 of grant-related expenses.

Dauphin County Industrial Development Authority ("IDA")

The County of Dauphin pays for all significant management and administrative costs required to operate the IDA on a day-to-day basis. The IDA's management and support staff are employees of the County and other significant operating expenses such as telephone service, office maintenance and insurance are paid for by the County. The amount of the County's support and the corresponding operating costs are not reported as revenue and expenses in the IDA's financial statements. The County also provides significant operating revenue, primarily through Gaming distributions passed-through to IDA. Revenue from the County was \$11,868,139 in 2012, representing 94.9% of total operating revenue.

See Notes 8 and 11 for additional information concerning long-term debt transactions and direct financing leases with the County.

The IDA shares management, support staff and office space, and performs various administrative and program functions in conjunction with the Dauphin County Department of Community and Economic Development (DCDCED) which is an internal department of the County and the Dauphin County Economic Development Corporation (DCEDC), a non-profit corporation created by the County to partner in real estate development projects and to channel grant funding to communities and organizations in need of community and economic development assistance. DCEDC leases office space from the IDA under a year to year operating lease. As of September 30, 2012, IDA had earned, but not yet received \$24,519 in lease payments.

The IDA is not owned in part or in total by DCEDC or DCDCED, and has no ownership interest in either organization. The IDA and DCEDC are both governed by the same Board of Directors which is appointed by the Commissioners of Dauphin County.

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2012

NOTE 25: RELATED PARTY TRANSACTIONS (CONTINUED)

Component Units - Related Party Transactions (Continued)Case Management Unit

The Case Management Unit is a component unit of the County. The operating lease, described in Note 24, is held with the County and the lease payments are at market value.

Dauphin County Economic Development Corporation ("DCEDC")

DCEDC is administered by the County of Dauphin ("County") through the Dauphin County Department of Community and Economic Development. DCEDC is not owned in part or in total by the County. However, the Commissioners of Dauphin County have the sole power to appoint members of the Corporation's Board of Directors.

The County pays for all significant management and administrative costs required to operate the Corporation on a day-to-day basis. DCEDC's management and support staff are employees of the County.

The County also provides significant operating revenue, primarily through Hotel Tax distributions passed-through to DCEDC. Revenue from the County was \$2,140,139 in 2012, representing 55% of total revenue.

At December 31, 2012 due from related party was comprised of the following pass-through items:

2% Hotel Tax Distribution	\$ 29,910
1% Hotel Tax Distribution	149,574
	<u>\$179,484</u>

The amounts reported above are considered by management to be collectible and accordingly, no allowance for uncollectible receivables was considered necessary.

The DCEDC shares management, support staff and office space with the Dauphin County Department of Community and Economic Development and with the Dauphin County Industrial Development Authority. The DCEDC is not owned in part or in total by the IDA, has no interest ownership therein, and receives no revenue from the IDA. However, the IDA and DCEDC are governed by the same Board of Directors, which is appointed by the Commissioners of Dauphin County.

The IDA acts as property management for the Market Square Plaza Parking owned by DCEDC. In this capacity, the IDA collects parking rent fees and remits such fees to the DCEDC on a periodic basis. Parking fees for the year ended December 31, 2012 were \$121,103.

NOTE 26: COMMITMENTS AND CONTINGENCIES

- A. In the normal course of business, there are various claims and suits pending against the County and its elected officials. Management is of the opinion that these matters will not have a material adverse effect on the County's financial position at December 31, 2012.

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2012

NOTE 26: COMMITMENTS AND CONTINGENCIES (CONTINUED)

- B. In 2009, the County entered into a contract for a Night Court / Central Court Project. The contract value approximated \$6,301,851 of which \$5,130,399 has been expended at December 31, 2012.
- C. In 2009, the County entered into a contract for a Female Work Release Center Project. The contract value approximated \$5,613,840 of which \$5,484,634 has been expended at December 31, 2012.
- D. In 2009, the County entered into a contract for a Juvenile Court Project. The contract value approximated \$2,811,427 of which \$2,782,578 has been expended at December 31, 2012.
- E. During 2009, the County made the initial payment on the Harrisburg Incinerator Debt after defaults by the Harrisburg Authority (the "Authority") and the City of Harrisburg (the "City"). The County is the second guarantor on a portion of the facility's debt. The County has paid a total of \$51,885,878 from 2009 through 2012 as a result of these defaults. The amount is comprised of \$17,139,378 of debt payments made by the County General Fund on behalf of the Authority and the City and a \$34,746,500 payment that was made by the County with the issuance of the 2010 Note (See Note 8). The County has recorded a loss and an allowance for uncollectible amounts for \$17,139,378 in the financials (See Note 34) therefore resulting in a net receivable due in the amount of \$34,746,500 in the financial statements. In addition, the County has reflected the \$34,746,500 as nonspendable fund balance in the financial statements (See Note 14).

Component Unit-Commitments and Contingencies

Dauphin County General Authority

Payments in Lieu of Taxes and Real Estate Taxes

The General Authority, as part of its construction of the Hyatt Hotel Project, committed to make payments in lieu of property taxes to the County of Allegheny in return for exempting the property from real estate taxes. This payment in lieu of taxes (PILOT) will be made from the respective funds if sufficient resources exist to make such payments are available, on an annual basis, from the respective funds revenues after meeting operating costs and debt service payments. The PILOTs for the Hyatt Hotel Project have been accrued for the years ended December 31, 2000, 2001, 2002, 2003, 2004, 2006, 2007, 2008, 2009, 2010, 2011, and 2012 in the amount of \$460,000, \$537,000, \$614,000, \$680,000, \$767,000, \$767,000, \$767,040, \$767,040, \$767,000, \$767,000, \$767,000, \$767,000, and \$767,000, respectively.

Project Viability

The continued operation of the Dauphin Highlands Golf Course is dependent on the Administrative Fund providing working capital to fund any deficits created by operations of this golf course. The General Authority's Administrative Fund has provided, and intends to continue to provide funds for working capital needs of the Dauphin Highlands Golf Course. The Administrative Fund provided \$116,954 of working capital advances during 2012 to the Dauphin Highlands Golf Course. As of December 31, 2012, \$75,000 had been repaid to the Administrative Fund.

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 26: COMMITMENTS AND CONTINGENCIES (CONTINUED)

Component Unit-Commitments and Contingencies (Continued)

Dauphin County General Authority (Continued)

Project Viability (Continued)

If the General Authority fails to generate sufficient revenues to pay debt service on the Series A of 2011 and the Series B of 2011, or ceases revenue generating operations, or if other monies set aside for such purposes are insufficient, the County will be required to pay principal and interest on such bonds when due pursuant to the County Bond Guarantee Agreement among the County, the Authority, and the trustee for the bonds. The Dauphin Highlands Golf Course has incurred substantial accumulated losses, which have resulted in cash flow difficulties. Throughout 2012, Dauphin Highlands has made a concerted effort to better market the property, in conjunction with substantial cost-cutting measures. The Authority continues to work on maximizing the revenue and controlling expenses of Dauphin Highlands. The General Authority entered into a contract with a management agency subsequent to year-end to try and increase revenues and limit expenses. The General Authority will continue to pursue the sale of the golf course, "consistent with our fiduciary responsibility."

The Pittsburgh Hyatt Hotel and Conference Center project viability is dependent upon the facility maintaining sufficient operating cash flows to meet debt service payments. Operations of the facility commenced June 29, 2000, and the bond proceeds included a working capital reserve that approximated eighteen (18) months of working capital necessary for operations. In 2002, funds sufficient to meet the debt service payments were transferred from the Construction Fund. In 2003, the facility generated sufficient cash flows from operations to meet debt service requirements on the facility. However, in January 2004, an unscheduled withdrawal was made on the Bond Redemption Improvement Fund in order to satisfy the January 2004 interest payment. The operating revenues of the facility were sufficient to meet the July 2004 and January 2005 debt service payments. However, the Authority made unscheduled withdrawals from the Bond Reserve Fund in order to satisfy the July 2005, January 2006 and July 2006 debt service payments. Under the trust indenture, the Authority has within 12 months of such withdrawal to replenish the Bond Reserve Fund. At December 31, 2006, the Authority was in technical default because the Bond Reserve Fund had not been replenished as required by the trust indenture in the amount of approximately \$750,000. On July 1, 2007 the Debt Service Reserve Fund has been fully funded in accordance with the terms of the Indenture. The operating revenues of the facility were sufficient to meet the January 2007, July 2007, and January 2008 debt service payments. On July 1, 2008, a total of \$384,000 was transferred out of the Bond Redemption and Improvement Fund because it was believed that the facility had not generated sufficient cash flows from operations to meet the July 1, 2008 debt service requirements. However, there were sufficient cash flows to cover the July 1, 2008 debt service requirements prior to the transfer from the Bond Redemption and Improvement Fund. A total of \$625,000 remained in the Bond Fund after the July 1, 2008 debt service payment was made. This amount remained in the Bond Fund and was used to service the debt payment made on January 2, 2009.

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2012

NOTE 26: COMMITMENTS AND CONTINGENCIES (CONTINUED)

Component Unit-Commitments and Contingencies (Continued)Dauphin County General Authority (Continued)Project Viability (Continued)

On July 1, 2009, a total of \$653,186 was transferred out of the Bond Reserve Fund because it was believed that the facility had not generated sufficient cash flows from operations to meet the July 1, 2009 debt service requirements. However, there were sufficient cash flows to cover July 1, 2009 debt service requirements prior to the transfer from the Bond Reserve Fund. This amount remained in the Bond Fund and was used to service the debt payment made on January 4, 2010. On January 4, 2010, \$776,474 was transferred out of the Bond Reserve Fund in order to meet the debt service requirement. On July 1, 2010, \$1,623,115 was transferred from the Bond Reserve Fund and \$92 was transferred from the Bond Redemption and Improvement Fund in order to meet the July 1, 2010 debt service requirements. However, a balance of \$790,000 remained in the Bond Fund after the July 1, 2010 payment, which was used to service the debt payment made on January 3, 2011. As of December 31, 2010 the ending balances outstanding to the Bond Reserve Fund and the BRIF were \$1,011,523 and \$92, respectively. The outstanding balance and activity for the year ended December 31, 2011 and December 31, 2012 are outlined below:

<u>2011 Activity</u>	<u>Due to Bond Reserve Fund</u>	<u>Due to Bond Redemption and Improvement Fund</u>	<u>Total</u>
Balance, December 31, 2010	\$ 1,011,523	\$ 92	\$ 1,011,615
Borrowed for January 3, 2011 payment	1,739,224	1,990	1,741,214
Monthly payment of \$64,706 on January 1, 2010 borrowing	(64,706)	-	(64,706)
Monthly payment of \$135,260 on July 1, 2010 borrowing	(946,815)	-	(946,815)
Borrowed for July 1, 2011 payment	2,311,450	-	2,311,450
Monthly payment of \$144,935 on January 3, 2011 borrowing	(1,594,285)	-	(1,594,285)
Monthly payment of \$192,621 on July 1, 2011 borrowing	(963,105)	-	(963,105)
Balance, December 31, 2011	<u>\$ 1,493,286</u>	<u>\$ 2,082</u>	<u>\$ 1,495,368</u>
<u>2012 Activity</u>			
Balance, December 31, 2011	\$ 1,493,286	\$ 2,082	\$ 1,495,368
Borrowed for January 3, 2012 payment	2,442,730	-	2,442,730
Monthly payment of \$144,935 on January 3, 2011 borrowing	(144,935)	-	(144,935)
Monthly payment of \$192,621 on July 1, 2011 borrowing	(1,348,351)	-	(1,348,351)
Borrowed for July 1, 2012 payment	2,588,295	-	2,588,295
Monthly payment of \$203,561 on January 3, 2012 borrowing	(2,239,171)	-	(2,239,171)
Monthly payment of \$215,691 on July 1, 2012 borrowing	(933,459)	-	(933,459)
Balance, December 31, 2012	<u>\$ 1,858,395</u>	<u>\$ 2,082</u>	<u>\$ 1,860,477</u>

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 26: COMMITMENTS AND CONTINGENCIES (CONTINUED)

Component Unit-Commitments and Contingencies (Continued)

Dauphin County General Authority (Continued)

Project Viability (Continued)

Throughout the course of the year, the General Authority was unable to make timely payments to repay the Bond Reserve Fund for various debt service borrowings. The first occurrence was the final repayment of \$192,621 for the July 1, 2011 borrowing. This repayment occurred during August and September 2012, outside the one year window of repayment and was considered a technical default. The second occurrence was related to the final monthly payment of \$203,561, related to the January 1, 2012 borrowing. This amount was due in January of 2013 and was not repaid by the General Authority by the required payment date. Also, the final payment made to the Bond Reserve Fund during December 2012 was \$70,695. This amount is not equivalent to the required monthly transfer of \$215,691 that is required to pay back the July 1, 2012 borrowing; however, an additional transfer of \$129,438 was made February 28, 2013 in an effort to fully replenish the Bond Reserve Fund for the corresponding borrowing within one year.

As of April 30, 2012, there were not sufficient revenues available in the Bond Fund to replenish the Bond Reserve Fund for repayment of borrowings. Any available funds in the Revenue Fund on April 30, 2012 were paid to the Manager as a partial payment against operating expenses. As a result, the General Authority undertook an information filing through the Municipal Securities Rule Making Board's Access system (EMMA) on or about May 16, 2012. The full amount of the required reimbursement was paid in May 2012 with the priority of payments detailed in Section 6.02 of the trust indenture.

At December 31, 2012, \$1,858,395 remained due to the Bond Reserve Fund and \$2,082 remained due to the Bond Redemption and Improvement Fund. However, an additional \$2,588,288 was transferred out of the Bond Reserve Fund in order to meet the debt service requirement on January 2, 2013.

In 2012, the Pittsburgh Hyatt Hotel and Conference Center was unable to meet debt covenant requirement 6.1, which states that hotel revenues must be deposited into a Revenue Fund at an amount at least equal to 130% of the Annual Debt Service Payment. At present, there is no indication that the majority bondholder will invoke remedies prescribed under the trust indenture.

During October 2012, the General Authority issued a request for proposal (RFP) for the disposition of the Pittsburgh Hyatt Hotel and Conference Center. As a result of the RFP, a letter of intent was entered into with a prospective buyer and the General Authority is working toward the execution of a Purchase and Sale Agreement.

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2012

NOTE 26: COMMITMENTS AND CONTINGENCIES (CONTINUED)

Component Unit-Commitments and Contingencies (Continued)

Dauphin County General Authority (Continued)

Cease and Desist Order

In April 2004, the Securities and Exchange Commission entered a cease and desist order against the General Authority alleging that the General Authority had omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading in connection with the offer, sale or purchase of a series of bonds. The General Authority has consented to the entry of the order imposing remedial sanctions under the Securities Act of 1933 to cease and desist or causing any violation or future violations of Section 17(a) of the Securities Act of 1933, which does not include any monetary fine or sanction.

Case Management Unit

As a result of a DCED review, DCED is questioning CMU's expenditures of approximately \$150,000 of an ARRA grant they received, for noncompliance with the grant requirements. CMU is contesting these findings and proceedings could take over a year to resolve. This amount has not been accrued in the financial statements as of June 30, 2012, as management believes they will receive a favorable outcome.

Dauphin County Industrial Development Authority ("IDA")

The IDA has contractual commitments at September 30, 2012, of \$7,791,581 for projects directly assisting businesses and municipalities county-wide in the areas of both economic and community development.

NOTE 27: ADMINISTRATIVE FEES

Component Units – Administrative Fees

Dauphin County General Authority

Provisions of the financing documents of the bond issues require administrative fees to be paid to the General Authority. For the year ended December 31, 2012, these fees, as paid by each fund, are as follows:

Administrative Fund:	
County Building Bonds	\$ 20,000
Riverfront Office Center	265,596
Chestnut Street	40,644
Dauphin Highlands Golf Course	24,600
Pittsburgh Hyatt Hotel & Conference Center	30,000
Accounting fees	23,845
Bond issuance fees	40,000
Total Administrative Fees	<u>\$444,685</u>

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 28: HOTEL TAX DISTRIBUTIONS AND RELATED EXPENSES

The Hotel Tax revenues are derived from a hotel room excise tax imposed by the County of Dauphin. Ordinance No. 3-1999 enacted by the Commissioners imposed a 2% hotel room excise tax effective January 1, 2001. Ordinance No. 3-2002, which repealed and replaced Ordinance No. 3-1999, imposed a 3% hotel room excise tax effective April 1, 2002. Ordinance No. 1-2008, which repealed and replaced Ordinance No. 3-2002, imposed a five-percent hotel room excise tax effective March 1, 2008. The ordinances were enacted pursuant to 16 P.S. Section 1770.5, an act of the General Assembly of the Commonwealth of Pennsylvania, which permits the imposition of a 5% hotel tax, providing for the distribution of 50% of the revenues to the Tourist Promotion Agency and the separate distribution of the other 50% of the revenue to be distributed for the purposes of promoting tourism and regional development.

Of the original 2% hotel tax revenue, the County distributes 20% to the City of Harrisburg, 70% to the Derry Township Industrial Authority and 10% to DCEDC to be remitted, in full to the Hershey Harrisburg Region Vacations Bureau (the County's Tourist Promotion Agency) to be used solely for tourism and regional promotion purposes.

The next 1% hotel tax revenue may be distributed at the discretion of the County Commissioners, to be used solely for tourism and regional promotion purposes. DCEDC is the County's sole recipient and administrator of this 1% Hotel Tax revenue. These funds are required to be kept in an account separate from other funds received by DCEDC. DCEDC had transfers in from Dauphin County of \$2,140,139 for the year ended December 31, 2012.

Of the remaining 2% hotel tax revenue, the County distributes 50.0% to the Hershey Harrisburg Region Vacations Bureau (the County's Tourist Promotion Agency) to be used solely for tourism and regional promotion purposes and 12.50% to the Hershey Harrisburg Region Vacations Bureau to be used for tourism and regional promotion within the City of Harrisburg. Derry Township Industrial Authority receives the remaining 37.5% for the purpose of the improvement, support, rehabilitation, revitalization or construction of one or more tourism-related facilities.

NOTE 29: AFFORDABLE HOUSING LOAN PROGRAMS

The Home Grant Program and Affordable Housing Program disburse funds in the form of deferred payment loans for low and moderate income households. The deferred payment loans are secured by a mortgage on the property. Repayment of the loan is deferred until the property is sold or until the original occupant moves out. The principal balance outstanding at December 31, 2012 for these loans totaled \$4,104,866. These outstanding deferred loans have been recorded as receivables at December 31, 2012, and unearned revenues totaling \$4,104,866 have been recorded to offset the deferred loans.

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2012

NOTE 30: LOANS RECEIVABLE

In 2010, the County entered into a verbal agreement with the Township of Derry (the "Township") in which the County would pay the Township's costs associated with the reconstruction and relocation of County Bridge No. 122. All expenditures related to this project were incurred in calendar year 2010. On January 26, 2011, the County entered into a formal loan agreement with the Township in the original amount of \$408,948, adjusted based on final cost allocation to \$334,470, at an annual simple interest rate of 1.625% to reimburse the County for the Township's portion of the costs. The agreement requires the Township to make annual principal and interest payments of \$36,509 to the County for 10 years beginning in 2012. The amount outstanding on the loan as of December 31, 2012 is \$303,396.

Year	Principal	Interest	Total Due
2013	\$ 31,578	\$ 4,930	\$ 36,508
2014	32,092	4,417	36,509
2015	32,613	3,896	36,509
2016	33,143	3,366	36,509
2017	33,682	2,827	36,509
2018-2021	<u>140,288</u>	<u>5,745</u>	<u>146,033</u>
	<u>\$ 303,396</u>	<u>\$ 25,181</u>	<u>\$ 328,577</u>

On April 9, 2010, the County entered into a loan agreement with the Harrisburg University of Science and Technology (the "University") in the amount of \$1,000,000 at an annual fixed rate of 1% for necessary and appropriate operations of the University. The agreement requires the University to repay the loan within nine months of the date of the agreement is executed, i.e. on or before December 31, 2010.

On October 21, 2010, the University requested a six month extension to the loan. On November 17, 2010, the County notified the University that the amended term for repayment of the loan including interest would be June 30, 2011.

On June 22, 2011, the University requested a second six month extension on the loan as well as an additional \$1,200,000 to pay operating expenses at the same interest rate as the original loan. The due date of the loan was amended to December 31, 2011.

On February 29, 2012, the University acknowledged its default on the June 22, 2011 Promissory Note, and requested an additional \$1,500,000 to pay debt service. The funds were disbursed to the University with an extended maturity date of December 31, 2019.

The amount outstanding on the loan at December 31, 2012 is \$3,700,000.

Year	Principal	Interest	Total Due
2013	\$ -	\$ -	\$ -
2014	-	-	-
2015	-	-	-
2016	-	-	-
2017	-	-	-
2018-2019	<u>3,700,000</u>	<u>158,415</u>	<u>3,858,415</u>
	<u>\$ 3,700,000</u>	<u>\$ 158,415</u>	<u>\$ 3,858,415</u>

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 30: LOANS RECEIVABLE (CONTINUED)

Component Units – Loans Receivable

Dauphin County Industrial Development Authority (“IDA”)

On April 1, 2007 the IDA entered into a loan agreement with Tuscano Pizza & Grill, Inc. in the amount of \$100,000 at a fixed interest rate of 6.0%. The agreement required Tuscano Pizza & Grill, Inc. to make monthly principal and interest payments of \$1,933 to the IDA for 60 consecutive months beginning on May 1, 2007. In February 2009 this loan agreement was amended, requiring Tuscano Pizza & Grill to make monthly principal and interest payments of \$1,007 for 84 consecutive months beginning on March 1, 2009 on the remaining balance of \$76,187. The new loan agreement carries a fixed interest rate of 3.0%. The amount outstanding on the loan as of September 30, 2012 is \$46,594 which is fully reserved on the financial statements.

On December 19, 2008 the IDA entered into a new loan agreement with Andrew M. Hartwick (Trooper and Max’s) in the amount of \$20,000 at a fixed interest rate of 3.0%. The agreement required Andrew M. Hartwick to make monthly principal and interest payments of \$360 to the Authority for 60 consecutive months beginning on February 1, 2009. The amount outstanding on the loan as of September 30, 2012 is \$7,468.

In July 2008, the IDA entered in to a loan agreement with Trinity Harvest in the amount of \$50,000 at a fixed interest rate of 3.0%. The agreement required Trinity Harvest to make monthly principal and interest payments of \$898 to the IDA for 60 consecutive months beginning on October 1, 2008. The amount outstanding on the loan as of September 30, 2012 is \$33,345 which is fully reserved on the financial statements.

On May 8, 2009 the IDA entered in to a loan agreement with 39 Ventures, LP (Arooga’s) in the amount of \$200,000 at a fixed interest rate of 4.5%. The agreement required 39 Ventures, LP to make monthly principal and interest payments of \$3,729 to the IDA for 60 consecutive months beginning on June 1, 2009. The amount outstanding on the loan as of September 30, 2012 is \$71,715.

During the fiscal year ended, September 30, 2008 Dauphin County transferred the collection and rights of 5 loans receivable previously recorded as assets on the Dauphin County Financial statements to the Authority. The principle balance of the loans receivable at the time of transfer was \$92,172. Three of the loan balances were written off on December 15, 2010. The principle balance outstanding for the remaining loans as of September 30, 2012 is \$5,974.

On April 6, 2011 the Authority entered into a loan agreement with Harristown Enterprises, Inc. in the amount of \$100,000 at a fixed interest rate of 4.25%. The agreement required Harristown Enterprises to make monthly principal and interest payments of \$1,852.96 to the Authority for 60 consecutive months beginning on July 1, 2011. The amount outstanding on the loan as of September 30, 2012 is \$76,952.

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2012

NOTE 30: LOANS RECEIVABLE (CONTINUED)

Component Units – Loans Receivable (Continued)Dauphin County Industrial Development Authority (“IDA”) (Continued)

On September 29, 2011 the Authority entered into a loan agreement with Onabella, LTD in the amount of \$100,000 at a fixed interest rate of 4.25%. The agreement required Onabella, LTD to make monthly principal and interest payments of \$1,024.38 to the Authority for 120 consecutive months beginning on November 1, 2011. The amount outstanding on the loan as of September 30, 2012 is \$95,258.

Loans Receivable at September 30, 2012 is as follows:

Displayed as:

Current Portion	\$ 80,474
Noncurrent Portion	176,893
	<u>\$ 257,367</u>

Dauphin County Economic Development Corporation (“DCEDC”)

The Section 108 Note Payable proceeds described in Note 8 were loaned to a developer to fund the revitalization of an office building complex. DCEDC entered into a mortgage agreement with the developer for repayment of the loan. As of December 31, 2012, the amount owed to the DCEDC is \$2,315,056. As a result of the developer filing for bankruptcy, the balance has been determined to be uncollectible and has been fully reserved in DCEDC's financial statements.

NOTE 31: ECONOMIC DEPENDENCY

Component Units - Economic DependencyCase Management Unit

Formal commitment for future funding by the Dauphin County MH/ID program is made on an annual basis. Reduction of, or loss of, this funding could have a significant effect on CMU's programs and activities.

Dauphin County Economic Development Corporation (“DCEDC”)

Formal commitment for future funding by the Department of Housing and Urban Development is made on an annual basis. The DCEDC also receives a significant amount of operating revenue from Dauphin County, primarily through Hotel Tax distributions. Reduction of, or loss of, these funding sources could have a significant effect on the Corporation's programs and activities.

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2012

NOTE 32: LITIGATION

Component Unit – Litigation

Dauphin County General Authority

The General Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. Significant losses are covered by commercial insurance for all major programs. There were no significant reductions in insurance coverages in 2012. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

The General Authority is involved in several lawsuits arising in the normal course of business, including a potential lawsuit for breach of contract. Management of the General Authority believes none of the litigation outstanding against the General Authority and none of the potential unasserted claims which may be asserted against the General Authority would materially affect the financial position of the General Authority.

NOTE 33: MANAGEMENT'S PLAN

Component Unit – Management's Plan

Dauphin County Economic Development Corporation ("DCEDC")

The DCEDC has a deficit unrestricted net position balance in the amount of \$2,258,650 at December 31, 2012. The DCEDC experienced the deficit due to the Section 108 HUD Loan described in Note 8 in the amount of \$2,360,000. This loan is being repaid in accordance with the loan amortization schedule using CDBG funds. The payments will continue through the loans maturity in 2026 and subsequently relieve the net position deficit.

NOTE 34: LOSS ON GUARANTEED DEBT PAYMENTS

In 2009, Dauphin County began making payments on the Debt and Swaps of the Harrisburg Authority under the Guarantee Agreement between the County and the Authority. As described in Note 26, the County has made payments of \$51,885,878. As of December 31, 2012, the County has established a reserve of \$17,139,378 that is shown as a Loss on Guaranteed Debt Payments on the financial statements.

NOTE 35: SUBSEQUENT EVENTS

- A. On February 26, 2013 the County paid \$1,500,000 to the trustee for the Harrisburg University 2007B Bonds. This payment was required per the terms of the County's guaranty on this issue as the University defaulted on its March 1, 2013 debt payment.
- B. In March of 2013, the County issued Series of 2013 General Obligation Bonds in the principal amount of \$15,905,000 to be used to refund the General Obligation Notes, Series C of 2004, refund the General Obligation Notes, Series D of 2004, and pay costs related to the issuance of the Bonds.
- C. In May of 2013, the County adopted ordinance number 2013-4, authorizing the creation of the Dauphin County Land Bank Authority, a component unit of the County created with the purpose of deterring blight and to return vacant property to productive status.

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 35: SUBSEQUENT EVENTS

- D. In July of 2013, the Dauphin County Industrial Development Authority closed on the Guaranteed Lease Revenue Note, Series of 2013 in the principal amount of \$1,384,967 to finance the purchase, acquisition and construction of a new district justice office building and pay for costs incurred in connection with the issuance of the Note. Once completed, the building will be leased to the County for use as a magisterial district justice office and court room. As such, the County has pledged its full faith, credit and taxing power to guarantee the debt service payments related to both principal and interest due on the Lease Revenue Note, Series of 2013.
- E. Between January and September 2013, the County paid an additional \$4.5 million toward the Harrisburg Incinerator debt after the default of the Harrisburg Authority and the City of Harrisburg.

Component Unit – Subsequent Events

Dauphin County General Authority

On April 30, 2013, the General Authority executed a settlement agreement to sell the 10 Mars Street property, located on the Dauphin Highlands Golf Course, in the amount of \$75,000.

Dauphin County Industrial Development Authority ("IDA")

In December 2012, the IDA closed on the Guaranteed Mortgage Revenue Note, Series of 2012 in the principal amount of \$305,000 in order to finance the costs of the Veterans Building Project. Dauphin County has pledged its full faith, credit, and taxing power to guarantee the debt service payments related to both principal and interest due on the Veterans Building Note.

In December 2012, the IDA closed on the Guaranteed Note of 2012 in the principal amount of \$2,550,000 in order to finance the costs of the modification and expansion of the Solar Facility to generate additional solar energy. Dauphin County has pledged its full faith, credit, and taxing power to guarantee the debt service payments related to both principal and interest due on the Solar Facility Note.

REQUIRED
SUPPLEMENTARY
INFORMATION

COUNTY OF DAUPHIN
SCHEDULES OF EMPLOYER CONTRIBUTIONS AND FUNDING PROGRESS
FOR EMPLOYEES RETIREMENT PLAN

Schedule of Employer Contributions

Year Ended December 31	Annual Required Contribution	Percentage Contributed
2012	\$ 8,493,038	100%
2011	\$ 10,293,492	100%
2010	\$ 10,118,006	100%
2009	\$ 7,732,226	100%
2008	\$ 3,377,905	100%
2007	\$ 4,340,916	100%+

The information presented in the required supplementary schedule was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	December 31, 2012
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of projected payroll
Asset valuation method	^ Market value adjusted for unrecognized gains and losses from prior years
Actuarial assumptions:	
Investment rate of return	7.50%
Projected salary increases	4.50%
Includes inflation at:	3.00%
Cost-of-living adjustments	None

^ Asset valuation method changed from five-year smoothed market in 2011 to market value adjusted for unrecognized gains and losses from prior years in 2012.

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2012	\$ 221,525,154	\$ 282,867,937	\$ 61,342,783	78.3%	\$ 75,886,904	80.8%
12/31/2011	\$ 202,614,901	\$ 267,245,263	\$ 64,630,362	75.8%	\$ 75,828,648	85.2%
12/31/2010	\$ 190,544,004	\$ 254,614,559	\$ 64,070,555	74.8%	\$ 75,798,908	84.5%
12/31/2009	\$ 181,680,257	\$ 243,319,733	\$ 61,639,476	74.7%	\$ 77,592,072	79.4%
12/31/2008	\$ 180,822,261	\$ 224,855,097	\$ 44,032,836	80.4%	\$ 71,264,760	61.8%
12/31/2007	\$ 201,142,949	\$ 210,420,043	\$ 9,277,094	95.6%	\$ 66,233,427	14.0%

COUNTY OF DAUPHIN
 SCHEDULE OF FUNDING PROGRESS
 FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2011	\$ -	\$ 14,942,647	\$ 14,942,647	0%	\$ 75,798,908	19.7%
1/1/2009	-	11,290,422	11,290,422	0%	71,264,760	15.8%
1/1/2007	-	6,868,259	6,868,259	0%	63,649,794	10.8%

COUNTY OF DAUPHIN
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Revenues				
Taxes	\$ 98,950,000	\$ 98,950,000	\$ 99,745,703	\$ 795,703
Intergovernmental	39,159,723	40,161,426	37,220,140	(2,941,286)
Charges for Services	17,822,282	17,866,782	18,069,559	202,777
License and Permits	68,500	68,500	111,168	42,668
Court Costs and Fines	4,232,018	4,688,176	3,791,976	(896,200)
Interest and Rents	262,350	262,350	185,288	(77,062)
Total Revenues	160,494,873	161,997,234	159,123,834	(2,873,400)
Expenditures				
Current:				
General Government	15,083,845	15,176,205	13,632,054	1,544,151
Judicial	54,285,325	55,079,648	50,928,613	4,151,035
Public Safety	41,638,589	41,635,276	43,398,077	(1,762,801)
Human Services	30,517,972	30,921,904	28,325,165	2,596,739
Culture and Recreation	2,330,862	2,391,737	2,145,684	246,053
Conservation and Development	4,668,579	4,780,584	4,623,413	157,171
Debt Service				
Principle	6,362,608	6,362,608	6,998,388	(635,780)
Interest	5,037,210	5,037,210	5,002,642	34,568
Total Expenditures	159,924,990	161,385,172	155,054,036	6,331,136
Excess of Revenues Over Expenditures	569,883	612,062	4,069,798	3,457,736
Other Financing Sources (Uses)				
Operating Transfer In	3,122,685	3,080,506	6,050,958	2,970,452
Operating Transfer (Out)	(24,568,324)	(24,568,324)	(15,607,709)	8,960,615
Transfer from Component Units	-	-	619,624	619,624
Loss on Guaranteed Debt Payments	-	-	(17,139,378)	(17,139,378)
Swap Proceeds	-	-	505,000	505,000
Gain (Loss) from Sale of Fixed Assets	4,000	4,000	6,550	2,550
Capital Lease Proceeds	-	-	817,977	817,977
Total Other Financing Uses	(21,441,639)	(21,483,818)	(24,746,978)	(3,263,160)
Net Change in Fund Balances	(20,871,756)	(20,871,756)	(20,677,180)	194,576
Fund Balances - January 1	20,871,756	20,871,756	91,199,378	70,327,622
Fund Balances - December 31	\$ -	\$ -	\$ 70,522,198	\$ 70,522,198

OTHER
SUPPLEMENTARY
INFORMATION

COUNTY OF DAUPHIN
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2012

	<u>Other Special Revenue Funds</u>	<u>Fort Hunter Permanent Fund</u>	<u>Total Other Governmental Funds</u>
<u>Assets</u>			
Cash and Cash Equivalents	\$ 5,067,724	\$ -	\$ 5,067,724
Investments	1,352,719	1,001,827	2,354,546
Receivables:			
Accounts	372,359	-	372,359
Loans	303,396	-	303,396
Due From Other Governments	1,500,892	-	1,500,892
Prepaid Expenses	3,462	-	3,462
Other Assets	62,999	-	62,999
	\$ 8,663,551	\$ 1,001,827	\$ 9,665,378
<u>Liabilities and Fund Balances</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 1,915,704	\$ -	\$ 1,915,704
Accrued Liabilities	248,266	-	248,266
Deferred Revenues	2,460,144	-	2,460,144
Due to Other Funds	146,683	-	146,683
	4,770,797	-	4,770,797
<u>Fund Balances</u>			
Nonspendable	275,280	-	275,280
Restricted	3,617,474	1,001,827	4,619,301
	3,892,754	1,001,827	4,894,581
	\$ 8,663,551	\$ 1,001,827	\$ 9,665,378

COUNTY OF DAUPHIN
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2012

	Other Special Revenue <u>Funds</u>	Fort Hunter Permanent <u>Fund</u>	Total Other Governmental <u>Funds</u>
Revenues			
Hotel Taxes	\$ 9,074,534	\$ -	\$ 9,074,534
Intergovernmental	39,471,191	-	39,471,191
Charges for Services	1,426,944	-	1,426,944
Court Costs and Fines and Fees	1,325,556	-	1,325,556
Interest and Rent	36,715	23,825	60,540
Appreciation in Fair Market Value of Investments	-	60,535	60,535
Miscellaneous Revenue	1,484,777	8,262	1,493,039
	52,819,717	92,622	52,912,339
Total Revenues			
Expenditures			
Current:			
Judicial	7,241,182	-	7,241,182
Public Safety	97,727	-	97,727
Public Works	1,179,281	-	1,179,281
Human Services	38,362,882	-	38,362,882
Conservation and Development	171,274	-	171,274
Culture and Recreation	8,621,177	-	8,621,177
Debt Service			
Principle	572,750	-	572,750
Interest	42,521	-	42,521
	56,288,794	-	56,288,794
Total Expenditures			
Excess of Revenues Over (Under)			
Expenditures	(3,469,077)	92,622	(3,376,455)
Other Financing Sources (Uses)			
Transfers In	3,521,220	-	3,521,220
Transfers Out	(155,670)	-	(155,670)
Proceeds from Asset Disposal	4,761	-	4,761
	3,370,311	-	3,370,311
Total Other Financing Sources (Uses)			
Net Change in Fund Balances	(98,766)	92,622	(6,144)
Fund Balances - Beginning of Year	3,991,520	909,205	4,900,725
Fund Balances - End of Year	\$ 3,892,754	\$ 1,001,827	\$ 4,894,581

COUNTY OF DAUPHIN
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2012

	MH/ID	State Grant	Liquid Fuels Fund	Domestic Relations Fund	Weatherization Program	Hazard Material Emergency Response	Human Services Development Fund
Assets							
Cash and Cash Equivalents	\$ 1,059,148	\$ 273,397	\$ 996,881	\$ 420,085	\$ 200	\$ 191,863	\$ 19,058
Investments	289,426	74,720	272,450	114,797	-	52,437	5,209
Receivables:							
Accounts	112,727	38,530	-	13,015	-	7	-
Loans	-	-	303,396	-	-	-	-
Due From Other Governments	-	-	-	824,047	161,341	-	-
Prepaid Expenses	-	-	-	-	-	-	-
Other Assets	1,034	285	916	652	46,623	184	92
Total Assets	\$ 1,462,335	\$ 386,932	\$ 1,573,643	\$ 1,372,596	\$ 208,164	\$ 244,491	\$ 24,359

Liabilities and Fund Balances							
Liabilities							
Accounts Payable	\$ 306,751	\$ 72,677	\$ 228,653	\$ 14,244	\$ 16,094	\$ 3,479	\$ 7,523
Accrued Liabilities	82,122	2,917	-	78,906	9,219	-	-
Deferred Revenues	1,073,462	-	-	-	91,365	-	16,836
Due to Other Funds	-	-	-	-	57,599	-	-
Total Liabilities	1,462,335	75,594	228,653	93,150	174,277	3,479	24,359
Fund Balances							
Nonspendable	-	-	271,818	-	-	-	-
Restricted	-	311,338	1,073,172	1,279,446	33,887	241,012	-
Total Fund Balances	-	311,338	1,344,990	1,279,446	33,887	241,012	-
Total Liabilities and Fund Balances	\$ 1,462,335	\$ 386,932	\$ 1,573,643	\$ 1,372,596	\$ 208,164	\$ 244,491	\$ 24,359

COUNTY OF DAUPHIN
 COMBINED BALANCE SHEET (CONTINUED)
 NONMAJOR SPECIAL REVENUE FUNDS
 DECEMBER 31, 2012

	Aging Fund	Drug and Alcohol Fund	Drug Act-Forfeited State Property	Drug Act-Forfeited Federal Property	Hotel Tax Fund	ARRA Fund	Total
Assets							
Cash and Cash Equivalents	\$ 516,791	\$ 630,079	\$ 210,963	\$ 158,401	\$ 590,858	\$ -	\$ 5,067,724
Investments	111,806	172,175	54,924	43,292	161,483	-	1,352,719
Receivables:							
Accounts	63,904	7,417	-	136,759	-	-	372,359
Loans	-	-	-	-	-	-	303,396
Due From Other Governments	41,132	385,288	-	-	-	89,084	1,500,892
Prepaid Expenses	2,193	-	1,269	-	-	-	3,462
Other Assets	10,390	800	209	1,147	667	-	62,999
Total Assets	\$ 746,216	\$ 1,195,759	\$ 267,365	\$ 339,599	\$ 753,008	\$ 89,084	\$ 8,663,551
Liabilities and Fund Balances							
Liabilities							
Accounts Payable	\$ 182,983	\$ 299,706	\$ 31,300	\$ -	\$ 752,294	\$ -	\$ 1,915,704
Accrued Liabilities	57,717	15,487	1,184	-	714	-	248,266
Deferred Revenues	397,915	880,566	-	-	-	-	2,460,144
Due to Other Funds	-	-	-	-	-	89,084	146,683
Total Liabilities	638,615	1,195,759	32,484	-	753,008	89,084	4,770,797
Fund Balances							
Nonspendable	2,193	-	1,269	-	-	-	275,280
Restricted	105,408	-	233,612	339,599	-	-	3,617,474
Total Fund Balances	107,601	-	234,881	339,599	-	-	3,892,754
Total Liabilities and Fund Balances	\$ 746,216	\$ 1,195,759	\$ 267,365	\$ 339,599	\$ 753,008	\$ 89,084	\$ 8,663,551

COUNTY OF DAUPHIN
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2012

	MH/ID	\$	State Grant	Liquid Fuels Fund	Domestic Relations Fund	Weatherization Program	Hazard Material Emergency Response	Human Services Development Fund
Revenues								
Hotel Taxes	-	\$	-	-	-	-	-	-
Intergovernmental Charges for Services	23,626,569		-	836,689	3,928,284	232,997	57,476	267,330
Court Costs and Fines and Fees	1,096,557		-	-	70,185	67,994	49,202	-
Interest and Rent	7,980		519,289	-	-	-	-	-
Miscellaneous Revenue	-		1,722	10,308	1,403	-	960	362
			-	-	-	-	-	8,915
Total Revenues	24,731,106		521,011	846,997	3,999,872	300,991	107,638	276,597
Expenditures								
Current:								
Judicial	-		566,709	-	6,095,867	-	-	-
Public Safety	-		-	-	-	-	97,727	-
Public Works	-		-	1,179,281	-	-	-	-
Human Services	25,486,886		-	-	-	483,869	-	272,683
Conservation and Development	-		-	-	-	-	-	-
Culture and Recreation	-		-	-	-	-	-	-
Debt Service	132,750		-	-	-	-	-	-
Principle	25,581		-	-	-	-	-	-
Interest	-		-	-	-	-	-	-
Total Expenditures	25,645,217		566,709	1,179,281	6,095,867	483,869	97,727	272,683
Excess of Revenues Over (Under) Expenditures	(914,111)		(45,698)	(332,284)	(2,095,995)	(182,876)	9,911	3,914
Other Financing Sources (Uses)								
Transfers In	940,374		370	2,319	2,140,487	173,316	300	-
Transfers Out	(26,263)		(50,000)	-	-	-	-	(3,914)
Proceeds from Asset Disposal	-		4,761	-	-	-	-	-
Total Other Financing Sources (Uses)	914,111		(44,869)	2,319	2,140,487	173,316	300	(3,914)
Net Change in Fund Balances	-		(90,567)	(329,965)	44,492	(9,562)	10,211	-
Fund Balances - Beginning of Year	-		401,905	1,674,955	1,234,954	43,449	230,801	-
Fund Balances - End of Year	-		311,338	1,344,990	1,279,446	33,887	241,012	-

COUNTY OF DAUPHIN
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2012

	Aging Fund	Drug and Alcohol Fund	Drug Act-Forfeited State Fund	Drug Act-Forfeited Federal Fund	Hotel Tax Fund	ARRA Fund	Totals
Revenues							
Hotel Taxes	\$ -	\$ -	\$ -	\$ -	\$ 9,074,534	\$ -	\$ 9,074,534
Intergovernmental	5,897,228	3,686,843	-	-	-	937,775	39,471,191
Charges for Services	121,928	21,078	-	-	-	-	1,426,944
Court Costs and Fines and Fees	-	-	577,992	228,275	-	-	1,325,556
Interest and Rent	3,938	4,691	1,126	652	3,583	-	36,715
Miscellaneous Revenue	1,475,862	-	-	-	-	-	1,484,777
Total Revenues	7,498,956	3,712,612	579,118	228,927	9,078,117	937,775	52,819,717
Expenditures							
Current:							
Judicial	-	-	544,350	17,833	-	16,423	7,241,182
Public Safety	-	-	-	-	-	-	97,727
Public Works	-	-	-	-	-	-	1,179,281
Human Services	7,538,658	3,809,783	-	-	-	771,003	38,362,882
Conservation and Development	-	-	-	-	-	171,274	171,274
Culture and Recreation	-	-	-	-	8,621,177	-	8,621,177
Debt Service	-	-	-	-	-	-	572,750
Principle	-	-	-	-	440,000	-	42,521
Interest	-	-	-	-	16,940	-	-
Total Expenditures	7,538,658	3,809,783	544,350	17,833	9,078,117	958,700	56,288,794
Excess of revenues Over (Under)	(39,702)	(97,171)	34,768	211,094	-	(20,925)	(3,469,077)
Other Financing Sources(Uses)							
Transfers In	90,000	143,878	-	-	-	30,176	3,521,220
Transfers Out	(19,535)	(46,707)	-	-	-	(9,251)	(155,670)
Proceeds from Asset Disposal	-	-	-	-	-	-	4,761
Total Other Financing Sources (Uses)	70,465	97,171	-	-	-	20,925	3,370,311
Net Change in Fund Balances	30,763	-	34,768	211,094	-	-	(98,766)
Fund Balances - Beginning of Year	76,838	-	200,113	128,505	-	-	3,991,520
Fund Balances - End of Year	\$ 107,601	\$ -	\$ 234,881	\$ 339,599	\$ -	\$ -	\$ 3,892,754

COUNTY OF DAUPHIN
 COMBINING STATEMENT OF NET POSITION
 NONMAJOR ENTERPRISE FUNDS
 DECEMBER 31, 2012

	Solid Waste Fund	Emergency 911 Operating & Act 56 Wireless Fund	Fort Hunter Operating Fund	Totals
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 92,851	\$ 980,003	\$ 30,784	\$ 1,103,638
Investments	25,376	267,837	-	293,213
Accounts Receivables	201,869	878,783	-	1,080,652
Due from Other Governments	-	36,495	-	36,495
Other Assets	100,164	2,815	-	102,979
Total current assets	420,260	2,165,933	30,784	2,616,977
Noncurrent Assets:				
Capital Assets, Not Being Depreciated	-	-	111,492	111,492
Capital Assets, Being Depreciated, (Net)	1,508,247	1,041,429	420,097	2,969,773
Total noncurrent assets	1,508,247	1,041,429	531,589	3,081,265
Total assets	1,928,507	3,207,362	562,373	5,698,242
LIABILITIES				
Current liabilities:				
Accounts Payable	112,121	14,674	-	126,795
Accrued Liabilities	5,846	93,626	-	99,472
Due to Other Funds	-	875,118	-	875,118
Obligation Under Capital Lease	-	25,470	-	25,470
Total current liabilities	117,967	1,008,888	-	1,126,855
Noncurrent liabilities:				
Accrued Compensated Absences	12,148	404,835	-	416,983
Total noncurrent liabilities	12,148	404,835	-	416,983
Total liabilities	130,115	1,413,723	-	1,543,838
NET POSITION				
Net Investment in Capital Assets	1,508,247	1,015,959	531,589	3,055,795
Unrestricted	290,145	777,680	30,784	1,098,609
Total net position	\$ 1,798,392	\$ 1,793,639	\$ 562,373	\$ 4,154,404

COUNTY OF DAUPHIN
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND
 CHANGES IN FUND NET POSITION
 NONMAJOR ENTERPRISE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2012

	Solid Waste Fund	Emergency 911 Operating & Act 56 Wireless Fund	Fort Hunter Operating Fund	Totals
Operating Revenues				
Charges for Services	\$ 1,200,381	\$ 4,133,262	\$ 48,414	\$ 5,382,057
Total Operating Revenues	1,200,381	4,133,262	48,414	5,382,057
Operating Expenses				
Personnel Services	347,697	4,803,868	-	5,151,565
Contracted Services	687,410	58,659	-	746,069
Supplies and Materials	4,475	32,997	-	37,472
Repairs and Maintenance	87,228	1,446,076	-	1,533,304
Utilities	16,079	393,403	9,071	418,553
Other Services and Charges	200,782	215,321	21,730	437,833
Depreciation and Amortization	86,304	274,858	57,169	418,331
Total Operating Expenses	1,429,975	7,225,182	87,970	8,743,127
Operating Loss	(229,594)	(3,091,920)	(39,556)	(3,361,070)
Nonoperating Revenues (Expenses)				
Interest Income	556	8,672	-	9,228
Interest Expense	-	(3,935)	-	(3,935)
Grants	67,993	-	-	67,993
Total Nonoperating Revenues	68,549	4,737	-	73,286
Loss Before Operating Transfers In	(161,045)	(3,087,183)	(39,556)	(3,287,784)
Transfers In	240,000	650,323	-	890,323
Gain on Disposal of Capital Asset	-	389,426	-	389,426
Total Transfers In	240,000	1,039,749	-	1,279,749
Changes in Net Position	78,955	(2,047,434)	(39,556)	(2,008,035)
Total Net Position - Beginning of Year	1,719,437	3,841,073	601,929	6,162,439
Total Net Position - End of Year	\$ 1,798,392	\$ 1,793,639	\$ 562,373	\$ 4,154,404

COUNTY OF DAUPHIN
STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	Solid Waste Fund	Emergency 911 Operating & Act 56 Wireless Fund	Fort Hunter Operating Fund	Totals
Cash Flows From Operating Activities				
Receipts from Recycling Services	\$ 1,099,814	\$ 3,641,208	\$ -	\$ 4,741,022
Receipts from Recreational Activities	-	-	48,414	48,414
Payments to Employees	(378,218)	(4,716,068)	-	(5,094,286)
Payments to Suppliers	(1,143,214)	(2,163,422)	(30,801)	(3,337,437)
Internal Activity - Payments to other funds	-	875,118	-	875,118
Net Cash Provided by (Used In) Operating Activities	<u>(421,618)</u>	<u>(2,363,164)</u>	<u>17,613</u>	<u>(2,767,169)</u>
Cash Flow From Noncapital Financing Activities				
Operating Transfers In	<u>240,000</u>	<u>650,323</u>	<u>-</u>	<u>890,323</u>
Net Cash Provided by Noncapital Financing Activities	<u>240,000</u>	<u>650,323</u>	<u>-</u>	<u>890,323</u>
Cash Flows from Capital and Related Financing Activities				
Interest Paid	-	(3,935)	-	(3,935)
Grants	67,993	-	-	67,993
Purchase of Capital Assets, net of Disposals	-	231,813	(13,793)	218,020
Gain on Disposal of Capital Assets	-	389,426	-	389,426
Principal Payments on Capital Lease	-	(59,076)	-	(59,076)
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>67,993</u>	<u>558,228</u>	<u>(13,793)</u>	<u>612,428</u>
Cash Flows from Investing Activities				
Interest Income	556	8,672	-	9,228
Investments	15,175	151,845	-	167,020
Net Cash Provided by Investing Activities	<u>15,731</u>	<u>160,517</u>	<u>-</u>	<u>176,248</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(97,894)</u>	<u>(994,096)</u>	<u>3,820</u>	<u>(1,088,170)</u>
Cash and Cash Equivalents, Beginning of Year	<u>190,745</u>	<u>1,974,099</u>	<u>26,964</u>	<u>2,191,808</u>
Cash and Cash Equivalents, End of Year	<u>\$ 92,851</u>	<u>\$ 980,003</u>	<u>\$ 30,784</u>	<u>\$ 1,103,638</u>

COUNTY OF DAUPHIN
STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	Solid Waste Fund	Emergency 911 Operating & Act 56 Wireless Fund	Fort Hunter Operating Fund	Totals
Reconciliation of Operating loss to net cash provided (used) by operating activities				
Operating Loss	\$ (229,594)	\$ (3,091,920)	\$ (39,556)	\$ (3,361,070)
Adjustments to Reconcile Operating Loss to Net Cash Used In Operating Activities				
Depreciation and Amortization Expense	86,304	274,858	57,169	418,331
Change in assets and liabilities				
Accounts Receivable	(100,567)	(492,054)	-	(592,621)
Other Assets	(164)	(915)	-	(1,079)
Accounts Payable	(147,076)	(16,051)	-	(163,127)
Accrued Expenses	(35,064)	30,463	-	(4,601)
Accrued Vacation and Sick Pay	4,543	57,337	-	61,880
Due To/Due From Other Funds	-	875,118	-	875,118
Net Cash Provided by (Used In) Operating Activities	\$ (421,618)	\$ (2,363,164)	\$ 17,613	\$ (2,767,169)

COUNTY OF DAUPHIN, PENNSYLVANIA
 COMBINING STATEMENT OF ASSETS AND LIABILITIES
 AGENCY FUNDS
 DECEMBER 31, 2012

	Tax Claim Agency Fund	Sheriff Agency Fund	Probation and Parole Agency Fund	Treasurer Agency Fund	Prerequisite Agency Fund	Recorder of Deeds Agency Fund	Clerk of Court Agency Fund	Prison Agency Fund	Domestic Relations Agency Fund	Registrar of Wills Agency Fund	Coroner's Agency Fund	Payroll Advance Fund	Children and Youth Agency Fund	Flexible Spending Account	Total
Cash and Cash Equivalents Investments	\$ 2,391,789	\$ 568,715	\$ 398,213	\$ 10,044	\$ 212,410	\$ 908,072	\$ 911,733	\$ 2,057,311	\$ 38,188	\$ 85,209	\$ 588	\$ 17,508	\$ 51,122	\$ 45,523	\$ 7,784,516
Total Assets	\$ 2,896,047	\$ 568,715	\$ 398,213	\$ 10,044	\$ 212,410	\$ 908,072	\$ 911,733	\$ 2,057,311	\$ 38,188	\$ 85,209	\$ 588	\$ 17,508	\$ 51,122	\$ 45,523	\$ 8,989,372
Accounts Payable	\$ 925,159	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 925,159
Funds Held in Escrow	\$ 2,024,488	\$ -	\$ 398,213	\$ 10,044	\$ 212,410	\$ 908,072	\$ 911,733	\$ 2,057,311	\$ 38,188	\$ 85,209	\$ 588	\$ 17,508	\$ 51,122	\$ 45,523	\$ 5,434,150
Due To Other Governments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Liabilities	\$ 2,949,647	\$ -	\$ 398,213	\$ 10,044	\$ 212,410	\$ 908,072	\$ 911,733	\$ 2,057,311	\$ 38,188	\$ 85,209	\$ 588	\$ 17,508	\$ 51,122	\$ 45,523	\$ 8,989,372

COUNTY OF DAUPHIN
SCHEDULE OF DEPARTMENTAL EXPENDITURES
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2012

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
General Government				
Commissioners - Governing Body				
Personal Services	\$ 717,036	\$ 708,036	\$ 1,166,249	\$ (458,213)
Supplies and Services	2,071,370	2,225,363	1,487,316	738,047
Capital Outlay	-	-	-	-
	<u>2,788,406</u>	<u>2,933,399</u>	<u>2,653,565</u>	<u>279,834</u>
Finance				
Personal Services	335,335	335,335	320,699	14,636
Supplies and Services	18,120	17,774	12,064	5,710
Capital Outlay	-	-	-	-
	<u>353,455</u>	<u>353,109</u>	<u>332,763</u>	<u>20,346</u>
Risk Management				
Personal Services	176,186	176,186	141,071	35,115
Supplies and Services	4,928	4,928	4,230	698
	<u>181,114</u>	<u>181,114</u>	<u>145,301</u>	<u>35,813</u>
Purchasing				
Personal Services	410,334	410,334	361,513	48,821
Supplies and Services	524,354	524,354	450,963	73,391
Capital Outlay	-	-	-	-
	<u>934,688</u>	<u>934,688</u>	<u>812,476</u>	<u>122,212</u>
Voter's Registration				
Personal Services	471,988	471,988	475,301	(3,313)
Supplies and Services	698,700	675,919	662,708	13,211
Capital Outlay	-	8,000	7,517	483
	<u>1,170,688</u>	<u>1,155,907</u>	<u>1,145,526</u>	<u>10,381</u>
Tax Assessment				
Personal Services	1,576,850	1,576,850	1,499,674	77,176
Supplies and Services	1,570,036	1,594,543	1,434,131	160,412
Capital Outlay	-	-	-	-
	<u>3,146,886</u>	<u>3,171,393</u>	<u>2,933,805</u>	<u>237,588</u>
Treasurer				
Personal Services	344,646	331,295	306,160	25,135
Supplies and Services	13,175	26,526	22,596	3,930
Capital Outlay	-	-	-	-
	<u>357,821</u>	<u>357,821</u>	<u>328,756</u>	<u>29,065</u>
Tax Collectors				
Personal Services	188,388	188,388	182,932	5,456
Supplies and Services	70,800	72,416	61,106	11,310
Capital Outlay	-	-	-	-
	<u>259,188</u>	<u>260,804</u>	<u>244,038</u>	<u>16,766</u>

COUNTY OF DAUPHIN
SCHEDULE OF DEPARTMENTAL EXPENDITURES (CONTINUED)
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2012

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
General Government (Continued)				
Personnel				
Personal Services	842,700	842,700	1,589,279	(746,579)
Supplies and Services	909,850	909,850	50,613	859,237
Capital Outlay	-	-	-	-
	<u>1,752,550</u>	<u>1,752,550</u>	<u>1,639,892</u>	<u>112,658</u>
Controller				
Personal Services	1,007,063	1,007,063	937,185	69,878
Supplies and Services	229,069	229,069	241,038	(11,969)
Capital Outlay	-	-	-	-
	<u>1,236,132</u>	<u>1,236,132</u>	<u>1,178,223</u>	<u>57,909</u>
Solicitor				
Personal Services	468,408	468,408	396,873	71,535
Supplies and Services	126,068	126,068	156,651	(30,583)
Capital Outlay	-	-	-	-
	<u>594,476</u>	<u>594,476</u>	<u>553,524</u>	<u>40,952</u>
Public Defender				
Personal Services	2,986,884	2,986,884	2,803,206	183,678
Supplies and Services	885,388	848,515	845,453	3,062
Capital Outlay	-	-	-	-
	<u>3,872,272</u>	<u>3,835,399</u>	<u>3,648,659</u>	<u>186,740</u>
Recorder of Deeds				
Personal Services	564,991	564,991	483,277	81,714
Supplies and Services	671,308	643,895	437,707	206,188
Capital Outlay	-	-	-	-
	<u>1,236,299</u>	<u>1,208,886</u>	<u>920,984</u>	<u>287,902</u>
Facilities Management				
Personal Services	3,313,982	3,311,699	3,016,894	294,805
Supplies and Services	3,044,042	3,022,330	2,705,083	317,247
Capital Outlay	4,848	28,843	23,995	4,848
	<u>6,362,872</u>	<u>6,362,872</u>	<u>5,745,972</u>	<u>616,900</u>
Printing				
Personal Services	-	-	-	-
Supplies and Services	-	-	547	(547)
Capital Outlay	1,344	1,344	20,188	(18,844)
	<u>1,344</u>	<u>1,344</u>	<u>20,735</u>	<u>(19,391)</u>
Data Processing				
Personal Services	2,249,080	2,094,736	1,922,391	172,345
Supplies and Services	1,209,030	1,235,539	1,148,565	86,974
Capital Outlay	226,494	354,329	797,789	(443,460)
	<u>3,684,604</u>	<u>3,684,604</u>	<u>3,868,745</u>	<u>(184,141)</u>

COUNTY OF DAUPHIN
SCHEDULE OF DEPARTMENTAL EXPENDITURES (CONTINUED)
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
General Government (Continued)				
Veterans' Affairs				
Personal Services	96,357	96,357	136,320	(39,963)
Supplies and Services	126,593	127,250	105,868	21,382
Capital Outlay	-	-	-	-
	<u>222,950</u>	<u>223,607</u>	<u>242,188</u>	<u>(18,581)</u>
Gasoline Center				
Supplies and Services	28,100	28,100	23,740	4,360
Capital Outlay	-	-	-	-
	<u>28,100</u>	<u>28,100</u>	<u>23,740</u>	<u>4,360</u>
Pass-through Library Grant	-	-	-	-
Less: Indirect Cost Reimbursement	<u>(13,100,000)</u>	<u>(13,100,000)</u>	<u>(12,806,838)</u>	<u>(293,162)</u>
Total General Government	<u>\$ 15,083,845</u>	<u>\$ 15,176,205</u>	<u>\$ 13,632,054</u>	<u>\$ 1,544,151</u>

COUNTY OF DAUPHIN
 SCHEDULE OF DEPARTMENTAL EXPENDITURES (CONTINUED)
 BUDGET AND ACTUAL
 GENERAL FUND
 YEAR ENDED DECEMBER 31, 2012

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Judicial				
Courts				
Personal Services	\$ 2,446,577	\$ 2,446,577	\$ 2,182,226	\$ 264,351
Supplies and Services	3,605,749	3,648,462	3,553,370	95,092
Capital Outlay	-	-	-	-
	<u>6,052,326</u>	<u>6,095,039</u>	<u>5,735,596</u>	<u>359,443</u>
Court Reporters				
Personal Services	1,425,622	1,425,622	1,316,422	109,200
Supplies and Services	72,276	72,276	43,976	28,300
Capital Outlay	-	-	-	-
	<u>1,497,898</u>	<u>1,497,898</u>	<u>1,360,398</u>	<u>137,500</u>
Jury Commissioners				
Personal Services	-	-	-	-
Supplies and Services	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District Justices				
Personal Services	4,714,041	4,714,041	4,218,521	495,520
Supplies and Services	2,041,566	2,077,309	1,690,694	386,615
Capital Outlay	171,423	171,423	-	171,423
	<u>6,927,030</u>	<u>6,962,773</u>	<u>5,909,215</u>	<u>1,053,558</u>
Law Library				
Personal Services	102,994	102,994	90,852	12,142
Supplies and Services	460,969	446,963	340,621	106,342
Capital Outlay	-	-	-	-
	<u>563,963</u>	<u>549,957</u>	<u>431,473</u>	<u>118,484</u>
Night Court				
Personal Services	221,345	221,345	232,475	(11,130)
Supplies and Services	21,045	19,845	6,204	13,641
Capital Outlay	-	-	-	-
	<u>242,390</u>	<u>241,190</u>	<u>238,679</u>	<u>2,511</u>
Clerk of Courts				
Personal Services	1,518,337	1,516,737	1,318,563	198,174
Supplies and Services	375,241	480,350	348,213	132,137
Capital Outlay	-	5,431	5,431	-
	<u>1,893,578</u>	<u>2,002,518</u>	<u>1,672,207</u>	<u>330,311</u>

COUNTY OF DAUPHIN
SCHEDULE OF DEPARTMENTAL EXPENDITURES (CONTINUED)
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2012

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Judicial (Continued)				
Coroner				
Personal Services	561,505	561,505	542,631	18,874
Supplies and Services	517,828	497,396	497,700	(304)
Capital Outlay	-	88,317	88,572	(255)
	<u>1,079,333</u>	<u>1,147,218</u>	<u>1,128,903</u>	<u>18,315</u>
District Attorney				
Personal Services	3,531,924	3,531,924	3,276,034	255,890
Supplies and Services	1,116,681	1,195,409	1,047,805	147,604
Capital Outlay	-	-	-	-
	<u>4,648,605</u>	<u>4,727,333</u>	<u>4,323,839</u>	<u>403,494</u>
Criminal Investigation				
Personal Services	1,566,584	1,566,584	1,469,451	97,133
Supplies and Services	619,388	593,172	564,370	28,802
Capital Outlay	36,824	36,824	34,853	1,971
	<u>2,222,796</u>	<u>2,196,580</u>	<u>2,068,674</u>	<u>127,906</u>
Prothonotary				
Personal Services	1,008,354	1,006,354	954,657	51,697
Supplies and Services	313,453	417,191	378,979	38,212
Capital Outlay	19,945	17,405	17,075	330
	<u>1,341,752</u>	<u>1,440,950</u>	<u>1,350,711</u>	<u>90,239</u>
Registrar of Wills				
Personal Services	500,199	490,199	458,030	32,169
Supplies and Services	291,081	328,891	260,021	68,870
Capital Outlay	-	-	4,845	(4,845)
	<u>791,280</u>	<u>819,090</u>	<u>722,896</u>	<u>96,194</u>
Sheriff				
Personal Services	3,455,486	3,438,586	3,380,995	57,591
Supplies and Services	751,073	764,987	740,378	24,609
Capital Outlay	-	86,000	84,759	1,241
	<u>4,206,559</u>	<u>4,289,573</u>	<u>4,206,132</u>	<u>83,441</u>
Cost & Fines				
Personal Services	224,757	224,757	215,664	9,093
Supplies and Services	28,506	27,440	26,505	935
Capital Outlay	-	-	-	-
	<u>253,263</u>	<u>252,197</u>	<u>242,169</u>	<u>10,028</u>

COUNTY OF DAUPHIN
SCHEDULE OF DEPARTMENTAL EXPENDITURES (CONTINUED)
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2012

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Judicial (Continued)				
Adult Probation				
Personal Services	11,556,914	11,556,914	11,153,771	403,143
Supplies and Services	1,718,100	1,837,024	1,740,217	96,807
Capital Outlay	97,103	82,870	48,479	34,391
	<u>13,372,117</u>	<u>13,476,808</u>	<u>12,942,467</u>	<u>534,341</u>
Juvenile Probation				
Personal Services	6,486,616	6,449,146	6,112,622	336,524
Supplies and Services	1,343,080	1,406,684	1,160,607	246,077
Capital Outlay	-	37,470	-	37,470
	<u>7,829,696</u>	<u>7,893,300</u>	<u>7,273,229</u>	<u>620,071</u>
Victim Witness				
Personal Services	67,081	67,081	66,370	711
Supplies and Services	679,988	804,473	764,632	39,841
	<u>747,069</u>	<u>871,554</u>	<u>831,002</u>	<u>40,552</u>
Pretrial				
Personal Services	-	-	-	-
Supplies and Services	454,670	454,670	415,556	39,114
	<u>454,670</u>	<u>454,670</u>	<u>415,556</u>	<u>39,114</u>
RO County Records Improvement				
Supplies and Services	139,000	139,000	75,467	63,533
Capital Outlay	22,000	22,000	-	22,000
	<u>161,000</u>	<u>161,000</u>	<u>75,467</u>	<u>85,533</u>
Total Judicial	<u>\$ 54,285,325</u>	<u>\$ 55,079,648</u>	<u>\$ 50,928,613</u>	<u>\$ 4,151,035</u>

COUNTY OF DAUPHIN
SCHEDULE OF DEPARTMENTAL EXPENDITURES (CONTINUED)
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Public Safety				
Prison				
Personal Services	\$ 28,858,447	\$ 28,788,447	\$ 30,302,294	\$ (1,513,847)
Supplies and Services	10,501,496	10,539,866	9,620,923	918,943
Capital Outlay	-	40,064	40,064	-
	<u>39,359,943</u>	<u>39,368,377</u>	<u>39,963,281</u>	<u>(594,904)</u>
 Emergency Services				
Personal Services	742,480	742,480	760,559	(18,079)
Supplies and Services	1,528,166	1,522,075	2,663,482	(1,141,407)
Capital Outlay	8,000	2,344	10,755	(8,411)
	<u>2,278,646</u>	<u>2,266,899</u>	<u>3,434,796</u>	<u>(1,167,897)</u>
 Total Public Safety	<u>\$ 41,638,589</u>	<u>\$ 41,635,276</u>	<u>\$ 43,398,077</u>	<u>\$ (1,762,801)</u>

COUNTY OF DAUPHIN
SCHEDULE OF DEPARTMENTAL EXPENDITURES (CONTINUED)
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Human Services				
Personal Services	\$ 418,799	\$ 448,629	\$ 594,043	\$ (145,414)
Supplies and Services	30,099,173	30,473,275	27,731,122	2,742,153
Capital Outlay	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Human Services	\$ 30,517,972	\$ 30,921,904	\$ 28,325,165	\$ 2,596,739
	<hr/>	<hr/>	<hr/>	<hr/>
Culture and Recreation				
Parks				
Personal Services	\$ 1,300,442	\$ 1,300,442	\$ 1,270,366	\$ 30,076
Supplies and Services	1,030,420	1,091,295	875,318	215,977
Capital Outlay	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Culture and Recreation	\$ 2,330,862	\$ 2,391,737	\$ 2,145,684	\$ 246,053
	<hr/>	<hr/>	<hr/>	<hr/>
Conservation and Development				
Cooperative Extension				
Personal Services	\$ 263,224	\$ 263,224	\$ 252,125	\$ 11,099
Supplies and Services	247,761	246,972	246,349	623
Capital Outlay	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cooperative Extension	510,985	510,196	498,474	11,722
	<hr/>	<hr/>	<hr/>	<hr/>
Conservation Programs				
Personal Services	1,067,642	1,067,642	993,189	74,453
Supplies and Services	662,054	770,901	579,167	191,734
Capital Outlay	-	-	190,011	(190,011)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Conservation Programs	1,729,696	1,838,543	1,762,367	76,176
	<hr/>	<hr/>	<hr/>	<hr/>
Economic Development				
Personal Services	385,070	385,070	323,036	62,034
Supplies and Services	2,042,828	2,046,775	2,039,536	7,239
Capital Outlay	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Economic Development	2,427,898	2,431,845	2,362,572	69,273
	<hr/>	<hr/>	<hr/>	<hr/>
Housing Redevelopment				
Supplies and Services	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Housing Redevelopment	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Conservation and Development	\$ 4,668,579	\$ 4,780,584	\$ 4,623,413	\$ 157,171

COUNTY OF DAUPHIN
SCHEDULE OF DEPARTMENTAL EXPENDITURES (CONTINUED)
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Debt Service				
Principal	\$ 6,362,608	\$ 6,362,608	\$ 6,998,388	\$ (635,780)
Interest	5,037,210	5,037,210	4,877,642	159,568
Total Debt Service	<u>\$ 11,399,818</u>	<u>\$ 11,399,818</u>	<u>\$ 11,876,030</u>	<u>\$ (476,212)</u>
Other Financing Uses				
Interfund Transfers to				
Domestic Relations Fund	\$ 2,140,487	\$ 2,140,487	\$ 2,140,487	\$ -
MH/MR Fund	888,100	888,100	889,811	(1,711)
Office of Aging Fund	90,000	90,000	90,000	-
Drug and Alcohol Fund	207,871	207,871	141,168	66,703
Children, Youth, and Families Fund	11,500,000	11,500,000	10,742,873	757,127
State Grant Fund	-	-	-	-
Human Services Development Fund	40,000	40,000	-	40,000
Hazard Materials Emergency Response Fund	-	-	300	(300)
Weatherization	30,000	30,000	173,316	(143,316)
Liquid Fuels	-	-	2,319	(2,319)
ARRA	-	-	-	-
Affordable Housing	-	-	-	-
911 - EMA Communications Fund	650,000	650,000	650,323	(323)
Solid Waste	-	-	650,000	(650,000)
Capital Projects Fund	-	-	-	-
Human Service Building Fund	500,000	500,000	-	500,000
General Fund	721,866	721,866	362,798	359,068
Debt Service	7,800,000	7,800,000	-	7,800,000
Total Interfund Transfers	<u>\$ 24,568,324</u>	<u>\$ 24,568,324</u>	<u>\$ 15,843,395</u>	<u>\$ 8,724,929</u>

**COUNTY OF DAUPHIN
HARRISBURG, PENNSYLVANIA**

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

COUNTY OF DAUPHIN, PENNSYLVANIA

YEAR ENDED DECEMBER 31, 2011

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report on Financial Statements	1 - 2
Management's Discussion and Analysis	3 - 18
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Assets (Deficit)	19
Statement of Activities	20
Fund Financial Statements	
Balance Sheet – Governmental Funds	21 - 22
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets	23
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	24
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	25
Statement of Net Assets (Deficit) – Proprietary Funds	26
Statement of Revenues, Expenses and Changes in Fund Net Assets (Deficit) – Proprietary Funds	27
Statement of Cash Flows – Proprietary Funds	28 - 29
Statement of Fiduciary Net Assets – Fiduciary Funds	30
Statement of Changes in Fiduciary Net Assets – Fiduciary Funds	31
Combining Statement of Net Assets (Deficit) – Component Units	32
Combining Statement of Activities – Component Units	33
Notes to Financial Statements	34 -125
Required Supplementary Information	
Schedules of Employer Contributions and Funding Progress – Employees Retirement Plan	127
Schedule of Funding Progress – Postemployment Benefits Other than Pensions	128
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	129
Other Supplementary Information	
Combining Balance Sheet – Nonmajor Governmental Funds	131
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	132
Combining Balance Sheet – Nonmajor Special Revenue Funds	133 - 134
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit) - Nonmajor Special Revenue Funds	135 - 136
Combining Statement of Net Assets – Nonmajor Enterprise Funds	137
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets – Nonmajor Enterprise Funds	138
Combining Statement of Cash Flows – Nonmajor Enterprise Funds	139 - 140
Combining Statement of Assets and Liabilities – Agency Funds	141
Schedule of Departmental Expenditures – Budget and Actual General Fund	142 - 150

Zelenkofske Axelrod LLC

INDEPENDENT AUDITORS' REPORT

Commissioners
County of Dauphin
Harrisburg, Pennsylvania

We have audited the accompanying financial statements of the governmental activities, the business type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of COUNTY OF DAUPHIN as of and for the year ended December 31, 2011, which collectively comprise the COUNTY OF DAUPHIN's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the COUNTY OF DAUPHIN's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the aggregate discretely presented component unit financial statements for the Dauphin County General Authority, which represents 77.61 percent and 46.86 percent, respectively of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by another auditor whose report thereon has been furnished to us, and our opinion insofar as it relates to the amounts for the Dauphin County General Authority is based solely on the report of the other auditor.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the Dauphin County General Authority and the Dauphin County Industrial Development Authority were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of another auditor provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of another auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the COUNTY OF DAUPHIN as of December 31, 2011, and the respective changes in financial position and cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the financial statements, in 2011 the COUNTY OF DAUPHIN adopted the provisions of Governmental Accounting Standards Board's Statement No. 54 "*Fund Balance Reporting and Governmental Fund Type Definitions*", and Statement No. 59 "*Financial Instruments Omnibus*".

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2012, on our consideration of the COUNTY OF DAUPHIN's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of the testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

<i>Harrisburg</i>	<i>Lehigh Valley</i>	<i>Philadelphia</i>	<i>Pittsburgh</i>
830 Sir Thomas Court, Suite 100 Harrisburg, PA 17109 717.561.9200 Fax 717.561.9202	1101 West Hamilton Street Allentown, PA 18101-1043 610.871.5077 Fax 717.561.9202	2370 York Road, Suite A-5 Jamison, PA 18929 215.918.2277 Fax 215.918.2302	3800 McKnight E. Drive, Suite 3805 Pittsburgh, PA 15237 412.367.7102 Fax 412.367.7103

Zelenkofske Axelrod LLC

Commissioners
County of Dauphin
Page 2

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of employer contributions and funding progress, schedule of funding progress for postemployment benefits other than pensions and budgetary comparison information on pages 3 through 18 and pages 127; 128; and 129 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the COUNTY OF DAUPHIN's financial statements as a whole. The combining non-major fund financial statements and schedule of departmental expenditures on pages 131 through 141 and pages 142 through 150 are presented for purposes of additional analysis and are not a required part of the financial statements. The combining non-major fund financial statements and schedule of departmental expenditures are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Zelenkofske Axelrod LLC

ZELENKOFKSKE AXELROD LLC

Harrisburg, Pennsylvania
October 26, 2012

Management's Discussion & Analysis

Introduction

This section of the financial statements for the County of Dauphin (the County) presents a narrative overview and analysis of the County's financial performance for the fiscal year ended December 31, 2011. We recommend that it be read in conjunction with the accompanying basic financial statements and notes to financial statements in order to obtain a thorough understanding of the County's financial condition at December 31, 2011.

Financial Highlights

- Dauphin County's property tax rate of 6.876 mills was not raised in 2011.
- On December 15, 2010, the Board of Commissioners passed a \$154,744,634 General Fund Budget for 2011. A budgeted drawdown on fund balance in the amount of \$23.9 million was necessary in order to cover the initial 2011 expenditure budget. There were no new positions included in the budget.
- On February 4, 2011, the County settled on a \$45,040,000 Basis Swap with the Royal Bank of Canada (RBC). Per the terms of the swap, the County will pay the SIFMA rate to RBC on the 15th of each month, up to a maximum of 20%. RBC will pay to the County on the 15th of each month, 70% of LIBOR plus 38.3 basis points. This swap is tied to the County's 2011 Bonds, the 2005C Bonds, and the 2006 Bonds.
- On March 23, 2011, Standard & Poors upgraded the County's credit rating from 'AA/Negative Outlook' to 'AA/Stable Outlook'. The negative outlook was affirmed in 2009 due to concerns regarding the County's guarantees on the Harrisburg Incinerator Bonds. Reasons given for removing the negative outlook included the very strong General Fund reserve position and the County's willingness to honor its guarantees.
- On June 30, 2011 the County settled on its \$16,655,000 2011 Refunding Bonds. The bonds refunded the 2002A Bonds and generated approximately \$978,000 in savings.
- On November 15, 2011, the County settled on two Forward-Starting Swaps with RBC. The notional amount of the first one is \$20,330,000 with an effective date of 5/15/15, and is tied to the Series B&C Bonds of 2005. The notional amount of the second one is \$14,405,000 with an effective date of 5/15/16, and is tied to the Series of 2006 Bonds. Per the terms of both swaps, RBC pays 70% of 3-month Libor, while the County pays a fixed 2.252% on the first and 2.403% on the second.
- In 2011, Dauphin County paid \$3,758,689.69 toward Harrisburg Incinerator Debt after defaults by the Harrisburg Authority and City on their obligations to make these payments.
- At December 31, 2011 the General Fund's Unassigned Fund Balance was \$22,492,245.
- The County's total net assets decreased by \$4,190,660 in 2011. Unrestricted net assets at year-end were \$37,787,988.

Overview of the Financial Statements

The financial section of this report consists of four parts:

- Management's discussion and analysis (this section)
- Basic financial statements (including notes)
- Required supplementary information
- Supplementary information

Management's discussion and analysis is a guide to reading the financial statements and provides related information to help the reader to better understand the County government. The basic financial statements include notes that provide additional information essential to a full understanding of the financial data provided in the government-wide and fund financial statements. Required supplementary information is provided on the County's pension plan and budget to actual figures for major funds. In addition to these required elements, an optional supplementary section is included with combining and other statements that provide particulars about non-major funds.

The basic financial statements present two different views of the County.

- **Government-wide financial statements**, the first two statements, provide information about the County's overall financial status as well as the financial status of the County's component units.
- **Fund financial statements**, the remaining statements, focus on individual parts of County government. They provide more detail on operations than the government-wide statements. There are three types of fund financial statements:
 - o *Governmental funds statements* show how general government services such as public safety were financed in the short term, as well as what remains for future spending.
 - o *Proprietary fund statements* offer short-term and long-term financial information about the activities the county operates like a business, such as the County's parking garage.
 - o *Fiduciary funds statements* reflect activities involving resources that are held by the County as a trustee or agent for the benefit of others, including employees of the County like the pension plan. Fiduciary funds are not reflected in the government-wide statements because the resources cannot be used to support the County's programs.

Table A-1 shows how the various parts of this annual report are arranged and how they are related to one another.

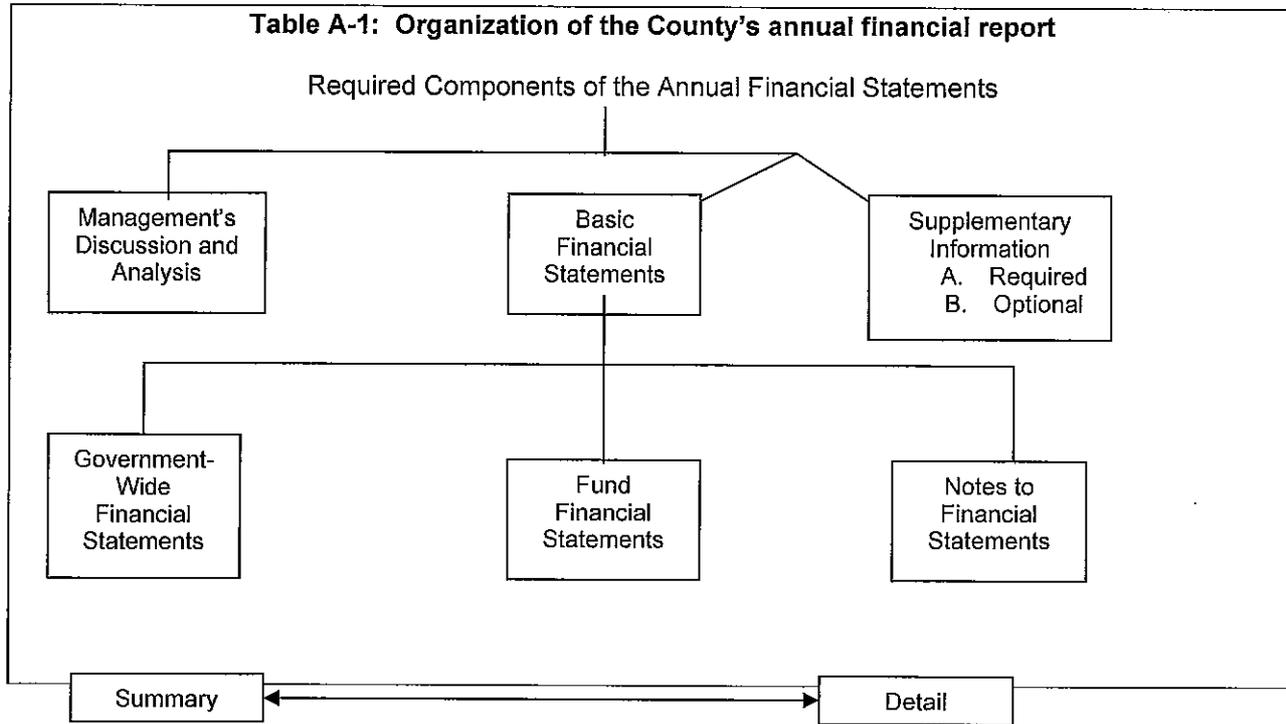


Table A-2 summarizes the major features of the County's financial statements, including the area of the County's activities they cover and the types of information they contain.

Table A-2: Major features of the government-wide and fund financial statements

	Government-wide Statements	Fund Financial Statements		
		Governmental	Proprietary	Fiduciary
Scope	Entire entity and component units (except fiduciary funds)	The day-to-day operating activities of the County, such as public safety and courts	The activities of the County, such as the Parking Garage.	Instances in which the County administers resources on behalf of others, such as the employee pension plan
Required Financial Statements	<ul style="list-style-type: none"> - Statement of net assets - Statement of activities 	<ul style="list-style-type: none"> - Balance Sheet - Statement of revenues, expenditures and changes in fund balance 	<ul style="list-style-type: none"> - Statement of net assets -Statement of revenues, expenses and changes in net assets -Statement of cash flows 	<ul style="list-style-type: none"> - Statement of fiduciary net assets - Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources measurement focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset and liability information	All assets and liabilities, both financial and capital, short-term and long-term	Current assets and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both financial and capital short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow and outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during the year or soon thereafter; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year; regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

The remainder of this overview explains the structure and contents of the government-wide and fund financial statements.

Government-wide Financial Statements

Government-wide financial statements report information about the County as a whole using accounting methods similar to those used by private-sector companies.

- The statement of net assets includes all of the County's assets and liabilities, except fiduciary funds, with the difference between the two reported as net assets. This statement serves a purpose similar to that of the balance sheet of a private-sector business.
- The statement of activities focuses on how the County's net assets changed during the year. Because it separates program revenue (revenue generated by specific programs through charges for services, grants and contributions) from general revenue (revenue provided by taxes and other sources not tied to a particular program), it shows to what extent each program has to rely on local taxes for funding.

All changes to net assets are reported using the accrual method of accounting, which requires that revenues be reported when they are earned and expenses be reported when the goods and/or services are received, regardless of when cash is received or paid.

Net assets are one way to measure the County's financial position. Over time, increases or decreases in the County's net assets are one indicator of whether the County financial position is improving or deteriorating. However, other non-financial factors such as changes in the County's real property tax base and general economic conditions must be considered to assess the overall position of the County.

The primary government and its component units are included in the government-wide financial statements. Component units reflect the activities of legally separate government entities over which the County can exercise influence and/or be obligated to provide financial support. The County has five discretely presented component units including the Conservation District; the General Authority; MH/ID Case Management Unit; Industrial Development Authority; and the Economic Development Corporation. Complete and detailed financial statements for the individual component units are available for public inspection in the County Controller's Office. (See Note 1, Notes to the Financial Statements.)

There are two categories of activities for the primary government.

- Governmental activities include the County's basic services such as general and judicial administration, corrections, public safety, public works, and human services. Property taxes and state and federal grants finance most of these activities.
- Business-type activities such as the County's parking facility and the EMA 911 Communications system charge a fee to customers to help cover the costs of services.

Net assets of the governmental activities differ from the governmental fund balances because governmental fund level statements only report transactions using or providing current financial resources. Also, capital assets are reported as expenditures when financial resources (money) are expensed to purchase or build said assets. Likewise, the financial resources that may have been borrowed are considered revenue when they are received. The principal and interest payments are both considered expenditures when paid. Depreciation is not calculated as it does not provide or reduce current financial resources. Finally, capital assets and long-term debt do not affect fund balances.

Government-wide statements are reported using an economic resources measurement focus and full accrual basis of accounting that involves the following steps to format the statement of net assets:

- Capitalize current outlays of capital assets
- Report long-term debt as a liability

- Depreciate capital assets and allocate the depreciation to the proper program/activities
- Calculate revenue and expense using the economic resources measurement focus and the accrual basis of accounting
- Allocate net asset balances as follows:
 - o Net assets invested in capital assets, net of related debt
 - o Restricted net assets are those with constraints placed on the use by external sources (creditors, grantors, contributors, or laws or regulations of governments) or imposed by law through constitutional provisions or enabling legislation
 - o Unrestricted net assets are net assets that do not meet any of the above restrictions

Fund Financial Statements

Fund financial statements provide more detailed information on the County's most significant funds, *not the County as a whole*. Funds are accounting devices, i.e., a group of related accounts, the County uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by state law. Other funds are established to control and manage resources designated for specific purposes. Fund financial statements are reported using current financial resources and modified accrual accounting established by the Government Accounting Standards Board (GASB) for governments.

The County has three kinds of funds:

- Governmental funds include most of the County's basic services and focus on: (1) the flow in and out of cash and other financial assets that can readily be converted into cash, and: (2) the balances left at year-end that are available for spending. These funds are reported using the modified accrual accounting basis, and a current financial resources measurement focus. Consequently, the governmental funds statements provide a detailed short-term view that helps determine the financial resources available in the near future to finance the County's programs.

The relationship between governmental activities (reported in the statement of net assets and the statement of activities) and governmental funds is described in a reconciliation that follows the governmental fund financial statements.

The County adopts an annual budget for the General, certain special revenue, and capital project funds, as required by the state law. Budgetary comparisons of the County's major funds are presented as required supplementary information.

- Proprietary Funds report business-type programs and activities that charge fees designed to recover the cost of providing services. They report using full accrual accounting.
- Fiduciary Funds are funds for which the County is the trustee or fiduciary. These include the Employee Retirement Fund and certain agency funds, or clearing accounts for assets held by the County in its role as custodian until the funds are allocated to the private parties, organizations, or government agencies to which they belong. The County is responsible to ensure the assets reported in these funds are used for their intended purposes. This fiduciary activity is reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. These funds are excluded from the County's government-wide financial statements because the County cannot use these assets to finance its operations.

Implementation of GASB No. 34

The year ending December 31, 2002 marked the first year that the County reported its financial statements in accordance with GASB No. 34.

Government-Wide Financial Statements

Net Assets

Dauphin County's total assets were \$276,075,315 at December 31, 2011. Of this amount, \$112,209,422 was capital assets and construction-in-progress.

GASB No. 34 requires that all capital assets, including infrastructure, be valued and reported within the governmental activities column of the government-wide financial statements, but allows infrastructure to be added over several years. In 2006, the County fully adopted the provisions of GASB No. 34.

Table A-3
County of Dauphin's
Condensed Statement of Net Assets

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>		Total Percentage Change
	2010	2011	2010	2011	2010	2011	
Current & Other Assets	\$ 169,710,033	\$ 160,423,731	\$ 6,436,332	\$ 3,442,162	\$ 176,146,365	\$ 163,865,893	-7.0%
Capital Assets	101,652,625	104,948,821	8,147,136	7,260,601	109,799,761	112,209,422	2.2%
Total Assets	\$ 271,362,658	\$ 265,372,552	\$ 14,583,468	\$ 10,702,763	\$ 285,946,126	\$ 276,075,315	-3.5%
Long-Term Debt Outstanding	\$ 169,351,671	\$ 128,114,219	\$ 4,815,690	\$ 4,511,111	\$ 174,167,361	\$ 132,625,330	-23.9%
Other Liabilities	33,219,238	69,833,324	1,585,727	833,521	34,804,965	70,666,845	103.0%
Total Liabilities	\$ 202,570,909	\$ 197,947,543	\$ 6,401,417	\$ 5,344,632	\$ 208,972,326	\$ 203,292,175	-2.7%
Net Assets:							
Invested in Cap. Assets, Net Related Debt	\$ (6,154,912)	\$ (2,074,093)	\$ 2,876,629	\$ 2,824,091	\$ (3,278,283)	\$ 749,998	122.9%
Restricted	25,666,745	34,245,154	-	-	25,666,745	34,245,154	33.4%
Unrestricted	49,279,916	35,253,948	5,305,422	2,534,040	54,585,338	37,787,988	-30.8%
Total Net Assets	\$ 68,791,749	\$ 67,425,009	\$ 8,182,051	\$ 5,358,131	\$ 76,973,800	\$ 72,783,140	-5.4%

The following statement of activities represents changes in net assets for the year ended December 31, 2011. It shows revenues by source and expenses by function for governmental activities, business-type activities and the government as a whole.

Table A-4
County of Dauphin's
Condensed Statement of Activities

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>		<u>Total % Change</u>
	2010	2011	2010	2011	2010	2011	
Revenues							
Program Revenues							
Charges for Services	\$ 29,471,081	\$ 26,519,719	\$ 78,296,362	\$ 75,276,489	\$ 107,767,443	\$ 101,796,208	-5.5%
Operating Grants & Contributions	134,435,369	128,852,300	72,630	67,596	134,507,999	128,919,896	-4.2%
General Revenues							
Property Taxes	98,914,846	98,588,435	-	-	98,914,846	98,588,435	-0.3%
Hotel Taxes	8,458,641	8,900,896	-	-	8,458,641	8,900,896	5.2%
In Lieu of Taxes	1,700,024	1,261,808	-	-	1,700,024	1,261,808	-25.8%
Unrestricted Investment Earnings	517,651	353,772	46,524	26,286	564,175	380,058	-32.6%
Gain/Loss on Asset Disposal	6,713	6,900	-	-	6,713	6,900	2.8%
Swap/Options Termination Payments/(Fees)	(2,363,500)	-	-	-	(2,363,500)	-	-100.0%
(Depreciation)/Appreciation in Fair Market Value of Investments	64,132	4,339	-	-	64,132	4,339	-93.2%
Transfers From Component Units	635,589	637,609	-	-	635,589	637,609	0.3%
Transfers In/(Out)	(1,411,552)	(665,116)	1,411,552	665,116	-	-	0.0%
Total Revenues	270,428,994	264,460,662	79,827,068	76,035,487	350,256,062	340,496,149	-2.8%
Program Expenses							
General Government	15,891,018	14,962,285	-	-	15,891,018	14,962,285	-5.8%
Judicial	57,190,514	58,308,574	-	-	57,190,514	58,308,574	2.0%
Public Safety	45,250,006	43,701,896	5,962,956	7,469,461	51,212,962	51,171,357	-0.1%
Public Works	422,910	1,622,670	1,723,845	1,492,312	2,146,755	3,114,982	45.1%
Human Services	115,534,215	114,333,808	70,248,283	68,097,179	185,782,498	182,430,987	-1.8%
Culture & Recreation	10,306,477	10,566,471	-	-	10,306,477	10,566,471	2.5%
Conservation & Development	14,185,820	18,143,699	-	-	14,185,820	18,143,699	27.9%
Interest on Long Term Debt	5,865,430	4,187,999	-	-	5,865,430	4,187,999	-28.6%
Other Programs	-	-	1,567,212	1,800,455	1,567,212	1,800,455	14.9%
Total Program Expenses	264,646,390	265,827,402	79,502,296	78,859,407	344,148,686	344,686,809	0.2%
Change in Net Assets	5,782,604	(1,366,740)	324,772	(2,823,920)	6,107,376	(4,190,660)	-168.6%
Net Assets - Beginning	63,009,145	68,791,749	7,857,279	8,182,051	70,866,424	76,973,800	8.6%
Net Assets - Ending	\$ 68,791,749	\$ 67,425,009	\$ 8,182,051	\$ 5,358,131	\$ 76,973,800	\$ 72,783,140	-5.4%

Net Program Expenses

Net program expenses indicate the amount of support required from taxes and other general revenues for a program of the government. In 2011, general property taxes brought in \$98,588,435. Table A-5 depicts the net program expenses for the year ended December 31, 2011.

Program	Total Cost of Services	Net Cost of Services
General Government	\$ 14,962,285	\$ 8,752,080
Judicial	58,308,574	39,305,892
Public Safety	43,701,896	34,025,516
Public Works	3,114,982	1,099,333
Human Services	182,430,987	11,807,620
Culture & Recreation	10,566,471	10,093,710
Conservation & Development	18,143,699	1,367,972
Interest on Long Term Debt	4,187,999	4,187,999
Other Programs	9,269,916	3,330,583
Total	\$ 344,686,809	\$ 113,970,705

The County relied on property taxes and other general revenues to fund 33.1% of its governmental and business-type activities in 2011.

The property tax is based on the assessed value of real property. The County's 2011 millage rate of 6.876 is unchanged from 2010 and is well below the Commonwealth-set cap of 25 mills for operating costs.

Property taxes and other general revenues covered 58.5% of general government spending in 2011. The remainder of the cost was funded by grants and fees for specific services. 67.4% of judicial system spending came from the property tax and other general revenues with the remainder coming from grants, fines and court costs. Property taxes and other general revenue covered 77.9% of public safety costs with the remainder coming from grants and fees covering room and board at the county prison.

Public Works required tax and other general revenue dollars to cover 35.3% of its expenses in 2011. This area of the County's operations includes the management of a parking garage; the maintenance and replacement of county bridges; and the solid waste and recycling programs.

Program expenditures for Culture & Recreation and Interest on Long Term Debt were almost 100% funded by property taxes and other general revenues, while Human Services expenses required only 6.5% from these sources, with most of the remainder being picked up by state and federal grants.

7.5% of Conservation and Development program expenditures were covered by property tax and other general revenues in 2011. This area of County Government includes Gaming monies from the Hollywood Casino located in Dauphin County which have pushed total expenses much higher in recent years.

Capital Assets

The County's investment in capital assets at December 31, 2011, net of accumulated depreciation, was \$112,209,422 which is up over \$2.4 million from 2010. Capital assets consist primarily of land, buildings and equipment. Table A-6 is a summary of capital assets at December 31, 2011.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>		Total Percentage Change
	2010	2011	2010	2011	2010	2011	
Construction in Progress	\$ 11,628,258	\$ 10,847,916	\$ 63,821	\$ 11,016	\$ 11,692,079	\$ 10,858,932	-7.1%
Infrastructure - Construction-in-Progress	4,769,066	53,663	-	-	4,769,066	53,663	-98.9%
Intangibles	211,827	211,827	-	-	211,827	211,827	0.0%
Land	498,551	498,551	111,492	111,492	610,043	610,043	0.0%
Infrastructure	11,935,947	17,031,217	-	-	11,935,947	17,031,217	42.7%
Buildings & Improvements	82,646,188	82,646,188	3,817,947	3,817,947	86,464,135	86,464,135	0.0%
Machinery & Equipment	40,430,554	48,857,344	12,391,870	12,466,141	52,822,424	61,323,485	16.1%
Furniture & Fixtures	-	-	65,346	23,220	65,346	23,220	-64.5%
Leasehold Assets	11,892,539	12,262,498	15,840,898	15,727,900	27,733,437	27,990,398	0.9%
Accumulated Depreciation	(62,360,305)	(67,460,383)	(24,144,238)	(24,897,115)	(86,504,543)	(92,357,498)	-6.8%
Total Capital Assets	\$ 101,652,625	\$ 104,948,821	\$ 8,147,136	\$ 7,260,601	\$ 109,799,761	\$ 112,209,422	2.2%

'Construction in Progress' (CIP) remained fairly stable in 2011 as the renovations continue on the projects funded by the 2009 construction bonds. These projects include a Juvenile Judicial Center in the County's Human Services Building; a Female Work Release Center at the site of the County's Male Work Release Center; and a new Judicial Center at the site of the old female work release center.

The 'Infrastructure CIP' shows a large decrease with the completion of Bridge 122. The completion of this project also caused the large increase in the 'Infrastructure' section of the table above. All of the County's bridge projects are funded out of the Liquid Fuels Fund. No property tax dollars are used.

Other detailed information about the County's capital assets can be found in Note 6, Notes to Financial Statements.

Debt Administration

Long Term Debt:

At December 31, 2011, the County had \$163,142,154 of long-term debt outstanding. This was a decrease of \$8,343,622 from the previous year. Table A-7 details activity related to the long-term debt.

Type	Beginning Balance	Additions	Reductions	Ending Balance
Bonds & Notes Payable	\$ 161,616,500	\$ 15,655,000	\$ (24,760,000)	\$ 152,511,500
Compensated Absences	7,462,076	541,619	-	8,003,695
Estimated Workers Comp. Claims	2,407,200	219,759	-	2,626,959
Total Long Term Debt	\$ 171,485,776	\$ 16,416,378	\$ (24,760,000)	\$ 163,142,154

The amount of indebtedness a county may incur is limited by Pennsylvania law to 300 percent (non-electoral) and 400 percent (net non-electoral and lease rental) of a three-year average of the total revenue received, exclusive of governmental grants for a specific purpose. The County's non-electoral debt limit at December 31, 2011 was over \$1 billion, and the total non-electoral debt outstanding was approximately \$150 million, well below the debt limit.

At year-end, the County had \$152,511,500 million in bonds and notes outstanding. This figure is down from 2010 as principle continues to be retired. There was no new money issued in 2011 that would have added to the outstanding debt.

More detailed information about the County's long-term liabilities is presented in Note 8 to the financial statements.

Bond Rating

The County's bond rating through Standard & Poors is 'AA Stable Outlook' as of December 31, 2011. This rating was upgraded from a 'Negative Outlook' in March 2011 as detailed on the first page of this analysis. The current combined net non-electoral and net lease rental debt limit is approximately \$1.3 billion.

Governmental Funds

The County of Dauphin uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of governmental funds is to provide information on near-term inflows, outflow, and balances of resources available for spending. Such information is useful in assessing the County's financing requirements. In particular, unreserved/undesignated fund balance may serve as a useful measure of the County's net resources available for spending at the end of the year.

The County's governmental funds include the general fund, special revenue funds, and the capital projects fund. The general fund is the chief operating fund for the County. Special revenue funds are restricted to specific legislated use, while construction and other projects funded primarily through bond issues are run through the Capital Projects Fund. The major funds are shown on the statement of revenues, expenditures and changes in fund balance in the financial statements.

Governmental Fund Revenues

Governmental fund revenues by source at December 31, 2011 and December 31, 2010 were as follows. Table A-8 also presents changes from 2010 to 2011.

Source	2011	2010	Changes from 2010 to 2011
Property Taxes	\$ 98,746,079	\$ 98,928,619	\$ (182,540)
Hotel Taxes	8,900,896	8,458,641	442,255
Intergovernmental	128,516,500	135,810,438	(7,293,938)
Charges for Services	20,900,323	24,209,696	(3,309,373)
License and Permits	79,916	81,145	(1,229)
Court Costs and Fines	5,271,488	5,195,912	75,576
Interest and Rents	427,856	615,504	(187,648)
Appreciation Fair Market Value Investments	4,339	64,132	(59,793)
Miscellaneous Revenue	1,791,516	211,430	1,580,086
Transfers from Component Units	637,609	635,589	2,020
Proceeds from Sale of Fixed Assets	6,900	6,713	187
Capital Lease Proceeds	378,741	318,850	59,891
Bonds/Notes Proceeds	15,655,000	58,126,500	(42,471,500)
Net Premium on Bonds Issued	1,091,219	560,109	531,110
Operating Transfers In	15,286,068	16,546,130	(1,260,062)
Total Revenues	\$ 297,694,450	\$ 349,769,408	\$ (52,074,958)

Governmental fund revenues totaled \$297,694,450 for the year ended December 31, 2011. This is a decrease of approximately \$52 million from the revenue total in 2010.

As in the past few years, reductions in State and Federal funding due to budget constraints are again the main factor in the decrease in the 'Intergovernmental' revenue category. Most of the monies from ARRA, the federal stimulus program, ended in 2010.

The 'Charges for Services' category is showing a \$3.3 million decrease due primarily to the closing of the detention portion of the County's Juvenile Center in late 2010. The payments made by Children & Youth to that facility were classified in this area.

The primary cause of the overall \$52.1 million decrease in total revenue can be found in the 'Bonds/Notes Proceeds' category. In 2010, there was a large refunding of three of the County's existing bond issues, along with a \$36 million note issuance for the Harrisburg Incinerator. In 2011, the only activity in this area was for a refunding of the County's 2002A bonds in the amount of \$15.655 million as shown above.

Governmental Fund Expenditures

Governmental fund expenditures by function at December 31, 2011 and December 31, 2010 were as follows. Table A-9 also presents changes from 2010 to 2011.

Function	2011	2010	Changes from 2010 to 2011
General Government	\$ 13,310,093	\$ 15,246,114	\$ (1,936,021)
Judicial	57,423,430	56,732,643	690,787
Public Safety	40,787,150	44,964,637	(4,177,487)
Public Works	1,578,056	4,683,407	(3,105,351)
Human Services	113,897,014	115,854,754	(1,957,740)
Culture & Recreation	10,585,517	10,088,173	497,344
Conservation & Development	18,137,502	14,388,173	3,749,329
Debt Service Principle	8,607,154	5,571,115	3,036,039
Debt Service Interest	5,284,554	5,456,580	(172,026)
Capital Projects	7,827,806	8,376,398	(548,592)
Payment to Refunded Bond Escrow Agent	16,465,000	23,610,000	(7,145,000)
Swap Option Termination Payments	-	2,363,500	(2,363,500)
Operating Transfers Out	15,951,184	17,957,682	(2,006,498)
Total Expenditures	\$ 309,854,460	\$ 325,293,176	\$ (15,438,716)

Governmental fund expenditures totaled \$309,854,460 for the year ended December 31, 2011. This represents a decrease of approximately \$15.4 million from 2010.

The closing of the detention portion of the County's Juvenile Center caused the reduction in the 'Public Safety' category. The cost to run this center was significantly higher than private sector facilities due to the union contract covering the County employees.

The decrease in the 'Public Works' category expense was due to the Bridge 122 project. The bulk of the expenses for this \$5 million plus Liquid Fuels Fund project occurred in 2010.

'Conservation & Development' category expenses are showing an increase in 2011 as more Gaming Fund projects are funded at the municipal level. All municipalities in Dauphin County are eligible to apply for grants from the County's proceeds of the gaming funds coming out of the Hollywood Casino.

The other two main drivers of the overall decrease in expenditures in 2011 are in debt related categories. The 'Payment to Refunded Bond Escrow Agent' is down because the County didn't borrow as much as it did in 2010. There were no swap options terminated in 2011; therefore, this category had no expenditures in 2011.

Governmental Fund Balances

Table A-10 reflects ending balances for governmental funds and net assets for proprietary funds at December 31, 2011.

Table A-10: 2011 Ending Fund Balances, Governmental Funds; Net Assets, Proprietary Funds		
Fund	Governmental Funds	Proprietary Funds
General Fund	\$ 91,199,378	\$ -
Children & Youth Fund	-	-
Mental Health / Mental Retardation	-	-
Low Income Housing Fund	746,796	-
Gaming Fund	19,331,575	-
Capital Projects Fund	11,800,528	-
Other Governmental Funds	4,900,725	-
Health Choices Fund	-	47,096
Human Services Building Fund	-	(851,404)
Other Enterprise Funds	-	6,162,439
Total	\$ 127,979,002	\$ 5,358,131

The County's governmental funds reported a combined fund balance of \$127,979,002 at December 31, 2011. Of that total, \$22,492,245 was unassigned in the General Fund and is available to meet the County's current and future needs. The Proprietary Funds are showing a balance of \$5,358,131 at year-end.

A detailed breakdown of ending fund balance for the \$4,900,725 in 'Other Governmental Funds' and the \$6,162,439 in 'Other Enterprise Funds' can be found in the 'Other Supplementary Information' section of the financial statements.

Budgetary Highlights

The County budget director revises the budget on an ongoing basis. These revisions include common budget transfers from one line item to another, and amendments to the bottom-line of individual funds. The line item transfers are submitted by department directors, and if reasonable, are entered into the system. No commissioner approval is required for these types of budget revisions. Budget Amendments, which represent increases or decreases to the bottom-line of an individual fund, are entered as new sources of revenue are identified or unplanned operating expenditures become evident. New grants are a common source of budget amendments. The County Board of Commissioners approves these amendments on a quarterly basis.

On December 15, 2010 the Dauphin County Commissioners approved the 2011 General Fund Budget totaling \$154,744,634. It contained a drawdown of fund balance in the amount of \$23,939,949 to meet the initial budgeted expenditures. Throughout the year, budget amendments of \$30,770,064 were approved. The budget amendments resulted in a final General Fund budget for 2011 in the amount of \$185,514,698. The bulk of the amendments processed in 2011 were the result of closing the County's State Grant Fund and moving the accounting for these grants to the General Fund.

In early 2011, a management decision was made to move most of the programs in the County's State Grant Fund to the General Fund. The State Grant Fund is a special revenue fund that has been in existence since the 1980's, and primarily houses grants that run on a July-June fiscal year. Entries were made to move all revenue and expenditure activity to the General Fund effective 7/1/10 with the exception of the Adult Probation Act 35 program which will remain in the State Grant Fund. The resulting revenue and expense increase to the General Fund for this six-month transfer of activity was not included in the final 2010 budget figures. The total annual budget for the programs that were transferred is around \$30 million.

Economic Factors and Next Year's Budget

Economic Conditions

Unemployment in Dauphin County now stands at approximately 7.9%. Pennsylvania's average unemployment rate is 7.5 % and the national unemployment rate is 8.3%.

Homeownership in Dauphin County is at 65.5% with the median value of owner-occupied housing units being \$153,100. There is currently an estimated 268,977 residents within Dauphin County. The estimated median household income is \$52,371.

The County is home to many great companies such as the Hershey Company, HE&R, Milton S. Hershey/Penn State University Medical Center, Phoenix Development Corporation, Pinnacle Health System, Capital Blue Cross, Tyco, Arcelor Mittal, and the Commonwealth of Pennsylvania.

Furthermore, the County houses many institutions of higher education. Penn State University has a four-year campus in Middletown and Harrisburg University is located in the heart of downtown Harrisburg. Harrisburg Area Community College (HACC) is also located in Harrisburg, while Dickinson University and Widener University are located in Dauphin County. Eastern University, Temple University, the University of Phoenix, and Albright University all maintain campuses in the Harrisburg area, offering select undergraduate and graduate degree programs. In addition, the Dixon University Center, also centrally located in Harrisburg, is a regional hub of undergraduate and graduate degree program where students can earn degrees from many statewide institutions such as Shippensburg University, Millersville University, Indiana University of PA, Elizabethtown University, East Stroudsburg University, West Chester University, Clarion University, and a few others.

Situated in the south-central Region of Pennsylvania, Dauphin County is strategically located close to major domestic and international markets. Within a 500 mile radius of the Region lies 40% of the United States population and more than 60% of Canada's population. This fact makes Dauphin County a major distribution hub for the movement of goods. It is estimated that approximately 61,000 freight carriers pass through the county daily and 33% of the nation's gross national product moves through Dauphin County.

These details have come together earning the Harrisburg-Carlisle MSA region many distinctions. SiteSelection.com ranked Harrisburg-Carlisle #6 on its top metro areas in 2010 for new and expanded facilities; Marketwatch.com ranked Harrisburg #9 on its Best US Cities to do business list (2010); Forbes ranked the area No. 5 among America's most livable cities (2010); Forbes also ranked the area No. 2 among America's best places to raise a family.(2010); and the Sports Business Journal named the area the #1 Minor League Sports Market (2011). These lists consider numerous factors such as low unemployment rates, shorter commute times, plentiful entertainment and recreation opportunities, etc.

To support these growth patterns, new economic development projects continue to evolve such as the expansion of TecPort, The Hershey Center for Applied Research, Hollywood Casino, The Swatara Market Place, and other ongoing developments and redevelopments of commercial space throughout the county. There are also proposals for the continued development of the mid-town and downtown sections of Harrisburg, including the construction of additional retail/office space, Federal Building will be relocated in the Mid-Town area, expansion of HACC Mid-Town campus. Advances also exist for a proposed regional rail service, Red Rose Capital Corridor and Corridor 2 (Premium Bus Service), Dauphin County Redevelopment Authority Middletown Inter-Model Center, and many alternative energy projects underway, including the Dauphin County IDA additional 1 Mega Watt Solar Farm Project bringing the Solar Farm to 2 Mega Watts by the end of this year. The Lykens Hotel 44 Mixed Income Rental Units Housing Development project called the Union Street Apartments will hopefully begin construction next year sometime. These developments will provide economic vitality for Dauphin County for years to come.

Next Year's Budget

On December 14, 2011, the Board of Commissioners passed a \$184,493,314 General Fund Budget for 2012 maintaining the 6.876 millage rate. A budgeted drawdown on fund balance in the amount of \$20.9 million was necessary in order to cover the initial 2012 expenditure budget. There were two new positions added to the General Fund at a total cost of approximately \$129,000 including benefits. The cost of these two positions was offset by the elimination of some part-time positions and reductions in service costs.

On February 27, 2012, the County paid \$1,500,000 to the trustee for the Harrisburg University 2007B Bonds. This payment was required per the terms of the County's guaranty on this issue as the University defaulted on its March 1, 2012 debt payment. The County's guaranty is limited to \$1.5 million in any calendar year through 2019.

Dauphin County paid \$2.2 million toward Harrisburg Incinerator Debt from January through August after defaults by the Authority and City so far in 2012. The County continues to honor its obligations in this area.

On October 16, 2012, the County terminated the 2004D Basis Swap and the 2011 Basis Swap. The termination of the 2004D swap resulted in a final net cash benefit to the County of approximately \$405,000 while the 2011 swap netted almost \$645,000 over its term.

The County has 7 labor contracts with four separate unions that represent approximately 57% of all employees. Two of the contracts (Teamsters- Schaffner and the Court Related Non-Professional employees covered by AFSCME) will expire on 12/31/2012 and are currently proceeding through negotiation. All other contracts have been settled. Salary increases for other contracts including the recently settled contracts for the Court Appointed Professionals, Court Related Non-Professional Employees and employees at the Dauphin County Prison are between 2 and 3% for 2011 and all are 3% for 2012. Non-union employees received 2% in salary increases in 2011 and 2012.

Contacting the County's Financial Management

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability. Questions concerning this financial information or requests for additional information should be directed to:

County of Dauphin
Budget & Finance Department
P.O. Box 1295
Harrisburg, PA 17108

COUNTY OF DAUPHIN
STATEMENT OF NET ASSETS (DEFICIT)
DECEMBER 31, 2011

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<u>Assets</u>				
Cash and Cash Equivalents	\$ 48,524,619	\$ 2,352,030	\$ 50,876,649	\$ 2,959,184
Investments	9,360,474	462,598	9,823,072	2,917,569
Inventory	-	-	-	90,433
Receivables:				
Accounts, Net of Allowance	57,380,905	527,826	57,908,731	1,926,313
Taxes	8,388,567	-	8,388,567	-
Interest and Dividends	4,923	-	4,923	5,931
Program Loans	2,534,470	-	2,534,470	74,085
Deferred Loans	3,833,766	-	3,833,766	-
Internal Balances	95,228	(95,228)	-	-
Due From Other Governments	24,250,703	-	24,250,703	817,000
Due From Component Units	137,242	-	137,242	-
Investment in Direct Financing Leases, Current	-	-	-	797,512
Prepaid Expenses	1,244,464	-	1,244,464	328,127
Other Assets	1,109,898	101,900	1,211,798	-
Due From Related Party	-	-	-	166,942
Deferred Issuance Costs on Bonds, Net	-	-	-	991,248
Bond Issuance Costs	-	-	-	55,536
Bond Discount	-	-	-	1,292,307
Deferred Loss on Bonds	-	93,036	93,036	-
Deferred Interest from Refunding	2,269,786	-	2,269,786	-
Loans Receivable, Net of Current Portion	-	-	-	253,567
Investment in Direct Financing Leases, Net of Current Portion	-	-	-	7,872,134
Restricted Cash	1,232,179	-	1,232,179	14,556,797
Restricted Investments	56,507	-	56,507	16,498,493
Capital Assets, Not Being Depreciated	11,611,957	122,508	11,734,465	7,216,324
Capital Assets Being Depreciated, Net	93,336,864	7,138,093	100,474,957	64,747,776
Total Assets	\$ 265,372,552	\$ 10,702,763	\$ 276,075,315	\$ 123,567,278
<u>Liabilities</u>				
Accounts Payable	\$ 7,104,792	\$ 320,604	\$ 7,425,396	\$ 3,873,594
Accrued Liabilities	2,398,189	103,841	2,502,030	13,361,419
Unearned Revenues	12,790,059	-	12,790,059	627,390
Due to Primary Government	-	-	-	137,242
Funds Held in Escrow	431,329	-	431,329	-
Funds Held in Fiduciary Capacity	535,054	-	535,054	-
Security Deposits	-	-	-	8,841
Other Liabilities	4,369,652	-	4,369,652	-
Long-term liabilities				
Portion Due or payable within one year:				
Obligation Under Capital Lease	797,749	409,076	1,206,825	32,586
General Obligation Debt	41,406,500	-	41,406,500	3,971,340
Notes Payable	-	-	-	138,300
Loans Payable	-	-	-	55,572
Portion Due or payable after one year:				
Obligation Under Capital Lease	4,281,236	4,120,470	8,401,706	34,295
General Obligation Debt	111,105,000	-	111,105,000	116,902,143
Notes Payable	-	-	-	1,902,134
Loans Payable	-	-	-	1,805,236
Line of Credit	-	-	-	29,767
Deferred Charge on Debt Refunding, Net	-	-	-	(991,537)
Accrued Compensated Absences	7,648,592	355,103	8,003,695	-
Estimated Workers' Compensation Claims	2,591,421	35,538	2,626,959	-
Unfunded Other Postemployment Benefits	2,487,970	-	2,487,970	-
Total Liabilities	197,947,543	5,344,632	203,292,175	141,888,322
Net Assets (Deficit)				
Invested in Capital Assets, Net of Related Debt	(2,074,093)	2,824,091	749,998	(25,474,266)
Restricted for:				
Program Purposes	21,535,421	-	21,535,421	13,708,087
Debt Service	-	-	-	253,401
Capital Projects	11,800,528	-	11,800,528	-
Permanent Fund	909,205	-	909,205	-
Unrestricted	35,253,948	2,534,040	37,787,988	(6,808,266)
Total Net Assets (Deficit)	\$ 67,425,009	\$ 5,358,131	\$ 72,783,140	\$ (18,321,044)

The accompanying notes are an integral part of the financial statements.

COUNTY OF DAUPHIN
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets				
	Expenses	Indirect Expense Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities	Total	Component Units
Primary government:									
Governmental activities:									
General Government	\$ 25,450,965	\$ (10,488,680)	\$ 5,911,259	\$ 289,946	\$ -	\$ (8,752,080)	\$ -	\$ (8,752,080)	
Judicial	53,005,426	5,303,148	10,172,292	8,830,390	-	(39,305,892)	-	(39,305,892)	
Public Safety	41,926,883	1,775,013	7,541,430	2,134,950	-	(34,025,516)	-	(34,025,516)	
Public Works	1,620,843	1,827	-	782,389	-	(840,281)	-	(840,281)	
Human Services	112,461,597	1,872,211	2,202,963	100,248,912	-	(11,881,933)	-	(11,881,933)	
Culture and Recreation	10,020,111	546,360	130,804	341,857	-	(10,093,710)	-	(10,093,710)	
Conservation and Development	17,992,444	151,255	580,871	16,214,856	-	(1,367,972)	-	(1,367,972)	
Interest and Fiscal Charges on Long Term Debt	4,187,999	-	-	-	-	(4,187,999)	-	(4,187,999)	
Total government activities	266,666,268	(838,866)	29,519,719	128,882,300	-	(110,455,383)	-	(110,455,383)	
Business-type activities:									
Human Services - Health Choices Fund	68,091,896	5,283	68,171,492	-	-	-	74,313	74,313	
Public Works - Human Services Building	861,411	630,901	1,233,260	-	-	-	(259,052)	(259,052)	
Other Programs:									
Public Works - Solid Waste Fund	1,610,431	73,260	861,306	67,596	-	-	(754,779)	(754,779)	
Public Safety - Emergency 911	7,340,029	129,432	4,965,596	-	-	-	(2,503,865)	(2,503,865)	
Culture and Recreation - Fort Hunter	118,774	-	44,835	-	-	-	(71,939)	(71,939)	
Total Other Programs	9,067,234	202,692	5,871,737	67,596	-	-	(3,330,583)	(3,330,583)	
Total business-like activities	78,020,541	838,866	75,276,489	67,596	-	-	(3,515,322)	(3,515,322)	
Total Primary government	\$ 344,686,809	\$ -	\$ 101,796,208	\$ 128,919,896	\$ -	\$ (110,455,383)	\$ (3,515,322)	\$ (113,970,705)	
Component Units:									
Conservation District	\$ 391,187	\$ -	\$ 269,374	\$ 699,923	\$ -	\$ -	\$ -	\$ 578,110	
General Authority	29,855,444	-	26,806,518	-	-	-	-	(3,049,926)	
Mental Health/Mental Retardation	9,945,838	-	194,541	9,667,435	-	-	-	(63,862)	
Case Management Unit	8,392,334	-	650,077	13,019,925	1,706,742	-	-	6,984,410	
Industrial Development Authority	-	-	-	-	-	-	-	-	
Dauphin County Economic Development Corporation	3,778,539	-	370,498	3,932,395	-	-	-	523,354	
Total Component Units	\$ 52,364,342	\$ -	\$ 28,290,008	\$ 27,339,678	\$ 1,706,742	\$ -	\$ -	\$ 4,872,086	
General revenues:									
Taxes:									
Property taxes, levied for general purposes									
Hotel taxes									
In-lieu of taxes									
Unrestricted investment income									
Gain / loss from asset disposal									
Appreciation in Fair Market Value of Investments									
Transfers from Component Unit									
Transfers from/(to) Primary Government									
Transfers in/out									
Total general revenues, special items, and transfers									
Change in net assets									
Net assets - beginning									
Net assets (deficit) - ending									

The accompanying notes are an integral part of the financial statements.

COUNTY OF DAUPHIN
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2011

Assets	General	Children and Youth	Mental Health and Mental Retardation	Low Income Housing	Gaming	Capital Projects	Other Governmental Funds	Total Governmental Funds
Cash and Cash Equivalents	\$ 18,884,614	\$ 2,500	\$ 6,024,110	\$ 637,289	\$ 7,835,102	\$ 11,336,628	\$ 3,804,376	\$ 48,524,619
Investments	4,202,987	-	1,280,660	114,224	1,665,698	998,477	1,684,730	9,946,776
Receivables								
Accounts, net	57,126,161	75,705	-	20,507	-	-	158,532	57,380,905
Taxes, net	8,388,567	-	-	-	-	-	-	8,388,567
Loans	-	-	-	-	2,200,000	-	334,470	2,534,470
Deferred Loans	-	-	-	3,833,766	-	-	-	3,833,766
Interest and Dividends	4,923	-	-	-	-	-	-	4,923
Due From Other Funds	9,715,892	-	-	-	-	-	-	9,715,892
Due From Other Governments	1,870,541	12,596,854	-	-	7,630,775	-	2,152,533	24,250,703
Due From Component Units	137,242	-	-	-	-	-	-	137,242
Prepaid Expenses	1,244,464	-	-	-	-	-	-	1,244,464
Other Assets	-	4,784	-	-	-	-	57,402	62,186
Restricted Assets								
Cash	1,232,179	-	-	-	-	-	-	1,232,179
Investments	56,507	-	-	-	-	-	-	56,507
Total Assets	\$ 102,864,077	\$ 12,679,843	\$ 7,304,770	\$ 4,605,766	\$ 19,331,575	\$ 12,335,105	\$ 8,192,043	\$ 167,313,199

The accompanying notes are an integral part of the financial statements.

COUNTY OF DAUPHIN
BALANCE SHEET
GOVERNMENTAL FUNDS (CONTINUED)
DECEMBER 31, 2011

	General	Children and Youth	Mental Health and Mental Retardation	Low Income Housing	Gaming	Capital Projects	Other Governmental Funds	Total Governmental Funds
Liabilities								
Accounts Payable	\$ 2,145,039	\$ 2,903,426	\$ 368,685	\$ 25,224	\$ -	\$ 534,577	\$ 1,128,841	\$ 7,104,792
Accrued Liabilities	1,167,768	124,917	46,705	-	-	-	146,628	1,486,018
Deferred Revenues	6,104,337	476,398	6,889,380	3,833,766	-	-	1,572,287	18,876,168
Due to Other Funds	-	9,175,102	-	-	-	-	445,562	9,620,664
Funds Held in Escrow	431,329	-	-	-	-	-	-	431,329
Funds Held in Fiduciary Capacity	535,054	-	-	-	-	-	-	535,054
Other Liabilities	1,280,172	-	-	-	-	-	-	1,280,172
Total Liabilities	11,664,699	12,679,843	7,304,770	3,858,990	-	534,577	3,291,318	39,334,197
Fund Balances:								
Nonspendable	47,835,377	-	-	-	2,200,000	-	334,470	50,369,847
Restricted	-	-	-	746,796	17,131,575	11,800,528	4,566,255	34,245,154
Assigned	20,871,756	-	-	-	-	-	-	20,871,756
Unassigned	22,492,245	-	-	-	-	-	-	22,492,245
Total Fund Balances	91,199,378	-	-	746,796	19,331,575	11,800,528	4,900,725	127,979,002
Total Liabilities and Fund Balances	\$ 102,864,077	\$ 12,679,843	\$ 7,304,770	\$ 4,605,786	\$ 19,331,575	\$ 12,335,105	\$ 8,192,043	\$ 167,313,199

The accompanying notes are an integral part of the financial statements.

COUNTY OF DAUPHIN
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET ASSETS
 FOR THE YEAR ENDED DECEMBER 31, 2011

Total fund balances for governmental funds \$ 127,979,002

Total net assets reported for governmental activities in the statement of net assets is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:

Land	498,551
Intangible Assets	211,827
Construction in progress - Infrastructure	53,663
Construction in progress	10,847,916
Infrastructure, net of \$6,265,254 accumulated depreciation	10,765,963
Buildings and improvements, net of \$42,678,821 accumulated depreciation	39,967,367
Machinery and Tools, net of \$9,698,793 accumulated depreciation	39,158,551
Leasehold assets, net of \$8,817,515 accumulated amortization	<u>3,444,983</u>

Total capital assets 104,948,821

The County is self insured for the costs of worker's compensation. The liability for workers' compensation is included in the statement of net assets in the following amount: (2,591,421)

Some of the County's taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred revenue in the funds. 6,086,109

Assets/Liabilities not available to pay for current period's expenditures and therefore not reported in the funds,

Investments in derivative instruments	(586,302)
Other liabilities (unamortized Swap Options)	(143,000)

Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities - both current and long-term - are reported in the statement of net assets. Also, during the year the County issued additional debt. The amount borrowed is received in the governmental funds and increases fund balance. The County incurred costs of \$187,944. The bond issuance costs will be amortized as an adjustment of interest expense over the remaining life of the new debt.

Balances at December 31, 2011 are:

Accrued interest on bonds	(912,171)
General obligation Debt	(152,511,500)
Less Deferred interest from refunding	2,269,786
Capital leases payable	(5,078,985)
Compensated absences	(7,648,592)
Deferred amount of bond issuance costs	1,047,712
Unamortized premiums/discounts	(2,946,480)
Unfunded Other Postemployment Benefits	(2,487,970)
	<u>(168,268,200)</u>

Total net assets of governmental activities \$ 67,425,009

COUNTY OF DAUPHIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	General	Children and Youth	Mental Health and Mental Retardation	Low Income Housing	Gaming	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues								
Property Taxes	\$ 98,746,079	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 98,746,079
Hotel Taxes	-	-	-	-	-	-	8,900,896	8,900,896
Intergovernmental	38,182,649	33,145,836	25,461,517	93,706	14,364,023	305,299	15,963,370	128,516,500
Charges for Services	18,250,381	850,566	945,110	323,826	-	-	530,440	20,900,323
License and Permits	79,916	-	-	-	-	-	-	79,916
Court Costs and Fines	3,924,379	-	-	-	-	-	1,347,109	5,271,488
Interest and Rents	272,664	-	11,102	3,226	59,648	34,323	46,893	427,856
Appreciation in Fair Market Value of Investments	-	-	-	-	-	-	4,339	4,339
Miscellaneous Revenue	-	-	-	-	-	298,686	1,494,830	1,791,516
Total Revenues	159,456,068	33,986,402	26,417,829	420,758	14,423,671	636,308	29,287,877	284,638,913
Expenditures								
Current:								
General Government	13,310,093	-	-	-	-	-	-	13,310,093
Judicial	49,722,491	-	-	-	-	-	7,700,939	57,423,430
Public Safety	40,504,125	-	-	-	-	-	283,025	40,787,150
Public Works	-	-	-	-	-	-	1,578,056	1,578,056
Human Services	30,082,091	43,702,896	27,113,116	-	-	-	12,998,911	113,897,014
Culture and Recreation	2,137,847	-	-	-	-	-	8,447,670	10,585,517
Conservation and Development	3,985,999	-	-	409,432	13,391,620	-	350,451	18,137,502
Debt Service	-	-	-	-	-	-	-	-
Principle	8,040,518	-	141,636	-	-	-	425,000	8,607,154
Interest	5,222,211	-	29,465	-	-	-	32,878	5,284,554
Capital Projects	-	-	-	-	-	7,827,806	-	7,827,806
Total Expenditures	153,005,375	43,702,896	27,284,217	409,432	13,391,620	7,827,806	31,816,930	277,438,276
Excess of Revenues Over (Under)	6,450,693	(9,706,494)	(866,388)	11,326	1,032,051	(7,191,498)	(2,529,053)	(12,799,363)
Other Financing Sources (Uses)								
Transfer In	1,837,752	9,735,952	877,406	9,555	-	260,000	2,565,403	15,286,068
Transfer Out	(14,423,879)	(29,603)	(11,018)	-	(1,380,856)	-	(105,828)	(15,951,184)
Transfers from Component Units	637,609	-	-	-	-	-	-	637,609
Proceeds (Loss) from Asset Disposal	-	145	-	-	-	-	6,755	6,900
Premium on Bonds Issued	1,091,219	-	-	-	-	-	-	1,091,219
Capital Lease Proceeds	378,741	-	-	-	-	-	-	378,741
Payment to Bond Escrow Agent	(16,465,000)	-	-	-	-	-	-	(16,465,000)
Proceeds of General Obligation Debt	15,655,000	-	-	-	-	-	-	15,655,000
Total Other Financing Sources(Uses)	(11,288,558)	9,706,494	866,388	9,555	(1,380,856)	260,000	2,466,330	639,353
Net change in fund balances	(4,837,865)	-	-	20,881	(348,805)	(6,931,498)	(62,723)	(12,160,010)
Fund Balances - Beginning of Year	96,037,243	-	-	725,915	19,680,380	18,732,026	4,963,448	140,139,012
Fund Balances - End of Year	\$ 91,199,378	\$ -	\$ -	\$ 746,796	\$ 19,331,575	\$ 11,800,528	\$ 4,900,725	\$ 127,979,002

The accompanying notes are an integral part of the financial statements.

COUNTY OF DAUPHIN
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED DECEMBER 31, 2011

Net change in fund balances - total governmental funds \$ (12,160,010)

The change in net assets reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$8,577,782) exceeded depreciation (\$5,281,586) and net book value of disposed fixed assets (\$0) in the current period. 3,296,196

Bond proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net assets.

Debt issued:			
General Obligation Debt	(15,655,000)		
Bond issuance costs on new debt issues	187,944		
Premium/discount on new debt issues	(1,091,219)		
Capital Leases	(378,741)		
Repayments:			
General Obligation Debt	7,855,000		
Payment to Bond Escrow Agent	16,465,000		
Capital Leases	752,154		
Net adjustment	8,135,138		8,135,138

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. The differences for the items discussed above are:

Compensated absences expense	(472,670)	
Other postemployment benefits expense	(920,084)	
Investment loss from derivative instruments	973,283	
Amortization of debt premium/discount	283,439	
Amortization of bond issuance costs	(278,887)	
Amortization of deferred interest from refunding	31,402	
Accrued interest on long-term debt	87,318	
Combined adjustment	(296,199)	(296,199)

Under the modified accrual basis of accounting used in governmental funds, revenues are not reported until they become available. In the statement of activities, however, revenues are recorded regardless of when financial resources are available. This is the change in unearned real estate tax revenue from 12/31/10 to 12/31/11. (157,644)

The County is self insured for the costs of worker's compensation. The increase in liability related to the worker's compensation is reported as an increase in expenditures of the governmental activities. (184,221)

Change in net assets of governmental activities \$ (1,366,740)

The accompanying notes are an integral part of the financial statements.

COUNTY OF DAUPHIN
STATEMENT OF NET ASSETS (DEFICIT)
PROPRIETARY FUNDS
DECEMBER 31, 2011

	Health Choices Fund	Human Service Building	Other Enterprise Funds	Total
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 148,997	\$ 11,225	\$ 2,191,808	\$ 2,352,030
Investments	-	2,365	460,233	462,598
Accounts Receivables	-	3,300	524,526	527,826
Other Assets	-	-	101,900	101,900
Total current assets	148,997	16,890	3,278,467	3,444,354
Noncurrent Assets				
Capital Assets, Not Being Depreciated	-	-	122,508	122,508
Capital Assets, Being Depreciated (Net)	-	3,542,985	3,595,108	7,138,093
Deferred Loss on Bonds, Net	-	93,036	-	93,036
Total noncurrent assets	-	3,636,021	3,717,616	7,353,637
Total assets	\$ 148,997	\$ 3,652,911	\$ 6,996,083	\$ 10,797,991
LIABILITIES				
Current liabilities:				
Accounts Payable	\$ 6,673	\$ 24,009	\$ 289,922	\$ 320,604
Accrued Liabilities	-	35,306	68,535	103,841
Due to Other Funds	95,228	-	-	95,228
Obligation Under Capital Lease	-	350,000	59,076	409,076
Total current liabilities	101,901	409,315	417,533	928,749
Noncurrent liabilities:				
Obligation Under Capital Lease	-	4,095,000	25,470	4,120,470
Accrued Workers Compensation	-	-	35,538	35,538
Accrued Compensated Absences	-	-	355,103	355,103
Total noncurrent liabilities	-	4,095,000	416,111	4,511,111
Total liabilities	101,901	4,504,315	833,644	5,439,860
NET ASSETS (DEFICIT)				
Invested in Capital Assets	-	-	-	-
Net of Related Debt	-	(808,979)	3,633,070	2,824,091
Unrestricted	47,096	(42,425)	2,529,369	2,534,040
Total net assets (deficit)	\$ 47,096	\$ (851,404)	\$ 6,162,439	\$ 5,358,131

The accompanying notes are an integral part of the financial statements.

COUNTY OF DAUPHIN
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS (DEFICIT)
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Health Choice Fund	Human Service Building	Other Enterprise Funds	Total
Operating Revenues				
Charges for Services	\$ 68,171,492	\$ 1,233,260	\$ 5,871,737	\$ 75,276,489
Total Operating Revenues	68,171,492	1,233,260	5,871,737	75,276,489
Operating Expenses				
Personnel Services	229,501	-	5,291,818	5,521,319
Contracted Services	34,226	109,650	878,740	1,022,616
Supplies and Materials	651	3,998	60,687	65,336
Repairs and Maintenance	-	95,633	1,608,368	1,704,001
Utilities	468	157,762	368,723	526,953
Other Services and Charges	25,027	630,901	476,933	1,132,861
Claims Expense	67,807,306	-	-	67,807,306
Depreciation and Amortization	-	344,760	577,996	922,756
Total Operating Expenses	68,097,179	1,342,704	9,263,265	78,703,148
Operating Income (Loss)	74,313	(109,444)	(3,391,528)	(3,426,659)
Nonoperating Revenues (Expenses)				
Interest Income	3,507	2	22,777	26,286
Interest Expense	-	(149,608)	(6,651)	(156,259)
Grants	-	-	67,596	67,596
Total Nonoperating Revenues (Expenses)	3,507	(149,606)	83,722	(62,377)
Income (Loss) Before Operating Transfers	77,820	(259,050)	(3,307,806)	(3,489,036)
Transfers In	-	740,128	32,819	772,947
Transfers Out	(107,831)	-	-	(107,831)
Total Transfers In (Out)	(107,831)	740,128	32,819	665,116
Change In Net Assets	(30,011)	481,078	(3,274,987)	(2,823,920)
Total Net Assets (Deficit) - Beginning of Year	77,107	(1,332,482)	9,437,426	8,182,051
Total Net Assets (Deficit) - End of Year	\$ 47,096	\$ (851,404)	\$ 6,162,439	\$ 5,358,131

The accompanying notes are an integral part of the financial statements.

COUNTY OF DAUPHIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Health Choice Fund	Human Service Building	Other Enterprise Funds	Totals
Cash Flows From Operating Activities				
Receipts from Health Choices Services	\$ 68,056,627	\$ -	\$ -	\$ 68,056,627
Receipts from Recycling Services	-	-	5,766,034	5,766,034
Receipts from Recreational Activities	-	-	44,835	44,835
Receipts from Space and Parking Rentals	-	1,236,164	-	1,236,164
Payments to Employees	(229,501)	-	(5,172,869)	(5,402,370)
Payments to Suppliers	(198,339)	(1,021,808)	(3,445,201)	(4,665,348)
Payments for Claims	(67,807,306)	-	-	(67,807,306)
Internal Activity - Payments (from) to other funds	95,228	-	10,741	105,969
Net Cash Provided by (Used in) Operating Activities	(83,291)	214,356	(2,796,460)	(2,665,395)
Cash Flow From Noncapital Financing Activities				
Operating Transfers In (Out)	(107,831)	740,128	32,819	665,116
Net Cash Provided by (Used in) Noncapital Financing Activities	(107,831)	740,128	32,819	665,116
Cash Flows from Capital and Related Financing Activities				
Purchase of Fixed Assets	-	-	(21,466)	(21,466)
Grants	-	-	67,596	67,596
Interest Paid	-	(150,996)	(6,651)	(157,647)
Principal Payments on Capital Lease	-	(350,000)	(57,364)	(407,364)
Principal Payments on Bonds	-	(440,000)	-	(440,000)
Net Cash Used in Capital and Related Financing Activities	-	(940,996)	(17,885)	(958,881)
Cash Flows from Investing Activities				
Interest Income	3,507	2	22,777	26,286
Investments	-	(2,365)	(460,233)	(462,598)
Net Cash Provided by (Used in) Investing Activities	3,507	(2,363)	(437,456)	(436,312)
Net Increase (Decrease) in Cash and Cash Equivalents	(187,615)	11,125	(3,218,982)	(3,395,472)
Cash and Cash Equivalents, Beginning of Year	336,612	100	5,410,790	5,747,502
Cash and Cash Equivalents, End of Year	\$ 148,997	\$ 11,225	\$ 2,191,808	\$ 2,352,030

The accompanying notes are an integral part of the financial statements.

COUNTY OF DAUPHIN
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Health Choice Fund	Human Service Building	Other Enterprise Funds	Totals
Reconciliation of Operating income (loss) to net cash provided by (used in) operating activities				
Operating Income (Loss)	\$ 74,313	\$ (109,444)	\$ (3,391,528)	\$ (3,426,659)
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used In) Operating Activities				
Depreciation and Amortization Expense	-	344,760	577,996	922,756
Change in assets and liabilities				
Accounts Receivable	-	2,900	(60,880)	(57,980)
Accrued Interest	2	4	12	18
Prepaid Expenses	-	-	(1,466)	(1,466)
Accounts Payable	(137,967)	(15,635)	(50,284)	(203,886)
Accrued Expenses	-	(8,229)	50,000	41,771
Deferred Revenue	(114,867)	-	-	(114,867)
Accrued Vacation and Sick Pay	-	-	68,949	68,949
Due To/Due From Other Funds	95,228	-	10,741	105,969
Net Cash Provided by (Used In) Operating Activities	<u>\$ (83,291)</u>	<u>\$ 214,356</u>	<u>\$ (2,796,460)</u>	<u>\$ (2,665,395)</u>

The accompanying notes are an integral part of the financial statements.

COUNTY OF DAUPHIN
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2011

	Retirement Trust <u>Fund</u>	Agency <u>Funds</u>	<u>Totals</u>
ASSETS			
Cash and Cash Equivalents	\$ 4,266,560	\$ 7,589,334	\$ 11,855,894
Investments	200,036,152	449,504	200,485,656
Interest and Dividends Receivable	430,680	-	430,680
Employee Contributions Receivable	<u>3</u>	<u>-</u>	<u>3</u>
Total Assets	<u>\$ 204,733,395</u>	<u>\$ 8,038,838</u>	<u>\$ 212,772,233</u>
LIABILITIES			
Accounts Payable	\$ -	\$ 561,817	\$ 561,817
Benefits Payable	300,638	-	300,638
Funds Held in Escrow	-	5,759,486	5,759,486
Due To Other Governments	<u>-</u>	<u>1,717,535</u>	<u>1,717,535</u>
Total Liabilities	<u>300,638</u>	<u>8,038,838</u>	<u>8,339,476</u>
NET ASSETS			
Held in trust for pension benefits	<u>\$ 204,432,757</u>	<u>\$ -</u>	<u>\$ 204,432,757</u>

The accompanying notes are an integral part of the financial statements.

COUNTY OF DAUPHIN
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2011

	Retirement Trust Fund
Addition:	
Contributions:	
Employee	\$ 4,209,819
Employer	10,293,492
	14,503,311
Investment Income:	
Net Depreciation in Fair Value of Investments	(1,235,740)
Interest	1,554,252
Dividends	1,870,999
Miscellaneous Revenue	17,727
	2,207,238
Less: Investment Expense	568,023
	1,639,215
Total Additions	16,142,526
Deductions:	
Benefits	10,633,488
Refunds of Contributions	613,073
Administrative Expenses	164,791
	11,411,352
Net Increase	4,731,174
Net Assets - Beginning of Year	199,701,583
Net Assets End of Year	\$ 204,432,757

The accompanying notes are an integral part of the financial statements.

COUNTY OF DAUPHIN
COMBINING STATEMENT OF NET ASSETS (DEFICITS)
COMPONENT UNITS
DECEMBER 31, 2011

<u>Assets</u>	Conservation District	General Authority	Case Management Unit	Industrial Development Authority	Dauphin County Economic Development Corporation	Total
Cash and Cash Equivalents	\$ 467,390	\$ 1,146,381	\$ -	\$ 1,333,039	\$ 12,374	\$ 2,959,184
Investments	674,331	2,243,238	-	-	-	2,917,569
Inventory	-	90,433	-	-	-	90,433
Receivables:						
Accounts, Net of Allowance	15,405	680,507	1,219,211	-	11,190	1,926,313
Interest and Dividends	5,743	188	-	-	-	5,931
Loans	-	-	-	74,085	-	74,085
Due from Other Governments	110,155	-	-	-	706,845	817,000
Investment in Direct Financing Leases, Current	-	659,212	-	138,300	-	797,512
Prepaid Expenses	10,922	275,269	41,936	-	-	328,127
Due from Related Party	-	-	-	-	166,942	166,942
Deferred financing costs (net of accumulated amortization)	-	981,248	-	-	-	991,248
Bond Issuance Costs	-	-	-	26,197	29,339	55,536
Bond Discount	-	1,292,307	-	-	-	1,292,307
Loans Receivable, Net of Current Portion	-	-	-	253,567	-	253,567
Investment in Direct Financing Leases, net of Current Portion	-	5,970,000	-	1,902,134	-	7,872,134
Restricted Cash	-	3,331,516	-	8,219,008	3,006,273	14,556,797
Restricted Investments	-	16,498,493	-	-	-	16,498,493
Capital Assets, Not Being Depreciated	-	2,297,903	-	4,918,421	-	7,216,324
Capital Assets, Being Depreciated, Net	756,041	60,428,652	310,924	1,508,424	1,743,735	64,747,776
Total Assets	\$ 2,039,987	\$ 95,905,347	\$ 1,572,071	\$ 18,373,175	\$ 5,676,698	\$ 123,567,278
<u>Liabilities</u>						
Accounts Payable	\$ 16,011	\$ 1,399,169	\$ 153,049	\$ 1,583,866	\$ 721,499	\$ 3,873,594
Accrued Liabilities	-	12,571,088	721,908	8,761	59,664	13,361,419
Unearned Revenues	32,801	589,784	4,805	-	-	627,390
Due to Primary Government	137,242	-	-	-	-	137,242
Security Deposits	-	-	-	8,841	-	8,841
Long-term liabilities						
Portion Due or payable within one year:						
Capital Lease Obligation	-	32,586	-	-	-	32,586
General Obligation Debt	-	3,766,340	-	-	215,000	3,971,340
Notes Payable	-	-	-	138,300	-	138,300
Loans Payable	-	-	-	55,572	-	55,572
Portion Due or payable after one year:						
Capital Lease Obligation	-	34,295	-	-	-	34,295
General Obligation Debt	-	112,727,143	-	-	4,175,000	116,902,143
Notes Payable	-	-	-	1,902,134	-	1,902,134
Loans Payable	-	-	-	1,805,236	-	1,805,236
Line of Credit	-	-	-	29,767	-	29,767
Deferred Charge on Debt Refunding, Net	-	(991,537)	-	-	-	(991,537)
Total Liabilities	186,054	130,118,868	879,760	5,532,477	5,171,163	141,868,322
Net Assets (Deficits)						
Invested in Capital Assets, Net of Related Debt	756,041	(31,007,200)	310,924	4,592,234	(126,265)	(25,474,266)
Restricted for:						
Program Purposes	144,459	2,967,107	381,387	7,106,504	3,108,630	13,708,087
Debt Service	-	253,401	-	-	-	253,401
Unrestricted	953,433	(6,428,829)	-	1,141,960	(2,476,830)	(6,808,266)
Total Net Assets (Deficits)	\$ 1,853,933	\$ (34,213,521)	\$ 692,311	\$ 12,840,698	\$ 505,535	\$ (18,321,044)

COUNTY OF DAUPHIN
COMBINING STATEMENT OF ACTIVITIES
COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Program Revenues					Net (Expense) Revenue and Changes in Net Assets					Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Conservation District	General Authority	Case Management Unit	Industrial Development Authority	Dauphin County Economic Development Corporation		
Conservation District Conservation and Development	\$ 391,187	\$ 269,374	\$ 699,923	\$ -	\$ 578,110	-	-	-	\$ 578,110		
General Authority General Authority Operations	29,855,444	26,805,518	-	-	-	(3,049,926)	-	-	(3,049,926)		
Case Management Unit Human Services	9,845,838	194,541	9,887,435	-	-	-	-	(63,862)	(63,862)		
Industrial Development Authority Conservation and Development	8,392,334	650,077	13,019,925	1,706,742	-	-	6,984,410	-	6,984,410		
Dauphin County Economic Development Corporation Tourism and Economic Development	3,779,639	370,498	3,932,395	-	-	-	-	523,354	523,354		
Total Component Units	\$ 52,364,342	\$ 28,290,008	\$ 27,339,678	\$ 1,706,742	\$ 578,110	\$ (3,049,926)	\$ 6,984,410	\$ 523,354	\$ 4,972,086		
General revenues:											
Unrestricted investment earnings					12,255				198,618		
Transfer from / (to) primary government					(637,609)	156,924		8,044	(637,609)		
Total general revenue, special items, transfers					(625,354)	156,924		8,044	(438,991)		
Change in net assets					(47,244)	(2,893,002)	(63,862)	6,992,454	4,533,095		
Net assets (Deficit) -beginning					1,901,177	(31,320,519)	756,173	5,848,244	(22,854,139)		
Net assets (Deficit) -ending					\$ 1,853,933	\$ (34,213,521)	\$ 692,311	\$ 12,840,698	\$ (18,321,044)		

The accompanying notes are an integral part of the financial statements.

COUNTY OF DAUPHIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies follows:

A. Reporting Entity

The County of Dauphin (the "County") operates under the direction of an elected Board of Commissioners, and provides the following services: general administrative services, tax assessments and collections, judicial, public improvements, public safety and human services programs. The County follows the criteria promulgated by the Governmental Accounting Standards Board ("GASB") Statement No. 39 for purposes of determining the scope of its reporting entity. As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the County of Dauphin (the Primary Government) and its Component Units. The Component Units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

Discretely Presented Component Units

In conformity with accounting principles generally accepted in the United States of America, the financial statements of the Component Units discussed below have been included in the financial reporting entity as discretely presented Component Units.

Dauphin County Conservation District ("District"): The District was formed by the County Commissioners in 1952 pursuant to the Conservation District Law ("Law"). The seven-member board is made up of one County Commissioner and six members appointed by the County Commissioners from a list of nominees received from organizations approved by the Commonwealth of Pennsylvania. The District was formed to manage the conservation of natural resources in the County. The Law gives the Commonwealth certain powers to supervise and direct the operations of the District. Employees of the District are County employees subject to the County Salary Board. The Law also gives the County Commissioners the ability to unilaterally disband the District if they believe a substantial portion of landowners desire such action.

The District operates and reports on a calendar year basis.

Dauphin County General Authority ("General Authority"): The General Authority was incorporated on March 17, 1984. It was created for the purpose of acquiring, financing, holding, constructing, improving, maintaining and operating, owning, and leasing, either in the capacity of lessor or lessee, projects of the kind and character contemplated by law for a general purpose authority. The General Authority's five-member board is appointed by the County Commissioners.

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

Discretely Presented Component Units (Continued)

Dauphin County General Authority ("General Authority"): (Continued)

The County has guaranteed the General Authority Revenue Bonds Series of 2011 (golf course debt). The proceeds were used to refund the Series of 2005 bonds and pay the issuance costs. Series of 2005 bonds were used to advance refund the 1993 Series Bonds which financed the construction of the golf course operated by the General Authority. The General Authority has agreed to pay the County 90% of the revenues net of operating expenses and debt service earned in connection with the golf course. The County has also guaranteed the General Authority's 1992 Series Bonds (lease debt) related to the long-term lease of the human services building and the General Authority's 2009 Series Bonds, Series C and D (lease debt). The County Commissioners must approve all of the General Authority's bond issues, but neither the County nor the General Authority has an ongoing liability for these bond issues other than the golf course and lease debt.

The General Authority reports on a calendar year basis.

Case Management Unit (CMU): The CMU provides case management services to persons with mental illness and mental retardation in the County of Dauphin. CMU performs intake and evaluation for all clients served by Dauphin County MH/MR program, plans and coordinates services for clients with direct service providers and monitors the progress of clients within the Dauphin County system. The MH/MR Program approves the CMU administrator and board member appointments. The County has the ability to dissolve the CMU. Revenues are primarily from contracts with the County.

The CMU operates on a fiscal year ending June 30.

Dauphin County Industrial Development Authority ("IDA"): The IDA was organized in 1967 as a standing authority of Dauphin County. It operates in compliance with the Industrial Development Authority Law, Act No. 102, August 23, 1967.

The IDA's serves as a financing vehicle for industrial development in Dauphin County. The IDA arranges financing through tax exempt and taxable bonds as well as mortgages for manufacturers, non-profits and companies establishing corporate headquarters in the County. The IDA participates in new construction and rehabilitation each year through its industrial recruitment and expansion projects. The IDA also owns several commercial properties which it leases.

The County pays for all significant management and administrative costs required to operate the IDA on a day-to-day basis. IDA's management and support staff are employees of the County. In addition the County has the sole power to appoint members of the IDA's Board of Directors and guarantees the IDA's debts.

The IDA operates and reports on a fiscal year ending September 30.

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

Discretely Presented Component Units (Continued)

Dauphin County Economic Development Corporation ("DCEDC"): The DCEDC is a nonprofit organization which operates in compliance with Section 7502 of the Nonprofit Corporation Law of 1972 and Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. The DCEDC, an economic development corporation, was established to partner in real estate development projects and to channel grant funding to communities and organizations in need of community and economic development assistance. The DCEDC also administers programs to promote tourism and regional development.

The DCEDC is administered by the County of Dauphin through the Dauphin County Department of Community and Economic Development. The Commissioners of Dauphin County have the sole power to appoint members of the DCEDC's Board of Directors. The County pays for all significant management and administrative costs required to operate the DCEDC on a day-to-day basis as the DCEDC's management and support staff are employees of the County. The County also provides significant operating revenue to the DCEDC, primarily through distributions of hotel tax collections.

The DCEDC operates and reports on a calendar year end basis.

B. Related Organizations

The Board of County Commissioners is also responsible for appointing the members of the governing boards of other organizations, but the County's accountability for these organizations does not extend beyond making appointments. The County does not designate management nor does it have the ability to significantly influence the operations of these entities. In addition, the County does not supply any funding (either directly or as a result of special financing relationships) and has no responsibility for fiscal matters for these entities (i.e., not responsible for deficits or entitled to surpluses, no guarantees of debt, etc.). These organizations include:

Authorities

Dauphin County Housing Authority
 Dauphin County Redevelopment Authority
 Dauphin County Hospital Authority
 Dauphin County Library System

Advisory Boards

Dauphin County Parks and Recreation
 Dauphin County Planning Commission
 Aging Advisory Council
 Child Care Advisory Committee
 Mental Health/Mental Retardation Advisory Board
 Woodside Juvenile Detention Center Advisory Board
 Drugs and Alcohol Advisory Board
 Fort Hunter Board

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Joint Ventures

The County is a participant with other municipalities in joint ventures that provide services to the constituents of all the participants. The County has no interest in the equity of these organizations and therefore they should not be included in its financial reporting entity. Separately published audit reports of the Joint Ventures are available for public inspection in the Controller's Office. Condensed financial information relative to these entities is included in the notes herein:

<u>Name of Organization</u>	<u>Cumberland, Dauphin Harrisburg Transit Authority</u>	<u>Tri-County Regional Planning Commission</u>
Services Provided	Bus Services	Regional Planning
Dauphin County Board Representation	3 of 7 Members	11 of 32 Members
Fiscal Year	June 30, 2011	December 31, 2011
Current Assets	\$ 6,410,225	\$ 698,228
Total Assets	\$ 36,731,389	\$ 717,939
Net Assets/Fund Balance	\$ 30,361,226	\$ 395,163
Operating Revenues	\$ 7,027,064	\$ 2,360,274
Operating Income (Loss)	\$ (14,927,223)	\$ 4,588
Net Income (Loss)	\$ 6,014,326	\$ 6,751
Dauphin County Contribution to Operations	\$ 361,826	\$ -
Dauphin County Working Capital Advances	None	None

D. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include; 1) charges to customers or applicants who purchase, use or directly benefit from the goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Government-Wide and Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as a separate column in the fund financial statements.

E. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resource measurement focus and the accrual basis of accounting, as are the proprietary funds and fiduciary funds financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability rather than an expenditure.

Governmental fund financial statements are reported using the current financial resource measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 365 days of the end of the current fiscal period with the exception of property taxes which must be received within 60 days of year end to be deemed available. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Licenses, operating and capital grants, and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable only when the cash is received by the County.

Under the current financial resources measurement focus, only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered to be a measure of "available spendable resources". Governmental funds operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during the period.

Because of their spending measurement focus, expenditure recognition for governmental fund types exclude amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended rather than as fund assets. The proceeds of long-term debt are recorded as another financing source rather than a fund liability. However, debt service expenditures, as well as expenditures related to compensated absences and claims for judgments, are recorded only when payment is due.

The County reports the following major governmental funds:

- The General Fund is the government's primary operating fund. It accounts for all financial revenues of the general government, except those required to be accounted for in another fund. Revenues of this fund are primarily derived from real estate taxes, state and federal grants, and fees for services. Many of the basic activities of the County are accounted for in this fund including operation of general County government, boards, commissions, the court systems, and health and welfare services.
- The Children and Youth Families Fund is used to account for specific revenue sources related to the provisions of Children and Youth that are restricted to expenditures for those specified purposes.
- The Mental Health / Mental Retardation (MHMR) Fund is used to account for specific revenue sources related to the provisions of MHMR that are restricted to expenditures for those specific purposes.
- The Low Income Housing Fund is used to account for specific revenues related to improving economic development opportunities and expanding the supply of low- and moderate-income housing. Revenues are restricted for those specified purposes.
- The Gaming Fund is used to account for revenue received from the operation of Hollywood Casino in East Hanover Township. These funds are to be used at the sole discretion of the Dauphin County Commissioners. The Gaming Advisory Committee advises the County on the need for municipal grants for health, safety, transportation, and other projects in the public interest generated as a result of gaming.
- The Capital Projects Fund is used to account for financial resources to be used for capital acquisitions and the related expenditures.

The County's enterprise funds are proprietary funds. In the fund financial statements, proprietary funds are presented using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. In the fund financial statements, proprietary funds are presented using the economic resources measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net assets.

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

Amounts paid to acquire capital assets are capitalized as assets in the fund financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the fund financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness are reported as a reduction of the related liabilities, rather than an expense.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. Based on the accounting and reporting standards set forth in GASB Statement No. 20, "Accounting and financial reporting for Proprietary funds and other Governmental entities that use Proprietary Fund Accounting", the County has opted to apply only the accounting and reporting pronouncements issued by the Financial Accounting Standard Board (FASB) on or before November 30, 1989 for business-type activities and enterprise funds.

The County reports the following major proprietary funds:

- Health Choices Fund accounts for the fiscal activities of the County Behavioral Health Program.
- Human Services Building Fund accounts for the fiscal activities of the County's Human Services Building.

These proprietary funds are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that costs of providing services to the general public on a continuing basis be financed or recovered primarily through user charges and cost reimbursement plans.

Additionally, the County reports the following fund types:

- The Pension Trust Fund accounts for the revenue (i.e. member contributions, County contributions, and net investment income) and the expenses (i.e. contributions refunded, retirement allowances and death benefits paid) of the Pension Trust Fund.
- The Agency Funds that consist of restricted revenues of the various row offices of the County. The row office funds, in essence are escrow funds maintained by the row offices for bail posted, funds held for sheriff sales, realty transfer taxes held and owed to other governmental entities and other funds received for disposition of legal action.

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Assets, Liabilities, and Net Assets or Fund Balances

1. Cash and Cash Equivalents

For purposes of the accompanying statement of cash flows, the County considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

2. Receivables and Payables

• Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." All receivables are shown net of an allowance for doubtful accounts.

3. Investments

Investments for the County are reported at fair value.

4. Restricted Assets

Restricted Assets represent revenues set-aside for liquidation of specific obligations, as detailed in Note 4.

5. Capital Assets

Capital Assets, which include property, plant and equipment and infrastructure assets (e.g. bridges) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets with initial, individual costs that equal or exceed \$5,000 and estimated useful lives of over one year are recorded as capital assets. Capital assets are recorded at historical costs or estimated costs if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Depreciation is not recognized for intangible (eg. Easements) assets since they have an indefinite life.

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Assets, Liabilities, and Net Assets or Fund Balances (Continued)

5. Capital Assets (continued)

Major outlays for capital assets and improvements are capitalized as projects are completed. Interest incurred during the construction phase of the capital asset of business-type activities is included as part of the capitalized value of the assets constructed.

Capital assets of the County are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Buildings and Improvements	40
Machinery and Equipment	3-20
Infrastructure	40
Leasehold Assets	5-20

6. Allowance for Doubtful Accounts

Accounts receivable have been reported net of allowance for doubtful accounts.

7. Compensated Absences

County policy permits employees to accumulate a limited amount of earned, but unused, vacation and sick leave. These benefits are payable to employees upon separation of services. All leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is recorded. The computed liability is in compliance with GASB 16, *Accounting for Compensated Absences*.

8. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as general government expenditures.

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Assets, Liabilities, and Net Assets or Fund Balances (Continued)

9. Unearned and Deferred Revenues

Revenues that are received but not earned are deferred in the governmental-wide and enterprise fund financial statements. In the County's governmental funds, deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred and unearned revenues also arise when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the County has a legal claim to the resources, the liability for unearned revenue is removed from the governmental funds' balance sheet and revenue is recognized. The County deems revenues received within 365 days of year end to be available with the exception of property taxes, which must be received within 60 days of year end to be deemed available.

10. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions except quasi-external transactions and reimbursements are reported as transfers.

11. Net Assets/Fund Balances

The governmental fund financial present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- *Nonspendable Fund Balance* – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.
- *Restricted Fund Balance* – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Assets, Liabilities, and Net Assets or Fund Balances (Continued)

11. Net Assets/Fund Balances (Continued)

- *Committed Fund Balance* – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Commissioners. These amounts cannot be used for any other purpose unless the Board of Commissioners remove or change the specific use by taking the same type of action (resolution) that was employed when the funds were initially committed.
- *Assigned Fund Balance* – This classification includes amount that are constrained by the County's intent to be used for a specific purpose but are neither restricted nor committed. The Board of Commissioners delegated the responsibility to approve/or remove assigned fund balance that reflect the Commissioner's intended use of the resources to the Budget Director.
- *Unassigned Fund Balance* – This classification represents amounts that are available for any purpose.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance and lastly unassigned fund balance.

The government-wide and business-type activities fund financial statements utilize a net assets presentation. Net assets are categorized as invested in capital assets (net of related debt), restricted and unrestricted.

- *Invested In Capital Assets, Net of Related Debt* – This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- *Restricted Net Assets* – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted Net Assets* – This category represents net assets of the County, not restricted for any project or other purpose.

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the County's policy is to apply restricted net assets first, then unrestricted net assets as they are needed.

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Assets, Liabilities, and Net Assets or Fund Balances (Continued)

12. Accounting Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

G. Adoption of Governmental Accounting Standards Board Statements

The County adopted the provisions of Governmental Accounting Standards Board's Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*". The adoption of this statement resulted in the reclassification of fund balances in the Balance Sheet – Governmental Funds and the modification of certain note disclosures.

The County adopted the provision of GASB Statement No. 59, "*Financial Instruments Omnibus*". The adoption of this statement had no effect on previously reported amounts.

H. Pending Changes in Accounting Principles

In December 2009 the GASB issued Statement No. 57 "*OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*." The County is required to adopt Statement No. 57 for its calendar year 2012 financial statements.

In November 2010, the GASB Issued Statement No. 60, "*Accounting and Financial Reporting for Service Concession Arrangements*". The County is required to adopt statement No. 60 for its calendar year 2012 financial statements.

In November 2010, the GASB Issued Statement No. 61, "*The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*". The County is required to adopt statement No. 61 for its calendar year 2013 financial statements.

In December 2010, the GASB Issued Statement No. 62, "*Codification of Accounting and Financial Reporting Guidance Contained in Pre – November 30, 1989 FASB and AICPA Pronouncements*". The County is required to adopt statement No. 62 for its calendar year 2012 financial statements.

In June 2011, the GASB Issued Statement No. 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*". The County is required to adopt statement No. 63 for its calendar year 2012 financial statements.

In June 2011, the GASB Issued Statement No. 64, "*Derivative Instruments: Application of Hedge Accounting Termination Provisions – an Amendment of GASB Statement No. 53*". The County is required to adopt statement No. 64 for its calendar year 2012 financial statements.

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Pending Changes in Accounting Principles (Continued)

In March 2012, the GASB issued Statement No. 65, *"Items Previously Reported as Assets and Liabilities"*. The County is required to adopt statement No. 65 for its calendar year 2013 financial statements.

In March 2012, the GASB issued Statement No. 66, *"Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62"*. The County is required to adopt statement No. 66 for its calendar year 2013 financial statements.

In June 2012, the GASB issued Statement No. 67, *"Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25"*. The County is required to adopt statement No. 67 for its calendar year 2014 financial statements.

In June 2012, the GASB issued Statement No. 68, *"Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27"*. The County is required to adopt statement No. 68 for its calendar year 2015 financial statements.

The County has not yet completed the various analysis required to estimate the financial statement impact of these new pronouncements.

Component Units - Summary of Significant Accounting Policies

Dauphin County Conservation District

Basis of Accounting

The financial statements of the District are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Capital Assets

Capital assets are recorded at cost. Depreciation is being provided on a straight line method over the estimated useful lives of the assets.

Dauphin County General Authority

Basis of Accounting

The General Authority financial statements are reported using the economic resources measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activities are included on their balance sheet. Net assets are segregated into "invested in capital assets, net of related debt", "restricted" and "unrestricted" components. The financial statements are reported using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Component Units - Summary of Significant Accounting Policies (Continued)

Dauphin County General Authority (Continued)

Basis of Accounting (Continued)

The General Authority's enterprise funds have elected to apply GASB pronouncements only, rather than pronouncements of the Financial Accounting Standards Board issued after November 30, 1989.

Conduit Debt Issues

The General Authority participates in various bond issues for which it has limited liability. Acting solely in an agency capacity, the General Authority serves as a financing conduit, bringing the ultimate borrower and the ultimate lender together for which it receives an administrative fee. Although the General Authority is a party to the Trust indenture with the trustee, the agreements are structured such that there is no recourse against the General Authority in the case of default. As such, the corresponding debt is not reflected on the General Authority's balance sheet.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the General Authority considers all highly liquid investments of a maturity of three months or less when purchased to be cash equivalents.

Investments

Investments are stated at fair value.

Direct Financing Lease Transactions

The General Authority accounts for its leases with various agencies as direct financing leases.

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Component Units - Summary of Significant Accounting Policies (Continued)

Dauphin County General Authority (Continued)

Capital Assets

Capital Assets are recorded at cost. The General Authority provides for depreciation and amortization over the estimated useful lives of the assets using the straight-line method. Upon sale or retirement, the cost and related accumulated depreciation or amortization of such assets are removed from the accounts and any resulting gain or loss is credited or charged to income for the period. Expenditures for maintenance and repairs are charged to income as incurred. Capital assets are defined by the General Authority as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years.

Inventory

Inventory is valued at the lower of cost or market. Cost is determined on the first-in, first-out method. Inventory consists of consumable supplies used for operations and maintenance and also represents items for sale. Inventory is expensed when the items are used or sold.

Deferred Financing Costs

Deferred financing costs, representing issuance costs for the outstanding bonds, net of reimbursement, are amortized over the outstanding terms of the bonds using the effective interest method.

Bond Discount

Bond discounts, representing the underwriters' discount on bonds issued and/or the discount for bonds issued at less than par value, are amortized over the outstanding terms of the bonds using the effective interest method.

Restricted Assets

Restricted assets represent cash and investments maintained in accordance with bond resolutions, loan agreements, grant awards and other resolutions and formal actions of the General Authority or by agreement for the purpose of funding certain debt service payments, depreciation and contingency activities.

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Component Units - Summary of Significant Accounting Policies (Continued)

Dauphin County General Authority (Continued)

Net Assets

Net assets are classified in the following three components: invested in capital assets, net of related debt; restricted and unrestricted net assets. Invested in capital assets, net of related debt, consists of all capital assets, net of accumulated depreciation and reduced by outstanding debt that is attributable to the acquisition, construction and improvement of those assets; debt related to unspent proceeds or other restricted cash and investments is excluded from the determination. Restricted consists of net assets for which constraints are placed thereon by external parties, such as lenders, grantors, contributors, laws, regulations and enabling legislation, including self-imposed legal mandates, less any related liabilities. Unrestricted consists of all other net assets not included in the above categories.

For the time period that the revenue bonds are outstanding and the trust indenture is in effect in each fund, the net assets of the fund are presented as restricted for fund operations.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from primary activities. For the General Authority, these revenues are charges for services, investment income and miscellaneous revenues. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the General Authority.

Case Management Unit

Basis of Presentation

The Case Management Unit's financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Case Management Unit applies all GASB pronouncements as well as FASB statements and interpretations and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Revenue Recognition

Revenue from County program funded contracts is recognized as reimbursable costs are incurred as established by regulations promulgated by the Pennsylvania Department of Public Welfare. Reimbursable costs are reduced by other program income including third-party reimbursements, private payments, and interest income.

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Component Units - Summary of Significant Accounting Policies (Continued)

Case Management Unit (Continued)

Revenue Recognition (Continued)

Net patient service revenue consists of Healthchoices, medical assistance and client fees. These revenues are reported at the estimated net realizable amounts from patients, third-party payers, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payers. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and are adjusted in future periods as final settlements are determined.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Capital Assets

Capital assets of Case Management Unit include furniture and equipment and leasehold improvements and are reported in the financial statements at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Capital assets are defined as assets with an initial, individual cost of more than \$1,500 and an estimated useful life in excess of 3 years.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

Capital assets of Case Management Unit are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Furniture and Equipment	3-10
Leasehold Improvements	10

Income Taxes

The Case Management Unit has been recognized as a not-for-profit corporation which is exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code and also from state income taxes.

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Component Units - Summary of Significant Accounting Policies (Continued)

Case Management Unit (Continued)

Compensated Absences

The Case Management Unit policy permits employees to accumulate a limited amount of earned, but unused vacation and sick leave. These benefits are payable to employees upon separation of services. All leave pay is accrued when incurred in the financial statements. A liability for these amounts is recorded. The computed liability is in compliance with GASB 16, *Accounting for Compensated Absences*.

Dauphin County Industrial Development Authority ("IDA")

Basis of Accounting

The Dauphin County Industrial Development Authority operations are reported as a proprietary fund. This fund is used to account for activities which are associated with the financing of industrial development projects in the County of Dauphin. The financial statements are reported using the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

Pursuant to GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, the Industrial Development Authority follows GASB guidance as applicable to proprietary funds and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict or contradict GASB pronouncements.

Cash and Cash Equivalents

The IDA considers all highly-liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Cash and cash equivalents at September 30, 2011 consist of cash held in bank accounts.

Restricted Assets

Restricted assets represent cash balances from gaming revenues which are restricted for the purpose of providing municipal grants. Restricted assets also consist of cash related to the revolving loan program which is restricted for the purpose of providing loans to businesses as well as security deposits for the property management fund. At September 30, 2011, the restricted cash balance was \$8,219,008.

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Component Units - Summary of Significant Accounting Policies (Continued)

Dauphin County Industrial Development Authority ("IDA") (Continued)

Capital Assets

Capital Assets which include office equipment and furnishings and buildings and building improvements, are recorded at original cost at the time title reverts to the IDA and said assets are in operating condition. The IDA records all capital outlays as capital assets. Capital assets are depreciated using the straight-line method over their estimated useful lives. Estimated useful lives for office equipment furnishings range from three to seven years. The estimated useful life for buildings and building improvements are forty years and fifteen years, respectively.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant estimates and assumptions in the IDA's financial statements related to the collectability of loans and other receivables and the useful lives of fixed assets. Actual results could differ from those estimates.

Long-Term Obligations

Long-term debt and other obligations are reported as noncurrent liabilities. Bond issuance costs in connection with issuing debt are a deferred charge and amortized to expense over the life of the bonds.

Loans Receivable

Loans receivable that management has the intent and ability to hold for the foreseeable future or until maturity or payoff are reported at outstanding principal. Account balances generally are written off when management judges such balances uncollectible such as an account in bankruptcy. Management continually monitors and reviews loan receivable balances. Interest at rates ranging from 3-5% is charged on unpaid balances and is recognized in revenue upon receipt. The IDA's management evaluates the risk and when determined to be necessary, provides an allowance for loans which may become uncollectible. Loans receivable are shown net of an allowance of \$89,571 at September 30, 2011.

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Component Units - Summary of Significant Accounting Policies (Continued)

Dauphin County Industrial Development Authority ("IDA") (Continued)

Direct Financing Lease Transactions

The IDA accounts for its leases with the County of Dauphin as direct financing leases in accordance with FASB No. 13.

Debt Related Costs

Debt related costs include issuance costs that have been capitalized and are amortized to interest expense using the straight-line method over the term of the associated debt.

Net Assets

Net assets are categorized as invested capital assets (net of related debt), restricted and unrestricted.

- a. *Invested In Capital Assets, Net of Related Debt* – This category groups all capital assets into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- b. *Restricted Net Assets* – This category represents net assets of the Authority that are restricted for project or other purposes.
- c. *Unrestricted Net Assets* – This category represents net assets of the Authority, not restricted for any project or other purpose.

Dauphin County Economic Development Corporation ("DCEDC")

Basis of Accounting

DCEDC's financial statements are presented on the accrual basis of accounting in accordance with the accounting principles generally accepted in the United States of America. DCEDC applies all applicable Governmental Accounting Standards Board (GASB) pronouncements as well as Financial Accounting Standards Board statements and interpretations and the Accounting Principles Board opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Component Units - Summary of Significant Accounting Policies (Continued)

Dauphin County Economic Development Corporation ("DCEDC")
 (Continued)

Cash and Cash Equivalents

DCEDC considers all highly-liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Restricted Assets

Restricted assets represent cash balances from hotel tax and grant program distributions received from Dauphin County. These distributions are restricted for the purpose of promoting tourism and regional development and for the CDBG, Home and Section 108 programs. At December 31, 2011 the restricted cash balance was \$3,006,273.

Capital Assets

Capital assets are recorded at their original cost and are depreciated on a straight-line basis over their estimated useful lives. Assets with an initial, individual cost that equal or exceed \$5,000 and estimated useful lives of over one year are recorded as capital assets and depreciated. Estimated useful lives are as follows:

Equipment and Furnishings	3-7 years
Buildings	39 years
Works of Art	7 years

Net Assets

The financial statements utilize a net assets presentation. Net assets are categorized as invested in capital assets (net of related debt), restricted and unrestricted.

- a. *Invested In Capital Assets, Net of Related Debt* – This category groups all capital assets into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- b. *Restricted Net Assets* – This category represents net assets of the Authority that are restricted for project or other purposes.
- c. *Unrestricted Net Assets* – This category represents net assets of the DCEDC, not restricted for any project or other purpose.

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Component Units - Summary of Significant Accounting Policies (Continued)

Dauphin County Economic Development Corporation ("DCEDC")
(Continued)

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Accordingly, actual results could differ from those amounts.

Income Taxes

DCEDC is tax exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and files Form 990, Return of Organization Exempt from Income Tax with the Internal Revenue Service. Certain revenue deemed to be unrelated to a nonprofit corporation's tax-exempt purpose could be subject to federal income taxes, however management believes that there is no tax liability as of December 31, 2011.

NOTE 2: BUDGETARY DATA

County Budget Process

Formal budgetary accounting is employed as a management control for the General Fund, Certain Special Revenue Funds, and Capital Project Funds of the County. Annual operating budgets are adopted each year through the passage of an annual budget ordinance and accounting principles generally accepted in the United States of America are used to complete the budget. The County of Dauphin follows these procedures in establishing the budgetary data reflected in the financial statements:

- (1) During July and August, the department heads are supplied with current financial status reports for their programs which they are to use as a basis or guide for financial projections for the ensuing year. These proposed budgets are then submitted to the County Commissioners for review.
- (2) During September, the Finance Department interviews each department head to discuss their budgets as submitted and allow them to substantiate projected expenditures and recommends an expenditure amount.
- (3) The County Commissioners then interview each department head to discuss their budgets as submitted and allow them to substantiate projected expenditures.
- (4) Upon consolidation of the department and agency expenditure projections, the County Commissioners must ascertain the most viable method of financing them.

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011

NOTE 2: BUDGETARY DATA (CONTINUED)

County Budget Process (Continued)

- (5) Subsequently, the Director of Budget assembles the preliminary projections of revenues and expenditures into a final budget incorporating any revisions or adjustments resulting from the aforementioned County Commissioners' review.
- (6) By early December, the final budget is presented to the County Commissioners. Pursuant to budgetary requirements, as set forth in the County Code, public notice is given that the proposed budget is available for inspection for a period of 20 days.
- (7) After the 20-day inspection period but no later than December 31, the County Commissioners adopt the final budget by enacting an appropriate ordinance.
- (8) As required by the Commonwealth of Pennsylvania County Code, the proposed budget is made available for public inspection for at least 20 days prior to the date of adoption, with adoption required by December 31. Subsequent to the budget approval, the County Commissioners adopt the appropriation measures required to put the budget into effect and fix the rate of taxation. Within 15 days subsequent to the legal adoption of the budget, the County Commissioners file a copy of the budget with the Department of Community and Economic Development of the Commonwealth of Pennsylvania.

Legal Requirements

An annual budget is required to be legally adopted for the General Fund since real estate taxes are levied to finance its operations. Although not legally required, the County also adopts annual budgets for its Capital Projects Fund, and certain additional Special Revenue Funds (the Domestic Relations and Liquid Fuels Fund). Budgetary data is presented on the basis of accounting principles generally accepted in the United States of America for all funds that adopt annual budgets.

Level of Control

The County is legally required to maintain budgetary controls at the major function level. In practice, the County maintains budgetary control at the fund level.

Lapsing of Appropriations

Unexpended appropriations lapse at year-end.

Management Amendment Authority

During the course of the year, departmental needs may change, emergencies may occur, or additional revenue sources may arise. As a result, funds are occasionally transferred between line items of a department's budget or additional revenue may need to be budgeted for a specific project or grant. Adjustments to the budget are made on a line item basis during the year and are approved by the County Commissioners.

Financial analysis is provided monthly to management showing spending levels in comparison to the current budget. The budget is also reviewed by management with operating departments.

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2011

NOTE 3: DEPOSIT AND INVESTMENT RISK

The County's investments at December 31, 2011 were as follows:

Governmental Funds	
CDARS	\$ 9,094,078
Fort Hunter Permanent Fund	
Fixed Income Mutual Funds - Bonds	465,402
Fixed Income Mutual Funds - Stocks	443,803
Total Permanent Fund	909,205
Total Governmental Funds	10,003,283
Investment Derivatives	(586,302)
Total Governmental Activities	9,416,981
Enterprise Funds	
CDARS	462,598
Total Enterprise Funds	462,598
Fiduciary Funds	
Retirement Fund	
CDARS	46,160
U.S. Government Securities	29,072,678
Corporate Bonds	17,375,033
Common Stocks	68,084,903
Equity Funds	70,970,773
Other	14,486,605
Total Retirement Fund	200,036,152
Agency Fund	
CDARS	449,504
Total Fiduciary Funds	200,485,656
Total Investments	\$ 210,365,235

As of December 31, 2011, the County had the following debt investments and maturities within its excess operating fund accounts:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
Fixed Income Mutual Fund - Bonds	\$ 465,402	\$ 465,402	\$ -	\$ -	\$ -
Investment Derivatives	(586,302)	70,407	-	-	(656,709)
Total	\$ (120,900)	\$ 535,809	\$ -	\$ -	\$ (656,709)

The terms and fair values of the investment derivatives are described in Note 10.

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2011

NOTE 3: DEPOSIT AND INVESTMENT RISK (CONTINUED)

As of December 31, 2011, the County had the following debt investments and maturities within its retirement plan accounts:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
U.S. Government Treasuries	\$ 19,654,080	\$ 2,515,269	\$ 12,805,776	\$ 4,333,035	\$ -
U.S. Government Agencies	9,418,598	-	729,399	3,371,452	5,317,747
Corporate Bonds	17,375,033	526,914	8,061,091	7,134,132	1,652,896
Total	\$ 46,447,711	\$ 3,042,183	\$ 21,596,266	\$ 14,838,619	\$ 6,970,643

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the County's Operating Funds Investment Policy states that maturities shall be set to generally match the projected cash flow requirements for the County as determined by the County Controller.

The County's Retirement Plan Investment Policy Statement ("Retirement Investment Policy") states that emphasis shall be placed on providing adequate and timely investment cash flow to permit benefit payments from the Retirement Plan when due. The average effective duration of domestic intermediate fixed income securities shall be no more than 25 percent greater or less than the effective duration Barclays Bond Index.

The County is invested in two basis swaps, three fixed to variable interest rate swaptions, two forward-starting fixed payor swaps with notional amounts totaling \$134,635,000. At December 31, 2011, the swaps had a total fair value of (\$586,302). See Note 10 for more detail on the terms of each swap.

Credit Risk. The County's Operating Investment Policy limits investments to direct obligations of the United States Government or its agencies or instrumentalities; other obligations that are either insured or guaranteed by the United States Government; deposits with banks within the Commonwealth of Pennsylvania properly insured in accordance with the requirements of the County Code or properly collateralized in accordance with the County Code and Act 72 of 1971 P.S. Section 3836-1, et seq.; or investments with the Pennsylvania Local Government Investment Trust ("PLGIT").

As of December 31, 2011, the County's operating investments had a credit rating as follows:

Investment Type	Credit Quality Rating	Percent of Investment Type
Fixed Income Mutual Funds	US Government	69%
Fixed Income Mutual Funds	Aaa	5%
Fixed Income Mutual Funds	Aa	5%
Fixed Income Mutual Funds	A	11%
Fixed Income Mutual Funds	Baa	10%

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2011

NOTE 3: DEPOSIT AND INVESTMENT RISK (CONTINUED)

The County's Retirement Investment Policy limits the average quality of fixed income securities to a minimum of "A2" or better, the third broad investment grade as determined by Moody's. The minimum quality of any single fixed income investment shall be investment grade, as defined by two out of three of the following rating agencies; Moody's, Standard and Poors, or Fitch. If an investment is made in commercial paper, the single standard shall be "A1", "P1", or "Prime".

Investment Type	Credit Quality Rating	Percent of Investment Type
U.S. Government Agencies	AAA	100%
Corporate Bonds	Aaa	1%
Corporate Bonds	AA	1%
Corporate Bonds	Aa1	2%
Corporate Bonds	Aa2	13%
Corporate Bonds	Aa3	15%
Corporate Bonds	A1	10%
Corporate Bonds	A2	20%
Corporate Bonds	A3	15%
Corporate Bonds	Baa1	11%
Corporate Bonds	Baa2	6%
Corporate Bonds	Baa3	5%
Corporate Bonds	BBB	1%

Custodial Credit Risk. For deposits and investments, custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At December 31, 2011, \$64,188,562 of the County's deposits were exposed to custodial credit risk, as they are collateralized with securities held by the pledging financial institution and uninsured. None of the County's retirement investments were exposed to custodial credit risk at December 31, 2011.

Concentration of Credit Risk. The County's Operating Investment Policy does not allow a single issuer or guarantor to represent more than 10% of the total value of holdings at the time of acquisition.

The County's Retirement Investment Policy limits single investments in U.S. Treasury securities and zero coupon securities to 30% and 10%, respectively, of the domestic intermediate fixed income investments at market value. Agency securities are limited to 50% of fixed income investments at market value, 25% per agency and to 10% per any single issue. Other types of securities are limited to 5% for each single security.

At December 31, 2011, the County is not subject to concentration of credit risk.

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2011

NOTE 3: DEPOSIT AND INVESTMENT RISK (CONTINUED)

Component Units – Deposit and Investment RiskDauphin County Conservation DistrictDeposits and Investments

Custodial credit risk. For Deposits and investments custodial credit risk is the risk that in the event of a bank failure, the Conservation District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

As of December 31, 2011, the Conservation District's cash balance was \$368,788, and its bank balance was \$373,008. Of this bank balance, \$123,008 was exposed to custodial credit risk, as it was collateralized with securities held by the pledging financial institution and uninsured. The District's cash equivalents of \$98,602 were not subject to custodial credit risk, as they were invested in a state investment pool.

In addition, at December 31, 2011, the Conservation District held \$674,331 certificates of deposit which are classified as investments on the financial statements. Of the investments balance, \$252,395 are in fixed interest rate certificates of deposit which are subject to FDIC coverage, and therefore \$2,395 was exposed to custodial credit risk, as it was collateralized with securities held by the pledging financial institution and uninsured.

As of December 31, 2011, the District had the following debt investments and maturities that are classified as cash equivalents:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
State Investment Pool	\$ 98,602	\$ 98,602	\$ -	\$ -	\$ -

Interest rate risk. The District's Investment Policy does not limit investment maturities as a means of managing their exposure to fair value losses arising from increasing interest rates.

Credit risk. As of December 31, 2011 all of the District's investments in the state investment pool were rated AAA by Standard and Poors.

Dauphin County General AuthorityDeposits and Investments

Cash and investments are held by trustees, pursuant to provisions of various Trust Indentures, except for the Administrative Fund cash account and the Dauphin Highlands Golf Course cash account, which are administered by the General Authority's Executive Director.

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011

NOTE 3: DEPOSIT AND INVESTMENT RISK (CONTINUED)

Component Units – Deposit and Investment Risk (Continued)Dauphin County General Authority (Continued)Deposits and Investments (Continued)

The Municipality Authorities Act provides for investment of governmental funds into certain authorized investment types, including U.S. Treasury bills, other short-term U.S. and Pennsylvania government obligations or their agencies or instrumentalities and insured or collateralized time deposits and certificates of deposit. The Act does not prescribe regulations relating to demand deposits.

Deposits

Custodial credit risk. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The General Authority does not have a deposit policy for custodial credit risk. At December 31, 2011, the book balance of the Authority's unrestricted deposits was \$1,146,381 and the bank balance was \$1,255,113. Of the unrestricted bank balance, \$1,001,870 was covered by federal depository insurance, and \$253,243 was collateralized under Act 72 of the 1971 session of the Pennsylvania General Assembly for the protection of public depositors. At December 31, 2011, the book balance of the Authority's restricted deposits was \$3,331,516 and the bank balance was \$3,337,614. Of the restricted bank balance, \$239,108 was covered by federal depository insurance, and \$3,098,506 was collateralized under Act 72.

Investments

Total General Authority investments reported on the balance sheet at December 31, 2011 are as follows:

	Fair Value
Unrestricted	
Money market funds	\$ 2,241,278
U.S. government obligations	1,960
	\$ 2,243,238
Restricted	
Money market funds	\$ 12,951,586
U.S. government agency obligations	3,546,907
	\$ 16,498,493

Concentration of credit risk. The Authority places no limit on the amount the Authority may invest in any one issuer. More than 5 percent of the Authority's investments were held with the following issue:

	Fair Value	Percent of Investment
Government National Mortgage Association	\$ 3,548,867	18.94%

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011

NOTE 3: DEPOSIT AND INVESTMENT RISK (CONTINUED)

Component Units – Deposit and Investment Risk (Continued)Dauphin County General Authority (Continued)Investments (Continued)

Credit Risk. The Authority does not have a formal policy that would limit investment choices with regard to credit risk. The Authority's investments had the following level of exposure to credit risk as of December 31, 2011:

	<u>Fair Value</u>	<u>Rating</u>
Unrestricted		
Money market funds	\$ 2,241,278	AAAm
U.S. government obligations	1,960	AA+
Restricted		
Money market funds	\$ 7,583,373	AAAm
Money market funds	5,368,213	AA+
U.S. government agency obligations	3,546,907	Unrated

Interest rate risk. The Authority does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The following is a list of the Authority's money market and fixed income investments and their related average maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>			
		<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>Greater Than 10</u>
Unrestricted					
Money market funds	\$ 2,241,278	\$ 2,241,278	\$ -	\$ -	\$ -
U.S. Government obligations	1,960	-	-	-	1,960
	<u>\$ 2,243,238</u>	<u>\$ 2,241,278</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,960</u>
Restricted					
Money market funds	\$ 12,951,586	\$ 12,951,586	\$ -	\$ -	\$ -
U.S. Government agency obligations	3,546,907	3,546,907	-	-	-
	<u>\$ 16,498,493</u>	<u>\$ 16,498,493</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Case Management UnitCash Concentrations

Custodial Credit Risk – For deposits, custodial credit risk is the risk that in the event of the failure of the counterparty, CMU will not be able to recover the value of its deposits that are in the possession of an outside party. As of June 30, 2011, CMU's cash balance was \$0 and its bank balance was \$0. Of the bank balance for June 30, 2011, \$0 of the CMU's deposits were exposed to custodial credit risk, as they are collateralized with securities held by pledging financial institution and uninsured.

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2011

NOTE 3: DEPOSIT AND INVESTMENT RISK (CONTINUED)

Component Units – Deposit and Investment Risk (Continued)Dauphin County Industrial Development Authority (“IDA”)Deposits

Custodial credit risk. For deposits, custodial credit risk is the risk that in the event of failure of the counterparty, the IDA will not be able to recover the value of its deposits or collateral securities that are in the possession of an outside party. At September 30, 2011, \$9,225,965 of the IDA’s deposits were exposed to custodial credit risk as they were uninsured, and are held by the counterparty’s trust department or agent but not in the IDA’s name. The IDA does not have a formal policy to limit its exposure to custodial credit risk.

Dauphin County Economic Development Corporation (“DCEDC”)Deposits

Custodial Credit Risk. For deposits, custodial credit risk is the risk that in the event of failure of the counterparty, the DCEDC will not be able to recover the value of its deposits or collateral securities that are in the possession of an outside party. At December 31, 2011, \$1,885,864 of the DCEDC’s bank deposits were exposed to custodial credit risk as they were uninsured, and are held by the counterparty’s trust department or agent but not in the DCEDC’s name. The DCEDC does not have a formal policy to limit its exposure to custodial credit risk.

NOTE 4: RESTRICTED ASSETS

Assets whose use is limited to a specific purpose have been classified as “restricted” in the balance sheet. Restricted assets are composed of the following:

	<u>Cash and Accrued Interest</u>
Governmental Funds	
General Fund	
Amounts held in escrow for purposes including tax protest ordered liabilities	\$ 431,329
Amounts held in fiduciary capacity District Attorney’s Office	535,054
Amounts Reserved for Workers’ Compensation Liabilities	<u>265,796</u>
Total General Fund	<u>1,232,179</u>
Total Governmental Funds	<u>\$ 1,232,179</u>

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011

NOTE 5: RISK MANAGEMENT

The County is exposed to risk of loss related to self-insurance activities for workers' compensation. The County records the liability for the risk associated with the workers' compensation. The County has excess workers' compensation insurance with a self-insured retention per occurrence of \$750,000, and a maximum indemnity per occurrence of \$1,000,000.

As required by the Pennsylvania Department of Labor and Industry, the County has established a trust amount for workers' compensation. The cash balance at December 31, 2011, was \$265,796 and is included in the restricted cash amount in the General Fund. The purpose of the account is to provide a source of funds for claimants entitled to benefits under Article III Section 305 of the Pennsylvania Workers' Compensation Act in case the County could not pay claims.

The County maintains workers' compensation reserves for claims incurred and claims incurred but not reported on the funds to which, per the County's estimate, they apply. Independent of these reserves, the County maintains a \$120,000 deposit with a third-party administrator to facilitate claim processing. This amount is recorded in the General Fund.

The accrued liability for workers' compensation claims is determined by an actuary in accordance with actuarial principles; such claims are discounted at 3.5% for workers' compensation. Accrued workers' compensation self-insurance liabilities at December 31, 2011, are summarized as follows:

Governmental Activities	Business-Type Activities	Total
\$ 2,591,421	\$ 35,538	\$ 2,626,959

The following summary provides aggregate information on self-insurance liabilities, incurred claims, and payments during the years ended December 31, 2011 and 2010.

2011

January 1, 2011, <u>Liability</u>	Incurred Claims and Changes in <u>Estimate</u>	<u>Payments</u>	December 31, 2011, <u>Liability</u>
<u>\$2,407,200</u>	<u>\$440,662</u>	<u>\$(220,903)</u>	<u>\$2,626,959</u>

2010

January 1, 2010, <u>Liability</u>	Incurred Claims and Changes in <u>Estimate</u>	<u>Payments</u>	December 31, 2010, <u>Liability</u>
<u>\$2,647,347</u>	<u>\$33,442</u>	<u>\$(273,589)</u>	<u>\$2,407,200</u>

There have been no significant reductions in insurance coverage from coverage in the prior year and the amount of settlements have not exceeded insurance coverage for each of the past three years.

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2011

NOTE 5: RISK MANAGEMENT (CONTINUED)

Component Units – Risk Management

Case Management Unit

CMU has elected to self-insure itself for medical insurance for certain employees. CMU is liable for all claims up to an aggregate of \$1,425,737 or \$85,000 per individual for any one plan year. Once the deductible has been met, all future stop loss reimbursements for that contract year are payable. CMU purchased stop loss insurance to cover all claims incurred in excess of these deductible points of \$109,212. As of June 30, 2011, CMU has recorded a liability for claims incurred. No settlements exceeded insurance coverage for each of the past three years. The claims liability is included in accrued expenses on the financial statements.

Balance as of June 30, 2010	\$ 99,552
Add: Incurred claims relating to:	
Stop Loss Reimbursement	-
Current year	<u>1,342,272</u>
	1,441,824
Less: Payment of claims relating to:	
Prior years	99,552
Current year	<u>1,233,060</u>
	<u>1,332,612</u>
Balance as of June 30, 2011	<u>\$ 109,212</u>

Dauphin County Industrial Development Authority ("IDA")

The IDA is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance. There were no significant reductions in insurance coverages during 2011. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011

NOTE 6: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2011 was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 498,551	\$ -	\$ -	\$ 498,551
Intangible Assets	211,827	-	-	211,827
Construction in Progress - Infrastructure	4,769,066	379,867	(5,095,270)	53,663
Construction in Progress	11,628,258	7,548,821	(8,329,163)	10,847,916
Total Capital Assets, Not Being Depreciated	17,107,702	7,928,688	(13,424,433)	11,611,957
Capital Assets, Being Depreciated				
Infrastructure	11,935,947	5,095,270	-	17,031,217
Buildings and Improvements	82,646,188	-	-	82,646,188
Machinery and Equipment	40,430,554	8,599,516	(172,726)	48,857,344
Leasehold Assets	11,892,539	378,741	(8,782)	12,262,498
Total Capital Assets, Being Depreciated	146,905,228	14,073,527	(181,508)	160,797,247
Less Accumulated Depreciation and Amortization For:				
Infrastructure	(5,840,773)	(424,481)	-	(6,265,254)
Buildings and Improvements	(41,244,667)	(1,434,154)	-	(42,678,821)
Machinery and Equipment	(7,101,451)	(2,770,088)	172,726	(9,698,793)
Leasehold Assets	(8,173,414)	(652,883)	8,782	(8,817,515)
Total Accumulated Depreciation and Amortization	(62,360,305)	(5,281,586)	181,508	(67,460,383)
Total Capital Assets, Being Depreciated, Net	84,544,923	8,791,941	-	93,336,864
Governmental Activities Capital Assets, Net	\$ 101,652,625	\$ 16,720,629	\$ (13,424,433)	\$ 104,948,821
Business-Type Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 111,492	\$ -	\$ -	\$ 111,492
Construction in Progress	63,821	11,016	(63,821)	11,016
Total Capital Assets, Not Being Depreciated	175,313	11,016	(63,821)	122,508
Capital Assets, Being Depreciated				
Buildings and Improvements	3,817,947	-	-	3,817,947
Machinery and Equipment	12,391,870	74,271	-	12,466,141
Furniture and Fixtures	65,346	-	(42,126)	23,220
Leasehold Assets	15,840,898	-	(112,998)	15,727,900
Total Capital Assets, Being Depreciated	32,116,061	74,271	(155,124)	32,035,208
Less Accumulated Depreciation and Amortization For:				
Buildings and Improvements	(1,881,743)	(93,586)	-	(1,975,329)
Machinery and Equipment	(10,455,631)	(426,549)	-	(10,882,180)
Furniture and Fixtures	(65,582)	-	42,126	(23,456)
Leasehold Assets	(11,741,282)	(387,866)	112,998	(12,016,150)
Total Accumulated Depreciation and Amortization	(24,144,238)	(908,001)	155,124	(24,897,115)
Total Capital Assets, Being Depreciated, Net	7,971,823	(833,730)	-	7,138,093
Business-Type Activities Capital Assets, Net	\$ 8,147,136	\$ (822,714)	\$ (63,821)	\$ 7,260,601

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2011

NOTE 6: CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions/programs of the primary government as follows:

<u>Governmental Activities:</u>	
General Government	\$ 812,177
Judiciary	846,639
Conservation and Development	10,857
Human Services	439,493
Culture and Recreation	73,040
Public Safety	2,674,899
Public Works	<u>424,481</u>
Total Depreciation Expense – Governmental Activities	<u>\$ 5,281,586</u>
<u>Business-Type Activities:</u>	
Public Works	\$ 147,810
Public Safety	375,753
Human Services	330,005
Culture and Recreation	<u>54,433</u>
Total Depreciation Expense – Business-Type Activities	<u>\$ 908,001</u>

Component Units – Capital AssetsDauphin County Conservation District

Capital Assets consist of the following:

	<u>Cost</u>	<u>Estimated Useful Lives</u>
Land Improvements	\$ 110,095	20 years
Buildings and Improvements	1,200,553	40 years
Machinery and Equipment	152,018	5-6 years
Leasehold Assets	<u>15,241</u>	5 years
	<u>1,477,907</u>	
Less: Accumulated Amortization and Depreciation	<u>721,866</u>	
	<u>\$ 756,041</u>	

Depreciation expense for the year ended December 31, 2011 was \$50,218.

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011

NOTE 6: CAPITAL ASSETS (CONTINUED)

Component Units – Capital Assets (Continued)Dauphin County General Authority

Changes in Capital Assets of the business-type activities at December 31, 2011, consist of the following:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated				
Land	\$ 2,028,786	\$ -	\$ -	\$ 2,028,786
Construction in progress	13,957	269,117	(13,957)	269,117
Total capital assets, not being depreciated	2,042,743	269,117	(13,957)	2,297,903
Capital assets, being depreciated				
Land improvements	5,743,097	-	-	5,743,097
Buildings	95,481,452	466,401	-	95,947,853
Building improvements	365,983	-	-	365,983
Golf course equipment	976,810	21,978	(36,500)	962,288
Other equipment	1,511,052	77,544	-	1,588,596
Total capital assets, being depreciated	104,078,394	565,923	(36,500)	104,607,817
Less accumulated depreciation for:				
Land improvements	(2,910,885)	(191,437)	-	(3,102,322)
Buildings	(35,898,125)	(3,273,767)	-	(39,171,892)
Building improvements	(271,510)	(12,619)	-	(284,129)
Golf course equipment	(731,614)	(65,155)	36,500	(760,269)
Other equipment	(722,706)	(137,847)	-	(860,553)
Total accumulated depreciation and amortization	(40,534,840)	(3,680,825)	36,500	(44,179,165)
Capital assets, being depreciated, net	63,543,554	(3,114,902)	-	60,428,652
Capital assets, net	\$65,586,297	\$(2,845,785)	\$ (13,957)	\$62,726,555

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2011

NOTE 6: CAPITAL ASSETS (CONTINUED)

Component Units – Capital Assets (Continued)Dauphin County General Authority (Continued)

Depreciation and amortization was calculated on the straight-line method using the following useful lives:

	<u>Estimated Useful Life</u>
Land	-
Construction in progress	-
Land improvements	30 years
Buildings	30 years
Building improvements	15 years
Golf course equipment	7 years
Other equipment	7-10 years

Case Management Unit

Capital assets activity for the year ended June 30, 2011 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets being depreciated:				
Furniture and Equipment	\$1,526,314	\$ 38,277	\$ -	\$1,564,591
Leasehold Improvements	99,750	-	-	99,750
Total Capital Assets, Being Depreciated	1,626,064	38,277	-	1,664,341
Less Accumulated Depreciation for:				
Furniture and Equipment	1,138,730	138,612	-	1,277,342
Leasehold Improvements	66,100	9,975	-	76,075
Total Accumulated Depreciation	1,204,830	148,587	-	1,353,417
Total Capital Assets, net	\$ 421,234	\$ 110,310	\$ -	\$ 310,924

CMU functions solely as designee in possession of the assets for the purpose of providing services under the County contract. Capital assets purchased are capitalized and depreciated over their estimated useful life for financial statement purposes.

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011

NOTE 6: CAPITAL ASSETS (CONTINUED)

Component Units – Capital Assets (Continued)Dauphin County Industrial Development Authority (“IDA”)

The following is a summary of changes in capital assets for business-type activities for the year ended September 30, 2011:

	Balance October 1, 2010	Additions	Deletions	Balance September 30, 2011
Capital assets, not being Depreciated:				
Construction in progress	\$ 1,107,001	\$3,760,520	\$ -	\$ 4,867,521
Land	50,900	-	-	50,900
Total capital assets, not Depreciated	1,157,901	3,760,520	-	4,918,421
Capital assets, being depreciated:				
Buildings held for lease	474,354	-	-	474,354
Building Improvements	1,508,947	9,310	-	1,518,257
Office furniture and equipment	14,521	-	-	14,521
Total capital assets, being depreciated	1,997,822	9,310	-	2,007,132
Less accumulated depreciation for:				
Buildings held for lease	(65,224)	(11,859)	-	(77,083)
Building improvements	(313,282)	(100,907)	-	(414,189)
Office furniture and equipment	(5,580)	(1,856)	-	(7,436)
Total accumulated depreciation	(384,086)	(114,622)	-	(498,708)
Total capital assets, being depreciated, net	1,613,736	(105,312)	-	1,508,424
Total capital assets, net	\$ 2,771,637	\$3,655,208	\$ -	\$ 6,426,845

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2011

NOTE 6: CAPITAL ASSETS (CONTINUED)

Component Units – Capital Assets (Continued)Dauphin County Economic Development Corporation ("DCEDC")

The following is a summary of changes in capital assets for business-type activities for the year ended December 31, 2011:

	Balance January 1, 2011	Additions	Deletions	Balance December 31, 2011
Capital assets, being depreciated:				
Furniture and Equipment	\$ 19,927	\$ -	\$ -	\$ 19,927
Works of Art	8,011	-	-	8,011
Buildings	2,068,611	-	-	2,068,611
Total capital assets, being depreciated	2,096,549	-	-	2,096,549
Less accumulated depreciation for:				
Furniture and Equipment	(19,927)	-	-	(19,927)
Works of Art	(8,011)	-	-	(8,011)
Buildings	(271,835)	(53,041)	-	(324,876)
Total accumulated depreciation	(299,773)	(53,041)	-	(352,814)
Total capital assets, being depreciated, net	1,796,776	(53,041)	-	1,743,735
Total capital assets, net	\$ 1,796,776	\$ (53,041)	\$ -	\$ 1,743,735

Depreciation expense was \$53,041 for the year ended December 31, 2011.

NOTE 7: CONDUIT DEBT ISSUES

Component Unit - Conduit Debt IssuesDauphin County General Authority

The following Conduit debt issues were outstanding at December 31, 2011:

Reading Hospital and Medical Center	\$ 7,055,000
Dauphin County Library System	985,197
Pinnacle Health Systems	185,995,000
Pinnacle Health Systems	100,000,000
United Church of Christ Homes, Inc	29,185,000
	<u>\$ 323,220,197</u>

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011

NOTE 7: CONDUIT DEBT ISSUES (CONTINUED)

Component Unit - Conduit Debt Issues (Continued)

Dauphin County Industrial Development Authority

Variable Rate Demand Revenue Bonds (WITF, Inc. Project), Series of 2005

On September 23, 2005, the IDA issued Variable Rate Demand Revenue Bonds, Series of 2005 (the Bonds) in the aggregate principal amount of \$19,000,000. The IDA appointed Fulton Financial Advisors, N.A., to serve as trustee, bond registrar and paying agent for the Bonds. The bonds are limited obligations of the IDA, payable solely from the payments required to be made by WITF, Inc. (the Borrower) under a loan agreement by and between DCIDA and the Borrower (the Agreement.)

Pursuant to the Agreement, the IDA lent the full proceeds of the Bonds to the Borrower for the acquisition and construction of a public media center to be occupied and used by the Borrower, and payment of related costs and expenses, including a portion of the costs incurred to issue the Bonds. The Borrower is obligated to make payments in amounts equal to scheduled principal and interest on the Bonds, along with certain annual administrative expenses of the IDA, until the Bonds mature in 2026.

The IDA assigned all of its rights under the Agreement to the Trustee. Under the bond indenture and the Agreement, the Borrower is obligated to make the payments directly to the Trustee in amounts necessary to satisfy the debt service requirements of the Bonds. Accordingly, no recourse can be made against the IDA for payment of principal or interest on the Bonds.

In 2009 the IDA approved the refinancing of these bonds into a tax exempt private loan. The refinanced aggregate principal is \$18,000,000.

Lease Revenue Bonds, Series of 2005 (Pennsylvania Fish and Boat Commission)

On September 28, 2005, the IDA issued Lease Revenue Bonds, Series of 2005 (the Bonds) in the aggregate principal amount of \$4,220,000. The IDA appointed Manufacturers and Traders Trust Company, to serve as trustee, bond registrar and paying agent for the Bonds. The bonds are limited obligations of the IDA, payable solely from the payments required to be made by PA Fish and Boat Commission (the Borrower) under a lease/purchase agreement by and between DCIDA and the Borrower (the Agreement).

Pursuant to the Agreement, the IDA lent the full proceeds of the Bonds to the Borrower to advance refund Lease Revenue Bonds, Series of 1999, fund a debt service reserve fund, and pay Bond issuance costs. The Borrower is obligated to make payments in amounts equal to scheduled principal and interest on the Bonds, along with certain annual administrative expenses of the IDA, until the Bonds mature in 2015.

The IDA assigned all of its rights under the Agreement to the Trustee. Under the bond indenture and the Agreement, the Borrower is obligated to make timely payments directly to the Trustee in amounts necessary to satisfy the debt service requirement of the Bonds. Accordingly, no recourse can be made against the IDA for payment of principal or interest on the Bonds.

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011

NOTE 7: CONDUIT DEBT ISSUES (CONTINUED)

Component Unit - Conduit Debt Issues (Continued)

Dauphin County Industrial Development Authority (Continued)

Taxable Mortgage Revenue Bonds, Series 2006 Bentley Harrisburg Senior Living Facility)

On April 6, 2006, the Authority issued Taxable Mortgage Revenue Bonds, Series 2006 (the Bonds) in the aggregate principal amount of \$2,720,000. The IDA appointed Wells Fargo Bank, N.A. to serve as trustee, bond registrar and paying agent for the Bonds. The bonds are limited obligations of the Authority, payable solely from the payments required to be made by Harrisburg Senior Living, LLC and Bentley Harrisburg Senior Center, LLC (the Borrowers) under the loan agreement by and between IDA and the Borrowers (the Agreement).

Pursuant to the Agreement, the IDA lent the full proceeds of the Bonds to the Borrowers to refinance certain short-term debt incurred by the Borrowers to acquire the facility, to fund certain working capital needs for the facility, and to pay Bond issuance costs. The Borrower is obligated to make payments in amounts equal to scheduled principal and interest on the Bonds, along with certain annual administrative expenses of the IDA, until the Bonds mature in 2039.

The IDA assigned all of its rights under the Agreement to the Trustee. Under the bond indenture and the Agreement, the Borrower is obligated to make timely payments directly to the Trustee in amounts necessary to satisfy the debt service requirements of the Bonds. Accordingly, no recourse can be made against the IDA for payment of principal or interest on the Bonds.

Federally Taxable Tax Increment Financing Bond, Series of 2006 (The Harrisburg East Mall Tax Increment Financing District)

On June 30, 2006, the IDA issued a Tax Increment Financing Bond, Series of 2006 (the Bond) in the aggregate principal amount of \$3,200,000. The IDA appointed Manufacturers and Traders Trust Company, to serve as trustee, bond registrar and paying agent for the Bonds. The bonds are limited obligations of the IDA, payable solely from the Tax Increment Financing revenues (TIF revenues) under a reimbursement and trust agreement by and between DCIDA and the Trustee (the Agreement.)

Pursuant to the Agreement, the IDA will reimburse Feldman Lubert Adler Harrisburg, LP (the Company) for costs incurred and paid and eligible to be funded pursuant to the Tax Increment Financing Act, Act of July 11, 1990, P.L. 465, as amended and supplemented. The Trustee, via TIF revenues, is obligated to make payments in amounts equal to scheduled principal and interest to the Company, along with certain annual administrative expenses of the IDA, until the Bond matures in 2015.

The IDA assigned, transferred and pledged all moneys held from time to time by the Trustee, the TIF Agreement and all pledged receipts under the Agreement to the Trustee. Under the bond indenture and the Agreement, the Trustee is obligated to make timely payments directly to the Company in amounts necessary to satisfy the debt service requirements of the Bond. Accordingly, no recourse can be made against the IDA for payment of principal or interest on the Bond.

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011

NOTE 7: CONDUIT DEBT ISSUES (CONTINUED)

Component Unit - Conduit Debt Issues (Continued)

Dauphin County Industrial Development Authority (Continued)

Grant Revenue Note, Series of 2006 (High Pointe Commons)

In October 2006, the IDA received a grant in the amount of \$3,719,540 from the Pennsylvania Department of Community and Economic Development (DCED) under DCED's Infrastructure and Facilities Improvement Program (Program). The grant is payable in ten equal annual installments. The IDA, pursuant to the Program, issued Grant Revenue Note, Series of 2006 (Note) in the amount of \$3,055,025 in order to provide financing in anticipation of the receipt of the grant. In accordance with a Development IFIP Grant Agreement, the proceeds of the Note were provided to High Pointe Commons Holding, LP for the development of a retail sales center. Final maturity on the Note is October 2015. DCED will disburse the proceeds of the grant to the IDA. The proceeds, upon receipt, are to be applied for and toward the payment of debt service on the Series 2006 Note. High Pointe Commons Holding, LP executed a Guaranty Agreement for the Series 2006 Note, secured by a second lien on the High Pointe Commons Retail Center. Accordingly, no recourse can be made against the IDA for payment of principal or interest on the Note.

Mortgage Revenue Notes, Series of 2006 and 2007 (Hershey Christian School Association Project)

In November 2006, the IDA authorized the issuance of a Mortgage Revenue Note (Note) totaling \$6,000,000. Pursuant to a Loan Agreement, the IDA lent the full proceeds of the Note to a Pennsylvania non-profit corporation (Corporation) for the acquisition and construction of an educational facility. Final maturity on the Note is November 2030. The Note is secured by an Open-End Mortgage and Security Agreement from the Corporation. Accordingly, no recourse can be made against the IDA for payment of principal or interest on the Note.

In January 2007, the IDA issued a series of additional Mortgage Revenue Notes (2007 Notes) totaling \$700,000. Pursuant to the Supplemental Loan Agreement, the IDA lent the proceeds of the notes to the Corporation for the acquisition and construction of an educational facility. Final maturity on the Notes is November 2030. The Notes are secured by an Open-End Mortgage and Security Agreement from the Corporation. Accordingly, no recourse can be made against the IDA for payment of principal or interest on the Notes.

Mortgage Revenue Note, Series of 2007 (Yellow Breeches Educational Center, Inc. Project)

In December 2007, the IDA authorized the issuance of a Mortgage Revenue Note (Note) totaling \$437,000 for the purpose of assisting a Pennsylvania non-profit corporation in the acquisition, of an existing educational facility, and the acquisition of the sewer treatment plant, which serves said educational facility. Final Maturity on the Note is December 2023. The note is secured by various assets of the borrower, accordingly, no recourse can be made against the IDA for payment of principal or interest on the Note.

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011

NOTE 7: CONDUIT DEBT ISSUES (CONTINUED)

Component Unit - Conduit Debt Issues (Continued)

Dauphin County Industrial Development Authority (Continued)

Multifamily Housing Revenue Bonds, Series of 2008 (Central Pennsylvania MHA Associates LP Project)

In November 2008, the IDA authorized the issuance of Multifamily Housing Revenue Bonds (Bonds) totaling \$13,000,000. Pursuant to a Loan Agreement, the IDA lent the full proceeds of the Bond to a Limited Partnership (LP) for the acquisition, rehabilitation and equipping of land and land improvements and the marketing and leasing of leasable space in the improvements. Final maturity on the Bonds is December 2040. The Bonds are secured by an Open-End Mortgage, Assignment of Leases and Rents, and Security Agreement and from LP. Accordingly, no recourse can be made against the IDA for payment of principal or interest on the Bonds.

Mortgage Revenue Note, Series of 2008 (Visiting Nurse Association)

In December 2008, the IDA authorized the issuance of a Mortgage Revenue Note (Note) totaling \$766,000 for the purpose of assisting a Pennsylvania non-profit corporation (Corporation) in the acquisition and renovation of a facility and in refinancing of a line of credit of the Corporation. Final maturity on the Note is 2023. The Note is secured by a mortgage of the Corporation, and accordingly, no recourse can be made against the IDA for payment of principal or interest on the Note.

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2011

NOTE 8: LONG-TERM DEBT

A summary of changes in long-term debt obligations excluding obligations under capital lease follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Bonds and notes payable:					
General obligation debt	\$ 161,176,500	\$ 15,655,000	\$ 24,320,000	\$ 152,511,500	\$ 41,406,500
Total bonds and notes payable	161,176,500	15,655,000	24,320,000	152,511,500	41,406,500
Other liabilities:					
Compensated absences	7,175,922	472,670	-	7,648,592	-
Estimated workers compensation claims	2,407,200	184,221	-	2,591,421	-
Other postemployment benefits	1,567,886	920,084	-	2,487,970	-
Total other liabilities	11,151,008	1,576,975	-	12,727,983	-
Governmental Activities Long-Term Liabilities	\$ 172,327,508	\$ 17,231,975	\$ 24,320,000	\$ 165,239,483	\$ 41,406,500
Business-Type Activities:					
Bonds and notes payable:					
General obligation debt	\$ 440,000	\$ -	\$ 440,000	\$ -	\$ -
Total bonds and notes payable	440,000	-	440,000	-	-
Other liabilities:					
Compensated absences	286,154	68,949	-	355,103	-
Estimated workers compensation claims	-	35,538	-	35,538	-
Total other liabilities	286,154	104,487	-	390,641	-
Business-Type Activities Long-Term Liabilities	\$ 726,154	\$ 104,487	\$ 440,000	\$ 390,641	\$ -

An analysis of debt service requirements to maturity on the Governmental Activities obligations follows:

Years Ended December 31:	Principal Requirements	Interest Requirements	Total Debt Service Requirements
2012	\$ 41,406,500	\$ 9,293,227	\$ 50,699,727
2013	8,125,000	4,845,313	12,970,313
2014	8,450,000	4,541,062	12,991,062
2015	7,815,000	4,157,934	11,972,934
2016	8,145,000	3,820,197	11,965,197
2017-2021	46,600,000	13,205,823	59,805,823
2022-2026	29,690,000	3,044,290	32,734,290
2027-2029	2,280,000	187,767	2,467,767
	\$152,511,500	\$ 43,095,613	\$195,607,113

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011

NOTE 8: LONG-TERM DEBT (CONTINUED)

Pertinent information regarding long-term debt obligations outstanding is presented below (Payable from General Fund tax revenues.):

<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Purpose</u>	<u>Balance Outstanding at December 31, 2011</u>
2002	\$ 3,500,000	Provide funds to construct road and transportation improvements at a variable interest rate from 1.80%-3.85%. (Final Maturity in 2012).	\$ 440,000
2004	\$ 39,760,000	General Obligation Bonds, Series 2004 and General Obligation Notes, Series C and D issued for defeasing General Obligation Bonds, Series of 1998, 1999 Series A of 2003 and to partially refund the Second Series of 2001 and to pay the cost of issuance related to the bond issue at a variable interest rate from 2.40%-5.40%. (Final Maturity in 2024).	17,495,000
2005	\$ 33,990,000	General Obligation Bonds, Series of B and C of 2005 issued to currently refund General Obligation Bonds, Series A of 2000; to advance refund General Obligation Bonds, Second Series of 2001; and to advance refund General Obligation Bonds, Series of 2002 at a variable interest rate from 2.65%-5.00%. (Final Maturity in 2024)	23,555,000
2006	\$ 16,450,000	General Obligation Bonds, Series of 2006 issued to fund the costs of the emergency communications project and to pay the cost of issuance related to the bond issue at a variable interest rate from 3.55%-5.00%. (Final Maturity 2023)	16,425,000
2009	\$ 21,965,000	General Obligation Bonds, Series of 2009 issued to fund the following projects: the Energy Project, the Work Release Center Project, the Juvenile Court Project and the Emergency Vehicle Storage Building Project and to pay the cost of issuance related to the bond issue at a variable interest rate from 3.000%-4.125%. (Final Maturity 2029)	20,930,000
2010	\$ 23,380,000	General Obligation Bonds, Series B, C and D of 2010 issued to currently refund General Obligation Notes, Series A and B of 2004 and General Obligation Bonds, Series of 2008 and to pay the cost of issuance related to the bond issue at a variable interest rate from 1.00%-5.00%. (Final Maturity, Series B – 2014; Series C – 2012; Series D – 2023)	23,365,000
2010	\$ 34,746,500	Federally Taxable Bond Anticipation Note issued to pay on the Guaranteed Resource Recovery Facility Limited Obligation Notes, Series C of 2007 and its Guaranteed Federally Taxable Resource Recovery Facility Limited Obligation Notes, Series D of 2007, issued by the Harrisburg Authority. The Note bears interest equal to the LIBOR rate or the Base Rate plus 25 basis points, not exceeding the maximum rate. (Final Maturity 2012)	34,746,500
2011	\$ 15,655,000	General Obligation Bonds, Series of 2011 issued to currently refund General Obligation Bond, Series A of 2002 and to pay cost of issuance related to the bond issue at a variable interest rate from 0.40%-5.00%. (Final Maturity 2024)	<u>15,555,000</u>
			<u>\$ 152,511,500</u>

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011

NOTE 8: LONG-TERM DEBT (CONTINUED)

Interest rates on the above obligations range from 0.4% to 5.4%. The County has pledged its taxing power as security for outstanding general obligation debt.

In August 2005, the County issued \$4,120,000 in General Obligation Bonds, Series A of 2005 to currently refund general obligation debt of the County. The Human Service Building Fund recognized a bond premium of \$41,144 as a result of this refunding. The premium is being amortized on the interest method over the term of the bonds. The balance of the premium at December 31, 2011 is fully amortized.

In June 2011, the County issued \$15,655,000 in General Obligation Bonds, Series of 2011. The County recognized a bond premium of \$1,091,219 as a result of the issuance. The County transferred \$16,465,000 to a Bond Escrow agent to be used to currently refund the outstanding General Obligation Bonds, Series A of 2002. In addition, the County paid \$187,944 in bond issuance costs. The bonds mature on November 15, 2024 and carry an interest rate between 0.40% and 5.00%.

These refunding transactions resulted in an estimated cash flow savings of \$1,020,533 for the County and an estimated economic gain of \$978,198.

In the current and prior years, the County defeased various general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the accompanying general purpose financial statements. At December 31, 2011, the principal amount outstanding relative to defeased debt was \$29,425,000.

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2011

NOTE 8: LONG-TERM DEBT (CONTINUED)

Component Units - Long-term DebtDauphin County General Authority

Long-term debt outstanding at December 31, 2011, is as follows:

Office and Parking Revenue Bonds (Riverfront Office Center):

Series A of 1998	\$ 28,840,000
Series C of 1998-Capital Appreciation Bonds	13,256,402
Hotel and Conference Center Bonds (Hyatt Hotel Project) Series of 1998	56,620,000
Dauphin County Guaranteed Lease Revenue Bonds – Series C of 2009 (Building Bonds)	4,445,000
Lease Revenue Bonds (100 Chestnut Street) – Series D of 2009	2,170,000
Dauphin County Guaranteed Lease Revenue Bonds Series A and B of 2011 (Dauphin Highlands)	11,152,081
Capital Lease Payable (Dauphin Highlands)	<u>66,881</u>
	<u>\$116,550,364</u>

Long-term debt is shown on the balance sheet as follows:

Current portion of capital lease obligation	\$ 32,586
Current portion of long-term debt	3,756,340
Long-term debt, net of current portion	112,727,143
Capital lease payable, net of current portion	<u>34,295</u>
	<u>\$116,550,364</u>

Long-term liability activity for the General Authority for the year ended December 31, 2011, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Long-term debt	\$118,637,912	\$12,033,414	\$ (14,120,962)	\$116,550,364	\$ 3,788,926
Deferred charge	(722,717)	(915,665)	646,845	(991,537)	-
	<u>\$117,915,195</u>	<u>\$11,117,749</u>	<u>\$ (13,474,117)</u>	<u>\$115,558,827</u>	<u>\$ 3,788,926</u>

Each of the General Authority's financing programs is described below. The General Authority has complied with the covenants contained in its debt agreements for the year ended December 31, 2011 except as described in Note 26.

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2011

NOTE 8: LONG-TERM DEBT (CONTINUED)

Component Units - Long-term Debt (Continued)Dauphin County General Authority (Continued)Office and Parking Revenue Bonds – Series A, B and C of 1998 (Riverfront Office Center)

On June 30, 1998, the General Authority issued Office and Parking Revenue Bonds Series A, B, and C in the principal amounts of \$38,950,000, \$1,120,000, and \$5,235,436 respectively. The bond proceeds were used to acquire certain real estate and parking facilities in the City of Harrisburg, known as the "Riverfront Office Center," to fund a debt service reserve, and to pay the costs of issuance. The bonds were issued without a municipal bond guaranty insurance policy.

The bonds, as issued, consisted of Current Interest and Capital Appreciation Bonds. The Series A and B are Current Interest Bonds and the Series C are Capital Appreciation Bonds.

The Current Interest Bonds bear interest and mature as follows:

Series A

<u>Years</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	6.00%	\$ 1,230,000	\$ 1,730,400	\$ 2,960,400
2013	6.00%	1,305,000	1,656,600	2,961,600
2014	6.00%	1,385,000	1,578,300	2,963,300
2015	6.00%	1,465,000	1,495,200	2,960,200
2016	6.00%	1,555,000	1,407,300	2,962,300
2017-2021	6.00%	9,290,000	5,520,000	14,810,000
2022-2025	6.00%	12,610,000	2,199,900	14,809,900
		<u>\$28,840,000</u>	<u>\$15,587,700</u>	<u>\$44,427,700</u>

Series B

There was no balance remaining on the Series B bonds at December 31, 2011.

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011

NOTE 8: LONG-TERM DEBT (CONTINUED)

Component Units - Long-term Debt (Continued)Dauphin County General Authority (Continued)Office and Parking Revenue Bonds – Series A, B and C of 1998 (Riverfront Office Center) (Continued)Series C

The Capital Appreciation Bonds, which have an effective yield of 7%, bear no stated interest and have stated initial principal values as follows:

<u>Maturity Dates</u>	<u>Stated Values at Issuance</u>	<u>Maturity Values</u>	<u>Discount</u>	<u>Accreted Value</u>
July 1, 2024	\$ 304,140	\$ 1,820,000	\$1,049,885	\$ 770,115
January 1, 2025	293,857	1,820,000	1,075,929	744,071
July 1, 2025	283,920	1,820,000	1,101,082	718,918
January 2, 2026	274,310	1,820,000	1,125,397	694,603
July 1, 2026	265,047	1,820,000	1,148,893	671,107
January 1, 2027	256,074	1,820,000	1,171,589	648,411
July 1, 2027	247,411	1,820,000	1,193,501	626,499
January 1, 2028	3,310,677	25,205,000	16,822,322	8,382,678
	<u>\$5,235,436</u>	<u>\$37,945,000</u>	<u>\$24,688,598</u>	<u>\$13,256,402</u>

As required by a mandatory sinking fund provision, the trustee deposited \$2,964,300 of bond proceeds to the Debt Service Reserve Account.

Hotel and Conference Center Revenue Bonds – Series of 1998 (Hyatt Hotel Project)

On July 1, 1998, the General Authority issued Hotel and Conference Center Revenue Bonds, Series 1998 in the principal amount of \$64,500,000. The bond proceeds were used to provide funds to design, construct, and equip the Hyatt Regency Pittsburgh International Airport Hotel and Conference Center, to capitalize interest through the construction period, to fund a debt service reserve, to fund an operating reserve and pay the costs of issuance. The bonds were issued without a municipal bond guaranty insurance policy.

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2011

NOTE 8: LONG-TERM DEBT (CONTINUED)

Component Units - Long-term Debt (Continued)Dauphin County General Authority (Continued)Hotel and Conference Center Revenue Bonds – Series of 1998 (Hyatt Hotel Project) (Continued)

The Bonds bear interest and mature as follows:

<u>Years</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	6.20%	\$ 1,675,000	\$ 3,458,515	\$ 5,133,515
2013	6.20%	1,770,000	3,351,720	5,121,720
2014	6.20%	1,885,000	3,238,415	5,123,415
2015	6.20%	2,000,000	3,117,980	5,117,980
2016	6.20%	2,125,000	2,990,105	5,115,105
2017-2021	6.20%	12,640,000	12,745,960	25,385,960
2022-2026	6.20%	16,910,000	8,206,940	25,116,940
2027-2029	6.20%	17,615,000	1,964,315	19,579,315
		\$56,620,000	\$39,073,950	\$95,693,950

As required by a mandatory sinking fund provision, the trustee deposited \$5,189,000 of bond proceeds to the Debt Service Reserve Account. However, as discussed in Note 26, unscheduled draws were made out of the Bond Reserve Fund.

Dauphin County Guaranteed Lease Revenue Bonds - Series C of 2009 (Building Bonds)

On November 21, 2001, the General Authority issued \$5,620,000 Dauphin County Guaranteed Lease Revenue Refunding Bonds – Series A of 2001 and \$4,750,000 Dauphin County Guaranteed Lease Revenue Bonds, Series B of 2001. The proceeds of Series A of 2001 were used to defease the County Building Bonds Series of 1997. At December 31, 2011, the balance outstanding on both the County Building Bonds Series of 1997 and the Dauphin County Lease Revenue Refunding Bonds, Series A of 2001 is zero.

The Series B of 2001 Bonds were issued to make renovations and improvements to a portion of the building; upgrade the electrical, plumbing and HVAC systems and installation of a new steam heating system to the property; and to pay the costs of issuance associated with issuing the bonds.

On November 12, 2009, the general Authority issued \$4,865,000 Dauphin County Guaranteed Lease Revenue Bonds – Series C of 2009. The proceeds of Series C of 2009 were used to currently refund Series B of 2001 and to pay the costs of issuance associated with issuing the bonds. The balance outstanding on the Series B of 2001 bonds at December 31, 2011 is zero.

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2011

NOTE 8: LONG-TERM DEBT (CONTINUED)

Component Units - Long-term Debt (Continued)Dauphin County General Authority (Continued)Dauphin County Guaranteed Lease Revenue Bonds - Series of 2001 and Series C of 2009 (Building Bonds) (Continued)

The County has pledged its taxing power to support its lease rental payments related to both principal and interest due on the General Authority's Bonds. These bonds mature as follows:

<u>Years</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	2.00%	\$ 350,000	\$ 141,225	\$ 491,225
2013	2.25%	360,000	134,225	494,225
2014	2.50%	365,000	126,125	491,125
2015	3.00%	375,000	117,000	492,000
2016	3.00%	385,000	105,750	490,750
2017-2021	3.20%-3.85%	2,140,000	331,015	2,471,015
2022	3.88%	470,000	18,213	488,213
		<u>\$ 4,445,000</u>	<u>\$ 973,553</u>	<u>\$ 5,418,553</u>

Lease Revenue Bonds – Series D of 2009 (100 Chestnut Street)

On October 1, 2003, the Authority issued Tax Exempt Lease Revenue Bonds, Series A in the principal amount of \$2,490,000 and Federally Taxable Lease Revenue Bonds, Series B in the principal amount of \$1,355,000. The Authority used the 2003 bond proceeds to advance refund the Lease Revenue Bonds, Series A and B of 1998, resulting in defeasance of the bonds. The bonds are insured by a municipal bond guaranty insurance policy.

On November 12, 2009, the General Authority issued Tax Exempt Lease Revenue Bonds, Series D of 2009, in the principal amount of \$2,570,000. The General Authority used the Series D bond proceeds to currently refund the 2003 Bonds Payable, Series A. As of December 31, 2011, the Series A and Series B of 2003 bonds had a zero balance.

The bonds bear interest and mature as follows:

Series D of 2009

<u>Years</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	1.55%	\$ 295,000	\$ 56,848	\$ 351,848
2013	2.00%	295,000	52,275	347,275
2014	2.30%	300,000	46,375	346,375
2015	2.70%	305,000	39,475	344,475
2016	3.00%	315,000	31,240	346,240
2017-2018	3.20%-3.40%	660,000	33,180	693,180
		<u>\$2,170,000</u>	<u>\$ 259,393</u>	<u>\$2,429,393</u>

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011

NOTE 8: LONG-TERM DEBT (CONTINUED)

Component Units - Long-term Debt (Continued)Dauphin County General Authority (Continued)Lease Revenue Bonds – Series A and B of 1998 (100 Chestnut Street)

On September 1, 1998, the General Authority issued Tax Exempt Lease Revenue Bonds, Series A in the principal amount of \$4,285,000 and Federally Taxable Lease Revenue Bonds, Series B in the principal amount of \$340,000. The bond proceeds were used to acquire certain real estate in the City of Harrisburg, known as "100 Chestnut Street," to fund certain renovations to the facility, to fund a debt service reserve, and to pay the costs of issuance. On October 1, 2003, the General Authority advance refunded the Series A of the 1998 Bonds, resulting in a defeasance of the bonds. As a result, the liability for those bonds has been removed from the 100 Chestnut Street Fund. The balance outstanding on the defeased Series A bonds on December 31, 2011 is \$2,105,000. The Series B bonds matured in 2006 and were paid in full.

Dauphin County Guaranteed Revenue Bonds – Series A and B of 2011 (Dauphin Highlands)

On January 6, 2005, the General Authority issued Tax Exempt County Guaranteed Revenue Refunding Bonds, Series A of 2005 and Taxable County Guaranteed Revenue Refunding Bonds, Series B of 2005 in the principal amount of \$8,565,000 and \$2,435,000, respectively. The bonds are insured by a municipal bond guaranty insurance policy. The net proceeds were used to advance refund the 1993 Series Capital Appreciation Bonds, advance refund the County Guaranteed Revenue Bonds, Series of 2003 and pay the costs of issuing the bonds. As a result, the liability for those bonds has been removed from Dauphin Highlands. At December 31, 2011, the maturity value and accreted value of the bonds outstanding on the 1993 Series Capital Appreciation Bonds are \$11,690,000 and \$8,045,007, respectively. There is no balance outstanding on the County Guaranteed Revenue Bonds, Series of 2003, at December 31, 2011.

On September 30, 2011, the Authority issued Taxable County Guaranteed Revenue Refunding Bond, Series A of 2011 (Series A of 2011) and Taxable County Guaranteed Revenue Refunding Bond, Series B of 2011 (Series B of 2011), in the principal amounts of \$8,796,927 and \$2,355,154, respectively. The bonds are insured by a municipal bond guarantee insurance policy. The Authority used the proceeds of Series A 2011 to currently refund the Series A of 2005 and pay the cost of issuance. The net proceeds of Series B of 2011 were used to advance refund the Series B of 2005 and pay issuance costs. As a result, the liability for those bonds has been removed from the Authority. The current refunding of the Series A of 2005 is estimated to reduce total debt service payments by \$4,390,331 through 2034, and resulted in an economic gain (difference between the present values of the old and new debt service payments) of \$3,141,181. The advance refunding of the Series B of 2005 is estimated to reduce the total debt service payments by \$276,861 through 2021, and resulted in an economic gain (difference between the present values of the old and new debt service payments) of \$267,308. The balance outstanding on the defeased Series B of 2005 on December 31, 2011 is \$2,075,000.

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2011

NOTE 8: LONG-TERM DEBT (CONTINUED)

Component Units - Long-term Debt (Continued)Dauphin County General Authority (Continued)Dauphin County Guaranteed Revenue Bonds – Series A and B of 2011 (Dauphin Highlands) (Continued)

The interest rate on Series A of 2011 Bonds is variable. Per the bond agreements, the interest rates will change monthly and be calculated based on London Interbank Offered Rate (LIBOR) plus 1.75% not to exceed 12%. The interest rate on these bonds as of December 31, 2011 was 2.046%. Dauphin County has pledged its full faith, credit and taxing power to guarantee the debt service payments related to both principal and interest due on the Series A of 2011 Revenue Refunding Bonds. These bonds mature as follows:

<u>Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 76,496	\$ 181,919	\$ 258,415
2013	86,197	180,269	266,466
2014	97,129	178,398	275,527
2015	109,448	176,289	285,737
2016	8,427,657	145,025	8,572,682
	<u>\$ 8,796,927</u>	<u>\$ 861,900</u>	<u>\$ 9,658,827</u>

The interest rate on Series B of 2011 Bonds is variable. Per the bond agreements the interest rates will change monthly and be calculated based on LIBOR plus 1.75%, not to exceed 12%. The interest rate on these bonds as of December 31, 2011 was 2.046%. Dauphin County has pledged its full faith, credit, and taxing power to guarantee the debt service payments related to both principal and interest due on the Series B of 2011 Bonds. These bonds mature as follows:

<u>Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 129,844	\$ 47,858	\$ 177,702
2013	146,312	45,056	191,368
2014	164,868	41,880	206,748
2015	185,777	38,300	224,077
2016	1,728,353	28,841	1,757,194
	<u>\$ 2,355,154</u>	<u>\$ 201,935</u>	<u>\$ 2,557,089</u>

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2011

NOTE 8: LONG-TERM DEBT (CONTINUED)

Component Units - Long-term Debt (Continued)Dauphin County Industrial Development AuthorityQualified Tax-Exempt Obligations

\$488,000 Guaranteed Lease Revenue Note, Series of 2004, due in monthly installments of \$4,855 through November 4, 2014 plus interest at 3.63%.

The proceeds of the note, dated November 4, 2004, were used for and towards the acquisition of a building situated at 1805 North Cameron Street in the City of Harrisburg, Dauphin County; and paying the costs and expenses related to the foregoing purposes and to the issuance of the Note.

Under a lease agreement dated November 4, 2004 between the IDA, as lessor, and the County, as lessee, the County is obligated to make monthly payments to or on behalf of the IDA in amounts required by the note. The County is currently making monthly payments directly to the bank. The County guarantees payment of principal and interest on the Note.

The following is a maturity schedule for the Guaranteed Lease Revenue Note, Series 2004:

Principal	Interest	Interest Rate	Maturity Date
\$ 53,061	\$ 5,204	3.63%	2012
54,927	3,338	3.63%	2013
56,858	1,406	3.63%	2014
9,669	42	3.63%	2015
<u>\$ 174,515</u>	<u>\$ 9,990</u>		

\$900,000 Guaranteed Lease Revenue Note, Series of 2006, due in monthly installments of \$5,677 through April 5, 2026 plus interest at 4.40%.

The proceeds of the note, dated April 5, 2006, were used for and towards the acquisition of a building situated at 1300 Rolleston Street in the City of Harrisburg, Dauphin County; and paying the costs and expenses related to the foregoing purposes and to the issuance of the Note.

Under a lease agreement dated April 5, 2006 between the IDA, as lessor, and the County, as lessee, the County is obligated to make monthly payments to or on behalf of the IDA in amounts required by the note. The County is currently making monthly payments directly to the bank. The County guarantees payment of principal and interest on the Note.

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2011

NOTE 8: LONG-TERM DEBT (CONTINUED)

Component Units - Long-term Debt (Continued)Dauphin County Industrial Development Authority (Continued)Qualified Tax-Exempt Obligations (Continued)\$900,000 Guaranteed Lease Revenue Note, Series of 2006 (Continued)

The following is a maturity schedule for the Guaranteed Lease Revenue Note, Series 2006:

<u>Principal</u>	<u>Interest</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
\$ 36,239	\$ 31,883	4.40%	2012
37,895	30,226	4.40%	2013
39,627	28,494	4.40%	2014
41,438	26,683	4.40%	2015
43,332	24,789	4.40%	2016
248,238	92,368	4.40%	2017 to 2021
281,798	30,425	4.40%	2022 to 2026
<u>\$ 728,567</u>	<u>\$ 264,868</u>		

\$410,651 Guaranteed Lease Revenue Note, Series 2007A, due in monthly installments of \$2,688 through August 16, 2027 plus interest at 4.83%.

The proceeds of the note, dated August 16, 2007 were used for and towards the acquisition of a building situated at 2125 Paxton Church Road in the City of Harrisburg, Dauphin County; and paying the costs and expenses related to the foregoing purposes and to the issuance of the Note.

Under a lease agreement dated August 16, 2007 between the Authority, as lessor, and the County, as lessee, the County is obligated to make monthly payments to or on behalf of the Authority in amounts required by the note. The County is currently making monthly payments directly to the bank. The County guarantees payment of principal and interest on the Note.

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2011

NOTE 8: LONG-TERM DEBT (CONTINUED)

Component Units - Long-term Debt (Continued)Dauphin County Industrial Development Authority (Continued)Qualified Tax-Exempt Obligations (Continued)\$410,651 Guaranteed Lease Revenue Note, Series 2007A (Continued)

The following is a maturity schedule for the Guaranteed Lease Revenue Note, Series 2007A:

<u>Principal</u>	<u>Interest</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
\$ 15,454	\$ 16,799	4.83%	2012
16,216	16,037	4.83%	2013
17,016	15,238	4.83%	2014
17,854	14,399	4.83%	2015
18,734	13,519	4.83%	2016
108,470	52,795	4.83%	2017 to 2021
137,974	23,291	4.83%	2022 to 2026
23,711	479	4.83%	2027 to 2030
<u>\$ 355,429</u>	<u>\$ 152,557</u>		

\$900,000 Guaranteed Lease Revenue Note Series 2007, due in monthly installments of \$5,291 through November 29, 2027 plus interest at 4.89%.

The proceeds of the note, dated November 29, 2007, were used for and towards the acquisition of a building situated at 5925 Stevenson Avenue in Lower Paxton Township, Dauphin County, Pennsylvania; and paying the costs and expenses related to the foregoing purposes and the issuance of the Note.

Under a lease agreement dated November 29, 2007 between the IDA, as lessor and the County, as lessee, the County is obligated to make monthly payments to or on behalf of the IDA in amounts required by the note. The County is currently making payments directly to the bank. The County guarantees payment of the principal and interest on the Note.

The following is a maturity schedule for the Guaranteed Lease Revenue Note, Series 2007:

<u>Principal</u>	<u>Interest</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
\$ 33,546	\$ 37,502	4.83%	2012
35,224	35,824	4.83%	2013
36,987	34,062	4.83%	2014
38,837	32,211	4.83%	2015
40,780	30,268	4.83%	2016
236,619	118,621	4.83%	2017 to 2021
302,029	53,211	4.83%	2022 to 2026
57,901	1,306	4.83%	2027
<u>\$ 781,923</u>	<u>\$ 343,005</u>		

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011

NOTE 8: LONG-TERM DEBT (CONTINUED)

Component Units - Long-term Debt (Continued)Dauphin County Industrial Development Authority (Continued)Qualified Tax-Exempt Obligations (Continued)

\$1,900,000 Guaranteed Mortgage Revenue Series of 2010 interest due in monthly installments at a fixed rate of 5.65% APR for the first five years through December 1, 2015, and then float at Prime floor of 4% through the maturity of the Note on December 1, 2020.

The proceeds of the note, dated December 1, 2010, were used to pay issuance costs of \$26,197 and \$1,675, 870 was used to refinance the outstanding principal balances of the Guaranteed Lease Revenue Note, Series of 2005, Loan Payable, Vartan Bank, and Guaranteed Construction Note, Series 2008. The remaining balance of \$197,933 was used to pay outstanding interest on the old debt and to fund the 2010 Renovation Project.

The following is a maturity schedule for the Guaranteed Mortgage Revenue Note Series 2010:

	<u>Principal</u>	<u>Interest</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
\$	55,572	\$ 104,280	5.65%	2012
	57,941	101,911	5.65%	2013
	61,349	98,503	5.65%	2014
	64,957	94,895	5.65%	2015
	68,520	91,332	5.65%	2016
	1,552,469	339,205	5.65%	2017-2021
	<u>\$1,860,808</u>	<u>\$ 830,126</u>		

The following is a summary of long-term debt for the year ended September 30, 2011:

	Balance		Balance		Due Within
	October 1,	Additions	Deletions	September	One Year
	2010			30, 2011	
Guaranteed lease revenue notes:					
Series of 2004	\$ 221,570	\$ -	\$ (47,055)	\$ 174,515	\$ 53,061
Series of 2005	785,978	-	(785,978)	-	-
Series of 2006	763,222	-	(34,655)	728,567	36,239
Series of 2007	813,871	-	(31,948)	781,923	33,546
Series of 2007(A)	370,157	-	(14,728)	355,429	15,454
Subtotal	2,954,798	-	(914,364)	2,040,434	138,300
2008 Construction Note	714,961	-	(714,961)	-	-
Loan Payable	174,931	-	(174,931)	-	-
Guaranteed mortgage revenue note	-	1,900,000	(39,192)	1,860,808	55,572
Total	<u>\$ 3,844,690</u>	<u>\$1,900,000</u>	<u>\$(1,843,448)</u>	<u>\$3,901,242</u>	<u>\$ 193,872</u>

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2011

NOTE 8: LONG-TERM DEBT (CONTINUED)

Component Units - Long-term Debt (Continued)Dauphin County Economic Development Corporation

The following is a summary of long-term debt for the year ended December 31, 2011:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
2004 Guaranteed Parking Revenue Note	\$ 1,870,000	\$ -	\$ -	\$ 1,870,000	\$ 55,000
Section 108 Note Payable	<u>2,680,000</u>	<u>-</u>	<u>(160,000)</u>	<u>2,520,000</u>	<u>160,000</u>
	<u>\$ 4,550,000</u>	<u>\$ -</u>	<u>\$ (160,000)</u>	<u>\$ 4,390,000</u>	<u>\$ 215,000</u>

Long-term debt at December 31, 2011, consisted of the following:

Note payable of \$2,200,000 to a bank, payable in variable annual installments plus interest not to exceed 10%, initial principal payment due 2006, final payment due December 2030. Interest rate at December 31, 2011 was 1.7477%. \$ 1,870,000

Section 108 Note payable in the amount of \$3,000,000 issued for the purpose of redeveloping a brownfield site at an approximate interest rate of 5.4% and final payment due August 2026. 2,520,000

4,390,000

Less current portion (215,000)

Long-term debt \$ 4,175,000

Maturities of long-term debt are as follows:

<u>Maturity Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 215,000	\$ 169,046	\$ 384,046
2013	230,000	160,037	390,037
2014	230,000	150,734	380,734
2015	235,000	141,398	376,398
2016	240,000	131,944	371,944
2017 to 2021	1,300,000	504,629	1,804,629
2022 to 2026	1,400,000	223,776	1,623,776
2027 to 2031	540,000	24,818	564,818
	<u>\$ 4,390,000</u>	<u>\$ 1,506,382</u>	<u>\$ 5,896,382</u>

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011

NOTE 9: GUARANTEED DEBT

The County is currently the guarantor of three Swaps that were issued through the Harrisburg Authority.

The first swap is related to the Resource Recovery Multi-Modal Bonds, Series D of 2003, originally issued in the amount of \$96,480,000. The synthetic variable swap (the "2003 Variable Swap") was executed in the amount of \$65,000,000. The 2003 Variable Swap was entered into with the Royal Bank of Canada (the Counterparty). The effective date of the 2003 Variable Swap was December 30, 2003 and the termination date is December 1, 2013. The Harrisburg Authority pays to the Counterparty SIFMA and receives from the Counterparty a fixed rate of 3.37%.

The second swap is related to the Resource Recovery Multi-Modal Bonds, Series D of 2003 (the "2003D Bonds"), originally issued in the amount of \$96,480,000. A 6% cap (the "2003D Cap") was purchased from the Royal Bank of Canada (the Counterparty), commenced in 2006 and expires in 2033. The Authority is obligated to make semiannual payments to the Counterparty in connection with the 2003D Cap in the amount of \$247,000.

Component Units – Guaranteed Debt

Dauphin County Economic Development Corporation

On August 15, 2002, the Dauphin County Industrial Development Authority (IDA) issued County Guaranteed Revenue Bonds, Series of 2002 (the Bonds) in the aggregate principal amount of \$3,500,000.

The IDA appointed M & T Bank (formerly Allfirst), to serve as trustee, bond registrar and paying agent for the Bonds. The Bonds are limited obligations of IDA, payable solely from the funds pledged by the County of Dauphin (the County) under an agreement titled "Repayment Agreement by and between Dauphin County Industrial Development Authority and County of Dauphin, Pennsylvania regarding \$3,500,000 Dauphin County Industrial Development Authority County Guaranteed Revenue Bonds, Series of 2002," (the Repayment Agreement).

Pursuant to the Repayment Agreement, the IDA lent the full proceeds of the Bonds to the County to finance road and transportation improvements related to tourism and regional promotion and to pay costs incurred to issue the bonds. The County is obligated to make payments in amounts equal to scheduled principal and interest on the Bonds, along with certain annual administrative expenses of the IDA, until the Bonds mature in 2012.

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2011

NOTE 9: GUARANTEED DEBT (CONTINUED)

Component Units – Guaranteed Debt (Continued)Dauphin County Economic Development Corporation (Continued)

Under the bond indenture and the Repayment Agreement, the County is obligated to make timely payments directly to the Trustee in amounts necessary to satisfy the debt service requirements of the Bonds. DCEDC will make debt service payments to the Trustee on behalf of the County using Hotel Tax Revenue from Dauphin County. However, the Bonds are the obligations of the County, not DCEDC, and therefore are not reflected as a liability in the financial statements of DCEDC as of December 31, 2011.

Scheduled interest rates and principal maturities on the Bonds are as follows:

<u>Maturity</u> November 15	<u>Rate of</u> <u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt</u> <u>Service</u>
2012	3.85%	<u>\$ 440,000</u>	<u>\$ 16,940</u>	<u>\$ 456,940</u>
		<u>\$ 440,000</u>	<u>\$ 16,940</u>	<u>\$ 456,940</u>

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2011

NOTE 10: INTEREST RATE SWAPS

The County is a party to contracts for various derivative instruments as discussed below.

At December 31, 2011, the County has the following derivative instruments outstanding:

	Notional Amount	Fair Value		Changes in Fair Value	
		Fair Value at December 31, 2011 Classification	Amount	Change in Fair Value Classification	Amount
Governmental Activities					
A Investment Derivatives:					
2007 Fixed to Variable Rate Swaption	\$ 16,975,000	Investment	\$ 29,619	Unrestricted Investment Gain	\$ 609,261
B 2011 Fixed to Variable Rate Swaption	\$ 16,480,000	Investment	\$ 29,348	Unrestricted Investment Gain	\$ 583,760
C 2007 Fixed to Variable Rate Swaption	\$ 6,600,000	Investment	\$ 11,440	Unrestricted Investment Gain	\$ 283,035
Total Fixed to Variable Interest Rate Swaps			\$ 70,407		\$ 1,476,056
D 2005 Basis Swap	\$ 14,805,000	Investment	\$ 88,633	Unrestricted Investment Gain	\$ 99,569
E 2011 Basis Swap	\$ 45,050,000	Investment	\$ (92,998)	Unrestricted Investment Loss	\$ (92,998)
Total Basis Swaps			\$ (4,365)		\$ 6,571
F 2015 Forward-Starting Fixed Payer Swap	\$ 20,330,000	Investment	\$ (393,702)	Unrestricted Investment Loss	\$ (393,702)
G 2016 Forward-Starting Fixed Payer Swap	\$ 14,405,000	Investment	\$ (258,642)	Unrestricted Investment Loss	\$ (258,642)
Total Forward-Starting Fixed Payer Swaps			\$ (652,344)		\$ (652,344)
Total Investment Derivatives			\$ (586,302)		\$ 830,283

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2011

NOTE 10: INTEREST RATE SWAPS (CONTINUED)

Terms of the Investment Derivatives. The terms, fair values, and credit ratings of the investment derivatives as of December 31, 2011 were as follows.

Associated Bond Issue	Notional Amount	Effective Date	County Pays	County Receives	Swap Termination Date	Counterparty	Counterparty Credit Rating
<u>Swaptions:</u>							
A Series 2005C	\$ 16,975,000	9/25/2007	SIFMA	3.735%	11/15/2012	DEPFA Bank	Baa3/BBB/BBB+
B Series 2011	\$ 16,480,000	9/25/2007	SIFMA	3.735%	11/15/2012	DEPFA Bank	Baa3/BBB/BBB+
C Series 2005B	\$ 6,600,000	9/25/2007	SIFMA	3.775%	11/15/2012	DEPFA Bank	Baa3/BBB/BBB+
<u>Basis Swaps:</u>							
D Series D of 2004 GON	\$ 14,805,000	10/1/2005	SIFMA	67% of USD-LIBOR + .39%	3/1/2019	RBC	Aa1/AA-/AA
E Portions of Series 2011 GOB, 2005 C GOB, and 2006 GOB	\$ 45,040,000	10/1/2005	SIFMA	70% of USD-LIBOR + .383%	11/15/2024	RBC	Aa1/AA-/AA
<u>Fixed Payer Forward Starting Swaps:</u>							
F Portion of Series 2005 B and 2005 C / 2015 Bonds	\$ 20,330,000	5/15/2015	notional balance * fixed rate of 2.252%	notional balance * 70% of 3-Month LIBOR	11/15/2024	RBC	Aa1/AA-/AA
G 2006 Bonds / 2016 Bonds	\$ 14,405,000	5/15/2016	notional balance * fixed rate of 2.403%	notional balance * 70% of 3-Month LIBOR	11/15/2023	RBC	Aa1/AA-/AA

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011

NOTE 10: INTEREST RATE SWAPS (CONTINUED)

Fair market value. The fair market value of the derivative investments were estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap.

Credit risk. As of December 31, 2011, the County was not exposed to credit risk for those investment derivatives with negative fair values. For the derivative investments with positive fair values, the County is be exposed to credit risk in the amount of the derivative's fair value. The County executes its derivative instruments with two counterparties that comprise 100% percent of its net exposure to credit risk. The Counterpartys' credit ratings are shown in the table above.

The County's Master Swap Agreement contains netting provisions applicable to circumstances where the County enters into more than one derivative transaction with a single counterparty. Under these netting provisions, should one party become insolvent or otherwise default on its obligations, the close-out netting provisions permit the nondefaulting party to terminate all affected transactions and net any settlement amounts payable so that a single sum will be owed by, or owed to, the nondefaulting party.

Interest Rate Risk. On the County's Basis Swap as SIFMA increases and LIBOR decreases, the County's net payment on the swaps increase. On the County's Swaptions, as SIFMA increases, the County's net payment on the swaps increase. On the County's Fixed Payer swaps, as LIBOR increases, the County's net payment on the swaps decrease.

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2011

NOTE 11: DIRECT FINANCING LEASES

Component Unit - Direct Financing LeasesDauphin County General Authority

The General Authority's County Building Bond Fund leasing operation consists of leasing a parking garage/office building to the County of Dauphin under a direct financing lease arrangement, with the lease assigned to a trustee as collateral for the County Building Bonds. Subsequent to leasing, the County designated the General Authority as agent to operate the facility. All operating costs remain the responsibility of the County and are accounted for on the County's records. In November 2009, the General Authority currently refunded the Revenue Bonds Series 2001 through the issuance of Guaranteed Lease Revenue Bonds, Series C of 2009. The term of the revised lease agreement is 20 years and expires in 2022.

The General Authority's 100 Chestnut Street Bond Fund leasing operation consists of leasing an office building to the County of Dauphin under a direct financing lease arrangement, with the lease assigned to a trustee as collateral for the Chestnut Street Revenue Bonds. The Chestnut Street Revenue Bonds were originally advanced refunded in 2003 through the issuance of Lease Revenue Bonds, Series A and B of 2003. In November 2009, the General Authority refunded the Lease Revenue Bonds, Series A of 2003 through the issuance of Tax Exempt Lease Revenue Bonds, Series D of 2009. The term of the revised lease agreement is 15 years and expires in 2018.

Following is a schedule of minimum lease payments for all direct financing leases:

<u>Years Ending December 31,</u>	<u>County Building Bond Fund</u>	<u>100 Chestnut Street Fund</u>	<u>Total</u>
2012	\$ 491,225	\$ 351,848	\$ 843,073
2013	494,225	347,275	841,500
2014	491,125	346,375	837,500
2015	492,000	344,475	836,475
2016	490,750	346,240	836,990
2017-2021	2,471,015	693,180	3,164,195
2022	488,213	-	488,213
	<u>\$ 5,418,553</u>	<u>\$ 2,429,393</u>	<u>\$ 7,847,946</u>

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2011

NOTE 11: DIRECT FINANCING LEASES (CONTINUED)

Component Unit - Direct Financing Leases (Continued)Dauphin County General Authority (Continued)

The net investment in direct financing leases consists of the following at December 31, 2011:

	<u>County Building Bond Fund</u>	<u>100 Chestnut Street Fund</u>	<u>Total</u>
Total Minimum Lease			
Payments to be Received	\$ 5,418,553	\$ 2,429,393	\$ 7,847,946
Less: Unearned Income	973,553	245,181	1,218,734
	<u>\$ 4,445,000</u>	<u>\$ 2,184,212</u>	<u>\$ 6,629,212</u>
Current Portion	\$ 350,000	\$ 309,212	\$ 659,212
Noncurrent Portion	4,095,000	1,875,000	5,970,000
	<u>\$ 4,445,000</u>	<u>\$ 2,184,212</u>	<u>\$ 6,629,212</u>

Dauphin County Industrial Development Authority

On November 4, 2004 the IDA entered into a lease agreement with the County of Dauphin for a building for a fifteen year term. The lease requires the County to make payments equal to the principal and interest of the IDA's Series of 2004 Guaranteed Lease Revenue Note used for the purchase of the building. The County has the right to purchase the leased buildings and equipment for the sum of one dollar, plus the amount, if any, required to pay in full the outstanding balance due under the IDA's Series of 2004 Guaranteed Lease Revenue Note. The amount of the lease outstanding at September 30, 2011 is \$174,515.

On April 5, 2006, the IDA entered into a lease agreement with the County of Dauphin for a building for a twenty year term. The lease requires the County to make payments equal to the principal and interest of the IDA's Series of 2006 Guaranteed Lease Revenue Note used for the purchase of the building. The County has the right to purchase the leased building for the sum of one dollar, plus the amount, if any, required to pay in full the outstanding balance due under the IDA's Series of 2006 Guaranteed Lease Revenue Note. The amount of the lease outstanding at September 30, 2011 is \$728,567.

On August 15, 2007 the IDA entered into a lease agreement with County of Dauphin for a building for a twenty year term. The lease requires the County to make payments equal to the principal and interest of the IDA's Series of 2007A Guaranteed Lease Revenue Note. The County has the right to purchase the leased building for the sum of one dollar, plus the amount, if any, required to pay in full the outstanding balance due under the IDA's Series of 2007A Guaranteed Lease Revenue Note. The amount of the lease outstanding at September 30, 2011 is \$355,429.

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2011

NOTE 11: DIRECT FINANCING LEASES (CONTINUED)

Component Unit - Direct Financing Leases (Continued)

Dauphin County Industrial Development Authority (Continued)

On November 29, 2007 the IDA entered into a lease agreement with the County of Dauphin for a building for a twenty-year term. The lease requires the County to make payments equal to the principal and interest of the IDA's Series 2007 Guaranteed Lease Revenue Note. The County has the right to purchase the leased building for the sum of one dollar, plus the amount, if any, required to pay in full the outstanding balance due under the IDA's Series 2007 Guaranteed Lease Revenue Note. The amount of the lease outstanding at September 30, 2011 is \$781,923.

Following is a schedule of minimum lease payments for the direct financing leases:

<u>Years Ending September 30,</u>	
2012	\$ 229,688
2013	229,687
2014	229,687
2015	181,133
2016	171,422
2017 – 2021	857,111
2022 – 2026	828,729
2027 – 2030	83,397
	<u>\$ 2,810,854</u>

The net investment in direct financing lease consists of the following at September 30, 2011:

Total Minimum Lease Payments to be Received	\$ 2,810,854
Less: Unearned Interest Income	<u>(770,420)</u>
	<u>\$ 2,040,434</u>
Current Portion	\$ 138,300
Noncurrent Portion	<u>1,902,134</u>
	<u>\$ 2,040,434</u>

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011

NOTE 12: CAPITAL LEASE OBLIGATIONS

The following is a summary of changes in capital lease obligations for the year ended December 31, 2011:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
<u>Governmental Activities</u>					
Capital Leases	\$ 5,452,398	\$ 378,741	\$ (752,154)	\$ 5,078,985	\$ 797,749
Total Capital Lease Obligations	<u>\$ 5,452,398</u>	<u>\$ 378,741</u>	<u>\$ (752,154)</u>	<u>\$ 5,078,985</u>	<u>\$ 797,749</u>
<u>Business-Type Activities</u>					
Capital Leases					
Human Services Building	\$ 4,795,000	\$ -	\$ (350,000)	\$ 4,445,000	\$ 350,000
911 EMA	141,910	-	(57,364)	84,546	59,076
Total Capital Lease Obligations	<u>\$ 4,936,910</u>	<u>\$ -</u>	<u>\$ (407,364)</u>	<u>\$ 4,529,546</u>	<u>\$ 409,076</u>

Obligations under capital lease consists of a lease payable to the General Authority for the Human Services Building Fund that is accounted for as an Enterprise Fund bearing interest at rates from 1.00% to 3.875% and for the Chestnut Street Building that is accounted for in the Governmental Activities bearing interest rates from 1.00% to 3.40%, both of which were refunded in 2009. As a result of the refunding, the Human Service Building Fund recognized a loss of \$124,319 that is being amortized on the interest method over the term of the lease. The balance of the deferred loss at December 31, 2011 is \$93,036. Also as a result of refunding, the County recognized a loss of \$68,278 that is being amortized on the interest method over the term of the lease. The balance of the deferred loss at December 31, 2011 is \$44,742 and is included in deferred interest from refunding on the Statement of Net Assets.

The County also has four lease payables to the Industrial Development Authority for District Justice Offices that are accounted for in the Governmental Activities bearing interest rates from 3.46% to 4.89%. The County has also entered into capital lease agreements for computer equipment, office and other equipment, and a security system which are accounted for in the Governmental Activities. Also, the County has entered into capital lease agreements for computer equipment in the 911 EMA Fund that is accounted for as an Enterprise Fund.

In 2011, the County entered into three new capital leases all in Governmental Activities. Two leases were for IT Equipment in the amounts of \$39,380 and \$26,980, and the other lease was for Prison Equipment in the amount of \$312,381.

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2011

NOTE 12: CAPITAL LEASE OBLIGATIONS (CONTINUED)

The following is a schedule of future minimum lease payments under the capital lease agreements, together with the present value of the net minimum lease payments as of December 31, 2011:

<u>Years Ending December 31</u>	<u>Governmental Activities</u>	<u>Human Services Building Enterprise Fund</u>	<u>911 EMA Fund</u>
2012	\$ 943,958	\$ 491,226	\$ 63,012
2013	776,423	494,226	26,677
2014	691,327	491,126	-
2015	542,599	492,001	-
2016	539,209	490,751	-
2017-2021	1,679,376	2,471,019	-
2022-2026	946,440	488,213	-
2027-2031	169,172	-	-
Total Minimum Lease Payments	6,288,504	5,418,562	89,689
Less: Amount Representing Interest	1,209,519	973,562	5,143
Total Present Value of Net Minimum Lease Payments	5,078,985	4,445,000	84,546
Less: Amounts Due within One Year	797,749	350,000	59,076
	\$ 4,281,236	\$ 4,095,000	\$ 25,470

The assets associated with the capital leases are shown as Leasehold Assets within the Capital Asset Note (See Note 6).

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2011

NOTE 12: CAPITAL LEASE OBLIGATIONS (CONTINUED)

Component Unit- Capital Lease Obligation

Dauphin County General Authority

In 2009, Dauphin Highlands purchased golf carts under a long-term lease agreement that is classified as a capital lease. As of December 31, 2011, Dauphin Highlands includes these golf carts at a cost of \$159,800, with accumulated depreciation of \$58,974.

The future minimum payments under this capital lease and the present value of the minimum lease payments at December 31, 2011 are as follows:

<u>Year Ended</u> <u>December 31,</u>	<u>Total</u>
2012	\$ 36,094
2013	36,094
Total Minimum lease payments	72,188
Less amount representing interest	(5,307)
Present value of future minimum lease payments	<u>\$ 66,881</u>

NOTE 13: LINE OF CREDIT

Component Unit – Line of Credit

Case Management Unit

At June 30, 2011, CMU had an \$800,000 line of credit with a bank secured by all accounts receivable which expires December 10, 2048. Interest on outstanding borrowings is due monthly at .5% above the bank's prime rate, which was 4.00% at June 30, 2011. There were \$1,515,000 in borrowings on the line and \$1,865,000 in repayments for the year ended June 30, 2011. The principle balance on the line as of June 30, 2011 was \$0.

Dauphin County Industrial Development Authority

During 2008, the IDA entered into a \$50,000 line of credit with PNC Bank, secured by gross revenues from the Trinity Harvest LLC project, which expires on September 1, 2013. Interest on outstanding borrowing is due monthly at the Lenders Prime Rate of 3.25% on September 30, 2011 less 2%. The outstanding principle balance on the Line at September 30, 2011 was \$29,767.

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2011

NOTE 14: FUND BALANCE / NET ASSETS

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the County is bound to honor constraints on the specific purpose for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable

Prepaid items	\$ 1,244,464	
Incinerator loan	46,590,913	
Gaming loan	2,200,000	
Liquid fuels loan	334,470	\$ 50,369,847

Restricted

Low income housing	746,796	
Gaming	17,131,575	
Capital projects	11,800,528	
Fort Hunter trust fund	909,205	
State grant	401,905	
Liquid fuels	1,340,485	
Domestic relations	1,234,954	
Weatherization	43,449	
Hazardous materials	230,801	
Aging	76,838	
Drug act forfeited - state	200,113	
Drug act forfeited - federal	128,505	34,245,154

Assigned

2012 budgeted deficit		20,871,756
-----------------------	--	------------

Unassigned

Available for any purpose		22,492,245
		<u>\$ 127,979,002</u>

The restrictions of net assets included in the Fiduciary Funds are as follows:

Fiduciary Funds

Future payments of members' benefits		<u>\$ 204,432,757</u>
--------------------------------------	--	-----------------------

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2011

NOTE 15: FUND BALANCES / NET ASSETS (CONTINUED)

Component Units-Reserved Fund Balance/Net AssetsDauphin County Economic Development Corporation ("DCEDC")

The restrictions of net assets included in the financial statements represent portions of net assets that are restricted for various purposes and are not available for the payment of other subsequent expenditures. The following restrictions are included in the financial statements.

Tourism and regional promotion	\$ 3,038,738
State of the County event	44,479
HOME Investment Partnerships Program	2,186
Team PA Calling Program	23,227
	<u>\$ 3,108,630</u>

NOTE 16: INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances consist of the following at December 31, 2011:

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
Governmental Funds:		
General Fund	\$ 9,715,892	\$ -
Special Revenue Funds		
Children and Youth Families Fund	-	9,175,102
ARRA Fund	-	445,562
Total Special Revenue Funds	-	9,620,664
Total Governmental Funds	<u>9,715,892</u>	<u>9,620,664</u>
Proprietary Funds :		
Enterprise Funds:		
Health Choices	-	95,228
Total Proprietary Funds	-	95,228
	<u>\$ 9,715,892</u>	<u>\$ 9,715,892</u>

Component Unit-Interfund Receivables and Payables

The County utilizes a pooled operating fund to enhance investment return, therefore, interfund receivables and payables are recorded to recognize amounts held by the General Fund in the pooled account on behalf of other funds. In addition, the General Fund has paid expenses on behalf of other funds, therefore, a corresponding interfund receivable and payable has been recorded.

	<u>Due From Component</u>	<u>Due to Primary Government</u>
Dauphin County Conservation District	<u>\$ 137,242</u>	<u>\$ 137,242</u>

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2011

NOTE 17: INTERFUND OPERATING TRANSFERS

Interfund Transfers are executed as a result of the requirements for certain funds to fund a portion of the expenditures or expenses of other funds. Interfund operating transfers are as follows:

	<u>Transfers from Other Funds</u>	<u>Transfers to Other Funds</u>
Governmental Funds:		
General Fund	\$ 1,837,752	\$ 14,423,879
Special Revenue Funds		
Mental Health/Mental Retardation Fund	877,406	11,018
Children and Youth Families Fund	9,735,952	29,603
Domestic Relations	2,071,193	-
Weatherization Program Fund	129,761	-
State Grants Fund	18,971	-
Human Services Development Fund	29,570	26,454
Aging Fund	90,000	21,618
Drug and Alcohol Fund	207,871	24,478
Hazardous Materials Fund	2,203	-
Liquid Fuels Fund	1,827	-
Drug Forfeited State Property Fund	-	52
Low Income Housing Fund	9,555	-
ARRA Fund	14,007	726
Gaming Fund	-	1,380,856
Total Special Revenue Funds	<u>13,188,316</u>	<u>1,494,805</u>
Fort Hunter Permanent Fund	-	32,500
Capital Projects Fund	260,000	-
Total Governmental Funds	<u>15,286,068</u>	<u>15,951,184</u>
Proprietary Funds :		
Enterprise Funds:		
Health Choice Fund	-	107,831
Human Services Building Fund	740,128	-
Emergency 911	319	-
Fort Hunter - Operating	32,500	-
Total Proprietary Funds	<u>772,947</u>	<u>107,831</u>
	<u>\$ 16,059,015</u>	<u>\$ 16,059,015</u>

Component Unit - Interfund Operating Transfers

	<u>Transfers from Component Units</u>	<u>Transfers to Primary Government</u>
Dauphin County Conservation District	\$ <u>637,609</u>	\$ <u>637,609</u>

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011

NOTE 18: PROPERTY TAXES

Real Estate Property Taxes

Real estate property taxes attach as an enforceable lien on property on January 1, based on the assessed value listed as of the prior December 31 for all real property located in the County. Assessed values are established by the County Assessment Board at approximately 100% of calculated market value. Taxes are billed on or about February 1, payable under the following terms: 2% discount, February 1 through March 31; face amount, April 1 through July 31, and 5% penalty June 1 through July 31, and a 10% penalty from August 1 through December 31. The County bills its own property taxes, which are collected by elected tax collectors. Real estate property taxes levied for 2011 are recorded as receivables, net of estimated uncollectibles. The net receivables collected during 2011 and expected to be collected within the first sixty (60) days of 2012 are recognized as revenue in 2011. Net receivables estimated to be collectible subsequent to March 31 are reflected in deferred revenue. Prior years' levies are recorded using these same principles, and remaining receivables are annually reevaluated as to collectibility.

The rate of taxation in 2011 was 6.876 mills, for general purposes. In addition, a special tax of .35 mills was approved for the County Library System.

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2011

NOTE 19: SEGMENT INFORMATION FOR ENTERPRISE FUNDS

Component Units – Segment Information for Enterprise FundsDauphin County General Authority

The General Authority has issued revenue bonds to finance various activities. The nonmajor enterprise funds consist of the County Building Bond Fund and 100 Chestnut Street Fund. However, investors in the revenue bonds rely solely on the revenue generated by the individual activities or the related guarantee, if applicable, for repayment. Summary financial information for the funds is presented below:

	County Building Bond Fund	100 Chestnut Street Fund	Total Nonmajor Enterprise Funds
CONDENSED BALANCE SHEET			
ASSETS			
Current assets	\$ 350,000	\$ 322,951	\$ 672,951
Noncurrent investment in direct financing lease	4,095,000	1,875,000	5,970,000
Restricted assets	66,922	1,032,876	1,099,798
Total assets	<u>\$ 4,511,922</u>	<u>\$ 3,230,827</u>	<u>\$ 7,742,749</u>
LIABILITIES			
Current liabilities	\$ 436,450	\$ 758,295	\$ 1,194,745
Noncurrent liabilities	4,095,000	1,875,000	5,970,000
Total liabilities	<u>4,531,450</u>	<u>2,633,295</u>	<u>7,164,745</u>
NET ASSETS (DEFICITS)			
Restricted	-	597,532	597,532
Unrestricted	(19,528)	-	(19,528)
Total net assets	<u>(19,528)</u>	<u>597,532</u>	<u>578,004</u>
Total liabilities and net assets (deficits)	<u>\$ 4,511,922</u>	<u>\$ 3,230,827</u>	<u>\$ 7,742,749</u>

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2011

NOTE 19: SEGMENT INFORMATION FOR ENTERPRISE FUNDS (CONTINUED)

Component Units – Segment Information for Enterprise Funds (Continued)Dauphin County General Authority (Continued)

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS	County Building <u>Bond Fund</u>	100 Chestnut Street <u>Fund</u>	Total Nonmajor Enterprise Funds
Operating revenues	\$ 168,231	\$ 304,349	\$ 472,580
Operating expenses	(166,481)	(303,969)	(470,450)
Change in Net Assets (Deficits)	1,750	380	2,130
Net assets (Deficits) Beginning of year	(21,278)	597,152	575,874
End of year	<u>\$ (19,528)</u>	<u>\$ 597,532</u>	<u>\$ 578,004</u>
CONDENSED STATEMENT OF CASH FLOWS			
Net cash provided by (used in):			
Operating activities	\$ 496,469	\$ 282,061	\$ 778,530
Investing activities	6	77,006	77,012
Capital and related financing	-	(59,458)	(59,458)
Noncapital financing activities	(496,475)	(290,000)	(786,475)
Net change	-	9,609	9,609
Cash and cash equivalents –beginning	-	18,310	18,310
Cash and cash equivalents – ending	<u>\$ -</u>	<u>\$ 27,919</u>	<u>\$ 27,919</u>

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2011

NOTE 20: LEGAL COMPLIANCE

Net Asset Deficit

For the year ended December 31, 2011, the following funds had a deficit net asset balance:

Enterprise Funds:	
Human Service Building Fund	\$ 851,404

The above deficits resulted from additional expenses that will be paid through contributions by the General Fund.

Component Unit – Net Asset Deficit

Dauphin County General Authority

The following funds of the General Authority had negative net assets as of December 31, 2011:

<u>Fund</u>	<u>Amount</u>
Dauphin Highlands Golf Course	\$ 7,882,721
County Building Bonds	19,528
Riverfront Office Center	10,554,841
Pittsburgh Hyatt Hotel and Conference Center	23,248,951

Revenue, receipts, and property of each fund and the guarantee of debt, if applicable, are pledged as collateral on the bonds and are not cross collateralized.

NOTE 21: EMPLOYEES RETIREMENT PLAN

Plan Description

The Employees' Retirement Trust Fund Plan (the "Plan") is a contributory defined benefit single employer retirement plan covering substantially all full-time employees of the County and part-time employees exceeding 1,000 hours per year. The Plan is included in the financial statements of the County as a pension trust fund. The financial statements of the Retirement Trust Fund are prepared on the accrual basis of accounting. Plan members and employer contributions to the Plan are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2011

NOTE 21: EMPLOYEES RETIREMENT PLAN (CONTINUED)

Plan Description (Continued)

At December 31, 2011, the date of the latest valuation, employees covered by the Plan consisted of the following:

Retirees and Beneficiaries Receiving Benefits	975
Terminated Employees Entitled to Benefits but not yet Receiving Them	172
Active Plan Participants	1,569
Total Membership	2,716

Employees are required to contribute a portion of their salaries (5% of earnings in 2011) to the Plan and employees can elect to contribute up to 15% of their salaries. Per Act 96 of 1971, as amended, contribution requirements of the Plan members and the County may be amended by the General Assembly of the Commonwealth of Pennsylvania. Interest is credited each year in an amount allowed by the County Retirement Board to each member's account. Administrative costs of the Plan are financed through investment earnings.

The County does not issue a publicly available financial report for the Plan.

Investments

All investments of the pension trust fund are reported at fair value. Investments that do not have an established market value are reported at estimated fair value.

Funding Status and Progress

As of December 31, 2011, the most recent actuarial valuation date, the plan was 75.8 percent funded. The actuarial accrued liability for benefits was \$267.2 million, and the actuarial value of assets was \$202.6 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$64.6 million. The actuarial value of assets as a percentage of the actuarial accrued liability was 75.8%. The covered payroll was \$75.8 million, and the ratio of the UAAL to the covered payroll was 85.2%.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The entry age normal method is used to determine the annual required contribution for the County. Under this method, an actuarial accrued liability is determined as the actuarial present value of projected benefits for all participants minus the actuarial present value of future normal costs. The normal cost is determined as the annual amount required to fund between entry age and assumed exit age the actuarial present value of projected benefits for each active participant under the assumed retirement age.

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2011

NOTE 21: EMPLOYEES RETIREMENT PLAN (CONTINUED)

Actuarial Methods and Assumptions

The annual required contribution was determined based on the most recent annual actuarial valuation dated December 31, 2011. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 7.5% per year compounded annually; (b) projected salary increases of 4.50% per year, and (c) an inflation rate of 3.00%. The method used to determine the actuarial value of assets is a five year smoothed market. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period.

Year Ended December 31,	Annual Required Contribution (ARC)	Interest on Net Pension Asset	ARC Adjustment	Pension Cost	County Contribution	Percentage of Annual Pension Cost Contributed	Change in Net Pension Asset	Net Pension Asset
2011	\$10,293,492	\$ (1,507)	\$ (2,409)	\$10,294,394	\$10,293,492	99.99%	\$ 902	\$(19,190)
2010	10,118,006	(1,578)	(2,532)	10,118,960	10,118,006	99.99%	954	(20,092)
2009	7,732,226	(1,653)	(2,646)	7,733,219	7,732,226	99.99%	993	(21,046)

Legally Required Reserves

At December 31, 2011, the County has a balance of \$58,454,601 in the Members' Annuity Reserve Account. This account is the total of the contributions deducted from the salaries of the active and terminated vested members of the retirement system and the IRC 414(h)(2) pickup contributions together with the interest additions as of December 31, 2011. Since these accumulations represent the present value as of December 31, 2011 of future benefits, the reserve balance and liability are equal and this reserve is fully funded.

The County has a balance of \$57,238,150 in the County Annuity Reserve Account as of December 31, 2011. This balance and the amounts expected to be credited in the future, plus investment earnings thereon, represent the reserves set aside for the payment of the County's share of the retirement allowances. This is the account of which regular interest is credited to the member's annuity and retired members' reserve account, administrative expenses may be paid and the pension obligations of the County are funded.

When a County annuity is scheduled to commence for a particular member, sufficient monies are transferred from the County Annuity Reserve Account to the retired members' reserve account to provide for such County annuities actually entered upon. Thus, this reserve is always fully funded.

The Retired Members' Reserve Account is the account out of which monthly retirement allowances including cost-of-living increases and death benefits are paid. The balance in this account was \$85,914,115 as of December 31, 2011.

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2011

NOTE 22: POST-EMPLOYMENT BENEFIT PLAN

Plan Description. The County sponsors a post-employment benefits plan that covers health and life insurance benefits for eligible retirees. The County provides health and life insurance coverage for eligible retirees under the terms of agreements with the unions that represent them. Groups of retirees that are eligible for OPEB are: Shaffner, Court Related Teamster, Court AFSME, Probation Officers, Prison Guards, PSSU, CIT, and Captains and Lieutenants. The Plan does not issue a publicly available financial report.

Funding Policy. The contribution requirements of the County are established and may be amended through future union negotiations. The Plan does require contributions from some retirees. Retiree contributions depend upon the terms of the various union contracts. The County funds the Plan on a pay-as-you-go basis. For 2011, the County contributed \$859,650 to the plan for current premiums.

Annual OPEB Cost and Net OPEB Obligation. The County's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation to the Plan:

	Governmental Activities
Annual required contribution	\$ 1,807,701
Interest on net OPEB obligation	62,715
Adjustment to annual required contribution	<u>(90,682)</u>
Annual OPEB cost (expense)	1,779,734
Estimated contributions made	<u>(859,650)</u>
Increase in net OPEB obligation	920,084
Net OPEB obligation – beginning of year	<u>1,567,886</u>
Net OPEB obligation – end of year	<u>\$ 2,487,970</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contribution to the plan, and the net OPEB obligation for 2011 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2011	\$1,779,734	48.30%	\$2,487,970
12/31/2010	1,417,106	67.70%	1,567,886
12/31/2009	1,427,167	60.50%	1,110,747

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2011

NOTE 22: POST-EMPLOYMENT BENEFIT PLAN (CONTINUED)

Funded Status and Funding Progress. As of January 1, 2011 the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$14,942,647 and there were no assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$14,942,647. The covered payroll (annual payroll of active employees covered by the plan) was \$75,798,908, and the ratio of the UAAL to the covered payroll was 19.7%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing costs between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2011, actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a 4.0% investment rate of return, which is the expected long-term investment yield on the investments that are expected to be used to finance the payments of benefits, a health care cost trend rate of 10% initially, reduced by decrements to an ultimate rate of 5%. The UAAL is being amortized using the level dollar method over a period of 30 years on an open basis.

Schedule of Funding Progress

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
1/1/2007	\$ -	\$ 6,868,259	\$ 6,868,259	0.00%	\$ 63,649,794	10.8%
1/1/2009	\$ -	\$11,290,422	\$11,290,422	0.00%	\$ 71,264,760	15.8%
1/1/2011	\$ -	\$14,942,647	\$14,942,647	0.00%	\$ 75,798,908	19.7%

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2011

NOTE 23: COMPENSATED ABSENCES

County policy applicable to vacation and sick pay for employees is as follows:

Vacation Pay

Time accrues at various rates based on length of service. Employees are encouraged to utilize earned vacation time by December 31 of each period; however, current practice allows for the carryover of 20 unused vacation days. Time carried over in this manner is considered vested.

Sick Pay

Employees earn 1¼ sick days for each month of service or 15 days per year. An employee may accumulate up to a maximum of 200 days. Time carried over in this manner is considered vested.

Applicable GASB pronouncements require accrual of sick and vacation pay that meet certain specific conditions. The County has determined that such conditions apply to vested vacation pay and accumulated sick pay of Governmental Funds and the Proprietary Fund. To the extent vacation and sick pay liabilities are expected to be incurred, they are accrued in the government-wide and proprietary fund financial statements.

NOTE 24: LEASES

Operating Leases

The County leases office space under several operating leases with expiration dates through 2030.

Future minimum lease payment requirements under the various leases are as follows:

2012	\$ 1,036,784
2013	769,631
2014	71,806
2015	69,406
2016	60,406
2017 – 2021	240,180
2022 – 2026	196,250
2027 – 2030	34,426
Total minimum payments required	<u>\$ 2,478,889</u>

Total rental expense for these leases during 2011 approximated \$1,302,622.

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2011

NOTE 24: LEASES (CONTINUED)

Component Units – LeasesCase Management Unit

The Case Management Unit leased its principal office space. Rent expense totaled \$632,678 for the fiscal year ended June 30, 2011.

The lease agreement is for a period of ten consecutive years with two additional five-year renewal periods. Monthly rent increases 2.75% at the beginning of each lease year.

CMU also has a lease on the Elizabethville, Pennsylvania office. The lease agreement is for a period of twenty-five years. Rent for this lease is based on a set price per square foot per year. These payments range from \$45,484 – 69,632 and are payable in four equal quarterly installments commencing on January 1, 2009.

Future minimum lease payments under the above leases are as follows:

Year ending June 30,	Amount
2012	\$ 649,948
2013	667,703
2014	259,149
2015	52,759
2016	54,079
2017-2021	286,688
2022-2026	309,119
2027-2031	333,043
2032-2033	104,712
	<u>\$2,717,200</u>

Dauphin County Economic Development Corporation

The DCEDC leases office space from the Dauphin County Industrial Development Authority under a year-to-year operating lease. Minimum rental payments at December 31, 2011, are as follows:

2012	<u>\$32,692</u>
Total	<u>\$32,692</u>

Rental expense totaled \$32,692 for the year ended December 31, 2011.

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011

NOTE 25: RELATED PARTY TRANSACTIONS

Component Units - Related Party TransactionsDauphin County General Authority

The General Authority is a component unit of Dauphin County. The General Authority has entered into certain lease financing arrangements with the County. Lease payments from the County to the General Authority for 2011 were \$526,528.

The County has been paying rent in excess of the lease requirement to the General Authority since 2000. The total amount of these overpayments is \$438,468 at December 31, 2011 and is reported as deferred revenue on the balance sheet. The County had a claim on such overpayments until February 17, 2010, when an indemnity agreement was signed.

Dauphin County Industrial Development Authority

The County of Dauphin pays for all significant management and administrative costs required to operate the IDA on a day-to-day basis. The IDA's management and support staff are employees of the County and other significant operating expenses such as telephone service, office maintenance and insurance are paid for by the County. The amount of the County's support and the corresponding operating costs are not reported as revenue and expenses in the IDA's financial statements. The County also provides significant operating revenue, primarily through Gaming distributions passed-through to IDA. Revenue from the County was \$12,607,971 in 2011, representing 95.2% of total operating revenue.

See Note 8 and 11 for additional information concerning long-term debt transactions and direct financing leases with the County.

The IDA shares management, support staff and office space, and performs various administrative and program functions in conjunction with the Dauphin County Department of Community and Economic Development (DCDCED) which is an internal department of the County and the Dauphin County Economic Development Corporation (DCEDC), a non-profit corporation created by the County to partner in real estate development projects and to channel grant funding to communities and organizations in need of community and economic development assistance. DCEDC leases office space from the IDA under a year to year operating lease. As of September 30, 2011, IDA had received \$32,692 in lease payments.

The IDA is not owned in part or in total by DCEDC or DCDCED, and has no ownership interest in either organization. The IDA and DCEDC are both governed by the same Board of Directors which is appointed by the Commissioners of Dauphin County.

Case Management Unit

The Case Management Unit is a component unit of the County. The operating lease entered into in January 2009, described in Note 24, is held with the County and the lease payments are at market value.

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2011

NOTE 25: RELATED PARTY TRANSACTIONS (CONTINUED)

Dauphin County Economic Development Corporation

DCEDC is administered by the County of Dauphin ("County") through the Dauphin County Department of Community and Economic Development. DCEDC is not owned in part or in total by the County. However, the Commissioners of Dauphin County have the sole power to appoint members of the Corporation's Board of Directors.

The County pays for all significant management and administrative costs required to operate the Corporation on a day-to-day basis. DCEDC's management and support staff are employees of the County.

The County also provides significant operating revenue, primarily through Hotel Tax distributions passed-through to DCEDC. Revenue from the County was \$2,097,955 in 2011, representing 50% of total revenue.

At December 31, 2011 due from related party was comprised of the following pass-through items:

2% Hotel Tax Distribution	\$ 27,815
1% Hotel Tax Distribution	<u>139,127</u>
	<u>\$166,942</u>

The amounts reported above are considered by management to be collectible and accordingly, no allowance for uncollectible receivables was considered necessary.

The DCEDC shares management, support staff and office space with the Dauphin County Department of Community and Economic Development and with the Dauphin County Industrial Development Authority. The DCEDC is not owned in part or in total by the IDA, has no interest ownership therein, and receives no revenue from the IDA. However, the IDA and DCEDC are governed by the same Board of Directors, which is appointed by the Commissioners of Dauphin County.

The IDA acts as property management for the Market Square Plaza Parking owned by DCEDC. In this capacity, the IDA collects parking rent fees and remits such fees to the DCEDC on a periodic basis. Parking fees for the year ended December 31, 2011 were \$103,568.

NOTE 26: COMMITMENTS AND CONTINGENCIES

- A. In the normal course of business, there are various claims and suits pending against the County and its elected officials. Management is of the opinion that these matters will not have a material adverse effect on the County's financial position at December 31, 2011.

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2011

NOTE 26: COMMITMENTS AND CONTINGENCIES (CONTINUED)

- B. In 2009, the County entered into a contract for a Night Court / Central Court Project. The contract value approximated \$6,283,119 of which \$806,026 has been expended at December 31, 2011.
- C. In 2009, the County entered into a contract for a Female Work Release Center Project. The contract value approximated \$5,660,274 of which \$4,180,248 has been expended at December 31, 2011.
- D. In 2009, the County entered into a contract for a Juvenile Court Project. The contract value approximated \$2,810,762 of which \$2,652,461 has been expended at December 31, 2011.
- E. During 2009, the County made the initial payment on the Harrisburg Incinerator Debt after defaults by the Harrisburg Authority and the City of Harrisburg. The County is the second guarantor on a portion of the facility's debt. The County has paid a total of \$46,590,913 from 2009 through 2011 as a result of these defaults. This balance is reflected as a receivable in the County's financial statements as is reserved in the General Fund fund balance (See Note 14). Additional payments were made in 2011 (See Note 34).

Component Unit-Commitments and Contingencies

Dauphin County General Authority

Payments in Lieu of Taxes and Real Estate Taxes

The General Authority, as part of its construction of the Hyatt Hotel Project, committed to make payments in lieu of property taxes to the County of Allegheny in return for exempting the property from real estate taxes. This payment in lieu of taxes (PILOT) will be made from the respective funds if sufficient resources exist to make such payments after meeting operating costs and debt service payments. The PILOTs for the Hyatt Hotel Project have been accrued for the years ended December 31, 2000, 2001, 2002, 2003, 2004, 2006, 2007, 2008, 2009, 2010, and 2011 in the amount of \$460,000, \$537,000, \$614,000, \$680,000, \$767,000, \$767,000, \$767,040, \$767,040, \$767,000, \$767,000 \$767,000 and \$767,000, respectively.

Project Viability

The continued operation of the Dauphin Highlands Golf Course is dependent on the Administrative Fund providing working capital to fund any deficits created by operations of this golf course. The Dauphin County General Authority's Administrative Fund has provided, and intends to continue to provide funds for working capital needs of the Dauphin Highlands Golf Course. The Administrative Fund provided \$271,978 of working capital advances during 2011 to the Dauphin Highlands Golf Course. As of December 31, 2011, \$100,000 had been repaid to the Administrative Fund.

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011

NOTE 26: COMMITMENTS AND CONTINGENCIES (CONTINUED)

Component Unit-Commitments and Contingencies (Continued)

Dauphin County General Authority (Continued)

Project Viability (Continued)

If the General Authority fails to generate sufficient revenues to pay debt service on the Series A of 2011 and the Series B of 2011, or ceases revenue generating operations, or if other monies set aside for such purposes are insufficient, the County will be required to pay principal and interest on such bonds when due pursuant to the County Bond Guarantee Agreement among the County, the Authority, and the trustee for the bonds. The Dauphin Highlands Golf Course has incurred substantial accumulated losses, which have resulted in cash flow difficulties. Throughout 2011, Dauphin Highlands Golf Course has made a concerted effort to better market the property, in conjunction with substantial cost-cutting measures. The Authority continues to work on maximizing the revenue and controlling expenses of Dauphin Highlands Golf Course. The Authority credits the positive operating results of the year ended December 31, 2011 with a combination of the two. Thus, the Authority will continue to emulate this same process during the year ended December 31, 2012. Moreover, the Authority will continue to pursue the sale of the golf course, "consistent with our fiduciary responsibility."

The Pittsburgh Hyatt Hotel and Conference Center project viability is dependent upon the facility maintaining sufficient operating cash flows to meet debt service payments. Operations of the facility commenced June 29, 2000, and the bond proceeds included a working capital reserve that approximated eighteen (18) months of working capital necessary for operations. In 2002, funds sufficient to meet the debt service payments were transferred from the Construction Fund. In 2003, the facility generated sufficient cash flows from operations to meet debt service requirements on the facility. However, in January 2004, an unscheduled withdrawal was made on the Bond Redemption Improvement Fund in order to satisfy the January 2004 interest payment. The operating revenues of the facility were sufficient to meet the July 2004 and January 2005 debt service payments. However, the Authority made unscheduled withdrawals from the Bond Reserve Fund in order to satisfy the July 2005, January 2006 and July 2006 debt service payments. Under the trust indenture, the Authority has within 12 months of such withdrawal to replenish the Bond Reserve Fund. At December 31, 2006, the Authority was in technical default because the Bond Reserve Fund had not been replenished as required by the trust indenture in the amount of approximately \$750,000. On July 1, 2007 the Debt Service Reserve Fund has been fully funded in accordance with the terms of the Indenture. The operating revenues of the facility were sufficient to meet the January 2007, July 2007, and January 2008 debt service payments. On July 1, 2008, a total of \$384,000 was transferred out of the Bond Redemption and Improvement Fund because it was believed that the facility had not generated sufficient cash flows from operations to meet the July 1, 2008 debt service requirements. However, there were sufficient cash flows to cover the July 1, 2008 debt service requirements prior to the transfer from the Bond Redemption and Improvement Fund. A total of \$625,000 remained in the Bond Fund after the July 1, 2008 debt service payment was made. This amount remained in the Bond Fund and was used to service the debt payment made on January 2, 2009. On July 1, 2009, a total of \$653,186 was transferred out of the Bond Reserve Fund because it was believed that the facility had not generated sufficient cash flows from operations to meet the July 1, 2009 debt service requirements.

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011

NOTE 26: COMMITMENTS AND CONTINGENCIES (CONTINUED)

Component Unit-Commitments and Contingencies (Continued)

Dauphin County General Authority (Continued)

Project Viability (Continued)

However, there were sufficient cash flows to cover July 1, 2009 debt service requirements prior to the transfer from the Bond Reserve Fund. This amount remained in the Bond Fund and was used to service the debt payment made on January 4, 2010. On January 4, 2010, \$776,474 was transferred out of the Bond Reserve Fund in order to meet the debt service requirement. On July 1, 2010, \$1,623,115 was transferred from the Bond Reserve Fund and \$92 was transferred from the Bond Redemption and Improvement Fund in order to meet the July 1, 2010 debt service requirements. However, a balance of \$790,000 remained in the Bond Fund after the July 1, 2010 payment, which was used to service the debt payment made on January 3, 2011. On January 3, 2011, \$1,739,224 was transferred from the Bond Reserve Fund and \$1,990 was transferred from the Bond Redemption and Improvement Fund in order to meet the debt service requirement. On July 1, 2011, \$2,311,450 was transferred from the Bond Reserve Fund in order to meet the July 1, 2011 debt service requirements. However, a balance of \$837,500 remained in the Bond Fund after the July 1, 2011 payment, which was used to service the debt payment made on January 3, 2012. During 2011, the Revenue Fund made one monthly transfer of \$64,706, which represents one-twelfth of the \$776,474, seven monthly transfers of \$135,260, which represents one-twelfth of the \$1,623,115, eleven monthly transfers of \$144,935, which represents one-twelfth of the \$1,739,224, and five monthly transfers of \$192,621, which represents one-twelfth of the \$2,311,450 in an effort to fully replenish the Bond Reserve Fund within one year. At December 31, 2011, \$1,493,286 and \$2,082 remained due to the Bond Reserve Fund and the Bond Redemption and Improvement Fund, respectively. However, an additional \$2,442,730 was transferred out of the Bond Reserve Fund in order to meet the debt service requirement on January 3, 2012.

Cease and Desist Order

In April 2004, the Securities and Exchange Commission entered a cease and desist order against the General Authority alleging that the General Authority had omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading in connection with the offer, sale or purchase of a series of bonds. The General Authority has consented to the entry of the order imposing remedial sanctions under the Securities Act of 1933 to cease and desist or causing any violation or future violations of Section 17(a) of the Securities Act of 1933, which does not include any monetary fine or sanction.

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2011

NOTE 26: COMMITMENTS AND CONTINGENCIES (CONTINUED)

Component Unit-Commitments and Contingencies (Continued)

Dauphin County General Authority (Continued)

Receivership Litigation

During 2011 and 2010, the General Authority paid costs related to legal fees, assessment of property, and other items in regard to Forum Place, a property put into receivership by the courts in 2003. As a result, the Authority has recorded accounts receivable totaling \$145,314 as due from Forum Place as of December 31, 2011. Subsequent to year-end, this property was sold and the Authority received the full reimbursement of all costs related to Forum Place.

NOTE 27: ADMINISTRATIVE FEES

Component Units – Administrative Fees

Dauphin County General Authority

Provisions of the financing documents of the bond issues require administrative fees to be paid to the General Authority. For the year ended December 31, 2011, these fees, as paid by each fund, are as follows:

Administrative Fund:	
County Building Bonds	\$ 20,000
Riverfront Office Center	265,596
Chestnut Street	36,948
Dauphin Highlands Golf Course	24,600
Pittsburgh Hyatt Hotel & Conference Center	37,584
Accounting fees	22,320
Bond issuance fees	20,004
Total Administrative Fees	\$427,052

NOTE 28: HOTEL TAX DISTRIBUTIONS AND RELATED EXPENSES

The Hotel Tax revenues are derived from a hotel room excise tax imposed by the County of Dauphin. Ordinance No. 3-1999 enacted by the Commissioners imposed a 2% hotel room excise tax effective January 1, 2001. Ordinance No. 3-2002, which repealed and replaced Ordinance No. 3-1999, imposed a 3% hotel room excise tax effective April 1, 2002. Ordinance No. 1-2008, which repealed and replaced Ordinance No. 3-2002, imposed a five-percent hotel room excise tax effective March 1, 2008. The ordinances were enacted pursuant to 16 P.S. Section 1770.5, an act of the General Assembly of the Commonwealth of Pennsylvania, which permits the imposition of a 5% hotel tax, providing for the distribution of 50% of the revenues to the Tourist Promotion Agency and the separate distribution of the other 50% of the revenue to be distributed for the purposes of promoting tourism and regional development.

Of the original 2% hotel tax revenue, the County distributes 20% to the City of Harrisburg, 70% to the Derry Township Industrial Authority and 10% to DCEDC to be remitted, in full to the Hershey Harrisburg Region Vacations Bureau (the County's Tourist Promotion Agency) to be used solely for tourism and regional promotion purposes.

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2011

NOTE 28: HOTEL TAX DISTRIBUTIONS AND RELATED EXPENSES (CONTINUED)

The next 1% hotel tax revenue may be distributed at the discretion of the County Commissioners, to be used solely for tourism and regional promotion purposes. DCEDC is the County's sole recipient and administrator of this 1% Hotel Tax revenue. These funds are required to be kept in an account separate from other funds received by DCEDC. DCEDC had transfers in from Dauphin County of \$2,097,955 for the year ended December 31, 2011.

Of the remaining 2% hotel tax revenue, the County distributes 50.0% to the Hershey Harrisburg Region Vacations Bureau (the County's Tourist Promotion Agency) to be used solely for tourism and regional promotion purposes and 12.50% to the Hershey Harrisburg Region Vacations Bureau to be used for tourism and regional promotion within the City of Harrisburg. Derry Township Industrial Authority receives the remaining 37.5% for the purpose of the improvement, support, rehabilitation, revitalization or construction of one or more tourism-related facilities.

NOTE 29: AFFORDABLE HOUSING LOAN PROGRAMS

The Home Grant Program and Affordable Housing Program disburse funds in the form of deferred payment loans for low and moderate income households. The deferred payment loans are secured by a mortgage on the property. Repayment of the loan is deferred until the property is sold or until the original occupant moves out. The principal balance outstanding at December 31, 2011 for these loans totaled \$3,833,766. These outstanding deferred loans have been recorded as receivables at December 31, 2011, and unearned revenues totaling \$3,833,766 have been recorded to offset the deferred loans.

NOTE 30: LOANS RECEIVABLE

In 2010, the County entered into a verbal agreement with the Township of Derry (the "Township") in which the County would pay the Township's costs associated with the reconstruction and relocation of County Bridge No. 122. All expenditures related to this project were incurred in calendar year 2010. On January 26, 2011, the County entered into a formal loan agreement with the Township in the original amount of \$408,948, adjusted based on final cost allocation to \$334,470, at an annual simple interest rate of 1.625% to reimburse the County for the Township's portion of the costs. The agreement requires the Township to make annual principal and interest payments of \$36,509 to the County for 10 years beginning in 2012. The amount outstanding on the loan as of December 31, 2011 is \$334,470.

Year	Principal	Interest	Total Due
2012	\$ 31,074	\$ 5,435	\$ 36,509
2013	31,579	4,930	36,509
2014	32,092	4,417	36,509
2015	32,613	3,896	36,509
2016	33,143	3,366	36,509
2017-2021	173,969	8,572	182,541
	<u>\$ 334,470</u>	<u>\$ 30,616</u>	<u>\$ 365,086</u>

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2011

NOTE 30: LOANS RECEIVABLE (CONTINUED)

On April 9, 2010, the County entered into a loan agreement with the Harrisburg University of Science and Technology (the "University") in the amount of \$1,000,000 at an annual fixed rate of 1% for necessary and appropriate operations of the University. The agreement requires the University to repay the loan within nine months of the date of the agreement is executed, i.e. on or before December 31, 2010.

On October 21, 2010, the University requested a six month extension to the loan. On November 17, 2010, the County notified the University that the amended term for repayment of the loan including interest would be June 30, 2011.

On June 22, 2011, the University requested a second six month extension on the loan as well as an additional \$1,200,000 to pay operating expenses at the same interest rate as the original loan. The due date of the loan was amended to December 31, 2011.

Subsequent to year end, as noted in Note 34, the University acknowledged its default on the June 22, 2011 Promissory Note, and requested an additional \$1,500,000 to pay debt service. The funds were disbursed to the University with a maturity date of December 31, 2019.

The amount outstanding on the loan at December 31, 2011 is \$2,200,000.

Year	Principal	Interest	Total Due
2012	\$ -	\$ 22,000	\$ 22,000
2013	-	22,000	22,000
2014	-	22,000	22,000
2015	-	22,000	22,000
2016	-	22,000	22,000
2017-2019	2,200,000	66,000	2,266,000
	<u>\$ 2,200,000</u>	<u>\$ 176,000</u>	<u>\$ 2,376,000</u>

Component Units – Loans Receivable

Dauphin County Industrial Development Authority

On August 29, 2006 the IDA entered into a loan agreement with the Strawberry Square Development Corporation (SSDC) in the amount of \$100,000 at a fixed interest rate of 5.0%. The agreement required the SSDC to make monthly principal and interest payments of \$1,887 to the IDA for 60 consecutive months beginning on September 29, 2006. The amount outstanding on the loan as of September 30, 2011 is \$1,880.

On April 1, 2007 the IDA entered into a loan agreement with Tuscano Pizza & Grill, Inc. in the amount of \$100,000 at a fixed interest rate of 6.0%. The agreement required Tuscano Pizza & Grill, Inc. to make monthly principal and interest payments of \$1,933 to the IDA for 60 consecutive months beginning on May 1, 2007. In February 2009 this loan agreement was amended, requiring Tuscano Pizza & Grill to make monthly principal and interest payments of \$1,007 for 84 consecutive months beginning on March 1, 2009 on the remaining balance of \$76,187. The new loan agreement carries a fixed interest rate of 3.0%. The amount outstanding on the loan as of September 30, 2011 is \$56,226 which is fully reserved on the financial statements.

COUNTY OF DAUPHIN, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2011

NOTE 30: LOANS RECEIVABLE (CONTINUED)

Component Units – Loans Receivable (Continued)

Dauphin County Industrial Development Authority (Continued)

On December 19, 2008 the IDA entered into a new loan agreement with Andrew M. Hartwick (Trooper and Max's) in the amount of \$20,000 at a fixed interest rate of 3.0%. The agreement required Andrew M. Hartwick to make monthly principal and interest payments of \$360 to the Authority for 60 consecutive months beginning on February 1, 2009. The amount outstanding on the loan as of September 30, 2011 is \$9,707.

In July 2008, the IDA entered in to a loan agreement with Trinity Harvest in the amount of \$50,000 at a fixed interest rate of 3.0%. The agreement required Trinity Harvest to make monthly principal and interest payments of \$898 to the IDA for 60 consecutive months beginning on October 1, 2008. The amount outstanding on the loan as of September 30, 2011 is \$33,345 which is fully reserved on the financial statements.

On May 8, 2009 the IDA entered in to a loan agreement with 39 Ventures, LP (Arooga's) in the amount of \$200,000 at a fixed interest rate of 4.5%. The agreement required 39 Ventures, LP to make monthly principal and interest payments of \$3,729 to the IDA for 60 consecutive months beginning on June 1, 2009. The amount outstanding on the loan as of September 30, 2011 is \$112,237.

During the fiscal year ended, September 30, 2008 Dauphin County transferred the collection and rights of 5 loans receivable previously recorded as assets on the Dauphin County Financial statements to the Authority. The principle balance of the loans receivable at the time of transfer was \$92,172. Three of the loan balances were written off on December 15, 2010. The principle balance outstanding for the remaining loans as of September 30, 2011 was \$9,856.

On April 6, 2011 the Authority entered into a loan agreement with Harristown Enterprises, Inc. in the amount of \$100,000 at a fixed interest rate of 4.25%. The agreement required Harristown Enterprises to make monthly principal and interest payments of \$1,852.96 to the Authority for 60 consecutive months beginning on July 1, 2011. The amount outstanding on the loan as of September 30, 2011 is \$93,972.

On September 29, 2011 the Authority entered into a loan agreement with Onabella, LTD in the amount of \$100,000 at a fixed interest rate of 4.25%. The agreement required Onabella, LTD to make monthly principal and interest payments of \$1,024.38 to the Authority for 120 consecutive months beginning on November 1, 2011. The amount outstanding on the loan as of September 30, 2011 is \$100,000.

Loans Receivable at September 30, 2011 is as follows:

Displayed as:

Current Portion	\$ 74,085
Noncurrent Portion	253,567
	<u>\$ 327,652</u>

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011

NOTE 30: LOANS RECEIVABLE (CONTINUED)

Component Units – Loans Receivable (Continued)

Dauphin County Economic Development Corporation

The Section 108 Note Payable proceeds described in Note 8 were loaned to a developer to fund the revitalization of an office building complex. DCEDC entered into a mortgage agreement with the developer for repayment of the loan. As of December 31, 2011, the amount owed to the DCEDC is \$2,315,056. As a result of the developer filing for bankruptcy, the balance has been determined to be uncollectible and has been fully reserved in DCEDC's financial statements.

NOTE 31: ECONOMIC DEPENDENCY

Component Units - Economic Dependency

Case Management Unit

Formal commitment for future funding by the Dauphin County MH/MR program is made on an annual basis. Reduction of, or loss of, this funding could have a significant effect on CMU's programs and activities.

Dauphin County Economic Development Corporation

Formal commitment for future funding by the Department of Housing and Urban Development is made on an annual basis. The DCEDC also receives a significant amount of operating revenue from Dauphin County, primarily through Hotel Tax distributions. Reduction of, or loss of, these funding sources could have a significant effect on the Corporation's programs and activities.

NOTE 32: LITIGATION

Component Unit – Litigation

Dauphin County General Authority

The General Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. Significant losses are covered by commercial insurance for all major programs. There were no significant reductions in insurance coverages in 2011. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

The General Authority is involved in several lawsuits arising in the normal course of business, including a potential lawsuit for breach of contract. Management of the General Authority believes none of the litigation outstanding against the General Authority and none of the potential unasserted claims which may be asserted against the General Authority would materially affect the financial position of the General Authority.

COUNTY OF DAUPHIN, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011

NOTE 33: MANAGEMENT'S PLAN

Component Unit – Management's Plan

Dauphin County Economic Development Corporation

The DCEDC has a deficit unrestricted net assets balance in the amount of \$2,476,830 at December 31, 2011. The DCEDC experienced the deficit due to the Section 108 HUD Loan described in Note 8 in the amount of \$2,520,000. This loan is being repaid in accordance with the loan amortization schedule using CDBG funds. The payments will continue through the loans maturity in 2026 and subsequently relieve the net asset deficit.

NOTE 34: SUBSEQUENT EVENTS

- A. In February 2012, the County approved an extension on the loan receivable due from the Harrisburg University of Science and Technology as well as an additional \$1,500,000 to pay debt service. The additional note shall carry an annual fixed interest rate of 1%. The maturity date of the original loan and additional funding is December 31, 2019.
- B. On October 16, 2012, the County terminated the 2004D Basis Swap and the 2011 Basis Swap. The termination of the 2004D swap resulted in a final net cash benefit to the County of approximately \$402,000 while the 2011 swap netted almost \$650,000 over its term.
- C. Between January and October 2012, the County paid an additional \$2,208,400 toward Harrisburg Incinerator debt after default by the Harrisburg Authority and the City of Harrisburg.

Component Units – Subsequent Events

Case Management Unit

In January 2012, DCED is requiring CMU to pay back all of an ARRA grant they received, approximately \$150,000, for noncompliance with the grant requirements. CMU is contesting these findings and proceedings could take over a year to resolve. This amount has not been accrued in the financial statements as of June 30, 2011.

REQUIRED
SUPPLEMENTARY
INFORMATION

COUNTY OF DAUPHIN
SCHEDULES OF EMPLOYER CONTRIBUTIONS AND FUNDING PROGRESS
FOR EMPLOYEES RETIREMENT PLAN

Schedule of Employer Contributions

Year Ended December 31	Annual Required Contribution	Percentage Contributed
2011	\$ 10,293,492	100%
2010	\$ 10,118,006	100%
2009	\$ 7,732,226	100%
2008	\$ 3,377,905	100%
2007	\$ 4,340,916	100%+
2006	\$ 6,683,297	100%

The information presented in the required supplementary schedule was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	December 31, 2011
Actuarial cost method	^ Entry Age Normal
Amortization method	Level percentage of projected payroll
Asset valuation method	Five-year smoothed market
Actuarial assumptions:	
Investment rate of return	7.50%
Projected salary increases	4.50%
Includes inflation at:	3.00%
Cost-of-living adjustments	None

^ In 2011, the County changed the Actuarial Cost Method from the Aggregate Actuarial Cost Method to the Entry Age Normal Cost Method.

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age * (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2011	\$ 202,614,901	\$ 267,245,263	\$ 64,630,362	75.8%	\$ 75,828,648	85.2%
12/31/2010	\$ 190,544,004	\$ 254,614,559	\$ 64,070,555	74.8%	\$ 75,798,908	84.5%
12/31/2009	\$ 181,680,257	\$ 243,319,733	\$ 61,639,476	74.7%	\$ 77,592,072	79.4%
12/31/2008	\$ 180,822,261	\$ 224,855,097	\$ 44,032,836	80.4%	\$ 71,264,760	61.8%
12/31/2007	\$ 201,142,949	\$ 210,420,043	\$ 9,277,094	95.6%	\$ 66,233,427	14.0%

As the County adopted the provisions of GASB 50 related to the schedule of funding progress in 2007, only five years are presented in the above schedule.

* The annual required contribution is calculated using the actuarial cost method. Information in this schedule is calculated using the entry age actuarial cost method as a surrogate for the funding progress of the plan.

COUNTY OF DAUPHIN
SCHEDULE OF FUNDING PROGRESS
FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2011	\$ -	\$ 14,942,647	\$ 14,942,647	0%	\$ 75,798,908	19.7%
1/1/2009	-	11,290,422	11,290,422	0%	71,264,760	15.8%
1/1/2007	-	6,868,259	6,868,259	0%	63,649,794	10.8%

The County adopted GASB 45 on a prospective basis in 2007; therefore only three years are presented in the above schedule.

COUNTY OF DAUPHIN
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 98,765,000	\$ 98,765,000	\$ 98,746,079	\$ (18,921)
Intergovernmental	8,500,171	39,607,726	38,182,649	(1,425,077)
Charges for Services	16,808,469	18,824,136	18,250,381	(573,755)
License and Permits	92,400	92,400	79,916	(12,484)
Court Costs and Fines	4,364,595	4,448,955	3,924,379	(524,576)
Interest and Rents	410,900	411,400	272,664	(138,736)
Miscellaneous Revenue	-	-	-	-
Total Revenues	128,941,535	162,149,617	159,456,068	(2,693,549)
Expenditures				
Current:				
General Government	15,451,761	14,765,441	13,310,093	1,455,348
Judicial	53,764,264	53,812,299	49,722,491	4,089,808
Public Safety	42,163,382	42,346,072	40,504,125	1,841,947
Human Services	3,339,351	30,786,634	30,082,091	704,543
Culture and Recreation	2,250,589	2,266,045	2,137,847	128,198
Conservation and Development	2,808,034	4,655,388	3,985,999	669,389
Debt Service				
Principle	7,583,360	7,583,360	8,040,518	(457,158)
Interest	5,245,032	5,245,032	5,222,211	22,821
Total Expenditures	132,605,773	161,460,271	153,005,375	8,454,896
Excess of Revenues Over Expenditures	(3,664,238)	689,346	6,450,693	5,761,347
Other Financing Sources (Uses)				
Operating Transfer In	1,859,150	1,910,742	1,837,752	(72,990)
Operating Transfer (Out)	(22,138,861)	(24,054,427)	(14,423,879)	9,630,548
Transfer from Component Units	-	-	637,609	637,609
Gain (Loss) from Sale of Fixed Assets	4,000	4,000	-	(4,000)
Net Premium (Discount) on Bonds Issued	-	-	1,091,219	1,091,219
Capital Lease Proceeds	-	-	378,741	378,741
Payment to Bond Escrow Agent	-	-	(16,465,000)	(16,465,000)
Proceeds of General Obligation Debt	-	-	15,655,000	15,655,000
Total Other Financing Uses	(20,275,711)	(22,139,685)	(11,288,558)	10,851,127
Net Change in Fund Balances	(23,939,949)	(21,450,339)	(4,837,865)	16,612,474
Fund Balances - January 1	23,939,949	21,450,339	96,037,243	74,586,904
Fund Balances - December 31	\$ -	\$ -	\$ 91,199,378	\$ 91,199,378

OTHER
SUPPLEMENTARY
INFORMATION

COUNTY OF DAUPHIN
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2011

	<u>Other Special Revenue Funds</u>	<u>Fort Hunter Permanent Fund</u>	<u>Total Other Governmental Funds</u>
<u>Assets</u>			
Cash and Cash Equivalents	\$ 3,804,376	\$ -	\$ 3,804,376
Investments	775,525	909,205	1,684,730
Receivables:			
Accounts	158,532	-	158,532
Loans	334,470	-	334,470
Due From Other Governments	2,152,533	-	2,152,533
Other Assets	57,402	-	57,402
	<hr/>		<hr/>
Total Assets	\$ 7,282,838	\$ 909,205	\$ 8,192,043
	<hr/> <hr/>		<hr/> <hr/>
<u>Liabilities and Fund Balances</u>			
Liabilities			
Accounts Payable	\$ 1,126,841	\$ -	\$ 1,126,841
Accrued Liabilities	146,628	-	146,628
Deferred Revenues	1,572,287	-	1,572,287
Due to Other Funds	445,562	-	445,562
	<hr/>		<hr/>
Total Liabilities	3,291,318	-	3,291,318
	<hr/>		<hr/>
Fund Balances			
Nonspendable	334,470	-	334,470
Restricted	3,657,050	909,205	4,566,255
	<hr/>		<hr/>
Total Fund Balances	3,991,520	909,205	4,900,725
	<hr/>		<hr/>
Total Liabilities and Fund Balances	\$ 7,282,838	\$ 909,205	\$ 8,192,043
	<hr/> <hr/>		<hr/> <hr/>

COUNTY OF DAUPHIN
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Other Special Revenue Funds</u>	<u>Fort Hunter Permanent Fund</u>	<u>Total Other Governmental Funds</u>
Revenues			
Hotel Taxes	\$ 8,900,896	\$ -	\$ 8,900,896
Intergovernmental	16,963,370	-	16,963,370
Charges for Services	530,440	-	530,440
Court Costs and Fines and Fees	1,347,109	-	1,347,109
Interest and Rent	22,934	23,959	46,893
Appreciation in Fair Market Value of Investments	-	4,339	4,339
Miscellaneous Revenue	1,489,138	5,692	1,494,830
	29,253,887	33,990	29,287,877
Total Revenues			
Expenditures			
Current:			
Judicial	7,700,939	-	7,700,939
Public Safety	283,025	-	283,025
Public Works	1,578,056	-	1,578,056
Human Services	12,998,911	-	12,998,911
Conservation and Development	350,451	-	350,451
Culture and Recreation	8,447,670	-	8,447,670
Debt Service			
Principle	425,000	-	425,000
Interest	32,878	-	32,878
	31,816,930	-	31,816,930
Total Expenditures			
Excess of Revenues Over (Under)			
Expenditures	(2,563,043)	33,990	(2,529,053)
Other Financing Sources (Uses)			
Transfers In	2,565,403	-	2,565,403
Transfers Out	(73,328)	(32,500)	(105,828)
Proceeds from Asset Disposal	6,755	-	6,755
	2,498,830	(32,500)	2,466,330
Total Other Financing Sources (Uses)			
Net Change in Fund Balances	(64,213)	1,490	(62,723)
Fund Balances - Beginning of Year	4,055,733	907,715	4,963,448
Fund Balances - End of Year	\$ 3,991,520	\$ 909,205	\$ 4,900,725

COUNTY OF DAUPHIN
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 DECEMBER 31, 2011

	State Grant	Liquid Fuels Fund	Domestic Relations Fund	Weatherization Program	Hazard Material Emergency Response	Human Services Development Fund
Cash and Cash Equivalents	\$ 315,133	\$ 1,148,434	\$ 225,673	\$ 75,130	\$ 199,077	\$ 19,212
Investments	66,995	244,151	47,966	15,930	42,323	4,085
Receivables:						
Accounts	36,554	-	11,864	45,946	747	-
Loans	-	334,470	-	-	-	-
Due From Other Governments	-	-	1,033,231	-	-	-
Other Assets	-	-	-	44,444	-	-
Total Assets	\$ 418,682	\$ 1,727,055	\$ 1,318,734	\$ 181,450	\$ 242,147	\$ 23,297

Assets

Liabilities and Fund Balances

Liabilities						
Accounts Payable	\$ 14,348	\$ 52,100	\$ 14,743	\$ 22,988	\$ 11,346	\$ 1,182
Accrued Liabilities	2,429	-	69,037	2,298	-	-
Deferred Revenues	-	-	-	112,715	-	22,115
Due to Other Funds	-	-	-	-	-	-
Total Liabilities	16,777	52,100	83,780	138,001	11,346	23,297
Fund Balances						
Nonspendable	-	334,470	-	-	-	-
Restricted	401,905	1,340,485	1,234,954	43,449	230,801	-
Total Fund Balances	401,905	1,674,955	1,234,954	43,449	230,801	-
Total Liabilities and Fund Balances	\$ 418,682	\$ 1,727,055	\$ 1,318,734	\$ 181,450	\$ 242,147	\$ 23,297

COUNTY OF DAUPHIN
 COMBINED BALANCE SHEET (CONTINUED)
 NONMAJOR SPECIAL REVENUE FUNDS
 DECEMBER 31, 2011

	Aging Fund	Drug and Alcohol Fund	Drug Act-Forfeited State Property	Drug Act-Forfeited Federal Property	Hotel Tax Fund	ARRA Fund	Total
Assets							
Cash and Cash Equivalents	\$ 233,310	\$ 689,008	\$ 212,250	\$ 105,151	\$ 581,998	\$ -	\$ 3,804,376
Investments	18,536	146,458	42,997	22,354	123,730	-	775,525
Receivables:							
Accounts	54,938	8,483	-	-	-	-	158,532
Loans	-	-	-	-	-	-	334,470
Due From Other Governments	173,671	420,896	-	-	-	524,735	2,152,533
Other Assets	10,258	-	-	1,000	-	1,700	57,402
Total Assets	\$ 490,713	\$ 1,264,845	\$ 255,247	\$ 128,505	\$ 705,728	\$ 526,435	\$ 7,282,838
Liabilities and Fund Balances							
Liabilities							
Accounts Payable	\$ 172,149	\$ 6,151	\$ 54,053	\$ -	\$ 705,202	\$ 72,579	\$ 1,126,841
Accrued Liabilities	52,745	10,975	1,081	-	526	7,537	146,628
Deferred Revenues	188,981	1,247,719	-	-	-	757	1,572,287
Due to Other Funds	-	-	-	-	-	445,562	445,562
Total Liabilities	413,875	1,264,845	55,134	-	705,728	526,435	3,291,318
Fund Balances							
Nonspendable	-	-	-	-	-	-	334,470
Restricted	76,838	-	200,113	128,505	-	-	3,657,050
Total Fund Balances	76,838	-	200,113	128,505	-	-	3,991,520
Total Liabilities and Fund Balances	\$ 490,713	\$ 1,264,845	\$ 255,247	\$ 128,505	\$ 705,728	\$ 526,435	\$ 7,282,838

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2011

	State Grant	Liquid Fuels Fund	Domestic Relations Fund	Weatherization Program	Hazard Material Emergency Response	Human Services Development Fund
Revenues						
Hotel Taxes	-	-	-	-	-	-
Intergovernmental	188,699	774,092	4,211,262	188,869	72,275	312,336
Charges for Services	-	-	73,560	60,684	66,443	-
Court Costs and Fines and Fees	529,425	-	-	-	-	-
Interest and Rent	2,304	8,297	317	-	926	262
Miscellaneous Revenue	1,350	-	-	-	-	13,241
Total Revenues	721,778	782,389	4,285,139	249,553	139,644	325,839
Expenditures						
Current:						
Judicial	593,378	-	5,927,149	-	-	-
Public Safety	-	-	-	-	109,028	-
Public Works	-	1,578,056	-	-	-	-
Human Services	207,671	-	-	374,846	-	328,955
Conservation and Development	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-
Principle	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total Expenditures	801,049	1,578,056	5,927,149	374,846	109,028	328,955
Excess of Revenues Over (Under) Expenditures	(79,271)	(795,667)	(1,642,010)	(125,293)	30,616	(3,116)
Other Financing Sources (Uses)						
Transfers In	18,971	1,827	2,071,193	129,761	2,203	29,570
Transfers Out	-	-	-	-	-	(26,454)
Proceeds from Asset Disposal	6,755	-	-	-	-	-
Total Other Financing Sources (Uses)	25,726	1,827	2,071,193	129,761	2,203	3,116
Net Change in Fund Balances	(53,545)	(793,840)	429,183	4,468	32,819	-
Fund Balances - Beginning of Year	455,450	2,468,795	805,771	38,981	197,982	-
Fund Balances - End of Year	\$ 401,905	\$ 1,674,955	\$ 1,234,954	\$ 43,449	\$ 230,801	\$ -

COUNTY OF DAUPHIN
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2011

	Aging Fund	Drug and Alcohol Fund	Drug Act-Forfeited State Fund	Drug Act-Forfeited Federal Fund	Hotel Tax Fund	ARRA Fund	Totals
Revenues							
Hotel Taxes	\$ -	\$ -	\$ -	\$ -	\$ 8,900,896	\$ -	\$ 8,900,896
Intergovernmental	5,970,033	2,908,645	-	-	-	2,337,159	16,983,370
Charges for Services	194,922	134,831	-	-	-	-	530,440
Court Costs and Fines and Fees	-	-	701,194	116,490	-	-	1,347,109
Interest and Rent	2,123	2,781	926	346	4,652	-	22,934
Miscellaneous Revenue	1,474,547	-	-	-	-	-	1,489,138
Total Revenues	7,641,625	3,046,257	702,120	116,836	8,905,548	2,337,159	29,253,887
Expenditures							
Current:							
Judicial	-	-	555,715	23,325	-	601,372	7,700,939
Public Safety	-	-	-	-	-	173,997	283,025
Public Works	-	-	-	-	-	-	1,578,056
Human Services	7,633,169	3,229,650	-	-	-	1,224,620	12,998,911
Conservation and Development	-	-	-	-	-	350,451	350,451
Culture and Recreation	-	-	-	-	8,447,670	-	8,447,670
Debt Service	-	-	-	-	-	-	-
Principle	-	-	-	-	425,000	-	425,000
Interest	-	-	-	-	32,878	-	32,878
Total Expenditures	7,633,169	3,229,650	555,715	23,325	8,905,548	2,350,440	31,816,930
Excess of revenues Over (Under) Expenditures	8,456	(183,393)	146,405	93,511	-	(13,281)	(2,563,043)
Other Financing Sources(Uses)							
Transfers In	90,000	207,871	-	-	-	14,007	2,565,403
Transfers Out	(21,618)	(24,478)	(52)	-	-	(726)	(73,328)
Proceeds from Asset Disposal	-	-	-	-	-	-	6,755
Total Other Financing Sources (Uses)	68,382	183,393	(52)	-	-	13,281	2,498,830
Net Change in Fund Balances	76,838	-	146,353	93,511	-	-	(64,213)
Fund Balances - Beginning of Year	-	-	53,760	34,994	-	-	4,055,733
Fund Balances - End of Year	76,838	\$ -	\$ 200,113	\$ 128,505	\$ -	\$ -	\$ 3,991,520

COUNTY OF DAUPHIN
 COMBINING STATEMENT OF NET ASSETS
 NONMAJOR ENTERPRISE FUNDS
 DECEMBER 31, 2011

	Solid Waste Fund	Emergency 911 Operating & Act 56 Wireless Fund	Fort Hunter Operating Fund	Totals
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 190,745	\$ 1,974,099	\$ 26,964	\$ 2,191,808
Investments	40,551	419,682	-	460,233
Accounts Receivables	101,302	423,224	-	524,526
Other Assets	100,000	1,900	-	101,900
Total current assets	432,598	2,818,905	26,964	3,278,467
Noncurrent Assets:				
Capital Assets, Not Being Depreciated	-	-	122,508	122,508
Capital Assets, Being Depreciated, (Net)	1,594,551	1,548,100	452,457	3,595,108
Total noncurrent assets	1,594,551	1,548,100	574,965	3,717,616
Total assets	\$ 2,027,149	\$ 4,367,005	\$ 601,929	\$ 6,996,083
LIABILITIES				
Current liabilities:				
Accounts Payable	\$ 259,197	\$ 30,725	\$ -	\$ 289,922
Accrued Liabilities	5,372	63,163	-	68,535
Obligation Under Capital Lease	-	59,076	-	59,076
Total current liabilities	264,569	152,964	-	417,533
Noncurrent liabilities:				
Accrued Compensated Absences	7,605	347,498	-	355,103
Accrued Workers Compensation	35,538	-	-	35,538
Obligation Under Capital Lease	-	25,470	-	25,470
Total noncurrent liabilities	43,143	372,968	-	416,111
Total liabilities	307,712	525,932	-	833,644
NET ASSETS				
Invested in Capital Assets				
Net of Related Debt	1,594,551	1,463,554	574,965	3,633,070
Unrestricted	124,886	2,377,519	26,964	2,529,369
Total net assets	\$ 1,719,437	\$ 3,841,073	\$ 601,929	\$ 6,162,439

COUNTY OF DAUPHIN
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND
 CHANGES IN FUND NET ASSETS
 NONMAJOR ENTERPRISE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2011

	Solid Waste Fund	Emergency 911 Operating & Act 56 Wireless Fund	Fort Hunter Operating Fund	Totals
Operating Revenues				
Charges for Services	\$ 861,306	\$ 4,965,596	\$ 44,835	\$ 5,871,737
Total Operating Revenues	861,306	4,965,596	44,835	5,871,737
Operating Expenses				
Personnel Services	436,707	4,855,111	-	5,291,818
Contracted Services	803,001	75,739	-	878,740
Supplies and Materials	11,966	48,721	-	60,687
Repairs and Maintenance	102,355	1,506,013	-	1,608,368
Utilities	15,284	342,046	11,393	368,723
Other Services and Charges	166,558	259,427	50,948	476,933
Depreciation and Amortization	147,810	375,753	54,433	577,996
Total Operating Expenses	1,683,681	7,462,810	116,774	9,263,265
Operating Loss	(822,375)	(2,497,214)	(71,939)	(3,391,528)
Nonoperating Revenues (Expenses)				
Interest Income	2,372	20,405	-	22,777
Interest Expense	-	(6,651)	-	(6,651)
Grants	67,596	-	-	67,596
Total Nonoperating Revenues	69,968	13,754	-	83,722
Loss Before Operating Transfers In	(752,407)	(2,483,460)	(71,939)	(3,307,806)
Transfers In	-	319	32,500	32,819
Total Transfers In	-	319	32,500	32,819
Changes in Net Assets	(752,407)	(2,483,141)	(39,439)	(3,274,987)
Total Net Assets - Beginning of Year	2,471,844	6,324,214	641,368	9,437,426
Total Net Assets - End of Year	\$ 1,719,437	\$ 3,841,073	\$ 601,929	\$ 6,162,439

COUNTY OF DAUPHIN
STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Solid Waste Fund	Emergency 911 Operating & Act 56 Wireless Fund	Fort Hunter Operating Fund	Totals
Cash Flows From Operating Activities				
Receipts from Recycling Services	\$ 925,580	\$ 4,840,454	\$ -	\$ 5,766,034
Receipts from Recreational Activities	-	-	44,835	44,835
Payments to Employees	(407,268)	(4,765,601)	-	(5,172,869)
Payments to Suppliers	(1,025,328)	(2,357,532)	(62,341)	(3,445,201)
Internal Activity - Payments to other funds	-	10,741	-	10,741
Net Cash Used In Operating Activities	<u>(507,016)</u>	<u>(2,271,938)</u>	<u>(17,506)</u>	<u>(2,796,460)</u>
Cash Flow From Noncapital Financing Activities				
Operating Transfers In	-	319	32,500	32,819
Net Cash Provided by Noncapital Financing Activities	<u>-</u>	<u>319</u>	<u>32,500</u>	<u>32,819</u>
Cash Flows from Capital and Related Financing Activities				
Interest Paid	-	(6,651)	-	(6,651)
Grants	67,596	-	-	67,596
Purchase of Capital Assets	-	(10,450)	(11,016)	(21,466)
Principal Payments on Capital Lease	-	(57,364)	-	(57,364)
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>67,596</u>	<u>(74,465)</u>	<u>(11,016)</u>	<u>(17,885)</u>
Cash Flows from Investing Activities				
Interest Income	2,372	20,405	-	22,777
Investments	(40,551)	(419,682)	-	(460,233)
Net Cash Used in Investing Activities	<u>(38,179)</u>	<u>(399,277)</u>	<u>-</u>	<u>(437,456)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(477,599)	(2,745,361)	3,978	(3,218,982)
Cash and Cash Equivalents, Beginning of Year	668,344	4,719,460	22,986	5,410,790
Cash and Cash Equivalents, End of Year	<u>\$ 190,745</u>	<u>\$ 1,974,099</u>	<u>\$ 26,964</u>	<u>\$ 2,191,808</u>

COUNTY OF DAUPHIN
STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Solid Waste Fund	Emergency 911 Operating & Act 56 Wireless Fund	Fort Hunter Operating Fund	Totals
Reconciliation of Operating loss to net cash provided (used) by operating activities				
Operating Loss	\$ (822,375)	\$ (2,497,214)	\$ (71,939)	\$ (3,391,528)
Adjustments to Reconcile Operating Loss to Net Cash Used In Operating Activities				
Depreciation and Amortization Expense	147,810	375,753	54,433	577,996
Change in assets and liabilities				
Accounts Receivable	64,262	(125,142)	-	(60,880)
Accrued Interest	12	-	-	12
Prepaid Expenditures	-	(1,466)	-	(1,466)
Accounts Payable	73,836	(124,120)	-	(50,284)
Accrued Expenses	35,424	14,576	-	50,000
Accrued Vacation and Sick Pay	(5,985)	74,934	-	68,949
Due To/Due From Other Funds	-	10,741	-	10,741
Net Cash Used In Operating Activities	<u>\$ (507,016)</u>	<u>\$ (2,271,938)</u>	<u>\$ (17,506)</u>	<u>\$ (2,796,460)</u>

COUNTY OF DAUPHIN, PENNSYLVANIA
 COMBINING STATEMENT OF ASSETS AND LIABILITIES
 AGENCY FUNDS
 DECEMBER 31, 2011

	Tax Claim Agency Fund	Sheriff Agency Fund	Probation and Parole Agency Fund	Treasurer Agency Fund	Prothonotary Agency Fund	Recorder of Deeds Agency Fund	Clerk of Courts Agency Fund	Prison Agency Fund	Domestic Relations Agency Fund	Register of Wills Agency Fund	Coroner's Agency Fund	Payroll Advance Fund	Children and Youth Agency Fund	Flexible Spending Account	Total
Assets															
Cash and Cash Equivalents	\$ 2,285,217	\$ 852,389	\$ 380,057	\$ 311	\$ 118,846	\$ 698,590	\$ 977,353	\$ 2,042,348	\$ 37,838	\$ 41,271	\$ 564	\$ 17,514	\$ 64,987	\$ 41,859	\$ 7,590,334
Investments	448,504														448,504
Total Assets	\$ 2,733,721	\$ 852,389	\$ 380,057	\$ 311	\$ 118,846	\$ 698,590	\$ 977,353	\$ 2,042,348	\$ 37,838	\$ 41,271	\$ 564	\$ 17,514	\$ 64,987	\$ 41,859	\$ 8,038,838
Liabilities															
Accounts Payable	\$ 551,817														\$ 551,817
Funds Held in Escrow	2,152,904	\$ 852,389	\$ 380,057		\$ 118,846	\$ 698,590	\$ 977,353	\$ 2,042,348	\$ 37,838		\$ 564	\$ 17,514	\$ 64,987	\$ 41,859	5,789,466
Due To Other Governments				311						41,271					1,771,595
Total Liabilities	\$ 2,704,721	\$ 852,389	\$ 380,057	\$ 311	\$ 118,846	\$ 698,590	\$ 977,353	\$ 2,042,348	\$ 37,838	\$ 41,271	\$ 564	\$ 17,514	\$ 64,987	\$ 41,859	\$ 8,038,838

COUNTY OF DAUPHIN
SCHEDULE OF DEPARTMENTAL EXPENDITURES
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2011

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
General Government				
Commissioners - Governing Body				
Personal Services	\$ 792,517	\$ 757,531	\$ 1,140,205	\$ (382,674)
Supplies and Services	2,001,651	1,394,362	2,007,616	(613,254)
Capital Outlay	-	-	-	-
	<u>2,794,168</u>	<u>2,151,893</u>	<u>3,147,821</u>	<u>(995,928)</u>
Finance				
Personal Services	331,097	323,292	317,213	6,079
Supplies and Services	32,823	29,822	12,620	17,202
Capital Outlay	-	-	-	-
	<u>363,920</u>	<u>353,114</u>	<u>329,833</u>	<u>23,281</u>
Risk Management				
Personal Services	165,669	170,210	154,198	16,012
Supplies and Services	4,498	4,498	3,881	617
	<u>170,167</u>	<u>174,708</u>	<u>158,079</u>	<u>16,629</u>
Purchasing				
Personal Services	405,151	399,098	378,839	20,259
Supplies and Services	524,921	524,921	474,630	50,291
Capital Outlay	-	-	-	-
	<u>930,072</u>	<u>924,019</u>	<u>853,469</u>	<u>70,550</u>
Voter's Registration				
Personal Services	455,608	456,783	437,811	18,972
Supplies and Services	746,402	659,604	661,274	(1,670)
Capital Outlay	-	-	-	-
	<u>1,202,010</u>	<u>1,116,387</u>	<u>1,099,085</u>	<u>17,302</u>
Tax Assessment				
Personal Services	1,546,162	1,514,245	1,481,722	32,523
Supplies and Services	1,856,239	1,698,000	1,523,869	174,131
Capital Outlay	-	-	-	-
	<u>3,402,401</u>	<u>3,212,245</u>	<u>3,005,591</u>	<u>206,654</u>
Treasurer				
Personal Services	334,529	330,245	318,488	11,757
Supplies and Services	12,654	12,654	10,915	1,739
Capital Outlay	-	-	-	-
	<u>347,183</u>	<u>342,899</u>	<u>329,403</u>	<u>13,496</u>
Tax Collectors				
Personal Services	193,770	193,770	176,432	17,338
Supplies and Services	77,100	79,111	57,237	21,874
Capital Outlay	-	-	-	-
	<u>270,870</u>	<u>272,881</u>	<u>233,669</u>	<u>39,212</u>

COUNTY OF DAUPHIN
SCHEDULE OF DEPARTMENTAL EXPENDITURES (CONTINUED)
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2011

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
General Government (Continued)				
Personnel				
Personal Services	835,172	820,991	1,490,330	(669,339)
Supplies and Services	917,299	917,723	44,682	873,041
Capital Outlay	-	-	-	-
	<u>1,752,471</u>	<u>1,738,714</u>	<u>1,535,012</u>	<u>203,702</u>
Controller				
Personal Services	999,641	982,501	937,107	45,394
Supplies and Services	231,480	231,480	210,845	20,635
Capital Outlay	-	-	-	-
	<u>1,231,121</u>	<u>1,213,981</u>	<u>1,147,952</u>	<u>66,029</u>
Solicitor				
Personal Services	472,332	455,242	433,386	21,856
Supplies and Services	116,322	159,322	160,184	(862)
Capital Outlay	-	-	-	-
	<u>588,654</u>	<u>614,564</u>	<u>593,570</u>	<u>20,994</u>
Public Defender				
Personal Services	2,887,099	2,881,955	2,651,644	230,311
Supplies and Services	784,604	864,874	848,784	16,090
Capital Outlay	-	-	-	-
	<u>3,671,703</u>	<u>3,746,829</u>	<u>3,500,428</u>	<u>246,401</u>
Recorder of Deeds				
Personal Services	564,052	553,134	506,443	46,691
Supplies and Services	550,723	791,822	567,438	224,384
Capital Outlay	-	-	-	-
	<u>1,114,775</u>	<u>1,344,956</u>	<u>1,073,881</u>	<u>271,075</u>
Facilities Management				
Personal Services	3,234,095	3,175,771	3,006,591	169,180
Supplies and Services	3,076,049	3,108,054	2,715,685	392,369
Capital Outlay	4,848	4,848	-	4,848
	<u>6,314,992</u>	<u>6,288,673</u>	<u>5,722,276</u>	<u>566,397</u>
Printing				
Personal Services	-	-	-	-
Supplies and Services	4,679	4,679	3,509	1,170
Capital Outlay	8,064	8,064	-	8,064
	<u>12,743</u>	<u>12,743</u>	<u>3,509</u>	<u>9,234</u>
Data Processing				
Personal Services	2,202,111	2,116,820	1,997,917	118,903
Supplies and Services	1,204,865	1,264,280	1,117,393	146,887
Capital Outlay	237,000	237,000	66,360	170,640
	<u>3,643,976</u>	<u>3,618,100</u>	<u>3,181,670</u>	<u>436,430</u>

COUNTY OF DAUPHIN
SCHEDULE OF DEPARTMENTAL EXPENDITURES (CONTINUED)
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance Positive (Negative)
	<u>Original</u>	<u>Final</u>		
General Government (Continued)				
Veterans' Affairs				
Personal Services	95,253	93,002	90,865	2,137
Supplies and Services	133,182	133,633	113,625	20,008
Capital Outlay	-	-	-	-
	<u>228,435</u>	<u>226,635</u>	<u>204,490</u>	<u>22,145</u>
Gasoline Center				
Supplies and Services	12,100	12,100	24,697	(12,597)
Capital Outlay	-	-	-	-
	<u>12,100</u>	<u>12,100</u>	<u>24,697</u>	<u>(12,597)</u>
Pass-through Library Grant	<u>-</u>	<u>-</u>	<u>278,077</u>	<u>(278,077)</u>
Less: Indirect Cost Reimbursement	<u>(12,600,000)</u>	<u>(12,600,000)</u>	<u>(13,112,419)</u>	<u>512,419</u>
Total General Government	<u>\$ 15,451,761</u>	<u>\$ 14,765,441</u>	<u>\$ 13,310,093</u>	<u>\$ 1,455,348</u>

COUNTY OF DAUPHIN
 SCHEDULE OF DEPARTMENTAL EXPENDITURES (CONTINUED)
 BUDGET AND ACTUAL
 GENERAL FUND
 YEAR ENDED DECEMBER 31, 2011

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Judicial				
Courts				
Personal Services	\$ 2,402,530	\$ 2,403,121	\$ 2,203,810	\$ 199,311
Supplies and Services	3,284,036	3,440,252	3,192,044	248,208
Capital Outlay	-	-	-	-
	<u>5,686,566</u>	<u>5,843,373</u>	<u>5,395,854</u>	<u>447,519</u>
Court Reporters				
Personal Services	1,451,352	1,443,059	1,375,849	67,210
Supplies and Services	88,369	88,369	54,776	33,593
Capital Outlay	-	-	-	-
	<u>1,539,721</u>	<u>1,531,428</u>	<u>1,430,625</u>	<u>100,803</u>
Jury Commissioners				
Personal Services	-	-	-	-
Supplies and Services	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District Justices				
Personal Services	4,708,515	4,661,863	4,392,487	269,376
Supplies and Services	2,242,903	2,267,312	1,664,489	602,823
Capital Outlay	171,423	171,423	-	171,423
	<u>7,122,841</u>	<u>7,100,598</u>	<u>6,056,976</u>	<u>1,043,622</u>
Law Library				
Personal Services	170,721	165,558	162,126	3,432
Supplies and Services	483,384	484,102	418,555	65,547
Capital Outlay	-	-	-	-
	<u>654,105</u>	<u>649,660</u>	<u>580,681</u>	<u>68,979</u>
Night Court				
Personal Services	341,881	331,743	399,053	(67,310)
Supplies and Services	20,045	20,045	10,593	9,452
Capital Outlay	-	-	-	-
	<u>361,926</u>	<u>351,788</u>	<u>409,646</u>	<u>(57,858)</u>
Clerk of Courts				
Personal Services	1,590,046	1,566,168	1,409,562	156,606
Supplies and Services	363,477	345,071	356,219	(11,148)
Capital Outlay	-	-	-	-
	<u>1,953,523</u>	<u>1,911,239</u>	<u>1,765,781</u>	<u>145,458</u>

COUNTY OF DAUPHIN
SCHEDULE OF DEPARTMENTAL EXPENDITURES (CONTINUED)
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2011

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Judicial (Continued)				
Coroner				
Personal Services	533,235	527,068	528,398	(1,330)
Supplies and Services	506,720	516,785	474,043	42,742
Capital Outlay	-	-	-	-
	1,039,955	1,043,853	1,002,441	41,412
District Attorney				
Personal Services	3,463,730	3,402,381	3,118,462	283,919
Supplies and Services	1,132,290	1,213,325	1,233,386	(20,061)
Capital Outlay	-	-	-	-
	4,596,020	4,615,706	4,351,848	263,858
Criminal Investigation				
Personal Services	1,517,328	1,487,720	1,438,632	49,088
Supplies and Services	579,740	589,045	593,095	(4,050)
Capital Outlay	20,000	20,000	-	20,000
	2,117,068	2,096,765	2,031,727	65,038
Prothonotary				
Personal Services	994,001	977,940	900,863	77,077
Supplies and Services	329,530	311,950	285,809	26,141
Capital Outlay	40,000	40,000	-	40,000
	1,363,531	1,329,890	1,186,672	143,218
Registrar of Wills				
Personal Services	488,014	481,472	468,316	13,156
Supplies and Services	300,021	303,547	282,083	21,464
Capital Outlay	-	-	4,086	(4,086)
	788,035	785,019	754,485	30,534
Sheriff				
Personal Services	3,499,631	3,435,496	3,180,927	254,569
Supplies and Services	683,308	652,803	659,450	(6,647)
Capital Outlay	36,000	62,225	26,224	36,001
	4,218,939	4,150,524	3,866,601	283,923
Cost & Fines				
Personal Services	221,524	215,595	209,267	6,328
Supplies and Services	27,534	27,776	26,687	1,089
Capital Outlay	-	-	-	-
	249,058	243,371	235,954	7,417

COUNTY OF DAUPHIN
SCHEDULE OF DEPARTMENTAL EXPENDITURES (CONTINUED)
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2011

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Judicial (Continued)				
Adult Probation				
Personal Services	11,357,016	11,231,130	10,503,505	727,625
Supplies and Services	1,722,339	1,720,734	1,536,644	184,090
Capital Outlay	75,000	97,202	-	97,202
	<u>13,154,355</u>	<u>13,049,066</u>	<u>12,040,149</u>	<u>1,008,917</u>
Juvenile Probation				
Personal Services	6,397,761	6,265,861	5,947,935	317,926
Supplies and Services	1,233,262	1,346,231	1,076,138	270,093
Capital Outlay	-	37,325	37,325	-
	<u>7,631,023</u>	<u>7,649,417</u>	<u>7,061,398</u>	<u>588,019</u>
Victim Witness				
Personal Services	65,808	65,808	62,129	3,679
Supplies and Services	668,700	800,204	906,478	(106,274)
	<u>734,508</u>	<u>866,012</u>	<u>968,607</u>	<u>(102,595)</u>
Pretrial				
Personal Services	-	-	-	-
Supplies and Services	421,590	433,590	437,775	(4,185)
	<u>421,590</u>	<u>433,590</u>	<u>437,775</u>	<u>(4,185)</u>
RO County Records Improvement				
Supplies and Services	110,500	139,000	123,548	15,452
Capital Outlay	21,000	22,000	21,723	277
	<u>131,500</u>	<u>161,000</u>	<u>145,271</u>	<u>15,729</u>
Total Judicial	<u>\$ 53,764,264</u>	<u>\$ 53,812,299</u>	<u>\$ 49,722,491</u>	<u>\$ 4,089,808</u>

COUNTY OF DAUPHIN
SCHEDULE OF DEPARTMENTAL EXPENDITURES (CONTINUED)
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Public Safety				
Prison				
Personal Services	\$ 29,497,061	\$ 29,044,894	\$ 27,359,076	\$ 1,685,818
Supplies and Services	11,344,742	10,747,827	10,072,518	675,309
Capital Outlay	-	11,637	337,801	(326,164)
	<u>40,841,803</u>	<u>39,804,358</u>	<u>37,769,395</u>	<u>2,034,963</u>
Emergency Services				
Personal Services	781,090	769,669	722,421	47,248
Supplies and Services	540,489	1,772,045	2,012,309	(240,264)
Capital Outlay	-	-	-	-
	<u>1,321,579</u>	<u>2,541,714</u>	<u>2,734,730</u>	<u>(193,016)</u>
Total Public Safety	<u>\$ 42,163,382</u>	<u>\$ 42,346,072</u>	<u>\$ 40,504,125</u>	<u>\$ 1,841,947</u>

COUNTY OF DAUPHIN
SCHEDULE OF DEPARTMENTAL EXPENDITURES (CONTINUED)
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2011

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Human Services				
Personal Services	\$ 645,616	\$ 728,907	\$ 676,223	\$ 52,684
Supplies and Services	2,693,735	30,057,727	29,405,868	651,859
Capital Outlay	-	-	-	-
Total Human Services	<u>\$ 3,339,351</u>	<u>\$ 30,786,634</u>	<u>\$ 30,082,091</u>	<u>\$ 704,543</u>
Culture and Recreation				
Parks				
Personal Services	\$ 1,301,167	\$ 1,263,504	\$ 1,224,581	\$ 38,923
Supplies and Services	949,422	1,002,541	913,266	89,275
Capital Outlay	-	-	-	-
Total Culture and Recreation	<u>\$ 2,250,589</u>	<u>\$ 2,266,045</u>	<u>\$ 2,137,847</u>	<u>\$ 128,198</u>
Conservation and Development				
Cooperative Extension				
Personal Services	\$ 258,212	\$ 256,028	\$ 245,502	\$ 10,526
Supplies and Services	268,315	251,879	252,776	(897)
Capital Outlay	-	-	-	-
Total Cooperative Extension	<u>526,527</u>	<u>507,907</u>	<u>498,278</u>	<u>9,629</u>
Conservation Programs				
Personal Services	1,059,920	1,036,850	967,351	69,499
Supplies and Services	672,031	673,078	565,733	107,345
Capital Outlay	-	17,486	17,486	-
Total Conservation Programs	<u>1,731,951</u>	<u>1,727,414</u>	<u>1,550,570</u>	<u>176,844</u>
Economic Development				
Personal Services	383,781	378,099	311,805	66,294
Supplies and Services	165,775	2,041,968	1,625,346	416,622
Capital Outlay	-	-	-	-
Total Economic Development	<u>549,556</u>	<u>2,420,067</u>	<u>1,937,151</u>	<u>482,916</u>
Housing Redevelopment				
Supplies and Services	-	-	-	-
Total Conservation and Development	<u>\$ 2,808,034</u>	<u>\$ 4,655,388</u>	<u>\$ 3,985,999</u>	<u>\$ 669,389</u>

COUNTY OF DAUPHIN
SCHEDULE OF DEPARTMENTAL EXPENDITURES (CONTINUED)
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2011

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Positive (Negative)
Debt Service				
Principal	\$ 7,583,360	\$ 7,583,360	\$ 8,040,518	\$ (457,158)
Interest	5,245,032	5,245,032	5,222,211	22,821
Total Debt Service	<u>\$ 12,828,392</u>	<u>\$ 12,828,392</u>	<u>\$ 13,262,729</u>	<u>\$ (434,337)</u>
Other Financing Uses				
Interfund Transfers to				
Domestic Relations Fund	\$ 2,126,202	\$ 2,126,202	\$ 2,071,193	\$ 55,009
MH/MR Fund	888,100	888,100	812,345	75,755
Office of Aging Fund	90,000	90,000	90,000	-
Drug and Alcohol Fund	207,871	207,871	207,871	-
Children, Youth, and Families Fund	9,700,000	11,400,000	9,619,906	1,780,094
State Grant Fund	25,000	25,000	18,971	6,029
Human Services Development Fund	22,000	22,000	29,570	(7,570)
Hazard Materials Emergency Response Fund	-	-	2,203	(2,203)
Weatherization	30,000	30,000	129,761	(99,761)
Liquid Fuels	-	-	1,827	(1,827)
ARRA	-	-	2,989	(2,989)
Affordable Housing	-	-	9,555	(9,555)
911 - EMA Communications Fund	-	-	319	(319)
Capital Projects Fund	250,000	260,000	260,000	-
Human Service Building Fund	800,000	800,000	740,128	59,872
General Fund	2,600	208,166	427,241	(219,075)
Debt Service	7,997,088	7,997,088	-	7,997,088
Total Interfund Transfers	<u>\$ 22,138,861</u>	<u>\$ 24,054,427</u>	<u>\$ 14,423,879</u>	<u>\$ 9,630,548</u>

Appendix “Q”

Certain Information with Respect to the County of Dauphin

[THIS PAGE INTENTIONALLY LEFT BLANK]

THE COUNTY OF DAUPHIN

General

The County of Dauphin ("Dauphin"), situated along the eastern bank of the Susquehanna River in south central Pennsylvania, is the geographic core county in the Harrisburg-Lebanon-Carlisle-Metropolitan Statistical Area ("MSA") which also includes neighboring Cumberland, Lebanon and Perry Counties. Dauphin is in many ways the "gateway" to the interior of the Commonwealth both as the location of the State Capitol in Harrisburg and as a link between the Piedmont Mountains of the state's southeastern region and the Blue Ridge mountain areas to the north.

Dauphin's upper tier is primarily rural with quaint towns lying in mountain valleys. Several national companies have located here due to availability of the land, available workforce with a strong work ethic and reasonable proximity to the interstate system which traverses Dauphin. Conversely, Dauphin's southern portion, is urbanized and contains the City of Harrisburg (the "City") and its eastern suburbs, Hershey and its host of well known attractions, as well as Harrisburg International Airport and the New Baldwin Corridor Enterprise Zone which spans several municipalities.

The area also offers main line Amtrak services and is a major intermodal terminus for double stack rail freight. The availability of major transportation systems, state-of-the-art telecommunication and fiber optic technologies, excellent educational institutions and advanced health care facilities as well as accessible recreational opportunities are all found in Dauphin. The City, the urban nucleus of Dauphin, is a regional cultural, business and government center.

History

Dauphin was established by an act of the General Assembly March 4, 1785. Dauphin was named "Dauphin," in honor of the eldest son of the King of France, who had come to the aid of the American colonies during the American Revolution.

In the fall of 1812, the courthouse in Dauphin became the temporary Capitol of Pennsylvania, when state government was moved from Lancaster to Harrisburg, under the Act of February 21, 1810.

In January, 1822, the first State House was completed on Capitol Hill, and the courthouse used as the Capitol was returned to Dauphin for its courts and business.

Over the years, Dauphin has furnished leaders in religion, patriotism, education, the arts, science, professions, industry and agriculture.

Dauphin Government

Dauphin is a county of the third class and operates under the authority of the Pennsylvania State Constitution and the County Code, Act of August 9, 1955 (P.L. 323, No. 130) as amended. Harrisburg, the County seat, is located in the south-western portion of Dauphin.

The legislative, executive and quasi-judicial functions of Dauphin government are vested in a three-member Board. Each member is elected to a four-year term. By law, both major political parties must be represented on the Board. The Board of County Commissioners appoints the Director of Finance, the Budget Director and the Chief Clerk (County Administrator).

The Board's legislative function includes the power to enact ordinances, to make appropriations, to incur debt, to levy taxes, and to adopt the budget. In its executive capacity, the Board has the power and duty to direct the administration of Dauphin government, and to execute and enforce ordinances and resolutions. The Board's quasi-judicial function includes the responsibility of presiding at grievance hearings initiated by Dauphin employees.

Q-1

2010 Housing Characteristics

	Dauphin	Pennsylvania
Total Housing Units	120,406	5,567,315
Percent Vacant	8.3%	9.9%
Percent Occupied	91.7	90.1
Percent Owner Occupied	64.7	69.6
Percent Renter Occupied	35.3	30.4

Source: U.S. Census Bureau, Census 2010

Medical Facilities

The five hospitals serving Dauphin with their licensed bed capacities and number of employees as of April 2013 are as follows:

	Bed Capacity	Approximate Employment
Penn State Milton S. Hershey Medical Center	563	9,000
Pinnacle Health Community Campus	157	n/a
Harrisburg Medical Center	80	480
Pinnacle Health Seidle Memorial Hospital	15	125

Source: Data Provided by Each Hospital.

Higher Education

Dauphin and surrounding area have a number of institutions of higher learning including the Pennsylvania State University Milton S. Hershey Medical Center in Hershey, the Harrisburg Area Community College, The Harrisburg University of Science and Technology, Penn State Dauphin County Campus in Middletown, Dickinson College, Dickinson School of Law of the Pennsylvania State University, Messiah College and the University Center at Harrisburg which consists of extension programs offered by a consortium of five institutions of higher learning including Pennsylvania State University and the University of Pennsylvania. Temple University has a branch campus in Harrisburg and Widener University School of Law has a campus in Susquehanna Township, Dauphin County.

The largest of these schools in terms of enrollment is the Harrisburg Area Community College ("HACC") which was the first comprehensive Community College to be established in the Commonwealth and serves the MSA. Since HACC's inception in 1964, HACC has grown from a single campus of less than 500 students to a multi-campus institutions which enrolls in excess of 19,000 credit students each semester. In 2011-12 HACC served 21,945 degree-seeking students. HACC has campuses in Harrisburg, Gettysburg, Lancaster, York and Lebanon.

The Penn State Harrisburg Campus offers baccalaureate and graduate degree programs. Enrollment at the Harrisburg Campus, located in Middletown, is approximately 2,638 undergraduate students and 1,366 graduate students. Dickinson College, located in Carlisle, is the second oldest institution of higher learning in the Commonwealth. Approximate enrollment at this co-educational liberal arts college is 2,340 full-time students. The Dickinson School of Law, also located in Carlisle, is the second oldest law school in the Commonwealth having been founded in 1834. The Dickinson School of Law merged with The Pennsylvania State University in mid-2000. The law school presently operates two separate campuses, with one located in Carlisle and the other in State College. Present enrollment for the three year juris doctorate program is about 302 full time students. Messiah College is a nationally ranked private liberal arts Christian college with a current student body of approximately 2,712 undergraduate students, located in Grantham, Pennsylvania, which is just 12 miles from Harrisburg. Widener Law School's Harrisburg campus opened in 1989 and enrollment for the juris doctorate, both day and evening divisions is about 450 students.

The Harrisburg University of Science and Technology ("HUST"), formerly known as Harrisburg Polytechnic Institute, opened in September, 2005. HUST is an independent educational institution offering

Q-3

Dauphin is served by other elected officers including the Controller, District Attorney, Treasurer, Clerk of Courts, Prothonotary, Sheriff, Recorder of Deeds, Register of Wills, Coroner, and Jury Commissioner.

The following Boards and Commissions are currently active: Board of Assessment Appeals; Prison Board; County Salary Board; Registration Commission; County Board of Election; and the Retirement Board. In addition, the following advisory boards are also active: Mental Health/Mental Retardation, Children and Youth Services, the Agency on Aging, and the Drug and Alcohol Advisory Board.

Demographic Characteristics

The following tables provide population trends, age, wealth and housing indices for Dauphin and the Commonwealth.

Population and Density

	2010	2000	1990
Dauphin	268,100	251,798	237,813
Pennsylvania	12,702,379	12,281,054	11,881,643

Source: U.S. Census Bureau.

Age Composition

	0-19 Years	20-64 Years	65+ Years	Persons Per Household
Dauphin	25.7%	60.6%	13.7%	2.37
Pennsylvania	25.0	59.6	15.4	2.45

Source: U.S. Census Bureau, Census 2010.

Income

The table below shows recent trends in per capita income for Dauphin and the Commonwealth over the 1990-2010 period.

	2000	2010*	Percentage Change 2000-2010
Dauphin	\$22,134	\$27,727	20.18%
Pennsylvania	20,880	27,049	22.81

*Source: 2006-2010 American Community Survey 5 Year Estimates. Source: U.S. Census Bureau, Census 2010.

Housing

The table on the following page describes the housing characteristics of Dauphin and the Commonwealth.

[This space intentionally left blank]

Q-2

academic and research programs in mathematics, science, and technology designed to meet the needs of the region's youth, workforce, and businesses, and to expand, attract, and create economic opportunities in the Capital Region. HUST offers undergraduate, graduate and certificate programs in applied science and technology fields. HUST held its first formal commencement exercises on May 11, 2007. The new Academic Center, located in downtown Harrisburg, was dedicated on February 25, 2009, and includes 371,000 square feet of state-of-the-art classroom space, scientific teaching labs, meeting areas, seminar rooms, parking and a 125-seat auditorium.

Residents of Dauphin also have access to a variety of trade and technical schools such as The Academy of Medical Arts and Business, Electronic Institutes, National Education Center Thompson Institute, Central Pennsylvania Business School and the MTA Technical.

Transportation

Dauphin is served by Interstate 81 which connects it with Scranton, Wilkes-Barre, Binghamton, New York and Syracuse, New York to the north, and major cities to the south; Interstate 78 which connects Dauphin with Allentown-Bethlehem-Easton and New York City to the east; Interstate 83 which runs south to York and Baltimore; and Interstate 76 (Pennsylvania Turnpike) which connects Dauphin with Philadelphia and Pittsburgh. U.S. 11, 15, 22, 322 and 422 and Interstate 283 also serve Dauphin.

Harrisburg Internal Airport ("HIA"), located in Middletown, has a 10,000-foot runway and can handle the nation's largest commercial and military aircraft. The U.S. Commerce Department has simplified export procedures for the Harrisburg Port-of-Entry, so that cargo may be flown directly from Harrisburg to foreign countries as well as any domestic point. The Airport is served by US Airways, United Airlines, Northwest Airlines, and Continental in addition to several commuter airlines. The Susquehanna Area Regional Airport Authority ("SARAA"), which assumed ownership of HIA on January 1, 1998, completed an extensive improvement plan at HIA in 2004. HIA has a new terminal building, multi-modal transportation center and security system in accordance with new federal airport safety regulations. General aviation service is also available at the Capital City Airport, which is owned by SARAA, and three other airports in the Harrisburg Metropolitan Area.

Norfolk Southern facilities, which include the mainline of the former Conrail, offer freight transportation to and from the Harrisburg area. The yard at Enola in Cumberland County is one of the largest classification yards on the Norfolk Southern system. AMTRAK operates regular daily passenger service through Dauphin to major eastern, southern and western cities. The Harrisburg Transportation Center serving AMTRAK and Greyhound Bus Lines provide bus service throughout the Country.

The Capital Area Transit Authority provides regional mass transportation services throughout Dauphin.

Utilities

Verizon (telephone), Pennsylvania Power Light Utilities (electric), Amergen Energy Company, UGI Corporation (natural gas) and United Water Company (water) are the major non-governmental utilities, which provide service in Dauphin.

Parks and Recreation

Sports and recreation play a major role in the growth and activity of Dauphin. The Hershey Park amusement complex and the Penn National Racetrack and Hollywood Casino attract millions of visitors to the area each year. Hershey is also the home of the Hershey Bears of the American Hockey League, the Washington Capitals minor league affiliate. Harrisburg is home to the Harrisburg Senators, the Washington Nationals class AA affiliate. Excellent fishing is available in the many limestone trout streams of Dauphin and the Susquehanna River. Skiing is available during the winter at nearby Ski Roundtop.

The Dauphin Park system includes seven areas, the Community Gardens, Fort Hunter Park, Fort Hunter Conservancy, Henninger Bridge, Lykens Glen Park, Wiconisco Creek Park and Wildwood Lake Sanctuary.

Q-4

Employment

Dauphin's Labor Force consists of approximately 137,800 workers. According to the latest available employment figures of the Pennsylvania Department of Labor and Industry, the August 2013 adjusted unemployment rate for Dauphin was 7.1 percent. The adjusted unemployment rate for the Commonwealth during August 2013 was 7.7 percent; nationally 7.1 percent.

Listed below are the largest public and private employers located within Dauphin as of the second quarter of 2012 and their approximate employment:

Employer	Product or Service
Commonwealth of Pennsylvania	Government
Milton S. Hersey Medical Center	Health Care
Hershey Entertainment & Resorts Co.	Entertainment & Hotel Services
The Hershey Company	Chocolate Manufacturer
Pinnacle Health System	Health Care Delivery
Pennsylvania Higher Education Assistance Agency	Student Financial Aid Services
U.S. Government	Government
Tyco Electronics Corporation	Electronic Components
Penn State University	Higher Education
Dauphin County	Government

Source: Center for Workforce Information and Analysis; January 2013; employee numbers not released due to employer privacy.

Current Employment Statistics

(Harrisburg-Carlisle Metropolitan Statistical Area – Not Seasonally Adjusted)

	August 2013	August 2012
Total Nonfarm	326,500	327,400
Total Private	268,200	268,100
Goods Producing	31,200	31,600
Service-Providing	295,300	295,800
Private Service-Providing	237,000	236,500
Mining, Logging, and Construction	11,000	11,000
Manufacturing	20,200	20,600
Durable Goods	10,600	10,900
Non-Durable Goods	9,600	9,700
Trade	63,000	63,800
Wholesale Trade	11,900	12,000
Retail Trade	31,000	31,500
Transportation	20,100	20,300
Information	5,100	5,000
Financial Activities	22,500	22,500
Professional and Business Services	42,500	43,600
Education and Health Services	50,800	49,800
Leisure and Hospitality	35,200	34,500
Other Services	17,900	17,500
Government	58,300	59,300

Source: Pennsylvania Department of Labor and Industry

Table A-6 shows recent trends in the employment and unemployment for Dauphin and the Commonwealth.

Recent Trends in Labor Force, Employment and Unemployment*

	2007	2008	2009	2010	2011	2012	2013**
Dauphin							
Civilian Labor Force (000)	135.6	138.0	137.2	138.3	137.5	141.0	137.8
Employment (000)	130.3	131.5	127.1	127.1	127.0	129.8	128.0
Unemployment (000)	5.3	6.5	10.1	11.2	10.6	11.2	9.8
Unemployment Rate	3.9%	4.7%	7.4%	8.1%	7.7%	8.0%	7.1%
Pennsylvania							
Civilian Labor Force (000)	6,330.0	6,450.0	6,407.0	6,393.0	6,400.0	6,487.0	6,512.0
Employment (000)	6,054.0	6,105.0	5,898.0	5,855.0	5,893.0	5,973.0	6,011.0
Unemployment (000)	276.0	345.0	508.0	538.0	507.0	513.0	501.0
Unemployment Rate	4.4%	5.3%	7.9%	8.4%	7.9%	7.9%	7.7%

*Seasonally adjusted

**As of August, 2013

Source: Pennsylvania Department of Labor and Industry

The ten largest taxpayers in Dauphin, based on the 2012 General Fund tax levy, are listed below:

Largest Taxpayers

Owner	Type of Business	2012 Assessed Value
Penn National Racecourse & Hollywood Casino	Racetrack & Casino	\$191,805,400
Harrisburg Development Cor. (Blackberry LLC)	Strawberry Square/Office Complex	164,441,800
HERCO	Recreation & Entertainment Resort	158,473,100
Hershey Foods	Candy & Food Manufacturing	150,577,600
Milton Hershey School	Private Education Facility	81,777,600
Keystone	Warehousing	63,021,800
Boyd and Mahoney Partners	Developers	50,213,700
Tyco Electronics (Tecport)	Electronic Manufacturing	43,396,400
Clabell Management	Briarcrest Apts. & Pineford Village	39,215,500
Protogis	Warehousing	36,018,600
Total		\$978,941,500

Source: Dauphin Tax Assessment Office Year 2012 Tax Roll.

[This space intentionally left blank]

Real Property Tax Collection Data

Collection Data

The following table reviews Dauphin's assessed valuation, tax rate, current and total collections for the years 2003 through 2012.

Year	Tax Rate Mills ⁽¹⁾	Current Levy	Current Collections	Percent to Current Levy	Current & Delinquent Collections	Percent to Current Levy
2003	4.835	\$62,180,834	\$58,645,275	94.31%	\$61,491,612	98.89%
2004	5.778	75,148,935	70,998,846	94.48	73,897,968	98.24
2005	6.876	91,507,791	84,827,095	92.70	88,713,626	96.95
2006	6.876	92,977,996	88,715,516	95.42	91,583,027	98.50
2007	6.876	94,687,107	90,581,864	95.66	94,926,301	100.25
2008	6.876	96,364,016	91,825,097	95.29	96,055,329	99.68
2009	6.876	98,859,243	94,228,706	95.32	98,050,492	99.51
2010	6.876	100,461,882	95,300,000	94.90	99,672,090	99.20
2011	6.876	100,765,603	94,850,941	94.13	99,905,974	99.15
2012	6.876	100,843,555	95,256,538	94.46	100,221,950	99.38

⁽¹⁾ Does not include library tax. Source: County officials.

Real Property Assessment Data

Year	Market Value	Assessed Value	Ratio
2002	\$10,234,214,800	12,652,116,773	123.63%
2003	10,384,422,100	12,802,164,574	123.28
2004	11,498,442,500	12,906,670,953	112.25
2005	11,682,429,400	13,101,194,123	112.14
2006	12,964,583,300	13,369,252,423	103.12
2007	13,280,986,600	13,617,553,150	102.53
2008	14,992,259,300	13,855,981,450	92.42
2009	15,221,962,500	14,028,025,850	92.16
2010	17,003,161,749	14,470,460,250	85.10
2011	17,018,925,848	14,463,925,773	84.99
2012	17,890,128,031	14,640,010,550	81.8

Source: Pennsylvania Tax Equalization Board.

[This space intentionally left blank]

Dauphin County Involvement in the Harrisburg Recovery Plan

The Harrisburg Authority issued its 2003D and 2003E Retrofit Bonds as well as a certain 2007 Working Capital Note, which was later retired using proceeds of a 2010 Note issued by the County of Dauphin. The 2003D and 2003E Retrofit Bonds, along with the 2010 Note remain outstanding and relate to the Harrisburg Resource Recovery Facility (herein the "SRMC"). The 2003D and 2003E Retrofit Bonds were guaranteed by the City of Harrisburg and by the County of Dauphin. As a result of the failure of the THA to make debt service payments on these obligations and the failure of the City of Harrisburg to make payments under its guarantees, the County of Dauphin has made approximately \$20,000,000 of payments under its guarantees since 2009. In order to eliminate all of the County of Dauphin's obligations relating to the 2003D and 2003E Retrofit Bonds as well as all of its obligations under the County of Dauphin's 2010 Note and in order to maximize the opportunity for repayment of prior advances by the County of Dauphin, the County of Dauphin has agreed to take certain actions in connection with the Harrisburg Recovery Plan. The Term of the Cooperation Agreement is 20 years from the date of the acquisition of the SRMC by LCSWMA. In the Cooperation Agreement, the County of Dauphin has agreed, among other matters, to direct its Regulated Municipal Waste to the LCSWMA and the SRMC for a period of twenty years. The County of Dauphin has also agreed in the Cooperation Agreement to pay to LCSWMA the annual cost of ash disposal, beginning in fifty-fifth month following LCSWMA's purchase of the SRMC. The current annual cost to dispose of the ash is approximately \$2,100,000. The LCSWMA and the County of Dauphin have agreed to cooperate to explore and develop a more efficient and less expensive ash disposal method; however, no assurance can be given that the cost of ash disposal will not increase or that a less expensive ash disposal method can be implemented.

In addition, pursuant to the Cooperation Agreement, the County of Dauphin has agreed to guarantee the payment of the principal of and interest on the 2013B Bonds. And the County of Dauphin has agreed to pay the interest on the 2013B Bonds for the next 20 years, less 1.00% of interest cost that LCSWMA has agreed to pay. If prior to the end of the term of the Cooperation Agreement, the County of Dauphin takes all necessary steps to continue LCSWMA's designation as the governmental entity responsible for ensuring County of Dauphin has adequate Regulated Municipal Waste processing and disposal capacity and the SRMC's designation as the required disposal location for all Regulated Municipal Waste generated within the County of Dauphin for an additional ten years with tip fees not less than those in effect for the year immediately preceding the end of the term, then LCSWMA shall either repay the entire principal of the 2013B Bonds or convey the SRMC to the County of Dauphin upon the County of Dauphin's repayment of the entire principal. The Cooperation Agreement provides LCSWMA with these two exclusive options regardless of whether the County of Dauphin is ultimately legally able to extend LCSWMA's and the SRMC's waste flow control designations as described above. If the County of Dauphin is legally able to extend LCSWMA's and the SRMC's designations as described above but fails to do so prior to the end of the term of the Cooperation Agreement, then the County of Dauphin is responsible for repayment of the principal of the Series B Bonds and LCSWMA is under no obligation to convey the SRMC to the County of Dauphin.

With respect to the proposed PEDFA lease of the Harrisburg Parking System and PEDFA's issuance of Parking System Revenue Bonds and subordinated notes, the County of Dauphin has agreed to guarantee the principal of and interest on \$99,000,000 of Series B Junior Guaranteed Parking Revenue Bonds issued by PEDFA and to be a secondary guarantor of the principal of and interest on \$71,000,000 of Series C Junior Insured/Guaranteed Parking Revenue Bonds issued by PEDFA and insured by Assured Guaranty Municipal Corp. ("AGM"). The Series B Parking Revenue bonds will be amortized over forty years but are subject to redemption using cash flow, if and to the extent it is available, that otherwise would be payable to the County of Dauphin under the Harrisburg Recovery Plan. In the event that PEDFA fails to make a payment on the \$99,000,000 on the Series B Junior Guaranteed Parking Revenue Bonds, the County of Dauphin is obligated under its guarantee to cure such deficiency. In the event of a debt service payment deficiency and if AGM fails to honor a draw on its policy insuring the Series C Junior Insured/Guaranteed Parking Revenue Bonds, the County of Dauphin is obligated under its guarantee to cure such deficiency. The County of Dauphin and AGM will enter into a reimbursement agreement in connection with the \$71,000,000 Series C Junior Insured/Guaranteed Parking Revenue Bonds pursuant to which if the County of Dauphin is required to make payments under its secondary Series C Guaranty, AGM will be required to reimburse the County of Dauphin for such payments made under the Series C Guaranty.

The County of Dauphin will receive an estimated \$8,500,000, at closing of the Parking System Revenue Bonds, to replenish amounts withdrawn from the County's fund balance during 2013. The County of Dauphin intends to deposit such moneys in its General Fund. The County of Dauphin will also be assigned a \$20,000,000 subordinated note as part of the consensual resolution with the City of Harrisburg under the Harrisburg Recovery Plan. Subject to the provisions of the Trust Indenture under which the PEDFA Parking System Revenue Bonds and subordinated notes were issued, the subordinated note will be paid out of a portion of the excess revenues, if and to the extent available. In the Trust Indenture for the Parking System Revenue Bonds and the subordinated notes, certain excess revenues, if and to the extent available, will be used to redeem, at the first optional redemption date, a portion of the Series B Junior Guaranteed Parking Revenue Bonds guaranteed by the County of Dauphin. Upon repayment of the County of Dauphin's guaranteed debt, the County of Dauphin will be entitled to certain excess revenues if and to the extent available to repay the \$20,000,000 subordinated note. There is no assurance that all or any portion of the excess revenues will be realized and there is no reasonable expectation that the County of Dauphin will receive any excess revenues in the next twelve years.

In return for the County of Dauphin's aggregate guarantees and commitments under the Cooperation Agreement, the County of Dauphin will be released by THA and the City of Harrisburg from any and all liabilities related to the existing SRMC debt, including the full repayment of the 2003D and 2003E Bonds, and the full repayment of the 2010 working capital note.

[THIS PAGE INTENTIONALLY LEFT BLANK]

[THIS PAGE INTENTIONALLY LEFT BLANK]

Appendix “R”

Specimen Municipal Bond Insurance Policy

[THIS PAGE INTENTIONALLY LEFT BLANK]



MUNICIPAL BOND INSURANCE POLICY

ISSUER: ASSURED GUARANTY MUNICIPAL
BONDS: \$ in aggregate principal amount of
Policy No: -N
Effective Date:
Premium: \$

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By _____
Authorized Officer

[THIS PAGE INTENTIONALLY LEFT BLANK]

Appendix “S”

Form of Authority Continuing Disclosure Undertaking

[THIS PAGE INTENTIONALLY LEFT BLANK]

CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking ("Disclosure Undertaking") is executed and delivered this 23rd day of December 2013, by the Pennsylvania Economic Development Financing Authority (the "Authority") in connection with the issuance of the Authority's (i) \$120,928,160.55, original aggregate principal amount, Senior Insured Parking Revenue Bonds (Capitol Region Parking System) Series A of 2013 consisting of \$100,215,000.00 Current Interest Bonds, Series A-1 (the "Series A-1 Bonds") and \$20,713,160.55 Capital Appreciation Bonds, Series A-2 (the "Series A-2 Bonds") and, together with the Series A-1 Bonds, the "Series A Bonds"; (ii) \$97,172,029.25, original aggregate principal amount, Junior Guaranteed Parking Revenue Bonds (Capitol Region Parking System), Series B of 2013, consisting of \$70,100,000.00 Current Interest Bonds, Series B-1 (the "Series B-1 Bonds"), \$25,061,280.45 Capital Appreciation Bonds, Series B-2 (the "Series B-2 Bonds") and \$2,010,748.80 Callable Capital Appreciation Bonds, Series B-3 (the "Series B-3 Bonds") and, together with the Series B-1 Bonds and the Series B-2 Bonds, the "Series B Bonds"; and (iii) \$68,453,473.90, original aggregate principal amount, Junior Insured/Guaranteed Parking Revenue Bonds (Capitol Region Parking System), Series C of 2013 consisting of \$44,785,000.00 Current Interest Bonds, Series C-1 (the "Series C-1 Bonds") and \$23,668,473.90 Capital Appreciation Bonds, Series C-2 (the "Series C-2 Bonds") and, together with the Series C-1 Bonds, the "Series C Bonds"). The Series A Bonds, the Series B Bonds and the Series C Bonds are collectively referred to herein as the "Bonds". The Bonds are issued pursuant to a Trust Indenture, dated as of December 1, 2013 (the "Trust Indenture"), by and between the Authority and U.S. Bank National Association, as trustee (the "Trustee").

In consideration of the mutual covenants, promises and agreements contained herein and intending to be legally bound hereby, the parties hereto agree as follows:

Section 1. Definitions.

In this Disclosure Undertaking and any agreement supplemental hereto, capitalized terms shall have the meanings ascribed thereto in the recitals and as specified below (except as otherwise expressly provided or unless the context clearly otherwise requires):

"Annual Report" means the Financial Statements provided at least annually provided, however, that the Annual Report will contain the unaudited financial statements if audited financial statements are not available of the Capitol Region Parking System.

"Business Day" means any day other than a Saturday, Sunday or a day on which the Dissemination Agent is authorized or required by law, executive order or contract to remain closed.

"Listed Event" means any of the events listed in Section 3 hereof.

* Preliminary, subject to change.

In addition, capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Trust Indenture.

Section 2. Annual Report.

(a) The Authority shall file or cause to be filed with each Repository the Annual Report not later than 120 days after the close of each Operating Year to which it relates, commencing with the Operating Year of the Parking System ended December 31, 2014.

(b) If the Authority is unable or for any other reason fails to provide an Annual Report or any part thereof by the date required in subsection (a) of this Section, the Disclosure Representative shall, or shall cause the Dissemination Agent to, send a notice to that effect not later than such date to each Repository. Any Dissemination Agent shall provide a copy of such notice to the Authority.

(c) The Annual Report shall contain or include by reference the following: (i) the Financial Statements for the prior Operating Year; (ii) to the extent not included in the audited financial statements, the information covered under the following captions in the Official Statement: "THE CAPITOL REGION PARKING SYSTEM – The Parking System Assets and Other Inventory in the Central Business District," "REVENUES OF THE PARKING SYSTEM – Existing Off-Street Monthly Parking Rates," "– Permitted Monthly Rates for Parking Facilities," "– Permitted Transient Rates for Parking System Facilities," "– Current and Permitted Meter Rates, Hours of Operation and Length of Stay" and "– Meter Enforcement Rates and Charges," and (iii) the certificate of the Independent Insurance Consultant required to be delivered pursuant to Section 4.19 of the Trust Indenture.

Section 3. Interim Information.

(a) The Authority shall file, or cause to be filed with each Repository, within twenty (20) Business Days of receipt by the Trustee thereof pursuant to the Trust Indenture, copies of the (a) quarterly financial statements delivered by the Authority pursuant to Section 4.14(2) of the Trust Indenture, (b) the approved Annual Operating Budget and Annual Capital Budget prepared in accordance with Sections 4.9(a) and 4.9(b) of the Trust Indenture, respectively; and (c) the certificate of an Authorized Asset Manager Representative delivered to the Trustee pursuant to 4.10(e) of the Trust Indenture (collectively, the "Interim Information").

(b) If the Authority engages a Dissemination Agent with respect to the Bonds, the Authority shall provide, or cause to be provided to the Dissemination Agent, the Interim Information within ten (10) Business Days of receipt by the Trustee thereof pursuant to the Indenture. The Dissemination Agent shall, within ten (10) Business Days of receipt of any of the Interim Financial Information, file such Interim Information with the Repository. If the Dissemination Agent does not receive the information required by this Section 3(b) within the times specified for delivery of such information as set forth in this Section 3(b) (each, a "Required Delivery Date"), the Dissemination Agent shall provide notice of such failure to the Repository within ten (10) Business Days of each such Required Delivery Date, provided, however, that if the Dissemination Agent does not receive the Annual Operating Budget or the Annual Capital Budget by the first Business Day of each Operating Year, the Dissemination

"Disclosure Representative" means the Executive Director of the Authority, which shall include any individual serving in an interim or acting capacity, or such other official or employee of the Authority as the Executive Director shall designate in writing.

"Dissemination Agent" shall mean any agent which has executed a dissemination agency agreement with the Authority and the successors and assigns of such agent.

"EMMA" means the Electronic Municipal Market Access System maintained by the MSRB at <http://emma.msrb.org>, which serves as the sole nationally recognized municipal securities information repository under the Rule.

"Final Official Statement" means the Official Statement of the Authority, dated December 18, 2013, relating to the Bonds.

"Financial Statements" mean the audited financial statements of the Parking System, together with an unqualified opinion thereon of an independent certified public accountant, prepared in reasonable detail and in accordance with GAAP for each Operating Year.

"MSRB" means the Municipal Securities Rulemaking Board.

"Participating Underwriters" means the original underwriters of the Bonds required to comply with the Rule in connection with the purchase and reoffering of the Bonds.

"Registered Owner or Owners" mean the person or persons in whose name a Bond is registered on the books of the Authority kept by the Trustee for that purpose in accordance with the Trust Indenture and the Bonds. For so long as the Bonds shall be registered in the name of the Securities Depository or its nominee, the term "Registered Owners" shall also mean and include, for the purposes of this Disclosure Undertaking, the owners of book-entry credits in the Bonds evidencing an interest in the Bonds; provided, however, that the Disclosure Representative shall have no obligation to provide notice hereunder to owners of book-entry credits in the Bonds, except those who have filed their names and addresses with the Disclosure Representative for the purposes of receiving notices or giving direction under this Disclosure Undertaking.

"Repository" means each nationally recognized municipal securities information repository under the Rule. The Securities and Exchange Commission has designated EMMA as the sole Repository effective July 1, 2009. Any information to be filed with a Repository under this Disclosure Undertaking shall be filed with EMMA at <http://emma.msrb.org>, or as otherwise provided by the MSRB, and any future Repository as may be required under the Rule.

"Rule" means Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, as such Rule may be amended from time to time.

"Securities Depository" means The Depository Trust Company, New York, New York, or its nominee, Cede & Co., or any successor thereto appointed pursuant to the Resolution.

Agent shall provide notice to the Authority of such failure to deliver the Annual Operating Budget or the Annual Capital Budget within ten (10) Business Days of such Required Delivery Date and, if the Authority advises the Dissemination Agent within five (5) Business Days of such Required Delivery Date that the Annual Operating Budget or the Annual Capital Budget is not available, the Dissemination Agent shall not provide notice of such failure to deliver the Annual Operating Budget or the Annual Capital Budget to each Repository. If such Interim Information is subsequently delivered to the Dissemination Agent, the Dissemination Agent shall file such Interim Information with each Repository within ten (10) Business Days of receipt thereof.

(c) If the Authority does not engage a Dissemination Agent, and is unable or for any reason fails to provide the Interim Information by the dates required in subsection (a) of this Section 3, the Disclosure Representative shall send a notice to that effect not later than such date to each Repository provided, however, if the Annual Operating Budget or Annual Capital Budget is not available, the Disclosure Representative shall not provide notice of such failure to deliver the Annual Operating Budget or the Annual Capital Budget to each Repository. If such Interim Information subsequently becomes available, the Disclosure Representative shall file such Interim Information with each Repository within ten (10) Business Days of such Interim Information becoming available.

Section 4. Listed Events.

(a) The Authority agrees that it shall provide, or cause to be provided, in a timely manner not in excess of ten Business Days after the occurrence of the event, to the Repositories, notice of any of the following events with respect to the Bonds:

- (1) principal and interest payment delinquencies;
- (2) unscheduled draws on debt service reserves reflecting financial difficulties;
- (3) unscheduled draws on credit enhancements reflecting financial difficulties;
- (4) substitution of credit or liquidity providers, or their failure to perform;
- (5) defeasances;
- (6) rating changes;
- (7) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or the issuance by the Internal Revenue Service of material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (8) tender offers;

- System;¹
- (9) bankruptcy, insolvency, receivership or similar proceeding of the Parking System;¹
 - (10) non-payment related defaults, if material;
 - (11) modifications to rights of the holders of the Bonds, if material;
 - (12) Bond calls, if material;
 - (13) release, substitution or sale of property securing repayment of the Bonds, if material;
 - (14) appointment of a successor or additional Trustee, or the change of name of a trustee, if material; and
 - (15) the consummation of a merger, consolidation, or acquisition involving the Authority or the Parking System, the sale of all or substantially all of the assets of the Parking System, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

The fifteen (15) events listed in this Section 4(a) are quoted directly from the Rule.

(b) Whenever the Authority obtains knowledge of the occurrence of a Listed Event, the Authority shall either promptly file a notice of such occurrence with each Repository or promptly notify the Dissemination Agent in writing. Such notice to the Dissemination Agent shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (d) of this Section 4.

(c) The Dissemination Agent shall have no obligation to make disclosure on any other matter except as provided herein. The Dissemination Agent shall not be deemed to have knowledge of any event except as may be provided by written notice to the Dissemination Agent pursuant to this Disclosure Undertaking. The Dissemination Agent shall not be responsible for reviewing or for verifying the accuracy or completeness of any notice received.

¹ This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

nor shall the Authority be relieved of complying with any applicable law relating to the availability and inspection of public records. Any election by the Authority to furnish any information not specifically provided for herein in any notice given pursuant to this Disclosure Undertaking or by the means of communication provided for herein shall not be deemed to be an additional contractual undertaking and the Authority shall have no obligation to furnish such information in any subsequent notice or by the same means of communication.

(b) Except as expressly set forth in this Disclosure Undertaking, the Dissemination Agent, if any, shall have no responsibility for any continuing disclosure to the Registered Owners or any Repository.

Section 7. Default.

(a) In the event that the Authority or the Dissemination Agent fails to comply with any provision of this Disclosure Undertaking, the Dissemination Agent or any Registered Owner of the Bonds shall have the right, by mandamus, suit, action or proceeding at law or in equity, to compel the Authority or the Dissemination Agent to perform each and every term, provision and covenant contained in this Disclosure Undertaking. The Dissemination Agent shall be under no obligation to take any action in respect of any default hereunder unless it has received the direction in writing to do so by the Registered Owners of at least 25% of the outstanding principal amount of the Bonds and if, in the Dissemination Agent's opinion, such action may tend to involve expense or liability, unless it is also furnished with indemnity and security for expenses satisfactory to it.

(b) A default under this Disclosure Undertaking shall not be or be deemed to be a default under the Bonds or Trust Indenture, and the sole remedy in the event of a failure by the Authority or the Dissemination Agent to comply with the provisions hereof shall be the action to compel performance described in clause (a) of this Section 7.

Section 8. Dissemination Agent.

(a) The Authority may, from time to time, appoint or engage a Dissemination Agent to assist it in satisfying the obligations of the Authority hereunder and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

(b) The Dissemination Agent may execute any powers hereunder and perform any duties required of it through attorneys, agents, and other experts, officers, or employees, selected by it, and the written advice of such counsel or other experts shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon. The Dissemination Agent shall not be answerable for the default or misconduct of any attorney, agent, expert or employee selected by it with reasonable care. The Dissemination Agent shall not be answerable for the exercise of any discretion or power under this Disclosure Agreement or liable to the Authority or any other person for actions taken hereunder, except for its own willful misconduct or negligence.

(c) The Dissemination Agent may act on any resolution, notice, telegram, request, consent, waiver, certificate, statement, affidavit, or other paper or document which it in good

(d) If the Dissemination Agent has been instructed by the Authority to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with each Repository with a copy to the Authority. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to the Holders of affected Bonds pursuant to the Trust Indenture.

Section 5. Amendment; Waiver.

(a) Notwithstanding any other provision of this Disclosure Undertaking, the Authority may amend this Disclosure Undertaking or waive any of the provisions hereof, provided that no such amendment or waiver shall be executed by the parties hereto or effective unless:

- (1) the amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in identity, nature or status of the Authority or the operations conducted by the Authority;
- (2) the Disclosure Undertaking, as amended by the amendment or waiver, would have satisfied the requirement of a written undertaking contemplated by the Rule at the time of original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and
- (3) the amendment or waiver does not materially impair the interests of the Registered Owners of the Bonds.

(b) Evidence of compliance with the conditions set forth in clause (a) of this Section 5 shall be satisfied by obtaining an opinion of counsel having recognized experience and skill in the issuance of municipal securities and federal securities law, acceptable to the Authority to the effect that the amendment or waiver satisfies the conditions set forth in clauses (a)(1), (2) and (3) of this Section 5.

(c) Notice of any amendment or waiver containing an explanation of the reasons therefor shall be either filed by the Disclosure Representative with each Repository or given to the Dissemination Agent, if any, upon execution of the amendment or waiver and the Dissemination Agent shall promptly file such notice with each Repository. The Disclosure Representative shall also send notice of the amendment or waiver to each Registered Owner (including owners of book-entry credits in the Bonds who have filed their names and addresses with the Disclosure Representative).

Section 6. Other Information.

(a) Nothing in this Disclosure Undertaking shall preclude the Authority from disseminating any other information with respect to the Authority, using the means of communication provided in this Disclosure Undertaking or otherwise, in addition to the Annual Financial Information and the notices of the Disclosure Event specifically provided for herein,

faith believes to be genuine and to have been passed or signed by the proper persons or to have been prepared and furnished pursuant to any of the provisions of this Disclosure Agreement; and the Dissemination Agent shall be under no duty to make any investigation as to any statement contained in any such instrument, but may accept the same as conclusive evidence of the accuracy of such statement in the absence of actual notice to the contrary.

Section 9. Term of Disclosure Undertaking.

This Disclosure Undertaking shall terminate (1) upon payment or provision for payment in full of the Bonds, or (2) upon repeal or rescission of Section (b)(5) of the Rule, or (3) upon a final determination that Section (b)(5) of the Rule is invalid or unenforceable.

Section 10. Beneficiaries.

This Disclosure Undertaking shall inure solely to the benefit of the Authority, the Dissemination Agent, if any, and the Registered Owners from time to time of the Bonds and nothing herein contained shall confer any right upon any other person.

Section 11. Notices.

Any written notice to or demand may be served, presented or made to the persons named below and shall be sufficiently given or filed for all purposes of this Disclosure Undertaking if deposited in the United States mail, first class postage prepaid or in a recognized form of overnight mail or by telecopy or electronic means with confirmation of receipt, addressed:

- (a) To the Authority:
 Pennsylvania Economic Development Financing Authority
 Commonwealth Keystone Building
 400 North Street, 4th Floor
 Harrisburg, PA 17120-0225
 Attn: Executive Director
- (b) To the MSRB at:
<http://emma.msrb.org>

Section 12. Controlling Law.

The laws of the Commonwealth of Pennsylvania shall govern the construction and interpretation of this Disclosure Undertaking.

Section 13. Successors and Assigns.

All of the covenants, promises and agreements contained in this Disclosure Undertaking by or on behalf of the Authority or by or on behalf of the Dissemination Agent shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

Section 14. Headings for Convenience Only.

The descriptive headings in this Disclosure Undertaking are inserted for convenience of reference only and shall not control or affect the meaning or construction of any of the provisions hereof.

Section 15. Counterparts.

This Disclosure Undertaking may be executed in any number of counterparts, each of which when so executed and delivered shall be an original; but such counterparts shall together constitute but one and the same instrument.

Section 16. Entire Agreement.

This Disclosure Undertaking sets forth the entire understanding of the Authority with respect to the matters herein contemplated and no modification or amendment of or supplement to this Disclosure Undertaking shall be valid or effective unless the same is in writing and signed by the Authority.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Pennsylvania Economic Development Financing Authority has caused this Disclosure Undertaking to be executed by its authorized officer as of the day and year first above written.

PENNSYLVANIA ECONOMIC
DEVELOPMENT FINANCING
AUTHORITY

By: _____

[THIS PAGE INTENTIONALLY LEFT BLANK]

Appendix “T”

Form of Dauphin County Continuing Disclosure Agreement

[THIS PAGE INTENTIONALLY LEFT BLANK]

CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT (the "Disclosure Agreement") is executed and delivered this 23rd day of December, 2013, by the County of Dauphin, Pennsylvania (the "County"), in connection with the issuance and sale by the Pennsylvania Economic Development Financing Authority (the "Authority") of its Junior Guaranteed Parking Revenue Bonds (Capitol Region Parking Project) Series B of 2013 (the "Series B Bonds") and its Junior Insure/Guaranteed Parking Revenue Bonds (Capitol Region Parking Project) Series C of 2013 Bonds (the "Series C Bonds" and collectively with the Series B Bonds the "Bonds"). The Bonds are being issued under and pursuant to a Resolution duly adopted by the Board of the Authority on December 4, 2013 (the "Resolution") and a Trust Indenture dated as of December 1, 2013 by and between the Authority and U.S. Bank, National Association, as the trustee (the "Trustee"). The payment of the principal of and interest on the Bonds is unconditionally guaranteed by the County pursuant to a Series B Bond Guaranty Agreement dated December 3, 2013 with respect to the Series B Bonds and a Series C Bond Guaranty Agreement dated December 3, 2013 with respect to the Series C Bonds, each delivered by the County to the Authority and the Trustee with respect to the Bonds. The County has authorized the execution and delivery of the Series B Bond Guaranty Agreement and the Series C Bond Guaranty Agreement pursuant to an ordinance duly enacted by the County on October 23, 2013 (the "Ordinance"). The County covenants and agrees as follows:

SECTION 1. Purpose of Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the County, as a "materially obligated person" within the meaning and for the purposes set forth in the Rule (as subsequently defined), in order to assist the Participating Underwriter (as subsequently defined) in complying with the Rule.

SECTION 2. Definitions. In addition to the capitalized terms defined above and the definitions set forth in the Resolution and the Ordinance, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Disclosure Agreement, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the County pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"Business Day" shall mean any day other than a Saturday, a Sunday, a day on which the New York Stock Exchange is closed or a day on which banks located in the Commonwealth are authorized or required by law to be closed.

"Commonwealth" shall mean the Commonwealth of Pennsylvania.

"Disclosure Representative" shall mean Susquehanna Group Advisors, Inc. or such other consultant, official or employee of the County as designated by the County.

"Dissemination Agent" shall mean the Disclosure Representative, or any successor Dissemination Agent designated in writing by the County, and which has filed with the County a written acceptance of such designation.

T-1

Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. Not later than 15 Business Days prior to said date, the County shall provide the Annual Report to the Dissemination Agent (if other than the County). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided, however, that the audited financial statements of the County may be submitted separately from the balance of the Annual Report, and later than the date stated above for the filing of the Annual Report.

(b) If the County is unable to provide to the Repositories an Annual Report by the date required in subsection (a), the County shall send a notice to each Repository in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) determine each year, prior to the date for providing the Annual Report, the name and address of each National Repository and each State Repository, if any; and (if the Dissemination Agent is other than the County)

(ii) file a report with the County certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided and listing all the Repositories to which it was provided.

SECTION 4. Content of Annual Reports. The County's Annual Report shall contain or incorporate by reference (a) a copy of the audited financial statements of the County for the fiscal year ended the preceding December 31 (which audited financial statements shall be prepared in accordance with the accounting method disclosed in the Official Statement), and (b) financial information and operating data of the type included in the Official Statement. Financial information and operating data contained in the Annual Report may be incorporated by reference from other documents, including official statements of debt issues of the County, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The County shall clearly identify each such other document so incorporated by reference.

SECTION 5. Reporting of Listed Events.

(a) Pursuant to the provisions of this Section 5, the County shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds or the Guaranty (each a "Listed Event") in a timely manner not in excess of ten Business Days after the occurrence of the Listed Event:

- (i) principal and interest payment delinquencies;
- (ii) unscheduled draws on debt service reserves reflecting financial difficulties;

T-3

"EMMA" shall mean the Electronic Municipal Market Access System, or any other successor system, maintained by the MSRB.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

"Material Events" shall mean any of the events listed in Section 5(b) of this Disclosure Agreement.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"National Repository" shall mean EMMA and any subsequently approved nationally recognized municipal securities information repository for purposes of the Rule. Information to be filed with EMMA shall be filed at <http://emma.msrb.org>.

"Official Statement" shall mean the Official Statement, dated December 18, 2013, relating to the Bonds.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

"Registered Owner" shall mean the person or persons in whose name a Bond is registered on the books of the Authority kept by the Trustee for that purpose in accordance with the Resolution and the Bonds. For so long as the Bonds shall be registered in the name of the Securities Depository or its nominee, the term "Registered Owner" shall also mean and include, for the purposes of this Disclosure Agreement, the owners of book-entry credits in the Bonds evidencing an interest in the Bonds; provided, however, that the County shall have no obligation to provide notice hereunder to owners of book-entry credits in the Bonds, except those who have filed their names and addresses with the Trustee for the purposes of receiving notices or giving direction under this Disclosure Agreement.

"Repository" shall mean each National Repository and each State Repository.

"Rule" shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"Securities Depository" means The Depository Trust Company, New York, New York, or its nominee, Cede & Co., or any successor thereto.

"State Repository" shall mean any public or private repository or entity designated by the Commonwealth as a state repository for the purpose of the Rule. As of the date of this Disclosure Agreement, there is no State Repository.

SECTION 3. Provision of Annual Reports.

(a) The County shall, or shall cause the Dissemination Agent to, not later than 30 days following receipt of the audited financial statements for the fiscal year ended the preceding December 31, commencing in the fiscal year ending December 31, 2013, provide to each

T-2

- (iii) unscheduled draws on credit enhancements reflecting financial difficulties;
- (iv) substitution of credit or liquidity providers, or their failure to perform;
- (v) defeasances;
- (vi) rating changes;
- (vii) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability or Notices of Proposed Issue (IRS Form 5701-TEB);
- (viii) tender offers; and
- (ix) bankruptcy, insolvency, receivership or similar proceeding of the County.¹

The nine (9) Listed Events listed in this Section 5(a) are quoted directly from the Rule.

(b) Upon the occurrence of any of the following events with respect to the Bonds or the Guaranty, and the determination of the materiality of such event within the meaning of the Rule (each a "Material Event"), the County shall give, or cause to be given, notice of such Material Event in a timely manner not in excess of ten Business Days after the occurrence of the Material Event:

- (i) non-payment related defaults;
- (ii) in addition to the events listed in Section 5(a)(vii), the issuance by the Internal Revenue Service of other notices or determinations with respect to the tax status of the Bonds, or other events affecting the tax status of the Bonds;
- (iii) modifications to rights of the holders of the Bonds;
- (iv) Bond calls;
- (v) release, substitution or sale of property securing repayment of the Bonds;

¹ This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

T-4

(vi) appointment of a successor or additional Trustee, or the change of name of a Trustee; and

(vii) the consummation of a merger, consolidation, or acquisition involving the County, the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry in to a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms.

The seven (7) Material Events listed in this Section 5(b) are quoted directly from the Rule.

(c) Whenever the County has determined that a Listed Event or Material Event has occurred, the County shall promptly file, or cause to be filed, a notice of such occurrence with the MSRB and the Repositories.

SECTION 6. Termination of Reporting Obligation. The County's obligations under this Disclosure Agreement shall terminate upon the prior redemption or payment in full of all of the Bonds.

SECTION 7. Dissemination Agent. The County may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

SECTION 8. Amendment, Waiver. Notwithstanding any other provision of this Disclosure Agreement, the County may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, provided that unless otherwise permitted by the Rule, the following conditions are satisfied:

(a) The amendment or waiver may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds (including, but not limited to, affiliations, mergers, acquisitions, divestitures or dispositions affecting the County), or the type of business conducted by such obligated person;

(b) The undertaking (i.e. this Disclosure Statement), as amended or taking into account such waiver, would, in the opinion of a nationally recognized disclosure counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Registered Owners of the Bonds, or (ii) does not, in the opinion of a nationally recognized bond counsel, materially adversely affect the interests of the Registered Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the County shall describe such amendment in the next Annual Report, and shall include, as

T-5

applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the County. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (1) notice of such change shall be given in the same manner as for a Listed Event under Section 5, and (2) the Annual Report for the year in which the change is made shall present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the County from disseminating any other information using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event or Material Event, in addition to that which is required by this Disclosure Agreement. If the County chooses to include any information in any Annual Report or notice of occurrence of a Listed Event or Material Event in addition to that which is specifically required by this Disclosure Agreement, the County shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event or Material Event.

SECTION 10. Default. In the event of a failure of the County to comply with any provision of this Disclosure Agreement, the Trustee or any Registered Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandatory or specific performance by court order, to cause the County to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an event of default with respect to the Bonds, and the sole remedy under this Disclosure Agreement shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent, if other than the Disclosure Representative, if any, shall have only such duties as are specifically set forth in this Disclosure Agreement, and the County agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the County under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 12. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the County, the Authority, the Dissemination Agent, the Participating Underwriter and the Registered Owners of the Bonds, and shall create no rights in any other person or entity.

SECTION 13. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

T-6

SECTION 14. IN WITNESS WHEREOF, the County has caused this Disclosure Agreement to be executed by its duly authorized officer on the date first written above.

ATTEST: COUNTY OF DAUPHIN, PENNSYLVANIA
By: _____ Chairman, Board of County Commissioners
Chief Clerk, Board of County Commissioners
(SEAL) By: _____ Member, Board of County Commissioners
By: _____ Member, Board of County Commissioners

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Obligated Person: _____
Name of Bond Issue: _____
Date of Issuance: _____

NOTICE IS HEREBY GIVEN that the County of Dauphin (the "County") has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement of the County, dated _____, 2013. The County anticipates that the Annual Report will be filed by _____.

COUNTY OF DAUPHIN, PENNSYLVANIA

Dated: _____ By: _____
Authorized Officer

T-7

Appendix “U”

Form of Bond Counsel Opinion

[THIS PAGE INTENTIONALLY LEFT BLANK]

December 23, 2013

Pennsylvania Economic Development Finance Authority, as Issuer
Harrisburg, Pennsylvania

Re: \$120,928,160.55 Pennsylvania Economic Development Financing Authority
Senior Parking Revenue Bonds (Capitol Region Parking System), Series A of 2013 (the
“Series A Bonds”)

\$97,172,029.25 Pennsylvania Economic Development Financing Authority
Junior Guaranteed Parking Revenue Bonds (Capitol Region Parking System), Series B of
2013 (the “Series B Bonds”)

\$68,453,473.90 Pennsylvania Economic Development Financing Authority
Junior Insured/Guaranteed Parking Revenue Bonds (Capitol Region Parking System),
Series C of 2013 (the “Series C Bonds”)

Ladies and Gentlemen:

We have acted as Bond Counsel to the Pennsylvania Economic Development Finance Authority (the “Authority”) in connection with the issuance of the above referenced bonds, referred to collectively herein as the “2013 Bonds.” The 2013 Bonds are being issued under and pursuant to the laws of the Commonwealth of Pennsylvania (the “Commonwealth”), including particularly the Pennsylvania Economic Development Financing Law, 73 Pa. Const. Stat. §371 et seq. and an Indenture of Trust dated as of December 1, 2013 (the “Indenture”), between the Authority and U.S. Bank National Association, as trustee (the “Trustee”). The 2013 Bonds have been purchased from the Authority pursuant to a Bond Purchase Agreement dated December 18, 2013 (the “Purchase Agreement”) by and between Guggenheim Securities LLC, on behalf of itself and the other institutions named in the Bond Purchase Agreement (collectively, the “Underwriters”) and the Authority. The capitalized terms and phrases used in this opinion letter shall have the meanings assigned to them herein or, if not defined herein, shall have the meanings assigned to them in the Indenture.

The 2013 Bonds are being issued to finance a project (the “Project”) which consists of : (i) paying the cost of the acquisition of the Parking System (as defined in the Indenture), (ii) financing capitalized interest on the Bonds, (iii) making a deposit to the Capital Reserve Fund created under the Indenture, (iv) paying the costs of issuing the 2013 Bonds and the costs of insuring the Series A Bonds.

Simultaneously with the issuance of the 2013 Bonds, the Authority will issue its Subordinate Parking Revenue Notes (Capitol Region Parking Project), Series of 2013 (the “Authority Notes”). The Authority Notes will be issued pursuant to and secured by the Indenture, to the extent and subject to the limitations set forth in the Indenture.

Pursuant to the Indenture, the 2013 Bonds are secured (except as otherwise provided therein and in the Indenture) by the assignment and pledge to the Trustee of the Trust Estate (as defined in the Indenture), which includes, *inter alia*, all Revenues (as defined in the Indenture) and all funds and accounts held under the Indenture (except for the Rebate Fund and the Surplus Fund).

The Board of the Authority by resolution (the "Resolution") adopted on December 4, 2013 has approved the Project and the issuance of the 2013 Bonds and the sale thereof to the Underwriters, and the execution and delivery by the Authority of any and all documents necessary or appropriate in connection with the Project and the issuance and delivery of the 2013 Bonds, including, without limitation, the Indenture, Asset Transfer Agreement, Lease Agreement, PEDFA Intergovernmental Agreement, Assignment, Servicing Agreement, Mortgage, Asset Management Agreement, Commonwealth Parking Lease, Purchase Agreement and related certificates or agreements to be delivered by the Authority.

The Code imposes certain requirements which must be met on a continuing basis subsequent to the issuance of the 2013 Bonds in order to assure that interest on the 2013 Bonds will be excluded from gross income for federal income tax purposes under Section 103 of the Code. The Authority has covenanted in the Tax Certificate dated the date hereof (the "Tax Certificate") to comply with the requirements of Section 148(f) of the Code which provides for the rebate of certain arbitrage profits to the United States. For the purposes of the opinions set forth below, we have assumed that the Authority will comply with the covenants set forth in the Indenture and the Tax Certificate relating to the tax exempt status of interest on the 2013 Bonds.

In rendering this opinion, we have examined (a) such constitutional provisions and statutes of the Commonwealth, (b) the proceedings authorizing the issuance of the 2013 Bonds and (c) such certificates, opinions, receipts and other documents, including original counterparts or certified copies of the Indenture, the Resolution, Asset Transfer Agreement, Lease Agreement, PEDFA Intergovernmental Agreement, Assignment, Servicing Agreement, Mortgage, Asset Management Agreement, Commonwealth Parking Lease, Purchase Agreement, Tax Certificate (collectively, the "Financing Documents") and such other documents as we have deemed necessary. In making the aforesaid examinations, we have assumed and relied upon the truth, completeness, authenticity and due authorization of all documents and certificates examined and of the authenticity of all the signatures thereon and we have not undertaken to verify the factual matters set forth in any certificates or other documents by independent investigation. In addition, we have assumed that all documents submitted to us as copies conform to the originals thereof. We have also assumed that the documents referred to herein have been duly authorized by all parties thereto other than the Authority and are, where appropriate, legally binding obligations of and enforceable in accordance with their terms against all parties, except the Authority, and that the actions required to be taken with consent required to be obtained by such parties, have or will be taken or obtained.

As to questions of fact material to our opinion, we have relied upon representations of the Authority contained in the Financing Documents described above, the certified proceedings and

other certifications of public officials furnished to us, and other certifications furnished to us by or on behalf of the Authority or other parties without undertaking to verify the same by independent investigation.

On the basis of the foregoing and subject to the qualifications stated herein, we are of the opinion that, under existing law, as presently enacted and construed:

1. The Authority is an instrumentality of the Commonwealth of Pennsylvania and a body corporate and politic organized and existing under the laws of the Commonwealth of Pennsylvania, with full power and authority under the Act to authorize, execute and deliver the 2013 Bonds and to enter into the Indenture, to carry out its obligations thereunder and to undertake the Project.

2. The Indenture has been duly authorized, executed and delivered by the Authority and, assuming due authorization, execution and delivery by the other parties thereto, constitutes the valid and binding obligation of the Authority, enforceable against the Authority in accordance with its terms.

3. The 2013 Bonds have been duly authorized, executed, issued and delivered by the Authority and are the binding limited obligations of the Authority and are enforceable against the Authority in accordance with their terms.

4. Under the laws of the Commonwealth, as presently enacted and construed, the 2013 Bonds and the income thereon are exempt from personal property taxes in the Commonwealth and interest on the 2013 Bonds, is exempt from Commonwealth personal income and corporate net income tax. However, under the laws of the Commonwealth as presently enacted and construed, any profits, gains or income derived from the sale, exchange or other disposition of obligations of the Authority, such as the 2013 Bonds, will be subject to Commonwealth taxes within the Commonwealth. The 2013 Bonds, and the interest thereon may be subject to state or local taxes in jurisdictions other than the Commonwealth under applicable state or local tax laws.

5. Under existing law, as currently enacted and construed, and assuming continuous compliance with the provisions of the Code applicable to the 2013 Bonds, interest on the 2013 Bonds (including interest in the form of original issue discount) is excludable from the gross income of the holders of the 2013 Bonds for purposes of federal income taxation. Interest on the 2013 Bonds will not be treated as an item of tax preference for purposes of determining either individual or corporate alternative minimum tax; however, interest on the 2013 Bonds may be subject to corporate alternative minimum tax under certain circumstances. With respect to corporations (as defined for federal income tax purposes), interest on the 2013 Bonds is taken into account in determining "adjusted current earnings" for the purpose of computing the alternative minimum tax imposed on such corporations.

For purposes of rendering this opinion, we have assumed compliance with the requirements of the Code that must be met subsequent to the issuance of the 2013 Bonds in order

that interest thereon be and remain excluded from gross income for federal income tax purposes. Failure to comply with such requirements could cause the interest on the 2013 Bonds to be included in gross income retroactive to the date of issuance of the 2013 Bonds.

Purchasers of the 2013 Bonds should consult their own tax advisers as to collateral federal income tax consequences. We express no opinion regarding federal or state tax consequences arising with respect to the 2013 Bonds other than as expressly set forth in paragraphs 4 and 5 hereof.

Our opinions as to the validity, binding effect and enforceability of the Indenture and the 2013 Bonds are subject to the effect of any applicable bankruptcy, fraudulent conveyance or transfer, insolvency, reorganization, moratorium or similar law affecting creditors' rights generally and the effect of general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity, at law, or in bankruptcy).

We express no opinion herein with respect to the perfection or priority of any lien or security interest or any other matter not set forth herein. We call your attention to the fact that the 2013 Bonds are not general obligations of the Authority, but are limited obligations payable solely from the sources referred to in the Indenture. The 2013 Bonds shall not be deemed to constitute a debt or a pledge of the faith and credit of the Commonwealth or any political subdivision thereof (except the County under the Series B County Guaranty with respect to the Series B Bonds and the Series C County Guaranty with respect to the Series C Bonds); and neither the Commonwealth nor any political subdivision thereof (except the County under the Series B County Guaranty with respect to the Series B Bonds and the Series C County Guaranty with respect to the Series C Bonds), shall be liable or obligated to pay principal of, premium, if any, or interest on the 2013 Bonds or any other costs incident thereto; the Authority shall not be liable or obligated to pay principal of, premium if any, or interest on the 2013 Bonds or any other costs incident thereto, except from the sources referred to in the Indenture. The Authority has no taxing power.

We undertake no obligation to supplement this opinion at any time to reflect events, occurrences and changes of law following the date of delivery of the 2013 Bonds. We express no opinion on, and do not undertake to render an opinion in the future on, any event which requires, as a condition precedent to such event, that bond counsel render an opinion to the effect that such event will not cause interest on the 2013 Bonds to be included in gross income for federal income tax purposes. Furthermore, no assurance can be given that any such opinion can be rendered.

Very truly yours,

Appendix “V”

Form of Special Tax Counsel Opinion

[THIS PAGE INTENTIONALLY LEFT BLANK]

December __, 2013

Re: \$120,928,160.55 Pennsylvania Economic Development Finance Authority
Senior Insured Parking Revenue Bonds (Capitol Region Parking System), Series A of
2013 (the “Series A Bonds”)

\$97,172,029.25 Pennsylvania Economic Development Finance Authority
Junior Guaranteed Parking Revenue Bonds (Capitol Region Parking System), Series B of
2013 (the “Series B Bonds”)

\$68,453,473.90 Pennsylvania Economic Development Finance Authority
Junior Insured/Guaranteed Parking Revenue Bonds (Capitol Region Parking System),
Series C of 2013 (the “Series C Bonds”)

To the Purchasers of the Referenced Bonds:

We have acted as Special Tax Counsel to the Pennsylvania Economic Development Finance Authority (the “Authority”) in connection with the issuance of the referenced bonds (collectively, the “Bonds”). The Bonds are being issued pursuant to the Pennsylvania Economic Development Financing Law (Act No. 102, approved August 23, 1967, P.L. 251, as amended) and an Indenture of Trust dated as of December 1, 2013 (the “Indenture”), between the Authority and U.S. Bank National Association, as trustee (the “Trustee”). The Bonds have been purchased from the Authority pursuant to a Bond Purchase Agreement dated December 18, 2013 (the “Purchase Agreement”) by and between Guggenheim Securities, Inc., on behalf of itself and the other underwriters named in the Purchase Agreement (collectively, the “Underwriters”), and the Authority. Capitalized terms and phrases used in this opinion letter shall have the meanings assigned to them herein or, if not defined herein, shall have the meanings assigned to them in the Indenture.

The Bonds are being issued to finance a project (the “Project”) which consists of: (i) paying the cost of the acquisition of the Parking System (as defined in the Indenture), (ii) financing capitalized interest on the Bonds, (iii) making a deposit to the Capital Reserve Fund created under this Indenture, (iv) paying the costs of issuing the Bonds and (v) paying the costs of insuring the Series A Bonds.

Pursuant to the Indenture, the Bonds are secured (except as otherwise provided therein and in the Indenture) by the assignment and pledge to the Trustee of the Trust Estate (as defined in the Indenture), which includes, *inter alia*, all funds and accounts held under the Indenture (except for the Rebate Fund and the Surplus Fund).

The Board of the Authority, by resolution adopted on December 4, 2013 (the “Resolution”), approved the Project and the issuance and the sale of the Bonds to the

Underwriters, and the execution and delivery by the Authority of any and all documents necessary or appropriate in connection with the Project and the issuance and delivery of the Bonds, including, without limitation, the Indenture, the Asset Transfer Agreement, the Lease Agreement, the PEDFA Intergovernmental Agreement, the Assignment, the Servicing Agreement, the Mortgage, the Asset Management Agreement, the Commonwealth Parking Lease, the Purchase Agreement, the Tax Certificate and related certificates and agreements to be delivered by the Authority (collectively, the “Financing Documents”).

In rendering this opinion, we examined such matters of law and such proceedings, certificates, opinions and other documents as we deemed necessary to render the opinions set forth herein, including executed counterparts or certified copies of the Financing Documents. In making the aforesaid examinations, we have assumed and relied upon the truth, completeness, authenticity and due authorization of all documents and certificates examined and of the authenticity of all the signatures thereon and we have not undertaken to verify the factual matters set forth in any certificates or other documents by independent investigation. In addition, we have assumed that all documents submitted to us as copies conform to the originals thereof. We have also assumed that the documents referred to herein have been duly authorized by all parties thereto and are, where appropriate, legally binding obligations of and enforceable in accordance with their terms against all parties and that the actions required to be taken with consent required to be obtained by such parties, have or will be taken or obtained.

As to questions of fact material to our opinion, we have relied upon representations of the Authority contained in the Financing Documents, the certified proceedings and other certifications of public officials furnished to us, and other certifications furnished to us by or on behalf of the Authority or other parties without undertaking to verify the same by independent investigation. In addition, we have examined and relied upon certain representations of Walters Appraisal Services, Inc. and of Desman Associates with respect to the Parking System.

Reference is hereby made to the legal opinions of even date herewith, upon which we have relied, rendered by (i) the Office of Chief Counsel for the Commonwealth Department of Community and Economic Development, as counsel to the Authority, and (ii) Dilworth Paxson LLP, as Bond Counsel, each as to, among other matters, the due authorization, execution and delivery of the Bonds and the Financing Documents by the Authority and the legal, valid and binding character and enforceability thereof against the Authority (except that we have not relied upon the opinions set forth in paragraphs 4 and 5 of the Bond Counsel opinion).

On the basis of the foregoing and subject to the qualifications and limitations set forth herein, we are of the opinion that, under existing law, as presently enacted and construed:

1. Interest on the Bonds (including any original issue discount properly allocable to the holder of a Bond) is excludable from the gross income of the holders of the Bonds for purposes of federal income taxation and is not a specific tax preference item for purposes of federal alternative minimum tax; however, interest on the Bonds is included in the alternative minimum taxable income of certain corporations which must be increased by 75% of the excess

of the adjusted current earnings of such corporations over the alternative minimum taxable income (determined without regard to such adjustment and prior to reduction for certain net operating losses) of such corporations. The opinion set forth in the preceding sentence assumes that the Authority will comply with all requirements of the Internal Revenue Code of 1986, as amended (“Code”), that must be satisfied subsequent to the issuance of the Bonds in order that interest on the Bonds be, or continue to be, excluded from gross income for federal income tax purposes. The Authority has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds.

2. Under the laws of the Commonwealth of Pennsylvania (the “Commonwealth”), the Bonds and the income thereon are exempt from personal property taxes in the Commonwealth and interest on the Bonds is exempt from Commonwealth personal income tax and corporate net income tax.

Although we have rendered an opinion that interest on the Bonds is excluded from gross income for federal income tax purposes, the accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the recipient. The extent of any other tax consequences will depend upon the recipient’s particular tax status or other items of income or deduction. We express no opinion regarding any such consequences. Purchasers of the Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States), property and casualty insurance companies, banks, thrifts or other financial institutions and recipients of Social Security or Railroad Retirement benefits, are advised to consult their tax advisors as to the tax consequences of purchasing or holding the Bonds. We express no opinion on the tax consequences arising with respect to the Bonds other than as expressly set forth in paragraphs 1 and 2 hereof.

We express no opinion herein as to the accuracy, adequacy, or completeness of the Official Statement relating to the Bonds and make no representation that we have independently verified the contents thereof.

This opinion is (a) limited to matters stated herein and no opinion may be inferred or implied beyond the matters expressly stated, (b) given for the use and benefit of the owners of the Bonds only and may not be relied upon by any other parties or in any other opinion of any other parties, including any counsel or accountant of any other parties, without our prior written consent, (c) given only with respect to the particular transaction described in this opinion and (d) given as of the date hereof, with the express understanding that we have no obligation to advise the owners of the Bonds of changes in law or fact that may occur or of which we may become aware hereafter even though such changes may affect the opinions expressed herein. We express no opinion on, and do not undertake to render an opinion in the future on, any event which requires, as a condition precedent to such event, that bond counsel render an opinion to the effect that such event will not cause interest on the Bonds to be included in gross income for federal income tax purposes. Furthermore, no assurance can be given that any such opinion can be rendered.

December __, 2013

Page 4 of 4

No assurances can be given that federal legislation will not be introduced and enacted which could adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes or the tax treatment of certain owners of the Bonds as a result of the receipt of such interest.

Attention is called to the facts that the Bonds are limited obligations of the Authority, payable only out of the Trust Estate pledged under the Indenture; that the Bonds do not pledge the credit or taxing power of the Commonwealth or any political subdivision thereof; and that the Authority has no taxing power.

Respectfully submitted,

KUTAK ROCK LLP