

PRELIMINARY OFFICIAL STATEMENT DATED DECEMBER __, 2013

NEW ISSUE - BOOK ENTRY ONLY

Ratings: (see "RATINGS" herein)

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.

\$ 286,902,828.60*

Pennsylvania Economic Development Financing Authority

**Parking System Revenue Bonds
(Capitol Region Parking System)**

Consisting of:

\$116,906,140.30*

**Senior Parking Revenue Bonds
(Capitol Region Parking System) Series A of 2013**

\$98,998,026.80*

**Junior Guaranteed Parking Revenue Bonds
(Capitol Region Parking System)
Series B of 2013**

\$70,998,661.50*

**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) \$116,906,140.30*, aggregate principal amount, Senior Parking Revenue Bonds (Capitol Region Parking System) Series A of 2013 consisting of \$_____ Current Interest Bonds, Series A-1 (the "Series A-1 Bonds") and \$_____ Capital Appreciation Bonds, Series A-2 (the "Series A-2 Bonds" and, together with the Series A-1 Bonds, the "Series A Bonds"); (ii) \$98,998,026.80*, aggregate principal amount, Junior Guaranteed Parking Revenue Bonds (Capitol Region Parking System), Series B of 2013, consisting of \$_____ Current Interest Bonds, Series B-1 (the "Series B-1 Bonds"), \$_____ Capital Appreciation Bonds, Series B-2 (the "Series B-2 Bonds"), \$_____ Convertible Capital Appreciation Bonds, Series B-3 (the "Series B-3 Bonds") and \$_____ Callable Capital Appreciation Bonds, Series B-4 (the "Series B-4 Bonds" and, together with the Series B-1 Bonds, the Series B-2 Bonds, and the Series B-3 Bonds, the "Series B Bonds"); and (iii) \$70,998,661.50*, aggregate principal amount, Junior Insured/Guaranteed Parking Revenue Bonds (Capitol Region Parking System), Series C of 2013 consisting of \$_____ Current Interest Bonds, Series C-1 (the "Series C-1 Bonds"), \$_____ Capital Appreciation Bonds, Series C-2 (the "Series C-2 Bonds"), and \$_____ Convertible Capital Appreciation Bonds, Series C-3 (the "Series C-3 Bonds" and, together with the Series C-1 Bonds and the Series C-2 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 15 and July 15, commencing on July 15, 2014. Interest on Bonds which are Convertible Capital Appreciation Bonds (as defined and described herein) is

This Preliminary Official Statement and the information contained herein are subject to change, completion or amendment without notice. The Bonds may not be sold nor may offers to buy the bonds be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, qualification or exemption under the securities laws of any such jurisdiction.

payable semiannually on each January 15 and July 15, commencing on the January 15 or July 15 next succeeding the Current Interest Commencement Date (as defined herein). 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) or Convertible Capital Appreciation Bonds 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 Series B Bonds and the Series C 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. 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.

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 Guarantee of the Series B Bonds” herein.

The scheduled payment of the principal of 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 Municipal Corp. (“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 – Insurance and County Guarantee of the Series C Bonds” herein.

[Insert Insurer Logo]

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 Harrisburg 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 __, 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 __, 2013

*Preliminary, subject to change.

Pennsylvania Economic Development Financing Authority

\$116,906,140.30*
Senior Parking Revenue Bonds
(Capitol Region Parking System)
Series A of 2013

**SUBSERIES, MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES,
YIELDS, PRICES AND CUSIPS****

\$ _____ * **Current Interest Bonds, Series A-1**
\$ _____ * **Capital Appreciation Bonds, Series A-2**

\$98,998,026.80*
Junior Guaranteed Parking Revenue Bonds
(Capitol Region Parking System)
Series B of 2013

**SUBSERIES, MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES,
YIELDS, PRICES AND CUSIP****

\$ _____ * **Current Interest Bonds, Series B-1**
\$ _____ * **Capital Appreciation Bonds, Series B-2**
\$ _____ * **Convertible Capital Appreciation Bonds, Series B-3**
\$ _____ * **Callable Capital Appreciation Bonds, Series B-4**

* Preliminary, subject to change.

** 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.

\$70,998,661.50*
Junior Insured/Guaranteed Parking Revenue Bonds
(Capitol Region Parking System)
Series C of 2013

**SUBSERIES, MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES,
YIELDS, PRICES AND CUSIPS****

\$ _____* **Current Interest Bonds, Series C-1**
\$ _____* **Capital Appreciation Bonds, Series C-2**
\$ _____* **Convertible Capital Appreciation Bonds, Series C-3**

* Preliminary, subject to change.

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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, the Operator 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 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.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriter has 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.....	5
TRANSFER OF THE PARKING SYSTEM.....	7
CAPITAL IMPROVEMENTS TO THE PARKING SYSTEM.....	26
REVENUES OF THE PARKING SYSTEM.....	27
DGS PARKING LEASE.....	34
INDEPENDENT ENGINEER’S REPORT.....	35
SOURCES AND USES.....	37
SECURITY FOR THE BONDS.....	37
SERIES C BOND INSURANCE.....	49
DEBT SERVICE SCHEDULE.....	52
THE BONDS.....	53
PENNSYLVANIA ECONOMIC DEVELOPMENT FINANCING AUTHORITY.....	64
RISK FACTORS.....	66
TAX MATTERS.....	72
CONTINUING DISCLOSURE.....	74
LITIGATION.....	75
LEGAL MATTERS.....	76
CERTAIN RELATIONSHIPS BETWEEN PARTIES.....	76
MISCELLANEOUS.....	78
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 Series C Bond Insurance Policy
APPENDIX “S” – Form of Authority Continuing Disclosure Agreement
APPENDIX “T” – Form of Dauphin County Continuing Disclosure Agreement
APPENDIX “U” – Form of Bond Counsel Opinion
APPENDIX “V” – Form of Special Counsel Opinion

OFFICIAL STATEMENT

\$286,902,828.60*

Pennsylvania Economic Development Financing Authority

Parking System Revenue Bonds

(Capitol Region Parking System)

Consisting of:

\$116,906,140.30*

Senior Parking Revenue Bonds

(Capitol Region Parking System) Series A of 2013

\$98,998,026.80*

Junior Guaranteed Parking Revenue Bonds

(Capitol Region Parking System)

Series B of 2013

\$70,998,661.50*

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) \$116,906,140.30*, aggregate principal amount, Senior Parking Revenue Bonds (Capitol Region Parking System) Series A of 2013, consisting of \$_____ Current Interest Bonds, Series A-1 (the "Series A-1 Bonds") and \$_____ Capital Appreciation Bonds, Series A-2 (the "Series A-2 Bonds" and, together with the Series A-1 Bonds, the "Series A Bonds");

(ii) \$98,998,026.80*, aggregate principal amount, Junior Guaranteed Parking Revenue Bonds (Capitol Region Parking System), Series B of 2013, consisting of \$_____ Current Interest Bonds, Series B-1 (the "Series B-1 Bonds"), \$_____ Capital Appreciation Bonds, Series B-2 (the "Series B-2 Bonds"), \$_____ Convertible Capital Appreciation Bonds, Series B-3 (the "Series B-3 Bonds") and \$_____ Callable Capital Appreciation Bonds, Series B-4 (the "Series B-4 Bonds" and, together with the Series B-1 Bonds, the Series B-2 Bonds and the Series B-3 Bonds, the "Series B Bonds"); and

(iii) \$70,998,661.50*, aggregate principal amount, Junior Insured/Guaranteed Parking Revenue Bonds (Capitol Region Parking System), Series C of 2013, consisting of \$_____ Current Interest Bonds, Series C-1 (the "Series C-1 Bonds"), \$_____ Capital Appreciation Bonds, Series C-2 (the "Series C-2 Bonds") and \$_____ Convertible Capital Appreciation Bonds, Series C-3 (the "Series C-3 Bonds" and, together with the Series C-1 Bonds and the Series C-2 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.

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 (LR No. – 2013, dated December 4, 2013) and for the exclusion of self-liquidating debt (E No. - 2013, dated December 4, 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 Series B Bonds and Series C 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 Payments consisting of the amount determined as follows: total receipts for the specified period under the 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 (as defined herein and, together with the County, 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. 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.

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 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, 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 – Insurance and County Guarantee of the Series C Bonds” 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.

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. 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 Operations 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 forms of the documents attached hereto as Appendices “A”, “B”, “C”, “D”, “E”, “F”, “H”, “I”, “J”, “K”, “L”, “M”, “N”, “O”, “S” and “T” are subject to further change and revision.

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 (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 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 the Bonds, 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 (Note 1), AGM (Note 2) and the City (Note 3 and 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 an 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 \$467,100,000* (subject to adjustment), comprised of (a) approximately \$270,000,000 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 (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.

The City and the Parking Authority covenant in the Asset Transfer Agreement not to take certain actions that would result in the City or the Parking Authority competing with the Parking System within the boundaries of the Competing Parking Area or impairing the revenues of the Parking System. The Authority’s remedies in the event of a breach of such non-compete covenants include the right to seek injunctive relief and mandamus, rights in some instances to set-off (up to \$75,000,000 in the aggregate) against Authority Note 3 that will be assigned by the City, and additional rights in certain instances to set-off against the Rent and the City Payments. The portion of the map below that is shaded yellow reflects the boundaries of the Competing Parking Area as set forth in the Asset Transfer Agreement.

*Preliminary, subject to change.



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

Parking Violations Revenues (as defined in the Asset Transfer Agreement) associated with enforcement of non-moving violations within the Competing Parking Area are pledged to the Trustee under the Trust Estate.

The City and the Parking Authority are required to indemnify and hold harmless the Authority with respect to Excluded Assets (as defined in the Asset Transfer Agreement) and Excluded Liabilities (as 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 setoff against 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. 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.

The Parking Authority does not have any right to terminate the Lease in the event of any uncured 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) setoff against the Leasehold Value 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 herein defined); 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 the 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 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.

There are significantly fewer spaces available to the public within the Central Business District, including City Island and the Capitol Complex. 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 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 are 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 two of the facilities (Mulberry/Dewberry 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	380
Total Off-Street Parking System Spaces		<u>7,694</u>
<u>HPA Excluded Off-Street Parking Facilities</u>		
City Island Garage and Lot*	Front St. & Market St., City Island	1,395
Mulberry/Dewberry Lot	Mulberry Street and Dewberry Streets	30
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 – The 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 – The 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 Standard Parking Corporation, 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. 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 forth-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 Management Fee, a Construction Management Fee and a Performance Management Fee. The 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 payment of all debt service due under the Indenture and delivery of a

certificate by the Asset Manager confirming such. To the extent that there is insufficient cash flow to pay the Performance Management Fee in any monthly period, the Performance Management Fee will accrue and be paid in later periods as cash flow is available, subject to the following limitations. To the extent that Performance Management Fees are earned but not paid in any six month period ending at 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 cash flow is available. 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 is not an event of default under the terms of the Asset Management Agreement. The Construction Management Fee will be paid from the Capital Reserve Fund.

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 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.

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 closing. 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

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 parking 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.

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 Standard Parking Corporation (the “Operator”) will perform and/or provide all services and work (other than those 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 and in accordance with the Asset Transfer Agreement, the Operating Standards and applicable Law. The Parking Services Agreement has an initial term of ten years, subject to extension by mutual agreement of Asset Manager and Operator.

Under the Parking Services Agreement, the following are the Operator’s obligations, undertakings and responsibilities (by way of example only, and not limitation): (i) direct, perform and manage the day-to-day operation of the Parking System and render the usual and customary services incidental thereto; (ii) 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; (e) provide on-line transaction processing services associated with Operator’s proprietary demand management system; (f) assist and work with Asset Manager in the preparation of the Annual Operating Budget 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 notify Asset Manager thereof in writing from time to time; (q) administer the Assumed Contracts (as defined in the Asset Transfer Agreement) 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 (subject to the terms of the Parking Services Agreement).

Pursuant to the term of the Parking Services Agreement, the Operator is not responsible 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 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 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 Parking Services Agreement, the Operator will be paid a Management Fee, a Performance Management Fee and a one-time Incentive Fee.

- (a) The Management Fee will be paid monthly in accordance with the terms of the Indenture as a Current Expense. If additional parking spaces are added to the Parking System (other than parking spaces specifically identified in the Parking Services Agreement which may be added without any additional payment, fee, charge or other compensation), Asset Manager and Operator will mutually agree on any additional payment, fee, charge or other compensation for such additional spaces.
- (b) The Performance Management Fee will be paid as set forth in the Indenture within thirty (30) days following each Bond Payment Date subject to payment of all Debt Service under the Indenture and delivery of a certificate to the Asset Manager providing an evaluation of the Performance Management Fee Metrics (as set forth in the Parking Services Agreement), and provided that the Performance Management Fee Metrics are met. To the extent that there are insufficient Revenues to pay the Performance Management Fee in any monthly period, the Performance Management Fee for that respective month will accrue without interest and be paid in later periods as Revenues are available. Failure to pay the Performance Management Fee is not an event of default under the terms of the Parking Services Agreement.
- (c) The Incentive Fee will be paid only if and when Revenue reaches a certain threshold as set forth in the Parking Services Agreement. 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 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 Revenues to pay the Incentive Fee, the

Incentive Fee will accrue without interest and be paid in later periods as Revenues are available. Failure to pay the Incentive Fee is not an event of default under the terms of the Parking Services Agreement.

In addition, 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 the approved Annual Operating Budget for each Operating Year. On the Commencement Date of the Parking Services Agreement (as defined therein), Operator shall establish one or more bank accounts for operating funds and parking revenues, each to be administered in accordance with the terms of the Parking Services Agreement.

Consistent with the terms of the Asset Transfer Agreement, the Parking Services Agreement sets forth various provisions regarding employment opportunities and available employee and supervisory positions with respect to existing employees of the Parking Authority and the City.

Asset Manager and Operator each has the right to terminate the Parking Services Agreement (a) without cause or penalty upon ninety (90) days' prior written notice (provided that no termination by the Operator without cause shall be effective until Asset Manager has retained a replacement operator meeting the requirements of the Asset Transfer Agreement); (b) upon the breach of the Parking Services Agreement by the other party (subject to notice and/or cure periods set forth therein); (c) upon the breach by the other party (that continues beyond any applicable cure period thereunder) of the Parking Enforcement Agreement; or (d) if the other party or the Authority or City files a voluntary petition for bankruptcy or similar insolvency proceeding. In addition, the Parking Services Agreement will terminate upon the termination of the Asset Management Agreement or if the Operator is required to be replaced under the terms of the Indenture.

In the event of a termination of the Parking Services Agreement other than as a result of a default by Operator, Operator shall be reimbursed (solely from available Revenues) for transition costs or expenses.

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 Enforcement [update]

Concurrently with the issuance of the Bonds, the Initial Asset Manager will enter into a Parking Enforcement Agreement with Standard Parking (the "Enforcement Operator" and, together with the Operator under the Parking Services Agreement, the "Operators"), as enforcement operator thereunder (the "Parking Enforcement Agreement") pursuant to which Standard Parking will be required to, among other things:

- 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;
- Provide enforcement of parking regulations through issuing parking citations, immobilization efforts exercising all other statutory requirements for parking enforcement, and processing and accepting payments for payment violations and other violations;
- Assist the City with its adjudication and statutory process for the collection of unpaid citations, and citation revenue, and cause all collected revenues from citations to be deposited into the appropriate depository account and transfer to Trustee; and

- Provide all equipment, supplies, software, and back office support necessary to properly enforce the parking regulations with respect to the On-Street Spaces.

The Parking Enforcement Agreement will have an initial term of ten years, subject to extension by mutual agreement.

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 Standard Parking

Standard Parking Corporation, a publicly-held corporation, will serve as the initial operators under the Parking Services Agreement and the Parking Enforcement Agreement, respectively. Standard Parking 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. Standard Parking Corporation also provides a range of ancillary services. As of December 31, 2012, Standard Parking 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.

Standard Parking 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. Standard Parking 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 Standard Parking:

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

LOCATION	DATES OF OPERATION	SCOPE OF OPERATION	NUMBER OF LOCATIONS MANAGED	TOTAL SPACE COUNT
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
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 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, \$10,000,000 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 lots also allow for transient parkers at the following rates (including parking taxes):

Transient Stay Periods	≤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

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. 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 on the increase in the Consumer Price Index or higher if necessary to meet the Rate Covenant. On November 6, 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 Rates for Parking System Facilities

Monthly Rates	Chestnut	Fifth	Market Square	Walnut	Locust	River	Seventh	South	Harrisburg University	Mulberry Lot	10 th Street Lot
2014	\$175	\$170	\$170	\$175	\$175	\$165	\$170	\$170	\$170	\$100	\$100
2015	\$185	\$180	\$180	\$185	\$185	\$170	\$180	\$180	\$180	\$105	\$105
2016	\$195	\$190	\$190	\$195	\$195	\$185	\$190	\$190	\$190	\$115	\$115
2017	\$200	\$195	\$195	\$200	\$200	\$190	\$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.		Locus St.		
	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	
0.50 hrs	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00
2.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00
3.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00
4.00	\$ 11.00	\$ 11.00	\$ 11.00	\$ 11.00	\$ 11.00	\$ 11.00	\$ 11.00	\$ 11.00	\$ 11.00	\$ 11.00	\$ 11.00
5.00	-	-	-	-	-	-	-	-	-	-	-
10.00	\$ 18.00	\$ 18.00	\$ 18.00	\$ 18.00	\$ 18.00	\$ 18.00	\$ 18.00	\$ 18.00	\$ 18.00	\$ 18.00	\$ 18.00
11.00	-	-	-	-	-	-	-	-	-	-	-
24.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00

Time Elapsed	River St.		Seventh St.		South St.		Harrisburg University		City Island*	
	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015
0.50 hrs	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	-	-
2.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	-	-
3.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	-	-
4.00	\$ 11.00	\$ 11.00	\$ 11.00	\$ 11.00	\$ 11.00	\$ 11.00	\$ 11.00	\$ 11.00	-	-
5.00	-	-	-	-	-	-	-	-	-	-
10.00	\$ 18.00	\$ 18.00	\$ 18.00	\$ 18.00	\$ 18.00	\$ 18.00	\$ 18.00	\$ 18.00	-	-
11.00	-	-	-	-	-	-	-	-	-	-
24.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 5.00	\$ 5.00

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	0.71%
State Parking	1,275,120	1,247,889	1,360,328	1,392,611	1,442,684	2.50%
Office Rent	69,428	67,718	65,456	67,029	73,951	1.27%
Other	60,436	64,406	73,539	140,763	152,125	20.28%
Total Revenues	\$12,967,547	\$13,964,205	\$13,860,233	\$14,322,898	\$13,645,728	1.02%
Expenses						
Salaries and Fringe Benefits	\$2,380,571	\$2,761,957	\$2,986,925	\$3,107,047	\$3,241,054	6.37%
Repairs, maintenance and Supplies	641,231	563,765	631,611	570,529	688,920	1.45%
Professional Services	737,511	368,080	594,769	728,424	832,536	2.45%
Depreciation and Amortization	3,192,501	3,190,765	3,346,605	3,977,939	3,967,859	4.44%
Insurance	217,627	253,670	196,019	195,115	202,120	-1.47%
Utilities	460,843	564,258	657,809	564,636	504,753	1.84%
Real Estate Taxes	56,314	52,908	52,900	56,622	57,000	0.24%
Rental	55,557	24,972	8,667	20,800	20,800	-17.84%
Other	186,346	206,568	188,649	208,140	213,026	2.71%
Total Expenses	\$7,928,501	\$7,986,943	\$8,663,954	\$9,429,252	\$9,728,068	4.18%
Operating Income	\$5,039,046	\$5,977,262	\$5,196,279	\$4,893,646	\$3,917,660	-4.91%

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>
Enforcement	\$1,280,050	\$1,131,991	\$1,228,749	\$1,128,749	\$1,093,142

Source: The Harrisburg Strong Plan.

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	2.3%
Off-Street	10,338,642	9,479,347	9,859,163	10,222,481	10,529,156	0.4%
Commonwealth Contract	6,975,720	7,492,440	10,623,120	11,231,640	11,819,520	11.1%
Enforcement	2,183,250	2,248,748	2,316,210	2,385,696	2,457,267	2.4%
Other	<u>85,671</u>	<u>88,241</u>	<u>90,888</u>	<u>93,615</u>	<u>96,423</u>	2.4%
Total Revenues	\$22,503,870	\$22,316,980	\$25,975,595	\$27,112,233	\$28,176,531	4.6%
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>	5.2%
Net Revenues	\$19,618,143	\$19,488,349	\$22,561,881	\$23,536,546	\$24,451,752	4.5%
Expenses						
Operating Expenses	\$5,638,174	\$4,568,979	\$4,710,489	\$4,856,706	\$5,007,794	-2.3%
Net Operating Income	\$13,979,969	\$14,919,369	\$17,851,393	\$18,679,841	\$19,443,958	6.8%

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

* Combined Annual Growth Rate

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Debt Service Charges and Projected Coverage Levels

The following table sets forth the Debt Service Charges for the Series A Bonds, as well as the projected coverage levels for the Series A Bonds.

Series A Debt Service Coverage

<u>Period Ending</u>	<u>Revenues</u>	<u>Series A Debt Service</u>	<u>Series A Debt Service Coverage</u>
2014			
2015			
2016			
2017			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
Total			

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

[The remainder of this page is intentionally left blank.]

The following table sets forth the Debt Service Charges for the Series A Bonds, the Series B Bonds and the Series C Bonds, as well as the projected coverage levels for the Bonds against project Net Operating Income.

Aggregate Debt Service Coverage

<u>Period Ending</u>	<u>Net Operating Income</u>	<u>Series A Debt Service</u>	<u>Series B Debt Service</u>	<u>Series C Debt Service</u>	<u>Aggregate Debt Service</u>	<u>Aggregate Debt Service Coverage</u>
2014						
2015						
2016						
2017						
2018						
2019						
2020						
2021						
2022						
2023						
2024						
2025						
2026						
2027						
2028						
2029						
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2039						
2040						
2041						
2042						
2043						
2044						
2045						
2046						
2047						
2048						
2049						
2050						
2051						
2052						
2053						
Total						

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

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 South 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 PEDFA 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:	1/1/14 - <u>6/30/14</u>	7/1/14 - <u>12/31/14</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Rates per space 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. PEDFA 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 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.

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

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 City and County.
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 of Harrisburg.
3. 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 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 Capital 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 Capital 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 1.23x when measured against DGS Vehicle Lease revenues and 3.72x when measured against all revenues.

All Bonds – greater than the combined Debt Service Coverage Ratio requirement of 1.25x, with a minimum of 1.28x and averaging 1.56x 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
Par Amount of 2013A Bonds	\$ _____
Plus(Less) Original Issue Premium(Discount)	(_____)
Par Amount of 2013B Bonds	_____
Plus(Less) Original Issue Premium(Discount)	(_____)
Par Amount of 2013C Bonds	_____
Plus(Less) Original Issue Premium(Discount)	(_____)
Total	\$ _____
USES	
Costs of the Acquisition of the Parking Assets	\$ _____
Deposit to Bond Fund for Capitalized Interest on the Series B Bonds and Series C Bonds	\$ _____
Deposit to Capital Reserve Fund	\$ _____
Costs of Issuance**	\$ _____
Total	\$ _____

* Preliminary, subject to change.

** Includes Bond Counsel fees, Underwriters' Discount, Underwriters' Counsel fees, Trustee and Trustee's Counsel fees, bond issuance fees, 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 C Bond Insurance Policy

The scheduled payment of the principal of 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 Municipal Corp. (“Assured Guaranty”) concurrently with the delivery of the Series C Bonds. See “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. 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 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 15 and December 15, 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 Rating 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-4 Bonds as described under the caption “THE BONDS – Redemption – Sinking Fund Account Redemption” herein. If at any time all the Series B-4 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. Initially, the Debt Service Reserve Fund Requirement for the Series A Bonds is _____*, the Series B Bonds is \$_____* and the Series C Bonds is \$_____. 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

· Preliminary, subject to change.

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 Standard Parking, 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. 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 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 (xiii) 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 (xiv) and (xv) 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 (xv)(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, which shall be used to pay interest on the Series A Bonds;

(ii) second, to the Series A Subaccount of the General Account of the Bond Fund on each Monthly Transfer Date an amount equal to one-twelfth ($1/12^{\text{th}}$) of the principal amount 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, provided, however, that with respect to the first Principal Payment Date following the issuance of the Series A Bonds, each monthly deposit, commencing February 3, 2014 shall be equal to $1/_$ of the principal which shall be due on such first Principal Payment Date;

(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, 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;

(v) fifth, 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, 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 $1/_$ of the interest which shall be due on such first Interest Payment Date;

(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-twelfth ($1/12^{\text{th}}$) of the principal amount 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; provided, however, that with respect to the first Principal Payment Date following the issuance of the Series B Bonds and the Series C Bonds, each monthly deposit, commencing _____ shall be equal to $1/_$ of the principal which shall be due on such first Principal Payment Date;

(vii) seventh, 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;

(viii) eighth, 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;

(ix) ninth, 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;

(x) tenth, 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;

(xi) eleventh, 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;

(xii) twelfth, 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;

(xiii) thirteenth, 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;

(xiv) fourteenth, 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;

(xv) fifteenth, 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 “fifteenth” 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-4 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-4 Bonds in accordance with Section 3.3 of the Indenture until such time as there are no Series B-4 Bonds Outstanding, and (y) the Offset Amount shall be transferred to the Surplus Fund and applied to pay Note 2 until Note 2 is paid in full.

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

third, applied as provided in (IV) below;

(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-4 Bonds pursuant to Section 3.3 of the Indenture until such time as the Series B-4 Bonds are no longer Outstanding;

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

third, transferred to the Surplus Fund to pay Note 2 until Note 2 is paid in full, provided however, unless the Trustee has received a certificate from [REDACTED] 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 shall not be distributed as provided in “first,” “second” and “third” of this clause (III), but shall be retained in the Holdback Fund; 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 Note 2 until Note 2 is paid in full;

second, transferred to the Surplus Fund to pay Note 1 until 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 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 Note 4 until 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 “(ix),” “(x)” or “(xii)” above, such unpaid sums shall accrue and be payable in subsequent months until such time as paid in full. If any sums due and owing under clause “(x)” are unpaid at the end of the Operating Year, the Trustee shall notify the Asset Manager of the amount due and owing.

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:

- (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 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.
- (ii) 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 senior 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 C BOND INSURANCE

Bond Insurance Policy

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

The Series C Bond Insurance Policy is not 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 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 C BOND INSURANCE”.

DEBT SERVICE SCHEDULE*

The following table sets forth the amounts required to make debt service payments with respect to the Bonds, including principal due at maturity, and interest.

* Preliminary, subject to change.

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 15 and July 15 (each an “Interest Payment Date”), commencing on July 15, 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 first (1st) day of the month containing any 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-4 Bonds and the 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 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.

The Series B-3 Bonds and the Series C-3 Bonds are “Convertible Capital Appreciation Bonds” and, prior to their respective Current Interest Commencement Dates, shall accrue interest from and including the Dated Date until payment of the Compounded 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. Interest on the Series B-3 Bonds and Series C-3 Bonds after the Current Interest Commencement Date shall be payable on each Interest Payment Date in amounts determined by reference to the Compounded Amount of such Convertible Capital Appreciation Bond on the Current Interest Commencement Date. The Convertible Capital Appreciation Bonds are issuable in a Maturity Amount of \$5,000 and integral multiples of \$5,000 in excess thereof.

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 _____, Pennsylvania (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 _____ 15 of the years set forth below:

Original Principal Amount*	Interest Rate*	Maturity Amount*	Maturity Year*
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* Preliminary, subject to change.

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 _____ 15 of the years set forth below:

Original Principal Amount*	Interest Rate*	Maturity Amount*	Maturity Year*
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* Preliminary, subject to change.

Interest on the Series B-4 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-4 Bonds shall mature on _____* 15 of the years set forth below:

Original Principal Amount*	Interest Rate*	Maturity Amount*	Maturity Year*
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* Preliminary, subject to change.

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 _____* 15 of the years set forth below:

Original Principal Amount*	Interest Rate*	Maturity Amount*	Maturity Year*
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* Preliminary, subject to change.

Convertible Capital Appreciation Bonds

The Series B-3 Bonds and Series C-3 Bonds are Convertible Capital Appreciation Bonds bearing interest as follows:

Interest on the Series B-3 Bonds will compound from the Dated Date to the Current Interest Commencement Date. Prior to the Current Interest Commencement Date, interest on the Series B-3 Bonds shall compound 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. After the Current Interest Commencement Date, interest on the Series B-3 Bonds at the rate set forth in the following schedule, will be payable on each Interest Payment Date, commencing _____*, until maturity or final payment.

Original Principal Amount*	Compounded Amount as of Current Interest Commencement Date and Amount Due at Maturity*	Maturity Date*	Interest Rate*
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* Preliminary, subject to change.

Interest on the Series C-3 Bonds shall compound from the Dated Date to the Current Interest Commencement Date. Prior to the Current Interest Commencement Date, interest on the Series C-3 Bonds shall compound on each Compounding Date as set forth in the schedule attached to the form of Series C-3 Bonds and shall be treated as accruing in equal daily amounts between Compounding Dates. After the Current Interest Commencement Date, interest on the Series C-3 Bonds at the rate set forth in the following schedule, will be payable on each Interest Payment Date, commencing _____, * until maturity or final payment.

Original Principal Amount *	Compounded Amount as of Current Interest Commencement Date and Amount Due at Maturity *	Maturity Date *	Interest Rate *
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* Preliminary, subject to change

Redemption

*Optional Redemption.**

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

(d) The Series C-1 Bonds maturing on or after _____ are subject to redemption prior to maturity at the option of the Authority at any time on or after _____, 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.

(e) The Series C-3 Bonds maturing on or after _____ are subject to redemption prior to maturity at the option of the Authority at any time on or after _____, as a whole or in part by lot at a Redemption Price equal to 100% of the Compounded Amount thereof, plus accrued interest to the redemption date.

* Preliminary, subject to change.

*Mandatory Sinking Fund Redemption.**

(b) The Series A-1 Bonds are subject to mandatory sinking fund redemption on _____* 15 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 Term Bonds due _____*

<u>Year</u> *	<u>Principal Amount</u> *	<u>Year</u> *	<u>Principal Amount</u> *
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* Preliminary, subject to change.

(c) The Series B-1 Bonds are subject to mandatory sinking fund redemption on _____* 15 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 B-1 Term Bonds due _____*

<u>Year</u> *	<u>Principal Amount</u> *	<u>Year</u> *	<u>Principal Amount</u> *
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* Preliminary, subject to change.

Series B-1 Term Bonds due _____*

<u>Year</u> *	<u>Principal Amount</u> *	<u>Year</u> *	<u>Principal Amount</u> *
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* Preliminary, subject to change.

(d) The Series B-3 Bonds maturing on _____15, _____ shall be subject to mandatory sinking fund redemption prior to maturity by the Authority in part on _____ 1 of the respective years 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 B-3 Bonds maturing _____ 15, _____

	Initial Principal	Compounded Amount as of
<u>Year</u>*	<u>Amount</u>*	_____ 15, _____ and
		<u>Amount due at Maturity</u>*

* Preliminary, subject to change.

(e) The Series C-1 Bonds are subject to mandatory sinking fund redemption on _____* 15 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 C-1 Term Bonds due _____*

<u>Year</u>*	<u>Principal</u>	<u>Year</u>*	<u>Principal</u>
	<u>Amount</u>*		<u>Amount</u>*

* Preliminary, subject to change.

(f) The Series C-3 Bonds maturing on _____ 15, _____ shall be subject to mandatory sinking fund redemption prior to maturity by the Authority in part on _____ 15 of the respective years 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-3 Bonds maturing _____ * 15,

<u>Year</u> *	<u>Initial Principal Amount</u> *	<u>Compounded Amount as of _____ 15, _____ and Amount due at Maturity</u> *
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* Preliminary, subject to change.

Sinking Fund Account Redemption.

The Trustee shall, on _____ 15, and _____ 15 of each year commencing _____, 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-4 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-4 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-4 Bonds, the amount in the Sinking Fund Account otherwise required to be applied to the mandatory redemption of Series B-4 Bonds shall be reduced by the Compounded Amount of the Series B-4 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 Compounded Amount of the Series B-4 Bonds purchased and the purchase price shall be transferred to the Bond Fund.

Whenever Series B-4 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-4 Bonds from the Sinking Fund Account, which have been purchased by the Authority. In such event, the Debt Service Requirements on the Series B-4 Bonds for the period in which the purchased Series B-4 Bonds are presented to the Trustee shall, for all purposes hereunder, be reduced by an amount equal to the aggregate Compounded Amount of any such Series B-4 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. Hearshway 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	
Ronald J. Brown	
Honorable Kim Ward Senate of Pennsylvania	

Allan M. Dabrow, Esquire
Designated Term of Office expired
June 13, 2013**

Franklin K. Schoeneman
Designated Term of Office expires
December 5, 2016

* 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. 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, 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. 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 [REDACTED]. See "RISK FACTORS – Capital Reserve Fund" herein.

Prospective purchasers of the Bonds should also be aware that from time to time in the past, other engineering analyses and assumptions and projections utilizing different approaches have been made for the Parking System and its projected operations which may have been based upon different assumptions

than the assumptions made by DESMAN Associates (and which may have been predicated on different financing and security structures than those of the Bonds), but which may have reached different conclusions as to the financial performance of the Parking System or its projected capital needs.

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 within the limits set forth in the Asset Transfer Agreement, 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), 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.

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. 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 which are subject to the PEDFA Intergovernmental Cooperation Agreement. 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, the sum of \$10,000,000 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 [REDACTED].

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 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 in revenues granted by the operation of the Parking Facilities 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 Parking 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 Parking 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 use of such funds could adversely affect the operation of the Parking System, or if no 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.

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 Intergovernmental Cooperation Agreements. 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, it is not able 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

The Indenture under certain circumstances 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 and the Convertible 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 agreement, 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. The County has implemented procedures to allow for filing of audited financial statements prior to the 275-day deadline.

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

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") and Standard and Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P") are expected to assign to the Series A Bonds their long-term municipal bond rating of "____", with a ____ outlook, and "BBB", with a stable outlook, respectively. Moody's and S&P are expected to assign to the Series B Bonds their long-term municipal bond rating of "____", with a ____ outlook, and "AA", with a stable outlook, respectively, based on the County of Dauphin's general obligation pledge. Moody's and S&P are expected to assign to the Series C Bonds a long-term municipal bond rating of "____", with a ____ outlook, and "AA", with a stable outlook, respectively, based upon the County of Dauphin's general obligation pledge. These ratings reflect only the respective views of Moody's or S&P, and an explanation thereof may be obtained from Moody's or S&P. 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 or S&P 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 \$_____, which reflects _____, plus (less) an original issue premium (discount) of \$_____ and less an underwriter's discount of \$_____. The obligation of Guggenheim Securities, LLC 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 “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”), 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 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 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, Guggenheim, upon the selection by the Receiver of the team led by Guggenheim, 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, paid the sum of \$50,000 as a consulting fee to the Parking Operator.

In the Consulting Agreement, Guggenheim agreed to use all commercially reasonable efforts to have the issuer of the Bonds (the Authority) retain the Parking 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), 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. 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, LLC 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: _____
Name: Stephen M. Drizos
Title: Executive Director

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

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 Series C Bond Insurance Policy

Appendix “S”

Form of Authority Continuing Disclosure Agreement

Appendix “T”

Form of Dauphin County Continuing Disclosure Agreement

Appendix “U”

Form of Bond Counsel Opinion

Appendix “V”

Form of Special Counsel Opinion