

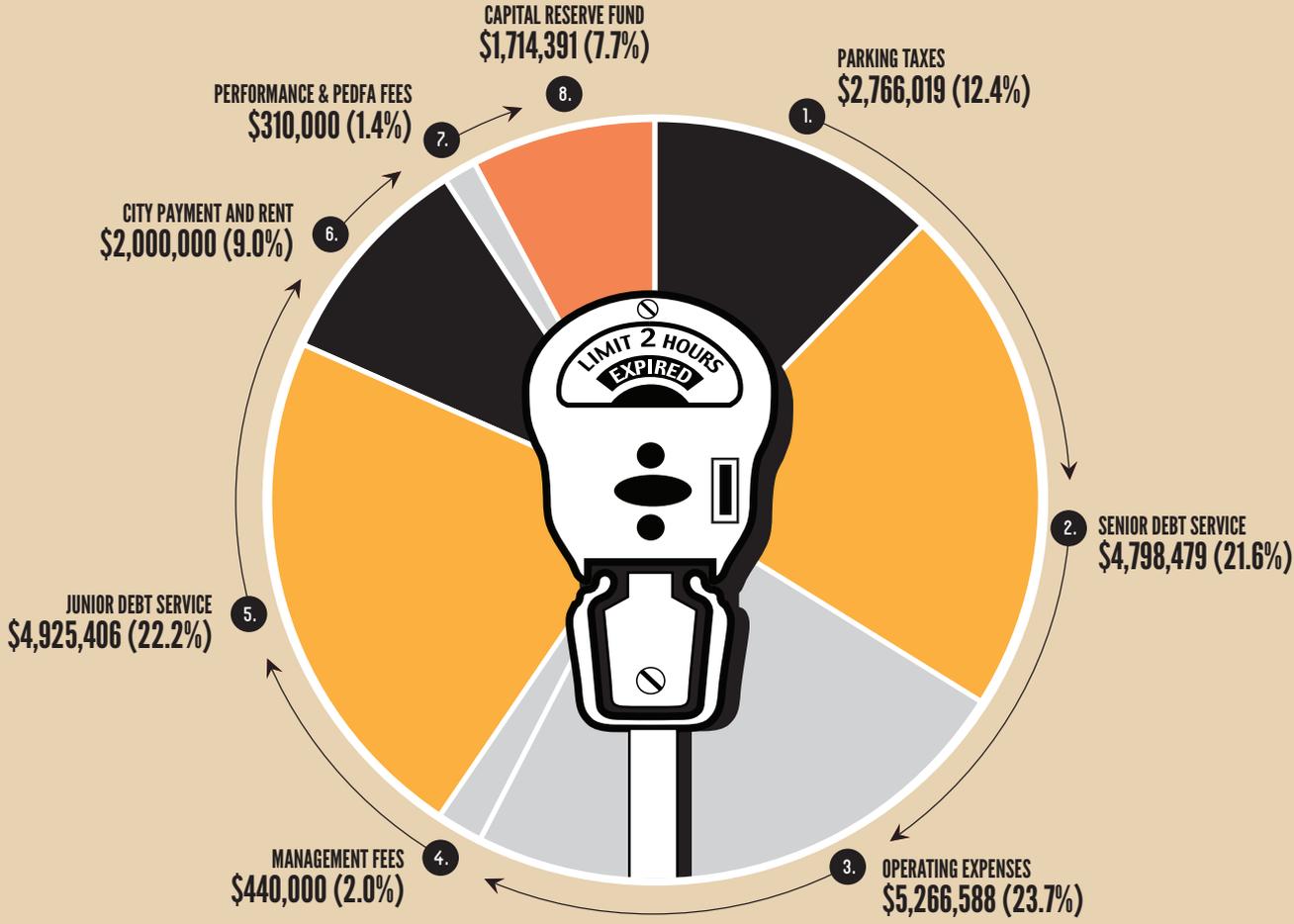
WHERE THE \$\$\$ GOES

PARK HARRISBURG

2014 PROJECTED REVENUE: \$22,220,883

Last December, Harrisburg completed the long-term lease of its parking system in exchange for \$267 million in proceeds, much of which was used to eliminate debt associated with the city incinerator. In January, the system's new operators began implementing a number of planned changes, including increased garage and meter rates, expanded hours and upgraded payment technology. Many of these changes are essential to securing sufficient revenues to meet various obligations under the lease. Nonetheless, residents and business owners have complained about the burden of increased rates and longer hours.

To provide some clarity on the lease obligations, and to give a sense of who gets paid what, and in what order, this graphic presents a snapshot of the system's projected revenue-sharing in 2014. Payments are color-coded according to recipients, grouped into the four main categories described below. The flow of payments is presented in sequence, beginning with parking taxes and proceeding clockwise. If revenues fall short of projections, payments at the end of the sequence are the first to be compromised.



Sources: PK Harris Advisors, Inc., "2014 Operating Budget - Park Harrisburg," Jan. 29, 2014, and Amended Official Statement, PEDFA Parking System Revenue Bonds, Dec. 24, 2013.

<p>City Revenues</p> <p>The price of parking in garages includes a 20-percent parking tax, paid directly to the city. A \$175 non-reserved monthly space, for example, reflects a base rate of \$145.83 plus \$29.17 in parking taxes. In addition to parking tax, the city receives two other payments: rent and a "city payment," in scheduled amounts increasing over the term of the lease.</p>	<p>Debt Service</p> <p>The amount due to bondholders comprises both senior debt, paid before all other obligations, and junior debt, paid after senior debt service and operating expenses. Unlike much of the incinerator debt, none of the parking system debt is secured by city guarantees.</p>	<p>Operations and Management</p> <p>After meeting senior debt service, revenues go to cover operating expenses of the operator, SP+, and the asset manager, PK Harris Advisors, Inc., an affiliate of Trimont Real Estate. In addition to these costs, both PK Harris and SP+ are entitled to management fees and, if the system earns enough money, performance fees. The Pennsylvania Economic Development Financing Authority (PEDFA), which issued the tax-exempt bonds, also collects a payment of \$200,000.</p>	<p>Other Funds</p> <p>Any remaining revenues will flow to a number of funds, including extra payments several years down the road to Dauphin County, bond insurer Assured Guaranty and the city. In 2014, all of the leftover revenues, around \$1.7 million, will be used to refill a capital reserve fund, which was partly depleted by garage and meter upgrades this year.</p>
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