

Parking System Report

Of the Sports & Exhibition Authority of
Pittsburgh and Allegheny County
and of the Stadium Authority of the
City of Pittsburgh

Re: Sports & Exhibition Authority Parking System Revenue Bonds,
Series of 2017

December 31, 2017

MaherDuessel

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SPORTS & EXHIBITION AUTHORITY OF PITTSBURGH AND ALLEGHENY COUNTY

PARKING SYSTEM REVENUE BONDS, SERIES OF 2017

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Independent Accountant's Report on Applying Agreed-Up Procedures

**Board of Directors
Sports & Exhibition Authority of
Pittsburgh and Allegheny County
Pittsburgh, Pennsylvania**

We have performed the procedures enumerated below, which were agreed to by the Sports & Exhibition Authority of Pittsburgh and Allegheny County (SEA), on behalf of itself and the Stadium Authority of the City of Pittsburgh (SA), solely to assist you with respect to compliance with SEA's Continuing

Disclosure Agreement and the SA's Continuing Disclosure Agreement (collectively the "Agreements") related to the SEA's Parking System Revenue Bonds, Series of 2017 as of December 31, 2017. The SEA, on behalf of itself and the SA, has compiled the information on pages 1-8 accompanying this report in order to comply with Section 4 of the Agreement related to certain required financial information. Management is responsible for compliance with the Agreements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representations regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and results are as follows:

1. Table A-5: Parking System Historical Operations and Debt Service Coverage (Page1)

- a. Agreed the Net Revenues for 2017 to the Net Parking System Revenues per the Detail Summary for Table A-5 (Page 2).
- b. Agreed the Historical Debt Service Requirements for 2017 to the Current Year Debt Service per the Detail Summary for Table A-5 (Page 2).
- c. Recalculated the Debt Service Coverage.

Results: No variances or findings were noted.

2. Detail Summary for Table A-5 Parking System Historical Operations and Debt Service Coverage for SEA and SA (Pages 2-4)

- a. Agreed SEA column on page 2 to total column of detail for SEA on page 3.
- b. Agreed SA column on page 2 to total column of detail for SA on page 4.
- c. Traced the Net Parking System revenues for SEA as presented on page 3 to inclusion in the SEA's financial statements as of December 31, 2017.
- d. Traced the Net Parking System revenues for SA as presented on page 4 to inclusion in the SA's financial statements as of December 31, 2017.
- e. Traced the Current Year Debt Service for SEA as presented on page 3 to SEA general ledger detail.

- f. Traced the Current Year Debt Service for SA as presented on page 4 to SA general ledger detail.

Results: No variances or findings were noted.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not, conduct an examination or review, the objective of which would be the expression of an opinion on compliance with the terms and conditions of the Indenture noted above. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of the SEA and the dissemination agent for the Agreement, and is not intended to be, and should not be, used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Maier Duessel

Pittsburgh, Pennsylvania
May 11, 2018

Historical Operating Performance and Debt Service Coverage*

The table below reflects the Parking System's operational performance history along with the calculation of the historical debt service coverage ratio of the Parking System for the years ended December 31, 2013 through 2017.

TABLE A-5: PARKING SYSTEM HISTORICAL OPERATIONS AND DEBT SERVICE COVERAGE

Historical Parking System Revenues	2013	2014	2015	2016	2017
Leases	\$4,741,443	\$4,972,424	\$5,534,869	\$5,447,981	\$5,247,746
Daily / Transient	2,605,602	2,876,775	3,356,880	3,206,295	3,291,239
Event Parking Receipts – CBD	50,539	54,462	45,089	46,505	48,636
Pittsburgh Pirates Related Revenue	2,427,163	2,682,594	2,957,961	2,599,072	2,331,824
Pittsburgh Steelers Related Revenue	1,160,289	1,118,971	1,229,714	1,215,239	1,688,888
University of Pittsburgh Panthers Related Revenue	379,826	413,900	463,661	534,645	572,512
Rental Revenue	1,124,261	1,262,122	1,425,690	1,515,228	1,702,976
Other Revenue and NS Events	721,344	712,818	987,895	1,122,027	2,696,441
Non-Operational Revenue	513,737	684,270	895,240	760,094	794,059
Total	\$13,724,204	\$14,778,336	\$16,896,999	\$16,447,087	\$18,374,321

Historical Operating Expenses	2013	2014	2015	2016	2017
Parking Tax	\$3,292,388	\$3,494,374	\$3,971,572	\$3,858,751	\$4,319,771
Personnel Related	875,972	861,424	927,022	997,154	1,184,312
Administration	256,719	314,300	333,365	335,322	325,030
Management Agreements	1,770,576	1,807,911	2,134,551	2,071,245	2,095,519
Insurance	74,312	68,902	69,371	71,718	185,094
Security	485,046	532,851	504,037	532,326	844,103
Utilities	264,796	189,071	177,968	182,756	216,883
Maintenance	543,292	859,714	932,618	795,695	713,180
LRT Agreement (Multimodal)	75,252	77,549	77,359	81,337	102,337
Non-Operational Expenses	217,523	206,734	215,537	210,520	332,476
Total	\$7,855,875	\$8,412,829	\$9,343,400	\$9,136,825	\$10,318,705

	2013	2014	2015	2016	2017
Net Revenues	\$5,868,329	6,365,507	\$7,553,598	\$7,310,262	\$8,055,616

Historical Debt Service Requirements	2013	2014	2015	2016	2017
Bank Notes	\$2,538,192	\$2,459,400	\$4,849,539	\$2,250,093	\$1,431,429
Total	\$2,538,192	\$2,459,400	\$4,849,539	\$2,250,093	\$1,431,429

Debt Service Coverage					
	2.31 X	2.59 X	1.56 X	3.25 X	5.63 X
Debt Service Coverage – Excluding Variable Rate Demand Note Payoff ^(a)			3.28 X		

Notes: (a) In FY 2015, the Stadium Authority elected to prepay its variable rate demand note (\$2.5 million).

Notes: (b) Refinancing of bank notes occurred in 2017. Total debt service requirement for 2018 approximates \$3.3 million.

* Historical figures include Lot 3 and Lot 4 as the demand post-development of those parcels is anticipated to shift to nearby garages/lots that are part of the Parking System. Lot 3 (Parcel 14) was taken down in August 2017. Lot 4 will continue to be included in Net Revenues until it is also taken down for development.

Source: The Authority and Stadium Authority

**COMBINED
SPORTS & EXHIBITION AUTHORITY OF PITTSBURGH
AND ALLEGHENY COUNTY
AND
STADIUM AUTHORITY OF THE CITY OF PITTSBURGH**

**OPERATING RESULTS OF OWNED AND OPERATED GARAGES AND PARKING LOTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Detail for Table A-5: Parking System Historical Operations and Debt Service Coverage

	SEA	SA ¹	Total
Spaces	1529	5,043	6,572
<u>OPERATING REVENUE:</u>			
Non-Taxable Revenue	481,566	1,371,638	1,853,204
Taxable Revenue	4,258,763	11,585,996	15,844,759
Other Income	153,450	522,908	676,358
GROSS PARKING SYSTEM REVENUE	4,893,779	13,480,542	18,374,321
Less: Parking Tax	(1,159,947)	(3,159,824)	(4,319,771)
ADJUSTED GROSS PARKING SYSTEM REVENUE	3,733,832	10,320,718	14,054,550
<u>OPERATING EXPENSES:</u>			
Insurance - General Liability	24,306	75,568	99,874
Maintenance - Routine	235,361	442,619	677,980
Maintenance - Special Projects ²	20,806	81,117	101,923
Office	70,348	291,840	362,188
Payroll	271,603	912,706	1,184,309
Security	251,260	592,843	844,103
Utilities	103,130	113,753	216,883
Other	593	102,337	102,930
Other Expenses	59,194	168,811	228,005
Management/Alco Fees	171,724	1,923,795	2,095,519
TOTAL OPERATING EXPENSES	1,208,325	4,705,389	5,913,714
NET OPERATING INCOME	2,525,507	5,615,329	8,140,836
Insurance - Property	(28,343)	(56,877)	(85,220)
NET PARKING SYSTEM REVENUES	2,497,164	5,558,452	8,055,616
Current Year Debt Service/Fee	657,993	773,437	1,431,429

¹ Lot 3 was sold in 2017. Net revenue generated for lot 3 was \$89,064.
Lot 4 is to be sold in 2018. Net revenue generated for lot 4 was \$186,074.

² Maintenance Special Projects paid by the SEA and SA for the garages and management lots are not included above as they are capital expenses. Maintenance Special Projects paid directly by Alco Parking are included above.
Maintenance Special Projects for the SEA and SA lease lots are part of the operating expense because costs are split with Alco Parking as part of the lease agreements.

**SPORTS & EXHIBITION AUTHORITY OF PITTSBURGH
AND ALLEGHENY COUNTY**

**OPERATING RESULTS OF OWNED AND OPERATED GARAGES AND PARKING LOTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Detail for Table A-5: Parking System Historical Operations and Debt Service Coverage

	North Shore Garage	10th & Penn and Lot 21, 22 and 23	Total
Spaces	925	604	1529
<u>OPERATING REVENUE:</u>			
Non-Taxable Revenue	915	480,651	481,566
Taxable Revenue	3,590,251	668,512	4,258,763
Other Income	153,450	-	153,450
GROSS PARKING SYSTEM REVENUE	3,744,616	1,149,163	4,893,779
Less: Parking Tax	(977,625)	(182,322)	(1,159,947)
ADJUSTED GROSS PARKING SYSTEM REVENUE	2,766,991	966,841	3,733,832
<u>OPERATING EXPENSES:</u>			
Insurance - General Liability	16,825	7,481	24,306
Maintenance - Routine	170,438	64,923	235,361
Maintenance - Special Projects ¹	19,794	1,012	20,806
Office	56,743	13,605	70,348
Payroll	185,094	86,509	271,603
Security	233,462	17,798	251,260
Utilities	96,406	6,724	103,130
Other Expense (Alco Pd)	593	-	593
Other Expense(SEA Pd)	59,194	-	59,194
Management/Alco Fees	36,000	135,724	171,724
TOTAL OPERATING EXPENSES	874,549	333,776	1,208,325
NET OPERATING INCOME	1,892,442	633,065	2,525,507
Insurance - Property	(28,692)	-	(28,343)
NET PARKING SYSTEM REVENUES	1,863,751	633,065	2,497,164
Current Year Debt Service/Fee	657,993	N/A	657,993

¹ Maintenance Special Projects paid by the SEA for the garage and management lots are not included above as they are capital expenses. Maintenance Special Projects paid directly by Alco Parking are included above. Maintenance Special Projects for the SEA lease lots are part of the operating expense because costs are split with Alco Parking as part of the lease agreements.

STADIUM AUTHORITY OF THE CITY OF PITTSBURGH

OPERATING RESULTS OF OWNED AND OPERATED GARAGES AND PARKING LOTS FOR THE YEAR ENDED DECEMBER 31, 2017

Detail for Table A-5: Parking System Historical Operations and Debt Service Coverage

	West General Robinson Street Garage	Gold 1 Garage	Lots 1-5 ¹	Lots 7A-7J	Total
Spaces	1324	998	1,610	1,111	5,043
<u>OPERATING REVENUE:</u>					
Non-Taxable Revenue	10,953	-	363,777	996,908	1,371,638
Taxable revenue	5,307,517	1,898,466	3,128,365	1,251,648	11,585,996
Other Income	207,581	20,849	294,478	-	522,908
GROSS PARKING SYSTEM REVENUE	5,526,051	1,919,315	3,786,620	2,248,556	13,480,542
Less: Parking Tax	(1,447,519)	(517,744)	(853,199)	(341,362)	(3,159,824)
ADJUSTED GROSS PARKING SYSTEM REVENUE	4,078,532	1,401,571	2,933,421	1,907,194	10,320,718
<u>OPERATING EXPENSES:</u>					
Insurance - General Liability	20,066	5,972	28,429	21,101	75,568
Maintenance - Routine	151,939	23,056	108,321	159,303	442,619
Maintenance - Special Projects ²	1,050	13,341	66,726	-	81,117
Office	87,367	25,614	118,950	59,909	291,840
Payroll	209,485	102,484	373,875	226,862	912,706
Security	277,660	109,496	72,044	133,643	592,843
Utilities	60,977	23,392	19,039	10,345	113,753
Other	67,761	8,842	19,755	5,979	102,337
Other Expenses	89,207	9,524	-	70,080	168,811
Management/Alco Fees	70,778	26,250	1,181,741	645,026	1,923,795
TOTAL OPERATING EXPENSES	1,036,290	347,971	1,988,880	1,332,248	4,705,389
NET OPERATING INCOME	3,042,242	1,053,600	944,541	574,946	5,615,329
Insurance - Property	(33,063)	(23,814)	-	-	(56,877)
NET PARKING SYSTEM REVENUES	3,009,179	1,029,786	944,541	574,946	5,558,452
Debt Service Payment	513,948	259,488	-	-	773,437

¹ Lot 3 was sold in 2017. Net revenue generated for lot 3 was \$89,064.
Lot 4 is to be sold in 2018. Net revenue generated for lot 4 was \$186,074.

² Maintenance Special Projects paid by the SEA and SA for the garages and management lots are not included above as they are capital expenses. Maintenance Special Projects paid directly by Alco Parking are included above.
Maintenance Special Projects for the SEA and SA lease lots are part of the operating expense because costs are split with Alco Parking as part of the lease agreements.

Summary of the Parking System

Set forth in the table below is a summary of the parking facilities of the Authority and the Stadium Authority comprising the parking system, as such term is defined in the Indenture. Please see Property Overview Map in the back of this report.

TABLE A-1: SUMMARY OF PARKING SYSTEM ^{(2) (3) (4)}

	<u>Parking Facilities</u>	<u>Owner</u>	<u>Location</u>	<u>Year Opened</u>	<u>Spaces</u>
Garage Structures:					
1	North Shore Garage	SEA	North Shore	2001	925
2	West General Robinson Street Garage	SA	North Shore	2006	1,324
3	Gold 1 Garage	SA	North Shore	2017	998
Total Garage Spaces:					3,247
Surface Lots:					
1	10th & Penn (East Lot, West Lot)	SEA	CBD ⁽⁵⁾	2002	97
2	P1/Green 21 (Reedsdale Street)	SEA	North Shore	2000	122
3	P2/Green 22 & P3/Green 23 (Ridge Avenue)	SEA	North Shore	2000	385
4	Lot 1	SA	North Shore	2001	759
5	Lot 2	SA	North Shore	2001	255
6	Lot 5	SA	North Shore	1970	118
7	Lots 7A-J* ⁽¹⁾	SA	North Shore	1989	1,111
Total Surface Lot Spaces:					2,847
Total Parking System Capacity:					6,094

NOTES:

- (1) Lots 7A-H and J are located on land leased from PennDOT to the Stadium Authority. *There is no Lot 7I.
- (2) Pursuant to the Indenture, the Parking System may be expanded to include additional lots or garages or improvements (a) financed with proceeds of Additional Bonds or (b) for which an Officer's Certificate has been delivered to the Trustee in accordance with Section 7.08 of the Indenture.
- (3) Lots or garages may be removed from the Parking System in accordance with the terms of the Indenture.
- (4) The following Authority and Stadium Authority garages and lots are not included in the Parking System: the Convention Center garage, the PPG Paints Arena garage, the surface spaces at the 28 acre development site, Lot 4 on the North Shore.
- (5) CBD means the City's Central Business District.

Source: The Authority, Stadium Authority and ALCO Parking facility space counts.

Historical Utilization of the Parking System Facilities

The Authority and the Stadium Authority have historically experienced consistently strong occupancy at its Parking System facilities. The Car Count statistics below reflect actual number of gated vehicles for each respective year shown, and the Average Utilization Statistics reflect monthly averages based on weekdays (Daily) and actual number of events (Sports Venue Events).

TABLE A-3: PLEDGED PARKING SYSTEM UTILIZATION HISTORY

Facility	Annual Car Counts by Category					Average Utilization Statistics			
	Calendar Year	Sports Venue			Annual Totals	Daily Parking: Avg / %		Sports Venue Events:	
		Daily Parking	Events ^(b)	Entertainment ^(c)		of Capacity ^(d)	Avg / % of Capacity ^(e)		
Garages									
North Shore	2013-16 Avg	81,671	70,180	483	152,334	1,117	120.7%	675	73.0%
	2017	87,537	59,381	299	147,217	1,149	124.2%	594	64.2%
West General Robinson Street	2013-16 Avg	91,539	104,595	3,198	199,332	1,578	119.2%	1,038	78.4%
	2017	117,496	95,359	2,790	215,645	1,841	139.0%	954	72.0%
Gold 1 Garage (Opened May 2017)	2013-16 Avg					0	0.0%	0	0.0%
	2017	32,318	32,209	1,651	66,178	572	57.3%	322	32.3%
Surface Lots									
P1 (Reedsdale) (Green 21)	2013-16 Avg	1,618	2,544	0	4,161	117	96.1%	25	20.7%
	2017	1,623	1,367	0	2,990	135	110.9%	14	11.2%
P2 & P3 (Ridge) (Green 22 & 23)	2013-16 Avg	4,581	5,090	217	9,888	343	89.1%	51	13.1%
	2017	3,968	4,648	107	8,723	331	85.9%	46	12.1%
10th & Penn	2013-16 Avg	12,109	0	0	12,109	91	94.0%	0	0.0%
	2017	14,963	0	0	14,963	113	116.2%	0	0.0%
Lot 1	2012-15 Avg	141,060	100,996	26,941	268,996	1,094	94.7%	1,002	86.8%
	2017	53,869	51,056	24,974	129,899	644	85.9%	511	68.1%
Lot 2	2013-16 Avg	52,405	23,567	22,581	98,553	282	110.7%	234	91.7%
	2017	90,871	24,007	17,582	132,460	419	164.2%	240	94.1%
Lot 3 ^(a) (Sold in 2017)	2013-16 Avg	1,680	2,344	0	4,024	140	102.2%	23	17.0%
	2017	1,120	1,265	0	2,385	93	68.1%	13	9.2%
Lot 4 ^(a)	2013-16 Avg	68,385	29,498	568	98,451	362	106.6%	293	86.1%
	2017	59,896	28,100	1,028	89,024	334	98.4%	281	82.6%
Lot 5	2012-15 Avg	12,669	10,668	47	23,384	114	96.4%	106	89.7%
	2017	13,715	10,008	0	23,723	117	99.1%	100	84.8%
Lots 7A-J**	2013-16 Avg	31,866	58,544	619	91,029	772	69.5%	581	52.3%
	2017	39,570	41,814	721	82,105	1,133	102.0%	418	37.6%
Garage Totals	2013-16 Avg	173,210	174,775	3,681	351,666	2,695	119.8%	1,735	77.1%
	2017	237,351	186,949	4,740	429,040	3,562	109.7%	1,869	57.6%
Lot Totals	2013-16 Avg	328,697	235,096	50,967	614,761	3,377	90.8%	2,333	62.7%
	2017	279,595	162,265	44,412	486,272	3,320	100.2%	1,623	48.9%
System Totals	2013-16 Avg	501,907	409,871	54,648	966,426	6,072	101.7%	4,068	68.2%
	2017	516,946	349,214	49,152	915,312	6,882	104.9%	3,492	53.2%

Note: (a) Former Lot 3 & current Lot 4, while not pledged to Parking System, are parcels in various stages of development. They are included in the historical utilization reflected above because their demand is anticipated to shift to nearby garages/lots that are a part of the Parking System.

(b) Sports Venue Events include all Pittsburgh Steelers, University of Pittsburgh and Pittsburgh Pirates game events and other "Bowl" and "Non-Bowl" events.

(c) Entertainment includes all evening, restaurant, Stage AE concerts and other events. Figures are not factored into Average Utilization Statistics.

(d) Daily utilization figures are based on 21 weekdays per month for all garages and lots.

(e) Sports Venue utilization statistics are based on the actual number of events in each particular year.

* Gold 1 Garage not included in the above 2013-2016 statistics as it opened in May 2017.

** There is no Lot 7I.

Source: ALCO Parking automated car counts generated by gate revenue control equipment.

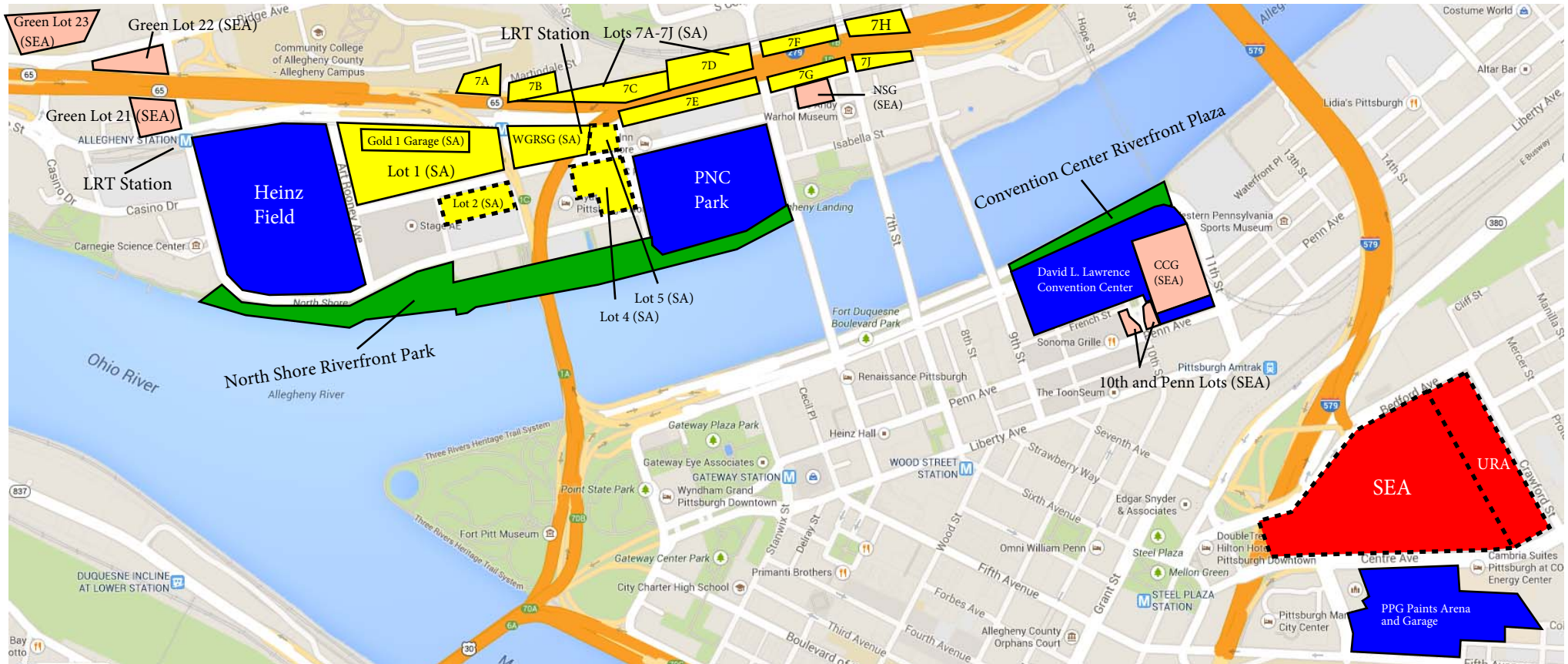
TABLE A-4: PLEDGED PARKING SYSTEM RATE HISTORY

Daily/Monthly Parking Rates						
Authority		2013	2014	2015	2016	2017
Stadium Authority	Lot 1					
	Daily	\$6.00	\$7.00	\$7.00	\$7.00	\$7.00
	Monthly	\$120.00	\$120.00	\$140.00	\$140.00	\$140.00
Stadium Authority	Lot 2					
	Daily	\$6.00	\$7.00	\$10.00	\$10.00	\$10.00
	Monthly	\$115.00	\$120.00	\$140.00	\$140.00	\$140.00
Stadium Authority	Lot 5					
	Daily	\$6.00	\$7.00	\$7.00	\$7.00	\$7.00
	Monthly	\$115.00	\$115.00	\$140.00	\$140.00	\$140.00
Stadium Authority	Lots 7A-H and J*					
	Daily	\$6.00	\$7.00	\$7.00	\$7.00	\$7.00
	Monthly	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00
Stadium Authority	WGRS Garage					
	Daily	\$8.00	\$8.00	\$8.00	\$8.00	\$8.00
	Monthly	\$125.00	\$140.00	\$140.00	\$140.00	\$140.00
Stadium Authority	Gold 1 Garage					
	Daily	n/a	n/a	n/a	n/a	\$8.00
	Monthly	n/a	n/a	n/a	n/a	\$140.00
Sports & Exhibition Authority	Lots P1, P2, P3					
	Daily	\$6.00	\$7.00	\$7.00	\$7.00	\$7.00
	Monthly	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00
Sports & Exhibition Authority	North Shore Garage					
	Daily	\$9.00	\$10.00	\$10.00	\$10.00	\$10.00
	Monthly	\$150.00	\$160.00	\$160.00	\$160.00	\$160.00
Sports & Exhibition Authority	10th and Penn					
	Daily	\$12.00	\$13.00	\$13.00	\$13.00	\$13.00
	Monthly	\$235.00	\$260.00	\$260.00	\$260.00	\$260.00

* There is no Lot 7I.

Source: The Authority and Stadium Authority.

Sports & Exhibition Authority (SEA) and Stadium Authority (SA) Property Overview Map



- Sports and exhibition venues owned by SEA (PPG Paints Arena includes a 640 space integral garage leased to the Penguins)
- SA parking lots and garages: land for Lots 7A-7J leased long-term from PennDOT; "WGRSG" refers to West General Robinson Street Garage
- SEA parking lots and garages: "NSG" refers to North Shore Garage; "CCG" refers to Convention Center Garage
- 28-Acre Lower Hill Redevelopment site (19 acres owned by SEA; 9 acres owned by Urban Redevelopment Authority(URA); Penguins hold development option; SEA currently building road grid and infrastructure; Penguins currently receive surface parking revenues
- North Shore Riverfront Park and Convention Center Riverfront Plaza, both owned by SEA
- ⚙ Remaining North Shore development parcels (owned by SA); joint venture of Steelers and Pirates holds development option; development of Lot 4 in planning stages