

Parking System Report

of

Sports & Exhibition Authority of
Pittsburgh and Allegheny County

and

Stadium Authority of the
City of Pittsburgh

Re: Sports & Exhibition Authority
of Pittsburgh and Allegheny County
Parking System Revenue Bonds,
Series of 2017

as of

December 31, 2018

MaherDuessel

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-Upon 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, 2018. 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 2018 to the Net Parking System Revenues per the Detail Summary for Table A-5 (Page 2).
- b. Agreed the Historical Debt Service Requirements for 2018 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, 2018.
- 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, 2018.
- 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.

Maher Duessel

Pittsburgh, Pennsylvania
April 12, 2019

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, 2014 through 2018.

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

Historical Parking System Revenues	2014	2015	2016	2017	2018
Leases	\$4,972,424	\$5,534,869	\$5,447,981	\$5,247,746	\$7,991,011
Daily / Transient	2,876,775	3,356,880	3,206,295	3,291,239	3,301,029
Event Parking Receipts – CBD	54,462	45,089	46,505	48,636	34,743
Pittsburgh Pirates Related Revenue	2,682,594	2,957,961	2,599,072	2,331,824	1,862,523
Pittsburgh Steelers Related Revenue	1,118,971	1,229,714	1,215,239	1,688,888	1,698,371
University of Pittsburgh Panthers Related Revenue	413,900	463,661	534,645	572,512	505,648
Rental Revenue	1,262,122	1,425,690	1,515,228	1,702,976	1,404,642
Other Revenue and NS Events	712,818	987,895	1,122,027	2,696,441	920,995
Non-Operational Revenue	684,270	895,240	760,094	794,059	962,699
Total	\$14,778,336	\$16,896,999	\$16,447,087	\$18,374,321	\$18,681,661

Historical Operating Expenses	2014	2015	2016	2017	2018
Parking Tax	\$3,494,374	\$3,971,572	\$3,858,751	\$4,319,771	\$4,476,294
Personnel Related	861,424	927,022	997,154	1,184,312	1,159,585
Administration	314,300	333,365	335,322	325,030	263,821
Management Agreements	1,807,911	2,134,551	2,071,245	2,095,519	1,730,896
Insurance	68,902	69,371	71,718	185,094	179,685
Security	532,851	504,037	532,326	844,103	727,503
Utilities	189,071	177,968	182,756	216,883	233,643
Maintenance	859,714	932,618	795,695	713,180	905,946
LRT Agreement (Multimodal)	77,549	77,359	81,337	102,337	120,208
Non-Operational Expenses	206,734	215,537	210,520	332,476	344,722
Total	\$8,412,829	\$9,343,400	\$9,136,825	\$10,318,705	\$10,142,303

	2014	2015	2016	2017	2018
Net Revenues	6,365,507	\$7,553,598	\$7,310,262	\$8,055,616	\$8,539,358

Historical Debt Service Requirements	2014	2015	2016	2017	2018
Bank Notes	\$2,459,400	\$4,849,539	\$2,250,093	\$1,431,429	\$3,340,322
Total	\$2,459,400	\$4,849,539	\$2,250,093	\$1,431,429	\$3,340,322

Debt Service Coverage	2.59 X	1.56 X	3.25 X	5.63 X(b)	2.56 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).

(b) Refinancing of bank notes occurred in 2017.

* 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, 2018**

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

	SEA	SA*	Total
Spaces	1529	5,043	6,572
<u>OPERATING REVENUE:</u>			
Non-Taxable Revenue	177,228	1,398,379	1,575,607
Taxable Revenue	3,941,545	12,538,332	16,479,877
Other Income	424,498	201,679	626,177
GROSS OPERATING REVENUE	4,543,271	14,138,390	18,681,661
Less: Parking Tax	(1,056,744)	(3,419,550)	(4,476,294)
ADJUSTED GROSS REVENUE	3,486,527	10,718,840	14,205,367
<u>OPERATING EXPENSES:</u>			
Insurance - General Liability	22,884	70,506	93,390
Maintenance - Routine	257,223	530,032	787,255
Maintenance - Special Projects ¹	23,828	94,863	118,691
Office	64,800	311,901	376,701
Payroll	250,281	909,304	1,159,585
Security	196,795	530,707	727,502
Utilities	102,863	130,781	233,644
Other	951	126,972	127,923
Other Expenses	24,128	199,994	224,122
Management/Alco Fees	153,251	1,577,650	1,730,901
TOTAL OPERATING EXPENSES	1,097,004	4,482,710	5,579,714
NET OPERATING INCOME	2,389,523	6,236,130	8,625,653
Insurance - Property	(28,219)	(58,076)	(86,295)
NET INCOME	2,361,304	6,178,054	8,539,358
Current Year Debt Service/Fee	1,573,655	1,766,667	3,340,322

¹Maintenance 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.

* Team revenue earned from Lots 1-5 (\$198,379) and the IDP Loan (\$83,378) are not included in the Alco parking reports and therefore do not directly match the December 31, 2018 Authority Financial Statements.

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

**OPERATING RESULTS OF OWNED AND OPERATED GARAGES AND PARKING LOTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

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	399	176,829	177,228
Taxable Revenue	3,227,170	714,375	3,941,545
Other Income	196,998	227,500	424,498
GROSS OPERATING REVENUE	3,424,567	1,118,704	4,543,271
Less: Parking Tax	(880,146)	(176,598)	(1,056,744)
ADJUSTED GROSS REVENUE	2,544,421	942,106	3,486,527
<u>OPERATING EXPENSES:</u>			
Insurance - General Liability	17,032	5,852	22,884
Maintenance - Routine	173,639	83,584	257,223
Maintenance - Special Projects ¹	19,550	4,278	23,828
Office	48,370	16,430	64,800
Payroll	180,468	69,813	250,281
Security	184,803	11,992	196,795
Utilities	96,398	6,465	102,863
Other Expense (Alco Pd)	498	453	951
Other Expense (SEA Pd)	24,128	-	24,128
Management/Alco Fees	36,000	117,251	153,251
TOTAL OPERATING EXPENSES	780,886	316,118	1,097,004
NET OPERATING INCOME	1,763,535	625,988	2,389,523
Insurance - Property	(28,219)	-	(28,219)
NET INCOME	1,735,316	625,988	2,361,304
Current Year Debt Service/Fee	1,573,655	N/A	1,573,655

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, 2018

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

	West General Robinson Street Garage	Gold 1 Garage	Lots 1-5	Lots 7A-7J	Total
Spaces	1324	998	1,610	1,111	5,043
OPERATING REVENUE:					
Non-Taxable Revenue	9,597	50	424,653	964,079	1,398,379
Taxable Revenue	5,138,021	3,205,045	3,017,530	1,177,736	12,538,332
Other Income	201,679	-			201,679
GROSS OPERATING REVENUE	5,349,297	3,205,095	3,442,183	2,141,815	14,138,390
Less: Parking Tax	(1,402,204)	(873,171)	(822,971)	(321,204)	(3,419,550)
ADJUSTED GROSS REVENUE	3,947,093	2,331,924	2,619,212	1,820,611	10,718,840
OPERATING EXPENSES:					
Insurance - General Liability	22,482	14,807	19,593	13,624	70,506
Maintenance - Routine	136,287	79,269	134,509	179,967	530,032
Maintenance - Special Projects ¹	10,438	9,156	18,514	56,755	94,863
Office	101,321	25,564	129,276	55,740	311,901
Payroll	230,940	122,538	354,444	201,382	909,304
Security	214,932	153,230	68,173	94,372	530,707
Utilities	63,676	42,901	15,571	8,633	130,781
Other	79,433	15,883	22,385	9,271	126,972
Other Expenses	108,396	21,518	-	70,080	199,994
Management/Alco Fees	49,200	43,051	884,965	600,434	1,577,650
TOTAL OPERATING EXPENSES	1,017,105	527,917	1,647,430	1,290,258	4,482,710
NET OPERATING INCOME	2,929,988	1,804,007	971,782	530,353	6,236,130
Insurance - Property	(33,687)	(24,389)	-	-	(58,076)
NET INCOME	2,896,301	1,779,618	971,782	530,353	6,178,054
Debt Service Payment	741,250	1,025,417	-	-	1,766,667

¹Maintenance 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.

* Team revenue earned from Lots 1-5 (\$198,379) and the IDP Loan (\$83,378) are not included in the Alco parking reports and therefore do not directly match the December 31, 2018 Authority Financial Statements.

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, and 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	Calendar Year	Annual Car Counts by Category				Average Utilization Statistics			
		Daily Parking	Sports Venue Events ^(b)	Entertainment ^(c)	Annual Totals	Daily Parking: Avg / % of Capacity ^(d)		Sports Venue Events: Avg / % of Capacity ^(e)	
Garages									
North Shore	2014-17 Avg	84,807	68,129	413	153,350	1,140	123.3%	655	70.8%
	2018	80,986	49,316	0	130,302	1,094	118.3%	493	53.3%
West General Robinson Street	2014-17 Avg	100,541	103,344	3,619	207,504	1,583	119.5%	1,026	77.5%
	2018	122,481	73,762	3,378	199,621	1,898	143.4%	738	55.7%
Gold 1 Garage (Opened May 2017)*	2017	32,318	32,209	1,651	66,178	572	57.3%	322	32.3%
	2018	58,551	52,922	3,862	115,335	1,030	103.2%	529	53.0%
Surface Lots									
P1 (Reedsdale) (Green 21)	2014-17 Avg	1,721	2,194	0	3,915	129	106.0%	22	17.8%
	2018	1,652	2,195	0	3,847	138	112.8%	22	18.0%
P2 & P3 (Ridge) (Green 22 & 23)	2014-17 Avg	4,559	4,955	161	9,675	342	88.8%	49	12.8%
	2018	4,099	4,511	45	8,655	342	88.7%	45	11.7%
10th & Penn	2014-17 Avg	13,139	0	0	13,139	95	97.5%	0	0.0%
	2018	11,139	0	0	11,139	104	107.2%	0	0.0%
Lot 1	2014-17 Avg	118,602	86,927	26,740	232,269	1,048	102.7%	863	84.6%
	2018	73,967	34,203	25,268	133,438	704	92.8%	342	45.1%
Lot 2	2014-17 Avg	61,139	21,075	17,054	99,268	255	100.1%	209	82.0%
	2018	84,465	22,154	17,755	124,374	389	152.4%	222	86.9%
Lot 3 ^(a) (Sold in 2017)	2014-17 Avg	1,540	2,081	0	3,621	140	102.2%	21	15.1%
	2018	0	0	0	0	0	0.0%	0	0.0%
Lot 4 ^(a)	2014-17 Avg	65,616	29,235	629	95,479	355	104.4%	290	85.3%
	2018	38,117	23,958	417	62,492	256	75.4%	240	70.5%
Lot 5	2014-17 Avg	11,705	10,365	26	22,096	109	92.5%	103	87.2%
	2018	2,055	9,281	0	11,336	118	99.7%	93	78.7%
Lots 7A-J**	2014-17 Avg	38,901	56,911	607	96,420	1,003	90.3%	565	50.8%
	2018	43,190	39,328	716	83,234	1,403	126.2%	393	35.4%
Garage Totals	2014-17 Avg	188,257	183,730	4,858	376,845	2,913	112.9%	1,824	70.6%
	2018	262,018	176,000	7,240	445,258	4,023	123.9%	1,760	54.2%
Lot Totals	2014-17 Avg	317,806	207,523	45,289	570,618	3,522	99.5%	2,060	58.2%
	2018	258,684	135,630	44,201	438,515	3,452	103.9%	1,356	40.8%
System Totals	2014-17 Avg	519,313	395,100	50,147	964,560	6,435	105.1%	3,922	64.1%
	2018	520,702	311,630	51,441	883,773	7,475	113.8%	3,116	47.4%

Notes: (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. Lot 3 was sold in 2017. Lot 4 is still being operated as a parking lot in 2018.

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

(c) Entertainment includes all evening, restaurant, Stage AE concerts and other events and 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 2014-2017 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

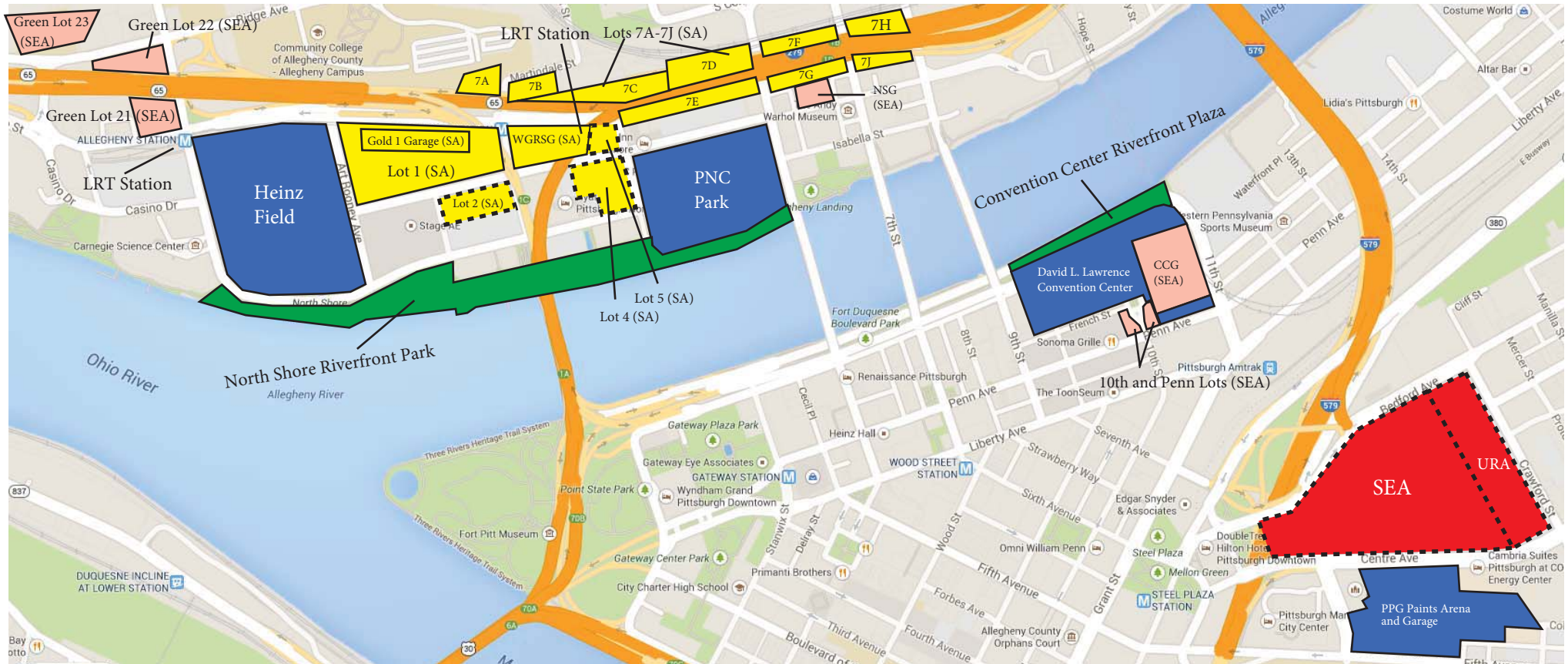
Daily/Monthly Parking Rates						
Authority		2014	2015	2016	2017	**2018
Stadium Authority	Lot 1					
	Daily	\$7.00	\$7.00	\$7.00	\$7.00	\$8.00
	Monthly	\$120.00	\$140.00	\$140.00	\$140.00	\$160.00
Stadium Authority	Lot 2					
	Daily	\$7.00	\$10.00	\$10.00	\$10.00	\$10.00
	Monthly	\$120.00	\$140.00	\$140.00	\$140.00	\$170.00
Stadium Authority	Lot 5					
	Daily	\$7.00	\$7.00	\$7.00	\$7.00	\$8.00
	Monthly	\$115.00	\$140.00	\$140.00	\$140.00	\$160.00
Stadium Authority	Lots 7A-H and J*					
	Daily	\$7.00	\$7.00	\$7.00	\$7.00	\$8.00
	Monthly	\$125.00	\$125.00	\$125.00	\$125.00	\$150.00
Stadium Authority	WGRS Garage					
	Daily	\$8.00	\$8.00	\$8.00	\$8.00	\$9.00
	Monthly	\$140.00	\$140.00	\$140.00	\$140.00	\$170.00
Stadium Authority	Gold 1 Garage					
	Daily	n/a	n/a	n/a	\$8.00	\$9.00
	Monthly	n/a	n/a	n/a	\$140.00	\$150.00
Sports & Exhibition Authority	Lots P1, P2, P3					
	Daily	\$7.00	\$7.00	\$7.00	\$7.00	\$8.00
	Monthly	\$125.00	\$125.00	\$125.00	\$125.00	\$150.00
Sports & Exhibition Authority	North Shore Garage					
	Daily	\$10.00	\$10.00	\$10.00	\$10.00	\$11.00
	Monthly	\$160.00	\$160.00	\$160.00	\$160.00	\$170.00
Sports & Exhibition Authority	10th and Penn					
	Daily	\$13.00	\$13.00	\$13.00	\$13.00	\$14.00
	Monthly	\$260.00	\$260.00	\$260.00	\$260.00	\$260.00

* There is no Lot 7I.

**December 3, 2018 the new rates were put into effect.

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