

**REQUEST FOR
QUALIFICATIONS
Related to the Assets of the
Harrisburg Parking Authority**

Issued: February 10, 2012

David Unkovic
Receiver for the City of Harrisburg
Executive Offices
401 Finance Building
Harrisburg, Pennsylvania 17120

*“Building A Stable Financial Future
for the
City of Harrisburg, Pennsylvania”*

1. REQUEST FOR QUALIFICATIONS

1.1 Overview

The Receiver of the City of Harrisburg (each is defined below) is seeking qualifications from potential business associates (“Interested Parties”) to assist in monetizing and operating the parking assets of the Harrisburg Parking Authority (the “HPA”) in a long-term lease or comparable transaction (“the Agreement”). The transaction regarding HPA assets (“Parking Assets”) may include up to 9,119 parking spaces in 10 garages and 5 surface lots located in Harrisburg, PA and 1,250 meter spaces and parking enforcement.¹

The Receiver is requesting a statement of qualifications (SOQs) from Interested Parties to monetize and operate the Parking Assets under the transaction. **Time is of the essence in this process. Interested Parties responding to this RFQ must submit SOQs no later than 4:00PM Eastern Standard Time on March 12, 2012. Interested Parties should be prepared to respond to subsequent communications on an accelerated schedule. Any transaction resulting from this RFQ is expected to close no later than June 15, 2012.**

The Receiver seeks Interested Parties who are able to capitalize upfront payments and/or make annual or other periodic payments during the term of the Agreement, provide for the capital improvements which will be required during the life of the transaction (including replacement of aging and obsolete parking structures, equipment and meters), and who are qualified to operate the Parking Assets to optimize value to the Receiver on behalf of the City.

The SOQ is the first part of a two-step solicitation process. After SOQs are received from Interested Parties, the Receiver will determine which responding Interested Parties satisfy the initial eligibility requirements and are sufficiently qualified in the sole discretion of the Receiver to participate in the second phase of this process (the “Selected Interested Party” or the “Selected Interested Parties”). The Receiver will solicit advice from, and utilize the institutional knowledge, experience and expertise of, the HPA in this process while retaining the authority and responsibility to make timely decisions in accordance with his statutory responsibilities. It is currently contemplated that the Receiver will negotiate directly with the Selected Interested Party or Parties and determine through that process a proposed transaction which is in the best interests of the Receiver on behalf of the City. Interested Parties can include partners as long as the collective partnership meets the requisite

¹ Information regarding the HPA and the Parking Assets in this RFQ is qualified in its entirety by the materials which will be made available in due diligence. The Receiver has not verified the information contained in this RFQ and no representation is made as to the accuracy or completeness of the information in this RFQ. No person has been authorized by the Receiver to give any information other than information contained in this RFQ, and, if given, such other information should not be relied upon as having been authorized by the HPA or the Receiver. Except where otherwise indicated, all information contained in this RFQ has been obtained from the HPA but has not been verified by the HPA. The information set forth herein has been obtained from sources that are believed to be reliable but is not guaranteed as to accuracy or completeness. The information contained herein is subject to change without notice, and neither the delivery of this RFQ nor other information pursuant to this RFQ shall under any circumstances create an implication that there has been no change in the information set forth herein, or the other matters described herein since the date hereof or the earlier dates set forth herein as of which certain information contained herein is given. Information contained in this RFQ is subject to agreements, reports, or other documents that will be made available during due diligence for more complete information regarding the rights and obligations of parties and facts and opinions contained therein.

qualifications. The Receiver will consider creative options including long term lease with management contracts and/or various ownership structures. The Receiver reserves the right to select one or more Interested Parties to participate in the second phase of this process based on the strength of the SOQs. Financial capability will be an important factor in selecting Interested Parties for the second phase.

In considering the matters set forth in this RFQ, Interested Parties must rely on their own examination of the matters set forth herein. Interested Parties should not construe the contents of this RFQ as legal, tax, investment, or accounting advice and each prospective investor is urged to consult with its own advisors with respect to legal, tax, regulatory, financial and accounting consequences of its potential proposal in connection with the transaction.

At any time prior or subsequent to submission of the SOQs, a potentially Interested Party (subject to approval of the potentially Interested Party by the Receiver) may obtain access to due diligence information contained in an electronic data room upon execution and delivery to the Receiver of a confidentiality agreement in the form attached hereto as Exhibit I. Access to the electronic data room will be withdrawn for any potentially Interested Party that does not submit an SOQ by the deadline or is not selected as a Selected Interested Party. Per the executed confidentiality agreement, all copies of data subject to the confidentiality agreement must be returned to the Receiver or destroyed by the Party with a certification of destruction provided to the Receiver promptly upon such party no longer participating in this RFQ process.

The Receiver reserves all rights available to him by law during this process including, without limitation, the right in his sole discretion to do any of the following for any reason at any time and without prior notice:

1. Reject all SOQs and proposed transactions, waive any irregularities, or not enter into any transaction.
2. Negotiate with fewer than all Selected Interested Parties and terminate consideration or evaluation of any proposed transaction.
3. Suspend, discontinue and/or terminate discussions regarding confidentiality agreements, interim agreements and comprehensive agreements at any time prior to the authorized execution of such agreements by all parties.
4. Negotiate with a Selected Interested Party without being bound by any provision in a proposal.
5. Request and/or receive additional information regarding any SOQ or proposed transaction.
6. Revise, supplement, withdraw or cancel at any time all or any part of this RFQ.
7. Issue a request for submission in writing of further revisions and/or final provisions from Selected Interested Parties with respect to their proposed transaction for evaluation, further negotiation and/or selection by the Receiver.

Interested Parties acknowledge that the Receiver is not obligated to (and will not) pay any costs incurred by any Interested Party in preparing a SOQ or in connection with or related to negotiations with Selected Interested Parties and the Interested Parties and Selected Interested Parties are without recourse as against the HPA, the City of Harrisburg, the Commonwealth of Pennsylvania, or the Receiver in responding to this RFQ and negotiating any transaction.

1.2 Overview of the Process

The overarching goal of a completed transaction is to provide the current and future customers of the Parking Assets safe and effective parking facilities and spaces while assuring the City fair and effective enforcement and revenues from taxes or otherwise and maximizing the overall value of the transaction.

The closing of a transaction for the Parking Assets is expected to be preceded by a stepped process. Beginning with issuance of this RFQ, potentially Interested Parties may obtain access to the electronic data room to begin due diligence by executing and delivering a confidentiality agreement in the form attached hereto as Exhibit I. In step 2, those parties wishing to participate in this RFQ shall submit an SOQ containing the information called for by Section 3.1 below. From those SOQs, the Receiver may designate one or more parties as Selected Interested Parties. Those Selected Interested Parties have the option of pursuing additional due diligence through site visits. Following a reasonable time for additional due diligence, the Selected Interested Parties will be required to submit the information set forth in Section 3.2 below. From that information, one or more parties will be selected for negotiations. Following negotiations, the Receiver may, but is not required to, request submission in writing of final provisions regarding the proposed transactions of the remaining Selected Interested Parties. Subsequently, and consistent with closing any transaction pursuant to this RFQ by a required date, the Selected Interested Party and transaction that provides the Receiver on behalf of the City the overall best value will be identified and proceed to completion of documentation and closing by the closing date. The Receiver has the responsibility to make decisions about various City assets and operational issues and the Receiver intends to reach final decisions with respect to this RFQ by applying criteria that benefits the overall operating revenues and debt structure of the City and the HPA.

1.3 Recent Events Concerning the City of Harrisburg

The City of Harrisburg (“City”) faces a financial crisis which has two root causes. First, the City guaranteed certain debt incurred by The Harrisburg Authority to finance its Resource Recovery Facility (“RRF”). The Harrisburg Authority has defaulted and the City has become liable to pay the debt, which exceeds the City’s ability to pay. Second, there is a structural deficit in the City’s annual operating budget. The most recent annual financial statements issued by the City were for fiscal year ended December 31, 2008 and the City has not issued financial statements for the fiscal years ending December 31, 2009 and thereafter. The Mayor of the City appoints and has the right to remove the members of the board of the HPA.

1.4 Appointment of the State Receiver and Relationship to this Transaction

By Memorandum and Order dated December 2, 2011, the Commonwealth Court of Pennsylvania appointed David Unkovic as the receiver for the City of Harrisburg (the “Receiver”) under Chapter 7 of Act 47. Under the statutory provisions of Chapter 7, which

were added by the General Assembly in 2011, the Receiver is directed to formulate a recovery plan for the City, which is then submitted to and confirmed by the Commonwealth Court. In accordance with the Commonwealth Court's Order dated December 19, 2011, Mr. Unkovic submitted the recovery plan on February 6, 2012.

Under Section 706(a)(5) of Act 47, the Receiver has the power to require the HPA to cause the sale, lease, conveyance, assignment, or other use or disposition of the HPA's assets. The Receiver is conducting and participating in this RFQ pursuant to this power pending confirmation of the recovery plan. Among other items, under Section 703, the recovery plan may include the sale, lease, conveyance, assignment or other use or disposition of the HPA's assets. After the recovery plan has been confirmed by the Commonwealth Court, the elected and appointed officials of the City and HPA are obligated to undertake the acts set forth in the recovery plan. Mr. Unkovic is vested with the broad power to implement the recovery plan.

2. DESCRIPTION OF THE HARRISBURG PARKING AUTHORITY AND HIGHLIGHTS OF THE OPPORTUNITY

2.1 Overview of the Harrisburg Parking Authority

The HPA has been profitable in recent years and has consistently reported positive returns. During the fiscal year ending December 31, 2010, the HPA generated more than \$13.7 million of revenue and nearly \$ 8.9 million of free cash flow (prior to debt service). HPA operating revenue grew at a compound annual growth rate ("CAGR") of 7.74% and free cash flow increased by a CAGR of 8.1% from 2005 to 2010. The growth has been a direct result of increased revenues from HPA parking assets. For example, monthly parking revenues have expanded at a CAGR of more than 12% from 2005 to 2010. Over the same period, operating expenses have remained low, consistent at around one-third of total operating revenues. In 2010, the free cash flow margin was reported to be more than 64%.

The HPA has approximately \$111,000,000 in aggregate principal amount of tax-exempt debt outstanding.

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Harrisburg Parking Authority: Historical Financial Performance							
Fiscal Year Ending December 31,							
(\$ Thousands)	2005	2006	2007	2008	2009	2010	2005-2010 CAGR
OPERATING REVENUES:							
Public Parking Revenue							
Monthly Parking	4,500	4,945	5,123	7,290	7,677	7,934	12.01%
Daily Parking	2,441	2,588	2,722	2,956	2,845	2,825	2.97%
Meter Operations	1,188	1,246	1,167	1,235	1,187	1,121	-1.15%
Harrisburg University Subsidy	-	-	-	-	-	390	
State Parking Revenue	1,255	1,281	1,329	1,275	1,248	1,360	1.62%
Other Income	96	98	106	119	120	131	6.41%
Total Operating Revenues	9,480	10,157	10,447	12,875	13,078	13,761	7.74%
OPERATING EXPENSES:							
Salaries and Benefits	1,880	1,969	2,001	2,370	2,666	2,908	9.12%
Repair, Maintenance, & Supplies	487	477	484	522	399	465	-0.92%
Professional services	92	228	362	493	274	470	38.57%
Insurance	186	160	172	210	243	191	0.53%
Depreciation	54	48	44	28	35	41	-5.36%
Utilities	433	393	460	453	557	650	8.46%
Real Estate Taxes	46	52	53	56	53	53	2.87%
Rental	21	37	38	56	25	9	-15.59%
Other	253	83	95	78	89	76	-21.38%
Total Operating Expenses	3,451	3,448	3,708	4,267	4,341	4,862	7.10%
<i>Percentage of Revenue</i>	<i>36.40</i>	<i>33.95</i>	<i>35.49</i>	<i>33.14</i>	<i>33.19</i>	<i>35.33</i>	
	<i>%</i>	<i>%</i>	<i>%</i>	<i>%</i>	<i>%</i>	<i>%</i>	
FREE CASH FLOW	6,029	6,709	6,739	8,608	8,737	8,899	8.10%
<i>Percentage Margin</i>	<i>63.60</i>	<i>66.05</i>	<i>64.51</i>	<i>66.86</i>	<i>66.81</i>	<i>64.67</i>	
	<i>%</i>	<i>%</i>	<i>%</i>	<i>%</i>	<i>%</i>	<i>%</i>	
Notes:	Parking tax is excluded from both revenues and expenses. Calculations include revenue and expenses associated with a HPA owned office facility on Walnut Street Column totals may not be exact due to rounding. Current liabilities, including current portion of bonds and notes payable, are not included above. Source: Harrisburg Parking Authority audit reports						

HPA employed 74 employees in 2011. Led by an Executive Director, the HPA includes four working units, all of which serve to ensure a smooth and profitable operation. The Administration branch encompasses management, administrative support, and financial functions. Maintenance provides upkeep and oversight for the conditions of all parking

locations. The Operations unit engages in on-the-ground activities including the operation of the parking revenue system, and the Security unit provides guards and customer service representatives throughout the parking system.

The terms and conditions of employment for certain of the employees working for the HPA are established pursuant to a collective bargaining agreement between the HPA and the American Federation of State, County and Municipal Employees, District Council 90, effective January 1, 2008 through December 31, 2012. That agreement is currently being renegotiated. The employees working for the HPA are dedicated and have provided long-term, valuable service to the HPA and to the Parking Assets they operate and maintain. Selected Interested Parties are asked to provide with their response an explanation of plans concerning the utilization of existing HPA employees.

The Harrisburg Central Business District (“CBD”) has undergone significant growth since the 1980s and parking in the area is in high demand. From the early 1980s through 2000, private investment in the CBD has totaled more than \$2.65 billion. Development projects and private investment have contributed to a growing demand for parking. The CBD includes nearly ten million square feet of government and private office space. Even in the economic downturn, construction and growth have not halted. The impending construction of the Federal Courthouse, set to commence in 2012, may add to current parking demands.

2.2 Description of the HPA Assets

The HPA inventory represents around 72% of all the public parking spaces in downtown Harrisburg. The garage and lot facilities allow for both hourly and monthly parking. In total, the HPA owns 9,119 spaces in the form of ten parking garages and five parking lots and over 1,250 meter spaces. In addition to the assets listed above, the HPA also includes a Walnut Street office facility which is part of the Parking Assets. Specifics about individual garage locations can be found on the HPA’s website at:

<http://www.harrisburgparking.org/>

2.3 Highlights of the Transaction Opportunity

While the HPA has enjoyed many years of growth in both revenue and free cash flow, a private investor may be able to maintain or accelerate the trajectory of all parts of HPA’s business today.

Interested Parties may have their own distinct perspectives on revenue growth opportunities for the Parking Assets. However, specific areas of consideration may include (but would not be limited to):

1. Optimizing the parking rates for each of the facilities and the meter system;
2. Enhancing marketing activities and developing superior knowledge of, and communications with, customers;
3. Implementing new technology platforms to enable more effective and efficient operations; and

4. Developing new sources of revenue from advertising and ancillary uses of the Parking Assets.

3. RFQ SUBMISSION REQUIREMENTS AND EVALUATION PROCEDURES AND CRITERIA

This RFQ is open to all parties able to provide the information set forth in Section 3.1. There will be no restriction on the number of parties that may pursue this transaction.

All questions or requests for information regarding this RFQ should only be directed to the designee of the Receiver listed below.

Fred A. Reddig
Executive Director
Governor's Center for Local Government Services
Department of Community & Economic Development
Commonwealth Keystone Building
400 North Street, 4th Floor
Harrisburg, PA 17120-0225
Phone: 717-720-7387
E-Mail: freddig@pa.gov

Parties interested in this RFQ MUST NOT contact any officials or related parties of the HPA, the Receiver, the City, the Commonwealth of Pennsylvania, or their advisors with regard to this opportunity, except for Fred Reddig. All parties are advised that unauthorized contacts with officials or related parties of the HPA, Receiver, the City or the Commonwealth of Pennsylvania may result in elimination of a party from this RFQ process.

3.1 Submission Requirements for SOQs

The SOQ submitted by an Interested Party must contain the following elements:

- A. Cover Letter: The Interested Party must provide a cover letter of no more than two pages indicating its desire to be considered for the transaction and stating the official names and roles of all major participants, including the purchaser/lessee and operator (if applicable).
- B. Table of Contents
- C. Executive Summary, including an outline of your concept for monetization, management and operation of the Parking Assets.
- D. Contact Person: Provide a single contact person for all further communication relating to the SOQ. The contact person is to be the SOLE point of contact between the Interested Party and the Advisor.
- E. Legal Structure: Identify the legal structure of the government, agency, authority, firm or consortium of firms making the SOQ (e.g., corporation, partnership, joint venture limited liability company, governmental entity, etc.).

- F. **Organizational Structure:** Identify the organizational structure for the project (owner, management, operator, if applicable), the management approach, and how each principal (e.g., major shareholder, member, partner, government, agency or authority) and major subcontractor in the structure fits into the overall team. If the Interested Party is organized as a consortium or similar entity, please identify each member and provide a description of each member. If a governance agreement for the consortium has been agreed, please provide a copy of that agreement. Otherwise, please provide an indicative description of the role and proportional financial interest of each consortium member. This description should identify the party with controlling interest and the identity of each member expected to have more than a five percent interest in the consortium. With the consent of the Receiver, Interested Parties or Selected Interested Parties may add or delete consortium members prior to the completion of any transaction. In such instances, notification of changes should promptly be submitted to Fred Reddig.
- G. **Experience:** Describe the experience of the firm or consortium providing the SOQ and the key principals involved in the proposed project, including operations and maintenance experience with on-street and structured parking facilities and enforcement in North America of comparable or larger size and complexity. Describe the length of time in business, business experience, public sector experience, and other engagements of the firm or consortium of firms, government, agency or authority.
- H. **Key Personnel:** Provide a listing of key personnel to be involved in due diligence, negotiation, financing and operation, their affiliation, roles and biographical background demonstrating their ability to undertake the roles assigned. If the Interested Party is organized as a consortium, please identify the key personnel for each member of the consortium.
- I. **List of Advisors:** Provide a complete list of all advisors, including, without limitation, legal, financial and technical professionals, consultants and other service providers to be used in the transaction. This list must be updated throughout the course of the transaction process as advisors are added, removed or changed.
- J. **Compliance with Regulatory Requirements:** Provide record of compliance with environmental and OSHA regulations for comparable parking facilities. Include a record of any relevant criminal investigation or conviction, material pending litigation, regulatory or civil enforcement action ordered, pending or settled at any local, state, or federal level.
- K. **References:** Provide at least three references from governmental units.
- L. **Financial Capability:** Discuss your capability to raise the funds necessary to make an immediate upfront payment and/or annual or other periodic payments during the term of the Agreement. Outline your proposed plan of finance. If you propose to finance any portion of your proposed transaction, provide three years of audited financial statements and most recent rating agency reports, if available, in an appendix, and outline your proposed plan of finance. If applicable, discuss your financial capability to operate the Parking Assets.

- M. Insurance: Provide evidence of Interested Party's ability to obtain adequate insurance.
- N. Due Diligence: Outline any due diligence process that you may request.
- O. Procurement Schedule: Provide comments on the Procurement Schedule presented in Section 4.2, and your ability to comply with such Schedule.
- P. Conflicts of Interest: Discuss any conflicts of interest or potential or perceived conflicts of interest that may arise from your purchase or lease of the Parking Assets, and how you would propose to resolve them.
- Q. Executed confidentiality agreement in the form attached at Exhibit I, if not previously provided.

3.2 Submission Requirements for Selected Interested Parties

Upon selection as a Selected Interested Party, each Selected Interested Party may be requested to provide the following, which will form the bases for negotiations. The Receiver reserves the right to request of all Selected Interested Parties any additional information believed to be relevant to successful negotiations. Timing and deadlines will be set in the Receiver's discretion. The Receiver reserves the right to disqualify any previously designated Selected Interested Party in his sole discretion if the Receiver determines that such party failed to disclose material information or if any concerns arise with respect to its integrity or reputation.

- A. Detailed Term Sheet: Provide a detailed term sheet containing the key terms, conditions and assumptions for the purchase, long-term lease or other proposed structure for monetizing the Parking Assets. All benefits to be derived should be described in detail and an estimate of the value should be included, to the extent possible. Discuss major uncertain items that may affect the price, including disposition of liabilities and any other item or issue that could have an impact in excess of \$500,000.
- B. Upfront and/or Annual Payments: Based on the terms and assumptions in the detailed term sheet, provide an estimate of upfront and/or annual or other periodic payments during the term of the Agreement you would be prepared to make, which is subject to negotiation of the terms and conditions and the results of your due diligence. Also indicate the extent to which any of such payments are guaranteed and by whom and the nature of financial assurance that will stand behind the guaranty. For payments which are projected and not guaranteed, provide cash flows, sources and uses of funds and assumptions that support those projections.
- C. Operational Capabilities: Explain your technical approach to operating the Parking Assets if that is proposed. This can include statements regarding operations and maintenance, capital improvements and parking technology and parking enforcement.
- D. Labor: Describe your plans for supplying the labor needed to manage and operate the Parking Assets.

- E. **Conceptual Approach:** Based on the financial and technical approach, provide a conceptual description of the structure of the monetization and operational transaction that you would propose. Explain the division of labor and nature of the relationship between the employees that would perform the monetization and operational aspects of the proposed transaction.
- F. **Cash Flow:** Submit a financial model(s) that provides detailed lifecycle cash flows, including all fees, incentives, interest and cost of money charges and other payments which, directly or indirectly, will be paid to, or for the benefit of, the Selected Interested Party or any affiliate.
- G. **Disadvantaged Businesses/Small Businesses in Enterprise Zones:** It is the intent of the Receiver that small disadvantaged businesses or small businesses located in enterprise zones have the maximum opportunity to participate in any proposed transaction or in the performance of contracts in connection with a proposed transaction. Those programs are further defined in Sections 5.5 and 5.6 of this RFQ. Any Agreement will include a requirement that there be no discrimination on the basis of race, color, ethnicity, national origin, religion, creed, sex or sexual orientation in connection with the award or performance of any contract pursuant to the proposed transaction. Describe participation or anticipated participation by small disadvantaged businesses or small businesses located in enterprise zones in your proposed transaction.
- H. **Additional Information:** From time to time, such additional information as is deems relevant and material may be requested.

3.3 Evaluation Procedures and Criteria for Selection of Party for Final Negotiations

Upon completion of any due diligence, submission of information under Section 3.2 and negotiations conducted by the Receiver with the Selected Interested Parties, the Receiver may, but is not required to, request submission in writing of final provisions regarding the proposed transaction from the Selected Interested Parties. The timing of any such request is within the discretion of the Receiver. The Receiver will review the results of the negotiations, the information provided the Receiver by the Selected Interested Parties under Sections 3.1 and 3.2 of this RFQ, any final provisions with respect to the proposed transactions, and any other information the Receiver deems relevant to selection of the successful offeror and determine, in its sole discretion, which proposed transaction presents the best overall value to the Receiver on behalf of the City considering such factors as:

Technical Capability

- a. Operations and Maintenance
- b. Customer service
- c. Plan for labor
- d. Experience in capital improvements and parking technology
- e. Safety and security
- f. Parking enforcement

- g. Transition planning and execution
- h. Track record in cost control, revenue enhancement and facility profitability
- i. Other suggestions that would produce additional revenues from the covered assets

Financial Value and Capability

- a. The present value of any proposed upfront, annual or other periodic payments during the term of the Agreement, capital improvements and automation and/or service of residual debt
- b. Ability to make any upfront payment, annual or other periodic payments during the term of the Agreement, capital improvements and automation and/or service of residual debt
- c. Ability to raise financing without contingencies and provide evidence that any financing is supported by a recognized and reputable party
- d. Ability to provide adequate sources of operating capital for a parking operation similar in size and scope to the subject transaction (if applicable)

Disadvantaged Business/Small Businesses

- a. Plan for participation of Disadvantaged Small Businesses and small businesses in enterprise zones (see Sections 5.5 and 5.6)
- b. Nature and extent of such participation

Technical Capability and Financial Value and Capability are of equal importance. A proposed transaction that is evaluated lower in Technical Capability but higher in Financial Value and Capability or a proposed transaction that is evaluated higher in Technical Capability but lower in Financial Value and Capability may be selected. The quality and extent of the plan for participation will be given appropriate and significant consideration in evaluation of proposals. As previously noted, the Receiver has the responsibility to make decisions about various City assets and operational issues and the Receiver intends to reach final decisions with respect to this RFQ by applying criteria that benefit the overall operating revenues and debt structure of the City and the HPA.

Information submitted by Interested Parties will be confidential, to the extent permitted by law. The Receiver will take the position that information submitted by Interested Parties and Selected Interested Parties is “financial information of a bidder or offeror requested in an invitation for bid or request for proposals to demonstrate the bidder’s or offeror’s economic capability,” and that such information is exempt from disclosure under the Pennsylvania Right to Know Law. However, the Receiver cannot guarantee the success of the assertion of that exemption in response to a request for access to such information nor will the Receiver defend any legal challenge to that position unless the relevant Interested Party or Selected Interested Party indemnifies the Receiver and pays the costs of defense.

4. RFQ SUBMISSION INSTRUCTION AND SCHEDULE

4.1 Submission Instructions

Three hard copies of the SOQ should be delivered to Fred Reddig at the address shown below no later than 4:00 p.m. Eastern Standard Time, March 12, 2012. Responses may not be submitted via facsimile.

Fred A. Reddig
Executive Director
Governor's Center for Local Government Services
Department of Community & Economic Development
Commonwealth Keystone Building
400 North Street, 4th Floor
Harrisburg, PA 17120-0225

One electronic copy in Adobe PDF format of the complete submission should be sent via e-mail to:

freddig@pa.gov

Receipt of each submission will be acknowledged to the Contact Person by e-mail.

Interested Parties are further advised that questions from prospective Interested Parties will be received by the Receiver promptly after issuance of this RFQ, but not later than February 20, 2012 and that the Receiver intends to respond to all appropriate questions no later than February 27, 2012.

4.2 Preliminary Procurement Schedule

The intent of this RFQ is to have a final, signed agreement in place and closed by June 15, 2012, although this date is subject to change. All other dates or deadlines indicated below are subject to change. Notice of changes to the below schedule will be provided to all Interested Parties or Selected Interested Parties, as the case may be. Interested Parties and Selected Interested Parties should be prepared to respond to all communications on an expedited basis.

Issue RFQ	February 9, 2012
Open Electronic Data Base for Preliminary Due Diligence	February 15, 2012
Receive Questions from Potentially Interested Parties	February 20, 2012
Respond to Questions from Potentially Interested Parties	February 27, 2012
Final Date for Receipt of SOQs	March 12, 2012
Identify Selected Interested Parties	March 16, 2012
Final Date for Receipt of Section 3.2 Submissions by Selected Interested Parties	March 30, 2012

Additional Due Diligence and Negotiations with Selected Interested Parties	March 31 – April 26, 2012
Select Successful Selected Interested Party	April 27, 2012
Execute Final Agreement and submittal of all required deposits/financial assurances	June 1, 2012
Close Transaction Including Funding	June 15, 2012

5. ADDITIONAL RFQ PROVISIONS

5.1 Antibid-Rigging

Bid-rigging, collusion or any other anticompetitive activity is prohibited under the Pennsylvania Procurement Act (62 Pa. Cons. Stat. § 562; 62 Pa. Cons. Stat. § 4501 *et seq.*).

5.2 No Suspension or Debarment

By submitting the SOQ pursuant to Section 3.1 or a proposal pursuant to Section 3.2 (Selected Interested Party) of this RFQ, the party submitting the information certifies that neither it nor those within its Organizational Structure (see Section 3.1.F) are under suspension or debarment by any governmental entity, instrumentality, or authority.

5.3 No Gratuities

Interested Parties and Selected Interested Parties shall not offer, give, or agree or promise to give any gratuity to any representative of the Receiver or to any other person acting at the direction or request of the Receiver or any of his representatives. “Gratuity” means tendering, giving or providing anything of more than nominal monetary value including, but not limited to, cash, travel, entertainment, gifts, meals, lodging, loans, subscriptions, advances, deposits of money, services, employment, or contracts of any kind.

5.4 No Pecuniary Benefit

An Interested Party or Selected Interested Party shall not, directly or indirectly, offer, confer, or agree to confer any pecuniary benefit on anyone as consideration for the decision, opinion, recommendation, vote, other exercise of discretion, or violation of a known legal duty by the Receiver in connection with this RFQ.

5.5 Disadvantaged Business Information

The Receiver encourages participation by Small Disadvantaged Businesses as principals, consortium members or subcontractors/suppliers and by socially disadvantaged businesses as principals.

Small Disadvantaged Businesses are small businesses that are owned or controlled by a majority of persons, not limited to members of minority groups, who have been deprived of the opportunity to develop and maintain a competitive position in the economy because of social disadvantages. The term includes:

- a. Department of General Services Bureau of Minority and Women Business Opportunities (BMWBO)-certified minority business enterprises (MBEs) and women business enterprises (WBEs) that qualify as small businesses; and

- b. United States Small Business Administration-certified 8(a) Small Disadvantaged Business concerns.
- c. Businesses that BMWBO determines meet the Small Business Administration criteria for designation as a Small Disadvantaged Business.

Small businesses are businesses in the United States that are independently owned, are not dominant in their field of operation, employ no more than 100 full-time or full-time equivalent persons and earn less than \$20 million in gross annual revenues (\$25 million in gross annual revenues for those businesses in the information technology sales or service business).

Socially disadvantaged businesses are businesses in the United States that BMWBO determines are owned or controlled by a majority of persons, not limited to members of minority groups, who are subject to racial or ethnic prejudice or cultural bias, but which do not qualify as small businesses. In order for a business to qualify as “socially disadvantaged,” the Contractor must include in its proposal clear and convincing evidence to establish that the business has personally suffered racial or ethnic prejudice or cultural bias stemming from the business person’s color, ethnic origin or gender.

A database of minority and women-owned businesses certified by the Bureau of Minority and Women Business Opportunities of the Pennsylvania Department of General Services is located at <http://www.dgsweb.state.pa.us/mbewbe/VendorSearch.aspx>.

A federal vendor database can be accessed at <http://www.ccr.gov> by clicking on *Dynamic Small Business Search* (certified companies are so indicated).

5.6 Information Concerning Small Businesses in Enterprise Zones

The Receiver encourages participation by small businesses, whose primary or headquarters facility is physically located in areas the Commonwealth has identified as Designated Enterprise Zones, as principals, consortium members or subcontractors/suppliers and by socially disadvantaged businesses as principals.

The definition of headquarters includes, but is not limited to, an office or location that is the administrative center of a business or enterprise where most of the important functions of the business are conducted or concentrated and location where employees are conducting the business of the company on a regular and routine basis so as to contribute to the economic development of the geographical area in which the office or business is geographically located.

Small businesses are businesses in the United States that are independently owned, are not dominant in their field of operation, employ no more than 100 full-time or full-time equivalent persons and earn less than \$20 million in gross annual revenues (\$25 million in gross annual revenues for those businesses in the information technology sales or service business).

EXHIBIT I

Form of Confidentiality Agreement

Effective Date: _____, 2012

[Insert name, address and contact information
of potential transaction party]

Ladies and Gentlemen:

In connection with your consideration of a potential acquisition, lease or other strategic transaction (the "Transaction") with the Receiver for the City of Harrisburg ("Receiver") involving certain assets (the "Parking Assets") of the Harrisburg Parking Authority (the "HPA"), you have requested the right to review certain non-public information regarding the HPA and the Parking Assets (herein referred to as the "Confidential Information"). In consideration of our furnishing you with the Confidential Information, and as a condition to such disclosure, you agree as follows:

1. The Confidential Information will be used by you solely for the purpose of your evaluation of the desirability of your entering into a Transaction with the Receiver involving the Parking Assets, and for no other purpose.
2. You agree that you (including your shareholders, officers, employees, and agents) shall keep all Confidential Information secret and confidential and shall not, without the prior written consent of the Receiver, disclose it to anyone except to a limited group of your own employees, directors, officers, agents and outside advisors ("Representatives") who are actually engaged in, and need to know such Confidential Information to perform, the evaluation referred to above, each of whom must be advised of the confidential nature of the Confidential Information and of the terms of this Agreement and must agree to abide by such terms by executing a copy of this Agreement. In any event, you agree to undertake reasonable precautions to safeguard and protect the confidentiality of the Confidential Information, to accept responsibility for any breach of this letter agreement by any of your Representatives, and at your sole expense to take all reasonable measures to restrain your Representatives from prohibited or unauthorized disclosure or uses of the Confidential Information.
3. Upon any termination of your evaluation of pursuing a transaction with the Receiver or upon notice from the Receiver to you (i) you will immediately either return or destroy (including, to the extent practicable, expunging all such Confidential Information from any computer, word processor or other device containing such information) the Confidential Information which is in tangible form, including any copies which you may have made, and you will destroy (including, to the extent practicable, expunging all such Confidential Information from any computer, word processor or other device containing such information)

all abstracts, summaries thereof or references thereto in your documents, and certify to the Receiver in writing that you have done so, and (ii) neither you nor your Representatives will ever use any of the Confidential Information with respect to, or in furtherance of, your business, any of their respective businesses, or in the business of anyone else, whether or not in competition with the HPA or the Receiver, or for any other purpose whatsoever. No such termination will affect your obligations hereunder or those of your Representatives.

4. Confidential Information includes not only written information but also information transferred orally, visually, electronically, or by any other means and through any form of media. Confidential Information includes all analyses, compilations, forecasts, studies or other documents prepared by you or your Representatives in connection with your evaluation of pursuing a Transaction. Confidential Information need not be marked as “confidential” and may include any information that a reasonable person would expect be kept confidential. Confidential Information does not include any information which was publicly available prior to your receipt of such information or thereafter became publicly available (other than as a result of disclosure by you or any of your Representatives). Information shall be deemed “publicly available” if it becomes a matter of public knowledge or is contained in materials available to the public or is obtained by you or your Representatives from any source other than the Receiver or its representatives, including, without limitation, the financial advisor; provided, that such source is not to your knowledge prohibited from disclosing such information by a legal, contractual or fiduciary obligation to the Receiver and/or the HPA and did not obtain the information from an entity or person prohibited from disclosing such information by a legal, contractual or fiduciary obligation to the Receiver and/or the HPA.

5. You understand that we have endeavored to include in the Confidential Information those materials which we believe to be reliable and relevant for the purpose of your evaluation, but you acknowledge that neither the Receiver nor the financial advisor, nor any of their respective representatives, makes any representation or warranty, express or implied, at law or in equity, as to the accuracy or completeness of the Confidential Information, or any other information furnished to you, and you agree that such persons shall have no liability to you or any of your Representatives resulting from any use of the Confidential Information or such other information. You understand and acknowledge that you may not rely on the accuracy or completeness of the Confidential Information and that you may rely solely on those representations and warranties, if any, that are made to you in a definitive agreement regarding the Transaction when, as and if it is executed, subject to such limitations and restrictions as may be specified in such definitive agreement. You acknowledge that the Receiver and his representatives shall be free to take such actions regarding any possible Transaction and the dissemination of Confidential Information that they, in their sole discretion, shall determine including, without limitation, negotiating with any other party and entering into a definitive transaction agreement with any other party without prior notice to you or any other person or discontinuing discussions or negotiations with you or any other party at any time for any reason or for no reason. You understand that the Confidential Information is not being furnished for use in an offer or sale of securities of the Receiver or the HPA and is not designed to satisfy the requirements of federal or state securities laws in connection with any offer or sale of such securities to you.

6. In the event that you or any of your Representatives is requested in any proceeding to disclose any of the Confidential Information, you will provide the Receiver with prompt prior written notice so that the Receiver may seek a protective order or other appropriate remedy and/or waive compliance with the provisions of this Agreement. In the event that the

Receiver is unable to obtain such protective order or other appropriate remedy, you will furnish only that portion of the Confidential Information which you are advised by a written opinion of counsel is legally required, you will give the Receiver written notice of the information to be disclosed as far in advance as practicable, and you will exercise your best efforts to obtain a protective order or other reliable assurance that confidential treatment will be accorded the Confidential Information so disclosed.

7. To the extent that any Confidential Information may include materials subject to the attorney-client privilege, work product doctrine or any other applicable privilege concerning pending or threatened legal proceedings or governmental investigations, you and the Receiver understand and agree that you and the Receiver have a commonality of interest with respect to such matters and it is the Receiver's and your desire, intention, and mutual understanding that the sharing of such material is not intended to, and shall not, waive or diminish in any way the confidentiality of such material or its continued protection under the attorney-client privilege, work product doctrine or other applicable privilege. All Confidential Information provided that is entitled to protection under the attorney-client privilege, work product doctrine or other applicable privilege shall remain entitled to such protection under these privileges, this agreement, and under the joint defense doctrine.

8. The fact that such Confidential Information has been delivered to you, that discussions or negotiations have occurred or are occurring with you regarding a possible Transaction, and the status of any such discussions or negotiations, are considered Confidential Information for purposes of this Agreement until such time as, and then only to the extent that, the Receiver or the HPA makes such information public.

9. Unless you consummate a Transaction with the Receiver, you agree that for a period of one (1) year, you will not, directly or indirectly, solicit for employment (a) any senior management or (b) any employee of the HPA (or agents and representatives of the Receiver) with whom you have had contact or who became known to you in connection with your evaluation of a possible Transaction. Such one-year period shall be measured from, and expire one year following, the later of (i) the date of this letter agreement or (ii) the date of last contact by you or any of your Representatives with any officer or employee for purposes hereof.

10. During the course of your evaluation, all inquiries and other communications are to be made directly to the Fred Reddig, the designee of the Receiver. Accordingly, you agree not to directly or indirectly contact or communicate with any executive or other employee of the HPA (or agents and representatives of the Receiver) concerning a possible Transaction, or to seek any information in connection therewith or about the Receiver or the HPA from such person, without the express written consent of the Receiver.

11. Notwithstanding anything provided herein and any express or implied claim of exclusivity or proprietary rights, each party hereto hereby authorizes each other party hereto (and each of their representatives) to disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the transactions contemplated hereby and all materials of any kind (including opinions and other tax analyses) that are provided to any of them relating to such tax treatment and tax structure. For purposes hereof, "tax treatment" means the purported or claimed U.S. federal income tax treatment of the transaction and "tax structure" means any fact that may be relevant to understanding the purported or claimed U.S. federal income tax treatment of the transaction.

12. Without impairing any other provision hereof, you will promptly advise the Receiver of any prohibited disclosure or other breach of this Agreement.

13. You understand and agree that money damages would not be a sufficient remedy for any breach of this Agreement by you or your Representatives, and that the Receiver, its agents and representatives shall be entitled to specific performance and/or injunctive relief as a remedy for any such breach. Such remedy shall not be deemed to be the exclusive remedy for any such breach of this Agreement but shall be in addition to all other remedies available at law or in equity. You further agree that no failure or delay by the Receiver or its representatives in exercising any right, power or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any right, power or privilege under this Agreement.

14. Nothing in this Agreement shall impose any obligation upon you or us to consummate a Transaction or to enter into any discussion or negotiations with respect thereto.

15. Should any one or more of the provisions of this letter agreement be found to be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby. In addition, if any provision of this letter agreement shall be found to be invalid, illegal or unenforceable under applicable law, such provision shall be deemed to be modified to the minimum extent necessary to make such provision legal, valid and enforceable.

16. This agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania, applicable to contracts made and to be performed therein. The parties hereto irrevocably and unconditionally consent to and submit to the exclusive jurisdiction of, and venue in, the courts of the Commonwealth of Pennsylvania located in the City of Harrisburg, Pennsylvania and of the United States of America located in the City of Harrisburg, Pennsylvania for any actions, suits or proceedings arising out of or relating to this agreement and the transactions contemplated hereby.

[next page is signature page]

If you are in agreement with the foregoing, please sign and return the enclosed copy of this letter which will constitute our agreement with respect to the subject matter of this letter as of the date first above written.

Very truly yours,

RECEIVER FOR THE CITY OF HARRISBURG
By his Authorized Representative:

Name

Title

AGREED AND ACCEPTED TO:
[Name of Interested Party]

By: _____

Its: _____