

## NEW ISSUE

**STANDARD & POOR'S RATING: "AA-/A-1+"**  
**(See "RATING" herein)**

*In the opinion of Bond Counsel, assuming compliance by the Authority and the Borrower with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under existing law as currently enacted and construed (except for any Bond held by a "substantial user" or a "related person" within the meaning of the Internal Revenue Code of 1986, as amended). Interest on the Bonds is an item of tax preference for purposes of either individual or corporate alternative minimum tax; moreover, interest on the Bonds may be subject to certain other taxes imposed on certain taxpayers as more fully described under the heading "TAX MATTERS" herein. Under the laws of the Commonwealth of Pennsylvania, as currently enacted and construed, the Bonds are exempt from personal property taxes in the Commonwealth of Pennsylvania and the interest on the Bonds is exempt from Commonwealth of Pennsylvania personal income tax and corporate net income tax.*

**\$2,500,000**

### **PENNSYLVANIA ECONOMIC DEVELOPMENT FINANCING AUTHORITY**

#### **Economic Development Revenue Bonds**

#### **2008 Series A1**

**(North American Communications, Inc. Project)**

Dated: Date of Issuance  
Due: April 1, 2015

Price: 100%

Pennsylvania Economic Development Financing Authority (the "Authority") will issue the Bonds in one (1) series designated Economic Development Revenue Bonds, 2008 Series A1 (North American Communications, Inc. Project) (the "Bonds"). The Bonds will be in denominations of \$100,000 or any whole multiple thereof. The Bonds will be registered in the name of Cede & Co. as the registered owner and nominee for The Depository Trust Company ("DTC"), New York, New York. The principal of and premium, if any, on the Bonds will be payable to the registered owner at the designated corporate trust office of The Bank of New York Trust Company, N.A., a national banking association, trustee (the "Trustee") for the Bonds.

The Bonds shall bear interest at a Weekly Rate, as described herein, with interest payable monthly on the first Business Day of each calendar month, commencing May 1, 2008 by the Trustee to the registered owner by check or draft. The Weekly Rate borne by the Bonds will never exceed 15% per annum.

The Bonds are payable solely from, and are secured by an assignment and a pledge of, payments and other revenues to be received by the Authority under a Loan Agreement between the Authority and North American Communications, Inc., a Pennsylvania corporation (the "Borrower"), and from Bond proceeds and other moneys pledged therefor under a Trust Indenture between the Authority and the Trustee pursuant to which the Bonds are issued and secured, and, from the date of original issuance of the Bonds through the Expiration Date described below, from funds drawn under an irrevocable Letter of Credit issued with respect to the Bonds by

### **PNC BANK, NATIONAL ASSOCIATION**

a national banking association, Pittsburgh, Pennsylvania (the "Bank").

The Letter of Credit relating to the Bonds will permit the Trustee to draw under such Letter of Credit, subject to the terms and conditions thereof, with respect to the Bonds up to (a) an amount equal to the outstanding principal amount of the Bonds (i) to pay the principal of the Bonds when due at maturity, redemption or acceleration and (ii) to pay the portion of the purchase price of Bonds tendered to it and not remarketed corresponding to the principal of such Bonds, plus (b) an amount equal to 60 days' interest on the Bonds at the rate of 15% per annum (i) to pay interest on the Bonds when due and (ii) to pay the portion of the purchase price of Bonds tendered to it and not remarketed corresponding to the accrued interest on such Bonds. The Letter of Credit with respect to the Bonds will expire on August 15, 2011 or on the earlier occurrence of certain events described herein and may be extended or replaced as described herein.

Bonds will be purchased, at the option of the holder thereof, at the principal amount thereof, plus accrued interest, if any, at the times and subject to the conditions described herein. The Bonds are subject to mandatory purchase and to optional and mandatory redemption by the Authority prior to maturity as described herein.

**THE BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY AND ARE PAYABLE SOLELY FROM THE SOURCES REFERRED TO IN THE TRUST INDENTURE PURSUANT TO WHICH THE BONDS ARE ISSUED AND SECURED, AND THE BONDS SHALL NOT BE OR BE DEEMED AN OBLIGATION OF THE COMMONWEALTH OF PENNSYLVANIA OR ANY POLITICAL SUBDIVISION THEREOF. NEITHER THE COMMONWEALTH OF PENNSYLVANIA NOR ANY POLITICAL SUBDIVISION THEREOF IS OR SHALL BE OBLIGATED TO PAY THE PRINCIPAL OR PURCHASE PRICE OF OR PREMIUM, IF ANY, OR INTEREST ON THE BONDS, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COMMONWEALTH OF PENNSYLVANIA OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO SUCH PAYMENT. THE AUTHORITY HAS NO TAXING POWER.**

The Bonds are being offered on the basis of the financial strength of the Bank and not on the financial strength of the Authority, the Borrower or the Participating Bank, as defined herein, or other security. This Official Statement does not describe the financial condition of the Authority, the Borrower or the Participating Bank.

The Bonds are offered when, as and if issued by the Authority, subject to prior sale, withdrawal or modification of the offer without any notice and to the approving opinion of Buchanan Ingersoll & Rooney PC, Pittsburgh, Pennsylvania, Bond Counsel. Certain legal matters will be passed upon for PNC Capital Markets LLC, as Underwriter, by its counsel, Eckert Seamans Cherin & Mellott, LLC, Pittsburgh, Pennsylvania. Certain legal matters will be passed upon for the Borrower by its counsel listed in Appendix A. Certain legal matters will be passed upon for the Authority by the Office of Chief Counsel, Department of Community and Economic Development, Harrisburg, Pennsylvania. Certain legal matters with respect to the Letter of Credit relating to the Bonds will be passed upon for the Bank by its counsel, Tucker Arensberg, P.C., Pittsburgh, Pennsylvania. It is expected that Bonds in definitive form will be delivered to the Trustee, as custodian for DTC, on or about April 10, 2008.



The date of this Official Statement is April 2, 2008.

This Official Statement does not constitute an offering of any security, other than the original offering of the Bonds identified on the cover hereof. No dealer, broker, salesman or other person has been authorized by the Authority, the Borrower, the Bank or the Underwriter to give any information or to make any representation other than those contained in this Official Statement, and if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, and there shall not be any sale of the Bonds by any person in any jurisdiction in which it is unlawful to make such offer, solicitation, or sale. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor the sale of the Bonds shall, under any circumstances, create any implication that the information herein is correct as of any time subsequent to the date hereof.

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## OFFICIAL STATEMENT SUMMARY

The following is a summary of certain information contained in this Official Statement, to which reference should be made for a complete statement thereof. The Bonds are offered to potential investors only by means of the entire Official Statement, including the cover page and reverse thereof, this Summary and the Appendices to the Official Statement. No person is authorized to detach this Summary from the Official Statement or otherwise use it without the entire Official Statement, including the cover page and reverse thereof, this Summary and the Appendices.

### The Authority

Pennsylvania Economic Development Financing Authority has been formed to provide financing for qualifying projects in Pennsylvania within the meaning of the Pennsylvania Economic Development Financing Law, as amended (the "Act"). The Authority has all necessary power and authority to issue its limited obligation revenue bonds to make loans to finance qualified projects authorized and approved by local industrial and commercial development authorities, industrial development agencies or certain other governmental entities.

### The Trustee

The Authority has appointed The Bank of New York Trust Company, N.A., a national banking association, Philadelphia, Pennsylvania, to serve as the Trustee under the Trust Indenture.

### The Bank

PNC Bank, National Association, a national banking association, Pittsburgh, Pennsylvania, will provide the Letter of Credit described below.

### The Remarketing Advisor

The Authority has appointed PNC Capital Markets LLC to serve as the Remarketing Advisor under the Trust Indenture.

### The Bonds

The Bonds are issued and secured pursuant to a Trust Indenture. The Bonds are subject to optional and mandatory redemption and optional and mandatory purchase. The proceeds of the sale of the Bonds will be used to fund a loan to the Borrower, more fully described in Appendix A hereto, to finance the Project of the Borrower as described in Appendix A hereto and to finance costs of issuance of the Bonds.

**THE BONDS ARE BEING MARKETED AND SOLD ON THE BASIS OF THE LETTER OF CREDIT AND THE FINANCIAL STRENGTH OF THE BANK AND NOT ON THE BASIS OF THE CREDIT OF THE BORROWER, THE FINANCIAL VIABILITY OF THE BORROWER'S PROJECT OR THE CREDIT OF THE PARTICIPATING BANK (AS DEFINED HEREIN).**

The Depository Trust Company ("DTC") will act as securities depository for the Bonds, and the Bonds will be registered in the name of Cede & Co., as registered owner and nominee for DTC. Individual purchases of Bonds will be made in book-entry form, in the authorized denomination of \$100,000 or any integral multiple thereof, with a minimum initial purchase of \$100,000 per investor. So long as Cede & Co. or any successor nominee of DTC is the registered owner of the Bonds, references herein to the Bondholders, Holders, holders, owners or registered owners shall mean Cede & Co., or such successor nominee, and shall not mean the Beneficial Owners (hereinafter defined) of the Bonds (except in the definition of "Determination of Taxability"). Principal of and interest on the Bonds are payable by the Trustee, to Cede & Co., as nominee for DTC, which will, in turn, remit such principal and interest to the DTC Participants for subsequent disbursement to the Beneficial Owners. (See "THE BONDS -- Book Entry Only System" herein).

### Security for Bonds

The Bonds are limited obligations of the Authority payable solely from pledged revenues and other moneys held for that purpose under the Trust Indenture and from amounts drawn under the Letter of Credit issued by PNC Bank, National Association with respect to the Bonds. The Letter of Credit relating to the Bonds will permit the Trustee to draw, subject to the terms and conditions thereof, an amount with respect to the Bonds up to (a) an amount equal to the outstanding principal amount of the Bonds (i) to pay the principal amount of the Bonds when due at maturity, upon redemption or acceleration and (ii) to pay the portion of the purchase price of Bonds tendered to it and not remarketed corresponding to the principal amount of such Bonds, plus (b) an amount equal to 60 days' interest on the Bonds at the rate of 15% per annum (i) to pay interest on the Bonds when due and (ii) to pay the portion of the purchase price of Bonds tendered to it and not remarketed corresponding to the accrued interest on such Bonds. The Letter of Credit with respect to the Bonds will expire at the earliest to occur of (i) August 15, 2011, unless it is extended by the Bank in its sole discretion, (ii) the date of payment of a final drawing under the Letter of Credit, (iii) the date on which the Bank receives a certificate from the Trustee to the effect that there are no Bonds outstanding other than Bonds secured by an Alternate Letter of Credit, or (iv) the date on which the Letter of Credit is surrendered to the Bank by the Trustee for cancellation. (See "SECURITY AND SOURCES OF PAYMENT FOR BONDS" herein.)

**THE BONDS SHALL NOT BE OR BE DEEMED AN OBLIGATION OF THE COMMONWEALTH OF PENNSYLVANIA OR ANY POLITICAL SUBDIVISION THEREOF. NEITHER THE COMMONWEALTH OF PENNSYLVANIA NOR ANY POLITICAL SUBDIVISION THEREOF IS OR SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF OR PREMIUM, IF ANY, OR INTEREST ON THE BONDS, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COMMONWEALTH OF PENNSYLVANIA OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO SUCH PAYMENT. THE AUTHORITY HAS NO TAXING POWER.**

### Redemption and Purchase Provisions

The Bonds are subject to optional and mandatory redemption and optional and mandatory purchase as set forth herein. (See "THE BONDS -- Redemption Prior to Maturity," "THE BONDS -- Purchase of Bonds on Demand of Owners" and "THE BONDS -- Mandatory Purchase of Bonds" herein.)

### Purchase of Bonds on Demand of Owners

Upon compliance with certain conditions as herein described, Bonds will be purchased upon the demand of the Beneficial Owner thereof at a purchase price equal to the principal amount thereof plus accrued interest, if any, to the date of purchase, which date of purchase shall be a Business Day determined by such Beneficial Owner and shall not be earlier than the seventh day after the date of delivery of an irrevocable Bondholder Tender Notice by the Beneficial Owner to the Trustee and to the Remarketing Advisor, as herein described.

### Interest Rate on Bonds

The Bonds shall bear interest at a Weekly Rate established by the Remarketing Advisor in the manner herein described. Interest at the Weekly Rate is payable monthly on the first Business Day of each calendar month, commencing May 1, 2008. The maximum interest rate permitted for the Bonds is 15% per annum.

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OFFICIAL STATEMENT

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\$2,500,000

Pennsylvania Economic Development  
Financing Authority

Economic Development Revenue Bonds  
2008 Series A1  
(North American Communications, Inc. Project)

INTRODUCTORY STATEMENT

This Official Statement, including the cover page, the table of contents page, the Official Statement Summary and the Appendices, is provided to furnish information with respect to Economic Development Revenue Bonds, 2008 Series A1 (North American Communications, Inc. Project) in the aggregate principal amount of \$2,500,000 (the “Bonds”) being issued by the Pennsylvania Economic Development Financing Authority (the “Authority”). The Bonds are being issued pursuant to a Trust Indenture dated as of April 1, 2008 (the “Indenture”) between the Authority and The Bank of New York Trust Company, N.A., a national banking association, as trustee (the “Trustee”), which Indenture incorporates the applicable Standard Provisions for Trust Indentures relating to bonds of the Authority such as the Bonds. The Bonds will initially be dated the date of their original issuance and initial authentication and delivery to the initial purchasers thereof (the “Series Issue Date”), will mature on the date set forth on the cover page hereof and will be subject to redemption prior to maturity as described herein under “THE BONDS -- Redemption Prior to Maturity”.

The Authority will issue the Bonds for the benefit of North American Communications, Inc. (the “Borrower”), a Pennsylvania corporation. The Authority will loan the proceeds of the Bonds to the Borrower pursuant to a Loan Agreement dated as of April 1, 2008 (the “Loan Agreement”). The proceeds of the Bonds will be used to provide funds to finance the project of the Borrower described in Appendix A hereto (the “Project”) and to finance costs of issuance of the Bonds. The Borrower, the uses of the proceeds of the Bonds and the Project are described in Appendix A hereto.

The Bonds are limited obligations of the Authority, and the principal thereof and premium, if any, and interest thereon will be payable solely from the revenues and other moneys assigned and pledged by the Indenture to secure such payment, including (i) the loan payments required to be made by the Borrower under the Loan Agreement and (ii) moneys and obligations held by the Trustee in certain funds established under the Indenture. (See “SECURITY AND SOURCES OF PAYMENT FOR BONDS” herein.)

The Bonds will be secured by a Letter of Credit (the “Letter of Credit”) issued by PNC Bank, National Association, a national banking association, Pittsburgh, Pennsylvania (the “Bank”). The Letter of Credit will authorize the Trustee to draw, subject to the terms and conditions of the Letter of Credit, amounts with respect to the Bonds up to (a) the outstanding principal amount of the Bonds (i) to pay the principal amount of the Bonds when due at maturity, upon redemption or acceleration and (ii) to pay the portion of the purchase price of Bonds tendered to it and not remarketed equal to the principal amount of such Bonds, plus (b) an amount equal to 60 days’ interest on the Bonds at the maximum rate of 15% per annum (i) to pay interest on the Bonds when due and (ii) to pay the portion of the purchase price of Bonds tendered to it and not remarketed equal to the accrued interest on such Bonds. The Letter of Credit will expire on August 15, 2011, or on the earlier occurrence of certain events described herein, and may be extended or replaced as described herein. (See “THE LETTER OF CREDIT” herein.)

The Letter of Credit will be issued pursuant to a Participation and Reimbursement Agreement (the "Participating Bank Agreement") between the Bank and First Commonwealth Bank of Johnstown, Pennsylvania (the "Participating Bank"), the bank serving as the participating bank with respect to the Bonds, under which the Participating Bank will be obligated to reimburse the Bank, with interest, for all draws under the Letter of Credit. The Borrower will enter into a Reimbursement Agreement dated as of April 1, 2008 (the "Reimbursement Agreement") with the Participating Bank, pursuant to which the Borrower will be obligated to reimburse the Participating Bank, with interest, for all payments made by the Participating Bank to the Bank under the Participating Bank Agreement. The account party on the Letter of Credit shall be the Participating Bank.

The Bonds shall bear interest at a Weekly Rate. The registered owners of Bonds have the right to tender Bonds for purchase, at a price equal to the principal amount thereof plus accrued interest, on any Business Day upon written notice to the Trustee and the Remarketing Advisor described below at least seven (7) days prior to the Business Day on which such purchase is to be made. (See "THE BONDS -- Purchase of Bonds on Demand of Owners" herein.)

Weekly Rate interest on the Bonds will be paid on the first Business Day of each calendar month, commencing on May 1, 2008. Interest on the Bonds will accrue from and including the monthly Interest Payment Date in each calendar month to and including the day next preceding the next monthly Interest Payment Date at a Weekly Rate. The Weekly Rate for the Bonds will be computed by PNC Capital Markets LLC, as Remarketing Advisor (including any successor Remarketing Advisor acting in such capacity under the Indenture, the "Remarketing Advisor") for each Weekly Rate Period. The Weekly Rate will not exceed 15% per annum. (See "THE BONDS -- Interest on Bonds" herein.)

The Borrower has entered into a Remarketing Agreement dated as of April 1, 2008, relating to the Bonds (the "Remarketing Agreement") with the Remarketing Advisor, which requires the Remarketing Advisor to use its best efforts to arrange for the remarketing of Bonds at par plus accrued interest, if any, upon written notice and tender of such Bonds by the owner thereof. (See "THE BONDS -- Purchase of Bonds on Demand of Holders" and "THE REMARKETING AGREEMENT" herein.)

**THE BONDS ARE BEING OFFERED ON THE BASIS OF THE FINANCIAL STRENGTH OF PNC BANK, NATIONAL ASSOCIATION AND NOT ON THE FINANCIAL STRENGTH OF THE AUTHORITY, THE BORROWER, THE PARTICIPATING BANK OR OTHER SECURITY.**

There follow herein brief descriptions of the Authority and the Bonds, together with summaries of the Letter of Credit, the Participating Bank Agreement, the Reimbursement Agreement, the Remarketing Agreement, the Loan Agreement and the Indenture. Information regarding the Borrower, its Project and the use of proceeds of the Bonds is included in Appendix A hereto. Information regarding the Bank is included in Appendix B hereto. The description and summaries of the Letter of Credit, the Participating Bank Agreement, the Reimbursement Agreement, the Remarketing Agreement, the Loan Agreement, the Indenture and other documents contained herein do not purport to be comprehensive and are qualified in their entirety by reference to such documents, and all references to the Bonds are qualified in their entirety by the definitive form thereof included in the Indenture. Words and terms defined in such documents and not defined herein shall have the meanings set forth in such documents. Copies of such documents will be available for inspection during the initial offering period at the offices of PNC Capital Markets LLC (the "Underwriter"), One PNC Plaza, 249 Fifth Avenue, Pittsburgh, Pennsylvania 15222-2707, and will be available for inspection at the corporate trust office of the Trustee in Philadelphia, Pennsylvania.

#### THE AUTHORITY

Pennsylvania Economic Development Financing Authority is a public instrumentality and body corporate and politic of the Commonwealth of Pennsylvania created pursuant to the Pennsylvania Economic Development Financing Law (Act No. 102, approved August 23, 1967, P.L. 251, as amended, including the amendments effected by Act No. 48, approved July 10, 1987, P.L. 273 and Act No. 74, December 17, 1993, P.L. 490) (the "Act"), to provide financing for qualifying projects (including, without limitation, industrial facilities, commercial facilities, pollution control facilities and public facilities) in the Commonwealth of Pennsylvania. The Authority provides such financing by issuing its limited obligation revenue bonds to make loans to finance qualified projects authorized and approved by local industrial and commercial development authorities, industrial development agencies and certain other governmental entities. The Authority has approved the Project and authorized the issuance of the Bonds. The

Authority has full power and authority to issue the Bonds and to perform its obligations under the Indenture and the Loan Agreement. The Act provides that the Commonwealth of Pennsylvania will not limit or alter the rights vested in the Authority by the Act until the Bonds, together with the interest thereon, are fully discharged.

*[Remainder of page intentionally left blank]*

The Authority is governed by a Board of Directors composed of the Secretary of Community and Economic Development (who serves as Chairman), the Secretaries of Labor and Industry, Agriculture and Banking and eight members appointed by the Governor, subject to the advice and consent of the Senate of the Commonwealth of Pennsylvania, and four members appointed by the Majority Leader and the Minority Leader of the Senate and the House of Representatives of the Commonwealth of Pennsylvania. The current Board members, their terms of office, if applicable, and their principal occupations are as follows:\*

Honorable Dennis Yablonsky, CHAIRMAN  
Secretary of Community and  
Economic Development

George F. Komelasky  
Designated Term of Office expired November 26,  
2006\*\*

Honorable Dennis Wolff  
Secretary of Agriculture

Herb T. Vederman  
Designated Term of Office expired March 19, 2006\*\*

Honorable Sandi Vito  
Acting Secretary of Labor and Industry

Honorable Steven Kaplan  
Secretary of Banking

Sandor Yelen, Esquire  
Designated Term of Office expired November 9, 2003\*\*

William G. Brucker, Esquire  
Brucker, Schneider & Porter

Mark C. Schneider  
Designated Term of Office expires December 5, 2009

Stanley S. Cohen, Esquire  
Fox Rothschild LLP

Helen Billak  
Designated Term of Office expires January 20, 2008

Honorable Jane Earll, Chair  
Senate of Pennsylvania Community, Economic,  
and Recreational Development Committee

Nicholas S. Haden  
Designated Term of Office expired October 17, 2005\*\*

David Washburn  
Office of the Majority Leader, Pennsylvania  
House of Representatives

\*There are presently two vacancies on the Board.

\*\*Board Members whose terms have expired continue to serve until new members are appointed.

The Authority staff includes:

**Stephen M. Drizos, Executive Director**

Stephen M. Drizos is a veteran of the United States military. He was an officer in the Army and the Pennsylvania Army Reserve National Guard (PARNG). He joined the Commonwealth of Pennsylvania on February 9, 2004 as Director of the Center for Private Financing and was appointed Executive Director of the Pennsylvania Economic Development Financing Authority (PEDFA) on March 10, 2004. Mr. Drizos has also been appointed to the Pennsylvania Sustainable Energy Board, the Global Competitiveness Analysis, Strategy, and Marketing Work Plan Committee for the Commonwealth. He is also currently a member of the Issuer Advisory Group of the Municipal Securities Rulemaking Board (MSRB), which develops rules regulating securities firms and banks involved in underwriting, trading, and selling municipal securities- bonds and notes issued by states, cities, and counties.

Prior to his current position with the Commonwealth, Steve gained more than 30 years of diversified business experience in various financial and operational positions, with a concentration in public finance. Some of his roles in investment banking included senior investment banker and manager of fixed income and public finance. He provided such services as investment management, cash management, trading and sales of fixed income products, public finance, underwriting of tax-exempt securities, and consulting. Stephen Drizos was successful in the structuring and underwriting of more than \$14 billion in corporate and public finance activities.

Some of his specific roles in private industry included being Executive Vice President and Partner with RRZ, Executive Vice President with Horizon Capital, Inc., President/CEO of Omni Staffing Services, Inc. Executive Vice President of Drizos Investments, Inc., and Executive Vice President of Parker Hunter. While Mr. Drizos now devotes his time to public service in his role as Executive Director of the Center for Private Financing within the Department of Community and Economic Development, he still manages to remain active in a number of professional and civic organizations in the Pittsburgh area where he lives such as the Advisory Board for the Massey Center for Business Innovation at Robert Morris University and the Board of ChildGuard USA.

**Craig Petrasic, Assistant Director, Center for Private Financing**

Craig Petrasic has been with the Department of Community and Economic Development since 1995. He currently serves as Assistant Director of the Center for Private Financing, in which capacity he assists with the day-to-day management, operations and policy analysis and development for the Pennsylvania Economic Development Financing Authority (PEDFA) and several other programs. Prior to serving as Assistant Director, Mr. Petrasic was a Project Manager for PEDFA, an Economic Development Analyst with the Pennsylvania Industrial Development Authority (PIDA), and a legal assistant in the Office of Chief Counsel for the Department. Mr. Petrasic received his Bachelor of Arts degree from Bloomsburg University and his Master of Arts degree in history from Indiana University of Pennsylvania.

**Brian Deamer, Program Manager**

Brian Deamer has been with the Department of Community and Economic Development (DCED) since December 1998. He currently serves as a Project Manager for the Center for Private Financing Office, in which capacity he assists with the day-to-day management, operations and policy analysis and development for office programs. He previously served as a Program Analyst in DCED's Small Business Financing Office. Mr. Deamer received his Bachelor's degree from Millersville University.

**Gail Wagner, Program Manager**

Gail Wagner has been with the Department of Community and Economic Development since 2000. She currently serves as Program Manager for the Center for Private Financing, in which capacity she assists with the

day-to-day management, operations, policy analysis and development for the Industrial Development Authority (IDA) program. Prior to serving as Program Manager, Ms. Wagner was an Economic Development Analyst in the Small Business Financing Office and interned in the Office of International Business Development Office. Ms. Wagner received her Bachelor of Science degree from Lock Haven University.

The Authority has previously issued bonds for projects other than the Project and expects to issue additional series of bonds after the issuance of the Bonds described herein. Such prior bonds are, and such additional bonds, if issued, will be, secured under pledges of security separate from and unrelated to the pledges described herein with respect to the Bonds. The Bonds are limited obligations of the Authority as described herein. (See "SECURITY AND SOURCES OF PAYMENT FOR BONDS" herein.)

## THE BONDS

### General

The Bonds are being marketed and sold on the basis of the financial strength of PNC Bank, National Association and on the basis of the Letter of Credit and not on the basis of the credit of the Borrower, the financial viability of the Project or the credit of the Participating Bank.

Upon issuance, the Bonds will be dated the date of their original issuance and first authentication and delivery (the "Series Issue Date"), will mature, unless previously called for redemption, on the date set forth on the cover page hereof, and will bear interest at the rates determined from time to time in the manner set forth herein. The Bonds will bear interest from the most recent date to which interest has been paid or duly provided for or, if no interest has been paid or provided for, from the Series Issue Date. The Bonds will be issued only as fully registered Bonds without coupons. The Bonds will be issued in the denomination of \$100,000 or any whole multiple thereof, with a minimum initial purchase of \$100,000 principal amount per investor.

The Bonds are subject to optional and mandatory purchase on the following dates (each a "Purchase Date"):

- (a) with respect to any optional tender for purchase of Bonds, any Business Day designated by the Beneficial Owner of such Bonds in a Bondholder Tender Notice as described herein under "Purchase of Bonds on Demand of Owners" and
- (b) with respect to any mandatory purchase (1) in anticipation of the expiration of the Letter of Credit, the Interest Payment Date at least five (5) days before the Expiration Date of the Letter of Credit, (2) in connection with the delivery of an Alternate Letter of Credit, on the Interest Payment Date at least five (5) days before an Alternate Letter of Credit is delivered to the Trustee, and (3) at the direction of the Bank or the Participating Bank, the Business Day stipulated by the Bank or the Participating Bank, as applicable, pursuant to the Indenture.

Principal of and premium, if any, on the Bonds will be payable upon presentation and surrender of the Bonds at the designated corporate trust office of the Trustee and interest on the Bonds will be paid on the applicable Interest Payment Date by check or draft mailed to the owners of Bonds shown as the registered owners on the registration books maintained by the Trustee as registrar at the close of business on the last Business Day preceding such Interest Payment Date. The interest and the principal or redemption price and purchase price becoming due on the Bonds shall, at the written request of the registered owner of at least \$1,000,000 aggregate principal amount of such Bonds received by the Trustee at least two Business Days before the corresponding Regular Record Date or maturity, redemption or purchase date, be paid by wire transfer within the continental United States in immediately available funds to the bank account number of the registered owner specified in such request and entered by the Trustee on the Register, but, in the case of principal or redemption price and purchase price, only upon presentation and surrender of such Bonds at the designated corporate trust office of the Trustee. (See "THE BONDS -- Book Entry Only System" below.)

The Bank of New York Trust Company, N.A. is Trustee under the Indenture. The Trustee shall act as registrar, paying agent and transfer agent for the Bonds.

PNC Capital Markets LLC has been appointed Remarketing Advisor by the Authority. The principal office of PNC Capital Markets LLC is located at 25th Floor, One PNC Plaza, 249 Fifth Avenue, Pittsburgh, Pennsylvania 15222-2707. In connection with the Bonds, the Remarketing Advisor may be removed and replaced by the Authority,

with the consent of the Borrower, in accordance with the provisions of the Indenture. PNC Capital Markets LLC is a wholly owned indirect subsidiary of The PNC Financial Services Group, Inc. PNC Bank, National Association is a wholly owned indirect subsidiary of The PNC Financial Services Group, Inc.

As used herein, “Business Day” means any day other than (i) a Saturday or Sunday, (ii) a day on which commercial banking institutions in Pittsburgh, Pennsylvania, or any other city where either the principal corporate trust office of the Trustee or the office of the Bank at which drafts are required to be presented under the Letter of Credit is located are required or authorized by law (including executive order) to close or on which any such office is closed for reasons not related to financial condition, or (iii) a day on which the New York Stock Exchange is closed.

#### Book Entry Only System

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for the Bonds, in the aggregate principal amount of the Bonds and will be deposited with the Trustee as custodian for DTC.

The information contained in certain of the following paragraphs of this subsection "Book-Entry-Only System" has been extracted from a schedule prepared by DTC entitled "SAMPLE OFFICIAL STATEMENT LANGUAGE DESCRIBING BOOK ENTRY ONLY ISSUANCE." The Authority, the Borrower and the Underwriter make no representation as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC, in turn, is owned by a number of the Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation and Emerging Markets Clearing Corporation (NSCC, FICC and EMCC, also subsidiaries of DTCC) as well as the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly (“Indirect Participants”). DTC has Standard & Poor’s highest rating: AAA. The DTC rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about the DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry only system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds. DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners, in the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts such bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal of and interest on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee. Disbursement of such payments to Direct Participants will be the responsibility of DTC and disbursement of such payments to the Beneficial Owners will be the responsibility of the Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered, through its Direct Participant, to the Trustee or Remarketing Agent and should effect delivery of such Bonds by causing the Direct Participant to transfer such Participant's interest in the Bonds, on DTC's records, to the Trustee. Any requirement for physical delivery of Bonds in connection with the optional tender for purchase or a mandatory purchase will be effected when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to the Trustee or Remarketing Agent's, as applicable, DTC account.

**IN CONNECTION WITH ANY OPTIONAL TENDER OF BONDS, THE BENEFICIAL OWNER OF SUCH BONDS IS RESPONSIBLE FOR SUBMITTING THE BONDHOLDER TENDER NOTICE, AS DESCRIBED UNDER "THE BONDS -- PURCHASE OF BONDS ON DEMAND OF OWNERS," TO THE REMARKETING ADVISOR ONLY.**

**IT IS THE DUTY OF EACH BENEFICIAL OWNER TO MAKE ARRANGEMENTS WITH THE APPLICABLE DIRECT PARTICIPANT OR INDIRECT PARTICIPANT TO RECEIVE FROM SUCH PARTICIPANT NOTICES OF MANDATORY TENDER AND REDEMPTION, CREDIT BALANCES WITH**

**RESPECT TO PAYMENTS OF OPTIONAL AND MANDATORY PURCHASE PRICE AND PAYMENTS OF PRINCIPAL, PREMIUM (IF ANY) AND INTEREST, AND ALL OTHER PAYMENTS AND COMMUNICATIONS WHICH THE DIRECT PARTICIPANT RECEIVES FROM DTC. NEITHER THE AUTHORITY NOR THE TRUSTEE HAS ANY DIRECT OBLIGATION OR RESPONSIBILITY TO DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS.**

For every transfer and exchange of ownership interests in Bonds, the Beneficial Owners may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Authority or the Trustee and the Authority may decide to discontinue use of the system of book-entry transfers through DTC (or successor securities depository) with respect to the Bonds. In either event, bond certificates will be printed and delivered to the Beneficial Owners of the Bonds.

Neither the Authority, the Borrower, nor the Trustee shall have any responsibility or obligation to any Direct Participant or Indirect Participant with respect to: (i) the accuracy of the records of DTC, its nominee or any Direct Participant or Indirect Participant with respect to any beneficial ownership interest in any Bonds; (ii) the delivery to any Direct Participant or Indirect Participant or any other Person, other than the registered owner of a Bond, as shown in the Bond Register, of any notice with respect to any Bond, including, without limitation, any notice of redemption; (iii) the selection by DTC or any Direct Participant or Indirect Participant of any person to receive payment in the event of a partial redemption of Bonds; (iv) the payment to any Direct Participant or Indirect Participant or any other Person other than the registered owner of a Bond, as shown in the Bond Register, of any amount with respect to the principal of, redemption price of, or interest on, any Bond; or (v) any consent given by DTC as registered owner.

So long as the Bonds are registered in the name of DTC (or any successor securities depository) or DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC, references herein to the Holders, holders, owners or registered owners of such Bonds shall mean DTC (or any successor securities depository) or DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC, as applicable, and shall not mean the Beneficial Owners of such Bonds (except in the definition of "Determination of Taxability").

The information in this Section concerning DTC and DTC's book-entry system has been obtained from sources that the Authority believes to be reliable, but the Authority takes no responsibility for the accuracy thereof.

Interest on Bonds

The Bonds shall bear interest at a Weekly Rate which is an interest rate determined and adjusted weekly for each Weekly Rate Period as described below. Interest shall be payable on the first Business Day of each month (each a monthly "Interest Payment Date"), commencing May 1, 2008, computed on the basis of a year of 365 or 366 days, as appropriate. The interest rate on the Bonds may not exceed 15% per annum (the "Maximum Rate"). On each Weekly Rate Calculation Date, the Remarketing Advisor shall determine the Weekly Rate (for the Weekly Rate Period commencing on the first Thursday following such Weekly Rate Calculation Date) as the rate which, in the judgment of the Remarketing Advisor, taking into account prevailing financial market conditions, would be the lowest interest rate at which the Remarketing Advisor could arrange for the sale of all of the outstanding Bonds at a price equal to the principal amount thereof plus accrued interest thereon. In no event shall any Weekly Rate exceed 15% per annum. As used herein, "Weekly Rate Calculation Date" means Wednesday in each calendar week or, if any Wednesday is not a Business Day, the first Business Day preceding such Wednesday, and "Weekly Rate Period" means the seven-day period commencing on the first Thursday following the corresponding Weekly Rate Calculation Date and running through Wednesday of the following calendar week.

If for any reason the Remarketing Advisor does not determine a Weekly Rate for any Weekly Rate Period as aforesaid, or if a court holds a rate for any Weekly Rate Period to be invalid or unenforceable, the Weekly Rate for that Weekly Rate Period shall be equal to the Weekly Rate in effect for the immediately preceding Weekly Rate Period. The Weekly Rate for any consecutive succeeding Weekly Rate Period for which the Remarketing Advisor does not determine a Weekly Rate, or a court holds a rate to be invalid or unenforceable, shall be the 30-day tax-exempt commercial paper rate published for that Weekly Rate Period by Munifacts Wire System, Inc. (or a replacement

publisher of a tax-exempt commercial paper rate designated in writing by the Authority to the Trustee and the Remarketing Advisor), representing, as of the publication date, the average of 30-day yield evaluations at par of tax-exempt securities rated by each Rating Service in its highest commercial paper rating category; provided that if Munifacts Wire System, Inc. or such replacement publisher does not publish such a tax-exempt commercial paper rate on a day on which a Weekly Rate is to be set, the Weekly Rate shall be 85% of the interest rate for 30-day taxable commercial paper (prime paper placed through dealers) announced on such day by the Federal Reserve Bank of New York. "Rating Service" means Moody's Investors Service, if the Bonds are rated by such at the time, and Standard & Poor's, A Division of The McGraw-Hill Companies, Inc., if the Bonds are rated by such at the time, and their successors and assigns, or if either shall be dissolved or no longer assigning credit ratings to long term debt, then any other nationally recognized entity assigning credit ratings to long term debt designated by the Authority and satisfactory to the Trustee.

No notice of Weekly Rates will be given to the owners of the Bonds; however, the registered owners may obtain Weekly Rates from the Trustee or the Remarketing Advisor upon written request therefor. The determination of the Weekly Rate by the Remarketing Advisor shall be conclusive and binding upon the Authority, the Trustee, the Borrower, the Remarketing Advisor, the Bank, the Participating Bank and the owners of the Bonds.

#### Redemption Prior to Maturity

The Bonds are subject to redemption prior to maturity as follows:

**Optional Redemption.** The Bonds are subject to optional redemption by the Authority, at the written direction of the Borrower, in whole at any time or in part on any Interest Payment Date, at a redemption price equal to 100% of the principal amount thereof to be redeemed, plus accrued interest to the date fixed for redemption.

**The Borrower has covenanted in the Reimbursement Agreement that the Borrower will cause the Authority to call Bonds for optional redemption from time to time, in the amounts and on the dates set forth in the Reimbursement Agreement. The Borrower and the Participating Bank may agree to modify the redemption obligation (including redemption amounts and/or redemption dates) from that presently set forth in the Reimbursement Agreement without notice to or consent of any holder of Bonds.**

**Mandatory Redemption Upon Determination of Taxability.** Upon the occurrence of a Determination of Taxability (as hereinafter defined), the Bonds are subject to mandatory redemption in whole at a redemption price of 100% of the principal amount outstanding, plus accrued interest to the date fixed for redemption, at the earliest practicable date selected by the Trustee, after consultation with the Borrower, the Authority, the Bank, and the Participating Bank, but in any event no later than 90 days following the Trustee's receipt of written notification of the Determination of Taxability. "Determination of Taxability" means (i) the receipt by the Trustee of notice of the enactment of legislation or the adoption of final regulations or a final decision, ruling or technical advice by any federal judicial or administrative authority which, in the opinion of nationally recognized bond counsel, has the effect of requiring interest on the Bonds to be included in the gross income of the Holders for federal income tax purposes (other than a holder of any of such Bonds who is a "substantial user" of the Project or a "related person" as those terms are used in Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code")), or (ii) the receipt by the Trustee of an opinion of nationally recognized bond counsel furnished by the Borrower to the effect that interest on the Bonds is to be included in gross income of the Holders for federal income tax purposes (other than a holder of any of such Bonds who is a "substantial user" of the Project or a "related person" as those terms are used in Section 147(a) of the Code), or (iii) the delivery to the Trustee of a written statement signed by an official of the Borrower to the effect that such Borrower has exceeded or will exceed the maximum amount of capital expenditures permitted under Section 144(a)(4) of the Code, if applicable, or that such Borrower or another "test period beneficiary" (as said term is defined in Section 144(a)(10)(D) of the Code) has exceeded or will exceed the maximum amount of tax-exempt obligations permitted to be outstanding under Section 144(a)(10) of the Code; provided that no decision by any court or decision, ruling or technical advice by any administrative authority shall be considered final (a) unless the holder involved in the proceeding or action giving rise to such decision, ruling or technical advice (i) gives such Borrower, the Authority, the Bank and the Trustee prompt notice of the commencement thereof and (ii) offers such Borrower the opportunity to control the contest thereof, provided such Borrower shall have agreed to bear all expenses in connection therewith and to indemnify that holder against all liabilities in connection therewith, and (b) until the expiration of all periods for judicial review or appeal. So long as the Bonds are registered in the name of DTC or a nominee thereof, in the

definition of “Determination of Taxability” only, the term “holder” shall be deemed to refer to the Beneficial Owners of such Bonds.

#### Procedure for and Notice of Redemption

The Trustee is required to cause notice of the call for redemption, identifying the Bonds or portions thereof to be redeemed, to be sent by first class mail, not more than 60 days and not less than 30 days prior to the date set for redemption of all or part of such Bonds, to the registered owner of each Bond to be redeemed at such owner’s registered address. So long as the Bonds or any portion thereof are held by DTC, the Trustee shall send each notice of redemption of such Bonds to DTC. Failure to mail any such notice or defect in the mailing thereof in respect of any Bond shall not affect the validity of the redemption of any other Bond with respect to which notice is properly given.

If at the time of mailing of notice of any optional redemption there shall not have been deposited moneys in the Bond Fund established under the Indenture available to redeem all the Bonds called for redemption, such notice may state that it is conditional in that it is subject to the deposit of such redemption moneys in the Bond Fund not later than 12:00 noon eastern time on the date fixed for redemption, in which case such notice shall be of no effect unless moneys are so deposited.

If less than all Bonds are to be redeemed, the selection of Bonds to be redeemed shall be made by the Trustee by lot or in such other manner as the Trustee deems fair and appropriate; provided that any outstanding Pledged Bonds shall be redeemed first and any outstanding Borrower Bonds shall be redeemed second to the extent moneys are available therefor; provided further that, in the case of the partial redemption of Bonds held by a holder who holds less than an aggregate principal amount of \$100,000 of Bonds shall be redeemed third; and provided further that, in selecting Bonds for redemption, the Trustee shall, whenever possible, select Bonds so that each remaining holder holds an aggregate principal amount of at least \$100,000 of Bonds. (As used herein, “Pledged Bonds” means Bonds purchased with unreimbursed draws on the Letter of Credit and “Borrower Bonds” means Bonds (other than Pledged Bonds) registered in the name of the Borrower or any affiliate.) In the case of a partial redemption of Bonds, when Bonds of denominations greater than \$100,000 are then outstanding, each \$100,000 unit of face value of principal thereof shall be treated as if it were a separate Bond of the denomination of \$100,000.

#### Purchase of Bonds on Demand of Owners

Any Bond (or portion thereof in an authorized denomination) shall be purchased on the demand of the owner thereof on any Business Day designated by such owner as described below (the “Purchase Date”) at a purchase price equal to 100% of the principal amount thereof plus accrued interest, if any, to the Purchase Date, provided such owner delivers to the Trustee at its designated delivery office and to the Remarketing Advisor a written notice (a “Bondholder Tender Notice”), not less than seven (7) days prior to the Purchase Date. Such Bondholder Tender Notice shall state the principal amount of each Bond or portion thereof to be purchased and the Purchase Date; provided that, if the principal amount of Bonds to be purchased from a holder pursuant to a demand is less than the total principal amount of Bonds held by such holder, then the principal amount of Bonds so demanded to be purchased from such holder shall be equal to at least \$100,000 and the principal amount of Bonds retained by such holder after such purchase shall be at least \$100,000. By delivering the Bondholder Tender Notice, the owner irrevocably agrees to deliver the Bond or Bonds described therein (if such Bonds are in certificated form) duly endorsed for transfer in blank and with guarantee of signature satisfactory to the Trustee, to the address designated by the Trustee at or before 12:00 noon eastern time on the Purchase Date. The determination by the Trustee of a holder’s compliance with the requirements of the Bondholder Tender Notice and of Bond delivery requirements is in its sole discretion and shall be binding on the Borrower, the Authority, the Remarketing Advisor, the Bank, the Participating Bank, and the Holders of the Bonds. Any Bondholder Tender Notice which the Trustee determines is not in compliance with the Indenture shall be of no force or effect.

**SO LONG AS THE BONDS ARE HELD IN BOOK-ENTRY FORM BY DTC, THE BENEFICIAL OWNER OF BONDS IS RESPONSIBLE FOR SUBMITTING THE BONDHOLDER TENDER NOTICE, AND SHALL BE TREATED AS THE OWNER FOR SUCH PURPOSE, AND SUCH NOTICE NEED ONLY BE SUBMITTED TO THE REMARKETING ADVISOR.**

Any election by a holder to tender a Bond (or portion thereof) for purchase on a Business Day shall be irrevocable and shall be binding on the holder making such election and on any transferee of such holder. Each

Bondholder Tender Notice shall automatically constitute (i) an irrevocable offer to sell the Bond (or portion thereof) to which such notice relates on the Purchase Date at a price equal to the purchase price of such Bond (or portion thereof) described above, (ii) an irrevocable authorization and instruction to the Trustee to effect transfer of such Bond (or portion thereof) upon payment of the purchase price to the Trustee on the Purchase Date, (iii) with respect to a tender of a portion of a Bond, an irrevocable authorization and instruction to the Trustee to effect the exchange of such Bond in part for other Bonds in a principal amount equal to the retained portion so as to facilitate the sale of the tendered portion of such Bond, and (iv) an acknowledgment that such owner will have no further rights with respect to such Bond (or portion thereof) upon payment of the purchase price thereof to the Trustee on the Purchase Date, except for the right of such owner to receive such purchase price upon surrender of such Bond, if held in certificated form, to the Trustee endorsed for transfer in blank and with guarantee of signature satisfactory to the Trustee and that after the Purchase Date such owner will hold such Bond as agent for the Trustee.

If the Bonds are in certificated form and, after delivery to the Trustee and the Remarketing Advisor of a Bondholder Tender Notice, the holder giving such notice shall fail to deliver such Bond or Bonds described in the Bondholder Tender Notice to the Trustee at its designated office on or before 12:00 noon eastern time on the applicable Purchase Date, any Bond, or portion thereof, not so delivered (the "Undelivered Bond") described in such Bondholder Tender Notice shall be deemed to have been tendered for purchase to the Trustee. No further interest on such Undelivered Bond shall accrue on and after the Purchase Date; and the Undelivered Bond shall no longer be outstanding under the Indenture.

The Trustee shall not be obligated to pay the purchase price of the Bonds from any funds other than, first, remarketing proceeds delivered to it by the Remarketing Advisor, second, moneys constituting Available Moneys in the Bond Fund and available to make such payment pursuant to the Indenture, and, third, funds drawn under the Letter of Credit for such purpose and originally deposited directly into the Letter of Credit Purchase Account (as defined in and created under the Indenture). Moneys in other funds (except as set forth above) under the Indenture and moneys provided by the Borrower for payments of principal, premium, if any, or interest on the Bonds will not be available for the purchase of such Bonds. If the funds available for purchases of Bonds are inadequate for the purchase of all Bonds tendered on any Purchase Date, the Trustee shall, after any applicable grace period: (a) return all tendered Bonds to the owners thereof and (b) return all moneys received for the purchase of such Bonds to the persons providing such moneys; provided, however, that if an Event of Default under the Indenture shall exist, moneys provided by the Borrower and the Bank shall be retained by the Trustee and transferred to the Bond Fund.

#### Mandatory Purchase of Bonds

The Bonds are subject to mandatory purchase, at a purchase price equal to the principal amount thereof, plus, in the case of purchases on a Purchase Date which is not an Interest Payment Date, accrued interest thereon, as follows:

(a) on the Interest Payment Date at least five (5) days before the Expiration Date of the Letter of Credit unless at least 45 days (or such shorter period as shall be acceptable to the Trustee) prior to such Interest Payment Date the Trustee has received notice that the Letter of Credit has been or will be extended pursuant to the Indenture;

(b) on the Interest Payment Date at least five (5) days before an Alternate Letter of Credit is delivered to the Trustee pursuant to the Indenture; and

(c) on the Purchase Date stipulated by the Bank or the Participating Bank, as applicable, in the event the Bank or the Participating Bank directs the Trustee to call the Bonds for mandatory purchase pursuant to the Indenture.

In the case of any mandatory purchase of Bonds pursuant to clause (a), (b) or (c) above, the Trustee shall cause notice of such mandatory purchase to be given not more than 45 and not less than 30 days prior to the Purchase Date, by mailing copies of such notice of mandatory purchase by first class mail, to all Holders of Bonds to be purchased at their registered addresses.

Holders of Bonds subject to mandatory purchase must tender their Bonds for purchase to the Trustee at the Trustee's designated corporate trust office prior to 12:00 noon, eastern time, on the applicable Purchase Date, and any such Bond which is not so delivered (an "Undelivered Bond") shall be deemed to have been tendered to the Trustee as of the applicable Purchase Date, and interest on such Undelivered Bond shall cease to accrue on and after the

applicable Purchase Date. Thereafter, the owner of such Undelivered Bond shall not be entitled to any payment other than the purchase price for such Undelivered Bond upon surrender thereof to the Trustee duly endorsed for transfer in blank and with guarantee of signature satisfactory to the Trustee. Except for payment of such purchase price from moneys held by the Trustee for such purpose, such Undelivered Bond shall no longer be outstanding and entitled to the benefits of the Indenture.

The Trustee shall not be obligated to pay the purchase price of the Bonds from any funds other than, first, remarketing proceeds delivered to it by the Remarketing Advisor with respect to the Bonds, second, moneys constituting Available Moneys in the Bond Fund and available to make such payment pursuant to the Indenture, and, third, funds drawn under the Letter of Credit for such purpose and originally deposited directly into the Letter of Credit Purchase Account (as defined in and created under the Indenture). Moneys in other funds (except as set forth above) under the Indenture and moneys provided by the Borrower for payments of principal, premium, if any, or interest on the Bonds will not be available for the purchase of such Bonds. If the funds available for purchases of Bonds are inadequate for the purchase of all Bonds tendered on any Purchase Date, the Trustee shall, after any applicable grace period: (a) return all tendered Bonds to the owners thereof and (b) return all moneys received for the purchase of such Bonds (other than moneys provided by the Borrower and other than Letter of Credit proceeds, unless the Letter of Credit is reinstated with respect thereto) to the persons providing such moneys.

### No Purchases Following Acceleration

If the Bonds have been declared immediately due and payable as a result of an Event of Default under the Indenture and such declaration has not been annulled, stayed or otherwise suspended, then the Bonds will cease to be subject to purchase.

### Remarketing of Bonds

The Remarketing Advisor will use its best efforts to remarket the Bonds in respect of which a Bondholder Tender Notice has been delivered in connection with the purchase of Bonds on demand of the owner thereof as described herein, at a purchase price of 100% of the principal amount thereof plus accrued interest on the applicable Purchase Date. The proceeds of any such sale shall be applied against the payment of the purchase price of such Bonds. If such Bonds are not successfully remarketed for purchase on the applicable Purchase Date, the Trustee will draw on the Letter of Credit to pay the purchase price. Whenever the aggregate amount of Bonds to be remarketed is greater than \$100,000 in principal amount, the Remarketing Advisor shall remarket those Bonds in a principal amount of not less than \$100,000 to each individual purchaser.

## APPLICATION OF BOND PROCEEDS

The net proceeds of the sale of the Bonds shall, upon the delivery thereof to the purchaser or purchasers thereof against payment therefor, be deposited by the Authority with the Trustee in the Settlement Account established under the Indenture and, on the Series Issue Date shall, together with any amounts paid by the Borrower to the Trustee on or before the Series Issue Date for the purpose of paying costs of the Project, be applied to pay, on the Series Issue Date, costs of the Project. Any net proceeds of the sale of the Bonds remaining in the Settlement Account thereafter shall be deposited in the Project Fund established under the Indenture for application to costs of the Project as hereinafter described.

## SECURITY AND SOURCES OF PAYMENT FOR BONDS

The Bonds will constitute limited obligations of the Authority payable solely from, and secured by, the revenues and other moneys pledged and assigned by the Indenture to secure that payment. Those revenues and other moneys include the payments required to be made by the Borrower under the Loan Agreement (other than certain fees and indemnification payments required to be made to the Authority); all other moneys receivable by the Authority, or the Trustee for the account of the Authority in respect of repayment of the loan of the proceeds of the Bonds; all Funds and Accounts held under the Indenture (excluding the Letter of Credit Purchase Account, Remarketing Proceeds Purchase Account, and the Borrower Purchase Account) until disbursed in accordance therewith, the investments and investment earnings of those moneys; and moneys derived by the Trustee from drawings under the Letter of Credit (collectively, the "Revenues").

On the Business Day immediately preceding each Interest Payment Date, each redemption date and the maturity date of the Bonds, the Trustee is required to draw on the Letter of Credit such that the Trustee shall receive the proceeds of such drawing on such Interest Payment Date, redemption date or maturity date, as the case may be, to pay principal of, premium, if any, on and interest on the Bonds due on such date.

In calculating the amount to be drawn on the Letter of Credit for the payment of principal of and interest on the Bonds, whether on an Interest Payment Date, at maturity or upon redemption or acceleration, the Trustee shall not take into account the potential receipt of funds from the Borrower under the Loan Agreement on such Interest Payment Date, or the existence of any other moneys in the Bond Fund held under the Indenture, but shall draw on the Letter of Credit for the full amount of principal and interest coming due on the Bonds.

The amounts received by the Trustee from the draw on the Letter of Credit shall be deposited in the Letter of Credit Debt Service Account in the Bond Fund and shall be applied to the payment, when due, of the principal of, premium, if any, on and interest on the Bonds (other than Pledged Bonds or Borrower Bonds). If insufficient moneys have been received under the Letter of Credit for application to the payment when due of principal of, premium, if any,

on and interest on the Bonds, then moneys remaining in the General Account in the Bond Fund (after payment of any obligation due under the Letter of Credit, reimbursement due to the Bank for amounts drawn under the Letter of Credit and deposited in the Letter of Credit Debt Service Account, and reimbursement to the Participating Bank for payment to the Bank of amounts so drawn under the Letter of Credit) shall be applied to payment when due of principal of, premium, if any, on and interest on the Bonds, other than Borrower Bonds or Pledged Bonds.

**THE PRINCIPAL SECURITY FOR THE BONDS IS THE LETTER OF CREDIT. ACCORDINGLY, THE ONLY FINANCIAL INFORMATION INCLUDED HEREIN IS THAT OF THE BANK. NO FINANCIAL STATEMENTS OF THE BORROWER OR THE PARTICIPATING BANK ARE INCLUDED OR REFERRED TO HEREIN.**

**PROSPECTIVE BONDHOLDERS, IN CONSIDERING WHETHER TO INVEST IN THE BONDS, SHOULD LOOK ONLY TO THE LETTER OF CREDIT AS THE SOURCE OF PAYMENTS ON THE BONDS AND NOT TO THE CREDIT OF THE BORROWER OR THE FINANCIAL VIABILITY OF ITS PROJECT, AS TO WHICH NO REPRESENTATION IS MADE HEREIN. NO MORTGAGE IS BEING GRANTED TO THE TRUSTEE.**

In the event of a default by the Borrower or Participating Bank under the Reimbursement Agreement or the Participating Bank Agreement respectively, the Trustee may be required to accelerate the stated maturity of the Bonds. Upon acceleration, the Bonds would be paid at par plus accrued interest to the date determined by the Trustee for tender of payment to the Bondholders. (See "THE LETTER OF CREDIT" and "THE PARTICIPATING BANK AGREEMENT AND THE REIMBURSEMENT AGREEMENT" herein.)

**THE BONDS SHALL NOT BE OR BE DEEMED AN OBLIGATION OF THE COMMONWEALTH OF PENNSYLVANIA OR ANY POLITICAL SUBDIVISION THEREOF. NEITHER THE COMMONWEALTH OF PENNSYLVANIA NOR ANY POLITICAL SUBDIVISION THEREOF IS OR SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF OR PREMIUM, IF ANY, OR INTEREST ON THE BONDS, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COMMONWEALTH OF PENNSYLVANIA OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO SUCH PAYMENT. THE AUTHORITY HAS NO TAXING POWER.**

#### THE LETTER OF CREDIT

The following summarizes certain provisions of the Letter of Credit. Reference is made to the Letter of Credit for the details of the provisions thereof.

The Letter of Credit will be held by the Trustee. The Letter of Credit is an irrevocable obligation of the Bank to pay to the Trustee, upon drawings by the Trustee pursuant to the terms and conditions set forth in the Letter of Credit, up to (a) an amount equal to the outstanding principal amount of the Bonds to enable the Trustee to pay (i) the principal amount of the Bonds when due at maturity, upon redemption or acceleration and (ii) the portion of the purchase price of Bonds tendered to it and not remarketed corresponding to the principal amount of such Bonds, plus (b) an amount equal to 60 days' interest on the Bonds at the maximum rate of 15% per annum (i) to enable the Trustee to pay interest on the Bonds when due and (ii) to enable the Trustee to pay the portion of the purchase price of Bonds tendered to it and not remarketed corresponding to the accrued interest on such Bonds.

Pursuant to the Indenture, the Trustee is required to draw upon the Letter of Credit in the following circumstances:

- (a) to make timely payment of the principal of and interest on the Bonds;
- (b) to make timely payment of the redemption price of Bonds called for mandatory or optional redemption; and

(c) to make timely payment of the purchase price of Bonds required to be purchased, as the result of a permitted or required tender, pursuant to the provisions of the Indenture to the extent other funds are not available to make such payment under the Indenture.

Pursuant to the Indenture, the Trustee is required to notify the Holders of the Bonds (i) in the event that the Bank proposes to amend the Letter of Credit and such amendment would materially adversely affect the interests of the Holders of the Bonds, and (ii) not less than thirty (30) days prior to the Interest Payment Date next preceding the proposed replacement date, in the event that there is a proposed replacement of the current Letter of Credit with an Alternate Letter of Credit, specifying the proposed replacement date and the last dates prior to such proposed replacement on which Bondholder tender notices and Bonds (if not held in book-entry form) may be delivered for the purchase of Bonds on the demand of Holder and the places where such Bondholder tender notices and Bonds must be delivered for such purchase.

The Letter of Credit will expire upon the earliest to occur of the following: (i) August 15, 2011, or such later date to which the Letter of Credit may be extended by the Bank in its sole discretion (the "Expiration Date"), (ii) the date of a final payment under the Letter of Credit, (iii) the date on which the Bank receives a certificate from the Trustee in the form prescribed by the Letter of Credit to the effect that there are no Bonds Outstanding or that the Trustee has accepted an Alternate Letter of Credit, or (iv) the date on which the Letter of Credit is surrendered to the Bank by the Trustee for cancellation. The Expiration Date may be extended beyond the Expiration Date then in effect only at the sole discretion of the Bank. The Bonds are subject to mandatory purchase on the Interest Payment Date (i) at least five (5) days preceding the Expiration Date if the Letter of Credit shall not have been extended pursuant to the Indenture, and (ii) at least five (5) days before an Alternate Letter of Credit is delivered to the Trustee pursuant to the Indenture. (See "THE BONDS -- Mandatory Purchase of Bonds" herein.)

At least 45 days (or such shorter period as shall be acceptable to the Trustee) prior to the Interest Payment Date preceding the scheduled Expiration Date of the current Letter of Credit by at least five (5) days, the Borrower may provide for the delivery to the Trustee of (i) an amendment to the Letter of Credit which extends the scheduled Expiration Date to a date not earlier than six months from its then current scheduled Expiration Date and that follows an Interest Payment Date by not less than two business days and not more than 15 calendar days or (ii) an Alternate Letter of Credit which shall be acceptable to the Issuer, have terms which are the same in all material respects as the Letter of Credit then in effect (except for any changes pursuant to the Indenture of interest or premium coverage in connection with a concurrent interest rate reset or conversion) and which will have a scheduled Expiration Date of not earlier than one year from the Expiration Date of the Letter of Credit then in effect. The Borrower shall be deemed to have provided for such amendment extending the Letter of Credit or for such Alternate Letter of Credit if the Borrower shall have delivered to the Trustee, in form satisfactory to the Trustee, a commitment from the Bank or the proposed provider of the Alternate Letter of Credit to deliver such amendment or Alternate Letter of Credit on or before the Interest Payment Date next preceding the current Expiration Date of the Letter of Credit by at least five (5) days; provided that if such amendment or Alternate Letter of Credit is not delivered to the Trustee on or before such Interest Payment Date, an Event of Default shall be deemed to have occurred under the Indenture. The institution issuing the Alternate Letter of Credit must be such as to not cause the then-current rating on the Bonds to be reduced or withdrawn by the Rating Service.

Each drawing honored by the Bank under the Letter of Credit shall immediately reduce the principal component and/or the interest component (as the case may be) of the amount available under the Letter of Credit by the amount of such drawing, and the aggregate amount available under the Letter of Credit shall be correspondingly reduced. The principal component and the interest component and the aggregate amount available under the Letter of Credit, as so reduced, shall be reinstated only as follows:

(a) In the case of a reduction resulting from a drawing to pay Bond interest, the interest component shall be reinstated automatically as of the Bank's opening of business in Pittsburgh, Pennsylvania, on the tenth Business Day following the date of such payment by an amount equal to the amount of such drawing for interest, unless the Trustee shall have received notice from the Bank not later than the close of business on the ninth Business Day following the date of such payment that such reinstatement shall not occur because with respect to a drawing for interest on the Bonds, either (i) an event of default has occurred under the Participating Bank Agreement, or (ii) the Bank has been notified that an event of default has occurred under the Reimbursement Agreement.

(b) In the case of a reduction resulting from payment of a drawing for the purchase price of any Bonds, the principal component and, if applicable, the interest component with respect to such Bonds, shall be reinstated (1) automatically when and to the extent that both (i) the Bank has received reimbursement for such drawing in immediately available funds and the Participating Bank has notified the Bank that it has received reimbursement therefor from the Borrower (or the Trustee has received immediately available funds which, pursuant to the Indenture, the Trustee will immediately remit to the Bank or the Participating Bank as reimbursement for such drawing) and (ii) the Trustee has delivered to the Bank a certificate in respect of such reinstatement in the form prescribed by the Letter of Credit, or (2) when and to the extent that the Bank, at its option, upon the request of the Participating Bank with respect to any drawing relating to Bonds otherwise advises the Trustee in writing that such reinstatement shall occur, it being understood that the Bank shall have no obligation to grant any such reinstatement except as described in clause (1) of this paragraph.

(c) The principal component and the interest component and the amount available under the Letter of Credit may otherwise be reinstated as the Bank may from time to time notify the Trustee in writing.

The amount available under the Letter of Credit and the respective principal and interest components thereof shall also be reduced automatically following the payment of the principal of the Bonds pursuant to the Indenture, upon receipt by the Bank from the Trustee of a certificate in the form prescribed by the Letter of Credit, each such reduction to be in the amount necessary to reduce the amount available under the Letter of Credit and the principal and interest components thereof to the respective amounts specified by the Trustee in such certificate.

If the Bank proposes to amend the Letter of Credit, the Trustee may consent thereto, provided that (a) if such proposal would amend such Letter of Credit in such a way as would materially adversely affect the interests of the Holders of the Bonds, the Trustee shall notify the Holders of the Bonds and the Rating Service (if the Bonds are then rated by a Rating Service) of the proposed amendment and the Trustee may consent thereto only with the prior written consent of Holders of a majority in aggregate principal amount of the Bonds then outstanding and the confirmation by such Rating Service that such amendment will not result in a withdrawal or reduction of its rating of the Bonds and (b) the Trustee shall not, without the unanimous consent of all Holders, consent to any amendment materially adversely affecting the interests of the Holders which would decrease or delay the amounts payable under the Letter of Credit in respect of outstanding Bonds on any Interest Payment Date or on any date of redemption, acceleration, payment at maturity or purchase of the Bonds, or advance the stated Expiration Date of the Letter of Credit to an earlier date. No consent of the Holders shall be required for amendments to the Letter of Credit which are provided for or contemplated by the Indenture.

#### THE PARTICIPATING BANK AGREEMENT AND THE REIMBURSEMENT AGREEMENT

##### Participating Bank Agreement

The following summarizes certain provisions of the Participating Bank Agreement between the Participating Bank and the Bank pursuant to which the Letter of Credit is being issued. Reference is made to the Participating Bank Agreement for the details of the provisions thereof.

Under the Participating Bank Agreement, the Bank agrees to issue the Letter of Credit to the Trustee concurrently with the issuance and delivery of the Bonds, and the Participating Bank agrees to reimburse the Bank, with interest, for each drawing under the Letter of Credit.

The Participating Bank Agreement sets forth various representations, warranties and covenants of the Participating Bank, which include, without limitation, representations, warranties and covenants relating to information reporting, consolidations, mergers and sales of assets, conduct of business and maintenance of existence, compliance with laws and payment of obligations.

The Participating Bank Agreement also defines certain events of default thereunder, which include, without limitation, the failure to pay to the Bank any reimbursement or other sum due under the Participating Bank Agreement; the failure of the Participating Bank to maintain a minimum rating of the Participating Bank; the occurrence of a

materially adverse change in the financial condition of the Participating Bank; the failure of the Participating Bank to notify the Bank of the occurrence of any event of default thereunder or of an event which would become an event of default thereunder; the failure of the Participating Bank to comply with any covenant thereunder; the material breach of a representation or warranty; the occurrence of an event of default as defined in the Loan Agreement or the Indenture; the failure of any material provision of the Participating Bank Agreement to be valid and binding on the Participating Bank or the Participating Bank's contest of the validity and enforceability of such provision; an event of bankruptcy with respect to the Participating Bank; or the appointment of a receiver or a conservator of the Participating Bank.

The Participating Bank Agreement provides that if an event of default has occurred and is continuing uncured under a Participating Bank Agreement, the Bank, among other things, may:

- (a) Declare all amounts due and payable by the Participating Bank under the Participating Bank Agreement to be, whereupon the same shall become, immediately due and payable;
- (b) Require the Participating Bank to provide the Bank with additional collateral in form and amount acceptable to the Bank;
- (c) Exercise all rights and remedies available to the Bank at law or in equity or under the Participating Bank Agreement, any security agreement delivered pursuant thereto or otherwise, the Bond Pledge Agreement (as defined in the Indenture), the Bonds, the Indenture, the Loan Agreement, or the Reimbursement Agreement;
- (d) Give written notice to the Trustee of such occurrence and require the Trustee to accelerate payment of all Bonds and interest accrued thereon as provided in the Indenture; and
- (e) Draw on the standby letter of credit, if any, delivered to the Bank pursuant to the Participating Bank Agreement or otherwise.

#### Reimbursement Agreement

The following summarizes certain provisions of the Reimbursement Agreement between the Borrower and the Participating Bank. Reference is made to the Reimbursement Agreement for the details of the provisions thereof.

To provide for the execution of the Participating Bank Agreement, the Borrower will enter into a Reimbursement Agreement with the Participating Bank pursuant to which such Borrower is obligated, among other things, to reimburse the Participating Bank, with interest, for all payments made by the Participating Bank under the Participating Bank Agreement.

The Borrower's obligations under its Reimbursement Agreement will be evidenced by a note and will be secured by, among other things, a mortgage and security agreement covering the Project. Such security shall run only to the Participating Bank, and neither the Authority, the Bank (except as subrogee in the event of a default by the Participating Bank under the Participating Bank Agreement) nor the Trustee shall have any rights to such security.

### THE REMARKETING AGREEMENT

The following summarizes certain provisions of the Remarketing Agreement between the Borrower and the Remarketing Advisor. Reference is made to the Remarketing Agreement for the details of the provisions thereof.

Upon written notice to the Remarketing Advisor pursuant to the Indenture of an optional tender for purchase by a holder of outstanding Bonds, the Remarketing Advisor will, subject to certain conditions, use its best efforts to arrange for the remarketing of such Bonds at par plus accrued interest.

In certain circumstances, the Remarketing Advisor may, at its option, purchase for its own account Bonds tendered for purchase. If the Remarketing Advisor shall purchase Bonds as aforesaid, the Remarketing Advisor shall have all of the rights of an owner of such Bonds with respect thereto including the right to tender such Bonds for purchase.

The Remarketing Advisor's responsibilities under the Remarketing Agreement include (i) the remarketing of optionally tendered Bonds to investors selected by the Remarketing Advisor and (ii) the determination of the Weekly Rate to be borne by the Bonds as set forth in the Indenture. The Remarketing Advisor has no obligation to find purchasers for and arrange for the sale of Bonds (i) on or after a mandatory purchase of the Bonds in anticipation of the expiration of the Letter of Credit, in connection with the delivery of an Alternate Letter of Credit, or at the direction of the Bank or Participating Bank, or (ii) which are not supported by a Letter of Credit or an Alternate Letter of Credit as contemplated by the Indenture, or to make any effort to such end, except to the extent the Remarketing Advisor shall have expressly and specifically agreed in writing with the Borrower to perform such duties.

## THE LOAN AGREEMENT

The following description of certain provisions of the Loan Agreement is only a brief outline of some of the provisions thereof and does not purport to summarize or describe all of the provisions thereof. Reference is made to the Loan Agreement for details of the provisions and conditions relating to the Bonds.

### Acquisition, Construction and/or Equipping of Project

The Borrower shall acquire, construct, install, equip and/or improve the Project, shall procure or cause to be procured all permits and licenses necessary for such work and shall pay when due all fees, costs and expenses incurred in connection with the acquisition, construction, installation, equipment and/or improvement of the Project.

### Misuse of Bond Proceeds

The Borrower shall not cause, permit or suffer to exist a Misuse of Bond Proceeds. "Misuse of Bond Proceeds" means the use, implementation or operation of the Project in a manner which would cause the Project to not be a "project" as defined in the Act or the use of the proceeds of the Bonds for any purpose materially different from that described to and approved by the Issuer.

### Disbursements from Project Fund

Amounts on deposit in the Project Fund will be applied to pay or to reimburse the Borrower for costs incurred for or in connection with the acquisition, construction and/or equipment of the Project and any other costs of the Project, to the extent permitted by law, subject to the approval of the Participating Bank, of the requisitions delivered to the Trustee.

### Completion of Project

The Borrower agrees to complete the Project and pay all costs incident thereto either from the loan of the Bond proceeds or from other sources. If moneys in the Project Fund are not sufficient to pay Project costs in full, the Borrower shall complete the Project at its own expense. In such event, the Borrower shall not be entitled to any reimbursement for excess expense from the Authority, the Trustee, the Bank, the Participating Bank or the Holders of Bonds, and it shall not be entitled to any abatement of, diminution in or postponement of the loan payments required to be paid under the Loan Agreement.

### Issuance of Bonds; Loan and Loan Payments by Borrower

Under the Loan Agreement, the Authority agrees to issue the Bonds and to lend the proceeds thereof to the Borrower to assist in the financing of Project costs. The Borrower agrees to repay the loan by making loan payments ("Loan Payments") in amounts sufficient to pay debt service on the Bonds, provided that amounts drawn by the Trustee under the Letter of Credit for the payment of debt service on the Bonds shall be credited against the Loan Payments otherwise payable by the Borrower to the extent the Bank and the Participating Bank have been fully reimbursed for such drawing.

### Purchase Price Payments by Borrower

The Borrower shall also pay to the Trustee as purchase price payments for the purchase of Bonds (“Purchase Payments”) pursuant to the Indenture on the date such purchases are required to be made to the extent that moneys on deposit in the Remarketing Proceeds Purchase Account or the Letter of Credit Purchase Account established under the Indenture are insufficient to pay the full purchase price of the Bonds.

### Additional Payments by Borrower

The Borrower shall pay as additional payments the fees, costs and expenses (including reasonable legal fees and expenses) incurred by the Authority, the local industrial development authority, the Remarketing Advisor and the Trustee as provided in the Loan Agreement. The Borrower is also required to indemnify the Authority and certain other parties against certain liabilities and expenses.

### General Covenants of Borrower

The Borrower agrees to maintain its existence, not to dissolve or otherwise sell, transfer or otherwise dispose of all or substantially all of its assets and not to consolidate with or merge into another entity; provided that it may do so if the Authority and the Participating Bank consent in writing and, if the surviving, resulting or transferee entity is other than the Borrower, such entity assumes in writing all of the obligations of the Borrower under the Loan Agreement. The Borrower also agrees to commence operations within three years from the Series Issue Date, and to continue operations throughout the term of the Loan Agreement. The Borrower agrees not to sell, assign or otherwise dispose of its interest in the Project or any material portion thereof (other than certain leases permitted under the Loan Agreement) or undertake or permit demolition or removal of the Project or any material portion thereof without the prior written consent of the Authority; provided that the Borrower is permitted to sell, transfer, assign or otherwise dispose of or remove any portion of the Project which is retired or replaced in the ordinary course of business. The Borrower agrees to prepare or have prepared such financial statements and reports in such form as are required by the Participating Bank and shall provide copies of such financial statements and reports to the Authority and the Trustee upon request therefor. The Borrower agrees to give the Trustee, the Participating Bank, the Remarketing Advisor and the Bank notice of any action, suit or proceeding pending or threatened against it at law or in equity, or before any governmental instrumentality or agency, which, if adversely determined, would materially impair the right of the Borrower to carry on the business which is contemplated in connection with the Project or would materially and adversely affect its business, operations, properties, assets or condition.

### Tax Covenants of Borrower and Authority

The Borrower covenants in the Loan Agreement that it will at all times do and perform all acts and things necessary or desirable and within its reasonable control in order to assure that interest paid on the Bonds shall be excludable in the gross income of the Holders thereof for federal income tax purposes and that it shall not take or omit to take, or permit to be taken on its behalf, any actions which, if taken or omitted, would adversely affect the excludability from the gross income of the Holders of interest paid on the Bonds for federal income tax purposes.

The Authority and the Borrower mutually covenant for the benefit of the Holders that they will not use the proceeds of the Bonds, any moneys derived, directly or indirectly, from the use or investment thereof or any other moneys on deposit in any fund or account maintained in respect of the Bonds in a manner which would cause the Bonds to be treated as “arbitrage bonds” within the meaning of Section 148 of the Code or would otherwise violate the provisions of the Indenture relating to arbitrage.

The Borrower has covenanted that it will comply with various requirements of the Code pertaining to the excludability of interest on the Bonds from gross income of Holders thereof for federal income tax purposes.

### Damage to or Condemnation of Project

In the event of damage, destruction or condemnation of part or all of the Project, the Borrower shall either: (i) restore the Project or (ii) if permitted by the terms of the Bonds, direct the Authority to call the Bonds for redemption as provided in the Loan Agreement. Damage to, destruction of or condemnation of all or a portion of the Project shall not

terminate the Loan Agreement, or cause any abatement of or reduction in payments to be made by the Borrower under the Loan Agreement.

#### Events of Default

The Loan Agreement provides that each of the following shall be an “Event of Default”:

(a) Failure by the Borrower to pay any Loan Payment or Purchase Payment on or prior to the date on which such payment is due and payable;

(b) Failure by the Borrower to observe or perform any other agreement, term or condition under the Loan Agreement for a period of 30 days after notice to the Borrower by the Authority or the Trustee, which period may by written agreement of the Authority and the Trustee be extended; provided, that if the failure is other than the payment of money and is of such nature that it can be corrected but not within the 30 days, such failure will not constitute an Event of Default so long as the Borrower institutes curative action within the 30 days and diligently pursues that action to completion;

(c) The Borrower shall (i) apply for or consent to the appointment of a receiver, trustee, liquidator or custodian or the like of itself or of its property, (ii) admit in writing its inability to pay its debts generally as they become due, (iii) make a general assignment for the benefit of creditors, (iv) be adjudicated a bankrupt or insolvent, (v) commence a voluntary case under the United States Bankruptcy Code or other applicable bankruptcy or insolvency law, or (vi) have commenced against it an involuntary case under the United States Bankruptcy Code or other applicable bankruptcy or insolvency law that (A) results in the entry of an order for relief or (B) remains unvacated, undismissed and undischarged for a period of 60 days;

(d) Any representation or warranty made by the Borrower in the Loan Agreement or any statement in any report, certificate, financial statement or other instrument furnished in connection with the Loan Agreement or with the purchase of Bonds shall at any time prove to have been false or misleading in any material respect when made or given;

(e) For any reason the Bonds are declared due and payable by acceleration in accordance with the Indenture;

(f) The Trustee receives notice from the Participating Bank (i) stating that an event of default under the Reimbursement Agreement has occurred and is continuing and (ii) directing the Trustee to call the Bonds for mandatory purchase or to declare the principal of the outstanding Bonds immediately due and payable;

(g) The Trustee receives notice from the Bank (i) stating that an event of default under the Participating Bank Agreement has occurred and is continuing and (ii) directing the Trustee to call the Bonds for mandatory purchase or to declare the principal of the outstanding Bonds immediately due and payable;

(h) The Trustee receives notice from the Bank prior to the tenth Business Day following payment of a drawing under the Letter of Credit for interest on Bonds which remain outstanding after the application of the proceeds of such drawing, stating that the Letter of Credit will not be reinstated with respect to such interest; or

(i) A Misuse of Bond Proceeds occurs, or if the Borrower fails to complete the Project (except for immaterial items) and commence operations at the Project within three years from the Series Issue Date, or fails to maintain (or to cause to be maintained) or within such period to create and thereafter maintain (or to cause to be created and thereafter maintained) at least 50% of the employment at the Project projected in the application to the Authority on behalf of the Borrower pursuant to which the Bonds were issued; or ceases or permits to be ceased its operations at the Project, (other than temporary cessation beyond the control of the Borrower and its lessee), or sells, assigns or otherwise disposes of (whether in one transaction or in a series of transactions) its interest in the Project or any substantial portion thereof (other than leases permitted under the Loan Agreement) or undertakes or permits any demolition or removal of a substantial portion of the Project without the prior written consent of the Authority (excluding any portion of the Project which is retired or replaced in the ordinary course of business), or assigns its

interest under the Loan Agreement in violation of the Loan Agreement. (See “THE INDENTURE -- Events of Default and Remedies” below.)

### Remedies

If any Event of Default occurs and continues, the Trustee shall, if payment of the Bonds is accelerated pursuant to the Indenture, declare all Loan Payments to be immediately due and payable and any amounts collected shall be paid into the Bond Fund and applied in accordance with the provisions of the Indenture. The Trustee or the Authority may also pursue any remedies at law or in equity to collect all amounts due and thereafter to become due under the Loan Agreement or the Letter of Credit or to enforce the performance and observance of any other obligation or agreement of the Borrower under the Loan Agreement.

### Amendments

The Loan Agreement may only be amended as permitted by the Indenture. As provided in the Indenture, if the Authority and the Borrower propose to amend the Loan Agreement, the Trustee may consent thereto; provided that if such proposal would amend the Loan Agreement in such a way as would materially adversely affect the interests of the Holders of Bonds, the Trustee shall notify the Holders of the proposed amendment and may consent thereto with the consent of Holders of a majority in aggregate principal amount of the Bonds then outstanding; except that no amendment shall be consented to by the Trustee without the unanimous consent of all Holders if such amendment would (1) decrease the amounts payable under the Loan Agreement constituting Revenues, (2) change the date of payment or prepayment provisions under the Loan Agreement, or (3) change any provisions with respect to amendment. Before the Authority shall enter into, and the Trustee shall consent to, any modification, alteration, amendment or supplement to the Loan Agreement, there shall have been delivered to the Authority and the Trustee an opinion of nationally recognized bond counsel to the effect that such amendment is authorized or permitted by the Indenture and the Act and will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds.

## THE INDENTURE

The following description of certain provisions of the Indenture is only a brief outline of some of the provisions thereof, and does not purport to summarize or describe all of the provisions thereof. Reference is made to the Indenture for details of the provisions and conditions relating to the Bonds.

### The Trustee

The obligations and duties of the Trustee are described in the Indenture and the Trustee has undertaken only those obligations and duties which are expressly set out in the Indenture. The Trustee has not independently passed upon the validity of the Bonds, the security therefor, the adequacy of the provisions for payment thereof or the tax-exempt status of the interest on the Bonds. The Trustee has relied upon the approving opinion of Bond Counsel for the validity of the Bonds and tax-exempt status of the interest on the Bonds, as well as other matters set out in that opinion. The Indenture expressly provides that the Trustee shall not be responsible for any loss or damage resulting from any action taken or omitted in good faith in reliance upon an opinion of counsel.

Under the terms of the Indenture, the Trustee is liable only for those damages caused by its gross negligence or willful misconduct. Under the Indenture, the Trustee is not required to take notice or be deemed to have notice of any event of default under the Indenture, except for the events of default described under items (a), (b), (c), (f), (g) and (h) of the section herein entitled “THE INDENTURE -- Events of Default and Remedies,” unless the Trustee has been specifically notified in writing of such event of default by the Authority, the Bank, the Participating Bank, or the registered owners of at least 10% in aggregate principal amount of the outstanding Bonds. In the absence of any such notice, the Trustee may conclusively assume that no event of default exists, except as expressly stated above and in the Indenture.

### Pledge and Security

In order to secure, first, the payment of the principal of, premium, if any, on and interest on the Bonds and the performance of the Authority's covenants in respect of the Bonds, second, the payment and performance of the reimbursement and other obligations of the Participating Bank under the Participating Bank Agreement, and, third, the payment and performance of the reimbursement and other obligations of the Borrower under the Reimbursement Agreement, the Authority assigns and pledges to the Trustee pursuant to the Indenture:

(a) all right, title and interest (but not the obligations) of the Authority under and pursuant to the terms of the Loan Agreement, all Loan Payments and all other payments, revenues and receipts receivable by the Authority thereunder (except for the Unassigned Authority's Rights as defined in the Loan Agreement); and

(b) all of the right, title and interest of the Authority in and to all funds and accounts established under the Indenture and all moneys and investments now or hereafter held therein and all present and future Revenues (as defined in the Indenture).

### Settlement Account

Under the Indenture, there is established with the Trustee a Settlement Account. All proceeds of the sale of the Bonds together with the amount, if any, paid by the Borrower to the Trustee on or before the Series Issue Date to fund Project costs, shall be deposited in the Settlement Account and shall, on the Series Issue Date, be disbursed to pay certain costs incurred in connection with the authorization, sale, issuance and delivery of the Bonds. The Indenture provides that the Settlement Account may be jointly administered by the Trustee with similar accounts established for other bonds of the Authority being issued on the same Series Issue Date.

### Project Fund

Under the Indenture, there is established with the Trustee a Project Fund. After payment of certain Project costs out of the Settlement Account on the Series Issue Date, the amount remaining in the Settlement Account will be deposited in the Project Fund and disbursed from the Project Fund to pay other Project costs or to reimburse the Borrower or other persons for payment of Project costs. (See "THE LOAN AGREEMENT -- Disbursements from the Project Fund" herein.) Until applied in accordance with the Loan Agreement and the Indenture, moneys in the Project Fund shall be held as security as described above.

### Bond Fund

Under the Indenture, there is established with the Trustee a Bond Fund. Except as specifically directed in the Indenture, all Revenues received by the Trustee shall be deposited in the Bond Fund. Moneys held in the Bond Fund shall be made available (i) to pay the principal of, premium, if any, on or interest on Bonds or (ii) to reimburse the Bank for drawings on the Letter of Credit to make such payments or to reimburse the Participating Bank if it has reimbursed the Bank for moneys so drawn.

Under the Indenture, there is established within the Bond Fund a General Account and a Letter of Credit Debt Service Account. Under the Indenture, the Trustee is required to draw on the Letter of Credit to pay principal of, premium, if any, on and interest on the Bonds due on any Interest Payment Date, redemption date or maturity date, as the case may be. All moneys (and only those moneys) received by the Trustee from drawings under the Letter of Credit to pay principal of, premium, if any, on and interest on the Bonds shall be deposited in the Letter of Credit Debt Service Account and shall be applied to the payment when due of principal of, premium, if any, on and interest on the Bonds (other than Pledged Bonds or Borrower Bonds, for which such moneys shall not be Available Moneys).

**IT IS EXPECTED THAT PAYMENTS OF PRINCIPAL OF, PREMIUM, IF ANY, ON AND INTEREST ON THE BONDS WILL BE MADE WITH PROCEEDS OF DRAWINGS ON THE LETTER OF CREDIT.**

Moneys in the General Account shall be applied in the following order of priority: (i) to the reimbursement of the Bank when due for moneys drawn under the Letter of Credit and deposited in the Letter of Credit Debt Service

Account for payment of principal of, premium, if any, on and interest on the Bonds or to the reimbursement of the Participating Bank if it has reimbursed the Bank for moneys so drawn; (ii) when insufficient moneys have been received under the Letter of Credit, to the payment, when due, of principal of, premium, if any, on and interest on the Bonds, other than Borrower Bonds or Pledged Bonds; (iii) to the payment when due of principal of, premium, if any, on and interest on Pledged Bonds; and (iv) to the payment when due of principal of, premium, if any, on and interest on Borrower Bonds.

“Available Moneys” as used herein and in the Indenture means (i) proceeds of a drawing under the Letter of Credit and (ii) any moneys paid to the Trustee and with respect to which the Trustee has received an opinion of nationally recognized counsel experienced in bankruptcy matters and acceptable to the Trustee and any Rating Service who then has a rating assigned to the Bonds to the effect that the use of such moneys to pay principal of, premium, if any, on or interest on the Bonds will not constitute an avoidable transfer under Section 547 of the United States Bankruptcy Code in the event of a case under the United States Bankruptcy Code by the Authority or by or against the Borrower or any Affiliate of the Borrower (as defined in the Indenture), as debtor; provided that when used with respect to payment of amounts due in respect of any Pledged Bonds or Borrower Bonds, “Available Moneys” means any moneys held by the Trustee and available for such payment pursuant to the terms of the Indenture except for moneys drawn under the Letter of Credit.

#### Investment of Funds

The Indenture provides that moneys in the Project Fund and certain moneys in the Bond Fund will be invested at the oral, to be promptly confirmed in writing, or written direction of the Borrower, in Eligible Investments, as defined in the Indenture. “Eligible Investments” is defined in the Indenture as obligations evidencing indebtedness described in Section 103(a) of the Code which obligations are not investment property as defined in Section 148(b)(2) and (3) of the Code and are rated within one of the three highest rating categories by Moody’s Investors Service or Standard & Poor’s, A Division of The McGraw-Hill Companies, Inc. Pursuant to the Indenture, the Trustee, in purchasing such securities, may purchase shares of a fund, at least 98% of the weighted average value of the assets of which are of the type described in this paragraph or which derives at least 98% of its gross income from such assets.

The Authority covenants for the benefit of the Holders of the Bonds that (a) it shall take, or cause to be taken, all actions that may be required of it for the interest on the Bonds to be and remain excluded from the gross income of the Holders for federal income tax purposes, and shall not take any actions which would adversely affect that exclusion under the provisions of federal tax laws that apply to the Bonds; and (b) it will not act so as to cause the proceeds of the Bonds, any moneys derived, directly or indirectly, from the use or investment thereof and any other moneys on deposit in any fund or account maintained in respect of the Bonds (whether such moneys were derived from the proceeds of the sale of the Bonds or from other sources) to be used in a manner which could cause the Bonds to be treated as “arbitrage bonds” within the meaning of the Code. The definition of “Eligible Investments” with respect to the proceeds of the Bonds restricts the investment or other use of money in the funds created under the Indenture in such manner and to such extent, that such Bonds will not constitute “arbitrage bonds” under the Code, and the Trustee, in the Indenture, agrees to so limit the investment of money in the funds and accounts created under the Indenture notwithstanding any instruction the Trustee may receive from the Borrower to the contrary.

#### Reports Regarding Borrower

Under the terms of the Indenture, at the written request of any Holder of Bonds, the Trustee shall (i) request the Borrower to provide the Trustee with copies of such financial statements and reports that the Trustee may be entitled to receive pursuant to the Loan Agreement and (ii) provide to such Holder copies of any financial statements and reports and/or any notices of litigation received by the Trustee pursuant to the Loan Agreement. (See “THE LOAN AGREEMENT -- General Covenants of Borrower” herein.)

#### Events of Default and Remedies

The Indenture provides that each of the following shall be an “Event of Default”:

(a) Failure to pay the principal of or premium, if any, on any Bond when due and payable, whether at the stated maturity thereof, by redemption, by acceleration or otherwise;

- (b) Failure to pay any interest on any Bond within three Business Days of when due and payable;
- (c) Failure to pay the purchase price due to the Holder of any Bond who has tendered such Bond for purchase pursuant to the Indenture within three Business Days of when such purchase price is due;
- (d) Failure by the Authority to comply with the provisions of the Act relating to the Bonds or the Project or to perform or observe any other covenant, agreement or obligation on its part to be observed or performed contained in the Indenture or the Bonds, which failure shall have continued for a period of 90 days after written notice has been given by registered or certified mail to the Authority, the Bank, the Participating Bank and the Borrower as provided in the Indenture, which notice may be given by the Trustee in its discretion and which notice must be given by the Trustee at the written request of the Holders of not less than 25% in aggregate principal amount of Bonds outstanding;
- (e) The occurrence and continuance of an “Event of Default” as defined in the Loan Agreement (see “THE LOAN AGREEMENT -- Events of Default” herein);
- (f) Receipt by the Trustee of a written notice from the Bank stating that an event of default has occurred under the Participating Bank Agreement (see “THE PARTICIPATING BANK AGREEMENT AND THE REIMBURSEMENT AGREEMENT -- Participating Bank Agreement” herein) or from the Participating Bank stating that an event of default has occurred under the Reimbursement Agreement, and directing the Trustee to declare an Event of Default and to call the Bonds for mandatory purchase or declare the principal of the Bonds together with interest accrued thereon, to be immediately due and payable, to draw on the Letter of Credit and to exercise remedies under the Indenture as directed by the Bank or, as applicable, the Participating Bank (see “THE PARTICIPATING BANK AGREEMENT AND THE REIMBURSEMENT AGREEMENT -- Reimbursement Agreement” herein);
- (g) Receipt by the Trustee of a notice by tested telex or in writing from the Bank prior to the close of business on the ninth Business Day following payment of a drawing under the Letter of Credit for interest on Bonds which remain outstanding after the application of the proceeds of such drawing, stating that reinstatement of the Letter of Credit will not occur with respect to such interest because an event of default has occurred under the Participating Bank Agreement, or because the Bank has received notice that an Event of Default has occurred under the Reimbursement Agreement;
- (h) Failure by the Borrower to cause an amendment extending the Expiration Date of the current Letter of Credit or an Alternate Letter of Credit to be delivered to the Trustee pursuant to the Indenture on or before the Interest Payment Date next preceding such Expiration Date, unless the Bonds have been called for mandatory purchase on such Interest Payment Date in anticipation of the expiration of the Letter of Credit pursuant to the Indenture;
- (i) Wrongful dishonor by the Bank of a proper drawing under the Letter of Credit; or
- (j) A decree or order of a court or agency or supervisory authority having jurisdiction for the appointment of a conservator or receiver or liquidator in any insolvency, readjustment of debt, marshalling of assets and liabilities or similar proceedings of or with respect to the Bank, or for the winding-up or liquidation of its affairs, shall have been entered against the Bank or the Bank shall have consented to the appointment of a conservator or receiver or liquidator in any insolvency, readjustment of debt, marshalling of assets and liabilities or similar proceedings of or with respect to the Bank or all or substantially all of its property.

Upon the occurrence of any Event of Default under item (d), (e), or (f) above, the Trustee shall upon the written direction of the Bank or the Participating Bank (or in the case of an Event of Default under item (d) above, upon request of 100% of the Holders of the Bonds then outstanding or, in the case of an Event of Default under item (e) above resulting from an Event of Default described in item (i) under the heading “THE LOAN AGREEMENT - Events of Default,” upon written direction from the Authority), declare the principal of all Bonds then outstanding, together with interest accrued thereon, to be immediately due and payable; provided that, the Bank or the Participating Bank, may, at its option, but subject to the further provisions described in this paragraph, direct the Trustee in writing to call (in which case the Trustee shall call) the Bonds for mandatory purchase pursuant to the Indenture on a Business Day stipulated by the Bank or the Participating Bank, as applicable, in such direction, which Business Day shall not be earlier than 20 days (or such shorter period as shall be acceptable to the Trustee) after the date the Trustee receives such direction. Irrespective of whether an Event of Default has occurred under item (d), (e) or (f) above, for which the Bank

or the Participating Bank has directed the Trustee to call the Bonds for mandatory purchase, upon the occurrence of an Event of Default under item (g), (h), (i) or (j) above the Trustee shall, and upon the occurrence of an Event of Default described under item (a), (b) or (c) above the Trustee may, declare the principal of and accrued interest on all outstanding Bonds immediately due and payable. Upon any declaration that the principal of and interest on the Bonds are due and payable immediately, such principal and interest shall become due and payable immediately. The Trustee shall, unless prohibited by law, immediately exercise such rights as it may have under the Loan Agreement to declare all payments thereunder due and payable and shall immediately draw upon the Letter of Credit to the full extent permitted by the terms thereof and shall give notice to the Holders of Bonds of such acceleration.

In addition, upon the happening and continuance of an Event of Default, the Trustee may pursue any available remedy to enforce payment of debt service on the Bonds or to enforce the observance and performance of any other covenant, agreement or obligation under the Indenture, the Loan Agreement, the Letter of Credit or any other instrument providing security for the Bonds; provided that, if the Borrower breaches its covenants contained in the Loan Agreement relating to commencement of operations at the Project and continuance of such operations, the Authority, upon five days' written notice to the Borrower and the Trustee, in addition to any other rights and remedies of the Trustee, may independently seek specific performance or other remedies to enforce such covenants.

If any Event of Default has occurred and is continuing, the Trustee in its discretion may, and upon the written request of Holders of a majority in principal amount of all Bonds outstanding and receipt of indemnity to its satisfaction shall, in its own name:

(a) By mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Holders of the Bonds, including the right to require the Authority to enforce any rights under the Loan Agreement and to require the Authority to carry out any other provisions of the Indenture for the benefit of the Holders of the Bonds and to perform its duties under the Act;

(b) Bring suit upon the Bonds;

(c) By action or suit in equity require the Authority to account as if it were the trustee of an express trust for the Holders of the Bonds; and

(d) By action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Holders of the Bonds.

If an Event of Default under the Loan Agreement occurs and is continuing, the Trustee in its discretion may, and upon the written request of Holders of a majority in principal amount of all Bonds then outstanding or of the Bank or the Participating Bank and receipt of indemnity to its satisfaction shall, enforce each and every right granted to it as assignee of the Loan Agreement.

No remedy conferred upon or reserved to the Trustee (or to the Bondholders) by the Indenture is intended to be exclusive of any other remedy.

As the grantee of a security interest in the Loan Agreement, the Trustee is empowered to enforce each remedy, right and power granted to the Authority under the Loan Agreement. In exercising any remedy, right or power thereunder or under the Indenture, the Trustee shall take any action which would best serve the interests of the Holders in the judgment of the Trustee, applying the standards described in the Indenture.

## Application of Moneys

All moneys received by the Trustee pursuant to any drawing made upon the Letter of Credit following an acceleration of Bonds shall be applied by the Trustee to and only to the payment of principal of or premium, if any, or interest on the Bonds (other than Borrower Bonds and Pledged Bonds). After payment of any costs, expenses, liabilities and advances paid, incurred, made or anticipated to be paid, incurred or made by the Trustee in the collection of moneys pursuant to any right given or action taken under the Indenture, the Loan Agreement or the Letter of Credit (including, without limitation, reasonable attorneys' fees and expenses, except as limited by law or judicial order or decision entered in any action taken under the Indenture), all moneys so collected by the Trustee shall be applied in accordance with the following provisions, subject to the Indenture:

(a) Unless the principal of all of the Bonds shall have become, or shall have been declared to be, due and payable, all of those moneys shall be deposited in the Bond Fund and shall be applied, subject to the first sentence above:

First -- To the payment to the Holders of Bonds entitled thereto of all installments of interest then due on the Bonds, in the order of the dates of maturity of the installments of that interest, beginning with the earliest date of maturity and, if the amount available is not sufficient to pay in full any particular installment, then to the payment thereof ratably, according to the amounts due on that installment, to the Holders of Bonds entitled thereto, without any discrimination or privilege, except as to any difference in the respective rates of interest specified in the Bonds; and

Second -- To the payment to the Holders of Bonds entitled thereto of the unpaid principal of any of the Bonds which shall have become due (other than Bonds previously called for redemption for the payment of which moneys are held pursuant to the provisions of the Indenture), whether at stated maturity or by redemption, in the order of their due dates, beginning with the earliest due date, with interest on those Bonds from the respective dates upon which they became due at the rates specified in those Bonds, and if the amount available is not sufficient to pay in full all Bonds due on any particular date, together with that interest, then to the payment thereof ratably, according to the amounts of principal due on that date, to the Holders of Bonds entitled thereto, without any discrimination or privilege.

The surplus, if any, remaining after the application of the moneys as set forth above shall, to the extent of any unreimbursed drawing under the Letter of Credit, or other obligations owing to the Bank under the Participating Bank Agreement, be paid to the Bank. Any remaining moneys shall be paid, first, to the Participating Bank to the extent of amounts owing under the Reimbursement Agreement, and, second, to the Borrower or the person lawfully entitled to receive the same as a court of competent jurisdiction may direct.

(b) If the principal of all of the Bonds shall have become due or shall have been declared to be due and payable pursuant to the Indenture, all of those moneys shall be deposited into the Bond Fund and shall be applied to the payment of the principal, premium (if any) and interest then due and unpaid on the Bonds, without preference or priority of principal over interest, of interest over principal, of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the Holders entitled thereto.

(c) If the principal of all of the Bonds shall have been declared to be due and payable pursuant to the Indenture, and if that declaration thereafter shall have been rescinded and annulled pursuant to the Indenture, subject to item (b) above in the event that the principal of all of the Bonds shall become due and payable later, the moneys shall be deposited in the Bond Fund and shall be applied in accordance with the provisions of the Indenture.

(d) Whenever moneys are to be applied pursuant to the foregoing provisions, those moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of moneys available for application and the likelihood of additional moneys becoming available for application in the future. Whenever the Trustee shall direct the application of those moneys, it shall fix the date upon which the application is to be made, and upon that date, interest shall cease to accrue on the amounts of principal, if any, to be paid on that date, provided the moneys are available therefor.

### Rights and Remedies of Holders

A Bondholder shall not have any right to institute any suit, action or proceeding for the enforcement of the Indenture, for the execution of any trust thereof, or for the exercise of any other remedy thereunder, unless:

(a) there has occurred and is continuing an Event of Default under the Indenture of which the Trustee has been notified, as provided in the Indenture, or of which it is deemed to have notice under the Indenture;

(b) the Holders of at least a majority in aggregate principal amount of Bonds then outstanding shall have made written request to the Trustee and shall have afforded the Trustee reasonable opportunity to proceed to exercise the remedies, rights and powers granted therein or to institute the suit, action or proceeding in its own name, and shall have offered indemnity to the Trustee as provided in the Indenture; and

(c) the Trustee thereafter shall have failed or refused to exercise the remedies, rights and powers granted it under the Indenture or to institute the suit, action or proceeding in its own name.

At the option of the Trustee, such notification (or notice), request, opportunity and offer of indemnity are conditions precedent in every case to the institution of any suit, action or proceeding described above.

No one or more Holders of the Bonds shall have any right to affect, disturb or prejudice in any manner whatsoever the security or benefit of the Indenture by its or their action, or to enforce, except in the manner provided in the Indenture, any remedy, right or power thereunder. Any suit, action or proceeding shall be instituted, had and maintained in the manner provided in the Indenture for the benefit of the Holders of all Bonds outstanding.

### Right of Holders to Direct Proceedings; Limitations

The Holders of a majority in aggregate principal amount of Bonds then outstanding will have the right at any time, by an instrument or document in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture or any other remedial proceedings under the Indenture, provided that (i) such direction shall be in accordance with the provisions of law and the Indenture, (ii) the Trustee shall be indemnified as provided in the Indenture, (iii) the Trustee may take any other action which it deems to be proper and which is not inconsistent with the direction of the Holders pursuant to the Indenture, and (iv) if the Letter of Credit is in effect and no Event of Default described in item (i) or (j) under the heading "THE INDENTURE -- Events of Default and Remedies" has occurred and is continuing under the Indenture, then the Bank (or, with the written consent of the Bank, the Participating Bank) shall have the right to give such direction in lieu of such Holders.

### Waivers of Events of Default

Except as provided in the Indenture, at any time, in its discretion, the Trustee, but only with the express prior consent of the Bank and the express prior consent of the Participating Bank, may (and, upon the written request of the holders of at least a majority in aggregate principal amount of all Bonds outstanding, shall) waive any Event of Default under the Indenture and its consequences and rescind and annul any corresponding acceleration of maturity of principal of the Bonds. No waiver or rescission shall extend to any subsequent or other Event of Default under the Indenture or impair any right consequent thereon.

### Termination of Proceedings

In case the Trustee shall have proceeded to enforce any remedy, right or power under the Indenture in any suit, action or proceeding, and the suit, action or proceeding shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, the Authority, the Trustee, the Bank, the Participating Bank and the Holders shall be restored to their former positions and rights under the Indenture, respectively, and all rights, remedies and powers of the Trustee shall continue as if no suit, action or proceeding had been taken.

## Supplemental Indentures

The Authority and the Trustee, with the consent of the Bank, may enter into supplemental indentures without the consent of or notice to any of the Holders, for any one or more of the following purposes: (a) to cure any ambiguity, inconsistency or formal defect or omission in the Indenture; (b) to grant to or confer upon the Trustee additional rights, remedies, powers or authority for the benefit of the Holders; (c) to accept additional security and instruments of further assurance; (d) to add other covenants, agreements and obligations of the Authority to be observed for the protection of the Holders, or to surrender or limit any right, power or authority reserved to or conferred upon the Authority in the Indenture, (e) to permit the use of a book entry system to identify the owner of an interest in an obligation issued by the Authority under the Indenture; (f) to permit the Trustee to comply with any obligations imposed upon it by law; (g) to specify further the duties and responsibilities of, and to define further the relationship between the Trustee and the Remarketing Advisor; (h) to achieve compliance of the Indenture with any applicable federal securities or tax laws; (i) to make amendments to the provisions thereof relating to arbitrage matters under Section 148 of the Code, if, in the opinion of nationally recognized bond counsel selected by the Authority and approved by the Trustee, those amendments would not cause the interest on the Bonds outstanding to become included in the gross income of the Holders thereof for federal income tax purposes; (j) to evidence the appointment of a new remarketing advisor; (k) to provide for an Alternate Letter of Credit; (l) to make any amendments required to secure a rating on the Bonds from a Rating Service equal to the rating of the Bank's unsecured indebtedness; (m) to reflect the execution by the Borrower of a Reimbursement Agreement (as defined in the Indenture); the execution by the Bank of a Participating Bank Agreement (as defined in the Indenture) and to reflect the substitution of Standard Provisions (as defined in the Indenture) to reflect a change from a Double Tier Project to a Single Tier Project (each as defined in the Indenture); or (n) to permit any other amendment which is not materially adverse to the interests of the Trustee or the Holders.

Exclusive of supplemental indentures for the purposes summarized above, the Indenture may be supplemented if the Bank (so long as a Letter of Credit is held by the Trustee), and the Holders of a majority in aggregate principal amount of the Bonds then outstanding consent to such supplement; provided the unanimous consent of the Holders of Bonds then outstanding is required if the supplemental indenture effects the principal or redemption price or interest payable upon any Bonds, the dates on which interest will be paid, the dates of maturity or the redemption or purchase provisions of any Bonds or change any provisions with respect to amendment of the Indenture.

Any supplemental indenture will not become effective without the consent of the Borrower or the Participating Bank (as appropriate) if the supplemental indenture affects either of them.

Before any supplemental indenture is executed, there shall be delivered to the parties thereto an opinion of nationally recognized bond counsel to the effect that such supplemental indenture is authorized or permitted by the Indenture and the Act will, upon the execution and delivery thereof, be valid and binding upon the Authority in accordance with its terms, and will not adversely affect the exclusion from gross income for federal tax purposes of interest on the Bonds.

## Defeasance

When the principal of and premium, if any, and interest on all Bonds issued under the Indenture have been paid, or provision has been made for payment of the same and any tender purchase price payable, together with the compensation and expenses of the Trustee and all other sums payable thereunder by the Authority or the Borrower, the right, title and interest of the Trustee in and to the Indenture shall thereupon cease and the Trustee, on demand of the Authority or the Borrower, shall release the Indenture and shall execute such documents to evidence such release as may be reasonably required by the Authority or the Borrower and shall turn over to the Borrower or to such person, body or authority as may be entitled to receive the same all balances then held by the Trustee under the Indenture not required for the payment of the Bonds and such other sums and shall surrender the Letter of Credit to the Bank; provided that any proceeds of the Letter of Credit not required for payment of the Bonds shall be turned over to the Bank and in the event there has been a drawing under the Letter of Credit for which the Bank has not been fully reimbursed pursuant to the Participating Bank Agreement, or any other obligations are then due and owing to the Bank under the Participating Bank Agreement (or, in the event the Participating Bank has not been fully reimbursed pursuant to the Reimbursement Agreement or any other obligations are then due and owing to the Participating Bank under the

Reimbursement Agreement), the Trustee shall assign and turn over to the Bank (or to the Participating Bank if the Trustee has received notice from the Bank that such obligations owing to it have been fully paid), as successor, subrogee or otherwise, all of the Trustee's right, title and interest under the Indenture, all balances held thereunder not required for the payment of the Bonds and such other sums and the Trustee's right, title and interest in, to and under the Loan Agreement and any other property held by the Trustee under the Indenture. If payment or provision therefor is made with respect to less than all of the Bonds, the particular Bonds (or portions thereof) for which provision for payment shall have been considered made shall be selected by lot or by such other method as the Trustee deems fair and appropriate, and thereupon the Trustee shall take similar action for the release of the Indenture with respect to such Bonds.

Provision for the payment of Bonds shall be deemed to have been made when the Trustee holds in the Bond Fund (1) cash in an amount sufficient to make all payments (including principal, premium, if any, interest and tender purchase price payments, if any) specified above with respect to such Bonds, or (2) noncallable, direct obligations issued by the United States of America, maturing on or before the date or dates when the payments specified above shall become due, the principal amount of which and the interest thereon, when due, are or will be, in the aggregate, sufficient without reinvestment to make all such payments, or (3) any combination of cash and such obligations the amounts of which and interest thereon, when due, are or will be, in the aggregate, sufficient without reinvestment to make all such payments; provided that such amount on deposit shall be deemed sufficient only if (i) it provides for payment of interest at the Maximum Rate and the Authority shall have surrendered any power under the Indenture to thereafter change the Maximum Rate, (ii) the Trustee shall have received an opinion of nationally recognized bond counsel to the effect that a deposit of obligations described in clause (2) or (3) above will not affect the exclusion from gross income for federal tax purposes of the interest on any of the Bonds or cause any of the Bonds to be classified as "arbitrage bonds" within the meaning of Section 148 of the Code, and (iii) provision for payment of Bonds shall be deemed to be made only if (a) the Trustee holds in the Bond Fund cash constituting Available Moneys and/or such obligations purchased with Available Moneys for payment of such Bonds in amounts sufficient to make all payments specified above with respect to such Bonds and (b) the Bonds have been called for redemption on a date not more than 60 days from the date provision for payment is being made pursuant to this paragraph and, in determining the sufficiency of amounts held to make payments with respect to the Bonds, there shall be excluded any and all interest expected to be earned on obligations held by the Trustee.

If the principal or tender purchase price of any Bonds becoming due, either at maturity or by call for redemption or tender or otherwise, together with the premium (if any) thereon and all interest accruing thereon to the due date, has been paid or provision therefor made in accordance with the above paragraphs, all interest on such Bonds shall cease to accrue on the due date and all liability of the Authority with respect to such Bonds shall likewise cease, except as hereinafter provided. Thereafter, (a) any surplus balance held by the Trustee with respect to such Bonds over the principal of, premium (if any) on and actual interest accrued on such Bonds shall be paid to the Bank as a return of excess funds drawn under the Letter of Credit (or, if the Rating Service shall have confirmed its rating of the Bonds in connection with the provision for payment of the Bonds, such surplus shall be paid as may otherwise be approved by the Rating Service in connection with such confirmation) and (b) the Holders of such Bonds shall be restricted exclusively to the funds so deposited for any claim of whatsoever nature with respect to such Bonds and the Trustee shall hold such funds in trust for such Holders uninvested and without liability for interest thereon. Moneys so deposited with the Trustee which remain unclaimed five years after the date payment thereof becomes due shall, at the written request of the Borrower (or the Bank or the Participating Bank, with respect to surplus balances) and if neither the Authority nor the Borrower is at the time to the knowledge of the Trustee in default with respect to any covenant contained in the Indenture, the Bonds or the Loan Agreement, be paid to the Borrower (or the Bank or the Participating Bank with respect to surplus balances as provided in the Indenture) and the Holders of the Bonds for which the deposit was made shall thereafter be limited to a claim against the Borrower.

Any provisions of the Indenture which relate to the maturity of Bonds, interest payments and dates thereof, optional and mandatory redemption provisions, exchange, transfer and registration of Bonds, replacement of mutilated, lost, wrongfully taken or destroyed Bonds, safekeeping and cancellation of Bonds, nonpresentment of Bonds, holding of moneys in trust, payment of moneys to the Borrower, the Bank and the Participating Bank and the duties, rights and immunities of the Trustee in connection with all of the foregoing, shall remain in effect and be binding upon the Trustee and the Holders notwithstanding the release and discharge of the Indenture.

### Limitation of Rights; No Personal Recourse.

With the exception of rights conferred expressly in the Indenture, nothing expressed or mentioned in or to be implied from the Indenture or the Bonds is intended or shall be construed to give to any person other than the parties thereto, the Borrower, the Remarketing Advisor, the Bank, the Participating Bank and the Holders of the Bonds any legal or equitable right, remedy, power or claim under or with respect to the Indenture or any covenants, agreements, conditions and provisions contained therein.

The Indenture does not pledge the general credit or the taxing power of the Commonwealth of Pennsylvania or any political subdivision thereof. The liability of the Authority shall be limited to and payable solely from the sources described herein under "SECURITY AND SOURCES OF PAYMENT FOR BONDS".

No covenant or agreement contained in the Indenture, the Bonds or the Loan Agreement shall be deemed to be the covenant or agreement of any member, director, officer, attorney, agent or employee of the Authority in an individual capacity. No recourse shall be had for the payment of any claim based thereon against any member, director, officer, agent, attorney or employee of the Authority past, present or future, or its successors or assigns, as such, either directly or through the Authority, or any such successor corporation, whether by virtue of any constitutional provision, statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise.

### TAX MATTERS

In the opinion of Bond Counsel, assuming the accuracy of the certifications of the Authority and the Borrower and their continuing compliance with the requirements of the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Bonds is excluded from gross income for federal income tax purposes under existing law as currently enacted and construed, except as provided in section 147(a) of the Code as to any Bond held by a "substantial user" of the Project financed by such Bond or by a "related person."

Interest on the Bonds is an item of tax preference for purposes of determining the alternative minimum tax imposed on individuals and corporations. Interest on a Bond held by a foreign corporation may be subject to the branch profits tax imposed by the Code.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the Bonds. Bond Counsel expresses no opinion as to any such collateral federal income tax consequences. Purchasers of the Bonds should consult their own tax advisors as to the applicability of any such collateral federal income tax consequences.

The Authority and the Borrower of the proceeds of the Bonds are certifying that the Bonds meet the applicable requirements of the Code on the date of issuance of the Bonds, and the Authority and Borrower have covenanted that the applicable requirements will be met continuously as long as the Bonds are outstanding. The exclusion from gross income for federal income tax purposes of the interest on each of the Bonds depends on and is subject to the accuracy of the certifications by the Authority and the Borrower and to present and continuing compliance with the requirements of the Code. Failure to comply with these requirements could cause interest on the Bonds to be included in gross income for federal income tax purposes as of the date of issuance of such Bonds or as of some later date. The opinion of Bond Counsel assumes compliance with these requirements and Bond Counsel has not undertaken to determine or to inform any person whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may affect the tax status of the interest on the Bonds.

Under the laws of the Commonwealth of Pennsylvania, as currently enacted and construed, the Bonds are exempt from personal property taxes in the Commonwealth of Pennsylvania and the interest on the Bonds is exempt from Commonwealth of Pennsylvania personal income tax and Commonwealth of Pennsylvania corporate net income tax.

## OTHER LEGAL OPINIONS

Legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approval of Buchanan Ingersoll & Rooney PC, Pittsburgh, Pennsylvania, Bond Counsel. A signed copy of their opinion, dated and premised on facts existing and law in effect as of the date of original issuance and delivery of the Bonds, will be delivered to the Trustee at the time of such original issuance, and a copy of that opinion will be printed on or attached to the Bonds.

Certain legal matters will be passed upon for the Authority by the Office of Chief Counsel, Department of Community and Economic Development, Harrisburg, Pennsylvania. Certain legal matters will be passed upon for the Underwriter by its counsel, Eckert Seamans Cherin & Mellott, LLC, Pittsburgh, Pennsylvania. Certain legal matters will be passed upon for the Borrower by its counsel listed in Appendix A. Certain legal matters with respect to the Letter of Credit will be passed upon for the Bank by its counsel, Tucker Arensberg, P.C., Pittsburgh, Pennsylvania.

## RATING

Standard & Poor's, A Division of The McGraw-Hill Companies, Inc., has assigned the Bonds a rating of "AA-/A-1+" based upon the issuance of the Letter of Credit by the Bank. Such rating will expire with the Letter of Credit on August 15, 2011, unless before such date such rating is withdrawn, reduced or extended.

The Bank has furnished such Rating Service with certain information and materials relating to the Bank which have not been included in this Official Statement. Generally, such Rating Service bases its ratings on information and materials so furnished and on investigations, studies and assumptions by such Rating Service. The rating assigned to the Bonds reflects only the views of such Rating Service at the time such rating was issued, and an explanation of the significance of such rating may be obtained only from such Rating Service. Such rating is not a recommendation to buy, sell or hold the Bonds. There is no assurance that such rating will continue for any given period of time or that it will not be lowered or withdrawn entirely by such Rating Service if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of this rating may have an adverse effect on the market price of the Bonds.

## UNDERWRITING

Pursuant and subject to the terms and conditions set forth in the Bond Purchase Agreement relating to the Bonds, the Bonds are being purchased by PNC Capital Markets LLC, as Underwriter. The Underwriter will be paid a fee equal to .825% of the principal amount of the Bonds. The Borrower has agreed to indemnify the Underwriter and the Authority against certain civil liabilities, including certain liabilities with respect to federal securities laws. The Underwriter intends to offer the Bonds at the offering price set forth on the cover page of this Official Statement.

## CERTAIN RELATIONSHIPS AMONG THE PARTIES

PNC Capital Markets LLC is acting as Underwriter and Remarketing Advisor with respect to the Bonds. PNC Bank, National Association, Pittsburgh, Pennsylvania is issuing the Letter of Credit. PNC Bank, National Association and PNC Capital Markets LLC are both wholly-owned subsidiaries of The PNC Financial Services Group, Inc. PNC Bank, National Association may, from time to time, have credit relationships with the Borrower and/or its respective affiliates.

The Borrower has represented in the Loan Agreement that the Bank does not control, either directly or indirectly through one or more intermediaries, the Borrower, and, likewise, the Borrower does not control, either directly or indirectly through one or more intermediaries, the Bank. "Control" for this purpose has the meaning given to such term in Section 2(a)(9) of the Investment Company Act of 1940, as amended and as interpreted by the Securities and Exchange Commission.

The Borrower has agreed in the Loan Agreement to provide written notice to the Trustee and the Remarketing Advisor thirty (30) days prior to the consummation of any transaction that would result in the Borrower controlling or

being controlled by the Bank. The Trustee has agreed in the Indenture to notify the Holders of the Bonds upon receiving any such written notice from the Borrower. This notification covenant supersedes any exemptions from the continuing disclosure requirement pursuant to Rule 15c2-12(b)(5) of the Securities and Exchange Act of 1934.

#### SECONDARY MARKET DISCLOSURE

In connection with the issuance of the Bonds, neither the Authority nor the Borrower has entered into a continuing disclosure undertaking with respect to the Bonds in reliance upon available exemptions from Rule 15c2-12 promulgated by the Securities and Exchange Commission (the “Rule”). The Loan Agreement states that if, in the future, the requirements of the Rule become applicable with respect to the Bonds, the Borrower shall comply with the requirements of the Rule.

#### MISCELLANEOUS

The foregoing references to and summaries or descriptions of provisions of the Bonds, the Letter of Credit, the Participating Bank Agreement, the Reimbursement Agreement, the Loan Agreement, the Indenture, the Remarketing Agreement, and all references to other materials not stated to be quoted in full are only brief outlines of some of the provisions thereof and do not purport to summarize or describe all of the provisions thereof. Copies of the Letter of Credit, the Participating Bank Agreement, the Reimbursement Agreement, the Loan Agreement, the Indenture and the Remarketing Agreement may be obtained from the Underwriter as set forth herein under “INTRODUCTORY STATEMENT.”

Included in Appendix A to this Official Statement is a brief description of the Borrower and its Project, the name of the Borrower’s counsel, the name of the Participating Bank and its counsel and the estimated uses of the proceeds of the Bonds. Attached as Appendix B to this Official Statement is a description of the Bank.

The distribution of this Official Statement has been duly authorized by the Authority.

PENNSYLVANIA ECONOMIC DEVELOPMENT  
FINANCING AUTHORITY

By: /s/ Stephen M. Drizos  
Authorized Signer

APPENDIX A  
INFORMATION REGARDING THE BORROWER

**APPENDIX A**

\$2,500,000  
2008 Series A1  
(North American Communications, Inc. Project)

1. Borrower.

North American Communications, Inc. (the "Borrower") is a Pennsylvania corporation that was incorporated in 1982. The Borrower is a vertically integrated direct mail manufacturer. No assurance can be given as to the ability of the Borrower to pay its obligations under the Loan Agreement.

2. Counsel to Borrower.

Rhoads & Sinon  
Post Office Box 1146  
Harrisburg, Pennsylvania 17108

3. Description of Project.

The Project consists of the acquisition of equipment located in Allegheny Township, Blair County, Pennsylvania, to be acquired by the Borrower and operated by the Borrower in the manufacture and production of direct mail products.

4. Sources and Uses of Funds.

	<u>Bond Proceeds</u>	<u>Equity</u>	<u>Total</u>
New Equipment	\$ 2,500,000		\$ 2,500,000
Miscellaneous Costs		\$79,250	79,250
Costs of issuance	<u>0</u>	<u>7,000</u>	<u>7,000</u>
Total	<u>\$2,500,000</u>	<u>\$86,250</u>	<u>\$2,586,250</u>

5. Participating Bank and Counsel to Participating Bank.

First Commonwealth Bank, in Johnstown, Pennsylvania will be the Participating Bank with respect to the 2008 Series A1 Bonds. Certain legal matters will be passed upon for the Participating Bank by Gilbert Caroff, Esquire, Johnstown, Pennsylvania.

**PROSPECTIVE PURCHASERS OF THE BONDS, IN CONSIDERING WHETHER TO INVEST IN THE BONDS, SHOULD RELY SOLELY ON THE LETTER OF CREDIT AS THE SOURCE OF PAYMENT ON THE BONDS AND NOT ON THE CREDIT OF THE BORROWER OR THE VIABILITY OF THE PROJECT, AS TO WHICH NO REPRESENTATION IS MADE HEREIN. NO MORTGAGE OR SECURITY INTEREST IN THE PROJECT IS BEING GRANTED TO THE TRUSTEE.**

APPENDIX B  
INFORMATION REGARDING PNC BANK, NATIONAL ASSOCIATION

March 4, 2008

## PNC BANK, NATIONAL ASSOCIATION

**This summary incorporates by reference certain Call Reports of PNC Bank, National Association (“PNC Bank”) filed with the Office of the Comptroller of the Currency (“OCC”), and certain reports of its ultimate parent, The PNC Financial Services Group, Inc. (“PNC Financial”), filed with the Securities and Exchange Commission (“SEC”). You should read these reports and the information set forth below under the headings “PNC Bank and PNC Financial” and “Supervision and Regulation.” You should also understand that, except to the limited extent described herein, this summary does not describe the business or analyze the condition, financial or otherwise, of PNC Bank or otherwise describe any risks associated with PNC Bank or the Letter of Credit. You must rely on your own knowledge, investigation and examination of PNC Bank and PNC Bank’s creditworthiness. Neither PNC Bank nor PNC Financial makes any representation regarding the Bonds or the advisability of investing in the Bonds, nor do they make any representation regarding, nor has PNC Bank or PNC Financial participated in the preparation of, any document of which this summary is a part other than the information supplied by PNC Bank or PNC Financial and presented in this summary headed “PNC Bank, National Association.”**

### **PNC Bank and PNC Financial**

PNC Bank is a national banking association with its principal office in Pittsburgh, Pennsylvania. PNC Bank’s origins as a national bank date to 1865. PNC Bank and its subsidiaries offer a wide range of commercial banking, retail banking, and trust and wealth management services to their customers. PNC Bank’s business is subject to examination and regulation by federal banking authorities. Its primary federal bank regulator is the OCC and its deposits are insured by the Federal Deposit Insurance Corporation. PNC Bank is a wholly-owned indirect subsidiary of PNC Financial, a Pennsylvania corporation with its principal executive offices in Pittsburgh, Pennsylvania, and is PNC Financial’s principal bank subsidiary. At December 31, 2007, PNC Bank had total consolidated assets representing approximately 90% of PNC Financial’s consolidated assets.

PNC Financial, the parent company of PNC Bank, was incorporated under the laws of the Commonwealth of Pennsylvania in 1983 with the consolidation of Pittsburgh National Corporation and Provident National Corporation. Since 1983, PNC Financial has diversified its geographic presence, business mix and product capabilities through internal growth, strategic bank and non-bank acquisitions and equity investments, and the formation of various non-banking subsidiaries. PNC Financial is one of the largest diversified financial services companies in the United States based on assets, with businesses engaged in retail banking, corporate and institutional banking, asset management, and global fund processing services. PNC Financial provides many of its products and services nationally and others in PNC Financial’s primary geographic markets located in Pennsylvania, New Jersey, Washington, D.C., Maryland, Virginia, Ohio, Kentucky, and Delaware. PNC Financial also provides certain global fund processing services internationally.

On October 26, 2007, PNC Financial acquired Yardville National Bancorp, a commercial and consumer banking company based in Hamilton, N.J. with approximately \$2.6 billion in assets, \$2.0 billion in deposits, and 35 branches in central New Jersey and eastern Pennsylvania at closing. PNC plans to merge Yardville’s subsidiary bank, The Yardville National Bank, into PNC Bank in the first quarter of 2008. On July 19, 2007, PNC Financial entered into a definitive agreement to acquire Sterling Financial Corporation, a banking and financial services company based in Lancaster, PA with approximately \$3.2 billion in assets, \$2.7 billion in deposits, and 67 branches in Pennsylvania, Maryland and Delaware. This transaction is expected to close in the second quarter of 2008, subject to customary closing conditions and the approval of the selling company’s shareholders.

At December 31, 2007, PNC Financial had consolidated total assets, deposits, and shareholders’ equity of \$138.9 billion, \$82.7 billion, and \$14.9 billion, respectively. At December 31, 2006, the comparable amounts were \$101.8 billion, \$66.3 billion, and \$10.8 billion, respectively. At December 31, 2007, PNC Bank had total assets of \$124.8 billion, total loans (net of unearned income) and loans held for sale of \$68.2 billion, total deposits of \$79.4 billion, and total equity capital of \$12.6 billion. The comparable amounts at December 31, 2006 were \$90.1 billion, \$50.2 billion, \$65.3 billion, and \$6.8 billion, respectively.

**THE LETTER OF CREDIT IS SOLELY AN OBLIGATION OF PNC BANK AND IS NEITHER AN OBLIGATION OF NOR GUARANTEED BY PNC FINANCIAL OR ANY OF ITS OTHER AFFILIATES.**

## **Supervision and Regulation**

PNC Financial, the parent company of PNC Bank, is a bank and financial holding company and is subject to numerous governmental regulations involving both its business and organization. Its businesses are subject to regulation by multiple bank regulatory bodies as well as multiple securities industry regulators. Applicable laws and regulations restrict PNC Financial's ability to repurchase stock or to receive dividends from bank subsidiaries and impose capital adequacy requirements. They also restrict permissible activities and investments and require compliance with protections for loan, deposit, brokerage, fiduciary, mutual fund and other customers, and for the protection of customer information, among other things. The consequences of noncompliance can include substantial monetary and nonmonetary sanctions as well as damage to the company's reputation and business.

In addition, PNC Financial and PNC Bank are subject to comprehensive examination and supervision by banking and other regulatory bodies. Examination reports and ratings (which often are not publicly available) and other aspects of this supervisory framework can materially impact the conduct, growth, and profitability of the company's businesses. Over the last several years, there has been an increasing regulatory focus on compliance with anti-money laundering laws and regulations, resulting in, among other things, several significant publicly-announced enforcement actions. There has also been a heightened focus recently, by customers and the media as well as by regulators, on the protection of confidential customer information. A failure to have adequate procedures to comply with anti-money laundering laws and regulations or to protect the confidentiality of customer information could expose the company to damages, fines and regulatory penalties, which could be significant, and could also injure the company's reputation with customers and others with whom it does business.

You will find a general discussion of some of the elements of the regulatory framework affecting PNC Financial and PNC Bank as well as a discussion of the key risk factors that affect PNC Financial in the following sections of PNC Financial's 2007 annual report on Form 10-K: the Supervision and Regulation section included in Item 1 -- Business; Item 1A -- Risk Factors; and Note 22 Regulatory Matters of the Notes To Consolidated Financial Statements included in Item 8 of that Report.

## **Incorporation of Certain Documents by Reference**

PNC Bank submits quarterly to the OCC, its primary regulator, certain unaudited reports called "Consolidated Reports of Condition and Income" ("Call Reports"). Each Call Report consists of a balance sheet, income statement, changes in equity capital and other supporting schedules as of the end of or for the period to which the report relates. The Call Reports are prepared in accordance with regulatory instructions issued by the Federal Financial Institutions Examination Council. Because of the special supervisory, regulatory and economic policy needs served by the Call Reports, those regulatory instructions do not in all cases follow accounting principles generally accepted in the United States, including the opinions and statements of the Accounting Principles Board or the Financial Accounting Standards Board ("U.S. GAAP"). While the Call Reports are supervisory and regulatory documents, not primarily financial accounting documents, and do not provide a complete range of financial disclosure about PNC Bank, the reports nevertheless provide important information concerning the financial condition and results of operations of PNC Bank.

The publicly available portions of the Call Reports are on file with, and publicly available on written request to, the FDIC, Public Information Center, 801 17<sup>th</sup> Street, NW, Room 100, Washington, D.C. 20434, or by calling the FDIC Public Information Center at 877-275-3342 or 202-416-6940. The Call Reports are also available by accessing the FDIC's website at <http://www.fdic.gov>.

PNC Financial, the parent company of PNC Bank, is subject to the informational requirements of the Securities Exchange Act of 1934 ("Exchange Act"). In accordance with the Exchange Act, PNC Financial files annual, quarterly and current reports, proxy statements, and other information with the SEC. PNC Financial's SEC File Number is 001-09718. You may read and copy this information at the SEC's Public Reference Room, located at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. You can obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. You can also obtain copies of this information by mail from the public reference section of the SEC, 100 F Street, N.E., Washington, D.C. 20549, at prescribed rates.

The SEC also maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers, like PNC Financial, who file electronically with the SEC. The address of that website is <http://www.sec.gov>. You can also inspect reports, proxy statements and other information about PNC Financial at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005.

The publicly-available portions of PNC Bank's Call Reports for the years ended December 31, 2007, 2006, and 2005, and of any amendments or supplements thereto, as filed by PNC Bank with the OCC, are incorporated herein by reference. The publicly-available portions of each Call Report, and of any amendments or supplements to Call Reports, subsequently filed with the OCC prior to the expiration of the Letter of Credit are incorporated herein by reference and will be deemed a part hereof from the date of filing of each such document. Subsequently filed reports, and amendments or supplements to reports, will automatically update and supersede prior information.

In addition to the Call Reports referred to above, PNC Bank incorporates herein by reference the following documents: PNC Financial's Annual Report on Form 10-K for the year ended December 31, 2007; Current Reports on Form 8-K (by date of earliest event reported) dated January 15, 2008 (filed January 22, 2008), dated January 31, 2008 (filed February 4, 2008), dated February 1, 2008 (filed February 4, 2008), dated and filed February 13, 2008, dated February 14, 2008 (filed February 19, 2008), dated February 13, 2008 (filed February 20, 2008); and any amendments or supplements to those reports.

Each other annual, quarterly and current report, and any amendments or supplements thereto, filed by PNC Financial with the SEC pursuant to Section 13(a) or 15(d) of the Exchange Act after December 31, 2007 and prior to the expiration of the Letter of Credit is incorporated herein by reference and will be deemed a part hereof from the date of filing of each such document. Subsequently filed reports, and amendments or supplements to reports, will automatically update and supersede prior information. The information incorporated by reference herein does not include any report, document or portion thereof that PNC Financial furnishes to, but does not file with, the SEC.

Neither the delivery of this document nor the sale of any Bonds will imply that the information herein or in any document incorporated by reference is correct as of any time after its date. Any statement contained in a document incorporated or deemed to be incorporated by reference herein will be deemed to be modified or superseded for purposes hereof to the extent that a statement contained therein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part hereof.

Any of the above documents incorporated herein by reference (other than exhibits to such documents unless such exhibits are specifically incorporated by reference into such documents) are available upon request by holders of the Bonds or by prospective investors in the Bonds without charge: (1) in the case of PNC Bank documents, by written request addressed to Patricia J. Jablonski, Manager of Regulatory Reporting, at The PNC Financial Services Group, Inc., One PNC Plaza, 249 Fifth Avenue, Pittsburgh, Pennsylvania 15222-2707; or (2) in the case of PNC Financial documents, (a) for copies without exhibits, upon written request addressed to Computershare Investor Services, LLC, 250 Royall Street, Canton, MA 02021 or via e-mail at [web.queries@computershare.com](mailto:web.queries@computershare.com), or by calling 800-982-7652, and (b) for exhibits, by contacting Shareholder Relations at 800-843-2206 or via e-mail at [investor.relations@pnc.com](mailto:investor.relations@pnc.com).