



UPDATE TO BONDHOLDERS

THE HARRISBURG AUTHORITY UNIVERSITY REVENUE BONDS (THE HARRISBURG UNIVERSITY OF SCIENCE AND TECHNOLOGY PROJECT) SERIES B OF 2007 (THE "BONDS")

*CUSIP: 41473XAB5

Please forward this Notice to beneficial holders.

UMB Bank, N.A. (the "Trustee") is successor indenture trustee under the Trust Indenture (the "Indenture"), dated as of January 1, 2007, by and between The Harrisburg Authority (the "Authority") and Commerce Bank, National Association, as trustee, pursuant to which the Authority issued its University Revenue Bonds, Series A of 2007 (The Harrisburg University of Science and Technology Project) and its University Revenue Bonds, Series B of 2007 (the Harrisburg University of Science and Technology Project) in the aggregate principal amount of \$87,915,000 (together, the "Bonds"). Reference is made to the Indenture and to the Loan Agreement (the "Loan Agreement"), dated as of January 1, 2007, pursuant to which the Authority loaned the proceeds of the Bonds to The Harrisburg University of Science and Technology (the "University"). The Authority assigned all of its rights in, to, and under the Loan Agreement to the Trustee. Capitalized terms not defined herein have the meanings ascribed to them in the Indenture and the Loan Agreement.

Update to Holders

This notice updates the Trustee's previous notices of certain matters related to the Bonds. Pursuant to section 4.2 of the Loan Agreement, the University was required to make a Loan Payment to the Trustee, in the amount of \$1,806,750 at least seventy-five (75) Business Days prior to March 1, 2014. The University failed to make that payment. Such failure constitutes an event of Default under section 7.1(a) of the Loan Agreement and section 6.1(e) of the Indenture. The University made only a partial Loan Payment in the amount of \$307,000.00 on February 28, 2014.

As a result of the failure by the University to make the required Loan Payment under the documents the Trustee drew on the Guaranty for the amount of \$1,500,000 which is the maximum amount allowed to be requested during any one calendar year. The Trustee received these funds on February 26, 2014.

Using the funds received from the Guarantor and the partial Loan Payment received from the University, the Trustee applied funds in the amount of \$1,806,750 to pay the amount due to holders for the March 1, 2014 Debt Service Payment.

The Trustee and holders of a majority in aggregate principal amount of the Bonds are in continuing discussions with the University on matters relating to the Bonds.

Retention of Counsel

The Trustee has retained the law firm of Reed Smith and specifically Eric Schaffer of that firm to assist it in matters relevant to the Bonds. Mr. Schaffer's phone number is 412-288-4202 and his e-mail address is eschaffer@reedsmith.com.

ADDITIONAL INFORMATION

The Trustee intends to issue periodic notices to holders regarding certain matters relevant to the Bonds. Holders should not rely on the Trustee as their sole source of information.

Certain disclosure documents with respect to the Bonds have been posted to the EMMA service and are available free of charge. The Trustee is not responsible for the maintenance or accuracy of the EMMA Service and makes no representations or warranties with respect thereto.

The Trustee has been in consultation with the majority holders regarding matters relating to the Bonds. **Any holders wishing to participate in these consultations with the Trustee wishing to receive expedited communication or having questions regarding this notice, are encouraged to contact the Trustee.** You may contact the Trustee, Mark Heer directly e-mail: Mark.Heer@umb.com or through the Trustee's counsel as identified above. The Trustee will not share any bondholder information delivered via this disclosure unless agreed to by the holder. The Trustee may conclude that a specific response to particular inquiries from individual holders is not consistent with equal and full dissemination of information to all holders. The Trustee makes no recommendations and gives no investment or tax advice. If any holder has not contacted the Trustee, such holder is asked to do so.

UMB BANK, N.A.,
As Trustee

MARCH 5, 2014

*The Trustee is not responsible for the selection or use of this CUSIP. It is included solely for holder convenience.