COUNTY COMMISSIONERS' WORK SESSION MINUTES
TUESDAY, July 1, 2014

The Board of County Commissioners met today in their weekly Work Session.

Present at today's meeting were:

Dennis P. Stuckey, Chairman
Scott F. Martin, Vice-Chairman
Craig E. Lehman
BOARD OF COUNTY COMMISSIONERS

Crystal Clark, Esquire
COUNTY SOLICITOR

Andrea McCue
CHIEF CLERK

Also present were:

Eric Bachman, Haz Mat Administrator
LANCASTER COUNTY EMERGENCY MANAGEMENT AGENCY

Dale Brubaker, Grant Specialist
COUNTY OF LANCASTER

Kelly Decker, Business Administrator
YOUTH INTERVENTION CENTER

Susan Ellison, Assistant District Attorney
DISTRICT ATTORNEY'S OFFICE

Kathleen Frankford, President
PENNSYLVANIA DUTCH CONVENTION AND VISITORS BUREAU

Kevin Fry, Chairman
LANCASTER COUNTY CONVENTION CENTER AUTHORITY

Lawrence George, Interim Executive Director
BEHAVIORAL HEALTH/DEVELOPMENTAL SERVICES

Randy Gockley, Coordinator
LANCASTER COUNTY EMERGENCYMANAGEMENT AGENCY

John Graupera, President
LANCATER CITY COUNCIL

Mayor Rick Gray
CITY OF LANCASTER

John Hewlett
SUSQUENHANNA GROUP ADVISORS

Jen Koppel, Deputy Director
BEHAVIORAL HEALTH/DEVELOPMENTAL SERVICES

Donna Kreiser, Esquire
MCNEES WALLACE & NURIK LLC

Erin Lyons, Funding Manager
EDC FINANCE CORPORATION

Kevin Molloy
LANCASTER COUNTY CONVENTION CENTER AUTHORITY

Dave Royer, Director for Transportation Planning
PLANNING COMMISSION

Joe Shiffer, Deputy Warden
LANCASTER COUNTY PRISON

Jay Wenger
SUSQUENHANNA GROUP ADVISORS

- Continued -

Commissioner Stuckey called the meeting to order at 10:10 a.m.

Commissioner Stuckey announced that the Board of Commissioners met in Executive Session on July 1, 2014 at 9:05 a.m. to discuss Litigation Matters and Personnel Issues.

Commissioner Stuckey announced the approval of the June 10, 2014 Work Session Minutes. Commissioner Stuckey announced the postponed approval of the May 6, 2014 Work Session Minutes, June 17, 2014 Work Session Minutes and June 24, 2014 Work Session Minutes.

Commissioner Stuckey announced there will be no Work Session held on Tuesday, July 15, 2014 and no Commissioners Meeting held on Wednesday, July 16, 2014.

Commissioner Stuckey announced that they will take action on the 10:15 a.m. item for the Youth Intervention Center, which is a change in the day's agenda.

1. Dale Brubaker and Susan Ellison presented Budget Adjustments on behalf of District Attorney's Office.

   NOTE: For more information please refer to the County Commissioners' Meeting Minutes dated July 2, 2014.

2. On motion of Commissioner Martin, seconded by Commissioner Lehman, it was agreed for the County of Lancaster to approve the following:

   Grant Application With: Pennsylvania Commission on Crime and Delinquency (PCCD)
   Harrisburg, Pennsylvania

   Purpose: To apply for Paul Coverdell Forensic Science Improvement grant funding for the following: purchase of one Cellebrite UFED Kit for Lancaster County's computer forensic laboratory; two AccessData All Access training passes and one forensic computer examiner certification; and training session expenses and travel reimbursement for a County detective who will be transferring to the computer forensic laboratory.

   Amount/Term: Not to exceed $22,312.00 for the period October 1, 2014 through September 30, 2015 (100% Federal funding).

   Commissioner Martin noted that this is a competitive process and asked when the selection between all the applicants will occur. Dale Brubaker responded that it will be late summer or early fall.

   Motion passed unanimously.

3. Erin Lyons presented a Next Generation Farmer Loan on behalf of EDC Finance Corporation.

   NOTE: For more information please refer to the County Commissioners' Meeting Minutes dated July 2, 2014.

4. On motion of Commissioner Lehman, seconded by Commissioner Martin, it was agreed for the County of Lancaster, acting on behalf of the Youth Intervention Center, to approve the following:

   1. **Agreement With:** Franklin County
      Chambersburg, Pennsylvania

      Purpose: To allow Franklin County to purchase secure detention bed space and shelter bed space at the Youth Intervention Center, with the stipulation that Lancaster County has top priority in terms of bed space usage and certain rights of refusal.

      Amount/Term: $280.32/day per child for secure detention area and $170.94/day per child for shelter area for the period July 1, 2014 through June 30, 2015.

- Continued -

Agreements on behalf of the Youth Intervention Center (Continued)

2. **Agreement With:** Adams County
Gettysburg, Pennsylvania

Purpose: To allow Adams County to purchase secure detention bed space and shelter bed space at the Youth Intervention Center, with the stipulation that Lancaster County has top priority in terms of bed space usage and certain rights of refusal.

Amount/Term: $280.32/day per child for secure detention area and $170.94/day per child for shelter area for the period July 1, 2014 through June 30, 2015.

3. **Agreement With:** Cumberland County
Carlisle, Pennsylvania

Purpose: To allow Cumberland County to purchase secure detention bed space and shelter bed space at the Youth Intervention Center, with the stipulation that Lancaster County has top priority in terms of bed space usage and certain rights of refusal.

Amount/Term: $280.32/day per child for secure detention area and $170.94/day per child for shelter area for the period July 1, 2014 through June 30, 2015.

4. **Agreement With:** Perry County
New Bloomfield, Pennsylvania

Purpose: To allow Perry County to purchase secure detention bed space and shelter bed space at the Youth Intervention Center, with the stipulation that Lancaster County has top priority in terms of bed space usage and certain rights of refusal.

Amount/Term: $280.32/day per child for secure detention area and $170.94/day per child for shelter area for the period March 1, 2014 through June 30, 2014.

5. **Agreement With:** Perry County
New Bloomfield, Pennsylvania

Purpose: To allow Perry County to purchase secure detention bed space and shelter bed space at the Youth Intervention Center, with the stipulation that Lancaster County has top priority in terms of bed space usage and certain rights of refusal.

Amount/Term: $280.32/day per child for secure detention area and $170.94/day per child for shelter area for the period July 1, 2014 through June 30, 2015.

- Continued -

Agreements on behalf of the Youth Intervention Center (Continued)

6. | | |
|---|---|
| **Agreement With:** | Schuylkill County
Pottsville, Pennsylvania |
| **Purpose:** | To allow Schuylkill County to purchase secure detention bed space and shelter bed space at the Youth Intervention Center, with the stipulation that Lancaster County has top priority in terms of bed space usage and certain rights of refusal. |
| **Amount/Term:** | $280.32/day per child for secure detention area and $170.94/day per child for shelter area for the period July 1, 2014 through June 30, 2015. |

Commissioner Martin asked how many other counties Lancaster County serves. Kelly Decker responded that currently they are at the beginning of this year and are at five but that at the end of last year they were at 13. Commissioner Martin stated that there used to be 23 Juvenile Detention Centers across Pennsylvania and asked how many there are now. Ms. Decker responded that they continue to hear word of additional shelters closing and are waiting for that to happen.

Motion passed unanimously.

5. Joe Shiffer presented an Agreement on behalf of Prison.

NOTE: For more information please refer to the County Commissioners' Meeting Minutes dated July 2, 2014.

6. On motion of Commissioner Martin, seconded by Commissioner Lehman, it was agreed for the County of Lancaster, acting on behalf of the Emergency Management Agency, to adopt the Annual Report on Hazardous Materials Emergency Response Preparedness for Lancaster County for calendar year 2013.

Commissioner Martin thanked Eric Bachman and his team stating that he knows they work very hard on these plans and to get 100% compliance in anything is very noteworthy and that goes to his team that he works with on the committee as well. Commissioner Martin noted that many trainings are based on these plans and that luckily they have not had any major chemical spills but that it is good to know that they have plans in place for these facilities if there is one. Commissioner Martin further stated that they have a lot of willing partners out there that store these chemicals and report it and work with the County just in case something should ever happen.

Commissioner Lehman echoed Commissioner Martin's remarks and commended all those involved.

Commissioner Stuckey questioned if the County or the state reviews and approves these plans. Randy Gockley responded that the County drafts the plans, which are put in place if a chemical spill extends beyond a properties line, and that those plans do need to be reviewed and approved by the State.

Motion Passed unanimously.

7. Dave Royer presented Budget Adjustments on behalf of Planning Commission.

NOTE: For more information please refer to the County Commissioners' Meeting Minutes dated July 2, 2014.

8. Dave Royer presented an Amended Work Order on behalf of Planning Commission.

NOTE: For more information please refer to the County Commissioners' Meeting Minutes dated July 2, 2014.

- Continued -

9. Lawrence George and Jen Koppel presented Agreements and Amended Agreements on behalf of Behavioral Health/Developmental Services.

   NOTE: For more information please refer to the County Commissioners' Meeting Minutes dated July 2, 2014.

10. Commissioner Martin presented on Resolution No. 39 of 2014 as follows: First I'd like to start off by saying that this plan may look familiar to the Board who have seen some prior versions of it. Given the fact that in this process there have been changes along the way, I thought it would be important to go over this financing plan as it currently stands and explain any changes that are part of it. However, this largely resembles, for the most part, the plan that was presented publicly back in September of last year. As before, the agreement requires a seven year participation from the City of Lancaster, the Redevelopment Authority of the City of Lancaster, and the Lancaster City Revitalization & Improvement Zone Authority, also known as the CRIZ Authority, and the Lancaster County Convention Center Authority (LCCCA). The agreement requires a five year participation from Wells Fargo and the Pennsylvania Dutch Convention & Visitors' Bureau. The key components of this plan are, and I'll add a little bit of commentary along the way - Requirements of the City of Lancaster $100,000.00 annually for seven years, which has already been publicly accrued by the Redevelopment Authority of the City of Lancaster and $5,000,000.00 from the CRIZ for fixtures, furniture and equipment from 2014-2020. Because of the hard work done here locally in order to get this passed through the state, this did become a reality and the CRIZ Authority has already approved this. While I'm on this, I'd like to publicly thank Mayor Gray. From the very beginning he has been a willing partner in trying to reach a community based solution on this and has been a good partner in trying to get this agreement done and I'm very grateful for that hard work that he has done in trying to make this a reality. Requirements of the LCCCA are to make payments to support the marketing of Priority 1 & 2 events in the amount of $35,000.00 annually and the authority agrees to make annual payments to support a marketing budget in the amount & terms as follows: 2014-2015 - $229,000; 2015-2016 - $242,000; 2016-2017 - $291,000; 2018-2019 - $389,000; 2019-2020 – 405,000; 2020-2021 – $423,000. This was something recognized in the sports & leisure report that was done on the facility and was noted that as things they believe should be part of the recipe to have a successful facility; to help drive folks into the convention center; to bring folks here; and to gain from the benefits that go along with it. Before I go on, I'd like to say thank you to Kevin Malloy, I think Kevin Fry is here as well, who chaired the LCCCA Board. Thank you everyone for your hard work in getting this done. We have asked a lot of you along the way and it has been a strange journey from some standpoints. Thank you to Steve Geisenberger for his hard work in constantly tabulating the spreadsheets every time we had changes in negotiations to see how it impacts point-in-time moving forward. Meeting the various expectations that have to be met with this plan was not easy but they always got that done for us. The Pennsylvania Dutch Convention & Visitors Bureau (Visitors' Bureau) are voluntarily agreeing to allow 100% of the hotel tax revenue to be directed to the LCCCA for a five year period beginning July 1, 2014 thru June 30, 2019. They do acknowledge that if as of December 31, 2016, and at the same time each year for the remaining years, the LCCCA's reserves are at least at 5.75 million, the Visitors' Bureau will be eligible to receive up to 20% of the hotel tax back. I can say that along this whole process that the Visitors' Bureau has been very cooperative. We knew right from the get-go that the Visitors' Bureau was not receiving, with the exception of one three month period, the 20%. I think throughout this whole process everyone understands the importance of the work that they do, and given the gravity of the savings that are in this plan what it does to the LCCCA's budget and how it impacts the CVB. I have to give compliments to Wells Fargo as well for working with us to ensure that if the LCCCA reaches certain numbers, that the money can flow back to the Visitors' Bureau. Even based on 1% growth, that we utilized on our predictions on our spreadsheets, we do show money coming back and I feel pretty confident that at the December 31, 2016 date, that within a couple weeks thereafter, the Visitors' Bureau will start receiving money back in accordance with the agreement. I want to thank Kathleen Frankford and Steve Sikking and the Visitors' Bureau's board members for their hard work in helping making this plan a reality. Some of the biggest discussions actually occurred between the County and Wells Fargo. Currently the LCCCA is paying 180 basis points. We had to enter into a new agreement otherwise we could face default. We had some hiccups along the way in the legal language as it pertains to coverage of the SWAP, but in the end, after many meetings back and forth, Wells Fargo did agree to give the authority 105 basis point reduction in interest cost, which is an average reduction in interest expense of about $661,000.00 each year or completely over the course of the deal about a little over 3.3 million dollars over five years. Ryan Conway and Tom Esser are here – I appreciate them being here today. You hear things about the various partners, who's cooperative and who's not, and although we had some pretty intense discussions along the way, I am very grateful and it was very obvious that Wells Fargo's commitment to the community was still here and that they wanted to see a successful project and did not want to see a facility that the doors close on. Though we kind of rode this pony as far as we could, at the end of the day, the with the existing contract that is in place, if we did not reach an agreement, there would be a 10% default interest rate that could have gone into effect. If that occurred, not only could the County possibly be on the hook for up to 59 million dollars, the City would lose its landmark, the Visitors' Bureau would never see any money back and obviously the Convention Center would have basically no room at all to operate and so hence we all know what would happen with that. The fact that Wells Fargo was an active participant in this project is not only good for this deal but also in discussions with them. They are also looking forward to continuing our relationship because we know that after five years we have to negotiate again in looking to keep this going, hopefully for a long-term solution. If all the partners execute the agreement the County of Lancaster agrees to put an ordinance forward for the full guarantee via the hotel tax for the principal interest payments on the LCCCA's debt, which will be placed on the Commissioner's Agenda for consideration, which is after this. If approved by the County, this means that the County will be required to pay any principal and interest due on the LCCCA's bonds only if the hotel tax revenues and reserves are insufficient to cover those

- Continued -

Commissioner Martin's Presentation on Resolution No. 39 of 2014 (Continued)

payments. This is a big part of understanding how the County guarantee works. I'll give this example – if we would have gone into default currently and the 10% would be applicable today, if we don't pass this plan, basically the interest on 63.6 million dollars would be a little over 6 million dollars a year. Being that the hotel tax only generated 5.1 million last year you can see there would be no room to operate and the County would have to either to make up the difference between that and a little over 6 million dollars in principal interest needed to be paid annually or raise the hotel tax in order to make up that difference. Last year in 2013, the average collection of hotel tax was about $427,000.00 a month. Under this plan the monthly principal and interest payment would be about $143,000.00. The most important thing to remember is that debt always has to be the first thing that is paid out of the revenues that are received by the hotel tax. That is stipulated in the bond documents – it's how the waterfall works; they cannot spend money on other things before they do their 1/12th set aside every month that must be paid. Though our goal here is to keep the facility open, I'd like to point out the fact that you would basically have to have an absolute collapse of the hotel tax by probably about 60% in order for the County taxpayers to ever be faced with any kind of liability here or secondarily, if you don't come to an agreement with the bank to continue those terms. Those are the two cases where you could have exposure to County taxpayers. In addition, this plan does not include an increase to the hotel tax – it remains at 3.9%. This was a goal from the outset. For any board members who remember, when we were first approached a little over two years ago about addressing this problem, folks came to us and said the only thing we can do is raise the tax – there's nothing else we can do. In Pennsylvania the tax is capped at 5% and we are currently at 3.9%. One of the goals throughout this plan was to get everyone to have skin in the game but also to preserve that 3.9%, whether it's for refunding opportunities for long-term or whether it is in renegotiations with the bank, you still have that 1.1% that is not utilized. That is close to about one million dollars annually and is also another buffer between the County taxpayers having to be on the hook if some catastrophic event occurs with the hotel tax or an agreement was not reached with the bank. So we did not reach the end of our rope because we have also preserved this. Some of the highlights of the agreement – This seven year agreement sets the authority on solid financial footing including for future refinancing with an assumption of only 1% growth in the hotel tax revenues. It also funds FF&E, it funds marketing for priority 1 & 2 events and it gets concessions by most partners. I will add that the historic rate of growth for the County hotel tax since inception has been about 2.5%. The additions of some pretty good attractions here in this County and the hard work of the Visitors' Bureau and other folks in the tourism industry, drives a lot of the 'heads in the beds' that we have here in this County and I fully expect, with rumors of even new hotels in the pipeline too in various areas of the County, that we will continue to see this positive growth in the hotel tax. This is also a bridge plan. I've always been very clear that, given where the SWAP termination payment is right now which as of this morning was down about $300,000 to about $17.1 million, that the opportunities for a long term solution were not quite in our grasp. If it was within striking distance to refinance and be able to terminate that SWAP, to get a nice stable long term interest rate, that obviously would be in our best interest. We had other financial institutions and entities that have inquired about the financing of this and I believe they are all watching the same thing as well with how that SWAP goes. As interest rates creep up the correlation is usually that the SWAP termination fee trends down and if you find the right sweet spot in between to refinance the whole kit and caboodle and terminate that SWAP we could forever be out from under that. We did run those things over the course of two years we looked at many, many different types of alternatives that were out there and basically looked under every rock. However, what we found is by refinancing everything now and having a 17 million dollar termination fee that it would leave us in the same position where we are at now and was not worth doing at this time. FF&E is very critical in a facility that is going on five years of age. Wear and tear does occur and they have obligations to keep up with that and that is met in this plan. One benefit of this plan is that it identifies seven years of expenditures and seven years of revenues and it meets those things that the facility needs to be successful. As for concessions by most partners, obviously there was some tension provided that the private partner is not on board. I can tell you that I tried everything in my ability to get them on board. At the end of the day there were certain things I could not in good conscience see the LCCCA enter into and to their credit I believe that they also know the same in terms of public budgeting entering into 95 year agreements without being able to identify your revenue as to such, knowing that this has to be renegotiated again within five years, was not in the best interest in the future of the facility. There was no other motivation or legal way to get them on board. Looking at the four entities hanging in the balance – the County property taxpayers, the City and what it means to them, the LCCCA and of course the Visitors' Bureau and their ability to get funding back, you had to weigh that out and either move forward without them and have four entities that end up on the losing side or try to create the best win-win scenario that you can for those four entities involved and move forward without the private partner. There are a few other things to look for. One is added attractions. As we mentioned before, the better the County does from a tourism perspective the more it helps this situation. I get monthly updates from Kevin as well as the LCCA board, on the SWAP termination fee as they are closely watching that to see where that goes. Obviously improvement in the economy helps growth in the hotel tax. Another thing I want to point out that there is no prepayment penalty, as stipulated in the agreement, so if for some magical reason tomorrow we are able to refinance this thing, whether it be with Wells Fargo or some other financial institution, we are able to do so at no penalty and that is very important because a refinance or renegotiation with Wells Fargo is absolutely part of the future of making this work long-term. Some other things to look for are, and I put these in as a difference from last year, the LCCCA not only generates revenue from the hotel tax or gets revenue via the hotel tax to help fund their operations, but there is also either monies that are made from various things that they provide there or there are expenses that they share and as these things come up for renewal, I think that the negotiations over how these proceeds or expenditures are split between the public and private side will be extremely critical. Probably at the top of that list is the food and beverage contract that has been discussed in the past. I don't think that there is

-Continued -

Commissioner Martin's Presentation on Resolution No. 39 of 2014 (Continued)

anyone, with the exception of a few, that would say that it is in the LCCCA's best interest to see a revenue source that is much better reflected of the market average across the industry around the country. I think that whether it is one of us or someone else in the future who is working on this plan, we should be actively supporting the LCCCA in those negotiations. The condominium association agreement that you heard of, which was kind of tied into some of the demands of the private partner is what it is. It is a 100 year agreement that was signed a while back and there is 95 years remaining on that agreement. I believe that was originally signed in the year 2000 and to go into effect once the property opened in 2009. There are three separate contracts both owners of the Marriott Hotel and the Convention Center are required to agree on regarding operator of the Marriott Hotel, the Convention Center and the common area. The current agreement is for 10 years and there is five years remaining on the agreement, so that is something to watch. And of course energy consumption is very important on the expenditure side to provide heat and lighting and do all those things at that facility. We have to make sure that not only are we getting the best rates in general, to operate the whole facility, but also to make sure that what the public side is paying towards the condo association for electricity and natural gas is in line with other like entities across the country.

Commissioner Stuckey stated that they were asked to vote on this today and asked Commissioner Martin to provide the public with some more information on why they are doing it during a Work Session and not at a Commissioners' Meeting as he thinks it is important to know why they are doing it today. Commissioner Martin explained that over the course of negotiations, Wells Fargo gave the LCCCA extensions over the last year, year and a half, in terms of being able to work to get this deal done. Commissioner Martin further explained that the last extension really had to do with a disagreement between the County and Wells Fargo and they worked with them in order to set up that last extension. That extension officially expires today. Commissioner Martin reported that Wells Fargo was very clear that they have reached the point where there are no further discussions and if they did not come to an agreement on what this agreement would look like, get all the stakeholders on board that they have on board, that the 10% default interest rate would go into effect and laid out what that would mean in terms to the County. Commissioner Martin explained that the reason they are doing it today at a Work Session is that today is July 1st, the last day of the extension which was given at the end of March. Commissioner Martin reported that they did have this scheduled earlier and due to not being able to get the private partner on board, they had to go back to the parties because the collaboration agreement specially stated that if one partner did not get on board the deal was null and void. Commissioner Martin explained that these changes in the agreement did require the various respected entities go through a process, whether it be the LCCCA which has to do things publicly, the Visitor's Visitors' Bureau who had to get their board together, or the City who had to look at it from the CRIZ and the RACL perspective to see whether or not they had to revote on the agreement. Commissioner Martin reported that they originally had a deadline where he thought they were going to vote on June 18th, but because of those changes, they had to push basically to the brink.

Commissioner Stuckey reported that the team that worked on this are all locals exclusive of Wells Fargo. Commissioner Stuckey stated that they did not go out and employ or engage these services from someone outside of the County or hire analysis or a financial firm to look at everything. Commissioner Stuckey asked Commissioner Martin to expand on that a little bit.

Commissioner Martin recognized that most of the team is present at the meeting. Commissioner Martin stated that first he is very grateful for the work that has been put in by the County Solicitor, Crystal Clark, and that he feels very fortunate to have an in-house attorney to be able to work on this as opposed to using someone from the outside which could have been very expensive. Commissioner Martin recognized that she has been a very good partner, and has done a very good job in keeping this all together and stated that he is very grateful for that. Commissioner Martin recognized Lou Verdelli and Dan Burton from RBC's perspective; Donna Kresier, who does the County's bond counsel work, and worked very hard on this from the County's perspective; and each of the other partners that had their players in it. Commissioner Martin state that everyone worked together as a team to try and pull this together.

Commissioner Stuckey stated that his point for asking the question was to report that they had local folks working on this, who understand what is going on here in Lancaster County, and not outside advisers giving us numbers that someone may or may not agree with. Commissioner Stuckey stated that they have folks with their feet on the ground here and know what's going on.

Commissioner Martin state that they did and noted that Wells Fargo is very much part of this community and part of this project right now and that he thinks they understood that and they wanted to see this work. Commissioner Martin further stated that he thinks that in the beginning there were a lot of different people trying to negotiate with the bank from various perspectives and he thinks that once they got the focus in line and narrowed the discussion and set the guidelines of what they were aiming to do that it really streamlined it. Commissioner Martin stated that this was a collaboration agreement and definitely a community solution that was being developed and, given the hand that they had been dealt with this facility and the various contracts it has and how it is set up; given the economic environment; and given the SWAP that is in play, he really believes that given all those circumstances, to be able to get this seven year deal in place to at least give us the ability to see what happens in the future here for the long term solution was critical. Commissioner Martin state that he thinks everybody believed that.

- Continued -

Commissioner Martin's Presentation on Resolution No. 39 of 2014 (Continued)

Kevin Fry stated that Commissioner Martin's leadership is what made this happened and also recognized the work done by Crystal Clark. Mr. Fry noted that two and half years ago when they started this endeavor, there were a number of people with a number of points of view and they needed to target properly and stated that Commissioner Martin took the lead on that and has worked tirelessly with all of them in order to bring this agreement to fruition. Mr. Fry thanked all the stakeholders: the Mayor for his wisdom and his patience; the Pennsylvania Dutch Convention and Visitors' Bureau for their work and cooperation; and Penn Square Partners, even though they are not a signatory in the final agreement, because many of their ideas are included in the agreement and they will remain their partner for many years to come.

Kevin Molloy, thanked Commissioner Martin and all those who worked on it from a different perspective – from the users of the Convention Center and the impact they have on our local economy. Mr. Molloy stated that they talk about them being an economic engine. The Strategic Priority Initiative, which took place by the LCCCA in March 2011, addressed the need for the Convention Center to be stable financially and to continue to operate and bring new visitation into Lancaster County so those folks can provide commerce to our community. Mr. Molloy further stated that this project brings a clear blue sky for a five year period to seek new events and bring new people to enjoy Lancaster County. Mr. Molloy recognized that they have approximately 180 people working in the Convention Center, most of who live in Lancaster County, and that this will help to keep those jobs here. Mr. Molloy finished by recognizing that this venue is one of the premier places in Pennsylvania to have a large convention and that they are seeing increased use of buses and trains to bring people in and people traveling by foot and cab once they are downtown because it is a place you want to walk around in.

Mayor Rick Gray stated that the continued success of the Convention Center is critical for the continued success of the City, the County and the tourism industry. Mayor Gray further stated that you don't have to look far from Lancaster to see what happens in the county if the core city is in a decline. Mayor Gray reported that right now, at this point, the City is in an upsurge and it helps, not only those immediately in the city and surrounding the city, but also the entire County. Mayor Gray stated that the plan today is presented as a result of a lot of hard work, negotiations and compromises by dozens of private and public entities and commended Commissioner Martin for his work on it, specifically noting his patience through all the peaks and valleys during the negotiations. Mayor Gray reported that he presented a different plan during the negotiation but the plan didn't have enough support to be viable and he accepted that and decided to work together to do the plan that is the most viable. Mayor Gray stated that today in political discourse there is too little compromise and too much just saying just no instead of presenting viable alternatives. Mayor Gray stated that he hopes that is not the case here and that everybody accepts the fact that this is a lot of compromise by a lot of people and no one is doing back flips over it; it is not exactly what any one specific party might want, but it is something that everybody can not only live with but can work with in a very positive sense. Mayor Gray stated that the Convention Center is a very valuable public asset that is at risk and it is not at risk because it hasn't been a success but because the financing package has undermined the success that it has. Mayor Gray stated that to not accept this compromise due to the belief that there is some other way is at this point irresponsible unless the public official opposing was publically advancing an alternative over the last two years. Mayor Gray further stated that they have a document that protects the public and protects and improves a public asset; that is full of compromises, which is often the best; and that many have agreed to contribute for the public good. Mayor Gray finished by asking the Board of Commissioners to not let the perfect be the enemy of the good and encouraged them to do the right thing and unanimously approve the agreement and send a message that this is the best positive way to work this out at this point.

Kathleen Frankford stated that Mayor Gray said it perfectly that this agreement is not ideal for any one party but it is a good compromise and gives the Visitors' Bureau at least the possibility of getting funds back that are desperately needed to market this beautiful destination. Ms. Frankford recognized the difficulty in getting this done noting that it was a long and arduous process and thanked Commissioner Martin for his support and for everything he has done for them. Ms. Frankford asked the Board of Commissioners to please pass this so they can all focus on their jobs and move forward as a community.

John Gruapera stated that he supports Commissioner Martin's collaboration agreement for the Convention Center, not because it is the best plan, but because it is the only plan on the table. Mr. Gruapera continued to state that the hotel convention center is vital to the growth and prosperity of downtown Lancaster in supporting business, the shops and restaurants, and the jobs that have been created for citizens. Mr. Gruapera stated that too many resources from the public and private sectors have already gone to this project. Mr. Gruapera further stated that the hotel convention center is too big to fail noting that default is not an option and a double digit penalty percentage would be unsustainable. Mr. Gruapera continued to state that with the clock ticking and no other alternatives before the deadline by Wells Fargo, the time to act is now and encouraged the Board of Commissioner to pass the plan so all the parties involved can move forward immediately to work on a long term financial solution.

11. On motion of Commissioner Martin; seconded by Commissioner Stuckey;

RESOLUTION NO. 39 OF 2014

- Continued -

Resolution No. 39 of 2014 (Continued)

BE IT RESOLVED that the Board of Commissioners of the County of Lancaster, Pennsylvania, do hereby approve a Collaboration Agreement dated and effective as of this 1st day of July, 2014 ("Agreement"), by and between the County of Lancaster, Pennsylvania, a municipal corporation with its principal place of business at 150 North Queen Street, Lancaster, Pennsylvania, 17603 ("County"), the City of Lancaster, Pennsylvania, a municipal corporation with its principal place of business at 120 North Duke Street, Lancaster, Pennsylvania 17608 ("City"), the Redevelopment Authority of the City of Lancaster, a body politic and corporate with its principal place of business at 120 North Duke Street, Lancaster, Pennsylvania 17608 ("RACL"), the Lancaster City Revitalization and Improvement Zone Authority, a municipal authority with its principal place of business at 120 North Duke Street, Lancaster, Pennsylvania 17601 ("CRIZ Authority"), the Lancaster County Convention Center Authority, a body politic and corporate with its principal place of business at 25 South Queen Street, Lancaster, Pennsylvania 17603 ("LCCCA"), and the Pennsylvania Dutch Convention & Visitors Bureau, a recognized tourist promotion agency with its principal place of business at 501 Greenfield Road, Lancaster, Pennsylvania 17601 ("PDCVB").

RECITALS

WHEREAS, the City, pursuant to Ordinance No. 5, enacted on September 14, 1999, and the County, pursuant to Ordinance No. 44, enacted on September 15, 1999, jointly authorized the creation of an Authority under provisions of the Act of Assembly approved December 27, 1994, P.L. 1375, as amended and supplemented, known as the "Third Class County Convention Center Authority Act", which permits the creation of an Authority for the purpose of, among other things, maintaining, managing, operating, furnishing, fixturing, equipping, repairing, and owning a convention center to promote and attract business, industry, commerce and tourism within the County; and

WHEREAS, the County, pursuant to 16 P.S. §2399.23, enacted Ordinance 45 on September 15, 1999, which provided for the imposition and collection of a hotel room rental tax ("HRRT") from each operator of a hotel within the County for the purpose of promoting, attracting, stimulating, development and expanding business, industry, commerce and tourism in the area; and

WHEREAS, under the terms of Ordinance 45, the proceeds of the HRRT were to be divided between the LCCCA and the PDCVB, with eighty (80%) percent directed to the LCCCA and twenty (20%) percent directed to the PDCVB, unless an event of default occurs and continues with respect to any bonds, note or other indebtedness of the LCCCA incurred to finance the construction of the Convention Center, in which case one hundred (100%) of the proceeds of the HRRT are to be directed to the LCCCA; and

WHEREAS, the LCCCA undertook a project (the "Project"), consisting of, among other things, the following: (1) funding the design, acquisition, construction, furnishing and equipping of a multi-purpose convention center facility and related and ancillary facilities (the "Convention Center Unit"); (2) funding necessary reserves for the Project; (3) the establishment of necessary reserves and other funds; and (4) funding the costs and expenses of issuance of the bonds issued to finance the Project; and

WHEREAS, to finance the costs of the Project, the LCCCA issued its Hotel Room Rental Tax Revenue Bonds, Series of 2003 in the aggregate principal amount of $40,000,000 (the "Original 2003 Bonds") and its Hotel Room Rental Tax Revenue Bonds, Series of 2007 in

the aggregate principal amount of $23,920,000 (the "Original 2007 Bonds"); and

WHEREAS, the Original 2003 Bonds were issued pursuant to the terms of a Trust Indenture dated as of December 15, 2003, as amended and supplemented by a First Supplemental Trust Indenture dated as of March 15, 2007, as further amended and supplemented (the "Original 2003 Indenture"), between the LCCCA and Manufacturers and Traders Trust Company, as trustee (the "Trustee"); and

WHEREAS, the Original 2007 Bonds were issued pursuant to the terms of a Trust Indenture dated as of March 15, 2007, as amended and supplemented (the "Original 2007 Indenture"), between the LCCCA and the Trustee; and

WHEREAS, on October 29, 2003, the County enacted Ordinance 73, pursuant to which the County authorized the execution of a Guaranty Agreement dated as of December 15, 2003 among the County, the LCCCA and the Trustee with regard to a portion of the Original 2003 Bonds, pursuant to which the County has guaranteed a portion of the LCCCA's obligations to replenish the Debt Service Reserve Fund required by the Original 2003 Bonds in the event the funds on deposit therein fall below the minimum level required by the Indenture, up to a maximum of $1,506,960.00 in any fiscal year and an overall maximum of approximately $20,000,000.00; and

- Continued -

Resolution No. 39 of 2014 (Continued)

WHEREAS, on August 25, 2011, the LCCCA authorized the amendment and restatement of the Original 2003 Bonds as the Amended and Restated Hotel Room Rental Tax Revenue Bonds, Series of 2003 (as so amended and restated, the "2003 Bonds"), which added a new interest rate and included other necessary amendments in connection therewith, issued pursuant to the Original 2003 Indenture, amended and supplemented by an Amended and Restated Trust Indenture (as so amended and restated, the "2003 Indenture") and purchased by Wells Fargo Bank, National Association (the "Bank") pursuant to the terms of a Continuing Covenants Agreement between the Authority and the Bank (the "2003 Continuing Covenants Agreement"); and

WHEREAS, on August 25, 2011, the LCCCA also authorized the amendment and restatement of the Original 2007 Bonds as the Amended and Restated Hotel Room Rental Tax Revenue Bonds, Series of 2007 (as so amended and restated, the "2007 Bonds" and, together with the 2003 Bonds and any bonds issued to refinance the 2003 Bonds and/or the 2007 Bonds, the "Bonds"), which added a new interest rate and included other necessary amendments in connection therewith, issued pursuant to the Original 2007 Indenture, as amended and supplemented by an Amended and Restated Trust Indenture (as so amended and restated, the "2007 Indenture" and, together with the 2003 Indenture, the "Indentures") and purchased by the Bank pursuant to the terms of a Continuing Covenants Agreement between the Authority and the Bank (the "2007 Continuing Covenants Agreement" and, together with the 2003 Continuing Covenants Agreement, the "Continuing Covenants Agreements"); and

WHEREAS, the Bonds, the Indentures, the Continuing Covenants Agreements and all other documents, agreements and instruments executed in connection therewith are collectively referred to herein as the "LCCCA Bond Documents"; and

WHEREAS, the interest rate modes then in effect pursuant to the Continuing Covenants Agreements of the Bonds were effective until March 1, 2013, which date has been extended by the parties until July 1, 2014; and

WHEREAS, as part of the terms and conditions of the LCCCA Bond Documents, the LCCCA was required to complete a study of its operations and sales in anticipation of the negotiation of amended financing terms offered by the Bank; and

WHEREAS, the LCCCA complied with this condition by hiring Convention, Sports & Leisure ("CS&L"), which issued its report in May 2012 recommending changes to operations, contracts, marketing efforts, and the like to ensure the continued future viability of the Project; and

WHEREAS, the LCCCA, with the benefit of the CS&L report and support from certain community stakeholders, began negotiating with the Bank beginning in August 2012 on the refinancing of the Bonds; and

WHEREAS, in the meantime, between April 1, 2012 and January 1, 2013, and again from April 1, 2013 through the present, all HRRT revenues were diverted to the LCCCA in accordance with Ordinance 45 during those periods; and

WHEREAS, based on current projected revenues and expenses, including the interest accruing on the Bonds, it is currently not projected that the HRRT revenues will revert to the 80/20 distribution ratio to the LCCCA and PDCVB for the foreseeable future; and

WHEREAS, despite their negotiations the LCCCA and the Bank were unable to reach agreement on financing terms before March 1, 2013, and therefore agreed to extend the current financing terms until the current expiration of July 1, 2014, pursuant to five separate extensions; and

WHEREAS, on May 19, 2014, the Bank presented a Term Sheet to the LCCCA that details the terms and conditions for the continued holding of all of the issued and outstanding Bonds (the "Term Sheet") for a period of five (5) years from the date of closing, a copy of which is attached hereto as Exhibit "A"; and

WHEREAS, the LCCCA desires to accept the terms and conditions of the Term Sheet and authorize and take any and all actions required thereunder, so that the Bank will agree to continue to own the Bonds for an additional five (5) year period; and

WHEREAS, the parties hereto acknowledge and agree that the long-term financial stability of the Convention Center to be provided by a five (5) year financing commitment is important to the marketability of the Convention Center and, in turn, the promotion and attraction of business, industry, commerce and tourism within the County; and

WHEREAS, the parties hereto acknowledge that the promotion and attraction of business, industry, commerce and tourism within the County is essential to their respective missions and businesses, and therefore the acceptance of the Term Sheet by the LCCCA is desirable and valuable to each of them individually as entities.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is mutually acknowledged, and with the intent to be legally bound hereby, the parties hereto covenant and agree that:

- Continued -

Resolution No. 39 of 2014 (Continued)

TERMS AND CONDITIONS

1. Contributions of the LCCCA

1.1 Marketing

1.1.1 LCCCA agrees to make payments to the Convention Center Unit's operator for the purpose of targeting marketing activities to attract Priority 1 and Priority 2 events at the Convention Center, as more fully set forth in Section 6 below. The funding amount shall be Thirty-Five Thousand Dollars ($35,000.00) per year through 2020. The payments shall be funded from the LCCCA's Agency Account.

1.1.2 The LCCCA agrees to approve an annual marketing budget and transfer the available funds and disburse the following minimum annual expenses for marketing Priority 1 & Priority 2 events.

2014-2015	$229,000.00
2015-2016	$242,000.00
2016-2017	$291,000.00
2017-2018	$340,000.00
2018-2019	$389,000.00
2019-2020	$405,000.00
2020-2021	$423,000.00

1.1.3 Payments by LCCCA for the marketing funding set forth in this Section shall be made directly to the Convention Center Unit's operator, and are due in four (4) equal installments on July 1, September 1, October 1, and December 1 of each year, for that year's marketing campaign.

1.1.4 LCCCA's obligations hereunder are for a seven (7) year period between July 1, 2014 and June 30, 2021.

1.1.5 The annual marketing budget provided in this Section 1.1 is exclusive of the costs allocated by the Convention Center Unit's operator for the sales at the Convention Center Unit ("Convention Sales"). Such Convention Sales expenses include, but are not limited to, payroll of the Convention Center Unit's operator's staff allocated to the Convention Center Unit including but not limited to payroll, benefits, payroll taxes, incentives, sick time, vacation and holiday pay properly allocable to all Convention Center events in accordance with the cost allocation provisions set forth in the IHR Guidelines identified in the Second Amendment to the JDA (defined herein). The LCCCA shall at all times continue to budget for and fund the appropriate level of Convention Sales expenses to ensure the Convention Sales function is appropriately carried out by the Convention Center Unit's operator.

1.2 Furniture, Fixtures and Equipment

1.2.1 LCCCA hereby adopts and accepts the following FF&E and Capital Reserve funding schedule as applicable to the LCCCA for the years provided, the monies for which shall be deposited into an FF&E and Capital Reserve Account owned and maintained by the LCCCA:

1.2.1.1	2012	$ 200,000
1.2.1.2	2013	$ 300,000
1.2.1.3	2014	$ 400,000
1.2.1.4	2015	$ 700,000
1.2.1.5	2016	$ 700,000
1.2.1.6	2017	$ 800,000
1.2.1.7	2018	$ 900,000
1.2.1.8	2019	$ 900,000
1.2.1.9	2020	$ 900,000

1.2.2 Funding by the LCCCA pursuant to the FF&E and Capital Reserve funding schedule adopted herein shall occur

within fifteen (15) days of receipt of any disbursement from the CRIZ for that year or on January 1 of that year, whichever is later By July 1, 2016, the LCCCA musts have contributed into an FF&E and Capital Reserve Account, from whatever source, a total of $2.3 million dollars.

- Continued -

Resolution No. 39 of 2014 (Continued)

1.2.3 The LCCCA shall be required to disburse funds from the FF&E and Capital Reserve Account solely for the repair, replacement and renovation of FF&E and capital improvements to maintain the Quality Standards in the existing Convention Center Unit and Common Elements of the Condominium.

2. Contribution of the PDCVB

2.1 The PDCVB agrees to execute and deliver an irrevocable letter directing the Lancaster County Treasurer to direct one hundred (100%) percent of the HRRT revenues to the LCCCA for a minimum period of five (5) years, effective with disbursements in July 2014 and ending with disbursements in June 2019. Commencing with disbursements occurring in July 2019, the terms of Lancaster County Ordinance 45 shall again govern the distribution of HRRT revenues. If for any reason during this period the PDCVB receives a check for payment of HRRT revenues from any entity other than as provided in Section 2.2, the PDCVB agrees to endorse said check over and deliver same to the LCCCA within two (2) business days.

2.2 The parties agree that, if, as of December 31, 2016, 2017 and/or 2018 (i) the funds and/or cash equivalents on deposit under the Indentures exceed Five Million Seven Hundred and Fifty Thousand Dollars ($5,750,000.00) after payment of all obligations of the LCCCA then due and owing (including, but not limited to, those as set forth more fully in this Agreement and all LCCCA Bond Documents) and (ii) the LCCCA certifies in writing that it is not in breach of this Agreement or any LCCCA Bond Document, then the LCCCA shall notify the Trustee to remit payment of the lesser of (i) any funds in excess of $5,750,000.00 to the PDCVB and (ii) an amount not to exceed the equivalent of twenty (20%) percent of the HRRT revenues for that year.

2.2.1 By way of example only, if HRRT revenues for 2016 are $5,000,000.00, twenty (20%) percent would equal $1,000,000.00. If the LCCCA reserve fund as of December 31, 2016, were $6,250,000.00, and the LCCCA has met its financial obligations including but not limited to funding the operating expenses for the Convention Center Unit, including the required FF&E and Capital Reserve Account and annual marketing expenses and certified to its continuing compliance with this Agreement and each LCCCA Bond Document, the LCCCA would notify the Trustee to remit payment in the amount of $500,000.00 to the PDCVB.

2.2.2 Any payment made pursuant to this Section by the LCCCA/Trustee shall be made no later than January 15 immediately following the test date.

2.3 The PDCVB expressly acknowledges and concedes that, in the absence of the LCCCA's acceptance of the Term Sheet from the Bank, which includes a requirement that the PDCVB consent to this diversion of HRRT revenues, the terms and conditions of the LCCCA Bond Documents would likely result in the diversion of One Hundred Percent (100%) of those revenues for the indefinite future, and therefore this Agreement provides access to future revenues to which they may not otherwise be entitled.

3. Contribution of the City

4.1 Marketing Consortium

4.1.1 The Redevelopment Authority of the City of Lancaster agrees to make annual payments to the Convention Center Unit's operator for the purpose of targeting sales and marketing activities to attract Priority 1 and Priority 2 events at the Convention Center, as more fully set forth in

Section 6 below. The annual funding amount shall be One Hundred Thousand Dollars ($100,000.00).

4.1.2 Quarterly payments, due on the first day of each quarter in equal amounts, are to be made directly to the Convention Center Unit's operator.

4.1.3 RACL's obligations hereunder shall be for a period of seven (7) years following the effective date of this Agreement.

4.2 Furniture, Fixtures and Equipment

4.2.1 The City agrees to request the City Revitalization and Improvement Zone (CRIZ) Board to make annual payments to the LCCCA for purposes of funding a portion of the LCCCA's obligations under the JDA and the Condominium Declaration to provide for the replacement of furniture, fixtures and equipment within the Convention Center, in the total amount of $5,000,000.

4.2.2 The CRIZ annual obligations hereunder shall be as follows:

- Continued -

Resolution No. 39 of 2014 (Continued)

4.2.2.1 2014 $ 500,000
4.2.2.2 2015 $ 500,000
4.2.2.3 2016 $ 700,000
4.2.2.4 2017 $ 700,000
4.2.2.5 2018 $ 800,000
4.2.2.6 2019 $ 900,000
4.2.2.7 2020 $ 900,000

4.2.3 Payments shall be made on at least an annual basis directly to the LCCCA to meet its obligations under Section 1.2.1, and are due no later than January 31 of each calendar year, with the exception of the 2014 and 2015 contributions, which are expected to be paid no later than December 31, 2015. Payments can be made more frequently, or on an advanced basis, at the discretion of the CRIZ Board.

4.2.4 In the event the CRIZ Authority does not secure the necessary funds by December 31, 2015, but secures the funds at a later date, the CRIZ Authority shall remain obligated on the full $5,000,000 FF&E and Capital Reserve Account payments provided herein, less any amounts paid by the City to that date pursuant to the Deficiency Guaranty set forth in Section 4.3 below.

4.2.4.1. In such case, the CRIZ Authority shall be required to remit to the LCCCA all FF&E funds set forth for the years prior to the CRIZ Authority securing such funds as set forth in Section 4.2.2 above, plus the current year's funding amount, within fifteen (15) days of securing such. For example, if the CRIZ Authority secures its

initial funding in 2016, the CRIZ Authority shall be responsible for remitting a total of $1,700,000 to the LCCCA within fifteen (15) days of securing such funds. All future funding shall occur as set forth in Section 4.2.2 and 4.2.3 above.

4.2.5 The unavailability of any funds provided to the LCCCA by the CRIZ Authority under this section 4.2 shall not be a condition precedent to, or provide relief from, the LCCCA's obligations to fund its FF&E and Capital Reserve amounts.

4.3 Deficiency Guaranty

4.3.1 The City agrees to provide a deficiency guaranty of funding towards the marketing and FF&E and Capital Reserve obligations of the LCCCA as set forth in section 1, supra, in an amount not to exceed Two Million Dollars ($2,000,000) in total for the period of 2014 through 2020.

4.3.2. The deficiency guaranty shall only be required and applicable in the event that the City's City Reinvestment and Improvement Zone (CRIZ) fails to advance funding to the LCCCA in accordance herewith. Should the CRIZ fail to raise funds sufficient to meet its funding obligations to the LCCCA pursuant to the schedule provided herein, any payments made by the City pursuant to its deficiency guaranty shall operate to reduce the amount of FF&E otherwise due and owing as set forth in Section 4.2.2 above.

4.3.3. The City's deficiency guaranty is subject to and conditioned upon approval by City Council of the City of Lancaster, adoption by the City Council of any necessary ordinances, and if required, approval by the Pennsylvania Department of Community and Economic Development under and pursuant to the Pennsylvania Local Government Unit Debt Act.

4. Contribution of the County

5.1 The County of Lancaster will provide a Guaranty of the timely payment of principal and interest due on the Bonds issued by the LCCCA to finance the Project, mandatory sinking fund redemptions and optional redemptions directed by the Authority (but not mandatory redemptions required by the Bank following the Mandatory Tender Date), to the extent permitted by the Local Government Unit Debt Act, to be expressed in a separate and specific Guaranty document.

5.1.1 The County's Guaranty will be called upon only in the event that the proceeds available in the LCCCA Debt Service Reserve Fund (to be funded from the Hotel Tax Revenues monthly in the amount of 1/12 of the annual principal and interest) are insufficient to satisfy any principal, redemption and/or interest then due and owing on the Bonds. Any County payments made pursuant to this obligation may be reimbursed

- Continued -

Resolution No. 39 of 2014 (Continued)

from Hotel Tax Revenues after the minimum fund balance requirements in the Indenture are satisfied, as is more fully described and set forth in the separate and specific Guaranty document and related documents.

5.1.2 The County's willingness to enter into this Guaranty of the LCCCA Bond payments is contingent upon, and directly related to, the offer and acceptance by Wells Fargo of an interest rate equal to the sum of (i) the Index (70% of LIBOR or 100% of SIFMA) and (ii) the Applicable Spread (initially 75 basis points, subject to the maintenance of certain ratings assigned to the long term, unenhanced general obligation debt of the County).

5.1.3 The Hotel Room Rental Tax revenues shall provide the source of funding for the obligations of the County with regard to the Guaranty.

5.2 This guaranty will remain in effect for the life of the Bonds.

5. **Marketing Consortium**

6.1 The City (also representing RACL), LCCCA, and the County agree to the creation of a Marketing Consortium which, between 2014 and 2020, shall set policy, provide direction, and advise the LCCCA as to oversight and approval of the marketing expenditures recommended by the Convention Center Unit's operator associated with the activities set forth in Sections 1.1.1, 1.1.3, and 4.1 in accordance with the Qualified Convention Center Management Agreement for the Lancaster County Convention Center dated January 23, 2002. The preceding expenditures will be targeted for the marketing, advertising, promotion and financial incentives necessary to secure Priority 1 and Priority 2 events held at the Convention Center Unit.

6.1.1 Priority 1 events in the Lancaster County Convention Center are defined for these purposes as: multiple day, state, regional, and national conventions, tradeshows, corporate meetings and competitions that utilize the Convention Center Unit space and produce 500 or more peak night guestrooms and/or 1,500 total room night production (max 4 nights) with overflow rooms to Lancaster County that are above and beyond the rooms booked at the integrated Marriott hotel. This business must also generate room rental and/or other ancillary revenues for the convention center.

6.1.2 Priority 2 events in the Lancaster County Convention Center are defined for these purposes as: multiple day, state, regional, and national conventions, tradeshows, corporate meetings and competitions that utilize the Convention Center Unit space and produce 300 or more peak night guestrooms and/or 900 total room night production (max 4 nights) with overflow rooms to Lancaster County that are above and beyond the rooms booked at the integrated Marriott hotel. This business must also generate room rental and/or other ancillary revenues for the convention center.

6.2 Day-to-day responsibility for the planning, administration, management, and implementation of the marketing plan for Priority 1 and Priority 2 events is delegated to the Convention Center Unit's operator.

6.3 The Convention Center Unit's operator will report efforts, results, and future plans on a quarterly basis to the Marketing Consortium.

6.4 Annually, the Convention Center Unit's operator will present to County Commissioners, at one of their public meetings, a summary of the year's marketing campaign. The presentation to the County Commissioners is to include typical Convention Center marketing and sales metrics. The Convention Center Unit's operator will also provide a financial accounting of the marketing plan; including stakeholder contributions, sales expenses, sales revenue, and economic impact of the public Convention Center.

7. **Default and Remedies**

7.1 If an event of default has occurred and is continuing with respect to any LCCCA Bond Documents, then notwithstanding any agreement, expressed or implied, between or among the Bank, the Trustee, the County and the LCCCA to waive, modify or suspend enforcement of any of the rights of the Bank or obligations of the LCCCA, the LCCCA shall immediately notify the Trustee and the parties hereto that a default has occurred and for the purpose of instructing the Trustee to direct the County Treasurer to remit 100% of the HRRT into the Convention Center Authority Trust Fund which will be used by the LCCCA to meet its obligations under the LCCCA Bond Documents.

- Continued -

Resolution No. 39 of 2014 (Continued)

7.2 An "Event of Default", for purposes of this Agreement, shall occur by any party hereunder if that party fails to comply with any provision or requirement contained or referenced in this Agreement or the Recognition Agreements (as amended); provided, no default shall occur hereunder unless written notice shall have been given to all parties to this Agreement and ten (10) days shall have elapsed after receipt of such notice without the cure thereof, provided, however, that if such default is not reasonably capable of being cured within such ten (10) day period and if the defaulting party shall have commenced to cure same, no default shall occur so long as such defaulting party continuously and diligently pursues the cure thereof to completion, but in no event to exceed sixty (60) days.

7.3 Upon the occurrence and continuation of an Event of Default under this Agreement, any or all of the non-defaulting parties shall have the right to bring an action for specific performance of this Agreement, all parties hereto agreeing that monetary damages are not sufficient to make the other parties whole for a default under this Agreement.

7.4 The parties hereto waive all rights to claim or assert consequential, special and punitive damages in connection with this Agreement.

7.5 In any proceeding arising under this Agreement, the prevailing party(ies) shall be entitled to recover the costs of the proceeding, as well as reasonable attorneys' fees and expenses before and at trial, on appeal, in bankruptcy and in post judgment collection, as such post judgment costs may be awarded by the court.

8. Miscellaneous

8.1 The validity, performance and all matters relating to the interpretation and effect of this Agreement and any amendment thereto shall be governed by the laws of the Commonwealth of Pennsylvania, excluding its rules with respect to conflict of laws. The parties consent to the personal jurisdiction of the state court in Lancaster County, Commonwealth of Pennsylvania, and the federal court in the Eastern District of the Commonwealth of Pennsylvania, which courts shall constitute the exclusive forum for all court proceedings involving the enforcement of this Agreement and the resolution of all disputes related to the subject of this Agreement, whenever, wherever and however arising, whether at law, in equity or otherwise and whether the dispute involves an alleged breach of contract, violation of law or tort of any kind.

8.2 This Agreement shall not be assigned by any party without the prior written consent of the others.

8.3 Each party hereto represents and warrants to the other that (i) it has adequate power and authority to conduct its business as presently conducted or contemplated hereby to be conducted by it, to enter into this Agreement and to perform its obligations hereunder, and (ii) the individual executing this Contract has, is vested with, and possesses fully authority to bind the party on whose behalf he or she executes this Agreement. Further, the parties represent to each other that this Agreement has been duly authorized, executed and delivered by it and does not contravene any law, rule or regulation applicable to it.

8.4 All notices to be given by either party to the other shall be in writing and shall be effective upon receipt, and may be delivered or mailed by certified mail, return receipt requested, postage prepaid, or sent by a nationally recognized overnight carrier addressed as set forth below.

To City:
City of Lancaster
Attn: Mayor
120 North Duke Street
Lancaster, Pennsylvania 17608

With a copy to:
City of Lancaster
Attn: Solicitor
120 North Duke Street
Lancaster, Pennsylvania 17608

To County:
County of Lancaster
Attn: Chief Clerk
150 N. Queen St.
Lancaster, Pennsylvania 17603

With a copy to :
County of Lancaster
Attn : Solicitor
150 N. Queen St., Suite 714
Lancaster, Pennsylvania 17603

To LCCCA:
Lancaster County Convention Center Authority
Attn: Executive Director
25 South Queen Street
Lancaster, Pennsylvania 17603

- Continued -

Resolution No. 39 of 2014 (Continued)

To PDCVB:
Pennsylvania Dutch Convention & Visitors Bureau
Attn: President
501 Greenfield Road
Lancaster, Pennsylvania 17601

To Redevelopment Authority:
Redevelopment Authority of the City of Lancaster
120 North Duke Street
Lancaster, PA 17608

To CRIZ Authority:
Lancaster City Revitalization and Improvement Zone Authority
120 North Duke Street
Lancaster, PA 17608

or such other addresses as either party may designate by written notice to the other by the method above.

8.5 This Agreement shall not be amended, modified, changed, waived, discharged, terminated or assigned without the prior written consent of the party or parties against whom the enforcement of said alteration is sought.

8.6 No action or failure to act by the parties shall constitute a waiver of a right or duty afforded them under the Agreement, nor shall such action or failure to act constitute approval of or acquiescence in a breach hereunder, except as may be specifically agreed in writing.

8.7 If in any judicial proceedings a court shall refuse to enforce any provision of this Agreement, then such unenforceable provision shall be deemed eliminated from this Agreement for the purpose of such proceedings, to the extent necessary to permit the remaining provisions to be enforced, unless the provision(s) invalidated relate to the payment of money, in which event this Agreement will be terminated unless the parties agree to an amendment which is the economic equivalent of the provision(s) invalidated. To the full extent, however, that the provisions of any applicable law may be waived, they are hereby waived to the end that this Agreement be deemed to be valid and binding agreement enforceable in accordance with its terms, and in the event that any provision hereof shall be found to be invalid or unenforceable, such provision shall be construed by limiting it so as to be valid and enforceable to the maximum extent consistent with and possible under applicable law.

8.8 Nothing in this Agreement is intended nor shall it be construed or interpreted to waive or modify the immunities and limitations on liability provided for by law in Pennsylvania Statutes section 76.28, including but not limited to the Pennsylvania Political Subdivision Tort Claims Act 42-PA C.S.A. Section 8541 et seq.

8.9 This Agreement shall be effective as to each party only upon proper execution and delivery by each party hereto. This Agreement may be executed in multiple counterparts, each of which shall be treated as an original, but all of which shall together constitute one and the same instrument.

8.10 All of the recitals set forth at the outset of this Agreement are incorporated into, and form a material part of, this Agreement.

8.12 Any intention to create a joint venture or partnership between or among the parties is hereby expressly disclaimed.

8.13 The City and County shall be added as an additional insured on the liability insurance policy applicable to the Condo Association. Any and all expenses associated with adding the City and the County shall be paid 100% by the LCCCA.

Commissioner Martin stated that this is kind of bitter sweet noting that this is just a bridge plan but that he believes this gives them the opportunity to move forward knowing that they need to get right to work on working on the long-term solution. Commissioner Martin further stated that he is very grateful for the work of the community in doing this and very grateful for the partners who signed on and thanked them for being here today. Commissioner Martin stated that he thinks is a huge step forward in making the long-term fix a reality.

Commissioner Lehman stated that he believes that most everyone knows his position on this matter and stated that he will make his full comments when they vote on Ordinance No. 111 of 2014.

- Continued -

Resolution No. 39 of 2014 (Continued)

Commissioner Stuckey personally thanked those who have been involved noting that it has been frustrating being on the outside looking in on this project because the Commissioners were not allowed to speak about it and noted that there are times as a leader that you have to know when step back and let things take their course. Commissioner Stuckey commended Commissioner Martin for his patience and all the hard work he put into bringing this to an agreement and keeping everyone together and compromising on the agreement to move the whole process forward. Commissioner Stuckey commented that he is disappointed that the private partner is not at the table by their choice and commended the others for sticking together and for being nimble in the face of the approaching deadline.

Motion passed
Commissioner Stuckey – Yes
Commissioner Martin – Yes
Commissioner Lehman - No

12. Commissioner Stuckey announced that Mr. Rick Kastner pulled his item scheduled for 10:40 from the agenda.

13.

ORDINANCE NO. 111
OF THE BOARD OF COMMISSIONERS
OF THE
COUNTY OF LANCASTER, PENNSYLVANIA

On motion of Commissioner Martin, seconded by Commissioner Stuckey;

APPROVING A CERTAIN PROJECT BEING UNDERTAKEN BY THE LANCASTER COUNTY CONVENTION CENTER AUTHORITY (THE "AUTHORITY") CONSISTING OF, *INTER ALIA*, THE CURRENT REFUNDING OF THE AUTHORITY'S AMENDED AND RESTATED HOTEL ROOM RENTAL TAX REVENUE BONDS, SERIES OF 2003 (THE "2003 BONDS") AND THE AUTHORITY'S AMENDED AND RESTATED HOTEL ROOM RENTAL TAX REVENUE BONDS, SERIES OF 2007 (THE "2007 BONDS" AND TOGETHER WITH THE 2003 BONDS, THE "PRIOR BONDS"); DESCRIBING THE PROJECTS FOR WHICH SUCH PRIOR BONDS WERE ISSUED, RATIFYING AND CONFIRMING THE ESTIMATED USEFUL LIFE THEREOF AND SETTING FORTH THE ESTIMATED COMPLETION DATE FOR THE PROJECT; AUTHORIZING THE INCURRENCE OF LEASE RENTAL DEBT BY THE COUNTY EVIDENCED BY THE GUARANTY AGREEMENT, AS SUCH TERM IS DEFINED HEREIN, IN CONNECTION WITH THE HOTEL ROOM RENTAL TAX REVENUE BONDS, SERIES OF 2014 BEING ISSUED BY THE AUTHORITY; AUTHORIZING THE PROPER OFFICERS OF THE COUNTY TO PREPARE, CERTIFY AND FILE WITH THE DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT A DEBT STATEMENT AND BORROWING BASE CERTIFICATE, WITH A CERTIFIED COPY OF THIS ORDINANCE AND PROOFS OF PUBLICATION, AS REQUIRED BY THE LOCAL GOVERNMENT UNIT DEBT ACT, AND TO PAY ANY NECESSARY FILING FEES; APPROVING THE FORM OF GUARANTY AGREEMENT AMONG THE COUNTY, THE AUTHORITY AND THE TRUSTEE, AS SUCH TERM IS DEFINED HEREIN, AND AUTHORIZING THE EXECUTION AND DELIVERY THEREOF; APPROVING THE FORM OF A BOND PURCHASE PROPOSAL FOR THE BONDS, AND AUTHORIZING THE EXECUTION AND DELIVERY THEREOF; STATING THE ANNUAL AMOUNTS OF PRINCIPAL AND INTEREST TO BE PAID UNDER THE GUARANTY AGREEMENT, COVENANTING THE PAYMENT THEREOF AND PLEDGING THE FULL FAITH, CREDIT AND TAXING POWER OF THE COUNTY THEREFOR; SETTING FORTH CERTAIN CONDITIONS TO THE EXECUTION AND DELIVERY OF THE GUARANTY AGREEMENT, INCLUDING THE EXECUTION AND DELIVERY BY THE AUTHORITY OF A REIMBURSEMENT AGREEMENT WITH THE COUNTY; AUTHORIZING AND DIRECTING THE PREPARATION OF A SELF-LIQUIDATING DEBT REPORT AND THE FILING THEREOF AND THE PREPARATION AND FILING OF ANY OTHER STATEMENTS AND REPORTS REQUIRED TO QUALIFY THE LEASE RENTAL DEBT INCURRED HEREBY OR ANY PORTION THEREOF FOR EXCLUSION FROM THE APPROPRIATE DEBT LIMIT OF THE COUNTY AS SELF-LIQUIDATING; RATIFYING PRIOR ACTION; AUTHORIZING

- Continued -

Ordinance No. 111 (Continued)

THE PROPER OFFICERS OF THE COUNTY TO TAKE OTHER APPROPRIATE ACTION; REPEALING ALL ORDINANCES AND RESOLUTIONS INCONSISTENT HEREWITH; AND STATING THE EFFECTIVE DATE.

WHEREAS, the Lancaster County Convention Center Authority (the "Authority") is a body corporate and politic existing under the Third Class County Convention Center Authority Act, Act of Nov. 3, 1999, P.L. 461, as amended and supplemented, 16 P.S. §2399.1 *et seq.* (the "Authorities Act"); and

WHEREAS, the County of Lancaster (the "County") is a third class county and a duly organized and validly existing political subdivision of the Commonwealth of Pennsylvania (the "Commonwealth"), and is a "local government unit" under the provisions of the Pennsylvania Local Government Unit Debt Act, 53 Pa.C.S. §8001 *et seq.*, as amended (the "Debt Act")

WHEREAS, the Authority has undertaken to finance a project (the "Project") consisting of, among other things, all or any of the following: (i) the current refunding of the Authority's Amended and Restated Hotel Room Rental Tax Revenue Bonds, Series of 2003 (the "2003 Bonds"); (ii) the current refunding of the Authority's Amended and Restated Hotel Room Rental Tax Revenue Bonds, Series of 2007 (the "2007 Bonds" and together with the 2003 Bonds, the "Prior Bonds"); and (iii) payment of the costs and expenses associated with the issuance of the hereinafter defined Bonds; and

WHEREAS, the Prior Bonds were originally issued by the Authority to finance, among other things, the funding of the design, acquisition, construction, furnishing and equipping of a multi-purpose convention center facility and related and ancillary facilities containing approximately 200,000 square feet (the "Facilities"); and

WHEREAS, the Authority has determined to issue its Hotel Room Rental Tax Revenue Bonds, Series of 2014 in the aggregate principal amount of $63,590,000 (the "Bonds"), the proceeds of which will be applied to the costs of the Project and which will benefit the County; and

WHEREAS, the Bonds will be issued under and secured by a Trust Indenture (the "Indenture"), from the Authority to Manufacturers and Traders Trust Company (the "Trustee"); and

WHEREAS, in order to further evidence the Authority's obligation to maintain certain of the reserve funds established under the Indenture (as more fully described in the Indenture), the Authority will issue and deliver to the Trustee its Guaranteed Debt Service Reserve Fund Replenishment Note in the aggregate principal amount of $4,111,129.58 (the "Note"); and

WHEREAS, the Bonds will be purchased initially by Wells Fargo Municipal Capital Strategies, LLC, a wholly-owned subsidiary of Wells Fargo Bank, N.A., Wells Fargo Bank N.A., or any other wholly owned subsidiary of Wells Fargo Bank, N.A. (collectively, the "Bank"), pursuant to the terms and conditions of the Lancaster County Convention Center Authority Summary of Terms And Conditions dated May 21, 2014 (the "Bond Purchase Proposal") as executed by the Authority and the County; and

WHEREAS, the Board of Commissioners (the "Governing Body") of the County has determined, among other things, that the undertaking of the Project is in the best interests of the County and its residents; and

WHEREAS, the County, as an inducement to the Authority to undertake the Project and to authorize and issue its Bonds and Note, and as an inducement to the initial and all future owners of the Bonds to purchase the Bonds and to thereby achieve interest costs and other savings with respect to the Project, will enter into a guaranty agreement (the "Guaranty Agreement") with respect to the Bonds and the Note, in the maximum aggregate principal amount of $63,590,000, providing for the unconditional guarantee by the County of the timely payment of the principal of, and interest on, the Bonds and the pledge by the County of its full faith, credit and taxing power to discharge all of its obligations under the Guaranty Agreement, as permitted by and in accordance with the terms and conditions of the Debt Act; and

WHEREAS, the Authority will enter into a reimbursement agreement with the County (the "Reimbursement Agreement") defining certain obligations of the Authority in order to induce the County to enter into the Guaranty Agreement; and

- Continued -

Ordinance No. 111 (Continued)

WHEREAS, the Authority will cause to be prepared and submitted to the County a report (the "Self-Liquidating Debt Report") in accordance with Section 8026(a) of the Debt Act to qualify all of the debt of the County incurred pursuant to the Guaranty Agreement as self-liquidating debt under the Debt Act and to exclude such debt from the debt limit of the County; and

WHEREAS, the execution by the County of the Guaranty Agreement constitutes the incurrence of lease rental debt by the County under the Debt Act; and

WHEREAS, the County desires to formally approve the Project and the financing thereof by the Authority, to authorize the incurrence of lease rental debt under the Debt Act, and the execution and delivery of the Guaranty Agreement.

NOW, THEREFORE, BE IT ENACTED AND ORDAINED, by the Board of Commissioners of the County of Lancaster, Pennsylvania, as follows:

Section 1. Approval of Project and Financing Thereof; Prior Project; Ratifying the Remaining Useful Life Thereof; and Estimated Project Completion Date. ***The County hereby approves the Project, as described above, and the financing thereof. The Prior Bonds were issued to finance the Facilities, as described above. The realistic estimated useful lives of the projects financed or refinanced with the Prior Bonds were determined at the time of issuance of the Prior Bonds. Such determination is hereby ratified and confirmed and the principal amount of the Bonds equal to the cost of the Project have been scheduled to mature prior to the unexpired useful life thereof.***

Section 2. Amount of Bonds Secured by Bonds Guaranty Agreement; Incurrence of Lease Rental Debt. The aggregate principal amount of the Bonds to be issued by the Authority and secured by the Guaranty Agreement is $63,590,000. The County hereby authorizes and directs the incurring of lease rental debt of the County, pursuant to the Debt Act, in the aggregate principal amount of $63,590,000 to be evidenced by the Guaranty Agreement among the County, the Authority and the Trustee. Notwithstanding any of the foregoing, under no circumstances shall the County be required to guaranty mandatory redemptions required by the Bank following the mandatory tender date as defined in the Indenture.

Section 3. Approval of Guaranty Agreement; Covenant to Pay Guaranty. The form, terms and provisions of the Guaranty Agreement as presented to this meeting (copies of which shall be filed with the records of the County) are hereby approved. The Chairman or Vice Chairman of the County, or any one of them, and/or any other duly authorized or appointed officer of the County, as the case may be (the "Proper Officers"), are hereby authorized and directed, upon receipt of approval from the Pennsylvania Department of Community and Economic Development ("DCED"), to execute the Guaranty Agreement in such form, subject to such changes and modifications, if any, as may be approved by such Proper Officers, the execution of the Guaranty Agreement to be conclusive evidence of such approval, and the Chief Clerk of the County is hereby authorized and directed to affix thereto the corporate seal of the County, to attest the same and to deliver the Guaranty Agreement to the Trustee and the Authority.

The County covenants to and with the holders, from time to time, of the Bonds that it shall: (a) include the amounts payable by the County under the Guaranty Agreement for each fiscal year in which such sums are payable in its budget for that year, but in no event shall the budgeted amount exceed the amount of the County's guaranty for such fiscal year as set forth on Exhibit A hereto; (b) appropriate such amounts from its general revenues for payment under the Guaranty Agreement; and (c) duly and punctually pay or cause to be paid the amount payable under the Guaranty Agreement on the dates and places and in the manner stated in the Guaranty Agreement according to the true intent and meaning thereof.

For such budgeting, appropriation and payment the County pledges its full faith, credit and taxing power. As provided in the Debt Act, the foregoing covenants shall be specifically enforceable; subject, however, as to the enforceability of remedies, to any applicable bankruptcy, insolvency, moratorium or other laws or equitable principles affecting the enforcement of creditors' rights generally. Nothing in this Section shall be construed to give the County any taxing power not granted by another provision of law.

The maximum annual amounts the County will be required to pay under the Guaranty Agreement is as set forth on Exhibit A hereto. The Guaranty Agreement shall state the exact amount of the guaranty in each fiscal year.

Section 4. Approval of Bond Purchase Proposal. The form, terms and provisions of the Bond Purchase Proposal as presented to this meeting (copies of which shall be filed with the records of the County) are hereby approved.

- Continued -

Ordinance No. 111 (Continued)

The Proper Officers are hereby authorized and directed to execute the Bond Purchase Proposal in such form, subject to such changes and modifications, if any, as may be approved by such Proper Officers, the execution of the Bond Purchase Proposal to be conclusive evidence of such approval, and the Chief Clerk of the County is hereby authorized and directed to deliver the Bond Purchase Proposal to the Authority.

Section 5. Debt Statement and Borrowing Base Certificate; Debt Proceedings. The Proper Officers are each authorized and directed to prepare and verify the debt statement required by Section 8110 of the Debt Act and to prepare or cause to be prepared a borrowing base certificate, and the Chief Clerk of the County is hereby authorized and directed to certify to DCED, in accordance with the Debt Act, a complete and accurate copy of the proceedings taken in connection with the increase of debt authorized hereunder and to pay any filing fees necessary in connection therewith.

Section 6. Authorization for Exclusion of Lease Rental Debt as Self-Liquidating Debt. The Proper Officers and Chief Clerk of the County are further authorized and directed to prepare, or cause to be prepared, and file the Self-Liquidating Debt Report and any statements required under Section 8026(a) of the Debt Act, which are necessary to qualify all or any portion of the lease rental indebtedness incurred hereby for exclusion as self-liquidating debt..

Section 7. Guaranty Agreement; Reimbursement Agreement. The Proper Officers are authorized and directed to execute and deliver, and the Chief Clerk of the County is hereby authorized and directed to affix and attest the corporate seal of the County to, the Guaranty Agreement and the Reimbursement Agreement in such form as McNees Wallace & Nurick LLC, special counsel to the County may advise and the officers executing the same may approve, their approval and the conclusive approval of the County to be evidenced by their execution thereof, and to take any other actions necessary to effectuate the Project and the issuance of the Bonds and the Note by the Authority.

Section 8. Conditions to Execution of Guaranty Agreement. The Guaranty Agreement shall be executed and delivered as provided in Section 3 hereof only after satisfaction of the following conditions:

(a) DCED shall have approved the incurrence by the County of the lease rental debt authorized by this Ordinance pursuant to the Debt Act, and the exclusion of such lease rental debt as self-liquidating debt in accordance with the Self-Liquidating Debt Report.

(b) The Proper Officers shall have approved the principal amount of the Bonds, Bonds debt service schedule, and other terms as set forth in the Bond Purchase Proposal, which approval will be evidenced by execution and delivery of the Guaranty Agreement as set forth in Section 3.

(c) The County shall have received all closing documents required by the County in such form as special counsel to the County may advise and County officers may require or approve, including without limitation the Indenture, Reimbursement Agreement, legal opinions from counsel to the various parties, and Authority certificates providing assurance as to the Authority's existence, the absence of adverse events, and other appropriate matters. The satisfaction and conclusive approval of the County will be evidenced by execution and delivery of the Guaranty Agreement as set forth in Section 3.

(d) McNees Wallace & Nurick LLC, special counsel to the County in connection with this Ordinance and the Guaranty Agreement, shall have provided a legal opinion as to the legality and enforceability of this Ordinance and the Guaranty Agreement.

Section 9. Ratification of Prior Action. The Governing Body approves and ratifies all action heretofore taken in connection with the Project by the Proper Officers, the Chief Clerk and other officers and employees of the County.

Section 10. Incidental Actions. The Proper Officers and the Chief Clerk are hereby authorized, directed and empowered on behalf of the County to execute any and all papers and documents and to do or cause to be done any and all acts and things necessary or proper for the carrying out of the provisions of this Ordinance, and in connection with the transactions contemplated hereby.

Section 11. Repeals. All ordinances and resolutions or parts thereof, insofar as the same are inconsistent herewith, are repealed hereby.

Section 12. Severability. In the event any provision, section, sentence, clause or part of this Ordinance shall be held to be invalid, such invalidity shall not affect or impair any remaining provision, section, sentence, clause or part of this Ordinance, it being the intent of the County that the remainder of the Ordinance shall remain in full force and effect.

- Continued -

Ordinance No. 111 (Continued)

Section 13. Effective Date. This Ordinance shall become effective on the earliest date permitted by the Debt Act.

Commissioner Martin echoed what he mentioned in the collaboration agreement in that he feels very confident in the protections that have been built into this. Commissioner Martin stated that the numbers are what they are in terms of the revenues pertaining to the hotel tax and knowing that they will again have to go back to the table and seek long-term financing or negotiate again with Wells Fargo. Commissioner Martin stated that he is happy to support this given the protections that are in place.

Commissioner Lehman stated that they all share a desire to see the Convention Center succeed and, as he has said before, he believes it has been a positive for the County and that they would be hard pressed to see the City doing so well with a vacant Watt & Shand building at the center of downtown. Commissioner Lehman further stated that where they differ is how to address the Convention Center's financing concerns. Commissioner Lehman continued to state that Commissioner Martin's proposal, and he commends him for the work he has done on that, is temporary and the truth of the matter is that at the end of the five year period, the revenue structure for the Convention Center that currently exists now, that resulted in the problem to begin with, will once again be in place. Commissioner Lehman further stated that as many people in the room know, because he has talked to many over the last two years, he has been encouraging a longer term addressing of the revenue concern. From his perspective that is what is better for the Center, what is better for the County, and what is better for the community. Commissioner Lehman stated that he has said many times that the reason they need a longer term solution is because of what this issue does to the community every time it comes up. Commissioner Lehman further stated that what would be best for Lancaster County is if they could address the financial situation of the center once and for all and move forward as a community instead of having to revisit this issue over and over again and quite frankly give the naysayers, which he is not one of them, the ability to say 'we told you so' over and over again. Commissioner Lehman continued to state that we as a community need to heal as far as the Convention Center is concerned and realize that it has been a positive and need to figure out how to do that moving forward. From his perspective, when there are other options that provide for an enhanced long term revenue stream, you don't put a guarantee on the table with no disrespect to Wells Fargo. Commissioner Lehman stated that he has to believe that most private sector banks, when even the hint of a public sector guarantee is put on the table, are going to find that very very attractive because what private sector entity doesn't want the public sector to take on their loan risks. Commissioner Lehman stated that there are other revenue options that would have addressed this matter for the longer term. Not necessarily that it would have been perfect, as there is no perfect approach to addressing this matter. With that said, Commissioner Lehman stated that he would like to offer a couple of thoughts on how to address the financing. There is the idea of restructuring the current rates, which has been around for more than two years, recognizing that there would need to be protections to the PADCVB to make sure they are no worse off during Commissioner Martin's transition period because no one wants to harm the PADCVB as they obviously play an important role here as far as tourism promotion is concerned. Commissioner Lehman further stated that it might have been necessary to provide for a limited revenue guarantee limited solely to the adjusted rate on the hotel room rental tax and all that could have been done without raising the tax or raising the County's full faith in credit guarantee. Commissioner Lehman continued to state that from his perspective, he did not take the position to be opposed to the tax or the guarantee for some ideological reason or for some philosophical reason but instead because he truly believes that there was another approach that could address the financing of the center without doing both. But let's just say for a moment that option doesn't exist and you gave him the choice of raising the tax or tripling the County's full faith in credit guarantee, he would choose to increase the tax every time because the guarantee puts the risk on the taxpayers of Lancaster County and increasing the tax would have addressed the Center's ongoing revenue needs and provided the additional tourist promotional funding to the PDCVB. To him, that would have been a better approach and is what the Mayor was proposing. Commissioner Lehman stated that it is for all of these reasons that he is opposing the two issues before them today. He still believes there was an approach that could have been deployed that would have addressed the financing without raising the tax and without increasing the guarantee and he believes that is where you start because once you put the idea of the guarantee on the table, he has to believe it was a very attractive option for the bank, particularly when we are only getting five years of financing while the full term of the debt through 2047 is being guaranteed. Commissioner Lehman stated that he firmly believes that his role as a Commissioner is to fight for the long-term solution for the health of the center, the health of County and for the health of the community and that is what he is trying to do here today. Commissioner Lehman finished by stating that he realizes that they may have to agree to disagree on this issue but he feels very strongly about it and believes he has laid out logical reasons as to why.

Commissioner Martin stated that he appreciates his colleague's concerns noting that he believes everyone is searching for the long-term solution and that they would not be looking at this bridge solution to get there if the long-term was a possibility right now. Commissioner Martin stated he would be interested in learning more details of the plan that Commissioner Lehman put in place, noting that he saw one prior plan put forth by a group called the Lancaster City Alliance in regards to lowering the excise tax and raising the hotel tax so it was neutral. Commissioner Martin stated that if anyone talked to anyone in the tourism industry about that mechanism going into play, it would basically close the doors of the PDCVB. Commissioner Martin stated that he does not know what to say to that because he has not seen it nor has he heard anyone advocating anything different. Commissioner

- Continued -

Ordinance No. 111 (Continued)

Martin stated that he thinks everyone is concerned from all aspects, including that people have the proper revenues they need to accomplish what they are doing, but to also put in proper protections. Commissioner Martin reported that by getting involved in this process and learning how the bond documents work and the waterfall of those things work, gave him great confidence in what they were doing in basically being one of the fathers of the LCCCA, like signing onto a child's auto loan. Commissioner Martin stated that he also takes comfort in the fact that that they did not totally exhausted the hotel tax and knowing that there are things that can be used with that in the future. Commissioner Martin stated that people forget that the hotel tax is a county tax and stated that the hopes there can be more flexibility put in the Third Class Convention Center Authority legislation with how that tax is utilized and how it is reimbursed. Commissioner Martin stated that he feels like they have protections with this, unlike projects such as the Baseball stadium, which the County has a 100% guarantee on. Commissioner Martin reported that there is no source of revenue, aside from the team renting the stadium, that helps pay off that bond so if that team ever leaves, there is no other source of revenue and the County could be on the risk. Commissioner Martin stated that he analyzed that risk for this and when he looks at what the revenues are now, and even in a bad year what they were, comparing to what the principal and interest payments are versus the amount that is coming in and knowing that debt has to be the first thing that has to be paid and knowing that the only two things that could trigger that guarantee going into place is a non-agreement, which they are faced with right now, or a total and utter complete crash in tourism industry in Lancaster County where that tax falls below 60%, he feels confident. Commissioner Martin stated that he feels he has done the due diligence necessary in analyzing the risk with his team along with every other option, from raising the tax to a tax SWAP. Commissioner Martin stated that in looking at what that tax SWAP would look like and what interest rate they would get from the bank, he reported that in the initial plan in August of 2012, they were fighting to get a 60 basis point reduction and with all those things they just discussed, they didn't even come close to 60 but then they turned over this stone and really analyzed it and realized what a 105 basis point reduction would mean in terms of freeing up the operations of the facility to do the things they need to do, so he was brought to have great comfort in that. Commissioner Martin stated that moving forward, this guarantee is protected by the things that were mentioned and on the back end, if that Armageddon scenario would ever occur, a reimbursement agreement is required to be put into place to have those monies come back to the County someday. Commissioner Martin finished by stating that, with the exception of the two bad scenarios he spoke of, the County guarantee will not be touched.

Commissioner Lehman responded that he hopes Commissioner Martin is right, but that no one here has a crystal ball and no one knows for sure. Commissioner Lehman restated that if he was given the choice of raising the hotel tax or increasing the guarantee, where on a one hundred dollar room someone visiting the County would pay $1 if you increased it 1% but by tripling the county guarantee for only five years of financing, the risk is being firmly placed on the county taxpayer. Commissioner Lehman stated that with regards to the suggestion he made today, the initial approach that he outlined would hold the PDCVB harmless through the seven year bridge period, so he does not see how that would possibly close the PDCVB's doors since they are a signer of the collaboration agreement. Commissioner Lehman finished by stating that he truly believes that what is best for everyone is to have a long-term solution to this matter and put it behind all of us but the truth is that this temporary solution is going to put the LCCCA right back with the same revenue structure that they have now that created the financial problems to begin with. Commissioner Lehman stated that he is not going to predict that there will be a repeat of the same financial concerns in five, seven or ten years but he knows that no one in the room will be surprised if this issue gets revisited in the not too distant future and they are having the same debate about the same issues over and over again. Commissioner Lehman stated that he thinks that a long term solution is what is best for the LCCCA, what is best for the County and what is best for the community.

Commissioner Martin stated that everyone is aware of the battles of the past over this but recognized that the community has really come together on this noting that GLAHA and the hoteliers and moteliers of the county and some of the County's biggest attractions have endorsed this plan. Commissioner Martin stated that he does not want anyone to think for one second that this plan is something other than what it is and that is a bridge solution because a long-terms solution cannot be reached at this very moment. Commissioner Martin stated that they could have raised the tax right now but that the interest rate would not have been anywhere near where they are at now. Commissioner Martin stated that he often tells people that to come forth to just raise the tax without negotiating down the interest rate the bank is giving to them, is just raising the tax to give the bank more money or just raising the tax to pay more debt, when in reality, the problem here is not really a debt problem when that is the first thing that needs to be paid, and it squeezes out its ability to operate if that debt is not under control. Commissioner Martin stated that there is no doubt in his mind that if there is an opportunity to negotiate a long-term deal, if the SWAP termination fee goes down, that they will do that. If that does not happen, then they have to renegotiate with the bank again. Commissioner Martin stated that no one has a crystal ball but that he does know though that the bank could have fully raised its rate on day one even above 180 and they could not have given them extension as they have wrangled in the community to come up with this collaboration agreement, so they don't know what they would we be at in five years or even if the bank would have agreed to a five year agreement under the other circumstances that are potentially being brought up. Commissioner Martin stated that all those alternatives were looked at and he does not think that anyone doesn't want to see a long-term solutions, but in order to get to the point they could find a long-term solution, they had to give things some breathing room. Commissioner Martin stated that he agrees with his colleague that a long-term solution is desirable and it was totally vetted in how they get there and he feels they found a good mechanism to get there and when they renegotiate with the bank, he

- Continued -

Ordinance No. 111 (Continued)

recommended that whoever does it, whether it is him or someone else in the future, that they begin that process very early given how long that it takes. Commissioner Martin commented that they have a good starting point at 75 basis points and if it goes longer, which the way they kept extending the current terms and conditions at 180 while they went through the process he does not see a scenario where they would not agree, as long as they were working towards a community solution, he hopes Wells Fargo would continue to work with them.

Commissioner Lehman stated that the alternative that he outlined would have given enhanced revenue to the LCCCA, and the reason why you do that first and don't hint at the guarantee, is for the protection of the taxpayers because down the road if you have to come back and consider a guarantee, then you already have the additional revenue protection in place so you even reduce the probability even greater that the guarantee will ever be called. Commissioner Lehman continued to state that that is why you don't put the guarantee on the table first. You put the other longer term revenue solutions on the table first and negotiate them to whatever logical conclusion you can and implement them first before you ever consider increasing the full, faith and credit guarantee. Commissioner Lehman further stated that he understands the limitations associated with this issue but he just comes at it from a very different vantage point. Commissioner Lehman noted that he is not criticizing Commissioner Martin personally or any of the collaboration partners associated with this agreement, but he just thinks there was a better approach to address the LCCCA's finances for the longer term which he thinks should be the priority. Commissioner Lehman stated that he knows that Commissioner Martin stated that that can be done in the future, but the truth of the matter is that when the five year period is over, the LCCCA will have the same revenue structure it had when the crisis began in the first place.

Commissioner Martin stated that his frustration with what is being said here, with all due respect, is what interest rate would have that brought them in terms of using that plan and what was done over the last two years to advocate for that. Commissioner Lehman stated that he did his share of advocating as many in this room will attest to.

Commissioner Stuckey thanked Commissioner Martin and Commissioner Lehman for their thoughtful insights. Commissioner Stuckey stated that he agrees with both his colleagues that a long-term solution would be the perfect solution but this is not a game of perfect and a 95 year agreement is an absolute guarantee and none of us have any absolute guarantees in life so it was not attainable at this point in time. Commissioner Stuckey stated that the alternative is a short-term agreement and that is the best they can do from all the feedback he has gotten back and from Commissioner Martin's hard work.

Motion passed
Commissioner Stuckey – Yes
Commissioner Martin – Yes
Commissioner Lehman – No

12. Andrea McCue presented the July 2, 2014 Commissioners' Meeting Agenda noting that Rick Kastner's item will be moved to next week.

On motion of Commissioner Martin, seconded by Commissioner Lehman, the meeting was adjourned at 11:37 a.m.

Motion passed unanimously.

Respectfully submitted:

Angela S. H. Eichelberger, Executive Assistant
Commissioners' Office