

AGREEMENT FOR DEVELOPMENT OF PARKING FACILITIES

COPY

This Agreement for Development of Parking Facilities ("Agreement") is entered into 17 day of June, 2004 by and between the Lancaster County Convention Center Authority ("LCCCA") and the City of Lancaster Parking Authority ("LPA").

WHEREAS, the LCCCA and the LPA are willing to cooperate with each other in the construction of additional parking spaces to facilitate the development of a hotel and convention center on Penn Square in the City of Lancaster; and

WHEREAS, the LPA is willing to provide parking spaces to the LCCCA in its existing facility known as the King Street Garage ("KSG") on the condition that the LCCCA construct and provide to LPA substitute spaces in an alternative facility;

NOW, THEREFORE, intending to be legally bound hereby, and for good and valuable consideration, the parties hereto agree as follows:

1. At its sole expense, the LCCCA will plan, construct and upfit a parking garage (the "LCCCA Garage") with a minimum of 300 spaces with an infrastructure to allow for future expansion. The site for the LCCCA Garage shall be selected by the LCCCA and acceptable to the LPA. The LCCCA Garage shall be designed and built to the reasonable cost and quality specifications of the LPA. The LCCCA at the request of the LPA will engage Walker Parking Consultants and M&M Architectural to design and control the construction of the LCCCA Garage provided (a) the engagement of either or both of these firms without undergoing a formal bidding process is legally permissible under the LCCCA bylaws and all applicable laws, regulations, ordinances and administrative agency rulings or directives; (b) the engagement of either or both of these firms without undergoing a formal bidding process poses no financing

risks to the LCCCA; and (c) Walker Parking Consultants and M&M Architectural offer the LCCCA a pricing structure for services that is identical in all respects to that extended to the LPA.

2. The LCCCA shall lease to the LPA the LCCCA Garage under a lease agreement (the "LCCCA Garage Lease") which shall provide, among other things, for (a) exclusive and complete operational control over the LCCCA Garage by the LPA; (b) all revenues generated by LCCCA Garage to be collected by and retained by the LPA; (c) the LPA to be solely responsible for all operating expenses and for all maintenance expenses other than capital expenses related to the structural upkeep of the facility (which capital expenses will be the sole responsibility of the LCCCA); (d) a term of the lease to run contemporaneous with the term of the lease between the LCCCA and the LPA for parking spaces in the KSG as described hereinafter; and (e) an annual rent to be paid by the LPA to the LCCCA of \$10 per year.

3. Contemporaneous with the execution of the LCCCA Garage Lease, the LPA and the LCCCA will enter into a lease (the "KSG Lease") under which the LPA would convey the use to the LCCCA of a number of spaces in the KSG ("Leased Spaces") exactly equal to the total number of spaces in the LCCCA Garage. The term of the KSG Lease would commence upon the completion of the LCCCA Garage and would be terminable by the LCCCA in the event that the KSG is for any reason rendered unavailable for use. The KSG Lease shall provide, among other things, for (a) to the extent practical and feasible, the LPA to designate spaces within the KSG for the use of the hotel to be constructed on Penn Square ("Hotel") in conjunction with the construction of a convention center ("Convention Center") by the LCCCA (the LPA and LCCCA will consult with the Hotel developer and Hotel manager to develop a specific plan for hotel parking that may include "hunting license parking", designated spaces or peak hour valet

parking); (b) the LCCCA to be entitled but not required to sublet on a monthly basis any or all of the Leased Spaces to the owner of the Hotel at any price of the LCCCA's choosing provided that in no instance shall the price charged be less than the most favorable price per space charged by the LPA to third party users for any space in the KSG; (c) in regard to the balance of Leased Spaces not sublet to the Hotel (the "Center Spaces"), the LCCCA to have the unfettered right to establish the pricing for the hourly, daily or monthly rental of these spaces provided that if in so doing the pricing schedule for Center Spaces is lower than the normal pricing schedule established by the LPA, the Center Spaces may only be rented to (i) customers of the Convention Center, (ii) employees of the Convention Center, or (iii) employees of the LCCCA; (d) the LCCCA to provide the LPA with reasonable advance notices of the LCCCA's needs in regard to the Center Spaces so that on those days when the Convention Center is not in use and the LCCCA does not need the full amount of Center Spaces, the LPA can put the unused Center Spaces back into the KSG inventory; (e) all expenses, including without limitation, expenses associated with the operations, maintenance and capital expenses for the KSG shall be the sole responsibility of the LPA; (f) all revenues generated from the rental of all of the Leased Spaces in the KSG shall be collected by and retained by the LPA; and (g) an annual rent to be paid by the LCCCA to the LPA of \$10 per year.

4. The entry into the LCCCA Garage Lease and KSG Lease shall be conditioned upon the following:

(a) The LPA shall grant the LCCCA and/or the owners of the Hotel access rights to the KSG needed by the LCCCA and/or owners of the Hotel to ensure reasonable continuous access to the Leased Spaces.

(b) The LCCCA shall have the right, but not the obligation, to remove the existing egress ramp in the KSG known as the Vine Street Ramp. All costs associated with the physical removal of the Vine Street Ramp, and repairs or restoration expenses to the KSG necessitated by removal of the Vine Street Ramp, shall be the sole responsibility of the LCCCA.

(c) The LCCCA shall have the right, but not the obligation, to construct one or more new connectors between the Convention Center and the Hotel and the KSG. If the LCCCA exercises this right, maintenance and cost of any connectors built shall be the sole responsibility of the LCCCA. The LPA and the LCCCA will reasonably cooperate in selecting the specific placement of the connectors it being understood that the logical pedestrian flow between the KSG and the Convention Center and the Hotel shall be the primary consideration in deciding the location of any connector.

(d) The LCCCA shall have the right, but not the obligation, to, at its sole cost, demolish, rebuild and upfit any stairwells and or elevators within the KSG.

(e) If the LCCCA exercises any of Options 4(b) through 4(d) above, it shall compensate the LPA for damages resulting from the permanent or temporary impairment of the KSG operations. Any construction undertaken pursuant to Options 4(b) through 4(d) above shall be completed to construction standards and on a schedule reasonably acceptable to the LPA.. LPA will require adequate insurance to protect the LPA against partial or total destruction of the KSG due to construction involving Options 4(b) through 4(d) above.

(f) In the event that the LCCCA at any time (i) abandons, suspends or otherwise terminates the development of the Convention Center adjacent to the King Street Garage, or (ii) determines that the development or construction of the LCCCA Garage is impracticable, the

LCCCA may, at its option, and in the exercise of its sole discretion and prior to exercising any of Options 4(b) through 4(d) above, terminate this Agreement whereupon all rights, benefits, duties and obligation of LCCCA and LPA hereunder shall be null and void.

5. The parties agree to negotiate in good faith a reciprocal purchase option which shall, among other things, facilitate the LPA's objective of constructing a replacement parking facility for the KSG and the LCCCA's objective of acquiring the KSG.

6. Upon execution of the LCCCA Garage Lease and the KSG Lease, the reasonable expended and substantiated costs previously incurred by the LPA in connection with the planning of an LCCCA replacement garage prior to May 1, 2004 shall be reimbursed at cost by the LCCCA. The LPA agrees to provide the LCCCA with an itemization of such costs.

7. The LCCCA Garage Lease shall include a subordination, non-disturbance and attornment provision provided that such provision shall be removed or otherwise rendered void if any provider of financing to the LCCCA objects to such provision.

8. If a bathroom in the KSG is demolished as a result of any work in the KSG undertaken by the LCCCA, the LCCCA shall, at its sole cost, replace the bathroom in an area of the KSG reasonably selected by the LPA.

9. Subject to the notice and cure provisions of this Section, an "Event of Default" shall occur by any party hereunder if:

(a) Any party fails to (i) pay any sum of money within ten (10) days after receipt of written notice that the same is due, or (ii) comply with any material provision or requirement contained or referenced in this Agreement which has or may have a material adverse effect upon

the development, construction, renovation, conversion, expansion, fit-up, opening or operation of the LCCCA Garage or the KSG; provided, no default shall occur under this clause (ii) unless written notice shall have been given and thirty (30) days shall have elapsed after receipt of such notice without the cure thereof, provided, however, that if such non-monetary default is not reasonably capable of being cured within such thirty (30) 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 ninety (90) days; or

(b) There shall have occurred an Act of Bankruptcy relating to a party. For the purposes of this Agreement, an "Act of Bankruptcy" shall be deemed to occur if a party shall file a voluntary petition seeking relief under any provision of any federal or state bankruptcy or insolvency statute, or make an assignment for the benefit of its creditors, or apply for or consent to the appointment of a receiver for its assets, or an involuntary proceeding shall be commenced against a party under any bankruptcy, insolvency or similar law seeking the appointment of a trustee or similar official of it or any substantial part of its property, and such involuntary proceeding shall remain undismissed and unstayed for a period of ninety (90) days.

10. Upon the occurrence and continuation of an Event of Default by either party, the non-defaulting party shall have the right as its sole and exclusive remedy to terminate this Agreement and to recover damages for its actual out of pocket expenditures incurred in the performance of its duties under this Agreement.

11. In order to induce LPA to enter into this Agreement, LCCCA hereby makes the following representations and warranties:

(a) LCCCA is authorized, and has the power, to enter into this Agreement and to consummate the transactions contemplated hereby;

(b) This Agreement constitutes a valid and binding agreement of LCCCA and is enforceable against LCCCA in accordance with its terms; and

(c) This Agreement does not conflict with, constitute a default under or cause LCCCA to be in breach of or in violation of any other agreement or instrument to which LCCCA is bound.

12. In order to induce LCCCA to enter into this Agreement, LPA hereby makes the following representations and warranties:

(i) LPA is authorized, and has the power, to enter into this Agreement and to consummate the transactions contemplated hereby;

(ii) This Agreement constitutes a valid and binding agreement of LPA and is enforceable against LPA in accordance with its terms; and

(iii) This Agreement does not conflict with, constitute a default under or cause LPA to be in breach of or in violation of any other agreement or instrument to which LPA is bound.

13. The parties irrevocably (i) agree that any suit, action or proceeding for the enforcement of this Agreement shall be brought only in the courts of Common Pleas of Lancaster County, Pennsylvania, or in the United States District Court for the Eastern District of

Pennsylvania, (ii) consent to the jurisdiction of each such court, (iii) and irrevocably waive any objection to the laying of the venue of any such suit, action or legal proceeding in any such court.

TO THE EXTENT NOT PROHIBITED BY APPLICABLE LAW THAT CANNOT BE WAIVED, THE PARTIES HEREBY WAIVE AND COVENANT THAT THEY WILL NOT ASSERT (WHETHER AS PLAINTIFF, DEFENDANT OR OTHERWISE), ANY RIGHT TO TRIAL BY JURY IN ANY ACTION ARISING IN WHOLE OR IN PART UNDER OR IN CONNECTION WITH THIS AGREEMENT, THE PARTIES AGREE THAT ANY OF THEM MAY FILE A COPY OF THIS PARAGRAPH WITH ANY COURT AS WRITTEN EVIDENCE OF THE KNOWING, VOLUNTARY AND BARGAINED-FOR AGREEMENT AMONG THE PARTIES IRREVOCABLY TO WAIVE ITS RIGHT TO TRIAL BY JURY IN ANY PROCEEDING WHATSOEVER BETWEEN THEM RELATING TO THIS AGREEMENT AND INSTEAD HAVE SUCH PROCEEDING CONDUCTED IN A COURT OF COMPETENT JURISDICTION BY A JUDGE SITTING WITHOUT A JURY.

14. This Agreement shall be binding upon and inure to the benefit of LCCCA and LPA and their respective legal representatives, successors and permitted assigns. Neither LCCCA nor LPA shall assign or transfer any rights hereunder or interest herein (including, without limitation, monies due or that may become due hereunder) without the approval of the other party. Unless specifically stated to the contrary in any approval to an assignment, no assignment will release or discharge the assignor from any duty or responsibility hereunder.

15. This Agreement may be executed in one or more counterparts having the signatures of the parties and each such counterpart shall, for all purposes, be deemed an original, but all such counterparts shall constitute but one and the same instrument.

16. A delay in or failure of performance by either party hereto, other than the payment of money, shall not constitute a default, nor shall LCCCA or LPA be held liable for loss or damage, if and to the extent that such delay, failure, loss or damage is caused by Force Majeure and all times specified for performance in this Agreement shall be extended by the period of delay resulting from the event of Force Majeure.

17. LPA shall provide on a schedule reasonably acceptable to the LPA access to the KSG to the LCCCA's construction manager, prime contractors and their contractor(s), employees and consultants for the purpose of carrying out their obligations per the terms of this Agreement.

18. LCCCA and LPA shall cooperate with each other regarding all filings and applications necessary to obtain all necessary permits to complete the LCCCA Garage and the modifications to the KSG.

19. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania.

20. In the performance of this Agreement, each party shall act solely as an independent contractor. Neither this Agreement nor any agreements, instruments, documents or transactions contemplated hereby shall in any respect be interpreted, deemed or construed as making either party, an agent, a partner or joint venturer of the other party or as creating any similar relationship or entity.

21. Any notice, consent, approval, statement, demand or other communication which is provided for or required by this Agreement must be in writing and may be, at the option of the party giving notice, delivered in person (including delivery by national overnight couriers such

as FedEx) to any party or may be sent by registered or certified U.S. mail, with postage prepaid, return receipt required. Any such notice or other written communications shall be deemed to have been given (i) in the case of personal delivery, on the date of delivery to the person to whom such notice is addressed as evidenced by a written receipt signed by such person, and (ii) in the case of registered or certified mail, three (3) business days following the day it shall have been posted. For purposes of notice or other written communications, the addresses may be changed at any time by written notice given in accordance with this provision:

If to the LPA: City of Lancaster Parking Authority
 111 North Prince Street
 Lancaster, PA. 17603
 Attention: Thomas Matthews, Executive Director

With a copy to: Goodman & Kenneff
 246 B Manor Avenue
 Millersville, PA 17551-1126
 Attention: John A. Kenneff, Esquire

If to LCCCA: Lancaster County Convention
Center Authority
8 North Queen Street
Lancaster, PA 17603
Attention: David Hixson, Executive Director

With a copy to: Stevens & Lee
25 North Queen Street
Suite 602
Lancaster, PA 17603
Attention: Christopher M. Cicconi, Esquire

22. This Agreement constitutes the entire agreement between the parties relating to the subject matter hereof, superseding all prior agreements or understandings, oral or written.

IN WITNESS WHEREOF, LCCCA and LPA have executed this Agreement
under seal as of the date first above written.

Witness/Attest:

David W. Hefner

LANCASTER COUNTY CONVENTION
CENTER AUTHORITY

By: J. C. [Signature]

CITY OF LANCASTER
PARKING AUTHORITY

Benjamin F. Norman

By: [Signature]