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Penn Square
Tax Increment District

Project Plan for Tax Increment Financing

Adopted by Redevelopment Authority of the City of Lancaster

February 24, 2005

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Executive Summary

The Redevelopment Authority of the City of Lancaster ("RACL") hereby submits this Project Plan to create the Penn Square Tax Increment District (the "District") in accordance with the Commonwealth of Pennsylvania Tax Increment Financing Act, as amended (P.L. 465, approved July 11, 1990, and amended December 16, 1992, 53 P.S. 6930.1 et seq.) (the "TIF Act"). The objective of the District is to redevelop the city block within the City of Lancaster (the "City") which encompasses the blighted Watt & Shand and Oblenders buildings, the Stevens and Lydia Hamilton Smith homes and the Kleiss Saloon by authorizing the utilization of expected incremental property tax revenue generated in the District over a term of 20 years to fund certain Initial Project Costs and other Eligible Project Costs, as such terms are hereinafter defined either directly or as the source of payment of bonds to be issued by RACL, as more particularly described herein.

The District will consist of approximately 2.86 acres generally bounded by East King Street, South Queen Street, South Christian Street and East Vine Street.

The District site will be developed as a condominium consisting of an approximately 300 room, full service Hotel, a 220,000 square foot Convention Center and certain common elements. The Lancaster County Convention Center Authority ("LCCCA") will own the Convention Center Unit and an undivided interest in the common elements consisting of maintenance storage, lobby, lobby restroom, public telephones, engineering shop, director of engineering, security, fire control room, mechanical room, janitor closet, personnel, employee toilets, employee lockers, employee entry, and employee lounge. RACL will own the Hotel Unit, consisting of the hotel tower, restaurant and fitness center and a undivided interest in the common elements consisting of maintenance storage, lobby, lobby restroom, public telephones, engineering shop, director of engineering, security, fire control room, mechanical room, janitor closet, personnel, employee toilets, employee lockers, employee entry, and employee lounge. Penn Square Partners ("PSP"), a Pennsylvania limited partnership consisting of Penn Square General Corporation (as General Partner) and Penn Square Limited, LLC, and Fulton Bank, as limited partners, will operate the hotel.

PSP will enter into a net lease for the Hotel Unit with RACL for an operating term of twenty (20) years. Under the terms of the lease, PSP will make rental payments sufficient to pay debt service on certain bonds to be issued by RACL payable from Hotel revenues, to pay real property taxes or payments in lieu of real property taxes with respect to the Hotel Unit, and to pay certain administrative fees and expenses of RACL.

Total Initial Project Costs for the Hotel Unit and Convention Center Unit are estimated at \$129 million. The Project, as defined herein, will be financed with (i) the LCCCA contributing the proceeds from a \$40 million hotel tax revenue bond issue, \$5 million in accumulated tax revenues and \$2.4 million in cash and interest earnings; and (ii) the Commonwealth of Pennsylvania contributing a \$15 million grant to the LCCCA, and a \$19.25 million grant to RACL; and RACL contributing the proceeds of bonds in the amount of \$12 million supported by annual Commonwealth grants of \$1.1 million and guaranteed by the City of Lancaster. PSP will contribute \$10 million in cash, \$1.3 million in interest income and make lease payments and to

make payment of property taxes or payment in lieu thereof necessary to retire \$24 million in bonds composed of RACL Hotel Revenue Bonds and a TIF Note or Bonds issued by RACL. The financings are expected to occur in 2005, the construction is expected to be completed in 2007, and additional Eligible Project Costs will be incurred throughout the life of the District.

Creation of the District will allow for the development of a full service hotel which is a precondition for the release of the proceeds of the \$40 million hotel tax revenue bonds issued by LCCCA and guaranteed by Lancaster County, and is required to attract conventions to the City and the County. Development of the Project is projected to create 500 to 590 construction jobs and 225 to 250 full-time equivalent permanent jobs. The Watt & Shand building has been vacant since 1995; Oblenders since 2000, and the Stevens, Smith and Kleiss buildings have been underutilized for a longer period.

The Watt & Shand building currently generates approximately \$47,000 in annual property tax on an assessed value of \$1.5 million and generates no Emergency & Municipal Service Tax ("EMST") or Earned Income Tax ("EIT") revenues. Currently the School District receives approximately \$30,000, the City receives \$12,000 and the County receives approximately \$4,000 from real property taxes on the existing property in the District. These payments will continue to be retained by the taxing authorities. Over the 20 year period it is projected the School District will collect \$600,000, the City will collect \$240,000, and the County will collect \$86,000 of property taxes on District property.

The assessed value of the Hotel Unit after improvements is projected to be \$28.3 million, yielding an incremental increase in property tax values of \$26.8 million and generating an increase in real estate tax revenue of \$17.1 million over a 20 year period. It is expected that PSP as part of the Tax Increment Financing Agreement will provide voluntary contributions to the City and School District. It is estimated that over the 20 year period the School District will receive \$600,000 in tax revenue, an additional \$6.1 million in contributions from PSP and \$374,000 in EIT for a total of \$7.1 million. It is estimated the City will receive approximately \$240,000 in tax revenue, an additional \$4.0 million in contributions from PSP, \$225,000 of EMS and \$449,000 in EIT for a total of \$4.9 million.

Part I: Proposed Improvements

Construction of Hotel and Convention Center

The Penn Square Tax Increment District shall consist of approximately 2.86 acres in the City generally bound by East King Street, South Queen Street, South Christian Street and East Vine Street ("District"). This excludes properties within the block not owned by PSP or LCCCA. The District contains the historically certified Watt & Shand building, Thaddeus Stevens House, Lydia Hamilton Smith House, Kleiss Building and Montgomery House along with the Oblenders building and an adjacent vacant lot. The tax parcels to be included in the District are shown on Exhibit 1.

The Watt & Shand building has been vacant since 1995, when the Bon-Ton department store ceased operations of the downtown landmark. After a 3 year effort to bring the Harrisburg Area Community College to the site failed in 1997, PSP, a partnership of civic minded business leaders, purchased the building in January of 1998 and began to develop a plan to redevelop the property. Over the past 7 years PSP and LCCCA have worked with City, County and State legislators to defend two unsuccessful law suits which challenged the constitutionality of the Hotel Room Rental Tax, develop a design program to bring a new product to the community and secure \$46.25 million in support from the Commonwealth of Pennsylvania.

Contemporaneously with the creation of the District, a condominium association will be created which will be comprised of a Hotel Unit and a Convention Center Unit each of which will have an undivided interest in the common elements. The condominium association will transfer ownership of the Convention Center Unit to LCCCA and the Hotel Unit to RACL. (See Exhibit 3, "Site Map of Proposed Improvements").

High Associates, Ltd., will be acting as the developer on behalf of RACL and will coordinate the development and construction of a hotel containing approximately 300 rooms and associated common elements ("Hotel Unit") and on behalf of the LCCCA will coordinate the development and construction of a 220,000 square foot convention center and associated common elements ("Convention Center Unit"), (collectively, the "Project"). The following is a summary of the Project.

The proceeds from the TIF Note and the TIF revenues will be utilized to assist the financing of the Hotel Unit.

Site Assemblage:

PSP will subject the Watt & Shand Building and vacant land as depicted on Exhibit 2 to the condominium association. PSP will simultaneously enter into a 20 year lease for the Hotel Unit. LCCCA will subject the a portion of the Stevens House, Smith House, and the Kleiss Building, all of the Oblenders building and vacant land to the condominium association. LCCCA will enter into a purchase agreement with the condominium association for the Convention Center Unit.

Demolition:

The existing buildings cannot be adapted in a cost-effective manner and serve the needs of the Hotel Unit and Convention Center Unit. Therefore, the Watt & Shand building will be

demolished up to the back of the façade as outlined in the architectural plans. The façade along King Street and Queen Street will be retained and incorporated into the Project. The new construction will be compatible with the streetscape of other buildings in downtown Lancaster. The rear of the Stevens House, Smith House and Kleiss Saloon will be demolished in accordance with the agreements between the Historic Preservation Trust and the LCCCA. The Oblenders building will be razed.

Subject Properties:

The tracts of land included in this Project and proposed for the Penn Square Tax Increment District are as follows: (See Exhibit 1, "Site Map of District").

The Watt &	Shand Properties (PSP)	LCCCA Properties			
	: 2-10 East King Streets 13K1D-7-1 Total Assessment- \$1,244,600	37 South Queen Street 13K1D-7-23 Total Assessment-\$462,000 (Exempt Property)			
• Tract #2	: 19 – 21 South Queen Street 13K1D-7-28 Total Assessment- \$94,900	45 South Queen Street 13K1D-7-22 Total Assessment-\$267,200 (Exempt Property)			
• Tract #3	3: 27–29 South Queen Street 13K1D-7-27 Total Assessment- \$36,600	49 South Queen Street 13K1D-7-21 Total Assessment-\$166,200 (Exempt Property)			
• Tract #4	4: 33-35 South Queen Street 13K1D-7-26 Total Assessment- \$38,500	21 East Vine Street 13K1D-7-21 Total Assessment-\$52,300 (Exempt Property)			
• Tract #	5: 40 South Christian Street 13K1D-7-25 Total Assessment- \$14,400	23 East Vine Street 13K1D-7-19 Total Assessment-\$54,200			
• Tract #	6: 31 South Queen Street 13K1D-7-24 Total Assessment- \$29,600				

Total Tax Exempt Assessment: \$1,001,900

Total Assessments: \$1,458,600

Environmental Remediation: A Phase One Environmental Assessment was been conducted by EHC Associates in 1997. Upon acquisition from The Bon-Ton Stores, PSP reviewed and updated the recommendations of that study. The recommendations (without the benefit of a full remediation plan) are as follows:

- Removal of asbestos containing materials (primarily floor tile)
- Removal and closure of existing fuel oil tanks at time of rehabilitation plan
- Removal of elevator control mercury switches
- Recapture/Disposal of halon system gas
- Removal of older fluorescent light fixture ballasts
- Lead paint abatement plan

Infrastructure:

A portion of the adjacent King Street garage, owned by the Lancaster City Parking Authority will be leased to the LCCCA and will be the primary parking for the Project. The LCCCA and the Parking Authority have agreed to build a new parking garage containing approximately 300 spaces to augment the King Street Garage. The location of the new garage is as follows: 146-152 East King Street, 144-150 East Mifflin Street, 142 East Mifflin Street and 38 South Lime Street (rear).

The following are planned improvements to the King Street Garage as part of the Project Costs:

- Improvements to interconnecting stairs and elevators on the west façade of the garage.
- Construct a new access to the hotel and convention center across Christian Street.
- Remove the Vine Street ramp access to accommodate the service corridor for the Project along Christian Street.

Improvements are also slated for the surrounding sidewalks and streetscape around the property including street trees, new sidewalks, street lighting, waste receptacles, newly aligned cross walks and curb cuts and a automobile drop-off for the Hotel Unit entrance (See Exhibit 3, "Site Map of Proposed Improvements")

New Construction:

New construction will include a full service hotel with approximately 300 rooms, a 220,000 square foot convention center and common elements along with related site improvements. (See Exhibits 3 "Site Map of Proposed Improvements" and 4 "Architectural Elevations").

Part II: Economic Analysis

(A) Fiscal Effect on Municipal Tax Base:

Development of the Project will produce significant positive benefits to the County, City and School District of Lancaster. The tax impact analysis is based on assumptions and methodologies described below and are not intended as a maximum or minimum figure. The analysis includes the direct impact of increased real estate tax revenue, increases in the Emergency & Municipal Service Tax revenue, and increases in Earned Income Tax revenues from the properties in the District. The economic impact is understated since it ignores indirect increases in real estate taxes in relation to additional redevelopment in the City spurred by this Project and indirect increases in employment within the City.

Under the Project Plan, incremental property taxes revenues generated with respect to the properties within the District are authorized to be applied to Project Costs in accordance with the TIF Act as more fully described in Part IV, following.

Tax Revenues:

Real estate tax revenues, if the Project is completed, are estimated at \$18.0 million over the twenty year period starting in 2005. An additional \$225,000 in EMST and \$823,00 in EIT will be generated at the Project.

The assessed value of the Hotel Unit after improvements is projected to be \$28.3 million, yielding an increase in property tax values of \$26.8 million and generating an increase in real estate tax revenue of \$17.1 million over a 20 year period. It is expected that PSP, as part of the Tax Increment Financing Agreement, will provide voluntary contributions to the City and School District. It is estimated that over the 20 year period, the School District will receive approximately \$600,000 in tax revenue, an additional \$6.1 million in contributions from PSP and \$374,000 in EIT for a total of \$7.1 million. It is estimated the City will receive approximately \$240,000 in tax revenue, an additional \$4.0 million in contributions from PSP, \$225,000 of EMS and \$449,000 in EIT for a total of \$4.9 million.

EIT revenues during construction assumes the Project will employ 550 persons on a full time equivalent basis at an annual average salary of \$35,000. It was assumed that 55% of the construction workers will be City residents. EIT revenues during operations assumes 225 full time equivalents at an average annual wage of \$21,000, increasing at 3.5% per year.

Estimated real estate taxes assume a taxable base market value in 2004 of \$1,458,000.

(See Exhibit 5, "Tax Revenue/Project Benefit Analysis")

Project Benefit Analysis

Throughout its history, the Watt & Shand Building has been at the center of community activity within both the City and the County. It has historically served as one of the major magnets to the

City. This Project will create a meaningful and sustainable development that will redeploy the beauty of the Watt & Shand building, create a new City based venue for the hospitality and convention industry, support an interpretive museum documenting the lives of Thaddeus Stevens and Lydia Hamilton Smith and enhance the surrounding quadrant around Penn Square within the context of the overall revitalization efforts of our community.

Approval of this Plan will allow RACL and LCCCA to access \$46,250,000 in support from the Commonwealth of Pennsylvania to be invested in the City of Lancaster. The Project is scheduled to produce 520 to 590 construction jobs and between 225 and 250 full-time jobs to staff the hotel and convention center.

The Project will directly invest \$129 million in the City and indirectly be responsible for the immediate infusion of \$7.7 million in connection with the development of a parking garage with approximately 300 spaces and a \$6.5 million investment by the Historic Preservation Trust.

If the Project is completed, the City is estimated to collect an additional \$4.9 million in revenue from real estate taxes, voluntary contributions from PSP, EMST and EIT, and the School District is estimated to collect an additional \$7.0 million in revenue from real estate taxes, contributions from PSP and EIT over the 20 year period. (See Exhibit 5, "Tax Revenue/Project Benefit Analysis")

(B) Feasibility Analysis:

The feasibility analyses are summarized below in terms of (1) the reputation and ability of the development team including the architectural firm, (2) the experience and reputation of management team, and, (3) the market feasibility of the Hotel Unit and Convention Center Unit.

1) Development Team

High Associates, Ltd.

High Associates, Ltd., the joint developer for the Project, is a full service real estate development, acquisition and management company based in Lancaster, Pennsylvania. High Associates, Ltd., was established in 1980 for the purpose of developing and managing the High Real Estate Group portfolio of commercial/industrial, multi-family and hotels. High Associates, Ltd., has become one of the leading privately held industrial/commercial and multi-family residential real estate firms in south central Pennsylvania.

High Associates, Ltd., through an experienced staff of nearly 130 employees provides leasing, management, sales, and development services. It currently manages over 5.75 million square feet of industrial/commercial space and 3,000 multi-family residential units.

Cooper Carry Architects - Hospitality Studio

Cooper Carry Hospitality has designed more than 90 hotels with over 19,000 guest rooms and 1.5 million square feet of meeting space in the last 15 years. They work for many of the

major flags including Marriott International, Host Marriott, Hyatt Hotels, Hilton Hotels, Wyndham Hotels and Resorts and Six Continents Hotels.

Cooper Carry Hospitality is known for designing award-winning hotels that respond directly to projected market demands. Because they understand how good design can affect the operational efficiency and cost of a hotel and convention center, the Cooper Carry team envisions each project in a unique way. While knowledge of programming efficiencies is paramount to the appropriate planning of a hotel and convention center, they search equally hard for that special character that will create a sense of place and provide a lasting memorable vision for the guest.

Cooper Carry Hospitality has been headed by Pope Bullock and Bob Neal for the last fifteen years. Along with a staff of architects who work solely on hospitality projects, Cooper Carry Hospitality has included locally-based architects, civil engineers and land planners in Hammel & Associates and Derck & Edson on the design team.

2) Management Team

Interstate Hotels & Resorts, Inc.("IHR")

PPS and LCCCA have engaged IHR, under separate management contracts, to oversee the daily operations of the Hotel Unit and Convention Center Unit.

IHR, the nation's largest independent hotel management company, manages more than 300 hotels in 40 states, the District of Columbia, Canada, Russia and Portugal. Interstate's stock is traded on the New York Stock Exchange under the symbol IHR.

The company also operates hotels for REITs, as well as institutional real estate owners, non-institutional ownership groups and privately held companies. With more than 300 hotels, IHR is able to obtain economies of scale that help lower overall operating costs and improve the bottom line performance of its managed hotels.

3) Market Feasibility Studies

LCCCA has completed the following feasibility studies for the convention center project.

- o PricewaterhouseCoopers LLC November 2000
- o PricewaterhouseCoopers LLC Update 2003
- o Cagley & Harman & Associates (Parking Study) February 2003
- o C.H. Johnson August 2003

PSP has completed the following feasibility studies for the hotel project.

- o Ernst & Young, LLP 1999
- o HVS International (Hotel Analysis) February 2003

Part III: Project Costs

Initial Project Costs estimated at \$129 million include site acquisition of \$5,290,000, capital costs of \$77,946,000, furniture, fixtures and equipment of \$14,421,000, contingency of \$4,545,000, professional fees and other soft costs of \$14,980,000 and financing costs of \$11,768,000. (See Exhibit 6, "Initial Project Costs"). Initial Project Costs and categories are not intended to be limitations.

Proceeds of a TIF Note or Bonds issued by RACL and secured by projected tax increments as defined in the Act (the "Tax Increments") authorized under this Project Plan will be used to fund Initial Project Costs for the Hotel Unit. Tax Increments authorized pursuant to this Plan will be applied to repayment of the TIF Note or Bonds including payment of principal, interest and any financing fees, reserve funds as well as the funding of reserves for additional capital improvements including without limitation: roofs, windows, boilers, chillers, heat exchangers and air handling and distribution systems, flooring materials, wall covering, light fixtures, restroom fixtures and fixed partitions, landscaping and other costs of construction and renovations to be done during the term of the Project Plan. All of such costs, the associated design, construction, legal, accounting and other professional fees and the Initial Project Costs shall constitute Eligible Project Costs for the purposes of the TIF Act.

Part IV. Method and Timing of Financing

RACL and LCCCA intend to secure bond financing for the construction and permanent financing of the Project in 2005. RACL and LCCCA will issue a series of taxable and tax exempt bonds in order to construct and operate the Project. Additionally, PSP, as the operator of the Hotel Unit will invest \$10,000,000 into the Hotel Unit. (See Exhibit 7 "Project Funding Summary")

The method and timing of financing amounts and categories are provided as estimates and not intended as limitations.

State Grant # 1: LCCCA has secured a commitment from the Commonwealth of Pennsylvania for \$15,000,000 in matching funds for the Hotel Tax Revenue Bonds Series 2003 issued by the LCCCA. This is a grant from the Commonwealth, and in the event the Project is constructed is not required to be repaid.

State Grant #2: RACL has secured three separate grants from the Commonwealth of Pennsylvania in the aggregate amount of \$7,250,000. Approximately \$3,200,000 has been loaned to PSP to date. PSP intends to repay these loans to RACL at the time the total capitalization structure is in place and the expected business plan is implemented by RACL, PSP and LCCCA.

State Grant #3: RACL expects to apply for \$12,000,000 in additional grants from the Commonwealth of Pennsylvania. It is expected that in the event the Project is constructed, these grants are not required to be repaid.

Infrastructure Facilities Improvement Program (IFIP) Grant: RACL expects to apply for an annual grant from the Commonwealth of Pennsylvania under the newly created Act 23 program which evaluates the incremental sales, uses & occupancy and personnel income taxes generated as result from the Project. Annual grant dollars received by RACL under this program are projected to support a \$12,000,000 bond offering. Subject to annual appropriations from the Commonwealth, these bonds are projected to be self liquidating over a 20 year period, but must be guaranteed by the City.

Hotel Tax Revenue Bond Series 2003: LCCCA will remarket the \$40,000,0000 taxable bonds issued in 2003 with tax exempt bonds issued in 2005. Payment of Debt Service on these bonds comes from the Hotel Room Rental Tax created in 1999. Fifty percent (50%) of the debt service on these bonds are guaranteed by the County of Lancaster.

<u>TIF Note or Bonds</u>: RACL is expected to obtain funding for the TIF Note or Bonds in the amount of \$10,000,000 to be repaid by the Tax Increments increases as authorized herein. The actual principal amount of the TIF Note may vary depending on the valuation of the Hotel Unit, the millage rate and the interest rate required to sell the TIF Note or Bond. The TIF Note or Bond will be secured by a second mortgage on the Hotel Unit.

RACL Hotel Revenue Bonds: RACL expects to issue \$14,000,000 in Hotel Revenue Bonds. Repayment shall be secured by a lease between PSP and RACL under which PSP will agree to make lease rental payments adequate to pay the debt service on these bonds, RACL's administrative fees and expenses, and real estate tax payments or payments in lieu of taxes with respect to the Hotel Unit. The bonds will be credit enhanced either through (i) the issuance of a letter of credit issued by local and regional banks secured by a first mortgage on the Hotel Unit or (ii) bond insurance.

Private Equity: PSP will provide \$10,000,000 to the Project.

<u>Authorized Tax Increments</u>: Incremental property taxes revenues generated, either by increases in assessed value or millage rates, are to fund Project Costs as described below.

- 1) Any and all property tax revenue collected each year during the term of the District up to the amount of the Property Tax Base, which amount shall be determined by the Lancaster County Board of Assessor's Office based on the assessed value of all land and improvements as of the District's creation date, shall constitute the Property Tax Base and each year shall inure to the benefit of the City, School District and County in accordance with the Act.
- 2) Any and all incremental increases in property tax revenue over the Property Tax Base collected each year during construction of the Project and any and all incremental increases in property tax revenue over the Property Tax Base up to the difference between the Property Tax Base and the property tax liability from completion of construction until termination of the District shall constitute the Property Tax Increment and each year are eligible under the Act and hereby authorized to fund Eligible Project Costs in accordance with the Act.

For the purposes of the forgoing, payments in lieu of taxes with respect to the property in the District will be treated in the same manner as property tax revenue.

Part V. Site Maps

Attached as Exhibit 1: Site Map of the District (tax map), Exhibit 2: Site map (Existing Conditions), and Exhibit 3; Site Map of Proposed Construction, respectively.

Part VI. Related Code Changes

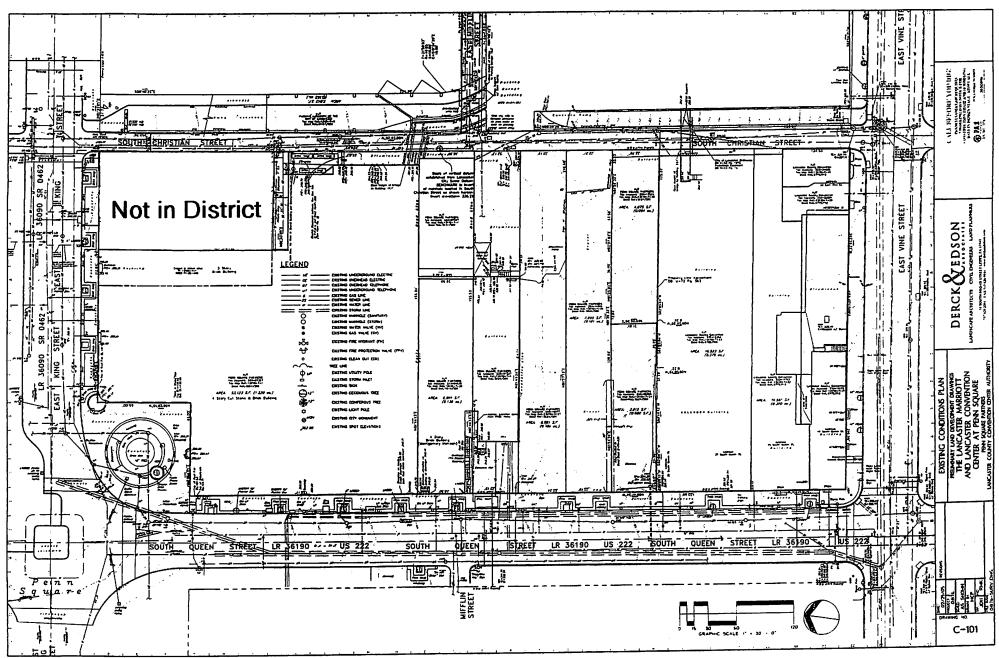
In December of 2004, the Project received a height variance for the hotel tower. In February of 2005, the Project received a Conditional Use approval for the entire Project site. It is expected that by June of 2005 full land development plans will be approved. There are no additional variances required under the proposed plan.

Part VII. Non-Project Cost

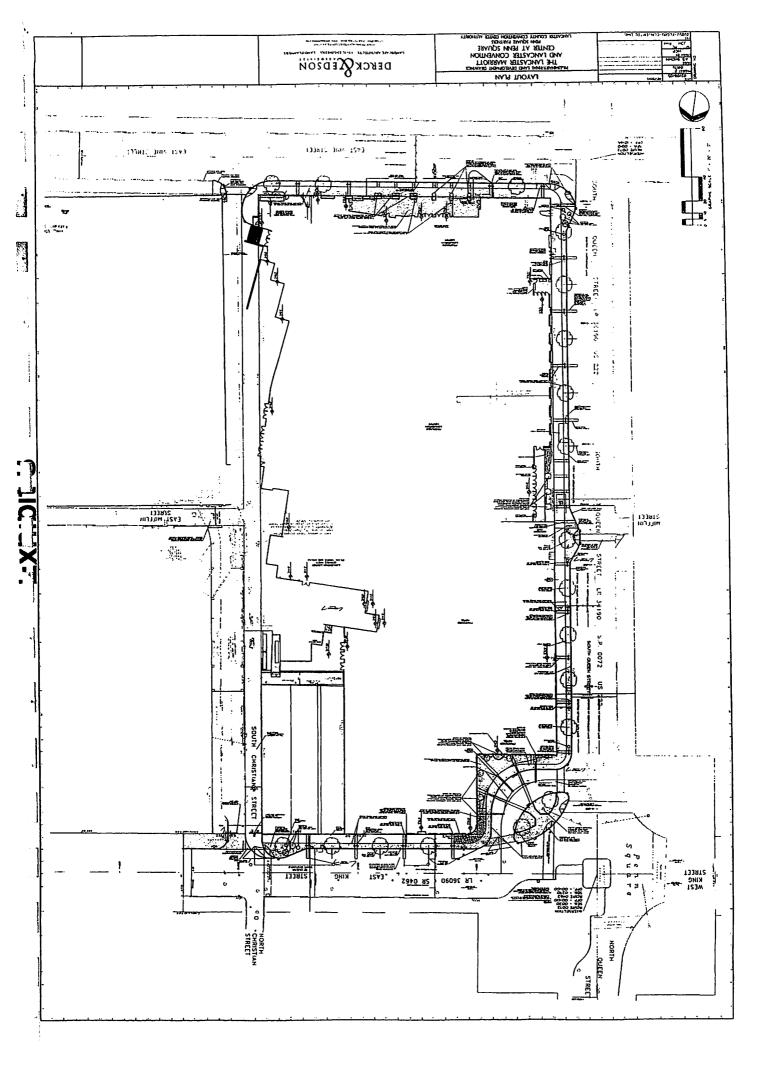
There will be no non-project cost.

Part VIII. Relocation

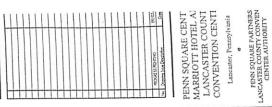
There will be no relocation costs included in the Initial Project Costs since the existing site is vacant.



All existing buildings are vacant



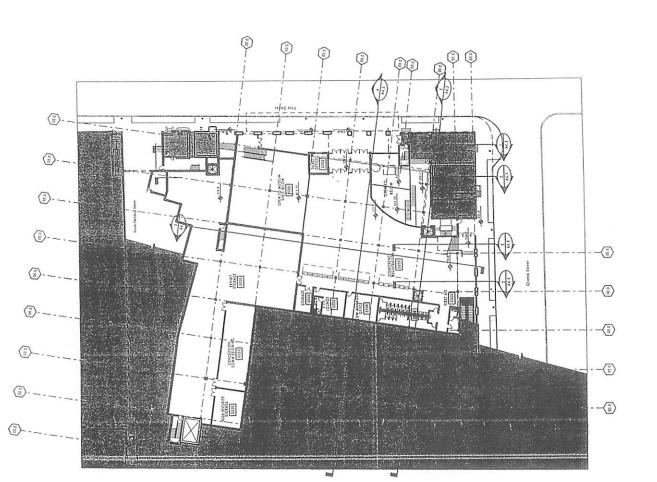


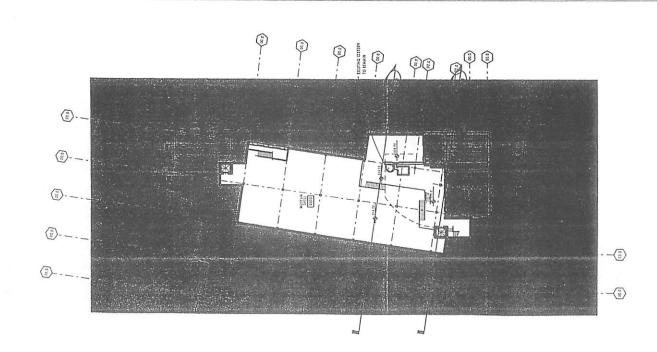


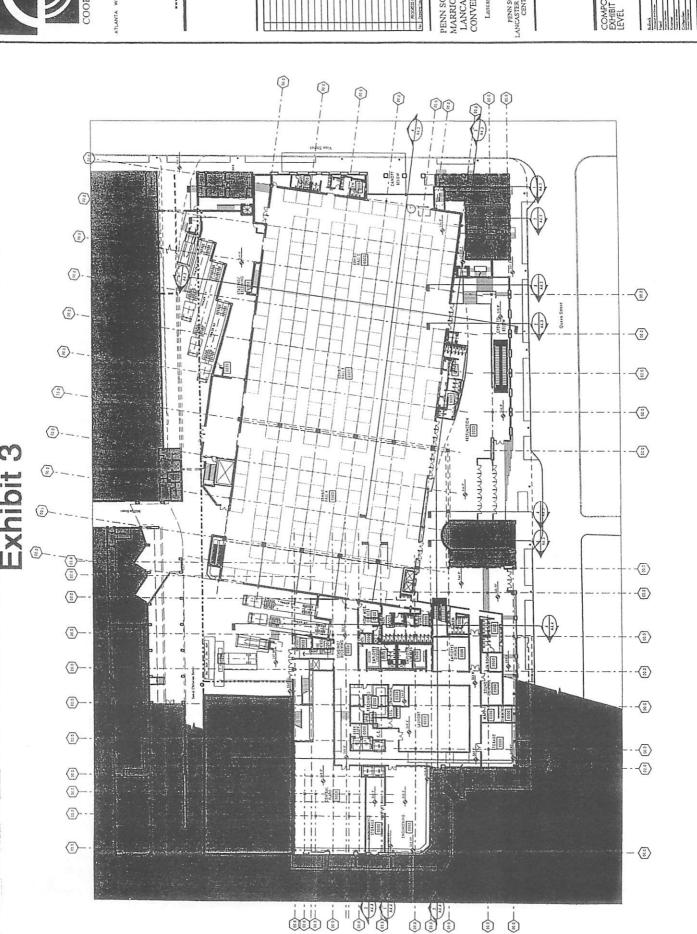


COMPOSITE PLAN - CONVENTION ENTRY LEVEL

COMPOSITE PLAN - MUSEUM LEVEL









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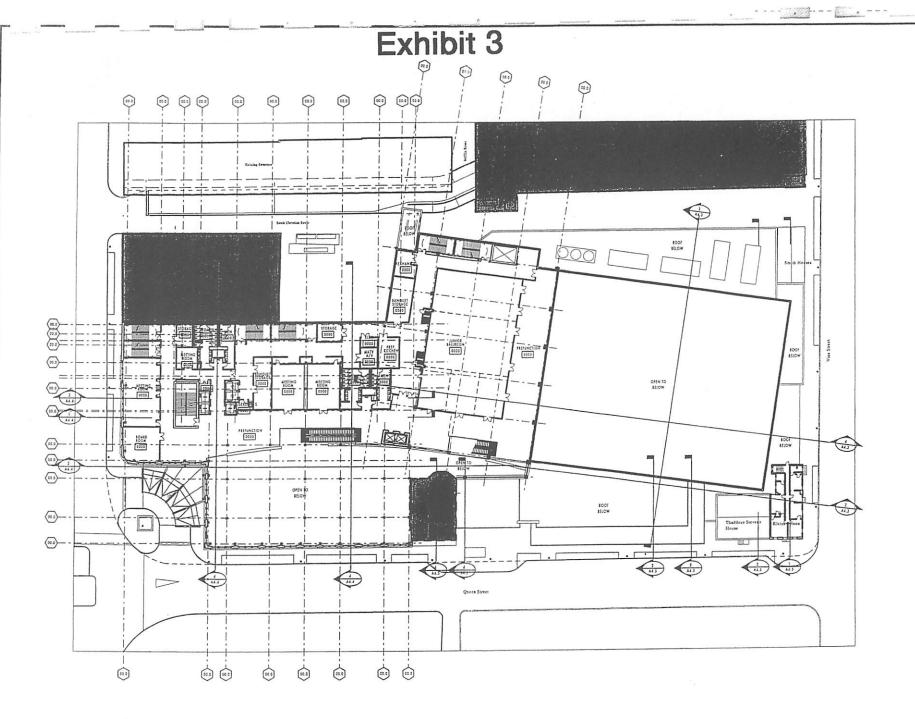
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COMPOSITE PLAN -EXHIBIT HALL LEVEL



COMPOSITE PLAN - EXHIBIT HALL LEVEL

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PENN SQUARE CENTER MARRIOTT HOTEL AND LANCASTER COUNTY CONVENTION CENTER

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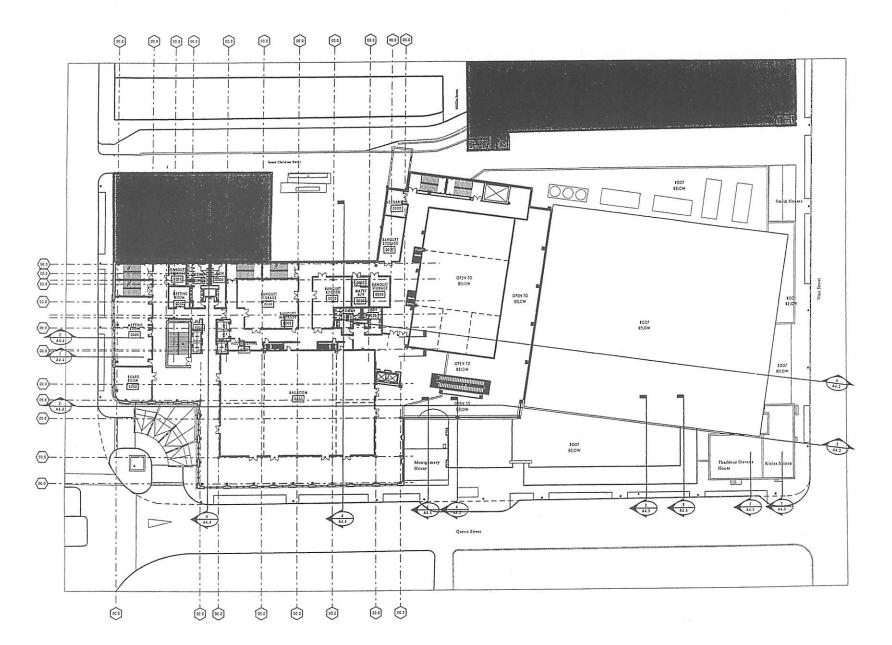
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COMPOSITE PLAN -JUNIOR BALLROOM LEVEL

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Lancaster, Pennsylvania

PENN SQUARE PARTNERS LANCASTER COUNTY CONVENTION CENTER AUTHORITY

COMPOSITE PLAN -BALLROOM LEVEL

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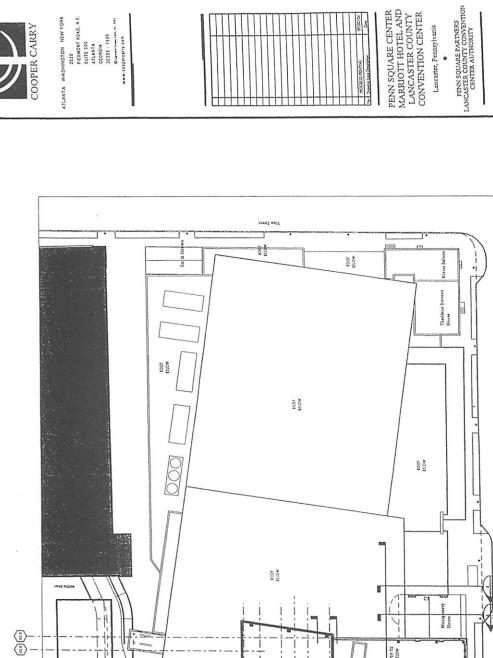
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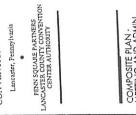
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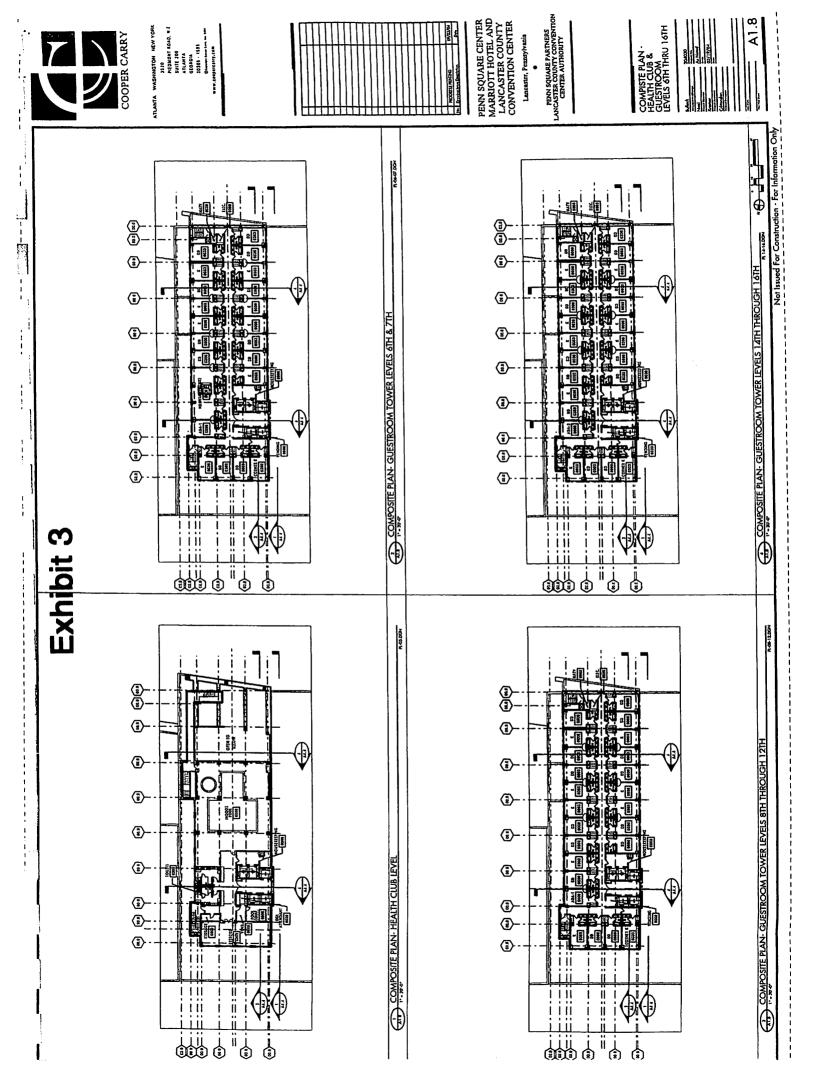


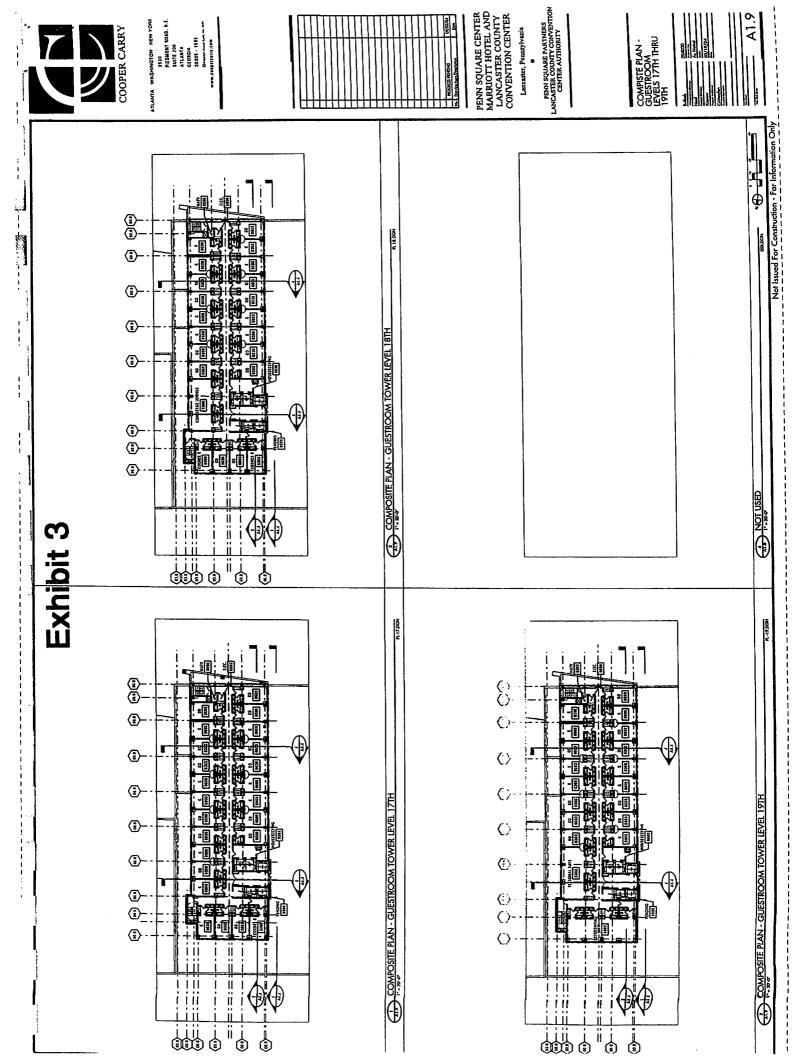


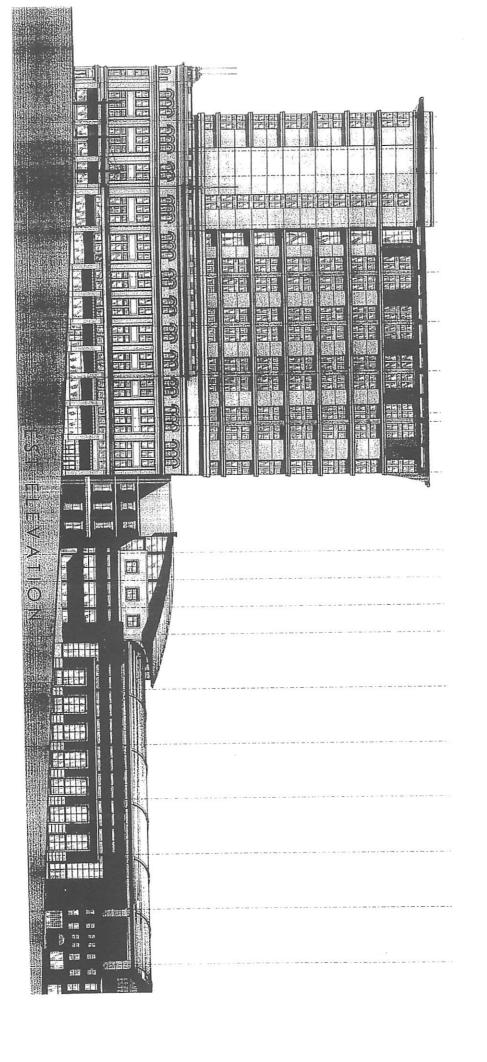


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COMPOSITE PLAN-MEETING & ADMIN LEVEL







Tax	Rate	Beneficiary	Comment
Property Taxes Base Market Value Projected Market @ Stabilization Common Value Ratio City Millage Rate County Millage rate School Millage rate Total Millage Inflation Factor	\$ 1,458,600 28,310,000 1 0.824% 0.285% 2.032% 3.141% 2.50%	City County School	Current Assessed Market Value Projected NOI Capped @12% County Wide Re-assessment in 2004 2004 Millage 2004 Millage 2004 Millage
Wage Tax Construction Jobs Average Construction Wage	550 35,000 163	City/County	2 Years
Full Time Equivalent Positions Hotel/Convention Center: Service Average Service Wage Full Time Equivalent Positions Hotel/Convention Center: Mgmt Average Management Wage Percentage City Residents Emergence Maintenance Service Tax Earned Income Tax: School District	16,500 44 37,500 55% 52 0,50%	City/County City School	Flat Tax Per Employee
Earned Income Tax: School District Earned Income Tax: City Average Hotel Wage	0.60%	City	

					Uses of Tax Re	venue				PSP Contril	oution	Total Reven	ue Collected	
Source of	Tax Revenue				USES OF TAX INC	V C II U C		Bonds/	_ 	a :	School	City	School	County
Year	Property	EMS	Wage	Total	City	School	County	Capital	Total	City	20001	91.6	83.3	4.3
2005	47.0	15.7	116.5	179.2	91.6	83.3	4.3	0.0	179.2	0	0	93.2	84.6	4.3
2005	48.1	15.7	119.4	183.2	93.2	84.6	4.3	1.2	183.2	~	69.6	125.1	111.9	4.3
2006	800.3	10.8	26.3	837.3	37.4	42.3	4.3	753.3	837.3	87.7	69.6	125.4	112.2	4.3
2007	820.3	10.8	26.9	858.0	37.8	42.6	4.3	773.4	858.0	87.7	131.9	157.0	174.9	4.3
	840.8	10.8	27.6	879.2	38.1	42.9	4.3	793.9	879.2	118.8		199.8	260.0	4.3
2009		10.8	28.3	900.9	38.5	43.2	4.3	814.9	900.9	161.3	216.8	210.7	281.4	4.3
2010	861.8	10.8	29.0	923.1	38.9	43.6	4.3	836.4	923.1	171.8	237.8	221.9	303.5	4,3
2011	883.4		29.0 29.7	945.9	39.3	43.9	4.3	858.5	945.9	182.7	259.6	233.5	326.2	4.3
2012	905.5	10.8		969.3	39.7	44.2	4.3	881.1	969.3	193.9	282.0		349.6	4.3
2013	928.1	10.8	30.4	993.3	40.1	44.6	4.3	904.3	993.3	205.4	305.0	245.5	373.7	4.3
2014	951.3	10.8	31.2		40.5	44.9	4.3	928.1	1,017.8	217.3	328.8	257.8	398.5	4.3
2015	975. I	10.8	32.0	1,017.8	41.0	45.3	4.3	952.5	1,043.0	229.5	353.2	270.5	424.1	4.3
2016	999.5	10.8	32.8	1,043.0	41.4	45.7	4.3	977.5	1,068.8	242.1	378.4	283.5		4.3
2017	1,024.5	10.8	33.6	1,068.8	41.9	46.0	4.3	1,003.1	1,095.3	255.1	404.4	296.9	450.4	4.3
2018	1,050.1	10.8	34.4	1,095.3	41.9	46.4	4.3	1,029.4	1,122.4	268.4	431.1	310.8	477.5	4.3
2019	1,076.3	10.8	35.3	1,122.4		46.8	4.3	1.056.3	1,150.2	282.2	458.6	325.0	505.5	4.3
2020	1,103.2	10.8	36.2	1,150.2	42.8	47.2	4.3	1,083.8	1,178.7	296.4	487.0	339.7	534.2	
2021	1,130.8	10.8	37.1	1,178.7	43.3		4.3	1,112.1	1,207.9	311.0	516.2	354.8	563.8	4.3
2022	1,159.1	10.8	38.0	1,207.9	43.8	47.7		1,141.1	1,237.8	326.0	546.2	370.3	594.3	4.3
2023	1,188.1	10.8	39.0	1,237.8	44.3	48.1	4.3	1,170.8	1,268.5	341.5	577.2	386.3	625.7	4.3
2024	1,217.8	10.8	39.9	1,268.5	44.9	48.5	4.3		19,059.7	3,978.4	6,053.4	4,899.2	7,035.4	85.2
	18,010.9	225.2	823.6	19,059.7	920.8	981.9	85.2	17,071.7	(3,033.7	•				

The financial analysis above is based on assumed inflation rates and interest rates and are subject to change based on actual rates and market conditions.

Average Hotel Wage

Exhibit 6
Project Uses Summary

Site Acquisition	5,290,000
Hard Cost (construction costs; costs paid to the contractor)	77,946,045
FF&E (furniture, fixtures & equipment)	14,421,187
Soft Cost (professional & financial fees)	14,980,419
Contingency (funds for unforeseen items)	4,545,506
Subtotal	117,183,156
Financing Costs (placement, reserves, credit enhancement)	11,768,844
Subtotal	11,768,844
Total Uses* Reserve for Future Eligible Project Cost	\$128,952,000 \$5,200,000

^{*}This total does not include the City of Lancaster's \$1M of in-kind services.

The above costs are all estimates.



Exhibit 7 Project Funding Summary

Total Financing: \$129M

Public Sector

\$93.65M

73% of funding

Private Sector

\$35.3M

27% of funding

LCCCA

- · Hotel Room Tax: \$5M
- Hotel Tax Revenue Bonds: \$40M
- Other Sources: \$1M cash
 - \$1.4M interest earnings

Commonwealth of Pennsylvania

- Grant to LCCCA: \$15M
- · Grant to RACL: \$7.25M
- Additional State Grant: \$12M
- · Act 23 Bonds: \$12M

Penn Square Partners

- Partner Investment: \$10M
- Interest Income Earnings: \$1.3M
- Hotel Revenue Bond: \$14M
- TIF Note Payments: \$10M

\$7.7M Parking Project (funded by LCCCA)

\$6.5M Historic Preservation Trust (to be raised by HPT)

The City of Lancaster is contributing \$1M of in-kind services

The Lancaster County Convention Center Lancaster Marriott at Penn Square