



**SCHOOL DISTRICT OF LANCASTER**  
**STATEMENT REGARDING**  
**TAX INCREMENT FINANCING**  
**DOWNTOWN HOTEL AND CONVENTION CENTER PROJECT**

**March 15, 2005**

This evening, the Board of School Directors of the School District of Lancaster approved a resolution regarding tax increment financing for the downtown hotel and convention center project.

This was a significant decision for the Board. As a result of tonight's action, the School District of Lancaster has expressed its willingness to participate in the proposed TIF District by contributing more than \$2 million in tax revenues to the project. Moreover, the District will put an additional \$7 million or more in tax revenues at risk.

Most of the District's contribution will come in the early years of the project, during the construction, launch and growth phases of the hotel's operation. The goal is to provide assistance when Penn Square Partners needs its most. We want this project to be successful.

The School District of Lancaster is in the business of educating students. Our primary responsibility is to provide excellent educational opportunities for all of the youth of our community.

It is important that initiatives that impact the District's revenue and its taxpayers be examined carefully. The Board believes that the terms of the resolution adopted this evening are fair and appropriate. The Board is also satisfied that collection risk is adequately addressed.

The District's Board and Administration understand that the City of Lancaster, Lancaster County, and the School District of Lancaster will be recipients of the benefits derived from the success of this project. The Board has been steadfast in its view that the downtown hotel and convention center will contribute to the ongoing revitalization of the City of Lancaster and will be a catalyst for additional development in the city. It is for this reason that the Board has approved a significant investment in this project.

The bottom line is the Board believes that the resolution passed this evening is in the best interest of its students, of the District, and of the community at large. The District wishes Penn Square Partners and others involved in this project every success in the months and years ahead.



# Preliminary Findings

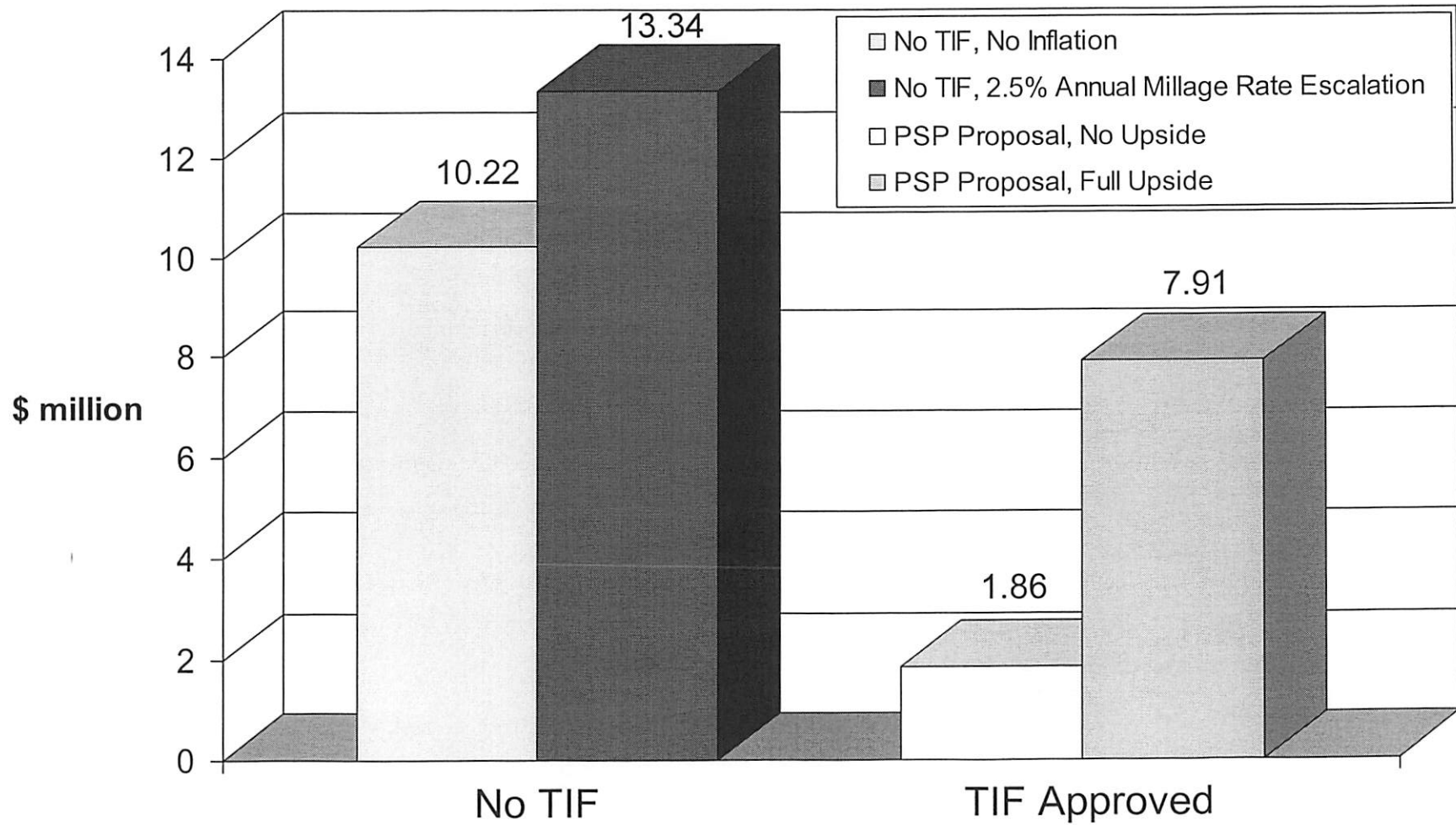
## Analysis of Penn Square Partners TIF Proposal

	Property Value	Current Millage Rate	Millage Rate escalated at 2.5%	Taxes Due (No TIF, No Escalator)	Taxes Due (No TIF, 2.5% Escalator)	PILOT PAYMENTS UNDER PSP PROPOSAL (No Profit Share)	PSP PROJECTED PROFIT SHARE PAYMENTS TO SDoL	PILOT PAYMENTS UNDER PSP PROPOSAL (With Profit Share)
2005	1,458,600	19.95	19.95	29,099	29,099	29,099	0	29,099
2006	1,458,600	19.95	20.45	29,099	29,827	29,099	0	29,099
2007	28,310,000	19.95	20.96	564,785	593,377	100,000	69,600	169,600
2008	28,310,000	19.95	21.48	564,785	608,211	100,000	69,600	169,600
2009	28,310,000	19.95	22.02	564,785	623,416	100,000	131,900	231,900
2010	28,310,000	19.95	22.57	564,785	639,002	100,000	216,800	316,800
2011	28,310,000	19.95	23.14	564,785	654,977	100,000	237,800	337,800
2012	28,310,000	19.95	23.71	564,785	671,351	100,000	259,600	359,600
2013	28,310,000	19.95	24.31	564,785	688,135	100,000	282,000	382,000
2014	28,310,000	19.95	24.91	564,785	705,338	100,000	305,000	405,000
2015	28,310,000	19.95	25.54	564,785	722,972	100,000	328,800	428,800
2016	28,310,000	19.95	26.18	564,785	741,046	100,000	353,200	453,200
2017	28,310,000	19.95	26.83	564,785	759,572	100,000	378,400	478,400
2018	28,310,000	19.95	27.50	564,785	778,562	100,000	404,400	504,400
2019	28,310,000	19.95	28.19	564,785	798,026	100,000	431,100	531,100
2020	28,310,000	19.95	28.89	564,785	817,976	100,000	458,600	558,600
2021	28,310,000	19.95	29.62	564,785	838,426	100,000	487,000	587,000
2022	28,310,000	19.95	30.36	564,785	859,386	100,000	516,200	616,200
2023	28,310,000	19.95	31.12	564,785	880,871	100,000	546,200	646,200
2024	28,310,000	19.95	31.89	564,785	902,893	100,000	577,200	677,200
				<b>10,224,319</b>	<b>13,342,464</b>	<b>1,858,198</b>	<b>6,053,400</b>	<b>7,911,598</b>



# Value of Penn Square Partners Proposal Compared with “No TIF” Case

**Total Property Tax and/or PILOTs Paid  
To School District of Lancaster from 2005-2024**





## Preliminary Findings Analysis of Penn Square Partners TIF Proposal

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- PSP estimates that the completed hotel will have a market value of \$28.31 million
- At the current 19.95 millage rate, the property would generate tax revenues of \$564,785 in 2007 when the hotel opens
- Using PSP's inflation factor of 2.50%, cumulative property taxes paid to SDoL from 2005 to 2024 (no TIF) would be **\$13.34 million**
- Under PSP's proposal, cumulative PILOT payments not tied to hotel performance will total only **\$1.86 million** over the same 20 year period
- Under PSP's proposal, maximum PILOT payments – inclusive of profit share – total only **\$7.91 million** over the 20 year period

*The District is being asked to contribute \$11.48 million to the Convention Center project, more than PSP itself is investing. Even if all the "profit share" payments promised as possible by PSP are paid, SDoL still will receive **\$5.43 million LESS** than if no TIF had been approved.*