

Full Statement -- Penn Square Partners

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Summary: Statement by Penn Square Partners regarding today's construction-bid opening

While we have reduced the gap between the estimated cost to build the project and the available funds to approximately \$20 million by value engineering and re-bidding several major project construction components, we regret deeply that the remaining gap is most likely too great to fill. Unfortunately the actions of the project opponents, including those of Commissioners Henderson and Shellenberger, coupled with their threats of continued action, have poisoned the bidding environment. Further these delays have allowed inflation in construction costs to occur. Both of these have increased the cost of the project beyond the limits of our funding sources.

In the past several weeks, The Convention Center Authority, The Redevelopment Authority and Penn Square Partners have met with City and State officials to discuss how we might work together to fill a potential budget gap and to complete this project for the benefit of our entire community. It is unlikely that we can organize any combination of resources and strategies that will allow us to move forward with the project as currently designed.

In the next several days, we will meet again with our elected officials and attorneys to make a final determination about our next steps. If the decision is made to terminate the current project, the existing agreements among Penn Square Partners, the Convention Center Authority, the Redevelopment Authority and the Historic Preservation Trust regarding termination will go into effect.

Phase One of the project, site preparation and façade stabilization, already is underway and fully funded. We are committed to completing these improvements in order to leave the site safe, secure and ready for whatever future development on the site takes place.