

EXHIBIT D

[CAPITAL COSTS AND PROJECT BUDGET]

Exhibit D

	PROJECT	Parking
PROJECT DATA		
KEY COUNT	300	
HOTEL DEDICATED (SF)	176,951	
CENTER DEDICATED (SF)	206,156	
COMMON ELEMENTS	30,202	
Parking Spaces		300
	413,309	300
SITE ACQUISITION		
Site Acquisition - Hotel	1,500,000	0
Site Acquisition - Center	1,440,000	2,100,000
Site Acquisition - Vacant Land Sliver	0	0
Hotel Site Carrying Costs (thru 2003)	2,350,000	0
Hotel Site Carrying Cost (Post-Transfer)	0	0
Parking Rent - Hotel	0	0
Parking Rent - Center (In Cash flow)	0	0
Parking Capital Lease - Hotel	0	0
Parking Capital Lease - Center	0	0
Subtotal	5,290,000	2,100,000
HARD COSTS		
Core Construction - Hotel		
Core Construction - Convention Center		
Prevailing Wage		
General Conditions		
Liability Insurance		
Builder Risk Insurance		
Building Permits		
Payment & Performance Bond		
GC Overhead and Fee		
Subtotal	84,896,478	3,262,000
FF&E EXPENSES		
Hotel		
Furnishings/Fixtures & Equipment	5,352,494	0
Operating Supplies & Equipment	0	0
Telephone/Computer/Other Systems	1,500,000	0
Procurement Fee & Expenses	0	0
Shipping & Handling & Tax	0	0
Installation	0	0
Subtotal	6,852,494	0
Center		
Furnishings/Fixtures & Equipment	5,727,037	0
Kitchen Equipment	1,500,000	0
Operating Supplies & Equipment	0	350,000
Telephone/Computer/Other Systems	750,000	0
Procurement Fee & Expenses	0	0
Shipping & Handling & Tax	0	0
Installation	0	0
Subtotal	7,977,037	350,000
Total FF&E	14,829,531	350,000
SOFT COSTS		
A&E Fees - Hotel	1,223,570	0
A&E Fees - Center	3,245,323	180,000
Development Fee & Expenses - Hotel	1,900,962	0
Development Fee & Expenses - Center	3,087,958	0
Technical Services - Hotel	100,000	0
Technical Services - Center	120,000	0
Admin. Taxes, Legal, Insurance - Hotel	1,000,000	0
Admin. Taxes, Legal, Insurance - Center	500,000	0
Land/Streetscaping - Hotel	0	0
Land/Streetscaping - Center	400,000	0
Preopening Expenses - Hotel	1,200,000	0
Preopening Expenses - Center	1,500,000	0
Working Capital - Hotel	500,000	0
Working Capital - Center	250,000	0
Subtotal	15,027,813	180,000
COST BEFORE CONTINGENCY		
Hotel	40,794,560	0
Center	79,249,254	5,892,000
Subtotal	120,043,814	5,892,000
CONTINGENCY		
Hotel	1,631,782	0
Center	3,169,970	235,680
Subtotal	4,801,753	235,680
BASE DELIVERY COST		
Subtotal	124,845,567	6,127,680
Financing Cost		
Subtotal	12,989,576	1,547,320
Total Project Cost	137,835,143	7,675,000

EXHIBIT E
[CAPITAL STRUCTURE]

Exhibit E

	Committed	Commercially Reasonable Efforts
PSP- Investment	10,000,000	
RACL- Existing State Grants	7,250,000	
RACL- Pending State Grants		5,000,000
RACL- Proposed State Grants		7,000,000
RACL-Proposed IFIP Grant		12,000,000
RACL- Pending City Contribution		1,000,000
RACL-Hotel Revenue Bonds		24,000,000
RACL- Interest Income		1,326,000
LCCCA-Prefunded Project Expenses	4,458,000	
LCCCA-Prefunded Parking Expenses	325,000	
LCCCA- Future Cash Investment	6,000,000	
LCCCA- Existing State Grant	15,000,000	
LCCCA- Hotel Tax Revenue Bond Series 2003	40,000,000	
LCCCA- Hotel Tax Revenue Bonds Series 2003A		2,695,000
LCCCA- Hotel Tax Revenue Bond Series 2004 (Parking)		7,675,000
LCCCA- Interest Income		1,840,000
LCCCA- Reduced Operating Account Balance		900,000
	83,033,000	63,436,000

EXHIBIT F

[CONVENTION CENTER AND HOTEL PROGRAM]

Exhibit F

Convention Center and Hotel Program

**on file at the offices of
The Lancaster County Convention Center Authority
and
Penn Square Partners**

EXHIBIT G

[OMITTED]

EXHIBIT H
[QUALITY STANDARD]

EXHIBIT H

I. HOTEL STANDARDS

A. General Standards of Design, Construction and Operation.

The Hotel shall be a first class, full service hotel designed, developed and constructed in conformance with the standards established by Marriott International, Inc. ("Marriott") for like facilities and contained in Marriott publications including, but not limited to, the Marriott Design Guide (the "Marriott Standards"). The Hotel shall be maintained, furnished and operated to a minimum standard equivalent to the Marriott Standards in effect on the date that the Hotel opens for business. The foregoing requirements apply regardless of whether the Hotel is subsequently operated under a flag other than Marriott, as an independent or otherwise and such requirements shall be binding on, and expressly assumed by, any subsequent owner, operator or lessee of the Hotel.

B. Deficiency Notifications and Cures

1. Brand Inspection Deficiencies.

The owners of the Hotel shall require that the Hotel Manager provide the LCCCA with copies of any inspection reports prepared by the brand within 30 days of the date which the Hotel Manager receives any such report. Deficiencies shall be cured within the timeframes prescribed in the inspection reports.

2. Internal Monitoring.

As long as the Hotel is operated under the Marriott flag, or under a flag, the licensor of which mandates quality assurance and guest satisfaction programs at least as strict as Marriott, then the owners of the Hotel shall comply, and cause the Hotel Manager to comply, with all quality assurance and guest satisfaction programs established from time to time by Marriott or by such successor licensor. Otherwise, the following procedures shall be followed:

The Hotel Manager as the agent of the owners of the Hotel shall periodically establish objective and commercially reasonable standards of guest satisfaction, which standards shall be subject to the reasonable approval of the LCCCA. To monitor adherence to these standards, the Hotel Manager as agent of the owners of the Hotel shall conduct ongoing guest satisfaction surveys and periodic (no less than annual) independent assessments of quality and service (i.e. mystery shoppers). The results of these surveys and assessments shall be communicated to the LCCCA on a timely basis. If the hotel fails to achieve a passing grade in any area, the LCCCA may require the owners of the Hotel to prepare and implement an improvement plan (which plan shall be subject to the approval of the LCCCA) designed to cure the deficiencies.

II. CONVENTION CENTER STANDARDS

A. **General Standards of Design, Construction and Operation of the Exhibit Hall and Areas that Support the Exhibit Hall.**

In regard to design, construction and operations, the standards applicable to (i) the Convention Center's Exhibit Hall, (ii) the interior space that supports the Exhibit Hall and (iii) the Exhibit Hall's entry and pre-function areas shall be a standard that is generally equal to the standard under which any "comparable" convention center facility is designed, constructed and/or operated. By definition, a "comparable" facility (w) is publicly-owned, (x) is classified as a "convention" versus "conference" center, (y) has a minimum of 40,000 square feet and a maximum of 150,000 square feet of dedicated exhibit hall space, and (z) is within a 500 mile radius of Lancaster, Pennsylvania.

B. **General Standards of Design, Construction and Operation of the Non-Exhibit Hall Areas of the Convention Center.**

The areas of the Convention Center that are not part of (i) the Convention Center's Exhibit Hall, (ii) the space that supports the Exhibit Hall or (iii) the Exhibit Hall's entry and pre-function areas (the "Non-Exhibit Hall Areas") shall be designed, developed and constructed in conformance with the Marriott Standards. The Non-Exhibit Hall Areas shall be maintained, furnished and operated to a minimum standard equivalent to the Marriott Standards in effect on the date that the Convention Center opens for business.

C. **Deficiency Notifications and Cures.**

As long as the Hotel is operated under a Marriott flag, or under a flag, the licensor of which mandates quality assurance and guest satisfaction programs at least as strict as Marriott, then the LCCCA shall cause the Convention Center Manager to conduct quality assurance and guest satisfaction programs consistent with those conducted by the Hotel. Otherwise, the following provisions shall be followed:

The Convention Center Manager as the agent of the LCCCA shall periodically establish objective and commercially reasonable standards of guest satisfaction, which standards shall be subject to the reasonable approval of the owners of the Hotel. To monitor adherence to these standards, the Convention Center Manager as agent of the LCCCA shall conduct ongoing guest satisfaction surveys and periodic (no less than annual) independent assessments of quality and service (i.e. mystery shoppers). The results of these surveys and assessments shall be communicated to the owners of the Hotel on a timely basis. If the Convention Center fails to achieve a passing grade in any area, the owners of the Hotel may require the LCCCA to prepare and implement an improvement plan (which plan shall be subject to the approval of the owners of the Hotel) designed to cure the deficiencies.

EXHIBIT I

[AGREEMENT TO TRANSFER AND REIMBURSEMENT AGREEMENT]

EXHIBIT K
[INDEMNITY AGREEMENT]

INDEMNIFICATION AGREEMENT

This INDEMNIFICATION AGREEMENT ("Agreement") is made and entered into as of the _____ day of June, 2005, by and among **THE LANCASTER COUNTY CONVENTION CENTER AUTHORITY**, a body politic and corporate existing under the laws of the Commonwealth of Pennsylvania ("LCCCA"), **THE REDEVELOPMENT AUTHORITY OF THE CITY OF LANCASTER**, a body politic and corporate existing under the laws of the Commonwealth of Pennsylvania ("RACL") and **PENN SQUARE PARTNERS**, a Pennsylvania limited partnership ("PSP").

WITNESSETH

WHEREAS, LCCCA is a public instrumentality of the Commonwealth of Pennsylvania organized under the Third Class County Convention Center Authority Act, 16 P.S. 2399.1 et seq., as amended, for the purpose, among others, of acquiring, developing, designing, constructing, financing, improving, operating, maintaining and owning a convention center in the City of Lancaster, County of Lancaster, Pennsylvania; and

WHEREAS, RACL is a public instrumentality of the Commonwealth of Pennsylvania organized under the Urban Redevelopment Law, Act No. 385, approved May 24, 1945, P.L. 991, as amended, for the purpose among other things to: 1) promote the elimination of blighted areas and supply decent housing; 2) replan such areas that are certified by the Lancaster City Planning Commission; 3) contract with private, corporate, or governmental entities for the redevelopment of blighted commercial, industrial, or residential areas; 4) acquire properties in blighted areas by purchase, gift, or eminent domain; and 5) contract with private, corporate, or governmental entities desiring to provide funding for the redevelopment of commercial, industrial, or residential properties; and

WHEREAS, LCCCA and PSP desire to jointly develop and operate a convention center ("Convention Center") and a hotel ("Hotel") in cooperation and coordination with each other on a site bounded by King Street, Queen Street, Vine Street and Christian Street in the City of Lancaster, Lancaster County, Pennsylvania (the "Project"); and

WHEREAS, RACL desires to facilitate the development, financing and construction of the Project; and

WHEREAS, as a condition to RACL's participation with respect to the development, financing and construction of the Project, RACL requires that LCCCA and PSP enter into this Agreement.

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, and other valuable consideration, the receipt and sufficiency whereof are hereby acknowledged, the parties hereto, intending to be legally bound, agree as follows:

Section 1. Limitation of Remedies. From and after the execution of this Agreement, indemnification pursuant to the terms of this Agreement shall be RACL's exclusive remedy with respect to the development, financing and construction of the Project.

Section 2. Indemnity by the PSP and LCCCA. Subject to the other provisions of this Agreement, each of PSP and LCCCA, severally and not jointly, agree to indemnify, defend and hold RACL and its respective officers, directors, employees, successors and assigns, harmless, from, against and with respect to each and every claim, liability, obligation, loss, damage, deficiency, assessment, encumbrance, judgment, cost, expense (including, without limitation, reasonable attorneys' fees and costs and other expenses incurred in investigating, preparing, defending against or prosecuting any litigation or claim, action, suit, or demand), of any kind or character (collectively, "Losses"), arising out of or in any manner incident, arising from or relating or attributable to RACL's participation in the development, financing or construction of the Project.

Section 3. Time Limits. Any claim for indemnification pursuant to Section 2 must be made within one (1) year of the date on which RACL obtained knowledge of the Losses. Any claim described in the preceding sentence made within the applicable time period shall survive thereafter until such claim is finally resolved. For purposes of this Section 3, any claim for indemnification shall be duly made by giving written notice of such claim to PSP and LCCCA.

Section 4. Limitations on Liability. With respect to all indemnification obligations hereunder, each of PSP and LCCCA shall severally, and not jointly, be responsible for its pro rata share of any and all Losses giving rise to such obligation as shared costs of the Project.

Section 5. Indemnity For Third Party Claims Against RACL. If any suit, investigation, claim or other proceeding is commenced for which RACL or others may be entitled to defense and indemnity under Section 2, RACL shall give written notice to PSP and LCCCA thereof as promptly as practicable; provided, however, that the failure to give such notice shall not relieve PSP and LCCCA from any obligation hereunder except where, and then solely to the extent that, such failure actually and materially prejudices the rights of PSP and LCCCA. Such notice shall set forth, in reasonable detail, the specific facts and circumstances then known by RACL pertaining to such matters. Thereafter, RACL shall inform PSP and LCCCA with respect to any significant developments with respect to such claim, suit, action, or investigation, and shall answer any questions PSP and LCCCA or their representatives may have from time to time with respect thereto. In connection with the foregoing, the RACL shall, at its election, either:

- (a) **Defense.** Defend any such suit, investigation, claim or other proceeding by such means as the RACL elects, in RACL's reasonable discretion, and PSP and LCCCA shall have the right (but not the obligation) to participate in the defense thereof by counsel of its or their choice at its or their expense, but RACL shall retain full control

of such litigation or procedure, and shall have final authority to determine all matters in connection therewith;

- (b) **Settlement.** Pay, compromise, or settle such suit, investigation, claim or other proceeding after obtaining the written consent of both PSP and LCCCA (which consent shall not unreasonably be withheld, conditioned or delayed); or
- (c) **Turn-Over.** Turn such contest over to PSP and LCCCA who shall, at their own expense, assume such contest and RACL shall have the right (but not the obligation) to participate, at its own expense, in the defense thereof by counsel of its own choice, and shall cooperate with and assist PSP and LCCCA as reasonably requested by the PSP and LCCCA in connection with such defense or contest, but PSP and LCCCA shall retain control thereof and have final authority to determine all matters in connection therewith. Notwithstanding the foregoing, PSP and LCCCA shall have the right to control the defense, litigation and settlement of such action only if PSP and LCCCA have agreed in writing to be responsible for all Losses connected with such claim and provided RACL with evidence satisfactory to RACL, in its reasonable discretion, of PSP's and LCCCA's ability to satisfy the same.

Section 6. Indemnity Cap. LCCCA's indemnity obligations under this Agreement shall be limited to its (i) annual net revenues from operations, and (ii) collections from the Lancaster County Hotel Room Rental Tax net of LCCCA's debt service.

Section 7. Exclusions. Notwithstanding any provision in this Agreement to the contrary, PSP and LCCCA shall not be obligated under this Agreement to make any indemnity in connection with any claim made against RACL:

- (a) for which payment has actually been made to or on behalf of RACL under any insurance policy or other indemnity provision, except with respect to any excess beyond the amount paid under any insurance policy or other indemnity provision; or
- (b) for which payment is prohibited by applicable law.

Section 8. Insurance Subrogation.

- (a) If, at the time of delivery of a notice of a claim pursuant to the terms hereof, RACL has director and officer liability or other insurance in effect which provides coverage against such a claim, RACL shall give prompt notice of the commencement of such proceeding to its insurers in accordance with the procedures set forth in the respective policies. RACL shall thereafter take all necessary or desirable action to cause such insurers to pay all amounts payable as a result of such proceeding in accordance with the terms of such policies.
- (b) In the event of any payment under this Agreement, PSP and LCCCA shall be subrogated to the extent of such payments to all of the rights of recovery of RACL

against its insurers. RACL shall execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable PSP or LCCCA to bring suit to enforce such rights.

- (c) PSP and LCCCA shall not be liable under this Agreement to make any payment of amounts otherwise indemnifiable hereunder if and to the extent that RACL has otherwise actually received such payment under any insurance policy, contract, agreement or otherwise.

Section 9. Reimbursement. In connection with RACL's performance of its role in the development, financing and construction of the Project, PSP and LCCCA shall pay all costs and expenses incurred by RACL in connection with its activities, including without limitation, reasonable attorneys' fees, as follows:

- (a) PSP shall be solely responsible for all fees and costs associated with the approximate \$24 million of hotel revenue bonds;
- (b) All other fees and costs shall be shared equally by PSP and LCCCA.

Section 10. Duration of Agreement. This Agreement shall continue until and terminate upon the later of (a) one (1) year after issuance of certificates of occupancy for both the Hotel and the Convention Center, or (b) one (1) month after the final termination of all proceedings, including any appeal, then pending in respect of which RACL is granted rights of indemnification hereunder. This Agreement shall be binding upon PSP, LCCCA and RACL and their successors and assigns. PSP and LCCCA shall require and cause any successor (whether direct or indirect by purchase, merger, consolidation or otherwise) to all, substantially all or a substantial part, of the business and/or assets of PSP or LCCCA, by written agreement in form and substance satisfactory to RACL, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that PSP and LCCCA would be required to perform if no such succession had taken place.

Section 11. Severability. If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (a) the validity, legality and enforceability of the remaining provisions of this Agreement (including without limitation, each portion of any section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby and shall remain enforceable to the fullest extent permitted by law; (b) such provision or provisions shall be deemed reformed to the extent necessary to conform to applicable law and to give the maximum effect to the intent of the parties hereto; and (c) to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of any section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested thereby.

Section 12. Integration. This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and

understandings, oral, written and implied, between the parties hereto with respect to the subject matter hereof.

Section 13. Modification and Waiver. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by the parties thereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions of this Agreement nor shall any waiver constitute a continuing waiver.

Section 14. Notices. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed to have been duly given if (a) delivered by hand and received for by the party to whom said notice or other communication shall have been directed, (b) mailed by certified or registered mail with postage prepaid, on the third business day after the date on which it is so mailed, (c) mailed by reputable overnight courier and received for by the party to whom said notice or other communication shall have been directed or (d) sent by facsimile transmission, with receipt of oral confirmation that such transmission has been received:

If to LCCCA:

The Lancaster County Convention Center Authority
P.O. Box 1622
Lancaster, PA 17608
Attention: C. Ted Darcus, Chairman

with a copy to:

Stevens & Lee
4750 Lindle Road, 3rd Floor
Harrisburg, PA 17111
Attention: Christopher M. Cicconi, Esquire

If to RACL:

The Redevelopment Authority of the City of Lancaster
120 N. Duke Street
Lancaster, PA 17603
Attention: Charles H. Simms, Jr., Chairman

with a copy to:

Blakinger, Byler & Thomas, P.C.
28 Penn Square
Lancaster, PA 17603
Attention: Frank P. Mincarelli, Esquire

If to PSP:

Penn Square Partners
1853 William Penn Way
Lancaster, PA 17605-0008
Attention: Nevin D. Cooley, President

with a copy to:

Ballard Spahr Andrews & Ingersoll, LLP
1735 Market Street, 51st Floor
Philadelphia, PA 19103
Attention: Richard R. Goldberg, Esquire

or to any other address as may have been furnished by a party in writing to all other parties hereto.

Section 15. Applicable Law and Consent to Jurisdiction. This Agreement and the legal relations among the parties shall be governed by, and construed and enforced in accordance with, the laws of the Commonwealth of Pennsylvania, without regard to its conflict of laws rules. Other than in actions or proceedings where the Commonwealth Court of Pennsylvania has mandatory jurisdiction, the parties hereby irrevocably and unconditionally (i) agree that any action or proceeding arising out of or in connection with this Agreement shall be brought only in the Court of Common Pleas of Lancaster County, Pennsylvania, and not in any other state or federal court in the United States of America, (ii) consent to submit to the exclusive jurisdiction of the Court of Common Pleas of Lancaster County, Pennsylvania, for purposes of any action or proceeding arising out of or in connection with this Agreement, (iii) waive any objection to the laying of venue of any such action or proceeding in the Court of Common Pleas of Lancaster County, Pennsylvania, and (v) waive, and agree not to plead or to make, any claim that any such action or proceeding brought in the Court of Common Pleas of Lancaster County, Pennsylvania, has been brought in an improper or inconvenient forum.

Section 16. Identical Counterparts. This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute one and the same Agreement. Only one such counterpart signed by the party against whom enforceability is sought needs to be produced to evidence the existence of this Agreement.

Section 17. Miscellaneous. The headings of the paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof.

Section 18. Recitals. All of the recitals set forth at the outset are incorporated herein and constitute a material part of this Agreement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed as of the day and year first above written.

LCCCA:

THE LANCASTER COUNTY CONVENTION
CENTER AUTHORITY

By: _____
C. Ted Darcus, Chairman

RACL:

THE REDEVELOPMENT AUTHORITY OF THE
CITY OF LANCASTER

By: _____
Charles Simms, Chairman

PSP:

PENN SQUARE PARTNERS, a Pennsylvania limited
partnership

By: Penn Square General Corporation, its general
partner

By: _____
Nevin D. Cooley, President

EXHIBIT L
[ALLOCATION OF CAPITAL COSTS]

EXHIBIT L

ALLOCATION OF CAPITAL COSTS

I. Definitions

The following capitalized terms, as used in this Exhibit L, shall have the meanings ascribed to them in the Condominium Documents:

Building
Convention Center Entry Level
Exhibit Level
Convention Center Foundation Slabs
Guest Tower
Health Club Level
K/S Areas
Montgomery House
Parking Connector
Watt & Shand Ballroom A Level
Watt & Shand Ballroom B Level
Watt & Shand Lobby Level
Watt & Shand Meeting/Administration Level

II. Project Budget

The Project Budget may only be modified by the written agreement of PSP and LCCCA. The Project Budget shall provide the basis for making the allocation of capital costs solely attributable to each of the Hotel Unit, the Convention Center Unit and the Common Elements.

III. Categories for Programmed Areas

The Project Budget organizes the programmed areas set forth in the Facilities Program into one of three core budget categories: (i) Hotel Unit; (ii) Convention Center Unit; and (iii) Common Elements.

IV. Unit Areas Contained in the Project Budget

The following areas are part of the Hotel Unit or part of the Convention Center Unit as follows:

- a. 100% of the Laundry/Housekeeping/Uniform Issue area on the Watt & Shand Exhibit Level are part of the Hotel Unit.

- b. 100% of the areas on the Watt & Shand Lobby Level labeled as “Three Meal Restaurant,” “Lobby Bar,” “Front Desk,” “Administration Offices,” “Business Center,” “Bell Captain,” “Luggage Storage,” “Sundries” and “Guest Deposit Room” are part of the Hotel Unit.
- c. 100% of the areas contained in the Guest Tower are part of the Hotel Unit.
- d. 100% of all roof areas on top of the Guest Tower are part of the Hotel Unit.
- e. 100% of all areas of the Montgomery House are part of the Hotel Unit.
- f. 100% of the areas on the Exhibit Level labeled as “AV Rooms,” “MATV,” “Central Sound Control Room,” “Dimmer Room,” “Misc [sic] Storage Rooms,” “Public Restrooms,” “Janitors Closet,” “Public Elevators/Lobbies,” “Service Elevators/Lobbies,” “Elevator Machine Room,” “Exit Stairs,” “BOH Corridors” and “Public Telephones” are part of the Convention Center Unit.
- g. 100% of the Main Kitchen area on the Watt & Shand Lobby Level are part of the Convention Center Unit.
- h. 100% of the areas on the Watt & Shand Meeting/Administration Level are part of the Convention Center Unit.
- i. 100% of the areas on the Watt & Shand Ballroom A Level are part of the Convention Center Unit.
- j. 100% of the areas on the Watt & Shand Ballroom B Level are part of the Convention Center Unit.
- k. 100% of the areas contained in the Parking Connector are part of the Convention Center Unit.
- l. 100% of the area on the Exhibit Level are part of the Convention Center Unit, less any Common Elements or areas in the Hotel Unit.
- m. 100% of the areas on the Convention Center Entry Level are part of the Convention Center Unit.
- n. 100% of all roof areas on top of the Building, except those roof areas on top of the Guest Tower and on top of the Montgomery House, are part of the Convention Center Unit.
- o. 100% of all foundation systems (including caissons, if any) that support the Convention Center Foundation Slabs are part of the Convention Center Unit.

- p. 100% of the Convention Center Foundation Slabs are part of the Convention Center Unit.
- q. 100% of all support columns of the Exhibit Level, except those that support the Watt & Shand Lobby Level, or any levels above the Watt & Shand Lobby Level not located beneath the footprint of the Guest Tower, are part of the Convention Center Unit.
- r. 100% of all areas of the K/S Areas are part of the Convention Center Unit.

V. Allocation of Hotel Unit and Convention Center Unit Costs

All costs associated with constructing, renovating and replacing the hard cost and FF&E in the Hotel Unit shall be the responsibility of the owner of the Hotel Unit. All costs associated with constructing, renovating and replacing the hard cost and FF&E in the Convention Center Unit shall be the responsibility of the owner of the Convention Center Unit.

VI. Allocation of Common Element Hard Costs to the Hotel Unit Owner

The portion of the Common Element Hard Costs and FF&E shall be the responsibility of the owner of the Hotel Unit as calculated in accordance with the following formula:

$$\text{Hotel Unit Owner Portion} = \text{CEC} \times \text{HR}$$

Where:

CEC = Common Element Costs

HR = Hotel Ratio = $(\text{HS} \div (\text{HS} + \text{CS}))$

And where:

HS = Square Footage of Hotel Unit Space

CS = Square Footage of Convention Center Unit Space.

Based on information taken from the Design Development Plans, the Hotel Ratio is as follows:

$$176,951 \div (176,951 + 206,156) = 46.2\%$$

VII. Allocation of Common Element Hard Costs to the Convention Center Unit Owner

The portion of the Common Element Hard Costs and FF&E that shall be the responsibility of the owner of the Convention Center Unit shall be as calculated in accordance with the following formula:

$$\text{Convention Center Unit Owner Portion} = \text{CEC} \times \text{CR}$$

Where:

CEC = Common Element Costs

CR = Convention Center Ratio = $(\text{CS} \div (\text{HS} + \text{CS}))$

And where:

HS = Square Footage of Hotel Unit Space

CS = Square Footage of Convention Center Unit Space.

Based on information taken from the Design Development Plans, the Convention Center Ratio is as follows:

$$206,156 \div (176,951 + 206,156) = 53.8\%$$

VIII. Application of the Hotel Ratio and Center Ratio to Certain Site Inefficiency Costs

The Hotel Ratio (“**HR**”) and Center Ratio (“**CR**”) (as such terms are defined in the formulas above) shall also be applied to those certain Hard Cost(s) items defined as “Site Inefficiencies” in the Project Budget in order to allocate those Hard Costs. Specific “Site Inefficiencies” Hard Costs to which this allocation methodology will apply are:

- a. all Topographic Leveling Hard Costs
- b. all Demolition Work Hard Costs
- c. Site Preparation Hard Costs
- d. Site Utilities Hard Costs
- e. Site Concrete Hard Costs
- f. all Abatement Hard Costs
- g. all Historical Preservation Hard Costs
- h. The Site Inefficiencies Contingency Hard Costs.

IX. Treatment of Other Site Inefficiencies Costs

The following categories of Hard Costs listed as “Site Inefficiency Costs” in the Project Budget shall be allocated 100% to the owner of the Convention Center Unit:

- a. All Garage Renovation Hard Costs
- b. All Rock Removal Hard Costs
- c. All Deep Foundation Hard Costs
- d. Crane Rights – LCCCA
- e. Utility Costs: Christian Street.

The following categories of Hard Costs listed as “Site Inefficiency Costs” in the Project Budget shall be allocated 100% to the owner of the Hotel Unit:

- f. Crane Rights – Hotel

X. Treatment of A&E Costs & Expenses

The A&E Costs and Expenses shall be allocated between the Hotel Unit and The Convention Center Unit as follows:

The A&E fee estimate provided by the project architects was \$4,369,813 which, for budgeting purposes, was broken down as follows based on the recommendations of the architects:

- a. 28.000% was estimated to be a cost payable by the owner of the Hotel Unit.
- b. 44.000% was estimated to be a cost payable by the owner of the Convention Center Unit.
- c. 28.000% was estimated to be a Common Element cost and payable by each respective owner in accordance with the HR and CR calculations.

In addition,

- d. The project architects estimated that there were \$41,250 in other specific A&E costs solely attributable to the convention center that would be payable by the owner of the Convention Center Unit.
- e. The project architects also estimated that there would be \$57,750 in other specific A&E costs that are attributable to the Common Elements that would be payable by each condominium owner in accordance with the HR and CR calculations.

All of the foregoing calculations and formulas are subject to reconciliation upon completion of the project. At that time, the architects are required to provide an accounting of the actual amount of fees and costs incurred on the Hotel Unit, Convention Center Unit and

Common Elements. To the extent that it is determined that one party has overpaid, the underpaying party shall immediately reimburse the overpaying party for the overpayment.

XI. Allocation of cost in the City Right of Way

- a. All sidewalks and landscaped areas from the southwest corner of the Montgomery House on Queen Street to the southeast corner of the Convention Center Unit on Vine Street shall be the responsibility of the Owner of the Convention Center Unit.
- b. All sidewalks and landscaped areas in front of the Montgomery House shall be the responsibility of the Owner of the Hotel Unit.
- c. All other sidewalks and landscaped areas adjacent to the Condominium shall be the responsibility of the Association and the costs related thereto shall be shared 50% by the Owner of the Convention Center Unit and 50% by the Owner of the Hotel Unit.

XII. Treatment of All Other Costs in the Project Budget

All other capital costs contained in the Project Budget set forth in Exhibit D shall be allocated to the respective owner(s) in accordance with either (i) existing contracts or (ii) established procedures and/or formulas that are used in the most recent version of the Project Budget.

EXHIBIT M

**[ALLOCATION OF OPERATING EXPENSES AND
CAPITALIZED EXPENDITURES]**

EXHIBIT M

OPERATING EXPENSES AND CAPITALIZED EXPENDITURES ALLOCATIONS IN AREAS USED IN BOTH HOTEL AND CONVENTION CENTER OPERATIONS

I. Opening Responsibilities.

The responsibility for the initial and ongoing costs of all operating supplies and equipment is the responsibility of the party that has responsibility for the operating expenses of the space under consideration unless such costs are contractually allocated to the owner of the Hotel Unit or the owner of the Convention Center Unit in any written contract entered into between or among any of the Parties to this Joint Development Agreement.

II. Administration Areas.

A. Operating Expenses.

Administration Areas means the areas on the Watt & Shand Meeting/Administration Level identified as "Administration" space.

The Salaries, Wages and Benefits of any employee assigned to the Administration Areas, shall be allocated between the owner of the Hotel Unit and the owner of the Convention Center Unit based on the estimated proportion of time each such employee is expected to dedicate to either the Hotel or Convention Center operation. The responsibility for establishing these expectations shall fall upon the manager of the Hotel and the manager of the Convention Center who, as part of the annual budgeting process, shall be required to calculate and reconcile allocation estimates and to present a recommendation to the Association for approval.

All other costs incurred by the departments that are officed within the Administration Areas shall be allocated between the owner of the Hotel Unit and the owner of the Convention Center Unit in the same proportion that the composite Salaries, Wages and Benefits costs of the employees assigned to the Administration Areas are allocated.

B. Capitalized Expenditures.

All costs incurred in the Administration Areas that are properly capitalized under GAAP shall be allocated between the owner of the Hotel Unit and the owner of the Convention Center Unit based on the average Salaries, Wages and Benefits proportion for the Administration Areas achieved during the most recent five full years of years of operations (or, if five full years have not passed, then the average proportion since the operations commenced).

III. Business Center.

A. Operating Expenses.

All Operating Expenses related to the Business Center will be shared equally between the owner of the Hotel Unit and the Owner of the Convention Center Unit.

B. Capitalized Expenditures.

All expenditures incurred in the Business Center that are properly capitalized under Generally Accepted Accounting Principals shall be shared equally between the owner of the Hotel Unit and the owner of the Convention Center Unit.

IV. Laundry.

A. Operating Expenses.

The owner of the Hotel Unit will be responsible for all operating expenses incurred in the operation of the Laundry.

B. Laundry Service for the Convention Center.

In regard to laundry services, the Hotel manager, if requested by the Convention Center manager, shall make laundry service available on a contract basis under commercially reasonable market terms.

C. Capitalized Expenditures.

All expenditures incurred in the Laundry that are properly capitalized under GAAP shall be allocated to the owner of the Hotel Unit.

V. Vertical Transportation.

Vertical Transportation Costs means the cost of repair, maintenance, upkeep and replacement of all elevator or escalator machinery, equipment and cabs. Vertical Transportation Costs shall be allocated between the owner of the Hotel Unit and the Owner of the Convention Center Unit in proportion to the number and location of stops of the elevator/escalator in question.

For any elevator/escalator that has no stop on the Watt & Shand Lobby Level, the owner of the Convention Center Unit shall be responsible for all Vertical Transportation Costs. For any elevator/escalator that has a stop on the Watt & Shand Lobby Level, the portions of Vertical Transportation Costs that shall be allocated to the Owner of the Hotel Unit and the Owner of the Convention Center Unit shall be calculated as follows:

A. Portion Allocated to Owner of Hotel Unit:

Number of stops in the Guest Tower

Plus: One (i.e., 50% of stops on the Watt & Shand Lobby Level and the Exhibit Level)

Divided: by total number of stops

B. Portion Allocated to Owner of Convention Center Unit:

Number of stops on Watt & Shand Ballroom A Level, Watt & Shand Ballroom B Level and Administration Level

Plus: One (i.e., 50% of stops on the Watt & Shand Lobby Level and the Exhibit Level)

Divided: by total number of stops

VI. Allocation of Costs for Electricity, Gas, Water, Refuse Removal, Property & Liability Insurance Premiums and Other Services.

The costs for electricity, gas, water, refuse removal, property & liability insurance premiums and other miscellaneous services that are incurred as the result of both the hotel and convention center operations and that are not billed on a segregated basis to each respective operation or not otherwise allocated in the Condominium Documents shall be allocated among the owner of the Hotel Unit, the Owner of the Convention Center Unit under a procedure to be developed jointly by the manager of the Hotel, the manager of the Convention Center and approved by the Condominium Association.

The guiding principle in developing any such procedure shall be to allocate the costs in question either in proportion to either (a) the estimated benefit each party receives from the cost or (b) the estimated amount each party contributes to the cost. If it is determined that there is no reasonable basis for making an estimate of such benefit or contribution, the cost in question shall allocated equally among the parties benefiting from or contributing to the cost.

EXHIBIT N

[DESIGN DEVELOPMENT PLANS]

Exhibit N

Design Development Plans

**on file at the offices of
The Lancaster County Convention Center Authority
and
Penn Square Partners**

EXHIBIT O

[PSP INVESTMENT SCHEDULE]

Sept 9 2005
PRELIMINARY DRAW SCHEDULE

Total	2006					2006					Totals				
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul		Aug	Sep	Oct	Nov
\$1,200,000	\$0	\$0	\$0	\$0	\$0	\$0	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
\$6,850,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$100,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
\$350,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$1,000,000	\$800,000	\$300,000	\$50,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$500,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$10,000,000	\$803,000	\$303,000	\$53,000	\$3,000	\$3,000	\$3,000	\$13,000	\$13,000	\$13,000	\$13,000	\$13,000	\$13,000	\$13,000	\$13,000	\$13,000

Pre-opening
FF&E
Technical Services Fees
Contingency
Legal/Admin/Taxes
Working Capital
Total

Total	2007					2007					Totals				
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct		Nov	Dec	Jan	Feb
\$1,200,000	\$20,000	\$20,000	\$20,000	\$75,000	\$75,000	\$100,000	\$120,000	\$120,000	\$130,000	\$130,000	\$130,000	\$150,000	\$150,000	\$150,000	\$0
\$6,850,000	\$0	\$0	\$200,000	\$2,000,000	\$1,200,000	\$100,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$900,000	\$900,000	\$900,000	\$300,000
\$100,000	\$0	\$3,000	\$2,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$5,000	\$5,000	\$5,000	\$10,000	\$10,000	\$10,000	\$3,000
\$350,000	\$0	\$0	\$0	\$350,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$1,000,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$500,000	\$0	\$0	\$0	\$500,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$10,000,000	\$20,000	\$23,000	\$1,073,000	\$2,078,000	\$1,278,000	\$203,000	\$173,000	\$173,000	\$833,000	\$833,000	\$833,000	\$1,010,000	\$1,010,000	\$1,010,000	\$303,000

Pre-opening
FF&E
Technical Services Fees
Contingency
Legal/Admin/Taxes
Working Capital
Total