

**LANCASTER COUNTY CONVENTION CENTER AUTHORITY
SUMMARY OF TERMS AND CONDITIONS**

May 21, 2014

This Summary of Terms and Conditions ("*Summary*") summarizes the terms and conditions under which Wells Fargo Bank, N.A., or a wholly-owned subsidiary thereof (the "*Bank*"), will agree to purchase and hold the Lancaster County Convention Center Authority (the "*Authority*") Hotel Room Rental Tax Revenue Bonds, Series 2014 (the "*Bonds*") proposed to be issued to refund the Authority's outstanding Hotel Room Rental Tax Revenue Bonds, Series of 2003 and Series of 2007 (the "*Existing Bonds*") and issued pursuant to a Trust Indenture (the "*Indenture*") between the Authority and Manufacturers and Traders Trust Company, as Trustee (the "*Trustee*") and held by the Bank pursuant to a Continuing Covenant Agreement (the "*Agreement*") between the Authority and the Bank. Capitalized terms used (but not otherwise defined) herein are used herein as defined in the Agreement and the Indenture, as applicable.

This document is for discussion purposes only, and does not constitute an offer, agreement or commitment to continue to hold the Existing Bonds beyond the current Mandatory Purchase Date of July 1, 2014, nor to forbear from exercising any rights or remedies or modify the Agreement or any of the other Related Documents. It is not exhaustive as to all terms and conditions which could govern any such proposed transaction and, it is the intention of the parties hereto, that the terms and conditions of the proposed transaction will be substantially similar to the terms and conditions set forth in the Trust Agreement and the Continuing Covenant Agreement relating to the Existing Bonds except as set forth in this Summary. The actual terms and conditions of any such proposed transaction are subject to, among other things, internal approvals, satisfactory completion of the Bank's due diligence and such other terms and conditions as are determined by the Bank. Any commitment or binding agreement is subject to agreement by all necessary parties and final documentation satisfactory to all parties and their respective counsel.

BORROWER:	Lancaster County Convention Center Authority (the "Authority" or "LCCCA")
ISSUE(S):	Hotel Room Rental Tax Revenue Bonds, Series 2014, to be issued on the proposed closing date.
PAR AMOUNT:	\$63,590,000.
LIBOR INDEX RATE PERIOD:	Approximately five years from the Closing Date (the "Mandatory Tender Date").
PURCHASER/ BANK:	Wells Fargo Municipal Capital Strategies, LLC, a wholly-owned subsidiary of Wells Fargo Bank, N.A., Wells Fargo Bank N.A., or any other wholly owned subsidiary of Wells Fargo Bank, N.A. ("Wells Fargo" or the "Bank").

TAX TREATMENT:

Interest on the Bonds shall be excludable from gross income for federal income tax purposes. The Authority shall take all steps necessary to maintain such tax exempt status for the Bonds. The Bank shall be provided an opinion of tax counsel satisfactory to the Bank which concludes that interest on the Bonds is excludable from gross income for federal income tax purposes

SECURITY:

The Bonds constitute limited obligations of the Authority and are secured by and payable from the Trust Estate including, without limitation, Hotel Tax Revenues.

GUARANTY:

The County of Lancaster (the "County") will provide a Guaranty to the Trustee on behalf of all bondholders which shall guaranty in full the following payment obligations of the Authority: the timely payment of the principal of, redemption price of and interest on the Bonds to the maturity of the Bonds. In furtherance of the foregoing, and for the avoidance of doubt, the Guaranty will guaranty mandatory sinking fund redemptions and optional redemptions directed by the Authority but not mandatory redemptions required by the Bank following the Mandatory Tender Date. The Guaranty will remain in effect until the maturity date of the Bonds.

**TRUST INDENTURE
AMENDMENTS AND
COVENANTS:**

- (1) To the extent there are sufficient funds available, the Trustee may first use funds on hand in the Debt Service Reserve Fund to pay the principal of, redemption of and interest on the Bonds prior to the Guaranty being drawn upon. The County shall replenish any withdrawal from the Debt Service Reserve Fund for purposes of servicing Debt Service within six months of the related withdrawal. If there are not sufficient funds in the Debt Service Reserve Fund to pay the principal of, redemption of and interest on the Bonds, such amounts will be due and payable from County funds pursuant to the Guaranty. Any County payments made under its Guaranty obligation may be reimbursed from Hotel Tax Revenues provided the minimum fund balance requirements in the Indenture are satisfied.
- (2) The monthly set aside of Hotel Tax Revenues of 1/12 of the principal amount of the Bonds to next become due shall be revised such that set aside payments will be equal to 1/12 of the principal amount of the Bonds to next become due and shall be fully funded by the last day of the month which is two

months prior to the month during which principal is due. For example, the Authority shall begin to set aside funds for the December 1, 2015 principal payment in November, 2014 in order to meet a fully funded set aside requirement on October 31, 2015 (e.g., October 31 funding requirement for a December 1 principal payment date). Upon the Closing Date, the Trustee shall adjust set asides for the December 1, 2014 principal payment accordingly to meet a fully funded set aside requirement on October 31, 2014.

- (3) On the last day of each calendar month, the Authority shall set aside Hotel Tax Revenues in the amount necessary to pay interest on the first day of the second month succeeding such calendar month (e.g.: October 31 funding requirement for a December 1 interest payment date). The interest amount to be so set aside at the end of each calendar month shall be calculated as the sum of the current interest rate borne by the Bonds plus 1.0%.
- (4) During the Index Rate Period, amounts in the Rate Stabilization Fund shall be applied solely to satisfy any deficiency in amounts available to pay regularly scheduled swap payments. The Trustee shall be required to provide notice to the Bank, the Authority and the County if the balance of the Rate Stabilization Fund is less than \$400,000.
- (5) The Authority shall maintain the required balances in each of the funds held under the Indenture as currently provided therein. To the extent all requirements under the Indenture are met, the Authority has the latitude to disperse funds in the Indenture as it sees fit, including making payments to the Pennsylvania Dutch Convention and Visitors Bureau (the "PDCVB") once the balance in the Indenture achieves mutually agreed upon levels.

INDEX RATE:

The Bonds shall initially bear interest to the Mandatory Tender Date at a per annum rate of interest equal to the sum of (i) the Index and (ii) the Applicable Spread, subject to adjustment as provided below.

- Index – SIFMA or 70% of LIBOR, as selected by the Authority on or prior to the closing date
- Applicable Spread – initially 75 basis points subject to adjustment as described below.

The Bonds shall bear interest at the Index Rate during the Index Rate Period provided no Event of Default has occurred and is

continuing.

**MANDATORY
TENDER:**

The Bonds shall be subject to mandatory tender for purchase at par plus accrued interest on the Mandatory Tender Date or the date which is five (5) business days following the receipt by the Authority and the Trustee from the Bank that an Event of Default has occurred under the CCA and directing a mandatory tender for purchase by the Authority pursuant to the Indenture.

On the Mandatory Tender Date, the Authority may cause the Bonds to be remarketed to the Bank or new investors at any of the interest rate options provided in the Indenture. In the event the purchase price of the Bonds is not paid to the Bank on the Mandatory Tender Date, the Bonds will bear interest at the Default Rate and be payable upon demand.

**OPTIONAL REDEMPTION/
CONVERSION:**

At the option of the Authority, the Bonds may be optionally redeemed or converted to another interest rate mode to be effective on any LIBOR reset date prior to the Mandatory Tender Date upon 60 days prior written notice to the Bank and compliance with the applicable provisions of the Related Documents; provided that voluntary redemptions or conversions of Bonds made on a date other than a LIBOR reset date shall be subject to the payment of customary LIBOR breakage costs, if any.

BASE RATE:

The greatest of

- (i) the Bank's Prime Rate plus 1.0%,
- (ii) the Federal Funds Rate plus 2.0%; or
- (iii) 7%

DEFAULT RATE:

Base Rate plus 3.00%

**DOWNGRADE
PRICING:**

The Applicable Spread is subject to the maintenance of the current ratings assigned to the long term, unenhanced general obligation debt of the County ("*Parity Debt*"). The Applicable Spread will be increased upon each downgrade of any Parity Debt below a rating of A2 by the corresponding additional basis points reflected below

Level	Credit Rating (Moody's)	Applicable Spread
Level 1	A2 or above	75 bps
Level 2	A3	100 bps

Level 3	Baa1	135 bps
Level 4	Baa2	185 bps

References above are to rating categories as presently determined by the rating agencies, and in the event of the adoption of any new or changed rating system or a “global” rating scale by any such rating agency, the ratings categories shall be adjusted accordingly to a new rating which most closely approximates the ratings currently in effect.

OTHER AMENDMENTS:

Bank requires the Authority to submit an annual budget within 30 days of the beginning of each fiscal year but does not require approval of the annual budgets.

REMEDIES UPON AN EVENT OF DEFAULT:

Upon the occurrence and during the continuance of an Event of Default, the Bank may declare the Bonds and all other amounts owed under the Related Documents to be due and payable immediately, exercise right of set off, exercise any other rights or remedies available at law or under contract. Interest shall accrue daily on such amounts at the Default Rate and be payable on demand. Notwithstanding the foregoing, in the event that an Event of Default is subsequently cured or waived in writing by the Bank, then such Event of Default shall cease to exist and the aforementioned remedies will not be available to the Bank.

FEES AND EXPENSES:

The Borrower shall promptly reimburse the Bank for all costs and expenses incurred by the Bank arising from or relating to the Agreement, including but not limited to counsel fees and expenses. Counsel fees and expenses are estimated to be \$50,000; provided that if documentation is in substantially final form prior to June 30, 2014, such fees and expenses will be capped at \$15,000.

INCREASED COSTS AND CAPITAL ADEQUACY TAXES:

Customary for facilities of this type, including, without limitation, provisions concerning increased costs, taxes, changes in capital adequacy, capital requirements and other requirements of law (provided that (a) Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines, requirements and directives thereunder, issued in connection therewith or in implementation thereof, and (b) all requests, rules, guidelines, requirements and directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to

Basel III, shall in each case be deemed to be a change in requirement of law, regardless of the date enacted, adopted, issued or implemented) or their interpretation, illegality, unavailability, and reserves without proration or offset and payments free and clear of withholding or other taxes.

MARGIN RATE FACTOR: The Index Rate will be subject to adjustment by a Margin Rate Factor. The Margin Rate Factor means the greater of (i) 1.0, and (ii) the product of (a) one minus the Maximum Federal Corporate Tax Rate multiplied by (b) 1.53846. The effective date of any change in the Margin Rate Factor shall be the effective date of the decrease or increase (as applicable) in the Maximum Federal Corporate tax Rate resulting in the such change.

TAXABILITY: In the event a determination of taxability shall occur, in addition to the amounts required to be paid with respect to the Bonds under the Indenture, the Authority shall be obligated to pay to the Bank an amount equal to the positive difference, if any, between the amount of interest that would have been paid during the period of taxability if the Bonds had borne interest at the Taxable Rate (i.e., the product of the Index Rate and 1.53846) and the interest actually paid to the Bank as the owner of the Bonds.

CONDITIONS PRECEDENT TO CLOSING: The Amendment shall close and become effective on the closing date (the "*Closing Date*") subject to the satisfaction of waiver of the following conditions among others: (i) the execution and delivery of the Amendment by the Borrower and the Bank, (ii) the execution and delivery of a supplement to the Indenture by the Authority and the Trustee, (iii) the execution and delivery of the Guaranty by the County, (iv) delivery of an enforceability opinion of counsel to the Authority with respect to the Continuing Covenant Agreement, as amended by the Amendment and the supplement to the Indenture, (v) delivery of an enforceability opinion of counsel to the County with respect to the Guaranty, (vi) delivery of a no adverse effect opinion and an enforceability opinion with respect to the amendment to the Indenture by bond counsel and (vii) satisfaction of the other conditions to effectiveness of the Amendment described below.

**ADDITIONAL CONDITIONS
PRECEDENT TO
CLOSING:**

- The Indenture will establish authorized denominations of the Bonds at \$250,000 and any integral multiples of \$5,000 in excess thereof; provided that so long as the Bonds bear interest at an Index Rate, each Bond shall be issued in definitive, certificated form registered in the name of the holder thereof unless otherwise directed by such holder; restrict transfer of the Bonds to qualified institutional buyers that are commercial banks with capital and surplus of not less than \$5 billion and the Bonds shall contain shall contain a legend referencing such transfer restriction, and the bonds shall not be rated.
- Signed agreement or contract between the PA Dutch Convention & Visitor Bureau and the Lancaster County Convention Center Authority which directs 100% of the current 3.9% Hotel Room Rental Tax to the Borrower for the next five years.
- Completion and execution of documentation evidencing the foregoing, which documentation would include terms and conditions required by the Bank in its reasonable discretion, including, but not limited to, a release by the County and the LCCCA of the Bank and its affiliates, agents, etc.
- Other than Events of Default under the Liquidity Covenant and Debt Service Covenants (the “*Existing Defaults*”) for which we have provided written notices of default to you, no Default or Event of Default shall have occurred and be continuing and nothing shall have occurred (and the Bank shall not have become aware of any facts or conditions not previously known) which the Bank shall determine has had or could reasonably be expected to have, a material adverse effect.
- Any financial reporting deliverables
- Approval under the Local Government Unit Debt Act.

ENTIRE AGREEMENT:

Amendment shall be limited as specified therein and, except as expressly set forth therein, shall not constitute a modification, acceptance or waiver of any other provision of the Agreement or any Related Document or operate as an amendment or waiver of any right, power or remedy of the Bank under the Agreement or any Related Document. Existing Default to be waived as of the Closing Date.

**EXPIRATION OF TERMS
AND COMMITMENT:**

Consideration of the proposed financing based on the terms and conditions set forth in this term sheet shall automatically expire

without further notice by the Bank on June 30, 2014, unless the documentation contemplated in this term sheet is in substantially final form prior to such date.

Accepted and Agreed to:

LANCASTER COUNTY CONVENTION CENTER
AUTHORITY

By: _____
Title:

LANCASTER COUNTY, PENNSYLVANIA

By: _____
Title:

lccca.com